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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.

ANNOUNCEMENT

(1) ACQUISITION OF 16 OFFICE ASSETS IN NETHERLANDS, FINLAND AND POLAND;

(2) ACQUISITION OF TWO OFFICE ASSETS IN ITALY; AND

(3) BINDING OFFER TO ACQUIRE FOUR LOGISTICS ASSETS AND ONE DIY HOME IMPROVEMENT CENTRE IN FRANCE

1. INTRODUCTION

1.1 The Acquisitions

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:

(i) CEREIT has, through Cromwell SG SPV 3 Pte. Ltd. (the "**CEREIT SPV**"), entered

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.

into a master share and asset sale and purchase agreement dated 30 October 2018 (the "**Master Purchase Agreement**") with seven vendors[1] (the "**New Properties Vendors**") to acquire 16 properties located in Netherlands, Finland and Poland (the "**New Properties**", and the acquisition of the 16 properties, the "**New Properties Acquisition**");

(ii) CEREIT has, through Cromwell Investment Services Limited, acting as the alternative investment fund manager of Cromwell Europa 1, entered into a preliminary sale and purchase agreement dated 30 October 2018 (the "**Italian SPA**") with Savills Investment Management SGR P.A. [2] to acquire two freehold properties located in Bari, Italy (the "**Bari Asset**") and Genova, Italy (the "**Genova Asset**" and together with the Bari Asset, the "**Italian Properties**" and the acquisition of the Bari Asset and Genova Asset, the "**Italian Acquisition**"); and

(iii) CEREIT has made a binding offer to two vendors[3] (the "**French Vendors**") dated 30 October 2018 to acquire four logistics properties and one DIY home improvement centre located in France [4] (the "**French Properties**" and the acquisition of the French Properties, the "**French Acquisition**"). The binding offer has been accepted by the French Vendors. For the avoidance of doubt, while the binding offer has been accepted by the French Vendors, further due diligence will be conducted and there is no assurance that the French Acquisition will be completed.

The New Properties Acquisition, Italian Acquisition and French Acquisition are together collectively referred to as the "**Acquisitions**".

1.2 Relationship of CEREIT with the New Properties Vendors

As at the date of this Announcement, the Cromwell Property Group holds an aggregate deemed interest in 558,338,114 Units, which is equivalent to approximately 35.3% of the total number of Units in issue, and is therefore regarded as a "controlling unitholder" of CEREIT for the purposes of both the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**") and Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (the "**Property Funds Appendix**"). In addition, as the Manager is a wholly-owned subsidiary of Cromwell Property Group, Cromwell Property Group is therefore regarded as a "controlling shareholder" of the Manager for the purposes of both the Listing Manual and the Property Funds Appendix.

As the New Properties Vendors are managed by Cromwell Europe Limited and/or any of its

1 The vendors are ELQ Holdings (Del) LLC, ELQ Investors VI Ltd, ELQ Omega UK Ltd, Sivipre Oy, Henry Investments Oy, Artemis Acquisition Poland S.a r.l and Hummingbird B.V..

2 Cromwell Investment Services Limited, acting as the alternative investment fund manager of Cromwell Europa 1, entered into the Italian SPA while Savills Investment Management SGR P.A. entered into the Italian SPA in its capacity as the management company of C3 Investment Fund – FIA italiano immobiliare riservato istituito in forma chiusa, an alternative investment fund established in Italy with 100% of its units held by Cerberus SICAV-SIF (a third party corporate partnership limited by shares incorporated in Luxembourg).

3 Challenger DPG France SAS and Challenger DPG France II SAS.

4 With respect to Aulnay-sous-Bois, whilst the relevant French Vendor is bound to sell the asset on the terms set forth in the Binding Offer should CEREIT so elect upon satisfactory completion of additional due diligence, CEREIT is not committed to acquire the said asset unless it effectively exercises its option prior and enters into a preliminary agreement prior to 31 December 2018.

group companies (collectively, "**Cromwell Europe**") (which also owns a de minimis percentage of the equity, directly or indirectly, in some of the holding companies selling the New Properties), and Cromwell Europe is a subsidiary of Cromwell Property Group, in the interest of good corporate governance, CEREIT will be obtaining Unitholders' approval for the New Acquisition even though the New Acquisition will not strictly constitute a related party transaction.

CEREIT has not entered into any interested person transactions with Cromwell Property Group and its subsidiaries and associates or any other interested persons of CEREIT during the course of the current financial year ending 31 December 2018 up to the date of this announcement.

A circular is expected to be issued to Unitholders in due course (the "**Circular**"), together with a notice of extraordinary general meeting, for the purpose of seeking, among others, the approval of Unitholders for the New Acquisition.

For the avoidance of doubt, the Italian Acquisition and the French Acquisition is not subject to approval by Unitholders.

1.3 Acquisition Growth Strategy

As part of the ordinary course of its business, the Manager will continue to pursue a growth strategy aimed at the acquisition of properties with characteristics that it believes will be accretive to CEREIT's portfolio and continue to consider similar opportunities and execute transactions on a regular basis. Through the European platform of the sponsor, CEREIT is well-positioned to access the European Real Estate market, which is the second-largest in the world with 2017 transaction volumes of €293 billion.[5]

1.4 Summary of the Acquisitions

The table below sets out a summary of the Acquisitions.

	CEREIT as of 30 June 2018	**New Properties**	**Italian Properties**	**French Properties**	**CEREIT with the Acquisitions**
Number of assets	75	16	2	5	98
Purchase Price	1,339.4	312.5	37.5	34.4	1,723.7
Independent Valuation	1,390.4	315.9[(1)]	37.5[(2)]	36.7[(2)]	1,780.4
Net Initial Yield[(3)]					
Office	5.6%	6.2%	7.4%		5.8%
Logistics / Light Industrial	7.1%			8.9%	7.2%
Other	8.8%			6.6%	8.7%

5 €293 billion is sourced to RCA (Real Capital Analytics), as reported in IPE in an article titled "European mega deals boost 2017 real estate transaction volumes" from 31 January 2017.

	CEREIT as of 30 June 2018	New Properties	Italian Properties	French Properties	CEREIT with the Acquisitions
Total	6.5%			8.5%	6.5%
Occupancy	88.7%	84.5%	100.0%	100.0%	88.8%
WALE (years)	5.0	4.7	5.0	2.5	5.0
Valuation by Geography (%)					
The Netherlands	33.8%	40.2%			33.5%
Italy	30.1%		100.0%		25.6%
France	22.6%			100.0%	19.7%
Finland		37.0%			6.6%
Germany	7.8%				6.1%
Denmark	5.9%				4.6%
Poland		22.8%			4.1%
Valuation by Sector (%)					
Office	47.6%	100.0%	100.0%		57.0%
Industrial	42.4%			78.7%	34.7%
Other	10.1%			21.3%	8.3%
Valuation by land tenure (%)					
Freehold	69.8%	83.9%	100.0%	80.7%	73.2%
Perpetual Leasehold	18.4%	16.1%			17.2%
Leasehold	11.8%			19.3%	9.6%

Notes:

(1) Based on the average of two independent valuations from the Independent Valuers (as defined herein).

(2) Based on valuations from Colliers (as defined herein).

(3) Net Initial Yield is defined as annualised current passing rental income net of non-recoverable property expenses (based on the average estimates from the two Independent Valuers as defined herein), divided by aggregate purchase price.

2. INFORMATION ON THE PROPERTIES

2.1 THE NEW PROPERTIES

The New Properties comprises a total of 16 predominantly office properties with two properties in the Netherlands (with an aggregate purchase price of approximately €127.6 million), 11 properties in Finland (with an aggregate purchase price of approximately €113.1

million), and three properties in Poland (with an aggregate purchase price of approximately €71.9 million). The New Properties have an aggregate net lettable floor area ("**LFA**") of approximately 150,235 sq m. The New Properties are sited on freehold or freehold-equivalent land[6].

The New Properties are geographically diverse and situated in dynamic cities such as:

(i) Utrecht (part of the Randstad and 4th largest city in the Netherlands);

(ii) 's-Hertogenbosch (capital city of the province of North Brabant, colloquially known as Den Bosch, in the Netherlands) which continues to benefit from urbanisation trends.

(iii) Helsinki (capital city of Finland) and its metropolitan area;

(iv) Kuopio (rapidly growing regional hub and university city in Finland)

(v) Warsaw (capital city of Poland); and

(vi) Gdansk (capital city of the Pomerania region and 3rd largest urban area in Poland).

The New Properties benefit from very good accessibility to major transport infrastructure including the A2 highway, Utrecht Central Station, being the busiest train station in Netherlands and 's-Hertogenbosch Central Station in the Netherlands, Helsinki Airport, the largest airport in Finland catering to approximately 83.0% of the domestic and almost all of the international air traffic, having the shortest connecting flights to Asia of all European airports, the Ring Road III, being the most important road network in the Helsinki Metropolitan Area, and urban city centre train stations in Finland; the Trasa Łazienkowska freeway, the Wisłostrada freeway, the Central Railway Station, Chopin Airport, the Gdansk Lech Walesa Airport and the Amber Highway in Poland.

The Trustee has commissioned an independent valuer, Cushman & Wakefield Debenham Tie Leung Limited ("**C&W**") and the Manager has commissioned an independent valuer, Colliers International Valuation UK LLP ("**Colliers**", and together with C&W, the "**Independent Valuers**") to respectively value the New Properties. C&W's aggregate valuation of the New Properties is €314.6 million based on income capitalisation method taking into account comparable market transactions and Colliers's aggregate valuation of the New Properties is €317.1 million based on income capitalisation method taking into account comparable market transactions. The table below sets out the details of the valuation for each of the New Properties.

No	Property	Land Tenure	LFA (sq m) (1)	Valuation by C&W (€ m) (2)	Valuation by Colliers (€ m) (2)	Purchase Price (€ m)	WALE (years) (3)	Occupancy Rate (%) (4)
	Netherlands							
1.	Moeder Teresalaan 100-200, Utrecht	Leasehold plot acquired in	21,922	50.1	51.5	50.7	6.3	86.1

6 All New Properties are on freehold land except for Moeder Teresalaan 100-200 in Utrecht, which is on a leasehold land that is bought off in perpetuity. Leasehold bought off in perpetuity means a leasehold for an indefinite period of time and the ground rent has been paid off perpetually.

No	Property	Land Tenure	LFA (sq m) [1]	Valuation by C&W (€ m) [2]	Valuation by Colliers (€ m) [2]	Purchase Price (€ m)	WALE (years) [3]	Occupancy Rate (%) [4]
		perpetuity						
2.	Willemsplein 2, 's-Hertogenbosch[5]	Freehold	31,979	74.7	77.6	76.9	7.1	91.9
	Finland							
3.	Plaza 2 Park (Plaza Vivace), Helsinki Metropolitan Area	Freehold	5,661	14.1	12.9	13.2	2.2	88.3
4.	Plaza 2 Park (Plaza Allegro), Helsinki Metropolitan Area	Freehold	4,620	11.4	10.8	11.2	1.8	91.7
5.	Plaza Forte, Helsinki Metropolitan Area	Freehold	6,054	13.8	12.9	12.6	2.0	86.9
6.	Grandinkulma, Helsinki Metropolitan Area	Freehold	6,189	12.5	12.8	12.5	3.5	98.4
7.	Liiketalo Myyrinraitti, Helsinki Metropolitan Area	Freehold	7,515	12.2[6]	12.0[6]	12.0	4.9	94.1
8.	Pakkalan Kartanonkoski 3, Helsinki Metropolitan Area	Freehold	7,796	9.2	10.6	9.7	3.2	77.2
9.	Pakkalan Kartanonkoski 12, Helsinki Metropolitan Area	Freehold	3,425	6.7	6.4	6.1	1.6	100.0
10.	Purotie 1, Helsinki	Freehold	4,692	6.5	7.5	7.1	2.7	97.2
11.	Mäkitorpantie 3, Helsinki	Freehold	4,367	7.6	7.8	7.6	3.4	85.6
12.	Opus 1, Helsinki	Freehold	6,821	15.4	15.7	13.5	7.2	77.1
13.	Kuopion Kauppakeskus, Kuopio	Freehold	4,832	7.7	7.2	7.6	5.9	98.5
	Poland							
14.	Riverside, Warsaw	Freehold	12,478	31.9	30.5	31.3	4.6	72.9
15.	Grojecka 5, Warsaw	Freehold	10,718	22.4	22.0	22.3	3.1	83.4
16.	Arkonska	Freehold	11,166	18.4	19.0	18.2	3.4	46.7 [7]

No	Property	Land Tenure	LFA (sq m) (1)	Valuation by C&W (€ m) (2)	Valuation by Colliers (€ m) (2)	Purchase Price (€ m)	WALE (years) (3)	Occupancy Rate (%) (4)
	Business Park, Gdansk							
Total / Average			150,235	314.6	317.1	312.5	4.7	84.5

Notes:

(1) LFA as at 27 September 2018.

(2) Valuation as at 27 September 2018.

(3) "**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.

(4) Occupancy rate as at 31 August 2018 (except for the property Willemsplein 2)..

(5) With respect to the property Willemsplein 2, the WALE and occupancy rate is as at 1 September 2018.

(6) CEREIT will own 100% of the underlying land relating to Liiketalo Myyrinraitti and, through its ownership of 94% of the shares of Liiketalo Myyrinraitti Oy, own approximately 94% of the building in accordance with the articles of association of Liiketalo Myyrinraitti Oy, and the valuations as at 27 September 2018 are based on such ownership interest.

(7) While the occupancy rate as at 31 August 2018 is only 46.7%, the committed occupancy rate is 69.1%.

2.2 ITALIAN PROPERTIES

The Bari Asset is a freehold office building comprising fifteen levels above ground and a basement. The building has a net lettable area of 11,674 sq m, was originally built in 1985 and has been partially refurbished over the course of the last 10 years.

The Bari Asset is currently master leased to Agenzia del Demanio, the entity in charge of managing the real estate assets of the Italian State, and has a remaining lease term that stands at 4.25 year as at 30 September 2018. Some of its occupants include the National Institute for Insurance against Workplace Accidents and the Italian Ministry of Labour and Social Policies.

Located in Bari, the second-most important economic centre of southern Italy after Naples, the Bari Asset is on the seaside promenade and sits on an area that is undergoing residential rejuvenation and has potential future change of land usage, which can have a favourable effect on land prices. The property also benefits from good accessibility by public transportation, given its proximity to the Marconi railway station on the State Railway network and the Bari Centrale station.

The Bari Asset was independently valued by Colliers (commissioned by CEREIT) at €12.3 million, as of 30 September 2018, using the income capitalisation method taking into account comparable market transactions.

The Genova Asset is a freehold office building comprising nine levels above ground and a basement. The building has a net lettable area of 15,537 sq m, was originally built in 1950 and was last refurbished in 2011.

It is also currently master leased to Agenzia del Demanio and has a remaining lease term that stands at 5.25 year as at 30 September 2018. It has among its occupants public administration entities such as the Agency of Revenue, the Ministry of Infrastructure and Transports, the Court of Accounts and the State Attorney's offices

The Genova Asset is located in Genova, the capital of the Liguria region and the sixth-largest city in Italy. It is also one of Europe's largest cities on the Mediterranean Sea and has the largest seaport in Italy. Genova is part of the Milan-Turin-Genova triangle, considered Italy's economic powerhouse.

The Genova Asset was independently valued by Colliers (commissioned by CEREIT) at €25.2 million, as of 30 September 2018, using the income capitalisation method taking into account comparable market transactions.

The table below sets out the summary details of the Italian Properties.

No	Property	Land Tenure	LFA (sq m) [1]	Valuation by Colliers (€ m) [2]	Purchase Price (€ m)	WALE (years) [3]	Occupancy (%) [4]
1.	Corso Lungomare Trieste N.23, Bari	Freehold	11,674	12.3	12.3	4.33	100
2.	Via Camillo Finocchiaro Aprile N.1, Genova	Freehold	15,537	25.2	25.2	5.34	100

Notes:

(1) LFA as at 30 September 2018.

(2) Valuation as at 30 September 2018.

(3) "**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.

(4) Occupancy rate as at 30 September 2018.

2.3 FRENCH PROPERTIES

The French Properties comprises a total of four predominantly logistic properties and one DIY home improvement centre in France (with an aggregate purchase consideration of approximately €34.4 million). The French Properties are all on triple net leases, and have an aggregate LFA of approximately 42,321 sq m. Most of the French Properties are sited on freehold land with the exception of 46-48 boulevard Dequevauvilliers in Gennevilliers which is held on leasehold land.

The Gennevilliers Asset is a leasehold property with a 29 year residual term. It was built in 2003 and comprises 7,404 sqm of lettable area. It is located in Gennevilliers, in the North of Paris Region, 9 km away from Paris (Porte de Clichy/Porte de Saint-Ouen - 1 km away from the motorway intersection serving A86 outer ring road) and close to Gennevilliers Harbour, the primary river transport harbour in France. The property is located in a well established industrial area with grade A tenants such as Chronopost, Point P, Thalès, DHL, Geodis, etc. The building is currently fully let to GRDF, a French state backed company, which is also the ground landlord.

The Sully-sur Loire Asset 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.

The Parcay-Meslay Asset is a freehold property comprising 5,494 sqm of lettable area and was developed in 2002. It is 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, 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.

The Villeneuve-les-Beziers Asset 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 and negotiations are on-going with respect to a re-gear or take over of the lease by a large French retailer .

The Aulnay-sous-Bois Asset is a freehold property comprising 5,980 sqm of lettable area on a single floor and was built in 2003. It is located in Aulnay-sous-Bois, in the North-East of Paris Region (adjacent to the RN2 motorway leading to Paris - 12 km away from A86 outer ring road), in a mainly residential area but including retail (supermarket and shopping mall) and leisure. By 2023, a new Grand Paris metro station will be delivered in the vicinity of the property. The building is currently fully let to Bricoman (France's Group ADEO – €17bn turnover) on a rolling-lease basis and dicussions are on-going with the incumbent tenant to enter into a new lease.

The French Properties were independently valued by Colliers (commissioned by CEREIT) at €36.7 million gross price (i.e. 6.8% higher than our agreed price), as of 30 September 2018, using the income capitalisation method taking into account comparable market transactions.

The table below sets out the summary details of the French Properties.

No.	Property	Land Tenure	LFA (sq m) (1)	Valuation by Colliers (€ m) (2)	Purchase Price (€ m)	WALE (years) (3)	Occupancy (%) (4)
1	Aulnay-sous-Bois	Freehold	4,980	7.8	6.1	0.3	100
2	Gennevilliers	Leasehold with 27 years residual term	7,404	7.1	6.8	2.5	100
3	Sully-sur-Loire	Freehold	15,500	5.5	5.4	8.3	100
4	Parcay-Meslay	Freehold	5,494	5.9	5.5	3.1	100
5	Villeneuve-lès-Béziers	Freehold	8,944	10.4	10.5	0.1	100

Notes:

(1) LFA as at 30 September 2018.

(2) Valuation as at 30 September 2018.

(3) "**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.

(4) Occupancy rate as at 30 September 2018.

3. DETAILS OF THE ACQUISITION

3.1 THE NEW PROPERTIES

3.1.1 Purchase Consideration

The agreed purchase price for the New Properties, which was negotiated on a willing-buyer and willing-seller basis taking into account the independent valuations conducted by the Independent Valuers for the New Properties, is approximately €312.5 million (the "**New Properties Agreed Price**"). The purchase consideration payable under the Master Purchase Agreement (the "**New Properties Purchase Consideration**") is approximately €308.8 million, which is based on the New Properties Agreed Price, adjusted for certain estimated net liabilities of the target companies (subject to further adjustments based on the actual consolidated net assets and liabilities of the target companies at completion of the New Properties Acquisition).

3.1.2 Estimated Cost of the New Properties Acquisition

The estimated total cost of the New Properties Acquisition (the "**Total Cost of the Proposed Transaction**") is approximately €329.7 million comprising:

(i) the New Properties Purchase Consideration of approximately €308.8 million (subject to further adjustments based on the actual consolidated net assets and liabilities of the target companies at completion of the New Properties Acquisition);

(ii) the acquisition fee payable in Units to the Manager and the property manager of €3.1 million[7];

(iii) real estate transfer tax of approximately €10.3 million; and

(iv) professional and other fees and expenses incurred in connection with the New Properties Acquisition of €7.5 million.

3.1.3 Certain Principal Terms of the Master Purchase Agreement

The principal terms of the Master Purchase Agreement includes, among others, the following:

(i) completion of the New Properties Acquisition is subject to the satisfaction of the following conditions: (a) approval from the unitholders of CEREIT having been obtained in accordance with CEREIT's regulatory obligations; (b) the ordinary resolution relating to the equity fund raising having been passed; and (c) any purchasing entity under the Master Purchase Agreement remaining a wholly-owned subsidiary undertaking of CEREIT (the "**Ownership Condition**"). Conditions (a) and (b) are referred to as the "**Regulatory Conditions**" and these must be satisfied by a long stop date of 16 November 2018 ("**Long Stop Date**");

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7 The issue price of the Acquisition Fee Units (as defined herein) shall be determined based on the theoretical ex-rights price ("**TERP**") per Unit in relation to the proposed Rights Issue. While Clause 15.2.1 of the Trust Deed allows the Manager to receive the Acquisition Fee Units at the Rights Issue Price of €0.373, the Manager and the Property Manager has elected to receive the Acquisition Fee Units at the TERP of €0.498 per Unit instead.

(ii) following exchange, newly incorporated special purpose vehicles shall be permitted to accede to the Master Purchase Agreement for the purpose of purchasing specific Target Properties (as defined herein) and/or shares in specific Target Companies in place of the named purchaser in the Master Purchase Agreement;

(iii) the acquisition of three Finnish properties will trigger a statutory municipal pre-emption right pursuant to the Finnish Pre-Emption Act under which the City of Helsinki has the right to acquire the properties instead of the relevant purchaser (the "**Finnish PE Right**"). Under the Master Purchase Agreement, the relevant Vendor has agreed to contact the City of Helsinki and request that it waives its rights in respect of the Finnish PE Right. The receipt of a waiver to the Finnish PE Right is not a condition to completion under the Master Purchase Agreement. In the event the Finnish PE Right is exercised, the City of Helsinki must reimburse the purchaser as follows: (i) the consideration paid by the purchaser for the properties (save for any consideration paid due to omissions of the purchaser); (ii) costs related to financing and other necessary costs arising out of the acquisition of the three properties incurred by the purchaser; and (iii) necessary costs related to the maintenance and upkeep of the properties incurred by the purchaser;

(iv) the Master Purchase Agreement is an English law governed agreement; however, the transfer documents pursuant to which the transfers of the Target Properties and the shares in the Target Companies are completed (the "**Transfer Documents**") are governed by the laws of the Target Properties and Target Companies respective jurisdictions/domicile. Any disputes under or in connection with the Master Purchase Agreement shall be referred to, and finally settled, in arbitration in accordance with the London Court of International Arbitration Rules;

(v) neither party can bring a claim against the other in respect of the Transfer Documents unless such claim is required to give effect to the transfer of any Target Company or Target Property under the Master Purchase Agreement. In the event that a claim is made in breach of the limited scope under which a claim can be made, the party making the claim will indemnify the other for any losses arising as a consequence of the claim;

(vi) completion in the Netherlands and Finland ("**Completion**") is expected to take place on the same day and the date fixed for Completion in the MPA is on 21 December 2018 or, if CEREIT has not completed its equity fund raising by such date, on 27 December 2018. The acquisition of each Polish Target Property ("**Poland Completion**") shall be conditional on the receipt of a customary tax ruling issued by the Polish tax authorities. One of the Polish Target Properties (the Riverside Property) is further subject to a pre-emption right under which the Polish State Treasury has the right to acquire that Target Property instead of the purchaser ("**Polish PE Right**"). The transfer Poland tax ruling application process and the Polish PE Right process shall run concurrently with the aim of achieving completion of the acquisition of each of the Polish Properties on or shortly after 1 February

2019. Completion of the acquisition of the Riverside Property will be conditional on the waiver or expiration of the Polish PE Right;

(vii) the consideration for the New Properties Acquisition shall be an amount equal to: (a) the aggregate of the final net asset value of the target group; plus (b) the aggregate of the value of each Target Property; plus (c) the amount of the VAT levied under applicable law in respect of a Polish Target Property if a positive tax ruling is obtained; less (d) the outstanding tenant incentives in relation to the properties across the three jurisdictions; less (e) approximately one third of the cost of the warranty and indemnity insurance policy. Following Completion, the purchaser and the New Properties Vendors will undertake a process to agree a completion statement that will set out any adjustments to the amount paid by the purchaser in respect of the net asset value of the target group;

(viii) each party shall have the ability to terminate the Master Purchase Agreement if the other party is in material breach of its obligations. A breach will be considered material in respect of the purchaser if it fails to comply with its payment obligations and a breach will be considered material in respect of the New Properties Vendors if they fail to meet their obligations to provide the documents necessary to transfer transfer all of their relevant sale interests and/or deliver other material deliverables (in each case, a "**Material Breach**");

(ix) one Business Day following the date of the Master Purchase Agreement, the Purchaser shall, or shall procure, that a deposit in the amount of EUR 15,850,000 be paid into an escrow account (the "**Deposit**"). The Deposit can be released as follows: (a) in the event the Regulatory Conditions are not satisfied by 16 November 2018 and the Master Purchase Agreement is terminated, €1,000,000 will be released to the Vendors and the rest will be returned to the purchaser; (b) if the Master Purchase Agreement is terminated because the Ownership Condition is not satisfied or the Purchaser commits a Material Breach, the Deposit will be released to the Vendors; (c) if the Master Purchase Agreement is terminated due to a Material Breach by the Vendors, then the Deposit will be released to the Purchaser; (d) on each Poland Completion, the relevant pro rata amount of the Deposit attributable to that Property will be released to the Vendors; (e) in respect of a Poland Completion, if the Master Purchase Agreement is terminated because the Ownership Condition is not satisfied or the Purchaser commits a Material Breach, the relevant pro rata amount of the Deposit attributable to that Property will be released to the Vendors; and (f) in respect of a Poland Completion, if the Master Purchase Agreement is terminated because a Vendor commits a Material Breach, there is a Material Adverse Change (as defined below) subsisting at the Property or the Polish PE Right is exercised, the relevant pro rata amount of the Deposit attributable to that Property will be released to the purchaser;

(x) in addition to the escrow account established for the Deposit, there will also be escrow accounts put in place: (a) to hold an amount equal to the assumed monthly headline rent and service charge (“**Rental Income**”) for a period of 15 months in respect of certain leases that have not completed by Completion (“**TI Leases**”). If there is a shortfall between the expected Rental Income and the actual Rental Income received following completion of a TI Lease, such shortfall amount (up to the amount of the Rental Income) will be released to the purchaser; and (b) to hold an amount equal to €5,000,000 for completion statements adjustments. Following agreement of the completion statement, amounts will be released from the escrow account to the purchaser and/or the New Properties Vendors as necessary to ensure that the parties are made whole. To the extent that the amount owed to the purchaser following agreement of the completion statement is greater than the sum held in escrow, the New Properties Vendors will remain liable for the excess;

(xi) the properties are acquired on an ‘as is, where is’ basis;

(xii) in the event that either: (a) any of the Target Properties are damaged to the extent that rental income in respect of that Target Property is reduced by 30% or more and either (i) there is not an insurance policy in place to cover the loss of rental income for a period of 36 months or (ii) the damage cannot be repaired within 24 months; or (b) an occupational tenant by reason of insolvency is unable to pay rent which has the consequence of reducing the rental income received in respect of any Target Property by 30% or more (and provided such rent is not guaranteed), (a “**Material Adverse Change**”) are subsisting on the Business Day prior to Completion or Poland Completion (as the case may be), the purchaser shall have the right to be released from its obligations to complete on the purchase of the affected Target Property and the consideration will be reduced accordingly;

(xiii) the Master Purchase Agreement will include indemnities in favour of the purchaser in respect of certain liabilities that have been identified during the due diligence process;

(xiv) subject to disclosure, at both exchange, Completion and Poland Completion, the New Properties Vendors will provide standard warranties in respect of the Target Companies and Properties to the purchaser;

(xv) each Vendor will have several liability;

(xvi) save in respect of any fundamental warranty claim, transfer pricing claim or certain other excluded tax claims, the New Properties Vendors' liability in respect of warranty claims will be capped at €1. Any claim made by the purchaser in respect of the warranties, save as set out in the forgoing, will be made against a warranty and indemnity insurance policy placed with AIG; and

(xvii) the purchaser will have seven years to make a tax claim, two years to make a claim under the general warranties and three years to make a claim under the fundamental warranties.

3.2 ITALIAN PROPERTIES

3.2.1 Purchase Consideration

The purchase consideration for the Bari Asset and the Genova Asset is €12.3 million and €25.2 million, respectively. The toal purchase consideration for the Italian Properties is €37.5 million (the "**Italian Properties Purchase Consideration**"). Each asset's purchase consideration was arrived at on a willing buyer and willing seller basis and based on the independent valuation of each Italian Property. CEREIT may pay (subject to certain allowable deductions) an additional consideration for the purchase of the Italian Property upon occurrence of an earn-out event[8].

The Italian Acquisition is expected to be completed by 5 December 2018, subject to the non-exercise of Agenzia del Demanio's (*i.e.* the State Government) statutory right of first offer within 30 days of receiving the relevant notice from the vendor of the Italian Properties and other condition precedents.

The acquisition of the Bari Asset and the Genova asset are not inter-conditional. Therefore, CEREIT may acquire both Italian Properties if the conditions precedent for both Italian Properties are satisfied, or where the conditions precedent of either the Bari Asset or the Genova Asset are not satisfied, may acquire the other Italian Property only.

In addition, the purchaser also has the right to designate, in accordance with the requirements under the Italian SPA, a person to acquire all of the rights and undertake all of the obligations of the purchaser under the SPA in respect of the purchase of the Italian Properties.

3.2.2 Estimated Cost of the Italian Acquisition

The total cost of the Italian Acquisition is estimated to be approximately €39.7 million (the "**Total Italian Acquisition Cost**"), comprising:

(i) the Italian Properties Purchase Consideration of €37.5 million;

(ii) the acquisition fee payable to the Manager of €0.4 million;

(iii) the real estate transfer taxes of €0.7 million; and

(iv) the professional and other fees and expenses in connection with the Italian Acquisition of €1.1 million.

3.3 FRENCH PROPERTIES

3.3.1 Purchase Consideration

The total purchase consideration for the French Properties is €34.4 million (the

8 There will be an earn-out amount plus applicable taxes ("**Italian Earn-out Amount**") payable by CEREIT to the Italian Vendor or any entity to which the Italian Vendor has assigned its rights in cash for the purchase of the Italian Properties. The whole or part of the Italian Earn-out Amount, capped at €5.8 million would only be payable if CEREIT is contractually entitled *to receive rental income from the incumbent tenant over a period of up to six years immediately following the expiry of the current term of the relevant lease (being 29 December 2022 for the Bari Asset and 29 December 2023 for the Genova Asset), whether as a result of renewal or extension of the existing lease or events which have a similar economic effect as a renewal or extension of the lease.*

"**French Properties Purchase Consideration**"). The total purchase consideration was arrived at on a willing buyer and willing seller basis and based on the independent valuation of each French Property.

The French Acquisition is expected to be completed by 31 December 2018, subject to:

(i) where applicable, the relevant local authorities not exercising or waiving their respective right of first refusal within the legal timeframe;

(ii) where applicable, the relevant tenants waiving their right of first refusal under the relevant leases, and

(iii) other condition precedents.

3.3.2 Estimated Cost of French Properties Acquisition

The total cost of the French Acquisition is estimated to be approximately €38.0 million (the "**Total French Acquisition Cost**"), comprising:

(i) the French Properties Purchase Consideration of €34.4 million;

(ii) the acquisition fee payable to the Manager of €0.3 million;

(iii) the real estate transfer tax of €2.6 million; and

(iv) the professional and other fees and expenses in connection with the French Acquisition of €0.7 million.

For the avoidance of doubt, while the binding offer has been accepted, further due diligence will be conducted and there is no assurance that the French Acquisition will be completed.

4. RATIONALE FOR AND KEY BENEFITS OF THE ACQUISITIONS

4.1 Rationale for the New Properties Acquisition

The Manager believes that the New Properties Acquisition will bring the following key benefits to the Unitholders:

4.1.1 Consistent with the Manager's Investment Strategy

The New Properties Acquisition is well aligned with CEREIT's stated investment strategy and key objectives of delivering stable and regular distributions as well as long-term DPU growth to Unitholders. The New Properties provide further geographical diversification to the Existing Portfolio, as well as access to the attractive Finnish and Polish office markets which are among Europe's fastest growing economies, and further strengthens CEREIT's position in the Dutch office market.

The New Properties comprises good quality freehold and perpetual leasehold office assets, which complement the Existing Portfolio[9]. As at 31 August 2018, the New

9 "**Existing Portfolio**" means CEREIT's existing portfolio comprising 75 properties in Denmark, France, Germany, Italy and the Netherlands.

Properties are 84.5% occupied by quality tenants with a WALE[10] of 4.7 years, majority of leases having consumer price index-linked indexation. The Enlarged Portfolio[11], through tenant diversification, reduces concentration risks for CEREIT's portfolio. Following the Proposed Acquisition, the Manager will continue to maintain an optimal capital mix and prudent capital management for CEREIT.

4.1.2 Opportunity to Invest in Attractive European Office Markets of the Netherlands, Finland and Poland

(i) **The Netherlands, Finland and Poland have all outperformed the Eurozone economic growth providing attractive tailwinds for the office sector**

The Dutch economy outperformed the Eurozone average in 2017 which is expected to continue in 2018. Growth is forecast to track the Eurozone average from 2019 onwards.

2018 is expected to see growth of 2.7% despite a slowdown in activity mainly linked to a reduction in global trade which curtailed exports. Growth is underpinned by solid domestic conditions and a tight labour market with unemployment at 4.8% supporting wage growth.

Finland's gross domestic product ("**GDP**") growth has outperformed the Eurozone average each year since 2016, and the country's strong economic momentum looks set to continue in 2018 with economic expansion forecast at 2.7%. In 2017 GDP grew by 2.8%, the strongest growth rate since 2010 when the economy expanded by 3.0%. Key drivers of strong domestic demand and consumer confidence, in combination with solid job growth, which together, should support consumer spending over the remainder of the year and into 2019.

The Finnish unemployment rate is above the EU average, but it is trending downwards. The latest data show that it has already reached the lowest level in more than 5 years which is attributed to government reforms called 'The Competitiveness Pact'. Since 2017, this package has targeted moderate wage settlements, the introduction of an export industry-driven model in wage formation, and reforms to increase local agreement in the labour market.

The Polish economy expanded by 4.6% in 2017 – the strongest year since 2011, outperforming the Eurozone average of 2.5%. Domestic demand is the main driver of economic growth supported by a very healthy labour market with low unemployment, while the Zloty depreciation has helped net trade. Industrial activity has also seen an unexpected pick-up at a time when Eurozone demand is showing signs of stabilising, helping to further

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10 "**WALE**" means 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 permissable break date(s), if applicable) as at 31 August 2018.

11 "**Enlarged Portfolio**" means the Existing Portfolio and the New Properties, collectively.

support the positive economic news.

2019 is expected to record robust growth of 3.5%, following strong positive economic expansion of 4.7% forecast for 2018. Domestic demand will remain the key driver of GDP growth underpinned by strong consumption growth of 4.4% in 2018, reducing slightly as higher oil prices take effect and erode consumer purchasing power.

(ii) **Attractive office sector dynamics with healthy occupier demand driving higher occupancy rates and positive rental momentum**

In the Netherlands, the nationwide office vacancy rate is 12.1% which includes some structural vacancy that is being worked through as some buildings are withdrawn from the market and redeveloped with a different use (e.g. hotels or residential). For good quality, well-located assets which are increasingly demanded by occupiers, the vacancy rate is much lower. This rate continues to fall, leading to a scaling back in incentive packages and the potential for positive rental growth in supply constrained locations.

The breadth of occupiers across the Dutch market provides depth to the occupational sector. Business services and finance are the most active sectors, but the technology, media, and telecommunication sector is currently one of the fastest growing.

In Finland, the Helsinki Metropolitan Area dominates activity in the office sector both from an investment and occupational perspective. 2018 has seen a strong performance from both, supported by economic momentum.

Occupier demand is driven by efficiency, quality and connectivity which have created a rental differential between the high quality, well-located buildings, where there is upward pressure on rents, and secondary areas where availability is higher, typically in out-dated stock and tenant incentives are evident.

In Poland, Warsaw remains the hub of office activity. Due to the relatively low volume of new office completions over the last 18 months and the limited amount scheduled for delivery in H2 2018 and in 2019, the Warsaw office market is experiencing a short-term supply shortage which is reducing tenant incentives. However, in 2020, Cushman & Wakefield forecast a supply peak with over 460,000 sqm of office space to be completed, limiting rental growth prospects.

4.1.3 High Quality Portfolio Comprising Well-located and Predominantly Freehold Properties

(i) Strategically located with excellent connectivity

The New Properties benefit from very good accessibility to major transport infrastructure including the A2 highway, Utrecht Central Station, being the busiest train station in the Netherlands and ‘s-Hertogenbosch Central Station in the Netherlands; Helsinki Airport, the largest airport in Finland catering to 83% of the domestic and almost all of the international air traffic, having the shortest connecting flights to Asia of all European airports, the Ring Road III, being the most important road network in the Helsinki Metropolitan Area, and urban city centre train stations in Finland; the Trasa Łazienkowska freeway, the Wisłostrada freeway, the Central Railway Station, Chopin Airport, the Gdansk Lech Walesa Airport and the Amber Highway in Poland.

(ii) Increased proportion of freehold and perpetual leasehold assets in the Enlarged Portfolio

The New Properties Acquisition will increase the proportion of freehold and perpetual leasehold assets in the Existing Portfolio from 88.2% (under the Existing Portfolio) to 90.4% (under the Enlarged Portfolio).

	Before the New Properties Acquisition(1) (€ million)	**After the completion of the New Properties Acquisition(1)(2) (€ million)**
Freehold	970.3	1,235.3
Perpetual Leasehold	256.3	307.1
Leasehold	163.8	163.8

Notes:

(1) Based on the valuation of the Existing Portfolio (except 13 Via Jervis, Ivrea, Italy ("**Ivrea**")) as at 31 March 2018 and the valuation of Ivrea as at 1 April 2018.

(2) For the New Properties, the valuation is based on the average of the two independent valuations of each property conducted by the Independent Valuers as at 27 September 2018.

	Before the New Properties Acquisition (1) (%)	**After the completion of the New Properties Acquisition(1)(2) (%)**
Freehold	69.8	72.4
Perpetual Leasehold	18.4	18.0
Leasehold	11.8	9.6

Notes:

(1) By percentage of the sum of the valuation of the Existing Portfolio (except Ivrea) as of 31 March 2018 and the valuation for Ivrea as of 1 April 2018.

(2) By percentage of valuation of the Enlarged Portfolio. For the New Properties, the valuation is based on the average of the two independent valuations of each New Property conducted by the Independent Valuers as at 27 September 2018.

4.1.4 Portfolio Positioned for Long-Term Sustainable Growth

(i) Rental upside as Reversionary Yield[12] (based on market rental

12 "**Reversionary Yield**" means the estimated market rental income per annum net of non-recoverable property expenses, divided by aggregate purchase price.

income) is significantly higher than Net Initial Yield[13]

As at 27 September 2018, the Reversionary Yield of the New Properties (based on the average of the Independent Valuers' estimated market rental income per annum net of non-recoverable property expenses) is 7.4%, which implies a 18.6% rental upside compared to its Net Initial Yield of 6.2%.

As at 31 August 2018, the New Properties had an overall occupancy rate of 84.5%, which the Manager believes provides headroom for growth from vacancy reduction given the strong demand for space in the respective markets.

(ii) Leases are typically indexed to Consumer Price Indices

Leases are typically indexed to the Consumer Price Index of the respective jurisdictions in the case of the New Properties in the Netherlands and Finland, and to the Euro-zone consumer price index in the case of the New Properties in Poland, thereby providing steady and relatively predictable rental growth.

4.1.5 Increased Resilience from Size and Diversification of CEREIT's Enlarged Portfolio

(i) Geographical diversification of the portfolio is now enhanced into 7 countries

The New Properties Acquisition will allow CEREIT to enhance its portfolio diversification by entering the attractive Finnish and Polish office markets, in addition to the 5 countries (Denmark, France, Germany, Italy and the Netherlands) in which the Existing Portfolio is located in.

Country	Before the New Properties Acquisition (based on valuation)	After the completion of the New Properties Acquisition (based on valuation)
Netherlands	33.8%	35.0%
Italy	30.1%	24.5%
France	22.6%	18.4%
Germany	7.8%	6.3%
Denmark	5.9%	4.8%
Finland	0%	6.8%
Poland	0%	4.2%

13 "**Net Initial Yield**" means the annualised current passing rental income net of non-recoverable property expenses, divided by aggregate purchase price.

(ii) Increased tenant diversification and trade sector diversification

The table below provides a breakdown by the different trade sectors represented in the Existing Portfolio and Enlarged Portfolio as a percentage of monthly gross rental income (based on gross rental income of the Existing Portfolio for the month of June 2018 and gross rental income of the Enlarged Portfolio for the month of August 2018 and excludes gross turnover rent).

Before the New Properties Acquisition		After the completion of the New Properties Acquisition	
	% of Gross Rental Income	% of Gross Rental Income	
Public Administration	18.3%	17.4%	Public Administration
Wholesale - Retail	15.5%	14.8%	Wholesale - Retail
Manufacturing	9.9%	9.1%	Financial - Insurance
Financial - Insurance	9.4%	8.8%	Manufacturing
Professional - Scientific	7.3%	7.1%	Professional - Scientific
Transportation – Storage	6.6%	6.6%	IT - Communication
IT – Communication	6.5%	5.7%	Transportation - Storage
Entertainment	5.2%	4.7%	Entertainment
Construction	4.3%	4.2%	Construction
Administrative	4.3%	4.0%	Utility
Real Estate	4.2%	4.0%	Real Estate
Others	8.4%	13.6%	Others
Total	**100.0%**	**100.0%**	**Total**

(iii) Reduced concentration risk in the top 10 tenants, with the Enlarged Portfolio resulting in decrease from 40.5% to 36.6%

The top 10 tenants' contribution to the Existing Portfolio's gross rental income for the month of June 2018 will decrease from 40.5% to 36.6% following the Proposed Acquisition.

Before the New Properties Acquisition	After the completion of the New Properties Acquisition

Tenant	% of Gross Rental Income	% of Gross Rental Income	Tenant
Agenzia Del Demanio	16.8%	13.8%	Agenzia Del Demanio
Nationale Nederlanden Nederland B.V.	7.0%	5.7%	Nationale Nederlanden Nederland B.V.
Kamer van Koophandel	3.0%	3.3%	Essent Nederland B.V.
Nationale Stichting tot Exploitatie van Casinospelen in Nederland	2.5%	2.4%	Kamer van Koophandel
McDermott (formerly CBI Nederland B.V.)	2.3%	2.4%	UWV
Anas	2.1%	2.0%	Nationale Stichting tot Exploitatie van Casinospelen in Nederland
GEDI Gruppo Editoriale	2.1%	1.9%	McDermott (formerly CBI Nederland B.V.)
Coolblue B.V.	2.0%	1.7%	Anas
La Poste (French Post)	1.4%	1.7%	GEDI Gruppo Editoriale
Nilfisk	1.3%	1.5%	Coolblue B.V.
Top Ten Tenants	**40.5%**	**36.6%**	**Top Ten Tenants**

4.1.6 Acquisition of the New Properties at attractive Yields

(i) Attractive Net Initial Yield of 6.2% compared to Net Initial Yield of 5.6% for the existing office portfolio

The New Properties are being acquired at attractive yields compared to the Existing Portfolio.

Based on the average of the Independent Valuers’ annualised current passing rental income net of non-recoverable property expenses as estimated by the Independent Valuers, the New Properties have a Net Initial Yield of 6.2%, which compares favourably to the office assets within the Existing Portfolio, which have a Net Initial Yield of 5.6%. Additionally, the Reversionary Yield of the New Properties (based on the average of the Independent Valuers' estimated market rental income per annum net of non-recoverable property expenses s) is 7.4%, which is significantly higher than its Net Initial Yield.

(ii) Increased distributable income to the unitholders

Upon completion of the New Properties Acquisition, CEREIT's Net Property Income and Distributable Income for FP2018 are expected to increase by 21.8% and 22.0% respectively.

4.1.7 Leveraging the Sponsor's Integrated European Asset Management Platform

(i) Sponsor's on the ground asset management team across the Netherlands, Finland and Poland well-positioned to actively manage the assets to drive improved operating and financial performance for CEREIT

CEREIT will be able to leverage on the Sponsor's existing integrated asset management teams in Finland and Poland. Similar to the Sponsor's platforms in Denmark, France, Germany, Italy and the Netherlands, Cromwell Europe Limited Group have extensive experience in the management of office assets in Finland and Poland, with core competencies across the entire value chain.

(ii) Strong track record of enhancing value through AEIs

The Sponsor's strength lies in its global platform and infrastructure, operating a fully integrated property, investment and asset management model, combined with local expertise, drawn from our local teams of experienced, real estate professionals. Cromwell Europe Limited and/or its subsidiaries has an active approach to property portfolio and asset management; constantly looking to implement strategic asset management initiatives that create income stability and growth at an asset level. The Cromwell Europe Limited and/or its subsidiaries are specialists at value-add projects and asset transformations.

The primary goal of its asset management teams is to build long term, mutually beneficial relationships with its tenant customers.

This enables the Sponsor to understand its tenants' needs and flexibly meet their requirements. With 260+ assets and 3100 tenants that the Sponsor manages for various client mandates in Europe, the Sponsor has the expertise to look after the needs of wide range tenants in many different parts of Europe.

As at June 2018, the Sponsor has approximately €4 billion of real estate assets under their management in Europe and the real estate expertise is drawn from over 200 employees in 20 offices across 12 European countries.

4.2 The Italian Acquisitions

The Manager believes that the Italian Acquisitions will bring the following key benefits to the Unitholders:

4.2.1 Enlarged Portfolio with Additional Cash Flow Visibility and Stability

The Italian Properties will increase CEREIT's portfolio valuation by 2.7%.

The Italian Properties are master leased to Agenzia del Demanio, the government agency in charge of 45,000 real estate assets owned and/or occupied by Italian administrations, with a blended WALE of approximately 5.0 years, thereby further enhancing the stability of the CEREIT portfolio’s cash flows. The Purchase Price reflects an average capital value of € 1,378 per sq m and net rental income of € 102 per sq m per annum.

4.2.2 Attractive Yield

The Italian Properties have a Net Initial Yield of 7.4%, which compares favourably to the Net Initial Yield of CEREIT's existing office portfolio of 5.6%. This is a result of CEREIT’s ability to acquire the Italian Properties via off market transactions based on terms similar to that for the recent Ivrea Acquisition. The annual rental escalations are pegged to 75.0% of the Consumer Price Index, thus offering organic growth potential. Both Genova and Bari are significant shipping and seaside tourist cities in Italy, which offer good accessibility by public transportation.

4.3 The French Acquisitions

The Manager believes that the French Acquisition will bring the following key benefits to the Unitholders:

4.3.1 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.

4.3.2 Attractive Yield

The French Properties have a Net Intial Yield of 8.5%, which compares favourably to the Net Initial Yield of CEREIT's existing light industrial and logistics portfolio of 7.1%. This is a result of CEREIT’s ability to acquire the French Properties via off market transactions at approximately 6.3% discount to valuation.

4.3.3 Asset Enhancement Potential

The French Properties also provide asset enhancement opportunities, with a number of the 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, 2 leases that are under tacit rolling agreement are expected to be converted to long term leases at completion.

5. METHOD OF FINANCING

The Manager intends to finance the Acquisitions via debt and equity from a 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.)

6. PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTIONS

6.1 Pro Forma Financial Effects of the New Acquisition based on the CEREIT Unaudited Financial Statements

The *pro forma* financial effects of the New Acquisition for the financial period from 30 November 2017 (being the date of listing of CEREIT) to 30 June 2018 ("**FP2018**") on the DPU and NAV per Unit presented below are strictly for illustrative purposes only and were prepared based on:

(i) the CEREIT Unaudited Financial Statements[14] for FP2018;

(ii) the leases which were either in place or signed as of 30 September 2018 in relation to the New Acquisition assuming that such leases were in place at the start of the financial period FP2018;

(iii) the additional leases covered by the rental guarantee (as described in paragraph 3.1.3(x)) were in place at the start of the financial period FP2018;

(iv) where leases in the New Properties include turnover rent, the turnover rent is estimated based on the turnover for 2017 and the 7 months from January to July 2018; and

(v) tenants incentives for the New Properties are assumed to be funded by the New Properties Vendors where such arrangements have been agreed.

In respect of the New Acquisition, taking into account the Total New Acquisition Cost and certain assumptions including (but not limited to) the following:

(a) for illustrative purposes, approximately 440.0 million new Units are issued under the proposed Rights Issue are attributable to the funding of the Proposed Acquisition;

(b) acquisition fee of approximately €3.1 million paid in Units to the Manager and/or the Property Manager in respect of the New Properties Acquisition;

(c) the balance of the Total Cost of the Proposed Transaction is financed by borrowings; and

(d) the Total Cost of the Proposed Transaction is converted at an exchange rate of €1 : S$1.5727.

In respect of the Italian Acquisition and the French Acquisition, taking into account the Total Italian Acquistion Cost and the Total French Acquisition Cost and certain assumptions including (but not limited to) the following:

14 In respect of the Existing Portfolio.

(a) for illustrative purposes, approximately 142.8 million new Units are issued under the proposed Rights Issue are attributable to the funding of the Recently Announced Acquisitions;

(b) acquisition fee of approximately €0.9 million paid to the Manager and/or Property Manager in respect of the Italian Acquisition and the French Acquisition;

(c) the balance of the Total Italian Acquisition Cost and the Total French Acquisition Cost are financed by borrowings; and

(d) the Total Italian Acquistion Cost and the Total French Acquisition Cost are translated at an exchange rate of €1 : S$1.5727.

For the avoidance of doubt, notwithstanding its current intention, the Manager may, subject to relevant laws and regulations, apportion the gross proceeds of the proposed Rights Issue between the Proposed Transaction and Recently Announced Acquisitions at its absolute discretion.

6.2 *Pro Forma* DPU

The *pro forma* financial effects of the New Acquisition on the DPU for FP2018 are strictly for illustration purposes only, as if:

(a) CEREIT had purchased the New Properties on 30 November 2017,

(b) all the New Properties are generating Net Property Income for FP2018,

(c) CEREIT had completed the Italian Acquisition and the French Acquisition on 30 November 2017, and

(d) all the Italian Properties and the French Properties are generating Net Property Income for FP2018:

FOR ILLUSTRATION PURPOSES ONLY

	***Pro Forma* Effects of the Transactions for FP2018**			
	Financial period from 30 November 2017 to 30 June 2018	**Immediately after completion of the Italian Acquisition and the French Acquisition[(1)]**	**Immediately after completion of the New Acquisition**	**Immediately after completion of the Italian Acquisition and the French Acquisition and the New Acquisition**
Net Property Income (€ m)[(2)]	47.7	51.5	58.2	61.9
Distributable Income (€ m)[(3)]	40.1	42.8	48.9	51.7
No. of Units (million)[(4)]	1,581.1	1,724.0	2,045.4	2,188.3
DPU (€ cents)	2.53	2.48	2.39	2.36

Annualised DPU yield (%)	**7.97%[5]**	**8.03%**	**8.09%**	**8.13%[6]**
Annualised DPU yield (%) based on Rights Issue Price	0.0	**0.0**	**0.0**	**10.8%[7]**

Notes:

(1) Prepared based on (i) the CEREIT Unaudited Financial Statements for FP2018, (ii) the leases which are in place as of 30 September 2018 in relation to the Italian Acquisition and the French Acquisition assuming that such leases were in place at the start of the financial period FP2018, (iii) in relation to a tenant on a 6-month lease, that the lease would be renewed at a level in line with the latest termsheet proposed by the tenant

(2) Adjusted for the property management fees payable (assumed to be 0.67% of New Properties Acquisition Purchase Consideration)

(3) Adjusted for the Manager's management fees (assumed to be 0.23% of New Properties Acquisition Purchase Consideration, of which the Manager would receive 100.0% in the form of Units) and property management fees payable (assumed to be 0.67% of New Properties Purchase Consideration, of which the Property Manager would receive 40.0% in the form of Units) and related tax effects

(4) For CEREIT, based on the number of issued and issuable Units entitled to distribution as at 30 June 2018 as stated in the CEREIT Unaudited Financial Statements. For the Italian Acquisition and the French Acquisition also including 142,831,883new Units issued under the proposed Rights Issue, as well as new units issuable as payment for the property management fees and Manager's management fees. For the New Acquisition also including 439,979,559new Units issued under the proposed Rights Issue, as well as new units issuable as payment for the property management fees, Manager's management fees and acquisition fees for the New Properties.

(5) Based on the closing price of €0.545 per Unit on the SGX-ST on 30 October, being the last trading day of the Units prior to the announcement of the proposed Rights Issue.

(6) Assumes that €170.8 million of the gross proceeds of the Rights Issue are used to partially fund the Total Cost of the Proposed Transaction, and €53.3 million of the gross proceeds of the Rights Issue are used to partially fund the Total Cost of the Recently Announced Acquisitions. DPU yield is computed based on annualised pro forma distributable income divided by the sum of CEREIT’s market capitalisation at the close of 30 October 2018 and the gross proceeds of the Rights Issue assumed to be attributable to each respective transaction.

(7) Based on the Rights Issue Price of €0.373 per Unit.

6.3 *Pro Forma* NAV

The *pro forma* financial effects of the New Properties Acquisition and the Italian Acquisition and the French Acquisition on the NAV per Unit as at 30 June 2018, as if the Proposed Transaction had been completed on 30 June 2018, are as follows:

	***Pro Forma* Effects of the Transactions as at 30 June 2018**			
	As at 30 June	**Immediately after completion of the Italian Acquisition and the French Acquisition**	**Immediately after completion of the New Acquisition**	**Immediately after completion of the Italian Acquisition and the French Acquisition and the New Properties Acquisition [1]**
NAV (€	897.9	945.6	1,051.3	1,099.1

m)				
No. of Units (million) (2)	1,574.0	1,716.8	2,038.3	2,181.1
NAV per Unit (€)	0.57	0.55	0.52	0.50

Notes:

(1) Taking into account the proposed Rights Issue, and that the balance of the Total Cost of the Proposed Transaction and the Total Italian Acquisition Cost and the Total French Acquisition Cost are financed with borrowings.

(2) Based on the number of issued Units entitled to distribution as at 30 June 2018. For the Italian Acquisition and the French Acquisition also including 142,831,883 new Units issued under the proposed Rights Issue, as well as new units issuable as payment for the property management fees and Manager's management fees. For the Proposed Transaction also including 439,979,559 new Units issued under the proposed Rights Issue, as well as new units issuable as payment for the property management fees, Manager's management fees and acquisition fees for the New Properties.

6.4 *Pro Forma* Capitalisation

The following table sets forth the *pro forma* capitalisation of CEREIT as at 30 June 2018, as if CEREIT had completed the New Acquisition, the Italian Acquisition and the French Acquisition on 30 June 2018.

	As at 30 June	Immediately after completion of the Italian Acquisition and the French Acquisition	Immediately after completion of the New Acquisition	Immediately after completion of the Italian Acquisition and the French Acquisition and the New Acquisition (1)
Total assets (€ m)	1,471.5	1,543.3	1,783.9	1,855.7
Total debt (€ m)	498.8	523.3	654.5	679.1
Total liabilities (€ m)	573.6	597.7	732.6	756.6
Total Unitholders' funds (excluding non-controlling interests) (€ m)	897.9	945.7	1,051.3	1,099.1
Total Capitalisation (€ m)	1,364.4	1,442.3	1,694.1	1,772.0
Aggregate Leverage Ratio	33.9%	33.9%	36.7%	36.6%

	As at 30 June	Immediately after completion of the Italian Acquisition and the French Acquisition	Immediately after completion of the New Acquisition	Immediately after completion of the Italian Acquisition and the French Acquisition and the New Acquisition [(1)]
(%)				

Notes:

(1) Taking into account the proposed Rights Issue, and that the balance of the Total Cost of the Proposed Transaction and the Total Italian Acquisition Cost and the Total French Acquisition Cost are financed with borrowings.

7. DISCLOSURE UNDER RULE 1010(13) OF THE LISTING MANUAL

Chapter 10 of the Listing Manual classifies transactions by CEREIT into (i) non-discloseable transactions, (ii) discloseable transactions, (iii) major transactions and (iv) very substantial acquisitions or reverse takeovers, depending on the size of the relative figures computed on, *inter alia*, the following applicable bases of comparison set out in Rules 1006(b), and 1006(c) of the Listing Manual:

(i) the net profits attributable to the assets acquired, compared with the CEREIT Group's net profits; and

(ii) the aggregate value of the consideration given, compared with the CEREIT's market capitalisation.

Where any of the relative figures computed on the bases set out above exceeds 20.0%, the transaction is classified as a major transaction. The Listing Manual requires that a major transaction involving CEREIT be made conditional upon approval by Unitholders in a general meeting. However, the approval of Unitholders is not required in the case of an acquisition of profitable assets if only limb (i) above exceeds the relevant 20.0% threshold.

The relative figures for the Acquisitions using the applicable bases of comparison described above are set out in the table below:

Comparison of:	**Net Profits**		**Purchase Consideration against market capitalisation**	
	(€ million)	**Relative to CEREIT**	**(€ million)**	**Relative to CEREIT**
CEREIT[(1)]	49.4	-	858.4[(3)]	-
The New Acquisition[(2)]	4.7	9.6%	308.8	36.0%
The Italian Acquisition and the Ivrea Acquisition[(2)]	1.4	2.9%	54.4	6.3%
The French Acquisition[(2)]	1.1	2.2%	34.4	4.0%

Notes:

(1) Based on unaudited financial statements for the period from 30 November 2017 (being the date of listing of

CEREIT) to 30 June 2018.

(2) Based on the respective Acquisitions' estimated financial results for a seven-month period, based on leases that are currently in place as at 30 September 2018. Ivrea Acquisition refers to the acquisition of 13 Via Jervis, Ivrea, Italy.

(3) Market capitalisation based on the weighted average price of the Units transacted on the SGX-ST on 29 October 2018, being the market day preceding the date of signing of the Master Purchase Agreement, of €0.543 per Unit.

As seen in the table above, the New Acquisition constitutes a "major transaction" under Rule 1014(1) of the Listing Manual (read with Rule and 1006(c)) as the New Acquisition Purchase Consideration for the New Properties exceeds 20.0% of CEREIT's market capitalisation.

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL UNITHOLDERS AND DIRECTORS' SERVICE CONTRACTS

As at the date of this Announcement, certain directors of the Manager collectively hold an aggregate direct and indirect interest in 396,400 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 at the date of this announcement and based on information available to the Manager, Cromwell Property Group, 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 Acquisitions.

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

9. AUDIT AND RISK COMMITTEE STATEMENT IN RELATION TO THE New PROPERTIES ACQUISITION

The Audit and Risk Committee of the Manager will obtain an opinion from Ernst & Young Corporate Finance Pte. Ltd. (the "**IFA**"), which has been appointed as the independent financial adviser, on the New Properties Acquisition before forming its view.

The opinion of the IFA as to whether the New Properties Acquisition is on normal commercial terms and is not prejudicial to the interests of CEREIT and its minority Unitholders will be disclosed in the Circular.

10. 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 after the date of this announcement:

(i) Master Purchase Agreement;

(ii) Independent valuation report from C&W in relation to the New Properties; and

(iii) Independent valuation report from Colliers in relation to the New Properties.

(iv) Italian Properties SPA;

(v) Valuation report of Colliers on the Italian Properties and the French Properties; and

(vi) binding offer in relation to the French Acquisition.

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

30 October 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[15] 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.

15 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).