Media Release
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Cromwell European REIT's 1Q 2019 DPU Rises 6.3% Following Accretive Acquisitions; Acting CEO Mr. Simon Garing Appointed as CEO

- Gross revenue and net property income increased 31.7% and 33.8% year-on-year, to €40.0 million and €26.4 million, respectively
- 1Q 2019 DPU of 1.02 Euro cents was 5.2% above the IPO Forecast[1] and 6.3% higher year-on-year[2]
- Financial performance benefitted from contributions by newly acquired properties and better leasing outcomes
- Increased diversification, hedged borrowings, high interest cover ratio and potential upside from active asset management provide resilience and underpin sustainable growth

	Actual 1Q 2019	Actual 1Q 2018	Variance	Actual 1Q 2019	Forecast[1] 1Q 2019	Variance
Gross Revenue (€'000)	39,951	30,335	31.7%	39,951	31,047	28.7%
Net Property Income (€'000)	26,419	19,751	33.8%	26,419	20,384	29.6%
Income Available for Distribution to Unitholders (€'000)	22,394	16,363	36.9%	22,394	16,929	32.3%
Distribution per Unit (Euro cents per unit)	1.02	0.96[2]	6.3%	1.02	0.97	5.2%

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 its first quarter ended 31 March 2019 ("**1Q 2019**").

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.

Gross revenue and net property income ("**NPI**") surged 31.7% and 33.8% year-on-year ("**y-o-y**") to €40.0 million and €26.4 million respectively. These also represented a 28.7% and 29.6% outperformance compared to their respective IPO Forecasts[1]. The increases were mainly attributable to contributions from 23 properties that were acquired after CEREIT's listing, with the acquisitions of 22 of them only completed between December 2018 and February 2019.

Income available for distribution to unitholders amounted to €22.4 million, 36.9% more than the €16.4 million recorded in the previous corresponding quarter and 32.3% above the €16.9 million IPO Forecast[1]. This translates to a 1.02 Euro cents distribution per unit ("**DPU**") for 1Q 2019, representing a 6.3% increase over the DPU in the previous corresponding period[2] and exceeding the IPO Forecast[1] by 5.2%.

The Manager's Chief Executive Officer ("**CEO**"), Mr. Simon Garing, commented, "The income uplift attests to the accretion from the recent acquisitions and CEREIT's enhanced ability to deliver stable and sustainable distribution growth. CEREIT has benefitted from access to the growing Finnish and Polish economies, with the new Finnish office properties contributing a maiden full quarter to earnings and the new Polish assets contributing from February 2019. We also achieved better leasing outcomes for the light industrial / logistics assets in France and the Netherlands."

Active Asset and Portfolio Management

During the quarter, the Manager signed 53 new leases spanning 25,043 square metres ("**sq m**"). Among the leases subject to expiries or breaks until September 2019, around 40% have been de-risked. The Manager adopts a proactive tenant management strategy and is negotiating lease extensions with longer-term breaks or terminations. Most of the new leases signed in 1Q 2019 will start from April 2019 or later, so the full positive impact on CEREIT's occupancy rate will be felt in the second quarter onwards. As at 31 March 2019, CEREIT's portfolio has a 90.2% occupancy rate and a 4.7-year weighted average lease expiry ("**WALE**")[3] profile.

Responsible Capital Management

CEREIT's aggregate leverage[4] rose from 33.0% as at 31 December 2018 to 37.0%, largely due to loans drawn to partially finance CEREIT's recent acquisitions. This is, nonetheless, well below the regulatory limit of 45% and comfortably within the preferred gearing range that has been established by the Board. Over the same period, CEREIT's interest coverage ratio[5] has also risen from 8.9 times to 9.2 times.

Following the Manager's execution of additional hedging instruments in February 2019 to mitigate exposure to market volatility, the REIT's debt is now 86.0% hedged as at 31 March 2019, up from 71.2% as at 31 December 2018; and its borrowings have a 2.7-year weighted average term to maturity. The Manager is in advanced stages of refinancing the November 2020 debt to take advantage of attractive bond yields.

Looking Ahead

Notwithstanding the slower gross domestic product ("**GDP**") growth of 0.2% recorded in the last quarter of 2018, the Eurozone is expected to see GDP growth of 1.3% in 2019, as economic activity stabilises. Most European economies look poised to withstand headwinds due to tightening labour markets and with real wage growth boosting consumer spending. Contained inflation and low interest rates should provide some relief as well.

Mr. Garing added, "The solid fundamentals of CEREIT's recently acquired properties have been validated by CEREIT's 1Q 2019 results. We have onboarded the properties and are excited about the prospects of extracting greater value by lifting occupancy rates, renewing expiring leases, and securing positive rental reversions. Coupled with the greater resilience of the portfolio now that it is diversified over seven countries with earnings generated from over 1,000 leases, the potential upside from our proactive leasing activities positions CEREIT to continue delivering attractive risk-adjusted returns to unitholders."

"Looking ahead, I am confident that CEREIT is well-positioned to take advantage of accretive acquisition opportunities in Europe with attractive yield / debt spreads, while divesting non-core assets."

Corporate Developments

The Board has recently completed its comprehensive search for CEO with the conclusion that the current acting CEO is the most suitable candidate for the role. Subsequently, acting CEO Mr. Simon Garing has been appointed as the CEO of the Manager of CEREIT, effective immediately. Mr. Garing will also continue to be an Executive Director of the Manager.

Mr. Lim Swe Guan, the Chairman and an Independent Non-Executive Director of the Manager, said, "Simon has demonstrated exceptional leadership and commitment throughout his eight months as acting CEO, steering CEREIT forward by executing the Manager's strategy in line with our investment philosophy. He has driven organic growth, broadened the earnings base through accretive acquisitions, maintained a prudent capital structure, and championed corporate governance and sustainability. He actively engages stakeholders, courts their feedback, and works in their interests. We believe he will continue building on CEREIT's remarkable momentum to deliver long-term, sustainable value to unitholders."

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[6], light industrial / logistics[6], and retail purposes[7]. With a portfolio of 97 properties 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[6] and light industrial / logistics[6] sectors, it is also the first REIT with a diversified Pan-European portfolio to be listed on Singapore Exchange Securities Trading Limited.

CEREIT's portfolio has an aggregate lettable area of approximately 1.4 million sq m with over 900 tenants and a WALE[3] profile of around 4.7 years. Comprising primarily freehold or ongoing leasehold[8] assets, the portfolio has an appraised value of approximately €1,795 million as at 31 March 2019[9].

CEREIT is managed by Cromwell EREIT Management Pte. Ltd., a wholly-owned subsidiary of CEREIT's sponsor, Cromwell Property Group[10], a real estate investor and manager with operations in 15 countries, listed on the Australian Securities Exchange Ltd.

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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 the interpolation of this projection for the relevant period adjusted for the issuance of 600,834,459 new units of CEREIT in December 2018 (the "Rights Issue") where applicable. The IPO Forecast DPU for FY2019 was 4.40 Euro cents per unit. Taking into account the new units issued in the Rights Issue (in accordance with paragraph 46 of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts"), the adjusted FY2019 DPU is 4.02 Euro cents per unit.
2. 1Q 2018 DPU is restated to reflect the bonus element in the new units issued pursuant to the Rights Issue in December 2018.
3. "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).
4. Refers to "aggregate leverage" as defined under the Property Funds Appendix. Aggregate leverage includes the Poland value-added tax ("**VAT**") loan which is a short-term facility expected to be repaid in the next six months. Excluding the Poland VAT loan, aggregate leverage is 36.2%.
5. Based on annualised net income before tax and fair value changes after adding back finance costs over the interest expense.
6. "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.
7. "Retail" properties refer to real estate that are predominantly used for retail purposes.
8. 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).
9. Valuation as at 31 December 2018 for the IPO Portfolio and the property in Ivrea, Italy. For the 22 newly acquired properties, valuations are recorded at their respective purchase price as the best approximation of fair value.
10. Comprising Cromwell Corporation Limited and the Cromwell Diversified Property Trust (the responsible entity of which is Cromwell Property Securities Limited).

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IMPORTANT NOTICE

This announcement is for information purposes only and does not constitute or form part of an offer, invitation or solicitation of any offer to purchase or subscribe for any securities of CEREIT in Singapore or any other jurisdiction nor should it or any part of it form the basis of, or be relied upon in connection with, any contract or commitment whatsoever.

The value of units in CEREIT ("**Units**") and the income derived from them may fall as well as rise. The Units are not obligations of, deposits in, or guaranteed by the Manager, Perpetual (Asia) Limited (as trustee of CEREIT) or any of their respective affiliates.

An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. Holders of Units ("**Unitholders**") have no right to request that the Manager redeem or purchase their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the Singapore Exchange. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units. The past performance of CEREIT is not necessarily indicative of the future performance of CEREIT.

MEDIA ENQUIRIES

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