



CROMWELL EUROPEAN REIT

INVESTOR PRESENTATION

September / October 2018



CROMWELL
EUROPEAN REIT

Disclaimer

This presentation shall be read in conjunction with Cromwell European REIT's ("CEREIT") financial results announcement dated 13 August 2018 published on SGX Net.

This presentation 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 Cromwell EREIT Management Pte. Ltd, as manager of CEREIT (the "Manager"), Perpetual (Asia) Limited (as trustee of CEREIT) or any of their respective affiliates. The past performance of CEREIT is not necessarily indicative of the future performance of CEREIT.

This presentation may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. These forward-looking statements speak only as at the date of this presentation. No assurance can be given that future events will occur, that projections will be achieved, or that assumptions are correct. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses, including employee wages benefits and training, property expenses, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business.

Prospective investors and unitholders of CEREIT ("Unitholders") are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of the Manager on future events. No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information, or opinions contained in this presentation. None of the Manager, the trustee of CEREIT or any of their respective advisors, representatives or agents shall have any responsibility or liability whatsoever (for negligence or otherwise) for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection with this presentation. The information set out herein may be subject to updating, completion, revision, verification and amendment and such information may change materially. An investment in Units is subject to investment risks, including possible loss of principal amount invested.

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 Singapore Exchange Securities Trading Limited (the "SGX-ST"). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

NOTES:

All figures in this presentation are as at 30 June 2018 and stated in Euro ("EUR" or "€"), unless otherwise stated
Reporting Period is defined as the period from the date of CEREIT's listing on the SGX-ST (30 November 2017) to the last day of 2Q 2018 (30 June 2018)

Contents

- 1 Cromwell European REIT Investment Case and Strategic Objectives
- 2 Introduction to Cromwell European REIT
- 3 Financial Performance
- 4 Asset Management Update
- 5 Key Takeaways
- 6 Sponsor's Strengths
- 7 Appendix



Investment Case and Strategic Objectives

Cromwell European REIT Investment Case – Focus on Yield and Growth

Effective 7.2% Annualised Distribution Yield (at current Unit price)¹

- Cromwell European REIT (“CEREIT”) successfully debuted on 30 November 2017 and has delivered above the IPO Forecast²

€1.4 billion Diversified and Balanced Pan-European Exposure

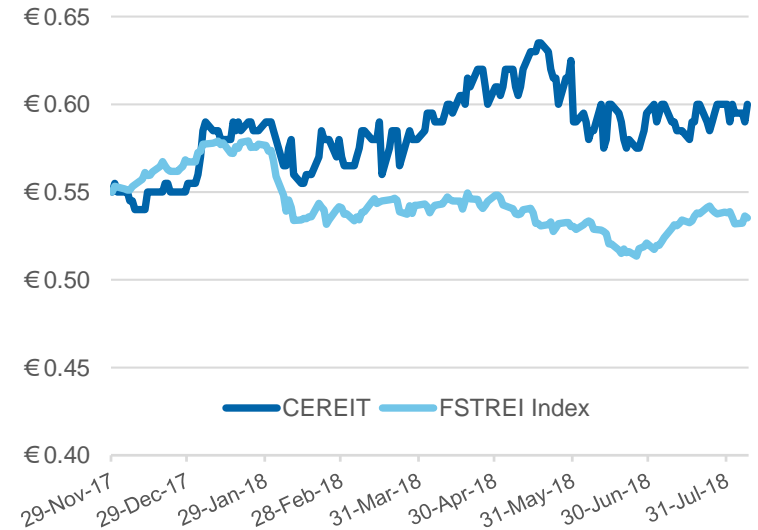
- 75 predominantly office and light industrial/logistics assets with significant scale and diversification across approximately 1.2 million square metres lettable area with over 700 tenants
- Portfolio Reversionary Yield (Cap rate) = 5.9%

Internationally recognised Sponsor and Real Estate Manager

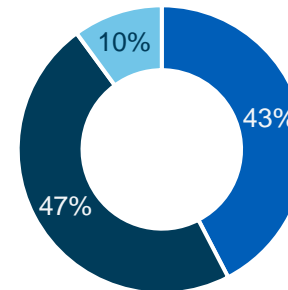
- Cromwell Property Group (CMW.ASX) operates in 12 European countries with over 200 real estate and finance professionals and owns 35% of CEREIT units

Opportunities for Income and Net Asset Value Growth

- European economic growth underpinning tenant demand and rental uplifts
- Active asset enhancement initiatives underway
- Prudent gearing of 33%, with Debt costs of 1.46% and Interest Cover 8.8x
- Access to the 2nd largest world-wide real estate market with 2017 transaction volumes of € 293 billion as debt costs remain significantly lower than cap rates, driving higher return on equity (“ROE”) and distribution per unit (“DPU”) accretion⁵

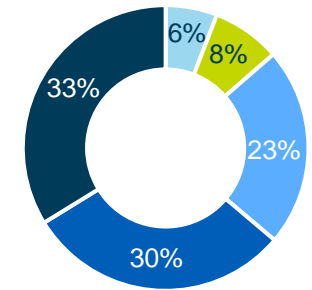


Balanced Asset Class Exposure³



- Light Industrial / Logistics
- Office
- Others⁴

Diversified Geography Exposure³



- Denmark
- Germany
- France
- Italy
- Netherlands

1. Based on €0.60, the last traded price on Singapore Exchange Securities Trading Limited (“SGX-ST”) on 8 August 2018
 2. 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 presentation 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.
 3. Based on Valuations as at 31 March 2018
 4. Others include three government-let campuses, one retail property and one hotel in Italy on master lease
 5. €293 billion is sourced to RCA (Real Capital Analytics), as reported in IPE in an article titled “European mega deals boost 2017 real estate transaction volumes” from 31 January 2017

Reiteration of Purpose and Strategic Objectives

Cromwell European REIT Purpose

- Provide investors with regular and stable distributions in either Euro € or Singapore \$
- Achieve long-term growth in distribution yield and net asset value growth

Cromwell European REIT Investment Characteristics

- Large, geographically diverse Pan European portfolio
- Balanced commercial property asset class exposure supported by a long lease profile and a diversified, high quality tenant base

Cromwell European REIT Investment Objectives

- Active asset management and enhancement strategy, leveraging Cromwell Property Group's 20 offices in 12 countries
- Acquisition growth strategy with more than 20 dedicated transaction professionals
- Prudent capital management policies, with conservative SGX and MAS safeguards
- Best-Practice approach to Sustainability, Corporate Governance and Social Responsibility



Introduction to Cromwell European REIT

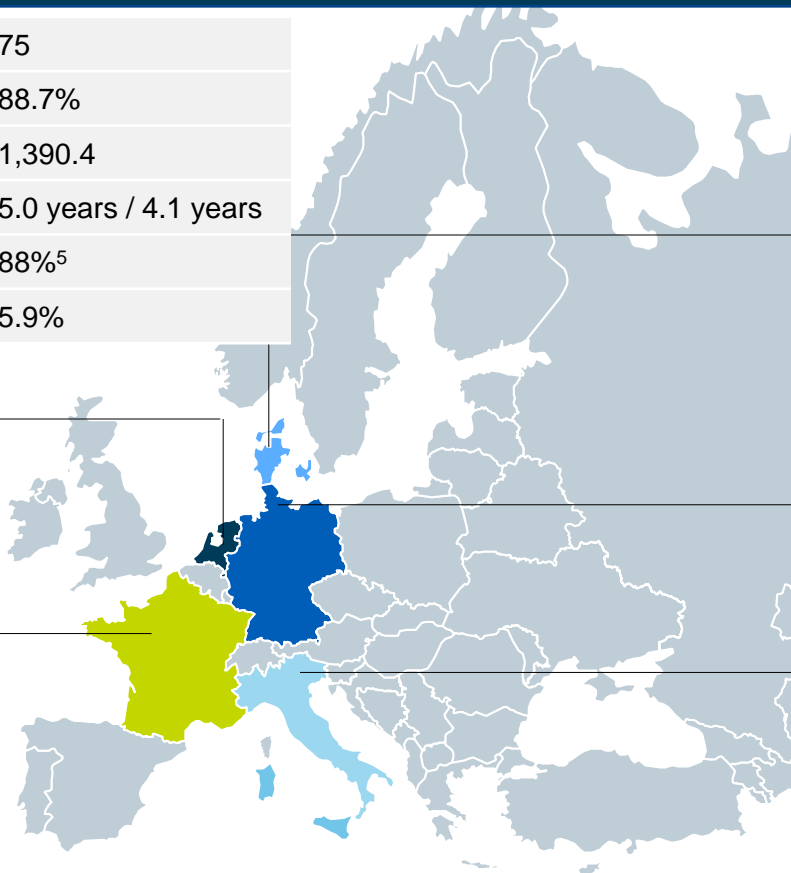
Unique Pan-European Portfolio

Opportunity to invest in scale and diversification across Europe

Properties ¹	75
Occupancy Rate (by lettable area) ^{1,3}	88.7%
Valuation (€ million) ^{2,4}	1,390.4
WALE ¹ / WALB ¹	5.0 years / 4.1 years
% Freehold ⁵	88% ⁵
Average Reversionary Yield ^{2,6}	5.9%

Netherlands	
Properties	15
Lettable Area (sqm)	206,304
Valuation (€ million)	469.6
% of Portfolio	33.8%
Average Reversionary Yield	5.0%

France	
Properties	21
Lettable Area (sqm)	332,811
Valuation (€ million)	313.7
% of Portfolio	22.6%
Average Reversionary Yield	7.3%



Denmark	
Properties	13
Lettable Area (sqm)	151,483
Valuation (€ million)	81.4
% of Portfolio	5.9%
Average Reversionary Yield	7.6%

Germany	
Properties	11
Lettable Area (sqm)	166,458
Valuation (€ million)	107.8
% of Portfolio	7.8%
Average Reversionary Yield	6.4%

Italy	
Properties	15
Lettable Area (sqm)	307,353
Valuation (€ million) ⁴	418.0
% of Portfolio	30.1%
Average Reversionary Yield	5.5%

1. As at 30 June 2018
2. Valuations as at 31 March 2018
3. Assumes Milano Piazza Affari is 100% leased in view of the rental guarantee
4. Valuation for Ivrea conducted as at 1 April 2018
5. % Freehold and continuing / perpetual leasehold by value
6. A proxy to present cap rate. Reversionary Yield provided by the external valuer is the net market rental value ("ERV") per annum (net of non-recoverable running costs and ground rent) payable on final reversion date expressed as a percentage of the gross capital value. The Reversionary Yield for the portfolio and sub portfolios is an average Reversionary Yield weighted by the valuation.

High-Quality and Diversified Tenant Base

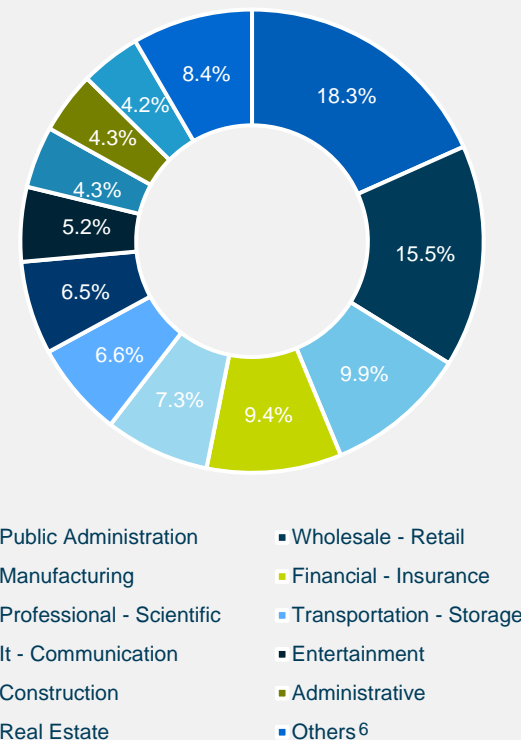
Diversified tenant mix with top 10 tenants representing 41% of portfolio

Total No. of Leases as at 30 June 2018	797
Total No. of Tenants as at 30 June 2018	720
Tenant Retention Rate from 1 April 2018 to 30 June 2018	73%

Top 10 Tenants

#	Tenant	Country	% of Total Headline Rent ¹
1	Agenzia del Demanio (Italian State Property Office)	Italy	16.8%
2	Nationale-Nederlanden	Netherlands	7.0%
3	Kamer van Koophandel	Netherlands	3.0%
4	Holland Casino ²	Netherlands	2.5%
5	Chicago Bridge & Iron Company (CB&I) ³	Netherlands	2.3%
6	Anas	Italy	2.1%
7	A. Manzoni & c. S.p.A. ⁴	Italy	2.1%
8	Coolblue BV	Netherlands	2.0%
9	LA POSTE (French Post) ⁵	France	1.4%
10	Nilfisk-Advance A/S	Denmark	1.4%
			40.5%

Tenant trade sector breakdown by headline rent¹



- As at 30 June 2018
- Nationale Stichting tot Exploitatie van Casinospelen in the Netherlands
- CB&I has exercised its right to hand back 1 floor of 3,295 sqm and 50 parking spaces per December 2018 as well as 1 floor in March 2018 totalling an additional 3,295 sqm
- GEDI Gruppo Editoriale
- LA POSTE replaced "confidential tenant" in top 10 due to LA POSTE new signed lease in 1Q 2018
- Others comprise Accommodation / Utility / Education / Rural / Human Health / Mining / Other Service Activities / Residential / Water / Miscellaneous Services

Focused on European Office and Light Industrial / Logistics Sectors

Expected to benefit from improving fundamentals and business sentiment in Europe

Italy and Netherlands Office



- Quality offices in major cities in the Netherlands and Italy
- Central business districts and city fringe locations
- Diverse tenant base
- New acquisition of Vodafone Italian HQ is typical of this strategy
- Market forecast to remain healthy, supported by growing demand and limited new supply¹

Pan-European Light industrial / Logistics



- Light industrial and urban logistics distribution warehouses in 5 countries
 - Denmark, France, Germany, Italy, and the Netherlands
- Located in industrial parks and / or close to key urban industrial locations
- New supply expected to remain limited, driving upwards pressure on rents¹

¹ Based on the Independent European Property Market Research Report in Appendix F of the Prospectus

Completed Acquisition of Office Property in Ivrea, Italy

Via Jervis 9, Ivrea, Italy

- Demonstrates strength of pipeline sourcing capabilities
- Complements resilient Italian office portfolio and diversify tenant base with Vodafone as blue-chip tenant
- Transaction completed on 27 June 2018

Property Type	Office
Purchase Price	€ 16.90 million
Land Lease Tenure	Freehold
Leasable Area	17,990 sqm
Purchase Price per sqm	€ 939
Occupancy (as at 31 March 2018)	100%
WALE (as at 30 June 2018)	11 years ¹
No. of Tenants (Key Tenant)	2 (Vodafone Italia S.p.A.)
Gross Rent p.a.	€ 1.42 million
Net Initial Yield (Gross Rent / Purchase Price)	8.4%



1. Vodafone has ability to break lease after 5 years

Settlement of Deferred Consideration for Parc Des Docks

Parc Des Docks, Paris, France

- Entered into a settlement agreement with respect to the deferred consideration for Parc Des Docks that resulted in:
 - ✓ Lump-sum payment of € 6 million to the sellers, representing 50% savings as compared to the € 12 million deferred consideration stated in Prospectus¹
 - ✓ Portfolio valuation uplift of € 6 million
 - ✓ Reduction in aggregate leverage by 1.0%

Property Type	Light Industrial / Logistics
Purchase Price	€ 98.00 million ¹
Land Lease Tenure	Freehold
Leasable Area	73,371 sqm
Purchase Price per sqm	€ 1,336
Occupancy (as at 30 June 2018)	87.4%
WALE (as at 30 June 2018)	3.0 years
No. of Tenants (Key Tenants)	35 (Leroy Merlin, Locapost, Fedex, UPS, Canon, Alstom)
Gross Rent p.a.	€ 7.2 million
Net Initial Yield (Gross Rent / Purchase Price)	7.3%



1. The total consideration paid for Parc Des Docks (on an asset basis) is therefore € 98 million, instead of the originally agreed purchase price of € 104 million and a third party valuation of € 110.2 million as at 31 March 2018



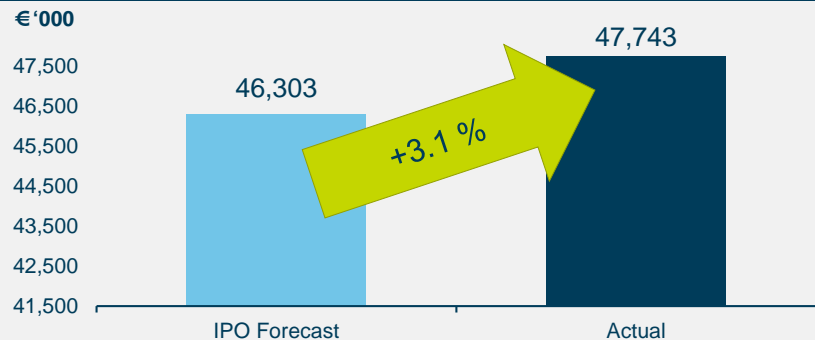
CROMWELL
EUROPEAN REIT

Financial Performance

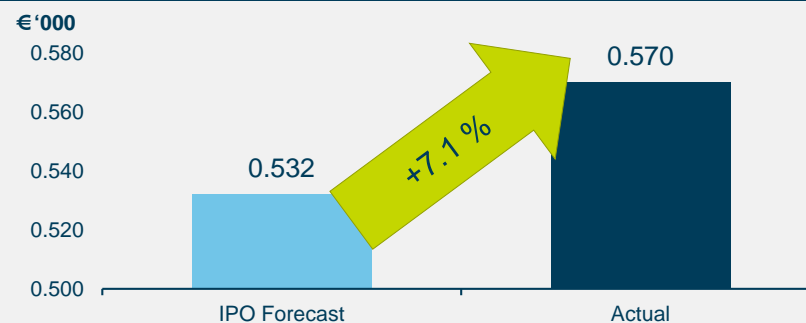
Key Reporting Period Highlights

Exceeded IPO Forecast for all key performance metrics for Reporting Period¹

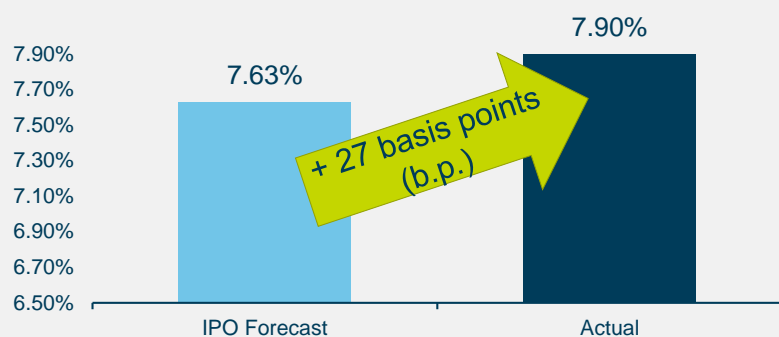
Net Property Income² (€'000)



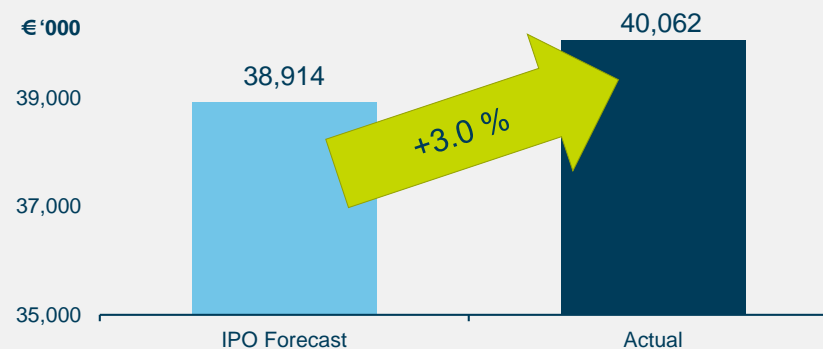
NTA per Unit^{2,3,4} (€)



Annualised Distribution Yield (%)^{2,4}



Income Available for Distribution² (€'000)



1. Reporting Period refers to the financial period from 30 November 2017 to 30 June 2018
2. Actual refers to the actual figures for the Reporting Period
3. IPO Forecast refers to the NTA per Unit as at the listing date and actual refers to the NTA per Unit as at 30 June 2018
4. The actual includes additional the units issuable to the Manager and the Property Manager as at 30 June 2018

Total Return and Distribution Exceed IPO Forecast

All key performance metrics exceed IPO Forecast for the Reporting Period

▪ Gross revenue

- €72.8 million since IPO, up 2.2% compared to IPO Forecast
- €31.8 million for 2Q 2018, up 3.9% compared to IPO Forecast for the same period

▪ Net property income

- €47.7 million since IPO, up 3.1% compared to IPO Forecast
- €20.7 million for 2Q 2018, up 3.5% compared to IPO Forecast for the same period

▪ Distributable income

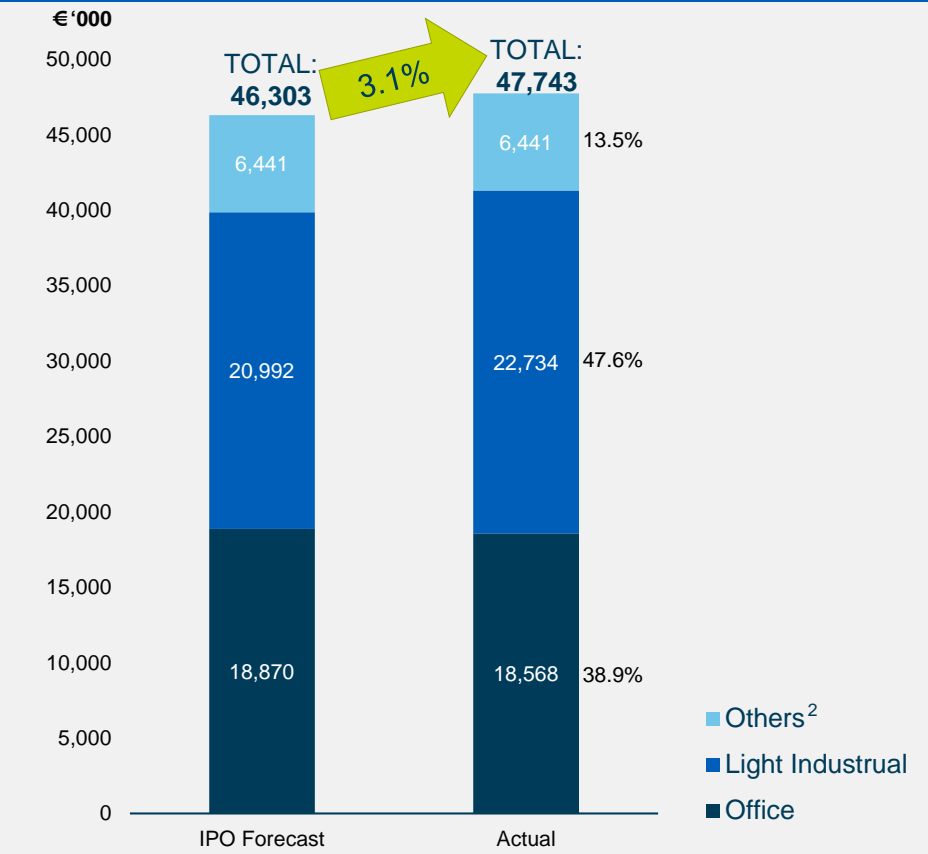
- €40.1 million for the Reporting Period, equating to a DPU of 2.53 cents, 3.0% above IPO Forecast for the same period and an annualised distribution yield of 7.9% (based on the IPO issue price).
- €17.3 million for 2Q 2018 equating to DPU of 1.10 cents, 2.2% above the IPO Forecast for the same period

	30-Nov-17 to 31-Mar-18	1-Apr-18 to 30-Jun-18	Total 30-Nov-17 to 30-Jun-18	IPO Forecast 30-Nov-17 to 30-Jun-18	Variance
Gross Revenue (€000)	41,033	31,812	72,845	71,287	▲ 2.2%
Net Property Income (€000)	27,004	20,739	47,743	46,303	▲ 3.1%
Net Income before tax and fair value changes (€000)	21,014	16,103	37,117	37,056	▲ 0.2%
Total return for the period attributable to Unitholders (€000)	30,660	18,700	49,360	27,529	▲ 79.3%
Income Available for Distribution to Unitholders (€000)	22,797	17,265	40,062	38,914	▲ 3.0%

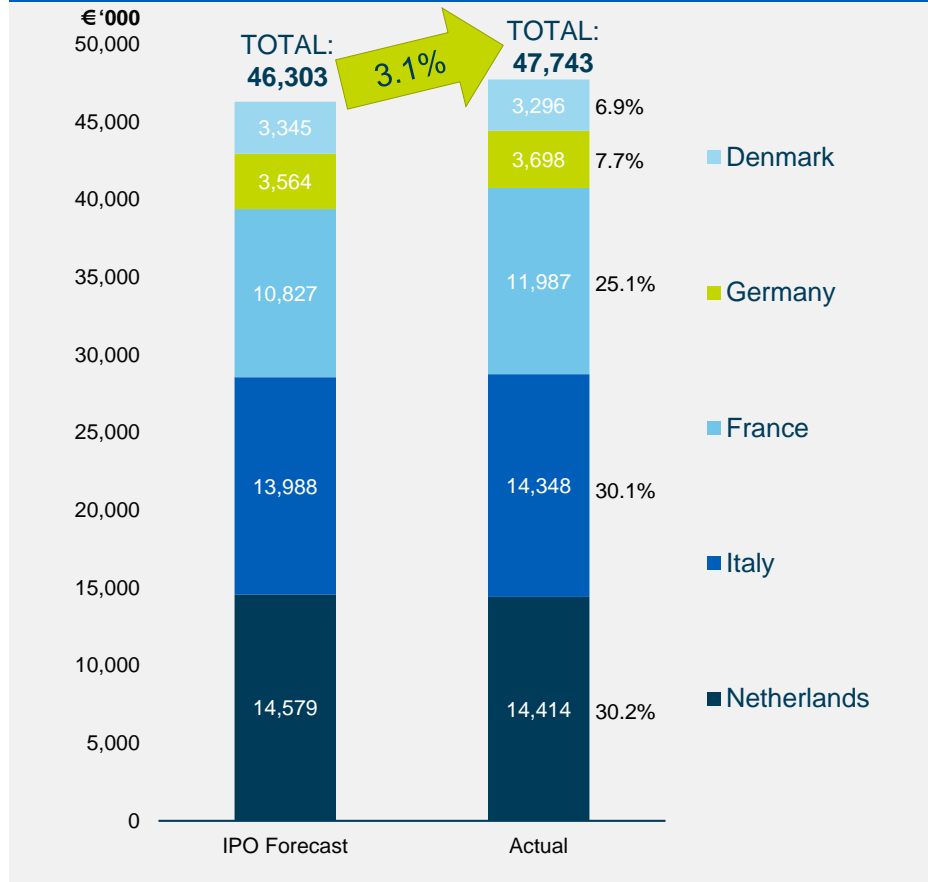
Net Property Income Exceeded IPO Forecast by 3.1%¹

Well-diversified portfolio with balanced mix of asset classes

Net Property income breakdown by asset class



Net property income breakdown by country



1. For the Reporting Period
2. Others include three government-let campuses, one retail asset and one hotel in Italy on master leases

Balance Sheet – Aggregate Gearing Reduced to 33.9%

Liquidity position remains strong

- Total asset value up by 2.1% while aggregate leverage is reduced by 1.2 p.p. to 33.9%
- NTA per unit up by 2.1% to €0.57
- Cash and cash equivalents stand at €53.5 million
- Distributable Income declared at €40.1 million for the Reporting Period

	As at 30-Jun-18 €000	As at 31-Mar-18 €000	Variance
Current Assets	74,080	74,042	0.1%
Non-Current Assets	1,397,401	1,367,233	2.2%
TOTAL ASSETS	1,471,481	1,441,275	2.1%
Current Liabilities	47,960	43,768	9.6%
Non-Current Liabilities	525,621	518,139	1.4%
TOTAL LIABILITIES	573,581	561,907	2.1%
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	897,900	879,368	2.1%
Number of Units in Issue ('000)	1,573,990	1,573,990	-
NTA per Unit ¹	€0.570	€0.559	2.1%

Responsible Capital Management

Well-managed debt book delivering low debt cost and significant interest cover

- Aggregate leverage stands at 33.9%, well below the regulatory requirements of 45%¹
- Annualised cost of debt (excluding any upfront fees) stands at ~ 1.46% p.a. (as at 30 June 2018)
- Interest coverage ratio is significant at 8.8x
- Embedded hedging arrangements allow CEREIT to take full advantage of negative interest rate environment in the Eurozone, at the same time limiting hedge breakage costs in case of potential debt refinancing

	As at 30-Jun-18	As per Prospectus	Variance
Total Gross Debt	€ 498.8 million	€ 494.4 million	+ 1.0%
Proportion of Hedged and Fixed Rate Debt	85.4%	85.5%	- 10 bps
Aggregate Leverage ¹	33.9%	36.8%	- 290 bps
Aggregate Leverage after Distribution ²	34.8%	36.8%	- 200 bps
Projected Interest Coverage Ratio ("ICR")	8.8x ³	9.6x ³	- 80 bps
Weighted Average Term to Maturity	3.6 years	4.0 years	- 0.4 years

1. Refers to "aggregate leverage" defined under the Property Funds Appendix

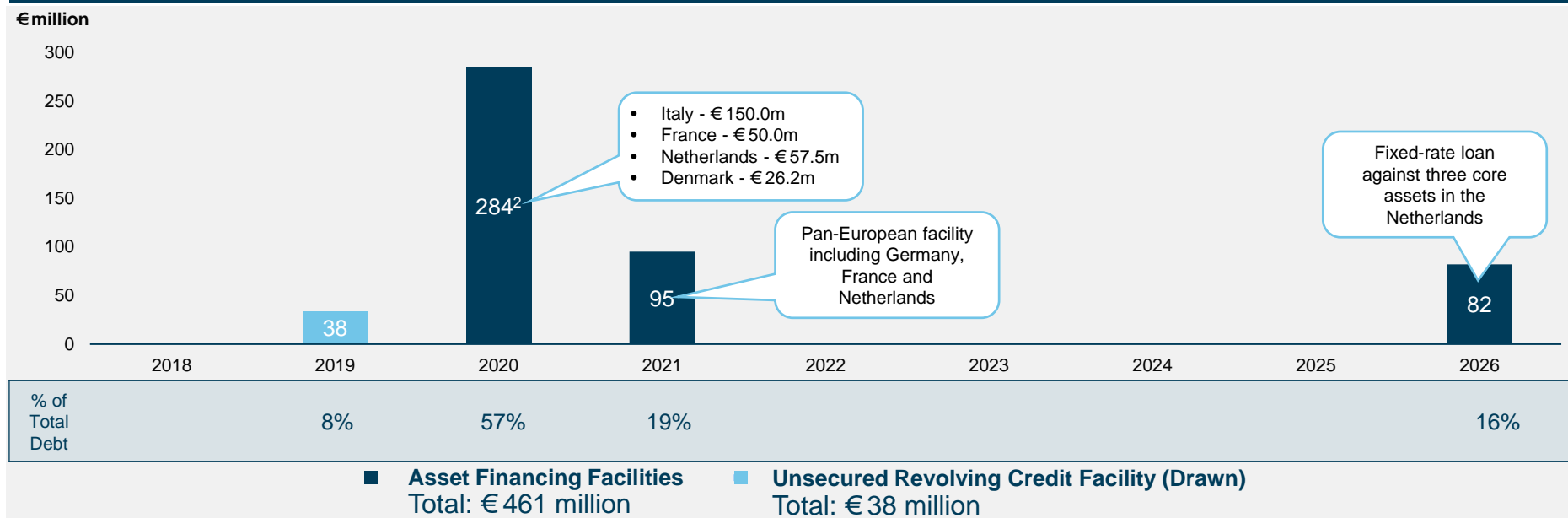
2. Aggregate leverage after deducting distribution (equal to 100% of distributable income at 30 June 2018) from deposited property amount

3. Based on annualised 30-Jun 2018 Net Property Income (less PM fee payable in units) and net finance costs (excluding amortisation of debt issuance costs) over the annualised interest as at 30 June 2018. Projected ICR as per IPO based on Projection Year 2018 Net Property Income and net finance costs.

Debt Maturity Profile

- Pan-European debt facilities are well-diversified across lenders and jurisdictions, allowing for full operational flexibility
- Weighted Average Debt Expiry (“WADE”) of 3.61 years as at 30 June 2018 reflects secured debt arrangements in the medium term

Weighted average term to maturity is 3.6 years¹



1. Weighted Average Term to Maturity is 3.1 years incl. the RCF

2. Expiring by November 2020 and the potential refinancing of these facilities is part of the ongoing assessment of the future capital (debt) structure of CEREIT



CROMWELL
EUROPEAN REIT

Asset Management Update

Stable Occupancy and Proactive Leasing

Portfolio occupancy stable, moving by 1.0 p.p. to 88.7%¹

- Better leasing outcomes through “barbell approach” to portfolio management with growth provided by light industrial/logistics sector and stability provided by office sector
- 88.7% occupancy rate as at 30 June 2018, with committed leases spanning over 1 million sqm

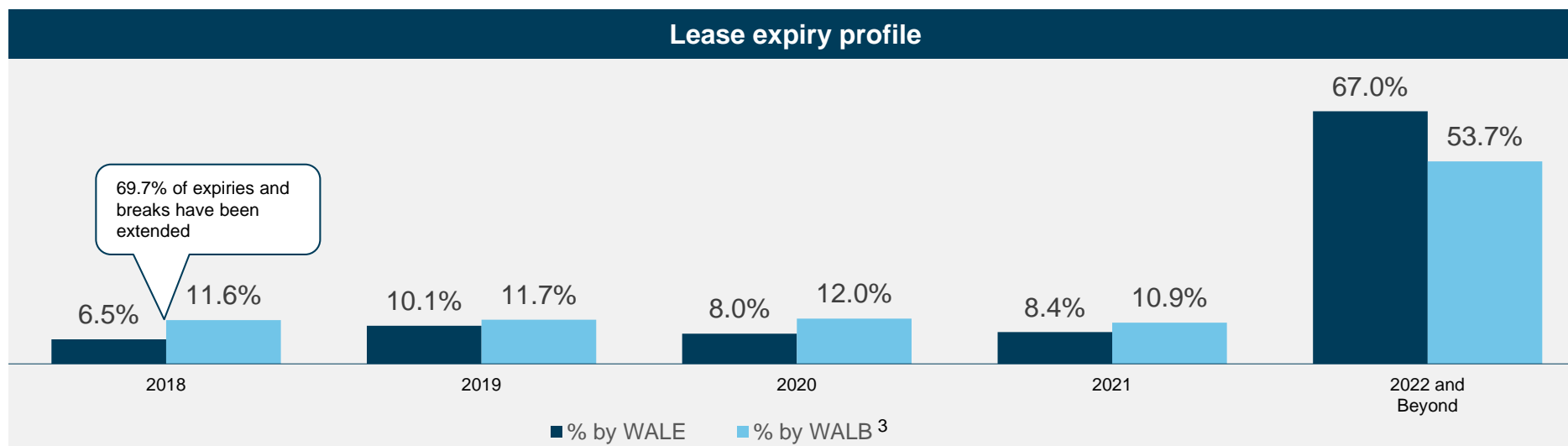
Stable WALE²

- 5.0-year WALE profile on a total portfolio basis as at 30 June 2018, with Top 10 Tenants also having a 4.9-year WALE profile as at 30 June 2018

De-risking the portfolio

- 69.7 % of 2018 potential expiries and breaks have been extended

Lease expiry profile



1. As compared to occupancy of 87.7% as stated in Prospectus. Occupancy was 89.6% as at 31 March 2018

2. 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)

3. WALB is defined as the weighted average lease break by headline rent based on the earlier of the next permissible break date at the tenant's election or the expiry of the lease

Office Sector – Overview

Strong sector performance in Italian office portfolio

- Italian office portfolio performed above expectations due to savings in letting fees and better than expected leasing outcomes, particularly at Piazza Affari, Milan and Milanofiori, Assago

	30-Nov-17 to 31-Mar-18	1-Apr-18 to 30-Jun-18	Total 30-Nov-17 to 30-Jun-18
No. of New Leases Signed	2	5	7
No. of Leases Renewed	2	5	7
Tenant Retention Rate ¹	97%	85%	89%
Total No. of Leases as at 30-Jun-18		66	
Total. No. of Tenants as at 30-Jun-18		53	
Reversion Rate ²		(2%)	
% Freehold (on valuations) ³		76%	

- Tenant retention rate by ERV ("Estimated Rental Value") – is the % 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 a relevant reference period
- Tenant reversion rate is defined by the fraction the numerator of which is the new headline rent of all modified, renewed or new leases over a reference period and the denominator of which is the sum of (i) the last passing rent with respect to the modified or renewed leases and (ii) the ERV with respect to new leases
- Reflecting total proportion of portfolio based on current valuation that is freehold and continuing / perpetual leasehold.

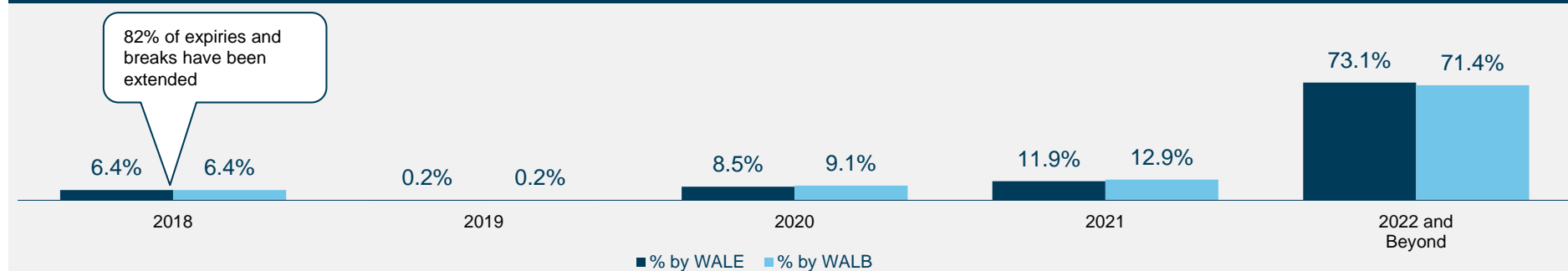
Office Sector – Occupancy and Leases

Strong sector performance in Italian office portfolio

- Key focus on Haagse Poort, The Hague where CB&I exercised its right to surrender 3,295 sqm on 31 March 2018 and a further 3,295 sqm on 31 December 2018. On-going discussions with Nationale-Nederlanden for expansion plans
- 82% of the 6.4% office rent at risk in 2018, has been de-risked¹

	Occupancy			WALE			WALB ²		
	31-Mar-18	30-Jun-18	Variance	31-Mar-18	30-Jun-18	Variance	31-Mar-18	30-Jun-18	Variance
Italy	97.2%	98.3%	1.1 p.p.	5.3 years	5.7 years	0.4 years	5.2 years	5.1 years	(0.1) years
Netherlands	95.7%	94.3%	(1.4) p.p.	6.4 years	6.3 years	(0.2) years	6.4 years	6.3 years	(0.2) years
TOTAL	96.3%	96.1%	(0.2) p.p.	6.0 years	6.0 years	0.0 years	5.9 years	5.8 years	(0.1) years

Lease Expiry Profile



- The remaining 15% being the CB&I surrender above
- The area of the units on which a rental guarantee is in place is considered as let

Office Sector – Leasing & Asset Enhancement Initiatives

Netherlands

- **Central Plaza, Rotterdam:** Coolblue signed a new lease for existing 9,796 sqm at a headline rent of approximately € 2 million from 1 January 2019 for 7.5 years
- **Haagse Poort, The Hague:** Upgrade of climate control to commence in July 2018 with completion in June 2019 at a total cost of € 6.1 million over the period
- **Haagse Poort, The Hague:** Major tenant Nationale-Nederlanden renewed more than 2,700 sqm and additionally expanded with a new lease of more than 1,600 sqm at a total headline rent of approximately € 650,000 till 31 January 2020

Italy

- **Piazza Affari, Milan:** Fit-out works for the CBRE Italy head office completed in April 2018 with the tenant announcing publicly their satisfaction with the works¹
- **Piazza Affari, Milan:** Existing tenant has expanded into the remaining vacant mezzanine floor (approximately 850 sqm), signifying the full occupancy of the building and the commitment of the tenant long term to the asset and its location
- **Milanofiori, Assago:** Refurbishment works across the vacancy (c. 1100 sqm) on track with an expected completion in 3Q 2018
- **Via Jervis 9, Ivrea:** Post the acquisition on 27 June 2018, the area where the asset is located has been designated as an UNESCO heritage area, further solidifying the attractiveness of the site over the long term



Overview as at 30-Jun-18

	No. of Assets	Net Lettable Area	Valuation	Reversionary Yield
Italy	9	102,550 sqm	€ 265,650,000	5.0%
Netherlands	5	123,990 sqm	€ 395,550,000	4.7%
TOTAL	14	226,540 sqm	€ 661,200,000	4.9%

1. As per CBRE press release dated 29th of May 2018

Light Industrial / Logistics Sector – Overview

Light industrial portfolios in France and the Netherlands outperform

- France and the Netherlands light industrial portfolios delivered 2Q 2018 NPI performance of 7.4% above IPO Forecast, with positive leasing activity resulting in an increase in occupancy of 0.8 p.p. and 1.3 p.p., respectively

	30-Nov-17 to 31-Mar-18	1-Apr-18 to 30-Jun-18	Total 30-Nov-17 to 30-Jun-18
No. of New Leases Signed	26	36	62
No. of Leases Renewed	13	27	40
Tenant Retention Rate ¹	39%	53%	47%
Total No. of Leases as at 30-Jun-18		720	
Total. No. of Tenants as at 30-Jun-18		662	
Reversion Rate ²		1%	
% Freehold (on valuations) ³		99%	

- Tenant retention rate by Estimated Rental Value ("ERV") – is the % 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 a relevant reference period
- Tenant reversion rate is defined by the fraction the numerator of which is the new headline rent of all modified, renewed or new leases over a reference period and the denominator of which is the sum of (i) the last passing rent with respect to the modified or renewed leases and (ii) the ERV with respect to new leases
- Reflect total proportion of portfolio based on current valuation that is freehold and continuing / perpetual leasehold

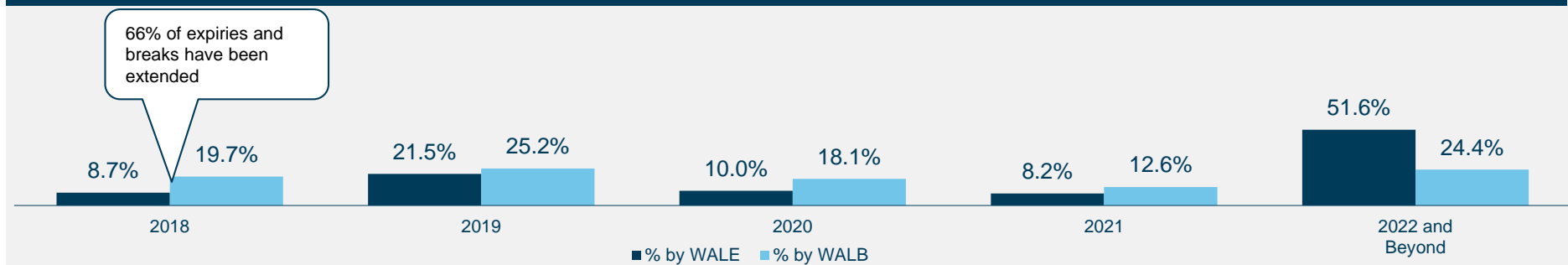
Light Industrial / Logistics Sector – Occupancies and Leases

Light industrial portfolio in France outperforms

- Light industrial portfolio in France benefited from better-than-expected leasing outcomes and successful leasing and tenant retention efforts
- Expected departure of tenant in Germany led to significant drop in occupancy in the German portfolio
- 66% of 19.7% light industrial/logistic rent at risk in 2018 have been extended as at 30 June 2018

	Occupancy			WALE			WALB		
	31-Mar-18	30-Jun-18	Variance	31-Mar-18	30-Jun-18	Variance	31-Mar-18	30-Jun-18	Variance
Denmark	76.1%	73.6%	(2.5) p.p.	2.4 years	2.4 years	-	2.2 years	2.1 years	(0.1) years
France	85.5%	86.3%	0.8 p.p.	5.0 years	4.8 years	(0.2) years	1.9 years	1.8 years	(0.1) years
Germany	87.4%	80.7%	(6.7) p.p.	5.1 years	5.4 years	0.3 years	4.8 years	5.1 years	0.3 years
Italy	100.0%	100.0%	-	4.4 years	4.1 years	(0.3) years	4.4 years	4.1 years	(0.3) years
Netherlands	92.0%	93.3%	1.3 p.p.	2.7 years	2.6 years	(0.1) years	2.7 years	2.6 years	(0.1) years
TOTAL	85.3%	83.8%	(1.5) p.p.	4.3 years	4.2 years	(0.1) years	2.6 years	2.5 years	(0.1) years

Lease Expiry Profile



Light Industrial / Logistics Properties Sector

Leasing & Asset Enhancement Initiatives

France

- **Parc du Bois du Tambour, Nancy Gondreville:** enhancement works related to a new major lease of c. € 1.5 million are continuing with an expected completion in 3Q 2018
- A land tax review has been conducted which resulted in tax refund of land tax of €318,000

Germany

- **Gewerbepark Duisburg, Duisburg:** enhancement works related to a new major lease of c. € 1.0 million are continuing with an expected completion in 3Q 2018
- Energy cost saving initiatives have been implemented at **Gewerbepark Hamburg–Billstedt, Hamburg** and **Gewerbepark Duisburg, Duisburg:** new LED lightening was installed, with the aim to save up to 35% of energy costs related to lighting. At **Gewerbepark Hamburg-Billbrook Park, Hamburg** and **Gewerbe-und Logistikpark Stuttgart-Frickenhausen, Frickenhausen:** more sustainable heating system components have been installed with the aim to reduce energy costs for tenants and also non recoverable costs

Denmark

- **C.F. Tietgensvej, Kolding:** signed a new lease for approximately 1,190 sqm at a headline rent of approximately € 50,000 for 2.5 years
- **Naverland 7-11, Glostrup:** existing lease renewed for five years across 940 sqm
- **Naverland 7-11, Glostrup:** Heads of Terms agreed to renew and expand into previously vacant areas with a major tenant until 31 December 2022



Overview as at 30-Jun-18

	No. of Assets	Net Lettable Area	Valuation	Reversionary Yield
Denmark	13	151,483 sqm	€ 81,402,000	7.6%
France	21	332,811 sqm	€ 313,650,000	7.3%
Germany	11	166,458 sqm	€ 107,800,000	6.4%
Italy	1	29,638 sqm	€ 12,300,000	6.8%
Netherlands	10	82,314 sqm	€ 74,000,000	6.4%
TOTAL	56	762,703 sqm	€ 589,152,000	7.0%

Key Results Takeaways

Met and exceeded IPO Forecast

- Declared DPU of 2.53 Euro cents for the Reporting Period
- Outperformed all key performance metrics

Providing resilient income through diversified and well-leased up portfolio

- Experienced real estate team is executing on asset strategy and delivering operating results above forecasts
- 70% of income subject to breaks in 2018 already extended through proactive leasing activities
- Asset enhancement initiatives designed to improve the quality of assets and contribute to a sustainable income stream

Responsible capital management

- LTV ratios to remain well below the regulatory requirements of 45%, currently at 33.9%¹
- Prudent hedging strategies to minimise exposure to market volatility and maximise risk-adjusted returns to Unitholders

1. Refers to aggregate leverage as at 30 June 2018

Key Management Priorities for the Year Ahead

Delivering on IPO Forecast through effective business strategy execution

- Meeting and exceeding IPO Forecast
- Unlocking asset value through proactive approach to acquisitions and divestments

Providing clear visibility for investors to our path to growth

- **Active engagement with investors to further promote CEREIT's performance**
- **Organic growth of the IPO Portfolio**
 - Inflation-linked leases provide built-in rental-growth mechanism
 - Active leasing and asset enhancements to further improve portfolio occupancy
 - Increase occupancy in the IPO Portfolio
 - Decrease of non-recoverables
 - Increase of net property income margin
- **Inorganic growth for the future**
 - Deep pool of acquisition opportunities including those accessed through the Sponsor's extensive pan-European platform

Experienced Leadership Team

Cromwell European REIT Board of Directors



Paul Weightman
Non-Independent
Non-Executive
Director



Fang Ai Lian
Independent Non-
Executive Director



Lim Swe Guan
Chairman and
Independent Non-
Executive Director



Christian Delaire
Independent Non-
Executive Director



Simon Garing
Non-Independent
Executive Director

Senior Management Team



Elena Arabadjieva
Chief Operating
Officer and Head of
Investor Relations



Daniel Donner
Chief Financial
Officer



Simon Garing
Chief Executive
Officer



Thierry Leleu
Chief Investment
Officer



Christina Tham
Head of Legal,
Compliance and
Corporate
Secretariat



CROMWELL
EUROPEAN REIT

CEREIT's Sponsor Strength

Global Platform, Local Expertise

Cromwell is a real estate investor and manager operating on three continents with a global investor base

Diverse Product Range

€ **7.3bn**
AUM

320+
properties

4.0m
sqm

3,800+
tenants

Track Record of Successful Partnerships

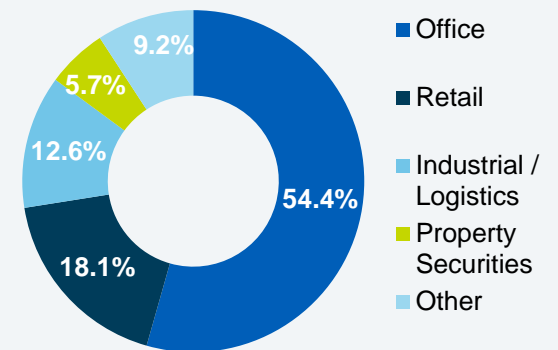
380+
people

15
countries

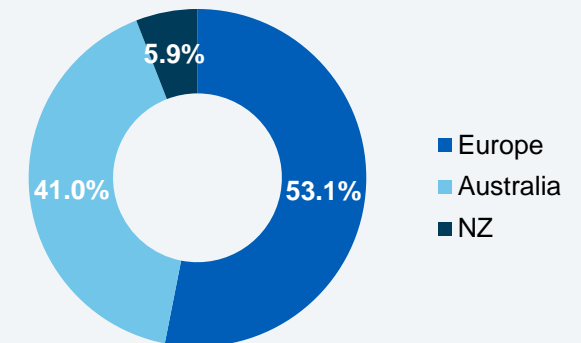
30
offices

Extensive and Broad Skill Set

AUM by Sector



AUM by Geography



European Platform and Capability

Unique platform of 20 regional offices providing on the ground local market knowledge and expertise



€3.9 billion
AUM[^]



260+
properties



3,100+
tenants



200+
people



12
countries



20
offices

[^] excluding investment capacity.
Figures as of 30 June 2018.

Credentials

Track record of providing holistic asset management, development, corporate restructuring and equity capital investment solutions.

Specialists

Focused on European Core+ and Value Add commercial real estate.

Partners

Diverse client base of global investors including sovereign wealth funds, pension funds, insurance companies, private equity and multi managers.



Partners

Strong Capital Partnerships

Diverse global capital partner base including sovereign wealth funds, pension funds, insurance companies, private equity and multi managers, high net worth individuals

Single country/sector or diversified portfolio strategies in single mandates, JVs and club deals.

Track record of building strong working relationships with individual equity partners.



Diverse Debt Relationships

€1.40 billion of lending from domestic and international lenders across a variety of currencies and European jurisdictions.

Successful financings and re-financings totaling €1.40+ billion over the last 24 months.

Unique knowledge, broad debt capital markets relationships and European platform enable us to arrange and execute the most complex financing transactions.



PUBLIC SECTOR FINANCE
REAL ESTATE FINANCE



Research Backed Investment Strategies

Rigorous selection process to ensure investments are focused on the right cities, sectors and trends

- Target cities in each sector identified for investment opportunity sourcing
- Process combines statistical and economic analysis, taking into account macro-trends and themes as well as geopolitical risks
- Top-down findings combined with bottom-up on-the-ground experience and expertise of local teams

Detailed and continuous research process

Country level macro economic, political and real estate analysis

Comprehensive in-depth desktop appraisal: 200+ criteria

First cut of city selection

In-house local, on-the-ground market appraisal

Target cities ranked

Sector-level analysis & asset selection

- Investment strategies are increasingly overlapping as investment returns continue to compress
- A thorough understanding of macro and local market dynamics, capital risk/return appetite, as well as occupier trends and requirements are all essential in formulating and implementing a successful strategy

Macro Trends



Sustainability

Sustainability is increasingly **influencing occupier demand, asset management strategies and investors appetite** for real estate



Technology

Technology is changing the real estate landscape by **improving production inefficiencies, reducing labour costs and maximising income**



Urbanisation

As **urbanisation increases**, real estate will need to **meet additional demand** for working and living in cities



Demographics

Changes in demographics will drive demand and **influence the type, functionality and location of assets**



E-Commerce

Changing **consumer behaviour**, supply chains should deliver on the omni-channel offering to consumers

Sponsor and Manager Dedicated to Sustainability

Cromwell is committed to acting responsibly and proactively, to understand, measure, manage and communicate the impacts of our activities

- Cromwell has been reporting in accordance with the Global Report Initiative sustainability guidelines since 2009
- Benchmarks property performance against Global Real Estate Sustainability Framework
- Targeting inclusion into the Dow Jones Sustainability index
- In 2016 Cromwell launched its global sustainability framework to introduce common benchmarks and consistent disclosure
- Partnered with Qantas in 2017 to offset emissions resulting from corporate air travel globally
- Appointed Chief Sustainability Officer in 2018, with a direct reporting line to Group CEO





CROMWELL
EUROPEAN REIT

Appendix

Portfolio Overview – The Netherlands

Occupancy % (as at 30 June 2018)	NPI ¹ (€million)	Last Valuation (as at 31 March 2018)	Weighted Reversionary Yield (as at 31 March 2018)	Number of Leases (as at 30 June 2018)
93.9%	14.4	469.6	5.0%	241



Netherlands – Office Market Outlook

Real Estate Market

- Available supply is falling sharply as active requirements translate into take-up and against low levels of completions the vacancy has fallen and is now at 12.1% nationwide – this does include some structural vacancy that still needs to be worked through. The decline in quality space is hindering higher levels of take-up with 1Q 2018 reporting a 34% drop in volumes compared to 1Q 2017, although take-up for 1H hit 767,500 sqm nationwide.
- The scarcity of supply is more prevalent in the larger cities of Amsterdam, Utrecht and Eindhoven, and so companies with larger requirements, in particular, are encountering difficulties in finding suitable relocation options and so demand, to some extent, is being redirected to locations that can offer larger floorplates such as Amstelveen, Hoofddorp and Amersfoort.
- The situation in The Hague and Rotterdam is a little different, here the city centres specifically are suffering from limited supply and for now there is more space available in the peripheral areas. However, as existing companies activate expansion plans vacancy will fall and rents will come under upward pressure with positive increases expected to materialise as a result.
- 1H saw € 3.08 billion invested into the Dutch office sector - of note was the €616 million single asset deal whereby Highbrook Investors acquired 'The Various' building. While the G5 markets continue to be popular and in 2017 accounted for 76% of deals, in 1Q 2018 this fell to 42% as product dries up in the better locations in the larger cities interest increases in alternative locations. Yields appeared to have stabilised over the last quarter but have tightened over the last 12 months.

Economy

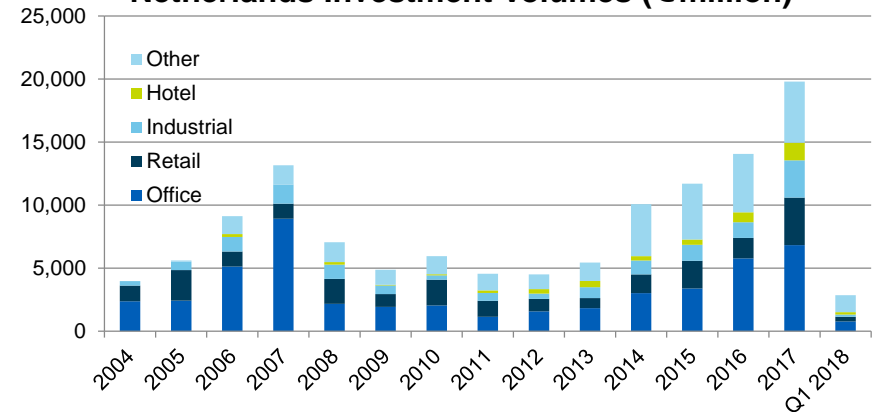
Indicator	2018	2019	2020 Outlook (vs 2019)
GDP	2.6%	1.5%	↘
Industrial Production	3.1%	1.3%	→
Consumer Prices, average	1.7%	1.7%	↗
Population (000s)	17,249	17,343	→
Population	0.6%	0.5%	→
Unemployment Rate	4.8%	4.8%	↗

Annual % change unless specified

- GDP growth of 2.6% in 2018 linked to supportive fiscal policies – the Rutte III agreement will see the government invest more on infrastructure, education, defence and social security.
- PMI edged down as employment growth softened, but remains very high at 60.1 and the pace of new order growth picked up. A question mark remains around sentiment linked to rising trade tensions.
- With unemployment at 4.8%, the increasingly tight labour market should support further wage growth.

Investment Volumes

Netherlands Investment Volumes (€million)



Outlook

- Economic growth is supporting the expansion of small and medium sized firms who are looking for additional office space. Energy-efficient buildings are likely to fare better and tenants are coming round to the realisation that they will need to pay a premium for it, and are prepared to do so.
- Demand from occupiers looking to take additional space, particularly in Amsterdam, Utrecht and Eindhoven, is being met by a dearth of quality space. As the market progressively becomes more landlord led, this is providing the right environment to support positive rental growth.
- With approximately 4 million sqm of office space removed and reconverted into alternative uses there is a healthier balance between supply and demand. However, the balance has the potential to shift with more conversion projects planned and more restrictive government policies being rolled out. The effect should be that structural vacancy declines as well as the overall level.
- The shift in geographical allocation by investors to secondary cities such as Arnhem, Breda, Den Bosch and Zwolle is expected to continue as, with more products available, they are viable investor alternatives.
- Secondary (fringe, Grade A) areas where yields are 5.00% and prime major provincial towns (5.75%) still hold a premium over the prime CBD areas of key cities where yields are 3.75%.

Sources:

Oxford Economics - Country Economic Forecast Netherlands 12 July 2018
 CBRE – Netherlands Office Market Report 2Q 2018
 Colliers – Sector Update May 2018
 Savills – Netherlands Market In Minutes June 2018

Netherlands – Logistics/Industrial Market Outlook

Real Estate Market

- Demand for logistics space across the Netherlands is robust with 1H seeing take-up of 915,300 sqm. Activity stems largely from the strong expansion of e-commerce and retailers looking to restructure their supply chains in preparation for the anticipated further growth, positioning themselves as truly omni-channel platforms to serve customers. In 2017, e-commerce in the Netherlands accounted for 9.7% of the total retail industry – almost twice as much as it was five years ago.
- Tilburg, Venlo and Eindhoven, primary logistics hotspots, are suffering from a limited number of available plots for development and, with rising demand fast outweighing supply, the municipalities are giving consideration as to releasing further development options. Secondary logistics hubs are still seeing some speculative construction starts but as demand spills over this will change going forward.
- While economic growth is evident, and there is on the whole, a well-performing industrial sector, declines in the volume of occupier activity were noted and higher levels of take-up are simply being hindered by the lack of suitable space. This is supporting the built-to-suit route to market as a way of accessing suitable units.
- Trading volumes of €978 million in 1H 2018 and despite historic lows in terms of yields there appears to be a healthy balance between quality and current pricing to attract buyers. Moreover, the Dutch industrial sector is an attractive proposition for both domestic and international capital supported by a stable political environment, good infrastructure and a favourable tax framework.

Economy

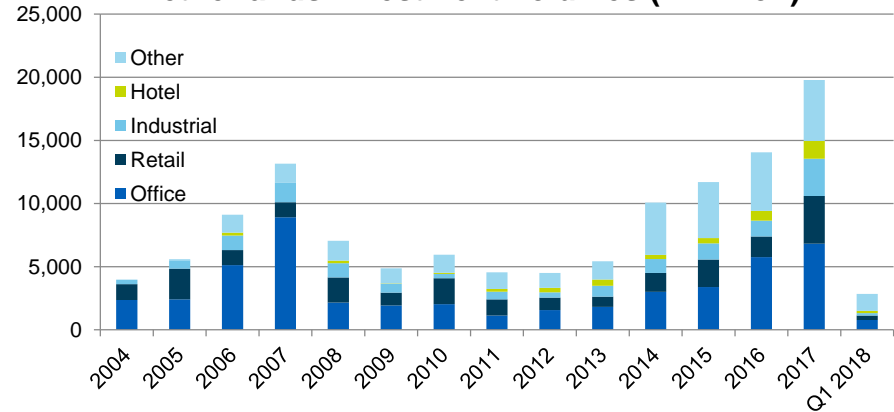
Indicator	2018	2019	2020 Outlook (vs 2019)
GDP	2.6%	1.5%	↘
Industrial Production	3.1%	1.3%	→
Consumer Prices, average	1.7%	1.7%	↗
Population (000s)	17,249	17,343	→
Population	0.6%	0.5%	→
Unemployment Rate	4.8%	4.8%	↗

Annual % change unless specified

- GDP growth of 2.6% in 2018 linked to supportive fiscal policies – the Rutte III agreement will see the government invest more on infrastructure, education, defence and social security.
- PMI edged down as employment growth softened, but remains very high at 60.1 and the pace of new order growth picked up. A question mark remains around sentiment linked to rising trade tensions.
- With unemployment at 4.8%, the increasingly tight labour market should support further wage growth.

Real Estate

Netherlands Investment Volumes (€million)



Outlook

- The nationwide vacancy rate is 3.8% and the limited supply of quality stock has been pushing up prime rents in hub logistics locations. However, while there is a lack of space meeting demand levels, both construction costs and land costs are rising and with more space coming to the market, developers must be careful not to price themselves out of the market as there is rising competition and interest to invest in new constructions.
- At the moment demand is largely focused on XL warehouses, but over time this is expected to shift towards city distribution centres. An increase in building on active demand is also anticipated.
- A notable shift in the investment market is the continued rise in cross-border capital - international money is and has been dominant in the Dutch real estate market, but the allocation is undergoing a shift. In 1Q 2018 87% of the industrial trading volume involved foreign capital, up from 80% in 2017 and 75% in 2016.
- With the supply of product drying up and not yet being counterbalanced by new completions, yields for both distribution units and industrial estates have been under pressure for some time now although the rate of tightening has slowed. Alongside this, investors' focus are likely to increasingly shift to core+ investment opportunities.

Portfolio Overview – Italy

Occupancy % (as at 30 June 2018)	NPI ¹ (€million)	Last Valuation ¹ (as at 31 March 2018)	Weighted Reversionary Yield (as at 31 March 2018)	Number of Leases (as at 30 June 2018)
99.4%	14.3	418.0	5.5%	40



1. Valuation for Ivrea conducted as at 1 April 2018

Italy – Office Market Outlook

Real Estate Market

- The first six months of 2018 has seen €1.17 billion flow into the Italian office sector. Milan remains the most liquid market with investors, both domestic and international, targeting the city. This is reflected in the 64% of 2Q office deals that took place in the city. Rome is attracting more interest but lags Milan, accounting for 26% of 2Q trading volumes.
- International investors are key to market activity and linked to 60% of capital invested with French, US and Korean investors particularly active in 2Q. However, while deals are clearly closing the average lot size has shrunk from a reported €74 million in 2017 to €40 million in 2018.
- Occupier activity, which was markedly up in both Milan and Rome in 2Q, is helping to erode availability. Take-up in Milan in 2Q was 125,000 sqm with the semi centre submarket the most active while in Rome recorded 64,000 sqm of take-up with a clear focus on the Centre and EUR submarkets.
- While vacancy is at 11.2% in Milan, the amount of Grade A is low where vacancy is reportedly sub 4%. The situation is similar in Rome where overall vacancy is 12.5% with a proportion structural. For now, the tight supply of quality space is supporting the rental levels of €585/sqm/year in Milan and €440/sqm/year in Rome for prime space.
- Political instability seems not to have deterred investors for the time being but a heightened level of caution is notable. More positively while the banking sector need to be continuously assessed, and bank balance sheets are weighed down by €160 billion of bad debt, it is at its lowest level in 4 years.

Economy

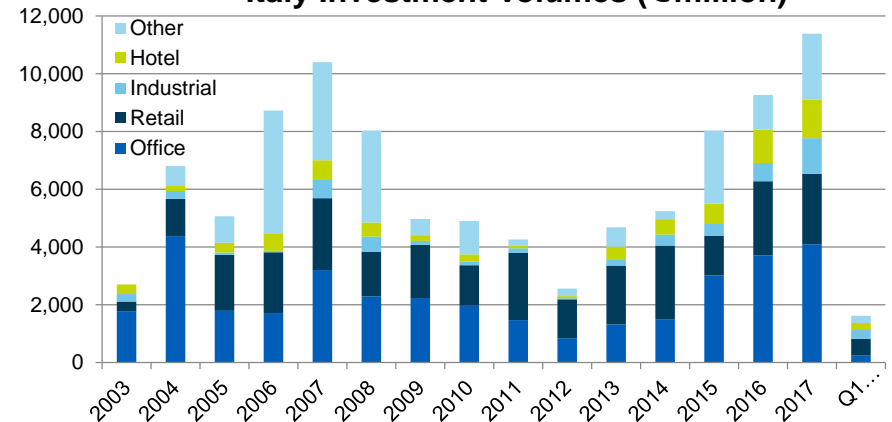
Indicator	2018	2019	2020 Outlook (vs 2019)
GDP	1.3%	1.3%	↘
Industrial Production	2.1%	1.4%	↘
Consumer Prices, average	1.3%	1.7%	→
Population (000s)	60,544	60,520	↘
Population	-0.4%	-0.4%	↘
Unemployment Rate	10.8%	10.5%	→

Annual % change unless specified

- Three months after the elections, Lega and Five Star have formed a government - it remains to be seen how much of the coalition deal the new government will be able to implement and this is dampening growth prospects. Concerns remain around whether Italy has the fiscal capacity to honour all the spending pledges.
- The economy expanded by 0.3% in 1Q buoyed by positive news from the labour market but, job creation will ease back in the coming quarters as any recovery in the economy will be slow and uneven.

Investment Volumes

Italy Investment Volumes (€million)



Outlook

- Despite recent growth in rental levels, reasonably strong demand levels and low amounts of Grade A space, there is limited room for further positive rental uplifts as the occupiers are using the perceived fragility of the government and weakened business sentiment to negotiate lower rent level and/or incentive packages.
- Developers need to heed the future market environment so as not to overload the market with surplus stock. Milan, for example, with a development pipeline of over 300,000 sqm due to complete between now and the end of 2020, could easily see vacancy rise if construction continues apace and pre-lets are not secured.
- Geographically, Milan will retain its position as the most popular market for both leasing and investment activity offering a diversity of tenants and a level of security that is not available in any other Italian city. Rome will continue to hold a solid second place. Activity in second-tier markets will need to be assessed asset by asset and income streams will be king because the time needed to lease up any voids is expected to lengthen. However, opportunities exist from a value-add perspective for those investors willing to move up the risk curve.
- Prime yields have come under pressure but are expected to stabilise during the second half of the year at the current levels of 3.60% in Milan 3.60% and 4.00% in Rome for prime product.

Portfolio Overview – France

Occupancy % (as at 30 June 2018)	NPI €million	Last Valuation (as at 31 March 2018)	Weighted Reversionary Yield (as at 31 March 2018)	Number of Leases (as at 30 June 2018)
86.3%	12.0	313.7	7.3%	342



- 1 Parc du Mérintais
- 2 Parc d'Osny
- 3 Parc le Prunay
- 4 Parc des Grésillons
- 5 Parc des Docks
- 6 Parc du Landy
- 7 Locaparc 2
- 8 Parc Delizy
- 9 Urbaparc
- 10 Parc Jean Mermoz
- 11 Parc des Guillaumes
- 12 Parc des Mardelles
- 13 Parc des Erables
- 14 Parc de Champs
- 15 Parc de l'Esplanade
- 16 Parc Acticlub
- 17 Parc Jules Guesde
- 18 Parc de Poppey
- 19 Parc du Bois de Tambour
- 20 Parc des Aqueducs
- 21 Parc de la Chauvetière



France – Office Market Outlook

Real Estate Market

- Occupier activity reached With 1H 2018 occupier activity reaching 1.36 million sqm, a 15% increase y-o-y, the office sector is off to its best start since 2007. In terms of trading volumes, following a flurry of activity at the end of 2017, 1Q was more measured with €3.3 billion exchanging hands, although this did include some delayed deals rolled over from 2017. Activity picked up in 2Q with €7 billion trading after the traditionally clam start to the year.
- While some large deals were reported in the regional cities, Paris dominates activity capturing more than 50% of overall trading volumes. The office sector is the most sought after with a 75% share in 1H 2018. Refurbishment projects are proving popular too.
- The sheer volume of capital targeting core is outweighing available product, compressing prime yields to historic lows. Investors with a typical 4-5 hold, who are not able to match the pricing of core investors but still seek minimised risk profiles will face challenges accessing product at the 'right' price and will need to look for alternatives.
- Robust demand and insufficient supply of quality, well-located assets have seen prime yields in key regional cities at historic lows. However, they still offer a premium over the majority of Parisian submarkets. Investors chasing yield will therefore need to look to alternative locations and/or product.
- The dynamism of the rental market, the quality of the assets involved – core assets in central areas or mixed-use projects to be developed – and the increasing trend of occupiers to favour the east of the capital, enabled investors to anticipate solid rental increases, supporting their decisions to expand their strategy outside of traditional business districts.

Economy

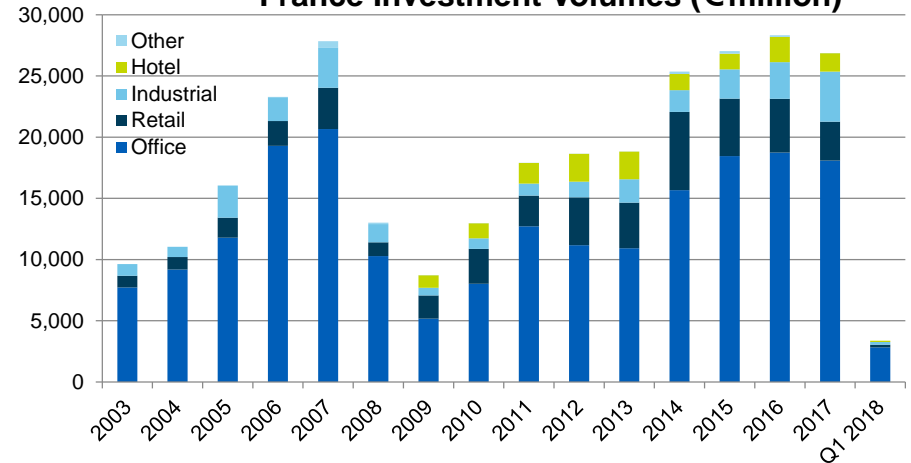
Indicator	2018	2019	2020 Outlook (vs 2019)
GDP	1.7%	1.6%	→
Industrial Production	0.9%	1.4%	→
Consumer Prices, average	1.9%	1.6%	→
Population (000s)	67,399	67,664	→
Population	0.4%	0.4%	→
Unemployment Rate	8.5%	8.0%	↘

Annual % change unless specified

- GDP slowed to 0.2% in 1Q in part reflecting seasonal factors such as the cold weather.
- Business sentiment and industrial production have been dented by the impact of US tariffs on steel and aluminium, and the potential for a wider trade war with the US.
- Solid employment - 300,000 new jobs created in 2017 - saw unemployment drop in 1Q. Employers are beginning to report skill shortages as a factor limiting output.
- Labour market improvements have not yet led to upward pressure on wages – wage growth of 1.7% y/y.

Investment Volumes

France Investment Volumes (€million)



Outlook

- At 5.7%, vacancy is at its lowest since 2009 - the scarcity of immediately available new supply has spurred on pre-let deals which continue to gain momentum. While this is particularly the case in Greater Paris, it has also been noted in key regional cities where speculative development has often lagged.
- Of the 2.4 million sqm currently under construction in Greater Paris and due for completion between now and 2021, only 49% is available and with a number of large deals due to complete soon. This will further absorb any overhang of supply and no dramatic movements in the overall vacancy rate are anticipated.
- There is room for further rental growth. Incentive packages have already seen a gradual withdrawal and while this will be more intensified in central areas of key cities where supply typically dries up first, more peripheral markets and submarkets of key cities should not be overlooked as occupiers balance cost and efficiency.
- There are (re) development opportunities in peripheral areas and second-hand properties as currently occupier requirements are not being met but those that upgrade will be able to leverage rental growth. The impact of technology should not be overlooked as new ways of working impacting the physical space and companies need to be agile and flexible to embrace employee demands.

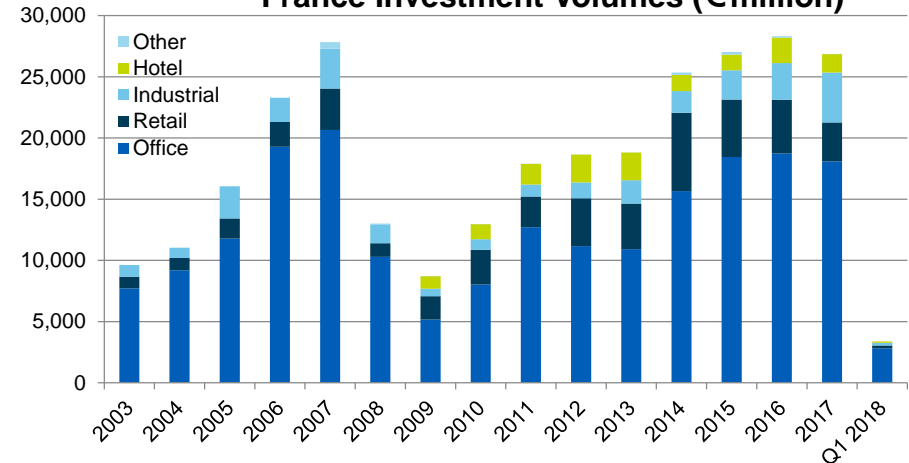
France – Logistics/Industrial Market Outlook

Real Estate Market

- 2017 broke records – occupier activity reached 4.1 million sqm across France – a level not seen before. Fundamentals are strong but 1Q 2018 saw a notable slow down due to a fall in large-scale deals despite a number being signed including LAPEYRE taking a 75,000 sqm warehouse construction project in Mer near Orléans and ITM (Intermarché) signing for 55,000 sqm in Neuilliac.
- Specialised retailers and online pure players drove the market of XXL deals (+50,000 sqm), which accounted for 30% of all deals in 2017. Improved productivity and cost reductions have increased the appeal of XXL developments for mass-market retailers and other occupiers – key XXL deals in 2017 included 180,000 sqm for Conforama (Tournan-en-Brie) and 140,000 sqm for Amazon (Brétigny-sur-Orge) in the Greater Paris region.
- Trading volumes reached €225 million in 1Q 2018. Pressure is still high for core assets with newcomers intensifying the competition. Strong investment demand is facing very limited opportunities for core and core+ assets - a new benchmark yield is expected in the Ile-de-France region but several regional markets are already at historic lows.
- The sheer volume of capital targeting core is outweighing available product, compressing prime yields to historic lows, evidenced by the continued compression (25 bps) of prime distribution yields to 4.50% over 2Q 2018. Solus and park yields were stable in 2Q at 5.75% but have also been on a downward trajectory over the last twelve months.

Investment Volumes

France Investment Volumes (€million)



Economy

Indicator	2018	2019	2020 Outlook (vs 2019)
GDP	1.7%	1.6%	→
Industrial Production	0.9%	1.4%	→
Consumer Prices, average	1.9%	1.6%	→
Population (000s)	67,399	67,664	→
Population	0.4%	0.4%	→
Unemployment Rate	8.5%	8.0%	↘

Annual % change unless specified

- GDP slowed to 0.2% in 1Q in part reflecting seasonal factors such as the cold weather.
- Business sentiment and industrial production have been dented by the impact of US tariffs on steel and aluminium, and the potential for a wider trade war with the US.
- Solid employment - 300,000 new jobs created in 2017 - saw unemployment drop in 1Q. Employers are beginning to report skill shortages as a factor limiting output.
- Labour market improvements have not yet led to upward pressure on wages – wage growth of 1.7% y/y.

Overview

- In-house logistics of large food retailers continue to play a leading role, confirming the trend seen in recent years. The share of large turn-key schemes has increased the take-up level of new property and explains the rise in take-up outside the four main logistics hubs of the North-South logistics backbone.
- With the national vacancy rate around 5.7%, there is strained supply in certain markets. There is also restricted land supply in the Greater Paris region partly linked to major infrastructure projects such as the Grand Paris project and the 2024 Olympics. All this has led to some rental increases in the more sought-after logistics zones, and have also contributed to maintaining rents in secondary locations. Incentives are slowly being withdrawn – particularly for quality space.
- The continued rise of e-commerce is supporting the strong development potential for urban logistics (2,000 sqm – 5,000 sqm) located around main consumers hubs. With inadequate supply, tenants are often forced to target second-hand obsolescent units. The segment is however, attracting new players given the land's potential value in the medium to long-term and the strategic suburban location of these sites.
- Logistics supply (re) configuration has increased as retailer competition intensifies and beyond redefining their range of services retailers must continue to embrace an omni-channel approach. Standard warehouses are adapting to serve ever more demanding consumers and adapting to automated processes for example.

Sources:

Oxford Economics – Country Economic Forecast France 19 June 2018
 Knight Frank – France Logistics Report 1H 2018
 CBRE – France Logistics, 1Q 2018

Portfolio Overview – Germany

Occupancy % (as at 30 June 2018)	NPI ¹ (€million)	Last Valuation (as at 31 March 2018)	Weighted Reversionary Yield (as at 31 March 2018)	Number of Leases (as at 30 June 2018)
80.7%	3.7	107.8	6.4%	55



Germany – Office Market Outlook

Real Estate Market

- 2017 was a stellar year for German real estate with €57.5 billion traded - the best performing year since 2007. Offices were the most-targeted asset class with €6.8 billion invested into the sector in 1Q 2018, almost €1.3 billion more than in 1Q 2017. The Top 7 cities across Germany recorded the majority of activity (nearly 90%) while volumes declined in regional and B locations due to the lack of large-scale nationwide portfolios.
- While domestic capital dominated activity in 1Q, international investors accounted for almost 40% (just under €2.7 billion) which was skewed to the 'safer-haven' markets of Germany's top locations. Despite the weight of capital looking for a home in German real estate and the lack of product coming to the market, yields held firm in 1Q 2018 but have declined over the past twelve months to historic lows in the majority of locations.
- At the end of 1Q a mere 3.4 million sqm was available at short notice across the Top 5 cities with the most sought-after office markets, experiencing an acute shortage of modern office space with vacancy rates down to 3.4% in Munich and 2.2% in Berlin. The aggregated vacancy rate in the Top 5 declined to 4.6% at the end of March from 5.4% a year earlier.
- Completions remained at a low level with approximately 129,500 sqm of new office space added to stock in the top five markets in 1Q. However, 54% more office space is under construction than one year ago. The squeeze on space has put upward pressure on rents which have risen in all Top 5 markets over the last year and the expectation is that further positive growth will push through, not just from Tier 1 cities, but Tier 2 as well.

Economy

Indicator	2018	2019	2020 Outlook (vs 2019)
GDP	1.9%	1.7%	↘
Industrial Production	2.5%	2.0%	↘
Consumer Prices, average	2.0%	1.9%	→
Population (000s)	83,042	83,263	↗
Population	0.4%	0.3%	↗
Unemployment Rate	5.2%	4.9%	→

Annual % change unless specified

- GDP growth is under pressure as confidence weakens due to escalating trade tensions and the expected imposition of tariffs by the US on car imports from the EU. Forecasts therefore have been nudged down to 1.9% for 2018.
- Domestic demand drivers appear to be largely in tact although higher oil prices are set to be a temporary dampener for consumers.
- The labour market is still sending our positive signals - unemployment fell and expected to continue to do so. However, the skills shortage in many industries and companies is slowing down planned business expansion.

Investment Volumes

German Investment Volumes (€million)



Outlook

- Demand for office space is strong (take-up of 1.83 million sqm in 1H 2018 across the top 7 markets) but a lack of availability is becoming ever more apparent and restricting occupier movements. First mover advantage in the majority of key cities has expired, with companies looking to move and/or expand thwarted due to the lack of space and this has never been more evident than for top quality space. So, while overall take-up figures may show a fall, the reality is that lease renewals are an increasingly important element of the market as some companies have no choice but to stay put.
- With a legacy of relatively low speculative construction, buildings removed from stock and converted into alternative uses, plus rising employment levels, vacancy has been declining nationwide and this is providing room for rental growth as the supply:demand imbalance intensifies. Renovation work has been started in many empty office buildings as developers try to ride the wave of demand. However, the construction industry has reached full capacity utilisation so progress will be slow and new space is commanding higher rents. A notable pick-up has been in the development of flexible office space with rising number of requirements from such operators.
- Current momentum should continue with 2018 volumes reaching €55 billion. Long-term investors will focus on rental growth, seemingly undeterred by the current tight pricing and weaker financing conditions. Geographically, the Big 7 cities continue to dominate showing a firm commitment of investors to risk aversion in terms of the potential for resale after the expiration of planned hold periods. More attractive returns can be found in the second- and even third-tier markets and those higher up the risk curve will be rewarded.

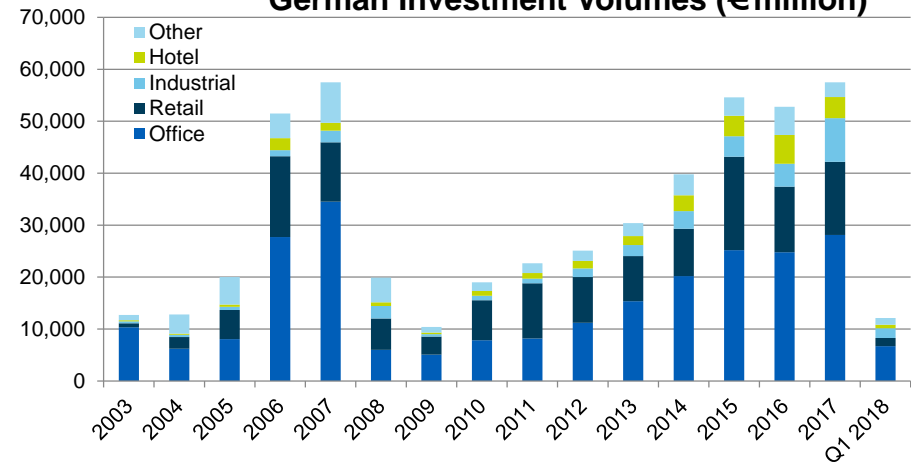
Germany – Industrial Market Outlook

Real Estate Market

- 2H 2018 capital inflows into the German industrial sector reached approximately € 3 million. On paper this is a 42% fall in activity across the equivalent period, however it needs to be taken into account that 2017 was a record-breaking year due to a few extraordinary large portfolio transactions such as the sale of Logisor, the logistics platform of Blackstone.
- International capital has traditionally been very comfortable with the German real estate market and the first six months of 2018 have not been an exception. Approximately 70% of activity this year is attributed to foreign investors with Asian and North American players particularly interested.
- The weight of capital looking for a home in German real estate and the lack of product coming to the market have seen yields compress over the last twelve months and are now at historic lows in the majority of locations. The lowest prime yield is in Munich at 4.75%, with all the top locations across the country ranging from 4.75% to 5.35%.
- Robust demand for industrial space has characterised 2018 and this follows the strong performance of the sector in 2017 where take-up reached 6.5 million sqm. A salient factor supporting the robust levels of occupier activity continues to be the transformation in the retail sector as the growth in e-commerce marches on, reflected in the corresponding rise in demand for logistics space.

Investment Volumes

German Investment Volumes (€million)



Economy

Indicator	2018	2019	2020 Outlook (vs 2019)
GDP	1.9%	1.7%	↘
Industrial Production	2.5%	2.0%	↘
Consumer Prices, average	2.0%	1.9%	→
Population (000s)	83,042	83,263	↗
Population	0.4%	0.3%	↗
Unemployment Rate	5.2%	4.9%	→

Annual % change unless specified

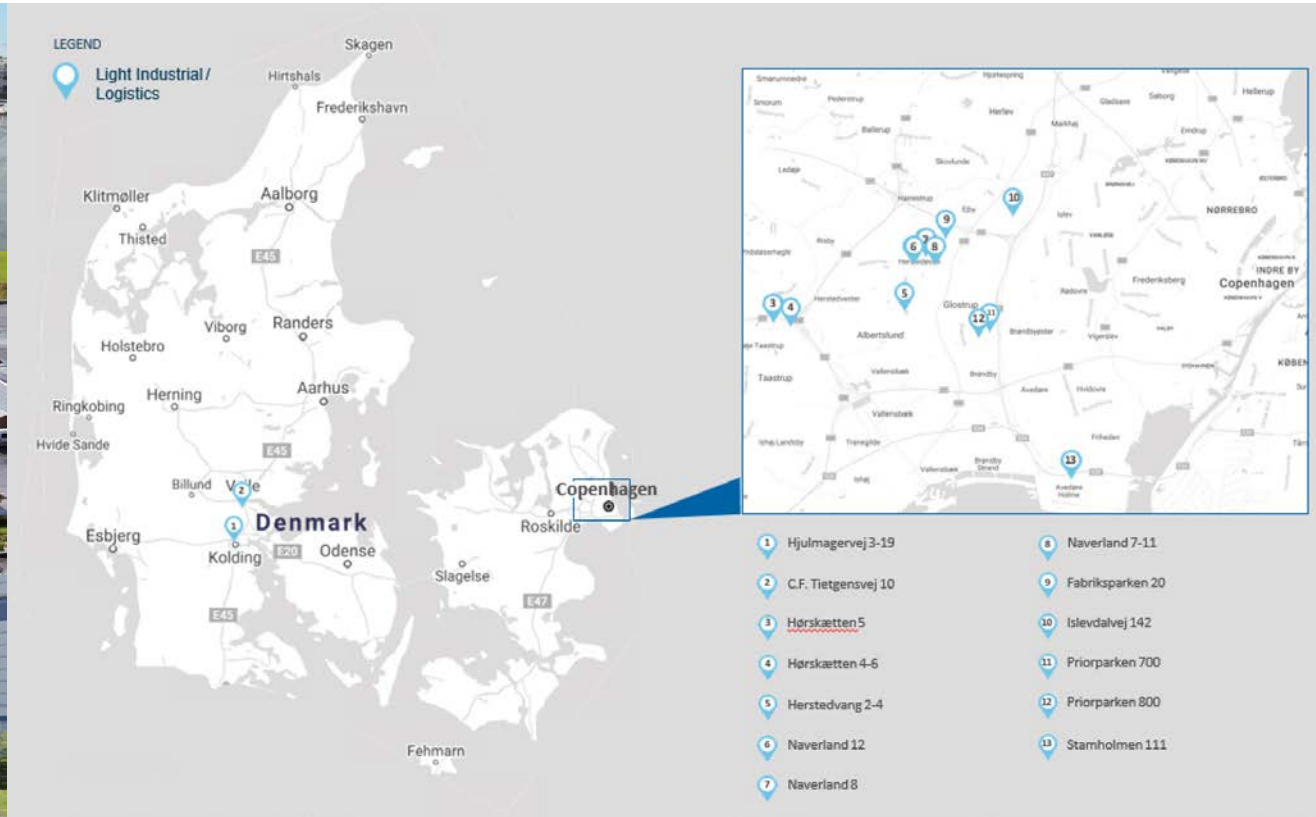
- GDP growth is under pressure as confidence weakens due to escalating trade tensions and the expected imposition of tariffs by the US on car imports from the EU. Forecasts therefore have been nudged down to 1.9% for 2018.
- Domestic demand drivers appear to be largely in tact although higher oil prices are set to be a temporary dampener for consumers.
- The labour market is still sending our positive signals - unemployment fell and expected to continue to do so. However, the skills shortage in many industries and companies is slowing down planned business expansion.

Outlook

- The breadth of investors who have registered solid interest in the German logistics sector continues apace and with demand outweighing supply, competition strong for the limited number of core products, there is room for further yield compression at the prime end of the market. In addition, a rising number of investors will begin to look up the risk curve in search of yield, diversifying by investigating options in Tier II and III locations and value-add products as well.
- The positive investor appetite for logistic assets looks set to continue but the noted lack of suitable product will hold the market back. Almost € 1.9 billion worth of industrial assets exchanged hands in 1Q.
- Occupiers are continuing to lean towards wanting to occupy new, efficient space. However, one of the lingering challenges in the German industrial market is the lack of good quality space meeting the needs of today's occupiers. This is true on a multiple levels including location, size and fit-out.
- Given robust demand, construction activity has picked up in the recent past and a slowdown is not expected in the near term. While there has been an increase in the amount of owner occupier space and build-to-suit schemes, there has been a notable rise in the amount of speculative construction starts, but space is easily absorbed resulting in the rising dominance of pre-let completions. Developers are keen to acquire greenfield or brownfield sites in order to develop new supply, with speculative building activity focused on the main industrial areas. In total, more than 800,000 sqm of new development broke ground in 1Q 2018.

Portfolio Overview – Denmark

Occupancy % (as at 30 June 2018)	NPI ¹ (€million)	Last Valuation (as at 31 March 2018)	Weighted Reversionary Yield (as at 31 March 2018)	Number of Lease (as at 30 June 2018)
73.6%	3.3	81.4	7.6%	119



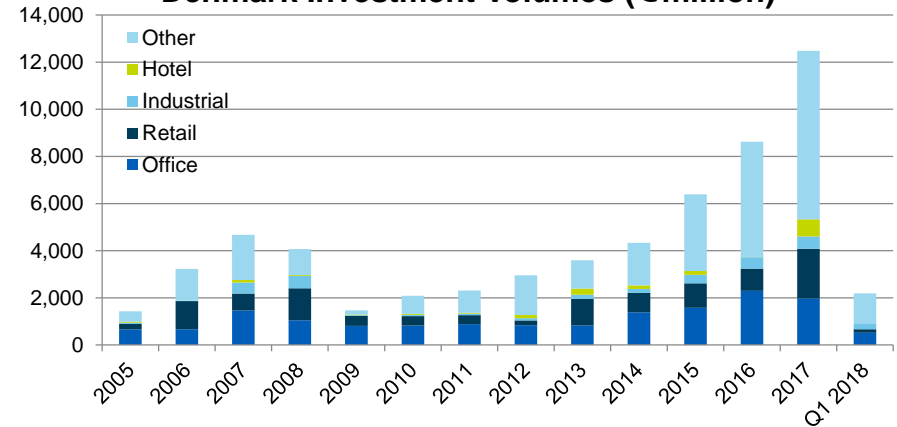
Denmark – Logistics/Industrial Market Outlook

Real Estate Market

- Demand for logistics space is continuing apace in Denmark with e-commerce related activities in particular, being a demand accelerator. The integration of retail and logistics real estate solutions is evolving, with e-tailers looking for physical outlets and traditional retailers strengthening their online channels and restructuring their warehouse footprint, all of which is impacting occupier requirements for suitable space.
- City logistics are coming to the fore as well, with retailers and logistics service providers looking for efficient ways to combine quick access to their customer base with warehouse networks, while protecting margins.
- With the increase in capital flows into Danish industrial trading volumes in 1Q reached € 225 million, reflecting the increasingly positive view the investors have to the sector given the full-year 2017 volume was € 528 million.
- While domestic capital is a significant element to investor activity, cross-border capital has become a major force in the European market, and these investors will continue to influence the investment market, not only in terms of buying activity but also by operating the substantial AUM they have amassed over the years. A source of equity that has been particularly active in Europe of late is Asian capital, most notably in exceptionally large logistics platform deals. These deals are part of a broader consolidation phase that is not confined to the real estate market but is illustrative of the maturing of the cycle.

Real Estate

Denmark Investment Volumes (€million)



Economy

Indicator	2018	2019	2020 Outlook (vs 2019)
GDP	1.7%	1.9%	→
Industrial Production	1.6%	2.1%	↘
Consumer Prices, average	1.1%	1.3%	↗
Population (000s)	5,787	5,812	→
Population	0.4%	0.4%	→
Unemployment Rate	4.1%	4.1%	→

Annual % change unless specified

- Households remain in a strong position as unemployment continues to fall and employment has reached record levels which will help support wage growth.
- However, spare capacity will become more scarce, potentially threatening the recovery and feeding into the GDP forecast being nudged downward from 1.8% in 2018 to 1.7%.
- Industrial production picked-up in April from a flat previous two months. The outlook is mixed with the PMI falling into negative territory and orders shrinking while Statistics Denmark's industrial confidence index has climbed above the 1Q average.

Outlook

- With Danish prime yields hitting the lowest levels in the last 20 years and the expected increase in the long-term interest rates during 2018, the question of the current pricing is ever more present. The expectation is for prime yields to remain flat during 2018 and possibly come under upward pressure on yields in 2019. Further, rising interest rates will put upward pressure on property yields in 2019 although the historically high spread will cushion the scale of any potential increase.
- Supermarket chains have been active in modernising their warehouse networks and exploring online channels. This has supported growth in occupier demand, a trend that is expected to continue as 2018 runs its course.
- With some logistics hubs near capacity, constraints will begin to play out and this will shift occupier demand and development activity to established hubs that are still able to grow.
- New areas are likely to emerge as well and the successful ones will be those that have considered accessibility to adequate labour pools and that are well connected from an infrastructure standpoint.
- The rise in population in some urban areas will be focal points for users and developers of last mile logistics as online sales volumes continue to increase and consumer demand for shorter delivery times indicate that providers need efficient, lean operations.

Commentary on the European Economy

- Growth in the Eurozone economy has eased over the first few months of the year due to a fall in exports. However, it is not expected to be a major slowdown with GDP growth still expected to be a healthy 2.1% in 2018.
- There is momentum in the European economy despite some recent slowing in activity – stronger labour markets and increasing capital investment boosting confidence and extending the cycle, pushing any bubble into 2019.
- The PMIs rose in June, driven by stronger activity in services. Together with other surveys, this suggests the Eurozone economy steadied towards the end of 2Q. But risks remain, especially for the more externally oriented manufacturing sector.
- There is relative political stability in the major countries of the Eurozone, albeit, although with some exceptions, supported by a push from the European Union for further integration across all member states.
- Structural shifts are here now; environmental, technological and demographic shifts are impacting us now and not just in the future. Investors have to accept the threat and the opportunity, with a range of markets justifying risk-taking to create modern stock in the best cities.

Source: Oxford Economics

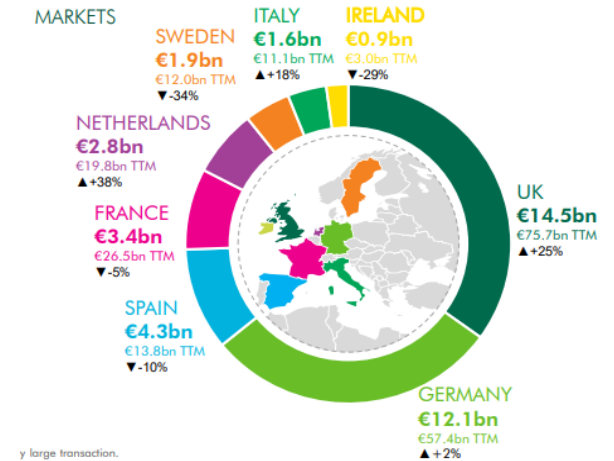
European Commercial Real Estate - Recent Performance

Occupational

- Prime rental rates in some CBD and City Centre locations have come under sustained upward pressure as occupiers look to trade up their accommodation. The desire for quality space has pushed up rents to the point that many occupiers are needing to look to non-CBD and more peripheral locations where traditionally incentive packages have been on offer and headline rents lower.
- Robust demand overall but there has been some polarisation across European cities. Occupier activity has eroded availability and pushed down the overall vacancy rate and the replacement of space is lagging. The average vacancy rate across the significant European office markets is around 6.5% with few markets with available supply levels that would equate to more than 10% of stock.
- Europe is suffering from a lack of quality supply, with speculative deliveries constrained over the last few years, providing some room for rental growth, but notably the rate of acceleration has slowed. Until construction catches up, tenants will need to be flexible in their demands with some markets landlord controlled.
- Serviced office providers will continue to cushion the blow of the lack of space and provide short-term solutions for clients in need of space, typically in central locations.

Investment

- Europe's property market paused for breath as 2018 began with € 56.5 billion transacted in 1Q 2018. This comes off the back of the record breaking Q4 2017 where € 90.1 billion was transacted, suggesting the market is in better health than the numbers might suggest.
- Strong demand for offices is continuing to put downward pressure on yields, where in many markets values are at or near historic lows. In addition, with pricing tight in central locations, the trickle over effect is that as more attention is given to secondary locations the yield gap between this and prime locations is narrowing.
- Despite some uncertainty in the political arena, real estate is expected to remain a popular asset class with 2018 trading volumes expected to be on par with those of 2017.



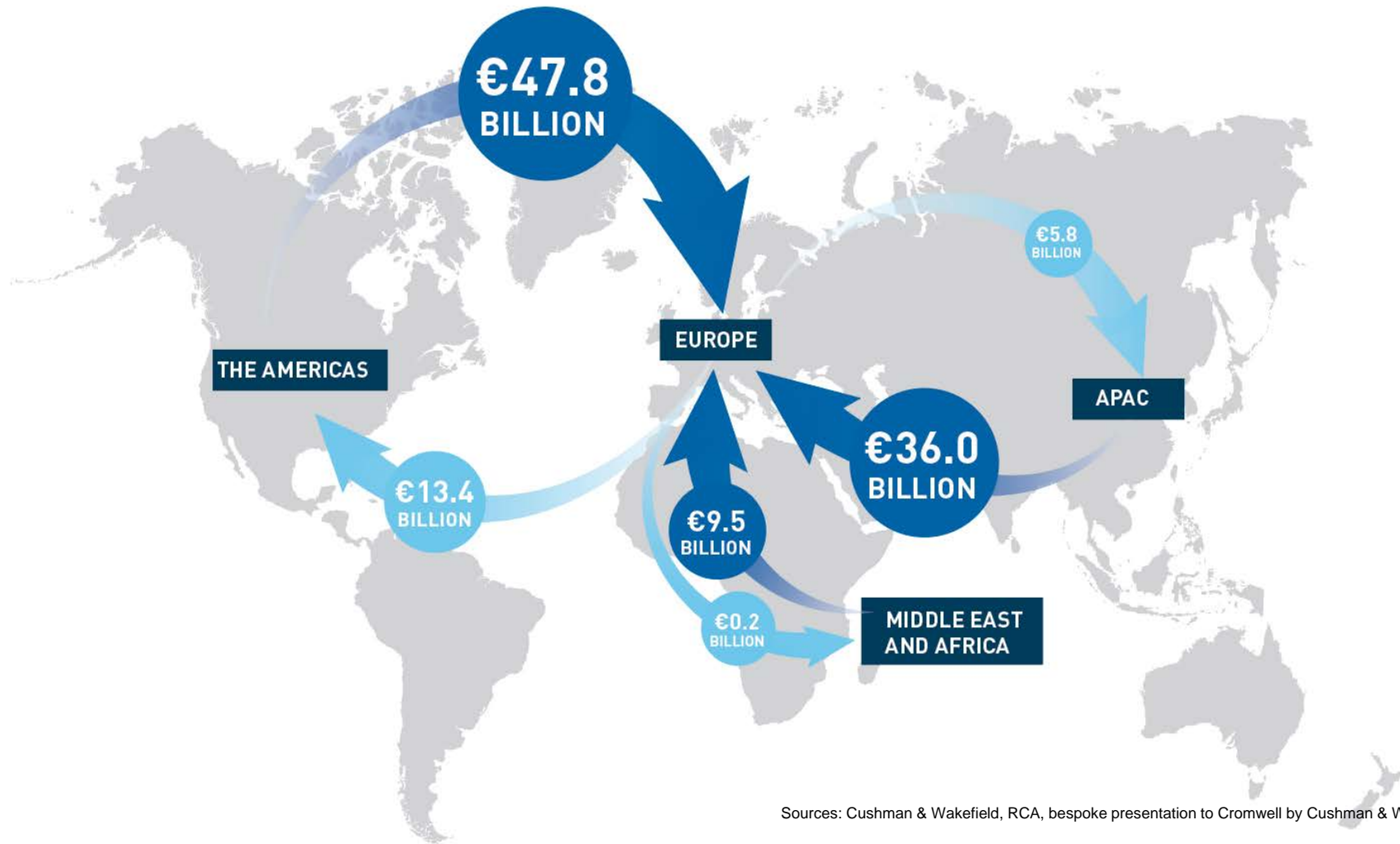
INVESTMENT BY SECTOR



Sources:
 Savills – Market report European Offices May 2018
 Savills – Market In Minutes European Investment June 2018
 CBRE – Europe Investment Market Snapshot 1Q 2018

Global Capital Flows to Europe

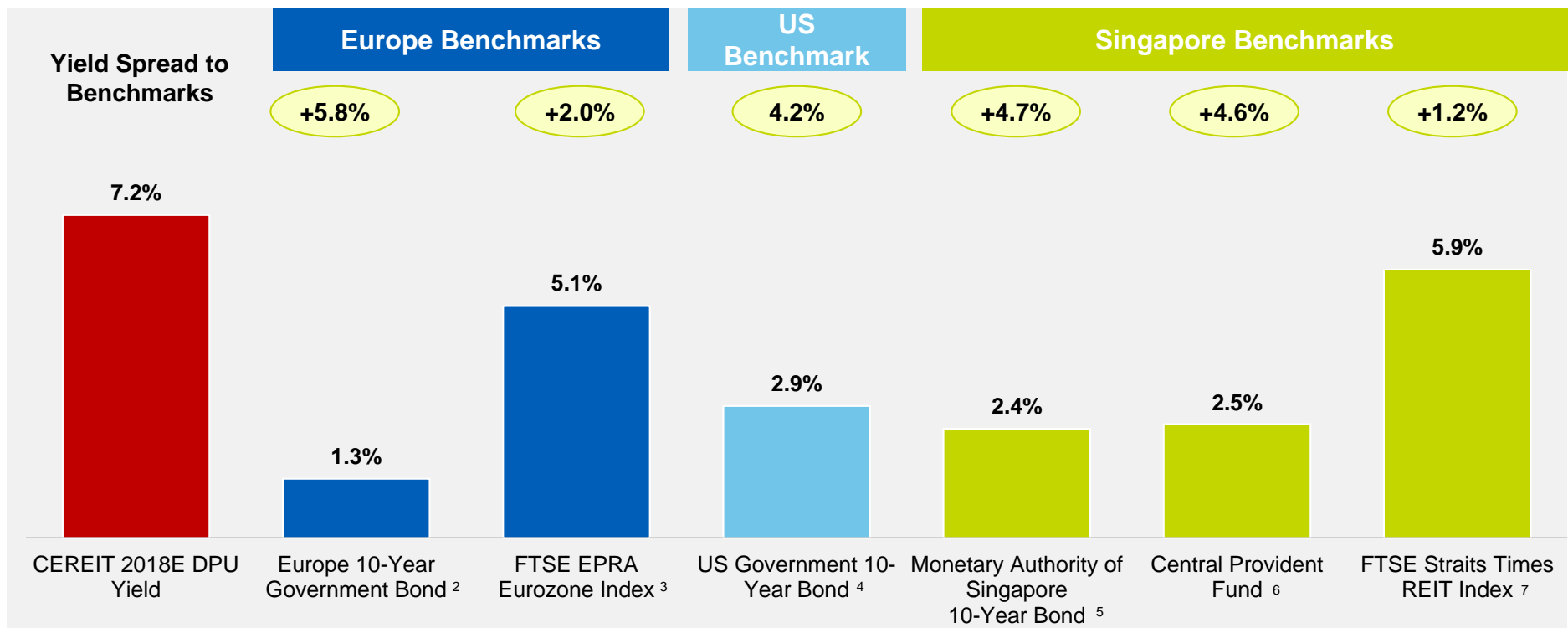
Cross-border activity: 1Q 2018



Sources: Cushman & Wakefield, RCA, bespoke presentation to Cromwell by Cushman & Wakefield

Cromwell European REIT - Attractive Distribution Yield

2018E DPU yield of 7.2%¹ compares favourably to other global yield investment products



Source: Bloomberg, European Commission, data as at 24 July 2018

¹ Based on €0.60, the last traded price on Singapore Exchange Securities Trading Limited ("SGX-ST") on 8 August 2018

² Based on the monthly averages (non-seasonally adjusted data) of the yields of the 10-year government bonds of the countries in the Eurozone. They refer to central government bond yields on the secondary market, gross of tax, with a residual maturity of around 10 years. The bond or the bonds of the basket have to be replaced regularly to avoid any maturity drift. This definition is used in the convergence criteria of the Economic and Monetary Union for long-term interest rates, as required under Article 121 of the Treaty of Amsterdam and the Protocol on the convergence criteria. Data are presented in raw form.

³ Based on Bloomberg's estimated DPU yield for the year ended 31 December 2018 for FTSE EPRA Eurozone Index. FTSE EPRA Eurozone Index is a market capitalisation weighted index consisting of listed real estate companies and REITs in the Eurozone.

⁴ Based on Bloomberg's bid yield to maturity of bond.

⁵ Based on Bloomberg's bid yield to maturity of bond.

⁶ Based on the legislated minimum interest of 2.5% per annum earned in Central Provident Fund ("CPF") Ordinary Account. CPF is a mandatory social security savings scheme in Singapore. The interest rate on the CPF Ordinary Account is reviewed quarterly and is the higher of the legislated minimum interest of 2.5% per annum or the 3-month average of major local banks' interest rates.

⁷ Based on Bloomberg's estimated DPU yield for the year ended 31 December 2018 for FTSE Straits Times Real Estate Investment Trust Index. The FTSE Straits Times Real Estate Investment Trust Index is a market capitalisation weighted index consisting of listed REITs in Singapore.



CROMWELL
EUROPEAN REIT

Thank You

If you have any queries, kindly contact:
Cromwell EREIT Management head of investor relations Ms Elena Arabadjieva at elena.arabadjieva@cromwell.com.sg, Tel: **+65 6817 9589**

or Newgate Communications at cereit@newgatecomms.com.sg.