



Cromwell European Real Estate Investment Trust ("CEREIT")

Unaudited Condensed Financial Statements for the Second Half ("2H 2021") and Financial Year Ended 31 December 2021 ("FY 2021")

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Introduction

Cromwell European Real Estate Investment Trust ("CEREIT") is a real estate investment trust with a principal mandate of investing, directly or indirectly, in a portfolio of income-producing commercial real estate assets across Europe with a portfolio weighting of at least 75% within Western Europe and at least 75% to the office and light industrial/logistics sectors. CEREIT's purpose is to provide unitholders with stable and growing distributions and net asset value per unit over the long term, while maintaining an appropriate capital structure. CEREIT currently targets a majority investment weighting to the light industrial / logistics sector while also investing in core office assets in gateway cities.

In the financial year ended 31 December 2021, CEREIT completed the following acquisitions and disposals:

- On 11 March 2021, acquisition of a portfolio of 11 light industrial / logistics assets in the Czech Republic and Slovakia for €113.2 million (taking into account minor price adjustments following completion of due diligence), partially funded by the proceeds of a €100 million private placement of equity in March 2021.
- On 7 June 2021, acquisition of a light industrial / logistics asset in the Czech Republic for €10.1 million.
- In September 2021, the disposal of Parc de Popey located in France for €5.8 million, €2.0 million or c. 53% higher than the IPO purchase price.
- On 3 August 2021, acquisition of the first logistics asset in the United Kingdom for £10.0 million (€11.7 million equivalent).
- On 29 October 2021, acquisition of a light industrial/ logistics asset in Italy for €19.6 million.
- In December 2021, acquisition of a light industrial/ logistics asset in the United Kingdom and two light industrial/ logistics assets in the Netherlands for £32.3 million (€38.4 million equivalent) and €19.7 million respectively.

As at 31 December 2021 CEREIT's portfolio comprises 112 properties with a carrying value of approximately €2.44 billion in or close to major gateway cities in the Netherlands, Italy, France, Poland, Germany, Finland, Denmark, the Czech Republic, Slovakia and the United Kingdom. CEREIT's portfolio has an aggregate lettable area of approximately 1.8 million sqm and 800+ tenant-customers.

	No. of properties	Lettable Area (sqm)	Valuation ⁽¹⁾ (€'000)	Portfolio Weighting (%)
Light Industrial/ Logistics				
The Netherlands	7	69,889	91,215	3.7%
Italy	3	214,463	89,125	3.6%
France	18	247,379	357,890	14.7%
Germany	15	226,985	212,775	8.7%
Denmark	11	129,817	88,929	3.6%
Slovakia	5	74,355	64,435	2.6%
The Czech Republic	7	59,499	62,080	2.5%
United Kingdom	2	51,374	50,371	2.1%
Total - Light Industrial/ Logistics	68	1,073,761	1,016,820	41.5%
Office				
The Netherlands	7	177,902	571,865	23.4%
Italy	12	142,177	323,650	13.3%
France	3	34,320	67,350	2.8%
Poland	6	111,268	231,500	9.5%
Finland	11	61,946	106,620	4.4%
Total - Office	39	527,613	1,300,985	53.4%
Other⁽²⁾				
Italy	5	176,575	124,820	5.1%
CEREIT Portfolio	112	1,777,949	2,442,625	100.0%

⁽¹⁾ Valuation is based on independent valuations conducted by Savills Advisory Services Limited and CBRE Ltd as at 31 December 2021 for 97% of the portfolio. The FY2021 asset acquisitions in the United Kingdom and the Netherlands are held at purchase price.

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

CEREIT Results Overview

	2H 2021	2H 2020 ⁽¹⁾	Fav/ (Unfav) %	FY 2021	FY 2020	Fav/ (Unfav) %
Gross revenue (€'000)	101,103	93,312	8.3%	200,122	186,972	7.0%
Net property income ("NPI") (€'000)	65,805	59,608	10.4%	130,092	117,329	10.9%
Total return for the period/year attributable to Unitholders and perpetual securities holders (€'000)	36,064	60,938	(40.8%)	96,603	79,363	21.7%
Total return for the period/year attributable to Unitholders (€'000)	35,820	60,938	(41.2%)	96,359	79,363	21.4%
Income available for distribution to Unitholders (€'000)	47,459	44,578	6.5%	93,618	89,143	5.0%
Applicable number of units for the period/year ('000)	561,045	512,212	9.5%	551,960	511,728	7.9%
DPU € cents per unit ("cpu") ⁽²⁾⁽³⁾	8.459	8.703	(2.8%)	16.961	17.420	(2.6%)

⁽¹⁾ 2H 2020 refers to the period from 1 July 2020 to 31 December 2020

⁽²⁾ 2H 2020 and FY 2020 DPUs are adjusted for 5:1 unit consolidation to provide for a like-for-like comparison

⁽³⁾ DPU is calculated based on the total number of units in issue entitled to distributions as at the record date of each distribution

Highlights:

- CEREIT's 2H 2021 distributable income ("DI") increased by 6.5% to €47.5 million mainly due to new acquisitions. FY 2021 DI was 5.0% higher than FY 2020.
- 2H 2021 NPI was 10.4% higher than 2H 2020, mainly attributable to income from new acquisitions in Italy, the Czech Republic, Slovakia, the Netherlands and the United Kingdom, in addition to the absence of doubtful debt provisions in FY 2021 compared to FY 2020, partially offset by:
 - disposals in France, the Netherlands and Denmark that took place in March 2020;
 - lower income from properties that were pandemic affected for most of FY 2021 such as Central Plaza carparking income in Rotterdam, The Netherlands; and Lissone and Saronno in Italy;
 - lease expiries in Priorparken 700 and 800 in Denmark, and Plaza Vivace in Finland; and
 - foreseen rent reduction in five government-let properties in Italy.
- DPU for 2H 2021 of €8.459 cents was 2.8% lower than 2H 2020. DPU for FY 2021 of €16.961 cents was 2.6% lower than FY 2020 mainly due to the absence of capital gains where €2.8 million was paid out in 1H 2020 (equivalent to €0.55 cents in 1H 2020 DPU).
- Total return for FY 2021 increased by 21.7% or €17.2 million to €96.6 million mainly due to fair value gain of €27.1 million mostly from the revaluation of 108 properties at 31 December 2021 and higher NPI due to new acquisitions, partially offset by higher deferred tax expense due to deferred liabilities provided on fair value surplus and higher interest costs due to bond issuance at a slightly higher rate than the bank syndicated debt (but with longer tenure) and higher borrowings.
- S\$100 million fixed rate subordinated perpetual securities were issued in November 2021 at a coupon of 5.00% per annum. At the same time, two 5-year cross currency swaps were entered into to convert the Singapore dollar proceeds into Euro and the Singapore dollar coupon into a fixed rate in Euro of 3.55% per annum. The net proceeds from the issue of the perpetual securities were used for financing and refinancing CEREIT's acquisitions.
- Interest coverage ratio calculated in accordance with the CIS code revised on 14 April 2020 is 5.8x (31 December 2020: 6.4x) and aggregate leverage (per CIS code) decreased by 1.5 percentage points to 36.6% from 38.1% at 31 December 2020. The all-in interest rate was marginally higher at 1.72% per annum (31 December 2020: 1.66%).
- Portfolio occupancy stood at 95.0% (31 December 2020: 95.1%).
- Portfolio weighted average lease expiry ("WALE") of 4.6 years by headline rent compared to 4.9 years at 31 December 2020.
- Please refer to Page 39 for further details about the COVID-19 impact on results



Financial Position Summary

	As at 31 Dec 21	As at 31-Dec-20	Change %
Gross asset value ("GAV") (€'000)	2,534,530	2,250,452	12.6%
Net tangible assets ("NTA") attributable to Unitholders (€'000)	1,413,130	1,302,152	8.5%
Gross borrowings before unamortised debt issue costs (€'000)	927,375	857,375	8.2%
Aggregate leverage (%)	36.6%	38.1%	(1.5) p.p.
Aggregate leverage excluding distribution (%) ⁽¹⁾	37.3%	38.9%	(1.6) p.p.
Net Gearing (%) ⁽²⁾	35.1%	36.9%	(1.8) p.p.
Units issued ('000) ⁽³⁾	561,045	511,216	9.7%
Net Asset Value ("NAV") attributable to Unitholders € per unit ⁽³⁾	2.52	2.55	(1.2%)
Adjusted NAV attributable to Unitholders € per unit (excluding distributable income) ⁽³⁾	2.43	2.46	(1.2%)

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.

⁽³⁾ Comparative numbers are adjusted for 5:1 unit consolidation to provide for a like-for-like comparison.

Gross asset value at 31 December 2021 increased by 12.6% from 31 December 2020 mainly due to the completion of acquisitions of 17 logistics and light industrial properties in Slovakia, the Czech Republic, Italy, the Netherlands and the United Kingdom, partially offset by the disposal of a non-core asset in France. The acquisitions of 11 properties completed in February 2021 were partly funded in cash and partly funded by part of the proceeds of the private placement of equity that raised gross proceeds of €100 million. The acquisition of a property in June 2021 was funded by available cash. The acquisitions of the 5 properties in 2H 2021 were funded via cash raised from the issuance of S\$100 million perpetual securities in November 2021 and available cash reserves.

Aggregate leverage on 31 December 2021 decreased to 36.6% from 38.1% at 31 December 2020. Net gearing decreased to 35.1% mainly attributable to higher cash balance.

As at 31 December 2021, NAV attributable to Unitholders per unit and adjusted NAV attributable to Unitholders per unit decreased by 1.2% to €2.52 cents and €2.43 cents respectively mainly due to the fair value gain being offset by a higher deferred tax provision and new units issued pursuant to the private placement of equity in March 2021.



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UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE SECOND HALF YEAR AND FINANCIAL YEAR ENDED 31 DECEMBER 2021

Unaudited Consolidated Statement of Total Return and Unaudited Statement of Comprehensive Income

	Note	CEREIT					
		2H 2021 €'000	2H 2020 €'000	Fav./ (Unfav.) %	FY 2021 €'000	FY 2020 €'000	Fav./ (Unfav.) %
Gross revenue	5	101,103	93,312	8.3%	200,122	186,972	7.0%
Property operating expense	6	(35,298)	(33,704)	(4.7%)	(70,030)	(69,643)	(0.6%)
Net property income		65,805	59,608	10.4%	130,092	117,329	10.9%
Net finance costs	15(b)	(10,368)	(9,809)	(5.7%)	(21,736)	(17,894)	(21.5%)
Government grant income	7	248	-	n.m.	248	-	n.m.
Manager's fees	8	(2,855)	(2,590)	(10.2%)	(5,619)	(5,246)	(7.1%)
Trustee fees		(140)	(128)	(9.4%)	(276)	(260)	(6.2%)
Trust expenses	9	(2,648)	(2,479)	(6.8%)	(5,363)	(4,945)	(8.5%)
Net income before tax and fair value changes		50,042	44,602	12.2%	97,346	88,984	9.4%
(Loss)/gain on divestment	10	(324)	517	n.m.	(324)	(358)	9.5%
Fair value (loss)/gain – investment properties	14(b)	(1,080)	33,473	n.m.	27,061	8,569	(>100%)
Fair value gain/(loss) – derivatives financial instruments		838	(228)	n.m.	829	(658)	n.m.
Total return for the period/year before tax		49,476	78,364	(36.9%)	124,912	96,537	29.4%
Income tax expense	13	(13,412)	(17,426)	23.0%	(28,309)	(17,174)	(64.8%)
Total return for the period/year		36,064	60,938	(40.8%)	96,603	79,363	21.7%
Total return for the period/year attributable to:							
Unitholders		35,820	60,938	(41.2%)	96,359	79,363	21.4%
Perpetual securities holders		244	-	n.m.	244	-	n.m.
Total return for the period/year		36,064	60,938	(40.8%)	96,603	79,363	21.7%
Earnings per unit							
Basic and diluted earnings per unit (€ cents)		6.394	11.920	(46.4%)	17.481	15.524	12.6%
Other comprehensive income							
Other comprehensive income for the period/year, net of tax		-	-	n.m.	-	-	n.m.
Total comprehensive income for the period/year		36,064	60,938	(40.8%)	96,603	79,363	21.7%

n.m. – not meaningful

Unaudited Statement of Financial Position

Note	CEREIT			Trust		
	31-Dec-21 €'000	31-Dec-20 €'000	Increase/ (Decrease) %	31-Dec-21 €'000	31-Dec-20 €'000	Increase/ (Decrease) %
Current assets						
Cash and cash equivalents	59,258	43,593	35.9%	1,176	2,102	(44.1%)
Receivables	18,491	15,943	16.0%	12,342	16,202	(23.8%)
Current tax assets	865	1,397	(38.1%)	-	-	-
Total current assets	78,614	60,933	29.0%	13,518	18,304	(26.1%)
Non-current assets						
Investment properties	2,449,014	2,184,529	12.1%	-	-	-
Investments in subsidiaries	-	-	-	1,468,952	1,328,482	10.6%
Receivables	663	1,028	(35.5%)	-	-	-
Derivative financial instruments	947	126	>100%	569	-	-
Deferred tax assets	5,292	3,836	38.0%	-	-	-
Total non-current assets	2,455,916	2,189,519	12.2%	1,469,521	1,328,482	10.6%
Total assets	2,534,530	2,250,452	12.6%	1,483,039	1,346,786	10.1%
Current liabilities						
Borrowings	23,000	-	n.m.	-	-	-
Payables	35,691	28,515	25.2%	160,845	117,065	37.4%
Current tax liabilities	3,709	2,943	(26.0%)	1	-	-
Other current liabilities	28,783	25,418	13.2%	-	-	-
Total current liabilities	91,183	56,876	60.3%	160,846	117,065	37.4%
Non-current liabilities						
Payables	-	-	-	89,104	112,022	(20.5%)
Borrowings	899,729	847,068	6.2%	-	-	-
Deferred tax liabilities	60,017	36,627	63.9%	-	-	-
Other non-current liabilities	6,321	7,729	(18.2%)	-	-	-
Total non-current liabilities	966,067	891,424	8.4%	89,104	112,022	(20.5%)
Total liabilities	1,057,250	948,300	11.5%	249,950	229,087	9.1%
Net assets	1,477,280	1,302,152	13.4%	1,233,089	1,117,699	10.3%
Represented by:						
Unitholders' funds	1,413,130	1,302,152	8.5%	1,168,939	1,117,699	4.6%
Perpetual securities	64,150	-	n.m.	64,150	-	n.m.
	1,477,280	1,302,152	13.4%	1,233,089	1,117,699	10.3%
Units in issue ('000) ⁽¹⁾	561,045	511,216	9.7%	561,045	511,216	9.7%
Net asset value per unit attributable to Unitholders (€) ⁽¹⁾	2.52	2.55	(1.2%)	2.08	2.19	(5.0%)

⁽¹⁾ Comparative numbers are adjusted for 5:1 unit consolidation to provide for a like-for-like comparison.

n.m. – Not meaningful

Unaudited Consolidated Distribution Statement

	Note	CEREIT			
		2H 2021 €'000	2H2020 €'000	FY 2021 €'000	FY 2020 €'000
Income available for distribution to Unitholders at beginning of period/year		31,547	44,689	44,791	51,844
Total return for the period/year attributable to Unitholders and perpetual securities holders		36,064	60,938	96,603	79,363
Less: Total return attributable to perpetual securities holders		(244)	-	(244)	-
Distribution adjustments (Note A)		11,639	(16,360)	(2,741)	9,780
Income available for distribution to Unitholders		47,459	44,578	93,618	89,143
Amount available for distribution to Unitholders		79,006	89,267	138,409	140,987
Distribution declared to Unitholders during the period/year (Note B)	12	(31,336)	(44,476)	(90,739)	(96,196)
Income available for distribution to Unitholders at end of period/year		47,670	44,791	47,670	44,791
Applicable number of units for the period/year ('000) ^{(1) (2)}		561,045	512,212	551,960	511,728
Actual DPU (cpu) for the period/year ^{(1) (2)}		8.459	8.703	16.961	17.420
Note A - Distribution adjustments					
Straight-line rent adjustments and leasing fees		(458)	(1,627)	(1,889)	(2,582)
Trustee Fees		140	128	276	260
Loss/(gain) on divestment		324	(517)	324	358
Amortisation of debt issuance costs		1,315	3,041	3,998	4,022
Facility break fee		-	13	-	(38)
Fair value adjustments – investment properties		1,080	(33,473)	(27,061)	(8,569)
Fair value adjustments – derivative financial instruments		(838)	228	(829)	658
Net foreign exchange loss		473	267	330	382
Deferred tax expense		9,658	15,108	22,046	10,082
Tax expense/(credit) related to disposal of assets/liabilities held for sale		62	(78)	(244)	1,843
Distribution of divestment gain		-	-	-	2,814
Others		(117)	550	308	550
Total distribution adjustments		11,639	(16,360)	(2,741)	9,780
Note B - Distributions declared to Unitholders during the period/year					
Distribution of 2.030 cpu from 2 Jul 2019 to 31 Dec 2019		-	-	-	51,720
Distribution of 1.740 cpu from 1 Jan 2020 to 30 Jun 2020		-	44,476	-	44,476
Distribution of 2.324 cpu from 1 Jul 2020 to 4 Mar 2021		-	-	59,403	-
Distribution of 5.602 cpu from 5 Mar 2021 to 30 Jun 2021		31,336	-	31,336	-
		31,336	44,476	90,739	96,196

n.m. – Not meaningful

⁽¹⁾ DPU is calculated based on the total number of units in issue entitled to distributions as at the record date of each distribution. DPU for the advanced distribution for the period from 1 January 2021 to 4 March 2021 is calculated based on the total number of units in issue entitled to distributions on 4 March 2021.

⁽²⁾ Comparative numbers are adjusted for 5:1 unit consolidation to provide a like-for-like comparison.

Unaudited Statements of Movements in Unitholders' Funds

	CEREIT		Trust	
	2H 2021 €'000	2H 2020 €'000	2H 2021 €'000	2H 2020 €'000
Unitholders' funds				
At beginning of period/year	1,404,548	1,285,700	1,167,896	1,104,715
Operations				
Total return for period/year attributable to Unitholders' and perpetual securities holders	36,064	60,938	28,525	57,470
Less: Total return attributable to perpetual securities holders	(244)	-	(244)	-
Net increase in net assets resulting from operations	35,820	60,938	28,281	57,470
Unitholders' transactions				
Issue of units:				
- Acquisition fees	101	-	101	-
- Distribution reinvestment plan	4,052	-	4,052	-
Issue expenses	(55)	(10)	(55)	(10)
Distributions paid to Unitholders	(31,336)	(44,476)	(31,336)	(44,476)
Net decrease in net assets resulting from Unitholders' transactions	(27,238)	(44,486)	(27,238)	(44,486)
Unitholders' funds at end of period/year	1,413,130	1,302,152	1,168,939	1,117,699
Perpetual securities holders' funds				
Issue of perpetual securities	65,136	-	65,136	-
Issue expenses	(1,230)	-	(1,230)	-
Total return attributable to perpetual securities holders	244	-	244	-
Perpetual securities holders' funds at end of period/year	64,150	-	64,150	-
Total at end of period/year	1,477,280	1,302,152	1,233,089	1,117,699

Unaudited Statements of Movements in Unitholders' Funds (cont'd)

	CEREIT		Trust	
	FY 2021 €'000	FY 2020 €'000	FY 2021 €'000	FY 2020 €'000
Unitholders' funds				
At beginning of period/year	1,302,152	1,314,588	1,117,699	1,149,815
Operations				
Total return for period/year attributable to Unitholders' and perpetual securities holders	96,603	79,363	36,865	59,683
Less: Total return attributable to perpetual securities holders	(244)	-	(244)	-
Net increase in net assets resulting from operations	96,359	79,363	36,621	59,683
Unitholders' transactions				
Issue of units:				
- Base management fees	-	962	-	962
- Property management fees	-	1,493	-	1,493
- Performance management fees	-	1,952	-	1,952
- Acquisition fees	101	-	101	-
- Private placement	100,000	-	100,000	-
- Distribution reinvestment plan	7,542	-	7,542	-
Issue expenses	(2,285)	(10)	(2,285)	(10)
Distributions paid to Unitholders	(90,739)	(96,196)	(90,739)	(96,196)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	14,619	(91,799)	14,619	(91,799)
Unitholders' funds at end of period/year	1,413,130	1,302,152	1,168,939	1,117,699
Perpetual securities holders' funds				
Issue of perpetual securities	65,136	-	65,136	-
Issue expenses	(1,230)	-	(1,230)	-
Total return attributable to perpetual securities holders	244	-	244	-
Perpetual securities holders' funds at end of period/year	64,150	-	64,150	-
Total at end of period/year	1,477,280	1,302,152	1,233,089	1,117,699

Unaudited Consolidated Statement of Cash Flows

	FY 2021 €'000	FY 2020 €'000
Cash flows from operating activities		
Total return for the year before tax	124,912	96,537
<i>Adjustments for:</i>		
Amortisation of lease incentives	573	1,499
Effect of recognising rental income on a straight-line basis and leasing fees	(1,889)	(2,582)
Loss on divestment	324	358
Net finance costs	21,736	17,894
(Reversal of)/allowance for credit losses	(1,055)	3,062
Change in fair value of investment properties	(27,061)	(8,569)
Change in fair value of derivative financial instruments	(829)	658
Net foreign exchange loss	330	382
Operating cash flows before movements in working capital	117,041	109,239
<i>Changes in operating assets and liabilities:</i>		
Decrease in receivables	3,934	17,881
(Decrease)/increase in payables	(3,075)	544
Increase / (decrease) in other liabilities	2,568	(17,671)
Cash generated from operations	120,468	109,993
Interest paid	(18,525)	(13,703)
Interest received	1	1
Tax paid	(5,077)	(7,708)
Net cash provided by operating activities	96,867	88,583
Cash flows from investing activities		
Payments for acquisitions of subsidiaries, net of cash	(124,913)	-
Payments for acquisition of investment properties	(78,040)	(104,822)
Payment of transaction costs for acquisition of investment properties	(8,453)	(5,121)
Payment of deposits for acquisition of investment properties	(4,184)	(1,000)
Payments for capital expenditure on investment properties	(22,637)	(20,968)
Proceeds from disposal of assets/liabilities held for sale, net of cash disposed of	-	65,812
Proceeds from sale of investment property	5,800	-
Refund of VAT in relation to acquisition of investment properties	-	20,438
Payment for transaction costs for disposal of investment property	(233)	(601)
Net cash used in investing activities	(232,660)	(46,262)
Cash flows from financing activities		
Proceeds from issuance of CEREIT units	100,000	-
Payment of unit issue costs	(2,272)	(10)
Proceeds from bank borrowings and issue of Medium Term Notes	205,623	450,000
Repayment of bank borrowings	(130,000)	(423,418)
Proceeds from issuance of perpetual securities	65,136	-
Payment of transaction costs on issuance of perpetual securities	(918)	-
Payment for transaction costs related to borrowings and Medium Term Notes	(2,580)	(8,020)
Distributions paid to Unitholders	(83,197)	(96,196)
Payment of finance lease	(334)	(334)
Net cash provided by/(used in) financing activities	151,458	(77,978)
Net increase / (decrease) in cash and cash equivalents	15,665	(35,657)
Cash and cash equivalents at beginning of year	43,593	79,250
Cash and cash equivalents at end of year	59,258	43,593

Statement of Portfolio

Property <i>(by Geography)</i>	Location	Acquisition Date	Land Tenure	Remaining Term (Years)		Carrying Amount		Percentage of Net Assets	
				31-Dec-21	31-Dec-20	31-Dec-21 €'000	31-Dec-20 €'000	31-Dec-21 %	31-Dec-20 %
The Netherlands									
Light Industrial / Logistics									
Veemarkt	Veemarkt 27-75 / 50-76 / 92-114, Amsterdam	30 Nov 2017	Continuing leasehold	Various 17.0-21.0	Various 18.0 – 22.0	45,200	41,100	3.1	3.2
Rosa Castellanosstraat 4	Rosa Castellanosstraat 4, Tilburg	30 Dec 2021	Freehold	n/a	n/a	11,325	-	0.8	-
Boekweitstraat 1 - 21 & Luzernestraat 2 - 12	Boekweitstraat 1 - 21 & Luzernestraat 2 - 12, Nieuw-Venep	30 Nov 2017	Freehold	n/a	n/a	8,880	7,560	0.6	0.6
De Immenhorst 7	De Immenhorst 7, 's-Heerenberg	23 Dec 2021	Freehold	n/a	n/a	8,350	-	0.6	-
Capronilaan 22 - 56	Capronilaan 22 - 56, Schiphol-Rijk	30 Nov 2017	Freehold	n/a	n/a	7,510	7,060	0.5	0.5
Kapoeasweg 4 - 16	Kapoeasweg 4 - 16, Amsterdam	30 Nov 2017	Freehold	n/a	n/a	5,530	4,480	0.4	0.3
Folkstoneweg 5 - 15	Folkstoneweg 5 - 15, Schiphol	30 Nov 2017	Leasehold	17.9	18.9	4,420	4,560	0.3	0.4
Office									
Haagse Poort	Prinses Beatrixlaan 35 - 37 & Schenkkade 60 - 65, Den Haag	30 Nov 2017	Part Freehold, Part Right of Superficies and Part Perpetual leasehold	n/a	n/a	167,705	173,500	11.3	13.3
Central Plaza	Plaza 2 – 25 (retail) / Weena 580 – 618 (offices), Rotterdam	19 Jun 2017	Freehold/ leasehold ⁽¹⁾	66.6	67.6	165,610	164,855	11.2	12.7
Bastion	Willemsplein 2 - 10, 's-Hertogenbosch	28 Dec 2018	Freehold	n/a	n/a	78,360	78,600	5.3	6.0
Moeder Teresalaan 100 / 200	Moeder Teresalaan 100 / 200, Utrecht	28 Dec 2018	Perpetual leasehold	n/a	n/a	59,300	59,300	4.0	4.6
De Ruyterkade 5	De Ruyterkade 5, Amsterdam	19 Jun 2017	Continuing leasehold	66.5	67.5	58,780	54,700	4.0	4.2
Koningskade 30	Koningskade 30, Den Haag	19 Jun 2017	Perpetual leasehold	n/a	n/a	21,570	21,420	1.5	1.6
Blaak 40	Blaak 40, Rotterdam	30 Nov 2017	Freehold	n/a	n/a	20,540	16,100	1.4	1.2
Italy									
Light Industrial / Logistics									
Centro Logistico Orlando Marconi	Via del Lavoro, 63076 Montepandone	23 Dec 2020	Freehold	n/a	n/a	54,600	52,575	3.7	4.0

n/a – not applicable

(1) Part freehold and part leasehold interest ending 31 July 2088

Property <i>(by Geography)</i>	Location	Acquisition Date	Land Tenure	Remaining Term (Years)		Carrying Amount		Percentage of Net Assets	
				31-Dec-21	31-Dec-20	31-Dec-21 €'000	31-Dec-20 €'000	31-Dec-21 %	31-Dec-20 %
Italy (cont'd)									
Via Fornace snc	Via Fornace snc, Mira	29 Oct 2021	Freehold	n/a	n/a	21,000	-	1.4	-
Strada Provinciale Adelfia	Strada Provinciale Adelfia, Rutigliano	30 Nov 2017	Freehold	n/a	n/a	13,525	12,675	0.9	1.0
Office									
Piazza Affari 2	Piazza degli Affari 2, Milan	30 Nov 2017	Freehold	n/a	n/a	96,900	89,800	6.6	6.9
Via dell'Amba Aradam 5	Via dell'Amba Aradam 5, Rome	30 Nov 2017	Freehold	n/a	n/a	46,000	49,000	3.1	3.8
Via Pianciani 26	Via Pianciani 26, Rome	30 Nov 2017	Freehold	n/a	n/a	33,400	32,600	2.3	2.5
Building F7-F11	Viale Milanofiori 1, Assago	30 Nov 2017	Freehold	n/a	n/a	26,700	26,400	1.8	2.0
Via Nervesa 21	Via Nervesa 21, Milan	30 Nov 2017	Freehold	n/a	n/a	23,725	23,325	1.6	1.8
Via Camillo Finocchiaro Aprile 1	Via Camillo Finocchiaro Aprile 1, Genova	5 Dec 2018	Freehold	n/a	n/a	23,475	23,700	1.6	1.8
Nuova ICO	Via Guglielmo Jervis 9, Ivrea	27 Jun 2018	Freehold	n/a	n/a	16,625	16,525	1.1	1.3
Cassiopea 1-2-3	Via Paracelso 22-24-26, Milan	28 Nov 2019	Freehold	n/a	n/a	16,550	16,650	1.1	1.3
Via della Fortezza 8	Via della Fortezza 8, Florence	15 Feb 2018	Freehold	n/a	n/a	16,200	16,375	1.1	1.3
Corso Lungomare Trieste 29	Corso Lungomare Trieste 29, Bari	5 Dec 2018	Freehold	n/a	n/a	11,300	11,475	0.8	0.9
Corso Annibale Santorre di Santa Rosa 15	Corso Annibale Santorre di Santa Rosa 15, Cuneo	30 Nov 2017	Freehold	n/a	n/a	7,575	7,860	0.5	0.6
Via Rampa Cavalcavia 16-18	Via Rampa Cavalcavia 16-18, Venice Mestre	30 Nov 2017	Freehold	n/a	n/a	5,200	5,220	0.4	0.4
Other									
Viale Europa 95	Viale Europa 95, Bari	30 Nov 2017	Freehold	n/a	n/a	74,100	76,500	5.0	5.9
Starhotels Grand Milan	Via Varese 23, Saronno	30 Nov 2017	Freehold	n/a	n/a	17,500	17,050	1.2	1.3
Via Madre Teresa 4	Via Madre Teresa 4, Lissone	30 Nov 2017	Freehold	n/a	n/a	17,100	16,350	1.2	1.3
Via Salara Vecchia 13	Via Salara Vecchia 13, Pescara	30 Nov 2017	Freehold	n/a	n/a	11,900	12,300	0.8	0.9
Via Brigata Padova 19	Via Brigata Padova 19, Padova	30 Nov 2017	Freehold	n/a	n/a	4,220	4,430	0.3	0.3
France									
Light Industrial / Logistics									
Parc des Docks	50 rue Ardoin, Saint Ouen	30 Nov 2017	Freehold	n/a	n/a	147,300	135,300	10.0	10.4
Parc des Guillaumes	58 rue de Neuilly – 2 rue du Trou Morin, ZAC des Guillaumes, Noisy-le-Sec	30 Nov 2017	Freehold	n/a	n/a	29,100	28,000	2.0	2.2
Parc des Grésillons	167-169 avenue des Grésillons, Gennevilliers	30 Nov 2017	Freehold	n/a	n/a	25,300	23,400	1.7	1.8
Parc du Landy	61 rue du Landy, Aubervilliers	30 Nov 2017	Freehold	n/a	n/a	24,400	23,300	1.7	1.8
Parc Delizy	32 rue Délizy, Pantin	30 Nov 2017	Freehold	n/a	n/a	19,900	18,500	1.3	1.4
Parc Urbaparc	75-79 rue du Rateau, La Courneuve	30 Nov 2017	Freehold	n/a	n/a	18,700	18,300	1.3	1.4
Parc Béziers	Rue Charles Nicolle, Villeneuve-lès-Béziers	23 Jan 2019	Freehold	n/a	n/a	12,300	11,000	0.8	0.8

n/a – not applicable

Property (by Geography)	Location	Acquisition Date	Land Tenure	Remaining Term (Years)		Carrying Amount		Percentage of Net Assets	
				31-Dec-21	31-Dec-20	31-Dec-21 €'000	31-Dec-20 €'000	31-Dec-21 %	31-Dec-20 %
France (cont'd)									
Parc du Merantais	1-3 rue Georges Guynemer, Magny-Les-Hameaux	30 Nov 2017	Freehold	n/a	n/a	11,100	9,730	0.8	0.7
Parc des Érables	154 allée des Érables, Villepinte	30 Nov 2017	Freehold	n/a	n/a	9,720	9,210	0.7	0.7
Parc Jean Mermoz	53 rue de Verdun – 81, rue Maurice Berteaux, La Courneuve	30 Nov 2017	Freehold	n/a	n/a	9,240	9,140	0.6	0.7
Parc Louvresses	46-48 boulevard Dequevauvilliers, Gennevilliers	14 Feb 2019	Leasehold	25.45	26.45	7,740	7,740	0.5	0.6
Parc le Prunay	13-41 rue Jean Pierre Timbaud, ZI du Prunay, Sartrouville	30 Nov 2017	Freehold	n/a	n/a	8,800	7,660	0.6	0.6
Parc Locaparc 2	59-65 rue Edith Cavell, Vitry-sur-Seine	30 Nov 2017	Freehold	n/a	n/a	8,360	7,650	0.6	0.6
Parc de Champs	40 boulevard de Nesles, ZAC le Ru du Nesles, Champs sur Marne	30 Nov 2017	Freehold	n/a	n/a	7,020	7,240	0.5	0.6
Parc Acticlub	2 rue de la Noue Guimante, ZI de la Courtillière, Saint Thibault des Vignes	30 Nov 2017	Freehold	n/a	n/a	6,330	6,260	0.4	0.5
Parc Parçay-Meslay	ZI du Papillon, Parçay-Meslay	23 Jan 2019	Freehold	n/a	n/a	4,710	4,850	0.3	0.4
Parc de Popey ²	5 chemin de Popey, Bar-le-Duc	30 Nov 2017	Freehold	n/a	n/a	-	4,800	0.0	0.4
Parc du Bois du Tambour	Route de Nancy, Gondreville	30 Nov 2017	Freehold	n/a	n/a	4,620	3,990	0.3	0.3
Parc Sully	105 route d'Orléans, Sully-sur-Loire	23 Jan 2019	Freehold	n/a	n/a	3,250	3,390	0.2	0.3
Office									
Cap Mermoz	38-44 rue Jean Mermoz, Maisons-Laffitte, Paris	17 Jul 2019	Freehold	n/a	n/a	35,800	35,600	2.4	2.7
Paryseine	3 Allée de la Seine, Ivry-Sur Seine, Paris	17 Jul 2019	Freehold	n/a	n/a	27,600	29,100	1.9	2.2
Lénine	1 rue de Lénine, 94200 Ivry-Sur Seine, Ivry-Sur Seine, Paris	17 Jul 2019	Freehold	n/a	n/a	3,950	5,080	0.3	0.4
Poland									
Office									
Business Garden	2, 4, 6, 8 and 10 Kolorowa Street, Poznań	24 Sep 2019	Freehold	n/a	n/a	85,400	85,900	5.8	6.6
Green Office	80, 80A, 82 and 84 Czerwone Maki Street, Kraków	25 Jul 2019	Freehold	n/a	n/a	51,400	51,200	3.5	3.9
Riverside Park	Fabryczna 5, Warsaw	14 Feb 2019	Freehold	n/a	n/a	30,600	30,200	2.1	2.3
Avatar	28 Armii Krajowej Street, Kraków	25 Jul 2019	Freehold/ Perpetual usufruct	n/a	n/a	26,200	28,100	1.8	2.2
Grójecka 5	Grójecka 5, Warsaw	14 Feb 2019	Freehold	n/a	n/a	19,900	21,600	1.3	1.7
Arkońska Business Park	Arkońska 1&2, Gdańsk	14 Feb 2019	Freehold	n/a	n/a	18,000	18,300	1.2	1.4

n/a – not applicable

(2) The property was disposed on 9 September 2021.

Property <i>(by Geography)</i>	Location	Acquisition Date	Land Tenure	Remaining Term (Years)		Carrying Amount		Percentage of Net Assets	
				31-Dec-21	31-Dec-20	31-Dec-21 €'000	31-Dec-20 €'000	31-Dec-21 %	31-Dec-20 %
Germany									
Light Industrial / Logistics									
Parsdorfer Weg 10	Parsdorfer Weg 10, Kirchheim	30 Nov 2017	Freehold	n/a	n/a	40,300	36,600	2.7	2.8
An der Wasserschluft 7	An der Wasserschluft 7, 06526 Sangerhausen	14 Aug 2020	Freehold	n/a	n/a	19,750	18,350	1.3	1.4
Siemensstraße 11	Siemensstraße 11, Frickenhausen	30 Nov 2017	Freehold	n/a	n/a	18,250	17,650	1.2	1.4
Göppinger Straße 1 – 3	Pforzheim, Göppinger Straße 1 – 3	25 Mar 2020	Freehold	n/a	n/a	18,250	16,875	1.2	1.3
Gewerbestraße 62	Bretten, Gewerbestraße 62	25 Mar 2020	Freehold	n/a	n/a	16,825	15,500	1.1	1.2
An der Kreuzlache 8-12	An der Kreuzlache 8-12, Bischofsheim	30 Nov 2017	Freehold	n/a	n/a	14,725	13,700	1.0	1.1
Henschelring 4	Henschelring 4, Kirchheim	30 Nov 2017	Freehold	n/a	n/a	12,125	11,575	0.8	0.9
Frauenstraße 31	Frauenstraße 31, Maisach	30 Nov 2017	Freehold	n/a	n/a	12,025	11,450	0.8	0.9
Gutenbergstraße 1, Dieselstraße 2	Königsbach-Stein, Gutenbergstraße 1, Dieselstraße 2	25 Mar 2020	Freehold	n/a	n/a	11,575	10,625	0.8	0.8
Kolumbusstraße 16	Kolumbusstraße 16, Hamburg	30 Nov 2017	Freehold	n/a	n/a	10,850	10,300	0.7	0.8
Dresdner Straße 16, Sachsenring 52	Dresdner Straße 16, Sachsenring 52, Straubing	30 Nov 2017	Freehold	n/a	n/a	10,000	9,440	0.7	0.7
Hochstraße 150-152	Hochstraße 150-152, Duisburg	30 Nov 2017	Freehold	n/a	n/a	9,940	9,390	0.7	0.7
Moorfleeter Straße 27, Liebigstraße 67-71	Moorfleeter Straße 27, Liebigstraße 67-71, Hamburg	30 Nov 2017	Freehold	n/a	n/a	9,190	9,000	0.6	0.7
An der Steinlach 8-10	An der Steinlach 8-10, Bischofsheim	30 Nov 2017	Freehold	n/a	n/a	5,130	3,240	0.3	0.2
Kinzigheimer Weg 114	Kinzigheimer Weg 114, Hanau	30 Nov 2017	Freehold	n/a	n/a	3,840	3,670	0.3	0.3
Finland									
Office									
Opus 1	Hitsajankatu 24, Helsinki	28 Dec 2018	Freehold	n/a	n/a	15,225	13,100	1.0	1.0
Grandinkulma	Kielotie 7, Vantaa	28 Dec 2018	Freehold	n/a	n/a	11,650	13,500	0.8	1.0
Plaza Forte	Äyritie 12 C, Vantaa	28 Dec 2018	Freehold	n/a	n/a	11,650	12,225	0.8	0.9
Plaza Vivace	Äyritie 8 C, Vantaa	28 Dec 2018	Freehold	n/a	n/a	11,600	12,575	0.8	1.0
Myyrmäenraitti 2	Myyrmäenraitti 2, Vantaa	28 Dec 2018	Freehold	n/a	n/a	10,475	11,700	0.7	0.9
Plaza Allegro	Äyritie 8 B, Vantaa	28 Dec 2018	Freehold	n/a	n/a	9,720	9,990	0.7	0.8
Pakkalankuja 6	Pakkalankuja 6, Vantaa	28 Dec 2018	Freehold	n/a	n/a	9,640	10,450	0.7	0.8
Mäkitorpantie 3b	Mäkitorpantie 3b, Helsinki	28 Dec 2018	Freehold	n/a	n/a	9,580	8,820	0.6	0.7
Kauppakatu 39	Kauppakatu 39, Kuopio	28 Dec 2018	Freehold	n/a	n/a	7,820	7,230	0.5	0.6
Pakkalankuja 7	Pakkalankuja 7, Vantaa	28 Dec 2018	Freehold	n/a	n/a	5,550	5,600	0.4	0.4
Purotie 1	Purotie 1, Helsinki	28 Dec 2018	Freehold	n/a	n/a	3,710	5,700	0.3	0.4

n/a – not applicable

Property <i>(by Geography)</i>	Location	Acquisition Date	Land Tenure	Remaining Term (Years)		Carrying Amount		Percentage of Net Assets	
				31-Dec-21	31-Dec-20	31-Dec-21 €'000	31-Dec-20 €'000	31-Dec-21 %	31-Dec-20 %
Denmark									
Light Industrial / Logistics									
Naverland 7-11	Naverland 7-11, Glostrup	30 Nov 2017	Freehold	n/a	n/a	13,051	11,947	0.9	0.9
Priorparken 700	Priorparken 700, Brøndby	30 Nov 2017	Freehold	n/a	n/a	12,742	11,585	0.9	0.9
Priorparken 800	Priorparken 800, Brøndby	30 Nov 2017	Freehold	n/a	n/a	10,995	10,698	0.7	0.8
Islevdalvej 142	Islevdalvej 142, Rødovre	30 Nov 2017	Freehold	n/a	n/a	8,310	6,679	0.6	0.5
Herstedvang 2-4	Herstedvang 2-4, Albertslund	30 Nov 2017	Freehold	n/a	n/a	7,890	7,365	0.5	0.6
Stamholmen 111	Stamholmen 111, Hvidovre	30 Nov 2017	Freehold	n/a	n/a	7,850	7,486	0.5	0.6
Naverland 8	Naverland 8, Glostrup	30 Nov 2017	Freehold	n/a	n/a	7,433	6,303	0.5	0.5
Fabriksparken 20	Fabriksparken 20, Glostrup	30 Nov 2017	Freehold	n/a	n/a	6,331	5,900	0.4	0.5
Hørskættten 4-6	Hørskættten 4-6, Tåstrup	30 Nov 2017	Freehold	n/a	n/a	6,317	6,007	0.4	0.5
Hørskættten 5	Hørskættten 5, Tåstrup	30 Nov 2017	Freehold	n/a	n/a	4,140	3,628	0.3	0.3
Naverland 12	Naverland 12, Glostrup	30 Nov 2017	Freehold	n/a	n/a	3,871	3,414	0.3	0.3
Slovakia									
Light Industrial / Logistics									
Nove Mesto ONE Industrial Park III	Rakol'uby 242, 916 31 Kocovce	11 Mar 2021	Freehold	n/a	n/a	17,300	-	1.2	-
Nove Mesto ONE Industrial Park I	Beckov 645, 916 38 Beckov	11 Mar 2021	Freehold	n/a	n/a	16,845	-	1.1	-
Kosice Industrial Park	Vel'ka Ida 785, 044 55 Velká Ida	11 Mar 2021	Freehold	n/a	n/a	14,800	-	1.0	-
Nove Mesto ONE Industrial Park II	Kocovce 245, 916 31 Kocovce	11 Mar 2021	Freehold	n/a	n/a	9,980	-	0.7	-
Zilina Industrial Park	Priemyselna 1, 013 02 Nededza	11 Mar 2021	Freehold	n/a	n/a	5,510	-	0.4	-
The Czech Republic									
Light Industrial / Logistics									
Moravia Industrial Park	Jaktare 1752, 686 01 Uherske Hradiste	11 Mar 2021	Freehold	n/a	n/a	16,300	-	1.1	-
Lovosice ONE Industrial Park II.	Prumyslova 1190, 410 02 Lovosice	11 Mar 2021	Freehold	n/a	n/a	14,500	-	1.0	-
South Moravia Industrial Park	Cukrovarska 494/39, Mesto, 682 01 Vyskov	11 Mar 2021	Freehold	n/a	n/a	11,640	-	0.8	-
Hradec Králové One Industrial Park	Vážní 536, 500 03 Hradec Králové	4 Jun 2021	Freehold	n/a	n/a	10,300	-	0.7	-
Pisek Industrial Park I.	Stanislava Mlainy 464, 397 01 Pisek	11 Mar 2021	Freehold	n/a	n/a	4,340	-	0.3	-
Lovosice ONE Industrial Park I.	Tovami 1162, 410 02 Lovosice	11 Mar 2021	Freehold	n/a	n/a	3,270	-	0.2	-
Pisek Industrial Park II.	U Hrebince 2564/23, 391 01 Pisek	11 Mar 2021	Freehold	n/a	n/a	1,730	-	0.1	-

n/a – not applicable

Property <i>(by Geography)</i>	Location	Acquisition Date	Land Tenure	Remaining Term (Years)		Carrying Amount		Percentage of Net Assets	
				31-Dec-21	31-Dec-20	31-Dec-21 €'000	31-Dec-20 €'000	31-Dec-21 %	31-Dec-20 %
United Kingdom									
Light Industrial / Logistics									
DurhamGate, Spennymoor, 21 Kingsland Grange	DurhamGate, Spennymoor, County Durham 21 Kingsland Grange, Warrington	17 Dec 2021	Freehold	n/a	n/a	38,463	-	2.6	-
		3 Aug 2021	Freehold	n/a	n/a	11,908	-	0.8	-
Portfolio of investment properties, at fair value						2,442,625	2,177,852	165.4	167.3
Other adjustments (note 14(a))						6,389	6,677	0.4	0.5
Investment properties as shown in the statement of financial position						2,449,014	2,184,529	165.8	167.8
Other assets and liabilities, net						(971,734)	(882,377)	(65.8)	(67.8)
Net assets						1,477,280	1,302,152	100.00	100.00

Notes to the unaudited condensed consolidated financial statements

1. Corporate information

The Cromwell European Real Estate Investment Trust ("Trust") is a Singapore real estate investment trust constituted pursuant to a trust deed dated 28 April 2017 (date of "Constitution") (as amended, varied or supplemented from time to time) 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"). The Trust and its subsidiaries are collectively referred to as "CEREIT" in the consolidated financial statements.

CEREIT is a REIT with a principal mandate of investing, directly or indirectly, in a portfolio of income-producing commercial real estate assets across Europe with a portfolio weighting of at least 75% within Western Europe and at least 75% to the office and light industrial/logistics sectors.

2. Basis of preparation

The unaudited condensed financial statements for the six months and financial year ended 31 December 2021 have been prepared in accordance with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board. The unaudited condensed financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in CEREIT's financial position and performance of CEREIT since the last interim financial statements for the period ended 30 June 2021.

The accounting policies adopted and method of computation are consistent with those of the previous financial year which were prepared in accordance with International Financial Reporting Standards adopted by the International Accounting Standards Board, the recommendations of Statement of Recommended Accounting Practice 7 (Revised 2017) Reporting Framework for Unit Trusts issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed.

The unaudited condensed financial statements are presented in Euro ("€") and had been rounded to the nearest thousand, unless otherwise stated.

2.1 New and amended standards adopted by CEREIT

The accounting policies applied by CEREIT in these financial statements are the same as those applied by CEREIT in the financial statements as at and for the year ended 31 December 2020.

2.2 Use of judgements and estimates

The preparation of the unaudited condensed financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying CEREIT's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated statements as at and for the financial year ended 31 December 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical or professional experience and other factors such as expectations about future events. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial period are included in the following notes:

Area of estimation	Note
Measurement of deferred tax liabilities	
Determination of fair value of investment properties using significant unobservable inputs	14(c)
Acquisition of subsidiaries: the fair value of the consideration transferred and the fair value of the assets and liabilities assumed, measured on a provisional basis	22

It is noted that the COVID-19 pandemic likely has an impact on the ability to accurately make such critical judgements, estimates and assumptions.

2.3 Working capital

As at 31 December 2021, CEREIT had net current liabilities of €12,569,000 (2020: nil). The net current liabilities position was mainly due to the German Schuldschein which is an unsecured private placement borrowing of €23 million with maturity due in November 2022. The unaudited condensed financial statements have been prepared on a going concern basis as CEREIT has available various sources of funding including committed undrawn revolving credit facility of €200 million which matures in October 2024 which would be used to repay the borrowing. Therefore, the Manager is confident that CEREIT can meet its obligations as and when they fall due.

3. Seasonal operations

The businesses of CEREIT are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

CEREIT's operating segments regularly reviewed by the Chief Operating Decision Maker ("CODM"), being the Chief Executive Officer ("CEO"), are CEREIT's property sub-portfolios by location and asset class as each of these sub-portfolios have different performance characteristics. There is no segment information for CEREIT's business segments as CEREIT's activities wholly relate to property investment.

CEREIT operated in three property classes and ten (31 December 2020: seven) countries as at 31 December 2021. The property segments below are reported in a manner consistent with the internal reporting provided to the CODM.

4.1 Segment results

	2H 2021			2H 2020		
	Gross revenue from external customers €'000	Property operating expenditure €'000	Segment Profit/(Loss) €'000	Gross revenue from external customers €'000	Property operating expenditure €'000	Segment Profit/(Loss) €'000
CEREIT						
<i>Light industrial / Logistics</i>						
The Netherlands	2,667	(804)	1,863	2,700	(712)	1,988
Italy	3,293	(936)	2,357	693	(189)	504
France	15,032	(4,863)	10,169	16,059	(6,224)	9,835
Germany	8,192	(2,659)	5,533	7,461	(2,155)	5,306
Denmark	4,432	(2,123)	2,309	4,608	(2,138)	2,470
Slovakia	2,929	(898)	2,031	-	-	-
The Czech Republic	2,233	(665)	1,568	-	-	-
United Kingdom	384	(42)	342	-	-	-
Total - Light industrial / Logistics	39,162	(12,990)	26,172	31,521	(11,418)	20,103
<i>Office</i>						
The Netherlands	20,617	(7,938)	12,679	20,618	(8,626)	11,992
Italy	12,071	(3,381)	8,690	12,333	(3,527)	8,806
France	3,960	(1,512)	2,448	4,236	(1,690)	2,546
Poland	12,456	(4,890)	7,566	12,394	(4,589)	7,805
Finland	5,642	(2,601)	3,041	5,696	(2,481)	3,215
Total - Office	54,746	(20,322)	34,424	55,277	(20,913)	34,364
<i>Other</i>						
Italy	7,195	(1,986)	5,209	6,514	(1,373)	5,141
Total - Other	7,195	(1,986)	5,209	6,514	(1,373)	5,141
Total - Segments	101,103	(35,298)	65,805	93,312	(33,704)	59,608
<i>Unallocated items:</i>						
Net finance costs			(10,368)			(9,809)
Government grant income			248			-
Manager's fees			(2,855)			(2,590)
Trustee fees			(140)			(128)
Trust expenses			(2,648)			(2,479)
(Loss)/gain on divestment			(324)			517
Fair value (loss)/gain – investment properties			(1,080)			33,473
Fair value gain/(loss) – derivatives financial instruments			838			(228)
Income tax expense			(13,412)			(17,426)
Total return for the period attributable to Unitholders and perpetual securities holders			36,064			60,938

	FY 2021			FY 2020		
	Gross revenue from external customers €'000	Property operating expenditure €'000	Segment Profit/(Loss) €'000	Gross revenue from external customers €'000	Property operating expenditure €'000	Segment Profit/(Loss) €'000
CEREIT						
<i>Light industrial / Logistics</i>						
The Netherlands	5,307	(1,920)	3,387	5,929	(1,987)	3,942
Italy	6,332	(1,772)	4,560	1,245	(351)	894
France	30,047	(9,975)	20,072	32,551	(13,122)	19,429
Germany	16,140	(5,435)	10,705	13,526	(4,142)	9,384
Denmark	8,999	(3,936)	5,063	9,465	(4,245)	5,220
Slovakia	4,575	(1,212)	3,363	-	-	-
The Czech Republic	3,425	(837)	2,588	-	-	-
United Kingdom	384	(42)	342	-	-	-
Total - Light industrial / Logistics	75,209	(25,129)	50,080	62,716	(23,847)	38,869
<i>Office</i>						
The Netherlands	41,053	(15,346)	25,707	41,030	(16,574)	24,456
Italy	23,878	(6,742)	17,136	24,313	(6,760)	17,553
France	8,673	(3,365)	5,308	8,191	(3,633)	4,558
Poland	25,781	(10,126)	15,655	25,096	(9,778)	15,318
Finland	11,301	(5,249)	6,052	11,434	(4,920)	6,514
Total - Office	110,686	(40,828)	69,858	110,064	(41,665)	68,399
<i>Other</i>						
Italy	14,227	(4,073)	10,154	14,192	(4,131)	10,061
Total - Other	14,227	(4,073)	10,154	14,192	(4,131)	10,061
Total - Segments	200,122	(70,030)	130,092	186,972	(69,643)	117,329
<i>Unallocated items:</i>						
Net finance costs			(21,736)			(17,894)
Government grant income			248			-
Manager's fees			(5,619)			(5,246)
Trustee fees			(276)			(260)
Trust expenses			(5,363)			(4,945)
Loss on divestment			(324)			(358)
Fair value gain - investment properties			27,061			8,569
Fair value gain/(loss) - derivative financial instruments			829			(658)
Income tax expense			(28,309)			(17,174)
Total return for the year attributable to Unitholders and perpetual securities holders			96,603			79,363

4.2 Segment assets and liabilities

	31-Dec-21		31-Dec-20	
	Segment assets: Total €'000	Other information Capital expenditure €'000	Segment assets: Total €'000	Other information Capital expenditure €'000
CEREIT				
<i>Light industrial / Logistics</i>				
The Netherlands	97,604	698	71,437	199
Italy	89,125	1,042	65,250	44
France	357,890	3,293	339,460	1,627
Germany	212,775	3,195	197,365	2,079
Denmark	88,929	613	81,012	2,012
Slovakia	64,435	193	-	-
The Czech Republic	62,080	342	-	-
United Kingdom	50,371	-	-	-
Total - Light industrial / Logistics	1,023,209	9,376	754,524	5,961
<i>Office</i>				
The Netherlands	571,865	5,868	568,475	10,115
Italy	323,650	1,880	318,930	1,267
France	67,350	1,980	69,780	347
Poland	231,500	1,893	235,300	1,207
Finland	106,620	557	110,890	925
Total - Office	1,300,985	12,178	1,303,375	13,861
<i>Other</i>				
Italy	124,820	493	126,630	621
Total - Other	124,820	493	126,630	621
Total - Segments	2,449,014	22,047	2,184,529	20,443
<i>Reconciliation to total consolidated assets:</i>				
Cash and cash equivalents	59,258		43,593	
Receivables - current	18,491		15,943	
Current tax assets	865		1,397	
Receivables - non-current	663		1,028	
Derivative financial instruments	947		126	
Deferred tax assets	5,292		3,836	
Consolidated total assets	2,534,530		2,250,452	

Segment liabilities

There are no liabilities allocated to segments.

5 Gross revenue

Gross revenue includes the following items:

	CEREIT					
	2H 2021 €'000	2H 2020 €'000	Fav./ (Unfav.) %	FY 2021 €'000	FY 2020 €'000	Fav./ (Unfav.) %
Gross rental income	82,486	76,565	7.7%	162,075	153,742	5.4%
Service charge income	16,935	16,232	4.3%	34,762	32,267	7.7%
Other property related income ⁽¹⁾	1,682	515	>100%	3,285	963	>100%
Total gross revenue	101,103	93,312	8.3%	200,122	186,972	7.0%

⁽¹⁾ Other property related income comprises advertising billboards and signage, kiosks and other income attributable to the operation of the properties.

Other property related income was higher than in FY 2021 mainly due to one off income from a tenant that pre-terminated its lease in the first half of FY 2021.

6 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:

	CEREIT					
	2H 2021 €'000	2H 2020 €'000	Fav./ (Unfav.) %	FY 2021 €'000	FY 2020 €'000	Fav./ (Unfav.) %
Service charge expenses and non-recoverable expenses	27,410	26,476	(3.5%)	54,713	51,713	(5.8%)
Property management fees paid in cash (Writeback of)/provision for COVID-19 related doubtful debts	8,317	7,534	(10.4%)	16,372	15,271	(7.2%)
	(429)	(306)	(40.2%)	(1,055)	2,659	n.m.
Total property operating expense	35,298	33,704	(4.7%)	70,030	69,643	(0.6%)

Higher property management fees in 2H 2021 and FY 2021 were in line with enlarged portfolio.

7 Government grant income

Government grant income pertains to one-off funds received from the Monetary Authority of Singapore under The Global-Asia Bond Grant Scheme which aims to help companies with an Asian nexus seeking to raise capital through Singapore's bond market for the first time.

8 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.

	CEREIT					
	2H 2021 €'000	2H 2020 €'000	Fav./ (Unfav.) %	FY 2021 €'000	FY 2020 €'000	Fav./ (Unfav.) %
Manager's base fees paid in cash ⁽ⁱ⁾	2,855	2,590	(10.2%)	5,619	5,246	(7.1%)
Manager's performance fees ⁽ⁱⁱ⁾	-	-	n.m.	-	-	n.m.
Total manager's fees	2,855	2,590	(10.2%)	5,619	5,246	(7.1%)

⁽ⁱ⁾ Includes some employee reimbursements which are netted off against total base fees.

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

9 Trust expenses

Trust expenses include tax advisory fees, external and internal audit fees, registry and depository charges, corporate secretarial fees, property valuation fees, legal fees, annual listing fees, costs associated with annual report, sustainability report and corporate restructuring, unitholder and investor communication costs and other miscellaneous expenses.

10 (Loss)/gain on divestment

In 2H 2021 and FY 2021, the loss on divestment mostly relates to the transaction costs incurred for the divestment of a non-core asset in France, namely Parc de Popey in September 2021. The capital gain for this transaction was booked in fair value gain on investment property.

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

In 2H 2020, gain on divestment relates to final purchase price adjustment on the French share deals mentioned above.

11 Consolidated Earnings per Unit and distribution per Unit

	CEREIT			
	2H 2021	2H 2020	FY 2021	FY 2020
Earnings per unit ("EPU")				
Weighted average number of units ('000) ^{(1) (2)}	560,230	511,216	551,233	511,216
Total return for the period/year attributable to Unitholders (€'000)	35,820	60,938	96,359	79,363
EPU (basic and diluted) (cents)	6.394	11.920	17.481	15.524

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

⁽²⁾ Comparative numbers are adjusted for 5:1 unit consolidation to provide for a like-for-like comparison.

	CEREIT			
	2H 2021	2H 2020	FY 2021	FY 2020
Distribution per unit ("DPU")				
Applicable number of units for the period/year ('000) ⁽³⁾⁽⁴⁾	561,045	512,212	551,960	511,728
Income available for distribution to Unitholders (€'000)	47,459	44,578	93,618	89,143
DPU (cents) ⁽³⁾	8.459	8.703	16.961	17.420

⁽³⁾ Comparative numbers are adjusted for 5:1 unit consolidation to provide for a like-for-like comparison.

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

12 Distributions 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.

CEREIT's aim is to provide investors with regular and stable distributions that are growing over time. CEREIT's distribution policy is to distribute at least 90% of its annual distributable income in each financial year but this will be re-affirmed at the Manager's discretion at the time of each distribution announcement.

Distributions to Unitholders during the period/year:

Distribution period	Distribution type	Distribution per unit (in € cents)	CEREIT and Trust			
			2H 2021 €'000	2H 2020 €'000	FY 2021 €'000	FY 2020 €'000
2 July 2019 to 31 December 2019	Capital & tax exempt	2.030	-	-	-	51,720
1 January 2020 to 30 June 2020	Capital	1.740	-	44,476	-	44,476
1 July 2020 to 4 March 2021	Tax exempt	2.324	-	-	59,403	-
5 March 2021 to 30 June 2021	Tax exempt	5.602	31,336	-	31,336	-
Total distributions			31,336	44,476	90,739	96,196

On 23 February 2021, the Manager announced the establishment of a distribution reinvestment plan ("DRP"), pursuant to which unitholders may elect to receive fully paid new units in CEREIT in respect of all of the cash amount of any distribution to which the DRP applies. The DRP may be applied from time to time to any distribution declared by CEREIT as the Manager may determine in its absolute discretion. Participation in the DRP is optional and unitholders may elect to participate in respect of all of their unitholdings. Unless the Manager has determined that the DRP will apply to any particular distribution, the distribution concerned will be paid in cash to unitholders in the usual manner.

The DRP has been applied to CEREIT's distribution for the period from 1 July 2020 to 4 March 2021 and from 5 March 2021 to 30 June 2021.

13 Income tax expense

CEREIT calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. Income tax expense includes the following:

	CEREIT					
	2H 2021 €'000	2H 2020 €'000	Fav./ (Unfav.) %	FY 2021 €'000	FY 2020 €'000	Fav./ (Unfav.) %
Current tax expense	3,754	2,318	(61.9%)	6,263	7,092	11.7%
Deferred tax expense	9,658	15,108	36.1%	22,046	10,082	(>100%)
Total income tax expense	13,412	17,426	23.0%	28,309	17,174	(64.8%)

n.m. – Not meaningful

FY2021 current tax expense included capital gains tax credit of €244,000 compared to FY 2020 capital gains tax expense of €1,843,000. The credit in FY 2021 was mainly to capital gains tax adjustments on the divestment of 12 assets in March 2020, partially offset by capital gains tax on the divestment of Parc de Popey.

14 Investment properties

14(a) Reconciliation of carrying amount of investment properties

The carrying amounts of CERET's investment properties at period end were as follows:

	31-Dec-21				
	Independent valuation	Directors' valuation	Total valuation	Right-Of-Use asset	Carrying amount
	€'000	€'000	€'000	€'000	€'000
The Netherlands	643,405	19,675	663,080	6,389	669,469
Italy	537,595	-	537,595	-	537,595
France	425,240	-	425,240	-	425,240
Poland	231,500	-	231,500	-	231,500
Germany	212,775	-	212,775	-	212,775
Finland	106,620	-	106,620	-	106,620
Denmark	88,929	-	88,929	-	88,929
Slovakia	64,435	-	64,435	-	64,435
The Czech Republic	62,080	-	62,080	-	62,080
United Kingdom	-	50,371	50,371	-	50,371
Total	2,372,579	70,046	2,442,625	6,389	2,449,014

	31-Dec-20				
	Independent valuation	Directors' valuation	Total valuation	Right-Of-Use asset	Carrying amount
	€'000	€'000	€'000	€'000	€'000
The Netherlands	633,235	-	633,235	6,677	639,912
Italy	458,235	52,575	510,810	-	510,810
France	409,240	-	409,240	-	409,240
Poland	235,300	-	235,300	-	235,300
Germany	197,365	-	197,365	-	197,365
Finland	110,890	-	110,890	-	110,890
Denmark	81,012	-	81,012	-	81,012
Total	2,125,277	52,575	2,177,852	6,677	2,184,529

14(b) Movements in investment properties

Movements in investment properties during the year were as follows:

	CERET	
	FY 2021 € '000	FY 2020 € '000
At beginning of year	2,184,529	2,041,499
Acquisition of new properties ⁽ⁱ⁾	208,649	106,967
Acquisition costs	9,637	7,086
Disposal of existing property	(5,914)	-
Capital expenditure	22,047	20,443
Lease incentives, lease costs and rent-straight lining	3,243	(13)
Net gain from fair value adjustments	27,061	8,569
Others	(238)	(22)
At end of year	2,449,014	2,184,529

⁽ⁱ⁾ Includes some purchase price adjustments for the share deals acquisitions.

On 9 September 2021, CEREIT completed the divestment of a non-core asset in France, namely Parc de Popey for a consideration of €5.8 million, which is €2.0 million higher than the IPO purchase price and €1.0 million higher than the most recent valuation. The capital gain for this transaction was booked in fair value gain on investment property.

On 3 August 2021, CEREIT acquired its first freehold logistics asset in the United Kingdom for £10.0 million (€11.7 million equivalent).

On 29 October 2021, CEREIT acquired a light industrial/ logistics asset in Italy for €19.6 million.

In December 2021, CEREIT completed the acquisitions of a light industrial/ logistics asset in the United Kingdom and two light industrial/ logistics assets in The Netherlands for £32.3 million (€38.4 million equivalent) and €19.7 million respectively.

14(c) Valuation

At 31 December 2021, 108 properties of CEREIT's portfolio of 112 properties were valued by independent valuers. The combined value of the 108 properties of €2,372,579,000 representing 97% of CEREIT's portfolio by valuation. The independent valuations for properties located in the Netherlands⁽ⁱ⁾, Italy, Germany and Finland were conducted by CBRE Ltd ("CBRE") and for properties located in France, Poland, Denmark, Slovakia and the Czech Republic by Savills Advisory Services Limited ("Savills"). The valuers have utilised the discounted cash flow and income capitalisation methods.

The remaining 4 properties in the Netherlands and United Kingdom acquired in 2H 2021 were carried at purchase price.

⁽ⁱ⁾ Except for Moeder Teresalaan 100 / 200 which was valued by Savills.

Significant unobservable inputs

The following table shows the valuation techniques used in arriving at the fair values of the investment properties, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	31-Dec-21		31-Dec-20	
		Range	Weighted average	Range	Weighted average
<i>Discounted cash flow</i> This valuation model considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate and occupancy rate. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location, tenant credit quality and lease terms	Net initial yield	-13.3% – 2.0%	6.3%	4.0% – 16.9%	7.6%
	Net reversionary yield	5.2% – 16.7%	7.5%	6.5% – 16.0%	8.3%
	Discount rate	5.3% – 12.0%	7.6%	7.0% – 12.0%	8.4%
	Exit cap rate	5.3% – 9%	6.3%	5.5% – 10.0%	7.0%
	Occupancy (%)	0% – 100.0%	90.8%	52.0% – 100.0%	91.8%
<i>Income capitalisation</i> This method involves assessing the total net market income receivable from the property and capitalising this perpetually, using an appropriate, market derived capitalisation rate, to derive a capital value, with allowances for capital expenditure reversions such as lease incentives and required capital works payable in the near future and overs /unders when comparing market rent with passing rent.	Net initial yield	-0.9% – 0.3%	5.8%	2.0% – 11.9%	6.1%
	Net reversionary yield	3.5% – 12.5%	6.2%	3.8% – 11.0%	6.1%
	Occupancy (%)	0% – 100.0%	93.7%	65.8% – 100.0%	97.1%

All the significant inputs noted above are not observable market data, hence investment property valuations are considered level 3 fair value measurements (refer fair value hierarchy described in note 19).

Sensitivity information

The relationships between the significant unobservable inputs and the fair value of investment properties are as follows:

Inputs	Impact of increase in input on fair value	Impact of decrease in input on fair value
Net initial yield	Decrease	Increase
Reversionary yield	Decrease	Increase
Discount rate	Decrease	Increase
Exit cap rate	Decrease	Increase

As disclosed in CERIT's annual report for the year ended 31 December 2020, the valuations of the Polish office assets carried out by Savills and Via Madre Teresa 4 and StarHotels 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 ("MVUC") due to COVID-19. For the avoidance of doubt, the independent valuations for 31 December 2021 are no longer reported as being subject to MVUC.

15 Borrowings

	CERIT	
	31-Dec-21 €'000	31-Dec-20 €'000
<i>Current</i>		
Unsecured	23,000	-
Total current borrowing	23,000	-
<i>Non-current</i>		
Secured	82,375	82,375
Unsecured	822,000	775,000
Less: Unamortised debt issuance costs	(4,646)	(10,307)
Total non-current borrowings	899,729	847,068
Total borrowings	922,729	847,068

15(a) Borrowing details

Facility	Note	Secured	Maturity	31-Dec-21		31-Dec-20	
				Facility €'000	Utilised €'000	Facility €'000	Utilised €'000
Dutch Office 2	(i)	Yes	Dec-26	82,375	82,375	82,375	82,375
German Schuldschein	(ii)	No	Nov-22	23,000	23,000	23,000	23,000
Term loan 3 years	(iii)	No	Nov-23	157,000	157,000	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	-
Revolving Credit Facility	(iv)	No	Oct-24	200,000	-	135,000	-
Euro Medium term note	(v)	No	Nov-25	500,000	500,000	300,000	300,000
Total borrowing facilities				1,127,375	927,375	1,142,375	857,375
Less: Unamortised debt issuance costs & unamortised bond premium					(4,646)		(10,307)
Balance at period end					922,729		847,068

Property level financing facility

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) Dutch Office 2

The Dutch Office 2 facility is secured over 3 Dutch office properties with an aggregate carrying amount of €246.0 million (31 December 2020: €241.0 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 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 3 and 5 years

Both the 3-year and 5-year term loans and notes are subject to Euribor 3 months which is floored at 0.0% as long as Euribor is negative. Interest rate caps with a strike rate of 0.0% were executed, covering 100.0% of the notional and maturing in November 2022 and November 2023.

In December 2021, CERIT successfully negotiated with its lenders to extend the redemption date of the 3-year term loans and notes by one year to November 2023.

(iv) Revolving Credit Facility ("RCF")

RCF provides CERIT with additional financing flexibility and working capital. The RCF remained undrawn as at 31 December 2021.

(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.

In January 2021, CEREIF priced a new €200 million tap issue (the "New Notes") of the existing senior unsecured notes due 2025 at an issue price of 102.410% and a reoffer yield of 1.60%. The New Notes were consolidated and formed a single series with the existing €300 million 2.125% senior unsecured notes issued in November 2020. Net proceeds from the tap issuance were used to partial refinance the 3-year term loan (€130 million) maturing November 2022 and for general working capital purposes.

As at 31 December 2021, Lux Finco had €500 million (31 December 2020: €300 million) of senior unsecured fixed rate notes issued under the programme at a coupon of 2.125% p.a. and reoffer yield ranging from 1.60% p.a. to 2.161% p.a., payable annually in arrear, maturing in 2025.

All-in interest rate

Excluding commitment fee on the undrawn RCF, the average all-in interest rate is c. 1.72% per annum (31 December 2020: 1.66%).

Guarantees

The Trust has provided corporate guarantees to banks for unsecured borrowings undertaken by Lux Finco. The Trust does not consider it probable that a claim will be made under these guarantees.

15 (b) Net finance costs

Net finance costs include the following:

	CEREIT					
	2H 2021 €'000	2H 2020 €'000	Fav./ (Unfav.) %	FY 2021 €'000	FY 2020 €'000	Fav./ (Unfav.) %
Interest expense	9,053	6,756	(34.0%)	17,739	13,911	(27.5%)
Amortisation of debt issuance costs	1,315	3,041	56.8%	3,998	4,022	0.6%
Facility break fee	-	13	n.m.	-	(38)	n.m.
Interest income	-	(1)	n.m.	(1)	(1)	-
Net finance costs	10,368	9,809	(5.7%)	21,736	17,894	(21.5%)

n.m. – Not meaningful

16 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 2021, 100% (31 December 2020: 100%) 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 2020: 0.00%).

In November 2021, in connection with the issue of S\$100 million fixed rate perpetual securities comprised in Series 001, the Trust entered into two 5-year cross currency swaps to convert the Singapore dollar proceeds into Euro and the Singapore dollar 5.00% coupon into a fixed rate in Euro of 3.55%.

The notional principal amounts and period of expiry of CEREIF's hedging instruments (including interest rate cap contracts and cross currency swaps) were as follows:

Hedging expiry profile	CEREIT		Trust	
	31-Dec-21 €'000	31-Dec-20 €'000	31-Dec-21 €'000	31-Dec-20 €'000
Less than 1 year	-	-	-	-
1 – 2 years	475,000	-	-	-
2 – 3 years	-	475,000	-	-
4 – 5 years	65,136	-	65,136	-
Total hedge contracts	540,136	475,000	65,136	-

17 Contributed equity

	CEREIT		Trust	
	31-Dec-21 '000	31-Dec-20 '000	31-Dec-21 '000	31-Dec-20 '000
Total contributed equity (€'000)	1,346,550	1,241,192	1,346,887	1,241,529
Units in issue ('000)	561,045	2,556,081	561,045	2,556,081
Adjusted units in issue ('000) ⁽ⁱ⁾	561,045	511,216	561,045	511,216

⁽ⁱ⁾ 31 December 2020 units in issue are adjusted for 5:1 unit consolidation to provide for a like-for-like comparison.

17(a) Movements in contributed equity

	CEREIT and Trust			
	2H 2021 No. of units '000	2H 2020 No. of units '000	FY 2021 No. of units '000	FY 2020 No. of units '000
Units in issue at beginning of period/year	559,330	2,556,081	2,556,081	2,547,787
Units issued during the period/year				
<i>Prior to unit consolidation</i>	-	-	-	-
- As payment of base management fees	-	-	-	1,811
- As payment of property management fees	-	-	-	2,810
- As payment of performance fee	-	-	-	3,673
- Private placement	-	-	232,558	-
- As payment of distribution	-	-	8,012	-
<i>Post unit consolidation</i>				
- As payment of acquisition fees	40	-	40	-
- As payment of distribution	1,675	-	1,675	-
Effect of 5:1 unit consolidation	-	-	(2,237,321)	-
Units in issue at end of period/year	561,045	2,556,081	561,045	2,556,081

CEREIT did not hold any treasury units as at 31 December 2021 and 31 December 2020.

The Trust's subsidiaries do not hold any units in the Trust as at 31 December 2021 and 31 December 2020.

On 23 July 2021, 40,428 new units at an issue price of €2.5044 per new unit were issued to the Manager as payment of acquisition fee in relation to the purchase of a logistics asset from an affiliated company of CEREIT's sponsor, Cromwell Property Group, in the Czech Republic.

On 27 September 2021, 1,674,381 new units at an issue price of €2.4189 per new unit were issued under CEREIT's distribution reinvestment plan.

17(b) Units issuable

	CEREIT and Trust	
	31-Dec-21 '000	31-Dec-20 '000
Units in issue	561,045	2,556,081
Units issuable	-	-
Total units issued and issuable	561,045	2,556,081

18 Perpetual securities

On 5 November 2021, CEREIT established a S\$750 million Multicurrency Perpetual Securities Programme. On 24 November 2021, the Trust issued S\$100 million fixed rate subordinated perpetual securities comprised in Series 001 at a distribution rate of 5.00% per annum with the first distribution rate reset falling on 24 November 2026 and subsequent reset falling every five years after the first reset date. At the same time, two 5-year cross currency swaps (“CCS”) were entered into to convert the Singapore dollar proceeds into Euro and the Singapore dollar coupon into a fixed rate in Euro of 3.55%. The CCS have a total notional amount of S\$100 million with a Euro equivalent of €65,136,000. There are certain green ESG initiatives that could see the Euro coupon reduce slightly on a notional amount of S\$50 million of the CCS if certain targets are met.

The perpetual securities have no fixed redemption date and redemption is at the option of the Trust. Distributions under the perpetual securities is payable semi-annually at the discretion of the Trust. Any distribution unpaid will non-cumulative.

The perpetual securities will constitute direct, unconditional, unsecured and subordinated obligations of the Trust and shall at all time rank *pari passu* and without any preference or priority among themselves and with any Parity Obligations, from time to time outstanding.

The perpetual securities are classified as equity instruments. The €64,150,000 presented on the Statement of Financial Position represents the €65,136,000 perpetual securities issued, net of issue costs and net return attributable to perpetual securities from date of issue.

19 Fair value measurement of financial instruments

CEREIT uses a number of methods to determine the fair value of its financial instruments as described in IFRS 13 Fair Value Measurement. The methods comprise the following:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below presents CEREIT’s financial assets and liabilities measured and carried at fair value at the reporting date:

		CEREIT			
		Level 1	Level 2	Level 3	Total
		€'000	€'000	€'000	€'000
	Note				
31-Dec-21					
Financial asset at fair value					
Derivative financial instruments	16	-	947	-	947
31-Dec-20					
Financial asset at fair value					
Derivative financial instruments	16	-	126	-	126
		Trust			
		Level 1	Level 2	Level 3	Total
		€'000	€'000	€'000	€'000
	Note				
31-Dec-21					
Financial asset at fair value					
Derivative financial instruments	16	-	569	-	569

The Trust did not have any derivative financial instruments at 31 December 2020.

There were no transfers between the levels of the fair value hierarchy during the years.

Disclosed fair values

The fair values of derivative financial instruments (Level 2) are disclosed in the balance sheet.

The carrying amounts of receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of non-current variable interest-bearing borrowings approximate their fair values as they are floating rate instruments that are re-priced to market interest rate on or near the reporting date.

Valuation techniques used to derive Level 2 fair values

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 2 financial assets and financial liabilities held by CEREIF include "Vanilla" fixed to floating interest rate swap, interest rate cap contracts (over-the-counter derivatives) and cross currency swap. The fair value of these derivatives has been determined using a pricing model based on discounted cash flow analysis which incorporates assumptions supported by observable market data at the reporting date including market expectations of future interest rates and discount rates adjusted for any specific features of the derivatives and counterparty or own credit risk.

Classification of financial instruments

	Type of financial instrument	CEREIT		Trust	
		31-Dec-21 €'000	31-Dec-20 €'000	31-Dec-21 €'000	31-Dec-20 €'000
Financial assets					
Cash and cash equivalents	(i)	59,258	43,593	1,176	2,102
Receivables	(i)	12,197	11,915	11,474	15,060
Derivative financial instruments	(ii)	947	126	569	-
Total financial assets		72,402	55,634	13,219	17,162
Financial liabilities					
Payables	(i)	35,691	28,515	266,312	229,087
Borrowings	(i)	927,375	857,375	-	-
Other liabilities - finance lease liabilities	(i)	6,394	6,678	-	-
Total financial liabilities		969,460	892,568	266,312	229,087

Type of financial instrument as per IFRS 7 - Financial Instruments: Disclosure

(i) At amortised cost

(ii) At fair value through profit or loss

20 Net Asset Value ("NAV")

	CEREIT		Trust	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
NAV ⁽¹⁾ at the end of the period attributable to Unitholders (€'000)	1,413,130	1,302,152	1,168,939	1,117,699
Number of Units on issue at the end of the period ('000) ⁽²⁾	561,045	511,216	561,045	511,216
NAV attributable to Unitholders per unit (€) ⁽²⁾	2.52	2.55	2.08	2.19
Adjusted NAV attributable to Unitholders per unit (excluding distributable income) (€) ⁽²⁾	2.43	2.46	2.00	2.10

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

⁽²⁾ Comparative numbers are adjusted for 5:1 unit consolidation to provide for a like-for-like comparison.

21 Interested person transactions

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

Related parties are persons or entities that are related to CEREIT as defined by IAS 24 Related Party Disclosures. These include directors and their close family members and any entities they control as well as subsidiaries, the Manager Cromwell EREIT Management Pte. Ltd., the Manager's parent entity Cromwell Corporation Limited ("CCL") and all subsidiaries and associates of CCL. They also include entities which are considered to have significant influence over CCL.

Related parties include all entities that are defined as Interested Persons under the SGX-ST Listing Manual or Interested Parties under the Code of CIS.

The transactions with interested parties are on normal commercial terms and conditions and at market rates. Transactions entered into with interested persons/parties during the period/year are as follows:

	CEREIT		Trust	
	2H 2021 €'000	2H 2020 €'000	FY 2021 €'000	FY 2021 €'000
Trustee fees paid and payable to the Trustee	140	128	276	260
Base management fees paid and payable to the Manager	2,855	2,590	5,619	5,246
Property & portfolio management fees paid and payable to the Property Manager	8,317	7,534	16,372	15,271
Acquisition fees paid and payable to the Manager & the Property Manager	894	-	2,127	1,070
Divestment fee paid and payable to the Property Manager	29	-	29	329
Project management fees paid and payable to the Property Manager	727	633	1,045	921
Leasing fees paid and payable to the Property Manager	1,103	1,331	1,636	1,817
Acquisition of a subsidiary from an affiliated company of the sponsor, Cromwell Property Group (refer to note 22)	-	-	10,396	-

22 Acquisition and disposal of properties and subsidiaries

On 11 March 2021, CEREIT through its wholly-owned subsidiaries, Cromwell Czech 1 HoldCo s.r.o. and Cromwell Europa 3 HoldCo S.a.r.l. completed the acquisition of 11 properties in the Czech Republic and Slovakia through the acquisition of all the shares of each of the respective companies holding the 11 properties for a purchase consideration of €108,128,000.

On 7 June 2021, CEREIT completed the acquisition of a logistics asset in the Czech Republic from an affiliated company of CEREIT's sponsor Cromwell Property Group through the acquisition of all the shares of the company that owns the property for a purchase consideration of €10,396,000.

On 3 August 2021, CEREIT through an indirectly wholly-owned subsidiary, Europe 5 HoldCo S.a.r.l., completed the acquisition of its first freehold logistic asset in the United Kingdom for £10,000,000 (€11,657,000 equivalent).

On 9 September 2021, CEREIT completed the divestment of Parc de Popey located in France for a sale consideration of €5,800,000.

On 29 October 2021, CEREIT completed the acquisition of a light industrial/ logistic asset in Italy for €19,570,000.

On 17 December 2021, CEREIT completed the acquisition of its second freehold light industrial/ logistics asset in the United Kingdom for £32,300,000 (€38,463,000 equivalent).

On 23 December 2021 and 30 December 2021, CEREIT completed the acquisition of two light industrial/ logistics assets in the Netherlands for an aggregate purchase consideration of €19,675,000. The asset in Tilburg, the Netherlands was acquired through the acquisition of all the shares of the company that owns the property.

Acquisition of properties and subsidiaries are complex in nature and can be material to the financial statements. Assessment is required to determine the most appropriate accounting treatment of assets acquired and of potential contractual arrangements relating to the acquisitions. The acquisitions during FY 2021 were accounted for as acquisitions of properties based on the assessment by the Manager, after taking into consideration that these acquisitions did not involve acquiring any strategic management function nor the associated processes along with the underlying assets acquired.

23 Subsequent events

On 25 January 2022, CEREIT completed the sale of a warehouse unit contained within the Centro Logistico Orlando Marconi asset in Italy for a consideration of €2.8 million. The warehouse is approximately 5,590 sqm (3.5% of the asset's total lettable surface of 156,888 sqm) and was previously leased to the buyer.

On 15 February 2022, CEREIT through its wholly owned subsidiary, Cromwell Europa 1, completed the acquisition of a light industrial / logistic asset in Italy for a consideration of €24.5 million. The acquisition was funded from available cash reserves.

24 Financial ratios

	CEREIT	
	2021 %	2020 %
Ratio of expenses to weighted average net assets⁽¹⁾		
Including performance component of the Manager's management fees	0.78	0.78
Excluding performance component of the Manager's management fees	0.78	0.78
Portfolio turnover rate⁽²⁾	0.42	5.08

(1) The annualised ratios are computed in accordance with the guidelines of the Investment Management Association of Singapore ("IMAS"). The expenses used in the computation relate to expenses of CEREIT, excluding property expenses, finance expenses, net foreign exchange differences and income tax expense. CEREIT did not pay any performance fee in FY 2021 and FY 2020.

(2) The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of CEREIT expressed as percentage of average net asset value in accordance with the formulae stated in the Code on Collective Investment Schemes.

OTHER INFORMATION

1. Review

Whether the figures have been audited or reviewed, and if so which auditing standard or practice has been followed.

The unaudited condensed financial statements of Cromwell European Real Estate Investment Trust and its subsidiaries ("CEREIT") which comprise the consolidated statement of financial position and statement of portfolio of CEREIT and financial position of the Trust as at 31 December 2021 and the related unaudited consolidated statement of total return and unaudited consolidated statement of other comprehensive income, unaudited statements of movements in Unitholders' funds and unaudited consolidated distribution statement for the six-month period ended 31 December 2021 and full year ended 31 December 2021, and unaudited consolidated statement of cash flows for the full year ended 31 December 2021 and certain explanatory notes have not been audited or reviewed.

2. Review of performance of CEREIT

Review of performance 2H 2021 vs 2H 2020

(a) Review of portfolio performance

CEREIT's gross revenue in 2H 2021 increased by 8.3% to €101.1 million. Net property income ("NPI") was 10.4% or €6.2 million higher at €65.8 million. On a like-for-like basis, excluding the new acquisitions completed in 2H 2020 and FY 2021 and the disposal completed in 2H 2021, NPI was largely in line with 2H 2020. Please refer to Note 4.1 on page 20 of the unaudited condensed financial statements for portfolio performance by segment.

Light industrial/ Logistics

During 2H 2021, five new assets were acquired in the UK (Kingsland and Thorn), Italy (Mira) and The Netherlands (Tilburg and 's-Heerenberg), whilst one asset was sold in France (Parc de Popey). As a result, the light industrial/logistic portfolio increased to 68 properties. This is broken down into 18 properties in France, 15 properties in Germany, 11 properties in Denmark, 7 properties in the Czech Republic, 5 properties in Slovakia, 7 properties in the Netherlands, 3 properties in Italy, and 2 properties in the UK.

2H 2021 gross revenue was €39.2 million, 24.2% higher than prior corresponding period ("pcp") whilst NPI was €26.2 million, 30.2% higher than pcp. This is driven by the 17 new assets acquired in FY 2021 which contributed €4.2 million additional NPI and accounted for 20.7% positive variance compared to 2H 2020. The remaining positive variance is attributable to CLOM (Italy) acquired at the end of FY2020, which contributed €1.7 million of additional income, and An der Steinlach 8-10 (Germany) acquired in August 2020.

On a like for like basis, 2H 2021 NPI was €19.6 million, slightly higher than pcp. The most notable positive variance was in France, driven by Parc Sully in Sully-sur-Loire (short-term lease renewal at higher rent and a recovery of arrears) contributing to a positive NPI variance of over €0.17 million, compared to pcp. This was partially offset by the Nilfisk lease expiry in Denmark (Priorparken 700 and 800) in 1Q 2021 as leasing lagged behind till the end of the year, and lower NPI received from two assets in Netherlands (Folkstoneweg and Kapoeasweg).

Office

CEREIT's office portfolio now comprises 39 office buildings. The Netherlands office portfolio (7 assets) contributed 37% to the office portfolio's 2H 2021 NPI whilst the Italian office portfolio contributed 25% and the office assets in Poland 22% to 2H 2021 NPI.

2H 2021 gross revenue for the office assets was €54.7 million, 1% lower than the pcp whilst 2H 2021 NPI of €34.4 million was largely unchanged compared to pcp. The negative gross revenue variance compared to pcp is mainly explained by underperformance in Italy; due to the 15% rent reduction in Demanio's office assets Firenze and Genoa, and in France was explained by anchor tenant Interforum vacating part of its premises in Paryseine (the negative impact was partly offset by the surrender payment received from the tenant). The main driver for the positive NPI variance is the outperformance in The Netherlands (Haagse Poort) offset by underperformance in the other countries, but notably Poland, and Finland (lower occupancy rates due to several tenant departures).

CEREIT's office portfolio remains unchanged compared to pcp, the above analysis reflects the like-for-like analysis.

Other

Other property assets consist of 3 government-let campuses, 1 retail asset and 1 hotel, all located in Italy.

2H 2021 gross revenue was €7.2 million which was 10.5% higher than 2H 2020, whilst NPI was €5.2 million which was 1.3% higher than 2H 2020. This contributed to FY 2021 gross revenue of €14.2 million, 0.2% higher than pcp and NPI of €10.2 million 0.9% higher than pcp. The main driver for 2H outperformance is the tenant incentive granted to Starshotels (Saronno) and UCI (Lissone) linked to the signing of new lease agreements in 2H 2020.

CEREIT's other portfolio remains unchanged compared to pcp, the above analysis reflects the like-for-like analysis.

- (b) Net finance costs of €10.4 million was 5.7% higher than 2H 2020. This was mainly attributable to higher interest cost due to EMTN issued at a slightly higher rate than the bank syndicated debts (but with longer tenure), higher borrowing drawn down to fund acquisitions and higher commitment fee incurred on the undrawn RCF. This was partially offset by lower amortisation of debt costs due to FY 2020 included one-off debt issuance costs written off and facility break fee following the debt refinancing executed during the period.
- (c) Manager's fees for 2H 2021 of €2.9 million was higher than 2H 2020 due to higher deposited property value mostly from the recent acquisitions.
- (d) In 2H 2021, the loss on divestment is mostly related to the transaction costs incurred for the divestment of Parc de Popey located in France in September 2021. The asset was divested for a consideration of €5.8 million, which is €2.0 million higher than the IPO purchase price and €1.0 million higher than the most recent valuation. The capital gain for this transaction was booked in fair value gain on investment property.

In 2H 2020, gain on divestment was largely due to final purchase price adjustment on the French share deals related to the divestment of 12 non-core assets in March 2020.

- (e) CEREIT recorded fair value loss on investment properties of €1.1 million in 2H 2021 as compared to fair value gain of €33.5 million in 2H 2020 mostly due to capital expenditure and write off of acquisition costs.
- (f) 2H 2021 income tax expense of €13.4 million comprises current income tax expense of €3.8 million and deferred tax expense of €9.6 million. 2H 2020 income tax expense of €17.4 million comprises current tax expense of €2.3 million and deferred tax expense of €15.1 million.

Review of performance FY 2021 vs FY 2020

- (a) Review of portfolio performance

CEREIT's gross revenue in FY 2021 increased by 7.0% to €200.1 million. NPI increased by 10.9% or €12.8 million to €130.1 million. On a like-for-like basis, excluding the new acquisitions completed in both FY 2020 and FY 2021 and the disposal completed in 2H 2021, NPI was €2.6 million or 2.3% higher than pcp. Please refer to Note 4.1 of the unaudited condensed financial statements for portfolio performance by segment.

Light industrial/ Logistics

During FY 2021, 17 new assets were acquired in the Czech Republic and Slovakia (Arete portfolio and Hradec Králové One Industrial Park), the United Kingdom (21 Kingsland Grange and DurhamGate, Spennymoor), Italy (Via Fornace snc) and the Netherlands (Rosa Castellanosstraat 4 and De Immenhorst 7), whilst one asset was sold in France (Parc de Popey). As a result, the light industrial/logistic portfolio increased to 68 properties. This is broken down into 18 properties in France, 15 properties in Germany, 11 properties in Denmark, 7 properties in the Czech Republic, 5 properties in Slovakia, 7 properties in the Netherlands, 3 properties in Italy, and 2 properties in the United Kingdom.

FY 2021 gross revenue of €75.2 million, was 19.9% higher than the pcp, whilst NPI was €50.1 million, 28.8% higher than pcp. This includes the impact of the 17 assets acquired during FY 2021 that jointly contributed €6.5 million to the FY 2021 NPI, noting the portfolio acquired in the Czech Republic and Slovakia in 1H 2021 contributed €5.9 million to FY 2021 NPI alone. Furthermore, FY 2021 includes income for the CLOM (Italy) asset acquired in 4Q 2020 (which explains the significant variance between 4Q 2021 and 4Q 2020); the Stone and Sangerhausen (Germany)

acquisitions completed in 1Q and 3Q 2020, and income from Parc de Popey asset in France which was disposed at the beginning of September 2021.

On a like for like basis, FY 2021 NPI is €36.6 million, which represents an uplift of 3.0% higher than pcp. The most notable positive variance was in France, driven by reduced bad debt provisions across the portfolio, notably in Parc des Docks and Parc Delizy, lower letting fees in Parc des Docks, and by Parc Sully in Sully-sur-Loire (short-term lease renewal at higher rent and a recovery of arrears) which contributed to a positive NPI variance of over €0.6 million, compared to pcp. This was partially offset by the Nilfisk lease expiry in Denmark (Priorparken 700 and 800), and lower NPI received from two assets in the Netherlands (Folkstoneweg and Kapoeasweg).

Office

CEREIT's office portfolio now comprises 39 office buildings. The Netherlands office portfolio (7 assets) contributed 37% to the office portfolio's FY 2021 NPI whilst the Italian office portfolio contributed 25% and the office assets in Poland 22% to FY 2021 NPI.

FY 2021 gross revenue for the office assets was €110.7 million, 0.6% higher than the pcp, whilst NPI was €69.9 million, 2.1% higher than pcp.

FY 2021 gross revenue in the Netherlands (Haagse Poort) and France (Paryseine) are higher than pcp; the former a result of a one-off leasing contribution paid to a tenant in pcp; the latter due to the surrender premium received from Interforum which contributed to a significant uplift to the income for FY 2021 compared to pcp. This was partly offset by the 15% rent reduction in three Italian Demanio's office assets (Firenze, Genoa, Mestre); as reported last quarter, and Plaza Vivace in Finland, where three tenants have vacated a total of 2.500 sqm during the year.

As CEREIT's office portfolio remains unchanged compared to pcp, the above analysis reflects the like-for-like analysis.

Other

Other property assets consist of 3 government-let campuses, 1 retail asset and 1 hotel, all located in Italy.

FY 2021 gross revenue of €14.2 million is 0.2% higher than pcp and NPI of €10.2 million is 0.9% higher than pcp. The FY 2021 outperformance is mainly due to the reversal of the bad debt provision in Lissone and reduced letting fees mainly in Lissone and Saronno which offset the negative variance in gross income from the 15% rent reduction in Padova and Pescara and the lower turnover rent received from Lissone.

As CEREIT's other portfolio remains unchanged compared to pcp, the above analysis reflects the like-for-like analysis.

- (b) Net finance costs increased by 21.5% or €3.8 million year-on-year which was mainly attributable to higher interest cost due to EMTN issued at a slightly higher rate than the bank syndicated debts (but with longer tenure), higher borrowing drawn down to fund acquisitions and higher commitment fee incurred on the undrawn RCF. This was partially offset by lower amortisation of debt costs compared to pcp, as FY 2020 net finance costs included one-off debt issuance costs written off and facility break fee following the debt refinancing executed during the period.
- (c) FY 2021 Manager's fees of €5.6 million was 7.1% higher than FY 2020 due to higher deposited property value mostly from the new acquisitions completed in FY 2021.
- (d) Trust expenses increased by €0.4 million or 8.5% mainly due to higher professional fees and property valuation fees.
- (e) In FY 2021, the loss on divestment mostly relates to the transaction costs incurred for the divestment of Parc de Popey in France completed in September 2021. The asset was divested for a consideration of €5.8 million, which is €2.0 million higher than the IPO purchase price and €1.0 million higher than the most recent valuation. The capital gain for this transaction was booked in fair value gain on investment property. In FY 2020, loss on divestment relates to the divestment of 12 non-core assets in France, the Netherlands and Denmark completed on 24 March 2020.
- (f) CEREIT recorded fair value gain on investment properties of €27.1 million in FY 2021 as compared to fair value gain of €8.6 million in FY 2020.

(g) FY 2021 income tax expense of €28.3 million comprises current income tax expense of €6.5 million, deferred tax expense of €22.0 million, and capital gains credit of €0.2 million. FY 2020 income tax expense of €17.2 million comprises current tax expense of €5.3 million, deferred tax expense of €10.1 million, and capital gains tax of €1.8 million for the divestment of 12 non-core assets in March 2020.

Impact of COVID-19

- Limited impact on CEREIT's portfolio, with no material bankruptcies, although lower income was recorded for 3 properties that were pandemic affected for most of FY 2021: Central Plaza, Rotterdam, The Netherlands, due to lower carparking income; and Lissone and Saronno in Italy
- No material tenant-customers lease re-profiling or rent abatement requests were received during FY 2021
- No material doubtful debt provisions were taken in FY 2021 due to active asset management and resilience of the portfolio
- FY 2021 operating cashflow is higher than 100% of distributable income of €93.6 million
- Fourth-wave lockdowns have applied some pressure on certain tenant-customers' profitability
- Overall portfolio occupancy was maintained at 95.0% as at 31 December 2021 compared to 31 Dec 2020, with the light industrial / logistics portfolio at record levels of 95.7%
- CEREIT's office portfolio occupancy was lower at year-end (91.9% as at 31 December 2021)
- Capex for 2021 was largely not impacted by COVID-19 restrictions with on-site access to each asset

3. Review of balance sheet of CEREIT

Cash and cash equivalents

The increase was mainly attributable to proceeds from issuance of EMTN, CEREIT units from a private placement and perpetual securities, as well as net cash generated from operating activities, partially offset by partial refinance of the 3-year term loan, payments for acquisitions of investment properties, distributions paid to Unitholders and payments for capital expenditure on investment properties and other expenses.

Receivables (current)

The increase was mainly attributable to deposits paid for acquisitions of investment properties and higher prepayments.

Investment properties

The increase was mainly due to the acquisition of 17 assets logistics and light industrial properties in the Czech Republic, Slovakia, the United Kingdom, the Netherlands and Italy, capital expenditure and fair value gain on the investment properties based on the independent valuation conducted on 31 December 2021. Refer to note 14 for more details.

Deferred tax assets

The increase was mainly due to recognition of tax losses in the Netherlands and Germany.

Payables (current)

The increase was mainly attributable to higher trade payables, higher accrued operating expenses and transaction costs relating to the issuance of perpetual securities and higher accrued interest.

Borrowings

Current borrowings at 31 December 2021 relates to the German Schuldschein facility due in November 2022.

The increase in borrowings was mainly attributable to the €200 million tap issue (the "New Notes") of the existing unsecured EMTN due 2025 at an issue price of 102.41% giving a reoffer yield of 1.60%, as well as the unamortised premium on the tap issue. The New Notes were consolidated and formed a single series with the €300 million 2.125% senior secured notes issued on 19 November 2020. The increase was partially offset by the partial refinance of the 3-year term loan using the proceeds from the tap issue.

Other current liabilities

The increase was mainly due to higher tenant security deposits.

Deferred tax liabilities

Deferred tax liabilities mainly relate to the fair value gain on the investment properties, changes in deductible tax values, as well as other timing differences.

4. Variance between actual and forecast/projection

CEREIT has not disclosed any forecast to the market.

5. (i) To show the total number of issued shares excluding treasury shares as at the end of the current financial period, as and at the end of the immediate preceding year.

CEREIT did not hold any treasury units as at 31 December 2021 and 31 December 2020.

5. (ii) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

5. (iii) A statement showing all sales, transfers, disposal, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

6. 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.

Economic Commentary¹

- In 4Q 2021, Eurozone GDP returned to pre-pandemic levels and growth for FY 2021 was recorded at 5.2%
- Eurozone growth continues in 2022 but risks remain; overall, GDP is forecast to grow by 3.7% in 2022
- Consumer spending forecast to increase by 5.7% in 2022, making it by far the strongest driver of GDP growth
- Capital spending is expected to remain strong, partly driven by the large boost provided by the Next Generation EU €700 billion recovery plan.
- CPI across the Eurozone reached 5.1% in January, its highest level since the 1990s. The rise in headline inflation was mainly driven by energy inflation which was impacted by a surge in administered energy prices in Italy. Oxford economics expects inflation to be close to 5% in 1Q and average 3.9% in 2022, before swiftly falling in 2023 to below 1%

Market Commentary²

In the European logistics sector, the COVID-19 pandemic accelerated the shift to e-commerce, which in turn fuelled occupier demand from related sectors, such as third-party logistics and warehousing companies. The economic recovery and strategies to tackle global supply chain disruptions are adding to the demand of what's already a strong logistics and industrial market. During the second half of 2021, physical retailers, 3PLs and manufacturing companies have intensified requirements for additional logistics space in Europe. In 4Q 2021, average vacancy rates across markets

¹ Source: Oxford Economics (incl. commentary from the 10 Feb 2022 Eurozone economic forecast report)

² Source: CBREs ERIX database, including "EMEA Market Outlook 2022 report"

in which CEREIF operates are 3.2%, which is now close to all-time low vacancies, driving higher market rent growth of 2.4% in 2021, according to CBRE.

Some retailers are also re-thinking their global supply chains, often designed around low-cost manufacturing hubs in Asia. Central European countries are receiving much of the attention due to the potential cost savings.

CEREIT's light Industrial / logistics portfolio is at a record 95.7% record occupancy (up from 85.4% at IPO). In 2022 the Manager is continuing with a focus on pro-active leasing and is expecting the last remaining vacancy from anchor tenant-customer departure in Denmark to fill by 1H 2022. Assets in five out of eight countries are close to or at 100% occupancy. France and Denmark remaining vacancies provide upside growth potential. Majority (~77%) of vacancies coming up in next six months are already de-risked, nearing full occupancy for this sector.

In the European office sector, the average vacancy rate across key cities where CEREIF has operations increased slightly to 9.4% as at the end of 4Q 2021 (from 8.9% in as at 4Q 2020) mainly due to challenging business conditions and new developments completing in markets such as Warsaw. Despite the average increase in availability, office rents in prime locations remained stable, albeit incentive levels are varied across cities, as recently reported by CBRE. Some cities, such as Milan and Rotterdam saw no change in office vacancies year-on-year, with Milan Grade-A CBD vacancy at 2.6% (according to CBRE).

While the overall EU office vacancy rate has risen throughout the pandemic, availability in most gateway cities is now expected to tighten throughout 2022. Occupiers' preference is for prime assets in core locations, with greater availability for secondary space in most markets.

Prime office rents have been generally resilient throughout the pandemic; however there has been an increase in incentives over the last 18 months in the form of rent-free periods and other incentive packages such as financial help with fit-outs for example in markets such as Warsaw and greater Paris region.

CEREIT's office portfolio has good exposure to the Dutch prime office market, which is seeing demand from recovery due to flight to quality and core office locations, but the Manager expects overall office leasing activity to remain muted in CEREIF's French, Polish and Finnish Office portfolio.

Looking ahead to 2022

The Manager's focus for FY 2022 continues to leverage CEREIF's strengths, laying the path to long-term strategy execution and to emerge stronger in FY 2023. Key points are:

- Income resilience of the portfolio is underpinned by active asset management, CPI indexation and rent reversions
- Strategic pivot to weight the portfolio to >50% logistics / light industrial via both acquisitions, developments and selective divestments to continue
- Maintain target weighting to Western Europe of at least 85%
- Divestment of non-core office and other assets to continue in 2022 to further improve the risk-return profile of CEREIF's portfolio
- 10,000 sqm redevelopment of an older office asset in Milan to a BREEAM Platinum Grade A rating has commenced. The property is expected to provide long-term income accretion and value upside on completion, based on the very strong Milan office market where current Grade A vacancy is only 2.6%, according to CBRE. CEREIF's earnings, however, will be impacted during the construction phase due to the lease expiry on 31st December 2021. Greenfield logistics development projects are also expected to commence.
- The Manager plans to actively divest, re-lease and /or redevelop part of the nine-property portfolio leased to the Italian government
- The Manager's intent remains on optimising CEREIF's portfolio to emerge stronger in FY 2023

7. Distributions

(a) Current financial period

Any distribution declared for the current financial period? Yes

Period of distribution: Distribution for the period from 1 July 2021 to 31 December 2021

Distribution Type	Distribution Rate (in Euro cents)
Tax-exempt income	4.634
Capital	3.825
Total	8.459

Record date: 3 March 2022

Payment date: 31 March 2022

(b) Corresponding period of the preceding financial period

Any distribution 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

(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 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.

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

Not applicable.

9 Interested person transactions

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

10 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 paragraph 2 for the review of the actual performance.

11 Breakdown of revenue and total return

	FY 2021 €'000	FY 2020 €'000	Fav./ (Unfav.) %
(a) Revenue reported for first half year	99,019	93,660	5.7%
(b) Total return after tax for first half year	60,539	18,425	> 100 %
(c) Revenue reported for second half year	101,103	93,312	8.3%
(b) Total return after tax for second half year	36,064	60,938	(40.8%)

12 Breakdown of total distributions

	FY 2021 €'000	FY 2020 €'000
1 January 2020 to 30 June 2020	-	44,476
1 July 2020 to 31 December 2020	-	44,578
1 January 2021 to 4 March 2021	14,825	-
5 March 2021 to 30 June 2021	31,336	-
1 July 2021 to 31 December 2021	47,459	-

13 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.

14 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 CEREIT and the Manager is not necessarily indicative of the future performance of CEREIT and the Manager.