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Cromwell European Real Estate Investment Trust ("CEREIT")

Unaudited Financial Statements Announcement for the First Quarter from 1 January 2019 to 31 March 2019 ("1Q 2019")

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DBS Bank Ltd., Goldman Sachs (Singapore) Pte. and UBS AG, Singapore Branch are the Joint Issue Managers to the initial public offering of CEREIT (the "Offering"). DBS Bank Ltd., Goldman Sachs (Singapore) Pte. and UBS AG, Singapore Branch are the Joint Global Coordinators to the Offering. DBS Bank Ltd., Goldman Sachs (Singapore) Pte., UBS AG, Singapore Branch, Daiwa Capital Markets Singapore Limited and CSLA Singapore Pte Ltd are the Joint Bookrunners and Underwriters to the Offering.

Introduction

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

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

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

The initial IPO portfolio consisted of 74 properties across Europe. In June 2018, CEREIT acquired an office asset in Italy. In December 2018, CEREIT completed the acquisition of 15 office assets in Italy, the Netherlands and Finland. The subsequent acquisitions of 4 light industrial assets in France and 3 office assets in Poland were completed during January to February 2019.

As at 31 March 2019, CEREIT's portfolio of real estate assets consists of 97 properties located in France, Italy, the Netherlands, Germany, Denmark, Finland and Poland with an aggregate lettable area of approximately 1.4 million square metres.

	No. of properties	Lettable Area (sqm)	Valuation(1) (€'000)	Valuation (%)
Office				
The Netherlands	7	177,891	530,578	30%
Italy	11	129,762	305,525	17%
Finland	11	61,980	113,120	6%
Poland	3	34,361	71,850	4%
Total	**32**	**403,994**	**1,021,073**	**57%**
Light Industrial				
The Netherlands	10	82,314	77,350	4%
France	25	370,067	349,800	19%
Germany	11	166,738	113,600	6%
Denmark	13	151,491	81,302	5%
Italy	1	29,638	12,550	1%
Total	**60**	**800,248**	**634,602**	**35%**
Other(2)				
Italy	5	176,577	139,050	8%
Total Portfolio	**97**	**1,380,819**	**1,794,725**	**100%**

(1) Valuation is based on independent valuations conducted on the initial 75 properties by Colliers and Cushman Wakefield as at 31 December and the remaining 22 properties are carried at purchase price which has been assessed by Directors of the Manager as their fair values.

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

CEREIT Results Overview

CEREIT's 1Q 2019 distributable income rises €6.0 million. CEREIT remains on track to deliver IPO Forecast DPU for FY2019.

	Year-on-Year Comparison			Actual vs IPO Forecast[1]		
	Actual 1Q 2019 €'000	Actual 1Q 2018 €'000	Variance %	**Actual 1Q 2019 €'000**	IPO Forecast 1Q 2019 €'000	Variance %
Gross revenue	**39,951**	30,335	31.7%	**39,951**	31,047	28.7%
Net property income	**26,419**	19,751	33.8%	**26,419**	20,384	29.6%
Total return for the period attributable to Unitholders	**15,475**	52,952	(70.8%)	**15,475**	14,949	3.5%
Income available for distribution to Unitholders	**22,394**	16,363	36.9%	**22,394**	16,929	32.3%
Distribution per Unit ("DPU") (cpu)						
- For the period[2]	**1.02**	0.96	6.3%	**1.02**	0.97	5.2%
- Annualised [3]	**4.08**	3.75	8.8%	**4.08**	4.02	1.5%

(1) "IPO forecast" refers to the interpolation of this projection for the relevant period.
(2) 1Q 2018 DPU is restated to reflect the bonus element in the new units issued pursuant to the rights issue in December 2018.
(3) The IPO Forecast DPU for FY2019 was 4.40 cpu. Taking into account the new units issued in December 2018 (in accordance with paragraph 46 of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts"), the adjusted FY2019 DPU is 4.02 cpu. 1Q 2019 IPO Forecast is interpolated from the Adjusted FY2019 IPO Forecast. 12-month FY2018 DPU was calculated using the weighted average number of units applicable as a result of the new units being eligible for the distribution for 2H FY2018.

Highlights:

- Gross revenue and NPI grew 31.7% and 33.8% respectively from the prior corresponding period ("PCP"). Gross revenue was 28.7% higher than IPO Forecast and NPI was 29.6% higher than IPO Forecast. The positive results were mainly attributable to contributions from the 23 properties acquired post IPO
- Income available for distribution of €22.4 million was 36.9% higher than 1Q 2018 and 32.3% higher than IPO Forecast of €16.9 million. DPU of Euro 1.02 cents was 6.3% above PCP and 5.2% above the IPO Forecast
- Net asset value €1.11 billion
- Interest coverage ratio of 9.2x
- Aggregate leverage of 37.0%. The all-in interest rate on the asset level debt remains low at 1.39% per annum
- Portfolio occupancy stood at 90.2% as of 31 March 2019
- Portfolio weighted average lease expiry (WALE) of 4.7 years by leased lettable area

Portfolio performance by Asset Class and by Country:

	Year-on-Year Comparison			Actual vs IPO Forecast		
	Actual 1Q 2019 €'000	Actual 1Q 2018 €'000	Change %	**Actual 1Q 2019 €'000**	IPO Forecast 1Q 2019 €'000	Change %
Gross Revenue						
By Asset Class:						
Office	**19,935**	11,222	77.6%	**19,935**	12,304	62.0%
Light Industrial	**16,204**	15,319	5.8%	**16,204**	14,932	8.5%
Other	**3,812**	3,794	0.5%	**3,812**	3,811	0.0%
Total	**39,951**	30,335	31.7%	**39,951**	31,047	28.7%
By Country:						
The Netherlands	**11,698**	8,482	37.9%	**11,698**	9,389	24.6%
Italy	**9,449**	8,423	12.2%	**9,449**	8,618	9.6%
France	**9,043**	8,598	5.2%	**9,043**	8,207	10.2%
Germany	**2,616**	2,326	12.5%	**2,616**	2,270	15.3%
Denmark	**2,459**	2,506	(1.9%)	**2,459**	2,563	(4.1%)
Finland	**3,293**	-	n.m.	**3,293**	-	n.m.
Poland	**1,393**	-	n.m.	**1,393**	-	n.m.
Total	**39,951**	30,335	31.7%	**39,951**	31,047	28.7%
Net Property Income						
By Asset Class:						
Office	**13,439**	7,856	71.1%	**13,439**	8,391	60.2%
Light Industrial	**10,204**	9,154	11.5%	**10,204**	9,195	11.0%
Other	**2,776**	2,741	1.3%	**2,776**	2,798	(0.8%)
Total	**26,419**	19,751	33.8%	**26,419**	20,384	29.6%
By Country:						
The Netherlands	**7,573**	5,841	29.6%	**7,573**	6,237	21.4%
Italy	**6,933**	6,116	13.4%	**6,933**	6,306	10.0%
France	**5,767**	4,798	20.2%	**5,767**	4,856	18.8%
Germany	**1,559**	1,574	(1.0%)	**1,559**	1,495	4.3%
Denmark	**1,374**	1,422	(3.3%)	**1,374**	1,490	(7.8%)
Finland	**2,075**	-	n.m.	**2,075**	-	n.m.
Poland	**1,138**	-	n.m.	**1,138**	-	n.m.
Total	**26,419**	19,751	33.8%	**26,419**	20,384	29.6%

n.m. – Not meaningful

Office

Following the recent acquisition of 19 offices in Italy, Finland and Poland; CEREIT's office portfolio now comprises 32 office buildings. The Netherlands portfolio (7 assets) contributed 47% of the office portfolio's net property income whilst the Italian portfolio, located mainly in Italy's two main cities of Milan and Rome, contributed 29%.

Gross revenue and net property income of the office assets for 1Q 2019 was €19.9 million and €13.4 million respectively an increase in excess of 71% compared to 1Q 2018 and 60% ahead of IPO Forecast for the same period. This is largely driven by the acquisitions in Italy and Finland completed at the end 4Q 2018 and Poland during early 1Q 2019; on a like for like basis, NPI was marginally lower than PCP driven largely by the Netherlands Office portfolio where the CB&I lease in the 11th floor (Haagse Poort) expired and the Cool Blue renewal in Central Plaza both impacted 1Q 2019.

Light Industrial

Following the completion of the acquisition of the four French industrial assets in 1Q 2019, CEREIT's light industrial portfolio now comprises 25 properties in France, 13 properties in Denmark, 11 properties in Germany, 10 properties in the Netherlands and 1 property in Italy.

For 1Q 2019, gross revenue was €16.2 million representing a 5.8% uplift over the €15.3 million reported in the 1Q 2018; and net property income was €10.2 million, an 11.5% uplift over 1Q 2018 of €9.2 million. This can largely be attributed to the performance in the portfolios in France (+20.2%) and the Netherlands (+13.0%); noting that this includes the income from the 4 new French Industrial assets which contributed a total of €0.4 million in 1Q 2019. In addition, certain properties within the French Industrial portfolio also contributed a significant (€0.6 million) uplift in net property income compared to 1Q 2018 due to better leasing.

On a like for like basis, net property income was €9.8 million a 6.8% uplift, or €0.6 million over 1Q 2018 and 6.3% or €0.6million ahead of the IPO Forecast and projections for the same period.

In the Netherlands, the light industrial assets had another strong quarter and contributed a total €1.3 million to net property income, 13% ahead of both 1Q 2018 and the IPO Forecast and projections for the same period. The most notable contributor was Veemarkt, the large multi-let industrial asset in Amsterdam, where several new leases were signed during the period.

The German and Danish portfolios had a relatively benign start to 2019, net property income was €1.6 million and €1.4 million (a -1.0% and -3.3% variance to 1Q 2018) respectively as new leases signed will not benefit fully until 2Q and 3Q 2019. Notably, the Germany portfolio was 4.3% ahead of IPO Forecast, driven by the leasing at Stuttgart-Frieckenhausen (as reported previously) and the reconfiguration of the Theodor Kattus unit in Muenchen-Maisach in 1Q 2019.

Other

Other property assets consist of 3 government-let campuses, 1 retail asset and 1 hotel, all located in Italy. All of these assets are 100% let on long-term leases and have performed largely in line with both 1Q 2018 and the IPO Forecast.

Financial Position

	As at 31-Mar-19	As at 31-Dec-18	Change %
Gross asset value ("GAV") (€'000)	**1,899,428**	1,814,842	4.7%
Net tangible assets ("NTA") (€'000)	**1,105,980**	1,118,767	(1.1%)
Gross borrowings before unamortised debt issue costs (€'000)	**703,293**	598,165	17.6%
Aggregate leverage (%)	**37.0%**	33.0%	4.0%
Aggregate leverage excluding distribution (%)[1]	**37.5%**	33.6%	3.9%
Net Gearing (%)[2]	**35.5%**	30.8%	4.7%
Units issued ('000)	**2,194,613**	2,181,978	0.6%
NAV per unit (cpu)	**50.4**	51.3	(1.7%)
Adjusted NAV per unit (excluding distributable income) (cpu)	**49.4**	49.7	(0.7%)

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

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

Gross asset value at 31 March 2019 increased by 4.7% from 31 December 2018 mainly due to the completion of acquisitions of 4 French assets and 3 Polish assets. The acquisitions were partly funded from the proceeds of a rights issue in December 2018 and also partly funded from debt facilities.

Aggregate leverage at 31 March 2019 increased slightly to 37.0% after the completion of acquisitions mentioned above.

Net asset value per unit of €50.4 cents is slightly lower than 31 December 2018 due to the payment of the distribution for the period from 1 July 2018 to 31 December 2018.

1 Unaudited Results for the First Quarter ended 31 March 2019

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

1A(i) Consolidated Statement of Total Return

	Notes	**Actual 1Q 2019 €'000**	Actual 1Q 2018 €'000	Variance %
Gross revenue	(a)	**39,951**	30,335	31.7%
Property operating expense	(b)	**(13,532)**	(10,584)	27.9%
Net property income		**26,419**	19,751	33.8%
Net finance costs	(c)	**(3,582)**	(2,857)	25.4%
Manager's fees	(d)	**(1,076)**	(813)	32.3%
Trustee fees		**(70)**	(57)	22.8%
Trust expenses	(e)	**(822)**	(954)	(13.8%)
Net income before tax and fair value changes		**20,869**	15,070	38.5%
Fair value (loss)/gain – investment properties	(f)	**(4,904)**	48,742	n.m.
Fair value loss – derivatives financial instruments		**(140)**	(235)	(40.4%)
Total return for the period before tax		**15,825**	63,577	(75.1%)
Income tax expense	(g)	**(350)**	(10,625)	(96.7%)
Total return for the period attributable to Unitholders		**15,475**	52,952	(70.8%)

1A(ii) Distribution Statement

	Notes	**Actual 1Q 2019 €'000**	Actual 1Q 2018 €'000	Variance %
Total return for the period attributable to Unitholders		**15,475**	52,952	(70.8%)
Distribution adjustments	(h)	**6,919**	(36,589)	n.m.
Income available for distribution to Unitholders		**22,394**	16,363	36.9%
Units in issue at the end of the period ('000)		**2,194,613**	1,699,503	29.1%
Actual DPU (cpu)[1]		**1.02**	0.96	6.3%

n.m. – Not meaningful

[1] 1Q 2018 DPU is restated to reflect the bonus element in the new units issued pursuant to the rights issue in December 2018.

Notes

(a) Gross revenue

Gross revenue includes the following items:

	Actual 1Q 2019 €'000	Actual 1Q 2018 €'000	Variance %
Gross rental income	**33,190**	25,736	29.0%
Service charge income	**6,043**	4,553	32.7%
Other property related income [1]	**718**	46	>100%
Total gross revenue	**39,951**	30,335	31.7%

[1] Other property related income comprises advertising billboards and signage, kiosks and other income attributable to the operation of the properties. For 1Q 2019, it also includes a one-off other income from the seller of Polish properties as a result of delay in transferring the properties.

(b) Property operating expense

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

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

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

Property operating expense includes the following items:

	Actual 1Q 2019 €'000	Actual 1Q 2018 €'000	Variance %
Service charge expenses and non-recoverable expenses	**10,396**	8,217	26.5%
Property management fees	**3,136**	2,367	32.5%
Total property operating expense	**13,532**	10,584	27.9%

(c) Net finance costs

Net finance costs include the following:

	Actual 1Q 2019 €'000	Actual 1Q 2018 €'000	Variance %
Interest expense	**2,669**	2,257	18.2%
Amortisation of debt issuance costs	**919**	606	51.7%
Interest income	**(6)**	(6)	-
Net finance costs	**3,582**	2,857	25.4%

(d) Manager's fees

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

For FY2019, the performance fee is calculated based on the difference between DPU for the 12-month period ended 31 December 2018.

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

	Actual 1Q 2019 €'000	Actual 1Q 2018 €'000	Variance %
Manager's base fees	**1,076**	813	32.3%
Manager's performance fees [1]	**-**	-	-
Total manager's fees	**1,076**	813	32.3%

[1] Performance fees are calculated annually and accrued for, if applicable, in the full year result of each financial year.

(e) Trust expenses

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

(f) Fair value loss/ gain – investment properties

1Q 2019 fair value loss on investment properties was due to expensing the acquisition costs incurred in relation to the assets acquired during the quarter which are carried at net purchase cost. Fair value gain in 1Q 2018 related to recognition of fair value change in properties based on independent valuation conducted as at 31 Mar 2018.

The respective movements on each portfolio by country are disclosed in note (d) of 1B(i) on page 12.

(g) Income tax expense

Income tax expense includes the following:

	Actual 1Q 2019 €'000	Actual 1Q 2018 €'000	Variance %
Current tax expense	**1,169**	860	35.9%
Deferred tax (credit)/ expense	**(819)**	9,765	n.m.
Total income tax expense	**350**	10,625	(96.7%)

n.m. – Not meaningful

(h) Distribution adjustments

Included in distribution adjustments were the following items:

	Actual 1Q 2019 €'000	Actual 1Q 2018 €'000	Variance %
Straight-line rent adjustments and leasing fees	**(565)**	(258)	>100%
Trustee Fees	**70**	57	22.8%
Manager base fees paid in CEREIT units	**1,076**	813	32.3%
Property Manager fees paid in CEREIT units	**1,254**	947	32.5%
Amortisation of debt issuance costs	**919**	606	51.7%
Fair value adjustments – investment properties[1]	**4,904**	(48,742)	n.m.
Fair value adjustments – derivative financial instruments	**140**	235	(40.4%)
Net foreign exchange gain	**(61)**	(12)	>100%
Deferred tax (credit)/ expense[1]	**(819)**	9,765	n.m.
Total distribution adjustments	**6,919**	(36,589)	n.m.

[1] Please refer to note (f) and (g) above for explanation of these variances

n.m. – Not meaningful

(i) Distribution to Unitholders

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

CROMWELL EUROPEAN REIT

1B(i) Consolidated Balance Sheets

	Notes	Group As at 31-Mar 2019 €'000	Group As at 31-Dec 2018 €'000	Group Increase/ (Decrease) %	Trust As at 31-Mar 2019 €'000	Trust As at 31-Dec 2018 €'000	Trust Increase/ (Decrease) %
Current assets							
Cash and cash equivalents	(a)	**46,335**	57,755	(19.8%)	**1,071**	15,732	(93.2%)
Receivables	(b)	**44,501**	49,719	(10.5%)	**26,043**	40,586	(35.8%)
Current tax assets		**402**	227	77.1%	**-**	-	-
Total current assets	(c)	**91,238**	107,701	(15.3%)	**27,114**	56,318	(51.9%)
Non-current assets							
Investment properties	(d)	**1,791,466**	1,690,224	6.0%	**-**	-	-
Investments in subsidiaries		**-**	-	-	**1,124,502**	1,078,007	4.3%
Receivables	(b)	**657**	688	(4.5%)	**-**	-	-
Derivative financial instruments		**16**	5	>100%	**-**	-	-
Deferred tax assets		**16,051**	16,224	(1.1%)	**-**	-	-
Total non-current assets		**1,808,190**	1,707,141	5.9%	**1,124,502**	1,078,007	4.3%
Total assets		**1,899,428**	1,814,842	4.7%	**1,151,616**	1,134,325	1.5%
Current liabilities							
Borrowings	(e)	**76,379**	-	100.0%	**60,759**	-	-
Payables	(f)	**38,396**	43,557	(11.8%)	**74,554**	74,991	(0.6%)
Current tax liabilities		**3,433**	2,113	62.5%	**-**	-	-
Derivative financial instruments	(g)	**314**	271	15.9%	**-**	-	-
Other current liabilities	(h)	**26,953**	30,899	(12.8%)	**-**	-	-
Total current liabilities	(c)	**145,475**	76,840	89.3%	**135,313**	74,991	80.4%
Non-current liabilities							
Payables		**467**	742	(37.1%)	**-**	-	-
Borrowings	(e)	**620,261**	591,733	4.8%	**-**	21,519	(100.0%)
Derivative financial instruments	(g)	**106**	-	100.0%	**-**	-	-
Deferred tax liabilities		**22,078**	21,531	2.5%	**-**	-	-
Other non-current liabilities		**5,061**	5,229	(3.2%)	**-**	-	-
Total non-current liabilities		**647,973**	619,235	4.6%	**-**	21,519	(100.0%)
Total liabilities		**793,448**	696,075	14.0%	**135,313**	96,510	40.2%
Net assets attributable to Unitholders		**1,105,980**	1,118,767	(1.1%)	**1,016,303**	1,037,815	(2.1%)
Represented by: **Unitholders' funds**		**1,105,980**	1,118,767	(1.1%)	**1,016,303**	1,037,815	(2.1%)

n.m. – Not meaningful

Notes

(a) Cash and cash equivalents

The decrease in cash and cash equivalents was mainly due to payments for the acquisitions completed in 1Q 2019 and distribution paid to Unitholders.

(b) *Receivables*

The decrease was mainly due to deposits applied to the French & Polish acquisitions and decrease in trade receivables due to rental collection, partially offset by VAT paid in relation to Poland acquisition.

(c) Current liabilities exceeded current assets mostly due to the reclassification to current borrowings of debt drawn under the revolving credit facility ("RCF") as the expiry date of the facility is January 2020. The Manager's debt refinancing programme is well advanced with new facilities to refinance debt including the RCF. Accordingly, the Manager believes that CEREIT is able to meet its obligations as and when they fall due in the next twelve months.

(d) *Investment properties*

75 properties of CEREIT's portfolio of 97 properties were stated at their fair value based on independent valuations performed by either Cushman & Wakefield LLP or Colliers International LLP as at 31 December 2018. The carrying value for the 22 new properties acquired in 4Q FY2018 and 1Q 2019 is based of the respective purchase prices as this is assessed by the Directors of the Manager to be fair value. The carrying amount of CEREIT's investment properties as at quarter-end and movements during the financial period were as follows:

	France €'000	Italy €'000	The Netherlands €'000	Germany €'000	Denmark €'000	Finland €'000	Poland €'000	Total €'000
Independent valuation dated 31-Dec 18	321,600	421,100	480,350	113,600	81,300	-	-	1,417,950
At acquisition price (directors' valuation)	28,200	36,025	127,580	-	-	113,120	71,850	376,775
	349,800	457,125	607,930	113,600	81,300	113,120	71,850	1,794,725
Adjustments to carrying amount:								
Finance lease liability[1]								5,079
Unspent vendor funded capital expenditure[2]								(7,563)
Other								(775)
Total adjustments								(3,259)
Carrying amount at 31-Mar 19								**1,791,466**

Movements during the period:								
Balance at 31-Dec 2018	**321,240**	**456,596**	**607,046**	**112,500**	**79,722**	**113,120**	**-**	**1,690,224**
Acquisition price	28,200	-	-	-	-	-	71,850	100,050
Acquisition costs	2,146	56	-	-	-	1,145	1,557	4,904
Capital expenditure:								
Lifecycle	350	-	912	37	20	-	-	1,319
Lease incentives, lease costs and rent straight-lining	(294)	-	156	38	(27)	-	-	(127)
Net loss from fair value adjustments	(2,146)	(56)	-	-	-	(1,145)	(1,557)	(4,904)
Balance at 31 Mar 2019	**349,496**	**456,596**	**608,114**	**112,575**	**79,715**	**113,120**	**71,850**	**1,791,466**

[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.

(e) *Borrowings*

Current borrowings as at 31 March 2019 comprised Revolving Credit Facility and short-term loan drawn to fund the VAT payable on the acquisition of Polish assets.

The increase in total borrowings was due to borrowings undertaken to fund the acquisitions and additional RCF drawn down for working capital requirements.

(f) *Payables*

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

(g) *Derivative financial instruments*

Derivative financial instruments relate to interest rate swap and cap contracts entered into by CEREIT to fix interest on floating rate borrowings. As at 31 March 2019, 86.0% (31 Dec 2018: 71.2%) of CEREIT's total (drawn) gross borrowings (excluding Poland VAT loan) were hedged at a weighted average hedge strike rate of 0.29% (31 December 2018: 0.05%) / capped at a weighted average of 0.70% (31 December 2018: 0.84%) and floating weighted average of -0.18% (31 December 2018: -0.17%).

At 31 March 2019, the notional principal amounts and period of expiry of CEREIT's interest rate swap and cap contracts were as follows:

Hedging Expiry Profile	**As at 31-Mar 2019 €'000**	As at 31-Dec 2018 €'000
Less than 1 year	**312,288**	296,222
1 – 2 years	**195,853**	-
2 – 3 years	-	47,373
3 – 4 years	-	-
4 years and longer	**82,375**	82,375
	590,516	425,970

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

	As at 31-Mar 2019 €'000	As at 31-Dec 2018 €'000
Current		
Secured	**15,933**	-
Unsecured	**61,825**	-
Less: Unamortised debt issuance costs	**(1,379)**	-
Total current borrowings	**76,379**	-
Non-current		
Secured	**625,535**	575,340
Unsecured	**-**	22,825
Less: Unamortised debt issuance costs	**(5,274)**	(6,432)
Total non-current borrowings	**620,261**	591,733
Total borrowings	**696,640**	591,733

Borrowing details:

Facility	Note	Secured	Maturity	31-Mar 2019 Facility €'000	31-Mar 2019 Utilised €'000	31-Dec 2018 Facility €'000	31-Dec 2018 Utilised €'000
France Light Industrial	(i)	Yes	Nov-20	**66,000**	**66,000**	50,000	50,000
Denmark Light Industrial	(ii)	Yes	Nov-20	**26,180**	**26,180**	26,114	26,114
Pan-European Light Industrial	(iii)	Yes	Mar-21	**95,000**	**95,000**	95,000	95,000
Dutch Office 1	(iv)	Yes	Nov-20	**57,500**	**57,500**	57,500	57,500
Dutch Office 2	(v)	Yes	Dec-26	**82,375**	**82,375**	82,375	82,375
Italy	(vi)	Yes	Nov-20	**150,000**	**150,000**	150,000	150,000
Finland	(vii)	Yes	Dec-21	**53,750**	**53,750**	53,750	53,750
Dutch Office 3 & Poland Office	(viii)	Yes	Dec-21	**94,730**	**94,730**	60,601	60,601
Revolving Credit Facility	(ix)	No	Jan-20	**100,000**	**61,825**	100,000	22,825
Poland VAT	(x)	Yes	Nov-19	**15,933**	**15,933**	-	-
Total borrowing facilities				**741,468**	**703,293**	675,340	598,165
Less: Unamortised debt issuance costs					**(6,653)**		(6,432)
Balance at period end					**696,640**		591,733

Property level financing facilities

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.

(i) France Light Industrial

The Parc facility is secured over 11 French light industrial properties with an aggregate carrying amount of €137.3 million. Interest is payable quarterly in arrears at variable rates based on the EURIBOR 3 months swap rate floored at zero plus a loan margin. The EURIBOR 3 months is capped at a strike rate of 0.75% per annum.

(ii) Denmark Light Industrial

The EHI Denmark facility, which is denominated in Danish Krone is secured over 13 Danish light industrial properties with an aggregate carrying amount of €81.3 million. Interest is payable quarterly in arrears at variable rates based on the CIBOR 3 months swap rate plus a loan margin. The CIBOR 3 months swap rate at 31 March 2019 was -0.32%.

(iii) Pan-European Light Industrial

The EHI Residual facility is secured over 31 light industrial properties located in France, the Netherlands and Germany with an aggregate carrying amount of €375.2 million. Interest is payable quarterly in arrears at variable rates based on the EURIBOR 3 months swap rate plus a loan margin. The entire loan notional is hedged by way of floating rate swap and cap – the latter of which at 1.00%.

(iv) Dutch Office 1

The CNDP facility is secured over 2 Dutch office properties with an aggregate carrying amount of €176.9 million. Interest is payable quarterly in arrears at variable rates based on the EURIBOR 3 months swap rate plus a loan margin. The EURIBOR 3 months is capped at a strike rate of 0.50% per annum.

(v) Dutch Office 2

The CECIF facility is secured over 3 Dutch office properties with an aggregate carrying amount of €226.1 million. Interest is payable quarterly in arrears at a fixed rate of 1.93% p.a.

(vi) *Italy*

The Italian AIF facilities are secured against 14 Italian office and other type properties with an aggregate carrying amount of €404.2 million. Interest is payable quarterly in arrears at 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.

(vii) *Finland*

The Falcon Finland facility is secured over 11 Finnish office properties with an aggregate carrying amount of €113.1 million. Interest is payable quarterly in arrears at variable rates based on the EURIBOR 3 months swap rate plus a loan margin. The EURIBOR 3 months swap rate at 31 March 2019 was -0.31% per annum.

(viii) *Dutch Office 3 & Poland Office*

The Falcon Netherlands & Poland facility is secured over 2 Dutch office properties & 3 Polish Office properties with an aggregate carrying amount of €199.4 million. Interest is payable quarterly in arrears at variable rates based on the EURIBOR 3 months swap rate plus a loan margin. The EURIBOR 3 months is capped at a strike rate of 0.75% and 0.50% per annum respectively.

(ix) Revolving Credit Facility ("RCF")

The RCF is unsecured and was put in place to provide CEREIT with additional financing flexibility, working capital and support distribution payments in case of timing differences of distributions from European property SPVs.

(x) *Poland VAT*

The Poland VAT facility, which is denominated in Polish Zloty is secured over the pledge of the VAT account and assignment of the VAT refund claim against the Polish tax authority in relation with the acquisition of the Polish assets. Interest is payable quarterly in arrears based on the WIBOR 3 months plus a loan margin.

All-in Interest Rate

The all-in interest rate on the asset level debt is 1.39% p.a. (31 Dec 2018: 1.40% p.a.). Including the RCF currently partially drawn down, the average all-in interest rate is 1.53% p.a. (31 December 2018: 1.53% p.a.).

Loans to subsidiaries

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

(h) *Other current liabilities*

Other current liabilities mostly comprise advance rental, tenant security deposits and other liabilities. The decrease was mainly attributable to lower advance rental in March 2019.

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1C Consolidated Statement of Cash Flows

	Actual 1Q 2019 €'000	Actual 1Q 2018 €'000
Cash flows from operating activities		
Total return for the financial period	**15,475**	52,952
Adjustments for:		
Amortisation of lease costs and incentives	**(517)**	(855)
Effect of recognising rental income on a straight-line basis	**127**	(258)
Net finance costs	**3,582**	2,857
Manager's fees and property manager's fees paid in CEREIT units	**2,330**	1,760
Change in fair value of investment properties	**4,904**	(48,742)
Change in fair value of derivative financial instruments	**140**	235
Net foreign exchange gain	**(61)**	(34)
Changes in operating assets and liabilities:		
Decrease in receivables	**8,098**	12,390
Decrease in payables	**(3,351)**	(14,703)
Movement in current tax assets and liabilities	**1,169**	359
Movement in deferred tax assets and liabilities	**(819)**	10,266
Decrease in other liabilities	**(4,191)**	(4,364)
Cash generated from operations	**26,886**	11,863
Interest paid	**(2,292)**	(2,383)
Interest received	**6**	6
Tax paid	**(1,490)**	(219)
Net cash provided by/ operating activities	**23,110**	**9,267**
Cash flows from investing activities		
Payments for acquisitions of subsidiaries, net of cash	**(75,094)**	-
Payments for acquisition of investment properties	**(6,800)**	(16,837)
Payment for transaction costs	**(4,904)**	(5,577)
Payment for VAT in relation to acquisition	**(15,933)**	-
Payments for capital expenditure on investment properties	**(1,319)**	(608)
Net cash used in investing activities	**(104,050)**	**(23,022)**
Cash flows from financing activities		
Proceeds from bank borrowings	**115,062**	6,269
Repayment of bank borrowings	**(10,000)**	-
Payment of unit issue costs	**-**	(6,191)
Payment for debt issuance costs	**(1,140)**	(359)
Distribution paid to Unitholders	**(34,402)**	-
Net cash provided by/(used in) financing activities	**69,520**	**(281)**
Net decrease in cash and cash equivalents	**(11,420)**	**(14,036)**
Cash and cash equivalents at beginning of period	**57,755**	74,155
Cash and cash equivalents at end of period	**46,335**	**60,119**

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

Group	1Q 2019 Units in issue €'000	1Q 2019 Reserves €'000	1Q 2019 Retained earnings €'000	1Q 2019 Total €'000	1Q 2018 Units in issue €'000	1Q 2018 Reserves €'000	1Q 2018 Retained earnings €'000	1Q 2018 Total €'000
As beginning of the period	1,070,501	112	48,154	**1,118,767**	846,268	116	(19,965)	**826,419**
Operations								
Total return for the period	-	-	15,475	**15,475**	-	-	52,952	**52,952**
Net increase in Unitholders' funds resulting from operations	-	-	15,475	**15,475**	-	-	52,952	**52,952**
Transactions with Unitholders in their capacity as Unitholders								
Issue of units - IPO, net of issue cost	-	-	-	**-**	-	(3)	-	**(3)**
Issue of units - base management fees	1,724	-	-	**1,724**	-	-	-	**-**
Issue of units - property management fees	2,009	-	-	**2,009**	-	-	-	**-**
Issue of units - acquisition fees	2,407	-	-	**2,407**	-	-	-	**-**
Distributions paid	-	-	(34,402)	**(34,402)**	-	-	-	**-**
Net increase/(decrease) in Unitholders' funds resulting from transactions with Unitholders	6,140	-	(34,402)	**(28,262)**	-	(3)	-	**(3)**
At end of the period	**1,076,641**	**112**	**29,227**	**1,105,980**	**846,268**	**113**	**32,987**	**879,368**

Trust	1Q 2019 Units in issue €'000	1Q 2019 Reserves €'000	1Q 2019 Retained earnings €'000	1Q 2019 Total €'000	1Q 2018 Units in issue €'000	1Q 2018 Reserves €'000	1Q 2018 Retained earnings €'000	1Q 2018 Total €'000
As beginning of the period	1,070,501	116	(32,802)	**1,037,815**	846,268	116	(137)	**846,247**
Operations								
Total return for the period	-	-	6,750	**6,750**	-	-	(356)	**(356)**
Net increase in Unitholders' funds resulting from operations	-	-	6,750	**6,750**	-	-	(356)	**(356)**
Transactions with Unitholders in their capacity as Unitholders								
Issue of units - base management fees	1,724	-	-	**1,724**	-	-	-	**-**
Issue of units - property management fees	2,009	-	-	**2,009**	-	-	-	**-**
Issue of units - acquisition fees	2,407	-	-	**2,407**	-	-	-	**-**
Distributions paid	-	-	(34,402)	**(34,402)**	-	-	-	**-**
Net increase/(decrease) in Unitholders' funds resulting from transactions with Unitholders	6,140	-	(34,402)	**(28,262)**	-	-	-	**-**
At end of the period	**1,076,641**	**116**	**(60,454)**	**1,016,303**	**846,268**	**116**	**(493)**	**845,891**

1D(ii) Details of Changes in Units

	Group and Trust	
	1Q 2019 '000	1Q 2018 '000
Units in issue at the beginning of the period	**2,181,978**	1,573,990
New units issued:		
- As payment of base management fees	**3,603**	-
- As payment of property management fees	**4,199**	-
- As payment of acquisition fees	**4,833**	**-**
Total units in issue at the end of the period	**2,194,613**	**1,573,990**
Units to be issued:		
Acquisition fee payable in units	**1,443**	-
Manager's base fee payable in units	**2,181**	1,864
Property Manager's management fee payable in units	**2,541**	2,171
Total issuable units as at end of period	**6,165**	**4,035**
Total units issued and to be issued at the end of the period	**2,200,778**	**1,578,025**

1D(iii) Total Number of Issued Units

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

	As at 31-Mar 2019 '000
Total units in issue	**2,194,613**

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

Not applicable.

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

Not applicable.

2 Audit

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

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

3 Auditors' Report

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

Not applicable.

4 Accounting Policies

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

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

5 Changes in Accounting Policies

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

IFRS 16 Leases

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

There is no significant impact on CEREIT's financial statements due to the adoption of IFRS 16.

6 Consolidated Earnings per Unit and Distribution per Unit

	1Q 2019	1Q 2018
Earnings per unit ("EPU")		
Weighted average number of units ('000)[1]	**2,200,778**	1,704,000
Total return for the period attributable to Unitholders (€'000)	**15,475**	52,952
EPU (basic and diluted) (cents)[2]	**0.70**	3.11

[1] The weighted average number of units was based on the number of units in issue at 31 March 2019 and units issuable to the Manager and Property Manager.
[2] 1Q 2018 EPU is restated to reflect the bonus element in the new units issued pursuant to the rights issue in December 2018.

	1Q 2019	1Q 2018
Distribution per unit ("DPU")		
Total units issued entitled to distribution ('000)	**2,194,613**	1,699,503
Income available for distribution to Unitholders (€'000)	**22,394**	16,363
DPU (cents) [3] [4]	**1.02**	0.96

[3] DPU was calculated based on the number of units in issue entitled to distributions at the end of the quarter. The annualised DPU was 4.08 cents for the period.
[4] 1Q 2018 DPU is restated to reflect the bonus element in the new units issued pursuant to the rights issue in December 2018.

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7 Net Asset Value ("NAV")

	Group As at 31-Mar-19	**Trust As at 31-Mar-19**	Group As at 31-Dec-18	Trust As at 31-Dec-18
NAV[1] at the end of the period (€'000)	**1,105,980**	**1,016,303**	1,118,767	1,037,815
Number of Units in issue at the end of the period ('000)	**2,194,613**	**2,194,613**	2,181,978	2,181,978
NAV per unit (cpu)	**50.4**	**46.3**	51.3	47.6
Adjusted NAV per unit (excluding distributable income) (cpu)	**49.4**	**45.3**	49.7	46.0

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

8 Review of Performance

Review of performance between 1Q 2019 and 1Q 2018

CEREIT's gross revenue rose 31.7% to €40.0 million for 1Q 2019 compared to 1Q 2018 of €30.3 million. Net property income increased by 33.8% to €26.4 million. The positive results were mainly attributed to contributions from the 23 properties acquired post IPO. For a detailed country by country discussion refer to the Results Overview at the beginning of this report.

Net finance costs for 1Q 2019 increased by 25.4% to €3.6 million from €2.9 million in the 1Q 2018, largely due to higher borrowings undertaken to fund the acquisitions and additional RCF drawn down for working capital requirements.

1Q 2019's manager's fees of €1.1 million was 32.3% higher than previous year. The increase was mainly due to higher deposited property value from the acquisitions, as well as valuations gains on the IPO property portfolio.

Trust expenses decreased to €0.8 million despite enlarged portfolio due to higher professional fees incurred in 1Q 2018 following the IPO.

CEREIT recorded a fair value loss on investment properties of €4.9 million for 1Q 2019, as compared to 1Q 2018's fair value gain on investment properties of €48.7 million. 1Q 2019 fair value loss on investment properties was due to expensing the acquisition costs incurred in relation to the assets acquired during the quarter which are carried at net purchase cost. Fair value gains in 1Q 2018 relate to recognition of fair value change in properties based on independent valuation conducted as at 31 Mar 2018. No valuation was conducted as at 31 March 2019.

Income tax expense for 1Q 2019 has decreased to €0.4 million, 96.7% lower than 1Q 2018 of €10.6 million. This was mainly attributable to higher deferred tax expense in 1Q 2018 which was as a result of the provision of deferred tax liability on the fair value gain recognised, partially offset by higher current tax expense which is in line with the increase in profits.

As a result of the above, income available for distribution to Unitholders for 1Q 2019 increased by 36.9% or €6.0 million to €22.4 million, as compared to 1Q 2018 of €16.4 million. Distribution per unit (DPU) for 1Q 2019 of €1.02 cents was 6.3% higher than 1Q 2018 of 0.96 cents.

9 Variance between Actual and Forecast/Projection

	Actual 1Q 2019 €'000	IPO Forecast 1Q 2019 €'000	Variance %
Gross revenue	**39,951**	31,047	28.7%
Property operating expense	**(13,532)**	(10,663)	26.9%
Net property income	**26,419**	20,384	29.6%
Net finance costs	**(3,582)**	(2,443)	46.6%
Manager's fees	**(1,076)**	(934)	15.2%
Trustee fees	**(70)**	(52)	34.6%
Trust expenses	**(822)**	(576)	42.7%
Net income before tax and fair value changes	**20,869**	16,379	27.4%
Fair value loss – investment properties	**(4,904)**	-	n.m.
Fair value loss – derivatives financial instruments	**(140)**	-	n.m.
Total return for the period before tax	**15,825**	16,379	(3.4%)
Income tax expense	**(350)**	(1,430)	(75.5%)
Total return for the period attributable to Unitholders	**15,475**	14,949	3.5%

	Actual 1Q 2019 €'000	IPO Forecast 1Q 2019 €'000	Variance %
Total return for the period attributable to Unitholders	**15,475**	14,949	3.5%
Distribution adjustments	**6,919**	1,980	n.m.
Income available for distribution to Unitholders	**22,394**	16,929	32.3%
Applicable Number of Units	**2,194,613**	1,747,820	25.6%
Actual DPU (cpu) (1)	**1.02**	0.97	5.2%

(1) DPU for IPO Forecast has been adjusted to take into account the new units issued.

n.m. – Not meaningful

Discussion

NPI for 1Q 2019 of €26.4 million was 29.6% above IPO Forecast and projection. For a detailed country by country discussion refer to the Results Overview at the beginning of this report.

Net finance costs of €3.6 million were €1.1 million above IPO Forecast and projections largely due to higher borrowings undertaken to fund the acquisitions of 22 new assets which are not included in IPO Forecast and additional RCF drawn down for working capital requirements.

Manager base fees, which are calculated based on the value of deposited property, were 15.2% higher than IPO forecast and projections due to new acquisitions mentioned above.

Trust expenses were higher than the IPO Forecast mainly as a result of enlarged portfolio and higher professional fees.

Fair value loss on investment properties was a result of expensing the acquisition costs incurred in relation to the new assets acquired during the quarter. Fair value adjustments were not projected at IPO date.

Income tax expense was significantly lower than IPO Forecast mainly due to deferred tax credit arising from expensing acquisition costs.

Due to the above, income available for distribution to unitholders and DPU were 32.3% and 5.2% respectively above the IPO Forecast.

10 Outlook and Prospects

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

Commentary on the European Economy

Eurozone GDP slowed to a quarterly average of 0.2% in Q4 2018, however economic activity appears to be stabilising with forward looking components recording the strongest rises. Despite solid growth in domestic demand, slower exports and stronger import growth will result in a negative contribution from net trade.

Despite mounting headwinds and an overall slower pace of growth, the Eurozone is forecast to see GDP growth of 1.3% in 2019, slightly above the long term 15-year average of 1.2% - a trend reflected in a number of European countries as well, whereby 2019 economic growth is expected to be above the 15-year averages.

The euro area annual inflation rate was 1.4% in March 2019, down from 1.5% in February 2019. A year earlier, the rate was 1.4%. European Union annual inflation was 1.6% in March 2019, stable compared to February 2019. A year earlier, the rate was 1.6%.

Ripple effects of the US-China trade war are being felt globally and spiking economic policy uncertainty in 2018 led to an increase in financial market volatility. While these global headwinds did soften GDP growth for Europe as a whole over 2018, there are now indications of a thawing in relations and appetite for a deal.

Most European economies look poised to withstand most of the headwinds thanks to tightening labour markets, real wage growth supporting consumer spending, contained inflation and low interest rates which should provide some relief.

Unemployment has gradually fallen over the past five years with the average unemployment rate standing at an average of 7.8% across Eurozone member states.

European Commercial Real Estate - Recent Performance

European real estate enters 2019 on solid ground with some of the strongest fundamentals seen in recent times – single digit office vacancy rates and restrained development pipeline supporting rental growth, while the continued rise of online sales and related supply chain transformation attracts investors to the sector.

In Q1 2019, data on initial European trading volumes suggests that level reached are Euro 44.5 billion with levels expected to rise once all data has been confirmed. These are however unlikely to match the strong performance of 2017 and 2018 – years that broke records – partly due to lack of investable product.

In 2018, cross-border investment was a key determining factor in whether markets around the world recorded positive or negative activity growth in 2018. In 2018, the volume of capital moving across borders reached its third highest annual level, and, except for the unusual 2015 surge, the level of capital flowing across borders has grown steadily since 2009.

In 2019, cross-border capital flows continue with strong inflows from the US. Asian capital is also attracted to Europe, with Singapore and South Korean money featuring highly and using Europe for diversification purposes. Europe is still the key market for cross border flow.

In 2019, office sector maintains the largest share of recipient of investments (40.3%). Investors focus on core European markets with a notable desire to deploy capital against limited availability of product putting further downward pressure on yields, which in many markets across Europe, are already at historic lows.

In 2018, six of the top 10 largest cities - recipients of cross-border investments are in Europe. Volumes in London increased by 14% to US$36.3 billion in 2018. While concerns over Brexit remain, investors stayed in the market, with a focus on the office sector which attracted 74% of all investment. Paris recorded its best performance in over a decade as 2018 volumes increased by 27% (contributed to a wave of foreign capital which accounting for 47% of all investment in the city in 2018).

Foreign investors make an impact in Warsaw it emerged as the tenth most liquid market for foreign investment in 2018 (with nearly 80% in office).

As real estate moves further into the already late cycle, safe-haven markets and safe-haven and more liquid markets offering income will be more attractive. On that note, the UK, France and German markets collectively account for 57% of Q1 2019 activity.

Yields are tightening further, but at a slower pace and with a clear appetite for quality. This may lead to a divergence of yields in secondary locations that are missing the economic fundamentals required to support future growth. But, secondary locations with positive demographics, economic and 'liveability' indicators may provide a pricing opportunity for investors looking further up the risk curve.

As the European Central Bank continues to taper its QE programme there is increasingly less room for yield reduction, capital growth will be more isolated, and income growth will be a key driver of market success.

11 Distributions

There were no distributions declared/ recommended in 1Q 2019 or 1Q 2018.

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

12 Statement regarding Declared/Recommended Distributions

There were no distributions declared/ recommended in 1Q 2019 or 1Q 2018.

13 Interested Person Transactions

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

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

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

15 Confirmation pursuant to Rule 705(5) of the Listing Manual

The Board of Directors of Cromwell EREIT Management Pte. Ltd. (as manager of Cromwell European Real Estate Investment Trust) (the "Manager") hereby confirms that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Manager which may render the unaudited financial results of Cromwell European Real Estate Investment Trust for the period from 1 January 2019 to 31 March 2019, to be false or misleading, in any material aspect.

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

Lim Swe Guan Chairman	Simon Garing CEO

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Important Notice

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

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

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

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

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