CROMWELL EUROPEAN REIT

RESULTS PRESENTATION

FOR THE SECOND QUARTER AND HALF YEAR
ENDED 30 JUNE 2019

CROMWELL
EUROPEAN REIT

8 August 2019

Disclaimer

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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.

All figures in this presentation are as at 30 June 2019 and stated in Euro ("**EUR**" or "**€**"), unless otherwise stated

1. "**p.p.**" refers to percentage points, and "**b.p.**" refers to basis points
2. "**dpu**" refers to distribution per unit
3. "**cpu**" refers to cents per unit
4. "**Q-on-Q**" refers to quarter on quarter
5. 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 in December 2018 (the "**Rights Issue**") where applicable
6. "**1Q 2019**" refers to the period from 1 January 2019 to 31 March 2019; "**2Q 2019**" refers to the period from 1 April 2019 to 30 June 2019; "**1H 2019**" refers to the period from 1 January 2019 to 30 June 2019; "**FY2019**" refers to the period from 1 January 2019 to 31 December 2019
7. "**pcp**" refers to the prior corresponding period; "**1H 2018**" refers to the period from 1 January 2018 to 30 June 2018

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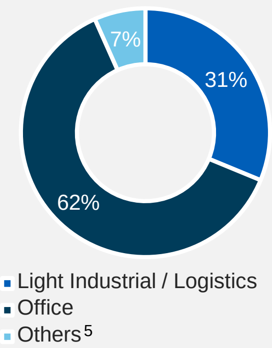
CEREIT
Investment Case

CEREIT's Investment Case

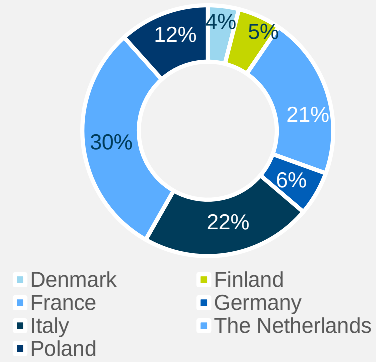
Delivering Sustainable Unitholder Returns and Opportunity for Growth

- 7.9% Annualised Distribution Yield[1]
- DPU of €2.04 cpu for 1H 2019 was 4.6% above the IPO Forecast DPU[2] and 3.0% above pcp[3]
- On track to deliver the adjusted FY2019 IPO Forecast of €4.02 cpu[3]
- €2.08 billion[4] pan-European portfolio diversified across asset classes and geography
- Well-positioned to take advantage of accretive acquisition opportunities in Europe with attractive yield / debt spreads and on-the-ground execution team
- Able to source high-quality assets in strategic, "on-theme" cities
- Opportunities for income and net asset value growth via active asset management and market rent growth with positive blended rental reversion rate of 4.8% for 2Q 2019
- First divestment of non-core asset with the announced sale of Parc d'Osny
- Cromwell Property Group (the "**Sponsor**") is an internationally recognised sponsor listed on the Australian Securities Exchange

Balanced Asset Class Exposure[4]



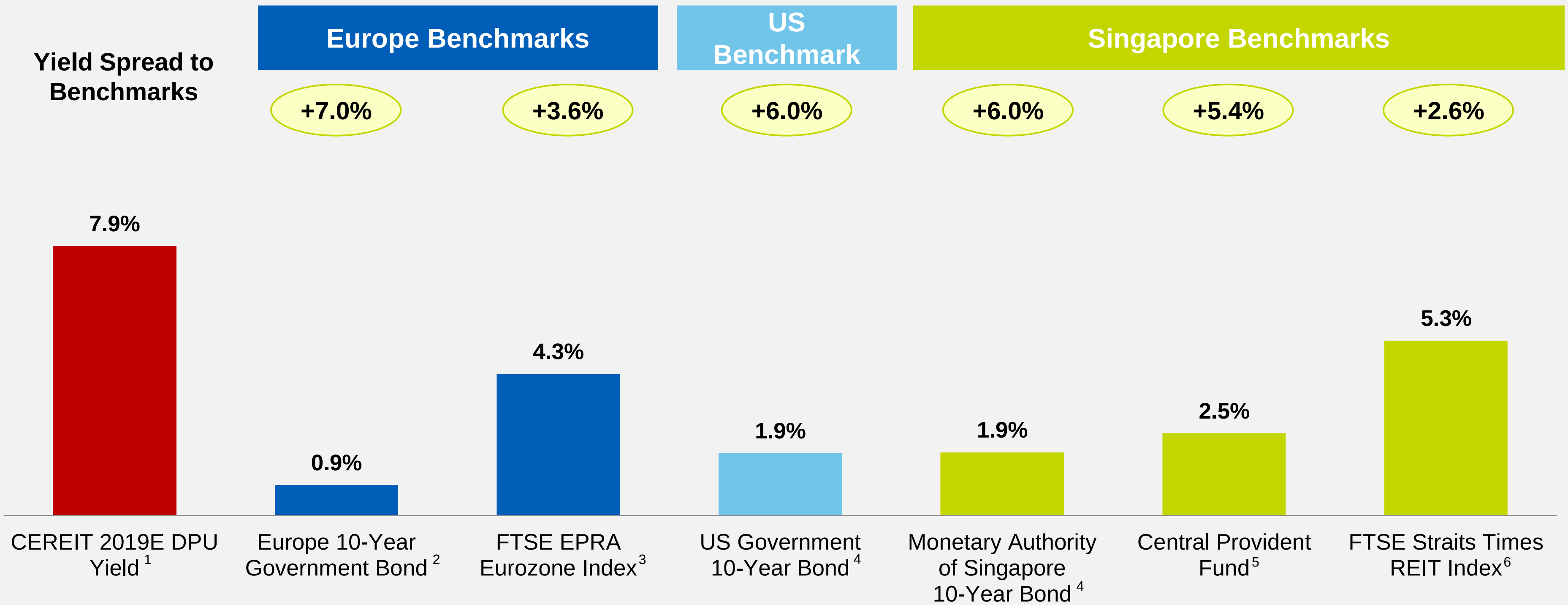
Diversified Geography Exposure[4]



1. Based on €0.51, the last traded price on SGX-ST on 31 July 2019 and DPU of €4.02 cpu (FY2019 IPO Forecast of €4.40 cpu adjusted for the Rights Issue in December 2018)
2. The IPO Forecast DPU for FY2019 was €4.40 cpu. Taking into account the new units issued in December 2018 (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. 1H 2019 IPO Forecast is interpolated from the Adjusted FY2019 IPO Forecast
3. 1H 2018 DPU is restated to reflect the bonus element in the new units issued pursuant to the Rights Issue in December 2018
4. Based on a total of 103 properties (97 properties valued as at 30 June 2019 and 6 properties as per the announced acquisitions on 21 June 2019 recorded at purchase price). Upon successful completion of the sale of Parc d'Osny, the portfolio value will stand at **€2,065** million with a total of 102 properties
5. Others include three government-let campuses, one leisure / retail property and one hotel in Italy

Cromwell European REIT – Distribution Yield

CEREIT 2019E DPU Yield of 7.9%[1] Compares Favourably to Other Global Yield Investment Alternatives



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

1. Based on €0.51, the last traded price on SGX-ST on 31 July 2019 and DPU of €4.02 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 Track Record Since IPO

More than 50% Growth in Portfolio Size since IPO

CEREIT Continues to Target Accretive High-Quality Assets in Strategic, "On-Theme" Cities and Markets

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, leading to €6m valuation gain

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

102 properties
Portfolio value at **€1,993 million**

July 2019: Completed the acquisition of Lénine, Paryseine and Cap Mermoz assets in Paris, France[1] and Green Office and Avatar Office in Kraków, Poland[2]

103 properties
Portfolio value at **€2,081 million[3]**

Sept 2019: Expected completion of Business Garden, in Poznań, Poland[2]

1. Lénine, Paryseine and Cap Mermoz are herein referred to as "**Greater Paris Properties**"
2. Green Office, Avatar Office and Business Garden are herein referred to as "**Poland Properties**"
3. Based on a total of 103 properties (97 properties valued as at 30 June 2019 and 6 properties as per the announced acquisitions on 21 June 2019 recorded at purchase price). Upon successful completion of the sale of Parc d'Osny, the portfolio value will stand at **€**2,065 million with a total of 102 properties

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
sq m

280+
properties

3,700+
tenants

390+
people

1. Total assets for Cromwell Property Group 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 published its first sustainability report in May 2019, prepared in compliance with Practice Note 7.6 (Sustainability Reporting Guide) of the SGX-ST and in accordance to Global Reporting Initiatives ("**GRI**") (core option) standards
- The CEREIT Manager has committed to clearly defined sustainability targets that are measured and monitored
- Key management has KPIs focused on specific ESG targets
- CEREIT is participating for a second year in a row in the Global Real Estate Sustainability Benchmark ("**GRESB**") with rating results expected in September
- Portfolio-level focus on environment:
  - All CEREIT assets have obtained Energy Performance Certificates ("**EPC**") that are required by European energy efficiency legislation
  - CEREIT's objective is to certify another 10 properties for BREEAM[1] in-use asset level certification in 2020
  - CEREIT's assets in the Netherlands, Germany and Denmark have already adopted renewable energy procurement contracts

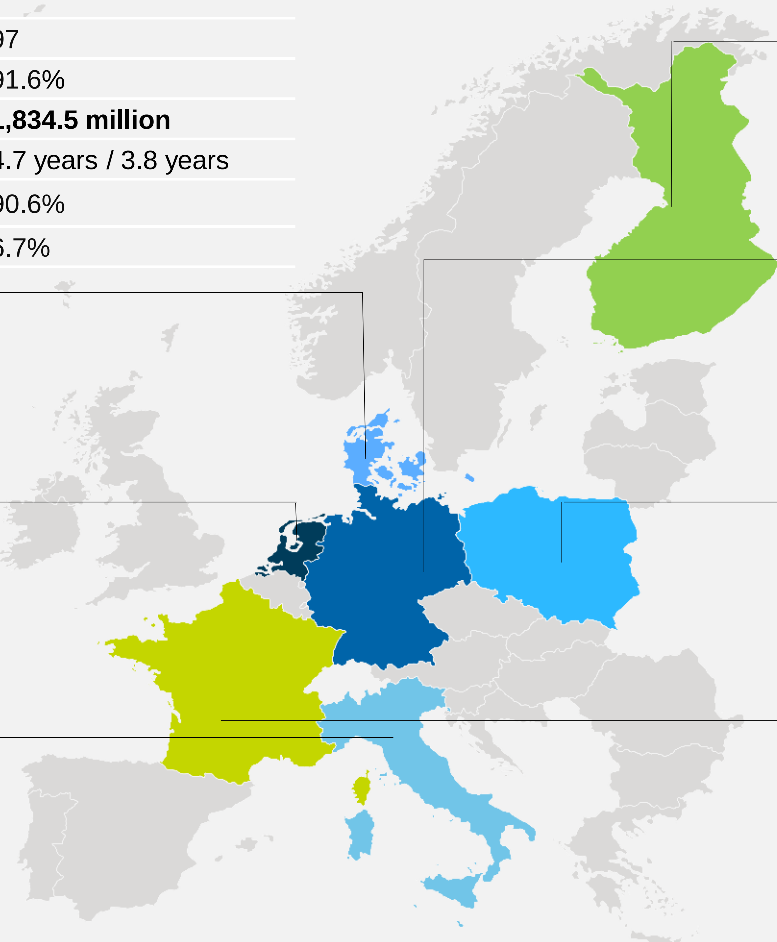
1. Refers to the Building Research Establishment Environmental Assessment Method, the world's leading sustainability assessment method for master planning projects, infrastructure and buildings. It recognises and reflects the value in higher performing assets across the built environment lifecycle, from new construction to in-use and refurbishment. BREEAM is used as an asset-level sustainability certification.

Portfolio Highlights

Portfolio Overview as at 30 June 2019

(Excluding the Recent Acquisitions of Six Predominantly Office Properties in France and Poland)

Properties	97
Occupancy Rate (by lettable area)	91.6%
Valuation (€)[1]	**1,834.5 million**
WALE / WALB[2]	4.7 years / 3.8 years
% Freehold[3]	90.6%
Average Reversionary Yield[4]	6.7%



Denmark	
Properties	13
Lettable Area (sq m)	151,491
Valuation (€ million)	83.2
% of Portfolio	4.5%
Average Reversionary Yield	7.8%

The Netherlands	
Properties	17
Lettable Area (sq m)	260,205
Valuation (€ million)	627.0
% of Portfolio	34.2%
Average Reversionary Yield	5.7%

Italy	
Properties	17
Lettable Area (sq m)	335,977
Valuation (€ million)	458.6
% of Portfolio	25.0%
Average Reversionary Yield	6.0%

Finland	
Properties	11
Lettable Area (sq m)	61,977
Valuation (€ million)	115.5
% of Portfolio	6.3%
Average Reversionary Yield	7.8%

Germany	
Properties	11
Lettable Area (sq m)	166,738
Valuation (€ million)	118.6
% of Portfolio	6.5%
Average Reversionary Yield	6.9%

Poland	
Properties	3
Lettable Area (sq m)	34,362
Valuation (€ million)	73.2
% of Portfolio	4.0%
Average Reversionary Yield	8.5%

France	
Properties	25
Lettable Area (sq m)	370,090
Valuation (€ million)	358.5
% of Portfolio	19.5%
Average Reversionary Yield	8.2%

1. Valuations as at 30 June 2019
2. WALE and WALB as at 30 June 2019. WALE is defined as weighted average lease expiry by headline rent based on the final termination date of the agreement (assuming the tenant-customer 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-customer'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

Portfolio Valuation up 7.3% to €1.83 billion

(€2.08 Billion[1] Post Completion of the Acquisitions of Six Predominantly Office Properties in France and Poland)

- The CEREIT property portfolio[2] was externally valued as at 30 June 2019
  - €124.3 million (+7.3%) valuation increase of CEREIT's portfolio from purchase price
  - Predominantly driven by asset enhancements and off-market purchases
  - Reversionary yields and initial yields at 6.7% and 6.0% respectively

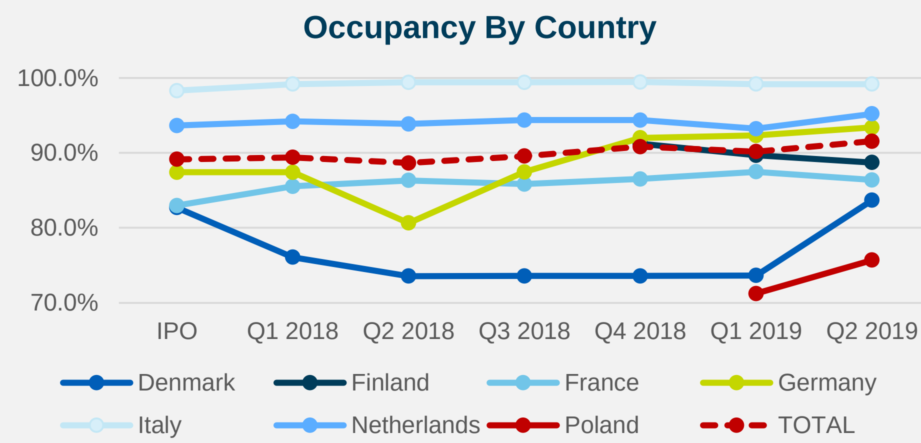
Country	Valuation as at 30 June 2019 €'000	Purchase Price €'000	Variance between Valuation and Purchase Price %
The Netherlands	626,950	582,043	7.7%
Italy	458,600	457,825	0.2%
France	358,500	318,000	12.7%
Germany	118,550	91,254	29.9%
Finland	115,450	113,120	2.1%
Denmark	83,177	76,089	9.3%
Poland	73,240	71,850	1.9%
Total	**1,834,467**	**1,710,181**	**7.3%**

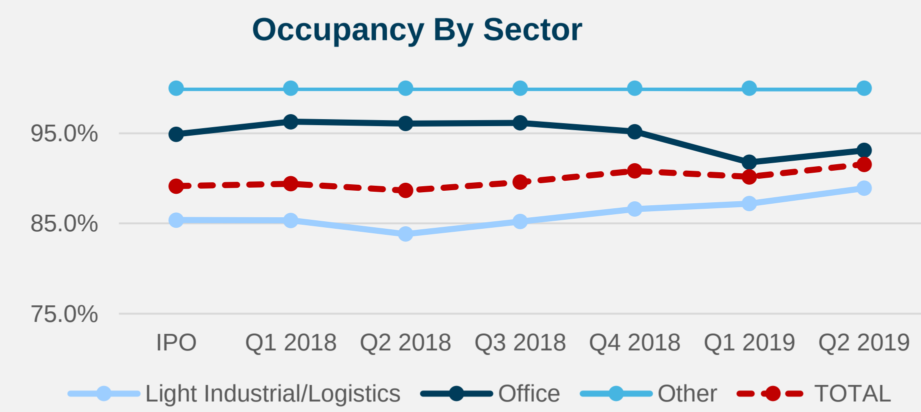
1. Based on a total of 103 properties (97 properties valued as at 30 June 2019 and 6 properties as per the announced acquisitions on 21 June 2019 recorded at purchase price). Upon successful completion of the sale of Parc d'Osny, the portfolio value will stand at €2,065 million with a total of 102 properties
2. 97 Properties as at 30 June 2019

Positive Leasing Momentum Continues in 2Q 2019

Asset Management Highlights

- **Active leasing in 2Q 2019**
  - 47,242 sq m (41 leases) in new leases signed with 9,260 sq m in Office leases and 37,982 sq m in Light Industrial / Logistics leases
  - This compares favourably against 25,043 sq m (53 leases) in new leases signed in 1Q 2019
- **Further uplift in portfolio occupancy rate in 2Q 2019**
  - 91.6% occupancy by area as at 30 June 2019
  - This represents 1.4 p.p. increase from the 90.2% occupancy by area as at 31 March 2019
- **Positive rental reversion continues in 2Q 2019**
  - Positive blended rental reversion rate (Office and Light Industrial / Logistics) of 4.8%, illustrating rental growth across assets in average (Light Industrial / Logistics at 9.1% vs. Office at -0.8%)
- **Light Industrial / Logistics sector contributed 39.1% of Net Property Income ("NPI") in 1H 2019**

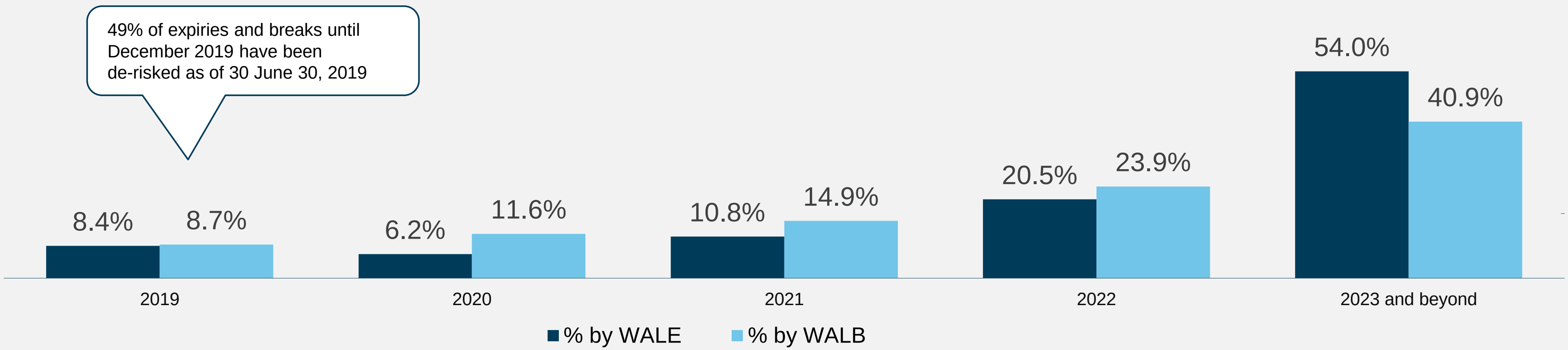




Income Resilience Supported by Long WALE

- Portfolio occupancy by area as at 30 June 2019 is 91.6%
- 4.7 years WALE remained stable Q-o-Q, WALB slightly reduced by 0.1 year to 3.8 years
- Top 10 tenant-customers' WALE is 4.9 years as at 30 June 2019
- Pro-actively working on extension strategies

Lease Expiry Profile



Further Diversification of High-Quality Tenant-Customer Base

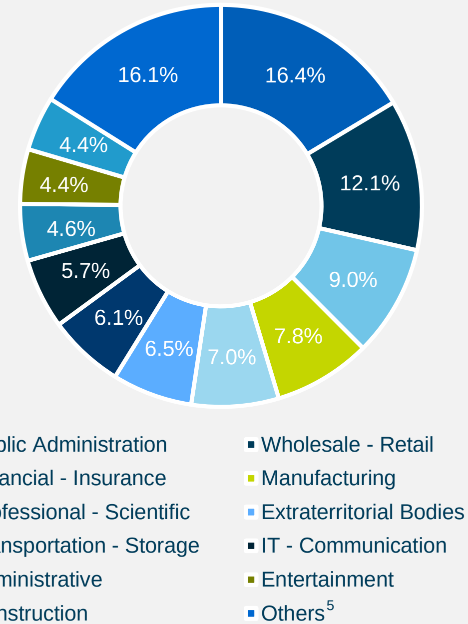
Top 10 Tenant-Customers Represent 36.8% of the Portfolio as at 30 June 2019 (down from 41% at IPO)

Total no. of leases as at 30 June 2019	1,104
Total no. of tenant-customers as at 30 June 2019	911

Top 10 Tenant-Customers

#	Customers	Country	% of Total Headline Rent[1]
1	Agenzia del Demanio (Italian State Property Office)	Italy	15.2%
2	Nationale-Nederlanden	The Netherlands	6.1%
3	Essent Nederland B.V.	The Netherlands	3.0%
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	1.4%
10	CBI Nederland B.V.	The Netherlands	1.4%
			36.8%

Tenant-Customer Trade Sector Breakdown by Headline Rent[1]



1. As at 30 June 2019
2. Uitvoeringsinstituut Werknemersverzekeringen (UWV)
3. Nationale Stichting tot Exploitatie van Casinospelen in the Netherlands
4. Subsidiary of GEDI Gruppo Editoriale
5. Others comprise Accommodation / Utility / Education / Rural / Human Health / Mining / Other Service Activities / Residential / Water / Miscellaneous Services

Significant Lease Transaction in the Netherlands in July 2019

Showcases Strength of CEREIT's Haagse Poort Office Asset and the Asset Management Team

- CEREIT has renewed and expanded the lease with leading financial services company Nationale-Nederlanden at Haagse Poort, the Hague in the Netherlands
- Nationale-Nederlanden is CEREIT's second-largest tenant-customer, contributing approximately 6% of portfolio income
- The renewal covers 16,130 sq m of office space and the expansion covers an additional 4,933 sq m with the remaining lease term for both of 5.6 years
- As part of the lease extension, CEREIT has also committed to a modest range of Asset Enhancement Initiatives ("**AEI**"), such as upgrading the restaurant and high-rise entrance lobby, as well as installing additional charging points for E-cars and supplying 30 e-bikes
- The lease extension with Nationale-Nederlanden showcases the strength of the asset let to a headquartered anchor tenant-customer – a strategy which has reduced the risk profile of many of CEREIT's office assets

Haagse Poort

Parc des Docks Leasing Programme Progressing Well

Lease-up Momentum Continues in 2Q 2019 with the Potential to Further Increase Occupancy in 2H 2019

- Resumed active lease-up programme post the conclusion of negotiations with the French government where circa €907,000 rent compensation was awarded to CEREIT
- Over 1H 2019, a total of 11,227 sq m of Net Lettable Area ("**NLA**") has been leased with a combined passing rent of €1.53 million
- Rental levels are €140 - €150 / sq m per annum ("**p.a.**"), 20% ahead of Estimated Rental Value ("**ERV**") as at December 2018, with minimal incentive packages and minimal vacant refurbishment costs
- Annual NPI is now €8.0 million
- Occupancy at 30 June 2019 was at 91.7%, compared to 87.4% at 31 December 2018, despite the fact that the largest tenant-customer, Leroy Merlin (9.2% of NLA) vacated in March 2019

Parc des Docks

Denmark Light Industrial / Logistics Leasing Success Continues

Asset Management Plans Underway

- Occupancy for the Danish portfolio of 13 assets increased by 10.0 p.p. Q-o-Q to now 83.7%
- 14 new leases (15,955 sq m of warehouse space, office space, outside / parking areas) have been signed during 2Q 2019
- 7 renewed leases (total of 20,391 sq m) during 2Q 2019
- Positive leasing pipeline to further improve occupancy rate in 2H 2019
- Ongoing AEIs for conversion of some of the office space to warehouse space of smaller warehouse/storage units or alternative use to create opportunities for additional NPI – space that was valued as structurally vacant

C.F. Tietgensvej 10, Kolding

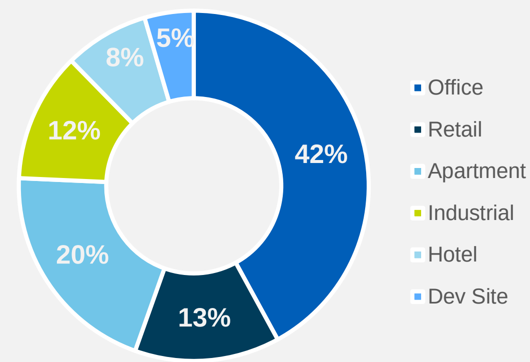
Naverland 8, Glostrup

Stamholmen 111, Hvidore

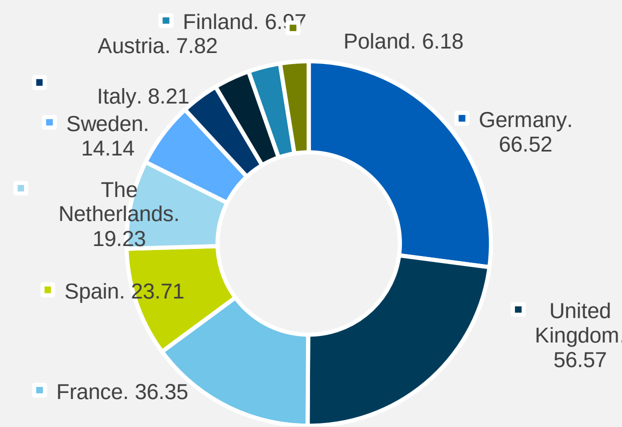
European Commercial Real Estate Commentary

- Eurozone GDP economic growth forecasts for 2019 stand at 1.2%
- The European Central Bank (“**ECB**”) in June indicated that rates would remain at present levels until at least 2H 2020 and the expectations are that in October the ECB will announce that they are resuming quantitively easing (“**QE**”) at a pace of €30 billion per month
- Europe’s real estate market is in relatively good health at the half way point of 2019 despite a slowing European economy and lower investment volumes across the region
- 2Q 2019 initial European property trading volumes reached €59.7 billion, up an encouraging 16% on 1Q levels of activity
- European real estate capital inflows are still robust (44% of all global inflows in 2Q) but have edged down since the beginning of 2019, with Asian capital being the dominant force
- The office sector continues to be the most sought-after, securing 43% of 2Q trading volumes, similar to the 42% seen in 1Q; the industrial sector recorded a market share of 10% – a similar level to the last twelve months
- Yields remain at historic lows across office and industrial sectors in the majority of locations having stabilised across at the end of 2018
- Gateway European cities and Tier II markets with robust fundamentals continue to attract institutional investors

Investment by Sector (12 months to June 2019)



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



Sources:
Real Capital Analytics – data as at 29 July 2019
BNP Paribas – Investment Markets in Europe 2Q 2019

Avatar Office
Kraków, Poland

Cap Mermoz
Paris, France

Transactions Update

Acquisition of Six Predominantly Office Properties in France and Poland

Key Benefits of the New Acquisitions

1. Consistent with the Manager's investment strategy
2. DPU-accretive acquisitions at attractive yields
3. Entry into Greater Paris office market, the largest European capital city
4. Increased presence in attractive Polish office market
5. High-quality, well-located freehold properties
6. Increased resilience from size and diversification
7. Leveraging the Sponsor's integrated European asset management platform

New Acquisitions Overview

Six High-quality Predominantly Office Assets across Three Separate Portfolios
Leveraging Pan-European On-the-Ground Presence to Execute Off-Market Acquisitions at Attractive Yields

Six properties

€246.9 million
purchase price

€2,238 / sqm
purchase price
(Below estimated replacement cost)

7.4%
Net Initial Yield[1]

100%
Freehold[2]

98.7%
Occupancy[3]

4.6 years
WALE

Greater Paris	
Properties	3
Net LFA (sq m)	33,786
Valuation[4] (€ million)	78.9
Purchase price (€ million)	78.1
Net Initial Yield[1] (%)	6.5
Occupancy[3] (%)	95.9
WALE (years)	5.0

Kraków	
Properties	2
Net LFA (sq m)	34,295
Valuation[4,5] (€ million)	80.2
Purchase price (€ million)	80.0
Net Initial Yield[1] (%)	7.5
Occupancy[3] (%)	100.0
WALE (years)	5.8

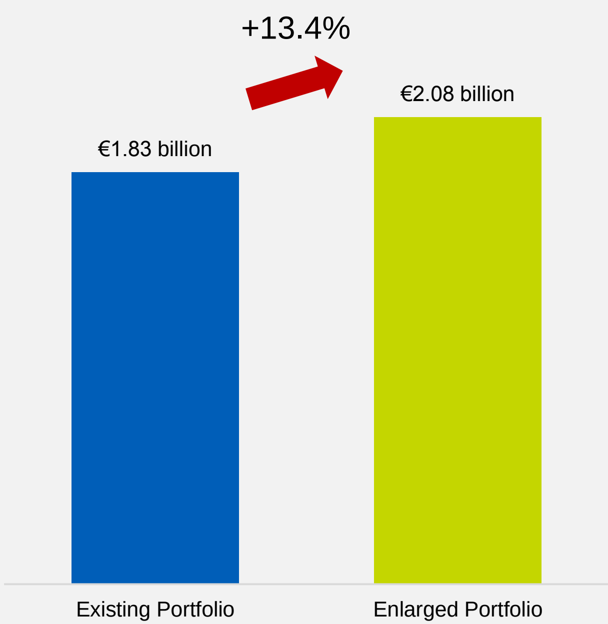
Poznań	
Properties	1
Net LFA (sq m)	42,267
Valuation[4,5] (€ million)	89.0
Purchase price (€ million)	88.8
Net Initial Yield[1] (%)	8.0
Occupancy[3] (%)	100.0
WALE (years)	3.2

1. Net Initial Yield means the current passing rental income net of non-recoverable property expenses, divided by the property purchase price before transaction costs
2. Includes the Avatar Office, which is partially a perpetual usufruct leasehold property
3. Occupancy rate as at as at 31 May 2019 for Greater Paris properties, 1 March 2019 for Green Office and Avatar Office, and 23 May 2019 for Business Garden
4. Valuation of the Greater Paris Properties as at 30 June 2019 and valuation of the Poland Properties as at 19 June 2019
5. Valuation and WALE of Green Office is on the basis that the Motorola Solutions Systems leases have been renewed

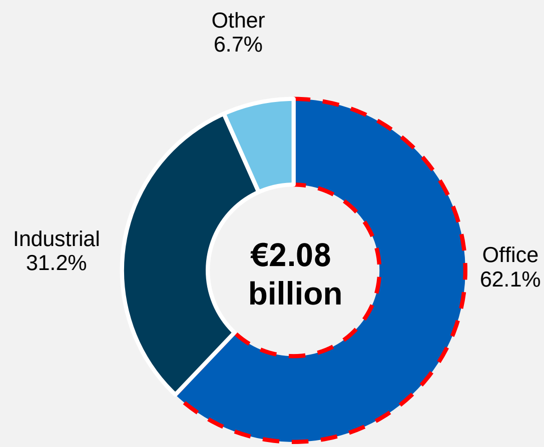
Summary Effects of the New Acquisitions

DPU - Accretive Acquisitions Increase Portfolio Scale and Diversification

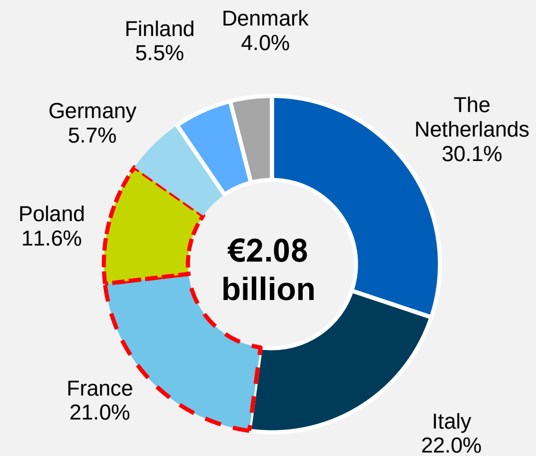
Larger Portfolio Size
Portfolio valuation (1)



Office Allocation in Portfolio Increased to 62.1%
Breakdown of valuation (1) by asset class



Increased Geographic Diversification
Breakdown of valuation (1) by country



1. Based on a total of 103 properties (97 properties valued as at 30 June 2019 and 6 properties as per the announced acquisitions on 21 June 2019 recorded at purchase price). Upon successful completion of the sale of Parc d'Osny, the portfolio value will stand at €2,065 million with a total of 102 properties

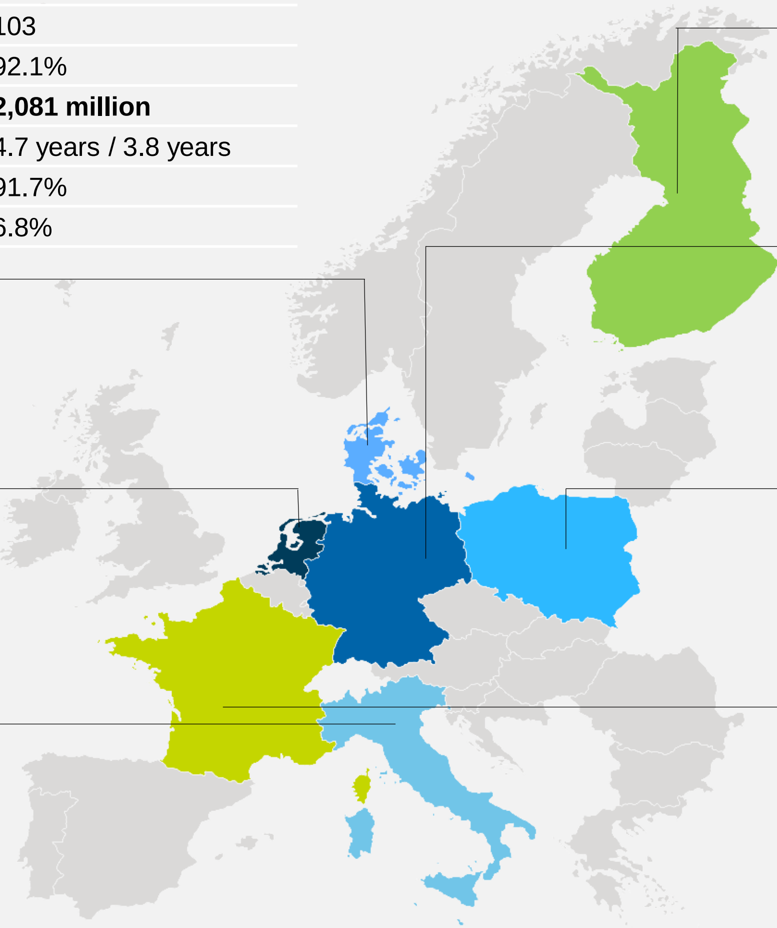
CEREIT's Enlarged Portfolio Post Acquisitions

Properties	103
Occupancy Rate (by lettable area)	92.1%
Valuation[1] (€)	**2,081 million**
WALE / WALB[2]	4.7 years / 3.8 years
% Freehold[3]	91.7%
Average Reversionary Yield[4]	6.8%

Denmark	
Properties	13
Lettable Area (sq m)	151,491
Valuation (€ million)	83.2
% of Portfolio	4.0%
Average Reversionary Yield	7.8%

The Netherlands	
Properties	17
Lettable Area (sq m)	260,205
Valuation (€ million)	627.0
% of Portfolio	30.1%
Average Reversionary Yield	5.7%

Italy	
Properties	17
Lettable Area (sq m)	335,977
Valuation (€ million)	458.6
% of Portfolio	22.0%
Average Reversionary Yield	6.0%



Finland	
Properties	11
Lettable Area (sq m)	61,977
Valuation (€ million)	115.5
% of Portfolio	5.6%
Average Reversionary Yield	7.8%

Germany	
Properties	11
Lettable Area (sq m)	166,738
Valuation (€ million)	118.6
% of Portfolio	5.7%
Average Reversionary Yield	6.9%

Poland	
Properties	6
Lettable Area (sq m)	110,923
Valuation (€ million)	242.0
% of Portfolio	11.6%
Average Reversionary Yield	7.9%

France	
Properties	28
Lettable Area (sq m)	403,877
Valuation (€ million)	436.6
% of Portfolio	21.0%
Average Reversionary Yield	8.0%

1. Based on a total of 103 properties (97 properties valued as at 30 June 2019 and 6 properties as per the announced acquisitions on 21 June 2019 recorded at purchase price). Upon successful completion of the sale of Parc d'Osny, the portfolio value will stand at €2,065 million with a total of 102 properties
2. WALE and WALB as at 30 June 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-customer does not terminate the lease on any of the permissible break date(s), if applicable), on the basis that the Motorola Solutions Systems leases have been renewed; 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-customer's election or the expiry of the lease
3. % freehold and continuing / perpetual leasehold / usufruct 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 (or in the case of the Existing Properties net market value before purchaser costs). The reversionary yield for the portfolio and sub portfolios is the average Reversionary Yield weighted by the valuation

Parc d’Osny Sale

First Asset Disposal at 11.8% Premium over Purchase Price

- The sale of Parc d’Osny is consistent with the Manager’s strategy of disposing of non-core and/or assets with risk/return profiles that no longer fit CEREIT’s key objectives to provide Unitholders with regular and stable distributions and to achieve long-term growth in DPU and NAV per Unit, while maintaining an appropriate capital structure
- The sale consideration of €19.0 million is €2.2 million over the valuation of the property as at 30 June 2019 and €2.0 million over the purchase price, representing a 13.1% and 11.8% premium over the valuation and the purchase price respectively

Property description

The property consists of six buildings arranged in a rectangular form across the site and provide a mixture of industrial and office space.

Acquisition Date	30/11/2017
Purchase Price	€17,000,000
Valuation (As at 30 June 2019)	€16,800,000
NLA	40,288
Sale Consideration	€19,000,000
Gross Revenue	€1,747,056
Occupancy	50.8%
Lease Type	Multi-let
Land Tenure	Freehold

Parc des Docks
Paris, France

Veemarkt
Amsterdam, The Netherlands

Financial Performance

Results Driven by Acquisitions

Key Performance Metrics for 1H 2019

1H 2019 vs 1H 2018	1H 2019 vs IPO Forecast[2]
Gross revenue **up 32.5%**	Gross revenue **up 31.5%**
NPI **up 33.7%**	NPI **up 31.5%**
Income available for distribution **up 33.3%**	Income available for distribution **up 31.6%**
DPU of **€2.04 cents up by 3%**[1]	DPU of **€2.04 cents up by 4.6%**

1. 1H 2018 DPU is restated to reflect the bonus element in the new units issued pursuant to the Rights Issue in December 2018
2. As compared to amounts stated in the Prospectus, adjusted for the Rights Issue where applicable. 1H 2019 IPO Forecast is interpolated from FY2019 IPO Forecast

Ongoing Focus on Driving Distributable Income

Key Performance Metrics for 1H 2019

Gross Revenue and NPI

- Outperformance driven by new acquisitions

Total Return

- Includes €32.1 million fair value gain from valuations as at 30 June 2019 (€54.5 million gain in 1H 2018)

Distributable Income

- €44.84 million, 31.6% above the IPO Forecast, and 33.3% above 1H 2018

DPU

- €2.04 cents, 3.0% above 1H 2018[1] and 4.6% above the IPO Forecast[2]

	Actual 1H 2019	Actual 1H 2018	Variance	IPO Forecast 1H 2019	Variance
Gross Revenue (€'000)	82,372	62,147	32.5% ▲	62,623	31.5% ▲
NPI (€'000)	54,134	40,490	33.7% ▲	41,167	31.5% ▲
Total return for the period attributable to Unitholders (€'000)	56,865	71,652	20.6% ▼	30,108	88.9% ▲
Income Available for Distribution to Unitholders (€'000)	44,840	33,628	33.3% ▲	34,071	31.6% ▲
DPU (€ cents)	2.04	1.98[1]	3.0% ▲	1.95[2]	4.6% ▲

1. 1H 2018 DPU is restated to reflect the bonus element in the new units issued pursuant to the Rights Issue in December 2018
2. As compared to amounts stated in the Prospectus, adjusted for the Rights Issue in December 2018. 1H 2019 IPO Forecast is interpolated from FY2019 IPO Forecast

Liquidity Position Remains Strong

Balance Sheet

- Total asset value up due to acquisitions in January and February 2019
- NTA per unit higher at €52.3 cents after valuations and before payment of 1H 2019 distribution
- Cash stands at €56.5 million before payment of distribution in July 2019
- Current liabilities include €61.8 million drawn against the Revolving Credit Facility ("**RCF**") which expires in January 2020 and is part of current refinancing programme which is well advanced

	As at 30-Jun-19 €'000 (unless stated otherwise)	As at 31-Dec-18 €'000 (unless stated otherwise)	Variance
Current Assets	91,956	107,701	(14.6%)
Non-Current Assets	1,850,154	1,707,141	8.4%
TOTAL ASSETS	**1,942,110**	**1,814,842**	**7.0%**
Current Liabilities	128,438	76,840	67.1%
Non-Current Liabilities	663,273	619,235	7.1%
TOTAL LIABILITIES	**791,711**	**696,075**	**13.7%**
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	**1,150,399**	**1,118,767**	**2.8%**
Number of Units in Issue ('000)	2,200,778	2,181,978	0.9%
NTA per Unit (€ cents)	52.3	51.3	1.9%

Responsible Capital Management

Well-Managed Debt Book Delivering Low Debt Cost and Significant Interest Cover

- Aggregate leverage[1] is 35.4%
- 85.9% of total (drawn) gross debt is hedged by way of floating or fixed rate hedging products in June 2019
- Interest Coverage Ratio at 8.7x reflects the wide spread between NPI and interest expense

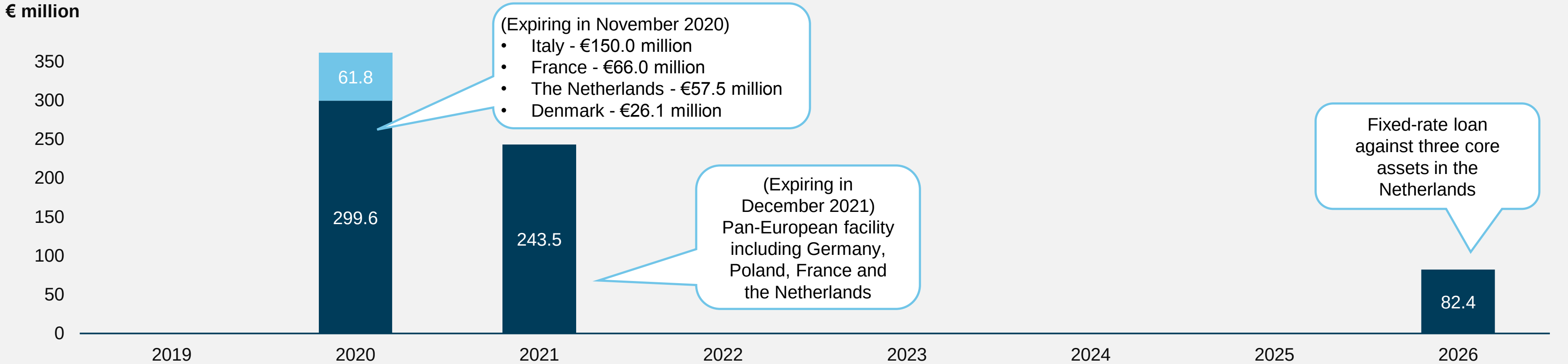
	As at 30-Jun-19	As at 31-Dec-18	As per Prospectus as at the listing date (30 November 2017)
Total Gross Debt	€687.3 million	€598.2 million	€494.4 million
Proportion of Hedge Ratio	85.9%	71.2%	85.5%
Aggregate Leverage[1]	35.4%	33.0%	36.8%
Interest Coverage Ratio ("**ICR**")[2]	8.7x	8.9x	9.6x
Weighted Average Term to Maturity	2.4 years	3.0 years	4.0 years

1. Refers to "aggregate leverage" as defined under the Property Funds Appendix
2. 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 2.4 years as at 30 June 2019
- Annualised cost of debt stands at ~1.34% per annum (excludes RCF)
- 3-Month Euribor was -0.37 bps as at 28 June 2019

Weighted Average Term to Maturity is 2.4 years[1]



% of Total Debt	2019	2020	2021	2022	2023	2024	2025	2026
		52.6%	35.4%					12.0%

■ **Asset Financing Facilities** Total: €625.5 million

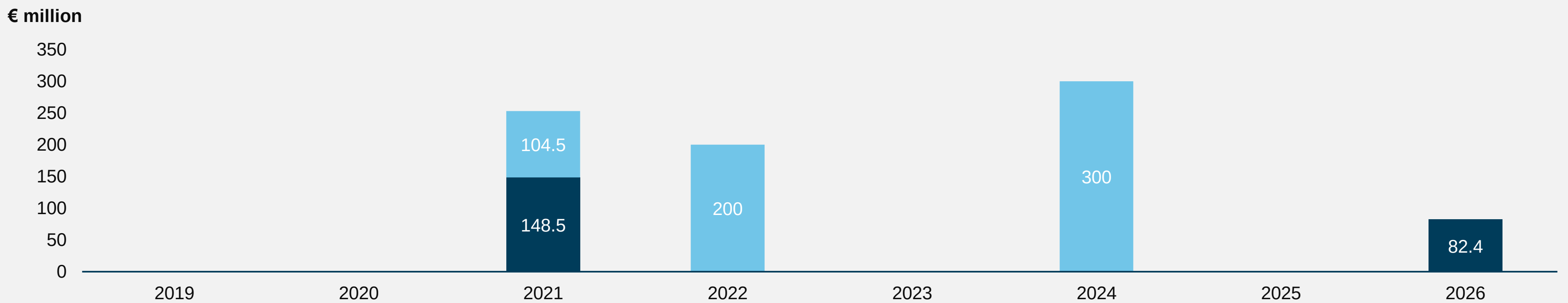
■ **Unsecured RCF (Drawn)** Total: €61.8 million

1. Weighted average term to maturity includes the drawn portion of the RCF

Debt Refinancing Programme Well-Advanced

- CEREIT's finance subsidiary established to facilitate unsecured debt refinancing, access to debt capital markets and potential credit rating in the long term
- Loan documentation well-advanced, terms sheet agreed
- Allows CEREIT to benefit from the current low interest rates in the Eurozone
- Weighted average term of debt to increase to above 3.5 years
- Unsecured funding will make up over 70% of the total debt post refinancing which allows more flexibility in managing CEREIT's Portfolio

Potential Debt Maturity Profile after Refinancing Completed[1]



	2019	2020	2021	2022	2023	2024	2025	2026
% of Total Debt			30.3%	23.9%		35.9%		9.9%

■ **Secured Loans** Total: €230.9 million

■ **Unsecured Loans (exclude RCF Drawn)** Total: €604.5 million

1. Illustration only and excludes amounts drawn on RCF

Bastion
’s-Hertogenbosch, The Netherlands

Riverside
Warsaw, Poland

Key Takeaways and Looking Ahead

Key Takeaways

Exceeded IPO Forecast for 2Q 2019 and 1H 2019

- NPI for 1H 2019 up 31.5% vs. IPO Forecast
- DPU of €2.04 cpu is up by 4.6% vs. IPO Forecast DPU and 3.0% above pcp DPU
- Total return attributable to Unitholders for 1H2019 up 88.9% vs. IPO Forecast

Providing Resilient Income through Active Leasing

- Leasing success continued in 2Q 2019 with significant lease outcomes at Parc dec Docks and Haagse Poort
- 1.4 p.p. increase in occupancy by area of the entire CEREIT Portfolio in 2Q 2019 vs. 1Q 2019
- Positive blended rental reversion rate (Office and Light Industrial / Logistics) of 4.8%, illustrating rental growth across assets in average (Light Industrial / Logistics at 9.1% vs. Office at -0.8%)
- 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

Managing for Growth through Successful Acquisitions

- CEREIT continues to target high-quality assets in strategic, "on-theme" cities and markets
- Entry into the Greater Paris office market and increased presence in Poland – the growth champion of Europe – through the acquisition of six predominantly office assets valued at €248.1 million, 100% Freehold, 98.7% occupancy, 4.6 years WALE

Managing Capital Responsibly

- Substantial headroom available to take advantage of investment opportunities
- Interest coverage ratio is at 8.7x due to attractive spread between NPI and interest expense

Strategy and Management Priorities

Delivering on the IPO Forecast through Effective Business Strategy Execution

- Meeting and exceeding the IPO Forecast (FY2019 IPO Forecast DPU 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 is well-advanced to enable unsecured financing and access to debt capital markets

Parsdorfer Weg 10
Kirchheim, Germany

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

Appendix

CEREIT's Sustainability Commitments

Sustainability Commitments		*CEREIT Materiality Matters*	*CEREIT Targets*
Economic	**Pillar Owners** • Chief Financial Officer • Chief Investment Officer	Sustainable Economic Value Creation Quality of Assets	• FY2019 income available for distribution to meet or exceed IPO forecast • FY2019 portfolio occupancy to meet or exceed IPO forecast
Governance	**Pillar Owners** • Head of Legal, Compliance and Company Secretarial • Chief Operating Officer	Regulatory Compliance Anti-Corruption Trust, Transparency and Governance Cyber-readiness and Data Governance	• Continue to comply with applicable laws and regulations • Maintain good compliance record • Uphold zero confirmed cases of corruption, bribery, fraud or misappropriations • Maintain an effective Business Continuity and Crisis Management Plan
Stakeholders	**Pillar Owners** • Chief Investment Officer • Head of Investor Relations • Head of Property	Strong Partnerships Tenant-customer Satisfaction	• Tenant-customers: improve benchmark tenant-customer engagement score for CEREIT by at least 5% • Investors: maintain or improve the level of investor engagement and the number of briefings and meetings with investors in 2019 • Community: establish long-term community programme for CEREIT Manager • Industry: maintain active memberships and involvement in key industry associations
People	**Pillar Owner** • Chief Operating Officer	Talent Attraction, Retention and Career Development	• Achieve more than 75% participation from CEREIT Manager Team in the group employer engagement survey • Increase Manager's learning and development hours by 5%
Environment	**Pillar Owner** • Head of Property	Improving Energy Intensity and Reducing Carbon Footprint	• Improve FY2019 GRESB score by at least 5% • Obtain BREEAM certification for ten properties in FY2019 and FY2020 • Obtain EPC for all assets where legally required

Office Sector – Overview

Strong and Stable Anchor for CEREIT

- Tenant-customer retention rate has improved significantly in 2Q 2019, driven by the renewal of the Nationale Nederlanden lease in the Netherlands with a gross rent of €2.4 million
- 8 new office leases were signed for a total of 9,260 sq m

	1-Apr-19 to 30-Jun-19
No. of New Leases Signed	8
No. of Leases Renewed	6
Tenant-Customer Retention Rate[1]	87.7%
Total No. of Leases as at 30-Jun-19	358
Total No. of Tenant-Customers as at 30-Jun-19	236
Reversion Rate[2]	(0.8) %
% Freehold (on valuations)[3]	84.6%

1. Tenant-customer retention rate by 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-customer has a right to break over a relevant reference period
2. Tenant-customer 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

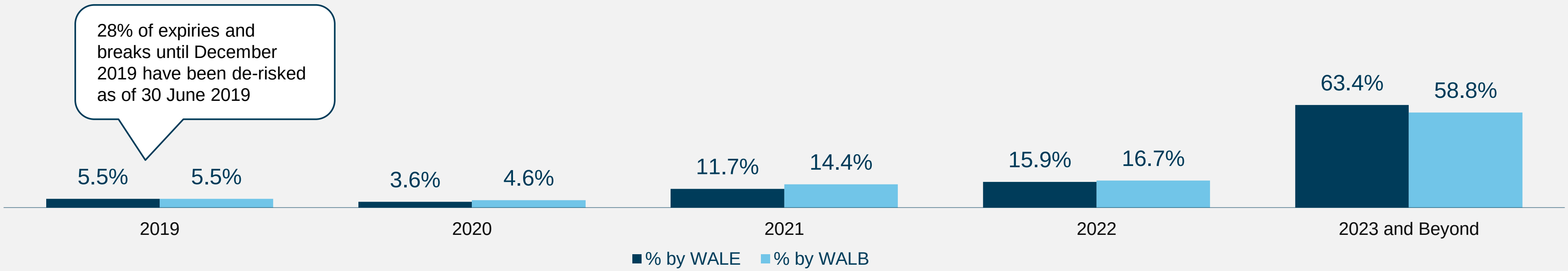
Office Sector – Occupancies and Leases

Long Lease Expiry Profile

- Occupancy by area for the office sector increased from 91.8% in 1Q 2019 to 93.1% in 2Q 2019
- Leasing in Haagse Poort (the Netherlands) and Arkonska (Poland) have contributed to the 1.3% increase in the occupancy rate in the office portfolio.
- WALE remained stable at 5.1 years

	Occupancy			WALE			WALB		
	31-Mar-19	30-Jun-19	Variance	31-Mar-19	30-Jun-19	Variance	31-Mar-19	30-Jun-19	Variance
Italy	97.9%	97.9%	-	5.0 years	4.7 years	(0.3) years	4.5 years	4.2 years	(0.3) years
The Netherlands	92.0%	94.5%	2.5 p.p.	6.2 years	6.3 years	0.1 years	5.8 years	5.9 years	0.1 years
Finland	89.7%	88.7%	(1.0) p.p.	3.3 years	3.2 years	(0.1) years	3.0 years	2.8 years	(0.2) years
Poland	71.2%	75.7%	4.5 p.p.	3.8 years	3.8 years	-	3.1 years	3.2 years	0.1 years
TOTAL	91.8%	93.1%	1.3 p.p.	5.1 years	5.1 years	-	4.7 years	4.7 years	-

Lease Expiry Profile



Office Sector – Leasing & AEIs

Overview as at 30 June 2019

	No. of Assets	NLA	Valuation	Reversionary Yield
Italy	11	129,762 sq m	€307,350,000	5.6%
The Netherlands	7	177,891 sq m	€549,550,000	5.4%
Finland	11	61,977 sq m	€115,450,000	7.8%
Poland	3	34,362 sq m	€73,240,000	8.5%
TOTAL	**32**	**403,992 sq m**	**€1,045,590,000**	**6.0%**

The Netherlands

- **Haagse Poort, The Hague**: Upgrade of climate control with a total cost of €5.8 million commenced in 3Q 2018, completion is expected in 1Q 2020
- **Central Plaza, Rotterdam**: Refreshed parking system was completed in 2Q 2019. The more significant carpark works (budget of €1 million) have been tendered and will be completed by the end of 2019

Poland

- **Arkonska Business Park, Gdansk**: 1,140 sq m space extension with anchor tenant-customer Energa

Italy

- **Piazza Affari, Milan**: Works to replace and upgrade the cooling and heating mechanical at an estimated cost of €0.6 million completed in 2Q 2019 and are expected to drive considerable savings to building power consumption and costs for the tenants

Light Industrial / Logistics Sector – Overview

Positive Rental Reversion Rate Continues in 2Q 2019

- Rental reversion rate in Light Industrial / Logistics sector was 9.1%
- 33 new leases comprising 37,982 sq m were signed in 2Q 2019 (15,773 sq m more than 1Q 2019) and this has contributed to a notable increase in total occupancy of the CEREIT portfolio
- 28 leases over 26,946 sq m were renewed during 2Q 2019

	1-Apr-19 to 30-Jun-19
No. of New Leases Signed	32
No. of Leases Renewed	28
Tenant-Customer Retention Rate[1]	44.0%
Total No. of Leases as at 31-Dec-18	736
Total No. of Tenants as at 31-Dec-18	674
Reversion Rate[2]	9.1%
% Freehold (on valuation)[3]	98.1%

1. Tenant-customer 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-customer has a right to break over a relevant reference period.
2. Tenant-customer 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

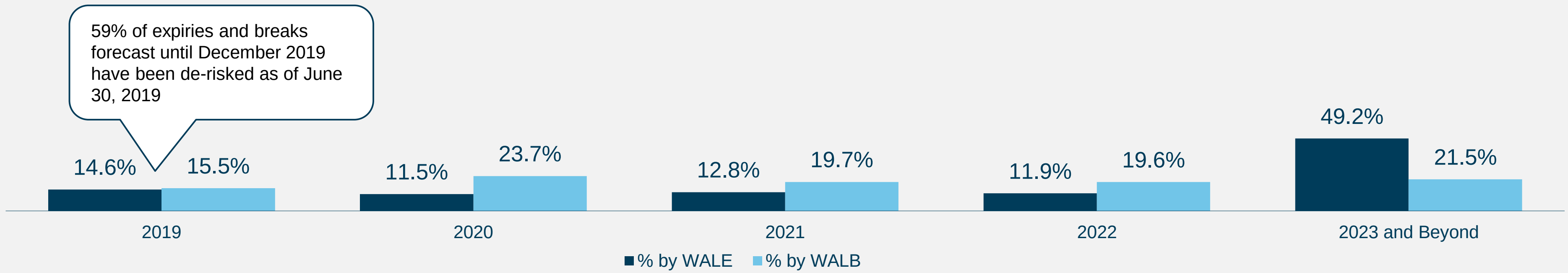
Light Industrial / Logistics Sector – Occupancies and Leases

Occupancy Uplift

- Occupancy by lettable area for the Light Industrial / Logistics sector increased from 87.2% in 1Q 2019 to 88.9% in 2Q 2019
- WALE slightly increased from 4.2 years in 1Q 2019 to 4.3 years in 2Q 2019

	Occupancy			WALE			WALB		
	31-Mar-19	30-Jun-19	Variance	31-Mar-19	30-Jun-19	Variance	31-Mar-19	30-Jun-19	Variance
Denmark	73.6%	83.7%	10.1 p.p.	2.2 years	2.4 years	0.2 years	2.1 years	2.4 years	0.3 years
France	87.5%	86.4%	(1.1) p.p.	4.8 years	5.0 years	0.2 years	2.3 years	2.1 years	(0.2) years
Germany	92.3%	93.4%	1.1 p.p.	5.2 years	5.0 years	(0.2) years	4.9 years	4.6 years	(0.3) years
Italy	100.0%	100.0%	-	3.4 years	3.1 years	(0.3) years	3.4 years	3.1 years	(0.3) years
The Netherlands	95.8%	96.8%	1.0 p.p.	2.9 years	2.8 years	(0.1) years	2.8 years	2.7 years	(0.1) years
TOTAL	87.2%	88.9%	1.7 p.p.	4.2 years	4.3 years	0.1 years	2.8 years	2.7 years	(0.1) years

Lease Expiry Profile



Light Industrial / Logistics Properties Sector

Leasing & AEIs

Overview as at 30-June-19	No. of Assets	NLA	Valuation	Reversionary Yield
Denmark	13	151,491 sq m	€83,177,019	7.8%
France	25	370,090 sq m	€358,500,000	8.2%
Germany	11	166,738 sq m	€118,550,000	6.9%
Italy	1	29,638 sq m	€12,550,000	7.0%
The Netherlands	10	82,314 sq m	€77,400,000	7.3%
TOTAL	**60**	**800,271 sq m**	**€650,177,019**	**7.8%**

France

- **Parc des Docks, Paris**: Over 1H 2019, a total of 12,751 sq m has been leased up, with a combined passing rent of €1.84 million. Annual headline rent for the property is now €8.0 million and occupancy by 2Q 2019 was 91.7%

Germany

- **Straubing, Bavaria:** 2,341 sq m of vacant space was leased up to a hypermarket operator for storage, with downtime of only one month
- **Kircheim-Ost, Munich:** 1,920 sq m of vacant space has been leased up to a refrigerated logistics company, with downtime of only two months

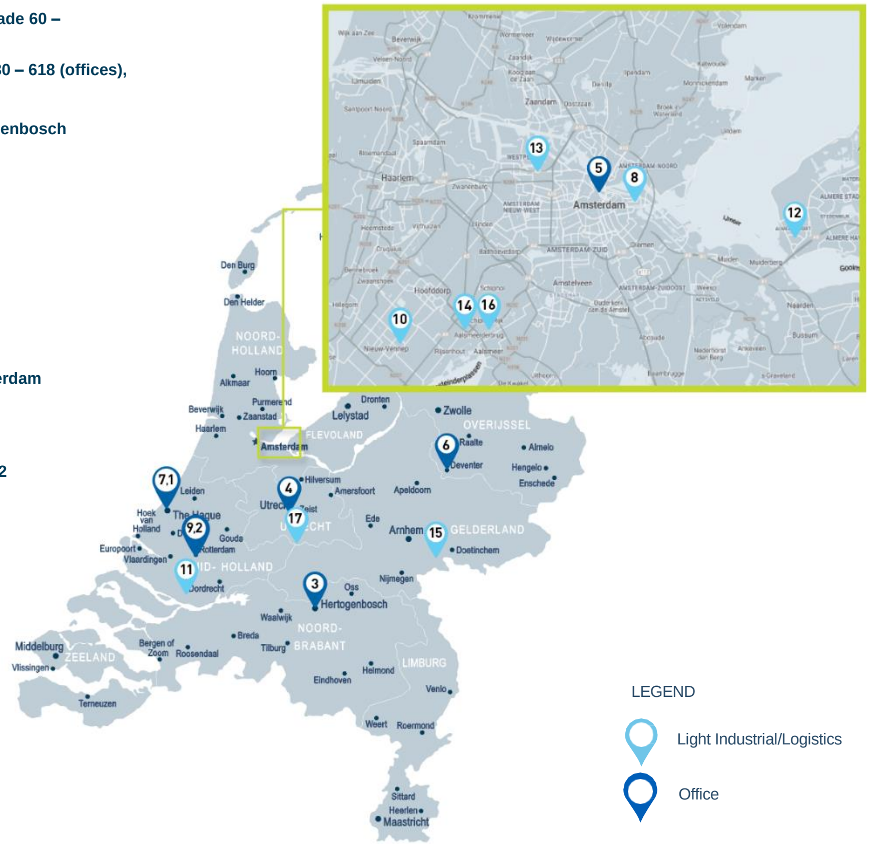
Denmark

- Leasing successes across a number of assets within the portfolio; most notably the renewal and new lease at Naverland 7-11, of 13,211 sq m; a new lease at Stamholmen 111, of 4,961 sq m and another new lease at C.F.Tietgensvej 10, of 1,786 sq m. The tenant-customers are in the logistics, service, manufacturing and sports sector.

Portfolio Overview – The Netherlands

Occupancy (as at 30 June 2019)	NPI[1] (€ million)	Last Valuation (as at 30 June 2019)	Average Reversionary Yield (as at 30 June 2019)	Number of Leases (as at 30 June 2019)
95.2%	8.4	627.0	5.7%	254

1. Prinses Beatrixlaan 35 - 37 & Schenkkade 60 – 65, Den Haag
2. Central Plaza, 2 – 25 (retail) / Weena 580 – 618 (offices), Rotterdam
3. Bastion, Willemsplein 2 – 10, 's-Hertogenbosch
4. Moeder Teresalaan 100 / 200, Utrecht
5. De Ruyterkade 5, Amsterdam
6. Blaak 40, Rotterdam, The Netherlands
7. Koningskade 30, Den Haag
8. Veemarkt 27-75 / 50-76 / 92-114, Amsterdam
9. Harderwijkerstraat 5 - 29, Deventer
10. Boekweitstraat 1 - 21 & Luzernestraat 2 – 12, Nieuw-Vennep
11. Bohrweg 19 - 57 & 20 - 58, Spijkenisse
12. Antennestraat 46 - 76 & Televisieweg 42 - 52, Almere
13. Kapoeasweg 4 - 16, Amsterdam
14. Folkstoneweg 5 - 15, Schiphol
15. Nieuwgraaf 9A - 19 & Fotograaf 32 - 40, Duiven
16. Capronilaan 22 - 56, Schiphol-Rijk
17. Fahrenheitbaan 4 - 4D, Nieuwegein



LEGEND

- Light Industrial/Logistics
- Office

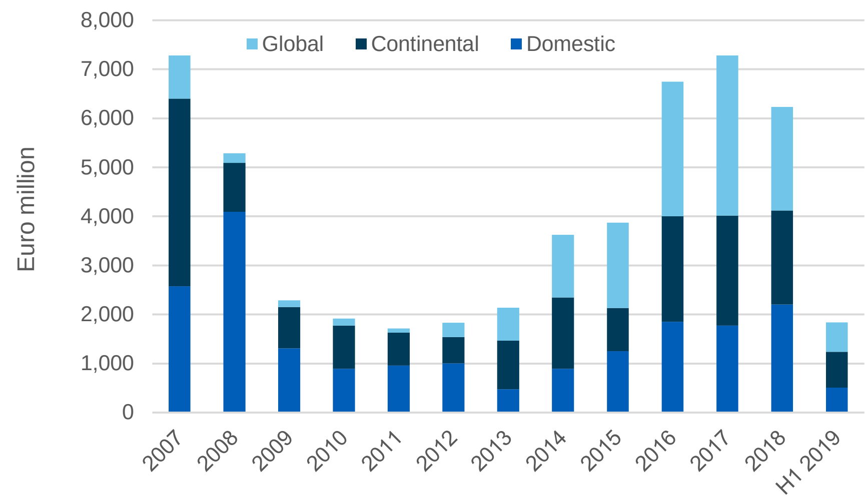
1. For 2Q 2019

The Netherlands – Office Market Outlook

Real Estate Market

- Strong service sector employment is fueling demand for office space. However, with occupiers focusing on high quality buildings in well located areas vacancy has come under sustained downward pressure and with limited speculative space due to be released, in part linked to the tight planning regime, positive rental growth is being seen.
- Some local authorities have loosened their planning regime and, complemented by government investment of €17 billion into infrastructure projects including the upgrading of railway stations, is making peripheral Tier I submarkets and Tier II cities more accessible.
- The good connectivity is strengthening occupier interest in these secondary cities with some active requirements redirecting their attention to these locations. Rising take-up volumes have been noted with corporates able to access stock at more reasonable prices whilst at the same time retaining their workforce.
- Strong demand continues to squeeze the supply of available space, reflected in further falls of office vacancy rates in each of the four key cities of Amsterdam, Utrecht, Rotterdam and the Hague. In parallel, rents are rising in these locations but also in adjacent submarkets that are picking-up the overflow of corporate requirements.
- 2Q volumes are around €5.4 billion, a huge increase of 69% on 1Q with levels boosted by a couple of very large residential portfolio deals. The office sector equated to 19% of 2Q investment activity and while there is obvious appetite from domestic investors, international capital continues to be attracted by the solid economic and occupier fundamentals and quality of assets the Dutch market provides, accounting for 75% of 2Q activity.

Office Volumes by Capital Source



Economy

Indicator	2018	2019	2020 Outlook (vs 2019)
GDP Growth	2.5%	1.5%	→
Industrial Production Index	0.6%	0.6%	↗
Consumer Prices, average	1.7%	2.0%	↘
Population (millions)	17.23	17.32	↗
Population Growth Rate	0.53%	0.49%	↗
Unemployment Rate	4.8%	4.3%	↗

Annual % change unless specified

- The strong performance of Q1 will not be matched in Q2 as growth slows as industrial sentiment falters further domestically and in Germany – a strategic partner.
- 2019 growth is expected to be 1.5% as concerns that worsening global trade could impact growth. Yet, sentiment is high and growth is above the 1.2% forecast for the Eurozone.
- Domestic demand will remain robust, supported by rises in private investment, government consumption and a strong labour market and rising wages.

Outlook

- Yields are at historic lows of around 3.25% for prime CBD assets, 4.60% for offices in good quality, well-connected secondary locations and 5.00% - 5.35% for major Tier II cities. Some further compression might occur given the strength of the occupier market and pent up investor demand, but this will be only for the very best product and not wholesale across the market.
- While investor demand is expected to continue, active players are well aware that the already extended cycle is nearing its peak, pricing is high and rental gains will be the key driver of capital values - these are currently provided for by the combination of low vacancy rates, limited land availability and restrictions on new developments, but companies may begin to reassess their accommodation needs and options if rents continue to rise.
- Opportunities will come from either the redevelopment of older office space into alternative uses or the refurbishment of older office space close to transport hubs, taking advantage of improving infrastructure and connectivity the inward investment will provide. This will see increased levels of interest for secondary locations as the tight supply and rental gains in central areas see demand trends shift to secondary areas.
- Amsterdam and Rotterdam are still key target cities, performing well above average take-up levels but, the relative increase in occupier activity is below several secondary cities albeit the latter are coming from a lower base with big deals potentially skewing the data.

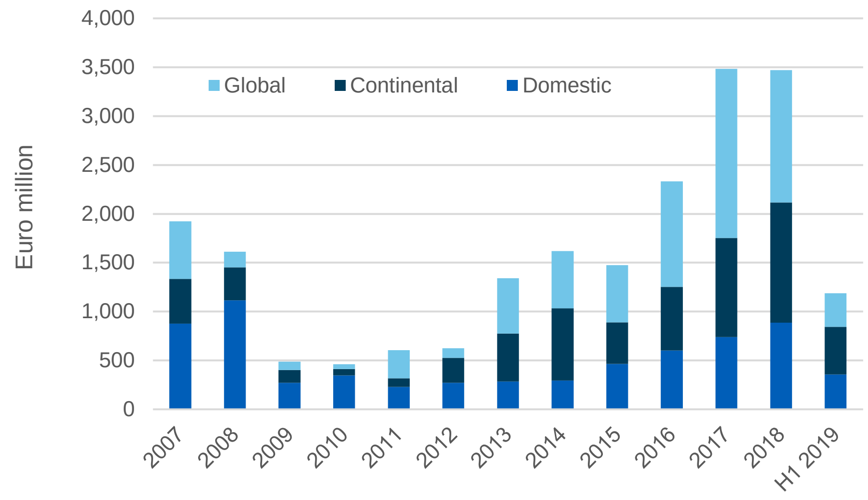
Sources:
Oxford Economics - Country Economic Forecast The Netherlands 26 July 2019
Savills – Market In Minutes, The Netherlands June 2019
Real Capital Analytics – data as at 29 July 2019

The Netherlands – Light Industrial / Logistics Market Outlook

Real Estate Market

- The nationwide vacancy rate for the logistics sector is around 4.0%, having fallen over the recent past despite the 2.0 million sq m of new completions seen in 2018 as robust economic growth and the expansion of online sales continues to drive occupier demand.
- Take-up in 2Q 2019 in the wider industrial sector reached 875,000 sq m. This was approximately 10% lower than 1Q and more linked to the general lack of quality supply that companies are searching for, than a waning in active requirements. The vacancy rate has nudged down as robust take-up butts up against limited supply and as such, rent levels are also under upward pressure in regions with new developments, although a marked rise in construction costs is feeding into the rental rises as well.
- €664 million was invested into the Dutch industrial sector in 2Q, up 27% on the slower first quarter of the year. Levels are supported by healthy occupier fundamentals, which in turn is feeding investor appetite for the sector. The weight of capital is experiencing fierce competition for the best space and yields have come under further downward pressure, hitting new historic lows. Some investors, looking for higher yielding opportunities are shifting their attention to either Tier II locations or older schemes that need repositioning.
- An international investor base continues to characterise the Dutch industrial market accounting for an 82% share of deals completed in 2Q with a strong performance by both German and US investors. The sector is seen as an attractive proposition for domestic and international capital alike, 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	2.5%	1.5%	→
Industrial Production Index	0.6%	0.6%	↗
Consumer Prices, average	1.7%	2.0%	↘
Population (millions)	17.23	17.32	↗
Population Growth Rate	0.53%	0.49%	↗
Unemployment Rate	4.8%	4.3%	↗

Annual % change unless specified

- The strong performance of 1Q will not be matched in 2Q as growth slows as industrial sentiment falters further domestically and in Germany – a strategic partner.
- 2019 GDP growth is expected to be 1.5% as concerns that worsening global trade could impact growth. Yet, sentiment is high and growth is above the 1.2% forecast for the Eurozone.
- Domestic demand will remain robust, supported by rises in private investment, government consumption and a strong labour market and rising wages.

Outlook

- Supply is declining in key hubs as strong occupier demand erodes availability despite the rising amount of space under construction in the development pipeline. However, it remains to be seen how increasing construction costs potentially taper the volume of speculative construction going forward.
- Real rental growth has been seen in supply restrained regions however, in some areas rental rises are due to the higher construction costs that developers have needed to take on in order to build and complete schemes. But, as logistics operators are less able to translate increased business activity into higher profit margins, effectively putting a cap on the rents they can afford, developers will increasingly seek pre-let agreements.
- Online and multi-channel retail activity is a growth area for the market in 2019 with grocery and food retailing growing rapidly. This relies on supply-chain efficiency, automation and temperature-controlled-last-mile depots or medium sizes warehouses between major cities.
- As changes in consumer behaviour continue to transform the retail sector, this is having a knock-on impact in the industrial sector. With consumers demanding shorter delivery times and flexibility in how, where and when they can buy goods, companies are needing to readjust and re-engineer their supply chains in order to service this need and which is fuelling demand for industrial space and supporting solid occupier fundamentals.

Sources:
Oxford Economics - Country Economic Forecast The Netherlands 26 July 2019
Ind. Real Estate Partners – Dutch Logistics Real Estate Market 2019
C&W – The Netherlands Industrial Market Snapshot 1Q 2019
Real Capital Analytics – data as at 29 July 2019

Portfolio Overview – Italy

Occupancy (as at 30 June 2019)	NPI[1] (€ million)	Last Valuation (as at 30 June 2019)	Average Reversionary Yield (as at 30 June 2019)	Number of Leases (as at 30 June 2019)
99.2%	7.3	458.6	6.0%	41

1. Ivrea, Via Guglielmo Jervis 13, Ivrea
2. Roma Amba Aradam, Via dell'Amba Aradam 5, Rome
3. Assago Palazzo F7-F11, Viale Milanofiori 1, Milan
4. Via Camillo Finocchiaro Aprile 1, Genova
5. Bari Europa, Viale Europa 95, Bari
6. Roma Pianciani, Via Pianciani 26, Rome
7. Milano Nervesa, Via Nervesa 21, Milan
8. Firenze, Via della Fortezza 8, Florence
9. Cuneo, Corso Annibale Santorre di Santa Rosa 15, Cuneo
10. Milano Affari, Piazza degli Affari 2, Milan
11. Mestre, Via Rampa Cavalcavia 16-18, Venice Mestre
12. Rutigliano, Strada Provinciale Adelfia, Rutigliano
13. Corso Lungomare Trieste 23, Bari
14. Saronno, Via Varese 23, Saronno
15. Pescara, Via Salara Vecchia 13, Pescara
16. Lissone, Via Madre Teresa di Calcutta 4, Lissone
17. Padova, Via Brigata Padova 19, Padova

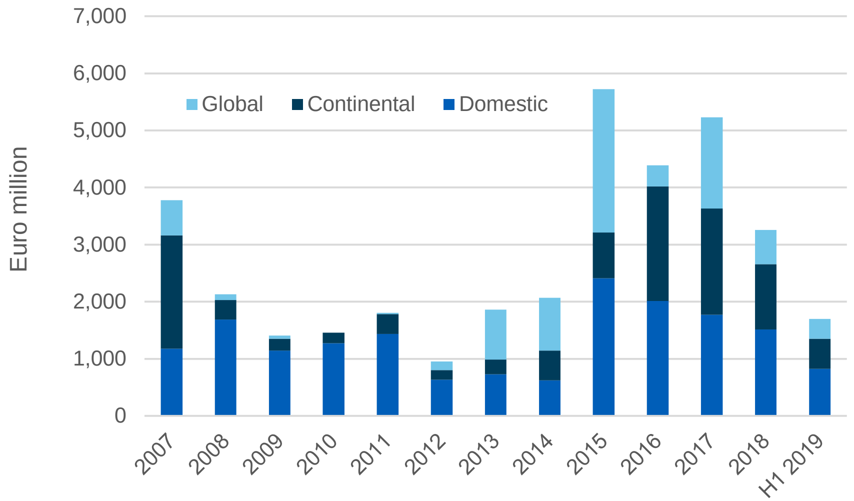
1. For 2Q 2019

Italy – Office Market Outlook

Real Estate Market

- 2Q 2019 returned a solid occupational performance in Milan with record quarterly take-up of 118,000 sq m. This equates to an 1H 2019 with 60% take-up of the 2018 year-end total. 30,000 sq m of Grade A space was delivered in 2Q, all of which was refurbished space. There are 250,000 sq m of space under construction due by 2020, but with over half already secured under pre-let agreements this should not negatively impact the vacancy rate significantly.
- Rome got off to an equally strong start but the 172,000 sq m of take-up in 1H was boosted by a few larger than average deals that are unlikely to materialise quarter after quarter. Vacancy remains stubbornly high at 12.8% although with a falling pipeline and a proportion of the space undergoing construction projects renovations/refurbishments the amount of truly new space coming through will not alter the vacancy dramatically.
- €1.23 billion was invested into Milan offices in 1H, demonstrating that strong investor interest has been maintained particularly from domestic capital (63% of 2Q volumes) looking for opportunities. Furthermore, the average ticket size rose to €70 million, a positive for institutional investors who tend to favour the larger lot sizes. Prime yields are 3.40% but good secondary sites can offer a 140 bps premium.
- In Rome 2Q volumes were €297 million. This was up on both 1Q and 1H 2019, but skewed by one large deal in the CBD. Foreign capital was more subdued in 2Q but over the course of 2019 so far the split between domestic and foreign has been more or less even. The lack of prime product should see yields compress but, with political uncertainties still a concern, this has counterbalanced and the compression with prime yields stable at 3.75%.

Office Volumes by Capital Source



Economy

Indicator	2018	2019	2020 Outlook (vs 2019)
GDP Growth	0.7%	0.0%	↗
Industrial Production Index	0.5%	-0.3%	↗
Consumer Prices, average	1.1%	0.9%	↘
Population (millions)	60.47	60.45	↘
Population Growth Rate	-0.09%	-0.04%	↘
Unemployment Rate	10.6%	10.4%	→

Annual % change unless specified

- The economy exited recession in 1Q as imports fell helping to improve performance, but the outlook is gloomy. Political uncertainty is high and impacting growth with recent data showing economic stagnation resulting in 0% growth in 2019.
- The government has committed to more fiscal adjustment which stopped the European Commission from proceeding with an Excessive Deficit Procedure – a positive for the financial markets - but the savings are one-off and temporary.
- External factors will also be a drag on growth, such as a slowing Eurozone or a ramping up in global protectionism.

Outlook

- There is good appetite for core and value-add investors in both Milan and Rome. However, overall inflows of capital to Italian real estate are likely to slow in 2019 as the poor economic outlook continues to unravel and elevated political risks see investors act with heightened caution. Those not familiar with the market are unlikely to venture forth, impacting overall trading volumes in 2019.
- Milan and Rome both suffer from a shortage of good quality stock which amounts to approximately 25% of the current availability. The rest is Grade B and C space which is much harder to let but does offer the potential for under-rented space to be temporarily taken off the market, upgraded and then released back. The majority is located in the periphery and hinterland submarkets.
- Despite strong 2Q occupier demand, with the economy expected to tread water in 2019/2020 this will take a toll on demand for office space. The share of flexible operators is likely to increase as corporates look for flexibility in changing their floorspace commitment with speed if need be.
- 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.

Sources:
Oxford Economics – Country Economic Forecast Italy 5 July 2019
Real Capital Analytics – data as at 29 July 2019
CBRE – Milan & Rome Marketview 2Q 2019
BNP Paribas – Milan & Rome City News 1Q 2019

Portfolio Overview – France

Occupancy (as at 30 June 2019)	NPI[1] (€ million)	Last Valuation (as at 30 June 2019)	Average Reversionary Yield (as at 30 June 2019)	Number of Leases (as at 30 June 2019)
86.4%	6.2	358.5	8.2%	348

1. Parc des Docks, 50 rue Ardoin, Saint Ouen
2. Parc d'Osny, 9 chaussée Jules César, ZAC des Beaux Soleils, Osny
3. Parc de l'Esplanade, Rue Paul Henri Spaak - rue Enrico Fermi - rue Niels Bohr, Saint Thibault des Vignes
4. Parc des Guillaumes, 58 rue de Neuilly – 2 rue du Trou Morin, ZAC des Guillaumes, Noisy-le-Sec
5. Parc Club du Bois du Tambour, Route de Nancy, Gondreville
6. Parc des Mardelles, 44 rue Maurice de Broglie, 16, rue Henri Becquerel, Aulnay-sous-Bois
7. Parc de Popey, 5 chemin de Popey, Bar-le-Duc
8. Parc de Sully, 105 route d'Orléans, Sully-sur-Loire
9. Parc du Landy, 61 rue du Landy, Aubervilliers
10. Parc Urbaparc, 75-79 rue du Rateau, La Courneuve
11. Parc Delizy. 32 rue Délizy, Pantin
12. Parc du Merantais, 1-3 rue Georges Guynemer, Magny-Les-Hameaux
13. Parc des Grésillons, 167-169 avenue des Grésillons, Gennevilliers
14. Parc le Prunay, 13-41 rue Jean Pierre Timbaud, ZI du Prunay, Sartrouville
15. Parc de Béziers, Rue Charles Nicolle, Villeneuve-lès-Béziers
16. Parc des Érables, 154 allée des Érables, Villepinte
17. Parc Acticlub, 2 rue de la Noue Guimante, ZI de la Courtillière, Saint Thibault des Vignes

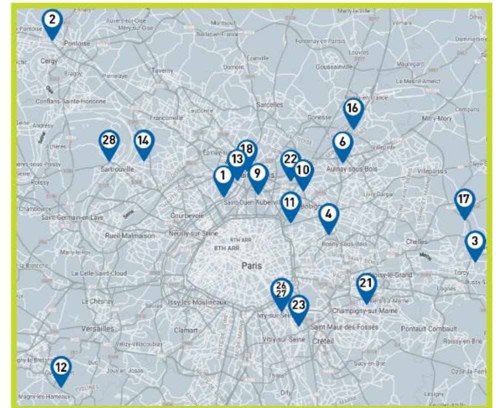
LEGEND

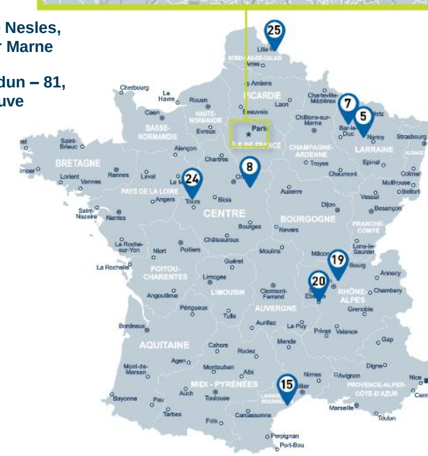
Office

18. Parc de Louvresses, 46-48 boulevard Dequevauvilliers, Gennevilliers
19. Parc des Aqueducs, Chemin du Favier, St Genis Laval
20. Parc de la Chauvetière, 4-28 rue du Vercors, Saint Etienne
21. Parc de Champs, 40 boulevard de Nesles, ZAC le Ru du Nesles, Champs sur Marne
22. Parc Jean Mermoz, 53 rue de Verdun – 81, rue Maurice Berteaux, La Courneuve
23. Parc Locaparc 2, 59-65 rue Edith Cavell, Vitry-sur-Seine
24. Parc Locaparc 2, 59-65 rue Edith Cavell, Vitry-sur-Seine
25. Parc de Meslay, ZI du Papillon, Parcay-Meslay

Newly Acquired Properties

26. Paryseine, Ivry-Sur Seine
27. Lénine, Ivry-Sur Seine
28. Cap Mermoz, Maisons-Laffitte





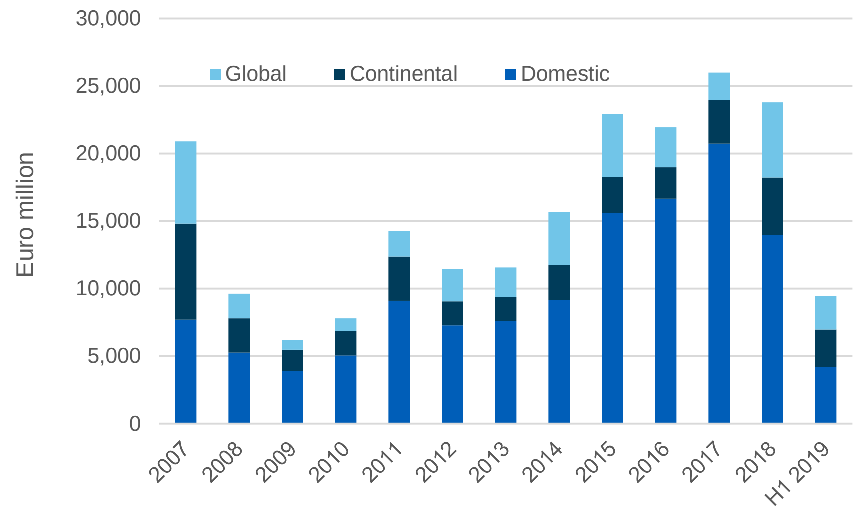
1. For 2Q 2019

France – Office Market Outlook

Real Estate Market

- Paris continued to perform well from an occupational standpoint although 2019 did get off to a slower start as weaker, but somewhat resilient economic conditions play out. However, with a relatively restricted pipeline this means that vacancy will stay close to current lows over the next few years, sustaining upward pressure on rents - vacancy in the Ile-de-France is 5.3% but falls to just 1.8% in Paris CBD and only 17% of which is Grade A.
- Leasing activity in 2Q was a respectable 593,000 sq m in the Ile-de-France region, bringing the total H1 2019 to 1.13 million sq m – down 15% compared to the same period in 2018 but 6% higher than the ten-year average. One of the main reasons behind the decline in take-up is the absence of large transactions which has boosted levels in the past. Positive employment growth will support demand with the unemployment rate which fell to 7.6% in the capital and is significantly below the French average of 8.7%.
- €6.1 billion was invested into the office sector in 2Q 2019 - a much-welcomed pick-up in activity following the slower start to the year. The Greater Paris Region dominates the investment scene accounting for 93% of all office deals in 2Q with volumes boosted by a couple of larger deals both of which took place in the inner-Paris submarket. There has been a notable rise in Asian capital looking for a foothold in the French market as strong occupier fundamentals attract attention.
- Yields have compressed to historic lows both in Paris and strong performing regional centres such as Lyon and Marseille as the weight of capital outweighs available opportunities. Some investors are turning to value-add and core plus transactions along with rising interest in development opportunities as a way of creating value.

Office Volumes by Capital Source



Economy

Indicator	2018	2019	2020 Outlook (vs 2019)
GDP Growth	1.7%	1.4%	↗
Industrial Production Index	0.4%	1.1%	↗
Consumer Prices, average	1.9%	1.2%	↗
Population (millions)	67.06	67.27	↗
Population Growth Rate	0.26%	0.32%	↗
Unemployment Rate	8.8%	8.4%	↘

Annual % change unless specified

- Economic growth in 2018 ended better than expected with expansion of 1.7% showing the resilience of the economy against the strikes, higher taxes and 'gilets jaunes' protests.
- Growth for 2019, above the Eurozone average, is supported by a rebound in household consumption and industrial production in April from a sluggish March.
- Services and manufacturing PMIs moved back above the significant 50-mark in April and May saw a further strengthening.
- Growth will be driven by household spending as consumers benefit from lower unemployment, rising wages, low inflation and strong fiscal support.

Outlook

- The scarcity of supply and upward pressure on rents, particularly in Paris' CBD where vacancy is low and speculative construction constrained, have slowed decision making and seen some occupiers choose to renegotiate their current leases rather than bear the expense of a move to potentially unsuitable space either on the basis of quality or location.
- This supports the continued rise of flexible/co-working space as occupiers look for options to expand and contract their floorspace requirements with more ease than typically comes with a traditional lease. Having already let 120,000 sq m in 1H 2019 there is more to come with some deals in late stage negotiations. However, the focus is expected to remain on the centre of Paris as operators test the market conditions, appetite and their concepts before looking to expand into either more peripheral suburbs of the capital or indeed key regional cities.
- The French real estate market is benefitting not only from the European Central Bank's accommodating monetary policy but also from geopolitical events, including Brexit and the rise of populist governments, elsewhere in Europe. Furthermore the expected negative impact of the 'gilet jaunes' protests appears now to have eased and is having less of a detrimental effect on investor sentiment with volumes potentially on track to hit a similar level seen in 2018 of between €20 billion - €23 billion.

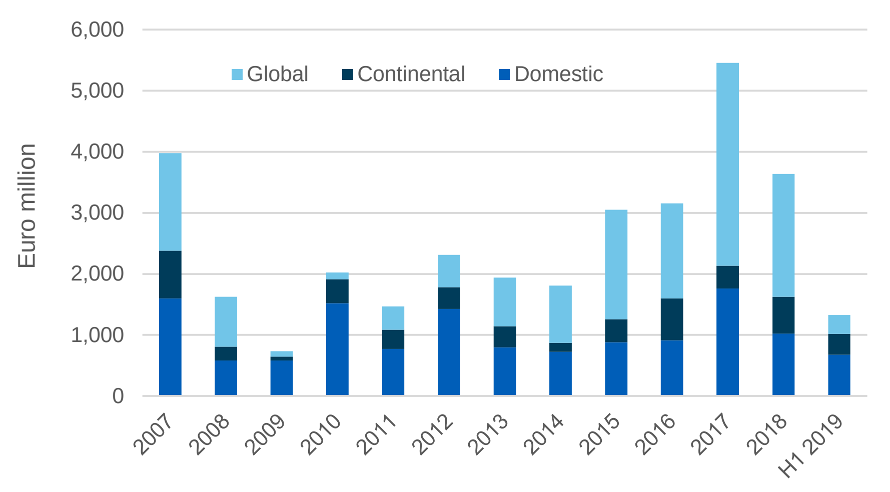
Sources:
Oxford Economics – Country Economic Forecast France 10 July 2019
Real Capital Analytics – data as at 29 July 2019
Capital Economics – European Commercial Property Update 4 July 2019
Knight Frank – Greater Paris Office Market 2Q 2019

France – Light Industrial / Logistics Market Outlook

Real Estate Market

- 1H 2019 presented a mixed picture for the French industrial market. The first quarter was by far the strongest with weaker levels of activity in 2Q. Occupier demand reached 1.72 million sq m and while this was 7% lower than in 1H 2018, it is 20% above the ten-year average.
- 30% of demand is focused on the Greater Paris Region – the largest and most mature of the French markets - and while take-up here remains strong, the regional markets were characterised by a slowdown in take-up levels, although this is partly due to the lack of Grade A space, the lack of suitable land parcels for developers to build out and the rising construction costs which may cap the volume of speculative completions as developers struggle to achieve rental values that cover their costs.
- Demand is largely driven by 3PL's and retailers/manufacturers all looking to optimise their supply chains and capitalise on the structural changes that are happening with consumer behaviour and the continued rise in online sales.
- €1.3 billion was invested into the wider industrial market across 1H 2019. Domestic capital is the supporting pillar of trading volumes, accounting for the majority of deals, while the UK is a key source of foreign capital, with US, Swedish and Belgian investors active in 2Q.
- Prime yields have more or less stabilised over the last 6-9 months at historic lows with levels at 4.50% in the Greater Paris Region and similar in Lyon, but between 75 – 100 bps higher in locations such as Lille and Marseille along the North-South Axis which are attracting more investor attention and with limited product available, yields may see a further 25-50 bps compression over the next 9-12 months.

Industrial Volumes by Capital Source



Economy

Indicator	2018	2019	2020 Outlook (vs 2019)
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Population Growth Rate	0.26%	0.32%	↗
Unemployment Rate	8.8%	8.4%	↘

Annual % change unless specified

- Economic growth in 2018 ended better than expected with expansion of 1.7% showing the resilience of the economy against the strikes, higher taxes and 'gilets jaunes' protests.
- Growth for 2019, above the Eurozone average, is supported by a rebound in household consumption and industrial production in April from a sluggish March.
- Services and manufacturing PMIs moved back above the significant 50-mark in April and May saw a further strengthening.
- Growth will be driven by household spending as consumers benefit from lower unemployment, rising wages, low inflation and strong fiscal support.

Outlook

- There is a weight of capital waiting on the side lines looking for opportunity in the French industrial market and is targeting core and core +. It is however, outweighing the availability of product which in turn is compressing prime yields to historic lows.
- There is evidence of renewed developer confidence given the shortage of sought-after large prime assets combined with healthy, record breaking take-up in recent years. However, most schemes are tending to break ground with at least a partial pre-let agreement in place as developers look to confirm that they can cover construction costs which are generally on the rise.
- With yields in the Greater Paris 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.

CROMWELL EUROPEAN REIT

Sources:
Oxford Economics – Country Economic Forecast France 10 July 2019
Real Capital Analytics – data as at 29 July 2019
C&W – France Industrial Snapshot 2Q 2019

Portfolio Overview – Germany

Occupancy (as at 30 June 2019)	NPI[1] (€ million)	Last Valuation (as at 30 June 2019)	Average Reversionary Yield (as at 30 June 2019)	Number of Leases (as at 30 June 2019)
93.4%	1.7	118.6	6.9%	58

LEGEND

Light Industrial/Logistics

1. **Gewerbe-und Logistikpark Stuttgart-Frickenhausen, Siemensstraße 11, Frickenhausen**
2. **Gewerbe- und Logistikpark München-Kirchheim West, Parsdorfer Weg 10, Kirchheim**
3. **Gewerbe- und Logistikpark Frankfurt-Bischofsheim, An der Kreuzlache 8-12, Bischofsheim**
4. **Gewerbepark Hamburg–Billstedt, Kolumbusstraße 16, Hamburg**
5. **Gewerbepark Duisburg, Hochstraße 150-152, Duisburg**
6. **Gewerbepark Straubing, Dresdner Straße 16, Sachsenring 52, Straubing**
7. **Gewerbepark München-Kirchheim Ost, Henschelring 4, Kirchheim**
8. **Gewerbe-und Logistikpark München-Maisach, Frauenstraße 31, Maisach**
9. **Gewerbepark Hamburg-Billbrook Park, Moorfleeter Straße 27, Liebigstraße 67-71, Hamburg**
10. **Gewerbepark Bischofsheim II, Bischofsheim, An der Steinlach 8-10, Bischofsheim**
11. **Gewerbepark Frankfurt-Hanau, Kinzigheimer Weg 114, Hanau**

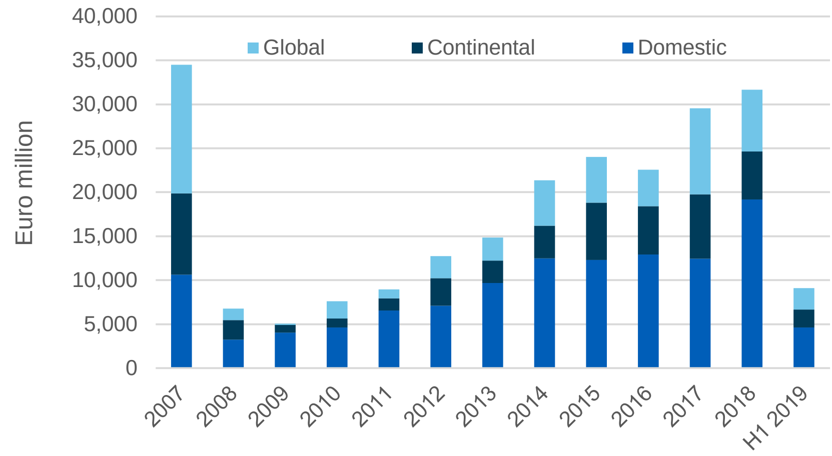
1. For 2Q 2019

Germany – Office Market Outlook

Real Estate Market

- Demand for modern office space continues with an impressive 1.98 million sq m of take-up over 1H 2019 (across Germany's top 8 cities), 8% above the equivalent period in 2018 and setting an all-time record. Despite weaker economic conditions and the GDP forecast for 2019 at just 0.9% active occupier requirements for well-located quality space are robust, supported by rising levels of employment.
- Take-up was strong in all locations with only two locations reporting declines compared to 1H 2018, namely Munich, but 2018 was a spectacular year for occupier activity in the city, and Leipzig where few larger deals skewed overall levels.
- Strong demand and generally restrained development pipelines have seen availability levels continue to fall with vacancy nationwide around 4%, although there are variations across cities. In parallel, there have been rental gains in most cities especially in areas with acute supply shortages such as highly sought after city centres and B-locations with good infrastructure.
- The office sector continues to attract the bulk of capital inflows into Germany, recording circa €9.1 billion in 1H 2019, equating to a 38% share of all transactions that closed in the first six months of 2019. The attractive financing environment and strong performance of the occupier market are attractive to investors. International investors remain dominant accounting for approximately 51% share of 2Q 2019 activity. The USA was the most active source of capital, followed by the UK, Italy and France.

Office Volumes by Capital Source



Economy

Indicator	2018	2019	2020 Outlook (vs 2019)
GDP Growth	1.5%	0.9%	↗
Industrial Production Index	0.8%	-0.4%	↗
Consumer Prices, average	1.7%	1.5%	↗
Population (millions)	82.92	83.11	↗
Population	0.28%	0.23%	↗
Unemployment Rate	5.2%	4.9%	↘

Annual % change unless specified

- Growth in 2019 is expected to be a sluggish 0.9% as industrial declined sharply in April and sets a subdued tone for 2Q growth prospects.
- Furthermore, external factors such as the trade tensions between the US and China, slowing Chinese growth, possible US-EU trade disputes and the prolonged Brexit-related uncertainty pose as downside risks to growth.
- Initial signs however are that industrial firms' sentiment is bottoming out and domestic demand will continue to support growth, providing an additional tailwind in 3Q.
- The tight labour market has helped real wage growth to stabilise at around 3% year-on-year.

Outlook

- The dynamism currently seen in the occupational market is expected to continue for the remainder of the year with corporates appearing to be willing to ride the slower economic environment over the next 6-9 months and wait for the anticipated pick-up in growth in 2020. Early indications are for take-up to reach circa 3.5 million sq m by the end of 2019.
- Currently 3.9 million sq m of space is under construction but with 60% secured under pre-let agreements, competition for the best space will intensify further and rents at the top end of the market, in particular, are expected to see further, albeit moderate, growth.
- The tight vacancy 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. In addition, as the retail sector works through its structural changes the upper floors of larger retail units could offer conversion opportunities to office use.
- Lease extensions will become a larger part of the market as securing new space could take longer than expected. This will give further rise to landlords offering flexible office space as tenants use this as a stop gap to signing longer term leases o their own space.
- City centre locations are key targets despite the historic low yields so some interest will be diverted to secondary locations but may not have enough suitable product to satisfy demand. Circa €20 billion is expected for 2019 as some portfolios on the market trade.

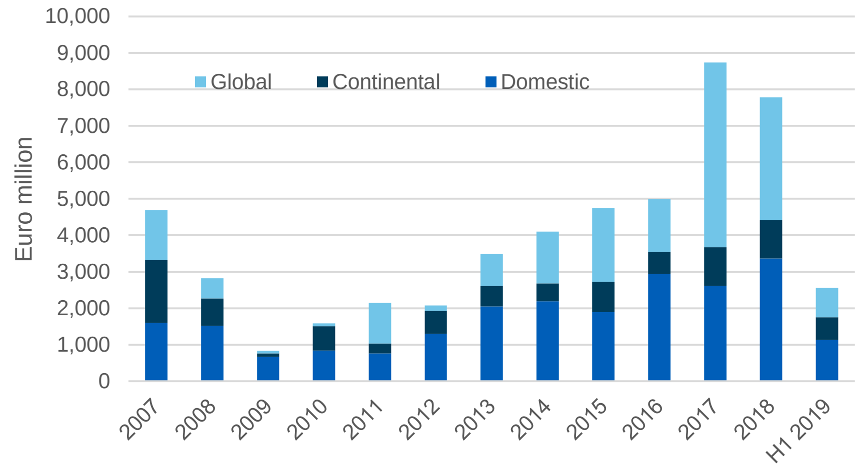
Sources:
Oxford Economics – Country Economic Forecast Germany 26 June 2019
Real Capital Analytics – data as at 29 July 2019
BNP Paribas – Office Investment Market Germany 2Q 2019
BNP Paribas – Office Market Germany 2Q 2019

Germany – Light Industrial / Logistics Market Outlook

Real Estate Market

- 1Q take-up reached 1.68 million sq m, and while this is below the comparative quarter in 2018, this is not surprising given 2018 was a record-breaking year for the German industrial market. However, it is still a solid start to the year surpassing the five-year average by 3% and the 10-year average by 17%.
- Demand is relatively strong in spite of a weaker economy with demand for logistics space in particular, going from strength to strength as it rides the wave of rising demand generated by the structural changes in the retail sector and rise of e-commerce.
- Rising land and construction costs coupled with the limited availability of suitable development sites have however restrained market conditions and are partly the reasons as to why higher levels of take-up have not materialised.
- Investor appetite for German logistics continues unabated with approximately €2.7 billion exchanging hands in 1H 2019, with 2Q levels marginally above those of 1Q. Single asset deals account for 60% of trading volumes as the volume of portfolios brought to market declines.
- Foreign capital is active with a 55% share of 1H 2019 deals. In particular, European money is seeing strong inflows into Germany while truly global capital has largely come from Asia attracted by the diversification of multiple key cities. Meanwhile, North American and Middle Eastern investors withdraw a little, unable to secure the large lot sizes they want.

Industrial Volumes by Capital Source



Economy

Indicator	2018	2019	2020 Outlook (vs 2019)
GDP Growth	1.5%	0.9%	↗
Industrial Production Index	0.8%	-0.4%	↗
Consumer Prices, average	1.7%	1.5%	↗
Population (millions)	82.92	83.11	↗
Population	0.28%	0.23%	↗
Unemployment Rate	5.2%	4.9%	↘

Annual % change unless specified

- Growth in 2019 is expected to be a sluggish 0.9% as industrial declines sharply in April and sets a subdued tone for 2Q growth prospects.
- Furthermore, external factors such as the trade tensions between the US and China, slowing Chinese growth, possible US-EU trade disputes and the prolonged Brexit-related uncertainty pose as downside risks to growth.
- Initial signs however are that industrial firms' sentiment is bottoming out and domestic demand will continue to support growth, providing an additional tailwind in 3Q.
- The tight labour market has helped real wage growth to stabilise at around 3% year-on-year.

Outlook

- The increasingly competitive real estate environment, a slowing economy and impending tax changes appear not to be deterring foreign investors from acquiring German real estate.
- Both domestic and international investors are having to work a lot harder to seek out opportunities due to the levels of interest in German real estate and downward pressure on yields. There are still some rental growth opportunities but investors need to also consider value-add and opportunistic strategies.
- A range of buyers were active in 2019 so far from pension funds to equity funds demonstrating that industrial and logistic assets in particular have shrugged off their once 'unattractive' image becoming a sought-after asset class. Investor demand continues to outweigh the availability of product and with competition for well-located, quality products, some more yield compression is likely over the remainder of 2019.
- 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 through occupiers will continue to look to alternative locations that offer better value and thus keep prime rental growth in check.
- Locations outside the traditional, longer standing logistics hubs are increasingly becoming the focus of attention and offering the potential of more space for development. While development costs are high, rents are generally lower and incentive packages evident.

Sources:
Oxford Economics – Country Economic Forecast Germany 26 June 2019
Real Capital Analytics – data as at 29 July 2019
BNP Paribas – Logistics Market Germany 2Q 2019

Portfolio Overview – Denmark

Occupancy (as at 30 June 2019)	NPI[1] (€ million)	Last Valuation (as at 30 June 2019)	Average Reversionary Yield (as at 30 June 2019)	Number of Leases (as at 30 June 2019)
83.7%	1.3	83.2	7.8%	122

LEGEND

Light Industrial/Logistics

1. Naverland 7-11, Glostrup
2. Priorparken 700, Brøndby
3. Priorparken 800, Brøndby
4. Stamholmen 111, Hvidore
5. Hjulmagervej 3-19, Vejle
6. Naverland 8, Glostrup
7. Herstedvang 2-4, Albertslund
8. Islevdalvej 142, Rødovre
9. C.F. Tietgensvej 10, Kolding
10. Hørskætten 4-6, Tåstrup
11. Fabriksparken 20, Glostrup
12. Naverland 12, Glostrup
13. Hørskætten 5, Tåstrup

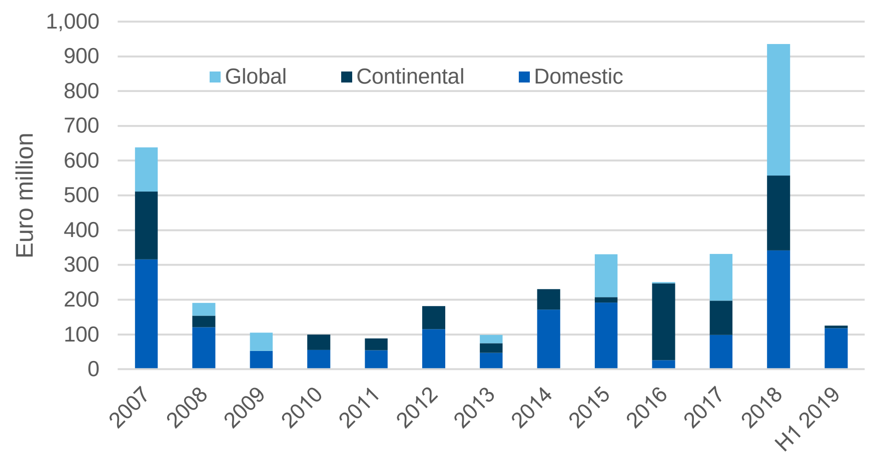
1. For 2Q 2019

Denmark – Light Industrial / Logistics Market Outlook

Real Estate Market

- The outlook for the Danish industrial market is positive despite the relatively small size of the market. Even closer integration of logistics and retailing is expected to be seen in 2019 and the growth in e-commerce will act as a demand accelerator for logistics space. 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.
- Strong rental growth continues to be a feature of the Copenhagen logistics sector, set against low vacancy below 2% and restrained new supply. Furthermore, within central areas there is almost no availability at all, forcing occupiers to either accept higher rental levels in order to secure modern, good-quality space or look for schemes that are further away.
- The E20 corridor south-west of Copenhagen has attracted a lot of interest in the recent past as it slowly evolves into a major logistics hub for the Danish market. The reason behind this is that the strong performance of the sector over the recent past has seen the level of availability decline with key hubs running out of space, further compounded by the lack of suitable labour with unemployment at historic lows of 3.7%.
- 2Q 2019 is the slowest quarter on record since the end of 2016, with 1H 2019 volumes just reaching €125 million. Domestic investors continue to dominate as higher levels of international capital 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 (€ million)



Economy

Indicator	2018	2019	2020 Outlook (vs 2019)
GDP Growth	1.5%	1.6%	↘
Industrial Production Index	2.0%	3.8%	↘
Consumer Prices, average	0.8%	1.0%	↗
Population (millions)	5.79	5.82	↗
Population Growth Rate	0.45%	0.39%	↗
Unemployment Rate	3.9%	3.7%	↘

Annual % change unless specified

- Strong domestic fundamentals such as a strong labour market and robust wage growth, solid consumption and strong investment are supporting momentum in the economy which is expected to expand by 1.6% in 2019.
- June's parliamentary election resulted in a victory for the Social Democrats who will seek to form a minority government – this is not expected to impact growth even if negotiations drag somewhat.
- With Denmark an export-dependant economy, external factors such as rising trade tensions and prolonged Brexit uncertainty provide significant downside risks to growth.

Outlook

- The lack of new, speculative space and robust demand levels will help to drive on the new construction although schemes continue to typically only break ground for owner-occupiers or pre-lets tied into long leases, and thus limiting any lengthy void periods. Over time this will increase the overall level of stock and potential levels of liquidity in the future.
- This shortage of supply, while exerting upward pressure on rental values is also reflecting that the cost of building new space is higher than the capital value per sq m. So, with vacancy set to stay around the 2.0% mark, the outlook for prime rental values remains positive.
- Target areas are Copenhagen and hubs that are well-connected by infrastructure. However, with a lack of product coming to market some investors and/or developers are looking to more peripheral areas potentially for opportunities to reposition older stock. Neighbouring Nordic investors have been the most active in 2019 so far with a noted retraction from the British and US investors who were active over 2018.
- The Industrial and Logistics market is expected to witness a substantial uptick in activity, fuelled by demand for urban logistic spaces to accommodate to the shift towards omnichannel retail. Both tenants and landlords need to embrace technology in order to improve and remain competitive.

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

Portfolio Overview – Finland

Occupancy (as at 30 June 2019)	NPI[1] (€ million)	Last Valuation (as at 30 June 2019)	Average Reversionary Yield (as at 30 June 2019)	Number of Leases (as at 30 June 2019)
88.7%	1.9	115.5	7.8%	232

LEGEND

Office

1. Pakkalan Kartanonkoski 3, Pakkalankuja 6, Vantaa
2. Liiketalo Myyrinraitti, Myyrmäenraitti 2, Vantaa
3. Opus 1, Hitsaajankatu 24, Helsinki
4. Grandinkulma, Kielotie 7, Vantaa
5. Plaza Forte, Äyritie 12C, Vantaa
6. Plaza Vivace, Äyritie 8C, Vantaa
7. Kuopion kauppakeskus, Kauppakatu 39, Kuopio
8. Purotie 1, Helsinki
9. Plaza Allegro, Äyritie 8B, Vantaa
10. Helsingin Mäkitorpantie 3, Mäkitorpantie 3b, Helsinki
11. Pakkalan Kartanonkoski 12, Pakkalankuja 7, Vantaa

1. For 2Q 2019

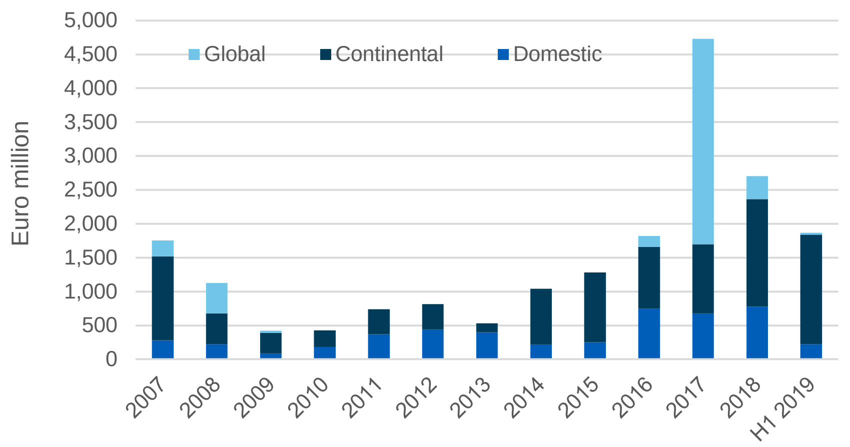
CROMWELL EUROPEAN REIT

Finland – Office Market Outlook

Real Estate Market

- The majority of office leasing activity takes places in Helsinki which is where approximately 45% of all office stock is located. The CBD, where the bulk of historic construction has taken place is the most sought-after. However, as strong office-based employment growth has translated into company expansion this has resulted in a CBD vacancy rate of between 5% - 8% and put upward pressure on rents with headline levels now around €40 per sq m per month.
- At 12.8% the vacancy rate across the Helsinki Metropolitan Area ("**HMA**") is stubbornly high but is expected to nudge down to 12.6% by the end of 2019 and closer to 12% by the end of 2020. This is in spite of developers revisiting their planned book of previously shelved schemes, but are doing so with more rigour resulting in stock increasing by 48,700 sq m in 2019 as some older schemes are withdrawn from the market, limiting large rises.
- Investors remain focused on the HMA which is the largest market providing the depth of occupiers and economies of scale that investors are looking for. There is limited appetite for the regional office markets, especially from foreign capital, at least for now as liquidity is relatively low but slowing beginning to increase.
- Investment activity slowed in 2Q but the office sector continued to be the most sought after by investors with initial estimates of €635 million invested into the sector, bringing the 1H 2019 total to €1.87 billion. There was evidence that domestic investors were active but once again, European buyers were the most active in 2Q, in particular from Germany, Sweden and the United Kingdom.

Office Volumes by Capital Source



Economy

Indicator	2018	2019	2020 Outlook (vs 2019)
GDP Growth	1.7%	1.4%	→
Industrial Production Index	2.9%	2.3%	↘
Consumer Prices, average	1.1%	1.2%	↗
Population (millions)	5.52	5.52	→
Population	0.14%	0.12%	→
Unemployment Rate	7.4%	6.6%	↘

Annual % change unless specified

- Finland's new coalition government took office in June 2019 promising to end austerity.
- Economic growth for 2019 is forecast at 1.4% supported by domestic demand - low unemployment, rising wages and subdued inflation will help keep consumer demand healthy.
- But, the weaker external environment linked to slowing world trade and Eurozone growth will make job creation more difficult.
- Slowing growth in the Eurozone means that the ECB are unlikely to rise rates until at least early 2021 and low rates should keep the Finnish investment climate favourable.

Outlook

- Current occupier demand is relatively healthy and robust employment growth is supporting take-up levels however, a key aspect of future demand for office space in Helsinki will be the success of the city to continue to restructure its economy away from long declining traditional industries and towards higher value-added sectors, such as ICT and expansion of business services.
- Overall vacancy across the HMA is high but with some structural vacancy evident this presents redevelopment opportunity in the sought-after CBD. The out-of-town submarkets of the capital have seen a number of speculative schemes complete as some demand shifts from the supply-tight CBD to the secondary areas of the city as infrastructure projects make the areas more accessible. The largest ongoing projects in Helsinki are located in the Pasila and Kalasatama areas.
- There is growing demand for these secondary assets as investors are more comfortable with the improving macro economic backdrop and an accelerating recovery. Plus, with yields at historic lows in the CBD, yields are higher in the secondary submarkets but it will be the well connected ones that are more successful.
- As companies demand more flexibility for their workforce, landlords have responded to this through adapting their space and offering new kinds of co-working or flexible space concepts, where occupiers can occupy space and acquire business services for short-term and temporary use with very flexible contracts.

Sources:
Oxford Economics – Country Economic Forecast Finland 10 July 2019
Real Capital Analytics – data as at 30 July 2019
NewSec – Property Outlook Finland Spring 2019
Capital Economics – European Commercial Property Update 7th March 2019

Portfolio Overview – Poland

Occupancy (as at 30 June 2019)	NPI[1] (€ million)	Last Valuation (as at 30 June 2019)	Average Reversionary Yield (as at 30 June 2019)	Number of Leases (as at 30 June 2019)
75.7%	0.9	73.2	8.5%	49

LEGEND

Office

1 Riverside Park, Fabryczna 5, Warsaw

2 Arkońska Business Park, Arkonska 1&2, Gdansk

3 Grojecka 5, Warsaw

Newly acquired properties

4 Business Garden Poznań

5 Green Office, Kraków

6 Avatar Office, Kraków

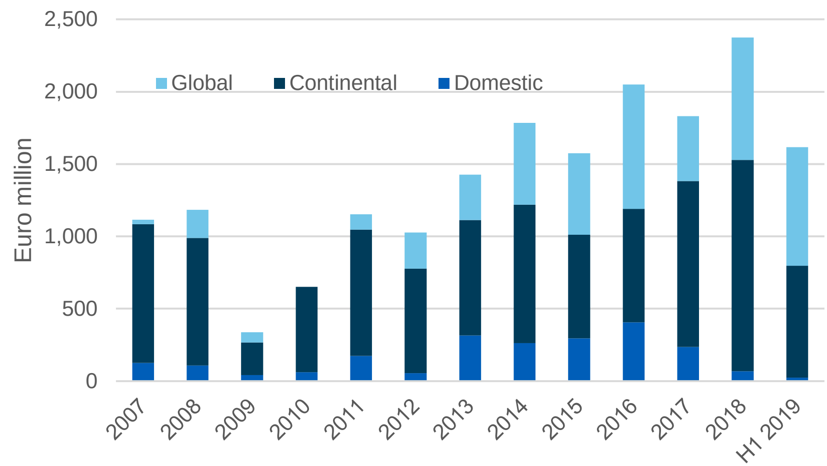
1. For 2Q 2019

Poland – Office Market Outlook

Real Estate Market

- On the back of strong economic growth Poland has witnessed good demand for office space which has seen Warsaw's vacancy rate come under downward pressure, falling to around 8.5% - an historic low. This does however paper over the differences between submarkets with city centre vacancy much lower at 5.5%. The resulting imbalance leaves firms looking for centrally-located, large, new office floorplates having to either take pre-lets or compete for limited existing options, thus putting upward pressure on rents in the short-term.
- Nationwide 1H 2019 take-up reached 750,000 sq m, of which 405,700 sq m was in Warsaw. So far completions have been restrained but there has been a reactivation in developer activity in the major regional office markets across Poland with approximately 1.8 million sq m of new supply under construction across key cities.
- The lack of available quality office space is forcing tenants to secure pre-let agreements in projects under construction - over 68% of the 2019 pipeline already has leases in place and 42% of the 2020 pipeline, so vacancy is not expected to increase dramatically.
- 2Q 2019 investment activity broke records with €1.2 billion transacted in the office sector alone supported by a few large lot size single asset deals as well as a handful of portfolio deals. This brings the 1H 2019 total to €1.6 billion. The trend of offices being the most popular sector continues into 2Q with 69% of activity. Warsaw continues to be the most targeted city but investors are becoming more comfortable with regional markets – 38% of capital inflows transacting in the key Tier II cities.

Office Volumes by Capital Source



Economy

Indicator	2018	2019	2020 Outlook (vs 2019)
GDP Growth	5.2%	4.3%	↘
Industrial Production Index	5.8%	5.9%	↘
Consumer Prices, average	1.8%	2.1%	↗
Population (millions)	37.98	37.95	→
Population	-0.01%	-0.06%	→
Unemployment Rate	6.1%	5.4%	↘

Annual % change unless specified

- 2019 GDP growth forecasts were raised to 4.3% (from 3.5%) as a surge in investment saw the economy expand by 1.5% q-o-q.
- Poland retains its position as one of the fastest growing economies in Europe well above the 1.2% forecast for the Eurozone and weathering the slowdown relatively well so far.
- The outlook for the domestic sector is bright demonstrating Poland's resilience to a slowdown in the Eurozone and mounting external headwinds.
- Wage growth remains very strong at 7% in April, with retail sales and consumer confidence both reporting a strong start to 2Q.

Outlook

- Robust demand is expected to continue in Warsaw, but interestingly there may be a cooling in rental gains in the capital in 2020 and 2021 in spite of this. 2018 saw the lowest level of completions since 2011 and with a similar amount due in 2019 (circa 235,000 sq m) expected levels of take-up will continue to erode availability.
- However, completion levels in 2020 and 2021 are expected to be in excess of 300,000 sq m per annum – the highest level since 2016, providing occupiers with more choice and the ability therefore, to have a more solid footing when negotiating lease terms with landlords. Higher construction costs could, over time, see a decline in deliveries, especially if developers are not able to recognise their costs via rents from occupiers.
- In some more mature (Western Europe) markets older stock has been withdrawn and converted into alternative uses, and while this is happening in Warsaw, it is less than 1% of stock and so will do little to prevent a relatively rapid increase in new supply and could result in a vacancy rate that ticks up in 2020-2021.
- While the outlook is generally positive for the Polish office market and low vacancy and good demand are expected to remain unchanged over the next twelve 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.

Sources:
Oxford Economics – Country Economic Forecast Poland 10 July 2019
Capital Economics – European Commercial Property Update May 2019
C&W – Poland Office Market Snapshot 2Q 2019
Real Capital Analytics – data as at 29 July 2019

Haagse Poort
The Hague, The Netherlands

Piazza Affari
Milan, Italy

European Update and Outlook

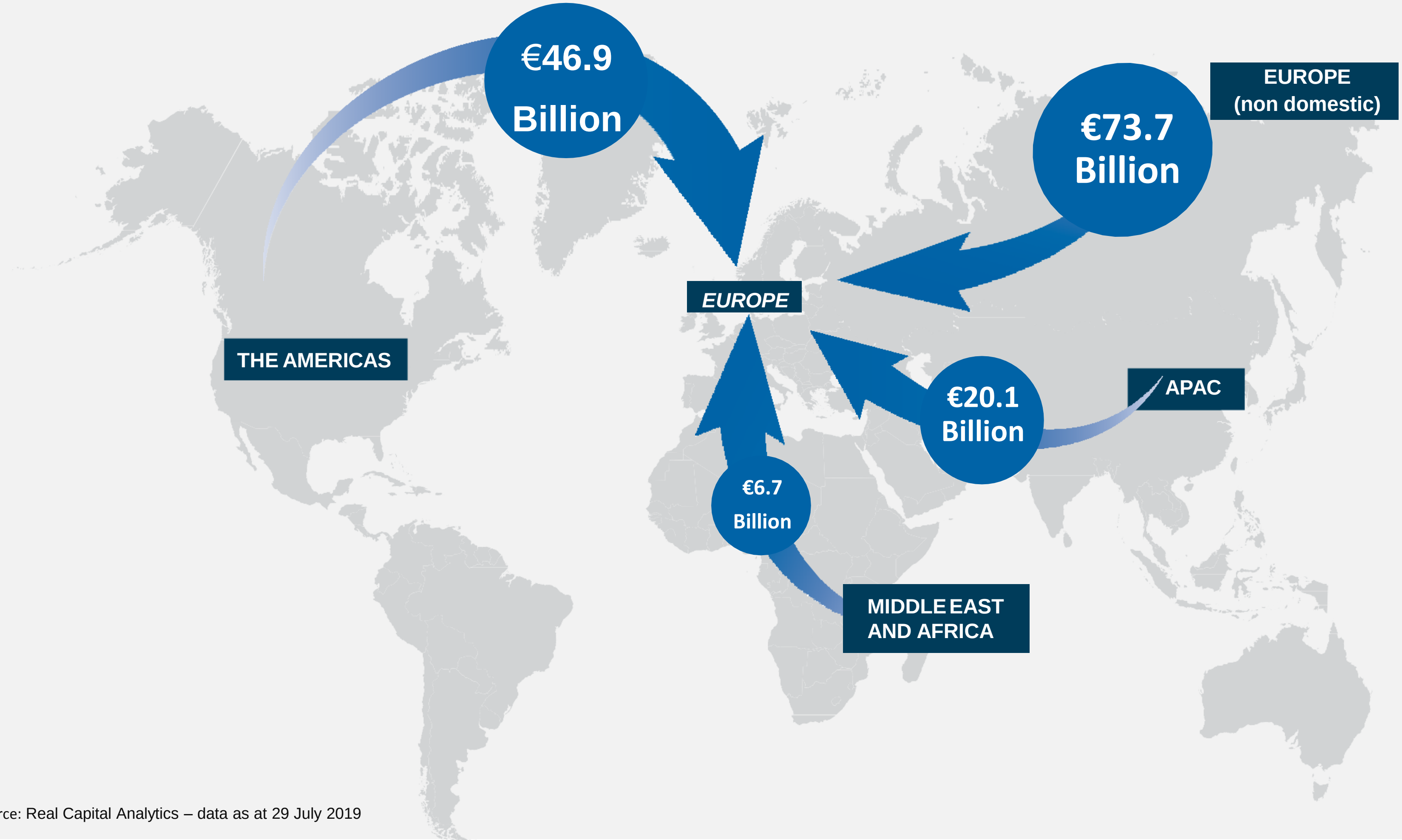
Commentary on the European Economy

- Eurozone GDP economic growth forecasts for 2019 have been nudged down to 1.2% and while Europe's economy is slowing, data indicates a divergence between robust activity in services with services PMI data indicating a solid performance and a struggling manufacturing sector
- 1Q saw solid 0.4% expansion but initial indications are that Eurozone growth slowed in 2Q to around 0.3%. Strong domestic demand continues to underpin economic activity with household spending picking up, boosted by a falling unemployment rate and wages growing at the fastest rate in a decade. The labour market remains resilient and the unemployment rate is at a decade-low of 7.5%. Private spending grew at a solid pace as households benefited from stronger incomes
- Persistent external threats and weakness in the industrial sector will cloud the outlook and act as a drag on growth. Political risks are never far away in Europe: the election of a populist government in Italy, the rising possibility of a 'no-deal' Brexit and the Catalan independence crisis in Spain are just a few examples.
- The ECB in June at the last policy meeting, changed its forward guidance to indicate that rates would remain at present levels until at least 2H 2020. The ECB has prepared the ground for further QE and the expectation is that in October they will announce a resumption of QE at a pace of €30 billion per month
- Risks to global growth linger from political uncertainty to global trade tensions, tighter monetary policies and a slowdown in China. Trump has ratcheted up tariffs on US$250 billion worth of goods from China to 25% (from 10%) and cracked down on Chinese companies such as Huawei. Fresh tariffs on further US$300 billion of Chinese imports was averted at the G20 in Japan in June. But Beijing announced that 2Q growth has slowed from 6.4% to 6.2%. 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 around the world

Source: Oxford Economics

Global Capital Flows to Europe Momentum Continues in 2019

Cross-border activity: Twelve Months to 2Q 2019

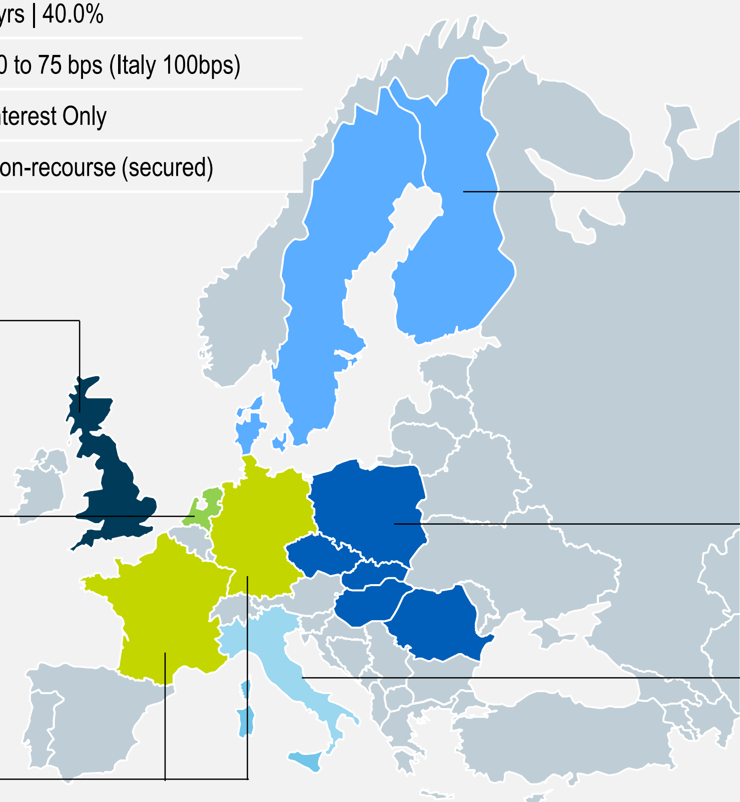


Source: Real Capital Analytics – data as at 29 July 2019

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)	1.20% - 1.40% p.a.
Core/Core+ (Regions)	1.30% - 1.70% p.a.
Upfront fees	0.50% - 0.75% p.a.
Libor (incl. credit spread)	0.95% 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)	-0.15% 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)	-0.15% 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)	0.15% 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)	-0.15% p.a.

Italy

Core/Core+ (CBD)	1.30% - 1.70% p.a.
Core/Core+ (Regions)	1.80% - 2.25% p.a.
Upfront fees	0.65% - 1.00% p.a.
Euribor (incl. credit spread)	-0.15% p.a.

Figures as at 1 August 2019

THANK YOU

If you have any queries, kindly contact:
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