Cromwell European REIT

Phillip Securities Webinar

3 June 2021

Contents

1.
Overview and Track Record


Haagse Poort, Prinses Beatrixlaan 35 - 37 & Schenkkade 60 - 65,
Den Haag, The Netherlands


Business Garden, 2,4,6,8 and 10 Kolorowa Street,
Poznań, Poland

1Q 2021 CEREIT Overview

Focus on resilience and diversification

CEREIT is a diversified, pan-European REIT with a commercial real estate portfolio valued at €2.3 billion

CEREIT is managed by Cromwell EREIT Management Pte. Ltd. ("**Manager**"), a wholly-owned subsidiary of CEREIT's sponsor, Cromwell Property Group ("**Cromwell**"). Cromwell is an experienced property manager with a 20+ year track record in Europe, with 17 offices in 11 European countries

Investment Strategy

- Long-term target portfolio of at least 75% or more within Western Europe and at least 75% or more in office and light industrial / logistics
- Tactically targeting towards 50% industrial / logistic

Highlights

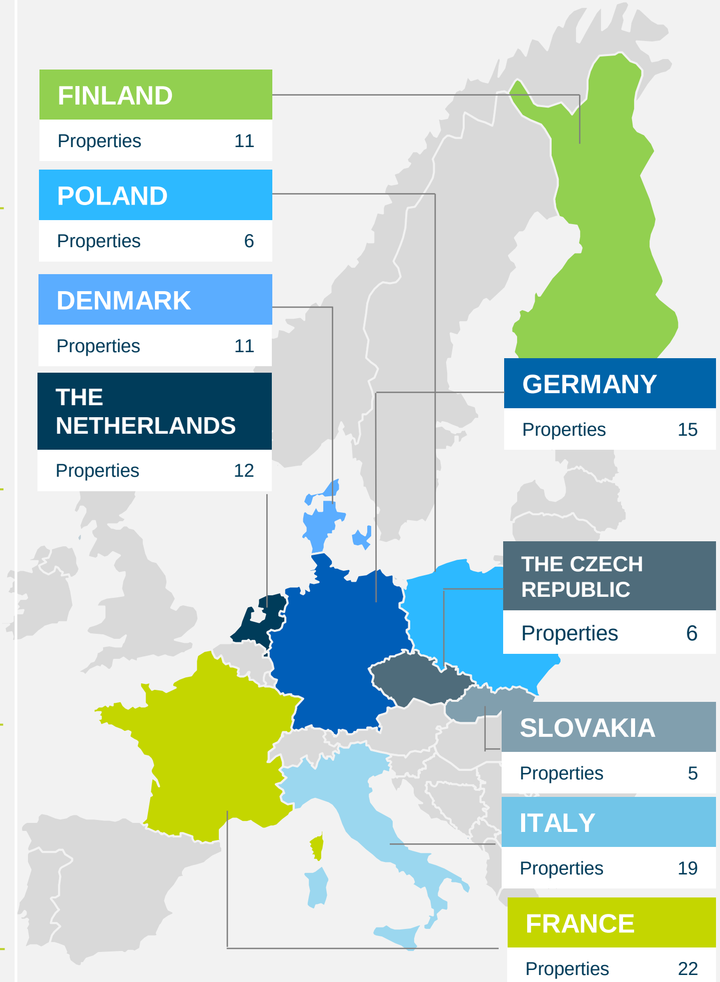
- Resilient portfolio of predominantly office and light industrial / logistics properties, diversified across geographies, tenant-customers and trade sectors
- 85% weighted to Western Europe and ~95% office and light industrial / logistics assets
- Blend of Core (58%)[1], Core Plus (34%) and Value-add (8%) assets with a long WALE of 4.8 years
- Investment-grade rating BBB- (stable) by Fitch
- Cromwell owns 28% of CEREIT, its largest investment, demonstrating strong alignment with Unitholders

€2.3 BILLION[2]
DIVERSIFIED PORTFOLIO

107
PRIMARILY FREEHOLD PROPERTIES

9
EUROPEAN COUNTRIES

1.7 million sqm
NET LETTABLE AREA



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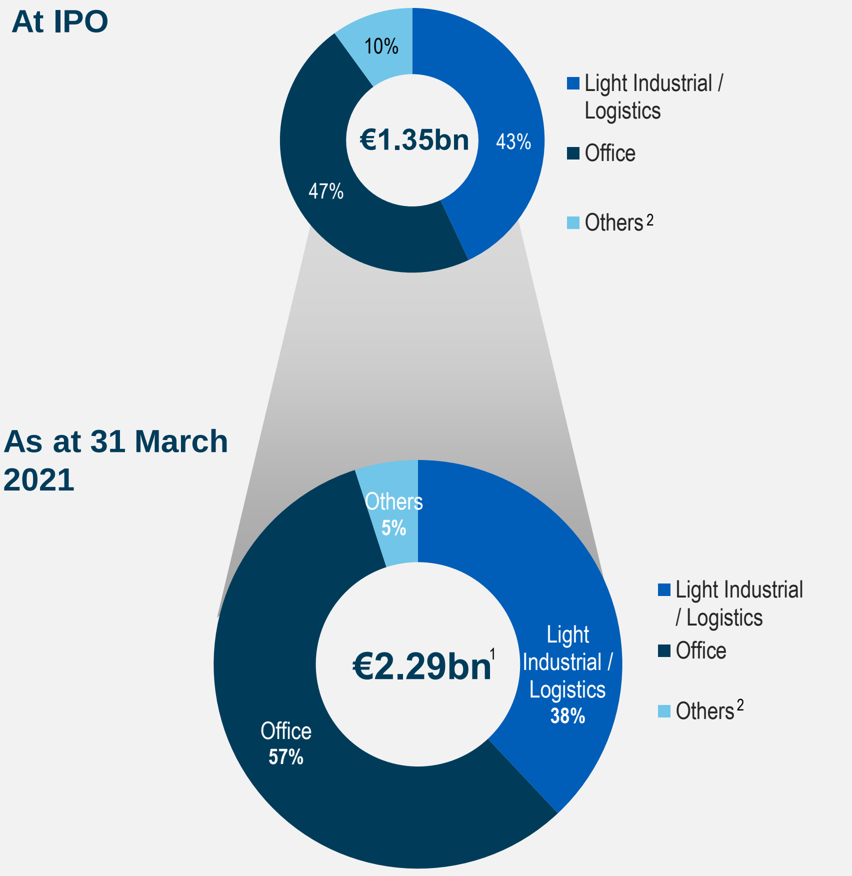
1. Includes 'prime'
2. Valuation is based on independent valuations conducted by CBRE Ltd ("CBRE") and Savills Advisory Services Limited ("Savills") as at 31 December 2020 plus any capital expenditure incurred during 1Q 2021 and any other adjustments. This is with the exception of the new acquisition in Italy acquired on 23 December 2020 (CLOM) and the 11 new assets in the Czech Republic and Slovakia acquired on 11 March 2021 (Arête portfolio) which are based on their respective purchase prices plus any capital expenditure incurred during 1Q 2021 and any other adjustments

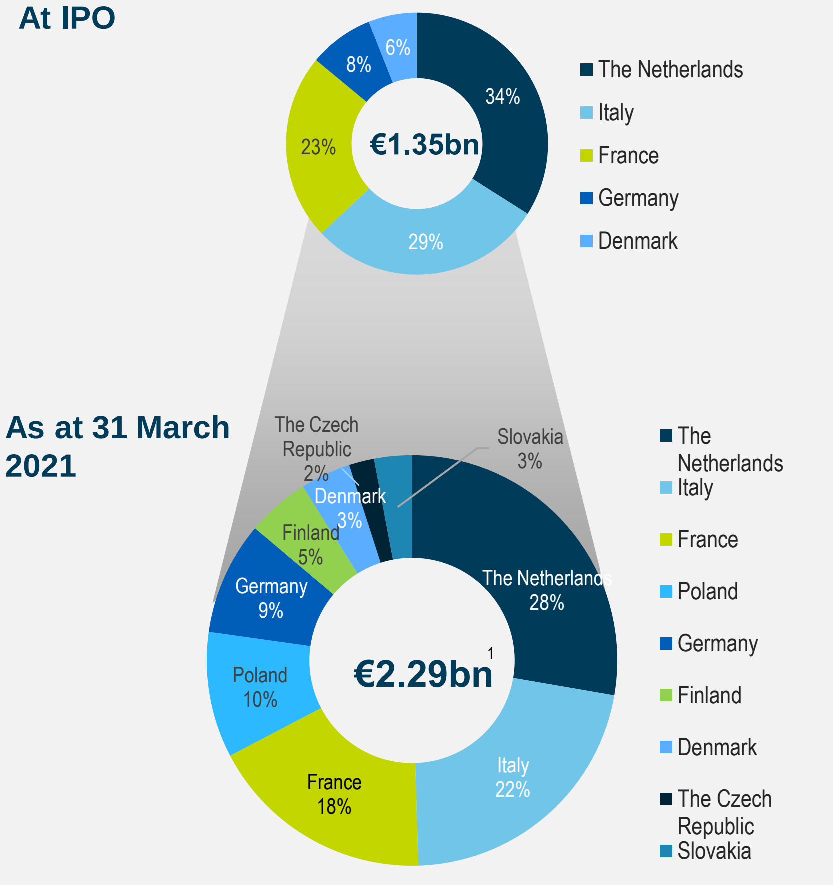
Resilience through Diversification

70% growth in portfolio since IPO

Portfolio breakdown by asset class



Portfolio breakdown by geography



1. Valuation is based on independent valuations conducted by CBRE-and Savills-as at 31 December 2020 plus any capital expenditure incurred during 1Q 2021 and any other adjustments. This is with the exception of the new acquisition in Italy acquired on 23 December 2020 (CLOM) and the 11 new assets in the Czech Republic and Slovakia acquired on 11 March 2021 (Arête portfolio) which are based on their respective purchase prices plus any capital expenditure incurred during 1Q 2021 and any other adjustments
2. Others include three government-let campuses, one leisure / retail property and one hotel in Italy

ESG Deeply Embedded in Culture

Committed to achieve sustainability integration in day-to-day management of CEREIT's portfolio and operations

SUSTAINABILITY
EVERYTHING IS CONNECTED

Economic

Limited impact on CEREIT results from COVID-19
95.1% occupancy as at the end of FY 2020
FY 2020 DPU only 3.0% lower YoY on a like-for-like basis

Governance

Ranked 7th in Singapore Governance and Transparency Index and 10th in Governance Index for Trusts out of 45 REITs and business trusts

Senior management has specific ESG-linked KPIs[1]

Stakeholders

71% tenant-customer satisfaction (69% in 2019), 58% increase in participation rate

Dialogue with > 1,800 investors and analysts through ~140 virtual and physical meetings and forums

Helped raise >S$80,000 for community partners

People

Employee engagement score of 89%

50% female employees achieved

Six-fold Increase in training hours per employee

Environment

20 BREEAM[2] certifications (with 11 as at 31 December 2019 +2 more expected in 1Q 2021) and one LEED[3] certification

2020 GRESB rating

- **9%YoY increase**
- (73 points, up from 67 points the year before)
- **2nd** among Singapore-listed peers in Public Disclosure Assessment
- **8th** among 26 'Diversified – Office / Industrial (Europe)' peers

Outperformed majority of peers in Europe and Asia; attained higher than average scores in a group comprising 83 listed entities in Europe

GRESB®

Largely achieved or exceeded all FY 2020 targets

Sponsor's ESG Ratings

- EPRA / Nareit index-included Cromwell is a leader in ESG
- GRESB score of 87 with a five-star performance
- AA MSCI ESG rating
- 9.9 Sustainalytics risk rating (negligible risk)

CEREIT's ESG 2021 Major Commitments

- Set path to to long-term targets aligned with the EU's commitment to the Paris Agreement
- Improve CEREIT's ranking in relevant Singapore and global ESG ratings

1. Refers to Key Performance Indicators
2. Building Research Establishment Environment Assessment Method
3. Leadership in Energy and Environmental Design

2.
1Q 2021 Business Update Highlights

CEREIT's **Performance in 1Q 2021**

Active asset management de-risking the portfolio, protecting income and reducing costs

1Q 2021 headline financials

€30.8 million
1Q 2021 NPI
0.4% down YoY

€21.7 million
1Q 2021 DI
6.5% down YoY

€0.827 cent
1Q 2021 available distributable income per unit
9.1% down YoY

Capital management

38.5%
aggregate leverage
Within Board-approved range (35 – 40%)

c.1.72% p.a.
All-in interest rate
Total gross debt is fully hedged / fixed

€200 million
bond tap
WADE is c. 4 years

Portfolio and leasing highlights

94.6%
portfolio occupancy
Down from 95.1% as at end December 2020

-1.3%
rent reversion[1]
Impact of COVID-19 on rent reversion in 'office' and 'other' sectors

4.8-year
WALE[2]
3.3-year WALB[2]

31.4%
exposure to top 10 tenant-customers[3]
Top 10 tenant-customers' WALE[2] is 6.3 years

59%
of lease expiries de-risked
up to September 2021

94%
Cash collection rate
From February 2020 to April 2021

1. Rent reversion rate is a fraction where the numerator is the new headline rent of all modified, renewed or new leases over a reference period and the denominator is the last passing rent of the areas being subject to modified, renewed or new leases
2. WALE and WALB as at 31 March 2021
3. By headline rent

Key **Capital Management** Initiatives

From 2020

Manager and property manager fees paid in cash

- Unitholder value is preserved over the long term
- No dilution of DPU and NAV per Unit
- No retained earnings deficit when fees are paid in Units

From 4 Mar 2021

Distribution reinvestment plan ("DRP") activated for 2H2020

- Unitholders can acquire new Units at a preferential price (2% discount) with nil transaction costs
- Important capital management tool as S-REITs typically pay out 100% of earnings

4 Mar 2021

€100 million private placement

- Proceeds used to partially fund €165.8 million of high-yielding logistics assets and provide c. €50 million of debt headroom for further acquisitions
- Final book was well-covered in a challenging market with a good mix of new and existing investors
- Post-placement free float is 72% (up from 69%), bringing CEREIT closer to major index inclusion

7 May 2021

5:1 Unit consolidation

- Reduction in the magnitude of fluctuation with regard-to the trading of Units
- Transaction costs relative to the trading price are expected to fall significantly
- Expected improvement in liquidity and investor demand
- Lower brokerage trading costs to investors
- Post-consolidation FY 2020 illustrative DPU = €17.42 cents (5 x FY 2020 Actual DPU €3.484 cents)
- Post-consolidation March 2021 NAV = €2.445 / Unit (5 x 1Q 2021 Actual NAV €48.9 cents / Unit)

Logistics Acquisitions in Two Attractive New Markets

CEREIT acquired €113.2 million logistics portfolio in the Czech Republic and Slovakia in March 2021

Further diversification of CEREIT's portfolio to the Czech Republic and Slovakia

- Portfolio of 11 modern logistics assets acquired for €113.2 million (2.1% below valuation) on 6.7% NOI yield, or €875 per sqm (excluding land)
- CEREIT's portfolio is expected to benefit from further exposure to two new Central European markets with high GDP growth potential and very high or high credit quality
- WALE of 6.2 years, with leases mostly Euro-denominated and CPI-linked, or subject to fixed increases, while passing rent is at estimated market rent of €4.70 / sqm / month

Modern freehold properties on valuable freehold land in well-connected micro-locations

- Good micro-locations in established business parks with access to public transport and near to major highways
- Close to 100% let high-specification space with 8-14 metre ceiling heights on average, with up to 10 tonnes / sqm floor load bearing
- Approximately 140,700 sqm of permitted development land opportunities in three existing assets
  - Commenced preliminary discussions with prospective tenant-customers

Nove Mesto ONE Industrial Park III, Kočovce, Slovakia

Moravia Industrial Park, Uherske Hradiste, The Czech Republic

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3.
Financial and Capital Management Highlights

1Q 2021 Distributable Income per Unit **€0.827 cents**

Key performance metrics for 1Q 2021

- **1Q 2021 Gross Revenue and NPI** were almost equal to 1Q 2020 (-4.1% on a like-for-like[1] basis) due to:
  - 15% rent reduction in three Italian office assets and two Italian properties in the 'Others' sector, pursuant to the Agenzia del Demanio (Italian State Property Office) master lease agreement
  - Impact of continued lockdowns on Central Plaza carpark income
  - Vacancy in certain light industrial / logistics assets in France and Denmark
  - Disposal of the 12 smaller, higher-yielding and higher-risk assets in the Netherlands, France and Denmark, offset by income from recently-completed acquisitions, including CLOM in Italy, four logistics assets in Germany and the 11 logistics assets in the Czech Republic and Slovakia
- **1Q 2021 income available for distribution** is down due to the above reasons as well as higher interest expense (€800,000 due to higher interest rates on the bond issuances) and higher trust expenses (€400,000 due to one-off items)
- **DPU** is €0.827 cents (pre 5:1 consolidation), which is 9.1% lower than 1Q 2020 due to the above reasons and the timing of the investment of the private placement proceeds to offset the additional weighted average units on issue in March 2021. €0.580 cents distribution for the period from 1 January to 4 March 2021 has been included in the cumulative distribution which was paid on 31 March 2021
- **Operating cashflow** remains strong in 1Q 2021 with a positive cash flow of €23.5 million, which is higher than the distributable income

	1Q 2021	1Q 2020	Variance
Gross Revenue (€'000)	48,450	48,506	(0.1%)
NPI (€'000)	30,836	30,956	(0.4%)
Total Return Period Attributable to Unitholders (€'000)	23,478	17,483	34.3%
Income available for distribution to Unitholders (€'000)	21,744	23,256	(6.5%)
DPU (€ cpu) pre-consolidation[2]	0.827	0.910	(9.1%)

1. Based on 91 properties, excluding assets acquired or disposed since the beginning of FY 2020
2. DPU is based on the Units in issue prior to the 5:1 consolidation of Units effected in May 2021. The equivalent 1Q DPU post consolidation would be €4.135 cpu. Due to the cumulative distribution, the available DPU on a post consolidated basis which has not been paid out would be €1.235 cpu

Balance Sheet Details

	As at 31 Mar 21 €'000 (unless stated otherwise)	As at 31 Dec 20 €'000 (unless stated otherwise)	Comments
Cash & Cash Equivalents	75,805	43,593	Includes proceeds from €200 million bond tap and €100 million private placement, netted off by acquisitions, partial repayment of the 3-year term loan, and payment of cumulative distribution
Receivables	23,193	15,943	Increase due to advanced billing of rental and prepayment of property taxes and insurance
Other Current Assets	1,413	1,397	
Non-Current Assets	2,305,548	2,189,519	Increase due to the acquisition of 11 assets in the Czech Republic and Slovakia amounting to €113.2 million
Total Assets	**2,405,959**	**2,250,452**	
Current Liabilities	72,965	56,876	Increase due to advance rental and accrued interest expense
Non-Current Liabilities	965,456	891,424	Increase due to the €200 million bond tap in January 2021, offset by €130m partial repayment of a 3-year term loan
Total Liabilities	**1,038,421**	**948,300**	
Net assets attributable to Unitholders	**1,367,538**	**1,302,152**	Increase due to €100 million private placement partially offset by cumulative distribution
Units in Issue ('000)	2,796,650	2,556,081	Includes units issued under private placement and partly in lieu of cash distribution following the activation of the DRP
NAV per Unit (€ cents) [1]	48.9	50.9	Mainly due to cumulative distribution of €2.324 cpu paid on 31 March 2021

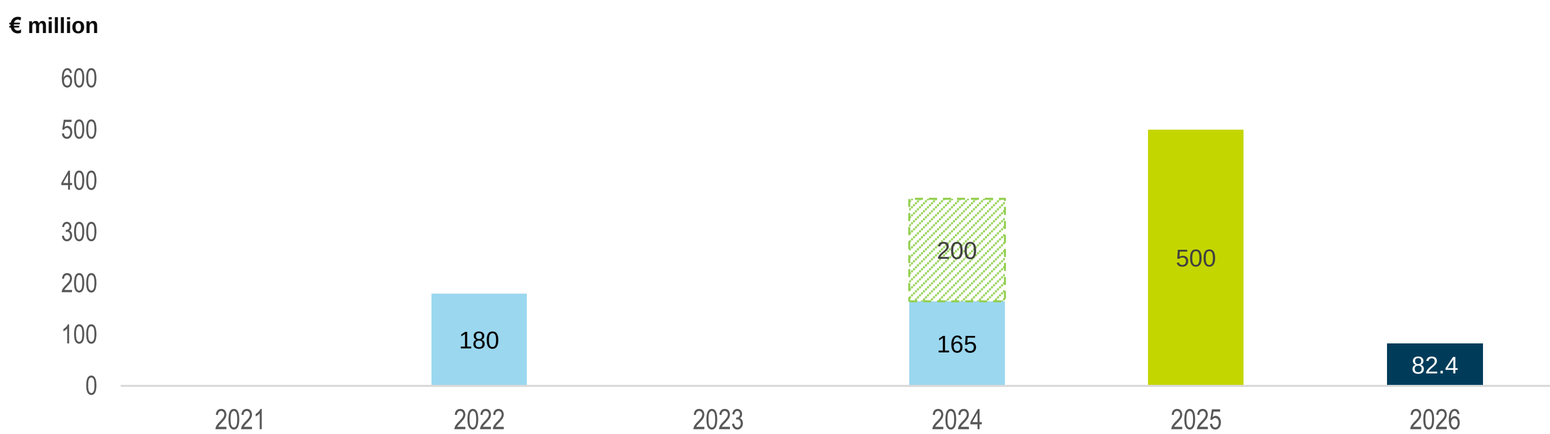
1. NAV per Unit is based on Units in issue as at 31 March 2021. After the 5:1 consolidation which was effected in May 2021, the equivalent NAV per Unit would be €2.445

Debt Maturity Profile

Minimal near-term expiring debt following successful bond issuances

- Further transformation of debt profile with inaugural issuance of €300 million 5-year bond in November 2020, followed by a well-received tap of €200 million in January 2021, at a combined average reoffer yield of 1.94%
- No debt expiries until November 2022 and the weighted average term of debt is now c. 4 years
- €150 million RCF that was due to expire in 2022 has been terminated and the new RCF with a 2024 expiry was upsized to €200 million shortly after the quarter-end

Pro-forma debt maturity profile



% of Total Debt Drawn	2021	2022	2023	2024	2025	2026
		19.4%		17.8%	53.9%	8.9%

Secured Loans Total: €82.4million

Unsecured Loans (exclude RCF) Total: €345million

Unsecured RCF (Undrawn) Total Facility: €200million

2025 Bond Total: €500million

Capital Management

Gearing below 40%, high coverage ratio, low cost of funding, predominantly unsecured debt

38.5%
Aggregate leverage[1]
Within Board-approved range (35–40%)

6.0x
Coverage ratio[2]
Well in excess of loan and EMTN covenants

~1.72% p.a.
All-in interest rate
Total gross debt is fully hedged / fixed

91.1%
Unsecured debt
Only one facility secured at IPO remaining

	As at 31 Mar 2021	As at 31 Dec 2020	Bond covenant
Total Gross Debt	€927.4 million	€857.4 million	N.A.
Aggregate Leverage[1]	38.5%	38.1%	≤ 60%
Net Gearing	36.5%	36.9%	N.A.
Interest Coverage Ratio[2]	6.0x	6.4x	≥ 2x
Priority Debt[3]	3.4%	3.6%	≤ 35%
Unencumbrance Ratio[3]	243.9%	251.0%	> 170%
Weighted Average Term to Maturity	4.0 years	3.8 years	N.A.

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1. Calculated as per the Property Funds Appendix ("**PFA**"). Leverage Ratio as per the EMTN prospectus is 36.8%, defined as consolidated net borrowings (including capitalised finance leases and excluding cash and cash equivalents) divided by consolidated total assets
2. Calculated as per the PFA based on net income before tax, fair value changes and finance costs divided by interest expense and amortised establishment costs
3. As defined in the EMTN prospectus

4.
Portfolio and Asset Management Highlights

Portfolio Overview

As at 31 March 2021

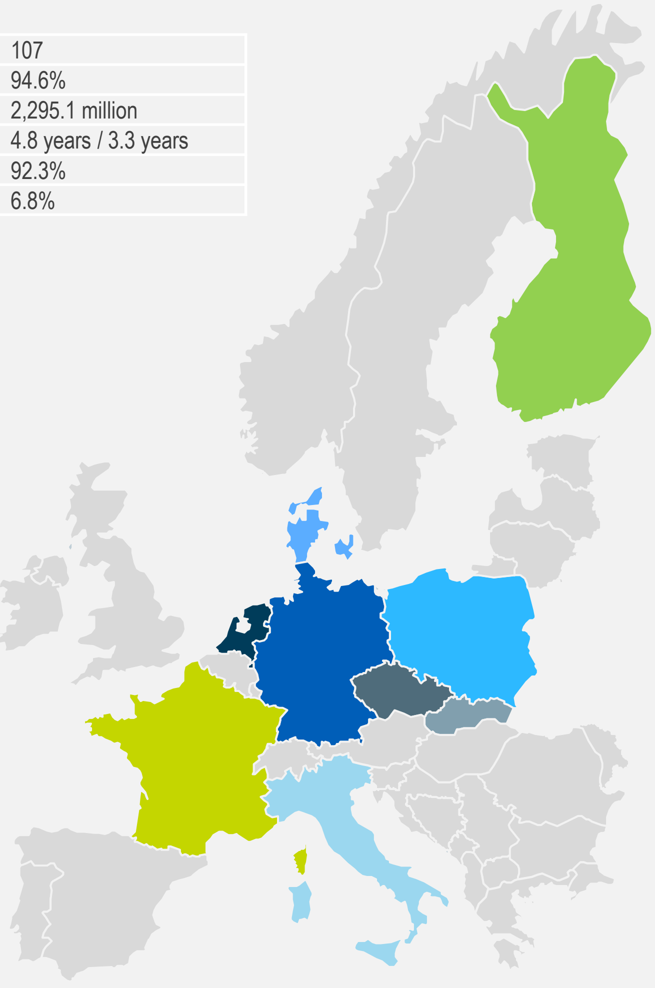
Properties	107
Occupancy Rate (by lettable area)	94.6%
Valuation (€)[1]	2,295.1 million
WALE / WALB	4.8 years / 3.3 years
% Freehold (by valuation)[2]	92.3%
Average Reversionary Yield	6.8%

Denmark	
Properties	11
Lettable Area (sqm)	129,816
Valuation (€ million)	81.9
% of Portfolio	3.6%
Average Reversionary Yield	8.6%

The Netherlands	
Properties	12
Lettable Area (sqm)	224,228
Valuation (€ million)	634.5
% of Portfolio	27.6%
Average Reversionary Yield	6.0%

France	
Properties	22
Lettable Area (sqm)	297,811
Valuation (€ million)	409.1
% of Portfolio	17.8%
Average Reversionary Yield	7.7%

Italy	
Properties	19
Lettable Area (sqm)	505,278
Valuation (€ million)	511.2
% of Portfolio	22.3%
Average Reversionary Yield	6.1%



Finland	
Properties	11
Lettable Area (sqm)	61,981
Valuation (€ million)	111.4
% of Portfolio	4.9%
Average Reversionary Yield	7.6%

Germany	
Properties	15
Lettable Area (sqm)	226,985
Valuation (€ million)	197.5
% of Portfolio	8.6%
Average Reversionary Yield	6.0%

Poland	
Properties	6
Lettable Area (sqm)	111,242
Valuation (€ million)	235.6
% of Portfolio	10.3%
Average Reversionary Yield	8.4%

The Czech Republic	
Properties	6
Lettable Area (sqm)	51,117
Valuation (€ million)	51.1
% of Portfolio	2.2%
Average Reversionary Yield	6.0%

Slovakia	
Properties	5
Lettable Area (sqm)	74,356
Valuation (€ million)	62.7
% of Portfolio	2.7%
Average Reversionary Yield	6.4%

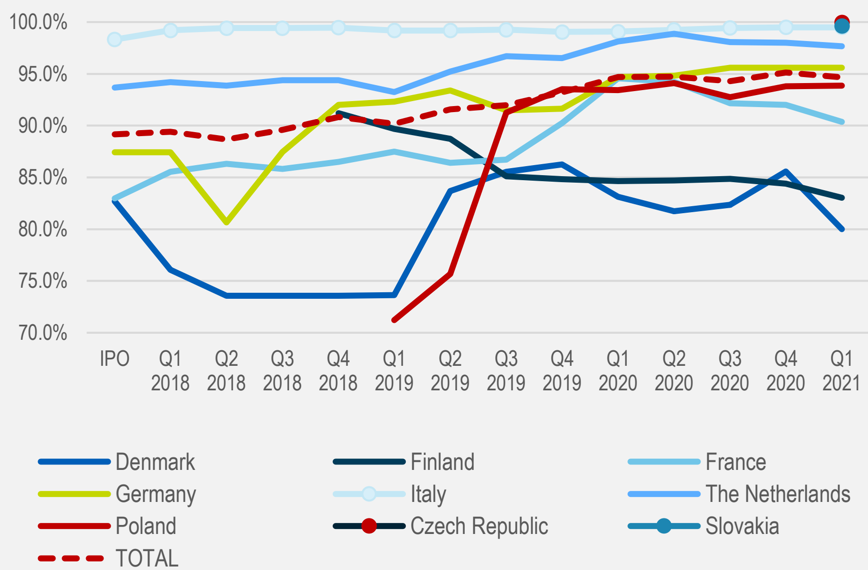
1. Valuation is based on independent valuations conducted by CBRE-and Savills-as at 31 December 2020 plus any capital expenditure incurred during 1Q 2021 and any other adjustments. This is with the exception of the new acquisition in Italy acquired on 23 December 2020 (CLOM) and the 11 new assets in the Czech Republic and Slovakia acquired on 11 March 2021 (Arête portfolio) which are based on their respective purchase prices plus any capital expenditure incurred during 1Q 2021 and any other adjustments
2. Freehold and continuing / perpetual leasehold

1Q 2021 Occupancy

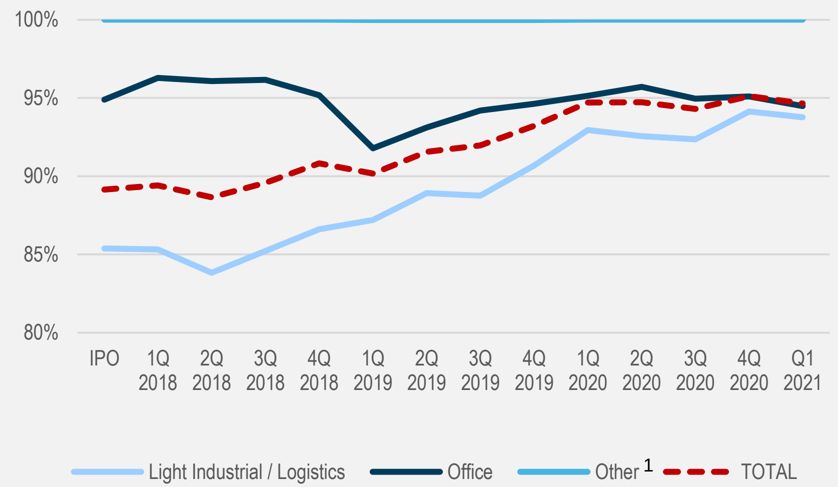
Reduction by 0.5 p.p.

Overall portfolio	Office	Light industrial / logistics
94.6% portfolio occupancy Down from 95.1% as at December 2020	**94.5% occupancy** Down from 95.1% as at December 2020 mainly due to France and Finland	**93.8% occupancy** Down from 94.1% as at December 2020 mainly due to anchor tenant-customer at Priorparken 700 / 800 relocating HQ to Belgium

Occupancy by country



Occupancy by sector



1. Others include three government-let campuses, one leisure / retail property and one hotel in Italy

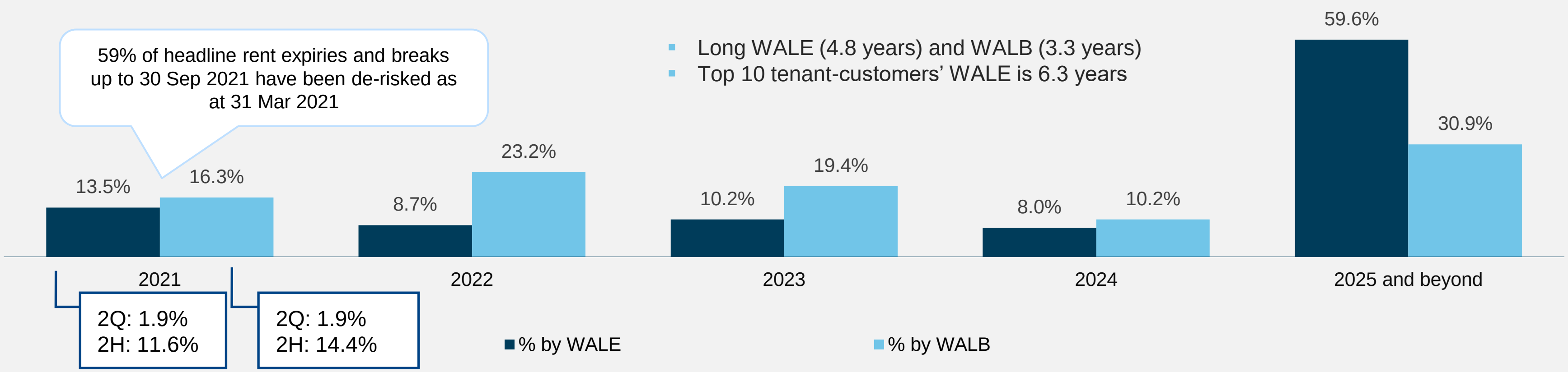
1Q 2021 Leasing Activity

Leasing activity and performance in 1Q driven by light industrial / logistics offset by 1 CBD office restaurant lease

Overall portfolio	Office	Light industrial / logistics
33,163 sqm 58 new and renewed leases – 37 new leases (19,735 sqm) and 21 renewals (13,428 sqm)	**3,369 sqm** 16 new and renewed leases – 9 new leases (1,180 sqm) and 7 renewals (2,189 sqm)	**28,937 sqm** 41 new and renewed leases – 28 new leases (18,556 sqm) and 13 renewals (10,381 sqm)
-1.3% **rent reversion**	**-1.0%** **rent reversion**	**+1.5%** **rent reversion**
4.8-year[1] **WALE**	**4.4-year** **WALE**	**4.8-year** **WALE**

Lease expiry as at 31 March 2021

- Long WALE (4.8 years) and WALB (3.3 years)
- Top 10 tenant-customers' WALE is 6.3 years



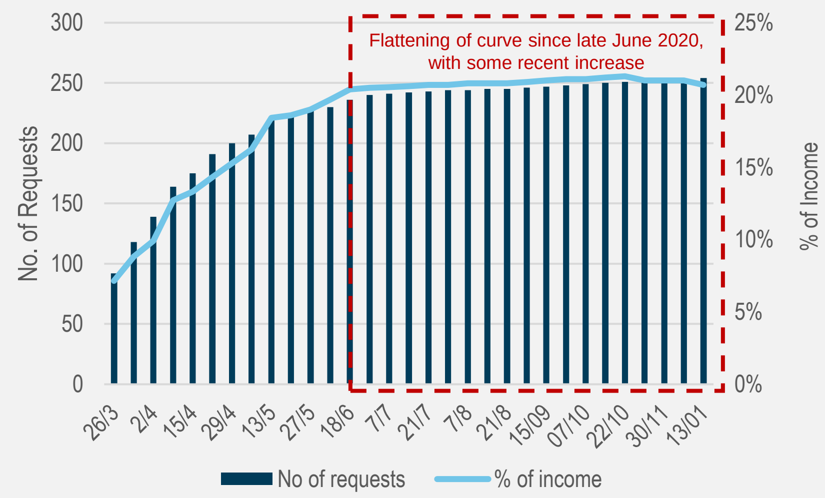
1. Includes Others (three government-let campuses, one leisure / retail property and one hotel in Italy)

CEREIT COVID-19 Business Update

COVID-19 impact expected and managed

- As at end of March 2021, there was no material change in tenant-customers re-profiling requests since late October 2020
- However, extension of third-wave lockdown has applied pressure on certain tenant-customers' profitability, leading to a recent renewal of requests for rent reprofiling in past few weeks
- Retail and hospitality tenant-customers, gym and restaurant operators continue to be impacted by lockdowns. Central Plaza parking income significantly lower due to reduced footfall
- Rent reductions without any lease renewals have had a financial impact of €264,000 (from €41,000 in 2020)
- However, no doubtful debt provisions taken in 1Q 2021
- Planned capex for 2021 still remains conservative
- 94% cash collection from February 2020 to April 2021

Cumulative relief / rebate requests



COVID-19 impact on CEREIT's tenant-customers may lead to a temporary dip in occupancy
CEREITs portfolio is likely to remain resilient to COVID-19 effects

- **~38% exposure to the resilient light industrial / logistics sector**
- DHL and UPS are amongst large tenant-customers benefitting from ecommerce pick-up

- **~21% of CEREIT's rent** comes from **government and related entity leases**

- **~71% of CEREIT's rent** comes from **MNCs** and **large domestic corporations**

- **~8% of CEREIT's rent comes from SMEs**

*COVID-19-related updates as at 13 Jan 2021

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5.

European Economic and Market Update

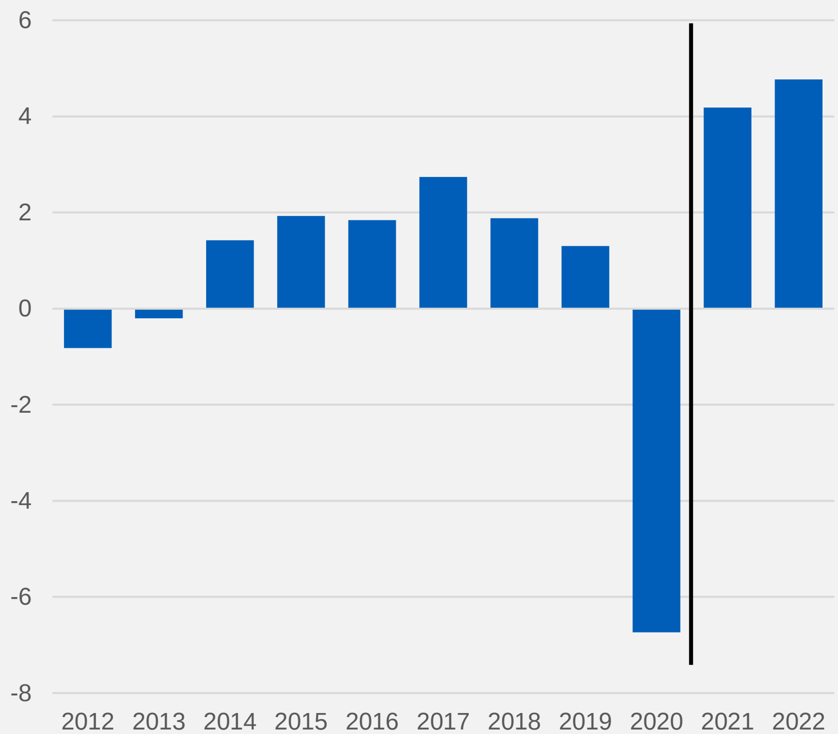
Parc de Villeneuve-Lès-Béziers, 2, rue Charles Nicolle,
Villeneuve-lès-Béziers, France

An der Kreuzlache 8-12, Bischofsheim,
West Germany

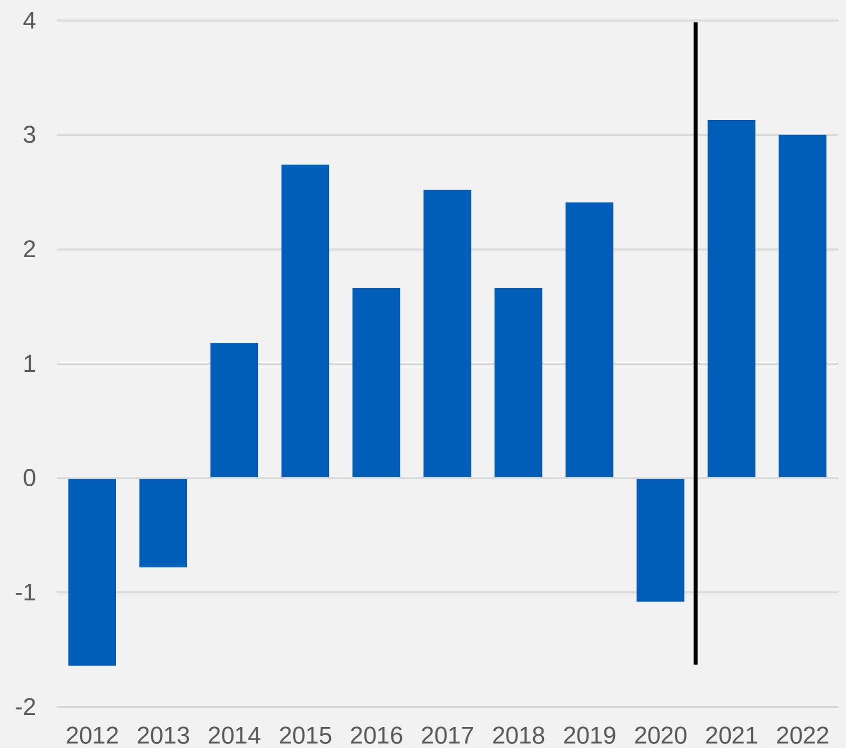
Eurozone GDP to recover in the second half of 2021

Consumer spending to drive economic recovery

Eurozone GDP growth (% y/y)



Eurozone retail sales growth (% y/y)



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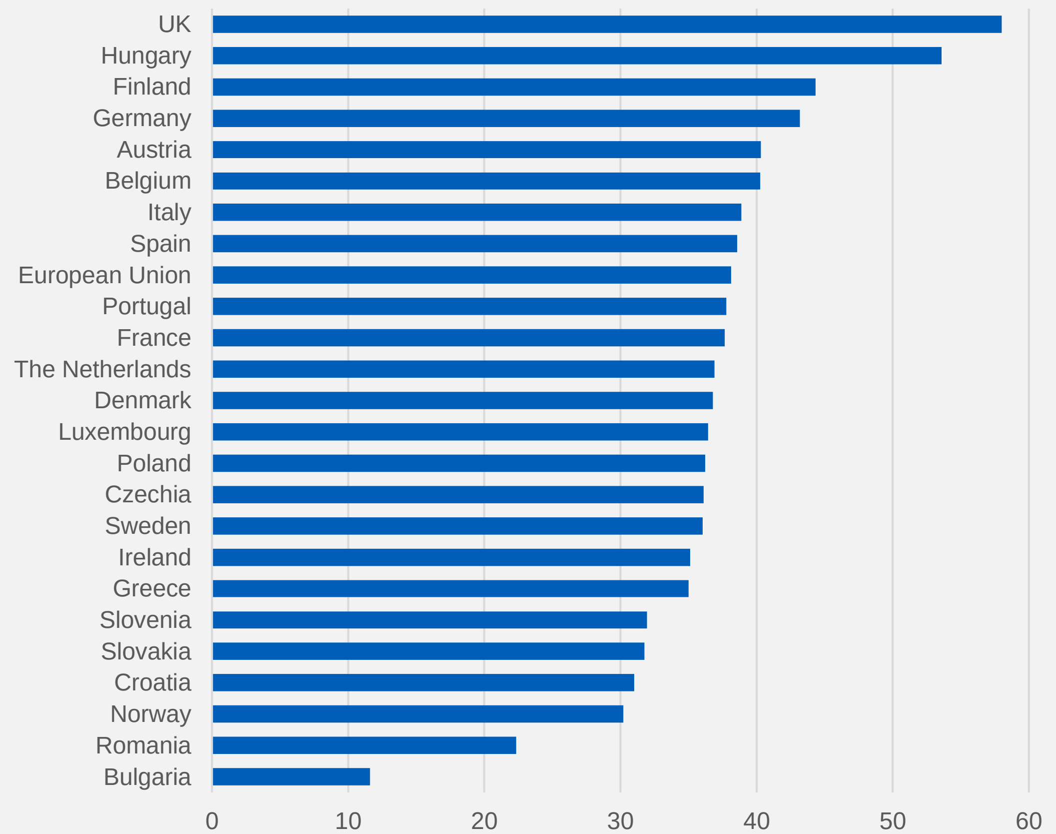
Source: Oxford Economics 24th May 2021

COVID-19 **Vaccine Rollout** in Europe

Slower than expected vaccination process across Europe

Number of people who have received at least one dose of COVID-19 vaccine (% of Population)



- The vaccination process had a slow start with the majority of countries vaccinating less than 50% of their population by the end of May.
- However, the pace of the vaccination programme has accelerated and the EU is ahead of its target of vaccinating 70% of adults by the September.
- Some countries, such as the UK and Italy, have started to ease restrictions.
- Other countries are expected to follow suit and relax public health restrictions in the coming weeks.

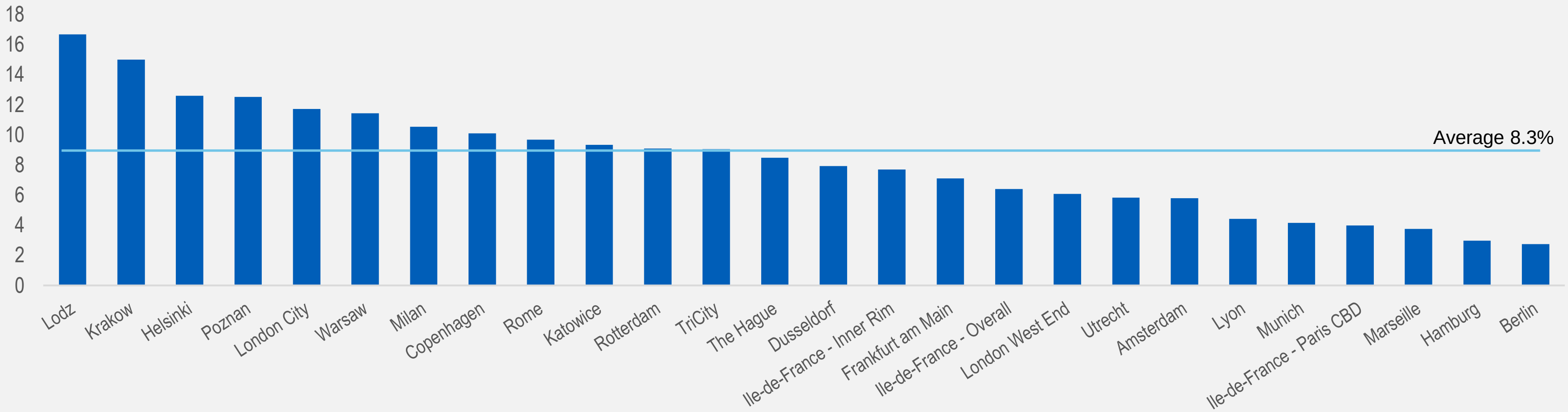
Source: Our World in Data, 31 May 2021
Oxford Economics, Weekly Economic Briefing 26 March 2021

European **Office Market** Update

Weak demand for secondary assets has led to a further rise in the average vacancy rate

- The average office vacancy rate across key[1] European cities increased to 8.3% in 1Q 2021 from 7.9% in 4Q 2020, but remains well below the 10.6% seen in the aftermath of the Global Financial Crisis as speculative development is scaled back and debt financing for developments become harder to source
- Overall leasing demand has been severely impaired by the impact of economic weakness and lockdown measures
- Occupiers that are looking to lease space will favour higher-quality buildings in core locations. As a result, core markets should not see significant rises in vacancy rates
- Secondary and tertiary assets will face accelerated obsolescence and a downward pressure on rents
- With a large proportion of the development pipeline secured under pre-let agreements and a number of schemes put on hold, securing suitable space for 2022 / 2023 lease will mean potentially reviewing options in 2021, providing a possible boost to take-up
- CBRE expects 2021 Polish office space absorption of c. 300,000sqm, but below the peak in net new supply leading to further vacancy rise

Office vacancy rates 1Q 2021 (%)



Source: CBRE

1. Based on cities shown in the graph

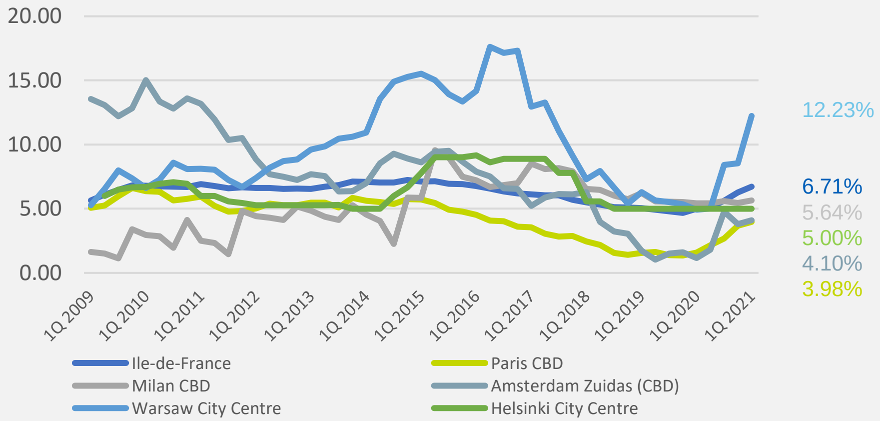
Office Rents and Vacancy Rates

Occupier demand remains for high-quality assets in core locations

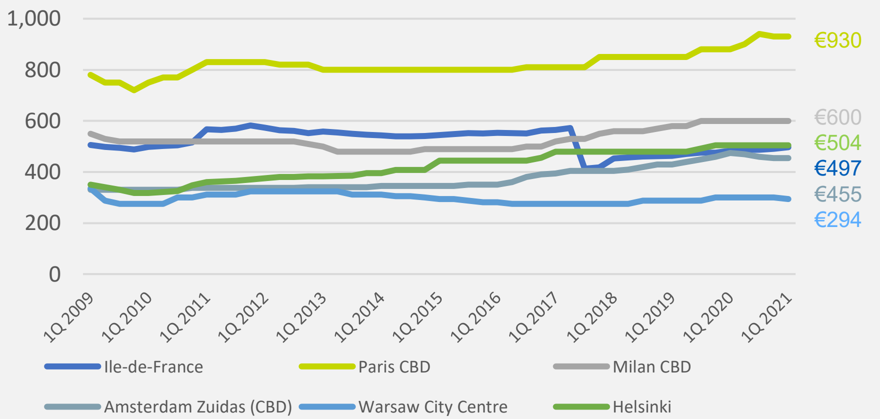
Commentary

- The vacancy rate across Ile-de-France increased for the fifth consecutive quarter in 1Q 2021 to 6.7%. The increase is largely due to the availability of second-hand refurbished space with occupier demand for this type of space falling over the last 12 months
- Despite the rise in the overall availability, the Paris prime headline rent has continued to rise over this period and reached €497 per sqm in 1Q 2021. However, older buildings in less-sought-after areas are facing rental decline, and rising incentives
- Leasing activity in Milan has remained subdued in 1Q 2021, which has resulted in a small rise in the vacancy rate to 5.6% from 5.4% in 4Q 2020. Occupier demand remains positive for high-quality assets in core locations which has helped maintain rental levels at €600 per sqm.
- Amsterdam take-up totalled 33,000 sqm in 1Q 2021, which was 63% less than 4Q 2020, and 70% less than 1Q 2020. This led to a rise in the vacancy rate to 4.1%. As a result, the prime rents in Amsterdam are currently €455 per sqm, down €20 from a year ago
- The vacancy rate in Warsaw has risen significantly due to new supply of 167,000 sqm in 1Q 2021, with an additional 400,000 sqm of new space due to complete by the end of 2021. 44% of this space has already been let, but with an overall drop in occupier demand, vacancy rate will remain elevated
- As a result of this increased supply, Warsaw prime rents are currently €294 per sqm, down €6 per sqm from a year ago

Office vacancy rates



Office rents (per annum)



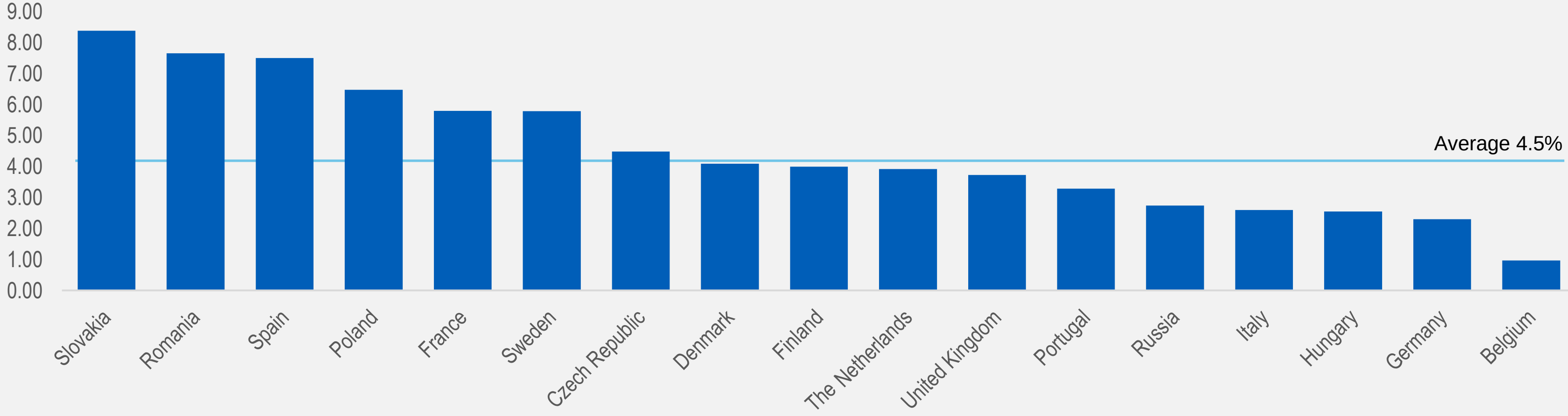
Sources:
1. CBRE – ERIX data as at 30 Apr 2021
2. CBRE – Ile-de-France marketview Q1 2021
3. CBRE – Warsaw office market snapshot Q1 2021
4. CBRE – Dutch market outlook 2021

European **Light Industrial / Logistics Market** Update

Robust occupier demand continues to drive down vacancy rates across Europe

- Despite the challenging macroeconomic environment, the logistics market fundamentals are healthy with a combination of low supply, and robust occupier demand, mainly driven by e-commerce and online food delivery
- As a result, the average European vacancy rate[1] fell to 4.5% in 1Q 2021, from 5.0% in 4Q 2020
- Online retail will continue to expand in 2021, resulting in higher demand for logistics space. This will also be supplemented by further demand coming from the reconfiguration and expansion of supply chains, to better prepare them for future disruptions and consumer demand shocks
- Most of the development pipeline in the major markets is already committed and the constrained debt market makes it more difficult to fund speculative schemes. However, risk appetite for logistics is increasing and we could see an increase in speculative development although it is unlikely to be substantial

Light industrial / logistics vacancy rates 1Q 2021 (%)



Source: CBRE, CBRE EMEA Outlook 2021
1. Locations included as per graph above

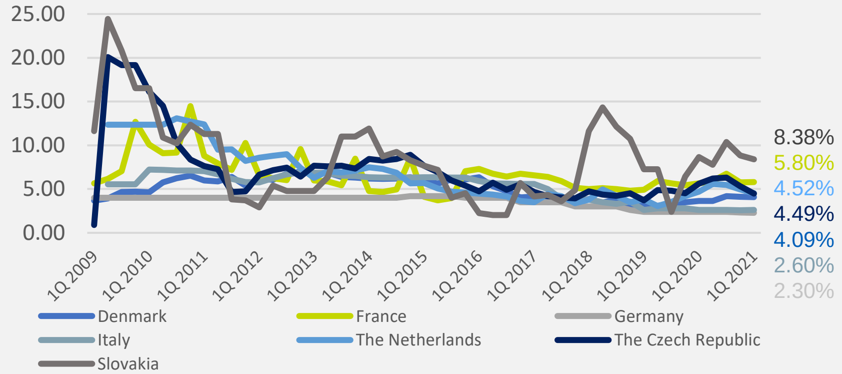
Logistics Rents and Vacancy Rates

Continued demand from e-commerce and urban logistics drives activity

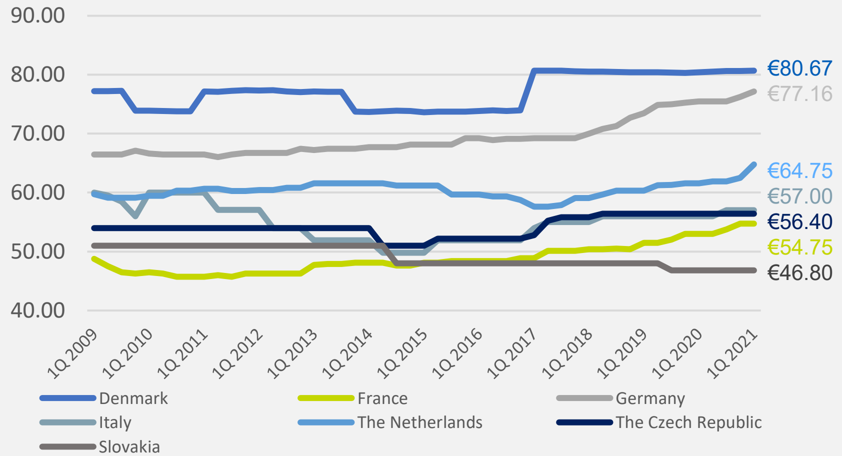
Commentary

- Strong occupier demand has continued to drive down the vacancy rate in Denmark to 4.1% in 1Q 2021. In particular, the growth of online groceries has led to an increase in requirements for temperature-controlled warehouse space. As a result, prime headline rents have risen for a fifth consecutive quarter to €80.67 per sqm
- The Czech Republic's industrial market has proven to be extremely resilient to market shocks, with the vacancy rate falling to 4.5%, and prime rents rising to €61.20 per sqm in 1Q 2021. Occupiers continue to sign large pre-lets on development space, which will add further upward pressure to prime rental values
- In Slovakia, logistics rents remained stable with vacancy rate at 8.4% in 1Q 2021. This is despite the economic trouble of the automotive industry, which is a key driver of logistics demand. However, the sector is likely to return to pre-crisis levels in the second half of 2021. Vacancy rates are then set to fall. A full recovery is expected in 2022, which will add further demand for logistics assets
- The vacancy rate in France increased to 5.8% in 1Q 2021 due to the completion of a number of developments. However, despite this increase, prime rents have remained stable at €54.75 per sqm, and even risen in markets where available high-quality space is scarce
- In the Netherlands, increased demand from supermarkets and e-commerce 3PL logistics providers has driven down the vacancy rate to 4.5% in 1Q 2021. This has led to further rental growth with headline rents reaching €64.75 per sqm

Logistics vacancy rates (%)



Logistics rents (Euro per sqm)



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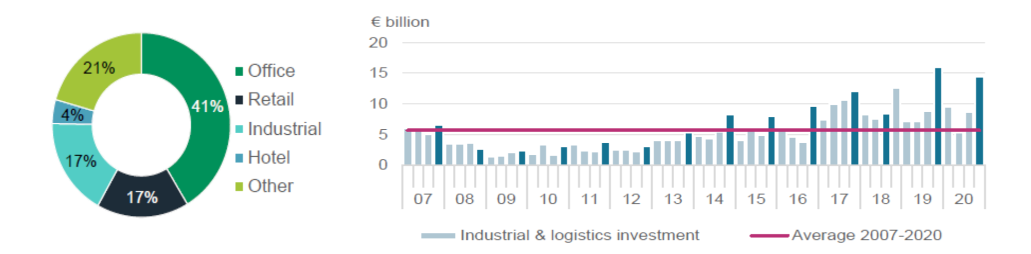
Sources:
1. CBRE – ERIX data as at 30 Apr 2021
2. CBRE – Denmark market outlook 2021
3. CBRE – France Logistics Q1 2021
4. CBRE – The Netherlands market outlook 2021

Investors **Pivot Towards Logistics**

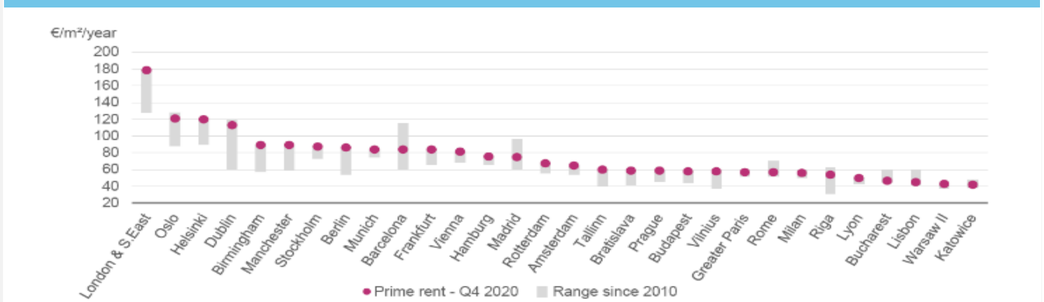
Strong investment volumes as compared to other asset classes, reaching €38 billion in 2020

- The share of industrial real estate transactions continues to grow, increasing from 18% in 4Q 2020 to 20% in 1Q 2021, which equates to €14.5 billion
- 4Q 2020 logistics rent up 1.9% YoY, with rents in most cities at ten-year highs
- Net prime yields declined 25bps in 4Q 2020 versus 4Q 2019, reflecting investor demand
- The office sector has shown weaker volumes, falling from 41% of 2020 transactions to 27% of 1Q 2021

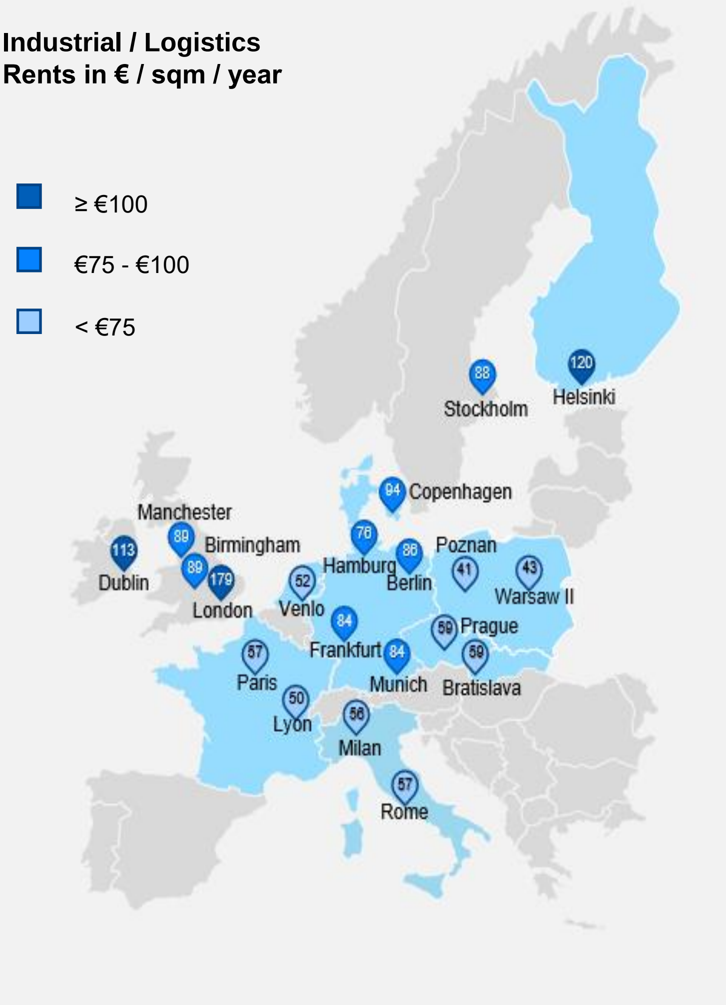
2020 Investment volumes (€ billion)



Prime Headline Rents



Industrial / Logistics Rents in € / sqm / year



Source: BNP Paribas Property Report (February 2021)

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5.
Key Takeaways

Management Focus and Outlook for 2021

Beyond the ongoing COVID-19 pandemic, key focus is to lift light industrial / logistics exposure

Active asset management	▪ Continued tenant-customer engagement initiatives to manage occupancy ▪ Proactively lease current vacancies and renew 2021 expiries (ahead of time) ▪ Aim for CPI-linked rental growth and positive rent reversions (especially in logistics)

Execute investment strategy and progress development opportunities	▪ Further rebalance portfolio through:
	    ▪ Increasing exposure to logistics towards 50%
	    ▪ Exploring U.K. logistics opportunities in a post-Brexit environment
	    ▪ Divesting a number of office and other non-strategic assets
	    ▪ Progressing key redevelopment opportunities in Paris, Amsterdam and Milan

Capitalise on transformed capital structure	▪ Opportunity to further tap €1.5 billion EMTN bond programme or further diversify funding sources ▪ 'BBB- stable' investment grade credit rating from Fitch supports future funding
2021 outlook	▪ Extended COVID-19 lockdowns are causing near-term impact on confidence in tenant-customers as the safety net of government support programs are expected to unwind ▪ Light industrial / logistics sector strong fundamentals positions it as one of the most resilient as global trade picks up and the structural shift towards ecommerce support space demand ▪ Office occupier decision making remains cautious as 2021 unfolds as larger companies look for space efficiencies to save costs in a "double dip" recession ▪ Eurozone is not expected to return to pre-crisis levels until 2022. However, the long term value proposition of European commercial real estate remains intact

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