



Cromwell European Real Estate Investment Trust ("CEREIT")

Unaudited Financial Statements Announcement for the Fourth Quarter ("4Q 2019") and the Financial Year Ended 31 December 2019 ("FY 2019")

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Introduction

The Cromwell European Real Estate Investment Trust ("CEREIT") was constituted by the Trust Deed dated 28 April 2017 (as amended and restated) between Cromwell EREIT Management Pte. Ltd. as the Manager of CEREIT (the "Manager") and Perpetual (Asia) Limited as Trustee of CEREIT (the "Trustee"). CEREIT was listed on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 30 November 2017 ("Listing Date").

CEREIT is the first Singapore real estate investment trust with a pan-European portfolio and was established with the principal strategy of investing, directly or indirectly, in a diversified portfolio of income-producing real estate assets across Europe used primarily for office and light industrial/ logistics, and retail purposes.

CEREIT's key objectives are to provide Unitholders with regular and stable distributions, and to achieve long-term growth in distributions per unit ("DPU") and net asset value ("NAV") per unit, while maintaining an appropriate capital structure. CEREIT has committed to make semi-annual distributions and distribute 100% of its distributable income ("DI") until the end of 2019 and at least 90% of its DI thereafter.

The initial IPO portfolio consisted of 74 properties across Europe. In June 2018, CEREIT acquired an office asset in Italy. In December 2018, CEREIT completed the acquisition of 15 office assets in Italy, the Netherlands and Finland. In January/February 2019, the acquisitions of 4 light industrial/ logistics assets in France and 3 office assets in Poland were completed. In July 2019, the acquisitions of 3 properties in Paris, France and 2 properties in Krakow, Poland were completed, followed by the acquisition of an office asset in Poznan, Poland in September 2019. These 6 assets were partially funded from the proceeds of an issue of units pursuant to a private placement on 2 July 2019 which raised €150 million. In November 2019, the acquisition of an office asset in Agrate, Italy was completed for a purchase price of €17.7 million.

On 17 December 2019, the Manager announced the disposal of 12 assets in Denmark, the Netherlands and France at an underlying property value of €65.7 million, 4% higher than the valuation in June 2019. The properties are shown as assets held for sale in the balance sheet. The sale is expected to complete in 1Q FY 2020.

As at 31 December 2019, CEREIT's portfolio of real estate assets consists of 103 properties located in France, Italy, the Netherlands, Germany, Denmark, Finland and Poland with an aggregate lettable area of approximately 1.5 million square metres.

	No. of properties	Lettable Area (sqm)	Valuation ⁽¹⁾ (€'000)	Valuation (%)
Office				
The Netherlands	7	177,891	557,450	27%
Italy	12	141,981	325,800	15%
Finland	11	61,977	115,000	5%
Poland	6	111,101	243,900	12%
France	3	33,788	78,700	4%
Total	39	526,738	1,320,850	63%
Light Industrial/ Logistics				
The Netherlands	10	82,314	78,692	4%
France	24	329,789	348,885	16%
Germany	11	166,456	119,950	6%
Denmark	13	151,489	83,713	4%
Italy	1	29,638	12,575	1%
Total	59	759,686	643,815	31%
Other⁽²⁾				
Italy	5	176,577	138,350	6%
Total Portfolio	103	1,463,001	2,103,015	100%

⁽¹⁾ Valuation is based on independent valuations conducted by Colliers and Cushman & Wakefield as at 31 December 2019 for 91 properties in the portfolio and the sales price for the assets announced for sale on 17 December 2019.

⁽²⁾ Other includes three government-let campuses, one retail asset and one hotel in Italy.



CEREIT Results Overviews

CEREIT FY 2019 Distribution per Unit ("DPU") outperformed IPO Forecast.

	Year-on-Year Comparison					
	Actual 4Q 2019	Actual 4Q 2018	Change %	Actual FY 2019	Actual 12M 2018 ⁽¹⁾	Change %
Gross revenue (€'000)	50,895	30,988	64.2%	177,046	124,588	42.1%
Net property income ("NPI") (€'000)	33,563	20,929	60.4%	116,146	82,927	40.1%
Total return for the period attributable to Unitholders (€'000)	32,602	24,159	34.9%	109,045	108,025	0.9%
Income available for distribution to Unitholders (€'000)	26,286	17,220	52.6%	96,898	67,938	42.6%
DPU € cents per unit ("cpu") ⁽²⁾	1.03	0.79	30.4%	4.08	3.75	8.8%

	Actual vs IPO Forecast ⁽³⁾					
	Actual 4Q 2019	IPO Forecast 4Q 2019	Change %	Actual YTD Dec 19	IPO Forecast FY 2019	Change %
Gross revenue (€'000)	50,895	32,179	58.2%	177,046	127,010	39.4%
NPI (€'000)	33,563	21,627	55.2%	116,146	84,541	37.4%
Total return for the period attributable to Unitholders (€'000)	32,602	15,688	>100%	109,045	61,744	76.6%
Income available for distribution to Unitholders (€'000)	26,286	17,984	46.2%	96,898	70,227	38.0%
DPU (cpu) ⁽⁴⁾	1.03	1.03	0.0%	4.08	4.02	1.5%

(1) 12M 2018 covers the period from 1 January 2018 to 31 December 2018 (excludes the period from IPO Listing Date of 30 November 2017 to 31 December 2017).

(2) 4Q 2018 & 12M 2018 DPU are calculated using the weighted average number of units taking into account new units issued under the Rights Issue being eligible for the distribution for 2H 2018.

(3) "IPO forecast" refers to the interpolation of this projection for the relevant period.

(4) 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 IPO Forecast DPU is 4.02 cpu. 4Q 2019 IPO Forecast is interpolated from the Adjusted FY2019 IPO Forecast.

Highlights:

- CEREIT achieved distributable income of €96.9 million for FY 2019, an increase of 42.6% over the prior corresponding period ("pcp") and 38.0% above the IPO Forecast. Distribution income for the period from 1 October 2019 to 31 December 2019 ("4Q 2019") of €26.3 million was 52.6% higher than pcp and 46.2% above IPO Forecast.
- DPU for 4Q 2019 was €1.03 cents which was 30.4% higher than pcp. FY 2019 DPU was €4.08, an increase of €0.33 cents or 8.8% from pcp.
- DPU for the period from 2 July 2019 to 31 December 2019 (the day that new units were issued pursuant to the Private Placement) was €2.03 cents (please refer to page 26 for details).
- Total return for 4Q 2019 and FY 2019 included divestment gain of €2.0 million from the disposal of Parc d'Osny and capital gain tax of €0.8 million which do not form part of DPU.
- FY 2019 gross revenue and NPI increased 42.1% and 40.1% respectively from pcp. Gross revenue and NPI were 39.4% and 37.4% respectively higher than the IPO Forecast. The positive results were mainly attributable to contributions from the new properties acquired post IPO.
- Net asset value increased to €1.31 billion as at 31 December 2019, up 17.5% from 31 December 2018.
- Interest coverage ratio of 8.6x and aggregate leverage is 36.8%. The all-in interest rate remains low at 1.44% per annum.
- Portfolio occupancy stood at 93.2% as of 31 December 2019 compared to 90.8% at 31 December 2018.
- Portfolio weighted average lease expiry ("WALE") of 4.4 years by leased lettable area compared to 4.7 years at 31 December 2018.

Portfolio performance by Asset Class and by Country:

	Year-on-Year Comparison					
	Actual 4Q 2019 €'000	Actual 4Q 2018 €'000	Change %	Actual FY 2019 €'000	Actual 12M 2018 €'000	Change %
Gross Revenue						
<i>By Asset Class:</i>						
Office	28,753	12,452	>100%	93,550	48,202	94.1%
Light Industrial/ logistics	18,039	14,608	23.5%	67,849	61,091	11.1%
Other	4,103	3,928	4.5%	15,647	15,295	2.3%
Total	50,895	30,988	64.2%	177,046	124,588	42.1%
<i>By Country:</i>						
The Netherlands	13,147	9,177	43.3%	49,704	36,780	35.1%
Italy	10,157	9,191	10.5%	39,277	34,875	12.6%
France	11,357	7,350	54.5%	41,257	33,100	24.6%
Germany	3,032	2,965	2.3%	11,069	10,235	8.1%
Denmark	2,855	2,305	23.9%	9,980	9,598	4.0%
Finland	2,922	-	n.m.	12,049	-	n.m.
Poland	7,425	-	n.m.	13,710	-	n.m.
Total	50,895	30,988	64.2%	177,046	124,588	42.1%
Net Property Income						
<i>By Asset Class:</i>						
Office	17,474	8,385	>100%	60,346	33,037	82.7%
Light Industrial/ logistics	13,074	9,778	33.7%	44,404	38,851	14.3%
Other	3,015	2,766	9.0%	11,396	11,039	3.2%
Total	33,563	20,929	60.4%	116,146	82,927	40.1%
<i>By Country:</i>						
The Netherlands	8,529	6,387	33.5%	32,151	24,691	30.2%
Italy	7,339	6,629	10.7%	28,653	25,253	13.5%
France	7,612	4,361	74.5%	26,095	20,211	29.1%
Germany	2,303	2,231	3.2%	7,392	7,150	3.4%
Denmark	1,939	1,321	46.8%	5,914	5,622	5.2%
Finland	1,764	-	n.m.	7,613	-	n.m.
Poland	4,077	-	n.m.	8,328	-	n.m.
Total	33,563	20,929	60.4%	116,146	82,927	40.1%

n.m. – Not meaningful



	Actual vs IPO Forecast					
	Actual 4Q 2019 €'000	IPO Forecast 4Q 2019 €'000	Change %	Actual FY 2019 €'000	IPO Forecast FY 2019 €'000	Change %
Gross Revenue						
<i>By Asset Class:</i>						
Office	28,753	12,918	>100%	93,550	50,461	85.4%
Light Industrial/ logistics	18,039	15,446	16.8%	67,849	61,296	10.7%
Other	4,103	3,815	7.5%	15,647	15,253	2.6%
Total	50,895	32,179	58.2%	177,046	127,010	39.4%
<i>By Country:</i>						
The Netherlands	13,147	10,020	31.2%	49,704	38,875	27.9%
Italy	10,157	8,640	17.6%	39,277	34,521	13.8%
France	11,357	8,296	36.9%	41,257	33,117	24.6%
Germany	3,032	2,574	17.8%	11,069	9,965	11.1%
Denmark	2,855	2,649	7.8%	9,980	10,532	(5.2%)
Finland	2,922	-	n.m.	12,049	-	n.m.
Poland	7,425	-	n.m.	13,710	-	n.m.
Total	50,895	32,179	58.2%	177,046	127,010	39.4%
Net Property Income						
<i>By Asset Class:</i>						
Office	17,474	9,161	90.7%	60,346	35,383	70.6%
Light Industrial/ logistics	13,074	9,678	35.1%	44,404	37,976	16.9%
Other	3,015	2,788	8.1%	11,396	11,182	1.9%
Total	33,563	21,627	55.2%	116,146	84,541	37.4%
<i>By Country:</i>						
The Netherlands	8,529	7,038	21.2%	32,151	26,847	19.8%
Italy	7,339	6,289	16.7%	28,653	25,217	13.6%
France	7,612	5,020	51.6%	26,095	19,889	31.2%
Germany	2,303	1,751	31.5%	7,392	6,465	14.3%
Denmark	1,939	1,529	26.8%	5,914	6,123	(3.4%)
Finland	1,764	-	n.m.	7,613	-	n.m.
Poland	4,077	-	n.m.	8,328	-	n.m.
Total	33,563	21,627	55.2%	116,146	84,541	37.4%

n.m. – Not meaningful

Review of portfolio performance 4Q 2019 vs 4Q 2018

Office

Following the acquisition of the office asset in Agrate, Italy in 4Q 2019, CERIT's portfolio now comprises 39 office buildings. The Netherlands office portfolio (7 assets) contributed 39.7% of the office portfolio's 4Q 2019 NPI whilst the Italian portfolio, located mostly in Italy's two main cities of Milan and Rome, contributed 23.4%. The Poland office assets acquired during the course of 2019 contributed to 23.3% of the office portfolio's 4Q 2019 NPI.

4Q 2019 gross revenue was €28.8 million, 130.9% higher than the pcp and 122.6% more than the IPO Forecast for the same period. NPI of the office assets was €17.5 million which was 108.4% higher than pcp and 90.7% more than the IPO Forecast for the same period. Much of this variance can be attributed to the office acquisitions that have been completed over the last 12 months; notably the Netherlands, Poland and Finland assets acquired in 4Q 2018 and 1Q 2019, and the additional Poland and France office assets acquired in 3Q 2019. The Italy office asset was acquired on 28 November 2019 so has not made a significant contribution to FY 2019.

The new acquisitions have contributed €9.0 million towards the NPI; with Poland delivering €4.1 million whilst the Netherlands and Finland have each delivered €1.8 million. On a like for like basis; 4Q 2019 NPI was €8.5 million which

is €0.3 million higher than pcp largely driven by the performance of Haagse Poort which was almost fully occupied in Q4 2019.

Light Industrial / logistics

Following the disposal of Parc d'Osny in October 2019, CERET's light industrial portfolio now comprises 24 properties in France, 13 properties in Denmark, 11 properties in Germany, 10 properties in the Netherlands and 1 property in Italy.

4Q 2019 gross revenue was €18.0 million, an uplift of 23.5% over the €14.6 million reported in 4Q 2018 and is 16.8% ahead of the IPO Forecast for the same period. NPI for 4Q 2019 was €13.1 million which is a 33.7% uplift on 4Q 2018, noting this includes the positive impact of the French industrial assets that were acquired in 1Q 2019. As a result, this is 35.1% ahead of IPO Forecast over the same period. In addition to the growth resulting from the recent acquisitions, the uplift on 4Q 2018 NPI is driven by the recent strong letting performance in Denmark which is 26.8% ahead of IPO Forecast over the same period.

On a like for like basis, the NPI for 4Q 2019 is €12.4 million which is €2.6 million higher than pcp driven by a strong performance for the France industrial portfolio. This is a result of the recent lettings in several French properties including Parc des Docks, driving income higher in 4Q 2019. The new leases signed in Denmark in 2H 2019 resulted in NPI for 4Q 2019 being €0.6 million ahead of pcp. At a portfolio level, 4Q 2019 NPI is €2.8 million (28.9%) ahead of IPO Forecast over the same period.

Other

Other property assets consist of 3 government-let campuses, 1 retail asset and 1 hotel, all located in Italy. All of these assets are 100% let on long-term leases. 4Q NPI was 9.0% ahead of pcp and is 8.1% ahead of IPO Forecast over the same period. A key driver of this performance was the additional turnover income received in the Saronno hotel asset in Italy.

Review of portfolio performance FY 2019 vs FY 2018

Office

FY 2019 gross revenue for the office assets was €93.6 million, 94.1% higher than the pcp and 85.4% more than the IPO Forecast for the same period. NPI of the office assets was €60.3 million which is 82.7% higher than pcp and 70.6% more than the IPO Forecast for the same period. As with 4Q 2019 numbers, this positive variance can be attributed largely to the office acquisitions that have been completed over the last 12 months.

The assets acquired post IPO have contributed €27.5 million towards FY 2019 NPI; with Poland delivering €8.3 million whilst Finland and the Netherlands delivered €7.6 million and €7.2 million respectively. On a like for like basis, FY 2019 NPI was €32.9 million which is €0.3 million lower than pcp with a key contribution being Central Plaza, Netherlands where ongoing works have had a negative impact on some of the car parking income; and Assago, Italy where a vacant floor for much of 2019 had a negative impact on FY 2019 NPI. This was partially offset by the full year contribution of Ivrea in FY2019 (€0.6M) which was acquired part way through FY2018.

Light industrial / logistics

FY 2019 gross revenue for the light industrial assets was €67.8 million, 11.1% higher than the pcp and 10.7% more than the IPO Forecast for the same period. NPI was €44.4 million which is 14.3% higher than pcp and 16.9% more than the IPO Forecast for the same period. As with 4Q figures, this variance can be attributed to better leasing performance in the French assets, the one-off receipt of the expropriation payment at Parc des Docks in 1H 2019, as well as from acquisitions earlier in the year.

The new acquisitions in France contributed €2.2 million towards the NPI; whilst on a like for like basis FY 2019 NPI was €42.2 million, or €3.4 million higher than pcp and 11.4% more than the IPO Forecast for the same period. Much of the out-performance came from the French assets where leasing successes and the one off expropriation payments (Parc des Docks and Parc des Guillaumes) has driven NPI in 2019.

Other

FY 2019 NPI was 3.2% ahead of pcp and is 1.9% ahead of IPO Forecast and projections over the same period. A key driver of this performance was the additional turnover income received in the Saronno hotel asset in Italy.

Financial Position

	As at 31-Dec-19	As at 31-Dec-18	Change %
Gross asset value ("GAV") (€'000)	2,254,873	1,814,842	24.2%
Net tangible assets ("NTA") (€'000)	1,314,588	1,118,767	17.5%
Gross borrowings before unamortised debt issue costs (€'000)	830,793	598,165	38.9%
Aggregate leverage (%)	36.8%	33.0%	3.8 p.p.
Aggregate leverage excluding distribution (%) ⁽¹⁾	37.7%	33.6%	4.1 p.p.
Net Gearing (%) ⁽²⁾	34.5%	30.8%	3.7 p.p.
Units issued ('000)	2,547,787	2,181,978	16.8%
NAV per unit (cpu)	51.6	51.3	0.6%
Adjusted NAV per unit (excluding distributable income) (cpu)	49.6	49.7	(0.2%)

p.p. – Percentage point

⁽¹⁾ As per Prospectus CERIT committed to distribute 100% of its distributable income at least until the end of the calendar year 2019. Aggregate leverage excluding distribution is calculated by deducting the distributable income not yet distributed at period end from GAV.

⁽²⁾ Net Gearing is calculated as aggregate leverage less cash over total assets less cash.

Gross asset value at 31 December 2019 increased by 24.2% from 31 December 2018 mainly due to the completion of acquisitions of 7 French assets, 6 Polish assets, 1 Italian asset and fair value gain. The acquisitions completed in 3Q 2019 were partly funded from the proceeds of a private placement of units which raised gross proceeds of €150 million in early July 2019 and partially by existing and new debt facilities. The acquisitions completed in 1Q 2019 were partly funded from the proceeds of a rights issue in December 2018 and also partly funded from new debt facilities. The acquisition completed in 4Q 2019 was funded by available cash.

Aggregate leverage at 31 December 2019 increased to 36.8% after the completion of the acquisitions mentioned above.

As at 31 December 2019, net asset value per unit increased marginally to €51.6 cents due to the fair value gains offset by a 16.8% increase in the number units in issue.

1 Unaudited Results for the Fourth Quarter and the Financial Year Ended 31 December 2019

The Directors of Cromwell EREIT Management Pte. Ltd., as Manager of CEREIF, present the unaudited results of CEREIF for the Financial Period.

1A(i) Consolidated Statement of Total Return

	Note	Actual 4Q 2019 €'000	Actual 4Q 2018 €'000	Variance %	Actual FY 2019 €'000	Actual 12M 2018 €'000	Variance %
Gross revenue	(a)	50,895	30,988	64.2%	177,046	124,588	42.1%
Property operating expense	(b)	(17,332)	(10,059)	72.3%	(60,900)	(41,661)	46.2%
Net property income		33,563	20,929	60.4%	116,146	82,927	40.1%
Net finance costs	(c)	(7,568)	(3,089)	>100%	(18,786)	(11,060)	69.9%
Manager's fees	(d)	(3,232)	(878)	>100%	(6,620)	(3,373)	96.3%
Trustee fees		(64)	(58)	10.3%	(250)	(169)	47.9%
Trust expenses	(e)	(1,537)	(1,121)	37.1%	(5,200)	(4,413)	17.8%
Net income before tax and fair value changes		21,162	15,783	34.1%	85,290	63,912	33.4%
Gain on disposal of investment property	(f)	2,018	-	n.m.	2,018	-	n.m.
Fair value gain – investment properties	(g)	14,627	5,773	>100%	42,378	60,135	(29.5%)
Fair value gain/(loss) – derivatives financial instruments		393	(123)	n.m.	355	(293)	n.m.
Total return for the period before tax		38,200	21,433	78.2%	130,041	123,754	5.1%
Income tax (expense)/credit	(h)	(5,598)	2,726	n.m.	(20,996)	(15,729)	33.5%
Total return for the period attributable to Unitholders		32,602	24,159	34.9%	109,045	108,025	0.9%

1A(ii) Distribution Statement

	Note	Actual 4Q 2019 €'000	Actual 4Q 2018 €'000	Variance %	Actual FY 2019 €'000	Actual 12M 2018 €'000	Variance %
Total return for the period attributable to Unitholders		32,602	24,159	34.9%	109,045	108,025	0.9%
Distribution adjustments	(i)	(6,316)	(6,939)	n.m.	(12,147)	(40,087)	n.m.
Income available for distribution to Unitholders		26,286	17,220	52.6%	96,898	67,938	42.6%
Applicable number of units for the period ('000) ⁽¹⁾		2,547,787	2,194,613	16.1%	2,374,283	1,812,245	31.0%
Actual DPU (cpu) ⁽¹⁾⁽²⁾		1.03	0.79	30.4%	4.08	3.75	8.8%

n.m. – Not meaningful

⁽¹⁾ 4Q 2018 & 12M 2018 DPU are calculated using the weighted average number of units taking into account new units issued under the Rights Issue being eligible for the distribution for 2H 2018.

⁽²⁾ DPU is calculated based on the total number of units in issue entitled to distributions as at the end of the respective period.

(a) *Gross revenue*

Gross revenue includes the following items:

	Actual 4Q 2019 €'000	Actual 4Q 2018 €'000	Variance %	Actual FY 2019 €'000	Actual 12M 2018 €'000	Variance %
Gross rental income	40,440	26,565	52.2%	144,688	105,455	37.2%
Service charge income	9,872	4,180	>100%	29,732	18,744	58.6%
Other property related income ⁽¹⁾	583	243	>100%	2,626	389	>100%
Total gross revenue	50,895	30,988	64.2%	177,046	124,588	42.1%

⁽¹⁾ Other property related income comprises advertising billboards and signage, kiosks and other income attributable to the operation of the properties. For FY 2019, it also includes one-off other income from the French Government for the loss of potential rental income from Parc des Docks and the vendor of the Polish properties as a result of delay in transferring the properties.

(b) *Property operating expense*

Property operating expense comprises service charge expenses and non-recoverable expenses.

Service charge expenses are generally offset and recoverable by service charge income, and include where applicable, insurance, provision of utilities, land tax, and maintenance and service of common equipment and common areas. Service charge expenses may exceed service charge income due to vacancies within the properties.

Non-recoverable expenses include property insurance, maintenance and repairs, marketing costs, property taxes, leasing costs and property management fees. Leasing costs include payments to third-party brokers and/or the property manager. Property management fees are payable to the property manager. Property management fees are based on 0.67% of deposited property and 40% of the property management fees are paid in units as disclosed in the Prospectus.

Property operating expense includes the following items:

	Actual 4Q 2019 €'000	Actual 4Q 2018 €'000	Variance %	Actual FY 2019 €'000	Actual 12M 2018 €'000	Variance %
Service charge expenses and non-recoverable expenses	13,602	7,499	81.4%	47,301	31,835	48.6%
Property management fees	3,730	2,560	45.7%	13,599	9,826	38.4%
Total property operating expense	17,332	10,059	72.3%	60,900	41,661	46.2%

(c) *Net finance costs*

Net finance costs include the following:

	Actual 4Q 2019 €'000	Actual 4Q 2018 €'000	Variance %	Actual FY 2019 €'000	Actual 12M 2018 €'000	Variance %
Interest expense	3,702	2,337	58.4%	12,168	8,457	43.9%
Amortisation of debt issuance costs	3,149	758	>100%	5,981	2,628	>100%
Facility break fee	719	-	n.m.	719	-	n.m.
Interest income	(2)	(6)	(66.7%)	(82)	(25)	>100%
Net finance costs	7,568	3,089	145.0%	18,786	11,060	69.9%

(d) *Manager's fees*

Pursuant to the Trust Deed, the Manager is entitled to a base fee of 0.23% per annum of the deposited property and a performance fee of 25.0% of the difference in DPU in a financial year with the DPU in the preceding financial year (calculated before accounting for the performance fee in each financial year) multiplied by the weighted average number of units in issue for such financial year.

In 4Q 2019 and FY 2019, total manager's fees was higher due to manager's performance fee which was calculated based on the higher DPU in FY 2019 compared to the actual DPU for the 12-month period in 2018.

100% of base and performance fees payable to the Manager are paid in CERIT units at least to the end of the 2019 financial year as disclosed in the Prospectus.

	Actual 4Q 2019 €'000	Actual 4Q 2018 €'000	Variance %	Actual FY 2019 €'000	Actual 12M 2018 €'000	Variance %
Manager's base fees ⁽¹⁾	1,280	878	45.8%	4,668	3,373	38.4%
Manager's performance fees ⁽²⁾	1,952	-	n.m.	1,952	-	n.m.
Total manager's fees	3,232	878	>100%	6,620	3,373	96.3%

(1) Includes some payroll costs which are netted off against total base fees.

(2) Performance fees are calculated annually and accrued for, if applicable, in the full year result of each financial year.

n.m. – Not meaningful

(e) *Trust expenses*

Trust expenses include recurring trust expenses such as annual listing fees, valuation fees, legal fees, registry and depository charges, corporate secretarial, accounting, audit and tax adviser's fees, postage, printing and stationery costs, costs associated with the preparation of annual reports, investor communications costs and other miscellaneous expenses.

(f) *Gain on disposal of investment property*

This relates to gain on disposal of Parc d'Osny which was completed on 18 October 2019.

(g) *Fair value gain – investment properties*

The fair value gain on investment properties relates to recognition of fair value change in properties based on independent valuation, partially offset by the fair value loss generated by expensing the acquisition costs incurred in relation to the assets acquired during the periods which are carried at net purchase cost.

The respective movements on each portfolio by country are disclosed in note (d) of 1B(i) on page 14.

(h) *Income tax expense/(credit)*

Income tax expense includes the following:

	Actual 4Q 2019 €'000	Actual 4Q 2018 €'000	Variance %	Actual FY 2019 €'000	Actual 12M 2018 €'000	Variance %
Current tax expense	3,608	1,058	>100%	7,299	4,880	49.6%
Deferred tax expense/(credit)	1,990	(3,784)	n.m.	13,697	10,849	26.3%
Total income tax expense/(credit)	5,598	(2,726)	n.m.	20,996	15,729	33.5%

n.m. – Not meaningful

Deferred tax expense mostly relates to the tax provision made in respect of the fair value gain on investment properties in FY 2019 and 12M 2018.

The deferred tax expense for 4Q 2019 relates to the tax provision made in respect the fair value gain in 4Q 2019. The deferred tax credit in 4Q 2018 was mainly due to lower deferred tax provision as a result of a reduction in future tax rates in the Netherlands and France.

(i) *Distribution adjustments*

Included in distribution adjustments were the following items:

	Actual 4Q 2019 €'000	Actual 4Q 2018 €'000	Variance %	Actual FY 2019 €'000	Actual 12M 2018 €'000	Variance %
Straight-line rent adjustments and leasing fees	(283)	(260)	8.8%	(657)	(1,119)	(41.3%)
Trustee Fees	64	58	10.3%	250	169	47.9%
Gain on disposal of investment property	(2,018)	-	n.m.	(2,018)	-	n.m.
Manager's fees paid in CEREIT units	2,913	878	>100%	6,301	3,373	86.8%
Property Manager fees paid in CEREIT units	1,492	1,024	45.8%	5,440	3,929	38.5%
Amortisation of debt issuance costs	3,149	758	>100%	5,981	2,628	>100%
Facility break fee	719	-	n.m.	719	-	n.m.
Fair value adjustments – investment properties ⁽¹⁾	(14,627)	(5,773)	>100%	(42,378)	(60,135)	(32.4%)
Fair value adjustments – derivative financial instruments	(393)	123	n.m.	(355)	293	n.m.
Net foreign exchange loss/(gain)	(142)	79	n.m.	53	(32)	n.m.
Deferred tax (credit)/expense ⁽¹⁾⁽²⁾	1,990	(3,826)	n.m.	13,697	10,807	>100%
Tax expense related to the divestment of investment property	820	-	n.m.	820	-	n.m.
Total distribution adjustments	(6,316)	(6,939)	n.m.	(12,147)	(40,087)	n.m.

⁽¹⁾ Please refer to note (f), (g) and (h) above for explanation of these variances.

⁽²⁾ 4Q 2018 & 12M 2018 includes tax losses of €42,000.

n.m. – Not meaningful

(j) *Distribution to Unitholders*

CEREIT's distribution policy is to distribute 100% of CEREIT's annual distributable income for the period from the Listing Date to the end of the 2019 financial year. Thereafter, CEREIT will distribute at least 90% of its annual distributable income for each financial year. The actual level of distribution will be determined at the Manager's discretion.



1B(i) Consolidated Balance Sheets

Note	Group			Trust		
	As at 31-Dec 2019 €'000	As at 31-Dec 2018 €'000	Increase/ (Decrease) %	As at 31-Dec 2019 €'000	As at 31-Dec 2018 €'000	Increase/ (Decrease) %
Current assets						
Cash and cash equivalents	79,250	57,755	37.2%	14,346	15,732	(8.8%)
Assets held for sale (a)	68,953	-	n.m.	-	-	-
Receivables (b)	57,002	49,719	14.6%	114,122	42,795	>100%
Current tax assets (c)	1,260	227	>100%	-	-	-
Total current assets	206,465	107,701	91.7%	128,468	58,527	>100%
Non-current assets						
Investment properties (d)	2,041,499	1,690,224	20.8%	-	-	-
Investments in subsidiaries	-	-	-	1,199,789	1,078,007	11.3%
Receivables	605	688	(12.1%)	-	-	-
Derivative financial instruments (e)	883	5	>100%	-	-	-
Deferred tax assets (f)	5,421	16,224	(66.6%)	-	-	-
Total non-current assets	2,048,408	1,707,141	20.0%	1,199,789	1,078,007	11.3%
Total assets	2,254,873	1,814,842	24.2%	1,328,257	1,136,534	16.9%
Current liabilities						
Borrowings (g)	20,438	-	n.m.	-	-	-
Payables (h)	30,757	43,557	(29.4%)	178,442	77,200	>100%
Current tax liabilities (i)	6,885	2,113	>100%	-	-	-
Derivative financial instruments (e)	99	271	(63.5%)	-	-	-
Other current liabilities (j)	41,253	30,899	33.5%	-	-	-
Liabilities held for sale (a)	1,770	-	n.m.	-	-	-
Total current liabilities	101,202	76,840	31.7%	178,442	77,200	>100%
Non-current liabilities						
Payables	301	742	(59.4%)	-	-	-
Borrowings (g)	803,360	591,733	35.8%	-	21,519	(100%)
Deferred tax liabilities (f)	28,133	21,531	30.7%	-	-	-
Other non-current liabilities	7,289	5,229	39.4%	-	-	-
Total non-current liabilities	839,083	619,235	35.5%	-	21,519	(100%)
Total liabilities	940,285	696,075	35.1%	178,442	98,719	80.8%
Net assets attributable to Unitholders	1,314,588	1,118,767	17.5%	1,149,815	1,037,815	10.8%
Represented by:						
Unitholders' funds	1,314,588	1,118,767	17.5%	1,149,815	1,037,815	10.8%

n.m. – Not meaningful

Notes

(a) *Assets and liabilities held for sale*

Pursuant to the announcement for disposal of a portfolio of 12 assets located in France, Denmark and the Netherlands on 17 December 2019, the assets and liabilities in relation to this portfolio are shown as held for sale.

(b) *Receivables*

The increase was mainly due the VAT paid in relation to the acquisition of Polish assets, partially offset by deposits applied to the French & Polish acquisitions. VAT paid is expected to be refunded in 1H 2020.

(c) *Current tax assets*

The increase was mainly due to the French portfolio where a tax refund from the tax authority will be received under group tax regime in France and the Finland portfolio where advance payment was made to tax authority.

(d) *Investment properties*

Investment properties are stated at their fair value based on independent valuations performed by either Cushman & Wakefield LLP or Colliers International LLP as at 31 December 2019. The carrying amount of CEREIF's investment properties as at 31 December 2019 and movements during the financial period were as follows:

	France €'000	Italy €'000	The Netherlands €'000	Germany €'000	Denmark €'000	Finland €'000	Poland €'000	Total €'000
Independent valuation dated 31-Dec-2019⁽¹⁾	390,400	476,725	616,750	119,950	74,590	115,000	243,900	2,037,315
<i>Adjustments to carrying amount:</i>								
Right-of-use asset								6,669
Unspent vendor funded capital expenditure ⁽²⁾								(1,907)
Others								(578)
Total adjustments								4,184
Carrying amount at 31-Dec-19								2,041,499

⁽¹⁾ Excludes assets held for sale. Please refer to note (a) above.

⁽²⁾ Certain vendors of CEREIF's investment property portfolio have provided funding for any budgeted capital expenditure that was budgeted but not yet spent at acquisition.

Movements during the period:

	France €'000	Italy €'000	The Netherlands €'000	Germany €'000	Denmark €'000	Finland €'000	Poland €'000	Total €'000
Balance at 1-Jan-2019	321,240	456,596	607,046	112,500	79,722	113,120	-	1,690,224
Acquisition price	106,925	17,700	-	-	-	-	240,650	365,275
Disposal of investment property	(16,891)	-	-	-	-	-	-	(16,891)
Acquisition costs	3,367	880	1,003	-	-	1,022	4,712	10,984
Reclass to assets held for sale ⁽¹⁾	(37,185)	-	(19,392)	-	(9,123)	-	-	(65,700)
Capital expenditure	1,788	1,377	6,618	144	677	240	372	11,216
Lease incentives, lease costs and rent straight- lining	208	431	1,180	(81)	1,388	326	612	4,064
Net gain from fair value adjustments	10,948	(259)	24,840	7,387	1,616	292	(2,446)	42,378
Others	-	-	-	-	(51)	-	-	(51)
Balance at 31-Dec-2019	390,400	476,725	621,295	119,950	74,229	115,000	243,900	2,041,499

⁽¹⁾ Portfolio of 12 assets have been reclassified from investment properties to assets held for sale. Please refer to note (a).

(e) *Derivative financial instruments*

Derivative financial instruments relate to interest rate swap and cap contracts entered into by CEREIF to fix interest on floating rate borrowings. As at 31 December 2019, 97.5% (31 Dec 2018: 71.2%) of CEREIF's total (drawn) gross borrowings were hedged by using interest rate hedging instruments. The weighted average hedge strike rate of 0.11% (31 December 2018: 0.05%) / capped at a weighted average of 0.07% (31 December 2018: 0.84%) and floating weighted average of -0.19% (31 December 2018: -0.17%)².

At 31 December 2019, the notional principal amounts and period of expiry of CEREIF's hedging instruments (including swap and cap contracts and fixed rate loans) were as follows:

Hedging and Fixed Loan Expiry Profile	As at 31-Dec 2019 €'000	As at 31-Dec 2018 €'000
Less than 1 year	148,480	246,222
1 – 2 years	104,500	50,000
2 – 3 years	-	47,373
3 – 4 years	475,000	-
4 years and longer	82,375	82,375
	810,355	425,970

⁽²⁾ Note, this excludes the hedge strike rate of the Dutch Office 2 fixed rate loan which amounts to 0.63% per annum.

(f) Deferred tax assets/ liabilities

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets were recognised on losses that can be offset the increase in deferred tax liabilities arising from gains in valuation.

The decrease in deferred tax assets were mainly due to utilisation of tax losses.

The increase in deferred tax liabilities were mainly due to the recognition of fair value gains following the independent valuation of CEREIT's portfolio as at 30 June 2019 and 31 December 2019.

(g) Borrowings

Current borrowings as at 31 December 2019 pertains to Poland VAT loan which is expected be repaid in 1H 2020. The increase in total borrowings was mainly due to borrowings undertaken to fund the acquisitions.

(h) Payables

The decrease was mainly attributable to settlement of expenses accrued in December 2018, such as Real Estate Transfer Tax (RETT), manager's fees, property manager fee, rights issue costs and professional fees.

(i) Current tax liabilities

The increase was mainly attributable to enlarged portfolio.

(j) Other current liabilities

Other current liabilities mostly comprise advance rental, tenant security deposits and other liabilities. The increase was mainly attributable to higher tenant security deposit and advance rental as a result of more properties owned.

1B(ii) Aggregate Amount of Borrowings and Debt Securities

	As at 31-Dec 2019 €'000	As at 31-Dec 2018 €'000
<i>Current</i>		
Unsecured	20,438	-
Total current borrowings	20,438	-
<i>Non-current</i>		
Secured	230,855	575,340
Unsecured	579,500	22,825
Less: Unamortised debt issuance costs	(6,995)	(6,432)
Total non-current borrowings	803,360	591,733
Total borrowings	823,798	591,733

Borrowing details:

Facility	Note	Secured	Maturity	31-Dec-2019		31-Dec-2018	
				Facility €'000	Utilised €'000	Facility €'000	Utilised €'000
Finland	(i)	Yes	Dec-21	53,750	53,750	53,750	53,750
Dutch Office 3 & Poland Office	(ii)	Yes	Dec-21	94,730	94,730	60,601	60,601
Dutch Office 2	(iii)	Yes	Dec-26	82,375	82,375	82,375	82,375
Poland VAT loan	(iv)	No	Apr-20	20,438	20,438	-	-
Note Issuance Facility	(iv)	No	Aug-21	104,500	104,500	-	-
German Schuldschein	(v)	No	Nov-22	23,000	23,000	-	-
Term loan 3 years	(vi)	No	Nov-22	287,000	287,000	-	-
Term loan 5 years	(vi)	No	Nov-24	165,000	165,000	-	-
Revolving Credit Facility	(vii)	No	Nov-22	150,000	-	-	-
France Light Industrial		Yes	Nov-20	-	-	50,000	50,000
Demark Light Industrial		Yes	Nov-20	-	-	26,114	26,114
Pan-European Light Industrial		Yes	Mar-21	-	-	95,000	95,000
Dutch Office 1		Yes	Nov-20	-	-	57,500	57,500
Italy		Yes	Nov-20	-	-	150,000	150,000
Revolving Credit Facility		No	Jan-20	-	-	100,000	22,825
Total borrowing facilities				980,793	830,793	675,340	598,165
Less: Unamortised debt issuance costs					(6,995)		(6,432)
Balance at period end					823,798		591,733

In November 2019, CERIT completed a transformational €625.0 million secured to unsecured refinancing which resulted in the repayment of a number of secured property level financing arrangements.

Property level financing facilities

All remaining property level financing facilities are secured by first-ranking mortgages over the relevant properties as well as pledges over the receivables of the property holding SPVs, pledges over the entire share capital of the property-holding SPVs, pledges over the receivables of any lease agreements and insurance proceeds pertaining to the relevant properties, a first priority account pledge over all bank accounts of the property-holding SPVs and a pledge over all hedging receivables in relation to the relevant property level financing facility.

(i) Finland

The Falcon Finland facility is secured over 11 Finnish office properties with an aggregate carrying amount of €115.0 million. Interest is payable quarterly in arrears at variable rates based on the EURIBOR 3 months swap rate plus a loan margin. The EURIBOR 3 months swap rate at 31 December 2019 was -0.41% per annum ("p.a.").

(ii) Dutch Office 3 & Poland Office

The Falcon Netherlands & Poland facility is secured over 2 Dutch office properties & 3 Polish Office properties with an aggregate carrying amount of €209.5 million. Interest is payable quarterly in arrears at variable rates based on the EURIBOR 3 months swap rate plus a loan margin. The EURIBOR 3 months is capped at a strike rate of 0.50% p.a. respectively.

(iii) Dutch Office 2

The CECIF facility is secured over 3 Dutch office properties with an aggregate carrying amount of €235.2 million. Interest is payable quarterly in arrears at a fixed rate of 1.93% p.a.

Unsecured financing facilities

(iv) Note Issuance Facility ("NIF") and Poland VAT loan

The Note Issuance Facility, in the amount of €104.5 million is unsecured and was raised for the purpose of funding CERET's recent portfolio acquisitions in Poland and France. The facility includes an additional, temporary VAT facility which is denominated in Polish Zloty. The NIF is unsecured and subject to Euribor 3 months which is floored at 0.0% as long as Euribor is negative. An interest rate cap with a strike rate of 0.0% was executed and co-matures with the loan. The hedge notional is 100.0% (excluding temporary Poland VAT loan).

(v) German Schuldschein

The German Schuldschein in the amount of €23.0 million which is an unsecured private placement under German governing law was part of the transformational refinancing in November 2019. The proceeds were used to refinancing secured property level financing arrangements. The German Schuldschein is subject to Euribor 3 months which is floored at 0.0% as long as Euribor is negative. An interest rate cap with a strike rate of 0.0% was executed, covering 100.0% of the notional and co-matures with the term of the private placement.

(vi) Term loan / note 3 and 5 years

In November 2019, CERET raised a total of €452.0 million in form of unsecured term loan and notes. The financing was raised in two tranches, split across:

- a. a 3-year term loan and note amounting to €287.0 million; and
- b. a second, 5-year tranche in the amount of €165.0 million.

Both tranches are subject to Euribor 3 months which is floored at 0.0% as long as Euribor is negative. An interest rate cap with a strike rate of 0.0% was executed, covering 100.0% of the notional and co-matures with term of each respective tranche.

(vii) Revolving Credit Facility ("RCF")

A new RCF was put in place to provide CERET with additional financing flexibility and working capital. As part of the completed secured to unsecured refinancing in November 2019, the new RCF limit was increased by €50.0 million to €150.0 million.

All-in interest rate

Including commitment fee on the currently undrawn RCF, the average all-in interest rate is 1.44% p.a. (31 December 2018: 1.53% p.a.).

Loans to subsidiaries

Loans to subsidiaries relate to shareholder loans between the Trust's and subsidiaries to the Trust. Loans held by the Trust are carried at amortised cost using the effective interest rate method.

1C Consolidated Statement of Cash Flows

	Actual 4Q 2019 €'000	Actual 4Q 2018 €'000	Actual FY 2019 €'000	Actual 12M 2018 €'000
Cash flows from operating activities				
Total return for the financial period	32,602	24,159	109,045	108,025
<i>Adjustments for:</i>				
Amortisation of lease costs and incentives	(1,261)	(694)	(3,269)	(3,249)
Effect of recognising rental income on a straight-line basis	(3,346)	(734)	(4,064)	(1,508)
Gain on disposal of investment property	(2,018)	-	(2,018)	-
Net finance costs	7,568	3,089	18,786	11,060
Allowance for credit losses	-	278	-	278
Manager's fees and property manager's fees paid in CEREIT units	4,405	-	11,741	5,402
Change in fair value of investment properties	(14,627)	(5,773)	(42,378)	(60,135)
Change in fair value of derivative financial instruments	(393)	123	(355)	293
Net foreign exchange (gain)/loss	(142)	81	53	(53)
<i>Changes in operating assets and liabilities:</i>				
(Increase)/decrease in receivables	(677)	(12,336)	(1,830)	5,440
Increase/(decrease) in payables	2,756	6,402	(10,847)	(20,688)
Movement in current tax assets and liabilities	3,608	397	7,299	3,154
Movement in deferred tax assets and liabilities	1,990	(8,250)	13,697	6,229
(Decrease)/increase in other liabilities	(6,110)	5,446	6,011	2,471
Cash generated from operations	24,355	12,188	101,871	56,719
Interest paid	(3,713)	(2,337)	(11,445)	(8,583)
Interest received	2	6	82	25
Tax paid	469	-	(3,092)	(1,877)
Net cash provided by operating activities	21,113	9,857	87,416	46,284
Cash flows from investing activities				
Payments for acquisitions of subsidiaries, net of cash	-	(184,331)	(154,125)	(184,015)
Payments for acquisition of investment properties	(14,957)	(18,156)	(172,078)	(52,542)
Payment for deposit in relation to acquisition	(1,900)	(86,753)	(1,900)	(86,753)
Payment for acquisition costs	(2,281)	(8,235)	(14,608)	(13,812)
Proceeds from sale of investment property	19,004	-	19,004	-
Payment for transaction costs for sale of investment property	(95)	-	(95)	-
Payment of VAT in relation to acquisition	(478)	-	(20,349)	-
Payments for capital expenditure on investment properties	(2,427)	(4,530)	(11,216)	(9,917)
Net cash used in investing activities	(3,134)	(302,005)	(355,367)	(347,039)
Cash flows from financing activities				
Proceeds from issuance of CEREIT units	-	224,111	147,563	224,111
Proceeds from bank borrowings	475,478	163,976	862,911	225,445
Repayment of bank borrowings	(465,614)	(70,000)	(630,372)	(115,000)
Payment of equity issue costs	(421)	-	(2,071)	(7,615)
Payment for debt issuance costs	(5,244)	(2,059)	(6,977)	(2,680)
Distributions paid to Unitholders	-	-	(79,518)	(39,906)
Payment of facility break fee	(719)	-	(719)	-
Payment to acquire derivative financial instruments	(727)	-	(727)	-
Payment of finance lease	(334)	-	(334)	-
Net cash provided by financing activities	2,419	316,028	289,756	284,355
Net increase/(decrease) in cash and cash equivalents	20,398	23,880	21,805	(16,400)
Cash and cash equivalents at beginning of period	59,162	33,875	57,755	74,155
Cash and cash equivalents classified to assets held for sale	(310)	-	(310)	-
Cash and cash equivalents at end of period	79,250	57,755	79,250	57,755



1D(i) Consolidated Statement of Changes in Unitholders' Funds

Group	4Q 2019				4Q 2018			
	Units on issue €'000	Reserves €'000	Retained earnings €'000	Total €'000	Units on issue €'000	Reserves €'000	Retained earnings €'000	Total €'000
As beginning of the period	1,234,404	112	45,079	1,279,595	848,016	113	23,995	872,124
<i>Operations</i>								
Total return for the period	-	-	32,602	32,602	-	(1)	24,159	24,158
Net increase in Unitholders' funds resulting from operations	-	-	32,602	32,602	-	(1)	24,159	24,158
<i>Transactions with Unitholders in their capacity as Unitholders</i>								
Issue of units - base management fees	1,211	-	-	1,211	-	-	-	-
Issue of units - property management fees	1,411	-	-	1,411	2,233	-	-	2,233
Issue of units – right issue	-	-	-	-	224,111	-	-	224,111
Issue expenses	(231)	-	-	(231)	(3,859)	-	-	(3,859)
Net increase in Unitholders' funds resulting from transactions with Unitholders	2,391	-	-	2,391	222,485	-	-	222,485
At end of the period	1,236,795	112	77,681	1,314,588	1,070,501	112	48,154	1,118,767

Trust	4Q 2019				4Q 2018			
	Units on issue €'000	Reserves €'000	Retained earnings/ (losses) €'000	Total €'000	Units on issue €'000	Reserves €'000	Retained earnings/ (losses) €'000	Total €'000
As beginning of the period	1,234,741	116	(96,878)	1,137,979	848,016	116	(42,493)	805,639
<i>Operations</i>								
Total return for the period	-	-	9,445	9,445	-	-	9,691	9,691
Net increase in Unitholders' funds resulting from operations	-	-	9,445	9,445	-	-	9,691	9,691
<i>Transactions with Unitholders in their capacity as Unitholders</i>								
Issue of units - base management fees	1,211	-	-	1,211	-	-	-	-
Issue of units - property management fees	1,411	-	-	1,411	2,233	-	-	2,233
Issue of units – rights issue	-	-	-	-	224,111	-	-	224,111
Issue expenses	(231)	-	-	(231)	(3,859)	-	-	(3,859)
Net increase in Unitholders' funds resulting from transactions with Unitholders	2,391	-	-	2,391	222,485	-	-	222,485
At end of the period	1,237,132	116	(87,433)	1,149,815	1,070,501	116	(32,802)	1,037,815



Group	FY 2019				12M 2018			
	Units on issue €'000	Reserves €'000	Retained earnings €'000	Total €'000	Units on issue €'000	Reserves €'000	Retained earnings €'000	Total €'000
As beginning of the period	1,070,501	112	48,154	1,118,767	846,268	116	(19,965)	826,419
<i>Operations</i>								
Total return for the period	-	-	109,045	109,045	-	(1)	108,025	108,024
Net increase in Unitholders' funds resulting from operations	-	-	109,045	109,045	-	(1)	108,025	108,024
<i>Transactions with Unitholders in their capacity as Unitholders</i>								
Issue of units - IPO, net of issue cost	-	-	-	-	-	(3)	-	(3)
Issue of units - base management fees	5,112	-	-	5,112	1,916	-	-	1,916
Issue of units - property management fees	5,956	-	-	5,956	2,233	-	-	2,233
Issue of units - acquisition fees	3,125	-	-	3,125	-	-	-	-
Issue of units - private placement	150,000	-	-	150,000	-	-	-	-
Issue of units - purchase consideration	5,000	-	-	5,000	-	-	-	-
Issue of units – rights issue	-	-	-	-	224,111	-	-	224,111
Issue expenses	(2,899)	-	-	(2,899)	(4,027)	-	-	(4,027)
Distributions paid	-	-	(79,518)	(79,518)	-	-	(39,906)	(39,906)
Net increase/(decrease) in Unitholders' funds resulting from transactions with Unitholders	166,294	-	(79,518)	86,776	224,233	(3)	(39,906)	184,324
At end of the period	1,236,795	112	77,681	1,314,588	1,070,501	112	48,154	1,118,767

Trust	FY 2019				12M 2018			
	Units on issue €'000	Reserves €'000	Retained earnings/ (losses) €'000	Total €'000	Units on issue €'000	Reserves €'000	Retained earnings/ (losses) €'000	Total €'000
As beginning of the period	1,070,501	116	(32,802)	1,037,815	846,268	116	(137)	846,247
<i>Operations</i>								
Total return for the period	-	-	24,887	24,887	-	-	7,241	7,241
Net increase in Unitholders' funds resulting from operations	-	-	24,887	24,887	-	-	7,241	7,241
<i>Transactions with Unitholders in their capacity as Unitholders</i>								
Issue of units - base management fees	5,112	-	-	5,112	1,916	-	-	1,916
Issue of units - property management fees	5,956	-	-	5,956	2,233	-	-	2,233
Issue of units - acquisition fees	3,125	-	-	3,125	-	-	-	-
Issue of units - private placement	150,000	-	-	150,000	-	-	-	-
Issue of units - purchase consideration	5,000	-	-	5,000	-	-	-	-
Issue of units – rights issue	-	-	-	-	224,111	-	-	224,111
Issue expenses	(2,562)	-	-	(2,562)	(4,027)	-	-	(4,027)
Distributions paid	-	-	(79,518)	(79,518)	-	-	(39,906)	(39,906)
Net increase/(decrease) in Unitholders' funds resulting from transactions with Unitholders	166,631	-	(79,518)	87,113	224,233	-	(39,906)	184,327
At end of the period	1,237,132	116	(87,433)	1,149,815	1,070,501	116	(32,802)	1,037,815

1D(ii) Details of Changes in Units

	Group and Trust		Group and Trust	
	4Q 2019 '000	4Q 2018 '000	FY 2019 '000	12M 2018 '000
Units in issue at the beginning of the period	2,542,521	1,577,294	2,181,978	1,573,990
New units issued:				
- As payment of base management fees	2,432	-	10,427	3,304
- As payment of property management fees	2,834	3,850	12,150	3,850
- As payment of acquisition fees	-	-	6,276	-
- Private placement	-	-	326,086	-
- As purchase consideration	-	-	10,870	-
- Rights issue	-	600,834	-	600,834
Total units in issue at the end of the period	2,547,787	2,181,978	2,547,787	2,181,978
Units to be issued:				
Manager's base fee payable in units	1,810	3,603	1,810	3,603
Property Manager's management fee payable in units	2,810	4,199	2,810	4,199
Manager's performance fee payable in units	3,673	-	3,673	-
Acquisition fee payable in units	-	4,833	-	4,833
Total issuable units at the end of the period	8,293	12,635	8,293	12,635
Total units issued and to be issued at the end of the period	2,556,080	2,194,613	2,556,080	2,194,613

1D(iii) Total Number of Issued Units

CEREIT did not hold any treasury units as at 31 December 2019.

	As at 31-Dec 2019 '000	As at 31-Dec 2018 '000
Total units in issue	2,547,787	2,181,978

1D(iv) Sales, Transfers, Cancellation and/or Use of Treasury Units

Not applicable.

1D(v) Sales, Transfers and/or Disposal of Subsidiary Holdings

Not applicable.

2 Audit

Whether the figures have been audited or reviewed, and in accordance with which audit standard (e.g. the Singapore Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", or an equivalent standard).

The figures have not been audited or reviewed by the auditors.

3 Auditors' Report

Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

4 Accounting Policies

Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in paragraph 5 below, there has been no change to the accounting policies and methods of computation in CEREIF.

5 Changes in Accounting Policies

CEREIT has adopted new accounting standards for the financial period beginning on 1 January 2019 as follows:

IFRS 16 Leases

The accounting standard introduces a single accounting model for leases by lessees and effectively does away with the operating lease concept. It requires all operating leases, which are currently not recorded on the balance sheet, to be recognised on the balance sheet together with a right-of-use asset. Subsequently, the lease liability is measured at amortised cost using the effective interest rate method. The right-to-use asset will be measured at cost less accumulated depreciation charged on a straight-line basis over lease term.

There is no significant impact to CEREIF's financial statements due to the adoption of this standard.

6 Consolidated Earnings per Unit and Distribution per Unit

	Actual 4Q 2019	Actual 4Q 2018	Actual FY 2019	Actual 12M 2018
Earnings per unit ("EPU")				
Weighted average number of units ('000) ^{(1) (2)}	2,547,877	1,773,113	2,371,732	1,721,128
Total return for the period attributable to Unitholders (€'000)	32,602	24,159	109,045	108,025
EPU (basic and diluted) (cents) ⁽²⁾	1.28	1.36	4.60	6.28

⁽¹⁾ The weighted average number of units was based on the weighted average number of units during the respective period including units issuable to the Manager and Property Manager.

⁽²⁾ 4Q 2018 & 12M 2018 weighted average number of units and EPU are restated to reflect the bonus element in the new units issued pursuant to the rights issue in December 2018.

	Actual 4Q 2019	Actual 4Q 2018	Actual FY 2019	Actual 12M 2018
Distribution per unit ("DPU")				
Applicable number of units for the period ('000) ⁽³⁾	2,547,787	2,194,613	2,374,283	1,812,245
Income available for distribution to Unitholders (€'000)	26,286	17,220	96,898	67,938
DPU (cents) ^{(3) (4)}	1.03	0.79	4.08	3.75

⁽³⁾ 4Q 2018 & 12M 2018 Units in issue & DPU are calculated using the weighted average number of units taking into account new units issued under the Rights Issue being eligible for the distribution for 2H 2018.

⁽⁴⁾ DPU is calculated based on the number of units in issue entitled to distributions as at the end of the respective period.



7 Net Asset Value ("NAV")

	Group As at 31-Dec-19	Trust As at 31-Dec-19	Group As at 31-Dec-18	Trust As at 31-Dec-18
NAV ⁽¹⁾ at the end of the period (€'000)	1,314,588	1,149,815	1,118,767	1,037,815
Number of Units in issue at the end of the period ('000)	2,547,787	2,547,787	2,181,978	2,181,978
NAV per unit (cpu)	51.6	45.1	51.3	47.6
Adjusted NAV per unit (excluding distributable income) (cpu)	49.6	41.3	49.7	46.0

¹⁾ NAV equals net tangible assets ("NTA") as there are no intangible assets carried by CEREIT.

8 Review of Performance

Review of performance 4Q 2019 vs 4Q 2018

Gross revenue increased by 64.2% to €50.9 million. NPI increased by 60.4% to €33.6 million from €20.9 million in 4Q 2018. The positive results were attributed largely to contributions from the properties acquired post IPO. Please refer to the Results Overview at the beginning of this report for a detailed country by country discussion.

Net finance costs increased by €4.5 million mainly due to debt issuance costs written off following the debt refinancing executed during the quarter, and higher interest costs due to higher borrowings drawn down to fund recent acquisitions.

Manager's fees for 4Q 2019 of €3.2 million were €2.4 million higher than pcp. This was largely attributed to the performance fee for FY 2019 of €2.0 million as DPU increased by 8.8% over the period. Base fee was 45.8% higher than pcp due to higher deposited property value from new acquisitions, and the valuation gains on CEREIT's portfolio.

Trust expenses for 4Q 2019 were €1.5 million, an increase of €0.4 million or 37.1% from 4Q 2018. This was mainly due to enlarged portfolio.

CEREIT recorded a gain of €2.0 million following the completion of disposal of Parc d'Osny on 18 October 2019.

Fair value gain for 4Q 2019 was €14.6 million compared to pcp of €5.8 million.

Income tax expense was €5.6 million for 4Q 2019 compared to income tax credit of €2.7 million in 4Q 2018. 4Q 2019 deferred tax expense was mainly due to valuation gain. The income tax credit in 4Q 2018 was mainly due to a reduction in future tax rates in the Netherlands and France.

Review of performance FY 2019 vs 12M 2018

CEREIT's gross revenue for FY 2019 of €177.0 million was 42.1% or €52.5 million higher than pcp of €124.6 million. NPI for FY 2019 was €116.1 million, an increase of €33.2 million or 40.1% from pcp of €82.9 million. The positive results were mainly attributable to contributions from the properties acquired post IPO. Please refer to the Results Overview at the beginning of this report for a detailed country by country discussion.

Net finance costs in FY 2019 were 69.9% higher than pcp mainly due to debt issuance costs written off following the debt refinancing executed in 4Q 2019, and higher interest costs due to higher borrowings drawn down to fund the acquisitions.

Manager's fees for FY 2019 were €3.2 million higher than pcp. This was largely attributed to the performance fee for FY 2019 of €2.0 million. Base fee was €1.3 million or 38.4% higher than pcp due to higher deposited property value from the acquisitions mentioned above, and the valuation gains on CEREIT's portfolio.

Trust expenses for FY 2019 were €0.8 million or 17.8% higher than pcp mainly due to enlarged portfolio.

CEREIT recorded a gain of €2.0 million following the completion of disposal of Parc d'Osny on 18 October 2019.

Fair value gain for FY 2019 was €42.4 million as compared to pcp of €60.1 million.

Income tax expense was €5.3 million higher than the pcq. This was largely in line with the increase in NPI.

As a result of the above, CEREIF's income available for distribution to Unitholders for FY2019 increased by €29.0 million or 42.6% to €96.9 million. DPU for FY 2019 of €4.08 cents was 8.8% higher than the pcq of €3.75 cents.

9 Variance between Actual and Forecast/Projection

	Actual 4Q 2019 €'000	IPO Forecast 4Q 2019 €'000	Variance %	Actual FY 2019 €'000	IPO Forecast FY 2019 €'000	Variance %
Gross revenue	50,895	32,179	58.2%	177,046	127,010	39.4%
Property operating expense	(17,332)	(10,552)	64.3%	(60,900)	(42,469)	43.4%
Net property income	33,563	21,627	55.2%	116,146	84,541	37.4%
Net finance costs	(7,568)	(2,635)	>100%	(18,786)	(10,110)	85.8%
Manager's fees	(3,232)	(942)	>100%	(6,620)	(3,751)	76.4%
Trustee fees	(64)	(52)	23.1%	(250)	(209)	19.6%
Trust expenses	(1,537)	(576)	>100%	(5,200)	(2,304)	>100%
Net income before tax and fair value changes	21,162	17,422	21.5%	85,290	68,167	25.1%
Gain on disposal of investment property	2,018	-	n.m.	2,018	-	n.m.
Fair value gain – investment properties	14,627	-	n.m.	42,378	-	n.m.
Fair value gain – derivatives financial instruments	393	-	n.m.	355	-	n.m.
Total return for the period before tax	38,200	17,422	>100%	130,041	68,167	90.8%
Income tax expense	(5,598)	(1,733)	>100%	(20,996)	(6,423)	>100%
Total return for the period attributable to Unitholders	32,602	15,689	>100%	109,045	61,744	76.6%

	Actual 4Q 2019 €'000	IPO Forecast 4Q 2019 €'000	Variance	Actual FY 2019 €'000	IPO Forecast FY 2019 €'000	Variance %
Total return for the period attributable to Unitholders	32,602	15,689	>100%	109,045	61,744	76.6%
Distribution adjustments	(6,316)	2,295	n.m.	(12,147)	8,483	n.m.
Income available for distribution to Unitholders	26,286	17,984	46.2%	96,898	70,227	38.0%
Applicable number of units for the period⁽¹⁾ ('000)	2,547,787	1,747,820	n.m.	2,374,283	1,747,820	n.m.
Actual DPU (cpu)⁽¹⁾⁽²⁾	1.03	1.03	0.0%	4.08	4.02	1.5%

n.m. – Not meaningful

(1) 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. 4Q 2019 IPO Forecast is interpolated from the Adjusted FY2019 IPO Forecast.

(2) DPU is calculated based on the total number of units in issue entitled to distributions as at the end of the respective period.

Discussion

Revenue for FY2019 was €177.0 million, 39.4% higher than IPO Forecast. NPI was €116.1 million, €31.6 million or 37.4% above IPO Forecast. This was mainly attributed to the contributions from the properties acquired post IPO. For a detailed country by country discussion please refer to the Result Overview at the beginning of this report.

Net finance costs were €8.7 million higher than the IPO Forecast largely due to higher borrowings drawn down to fund the acquisitions of the new assets which were not included in IPO portfolio and debt issuance costs written off resulting from the debt refinancing executed in 4Q 2019.

Manager's fees was €2.9 million higher than IPO Forecast due to performance fee and the higher deposited property due to the acquisitions mentioned above and the valuation gains on CEREIF's portfolio.

FY 2019 trust expenses were €2.9 million higher than the IPO Forecast due to higher professional fees, audit fees and valuation fees mostly due to the enlarged portfolio.

Income tax expense was €14.6 million higher than IPO Forecast mainly due to the recognition of fair value gain.

Due to the above, income available for distribution to unitholders and DPU for FY 2019 were 38.0% and 1.5% respectively ahead of IPO Forecast.

10 Outlook and Prospects

A commentary at the date of announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Commentary on the European Economy

- The Eurozone economy gained some momentum, albeit modest, towards the end of 2019, but the 2020 GDP is expected to be steady at 0.8% growth
- The services sector continues to show positive momentum, albeit the impact of political disruption in Europe and post Brexit impact of a smaller EU budget are still headwinds.
- The manufacturing sector is still weak however, and while showing some signs of stabilisation, a meaningful pick-up in activity in the near-term is not anticipated. The main challenge the Eurozone economy faces is the contagion from the weaknesses in the export-orientated manufacturing sector to the more resilient services sector
- Inflation still remains in a band of 0.3-2% across Europe
- Impact of the COVID-19 virus in Europe has been minimal to-date, however given the recent developments in Italy, the European economy may face further headwinds (the Property Manager of CEREIF has been proactive in implementing precautionary measures and is closely monitoring the situation on the ground)

Key Eurozone Economic Indicators

- Consumer prices are expected to grow slower in 2020 but increase gradually in 2021 and beyond
- Short-term interest rates are expected to remain negative for three years, while long-term interest rates are expected to rise modestly only in 2022 and beyond
- 2020 GDP is expected to be lower than 2019 given geopolitical uncertainties, but grow modestly in 2021 and beyond, driven by private and government consumption and fixed investment

Rent and Vacancy Rates (Office Sector by CBD region)

- As of 4Q 2019, office vacancy rates are the lowest in the CBD regions of Paris and Amsterdam (1.4% and 1.6% respectively)
- In the Netherlands, vacancy rates are at their lowest since the financial crisis particularly in major cities and around key transport hubs. Scarcity of quality space in major cities in the Netherlands, continues as a substantial

amount of older office stock has been converted into alternative uses such as hotels and student accommodation

- Paris remains in demand, but the severe shortage of available space is creating increasing interest in the suburbs that will benefit as the hubs of the Grand Paris plan evolve and new stock is developed; other gateway cities are also similar
- Vacancy rates were highest in the Warsaw City Centre, which was still only 5.3%.
- Rent prices in the Parisian CBD was the highest, at €880 per sq m per year and the lowest in the Warsaw City Centre, at €300 per sq m per year.

Rent and Vacancy Rates (Logistics Sector by Country)

- As of 4Q 2019, logistics vacancy rates are the lowest in Denmark (2.3%), with the majority of activity concentrated around key import /export locations with the Greater Copenhagen the country's main market
- In the Netherlands, nationwide vacancy also is very low at 4.3%, despite an uptick in new developments completing in 2019, which added 2.6 million sq m to stock, triple the average annual increase in the previous ten years
- Vacancy rates were highest in France (7.1%). Fundamental transformations to retail and supply chains are nevertheless sustaining the healthy levels of activity. For now at least, traditional light industrial / logistics still dominate activity, but urban logistics is attracting additional investors in response to changing consumer behaviour and demand for ever shorter delivery times
- Rent prices in Denmark were the highest, at €80 per sq m per year and the lowest in France, at €53 per sq m per year

11 Distributions

	Distribution type	DPU (in Euro cents)	Total distribution €'000	Record date	Payment date
2019					
1-Jan-19 to 1-Jul-19	Capital	2.05	45,116	1-Jul-19	31-Jul-19
2-Jul-19 to 31-Dec-19	Exempt Income/Capital	2.03	51,720	4-Mar-20	30-Mar-20
Total		4.08	96,836		
2018					
30-Nov-17 to 30-Jun-18	Capital Exempt	2.53	39,906	21-Aug-18	28-Sep-18
1-Jul-18 to 31-Dec-18	Income/Capital	1.57	34,402	7-Mar-19	29-Mar-19
Total		4.10	74,308		

On 21 June 2019, pursuant to the Private Placement, unitholders whose securities accounts with The Central Depository (Pte) Limited were credited with Units as at 5.00 p.m. on 1 July 2019 were entitled to CEREIT's distributable income for the period from 1 January 2019 to 1 July 2019 (being the day before the new units were issued pursuant to the Private Placement). This is made up of €2.04 cpu for the period from 1 January 2019 to 30 June 2019 and €0.01 cpu for 1 July 2019. The distribution payable on 30 March 2020 of €2.03 cpu comprises CEREIT's distributable income for the period from 2 July 2019 to 31 December 2019.

Distribution for the period from 2 July 2019 to 31 December 2019 of €2.03 cpu comprises tax exempt income of €1.269 cpu and capital of €0.761.

CEREIT's distribution policy is to distribute 100% of CEREIT's annual distributable income for the period from the Listing Date to the end of the 2019 financial year. CEREIT will typically make distributions to Unitholders on a semi-annual basis, with the amount calculated as at 30 June and 31 December each year for the six-month period ending on each of these dates.

12 If no distribution has been declared/recommend, a statement to that effect

Not applicable.

13 Interested Person Transactions

CEREIT has not obtained a general mandate from Unitholders for interested person transactions.

14 Confirmation pursuant to Rule 720(1) of the Listing Manual

The Board of Directors of the Manager hereby confirms that the undertakings from all its directors and executive officers as required in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual were procured.

15 Confirmation pursuant to Rule 704(13) of the Listing Manual

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Manager confirms that there is no person occupying a managerial position in the Manager or in any of CEREIT or its principal subsidiaries who is a relative of a director, chief executive officer, substantial shareholder of the Manager or substantial unitholder of CEREIT.

On behalf of the Board
Cromwell EREIT Management Pte. Ltd.
As Manager of Cromwell European Real Estate Investment Trust
(Company Registration No: 201702701N)

Lim Swe Guan
Chairman

Simon Garing
Executive Director and Chief Executive Officer



Important Notice

This announcement may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses (including employee wages, benefits and training costs), property expenses, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business.

Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view on future events.

The value of Units and the income derived from them, if any, may fall or rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors should note that they have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Units. The past performance of Cromwell European REIT and the Manager is not necessarily indicative of the future performance of Cromwell European REIT and the Manager.