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## Cromwell European REIT's Inaugural Results Exceed IPO Forecast

- All key performance metrics exceed IPO Forecast<sup>1</sup> for the reporting period
- Net property income and income available for distribution to unitholders surpass IPO Forecast by 2.8% and 3.5%, respectively
- Valuation of property portfolio now €1,361 million, 3.9% higher than the purchase price
- Proposed acquisition of office property in Ivrea, Italy, demonstrates strong pipeline sourcing capabilities

	Actual 30-Nov-17 to 31-Mar-18	IPO Forecast 30-Nov-17 to 31-Mar-18	Variance
<b>Gross Revenue (€'000)</b>	41,033	40,693	0.8%
<b>Net Property Income (€'000)</b>	27,004	26,261	2.8%
<b>Income Available for Distribution to Unitholders (€'000)</b>	22,797	22,024	3.5%
<b>Distribution per Unit (€ cents)</b>	1.45	1.40	3.5%

<sup>1</sup> The prospectus of Cromwell European REIT dated 22 November 2017 ("**Prospectus**") disclosed a 1-month profit forecast for the period from 1 December 2017 to 31 December 2017 ("**December 2017 Forecast**"), and a full-year profit projection from 1 January 2018 to 31 December 2018 (the "**FY2018 Projection**"). The FY2018 Projection disclosed in the Prospectus was derived from four separate quarterly projections which in aggregate formed the FY2018 Projection. The "IPO Forecast" figures referred to in this media release were, where not expressly disclosed in the Prospectus, derived from the December 2017 Forecast and the first quarterly projection for the period from 1 January 2018 to 31 March 2018 which had been used by the Manager to form the FY2018 Projection.

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.

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**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 period 30 November 2017 (being the date of CEREIT’s listing) to 31 March 2018 (the “**Reporting Period**”).

The Manager’s Chief Executive Officer, Mr. Philip Levinson, commented, “Our primary focus since listing has been to keep our commitment to investors. Today, I am delighted to announce that we have delivered on the goal of meeting and exceeding our IPO Forecast for the Reporting Period. We are announcing CEREIT’s inaugural financial results with all key performance metrics exceeding expectations. This bears testament to CEREIT’s ability to provide investors with diversified, stable and sustainable income streams through our large, geographically diverse portfolio with a balanced asset class exposure.”

“The REIT turned in a particularly commendable performance in its light industrial portfolio, delivering visible, organic net property income growth through asset management initiatives. We firmly believe in the growth and upside potential of CEREIT’s portfolio and are committed to achieving long-term growth in DPU<sup>2</sup> for all unitholders.”

CEREIT recorded gross revenue amounting to €41.0 million during the Reporting Period, up from the IPO Forecast of €40.7 million. Net property income (“**NPI**”) came in at €27.0 million, surpassing the IPO Forecast of €26.3 million by 2.8% due to the better-than-expected performance by CEREIT’s Pan-European light industrial portfolio, which exceeded the IPO Forecast NPI by €819,000. CEREIT’s office portfolio and other assets performed largely in line with expectations.

Total property operating expense amounted to €14.0 million, down 2.8% from the IPO Forecast, consequence of the Manager’s strategy to rationalise operating costs while maintaining the quality of services.

As a result, DPU<sup>2</sup> for the Reporting Period came in at 1.45 Euro cents, exceeding the IPO Forecast by 3.5%. Based on the IPO issue price of 0.55 Euro cents per unit, this translates to a 7.86% annualised distribution yield, which is 3 percentage points higher than the IPO Forecast. Net asset value (“**NAV**”) of CEREIT group stood at €879.4 million as at 31 March 2018, up 6.4% compared to the NAV of the CEREIT group as at 31 December 2017. Based on the number of units in issue at the end of the Reporting Period<sup>3</sup>, this translates to a NAV per Unit of 55.9 Euro cents.

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<sup>2</sup> Distribution per unit.

<sup>3</sup> The number of units in issue at the end of the Reporting Period is 1,573,990,000.

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The aggregate leverage stood at 35.1% as at 31 March 2018, lower than the 36.8% stated in the pro forma balance sheet as at 30 November 2017 in the Prospectus. With the headroom afforded by the lower aggregate leverage, CEREIT possesses significant borrowing capacity to fund future acquisitions.

### Portfolio Highlights

Following an external valuation of the entire CEREIT property portfolio, the property portfolio is valued at €1,361<sup>4</sup> million as at 31 March 2018. This is 3.9% higher than the agreed purchase price of the properties at IPO.

As at 31 March 2018, CEREIT's portfolio has an 89.6% occupancy rate, up 1.9 percentage points compared to the portfolio occupancy rate as at 30 April 2017; and CEREIT's weighted average lease expiry ("WALE")<sup>5</sup> profile remained stable at 5.1 years. This was due to the Manager's proactive tenant management strategy. CEREIT has a diversified tenant base comprising over 700 tenants, with the top 10 tenants accounting for approximately 41% of the portfolio's total headline rent, down from approximately 44.2% as at 30 April 2017, as a result of the Manager's continued initiatives to maintain a low tenant concentration risk.

### Acquisition Growth

On 23 April 2018, CEREIT entered into a conditional sale and purchase agreement for the acquisition of a freehold office property located at 13 Via Jervis, Ivrea, Italy (the "**Ivrea Asset**"). The acquisition is expected to be completed by 30 June 2018. In line with the Manager's proactive tenant management strategy, which focuses on the sourcing and retaining of high quality tenants, the Ivrea Asset is 100% let to two tenants, one of which is Vodafone Italia, the second largest mobile network operator in Italy by market share<sup>6</sup>.

Commenting on this, Mr. Levinson added, "The proposed acquisition of the Ivrea Asset demonstrates the strength of our pipeline sourcing capabilities and sets the momentum for an acquisition growth strategy focused on fundamental real estate qualities. The Manager will continue to seek opportunities to acquire quality income-producing properties across the right cities and sectors in Europe."

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<sup>4</sup> Based on the valuations as at 31 March 2018 which also excludes a potential deferred consideration relating to Parc des Docks of €12 million.

<sup>5</sup> "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).

<sup>6</sup> Source: Vodafone Group plc Annual Report 2017.

## Dual Currency Trading

Delivering on its commitment to provide enhanced opportunities for investors to trade in CEREIT units, CEREIT recently completed the process for dual currency trading on the Singapore Exchange. From 16 April 2018, investors in CEREIT have the flexibility to invest in CEREIT units in Singapore dollars as well as in Euros, with units fully fungible between the two counters.

## Looking Ahead

Meeting and exceeding IPO Forecast through proactive asset management strategies and asset enhancement initiatives remains a top priority for the Manager for the rest of 2018. Business plans include unlocking asset value through a proactive approach to acquisitions and disposals, as well as capitalising on the deep pool of acquisition opportunities, including those accessed through the sponsor, Cromwell Property Group's (the "**Sponsor**") extensive pan-European platform.

Plans are also underway to prepare the annual sustainability report for CEREIT, in line with the requirements of the Singapore Exchange, which is consistent with the values of the Sponsor to employ a best practice approach to sustainability, corporate governance and corporate social responsibility to achieve high sustainability standards in the operation and management of CEREIT.

Mr. Levinson concluded, "While we continuously work on achieving our business targets, we remain equally focused on employing a best practice approach to sustainability, corporate governance and corporate social responsibility to further enhance returns to our unitholders."

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## 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<sup>7</sup>, light industrial / logistics<sup>7</sup>, and retail purposes<sup>8</sup>. With an IPO portfolio of 74 properties in or close to major gateway cities in Denmark, France, Germany, Italy, as well

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<sup>7</sup> "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.

<sup>8</sup> "Retail" properties refer to real estate that are predominantly used for retail purposes.

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as the Netherlands and a balanced focus on the office<sup>7</sup> and light industrial / logistics<sup>7</sup> sectors, it is also the first REIT with a diversified Pan-European portfolio to be listed on Singapore Exchange Securities Trading Limited.

CEREIT's IPO portfolio has an aggregate lettable area of approximately 1.1 million sq m with over 700 leases and a WALE<sup>5</sup> profile of around 5.1 years. Comprising primarily freehold or ongoing leasehold<sup>9</sup> assets, the IPO portfolio has an appraised value of approximately €1,361 million<sup>4</sup> as at 31 March 2018.

CEREIT is managed by Cromwell EREIT Management Pte. Ltd., a wholly-owned subsidiary of CEREIT's sponsor, Cromwell Property Group<sup>10</sup>, a global real estate investment manager listed on the Australian Securities Exchange Ltd.

## 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.

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<sup>9</sup> 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).

<sup>10</sup> Comprising Cromwell Corporation Limited and the Cromwell Diversified Property Trust (the responsible entity of which is Cromwell Property Securities Limited).

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