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## Cromwell European REIT

### Continues to Exceed Forecasts

- Both gross revenue and net property income exceed IPO Forecast<sup>1</sup> by 2.2% and 3.1%, respectively
- Distribution per unit of 2.53 Euro cents, 3.0% above IPO Forecast<sup>1</sup>, translates to annualised distribution yield of 7.9%<sup>2</sup>
- Active asset management drives increase in net asset value and decrease in gearing
- Poised for growth given strong pipeline sourcing capabilities and deep pool of acquisition opportunities

	Actual 30-Nov-17 to 30-Jun-18	IPO Forecast <sup>1</sup> 30-Nov-17 to 30-Jun-18	Variance
<b>Gross Revenue (€000)</b>	72,845	71,287	2.2%
<b>Net Property Income (€000)</b>	47,743	46,303	3.1%
<b>Income Available for Distribution to Unitholders (€000)</b>	40,062	38,914	3.0%

**SINGAPORE** – Cromwell EREIT Management Pte. Ltd., the manager (the “**Manager**”) of Cromwell European Real Estate Investment Trust (“**Cromwell European REIT**” or “**CEREIT**”), today announced

<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 and second quarterly projections for the period from 1 January 2018 to 30 June 2018 which had been used by the Manager to form the FY2018 Projection.

<sup>2</sup> Based on CEREIT’s €0.55 per unit IPO 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.

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CEREIT's financial results for the period 30 November 2017 (being the date of CEREIT's listing) to 30 June 2018 (the "**Reporting Period**").

CEREIT generated gross revenue amounting to €72.8 million during the Reporting Period, 2.2% above the IPO Forecast<sup>1</sup>. In line with the better topline performance, net property income ("**NPI**") recognised during the Reporting Period came in at €47.7 million, 3.1% higher than projected<sup>1</sup>. This was primarily due to the higher NPI recorded by CEREIT's pan-European light industrial portfolio, which exceeded the IPO Forecast<sup>1</sup> by €1.5 million, while CEREIT's portfolio of office and other properties performed in line with expectations.

Income available for distribution to unitholders amounted to €40.1 million in the Reporting Period, 3.0% above the IPO Forecast<sup>1</sup>. Given CEREIT's policy of distributing 100% of its annual distributable income for the period from 30 November 2017 to 31 December 2019, the distribution per unit ("**DPU**") for the Reporting Period likewise is 2.53 Euro cents, 3.0% more than projected<sup>1</sup>. This will be paid out to unitholders on 28 September 2018 and translates to a 7.9%<sup>2</sup> annualised distribution yield.

The Manager's Chief Executive Officer, Mr. Philip Levinson, commented, "CEREIT continues to outperform forecasts since its listing, validating not only the intrinsic quality of CEREIT's portfolio, but also our strategies to extract value from the underlying assets and optimise returns through new initiatives. These initiatives include focused efforts to drive growth organically via active asset and portfolio management."

### **Active Asset and Portfolio Management**

As evidence of its active asset management strategy, CEREIT successfully renewed 32 existing leases<sup>3</sup> during the April – June 2018 period. These include a new 7.5-year lease with Dutch e-commerce company Coolblue BV which will commence at Central Plaza in the Netherlands from January 2019, securing approximately €2.0 million of rental income.

CEREIT's portfolio has an 88.7% occupancy rate as at 30 June 2018, one percentage point above the occupancy rate stated in the Prospectus, and a 73% tenant retention rate<sup>4</sup> during the April – June 2018 period. Its weighted average lease expiry ("**WALE**")<sup>5</sup> profile remains stable at 5.0 years.

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<sup>3</sup> As at 30 June 2018, CEREIT has 797 leases well diversified across trade sectors and geographies.

<sup>4</sup> Tenant retention rate by Estimated Rental Value ("ERV") is the percentage quantum of ERV retained over a reference period with respect to Terminable Leases. Terminable Leases is defined as leases that either expire or in respect of which the tenant has a right to break over the relevant reference period.

<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).

On a portfolio level, CEREIT's income base expanded with the completion of the acquisition of a freehold office property in Ivrea, Italy, on 27 June 2018. This increased CEREIT's property portfolio value from €1,361 million as at 31 March 2018 to €1,390 million as at 30 June 2018.

In addition, the Manager settled a deferred consideration in respect of the Parc Des Docks light industrial / logistics property in Paris, France ("**Parc Des Docks**"), for €6 million instead of the original €12 million, leading to a €6 million valuation gain. This helped increase CEREIT's net asset value ("**NAV**") to €897.9 million as at 30 June 2018, up 2.1% compared to its NAV as at 31 March 2018. Consequently, NAV per unit rose from 55.9 Euro cents as at 31 March 2018 to 57.0 Euro cents as at 30 June 2018.

CEREIT's gearing ratio also decreased from 35.1% as at 31 March 2018 to 33.9% as at 30 June 2018.

### **Market Recognition**

CEREIT became a constituent of the MSCI Singapore Small Cap Index as at 1 June 2018. Together with its high free float and portfolio of significant scale, the index inclusion better positions CEREIT to attract the interest of a broader group of investors seeking to gain exposure to European real estate markets.

More recently, CEREIT was conferred a Platinum Award, in the category for industrial REITs with market capitalisations of US\$1 billion and above, at the Asia Pacific Best of the Breeds REITs Awards™ 2018 ceremony on 2 August 2018. The accolade bears testament to CEREIT's excellence in six areas:

- Financial performance
- Market performance
- Corporate governance
- Underlying asset quality
- REIT manager quality
- Risk management policies

Winners were determined by a judging panel comprising senior professionals in the financial and real estate sector, with balanced representation from research houses, rating agencies, and advisory firms across different countries.

### **Sustainability Efforts**

In line with the Manager's commitment to actively reduce the environmental impact of its properties, CEREIT secured a new contract for the use of renewable energy and green natural gas in its German properties. This lowered tenants' operational expenses by 12% and reduced annual carbon emissions by 3,500 metric tonnes.

Setting the stage for its inaugural sustainability report, CEREIT participated in the 2018 Global Real Estate Sustainability Benchmark (“**GRESB**”) survey which will measure and compare CEREIT’s sustainability performance to its peers. GRESB is a global environmental, social and governance benchmark for real estate assets, with more than US\$3.7 trillion in assets under management represented.

### **Looking Ahead**

Guided by its key objectives of providing unitholders with regular and stable distributions and achieving long-term DPU and NAV growth, the Manager will remain focused on meeting and exceeding IPO Forecasts<sup>1</sup>. The portfolio is primed for organic and inorganic growth, with inflation-linked leases in place to benefit from favourable Eurozone economic outlook. The Manager expects to unlock asset value further through a proactive approach to acquisitions and divestments.

Mr. Levinson concluded, “Over the past seven months, we have established a robust platform for delivering sustainable value to stakeholders. Steady momentum has been built and we are now positioned for growth. Moving forward, we will continue to work closely with our Sponsor and property manager, leveraging their on-the-ground teams in Europe and strong pipeline sourcing capabilities. Together, we have identified a deep pool of acquisition opportunities for further review and action. With its prudent gearing, CEREIT has ample borrowing capacity to fund growth acquisitions.”

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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>6</sup>, light industrial / logistics<sup>6</sup>, and retail purposes<sup>7</sup>. 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 office<sup>6</sup> and light industrial / logistics<sup>6</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 portfolio has an aggregate lettable area of approximately 1.2 million sq m with over 700 leases and a WALE<sup>5</sup> profile of around 5.0 years. Comprising primarily freehold or ongoing leasehold<sup>8</sup> 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 Group<sup>9</sup>, a real estate investor and manager with operations in 15 countries, 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.

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<sup>6</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>7</sup> “Retail” properties refer to real estate that are predominantly used for retail purposes.

<sup>8</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>9</sup> Comprising Cromwell Corporation Limited and the Cromwell Diversified Property Trust (the responsible entity of which is Cromwell Property Securities Limited).

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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