CROMWELL EUROPEAN REIT

RESULTS PRESENTATION

FOR THE FIRST QUARTER ENDED 31 MARCH 2019

13 May 2019

Disclaimer

This presentation shall be read only in conjunction and as a supplementary information to Cromwell European Real Estate Investment Trust's ("CEREIT") financial results announcement dated 13 May 2019 published on SGXNet.

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Goldman Sachs (Singapore) Pte. and UBS AG, Singapore Branch were the joint issue managers for the initial public offering of CEREIT (the "IPO"). DBS Bank Ltd., Goldman Sachs (Singapore) Pte., and UBS AG, Singapore Branch were the joint global coordinators for the IPO. DBS Bank Ltd., Goldman Sachs (Singapore) Pte., UBS AG, Singapore Branch, Daiwa Capital Markets Singapore Limited and CLSA Singapore Pte Ltd were the joint bookrunners and underwriters for the IPO. The joint issue managers, joint global coordinators and joint underwriters of the IPO assume no responsibility for the contents of this announcement.

Notes:

1. All figures in this presentation are as at 31 March 2019 and stated in Euro ("EUR" or "€"), unless otherwise stated
2. "p.p." refers to percentage points, and "b.p." refers to basis points
3. "cpu" refers to cents per unit
4. The CEREIT Prospectus dated 22 November 2017 ("Prospectus") disclosed a profit projection for the period from 1 January 2019 to 31 December 2019. "IPO Forecast" refers to the interpolation of this projection for the relevant period adjusted for the issuance of 600,834,459 new units of CEREIT ("Units") in December 2018 (the "Rights Issue") where applicable
5. "1Q 2019" refers to the period from 1 January 2019 to 31 March 2019; 1Q 2018 refers to the prior corresponding period. "FY2019" refers to the period from 1 January 2019 to 31 December 2019; and "FY2018" refers to the prior corresponding period

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Haagse Poort, The Hague
The Netherlands

Piazza Affari, Milan
Italy

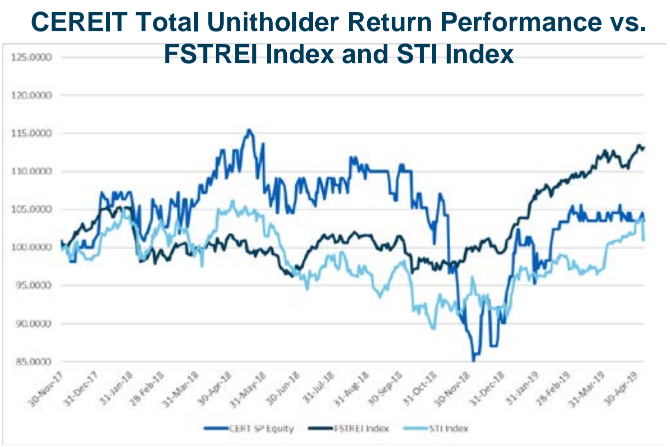
CEREIT
Investment Case

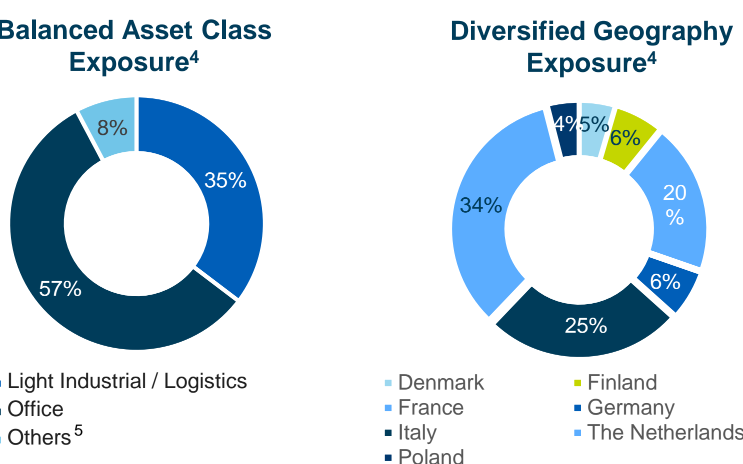
CEREIT’s Investment Case

Delivering Sustainable Unitholder Returns and Opportunity for Growth

- Effective 8.0% Annualised Distribution Yield[1]
- Outperformed the IPO Forecast in 1Q 2019 and the Actual 1Q 2018[2] results largely due to the benefit of the recent acquisitions
- On track to deliver the adjusted IPO Forecast of €4.02 cpu[3]
- €1.8 billion[4] pan-European portfolio diversified across asset classes and geography
- Best positioned to take advantage of accretive acquisition opportunities in Europe with attractive yield / debt spreads
- Opportunities for income and net asset value growth via active asset management
- Cromwell Property Group (the “Sponsor”) is an internationally recognised sponsor listed on the Australian Securities Exchange
- Included in GPR / APREA Investable REIT 100 Index since 18 March 2019

CEREIT Total Unitholder Return Performance vs. FSTREI Index and STI Index





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1. Based on €0.50, the last traded price on SGX-ST on 10 May 2019 and DPU of €4.02 cpu (FY2019 IPO Forecast of €4.40 cpu adjusted for the Rights Issue)
2. 1Q 2018 DPU is restated to reflect the bonus element in the new units issued pursuant to the Rights Issue
3. The IPO Forecast DPU for FY2019 was €4.40 cpu. Taking into account the new units issued in the Rights Issue (in accordance with paragraph 46 of Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts”), the adjusted FY2019 DPU is €4.02 cpu
4. Based on valuations as at 31 December 2019 for the IPO portfolio and the property in Ivrea, Italy and purchase price for the recently acquired properties in Italy, the Netherlands, Finland, Poland and France
5. Others include three government-let campuses, one leisure / retail property and one hotel in Italy on a master lease

Cromwell European REIT – Distribution Yield

CEREIT 2019E DPU Yield of 8.0%[1] Compares Favourably to Other Global Yield Investment Alternatives

	Europe Benchmarks		US Benchmark	Singapore Benchmarks		
Yield Spread to Benchmarks	+6.9%	+3.8%	+5.4%	+5.8%	+5.5%	+2.2%

CEREIT 2019E DPU Yield [1]	Europe 10-Year Government Bond [2]	FTSE EPRA Eurozone Index [3]	US Government 10-Year Bond [4]	Monetary Authority of Singapore 10-Year Bond [4]	Central Provident Fund [5]	FTSE Straits Times REIT Index [6]
8.0%	1.1%	4.2%	2.6%	2.2%	2.5%	5.8%

Sources: Bloomberg, European Commission, data from February to April 2019

1. Based on €0.50, the last traded price on SGX-ST on 10 May 2019 and DPU of €4.02 cents per unit ("cpu") (FY2019 IPO Forecast of €4.40 cpu adjusted for the Rights Issue)
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
3. Based on Bloomberg's estimated DPU yield for the year ended 31 December 2019 for FTSE EPRA Eurozone Index
4. Based on Bloomberg's bid yield to maturity of bond
5. Based on the legislated minimum interest of 2.5% per annum earned in Central Provident Fund Ordinary Account
6. Based on Bloomberg's estimated DPU yield for the year ended 31 December 2019 for FTSE Straits Times Real Estate Investment Trust Index

CEREIT's Journey Since IPO

74 properties

Portfolio value at **€1,354 million**

Nov 2017: Listed on SGX-ST

Mar 2018: Portfolio revalued higher at €1,361 million

Apr 2018: Commenced dual currency trading

75 properties

Portfolio value at **€1,390 million**

Jun 2018: Completed acquisition of property in Ivrea, Italy

Jul 2018: Secured settlement on deferred consideration for Parc Des Docks, Paris, France, leading to €6 million valuation gain

Oct 2018: Awarded GRESB Sustainability Benchmark

77 properties

Portfolio value at **€1,426 million**

Dec 2018: Completed acquisition of properties in Bari and Genova, Italy

90 properties

Portfolio value at **€1,695 million**

Dec 2018: Completed acquisition of properties in Utrecht and 's-Hertogenbosch, the Netherlands, and in Helsinki and Kuopio, Finland

93 properties

Portfolio value at **€1,718 million**

Jan 2019: Completed acquisition of properties in Sully-sur-Loire, Parcay-Meslay and Villeneuve-lès-Béziers, France

97 properties

Portfolio value at **€1,795 million**

Feb 2019: Completed acquisition of the property in Genevilliers, France and properties in Warsaw and Gdansk, Poland

Backed by a Strong Sponsor Aligned with Unitholders

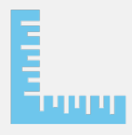
Cromwell Property Group is a Real Estate Investor and Manager Operating on Three Continents with a Global Investor Base

A$11.5 billion AUM[1]

€$7.3 billion AUM[1]

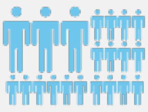
A$2.2 billion
Market capitalisation[2]

A$204.1 million
Profit for the financial year[3]



3.8 million
sqm

280+
properties



3,700+
tenants

390+
people

1. Total assets for Cromwell as at 31 December 2018 including attributable asset under management ("AUM") of Phoenix Portfolios (45%) and Oyster Group (50%)
2. Market capitalisation as at 31 December 2018
3. Profit for the financial year ended 30 June 2018

Long-Term Focus on Sustainability

Environment, Social and Governance ("ESG") Matters are a Key Priority to CEREIT

- **CEREIT will publish its first sustainability report in late May 2019 in accordance with Global Reporting Initiative sustainability guidelines (core option)**
  - Cromwell launched its own global sustainability framework for common benchmarks and consistent disclosure in 2016
  - CEREIT's board of directors approved 10 material matters aligned with the Sponsor's sustainability framework which CEREIT would report in its first sustainability report
  - The matters range from trust, transparency and governance to economic value creation, talent management, stakeholder engagement and the environment
- **CEREIT measures property performance against the Global Real Estate Sustainability Benchmark ("GRESB")**
  - In CEREIT's inaugural GRESB assessment, the Manager was marked highly in the 'Management' category, scoring a maximum of 100 points
  - Overall, CEREIT achieved a score of 47, with encouraging results, compared to its peer group, in four of the seven assessment categories

Parc des Grésillons
Gennevilliers, France

Hochstraße 150-152
Duisburg, Germany

Portfolio Highlights

Portfolio Overview as at 31 March 2019

Properties	97
Occupancy Rate (by lettable area)	90.2%
Valuation (€)[1]	**1,794.7 million**
WALE / WALB[2]	4.7 years / 3.9 years
% Freehold[3]	90.4%
Average Reversionary Yield[4]	6.7%

Denmark	
Properties	13
Lettable Area (sqm)	151,491
Valuation (€ million)	81.3
% of Portfolio	4.5%
Average Reversionary Yield	7.9%

The Netherlands	
Properties	17
Lettable Area (sqm)	260,205
Valuation (€ million)	607.9
% of Portfolio	33.9%
Average Reversionary Yield	5.8%

Italy	
Properties	17
Lettable Area (sqm)	335,977
Valuation (€ million)	457.1
% of Portfolio	25.5%
Average Reversionary Yield	6.1%

Finland	
Properties	11
Lettable Area (sqm)	61,980
Valuation (€ million)	113.1
% of Portfolio	6.3%
Average Reversionary Yield	7.4%

Germany	
Properties	11
Lettable Area (sqm)	166,738
Valuation (€ million)	113.6
% of Portfolio	6.3%
Average Reversionary Yield	7.0%

Poland	
Properties	3
Lettable Area (sqm)	34,361
Valuation (€ million)	71.8
% of Portfolio	4.0%
Average Reversionary Yield	8.8%

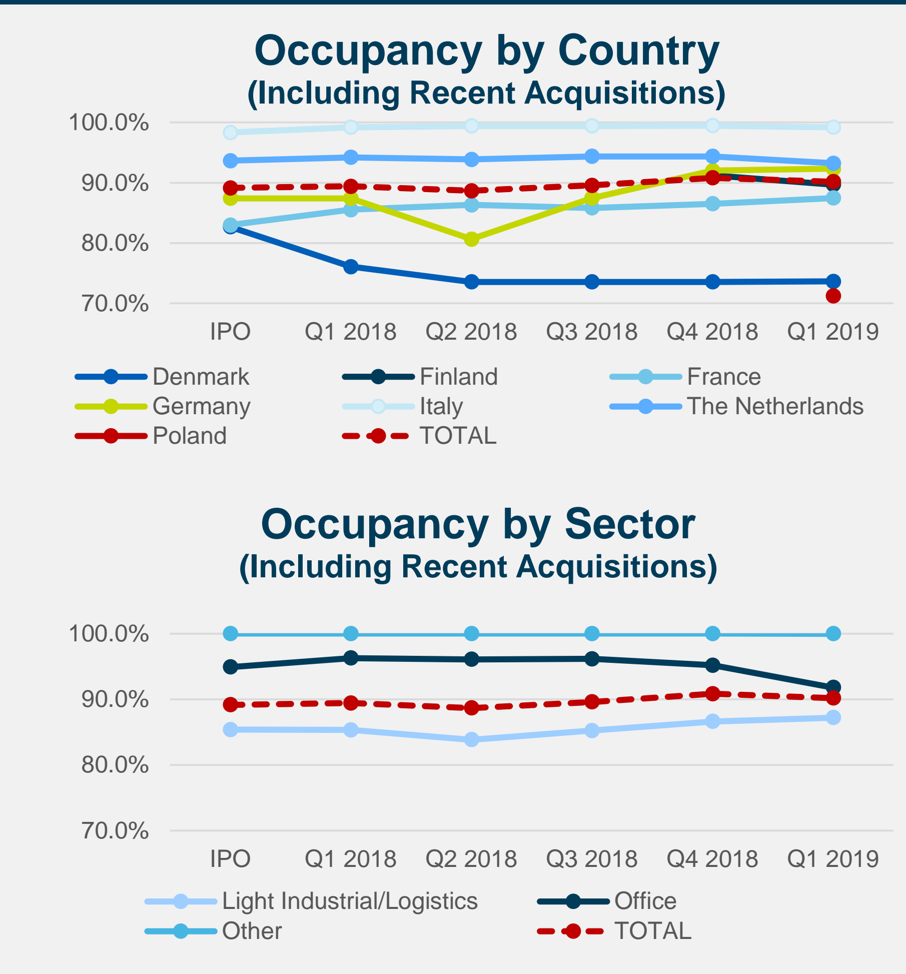
France	
Properties	25
Lettable Area (sqm)	370,067
Valuation (€ million)	349.8
% of Portfolio	19.5%
Average Reversionary Yield	8.2%

1. Valuation as at 31 December 2018 for the IPO Portfolio and the property in Ivrea, Italy. For the 22 newly acquired properties, valuations are recorded at their respective purchase price as the best approximation of fair value
2. WALE and WALB as at 31 March 2019 for existing portfolio including new properties in Poland and France; 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); 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
3. % freehold and continuing / perpetual leasehold by value
4. A proxy to present cap rate. Reversionary Yield is the net market rental value per annum (net of non-recoverable running costs and ground rent) expressed as a percentage of the net capital value. The reversionary yield for the portfolio and sub portfolios is the average Reversionary Yield weighted by the valuation

Active 1Q 2019 Leasing to Result in Uplift in 2Q 2019 and Beyond

Asset Management Highlights

- **Positive leasing momentum in 1Q 2019**
  - 53 new leases signed (25,043 sqm) – 9 Office, 44 Light Industrial / Logistics
  - This compares favourably against 31 new leases signed in 4Q 2018 (21,977 sqm)
- **Positive rental reversion in 1Q 2019**
  - For 1Q 2019, the blended (Office and Light Industrial / Logistics) rental reversion rate was positive at 4.0%, illustrating rental growth across our assets (Light Industrial / Logistics at 4.4% vs. Office at 0.2%)
  - WALE and WALB maintained q-on-q
- **Uplift in occupancy rate to be seen from 2Q 2019 onwards**
  - Most of the new leases will start in 2Q 2019 or later, hence the positive impact on CEREIT's occupancy rate has not been captured in 1Q 2019



Secure Lease Expiry Profile and Lower Leasing Risk

- Portfolio occupancy as at 31 March 2019 is 90.2%
- 4.7 years WALE and 3.9 years WALB remained stable as at 31 March 2019
- Top 10 tenants' WALE is 4.9 years as at 31 March 2019
- In line with our barbell approach to portfolio management, the Office sector with WALE of 5.1 years provides long-term stability to the overall portfolio vs. Light Industrial / Logistics with shorter WALE 4.2 years but with income growth potential from positive rent reversions
- Pro-actively working on extension strategies

Lease Expiry Profile

40% of expiries and breaks forecast until September 2019 have been de-risked on current status

	% by WALE	% by WALB
2019	11.1%	12.3%
2020	7.5%	12.2%
2021	10.7%	14.8%
2022	20.5%	21.0%
2023 and beyond	50.2%	39.7%

Further Diversification of High-Quality Tenant-Customer Base

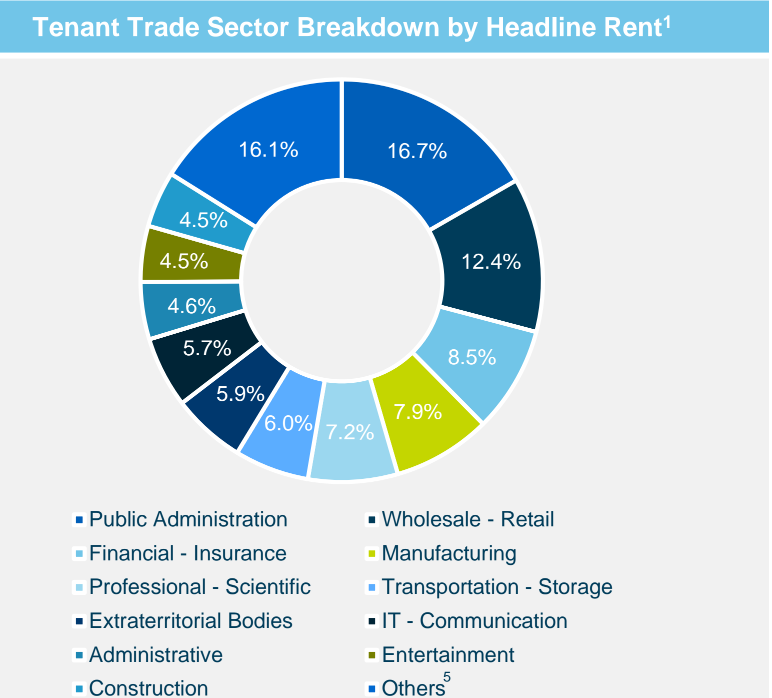
Top 10 tenants Now Represent 36.8% of the Portfolio (down from 41% at IPO)

Total No. of leases as at 31 March 2019	1,093
Total No. of tenants as at 31 March 2019	902

Top 10 Tenants

#	Tenant	Country	% of Total Headline Rent[1]
1	Agenzia del Demanio (Italian State Property Office)	Italy	15.4%
2	Nationale-Nederlanden	The Netherlands	5.5%
3	Essent Nederland B.V.	The Netherlands	3.1%
4	Kamer van Koophandel	The Netherlands	2.3%
5	Employee Insurance Agency (UWV)[2]	The Netherlands	2.3%
6	Holland Casino[3]	The Netherlands	1.9%
7	Anas	Italy	1.6%
8	A. Manzoni & c. S.p.A.[4]	Italy	1.6%
9	Coolblue B.V.	The Netherlands	1.5%
10	CBI Nederland B.V.	The Netherlands	1.5%
			36.8%

Tenant Trade Sector Breakdown by Headline Rent[1]



1. As at 31 March 2019
2. Uitvoeringsinstituut Werknemersverzekeringen (UWV)
3. Nationale Stichting tot Exploitatie van Casinospelen in the Netherlands
4. GEDI Gruppo Editoriale
5. Others comprise Accommodation / Utility / Education / Rural / Human Health / Mining / Other Service Activities / Residential / Water / Miscellaneous Services

New Acquisitions in Poland are Delivering

Strong Leasing in Poland as at 31 March 2019

- Portfolio occupancy is ahead of expectations
- Occupancy of the Polish portfolio currently stands at 71.2%, as compared to 67.7% at the date of the announcement of the acquisition[1]
- Leasing successes in 1Q 2019:
    - 4 leases (total of 3,084 sqm) signed in 1Q 2019, 88% of which were lease expansions of existing tenants
- Leasing pipeline potential of 10,010 sqm:
    - 4 potential tenants for Arkońska 1&2, Gdańsk (2,069 sqm, 40% of leasing pipeline)
    - 7 potential tenants for Fabryczna 5 (Riverside), Warsaw asset (5,015 sqm, 24% of leasing pipeline)
    - 5 potential tenants for the Grójecka 5, Warsaw (2,926 sqm, 22% of leasing pipeline)

Arkońska 1&2, Gdańsk

Fabryczna 5, Warsaw

Grójecka 5, Warsaw

1. As per acquisition announcement dated 30 October 2019

New Acquisitions in The Netherlands are Delivering

Strong Leasing at the Utrecht Asset as at 31 March 2019

- Asset acquired on 28 December 2018 with occupancy of 86.1%
- Current sole tenant is Employee Insurance Agency (UWV), a state-owned entity
- A lease over 2,967 sqm of vacant space has been signed with a new tenant, with lease commencing in July 2019
- As a result, the asset is assumed to be fully let six months ahead of target with higher net operating income ("NOI")

Moeder-Teresalaan 100/200

Moeder-Teresalaan 100/200

Denmark Light Industrial Sector is Picking Up

Overview as at 31 March 2019

- Portfolio of 11 assets with an occupancy of 82.7% in November 2017, a void space of 26,207 sqm
- As at the end of FY2018, occupancy fell to 73.6% due to unforeseen vacancies
- A refreshed asset management plan has delivered some strong leasing successes
- Within 1Q 2019, 14 new leases (total of 8,419 sqm) have been signed, with leases over c. 1,190 sqm starting after 1Q 2019
- Two additional leases were signed after the end of 1Q 2019, delivering an additional 4,841 sqm of leased-up space
- Leasing pipeline across the Danish portfolio is promising
- Occupancy is on track to achieve FY2019 forecast levels, improving the net property income ("NPI") yield from the current 6.9%

C.F. Tietgensvej 10, Kolding

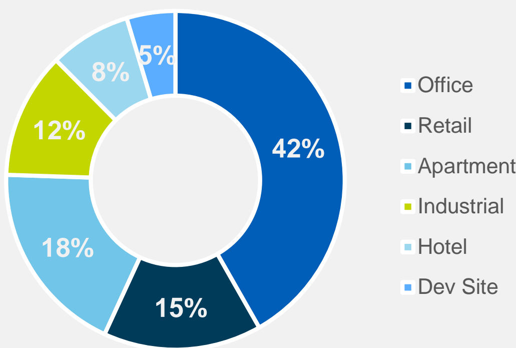
Naverland 8, Glostrup

Stamholmen 111, Hvidore

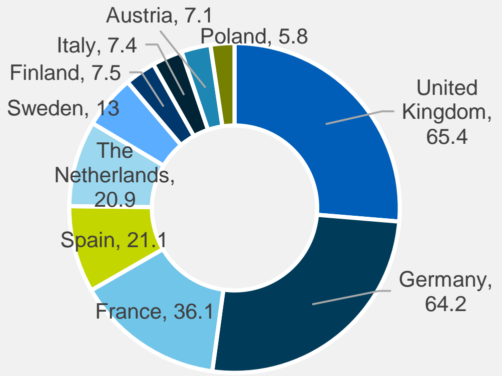
European Commercial Real Estate – Recent Performance

- European real estate enters 2019 on solid ground with some of the strongest fundamentals seen in recent times – single-digit office vacancy rates and restrained development pipeline supporting rental growth, while the continued rise of online sales and related supply chain transformation attracts investors to the sector
- 1Q 2019 initial European trading volumes reached €44.5 billion with levels expected to rise once all data has been confirmed. However, volumes are unlikely to match the strong performance of both 2017 and 2018 – record-breaking years – partly due to reduced investable product
- Cross-border capital flows continue with strong inflows from the US. Asian capital is also attracted to Europe with Singapore and South Korean money featuring highly
- Office sector receives the largest share of recipient of investments (40.3%). Investors focus on core European markets putting further downward pressure on yields, which in many markets across Europe, are already at historic lows
- Yields tighten further, but at a slower pace and with a clear appetite for quality. This may lead to a divergence of yields in secondary locations that are missing the economic fundamentals required to support future growth. Secondary locations with positive demographics, economic and 'liveability' indicators may however provide a pricing opportunity for investors
- The end of the quantitative easing programme by the European Central Bank leaves less room for yield reduction; capital growth will be more benign and income growth from active asset management will be a key driver

Investment by Sector (12 months to March 2019)



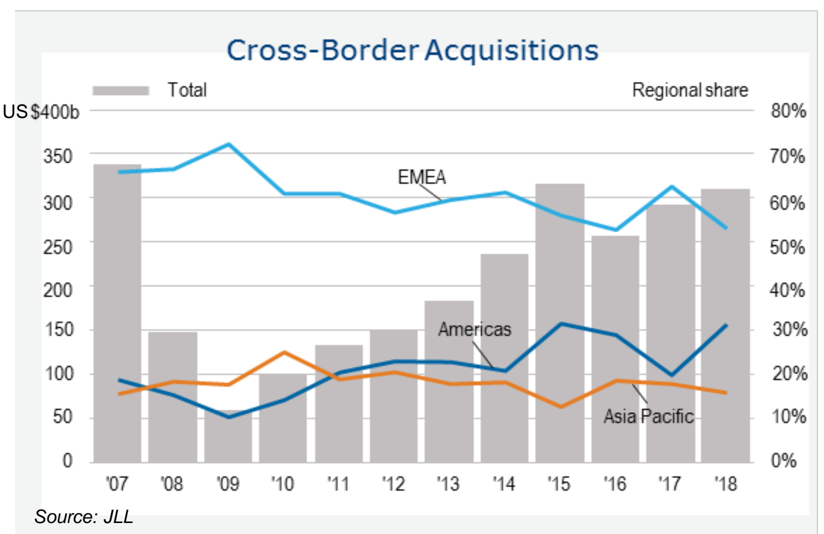
Top 10 European Destinations (€billion) (12 months to March 2019)



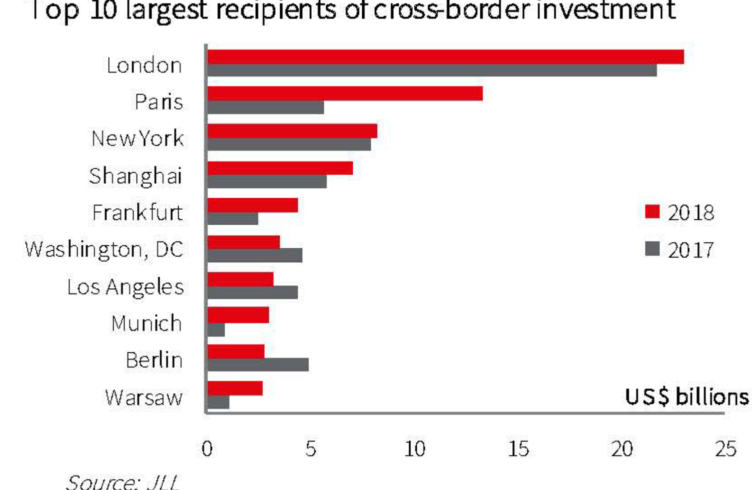
Sources:
Real Capital Analytics – data as at 29 April 2019
Knight Frank – European Property Outlook 2019
CBRE – European Outlook 2019

Cross-Border Investors Turned to European Cities in 2018

- **Six of the top 10 largest cities for cross-border investments are in Europe**
  - London is still the most favoured market for international investors with volumes increasing by 14% to US$36.3 billion in 2018. While concerns over Brexit remain, investors stayed in the market with a focus on the office sector which attracted 74% of all investment.
- **Paris records its best performance in over a decade**
  - Best annual performance since 2007 as 2018 volumes increased by 27% notably owing to a wave of foreign capital which accounted for 47% of all investment in the city in 2018
- **Foreign investors make an impact in Warsaw**
  - New entrant in top 10 – Warsaw emerged as the 10th most liquid market for foreign investment in 2018 (with nearly 80% in office)



Source: JLL



Source: JLL

Parc des Docks
Paris, France

Veemarkt
Amsterdam, The Netherlands

Financial Performance

1Q 2019 Results Driven by New Acquisitions

Key Performance Metrics for 1Q 2019

Higher income

- Gross revenue **up 28.7%**[1]
- NPI **up 29.6%**[1]
- Total return attributable to Unitholders **up 3.5%**[1]
- DPU of **€1.02 cents up by 5.2%** against IPO Forecast[1] and **6.3%** against 1Q 2018[2]

Robust balance sheet

- Aggregate leverage[3] up slightly to **37.0%** mainly due to acquisitions and the Polish Value Added Tax ("VAT") loan
- Total Asset Value at **€1.9 billion** following acquisitions completed in Jan and Feb 2019

1. As compared to amounts stated in the Prospectus, adjusted for the Rights Issue where applicable
2. 1Q 2018 DPU is restated to reflect the bonus element in the new units issued pursuant to the Rights Issue
3. Refers to "aggregate leverage" as defined under the Property Funds Appendix; as compared to the Prospectus pro-forma balance sheet aggregate leverage as at listing date stated at 36.8%. Excluding the short-term Poland VAT Loan, aggregate leverage would be 36.2%

Ongoing Focus on Driving Earnings

Key Performance Metrics for 1Q 2019

- **Gross revenue**
  - €40.0 million, 28.7% above the IPO Forecast and 31.7% above the 1Q 2018
- **NPI**
  - €26.4 million, up 29.6% compared to the IPO Forecast mainly due to the recent acquisitions
- **Distributable Income**
  - €22.4 million, 32.3% above the IPO Forecast, and 36.9% above 1Q 2018
- **DPU**
  - €1.02 cents, 5.2% above the IPO Forecast and 6.3% above 1Q 2018[1]

	Actual 1Q 2019	Actual 1Q 2018	Variance	IPO Forecast 1Q 2019	Variance
Gross Revenue (€000)	39,951	30,335	31.7% ▲	31,047	28.7% ▲
NPI (€000)	26,419	19,751	33.8% ▲	20,384	29.6% ▲
Total return for the period attributable to Unitholders (€000)	15,475	52,952	70.8% ▼	14,949	3.5% ▲
Income Available for Distribution to Unitholders (€000)	22,394	16,363	36.9% ▲	16,929	32.3% ▲
DPU (€ cents)	1.02	0.96[1]	6.3% ▲	0.97	5.2% ▲

1. 1Q 2018 DPU is restated to reflect the bonus element in the new units issued pursuant to the Rights Issue

Liquidity Position Remains Strong

Balance Sheet

- Total asset value up due to acquisitions in January and February 2019
- NTA per unit down marginally at €50.4 cents after payment of 2H 2018 distribution
- Cash and cash equivalents stand at €46.3 million after payment of distribution in March 2019
- €145.5 million of current liabilities include the Revolving Credit Facility which expires in January 2019 and is part of current refinancing programme which is well advanced

	As at 31-Mar-19 €000	As at 31-Dec-18 €000	Variance
Current Assets	91,238	107,701	(15.3%)
Non-Current Assets	1,808,190	1,707,141	5.9%
TOTAL ASSETS	**1,899,428**	**1,814,842**	**4.7%**
Current Liabilities	145,475	76,840	89.3%
Non-Current Liabilities	647,973	619,235	4.6%
TOTAL LIABILITIES	**793,448**	**696,075**	**14.0%**
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	**1,105,980**	**1,118,767**	**(1.1%)**
Number of Units in Issue ('000)	2,194,613	2,181,978	0.6%
NTA per Unit	€0.504	€0.513	(€0.009)

Responsible Capital Management

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

- Aggregate leverage[1] is 37.0 %; excluding the short-term Polish VAT loan is 36.2%
- Proportion of hedged debt has increased to 86.0%[2] after interest hedging transactions in February 2019
- Interest Coverage Ratio at 9.2x reflects the wide spread between NPI and interest expense

	As at 31-Mar-19	As at 31-Dec-18	As per Prospectus as at the listing date (30 November 2017)
Total Gross Debt	€703.3 million	€598.2 million	€494.4 million
Proportion of Hedge Ratio	86.0%[2]	71.2%	85.5%
Aggregate Leverage	37.0%[1]	33.0%	36.8%
Interest Coverage Ratio ("ICR")	9.2x[3]	8.9x[3]	9.6x[3]
Weighted Average Term to Maturity	2.7 years	3.0 years	4.0 years

1. Refers to "aggregate leverage" as defined under the Property Funds Appendix. Aggregate leverage includes the Poland VAT loan which is a short-term facility expected to be repaid in the next six months. Excluding the Poland VAT Loan, aggregate leverage is 36.2%
2. Excludes the short-term Poland VAT loan
3. Based on annualised net income before tax and fair value changes after adding back finance costs over the interest expense.

Well-Positioned to Access Low-Cost Debt

- Pan-European debt facilities are well-diversified across 8 lenders and 7 jurisdictions
- Weighted Average Debt Expiry of 2.7 years as at 31 March 2019
- Annualised cost of debt stands at ~1.39% per annum (excludes RCF)
- 3-Month Euribor was -0.31bps as at 29 March 2019
- Key management priority is to refinance November 2020 debt, with the programme well-advanced

Weighted average term to maturity is 2.7 years[1]

	2018	2019	2020	2021	2022	2023	2024	2025	2026
% of Total Debt		2.3%	51.4%	34.6%					11.7%

■ **Asset Financing Facilities**
Total: €641.5 million

■ **Unsecured Revolving Credit Facility (Drawn)**
Total: €61.8million

1. Weighted average term to maturity includes the drawn portion of the Revolving Credit Facility ("RCF").

Bastion
's-Hertogenbosch, The Netherlands

Riverside
Warsaw, Poland

Key Takeaways and Looking Ahead

Key Takeaways

Exceeded IPO Forecast for 1Q 2019 and the Prior Corresponding Period

- NPI up 29.6% vs. IPO Forecast
- Total return attributable to Unitholders up 3.5%
- DPU of €1.02 cents is 6.3% above 1Q 2018[1] and 5.2% above IPO Forecast

Providing Resilient Income and Managing for Growth

- Experienced real estate team is executing on strategy and delivering results above forecasts
- Increased resilience from enlarged portfolio size and enhanced geographical diversification, from 5 countries to 7 countries, with the inclusion of Finland and Poland in the recently announced acquisition of 3 portfolios, with potential NOI upside from improving occupancy
- Barbell approach to portfolio management provides stability with long leases in the office sector, coupled with significant leasing activity across the light industrial / logistics portfolio
- Better leasing outcomes in Poland for office and in Germany and Denmark for light industrial / logistics with positive impact on occupancy rate to come through 2Q 2019

Responsible Capital Management

- Substantial headroom available to take advantage of investment opportunities
- Interest coverage ratio is at 9.2x due to attractive spread between NPI and interest expenses
- Currently 86.0%[2] interest rates hedged to minimise exposure to market volatility and maximise risk-adjusted return to Unitholders

1. 1Q 2018 DPU is restated to reflect the bonus element in the new units issued pursuant to the Rights Issue
2. Excludes short-term Poland VAT loan

Looking Ahead

Delivering on the IPO Forecast through Effective Business Strategy Execution

- Meeting and exceeding the IPO Forecast (FY2019 DPU IPO Forecast adjusted for Rights Issue is €4.02 cents)
- Driving up the occupancy and net operating income of CEREIT
- Reducing costs through scale and efficiencies
- Unlocking asset value through proactive approach to acquisitions and divestments

Providing Clear Visibility of Our Path to Growth for Investors

- Active engagement with broadening pool of investors
- Organic portfolio growth
  - Inflation-linked leases provide built-in rental-growth mechanism
  - Active leasing and asset enhancements further improve portfolio occupancy
- Acquisition growth for the future
  - Deep pool of acquisition opportunities including those accessed through the Sponsor’s extensive pan-European platform

Managing Capital Responsibly

- Debt refinancing programme of €400 million is well-advanced

Parsdorfer Weg 10
Kirchheim, Germany

Boekweitstraat 1 - 21 & Luzernestraat 2 - 12
Nieuw-Vennep, The Netherlands

Appendix

Office Sector – Overview

Office portfolio as a strong and stable anchor for CEREIT

- Tenant retention rate dominated by four renewals in the Netherlands for a total of €0.2 million for office lease terminations / breaks in 1Q 2019
- 9 new office leases were signed, leasing a total of almost 3,700 sqm

	1-Jan-19 to 31-Mar-19
No. of New Leases Signed	9
No. of Leases Renewed	4
Tenant Retention Rate[1]	49%
Total No. of Leases as at 31-Mar-19	352
Total No. of Tenants as at 31-Mar-19	232
Reversion Rate[2]	0.2%
% Freehold (on valuations) [3]	84

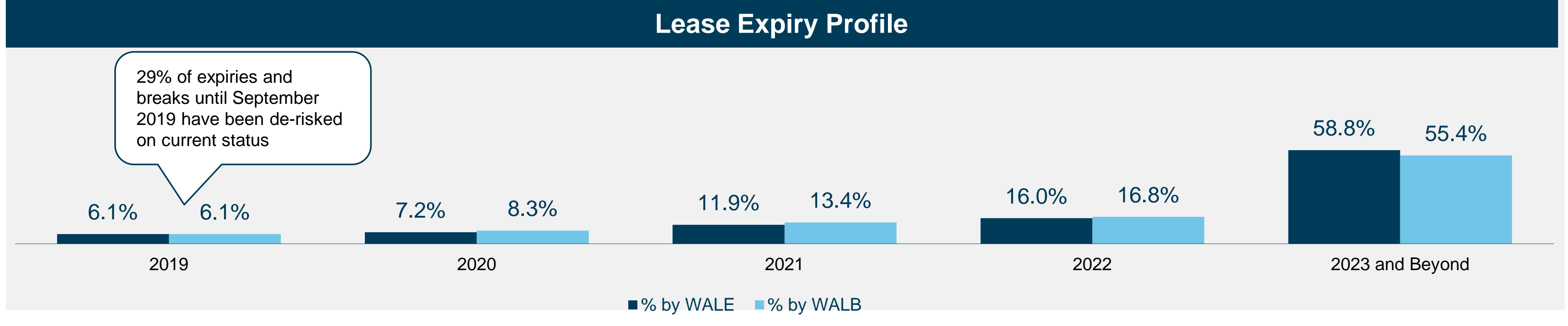
1. Tenant retention rate by Estimated Rental Value ("ERV") is the % quantum of ERV retained over a reference period with respect to Terminable Leases, defined as leases that either expire or in respect of which the tenant has a right to break over a relevant reference period
2. Tenant reversion rate 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 last passing rent of the areas being subject to modified, renewed or new leases
3. Reflects the total proportion of portfolio based on current valuation that is freehold and continuing / perpetual leasehold

Office Sector – Occupancies and Leases

Strong lease expiry profile in the Office portfolio

- Occupancy by area for the office sector declined from 95.2% in 4Q 2018 to 91.8% in 1Q 2019
- Vacancy in the 3 newly acquired Polish office assets (28.8% as of 31 March 2019) contributed to the lower overall occupancy rate
- WALE slightly decreased from 5.2 years in 4Q 2018 to 5.1 years in 1Q 2019

	Occupancy			WALE			WALB		
	31-Dec-18	31-Mar-19	Variance	31-Dec-18	31-Mar-19	Variance	31-Dec-18	31-Mar-19	Variance
Italy	98.6%	97.9%	(0.7) p.p.	5.2 years	5.0 years	(0.2) years	4.7 Years	4.5 years	(0.2) years
The Netherlands	94.0%	92.0%	(2.0) p.p.	5.8 years	6.2 years	0.4 years	5.3 years	5.8 years	0.5 years
Finland	91.2%	89.7%	(1.5) p.p.	3.5 years	3.3 years	(0.2) years	3.0 years	3.0 years	-
Poland	-	71.2%	N/A	-	3.8 years	N/A	-	3.1 years	N/A
TOTAL	95.2%	91.8%	(3.4) p.p.	5.2 years	5.1 years	(0.1) years	4.7 years	4.7 years	-



Office Sector – Leasing & Asset Enhancement Initiatives

Overview as at 31 March 2019

	No. of Assets	Net Lettable Area	Valuation	Reversionary Yield
Italy	11	129,762 sqm	€305,525,000	5.6%
The Netherlands	7	177,891 sqm	€530,577,904	5.6%
Finland	11	61,980 sqm	€113,120,064	7.4%
Poland	3	34,361 sqm	€71,850,001	8.8%
TOTAL	**32**	**403,994 sqm**	**€1,021,072,969**	**6.0%**

The Netherlands

- **Central Plaza, Rotterdam**: Coolblue lease for existing 9,796 sqm at a headline rent of approximately €2 million came into effect from 1 January 2019 for 7.5 years
- **Haagse Poort, The Hague**: Upgrade of climate control with a total cost of €5.8 million commenced in 3Q 2018, completion is expected in 4Q 2019

Poland

- **Arkonska Business Park**: New lease for 2,349 sqm was signed in 1Q 2019, due to come into effect in 2Q 2019

Italy

- **Piazza Affari, Milan**: The works to replace and upgrade the cooling and heating mechanical plants commenced in 4Q 2018 at an estimated cost of €0.6 million. Works are expected to drive considerable savings to building power consumption and costs for the tenants

Light Industrial / Logistics Sector – Overview

Strong leasing performance from light industrial portfolio

- Tenant retention rate in Light Industrial / Logistic sector was 58% for lease terminations/breaks in 1Q 2019. However, 44 new leases over 21,368 sqm were signed in 1Q 2019 and will improve occupancy in future quarters
- 21 leases over 15,833 sqm were renewed during the 1Q 2019

	1-Jan-19 to 31-Mar-19
No. of New Leases Signed	44
No. of Leases Renewed	21
Tenant Retention Rate[1]	58%
Total No. of Leases as at 31-Dec-18	731
Total No. of Tenants as at 31-Dec-18	669
Reversion Rate[2]	4%
% Freehold (on valuations) [3]	98

1. Tenant retention rate by ERV is the % quantum of ERV retained over a reference period with respect to Terminable Leases. Terminable Leases are defined as leases that either expire or in respect of which the tenant has a right to break over a relevant reference period. 3Q 2019 retention includes a sub-tenant taking a direct lease
2. 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 last passing rent of the areas being subject to modified, renewed or new leases
3. Reflect total proportion of portfolio based on current valuation that is freehold and continuing / perpetual leasehold

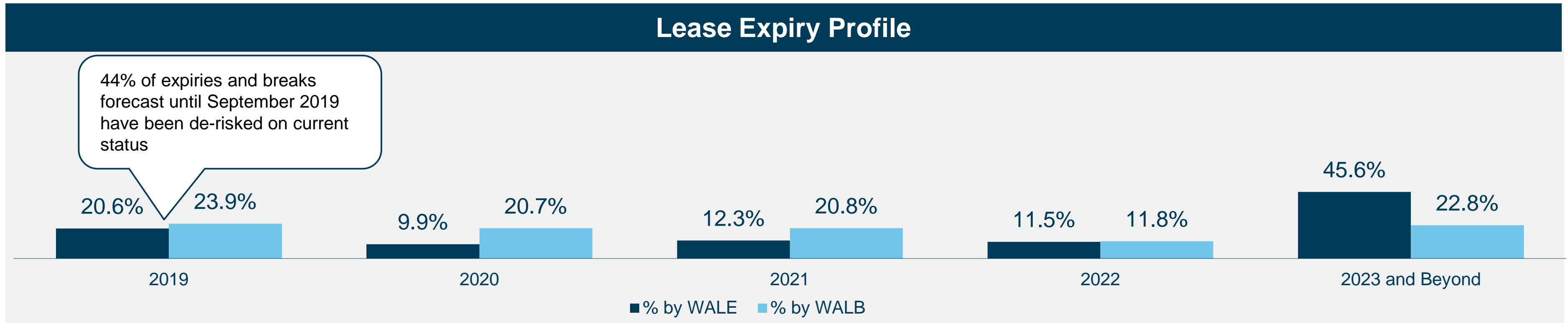
Light Industrial / Logistics Sector – Occupancies and Leases

Strong leasing performance from light industrial portfolio

- Occupancy by lettable area for the Light Industrial / Logistic sector increased from 86.6% in 4Q 2018 to 87.2% in 1Q 2019
- WALE slightly increased from 4.1 years in 4Q 2018 to 4.2 years in 1Q 2019

	Occupancy			WALE			WALB		
	31-Dec-18	31-Mar-19	Variance	31-Dec-18	31-Mar-19	Variance	31-Dec-18	31-Mar-19	Variance
Denmark	73.6%	73.6%	- p.p.	2.2 years	2.2 years	-	1.9 years	2.1 years	0.2 years
France	86.5%	87.5%	1.0 p.p.	4.7 years	4.8 years	0.1 years	2.2 years	2.3 years	0.1 years
Germany	92.0%	92.3%	0.3 p.p.	5.0 years	5.2 years	0.2 years	4.7 years	4.9 years	0.2 years
Italy	100.0%	100.0%	-	3.6 years	3.4 years	(0.2) years	3.6 years	3.4 years	(0.2) years
The Netherlands	95.2%	95.8%	0.6 p.p.	2.6 years	2.9 years	0.3 years	2.5 years	2.8 years	0.3 years
TOTAL	86.6%	87.2%	0.6 p.p.	4.1 years	4.2 years	0.1 years	2.7 years	2.8 years	0.1 years

Lease Expiry Profile



Light Industrial / Logistics Properties Sector

Leasing & Asset Enhancement Initiatives

Overview as at 31-Dec-18	No. of Assets	Net Lettable Area	Valuation	Reversionary Yield
Denmark	13	151,491 sqm	€81,302,000	7.9%
France	25	370,067 sqm	€349,800,000	8.2%
Germany	11	166,738 sqm	€113,600,000	7.0%
Italy	1	29,638 sqm	€12,550,000	7.0%
The Netherlands	10	82,314 sqm	€77,350,000	7.3%
TOTAL	**60**	**800,248 sqm**	**€634,602,000**	**7.8%**

France

- A number of new leases totalling in excess of 8,000 sqm have been signed improving occupancy and increasing rental income. Over 3,000 sqm of space has now been leased up in Parc des Docks

The Netherlands

- A number of smaller new leases were signed, most notably in Veemarkt where 1,155 sqm has been concluded.

Denmark

- **C.F. Tietgensvej 10:** 2,638 sqm leased for total rent of €93,432. Lease start date was 1 February 2019.
- **Hjulmagervej 3-19:** Several smaller leases have been signed to secure income across 1,524 sqm

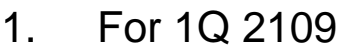
Portfolio Overview – The Netherlands

Occupancy (as at 31 March 2019)	NPI[1] (€million)	Last Valuation (as at 31 December 2018)	Average Reversionary Yield (as at 31 December 2018)	Number of Leases (as at 31 March 2019)
93.2%	7.6	607.9	5.8%	252

Light Industrial / Logistics

Office

1. Bohrweg
2. Haagse Poort
3. Koningskade
4. Central Plaza
5. Blaak
6. Boekweitstraat
7. Capronilaan
8. Folkstoneweg
9. Veemarkt
10. De Ruijterkade
11. Kapoeasweg
12. Antennestraat
13. Nieuwgraaf
14. Fahrenheitbaan
15. Harderwijkerstraat
16. MT Laan
17. Bastion



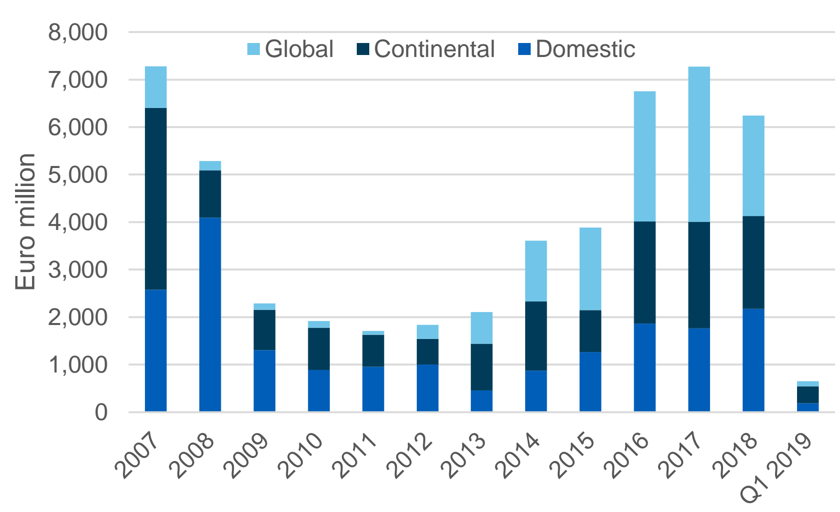
1. For 1Q 2109

The Netherlands – Office Market Outlook

Real Estate Market

- 1Q 2019 saw 329,200 sqm of office take-up, 11% up on 1Q 2018 as some 4Q deals slipped into the new year. Slower market conditions, particularly noticeable in Amsterdam, Utrecht and The Hague, are due to the lack of availability for companies with requirements in excess of 3,000 sqm, resulting in some companies (re)locating business activities to adjacent office locations such as Amstelveen, Hoofddorp and Amersfoort.
- Pressure on rents is not uniform with upward pressure in Amsterdam and Utrecht due to the scarcity of space. In other regions such as Rotterdam, Amersfoort and Zwolle, upward rental pressure is mainly concentrated in the city centres.
- Areas such as Sloterdijk, South East and the South Axis have been developing from monofunctional office locations to a multifunctional urban ones offering a mix of office, retail and leisure space alongside housing, benefitting from excellent connectivity with each area having their own intercity station, linked with public transport/transit hubs.
- 1Q (so far) has seen €2.8 billion invested into the Dutch commercial real estate market, of which €650 million (23%) was into offices. Domestic investors maintain their appetite for local assets but rising levels of international ownership and foreign capital have been noted (70% of 1Q activity) attracted by solid economic and occupier fundamentals.
- Robust occupier fundamentals are supporting investor interest who continue to look for opportunities. However, with yields at historic lows, investors are looking to rental upswings for growth which are currently being provided by the combination of low vacancy rates, limited land availability and restrictions on new developments.

Office Volumes by Capital Source



Economy

Indicator	2018	2019	2020 Outlook (vs 2019)
GDP Growth	2.6%	1.6%	→
Industrial Production Index	1.5%	1.2%	→
Consumer Prices, average	1.7%	2.0%	↘
Population (millions)	17.25	17.33	→
Population Growth Rate	0.59%	0.55%	→
Unemployment Rate	4.8%	4.5%	→

Annual % change unless specified

- 2019 is expected to be slower than 2018 but healthy with GDP growth of 1.6%. There are concerns that worsening global trade could impact growth.
- The strong labour market is underpinning the modest growth forecasts. At 4.5% in January, a 10-year low, wage growth has accelerated.
- Domestic demand remains robust, boosted by an increase in government consumption and a further pick-up in household's real disposable incomes.

Outlook

- The availability of suitable space will remain limited and with robust demand levels the vacancy rates will fall further, supporting positive growth over the next twelve months in headline rents alongside a further reduction in incentive packages.
- Despite the strong demand levels, the tight supply situation is hindering higher take-up levels with 2019 volumes expected to be behind 2018. In a response to this, planning authorities are slowly loosening their processes, allowing for more development to take place, but it will be some time before demand and supply are more in balance.
- Secondary locations come to the fore as the tight supply and rental rises see demand trends shift to secondary areas, especially where there are planned infrastructure projects making areas more accessible. The new metro for example connecting north and south Amsterdam has opened up potential areas of investment.
- There is still evidence of plenty of liquidity in the market but, after six consecutive years of investment volume growth, many prime assets have already traded and are not expected to come back to the market any time soon.
- Considering the risks and the turning point in the ECB's monetary policy, investors are likely to take a more cautionary approach in 2019 - this means a strong investment market by historical standards, but perhaps a moderate decline in volume compared to 2018.

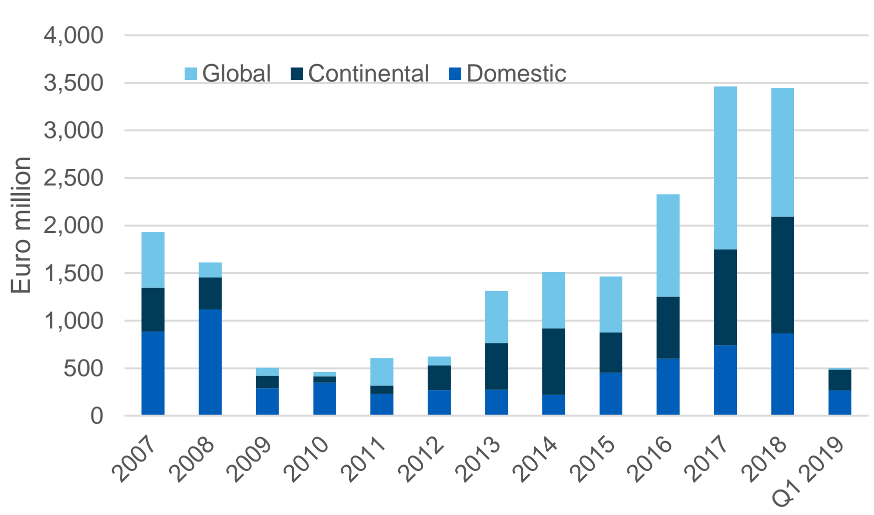
Sources:
Colliers – The Office Market The Netherlands – April 2019
CBRE – Office Market Report The Netherlands Q1 2019
Real Capital Analytics – data as at 29 April 2019
Oxford Economics - Country Economic Forecast The Netherlands 18 April 2019

The Netherlands – Light Industrial / Logistics Market Outlook

Real Estate Market

- The robust performance of the Dutch economy over the last few years has translated into both strong consumer spending which rose by 2.5% over 2018 and, with a proportion of this taken-up by online shopping, strong demand for logistics space. 1Q 2019 reported just over 550,000 sqm of take-up, and while this was a decline compared to 2018 this is more attributed to a lack of suitable space than waning demand.
- The leasing market is healthy - 2018 saw 2.2 million sqm of take-up nationwide, above the long-run average. Alongside this, there has been a notable pick-up in construction activity with stock reaching 33.2 million sqm, an increase of 6.8% over the year. The Dutch logistics vacancy rate is between 5.0% - 7.0% as new space is absorbed with relative ease despite rising construction volumes. Rent levels are also under upward pressure in regions with new developments, albeit mostly as a reaction to the marked rise in construction costs.
- Investor interest in the Dutch logistics market is robust and increasing supported by the healthy occupier fundamentals. €502 million was invested into the Dutch industrial sector in 1Q 2019, and while this was a decline of 25% on the comparative quarter in 2018, yields remain under downward pressure for the very best space amidst continuing investor demand.
- The market is truly international with international investors typically accounting for between 65% - 80% of quarterly trading volumes, although this was skewed in 1Q with a more even split with domestic investors. The sector is seen as an attractive proposition for both domestic and international capital supported by a stable political environment, good infrastructure and a favourable tax framework.

Industrial Volumes by Capital Source



Economy

Indicator	2018	2019	2020 Outlook (vs 2019)
GDP Growth	2.6%	1.6%	→
Industrial Production Index	1.5%	1.2%	→
Consumer Prices, average	1.7%	2.0%	↘
Population (millions)	17.25	17.33	→
Population Growth Rate	0.59%	0.55%	→
Unemployment Rate	4.8%	4.5%	→

Annual % change unless specified

- 2019 is expected to be slower than 2018 but healthy with GDP growth of 1.6%. There are concerns that worsening global trade could impact growth.
- The strong labour market is underpinning the modest growth forecasts. At 4.5% in January, a 10-year low, wage growth has accelerated.
- Domestic demand remains robust, boosted by an increase in government consumption and a further pick-up in household's real disposable incomes.

Outlook

- Online retail sales have risen from 1.7% in 2005 to just over 10% in 2018 with room for further expansion positively impacting occupier statistics. As noted by Savills, occupier demand grew rapidly for logistics space in Germany and the UK when the share of online sales reached to10%. With similar levels now reached in the Netherlands, early signals are pointing to a similar pick-up in the Dutch logistics market.
- Supply is falling in the main hotspots against strong occupier activity. Even with new deliveries, it is unlikely that they will be able to keep pace with current active requirements. For now there are still suitable land parcels available for new developments but they will become increasingly scarce and as vacancy falls, upward pressure on rents will resume. Taking Venlo as an example, land for development of new logistics real estate in business parks has decreased 57% in three years.
- With consumers demanding ever shorter delivery times and flexibility in returning items, prospects for the occupier market are favourable with companies needing to reposition their supply chains in order to service these demands. The expectation is for an increasing share of investment targeting property in urban infill locations and new 'agglo(meration)-logistics' developments will emerge too. Due to the rising scarcity within the main hotspots, expansion of stock will involve new developments in locations outside them.

Sources:
Savills – The Netherlands Market Update, Logistics Rental Growth, March 2019
CBRE – Logistics Market Report The Netherlands Q1 2019
Real Capital Analytics – data as at 29 April 2019
Oxford Economics - Country Economic Forecast The Netherlands 18 April 2019

Portfolio Overview – Italy

Occupancy (as at 31 March 2019)	NPI[1] (€million)	Last Valuation[2] (as at 31 December 2018)	Average Reversionary Yield (as at 31 December 2018)	Number of Leases (as at 31 March 2019)
99.2%	6.9	457.1	6.1%	41

Light Industrial / Logistics
Office
Hotel
Barracks
Retail

1. Milano Affari
2. Milano Assago
3. Milano Nervesa
4. Saronno
5. Lissone
6. Ivrea
7. Cuneo
8. Genova
9. Padova
10. Mestre
11. Fireze
12. Roma Amba Aradam
13. Roma Pianciani
14. Pescara
15. Bari Europa
16. Bari Trieste
17. Rutigliano

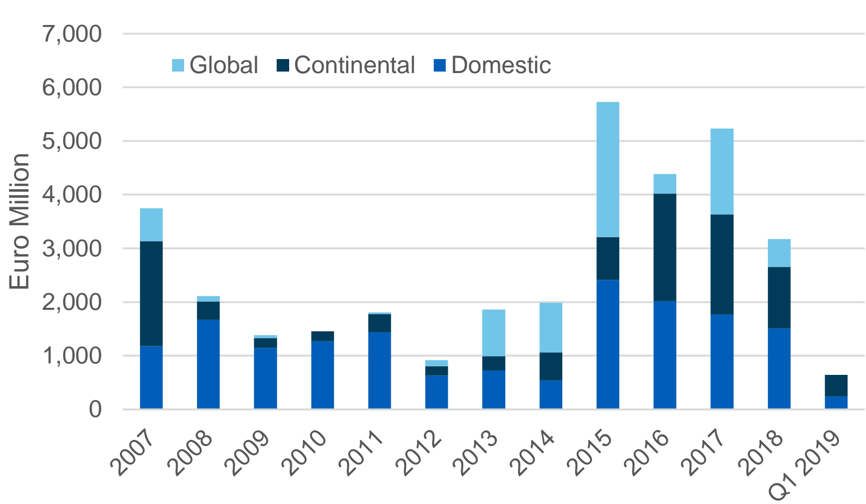
1. For 1Q 2109
2. Valuation for Ivrea conducted as at 13th April 2018

Italy – Office Market Outlook

Real Estate Market

- Milan saw take-up of 380,000 sqm in 2018 – a record breaking level with new players ranging from financial and co-working to consultancy, all with a focus on the CBD and Porta Nuova but with rising interest in new developments in the semi-central and peripheral areas. The most active sectors are business services (32.1%), the financial sector (17.3%) and the manufacturing sector (16.1%).
- Take-up figures in Rome were strong in 2018 reaching almost 170,000 sqm, only slightly behind the record year of 2017. Activity is largely supported by the relocation and/or consolidation of a few sizeable companies into single headquarter buildings with a focus on the CBD and Centre submarkets. Business services played their part and were the most active for the first time (29% share), followed by the traditionally strong IT sector (24%).
- 1Q 2019 saw investment activity with €1.3 billion trading nationwide and, while this was down on Q4 volumes, it is in line with the traditional slower first quarter. The office sector continues to dominate, amounting to 50% of Q1 volumes, boosted by a number of deals in excess of €100 mn - the largest completed deal was Coima SGR's purchase of via Giovanni Battista Pirelli 35 from Deka Immobilien.
- Milan, the commercial hub of Italy, continues to be the target market for both domestic and international money with a 74% share of trading volumes in 1Q. Rome takes second spot but is someway behind, and Turin clinches the third place.

Office Volumes by Capital Source



Economy

Indicator	2018	2019	2020 Outlook (vs 2019)
GDP Growth	0.8%	-0.1%	→
Industrial Production Index	0.7%	-0.6%	↗
Consumer Prices, average	1.1%	0.9%	↗
Population (millions)	60.54	60.52	→
Population Growth Rate	-0.04%	-0.04%	→
Unemployment Rate	10.6%	10.5%	↘

Annual % change unless specified

- Italy's economy shrunk for the third consecutive quarter in 1Q 2019 with a contraction of 0.1% this year now expected - a setback for the anti-establishment government.
- Domestic issues will impact despite an easing in policy uncertainty, the weaker outlook will continue to trouble the government which has pushed the issues further down the road – most of the original expenditure measures have been deferred until 2020 and will be offset by a large VAT increase in 2020-21.
- External factors will also be a drag on growth, such as a slowing Eurozone or a ramping up in global protectionism.

Outlook

- Overall investment volumes declined in 1Q 2019 against the fragile economic backdrop and lingering political concerns. Those not familiar with the market are unlikely to venture forth, impacting trading volumes in 2019.
- Investors with a track record in Italian real estate will monitor the markets for opportunities. Grade A buildings released by some landlords who are rebalancing their portfolios and consolidating in a handful of core markets or potentially well positioned refurbishment projects are likely to be the most sought-after assets.
- The occupier market seems to be on more solid ground. In 2019, the trend for serviced offices and co-working is expected to expand further after the entry into the market in 2018 of new and important operators in the sector – this will be a crucial element of demand in 2019.
- Tight availability of quality space in Milan has seen the 2019 pipeline rise to around 200,000 sqm. In addition, 2021 will see the start of some major urban expansion projects such as the redevelopment of the former Farini and San Cristoforo rail yards should planning permission be granted and add a further 300,000 sqm. In Rome too, a sizeable pipeline and healthy demand are sending out positive signals for the immediate future.

Sources:
Oxford Economics – Country Economic Forecast Italy 9 April 2019
Real Capital Analytics – data as at 29 April 2019
CBRE – Italy Outlook 2019
JLL – Italy Office Snapshot Q4 2018

Portfolio Overview – France

Occupancy (as at 31 March 2019)	NPI[1] (€million)	Last Valuation (as at 31 December 2018)	Average Reversionary Yield (as at 31 December 2018)	Number of Leases (as at 31 March 2019)
87.5%	5.8	349.8	8.2%	350

Light Industrial / Logistics

1. Parc des Docks
2. Parc des Guillaumes
3. Parc du Landy
4. Parc Delizy
5. Parc des Grésillions
6. Parc d' Osny
7. Parc de l'Esplanade
8. Parc Urbaparc
9. Parc du Mérantais
10. Parc des Mardelles
11. Parc de Béziers
12. Parc Jean Mermoz
13. Parc des Erables
14. Parc de Louvresses
15. Parc Locaparc 2
16. Parc de Champs
17. Parc de Meslay
18. Parc de Sully
19. Parc Acticlub
20. Parc le Prunay
21. Parc de Popey
22. Parc du Bois de Tambour
23. Parc de Aqueducs
24. Parc Jules Guesde
25. Parc de la Chauvetière

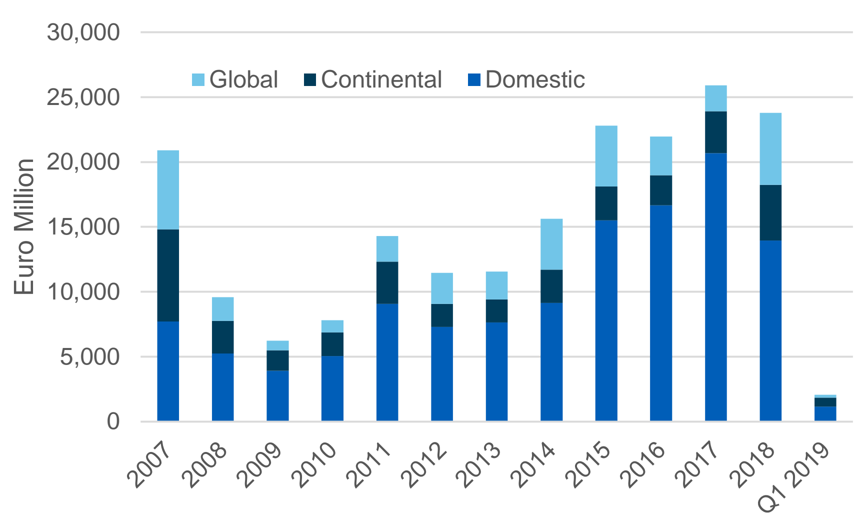
1. For 1Q 2109

France – Office Market Outlook

Real Estate Market

- Paris and major second tier cities performed well in 4Q 2018, with momentum carried forth into 2019. Market characteristics are robust take-up supported by strong job creation, lower vacancy and upward pressure on rents for both Grade A space and average rents, but only for select areas. However, weaker economic growth will slow occupier activity and, coupled with low availability in central areas, could result in lower levels of take-up in 2019.
- Occupier activity is being supported by employment growth and the rise of French tech and start-ups (7.8% more tech jobs in France in 2018). These factors, combined with companies upgrading their space will support active demand going forward and further declines in vacancy – possibly to around 2.0% in Paris city proper. But traditional lease structures of 3/6/9 years are seeing increased competition from co-working operators as corporates respond to more agile and flexible working models in a bid to attract and retain talent.
- 1Q 2019 office investment was down on both 1Q and 4Q 2018 but there are deals in the pipeline (e.g. in La Défense) and, with further strong interest in the market - notably an uptick from Asian investors keen to get exposure to the Paris office market, this should drive market share and overall volumes higher as the year progresses.
- The weight of capital, which is outweighing opportunities, has compressed yields to historic lows. Given the current yield level and the noted pressure still being felt, some investors are turning to value-add and core plus transactions along with rising interest in development opportunities as a way of creating value and purpose-built projects designed to fit the changing needs and demands of end users.

Office Volumes by Capital Source



Economy

Indicator	2018	2019	2020 Outlook (vs 2019)
GDP Growth	1.6%	1.4%	↗
Industrial Production Index	0.4%	1.3%	→
Consumer Prices, average	1.9%	1.2%	↗
Population (millions)	67.36	67.60	→
Population Growth Rate	0.34%	0.35%	→
Unemployment Rate	8.7%	8.4%	↘

Annual % change unless specified

- 2018 GDP growth of 1.6% amidst political uncertainty created by the ‘gilets jaunes’ protests which are now having a visible impact on the political agenda with some fiscal reforms postponed and/or narrowed.
- Weaker business confidence coming through linked to external factors such as the ongoing threat of US tariffs on European cars.
- Domestic demand is a key element of growth in 2019 driven by private consumption. Inflation remains low driven down by oil prices despite tight labour markets and rising wages.
- Public investment is robust linked in part to expenditure on the Grand Paris Express project.

Outlook

- Leasing activity may be constrained in 2019 as companies look to minimise costs in a more unstable economic environment and thus limit corporate moves. However, with vacancy rates low both in Paris and key cities such as Marseille and Lyon, prime rents could see some upward pressure.
- The cycle is near its peak and investors are fully aware of this, although the expectation is for a softer landing. There is still room for value creation strategies but, with yields at historic lows, investors will need to realistic that achieving double-digit IRRs may be a thing of the past, for now at least.
- Prime rents are expected to remain stable and prime yields are unlikely to see any further compression in the capital as the ‘gilets jaunes’ protests may foster some further anxiety amongst investors, especially foreign capital.
- 2019 is expected overall to be slower than 2018 as the cumulative effect of weaker economic growth, weaker consumer confidence and the lack of vacant space in Paris and key second tier cities impacts both occupier and investment volumes. In addition, political uncertainties and the perceived rising fragility of President Macron’s position may dampen investor appetite but this is only expected to be short term.

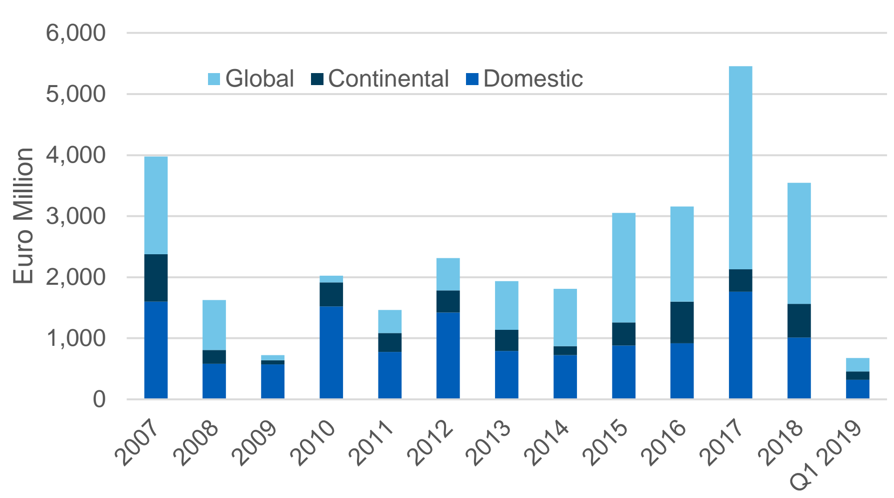
Sources:
Oxford Economics – Country Economic Forecast France 10 April 2019
Real Capital Analytics – data as at 29 April 2019
CBRE – Real Estate Outlook 2019 France
CBRE – Paris Region, Offices, Q4 2018

France – Light Industrial / Logistics Market Outlook

Real Estate Market

- The fundamentals underlying the French industrial and logistics sector are solid. Given the structural changes that are happening with consumer behaviour and the continued rise in online sales, e-commerce continues to be the driver of a considerable amount of leasing activity - internet sales have risen by 14% y-o-y, and m-commerce has boomed, growing by +50% y-o-y (Fevad 2018).
- The rising demand from consumers for product diversity and shorter delivery times as well as ease of returning unwanted goods is forcing companies to see their supply chain as a strategic element to their overall service and those that can master their logistics chain will set themselves apart from their competition.
- Renewed developer confidence is seen given the shortage of sought-after large prime assets combined with healthy, record breaking take-up. In 2018, occupational activity reached 4.1 million sqm across the French logistics market and exceeding the 10-year average. This pushed the vacancy rate for quality assets to below 3%. With development lagging, pending authorisations and the challenges of redeveloping brownfield sites, there is room for rental growth.
- Investor appetite for industrial and logistics product remains evident as the search for diversification continues as does the search for higher returns. In In excess of €3.5 billion was invested into the sector over the course of 2018 accounting for around 9.5% of total trading volumes. €680 million was traded in 1Q 2019, a rise of 2.9% on 1Q 2018, with international capital accounting for 53%.

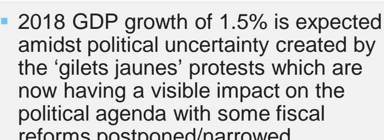
Industrial Volumes by Capital Source



Economy

Indicator	2018	2019	2020 Outlook (vs 2019)
GDP Growth	1.5%	1.5%	↗
Industrial Production Index	0.7%	1.4%	→
Consumer Prices, average	1.9%	1.3%	↗
Population (millions)	67.36	67.60	→
Population Growth Rate	0.34%	0.35%	→
Unemployment Rate	8.7%	8.4%	↘

Annual % change unless specified



- 2018 GDP growth of 1.5% is expected amidst political uncertainty created by the 'gilets jaunes' protests which are now having a visible impact on the political agenda with some fiscal reforms postponed/narrowed.
- Weaker business confidence coming through linked to external factors such as the ongoing threat of US tariffs on European cars.
- Domestic demand is a key element of growth in 2019 driven by private consumption. Inflation remains low driven down by oil prices despite tight labour markets and rising wages.
- Public investment is robust linked in part to expenditure on the Grand Paris Express project.

Outlook

- The weight of capital targeting core and core + is outweighing the availability of product which in turn is compressing prime yields to historic lows.
- With yields in the Ile-de-France region seeing relatively rapid compression over the last few years, investors are turning to target cities such as Lille, Lyon and Marseille, which run along the north-south logistics axis and are suffering from a lack of supply following healthy demand levels, where yields are still higher than those in the Greater Paris area.
- Urban logistics schemes offer opportunities as retailers supplement their supply chains in order to satisfy the ever shorter delivery times demanded by consumers. However, the development of this type of product will come up against alternative uses, such as residential, given the proximity to urban centres.
- The shortage of sought-after large prime assets combined with healthy, record breaking take-up in recent years, has strengthened investor confidence in the underlying fundamentals of the French market. This has renewed developer confidence as well and there has been a notable rise in construction starts.
- The appetite of foreign investors is evident particularly from US funds, followed by German, Swedish and UK investors. The weight of capital targeting core and core + is outweighing product, compressing prime yields to historic lows.

Sources:
Oxford Economics – Country Economic Forecast France 10 April 2019
Real Capital Analytics – data as at 29 April 2019
CBRE – Real Estate Outlook 2019 France
CBRE – France Logistics Q4 2018

Portfolio Overview – Germany

Occupancy (as at 31 March 2019)	NPI[1] (€million)	Last Valuation (as at 31 December 2018)	Average Reversionary Yield (as at 31 December 2018)	Number of Leases (as at 31 March 2019)
92.3%	1.6	113.6	7.0%	57

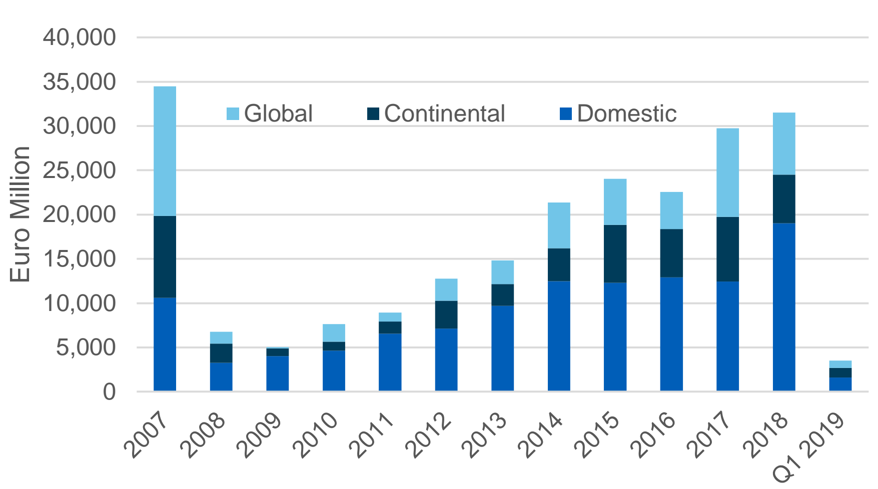
1. For 1Q 2109

Germany – Office Market Outlook

Real Estate Market

- Employment figures are robust and rising, in turn supporting healthy levels of office demand nationwide. Across Germany's top 8 cities, occupier activity in 1Q 2019 was approximately 900,000 sqm, exceeding the comparative quarter in 2018 by a marginal 1%. Furthermore, the current robust performance is despite weaker GDP growth forecasts.
- With constrained development in a number of cities, the robust demand levels have eroded supply and the nationwide vacancy is 4% - rates are lowest in Berlin (1.7%), Munich (2.3%) and Cologne (2.8%) with Hamburg higher but still tight at 4.5%. Another perspective is that current availability of 4.04 million sqm equates to one year's worth of occupier activity, indicating that even if construction rise any parallel rise in vacancy would be constrained.
- Flexible office operators, while still a low proportion of overall take-up, are increasing their foothold in the German market with a clear focus on the Big 7 cities, although the low vacancy rates are hampering their expansion plans.
- Investors are attracted by the size and depth of the market and the robust fundamentals underpinning the occupational market. The share of the Big 5 locations fell to 63% in 1Q (down from 71% in 4Q 2018) as the availability of product dries up further and competition increases exerting pressure on the already historic low yields.
- Office properties continue to be at the top of investors' shopping list with initial 1Q 2019 figures reporting €3.5 billion worth of assets trading, although the figures is expected to rise once all deals have been included. Domestic investors remain dominant but international capital accounted for approximately a 45% share of 1Q 2019 activity.

Office Volumes by Capital Source



Economy

Indicator	2018	2019	2020 Outlook (vs 2019)
GDP Growth	1.5%	1.1%	↗
Industrial Production Index	1.0%	-0.9%	↗
Consumer Prices, average	1.7%	1.5%	↗
Population (millions)	83.04	83.26	→
Population	0.36%	0.27%	→
Unemployment Rate	5.2%	4.9%	→

Annual % change unless specified

- GDP forecasts for 2019 have been nudged down to 1.1% against mounting external headwinds.
- Robust domestic demand will be the pillar of growth for the economy based on a surge in the services PMI data, a strong labour market and retail sales data.
- Further improvements are anticipated in the labour market, with a 5.0% unemployment rate in February, leading to wage growth of around 3.0%.
- The manufacturing PMI remains below 50 as factory orders fall and prospects are further dampened by slowing global trade.

Outlook

- There is just 3.5 million sqm of space currently under construction (as at end 2018) and, with 60% already pre-let, the pressure on available space will continue with rents expected to see further, albeit moderate, upswings in rental growth.
- The tight vacancy in the prime locations in particular is hindering higher levels of take up but there are some opportunities available in off-pitch locations and/or redevelopment projects to reposition older and under-rented office stock.
- Further falls in vacancy are anticipated as 2019 unfolds, potentially declining to 3.5% or thereabouts across the Top 7 cities. However, the pace of decline is expected to slow compared to the recent past as corporates act with more caution given the weaker economic prospects despite current strong fundamentals. Some schemes will continue to break ground but developers will increasingly seek pre-let agreements for a proportion of the building before proceeding.
- Prime locations will continue to attract the bulk of interest despite the historic low yields, the secondary locations possibly seeing a decline in activity, unable to offer an adequate volume of larger lots that many investors are looking for. With prime yields at historic lows across the main investment markets, careful due diligence is needed, acknowledging that rental growth will be the most likely element of capital value growth as opposed to yield compression.

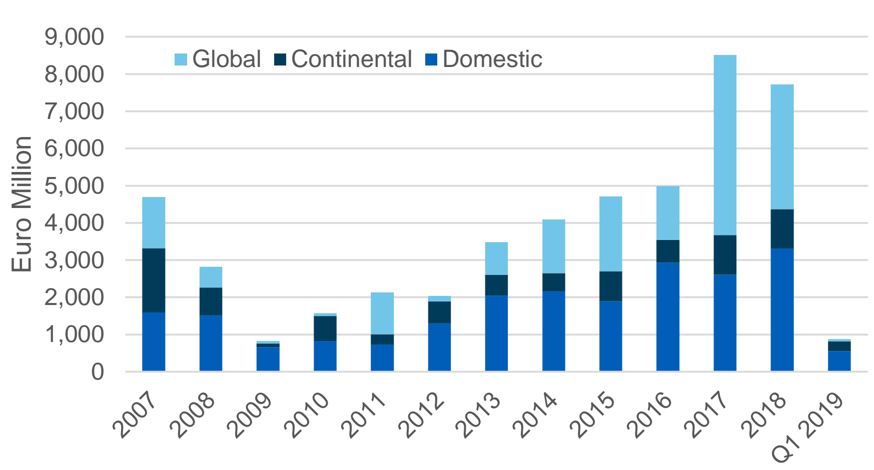
Sources:
Oxford Economics – Country Economic Forecast Germany 9 April 2019
Real Capital Analytics – data as at 30 April 2019
BNP Paribas – Office Investment Market Germany Q1 2019
BNP Paribas – Office Market Germany Q1 2019

Germany – Industrial Market Outlook

Real Estate Market

- 2018 was a record breaking year for the German warehouse and logistics market with take-up reaching 7.6 million sqm, breaking the 7.0 million sqm mark for the first time. The result is 17% above the 2017 performance and 38% higher than the ten-year average.
- The strong activity was in spite of the weaker economic growth seen in 2H 2018 which did not seem to dampen demand. Companies continue to restructure their supply chains to cater for rising demand linked to the further expansion of online sales. Logistics firms account for the bulk of leasing activity (37%), followed by manufacturing (32%), with wholesale/retail the remaining volume. Owner occupier deals remain a significant share of activity (40%).
- The Big 5 cities of Berlin, Düsseldorf, Frankfurt, Hamburg and Munich reported take-up of 2.72 million sqm and while this is marginally up on 2017, occupiers are continuing to shift their focus to second tier locations outside these prime areas where space is more readily available and rents have not seen such steep increases, although they are likely to follow due to rising land prices and construction costs.
- The appetite for German logistics seen over the past few years continued in 1Q 2019 with approximately €1.3 billion traded. A change in trend was that 58% of the trading volume was generated by individual buildings where portfolios had dominated in the past. Local and foreign buyers are looking for opportunities and the lack of investable product is holding back higher volumes.

Industrial Volumes by Capital Source



Economy

Indicator	2018	2019	2020 Outlook (vs 2019)
GDP Growth	1.5%	1.1%	↗
Industrial Production Index	1.0%	-0.9%	↗
Consumer Prices, average	1.7%	1.5%	→
Population (millions)	83.04	83.26	→
Population	0.36%	0.27%	→
Unemployment Rate	5.2%	4.9%	→

Annual % change unless specified

- GDP forecasts for 2019 have been nudged down to 1.1% against mounting external headwinds.
- Robust domestic demand will be the pillar of growth for the economy based on a surge in the services PMI data, a strong labour market and retail sales data.
- Further improvements anticipated in the labour market with a 5.0% unemployment rate in February, leading to wage growth of around 3.0%.
- The manufacturing PMI remains below 50 as factory orders fall and prospects further dampened by slowing global trade.

Outlook

- The slower economic prospects for the German economy in 2019 need to be considered as consumption and industrial production are significant contributors to demand. In particular, the challenges associated with the latent trade conflicts, Brexit and slower growth in China, have the potential to dampen sentiment although it should be noted that the growth rate will still be relatively robust compared to the long-term trend.
- The overall market environment remains however positive and there are indications that relatively healthy leasing activity will continue. It remains to be seen whether the record-breaking performance of 2018 can be repeated, partly due to rising land prices and construction costs.
- Locations outside the traditional, longer standing logistics hubs are increasingly becoming the focus of attention offering the potential of more space for development and while development costs are high, rents are generally lower than and incentive packages evident.
- The breadth of investors interested in German logistics continues and with investor demand outweighing supply and competition strong for the limited amount of core product, there is room for further prime yield compression. However, the weaker economic outlook may dampen take-up volumes, but continued supply constraints around urban areas are likely to put some upward pressure on prime rents but occupiers will continue to look to alternative locations that offer better value and thus keep prime rental growth in check.

Sources:
Oxford Economics – Country Economic Forecast Germany 9 April 2019
Real Capital Analytics – data as at 29 April 2019
BNP Paribas – Logistics Market Germany Q1 2019
Capital Economics – European Commercial Property Update 11 April 2019

Portfolio Overview – Denmark

Occupancy (as at 31 March 2019)	NPI[1] (€million)	Last Valuation (as at 31 December 2018)	Average Reversionary Yield (as at 31 December 2018)	Number of Leases (as at 31 March 2019)
73.6%	1.4	81.3	7.9%	118

LEGEND
Light Industrial / Logistics

Skagen
Hirtshals
Frederikshavn
Klitmøller
Aalborg
Thisted
Viborg
Randers
Holstebro
Herning
Aarhus
Ringkobing
Hvide Sande
Billund
Vejle
Denmark
Esbjerg
Kolding
Odense
Slagelse
Copenhagen
Roskilde
Fehmarn

1. Hjulmagervej 3-19
2. C.F. Tietgensvej 10
3. Hørskætten 5
4. Hørskætten 4-6
5. Herstedvang 2-4
6. Naverland 12
7. Naverland 8
8. Naverland 7-11
9. Fabriksparken 20
10. Islevdalvej 142
11. Priorparken 700
12. Priorparken 800
13. Stamholmen 111

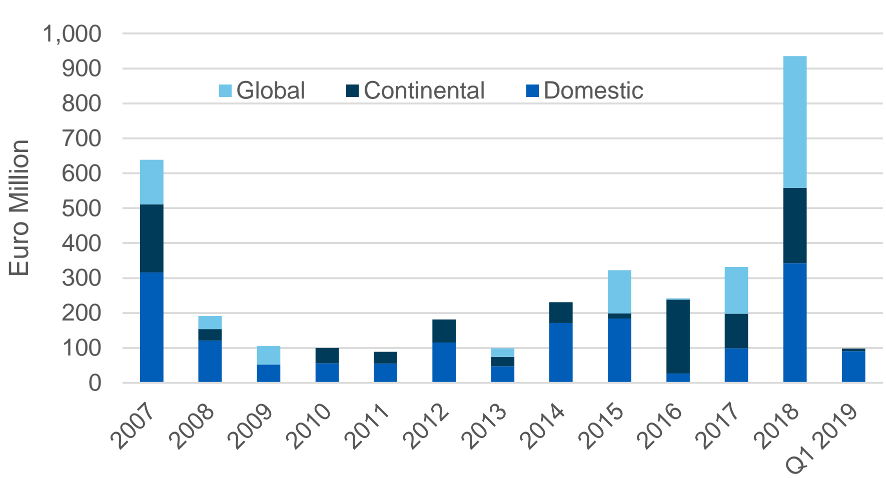
1. For 1Q 2109

Denmark – Light Industrial / Logistics Market Outlook

Real Estate Market

- The recent strong demand levels for logistics space has eroded supply in the major logistics hubs which are now running out of space and struggling with access to labour due to historic low unemployment of 5.4%. Occupier demand and development activity is therefore shifting to some of the smaller logistics hubs that have room for expansion, but even the additional completions will not see vacancy rise above 3.5% in the near-medium term.
- Boosted by the expansion of e-commerce and structural changes needed to service this growth, demand for well located, efficient logistics schemes continues to strengthen. Urban logistics are also seeing rising levels of interest from occupiers and investors in the search for the optimal balance between efficient ways to combine quick access to their customer base with warehouse networks, while protecting margins.
- The Greater Copenhagen area is a significant market with occupiers focusing on areas such as Taastrup, Ishoj Koge and Greve, as well as the Triangle area in Jutland. Prime rents are in the region of Dkr 650/sqm/year in Copenhagen, having seen an upswing of 4.3% on the back of rising demand and a vacancy rate of approximately 2.3%. Availability is likely to fall away further as new deliveries are lagging the pent-up demand.
- 1Q 2019 got off to a slow start from an investment perspective with just under €100 million invested into the sector. Interest continues but activity levels are somewhat held back by the small size of the overall market and the lack of stock due to historic restraints by developers to build on a speculative basis.

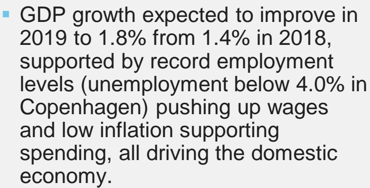
Denmark Investment Volumes (€mn)



Economy

Indicator	2018	2019	2020 Outlook (vs 2019)
GDP Growth	1.4%	1.8%	→
Industrial Production Index	2.1%	3.3%	↘
Consumer Prices, average	0.8%	1.2%	↗
Population (millions)	5.79	5.81	→
Population Growth Rate	0.41%	0.42%	→
Unemployment Rate	3.9%	3.7%	→

Annual % change unless specified



- GDP growth expected to improve in 2019 to 1.8% from 1.4% in 2018, supported by record employment levels (unemployment below 4.0% in Copenhagen) pushing up wages and low inflation supporting spending, all driving the domestic economy.
- A general election is due in June 2019 with polls suggesting the Social Democrats will come to power and this could affect growth prospects.
- External sector risks exist, skewed to the downside. The threat of a further escalation in protectionism, a slowing Eurozone economy and the rising possibility of a "no-deal" Brexit could all hit Danish exports this year.

Outlook

- The outlook for the Danish industrial market is positive, despite the relatively small size of the market. Positive rental growth is expected to feature against the lack of new, speculative development, so even if demand wanes a little there should still be pressure on rents to rise.
- The majority of construction that is taking place in the market is more often than not linked to owner-occupiers or pre-lets tied into long leases. The shortage of new supply reflects the fact that construction costs for new developments is still higher than capital values on a per square metre basis. Against this backdrop, the vacancy rate will stay low and rental growth is expected over 2019 in the region of 4.2%.
- An area to watch is the E20 corridor that runs south-west out of Copenhagen and is set to become a major logistics hub for the Danish market.
- Despite liquidity dropping outside the main hubs that are lacking good infrastructure, interest remains from international capital - 2017 saw a 70% share which fell marginally to 67% in 2018, although this is more a reflection on the lack of product coming to market rather than a waning of interest. While neighbouring Nordic investors have been looking for opportunities, British and US investors were active over 2018.

Sources:
Oxford Economics – Country Economic Forecast Denmark 12 April 2019
Real Capital Analytics – data as at 29 April 2019
Capital Economics – European Commercial Property Update 12 April 2019

Portfolio Overview – Finland

Occupancy (as at 31 March 2019)	NPI[1] (€million)	Last Valuation (as at 31 December 2018)	Average Reversionary Yield (as at 31 December 2018)	Number of Leases (as at 31 March 2019)
89.7%	2.1	113.1	7.4%	231

Office

1. Hitsaajankatu 24
2. Makitorpantie 3b
3. Purotie 1
4. Kauppakatu 39
5. Ayritie 12C
6. Ayritie 8B
7. Ayritie 8C
8. Kielotie 7
9. Myyrmaenraitti 2
10. Pakkalankuja 6
11. Pakkalankuja 7

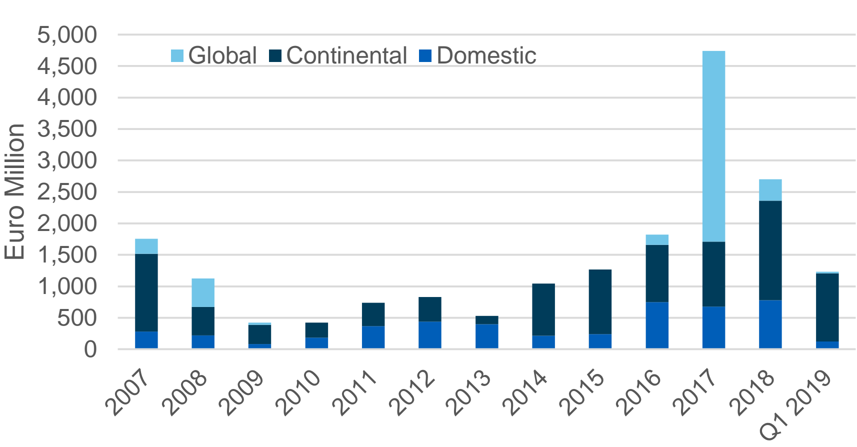
1. For the Financial Period

Finland Office Market Outlook

Real Estate Market

- Helsinki is the target location in the Finnish market as it is home to 45% of all office space. The CBD is particularly sought-after but suffers from a lack of space, in particular large floorplates. The result is twofold: (i) prime rents in the CBD are under pressure to rise further with 0.7% growth anticipated in 2019 and (ii) occupiers with large requirements are looking further afield towards the well-located peripheral areas of Helsinki in order to satisfy their accommodation needs.
- The rise in demand has encouraged developers to dust off previously shelved plans for either new schemes or refurbishment projects, some are now breaking ground and the majority are located within the wider Helsinki Metropolitan Area.
- From an investor perspective, the Helsinki Metropolitan Area is the focus as it provides the depth and breadth to the market that investors are seeking. Regional markets are however beginning to attract more attention, and their market share of trading volumes is increasing but liquidity is limited. The largest deal of 2019 so far was the sale of the Technopolis Microkatu in Kupio for €168 million, bought by Kildare Partners.
- Offices are a key sector of the Finnish investment landscape with €1.2 billion invested into the sector in 1Q 2019, marginally behind 4Q 2018 and significantly ahead of 1Q 2018. Overseas capital is increasing its share in the Finnish market as well, representing a 90% share of all office deals in 1Q 2019 – a level not seen since the latter half of 2017.

Office Volumes by Capital Source



Economy

Indicator	2018	2019	2020 Outlook (vs 2019)
GDP Growth	2.2%	1.8%	→
Industrial Production Index	3.9%	2.6%	↘
Consumer Prices, average	1.1%	1.1%	↗
Population (millions)	5.52	5.53	→
Population	0.19%	0.18%	→
Unemployment Rate	7.4%	6.7%	↗

Annual % change unless specified

- No dramatic effect on GDP anticipated over the unexpected resignation of the government on 8th March as they failed to pass their flagship health and social care reform. The government continues in a caretaker capacity until a new coalition government is formed following the 14 April elections.
- Economic growth for 2019 is forecast at 1.8% supported by strong domestic demand.
- Record high employment, rising wages and low inflation will continue to support consumer demand.
- Weaker external environment linked to slowing world trade and weaker than Eurozone growth, dragging on growth in 2019.

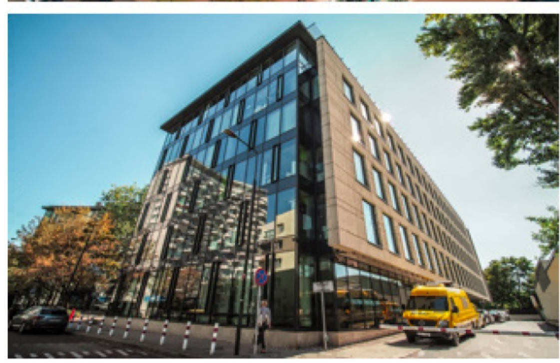
Outlook

- Structural vacancy remains in the Finnish market but this presents opportunities through redevelopment projects, especially if located in Helsinki's much sought-after CBD. Securing a pre-let would be advisable despite robust active demand levels, as economic growth slows in 2019 and some companies may place expansion and/or relocation plans on temporary hold.
- The market has seen a significant amount of completions over the last few years pushing up the overall vacancy rate. However, focusing on quality space, the level remains low – for example in Helsinki City Centre vacancy is around 4.5%. The higher volume of availability outside the city centre will not reduce without decommissions of older stock but this is increasingly evident.
- Offices are expected to remain the sector of choice for investors although, with demand robust for the sector over the past few years, yields for the best properties have fallen to levels similar to that seen in Stockholm and some of Europe's larger markets.
- A growing trend is for the expansion of the flexible office segment. This is not expected to change in the near-term as landlords react to occupier demands for flexible space and lease terms. Start-up campuses are also gaining in popularity – for example, Maria 01 Startup Campus located in Kamppi.

Sources:
Oxford Economics – Country Economic Forecast Finland 13 March 2019
Real Capital Analytics – data as at 30 April 2019
BNP Paribas – Helsinki Office Market March 2019

Portfolio Overview – Poland

Occupancy (as at 31 March 2019)	NPI[1] (€million)	Last Valuation (as at 31 December 2018)	Average Reversionary Yield (as at 31 December 2018)	Number of Leases (as at 31 March 2019)
71.2%	1.1	71.8	8.8%	44



Office

1 Arkońska 1&2, Gdańsk

2 Fabryczna 5, Warsaw

3 Grójecka 5, Warsaw

Ustka
Słupsk
Gdynia
Sopot
Gdańsk
Kołobrzeg
Koszalin
Świnoujście
Elbląg
POMORSKIE
WARMINSKO-MAZURSKIE
Suwałki
Olsztyn
ZACHODNIOPOMORSKIE
Szczecin
PODLASKIE
Bydgoszcz
Piła
Toruń
Ostrołęka
Łomża
Białystok
Ciechanów
KUJAWSKO-POMORSKIE
Gorzów Wielkopolski
Poznań
Włocławek
Płock
MAZOWIECKIE
Warsaw
Siedlce
LUBUSKIE
WIELKOPOLSKIE
Konin
Skierniewice
Biała Podlaska
Zielona Góra
Leszno
Kalisz
Łódź
Sieradz
LODZKIE
LUBELSKIE
Głogów
Radom
DOLNOSLASKIE
Lublin
Legnica
Piotrków Trybunalski
Chełm
Jelenia Góra
Wrocław
Kielce
OPOLSKIE
Częstochowa
Zamość
Wałbrzych
Opole
SWIETOKRZYSKIE
Tarnobrzeg
SLASKIE
Bytom
Katowice
Kraków
Tarnów
Rzeszów
MALOPOLSKIE
PODKARPACKIE
Przemyśl
Bielsko-Biała
Nowy Sącz
Krosno

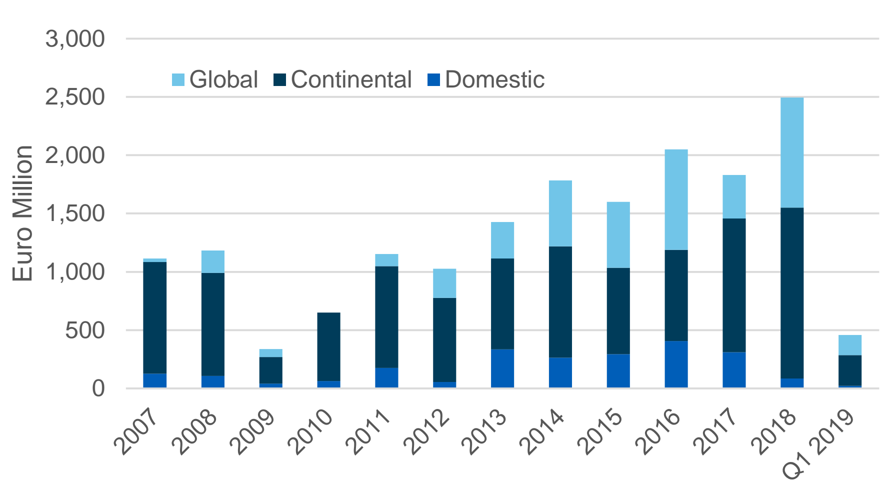
1. For the Financial Period

Poland Office Market Outlook

Real Estate Market

- In Warsaw, take-up hit a record high in 2018 with 825,000 sqm transacted, a 4% rise on 2017 with a corresponding fall in vacancy to 8.7% - an historic low. This however masks the variations with central areas seeing vacancy of 5.4% and up to 10% in non-central zones.
- With robust demand not expected to wane, new supply is being absorbed with ease at the expense of older, second hand space. The resulting supply/demand imbalance is pushing rents up but only for the very best space, with evidence of incentive packages still on offer. Pre-lets feature strongly in order to secure the right space in the right area but higher costs of construction also need be factored in, which developers look to recoup via higher rents.
- The regional Polish office markets are showing strong growth with stock in the top 8 markets increasing by 12% over 2018 to 4.9 million sqm. Further rises are expected with 76 projects being under construction totalling 878,000 sqm.
- The rise of flexible space operators were a significant feature of the Warsaw market in particular while in the regional markets the expanding business service sector is a key element of demand.
- 1Q 2019 investment activity eased back following the record-breaking year of 2018 with €930 million trading. Offices are the most sought-after (50% of Q1 activity). Warsaw retains its position as the most targeted city but, as investors become more comfortable with the country and search for yield, the regional markets are seeing more interest with 42% of capital inflows transacting in the key Tier II cities including Gdansk, Katowice and Krakow.

Office Volumes by Capital Source



Economy

Indicator	2018	2019	2020 Outlook (vs 2019)
GDP Growth	5.1%	3.5%	↘
Industrial Production Index	5.8%	2.9%	↗
Consumer Prices, average	1.8%	1.7%	↗
Population (millions)	37.98	37.95	→
Population	-0.01%	-0.6%	→
Unemployment Rate	6.1%	5.5%	↘

Annual % change unless specified

- 2018 GDP growth is expected to be 5.1%, making it one of the fastest growing economies in Europe and well above the 2.5% of the Eurozone.
- Growth slows in 2019 to an expected 3.5% as the business cycle peaks and demographic pressures become more noticeable.
- Domestic demand the key driver demonstrating Poland's resilience to a slowdown in the Eurozone and mounting external headwinds.
- The labour market remains supportive of household incomes and real wages in 2019 should continue to grow at a solid, yet slightly more moderate pace.

Outlook

- Vacancy is expected to fall further as active demand erodes availability but with a clear focus on quality at the expense of older space. New supply is being absorbed with ease and the supply/demand imbalance is pushing rents up for quality space. Pre-lets feature strongly but higher construction costs also need be factored in which developers look to recoup via higher rents.
- Warsaw retains its position as the most targeted city however, as investors become more comfortable with Poland as an investment destination and search for yield, the regional markets are and are likely to continue to see more interest with 42% of capital inflows transacting in the key Tier II cities including Gdansk, Katowice and Krakow.
- Despite the positive outlook for the next 12 months, an element of caution is expected to surface as investors consider how much further the cycle has to run (particularly so in Warsaw) leading to portfolio diversification and investors increasingly looking at industrial and alternative assets.
- The next two years will be a moment of truth in Poland for the concept of workspace as a service due to the opening of large co-working spaces and serviced offices. We will probably see operators consolidate on the market.

Sources:
Oxford Economics – Country Economic Forecast Poland 17 April 2019
CBRE – Investment Market in Poland H2 2018
JLL – Warsaw Office Market Jan 2019
Real Capital Analytics – data as at 29 April 2019

Haagse Poort, The Hague
The Netherlands

Piazza Affari, Milan
Italy

European Update and Outlook

Appendix B

CROMWELL
EUROPEAN REIT

European Update and Outlook

Appendix B

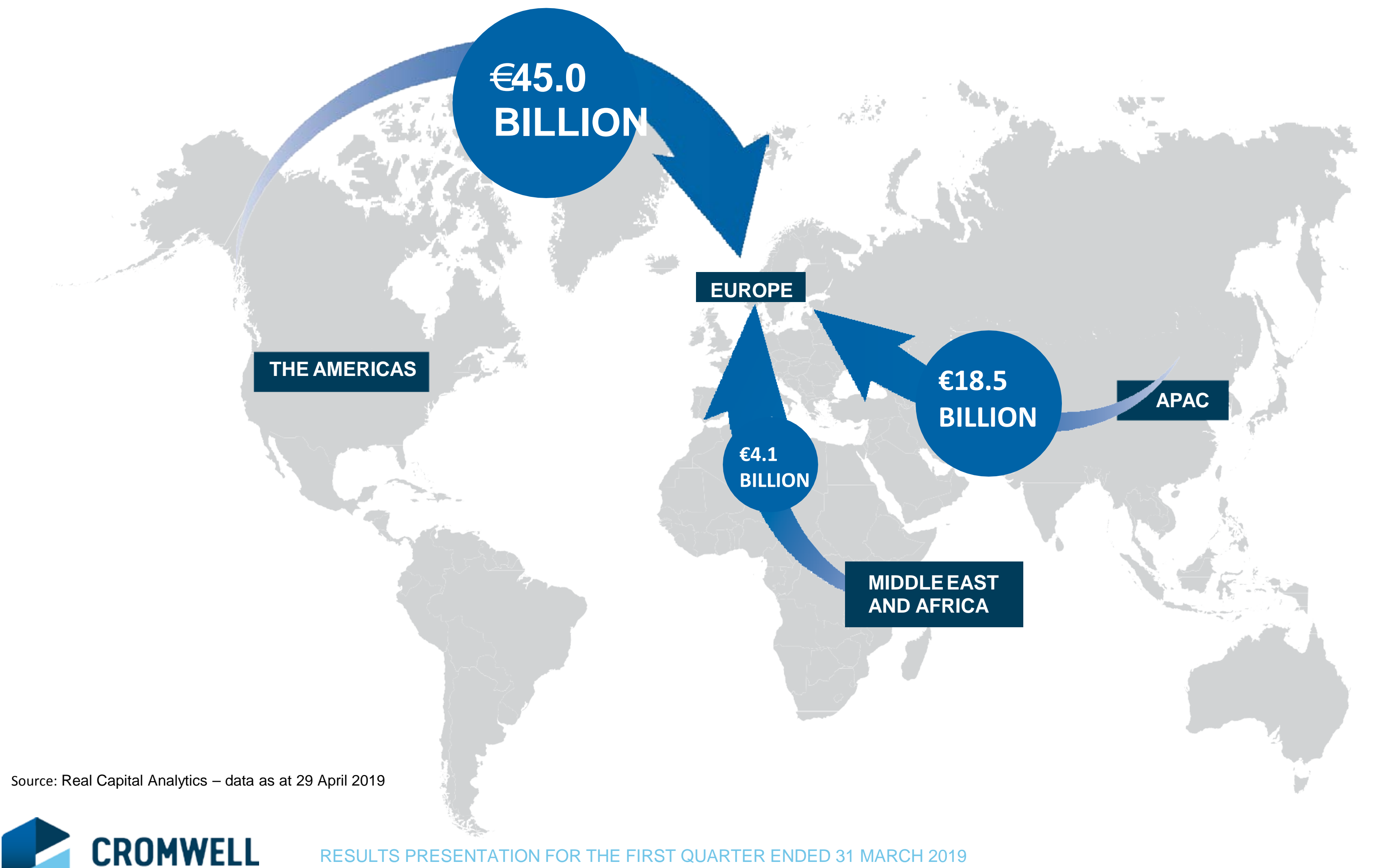
Commentary on the European Economy

- Eurozone GDP growth slowed to a quarterly average of 0.2% in 4Q 2018. However, economic activity appears to be stabilising with forward looking components recording the strongest rises. Despite solid growth in domestic demand, slower exports and stronger import growth will result in a negative contribution from net trade.
- Despite mounting headwinds and an overall slower pace of growth, the Eurozone is forecast to see GDP growth of 1.3% in 2019, slightly above the long term 15-year average of 1.2% - a trend reflected in a number of European countries as well, whereby 2019 economic growth is expected to be above the 15-year averages.
- The euro area annual inflation rate was 1.4% in March 2019, down from 1.5% in February 2019. A year earlier, the rate was 1.4%. European Union annual inflation was 1.6% in March 2019, stable compared to February 2019. A year earlier, the rate was 1.6%.
- Ripple effects of the US-China trade war are being felt globally and spiking economic policy uncertainty in 2018 led to an increase in financial market volatility. While these global headwinds did soften GDP growth for Europe as a whole over 2018, there are now indications of a thawing in relations and appetite for a deal.
- Most European economies look poised to withstand most of the headwinds thanks to tightening labour markets, real wage growth supporting consumer spending, contained inflation and low interest rates which should provide some relief.
- Unemployment has gradually fallen over the past five years with the average unemployment rate standing at an average of 7.8% across Eurozone member states.

Source: Oxford Economics

Global Capital Flows to Europe Momentum Continues in 2019

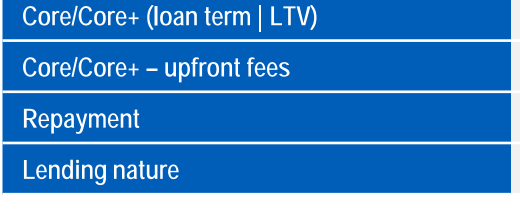
Cross-border activity: Twelve Months to Q1 2019



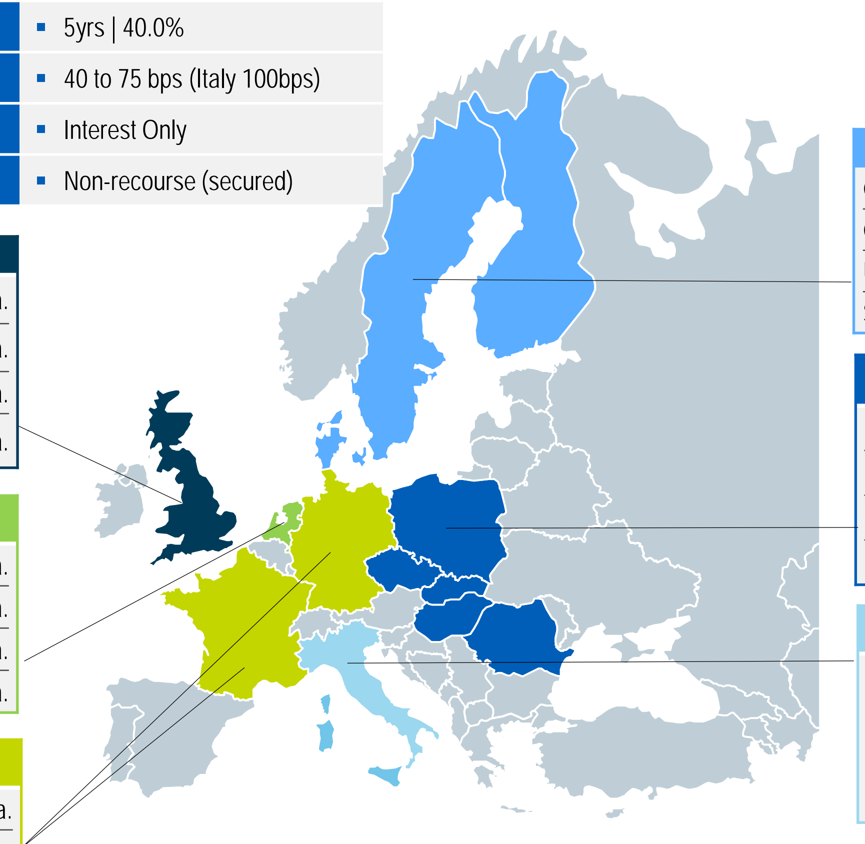
Source: Real Capital Analytics – data as at 29 April 2019

European Debt Map

Comparison of Core (Prime) vs. Core+ (Regions) Office Financing Opportunities



Core/Core+ (loan term | LTV)	5yrs | 40.0%
Core/Core+ – upfront fees	40 to 75 bps (Italy 100bps)
Repayment	Interest Only
Lending nature	Non-recourse (secured)



United Kingdom	
Core/Core+ (London)	0.90% - 1.20% p.a.
Core/Core+ (Regions)	1.20% - 1.60% p.a.
Upfront fees	0.50% - 0.75% p.a.
Libor (incl. credit spread)	1.30% p.a.

The Netherlands	
Core/Core+ (CBD)	0.80% - 1.10% p.a.
Core/Core+ (Regions)	1.10% - 1.50% p.a.
Upfront fees	0.40% - 0.60% p.a.
Euribor (incl. credit spread)	0.10% p.a.

Germany and France	
Core/Core+ (CBD)	0.60% - 0.90% p.a.
Core/Core+ (Regions)	0.80% - 1.30% p.a.
Upfront fees	nil - 0.50% p.a.
Euribor (incl. credit spread)	0.10% p.a.

Sweden	
Core/Core+ (CBD)	0.90% - 1.30% p.a.
Core/Core+ (Regions)	1.40% - 1.80% p.a.
Upfront fees	0.40% - 0.75% p.a.
Stibor (incl. credit spread)	0.50% p.a.

CEE	
Core/Core+ (CBD)	1.00% - 1.40% p.a.
Core/Core+ (Regions)	1.50% - 2.00% p.a.
Upfront fees	0.50% - 0.75% p.a.
Euribor (incl. credit spread)	0.10% p.a.

Italy	
Core/Core+ (CBD)	1.10% - 1.60% p.a.
Core/Core+ (Regions)	1.80% - 2.25% p.a.
Upfront fees	0.65% - 1.00% p.a.
Euribor (incl. credit spread)	0.10% p.a.

Figures as at 7 May 2019

THANK YOU

If you have any queries, kindly contact:
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