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Cromwell European REIT Reports Outstanding 1Q 2020 Financial and Operational Performance; Occupancy Substantially Increased to 94.7%[1] with +22.1% Light Industrial / Logistics Rent Reversion[2]

- Net property income ("**NPI**") 17.2% higher year-on-year ("**y-o-y**"); Available distributable income per unit[3] in-line y-o-y on a like-for-like basis
- Active leasing with +12.1% portfolio rent reversion[2] and occupancy[1] lifted to 94.7% as at 31 March 2020, up from 93.2% as at 31 December 2019
- Light industrial / logistics assets outperformed with +22.1% rent reversion[2] and continued increase in occupancy
- Active sale of 12 non-core assets and reinvestment into four core German assets crystallise profits, improve CEREIT's tenant-customer mix and increase its weighted average lease expiry ("**WALE**")[4] profile to 4.5 years
- €229 million cash in the bank, 34.5% net gearing level[5], low ~1.5% cost of debt, no debt facility maturing till the second half of 2021and 8.6 times interest coverage ratio[6]
- Focusing on income protection, cash preservation, and cost reduction amid COVID-19 pandemic

	1Q 2020	1Q 2019	Variance
Gross Revenue (€'000)	48,506	39,951	21.4%
Net Property Income (€'000)	30,956	26,419	17.2%
Total Return for the Period Attributable to Unitholders (€'000)	17,483	15,475	13.0%

SINGAPORE – Cromwell EREIT Management Pte. Ltd., the manager (the "**Manager**") of Cromwell European Real Estate Investment Trust ("**Cromwell European REIT**" or "**CEREIT**"), today provided its inaugural business update on CEREIT's financial and operational performance in the first quarter ended 31 March 2020.

Increased Earnings and Operating Cash Flow Put CEREIT on Good Footing

Gross revenue and NPI rose 21.4% and 17.2% y-o-y to €48.5 million and €31.0 million, respectively. Total return for the period attributable to unitholders rose 13.0% y-o-y to €17.5 million. The increases are largely attributable to contributions from 14 new properties acquired over the past year, albeit partially offset by the absence of income from 13 properties that were divested between October 2019 and March 2020.

COVID-19 containment measures in Europe commenced on 21 February 2020 with the lockdown of northern Italy, impacting a number of CEREIT's tenant-customers, in particular the two that operate the Starhotels Grand Milan in Saronno and the UCI cinema-anchored property in Lissone (near Milan).

Notwithstanding the advent of the COVID-19 outbreak in Europe in 1Q 2020, operating cash flow during the quarter increased 13.6% y-o-y to €26.3 million and available distributable income per unit[3] amounted to €0.91 cent, which is broadly in line y-o-y on a like-for-like basis. The Manager and the sponsor have decided that both the base management fee and the property management fee for 1Q 2020 will be paid fully in cash, as compared to 100% and 40% in CEREIT units respectively previously.

Active Portfolio Management and Tenant-Customer Engagement Drive Positive Outcomes

During the quarter, the Manager renewed and secured new leases for 24,361 sqm of net lettable area ("**NLA**") in total, including new leases for 14,523 sqm of light industrial / logistics NLA and 9,838 sqm of office NLA. In the process, it achieved a +12.1% average rent reversion rate[2], led by leases for light industrial / logistics space, which recorded a +22.1% average rent reversion rate[2], compared to leases for office space, which recorded a +2.1% average rent reversion rate[2].

As a result, CEREIT's average occupancy rate[1] increased from 93.2% as at 31 December 2019 to 94.7% as at 31 March 2020. It also has long WALE[4] profile of 4.5 years, with its top 10 tenant-customers by headline rent having an even longer WALE[4] profile of 4.9 years. The Manager continues to proactively work on long-term lease extension strategies, especially with key tenant-customers, and has successfully de-risked 65% of potential lease expiries and breaks up to 30 September 2020.

Approximately 90% of CEREIT's headline rent as at 31 March 2020 is generated from leases to government and statutory bodies, as well as multinational and domestic corporations. Approximately 10% is generated from leases to small- and medium-sized enterprises ("**SMEs**"), which are more vulnerable to the economic downturn that has been brought about by the COVID-19 outbreak.

Astute Capital Recycling Has Improved Portfolio's Risk-Return Profile and Generated Cash

In line with its strategy to recycle capital by divesting non-core assets with risk-return profiles that no longer fit CEREIT, the Manager successfully completed the divestment of 12 light industrial / logistics properties in the Netherlands, France and Denmark for a sale consideration of €65.7 million in March 2020. The sale consideration represents a 4.1% premium above the valuation of the 12 properties as at 30 June 2019 and a 15.2% premium above the prices at which they were purchased by CEREIT.

The Manager also made its maiden post-listing foray into Germany, successfully completing the acquisition of three light industrial / logistics assets in March 2020 and initiating the acquisition of a fourth. The three new assets are located within a dominant manufacturing cluster near Stuttgart and were acquired for €38.0 million, 4.0% below their collective valuations as at 19 December 2019 as well as 22.3% below estimated replacement costs (excluding land) and represents a 6.2% net operating income ("**NOI**") yield. They are fully leased to a leading manufacturer of machine tools and components for a term of 15 years. The fourth asset is a three-year old 30,557 sqm modern warehouse located in Sangerhausen, an emerging distribution hub in central Germany. The asset was sourced off-market and is being acquired on a 6.3% NOI yield for €16.6 million, or €543 per sqm, 0.5% below its valuation as at 15 January 2020 and notably 50% below estimated replacement costs of €1,187 per sqm, excluding land. It is fully leased to a grocery logistics / reusable packaging company until 2024 (with three two-year lease extension options).

"The completion of these transactions bear testament to our execution capabilities and the merits of Cromwell's extensive on-the-ground presence in Europe," commented the Manager's Chief Executive Officer Mr. Simon Garing. "Importantly, the transactions have enabled us to rebalance and further de-risk CEREIT's portfolio, providing greater exposure to Europe's largest economy, Germany, while lowering its exposure to smaller and higher-risk assets. The sale of the 12 assets at a premium to their valuation in particular, has reduced the number of SME tenant-customers in CEREIT's portfolio by 157."

Responsible Treasury Risk Management Boosts Cash in Bank

To further bolster the level of cash held by CEREIT in the midst of the continued state of heightened uncertainty in global financial markets, the Manager fully drew down its €150 million revolving credit facility in mid-March. A portion of this has been earmarked for the refinancing of existing debt, if required, as a 'safety first' move even though CEREIT does not have any debt maturing until the second half of 2021.

CEREIT currently holds €229 million of cash in total and has a 34.5% net gearing level[5] as at 31 March 2020. Its senior debt facilities are 100% hedged[7] and 73% of its assets are unencumbered, providing the Manager with financial flexibility. CEREIT's facilities also have a weighted average term to maturity of 3.0 years and its all-in cost of debt stands at ~1.5% per annum, with interest cover of 8.6 times[6], reflecting the wide spread between its high property yield and low interest expense.

"CEREIT remains well within market-standard debt covenants and enjoys good relationships with many key banks across Asia and Europe, underpinned by the successful track record of both the REIT and its sponsor," added Mr. Garing. "In line with the heightened priority on preserving cash during these unprecedented times, we have reduced non-essential capital expenditure and have rolled over some projects to 2021. We continue to explore non-core asset sales in order to recycle capital into strategic growth opportunities while we carry on planning asset enhancement initiatives to further strengthen the portfolio over the medium term."

COVID-19 Update

Following on from CEREIT's COVID-19 update announcements on 13 March 2020 and 7 April 2020, the Manager can advise that as at the end of April 2020, the rate of tenant-customers requesting for their rent to be re-profiled has slowed. Such tenant-customers currently account for approximately 15% of CEREIT's annual headline rent. The bulk of these requests involve temporarily transitioning from paying rent three months in advance to once a month as well as deferring rents or early lease renewals with rent-free incentives given now. While a small number also involve abatements, the Manager has only agreed to abatements amounting to less than €250,000 across the portfolio and all tenant-customers who have been granted such abatements have either extended their leases by one to three years or removed break clauses.

As per previous announcements, the UCI cinema-anchored property in Lissone and the Starhotels Grand Milan in Saronno, which together represent less than 3% of CEREIT's headline rent, are shut, in line with the Italian Government's decrees. The Manager has submitted virus event protection insurance claims over the loss of rent to date.

Outlook

CEREIT continues to pay unitholders distributions on a semi-annual basis. The actual distribution per unit ("**DPU**") for 1H 2020 will only be determined after the results for 1H 2020 have been finalised. Likewise, the distribution payout ratio will only be determined after taking into account the impact of COVID-19, which cannot be fully quantified at this stage.

Mr. Garing concluded, "The dramatic impact of COVID-19 on the global economy will linger for a long time. As is the case with all sectors of the economy, this may have an impact on CEREIT's earnings in

2020. The situation continues to evolve and it is difficult at this point to fully quantify the impact, but rest assured that Cromwell teams across Europe are actively engaging tenant-customers, maintaining close to full occupancy and agreeing to only a few alterations to lease terms. While we have not yet experienced any material financial impact from COVID-19, we are mindful that a number of our tenant-customers are facing difficulties that cloud their business outlook for the rest of the year. In view of the uncertainties in the months ahead, we are taking measured steps to protect income streams, preserve cash, and reduce costs.

"Nonetheless, as evidenced by CEREIT's operations and outstanding performance in 1Q 2020, its diversified portfolio has been designed for resilience, with the logistics assets providing access to the growing e-commerce economy, while the office assets provide longer leases to largely government and multinational tenant-customers. We remain very optimistic about CEREIT's long-term value proposition."

END

A display of the Italian flag through a light installation on Affari 2, CEREIT's flagship building in Milan, Italy. The building, along with other major landmarks in Italy, is being dressed with the Italian flag every evening for two weeks to mark the gradual easing of COVID-19 lockdown restrictions in the country

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 94 properties as at 31 March 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 March 2020, CEREIT's portfolio has an aggregate lettable area of approximately 1.4 million sqm with around 800 tenant-customers and WALE[4] profile of around 4.5 years. Comprising primarily freehold or ongoing leasehold assets, the portfolio has an appraised value of approximately €2,075 million as at 31 March 2020[8].

CEREIT is managed by Cromwell EREIT Management Pte. Ltd., a wholly-owned subsidiary of CEREIT's sponsor, Cromwell Property Group[9], a real estate investor and manager with operations in 14 countries, listed on the Australian Securities Exchange Ltd.

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1 By lettable area.

2 Rent reversion rate is a fraction where the numerator is the new headline rent of all modified, renewed or new leases over a reference period and the denominator is the last passing rent of the areas being subject to modified, renewed or new leases.

3 Available distributable income per unit for 1Q 2020 is based on the management fee and property management fee being paid 100% in cash. If the fees had been paid 100% / 40% respectively in units as done previously, the available distributable income would have been €1.01 cents. For the distribution payable in respect of 1H 2020, the actual distribution per unit will only be determined after the result for 2Q 2020 has been finalised. Likewise, the actual distribution payout ratio will be determined after taking into account the impact of COVID-19, which cannot be fully quantified at this stage.

4 "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).

5 Net gearing is calculated as total debt less cash in bank over total assets less cash in bank.

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

7 Proportion of hedge ratio is the amount of debt (excluding the revolving credit facility) which has been hedged with interest rate derivatives.

8 Valuation is based on independent valuations conducted by Colliers and Cushman & Wakefield as at 31 December 2019 for 91 properties in the portfolio. The three assets in Germany acquired on 24 March 2020 are being carried at their purchase price.

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