

Cromwell European Real Estate Investment Trust ("CEREIT")

Unaudited Financial Statements Announcement for the Second Half ("2H 2020") and the Financial Year Ended 31 December 2020 ("FY 2020")

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Introduction

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

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

The initial IPO portfolio consisted of 74 properties across Europe. In June 2018, CEREIT acquired an office asset in Italy. In December 2018, CEREIT completed the acquisition of 15 office assets in Italy, the Netherlands and Finland. In January/February 2019, the acquisitions of 4 light industrial/ logistics assets in France and 3 office assets in Poland were completed. In July 2019, the acquisitions of 3 properties in Paris, France and 2 properties in Krakow, Poland were completed, followed by the acquisition of an office asset in Poznan, Poland in September 2019. These 6 assets were partially funded from the proceeds of an issue of units pursuant to a private placement on 2 July 2019 which raised €150 million. In October 2019, the French light industrial asset Parc d'Osny was sold for €19.0 million which was 2.2% above the prevailing valuation. In November 2019, the acquisition of an office asset in Agrate, Italy was completed for a purchase price of €17.7 million. On 24 March 2020, the Manager disposed of 12 assets in Denmark, the Netherlands and France at an underlying property value of €65.7 million, 4% higher than the valuation in June 2019. On the same day, the Manager acquired 3 light industrial/ logistics assets in Germany for a combined purchase price of €38.0 million.

On 13 August 2020, the Manager acquired a further light industrial/ logistics asset in Germany for a purchase price of €16.4 million. More recently, on 23 December 2020, CEREIT acquired the Centro Logistico Orlando Marconi ("CLOM") intermodal logistics park in Central Italy for a purchase price of €52.6 million.

As at 31 December 2020, CEREIT's portfolio of 96 real estate assets consists of properties located in France, Italy, the Netherlands, Germany, Denmark, Finland and Poland with an aggregate lettable area of approximately 1.6 million square metres.

	No. of properties	Lettable Area (sqm)	Valuation ⁽¹⁾ (€'000)	Valuation (%)
Office				
The Netherlands	7	177,891	568,475	26%
Italy	12	142,177	318,930	15%
Finland	11	61,979	110,890	5%
Poland	6	111,246	235,300	11%
France	3	34,292	69,780	3%
Total	39	527,585	1,303,375	60%
Light Industrial/ Logistics				
The Netherlands	5	46,292	64,760	3%
France	19	263,519	339,460	15%
Germany	15	226,985	197,365	9%
Denmark	11	129,278	81,012	4%
Italy	2	186,526	65,250	3%
Total	52	852,600	747,847	34%
Other⁽²⁾				
Italy	5	176,575	126,630	6%
Total Portfolio	96	1,556,760	2,177,852	100%

⁽¹⁾ Valuation is based on independent valuations conducted by CBRE Ltd ("CBRE") and Savills Advisory Services Limited ("Savills") as at 31 December 2020, except for CLOM which is held at purchase price as the most representative valuation, with acquisition costs written off.

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

CEREIT Results Overview

CEREIT remains resilient in the face of COVID-19 pandemic

	2H 2020	2H 2019 ⁽¹⁾	Fav./ (Unfav.) %	FY2020	FY2019	Fav./ (Unfav.) %
Gross revenue (€'000)	93,312	94,674	(1.4%)	186,972	177,046	5.6%
Net property income ("NPI") (€'000)	59,608	62,012	(3.9%)	117,329	116,146	1.0%
Total return for the period attributable to Unitholders (€'000)	60,938	52,180	16.8%	79,363	109,045	(27.2%)
Income available for distribution to Unitholders (€'000)	44,578	52,058	(14.4%)	89,143	96,898	(8.0%)
DPU € cents per unit ("cpu")	1.744	2.040	(14.6%)	3.484	4.080	(14.6%)
Like-for-like DPU ⁽²⁾ (cpu)	1.744	1.767	(1.3%)	3.484	3.590	(3.0%)

(1) 2H 2019 refers to the period from 1 July 2019 to 31 December 2019.

(2) 2H 2019 and FY 2019 DPU have been restated to assume base management fee and property management fee were paid 100% in cash to provide a like-for-like comparison to 2H 2020 and FY 2020.

Highlights:

- CEREIT achieved distributable income ("DI") of €89.1 million and €44.6 million for FY 2020 and 2H 2020 respectively.
- DPU for FY 2020 is €3.484 cents with FY 2020 base management fee and property management fee paid 100% in cash and distribution of divestment gain of €2.8 million from the total available divestment gain of €9.3 million before tax (€6.6 million after tax) from the divestments of Parc d'Osny on 18 October 2019 and 12 non-core assets in France, the Netherlands and Denmark on 24 March 2020. On a like-for-like basis where FY 2019 DPU has been restated to assume base management fees and property management fees were paid in cash, DPU was 3.0% below FY 2019.
- Included in the FY 2020 result was a provision for doubtful debts of €3.1 million, mostly in relation to COVID-19, most of this provision was made in 1H 2020.
- DPU for 2H 2020 is €1.744 cents, 14.6% lower than 2H 2019 of €2.040 cents. On a like-for-like basis assuming FY 2019 management fees were paid in cash, 2H 2020 DPU is 1.3% below 2H 2019 of €1.767 cents.
- Cash flows from operating activities of €88.6 million for FY 2020 were 1.3% higher than FY 2019 and largely in line with FY 2020 DI of €89.1 million.
- In October 2020, CEREIT established a €1.5 billion Euro Medium Term Note ("EMTN") Programme. On 19 November 2020, €300 million Series 001 Notes were issued under the programme at a coupon rate of 2.125% per annum and a reoffer yield of 2.161% with a tenor of 5 years. After financial year end, a tap of €200 million was carried out at a re-offer yield of 1.6% which brings the Series 001 Note to a total of €500 million.
- Interest coverage ratio calculated in accordance with the CIS code revised on 14 April 2020 is 6.4x (31 December 2019: 6.7x) and CIS code aggregate leverage is 38.1% (Net gearing recorded as 36.9%). The all-in interest rate remains low at c. 1.66% per annum.
- Portfolio occupancy stood at 95.1% as of 31 December 2020 compared to 93.2% at 31 December 2019.
- Portfolio weighted average lease expiry ("WALE") of 4.9 years by headline rent compared to 4.4 years at 31 December 2019.

COVID-19 updates for CEREIT

1H 2020: "Safety-first" mode as COVID-19 spread

- Management focus has been on preserving unitholder value, ensuring appropriate levels of cash (i.e. pre-emptive draw down on €150 million RCF to maximise liquidity).
- 1H transactions were put on hold (post successfully completing an asset recycling of 12 small properties into three German logistics assets in March).
- Non-essential capex was deprioritised, and non-critical expenses were minimised (Capex was reduced from €47 million to €22 million for FY 2020).

2H 2020: Gradual return to normal operations

- Repaid RCF in full (50% in June and the remainder by Dec) given more normalised market indicators.
- Recommended strategy of acquiring new properties with a focus on Light Industrial/Logistics properties.
- Obtained investment grade credit rating from Fitch Ratings Services and issued an inaugural 5-year bond from the newly established €1.5 billion EMTN Programme.
- Cash collection much improved in 2H 2020, almost 100% cash collection rate.

Asset Management and Tenant-Customers:

- Local Asset Management teams intensified their regular contact with tenant-customers, with a specific programme for the top 25 in each country established.
- Focus on health and safety - safety briefing / guidance communications for tenant-customers.
- ~21% of tenant-customers by income requested rent repricing (no material change since July).
- ~12% of income repriced following "smart deals", resulting in longer WALE/WALB and less than €40,000 given in rent abatements without extending leases, which were only given in exceptional cases.

Operations, Health and Safety

- No delays / impacts to tenant handovers across the portfolio.
- Business continuity plans were activated across the business.
- Since late Feb 2020, all Cromwell Europe employees have been working from home seamlessly with robust IT.
- From Q1 2021; local laws permitting, teams are returning to office with a hybrid model, in line with country – specific regulations.

Portfolio performance by Asset Class and by Country:

	2H 2020 €'000	2H 2019 €'000	Fav./ (Unfav.) %	FY 2020 €'000	FY 2019 €'000	Fav./ (Unfav.) %
Gross Revenue						
<i>By Asset Class:</i>						
Office	55,277	52,140	6.0%	110,064	93,550	17.7%
Light Industrial/ logistics	31,521	34,584	(8.9%)	62,716	67,849	(7.6%)
Other	6,514	7,950	(18.1%)	14,192	15,647	(9.3%)
Total	93,312	94,674	(1.4%)	186,972	177,046	5.6%
<i>By Country:</i>						
The Netherlands	23,318	24,767	(5.9%)	46,959	49,704	(5.5%)
Italy	19,540	19,983	(2.2%)	39,750	39,277	1.2%
France	20,295	22,463	(9.7%)	40,742	41,257	(1.2%)
Germany	7,461	5,707	30.7%	13,526	11,069	22.2%
Denmark	4,608	5,156	(10.6%)	9,465	9,980	(5.2%)
Finland	5,696	5,876	(3.1%)	11,434	12,049	(5.1%)
Poland	12,394	10,722	15.6%	25,096	13,710	83.0%
Total	93,312	94,674	(1.4%)	186,972	177,046	5.6%
Net Property Income						
<i>By Asset Class:</i>						
Office	34,364	33,000	4.1%	68,399	60,346	13.3%
Light Industrial/ logistics	20,103	23,227	(13.4%)	38,869	44,404	(12.5%)
Other	5,141	5,785	(11.1%)	10,061	11,396	(11.7%)
Total	59,608	62,012	(3.9%)	117,329	116,146	1.0%
<i>By Country:</i>						
The Netherlands	13,980	16,191	(13.7%)	28,398	32,151	(11.7%)
Italy	14,451	14,460	(0.1%)	28,508	28,653	(0.5%)
France	12,381	14,089	(12.1%)	23,987	26,095	(8.1%)
Germany	5,306	4,090	29.7%	9,384	7,392	26.9%
Denmark	2,470	3,234	(23.6%)	5,220	5,914	(11.7%)
Finland	3,215	3,675	(12.5%)	6,514	7,613	(14.4%)
Poland	7,805	6,273	24.4%	15,318	8,328	83.9%
Total	59,608	62,012	(3.9%)	117,329	116,146	1.0%

Review of portfolio performance 2H 2020 vs 2H 2019

Gross revenue for 2H 2020 was €93.3 million which was 1.4% lower than the prior comparable period ("PCP"), whilst NPI was €59.6 million, 3.9% lower than PCP, largely as a result of the impact of COVID-19 in all of CEREIF's subsectors as detailed below, partially offset by new acquisitions.

Office

CEREIT's office portfolio now comprises 39 office buildings. The Netherlands portfolio (7 assets) contributed 34.9% of the office portfolio's 2H 2020 NPI whilst the Italian portfolio, located mainly in Italy's two main cities of Milan and Rome, contributed 25.9%; the office assets acquired in Poland throughout 2019 now contribute 23% of 2H 2020 NPI.

2H 2020 gross revenue for the office assets was €55.3 million, 6.0% higher than the PCP (2H 2019), whilst NPI was €34.4 million, 4.1% higher than PCP, mostly due to income recognition for the whole of 2H 2020 from the 7 office assets acquired in France, Italy and Poland during 2H 2019. This timing difference contributed to an additional €3.8 million of gross revenue with the performance of the office assets partially offset by the reduced car parking income at Central Plaza in 2H 2020 compared to 2H 2019, which was a result of the COVID-19 enforced lockdown.

The 2H 2020 NPI for the offices followed the same trend with €34.4 million in 2H 2020 4.1% higher than €33.0 million in 2H 2019. The assets acquired in 2H 2019 contributed fully to 2H 2020 NPI resulting in an increase of €2.8 million, which was partially offset by some negative comparable performance in the Netherlands, most notably Central Plaza which was largely due to reduced car parking income.

On a like-for-like basis, 2H 2020 gross revenue was 0.8% or €0.3 million lower than PCP and NPI was 5.9% or €1.5 million lower than PCP. This was mainly due to lower contribution from Central Plaza as mentioned above.

Light Industrial

Following the acquisitions and disposals completed at the end of 1Q 2020 and more recently the acquisition of a further asset in Germany (Sangerhausen) and CLOM in Italy, CEREIF's light industrial portfolio now comprises 52 properties. This is broken down as 19 properties in France, 11 properties in Denmark, 15 properties in Germany, 5 properties in the Netherlands and 2 properties in Italy.

2H 2020 gross revenue for this portfolio of assets was €31.5 million, 8.9% lower than PCP, whilst NPI was €20.1 million, 13.4% lower than PCP. Much of this was a result of the completion of the sales of 12 non-core assets in France, the Netherlands and Denmark which contributed to a combined €2.7 million to the 2H 2019 NPI. However, this was partially offset by the additional €1.5 million contribution to the NPI from the 4 recently acquired light industrial assets in Germany.

On a like-for-like basis, 2H 2020 gross revenue was €0.7 million (2.3%) higher than PCP, whilst NPI was €1.5 million (7.3%) lower than PCP. This movement is largely explained within the France industrial portfolio where a number of assets, with a more significant exposure to smaller, local tenants, required doubtful debt provisions of €1.7 million due to COVID-19. For example, in the asset at Sully-sur-Loire, the single tenant Inteva went into insolvency. However, it is important to note this negative variance was partially offset by assets like Urbaparc, Parc des Docks and Parc Jean Mermoz where lease up and rental reversion contributed to an uplift of €0.6 million compared with PCP.

Other

Other property assets consist of 3 government-let campuses, 1 retail asset and 1 hotel, all located in Italy. As a result of COVID-19, the retail and hotel assets in Italy were closed for most of 2H 2020. As a result, provisions and rent adjustments, as part of the lease extensions (both signed during 2020) with Saronno and Lissone have caused a like for like reduction in NPI for 2H 2020 compared to 2H 2019 of €0.6 million or 11.1% lower than PCP.

Review of portfolio performance FY 2020 vs FY 2019

FY 2020 gross revenue was €187.0 million which was 5.6% higher than PCP, whilst NPI was €117.3 million, 1.0% more than the PCP.

Office

FY 2020 gross revenue for the office assets was €110.1 million, 17.7% higher than FY 2019, whilst NPI was €68.4 million, 13.3% higher than PCP. Much of this variance can be attributed to the office acquisitions that occurred throughout 2019, but only partly contributed to the FY2019 income figures. However, this was partially offset by Central Plaza

where the NPI for FY 2020 was significantly lower than FY 2019 as a result of the reduced car parking income resulting from lower footfall due to COVID-19. However, some notable positive performing assets were Haagse Poort, the Hague (benefitting from reduced tenant incentives in FY2020) whilst Assago, Milan benefitted from a year of almost full occupancy.

On a like for like basis, FY 2020 gross revenue was 2.0% or €1.5 million lower than PCP while NPI was €2.8 million or 5.6% lower than PCP, mainly due to lower contribution from Central Plaza and Bastion (both located in the Netherlands), as well as weaker performance of the Finnish portfolio due to COVID-19.

Light Industrial

FY 2020 gross revenue for the light industrial assets was €62.7 million, 7.6% lower than the PCP, whilst NPI was €38.9 million, 12.5% lower than PCP. Much of the negative variance to PCP was a result of the 12 sales in 1Q 2020, although this was partially offset by the recent acquisitions in Germany, and to a lesser extent, Italy.

On a like-for-like basis, gross revenue was €1.0 million (1.7%) higher than PCP, whilst NPI was €2.6m (6.8%) lower than PCP. Much of this variance is a result of doubtful debt provisions made as a result of COVID-19 related arrears, and the insolvency in Sully-sur-Loire. In addition to the strong performing assets noted in 2H analysis, the Danish assets Naverland 12, and Naverland 8 were notable strong performing assets in FY2020 compared to FY2019 due to new leases signed.

Other

FY 2020 gross revenue is significantly (9.3%) below pcq whilst actual (and like for like) NPI was 11.7% lower than PCP. As noted, the income for FY 2020 has been materially impacted by the provisions and rent adjustments as part of the lease extensions with UCI (Lissone) and Starhotels (Saronno).

Financial Position

	As at 31-Dec-20	As at 31-Dec-19	Change %
Gross asset value ("GAV") (€'000)	2,250,452	2,254,873	(0.2%)
Net tangible assets ("NTA") (€'000)	1,302,152	1,314,588	(0.9%)
Gross borrowings before unamortised debt issue costs (€'000)	857,375	830,793	3.2%
Aggregate leverage (%)	38.1%	36.8%	1.3 p.p.
Aggregate leverage excluding distribution (%) ⁽¹⁾	38.9%	37.7%	1.2 p.p.
Net Gearing (%) ⁽²⁾	36.9%	34.5%	2.4 p.p.
Units issued ('000)	2,556,081	2,547,787	0.3%
NAV per unit (cpu)	50.9	51.6	(1.4%)
Adjusted NAV per unit (excluding distributable income) (cpu)	49.2	49.6	(0.8%)

p.p. – Percentage point

⁽¹⁾ 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 debt less cash over total assets less cash.

Gross asset value and net asset value at 31 December 2020 remains largely unchanged from 31 December 2019.

Aggregate leverage at 31 December 2020 increased to 38.1% following the issuance of €300 million of senior unsecured fixed rate notes under the EMTN programme in November 2020, although most of this was used to refinance existing debt facilities.

1 Unaudited Results for the Second Half and the Financial Year Ended 31 December 2020

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	2H 2020 €'000	2H 2019 €'000	Fav./ (Unfav.) %	FY2020 €'000	FY2019 €'000	Fav./ (Unfav.) %
Gross revenue	(a)	93,312	94,674	(1.4%)	186,972	177,046	5.6%
Property operating expense	(b)	(33,704)	(32,662)	(3.2%)	(69,643)	(60,900)	(14.4%)
Net property income		59,608	62,012	(3.9%)	117,329	116,146	1.0%
Net finance costs	(c)	(9,809)	(11,258)	12.9%	(17,894)	(18,786)	4.7%
Manager's fees	(d)	(2,590)	(4,443)	41.7%	(5,246)	(6,620)	20.8%
Trustee fees		(128)	(108)	(18.5%)	(260)	(250)	(4.0%)
Trust expenses	(e)	(2,479)	(2,905)	14.7%	(4,945)	(5,200)	4.9%
Net income before tax and fair value changes		44,602	43,298	3.0%	88,984	85,290	4.3%
Gain/(loss) on disposal of assets/liabilities held for sale	(f)	517	-	n.m.	(358)	-	n.m.
Gain on disposal of investment property	(g)	-	2,018	(100.0%)	-	2,018	(100.0%)
Fair value gain – investment properties	(h)	33,473	10,324	>100.0%	8,569	42,378	(79.8%)
Fair value (loss)/gain – derivatives financial instruments		(228)	427	n.m.	(658)	355	n.m.
Total return for the period before tax		78,364	56,067	39.8%	96,537	130,041	(25.8%)
Income tax expense	(i)	(17,426)	(3,887)	(>100.0%)	(17,174)	(20,996)	18.2%
Total return for the period attributable to Unitholders		60,938	52,180	16.8%	79,363	109,045	(27.2%)

1A(ii) Distribution Statement

	Note	2H 2020 €'000	2H 2019 €'000	Fav./ (Unfav.) %	FY2020 €'000	FY2019 €'000	Fav./ (Unfav.) %
Total return for the period attributable to Unitholders		60,938	52,180	16.8%	79,363	109,045	(27.2%)
Distribution adjustments	(j)	(16,360)	(122)	n.m.	9,780	(12,147)	n.m.
Income available for distribution to Unitholders		44,578	52,058	(14.4%)	89,143	96,898	(8.0%)
Applicable number of units for the period ('000)		2,556,081	2,547,787	0.3%	2,556,081	2,547,787	7.7%
Actual DPU (cpu) ⁽¹⁾		1.744	2.040	(14.5%)	3.484	4.080	(14.6%)

n.m. – Not meaningful

⁽¹⁾ 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:

	2H 2020 €'000	2H 2019 €'000	Fav./ (Unfav.) %	FY2020 €'000	FY2019 €'000	Fav./ (Unfav.) %
Gross rental income	76,565	77,304	(1.0%)	153,742	144,688	6.3%
Service charge income	16,232	16,532	(1.8%)	32,267	29,732	8.5%
Other property related income ⁽¹⁾	515	838	(38.5%)	963	2,626	(63.3%)
Total gross revenue	93,312	94,674	(1.4%)	186,972	177,046	5.6%

⁽¹⁾ Other property related income comprises advertising billboards and signage, kiosks and other income attributable to the operation of the properties. For FY2019, 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, non-recoverable expenses and allowance for doubtful debts.

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 pursuant to the Trust Deed.

Property operating expense includes the following items:

	2H 2020 €'000	2H 2019 €'000	Fav./ (Unfav.) %	FY2020 €'000	FY2019 €'000	Fav./ (Unfav.) %
Service charge expenses and non-recoverable expenses	26,073	25,404	(2.6%)	51,310	47,301	(8.5%)
Property management fees paid in cash	7,534	4,354	(73.0%)	15,271	8,159	(87.2%)
Property management fees paid in CEREIT units	-	2,904	100.0%	-	5,440	100.0%
Provision for COVID-19 related doubtful debts	97	-	n.m.	3,062	-	n.m.
Total property operating expense	33,704	32,662	(3.2%)	69,643	60,900	(14.4%)

n.m. – Not meaningful

(c) *Net finance costs*

Net finance costs include the following:

	2H 2020 €'000	2H 2019 €'000	Fav./ (Unfav.) %	FY2020 €'000	FY2019 €'000	Fav./ (Unfav.) %
Interest expense	6,756	6,482	(4.2%)	13,911	12,168	(14.3%)
Amortisation of debt issuance costs	3,041	4,127	26.3%	4,022	5,981	32.8%
Facility break fee	13	719	98.2%	(38)	719	105.3%
Interest income	(1)	(70)	98.6%	(1)	(82)	98.8%
Net finance costs	9,809	11,258	12.9%	17,894	18,786	4.7%

n.m. – Not meaningful

Lower net finance costs due to debt issuance costs written off and facility break fee incurred in 2H 2019 following the debt refinancing executed during the period. This was partially offset by higher interest expense incurred in FY 2020. The increase in interest expense was mainly due to higher borrowings drawn down to fund acquisitions, RCF drawn down in March 2020 to maximise CEREIT's cash position in light of COVID-19 pandemic and the refinancing of debt facilities maturing in 2021 at higher interest rates.

(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.

	2H 2020 €'000	2H 2019 €'000	Fav./ (Unfav.) %	FY2020 €'000	FY2019 €'000	Fav./ (Unfav.) %
Manager's base fees paid in cash ⁽¹⁾	2,590	319	(>100.0%)	5,246	319	(>100.0)
Manager's base fees paid in CEREIT units	-	2,172	100.0%	-	4,349	100.0%
Manager's performance fees paid in units ⁽²⁾	-	1,952	100.0%	-	1,952	100.0%
Total manager's fees	2,590	4,443	41.7%	5,246	6,620	20.8%

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

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

(e) *Trust expenses*

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

(f) *Gain/(loss) on disposal of assets/liabilities held for sale*

This mostly relates to transaction costs incurred for the divestment of 12 non-core assets in France, the Netherlands and Denmark on 24 March 2020, partially offset by the receipt of final purchase price adjustment on the sale of shares of the French companies that own the French assets.

In 2H 2020, gain on disposal of assets/liabilities held for sale related to final purchase price adjustment on the French share deals mentioned above.

(g) *Gain on disposal of investment properties*

In 2019, this related to gain on disposal of Parc d'Osny.

(h) *Fair value gain – investment properties*

At 31 December 2020, independent valuations were undertaken by CBRE and Savills on 95 properties of CERET's portfolio. CBRE valued the properties in Italy, Finland, Germany and the Netherlands, whilst Savills valued the properties in Denmark, France and Poland. The Italian property acquired on 23 December 2020 was carried at purchase price which was assessed by the Directors of the Manager as its fair value given that the property was acquired just prior to financial year end.

At 30 June 2020, independent valuations were undertaken by Colliers International LLP and Cushman & Wakefield LLP on 22 selected properties from the Dutch, Italian and French portfolios. The combined value of these 22 properties, which were curated to provide a balanced view of portfolio valuation impact, represented approximately 50% of CERET's portfolio by valuation.

In 2H 2020, fair value gain relates to fair value change in 95 properties based on independent valuation, partially offset by the fair value loss generated by expensing capital expenditure and acquisition costs incurred.

FY 2020 fair value gain relates to fair value change in 95 properties mentioned above and fair value loss recognised in 1H 2020 on 22 selected properties and expensing acquisition costs incurred.

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

(i) *Income tax expense*

Income tax expense includes the following:

	2H 2020 €'000	2H 2019 €'000	Fav./ (Unfav.) %	FY2020 €'000	FY2019 €'000	Fav./ (Unfav.) %
Current tax expense	2,318	4,573	49.3%	7,092	7,299	2.8%
Deferred tax expense/(credit)	15,108	(686)	n.m.	10,082	13,697	26.4%
Total income tax expense	17,426	3,887	(>100.0%)	17,174	20,996	18.2%

n.m. – Not meaningful

Excluding capital gain tax on divestment of investment property, current tax expense for FY 2020 was €1.2 million or 19.0% lower than FY 2019. This was mainly due to distributions from the Italian portfolio being exempt from Italian withholding tax and Singapore tax by the Italian and Singaporean tax authorities in FY 2020.

Lower deferred tax expense in FY 2020 is in line with lower fair value gain on investment properties.

(j) *Distribution adjustments*

Included in distribution adjustments were the following items:

	2H 2020 €'000	2H 2019 €'000	Fav./ (Unfav.) %	FY2020 €'000	FY2019 €'000	Fav./ (Unfav.) %
Straight-line rent adjustments and leasing fees	(1,627)	545	n.m.	(2,582)	(657)	(>100.0%)
Trustee Fees	128	108	18.5%	260	250	4.0%
(Gain)/loss on disposal of assets/liabilities held for sale ⁽¹⁾	(517)	-	n.m.	358	-	n.m.
Gain on disposal of investment property ⁽¹⁾	-	(2,018)	100.0%	-	(2,018)	100.0%
Manager's fees paid in CEREIT units	-	4,124	(100.0%)	-	6,301	(100.0%)
Property Manager fees paid in CEREIT units	-	2,904	(100.0%)	-	5,440	(100.0%)
Amortisation of debt issuance costs	3,041	4,127	26.3%	4,022	5,981	(32.8%)
Facility break fee	13	719	(98.2%)	(38)	719	n.m.
Fair value adjustments – investment properties ⁽¹⁾	(33,473)	(10,324)	(>100.0%)	(8,569)	(42,378)	79.8%
Fair value adjustments – derivative financial instruments	228	(427)	n.m.	658	(355)	n.m.
Net foreign exchange loss/(gain) ⁽²⁾	267	(14)	n.m.	382	53	>100.0%
Deferred tax expense/(credit) ⁽¹⁾	15,108	(686)	n.m.	10,082	13,697	(26.4%)
Tax expense related to divestment of investment property	(78)	820	n.m.	1,843	820	>100.0%
Distribution of divestment gain	-	-	-	2,814	-	n.m.
Others	550	-	n.m.	550	-	n.m.
Total distribution adjustments	(16,360)	(122)	n.m.	9,780	(12,147)	n.m.

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

⁽²⁾ CEREIT's foreign currency risk primarily arises from a limited exposure to Polish Zloty ("PLN"), Danish Krona and Singapore Dollars due to its operations in non-Euro denominated countries. In FY2020, net foreign exchange loss was mostly due to revaluation of bank balance and receivables denominated in PLN due to the depreciation of PLN.

n.m. – Not meaningful

(k) *Distribution to Unitholders*

CEREIT's distribution policy is to distribute at least 90% of its annual distributable income in each financial year. The actual level of distribution will be determined at the Manager's discretion. CEREIT will typically make distributions to Unitholders on a semi-annual basis, with the amount calculated as at 30 June and 31 December for the six-month period ending on each of these dates.

1B(i) Consolidated Balance Sheets

Note	Group			Trust		
	31-Dec 2020 €'000	31-Dec 2019 €'000	Increase/ (Decrease) %	31-Dec 2020 €'000	31-Dec 2019 €'000	Increase/ (Decrease) %
Current assets						
Cash and cash equivalents	43,593	79,250	(45.0%)	2,102	14,346	(85.3%)
Assets held for sale (a)	-	68,953	(100.0%)	-	-	-
Receivables (b)	15,943	57,002	(72.0%)	16,202	114,122	(85.8%)
Current tax assets	1,397	1,260	10.9%	-	-	-
Total current assets	60,933	206,465	(70.5%)	18,304	128,468	(85.8%)
Non-current assets						
Investment properties (c)	2,184,529	2,041,499	7.0%	-	-	-
Investments in subsidiaries	-	-	-	1,328,482	1,199,789	10.7%
Receivables	1,028	605	69.9%	-	-	-
Derivative financial instruments (d)	126	883	(85.7%)	-	-	-
Deferred tax assets (e)	3,836	5,421	(29.2%)	-	-	-
Total non-current assets	2,189,519	2,048,408	6.9%	1,328,482	1,199,789	10.7%
Total assets	2,250,452	2,254,873	(0.2%)	1,346,786	1,328,257	1.4%
Current liabilities						
Borrowings (f)	-	20,438	(100.0%)	-	-	-
Payables	28,515	30,757	(7.3%)	117,065	178,442	(34.4%)
Current tax liabilities (g)	2,943	6,885	(57.3%)	-	-	-
Derivative financial instruments	-	99	(100.0%)	-	-	-
Other current liabilities (h)	25,418	41,253	(38.4%)	-	-	-
Liabilities held for sale (a)	-	1,770	(100.0%)	-	-	-
Total current liabilities	56,876	101,202	(43.8%)	117,065	178,442	(34.4%)
Non-current liabilities						
Payables	-	301	(100.0%)	112,022	-	n.m.
Borrowings (f)	847,068	803,360	5.4%	-	-	-
Deferred tax liabilities	36,627	28,133	30.2%	-	-	-
Other non-current liabilities	7,729	7,289	6.0%	-	-	-
Total non-current liabilities	891,424	839,083	6.2%	112,022	-	n.m.
Total liabilities	948,300	940,285	0.9%	229,087	178,442	28.4%
Net assets attributable to Unitholders	1,302,152	1,314,588	(0.9%)	1,117,699	1,149,815	(2.8%)
Represented by:						
Unitholders' funds	1,302,152	1,314,588	(0.9%)	1,117,699	1,149,815	(2.8%)

n.m. – Not meaningful



Notes

(a) *Assets and liabilities held for sale*

Assets and liabilities held for sale as at 31 December 2019 related to a portfolio of 12 non-core assets located in France, Denmark and the Netherlands announced for sale on 17 December 2019 which completed on 24 March 2020.

(b) *Receivables*

The decrease was mainly due to VAT refunded from the Polish government in relation to the acquisition of Polish assets in 3Q 2019 and lower trade receivable as a result of lower advance billing as at 31 December 2020 and provision for COVID-19 related doubtful debt provisions made in FY 2020.

Detailed reviews were undertaken as at 31 December 2020 to evaluate accounts receivable and provision has been made on balances considered to be not be collectible.

(c) *Investment properties*

The carrying amount of CEREIT's investment properties as at 31 December 2020 and movements during the financial period were as follows:

	The Netherlands €'000	Italy €'000	France €'000	Poland €'000	Germany €'000	Finland €'000	Denmark €'000	Total €'000
Independent valuation dated 31-Dec-20	633,235	458,235	409,240	235,300	197,365	110,890	81,012	2,125,277
Directors' valuation	-	52,575	-	-	-	-	-	52,575
Total valuation at 31-Dec-20	633,235	510,810	409,240	235,300	197,365	110,890	81,012	2,177,852
<i>Adjustment to carrying amount:</i>								
Right-of-use asset								6,677
Total adjustment								6,677
Carrying amount at 31-Dec-20								2,184,529

At 31 December 2020, independent valuations were undertaken by CBRE and Savills on 95 properties of CEREIT's portfolio. CBRE valued the properties in Italy, Finland, Germany and the Netherlands, whilst Savills valued the properties in Denmark, France and Poland. The Italian property acquired on 23 December 2020 was carried at purchase price which was assessed by the Directors of the Manager as its fair value given that the property was acquired just prior to financial year end.

The valuation of the Polish office assets carried out by Savills and the valuation of the Lissone Cinema and Starhotel Grand Milan in Italy carried out by CBRE for the year ended 31 December 2020 with a combined valuation of €268.7 million contained 'Material Valuation Uncertainty' clauses due to the widespread disruption to the respective economies and real estate markets caused by COVID-19. This means the valuers advise a higher degree of caution should be attached to these valuations than would normally be the case, however it does not mean that the valuation cannot be relied upon.

Movements during the period:

	The Netherlands €'000	Italy €'000	France €'000	Poland €'000	Germany €'000	Finland €'000	Denmark €'000	Total €'000
Balance at 1-Jan-20	621,295	476,725	390,400	243,900	119,950	115,000	74,229	2,041,499
Acquisition price	-	52,575	-	-	54,392	-	-	106,967
Acquisition costs	-	2,433	-	-	4,653	-	-	7,086
Capital expenditure	10,314	1,932	1,974	1,207	2,079	925	2,012	20,443
Lease incentives, lease costs and rent straight-lining	(266)	1,385	(1,625)	264	(20)	237	12	(13)
Net gain/ (loss) from fair value adjustments	8,903	(24,240)	18,491	(10,071)	16,311	(5,272)	4,447	8,569
Others	(334)	-	-	-	-	-	312	(22)
Balance at 31-Dec-20	639,912	510,810	409,240	235,300	197,365	110,890	81,012	2,184,529

(d) *Derivative financial instruments*

Derivative financial instruments relate to interest rate swap and cap contracts (provided they are not paid upfront) entered into by CEREIF to fix interest on floating rate borrowings. As at 31 December 2020, 100% (31 Dec 2019: 97.5%) of CEREIF's total gross borrowings (excluding the RCF) were hedged by using interest rate caps or are fixed on a co-maturing basis. The weighted average cap strike rate is 0.0% (31 December 2019: 0.07%).

At 31 December 2020, the notional principal amounts and period of expiry of CEREIF's hedging instruments (including swap and cap contracts and fixed rate loans) were as follows:

Hedging and Fixed Loan Expiry Profile	As at 31-Dec 2020 €'000	As at 31-Dec 2019 €'000
Less than 1 year	-	148,480
1 – 2 years	-	104,500
3 – 4 years	475,000	475,000
4 years and longer	382,375	82,375
	857,375	810,355

(e) *Deferred tax assets*

The decrease was due to utilisation of tax losses by the French portfolio.

(f) *Borrowings*

Current borrowings as at 31 December 2019 pertain to the Poland VAT loan which was fully repaid in FY 2020 upon the receipt of VAT refunded from the Polish government.

The increase in non-current borrowings was due to the issuance of €300 million EMTN on 19 November 2020 to refinance the debt facilities maturing in 2021.

(g) *Current tax liabilities*

The decrease was mainly due to payment of capital gain tax accrued at 31 December 2019 in FY 2020.

(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 and settlement of other liabilities.



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

	As at 31-Dec 2020 €'000	As at 31-Dec 2019 €'000
<i>Current</i>		
Unsecured	-	20,438
Total current borrowings	-	20,438
<i>Non-current</i>		
Secured	82,375	230,855
Unsecured	775,000	579,500
Less: Unamortised debt issuance costs	(10,307)	(6,995)
Total non-current borrowings	847,068	803,360
Total borrowings	847,068	823,798

Borrowing details:

Facility	Note	Secured	Maturity	31-Dec-2020		31-Dec-2019	
				Facility €'000	Utilised €'000	Facility €'000	Utilised €'000
Finland		Yes	Dec-21	-	-	53,750	53,750
Dutch Office 3 & Poland Office		Yes	Dec-21	-	-	94,730	94,730
Dutch Office 2	(i)	Yes	Dec-26	82,375	82,375	82,375	82,375
Poland VAT loan		No	Apr-20	-	-	20,438	20,438
Note Issuance Facility		No	Aug-21	-	-	104,500	104,500
German Schuldschein	(ii)	No	Nov-22	23,000	23,000	23,000	23,000
Term loan 3 years	(iii)	No	Nov-22	287,000	287,000	287,000	287,000
Term loan 5 years	(iii)	No	Nov-24	165,000	165,000	165,000	165,000
Revolving Credit Facility	(iv)	No	Nov-22	150,000	-	150,000	-
Revolving Credit Facility	(iv)	No	Oct-24	135,000	-	-	-
Euro Medium term note	(v)	No	Nov-25	300,000	300,000	-	-
Total borrowing facilities				1,142,375	857,375	980,793	830,793
Less: Unamortised debt issuance costs					(10,307)		(6,995)
Balance at period end					847,068		823,798

Property level financing facility

(i) Dutch Office 2

Following the success of CEREIT's inaugural bond issuance in November 2020, two of the three remaining property level financing facilities were repaid. The remaining Dutch Office 2 is secured over 3 Dutch office properties with an aggregate carrying amount of €241.0 million (2019: €235.2 million). Interest is payable quarterly in arrears at a fixed rate of 1.93% p.a.

Unsecured financing facilities

(ii) German Schuldschein

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

(iii) Term loan / note 3 and 5 years

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

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

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

(iv) Revolving Credit Facility ("RCF")

RCF provides CEREIF with additional financing flexibility and working capital. In Oct 2020, CEREIF entered into a new €135 million RCF with an accordion increase option of a further €65 million. Both the RCFs remained undrawn as at 31 December 2020.

(v) Euro Medium Term Note

On 19 October 2020, Cromwell EREIT Lux Finco S.a.r.l. ("Lux Finco") established a €1.5 billion Euro Medium Term Note Programme ("EMTN Programme"). Under the EMTN Programme, Lux Finco may, from time to time, issue rated notes denominated in any currency agreed between Lux Finco and the relevant dealer with aggregate principal amounts up to €1.5 billion (or its equivalent in other currencies) outstanding at any time.

As at 31 December 2020, Lux Finco had €300 million (2019: nil) of senior unsecured fixed rate notes issued under the programme at a coupon of 2.125% p.a. and a reoffer yield of 2.161% p.a., payable annually in arrear, with a tenor of 5 years.

All-in interest rate

Excluding commitment fee on the undrawn RCF, the average all-in interest rate is c. 1.66% per annum.

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

	2H 2020 €'000	2H 2019 €'000	FY2020 €'000	FY2019 €'000
Cash flows from operating activities				
Total return for the financial period before tax	78,364	56,067	96,537	130,041
<i>Adjustments for:</i>				
Amortisation of lease costs	2,081	(1,957)	1,499	(3,269)
Effect of recognising rental income on a straight-line basis	(583)	(4,524)	(2,582)	(4,064)
(Gain)/loss on disposal of assets/liabilities held for sale	(517)	-	358	-
Gain on disposal of investment property	-	(2,018)	-	(2,018)
Net finance costs	9,809	11,258	17,894	18,786
Allowance for credit losses	97	-	3,062	-
Manager's fees and property manager's fees paid in CEREIF units	-	7,028	-	11,741
Change in fair value of investment properties	(33,473)	(10,324)	(8,569)	(42,378)
Change in fair value of derivative financial instruments	228	(427)	658	(355)
Net foreign exchange loss/(gain)	267	(14)	382	53
Operating cash flows before movements in working capital	56,273	55,089	109,239	108,537
<i>Changes in operating assets and liabilities:</i>				
Decrease/(increase) in receivables	22,311	(2,753)	17,881	(1,830)
(Decrease) /increase in payables	(2,172)	(1,224)	544	(10,847)
(Decrease)/increase in other liabilities	(16,479)	2,604	(17,671)	6,011
Cash generated from operations	59,933	53,716	109,993	101,871
Interest paid	(6,939)	(6,249)	(13,703)	(11,445)
Interest received	1	70	1	82
Tax (paid)/ refunded	(2,742)	884	(7,708)	(3,092)
Net cash provided by operating activities	50,253	48,421	88,583	87,416
Cash flows from investing activities				
Payments for acquisitions of subsidiaries, net of cash	-	(79,031)	-	(154,125)
Payments for acquisition of investment properties	(68,722)	(165,278)	(104,822)	(172,078)
Payment for acquisition costs	(4,265)	(12,819)	(5,121)	(14,608)
Payment for deposit in relation to acquisition	(1,000)	(1,625)	(1,000)	(1,900)
Payments for capital expenditure on investment properties	(13,108)	(5,349)	(20,968)	(11,216)
Proceeds from disposal of assets/liabilities held for sale, net of cash disposed of	587	-	65,812	-
(Payment for)/refund of VAT in relation to acquisition	-	(20,349)	20,438	(20,349)
Proceeds from sale of investment property	-	19,004	-	19,004
Payment for transaction costs for disposal of investment property	-	(95)	(601)	(95)
Net cash used in investing activities	(86,508)	(265,542)	(46,262)	(355,367)
Cash flows from financing activities				
Proceeds from issuance of CEREIF units	-	147,563	-	147,563
Payment of unit issue costs	(10)	1,650	(10)	(2,071)
Proceeds from bank borrowings and issue of EMTN	300,000	747,849	450,000	862,911
Repayment of bank borrowings	(327,980)	(604,439)	(423,418)	(630,372)
Payment of transaction costs related to borrowings and EMTN	(5,498)	(6,275)	(8,020)	(7,696)
Payment to acquire derivative financial instruments	-	(727)	-	(727)
Distributions paid to Unitholders	(44,476)	(45,116)	(96,196)	(79,518)
Payment of finance lease	(166)	(334)	(334)	(334)
Net cash (used in)/provided by financing activities	(78,130)	240,171	(77,978)	289,756
Net (decrease)/increase in cash and cash equivalents	(114,385)	23,050	(35,657)	21,805
Cash and cash equivalents at beginning of period	157,978	56,510	79,250	57,755
Cash and cash equivalents classified to assets held for sale	-	(310)	-	(310)
Cash and cash equivalents at end of period	43,593	79,250	43,593	79,250

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

	Group		Trust	
	2H 2020 €'000	2H 2019 €'000	2H 2020 €'000	2H 2019 €'000
Operations				
At beginning of period	44,386	70,617	(136,940)	(62,935)
Total return for period	60,938	52,180	57,470	20,618
Distributions paid	(44,476)	(45,116)	(44,476)	(45,116)
At end of period	60,848	77,681	(123,946)	(87,433)
Unitholders' contributions				
At beginning of period	1,241,202	1,079,670	1,241,539	1,079,670
Issue of units:				
- Base management fees	-	2,311	-	2,311
- Property management fees	-	2,693	-	2,693
- Private placement	-	150,000	-	150,000
- Purchase consideration	-	5,000	-	5,000
Issue expenses	(10)	(2,879)	(10)	(2,542)
At end of period	1,241,192	1,236,795	1,241,529	1,237,132
Reserves				
At beginning and end of period	112	112	116	116
Unitholders' funds at end of period	1,302,152	1,314,588	1,117,699	1,149,815

	Group		Trust	
	FY2020 €'000	FY2019 €'000	FY2020 €'000	FY2019 €'000
Operations				
At beginning of period	77,681	48,154	(87,433)	(32,802)
Total return for period	79,363	109,045	59,683	24,887
Distributions paid	(96,196)	(79,518)	(96,196)	(79,518)
At end of period	60,848	77,681	(123,946)	(87,433)
Unitholders' contributions				
At beginning of period	1,236,795	1,070,501	1,237,132	1,070,501
Issue of units:				
- Base management fees	962	5,112	962	5,112
- Property management fees	1,493	5,956	1,493	5,956
- Performance management fees	1,952	-	1,952	-
- Acquisition fees	-	3,125	-	3,125
- Private placement	-	150,000	-	150,000
- Purchase consideration	-	5,000	-	5,000
Issue expenses	(10)	(2,899)	(10)	(2,562)
At end of period	1,241,192	1,236,795	1,241,529	1,237,132
Reserves				
At beginning and end of period	112	112	116	116
Unitholders' funds at end of period	1,302,152	1,314,588	1,117,699	1,149,815

1D(ii) Details of Changes in Units

	Group		Trust	
	2H 2020 '000	2H 2019 '000	FY2020 '000	FY2019 '000
Units in issue at beginning of period	2,556,081	2,200,778	2,547,787	2,181,978
New units issued:				
- As payment of base management fees	-	4,643	1,811	10,427
- As payment of property management fees	-	5,410	2,810	12,150
- As payment of performance fee	-	-	3,673	-
- 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 end of period	2,556,081	2,547,787	2,556,081	2,547,787
Units to be issued:				
Manager's base fee payable in units	-	1,811	-	1,811
Property Manager's management fee payable in units	-	2,810	-	2,810
Manager's performance fee payable in units	-	3,673	-	3,673
Acquisition fee payable in units	-	-	-	-
Total issuable units at end of period	-	8,294	-	8,294
Total units issued and issuable at end of period	2,556,081	2,556,081	2,556,081	2,556,081

1D(iii) Total Number of Issued Units

	As at 31-Dec 2020 '000	As at 31-Dec 2019 '000
Total units in issue	2,556,081	2,547,787

CEREIT did not hold any treasury units as at 31 December 2020.

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 2020 as follows:

Amendments to IAS 1 and IAS 8 Definition of material

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.

The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term 'material' to ensure consistency.

Amendments to References to the Conceptual Framework in IFRS Standards

Together with the revised Conceptual Framework, which became effective upon publication on 29 March 2018, the IASB has also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASB Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

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

6 Consolidated Earnings per Unit and Distribution per Unit

	2H 2020	2H 2019	FY2020	FY2019
Earnings per unit ("EPU")				
Weighted average number of units ('000) ⁽¹⁾	2,556,081	2,540,605	2,556,081	2,371,732
Total return for the period attributable to Unitholders (€'000)	60,938	52,180	79,363	109,045
EPU (basic and diluted) (cents)	2.384	2.054	3.105	4.598

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

	2H 2020	2H 2019	FY2020	FY2019
Distribution per unit ("DPU")				
Applicable number of units for the period ('000) ⁽²⁾	2,556,081	2,547,787	2,556,081	2,374,283
Income available for distribution to Unitholders (€'000)	44,578	52,058	89,143	96,898
DPU (cents) ⁽²⁾	1.744	2.040	3.484	4.080

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



7 Net Asset Value ("NAV")

	Group As at 31-Dec-20	Trust As at 31-Dec-20	Group As at 31-Dec-19	Trust As at 31-Dec-19
NAV ⁽¹⁾ at the end of the period (€'000)	1,302,152	1,117,699	1,314,588	1,149,815
Number of Units in issue at the end of the period ('000)	2,556,081	2,556,081	2,547,787	2,547,787
NAV per unit (cpu)	50.9	43.7	51.6	45.1
Adjusted NAV per unit (excluding distributable income) (cpu)	49.2	42.0	49.6	43.1

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

8 Review of Performance

Review of performance 2H 2020 vs 2H 2019

CEREIT's gross revenue in 2H 2020 decreased by 1.4% to €93.3 million. Property operating expenses of €33.7 million included provision for COVID-19 related doubtful debts of €0.1 million. NPI was 3.9% or €2.4 million lower at €59.6 million. Please refer to the Result Overview at the beginning of this report for a detailed country by country analysis.

Net finance costs of €9.8 million was 12.9% lower than 2H 2019. This was mainly due to debt issuance costs written off and facility break fee incurred in 2H 2019 following the debt refinancing executed during the period.

Manager's fees were €1.9 million or 41.7% lower than PCP due to the absence of performance fee for FY 2020.

Trust expenses were 14.7% lower than PCP mainly due to lower expenses incurred in 2H 2020.

In 2H 2020, gain on disposal of assets/liabilities held for sale related to final purchase price adjustment on the French share deals related to the divestment of 12 non-core assets on 24 March 2020. In 2H 2019, gain on disposal of investment property related to gain on disposal of Parc d'Osny

Fair value gain for 2H 2020 was €33.5 million compared to PCP of €10.3 million.

Review of performance FY2020 vs FY2019

CEREIT's gross revenue for FY 2020 of €187.0 million was 5.6% higher than PCP of €177.0 million. Property operating expenses of €69.6 million included provision for COVID-19 related doubtful debts of €3.1 million. NPI for FY 2020 was €117.3 million, an increase of 1.0% from PCP of €116.2 million despite the impact of COVID-19. Please refer to the Result Overview at the beginning of this report for a detailed country by country analysis.

Net finance costs of €17.9 million was 4.7% lower than FY 2019 mainly due to debt issuance costs written off and facility break fee incurred in 2H 2019 following the debt refinancing executed during the period. This was partially offset by higher interest expense incurred in FY 2020. The increase in interest expense was mainly due to higher borrowings drawn down to fund acquisitions, RCF drawn down in March 2020 to maximise CEREIT's cash position in light of COVID-19 pandemic and the refinancing of debt facilities maturing in 2021 at higher interest rates.

Manager's fees were €1.4 million or 20.8% lower than PCP due to the absence of performance fee for FY 2020. Manager's base fees were €0.6 million or 12.4% higher than PCP due to higher deposited property compared to the average throughout FY 2019.

FY 2020 trust expenses were €0.3 million or 4.9% lower than FY 2019.

In FY 2020, loss on disposal of assets/liabilities held for sale related to the divestment of 12 non-core assets in France, the Netherlands and Denmark on 24 March 2020. In FY 2019, gain on disposal of investment property related to gain on disposal of Parc d'Osny.

Fair value gain for FY 2020 was €8.6 million compared to PCP of €42.4 million.

9 Variance between Actual and Forecast/Projection

CEREIT has not disclosed any forecast to the market.

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.

- Stronger activity towards the end of 2020 with the composite Purchasing Managers Index (PMI) rising for the first time in five months to Dec 2020, translating into a milder fall in gross domestic product (GDP) in 4Q 2020 and leading to an annual decline of 7.1% in 2020 (from a previous estimate of -7.3%)
- Tightening / extending restrictions due to new strains of the virus will impact economic activity in 1Q 2021 (expected to be flat Q-o-Q)
- 2021 GDP growth forecast of 4.2% (recently revised down from 4.7%¹)
- Economic growth is expected to pick-up in 2Q 2021 as restrictions are eased, daily activities resume and the impact of monetary and fiscal policy stimulus feeds through
- The European Recovery Fund starts to flow to member states with improvements most notable in countries that were hit hardest by the pandemic and which are likely to benefit more from a normalisation in the health situation and a pick-up in international travel (notably Italy from CEREIT's perspective)
- The European Central Bank is expected to purchase up to €1.85 trillion of bonds until Mar 2022
- Consumers remain cautious with weaker demand for services than stronger restocking of goods, with tourism still very weak

¹ Source: Oxford Economics

11 Distributions

(a) Current financial period

Any distributions declared for the current financial period? Yes

Period of distribution: Distribution for the period from 1 July 2020 to 31 December 2020

Distribution Type	Distribution Rate (in Euro cents)
Tax-exempt Income	1.744
Total	1.744

Record date: 4 March 2021

Payment date: 31 March 2021

(b) Corresponding period of the preceding financial period

Any distributions declared for the corresponding period of the immediate preceding financial period? Yes

Period of distribution: Distribution for the period from 2 July 2019 to 31 December 2019

Distribution Type	Distribution Rate (in Euro cents)
Tax-exempt Income	1.269
Capital	0.761
Total	2.030

Record date: 4 March 2020

Payment date: 30 March 2020



(c) Tax rate

Tax-exempt income distribution

Tax-exempt Income Distribution is exempt from tax in the hands of all Unitholders. No tax will be deducted at source.

Capital distribution

Capital distribution represents a return of capital to Unitholders for Singapore income tax purposes and is therefore not subject to income tax. For Unitholders who hold the Units as trading assets, the amount of capital gain distribution will be applied to reduce the cost base of their Units for the purpose of calculating the amount of taxable trading gains arising from the disposal of the Units.

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 Segment Revenue and Results

	Gross Revenue		Net Property Income	
	FY2020 €'000	FY2019 €'000	FY2020 €'000	FY2019 €'000
<i>Office</i>				
The Netherlands	41,030	42,056	24,456	26,270
Italy	24,313	22,499	17,553	16,438
France	8,191	3,236	4,558	1,697
Poland	25,096	13,710	15,318	8,328
Finland	11,434	12,049	6,514	7,613
Total - Office	110,064	93,550	68,399	60,346
<i>Light Industrial/Logistics</i>				
The Netherlands	5,929	7,648	3,942	5,881
Italy	1,245	1,131	894	819
France	32,551	38,021	19,429	24,398
Germany	13,526	11,069	9,384	7,392
Denmark	9,465	9,980	5,220	5,914
Total - Light Industrial/ logistics	62,716	67,849	38,869	44,404
<i>Other</i>				
Italy	14,192	15,647	10,061	11,396
Total - Other	14,192	15,647	10,061	11,396
Total	186,972	177,046	117,329	116,146

15 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Please refer to Portfolio Performance by Asset Class and by Country on pages 4 to 6 for the review of the actual performance.

16 Breakdown of revenue and total return

	FY 2020 €'000	FY 2019 €'000	Fav./ (Unfav.) %
(a) Revenue reported for first half year	93,660	82,372	13.7%
(b) Total return after tax for first half year	18,425	56,865	(67.6%)
(c) Revenue reported for second half year	93,312	94,674	(1.4%)
(b) Total return after tax for second half year	60,938	52,180	16.8%

17 Breakdown of total distributions

	FY 2020 €'000	FY 2019 €'000
1 January 2019 to 1 July 2019	-	45,116
2 July 2019 to 31 December 2019	-	51,720
1 January 2020 to 30 June 2020	44,476	-
1 July 2020 to 31 December 2020	44,578	-

18 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.

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

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

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

Lim Swe Guan
Chairman

Simon Garing
Executive Director and Chief Executive Officer



Important Notice

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

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

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

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

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