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Cromwell European REIT Reports Record 95.7% Occupancy, +3.8% YTD 2022 Income Available for Distribution

- Record portfolio occupancy of 95.7% and blended +6.8% rent reversion as at 30 September 2022
- Net property income up 4.5% year-on-year, leading to a 3.8% increase in income available for distribution for the nine months ended 30 September 2022 ("**YTD 2022**")
- 38.9% aggregate leverage, 6.5x[1] interest coverage ratio, 76.4% hedged / fixed debt with no material refinancing until November 2024

	3Q 2022	3Q 2021	Variance	YTD 2022	YTD 2021	Variance
Gross Revenue (€'000)	55,944	50,653	10.4%	163,361	149,672	9.1%
Net Property Income (€'000)	34,513	33,157	4.1%	101,843	97,444	4.5%
Income Available for Distribution to Unitholders (€'000)	24,179	24,272	(0.4%)	73,081	70,431	3.8%

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 business update for the third quarter ended 30 September 2022 ("**3Q 2022**").

CEREIT posted a 9.1% and 4.5% year-on-year ("**y-o-y**") increase in gross revenue and net property income to €163.4 million and €101.8 million, respectively, for YTD 2022. These were primarily driven by new acquisitions, indexation, stronger market rental growth and higher occupancy in the light industrial / logistics sector. YTD 2022 income available for distribution was 3.8% higher y-o-y at €73.1 million, as the higher net property income was offset by higher interest, trust and tax expenses.

Active portfolio and asset management

Overall portfolio occupancy reached a record-high of 95.7% as at 30 September 2022, a 0.3 percentage point ("**p.p.**") increase compared to 30 June 2022 and a 0.7 p.p. increase from 31 December 2021. Weighted average lease expiry ("**WALE**") remains unchanged at 4.6 years. Over the course of 3Q 2022, the Manager secured and renewed a total of 83 leases, covering 70,358 square metres ("**sqm**") of space or 3.5% of the portfolio, at a positive 6.8% rent reversion.

Light industrial / logistics sector: +7.6% rent reversion rate

CEREIT's light industrial / logistics portfolio achieved a record occupancy of 97.5%, up from 97.1% in the previous quarter, largely driven by strong leasing activities in France. 47,015 sqm of new leases were signed in 3Q 2022 at a +7.6% rent reversion rate. Three new leases in Parc des Docks, France (7,493 sqm in total) were signed, lifting the asset's occupancy by 5 p.p. to 91.6%. The first lease was secured at €160 per sqm – an 80% increase as compared to €90 per sqm rent levels at the time of CEREIT's listing. Strong rent reversion has continued to drive both income and valuation growth for Parc des Docks.

Office sector: +6.1% rent reversion rate

CEREIT's office portfolio occupancy fell slightly from 90.1% to 89.9% this quarter, mainly due to a slight drop in occupancy in the Dutch office portfolio. Nonetheless, an aggregate of 23,343 sqm of new and renewed leases were signed in 3Q 2022 at a positive 6.1% rent reversion. A new 4,059 sqm lease was secured at a 36% rent reversion at Haagse Poort in The Netherlands. Overall, the focus on prime and core space, coupled with the ongoing tight supply, is expected to continue driving rental growth in CEREIT's prime and core office locations.

Despite the muted GDP growth outlook across Europe, inflation, low vacancies and market rent growth have positively impacted CEREIT's overall rental income, with inflation indexation built into most of CEREIT tenant-customers' leasing contracts.

Focus on asset and capital recycling

Since the beginning of 2022, CEREIT has completed ~€108 million worth of acquisitions across Germany, Italy, the UK and most recently Denmark, at a 7.4% net operating income ("**NOI**") blended yield and 12% discount to independent valuation. Sognevej 25 in Copenhagen, Denmark was recently acquired at a 9.1% NOI yield, including a rent guarantee over its 70% vacancy. The asset is strategically situated adjacent to CEREIT's existing Priorparken 700 and Priorparken 800 assets, in a well-established business park. The asset houses several last-mile and inner-city ring tenant-customers, and has attractive long-term fundamentals due to the presence of substantial projects improving regional freight and last mile transport infrastructure in the vicinity. YTD 2022, the Manager has completed four divestments for €30 million, at a blended 10% premium to valuation.

Transaction activity is expected to slow down in the near term, with the Manager postponing CEREIT's acquisition pipeline until there is greater visibility on asset prices and capital markets. The Manager's current focus remains to be on asset recycling, with further sales planned for smaller, non-strategic assets to refresh the portfolio.

Proactive capital management

In early October this year, a new €180 million 4-year sustainability-linked term loan facility was signed. This will be used to refinance a majority of the debt maturing in November 2023. In addition, the Manager is in advanced stages to secure additional loan facilities of up to €100 million to complete all refinancing till November 2024.

As at 30 September 2022, CEREIT enjoyed ample liquidity on hand and substantial headroom to its debt covenants. CEREIT's aggregate leverage stood at 38.9% with ~€220 million in cash, undrawn revolving credit facility and assets held for sale. Weighted average debt expiry has been raised to 3 years and interest coverage ratio was maintained at 6.5x[1], well in excess of the covenants for loans and the Euro Medium-Term Note.

During the quarter, Fitch Ratings Singapore Pte Ltd ("**Fitch Ratings**") also re-affirmed CEREIT's credit rating at "'BBB-' with stable outlook".

Outlook

The Manager's Chief Executive Officer, Mr. Simon Garing, commented, "We are pleased to report a strong operational performance with a record 95.7% occupancy and +3.8% YTD 2022 income available for distribution. The Manager's active portfolio and capital management strategies continue to underpin the resilience of CEREIT's portfolio. Notably, the recent €180 million 4-year sustainability-linked term loan facility coupled with 76% of the debt being fixed or hedged, with no material refinancing until November 2024, puts CEREIT in a strong position, and cushions impact on DPU from rapid increase in interest rates.

"The rising interest rate environment may negatively impact cap rates and potentially offset some of the gains from higher rentals and occupancy on the overall portfolio valuation in 2023. In light of this, the Manager will continue to recycle assets to refresh the portfolio."

END

ABOUT CROMWELL EUROPEAN REAL ESTATE INVESTMENT TRUST

Cromwell European Real Estate Investment Trust ("**Cromwell European REIT**" or "**CEREIT**") has a principal mandate to invest, directly or indirectly, in income-producing commercial real estate assets across Europe, with a minimum portfolio weighting of at least 75% to Western Europe and at least 75% to the light industrial / logistics and office sectors. CEREIT's purpose is to provide unitholders with stable and growing distributions and net asset value per unit over the long term, while maintaining an appropriate capital structure. CEREIT currently targets a majority investment weighting to the light industrial / logistics sector, while also investing in core office assets in gateway cities.

CEREIT's €2.6 billion portfolio comprises 110+ predominantly freehold properties in or close to major gateway cities in the Netherlands, Italy, France, Poland, Germany, Finland, Denmark, Slovakia, the Czech Republic and the United Kingdom with an aggregate lettable area of approximately two million sqm and 800+ tenant-customers.

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[2], a real estate investor and manager with operations in 14 countries, listed on the Australian Securities Exchange Ltd.

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1 Calculated as net income before tax and fair value changes and finance costs divided by interest expense. ICR calculated per the PFA (including amortised debt establishment costs in the numerator) is 5.7x. Adjusted ICR calculated per the PFA, which includes coupon payments on perpetual securities, is 5.2x. Interest Cover as per EMTN Prospectus is 6.7x

2 Cromwell Property Group is a stapled group comprising Cromwell Corporation Limited and Cromwell Diversified Property