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CROMWELL
EUROPEAN REIT

(a real estate investment trust constituted on 28 April 2017 under the laws of the Republic of Singapore)

Managed by Cromwell EREIT Management Pte. Ltd.

ACQUISITION OF ALL THE SHARES OF CHALLENGER DPG FRANCE SAS WHICH HOLDS THE PROPERTIES LOCATED IN VILLENEUVE-LÈS-BÉZIERS, PARCAY-MESLAY, AND SULLY-SUR-LOIRE IN FRANCE

1. INTRODUCTION

1.1 The Acquisition

Cromwell EREIT Management Pte. Ltd., in its capacity as manager of Cromwell European Real Estate Investment Trust ("**CEREIT**", and the manager of CEREIT, the "**Manager**"), wishes to announce that CEREIT, through its indirect wholly owned subsidiary Logistics France 1 SAS, has entered into a share purchase agreement (the "**SPA**") and a warranty agreement (the "**WA**") with CDPG Luxembourg S. à r. l. (the "**Vendor**") to acquire all the shares of Challenger DPG France SAS (the "**Target Company**") which holds:

1.1.1 the logistics property located in Sully-sur-Loire, France ("**Sully**");

1.1.2 the logistics property located in Parcay-Meslay, France ("**Parcay**"), and

Goldman Sachs (Singapore) Pte. and UBS AG, Singapore Branch are the joint issue managers for the Offering. DBS Bank Ltd., Goldman Sachs (Singapore) Pte., and UBS AG, Singapore Branch are the joint global coordinators for the initial public offering of the units in Cromwell European Real Estate Investment Trust (the "**Offering**"). DBS Bank Ltd., Goldman Sachs (Singapore) Pte., UBS AG, Singapore Branch, Daiwa Capital Markets Singapore Limited and CLSA Singapore Pte Ltd are the joint bookrunners and underwriters for the Offering.

1.1.3 the logistics property located in Villeneuve-lès-Béziers, France ("**Beziers**", and together with Sully and Parcay, the "**Properties**")

for an estimated aggregate purchase consideration of c. €21.6 million[1] (which includes a euro-for-euro payment for an expected €1.7 million in cash for working capital in the Target Company).

The sale and purchase agreement relating to the other two French properties located in Aulnay-sous-bois and Gennevilliers (together with the Properties, the "**French Properties**") referred to in the binding offer dated 30 October 2018 (the "**Binding Offer**") is scheduled to be entered into in early 2019 as completion thereunder and under the SPA are expected to occur simultaneously on 23 January 2019. Additionally, while the Binding Offer contemplated asset acquisitions, the French Properties will be acquired through share acquisitions of the two holding companies of the French Properties instead, as this acquisition structure will result in an overall decrease in the consideration payable by CEREIT through a reduction of the transfer costs payable and certain balance sheet adjustments.

2. INFORMATION ON THE PROPERTIES

2.1 Sully

Sully is a freehold property comprising 15,500 sqm of lettable area and was developed in 2002. It is located 40 km East from Orléans and 178 km South from Paris, 35 km from A10 motorway (linking Paris to Bordeaux) and 32 km from A77 motorway, in a mixed residential/industrial area. The building is currently fully let to Inteva Products (a key automotive supplier for the CSA Peugeot group) that has operated from the area since 1955.

Underlying Asset Consideration (€)	5.5 million
Lettable Floor Area (sqm) (as at 30 September 2018)	15,500
Number of Storeys	1
Year Built	2002
Occupancy Rate (as at 30 September 2018)	100%
Number of Tenants (as at 30 September 2018)	1 (Fully let)
WALE[(1)]	8.3 years

Notes:

(1) "**WALE**" refers to the 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) as at 31 August 2018.

2.2 Parcay

Parcay is a freehold property comprising 5,494 sqm of lettable area and was developed in 2002. It is located in an established industrial area 4 km from A10 (leading Paris to Bordeaux) and A28 (linking the North of France) motorways intersection. The property is located in a industrial area with grade A tenants such as Geodis, Porsche, DB Schenker,

1 Subject to Post-Closing Adjustments (as defined herein)

FedEx, etc. The building is currently fully let to Atac (Auchan group). The demand for the area exceeds supply due to the lack of warehouses which is underpinning rental levels.

Underlying Asset Consideration (€)	5.5 million
Lettable Floor Area (sqm) (as at 30 September 2018)	5,494
Number of Storeys	1
Year Built	2002
Occupancy Rate (as at 30 September 2018)	100%
Number of Tenants (as at 30 September 2018)	1 (Fully let)
WALE[(1)]	3.1 years

Notes:

(1) "**WALE**" refers to the 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) as at 31 August 2018.

2.3 Beziers

Beziers is a freehold property comprising 8,944 sqm of lettable area and was developed in 2002. It is strategically located in the South of France, 3 km East from Béziers, 60 km West from Montpellier, 230 km West from Marseille, 100 km from the Spanish border and 2 km away from A9 (linking Marseille and Spain) and A75 (linking Clermont-Ferrand to Montpellier) motorways intersection. The property is located in the best industrial and retail area of this zone, with blue chip tenants such as Suez, Veolia, Metro in a supply constraint area. The building is currently occupied by DHL on a nine year lease with break options at the expiry of the second, third and sixth years which was entered into on 19 December 2018 with a retroactive start date of 15 September 2018 and negotiations are on-going with respect to a take over of the lease by a large French retailer.

Underlying Asset Consideration (€)	10.6 million
Lettable Floor Area (sqm) (as at 30 September 2018)	8,944
Number of Storeys	1
Year Built	2002
Occupancy Rate (as at 30 September 2018)	100%
Number of Tenants (as at 30 September 2018)	1 (Fully let)
WALE[(1)]	9.0 years

Notes:

(1) "**WALE**" refers to the 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) as at 31 August 2018.

3. DETAILS OF THE ACQUISITION

3.1 Purchase Consideration and Valuation

The agreed underlying asset consideration for the Properties (the "**Underlying Asset**

Consideration") which was negotiated on a willing-buyer and willing-seller basis taking into account the independent valuations conducted by the Independent Valuer (as defined herein) for the Properties, is approximately €21.6 million. The Underlying Asset Consideration is equivalent to the purchase consideration for the Properties set out in the Binding Offer after excluding real estate transfer taxes, stamp duty and notary fees. The aggregate purchase consideration payable to the Vendor in connection with the acquisition of the Target Company (the "**Acquisition**") is approximately €21.6 million (which includes a euro-for-euro payment for an expected €1.7 million in cash for working capital in the Target Company) (the "**Total Purchase Consideration**") This is based on the Underlying Asset Consideration, adjusted for certain estimated net liabilities of the Target Company (subject to post-closing adjustments based on the actual consolidated net assets and liabilities of the Target Company at completion of the Acquisition ("**Post-Closing Adjustments**").

CEREIT had commissioned an independent property valuer, Colliers International Valuation UK LLP (the "**Independent Valuer**") to value each of the Properties. The Independent Valuer had valued each of the Properties based on the income capitalisation method taking into account comparable market transactions.

The following table sets out the appraised values of each of the Properties, the respective dates of such appraisal and the Purchaser's Underlying Asset Consideration.

Property	**Appraised Value as at 30 September 2018 (€ million)**	**Underlying Asset Consideration (€ million)**
Sully	5.5	5.5
Parcay	5.9	5.5
Beziers	10.4	10.6
Total	21.8	21.6

3.2 Total Acquisition Cost

The total cost of the Acquisition is currently estimated to be c. €22.6 million (approximately €20.9 million if excluding payment for the working capital in the Target Company), comprising:

3.2.1 the Total Purchase Consideration of approximately €21.6 million[1] (which includes approximately €1.7 million for working capital. i.e. an effective approximate amount of €19.9 million net payment to the Vendor subject to Post-Closing Adjustments);

3.2.2 the acquisition fee payable to the Manager of approximately €0.2 million;

3.2.3 the transfer tax of approximately €0.3 million, and

3.2.4 the professional and other fees and expenses in connection with the Acquisition of approximately €0.5 million

1 Subject to Post-Closing Adjustments

3.3 Purchase Agreements

In connection with the Acquisition, CEREIT has established Logistics France 1 SAS (the "**Purchaser**") to enter into the SPA and the WA with the Vendor.

The SPA and the WA contain customary provisions relating to the Acquisition, including representations and warranties, indemnities and pre-completion undertakings regarding the operation of the business, limitations of the Vendors' liabilities and other commercial terms:

3.3.1 in addition to the above, the principal terms of the SPA include, among others, the following: that the completion of the Acquisition shall take place between 21 January 2018 and 31 January 2018, or at such other place and date mutually agreed by the parties to the SPA; and

3.3.2 that it is a condition subsequent to the transfer of title of ownership over the shares of the Target Company to the Purchaser for the Purchaser to provide the Target Company with the funds allowing it to repay the outstanding amount of the loan agreement between the Vendor. and the Target Company dated 4 June 2007, as amended on 25 August 2009 and on 13 July 2012.

3.4 Method of Financing

The Manager intends to finance the Acquisition via debt and equity from the renounceable rights issue (the "**Rights Issue**"). (See announcement titled "38 for 100 Rights Issue to Raise Gross Proceeds of Approximately €224.1 million" for further details of the Rights Issue.)

4. RATIONALE FOR AND BENEFITS OF THE ACQUISITION

The Manager believes that the acquisition of the French Properties will bring the following key benefits to Unitholders:

4.1 Enlarged Portfolio with Increased Exposure to Greater Paris

The French Properties will increase CEREIT's portfolio valuation by 2.6%.

The French Properties will provide CEREIT with exposure to the attractive Greater Paris logistics market. The assets are well located along the strategic French logistics corridor (e.g. key roads including the A86, A9, A10 motorways).

The French Properties will also provide CEREIT with exposure to global retail and auto sector supply chains.

4.2 Attractive Yield

The French Properties have a Net Initial Yield[1] of 8.5%, which compares favourably to the Net Initial Yield of CEREIT's existing light industrial and logistics portfolio of 7.1%. This demonstrates CEREIT's ability to acquire the French Properties on attractive terms via off market transactions.

4.3 Asset Enhancement Potential

The French Properties also provide asset enhancement opportunities, with a number of the

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[1] "**Net Initial Yield**" is defined as annualised current passing rental income net of non-recoverable property expenses, divided by aggregate purchase price.

assets having development or expansion potential, in line with CEREIT's strategy. For example, on part of the site where the Aulnay-sous-Bois Asset is situated, a metro station for a new Paris Line 16 is planned by 2024. In addition, since DHL has renewed its lease on 19 December 2018 with retroactive effect from 15 September 2018, there is only one remaining lease that is under tacit rolling agreement but is expected to be converted to a long-term lease shortly after completion.

5. FINANCIAL EFFECTS OF THE ACQUISITION

The Manager is of the view that the Acquisition is in the ordinary course of CEREIT's business as the Properties being acquired are within the investment strategy of CEREIT and does not change the risk profile of CEREIT.

The acquisition of the Target Company is not expected to have any material effect on the net tangible assets or the distributions per unit of CEREIT for the current financial year.

6. OTHER INFORMATION

Based on the relative figures as computed on the bases set out in Rule 1006 of the listing manual of Singapore Exchange Securities Trading Limited (the "**Listing Manual**"), the acquisition of the Target Company is a "Non-Discloseable Transaction" within the meaning of Rule 1008 of the Listing Manual.

7. INTEREST OF DIRECTORS AND SUBSTANTIAL UNITHOLDERS[1] AND DIRECTOR'S SERVICE CONTRACTS.

As at the date of this announcement, certain directors of the Manager collectively hold an aggregate direct and indirect interest in 547,032 Units.

Paul Weightman is the Non-Independent Non-Executive Director of the Manager and the Chief Executive Officer and Managing Director of the Sponsor (as defined herein).

As at the date of this announcement and based on information available to the Manager, Cromwell Property Group[2], through its subsidiaries, namely Cromwell Singapore Holdings Pte. Ltd. and the Manager, holds an aggregate interest in 558,338,114 Units, which is equivalent to approximately 35.3% of the total number of Units in issue.

Save as disclosed above and as at the date of this announcement, none of the directors of the Manager or Substantial Unitholders has an interest, direct or indirect, in the Acquisition.

No person is proposed to be appointed as a director of the Manager in connection with the Acquisition.

8. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the registered office of the Manager at 50 Collyer Quay, #07-02, OUE Bayfront, Singapore 049321 from the date of this announcement up to and including the date falling three months

1 A "**Substantial Unitholder**" means a person who has an interest in Units constituting not less than 5.0% of the total number of Units in issue.

2 Cromwell Property Group is a stapled group comprising Cromwell Corporation Limited and Cromwell Diversified Property Trust (the responsible entity of which is Cromwell Property Securities Limited) and is the Sponsor of CEREIT (the "**Sponsor**").

after the date of this announcement:

(i) the SPA;

(ii) the WA;

(iii) the valuation report on the Properties issued by the Independent Valuer; and

(iv) the CEREIT Unaudited Financial Statements.

By Order of the Board

Simon Garing

Executive Director and Chief Executive Officer

Cromwell EREIT Management Pte. Ltd.

(Company Registration No.: 201702701N)

As manager of Cromwell European Real Estate Investment Trust

24 December 2018

IMPORTANT NOTICE

This announcement is for information purposes only and does not constitute or form part of an offer, invitation or solicitation of 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 the Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager, Perpetual (Asia) Limited, in its capacity as trustee of CEREIT, the Cromwell Property Group[1] as the sponsor of CEREIT, the Joint Issue Managers, Joint Global Coordinators, the Joint Bookrunners and Underwriters or any of their respective affiliates.

An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. 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.

This announcement may contain forward-looking statements that involve assumptions, 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. Predictions, projections or forecasts of the economy or economic trends of the markets are not necessarily indicative of the future or likely performance of CEREIT. The forecast financial performance of CEREIT is not guaranteed. A potential investor is cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.

This announcement is not an offer for sale of the Units in the United States or any other jurisdiction. The Units have not been and will not be registered under the Securities Act and may not be offered or sold in the United States unless registered under the Securities Act, or pursuant to an applicable exemption from registration. There is no intention to register any portion of the offering in the United States or to conduct a public offering of securities in the United States.

This announcement is not to be distributed or circulated outside of Singapore. Any failure to comply with this restriction may constitute a violation of United States securities laws or the laws of any other jurisdiction.

1 Cromwell Property Group, a stapled group comprising Cromwell Corporation Limited and Cromwell Diversified Property Trust (the responsible entity of which is Cromwell Property Securities Limited).