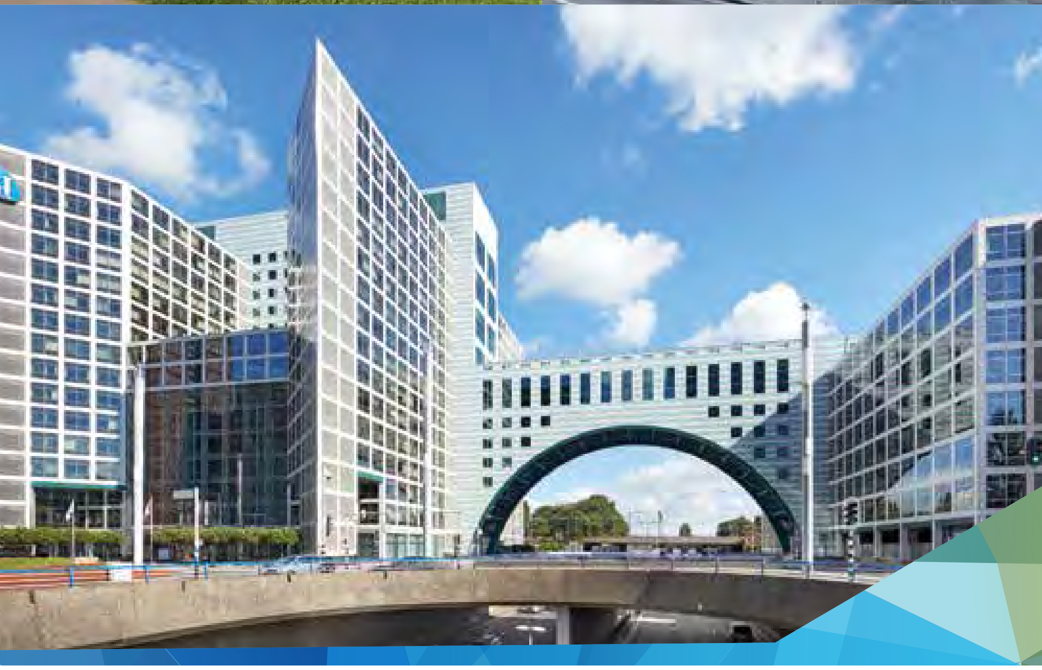



CROMWELL
EUROPEAN REIT

ANNUAL REPORT 2018


* Cromwell European REIT's Annual Report covers the reporting period from 30 November 2017 (the "Listing Date") to 31 December 2018 (the "Financial Period" or "FY 2018").

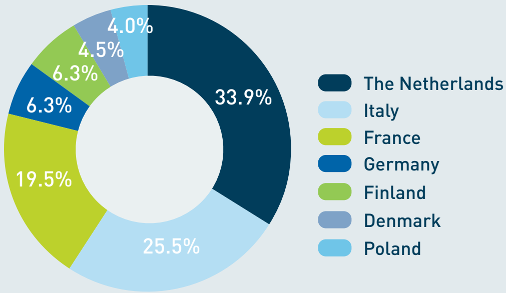
** The Prospectus for the initial public offering ("IPO") disclosed a one-month profit forecast for the period from 1 December 2017 to 31 December 2017 ("December 2017 Forecast") and a full-year profit projection from 1 January 2018 to 31 December 2018 (the "Full-Year Projection"). Accordingly, "IPO forecast" refers to the summation of the December 2017 Forecast and the Full-Year Projection.

*** Unless otherwise stated, financials are reported in Euros ("Euro" or "€").

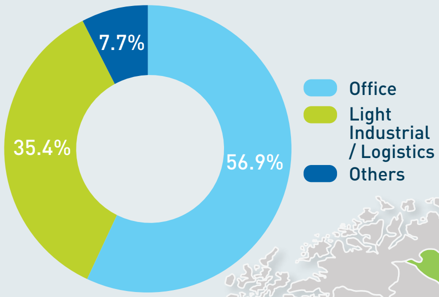
CONTENTS

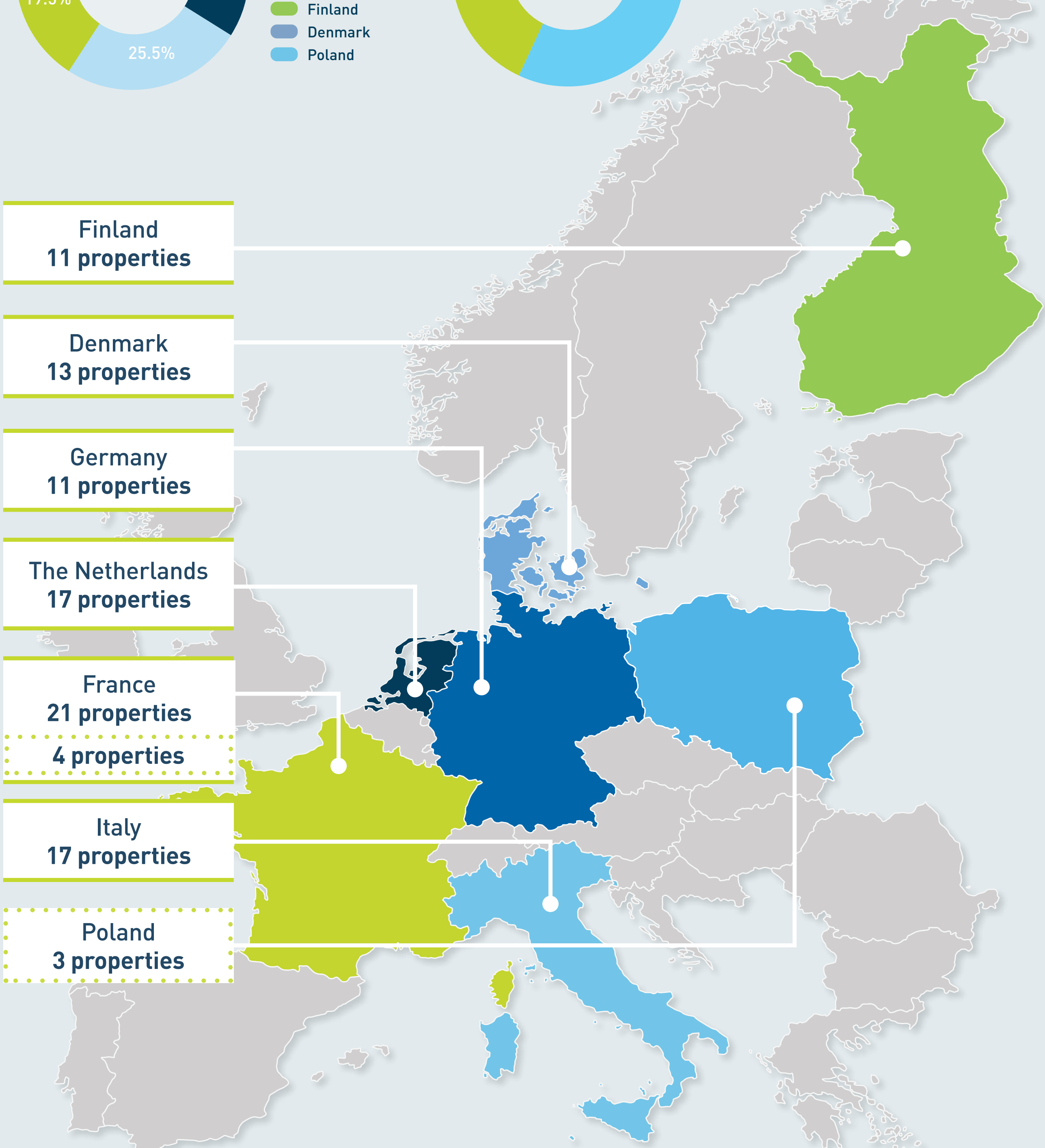
PORTFOLIO
OVERVIEW (AS AT 14 FEBRUARY 2019)

GEOGRAPHICAL BREAKDOWN



ASSET CLASS BREAKDOWN





Properties acquired after 31 December 2018, being the end of the Financial Period for this Annual Report

CROMWELL EUROPEAN REIT
OVERVIEW (AS AT 14 FEBRUARY 2019)

Cromwell European REIT is a Singapore real estate investment trust ("REIT") with the principal investment strategy of investing, directly or indirectly, in a diversified portfolio of income-producing real estate assets in Europe used primarily for office, light industrial / logistics and retail purposes.

CEREIT owns a portfolio of 97 properties in, or close to, major gateway cities in Denmark, Finland, France, Germany, Italy, the Netherlands and Poland and has a balanced focus on the office and light industrial / logistics sectors. It is the first REIT with a diversified Pan-European portfolio listed on Singapore Exchange Securities Trading Limited ("SGX-ST").

CEREIT's portfolio has an aggregate lettable area of approximately 1.4 million square metres ("sqm") with over 900 tenants and a Weighted Average Lease Expiry ("WALE")[1] of 4.6 years. Comprising primarily freehold, perpetual or continuing leasehold assets, the portfolio has an appraised value of approximately €1.8 billion as at 14 February 2019.

CEREIT is managed by Cromwell EREIT Management Pte. Ltd. (the "Manager"), a wholly-owned subsidiary of CEREIT's sponsor, Cromwell Property Group ("Cromwell" or the "Sponsor"). Cromwell is a real estate investor and manager with operations in 15 countries and is listed on the Australian Securities Exchange ("ASX").

Net Lettable Area ("NLA")
1.4 million square metres

Total Portfolio Value
€1.8 billion

Tenants
900+

WALE
4.6 years

Assets
97 primarily freehold properties

Countries
7 European countries

[1] WALE is defined as weighted average lease expiry by headline rent based on the final termination date of the agreement (assuming the tenant does not terminate the lease on any of the permissible break date(s), if applicable).

FY 2018
FINANCIAL HIGHLIGHTS

Gross revenue (€ million)	Net property income ("NPI") (€ million)	Fair value gain – investment properties (€ million)
135.3	90.2	37.1

BALANCE SHEET

As at 31 December 2018	
Total assets (€ million)	1,814.8
Unitholders' funds (€ million)	1,118.8

KEY FINANCIAL RATIOS

As at 31 December 2018	
Aggregate leverage[1] (%)	33.0%
Aggregate leverage excluding distribution (%)	33.6%
Net Asset Value ("NAV") per unit (€ cents per unit ("cpu"))	51.3

Gewerbe-und Logistikpark München-Kirchheim West,
Parsdorfer Weg 10, Kirchheim, Germany

Total return since Listing Date attributable to unitholders of CEREIT ("Unitholders")(€ million)	Income available for distribution (€ million)	Declared distribution per unit ("DPU") (€ cpu)
85.7	74.4	4.10

CAPITAL MANAGEMENT

As at 31 December 2018	
Total borrowing facilities (€ million)	675.3
Gross borrowings (€ million)	598.2
Interest cover (times)	8.9
Units in issue (million)	2,182.0
Market capitalisation (€ million)	960.1

Haagse Poort, Den Haag (The Hague), The Netherlands

CHAIRMAN'S REPORT

Lim Swe Guan
CHAIRMAN AND INDEPENDENT NON-EXECUTIVE DIRECTOR

CEREIT generated gross revenue and NPI of €135.3 million and €90.2 million, exceeding IPO forecast by 1.3% and 3.7%, respectively, over the course of the Financial Period.

Dear Unitholders,

It is an honour to present CEREIT's inaugural Annual Report to you.

CEREIT has been listed for just over a year now. Since its inception, the Board of Directors and management team have been focused on achieving the performance projections that we made during the IPO. I am pleased to share with you that we have not only met, but surpassed forecasts of all key financial metrics, on a like-for-like basis, while also taking measured steps to deliver sustainable growth via a number of accretive acquisitions.

As we progress into our second year, CEREIT's purpose remains to provide Unitholders with regular and stable distributions and to achieve long-term DPU and NAV per unit growth, while maintaining an appropriate capital structure.

DELIVERING ON OUR COMMITMENTS

CEREIT generated gross revenue and NPI of €135.3 million and €90.2 million, exceeding IPO forecast by 1.3% and 3.7%, respectively, over the course of the Financial Period. This largely stems from stronger-than-expected leasing outcomes resulting in occupancy of 90.8% as at the end of the Financial Period, as well as the accretive acquisition of a freehold office property in Ivrea (near Turin), Italy, which serves as the Italian headquarters of the country's second-largest mobile network operator, Vodafone. Total return attributable to Unitholders was €85.7 million, 48.9% above the IPO forecast, due to the robust operating performance and unrealised fair value gains being recorded on CEREIT's investment properties.

Income available for distribution to Unitholders was €74.4 million, surpassing the IPO forecast by 1.4%. Accordingly, we have declared a DPU of 4.10 Euro cents for the Financial Period. Adjusting for the enlarged Unitholder base following our successful raising of €224.1 million[1] through the issuance of 600,834,459 new units of CEREIT ("Units") in December 2018 ("the Rights Issue"), the adjusted DPU would be 4.70 Euro cents, 1.4% above the IPO forecast.

On the back of our active asset management, CEREIT's NAV has grown from €837.2 million as at the Listing Date to €1,118.8 million as at the end of the Financial Period. This translates to a NAV per unit of 51.3 Euro cents, after taking into account the effects of the Rights Issue.

Income available for distribution to Unitholders was €74.4 million, surpassing the IPO forecast by 1.4%.

INVESTMENT PHILOSOPHY AND PROCESS

Our investment philosophy for CEREIT is to acquire and manage a diversified portfolio of commercial properties with an emphasis on generating sustainable income and capital growth. We are relatively risk-averse and have a core concentration in Western Europe and the office sector. Potential acquisitions are evaluated on the basis of whether they would generate higher risk-adjusted returns as compared to that of the current portfolio. We assess prospective deals not only in terms of their potential returns, but also how they can contribute towards portfolio risk-reduction.

Our investment process combines research-based analysis of market fundamentals with rigorous evaluation of property-specific variables and financial forecasts to enable us to select assets that meet our investment criteria. The initial selection process uses long-term sector mega-trends and fundamental real estate attributes to identify countries and sectors that will provide attractive returns. The next part of the investment process involves portfolio re-optimisation. In this regard, the management team has developed

[1] Funds from the Rights Issue were used to partially fund €376.8 million of acquisitions that were announced on 30 October 2018 and completed between 5 December 2018 and 14 February 2019, as well as the acquisition of the property in Ivrea, Italy.

CHAIRMAN'S REPORT

proprietary analytics tools that enable the Board to evaluate whether any proposed acquisition or divestment would contribute towards increasing returns or lowering risk. The tools include an advanced property risk matrix across three broad categories encapsulating 13 risk factors, as well as a dynamic portfolio optimisation tool that provides a real-time measure of risks and returns via an 'efficient frontier curve'. The tools help the Board to make informed decisions across asset classes and countries.

ACQUIRING FOR GROWTH

Attesting to the extensive pipeline sourcing capabilities of CEREIT's Sponsor, we announced the acquisition of 22 predominantly freehold office and logistics properties across five European countries for €376.8 million in October 2018, in line with our investment philosophy. We completed 15 of the acquisitions by the end of December 2018 and the other seven by the middle of February 2019. The acquisitions are expected to be accretive and have enabled CEREIT to diversify into two new countries with fast-growing economies – Finland and Poland, while deepening our presence in three existing markets – France, Italy and the Netherlands. Our management team is excited about the prospect of generating higher returns as we increase occupancy rates, realise positive rental reversions and implement asset enhancement initiatives. As a result of the acquisitions, CEREIT's portfolio now has greater geographical and industry sector diversity with lower concentration risk.

We are encouraged that Unitholders overwhelmingly expressed support for the acquisitions at CEREIT's first extraordinary general meeting ("EGM") and that the €224.1 million Rights Issue received an acceptance rate of 98.2%. As a result of the successful transactions, including the earlier acquisition of the office property in Ivrea, Italy, CEREIT's portfolio grew from 74 properties valued at €1.4 billion at IPO to 90 properties valued at €1.7 billion as at 31 December 2018. After the completion of the seven acquisitions in January and February 2019, CEREIT's portfolio now stands at 97 properties valued at €1.8 billion. Following the oversubscribed Rights Issue, CEREIT is now amongst the top 20 REITs listed on SGX-ST by market capitalisation as at 31 December 2018.

MANAGING CAPITAL RESPONSIBLY

CEREIT's balance sheet remains strong, with an aggregate leverage ratio of 33.0% and an interest coverage ratio of 8.9 times as at 31 December 2018. This aggregate leverage ratio is comfortably within the preferred gearing range that has been established by the Board. CEREIT's interest coverage ratio exceeds that of most Singapore-listed REITs, putting us in an attractive position. CEREIT's debt facilities are well-diversified across European lenders and jurisdictions. Our weighted average debt expiry profile stands at 3.0 years and our interest rate risk is well-managed with 71.2% of debt hedged as at 31 December 2018. Taking into account hedging transactions that took place in early 2019 in relation to the completed acquisitions, the proportion of interest rate risk that has been hedged is now even higher, at 87.4%.

We seek to optimise CEREIT's cost of capital and will continue to maintain an appropriate mix of debt and equity to enhance Unitholders returns, while retaining flexibility for financing future investments.

ASPIRING TO HIGH STANDARDS OF GOVERNANCE AND SUSTAINABILITY

Safeguarding the interests of Unitholders is paramount and we employ a best-practice approach to governance, risk management and transparency. The majority of our directors are independent and our Board has robust processes in place to ensure that all Unitholders are treated equitably and fairly. More information about these can be found in the corporate governance section of the Annual Report.

CEREIT is the only Pan-European REIT listed on SGX-ST and we are pleased that it has attracted the support of an international mix of institutional, family office and retail investors. The investor relations team continues to extensively engage the international financial community to raise CEREIT's profile. Recognising that around half of CEREIT's Unitholders are based in Singapore, we also attained a dual currency trading status for the REIT on the SGX-ST shortly after listing, enabling investors to trade CEREIT Units not only in Euros, but also in Singapore dollars ("Singapore dollars" or "S$").

Interior of Koningskade 30, The Hague, The Netherlands

Being a responsible steward of Unitholders' investments is a key priority for the Board and management team. We are earnest about building mutually beneficial relationships with internal and external stakeholders in our community, as well as managing our impact on the environment. We have made significant progress on this front in our first year of operations, integrating environmental, social and governance ("ESG") standards into the day-to-day management of CEREIT's portfolio and participating in the Global Real Estate Sustainability Benchmark ("GRESB") assessment. The asset management and sustainability teams also conducted an inaugural customer engagement survey to elevate standards in asset management and also implemented several initiatives to reduce our carbon footprint. More information about our stakeholder engagement and our sustainability initiatives can be found in the investor relations and the sustainability sections of the Annual Report.

DEDICATED TO LONG-TERM SUCCESS

Despite the softer European economy, we remain dedicated to delivering the IPO forecast for 2019. We will continue to actively manage CEREIT's portfolio to drive organic growth and also pursue accretive acquisitions, within our risk framework. With ample debt headroom, we are well-positioned to undertake appropriate investments and suitable development opportunities, predominantly in the office, as well as in the light industrial and logistics property segments.

Thank you for your investment in CEREIT and for your confidence and trust in the Board and the management team. I would also like to express my gratitude to our Sponsor, customers, lenders, capital and business partners, as well as to the regulators for their support; and convey my appreciation for the dedication and diligence of our directors, management team and team members, who have worked tirelessly to integrate cross-functions spanning three continents in order to build a sustainable Pan-European REIT and management platform. The team and I look forward to working for the benefit of all our stakeholders for many years to come.

Lim Swe Guan
Chairman and
Independent Non-Executive Director
Cromwell EREIT Management Pte. Ltd.

CEO INTERVIEW

Simon Garing
ACTING CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR

We successfully completed our first major transaction, acquiring 22 properties across the Netherlands, Finland, Poland, Italy and France for €376.8 million.

1. WHAT ARE THE HIGHLIGHTS OF CEREIT'S JOURNEY AS A LISTED ENTITY TO DATE?

Delivering on our commitment to Unitholders is very important to us and we are glad to have done so in our first year. We surpassed forecasts for all key performance metrics, achieving higher-than-expected gross revenue, NPI and DPU on a like-for-like basis. Ultimately, CEREIT provided a 9.3% annualised return on contributed equity.

We also successfully completed our first major transaction, acquiring 22 properties across the Netherlands, Finland, Poland, Italy and France for €376.8 million and raising €224.1 million via an oversubscribed Rights Issue to partially fund the acquisitions. The properties were acquired at attractive yields and are strategically located, with long leases of close to five years and with room for additional upside from dynamic leasing initiatives. Together with the property in Italy that we acquired earlier in 2018, they have broadened CEREIT's earnings base, increased its geographical diversification and strengthened its income resilience. This further positions CEREIT for long-term, sustainable DPU and NAV per unit growth, in line with our stated objectives.

In the third quarter of 2018, we received the results of our maiden participation in the GRESB assessment. I am particularly pleased that the management team's efforts to integrate ESG standards into our strategy and day-to-day management of CEREIT's portfolio were recognised and we scored a maximum of 100 points in this aspect.

2. SEVERAL SINGAPORE REAL ESTATE DEVELOPERS AND ASSET MANAGERS HAVE ACQUIRED PROPERTIES IN EUROPE IN RECENT TIMES. HOW DO YOU DIFFERENTIATE CEREIT FROM THE CROWD? WHAT ADVANTAGES DOES CEREIT HAVE?

CEREIT's Sponsor has an established property and asset management platform with a strong on-the-ground presence in Europe, giving us a valuable competitive advantage. It has a track record of more than 20 years in the European real estate industry and more than 200 employees in 20 cities across 12 countries in the region. As real estate is a local business, it is important to have teams based in Europe. Cromwell team members live and work in the cities where we have a presence, mapping and understanding the dynamics and long-term sector trends in each city. Being able to appreciate what drives each district, they can identify opportunities in places that others might not consider. If two similar buildings on the same street, but on opposite sides, have different prospects, our teams know why.

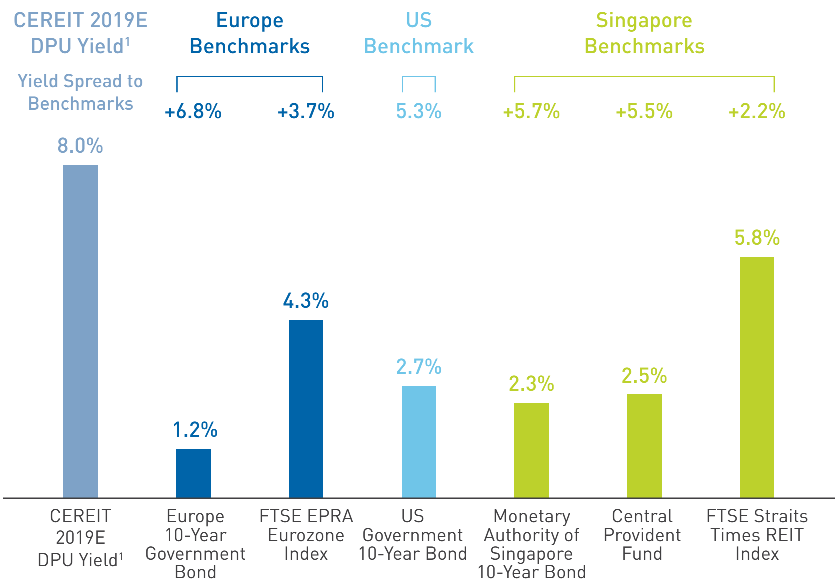
Moreover, CEREIT has a particularly large and diversified Pan-European property portfolio that is designed to be resilient and to mitigate concentration risks. The properties are currently spread across seven countries with a balanced focus on the office and light industrial / logistics sectors. The properties are leased to over 900 high-quality tenants from a wide variety of trade sectors. No single country accounts for more than 33.9% of the portfolio by value and no single tenant or industry sector accounts for more than 16.2% or 17.5%, respectively, of CEREIT's total headline rent.

In addition, CEREIT is the only REIT that trades on SGX-ST in both Euros and Singapore dollars and is a transparent investment vehicle with no added complexities from material foreign exchange derivatives.

3. HOW IS CEREIT ABLE TO OFFER UNITHOLDERS A HIGH DISTRIBUTION YIELD?

CEREIT's ability to provide a high distribution yield stems from our capabilities in acquiring attractive office and light industrial / logistic properties in Europe at favourable prices and financing these with the region's relatively low-cost debt.

The properties we target generally offer stable yields between 5% and 7% while our annualised cost of debt (excluding our revolving credit facility) stands at approximately 1.4%. CEREIT's IPO Prospectus FY 2019 DPU forecast, adjusted for the December 2018 Rights



Source: Bloomberg, European Commission, various public sources; all data as at 28 February 2019.

1 Based on €0.505, the last traded price on SGX-ST on 28 February 2019.

Issue in, is 4.02 Euro cents, which translates to a 8.0% DPU yield based on the last traded price of CEREIT's units on 28 February 2019. This compares favourably against other global yield investment products.

It is noteworthy that European real estate yield spreads to long-term government bonds are higher compared to that in other developed markets. According to Savills World Office Yield Spectrum 2H 2018 report, major European office effective yields reflect higher premiums to the relevant 10-year bond benchmarks, also taking into account rental growth outlook.

For example, the prime Munich office effective risk premium is 2.63%, as compared to New York at 1.03% and Singapore at 1.41%. Hence investors are being rewarded in Europe.

4. CAN YOU OUTLINE YOUR STRATEGY?

Our strategy is to acquire and manage 'core +' and 'value add' commercial assets to provide sustainable distributions as well as long term DPU and NAV per unit growth. We employ a 'barbell approach' to portfolio construction, with the growth potential of CEREIT's light industrial / logistics properties balanced against the stability and security of the long leases provided by its office properties. This is overlaid with four levers for growth and four forms of diversification. Growth is driven by active asset management, accretive acquisitions, responsible capital management, as well as a best-practice approach to corporate governance and sustainability. Resilience is underpinned by diversity across asset classes, geographies, industry sectors, and tenants.

5. ARE YOUR INVESTMENT DECISIONS GUIDED BY ANY MACRO THEMES?

All that we do is anchored to our core objective, which is to provide Unitholders with stable distributions, as well as long-term DPU and NAV per unit growth. To this end, whenever we evaluate investment opportunities, we always consider the impact they will have on Unitholder risk-adjusted returns. We also assess whether they fit CEREIT's investment strategy of maintaining at least a 75% weighting to Western Europe and at least 75% weighting to office and light industrial and logistics properties.

That said, we maintain the flexibility to rebalance CEREIT's portfolio within these parameters as thematic opportunities emerge across different asset classes and geographies. There are four macro themes we actively follow – urbanisation; demographic shifts; disruption from technology; as well as China's One Belt, One Road ("OBOR") initiative and related infrastructure investments in Central Europe.

In line with these themes, we are exploring potential redevelopment projects in France and the Netherlands to monetise valuable land. For instance, CEREIT's Parc des Docks asset, a €114 million light industrial / logistics property situated on a 10 hectare site along the River Seine, only three kilometres from the Paris CBD, may be rejuvenated into a major urban renewal project. The French government recently agreed to no longer pursue an expropriation of the site to develop a next-generation hospital and a university, handing back full control of the site to CEREIT. We believe that a high-quality mixed use development on the site could add substantial long term value, especially since new facilities and infrastructure, such as an adjacent metro line, are currently being developed to support the nearby 2024 Olympic Games Village. We anticipate that we will take three to five years to develop a masterplan in consultation with the government and other stakeholders.

The greater connectivity between China and Europe as a result of the OBOR initiative is also set to be a boon for the logistics segment in Central Europe. Railway lines traversing the two regions are increasingly being developed as rail transport is faster than sea transport and cheaper than air transport and is envisioned to be a significant mode by which goods will increasingly capture a large share of goods flowing from China in coming years. New economic corridors are opening up as a result of these developments and demand for warehouses and distribution centres along these corridors, especially in Central Europe, such as Poland and the Czech Republic, is expected to increase.

6. WHAT IS THE OUTLOOK FOR THE EUROZONE AND CEREIT IN 2019?

The Netherlands, Germany, Denmark, Poland and Finland have achieved strong economic growth over the past few years and are expected to continue doing well. France has not grown as quickly as some of the other major European Union economies, but its government has introduced new policies to promote business activity, brightening its medium-term outlook. Italy entered into a technical recession at the end of 2018, but is expected to register moderate economic growth over the next five years. CEREIT is primed to benefit as the majority of its properties have leases that are linked to inflation or similar indices, which provide an in-built rental growth mechanism.

In the office sector, CEREIT's properties in the Netherlands and Finland should continue to perform well due to favourable supply-demand dynamics, especially in the prime Grade-A segment, as supply is limited and demand is rising; and rental growth is anticipated. Rents are also forecast to pick up in Italy, particularly in Milan and Rome, albeit at a modest pace. In Poland, rents are projected to remain flat, but occupancies are set to increase.

Light industrial / logistics space in the Netherlands, France and Germany, where around three quarters of CEREIT's such properties are located, is expected to remain in high demand due to the countries' established light industrial / logistics markets with robust fundamentals, extensive infrastructure and excellent connectivity to other countries. Denmark has a relatively less mature light industrial / logistics market, but it is gradually maturing, with increasing demand for well-located, modern, high-tech space driving rental growth, boding well for CEREIT's properties in the country.

7. IN 2019, WHAT WILL YOU AND YOUR TEAM FOCUS ON?

We will build on the strong foundation that has been established and forge ahead wielding our four growth levers.

Firstly, we will continue to actively manage CEREIT's portfolio, leveraging the Sponsor's extensive Pan-European platform. We will extract greater value from the properties by filling vacancies to maximise occupancy rates, by renewing expiring leases and by securing positive rental reversions. We have also identified a number of suitable refurbishment and repositioning opportunities for a number of assets in our portfolio and will embark on asset enhancement initiatives to improve their marketability. At the same time, we will work on lowering operating costs, exploiting economies of scale and upgrading cooling and heating systems to increase energy efficiency.

Secondly, we will explore suitable acquisition opportunities, leveraging the Sponsor's strong pipeline sourcing capabilities. Europe is the world's largest economic bloc and is attracting high levels of interest from real estate investors – more than €250 billion of commercial property was traded in the region for the fourth consecutive year in 2018. With deep industry knowledge and wide networks, we are not confined to participating in public auctions and tenders, but are also uniquely positioned to acquire high-quality properties off-market at a discount to their valuations without engaging in price wars. Guided by our strict investment criteria, we will selectively pursue opportunities that are accretive and optimise risk-adjusted returns to Unitholders.

Thirdly, we will continue to manage CEREIT's capital responsibly. We endeavour to maintain a strong balance sheet and moderate leverage with high interest coverage ratio, which stands at 33.0% and 8.9 times, respectively, as at 31 December 2018. All borrowings are currently Euro-denominated (except for a small facility in Danish kroner, which is pegged to the Euro) and are 87.4% hedged for three years. We will continue to use appropriate hedging instruments to manage interest rate exposure. Constantly monitoring macroeconomic and market conditions, as well as CEREIT's debt maturity profile, we will structure borrowings to mainly comprise long-term, secured and / or unsecured debt obtained via traditional bank facilities and public debt markets. A key priority in this regard is the refinancing of facilities for €299.6 million of debt maturing in November 2020, for

CEO INTERVIEW

which we plan to take advantage of the current attractive interest rates. We may also consider introducing a distribution reinvestment programme, adding to our suite of capital management tools.

Last, but not least, we will look to strengthen CEREIT's ESG performance through a best-practice approach to sustainability. The results of our first GRESB assessment have set a baseline standard which we intend to continually improve on. We will participate in the GRESB assessment annually to measure and track our progress as we roll out more initiatives on this front.

For instance, we conducted our first customer satisfaction survey earlier this year and garnered responses from tenants representing 42% of CEREIT's tenant base by floor area and 49% of its rental income. The results were encouraging, with the majority of respondents expressing overall satisfaction with the space they have leased and the service they have received and over 70% valuing their relationships with their respective country asset managers. Importantly, the survey results also revealed areas with room for improvement and we are actively working on. We are also rolling out new technologies to drive modern outcomes for tenants and decrease CEREIT's carbon footprint in a manner that preserves the historical heritage of the cities we operate in.

Via Guglielmo Jervis 13, Ivrea, Italy

BUSINESS MODEL
AND INVESTMENT STRATEGY

OVERVIEW

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

KEY OBJECTIVES

Provide Unitholders with regular distributions

Achieve long-term sustainable growth in DPU and NAV per unit

KEY INVESTMENT CHARACTERISTICS

Large, geographically-diverse Pan-European portfolio

Balanced asset class exposure

Long lease profile

Diversified, high quality tenant base

BUSINESS MODEL
AND INVESTMENT STRATEGY

KEY INVESTMENT STRATEGIES

The Manager aims to achieve CEREIT's objectives through executing on the following key strategies:

Active asset management and asset enhancement

- Seek to drive organic growth in revenue and maintain strong tenant relationships
- Continually monitor each asset's expected future contribution to earnings and NAV growth, utilising the propriety dynamic portfolio optimisation tool encapsulating 13 risk factors
- Explore selling assets that do not meet the criteria and look to reinvest capital into opportunities that will ultimately increase DPU and NAV per Unit
- Properties are regularly evaluated to identify if potential property enhancement or redevelopment opportunities can improve CEREIT's returns

Acquisition growth

- Apply a rigorous research-backed selection process focused on long term sector trends and fundamental real estate qualities to ensure investments target the right cities and sectors
- Seek to grow DPU and NAV per Unit through the acquisition of quality income-producing properties across Europe used mainly for office, light industrial / logistics and / or retail purposes
- Seek assets that can provide attractive cash flows and yields, which fit within CEREIT's investment strategy to enhance returns for Unitholders
- Acquisitions should further improve opportunities for future income and capital growth
- Leverage extensive on-the-ground teams and participate in on and off market acquisitions

Responsible capital management

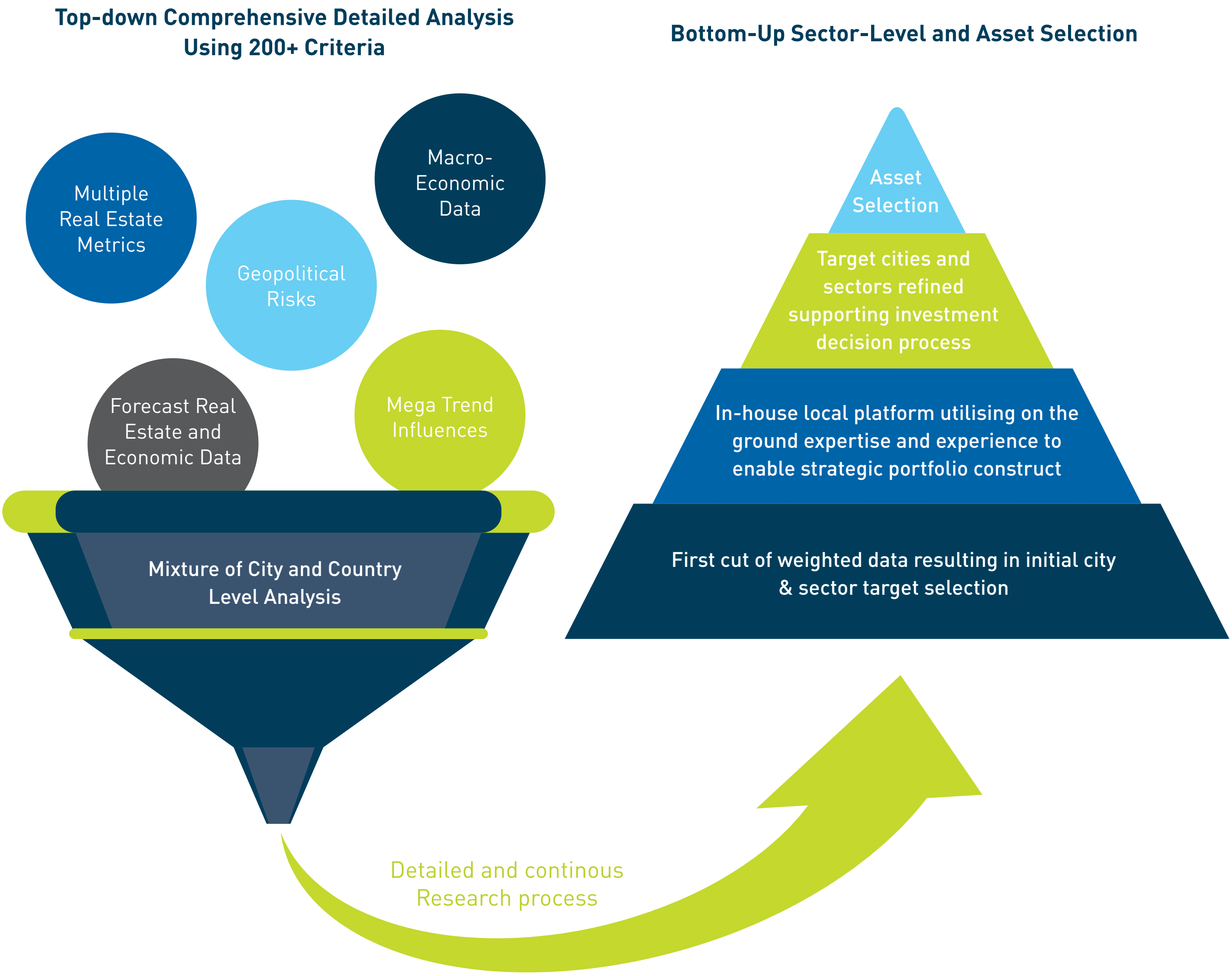
- Maintain a strong balance sheet and employ an appropriate mix of debt and equity
- Secure diversified funding sources considering both financial institutions and capital markets
- Optimise cost of borrowings and utilise interest rate and foreign exchange hedging strategies where appropriate

Best-practice approach to Sustainability

- Consistent with the values of the Sponsor and with guidance from the Board, the Manager employs a best-practice approach to ESG matters to achieve high sustainability standards in the operation and management of CEREIT

RESEARCH-BACKED APPROACH TO INVESTMENTS

The Manager adopts a rigorous research-backed selection process ensuring investments are focused on the right countries, cities, sectors and trends.



BUSINESS MODEL AND INVESTMENT STRATEGY

Understanding mega trends is key to identifying growth locations and long term assets

The investment strategy process is focused on long-term sector mega trends and fundamental real estate qualities to ensure that investments target the right cities and sectors that can provide attractive risk-adjusted cash flows and yields.

Demographics	• Demographic changes drive demand and influence the type, functionality and location of buildings, but they are not uniform • The population is living longer and having fewer children, creating increased need for senior and assisted living • Millenials will increasingly enter the workforce and their lifestyle patterns will have a dominant role in any commercial real estate decisions
Infrastructure	• New infrastructure developments, (re)developments of existing projects and expansion projects have the potential to open up new locations
Sustainability	• Sustainability is increasingly influencing occupier demand, asset management strategies and investors appetite for real estate • Expections for energy efficiency and green building attributes are rising
Technology	• Technology is changing the real estate landscape by improving production inefficiencies, reducing labour costs and maximising income • New technology trends include genomics, machine learning, cybersecurity, the internet of things, big data
Urbanisation	• As urbanisation increases, real estate will need to meet additional demand for working and living in cities in particular major conurbations as they continue to attract population growth
Consumer Behaviour	• Consumer expectations continue to change and evolve and the gap is increasingly blurred between the online and offline worlds • There are now multiple views on what a physical environment entails
E-Commerce	• E-commerce is changing shopping behaviour and retailers must ensure that their supply chains, distribution networks and store formats can deliver on the omni-channel offering that consumers are increasingly demanding • The relentless march of e-commerce shows no signs of abating but increased focus on live-work play and experiential concepts will benefit some areas; convenient and collection clusters will also gain popularity

Once top-down comprehensive data analysis has yielded targeted city locations and asset type, the bottom-up investment strategy process includes the refinement of the data of portfolio optimisation. For this part of the process, the Manager's management team has developed proprietary analytics tools that provide the Board with a broad framework that assist them to evaluate proposed acquisitions and divestments, which in turn allows the real estate team to optimise the portfolio through monitoring key asset and market risks and identifying "outliers".

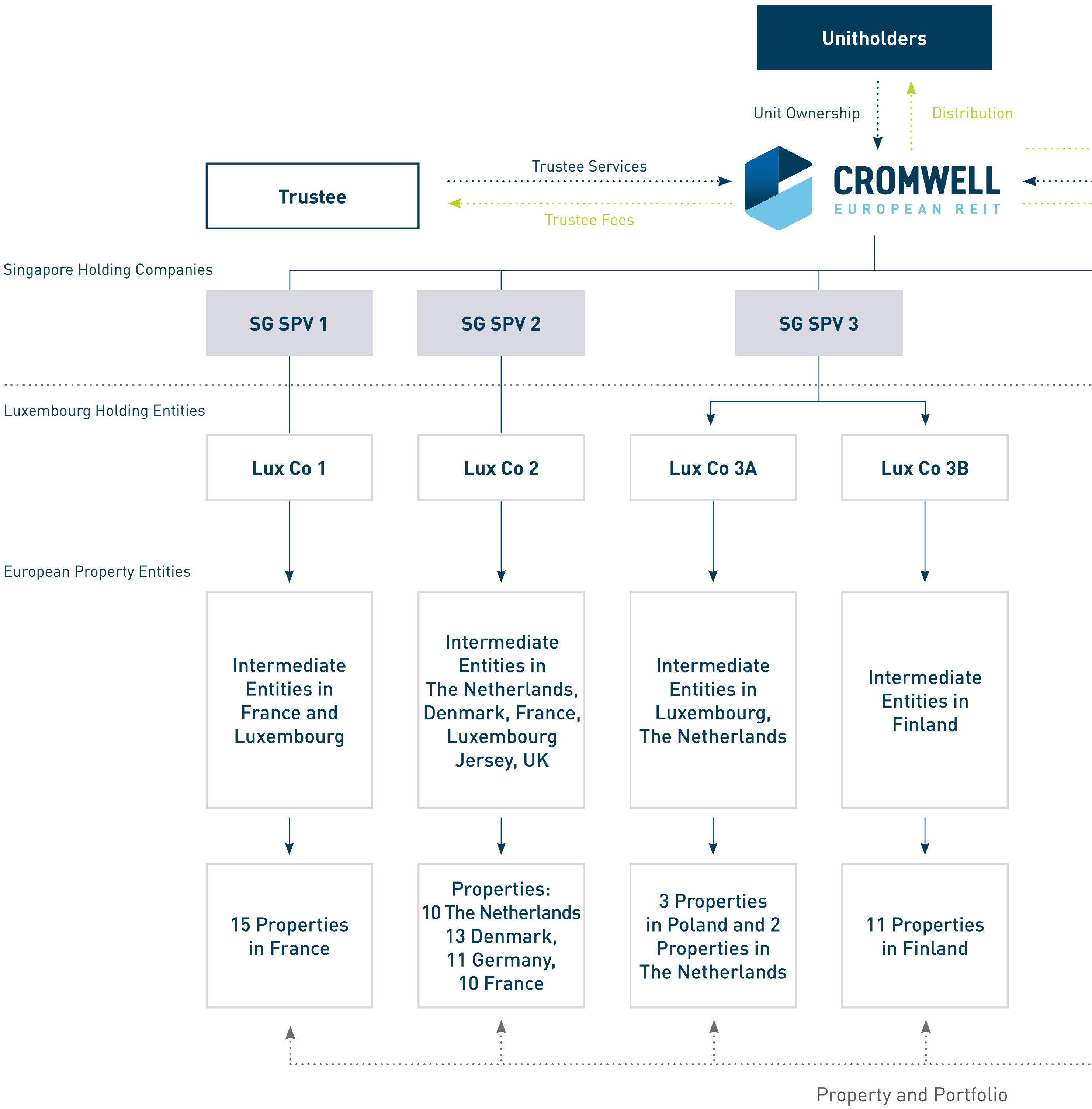
The tools include the following:

An **enhanced property risk matrix** across three broad categories, encapsulating 13 risk factors (asset risk, market/location risk, execution/financial risk), that provide a framework against which to assess both existing and proposed investments and divestments. The matrix visualises how the identified asset enhances or detracts from the portfolio risk / return optimisation and lays out the assessed risks in a standardised framework to consider against the projected returns.

Dynamic portfolio optimisation tool that provides an illustrative real-time measure of risk and return via an 'efficient frontier curve'. The tool maps out a dynamic efficient frontier of CEREIT's investable universe, reflecting the investment team's view of likely expected unlevered returns and assessment of the overall risk per a typical CEREIT property across each asset class in identified countries.

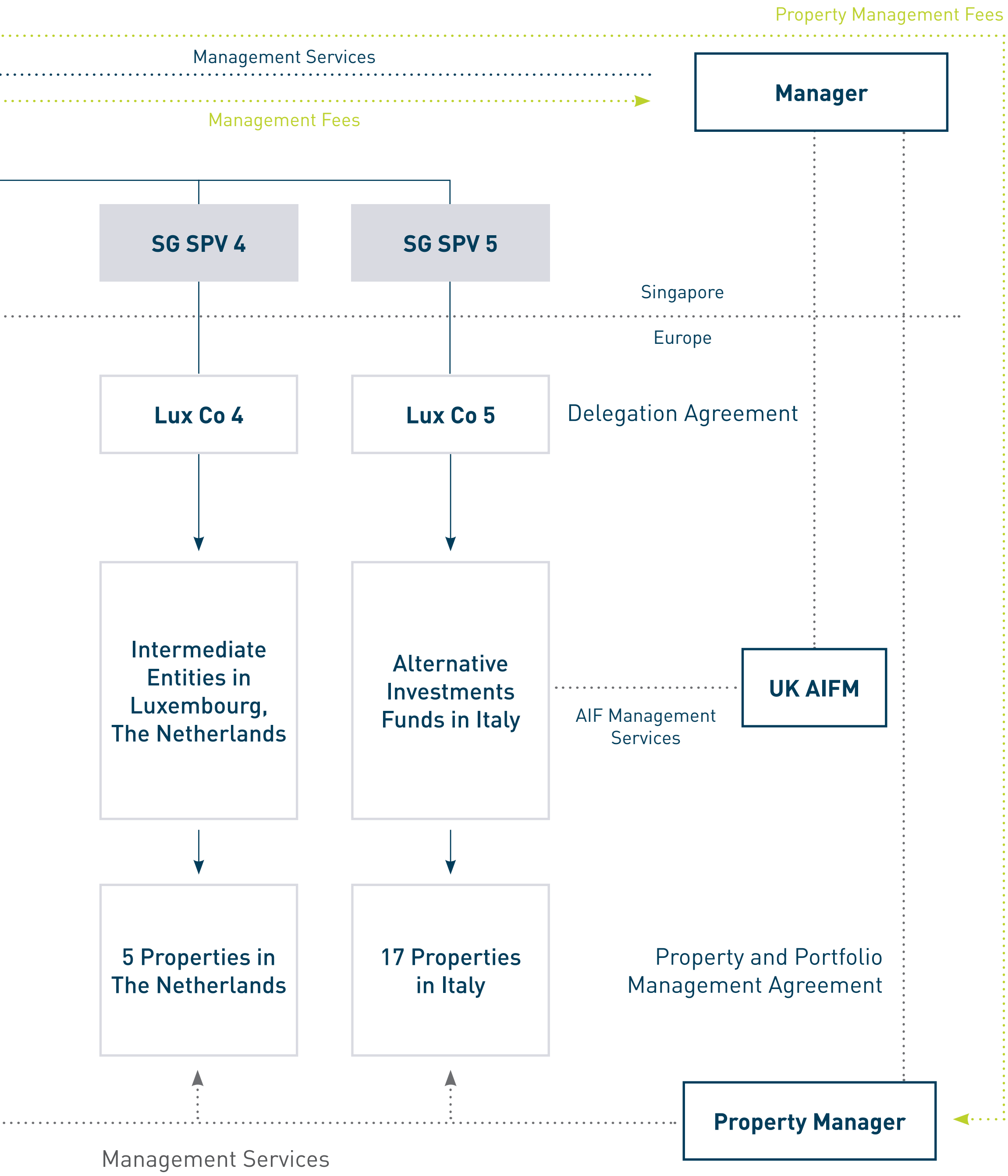
STRUCTURE
OF CEREIT (AS AT 14 FEBRUARY 2019)[1]

The following diagram illustrates the relationship, among others, between CEREIT, the Manager, the Trustee, the Property Manager, the UK AIFM and the Unitholders:



Notes:

1 Includes three properties in Poland (Lux Co 3A) and four properties in France (Lux Co 1) acquired after the end of the Financial Period.


Property Management Fees
Management Services
Management Fees
Manager
SG SPV 4
SG SPV 5
Singapore
Europe
Lux Co 4
Lux Co 5
Delegation Agreement
Intermediate Entities in Luxembourg, The Netherlands
Alternative Investments Funds in Italy
AIF Management Services
UK AIFM
5 Properties in The Netherlands
17 Properties in Italy
Property and Portfolio Management Agreement
Property Manager
Management Services

BOARD
OF DIRECTORS

From left to right:
Fang Ai Lian (sitting), Simon Garing, Christian Delaire, Lim Swe Guan (sitting), Paul Weightman

LIM SWE GUAN, 65

Chairman and Independent Non-Executive Director

Date of appointment as Director

28 July 2017

Length of service as Director (as at 31 December 2018)

1 year 5 months

Board committees served on

Nominating and Remuneration Committee (Member)
Audit and Risk Committee (Member)

Academic and Professional Qualifications

Bachelor of Science in Estate Management from the University of Singapore
Master of Business Administration from the Colgate Darden Graduate School of Business, The University of Virginia
Chartered Financial Analyst of the Institute of Chartered Financial Analysts

Background and working experience

Mr Lim has extensive experience in the investment management and real estate sectors. From 1986 to 1995, he was with Jones Lang Wootton in Sydney, where his last held position was Research Director. He joined Suncorp Investments, Brisbane, Australia and worked as the Portfolio Manager of Property Funds from 1995 to 1997. From 1997 to 2008, he was with the Government of Singapore Investment Corporation, where his last held position was Regional Manager. From 2008 to 2011, he was a Managing Director of GIC Real Estate. His responsibilities included being the Regional Head of Property Investment for Australia, Japan and Southeast Asia and the Global Head of the Corporate Investments Group that invests in public REITs and property companies.

Present Other Listed Company Directorships or Chairmanships (as at 31 December 2018)

General Property Trust Group (Independent Director)
Sunway Berhad (Independent Director)

Present Other Principal Commitments (as at 31 December 2018)

Asia Pacific Real Estate Association Limited (Director)

Past Listed Company Directorships or Chairmanships held over preceding 3 years (from 1 January 2016 to 31 December 2018)

Global Logistic Properties Limited

BOARD
OF DIRECTORS

FANG AI LIAN, 69
Independent Non-Executive Director

Date of appointment as Director
31 July 2017

Length of service as Director (as at 31 December 2018)
1 year 5 months

Board committees served on
Audit and Risk Committee (Chairman)
Nominating and Remuneration Committee (Member)

Academic and Professional Qualifications
Fellow of the Institute of Chartered Accountants in England and Wales
Fellow of the Institute of Singapore Chartered Accountants

Background and working experience
Mrs Fang was with Ernst & Young LLP from 1974 to 2008 and has held various senior management positions in the firm. She was appointed Managing Partner of the firm in 1996 and Chairman in 2005.

Present Other Listed Company Directorships or Chairmanships (as at 31 December 2018)
Banyan Tree Holdings Limited (Independent Director)
Metro Holdings Limited (Independent Director)
Singapore Post Limited (Independent Director)

Present Other Principal Commitments (as at 31 December 2018)
Far East Organization's Australian division (Advisor)
Singapore Business Federation (Chairman of the Board of Trustees)
Medishield Life Council (Chairman of the Board of Trustees)
Tote Board (Singapore Totalisator Board) (Member)
Singapore University of Technology and Design (Member of the Board of Trustees)
Honour (Singapore) Ltd. (NGO) (Director)
Jubilant Pharma Limited (Independent Director)
SingHealth Fund

Past Listed Company Directorships or Chairmanships held over preceding 3 years (from 1 January 2016 to 31 December 2018)
Nil

CHRISTIAN DELAIRE, 51

Independent Non-Executive Director

Date of appointment as Director

24 August 2017

Length of service as Director (as at 31 December 2018)

1 year 4 months

Board committees served on

Nominating and Remuneration Committee (Chairman)
Audit and Risk Committee (Member)

Academic and Professional Qualifications

Master of Science in Management from the ESSEC Business School in Paris

Background and working experience

Mr Delaire has more than 25 years of experience in the investment management and real estate sectors. After an initial first experience with KPMG audit as financial and accounting auditor, he joined AXA Real Estate in 1994. From 1994 to 2009, he held various roles throughout the organisation including Head of Asset Management France, Global Head of Corporate Finance and Global Chief Investment Officer. In 2009, he joined AEW Europe, a real estate fund management company in Europe, as Chief Executive Officer, where he managed the Company from 2009 to 2014. From 2014 to 2016, he also acted as the Global Chief Executive Officer of Generali Real Estate, where he was responsible for the overall strategic vision and management of the firm and its €28 billion of assets.

Present Other Listed Company Directorships or Chairmanships (as at 31 December 2018)

Atenor (Independent Director)

Present Other Principal Commitments (as at 31 December 2018)

CDE Advisors
Foncière Atland, a real estate development, investment and asset management company listed on the Euronext Paris Stock Exchange (Senior Advisor)

Past Listed Company Directorships or Chairmanships held over preceding 3 years (from 1 January 2016 to 31 December 2018)

Nil

BOARD
OF DIRECTORS

PAUL WEIGHTMAN, 57
Non-Independent Non-Executive Director

Date of appointment as Director
31 January 2017

Length of service as Director (as at 31 December 2018)
1 year 11 months

Board committees served on
Nil

Academic and Professional Qualifications
Bachelor of Law degree from the University of Queensland, Australia
Bachelor of Commerce degree from the University of Queensland, Australia
Fellow of the Royal Institute of Chartered Surveyors

Background and working experience
Mr Weightman has extensive experience in funds management, property development and investment, financial structuring, public listings, mergers and acquisitions and joint ventures. He is currently the Chief Executive Officer and Managing Director of the Sponsor and is regarded as the key driver of the Sponsor's success since its inception in 1998.

Prior to joining Cromwell, Mr Weightman practised as a solicitor for more than 20 years. He was a Partner at McKenna Morris Fletcher Lawyers (Singapore) from 1989 to 1991 and Phillips Fox from 1992 to 1993, where he then acted as Managing Partner up to 1998. He was also the founder and a Partner at Creagh Weightman Lawyers from 1999 to 2001. Mr Weightman continues to hold a current practising certificate.

Present Other Listed Company Directorships or Chairmanships (as at 31 December 2018)
Cromwell Property Group (Chief Executive Officer and Managing Director)
(Cromwell Property Group comprises Cromwell Corporation Limited and the Cromwell Diversified Property Trust, the responsible entity of which is Cromwell Property Securities Limited)

Present Other Principal Commitments (as at 31 December 2018)
CDPT Finance No 2 Pty Ltd, CDPT Finance Pty Ltd, CPT Operations Pty Ltd, Cromwell Aged Care Holdings Pty Ltd, Cromwell BT Pty Ltd, Cromwell Capital Pty Ltd, Cromwell Europe Limited, Cromwell European Holdings Limited, Cromwell Finance Pty Ltd, Cromwell Funds Management Limited, Cromwell Investment Services Limited, Cromwell Operations Pty Ltd, Cromwell Project & Technical Solutions Pty Ltd, Cromwell Property Group Foundation Limited, Cromwell Property Services Pty Ltd, Cromwell Real Estate Partners Pty Ltd, Cromwell Seven Hills Pty Ltd, LDK Healthcare Pty Ltd, Marcoola Developments Pty Ltd, Stara Investments Pty Ltd, Votraint No. 662 Pty Limited

Past Listed Company Directorships or Chairmanships held over preceding 3 years (from 1 January 2016 to 31 December 2018)
Nil

SIMON GARING, 50
Chief Executive Officer and Executive Director

Date of appointment as Director
3 September 2018

Length of service as Director (as at 31 December 2018)
4 months

Board committees served on
Nil

Academic and Professional Qualifications
Bachelor of Commerce (Accounting and Finance) from the University of New South Wales, Australia
Fellow of CPA (Australia)
The Hong Kong Institute of Directors (Member)

Background and working experience
Mr Garing has over 25 years of investment management, financial markets and accounting experience in the global real estate industry. He was most recently the Chief Capital Officer of Cromwell Property Group, where he was responsible for capital management and fund raising for capital markets, as well as public and private fund initiatives. A proven capital markets manager, investor and analyst, Mr Garing was previously a Managing Director of Bank of America Merrill Lynch Asia Pacific ("APAC") and Bank of America Merrill Lynch Australia and the Global Head of Real Estate Research. Mr Garing was also the Chairman of the bank's APAC Recommendation Review Committee, managing around 130 equity analysts who evaluated and analysed approximately 1,200 companies spanning several asset classes and industry sectors across 12 APAC countries. Prior to that, he held several senior roles at leading financial advisory firms and investment banks.

Present Other Listed Company Directorships or Chairmanships (as at 31 December 2018)
Nil

Present Other Principal Commitments (as at 31 December 2018)
Nil

Past Listed Company Directorships or Chairmanships held over preceding 3 years (from 1 January 2016 to 31 December 2018)
Nil

THE SPONSOR

CROMWELL PROPERTY GROUP

Cromwell Property Group is the Sponsor of CEREIT.

The Sponsor's strength lies in its global platform and infrastructure, operating a fully integrated European property, investment and asset management model, combined with local expertise drawn from local teams of experienced real estate professionals.

The Sponsor has an active approach to property portfolio and asset management; constantly looking to implement strategic asset management initiatives that create income stability and growth on an asset level. The Sponsor specialises in value-add projects and asset transformations.

As at 31 December 2018, the Sponsor has approximately €3.77 billion of real estate assets under management in Europe with 200+ employees in 20 offices across 12 European countries.

Representatives of the Sponsor's global leadership team, the senior management team of the Property Manager and the Manager team.

THE MANAGER

CROMWELL EREIT MANAGEMENT PTE. LTD.

Cromwell EREIT Management Pte. Ltd. is the Manager of CEREIT.

The Manager has general powers of management over the assets of CEREIT and manages CEREIT's assets and liabilities for the benefit of Unitholders. The Manager sets the strategic direction of CEREIT and provides recommendations to the Trustee on the acquisition, divestment, development and/or enhancement of CEREIT's assets in accordance with its investment strategy.

The Manager provides a holistic range of services. They include, but are not limited to, the following:

Investment:
Formulating CEREIT's investment strategy, including determining the location, sub-sector type and other characteristics of CEREIT's property portfolio. Overseeing the negotiations and providing supervision in relation to investments of CEREIT and making final recommendations to the Trustee.

Asset management:
Formulating CEREIT's asset management strategy, including determining the tenant mix, asset enhancement plans and rationalising operational costs, providing supervision in relation to asset management of CEREIT and making final recommendations to the Trustee on material matters.

Capital management:
Formulating the plans for equity and debt financing for CEREIT's property acquisitions, distribution payments, expense payments and property maintenance payments. Executing CEREIT's capital management plans, negotiating with financiers and underwriters and making final recommendations to the Trustee.

Accounting:
Preparing accounts, financial reports and annual reports for CEREIT on a consolidated basis.

Compliance:
Making all regulatory filings on behalf of CEREIT and using its commercially reasonable best efforts to assist CEREIT in complying with the applicable provisions of the relevant legislation pertaining to the location and operations of CEREIT, the Listing Manual of the SGX-ST, the Trust Deed, any tax ruling and all relevant contracts.

Investor relations:
Communicating and liaising with investors, research analysts and the investment community.

SIMON GARING
Acting CEO And Executive Director

Mr Garing was appointed as the Acting CEO and Executive Director of Cromwell EREIT Management Pte. Ltd. on 3 September 2018.

As the Acting CEO of the Manager, Mr Garing works with the Board to determine the strategy for CEREIT and with the other members of the management team to ensure that CEREIT operates in accordance with the Manager's stated investment strategy.

The Acting CEO is also responsible for the overall day-to-day management and operations of CEREIT and works with the Manager's investment, asset management, financial and legal and compliance team members to meet the strategic, investment, regulatory, sustainability and operational objectives of CEREIT.

Mr Garing has over 25 years of investment management, financial markets and accounting experience in the global real estate industry. He was most recently the Chief Capital Officer of Cromwell Property Group, where he was responsible for capital management and fund raising for capital markets, as well as public and private fund initiatives. In that capacity, he worked closely with the group's investment teams across the world to develop asset investment opportunities, funds, real estate investment trusts and joint ventures that meet the demands of the group's capital partners.

A proven capital markets manager, investor and analyst, Mr Garing was previously a Managing Director of Bank of America Merrill Lynch Asia Pacific ("APAC") and Bank of America Merrill Lynch Australia. He was the Global Head of Real Estate Research and the Chairman of the bank's APAC Recommendation Review Committee, managing around 130 equity analysts who evaluated and analysed approximately 1,200 companies spanning several asset classes and industry sectors across 12 APAC countries.

Prior to that, he held several senior roles at leading financial advisory firms and investment banks. These include appointments as a Managing Director of UBS Australia, where he was also Co-Head of Global Real Estate Research, as a Managing Director of Bell Potter, where he founded its Institutional Real Estate Investment Advisory, Research, Sales and Trading team; as well as an Executive Director at Babcock & Brown, where he was also Global Co-Head of Real Estate.

Mr Garing holds a Bachelor of Commerce (Accounting and Finance) degree from the University of New South Wales and is a Fellow of CPA (Australia) as well as a member of The Hong Kong Institute of Directors.

THIERRY LELEU
Chief Investment Officer ("CIO")

As the CIO of the Manager, Mr Leleu works with the CEO and the other members of the management team to execute the investment programme of the Manager.

The CIO is also responsible for identifying, researching and evaluating potential acquisitions and related investments with a view to enhancing CEREIT's portfolio, or divestments where a property is no longer strategic, or does not enhance the value of CEREIT's portfolio. In order to support these various initiatives, the investment team develops financial models to test the financial impact of different courses of action.

Prior to joining the Manager, Mr Leleu was Head of Strategic Initiatives of Cromwell European Holdings, where he was responsible for the identification and execution of strategic initiatives. From 2013 to 2016, Mr Leleu was Head of Funds Management of Cromwell Europe Limited, where he had overall responsibility for the deployment of equity, the performance of funds under management and driving the asset management teams to execute the agreed business plans. He was also responsible for the development and launch of new products for equity investors as well as the European research.

From 2008 to 2013, Mr Leleu was General Manager, Europe of GE Capital Real Estate's Global Investment Management division. His previous roles included General Counsel for GE Capital Real Estate Europe and Fund Director of a European private equity real estate fund. Mr Leleu also practised as a solicitor for more than 10 years and was a Partner at leading international law firms.

Mr Leleu graduated from the economic and financial section of the Institute d'Etudes Politiques de Paris. He holds a Juris Doctor degree (J.D.) from Université Paris 2 and a Master of Laws from Harvard Law School.

DANIEL DONNER
Chief Financial Officer ("CFO")

Mr Donner joined the IPO team of CEREIT in early 2017 and was appointed as CFO of the Manager in May 2017.

As the CFO of the Manager, Mr Donner works with the CEO and the other members of the management team to formulate strategic plans for CEREIT in accordance with the Manager's stated investment strategy. The CFO is also responsible for applying the appropriate capital management strategy, including tax and treasury matters, as well as finance and accounting matters, overseeing implementation of CEREIT's short and medium-term business plans and fund management activities.

Prior to joining the IPO team of CEREIT, Mr Donner was the Financial Controller of the Sponsor, ASX-listed Cromwell Property Group, where he was responsible for the preparation of the Sponsor's financial statements in accordance with International Financial Reporting Standards ("IFRS"), compliance reporting and the management of the finance department.

From 2002 to 2006, he was the Senior Manager of BDO North Queensland. From 2006 to 2008, he was the Financial Controller of the Hedley Group, where he was part of the IPO team and assisted in the establishment of the group's accounting system in IFRS. From 2008 to 2015, he was the Director in Audit and Assurance Services of Pitcher Partners (Brisbane), where he led statutory audits of the financial statements of listed and unlisted corporations prepared in accordance with IFRS of listed and unlisted corporations and provided IFRS advisory services.

Mr Donner holds a Master's in Business Administration from the Humboldt University of Berlin. He is also a member of the Chartered Accountants Australia and New Zealand.

ELENA ARABADJIEVA
Chief Operating Officer ("COO") and Head of Investor Relations

Ms Arabadjieva joined the Manager in September 2017 as the Head of Investor Relations and was promoted to COO and Head of Investor Relations in September 2018.

As COO, Ms. Arabadjieva is responsible for sustainability, business continuity, general office and business management and people and culture and information technology ("IT") systems oversight. As Head of Investor relations, Ms. Arabadjieva is responsible for overall investor and stakeholder engagement, marketing and communications. This includes producing regular and annual reports for the Unitholders and ensuring compliance by CEREIT with the reporting requirements under the Listing Manual and legal and regulatory framework. Ms. Arabadjieva is also responsible for maintaining continuous disclosure and transparent communications with the Unitholders and the market.

Ms Arabadjieva is an experienced investor relations and communications professional with over 20 years of experience in Asia. Prior to joining the Manager, she was the Head of Investor Relations and Corporate Communications of Cambridge Industrial Trust Management Limited (now known as ESR Funds Management (S) Limited), the manager of Cambridge Industrial Trust (now known as ESR-REIT) where she oversaw the full communications portfolio of the REIT, which included investor and media relations, as well as stakeholders' engagement.

From 2010 to 2015, Ms Arabadjieva was the Director of Investor Relations of Genting Singapore PLC, which is listed on the SGX-ST. From 2008 to 2010, she was the Head of MICE (Meetings, Incentives, Conventions and Exhibitions) of Resorts World Sentosa (wholly-owned subsidiary of Genting Singapore PLC) where she was responsible for the sales, business development and partnerships for the Resorts World Convention Centre. She was also the Director of Marketing and Communications of Suntec Singapore International Convention and Exhibition Centre from 2003 to 2007.

Ms Arabadjieva holds a Master's degree in Architecture from the University of Architecture, Civil Engineering and Geodesy (Bulgaria) and a Masters of Business Administration from INSEAD (France and Singapore).

CHRISTINA THAM
Head of Legal, Compliance and Company Secretarial

Ms Tham joined the Manager in June 2018.

As the Head of the Legal, Compliance and Company Secretarial, Ms. Tham is responsible for the Enterprise Risk Management ("ERM"), Governance and Company Secretarial functions of the Manager. Ms Tham is responsible for the provision of assurance to Management and the Board and its committees, by providing strategic oversight and establishing frameworks to promote a robust culture of ethics and compliance. Ms Tham also provides legal and regulatory oversight in investment transactions.

Ms Tham has more than 25 years of professional experience in the legal and compliance field. Before joining the Manager, she was the Head of Compliance of the Singapore Exchange Limited, where she provided strategic oversight on compliance. Ms Tham also developed and strengthened frameworks; advised on complex initiatives with significant regulatory implications; and provided assurance to the executive management team and audit committee.

Ms Tham has held several key legal and compliance roles in banking and financial institutions. Some key appointments included Regional General Counsel Asia, Private Banking and Merchant Banking (Commercial Banking and Specialised Financial Services) for Fortis Bank; General Counsel, Director of Risk & Compliance, Asia & Middle East for RSA (Royal Sun Alliance) Insurance Group; and Head of Legal & Compliance, Private Client Group and Wealth Management Group of DBS Bank. She started her career as a practising lawyer and was a Partner at ShookLin & Bok (then joint ventured with Allen & Overy).

Ms Tham holds a Bachelor of Laws degree from the University of Leicester (United Kingdom). She was admitted as a Barrister to the Honourable Society of Middle Temple, United Kingdom in 1992 and as an Advocate and Solicitor to the Supreme Court of Singapore in 1993.

THE PROPERTY MANAGER

CROMWELL EUROPE LIMITED

Cromwell Europe Limited has been appointed by the Manager as the Property Manager for CEREIT's assets. The Property Manager currently has property management platforms in 20 offices across 12 European countries, including every country in which a CEREIT asset is located.

The primary goal of the property manager is to build long-term, mutually beneficial relationships with tenant customers. This enables it to understand customer needs and meet their requirements.


Bastion, 's Hertogenbosch, The Netherlands

The Property Manager is also responsible for:

- **Portfolio management and accounting** (comprising portfolio management services and financial, accounting and administration services);
- **Asset management services** (comprising management of the properties, business plan advisory and support services, new investments or development/extension services, debt advisory services, onboarding of new acquisitions, lease management services, technical management services, sustainability, appointment and management of third parties, disposal services and general management services);
- **Accounting and administration services** (comprising financial and accounting services and administration services);
- **Financial and technical property management services** (comprising Financial Services and Technical Services);
- **Project management services;**
- **Development management services; and**
- **Risk Management Services.**

THE PROPERTY MANAGER
LEADERSHIP TEAM

MARK MCLAUGHLIN
Managing Director, Europe

As Managing Director of Cromwell Property Group in Europe, Mr McLaughlin has full responsibility for running the European business.

Mr McLaughlin joined in 2001 and has held a number of key roles within Cromwell Property Group. He was formerly Head of Property, Europe, where he was responsible for growing the asset management capabilities of the business across the continent. Prior to this, he was head of the Benelux team, based in Amsterdam.

Mr McLaughlin has more than 20 years of experience in the commercial property and construction industries, gained through roles across Europe, Singapore and his native Republic of Ireland. He holds an Honours Degree in Civil Engineering from the University of Dundee.

ROBIN MACPHERSON
Head of Risk, Europe

Mr Macpherson joined in 2016 from The Royal Bank of Scotland ("RBS") where he held the role of Head of Legal, Large Corporate and Sectors, the U.K.and Western Europe. Robin has extensive corporate law and transactional experience for high profile banking institutions and private equity firms. At RBS he designed and advised on appropriate models for managing risk in a regulated environment, advised on the active management of £29 billion of assets and oversaw legal and risk issues relating to 14 Western European jurisdictions.

As Cromwell Property Group's Head of Risk, Europe, Mr Macpherson oversees all legal, risk, compliance and governance issues affecting the European business ensuring standards of good corporate governance are in place and maintained. Since joining Cromwell Property Group, Mr Macpherson has launched the company's first open ended fund in Luxembourg (and the jurisdiction's first Reserved Alternative Investment Fund ("RAIF"), managed the company's U.K. Alternative Investment Fund Management ("AIFM") business and secured a licence from the Luxembourg regulator for a new AIFM. Robin holds a law degree from the University of Birmingham.

ROB COTTERELL
Head of Investments, Europe

Mr Cotterell joined Cromwell Property Group in 2002 as the Fund Manager for V+ UK before taking on the company's V+ Nordic and V+ Nordic 2 funds in 2008 and the Kefren bank workout mandate. Recently he was the Fund Manager for the Cromwell European Value Add Fund I from inception to €700 million of assets. With Mr Cotterell's experience and expertise in both funds management and acquisitions, he is now Head of Investments for Europe, responsible for both the funds management and transactions business lines within the European platform. Mr Cotterell has over 23 years of commercial property experience. Prior to joining Cromwell Property Group, he worked at the investment agency, Allsop and as an acquisitions and development specialist at ING Investment Management.

CEREIT'S MILESTONES SINCE INCEPTION

74
properties
Portfolio value at
€1,354 million

Nov 2017:
Listed on SGX-ST

74
properties
Portfolio value at
€1,361 million

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

Apr 2018:
Commenced dual currency trading

75
properties
Portfolio value at
€1,390 million

Jun 2018:
Completed acquisition of property in Ivrea, Italy

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

Aug 2018:
Achieved Platinum Award (for Industrial REITs with market capitalisations of US$1 billion and above) at the Asia Pacific Best of the Breeds REITs Awards™ 2018

77
properties
Portfolio value at
€1,428 million

Oct 2018:
Awarded GRESB Sustainability Benchmark

Nov 2018:
The Manager held an EGM and secured Unitholders' approval for the acquisition of 16 properties in the Netherlands, Finland and Poland, as well as the approval for the Rights Issue to partially fund the acquisitions

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

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

90
properties
Portfolio value at
€1,696 million

End of Financial Period

93
properties
Portfolio value at
€1,718 million

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

97
properties
Portfolio value at
€1,795 million

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

MANAGER'S REPORT

FINANCIAL PERFORMANCE

CEREIT has, on a like-for-like basis, delivered results which exceeded the IPO Forecast for the Financial Period. Gross revenue of €135.3 million was 1.3% higher than the IPO Forecast and NPI of €90.2 million was 3.7% higher than the IPO Forecast over the Financial Period.

Income available for distribution of €74.4 million was 1.4% above the IPO Forecast of €73.4 million over the Financial Period. Disregarding the new Units issued in December 2018, the distribution per unit ("Adjusted DPU") over the Financial Period was 1.4% ahead of the IPO Forecast with an Adjusted DPU of 4.70 Euro cents per unit ("cpu") compared to the IPO Forecast of 4.64 cpu. Taking into account the new Units issued pursuant to the Equity Raising in December 2018 which includes the entitlement to the distribution to be paid for the period from 1 July 2018 to 31 December 2018, the actual DPU ("Actual DPU") over the Financial Period was 4.10 cpu.

Earnings per unit ("EPU") for the Financial Period were 4.99 cpu, which equates to 4.58 cpu on an annualised basis. The EPU was calculated by taking the total return attributable to Unitholders and restating for the bonus element in the new Units issued pursuant to the Rights Issue. As at 31 December 2018, the NAV was 51.3 cpu. Combined, CEREIT delivered a total return on equity (defined as EPU divided by NAV per Unit) of 9.3%.

CEREIT was constituted as a private Singapore trust on 28 April 2017 ("Constitution Date") as a wholly owned Trust of Cromwell Property Group. During the period from the Constitution Date until Listing Date, CEREIT acquired a group of entities from Cromwell Property Group that held three Dutch office assets. The total return from these properties during the period prior to the Listing Date does not form part of distributable income to which Unitholders are entitled.

Prior to the Listing Date, SGX-ST granted CEREIT a waiver from preparing its financial statements and Annual Report for the period ended 31 December 2017. Accordingly, the financial statements in this Annual Report cover the period from the Constitution Date to 31 December 2018. The audited financial statements also include financial information for the period from the Listing Date to 31 December 2018 (the "Financial Period") on which this Manager's report will focus as this is the period of relevance to Unitholders.

	Actual 30-Nov-17 to 31-Dec-18	IPO Forecast 30-Nov-17 to 31-Dec-18	Variance %
Gross revenue (€'000)	**135,286**	133,525	1.3%
Net property income (€'000)	**90,180**	86,973	3.7%
Total return for the period attributable to Unitholders (€'000)	**85,733**	57,580	48.9%
Income available for distribution to Unitholders (€'000)	**74,370**	73,356	1.4%
13-month Actual DPU (cpu)	**4.10**	4.64	(11.6%)
For Information only:			
Earnings per Unit (cpu)[1]	**4.99**	N.A.	N.A.
13-month Adjusted DPU (cpu)[2]	**4.70**	4.64	1.4%
12-month Adjusted DPU (cpu)[3]	**4.30**	4.30	–
12-month Illustrative DPU (cpu)[4]	**3.75**	3.75	–

1 The EPU has been restated to reflect the bonus element in the new Units issued pursuant to the Rights Issue in December 2018.

2 Adjusted DPU compares Actual DPU excluding the Rights Issue Units to IPO Forecast which is on a like-for-like basis.

3 12-month Adjusted DPU calculates like-for-like DPU for calendar year 2018 compared against IPO Projection.

4 12-month Illustrative DPU calculates the DPU for calendar year 2018 using the weighted average number of Units applicable as a result of the new Units being eligible for the distribution for 2H FY 2018. The IPO Forecast has also been adjusted by using the same weighted average number of Units.

GROSS REVENUE AND NET PROPERTY INCOME ANALYSIS

The table below summarises the Gross Revenue and NPI figures by asset class across the different countries where CEREIT's assets are located.

For the Financial Period	Actual Gross Revenue €'000	Actual NPI €'000	IPO Forecast NPI €'000	Change in NPI €'000	Change in NPI %
Office					
The Netherlands	31,982	21,107	22,144	(1,037)	(4.7%)
Italy	20,175	14,637	13,554	1,083	8.0%
	52,157	**35,744**	**35,698**	**46**	**0.1%**
Light Industrial / Logistics					
The Netherlands	7,795	6,280	5,158	1,122	21.8%
France	35,691	21,685	20,509	1,176	5.7%
Germany	11,180	7,466	6,521	945	14.5%
Denmark	10,526	6,116	6,216	(100)	(1.6%)
Italy	1,198	881	881	–	–
	66,390	**42,428**	**39,285**	**3,143**	**8.0%**
Other					
Italy	16,739	12,008	11,991	17	0.1%
Total Portfolio	**135,286**	**90,180**	**86,974**	**3,206**	**3.7%**

For the Financial Period, NPI was €90.2 million compared to the IPO Forecast of €87.0 million. The main contributor for the better-than-expected result was CEREIT's Pan-European light industrial / logistics portfolio which yielded a NPI €3.1 million above IPO Forecast, driven by better-than-anticipated leasing outcomes across Germany and the Netherlands. CEREIT's office and other asset classes performed largely within expectations.

Office

As at 31 December 2018, CEREIT's office portfolio comprised seven office buildings in the Netherlands, 11 office buildings in Italy and 11 office buildings in Finland.

Over the Financial Period, five office buildings located in the three major cities of the Netherlands (Amsterdam, Rotterdam and The Hague) contributed 59.1% of the office portfolio's NPI and 11 office buildings in Italy located primarily in Italy's two main cities (Milan and Rome) contributed 40.9% of the office portfolio's NPI.

The acquisitions of the 11 Finnish and two of the seven Dutch office assets were only completed on 28 December 2018 and have therefore not contributed to the NPI during the Financial Period. The acquisition of two of the Italian assets completed on 5 December 2018 and therefore marginally contributed to the NPI during the Financial Period.

Gross revenue and NPI of the Dutch office assets for the Financial Period was lower than the IPO Forecast (3.2% and 4.7% respectively) in part due to lower-than-expected Consumer Price Index ("CPI") indexation of rents for 2018, as well as slower-than-expected take-up of vacant space at Haagse Poort.

Additionally, the incentives granted to Coolblue for the extension of its lease in Central Plaza, Rotterdam, differed from IPO projections with a higher portion of rent-free accounted for in 2018. There were also some further IFRS straight-lining adjustments to rental revenue due to varying leasing outcomes compared to the IPO forecast. These adjustments, however, do not affect distributable income.

The Italian office portfolio was 8.0% ahead of the IPO Forecast partly due to savings from letting fees assumed at IPO that were funded by the previous owner and better-than-expected leasing outcomes, particularly for Milano Affari and Assago F7-F11, Milan. In addition, the results reflect the contributions from the Ivrea asset acquired in June 2018 and from the Genoa and Bari assets acquired in December 2018. These acquisitions contributed €0.8 million to FY 2018 NPI and were not projected in the IPO Forecast. Excluding the impact of these three assets, the Italian office portfolio was still 1.8% ahead of the IPO Forecast.

Light Industrial / Logistics

As at 31 December 2018, CEREIT's light industrial / logistics portfolio comprised 21 properties in France, 13 properties in Denmark, 11 properties in Germany, 10 properties in the Netherlands and one property in Italy. For the Financial Period, the portfolio performed better than projected with NPI 8.0% above the IPO Forecast. This result was mainly attributable to the strong performance of the light industrial / logistics portfolios in the Netherlands (+21.8%), Germany (+14.5%) and France (+5.7%), while the portfolio in Denmark performed marginally below the IPO Forecast (-1.6%).

In the Netherlands, the light industrial / logistics assets performed significantly ahead of the IPO Forecast, with NPI over the Financial Period 21.8% ahead, notably driven by better-than-expected leasing and occupancy levels across the portfolio.

The German portfolio finished the year with a very strong 4Q 2018 (a 45.2% uplift in NPI q-o-q), contributing to a NPI over the Financial Period 14.6% ahead of IPO Forecast. Performance was driven by better-than-forecast leasing outcomes at the Stuttgart-Frickenhausen, Straubing and Frankfurt-Hanau assets. The recent leasing at the Stuttgart-Frickenhausen asset drove the uplift in NPI over the quarter.

The light industrial / logistics portfolio in France performed better than IPO Forecast over the Financial Period, with the NPI €1.2 million ahead (+5.7%).

The light industrial / logistics portfolio in Denmark was negatively impacted by the unexpected departures of major tenants of Naverland 12, Glostrup and Naverland 8, Glostrup, both located near Copenhagen. As a result, the NPI over the Financial Period lagged the IPO Forecast by 1.6%.

Other

Other property assets comprise three government-let campuses, one retail / leisure asset and one hotel, all located in Italy. All these assets are 100% let on long-term leases and performed marginally ahead of IPO Forecast.

INCOME AVAILABLE FOR DISTRIBUTION ANALYSIS

Finance costs were 10% higher than IPO Forecast due to the acquisitions during the Financial Period. Additional temporary drawdowns were made on the unsecured revolving credit facility ("RCF") during the Financial Period, including bridge funding the Ivrea, Bari and Genoa assets acquired in Italy during the year. Debt establishment costs were also higher than IPO Forecast as an extension fee was incurred in connection with the extension to January 2020 of the RCF's maturity.

Manager's base fees, which are calculated based on average monthly gross asset value ("GAV"), were marginally higher than IPO Forecast due to higher property valuations as well as a marginal impact from the new acquisitions at the end of FY 2018.

During the first year of operations, trust expenses were considerably higher than the IPO Forecast mainly due to additional advisory and administrative expenses.

Income tax expense was significantly higher than IPO Forecast owing to the +6.4% revaluation of the IPO portfolio over the Financial Period, that increased the deferred tax expense by more than €15 million. Current tax expense however was marginally lower than IPO Forecast over the Financial Period.

In total, income available for distribution to Unitholders over the Financial Period was €1.0 million above the IPO Forecast (+1.4%). Taking into account the Rights Issue and the fact that the new Units were entitled to the full 2H FY 2018 distribution, Actual DPU was 11.6% below the IPO Forecast. However, on a like-for-like basis (where the new Units are excluded from the DPU calculation), the Adjusted DPU for the Financial Period was 1.4% higher than the IPO Forecast.

The Rights Issue provided investors the opportunity to acquire 38 new Units for every 100 existing Units at a price of €0.373 per Unit. Accordingly, an investor who invested in the Rights Issue would have achieved a total return (defined as EPU divided by NAV per Unit) of 9.3%.

With respect to FY 2019 DPU, the Prospectus Forecast was 4.40 cpu. Taking into account the new Units issued (in accordance with paragraph 46 of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts"), the restated FY 2019 DPU is 4.02 cpu.

FINANCIAL POSITION

	As at 31 December 2018	Prospectus Pro Forma	Change %
GAV (€'000)	**1,814,842**	1,374,886	32.0%
NAV (€'000)	**1,118,767**	837,167	33.6%
Gross borrowings before unamortised debt issue costs (€'000)	**598,165**	494,400	21.0%
Aggregate leverage (%)[1]	**33.0%**	36.8%	(3.8%)
Net Gearing (%)[2]	**30.8%**	33.9%	(3.1%)
Units issued ('000)	**2,181,978**	1,573,990	38.6%
NAV per Unit[3] (cpu)	**51.3**	53.0	(3.3%)

1 Prospectus Pro Forma includes the deferred consideration of €12 million retained by CEREIT in respect of Parc des Docks. CEREIT settled the deferred consideration in 3Q FY 2018. Upon acquisition of certain Italian properties, earn-out agreements have been negotiated with the vendor of the properties whereby CEREIT may be required to make further payments if certain lease outcomes are achieved in the future. As the signing of leases is solely at the discretion of the Manager, such arrangements are neither recognised as a liability on the balance sheet nor is it considered to be a contingent liability as no contractual obligation exists. As such, payments under the earn-out arrangements do not count towards CEREIT's aggregate leverage limit.

2 Net Gearing is calculated as gross borrowings less cash over total assets less cash.

3 NAV per Unit (cpu) as at 31 December 2017 was 52.5 cpu.

MANAGER'S REPORT

The +32.0% increase in the GAV compared to IPO pro-forma balance sheet is largely attributable to the acquisition of new properties in the Netherlands, Italy and Finland, as well as partially due to revaluation gains on the existing portfolio following the independent valuation of CEREIT's portfolio. Gross revaluation gains of €84.5 million were recorded on the 75 properties, which were valued by either Colliers International LLP ("Colliers") or Cushman & Wakefield LLP ("C&W") as at 31 December 2018 (also taking into account valuations in March 2018). The net unrealised revaluation gain of €37.1 million was recorded after taking into account acquisition costs incurred on the IPO portfolio and all of the new acquisitions in 2018. The recent acquisitions were recorded at their respective purchase prices as a proxy of fair value given they were acquired towards the end of the Financial Period.

A majority of the €376.8 million of acquisitions announced on 30 October 2018 were completed before 31 December 2018, with €100.0 million of assets in Poland and France being completed after year end. The acquisitions in Italy, Finland and the Netherlands contributed an additional €36.0 million, €113.1 million and €127.6 million respectively taking the overall portfolio value to €1,694.7 million as at 31 December 2018.

These acquisitions were partly funded from the proceeds of the Rights Issue and also partly funded from the RCF and new debt facilities.

Aggregate leverage as at 31 December 2018 was 33.0%, lower than the 31 December 2017 aggregate leverage of 35.7% due to the Rights Issue completing prior to year-end, with the balance of the proceeds used in 1Q FY 2019 to acquire the four assets in France and three assets in Poland.

During the year, CEREIT issued 600,834,459 Units pursuant to the Rights Issue, 3,303,739 new Units issued to the Manager (representing 100% of the base management fees) and 3,849,575 new Units issued to the Property Manager (representing 40.0% of property and portfolio management fees) for the seven-month period between Listing Date and 30 June 2018.

At the end of FY 2018, a total of 12,635,500 Units were issuable for base management fees and property and portfolio management fees for the period from 1 July to 31 December 2018 and acquisition fees on the assets acquired in December 2018.

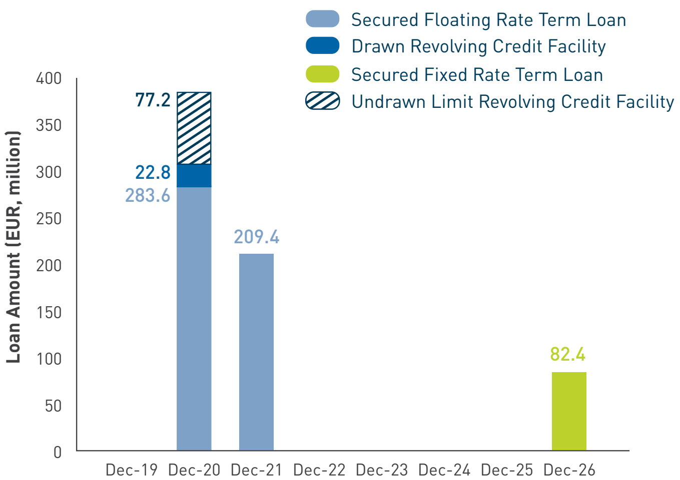
CAPITAL MANAGEMENT

As per above, CEREIT's balance sheet remains robust as at 31 December 2018 with an aggregate leverage of 33.0% (2.7% below the aggregate leverage as at 31 December 2017). CEREIT is well-positioned to fund further investment opportunities and will continue with a responsible approach to capital management.

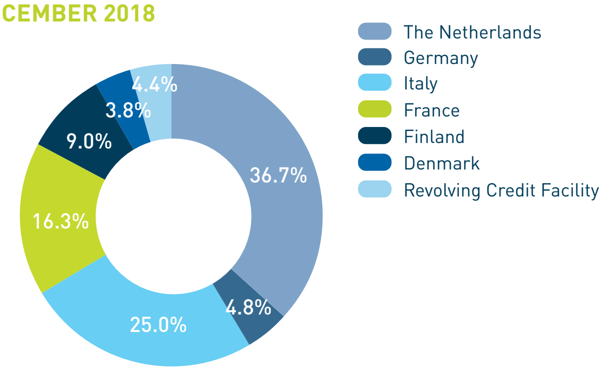
As at 31 December 2018, CEREIT has a weighted average term of debt of 3.0 years with a weighted average all-in borrowing cost of 1.40% per annum, excluding the RCF. Due to the wide spread between CEREIT's NPI yield and its cost of debt, the interest coverage ratio is very healthy at 8.9 times. The current hedging profile, which comprises a mix of fixed and floating rate hedge instruments, allows the Manager to take advantage of the negative interest rate environment in Europe. As at 31 December 2018, 71.2% of all committed borrowings were hedged with a weighted average term of 2.4 years. Since the end of the Financial Period, additional debt was drawn down to fund the remaining acquisitions of the three Polish and four French assets that had been announced but not completed by 31 December 2018. Following these acquisitions and associated debt drawdowns in 1Q FY2019, further hedging instruments were entered into, resulting in the amount of debt hedged increasing to 87.4%. The Manager continues to maintain a well-diversified debt and maturity profile to manage both credit risk and interest rate risk.

In the Financial Period, the Manager established €264.0 million in new debt facilities, comprising €164.0 million in secured term loan facilities and €100.0 million in unsecured RCF. The facilities were competitively priced, helping to reduce CEREIT's weighted average cost of debt and were utilised to partially fund acquisitions, refinance existing borrowings and for working capital purposes.

CEREIT DEBT MATURITY (AS AT 31 DECEMBER 2018)



CEREIT LOAN PORTFOLIO BY COUNTRY AS AT 31 DECEMBER 2018



	As at 28 February 2019	As at 31 December 2018	IPO Prospectus
Total Gross Debt (€ million)	675.3	598.2	494.4
Hedge Ratio %	87.4%	71.2%	85.5%
Aggregate Leverage	35.6%	33.0%	36.8%
Interest Cover (times)	N.A.	8.9x	9.6x

USE OF PROCEEDS FROM IPO

Gross proceeds of €865.7 million were raised from the IPO (including the issue of Units to the Sponsor and the cornerstone investors) to partially fund the acquisition of the IPO portfolio. The use of the IPO proceeds was in accordance with the stated use and was in accordance with the percentage allocated in the prospectus of CEREIT. The use of the IPO proceeds is shown in the table below:

	Proposed Use of Proceeds €'000	Actual Use of Proceeds €'000
Gross Proceeds from IPO	**865,700**	**865,700**
Use of Proceeds:		
To partially fund the acquisitions of 74 properties located in Denmark, France, Germany, Italy and the Netherlands.	**865,700**	**865,700**

USE OF PROCEEDS FROM RIGHTS ISSUE

CEREIT raised €224.1 million in December 2018 by way of a Rights Issue with 38 new Units being issued for every 100 existing Units at an issue price of €0.373 per Unit. The issue price represented a 25% discount to the theoretical ex-rights price of €0.498 per Unit. The issue was oversubscribed and an outstanding success, with 98.2% of existing Unitholders lodging valid rights applications. A total of 600,834,459 new units were issued. The proceeds were applied in accordance with the stated use as disclosed in the announcement dated 30 October 2018 in relation to the Rights Issue, save for the €2.25 million used to repay debt as the Manager decided not to proceed with the acquisition of the Aulnay, France property.

	Proposed Use of Proceeds €'000	Actual Use of Proceeds €'000
Gross Proceeds from Rights Issue	**224,100**	**224,100**
Use of Proceeds:		
To partially fund the total cost of the acquisitions of 16 properties located in the Netherlands, Finland and Poland, the Rights Issue and the payment of sub-underwriting commission	**170,800**	**170,800**
To partially fund the acquisitions of the Ivrea, Bari, Genova assets in December 2018 and the French logistics assets	**53,300**	**51,050**
To repay debt	**–**	**2,250**

MANAGER'S REPORT

ACQUISITIONS

Immediately following the Listing Date, CEREIT had a portfolio of 73 assets with the 74th property, located at Via della Fortezza no. 8, Florence, Tuscany, Italy, being acquired on 15 February 2018, as contemplated in the Prospectus, upon the Italian Republic not exercising its pre-emptive right to acquire the property. The asset is a freehold office property with a long lease to Agenzia del Demanio (the Italian State Property Office that is part of the Ministry of Finance of the Republic of Italy), that was acquired for €17.35 million on an 8.3% net initial yield ("NIY").

Acquisition of Via Jervis 9, Ivrea, Italy

On 27 June 2018, CEREIT completed the acquisition of Vodafone's Italian headquarters, a freehold office asset located in the city of Ivrea (approximately 45 km north-east of Turin) for €16.9 million at an 8.4% NIY. The asset complements CEREIT's current office portfolio in terms of lease length, further enhances the stability of its cash flows accretively and diversifies the tenant base and industry sectors.

Acquisition of 22 Properties Across Five Countries

In October 2018, the Manager announced the proposed acquisition of 22 properties across five countries for a combined purchase price of €376.8 million. This was a combination of separate portfolios from three different vendors:

- acquisition of two office properties in Italy for €36.0 million;
- acquisition of 16 predominantly office properties, two in the Netherlands for €127.6 million, 11 in Finland for €113.1 million and three in Poland for €71.9 million;
- acquisition of four logistics properties in France for €28.2 million; and
- an option to acquire a retail / DIY unit in France (which the Manager elected not to proceed with)

The assets in Italy were part of an identified portfolio that also comprised the Ivrea asset acquired on 27 June 2018. The two office assets in Genova and Bari were purchased for a total consideration of €36.0m and completed on 5 December 2018. Both assets are 100.0% occupied and leased to the Agenzia del Demanio. The assets generate strong cash flows with a NIY of 7.4%, complementing the existing office portfolio with additional growth potential from annual rent increases indexed to 75.0% of the Italian CPI variation.

The acquisitions in the Netherlands, Finland and Poland consisted of 16 office properties for a combined purchase price €312.5 million. The acquisitions are consistent with the Manager's investment strategy to acquire quality assets with enhanced geographical and tenant diversification.

The acquisitions of the two assets in the Netherlands and 11 assets in Finland were simultaneously completed on 28 December 2018, while completion of the acquisition of the three assets in Poland took place on 14 February 2019 upon securing the required tax rulings.

The assets in France were acquired as a portfolio in four locations and were completed in 1Q FY 2019. The assets are all single let, light industrial / logistics properties on triple net leases. All but one are situated on freehold land; the Gennevilliers asset is a leasehold property with a 29-year residual term.

ACQUISITIONS COMPLETED IN FY 2018

Building	Address	City	Valuation[1] (€ million)	Price (€ million)	Completion Date
Italy					
Ivrea	Via Guglielmo Jervis 13	Ivrea	16.9	16.9	27 Jun 2018
Bari	Corso Lungomare Trieste 23	Bari	12.2	12.2	05 Dec 2018
Genova	Via Camillo Finocchiaro Aprile 1	Genova	23.8	23.8	05 Dec 2018
Finland					
Grandinkulma	Kielotie 7	Helsinki	12.8	12.5	28 Dec 2018
Kuopion Kauppakeskus	Kauppakatu 39	Kuopio	7.7	7.6	28 Dec 2018
Liiketalo Myyrinraitti	Myyrmäenraitti 2	Helsinki	12.2	12.0	28 Dec 2018
Helsingin Mäkitorpantie 3	Mäkitorpantie 3b	Helsinki	7.8	7.6	28 Dec 2018
Opus 1	Hitsaajankatu 24	Helsinki	15.7	13.5	28 Dec 2018
Pakkalan Kartanonkoski 12	Pakkalankuja 7	Helsinki	6.7	6.1	28 Dec 2018
Pakkalan Kartanonkoski 3	Pakkalankuja 6	Helsinki	10.6	9.7	28 Dec 2018
Plaza Allegro	Äyritie 8 B	Helsinki	11.4	11.2	28 Dec 2018
Plaza Forte	Äyritie 12 C	Helsinki	13.8	12.6	28 Dec 2018
Plaza Vivace	Äyritie 8 C	Helsinki	14.1	13.2	28 Dec 2018
Purotie 1	Purotie 1	Helsinki	7.5	7.1	28 Dec 2018
The Netherlands					
Bastion	Willemsplein 2 - 10	's-Hertogenbosch	77.6	76.9	28 Dec 2018
Moeder Teresalaan	Moeder Teresalaan 100/200	Utrecht	51.5	50.7	28 Dec 2018

ACQUISITIONS COMPLETED IN 1Q FY2019

Building	Address	City	Vendors	Valuation[1] (€ million)	Purchase Price[2] (€ million)	Completion Date
Poland						
Arkońska Business Park	Arkońska 1&2	Gdańsk	Artemis Acquisition Poland S.à r.l.	19.0	18.2	14 Feb 2019
Riverside Park	Fabryczna 5	Warsaw	Artemis Acquisition Poland S.à r.l.	31.9	31.3	14 Feb 2019
Grójecka	Grójecka 5	Warsaw	Artemis Acquisition Poland S.à r.l.	22.4	22.3	14 Feb 2019

Building	Address	City	Vendors	Valuation (€ million)	Purchase Price[2] (€ million)	Completion Date
France						
Parc de Louvresses	46-48 boulevard Dequevauvilliers	Gennevilliers	Challenger DPG France II SAS	6.8	6.8	14 Feb 2019
Parc de Meslay	ZI du Papillon	Parcay-Meslay	CDPG Luxembourg S. à r. l.	5.9	5.7	23 Jan 2019
Parc de Sully	105 route d'Orléans	Sully-sur-Loire	CDPG Luxembourg S. à r. l.	5.5	5.5	23 Jan 2019
Parc de Béziers	Rue Charles Nicolle	Villeneuve-lès-Béziers	CDPG Luxembourg S. à r. l.	10.2	10.2	23 Jan 2019

1 Valuations of the Netherlands, Finland and Poland properties are based on the higher of the external valuations conducted by Colliers and C&W at the time of acquisition using the income capitalisation methodology in accordance with RICS Valuation – Global Standards. The valuations of the Italy properties are based on the independent valuations at the time of acquisition using the same methodology.

2 Assets purchased after 31 December 2018 were purchased at or below external valuations based on an income capitalisation methodology. With the exception of Gennevilliers, the French assets were purchased as part of a share deal so purchase price reflects underlying allocated consideration.

MANAGER'S REPORT

PORTFOLIO MANAGEMENT AND PERFORMANCE

As at 31 December 2018, CEREIT owned a diversified portfolio of 90 predominantly office and light industrial / logistics assets across six countries in Europe – Denmark, Finland, France, Germany, Italy and the Netherlands. 75 properties were subjected to annual property valuations as at 31 December 2018 with Colliers and C&W valuing 36 and 39 of CEREIT's portfolio respectively.

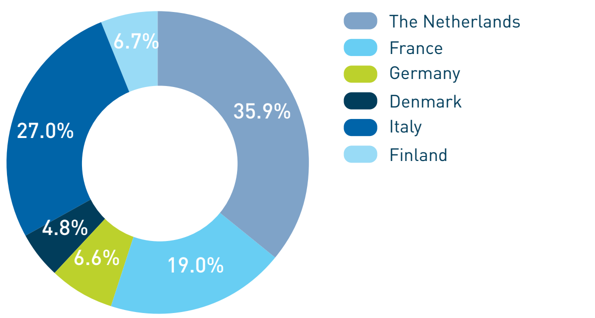
The other 15 properties owned as at 31 December 2018 were recorded in the financial statements at their respective purchase price as the Directors of the Manager regarded this as the best approximation to fair value given the fact that all of the acquisitions completed towards the end of the Financial Period.

The table below summarises the valuations compared against the purchase price:

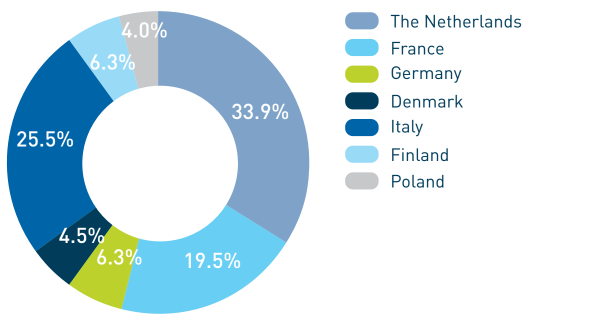
By Geography	Purchase Price €'000	Number of Properties	Valuation 31-Dec-18 €'000	Variance
The Netherlands	454,465	15	480,350	5.7%
France	289,800	21	321,600	11.0%
Germany	91,254	11	113,600	24.5%
Denmark	76,089	13	81,302	6.9%
Italy	404,900	14	404,200	(0.2%)
	1,316,508	74	1,401,052	6.4%
Ivrea	16,900	1	16,900	–
	1,333,408	75	1,417,952	6.3%

As illustrated in the charts below, CEREIT's portfolio is well-diversified both geographically and by asset class as at 31 December 2018, with further diversification provided with the new acquisitions detailed above in 1Q FY2019.

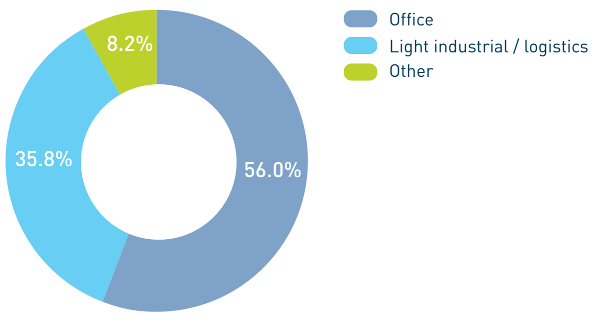
CEREIT PORTFOLIO BY COUNTRY (AS AT 31 DECEMBER 2018)



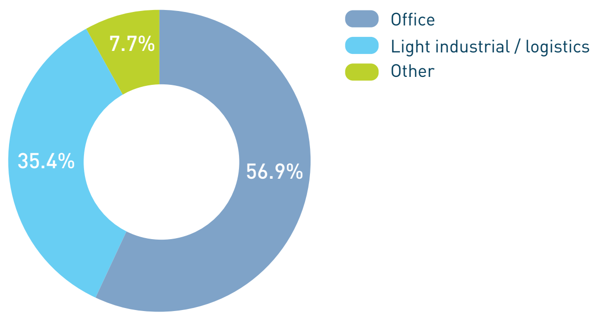
CEREIT PORTFOLIO BY COUNTRY (AS AT 14 FEBRUARY 2019)



CEREIT PORTFOLIO BY ASSET CLASS (AS AT 31 DECEMBER 2018)



CEREIT PORTFOLIO BY ASSET CLASS (AS AT 14 FEBRUARY 2019)

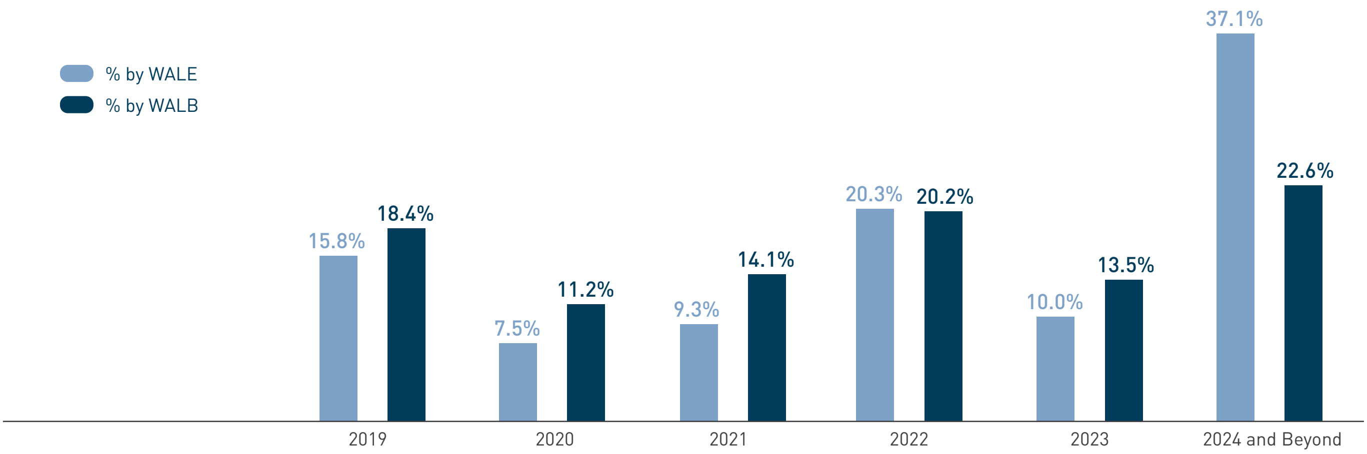


LEASE MANAGEMENT

The Manager adopts a 'barbell approach' as a key strategy. This is evident in its management of CEREIT's properties – growth may be expected by the light industrial / logistics sector and enhanced stability provided by the office sector.

For the entire portfolio, occupancy by area was 90.8% at the end of December 2018, compared to 87.7% as reported in the Prospectus (as at 30 April 2017) and 80 basis points above the IPO projection for 2018. The WALE on a total portfolio basis as at 31 December 2018 is 4.7 years, with the top 10 tenants having a 4.8-year WALE as at 31 December 2018. The WALB[2] on a total portfolio basis as at 31 December 2018 stands at 3.9 years. Weighted average lease term of new leases signed since Listing Date was 6.8 years.

CEREIT LEASE EXPIRY PROFILE BY GROSS RENT



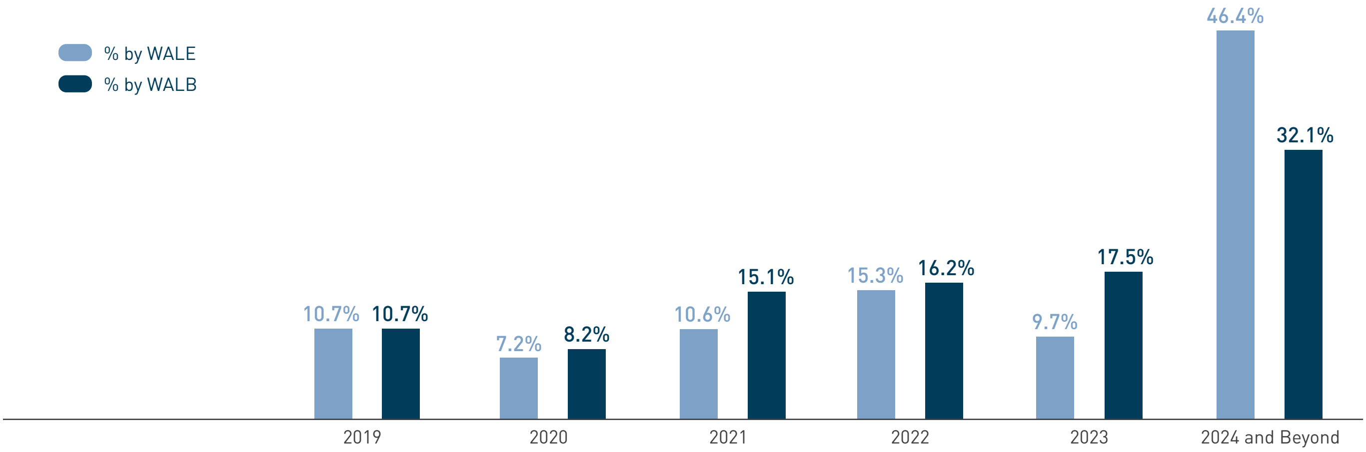
Gross Rent	2019	2020	2021	2022	2023	2024 and Beyond
Expiry (€'000)	20,091	9,500	11,801	25,759	12,728	47,173
Break (€'000)	23,366	14,218	17,971	25,634	17,132	28,733
% by WALE	15.8%	7.5%	9.3%	20.3%	10.0%	37.1%
% by WALB	18.4%	11.2%	14.1%	20.2%	13.5%	22.6%

2 WALB is defined as the weighted average lease break by headline rent based on the earlier of the next permissible break date at the tenant's election or the expiry of the lease.

OFFICE SECTOR

The office sector has a high occupancy of 95.2% and a long WALE of 5.2 years. During the Financial Period, tenant retention was 87% in the office sector.

LEASE EXPIRY PROFILE – OFFICE BY GROSS RENT



Gross Rent	2019	2020	2021	2022	2023	2024 and Beyond
Expiry (€'000)	6,764	4,538	6,702	9,699	6,160	29,349
Break (€'000)	6,832	5,199	9,563	10,219	11,083	20,317
% by WALE	10.7%	7.2%	10.6%	15.3%	9.7%	46.4%
% by WALB	10.8%	8.2%	15.1%	16.2%	17.5%	32.1%

	30-Nov-17 to 31-Mar-18	1-Apr-18 to 30-Jun-18	1-Jul-18 to 30-Sep-18	1-Oct-18 to 31-Dec-18	Total 30-Nov-17 to 31-Dec-18
No. of New Leases Signed	2	5	–	2	9
No. of Leases Renewed	2	5	2	–	9
Tenant Retention Rate	97%	85%	100%	–%	87%
Total No. of Leases as at 31-Dec-18					308
Total No. of Tenants as at 31-Dec-18					196
% Freehold (on valuations)					83%

	Occupancy	WALE	WALB
Finland	91.2%	3.5 years	3.0 years
Italy	98.6%	5.2 years	4.7 years
The Netherlands	94.0%	5.8 years	5.3 years
	95.2%	**5.2 years**	**4.7 years**

Some of the key activities for the office sector over 2018 were:

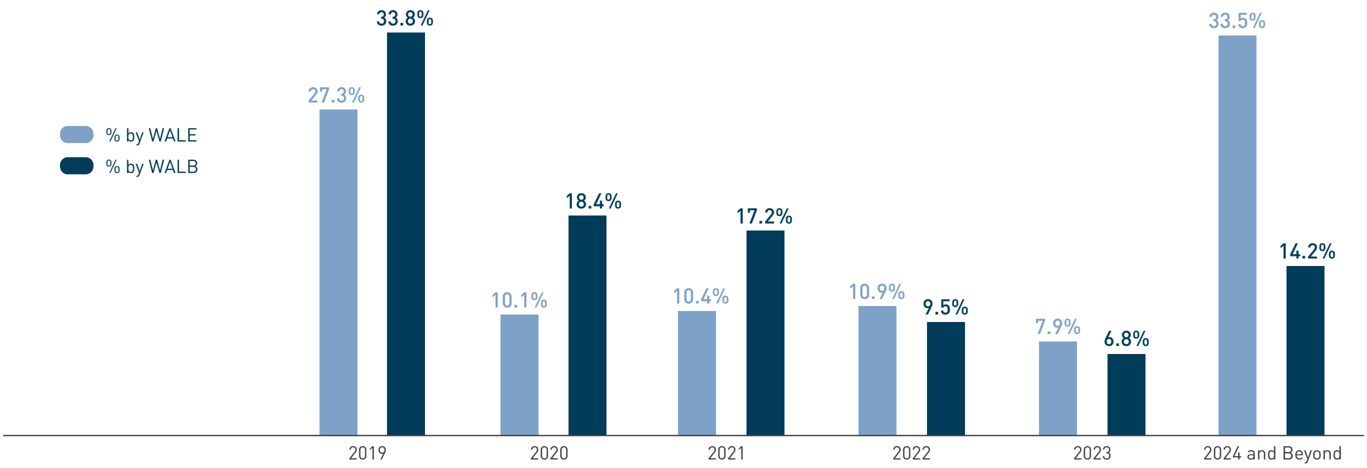
Central Plaza, Rotterdam: Coolblue signed a new lease for existing 9,796 sqm at a headline rent of approximately €2 million per annum from 1 January 2019 for 7.5 years.

Milano Affari: The existing tenant has expanded into the remaining vacant mezzanine floor (approximately 850 sqm), signifying the full occupancy of the building and the commitment of the tenant long term to the asset and its location. In addition, an asset management company signed a lease for 950 sqm.

LIGHT INDUSTRIAL / LOGISTICS SECTOR

The light industrial / logistics sector has a occupancy of 86.6% and a long WALE of 4.1 years. Retention was a little lower than expected at 49%. However, there was a lot of leasing activity during the year with 107 new leases. The occupancy increased by 370 basis points since April 2017 and 100 basis points above the IPO Forecast. 27.3% of the light industrial / logistics leases are due for expiry in 2019, however the Property Manager is making good progress at de-risking this. In relation to Parc des Dock, Paris, the largest industrial asset, CEREIT has been advised by the French government that it has ceased its negotiations to expropriate the site. Consequently the Property Manager has recommenced marketing and expects to make material progress increasing the occupancy.

LEASE EXPIRY PROFILE – LIGHT INDUSTRIAL / LOGISTICS BY GROSS RENT



Gross Rent	2019	2020	2021	2022	2023	2024 and Beyond
Expiry (€'000)	13,325	4,961	5,099	5,313	3,838	16,355
Break (€'000)	16,533	9,008	8,408	4,668	3,328	6,947
% by WALE	27.3%	10.1%	10.4%	10.9%	7.9%	33.5%
% by WALB	33.8%	18.4%	17.2%	9.5%	6.8%	14.2%

	30-Nov-17 to 31-Mar-18	1-Apr-18 to 30-Jun-18	1-Jul-18 to 30-Sep-18	1-Oct-18 to 31-Dec-18	Total 30-Nov-17 to 31-Dec-18
No. of New Leases Signed	26	36	17	28	107
No. of Leases Renewed	13	27	12	13	65
Tenant Retention Rate[1]	39%	53%	60%	43%	49%
Total No. of Leases as at 31-Dec-18					719
Total No. of Tenants as at 31-Dec-18					659
% Freehold (on valuations)[3]					99%

	Occupancy	WALE	WALB
Denmark	73.6%	2.2 years	1.9 years
France	86.5%	4.7 years	2.2 years
Germany	92.0%	5.0 years	4.7 years
Italy	100.0%	3.6 years	3.6 years
The Netherlands	95.2%	2.6 years	2.5 years
	86.6%	**4.1 years**	**2.7 years**

MANAGER'S REPORT

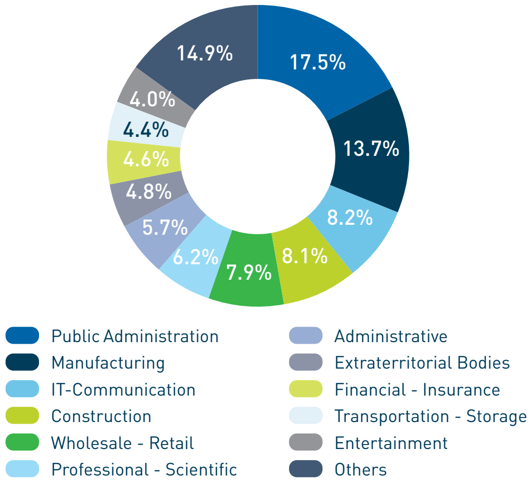
Occupancy in the light industrial / logistics sector was predominantly driven by leases in Germany, including 9,626 sqm at the Duisburg property and 13,204 sqm at Stuttgart-Frickenhausen. In addition, there was a direct lease with the previous subtenant on 8,169 sqm at Priorparken 800, Brøndby, Denmark. In France there was a new lease of 1,397 sqm signed over previously vacant space at Parc d'Osny, helping to increase occupancy in the French portfolio to 86.5%.

CEREIT OCCUPANCY

	December 2018	April 2017
Office	95.2%	94.8%
Light industrial / logistics	86.6%	82.9%
Other	100%	100%
	90.8	**87.7**

CEREIT's tenant base is also well diversified with 857 tenants as at 31 December 2018. The Top 10 tenants make up 39.0% of total headline rent and the tenant industry trade sector is well-split as shown in the tables below:

TENANT INDUSTRY DIVERSIFICATION BY GROSS RENTAL INCOME AS AT 31 DECEMBER 2018



Milano Nervesa, Via Nervesa 21, Milan, Italy

TOP TEN TENANTS AS AT 31 DECEMBER 2018

#	Tenant	Country	Type of Business	% of Total Headline Rent
1	Agenzia del Demanio (Italian State Property Office)	Italy	Government – Property	16.2%
2	Nationale-Nederlanden	The Netherlands	Insurance	5.7%
3	Essent Nederland B.V.	The Netherlands	Energy	3.3%
4	Kamer van Koophandel	The Netherlands	Chamber of Commerce	2.5%
5	Employee Insurance Agency (UWV)	The Netherlands	Government - Insurance	2.4%
6	Holland Casino Rotterdam	The Netherlands	Government - Casino	2.0%
7	CB&I Nederland B.V.	The Netherlands	Energy - Construction	1.9%
8	Anas	Italy	Government - Roads & Infrastructure	1.7%
9	A. Manzoni & c. S.p.A.	Italy	Media and Advertising	1.7%
10	Coolblue B.V.	The Netherlands	E-commerce	1.6%
				39.0%

ASSET ENHANCEMENT INITIATIVES

Office

The following are the asset enhancement initiatives that have took place over the Financial Period:

Haagse Poort, The Netherlands: An upgrade of the climate control commenced in August 2018 with completion due in 3Q FY 2019 at a total cost of €5.8 million. This is expected to result in significant savings to both building and tenant power consumption.

München-Maisach, Germany: A substantial reconfiguration of 6,178 sqm is taking place with a new lease signed with a new tenant and two others following year end.

Milano Affari, Italy: An existing tenant has expanded into the remaining vacant mezzanine floor (859 sqm), resulting in full occupancy of the building with a renewed and long-term commitment to the asset. Works commenced 2Q FY 2018 and completed in 4Q FY 2018.

Assago F7-F11, Italy: Refurbishment works in the approximately 1,100 sqm of vacant space were completed as expected in 3Q FY 2018. The revised marketing is underway with a number of regional and national brokers having viewed the unit.

Light Industrial / Logistics

Parc Club du Bois du Tambour, France: A major new lease with tenant Intermarche has been signed. Related works of approximately €1.5 million (including certified environmental compliance works) were completed during the year.

Duisburg, Germany: The refurbishment works (€1.0 million) committed to in connection with the new lease were completed in 2018. The lease start date was 1 November 2018. Together with an additional new lease, all warehouse areas in the Duisburg property are fully let. A new building protection system for the whole building has been implemented.

In addition to driving cost savings on all assets wherever reasonably practicable, the Manager is also committed to minimising the environmental impact of the properties that it manages. As such, we have successfully implemented sustainability led energy saving initiatives in Hamburg-Billstedt and Duisburg, Germany. New LED lighting was installed, with the aim to save up to 35% of energy costs related to lightening. At Hamburg-Billbrook Park and Stuttgart Frickenhausen, Germany more sustainable heating system components have been installed with the aim to reduce energy costs for tenants and also to decrease costs of managing vacant space.

ASSET MANAGEMENT FOCUS

The Manager will continue to focus on opportunities to drive income and NAV per Unit growth. This involves the leasing up of the residual vacancy on the existing portfolio and taking advantage of the higher reversionary yield on the recent acquisitions. The portfolio is more resilient from the further diversification arising as a result of the new acquisitions. In addition, asset enhancement initiatives and asset disposals may be considered in order to further improve returns to Unitholders.

INVESTOR RELATIONS

The Manager has a dedicated investor relations team that runs a comprehensive and proactive investor relations programme. CEREIT's investor communications are guided by the market disclosure protocol, that ensures that:

(a) CEREIT immediately discloses all price sensitive information to the SGX-ST in accordance with the Listing Rules of SGX-ST ("Listing Rules");

b) all Unitholders have equal and timely access to material information concerning CEREIT, including its financial position, performance, ownership and governance, subject to the Listing Rules;

Cromwell European REIT's financial results are announced four times a year. The quarterly financial statements released are accompanied by supplementary results presentations and media releases, as well as video messages for general audience to ensure further clarity for Unitholders. All announcement materials are uploaded on SGXNet as well as on CEREIT's website.

Since listing, the Manager held investor, media and research analyst briefings in person and via teleconference on the following occasions:

- Inaugural first quarter results reported in May 2018 and then half-year results in August and November 2018.
- Announcement for the acquisition of three portfolios in conjunction with the €224 million Rights Issue in November 2018.
- First full year annual results announcement in February 2019.

In addition to results briefings, the Manager communicates key updates on operational and financial performance as well as the CEREIT's strategy and initiatives through various platforms such as investor relations and senior management team participation in local and regional conferences, one-on-one meetings, group teleconferences, organised site visits as well as post-results investor luncheons. Investor roadshow presentations are also uploaded to the CEREIT website for all investors to access.

Since IPO, the management team has conducted more than 140 briefings and meetings across three continents in nine countries (Singapore, Hong Kong, Thailand, Malaysia, Korea, Japan, Australia, the Netherlands and the U.K), engaging with more than 250 institutional investors, private wealth advisors and individual investors and investment bank research analysts. The current shareholder register is diverse and comprises more than 2,300 investors, with approximately half based in Singapore and the other half from the United Kingdom, the Netherlands, Germany, the Nordics, South Korea, Taiwan, Hong Kong, Japan, Thailand, Malaysia, Australia, Philippines and the USA.

In August 2018 CEREIT was conferred a Platinum Award, in the category for industrial REITs with market capitalisations of US$1 billion and above, at the Asia Pacific Best of the Breeds REITs Awards™ 2018 ceremony. The accolade bears testament to CEREIT's excellence in six areas:

- Financial performance
- Market performance
- Corporate governance
- Underlying asset quality
- REIT manager quality
- Risk management policies

Winners were determined by a judging panel comprising senior professionals in the financial and real estate sector, with balanced representation from research houses, rating agencies and advisory firms across different countries.

Over the course of 2018, CEREIT has also been mentioned in over 80 media articles from over 20 media outlets, comprising international wires, regional trade media and local titles from at least four countries.

CEREIT is currently covered by three investment bank research houses in Singapore.

From 16 April 2018, the Units of CEREIT commenced trading on SGX-ST in Singapore dollars (in addition to Euro). The Manager implemented the dual currency trading for CEREIT to offer the Unitholders of CEREIT the flexibility to trade the Units in either Euro or Singapore dollars and Unitholders are able to buy or sell the Units through either counter given the fungibility of Units between the two counters. Unitholders are also able to opt in to receive their distributions in Euro or Singapore dollars at every distribution. Approximately 85% of investors elected to receive Euro for the maiden distribution, while the other 15% opted for distribution in Singapore dollars.

CEREITs' first EGM was held on 15 November 2018 to obtain Unitholders' approval for the proposed acquisition of 16 predominantly office properties across the Netherlands, Finland and Poland ("the New Properties") and the proposed Rights Issue to partially fund the acquisitions of those new properties, as well as two office properties in Italy and four light industrial / logistics properties in France. Nearly 100 Unitholders attended the EGM and were able to ask questions and give feedback to the management team and to the Board of Directors at the open dialogue session. The use of electronic voting by poll of resolutions put forward at the EGM allowed for the votes to be collated in real time and accurately. All ordinary resolutions were passed with 99.0% approval, enabling CEREIT to proceed with the acquisitions and Rights Issue.

The Manager remains committed to upholding high standards of corporate governance and transparency. The www.cromwelleuropeanreit.com.sg website provides detailed property information, photographs and maps of each of CEREIT's assets as well as access to CEREIT's and Cromwell Property Group's key policies.

Corporate and financial announcements, including press releases, presentations, annual and sustainability reports will continue to be uploaded onto SGX-ST, in a timely and widely accessible manner. The announcements are concurrently made available on the REIT's website at www.cromwelleuropeanreit.com.sg investor relations section, where there is an 'Email Alerts' function that enables investors to subscribe for regular updates from the REIT.

CEREIT's First EGM

INVESTOR
RELATIONS

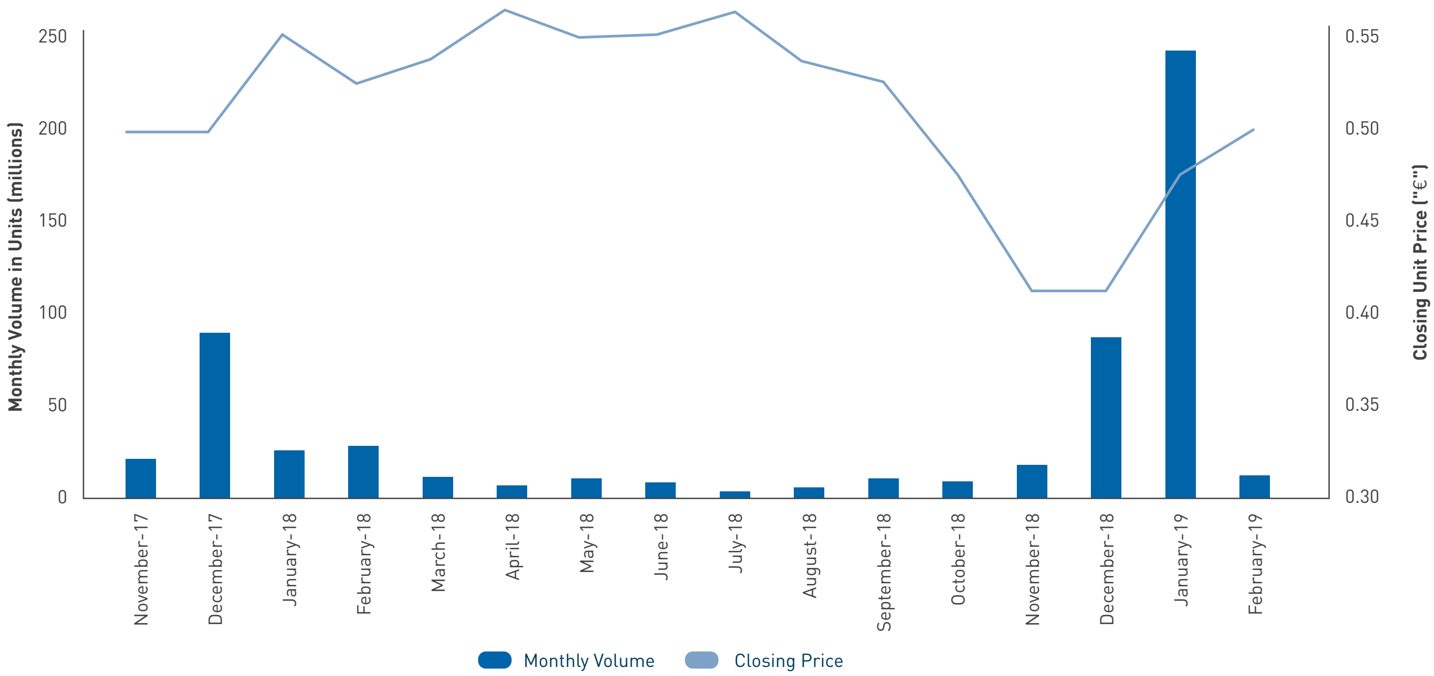
Financial Results Calendar		
10 May 2018	First Quarter Ended 31 March 2018	The Manager announced CEREIT's financial results for the period from Listing Date to 31 March 2018 ("1Q FY 2018")
13 August 2018	Second Quarter Ended 30 June 2018	The Manager announced CEREIT's financial results for the period from Listing Date to 30 June 2018 ("1H FY 2018"). CEREIT generated distributable income of €40.1 million and announced a DPU of 2.53 Euro cents.
14 November 2018	Third Quarter Ended 30 September 2018	The Manager announced CEREIT's ("3Q FY 2018") financial results for the period from Listing Date to 30 September 2018. CEREIT generated distributable income of €57.2 million and a DPU of 3.61 Euro cents
27 February 2019	Fourth Quarter Ended 31 December 2018	The Manager announced CEREIT's financial results for the period from Listing Date to 31 December 2018 ("FY 2018"). CEREIT generated distributable income of €74.4 million and a DPU of 4.10 Euro cents

FY 2018 Investor Relations Calendar	
30 November 2017	CEREIT Commenced trading on SGX-ST
27 February 2018	SGX-DBSV Singapore Corporate Day in Seoul
1 March 2018	SGX-DBSV Singapore Corporate Day in Tokyo
10 May 2018	Analyst briefing for 1Q FY 2018 Financial Results
11-23 May 2018	1Q FY 2018 Results Non-Deal Roadshow – Singapore, the Netherlands, the UK, Hong Kong, Thailand and Malaysia
13 August 2018	Analyst briefing for 1H FY 2018 Financial Results
16 August 2018	SGX-MKE Singapore Corporate Day in Kuala Lumpur, Malaysia
20 September 2018	SGX-Citi Spotlight on New Listings & High Growth Corporate Day
26 – 30 September 2018	1H FY 2018 Results Non-Deal Roadshow – Singapore, Hong Kong, Korea, Japan
1-2 October 2018	SGX-UBS Singapore Corporate Day in London, the UK
3 October 2018	SGX-ING SREITs Corporate Day in Amsterdam, The Netherlands
11-12 October 2018	1H FY 2018 Results follow-on Non-Deal Roadshow – Singapore, Hong Kong, Korea, Japan
31 October 2018	Analyst briefing for the proposed acquisition of 16 predominantly office properties across the Netherlands, Finland and Poland ("the New Properties") and the proposed Rights Issue to partially fund the acquisitions of those properties, as well as two office properties in Italy and four light industrial / logistics properties in France.
1-8 November 2018	Deal Roadshow for the proposed acquisition
15 November 2018	EGM to obtain unitholders' approval for the proposed acquisition and the proposed Rights Issue
27 February 2019	Analyst briefing for FY 2018 Financial Results

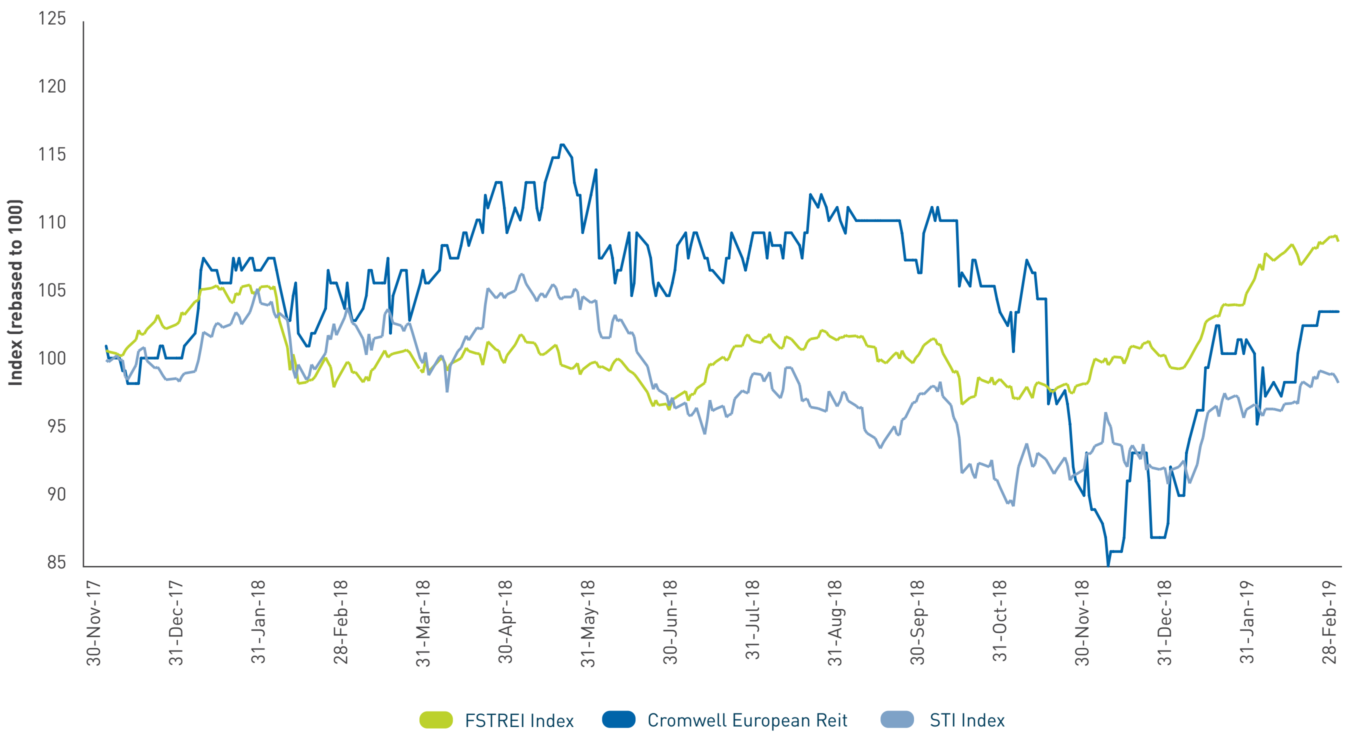
Trading Statistics[1,2]	2 January 2018 to 31 December 2018	30 November 2017 to 29 December 2017
Opening Price	€0.514	€0.509
Highest Price	€0.588	€0.528
Lowest Price	€0.410	€0.491
Closing Price	€0.440	€0.514
Volume Weighted Average Price	€0.488	€0.506
Total Volume Traded (million Units)	217.32	108.57
Unit Price Performance	-16.80%	0.90%
Average Volume Per Day (million Units)	0.894	0.424
Total Dividends Received during the Period	€0.025	N.A.
Total Unitholder Return[3]	-9.46%	0.90%

1 Data from Bloomberg, adjusted following the Rights Issue as per market practice.
2 Based on Units traded in Euro.
3 Calculation of total Unitholder return includes distributions made assuming that they were reinvested into CEREIT on the day they were paid out.

CEREIT MONTHLY VOLUMES AND UNIT PRICE PERFORMANCE



CEREIT TOTAL UNITHOLDER RETURN PERFORMANCE VS. FSTREI INDEX AND STI INDEX



PROPERTY PORTFOLIO
OVERVIEW

Denmark
Light industrial / logistics

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

Finland
Office

14. Opus 1
15. Helsingin Mäkitorpantie 3
16. Purotie 1
17. Kuopion kauppakeskus
18. Plaza Forte
19. Plaza Allegro
20. Plaza Vivace
21. Grandinkulma
22. Liiketalo Myyrinraitti
23. Pakkalan Kartanonkoski 3
24. Pakkalan Kartanonkoski 12

France
Light industrial / logistics

25. Parc du Landy
26. Parc des Mardelles
27. Parc de Popey
28. Parc de Champs
29. Parc des Grésillons
30. Parc Club du Bois du Tambour
31. Parc Jean Mermoz
32. Parc Urbaparc
33. Parc du Merantais
34. Parc des Guillaumes
35. Parc d'Osny
36. Parc Delizy
37. Parc des Docks
38. Parc de l'Esplanade
39. Parc Acticlub
40. Parc le Prunay
41. Parc de la Chauvetière
42. Parc des Aqueducs
43. Parc Jules Guesde
44. Parc des Érables
45. Parc Locaparc 2

Germany
Light industrial / logistics

46. Gewerbe- und Logistikpark Frankfurt-Bischofsheim
47. Gewerbepark Bischofsheim II
48. Gewerbepark Duisburg
49. Gewerbe-und Logistikpark Stuttgart-Frickenhausen
50. Gewerbepark Hamburg–Billstedt
51. Gewerbepark Hamburg-Billbrook Park
52. Gewerbepark Frankfurt-Hanau
53. Gewerbepark München-Kirchheim Ost
54. Gewerbe- und Logistikpark München-Kirchheim West
55. Gewerbe- und Logistikpark München-Maisach
56. Gewerbepark Straubing

Italy
Office

57. Cuneo
58. Ivrea
59. Milano Affari
60. Milano Nervesa
61. Assago F7-F11
62. Genova
63. Mestre
64. Firenze
65. Roma Amba Aradam
66. Roma Pianciani
67. Pescara
68. Bari

Light Industrial / logistics

69. Rutigliano

Others

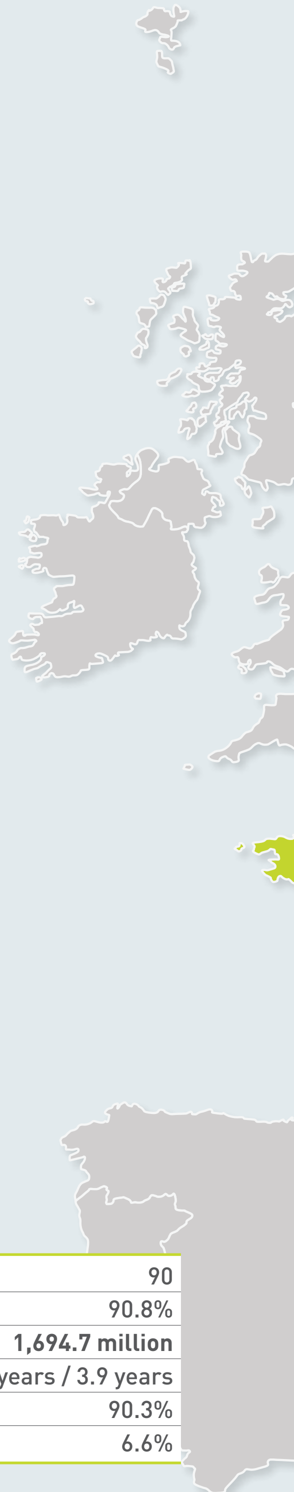
70. Lissone
71. Saronno
72. Padova
73. Bari Europa

The Netherlands
Light Industrial / logistics

74. Antennestraat 46 - 76 & Televisieweg 42 - 52
75. Kapoeasweg 4 - 16
76. Veemarkt
77. Harderwijkerstraat 5 - 29
78. Nieuwgraaf 9A - 19 & Fotograaf 32 - 40
79. Fahrenheitbaan 4 - 4D
80. Boekweitstraat 1 - 21 & Luzernestraat 2 - 12
81. Folkstoneweg 5 - 15
82. Capronilaan 22 - 56
83. Bohrweg 19 - 57 & 20 - 58

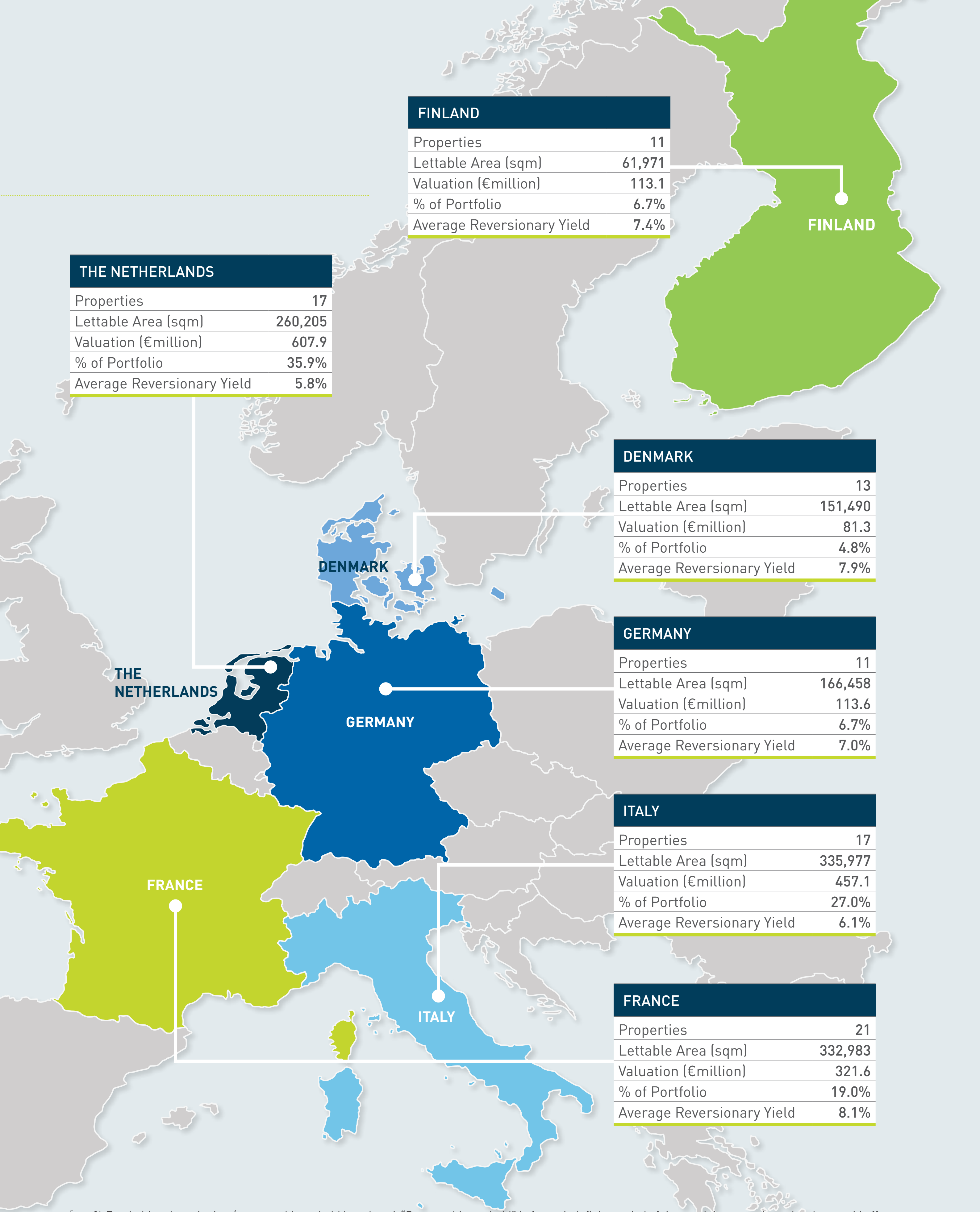
Office

84. De Ruyterkade 5
85. Moeder Teresalaan 100 / 200
86. Blaak 40
87. Central Plaza
88. Koningskade 30
89. Haagse Poort
90. Bastion



Properties[1]	90
Occupancy Rate (by lettable area)[1,2]	90.8%
Valuation (€)[3]	**1,694.7 million**
WALE[1] / WALB[4]	4.7 years / 3.9 years
% Freehold[5]	90.3%
Average Reversionary Yield[3,6]	6.6%

1 As at 31 December 2018.
2 Occupancy rate as at 31 December 2018.
3 Valuation as at date of acquisition and as at 31 December 2018 for existing portfolio of 75 properties used the income capitalisation method. The recently acquired properties are recorded at their respective purchase price as the best approximation of fair value.
4 WALE/WALB as at 31 December 2018 for existing portfolio.



FINLAND	
Properties	11
Lettable Area (sqm)	61,971
Valuation (€million)	113.1
% of Portfolio	6.7%
Average Reversionary Yield	7.4%

THE NETHERLANDS	
Properties	17
Lettable Area (sqm)	260,205
Valuation (€million)	607.9
% of Portfolio	35.9%
Average Reversionary Yield	5.8%

DENMARK	
Properties	13
Lettable Area (sqm)	151,490
Valuation (€million)	81.3
% of Portfolio	4.8%
Average Reversionary Yield	7.9%

GERMANY	
Properties	11
Lettable Area (sqm)	166,458
Valuation (€million)	113.6
% of Portfolio	6.7%
Average Reversionary Yield	7.0%

ITALY	
Properties	17
Lettable Area (sqm)	335,977
Valuation (€million)	457.1
% of Portfolio	27.0%
Average Reversionary Yield	6.1%

FRANCE	
Properties	21
Lettable Area (sqm)	332,983
Valuation (€million)	321.6
% of Portfolio	19.0%
Average Reversionary Yield	8.1%

5 % Freehold and continuing / perpetual leasehold by value. A "Perpetual Leasehold" is for an indefinite period of time and the ground rent has been paid off perpetually (which type of leasehold is most similar to a freehold situation). A "Continuing Leasehold" is agreed in principle for an indefinite period of time but has a fixed ground rent paid to the land owner which must be re-agreed at the end of a certain period, which may result in a termination if the leaseholder and the land owner do not agree on the new ground rent.

6 A proxy to represent cap rate. Reversionary Yield is the net market rental value per annum (net of non-recoverable running costs and ground rent) expressed as a percentage of the net capital value. The Reversionary Yield for the portfolio and sub portfolios is the average reversionary yield weighted by the valuation.

TOP 10 PROPERTIES[1]

Central Plaza, Plaza 2 – 25 (retail) / Weena 580 – 618 (offices), Rotterdam, The Netherlands

Property Type	Office
Acquisition date	19/06/2017
Valuation	€160,200,000
NLA	33,263 sqm
Gross Revenue FY 2018	€12,225,465
Occupancy	97.7%
Lease type	Multi-tenanted
Land tenure	Part Freehold and Part Leasehold Interest Ending 31 July 2088

PROPERTY DESCRIPTION

Central Plaza is located in Rotterdam in the province of South-Holland in the west of the Netherlands. The property comprises two office towers (A and B), a retail ground floor and two-storey underground parking. The retail ground floor accommodates a mixture of hospitality and retail units, some of which have direct street-access, while others are accessible from the Central Plaza lobby.

The two office towers A and B each have their own entrance at the Central Station (north) side of the property, which are also accessible from the retail ground floor. Car parking is provided in the two storey basement with a total of 481 car parking spaces. The property is situated opposite the recently redeveloped Central Station of Rotterdam, providing access to a wide range of public transport services. From Rotterdam Central Station high speed trains provide connections to Schiphol, Amsterdam, Antwerp, Brussels and Paris.

[1] The top 10 properties collectively represent approximately 50 percent of the portfolio based on latest applicable valuation.

TOP 10 PROPERTIES

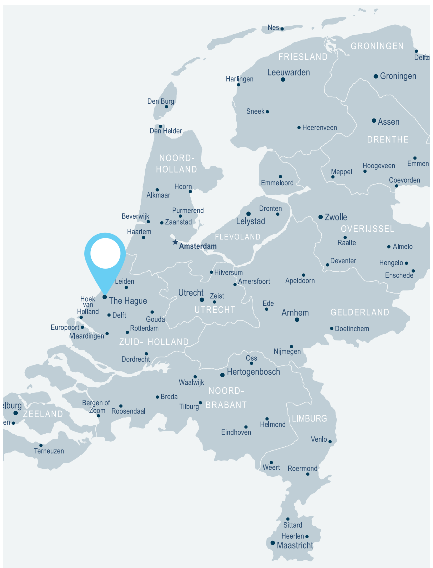
Haagse Poort, Prinses Beatrixlaan 35 - 37 & Schenkkade 60 - 65, Den Haag, The Netherlands

Property Type	**Office**
Acquisition date	30/11/2017
Valuation	€159,850,000
NLA	68,502 sqm
Gross Revenue FY 2018	€14,384,975
Occupancy	92.8%
Lease type	Multi-tenanted
Land tenure	Part Freehold, Part Right of Superficies and Part Perpetual Leasehold

PROPERTY DESCRIPTION

Haagse Poort is located in Den Haag (The Hague). The property comprises two separate buildings, a high-rise tower and a low-rise building. The high-rise building consists of 18 floors of office accommodation and the low-rise building consists of eight floors of office accommodation. These two buildings are connected in the middle through a bridge building which spans the motorway.

The property is known for its 'bridge construction' over the A12 motorway. It is located 600 metres from the nearest train station, Den Haag Laan van NOI, which is approximately 10 minutes away on foot. The nearest tram station, Beatrixkwartier, is situated adjacently to the property. The access to connecting motorways A4 and A12 area are located 1 km away.



TOP 10 PROPERTIES

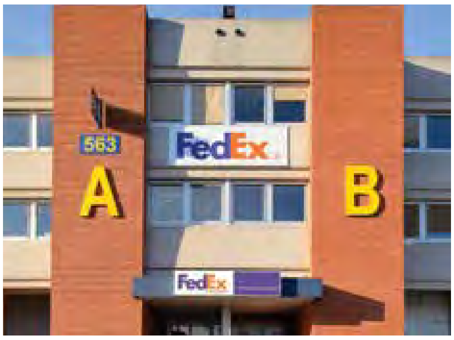
Parc des Docks, 50 rue Ardoin, Saint Ouen, France

Property Type	**Light Industrial / Logistics**
Acquisition date	**30/11/2017**
Valuation	**€114,100,000**
NLA	**73,371 sqm**
Gross Revenue FY 2018	**€10,072,511**
Occupancy	**87.4%**
Lease type	**Multi-tenanted**
Land tenure	**Freehold**

PROPERTY DESCRIPTION

Parc Des Docks is located in Saint-Ouen in the northern suburb of Ile-de-France on the outskirts of Paris; Saint-Ouen is easily accessible from Paris by road and public transport and is approximately 22kms away from Roissy-Charles de Gaulle International airport. The Property is located in an area dominated by industrial uses, close to the River Seine.

The property is bordered by a site occupied by a local authority building. On the opposite side of the road to the property there are recent residential buildings. The site is rectangular and used for mixed activities. The site is well-maintained, fenced and gated, with 24-hour security provided by site security guard. The site benefits from approximately 73,371 sqm of office and light industrial / warehouse space of varying specification.



Milano Affari, Piazza degli Affari 2, Milan, Italy

Property Type	Office
Acquisition date	30/11/2017
Valuation	€85,000,000
NLA	7,508 sqm
Gross Revenue FY 2018	€4,411,852
Occupancy	99.6%
Lease type	Multi-tenanted
Land tenure	Freehold

PROPERTY DESCRIPTION

The property is located in the city centre of Milan, less than 1 km to the east from Duomo Plaza, on the eastern side of Piazza Affari. The surrounding area comprises office properties of different ages but most of them are dated between the 19th and 20th Centuries.

The property is an L-shaped office building arranged over two basement levels and eight floors above ground. It was built between 1930 and 1950 and completely refurbished in 2002 and has a total gross area of 11,810 sqm.

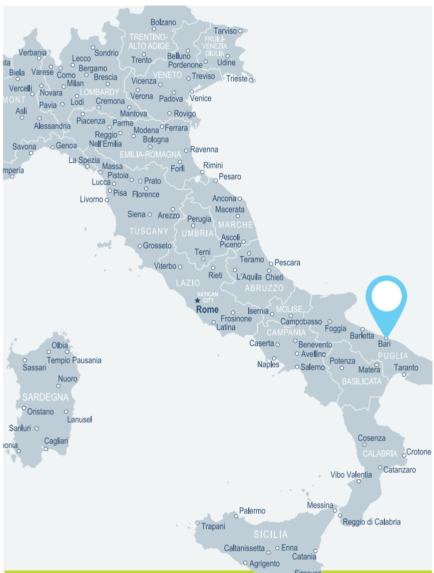
TOP 10 PROPERTIES

Bari Europa, Viale Europa 95, Bari, Italy

Property Type	Others
Acquisition date	30/11/2017
Valuation	€81,000,000
NLA	123,261 sqm
Gross Revenue FY 2018	€10,294,910
Occupancy	100.0%
Lease type	Single tenant
Land tenure	Freehold

PROPERTY DESCRIPTION

The property is located in Bari, in the Apulia region in southern Italy. Bari Europa is a large complex, built specifically to accommodate the Military Academy of the Tax Police. The complex, built between 2000 / 2001 consists of 11 buildings with different uses, basement car parking areas, outdoor and indoor sport facilities, a large parade ground and external areas used for road network, open-air car parking and green areas.



TOP 10
PROPERTIES

Bastion, Willemsplein 2 - 10, 's-Hertogenbosch, The Netherlands

Property Type	Office
Acquisition date	28/12/2018
Valuation	€76,850,000
NLA	31,979 sqm
Gross Revenue FY 2018	N/A
Occupancy	97.7%
Lease type	Multi-tenanted
Land tenure	Freehold

PROPERTY DESCRIPTION

Willemsplein 2-10 is a Grade A office property and provides a lettable floor area ("LFA") of 31,979 sq m across eight floors, over six office wings (thereby making it easy for multi-tenant use) with EPC energy label A issued pursuant to the Energy Performance of Buildings Directive. While Willemsplein 2 recently became a multi-tenanted property, over 80.0% of its income is still generated by Essent, a large energy company in the Netherlands. The property is held on a freehold plot of 18,710 sqm.

Willemsplein 2-10 is located in the Paleiskwartier central business district of Den Bosch, a 10-minute walk from the central train station.

TOP 10
PROPERTIES

Moeder Teresalaan 100-200, Moeder Teresalaan 100 / 200, Utrecht, The Netherlands

Property Type	Office
Acquisition date	28/12/2018
Valuation	€50,727,904
NLA	21,922 sqm
Gross Revenue FY 2018	N/A
Occupancy	86.5%
Lease type	Multi-tenanted
Land tenure	Perpetual Leasehold

PROPERTY DESCRIPTION

Moeder Teresalaan 100-200 is a building which provides an area of 21,922 sqm LFA spread over two office buildings with energy label A. Moeder Teresalaan 100 has five floors while Moeder Teresalaan 200 has eight floors and the building is 86.0% occupied by Uitvoeringsinstituut Werknemers Verzekeringen, the Dutch Employee Insurance Agency. The property is held on a leasehold plot which has been bought off in perpetuity.

Moeder Teresalaan 100-200 is located in the city centre of Utrecht, the fourth office city in the Netherlands and isclose to the central business district ("CBD"). It is two tram stops from Utrecht Central Station and a 2-minute drive from the main A2 motorway.

TOP 10 PROPERTIES

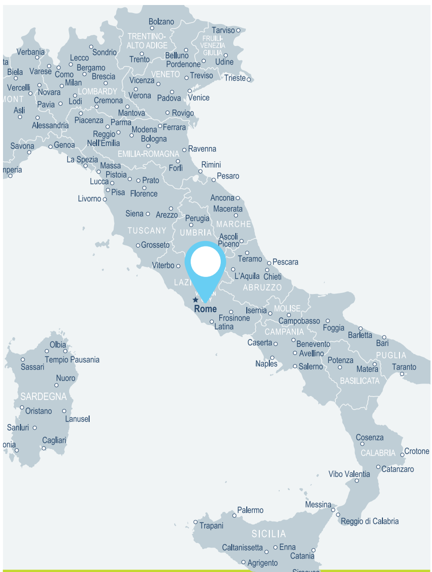
Roma Amba Aradam, Via dell'Amba Aradam 5, Rome, Italy

Property Type	Office
Acquisition date	30/11/2017
Valuation	€50,200,000
NLA	16,688 sqm
Gross Revenue FY 2018	€3,910,810
Occupancy	100.0%
Lease type	Single tenant
Land tenure	Freehold

PROPERTY DESCRIPTION

The Property is situated at Via dell'Amba Aradam and, more specifically, in the semi-central zone approximately 2.5 km to the southeast of the historic centre, in the San Giovanni district and is the historic headquarters of INPS[1]. The property is located approximately 750 metres from the underground station of San Giovanni, whilst Roma Termini railway station is approximately 2 km away and easily accessible via underground.

The Property consists of two adjacent buildings connected to each other. The main building consists of six floors above ground for office use and three floors below-ground dedicated to archives and technical rooms. The basement also has an area with archaeological remains of a Roman villa.



[1] The Institute Nazionale della Providenza Sociale ("INPS") is the largest social security and welfare institute in Italy.

TOP 10 PROPERTIES

Ruyterkade, De Ruyterkade 5, Amsterdam, The Netherlands

Property Type	Office
Acquisition date	19/06/2017
Valuation	€48,250,000
NLA	8,741 sqm
Gross Revenue FY 2018	€2,668,767
Occupancy	100.0%
Lease type	Single tenant
Land tenure	Continuing Leasehold (ending on 30 June 2088)

PROPERTY DESCRIPTION

The Property is located in Amsterdam, in the 'Zuidelijke IJ-Oevers' district within the City centre. The area is the former harbour district, which had been redeveloped during the last 15 years. The property is situated on Ruijterkade, which is the main road along the IJ-River connecting the west to the east of Amsterdam. The property benefits from excellent accessibility, with the Central Station located circa 500 m away and the S100 providing direct access to the A10 ring road.

The property consists of office accommodation on the ground and five upper floors as well as a technical storey above the last upper floor. The T-shaped building was built in 1989 for its current tenant and was partly refurbished in 2008.

TOP 10 PROPERTIES

Veemarkt, Veemarkt 27-75 / 50-76 / 92-114, Amsterdam, The Netherlands

Property Type	Light industrial/ logistics
Acquisition date	30/11/2017
Valuation	€37,250,000
NLA	21,701 sqm
Gross Revenue FY 2018	€2,992,643
Occupancy	98.1%
Lease type	Multi-tenanted
Land tenure	Continuing Leasehold (ending on various dates between 2039 and 2043)

PROPERTY DESCRIPTION

The property is located in Amsterdam, in particular on the Cruquius Island, part of the former Eastern Harbour area in the eastern central part of Amsterdam. The plot where the property is located is characterised by the combination of multi-let light industrial buildings, some preserved from when the site was used as a cattle market. The site is zoned for light industrial and office use.

The property is divided into seven separate light industrial buildings, which are subdivided into various units. Approximately 100% of the total site is developed, split approximately 40/60 office / business space. The Property was built in several phases. Phases 1 and 2 are multi-let and constructed in circa 1984 and 1987 respectively. Phase 3 is divided into two blocks, with smaller units that 1 and 2, constructed in circa 1992, as was Phase 4 which is similar to 3 but contains a higher proportion of office accommodation.

DENMARK ASSETS

Light Industrial / Logistics


1. Herstedvang 2-4, Albertslund


2. Priorparken 700, Brøndby


3. Priorparken 800, Brøndby


4. Fabriksparken 20, Glostrup


5. Naverland 12, Glostrup


6. Naverland 7-11, Glostrup


7. Naverland 8, Glostrup


8. Stamholmen 111, Hvidore


9. C.F. Tietgensvej 10, Kolding

	Address	Acquisition date	Valuation[1] at IPO €	Purchase price €	Seller Entity
1	Herstedvang 2-4, Albertslund	30/11/17	6,350,000	6,300,000	EHI Sellers Group[2]
2	Priorparken 700, Brøndby	30/11/17	11,430,000	11,200,000	EHI Sellers Group[2]
3	Priorparken 800, Brøndby	30/11/17	8,850,000	8,600,000	EHI Sellers Group[2]
4	Fabriksparken 20, Glostrup	30/11/17	5,300,000	5,200,000	EHI Sellers Group[2]
5	Naverland 12, Glostrup	30/11/17	3,100,000	3,011,000	EHI Sellers Group[2]
6	Naverland 7-11, Glostrup	30/11/17	10,500,000	10,500,000	EHI Sellers Group[2]
7	Naverland 8, Glostrup	30/11/17	5,850,000	5,500,000	EHI Sellers Group[2]
8	Stamholmen 111, Hvidore	30/11/17	4,650,000	4,300,000	EHI Sellers Group[2]
9	C.F. Tietgensvej 10, Kolding	30/11/17	2,800,000	2,200,000	EHI Sellers Group[2]
10	Islevdalvej 142, Rødovre	30/11/17	5,600,000	5,500,000	EHI Sellers Group[2]
11	Hørskætten 4-6, Tåstrup	30/11/17	5,450,000	5,200,000	EHI Sellers Group[2]
12	Hørskætten 5, Tåstrup	30/11/17	3,580,000	3,428,486	EHI Sellers Group[2]
13	Hjulmagervej 3-19, Vejle	30/11/17	5,300,000	5,150,000	EHI Sellers Group[2]

[1] IPO valuation methodology is based on the income capitalisation method.

10. Islevdalvej 142, Rødovre

11. Hørskætten 4-6, Tåstrup

12. Hørskætten 5, Tåstrup

13. Hjulmagervej 3-19, Vejle

Valuation €	NLA (sqm)	Gross Revenue FY 2018 €	Occupancy	Lease type	Land tenure
6,388,971	11,860	913,258	91.1%	Multi-tenanted	Freehold
12,175,209	15,340	1,531,883	100.0%	Single tenant	Freehold
8,987,420	14,703	1,440,959	92.3%	Multi-tenanted	Freehold
5,612,115	7,614	785,550	100.0%	Multi-tenanted	Freehold
3,134,212	6,874	92,486	0.0%	N/A	Freehold
10,567,921	22,169	1,598,133	80.9%	Multi-tenanted	Freehold
5,625,509	11,945	629,411	48.0%	Multi-tenanted	Freehold
5,531,751	13,626	619,633	44.0%	Multi-tenanted	Freehold
2,759,178	9,429	285,583	47.6%	Multi-tenanted	Freehold
6,281,818	11,150	857,397	78.0%	Multi-tenanted	Freehold
5,304,051	8,988	565,172	68.2%	Multi-tenanted	Freehold
3,589,611	4,985	469,848	100.0%	Single tenant	Freehold
5,344,234	12,807	736,741	79.4%	Multi-tenanted	Freehold

[2] EHI Sellers Group means, collectively, Partners Group Access 183 L.P., Partners Group Access 468 L.P., Partners Group Access 476 L.P., Partners Group Access 488 L.P., Partners Group Access 489 L.P., Partners Group Access 504 L.P., Partners Group Access 505 L.P., Partners Group Access 506 L.P., PFM Coinvestment Partner Limited, Euro Industrial Sarl Sicar, Abedjdsmarkedets Tillaegspension, APG Strategic Real Estate Pool N.V., Alecta Pensionsforsakring, Omsesidigt, Tamweelview SA and Stichting Bewaarder Achmea Realty Fund Europe.

FINLAND
ASSETS

Office

1. Opus 1,
Hitsaajankatu 24, Helsinki

2. Helsingin Mäkitorpantie 3,
Mäkitorpantie 3b, Helsinki

3. Purotie 1,
Purotie 1, Helsinki

4. Kuopion Kauppakeskus,
Kauppakatu 39, Kuopio

5. Plaza Forte,
Äyritie 12 C, Vantaa

6. Plaza Allegro,
Äyritie 8 B, Vantaa

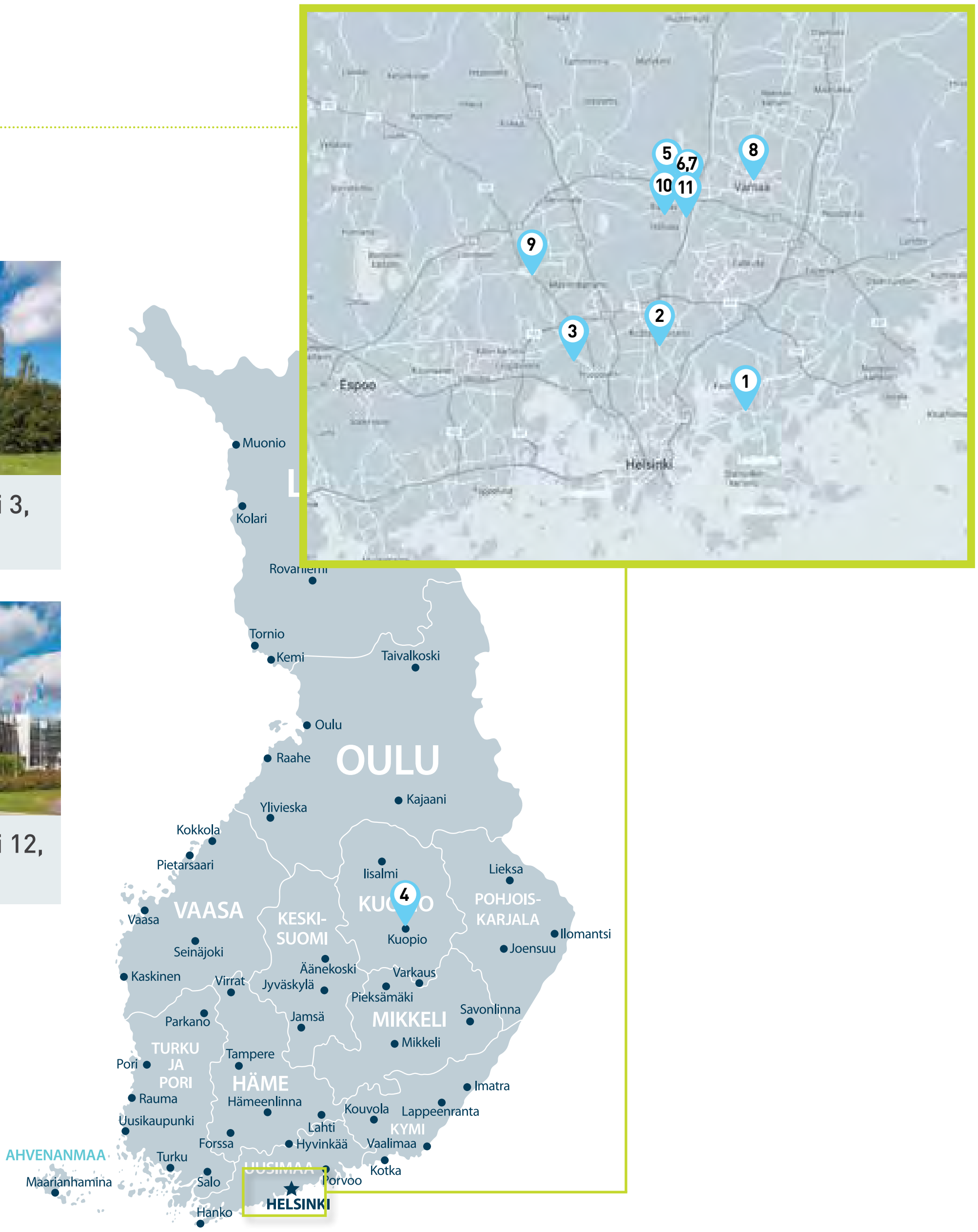
7. Plaza Vivace,
Äyritie 8 C, Vantaa

8. Grandinkulma,
Kielotie 7, Vantaa

9. Liiketalo Myyrinraitti,
Myyrmäenraitti 2, Vantaa

10. Pakkalan Kartanonkoski 3, Pakkalankuja 6, Vantaa

11. Pakkalan Kartanonkoski 12, Pakkalankuja 7, Vantaa



FINLAND ASSETS

Office

	Address	Acquisition date	Valuation at IPO €	Purchase price €	Seller Entity
1	Opus 1, Hitsaajankatu 24, Helsinki	28/12/18	N/A	13,500,000	ELQ Investors VI Ltd
2	Helsingin Mäkitorpantie 3, Mäkitorpantie 3b, Helsinki	28/12/18	N/A	7,600,000	Sivipre Oy
3	Purotie 1, Purotie 1, Helsinki	28/12/18	N/A	7,113,006	ELQ Omega UK Ltd.
4	Kuopion Kauppakeskus, Kauppakatu 39, Kuopio	28/12/18	N/A	7,600,000	Sivipre Oy
5	Plaza Forte, Äyritie 12 C, Vantaa	28/12/18	N/A	12,600,000	Henry Investment Oy (Finland)
6	Plaza Allegro, Äyritie 8 B, Vantaa	28/12/18	N/A	11,173,423	ELQ Investors VI Ltd
7	Plaza Vivace, Äyritie 8 C, Vantaa	28/12/18	N/A	13,233,635	ELQ Investors VI Ltd
8	Grandinkulma, Kielotie 7, Vantaa	28/12/18	N/A	12,500,000	ELQ Omega UK Ltd.
9	Liiketalo Myyrinraitti, Myyrmäenraitti 2, Vantaa	28/12/18	N/A	12,000,000	Sivipre Oy
10	Pakkalan Kartanonkoski 3, Pakkalankuja 6, Vantaa	28/12/18	N/A	9,700,000	Henry Investment Oy (Finland)
11	Pakkalan Kartanonkoski 12, Pakkalankuja 7, Vantaa	28/12/18	N/A	6,100,000	Henry Investment Oy (Finland)

[1] The recently acquired properties are recorded at their respective purchase price as the best approximation of fair value.

Valuation[1] €	NLA (sqm)	Gross Revenue FY 2018 €	Occupancy	Lease type	Land tenure
13,500,000	6,821	N/A	77.1%	Multi-tenanted	Freehold
7,600,000	4,367	N/A	85.6%	Multi-tenanted	Freehold
7,113,006	4,692	N/A	97.2%	Multi-tenanted	Freehold
7,600,000	4,832	N/A	98.5%	Multi-tenanted	Freehold
12,600,000	6,054	N/A	88.2%	Multi-tenanted	Freehold
11,173,423	4,620	N/A	84.9%	Multi-tenanted	Freehold
13,233,635	5,661	N/A	84.6%	Multi-tenanted	Freehold
12,500,000	6,189	N/A	96.1%	Multi-tenanted	Freehold
12,000,000	7,515	N/A	94.1%	Multi-tenanted	Freehold
9,700,000	7,796	N/A	98.9%	Multi-tenanted	Freehold
6,100,000	3,425	N/A	100.0%	Multi-tenanted	Freehold

FRANCE ASSETS

Light Industrial / Logistics

1. Parc du Landy,
61 rue du Landy,
Aubervilliers

2. Parc des Mardelles,
44 rue Maurice de Broglie,
16, rue Henri Becquerel,
Aulnay-sous-Bois

3. Parc de Popey,
5 chemin de Popey,
Bar-le-Duc

4. Parc de Champs,
40 boulevard de Nesles,
ZAC le Ru du Nesles,
Champs sur Marne

5. Parc des Grésillons,
167-169 avenue des
Grésillons, Gennevilliers

6. Parc Club du Bois du
Tambour, Route de Nancy,
Gondreville

7. Parc Jean Mermoz,
53 rue de Verdun – 81, rue
Maurice Berteaux,
La Courneuve

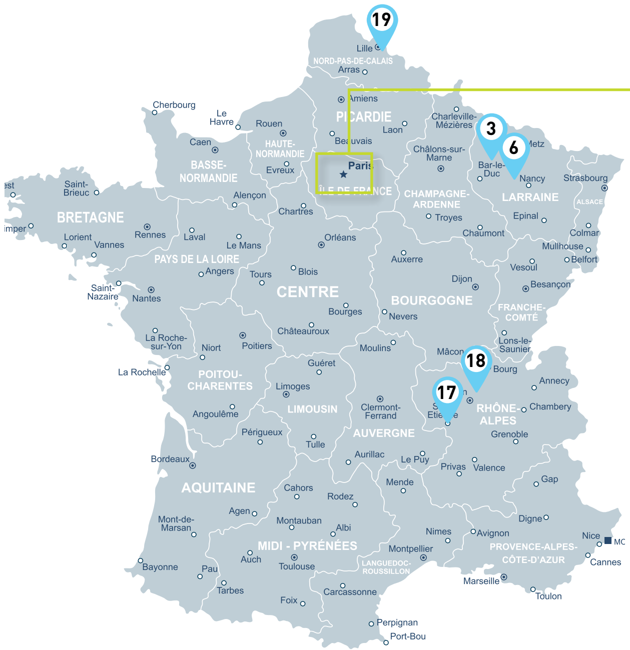
8. Parc Urbaparc,
75-79 rue du Rateau,
La Courneuve

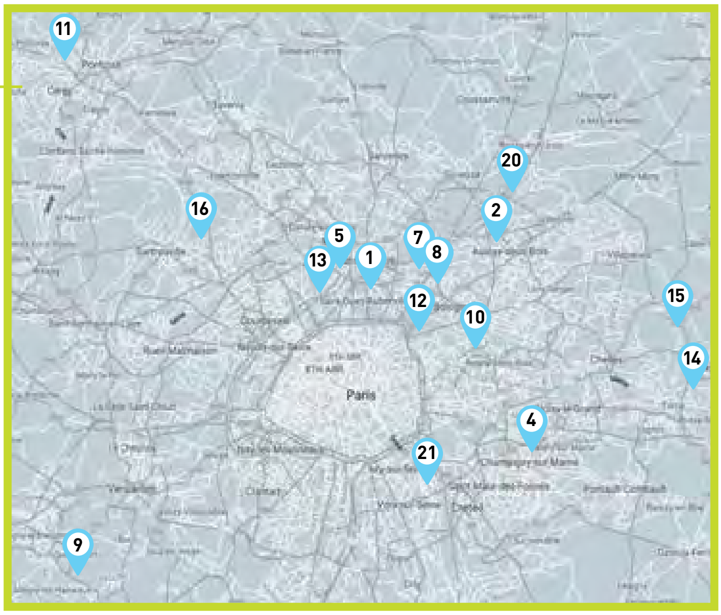
9. Parc du Merantais,
1-3 rue Georges Guynemer,
Magny-Les-Hameaux

10. Parc des Guillaumes,
58 rue de Neuilly – 2 rue
du Trou Morin, ZAC des
Guillaumes, Noisy-le-Sec

11. Parc d'Osny,
9 chaussée Jules César, ZAC
des Beaux Soleils,
Osny

12. Parc Delizy,
32 rue Délizy,
Pantin





13. Parc des Docks,
50 rue Ardoin,
Saint Ouen

14. Parc de l'Esplanade,
Rue Paul Henri Spaak - rue Enrico Fermi - rue Niels Bohr,
Saint Thibault des Vignes

15. Parc Acticlub,
2 rue de la Noue Guimante,
ZI de la Courtillière, Saint Thibault des Vignes

16. Parc le Prunay
13-41 rue Jean Pierre Timbaud, ZI du Prunay,
Sartrouville

17. Parc de la Chauvetière,
4-28 rue du Vercors, Saint Etienne

18. Parc des Aqueducs,
Chemin du Favier,
St Genis Laval

19. Parc Jules Guesde,
1 allée du Chargement, rue Jules Guesde, ZAC du Tir à Loques, Villeneuve D'Asq

20. Parc des Érables,
154 allée des Érables,
Villepinte

21. Parc Locaparc 2,
59-65 rue Edith Cavell,
Vitry-sur-Seine

FRANCE ASSETS

Light Industrial / Logistics

	Address	Acquisition date	Valuation[1] at IPO €	Purchase price €	Seller Entity
1	Parc du Landy, 61 rue du Landy, Aubervilliers	30/11/2017	19,100,000	18,600,000	Parc D'Activités 1 L.P
2	Parc des Mardelles, 44 rue Maurice de Broglie, 16, rue Henri Becquerel, Aulnay-sous-Bois	30/11/2017	9,250,000	9,250,000	Parc D'Activités 1 L.P
3	Parc de Popey, 5 chemin de Popey, Bar-le-Duc	30/11/2017	4,300,000	3,800,000	EHI Sellers Group[2]
4	Parc de Champs, 40 boulevard de Nesles, ZAC le Ru du Nesles, Champs sur Marne	30/11/2017	5,900,000	5,900,000	EHI Sellers Group[2]
5	Parc des Grésillons, 167-169 avenue des Grésillons, Gennevilliers	30/11/2017	17,250,000	17,250,000	Parc D'Activités 1 L.P
6	Parc Club du Bois du Tambour, Route de Nancy, Gondreville	30/11/2017	2,350,000	2,000,000	EHI Sellers Group[2]
7	Parc Jean Mermoz, 53 rue de Verdun – 81, rue Maurice Berteaux, La Courneuve	30/11/2017	7,500,000	7,500,000	Parc D'Activités 1 L.P
8	Parc Urbaparc, 75-79 rue du Rateau, La Courneuve	30/11/2017	12,700,000	12,600,000	Parc D'Activités 1 L.P
9	Parc du Merantais, 1-3 rue Georges Guynemer, Magny-Les-Hameaux	30/11/2017	10,350,000	9,400,000	EHI Sellers Group[2]
10	Parc des Guillaumes, 58 rue de Neuilly – 2 rue du Trou Morin, Noisy-le-Sec	30/11/2017	24,250,000	24,000,000	EHI Sellers Group[2]
11	Parc d'Osny, 9 chaussée Jules César, ZAC des Beaux Soleils, Osny	30/11/2017	17,000,000	17,000,000	Parc D'Activités 1 L.P
12	Parc Delizy, 32 rue Délizy, Pantin	30/11/2017	18,200,000	18,100,000	Parc D'Activités 1 L.P
13	Parc des Docks, 50 rue Ardoin, Saint Ouen	30/11/2017	104,000,000	98,000,000	EHI Sellers Group[2]
14	Parc de l'Esplanade, Rue Paul Henri Spaak - rue Enrico Fermi - rue Niels Bohr, Saint Thibault des Vignes	30/11/2017	14,800,000	14,800,000	Parc D'Activités 1 L.P
15	Parc Acticlub, 2 rue de la Noue Guimante, ZI de la Courtillière, Saint Thibault des Vignes	30/11/2017	4,700,000	4,700,000	Parc D'Activités 1 L.P
16	Parc le Prunay, 13-41 rue Jean Pierre Timbaud, ZI du Prunay, Sartrouville	30/11/2017	4,900,000	4,900,000	Parc D'Activités 1 L.P
17	Parc de la Chauvetière, 4-28 rue du Vercors, Saint Etienne	30/11/2017	2,300,000	2,200,000	EHI Sellers Group[2]
18	Parc des Aqueducs, Chemin du Favier, St Genis Laval	30/11/2017	3,950,000	3,800,000	EHI Sellers Group[2]
19	Parc Jules Guesde, 1 allée du Chargement, rue Jules Guesde, Villeneuve D'Asq	30/11/2017	4,350,000	4,300,000	Parc D'Activités 1 L.P
20	Parc des Érables, 154 allée des Érables, Villepinte	30/11/2017	6,350,000	6,100,000	EHI Sellers Group[2]
21	Parc Locaparc 2, 59-65 rue Edith Cavell, Vitry-sur-Seine	30/11/2017	5,850,000	5,600,000	EHI Sellers Group[2]

[1] IPO valuation methodology is based on the income capitalisation method.

Valuation €	NLA (sqm)	Gross Revenue FY 2018 €	Occupancy	Lease type	Land tenure
20,200,000	12,763	2,053,348	98.9%	Multi-tenanted	Freehold
10,300,000	16,270	1,563,798	83.7%	Multi-tenanted	Freehold
4,800,000	15,724	916,353	100.0%	Single tenant	Freehold
5,900,000	7,051	835,559	100.0%	Multi-tenanted	Freehold
18,400,000	10,077	1,732,302	100.0%	Multi-tenanted	Freehold
4,200,000	16,509	546,555	67.9%	Multi-tenanted	Freehold
7,800,000	6,004	755,676	100.0%	Multi-tenanted	Freehold
15,000,000	12,607	1,757,270	96.2%	Multi-tenanted	Freehold
10,400,000	10,312	1,301,252	97.4%	Multi-tenanted	Freehold
25,400,000	18,682	2,780,919	97.8%	Multi-tenanted	Freehold
16,600,000	40,288	2,701,921	66.7%	Multi-tenanted	Freehold
18,700,000	12,415	2,152,937	98.1%	Multi-tenanted	Freehold
114,100,000	73,371	10,072,511	87.4%	Multi-tenanted	Freehold
16,100,000	29,854	2,185,845	79.7%	Multi-tenanted	Freehold
5,300,000	8,055	665,209	100.0%	Multi-tenanted	Freehold
5,300,000	9,441	678,031	86.0%	Multi-tenanted	Freehold
2,100,000	7,204	271,909	72.1%	Multi-tenanted	Freehold
3,800,000	7,341	620,836	84.7%	Multi-tenanted	Freehold
3,600,000	5,332	498,598	62.8%	Multi-tenanted	Freehold
7,500,000	8,069	912,348	96.5%	Multi-tenanted	Freehold
6,100,000	5,614	687,889	100.0%	Multi-tenanted	Freehold

[2] EHI Sellers Group means, collectively, Partners Group Access 183 L.P., Partners Group Access 468 L.P., Partners Group Access 476 L.P., Partners Group Access 488 L.P., Partners Group Access 489 L.P., Partners Group Access 504 L.P., Partners Group Access 505 L.P., Partners Group Access 506 L.P., PFM Coinvestment Partner Limited, Euro Industrial Sarl Sicar, Abedjdsmarkedets Tillaegspension, APG Strategic Real Estate Pool N.V., Alecta Pensionsforsakring, Omsesidigt, Tamweelview SA and Stichting Bewaarder Achmea Realty Fund Europe.

GERMANY
ASSETS

Light Industrial / Logistics

1. Gewerbe-und Logistikpark Frankfurt-Bischofsheim, An der Kreuzlache 8-12, Bischofsheim

2. Gewerbepark Bischofsheim II, An der Steinlach 8-10, Bischofsheim

3. Gewerbepark Duisburg, Hochstraße 150-152, Duisburg

4. Gewerbe-und Logistikpark Stuttgart-Frickenhausen, Siemensstraße 11, Frickenhausen

5. Gewerbepark Hamburg–Billstedt, Kolumbusstraße 16, Hamburg

6. Gewerbepark Hamburg-Billbrook Park, Moorfleeter Straße 27, Liebigstraße 67-71, Hamburg

7. Gewerbepark Frankfurt-Hanau, Kinzigheimer Weg 114, Hanau

8. Gewerbepark München-Kirchheim Ost, Henschelring 4, Kirchheim

9. Gewerbe-und Logistikpark München-Kirchheim West, Parsdorfer Weg 10, Kirchheim

10. Gewerbe-und Logistikpark München-Maisach, Frauenstraße 31, Maisach

11. Gewerbepark Straubing, Dresdner Straße 16, Sachsenring 52, Straubing

GERMANY ASSETS

Light Industrial / Logistics

	Address	Acquisition date	Valuation[1] at IPO €	Purchase price €	Seller Entity
1	Gewerbe-und Logistikpark Frankfurt-Bischofsheim, An der Kreuzlache 8-12, Bischofsheim	30/11/17	10,800,000	8,696,000	EHI Sellers Group[2]
2	Gewerbepark Bischofsheim II, An der Steinlach 8-10, Bischofsheim	30/11/17	3,700,000	3,500,000	EHI Sellers Group[2]
3	Gewerbepark Duisburg, Hochstraße 150-152, Duisburg	30/11/17	6,000,000	4,884,600	EHI Sellers Group[2]
4	Gewerbe-und Logistikpark Stuttgart-Frickenhausen, Siemensstraße 11, Frickenhausen, Stuttgart	30/11/17	14,250,000	12,965,400	EHI Sellers Group[2]
5	Gewerbepark Hamburg–Billstedt, Kolumbusstraße 16, Hamburg	30/11/17	9,000,000	6,913,900	EHI Sellers Group[2]
6	Gewerbepark Hamburg-Billbrook Park, Moorfleeter Straße 27, Liebigstraße 67-71, Hamburg	30/11/17	8,100,000	7,071,600	EHI Sellers Group[2]
7	Gewerbepark Frankfurt-Hanau, Kinzigheimer Weg 114, Hanau	30/11/17	3,600,000	2,932,000	EHI Sellers Group[2]
8	Gewerbepark München-Kirchheim Ost, Henschelring 4, Kirchheim	30/11/17	8,500,000	7,608,150	EHI Sellers Group[2]
9	Gewerbe-und Logistikpark München-Kirchheim West, Parsdorfer Weg 10, Kirchheim	30/11/17	27,900,000	25,886,850	EHI Sellers Group[2]
10	Gewerbe-und Logistikpark München-Maisach, Frauenstraße 31, Maisach	30/11/17	6,650,000	5,854,015	EHI Sellers Group[2]
11	Gewerbepark Straubing, Dresdner Straße 16, Sachsenring 52, Straubing	30/11/17	5,700,000	4,941,200	EHI Sellers Group[2]

[1] IPO valuation methodology is based on the income capitalisation method.

Valuation €	NLA (sqm)	Gross Revenue FY 2018 €	Occupancy	Lease type	Land tenure
12,600,000	18,924	882,832	98.8%	Multi-tenanted	Freehold
3,500,000	7,158	595,673	93.6%	Single tenant	Freehold
8,100,000	17,692	457,933	83.3%	Multi-tenanted	Freehold
14,250,000	36,791	2,034,464	88.6%	Multi-tenanted	Freehold
9,200,000	18,714	940,849	91.0%	Multi-tenanted	Freehold
7,900,000	7,629	739,585	96.3%	Multi-tenanted	Freehold
3,450,000	6,257	473,946	91.9%	Multi-tenanted	Freehold
9,400,000	9,029	2,741,597	100.0%	Multi-tenanted	Freehold
30,800,000	26,444	821,409	96.5%	Multi-tenanted	Freehold
7,850,000	8,383	869,908	75.5%	Multi-tenanted	Freehold
6,550,000	9,437	621,474	100.0%	Multi-tenanted	Freehold

[2] EHI Sellers Group means, collectively, Partners Group Access 183 L.P., Partners Group Access 468 L.P., Partners Group Access 476 L.P., Partners Group Access 488 L.P., Partners Group Access 489 L.P., Partners Group Access 504 L.P., Partners Group Access 505 L.P., Partners Group Access 506 L.P., PFM Coinvestment Partner Limited, Euro Industrial Sarl Sicar, Abedjdsmarkedets Tillaegspension, APG Strategic Real Estate Pool N.V., Alecta Pensionsforsakring, Omsesidigt, Tamweelview SA and Stichting Bewaarder Achmea Realty Fund Europe.

ITALY
ASSETS

Office
Light Industrial / Logistics
Others

Office

1. Cuneo, Corso Annibale Santorre di Santa Rosa 15, Cuneo

2. Ivrea, Via Guglielmo Jervis 13, Ivrea

3. Milano Affari, Piazza degli Affari 2, Milan

4. Milano Nervesa, Via Nervesa 21, Milan

5. Assago F7-F11, Viale Milanofiori 1, Milan

6. Genova, Via Camillo Finocchiaro Aprile 1, Genova

7. Mestre, Via Rampa Cavalcavia 16-18, Venice Mestre

8. Firenze, Via della Fortezza 8, Florence

9. Roma Amba Aradam, Via dell'Amba Aradam 5, Rome

10. Roma Pianciani, Via Pianciani 26, Rome

11. Pescara, Via Salara Vecchia 13, Pescara

12. Bari, Corso Lungomare Trieste 23, Bari

Light Industrial / Logistics

13. Rutigliano, Strada Provinciale Adelfia, Rutigliano

Others

14. Lissone, Via Madre Teresa di Calcutta 4, Lissone

15. Saronno, Via Varese 23, Saronno

16. Padova, Via Brigata Padova 19, Padova

17. Bari Europa, Viale Europa 95, Bari

ITALY
ASSETS

Office
Light Industrial / Logistics
Others

Office

	Address	Acquisition date	Valuation[1] at IPO €	Purchase price €	Seller Entity
1	Cuneo, Corso Annibale Santorre di Santa Rosa 15, Cuneo	30/11/2017	9,700,000	9,550,000	C3 Investment Fund
2	Ivrea, Via Guglielmo Jervis 13, Ivrea	27/6/2018	N/A	16,900,000	C3 Investment Fund
3	Milano Affari, Piazza degli Affari 2, Milan	30/11/2017	81,700,00	81,700,000	C3 Investment Fund
4	Milano Nervesa, Via Nervesa 21, Milan	30/11/2017	25,400,000	25,400,000	C4 Investment Fund
5	Assago F7-F11, Viale Milanofiori 1, Milan	30/11/2017	27,600,000	27,600,000	C2 Investment Fund
6	Genova, Via Camillo Finocchiaro Aprile 1, Genova	5/12/2018	N/A	23,775,000	C3 Investment Fund
7	Mestre, Via Rampa Cavalcavia 16-18, Venice Mestre	30/11/2017	5,700,000	5,600,000	C1 Investment Fund
8	Firenze, Via della Fortezza 8, Florence	15/2/2018	17,350,000	17,350,000	C1 Investment Fund
9	Roma Amba Aradam, Via dell'Amba Aradam 5, Rome	30/11/2017	49,800,000	49,800,000	C3 Investment Fund
10	Roma Pianciani, Via Pianciani 26, Rome	30/11/2017	33,900,000	33,900,000	C2 Investment Fund
11	Pescara, Via Salara Vecchia 13, Pescara	30/11/2017	13,000,000	13,000,000	C1 Investment Fund
12	Bari, Corso Lungomare Trieste 23, Bari	5/12/2018	N/A	12,250,000	C3 Investment Fund

Light Industrial / Logistics

13	Rutigliano, Strada Provinciale Adelfia, Rutigliano	30/11/2017	12,000,000	12,000,000	C4 Investment Fund

Others

14	Lissone, Via Madre Teresa di Calcutta 4, Lissone	30/11/2017	20,800,000	20,800,000	Kona Investment Fund
15	Saronno, Via Varese 23, Saronno	30/11/2017	19,100,000	19,100,000	Kona Investment Fund
16	Padova, Via Brigata Padova 19, Padova	30/11/2017	6,000,000	6,000,000	C1 Investment Fund
17	Bari Europa, Viale Europa 95, Bari	30/11/2017	83,100,000	83,100,000	C3 Investment Fund

1 IPO valuation methodology is based on the income capitalisation method.
2 The recently acquired properties are recorded at their respective purchase price as the best approximation of fair value.

Valuation[2] €	NLA (sqm)	Gross Revenue FY 2018 €	Occupancy	Lease type	Land tenure
9,350,000	8,795	911,477	100.0%	Single tenant	Freehold
16,900,000	19,743	764,173	100.0%	Multi-tenanted	Freehold
85,000,000	7,508	4,411,852	99.6%	Multi-tenanted	Freehold
25,400,000	9,712	2,405,145	100.0%	Single tenant	Freehold
26,900,000	4,081	2,516,120	89.1%	Single tenant	Freehold
23,775,000	15,537	148,666	100.0%	Single tenant	Freehold
5,500,000	4,081	554,551	100.0%	Single tenant	Freehold
16,850,000	9,139	1,283,667	100.0%	Single tenant	Freehold
50,200,000	16,688	3,910,810	100.0%	Single tenant	Freehold
33,400,000	10,725	3,187,158	100.0%	Multi-tenanted	Freehold
12,750,000	15,998	1,435,893	100.0%	Single tenant	Freehold
12,250,000	11,674	81,049	100.0%	Single tenant	Freehold
12,550,000	29,638	1,197,882	100.0%	Multi-tenanted	Freehold
20,000,000	11,767	2,583,761	100.0%	Multi-tenanted	Freehold
19,900,000	17,400	1,763,201	100.0%	Single tenant	Freehold
5,400,000	8,151	662,042	100.0%	Single tenant	Freehold
81,000,000	123,261	10,294,910	100.0%	Single tenant	Freehold

THE NETHERLANDS ASSETS

Office
Light Industrial / Logistics

Office

1. Ruyterkade, De Ruyterkade 5, Amsterdam

2. Blaak 40, Rotterdam

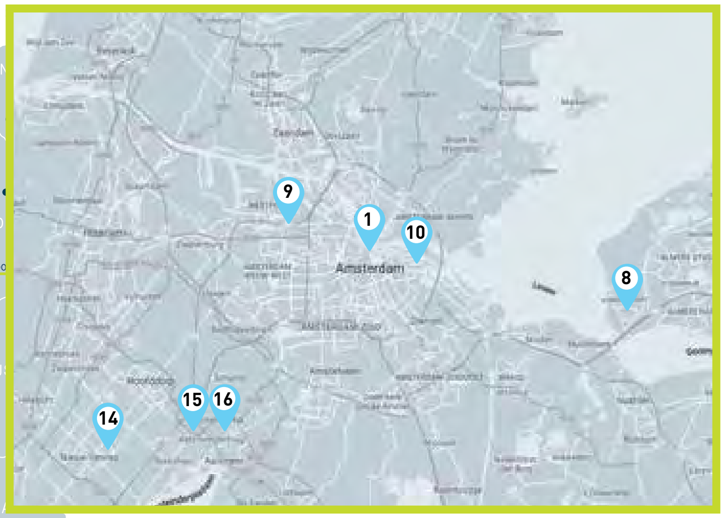
3. Central Plaza, Plaza 2 – 25 (retail) / Weena 580 – 618 (offices), Rotterdam

4. Koningskade 30, Den Haag

5. Haagse Poort, Prinses Beatrixlaan 35 - 37 & Schenkkade 60 - 65, Den Haag

6. Bastion, Willemsplein 2 - 10, 's-Hertogenbosch

7. Moeder Teresalaan 100 / 200, Utrecht

Light Industrial / Logistics

8. Antennestraat 46 - 76 & Televisieweg 42 - 52, Almere

9. Kapoeasweg 4 - 16, Amsterdam

10. Veemarkt, Veemarkt 27-75 / 50-76 / 92-114, Amsterdam

11. Harderwijkerstraat 5 - 29, Deventer

12. Nieuwgraaf 9A - 19 & Fotograaf 32 - 40, Duiven

13. Fahrenheitbaan 4 - 4D, Nieuwegein

14. Boekweitstraat 1 - 21 & Luzernestraat 2 - 12, Nieuw-Vennep

15. Folkstoneweg 5 - 15, Schiphol

16. Capronilaan 22 - 56, Schiphol-Rijk

17. Bohrweg 19 - 57 & 20 - 58, Spijkenisse

THE NETHERLANDS ASSETS

Office
Light Industrial / Logistics

Office

	Address	Acquisition date	Valuation[1] at IPO €	Purchase price €	Seller Entity
1	Ruyterkade, De Ruyterkade 5, Amsterdam	19/06/2017	40,250,000	36,365,000	PFA Pension (80%)/ CDPT Finance no 2 Pty Ltd (20%)
2	Blaak 40, Rotterdam	30/11/2017	16,650,000	15,950,000	Yova Real Estate Cooperatif U.A.
3	Central Plaza, Plaza 2 – 25 (retail) / Weena 580 – 618 (offices), Rotterdam	19/06/2017	157,500,000	156,805,000	PFA Pension (80%)/ CDPT Finance no 2 Pty Ltd (20%)
4	Koningskade 30, Den Haag	19/06/2017	17,000,000	16,595,000	PFA Pension (80%)/ CDPT Finance no 2 Pty Ltd (20%)
5	Haagse Poort, Prinses Beatrixlaan 35 - 37 & Schenkkade 60 - 65, Den Haag	30/11/2017	158,750,000	158,750,000	Yova Real Estate Cooperatif U.A.
6	Bastion, Willemsplein 2 - 10, 's-Hertogenbosch	28/12/2018	N/A	76,850,000	ELQ Holdings (Del) LLC
7	Moeder Teresalaan 100 / 200, Utrecht	28/12/2018	N/A	50,727,904	Hummingbird B.V.

Light Industrial / Logistics

	Address	Acquisition date	Valuation[1] at IPO €	Purchase price €	Seller Entity
8	Antennestraat 46 - 76 & Televisieweg 42 - 52, Almere	30/11/2017	3,900,000	3,600,000	EHI Sellers Group[2]
9	Kapoeasweg 4 - 16, Amsterdam	30/11/2017	2,850,000	2,575,000	EHI Sellers Group[2]
10	Veemarkt, Veemarkt 27-75 / 50-76 / 92-114, Amsterdam	30/11/2017	38,650,000	35,500,000	EHI Sellers Group[2]
11	Harderwijkerstraat 5 - 29, Deventer	30/11/2017	3,700,000	3,385,000	EHI Sellers Group[2]
12	Nieuwgraaf 9A - 19 & Fotograaf 32 - 40, Duiven	30/11/2017	2,050,000	1,815,000	EHI Sellers Group[2]
13	Fahrenheitbaan 4 - 4D, Nieuwegein	30/11/2017	2,250,000	2,000,000	EHI Sellers Group[2]
14	Boekweitstraat 1 - 21 & Luzernestraat 2 - 12, Nieuw-Vennep	30/11/2017	5,950,000	5,155,000	EHI Sellers Group[2]
15	Folkstoneweg 5 - 15, Schiphol	30/11/2017	5,250,000	5,200,000	EHI Sellers Group[2]
16	Capronilaan 22 - 56, Schiphol-Rijk	30/11/2017	6,600,000	6,250,000	EHI Sellers Group[2]
17	Bohrweg 19 - 57 & 20 - 58, Spijkenisse	30/11/2017	4,950,000	4,520,000	EHI Sellers Group[2]

[1] IPO valuation methodology is based on the income capitalisation method.

[2] EHI Sellers Group means, collectively, Partners Group Access 183 L.P., Partners Group Access 468 L.P., Partners Group Access 476 L.P., Partners Group Access 488 L.P., Partners Group Access 489 L.P., Partners Group Access 504 L.P., Partners Group Access 505 L.P., Partners Group Access 506 L.P., PFM Coinvestment Partner Limited, Euro Industrial Sarl Sicar, Abedjdsmarkedets Tillaegspension, APG Strategic Real Estate Pool N.V., Alecta Pensionsforsakring, Omsesidigt, Tamweelview SA and Stichting Bewaarder Achmea Realty Fund Europe.

[3] The recently acquired properties are recorded at their respective purchase price as the best approximation of fair value.

Valuation[3] €	NLA (sqm)	Gross Revenue FY 2018 €	Occupancy	Lease type	Land tenure
48,250,000	8,741	2,668,767	100.0%	Single tenant	Continuing Leasehold[4] (ending on 30 June 2088)
17,050,000	7,788	1,477,838	84.3%	Multi-tenanted	Freehold
160,200,000	33,263	12,225,465	97.6%	Multi-tenanted	Part Freehold and Part Leasehold interest ending 31 July 2088
17,650,000	5,696	1,224,892	100.0%	Single tenant	Perpetual Leasehold[5]
159,850,000	68,502	14,384,975	92.8%	Multi-tenanted	Part Freehold, Part Right of Superficies and Part Perpetual Leasehold[5]
76,850,000	31,979	N/A	97.7%	Multi-tenanted	Freehold
50,727,904	21,922	N/A	86.5%	Multi-tenanted	Perpetual Leasehold[4]
3,950,000	6,178	445,791	87.6%	Multi-tenanted	Freehold
3,750,000	5,563	417,446	100.0%	Multi-tenanted	Freehold
37,250,000	21,701	2,992,643	98.1%	Multi-tenanted	Continuing Leasehold[4] (ending on various dates between 2039 and 2043)
4,350,000	12,238	537,997	100.0%	Multi-tenanted	Freehold
2,450,000	5,420	266,068	100.0%	Multi-tenanted	Freehold
2,250,000	4,599	214,554	81.6%	Multi-tenanted	Freehold
6,200,000	8,638	629,033	100.0%	Multi-tenanted	Freehold
5,250,000	5,438	906,926	100.0%	Multi-tenanted	Leasehold (ending 1 December 2039)
6,350,000	5,250	782,790	100.0%	Multi-tenanted	Freehold
5,550,000	7,289	601,665	73.0%	Multi-tenanted	Freehold

4 A "Continuing Leasehold" is agreed in principle for an indefinite period of time but has a fixed ground rent paid to the land owner which must be re-agreed at the end of a certain period, which may result in a termination if the leaseholder and the land owner do not agree on the new ground rent.

5 A "Perpetual Leasehold" is for an indefinite period of time and the ground rent has been paid off perpetually (which type of leasehold is most similar to a freehold situation). Given its nature, these rights do not expire and the requirement to disclose the remaining term of the lease for these properties will not apply.

EUROPEAN PROPERTY MARKET RESEARCH:

THE NETHERLANDS, FRANCE, GERMANY, ITALY, DENMARK, FINLAND, POLAND OFFICE, INDUSTRIAL & LOGISTICS MARKETS

KNIGHT FRANK RESEARCH CONSULTANCY

Prepared for:

Cromwell EREIT Management Pte Ltd in its capacity of the manager of

Cromwell European Real Estate Investment Trust

13th February 2019

TABLE OF CONTENTS

As general information, material produced as part of this project will not necessarily represent the view of Knight Frank LLP in relation to particular properties or projects. Reproduction of this project's output in whole or in part will not be allowed without prior written approval of Knight Frank LLP to the form and content within which it appears.

This report is based, in part, on public information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied on as such. No representation is given with respect to the accuracy or completeness of the information herein. Opinions expressed are our current opinions as of the date appearing on this report only.

Any estimates, projections or predictions given in this report are intended to be forward-looking statements. Although we believe that the expectations in such forward-looking statements are reasonable, we can give no assurance that any forward-looking statements will prove to be correct. Such estimates are subject to actual known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those projected. These forward-looking statements speak only as of the date of this report.

Knight Frank LLP is a limited liability partnership registered in England with registered number OC305934. Our registered office is 55 Baker Street, London, W1U 8AN, where you may look at a list of members' names.

1. INTRODUCTION

This is an independent market report prepared for Cromwell European Real Estate Investment Trust ("CEREIT"), on various office and the industrial and logistics markets in Europe. The report includes economic, investment and sector profiles for the Netherlands; France; Germany; Italy; Denmark; Finland and Poland, and an overview of the key markets within each of these countries.

The report is to be used in the Cromwell European Real Estate Investment Trust (CEREIT) Annual Report. Content from the report may also be used in associated presentations. This may include capital raising documentation and presentations, provided that Knight Frank have sight and sign-off on the final context.

2. NETHERLANDS

Section 1: Executive Summary

- Economic growth has been accelerating in the Netherlands. Growth is expected to continue over the next five years, though the rate of growth is expected to slow.
- The Netherlands is continental Europe's third largest Commercial Real Estate (CRE) investment market. It is a highly liquid and transparent market with a high proportion of international capital.
- Amsterdam is the largest office market in the Netherlands, followed by Rotterdam, Utrecht and The Hague.
- Both the office and logistics markets in Amsterdam have a lack of Grade-A stock.
- Significant amounts of office space have been decommissioned or converted to residential use across the Netherlands. This is reducing vacancy rates across the Dutch office markets.

Section 2: Economic Overview

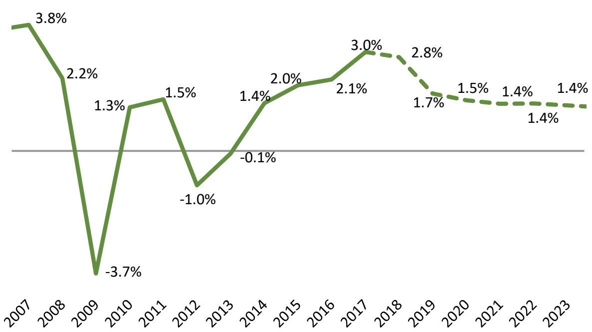
National Statistics – Economic Outlook

	2017	2018 (f)	2019 (f)	2020 (f)	2021 (f)	2022 (f)	2023 (f)
Total Population (millions)	17.13	17.24	17.33	17.42	17.51	17.60	17.69
Population Growth rate (%)	0.61%	0.59%	0.55%	0.53%	0.51%	0.50%	0.49%
GDP Growth (%)	2.96%	2.80%	1.71%	1.51%	1.40%	1.41%	1.36%
Total Investment (% GDP)	20.67%	21.28%	21.96%	22.58%	22.93%	23.31%	23.75%
Unemployment rate (%)	4.85%	3.90%	3.80%	3.70%	3.60%	3.50%	3.40%
Government debt (% of GDP)	56.45	53.10%	49.86%	47.19%	44.67%	42.29%	39.98%
Inflation (CPI) (%)	1.22%	1.54%	1.74%	1.89%	1.99%	2.09%	2.14%

Source: Oxford Economics, IMF

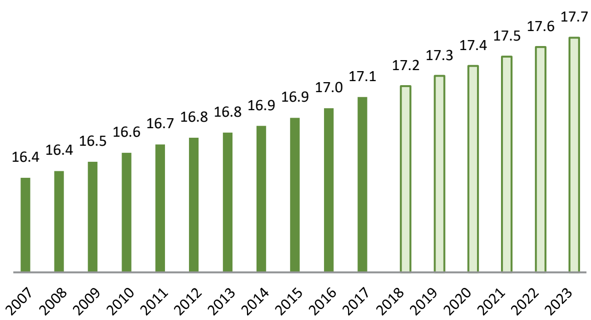
The Netherlands is the European Union's (EU) sixth-largest economy. Trade and distribution are highly important to the Dutch economy. The Netherlands' geographic location places it central to the network of corridors linking to the markets of Southern Europe, Central and Eastern Europe, and the UK and Nordic markets. The Netherlands acts as a hub for imports, exports and distribution to markets across Europe.

Historic and Forecast GDP Growth (%)



Source: CBS Netherlands, Oxford Economics

Historic and Forecast Population (millions)



Source: Eurostat, Oxford Economics

The labour market in the Netherlands is highly educated and multilingual. These factors, coupled with openness to trade and investment, have facilitated the growth of international banking and technology companies. Unemployment in the Netherlands has been trending downwards over the past five years. The labour market is tight, in October 2018, the International Monetary Fund forecasted it to be just 3.9% by the end of 2018. Wage growth and inflation are likely to increase steadily as a result.

The population has been growing rapidly, particularly in Amsterdam and the Randstad region (which includes the cities of Rotterdam, The Hague and Utrecht). The population is forecast to continue rising, as is the proportion of the population residing in the capital and other cities. The increase is not only a result of natural population growth but due, in particular, to more Dutch and foreign migrants moving into cities. Rising demand for housing, coupled with availability of finance, is fuelling an increase in construction. There are a number of large new construction projects planned across the country. In Amsterdam, the redevelopment of old office space into residential properties is increasing housing supply and driving down office vacancy rates, reducing historic structural vacancy in the city.

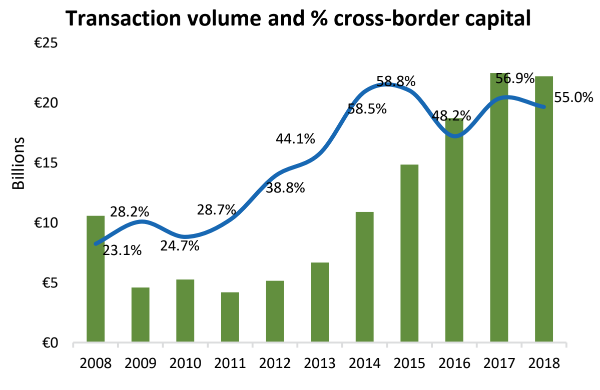
Though the rate of economic growth is slowing, it remains robust and the pace of growth is forecast to remain ahead of the EU average. Uncertainty over Brexit and global trade tensions remain the key downside risks to the outlook for the Netherlands. However, the tight labour market should support private consumption. Various companies have indicated that, in the case of a hard Brexit scenario, where the UK would lose access to the EU single market as well as the customs union, they intend to relocate head offices to cities within the EU. Amsterdam is one of the favourite locations for relocation, the city has an educated, international and English-speaking workforce, one of Europe's best airports and excellent rail network, good schools, attractive housing and a lively and cosmopolitan atmosphere. These factors could attract businesses and employees to locate here and this could provide a boost to investment and demand for office space in Amsterdam and the wider Randstad region.

Section 3: Investment in the CRE Market

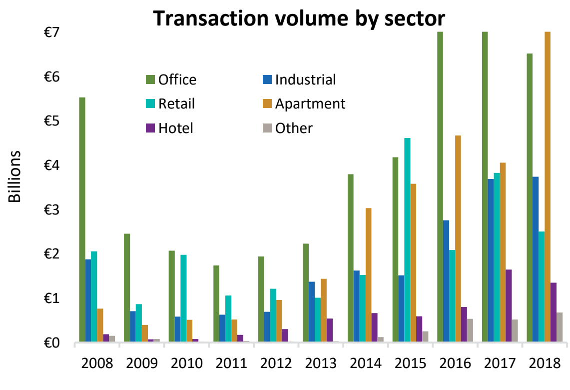
Despite its relatively small size, the Netherlands is continental Europe's third largest CRE investment market, after Germany and France. The multi-lingual business culture, combined with market transparency and sound economic underpinnings in the Netherlands makes the market attractive to international investors.

The relatively high loan-to-value (LTV) ratios available in the Netherlands (compared with other major European markets) is also driving up investment and promoting liquidity in the market. Senior debt is generally available up to 65% of the value, for income producing assets. Pre-let requirements for funding development projects are typically 80% plus for office.

In 2018 there was a total of €22.2billion invested in real estate in the Netherlands. This is a similar level to the record €22.5billion recorded in 2017 (-2% year-on-year). While domestic investment rose, the amount of cross-border capital dipped, this was mostly due to a fall in non-European capital targeting the market. The lack of large portfolios and assets on the market is probably the main reason for this, as these buyers tend to favour large lot size transactions.



Source: Knight Frank Research, Real Capital Analytics



Source: Knight Frank Research, Real Capital Analytics

A lack of investible stock on the market in the office and industrial sectors has also dampened investment volumes. The transfer tax rate rose on 1st January 2018, and some sellers may have brought sales forward in order to avoid the increased transaction costs.

The apartment sector overtook the office sector to become the most liquid sector in 2018. Investment in apartments almost doubled; up €4.1billion (+80%) year-on-year to reach €7.3billion in 2018. Four of the top five deals in 2018 were in the apartment sector, the fifth was mixed-use. Vesteda's (a Dutch property company) purchase of a €1.3billion nationwide apartment portfolio was the largest transaction of the year, and boosted the investment total for the sector. Offices recorded the largest fall in investment in 2018; down

€1.3billion (-17%) on the 2017 record total, when a number of sizeable deals took place. Retail recorded the largest decline in investment in percentage terms, down -35% (€1.3billion) year-on-year due to the ongoing transformation of the retail sector and continued rise of e-commerce.

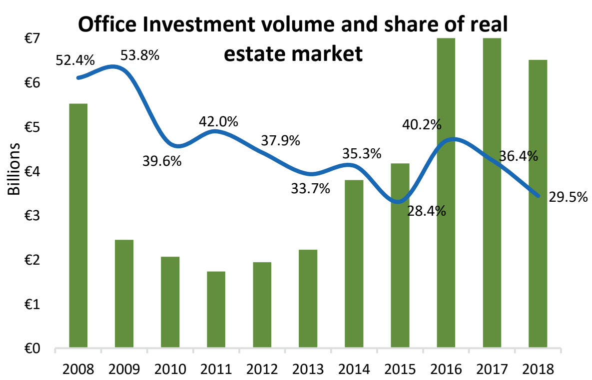
Another notable deal in the Netherlands in 2018 was the Mesdag Delta portfolio purchase by US private equity fund; HighBrook Investors. The €615million partnership deal was agreed with Breevast, who will retain responsibility for asset management of the 56 asset portfolio. The nationwide multi-sector portfolio is concentrated in the Randstad region.

Section 4: Office sector – Country market overview

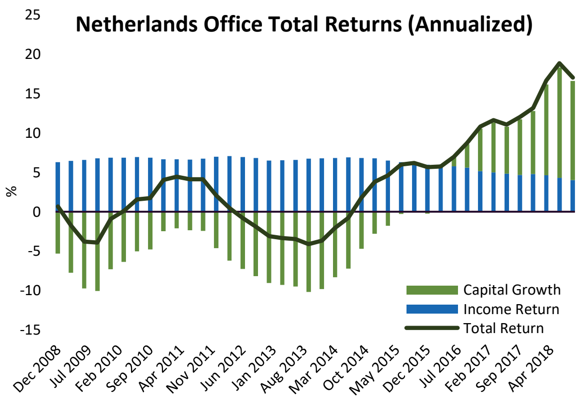
Amsterdam is the largest office market in the Netherlands in terms of built stock, followed by Rotterdam, Utrecht and The Hague. While Amsterdam has become the commercial and financial centre, the other Randstad cities have their own distinct economy's, associated characteristics and occupier markets, which influence their unique office markets and related investment risk profiles.

Almost all capital targeting offices in the Netherlands was focused on Amsterdam and the wider Randstad region. The total transacted was down compared with the previous two years. Despite strong investor interest, a lack of available stock is limiting opportunities. US, German and UK buyers have all been actively acquiring Dutch office assets in 2018 and there has also been an increase in Middle Eastern buyers investing in Dutch offices over the past two years.

Record amounts of office space has been withdrawn from the Dutch market, the majority of which was in the major cities. In addition to Amsterdam, office space in Rotterdam and The Hague has reduced significantly, with a large number of properties decommissioned and converted to residential use. The combination of falling vacancy rates, new construction and a substantial number of office conversions or demolitions have rebalanced the market in some areas. The process of replacement of out-dated office stock is expected to continue but at a modest pace and not to the extent to unbalance market fundamentals. Occupiers are primarily targeting modern, open-plan office space in the best cities and sub-markets.



Source: Knight Frank Research, Real Capital Analytics



Source: MSCI

Total returns in the Netherlands were dampened by negative capital growth (December 2008 – March 2016); a recovery in property prices came late in the Netherlands. Over the past two and a half years, capital growth has been positive and steadily rising, thus boosting total returns. Capital growth reached an all-time high in Q2 2018, with annual capital growth of 14.0% and total return of 18.8%.

Section 5: Office market – City markets

Amsterdam

The Amsterdam office market has long been afflicted with a structurally high vacancy rate which historically limited the potential for rental growth. However, the vacancy rate has plummeted in the past couple of years and there is growing demand for space, particularly amongst tech companies. The city appeals to young, educated workers and occupiers, looking to access this labour market, are increasingly considering Amsterdam. Given the reduction in supply and the types of occupiers looking to Amsterdam, new office developments are in demand, particularly in central areas of the city.

The total amount of space in Amsterdam city centre has been decreasing as redundant office space is redeveloped for alternative uses. Large spaces remain scarce, leaving occupiers with increasingly restricted choice, and this has been driving up rents for Grade-A office stock in Amsterdam. City authorities are restricting development in the city centre and occupiers seeking centrally located Grade-A space are having to find alternatives possibly by refurbishing their existing offices or relocate to non-prime locations, either in suburban locations of Amsterdam or to other cities.

There is a wide mix of occupiers in Amsterdam, ranging from banks and investment firms to international consultancies, as well as energy companies and TMT businesses which are all active in the Amsterdam market. Co-working office space providers have also been active in the leasing market - Regus, WeWork and local company Spaces all have projects in Amsterdam. Modern, well-located office spaces are particularly attractive to start-ups, tech occupiers and other occupiers with a relatively young workforce and flexible workspace needs.

The UK's departure from the EU may also provide a boost to leasing activity in Amsterdam, with some businesses choosing Amsterdam as an EU-based hub for their mainland European business. Amsterdam already has an established banking sector and favourable tax regime. In addition, excellent transport links combined with a highly educated, English speaking labour force and population may make Amsterdam a popular option for banks and other businesses.

The combination of tight vacancy rates, particularly in the city centre, and limited new stock available, will continue to put upward pressure on prime rents with levels expected to increase over the next couple of years. Competition for space will continue both in the occupier and investor markets supported by robust real estate fundamentals. Limited choices in prime markets has driven growth in some sub-markets traditionally considered secondary, such as Amsterdam Zuidoost, this trend is expected to continue some secondary locations in the south east and Sloterdijk-Teleport in Westpoort will also see further positive rental growth.

Key Market Statistics:

Amsterdam	2013	2014	2015	2016	2017	2018
Vacancy Rate (%)	18.3	19.7	16.8	13.6	7.8	5.5
Take-Up (sqm)	237,500	246,650	265,125	437,800	410,000	322,000
Stock (sqm)	6,956,000	6,908,000	6,865,000	6,719,000	6,690,000	6,050,000
Prime Rent (€ sqm)	340	340	340	365	400	425
Prime Yield (%)	6.20	5.75	5.00	4.50	3.60	3.25

Source: Knight Frank Research

The Hague

After Amsterdam, The Hague is the next largest office market in the Netherlands in terms of stock. The Hague is home to the Dutch government, as well as numerous international public bodies including the International Criminal Court (ICC), International Court of Justice and Europol (European Union Agency for Law Enforcement Cooperation). Due to the high volume of government and administrative bodies based in The Hague, returns in this market are highly income driven. Oil companies are also a significant part of the occupier base in The Hague; Royal Dutch Shell have their headquarters here, and Saudi Aramco, Kuwait Petroleum Corporation and Total S.A. have all located their regional HQ's in the city too.

The Dutch government is consolidating and vacating offices in the city, and this, combined with the lacklustre performance of the energy sector over the past five years who are also offloading excess office space is pushing up the vacancy rate. However, demand for housing is driving widespread office-to-residential conversions with many offices previously used by government departments now being converted into apartments, as well as student housing and care homes.

The market appears to have turned a corner with the significant amount of decommissioned office stock helping to stabilise vacancy rates. There are also some growth sectors present in The Hague that have the potential for future expansion. The city has a growing cyber security sector, fuelled by The Hague Security Delta (HSD) as well as a flourishing tech sector with many start-ups favouring The Hague over Amsterdam due to lower rents and the proximity of other tech occupiers.

Key Market Statistics:

The Hague	2013	2014	2015	2016	2017	2018
Prime Rent (€ sqm)	210	215	215	210	210	220
Prime Yield (%)	6.30	6.20	5.75	5.50	5.50	5.25

Source: Knight Frank Research

Utrecht

Utrecht is a university city with a highly educated population and has become a centre for research and development, including medical research, genetics and other sciences, it has also spawned a number of associated start-ups. TMT, life sciences and research sectors have seen growth and investment over the past few years and this has helped fuel economic growth in city. Employment figures in Utrecht have been rising and the growth of the TMT sector is expected to drive further growth.

Utrecht is regarded as a highly desirable place to live and has one of the fastest growing populations in the country. Several corporations are choosing to locate in Utrecht over Amsterdam, with the city offering lower office and residential rents, coupled with high living standards and a highly educated workforce, Utrecht is an attractive location. The recent redevelopment of the Hoog Catharijne shopping centre has attracted a number of retail and hospitality companies with the mixed-use redevelopment making the area more appealing to visitors and residents, as well as office workers and employers.

The vacancy rate in Utrecht has fallen sharply but there are significant variations between sub-markets. The overall the rate is around 7%, but in the Centre and in Overvecht there is a dearth of availability with vacancy less than 1%. As with other cities in the Randstad region, Utrecht has benefited from the lack of office space in Amsterdam which has spurred on demand in the city and is a driving factor of the significant rental growth seen in the past year. There have been a number of recent development completions in Utrecht and several more schemes in the pipeline which should help to satisfy some demand and support further rental growth.

The investment market in Utrecht has been dominated by domestic investors, although international investors are increasingly active. The lack of opportunities in Amsterdam, as well as strong fundamentals in Utrecht are likely to encourage more international capital into the city, resulting in an uptick in trading activity.

Key Market Statistics:

Utrecht	2013	2014	2015	2016	2017	2018
Prime Rent (€ sqm)	205	205	220	220	235	285
Prime Yield (%)	5.90	6.00	5.75	5.75	5.50	5.25

Source: Knight Frank Research

Rotterdam

Rotterdam is the largest port in the country and several export-dependent corporations are based here including; Unilever (consumer goods), Proctor & Gamble (consumer goods), Pfizer (pharmaceuticals), Stolt-Nielsen (logistics) and Maersk (logistics). The ongoing expansion of the Port of Rotterdam is enhancing the capacity of the port and raising the profile of the city as an important export/import-hub, helping to solidify

Rotterdam's position as one of Europe's key trade hubs and will help to continue to attract international companies and shipping industries to the city.

The performance of the Rotterdam office market somewhat lags the three other major cities in the Randstad region. In Amsterdam, Utrecht and The Hague, the supply of available office space has been falling since 2014 with the large numbers of conversion projects part of the reason, but growing demand for office space is the main driver of the declining vacancy rates. Despite a lot of office space being removed from the market in Rotterdam, the vacancy rate remains high as the historic structural vacancy is worked through. This vacant office space however, is now creating opportunities and with some demand unable to be satisfied in supply-limited Amsterdam, seeing some companies refocus and look to Rotterdam as an alternative location.

Conversion projects in Rotterdam are offering young homebuyers a more affordable alternative to the high house prices in Amsterdam with the added advantage that good transport links to Amsterdam enable new residents to commute into Amsterdam while not having to endure high house prices. With young, educated residents and limited office space in Amsterdam, the expectation is that some companies will follow suit and look at opportunities in Rotterdam to establish their operations. In addition, companies with large space requirements may find suitable premises in Rotterdam with the anticipated future growth in demand expected to drive down vacancy rates. The outlook for rents in Rotterdam is stable.

Key Market Statistics:

Rotterdam	2013	2014	2015	2016	2017	2018
Prime Rent (€ sqm)	220	225	225	235	235	235
Prime Yield (%)	5.80	5.70	5.10	5.00	5.00	4.75

Source: Knight Frank Research

Den Bosch

The North Brabant region is home to the cities of Eindhoven, Breda and 's-Hertogenbosch ("Den Bosch") - the office markets in these cities are marred by a lack of quality office stock and there are some positive moves in creating a number of campus-style initiatives aimed at creating desirable, collaborative and modern working environments.

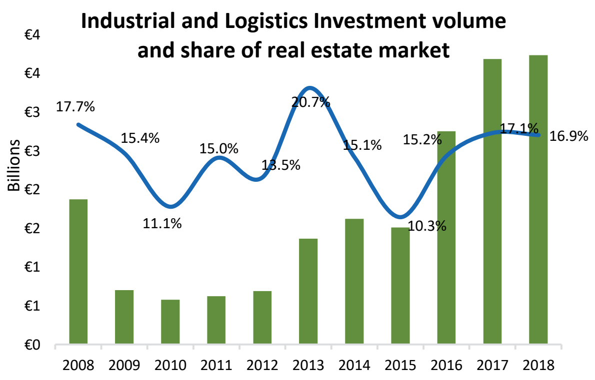
City centres in the region are repurposing and redeveloping redundant office stock, generally into residential property and this is driving down the city centre vacancy rates. There are certainly opportunities in this region for investors and developers to plug the gap between current market offerings and demand for contemporary and sought-after office stock. There is a significant spread between yields here and those found in the main Randstad cities. Prime yields in Den Bosch are currently around 6.25% compared with 3.25% in Amsterdam.

Section 6: Industrial and Logistics sector – Country market overview

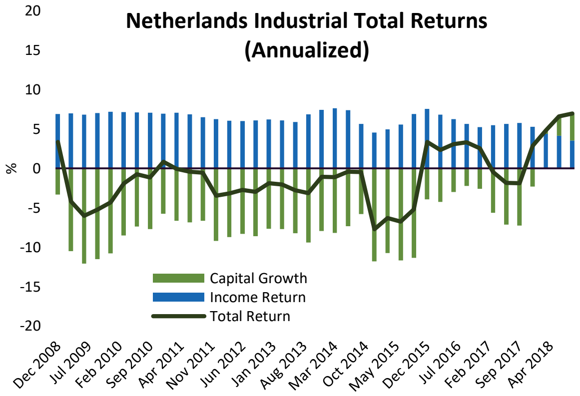
The Netherlands is home to some of the most sought after industrial and logistics locations in Europe. The Netherlands is central to the network of corridors that link markets in Southern Europe, Central and Eastern Europe as well as the UK and Nordic markets. The high level of connectivity, combined with access to the largest populations in Europe make the Dutch industrial and logistic sector highly desirable.

The Netherlands has one of the most mature and established logistics markets in Europe, the Venlo logistics hub is the largest and most desirable location in Europe, according to a survey of logistics operators (Source: Prologis). The southern Dutch corridor appeals to logistics occupiers due to the excellent road access, pan-European connectivity, transportation costs, and availability of larger units. The Port of Rotterdam is Europe's largest container port, and its ongoing expansion will solidify its position as a leading European hub for global and intra-European cargo flows.

As one of the most prominent logistics locations in the world, the Netherlands is a hub of innovation. There is a strong drive towards automation in the logistics sector, this is particularly important in a market where the cost and availability of labour are major challenges for logistics companies. As companies move to improve their supply chains, they often look to consolidate their space requirements and invest more heavily into a few larger units. Specialised e-commerce fulfilment centres with high-tech, flexible space, and with warehouse automation are becoming more common as companies continue to look for efficiency gains whilst paying attention to cost margins.



Source: Knight Frank Research, Real Capital Analytics



Source: MSCI

Annual total returns for Dutch industrial property stood at 7.0% in Q3 2018. Last year (2018) saw the advent of positive capital growth after nine years of continuous negative growth. Rising income returns have also boosted returns with annual total returns reaching a record high in Q3 2018.

Section 7: Industrial and Logistics sector – City /Regional markets

Amsterdam

The Netherlands is experiencing rising consumer confidence and growing urban populations. This coupled with the rise in e-commerce and consumer demand for rapid fulfilment of orders are driving demand for fulfilment centres located close to populous, urban areas. Within the Amsterdam Metropolitan Area (MRA), the markets of Almere with its seaport access, and Schiphol with its airport, are desirable logistics locations.

Much like the Amsterdam office market, the logistics market is also marred by a lack of stock and available properties are typically either outdated or not suited to meet demand. The rise in residential construction in the city is leading to a shortage of business locations and adequate land parcels for development. Demand for modern, well-located distribution centres with quick and easy access to the road network, will continue to grow. In order to meet demand in the region, it will be necessary to increase development and refurbishment of logistics facilities. There is a shortage of high-quality property in the right locations.

Click-and-collect, parcel lockers and online grocery delivery are all areas of potential growth in the wider Dutch e-commerce sector. Indeed, some of the less-well connected, secondary office stock in Amsterdam may be better suited as urban fulfilment centres and there may be potential for development opportunities of such stock.

High tech, Grade-A fulfilment centres are in demand in the Netherlands, particularly around Amsterdam. Delin Capital, a UK Asset Manager, are currently developing a Grade-A e-fulfilment facility located in the Port of Amsterdam, providing the occupier with rapid access to a huge population. Completion is due in mid-2019. This is one of a number of recent developments in the Port of Amsterdam region and more are expected due to the availability of land for development.

Rising occupier demand, a scarcity of space, and investor interest are all gaining momentum in Amsterdam’s logistics market. Limited supply will put upward pressure on rents and this is likely to attract further investor interest. The Amsterdam logistics market has recorded significant yield compression with strong investor interest in the sector. These historically low yields are motivating some investors to start developing their own distribution centres, both pre-let and speculatively.

Key Market Statistics:

Amsterdam	2013	2014	2015	2016	2017	2018
Prime Rent (€ sqm)	85	85	85	85	85	85
Prime Yield (%)	7.25	6.75	5.75	5.75	5.00	4.67

Source: Knight Frank Research

3. FRANCE

Section 1: Executive Summary

- The French economy has not grown as fast as some of the other major EU economies.
- High levels of government debt and a ridged labour market have delayed economic recovery in France. However, new government policies aimed at promoting business should drive growth.
- France has a highly polarised office market with most office stock, occupier and investment activity is concentrated in the Greater Paris Region, also known as Ile-de-France (IDF). Regional office markets are less liquid and dominated by domestic capital.
- In Paris, strong occupier demand is expected to outpace the supply of office space.
- Paris has a large urban population and growing rates of online retail are evident. Logistics companies in Paris are competing to meet rising consumer demands.

Section 2: Economic Overview

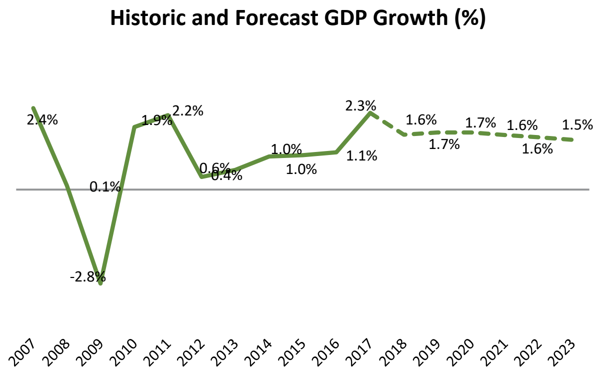
France is the third largest economy in the European Union after Germany and the UK, although has not seen the pace of growth enjoyed in Germany and the UK over the past ten years. Labour market rigidity, government bureaucracy and high level of government debt are some of the reasons for the slow recovery in France. President Macron is introducing new pro-business measures including tax and labour reforms, but he has however, faced resistance to some of these measures. The recent “gilet jaunes” protests sparked by fuel tax rises have weakened economic sentiment and confidence in the government, further reforms may bring more protests and social unrest.

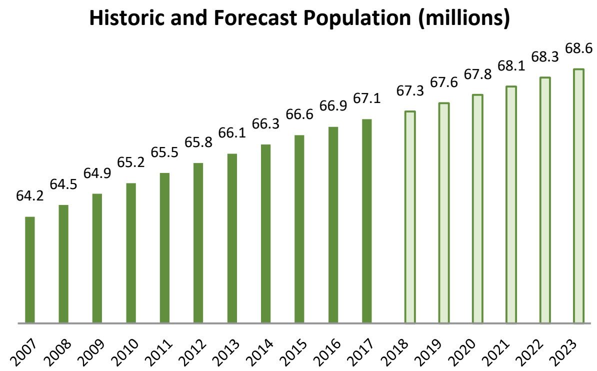
National Statistics – Economic Outlook

	2017	2018 (f)	2019 (f)	2020 (f)	2021 (f)	2022 (f)	2023 (f)
Total Population (millions)	67.10	67.33	67.58	67.83	68.08	68.34	68.60
Population Growth rate (%)	0.34%	0.35%	0.36%	0.37%	0.38%	0.38%	0.38%
GDP Growth (%)	2.29%	1.64%	1.70%	1.71%	1.63%	1.56%	1.48%
Total Investment (% GDP)	23.46%	23.66%	23.58%	23.59%	23.67%	23.74%	23.85%
Unemployment rate (%)	9.44%	8.84%	8.47%	8.12%	7.82%	7.58%	7.34%
Government debt (% of GDP)	96.80%	96.69%	96.48%	95.60%	94.89%	94.32%	93.92%
Inflation (CPI) (%)	1.26%	1.63%	2.20%	1.49%	2.02%	1.77%	1.93%

Source: Oxford Economics, IMF

France has a significant debt burden and the debt ratio has been steadily rising with economic growth and tax revenues failing to keep up with government spending. The French pension system weighs heavily on the government’s annual budget and government spending accounts for over half of domestic output. Despite fiscal reforms and rationalisation of services, further measures are needed in order to address the high level of government debt. Household and business debt are also rising. Lending in the French market is increasing faster than elsewhere in Europe and rising levels of debt may make businesses, households and the government vulnerable to future interest rate rises.





Source: INSEE, Oxford Economics

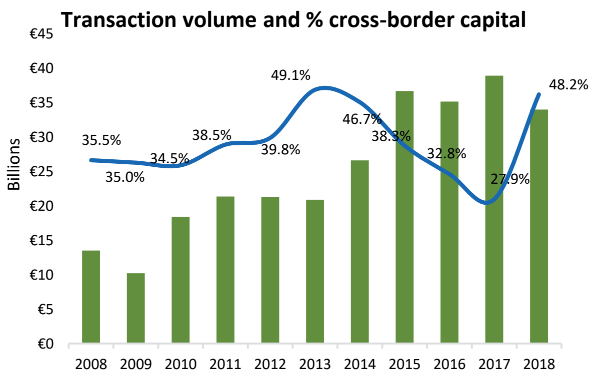
Source: Eurostat, Oxford Economics

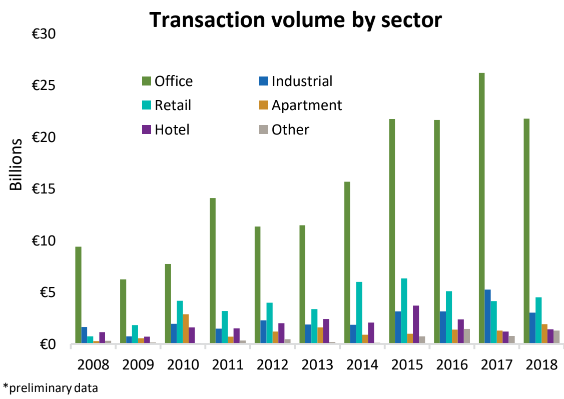
The rate of unemployment in France has edged down, but remains one of the highest in the European Union; more than twice that of Germany. In 2019, the French government plans to limit increases in family benefits, tighten the eligibility criteria for unemployment insurance, and reduce the number of employees in the public sector. The ongoing labour reforms are expected to lower unemployment and boost household consumption. However, social protests and modest economic growth are making it harder for the government to implement their programme of reforms.

France has lagged the other major European economies in terms of economic growth. However, fiscal and labour market reforms, coupled with low interest rates are likely to sustain investment and boost private consumption - these factors should help maintain a steady rate of economic growth in France. Oxford Economics forecast annual GDP growth of 1.7% in 2018 and 2019, the rate of growth is slow slightly in 2020 with 1.6% growth forecast, however latest figures from IMF estimate GDP growth of 1.5% in 2018 with the projection for 2019 and 2020 revised down to 1.5% and 1.6% respectively.

Section 3: Investment in the CRE Market

Transaction volumes peaked in 2017 with €36.7 billion invested in the market. This surge in investment was driven by domestic buyers, contrasting to most European markets where the rise in investment activity was accompanied by a rise in the share of capital coming from overseas.





Source: Knight Frank Research, Real Capital Analytics

Source: Knight Frank Research, Real Capital Analytics

France has a highly transparent real estate market and attracts wide range of international investors. The composition of investors is fairly stable; foreign buyers have been active throughout the market cycle even at the market trough in 2009 they accounted for 35% of total investment into the French market. In 2018 foreign investors increased their activity in the French commercial real estate market, with the introduction of Macron's pro-business government and reforms such as lowering the corporate tax rate and increasing flexibility in the labour market encouraging foreign investment. The largest sources of overseas investment were the US, UK and Germany.

Commercial property investment in France is heavily focused on the Greater Paris office market, particularly in the CBD area and La Défense. Offices accounted for 64% of total property investment in 2018, with most capital targeting core assets in Paris. While investment in apartments and hotels has been increasing, the totals remain small in comparison to the office sector.

The French debt market has been expanding, this is a contrast to the rest of Europe where it has been largely stable over the past few years. Real estate debt is growing in popularity, particularly with insurance companies and other institutional investors who see it as a way to secure higher income returns from relatively low-risk assets. Senior debt is generally available up to 60% LTV for income producing assets, or 65% for development projects.

One of the largest investment deals in 2018 was the sale of the Farallon/Massena housing portfolio, purchased for €1billion by TwentyTwo Real Estate's new residential private REIT. Backed by Société Générale and BNP Paribas, the new REIT will focus on the affordable housing sector.

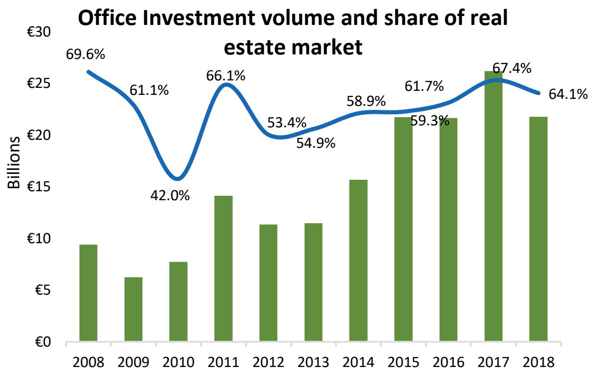
Section 4: Office sector – Country market overview

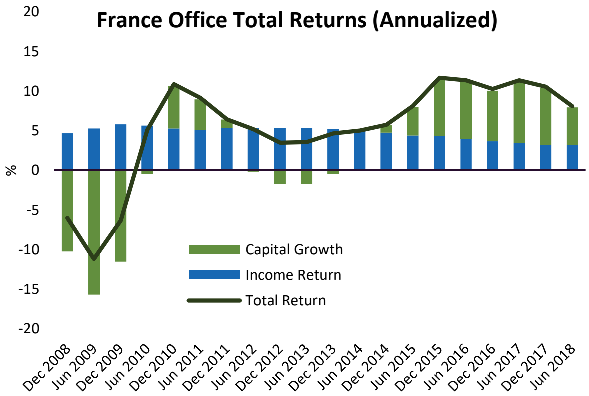
The French office market is highly centred on Paris and the Ile-de-France area where there is strong investor and occupier appetite for prime office assets. Core-plus and value-add investors have been increasingly active in the Greater Paris Region. The low vacancy rate and active lettings market combined with a lack of new supply and improvements to infrastructure are prompting investors to consider less established areas of the Greater Paris Region. Many investors remain reluctant to venture outside of the IDF area due to the relatively small size of the markets and general lack of good quality stock.

Key markets outside Paris include Lyon, Lille, Bordeaux, Nice, Nantes, Strasbourg and Toulouse. Lyon is the most significant of these regional markets, however they are all small in size by comparison to Ile-de-France. The regional markets have been and continue to be dominated by domestic investors although international capital has acquired some assets in these markets typically through portfolio acquisitions. The markets of Lyon, Lille, Nantes and Bordeaux all show signs of promise, with the exception of Lillle, economic growth in these markets is outstripping that of the capital. There is a significant spread between prime yields in these regional markets and those found in Paris. However, the liquidity of these markets is far lower than Paris and they have trailed Paris in terms of economic recovery.

Several large office deals transacted in 2018. In November 2018 Primonial REIM purchased the Naropa Galeo Ensemble 2018 for a total of €980million. This portfolio comprises three neighbouring office assets located in Issy-les-Moulineaux, Ile-de-France. In June 2018 JP Morgan purchased a 50% interest in an Oxford Properties Paris office portfolio for €400million. The most significant single asset deal of 2018 was Invesco's acquisition of Capital 8; a fully-leased, 45,000sqm office property in Paris which was bought for €789million from Unibail-Rodamco-Westfield.

In November 2018 EDF agreed a sale and leaseback deal with Colony Capital. The price has not been disclosed but the deal comprises of 200 office properties located in Ile-de-France and other key regional cities in France.





Source: Knight Frank Research, Real Capital Analytics

Source: MSCI

At the end of H1 2018, annual total returns for French offices were 8.1%. Slowing capital growth coupled with diminishing income returns have resulted in a fall in total returns, although total returns remain above the ten-year average of 5.3%.

Section 5: Office market – City markets

Paris

There is strong appetite for prime office assets both for investment and for occupation purposes. The improving economy and growth in the private sector in particular, is driving take-up in the Ile de France office market with banking and financial occupiers particularly active. Vacancy rates are in decline, most acutely in the Paris CBD submarket, although other business districts such as the western crescent, southern loop and Neuilly-Levallois are also recording a reduction in vacant space. The CBD submarket has limited new supply and the lack of available Grade-A office space is prompting occupiers to look further afield.

Outside the CBD, modern, well-located offices, close to transport links are attracting interest. Planned transport improvements will improve accessibility to certain office markets, such as La Défense, Boulogne-Billancourt and Issy-les-Moulineaux which should drive future interest in these areas. The inner southern suburbs will be one of the first areas benefitting from the planned Grand Express Metro Line and the area is seeing rising interest from occupiers and investors. The emerging North submarket and the South districts will also benefit. Construction on the project began in June 2016 and is due to last until 2030.

Paris has recorded strong lettings activity in 2018 so far with the vacancy rate in Ile-de-France currently at 5.4%. Prime office rents reached €840 sqm per annum in Q4 2018, equalling levels recorded at the previous cyclical peak in 2008, and represents an annual growth rate of 9%. Prime yields in Paris have held steady at 3.00% since Q3 2017. This compares to a yield of 3.50% recorded at the trough of the previous market cycle.

Take-up has been strong in La Défense and vacancy rates have reduced to around 5% by the end of 2018. There has been a strong supply of new speculative stock that has been delivered over the past few years, however immediate supply was relatively weak. The La Défense market is driven by large-scale occupier and investment deals and this can result in volatile statistics for the market and new supply of stock and take-up figures can fluctuate significantly.

The amount of available space in Ile-de-France has fallen below the 3,000,000 sqm mark for the first time since 2009. There is currently around 1,320,000 sqm of space under construction however, more than half of this space is already pre-let and therefore no dramatic uplift in the vacancy rate is anticipated. Occupier demand is expected to outpace supply, and this will drive increase activity in areas outside of the CBD. There will also be a rise in the take-up of refurbished space given the preference of Grade A space and the low availability of new product. Strong investor demand underpinned by a healthy occupational market is expected to keep yields low. Moderate rental growth is expected over the next few years due to strong lettings activity and constrained supply.

Key Market Statistics:

Paris (CBD)	2013	2014	2015	2016	2017	2018
Vacancy Rate (%)	7.40	7.70	7.40	6.60	6.10	5.40
Take-Up (sqm)	1,868,100	2,115,030	2,087,700	2,445,100	2,575,900	2,697,028
Stock (sqm)	53,600,000	52,561,000	52,799,000	53,104,000	53,700,000	54,011,633
Prime Rent (€ sqm)	750	750	750	770	810	840
Prime Yield (%)	4.25	4.00	3.50	3.00	3.00	3.00

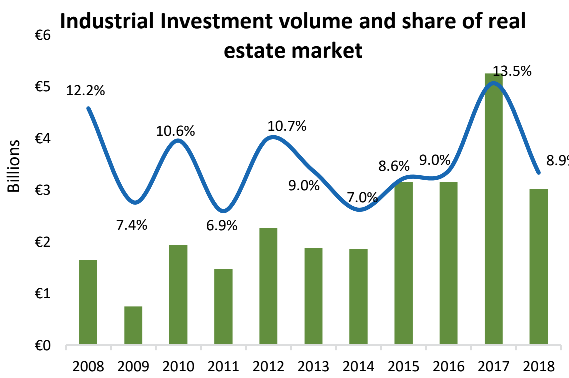
Source: Knight Frank Research

Section 6: Industrial and Logistics sector – Country market overview

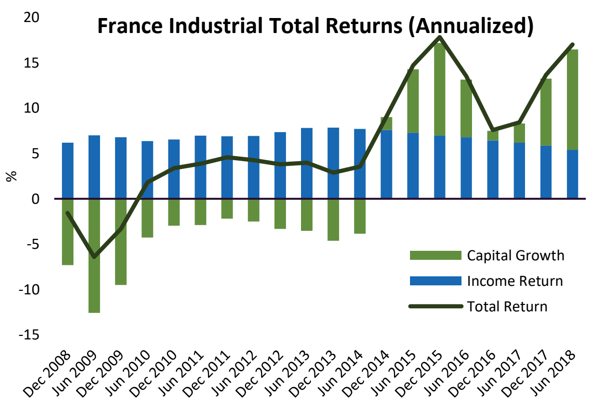
France, along with Germany, Italy and the UK are in the top ten countries for trade and Paris is one of the largest logistics clusters in Europe (based on total modern logistics stock), ahead of the Southern Netherlands and the UK's Midlands agglomeration. Logistics activities in France are concentrated along the North-South corridor running from Lille in the north, through the Paris region and Lyon to Marseille on the south coast. Paris logistics is orientated towards local consumption in the sizeable Paris market. Strong consumer demand coupled with investor appetite is driving growth in the industrial and logistics sector. Many logistics operators in the Paris region are currently in Grade-B space but demand for higher quality new space is rising as they look to upgrade their operations.

While Paris dominates in terms of urban logistics, Lille is the hub location offering a balance between competitive operational costs and access to markets. Lille's Nord-Pas-de-Calais region boasts relatively cheap warehousing costs and benefits from availability of land plus its proximity to the Channel Tunnel and therefore the UK market. Giant e-retailer Amazon has a large distribution centre in the Nord-Pas-de-Calais area.

There were €3.0billion worth of industrial and logistics deals in 2018 across France. International buyers dominated the market, with US, UK and German buyers particularly active. There were several sizeable industrial and logistics portfolios purchased by US investors including GreenOak's acquisition of twelve warehouse/distribution centres from CBRE Global Investors for around €300milllion.



Source: Knight Frank Research, Real Capital Analytics



Source: MSCI

Annual total returns for industrial property were 17.0% in H1 2018. Following a dip in 2016, strong capital growth has been driving up total returns. Meanwhile, income returns have been on a downward trajectory since peaking in 2013.

Section 7: Industrial and Logistics sector – City / Regional market overview

Paris has a population of 12.5 million making it the third largest consumer market in Europe and this concentration of consumer demand has spurred growth in the Paris logistics market. Over the past fifteen years there has been a rise in the number of warehousing and logistics properties in Paris and the larger

Paris basin with the area becoming an important link between the urban core of Paris and the wider international supply chains and distribution networks.

Paris currently has a large air cargo hub and France's first inland port. Development of a new ground-breaking urban logistics project using rail freight to deliver products into the centre of Paris from a major distribution hub in northern France is currently underway. A dedicated urban logistics hub, Chapelle International, run by logistics property developer Sogaris, is to be built in Paris' 18th arrondissement, near the major Gare du Nord station. This will transform urban logistics in the area, reducing the number of heavy goods vehicles in the city, with goods transported into the Paris region via rail. The new centre will act as a distribution hub with goods delivered to their destinations via electric or hybrid vehicles.

There has been a general lack of new development and this has damped transaction levels in both the investment and occupier markets. A large number of industrial and logistics projects are currently underway, although the availability of Grade-A stock is likely to remain tight as occupiers compete for the best located stock. This is likely to support positive rental growth.

Key Market Statistics:

Paris	2013	2014	2015	2016	2017	2018
Prime Rent (€ sqm)	55	55	55	58	58	58
Prime Yield (%)	7.25	7.00	5.75	5.75	5.00	4.50

Source: Knight Frank Research

4. GERMANY

Section 1: Executive Summary

- The German economy has experienced significant growth of the past few years with exports and manufacturing important elements, and Germany has benefited from the growth of export markets, particularly in Asia.
- Germany's reputation as a safe-haven for investment has attracted large volumes of international capital.
- Strong competition for assets has compressed yields in Germany's key office markets.
- Co-working and flexible office leasing is an important and growing phenomenon in the German office markets.
- Rental growth is expected to continue across the major office markets and while the rate of growth will slow it will remain robust.
- Improvements at the Port of Hamburg should continue to drive demand for logistics property in Hamburg.

Section 2: Economic Overview

Germany is the third largest export market in the world; it has a strong manufacturing base and exports a range of goods. Germany's main export markets are the U.S., France and the U.K., followed by the Netherlands and China. Cars and vehicle parts are the largest export industries, followed by medical instruments, aircraft and spacecraft. German exports have gained momentum in recent years through a combination of factors including fiscal and wage restraint, as well as expanding markets in Asia. Germany's export figures remain strong however, the strength of the euro in 2017/2018 combined with the economic slowdown in China, has dampened expectations for future growth.

National Statistics – Economic Outlook

	2017	2018 (f)	2019 (f)	2020 (f)	2021 (f)	2022 (f)	2023 (f)
Total Population (millions)	82.70	83.01	83.24	83.41	83.54	83.65	83.73
Population Growth rate (%)	0.43%	0.37%	0.28%	0.21%	0.16%	0.13%	0.10%
GDP Growth (%)	2.46%	1.78%	1.64%	1.53%	1.25%	1.06%	0.90%
Total Investment (% GDP)	20.09%	20.35%	20.80%	21.12%	21.34%	21.50%	21.59%
Unemployment rate (%)	3.75%	3.47%	3.37%	3.31%	3.27%	3.24%	3.20%
Government debt (% of GDP)	63.85%	59.77%	55.97%	52.59%	49.72%	47.07%	44.56%
Inflation (CPI) (%)	1.58%	1.81%	1.93%	2.19%	2.38%	2.51%	2.56%

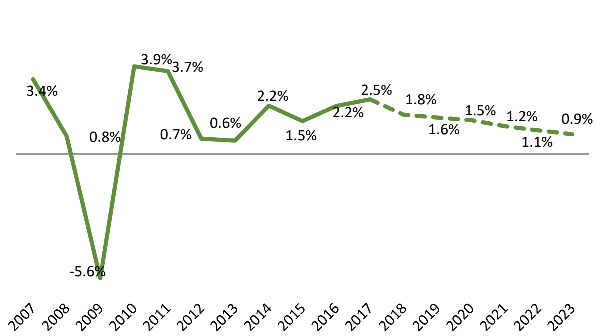
Source: Oxford Economics, IMF

Germany has seen steady GDP growth in recent years driven by increasing private consumption and export demand. GDP growth of 1.8% was projected for 2018 by Oxford Economics in October 2018, down from the 2.5% growth recorded in 2017. However, it is expected that the 2018 figure will be revised down with IMF reporting an estimate of 1.5% growth in January 2018. The country's economy ministry said reasons for the slower growth in 2018 included a weakening in the global economy and sales problems in the car industry. Economic growth is projected to moderate further due in part to capacity constraints - unemployment is currently at a record low and private consumption is likely to decelerate with little room for further employment growth.

The number of low paid workers has risen and upward mobility has fallen. Expanding low paid labour markets are being driven by the influx of unskilled immigrant labour from Turkey, Syria and south-western Europe. Access to cheap labour and low interest rates are helping maintain firms' profitability. However, wages are growing and this, combined with the strength of the euro, may dampen further growth.

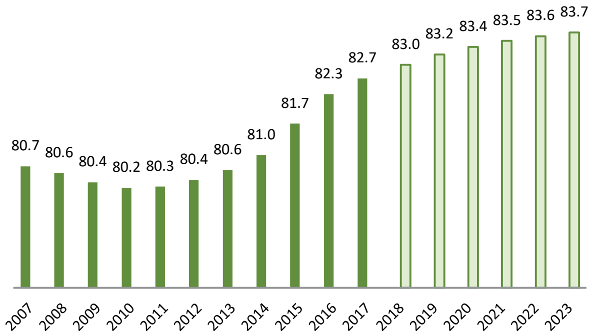
Germany's reputation as a safe haven market has helped attract large volumes of foreign investment. Openness to global trade, strong property rights and an efficient regulatory environment support investment and business growth with investment forecast to rise as a percentage of GDP, from 20.1% in 2017 to 21.6% in 2023.

Historic and Forecast GDP Growth (%)



Source: DESTATIS, Oxford Economics

Historic and Forecast Population (millions)

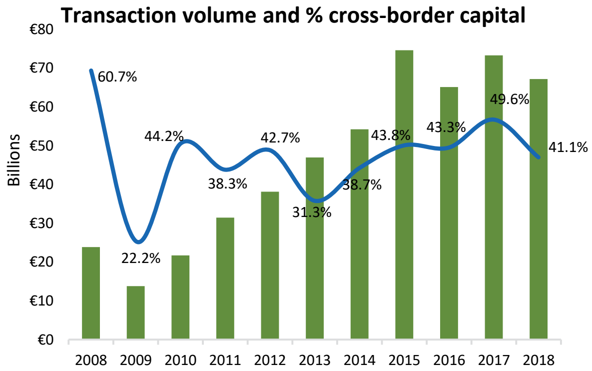


Source: Eurostat, Oxford Economics

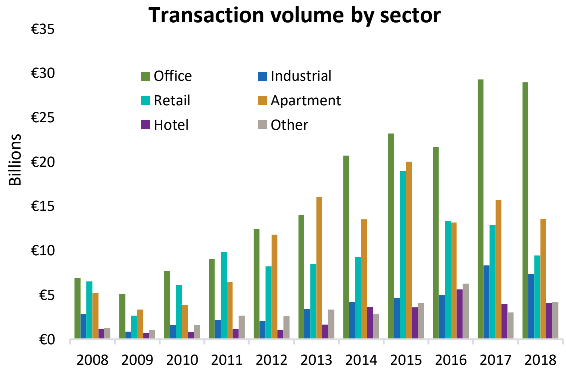
Germany's economic expansion is expected to continue over the next five years, though the rate of growth will slow. The pace of population and economic growth are both projected to reduce over the next five years. Inflation is forecast to remain moderate, gradually increasing to 1.9% by the end of 2019 and to 2.2% by the end of 2020. Rising tax revenues, coupled with increasing wages and private consumption is driving up government revenues and this is helping to lower the already moderate government debt burden.

Section 3: Investment in the CRE Market

The German investment market is highly liquid, with a strongly decentralised structure, unlike the UK and France where the capital city dominates in terms of population and concentration of businesses, Germany does not have one single dominant city rather there are several large first tier cities. Investment is shared across the “big 5” or “big 7” markets and while preferred there has been noted rising interest in some second and third tier cities. However, a lack of available product continues to hamper higher levels of activity. Strong competition for assets in the core markets and slowing rates of capital growth are driving many investors to pursue income-driven or value-add strategies.



Source: Knight Frank Research, Real Capital Analytics



Source: Knight Frank Research, Real Capital Analytics

Commercial property investment totalled €67.1billion in 2018 and decreasing investment totals were recorded across all of the major sectors. Despite investor appetite, sellers remain reluctant to offer up stock for sale. Offices remains the most popular asset class, followed by apartments. Domestic buyers continue to dominate with the large German institutions and sizeable German Spezialfonds (open-ended funds for institutional investors) particularly active in the German market.

Foreign investors accounted for 41.1% of the market in 2018, down from 49.6% in 2017. Foreign capital continues to target German real estate, widely considered as a safe-haven market. Heightened uncertainty and volatility in other European markets is continuing to drive capital into the highly liquid, comparatively low-risk German markets. US, Swiss and UK investors are the largest sources of foreign capital. The possibility of increasing trade restrictions in the US and the possibility of a no-deal Brexit may shrink the influx of capital from these countries.

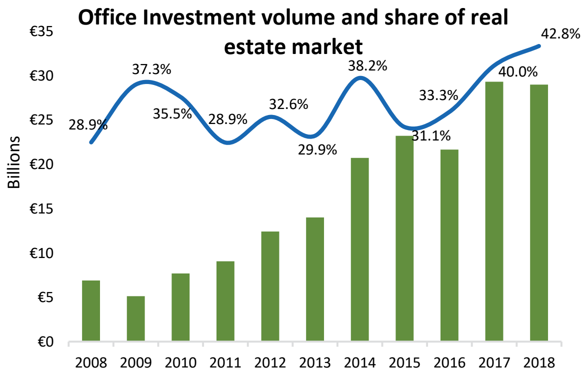
Favourable lending terms are boosting investment activity. Lenders loan portfolios are expected to grow slightly over the next year, yet loan terms are unlikely to change dramatically. The maximum contracted length available is around 50 years. Average loan to values are around 75% for the whole loan, or around 60% for senior lending.

Section 4: Office sector – Country market overview

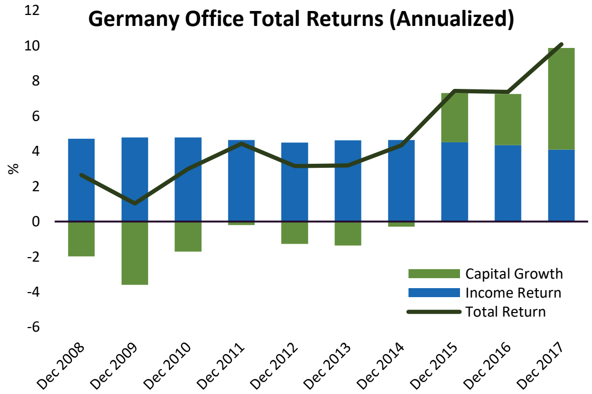
Investment in German offices is not concentrated in a single core market, rather there are several major office markets each with different characteristics and offering a breadth of tenants. Berlin, Dusseldorf, Frankfurt, Hamburg and Munich are generally considered the five most important office markets as destinations for both investment and business activity. The office market in each of these cities have unique characteristics and a different focus of business activity. The major office markets have recorded significant yield compression in the past few years and current yields are far below those recorded at the previous cyclical peak.

Investment in German offices totalled €27.6 billion in 2018, down slightly on the record €28.6billion recorded in 2017. Single asset deals accounted for €21.5billion of the total transacted with several large office towers in Frankfurt changing hands, representing the largest deals of 2018.

The volume of foreign capital investing in offices has been on the rise and there is strong competition amongst investors across the largest markets. There has also been an increase in the volume of capital flowing to regional German markets, that is, outside of the “Big 5” or “Big 7” cities. Investors are increasingly considering assets outside of the major markets; the lack of investible stock and shrinking returns on offer are driving some investors to move up the risk curve although Tier I markets remain a clear focus. However, even outside the core markets, Germany is considered a relatively safe market.



Source: Knight Frank Research, Real Capital Analytics



Source: MSCI

Annual total returns were a record 10.1% in 2017, boosted by strong capital growth which was primarily due to rental growth rather than yield compression.

Section 5: Office market – City markets

Frankfurt

Frankfurt is renowned as Germany's financial capital and most major German banks have their headquarters here. Frankfurt is also home to the European Central Bank (ECB) whose headquarters are located on the city fringe. The city skyline is populated with numerous high-rise office blocks and from the 15 tallest buildings in Germany 14 are located in Frankfurt.

Vacancy rates are structurally high in this market although they have reduced over the past few years. While new, modern office stock is highly sought after there remains a wealth of older office blocks lacking the fit-outs suited to modern ways of working. However, decommissions are methodically removing this old outdated stock with new construction replacing it with more desirable, modern office space.

Even before the Brexit vote, Frankfurt's financial services sector and office markets were booming. As a key European financial centre and home to the ECB, Frankfurt may benefit from Brexit. To ensure continued access to the EU market, several major banks are establishing or expanding their operations in Frankfurt and this trend is likely to drive up demand for large sized, high quality, well-located office space.

Strong rental growth is expected to continue in Frankfurt and is expected to see some of the strongest growth of all the major European markets in 2019. Positive rental growth is expected to continue into 2020 and beyond although the pace will slow.

Key Office Market Statistics:

Frankfurt	2013	2014	2015	2016	2017	2018
Vacancy Rate (%)	11.40	10.40	9.20	9.10	7.80	7.20
Take-Up (sqm)	430,000	378,200	391,000	530,375	715,100	1,034,350
Stock (sqm)	12,134,207	12,144,146	12,096,164	12,089,162	12,097,666	11,370,000
Prime Rent (€ sqm)	450	456	462	462	480	516
Prime Yield (%)	4.70	4.70	4.30	4.00	3.25	3.10

Source: Knight Frank Research

Berlin

Berlin is Germany's start-up hot spot and home to a high proportion of tech and creative industries. The city is also the German capital and so there is a correspondingly high concentration of government institutions, public administrative bodies and social institutions all of which are significant in the tenant mix (though they tend to be owner-occupiers). Berlin has relatively low office occupancy costs and living costs, and the city's vibrant social scene is attractive to young, highly educated people from all around the world. This combination of factors creates an environment favourable to start-up companies and entrepreneurs and so the growth of co-working office space and flexible leasing options are very popular in Berlin and this is a trend set to continue.

Levels of supply are failing to keep up with demand and the trend for office-to-residential conversions are taking older stock out of the market. Demand continues to outpace supply and this is likely to continue to drive down vacancy rates and push rents up further. Construction volumes are on the rise with the number of projects under construction having doubled over the past two years. However, most of the pipeline is unlikely to complete prior to 2019 and in addition, a large proportion is already pre-let. In response there has been a notable pick-up in speculative development.

Rental growth in Berlin has outpaced the rest of Germany and other first tier European cities, rents have risen 95% since the market trough in 2009, this compares to 26% growth in Frankfurt, 40% growth in Munich and 36% in London (West End). Further growth is expected over the next few years but the pace will slow however, Berlin is expected to remain one of the best performing markets for rental growth over the next few years given the strong underlying occupational fundamentals and breadth of opportunities it can offer investors, albeit more so on the value-add side via development opportunities perhaps.

Key Market Statistics:

Berlin	2013	2014	2015	2016	2017	2018
Vacancy Rate (%)	8.20	7.70	6.30	4.10	2.25	1.80
Take-Up (sqm)	454,600	610,000	820,000	850,000	950,000	1,415,000
Stock (sqm)	17,050,000	17,350,000	1,753,6000	17,786,000	18,630,000	18,930,000
Prime Rent (€ sqm)	276	282	288	360	396	468
Prime Yield (%)	4.75	4.75	4.00	3.50	3.10	3.00

Source: Knight Frank Research

Hamburg

Hamburg is an important centre for logistics companies given the importance of the Port of Hamburg. The city is also a relatively attractive market for start-ups and smaller companies. WeWork, a provider of flexible, co-working office space, entered the Hamburg office market in 2017 acquiring 7,700sqm of space and building on the several offerings already established in Berlin. However, despite Berlin's reputation as a hub for start-ups and tech companies, the rapidly rising rents and very low vacancy rates is making this market less accessible to start-ups and entrepreneurs who are beginning to look to Hamburg as a suitable alternative.

Co-working and flexible office leasing is an important and growing phenomenon in the German office market, in particularly in Hamburg and the expanding start-up market is likely to continue to fuel demand for modern co-working office space. There are already several service providers offering co-working space in the city including WeWork, Betahaus and Stoffdeck. Regus are also active, and are the largest provider of business centres in Hamburg.

There is upward pressure on prime office rents in Hamburg, with quality office stock in scarce supply. This is unlikely to abate anytime soon with little new stock likely to come through the pipeline in the next 12 months. Well-located, well-connected office buildings will not struggle to find tenants even if the quality of the fit-out or building is less attractive. Of the 145,000sqm of office space completed in 2018, 82% was pre-let and over 60% of development expected to complete over the next two years is also pre-let or absorbed by owner-occupiers.

Key Market Statistics:

Hamburg	2013	2014	2015	2016	2017	2018
Vacancy Rate (%)	7.80	6.75	5.90	5.60	4.80	4.10
Take-Up (sqm)	440,000	518,400	520,000	551,000	640,000	610,000
Stock (sqm)	14,650,000	14,670,000	14,730,000	14,820,000	14,900,000	15,045,000
Prime Rent (€ sqm)	288	300	300	300	306	324
Prime Yield (%)	4.50	4.50	4.00	3.50	3.20	3.05

Source: Knight Frank Research

Munich

Munich is Germany's largest office market (in terms of built stock) and has a broad base of occupiers. Manufacturing companies have a strong base in the city and represent the largest proportion of tenants and this is alongside media, high-tech and IT companies who also have a strong presence. Despite being the largest office market, Munich has very few high-rise buildings and those that do exist tend to be located on the outskirts of the city, while the centre is dominated by low-rise historic buildings with restrictive planning in place. As a result, there is little possibility for new office buildings in the city centre and this is driving up development and take-up in secondary locations. There has been significant rental growth in 2018, after little movement over the past few years and strong capital value growth has been boosting returns.

Occupier demand continues to strengthen, with those demanding large spaces forced to locate in peripheral locations. The vacancy rate has fallen significantly to just 2.1% and it is lower still in the city centre. In the current market, large modern offices in well-connected locations are hard to come by. The main occupiers driving take-up are business services and manufacturing companies with public sector and government departments also accounting for a significant share of take-up.

Munich is a desirable city, ranking 3rd in Mercer's Quality of Living city rankings. The Munich office market with a broad appeal to all sectors of the economy, the city has been important as a base for industrial company headquarters, public administration offices and financial services are also active in the Munich office market and have been driving take-up. Strong rental growth is expected to continue through 2019, though the rate will slow thereafter, rental growth in Munich is expected to remain among the highest in Western Europe. The current supply pipeline is set to deliver a sizeable increase in office stock, with over 1,000,000 sqm of space expected to complete in 2019. However, most of this space is already let. Further development will see a significant rise in space coming through in 2020 and pressure on the vacancy rate may then ease slightly. Prime yields in Munich are currently at 2.80% - the lowest of all the Tier I European markets.

Key Market Statistics:

Munich	2013	2014	2015	2016	2017	2018
Vacancy Rate (%)	7.30	6.60	3.80	3.10	2.20	2.10
Take-Up (sqm)	625,000	641,000	750,000	780,000	986,000	1,810,000
Stock (sqm)	20,030,000	20,150,000	20,050,000	20,100,000	20,200,000	20,200,000
Prime Rent (€ sqm)	378	414	414	432	436	443
Prime Yield (%)	4.50	4.40	3.75	3.30	3.00	2.80

Source: Knight Frank Research

Düsseldorf

Düsseldorf is a well-connected city, located at the confluence of the Rhine and its tributary Düssel, the city lies in the centre of both the Rhine-Ruhr and the Rhineland Metropolitan Regions with the Cologne/Bonn urban area to its south and the Ruhr to its north. Residents of Düsseldorf benefit from a high standard of living, with the city placing 6th in Mercer's Quality of Living Rankings (2018). It is a hub for IT and telecommunications companies and is also an important centre for the arts and creative industries. There have been strong levels of take-up in recent years which have helped bring down the relatively high vacancy rate which is currently around 7%. There has also been a significant amount of decommissions, with office stock converted into residential or hotels which has helped the noted decline in vacancy.

While the city has recorded strong employment growth, economic growth in Düsseldorf has not matched that of other German cities. The economy in Düsseldorf is heavily dependent on export driven markets, North Rhine-Westphalia is one of the biggest export regions in Germany. Rents are considerably lower than in other German cities and rental growth in Düsseldorf has been more modest, although positive growth is expected in 2019 due to strong demand and the low vacancy rate.

Key Market Statistics:

Düsseldorf	2013	2014	2015	2016	2017	2018
Prime Rent (€ sqm)	330	312	312	318	325	336
Prime Yield (%)	4.80	4.75	4.60	4.20	3.75	3.20

Source: Knight Frank Research

Cologne

Cologne has a strong manufacturing base and the city's economic growth has resulted in increased demand for office space however, low availability of space has dampened leasing activity with occupiers struggling to find suitable space that matches their needs.

Prime rents in Cologne are around €288sqm per annum. The desirability of the city centre, combined with the low vacancy rate of around 3.6%, is putting upward pressure on rents. The amount of new office stock being developed is low and demand is expected to continue to outstrip supply.

Key Market Statistics:

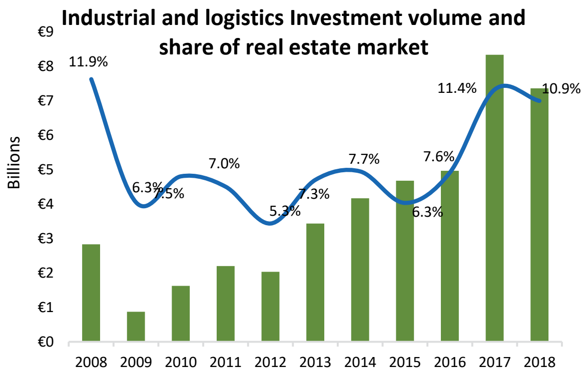
Cologne	2013	2014	2015	2016	2017	2018
Prime Rent (€ sqm)	258	252	252	258	258	288
Prime Yield (%)	4.90	4.75	4.60	4.20	3.90	3.30

Source: Knight Frank Research

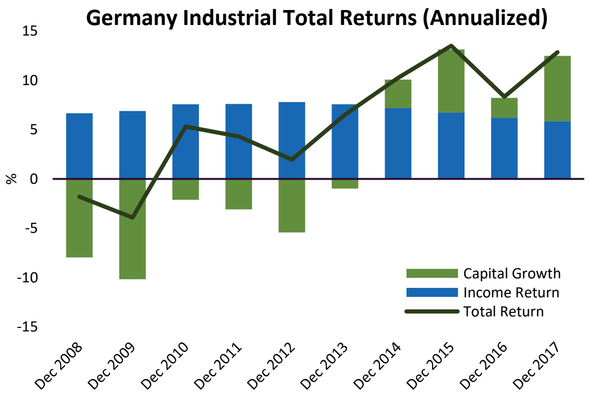
Section 6: Industrial and Logistics sector – Country market overview

The investment market for German logistics has been very active with investors eager to take advantage of the strong fundamentals underpinning the sector especially across the country's seven main logistics hubs; Berlin, Düsseldorf, Frankfurt, Hamburg, Cologne, Munich and Stuttgart. There has been strong investor appetite across these markets and this is aiding a shift from a predominantly owner-occupied market to an increasingly tenanted market. Occupier needs are becoming increasingly specialised requiring high-tech or flexible space and these specialised requirements are driving the development of new facilities in these markets.

The Hamburg logistics market has flourished due to its strong and varied transportation links, as well as its situation close to a major urban centre. The Rhein-Ruhr region (around Dusseldorf) in the West of Germany is another highly sought after logistics market with excellent transport links into neighbouring markets of France and Belgium, as well the close proximity to Europe's key logistics hub in Venlo (Netherlands), making this location strategically important in any European logistics network. Logistics in Frankfurt has become more prominent, particularly Airport logistics and the relative abundance (albeit diminishing) of land close to the airport, combined with the excellent road and rail links make Frankfurt Airport a prime location for logistics expansion.



Source: Knight Frank Research, Real Capital Analytics



Source: MSCI

Investment in industrial and logistics property totalled €7.4billion in 2018, representing the second highest annual trading volume on record after the exceptional year in 2017. There is strong appetite for the sector amongst domestic and foreign investors alike with an almost 50:50 split. Germany's open-ended fund (GOEFs) market has been acquisitive in the logistics market and several fund managers have launched new funds targeting German logistics recently including TH Real Estate, Heitman and Patrizia. Economic growth coupled with the rise in e-commerce, the drive for supply-chain optimisation, and positive rental forecasts are supporting positive investor sentiment. Total returns for German industrial and logistics property have outpaced other sectors - total returns were 12.8% in 2017, up from 8.3% in 2016 on the back of robust capital value growth.

Section 7: Industrial and Logistics sector – City /Region market overview

Hamburg

Hamburg's port is the third largest container port in Europe and the city is also home to an international airport and has excellent road and rail networks. The city is a centre of trade, shipping and aerospace engineering and these, along with manufacturing industries and trade links drive demand for warehouse space in Hamburg. The large urban population is also fuelling demand for fulfilment and distribution centres.

There has been an increase in take-up activity in 2018, compared with 2017, with the majority of the large deals in close proximity to the Port of Hamburg. The deepening of the Elbe River has finally been approved by Germany's Federal Administrative Court and this will allow large modern container ships to access the Port of Hamburg. An increase in container ship traffic and trade will drive further demand for logistics space by occupiers, helping to feed investor interest in the market as well.

There is a lack of opportunities for development in Hamburg due to the lack of available land parcels for logistics projects and with the already low availability and increasing take-up could lead to the market reaching full capacity. Rents have been stable over the past year but increasing occupier demand and supply pressures are expected to drive rents up over the next 12-18 months.

Key Market Statistics:

Hamburg	2013	2014	2015	2016	2017	2018
Prime Rent (€ sqm)	67.2	68.4	72.0	72.0	72.0	72.0
Prime Yield (%)	6.50	6.25	5.75	5.00	4.50	4.33

Source: Knight Frank Research

5. ITALY

Section 1: Executive Summary

- The Italian economy entered a technical recession at the end of 2018 following two consecutive quarters of negative growth in Q3 and Q4 2018. However, modest economic growth is forecast for the next five years.
- Milan is Italy's most global city attracting the largest number of international companies and the highest volume of international investment into real estate. Milan has pulled away from the rest of the country in terms of economic growth.
- Relatively low prices compared with elsewhere in Europe and the prospect of growth are attracting investors to the Italian market, particularly in Milan.
- Prime office rents in Italy are expected to grow over the next few years, albeit at a modest rate and with a clear focus on income producing, Grade A space in Milan and to a lesser extent Rome.

Section 2: Economic Overview

The Italian economy entered recession at the end of 2018 following contraction in GDP in both Q3 and Q4 2018, falling therefore into a "technical" recession. Italy's national statistics office ISTAT reported that GDP fell 0.2% in Q4 2018, following on from the 0.1% decline in Q3. This is Italy's third recession in ten years. The economy has been weakening over the past two years and uncertainty over government policies, the rise in borrowing costs and the wider global economic slowdown has pushed Italy into recession.

The Oxford Economics forecast for GDP growth in 2018 was 0.8% (February 2019). The IMF have also revised down their forecast for the GDP growth over the next two years while Oxford Economics figures reported in the table below, appear to have already been downgraded. The IMF forecast 0.6% GDP growth for 2019, picking up slightly with 0.9% growth forecast for 2020.

Slowing growth in Italy's main trading partners and uncertainty regarding future trading relationships is weakening the outlook for exports. The Chinese and German economies have also recorded weaker than expected growth and this is dampening Italy's export market. The outlook for investment remains robust, though borrowing costs have risen, they remain low compared to historic levels.

The economy of Italy has a considerable North/South divide and average GDP growth rates in Northern Italian cities far exceed those of the South. The labour market remains slack, though rates of participation are increasing; the creation of new jobs is increasingly dependent on part-time work and temporary contracts and thus there has been a rise in under-employment and little upward pressure on wages.

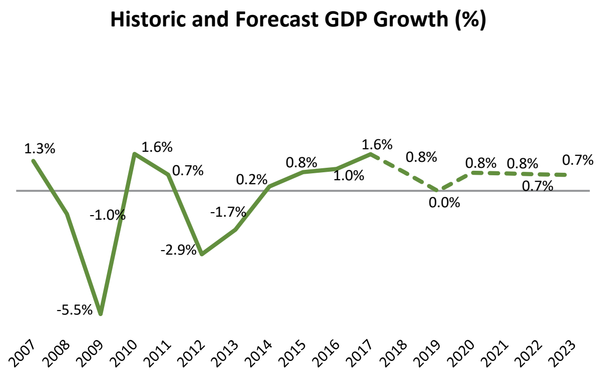
National Statistics – Economic Outlook

	2017	2018 (f)	2019 (f)	2020 (f)	2021 (f)	2022 (f)	2023 (f)
Total Population (millions)	60.57	60.55	60.52	60.50	60.47	60.44	60.41
Population Growth rate (%)	-0.09%	-0.04%	-0.04%	-0.04%	-0.05%	-0.05%	-0.05%
GDP Growth (%)	1.64%	0.83%	-0.01%	0.80%	0.78%	0.73%	0.71%
Total Investment (% GDP)	17.51%	18.10%	18.36%	18.28%	18.21%	18.30%	18.50%
Unemployment rate (%)	11.26%	10.77%	10.54%	10.34%	10.17%	10.07%	9.97%
Government debt (% of GDP)	131.81%	130.28%	128.71%	127.60%	126.70%	125.81%	125.07%
Inflation (CPI) (%)	0.99%	1.88%	1.42%	1.48%	1.58%	1.67%	1.71%

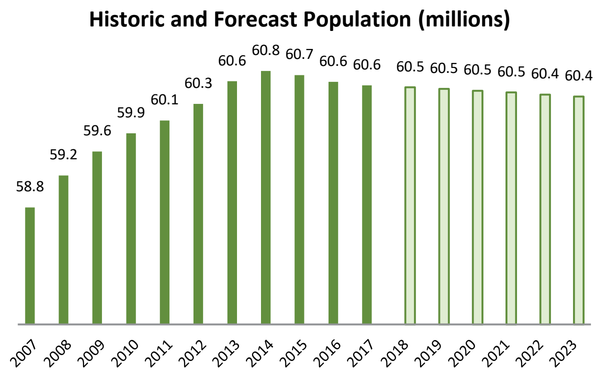
Source: Oxford Economics, IMF

Public spending is forecast to rise in 2019, widening the budget deficit in 2019 and 2020. Government debt has recorded some modest falls in relation to GDP. However, sluggish economic growth coupled with rising interest rates and a higher government deficit will make reducing government debt relative to GDP increasingly difficult. Italy's weaker than expected economic results for 2018, and the lowering expectations for future growth may damage the government's spending plans and their ability to keep the deficit within the EU's acceptable limits.

Italian banks deleveraging programmes have gained momentum over the past two years, reducing their stock of Non Performing Loan's (NPL's) and this process has also boosted investment in Italy. Despite Italian banks increasing capitalisation, government bond yields rose significantly in the second half of 2018, and further rises could leave them vulnerable.



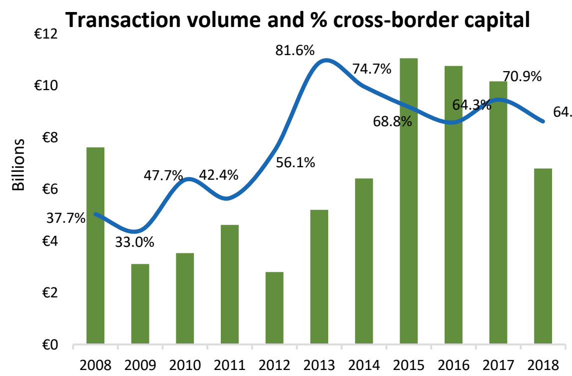
Source: ISTAT, Oxford Economics



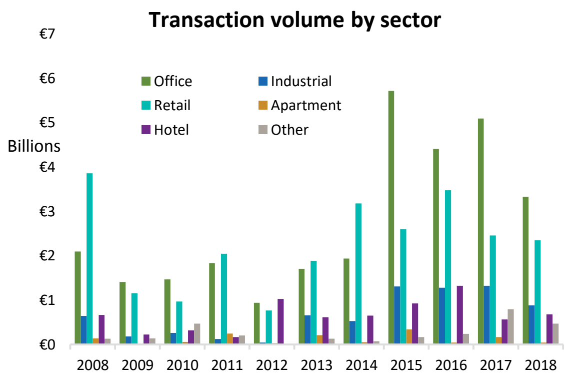
Source: Eurostat, Oxford Economics

Section 3: Investment in the CRE Market

Despite the weak economic environment and fragile banking sector, foreign investment has risen, albeit modestly with weaker returns on offer elsewhere enticing some investors up the risk curve and into the Italian market. However, there is a clear focus on covenant strength and asset quality. Property prices appear to have bottomed out in some markets and the prospect of positive price growth is supporting investor interest, although more so for investors with experience of the Italian real estate market. Prime assets in Milan and Rome, particularly offices, are attracting the most interest. The stock offered to the market has been on the rise with non-performing loan deleveraging programmes as well as liquidating funds and equity investors taking advantage of the improving market conditions to dispose of more liquid holdings.



Source: Knight Frank Research, Real Capital Analytics



Source: Knight Frank Research, Real Capital Analytics

Offices are the most transacted sector in Italy. Compared with other European markets, the apartment sector is not well-established as an investment market, and highly regulated in Italy and hence transaction volumes remain very low. Milan is Italy's most liquid market. Investors and occupiers are drawn to the city's relatively strong fundamentals and connections with other international markets. There are a number of large scale redevelopments underway in Milan, these opportunities are absent elsewhere in Italy and are attracting international institutional investors.

26

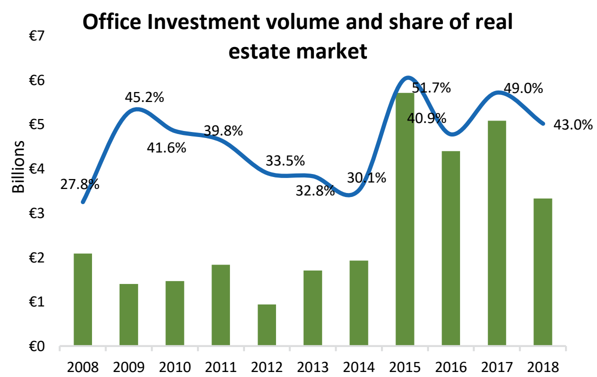
Foreign buyers have been active in the Italian market over the past six years. In 2018 they accounted for 64.6% of investment, down from 70.9% in 2017 with French, UK and US buyers the most active over the past twelve months. The share of French buyers was boosted considerably by the Unibail-Rodamco-Westfield purchase of a development site in Milan; destined to be a Westfield shopping centre.

Political concerns continue to hang over the Italian investment market with some international investors not familiar with the market are choosing to steer clear. However, as the political situation normalises, the investor base may broaden as new investors enter the market. The redevelopment projects in Milan will continue to offer investors opportunities across sectors and apartment investment is likely to grow as the market becomes more established, particularly in Milan.

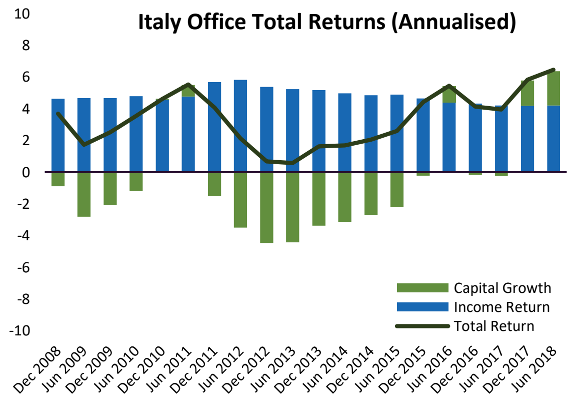
Section 4: Office sector – Country market overview

Investment in the Italian office market is down on the last three years. A total of €3.3billion was invested in Italy's office markets in 2018, compared to €5.1billion in 2017. However, Italian offices continue to offer opportunities to a broad spectrum of investors and especially of interest to those who understand the market dynamics and long-term investors.

Italy's major office markets are Milan and Rome, and to a lesser extent Turin. Milan continues to attract the largest share of investment although Rome is catching up. There have been a number of recent portfolio deals where several Rome office assets have transacted and the two largest deals of the year were offices in Rome; Antirion, an Italian asset manager offering closed-ended investment funds, purchased two Rome offices for €270million. The assets are newly renovated properties with 100% occupancy / pre-let. The rise in construction and redevelopment projects in Rome should offer opportunities for further growth in this market, although progress is likely to be modest.



Source: Knight Frank Research, Real Capital Analytics



Source: MSCI

Property decisions are increasingly being made based on the city rather than the country. Despite a generally weak economic performance for Italy, the desirability of Milan has pulled down yields to a level comparable with other prime European cities. Milan is leading the rest of Italy's office market; positive capital growth has been slower to materialise elsewhere in the country. In June 2018, annual total returns for office in Milan were 8.1%, compared to 6.4% at a national level.

Rome is predominantly an income-driven market, it's occupier base is comprised of government institutions and services. There are signs of positive growth coming through in the Rome market, well-let properties in prime locations offer relatively good value.

Section 5: Office market – City markets

Milan

Milan is a smaller city than Rome (the population is less than half), but benefits from its proximity to other European markets and its strong international business presence. Milan is the key commercial hub for many financial institutions, including the Italian Stock Exchange and is also the key commercial and industrial centre in Italy plus the wealthiest city in the country offering a diverse occupier base and a business-friendly administration.

The service sector is the dominant economic sector in Milan accounting for 49% of all active companies in the city. There is a strong ICT and Media presence in the city and as an important hub for manufacturing and fashion, companies in these sectors will often chose to base their operations in Milan.

The main office markets in Milan are located in the CBD and Porta Nuova (the new Business District). The momentum of growth in Porta Nuova is rising as it becomes an established area within the city and there are plans for further office, retail and residential developments in this sub-market, enhancing the overall attraction of the area. Located to the north of the city centre in Italy's most-connected transportation hub, Porta Nuova is one of the largest urban development projects in Europe and due to its mixed-use, modern design and large modern office buildings, the area is very popular with occupiers and take-up here has been strong.

Robust demand and a shortage in availability of prime product is driving positive rental growth. This is particularly evident in the CBD which remains the most sought-after submarket. There has also been a rise in demand in the decentralised areas, as they offer development potential. Further rental growth is expected in 2019 and 2020 however the rate of growth is expected to slow over the next few years, and remain behind growth rates forecast for other Tier I European cities.

Key Market Statistics:

Milan	2013	2014	2015	2016	2017	2018
Vacancy Rate (%)	12.20	13.30	12.00	12.10	12.00	10.90
Take-Up (sqm)	233,000	275,200	388,856	307,225	330,600	370,665
Prime Rent (€ sqm)	480	475	500	500	530	585
Prime Yield (%)	5.75	5.25	4.50	4.50	4.00	4.00

Source: Knight Frank Research

Rome

Rome is a challenging market for many investors and while office yields have compressed in line with those found in Milan, Rome has a very different occupier base largely concentrated around public bodies and some investors are less comfortable with the current risk/reward profile on offer at these low yields. The city does however have appeal to those investors who have prior experience with the Italian and specifically the Rome market.

Rome's occupier market is dominated by public administration and government departments. The government is under pressure to bring down public debt, reducing government expenditure and there are structural reforms underway as the government continues to rationalise their needs in terms of office space. This has had a negative impact on take-up levels in Rome but it should be noted that public sector institutions currently account for around only 10% of take-up.

However, take-up has been strong in 2018 with commercial and financial services driving leasing activity in the city in 2018 with a clear preference for the Centre and EUR submarkets which have recorded the majority of activity. Investors remain wary of occupancy risks in the city and focus their activity in the core city areas, particularly the Centre and EUR areas. Rental values in prime areas have been rising in Rome, and further growth is expected in 2019 and 2020 and beyond. However, the strong rental growth experienced in other European cities is not expected to materialise here and rental growth in Rome is expected to remain behind that forecast for Milan, with growth around 1.0% per annum expected over the next two years.

Key Market Statistics:

Rome	2013	2014	2015	2016	2017	2018
Prime Rent (€ sqm)	395	375	375	390	400	415
Prime Yield (%)	5.50	4.75	4.60	4.25	3.75	3.75

Source: Knight Frank Research

6. DENMARK

Section 1: Executive Summary

- Denmark is a strong and stable economy with low levels of government debt and is viewed by many investors as a safe-haven with Danish property proven to be attractive to international investors over the past few years.
- Strong economic growth is forecast for the next few years helping to boost domestic consumption.
- Retail sales and online retail penetration rates are expected to grow in Denmark and retailers need for e-fulfilment centres and warehouses will increase alongside this.
- Demand for logistics space around Copenhagen is expected to rise and drive rental growth.

Section 2: Economic Overview

Denmark has a balance of payments surplus driven through exports of oil, gas and food. They are a strong proponent of trade liberalisation measures. While Denmark has chosen not to adopt the Euro as its official currency, much of their trade is done with Euro denominated countries.

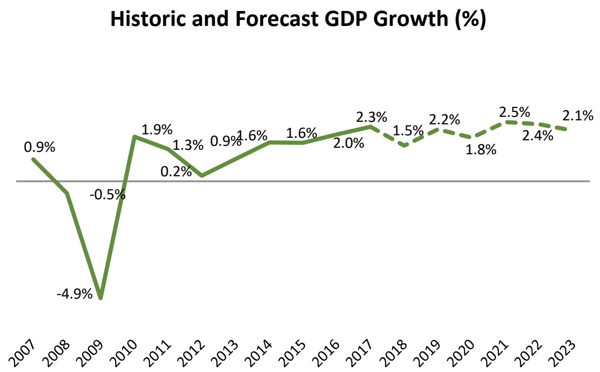
National Statistics – Economic Outlook

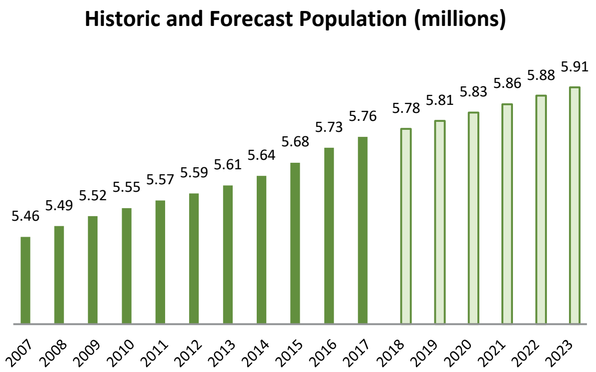
	2017	2018 (f)	2019 (f)	2020 (f)	2021 (f)	2022 (f)	2023 (f)
Total Population (millions)	5.76	5.78	5.81	5.83	5.86	5.88	5.91
Population Growth rate (%)	0.57%	0.41%	0.42%	0.43%	0.43%	0.43%	0.43%
GDP Growth (%)	2.28%	1.50%	2.17%	1.82%	2.49%	2.39%	2.12%
Total Investment (% GDP)	21.17%	21.39%	21.68%	21.92%	22.15%	22.37%	22.59%
Unemployment rate (%)	5.73%	5.40%	5.30%	5.30%	5.40%	5.50%	5.60%
Government debt (% of GDP)	35.29%	34.74%	33.97%	33.13%	32.21%	31.18%	30.10%
Inflation (CPI) (%)	0.99%	1.60%	1.80%	2.00%	2.00%	2.00%	2.00%

Source: Oxford Economics, IMF

The labour market remains stable - growing employment has been offset by growth in the labour market, keeping unemployment levels low and stable. This is likely to remain the case for the next five years (Oxford Economics). Reforms and reductions in unemployment benefits during the 1990s and 2000s, and programs implemented to encourage training and help unemployed workers get back to work, keep the unemployment rate in Denmark low. Further growth of the labour market is likely due in part to the recent rise in the retirement age and forecast population growth of around 0.4% per annum over the next five years.

Slight inflationary pressure is expected over the next five years, though inflation is forecast to remain at or below the 2% maximum set by the ECB. The main objective of Danish monetary policy is to maintain a stable exchange rate with the Euro thus providing stability to the export dependent economy. Denmark has very low levels of government debt relative to most European countries and is considered to be a highly stable economy with low debt, low inflation and a stable currency and it is these factors that encourage inward investment.





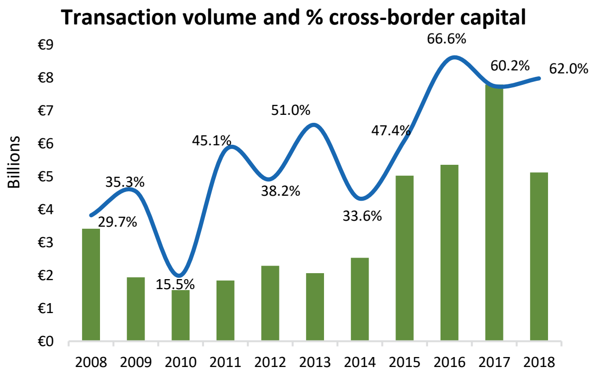
Source: Statistics Denmark, Oxford Economics

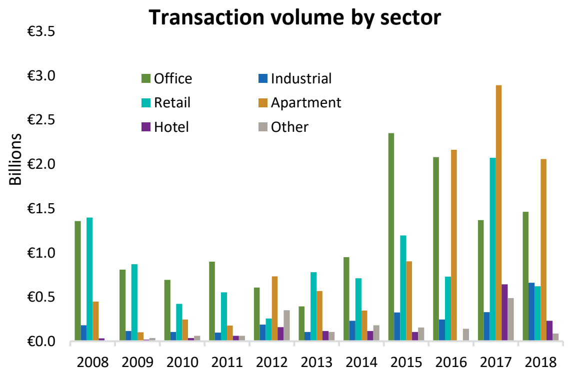
Source: Eurostat, Oxford Economics

GDP growth is forecast to exceed 2.0% this year after weaker than projected growth of 1.5% in 2018. While continued expansion of the economy is expected, the rate of growth is forecast to slow in 2020 before picking up again in 2021 (Oxford Economics). Weaker export sales forecasts in key export markets and the potential for a no-deal Brexit pose threats to Denmark's export and shipping industries, weakening the economic forecast. However, planned tax cuts and labour market reforms should boost domestic consumption.

Section 3: Investment in the CRE Market

Geopolitical risk and uncertainty on a global scale is focusing investors sights on safe haven markets such as Denmark. The stable economic backdrop and steady growth forecast, combined with low sovereign debt and AAA credit rating make Denmark an attractive investment market, particularly for risk-adverse investors. However, liquidity drops quite sharply outside of the core Copenhagen markets and foreign investors in particular tend to be much less active outside the Copenhagen metro area.





Source: Knight Frank Research, Real Capital Analytics

Source: Knight Frank Research, Real Capital Analytics

Foreign investment in Denmark's commercial real estate investment market has steadily been increasing in the years post-GFC rising from 16% in 2010 to 62% in 2018. The majority of international capital is from the neighbouring Nordic countries, particularly Sweden with remaining European capital accounting for a smaller proportion. Investment from non-European buyers has been largely absent from the market until recently with investment from US buyers steadily increasing over the last few years. US and UK investors have been active in the office and residential sectors, while The retail and industrial sectors have traditionally been driven by Nordic demand. A trend of late is for international investors and operators increasingly trying to get a foothold in these sectors.

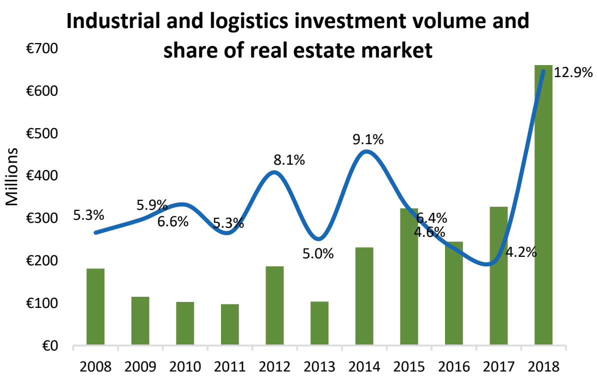
Investment in 2018 totalled €5.1billion, down from the record €7.8billion in 2017 with volumes boosted by a number of significant retail, apartment and hotel transactions. The apartment sector is a liquid and well-established market and has been the most invested asset class for the past three years. Strong demographic fundamentals and further urbanisation are expected to support future growth in this sector.

A lack of product and low yields on offer in Copenhagen are driving some investors to look at other markets in search of opportunity. The largest transaction in 2018 was a mixed-use portfolio in Aarhus whereby Danish company Dades A/S purchased the office and retail assets for around €269million. International investors are increasingly willing to venture outside of the Copenhagen market and while this trend is expected to continue progress will be relatively slow.

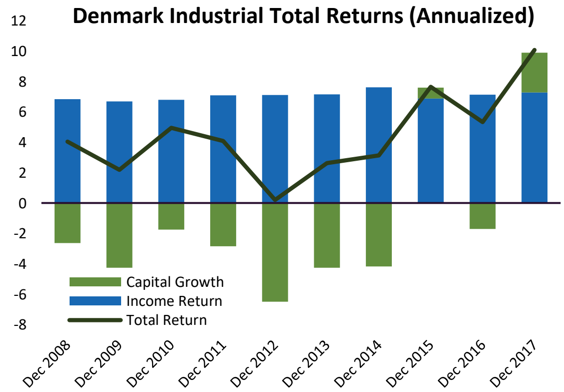
Section 4: Industrial and Logistics sector – Country market overview

Denmark’s economy is heavily reliant on trade and industry with exports and imports representing a significant percentage of GDP and both forecast to grow over the next five years. Denmark’s industrial and logistics sectors are focused around key import /export locations with the Greater Copenhagen the country’s main market. Occupiers tend to focus on locations such as Taastrup, Ishøj Køge and Greve. Another hub of activity is focused in the Triangle area in Jutland.

Investment in Danish industrial and logistics property totalled €659.8million in 2018, roughly double the level of investment recorded in 2017. However, its share of the total CRE market rose to 12.9% in 2018, the highest level on record. The industrial property sector in Denmark is characterised by a high proportion of owner-occupation and a somewhat less mature investment market. However, recent sources of investment activity indicate that international investors are becoming increasingly active in the Danish logistics market. The largest transaction in 2018 was a 14 property portfolio purchased by US REIT WP Carey - the €161million purchase marks their entry to the Danish market.



Source: Knight Frank Research, Real Capital Analytics



Source: MSCI

Positive capital growth in 2017 provided a boost to industrial total returns and stable income returns are expected to remain. The logistics investment market in Denmark is expected to gather momentum and mature further with occupiers increasingly demanding modern, high-tech facilities, which will in turn provide investment opportunities. The demand for well-located, efficient facilities is driving positive rental growth and there may be room for further yield compression.

Section 5: Industrial and Logistics sector – City /Region market overview

Copenhagen

Denmark’s key exports include machinery, pharmaceuticals, medical and optical apparatus and the industrial and logistics market, particularly in Copenhagen, is primarily focused on the manufacture, storage and distribution of these products. High production and labour costs however are driving an increased need for higher efficiency and automation and occupiers are increasingly demanding modern, well-suited facilities in order to rationalise their production and supply chains. New logistics centres are located at key transport hubs, such as the airport and along motorway corridors. Importantly, the local government is generally supportive of the development of new logistics facilities.

However, despite a significant decline in the overall vacancy rate over the past few years to around 2.3%, in Copenhagen, speculative development remains restrained due to high construction costs and the need to recoup these via a secure long lease agreement. Most development is either driven by the end-user or has a strong pre-let agreement in place before breaking ground. There are high rates of owner-occupancy in Denmark and this continues to be the case with new and modern facilities.

Denmark is experiencing growth in online retail and general e-commerce which is changing companies' distribution networks. The rising demand for quick deliveries, to numerous locations, and within specified timeslots is driving a need for centrally located distribution centres close to consumers and as such demand for modern, well-located distribution centres with quick and easy access to the road network will continue to grow. Copenhagen's southern corridor along the E20, E47 and E55 roads is expected to see further development of logistics facilities.

Key Market Statistics:

Copenhagen	2013	2014	2015	2016	2017	2018
Vacancy Rate (%)	4.4	4.1	3.3	2.8	2.2	2.3
Prime Rent (€ sqm)	74	74	74	74	77	87
Prime Yield (%)	8.00	7.00	6.25	5.75	5.50	5.50

Source: Knight Frank Research
NB: Vacancy rates based on estimates of stock

Despite recent yield compression, yields remain much higher than other European markets such as the UK, Germany and the Netherlands and additionally there is also a significant gap between office and industrial yields in Denmark. While office properties are typically a more secure and versatile investment, well-let logistics properties can offer a stable investment with a much higher yield. Opportunities for development or sale-and-leaseback agreements are likely to drive further investment in the sector and this will drive further rental growth within some sub-markets, particularly the south corridor.

7. FINLAND

Section 1: Executive Summary

- Finland's economy has been expanding strongly over the past couple of years, continued investment and export growth is expected to promote further economic growth, though the rate of growth will slow.
- The Helsinki Metropolitan Area represents Finland's most international and liquid real estate market. Most investment outside of this region is through portfolio transactions.
- Yields in Helsinki are higher than other capitals of Western Europe and continued investor interest in the prime office may compress yields further.
- Future economic and employment growth are expected to increase demand for prime office space and limited supply in the city centre will encourage rental growth.

Section 2: Economic Overview

Finland's export trade is a very important part of the economy, accounting for around one third of GDP. The main export industries in Finland are paper, machinery and electrical equipment (including high tech and computers), with natural resources and cars also important elements of the Finnish export market. Germany, Sweden, the US, the Netherlands and Russia are Finland's main export markets.

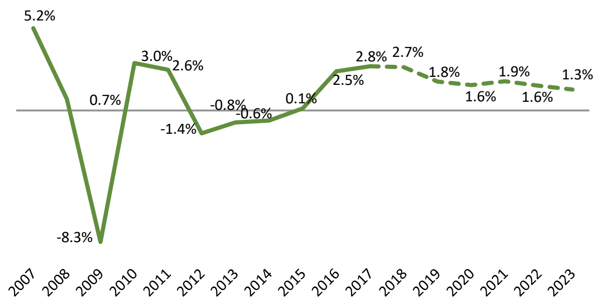
National Statistics – Economic Outlook

	2017	2018 (f)	2019 (f)	2020 (f)	2021 (f)	2022 (f)	2023 (f)
Total Population (millions)	5.51	5.52	5.53	5.54	5.55	5.56	5.56
Population Growth rate (%)	0.24%	0.19%	0.17%	0.17%	0.16%	0.16%	0.16%
GDP Growth (%)	2.80%	2.73%	1.82%	1.60%	1.86%	1.57%	1.32%
Total Investment (% GDP)	22.60%	22.91%	23.05%	23.21%	23.35%	23.55%	23.74%
Unemployment rate (%)	8.53%	7.67%	7.40%	7.10%	7.00%	7.00%	7.00%
Government debt (% of GDP)	61.33%	60.52%	60.32%	59.61%	59.11%	57.51%	55.98%
Inflation (CPI) (%)	0.51%	1.63%	1.69%	1.86%	2.00%	2.00%	2.00%

Source: Oxford Economics, IMF

As the only Eurozone country in the Nordic region, Finland is in a unique position. Following several years of subdued growth, the country's economy has been expanding strongly over the past couple of years on the back of strengthening domestic and foreign demand. This economic expansion is providing a boost to employment growth, consumer confidence and household consumption. Investment and export growth will continue to support economic growth.

Historic and Forecast GDP Growth (%)



Source: Statistics Finland, Oxford Economics

Historic and Forecast Population (millions)

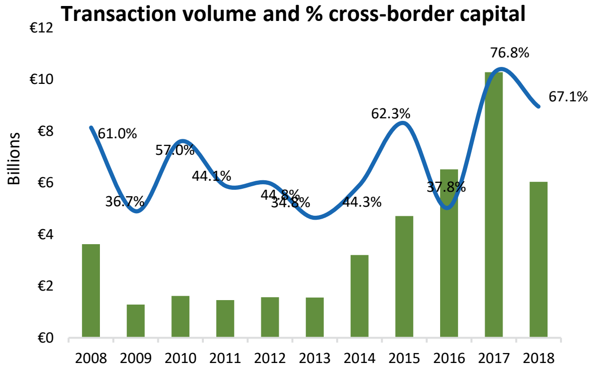
Source: Eurostat, Oxford Economics

The Government's "Competitiveness Pact" aims to reduce labour costs by increasing effective working time by three days per year and by shifting part of the unemployment and social security costs from employers to employees. Unemployment benefits have also been reduced and should progressively boost labour supply. These measures will generate new jobs, support economic growth and reduce the high social bill. Growth in employment and private consumption will slow as will the pace of economic growth, although will remain positive.

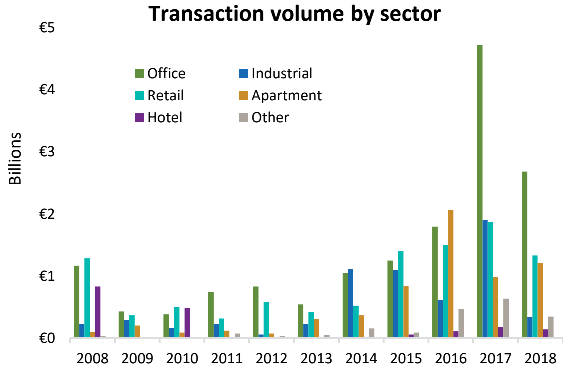
The unemployment rate has reduced significantly and there is room for further tightening in the labour market. Structural unemployment remains a challenge and reforms are necessary in order to boost tax revenue. The government is introducing a range of labour and pension reforms aimed at boosting workforce participation, and unemployment is expected to reduce further over the next five years.

Section 3: Investment in the CRE Market

While the Helsinki region attracts the lion's share of investment, regional markets make up a significant portion of activity. In 2018, 66% of investment in Finland targeted Helsinki with much of the investment outside of Helsinki being through portfolio transactions, where assets are located in various cities. Close links with the rest of the Nordic region results in a high proportion of international capital in the market.



Source: Knight Frank Research, Real Capital Analytics



Source: Knight Frank Research, Real Capital Analytics

Finnish property attracted €6.0billion of investment in 2018. The comparison with activity in 2017 is unflattering with €10.3billion trading although, the record level of investment in 2017 was boosted considerably by the Blackstone acquisition of shares in Finnish Real Estate company Sponda. The €1.8billion deal provided a significant boost to the transacted total, particularly for the office sector.

Domestic buyers accounted for 33% of the total investment. The US was the top source of foreign capital in 2018 with a total of €948million, Morgan Stanley's purchase of the Itis Shopping Centre in Helsinki for €516million represented a large portion of this. European investors were also very active, particularly Swedish, British and German buyers.

Offices were the most transacted asset class, closely followed by the retail and apartments. As in other Nordic markets, the residential investment market is well established with 20% of all property investment in 2018 targeting this sector (excluding senior housing and development sites). Historically, this sector has been dominated by domestic property companies although international capital is increasingly active in this sector.

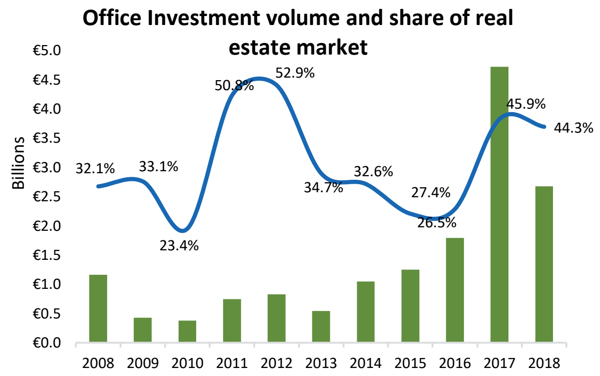
Section 4: Office sector – Country market overview

Investment volumes in the Finnish office sector returned to normal levels in 2018, following the record performance of 2017. The Finnish office market is heavily concentrated in Helsinki with around 45% of all office space located in the capital and is therefore a target location for both occupiers and investors. A lack of large office spaces in the city centre is encouraging occupiers with larger requirements to look further afield and the demand for high quality office space is encouraging development and refurbishment projects in the wider Helsinki Metropolitan Area (HMA).

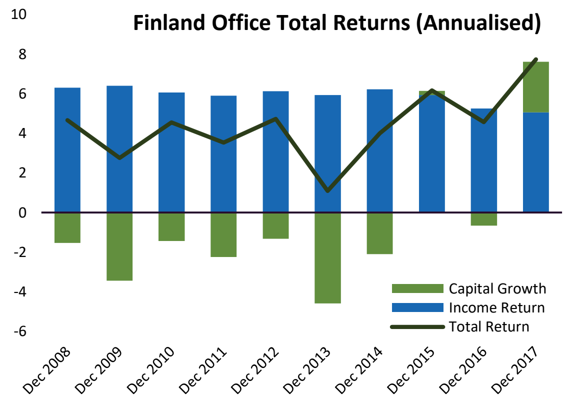
Helsinki offices remain an attractive investment offering higher yields compared to some other European markets and combined with a stable economy will continue to draw investors. Investment outside of the city centre is expected to increase due to rising development and refurbishment opportunities here.

Nordic property companies and private property funds are active in the Finnish office market. In 2018, Germany was the largest source of foreign capital, pushing Sweden and the US into second and third spots. The investor base is broadening, with an increasing amount of investment from Asia-Pacific buyers, as well as new entrants from Sweden, the UK and the US.

The largest transaction in 2018 was the purchase of the KPMG Building by WestInvest InterSelect (a subsidiary of DekaBank) for €190million. The building is a modern office building with 100% occupancy, located in Helsinki, next to the main train station.



Source: Knight Frank Research, Real Capital Analytics



Source: MSCI

Total returns have been fairly stable over time in Finland. Weak capital growth has prevented any significant increase in returns. However, positive capital growth did materialise in 2017 and this is expected to continue in 2018.

Section 5: Office market – City market

Helsinki

A significant amount of new office stock has been added to the market over the past five years and the vacancy rate has trended upwards although some of this is structural. There are also several ongoing projects in the Helsinki Metropolitan Area (HMA) which will further add to the supply of office stock over the next couple of years. However, in the city centre supply is scarcer and investors and occupiers are forced to look elsewhere for suitable opportunities.

The high vacancy rate remains a challenge for investors, yet the investment market was active in 2018, with a number of big-ticket acquisitions by foreign investors who are able to see into the detail and understand that some of the vacancy is structural and being worked through. Most foreign investors and institutional investors have focused their activity in the Helsinki CBD area putting downward pressure on prime yields. Despite the compression, yields in Helsinki remain above those in a number of Western European markets.

Helsinki has a high proportion of private sector jobs and there are several specialist sectors that have developed due to the highly educated workforce, including financial services, research and development and tech industries. Finland is a renowned centre of digital industry and technology and the expanding economy is driving demand for office space in Helsinki. The city is home to many young tech-savvy workers, digital consulting firms, start-ups and self-employed and these occupiers typically require modern, highly flexible office space, where they do not have to commit to lengthy leases and can alter their space or service requirements at short notice. Regus have offices in Helsinki, offering flexible office space and in addition, there are numerous other co-working operators active across the capital including local providers such as WonderlandWork and E28 Community.

Economic growth and expanding businesses will increase demand for office space and the supply constraints in the city centre are likely to drive rental growth, while the high vacancy rates outside of the city centre will not reduce without decommissions and restrained construction. Rental growth is expected to slow in 2019 but positive growth will continue over the next few years in select, supply constrained submarkets.

Key Market Statistics:

Helsinki	2013	2014	2015	2016	2017	2018
Prime Rent (€ sqm)	382	394	429	440	452	458
Prime Yield (%)	5.00	4.50	4.40	4.25	3.75	3.60

Source: Knight Frank Research

8. POLAND

Section 1: Executive Summary

- Poland has recorded strong and uninterrupted economic growth over the past 25 years. Economic growth is expected to remain strong despite the pace of growth forecast to decelerate it will continue to outpace most European economies.
- Poland's labour market is tight and the population is shrinking.
- Poland is the largest and most liquid real estate market in Central and Eastern Europe.
- Poland and Warsaw, the capital, in particular, attract large amounts of international capital.
- Warsaw rents are expected to remain largely flat over the next five-years.
- Gdańsk has a large amount of office space under construction and will boost the supply of Grade-A office space over the next few years albeit from a low base.

Section 2: Economic Overview

Poland is the largest economy in Central and Eastern Europe and having pursued a policy of economic liberalisation and privatisation since the 1990's Poland has recorded uninterrupted economic growth throughout the past 25 years and this holds true even throughout the global financial crisis where Poland continued its economic expansion. Economic growth has been supported by strong private consumption and investment.

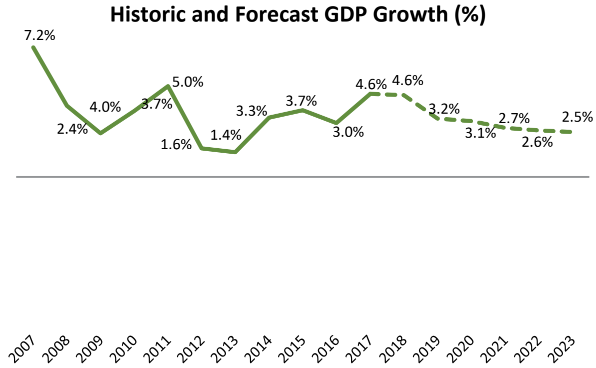
National Statistics – Economic Outlook

	2017	2018 (f)	2019 (f)	2020 (f)	2021 (f)	2022 (f)	2023 (f)
Total Population (millions)	37.98	37.98	37.96	37.93	37.90	37.86	37.81
Population Growth rate (%)	0.02%	0.00%	-0.05%	-0.08%	-0.08%	-0.10%	-0.15%
GDP Growth (%)	4.62%	4.55%	3.24%	3.10%	2.72%	2.58%	2.49%
Total Investment (% GDP)	19.66%	21.51%	22.13%	21.98%	21.88%	21.76%	21.65%
Unemployment rate (%)	4.89%	4.12%	4.01%	3.87%	3.88%	3.99%	4.10%
Government debt (% of GDP)	50.62%	49.99%	48.46%	47.20%	45.98%	44.90%	43.94%
Inflation (CPI) (%)	2.10%	2.32%	2.89%	2.50%	2.50%	2.50%	2.50%

Source: Oxford Economics, IMF

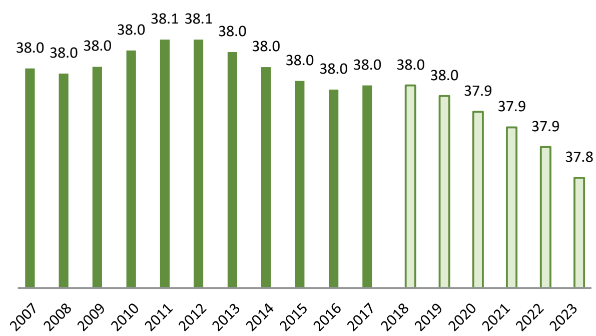
Economic growth is projected to remain strong, but the rate of growth will slow with a shortage of labour resources and rising production costs as limiting factors. The labour market is increasingly tight, unemployment has reached a record low and is expected to reduce further over the next couple of years. Labour shortages are putting upward pressure on wages and are likely to drive up consumption and create inflationary pressures. Low interest rates and EU funds should support future investment however, rising labour costs will moderate any potential gains.

Historic and Forecast GDP Growth (%)



Source: Statistics Poland, Oxford Economics

Historic and Forecast Population (millions)

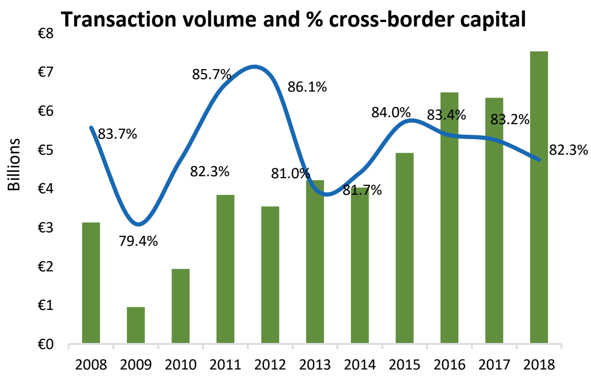


Source: Eurostat, Oxford Economics

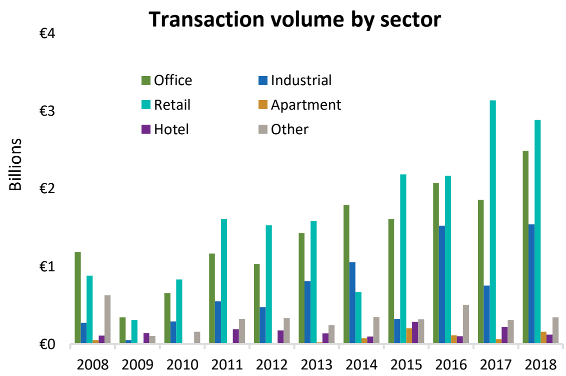
Poland's population is both shrinking and ageing. Low birth rates, coupled with emigration have reduced the capacity of the country's work force. Poland has lower rates of participation in the workforce compared with countries of Western Europe, particularly amongst women and the over 55 years of age category. Planned reforms aimed at increasing labour market participation should help increase economic capacity and support further growth, although supporting an ageing population will put increasing pressure upon public finances.

Section 3: Investment in the CRE Market

Poland is the largest and most liquid investment market in Central and Eastern Europe attracting very high levels of foreign investment compared with some markets in Western Europe. Retail investment dominates activity but, in 2018 the office sector attracted a record amount of investment with €2.5billion of office assets changing hands.



Source: Knight Frank Research, Real Capital Analytics



Source: Knight Frank Research, Real Capital Analytics

Foreign capital dominates the Polish commercial property investment market; it has represented a fairly consistent percentage of total investment over the past ten years – typically 80-90%. Prior to 2015, European investors were the main source of capital however, non-European interest has accelerated and has been the main source of investment in the Polish market for the past three years. New sources of capital are also entering the market including investors from Asia and South America - these new entrants to the market have focused their activity on core office markets.

The largest transaction in 2018 was a retail portfolio comprising of 12 regional retail centres and shopping malls. A Dutch dual-listed REIT - EPP - purchased the portfolio from Oaktree and PIMCO for €692million. A significant Warsaw office asset also changed hands, representing the largest single asset deal in Poland in 2018 - Warsaw Spire A (part of a three-building development) was bought by US private equity fund Madison International for €350million.

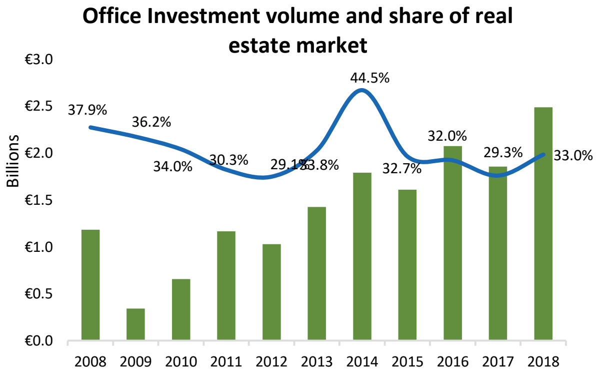
Strong economic and real estate market fundamentals underpin the Polish investment market. Poland has a stable and growing economy, with low unemployment and access to European markets, coupled with open and transparent business and investment markets. Further economic growth is forecast, and this, combined with relatively attractive risk-reward profile, will continue to appeal to investors.

Section 4: Office sector – Country market overview

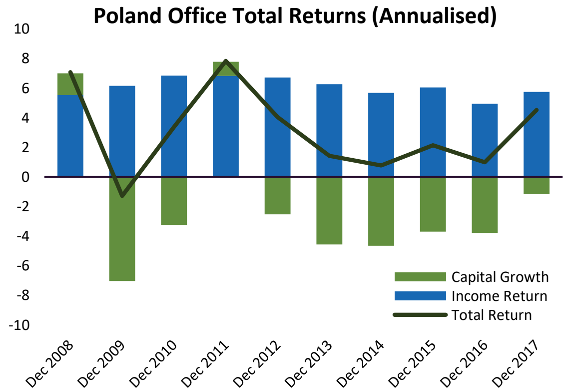
The capital city, Warsaw is Poland's largest office market. However there are also significant office markets in Katowice, Kraków, Łódź, Poznań, the Tri-city area (Gdańsk, Gdynia, Sopot) and Wrocław. Office investment is heavily focused on Warsaw given the city's size and ability to offer product however, there has been a significant amount of development in the regional markets which is helping to drive both occupier and investor activity. Kraków is Poland's largest regional market, followed by Wrocław, and then the Tri-city area.

Poland’s office sector attracted a record amount of investment in 2018, with €2.5billion transacted, representing 33.0% of the total CRE market. The Warsaw Spire A deal was the largest transaction of 2018 but the Gdańsk Business Center (Phase C&D) also transacted, purchased by Savills IM for €200million, as did the Skylight & Lumen sale to Globalworth REI for €190million.

The largest deal in the regional markets was the Project Keystone portfolio, a cross-border portfolio which included four Polish office assets located in Kraków and Katowice. The portfolio was purchased by TriGranit and Goldman Sachs for €450million and the value of the Polish assets is estimated at around €274million.



Source: Knight Frank Research, Real Capital Analytics



Source: MSCI

Negative capital growth has dampened returns in the Polish office market. Structurally high vacancy rates and large amounts of new speculative supply under construction have kept rents largely stable.

Section 5: Office market – City markets

Warsaw

Warsaw is the most targeted market within Central and Eastern Europe. It is the main economic hub of the region and a desirable location for businesses to locate. A highly educated workforce, access to European markets and cheaper labour costs relative to markets in Western Europe, are all reasons that draw international companies to locate in Warsaw. Financial service companies account for the lion’s share of take-up in Warsaw while multiple international banks and consultancy firms have their IT and administrative back-offices located in Poland.

Warsaw has a structurally high vacancy rate although it is declining as excess supply is either refurbished and released back to the market or indeed decommissioned and converted to residential. There is a large amount of construction in the city and is absorbed with relative ease as corporates target new office space seeking to upgrade their accommodation. The vacancy rate has declined over the past year supported by robust take-up levels. 2018 has recorded a record high level of occupier activity with 926,868 sqm of space let, this compares to the 2017 figure of 610,002 sqm. At the end of Q4 2018 there was 780,000 sqm of space under construction with the majority these construction projects in central locations, where leasing demand is strongest. Conversely most of the vacant space is located outside of the central areas and this is particularly evident in the Słuzewiec submarket, south of the city centre.

Numerous co-working operators are entering the market in Warsaw focusing their requirements on well-located Grade-A office space in central locations. Recent entrants to the market include WeWork, MindSpace, MeetDistrict and Spaces and this sector is accounting for an increasing proportion of take-up. Developers are working with providers of co-working space as a strategy to align their provision with their requirements thus delivering targeted product to the market. Competition for talent is particularly strong amongst IT and tech companies and these companies target the best locations and tailored, or customised workspaces are ways they can improve their offering to employees.

Warsaw has a very low rate of unemployment and attracting talent is a key concern for businesses who are increasingly prioritising the comfort and efficiency of staff and upgrading their office space is a popular choice. Some sources have cited Warsaw as a potential beneficiary of Brexit given the availability of large, modern office spaces, favourable tax regime and lower rents compared to other major EU cities, which may attract some businesses and financial institutions looking to relocate operations to the continent.

Despite a robust development pipeline, strong take-up is expected to continue and the vacancy rate should reduce further in 2019, albeit only to a level where rental growth stabilises. Negative rental growth is forecast for 2020, with a significant amount of new development, although the five-year outlook is for rents to remain stable.

Key Market Statistics:

Warsaw	2013	2014	2015	2016	2017	2018
Vacancy Rate (%)	12.70	15.50	14.10	14.20	11.70	8.70
Take-Up (sqm)	633,600	416,200	542,700	530,549	610,002	926,868
Stock (sqm)	4,120,000	4,377,500	4,626,000	5,045,400	5,283,549	5,461,676
Prime Rent (€ sqm)	288	294	276	288	276	288
Prime Yield (%)	6.10	6.00	6.00	5.25	5.25	4.70

Source: Knight Frank Research

Gdańsk

Gdańsk is home to Poland's largest seaport as well as an international airport. It has close business and transport links with Scandinavia and Western Europe. As well as businesses connected with trade and transport, the city also attracts high tech, IT and service sector companies. Gdańsk is a centre of culture, science, sports and entertainment, has a historic town centre and beaches attracting many tourists in the summer, and combined makes the city an attractive one to live and work. There are also several universities located within the Tri-city area, making Gdańsk attractive to employers that rely on attracting a young, educated workforce.

The Tri-city area is Poland's third largest office market and has a broad occupier base with the Gdańsk market home to shipping companies and other maritime connected businesses, and several large international consultancy firms also have offices here. The city also has a rapidly expanding IT sector, with many tech companies and start-ups are choosing to locate here due to cheaper rents and the factors listed above. Starting a business in Poland is a relatively easy process and new tech incubators and flexible, co-working spaces, are attracting start-ups and tech companies to the city.

There is a large amount of ongoing development activity in the city. However, economic growth is driving take-up in the city and the vacancy rate in the Tri-city area has trended downwards. There are several large developments in the pipeline but the strong take-up is expected to keep the vacancy rate steady at around the Q4 2018 figure of 6.1% in the Tri-city area. Skanska are currently building a large 48,000 sqm, modern office project called Wave, the first phase is scheduled to complete in Q4 2019 and marks their entry into the Gdańsk market.

Asking rents for Grade-A offices in Gdańsk are currently around €13-14.50/sqm/month. The vacancy rate has come down since last year and there is positive sentiment regarding future take-up. However, the large volume of construction should keep vacancy rates stable. Prime yields are around 6.00% - 6.75% in the Tri-city and other regional cities. Some further yield compression is expected as the premium over Warsaw office yields erodes.

9. CONCLUSIONS

Netherlands: Economic growth has been accelerating in the Netherlands. Growth is expected to continue over the next five years although the rate of growth is expected to slow. The Netherlands is a highly liquid and transparent investment market capable of attracting a high proportion of international capital. Significant amounts of office space have been decommissioned or converted to residential use across cities in the Netherlands helping to reduce vacancy rates across the Dutch office markets. Both the office and logistics markets in Amsterdam have a lack of Grade-A stock and this should drive positive rental growth.

France: The French economy has not grown as fast as some of the other major EU economies. However, new government policies aimed at promoting business should drive growth. The availability of office space in Paris has fallen and strong occupier demand is driving rental growth and with a positive outlook there is room for further rental growth. Regional office markets are less liquid and dominated by domestic capital but rising interest has been noted as investors search for yield while balancing out risk. Paris has a large urban consumer base and with increasing rates of online retail logistics companies are competing to meet growing consumer demands and rents for prime logistics properties are expected to rise.

Germany: The German economy has experienced significant growth of the past few years and the country's reputation as a safe-haven for investment has attracted large volumes of international capital and strong competition for quality assets has compressed prime yields to record lows. Strong rental growth is expected to continue across the major office markets as robust take-up levels erode excess supply. The logistics market in Hamburg suffers from limited space to grow. Improvements at the Port of Hamburg should improve access and this is expected to raise demand for logistics property in and around the port area.

Italy: The Italian economy entered a technical recession at the end of 2018. Following a contraction in GDP in Q3 and Q4 2018. However, modest economic growth is forecast for the next five years. The Italian economy has a north/south divide and Milan has pulled away from the rest of the country in terms of economic growth. Relatively low prices compared with elsewhere in Europe and the prospect of some cyclical growth are attracting investors to Italian markets. Rental growth in Italy has been relatively weak compared with other European cities. Prime rents are forecast to grow in Milan and Rome. However, a strong acceleration in rents is not expected to materialise.

Denmark: Denmark is a strong and stable economy with low levels of government debt, viewed by many investors as a safe-haven market and Danish property has proved attractive to international investors over the past few years supported by the strong economic growth which is forecast for the next few years. Retail sales and online retail penetration rates are expected to grow in Denmark and this will increase retailers need for e-fulfilment centres and warehouses. Demand for logistics space around Copenhagen is expected to rise and this will drive rental growth.

Poland: The Polish economy is expected to remain strong and while the pace of growth is forecast to decelerate, it will continue to outpace most European economies. As the largest and most liquid real estate market in Central and Eastern Europe, Poland and Warsaw in particular, attract large amounts of international capital. There is a large amount of office space under construction in Warsaw and while take-up is expected to remain strong, prime rents are expected to remain largely flat over the next five-years as incentives are withdrawn before rises in headline rents are seen. Gdańsk also has a large amount of office space under construction and the increase in Grade-A office stock should help attract more occupiers to the market.

Finland: Finland's economy has been expanding strongly over the past couple of years and, continued investment and export growth is anticipated to promote further economic growth, though the rate of growth will slow. The Helsinki Metropolitan Area represents Finland's most international and liquid real estate market in the country with the majority of investment outside of this region through portfolio transactions. Prime yields in Helsinki are higher than other capitals of Western Europe and continued investor interest in the prime office may compress yields further. Future economic and employment growth are expected to increase demand for prime office space and limited supply in the city centre will encourage rental growth.

CEREIT owns a portfolio of 97 properties in, or close to, major gateway cities in Denmark, Finland, France, Germany, Italy, the Netherlands and Poland


COMTECH

CORPORATE GOVERNANCE

THE ROLE OF CEREIT'S MANAGER

The primary role of the Manager of CEREIT is to set the strategic direction of CEREIT and make recommendations to Perpetual (Asia) Limited, in its capacity as trustee of CEREIT ("Trustee"), on any investment or divestment opportunities for CEREIT and the enhancement of the assets of CEREIT in accordance with the stated investment strategy for CEREIT. The research, evaluation and analysis required for this purpose are coordinated and carried out by the Manager.

The Manager has general powers of management over the assets of CEREIT. The Manager's primary responsibility is to manage the assets and liabilities of CEREIT for the benefit of the Unitholders. The Manager does this with a focus on providing Unitholders with regular and stable distributions and on achieving long-term growth in DPU and NAV per Unit, while maintaining an appropriate capital structure.

The other functions and responsibilities of the Manager include:

(a) using its best endeavours to ensure that CEREIT's operations are carried on and conducted in a proper and efficient manner;

(b) formulating CEREIT's investment strategy, including determining the location, sub-sector type and other characteristics of CEREIT's property portfolio. Overseeing the negotiations and providing the supervision in relation to investments of CEREIT and making final recommendations to the Trustee;

(c) formulating CEREIT's asset management strategy, including determining the tenant mix, asset enhancement works and rationalising operation costs. Providing the supervision in relation to asset management of CEREIT and making final recommendations to the Trustee on material matters;

(d) formulating the plans for equity and debt financing for CEREIT's property acquisitions, distribution payments, expense payments and property maintenance payments. Executing the capital management plans, negotiating with financiers and underwriters and making final recommendations to the Trustee;

(e) preparing accounts, financial reports and annual reports for CEREIT on a consolidated basis;

(f) making all regulatory filings on behalf of CEREIT and using its commercially reasonable best efforts to assist CEREIT in complying with the applicable provisions of the Securities and Futures Act (Chapter 289 of Singapore) and all other relevant legislation, the Listing Manual, the Code on Collective Investment Schemes ("CIS Code") issued by the Monetary Authority of Singapore ("MAS") (including Appendix 6 of the CIS Code (Property Funds Appendix)), the Singapore Code on Take-overs and Mergers ("Take-over Code"), the trust deed constituting CEREIT dated 28 April 2017 (as amended, varied or supplemented from time to time) ("Trust Deed"), the capital markets services licence issued to the Manager ("CMS Licence"), any tax ruling and all relevant contracts;

(g) communicating and liaising with investors, analysts and the investment community; and

(h) preparing property plans on a regular basis, which may contain proposals and forecasts on revenue, capital expenditures, sales and valuations, explanations of major variances to previous forecasts, written commentary on key issues and any relevant assumptions.

The Manager also considers sustainability issues (including environmental and social factors) as part of its responsibilities. CEREIT's environmental sustainability and community outreach programmes are set out on pages 156 to 159 of this Annual Report.

CEREIT, constituted as a trust, is externally managed by the Manager. The Manager appoints experienced and well qualified personnel to run its day-to-day operations.

The Manager was appointed in accordance with the terms of the Trust Deed. The Trust Deed outlines certain circumstances under which the Manager can be removed, including by notice in writing given by the Trustee upon the occurrence of certain events, or by resolution passed by a simple majority of Unitholders present and voting at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

The Manager is a wholly owned subsidiary of Cromwell which holds a significant unitholding interest in CEREIT. Cromwell is a global real estate investment manager, with a vested interest in the long-term performance of CEREIT. Cromwell's significant unitholding in CEREIT demonstrates its commitment to CEREIT and as a result, Cromwell's interest is aligned with that of other Unitholders.

THE MANAGER'S CORPORATE GOVERNANCE CULTURE

The Manager aspires to the highest standards of corporate governance. The Manager is committed to continuous improvement in corporate governance. It has developed and, on an ongoing basis, maintains sound and transparent policies and practices to meet the specific business needs of CEREIT and to provide a firm foundation for a trusted and respected business enterprise. The Manager remains focused on complying with the substance and spirit of the principles of the Code while achieving operational excellence and delivering CEREIT's long-term strategic objectives. The Board is responsible for the overall corporate governance of the Manager including establishing goals for the management team ("Management") and monitoring the achievement of these goals, underscoring their importance to the Manager.

The Manager has received accolades from the investment community for excellence in corporate governance. More details can be found in the Investor Relations section on pages 52 to 55 of this Annual Report.

This corporate governance report ("Report") sets out the corporate governance practices for the Financial Period with reference to the principles of the Code. For FY 2018, save as stated in this Report, CEREIT has complied in all material aspects with the principles and guidelines in the Code. Please see the sections on Board Membership and Disclosure on Remuneration for explanations on deviations from the guidelines of the Code.

(A) BOARD MATTERS

The Board's Conduct of Affairs

Principle 1:

Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

The Manager is led by the Board, with non-executive independent Directors ("CEREIT IDs") constituting more than half of the Board. This exceeds the recommendations in the Code. The Board has diversity of skills and knowledge, experience, gender, educational background and ethnicity. Each director of the Board ("Director") brings to the Board skills, experience, insights and sound judgement which, together with his strategic networking relationships, serve to further the interests of CEREIT. The Board is reviewed annually against the Board Skills Matrix which identifies areas in which knowledge or skill of the Board is required. This includes, amongst others, strategic thinking, experience and knowledge in European property, understanding of economic indicators, being able to assess financial performance, prior experience in an executive role and ability to identify key risks.

The Board oversees the affairs of the Manager, in furtherance of the Manager's primary responsibility to manage the assets and liabilities of CEREIT for the benefit of Unitholders. The Board provides leadership to the CEO and the Management and sets the strategic vision, direction and long-term objectives for CEREIT. The CEO, assisted by the Management, is responsible for the execution of the strategy for CEREIT and the day-to-day operations of CEREIT's business.

The Board guides the corporate strategy and directions of the Manager, ensures that the Management discharges business leadership and demonstrates the highest quality of management skills with integrity and enterprise and oversees the proper conduct of the Manager. The Board establishes goals for the Management and monitors the achievement of these goals and ensures that proper and effective controls are in place to assess and manage business risks.

The Board has reserved authority to approve certain matters and these include:

(a) material acquisitions, investments and divestments;

(b) issue of new Units;

(c) income distributions and other returns to Unitholders; and

(d) matters which involve a conflict of interest for a controlling Unitholder or a Director.

The Board has established various Board Committees to assist it in the discharge of its functions. These Board Committees are the Audit and Risk Committee ("ARC") and the Nominating and Remuneration Committee ("NRC"). Each of these Board Committees operates under authority delegated from the Board, with the Board retaining overall oversight and has its own terms of reference. The composition of the various Board Committees is set out on page 160 of this Annual Report.

The Board may form other Board Committees as dictated by business imperatives. Membership of the various Board Committees is managed to ensure an equitable distribution of responsibilities among Board members, to maximise the effectiveness of the Board and to foster active participation and contribution from Board members. Diversity of experience and appropriate skills are considered in the composition of the respective Board Committees.

The Board has adopted a set of internal controls which establishes approval limits for operational and capital expenditures, investments, divestments, bank borrowings and cheque signatory arrangements. In addition, sub-limits are also delegated to various management levels to facilitate operational efficiency.

The Board meets at least once every quarter and as required by business imperatives. Board and Board Committee meetings are scheduled prior to the start of each financial year. Where exigencies prevent a Director from attending a Board meeting in person, the Constitution of the Manager permits the Director to participate via audio or video conference. The Board and Board Committees may also make decisions by way of resolutions in writing. In each meeting where matters requiring the Board's approval are to be considered, all members of the Board participate in the discussions and deliberations; and resolutions in writing are circulated to all Directors for their consideration and approval. The exception is where a Director has a conflict of interest in a particular matter, in which case he will be required to recuse himself from the deliberations and abstain from voting on the matter. This principle of collective decisions adopted by the Board ensures that no individual influences or dominates the decision making process.

During Board meetings, non-executive Directors review the performance of the Management in meeting agreed goals and objectives and monitor the reporting of performance. During the Board meeting to discuss strategies, non-executive Directors constructively challenge and help develop proposals on strategy.

A total of 14 Board meetings were held in FY 2018. A record of the Directors' attendance at Board and Board Committees' meetings in FY 2018 is set out on page 155 of this Annual Report. The Manager believes in the manifest contributions of its Directors beyond attendance at formal Board and Board Committee meetings. To judge a Director's contributions based on his attendance at formal meetings alone would not do justice to his overall contributions, which include being accessible to the Management for guidance or exchange of views outside the formal environment of Board and Board Committee meetings.

In view of the increasingly demanding, complex and multi-dimensional role of a director, the Board recognises the importance of continual training and development for its Directors so as to equip them to discharge the responsibilities of their office as

Directors to the best of their abilities. The Manager has in place a training framework to guide and support the Manager towards meeting the objective of having a Board which comprises individuals who are competent and possess up-to-date knowledge and skills necessary to discharge their responsibilities. The Manager also maintains a training record to track the Directors' attendance at training and professional development courses. The costs of training are borne by the Manager. Upon appointment, each Director is provided with a formal letter of appointment. All Directors, upon appointment, also undergo an induction programme which focuses on orientating the Director to CEREIT's business, operations, strategy, organisational structure, responsibilities of key management personnel of the Manager ("KMP") and financial and governance practices. All Directors, upon appointment, also undergo training on the roles and responsibilities of a director of a listed issuer.

Following their appointment, Directors are provided with opportunities for continuing education in areas such as directors' duties and responsibilities, changes to regulations and accounting standards and industry-related matters, so as to be updated on matters that affect or may enhance their performance as Directors or Board Committee members. Directors may contribute by highlighting relevant areas of interest. Directors also receive on-the-job training through being engaged in actual Board work. In FY 2018, the training and professional development programmes for Directors included briefings by professional advisors and the Management on the changes to the Code, industry developments, regulatory matters, sustainability reporting and dialogues with experts and senior business leaders on issues facing boards and board practices.

Board Composition and Guidance
Principle 2:

There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board reviews from time to time the size and composition of the Board, with a view to ensuring the Board has the appropriate mix of expertise and experience and that the size of the Board is appropriate in facilitating effective decision making, taking into account the scope and nature of the operations of CEREIT and its subsidiaries ("CEREIT Group") and that the Board has a strong independent element.

The Board presently comprises five Directors, three of whom (including the Chairman) are CEREIT IDs. Profiles of the Directors are provided on pages 22 to 27 of this Annual Report. The recommendation in the Code for the appointment of a lead independent director does not apply to the Manager as the Chairman is a CEREIT ID and he and the CEO are separate individuals, who are not related to each other.

The Board assesses the independence of each Director in accordance with the guidance in the Code and the Securities and Futures (Licensing and Conduct of Business) Regulations ("SFR").

An ID is one who has no relationship with the Manager, its related corporations and its shareholders who hold 10% or more of the voting shares of the Manager, or Unitholders who hold 10% or more of the Units in issue, or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgement; and is independent from the management of the Manager and CEREIT, from any business relationship with the Manager and CEREIT, from every substantial shareholder of the Manager and every substantial unitholder of CEREIT and is not a substantial shareholder of the Manager or a substantial unitholder of CEREIT and has not served on the Board for a continuous period of nine years or longer.

The Board has established a process for assessing the independence of its Directors. Each of the relevant non-executive Directors has confirmed that there are no material relationships which would render him non-independent. The confirmations have been reviewed by the Board during which the Board considered the Directors' respective contributions at Board meetings. The Board has carried out the assessment of each of its

Directors for FY 2018 and the paragraphs below set out the outcome of the assessment.

With respect to Mr Lim Swe Guan, Mr Christian Delaire and Mrs Fang Ai Lian, the Board considered whether each of them had demonstrated independence of character and judgement in the discharge of their responsibilities as a Director in FY 2018 and is satisfied that each of Mr Lim, Mr Delaire and Mrs Fang had acted with independent judgement.

On the bases of the declarations of independence provided by the relevant non-executive Directors and the guidance in the Code and the SFR, the Board has determined that Mr Lim Swe Guan, Mr Christian Delaire and Mrs Fang Ai Lian are CEREIT IDs. For FY 2018, all the CEREIT IDs are considered to be independent under the Code and SFR. The CEREIT IDs have also served on the Board for fewer than nine years. Each of them had recused himself from the Board's deliberations respectively on his/her own independence.

The remaining Directors are not IDs as defined under the Code and the SFR. Mr Simon Garing is the CEO and an executive Director of the Manager while Mr Paul Weightman serves as the CEO and managing director of Cromwell and as a director of some related corporations of Cromwell. Nevertheless, as at the last day of FY 2018, each of Mr Simon Garing and Mr Paul Weightman was able to act in the best interest of all the Unitholders and the Board is satisfied that each of Mr Simon Garing and Mr Paul Weightman was able to act in the best interests of all the Unitholders. It is noted that Mr Simon Garing and Mr Paul Weightman have served on the Board for fewer than nine years and neither of them is a substantial shareholder of the Manager or a substantial unitholder of CEREIT.

At all times, the Directors are collectively and individually obliged to act honestly and with diligence and in the best interests of CEREIT. The Manager requires that its Directors disclose their interests in transactions and any conflicts of interests. The Directors recuse themselves from any discussions concerning a matter in which they may be in a conflict of interest situation. Each of the Directors has complied with the above.

Chairman and Chief Executive Officer
Principle 3:

There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

To maintain an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making, the roles and responsibilities of the Chairman and the CEO are held by separate individuals.

The non-executive independent Chairman, Mr Lim Swe Guan, is responsible for leading the Board and ensuring that the Board is effective in all aspects of its role. The CEO, Mr Simon Garing, has full executive responsibilities over the business directions and operational decisions of CEREIT and is responsible for implementing CEREIT's strategies and policies and conducting CEREIT's business.

The Chairman is responsible for the overall management of the Board and for facilitating the conditions for the overall effectiveness of the Board, Board Committees and individual Directors. The Chairman also ensures that the Board and the Management work together with integrity and competency. This includes setting the agenda of the Board in consultation with the CEO and promoting constructive engagement among the Directors as well as between the Board and the Management on strategy, business operations, enterprise risk and other plans. The Chairman plays a significant leadership role by providing clear oversight, direction, advice and guidance to the CEO and the Management on strategies.

The Chairman and the CEO are not immediate family members. The separation of the roles of the Chairman and the CEO and the resulting clarity of roles provide a healthy professional relationship between the Board and the Management and facilitate robust deliberations on the business activities of CEREIT and the exchange of ideas and views to help shape CEREIT's strategic process. Given that the roles of the Chairman and CEO are held by separate individuals and the Chairman is an ID, no Lead ID is required to be appointed.

Board Membership
Principle 4:

There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The NRC is appointed by the Board from among the Directors of the Manager and is composed of three members, majority of whom (including the Chairman of the NRC) are required to be IDs. The members of the NRC are Mr Christian Delaire, Mr Lim Swe Guan and Mrs Fang Ai Lian. Mr Christian Delaire has been appointed as the Chairman of the NRC.

The role of the NRC is to make recommendations to the Board on all appointment and remuneration matters. The NRC also reviews and makes recommendations on succession plans for the Board and the executive officers. The NRC's responsibilities also include:

- developing a process for evaluation of the performance of the Board, its Board committees and Directors;
- reviewing the training and professional development programmes for the Board;
- the appointment and re-appointment of Directors (including alternate directors, if applicable), having regard to the composition and progressive renewal of the Board and each Director's competencies, commitment, contribution and performance including, if applicable, as an ID;
- determining annually and as and when circumstances require, if a Director is independent;
- deciding if a Director is able to and has been adequately carrying out his duties as a Director of the company, taking into consideration the Director's principal commitments;
- reviewing and recommending to the Board a general framework of remuneration for the Board and the executive officers;
- reviewing and recommending to the Board the specific remuneration packages for each Director as well as for the executive officers; and
- reviewing CEREIT's obligations arising in the event of termination of executive Directors' and executive officers' contracts of service and ensuring that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The NRC seeks to ensure that the composition of the Board provides an appropriate balance and diversity of skills, experience, gender and knowledge of the industry and that the Directors, as a group, have the necessary core competencies relevant to CEREIT's business.

The current Board comprises individuals who are business leaders and professionals with financial, banking, real estate, legal, investment and accounting backgrounds. The NRC recognises the benefits of having a diverse Board. Diversity in the Board's composition not only contributes to the quality of its decision making through diversity of perspectives in its boardroom deliberations, it also enables the Management to benefit from their respective expertise and diverse backgrounds. The NRC also considers gender an important aspect of diversity alongside factors such as the age, ethnicity and educational background of its members. The NRC is committed to diversity and will continue to consider the differences in the skillsets, gender, age, ethnicity and educational background in determining the optimal composition of the Board in its Board renewal process. The Board will also consider the knowledge and skills required as set out in the Board Skills Matrix.

In the year under review, no alternate directors were appointed. This was in keeping with the principle that a Director must be able to commit time to the affairs of the Manager.

The NRC has adopted the following criteria and process for selecting, appointing and reappointing Directors and for reviewing the performance of Directors:

(a) The NRC, on an annual basis, carries out a review of the Board composition as well as on each occasion when a Director gives notice of his intention to retire or resign. The review includes assessing the collective skills, knowledge and experience of Directors represented on the Board to determine whether the Board, as a whole, has the skills, knowledge and experience required to achieve the Manager's objectives for CEREIT. In carrying out this review, the NRC considers the need for the Board composition to reflect balance in matters such as skills representation, tenure, experience, age spread and diversity (including gender diversity), taking into account benchmarking within the industry as appropriate.

(b) The NRC reviews the suitability of any candidates put forward by any Director for appointment, having regard to the skills required and the skills represented on the Board and whether a candidate's skills, knowledge and experience will complement the existing Board and whether he has sufficient time available to commit to his responsibilities as a Director and whether he is a fit and proper person for the office in accordance with the Guidelines on Fit and Proper Criteria issued by MAS (which require the candidate to be, among other things, competent, honest, to have integrity and be financially sound).

(c) External consultants may be engaged from time to time to access a wide base of potential Directors.

(d) No member of the NRC is involved in any decision of the NRC relating to his own appointment, reappointment or assessment of independence.

(e) A newly appointed Director receives a formal appointment letter.

(f) All Directors undergo an induction programme on appointment to help familiarise them with matters relating to CEREIT's business and the Manager's strategy for CEREIT.

(g) The performance of the Board, Board Committees and Directors is reviewed annually.

(h) The NRC proactively addresses any issues identified in the Board performance evaluation.

The adopted process takes into account the requirements in the Code that the composition of the Board, including the selection of candidates for new appointments to the Board as part of the Board's renewal process, be determined using the following principles:

(a) the Board should comprise Directors with a broad range of commercial experience, including expertise in real estate management, the property industry, banking, finance and legal fields; and

(b) at least one-third of the Board should comprise IDs. Where, among other things, the Chairman of the Board is not an ID, at least half of the Board should comprise IDs.

As at least half of the Board comprises CEREIT IDs, the Manager will not be voluntarily subjecting any appointment or reappointment of Directors to voting by Unitholders. The Chairman of the Board is presently a CEREIT ID. The Board intends to continue to keep to the principle that at least half of the Board shall comprise CEREIT IDs.

The NRC seeks to refresh Board membership progressively and in an orderly manner. In this regard, Board succession planning is carried out through the annual review of Board composition as well as when an existing Director gives notice of his intention to retire or resign. On the issue of Board renewal, the Manager believes that Board renewal is a necessary and continual process, for good governance and ensuring that the Board has the skills, expertise and experience which are relevant to the evolving needs of CEREIT's business; renewal or replacement of a Director therefore does not necessarily reflect his performance or contributions to date.

Guideline 4.4 of the Code recommends that the NRC determine the maximum number of listed company board appointments which any director may hold and disclose this in the Annual Report. In view of the responsibilities of a director, the NRC is cognisant of the need for Directors to be able to devote sufficient time and attention to adequately perform their roles. However, the NRC has not imposed any limit as it has taken the view that, the limit on the number of listed company directorships that an individual may hold should be considered on a case-by-case basis, as a person's available time and attention may be affected by many different factors, such as whether he is in full-time employment and the nature of his other responsibilities. A Director with multiple directorships is expected to ensure that sufficient attention can be and is given to the affairs of the Manager in managing the assets and liabilities of CEREIT for the benefit of Unitholders. The NRC believes that each Director is best placed to determine and ensure that he is able to devote sufficient time and attention to discharge his duties and responsibilities as a Director of the Manager, bearing in mind his other commitments. In considering the nomination of any individual for appointment and in its annual review of each Director's ability to commit time to the affairs of CEREIT, the NRC takes into account, among other things, the attendance record of the Directors at meetings of the Board and Board Committees, the competing time commitments faced by any such individual with multiple board memberships as well as his other principal commitments. All Directors had confirmed that notwithstanding the number of their individual listed company board appointments and other principal commitments which each of them held, they were able to devote sufficient time and attention to the affairs of the Manager in managing the assets and liabilities of CEREIT for the benefit of Unitholders. The CEO, who is also a Director, is fully committed to the day-to-day operations of the Manager. Taking into account also the attendance record of the Directors at meetings of the Board and Board Committees in FY 2018 (set out on page 155 of this Annual Report) and contributions at the Board's deliberations as well as availability outside formal Board and Board Committee meetings, the NRC is of the view that the current commitments of each of its Directors are reasonable and each of the Directors is able to and has been adequately carrying out his duties.

Board Performance
Principle 5:

There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The Manager believes that oversight from a strong and effective Board goes a long way towards guiding a business enterprise to achieving success.

The Board strives to ensure that there is an optimal blend in the Board of backgrounds, experience and knowledge in business and general management, expertise relevant to CEREIT's business and track record and that each Director can bring to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made in the interests of CEREIT.

Whilst board performance is ultimately reflected in the long-term performance of CEREIT, the Board believes that engaging in a regular process of self-assessment and evaluation of board performance in order to identify key strengths and areas for improvement is essential to effective stewardship and to attaining success for CEREIT.

As part of the Manager's commitment towards improving corporate governance, the Board has approved and implemented a process to evaluate the effectiveness of the Board as a whole and the Board Committees on an annual basis. As part of the process, questionnaires were sent to the Directors and the results were aggregated by the Company Secretary and reported to the Chairman of the NRC. The areas of evaluation covered in the survey questionnaire included Board roles and responsibilities, leadership, teamwork, management relations, conduct of meetings, training, ethics/stakeholders, Board strengths, Board Committee effectiveness and Directors' self-evaluation. The results of the survey were deliberated upon by the NRC and the Board and the necessary follow up action will be taken with a view to enhancing the effectiveness of the NRC and the Board in the discharge of its duties and responsibilities. The Board was also able to assess the

Board Committees through their regular updates to the Board on their activities. The outcome of the evaluation was satisfactory for all the attributes in the evaluation categories with overall agreement that the Board's performance objectives had been met. No external facilitator was used for the assessment of the Board, Board Committees, or individual Directors.

In respect of individual Directors, their contributions can take different forms including providing objective perspectives on issues, facilitating business opportunities and strategic relationships and accessibility to the Management outside of the formal environment of Board and/or Board Committee meetings. For FY 2018, the outcome of the self-evaluation of each Director was satisfactory and that each Director had contributed positively to the overall effectiveness of the Board.

The Manager also believes that the collective Board performance and the contributions of individual Board members are also reflected in and evidenced by, the synergistic performance of the Board in discharging its responsibilities as a whole by providing proper guidance, diligent oversight and able leadership and lending support to the Management in steering CEREIT in the appropriate direction, as well as the long-term performance of CEREIT whether under favourable or challenging market conditions.

Access to Information
Principle 6:

In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

An effective and robust Board, whose members engage in open and constructive debate to develop and refine proposals on strategy, is fundamental to good corporate governance. In this regard, the Board must be kept well-informed of CEREIT Group's business and affairs and the industry in which CEREIT Group operates. The Manager recognises the importance of providing the Board with relevant information on a timely basis prior to Board meetings and on an ongoing basis, to enable the Directors to make informed decisions to discharge their duties and responsibilities. Reports on CEREIT's performance are also provided to the Board on a regular basis.

The Board meets regularly and Board meetings, in general, last up to half a day. At each Board meeting, the CEO provides updates on CEREIT's business and operations, as well as financial performance. Presentations in relation to specific business areas are also made by key executives and external consultants or experts; this allows the Board to develop a good understanding of the progress of CEREIT's business and also promotes active engagement between the Board and the key executives of the Manager.

As a general rule, Board papers are sent to Board members at least five working days prior to each Board meeting, to allow members of the Board to prepare for the Board meetings and to enable discussions to focus on any questions that they may have.

In addition to providing complete, adequate and timely information to the Board on Board affairs and issues requiring the Board's decision, the Management also provides ongoing reports relating to the operational and financial performance of CEREIT, such as periodic management reports.

Where appropriate, informal meetings are also held for the Management to brief Directors on prospective transactions and potential developments in the early stages before formal Board approval is sought.

The Board has separate and independent access to senior management and the company secretary of the Manager ("Company Secretary"), at all times. The Company Secretary attends to corporate secretarial administration matters and attends all Board meetings. The Board also has access to independent professional advice where appropriate and when requested.

There were no meetings of the CEREIT IDs without the presence of other Directors in FY 2018 because no Lead ID is required to be appointed.

The ARC also meets the internal and external auditors separately at least once a year, without the presence of the executive officers. The Board has unfettered access to any management staff for any information that it may require.

Through the training framework adopted for the professional development of the Directors, Directors also receive on a regular basis, reading materials on topical matters or subjects and regulatory updates and implications. Where appropriate, the Management will also arrange for briefings by industry players or consultants.

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7:

There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Level and Mix of Remuneration

Principle 8:

The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

Disclosure on Remuneration[1]

Principle 9:

Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel and performance.

As highlighted above, the NRC reviews and recommends to the Board a general framework of remuneration for the Board and the executive officers. The NRC reviews and recommends to the Board the specific remuneration packages for each Director and the KMP to ensure that the remuneration payable is in line with the objectives of its remuneration guidelines. The NRC also reviews CEREIT's obligations arising in the event of termination of executive Directors' and KMP's contracts of service and ensures that such contracts of service contain fair and reasonable termination clauses. No member of the Board, however, will be involved in any decision of the Board relating to his own remuneration.

The NRC sets the remuneration guidelines in line with CEREIT Group's business strategy and Cromwell Group corporate values ("Cromwell Group Values") and approves the executive compensation framework based on the key principle of linking pay to performance and adherence to Cromwell Group Values. The Board has access to independent remuneration consultants for advice as required.

In terms of the process adopted by the Manager for developing and reviewing the remuneration guidelines and ensuring that the remuneration payable is in line with its objectives and determining the remuneration packages for Directors and executive officers, the Manager takes into account compensation benchmarks within the industry, as appropriate. It also considers the compensation framework of Cromwell as a point of reference. The Manager is a subsidiary of Cromwell which also holds a significant stake in CEREIT. The association with Cromwell puts the Manager in a better position to attract and retain better qualified management talent; it provides an intangible benefit

[1] For the purposes of meeting the Alternative Investment Fund Managers Directive (2011/61/EU) (AIFMD) disclosure requirements, the Manager is required to provide information in relation to the total amount of remuneration for the financial year, split into fixed and variable remuneration, paid by the AIFM (i.e. the Manager) to its staff and number of beneficiaries and, where relevant, carried interest paid by the AIF (i.e. CEREIT). Unitholders who wish to review the above information may approach the Manager at its registered office located at 50 Collyer Quay, #07-02 OUE Bayfront, Singapore 049321 during normal business hours.

to the Manager such that it allows its employees to associate themselves with an established corporate group which can offer them the depth and breadth of experience and enhanced career development opportunities.

The Manager's compensation programme is well balanced, competitive, performance-based and aligned with the achievement of each employee's short, medium and long-term goals. While the approach reflects a pay-for performance culture, it is also designed to attract, motivate and retain high performing and high potential employees in their respective field of expertise. Employees are also incentivised through annual bonus awards that are tied to a variety of financial and non-financial measures. The remuneration guidelines are reviewed by the NRC and necessary changes are recommended to the Board from time to time.

The Manager has an established, rigorous process for the performance review of all employees, including senior executives. The performance of senior executives and whether they have met their individual key performance indicators is formally evaluated annually by the CEO, with regular feedback being provided during the performance period. At the time of the reviews, the professional development of the senior executive is also discussed, along with any training which could enhance their performance. Both qualitative and quantitative measures are used in the evaluation.

Remuneration for Key Management Personnel

Generally, no remuneration of Directors and executive officers are (a) paid in the form of shares or interests in the controlling shareholder or its related companies; or (b) linked (directly or indirectly) to the performance of any entity other than CEREIT. To the extent that any remuneration has been granted but not vested prior to the transfer of any executive officer from Cromwell to the Manager, such remuneration remains. The Management and the Board are satisfied that such an arrangement would not result in a misalignment of interest. The Manager has in place policies and procedures to address any conflicts of interests or potential misalignment.

Remuneration for KMP comprises fixed components, variable cash components, Unit-based components and employee benefits:

A. Fixed Components

The fixed components comprise the base salary, fixed allowances and compulsory employer contribution to an employee's Central Provident Fund or other social security system.

B. Variable Cash Components

The variable cash component is linked to the achievement of annual performance targets for each KMP as agreed at the beginning of the financial year with the Board.

Under the framework for the variable cash components, CEREIT Group's strategy and goals are translated to performance outcomes comprising both quantitative and qualitative targets such as targets relating to DPU and Operating Earnings; these are cascaded down throughout the organisation, thereby creating alignment across the CEREIT Group. Such targets were chosen as they are aligned to the key objectives of CEREIT as outlined in the Prospectus.

After the close of each year, the Board reviews CEREIT Group's achievements against the targets set and determines the overall performance taking into consideration qualitative factors such as the business environment, regulatory landscape and industry trends and approves a bonus pool that is commensurate with the performance achieved. For FY 2018, such targets have been partially met by all of the KMP.

In determining the payout quantum for each KMP under the plan, the Board considers the overall business performance and individual performance as well as affordability. Generally, a minimum of achieving more than 70% of the qualitative factors and quantitative factors are required to be eligible for a payout under the plan.

C. Unit-Based Components

As FY 2018 was the inaugural financial period end for CEREIT, no payment of any unit based remuneration has been made.

D. Employee Benefits

The benefits provided are comparable with local market practices.

The Board seeks to ensure that the remuneration paid to the CEO and KMP are strongly linked to the achievement of business and individual performance targets. The performance targets approved by the Board are set at realistic yet stretched levels each year to motivate a high degree of business performance with emphasis on both short- and longer-term quantifiable objectives.

The Manager has decided against the disclosure of (1) the remuneration of the top five KMP and the CEO on a named basis, whether in exact quantum or bands of S$250,000, (2) the total remuneration paid to the top five KMP (who are not directors or the CEO) and (3) the aggregate amount of any termination, retirement and post-employment benefits that may be granted to Directors, the CEO and the top five KMP (who are not the Directors or the CEO) and believe that the interests of the Unitholders will not be prejudiced as a result of such non-disclosure, for the following reasons:

(a) due to the highly competitive human resource environment for personnel with the requisite knowledge, expertise and experience in the area of real estate investment trusts, disclosure of specific remuneration information may give rise to recruitment and talent retention issues;

(b) the negative impact to CEREIT if members of the experienced and qualified management team are poached, thereby affecting both the ability to nurture a sustainable talent pool and ensure the smooth continuity of leadership to achieve business and operations objectives of CEREIT;

(c) there is no misalignment between the remuneration of the KMP and the interest of Unitholders, given that their remuneration is not linked to the gross revenue of the CEREIT and are paid out of the own assets of the Manager; and

(d) there is full and frank disclosure regarding the total amount of fees paid to the Manager on page 188 of the Annual Report.

There were no employees of the Manager who were immediate family members of a Director or the CEO in FY 2018. "Immediate family member" refers to the spouse, child, adopted child, step-child, sibling or parent of the individual.

Non-executive Director Remuneration

The Directors' fees for FY 2018 are shown in the table below. Mr Paul Weightman as a non-executive Director and a non-CEREIT ID does not receive any fees for serving as a Director. The CEO as an executive Director also does not receive any fees for serving as a Director. Instead, he is remunerated as part of the KMP. Directors' fees are a fixed sum and generally comprise a basic retainer fee as a Director and an additional fee for serving on any of the Board Committees. All Directors' fees are paid in cash.

The compensation package is market benchmarked, taking into account the responsibilities on the part of the Directors in light of the scope and nature of CEREIT Group's business.

Director's Fees

Board Members	FY 2018
Lim Swe Guan	S$171,904
Paul Weightman	N.A.
Christian Delaire	S$111,884
Fang Ai Lian	S$113,651
Philip Levinson[1]	N.A.
Simon Garing[2]	N.A.

1 Mr Philip Levinson ceased to be the Chief Executive Officer and an Executive Director with effect from 2 September 2018.

2 Mr Simon Garing was appointed as the Chief Executive Officer and an Executive Director with effect from 3 September 2018.

(C) ACCOUNTABILITY AND AUDIT

Accountability

Principle 10:

The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Manager provides Unitholders with quarterly and annual financial statements within the relevant periods prescribed by the Listing Manual after they are reviewed by the ARC and approved by the Board. These financial statements are accompanied by news releases issued to the media and which are also posted on the SGXNet. In presenting the quarterly and annual financial statements to Unitholders, the Board aims to provide Unitholders with a balanced, clear and understandable assessment of CEREIT's performance, position and prospects. In order to achieve this, the Management provides the Board with management accounts on a regular basis and such explanation and information as any Director may require, to enable the Directors to keep abreast and make a balanced and informed assessment, of CEREIT's financial performance, position and prospects.

In addition, the Manager also keeps the Unitholders, stakeholders and analysts informed of the performance and changes in CEREIT or its business which would be likely to materially affect the price or value of the Units on a timely and consistent basis, so as to assist Unitholders and investors in their investment decisions.

The Manager believes in conducting itself in ways that seek to deliver maximum sustainable value to Unitholders. Best-practices are promoted as a means to build an excellent business for Unitholders and the Manager is accountable to Unitholders for CEREIT's performance. Prompt fulfilment of statutory and regulatory reporting requirements is but one way to maintain Unitholders' confidence and trust in the capability and integrity of the Manager.

Risk Management and Internal Controls

Principle 11:

The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Manager has in place an adequate and effective system of risk management and internal controls addressing material financial, operational, compliance and information technology ("IT") risks to safeguard Unitholders' interests and CEREIT's assets.

The Board has overall responsibility for the governance of risk and oversees the Manager in the design, implementation and monitoring of the risk management and internal controls systems. The ARC assists the Board in carrying out the Board's responsibility of overseeing the risk management framework and policies for CEREIT Group.

The ARC's scope of duties and responsibilities includes:

(a) reviewing external audit reports to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by the Management;

(b) reviewing arrangements by which staff and external parties may, in confidence, raise probable improprieties in matters of financial reporting or other matters, with the objective that arrangements are in place for the independent investigation of such matters and for appropriate follow up action;

(c) ensuring that the internal audit and accounting function is adequately resourced and has appropriate standing with CEREIT;

(d) reviewing, on an annual basis, the adequacy and effectiveness of the internal audit function in the overall context of CEREIT's risk management system;

(e) reviewing the statements included in CEREIT's Annual Report on CEREIT's internal controls and risk management framework;

(f) reviewing the appointment, re-appointment or removal of external auditors;

(g) reviewing the nature and extent of non-audit services performed by external auditors;

(h) reviewing, on an annual basis, the independence and objectivity of the external auditors;

(i) meeting with external and internal auditors, without the presence of the executive officers, at least on an annual basis;

(j) assisting the Board to oversee the formulation, updating and maintenance work of adequate and effective risk management framework;

(k) reviewing the system of internal controls including financial, operational, compliance and information technology controls, risk management processes; and

(l) reviewing the financial statements and the internal audit report.

The internal auditors conduct reviews that involve testing the effectiveness of the material internal controls addressing financial, operational, compliance and IT risks and risk management processes. This includes testing, where practicable, material internal controls in areas managed by external service providers. Any material non-compliance or lapses in internal controls together with corrective measures recommended by the internal auditors are reported to and reviewed by the ARC. The adequacy and effectiveness of the measures taken by the Manager in response to the recommendations made by the internal auditors are also reviewed by the ARC.

The Board has received assurance from the CEO and the CFO of the Manager that:

(a) the financial records of CEREIT Group have been properly maintained and the financial statements for FY 2018 give a true and fair view of CEREIT Group's operations and finances. In addition, the Board has received similar assurance from the external auditor; and

(b) the system of risk management and internal controls in place for CEREIT Group is adequate and effective to address the financial, operational, compliance and IT risks which the Manager considers relevant and material to the current business environment. In addition, the Board has received assurance from the internal auditor that no significant gaps or weaknesses were identified on the adequacy and effectiveness on internal controls and risk management systems (other than one which has been resolved).

The CEO and the CFO of the Manager have obtained similar assurances from the respective risk and control owners.

In addition, in FY 2018, the Board has received quarterly certification by Management on the integrity of financial reporting and the Board has provided a negative assurance confirmation to Unitholders as required by the Listing Manual.

Based on the reviews conducted by the Management and the internal auditors, as well as the assurance from the CEO and the CFO of the Manager, the Board concurs with the recommendation of the ARC and is of the opinion, that CEREIT Group's system of risk management and internal controls is adequate and effective to address the financial, operational, compliance and IT risks which the Manager considers relevant and material to the current business environment as at 31 December 2018. CEREIT has maintained proper records of the discussions and decisions of the Board and the ARC.

The Board notes that the system of risk management and internal controls established by the Manager provides reasonable assurance that CEREIT Group, as it strives to achieve its business objectives, will not be significantly affected by any event that can be reasonably foreseen or anticipated. However, the Board also notes that no system of risk management and internal controls can provide absolute assurance in this regard, or absolute assurance against poor judgement in decision making, human error, losses, fraud or other irregularities.

Audit Committee
Principle 12:

The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The ARC is appointed by the Board from among the Directors of the Manager and is composed of three members, a majority of whom (including the Chairman of the ARC) are required to be independent directors. The members of the ARC are Mrs Fang Ai Lian, Mr Lim Swe Guan and Mr Christian Delaire. Mrs Fang Ai Lian has been appointed as the Chairman of the ARC.

The members bring with them invaluable recent and relevant managerial and professional expertise in accounting and related financial management domains; in particular the Chairman of the ARC is a Fellow of the Institute of Chartered Accountants Singapore, among other professional affiliations. None of the ARC members was previously a partner of the incumbent external auditors, Deloitte & Touche LLP ("Deloitte"), within the previous 12 months, nor does any of the ARC members hold any financial interest in Deloitte.

The ARC has explicit authority to investigate any matter within its terms of reference. The Management is required to provide the fullest co-operation in providing information and resources and in implementing or carrying out all requests made by the ARC. The ARC has direct access to the internal and external auditors and full discretion to invite any Director or executive officer to attend its meetings. Similarly, both the internal and external auditors are given unrestricted access to the ARC.

The role of the ARC is to monitor and evaluate the effectiveness of the Manager's internal controls. The ARC also reviews the quality and reliability of information prepared for inclusion in financial reports and is responsible for the nomination of external auditors and reviewing the adequacy of external audits in respect of cost, scope and performance.

In addition to those matters listed above, the ARC's scope of duties and responsibilities also includes:

(a) monitoring the procedures established to regulate Related Party Transactions[2] , including ensuring compliance with the provisions of the Listing Manual relating to "interested person transactions" ("Interested Person Transactions") and the provisions of the Property Funds Appendix relating to "interested party transactions" ("Interested Party Transactions");

(b) reviewing transactions constituting Related Party Transactions;

(c) reviewing, on an annual basis, a report on the asset allocation conflict decisions pursuant to the Cromwell Group Allocation Process[3];

(d) deliberating on conflicts of interest situations involving CEREIT, including situations where the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of CEREIT with a Related Party[4] of the Manager and where the Directors, controlling shareholder of the Manager and Associates (as defined in the Listing Manual) are involved in the management of or have shareholding interests in similar or related business as the Manager and in such situations, the ARC will monitor the investments by these individuals in CEREIT's competitors, if any and will make an assessment whether there is any potential conflict of interest;

(e) reviewing internal and external audit reports at least twice a year to ascertain that the guidelines

[2] "Related Party Transactions" refers to "Interested Person Transactions" under the Listing Manual and "Interested Party Transactions" under the Property Funds Appendix.

[3] "Cromwell Group Allocation Process" refers to the allocation of investment opportunities from Cromwell's origination pipeline in a fair and equitable manner to all funds established and/or sponsored by Cromwell.

[4] "Related Party" refers to an "Interested Person" under the Listing Manual and/or as the case may be, an "Interested Party" under the Property Funds Appendix.

and procedures established to monitor Related Party Transactions have been complied with;

(f) monitoring the procedures in place to ensure compliance with applicable legislation, regulations, the Listing Manual and the Property Funds Appendix;

(g) reviewing and providing their views on all hedging policies and instruments to be implemented by CEREIT to the Board;

(h) reviewing all hedging policies and procedures to be implemented by CEREIT for the entry into of any hedging transactions (such as foreign exchange hedging and interest rate hedging) and monitoring the implementation of such policy, including reviewing the instruments, processes and practices in accordance with the policy for entering into foreign exchange hedging transactions;

(i) investigating any matters within the ARC's terms of reference, whenever it deems necessary; and

(j) reporting to the Board on material matters, findings and recommendations.

The ARC has reviewed the nature and extent of non-audit services provided by the external auditors in FY 2018 and the fees paid for such services. The ARC is satisfied that the independence of the external auditors has not been impaired by the provision of those services. The external auditors have also provided confirmation of their independence to the ARC. The aggregate amount of fees paid and payable to the external auditors for FY 2018 was €2,278,087, of which audit and audit-related fees amounted to €1,469,567 and non-audit fees amounted to €808,520. Audit and audit-related fees included audit fees for all of the countries in which CEREIT has its properties as well as reviewing forecasts for capital raising purposes. Non-audit fees included financial due diligence in relation to transactions of properties involving special purpose vehicles.

In FY 2018, the ARC also met with the internal and external auditors, without the Management's presence, to discuss the reasonableness of the financial reporting process, the system of internal controls and the significant comments and recommendations by the auditors. Where relevant, the ARC makes reference to best-practices and guidance for Audit Committees in Singapore including practice directions issued from time to time in relation to the Financial Reporting Surveillance Programme administered by the Accounting and Corporate Regulatory Authority of Singapore.

In its review of the financial statements of CEREIT Group for FY 2018, the ARC had discussed with the Management the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements and also considered the clarity of key disclosures in the financial statements. The ARC reviewed, among other matters, fair value and disclosure of fair value for investment properties, a key audit matter identified by the external auditors for FY 2018.

The ARC considered the carrying value of CEREIT's investment properties, with an aggregate carrying amount of €1,690,224,000, which is measured using the fair value model as described in IAS 40 Investment Property. As at 31 December 2018, 75 properties of CEREIT's portfolio of 90 properties were valued by independent valuers. The remaining 15 properties have been carried at purchase price as these properties were acquired just prior to the period end which has been assessed by the Manager as their fair value. The adopted valuations for the 75 properties were based on independent external valuations utilising the income capitalisation model supported by recent market sales evidence. The independent valuations for the properties located in France and Italy have been prepared by Colliers International Valuation UK LLP and independent valuations for properties located in the Netherlands, Denmark and Germany have been prepared by Cushman & Wakefield Debenham Tie Leung Limited.

There were no other key audit matters highlighted by the external auditor.

Changes to the accounting standards and accounting issues which have a direct impact on the financial statements were reported to and discussed with the ARC at its meetings.

The Manager confirms, on behalf of CEREIT, that CEREIT complies with Rules 712 and 715 of the Listing Manual.

Internal Audit
Principle 13:

The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Manager has in place an internal audit function outsourced to a reputable firm which reports directly to the ARC and administratively to the CEO. The ARC is of the view that the internal audit function is independent, effective and adequately resourced. The ARC is satisfied that the internal audit function in the overall context of CEREIT's risk management system is adequate and effective.

The internal auditor is a member of the Institute of Internal Auditors Singapore ("IIA"), a professional internal auditing body affiliated to the Institute of Internal Auditors, Inc. The audit work carried out is guided by the firm's global internal auditing standards and the International Standards for the Professional Practice of Internal Auditing laid down in the International Professional Practices Framework issued by the IIA.

The internal auditors plan their internal audit schedules in consultation with, but independently of, the Management and their plan is submitted to the ARC for approval prior to the beginning of each year. The ARC also meets with the internal auditors at least once a year without the presence of the executive officers. The internal auditors have unfettered access to the Manager's documents, records, properties and employees, including access to the ARC.

(D) SHAREHOLDER RIGHTS AND RESPONSIBILITIES
Shareholder Rights
Principle 14:

Companies should treat all shareholders fairly and equitably and should recognise, protect and facilitate the exercise of shareholders' rights and continually review and update such governance arrangements.

The Manager is committed to treating all Unitholders fairly and equitably. All Unitholders enjoy specific rights under the Trust Deed and the relevant laws and regulations. These rights include, among other things, the right to participate in profit distributions. They are also entitled to attend general meetings and are accorded the opportunity to participate effectively and vote at general meetings (including through appointment of up to two proxies, if they are unable to attend in person or in the case of a corporate Unitholder, through its appointed representative). Unitholders such as nominee companies which provide custodial services for securities are not constrained by the two proxy limitation and are able to appoint more than two proxies to attend, speak and vote at general meetings of CEREIT.

More information on Unitholder participation in general meetings can be found in the section on Principle 16: Conduct of Shareholder Meetings of this Report.

Communication with Shareholders
Principle 15:

Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Manager is committed to keeping all Unitholders and other stakeholders and analysts informed of the performance and changes in CEREIT or its business which would be likely to materially affect the price or value of the Units, on a timely and consistent basis, so as to assist Unitholders and investors in their investment decisions.

The Manager has in place a dedicated investor relations team that runs a comprehensive and proactive investor relations programme, which facilitates effective communication with Unitholders., analysts, fund managers and the media. CEREIT's investor communications are guided by its market disclosure protocol, that ensures that:

(a) CEREIT immediately discloses all price sensitive information to the SGX-ST in accordance with the Listing Rules;

(b) all Unitholders have equal and timely access to material information concerning CEREIT, including its financial position, performance, ownership and governance, subject to the Listing Rules;

CEREIT's financial results are announced four times a year. The quarterly financial statements released are accompanied by supplementary results presentations and media releases, as well as video messages for general audience to ensure further clarity for Unitholders. All relevant announcements are concurrently made available on CEREIT's website at www.cromwelleuropeanreit.com.sg investor relations section, where there is an 'Email Alerts' function that enables investors to subscribe for regular updates from CEREIT.

Since CEREIT's initial public offering, the Management has conducted more than 140 briefings and meetings with more than 250 institutional investors, private wealth advisors, individual and retail investors and investment bank research analysts.

More information on the Manager's investor and media relations with Unitholders can be found in the Investor Relations section on pages 52 to 55 of this Annual Report.

CEREIT's distribution policy is to distribute 100.0% of CEREIT's Annual Distributable Income[5] for the period from the listing date to 31 December 2019. Thereafter, CEREIT will distribute at least 90.0% of its Annual Distributable Income for each financial year. The actual level of distribution will be determined at the Manager's discretion. The Manager will endeavour to pay distributions no later than 90 days after the end of each distribution period. Distributions for FY 2018 were paid according to schedule.

Conduct of Shareholders Meetings
Principle 16:

Companies should encourage greater shareholder participation at general meetings of shareholders and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Manager supports the principle of encouraging Unitholders' participation and voting at general meetings. In line with CEREIT's sustainability strategy, only printed copies of a short overview of CEREIT's Annual Report, together with the Notice of Annual General Meeting are mailed to the Unitholders within the requisite notice period. An electronic version of the Annual Report is available on CEREIT's website (printed copies are available upon request). Notices of the general meetings are also advertised in the press

[5] "Annual Distributable Income" refers to the amount calculated by the Manager (based on the audited financial statements of CEREIT for that financial year) as representing the consolidated audited net profit after tax of CEREIT (which includes the net profits of the special purpose vehicles held by CEREIT for the financial year, to be pro-rated where applicable to the portion of CEREIT's interest in the relevant special purpose vehicle) for the financial year, as adjusted to eliminate the effects of Adjustments (as defined herein). After eliminating the effects of these Adjustments, the Annual Distributable Income may be different from the net profit recorded for the relevant financial year. "Adjustments" means adjustments which are charged or credited to the consolidated profit and loss account of CEREIT for the relevant financial year or the relevant distribution period (as the case may be), including (i) differences between cash and accounting Gross Revenue, including but not limited to adjustment for amortisation of rental incentives (as deemed appropriate by the Manager), (ii) unrealised income or loss, including property revaluation gains or losses and provision or reversals of impairment provisions, (iii) deferred tax charges/credits (as deemed appropriate by the Manager), (iv) negative goodwill, (v) differences between cash and accounting finance costs, (vi) realised gains or losses on the disposal of properties and disposal/settlement of financial instruments, (vii) the portion of the Management Fee and property and portfolio management fees that is paid or payable in the form of Units, (viii) costs of any public or other offering of Units or convertible instruments that are expensed but are funded by proceeds from the issuance of such Units or convertible instruments, (ix) other non-cash or timing differences related to income or expenses and (x) other charges or credits (as deemed appropriate by the Manager in each case for (i) to (x)).

and issued on SGXNet. The requisite notice period for a general meeting is adhered to. All Unitholders are given the opportunity to participate effectively in and vote at general meetings.

At general meetings, Unitholders are encouraged to communicate their views and discuss with the Board and the Management matters affecting CEREIT. The intention is for representatives of the Trustee, Directors (including the chairpersons of the Board and the ARC), the Manager's senior management and the external auditors of CEREIT, to be present at general meetings to address any queries from Unitholders. A record of the Directors' attendance at the general meeting can be found in the records of their attendance of meetings set out at page 155 of this Annual Report.

To safeguard Unitholders' interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings. To ensure transparency in the voting process and better reflect Unitholders' interest, the Manager conducts electronic poll voting for all the resolutions proposed at the general meetings. Voting procedures are explained and vote tabulations are disclosed at the general meetings. An independent scrutineer is also appointed to validate the vote tabulation procedures. Votes cast, for or against and the respective percentages, on each resolution are tallied and displayed 'live' on-screen to Unitholders immediately at the general meetings. The total number of votes cast for or against the resolutions and the respective percentages are also announced on SGXNet after the general meetings. Voting in absentia and by email, which are currently not permitted may only be possible following careful study to ensure that the integrity of information and authentication of the identity of Unitholders through the web are not compromised and legislative changes are effected to recognise remote voting.

Minutes of the general meetings, recording the substantial and relevant comments made and questions raised by Unitholders are prepared and are available to Unitholders for their inspection upon request.

Unitholders also have the opportunity to communicate their views and discuss with the Board and the Management matters affecting CEREIT after the general meetings.

(E) ADDITIONAL INFORMATION

Dealings with Interested Persons

Review Procedures for Interested Person Transactions

The Manager has established an internal control system to ensure that all Related Party Transactions are undertaken on normal commercial terms and are not prejudicial to the interests of CEREIT and Unitholders. In respect of such transactions, the Manager would have to demonstrate to the ARC that such transactions are undertaken on normal commercial terms and are not prejudicial to the interests of CEREIT and Unitholders which may include obtaining (where practicable) quotations from parties unrelated to the Manager or obtaining two or more valuations from independent professional valuers (in accordance with applicable provisions of the Listing Manual and the Property Funds Appendix). The internal control system also ensures compliance with Chapter 9 of the Listing Manual and the Property Funds Appendix.

In particular, the procedures in place include the following:

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding S$100,000 in value but below 3.0% of the value of CEREIT's net tangible assets will be subject to review by the ARC at regular intervals;
- transactions (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of CEREIT's net tangible assets will be subject to the review and prior approval of the ARC. Such approval shall only be given if the transactions are on normal commercial terms and not prejudicial to the interests of CEREIT and its Unitholders and are consistent with similar types of transactions made by the Trustee with third parties which are unrelated to the Manager; and

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding 5.0% of the value of CEREIT's net tangible assets will be reviewed and approved prior to such transactions being entered into, on the basis described in the preceding paragraph, by the ARC which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers. Furthermore, under the Listing Manual and the Property Funds Appendix, such transactions would have to be approved by the Unitholders at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

CEREIT will also comply with Rule 905 of the Listing Manual by announcing any Related Party Transaction in accordance with the Listing Manual if the value of such transaction, by itself or when aggregated with other Related Party Transactions entered into with the same Related Party during the same financial year, is 3.0% or more of CEREIT's latest audited net tangible assets.

Pursuant to the Listing Manual, transactions with a value below S$100,000 are disregarded for the purpose of the announcement and Unitholders' approval requirements under the Listing Manual as set out in the paragraphs above. Accordingly, such transactions are excluded from aggregation with other transactions involving the same Related Parties.

Where matters concerning CEREIT relate to transactions entered into or to be entered into by the Trustee for and on behalf of CEREIT with a Related Party of the Manager (which would include relevant Associates (as defined in the Listing Manual) thereof) or CEREIT, the Trustee is required to consider the terms of such transactions to satisfy itself that such transactions are conducted:

- on normal commercial terms;
- are not prejudicial to the interests of CEREIT and the Unitholders; and
- are in accordance with all applicable requirements of the Property Funds Appendix and/or the Listing Manual relating to the transaction in question.

The Trustee has the ultimate discretion under the Trust Deed to decide whether or not to enter into a transaction involving a Related Party of the Manager or the Trustee. If the Trustee is to sign any contract with a Related Party of the Manager or the Trustee, the Trustee will review the contract to ensure that it complies with the relevant requirements relating to Related Party Transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST to apply to REIT.

Role of the Audit Committee for Interested Person Transactions

The Manager's internal control system is intended to ensure that Related Party Transactions are conducted on normal commercial terms and are not prejudicial to the interests of CEREIT and Unitholders' interests.

The Manager will maintain a register to record all Related Party Transactions which are entered into by CEREIT and the bases, including any quotations from unrelated parties and independent valuations, on which they are entered into.

The Manager will also incorporate into its internal audit plan a review of all Related Party Transactions entered into by CEREIT. The ARC shall review the internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with. The Trustee will also have the right to review such audit reports to ascertain that the Property Funds Appendix has been complied with. The review may also include a review of any other such documents or matter as may be deemed necessary by the ARC. If a member of the ARC has an interest in a transaction, he or she is to abstain from participating in the review and approval process in relation to that transaction.

Details of all Related Party Transactions (equal to or exceeding S$100,000 each in value) entered into by CEREIT in FY 2018 are disclosed on pages 222 to 223 of this Annual Report.

Dealing with Conflicts of Interest

The following principles and procedures have been established to deal with potential conflicts of interest which the Manager (including its Directors, executive officers and employees) may encounter in managing CEREIT:

(a) the Manager will not manage any other REIT which invests in the same type of properties as CEREIT;

(b) all executive officers will be working exclusively for the Manager and will not hold other executive positions in other entities, save for any wholly-owned subsidiaries of the Manager;

(c) all resolutions in writing of the Directors in relation to matters concerning CEREIT must be approved by at least a majority of the Directors (excluding any interested Director), including at least one CEREIT ID;

(d) at least one-third of the Board shall comprise CEREIT IDs, provided that where the (i) the Chairman of the Board and the Chief Executive Officer is the same person, (ii) the Chairman of the Board and the Chief Executive Officer are immediate family members, (iii) the Chairman of the Board is part of the Management or (iv) the Chairman of the Board is not an independent director, at least half the Board shall comprise CEREIT IDs;

(e) In respect of matters in which a Director or his associates (as defined in the Listing Manual) has an interest, direct or indirect, such interested Director will abstain from voting. In such matters, the quorum must comprise a majority of the Directors and must exclude such interested Director;

(f) in respect of matters in which Cromwell and/or its subsidiaries have an interest, whether direct or indirect, any nominees appointed by Cromwell and/or its subsidiaries to the Board to represent their interests will abstain from deliberation and voting on such matters. In such matters, the quorum must comprise a majority of CEREIT IDs and must exclude such nominee Directors of Cromwell and/or its subsidiaries;

(g) save as to resolutions relating to the removal of the Manager, the Manager and its associates are prohibited from voting or being counted as part of a quorum for any meeting of the Unitholders convened to approve any matter in which the Manager and/or any of its associates has a material interest and for so long as the Manager is the manager of CEREIT, the controlling shareholders of the Manager and of any of its associates are prohibited from voting or being counted as part of a quorum for any meeting of Unitholders convened to consider a matter in respect of which the relevant controlling shareholders of the Manager and/or of any of its associates have a material interest; and

(h) if the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of CEREIT with a Related Party of the Manager, the Manager shall be obliged to consult with a reputable law firm (acceptable to the Trustee) who shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee, on behalf of CEREIT, has a prima facie case against the party allegedly in breach under such agreement, the Manager shall be obliged to take appropriate action in relation to such agreement. The Directors (including the CEREIT IDs) will have a duty to ensure that the Manager so complies. Notwithstanding the foregoing, the Manager shall inform the Trustee as soon as it becomes aware of any breach of any agreement entered into by the Trustee for and on behalf of CEREIT with a Related Party of the

Manager and the Trustee may take such action as it deems necessary to protect the rights of the Unitholders and/or which is in the interests of the Unitholders. Any decision by the Manager not to take action against a Related Party of the Manager shall not constitute a waiver of the Trustee's right to take such action as it deems fit against such Related Party.

Dealings in Securities

The Manager has devised and adopted a securities dealing policy for the Manager's officers and employees which applies the best-practice recommendations in the Listing Manual. To this end, the Manager has issued guidelines to its Directors and employees as well as certain relevant executives of the Cromwell group, which set out prohibitions against dealings in CEREIT Group's securities (i) while in possession of price-sensitive information, (ii) during the two weeks immediately preceding and up to the time of the announcement of, CEREIT's financial results or, as the case may be, property valuations, for each of the first three quarters of CEREIT's financial year and (iii) during the one month immediately preceding and up to the time of the announcement of, CEREIT's annual results and property valuations. Prior to the commencement of each relevant period, an email would be sent out to all Directors and employees of the Manager as well as certain relevant executives of the Cromwell group to inform them of the duration of the period. The Manager will also not deal in CEREIT Group's securities during the same period. In addition, employees and Capital Markets Services Licence Appointed Representatives of the Manager are required to obtain pre-trading approval from the CEO before any dealing in CEREIT Group's securities and give post-trading notification to the Compliance department.

Directors and employees of the Manager as well as certain relevant executives of the Cromwell group are also prohibited from dealing in securities of CEREIT Group if they are in possession of unpublished price-sensitive information of CEREIT Group by virtue of their status as Directors and/or employees. As and when appropriate, they would be issued an advisory to refrain from dealing in CEREIT Group's securities.

Under the policy, Directors and employees of the Manager as well as certain relevant executives of the Cromwell group are also discouraged from trading on short-term or speculative considerations. They are also prohibited from using any information with respect to other companies or entities obtained in the course of their employment in connection with securities transactions of such companies or entities.

(F) CODE OF BUSINESS CONDUCT

The Manager adheres to an ethics and code of business conduct policy which deals with issues such as confidentiality, conduct and work discipline, corporate gifts and concessionary offers. Clear policies and guidelines on how to handle workplace harassment and grievances are also in place.

The policies and guidelines are published internally and is accessible by all employees of the Manager.

The policies that the Manager has implemented aim to help to detect and prevent occupational fraud in mainly three ways.

First, the Manager offers fair compensation packages, based on practices of pay-for-performance and promotion based on merit to its employees. The Manager also provides various healthcare subsidies and financial assistance schemes to alleviate the common financial pressures its employees face.

Second, clearly documented policies and work procedures incorporate internal controls which ensure that adequate checks and balances are in place. Periodic audits are also conducted to evaluate the efficacy of these internal controls.

Finally, the Manager seeks to build and maintain the right organisational culture through its core values, educating its employees on good business conduct and ethical values.

Bribery and Corruption Prevention Policy

The Manager adopts a strong stance against bribery and corruption. In addition to clear guidelines and procedures for the giving and receipt of corporate gifts and concessionary offers, all employees of the Manager are expected to uphold the Manager's core values and not to engage in any corrupt or unethical practices. This serves as a reminder to all employees to maintain the highest standards of integrity in their work and business dealings.

The Manager's zero tolerance policy towards bribery and corruption extends to its business dealings with third parties.

Whistle-Blowing Policy

A whistle-blowing policy and other procedures are put in place to provide employees of the Manager and parties who have dealings with the Manager with well defined, accessible and trusted channels to report suspected fraud, corruption, dishonest practices or other improprieties in the workplace and for the independent investigation of any reported incidents and appropriate follow up action. The objective of the whistle-blowing policy is to encourage the reporting of such matters so that employees or external parties making any reports in good faith will be able to do so with the confidence that they will be treated fairly and, to the extent possible, be protected from reprisal.

Concerns about illegal, unprofessional, fraudulent or other unethical behaviour may be referred to the Ethics Hotline at CEREITwhistleblower@kpmg.com.sg.

Following a review of the complaint or concern, the ARC Chairman, where appropriate, will take steps to have the matter investigated and, if warranted, will request that the Board and the Management implement corrective measures.

Anti-Money Laundering and Countering the Financing of Terrorism Measures

As a holder of a Capital Markets Services licence issued by MAS, the Manager abides by the MAS' guidelines on the prevention of money laundering and countering the financing of terrorism. Under these guidelines, the main obligations of the Manager are:

(a) evaluation of risk;

(b) customer due diligence;

(c) suspicious transaction reporting;

(d) record keeping;

(e) employee screening and representative screening; and

(f) training.

The Manager has developed and implemented a policy on the prevention of money laundering and terrorist financing and is alert at all times to suspicious transactions. Where there is a suspicion of money laundering or terrorist financing, the Manager performs due diligence checks on its counterparties in order to ensure that it does not enter into business transactions with terrorist suspects or other high risk persons or entities. Suspicious transactions are also reported to the Suspicious Transaction Reporting Office of the Commercial Affairs Department.

Under this policy, the Manager must retain all relevant records or documents relating to business relations with its customers or transactions entered into for a period of at least five years following the termination of such business relations or the completion of such transactions.

All prospective representatives of the Manager are screened against various lists of terrorist suspects issued by MAS. Periodic training is provided by the Manager to its Directors, employees and representatives to ensure that they are updated and aware of applicable anti-money laundering and terrorist financing regulations, the prevailing techniques and trends in money laundering and terrorist financing and the measures adopted by the Manager to combat money laundering and terrorist financing.

Composition and Attendance Record of Meetings

Composition			Attendence Record of Meetings in FY 2018			
			Board	Audit Committee	Nominating and Remuneration Committee	Extraordinary General Meeting
	Audit and Risk Committee	Nominating and Remuneration Committee	Number of Meetings Held: 14	Number of Meetings Held: 7	Number of Meetings Held: 2	Number of Meetings Held: 1
Lim Swe Guan	Member	Member	14 out of 14	7 out of 7	2 out of 2	1 out of 1
Paul Weightman	–	–	14 out of 14	N/A	N/A	1 out of 1
Philip Levinson[1]	–	–	8 out of 8	N/A	N/A	N/A
Simon Garing[2]	–	–	6 out of 6	N/A	N/A	1 out of 1
Christian Delaire	Member	Chairman	14 out of 14	7 out of 7	2 out of 2	1 out of 1
Fang Ai Lian	Chairman	Member	14 out of 14	7 out of 7	2 out of 2	1 out of 1

1 Mr Philip Levinson ceased to be the Chief Executive Officer and an Executive Director with effect from 2 September 2018.

2 Mr Simon Garing was appointed as the Chief Executive Officer and an Executive Director with effect from 3 September 2018.

SUSTAINABILITY

BEST-PRACTICE APPROACH TO SUSTAINABILITY

CEREIT recognises that to thrive in the long run it needs resilient, ethical and socially responsibly business practices. A strong sustainability foundation will allow CEREIT to fulfil its core objectives of providing Unitholders with long-term growth in distributions per unit and NAV per unit, while maintaining an appropriate capital structure.

The Manager has adopted the Sponsor's Sustainability framework in which all sustainability initiatives are divided into five Framework Pillars. Each pillar has an executive or senior manager appointed as the pillar "owner". They are responsible for identifying, setting and delivering the objectives and targets associated with the material topics that have been identified for that pillar.

To prepare for CEREIT's inaugural sustainability Report for the financial year ended 31 December 2018, several workshops were conducted by an independent consultant with the senior management teams of the Sponsor, the Manager and the Property Manager. The workshops were used to identify and prioritise the material ESG topics that are core to the business.

The topics identified were subsequently presented to and endorsed by, the CEREIT Board in May 2018. They were then allocated to the five Pillar Framework as outlined below.

Economic	Governance	Stakeholders	People	Environment
1. Sustainable economic value creation 2. Quality of Assets	3. Regulatory Compliance 4. Anti-Corruption 5. Trust, Transparency and Governance 6. Cyber-readiness and Data Governance	7. Strong Partnerships 8. Tenant Satisfaction	9. Talent Attraction, Retention and Career Development	10. Improving Energy Intensity and Reducing Carbon Footprint

This sustainability section covers only an overview of CEREIT's sustainability practices and initiatives. The full electronic version of CEREIT's inaugural Sustainability Report will be published in May 2019 on CEREIT's website and will elaborate on the initiatives taken for the material topics in each pillar. The report will be prepared in compliance with Practice Note 7F Sustainability Reporting Guide of SGX-ST and in accordance to Global Reporting Initiatives ("GRI") Standards: Core option.

Economic

CEREIT aims to provide Unitholders with long-term growth in distributions per unit and NAV per unit, while maintaining an appropriate capital structure.

Organic growth in revenue will be achieved through active asset management and strong tenant customer relationships. Each asset's contribution and expected future contribution, to distributable earnings is continually monitored. The assets are also regularly evaluated for potential enhancement or redevelopment opportunities that can add additional value to income streams.

When identifying potential acquisition opportunities, a rigorous selection process focused on long term sector trends and real estate fundamentals is used to ensure investments are focused on the right cities and sectors. CEREIT seeks to grow inorganically through the acquisition of quality income-producing properties in the office, light industrial / logistics and / or retail sectors throughout Europe.

Governance

CEREIT is committed to developing and maintaining a culture of continuous improvement, ethical conduct and good governance in order to manage risk and protect investors' interests.

Regulatory Compliance

CEREIT operates in a highly regulated environment. The Manager has in place a suite of policies to ensure that business is conducted ethically and in compliance with

SUSTAINABILITY

all applicable laws and legislations in the countries in which it operates. In FY 2018, there were no significant fines or sanctions for the noncompliance with any applicable laws and regulations.

Anti-Corruption

The Code of Conduct adopted by CEREIT seeks to cultivate a culture of integrity to guide the team on their day-to-day conduct. Employees are encouraged to report promptly and in good faith, any actual or suspected misconduct or violations of this Code. In FY 2018, there were no confirmed incidents of corruption reported through the whistleblowing channel.

Cyber-readiness and data governance

CEREIT's IT systems and networks are critical assets, the security of which is essential to maintaining reputation, operational effectiveness and ensuring regulatory compliance.

With security threats a growing industry concern, CEREIT has put in place two policies, an IT Code of Practice (for all employees) and a Global IT Operating Policy (for the IT Department, team members or any external contractor performing IT tasks) which set out the standards and guidelines to be observed when performing work on all Cromwell IT systems and infrastructure.

CEREIT's various internal policies and procedures to ensure transparency and good governance

- ERM Policy
- Whistleblower Policy
- Market Disclosure Protocol
- Interest Rate Risk Management Policy
- Personal Trading Policy

People

Human capital is the Manager's most important asset. Aside from the Manager's main workforce of 10 full-time employees, the Manager uses the operational capacity of its Sponsor, Cromwell Property Group.

The Manager has adopted a suite of People and Culture policies fully aligned with the Sponsor's policies, covering fair recruitment, provision of equal opportunities and a conducive environment for personal and professional growth. The Manager also provides a competitive remuneration package and benefits for all employees.

The Sponsor's Learning and Development Framework is used by the Manager to address the specific personal development requirements for each employee. Annual performance appraisals ensure that any potential improvement areas are discussed and addressed in timely manner.

Community

Customer Satisfaction

At CEREIT, tenants are considered customers. Maintaining close and stable relationship with customers through regular engagement is key towards maintaining satisfaction levels and reducing turnover.

In FY 2018, the Manager engaged an external consultant to conduct an initial survey across the property portfolio to measure customer satisfaction. The insights from this exercise have set a baseline for customer satisfaction and will also drive future continuous improvement initiatives.

CEREIT Voice of Customer Survey

Seven focus areas encapsulated in the survey

1. Building management and maintenance
2. Security
3. Communication
4. Responsiveness
5. Sustainability aspect
6. Value of the space and
7. Billing

Strong Partnerships

The Manager is committed to positively contributing to the communities in which it operates and a total of S$12,000 was donated in FY 2018 to four charities aligned to the three focus areas opposite.

Moving forward, the Manager aims to further drive Community and other philanthropic partnerships through a comprehensive long-term strategy to be developed in FY2019.

Focus Area	Community
Children and Youth at Risk	Epworth Community Services Child @ Street 11
Supporting for People with Disabilities	Rainbow Centre
Ageing and Palliative Care	Geylang Home for the Aged

Environment

The Manager aims to minimise the environmental impact of its properties through operational efficiency and environmental improvement. The Property Manager team is responsible for actively overseeing environmental performance and providing regular feedback to the Manager. The Sponsor is in the process of rolling out a new global sustainability operating system, Envizi, to formalise the data collection process across all properties.

As part of CEREIT's active asset management and enhancement strategy, the Property Manager looks to improve the sustainability certifications of the property portfolio over time. A number of energy performance certificates ("EPC") have been obtained for the assets in the French, German, Italian and Dutch portfolios. Through refurbishment and retrofitting of buildings, CEREIT aims to progressively obtain and then improve, the certifications for all key assets and is aiming to obtain Building Research Establishment Environmental Assessment Method ("BREEAM") certification for properties with a value above €25 million and a hold period above five years.

2017 marked the inaugural participation of CEREIT in the GRESB assessment, covering approximately 75% of the portfolio. Scores higher than the peer group were achieved in the areas of Management and Building Certifications and action plans are underway to increase portfolio coverage in FY2019 and improve scores in all key areas.

CEREIT's inaugural sustainability report containing full details for FY 2018 will be published online in May 2019 and will be available exclusively in electronic form for download on the corporate website at www.cromwelleuropeanreit.com.sg

Koningskade 30: Sustainable offices for tomorrow

Collaborative efforts between AMN AMRO and Cromwell's property managers brought the building's EPC rating from a D to an A and helped achieve an 'Excellent' BREEAM rating.

Prior to ABN AMRO's relocation to Koningskade, their previous site had been home for over 100 years. Walking into the new premises, employees had the benefit of an entirely new experience including a refreshing 'green' wall of living plants while the other walls incorporate recycled timber into an acoustic buffer which moderates the day-to-day noise created in a busy modern office.

Several other initiatives included building temperature moderation through use of energy neutral phase changing material as well as electric bicycle charging points. Biodiversity was also taken into consideration with a purpose-built nesting spot providing a sanctuary for the local bird population. CEREIT continues to explore collaborative opportunities to similarly retrofit older offices to meet sustainability standards of the future.

[1] Rating systems for each country may vary and each asset could have multiple certificates due to the number of buildings within an asset (Netherlands and Germany) or the number of house-numbers (France).

CORPORATE INFORMATION

BOARD OF DIRECTORS

Lim Swe Guan
Chairman and Independent Non-Executive Director

Fang Ai Lian
Independent Non-Executive Director

Christian Delaire
Independent Non-Executive Director

Paul Weightman
Non-Independent and Non-Executive Director

Simon Garing
CEO and Executive Director

AUDIT AND RISK COMMITTEE

Fang Ai Lian
Chairman and Independent Non-Executive Director

Lim Swe Guan
Independent Non-Executive Director

Christian Delaire
Independent Non-Executive Director

NOMINATING AND REMUNERATION COMMITTEE

Christian Delaire
Chairman and Independent Non-Executive Director

Lim Swe Guan
Independent Non-Executive Director

Fang Ai Lian
Independent Non-Executive Director

MANAGEMENT TEAM

Simon Garing
CEO

Thierry Leleu
CIO

Daniel Donner
CFO

Elena Arabadjieva
COO and Head of Investor Relations

Christina Tham
Head of Legal, Compliance and Company Secretarial

COMPANY SECRETARY

Kim Yi Hwa

TRUSTEE

Perpetual (Asia) Limited
8 Marina Boulevard
#05-02 Marina Bay Financial Centre
Singapore 018981

MANAGER

Cromwell EREIT Management Pte. Ltd.
Registered Address
50 Collyer Quay
#07-02 OUE Bayfront
Singapore 049321
Telephone: +65 6920 7539
Facsimile: +65 6920 8108
Email: enquiry@cromwell.com.sg
Website: www.cromwelleuropeanreit.sg

UNIT REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Telephone: +65 6536 5355
Facsimile: +65 6536 1360

AUDITORS

Deloitte & Touche LLP
6 Shenton Way, OUE Downtown 2
#33-00, Singapore 068809
Partner in charge: Shariq Barmaky
(Appointment date: 1 November 2017)

STOCK INFORMATION

SGX ID: CNNU & CSFU
Bloomberg: CERT:SP
Reuters: CROM.SI
ISIN: SG1EA8000000

INVESTOR RELATIONS

Elena Arabadjieva
Chief Operating Officer and Head of Investor Relations
Telephone: +65 6920 7539
Email: ir@cromwell.com.sg

Goldman Sachs (Singapore) Pte. and UBS AG, Singapore Branch were the joint issue managers for the initial public offering of CEREIT (the "IPO"). DBS Bank Ltd., Goldman Sachs (Singapore) Pte. and UBS AG, Singapore Branch were the joint global coordinators for the IPO of the Units in Cromwell European Real Estate Investment Trust (the "Offering"). DBS Bank Ltd., Goldman Sachs (Singapore) Pte., UBS AG, Singapore Branch, Daiwa Capital Markets Singapore Limited and CLSA Singapore Pte Ltd were the joint bookrunners and underwriters for the IPO.

FINANCIAL STATEMENTS
AND OTHER INFORMATION

REPORT OF THE TRUSTEE

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018

Perpetual (Asia) Limited (the "Trustee") is under a duty to take into custody and hold the assets of Cromwell European Real Estate Investment Trust (the "Trust") and its subsidiaries (collectively "CEREIT") in trust for the holders of units ("Unitholders") in the Trust. In accordance with, among other things, the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes and the Listing Manual (collectively referred to as the "laws and regulations"), the Trustee shall monitor the activities of Cromwell EREIT Management Pte. Ltd. (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 28 April 2017 (as amended by the amending and restating deed 7 September 2017 and as supplemented by the supplemental deed dated 15 November 2017) (the "Trust Deed") between the Manager and the Trustee in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed CEREIT and its subsidiaries during the period covered by these financial statements, set out on pages 168 to 229 in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee,
Perpetual (Asia) Limited

Ms Sin Li Choo
Director

Singapore
22 March 2019

STATEMENT BY THE MANAGER
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018

In the opinion of the Directors of the Manager, the accompanying financial statements set out on pages 168 to 229, comprising the Statement of Total Return, Statement of Comprehensive Income, Balance Sheets, Distribution Statement, Statements of Movements in Unitholders' Funds, Cash Flow Statement and Portfolio Statement of CEREIT for the financial period from constitution of the Trust (28 April 2017) to 31 December 2018 and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial positions of CEREIT and the Trust as at 31 December 2018, the consolidated total return of CEREIT, the movements in Unitholders' funds of CEREIT and of the Trust and the distribution statement and the consolidated cash flows of CEREIT for the financial period ended on that date in accordance with International Financial Reporting Standards adopted by the International Accounting Standards Board, the recommendations of Statement of Recommended Accounting Practice 7 (Revised 2017) Reporting Framework for Unit Trusts issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed. At the date of this statement, there are reasonable grounds to believe that CEREIT and the Trust will be able to meet their financial obligations as and when they materialise.

For and on behalf of the Manager,
Cromwell EREIT Management Pte. Ltd.

Mr Simon Garing
Director

Singapore
22 March 2019

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF CROMWELL EUROPEAN REAL ESTATE INVESTMENT TRUST

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Cromwell European Real Estate Investment Trust ("CEREIT") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated financial statements of the Group and the statement of financial position of CEREIT as at 31 December 2018, and the statement of distribution and statements of changes in net assets attributable to Unitholders of CEREIT for the period from the constitution of the trust, 28 April 2017 to 31 December 2018, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 168 to 229.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of distribution and statements of changes in net assets attributable to Unitholders of CEREIT are properly drawn up in accordance with International Financial Reporting Standards ("IFRS") so as to give a true and fair view of the financial position of the Group and of CEREIT as at 31 December 2018, and of the financial performance, changes in net assets attributable to Unitholders and consolidated cash flows of the Group, and distribution and changes in net assets attributable to Unitholders of CEREIT for the period from the constitution of the trust, 28 April 2017 to 31 December 2018.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code *of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in the audit
Fair valuation and Disclosure of Fair Value for Investment Properties The Group owns a portfolio of 90 investment properties comprising mainly commercial office and light industrial complexes located in Denmark, Finland, France, Germany, Italy and The Netherlands. The investment properties represent the single largest category of assets with a carrying amount of €1,690 million as at 31 December 2018. The Group has adopted the fair value model under IAS 40 *Investment Property* which requires all the investment properties to be measured at fair value. The Group has engaged external independent valuers (“Valuers”) to perform the fair value assessment for 75 of the Group’s investment properties. The fair valuation of investment properties is considered to be a matter of significance as the valuation process requires the application of judgement in determining the appropriate valuation methodology to be used, use of subjective assumptions and various unobservable inputs. The fair valuations are sensitive to underlying assumptions applied in deriving the underlying cash flows and capitalisation rates as a small change in these assumptions can result in an increase or decrease in fair valuation of the investment properties. The remaining 15 properties’ fair values are based on the purchase prices paid by CEREIT in December 2018. Given the insignificant period lapsed from the transaction dates to financial period end, the Directors and the REIT Manager considered the transaction prices equal to the fair values of the properties at financial period end. The valuation techniques, their key inputs and the inter-relationships between the inputs and the valuation have been disclosed in Note 8 to the consolidated financial statements.	We have assessed the Group’s process of appointment and determination of the scope of work of the Valuers, as well as their process of reviewing, and accepting the Valuers’ investment property valuations. We have reviewed the qualifications, competence, independence, and the terms of engagement of the Valuers with the Group to determine whether there were any matters which might affect objectivity of the Valuers or impede their scope of work. We held discussions with management and the Valuers on the valuation reports, and engaged our valuation specialists to assist in: • assessing the valuation methodology, assumptions and estimates used by the Valuers against general market practice for similar types of properties; • comparing valuation assumptions and the underlying cash flows and capitalisation rates to historical rates, and available industry data for comparable markets and properties; and • reviewing the integrity of the valuation calculations, valuation inputs, including review of lease schedules, lease agreements and comparison to the inputs made to the projected cash flows. Based on the audit procedures performed, the fair valuation of the properties and the various inputs used are within a reasonable range of our expectations. We have considered the reasonableness of using the purchase price paid by CEREIT for the 15 properties where fair value was determined to be the purchase price paid by CEREIT in December 2018. We have also assessed and validated the adequacy and appropriateness of the disclosures made in the financial statements.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE MANAGER AND DIRECTORS OF THE MANAGER FOR THE FINANCIAL STATEMENTS

Cromwell EREIT Management Pte. Ltd. (the "Manager" of CEREIT) is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and comply with the relevant provisions of the Trust Deed dated 28 April 2017 and amended by the amending and restating deed 7 September 2017, supplemented by the supplemental deed dated 15 November 2017 (collectively, the "Trust Deed"), and the relevant requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The responsibilities of the directors of the Manager include overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

- We communicate with the directors of the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors of the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors of the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the financial statements have been properly prepared in accordance with the relevant provisions of the Trust Deed and the relevant requirements of the CIS Code.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Shariq Barmaky.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

22 March 2019

CONSOLIDATED STATEMENT OF TOTAL RETURN

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018

	Notes	CEREIT Period from Listing 30-Nov-17 to 31-Dec-18 €'000	CEREIT Period from Constitution 28-Apr-17 to 31-Dec-18 €'000
Gross revenue	2(a)	135,286	142,126
Property operating expenses		(45,106)	(46,955)
Net property income		**90,180**	**95,171**
Net finance costs	9(b)	(11,927)	(13,540)
Manager's fees	3(b)	(3,640)	(3,640)
Trustee fees	3(a)	(178)	(201)
Trust expenses	4(a)	(4,579)	(4,844)
Net income before tax and fair value changes		**69,856**	**72,946**
Fair value gain – investment properties	8	37,141	36,679
Fair value loss – derivative financial instruments		(323)	(323)
Total return for the period before tax		**106,674**	**109,302**
Income tax expense	7(a)	(20,941)	(21,242)
Total return since Listing Date attributable to Unitholders		85,733	85,733
Total return for period prior to Listing Date		–	2,327
Total return for the period		**85,733**	**88,060**
Earnings per unit			
Basic and diluted earnings per unit (€ cents)	5	4.99	7.77
Basic and diluted earnings per unit (€ cents) - annualised	5	4.58	4.63

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018

	CEREIT	
	Period from Listing 30-Nov-17 to 31-Dec-18 €'000	Period from Constitution 28-Apr-17 to 31-Dec-18 €'000
Total return for the period	**85,733**	**88,060**
Items that will not be reclassified to profit or loss		
Exchange differences arising on translation of proceeds from issue of units in foreign currency	112	112
Total comprehensive income	**85,845**	**88,172**

The accompanying notes form an integral part of the financial statements.

BALANCE SHEETS

AS AT 31 DECEMBER 2018

	Notes	As at 31–Dec–18 CEREIT €'000	 Trust €'000
Current Assets			
Cash and cash equivalents		57,755	15,732
Receivables	14(a)	49,719	42,795
Current tax assets		227	–
Total current assets		**107,701**	**58,527**
Non-current assets			
Investment properties	8	1,690,224	–
Investments in subsidiaries	13	–	1,078,007
Receivables	14(a)	688	–
Derivative financial instruments	10	5	–
Deferred tax assets	7(c)	16,224	–
Total non-current assets		**1,707,141**	**1,078,007**
Total assets		**1,814,842**	**1,136,534**
Current liabilities			
Payables	14(b)	43,557	77,200
Current tax liabilities		2,113	–
Derivative financial instruments	10	271	–
Other current liabilities	15	30,899	–
Total current liabilities		**76,840**	**77,200**
Non-current liabilities			
Payables	14(b)	742	–
Borrowings	9	591,733	21,519
Deferred tax liabilities	7(c)	21,531	–
Other non-current liabilities	15	5,229	–
Total non-current liabilities		**619,235**	**21,519**
Total liabilities		**696,075**	**98,719**
Net assets attributable to Unitholders		**1,118,767**	**1,037,815**
Represented by:			
Unitholders' funds		**1,118,767**	**1,037,815**
Units in issue at the end of the period ('000)	11(b)	2,181,978	2,181,978
Net asset value per Unit (€ cents)		51.3	47.6

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED DISTRIBUTION STATEMENT

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018

	CEREIT Period from Constitution 28-Apr-17 to 31-Dec-18 €'000
Income available for distribution at beginning of the period	–
Total return for the period	88,060
Less: total return for period prior to Listing Date	(2,327)
Total return since Listing Date attributable to Unitholders	**85,733**
Distribution adjustments (Note A)	(11,363)
Income available for distribution	**74,370**
Distributions declared during the financial period to Unitholders (Note B)	(39,906)
Income available for distribution at the end of the period	**34,464**
Units in issue and issuable at the end of the period entitled to distribution ('000) (Note 11(b))	2,194,613
Distribution per Unit (€ cents)	1.57
Note A – Distribution adjustments	
Trustee fees	178
Straight-line rent adjustments and leasing fees	(1,207)
Property Manager fees paid in CEREIT units	4,241
Manager base fees paid in CEREIT units	3,640
Amortisation of debt issuance costs	2,788
Fair value adjustments – investment properties	(37,141)
Fair value adjustments – derivative financial instruments	323
Net foreign exchange gain	(27)
Deferred tax expense	15,842
Total distribution adjustments	(11,363)

Note B – Distributions declared to Unitholders during the Financial period

	Distribution rate €cents	Amount €'000
From Listing Date 30-Nov-17 to 30-Jun-18	2.53	39,906

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018

CEREIT	Units on issue €'000	Reserves €'000	Retained earnings/ (Accumulated losses) €'000	Total €'000
As at 28-Apr-17 (date of Constitution)	–	–	–	–
Transactions prior to Listing Date				
Issue of units to Sponsor	101,164	–	–	101,164
Total return for period prior to Listing Date	–	–	2,327	2,327
As at 30-Nov-17 (Listing Date)	**101,164**	**–**	**2,327**	**103,491**
Operations				
Total return since listing attributable to Unitholders	–	–	85,733	85,733
Net increase in Unitholders' funds resulting from operations	**–**	**–**	**85,733**	**85,733**
Transactions with Unitholders in their capacity as Unitholders				
Issue of units – IPO, net of issue cost	744,936	112	–	745,048
Issue of units – rights issue, net of issue cost	220,252	–	–	220,252
Issue of units – base management fees	1,916	–	–	1,916
Issue of units – property & portfolio management fees	2,233	–	–	2,233
Distributions paid	–	–	(39,906)	(39,906)
Net increase/(decrease) in Unitholders' funds resulting from transactions with Unitholders	**969,337**	**112**	**(39,906)**	**929,543**
As at 31-Dec-18	**1,070,501**	**112**	**48,154**	**1,118,767**
Trust				
As at 28-Apr-17 (date of Constitution)	–	–	–	–
Transactions prior to Listing Date				
Issue of units to Sponsor	101,164	–	–	101,164
Total return for period prior to Listing Date	–	–	(130)	(130)
As at 30-Nov-17 (Listing Date)	**101,164**	**–**	**(130)**	**101,034**
Operations				
Total return since listing attributable to Unitholders	–	–	7,234	7,234
Net increase in Unitholders' funds resulting from operations	**–**	**–**	**7,234**	**7,234**
Transactions with Unitholders in their capacity as Unitholders				
Issue of units – IPO, net of issue cost	744,936	116	–	745,052
Issue of units – rights issue, net of issue cost	220,252	–	–	220,252
Issue of units – base management fees	1,916	–	–	1,916
Issue of units – property & portfolio management fees	2,233	–	–	2,233
Distributions paid	–	–	(39,906)	(39,906)
Net increase/(decrease) in Unitholders' funds resulting from transactions with Unitholders	**969,337**	**116**	**(39,906)**	**929,547**
As at 31-Dec-18	**1,070,501**	**116**	**(32,802)**	**1,037,815**

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018

	CEREIT	
	Period from Listing 30-Nov-17 to 31-Dec-18 €'000	Period from Constitution 28-Apr-17 to 31-Dec-18 €'000
Cash flows from operating activities		
Total return for the financial period	85,733	88,060
Adjustments for:		
Amortisation of lease costs and incentives	1,762	146
Effect of recognising rental income on a straight-line basis	(1,283)	(1,745)
Net finance costs	11,927	13,540
Allowance for credit losses	676	676
Manager's fees and property manager's fees paid in CEREIT units	4,149	4,149
Change in fair value of investment properties	(37,141)	(36,679)
Change in fair value of derivative financial instruments	323	323
Net foreign exchange gain	(27)	(27)
Changes in operating assets and liabilities:		
Increase in receivables	(29,617)	(27,487)
Increase in payables	18,410	17,095
Movement in current tax assets and liabilities	7,364	7,665
Movement in deferred tax assets and liabilities	13,577	13,577
Increase in other liabilities	14,282	14,363
Cash generated from operations	90,135	93,656
Interest paid	(8,070)	(9,446)
Interest received	27	27
Tax paid	(6,517)	(6,517)
Net cash provided by operating activities	**75,575**	**77,720**
Cash flows from investing activities		
Payments for acquisitions of subsidiaries, net of cash	(531,716)	(521,085)
Payments for acquisition of investment properties	(514,555)	(514,555)
Payment of transaction costs	(46,637)	(46,637)
Payment of deposits – acquisition of investment properties	(18,156)	(18,156)
Payments for capital expenditure on investment properties	(10,020)	(10,020)
Net cash used in investing activities	**(1,121,084)**	**(1,110,453)**
Cash flows from financing activities		
Proceeds from issuance of CEREIT units	982,205	982,205
Payment of unit issue costs	(19,595)	(19,595)
Proceeds from bank borrowings	474,676	474,676
Repayment of bank borrowings	(298,156)	(298,156)
Payment for debt issuance costs	(7,617)	(7,617)
Payment to acquire derivative financial instruments	(155)	(155)
Payment for settlement of derivative financial instruments	(964)	(964)
Distributions paid to Unitholders	(39,906)	(39,906)
Net cash provided by financing activities	**1,090,488**	**1,090,488**
Net increase in cash and cash equivalents	**44,979**	**57,755**
Cash and cash equivalents at the beginning of the period	12,776	–
Cash and cash equivalents at 31-Dec-18	**57,755**	**57,755**

Refer to note 16 for details on non-cash transactions and a reconciliation of movements in net debt.

The accompanying notes form an integral part of the financial statements.

STATEMENT OF PORTFOLIO

AS AT 31 DECEMBER 2018

Property (by Geography)	Location
The Netherlands	
Haagse Poort	Prinses Beatrixlaan 35 and 37, Schenkkade 60 and 65, Den Hague
Central Plaza	Plaza 2 – 25 (retail) / Weena 580 – 618 (offices), Rotterdam
Ruyterkade	De Ruijterkade 5, Amsterdam
Koningskade	Koningskade 30, The Hague
Blaak	Blaak 40, Rotterdam
Veemarkt	Veemarkt 27-75 / 50-76 / 92-114, Amsterdam
Capronilaan	Capronilaan 22-56, Schiphol-Rijk
Folkstoneweg	Folkestoneweg 5-15, Schiphol
Boekweitstraat	Boekweitstraat 1-21, Nieuw-Vennep
Bohrweg	Bohrweg 19 - 57 & 20 - 58, Spijkenisse
Antennestraat	Antennestraat 46 - 76 & Televisieweg 42 - 52, Almere
Harderwijkerstraat	Harderwijkerstraat 5-29, Deventer
Kapoeasweg	Kapoeasweg 4-16, Amsterdam
Fahrenheitbaan	Fahrenheitbaan 4 -4D, Nieuwegein
Nieuwgraaf	Nieuwgraaf 9A - 19 & Fotograaf 32 - 40, Duiven
Moeder Teresalaan	Moeder Teresalaan 100 / 200, Utrecht
Willemsplein 2	Bastion, Willemsplein 2 - 10, 's-Hertogenbosch
Italy	
Milano Affari	Piazza degli Affari 2, Milan
Roma Amba Aradam	Via dell'Amba Aradam no. 5, Rome
Roma Pianciani	Via Pianciani 26, Rome
Assago F7-F11	Viale Milanofiori 1, Milan
Milano Nervesa	Via Nervesa 21, Milan
Firenze	Via della Fortezza 8, Florence
Cuneo	Corso Annibale di Santa Rosa 15, Cuneo
Mestre	Via Rampa Cavalcavia 16-18, Venice Mestre
Rutigliano	Strada Provinciale Adelfia, Rutigliano
Bari Europa	Viale Europa 95, Bari
Lissone	Via Madre Teresa di Calcutta 4, Lissone
Saronno	Via Varese 23, Saronno
Pescara	Via Salaria Vecchia 13, Pescara
Padova	Via Brigata Padova 19, Padova
Ivrea	Via Guglielmo Jervis 13, Ivrea
Bari	Corso Lungomare Trieste 23, Bari
Genova	Via Camillo Finocchiaro Aprile 1, Genova

n/a – not applicable

The accompanying notes form an integral part of the financial statements.

STATEMENT OF PORTFOLIO

AS AT 31 DECEMBER 2018

Type	Acquisition date	Land tenure	Remaining term (years)	Carrying amount €'000	Percentage of net assets %
Office	30-Nov-17	Part Freehold, Part Right of Superficies and Part Perpetual leasehold	n/a	159,850	14.3
Office	19-Jun-17	Freehold/ leasehold[1]	n/a 69.6	160,200	14.3
Office	19-Jun-17	Leasehold	69.5	48,250	4.3
Office	19-Jun-17	Perpetual leasehold	n/a	17,650	1.6
Office	30-Nov-17	Freehold	n/a	17,050	1.5
Light Industrial	30-Nov-17	Leasehold	Various 20.0 – 24.0	37,250	3.3
Light Industrial	30-Nov-17	Freehold	n/a	6,350	0.6
Light Industrial	30-Nov-17	Leasehold	20.9	5,250	0.5
Light Industrial	30-Nov-17	Freehold	n/a	6,200	0.6
Light Industrial	30-Nov-17	Freehold	n/a	5,550	0.5
Light Industrial	30-Nov-17	Freehold	n/a	3,950	0.4
Light Industrial	30-Nov-17	Freehold	n/a	4,350	0.4
Light Industrial	30-Nov-17	Freehold	n/a	3,750	0.3
Light Industrial	30-Nov-17	Freehold	n/a	2,250	0.2
Light Industrial	30-Nov-17	Freehold	n/a	2,450	0.2
Office	28-Dec-18	Perpetual leasehold	n/a	50,728	4.5
Office	28-Dec-18	Freehold	n/a	76,850	6.9
Office	30-Nov-17	Freehold	n/a	85,000	7.6
Office	30-Nov-17	Freehold	n/a	50,200	4.5
Office	30-Nov-17	Freehold	n/a	33,400	3.0
Office	30-Nov-17	Freehold	n/a	26,900	2.4
Office	30-Nov-17	Freehold	n/a	25,400	2.3
Office	15-Feb-18	Freehold	n/a	16,850	1.5
Office	30-Nov-17	Freehold	n/a	9,350	0.8
Office	30-Nov-17	Freehold	n/a	5,500	0.5
Light Industrial	30-Nov-17	Freehold	n/a	12,550	1.1
Other (Barracks)	30-Nov-17	Freehold	n/a	81,000	7.2
Other (Retail)	30-Nov-17	Freehold	n/a	20,000	1.8
Other (Hotel)	30-Nov-17	Freehold	n/a	19,900	1.8
Other (Barracks)	30-Nov-17	Freehold	n/a	12,750	1.1
Other (Barracks)	30-Nov-17	Freehold	n/a	5,400	0.5
Office	27-Jun-18	Freehold	n/a	16,900	1.5
Office	5-Dec-18	Freehold	n/a	12,250	1.1
Office	5-Dec-18	Freehold	n/a	23,775	2.1

[1] Part freehold and part leasehold interest ending 31 July 2088.

The accompanying notes form an integral part of the financial statements.

STATEMENT OF PORTFOLIO

AS AT 31 DECEMBER 2018

Property (by Geography)	Location
France	
Parc Des Docks	50 rue Ardouin, Saint-Ouen
Parc Des Guillaumes	58 rue de Neuilly, Noisy-le-Sec
Parc Du Landy	61 rue du Landy, Aubervilliers
Parc Delizy	32 rue Delizy, Pantin
Parc Des Grésillons	167-169 avenue des Gresillions, Gennevilliers
Parc d'Osny	9 chaussée Jules César, ZAC des Beaux Soleils, Osny
Parc de l'Esplanade	Rue Paul Henri Spaak - rue Enrico Fermi - rue Niels Bohr, Saint Thibault des Vignes
Parc Urbaparc	75-79 rue Rateau, La Courneuve
Parc du Merantais	1-3 rue Georges Guynemer, Magny-les-Hameaux
Parc des Mardelles	44 rue Maurice de Broglie, 16, rue Henri Becquerel, Aulnay-sous-Bois
Parc Jean Mermoz	53 rue de Verdun – 81, rue Maurice Berteaux, La Courneuve
Parc Des Erables	154 allée des Érables, Villepinte
Parc de Champs	40 boulevard de Nesles, ZAC le Ru du Nesles, Champs sur Marne
Parc Locaparc 2	59-65 rue Edith Cavell, Vitry-sur-Seine
Parc le Prunay	13-41 rue Jean Pierre Timbaud, ZI du Prunay, Sartrouville
Parc Acticlub	2 rue de la Noue Guimante, ZI de la Courtillière, Saint Thibault des Vignes
Parc Jules Guesde	1 allée du Chargement, rue Jules Guesde, Villeneuve D'Asq
Parc des Aqueducs	Chemin du Favier, St Genis Laval
Parc de Popey	5 chemin de Popey, Bar-le-Duc
Parc de la Chauvetière	4-28 rue du Vercors, Saint Etienne
Parc Club du Bois du Tambour	Route de Nancy, Gondreville
Germany	
Gewerbe-und Logistikpark München-Kirchheim West	Parsdorfer Weg 10, Kirchheim
Gewerbe-und Logistikpark Stuttgart-Frickenhausen	Siemenstrasse 11, Frickenhausen, Stuttgart
Gewerbe-und Logistikpark Frankfurt-Bischofsheim	An der Kreuzlache 8-12, Bischofsheim
Gewerbepark Hamburg–Billstedt	Kolumbusstraße 16, Hamburg
Gewerbepark München-Kirchheim Ost	Henschelring 4, Kirchheim
Gewerbepark Hamburg-Billbrook Park	Moorfleeter Straße 27, Liebigstraße 67-71, Hamburg
Gewerbe-und Logistikpark München-Maisach	Frauenstraße 31, Maisach
Gewerbepark Duisburg	Hochstraße 150-152, Duisburg
Gewerbepark Straubing	Dresdner Straße 16, Sachsenring 52, Straubing
Gewerbepark Bischofsheim II	An der Steinlach 8-10, Bischofsheim, Frankfurt
Gewerbepark Frankfurt-Hanau	Kinzigheimer Weg 114, Hanau

n/a – not applicable

The accompanying notes form an integral part of the financial statements.

STATEMENT OF PORTFOLIO

AS AT 31 DECEMBER 2018

Type	Acquisition date	Land tenure	Remaining term (years)	Carrying amount €'000	Percentage of net assets %
Light Industrial	30-Nov-17	Freehold	n/a	114,100	10.2
Light Industrial	30-Nov-17	Freehold	n/a	25,400	2.3
Light Industrial	30-Nov-17	Freehold	n/a	20,200	1.8
Light Industrial	30-Nov-17	Freehold	n/a	18,700	1.7
Light Industrial	30-Nov-17	Freehold	n/a	18,400	1.6
Light Industrial	30-Nov-17	Freehold	n/a	16,600	1.5
Light Industrial	30-Nov-17	Freehold	n/a	16,100	1.4
Light Industrial	30-Nov-17	Freehold	n/a	15,000	1.3
Light Industrial	30-Nov-17	Freehold	n/a	10,400	0.9
Light Industrial	30-Nov-17	Freehold	n/a	10,300	0.9
Light Industrial	30-Nov-17	Freehold	n/a	7,800	0.7
Light Industrial	30-Nov-17	Freehold	n/a	7,500	0.7
Light Industrial	30-Nov-17	Freehold	n/a	5,900	0.5
Light Industrial	30-Nov-17	Freehold	n/a	6,100	0.5
Light Industrial	30-Nov-17	Freehold	n/a	5,300	0.5
Light Industrial	30-Nov-17	Freehold	n/a	5,300	0.5
Light Industrial	30-Nov-17	Freehold	n/a	3,600	0.3
Light Industrial	30-Nov-17	Freehold	n/a	3,800	0.3
Light Industrial	30-Nov-17	Freehold	n/a	4,800	0.4
Light Industrial	30-Nov-17	Freehold	n/a	2,100	0.2
Light Industrial	30-Nov-17	Freehold	n/a	4,200	0.4
Light Industrial	30-Nov-17	Freehold	n/a	30,800	2.8
Light Industrial	30-Nov-17	Freehold	n/a	14,250	1.3
Light Industrial	30-Nov-17	Freehold	n/a	12,600	1.1
Light Industrial	30-Nov-17	Freehold	n/a	9,200	0.8
Light Industrial	30-Nov-17	Freehold	n/a	9,400	0.8
Light Industrial	30-Nov-17	Freehold	n/a	7,900	0.7
Light Industrial	30-Nov-17	Freehold	n/a	7,850	0.7
Light Industrial	30-Nov-17	Freehold	n/a	8,100	0.7
Light Industrial	30-Nov-17	Freehold	n/a	6,550	0.6
Light Industrial	30-Nov-17	Freehold	n/a	3,500	0.3
Light Industrial	30-Nov-17	Freehold	n/a	3,450	0.3

The accompanying notes form an integral part of the financial statements.

STATEMENT OF PORTFOLIO

AS AT 31 DECEMBER 2018

Property (by Geography)	Location
Denmark	
Priorparken 700	Priorparken 700, Brøndby
Naverland 7-11	Naverland 7-11, Glostrup
Priorparken 800	Priorparken 800, Brøndby
Herstedvang 2-4	Herstedvang 2-4, Albertslund
Naverland 8	Naverland 8, Glostrup
Islevdalvej 142	Islevdalvej 142, Rødovre
Hørskætten 4-6	Hørskætten 4-6, Tåstrup, Copenhagen
Hjulmagervej 3-19	Hjulmagervej 3-19, Vejle
Fabriksparken 20	Fabiksparken 20, Glostrup
Stamholmen 111	Stamholmen 111, Hvidore
Hørskætten 5	Hørskætten 5, Tåstrup
Naverland 12	Naverland 12, Glostrup
C.F. Tietgensvej 10	C.F. Tietsgensvej 10, Kolding
Finland	
Plaza Vivace	Äyritie 8 C, Vantaa
Plaza Allegro	Äyritie 8 B, Vantaa
Plaza Forte	Äyritie 12 C, Vantaa
Pakkalan Kartanonkoski 3	Pakkalankuja 6, Vantaa
Pakkalan Kartanonkoski 12	Pakkalankuja 7, Vantaa
Grandinkulma	Kielotie 7, Vantaa
Liiketalo Myyrinraitti	Myyrmäenraitti 2, Vantaa
Purotie 1	Purotie 1, Helsinki
Helsingin Mäkitorpantie 3	Mäkitorpantie 3b, Helsinki
Opus 1	Hitsaajankatu 24, Helsinki
Kuopion Kauppakeskus	Kauppakatu 39, Kuopio
Portfolio of investment properties, at fair value	
Other adjustments (note 8)	
Investment properties as shown in the balance sheet	
Other assets and liabilities, net	
Net assets	

n/a – not applicable

The accompanying notes form an integral part of the financial statements.

STATEMENT OF PORTFOLIO

AS AT 31 DECEMBER 2018

Type	Acquisition date	Land tenure	Remaining term (years)	Carrying amount €'000	Percentage of net assets %
Light Industrial	30-Nov-17	Freehold	n/a	12,175	1.1
Light Industrial	30-Nov-17	Freehold	n/a	10,568	0.9
Light Industrial	30-Nov-17	Freehold	n/a	8,987	0.8
Light Industrial	30-Nov-17	Freehold	n/a	6,389	0.6
Light Industrial	30-Nov-17	Freehold	n/a	5,626	0.5
Light Industrial	30-Nov-17	Freehold	n/a	6,282	0.6
Light Industrial	30-Nov-17	Freehold	n/a	5,304	0.5
Light Industrial	30-Nov-17	Freehold	n/a	5,344	0.5
Light Industrial	30-Nov-17	Freehold	n/a	5,612	0.5
Light Industrial	30-Nov-17	Freehold	n/a	5,532	0.5
Light Industrial	30-Nov-17	Freehold	n/a	3,590	0.3
Light Industrial	30-Nov-17	Freehold	n/a	3,134	0.3
Light Industrial	30-Nov-17	Freehold	n/a	2,759	0.2
Office	28-Dec-18	Freehold	n/a	13,234	1.2
Office	28-Dec-18	Freehold	n/a	11,173	1.0
Office	28-Dec-18	Freehold	n/a	12,600	1.1
Office	28-Dec-18	Freehold	n/a	9,700	0.9
Office	28-Dec-18	Freehold	n/a	6,100	0.5
Office	28-Dec-18	Freehold	n/a	12,500	1.1
Office	28-Dec-18	Freehold	n/a	12,000	1.1
Office	28-Dec-18	Freehold	n/a	7,113	0.6
Office	28-Dec-18	Freehold	n/a	7,600	0.7
Office	28-Dec-18	Freehold	n/a	13,500	1.2
Office	28-Dec-18	Freehold	n/a	7,600	0.7
				1,694,675	**151.5**
				(4,451)	
				1,690,224	
				(571,457)	
				1,118,767	

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018

ABOUT THESE FINANCIAL STATEMENTS

The Cromwell European Real Estate Investment Trust ("Trust") is a Singapore real estate investment trust constituted pursuant to a trust deed dated 28 April 2017 (date of "Constitution") (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 31-Dec-18 ("Listing Date"). The Trust and its subsidiaries are collectively referred to as "CEREIT" in the consolidated financial statements.

Prior to Listing Date, CEREIT was a private Singapore Trust, wholly owned by the Cromwell Property Group. During this period CEREIT acquired a group of entities that held three Dutch office assets from Cromwell Property Group. The total return from these properties during the period prior Listing Date does not form part of distributable income to which Unitholders are entitled to. For the benefit of the users these consolidated financial statements present both the period from Listing Date to 31-Dec-18 and the period from Constitution to 31-Dec-18 prepared in accordance with International Financial Reporting Standards ("IFRS").

CEREIT's annual financial statements are presented in Euros ("€" or "EUR") and have been prepared in a format designed to provide users of the financial report with a clear understanding of relevant balances and transactions that drive CEREIT's financial performance and financial position free of immaterial and superfluous information. Accounting policies and, where applicable, the use of significant estimates and judgments are presented in the relating notes to the financial statements and plain English is used in commentary or explanatory sections to improve readability of the financial statements.

The notes have been organised into the following five sections for reduced complexity and ease of navigation:

Results

Operating Assets

Finance and Capital Structure

Group Structure

Other Items

Results

This section of the financial statements provides further information on CEREIT's financial performance, including the performance of each of CEREIT's segments, as well as details of CEREIT's revenue, fees paid to the trustee, Manager and property manager, trust expenses, income tax items and CEREIT's semi-annual distributions, the earnings per security calculation as well as details about Cromwell's income tax items.

1 OPERATING SEGMENT INFORMATION

Overview

CEREIT's operating segments regularly reviewed by the chief operating decision maker (CODM), being the Chief Executive Officer, are CEREIT's property sub-portfolios by location and asset class as each of these sub-portfolios have different performance characteristics. There is no segment information for CEREIT's business segments as CEREIT's activities wholly relate to property investment.

CEREIT operated in three property classes and six countries as at 31-Dec-18. Subsequent to the period end, CEREIT acquired three office assets in Poland, adding a seventh country to its property portfolio. The property segments below are reported in a manner consistent with the internal reporting provided to the CEO.

CEREIT's property segments:

Asset class	*Country*	*Details*
Office	Netherlands	CEREIT holds seven office assets in the Netherlands with a combined valuation of €530,578,000 located in predominantly central business districts of the main cities of the Netherlands-Amsterdam, Rotterdam, The Hague, Utrecht and s'Hertogenbosch. All properties are multi-tenanted with a diverse tenant base comprising corporations across insurance, engineering, e-commerce, governmental & public administration, professional and legal services and various other sectors.
	Italy	CEREIT holds 11 office assets in Italy with a combined valuation of €305,525,000 located in central business districts and city fringe areas of the main cities of Italy-Milan and Rome as well as secondary cities, including Florence, Venice, Bari and Genoa. The properties are a mix of single-tenanted and multi-tenanted buildings with main tenants comprising the Italian government, telecom, professional service, marketing and advertising service corporations.
	Finland	CEREIT acquired just prior to period end on 28-Dec-18, 11 office assets in Finland with a combined value of €113,120,000 predominantly located in well-established office parks in Helsinki. The properties are multi-tenanted with main tenants comprising corporations across energy, healthcare, professional services, retail, construction and manufacturing sectors.

CEREIT's property segments:

Asset class	*Country*	*Details*
Light Industrial	Netherlands	CEREIT holds 10 well-positioned light industrial assets across the Netherlands with a combined valuation of €77,350,000 leased to a diverse tenant base. The properties are predominately located in the wider Amsterdam area, including the Netherlands main airport, Amsterdam Schiphol.
	France	CEREIT holds 21 light industrial assets across France with a combined valuation of €321,600,000 leased to a diverse tenant base with 300+ separate leases, including larger tenants from the transport and logistics sector. 16 properties are located in the greater Paris metropolitan area with the five remaining assets located near larger secondary cities such as Lyon, Nancy and Lille.
	Germany	CEREIT holds 11 light industrial assets across Germany with a combined valuation of €113,600,000 leased to a diverse tenant base predominately located around the large German cities of Munich, Frankfurt, Hamburg and Stuttgart.
	Denmark	CEREIT holds 13 light industrial assets across Denmark with a combined valuation of €81,302,000 also leased to a diverse tenant base. 11 properties are located in the Copenhagen area with remaining two properties located near Kolding. The largest tenant is a manufacturer of commercial cleaning equipment operating world-wide.
	Italy	The Italian light industrial sub-portfolio comprises only one property with a valuation of €12,550,000. The property is located near Bari.
Other	Italy	In addition to its principally office and light industrial property portfolio, CEREIT holds also five assets in Italy in other asset classes with a combined value of €139,050,000. This includes three assets leased to the Italian government used as training and housing facilities (barracks) for the Italian police force, a hotel and a leisure complex with a large cinema.

Accounting policy

Segment allocation

Segment revenues, expenses and assets are those presented to the CODM that are directly attributable to the property segment.

Segment revenue include revenues directly derived from CEREIT's properties and include rental revenue, service charge revenue and any other revenue received from tenants. Segment expenses include expenses directly incurred in operating the properties and include service charge expense, non-recoverable expenses and leasing costs.

Segment assets include investment properties. Cash and other current assets may be held in centralised locations and are not allocated to the property segments. Liabilities are not allocated to segments. CEREIT's borrowings and derivative financial instruments are not reviewed by the CODM on a segment basis as they are centrally managed by CEREIT's treasury function and reviewed by the CODM for CEREIT globally. Other operating liabilities, such as payables are also managed in centralised locations and are not allocated to the property segments.

Segment profit / (loss)

Segment profit / (loss) equals net property income from the property sub-portfolio and does include trust expenses and finance costs or fair value changes of investment properties.

(a) Segment results

The table below shows segment results as presented to the Chief Executive Officer. For further commentary on individual segment results refer to the Financial Review section of this Annual Report. The results for the period prior to Listing Date, while CEREIT was a wholly owned entity of Cromwell Property Group, was not presented to the CODM and is therefore not included in segment results.

(a) Segment results

CEREIT 31-Dec-18	Gross revenue from external customers €'000	Property operating expenditure €'000	Segment Profit / Loss €'000
Office			
Netherlands	31,982	(10,875)	21,107
Italy	20,175	(5,538)	14,637
Finland	–	–	–
Total – Office	**52,157**	**(16,413)**	**35,744**
Light Industrial			
Netherlands	7,795	(1,515)	6,280
France	35,691	(14,006)	21,685
Germany	11,180	(3,714)	7,466
Denmark	10,526	(4,410)	6,116
Italy	1,198	(317)	881
Total – Light Industrial	**66,390**	**(23,962)**	**42,428**
Other			
Italy	16,739	(4,731)	12,008
Total – Other	**16,739**	**(4,731)**	**12,008**
Total – Segments	**135,286**	**(45,106)**	**90,180**
Unallocated items:			
Net finance costs			(11,927)
Manager's fees			(3,640)
Trustee fees			(178)
Trust expenses			(4,579)
Fair value gain – investment properties			37,141
Fair value gain loss – derivative financial instruments			(323)
Income tax expense			(20,941)
Total return since Listing attributable to Unitholders			**85,733**
Total return for period prior Listing Date			2,327
Total return for the period			**88,060**

(b) Segment assets and liabilities

Segment assets

CEREIT 31-Dec-18	***Segment assets:*** **Investment properties €'000**	***Other Information:*** **Capital expenditure €'000**
Office		
Netherlands	524,886	4,080
Italy	305,464	968
Finland	113,120	–
Total – Office	**943,470**	**5,048**
Light Industrial		
Netherlands	82,160	1,016
France	321,240	1,011
Germany	112,500	2,604
Denmark	79,722	258
Italy	12,541	8
Total – Light Industrial	**608,163**	**4,897**
Other		
Italy	138,591	75
Total – Other	**138,591**	**75**
Total – Segments	**1,690,224**	**10,020**

Reconciliation to total consolidated assets:	
Cash and cash equivalents	57,755
Receivables – current	49,719
Current tax assets	227
Receivables – non-current	688
Derivative financial instruments	5
Deferred tax assets	16,224
Consolidated total assets	**1,814,842**

Segment liabilities

There are no liabilities allocated to segments.

(c) Major customers

Major customers of CEREIT that account for more than 10% of CEREIT's revenue are listed below.

CEREIT 31-Dec-18	Gross revenue €'000	Segment	Percentage of total revenue %
Agenzia del Demanio (Italian State Property Office)	24,409	Italy – Office/Other	16.2

The Trust is domiciled in Singapore. However, all properties are located in Europe and are held by subsidiaries of the Trust also domiciled in Europe. As such, all revenue from external customers is recognised in the European countries as shown in section (a).

2. REVENUE

Overview

This note provides a further breakdown of property revenue for the financial period. CEREIT's revenue consists of rental income from operating leases of CEREIT's investment properties, service charge revenue and other incidental revenue from property ownership such as billboards, signage and kiosks. This note also provides overview of the accounting policies on how these revenue items are recognised.

Revenue from properties

	CEREIT	
	Period from Listing 30-Nov-17 to 31-Dec-18 €'000	Period from Constitution 28-Apr-17 to 31-Dec-18 €'000
Rental revenue	114,814	120,926
Service charge revenue	20,084	20,812
Other property revenue	388	388
Total revenue	**135,286**	**142,126**

Accounting policy

Lease revenue

Lease income from operating leases, with CEREIT as lessor of investment properties, is recognised in income on a straight-line basis over the lease term. The respective leased assets, being CEREIT's investment properties, are included in the balance sheet.

Service charge revenue

Service charge revenue are payments from tenants for costs incurred by the landlord to provide services to the tenants, including providing utilities, cleaning, certain maintenance and building management among other operating costs of a property. Service charge revenue is recognised over time as and when the tenant receives and consumes the benefit of the service provided, which is generally simultaneously.

Other property revenue

Other property related revenue is recognised on a straight-line basis over the term of the contract if the contract requires the customer to make fixed payments over time equivalent to a lease.

3. TRUSTEE AND MANAGER'S FEES

Overview

This note provides and overview of the fees charged by the Trustee, the Manager and the Property Manager for the management services they provide to the Unitholders as well as description of how these fees and any other fees that may arise in the future are calculated.

(a) Trustee fees

The trustee fee is calculated as 0.015% per annum of the value of CEREIT's deposited property up to S$1 billion in deposited property and 0.01% on deposited property value in excess of S$1 billion, subject to a minimum of S$15,000 (approximately €9,700) per month. Prior to the Listing Date, the trustee fee was S$6,000 per month.

	CEREIT	
	Period from Listing 30-Nov-17 to 31-Dec-18 €'000	Period from Constitution 28-Apr-17 to 31-Dec-18 €'000
Total trustee fees	**178**	**201**

(b) Manager's fees

The Manager is entitled to management fees comprising a base fee and a performance fee as follows:

Base management fee

The Manager's base fee is calculated as 0.23% per annum of the value of CEREIT's deposited property. The management fee is payable quarterly in arrears.

Performance fee

The Manager's performance fee is calculated as 25.0% of the difference in DPU in a financial year with the distributable income per unit ("DPU") in the preceding financial year. For the current first financial period the performance fee is calculated as difference between the actual DPU and the projected DPU as set out in the projection for the 2018 year as set out in CEREIT's prospectus dated 22 Nov-17. The performance fee is payable after the completion of a financial year.

The Manager may, at its election, be paid base and/or performance fees in cash, in CEREIT units or a combination of both. The price of CEREIT units issued is determined based on the volume weighted average traded price for a CEREIT unit for all trades on SGX-ST for the last ten business days immediately preceding and including the end date of the relevant periods in which the fees accrue.

As disclosed in CEREIT's prospectus dated 22-Nov-17, the Manager has elected to receive all base and performance fees in CEREIT units until the financial year end 2019.

The following fees were charged and units issued or are issuable during and for the financial period ending 31-Dec-18:

	CEREIT	
	Period from Listing 30-Nov-17 to 31-Dec-18 €'000	**Units issued or issuable '000**
Base management fees	3,640	6,907
Performance fees	–	–
Total manager's fees	**3,640**	**6,907**

Base management fees were only charged from Listing Date. During the financial period 3,303,739 Units were issued at a price of €0.5758 (1,875,845 Units) and €0.5856 (1,427,894 Units) in payment of 100% of the base management fees for the period from Listing Date to 30-Jun-18.

(c) Property manager's fees

The property & portfolio management fee is calculated as 0.67% per annum of the value of CEREIT's deposited property. The property & portfolio management fee is payable quarterly in arrears.

The property manager may, at its election, be paid its fees in cash, in CEREIT units or a combination of both. The price of CEREIT units issued is determined based on the volume weighted average traded price for a CEREIT unit for all trades on SGX-ST for the last ten business days immediately preceding and including the end date of the relevant periods in which the fees accrue.

As disclosed in CEREIT's prospectus dated 22-Nov-17, the property manager has elected to receive 40% of its fees in CEREIT units until the financial year end 2019.

The following fees were charged and units issued or are issuable during and for the financial period ended 31-Dec-18:

	Period from Listing 30-Nov-17 to 31-Dec-18 €'000	CEREIT Period from Constitution 28-Apr-17 to 31-Dec-18 €'000	Units issued or issuable '000
Total property & portfolio management fees	10,604	11,372	8,048

Property & portfolio management fees are shown within property operating expense in the Consolidated Statement of Total Return.

During the financial period, 3,849,575 Units were issued at a price of €0.5758 (2,185,768 Units) and €0.5856 (1,663,807 Units) in payment of 40% of the property and portfolio management fees for the period from Listing Date to 30-Jun-18.

(d) Other fees

Acquisition and divestment fees

Acquisition fees are calculated as 1.0% of the gross acquisition price (or a lower percentage at the discretion of the charging party) of any real estate or any other income producing investment purchased by CEREIT. Divestment fees are calculated as 0.5% of the gross sale price (or lower percentage at the discretion of the charging party) of any real estate or other investment. The fee may be charged by the Manager, the property manager or shared between both.

Acquisition and investments fees may, at the election of the charging party, be paid in cash, in CEREIT units or a combination of both. Under the CIS, in respect of any acquisition of real estate assets from interested parties, such a fee will be in the form of units issued by CEREIT at prevailing market price(s). Such units may not be sold within one year from the date of their issuance.

The IPO acquisition fee was calculated at 0.5% of the agreed purchase price of the IPO portfolio by the Manager and were paid in units. All subsequent acquisition fees were calculated at 1.0% of the gross acquisition price.

The following acquisition and divestment fees were charged to CEREIT and units issued or are issuable in satisfaction of such fees during the financial period ended 31-Dec-18.

	CEREIT	
	Fees for period from Listing 30-Nov-17 to 31-Dec-18 €'000	Units issued or issuable '000
Acquisition fees	9,489	16,747
Divestment fees	–	–
Total acquisition and divestment fees	**9,489**	**16,747**

Acquisition and divestment fees were only charged from Listing Date.

Development management and project management fees

Development management fees are calculated as 3.0% of the total project costs incurred. Where the estimated total project costs are greater than S$200.0 million, the trustee and the Manager's independent Directors will first review and approve the quantum of the development management fee, whereupon the Manager may be directed by the independent directors to reduce the development management fee. Further, in cases where the market pricing for comparable services is, in the Manager's view, materially lower than the development management fee, the independent Directors of the Manager shall have the right to direct a reduction of the development management fee to less than 3.0% of the total project costs. The development fee may, at the election of the Manager or property manager, be paid in the form of cash and/or CEREIT units.

Project management fees are calculated as 5.0% of the construction costs for any refurbishment, retrofitting, addition and alteration or renovation works to the relevant property. The project management fee is payable to the property manager in the form of cash and/or CEREIT units (as may be agreed between the Manager and the property manager from time to time, and if there is no such agreement, the payment shall be in the form of cash).

Leasing fees

The property manager is entitled to the following leasing fees:

(a) (in relation to new leases secured by the property manager) 5.0% of the net rent receivable (as defined herein) (capped at 20% of the average rent receivable);

(b) (in relation to renewal of leases secured by the property manager) 2.5% of the net rent receivable (capped at 10% of the average rent receivable); and

(c) (in relation to leases in respect of which fees are owed to a third-party agent) 1.0% of the net rent receivable, (capped at 4% of the average rent receivable).

The following fees were charged during the financial period:

	CEREIT Period from Listing 30-Nov-17 to 31-Dec-18 €'000
Development fees	–
Project management fees	146
Leasing fees	871
Total other fees	**1,017**

All fees were paid/payable in cash. There were no fees prior to Listing Date.

4. OTHER TRUST EXPENSES

Overview

CEREIT incurs certain non-property or debt related expenses presented as other trust expenses in the consolidated statement of total return. Such expenses generally consist of compliance, advisory or reporting costs. This note provides a further breakdown of other trust expenses. Additionally, this note also provides information on fees paid to CEREIT's external auditor.

(a) Other trust expenses breakdown

	CEREIT	
	Period from Listing 30-Nov-17 to 31-Dec-18 €'000	Period from Constitution 28-Apr-17 to 31-Dec-18 €'000
Auditor's fees	821	821
Internal audit fees	204	204
Tax compliance fees	597	597
Valuation fees	579	579
Sustainability reporting costs	105	105
Bank fees	433	433
Other expenses	1,840	2,061
Total other trust expenses	**4,579**	**4,844**

Accounting policy

Expenses

Other trust expenses as well as property-related expenses are recognised on an accruals basis.

(b) Auditor's remuneration

Deloitte & Touche LLP Singapore ("Deloitte") are the independent auditors of CEREIT. Deloitte and its overseas affiliates have provided a number of audit, other assurance and non-assurance related services to CEREIT during the financial period.

Below is a summary of fees paid/payable for various services to Deloitte and it overseas affiliates during the financial period:

	CEREIT Period from Constitution 28-Apr-17 to 31-Dec-18 €'000
Audit and other assurance services	
Auditing of financial reports	821
Review of forecasts for capital raising purposes	649
Fees paid/payable for audit and other assurance services to Deloitte	**1,470**
Other services	
Financial due diligence	803
Other services	5
Total remuneration paid/payable to Deloitte	**2,278**

Fees paid for reviews of forecasts for capital raising purposes and financial due diligence services are recorded in the balance sheet as unit issue costs and as acquisition costs of investment properties respectively.

5. Earnings per unit

Overview

This note provides information about CEREIT's earnings on a per CEREIT unit basis. Earnings per unit (EPU) is a measure that makes it easier for users of CEREIT's financial report to compare CEREIT's performance between different reporting periods. Accounting standards require the disclosure of two EPU measures, basic EPU and diluted EPU. CEREIT does not have dilutive potential units such as options over units. However, the weighted number of average units on issue take into account any units that are issuable at financial period end, that is units to be issued relating to expenses incurred during the financial period.

(a) Earnings per unit

	CEREIT	
	Period from Listing 30-Nov-17 to 31-Dec-18 €'000	**Period from Constitution 28-Apr-17 to 31-Dec-18 €'000**
Basic and diluted earnings per unit (€ cents)	4.99	7.77
Basic and diluted earnings per unit (€ cents) – annualised[1]	4.58	4.63
Total return since Listing attributable to Unitholders (€'000)	85,733	88,060
Weighted average number of units ('000)	1,719,385	1,143,177

[1] Annualised basic and diluted earnings are calculated earning per unit over the entire period divided by the days of the respective period times days in one year.

For units issuable at financial period end refer to note 11(b).

6. DISTRIBUTIONS

CEREIT's aim is to provide investors with regular and stable distributions that are growing over time. 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. Distributions are paid on a semi-annual basis.

CEREIT has made the following distributions since Listing Date:

Distribution period	Distribution type	Distribution per unit (in € cents)	Total distribution €'000	Date paid
30-Nov-17 to 30-Jun-18	Capital	2.53	39,906	28-Sep-18
Total		**2.53**	**39,906**	

The distribution represented an annualised distribution yield of 7.9% based on the IPO issue price of the CEREIT units. For distribution details for the period from 1-Jul-18 to 31-Dec-18 refer to the financial review section.

7. INCOME TAX

Overview

This note provides detailed information about CEREIT's income tax items and accounting policies. This includes a reconciliation of income tax expense applying the tax rates of each jurisdiction to CEREIT's total return before income tax as shown in the consolidated statement of total return as well as an analysis of CEREIT's deferred tax balances.

Accounting standards require the application of the "balance sheet method" to account for CEREIT's income tax. Accounting profit does not always equal taxable income. There are a number of timing differences between the recognition of accounting expenses and the availability of tax deductions or when revenue is recognised for accounting purpose and tax purposes. These timing differences reverse over time but they are recognised as deferred tax assets and deferred tax liabilities in the balance sheet until they are fully reversed.

Taxation in Singapore

CEREIT has obtained a Tax Ruling from the IRAS in respect of foreign dividend and interest income from its European property portfolio ("Specified Exempt Income") and derived by its wholly-owned Singapore resident subsidiaries. Pursuant to this Tax Ruling, the wholly-owned Singapore resident subsidiaries will be exempt from Singapore income tax on the Specified Exempt Income.

As such all income tax expense relates to income tax levied on CEREIT's European subsidiaries that hold properties and earn income.

(a) Income tax expense

	CEREIT	
	Period from Listing 30-Nov-17 to 31-Dec-18 €'000	**Period from Constitution 28-Apr-17 to 31-Dec-18 €'000**
Current income tax expense	5,099	5,400
Deferred tax expense	15,842	15,842
Total income tax expense	**20,941**	**21,242**
Deferred tax expense		
Increase in deferred tax assets	(5,689)	(5,689)
Increase in deferred tax liabilities	21,531	21,531
Total deferred tax expense	**15,842**	**15,842**

(b) Numerical reconciliation between income tax expense and total return before tax

	CEREIT Period from Listing 30-Nov-17 to 31-Dec-18 €'000	Period from Constitution 28-Apr-17 to 31-Dec-18 €'000
Total return before income tax	**106,674**	**109,302**
Net expenses incurred in Singapore not subject to income tax	7,920	8,050
Profits subject to income tax in overseas jurisdictions	**114,594**	**117,352**
Tax at domestic rates applicable to profits subject to income tax in overseas jurisdictions (refer below for corporate income tax rates of all jurisdictions in which CEREIT operates)	35,414	36,104
Tax effect of amounts which are deductible / (taxable) in calculating taxable income:		
Other deductible expenses/non-taxable income	(8,784)	(9,173)
Change in tax losses recognised	(5,689)	(5,689)
Total income tax expense	**20,941**	**21,242**

Corporate income tax rates applicable in overseas jurisdictions

	Income tax rate %
Netherlands	25.0
France	33.3
Germany	30.0 – 33.0
Denmark	22.0
Luxembourg	25.5
Italy	10.0[1]

[1] The alternative investments funds (AIFs) that hold CEREIT's Italian properties are exempt from corporate income tax. Instead withholding tax is applied on profit distributions and interest payments to non-resident investors in Italy. The ordinary withholding tax rate is 26%. However, under the Italy-Luxembourg tax treaty the rate is reduced to 10%. CEREIT's AIFs are held by Luxembourg resident companies also wholly owned by CEREIT.

(c) **Deferred tax**

Deferred tax assets

	CEREIT As at 31-Dec-18 €'000
Deferred tax assets are attributable to:	
Tax losses recognised	16,224
Total deferred tax assets	**16,224**
Movements:	
Deferred tax assets acquired at acquisition property holding entities	10,535
Credited to profit or loss	5,689
Balance at 31 December	**16,224**

Unrecognised tax losses at 31-Dec-18 were €15,601,000.

Deferred tax liabilities

	CEREIT As at 31-Dec-18 €'000
Deferred tax liabilities are attributable to:	
Temporary differences between carrying amounts and tax base of investment properties	21,531
Total deferred tax liabilities	**21,531**
Movements:	
Deferred tax liabilities acquired at acquisition property holding entities	–
Charged to profit or loss	21,531
Balance at 31 December	**21,531**

There are no deferred tax balances in relation to the Trust.

Accounting policy

Income tax

CEREIT's income tax expense for the period is the tax payable on the current period's taxable income adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. Deferred tax is not recognised for the recognition of goodwill on business combination and for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Current and deferred tax balances attributable to amounts recognised in other comprehensive income or directly in equity are also recognised in other comprehensive income or directly in equity.

Current and deferred tax balances attributable to amounts recognised in other comprehensive income or directly in equity are also recognised in other comprehensive income or directly in equity.

Significant estimates – deferred tax liabilities Netherlands and France

Total deferred tax liabilities include deferred tax liabilities in relation investment properties whereby the carrying amount exceeds the tax depreciated value of certain properties which will in future crystallise a capital gains tax upon disposal of the respective property. CEREIT has recognised a deferred tax liability in relation to the future capital gains tax payable at financial year-end. In accordance with IAS 12 Income Taxes deferred tax liabilities (and assets) shall be measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

Both, the French and Dutch governments have announced a reduction in corporate income tax rates over the coming years. The corporate tax rate in the Netherlands will thereby reduce from currently 25% to 15% by 2021 and in France from currently 33.3% to 25% by 2022. It is Management's estimate that all properties held in France and the Netherlands will be held by CEREIT over the next three years. As a result, the reduced tax rates, as announced by the respective governments, have been used to compute the deferred tax liabilities for French and Dutch investment properties.

The deferred tax liabilities in relation to these properties at financial period end was €20,455,000.

Operating Assets

This section of the annual financial report provides further information on CEREIT's operating assets. These are assets that individually contribute to CEREIT's revenue and currently consist of investment properties only, however may in the future include joint ventures or associates and investments in listed and unlisted securities to the extent allowable under the Property Funds Appendix of the Code on Collective Investment Schemes ("CIS Code").

8. INVESTMENT PROPERTIES

Overview

Investment properties are properties (land, building or both) held solely for the purpose of earning rental income and / or for capital appreciation. At period end CEREIT's investment property portfolio comprised 90 commercial properties in six countries of which 29 properties are predominantly office use, 56 predominantly light industrial use with the remaining five properties being of other use (refer Statement of Portfolio).

This note provides further details on CEREIT's investment property portfolio, including details of acquisitions and other movements during the financial period as well as details on the fair value measurement of the properties.

(a) Reconciliation of carrying amount of investment properties

	France €'000	Italy €'000	Netherlands €'000	Germany €'000	Denmark €'000	Finland €'000	Total €'000
At independent valuation dated 31-Dec-18	321,600	421,100	480,350	113,600	81,300	–	**1,417,950**
At acquisition price (directors' valuation)	–	36,025	127,580	–	–	113,120	**276,725**
	321,600	**457,125**	**607,930**	**113,600**	**81,300**	**113,120**	**1,694,675**
Adjustments to carrying amount:							
Finance lease liability[1]							**4,979**
Unspent vendor funded capital expenditure[2]							**(8,466)**
Other							**(964)**
Total adjustments							**(4,451)**
Carrying amount at 31-Dec-18							**1,690,224**

[1] In accordance with International Financial Reporting Standards (IFRS), future ground rent payments for leasehold properties are accounted for as finance lease liability with an equal increase of the investment property carrying amount.

[2] As disclosed in the Prospectus, the vendors of CEREIT's investment property portfolio have provided funding for any budgeted capital expenditure that was budgeted in the 2017 year and had not been incurred at IPO.

Accounting policies

Investment properties

Investment properties are initially measured at cost including transaction costs and subsequently measured at fair value, with any change therein recognised in profit or loss.

Fair value is based upon active market prices, given the assets' highest and best use, adjusted if necessary, for any difference in the nature, location or condition of the relevant asset. If this information is not available, CEREIT uses the capitalised earnings approach for valuations of its investment properties. The highest and best use of an investment property refers to the use of the investment property by market participants that would maximise the value of that investment property.

The carrying value of the investment property includes components relating to lease incentives and other items relating to the maintenance of, or increases in, lease rentals in future periods.

Investment properties under construction are classified as investment property and carried at fair value. Finance costs incurred on investment properties under construction are included in the construction costs.

Investment properties on leasehold land

If CEREIT's investment properties are situated on land under leasehold that are not perpetual in nature, the remaining ground rent obligations are accounted for as finance leases. The respective lease asset is shown within investment properties and the lease liability within other liabilities on the balance sheet.

Lease incentives

Lessees may be offered incentives as an inducement to enter into non-cancellable operating leases. These incentives may take various forms including up-front cash payments, rent free periods, or a contribution to certain lessee costs such as fit out costs or relocation costs. Lease incentives form part, as a deduction, of total rent receivable from CEREIT's operating lease contracts and as such are recognised on a straight-line basis over the lease term.

Initial direct leasing costs

Initial direct leasing costs incurred by CEREIT in negotiating and arranging operating leases are recognised as an asset in the balance sheet as a component of the carrying amount of investment property and are amortised as an expense on a straight-line basis over the lease term.

(b) Movements in investment properties

	CEREIT €'000
Balance at Constitution	–
Transactions prior to Listing Date:	
Acquisition of CECIF portfolio (note 8(c))	209,765
Net loss from fair value adjustments	(462)
Other movements	3,563
Balance at Listing Date	**212,866**
Acquisition of IPO portfolio (note 8(c))	1,106,743
Acquisition of Italian properties (note 8(c))	52,925
Acquisition of new properties (note 8(c))	240,698
Acquisition costs	58,023
Acquisition accounting adjustments[1]	(30,758)
Capital expenditure	10,020
Lease incentives, lease costs and rent straight-lining	2,613
Net gain from fair value adjustments	37,141
Balance at 31-Dec-18	**1,690,224**

[1] At IPO, all of the properties, except properties located in Italy were acquired through the acquisition of all shares in ultimate holding companies of those properties. Additionally, of the properties acquired since IPO, the majority of properties in Finland and one property in the Netherlands were also acquired through the acquisition of 100% of the share capital of ultimate holding entities. Under IFRS, these share acquisitions do not represent business combinations as all entities acquired are mere holding entities of properties which does not constitute a business. As a result, such acquisitions are accounted for as asset acquisitions where all acquisition price adjustments that were the result of commercial negotiations, are accounted for through adjustments to the assets acquired.

(c) Investment property acquisitions

Details of investment properties acquired during the financial period are as follows:

	Description	Acquisition price (excl. cost) €'000	Valuation at 31-Dec-18 €'000
Transactions prior to Listing Date:			
CECIF portfolio	Three office assets located in the Netherlands[1].	209,765	226,100
IPO portfolio acquisitions:			
Dutch Office Portfolio	Two office assets located in the Netherlands.	174,700	176,900
French Industrial Portfolio	11 light industrial assets located in France.	129,000	137,300
Pan-European Industrial Portfolio	44 light industrial assets located in Denmark, France, Germany and Netherlands.	398,143	456,552
Italian Diversified Portfolio	14 diversified properties located in Italy.	404,900	404,200
Total IPO portfolio		**1,316,508**	**1,401,052**
Transactions since Listing Date:			
Italian properties	Three Italian office assets located in Ivrea, Bari and Genoa.	52,925	52,925
New properties	Two office assets located in the Netherlands and 11 office assets located in Finland.	240,698	240,698
Total property acquisition since date of Constitution		**1,610,131**	**1,694,675**

Subsequent to financial period end CEREIT acquired another four light industrial properties in France for €28,200,000 and three office assets in Poland for €71,850,000. Refer to note 19 for further details.

[1] Prior to the Listing Date, CEREIT as wholly owned entity of Cromwell Property Group ("Cromwell"), acquired the three Dutch office assets from various Cromwell entities. The consideration was paid to Cromwell in the form of CEREIT units.

(d) Fair value measurement

CEREIT's investment properties, with an aggregate carrying amount of €1,690,224,000, are measured using the fair value model as described in IAS 40 Investment Property. Fair value is thereby defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Gains or losses arising from changes in the fair value of investment property must be included in net profit or loss for the period in which it arises.

At 31-Dec-18, 75 properties of CEREIT's portfolio of 90 properties were valued by independent valuers. The remaining 15 properties are carried at purchase price which has been assessed by the Directors of the Manager as their fair value as these properties were acquired just prior to period end.

Property valuations

At balance date the adopted valuations for 75 of CEREIT's investment properties are based on independent external valuations representing 84% of the value of the portfolio. In accordance with the CIS Code, CEREIT's investment properties are valued at least once per financial year by an independent professionally qualified valuer with a recognised relevant professional qualification, with valuers rotated at least every two years.

All property valuations utilise the income capitalisation model supported by recent market sales evidence.

The independent valuations for the properties located in France and Italy have been prepared by Colliers International Valuation UK LLP and independent valuations for properties located in the Netherlands, Denmark and Germany have been prepared by Cushman & Wakefield Debenham Tie Leung Limited.

Key inputs used to measure fair value

Income capitalisation method	This method involves assessing the total net market income receivable from the property and capitalising this perpetually, using an appropriate, market derived capitalisation rate, to derive a capital value, with allowances for capital expenditure reversions such as lease incentives and required capital works payable in the near future and overs / unders when comparing market rent with passing rent.
Annual net property income	Annual net property income is the contracted amount for which the property space is leased less non-recoverable property expenses.
Estimated rental value ("ERV")	ERV is the estimated amount for which a property or space within a property could be leased between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and wherein the parties have each acted knowledgeably, prudently and without compulsion.
Reversionary yield	Reversionary yield is a proxy to the capitalisation rate. Reversionary yield provided by the external valuer is the net market rental value per annum (net of non-recoverable running costs and ground rent) payable on final reversion date expressed as a percentage of the net capital value.
Net initial yield	Net initial yield is the ratio of contracted net rental income and acquisition price or property value.
Weighted average lease expiry ("WALE") / Weighted average lease to break ("WALB")	WALE or WALB is used to measure the overall tenancy risk of a particular property to assess the likelihood of a property being vacated. WALE of a property is measured across all tenants' remaining lease terms (in years) and is weighted with the tenants' income against total combined income. Similarly, WALB is measured as remaining term (in years) to the next break (for those leases including such break options) and is weighted with the tenants' income against total income.

Occupancy	Property occupancy is used to measure the proportion of the lettable space of a property that is occupied by tenants under current lease contracts and therefore how much rent is received from the property as percentage of total rent possible if the property was fully occupied.

All the significant inputs noted above are not observable market data, hence investment property valuations are considered level 3 fair value measurements (refer fair value hierarchy described in note 12).

Significant unobservable inputs associated with the valuations of CEREIT's investment properties are as follows:

Inputs	**Range**	**Weighted average**
Net initial yield (%)	(2.4%) – 10.7%	6.0%
Reversionary yield (%)	3.6% – 11.8%	6.6%
Annual net property income (€'000)	(48.9) – 8,704.2	1,002.0
WALE (years)	0.0 – 10.5	4.7
WALB (years)	0.0 – 7.8	4.0
Occupancy (%)	0.0% – 100.0%	90.8%

Sensitivity information

The relationships between the significant unobservable inputs and the fair value of investment properties are as follows:

Inputs	**Impact of increase in input on fair value**	**Impact of decrease in input on fair value**
Net initial yield	Decrease	Increase
Revisionary yield	Decrease	Increase
Annual net property income	Increase	Decrease
WALE/WALB	Increase	Decrease
Occupancy	Increase	Decrease

Properties carried at purchase price

15 properties are carried at financial period end at purchase price (net of acquisition costs), all of which have been acquired by CEREIT in December 2018. These properties include two Italian office assets acquired on 5-Dec-18 for €36,025,000 and a portfolio of two Dutch and 11 Finish office assets acquired on 28-Dec-18 for €240,698,000. The transaction price was considered equal to the fair value of these properties as the sale and purchase agreements were entered into on an arms-length basis

between non-related parties. The purchase price was paid in cash to the sellers. Given the insignificant period lapsed from transaction date to financial period end, the Directors of the Managers considered the transaction price to remain the fair value of the properties at financial period end.

(e) Amounts recognised in profit and loss for investment properties

	CEREIT	
	Period from Listing 30-Nov-17 to 31-Dec-18 €'000	**Period from Constitution 28-Apr-17 to 31-Dec-18 €'000**
Gross revenue	135,286	142,126
Property operating expense	(45,106)	(46,955)
Net property income	**90,180**	**95,171**

(f) Non-cancellable operating lease receivable from investment property tenants

Investment properties are generally leased on long-term operating leases. Minimum lease payments under the non-cancellable operating leases of CEREIT's investment properties not recognised in the financial statements are receivable as follows:

	CEREIT As at 31-Dec-18 €'000
Within one year	181,838
After one year but within 5 years	457,246
After 5 years	106,203
Total non-cancellable operating lease receivable from investment property tenants	**745,287**

(g) Assets pledged as security

All of CEREIT's investment properties, except three Italian assets with a total fair value of €52,925,000, have been pledged as security for CEREIT's senior property level financing facilities. Refer to note 9 for further details.

Finance and Capital Structure

This section of the annual financial report provides further information on CEREIT's debt finance and associated costs, and CEREIT's capital.

Capital is defined as the combination of unitholders' equity, reserves and debt. The Board of Directors of the Manager are responsible for CEREIT's capital management strategy. Capital management is an integral part of CEREIT's risk management framework and seeks to safeguard CEREIT's ability to continue as a going concern while maximising unitholder value through optimising the level and use of capital resources and the mix of debt and equity funding. CEREIT's preferred portfolio gearing range is 35% - 38%.

9. BORROWINGS

Overview

CEREIT borrows funds from financial institutions to partly fund the acquisition of investment properties. A significant proportion of these borrowings are generally fixed either directly or using interest rate swaps/ options and/or caps and have a fixed term. This note provides information about CEREIT's debt facilities, including maturity dates, security provided and facility limits as well finance costs incurred in relation to these debt facilities.

	As at 31-Dec-18	
	CEREIT €'000	**Trust €'000**
Non-current		
Secured		
Loans – financial institutions	575,340	–
Unamortised transaction costs	(5,126)	–
Total secured borrowings	**570,214**	**–**
Unsecured		
Revolving credit facilities	22,825	22,825
Unamortised transaction costs	(1,306)	(1,306)
Total unsecured borrowings	**21,519**	**21,519**
Total borrowings	**591,733**	**21,519**

Accounting policy

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest rate method. Under this method, fees, costs, discounts and premiums directly related to the financial liability are spread over their expected life.

Borrowing costs incurred on funds borrowed for the construction of a property are capitalised, forming part of the construction cost of the asset. Capitalisation ceases upon practical completion of the property. Other borrowing costs are expensed.

(a) Borrowing details

Facility	Note	Secured	Maturity	31-Dec 2018 Facility €'000	Utilised €'000
France Light Industrial	(a)	Yes	Nov-20	50,000	50,000
Denmark Light Industrial	(b)	Yes	Nov-20	26,114	26,114
Pan-European Light Industrial	(c)	Yes	Mar-21	95,000	95,000
Dutch Office 1	(d)	Yes	Nov-20	57,500	57,500
Dutch Office 2	(e)	Yes	Dec-26	82,375	82,375
Italy	(f)	Yes	Nov-20	150,000	150,000
Finland	(g)	Yes	Dec-21	53,750	53,750
Dutch Office 3	(h)	Yes	Dec-21	60,601	60,601
Revolving Credit Facility	(i)	No	Jan-20	100,000	22,825
Total borrowing facilities				**675,340**	**598,165**

All 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.

(a) France Light Industrial

The France Industrial portfolio facility is secured over 11 French light industrial properties with an aggregate carrying amount of €137,300,000. Interest is payable quarterly in arrears at variable rates based on the EURIBOR 3 months swap rate (with a floor at zero) plus a loan margin. The EURIBOR 3 months swap rate at 31 Dec-18 was -0.31%.

(b) Denmark Light Industrial

The Denmark Industrial facility, which is denominated in Danish Krone is secured over 13 Danish light industrial properties with an aggregate carrying amount of €81,302,000. Interest is payable quarterly in arrears at variable rates based on the CIBOR 3 months swap rate plus a loan margin.

(c) Pan-European Light Industrial

The Pan-European Industrial facility is secured over 31 light industrial properties located in France, the Netherlands and Germany with an aggregate carrying amount of €375,250,000. Interest is payable quarterly in arrears at variable rates based on the EURIBOR 3 months swap rate plus a loan margin.

(d) Dutch Office 1

The Dutch Office 1 facility is secured over two Dutch office properties with an aggregate carrying amount of €176,900,000. Interest is payable quarterly in arrears at variable rates based on the EURIBOR 3 months swap rate plus a loan margin.

(e) *Dutch Office 2*

The Dutch Office 2 facility is secured over three Dutch office properties with an aggregate carrying amount of €226,100,000. Interest is payable quarterly in arrears at a fixed rate of 1.93% p.a.

(f) *Italy*

The Italy facility is secured against 14 Italian office and other type properties with an aggregate carrying amount of €404,200,000. Interest is payable quarterly in arrears variable rates based on the EURIBOR 3 months swap rate plus a loan margin. The Ivrea, Bari and Genoa properties acquired in 2018, are unencumbered and therefore are not subject to any security claims.

(g) *Finland*

The Finland facility is secured over 11 Finnish office properties with an aggregate carrying amount of € 113,120,000. Interest is payable quarterly in arrears at variable rates based on the EURIBOR 3 months swap rate plus a loan margin.

(h) *Dutch Office 3*

The Dutch Office 3 facility is secured over two Dutch office properties with an aggregate carrying amount of €127,578,000. Interest is payable quarterly in arrears at variable rates based on the EURIBOR 3 months swap rate plus a loan margin.

(i) *Revolving Credit Facility*

The RCF is unsecured and was put in place to provide CEREIT with additional financing flexibility, working capital and to support distribution payments in case of timing differences of distributions from European property SPVs.

(b) Net finance costs

	CEREIT	
	Period from Listing 30-Nov-17 to 31-Dec-18 €'000	**Period from Constitution 28-Apr-17 to 31-Dec-18 €'000**
Interest expense	9,166	10,542
Amortisation of debt issuance costs	2,788	3,025
Interest income	(27)	(27)
Total net finance costs	**11,927**	**13,540**

Information about CEREIT's exposure to interest rate changes is provided in note 12(c).

10. DERIVATIVE FINANCIAL INSTRUMENTS

Overview

CEREIT's derivative financial instruments consist of interest rate swap/options and interest rate cap contracts which are used to fix interest on floating rate borrowings ("interest rate hedge contracts") and form an integral part of CEREIT's interest rate risk management. This note provides for further details on CEREIT's interest rate hedging profile, details of expiries of interest rate hedge contracts as well as CEREIT's accounting policy for such contracts.

	As at 31-Dec-18	
	CEREIT €'000	**Trust €'000**
Non-current assets		
Interest rate cap contract	5	-
Current liabilities		
Interest rate swap contracts	271	-

Accounting policy

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value at balance date. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

CEREIT enters into interest rate swap and cap agreements that are used to convert certain variable interest rate borrowings to fixed interest rates. The derivatives are entered into with the objective of hedging the risk of adverse interest rate fluctuations. CEREIT has not elected to apply hedge accounting to this arrangement and changes in fair value are recognised immediately in profit or loss.

(a) Interest rate swap and cap contract expiry profile

At 31-Dec-18, the notional principal amounts and period of expiry of CEREIT's interest rate swap and cap contracts were as follows:

	CEREIT As at 31-Dec-18 €'000
Less than 1 year	246,222
1 – 2 years	50,000
2 – 3 years	47,373
3 – 4 years	–
4 years and longer	82,375
Total interest rate hedge contracts	**425,970**

(b) Debt hedging profile

Below table provides an overview of hedging of CEREIT's borrowings through interest rate cap and interest rate swap contracts:

	As at 31-Dec-18			
	Hedge contract notional €'000	Average strike rate %	Borrowing €'000	Percentage hedged %
Interest rate cap contracts	126,123	0.84%	154,873	81.4%
Interest rate swap contracts	299,847	0.05%	306,116	98.0%
Unhedged	–	–	137,176[1]	0.0%
Total	**425,970**	**0.28%**	**598,165**	**71.2%**

[1] Includes new borrowing facilities of €114,351,000 drawn down of 28-Dec-18 to partly fund the acquisition of 11 office asset in Finland and two office assets in the Netherlands (refer Finland and Dutch Office 3 facilities in note 9). Hedge contracts were taken out by CEREIT in relation to these facilities subsequent to period end to hedge 100% of the interest rate risk in relation to these facilities (refer to note 19 for further details). If these interest hedge contracts entered into subsequent to period end are taken into account 90.3% of CEREIT's debt drawn down at financial period end is hedged on a going forward basis with either interest rate cap or interest rate swap contracts.

The weighted average strike rate of interest rate swap contracts at financial period end was 0.05% and the weighted average cap on interest rate cap contracts was 0.84% with a fixed and capped weighted average of 0.28%.

11. CONTRIBUTED EQUITY

Overview

This note provides further details on units issued by CEREIT as at 31-Dec-18, units issuable at financial period end as well as rights attached to CEREIT units.

	CEREIT and Trust As at 31-Dec-18	
	No of units '000	Contributed equity €'000
Total contributed equity	**2,181,978**	**1,070,501**

Accounting policy

Units issued of the Trust are classified as equity forming part of Unitholders' funds. Incremental costs directly attributable to the issue of new units are shown in Unitholders' funds as a deduction from the proceeds.

Where any CEREIT company purchases CEREIT units, for example as the result of a unit buy-back, the consideration paid, including any directly attributable incremental costs is deducted from Unitholders' funds. Unit acquired under a unit buy-back program are cancelled immediately.

(a) Movements in contributed equity

The following reconciliation summarises the movements in contributed equity. Issues of a similar nature have been grouped and the issue price shown is the weighted average. Detailed information on each issue of units is publicly available via the SGXnet and CEREIT's webpage.

	CEREIT and Trust As at 31-Dec-18		
	Issue price € cents	**No of units '000**	**Contributed equity €'000**
Units issued prior Listing Date:			
Issue of units to Sponsor	55.0	183,934	101,164
Units on Issue at Listing Date		**183,934**	**101,164**
Units issued on Listing Date:			
Issue of Sponsor units	55.0	367,788	202,283
Issue of units under the Offering and to cornerstone investors	55.0	1,010,354	555,695
Acquisition fees paid in units	55.0	11,914	6,553
Units issued since Listing Date:			
Manager's base fee	58.0	3,304	1,916
Property manager's fee	58.0	3,850	2,233
Rights issue units	37.3	600,834	224,111
Unit issue costs	–	–	(23,454)
At 31-Dec-18		**2,181,978**	**1,070,501**

Unit issue costs comprise professional, advisory and underwriting fees and other costs related to the issue of units.

(b) Units issuable

	CEREIT and Trust As at 31-Dec-18 '000
Manager's base fee	3,603
Property manager's fee	4,198
Acquisition fee units – Finland and Netherlands acquisition on 28-Dec-18	4,833
Total units issuable	12,634
Units on issue	2,181,978
Total units issued and issuable	**2,194,612**

(c) Rights and restrictions relating to CEREIT units

The rights and interests of Unitholders are contained in CEREIT's trust deed and include the rights to:

- Entitlement to distributions determined in accordance with the trust deed;
- Participate in the termination of the Trust by receiving a share of the net proceeds of realisation among the Unitholders *pro rata* in accordance with the number of units held by the Unitholders and in accordance with the winding up procedures under the trust deed;
- Attend all Unitholder meetings with one vote per unit.

A Unitholder has no equitable or proprietary interest in the underlying assets of CEREIT and is not entitled to the transfer to it of any asset (or any part thereof). The Unitholders' liability is limited to the amount paid or payable for any units. The provisions of the trust deed provide that no Unitholder will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that liabilities of the Trust exceed its assets.

12. FINANCIAL RISK MANAGEMENT

Overview

CEREIT's activities expose it to a variety of financial risks which include credit risk, liquidity risk and market risk. This note provides information about the Manager's risk management strategy for CEREIT in relation to each of the above financial risks to which CEREIT is exposed to.

The Manager's overall risk management program focuses on managing these risks and seeks to minimise potential adverse effects on the financial performance of CEREIT. CEREIT uses derivative financial instruments such as interest rate derivatives to hedge certain risk exposures. The Manager seeks to deal only with creditworthy counterparties. Liquidity risk is monitored through the use of future rolling cash flow forecasts.

The Manager's management of treasury activities is centralised and governed by policies approved by the Directors who monitor the operating compliance and performance as required. CEREIT has policies for overall risk management as well as policies covering specific areas such as identifying risk exposure, analysing and deciding upon strategies, performance measurement, the segregation of duties and other controls around the treasury and cash management functions.

CEREIT and the Trust hold the following financial instruments:

	Type of financial instrument	As at 31-Dec-18 CEREIT €'000	Trust €'000
Financial assets			
Cash and cash equivalents	(1)	57,755	15,732
Receivables	(1)	38,129	40,586
Derivative financial instruments	(2)	5	–
Total financial assets		**95,889**	**56,318**
Financial liabilities			
Payables	(1)	44,299	77,200
Borrowings	(1)	591,733	21,519
Derivative financial instruments	(2)	271	–
Other liabilities – leasehold investment properties finance leases	(1)	5,084	–
Total financial liabilities		**641,387**	**98,719**

Type of financial instrument as per IFRS 7 – *Financial Instruments: Disclosures*
(1) At amortised cost
(2) At fair value through profit or loss

(a) Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations under a financial instrument and result in a financial loss to CEREIT. Credit risk arises from cash and cash equivalents and favourable derivative financial instruments with banks and financial institutions and receivables.

CEREIT manages this risk by:

- establishing credit limits for customers and managing exposure to individual entities;
- monitoring the credit quality of all financial assets in order to identify any potential adverse changes in credit quality;
- derivative counterparties and cash transactions, when utilised, are transacted with high credit quality financial institutions with a minimum rating of BBB-/Baa3;
- regularly monitoring receivables on an ongoing basis;
- Requiring tenants to pay deposits upon commencement of leases which may be retained if the tenant defaults on rent payments.

Impairment of financial assets

CEREIT financial assets that are subject to the expected credit loss model are trade receivables. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9 Financial Instruments, there was no identified impairments loss.

Rent and service charges from tenants are due and payable on invoice date with no credit terms provided mitigating largely any credit risk. Additionally, there are no significant concentrations of credit risk, whether through exposure to individual tenants, specific sectors or industries tenants operate in and/or regions.

For any rent receivables due to late payment of rent, CEREIT applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all rental receivables. To measure expected credit losses CEREIT has established an accounting policy that groups rental receivables based on days past due and applies a percentage of expected non-recoveries for each group of receivables. Following this, the level of tenant deposits held against possible non-recoveries is reviewed to identify possible credit losses to CEREIT.

As at financial period end expected credit losses from rental receivables are expected to be insignificant.

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash reserves and undrawn finance facilities to meet the ongoing operational requirements of the business. It is CEREIT's policy to maintain sufficient funds in cash and cash equivalents to meet expected near term operational requirements. The Manager prepares and monitors rolling forecasts of liquidity requirements on the basis of expected cash flow. The Manager monitors the maturity profile of borrowings and puts in place strategies designed to ensure that all maturing borrowings are refinanced in the required timeframes.

The contractual maturity of CEREIT's and the Trust's financial liabilities at balance date are shown in the table below. It shows undiscounted contractual cash flows required to discharge Cromwell's financial liabilities, including interest at current market rates.

	CEREIT				Trust			
	1 year or less €'000	1–3 years €'000	4 years or more €'000	Total €'000	1 year or less €'000	1–3 years €'000	4 years or more €'000	Total €'000
Payables	43,557	742	–	44,299	77,200	–	–	77,200
Borrowings	–	509,358	82,375	591,733	–	21,519	–	21,519
Derivative financial instruments	271	–	–	271	–	–	–	–
Other liabilities – leasehold investment properties finance leases	89	969	4,026	5,084	–	–	–	–
Total financial liabilities	**43,917**	**511,069**	**86,401**	**641,387**	**77,200**	**21,519**	**–**	**98,719**

(c) Market risk

Market risk is the risk that the fair value or future cash flows of Cromwell's financial instruments fluctuate due to market price changes. Cromwell is exposed to the following market risks:

- Cash flow and fair value interest rate risk; and
- Foreign exchange risk.

Interest rate risk

CEREIT's interest rate risk primarily arises from long-term borrowings. Borrowings issued at variable rates expose CEREIT to cash flow interest rate risk. Borrowings issued at fixed rates expose CEREIT to fair value interest rate risk. CEREIT's hedging arrangements are monitored on an ongoing basis by the Board of Directors which determine the appropriate level of hedging of CEREIT's borrowings. For the current hedging profile of CEREIT's borrowings refer to note 10(b).

Sensitivity analysis – interest rate risk

The table below details CEREIT's sensitivity to movements in the financial period end interest rates, based on the borrowings and interest rate derivatives held at balance date with all other variables held constant and assuming all CEREIT's borrowings and interest rate derivatives moved in correlation with the movement in financial period end interest rates.

	CEREIT	
	Impact on total return for period from Listing 30-Nov-17 to 31-Dec-18 €'000	**Impact on total return for period from Constitution 28-Apr-17 to 31-Dec-18 €'000**
Interest rates – increase by 100 basis points	3,472	3,306
Interest rates – decrease by 100 basis points	(3,941)	(3,775)

There would have been no impact on other equity balances.

Foreign exchange risk

CEREIT's foreign exchange risk primarily arises from its operations in non-Euro denominated countries. These include Denmark where CEREIT owns 13 light industrial assets and the functional currency is Danish Krona ("DKK"), and Singapore where the Trust is domiciled. While the Trust's functional currency is also Euro, the Trust makes payments to various suppliers and holds cash in Singapore Dollars (S$).

CEREIT's exposure to these foreign currency risk at the end of the financial period, expressed in Euro, was as follows:

	As at 31-Dec-18 DKK €'000	As at 31-Dec-18 S$ €'000
CEREIT		
Cash and cash equivalents	1,404	362
Receivables	167	–
Payables	(3,226)	–
Borrowings	(25,895)	–
Derivative financial instruments	(22)	–
Net exposure	**(27,572)**	**362**
Trust		
Cash and cash equivalents	–	362
Net exposure	**–**	**362**

Amounts recognised in profit or loss and other comprehensive income

	CEREIT Period from Listing 30-Nov-17 to 31-Dec-18 €'000
Amounts recognised in profit or loss	
Net foreign exchange gain	27
Amounts recognised in other comprehensive income	
Exchange difference on converting proceeds from issue of units	112

Sensitivity analysis – foreign exchange risk

CEREIT	Impact on total return for period from listing 30-Nov-17 to 31-Dec-18 DKK €'000	S$ €'000
Increase / (decrease) in total return if foreign currency strengthening 1% on Euro	70	4
Increase / (decrease) in Unitholders' funds if foreign currency strengthening 1% on Euro	375	4

The weakening of the foreign currencies to which CEREIT is exposed to by the same percentage would have had the equal but opposite effect on total return and Unitholders' funds.

(d) Fair value measurement of financial instruments

CEREIT uses a number of methods to determine the fair value of its financial instruments as described in IFRS 13 Fair Value Measurement. The methods comprise the following:

Level 1:	quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2:	inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
Level 3:	inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below presents CEREIT's financial assets and liabilities measured and carried at fair value at 31-Dec-18:

		CEREIT As at 31-Dec-18			
	Notes	**Level 1 €'000**	**Level 2 €'000**	**Level 3 €'000**	**Total €'000**
Financial assets at fair value					
Derivative financial instruments	10	–	5	–	5
Financial liabilities at fair value					
Derivative financial instruments	10	–	271	–	271

There were no transfers between the levels of the fair value hierarchy during the financial year.

Disclosed fair values

The fair values of derivative financial instruments (Level 2) are disclosed in the balance sheet.

The carrying amounts of receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of non-current variable interest-bearing borrowings approximate their fair values as they are floating rate instruments that are re-priced to market interest rate on or near balance sheet date.

Valuation techniques used to derive Level 2 fair values

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 2 financial assets and financial liabilities held by CEREIT include "Vanilla" fixed to floating interest rate swap and interest rate cap contracts (over-the-counter derivatives). The fair value of these derivatives has been determined using a pricing model based on discounted cash flow analysis which incorporates assumptions supported by observable market data at balance date including market expectations of future interest rates and discount rates adjusted for any specific features of the derivatives and counterparty or own credit risk. All counterparties to interest rate derivatives are European financial institutions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018

Group Structure

This section will provide information about the CEREIT group structure including information about controlled entities (subsidiaries), if applicable, business combination information relating to the acquisition of controlled entities.

13. CONTROLLED ENTITIES

Name	Country of registration	Equity holding %
Cromwell SG SPV 1 Pte. Ltd.	Singapore	100
Cromwell SG SPV 2 Pte. Ltd.	Singapore	100
Cromwell SG SPV 3 Pte. Ltd.	Singapore	100
Cromwell SG SPV 4 Pte. Ltd.	Singapore	100
Cromwell SG SPV 5 Pte. Ltd.	Singapore	100
Parc d'Activités 1 Luxembourg	Luxembourg	100
Cromwell EREIT Lux 2 S.à r.l.	Luxembourg	100
Cromwell EREIT Lux 3A S.à r.l.	Luxembourg	100
Cromwell EREIT Lux 3B S.a.r.l.	Luxembourg	100
Cromwell EREIT Lux 4 S.à r.l.	Luxembourg	100
Cromwell EREIT Lux 5 S.à r.l.	Luxembourg	100
PA Holdings Luxembourg S.à r.l.	Luxembourg	100
EHI Luxembourg S.à r.l.	Luxembourg	100
Cromwell European Cities Income Fund S.C.Sp.	Luxembourg	100
Cromwell European Cities Income Fund General Partner S.à r.l.	Luxembourg	100
CECIF Lux Holdco 1	Luxembourg	100
CECIF Lux Holdco 2	Luxembourg	100
CECIF Lux Bidco 1	Luxembourg	100
Arkońska PL Propco S.à r.l.	Luxembourg	100
Riverside PL Propco S.à r.l.	Luxembourg	100
Grojecka PL Propco S.à r.l.	Luxembourg	100
Moeder Teresalaan NL Propco S.à r.l.	Luxembourg	100
EHI CV1 UK Ltd	UK	100
EHI CV3 UK Ltd	UK	100
EHIF (Denmark) Ltd	UK	100
EHI Fund (Jersey) Ltd	Jersey	100
EHI Fund Germany Ltd	Jersey	100
EHI Fund 1 CV	Netherlands	100
Euroind Two CV	Netherlands	100
Euroind Three CV	Netherlands	100
EHI Fund GP (NED) B.V.	Netherlands	100
Yova Central Plaza B.V.	Netherlands	100
Yova Koningskade B.V.	Netherlands	100
Yova Ruyterkade B.V.	Netherlands	100
Yova Haagse Poort B.V.	Netherlands	100
Yova Blaak B.V.	Netherlands	100
Peacock Real Estate B.V.	Netherlands	100
EHI Fund Denmark ApS	Denmark	100
Cromwell Europa 1 AIF	Italy	100
Cromwell Europa 2 AIF	Italy	100
PA France S.à r.l	France	100
PA Pantin SAS	France	100
PA Osny SAS	France	100

Name	Country of registration	Equity holding %
PA Satrouville SAS	France	100
PA Villeneuve SAS	France	100
PA Acticlub Saint Thibault SCI	France	100
PA Aubervillers SCI	France	100
PA Aulnay SCI	France	100
PA La Courneuve SCI	France	100
PA Gennevillers SCI	France	100
PA St Thibault SCI	France	100
PA Urbaparc SCI	France	100
EHI France 1 Champs Sur Marne SCI	France	100
EHI France 4 Magny Les Hameaux SCI	France	100
EHI France 5 Saint Ouen (Parc des Docks) SCI	France	100
EHI France 8 Saint Genis Laval (Aqueducs) SCI	France	100
EHI France 9 Villepinte SCI	France	100
EHI France 11 Bar Le Duc SCI	France	100
EHI France 15 Gondreville SCI	France	100
EHI France 17 Saint Etienne SCI	France	100
EHI France 20 Vitry Sur Seine SCI	France	100
EHI France 22 Noisy Le Sec SCI	France	100
Myrrinraitti Holdco Oy	Finland	100
PKK 3 Holdco Oy	Finland	100
PKK 12 Holdco Oy	Finland	100
Plaza Forte Oy	Finland	100
Artemis Holdco Oy	Finland	100
Artemis Acquisition Finland Oy	Finland	100
Vioto Holdco Oy	Finland	100
Vioto Oy (OREC)	Finland	100
Koy Maki 3 (OREC)	Finland	100
Koy Kuopio 39 (OREC)	Finland	100
Liiketalo Myyrinraitti Oy (MREC)	Finland	94
Kiinteistö Oy Pakkalan Kartanonski 3 (MREC)	Finland	100
Kiinteistö Oy Pakkalan Kartanonski 12 (MREC)	Finland	100
Kiinteistö Oy Plaza Forte (MREC)	Finland	100
Kiinteistö Oy Plaza Allegro (MREC)	Finland	100
Kiinteistö Oy Plaza Vivace (MREC)	Finland	100
Kiinteistö Oy Opus 1 (MREC)	Finland	100
Yrityspuiston Autopaikat Oy	Finland	57

All of CEREIT's subsidiaries are holding entities or entities that hold CEREIT's investment properties.

Notes:

All of the above entities are audited by Deloitte and Touche LLP with the exception of PA Pantin SAS, PA Osny SAS, PA Satrouville SAS, PA Villeneuve SAS and EHI France 5 Saint-Ouen (Parc des Docks) SCI which are audited by PricewaterhouseCoopers Audit

Other Items

This section of the annual financial report provides information about individually significant items to the balance sheet or the income statement and items that are required to be disclosed by International Financial Reporting Standards, unrecognised items and the basis of preparation of the annual financial report.

14. OTHER RECEIVABLES AND PAYABLES

Overview

This note provides further information about material assets and liabilities that are incidental to CEREIT's and the Trust's trading activities, being receivables, loans receivable and payables.

(a) Receivables

	As at 31-Dec-18	
	CEREIT €'000	**Trust €'000**
Current		
Rental receivables	15,676	–
Deposits – property acquisitions	18,156	18,156
VAT and GST receivables	10,939	2,209
Other receivables	4,297	22,430
Prepayments	651	–
Total receivables – current	**49,719**	**42,795**
Non-current		
Other receivables	688	–
Total receivables – non-current	**688**	**–**

The deposit provided to vendors of pending property acquisitions by CEREIT were fully recovered upon completion of the acquisition of four French light industrial properties and three Polish office assets subsequent to financial period end. Refer to note 19 for further details.

Accounting policy

Trade and other receivables, including rental and service charge receivables are recognised initially at fair value and subsequently measured at amortised cost, less allowance for credit losses. Refer to note 12(a) for further information about CEREIT's impairment policies.

(b) Trade and other payables

	As at 31-Dec-18 CEREIT €'000	Trust €'000
Current		
Trade payables and accrued expenses	28,507	9,948
Vendor funding - lease incentives	2,436	–
Other payables	12,614	3,984
Payables to subsidiaries	–	63,268
Total payable – current	**43,557**	**77,200**
Non-current		
Vendor funding - lease incentives	742	–
Total payables – non-current	**742**	**–**

Accounting policy

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost. These amounts represent liabilities for goods and services provided to CEREIT prior to the end of the year and which are unpaid. The amounts are usually unsecured and paid within 30-60 days of recognition.

Vendor funding – lease incentives

As part of acquisitions of investment properties, the acquisition price of the properties is reduced for unpaid tenant incentives contracted for as at acquisition date. The purchase price reduction is recorded as payable on the balance sheet. The liability is transferred to profit or loss as and when the respective tenant incentives are paid or taken.

15. OTHER LIABILITIES

	As at 31-Dec-18 CEREIT €'000	Trust €'000
Current		
Tenant security deposits	9,239	–
Rent in advance	18,571	–
Other liabilities	3,089	–
Total other current liabilities	**30,899**	**–**
Non-current		
Other liabilities	5,229	–
Total payables – non-current	**5,229**	**–**

Accounting policy

Tenant security deposits

Tenant security deposits are recognised at the fair value of the amount received within other current liabilities on the balance sheet. The liability is derecognised upon returning the deposit to the tenant at the end of the tenancy or transferred to profit or loss to the extent of rent owed when it has been established that a tenant will default on its rental payment obligations.

Rent in advance

Rent in advance represent rental payments received in advance of due date from tenants. Rent in advance is recognised within other current liabilities on the balance sheet. The liabilities is transferred to rental income within profit or loss as and when the service of providing lettable space to a tenant is provided.

16. CASH FLOW INFORMATION

Overview

This note provides further information about non-cash transactions, the cash accounting policy as well as a reconciliation of net debt.

Accounting policy

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(a) Non-cash transactions

	CEREIT €'000	Trust €'000
Transactions prior to Listing Date:		
Units issued for acquisition of investment property/subsidiaries	101,164	101,164
Transactions since Listing Date:		
Units issued in lieu of acquisition fees	6,553	6,553
Units issued in lieu of base management fees and property management fees	4,149	4,149
Total non-cash transactions	**111,866**	**111,866**

(b) Net debt reconciliation

Net debt

	As at 31-Dec-18 CEREIT €'000	Trust €'000
Cash and cash equivalents	57,755	15,732
Gross borrowings – non-current (variable interest rates)	(598,165)	(22,825)
Net debt	**(540,410)**	**(7,093)**

Movements in net debt

CEREIT	Cash and cash equivalents €'000	Borrowings – current €'000	Borrowings – non-current €'000	Net debt €'000
Balance at date of Constitution	–	–	–	–
Cash and borrowings acquired	10,631	(37,100)	(82,375)	(108,844)
Cash flows	2,137	–	–	2,137
Balance at Listing Date	**12,768**	**(37,100)**	**(82,375)**	**(106,707)**
Cash and borrowings acquired	42,168	–	(302,267)	(260,099)
Cash flows	2,819	37,100	(213,620)	(173,701)
Foreign currency movement	–	–	97	97
Net debt at 31-Dec-18	**57,755**	**–**	**(598,165)**	**(540,410)**

17. RELATED PARTIES

Overview

Related parties are persons or entities that are related to CEREIT as defined by IAS 24 Related Party Disclosures. These include directors and their close family members and any entities they control as well as subsidiaries, the Manager Cromwell EREIT Management Pte. Ltd., the Manager's parent entity Cromwell Corporation Limited ("CCL") and all subsidiaries and associates of CCL. They also include entities which are considered to have significant influence over CCL.

Related parties include all entities that are defined as Interested Persons under the SGX-ST Listing Manual or Interested Parties under the Code of CIS.

This note provides information about transactions with related parties during the financial period. All of CEREIT's transactions with related parties are on normal commercial terms and conditions and at market rates.

(a) IPO transactions

At CEREIT's Initial Public Offering ("IPO") on 30-Nov-17 CEREIT acquired entities that were managed by subsidiaries of the Cromwell Property Group for third party investors. These entities held 57 properties of CEREIT's current investment property portfolio. The purchase price for these properties was €695,843,000. Due to the related party nature of the transaction, two independent valuations were obtained for each of the properties involved in the transactions. The appraised value of these properties was €733,860,000.

CEREIT paid €387,314,000 reflecting the net asset value of the entities acquired that held the portfolio of 57 properties as described above.

The Manager received an acquisition fee of €6,553,000 for all IPO property acquisitions which included the transactions above. The Manager received 11,914,000 CEREIT units in satisfaction of the acquisition fee payable.

(b) Rights Issue transaction – new properties

On 30-Oct-18 CEREIT announced its intention to acquire 16 properties (new properties) located in Finland, the Netherlands and Poland for an aggregate purchase price of €312,548,000. These properties were managed by subsidiaries of CCL on behalf of a third-party investor. Due to the related party nature of the transaction, two independent valuations were obtained for each of the properties involved in the transactions. The appraised value of these properties was €322,340,000. Unitholder approval was sought on the transaction with an Extraordinary General Meeting ("EGM") held on 15-Nov-18. CEREIT received 99.84% approval for the transaction of the votes cast at the EGM.

The acquisition of the Finland and Netherlands assets closed on 28-Dec-18 while the acquisition of the Poland assets closed subsequent to period end on 14 February 2019 (refer note 19). CEREIT paid in total €243,298,000 reflecting the preliminary net asset value of the entities in which the properties were held and the acquisition price of one Dutch property that was acquired separately as an asset acquisition.

An acquisition fee of €2,407,000 was payable to the Manager at financial period end. The acquisition fee payable was satisfied through the issue of 4,833,000 CEREIT units on 4 March 2019.

(c) Other related party transactions

The Trustee, Manager, and the Property Manager, which is 100% controlled by CCL, received various management fees during the financial period. Details of the fees paid/payable have been disclosed in note 3 to the financial statements.

A total of €8,042,000 remains payable at financial period end (excluding the acquisition fee payable described in note (b) above).

18. UNRECOGNISED ITEMS

Overview

Items that have not been recognised on CEREIT's balance sheet include contractual commitments for future expenditure and contingent liabilities if applicable, which are not sufficiently certain to qualify for recognition as a liability on the balance sheet. This note provides details of any such items. Additionally, disclosure is also made of any other material contractual arrangements that may result in future cash outflows.

(a) Capital expenditure commitments

Commitments in relation to capital expenditure contracted for at reporting date but not recognised as a liability are as follows:

	As at 31-Dec-18	
	CEREIT	**Trust**
	€'000	**€'000**
Investment properties	8,318	–

(b) Other – certain earn-out agreements in relation to Italian properties

Upon acquisition of certain Italian properties earn-out agreements have been negotiated with the vendor of the properties whereby CEREIT may be required to make further payments if certain lease outcomes are achieved in the future. As the signing of leases is solely at the discretion of the Manager such arrangements are neither recognised as a liability on the balance sheet nor is it considered to be contingent liability as no contractual obligation exists.

The maximum amount payable under the earn-out agreements is €15,830,000.

Accounting policy

Contingent consideration – acquisition of investment properties

CEREIT applies the cost accumulation model, whereby contingent consideration for the acquisition of investment property is not taken into account on initial recognition of an investment property. The contingent consideration is added to the cost initially recorded as and when incurred.

19. SUBSEQUENT EVENTS

(a) Acquisition of four light industrial assets in France

On 23-Jan-19 CEREIT acquired three light industrial properties in France at a cost of €21,400,000 through the acquisition of all the shares of Challenger DPG France SAS which holds the properties. The acquisition was funded by an increase in the French Light Industrial facility by €16,000,000 and proceeds from the Right Issue that closed on 21-Dec-18. A fourth light industrial property located in France was acquired on 14-Feb-19 for a cost of €6,800,000 also funded from Rights Issue Proceeds.

(b) Acquisition of three office assets in Poland

On 8-Feb-19 CEREIT also completed the acquisition of the remaining three office assets located in Poland of the proposed portfolio acquisition announced on 30-Oct-18 (refer note 17(b)). The total cost of the acquisition was €71,850,000. The acquisition was funded from Rights Issue proceeds and a new debt facility of €34,129,000. The transaction was subject to Polish VAT at 23% of the purchase price for a total of €16,525,000. The VAT was funded through a short-term debt facility. The VAT is expected to be returned prior to financial year end 2019, including repayment of the short-term VAT debt facility.

(c) New interest rate hedging contracts

Subsequent to financial period end, CEREIT entered into various interest rate hedging contracts to 100% hedge the Finland and Dutch Office 3 facilities as well as the new Polish facility described in (b) above. The interest rate hedge contracts include a combination of interest rate cap and swap contracts.

20. FINANCIAL RATIOS

	CEREIT Period from Listing 30-Nov-17 to 31-Dec-18 %
Ratio of expenses to weighted average net assets[1]	
Including performance component of the Manager's management fees	0.87
Excluding performance component of the Manager's management fees	0.87
Portfolio turnover rate[2]	–

[1] The annualised ratios are computed in accordance with the guidelines of the Investment Management Association of Singapore ("IMAS"). The expenses used in the computation relate to expenses of CEREIT, excluding property expenses, finance expenses, net foreign exchange differences and income tax expense. CEREIT did not pay any performance fee for the financial period.

[2] The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of CEREIT expressed as percentage of average net asset value in accordance with the formulae stated in the CIS.

21. BASIS OF PREPARATION AND OTHER ACCOUNTING POLICIES

Overview

This note provides an overview of CEREIT's accounting policies that relate to the preparation of the financial report as a whole and do not relate to specific items. Accounting policies for specific items in the balance sheet or statement of comprehensive income have been included in the respective note.

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") and interpretations adopted by the International Accounting Standards Board. The financial report also complies with applicable requirements of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore ("MAS") and the provisions of the trust deed.

The financial statements have been authorised for issue on 22-Mar-19.

Financial Periods

Prior to Listing Date, CEREIT was a private Singapore Trust, wholly owned by the Cromwell Property Group. The total return during the period prior Listing Date does not from part of distributable income to which Unitholders are entitled to. In accordance with IFRS and the trust deed the consolidated financial statements have been prepared for the financial period from the date of Constitution of CEREIT on 28-Apr-17 to 31-Dec-18. For the benefit of the users these consolidated financial statements also presents the period from Listing Date to 31-Dec-18, where applicable, to provide the users of the consolidated financial statements with relevant financial information.

Accordingly, no comparative financial information is presented for these consolidated financial statements.

Historical cost convention

The financial report is prepared on the historical cost basis except for the following:

- investment properties are measured at fair value;
- derivative financial instruments are measured at fair value.

(b) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries as at 31-Dec-18 and the results of all subsidiaries for the financial period then ended. Subsidiaries are entities controlled by the Trust. Control exists when the Trust is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The acquisition method of accounting is used to account for business combinations by CEREIT. Inter-entity transactions, balances and unrealised gains on transactions between CEREIT entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by CEREIT.

A business for business combination purposes is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities.

Entities acquired, that do not meet the definition of a business are accounted for as acquisition of an asset or a group of assets. This is generally the case if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets such as investment properties.

Investments in subsidiaries are accounted for at cost in the individual financial statements of the Trust. A list of subsidiaries appears in note 13 to the consolidated financial statements.

(c) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of CEREIT's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Euro, which is the Trust's and CEREIT's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income, except when they are attributable to part of the net investment in a foreign operation. Foreign exchange gains and losses that relate to borrowings are presented in the income statement, within finance costs. All other foreign exchange gains and losses are presented in the income statement on a net basis.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(d) Impairment of assets

At each reporting date, and whenever events or changes in circumstances occur, CEREIT assesses whether there is any indication that any other asset may be impaired. Where an indicator of impairment exists, CEREIT makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Assets other than goodwill that suffer impairment are reviewed for possible reversal of the impairment at each reporting date.

(e) Critical accounting estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical or professional experience and other factors such as expectations about future events. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The areas that involved a higher degree of judgement or complexity and may need material adjustment if estimates and assumptions made in preparation of these financial statements are incorrect are:

Area of estimation	Note
Measurement of deferred tax liabilities	7
Fair value of investment properties	8
Fair value of derivative financial instruments	10

Preliminary acquisition accounting – Finland and Netherlands acquisitions

On 28-Dec-18 CEREIT acquired two Dutch office assets and 11 Finnish office assets (refer note 8(c)). One of the Dutch office assets and all Finnish assets were acquired through the acquisition of all shares of the entities in which the properties were held. As at the date of this report the final net asset value of the entities acquired had not yet been determined and have therefore been accounted for based on preliminary net asset values. The only material asset held by these entities are the investment properties with the remainder of the remaining net asset value consisting of working capital. Therefore, it is not expected that the final net asset value of these entities will be materially different from the preliminary net asset values.

(g) New accounting standards and interpretations

(i) New and amended standards adopted

CEREIT has early adopted, from the date of Constitution the new International Financial Reporting Standards ("IFRS") IFRS 9 Financial Instruments, IFRS 15 Revenue from Contracts with Customers and revised IFRS (including consequential amendments) and interpretations that are effective for annual financial periods beginning 1-Jan-18.

(ii) New standards and interpretations not yet adopted

Relevant accounting standards and interpretations that have been issued or amended but are not yet effective and have not been adopted for the year are as follows:

	Application date of Standard	Application date for CEREIT
IFRS 16 *Leases*	1-Jan-19	1-Jan-19

IFRS 16 Leases

The IASB has issued a new standard for leases. This will replace IAS 17 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 with depreciation charged on a straight-line basis over the lease term.

Accounting as lessor

The Directors have performed an initial assessment of the new requirements of IFRS 16 in respect of CEREIT as a lessor and found that there will be no significant impact on CEREIT and its operating lease arrangements except for a change in the definition of a lease period, which will include renewal options if they are likely to be exercised, which may affect straight-line rent recognised for such leases.

The impact on CEREIT's financial statements is not expected to be significant.

Further IFRS 16 will require more extensive disclosures to be provided by lessors.
CEREIT will adopt the IFRS as at 1-Jan-19.

ADDITIONAL INFORMATION

INTERESTED PERSON TRANSACTIONS

Transactions entered into with interested persons during the Financial Period falling under the SGX-ST Listing Rules and the Property Funds Appendix of the CIS (excluding transactions of less than $100,000 each) are as follows:

Name of interested party	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under unitholders' mandate pursuant to Rule 920 of the SGX-ST Listing Rules) €'000	Aggregate value of all interested person transactions conducted under unitholders' mandate pursuant to Rule 920 of the SGX-ST Listing Rules (excluding transactions less than $100,000) €'000
Cromwell Property Group and its related companies		
Acquisition fees	9,489[1]	–
Base management fees	3,640	–
Property & portfolio management fees	10,604	–
Leasing fees	871	–
Project management fees	146	–
Property acquisition	312,600[2]	–
Perpetual (Asia) Limited and its related companies		
Trustee fees	178	–

Notes:

[1] Acquisition fee of 1.0% on the purchase price of investment properties acquired by CEREIT during the Financial Period (including in respect of the properties acquired at IPO).

[2] Based on the purchase price of the acquisitions of 16 properties in The Netherlands, Finland and Poland which were contracted during the Financial Period and for which Unitholder approval was sought and received on 12 November 2018..

Saved as disclosed above, there were no additional interested person transactions (excluding transactions of less than $100,000 each) entered into up to and including 31 December 2018 nor any material contracts entered by CEREIT or any of its subsidiaries that involve the interests of the CEO, any Directors or any controlling Unitholder of the Trust.

Please also see the Related Party Note 17 in the financial statements.

The acquisition fees, base management fees and trustee fees payable by CEREIT under the Trust Deed, and the acquisition fees, property and portfolio management fees, leasing fees and project management fees payable by CEREIT under the master Master Property and Portfolio Management Agreement entered into on 22 November 2017, each of which constitutes a Related Party Transaction, are deemed to have been specifically approved by the Unitholders upon subscription for the Units and are therefore not subject to Rules 905 and 906 of the Listing Manual to the extent that specific information on these agreements have been disclosed in the Prospectus and there is no subsequent change to the rates and/or bases of the fees charged thereunder which will adversely affect CEREIT.

STATISTICS OF UNITHOLDINGS

AS AT 13 MARCH 2019

Issued and Fully Paid Units: 2,194,613,274

Voting rights: 1 vote per Unit. There is only one class of Units in CEREIT.

Market capitalisation is €1,086 million based on the market closing price of €0.495 on 13 March 2019.

As at 13 March 2019, there are no treasury units held by CEREIT or the Manager.

SUBSTANTIAL UNITHOLDERS AS AT 13 MARCH 2019

Based on the Register of Substantial Unitholders' Unitholdings, the interests of Substantial Unitholders in Units are as follows:

	Direct Interest	%	Deemed Interest	%
Cromwell Property Group[(1)]	–	–	782,316,217	35.65
Cromwell Singapore Holdings Pte. Ltd.	751,439,282	34.24	–	–
CDPT Finance No.2 Pty Ltd[(2)]	–	–	751,439,282	34.24
Cromwell Property Securities Limited (as Responsible Entity for Cromwell Diversified Property Trust)[(2)]	–	–	751,439,282	34.24
Mr Gordon Tang and Mrs Celine Tang[(3)]	366,089,780	16.68	–	–
Hillsboro Capital, Ltd	250,911,600	11.43	–	–
Mr Andrew L. Tan[(4)]	–	–	327,834,600	14.94
UBS Group AG[(5)]	–	–	144,709,374	6.59
UBS AG[(6)]	1,916,446	0.09	142,792,928	6.50

Notes:

(1) Cromwell Singapore Holdings Pte. Ltd. ("CSHPL") is a wholly-owned subsidiary of CDPT Finance No. 2 Pty Ltd., which is in turn a wholly-owned subsidiary of Cromwell BT Pty Ltd (as custodian (aka bare trustee) for Cromwell Property Securities Limited as responsible entity for Cromwell Diversified Property Trust ("CDPT"). CDPT is part of Cromwell Property Group which is a stapled entity comprising Cromwell Corporation Limited and CDPT. Accordingly, Cromwell Property Group is deemed to be interested in CSHPL's interests in the Units. Additionally, Cromwell EREIT Management Pte. Ltd. (the "Manager") which holds 22,828,581 Units, is a wholly-owned subsidiary of Cromwell Corporation Limited. Cromwell CEREIT Holdings Limited which holds 8,048,354 Units, is a wholly-owned subsidiary of Cromwell Europe Limited, which is in turn a wholly-owned subsidiary of Cromwell European Holdings Limited, which is in turn a wholly-owned subsidiary of Cromwell Corporation Limited. As such, Cromwell Property Group is also deemed to be interested in Cromwell Corporation Limited's deemed interests in the Units held by the Manager and Cromwell CEREIT Holdings Limited.

(2) CSHPL is a wholly-owned subsidiary of CDPT Finance No. 2 Pty Ltd., which is in turn a wholly-owned subsidiary of Cromwell BT Pty Ltd (as custodian (aka bare trustee) for Cromwell Property Securities Limited as responsible entity for Cromwell Diversified Property Trust ("CDPT"). CDPT is part of Cromwell Property Group which is a stapled group comprising Cromwell Corporation Limited and CDPT. Accordingly, CDPT Finance No. 2 Pty Ltd. and Cromwell Property Securities Limited, respectively, are deemed to be interested in CSHPL's interests in the Units.

(3) The Units are held by joint account of Mr. Gordon Tang and Mrs. Celine Tang. Mr. Gordon Tang is the spouse of Mrs. Celine Tang.

(4) Mr Andrew L. Tan is the beneficial owner of 327,834,600 units held through Hillsboro Capital, Ltd. and Worldwide Property Financing Limited.

(5) Deemed interests arising by virtue of (a) UBS Group AG having an interest, or (b) Section 7(4) or 7(4A) of Companies Act, Chapter 50 of Singapore in Units over which subsidiaries/affiliates of UBS Group AG have an interest, by reason of the ability to exercise voting discretion and to acquire/dispose of Units.

(6) Deemed interests arising by virtue of (a) UBS AG having an interest, or (b) Section 7(4) or 7(4A) of the Companies Act, Chapter 50 of Singapore in Units over which subsidiaries/affiliates of UBS AG have an interest, by reason of the ability to exercise voting discretion and to acquire/dispose of Units.

STATISTICS OF UNITHOLDINGS

DISTRIBUTION OF UNITHOLDINGS AS AT 13 MARCH 2019

Size of Unitholdings	No. of Unitholders	%	No. of Units	%
1 - 99	0	0.00	0	0.00
100 - 1,000	175	7.49	161,938	0.01
1,001 - 10,000	783	33.49	4,170,190	0.19
10,001 - 1,000,000	1,362	58.25	55,948,473	2.55
1,000,001 and above	18	0.77	2,134,332,673	97.25
Total	**2,338**	**100.00**	**2,194,613,274**	**100.00**

TWENTY LARGEST UNITHOLDERS AS AT 13 MARCH 2019

	Name	No. of Units	%
1	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	786,906,783	35.86
2	CITIBANK NOMINEES SINGAPORE PTE LTD	646,811,351	29.47
3	DBS NOMINEES (PRIVATE) LIMITED	428,771,032	19.54
4	RAFFLES NOMINEES (PTE.) LIMITED	171,689,972	7.82
5	HSBC (SINGAPORE) NOMINEES PTE LTD	32,112,672	1.46
6	DBSN SERVICES PTE. LTD.	22,984,900	1.05
7	DB NOMINEES (SINGAPORE) PTE LTD	19,379,575	0.88
8	EUCO INVESTMENTS PTE LTD	4,000,000	0.18
9	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	3,996,962	0.18
10	PHILLIP SECURITIES PTE LTD	3,301,636	0.15
11	MAYBANK KIM ENG SECURITIES PTE. LTD.	3,031,222	0.14
12	ABN AMRO CLEARING BANK N.V.	2,321,900	0.11
13	BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	2,207,196	0.10
14	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	1,684,550	0.08
15	MERRILL LYNCH (SINGAPORE) PTE. LTD.	1,518,122	0.07
16	ATMA SINGH S/O NAND SINGH	1,408,200	0.06
17	KAILAS VEERESH LINGAM	1,150,000	0.05
18	BPSS NOMINEES SINGAPORE (PTE.) LTD.	1,056,600	0.05
19	KHOO TENG HUAT	853,000	0.04
20	LIEW CHEE KONG	810,000	0.04
	Total	**2,135,995,673**	**97.33**

STATISTICS OF UNITHOLDINGS

DIRECTORS' INTERESTS IN UNITS AS AT 21 JANUARY 2019

Based on the Register of Directors' Unitholdings, the interests of the Directors in Units are as follows:

	No. of Units			
Name of Director	**Direct Interest**	**%**	**Deemed Interest**	**%**
Lim Swe Guan	547,032	0.02	–	–
Paul Weightman	–	–	–	–
Christian Delaire	–	–	–	–
Fang Ai Lian	–	–	–	–
Simon Garing	–	–	–	–

PUBLIC HOLDINGS AS AT 13 MARCH 2019

Percentage of Issued Units Held by the Public

Based on the information available, approximately 26.1% of the issued Units in CEREIT is held by the public as at 13 March 2019 and therefore, pursuant to Rules 1207 and 723 of the Listing Manual of the SGX-ST, it is confirmed that at least 10% of the issued Units in CEREIT is held by the public. Accordingly, Rule 723 of the Listing Manual of the SGX-ST has been complied with.

Percentage of Issued Units Held by the Parties not Related to the Sponsor

Mr Gordon Tang, Mrs Celine Tang, Hillsboro Capital, Ltd and UBS AG hold more than 5 % of the issued Units and are substantial Unitholders, however, they are not related to Cromwell Property Group, the Sponsor of CEREIT. As such, approximately 64.35% of the issued Units in CEREIT are held by parties not related to the Sponsor (i.e. the public and unrelated substantial Unitholders such as Mr Gordon Tang, Mrs Celine Tang, Hillsboro Capital Ltd and UBS AG as at 13 March 2019.

NOTICE OF ANNUAL GENERAL MEETING

CROMWELL EUROPEAN REAL ESTATE INVESTMENT TRUST

(a real estate investment trust constituted on 28 April 2017 under the laws of the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of the holders of units of Cromwell European Real Estate Investment Trust ("**CEREIT**", and the holders of units of CEREIT, "**Unitholders**") will be held at Stephen Riady Auditorium @ NTUC Centre, Level 7 One Marina Boulevard, Singapore 018989 on Monday, 29 April 2019 at 10:00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Report of Perpetual (Asia) Limited, as trustee of CEREIT (the "**Trustee**"), the Statement by Cromwell EREIT Management Pte. Ltd., as manager of CEREIT (the "**Manager**"), and the Audited Financial Statements of CEREIT for the financial period ended 31 December 2018 and the Auditors' Report thereon. — Ordinary Resolution 1

2. To re-appoint Deloitte & Touche LLP as Auditors of CEREIT to hold office until the conclusion of the next AGM of CEREIT, and to authorise the Manager to fix their remuneration. — Ordinary Resolution 2

SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without any modifications, the following resolutions:

3. That authority be and is hereby given to the Manager to: — Ordinary Resolution 3

   (a) (i) issue units in CEREIT ("**Units**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may in its absolute discretion deem fit; and

   (b) issue Units in pursuance of any Instrument made or granted by the Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued), provided that:

(1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent. (50.0%) of the total number of issued Units (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a *pro rata* basis to Unitholders (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed twenty per cent. (20.0%) of the total number of issued Units (as calculated in accordance with sub-paragraph (2) below);

(2) subject to such manner of calculation as may be prescribed by Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (1) above, the total number of issued Units shall be based on the total number of issued Units at the time this Resolution is passed, after adjusting for:

(a) any new Units arising from the conversion or exercise of any convertible securities or options which are outstanding or subsisting at the time this Resolution is passed; and

(b) any subsequent bonus issue, consolidation or subdivision of Units;

(3) in exercising the authority conferred by this Resolution, the Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the trust deed dated 28 April 2017 constituting CEREIT (as amended) (the "**Trust Deed**") for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);

(4) (unless revoked or varied by the Unitholders in a general meeting) the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next annual general meeting of CEREIT or (ii) the date by which the next annual general meeting of CEREIT is required by applicable laws and regulations or the Trust Deed to be held, whichever is the earlier;

(5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted in the event of rights, bonus or other capitalisation issues or any other events, the Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and

(6) the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interests of CEREIT to give effect to the authority conferred by this Resolution.

(Please see Explanatory Note)

BY ORDER OF THE BOARD
CROMWELL EREIT MANAGEMENT PTE. LTD.
(Registration Number: 201702701N)
as manager of **Cromwell European Real Estate Investment Trust**

SIMON GARING
Chief Executive Officer and Executive Director

Singapore
11 April 2019

EXPLANATORY NOTE:

Ordinary Resolution 3

Ordinary Resolution 3, if passed, will empower the Manager to issue Units and to make or grant Instruments and to issue Units in pursuance of such Instruments from the date of the AGM of CEREIT until (i) the conclusion of the next annual general meeting of CEREIT or (ii) the date by which the next annual general meeting of CEREIT is required by applicable laws and regulations or the Trust Deed to be held, whichever is the earlier, unless such authority is earlier revoked or varied by the Unitholders in a general meeting. The aggregate number of Units which the Manager may issue (including Units to be issued pursuant to Instruments) under this Resolution must not exceed fifty per cent. (50.0%) of the total number of issued Units with a sub-limit of twenty per cent. (20.0%) for issues other than on a *pro rata* basis to Unitholders.

For the purpose of determining the aggregate number of Units that may be issued, the total number of issued Units will be based on the total number of issued Units at the time Ordinary Resolution 3 is passed, after adjusting for (i) new Units arising from the conversion or exercise of any convertible securities or options which are outstanding or subsisting at the time this Resolution is passed and (ii) any subsequent bonus issue, consolidation or subdivision of Units.

Fund raising by issuance of new Units may be required in instances of property acquisitions or debt repayments. In any event, if the approval of Unitholders is required under the Listing Manual of the SGX-ST and the Trust Deed or any applicable laws and regulations, in such instances, the Manager will then obtain the approval of Unitholders accordingly.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. (a) A Unitholder who is not a relevant intermediary (as defined below) is entitled to appoint not more than two proxies to attend, speak and vote at the AGM. Where such Unitholder's Proxy Form appoints more than one proxy, the proportion of the unitholding concerned to be represented by each proxy shall be specified in the Proxy Form.

   (b) A Unitholder who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder's Proxy Form appoints more than one proxy, the number of Units in relation to which each proxy has been appointed shall be specified in the Proxy Form.

   "**relevant intermediary**" means:

   (i) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;

   (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds Units in that capacity; or

   (iii) the Central Provident Fund Board ("CPF Board") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

2. A proxy need not be a Unitholder.

3. The Proxy Form must be deposited at the office of CEREIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 no later than 26 April 2019 at 10 a.m., being 72 hours before the time appointed for holding the AGM.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM of CEREIT and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by the Manager and the Trustee (or their agents) for the purpose of the processing and administration by the Manager and the Trustee (or their agents) of proxies and representatives appointed for the AGM of CEREIT (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM of CEREIT (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to the Manager and the Trustee (or their agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Manager and the Trustee (or their agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify the Manager and the Trustee in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

This page has been intentionally left blank.

This page has been intentionally left blank.

This page has been intentionally left blank.

Cromwell EREIT Management Pte. Ltd.
50 Collyer Quay
#07-02 OUE Bayfront
Singapore 049321