Media Release
25 February 2020

NOT FOR DISTRIBUTION OR PUBLICATION IN THE UNITED STATES OR IN ANY OTHER JURISDICTION OUTSIDE SINGAPORE

Cromwell European REIT Surpasses IPO Forecasts[1] for Eighth Consecutive Quarter; FY 2019 DPU[2] of 4.08 Euro cents Up 8.8% Year-on-Year

- FY 2019 DPU[2] up 8.8% year-on-year and 1.5% on IPO Forecast[1]; strong performance due to contributions from newly acquired properties and better leasing outcomes from the light industrial / logistics portfolio
- 3.7% rent reversion across new leases in FY 2019 with lift in occupancy to 93.2%
- Total shareholder return of 32.0% in FY 2019[3], approximately 6.5 and 22.5 percentage points higher than that for the FTSE ST REIT Index[4] and the Straits Times Index, respectively
- FY 2020 DPU[2] expected to be at or above FY 2019 DPU, barring unforeseen circumstances

	Actual FY 2019	Actual 12M 2018[5]	Variance	Actual FY 2019	Forecast FY 2019[1]	Variance
Gross Revenue (€'000)	177,046	124,588	42.1%	177,046	127,010	39.4%
Net Property Income (€'000)	116,146	82,927	40.1%	116,146	84,541	37.4%
Income Available for Distribution to Unitholders (€'000)	96,898	67,938	42.6%	96,898	70,227	38.0%
Distribution per Unit (Euro cents per unit)	4.08	3.75[6]	8.8%	4.08	4.02	1.5%

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 fourth quarter and the full year ended 31 December 2019 ("**4Q 2019**" and "**FY 2019**", respectively).

Financial Highlights

In FY 2019, CEREIT generated gross revenue of €177.0 million, surging 42.1% compared to the prior corresponding period ("**12M 2018**")[5] and exceeding IPO Forecasts[1] by 39.4%. Net property income ("**NPI**") was €116.1 million, up 40.1% year-on-year ("**y-o-y**") and 37.4% higher than projected[1]. The strong topline performance was primarily attributed to the income contributions from the newly acquired and onboarded office assets as well as the better leasing performance in CEREIT's light industrial / logistics portfolio. Excluding the contributions from the assets acquired post listing, NPI from CEREIT's light industrial / logistics portfolio was up €3.4 million y-o-y and surpassed IPO Forecasts[1] by 11.4%, mainly due to leasing successes in France. However, on a similar basis, the office portfolio recorded a marginal y-o-y decrease of €0.3 million in NPI, partially due to a temporary impact from carpark renovation works at Central Plaza in Rotterdam, the Netherlands.

Income available for distribution to unitholders amounted to €96.9 million, 42.6% higher than the €67.9 million in 12M 2018[5] and 38.0% higher than IPO forecast[1]. Given the Manager's current policy to pay out 100% of CEREIT's annual distributable income, this translates to a FY 2019 DPU[2] of 4.08 Euro cents, representing an 8.8% y-o-y increase[6] and a 1.5% outperformance against the IPO Forecast[1]. A cumulative distribution of 2.05 Euro cents for the period from 1 January 2019 to 1 July 2019 has already been paid out, therefore a DPU[2] of 2.03 Euro cents for the period from 2 July 2019 to 31 December 2019 will be paid on 30 March 2020.

The Manager intends to maintain the distribution payout ratio at 100% of annual distributable income for the year ended 31 December 2020 ("**FY 2020**") and is also giving consideration to paying quarterly distributions. The Manager will consult with investors and industry bodies to adopt semi-annual detailed financial reporting with quarterly operational and financial updates for the first and third quarters.

The Manager's Chief Executive Officer, Mr. Simon Garing, commented, "Two years after listing, we are delighted to report another strong quarter, surpassing IPO Forecasts[1] for the eighth straight period. I am pleased that the market is acknowledging CEREIT's performance; with CEREIT's rising unit trading price in FY 2019, we delivered to our unitholders a total shareholder return of 32.0%[3], approximately 6.5 and 22.5 percentage points higher than that for the FTSE ST REIT Index[4] and the Straits Times Index, respectively. This speaks volumes about the quality of CEREIT's resilient and well-diversified Pan-European portfolio and about the recognition that our team is receiving for its ability to unlock value through accretive acquisitions, disciplined asset divestments, and proactive asset management initiatives."

Active Asset and Portfolio Management

As at 31 December 2019, CEREIT's portfolio of 103 properties was externally valued at €2,103 million[7], €144.6 million or 7.4% higher than the collective purchase prices. After taking into account capital expenditure and acquisition costs in FY 2019, CEREIT's assets recorded €42.4 million in fair value gains or a 2.4% increase as compared to the collective purchase prices. The new valuations resulted in the net asset value ("**NAV**") per unit increasing to 51.6 Euro cents, up marginally y-o-y due to the valuation gains partially offset by a 16.8% increase in units in issue due to the €150.0 million private placement, executed in July 2019 and which partially funded acquisitions in the third quarter of 2019.

As at 31 December 2019, CEREIT's portfolio had a weighted average lease expiry ("**WALE**")[8] of 4.4 years. Active leasing efforts have also led to a portfolio occupancy rate of 93.2% as at 31 December 2019, 2.4 percentage points above the 90.8% rate as at 31 December 2018 and 0.6 percentage points higher than the 92.6% IPO forecast[1]. For FY 2019, approximately 8% of CEREIT's portfolio net lettable area or 123,378 square metres ("**sq m**") of space was leased, with an average positive rent reversion of 3.7%. In 4Q 2019 alone, the Manager signed 45 new leases spanning 22,354 sq m of space, comprising 9,288 sq m of office space and 13,066 sq m of light industrial / logistics space. In addition, almost 60% of lease expiries and breaks up to June 2020 have been de-risked through proactive engagement in early renewal negotiations with tenant-customers whose leases are due to expire.

Notable leasing successes during FY 2019 were achieved in CEREIT's assets in Denmark, where a refreshed asset management plan resulted in an approximate 13-percentage-point increase in occupancy rate to 86.2%. The active lease-up programme at Parc des Docks in Paris, France also contributed to the positive performance of the light industrial / logistics portfolio, with a total of 15,497 sq m of net lettable area leased out in FY 2019 at a 5.8% increase in the average rent per sq m.

Active efforts to diversify tenancy mix and further reduce tenant-customer concentration risk since listing resulted in the top 10 tenant-customers now contributing 33.3% of the portfolio's total headline rent, as compared to 39.0% as at 31 December 2018 and 41.0% as at listing. The top tenant-customer of CEREIT, the Italian State Property Office, an economic public entity of the Italian Government, now contributes 13.3% to total headline rent as at 31 December 2019 down from close to 20.0% at listing.

De-risking, Growing and Diversifying the Portfolio

During FY 2019, the Manager acquired and onboarded 14 freehold office properties in strategic, 'on theme' markets, for €365.3 million at an average 7.3% net initial yield, demonstrating its local teams' considerable sourcing and execution capabilities.

In 4Q 2019, the Manager initiated its capital recycling programme through the disposal of several non-core assets, namely, Parc d'Osny in Osny, France and a portfolio of 12 light industrial / logistics properties in Denmark, France and the Netherlands, at 11.8% and 15.2% premium over the purchase prices, respectively.

The disposal of Parc d'Osny has been completed, and the sale proceeds have been utilised for the accretive acquisition of freehold office property Cassiopea 1-2-3, Via Paracelso 22-24-26, in Agrate, Italy. Through the acquisition, the Manager has increased CEREIT's exposure to the significant office market in the Greater Milan Metropolitan Area.

The Manager is also in the midst of acquiring a portfolio of three freehold light industrial / logistics assets in the German cities of Pforzheim, Bretten and Königsbach-Stein, in the state of Baden-Württemberg, one of

Europe's leading economic regions. This is CEREIT's first acquisition in the attractive German market since listing, and its first buy and leaseback transaction, providing long-term cashflow due to the assets' 15-year, triple-net, 100% index-linked leases. The acquisitions in Italy and Germany represent net operating income yields of 7.3% and 6.2%, respectively.

Mr. Garing added, "Our Sponsor's[9] extensive presence in Europe, with 20 offices and more than 200 people on the ground, has been instrumental in our ability to identify buyers for the sale of our non-strategic properties at suitable premia over their purchase prices while also sourcing accretive acquisitions that suit our current desired portfolio construct and fit our targeted risk-return appetite, such as the new Italian and German assets. This is consistent with the Manager's capital recycling strategy to enhance distributions to unitholders."

Chart 1:
Portfolio Breakdown by Asset Class[1]

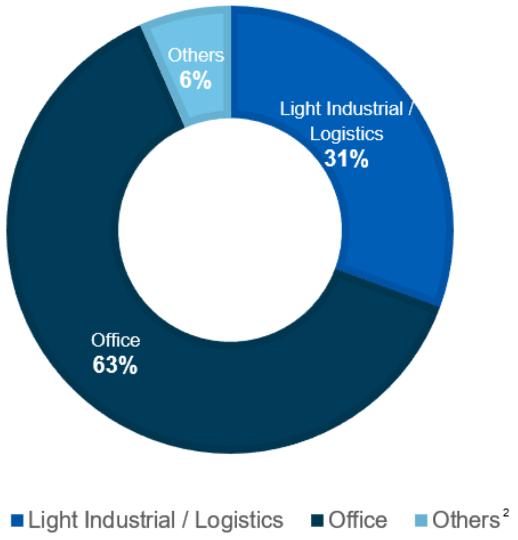
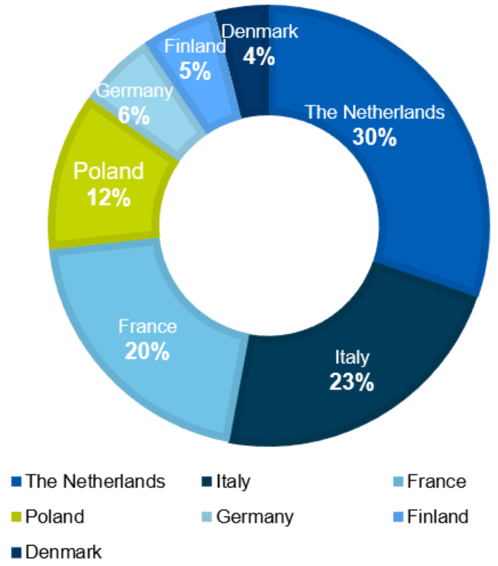


Chart 2:
Portfolio Breakdown by Geography[1]



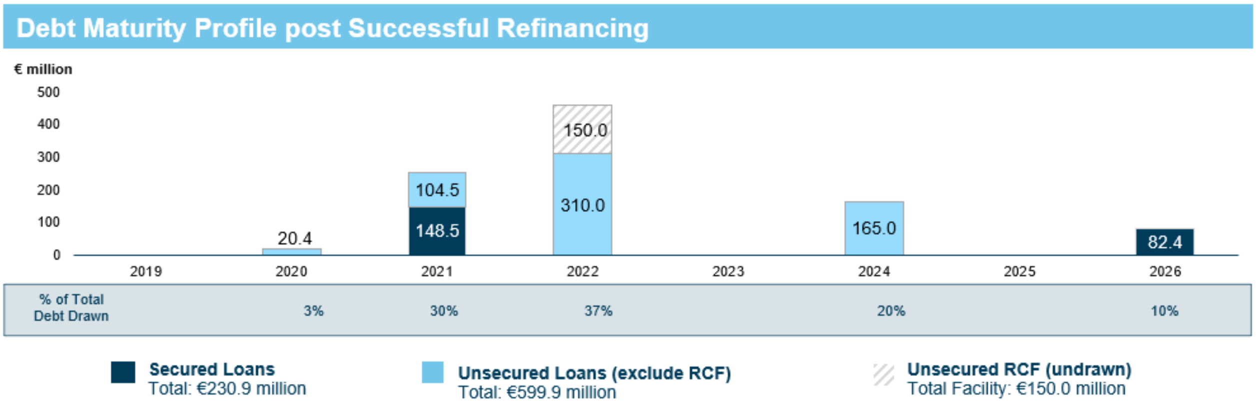
1. Valuation is based on independent valuations conducted by Colliers and Cushman & Wakefield as at 31 December 2019 for 91 properties in the portfolio and the sales price for the 12 assets announced for sale on 17 December 2019
2. Others include three government-let campuses, one leisure / retail property and one hotel in Italy

Responsible Capital Management

In line with its responsible approach towards capital management, the Manager continues to employ an optimal capital structure, with an aggregate leverage[10] of 36.8% at year end, comfortably within the 35%-40% range set by the Board. The Manager has secured an all-in debt cost of less than 1.5%, with 97.5% of CEREIT's total gross debt being hedged. CEREIT's interest coverage ratio[11] remains high at 8.6 times, reflecting the wide spread between CEREIT's portfolio NPI yield and the low cost of debt.

During the quarter, the Manager also transformed CEREIT's balance sheet, refinancing €625.0 million of debt and securing total debt facilities amounting to around €1.0 billion. Unsecured funding now makes up over 70% of the total debt, leaving less than 30% of CEREIT's assets encumbered, and equipping the Manager with greater financial flexibility. The total all-in interest rate remains low at below 1.5%. CEREIT has a weighted average term to maturity of 3.4 years and after repayment of a €20.4 million short-term Polish loan facility, which will be repaid in the first quarter of 2020, the next expiring facilities will not be until the second half of 2021 onwards.

Chart 3:



Sustainability

The Manager has made significant progress in integrating environmental, social and governance ("**ESG**") standards into the day-to-day management of CEREIT's portfolio and all members of the senior management team have key performance indicators focused on specific ESG targets. In FY 2019, as testament to the progress made, the Manager achieved a 43% y-o-y improvement in its GRESB rating, retaining its perfect score in the 'Management' category and earning an 'A' rating for public disclosure in its peer group of Singapore-listed companies.

Reducing the environmental impact of CEREIT's portfolio remains a key priority, and the Manager has outlined targeted capital expenditure initiatives to increase energy efficiencies and the use of renewable energy at CEREIT's assets. The Manager has also achieved BREEAM[12] in-use certifications for 11 assets (seven in the Netherlands and four in France).

Looking Ahead

The Eurozone economy gained some momentum, albeit modest, towards the end of 2019, but the 2020 gross domestic product is expected to be steady at 0.8% growth. The services sector continues to show positive momentum, although there will be headwinds from the impact of political disruption in Europe and post-Brexit impact of a smaller European Union budget. The manufacturing sector is still weak however, and while showing some signs of stabilisation, a meaningful pick-up in activity in the near term is not anticipated. The main challenge the Eurozone economy faces is the contagion from the weaknesses in the export-orientated manufacturing sector to the more resilient services sector. Inflation still remains in a band of 0.3-2% across Europe.

Impact of the COVID-19 virus in Europe has been minimal to date, however given the recent developments in Italy, the European economy may face further headwinds. The Property Manager of CEREIT has been proactive in implementing precautionary measures and is closely monitoring the situation on the ground.

Chart 4:

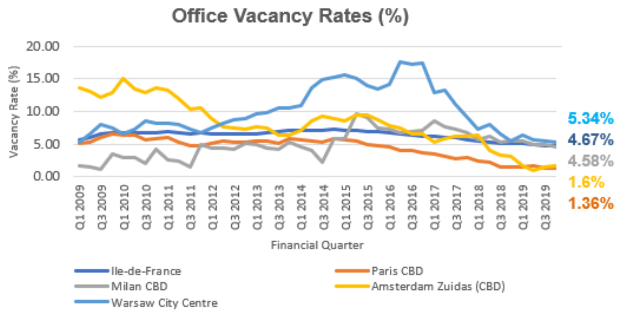
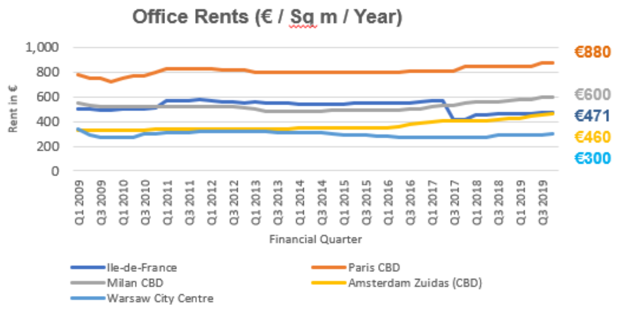


Chart 5:



Source:
CBRE – data as at 31 December 2019
Real Capital Analytics – data as at 29 January 2020
CBRE – Real Estate Outlook 2020 The Netherlands
Knight Frank – Review 2019 Outlook 2020 French Property Markets

As of 4Q 2019, office vacancy rates are the lowest in the central business district regions of Paris and Amsterdam (1.36% and 1.6% respectively). Paris remains in demand, but the severe shortage of available space is creating increasing interest in the suburbs, and these will benefit as the hubs of the Grand Paris plan evolve and new stock is developed. Other gateway cities are also similar. Vacancy rates were highest in the Warsaw City Centre, at only 5.35%.

Chart 6:

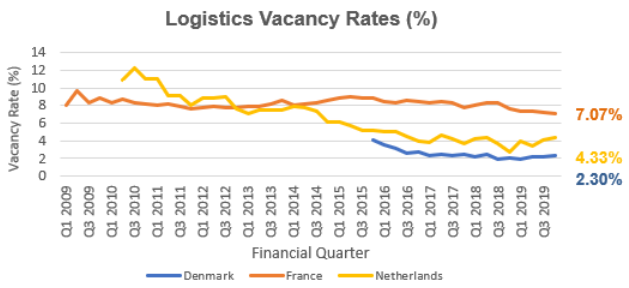
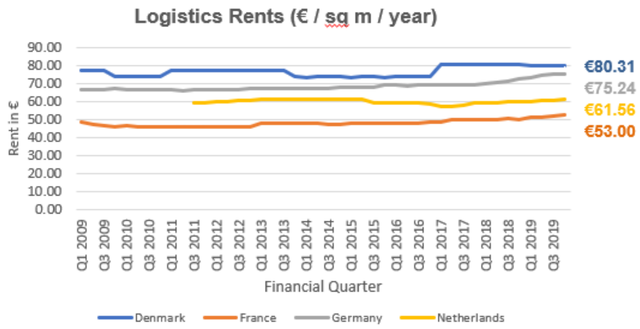


Chart 7:



Source:
CBRE – data as at 31 December 2019
CBRE – France Logistics Q4 2019
CBRE – Denmark Real Estate Outlook 2020

As of 4Q 2019, logistics vacancy rates are the lowest in Denmark (2.3%), with the majority of activity concentrated around key import / export locations, and with Greater Copenhagen being the country's main market. In the Netherlands, nationwide vacancy is also very low at 4.3%, despite an uptick in new developments completing in 2019. Vacancy rates were highest in France (7.07%). Fundamental transformations to retail and supply chains are nevertheless sustaining the healthy levels of activity with urban logistics attracting additional investors in response to changing consumer behaviour and demand for ever shorter delivery times. Rent prices in Denmark was the highest, at €80 per sq m per year and the lowest in France, at €53 per sq m per year.

Mr. Garing concluded, "Coming into 2020, global and Eurozone economies are expected to be impacted by rising trade tensions between the US and Europe, geopolitical uncertainties and virus protection measures, which will have supply-side disruptions, among other factors. While we cannot control the external economic challenges, we continue to remain focused on optimising our portfolio through active leasing strategies and disciplined acquisitions and disposals, and utilising the most efficient capital sources."

"The operating environment in Europe is highly competitive with ample capital chasing deals and preparing to pay premium prices. Nevertheless, our teams' in-depth local market knowledge and execution capabilities will serve us in securing accretive opportunities. The Manager expects CEREIT's FY 2020 DPU[2] to be at or above FY 2019 DPU[2], barring unforeseen circumstances. We continue to enjoy the support and alignment of our Sponsor[9] and remain true to our purpose of delivering stable and growing distributions and long-term DPU and NAV per unit growth."

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, light industrial / logistics, and retail purposes. With a portfolio of 103 properties as at 25 February 2020 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 and light industrial / logistics sectors, it is also the first REIT with a diversified Pan-European portfolio to be listed on Singapore Exchange Securities Trading Limited.

As at 31 December 2019, CEREIT's portfolio has an aggregate lettable area of approximately 1.5 million sq m with close to 1,000 tenant-customers and a WALE[8] profile of around 4.4 years. Comprising primarily freehold or ongoing leasehold assets, the portfolio has an appraised value of approximately €2,103 million[7] as at 31 December 2019.

CEREIT is managed by Cromwell EREIT Management Pte. Ltd., a wholly-owned subsidiary of CEREIT's sponsor, Cromwell Property Group[13], a real estate investor and manager with operations in 15 countries, listed on the Australian Securities Exchange Ltd.

A Selection of CEREIT's Properties


Haagse Poort
The Hague, The Netherlands


De Ruijterkade
Amsterdam, The Netherlands


Bastion
's-Hertogenbosch, The Netherlands


Milano Piazza Affari
Milan, Italy


Bretten
Pforzheim, Germany


Avatar Office
Krakow, Poland


Roma Amba Aradam
Rome, Italy


Hamburg (Moorfleeter Strasse)
Hamburg, Germany


Parc Des Docks
Paris, France


Gewerbepark Hamburg-Billstedt
Hamburg, Germany


Parc Des Grésillons
Paris, France


Green Office
Krakow, Poland

Central Plaza
Rotterdam, The Netherlands

Koningskade
The Hague, The Netherlands

Plaza Forte
Helsinki, Finland

Riverside
Warsaw, Poland

Herstedvang 2-4
Copenhagen, Denmark

Paryseine
Paris, France

MEDIA ENQUIRIES

Cromwell EREIT Management

Elena Arabadjieva
Chief Operating Officer & Head of Investor Relations
+65 6817 9589
elena.arabadjieva@cromwell.com.sg

Newgate Communications

Bob Ong
Associate Director
+65 6532 0606
bob.ong@newgatecomms.com.sg

Amira Sadiran
Senior Consultant
+65 6532 0606
amira.sadiran@newgatecomms.com.sg

Cherie Hui
Executive
+65 6532 0606
cherie.hui@newgatecomms.com.sg

[1] The CEREIT Prospectus dated 22 November 2017 ("**Prospectus**") disclosed a profit projection for the period from 1 January 2019 to 31 December 2019. "**IPO Forecast**" refers to this projection restated to reflect the bonus element in relation to the issuance of 600,834,459 new Units in December 2018 (the "**Rights Issue**") where applicable. Taking into account the new units issued in December 2018 (in accordance with paragraph 46 of Statement of Recommended Accounting Practice 7 "**Reporting Framework for Unit Trusts**"), the adjusted FY 2019 distribution per unit is 4.02 Euro cents.

[2] Distribution per Unit.

[3] Based on data from Bloomberg; total shareholder return of 32.0% refers to CEREIT's EUR-denominated stock code CNNU.SI; for SGD-denominated stock code CSFU.SI, the total shareholder return is 27.0%.

[4] Refers to the FTSE Straits Times Real Estate Investment Trusts Index.

[5] "**12M 2018**" covers the period from 1 January 2018 to 31 December 2018 (excludes the period from IPO Listing Date of 30 November 2017 to 31 December 2017).

[6] 12M 2018 DPU is calculated using the weighted average number of units taking into account new units issued under the Rights Issue being eligible for the distribution for the second half of 12M 2018.

[7] Based on independent valuations conducted by Colliers and Cushman & Wakefield as at 31 December 2019 for 91 properties in the portfolio and the sales price for the 12 assets announced for sale on 17 December 2019.

[8] "**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).

[9] Cromwell Property Group[13].

[10] Refers to "**aggregate leverage**" as defined under the Property Funds Appendix.

[11] Based on net income before tax, fair value changes and finance costs divided by interest expense.

[12] Refers to the Building Research Establishment Environmental Assessment Method.

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