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Cromwell European Real Estate Investment Trust ("CEREIT")

Unaudited Financial Statements Announcement for the Third Quarter ("3Q 2019") and Nine Months Ended 30 September 2019 ("YTD Sep 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/ logistics, and retail purposes.

CEREIT's key objectives are to provide Unitholders with regular and stable distributions, and to achieve long-term growth in distributions per unit ("DPU") and net asset value ("NAV") per unit, while maintaining an appropriate capital structure. CEREIT 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/ logistics assets in France and 3 office assets in Poland were completed during January to February 2019. In June 2019, Manager announced the acquisition of 6 properties in France and Poland. The acquisition of 3 French properties in Paris and 2 of the Polish properties in Krakow was completed in July 2019 whilst the last Polish asset in Poznan was completed in September 2019.

As at 30 September 2019, CEREIT's portfolio of real estate assets consists of 103 properties located in France, Italy, the Netherlands, Germany, Denmark, Finland and Poland with an aggregate lettable area of approximately 1.5 million square metres.

	No. of properties	Lettable Area (sqm)	Valuation ⁽¹⁾ (€'000)	Valuation (%)
Office				
The Netherlands	7	177,891	549,550	26%
Italy	11	129,762	307,350	15%
Finland	11	61,977	115,450	5%
Poland	6	111,210	242,040	12%
France	3	33,788	78,725	4%
Total	38	514,628	1,293,115	62%
Light Industrial/ Logistics				
The Netherlands	10	82,314	77,400	4%
France	25	370,090	358,500	17%
Germany	11	166,738	118,550	5%
Denmark	13	151,491	83,148	4%
Italy	1	29,638	12,550	1%
Total	60	800,271	650,148	31%
Other⁽²⁾				
Italy	5	176,577	138,700	7%
Total Portfolio	103	1,491,476	2,081,963	100%

⁽¹⁾ Valuation is based on independent valuations conducted by Colliers and Cushman & Wakefield as at 30 June 2019 for 97 properties with the acquisitions in 3Q 2019 being recorded at purchase price which has been assessed as their fair value given they have only recently been acquired.

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

On 8 August 2019, the Manager announced the disposal of Parc d'Osny at a sales price of €19.0 million, 13% ahead of the valuation in June 2019. The property is shown as an asset held for sale in the balance sheet. The disposal has been completed subsequently on 18 October 2019.

CEREIT Results Overviews

CEREIT remains on track to deliver IPO Forecast Distribution per Unit ("DPU") for FY2019.

	Year-on-Year Comparison					
	Actual 3Q 2019	Actual 3Q 2018	Change %	Actual YTD Sep 19	Actual YTD Sep 18	Change %
Gross revenue (€'000)	43,779	31,453	39.2%	126,151	93,600	34.8%
Net property income ("NPI") (€'000)	28,449	21,508	32.3%	82,583	61,998	33.2%
Total return for the period attributable to Unitholders (€'000)	19,578	12,214	60.3%	76,443	83,866	(8.9%)
Income available for distribution to Unitholders (€'000)	25,772	17,090	50.8%	70,612	50,718	39.2%
DPU € cents per unit ("cpu") ⁽¹⁾	1.01	1.00	1.0%	3.05	2.98	2.3%

	Actual vs IPO Forecast ⁽²⁾					
	Actual 3Q 2019	IPO Forecast 3Q 2019	Change %	Actual YTD Sep 19	IPO Forecast YTD Sep 19	Change %
Gross revenue (€'000)	43,779	32,208	35.9%	126,151	94,831	33.0%
NPI (€'000)	28,449	21,747	30.8%	82,583	62,914	31.3%
Total return for the period attributable to Unitholders (€'000)	19,578	15,947	22.8%	76,443	46,055	66.0%
Income available for distribution to Unitholders (€'000)	25,772	18,172	41.8%	70,612	52,243	35.2%
DPU (cpu) ⁽³⁾	1.01	1.03	(1.9%)	3.05	2.98	2.3%

(1) 3Q 2018 & YTD Sep 2018 DPU are restated to reflect the bonus element in the new units issued pursuant to the rights issue in December 2018.

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

(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 IPO Forecast DPU is 4.02 cpu. 3Q 2019 and YTD Sep 2019 IPO Forecast is interpolated from the Adjusted FY2019 IPO Forecast.

Highlights:

- CEREIT achieved distributable income of €70.6 million for YTD September 2019, an increase of 39.2% over the prior corresponding period ("pcp") and 35.2% above the IPO Forecast. Distribution income for the period from 1 July 2019 to 30 September 2019 ("3Q 2019") of €25.8 million was 50.8% higher than pcp and 41.8% above IPO Forecast.
- Total return for 3Q 2019 was 60.3% higher than pcp mainly due to higher revenue from the new properties acquired since last year.
- DPU for 3Q 2019 was €1.01 cents which was marginally higher than pcp and 1.9% below the IPO Forecast which was mainly due to the timing difference as a result of the private placement units being issued on 2 July 2019 and the acquisitions being completed later with Paryseine, Cap Mermoz and Lenine in Paris, France on 17 July 2019, Avatar and Green Office in Krakow, Poland on 25 July 2019 and Business Garden in Poznan, Poland on 24 September 2019.
- YTD Sep 2019 gross revenue and NPI increased 34.8% and 33.2% respectively from pcp. Gross revenue and NPI were 33.0% and 31.3% respectively higher than the IPO Forecast. The positive results were mainly attributable to contributions from the new properties acquired post IPO.
- Net asset value increased to €1.28 billion as at 30 September 2019, up 14.4% from 31 December 2018
- Interest coverage ratio of 8.9x and aggregate leverage is 37.0%. The all-in interest rate on the asset level debt remains low at 1.35% per annum (excluding the Revolving Credit Facility).
- Portfolio occupancy stood at 92.0% as of 30 September 2019 compared to 90.8% at 31 December 2018.
- Portfolio weighted average lease expiry ("WALE") of 4.6 years by leased lettable area compared to 4.7 years at 31 December 2018.

Portfolio performance by Asset Class and by Country:

	Year-on-Year Comparison					
	Actual 3Q 2019 €'000	Actual 3Q 2018 €'000	Change %	Actual YTD Sep 19 €'000	Actual YTD Sep 18 €'000	Change %
Gross Revenue						
<i>By Asset Class:</i>						
Office	23,387	12,497	87.1%	64,797	35,750	81.3%
Light Industrial	16,545	15,109	9.5%	49,810	46,483	7.2%
Other	3,847	3,847	-	11,544	11,367	1.6%
Total	43,779	31,453	39.2%	126,151	93,600	34.8%
<i>By Country:</i>						
The Netherlands	11,620	9,364	24.1%	36,557	27,603	32.4%
Italy	9,826	9,034	8.8%	29,120	25,684	13.4%
France	11,106	8,345	33.1%	29,900	25,750	16.1%
Germany	2,675	2,346	14.0%	8,037	7,270	10.5%
Denmark	2,301	2,364	(2.7%)	7,125	7,293	(2.3%)
Finland	2,954	-	n.m.	9,127	-	n.m.
Poland	3,297	-	n.m.	6,285	-	n.m.
Total	43,779	31,453	39.2%	126,151	93,600	34.8%
Net Property Income						
<i>By Asset Class:</i>						
Office	15,526	8,793	76.6%	42,872	24,652	73.9%
Light Industrial	10,153	9,915	2.4%	31,330	29,073	7.8%
Other	2,770	2,800	(1.1%)	8,381	8,273	1.3%
Total	28,449	21,508	32.3%	82,583	61,998	33.2%
<i>By Country:</i>						
The Netherlands	7,662	6,586	16.3%	23,622	18,304	29.1%
Italy	7,121	6,549	8.7%	21,314	18,624	14.4%
France	6,477	5,337	21.4%	18,483	15,850	16.6%
Germany	1,787	1,537	16.3%	5,089	4,919	3.5%
Denmark	1,295	1,499	(13.6%)	3,975	4,301	(7.6%)
Finland	1,911	-	n.m.	5,849	-	n.m.
Poland	2,196	-	n.m.	4,251	-	n.m.
Total	28,449	21,508	32.3%	82,583	61,998	33.2%

n.m. – Not meaningful



	Actual vs IPO Forecast					
	Actual 3Q 2019 €'000	IPO Forecast 3Q 2019 €'000	Change %	Actual YTD Sep 19 €'000	IPO Forecast YTD Sep 19 €'000	Change %
Gross Revenue						
<i>By Asset Class:</i>						
Office	23,387	12,901	81.3%	64,797	37,543	72.6%
Light Industrial	16,545	15,493	6.8%	49,810	45,850	8.6%
Other	3,847	3,814	0.8%	11,544	11,438	0.9%
Total	43,779	32,208	35.9%	126,151	94,831	33.0%
<i>By Country:</i>						
The Netherlands	11,620	9,995	16.3%	36,557	28,855	26.7%
Italy	9,826	8,636	13.8%	29,120	25,881	12.5%
France	11,106	8,357	32.9%	29,900	24,821	20.5%
Germany	2,675	2,577	3.8%	8,037	7,391	8.7%
Denmark	2,301	2,643	(12.9%)	7,125	7,883	(9.6%)
Finland	2,954	-	n.m.	9,127	-	n.m.
Poland	3,297	-	n.m.	6,285	-	n.m.
Total	43,779	32,208	35.9%	126,151	94,831	33.0%
Net Property Income						
<i>By Asset Class:</i>						
Office	15,526	9,186	69.0%	42,872	26,222	63.5%
Light Industrial	10,153	9,763	4.0%	31,330	28,298	10.7%
Other	2,770	2,798	(1.0%)	8,381	8,394	(0.2%)
Total	28,449	21,747	30.8%	82,583	62,914	31.3%
<i>By Country:</i>						
The Netherlands	7,662	7,074	8.3%	23,622	19,809	19.2%
Italy	7,121	6,312	12.8%	21,314	18,928	12.6%
France	6,477	5,033	28.7%	18,483	14,869	24.3%
Germany	1,787	1,767	1.2%	5,089	4,714	8.0%
Denmark	1,295	1,561	(17.0%)	3,975	4,594	(13.5%)
Finland	1,911	-	n.m.	5,849	-	n.m.
Poland	2,196	-	n.m.	4,251	-	n.m.
Total	28,449	21,747	30.8%	82,583	62,914	31.3%

n.m. – Not meaningful

Review of portfolio performance

At a portfolio level, gross revenue for 3Q 2019 was €43.8 million which was 39.2% more than the pcp, whilst Net Property Income ("NPI") was €28.4 million, 32.3% more than the PCP. Year-to-date ("YTD") gross revenue was €126.2 million whilst NPI was €82.6 million. On a like for like basis, excluding the acquisitions completed in 2019, YTD NPI was €62.6 million, which was €0.2 million above pcp.

Office

Following the acquisition of six office assets in Q3 2019, CERIT's office portfolio now comprises 38 office buildings. The Netherlands portfolio of 7 assets contributed 40% of the office portfolio's 3Q 2019 net property income whilst the Italian portfolio, located mainly in Italy's two main cities of Milan and Rome, contributed 26%.

YTD gross revenue for the office assets was €64.8 million, of which 3Q 2019 gross revenue was €23.4 million which was 87.1% higher than the pcp. NPI of the office assets was €42.9 million for the YTD, of which €15.5 million is attributed to 3Q 2019 which is 76.6% higher than PCP and 69.0% more than the IPO Forecast for the same period. Much of this variance can be attributed to the new acquisitions that have been completed over the last 12 months; notably the

Poland, Finland and the Netherlands office assets acquired 4Q 2018 and 1Q 2019, and the additional Poland and France office assets acquired recently.

In the YTD, new acquisitions have contributed €18.5m towards NPI with Finland and the Netherlands delivering €5.8 million and €5.4 million respectively. On a like for like basis, the YTD NPI was €24.4m which is €0.6 million lower than pcp mostly as a result of the Netherlands office portfolio, which YTD is €0.8 million below the pcp as a result of certain tenant incentives accorded to new leases signed in 2 significant Dutch properties. Most of the impact of these new incentives were felt in 3Q 2019 where on a like for like basis, NPI was €7.9 million, €0.9 million below pcp.

Light Industrial

CEREIT's light industrial portfolio comprises 25 properties in France, 13 properties in Denmark, 11 properties in Germany, 10 properties in the Netherlands and 1 property in Italy.

YTD Gross revenue was €49.8 million of which €16.5 million was attributed to 3Q 2019, delivering an uplift of 9.5% over the €15.1 million reported in the pcp and is 6.8% ahead of the IPO Forecast for the same period. NPI for YTD was €31.3 million of which €10.2 million was attributed to 3Q 2019, a 2.4% uplift on the PCP. As a result, this is also 4.0% ahead of IPO Forecast over the same period. In addition to the growth resulting from the recent acquisitions, the higher NPI compared to pcp is mostly due to strong letting performance in both the Germany and the Netherlands portfolios, the latter 25.5% ahead of IPO Forecast for 3Q 2019, with the stand out assets being Veemarkt and Folkestoneweg.

On a like for like basis, the YTD NPI was €29.8 million which was €0.8 million more than pcp (€29.1 million) driven by improved leasing in the Netherlands portfolio. The NPI for 3Q 2019 is €9.6 million which is €0.3 million lower than pcp driven by some unexpected vacancies in the France industrial portfolio, most notably Parc d'Osny and Parc Delizy, the former of which was disposed of in October 2019. This was partially offset by new leasings in Germany which resulted in an NPI of €1.8 million, 16.3% higher than pcp.

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 3Q 2018 and the IPO Forecast.

Financial Position

	As at 30-Sep-19	As at 31-Dec-18	Change %
Gross asset value ("GAV") (€'000)	2,219,171	1,814,842	22.3%
Net tangible assets ("NTA") (€'000)	1,279,595	1,118,767	14.4%
Gross borrowings before unamortised debt issue costs (€'000)	820,844	598,165	37.2%
Aggregate leverage (%)	37.0%	33.0%	4.0 p.p.
Aggregate leverage excluding distribution (%) ⁽¹⁾	37.4%	33.6%	3.8 p.p.
Net Gearing (%) ⁽²⁾	35.3%	30.8%	4.5 p.p.
Units issued ('000)	2,542,521	2,181,978	16.5%
NAV per unit (cpu)	50.3	51.3	(1.9%)
Adjusted NAV per unit (excluding distributable income) (cpu)	49.3	49.7	(0.8%)

p.p. – Percentage point

⁽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 30 September 2019 increased by 22.3% from 31 December 2018 mainly due to the completion of acquisitions of 7 French assets and 6 Polish assets and fair value gain. The acquisitions completed in 3Q 2019 were partly funded from the proceeds of a private placement of units which raised gross proceeds of €150 million in early July 2019 and partially by existing and new debt facilities. The acquisitions completed in 1Q 2019 were partly funded from the proceeds of a rights issue in December 2018 and also partly funded from new debt facilities.

Aggregate leverage at 30 September 2019 increased to 37.0% after the completion of the acquisitions mentioned above.

As at 30 September 2019, net asset value per unit decreased slightly to €50.3 cents from €51.3 cents at 31 December 2018 after the private placement mentioned above.

1 Unaudited Results for the Third Quarter ended 30 September 2019

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

1A(i) Consolidated Statement of Total Return

	Note	Actual 3Q 2019 €'000	Actual 3Q 2018 €'000	Variance %	Actual YTD Sep 2019 €'000	Actual YTD Sep 2018 €'000	Variance %
Gross revenue	(a)	43,779	31,453	39.2%	126,151	93,600	34.8%
Property operating expense	(b)	(15,330)	(9,945)	54.1%	(43,568)	(31,602)	37.9%
Net property income		28,449	21,508	32.3%	82,583	61,998	33.2%
Net finance costs	(c)	(3,690)	(2,724)	35.5%	(11,218)	(7,971)	40.7%
Manager's fees	(d)	(1,211)	(844)	43.5%	(3,388)	(2,495)	35.8%
Trustee fees		(44)	(34)	29.4%	(186)	(111)	67.6%
Trust expenses	(e)	(1,368)	(950)	44.0%	(3,663)	(3,292)	11.3%
Net income before tax and fair value changes		22,136	16,956	30.5%	64,128	48,129	33.2%
Fair value (loss)/gain – investment properties	(f)	(4,303)	(142)	>100%	27,751	54,362	(49.0%)
Fair value gain/(loss) – derivatives financial instruments		34	71	(52.1%)	(38)	(170)	(77.6%)
Total return for the period before tax		17,867	16,885	5.8%	91,841	102,321	(10.2%)
Income tax credit/(expense)	(g)	1,711	(4,671)	n.m.	(15,398)	(18,455)	(16.6%)
Total return for the period attributable to Unitholders		19,578	12,214	60.3%	76,443	83,866	(8.9%)

1A(ii) Distribution Statement

	Note	Actual 3Q 2019 €'000	Actual 3Q 2018 €'000	Variance %	Actual YTD Sep 2019 €'000	Actual YTD Sep 2018 €'000	Variance %
Total return for the period attributable to Unitholders		19,578	12,214	60.3%	76,443	83,866	(8.9%)
Distribution adjustments	(h)	6,194	4,876	n.m.	(5,831)	(33,148)	n.m.
Income available for distribution to Unitholders		25,772	17,090	50.8%	70,612	50,718	39.2%
Units in issue at the end of the period ('000) ⁽¹⁾		2,542,521	1,703,070	49.3%	2,542,521	1,703,070	49.3%
Actual DPU (cpu) ⁽¹⁾⁽²⁾		1.01	1.00	1.0%	3.05	2.98	2.3%

n.m. – Not meaningful

⁽¹⁾ 3Q 2018 & YTD Sep 2018 Units in issue and DPU are restated to reflect the bonus element in the new units issued pursuant to the rights issue in December 2018.

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

(a) *Gross revenue*

Gross revenue includes the following items:

	Actual 3Q 2019 €'000	Actual 3Q 2018 €'000	Variance %	Actual YTD Sep 2019 €'000	Actual YTD Sep 2018 €'000	Variance %
Gross rental income	36,864	26,959	36.7%	104,248	78,890	32.1%
Service charge income	6,660	4,394	51.6%	19,860	14,564	36.4%
Other property related income ⁽¹⁾	255	100	>100%	2,043	146	>100%
Total gross revenue	43,779	31,453	39.2%	126,151	93,600	34.8%

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

(b) *Property operating expense*

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

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

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

Property operating expense includes the following items:

	Actual 3Q 2019 €'000	Actual 3Q 2018 €'000	Variance %	Actual YTD Sep 2019 €'000	Actual YTD Sep 2018 €'000	Variance %
Service charge expenses and non-recoverable expenses	11,802	7,482	57.7%	33,699	24,336	38.5%
Property management fees	3,528	2,463	43.2%	9,869	7,266	35.8%
Total property operating expense	15,330	9,945	54.1%	43,568	31,602	37.9%

(c) *Net finance costs*

Net finance costs include the following:

	Actual 3Q 2019 €'000	Actual 3Q 2018 €'000	Variance %	Actual YTD Sep 2019 €'000	Actual YTD Sep 2018 €'000	Variance %
Interest expense	2,780	2,116	31.4%	8,466	6,120	38.3%
Amortisation of debt issuance costs	978	614	59.3%	2,832	1,870	51.4%
Interest income	(68)	(6)	>100%	(80)	(19)	>100%
Net finance costs	3,690	2,724	35.5%	11,218	7,971	40.7%

(d) *Manager's fees*

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

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 payable to the Manager are paid in CERIT units at least to the end of the 2019 financial year as disclosed in the Prospectus.

	Actual 3Q 2019 €'000	Actual 3Q 2018 €'000	Variance %	Actual YTD Sep 2019 €'000	Actual YTD Sep 2018 €'000	Variance %
Manager's base fees	1,211	844	43.5%	3,388	2,495	35.8%
Manager's performance fees ⁽¹⁾	-	-	n.m.	-	-	n.m.
Total manager's fees	1,211	844	43.5%	3,388	2,495	35.8%

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

n.m. – Not meaningful

(e) *Trust expenses*

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

(f) *Fair value (loss)/ gain – investment properties*

The fair value gain on investment properties for YTD Sep 2019 and YTD Sep 2018 relates to recognition of fair value change in properties based on independent valuation conducted as at 30 June 2019 and 31 March 2018 respectively, partially offset by the fair value loss generated by expensing the acquisition costs incurred in relation to the assets acquired during the periods which are carried at net purchase cost.

The fair value loss on investment properties for 3Q 2019 was mainly due to expensing the acquisition costs incurred in relation to the assets acquired during the quarter which are carried at net purchase cost.

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



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

Income tax expense includes the following:

	Actual 3Q 2019 €'000	Actual 3Q 2018 €'000	Variance %	Actual YTD Sep 2019 €'000	Actual YTD Sep 2018 €'000	Variance %
Current tax expense	965	2,014	(52.1%)	3,691	3,822	(3.4%)
Deferred tax (credit)/expense	(2,676)	2,657	n.m.	11,707	14,633	(20.0%)
Total income tax (credit)/expense	(1,711)	4,671	n.m.	15,398	18,455	(16.6%)

n.m. – Not meaningful

Deferred tax expense relates to the tax provision made in respect of the fair value gain on investment properties in YTD Sep 2019 and YTD Sep 2018.

The lower current tax expense in 3Q 2019 was mainly due to no withholding tax paid in relation to Italy due to timing, whereas in the pcq, withholding tax of €1.2 million had been paid.

(h) *Distribution adjustments*

Included in distribution adjustments were the following items:

	Actual 3Q 2019 €'000	Actual 3Q 2018 €'000	Variance %	Actual YTD Sep 2019 €'000	Actual YTD Sep 2018 €'000	Variance %
Straight-line rent adjustments and leasing fees	828	(188)	n.m.	(374)	(859)	(56.5%)
Trustee Fees	44	34	29.4%	186	111	67.6%
Manager base fees paid in CEREIT units	1,211	844	43.5%	3,388	2,495	35.8%
Property Manager fees paid in CEREIT units	1,412	985	43.4%	3,948	2,906	35.9%
Amortisation of debt issuance costs	978	614	59.3%	2,832	1,870	51.4%
Fair value adjustments – investment properties ⁽¹⁾	4,303	142	>100%	(27,751)	(54,362)	(49.0%)
Fair value adjustments – derivative financial instruments	(34)	(70)	(51.4%)	38	171	(77.8%)
Net foreign exchange loss/(gain)	128	(99)	n.m.	195	(113)	n.m.
Deferred tax (credit)/expense ⁽¹⁾	(2,676)	2,614 ⁽²⁾	n.m.	11,707	14,633	(20.0%)
Total distribution adjustments	6,194	4,876	n.m.	(5,831)	(33,148)	n.m.

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

⁽²⁾ Including tax losses utilised of €43,000.

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.



1B(i) Consolidated Balance Sheets

Note	Group			Trust		
	As at 30-Sep 2019 €'000	As at 31-Dec 2018 €'000	Increase/ (Decrease) %	As at 30-Sep 2019 €'000	As at 31-Dec 2018 €'000	Increase/ (Decrease) %
Current assets						
Cash and cash equivalents	59,162	57,755	2.4%	842	15,732	(94.6%)
Asset held for sale (a)	16,891	-	n.m.	-	-	-
Receivables (b)	56,111	49,719	12.9%	30,933	42,795	(27.7%)
Current tax assets (c)	2,296	227	>100.0%	-	-	-
Total current assets (d)	134,460	107,701	24.8%	31,775	58,527	(45.7%)
Non-current assets						
Investment properties (e)	2,068,098	1,690,224	22.4%	-	-	-
Investments in subsidiaries	-	-	-	1,199,789	1,078,007	11.3%
Receivables	430	688	(37.5%)	-	-	-
Loans to subsidiaries	-	-	-	125,106	-	n.m.
Derivative financial instruments (f)	1	5	(80.0%)	-	-	-
Deferred tax assets (g)	16,182	16,224	(0.3%)	-	-	-
Total non-current assets	2,084,711	1,707,141	22.1%	1,324,895	1,078,007	22.9%
Total assets	2,219,171	1,814,842	22.3%	1,356,670	1,136,534	19.4%
Current liabilities						
Borrowings (h)	90,725	-	n.m.	70,854	-	n.m.
Payables (i)	36,198	43,557	(16.9%)	147,837	77,200	91.5%
Current tax liabilities	5,934	2,113	>100.0%	-	-	-
Derivative financial instruments (f)	109	271	(59.8%)	-	-	-
Other current liabilities (j)	38,663	30,899	25.1%	-	-	-
Total current liabilities (d)	171,629	76,840	>100.0%	218,691	77,200	>100%
Non-current liabilities						
Payables	297	742	(60.0%)	-	-	-
Borrowings (h)	725,220	591,733	22.6%	-	21,519	(100.0%)
Derivative financial instruments (f)	227	-	n.m.	-	-	-
Deferred tax liabilities (g)	34,802	21,531	61.6%	-	-	-
Other non-current liabilities	7,401	5,229	41.5%	-	-	-
Total non-current liabilities	767,947	619,235	24.0%	-	21,519	(100.0%)
Total liabilities	939,576	696,075	35.0%	218,691	98,719	>100.0%
Net assets attributable to Unitholders	1,279,595	1,118,767	14.4%	1,137,979	1,037,815	9.7%
Represented by:						
Unitholders' funds	1,279,595	1,118,767	14.4%	1,137,979	1,037,815	9.7%

n.m. – Not meaningful



Notes

(a) *Asset held for sale*

The asset held for sale relates to Parc d'Osny which has been reclassified from investment properties pursuant to the announcement for disposal of one property in France on 8 August 2019. The disposal has subsequently been completed on 18 October 2019.

(b) *Receivables*

The increase was mainly due VAT paid in relation to the acquisition of Polish assets, partially offset by deposits applied to the French & Polish acquisitions.

(c) *Current tax assets*

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

(d) 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. Subsequent to the end of the financial period, the Manager has executed a debt refinancing with longer tenures to refinance the RCF and other facilities due to expire in November 2020. Accordingly, the Manager believes that CEREIT is able to meet its obligations as and when they fall due in the next twelve months.

(e) *Investment properties*

Investment properties are stated at their fair value based on independent valuations performed by either Cushman & Wakefield LLP or Colliers International LLP as at 30 June 2019. The carrying amount of CEREIT's investment properties as at 30 September 2019 and movements during the financial period were as follows:

	France €'000	Italy €'000	The Netherlands €'000	Germany €'000	Denmark €'000	Finland €'000	Poland €'000	Total €'000
Independent valuation dated 30-Jun-2019	341,700 ⁽¹⁾	458,600	626,950	118,550	83,148	115,450	73,240	1,817,638
At purchase price	78,725	-	-	-	-	-	168,800	247,525
	420,425	458,600	626,950	118,550	83,148	115,450	242,040	2,065,163
<i>Adjustments to carrying amount:</i>								
Finance lease liability ⁽²⁾								5,066
Unspent vendor funded capital expenditure ⁽³⁾								(2,131)
Total adjustments								2,935
Carrying amount at 30-Sep-19								2,068,098

⁽¹⁾ Exclude Parc d'Osny which has been reclassified from investment properties to asset held for sale. Please refer to note (a).

⁽²⁾ 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.

⁽³⁾ 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.

Movements during the period:

	France €'000	Italy €'000	The Netherlands €'000	Germany €'000	Denmark €'000	Finland €'000	Poland €'000	Total €'000
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	1,042	85	1,003	-	-	1,022	1,762	4,914
<i>Capital expenditure:</i>								
Lifecycle	1,283	21	4,317	128	22	68	28	5,867
Lease incentives, lease costs and rent straight-lining	259	(22)	(1,275)	(103)	619	62	-	(460)
Net gain from fair value adjustments	6,221	1,599	17,099	5,199	1,158	1,178	(400)	32,054
Others	-	-	-	-	26	-	-	26
Balance at 30-Jun-2019	358,245	458,279	628,190	117,724	81,547	115,450	73,240	1,832,675
Acquisition price	78,725	-	-	-	-	-	168,800	247,525
Acquisition costs	2,832	-	205	-	-	-	1,988	5,025
Reclass to asset held for sale ⁽¹⁾	(16,891)	-	-	-	-	-	-	(16,891)
<i>Capital expenditure:</i>								
Lifecycle	588	667	1,458	-	28	-	181	2,922
Lease incentives, lease costs and rent straight-lining	49	(11)	151	94	842	7	46	1,178
Net loss from fair value adjustments	(2,832)	-	517	-	-	-	(1,988)	(4,303)
Others	-	-	-	-	(33)	-	-	(33)
Balance at 30-Sep-2019	420,716	458,935	630,521	117,818	82,384	115,457	242,267	2,068,098

⁽¹⁾ Parc d'Osny which has been reclassified from investment properties to asset held for sale. Please refer to note (a).

(f) *Derivative financial instruments*

Derivative financial instruments relate to interest rate swap and cap contracts entered into by CEREIF to fix interest on floating rate borrowings. As at 30 September 2019, 84.7% (31 Dec 2018: 71.2%) of CEREIF's total (drawn) gross borrowings were hedged by using interest rate hedging instruments. The weighted average hedge strike rate of 0.17% (31 December 2018: 0.05%) / capped at a weighted average of 0.49% (31 December 2018: 0.84%) and floating weighted average of -0.18% (31 December 2018: -0.17%).

At 30 September 2019, the notional principal amounts and period of expiry of CEREIF's hedging instruments (including swap and cap contracts and fixed rate loans) were as follows:

Hedging and Fixed Loan Expiry Profile	As at 30-Sep 2019 €'000	As at 31-Dec 2018 €'000
Less than 1 year	359,608	246,222
1 – 2 years	252,980	50,000
2 – 3 years	-	47,373
3 – 4 years	-	-
4 years and longer	82,375	82,375
	694,963	425,970

(g) Deferred tax assets/ liabilities

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

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

(h) Borrowings

Current borrowings as at 30 September 2019 pertains to Revolving Credit Facility due in January 2020 and the Poland VAT loan which expires April 2020.

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

(i) Payables

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

(j) Other current liabilities

Other current liabilities mostly comprise advance rental, tenant security deposits and other liabilities. The increase was mainly attributable to higher tenant security deposit and advance rental in September 2019 as a result of more properties owned.

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

	As at 30-Sep 2019 €'000	As at 31-Dec 2018 €'000
<i>Current</i>		
Unsecured	90,871	-
Less: Unamortised debt issuance costs	(146)	-
Total current borrowings	90,725	-
<i>Non-current</i>		
Secured	625,473	575,340
Unsecured	104,500	22,825
Less: Unamortised debt issuance costs	(4,753)	(6,432)
Total non-current borrowings	725,220	591,733
Total borrowings	815,945	591,733

Borrowing details:

Facility	Note	Secured	Maturity	30-Sep-2019		31-Dec-2018	
				Facility €'000	Utilised €'000	Facility €'000	Utilised €'000
France Light Industrial	(i)	Yes	Nov-20	66,000	66,000	50,000	50,000
Denmark Light Industrial	(ii)	Yes	Nov-20	26,118	26,118	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	71,000	100,000	22,825
Note Issuance Facility	(x)	No	Aug-21	104,500	104,500	-	-
Poland VAT loan	(x)	No	Apr-20	19,871	19,871	-	-
Total borrowing facilities				849,844	820,844	675,340	598,165
Less: Unamortised debt issuance costs					(4,899)		(6,432)
Balance at period end					815,945		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 €138.4 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 €83.2 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 30 September 2019 was -0.44%.

(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 €387.3 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 €184.0 million. Interest is payable quarterly in arrears at variable rates based on the EURIBOR 3 months swap rate plus a loan margin. The EURIBOR 3 months 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 €230.9 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 €405.5 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 €115.4 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 swap rate at 30 September 2019 was -0.41% 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 €207.9 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 0.75% and 0.50% per annum respectively.

Unsecured financing facilities

(ix) Revolving Credit Facility ("RCF")

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

(x) Note Issuance Facility ("NIF")

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

All-in interest rate

The all-in interest rate on the asset level debt is 1.35% p.a. (31 Dec 2018: 1.40% p.a.). Including the RCF currently partially drawn down, the average all-in interest rate is 1.47% p.a. (31 December 2018: 1.53% p.a.).

Loans to subsidiaries

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

1C Consolidated Statement of Cash Flows

	Actual 3Q 2019 €'000	Actual 3Q 2018 €'000	Actual YTD Sep 2019 €'000	Actual YTD Sep 2018 €'000
Cash flows from operating activities				
Total return for the financial period	19,578	12,214	76,443	83,866
<i>Adjustments for:</i>				
Amortisation of lease costs and incentives	1,721	(935)	409	(2,555)
Effect of recognising rental income on a straight-line basis	(1,178)	(258)	(718)	(774)
Net finance costs	3,690	2,724	11,218	7,971
Manager's fees and property manager's fees paid in CEREIT units	2,623	1,830	7,336	5,402
Change in fair value of investment properties	4,303	142	(27,751)	(54,362)
Change in fair value of derivative financial instruments	(34)	(71)	38	170
Net foreign exchange loss/(gain)	128	(97)	195	(134)
<i>Changes in operating assets and liabilities:</i>				
(Increase) / decrease in receivables	(689)	10,957	(2,471)	17,776
Increase/ (decrease) in payables	3,651	(4,649)	(7,256)	(27,090)
Movement in current tax assets and liabilities	965	1,493	3,691	2,757
Movement in deferred tax assets and liabilities	(2,676)	1,959	11,707	14,479
Increase/ (decrease) in other liabilities	6,297	(4,001)	9,704	(2,975)
Cash generated from operations	38,379	21,308	82,545	44,531
Interest paid	(2,536)	(2,116)	(7,732)	(6,246)
Interest received	68	6	80	19
Tax paid	(762)	(1,378)	(3,561)	(1,877)
Net cash provided by operating activities	35,149	17,820	71,332	36,427
Cash flows from investing activities				
Payments for acquisitions of subsidiaries, net of cash	(67,956)	658	(143,325)	316
Payments for acquisition of investment properties	(166,150)	(175)	(172,950)	(34,386)
Payment for transaction costs	(10,538)	-	(12,327)	(5,577)
Payment of VAT in relation to acquisition	(19,871)	-	(19,871)	-
Payments for capital expenditure on investment properties	(2,922)	(3,309)	(8,789)	(5,387)
Net cash used in investing activities	(267,437)	(2,826)	(357,262)	(45,034)
Cash flows from financing activities				
Proceeds from issuance of CEREIT units	147,563	-	147,563	-
Proceeds from bank borrowings	272,371	38,500	387,433	61,469
Repayment of bank borrowings	(138,825)	(33,000)	(164,758)	(45,000)
Payment of equity issue costs	(741)	-	(1,650)	(7,615)
Payment for debt issuance costs	(312)	(262)	(1,733)	(621)
Distributions paid to Unitholders	(45,116)	(39,906)	(79,518)	(39,906)
Net cash provided by/(used in) financing activities	234,940	(34,668)	287,337	(31,673)
Net increase/(decrease) in cash and cash equivalents	2,651	(19,674)	1,407	(40,280)
Cash and cash equivalents at beginning of period	56,510	53,549	57,755	74,155
Cash and cash equivalents at end of period	59,162	33,875	59,162	33,875



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

Group	3Q 2019				3Q 2018			
	Units on issue €'000	Reserves €'000	Retained earnings €'000	Total €'000	Units on issue €'000	Reserves €'000	Retained earnings €'000	Total €'000
As beginning of the period	1,079,670	112	70,617	1,150,399	846,100	113	51,687	897,900
<i>Operations</i>								
Total return for the period	-	-	19,578	19,578	-	-	12,214	12,214
Net increase in Unitholders' funds resulting from operations	-	-	19,578	19,578	-	-	12,214	12,214
<i>Transactions with Unitholders in their capacity as Unitholders</i>								
Issue of units - base management fees	1,100	-	-	1,100	1,916	-	-	1,916
Issue of units - property management fees	1,282	-	-	1,282	-	-	-	-
Issue of units - private placement	150,000	-	-	150,000	-	-	-	-
Issue of units - purchase consideration	5,000	-	-	5,000	-	-	-	-
Issue expenses	(2,648)	-	-	(2,648)	-	-	-	-
Distributions paid	-	-	(45,116)	(45,116)	-	-	(39,906)	(39,906)
Net increase/(decrease) in Unitholders' funds resulting from transactions with Unitholders	154,734	-	(45,116)	109,618	1,916	-	(39,906)	(37,990)
At end of the period	1,234,404	112	45,079	1,279,595	848,016	113	23,995	872,124

Trust	3Q 2019				3Q 2018			
	Units on issue €'000	Reserves €'000	Retained earnings €'000	Total €'000	Units on issue €'000	Reserves €'000	Retained earnings €'000	Total €'000
As beginning of the period	1,079,670	116	(62,935)	1,016,851	846,100	116	(1,489)	844,727
<i>Operations</i>								
Total return for the period	-	-	11,173	11,173	-	-	(1,098)	(1,098)
Net increase in Unitholders' funds resulting from operations	-	-	11,173	11,173	-	-	(1,098)	(1,098)
<i>Transactions with Unitholders in their capacity as Unitholders</i>								
Issue of units - base management fees	1,100	-	-	1,100	1,916	-	-	1,916
Issue of units - property management fees	1,282	-	-	1,282	-	-	-	-
Issue of units - private placement	150,000	-	-	150,000	-	-	-	-
Issue of units - purchase consideration	5,000	-	-	5,000	-	-	-	-
Issue expenses	(2,311)	-	-	(2,311)	-	-	-	-
Distributions paid	-	-	(45,116)	(45,116)	-	-	(39,906)	(39,906)
Net increase/(decrease) in Unitholders' funds resulting from transactions with Unitholders	155,071	-	(45,116)	109,955	1,916	-	(39,906)	(37,990)
At end of the period	1,234,741	116	(96,878)	1,137,979	848,016	116	(42,493)	805,639



Group	YTD Sep 2019				YTD Sep 2018			
	Units on issue €'000	Reserves €'000	Retained earnings €'000	Total €'000	Units on issue €'000	Reserves €'000	Retained earnings €'000	Total €'000
As beginning of the period	1,070,501	112	48,154	1,118,767	846,268	116	(19,965)	826,419
<i>Operations</i>								
Total return for the period	-	-	76,443	76,443	-	-	83,866	83,866
Net increase in Unitholders' funds resulting from operations	-	-	76,443	76,443	-	-	83,866	83,866
<i>Transactions with Unitholders in their capacity as Unitholders</i>								
Issue of units - IPO, net of issue cost	-	-	-	-	-	(3)	-	(3)
Issue of units - base management fees	3,901	-	-	3,901	1,916	-	-	1,916
Issue of units - property management fees	4,545	-	-	4,545	-	-	-	-
Issue of units - acquisition fees	3,125	-	-	3,125	-	-	-	-
Issue of units - private placement	150,000	-	-	150,000	-	-	-	-
Issue of units - purchase consideration	5,000	-	-	5,000	-	-	-	-
Issue expenses	(2,668)	-	-	(2,668)	(168)	-	-	(168)
Distributions paid	-	-	(79,518)	(79,518)	-	-	(39,906)	(39,906)
Net increase/(decrease) in Unitholders' funds resulting from transactions with Unitholders	163,903	-	(79,518)	84,385	1,748	(3)	(39,906)	(38,161)
At end of the period	1,234,404	112	45,079	1,279,595	848,016	113	23,995	872,124

Trust	YTD Sep 2019				YTD Sep 2018			
	Units on issue €'000	Reserves €'000	Retained earnings €'000	Total €'000	Units on issue €'000	Reserves €'000	Retained earnings €'000	Total €'000
As beginning of the period	1,070,501	116	(32,802)	1,037,815	846,268	116	(137)	846,247
<i>Operations</i>								
Total return for the period	-	-	15,442	15,442	-	-	(2,450)	(2,450)
Net increase in Unitholders' funds resulting from operations	-	-	15,442	15,442	-	-	(2,450)	(2,450)
<i>Transactions with Unitholders in their capacity as Unitholders</i>								
Issue of units - base management fees	3,901	-	-	3,901	1,916	-	-	1,916
Issue of units - property management fees	4,545	-	-	4,545	-	-	-	-
Issue of units - acquisition fees	3,125	-	-	3,125	-	-	-	-
Issue of units - private placement	150,000	-	-	150,000	-	-	-	-
Issue of units - purchase consideration	5,000	-	-	5,000	-	-	-	-
Issue expenses	(2,331)	-	-	(2,331)	(168)	-	-	(168)
Distributions paid	-	-	(79,518)	(79,518)	-	-	(39,906)	(39,906)
Net increase/(decrease) in Unitholders' funds resulting from transactions with Unitholders	164,240	-	(79,518)	84,722	1,748	-	(39,906)	(38,158)
At end of the period	1,234,741	116	(96,878)	1,137,979	848,016	116	(42,493)	805,639

1D(ii) Details of Changes in Units

	Group and Trust		Group and Trust	
	3Q 2019 '000	3Q 2018 '000	YTD Sep 2019 '000	YTD Sep 2018 '000
Units in issue at the beginning of the period	2,200,778	1,573,990	2,181,978	1,573,990
New units issued:				
- As payment of base management fees	2,211	3,304	7,995	3,304
- As payment of property management fees	2,576	-	9,316	-
- As payment of acquisition fees	-	-	6,276	-
- Private placement	326,086	-	326,086	-
- As purchase consideration	10,870	-	10,870	-
Total units in issue at the end of the period	2,542,521	1,577,294	2,542,521	1,577,294
Units to be issued:				
Manager's base fee payable in units	2,432	1,500	2,432	1,500
Property Manager's management fee payable in units	2,834	5,597	2,834	5,597
Total issuable units at end of period	5,266	7,097	5,266	7,097
Total units issued and to be issued at the end of the period	2,547,787	1,584,391	2,547,787	1,584,391

1D(iii) Total Number of Issued Units

CEREIT did not hold any treasury units as at 30 September 2019.

	As at 30-Sep 2019 '000	As at 31-Dec 2018 '000
Total units in issue	2,542,521	2,181,978

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

Not applicable.

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

Not applicable.

2 Audit

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

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

3 Auditors' Report

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

Not applicable.

4 Accounting Policies

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

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

5 Changes in Accounting Policies

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

IFRS 16 Leases

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

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

6 Consolidated Earnings per Unit and Distribution per Unit

	3Q 2019	3Q 2018	YTD Sep 2019	YTD Sep 2018
Earnings per unit ("EPU")				
Weighted average number of units ('000) ^{(1) (2)}	2,537,144	1,707,264	2,312,372	1,703,608
Total return for the period attributable to Unitholders (€'000)	19,578	12,214	76,443	83,866
EPU (basic and diluted) (cents) ⁽²⁾	0.77	0.72	3.31	4.92

⁽¹⁾ The weighted average number of units was based on the number of units in issue at 30 September 2019 & 30 September 2018 and units issuable to the Manager and Property Manager.

⁽²⁾ 3Q 2018 & YTD Sep 2018 weighted average number of units and EPU are restated to reflect the bonus element in the new units issued pursuant to the rights issue in December 2018.

	3Q 2019	3Q 2018	YTD Sep 2019	YTD Sep 2018
Distribution per unit ("DPU")				
Total units issued entitled to distribution ('000) ⁽³⁾	2,542,521	1,703,070	2,542,521	1,703,070
Income available for distribution to Unitholders (€'000)	25,772	17,090	70,612	50,718
DPU (cents) ^{(3) (4)}	1.01	1.00	3.05	2.98

⁽³⁾ 3Q 2018 & YTD Sep 2018 Units in issue & DPU are restated to reflect the bonus element in the new units issued pursuant to the rights issue in December 2018.

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

7 Net Asset Value ("NAV")

	Group As at 30-Sep-19	Trust As at 30-Sep-19	Group As at 31-Dec-18	Trust As at 31-Dec-18
NAV ⁽¹⁾ at the end of the period (€'000)	1,279,595	1,137,979	1,118,767	1,037,815
Number of Units in issue at the end of the period ('000)	2,542,521	2,542,521	2,181,978	2,181,978
NAV per unit (cpu)	50.3	44.8	51.3	47.6
Adjusted NAV per unit (excluding distributable income) (cpu)	49.3	42.0	49.7	46.0

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

8 Review of Performance

Review of performance between 3Q 2019 and 3Q 2018

CEREIT's NPI for 3Q 2019 increased by 32.3% to €28.5 million from €21.5 million in 3Q 2018. The positive results were mainly attributed to contributions from the properties acquired post IPO. Please refer to the Results Overview at the beginning of this report for a detailed country by country discussion.

Net finance costs were 35.5% higher at €3.7 million largely due to higher borrowings drawn down to fund the acquisitions and additional RCF drawn down for working capital requirements.

Manager's fees for 3Q 2019 of €1.2 million were 43.5% higher than 3Q 2018 of €0.8 million, mainly due to higher deposited property value from the acquisitions mentioned above, and the valuation gains on CEREIF's portfolio.

Trust expenses for 3Q 2019 were €1.4 million, an increase of €0.4 million or 44.0% from 3Q 2018. This was mainly due to enlarged portfolio and higher professional fee incurred in 3Q 2019.

3Q 2019 fair value loss of €4.3 million was due to expensing the acquisition costs incurred in relation to the assets acquired during the quarter which are carried at net purchase price.

Income tax credit for 3Q 2019 of €1.7 million comprised current tax expense of €1.0 million and deferred tax credit of €2.7 million. Income tax expense for the pcp comprised current tax expense of €2.0 million and deferred tax expense €2.7 million. The lower current tax expense in 3Q 2019 was mainly due to no withholding tax paid in relation to Italy due to timing, whereas in the pcp, withholding tax of €1.2 million had been paid.

Review of performance between YTD Sep 2019 and YTD Sep 2018

CEREIT's NPI for YTD September 2019 was €82.6 million, an increase of €20.6 million or 33.2% from pcp of €62.0 million. The positive results were mainly attributable to contributions from the properties acquired post IPO. Please refer to the Results Overview at the beginning of this report for a detailed country by country discussion.

Net finance costs in YTD September 2019 of €11.2 million were 40.7% higher than pcp largely due to higher borrowings drawn down to fund the acquisitions and additional RCF drawn down for working capital requirements.

Manager's fees for YTD September 2019 increased by 35.8% as compared to the pcp. The increase was mainly due to higher deposited property value from the acquisitions mentioned above, and the valuation gains on CEREIF's portfolio.

Trust expenses of €3.7 million in YTD September 2019 were higher than YTD September 2018 by €0.4 million or 11.3%, mainly due to enlarged portfolio.

CEREIT recorded fair value gain of €27.8 million in YTD September 2019 as compared to €54.4 million in YTD September 2018.

Income tax expense of €15.4 million for September 2019 was €3.1 million or 16.6% lower than the pcp. This was mainly due to lower deferred tax expense on lower fair value gain on investment properties and lower current tax expense due to utilisation of previously unrecognised tax losses.

As a result of the above, CEREIT's income available for distribution to Unitholders for YTD September 2019 increased by €19.9 million or 39.2% to €70.6 million from €50.7 million in YTD September 2018. DPU for YTD September 2019 of €3.05 cents was 2.3% higher than the pcp of €2.98 cents with the units issued for the private placement in July 2019 being entitled to distributions for the period from 2 July 2019 to 30 September, but the properties acquired with the proceeds of the equity raising were only completed later during the quarter.

9 Variance between Actual and Forecast/Projection

	Actual 3Q 2019 €'000	IPO Forecast 3Q 2019 €'000	Variance %	Actual YTD Sep19 €'000	IPO Forecast YTD Sep 18 €'000	Variance %
Gross revenue	43,779	32,208	35.9%	126,151	94,831	33.0%
Property operating expense	(15,330)	(10,461)	46.5%	(43,568)	(31,917)	36.5%
Net property income	28,449	21,747	30.8%	82,583	62,914	31.3%
Net finance costs	(3,690)	(2,486)	48.4%	(11,218)	(7,475)	50.1%
Manager's fees	(1,211)	(939)	29.0%	(3,388)	(2,809)	20.6%
Trustee fees	(44)	(53)	(17.0%)	(186)	(157)	18.5%
Trust expenses	(1,368)	(575)	>100%	(3,663)	(1,728)	>100%
Net income before tax and fair value changes	22,136	17,694	25.1%	64,128	50,745	26.4%
Fair value (loss)/gain – investment properties	(4,303)	-	n.m.	27,751	-	n.m.
Fair value gain/(loss) – derivatives financial instruments	34	-	n.m.	(38)	-	n.m.
Total return for the period before tax	17,867	17,694	1.0%	91,841	50,745	81.0%
Income tax credit/(expense)	1,711	(1,747)	n.m.	(15,398)	(4,690)	>100%
Total return for the period attributable to Unitholders	19,578	15,947	22.8%	76,443	46,055	66.0%

	Actual 3Q 2019 €'000	IPO Forecast 3Q 2019 €'000	Variance %	Actual YTD Sep19 €'000	IPO Forecast YTD Sep 18 €'000	Variance %
Total return for the period attributable to Unitholders	19,578	15,947	22.8%	76,443	46,055	66.0%
Distribution adjustments	6,194	2,225	n.m.	(5,831)	6,188	n.m.
Income available for distribution to Unitholders	25,772	18,172	41.8%	70,612	52,243	35.2%
Units in issue at the end of the period⁽¹⁾ ('000)	2,542,521	1,747,820	n.m.	2,542,521	1,747,820	n.m.
Actual DPU (cpu)⁽¹⁾⁽²⁾	1.01	1.03	(1.9%)	3.05	2.98	2.3%

n.m. – Not meaningful

- (1) The IPO Forecast DPU for FY2019 was 4.40 cpu. Taking into account the new units issued in December 2018 (in accordance with paragraph 46 of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts"), the adjusted FY2019 DPU is 4.02 cpu. 3Q 2019 and YTD Sep 2019 IPO Forecast is interpolated from the Adjusted FY2019 IPO Forecast.
- (2) DPU is calculated based on the total number of units in issue entitled to distributions as at the end of the respective period.

Discussion

NPI of €82.6 million for YTD September 2019 was €19.7 million or 31.3% above IPO Forecast of €62.9 million. This was mainly attributed to the contributions from the properties acquired post IPO. For a detailed country by country discussion please refer to the Result Overview at the beginning of this report.

Net finance costs of €11.2 million in YTD September 2019 were €3.7 million higher than the IPO Forecast largely due to higher borrowings drawn down to fund the acquisitions of 29 new assets which were not included in IPO portfolio and additional RCF drawn down for working capital requirement.

Manager's fees, which are calculated based on the value of deposited property, were €0.6 million higher than IPO Forecast due to the acquisitions mentioned above and the valuation gains on CERET's portfolio.

YTD September 2019 trust expenses were €1.9 million higher than the IPO Forecast mainly as a result of enlarged portfolio and professional fees, audit fees and valuation fees being much higher than initially expected.

Fair value adjustments could not be projected at IPO date.

Income tax expense for YTD September 2019 was €10.7 million higher than IPO Forecast mainly due to provision of deferred tax liability on the fair value gain recognised.

Due to the above, income available for distribution to unitholders and DPU for YTD September were 35.2% and 2.3% respectively ahead of IPO Forecast.

10 Outlook and Prospects

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

Commentary on the European Economy

Eurozone economic growth forecasts for 2019 have been revised down to 1.1% and while Europe's economy is slowing, data indicates a divergence between robust activity in services, with PMI data indicating positive performance, and a struggling manufacturing sector, which continues to underperform.

Eurozone's growth in 2Q 2019 slowed to 0.2%, following 1Q 2019's 0.4% expansion. Strong domestic demand continues to underpin economic activity with household spending picking up, boosted by a falling unemployment rate and wages growing at the fastest rate in a decade. The labour market remains resilient and the unemployment rate is at a decade-low of 7.5%. Private spending grew slightly as households benefited from higher incomes.

Political risks remain a threat; the potential election of a populist government in Italy, the uncertainty surrounding the outcome of Brexit, the Catalan independence issue and the 'Gilets Jaunes' protests in France are a few examples.

In September, the European Central Bank ("ECB") decreased the interest rate on deposits by 10 b.p. to -0.50%. It also reactivated the asset purchase programme, at €20 billion per month, announcing that the new Quantitative Easing (QE) would be open-ended.

Eurozone's current low interest rate environment and ECB's determination to achieve an inflation outlook of 2.0% is helping to attract foreign capital into real estate, moderately offsetting the weakness caused by external geopolitical headwinds.

European Commercial Real Estate – Recent Performance

European property investment volumes reached €64.9 billion in 3Q 2019 – slightly down on 2Q 2019, but up 14.8% on 1Q 2019 activity.

Cross-border capital accounted for 46% of all 3Q 2019 transactions in Europe, with significant capital inflows from Continental Europe at 47%, followed by capital inflows from USA / Canada (30%) and then capital inflows from Asia (19%).

Investor appetite for office sector continues, accounting for 43% of 3Q 2019 trading volumes. Residential comes in second with 17%, followed by retail sector (14%) and the industrial sector (10%) – similar levels to the last twelve months.

Higher levels of activity recorded in ‘non-traditional’ sectors such as hotels and seniors housing & care as they continue to expand, attracting more capital.

The current low-interest rate environment is helping to attract capital into real estate, offsetting to some extent the weaknesses caused by external geopolitical headwinds.

A renewal of the ECB’s quantitative easing programme will further support increased capital deployment into Europe’s real estate market.

11 Distributions

There were no distributions declared/ recommended in 3Q 2019 or 3Q 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 typically make distributions to Unitholders on a semi-annual basis, with the amount calculated as at 30 June and 31 December each year for the six-month period ending on each of these dates.

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

Not applicable.

13 Interested Person Transactions

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

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

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



15 Confirmation pursuant to Rule 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 30 September 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
Executive Director and Chief Executive Officer



Important Notice

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

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

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

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

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