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Cromwell European REIT Receives Unitholders' Approval for Acquisition and Rights Issue

- CEREIF to proceed with accretive acquisitions of 23 properties across five countries in Europe
- Potential for further upside represented by higher Reversionary Yields¹ compared to already attractive Net Initial Yields²
- Larger portfolio with greater diversity increases resilience and provides enhanced diversification
- Acquisition to be partially funded via underwritten and renounceable €24.1 million rights issue
- Offer Information Statement to be despatched in due course

SINGAPORE – Cromwell EREIT Management Pte. Ltd., the manager (the “**Manager**”) of Cromwell European Real Estate Investment Trust (“**Cromwell European REIT**” or “**CEREIT**”), today announced that CEREIT has obtained unitholders’ approval for a proposed acquisition of 16 predominantly office properties across the Netherlands, Finland and Poland (the “**New Properties**”) at an extraordinary general meeting held today, where unitholders also approved a proposed rights issue to partially fund the acquisitions of the New Properties, as well as two office properties in Italy and five predominantly logistics properties in France (collectively, the “**Acquisitions**”). With this, CEREIT will proceed with the acquisition of 23 properties across five countries in Europe for approximately €384.4million.

Mr Lim Swe Guan, the Chairman and an Independent Non-Executive Director of the Manager, commented, “The receipt of unitholders’ approval today affirms our belief in the merits of the Acquisitions

¹ “**Reversionary Yield**” means the average of the Independent Valuers’ (as defined below) estimated market rental income per annum net of non-recoverable property expenses, divided by the Property Purchase Price (as defined in CEREIT’s circular dated 30 October 2018 (the “**Circular**”). The “**Independent Valuers**” comprise Cushman & Wakefield Debenham Tie Leung Limited and Colliers International Valuation UK LLP.

² Net Initial Yield in the context of the New Properties means the average of the Independent Valuers’ annualised current passing rental income net of non-recoverable property expenses, divided by the Property Purchase Price.

Goldman Sachs (Singapore) Pte. and UBS AG, Singapore Branch were the joint issue managers for the initial public offering of CEREIT (the “**IPO**”). DBS Bank Ltd., Goldman Sachs (Singapore) Pte., and UBS AG, Singapore Branch were the joint global coordinators for the IPO. DBS Bank Ltd., Goldman Sachs (Singapore) Pte., UBS AG, Singapore Branch, Daiwa Capital Markets Singapore Limited and CLSA Singapore Pte Ltd were the joint bookrunners and underwriters for the IPO. The joint issue managers, joint global coordinators and joint underwriters of the IPO assume no responsibility for the contents of this announcement.

and we are grateful for their overwhelming support. The Acquisitions are not only expected to be DPU yield (as defined below) accretive, but will also enlarge CEREIT's Pan-European portfolio, increasing resilience and providing enhanced diversification. We look forward to completing the Acquisitions and realising additional upside by actively managing our portfolio in order to deliver long-term, sustainable growth and provide unitholders with regular and stable distributions."

Based on the pro forma effects³ of the Acquisitions, CEREIT's net property income⁴ and distributable income⁵ for the financial period from 30 November 2017 (being the date of CEREIT's listing) to 30 June 2018 would have been higher by around 29.8% and 28.9% respectively, while its annualised distribution per unit ("DPU") yield for the same period would have been 8.13%⁶ instead of 7.97%⁷.

There is also room for further upside from potentially higher occupancy and rental rates. CEREIT's sponsor, Cromwell Property Group (the "**Sponsor**"), has on-the-ground asset management teams with over 200 employees in 20 offices across 12 European countries to drive improved operating and financial performance, as well as a strong track record of enhancing value through asset enhancement initiatives. In addition, leases are typically indexed to consumer price indices, providing steady and relatively predictable rental growth.

These put CEREIT in a strong position to produce strong rent growth. While the Net Initial Yield of the New properties are 6.2% at the purchase price, the Reversionary Yield based on certain estimated data from the two independent valuers is 7.4%, implying 18.6% higher net income, driven by a lift in occupancy and passing rents. The Net Initial Yield of the New Properties compares favourably to the net initial yield of 5.6% for CEREIT's existing office portfolio. The five French properties have an attractive Net Initial Yield⁸ of 8.5%, which compares favourably to the Net Initial Yield of 7.1% for CEREIT's existing light industrial / logistics portfolio.

³ The pro forma financial effects for the financial period from 30 November 2017 (being the date of CEREIT's listing) to 30 June 2018 are strictly for illustrative purposes only.

⁴ Adjusted for the property management fees payable (assumed to be 0.67% of the New Properties Purchase Consideration (as defined in the Announcement)).

⁵ Adjusted for the Manager's management fees (assumed to be 0.23% of the New Properties Purchase Consideration, of which the Manager would receive 100.0% in the form of units in CEREIT ("Units")) and property management fees payable (assumed to be 0.67% of the New Properties Purchase Consideration, of which Cromwell Europe Limited would receive 40.0% in the form of Units) and related tax effects.

⁶ Assumes that €170.8 million of the gross proceeds of the Rights Issue (as defined herein) are used to partially fund the Total Cost of the Proposed Transaction (as defined in the Circular), and €53.3 million of the gross proceeds of the Rights Issue are used to partially fund the Total Cost of the Recently Announced Acquisitions (as defined in the Circular). DPU yield is computed based on annualised pro forma distributable income divided by the sum of CEREIT's market capitalisation at the close of 30 October 2018 and the gross proceeds of the Rights Issue assumed to be attributable to each respective transaction.

⁷ Based on the Closing Price (as defined in the Circular) of €0.545 per Unit.

⁸ In the context of the French properties, Net Initial Yield means the annualised current passing rental income net of non-recoverable property expenses, divided by aggregate purchase price.

Moreover, the Acquisitions will enhance CEREIT's resilience through a larger and more diverse portfolio. Following the completion of the Acquisitions, the number of properties in CEREIT's portfolio will increase from 75 to 98 and the valuation of the portfolio will increase by approximately 28.1% from €1.4 billion to €1.8 billion. CEREIT's geographical footprint will be expanded from five to seven countries, with Finland and Poland added to the current mix comprising Denmark, France, Germany, Italy and the Netherlands. With more tenants and increased trade sector diversification, concentration risks will be lowered as well.

An Offer Information Statement in relation to the Manager's plan to partially fund the Acquisitions via a €224.1 million underwritten and renounceable rights issue (the "**Rights Issue**") will be despatched to unitholders in due course. Under the Rights Issue, the Manager will issue 600,834,459 new Units (the "**Rights Units**") on a basis of 38 Rights Units for every 100 Units in CEREIT, at an issue price of €0.373 per Rights Unit. This represents a discount of approximately 31.6% to the closing price of €0.545 per Unit on the Singapore Exchange Securities Trading Limited on 30 October 2018, being the last trading day of the Units prior to the announcement of the proposed Rights Issue, and a discount of approximately 25.0% to the theoretical ex-rights price of €0.498 per Unit.

To demonstrate its support for CEREIT and the Rights Issue, Cromwell Singapore Holdings Pte. Ltd., a wholly owned subsidiary of the Sponsor, has confirmed that, amongst other things, it will undertake to subscribe in full and/or will procure its related entities to subscribe in full, for its pro-rata entitlement under the Rights Issue. Cromwell Singapore Holdings Pte Ltd, together with its related corporations, currently hold interest equivalent to approximately 35.3% in CEREIT.

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 office⁹, logistics / light industrial⁹, and retail purposes¹⁰. With a portfolio of 75 properties in or close to major gateway cities in Denmark, France, Germany, Italy, as well as the Netherlands and a balanced focus on the office⁹ and logistics/light industrial⁹ sectors, it is also the first REIT with a diversified Pan-European portfolio to be listed on Singapore Exchange Securities Trading Limited.

⁹ "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.

¹⁰ "Retail" properties refer to real estate that are predominantly used for retail purposes.

CEREIT's portfolio has an aggregate lettable area of approximately 1.2 million sq m with over 700 leases and a WALE¹¹ profile of around 5.0 years. Comprising primarily freehold or ongoing leasehold¹² assets, the portfolio has an appraised value of approximately €1,390 million as at 30 June 2018.

CEREIT is managed by Cromwell EREIT Management Pte. Ltd., a wholly-owned subsidiary of CEREIT's sponsor, Cromwell Property Group¹³, a real estate investor and manager with operations in 15 countries, listed on the Australian Securities Exchange Ltd.

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¹¹ "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).

¹² 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).

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

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