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Cromwell European REIT Releases FY 2019 Sustainability Report; All ESG Targets Achieved

- Best practice approach to sustainability enhances value for Unitholders
- Key performance metrics exceed IPO forecasts¹
- 43% jump in GRESB score attests to environmental, social, and governance (“ESG”) progress
- Direct board oversight of sustainability performance
- Manager guided by robust five-pillar sustainability framework, with key management personnel having ESG-related key performance indicators (“KPIs”)
- ESG leadership particularly important amid global COVID-19 pandemic

SINGAPORE – Cromwell EREIT Management Pte. Ltd., the manager (the “**Manager**”) of Cromwell European Real Estate Investment Trust (“**Cromwell European REIT**” or “**CEREIT**”), today released CEREIT’s sustainability report for the financial year ended 31 December 2019 (“**FY 2019**”). The Manager achieved all ESG targets set by the board, and even surpassed some of them, as documented in the report.

The Manager’s Chief Executive Officer, Mr. Simon Garing, commented, “ESG considerations have been at the core of our operations since CEREIT’s IPO as they are indispensable in our work to fulfil our core purpose of providing Unitholders distribution per unit and net asset value per unit growth in the long term. The board and the management team firmly believe that resilient, ethical, and socially responsible business practices are essential to our long-term success. To this end, I am pleased to report that we have integrated ESG standards into the day-to-day management of CEREIT’s portfolio and operations.”



SUSTAINABILITY
EVERYTHING IS CONNECTED

Economic	Governance	Stakeholders	People	Environment
We are committed to providing our investors with secure, stable and growing distributions in the long-term, derived from sustainable business practices.	We manage risk and protect our investors’ interests through best practice governance processes and procedures.	We actively engage with our key stakeholders in order to understand what matters to them and make a positive contribution .	Our people are our strength . We recognise the power of the individual to make a difference, and the collective power of the team to drive sustainable, competitive advantage.	We are committed to improving the operational performance , and actively reducing the environmental impact of our properties while ensuring stakeholder safety.

The Manager's progressive ESG efforts and reporting remain guided by the sustainability framework developed by CEREIF's sponsor Cromwell Property Group ("**Cromwell**"). The framework is supported by five core pillars – Economic, Governance, Stakeholders, People, and Environment – which provide a holistic and integrated approach towards managing ESG risks and opportunities and ensure operational consistency. To instil ownership of all material aspects under each pillar, the board has assigned executives and managers responsibilities for identifying, setting, and achieving the objectives and targets associated with the material aspects under each pillar. All key management personnel have ESG-related KPIs and provide quarterly sustainability performance reports to the board.

Notably, the Manager capped its outperformance against IPO forecasts¹ for two years by growing distributable income and distribution per unit by 42.6% and 8.8% year-on-year ("**y-o-y**") to €96.9 million and 4.08 Euro cents in FY 2019, exceeding the corresponding forecasts¹ by 38.0% and 1.5%, respectively. It also increased CEREIF's portfolio occupancy rate to 93.2% as at 31 December 2019, up 2.4 percentage points ("**p.p.**") compared to the rate as at 31 December 2018 and 0.6 p.p. above the IPO forecast¹. Tenant-customer satisfaction improved in 2019 as well, with the percentage satisfied as occupiers rising by 5 p.p. y-o-y to 69% and the percentage satisfied with the property manager's asset management performance rising by 5 p.p. y-o-y to 76%.

As previously reported, the Manager achieved a 43% y-o-y increase in CEREIF's GRESB score, which rose from 47 in 2018 to 67 in 2019. It retained a perfect score in the 'Management' aspect of the GRESB Real Estate Assessment and registered improvements in five of the six other assessment aspects, while also outperforming its 'Diversified – Office / Industrial (Europe)' peer group in five of the seven aspects. In addition, CEREIF was awarded an "A" grade in the GRESB Public Disclosure Assessment, higher than its comparison group average grade of "B" and the global average of "C".

The Manager is committed to actively improve the operational performance and reduce the environmental impact of CEREIF's properties. Over the course of FY 2019, 11 CEREIF properties attained BREEAM² certifications and one property achieved LEED³ certification. All CEREIF assets also obtained Energy Performance Certificates where legally required. CEREIF also purchased only renewable energy in Denmark, Germany and the Netherlands, as well as only low-carbon-intensive energy in France and Finland for all assets over which it maintains operational control. The Manager is also in the process of obtaining BREEAM-in-use certificates for another seven properties over the course of 2020.

The Manager's ESG-led operational approach is especially important in the context of the ongoing COVID-19 pandemic, which has greatly disrupted the global business environment. In steering CEREIF through the impact of COVID-19, the Manager applies Cromwell's sustainability framework, which provides a structured, responsible, and balanced pathway to sustained business success. The Manager also adopted Cromwell's business continuity framework and further augmented it with relevant policies and procedures consistent with the Monetary Authority of Singapore's Business Continuity Management Guidelines, ensuring smooth operations during the current "circuit breaker" restrictions in Singapore.

“We are fortunate to have benefited from the early resilience planning, risk management measures, as well as protocols implemented by Cromwell across our global operations, and continue to operate at close-to-full potential within the constraints of applicable COVID-19 containment measures,” added Mr. Garing. “CEREIT’s diversification across asset classes, geographies, tenant-customers, and tenant-customer trade sectors is designed to minimise risks and provide resilience against any short-term economic shocks. Our immediate focus is on the well-being of our tenant-customers and employees as we continue working to mitigate the pandemic’s impact on CEREIT’s revenue and operations.

“The board and management team are focused on preserving unitholder value, ensuring appropriate levels of cash, and stewarding operations. There are many lessons to be learned from the world’s COVID-19 experience and we will look to further enhance our emergency planning and accelerate digital transformation across our operations, as well as fortify our portfolio against climate risks and enhance our stakeholder engagement programmes.”

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 sq m with around 800 tenant-customers and WALE⁴ 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 December 2019⁵.

CEREIT is managed by Cromwell EREIT Management Pte. Ltd., a wholly-owned subsidiary of CEREIT’s sponsor, Cromwell Property Group⁶, a real estate investor and manager with operations in 14 countries, listed on the Australian Securities Exchange Ltd.

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¹ The Prospectus for the IPO disclosed a projection for the year ended 31 December 2019.

² Refers to Building Research Establishment Environmental Assessment Method, the world's leading sustainability assessment method for master planning projects, infrastructure and buildings. It recognises and reflects the value in higher performing assets across the built environment lifecycle, from new construction to in-use and refurbishment. BREEAM is used as an asset-level sustainability certification.

³ Refers to Leadership in Engineering and Design, a certification programme focused primarily on new, commercial building projects and based upon a points system. LEED-certified buildings, when well maintained, produce less waste products and are more energy-efficient than they would be otherwise.

⁴ Weighted average lease expiry, 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 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.

⁶ Comprising Cromwell Corporation Limited and the Cromwell Diversified Property Trust (the responsible entity of which is Cromwell Property Securities Limited).