CROMWELL
EUROPEAN REIT

DIVERSITY AND RESILIENCE

CROMWELL EUROPEAN REIT
ANNUAL REPORT 2020

GLOSSARY OF TERMS

Glossary and First Mentions	Definitions
1Q 2020	1 January to 31 March 2020
2Q 2020	1 April to 30 June 2020
3Q 2020	1 July to 30 September 2020
4Q 2020	1 October to 31 December 2020
1H 2020	1 January to 30 June 2020
2H 2020	1 July to 31 December 2020
"€" or "EUR" or "Euro"	Euro Dollar
"AEI(s)"	Asset enhancement initiative(s)
"Aggregate leverage"	The ratio of a REIT's debt to its total deposited property value, also known as "gearing"
"AIFM"	Alternative investment fund management
"AIFMD"	Alternative Investment Fund Managers Directive (2011/61/EU)
"APAC"	Asia Pacific
"ARC"	Audit and risk committee
"ASX"	Australian Securities Exchange
"AUM"	Assets under management
"BCP"	Business continuity planning
"BMS"	Building management system
"Board of Directors" or the "Board"	Board of Directors of the Manager
"BREEAM"	'Building Research Establishment Environmental Assessment Method'
"CBRE"	CBRE Limited
"CEO"	Chief Executive Officer
"CEREIT ID(s)"	Non-executive independent Directors
"CEREIT's Annual Report" or "Annual Report"	Cromwell European REIT's annual report for financial year ended 31 December 2020
"CFO"	Chief Financial Officer
"CIO"	Chief Investment Officer
"CIS Code"	The Code on Collective Investment Schemes
"Code"	Code of Corporate Governance 2018
"Colliers"	Colliers International Valuation UK LLP
"Company Secretary"	Company secretary of the Manager
"COO"	Chief Operating Officer
"cpu"	Cents per Unit

Glossary and First Mentions	Definitions
"Cromwell European REIT" or "CEREIT"	Cromwell European REIT
"Cromwell", the "Sponsor" or the "Group"	Cromwell Property Group, an ASX-listed stapled security comprising Cromwell Corporation Limited and the Cromwell Diversified Property Trust
"Cromwell Property Group Allocation Process"	The allocation of investment opportunities from Cromwell's origination pipeline in a fair and equitable manner to all funds established and/or sponsored by Cromwell
"Cushman & Wakefield"	Cushman and Wakefield LLP
"D&I"	Diversity and inclusion
"Deloitte"	Deloitte & Touche LLP
"Director(s)"	Director(s) of the Manager
"DPU"	Distribution per Unit
"DRP"	Distribution reinvestment plan
"EGM"	Extraordinary general meeting
"EMTN"	Euro medium-term note
"EPC"	Energy performance certificate
"EPRA"	European Public Real Estate Association
"ERM"	Enterprise risk management
"ERV"	Estimated rental value
"ESG"	Environment, social and governance
"Fitch Ratings"	Fitch Ratings Singapore Pte Ltd
"FTSE"	The Financial Times Stock Exchange Group, now known as the FTSE Russell Group
"FY 2019"	1 January 2019 to 31 December 2019
"FY 2019 Annual Report"	Cromwell European REIT's annual report for financial year ended 31 December 2019
"FY 2020"	1 January 2020 to 31 December 2020
"FY 2021"	1 January 2021 to 31 December 2021
"GAV"	Gross asset value
"GDP"	Gross domestic product
"GIFT"	Governance Index For Trusts
"GRESB"	Global Real Estate Sustainability Benchmark
"GRI"	Global Reporting Initiative
"IAS"	International Accounting Standards
"IIA"	Institute of Internal Auditors Singapore
"Interested Party Transaction(s)"	Has the meaning ascribed to it in the Property Funds Appendix

GLOSSARY OF TERMS

Glossary and First Mentions	Definitions
"Interested Person Transaction(s)"	Has the meaning ascribed to it in the SGX-ST Listing Manual
"IPO"	Initial public offering
"IRPAS"	Investor Relations Professionals Association (Singapore)
"IT"	Information technology
"KMP"	Key management personnel of the Manager
"KPI (s)"	Key performance indicators
"KPMG"	KPMG Services Pte. Ltd.
"L&D"	Learning & development
"LEED"	Leadership in Energy and Environmental Design
"Listing Date"	30 November 2017
"Listing Manual"	The Listing Manual of the SGX-ST
"Listing Rules"	Listing rules of the SGX-ST
"LTI"	Long-term incentives
"Manager" or "Manager of CEREIT"	Cromwell EREIT Management Pte. Ltd.
"Management" or the "management team"	The management team of the Manager
"MAS"	Monetary Authority of Singapore
"MSCI"	MSCI Inc
"NAV"	Net asset value
"NLA"	Net lettable area
"NOI Yield"	Net operating income yield, calculated as the current passing rental income net of non-recoverable property expenses divided by the property purchase price before transaction costs
"NPI"	Net property income
"NRC"	Nominating and remuneration committee
"NTA"	Net tangible assets
"P&C"	People & Culture
"p.p."	Percentage points
"pcp"	Prior corresponding period
"Property Funds Appendix"	Appendix 6 of the CIS Code issued by the MAS in relation to property funds

Glossary and First Mentions	Definitions
"Property Manager"	Cromwell Europe Limited
"PUP"	Performance unit plan
"RCF"	Revolving credit facility
"REIT"	Real estate investment trust
"REITAS"	REIT Association of Singapore
"Related Party"	Refers to an "Interested Person" under the Listing Manual and/or as the case may be, an "Interested Party" under the Property Funds Appendix
"Related Party Transaction(s)"	Refers to "Interested Person Transactions" under the Listing Manual and "Interested Party Transactions" under the Property Funds Appendix
"S$"	Singapore Dollars
"S&P"	Standard and Poors
"Savills"	Savills Advisory Services Limited
"SFDR"	Sustainable Financial Disclosure Regulation
"SFR"	Securities and Futures (Licensing and Conduct of Business) Regulations
"SGTI"	Singapore Governance and Transparency Index
"SGX-ST"	Singapore Exchange Securities Trading Limited
"sqm"	Square metres
"STI"	Short-term incentives
"Trustee"	Perpetual (Asia) Limited, in its capacity as trustee of CEREIT
"Trust Deed"	The trust deed constituting CEREIT dated 28 April 2017 (as amended, varied or supplemented from time to time)
"Units"	Units of CEREIT
"Unitholders"	Unitholders of CEREIT
"WADE"	Weighted average term of debt maturity in years
"WALB"	Weighted average lease term to break in terms of years, defined as the weighted average lease term in years to the next permissible tenant-customer lease break date
"WALE"	Weighted average lease term in years, based on the final termination date of the agreement (assuming the tenant-customer does not terminate the lease on any of the permissible break date(s), if applicable)
"WELL"	WELL building standard, issued by International WELL Building Institute
"y-o-y"	Year-on-year

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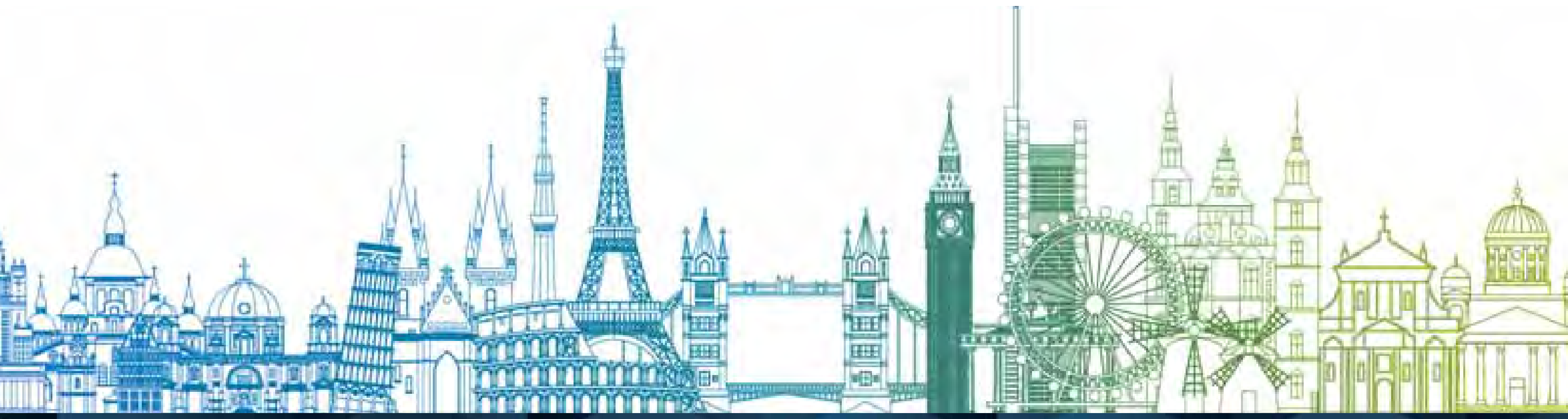

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CORPORATE INFORMATION

CROMWELL EUROPEAN REIT OVERVIEW (AS AT 11 MARCH 2021)

CEREIT is a diversified pan-European REIT with a principal mandate to invest, directly or indirectly, in income-producing real estate assets in Europe used primarily for office, light industrial / logistics and retail purposes.

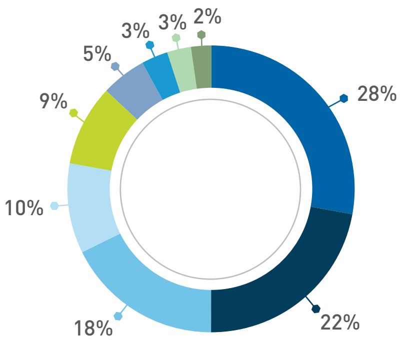
The investment strategy of the Manager is focused on a long-term target portfolio of at least 75% or more within Western Europe and at least 75% or more in office and light industrial / logistics.

CEREIT's purpose is to provide Unitholders with stable and growing distributions and NAV per Unit over the long term.

As at 11 March 2021, CEREIT's portfolio comprises 107 properties with an appraised value of approximately €2,291 million[1] in or close to major gateway cities in the Netherlands, Italy, France, Poland, Germany, Finland, Denmark, the Czech Republic and Slovakia. CEREIT's portfolio has aggregate lettable area of approximately 1.7 million sqm, 800+ tenant-customers and a WALE profile of approximately 4.9 years.

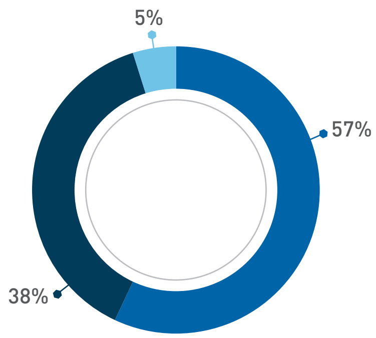
CEREIT is listed on the SGX-ST and is managed by Cromwell EREIT Management Pte. Ltd., a wholly-owned subsidiary of the Sponsor, Cromwell Property Group, a real estate investor and manager with operations in 14 countries, listed on the ASX.

CEREIT PORTFOLIO BY COUNTRY (AS AT 11 MARCH 2021)



The Netherlands · Italy · France · Poland · Germany · Finland · Denmark · Slovakia · Czech Republic

CEREIT PORTFOLIO BY ASSET CLASS (AS AT 11 MARCH 2021)



Office · Light Industrial / Logistics · Others[2]

Portfolio Value
€2.3[1] billion

Assets
107 primarily freehold properties

Geographical Diversification
9 European countries

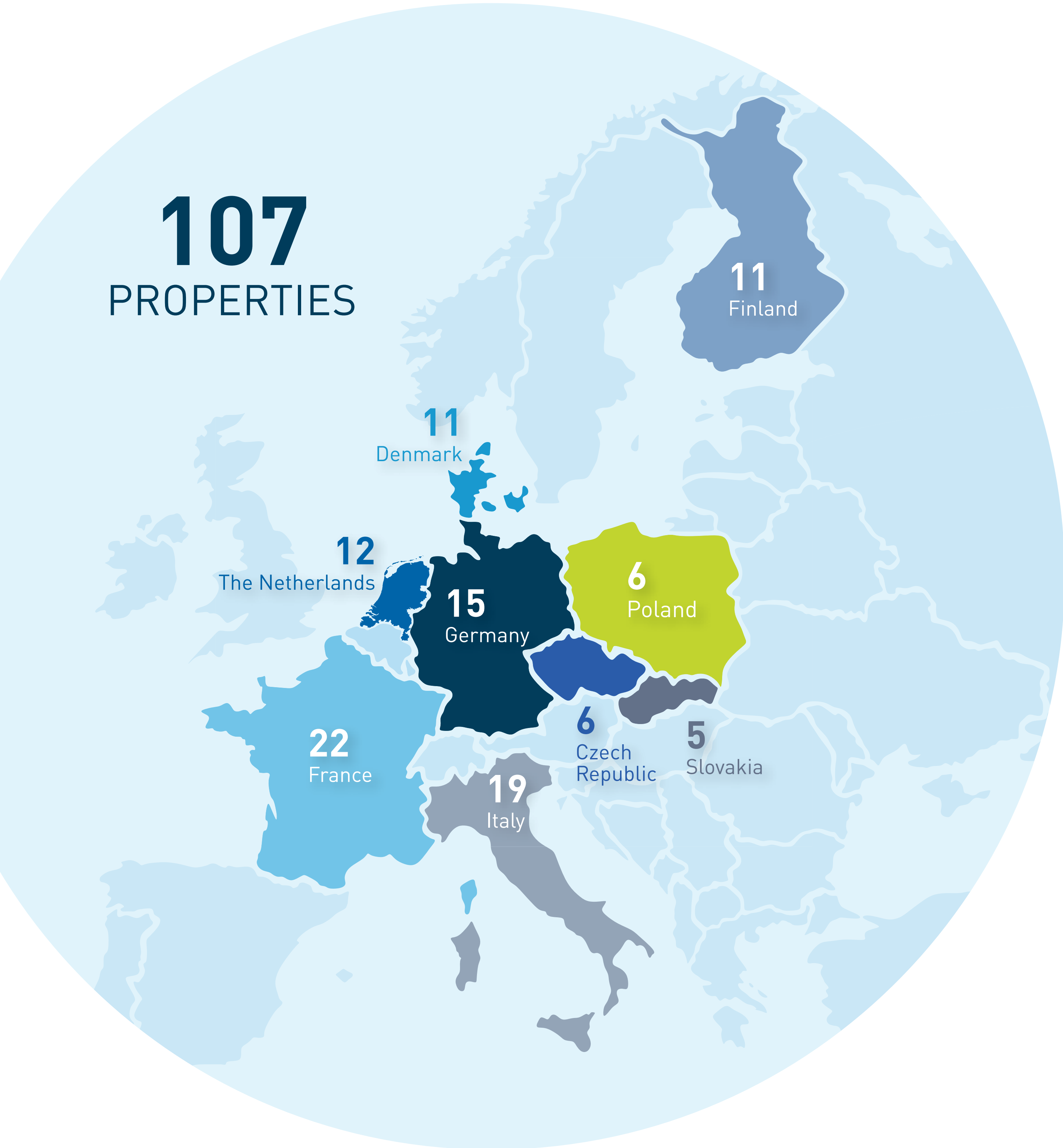
NLA
1.7 million sqm

1 Portfolio value for 95 properties is based on independent valuations conducted by CBRE and Savills as at 31 Dec 2020. The property values of the new acquisition in Italy acquired on 23 Dec 2020 and the 11 new assets in the Czech Republic and Slovakia acquired on 11 March 2021 are based on their respective purchase prices

2 Others include three government-let campuses, one leisure / retail property and one hotel in Italy

PORTFOLIO OVERVIEW

(AS AT 11 MARCH 2021)



FY 2020 FINANCIAL HIGHLIGHTS

€117.3 million
Net property income
1.0% higher than FY 2019

€89.1 million
Distributable income
8.0% lower than FY 2019

€3.484 cents
DPU
Only 3.0% lower than FY 2019 on a like-for-like basis[1]

€50.9cpu
Net asset value
Fair value gain of €33.5 million booked in 2H 2020

36.9%
Net gearing[2]
38.1% aggregate leverage is within range set by the Board

6.4x
Interest Cover[3]
Calculated in line with Property Funds Appendix definitions; well in excess of covenants

~1.66% p.a.
All-in interest rate
Total gross debt is fully hedged/fixed

90.4%
Unsecured debt
Only one IPO secured facility remaining

€1.5 billion
Transformational EMTN programme set up

€300 million
Inaugural five-year bond issue in Nov 2020

€200 million
Tap issue on existing bond in Jan 2021

'BBB-'
Investment grade rating with a stable outlook from Fitch Ratings

1 For FY 2020 100% of base management fees and property management fees were paid in cash, as compared to FY 2019, when 100% of the base management fee and 60% of the property management fee being paid in Units, boosting the DPU in FY 2019 by €0.490 cents
2 Net gearing is total debt less cash over total assets less cash. Aggregate leverage is 38.1% as per the Property Funds Appendix
3 Calculated as per the Property Funds Appendix based on net income before tax, fair value changes and finance costs divided by interest expense and amortised establishment costs.

	As at 31 Dec 2020	As at 31 Dec 2019	As at 31 Dec 2018
BALANCE SHEET			
Total assets (€ million)	**2,250.4**	2,254.9	1,814.8
Unitholders' funds (€ million)	**1,302.2**	1,314.6	1,118.8
KEY FINANCIAL RATIOS			
Aggregate leverage (%)	**38.1%**	36.8%	33.0%
Aggregate leverage excluding distribution	**38.9%**	37.7%	33.6%
NAV per Unit (€ cpu)	**50.9**	51.6	51.3
CAPITAL MANAGEMENT			
Total borrowing facilities (€ million)	**1,142.4**	980.8	675.3
Gross borrowings (€ million)	**857.4**	830.8	598.2
Interest cover (times)	**6.4**	6.7	6.8
Units in issue (million)	**2,556.1**	2,547.8	2,182.0
Market capitalisation (€ million)	**1,226.9**	1,375.8	960.1

Gewerbestraße 62, Bretten, Germany

CHAIR'S LETTER TO UNITHOLDERS

"I am pleased to present CEREIT's Annual Report for the financial year ended 31 December 2020, detailing our trust's credible performance despite COVID-19."

Lim Swe Guan
CHAIR AND INDEPENDENT NON-EXECUTIVE DIRECTOR

Dear Unitholders,

On behalf of the Board, I am pleased to present CEREIT's Annual Report for the financial year ended 31 December 2020, detailing our trust's credible performance despite COVID-19.

STAYING RESILIENT AND FLEXIBLE IN AN UNPRECEDENTED YEAR

As our FY 2019 Annual Report went to print in late March 2020, the global economy was thrown into crisis, due to the universal disruption that COVID-19 caused to lives and businesses. Fortunately, the early resilience planning, risk management measures and protocols implemented by our Sponsor, Cromwell Property Group, allowed CEREIT's operations to continue with minimal disruption and kept our stakeholders and employees safe.

Throughout the year we stayed close to our tenant-customers, assisted with business continuity processes and reprofiled leases where necessary, while also ensuring the timely payment of rent and service charges. Our proactive approach helped buffer CEREIT's tenant-customer retention rate, achieve occupancy above 95% and increase operating cashflow in FY 2020.

Remarkably, we were able to complete a 12-asset portfolio disposal and a three-asset acquisition on the same day at the height of the first peak of the pandemic in late March 2020 - a testament to our execution capabilities. As lockdowns eased at the beginning of summer, we resumed our transaction activities. Despite further disruptions across most of Europe, we completed the acquisitions of 16 good-quality light industrial / logistics assets for approximately €220 million, from the beginning of FY 2020 till the end of 1Q 2021. CEREIT now has a bigger footprint in Germany and Italy and a new presence in two attractive high-growth markets – the Czech Republic and Slovakia.

As we progress into 2021, we expect the European economy to rebound. However, some degree of caution remains as the lingering effects of the pandemic will continue to be felt for some time.

RESILIENT FINANCIAL PERFORMANCE

Over the course of the past year, CEREIT's gross revenue and net property income rose 5.6% and 1.0% y-o-y to €187.0 million and €117.3 million, respectively. This was largely due to contributions from acquisitions.

The total return attributable to Unitholders for FY 2020 was 27.2% lower y-o-y, as the unrealised fair value gain of €8.6 million was lower than the €42.4 million gain recorded in the previous financial year. During 1H 2020, when the pandemic took hold, CEREIT suffered an unrealised fair value loss of €24.9 million on the 22 assets valued. As performance improved in 2H 2020, total return for that period was 231% higher compared to 1H 2020. This was due largely to positive fair value gain of €33.5 million recorded in 2H 2020, which more than offset the fair value loss of €24.9 million. Excluding the impact of fair value movements and related taxes, operating profit for 2H 2020 marginally outperformed 1H 2020.

CEREIT's FY 2020 income available for distribution was €89.1 million, 4.7% higher than FY 2019 on a like-for-like basis, assuming base management and property management fees had been paid in cash in FY 2019. DPU was €3.484 cents, 14.6% lower than FY 2019, but only 3.0% lower on a like-for-like basis.

The Board made the decision to pay FY 2020 management and property management fees fully in cash rather than in a mix of cash and Units as in previous years. This preserves Unitholder value, because the continuing practice of issuing Units in payment for fees means that more than 100% of earnings is paid out, diluting DPU and NAV per Unit over the long term.

We understand that some Unitholders would prefer a higher headline DPU. However, we have received good support for this decision from core investors who recognise the unsustainability of paying out more income than is earned.

CHAIR'S LETTER TO UNITHOLDERS

"I am pleased that we not only bought well over the last three years, our experienced asset management team also created additional value through active property management, tenant-customer engagement and marketing initiatives."

Cash flow from operating activities was €88.6 million, 1.3% higher than FY 2019 and in line with FY 2020 distributable income. The 2H 2020 DPU of €1.744 cents was 1.0% higher than the 1H 2020 DPU of €1.740 cents.

DIVERSIFIED PORTFOLIO WELL WITHSTANDING COVID-19 IMPACT

As at 31 December 2020, CEREIT owned a portfolio of 96 properties valued at €2,178 million[1], €169.5 million or 8.4% higher than their collective purchase price. After taking into account capital expenditure and acquisition costs, net fair value gain was €88.1 million. I am pleased that we not only bought well over the last three years, our experienced asset management team also created additional value through active property management, tenant-customer engagement and marketing initiatives.

Leasing activity continued, though at a slower pace, throughout the first half of 2020. With lockdowns easing in the summer, the team signed approximately 50% more leases by area in 2H 2020. Although rent reversions in the second half were flat because we targeted lower rent increases to improve occupancy and preserve cashflow, we still achieved an overall positive blended full-year rent reversion rate of 2.1%, with WALE unchanged at 4.9 years.

At the onset of the pandemic, approximately 21% of tenant-customers by income sought lease reprofiling, with requests largely tapering off from July 2020. We embarked on an active tenant-customer engagement programme, amending lease payments from quarterly to monthly without blanket provisions for "rent relief". To date, the asset management team has reprofiled 12% of leases by income with less than €40,000 of rent abatements given in total, and only in exceptional cases. Pleasingly, cash collection was close to 100% for the year.

The team continues to explore value enhancement options. As an example, we are turning structurally vacant (or excess) office space attached to warehouses into leasable space and incorporating sustainability improvements. We are also progressing the planning stages of key urban redevelopment opportunities within our portfolio in Paris, Amsterdam and Milan to unlock further value.

INVESTMENT PHILOSOPHY AND OBJECTIVES

CEREIT's investment philosophy is to acquire and manage a diversified portfolio of pan-European investment properties with an emphasis on sustainable income and capital growth. CEREIT aims to generate superior risk-adjusted returns for Unitholders by owning, buying and actively managing such properties in line with its investment strategy and selling properties that no longer enhance portfolio returns.

To achieve these outcomes, the investment strategy targets a long-term portfolio of at least 75% or more within Western Europe and at least 75% or more in office and light industrial / logistics. Tactically, our current focus is on increasing the weighting of the light industrial / logistics sector towards 50% of the portfolio. This approach also includes divesting a number of office buildings and other non-strategic assets and increasing allocation to our preferred sectors, through redeveloping assets in Paris, Amsterdam and Milan.

We use a number of quantifiable metrics that guide the management team in the execution of our strategy,

1 Portfolio value for 95 properties is based on independent valuations conducted by CBRE and Savills as at 31 Dec 2020. The new acquisition in Italy acquired on 23 Dec 2020 is based on purchase price

adopting both a top-down and bottom-up approach in constructing the optimal portfolio. In addition to the new acquisitions in Italy and Germany, our top-down review has also identified the Czech Republic and Slovakia as markets with favourable macro-economic and consumption trends, leading us to make CEREIT's first acquisitions there. The same conviction is also leading us to explore logistics opportunities in the U.K. post-Brexit.

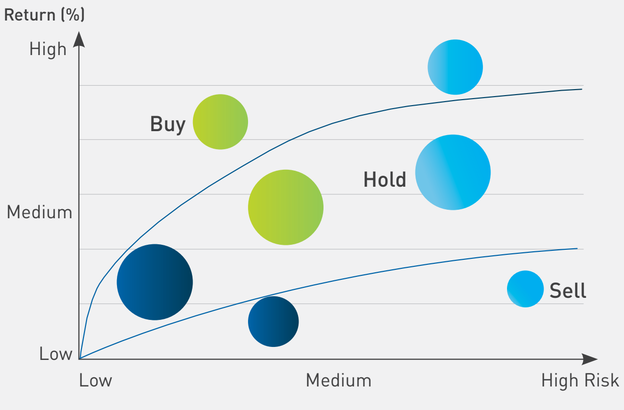
We are disciplined when evaluating potential acquisitions. Our bottom-up investment underwriting process ensures that only properties appropriately screened for environmental and operational risks, sustainable performance and expected to deliver risk-adjusted returns above our cost of capital will be pursued.

As an example, although we like data centres, the Board recently declined an initial data centre proposal due to its unfavourable risk-reward characteristics. We continue to be judicious and selective and will avoid the "temptation" to overpay for "flavours of the month". High-profile and much sought-after assets and opportunities often come with substantial complexities and may not always enhance portfolio returns on a risk-adjusted basis. We therefore maintain a watching brief on these types of opportunities.

TRANSFORMATIONAL CAPITAL MANAGEMENT

We have transformed CEREIT's balance sheet since IPO, moving CEREIT's debt profile from largely secured to unsecured. The refinancing programme has resulted in unsecured debt increasing from 7% to more than 90%

RISK-RETURN CHART



of the total debt, which provides greater flexibility and diversification of borrowing sources.

Fitch Ratings assigned CEREIT a long-term issuer credit rating of "BBB- with stable outlook", underpinned by its diverse portfolio and high-quality tenant-customer base. In 4Q 2020, we established a €1.5 billion EMTN programme which provided the foundation for further debt structure transformation. CEREIT completed an inaugural issue of a €300 million five-year bond in November 2020, followed by a well-received tap issue of €200 million in January 2021. Net proceeds from the bond issuances were used to refinance existing debt. This improved CEREIT's debt maturity profile, extending its weighted average debt expiry to more than four years, with no drawn debt expiries until November 2022.

As at 31 December 2020, CEREIT has a low annualised interest cost of approximately 1.66% and a high interest coverage ratio of 6.4 times. CEREIT's aggregate leverage stands at 38.1%, well within the preferred gearing range of 35% – 40% as stipulated by the Board. CEREIT's total gross debt is fully-hedged at a fixed rate. All these metrics comfortably support the BBB- (stable outlook) investment-grade rating by Fitch Ratings.

The Board approved the introduction of a DRP and activated it for the 2H 2020 distribution. This has been one of the Manager's capital management objectives since CEREIT's listing. The DRP provides an alternative investment option for Unitholders and an opportunity to acquire new Units at a preferential price without incurring transaction costs.

Our February 2021 €100 million private placement of new equity was over-subscribed. However, unfavourable market conditions necessitated an issue price below NAV. The equity raise was vital as we did not wish to forgo an opportunity to invest in a portfolio of high-yielding assets negotiated during the depth of the pandemic. These properties are immediately accretive to DPU and have good growth potential. The alternative was to assume more debt which would have brought CEREIT's aggregate leverage slightly above 40%. Although this level of debt would not have breached the MAS-mandated limit of 50%, the Board prefers to be conservative and to remain below 40%, which provides a cushion for any unexpected market adversity and a headroom to take advantage of attractive pipeline opportunities.

CHAIR'S
LETTER TO UNITHOLDERS

We will continue to optimise CEREIT's cost of capital and strive to maintain an appropriate mix of debt and equity to enhance Unitholders' returns, as well as to source cheaper capital such as perpetual securities when the market reopens again, while retaining flexibility for financing future investments.

ASPIRING TO HIGH STANDARDS OF GOVERNANCE AND SUSTAINABILITY

Being a responsible steward of Unitholders' investments is a key priority for the Board and management team. We are committed to building mutually beneficial relationships with internal and external stakeholders, as well as managing CEREIT's impact on the environment. As the Unitholder base expands to include a diversified roster of major global investors with an increasing focus on robust ESG targets and disclosures, the Manager will further enhance its sustainability programme, setting aspirational targets to reinforce its ongoing efforts.

We employ a best-practice approach to governance, risk management and transparency. The majority of our directors are independent, and the Board has robust processes in place to ensure that all Unitholders are treated fairly.

Our corporate governance, stakeholder engagement and sustainability initiatives are covered in greater detail in the corporate governance, investor relations and the short-form sustainability report sections of this Annual Report and in our full FY 2020 Sustainability Report which will be published in late May 2021.

LOOKING TOWARDS LONG-TERM SUCCESS

In 2020, the Board and management team were focused on preserving Unitholder value and ensuring appropriate levels of liquidity and stewarding CEREIT's operations through the uncertainties associated with COVID-19.

COVID-19 restrictions continued in the Eurozone in 2021. This is expected to impact economic activity in 1Q 2021 and Eurozone's 2021 GDP forecast was recently revised down to 4.2% from 4.7%[1]. GDP growth is forecast to pick up in the second quarter, as daily activities resume and the impact of monetary and fiscal policy stimuli feed through, along with stronger growth in the export-led manufacturing sector.

Centro Logistico Orlando Marconi (CLOM), Monteprandone, Italy

1 Data from Oxford Economics

> "In 2020, the Board and management team were focused on preserving Unitholder value and ensuring appropriate levels of liquidity and stewarding CEREIT's operations through the uncertainties associated with COVID-19."

With favourable market fundamentals and stability returning in Europe, our strategy for CEREIT remains intact. Demand for European real estate is resilient, owing to low capital values, affordable rents and significant positive yield spreads to interest rates.

We will continue to actively manage CEREIT's portfolio to capitalise on regional macro trends and specific market opportunities. Sustainable growth can be generated organically through refurbishments and redevelopments and also through accretive acquisitions within our risk management framework. We strive to augment capabilities as we optimally grow the portfolio with a team that embraces rigorous analysis in deal underwriting, thoroughness in risk evaluation and astuteness in asset management.

The Board recently made a decision to table a 5:1 proposed Unit consolidation resolution for Unitholders to approve at an EGM to be held in due course. The Board took advice from stakeholders including multiple investment banks, legal advisors and investor feedback in arriving at this proposal. The proposed Unit consolidation is expected to increase the market interest and attractiveness of CEREIT and reduce the volatility in CEREIT's Unit trading price. Specifically by reducing the bid-ask spread with a higher unit price compared to the minimum tick price, transaction trading costs for investors will be lower which will improve liquidity based on past Singapore and international REIT consolidation examples. I have first-hand experience with a successful consolidation in my previous capacity as a director of a leading diversified REIT in Australia. The REIT undertook a 5:1 consolidation in 2010 and subsequently saw its liquidity increase by 24%, while security price volatility decreased by 23% and its security price has not traded lower since. I am confident that this is the right thing to do for CEREIT.

APPRECIATION

Thank you for your investment in CEREIT and for your confidence and trust in the Board and the management team. I wish to express my gratitude to our Sponsor, tenant-customers, lenders, capital and business partners, as well as the regulators for their support. I treasure the dedication of my fellow Directors and the professionalism of the management team and team members, who continue to work tirelessly across three continents to grow the reputation of our pan-European REIT platform.

During the last year, we were focused on mitigating strategies to insulate the impact of COVID-19 on CEREIT's portfolio. We have weathered the pandemic well, yet much more effort is required to excel and stay ahead. With a culture of strong corporate governance and rigorous processes across the organisation, the Board is confident that CEREIT can continue to perform well and provide Unitholders with high risk-adjusted returns over the long term.

The team and I look forward to reporting on our continued progress towards this aspiration.

Lim Swe Guan, CFA
Chair and Independent Non-Executive Director
Cromwell EREIT Management Pte. Ltd.

CEO INTERVIEW

"CEREIT is well-supported by Cromwell's established property and asset management platform in Europe."

Simon Garing
CEO AND EXECUTIVE DIRECTOR

1. COULD YOU ARTICULATE CEREIT'S INVESTMENT PURPOSE AND INVESTMENT PROPOSITION?

CEREIT's primary purpose is to deliver stable and growing distributions and NAV per Unit to its Unitholders over the long term. We achieve this by executing on our strategy to acquire and manage a diversified portfolio of pan-European commercial properties, with an emphasis on generating sustainable income and capital growth. This should then translate into enhanced Unitholder returns. Two compelling themes of CEREIT's investment proposition to note:

Resilience through diversification:

a. Geographical diversification: Following the completion of the most recent acquisitions in the Czech Republic and Slovakia on 11 March 2021, CEREIT's portfolio consists of 107 assets located across nine countries in Europe. The Netherlands is the largest contributor to the portfolio (28%), with Italy second (22%) and France third (18%). No one country represents more than 30% of the total portfolio. This level of diversification helps mitigate concentration risk in any one country.

b. Asset class diversification: Geographical diversification is complemented by asset class risk management. As at 11 March 2021[1], the majority of assets in CEREIT's portfolio are split between the office (57%) and light industrial / logistics sector (38%). The REIT's current pivot towards light industrial / logistics, in view of the strong fundamentals of the sector, will see further rebalancing away from the office sector. This will result in an even more diverse portfolio.

c. Tenant-customer diversification: CEREIT's portfolio is diversified across tenant-customers and tenant-customer industries. As at 11 March 2021[1], CEREIT's largest tenant-customer, Agenzia Del Demanio (the Italian State Property Office), contributes only 12.5%[2] of total headline rent. The top ten tenant-customers contribute 32%[3] of total headline rent. Total government and semi-government tenants account for approximately 24% of CEREIT's income, with a further 68% from multinational companies and large domestic corporations.

An extensive pan-European asset management platform, equipped with local insight and expertise:

CEREIT is well-supported by Cromwell's established property and asset management platform in Europe. This includes 210+ people across 17 offices in 11 countries. The result is a valuable competitive advantage that is hard to replicate by other property investors. For instance, CEREIT gets access to Cromwell's pipeline sourcing execution capabilities, which is driven by an in-depth knowledge of the targeted key markets, tenant-customers and other important stakeholders. As a result of this local insight and expertise, CEREIT is able to unearth attractive deals and readily backfill tenancies and lease up assets.

2. THE EFFECTS OF COVID-19 AND ITS AFTERMATH ARE EXPECTED TO LINGER ON FOR A YEAR OR TWO. HOW WILL THIS IMPACT CEREIT'S BUSINESS OPERATIONS AND BOTTOM LINE?

I expect the COVID-19 pandemic to still moderately impact CEREIT's business operations and bottom-line in FY 2021, before performance picks-up and improves in FY 2022. Large-scale vaccination programmes are slowly progressing across Europe. Until the services industry (which accounts for the majority of Eurozone's GDP) is restored, government support measures may still be required for employment and consumption purposes. Tenant-customers continue to be affected to varying degrees by national lockdowns and there is a real chance that some may face higher insolvency risks. CEREIT may then face the challenge of having to re-let these spaces earlier than planned. Fortunately, Europe's manufacturing output is expected to grow at 8%[4] this year, benefiting from increased trade with China.

That being said, even in FY 2020, which we assume to be the worst point of the pandemic, CEREIT reported a DPU only 3% lower than FY 2019 on a like-for-like basis. Occupancy at 31 December 2020 was 95.1%, up from 93.2% at 31 December 2019, highlighting the quality of the portfolio.

The widely anticipated longer-term structural shift towards more flexible white-collar office arrangements will need to be monitored closely. On the other hand, CEREIT is expected to benefit from the exodus of companies looking to relocate from older European city C-grade buildings into more modern premises. They do so in search of healthier and more flexible work-space environments. This means increased demand for office

1 Post completion of the Czech Republic and Slovakia acquisitions
2 13.0% as at 31 December 2020, prior to the Czech Republic and Slovakia acquisitions
3 33.0% as at 31 December 2020, prior to the Czech Republic and Slovakia acquisitions
4 Based on data from Oxford Economics

CEO INTERVIEW

assets akin to CEREIT's office portfolio, of which more than 70% is green-certified[1] as at 11 March 2021.

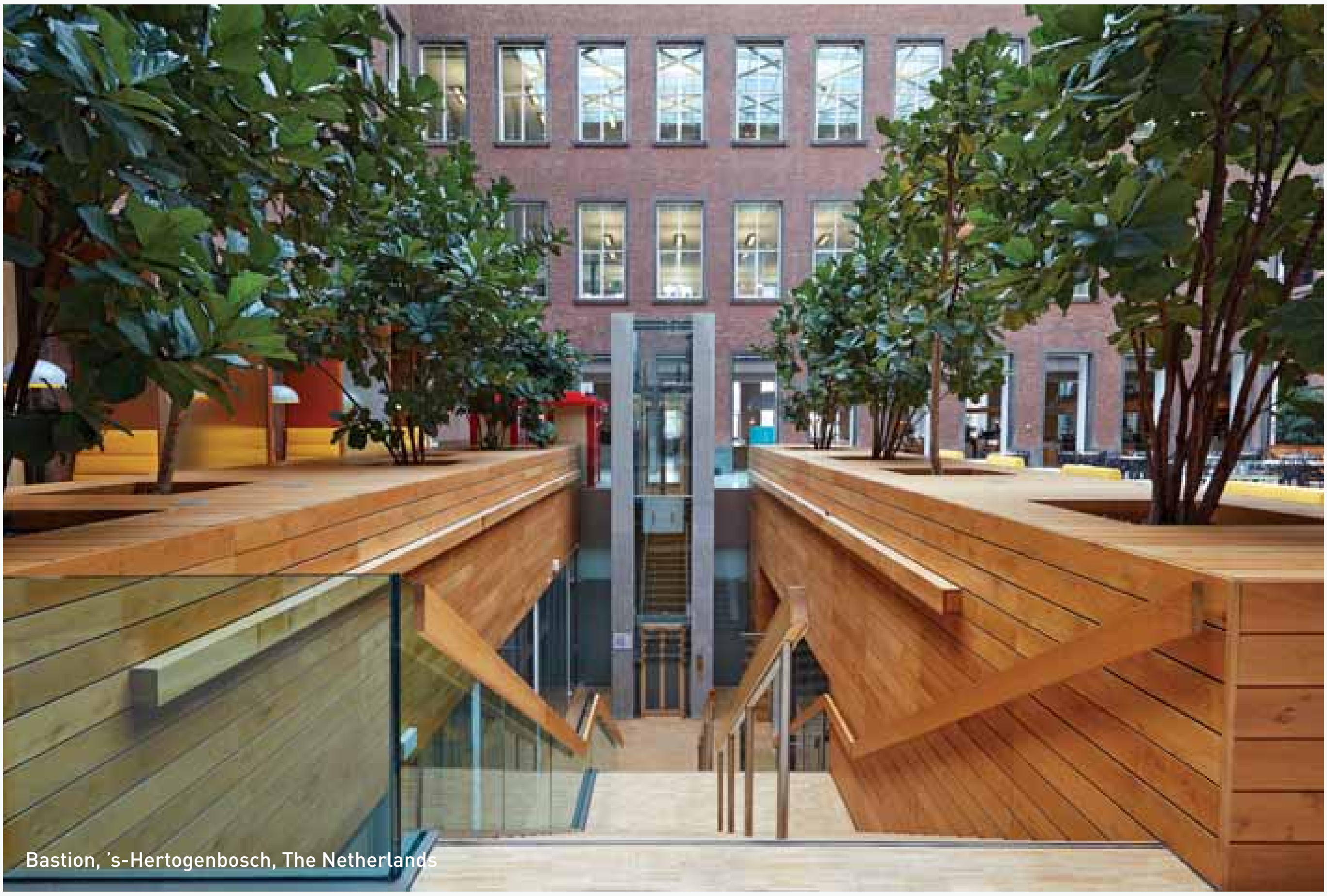
Offsetting any potential negative trend in the office sector, CEREIT's industrial assets will continue to benefit from the shifts towards e-commerce and onshoring of manufacturing. As mentioned previously, we will look to increase CEREIT's weighting towards the light industrial / logistics sector, including the post-Brexit U.K. market.

3. OVER THREE YEARS HAVE PASSED SINCE CEREIT'S INITIAL PUBLIC OFFERING IN 2017. HOW HAS THE BUSINESS EVOLVED SINCE THEN?

CEREIT has come a long way since November 2017. CEREIT's IPO portfolio consisted of 74 properties, located across five European countries, valued at €1.4 billion. On the back of more than €1 billion in equity and debt being raised in the past three years, CEREIT's portfolio has grown by 70% to the current 107 assets located across nine European countries, valued at close to €2.3 billion[2].

Cromwell has invested heavily in employees, IT systems and business and risk management processes, putting CEREIT in good stead to withstand prolonged COVID-19 disruptions. Tenant-customer engagement programmes continue to evolve and are expected to positively impact occupancy and rent reversions.

CEREIT's commitment to ESG has also begun to pay off. Over the last three years, CEREIT's GRESB rating (the main global ESG benchmark for real estate assets) has improved vastly. CEREIT's first score was a starter 43 (out of 100) in 2017. It has since improved by ~70%, to the most recent rating of 73 (out of 100) in FY 2020. This now places CEREIT 8th amongst 26 European peers, (selected by GRESB based on asset class, geographical location and portfolio composition).



Bastion, 's-Hertogenbosch, The Netherlands

1 BREEAM and LEED certifications
2 As at 11 March 2021

> **Over the last three years, CEREIT's GRESB rating (the main global ESG benchmark for real estate assets) has improved vastly.**

CEREIT's ESG performance is now also rated by many other well-known agencies such as Sustainalytics and MSCI. We have achieved high standards in transparency, disclosure and communications, as reflected by CEREIT's top ten positions in the GIFT and SGTI rankings.

CEREIT's debt structure has also evolved over time. Initially, funding was secured predominantly by property mortgages. We embarked on a major transformation in 2019 to a predominantly unsecured finance structure. CEREIT reached another important milestone in October 2020, attaining an investment-grade credit rating – "BBB-" with stable outlook from Fitch Ratings. This enabled CEREIT to raise €500 million from institutional bond investors in November 2020 and January 2021, providing additional funding options for future capital requirements.

FY 2020 total unitholder return[1] on the SGX-ST for CEREIT's Singapore dollar-denominated stock code CSFU.SI was 1.95%[2], outperforming FTSE ST REIT Index (-3.08%)[2] and STI (-8.88%)[2]. FY 2020 total unitholder return on the SGX-ST for CEREIT's Euro-denominated stock code CNNU.SI was -5.0%[2]. Importantly, CEREIT delivered three-year annualised total unitholder return on the SGX-ST of 4.0%[2] per year up to December 2020 (12.4% for CNNU.SI and 12.6% for CSFU.SI). The Singapore Dollar-denominated stock code CSFU.SI was top 10 REIT in Singapore (SGD counter) and 71[st] quartile performer out of 43 S-REITs and Business Trusts on the basis of total unitholder return on the SGX-ST.

4. WHY ARE ESG ISSUES IMPORTANT AND DO YOU HAVE ANY ASPIRATIONAL ESG TARGETS?

We continue to strive to improve our ESG credentials, not just because regulations are becoming more focused on these matters, but also because it makes good business sense to do so. Tenant-customers, employees, investors and other stakeholders are all increasingly requiring greater ESG commitments.

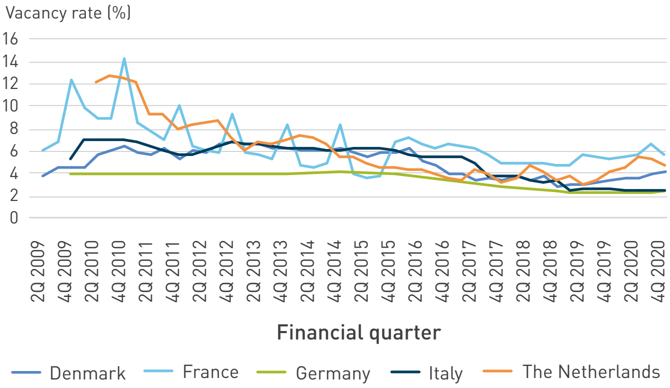
One of our targets is to obtain more green certifications for our assets. In 2020, we attained nine additional BREEAM ratings. This brings the proportion of our office portfolio with BREEAM green certifications to 70%. The Manager has also committed to achieve a 40% energy reduction goal in France by 2030, in keeping with French government regulations. We are currently undertaking a review of our ESG targets and plan to release more details in our FY 2020 Sustainability Report in late May 2021.

5. CURRENTLY, WHERE ARE THE OPPORTUNITIES IN EUROPEAN REAL ESTATE?

We see opportunities for CEREIT in the light industrial / logistics sector where yields, while competitive, remain accretive to earnings. Secular trends such as the growth of e-commerce will drive tenant-customer demand for light industrial / logistics assets.

Last-mile logistics assets, which are vital to the delivery value chain, will continue to be in demand. As an example, logistics take-up in Italy reached new highs in 2020, surpassing 2019 levels by 19%. Undersupply and growing demand for logistics assets is likely to create an upswing in valuations and rental growth. We are more likely to focus on 'Core +' logistics and light industrial sectors, given the hot demand for long-leased 'Core' warehouses.

LOGISTICS VACANCY RATES (%)



1 Also referred to as 'total shareholder return'
2 Data from Thomson Reuters Eikon

CEO INTERVIEW

> We will continue to advance in the design and approval stages of Parc des Docks in Saint Ouen, Paris, France and other asset enhancement initiatives.

CEREIT has a number of major development opportunities in its portfolio. We continue to make progress on planning and approval processes at locations such as Parc des Docks in Saint Ouen, Paris, France, a ten-hectare warehouse site that is a 15-minute drive from Champs-Elysees. It is set within the vicinity of the new 2024 Paris Olympic village, close to the new Paris Nord hospital and new Metro stations.

With the U.K.'s official exit from the European Union and an agreed trade agreement in-place, we have begun exploring opportunities in the U.K. logistics market, one of the most liquid markets of its kind in Europe.

Data centres are another focus for CEREIT, but with only a few hyperscalers capable of operating traditional 'core-and-shell' leased data centres, accretive opportunities will be harder to come by. The sector is also very sought-after by investors.

6. HOW DO YOU ENVISION CEREIT'S FUTURE, FIVE YEARS FROM NOW?

Statistics like the number of assets in CEREIT's portfolio, or the number of countries CEREIT has a presence in, may fluctuate over time. To provide a framework to help investors understand the investment strategy, the Manager's incentives are linked to DPU and NAV per Unit growth, return on equity targets and relative performance against other S-REITs.

As the Chair highlighted in his letter, the Board and the Manager undertake extensive risk-and-return analysis before undertaking any transaction to support the number one objective - to deliver stable and growing DPU and NAV per Unit over the medium and long term. We will continue to actively manage the tenant-customer base to optimise both cashflow and valuations. We will also continue to recycle assets to provide capital for other growth opportunities, not relying just on capital markets for funding.

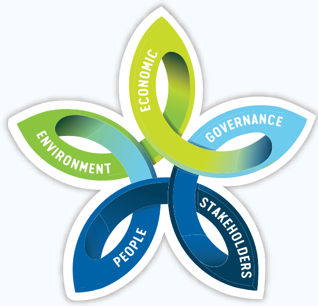
This strategy will be pursued alongside our ESG commitments, as we step up our enhancement of corporate disclosures and policies. As the global push for combatting climate change is intensifying, it is important to note there is a synergy to be achieved between our number one objective and our ESG commitments. For example, improving green rating of assets or enhancing governance and enterprise risk management processes is likely to lead to a lower cost of capital, in turn increasing distributions and CEREIT's Unit price.

We will continue to advance in the design and approval stages of Parc des Docks in Saint Ouen, Paris, France and other asset enhancement initiatives.

In the next five years, CEREIT may consider refitting several of our office assets, to ensure that they fit the new norms of office infrastructure. Depending on the latest trends, this could potentially mean the ascendancy of a "hub and spoke" model, where there is one central "hub" and a network of smaller "spoke" offices. This concept was seeded even before the COVID-19 pandemic. Increasingly, people may have new expectations of what offices should look like and CEREIT will have opportunities to transform its assets to meet this new demand.

Haagse Poort, Den Haag, The Netherlands

CEREIT'S RESPONSE TO COVID-19



MOVED TO "SAFETY-FIRST" MODE, COMPLETED TRANSACTIONS, PROVIDED FREQUENT BUSINESS UPDATES

Economic

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

- Focused on preserving Unitholder value, ensuring appropriate levels of cash (pre-emptively drew down €150 million RCF)
- Put on hold 1H 2020 transactions post the successful recycling of 12 small assets into three German logistics in March 2020
- Deprioritised non-essential capex / minimised non-critical expenses (reduced from €47 million to €22 million)

2H 2020: Gradual return to normal operations

- Repaid RCF in full (50% in June 2020 and the rest by December 2020) given more normalised market indicators
- Resumed transaction activities
- Obtained investment-grade credit rating from Fitch Ratings and issued inaugural five-year bond

Governance

- The Manager actively worked to protect and enforce its rights under lease contracts
- The teams on the ground constantly monitored the potential impact of government measures, improving tenant-customer retention
- Manager did not have to make blanket provisions for "rent relief" or offer across-the-board rent waivers, while improving levels of rent collection / minimal rent free, with cash collection close to 100% and lower arrears in December 2020 vs December 2019

Stakeholders

Tenant-Customers:

- Regular contact with tenant-customers, specific programme for the top 25 tenant-customers per country
- Focus on health and safety - safety briefing / guidance communications for tenant-customers, increased cleaning rosters
- Approximately 21% of tenant-customers by income requested rent reprofiling / approximately 12% of income reprofiled following "smart deals", resulting in less than €40,000 given in rent abatements, only in exceptional cases

Investment community:

- Approximately 140 virtual and physical meetings with more than 1,800 investors and analysts

Local community:

- The Manager helped its community partner Child at Street 11 set up a fund-raising campaign, surpassing S$80,000 target

People

Operations

- Business continuity plans were activated across the business
- Since late February 2020, all Cromwell employees in Europe and Singapore have been seamlessly working from home with robust IT to ensure minimal disruptions
- No delays / impact to tenant-customer handovers across the portfolio

Health and Safety

- Rolled out physical and mental health employee assistance programme
- Increased internal communications and cross-functional virtual meetings
- Since 1Q 2021, local laws permitting, teams are returning to the office in line with country–specific regulations

Environment

- FY 2020 GRESB submission resulted in a rating of 73 (up from 67 the year before)
- Increased the number of green building certifications by nine, now totaling 20 BREEAM certifications and one LEED certification
- Audited the French portfolio's carbon emissions and is developing action plans to adhere to the government-mandated 40% energy reduction goal by 2030
- Launching "Top five program" to pilot and roll-out sustainability measures across the CEREIT portfolio: LED lighting, smart meters, BMS control, solar panels, ground source heating pumps

Piazza Affari 2, Milan, Italy, lit up with the Italian flag colours to mark the end of the first COVID-19 lockdowns in May 2020

BUSINESS MODEL AND INVESTMENT STRATEGY

PURPOSE

CEREIT's primary purpose is to deliver stable and growing distributions and NAV per Unit to its Unitholders over the long term.

INVESTMENT PROPOSITION

CEREIT offers the opportunity to invest in an income-producing, diversified pan-European commercial real estate portfolio managed by a trusted and experienced team.

STRENGTHS

- Resilient pan-European portfolio diversified across asset classes, geographies, tenant-customers and industry trade sectors
- Experienced Manager, backed by a committed Sponsor with a substantial pan-European platform
- Majority independent Board with steadfast commitment to high ESG standards and disclosures

INVESTMENT STRATEGY

CEREIT aims to generate superior risk-adjusted returns for its Unitholders by buying, owning and actively managing real estate in line with its investment strategy (including disposal of any property that has reached a stage that offers only limited scope for growth or has higher risk).

The investment strategy of the Manager is focused on a long-term target portfolio of at least 75% or more within Western Europe and at least 75% or more in office and light industrial / logistics with current predominant focus on:

- Increasing exposure to the light industrial / logistics sector towards 50% of the portfolio
- Exploring logistics opportunities in the post-Brexit U.K. market
- Divesting a number of select office buildings and other non-strategic assets; and
- Planning key redevelopment opportunities in Paris, Amsterdam and Milan

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

Active asset management and asset enhancement

- Drive organic growth in revenue and income and maintain strong tenant-customer relationships;
- Continually monitor each asset's expected contribution to earnings and NAV growth, utilising the proprietary 13-risk factor dynamic portfolio optimisation tool;
- Explore selling assets that no longer meet the risk-return criteria and look to reinvest capital into opportunities that will ultimately increase DPU and NAV per Unit; and
- Regularly evaluate properties to identify if potential property enhancement or redevelopment opportunities can contribute to CEREIT's returns.

Growth through acquisitions

- Adopt rigorous research-backed selection process focused on long-term sector trends and fundamental real estate qualities to ensure investments are focused on the right cities and sectors;
- Aim to grow DPU and NAV per Unit through the acquisition of quality income-producing commercial properties across Europe;
- Seek assets that can provide attractive cash flows and yields, which fit within CEREIT's purpose to enhance risk-adjusted returns for Unitholders; and
- Source potential acquisitions that create opportunities for future income and capital growth, leverage extensive on-the-ground teams and participate in both on- and off-market acquisitions

Responsible capital management

- Maintain strong balance sheet and an investment grade credit rating, employing an appropriate mix of debt, hybrids and equity with sufficient liquidity;
- Access diversified funding sources, including global financial institutions and capital market investors; and
- Optimise cost of debt and financing and utilise interest rate and foreign exchange hedging strategies where appropriate

High ESG standards and disclosures

- Employ a rigorous approach to ESG matters to achieve high sustainability standards in the operation and management of CEREIT, consistent with the values of the Sponsor, with guidance from the Board and meeting relevant regulations;
- Safeguard Unitholders' interests through robust corporate governance and risk management

- Continuously enhance corporate disclosures and ESG policies
- Augment senior management's ESG-linked KPIs
- Improve CEREIT's ranking in relevant Singapore and global ESG ratings

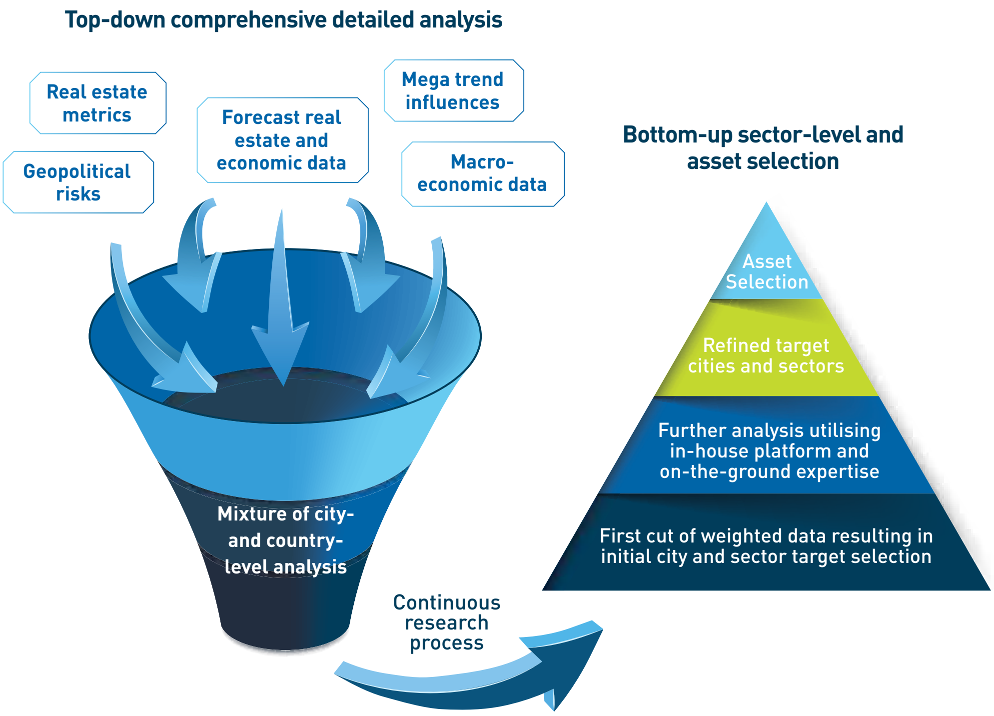
Research-backed approach to acquisitions

The Manager's approach to investment combines research-based fundamental market analysis with rigorous evaluation of property-specific variables and financial forecasts. This enables the Manager to select assets that meet investment criteria and enhanced risk adjusted returns.

The initial asset selection employs top-down comprehensive analysis of a number of criteria covering mega trends and a mixture of cities and countries. The process identifies long-term sector mega trends and fundamental real estate attributes to shortlist countries and sectors that will provide attractive returns.

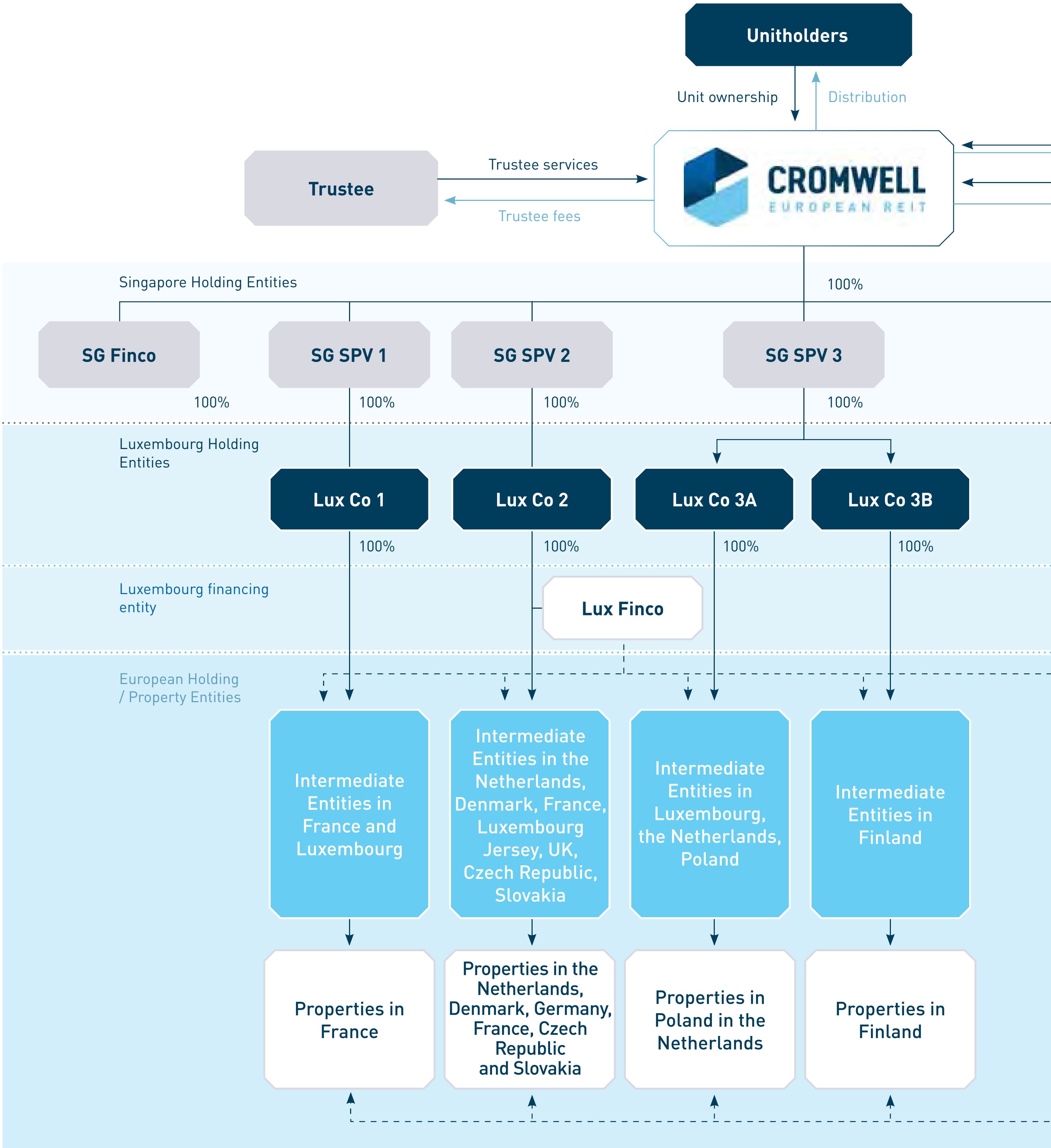
Once top-down comprehensive data analysis has yielded targeted locations and asset classes, the bottom-up investment strategy process focuses on the refinement of the data of portfolio optimisation. For this part of the process, the investment management team has developed proprietary analytics tools that provide the Board with a broad framework to assist them in the evaluation of the proposed acquisitions and divestments. The tools allow the asset management team to optimise the portfolio through monitoring key asset and market risks and identify "outliers" and include the following:

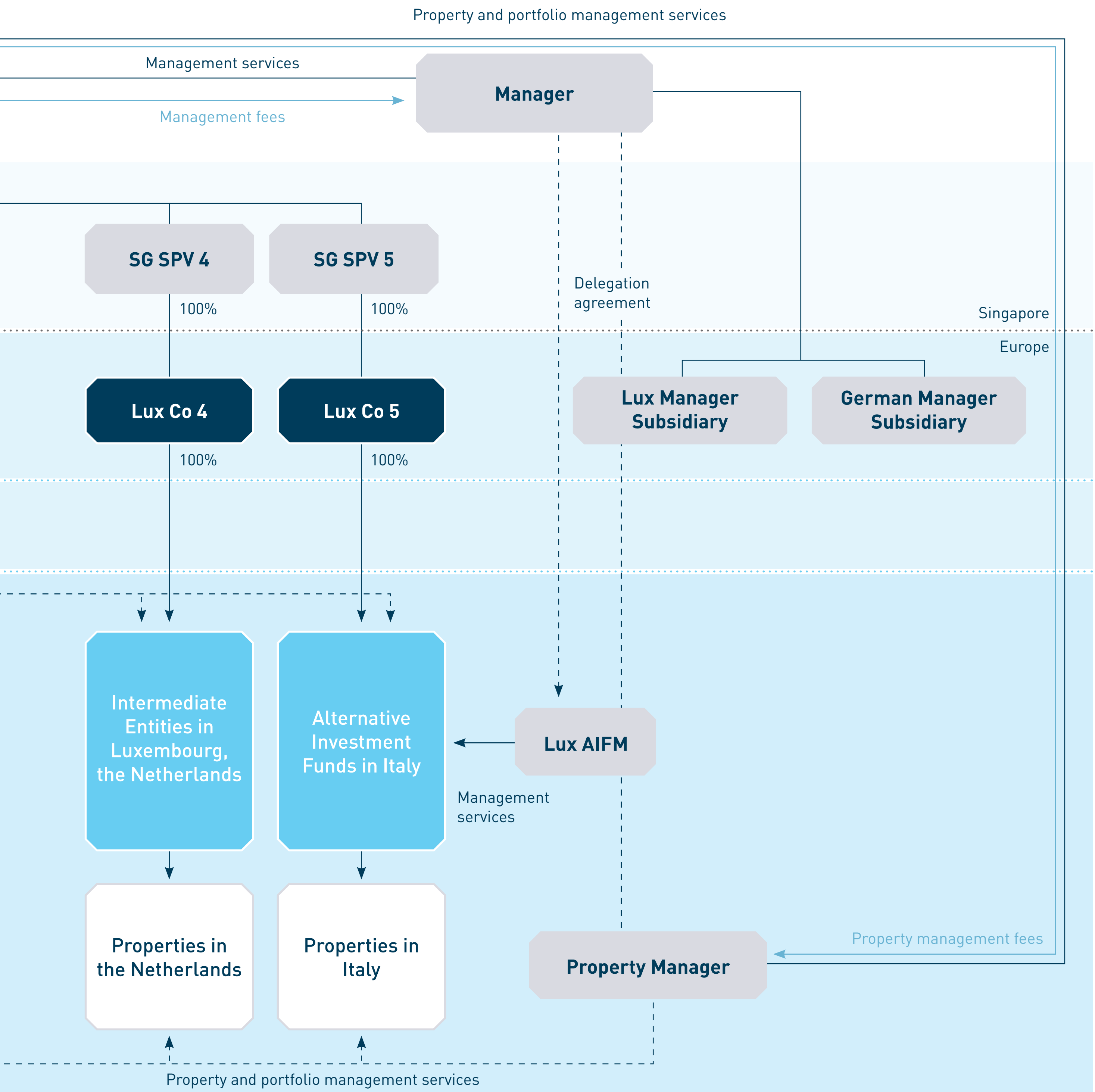
- An 13-risk matrix across three broad categories that provides a framework to assess existing properties, proposed investments and potential divestments. The matrix factors in asset, market location, execution, financial and ESG risks. The matrix visualises how the identified asset enhances or detracts from the existing portfolio risk / return profile and lays out the assessed risks in a standardised framework to consider against the projected returns; and
- A dynamic portfolio optimisation tool that provides a real-time measure of CEREIT's overall risk and return via producing an "efficient frontier curve". The tool maps out CEREIT's investable universe, based on the investment team's evaluation of expected returns and an assessment of the overall risk profile of a typical CEREIT property across each asset class in identified cities and countries



STRUCTURE OF CEREIT (AS AT 11 MARCH 2021)

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




Property and portfolio management services
Management services
Management fees
Manager
SG SPV 4
SG SPV 5
100%
100%
Delegation agreement
Singapore
Europe
Lux Co 4
Lux Co 5
Lux Manager Subsidiary
German Manager Subsidiary
100%
100%
Intermediate Entities in Luxembourg, the Netherlands
Alternative Investment Funds in Italy
Lux AIFM
Management services
Properties in the Netherlands
Properties in Italy
Property management fees
Property Manager
Property and portfolio management services

BOARD OF DIRECTORS

Lim Swe Guan, 66

CHAIR AND INDEPENDENT NON-EXECUTIVE DIRECTOR

DATE OF APPOINTMENT AS DIRECTOR

28 July 2017

LENGTH OF SERVICE AS DIRECTOR (AS AT 31 DECEMBER 2020)

3 years 5 months

BOARD COMMITTEES SERVED ON

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

ACADEMIC AND PROFESSIONAL QUALIFICATIONS

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

BACKGROUND AND WORKING EXPERIENCE

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

PRESENT OTHER LISTED COMPANY DIRECTORSHIPS OR CHAIRPERSONSHIPS (AS AT 31 DECEMBER 2020)

- Nil

PRESENT OTHER PRINCIPAL COMMITMENTS (AS AT 31 DECEMBER 2020)

- CIMB-Trust Capital Advisors (Independent investment committee member)
- Silkroad Asia Value Partners
- Fife Capital Singapore Pte Limited (Independent Investment Committee Member)
- Asia Pacific Real Estate Association Limited (Director)

PAST LISTED COMPANY DIRECTORSHIPS OR CHAIRPERSONSHIPS HELD OVER PRECEDING 3 YEARS (FROM 1 JANUARY 2018 TO 31 DECEMBER 2020)

- Global Logistic Properties Limited
- General Property Trust Group
- Sunway Berhad (Independent Director)

Fang Ai Lian, 71

INDEPENDENT
NON-EXECUTIVE DIRECTOR

DATE OF APPOINTMENT AS DIRECTOR

31 July 2017

LENGTH OF SERVICE AS DIRECTOR (AS AT 31 DECEMBER 2020)

3 years 5 months

BOARD COMMITTEES SERVED ON

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

ACADEMIC AND PROFESSIONAL QUALIFICATIONS

- Fellow of the Institute of Chartered Accountants in England and Wales
- Fellow of the Institute of Singapore Chartered Accountants

BACKGROUND AND WORKING EXPERIENCE

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

PRESENT OTHER LISTED COMPANY DIRECTORSHIPS OR CHAIRPERSONSHIPS (AS AT 31 DECEMBER 2020)

- Banyan Tree Holdings Limited (Independent Director)
- Metro Holdings Limited (Independent Director)
- Singapore Post Limited (Independent Director)

PRESENT OTHER PRINCIPAL COMMITMENTS (AS AT 31 DECEMBER 2020)

- Far East Organization's Australian division (Advisor)
- Singapore Business Federation (Chair of the Board of Trustees)
- Medishield Life Council (Chair of Council)
- Tote Board (Singapore Totalisator Board) (Member)
- Honour (Singapore) Ltd. (NGO) (Director)
- Jubilant Pharma Limited (Independent Director)
- SingHealth Fund (Member of Board)
- QBE Asia Advisory Board (Director)

PAST LISTED COMPANY DIRECTORSHIPS OR CHAIRPERSONSHIPS HELD OVER PRECEDING 3 YEARS (FROM 1 JANUARY 2018 TO 31 DECEMBER 2020)

- Nil

BOARD OF DIRECTORS

Christian Delaire, 53

INDEPENDENT NON-EXECUTIVE DIRECTOR

DATE OF APPOINTMENT AS DIRECTOR

24 August 2017

LENGTH OF SERVICE AS DIRECTOR (AS AT 31 DECEMBER 2020)

3 years 4 months

BOARD COMMITTEES SERVED ON

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

ACADEMIC AND PROFESSIONAL QUALIFICATIONS

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

BACKGROUND AND WORKING EXPERIENCE

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

PRESENT OTHER LISTED COMPANY DIRECTORSHIPS OR CHAIRPERSONSHIPS (AS AT 31 DECEMBER 2020)

- Atenor (Independent Director)
- Covivio (Independent Director)

PRESENT OTHER PRINCIPAL COMMITMENTS (AS AT 31 DECEMBER 2020)

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

PAST LISTED COMPANY DIRECTORSHIPS OR CHAIRPERSONSHIPS HELD OVER PRECEDING 3 YEARS (FROM 1 JANUARY 2018 TO 31 DECEMBER 2020)

- Nil

Michael Wilde, 51

NON-INDEPENDENT
NON-EXECUTIVE DIRECTOR

DATE OF APPOINTMENT AS DIRECTOR

25 February 2021

LENGTH OF SERVICE AS DIRECTOR (AS AT 31 DECEMBER 2020)

N/A

BOARD COMMITTEES SERVED ON

- Nil

ACADEMIC AND PROFESSIONAL QUALIFICATIONS

- Bachelor of Commerce (Accounting and Finance) from Griffith University, Queensland, Australia
- Bachelor of Science (Biological Sciences) from Griffith University, Queensland, Australia
- Graduate Diploma of Applied Corporate Governance from the Governance Institute of Australia (formerly known as the Institute of Chartered Secretaries and Administrators)
- Graduate Diploma of Chartered Accounting from the Institute of Chartered Accountants in Australia

BACKGROUND AND WORKING EXPERIENCE

Mr Wilde has more than 20 years of experience in the real estate and financial services field. Mr Wilde was the Sponsor's Group Financial Controller from 2005 to 2014 and has acted as CFO for over six years before being appointed Acting Chief Executive Officer in 2020.

Prior to working at the Sponsor, Mr Wilde worked in the audit divisions of PricewaterhouseCoopers and Johnston Rorke (now Pitcher Partners). He is a member of the Chartered Accountants Australia and New Zealand and a member of the Governance Institute of Australia (previously Institute of Chartered Secretaries and Administrators).

PRESENT OTHER LISTED COMPANY DIRECTORSHIPS OR CHAIRPERSONSHIPS (AS AT 31 DECEMBER 2020)

- Cromwell Property Group (Acting CEO)

PRESENT OTHER PRINCIPAL COMMITMENTS (AS AT 31 DECEMBER 2020)

- Cromwell Singapore Holdings Pte. Ltd.
- CDPT Finance Pty Ltd, CDPT Finance No 2 Pty Ltd
- Cromwell Aged Care Holdings Pty Ltd
- Cromwell Capital Pty Ltd
- Cromwell Finance Pty Ltd
- Cromwell Holdings No 1 Pty Ltd
- Cromwell Holdings No 2 Pty Ltd
- Cromwell Infrastructure Pty Ltd
- Cromwell Operations Pty Ltd
- Cromwell Project & Technical Solutions Pty Ltd
- Cromwell Real Estate Partners Pty Ltd
- Cromwell Seven Hills Pty Ltd
- Cromwell SPV Finance Pty Ltd
- Cromwell VAC Finance Pty Ltd
- Marcoola Developments Pty Ltd
- Valad Australia Pty Ltd
- Votraint No. 662 Pty Limited

PAST LISTED COMPANY DIRECTORSHIPS OR CHAIRPERSONSHIPS HELD OVER PRECEDING 3 YEARS (FROM 1 JANUARY 2018 TO 31 DECEMBER 2020)

- Nil

BOARD OF DIRECTORS

Simon Garing, 51

CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR

DATE OF APPOINTMENT AS DIRECTOR

3 September 2018

LENGTH OF SERVICE AS DIRECTOR (AS AT 31 DECEMBER 2020)

2 year 4 months

BOARD COMMITTEES SERVED ON

- Nil

ACADEMIC AND PROFESSIONAL QUALIFICATIONS

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

BACKGROUND AND WORKING EXPERIENCE

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

PRESENT OTHER LISTED COMPANY DIRECTORSHIPS OR CHAIRPERSONSHIPS (AS AT 31 DECEMBER 2020)

- Nil

PRESENT OTHER PRINCIPAL COMMITMENTS (AS AT 31 DECEMBER 2020)

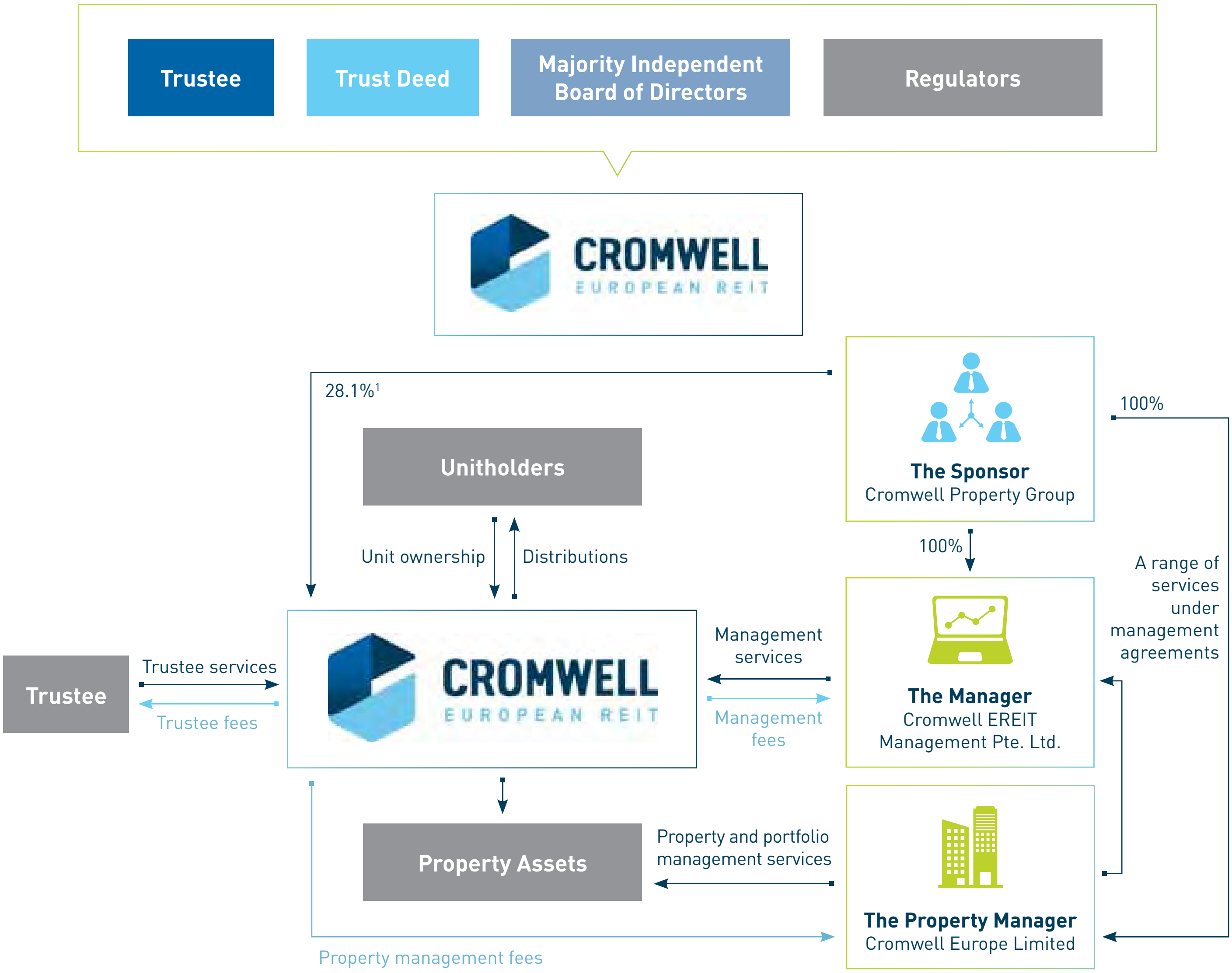
- Nil

PAST LISTED COMPANY DIRECTORSHIPS OR CHAIRPERSONSHIPS HELD OVER PRECEDING 3 YEARS (FROM 1 JANUARY 2018 TO 31 DECEMBER 2020)

- Nil

Haagse Poort, Den Haag, The Netherlands

THE SPONSOR, THE MANAGER AND THE PROPERTY MANAGER



Cromwell Property Group is **the Sponsor** of CEREIT.

Cromwell Property Group is an ASX-listed real estate investor and manager operating on three continents with a global investor base and A$11.6 billion assets under management as at 31 December 2020. The Sponsor operates a fully-integrated property, investment and asset management model. It takes an active approach to property portfolio and asset management, specialising in value-add projects and asset transformations.

As at 31 December 2020, the Sponsor has approximately €3.7 billion of real estate assets under management in Europe.

Both **the Manager** and **the Property Manager** are wholly-owned subsidiaries of Cromwell Property Group.

1 As at 15 March 2021

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

The Manager has general powers of management over the assets of Cromwell European REIT and manages its assets and liabilities for the benefit of Unitholders. The Manager sets the strategic direction of CEREIT and provides recommendations to the Trustee on the acquisition, divestment, development and / or enhancement of CEREIT's assets in accordance with its investment strategy. The Manager provides a range of services and these services are performed out of both its Singapore office and by the Europe-based team of the Manager. The Manager has 15 full-time team members in Singapore and Europe. The services provided by the Manager include, but are not limited to, the following:

- **Investment management:** Formulating CEREIT's investment strategy, including determining the location, sub-sector type and other characteristics of CEREIT's property portfolio, overseeing the negotiations and providing supervision in relation to investments of CEREIT; and making final recommendations to the Trustee
- **Asset management:** Formulating CEREIT's asset management strategy, including determining the tenant-customer mix, asset enhancement plans and rationalising operational costs, providing supervision in relation to asset management of CEREIT and making final recommendations to the Trustee on material matters
- **Capital management:** Formulating the plans for equity and debt financing for CEREIT's property acquisitions, distribution payments, expense payments and property maintenance payments, executing CEREIT's capital management plans, negotiating with financiers and underwriters; and making final recommendations to the Trustee
- **Finance and accounting:** Preparing accounts, financial reports and annual reports for CEREIT on a consolidated basis
- **Compliance:** Making all regulatory filings on behalf of CEREIT and using commercially reasonable best efforts to assist CEREIT in complying with the applicable provisions of the relevant legislation pertaining to the location and operations of CEREIT, the Listing Manual of the SGX-ST, the Trust Deed, any tax ruling and all relevant contracts
- **Risk management services:** Implementation of the ERM framework to set out enterprise level governance, practices and policies. Assess and ensure adequate mitigation of enterprise risk exposures associated with key business operations
- **Investor relations:** Communicating and liaising with investors, research analysts and the investment community
- **Sustainability and ESG:** Devising and executing CEREIT's sustainability strategy and plans, including managing stakeholder relations and preparing and submitting sustainability reports and other relevant reports such as GRESB

Cromwell Europe Limited is the Property Manager of CEREIT, with a head office in London and an established property management platform with offices in 17 cities across 11 countries. The primary goal of the Property Manager is to build long-term mutually beneficial relationships with tenant-customers. This enables it to understand customer needs and meet their requirements. The Property Manager is also responsible for portfolio management services, asset management services, accounting and administration services, financial and technical property management services. The Property Manager' services include but are not limited to:

- **Investment management services** (comprising assistance with sourcing, due diligence, capital management (including debt advisory services) and execution support for property transactions)
- **Asset management services** (comprising management of the properties, business plan advisory and support services, new investments or development / extension services, onboarding of new acquisitions, lease management services, technical management services, sustainability, appointment and management of third parties, disposal services and general management services);
- **Portfolio management services;**
- **Accounting and administration services;**
- **Treasury management services;**
- **Technical property management services;**
- **Project management services; and**
- **Development management services**

THE MANAGER
KEY EXECUTIVES

Simon Garing
CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR

Mr Garing was appointed as the CEO and Executive Director of the Manager on 13 May 2019, after an interim period as Acting CEO from 3 September 2018.

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

The CEO is also responsible for the overall day-to-day management and operations of CEREIT and works with the Manager's investment, asset management, finance, investor relations, legal, risk and compliance teams to meet the strategic, investment, regulatory, sustainability and operational objectives of CEREIT.

Mr Garing has over 25 years of investment management, financial markets and accounting experience in the global real estate industry.

Prior to his appointment to the CEREIT Manager, he was most recently the Chief Capital Officer of Cromwell Property Group, where he was a member of the global leadership team and responsible for capital management and fund raising for capital markets.

A proven capital markets manager, investor and analyst, Mr Garing was previously a Managing Director of Bank of America (formerly Bank of America Merrill Lynch) APAC and Bank of America Australia. He was the global head of real estate research and the Chair of the bank's APAC Recommendation Review Committee, managing around 130 equity analysts who evaluated and analysed approximately 1,200 companies spanning several asset classes and industry sectors across 12 APAC countries.

Prior to that, he held several senior roles at leading financial advisory firms and investment banks, including Bell Potter and Babcock & Brown. Notably, he was a Managing Director of UBS Australia, where he was also Co-Head of Global Real Estate Research.

Mr Garing holds a Bachelor of Commerce (Accounting and Finance) degree from the University of New South Wales and is a Fellow of CPA (Australia). He is a member of the Executive committee and the Promotions sub-committee of REITAS and a member of the Singapore Institute of Directors and The Hong Kong Institute of Directors.

Shane Hagan
CHIEF FINANCIAL OFFICER

Mr Hagan was appointed as the Manager's Head of Finance in November 2018 and transitioned into the role of the Manager's CFO on 1 May 2019.

As CFO, Mr Hagan works with the CEO and other members of the management team to formulate strategic plans in accordance with CEREIT's stated investment objectives, as well as for applying the appropriate capital management strategy for finance, tax, treasury and accounting matters to support the Manager's plans and maintain CEREIT's financial health.

Mr Hagan has over 25 years of experience in the real estate industry across Singapore, Australia and New Zealand. Prior to joining the Manager, Mr Hagan held executive positions in several Singapore-listed real estate investment trusts, including ESR-REIT, Mapletree Commercial Trust and Ascendas Real Estate Investment Trust.

He holds a Bachelor's degree in Commerce and Administration from Victoria University and is a Chartered Accountant of the Chartered Accountants Australia and New Zealand. Mr Hagan is a member of the regulatory sub-committee of REITAS.

Andreas Hoffmann

HEAD OF PROPERTY (CEREIT)

Mr Hoffmann joined Cromwell in Europe as Head of Property (CEREIT) in January 2019. He oversees all portfolio and asset management and development management functions across Cromwell's European teams that support CEREIT. This includes the recommendations of strategic targets and yearly budgets, planning and overseeing the key stages of asset and development management, leasing and customer retention programs, asset enhancement initiatives including capex programs, cost minimisation solutions and delivering on long-term asset plans.

Prior to joining Cromwell, Mr Hoffmann was Managing Director, Head of Asset Management Europe and a member of the European Management team and European Investment Committee at UBS Real Estate & Private Markets for 14 years, where he was responsible for the asset management of a €6 billion portfolio of approximately 150 commercial properties across 12 European countries.

Mr Hoffmann graduated from Dresden University (Dipl.-Ing. in Electrical Engineering). He holds a Master of Science degree in Telecommunications from King's College London and a Master of Business Administration degree from Imperial College London. Mr Hoffmann is a member of EPRA PropTech Committee and a member of the advisory board of BUILTWORLD.

Elena Arabadjieva

CHIEF OPERATING OFFICER AND HEAD OF INVESTOR RELATIONS

Ms Arabadjieva joined the Manager in September 2017 and is the Manager's COO and Head of Investor Relations in September 2018.

As COO, Ms Arabadjieva is responsible for ESG and sustainability, business continuity and general business operations. As Head of Investor Relations, Ms Arabadjieva is responsible for investor and stakeholder engagement, marketing and communications as well as continuous disclosure and transparent market communications.

Ms Arabadjieva has over 20 years of experience in Asia and has held a number of senior marketing, sales and communications positions in Singapore. Prior to joining the Manager, Ms Arabadjieva was the Head of Investor Relations and Corporate Communications of Cambridge Industrial Trust (now known as ESR-REIT). Prior to ESR-REIT, Ms Arabadjieva was the Director of Investor Relations of Genting Singapore PLC (listed on the SGX-ST).

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

THE PROPERTY MANAGER KEY EXECUTIVES

Pertti Vanhanen
MANAGING DIRECTOR, EUROPE

Mr Vanhanen was appointed as the Managing Director of Cromwell Property Group, Europe in January 2021.

Mr Vanhanen has management responsibility for Cromwell Property Group's platform and activity in Europe including investment, fund and asset management, investor and capital partner relationships as well as the local finance, operations and sustainability teams.

Mr Vanhanen is a seasoned leader with over 30 years of experience in the real estate industry, having held senior roles at a number of leading European management organisations throughout his career, most recently as Global Co-head of Real Estate at Aberdeen Standard Investments. While at Aberdeen Standard Investments and Aberdeen Asset Management ("AAM"), Mr Vanhanen led or was closely involved in several major corporate and real estate transactions, including the merger of AAM and SLI's real estate divisions, the establishment of the group's Asian real estate organisation and the launch of several successful funds and trusts including pan-European residential funds, Nordic funds and the first ever open-ended property fund in Finland.

Nigel Batters
CHIEF FINANCIAL OFFICER, EUROPE

Mr Batters was appointed is Chief Financial Officer of Cromwell Property Group, Europe on 6 April 2020.

Mr Batters is responsible for Cromwell Property Group's corporate and fund finance operations across Europe, including management of financial risks, record-keeping, financial reporting and treasury.

Mr Batters has a strong international background spanning more than 20 years in professional and commercial finance roles across Australia, United Kingdom, United States of America and South Africa and prior to joining Cromwell acted as Audit Partner for Pitcher Partners Baker Tilly servicing a number of listed and unlisted real estate companies. Prior to this, Mr Batters was a senior audit executive with Ernst & Young U.K., where he worked with a number of large international companies on audit and advisory assignments.

Mr Batters has a Bachelor of Commerce degree and is a Chartered Accountant of the Chartered Accountants Australia and New Zealand.

Tim George

SENIOR PORTFOLIO MANAGER

Mr George joined Cromwell Property Group in 2018 as Senior Portfolio Manager. Mr George is part of the key management team that is responsible for delivery of services from Cromwell Property Group in its capacity of CEREIT's Property Manager.

Mr. George is responsible for supporting the Manager in all aspects of portfolio management, including the establishment and delivery of the portfolio strategy. He leads Cromwell Property Group's portfolio management team for CEREIT and oversees the asset managers while working with local finance teams and other central functions.

Prior to Cromwell Property Group Mr. George held senior roles in the fund management team at Rockspring (now Patrizia) and previously worked for Capital & Regional and Grosvenor.

Mr George graduated from the University of Edinburgh with an Honours Degree in Chemistry and later gained an MSc in Property Investment and Finance from Heriot-Watt University.

Patrick Lowe

HEAD OF TRANSACTIONS, EUROPE

Mr Lowe joined Cromwell Property Group in 2010 and is currently Head of Transactions, Europe.

Mr Lowe's principal responsibility is assisting the Manager with all aspects of transactions for CEREIT. Amongst others, this entails ensuring the sourcing of investment opportunities that are consistent with CEREIT's investment strategy and available funding and managing the underwriting of, due diligence on and execution of all such opportunities. Prior to this role, Mr Lowe held various senior positions at Cromwell Property Group including Treasury Manager and Financial Analyst.

Mr Lowe's prior experience is with Lloyds Banking Group, where he managed debt and equity exposures to joint-ventures with leading sponsors in European and U.K. real estate. Prior to this, Mr Lowe joined the Bank as part of their Corporate Graduate Programme undertaking placements in infrastructure finance and private equity in addition to real estate.

Mr Lowe has an MSc in Real Estate Investment and Finance from Henley Business School and a BA (Hons) from the University of Manchester.

CROMWELL PROPERTY GROUP'S EUROPEAN PRESENCE

17 offices in 11 European countries providing
on-the-ground local market knowledge and expertise

OFFICE LOCATIONS

CREDENTIALS

Track record of providing investment management, fund management, asset management and debt restructuring

SPECIALISTS

Specialists in core, core+ and value-add commercial real estate

PARTNERS

Diverse client base of global investors including sovereign wealth funds, pension funds, insurance companies, private equity and multi managers

PLATFORM

€3.7 billion
AUM[1]

158
Properties

2,100+
Tenant-customers

210+
People

11
Countries

17
Offices

Cromwell's investors and capital partners benefit from a multi-jurisdictional, pan-European real estate investment platform that can take care of all their fund and asset management, transaction, structuring, financing, reporting, accounting and tax requirements, and combine that with the on-the-ground local property knowledge and expertise required to uncover and realise value.

1 Excluding investment capacity. Figures as at 31 December 2020

CEREIT'S MILESTONES

103 PROPERTIES

2020

€2,103 million portfolio value as at 31 December 2019

28 February:
Singapore Dollar-denominated CEREIT Counter (CSFU.SI) included under the Central Provident Fund Board's CPF Investment Scheme

13 March:
Standalone update on CEREIT's business amid COVID-19 outbreak in Europe

24 March:
Completed disposal of 12 logistics/light industrial assets in France, Denmark and the Netherlands.

Completed acquisition of three light industrial / logistics assets in Germany

94 PROPERTIES

€2,075 million portfolio value

25 September:
CEREIT won two awards at the REITS Asia Pacific Best of Breeds Awards™ (Best Industrial REIT, Singapore and Best CEO, Asia Pacific)

16 October:
CEREIT Ranked 10th of 45 REITs/ Business Trusts in the GIFT Index 2020

96 PROPERTIES

€2,130 million portfolio value

20 October:
Established a €1,500,000,000 EMTN programme

Assigned an investment grade credit rating 'BBB-' with a stable outlook by Fitch Ratings

Entered into a €135,000,000 unsecured RCF

19 November:
Issued inaugural €300,000,000 senior unsecured notes due 2025

30 November:
CEREIT reported GRESB score increase by 9% from previous year (67 to 73)

11 December:
Announced acquisition of 11 assets in the Czech Republic and Slovakia

23 December:
Completed acquisition of a freehold logistics asset in Italy

96 PROPERTIES

€2,178 million portfolio value as at 31 December 2020

7 April:
Published FY 2019 Annual Report

8 April:
Standalone update on CEREIT's business amid COVID-19 outbreak in Europe

27 April:
CEREIT adopted half-yearly reporting for half and full year with business updates for first and third quarters

29 May:
Published FY 2019 Sustainability Report

26 June:
Held 2nd AGM

94 PROPERTIES

€2,061 million portfolio value as at 30 June 2020

06 August:
Ranked 7th of 45 REITs/Business Trusts in SGTI 2020

13 August:
Completed acquisition of a freehold light industrial/ logistics asset in Germany

14 August:
Announced 1H 2020 DPU of €1.740 cents

95 PROPERTIES

€2,078 million portfolio value

2021

27 January:
€200,000,000 tap of existing senior unsecured notes due 2025

23 February:
Announced 2H 2020 DPU of €1.744 cents

Establishment and activation of DRP

24 February:
Announced €100 million over-subscribed private placement to partially fund acquisitions in Italy, the Czech Republic and Slovakia

Announced advanced distribution of €0.580 cents for the period from 1 January to 4 March 2021

11 March:
Completed acquisition of 11 properties in the Czech Republic and Slovakia

107 PROPERTIES

€2,291 million portfolio value

MANAGER'S REPORT

EXECUTIVE SUMMARY

The Manager is pleased to report that CEREIT delivered credible performance in FY 2020, despite the COVID-19 pandemic.

The Board maintained a 100% pay-out ratio and declared FY 2020 DPU of €3.484 cents, 14.6% below FY 2019 but only 3% lower on a like-for-like basis[1]. Operating cashflow of €88.6 million was 1.3% higher than FY 2019, a significant achievement given the pandemic.

CEREIT's property valuations increased for the third consecutive year and are now, on average, 8.4% above their respective purchase prices, a testament to the portfolio resilience.

Capital management transformation efforts continued during the year, with CEREIT obtaining an investment grade credit rating from Fitch Ratings in 4Q 2020. This facilitated setting up a €1.5 billion EMTN programme and enabled the Manager to raise a total of €500 million in the European bond market in the span of three months (November 2020 – January 2021). The bond issues were well-supported by global institutional investors and banks. CEREIT's balance sheet continues to be in good shape, with low net gearing of 36.9% as at 31 December 2020. Following the January 2021 bond issue, CEREIT's WADE is now over four years.

Cromwell's pan-European asset management team worked tirelessly during the pandemic, securing more than 170 leases. As a result, CEREIT finished the year with an unchanged WALE of 4.9 years, occupancy levels above 95%, positive rent reversions and close to 100% cash collection.

In FY 2020, the Manager announced and acquired approximately €220 million of logistics assets at a blended 6.7% NOI yield, rebalancing the portfolio and increasing exposure to logistics. The acquisitions were partially funded through an equity raise of €100 million in an over-subscribed private placement in February 2021.

The Manager is committed to continuing to increase CEREIT's portfolio exposure to the logistics / light industrial sector towards 50% and is now exploring additional logistics / light industrial opportunities, including in the post-Brexit U.K. market.

FINANCIAL PERFORMANCE

In FY 2020, CEREIT's portfolio demonstrated its resilience, delivering gross revenue of €187.0 million, a 5.6% gain y-o-y. NPI was €117.3 million, 1.0% higher y-o-y. The increase in gross revenue and NPI was largely due to full-year contributions from the acquisitions completed throughout FY 2019, such as the office assets in Paris (France), Milan (Italy) and Poland's key cities and light industrial / logistics assets in Germany and Italy. This was partially offset by the disposals of 12 non-core assets in France, the Netherlands and Denmark. Property operating expenses of €69.6 million were 14.4% higher y-o-y, mostly due to the acquisitions and a doubtful debt provision of €3.1 million, taken largely in 1H 2020.

Net finance costs of €17.9 million were 4.7% lower than FY 2019, mainly due to debt issuance costs write-offs and facility break fees incurred in 2H 2019, post the debt refinancing executed during that period. This was partially offset by higher interest expense incurred in FY 2020. The increase in interest expense was mainly due to 1) higher borrowings drawn down to fund acquisitions, 2) full drawdown of the €150 million RCF in March 2020 to maximise CEREIT's liquidity during the peak of the pandemic's impact on the financial system and 3) the refinancing of debt facilities maturing in 2021 for longer duration at higher interest rates.

Management fees were €1.4 million or 20.8% lower y-o-y, due to the absence of performance fees for FY 2020 as DPU was lower y-o-y. Base management fees were €0.6 million or 12.4% higher y-o-y due to higher deposited property compared to the average throughout FY 2019. FY 2020 trust expenses were €0.3 million or 4.9% lower y-o-y.

1 For FY 2020 100% of base management fees and property management fees were paid in cash, as compared to FY 2019, when 100% of the base management fee and 60% of the property management fee being paid in Units; like-for-like basis assumes fees paid in cash for FY 2019

In FY 2020, the loss on disposal of assets / liabilities held for sale related to transaction costs incurred from the divestment of 12 non-core assets in France, the Netherlands and Denmark on 24 March 2020. The capital gain (net of transaction costs and capital expenditure) of €7.6 million for the divestment of these 12 properties had already been recorded as fair value gains in the previous years' financial statements. In FY 2019, the gain on disposal of investment property related to the disposal of Parc d'Osny in Osny, France.

For a third consecutive year, CEREIT recorded an uplift in portfolio valuations. As at the end of FY 2020, 95 properties in the portfolio were independently valued at €2,125 million, a fair value increase of €45.4 million (+2.2%). The valuation uplift is a result of Cromwell's asset management teams' active tenant-customer engagement and leasing efforts, as well as the acquisition team's ability to source off-market deals for assets with growth potential at market discounts. The most recently-acquired logistics property CLOM in Monteprandone, Italy, is a good example of this.

FY 2020 DPU includes a €2.8 million partial distribution of divestment gains from the total available realised capital gain of €6.6 million after tax. The realised capital gain is from the divestments of Parc d'Osny in Osny, France on 18 October 2019 and the 12 non-core assets in France, the Netherlands and Denmark on 24 March 2020. The remaining available realised capital gain of €3.8 million after tax may be paid out in future.

Income tax expense was lower y-o-y mainly due to lower deferred tax provision as a result of the lower fair value gain. Current tax expense for FY 2020 was €1.2 million or 19.0% lower y-o-y, excluding capital gains tax on divestment of investment property. This benefit is mainly due to the recent ruling from the Italian tax authorities to exempt CEREIT from Italian withholding tax and Singapore tax due to the confirmation of the waiver from the Italian and Singaporean tax authorities in FY 2020. The lower deferred tax expense in FY 2020 is in line with the lower fair value gain on investment properties.

Total return attributable to Unitholders for the period was 27.2% lower y-o-y, as the unrealised fair value gain of €8.6 million was lower than the gain in FY 2019. However, total return attributable to Unitholders in 2H 2020 was 231% higher than 1H 2020, given a positive unrealised fair value gain of €33.5 million in 2H 2020 (after deducting capital expenditure and acquisition costs) compared to an unrealised fair value loss of €24.9 million on the valuations for 50% of the portfolio conducted in 1H 2020 at the height of the pandemic.

Income available for distribution to Unitholders was €89.1 million, 8.0% lower y-o-y, mainly driven by COVID-19 provisions and expenses.

In 2020, the Manager, with guidance from the Board, continued paying out 100% of CEREIT's annual distributable income.

	FY 2020	**FY 2019**	**Variance %**
Gross revenue (€'000)	**186,972**	177,046	5.6%
Net property income (€'000)	**117,329**	116,146	1.0%
Total return for the period attributable to Unitholders (€'000)	**79,363**	109,045	(27.2%)
Income available for distribution to Unitholders (€'000)	**89,143**	96,898	(8.0%)
DPU € cents	**3.484**	4.080	(14.6%)
Like-for-like[1] DPU € cents	**3.484**	3.590	(3.0%)

1 For FY 2020 100% of base management fees and property management fees were paid in cash, as compared to FY 2019, when 100% of the base management fee and 60% of the property management fee being paid in Units; like-for-like basis assumes fees paid in cash for FY 2019

MANAGER'S REPORT

GROSS REVENUE AND NPI ANALYSIS

The table below compares the gross revenue and NPI figures y-o-y by asset class and by country.

	FY 2020 €'000	FY 2019 €'000	Variance %
Gross Revenue			
By Asset Class:			
Office	**110,064**	93,550	17.7%
Light Industrial / logistics	**62,716**	67,849	(7.6%)
Other	**14,192**	15,647	(9.3%)
Total	**186,972**	177,046	5.6%
By Country:			
The Netherlands	**46,959**	49,704	(5.5%)
Italy	**39,750**	39,277	1.2%
France	**40,742**	41,257	(1.2%)
Poland	**25,096**	13,710	83.0%
Germany	**13,526**	11,069	22.2%
Finland	**11,434**	12,049	(5.1%)
Denmark	**9,465**	9,980	(5.2%)
Total	**186,972**	177,046	5.6%
Net Property Income			
By Asset Class:			
Office	**68,399**	60,346	13.3%
Light Industrial / logistics	**38,869**	44,404	(12.5%)
Other	**10,061**	11,396	(11.7%)
Total	**117,329**	116,146	1.0%
By Country:			
The Netherlands	**28,398**	32,151	(11.7%)
Italy	**28,508**	28,653	(0.5%)
France	**23,987**	26,095	(8.1%)
Poland	**15,318**	8,328	83.9%
Germany	**9,384**	7,392	26.9%
Finland	**6,514**	7,613	(14.4%)
Denmark	**5,220**	5,914	(11.7%)
Total	**117,329**	116,146	1.0%

Office

CEREIT's office portfolio comprised 39 office properties as at 31 December 2020: seven properties in the Netherlands, 12 properties in Italy, three properties in France, six properties in Poland and 11 properties in Finland.

In terms of office sector FY 2020 NPI breakdown by country, the assets in the Dutch office portfolio contributed 35.7%, while the assets in the Italian office portfolio, located mainly in Italy's two main cities of Milan and Rome, contributed 25.7%. The six office assets acquired in Poland throughout FY 2019 contributed 22.4% of the FY 2020 office sector NPI, with the 11 properties in Finland accounting for 9.5% and the 3 properties in France contributed 6.7%.

FY 2020 office sector gross revenue was €110.1 million, 17.7% higher y-o-y. NPI was €68.4 million, 13.3% higher y-o-y. Most of this increase can be attributed to the office acquisitions that occurred throughout 2019, but only partly contributed to the FY 2019 income figures as compared to their full-year contribution in FY 2020. This increase was partially offset by Central Plaza, Rotterdam, the Netherlands, where the NPI for FY 2020 was significantly lower than FY 2019 as a result of reduced car parking income caused by lower usage due to government lockdown measures. Notable positive performing office assets were Haagse Poort in Den Haag, the Netherlands, (benefitting from the renewal of the lease to the key tenant-customer and reduced tenant-customer incentives in FY 2020), and Building F7-F11 in Assago, Milan, Italy, (benefitting from a year of almost full occupancy).

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

Light industrial / logistics

CEREIT's light industrial / logistics portfolio as at 31 December 2020 comprised 52 properties: 19 properties in France, 15 properties in Germany, 11 properties in Denmark, five properties in the Netherlands and two properties in Italy. The French portfolio contributed 50.0% of the light industrial / logistics FY 2020 NPI. The German portfolio and the Danish portfolio contributed 24.1% and 13.4% of the light industrial / logistics FY 2020 NPI respectively.

FY 2020 gross revenue for the light industrial / logistics assets was €62.7 million, 7.6% lower y-o-y. NPI was €38.9 million, 12.5% lower y-o-y. Much of the negative variance was a result of lower income due to the sale of 12 assets in 1Q 2020, partially offset by the acquisitions in Germany (completed in March 2020 and August 2020), and to a lesser extent the acquisition in Italy (completed in December 2020).

On a like-for-like basis, FY 2020 gross revenue for the light industrial / logistics assets was €1.0 million or 1.7% higher y-o-y. NPI was €2.6 million or 6.8% lower y-o-y. Much of this variance was a result of a COVID-19 doubtful debt provision and the insolvency of the single tenant-customer in Parc Sully in Sully-sur-Loire, France.

Notable strong performers in this sector were the Danish assets Naverland 12 and Naverland 8, in Glostrup, especially when compared to FY 2019. Naverland 12's y-o-y revenue uplift was the result of the Kontorzonen lease that started in May 2019 after a void period and recorded as a full year in FY 2020. Naverland 8's uplift in revenue was a result of the increase in new leases that have been reported throughout the year. CEREIT's largest logistics asset, Parc des Docks in Saint Ouen, Paris, France, continued to attract new and maintain existing tenant-customers at higher than passing rents.

Other

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

FY 2020 gross revenue for this sector was €14.2 million, 9.3% lower y-o-y. NPI was €10.1 million, 11.7% lower y-o-y. The retail and hotel assets in Italy were closed for most of 2H 2020 due to COVID-19. As a result, the income for FY 2020 has been materially impacted by the provisions and rent adjustments as part of the reprofiling of the leases of UCI (at Via Madre Teresa 4 in Lissone, Italy) and Starhotels (at Starhotels Grand Milan in Milan, Italy) to a lower fixed base / higher turnover percentage structure on significantly longer new leases of up to 12 years.

Valuation of CEREIT's Portfolio

At 31 December 2020, independent valuations were undertaken by CBRE and Savills on 95 properties of CEREIT's portfolio. These were inaugural valuations conducted in accordance with CEREIT's valuer rotation policy. CBRE valued the properties in Italy, Finland, Germany and the Netherlands and Savills valued the properties in Denmark, France and Poland. The properties were valued at an aggregate of €2,125 million as at 31 December 2020, which represented an overall fair value increment of €45.4 million or an increase of 2.2% over the book value as at 30 June 2020. The revaluation gain was driven by the light industrial / logistics sector which continued to outperform with a fair value gain of €57.8 million, while office and other sectors slightly underperformed, recording fair value losses of €8.5 million and €3.9 million respectively.

MANAGER'S REPORT

The Italian freehold intermodal logistics park CLOM in Monteprandone, Italy, acquired on 23 December 2020, was carried at purchase price. This was assessed by the Directors of the Manager as its fair value given that the property was acquired just prior to financial year end at a 3.5% discount to the independent valuation commissioned for the purchase.

The valuation of the six Polish office assets carried out by Savills, the valuation of Via Madre Teresa 4 in Lissone, Italy and the valuation of Starhotels Grand Milan in Milan, 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. These clauses are current prevalent market practice due to the disruption that COVID-19 has caused to the respective economies and the subsequent lower liquidity in the local real estate markets from which to benchmark. Investors should take note that both valuers still state that their valuations for these assets may be relied upon.

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

FINANCIAL POSITION

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

(1) Aggregate leverage excluding distribution is calculated by deducting the distributable income not yet distributed at period end from GAV.
(2) Net Gearing is calculated as aggregate debt less cash over total assets less cash.

Gross asset value and net asset value at 31 December 2020 remained largely unchanged from 31 December 2019. Notwithstanding COVID-19 lockdowns across most of Europe, the Manager completed approximately €107 million of light industrial / logistics asset acquisitions in Germany and Italy during FY 2020 and €113.2 million of light industrial / logistics assets in the Czech Republic and Slovakia in March 2021. In keeping with its efforts to de-risk CEREIT's portfolio, the Manager executed its first multi-property disposal in late March 2020, divesting 12 light industrial / logistics assets in the Netherlands, France and Denmark for €65.7 million, €8.7 million (+15.2%) over the original purchase price of the assets.

Aggregate leverage at 31 December 2020 increased to 38.1%, following the issuance of €300 million of senior unsecured fixed rate notes under the EMTN programme in November 2020, although most of the proceeds were used to refinance existing debt facilities. As at 31 December 2020, interest coverage ratio calculated in accordance with the Property Funds Appendix is 6.4x (31 December 2019: 6.7x). Net gearing was 36.9%.

OTHER CAPITAL MANAGEMENT STATISTICS

	As at 31 Dec 20	As at 31 Dec 19	Bond Covenant
Aggregate leverage[1]	**38.1%**	36.8%	⩽ 60%
Interest coverage ratio[2]	**6.4x**	6.7x	⩾ 2x
Priority debt	**3.6%**	N.A.	⩽ 35%
Unencumbrance ratio	**251.0%**	N.A.	>170%
Weighted average term to expiry	**3.8 years**	3.4 years	N.A.

1 Calculated as per the Property Funds Appendix. Leverage Ratio as at 31 Dec 2020 per the EMTN prospectus is 37.0%, defined as consolidated net borrowings (including capitalised finance leases and excluding cash and cash equivalents) divided by consolidated total assets

2 Calculated as per the Property Funds Appendix based on net income before tax, fair value changes and finance costs divided by interest expense and amortised establishment costs. Coverage ratio as at 31 Dec 2020 calculated in line with the EMTN prospectus is 8.2x

CAPITAL MANAGEMENT

FY 2020 was a remarkable year for capital management. The Manager completed a significant transformation of the original IPO debt structure of predominantly secured or mortgaged debt to mostly unsecured debt.

At the onset of the COVID-19 pandemic in the first quarter of the year, the Manager quickly moved to a 'safety-first' mode to preserve cash and Unitholder value. The €150 million RCF was preemptively drawn down at a time of widespread credit market dislocation and concerns of bank liquidity. As the supporting measures from governments and central banks had the desired effect on the financial markets, the Manager repaid half of the RCF by the end of 1H 2020 and the remaining €75 million of the RCF by the end of 2H 2020.

In October 2020, CEREIT entered into a separate €135 million unsecured RCF, with an accordion increase option of €65 million, providing considerable future funding flexibility.

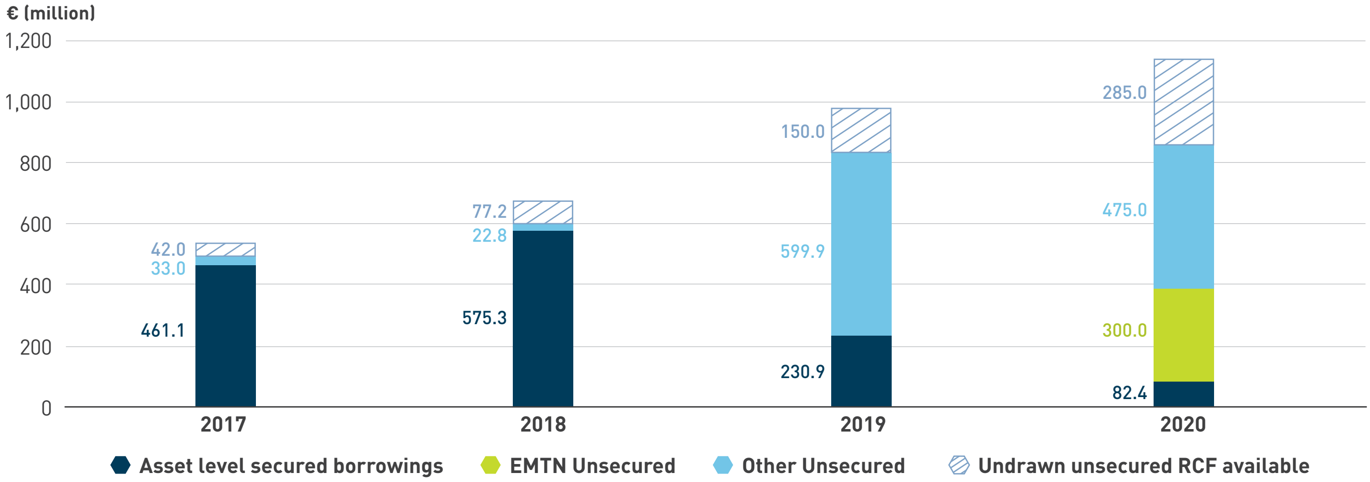
CEREIT was assigned a credit rating of "BBB- with stable outlook", an investment grade rating by Fitch Ratings. The credit rating was underpinned by CEREIT's high-quality tenant-customer base and geographically diverse portfolio of office and light industrial / logistics properties. Fitch Ratings stated that the portfolio performance "reflect(s) steady operating metrics and provide cash flow over the medium term despite the ongoing pandemic-induced economic downturn".

In October 2020, CEREIT established a €1.5 billion EMTN Programme. In late November 2020, the Manager issued inaugural €300 million five-year Series 001 Notes due in 2025, at reoffer yield of 2.161%. In early 2021, on the back of strong demand, the Manager issued a further €200 million tap at a re-offer yield of 1.60%, which brought the Series 001 Note to a benchmark size of €500 million. The all-in interest rate remains low at ~1.66% per annum and 100% of CEREIT's interest-bearing borrowings were either fixed rate borrowings or hedged.

Blaak 40, Rotterdam, The Netherlands

MANAGER'S REPORT

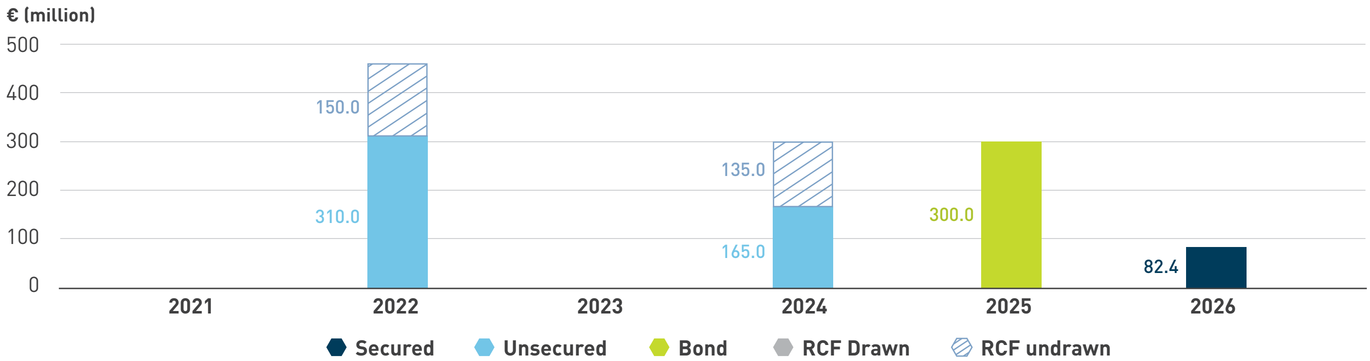
CEREIT DEBT OVERVIEW SINCE IPO



The charts below show firstly the debt expiry profile as at 31 December 2020 and secondly a pro forma profile as at 31 March 2021, incorporating the €200 million tap which occurred after the financial year end. As at 28 February 2021, CEREIT has no debt facilities due to be refinanced until the second half of 2022.

As at 31 December 2020, CEREIT had total drawn debt amounting to €857.4 million of which €557.4 million was from bank facilities and €300 million from the bond issued under the EMTN.

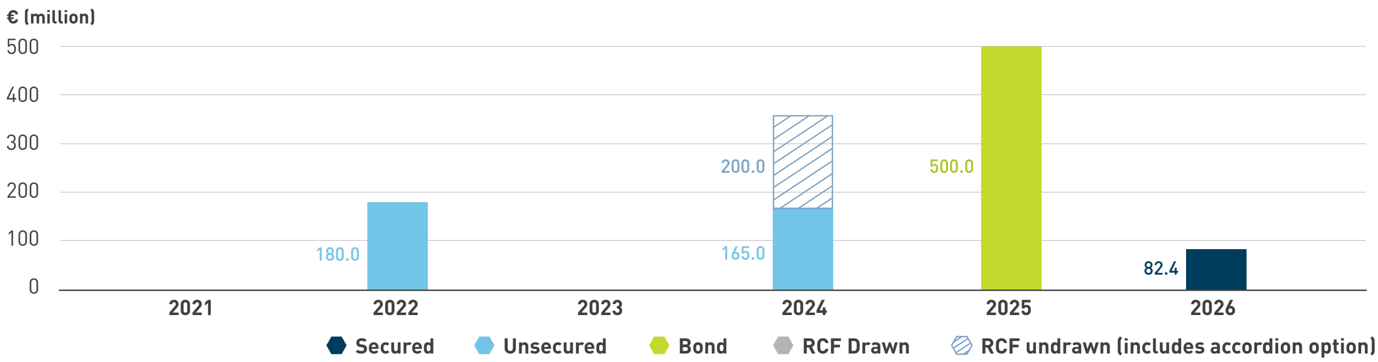
CEREIT DEBT MATURITY (AS AT 31 DECEMBER 2020)



CEREIT's debt maturity profile on a pro forma basis post the well-received tap issue of €200 million Series 001 Notes issued in January 2021 at a reoffer yield 1.60% is shown in the chart below.

CEREIT's debt maturity profile is well spread into the future, with a weighted average term of debt exceeding four years on a proforma basis.

CEREIT PROFORMA DEBT MATURITY (AS AT 31 MARCH 2021)



TRANSACTIONS

Acquisitions

Notwithstanding COVID-19 lockdowns across most of Europe, the Manager announced and completed approximately €220 million of light industrial / logistics asset acquisitions at a blended NOI yield of 6.7% (from the beginning of 2020 till the end of 1Q 2021). The transactions expanded CEREIT's footprint in Germany and Italy and gained access to two attractive new markets – the Czech Republic and Slovakia. The acquisitions of five light industrial / logistics assets in Germany and Italy for a total of €107 million were completed and the assets were onboarded fully in FY 2020, demonstrating the Sponsor's considerable local pipeline sourcing capabilities and ability to execute transactions. The €113.2 million acquisition in the Czech Republic and Slovakia was announced in December 2020 and completed on 11 March 2021. CEREIT continues to rebalance its portfolio towards light industrial / logistics properties with a medium-term objective of 50%.

Four light industrial / logistics properties in Germany

In March 2020, the acquisition of three freehold light industrial / logistics properties in the cities of Königsbach-Stein, Pforzheim and Bretten (all in Germany), was completed for a purchase price of approximately €38.0 million at 6.2% NOI yield. The properties are fully let to subsidiaries of Felss Group GmbH, a global market leader in cold forming steel technology and a leading manufacturer of machine tools and components, for a 15-year term under lease agreements (with no break clause) concluded on a triple-net basis. The purchase price was 4% below independent valuation and €10.9 million below estimated replacement cost (excluding land).

In August 2020, the Manager completed the purchase of a freehold light industrial / logistics property An der Wasserschluft 7 in Sangerhausen, Germany, (announced in February 2020), for €16.4 million at 6.4% NOI Yield. The asset is fully let to Euro Pool System International GmbH, a market leader in the field of reusable packaging in the European fresh food supply chain. The lease, which extends until May 2024, is on a double-net basis. The purchase price is ~50.0% below the estimated replacement cost.

One light industrial / logistics park in Italy

In December 2020, the Manager completed the purchase of a freehold intermodal light industrial / logistics park CLOM in Monterpandone, Italy, as announced in November 2020, for approximately €52.6 million at 7.4% NOI yield. CLOM is close to 100% let to a diverse tenant-customer base comprising 24 different occupiers, with four major ones being Spinservice and its parent brand Eurospin (which collectively account for 27% of gross rental income), Tod's Group (20%), and White Solution (9%). The purchase price is approximately 3.5% below independent valuation and approximately 33% below estimated replacement cost.

Portfolio of 11 light industrial / logistics assets in the Czech Republic and Slovakia

On 11 December 2020, CEREIT announced an agreement to acquire a portfolio comprising 11 logistics and light industrial properties in the Czech Republic (six properties) and Slovakia (five properties) for an aggregate purchase price of €113.2 million at 6.7% blended NOI yield, 2.1% below the independent valuation. The assets provide CEREIT with the opportunity to increase its exposure to stable, relatively high-yielding logistics and light industrial assets, sectors that have performed well since the emergence of COVID-19. It will also further establish CEREIT's presence in Central Europe, specifically in the emerging markets of the Czech Republic and Slovakia, which are expected to benefit from further integration with the neighbouring Western European economies. The properties are almost 100% occupied by 18 mostly logistics tenant-customers.

Disposals

In keeping with its efforts to de-risk CEREIT's portfolio, the Manager executed its first multi-property disposal on 24 March 2020, divesting 12 assets located in France, Denmark and the Netherlands to the Blackstone Group Inc. for a total of €65.7 million, €8.7 million (15.2%) higher than their combined purchase prices. This transaction notably resulted in a 30% reduction of CEREIT's exposure to small- and medium-sized enterprises, especially timely in the light of the then emerging COVID-19 pandemic.

MANAGER'S REPORT

ACQUISITIONS COMPLETED IN FY 2020

Building	Vendor	Address	City	Purchase Price (€ million)	Valuation[1] (€ million)	Completion Date
Germany						
Gewerbestraße 62	Felss Group GmbH	Gewerbestraße 62	Bretten	13.6	14.1	24 Mar 2020
Gutenbergstraße 1, Dieselstraße 2	Felss Group GmbH	Gutenbergstraße 1, Dieselstraße 2	Königsbach-Stein	9.2	9.6	24 Mar 2020
Göppinger Straße 1 – 3	Felss Group GmbH	Göppinger Straße 1 – 3	Pforzheim	15.2	15.9	24 Mar 2020
An der Wasserschluft 7, 06526	Nathusius Vermögensverwaltungs-GmbH & Co. KG	An der Wasserschluft 7, 06526	Sangerhausen	16.4	16.7	13 Aug 2020
Italy						
CLOM (Centro Logistico Orlando Marconi)	CLOM Srl	Via del Lavoro	Monteprandone	52.6	54.5	23 Dec 2020

DISPOSALS COMPLETED IN FY 2020

Building	Buyer	Address	City	Disposal Price (€ million)	Valuation[2] (€ million)	Completion Date
The Netherlands						
Antennestraat 46-76 & Televisieweg 42- 52	The Blackstone Group Inc.	Antennestraat 46-76 & Televisieweg 42- 52	Almere	4.2	3.8	24 Mar 2020
Bohrweg 19 – 57 & 20 - 58	The Blackstone Group Inc.	Bohrweg 19 – 57 & 20 - 58	Spijkenisse	5.8	5.6	24 Mar 2020
Fahrenheitbaan 4 – 4D	The Blackstone Group Inc.	Fahrenheitbaan 4 – 4D	Nieuwegein	2.6	2.5	24 Mar 2020
Harderwijkerstraat 5 -29	The Blackstone Group Inc.	Harderwijkerstraat 5 -29	Deventer	4.2	4.0	24 Mar 2020
Nieuwgraaf 9A – 19 & Fotograaf 32 -40	The Blackstone Group Inc.	Nieuwgraaf 9A – 19 & Fotograaf 32 -40	Duiven	2.6	2.5	24 Mar 2020
France						
Parc de l'Esplanade	The Blackstone Group Inc.	Rue Paul Henri Spaak – rue Enrico Fermi – rue Niels Bohr	Saint Thibault des Vignes	17.1	16.4	24 Mar 2020
Parc des Mardelles	The Blackstone Group Inc.	44 rue Maurice de Broglie, 16, rue Henri Becquerel	Aulnay- sous-Bois	10.3	10.3	24 Mar 2020
Parc des Aqueducs	The Blackstone Group Inc.	Chemin Du Favier	St Genis Laval	4.2	3.9	24 Mar 2020
Parc Jules Guesde	The Blackstone Group Inc.	1 Allee du Chargement, rue Jules Guesde, ZAC du Tir a Loques	Villeneuve D' Ascq	3.7	3.6	24 Mar 2020
Parc de la Chauvetière	The Blackstone Group Inc.	4 – 28 rue du Vercors	Saint Etienne	1.9	1.8	24 Mar 2020
Denmark						
Hjulmagervej 3-19	The Blackstone Group Inc.	Hjulmagervej 3-19	Vejle	5.4	5.2	24 Mar 2020
C.F. Tietgensvej 10	The Blackstone Group Inc.	C.F. Tietgensvej 10	Kolding	3.7	3.6	24 Mar 2020

1 Valuations undertaken at the time of the respective acquisitions using the income capitalisation methodology in accordance with the RICS Valuation – Global Standards
2 Valuations undertaken as at 30 June 2019 using the income capitalisation methodology in accordance with the RICS Valuation – Global Standards

ACQUISITIONS ANNOUNCED IN FY 2020 AND COMPLETED ON 11 MARCH 2021

Building	Vendor	Address	City	Purchase Price (€ million)	Valuation[1] (€ million)	Completion Date
Czech Republic						
Lovosice ONE Industrial Park I	Arete Invest	Tovární 1161, Lovosice, 410 02	Lovosice	3.2	4.1	11 Mar 2021
Lovosice ONE Industrial Park II	Arete Invest	Průmyslová 1190, 410 02	Lovosice	14.1	14.5	11 Mar 2021
Pisek Industrial Park I	Arete Invest	Stanislava Maliny 464, 397 01	Pisek	4.2	4.0	11 Mar 2021
Pisek Industrial Park II	Arete Invest	U Hřebčince 2564/23, 397 01, E49, 397 01	Pisek	1.7	1.7	11 Mar 2021
South Moravia Industrial Park	Arete Invest	Cukrovarská 494/39, Město, 682 01 Vyškov	Vyskov	11.5	11.8	11 Mar 2021
Moravia Industrial Park	Arete Invest	Jaktáře 1752, 686 01	Uherské Hradiste	16.1	15.3	11 Mar 2021
Slovakia						
Nove Mesto ONE Industrial Park I SK	Arete Invest	Beckov 645, 916 38	Beckov	16.9	17.2	11 Mar 2021
Nove Mesto ONE Industrial Park II SK	Arete Invest	Kočovce 245, 916 31	Kočovce	9.6	10.2	11 Mar 2021
Nove Mesto ONE Industrial Park III SK	Arete Invest	Rakoľuby 241, 916 31	Kočovce	16.2	17.9	11 Mar 2021
Zilina Industrial Park SK	Arete Invest	Priemyselná 1, 013 02	Nededza	5.1	4.6	11 Mar 2021
Kosice Industrial Park SK	Arete Invest	Veľká Ida 785, 044 55	Veľká Ida	14.6	14.4	11 Mar 2021

Moravia Industrial Park s.r.o., Uherské Hradiště, the Czech Republic

1 Valuations undertaken at the time of the respective acquisitions using the income capitalisation methodology in accordance with the RICS Valuation - Global Standards

MANAGER'S REPORT

Nove Mesto ONE Industrial Park III SK s.r.o., Kočovce, Slovakia

PORTFOLIO MANAGEMENT AND PERFORMANCE

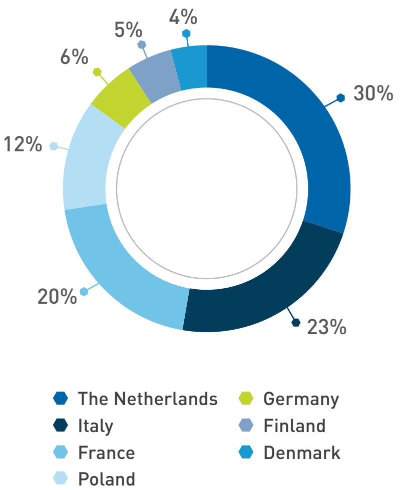
As at 31 December 2020, CEREIT's portfolio comprised 96 predominantly office and light industrial / logistics assets across seven countries in Europe – Denmark, Finland, France, Germany, Italy, the Netherlands and Poland. 95 properties were externally valued as at 31 December 2020 with Savills and CBRE valuing 39 and 56 assets from the portfolio respectively. The additional property in the portfolio as at 31 December 2020 was CLOM in Monteprandone, Italy, acquired on 23 December 2020.

The table below summarises the valuations compared against the purchase prices (including CLOM):

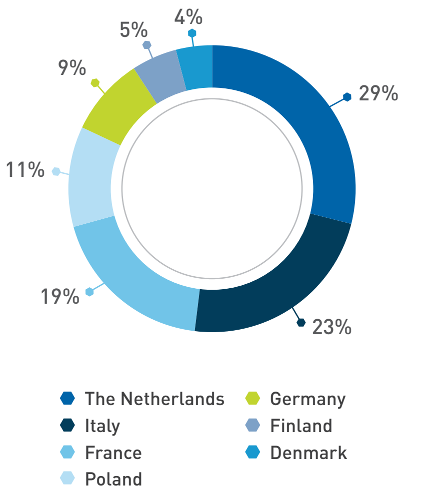
Country	Purchase Price €000	Number of Properties	Valuation as at 31 Dec 2020 €000	Variance between Valuation and Purchase Price %
The Netherlands	566,723	12	633,235	11.7%
Italy	528,100	19	510,810	-3.3%
France	345,375	22	409,240	18.5%
Poland	240,650	6	235,300	-2.2%
Germany	145,645	15	197,365	35.5%
Finland	113,120	11	110,890	-2.0%
Denmark	68,740	11	81,012	17.9%
Total	**2,008,353**	**96**	**2,177,852**	**8.4%**

As illustrated in the charts below, the Manager has continued to improve CEREIT's diversification geographically in FY 2020 and into FY 2021.

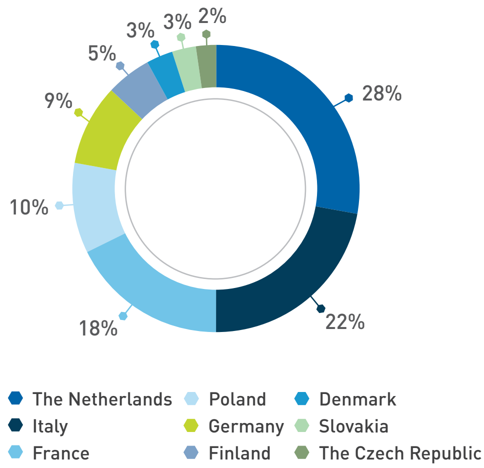
CEREIT PORTFOLIO BY COUNTRY (AS AT 31 DECEMBER 2019)



CEREIT PORTFOLIO BY COUNTRY (AS AT 31 DECEMBER 2020)

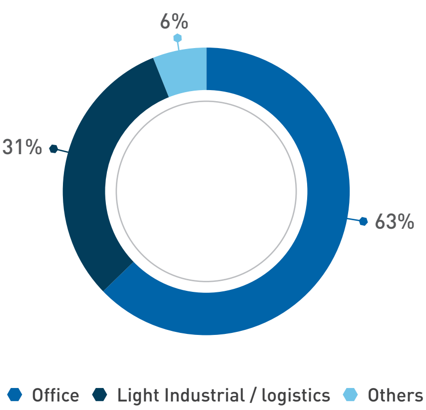


CEREIT PORTFOLIO BY COUNTRY (AS AT 11 MARCH 2021)

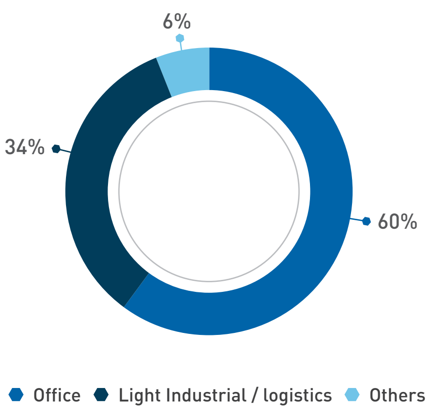


CEREIT's portfolio weighting towards the light industrial / logistics sector increased to 34% as at the end of FY 2020 (up from 31% as at the end of FY 2019), in keeping with the Manager's stated strategy to rebalance the portfolio closer to a 50% weighting to this sector. Post the completion of the 11-asset acquisitions in the Czech Republic and Slovakia on 11 March 2021, the light industrial / logistics sector now accounts for approximately 38% of CEREIT's portfolio.

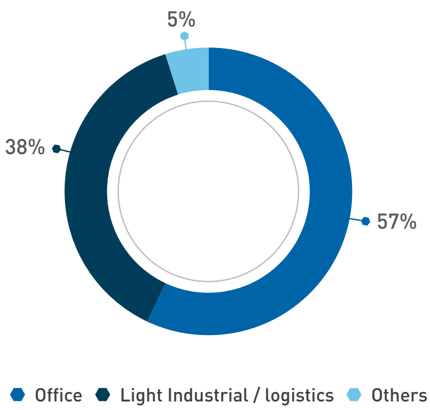
CEREIT PORTFOLIO BY ASSET CLASS (AS AT 31 DECEMBER 2019)



CEREIT PORTFOLIO BY ASSET CLASS (AS AT 31 DECEMBER 2020)



CEREIT PORTFOLIO BY ASSET CLASS (AS AT 11 MARCH 2021)



MANAGER'S REPORT

LEASE MANAGEMENT

Overall Portfolio

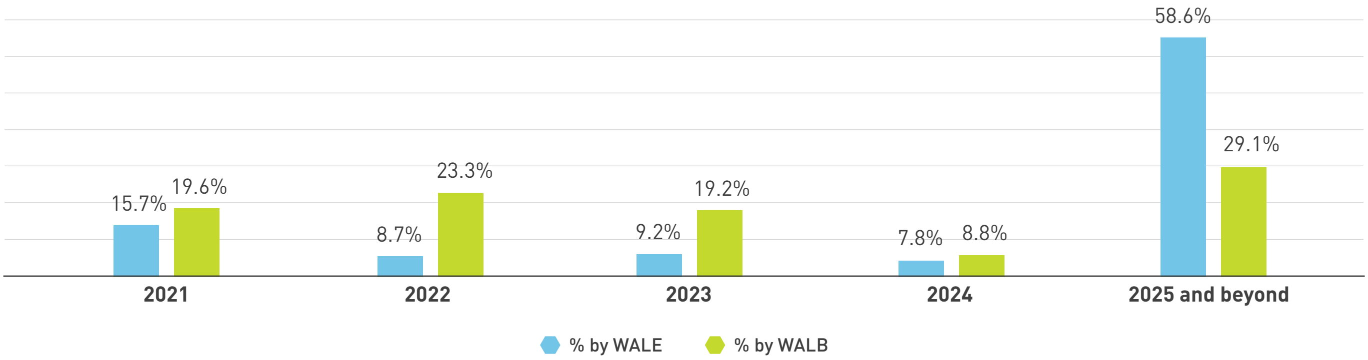
Despite the soft impact of COVID-19 on the leasing markets to date, the Manager intensified tenant-customer engagement initiatives in order to lift occupancy. This resulted in a significant number of lease renewals and an improved tenant-customer retention rate of 59%, offsetting the relatively slower leasing to new tenant-customers from 2Q 2020 till the end of the financial year.

In FY 2020, a total of 131,791 sqm or approximately 8.5% of CEREIT's portfolio by NLA was leased out to over 175 tenant-customers, with a blended positive rental reversion rate of 2.1%. Across CEREIT's portfolio, occupancy by area was 95.1% as at the end of December 2020, compared to 93.2% at 31 December 2019 (i.e. 1.9 p.p. higher). CEREIT finished FY 2020 with occupancy 7.4 p.p. higher than at IPO (87.7%).

Occupancy by Asset Class	31 Dec 2020 %	31 Dec 2019 %	IPO %
Office	95.1	94.6	94.8
Light industrial / logistics	94.1	90.7	82.9
Other	100	100	100
Total	**95.1**	**93.2**	**87.7**

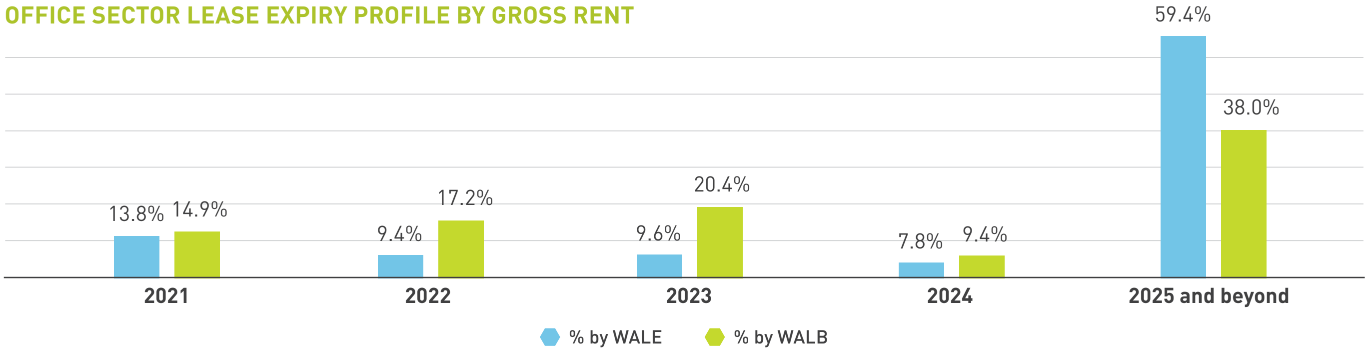
As at 31 December 2020, CEREIT's portfolio WALE was 4.9 years (largely maintained over the past three years) while the top ten tenant-customers WALE was 6.6 years. The WALB on a total portfolio basis as at 31 December 2020 stands at 3.3 years. The WALE of new leases signed in FY 2020 was 6.6 years.

OVERALL PORTFOLIO LEASE EXPIRY PROFILE BY GROSS RENT



Office Sector

OFFICE SECTOR LEASE EXPIRY PROFILE BY GROSS RENT



	1Q 2020	2Q 2020	3Q 2020	4Q 2020	Total
No. of new leases signed	13	7	11	14	45
No. of leases renewed	4	8	9	9	30
Tenant-customer retention rate	37%	51%	56%	77%	55%
Total no of leases as at the end of respective period	436	432	453	454	
Total no of tenant-customers as at the end of respective period	313	313	319	315	

In FY 2020, the office sector occupancy increased by 0.5 p.p. to 95.1% by year end 2020. The WALE remained unchanged at 4.6 years while the WALB reduced slightly to 3.5 year (FY 2019: 4.0 years). Tenant-customer retention rate was at 55% as an average over the fiscal year, slightly lower than in FY 2019 (73%). Of the €4.7 million of headline rent subject to lease breaks or expiries by 30 June 2021, 42% of headline rent have been de-risked as at 31 December 2020.

	Occupancy	WALE	WALB
Italy	98.6%	5.9 years	3.0 years
The Netherlands	97.9%	5.0 years	4.6 years
Finland	84.4%	3.1 years	2.9 years
Poland	93.8%	3.1 years	2.9 years
Finland	89.3%	3.5 years	2.6 years
	95.1%	**4.6 years**	**3.5 years**

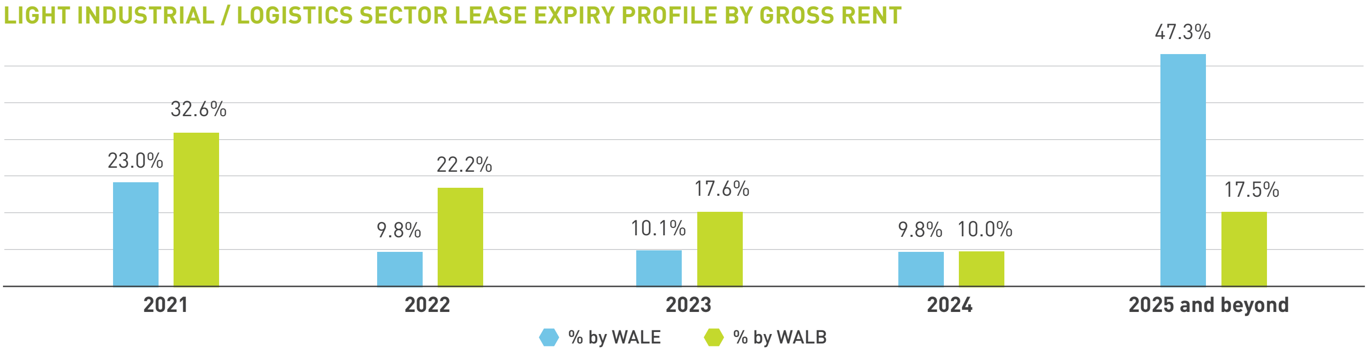
Some of the key leasing successes in the office sector in FY 2020 include:

- 5,089 sqm lease renewal with UBS at Green Office, Kraków, Poland, with a lease term until 2026
- 3,300 sqm renewal with an IT consulting company at Business Garden, Poznań, Poland for 3 years
- 2,642 sqm new five-year lease at Avatar, Kraków, Poland
- 1,648 sqm lease expansion by anchor tenant-customer in Haagse Poort, Den Haag, the Netherlands with a five-year lease term

MANAGER'S REPORT

Light industrial / logistics sector

LIGHT INDUSTRIAL / LOGISTICS SECTOR LEASE EXPIRY PROFILE BY GROSS RENT



	1Q 2020	2Q 2020	3Q 2020	4Q 2020	Total
No. of new leases signed	9	12	19	13	53
No. of leases renewed	10	18	5	14	47
Tenant-customer retention rate	43%	42%	14%	64%	46%
Total no of leases as at the end of respective period	502	493	504	527	
Total no of tenant-customers as at the end of respective period	457	452	462	484	

In FY 2020, the light industrial / logistics sector increased occupancy from 90.7% (FY 2019) to 94.1% by year-end. WALE slightly increased to 4.5 years (FY 2019: 4.3 years), while WALB increased from 2.6 years (FY 2019) to 2.8 years. The tenant-customer retention rate was 46%, slightly down from FY 2019 (52%). Of the €11.2 million of headline rent subject to lease breaks or expiries by 30 June 2021, 65% has been de-risked as at 31 December 2020.

	Occupancy	WALE	WALB
Denmark	85.6%	2.5 years	2.5 years
France	92.4%	5.1 years	1.8 years
Germany	95.6%	5.8 years	5.6 years
Italy	99.7%	3.2 years	1.4 years
The Netherlands	98.4%	2.9 years	2.9 years
	94.1%	**4.5 years**	**2.8 years**

Some of the key leasing successes for the light industrial / logistics sector in FY 2020:

- 15,444 sqm lease to a major government postal company tenant-customer at Parc de Popey in Bar-le-Duc, France, until 2029
- 5,314 sqm lease to Hverdag.dk, a new fast-growing e-commerce tenant-customer, at Prioparken 800 in Brøndby, Denmark
- 4,357 sqm new lease with a producer of machines for plastic joining processes, at Siemensstraße 11 in Stuttgart-Frickenhausen, Germany, with a rental uplift of 35% above ERV, increasing the occupancy of the asset from 83.0% to 93.8%.

Others sector

Occupancy rate remained at 100% from FY 2019 till year end 2020. WALE increased to 8.1 years (FY 2019: 3.4 years), mainly due to the re-assessment of the Agenzia Del Demanio master leases, while WALB remained at 3.4 years. The tenant-customer retention rate was 100%, i.e. some lease extensions were signed but no leases were lost. No leases expire or have breaks in FY 2021.

Key leasing successes for the Others sector in FY 2020:

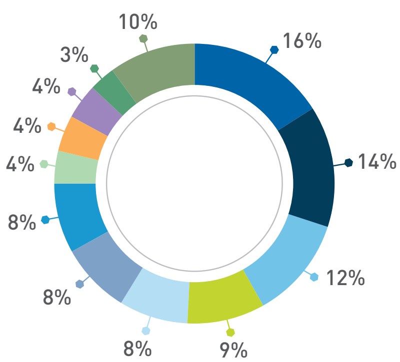
- Lease extension until 2032 signed with Starhotels Group, the hotel operator for the Milan Grandhotels, the 17,400 sqm 450 room Starhotels Grand Milan, Saronno, Italy
- 6,250 sqm five-year lease extension (until 2027) with cinema operator UCI at Via Madre Teresa 4 in Lissone, Italy

Tenant-Customers

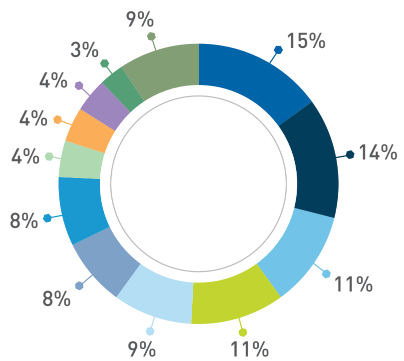
CEREIT's tenant-customer base continues to be well-diversified with 800+ tenant-customers, post the acquisitions in the Czech Republic and Slovakia. The Manager's efforts to further diversify tenant-customer mix and reduce tenant-customer concentration risk have yielded good results, reducing the number of tenant-customers from 957 (FY 2019), mainly due to the sale of a multi-tenant portfolio of 12 light industrial / logistic portfolio in 1Q 2020. As at 11 March 2021 CEREIT's top ten tenant-customers contribute ~32%[1] of the portfolio's total headline rent, compared to 41% at IPO (33% as at 31 Dec 2020 before the acquisition in the Czech Republic and Slovakia). CEREIT's exposure to SME tenant-customer leases reduced by 30% to only 9% of the gross rental income. Government and semi-government leases now account for a quarter of total headline rent while a further 68% of the leases are to large multinational and domestic corporations, such as UBS, Motorola, Vodafone, KPMG, UPS, DHL and CBRE.

The tenant-customer base is well-spread across various sectors as shown in the graph below.

TENANT-CUSTOMER INDUSTRY-TRADE SECTOR BY HEADLINE RENT (AS AT 31 DECEMBER 2020)



TENANT-CUSTOMER INDUSTRY-TRADE SECTOR BY HEADLINE RENT (AS AT 11 MARCH 2021)



Public Administration, Financial - Insurance, IT - Communication, Professional - Scientific, Administrative, Construction, Wholesale - Retail, Manufacturing, Transportation - Storage, Entertainment, Real Estate, Others

TOP TEN TENANT-CUSTOMERS

#	Tenant-Customer	Country	% of Total Headline Rent (31 Dec 2020)	% of Total Headline Rent (11 Mar 2021)
1	Agenzia del Demanio (Italian State Property Office)	Italy	13.0%	12.5%
2	Nationale-Nederlanden	The Netherlands	5.7%	5.5%
3	Essent Nederland	The Netherlands	2.7%	2.5%
4	Employee Insurance Agency (UWV)	The Netherlands	2.0%	1.9%
5	Motorola Solutions Systems Polska	Poland	1.9%	1.8%
6	Kamer van Koophandel	The Netherlands	1.8%	1.7%
7	Holland Casino	The Netherlands	1.7%	1.6%
8	Felss Group	Germany	1.5%	1.4%
9	Santander Bank Polska	Poland	1.4%	1.3%
10	Anas	Italy	1.4%	1.3%
			33.0%	**31.6%**

1 Tenant-customer data for 96 properties as at 31 December 2020, tenant-customer data for the 11-asset acquisition in the Czech Republic and Slovakia as at 11 March 2021

MANAGER'S REPORT

ASSET ENHANCEMENT INITIATIVES

Haagse Poort, Den Haag, The Netherlands

The new restaurant area, new garden in the entrance area, adjustments to the installations and elevators have been mostly completed. The asset enhancement works have significantly improved the appearance of the general area and overall feel of the asset and have been well-received by tenant-customers and visitors. Further sustainability initiatives (BREEAM upgrade and WELL certification) are ongoing.

Central Plaza, Rotterdam, The Netherlands

The renovation of the car park has been completed. Climate installations upgrade carried out. One of the cooling installations will be upgraded to higher energy coefficients, renewal of the humidification in the air handling units and upgrading the air handling of the top floor. To improve fire safety, some works will be completed in 2Q 2021.

Blaak 40, Rotterdam, The Netherlands

To improve the appearance of the entrance area several works were carried out, such as a new sitting area, improved lighting, paintwork as well as windows for natural lighting. The third floor was recently renovated. New LED lighting was installed, and the climate control and cooling system was adjusted to improve the efficiency. The renovation of the façade is planned to commence in 2Q 2021.

Bastion,'s-Hertogenbosch, The Netherlands

The conventional lighting of the parking area has been modernised with LED lighting and detection sensors, which will reduce the consumption drastically. Furthermore, a waste collection point and car chargers were added for electric vehicles. It is planned to renew the building management system, which will increase energy efficiency. The 4th floor will be refurbished to support re-leasing.

Moeder Theresalaan 100/200, Utrecht, The Netherlands

Cooling installation is planned for an upgrade, aiming for a higher capacity and energy coefficient. Other planned initiatives include energy labels and the installation of smart meters.

Via Nervesa 21, Milan, Italy

An architect has now been commissioned to develop concept designs and obtain permits for a full refurbishment that will allow the building to be a certified green office building. The expected starting date is January 2022, with pre-lease marketing already in progress.

Polish office portfolio

Three new BREEAM certifications for office properties in Warsaw (Riverside Park, Grójecka 5) and in Gdansk (Arkońska Business Park), as well as two re-certifications for Green Office and Avatar in Krakow were completed.

Hochstraße 150-152, Duisburg, Germany

Vacant refurbishment and necessary mechanical and electric upgrades were part of the expansion of an anchor tenant-customer into an additional warehouse and the take-up of additional office area. This also triggered an extension of the existing lease contract on all occupied areas until 2032.

French portfolio

Progress has been made to collect energy consumption data for all French properties, in line with the new French regulation to reduce energy consumption by 40% by 2030. The Manager is working with the emissions engineering companies Deepki and Acceo.

ASSET MANAGEMENT FOCUS FOR 2021

The Manager will continue asset management and enhancement initiatives in the following areas:

- Leasing and tenant-customer engagement initiatives, to maintain a high level of occupancy in the portfolio
- Vacant refurbishment to transform vacant space, including strategies to turn structurally-vacant office space attached to warehouses into leasable space
- Sustainability initiatives, with a focus on (1) consumption data collection, (2) definition of reduction targets, in line with the new European regulation, as well as various property related energy reduction measures (e.g. LED lighting, solar panels, smart metres, BMS control, ground source heating pumps, district heating)
- Maintenance capex and building improvements to maintain the value and attractiveness of the buildings
- Exploration of the medium- and long-term redevelopment potential of Via Nervesa 21 in Milan, Italy; Parc des Docks in Saint Ouen, Paris, France; De Ruyterkade 5 in Amsterdam, the Netherlands, and Via dell' Amba Aradam in Rome, Italy.

Haagse Poort, Den Haag, The Netherlands

New arrival experience with an indoor garden, upgrade of social areas and adjustments to the installations and elevators

"We are very pleased with the recent excellent upgrade of the social areas of Haagse Poort – this will go a long way towards fostering greater team collaboration as we gradually return to office with the easing of lockdowns"

Mr. Peter Jansen,

Nationale-Nederlanden (major tenant-customer at Haagse Poort)

Blaak 40, Rotterdam, The Netherlands

Enhanced entrance and arrival experience with improved lighting and a new sitting area, renovated interiors with historical feature preservation

INVESTOR RELATIONS

CEREIT proactively engages with the investment community through regular, effective and clear two-way communication.

The Manager is committed to provide regular updates on CEREIT's financial results and operating performance and to provide timely information on any material changes that could potentially affect CEREIT's Unit price.

The Manager has a dedicated investor relations team that runs a proactive investor outreach programme. CEREIT's investor communications activities are governed by:

(1) CEREIT's market disclosure protocol, which ensures that CEREIT, in a timely manner, discloses all price-sensitive information to the SGX-ST in accordance with the Listing Rules and that all Unitholders have equal and timely access to material information concerning CEREIT, including its financial position, performance, ownership and governance

(2) the Manager's investor relations policy, which outlines the principles and practices followed by the Manager to ensure regular, effective and fair two-way communication with the investment community

INVESTOR RELATIONS ACTIVITIES

The Manager regularly engages with Unitholders and the investment community to communicate CEREIT's financial results, operating performance and business plans, share latest corporate and industry developments and gather views and feedback on a range of strategic and topical issues.

CEREIT's financial and business updates were released to the market on a quarterly basis since its IPO in late 2017. In April 2020, further to the amendments to Rule 705(2) of the SGX-ST Listing Manual, the Manager adopted half-yearly financial reporting for CEREIT with effect from FY 2020. Full- and half-year result announcements include financial statements and supplementary materials such as results presentations and media releases. For the first and the third quarters the Manager now provides interim business updates which include presentations, key financial metrics, media releases and other supplementary information.

The Manager uploads all announcements and supporting materials on SGXNet, on CEREIT's website at www.cromwelleuropeanreit.com.sg and further publicises them on CEREIT's LinkedIn site as appropriate. Full-year and half-year announcements are also typically accompanied by video messages intended for general audience that are uploaded on CEREIT's website and on CEREIT's LinkedIn page (https://www.linkedin.com/company/cromwell-european-reit/).

Other than financial results announcements, the Manager releases market-relevant general corporate announcements, media releases, investor presentations and annual and sustainability reports on SGX-ST in a timely manner and concurrently makes them available on the REIT's website at www.cromwelleuropeanreit.com.sg, investor relations section. CEREIT's website features company news as well as information on the Manager's strategy, Board and the Management team. Regularly updated information on CEREIT's properties, including property photographs, descriptions and maps is also available on the website.

The Manager conducts full-year and half-year results briefings for debt and equity investors and analysts, allowing them the opportunity to solicit feedback and ask questions. Archived recordings of the briefings are also made available on CEREIT's website post the briefing for up to a year.

In addition to formal results briefings and dialogues, the Manager also provides strategy and performance updates and regularly solicits the investment community's views through participation in local and regional conferences, one-on-one meetings, group teleconferences, site visits as well as post-results briefings.

With travel and in-person meetings and conferences not possible for most of FY 2020, the Manager moved its investor outreach to a fully-virtual format. Over the course of last year, the management team conducted more than 140 virtual meetings, investor conferences, webinars and public investor forums. The Manager talked to more 700 institutional debt and equity investors, more than 1,000 retail investors and more than 160 analysts, an 85% increase on FY 2019[1].

CEREIT is currently covered by two equity research houses in Singapore. The investor relations team has annual KPIs to enhance research coverage and investor and market outreach programs.

1 In terms of number of total analysts, institutional and retail investors

AGM

In view of COVID-19 'circuit breaker' measures in Singapore, CEREIT postponed its second annual AGM originally scheduled for April and held it on 26 June 2020 in a fully-virtual format. On the basis of MAS and Ministry of Health (MOH) COVID-19 prevention regulations, the Manager was required to make alternative arrangements relating to the usual physical attendance at the AGM to an electronic telecommunications format. The AGM Notice to Unitholders was published on 4 June 2020, 25 days in advance of the AGM, to give Unitholders more time to register and send questions. Registered Unitholders were able to observe the AGM proceedings through a live audio-visual webcast or live audio-only stream. The Manager also provided several options for submission of questions to the Chair in advance of the AGM. The Board received valuable feedback from the Unitholders during the advance submission. All substantial and relevant questions were addressed in writing and published on SGXNet and on CEREIT's website, together with the minutes of the AGM on CEREIT's website.

Live voting was not possible, but the Manager provided advanced voting by proxy for polling on all resolutions. Unitholders showed their support with more than 99% approval to all ordinary resolutions. Prior to the upcoming third Annual AGM, the Manager encourages all Unitholders to send in their questions via the general inquiry form at https://www.cromwelleuropeanreit.com.sg/contacts. Further details will be provided in the AGM Notice of Meeting.

MEDIA ENGAGEMENT

Over the course of 2020, CEREIT was mentioned in over 270 media articles from over 25 international media outlets, comprising international wires and media, international and local property trade media, regional and local business trade media, and local titles in Asia-Pacific. This translates to an 8% increase in media mentions when compared to 2019, an already significant year which saw a more than 200% increase in media mentions when compared to 2018. CEREIT has an established social media presence with a good following of CEREIT's LinkedIn page, which has over 1,000 followers. Quarterly video messages from the CEO are uploaded on all appropriate CEREIT platforms. Recognising the increasingly diverse offline and online media landscape, the Manager is stepping up efforts to engage not only with traditional and trade media but also with financial bloggers and other social media channels.

AWARDS AND RECOGNITIONS

In 2020, CEREIT was ranked 10th and 7th out of 45 REITs/Business Trusts in the GIFT and SGTI rankings respectively.

In 2020 CEREIT was conferred two more major awards: Best industrial REIT (Platinum), Singapore for the third year running, and Best CEO Industrial REIT (Platinum), Asia Pacific at the 2020 Edition of REITs AsiaPac "Best of Breeds"™ Awards.

DIVERSIFIED UNITHOLDER REGISTER

CEREIT continues to be the only pan-European REIT listed on the SGX-ST that trades in dual Euro and Singapore Dollars currencies and this attracts the support of a diverse international mix of institutional, family office, private wealth and retail investors.

Since IPO, the management team, assisted by the investor relations team, has worked to diversify CEREIT's Unitholder register and increase support from global institutional investors though proactive investor relations engagement.

The recent €100 million over-subscribed private placement to partially fund acquisitions in Italy, the Czech Republic and Slovakia brought close to 40 investors with an even split between existing and new investors.

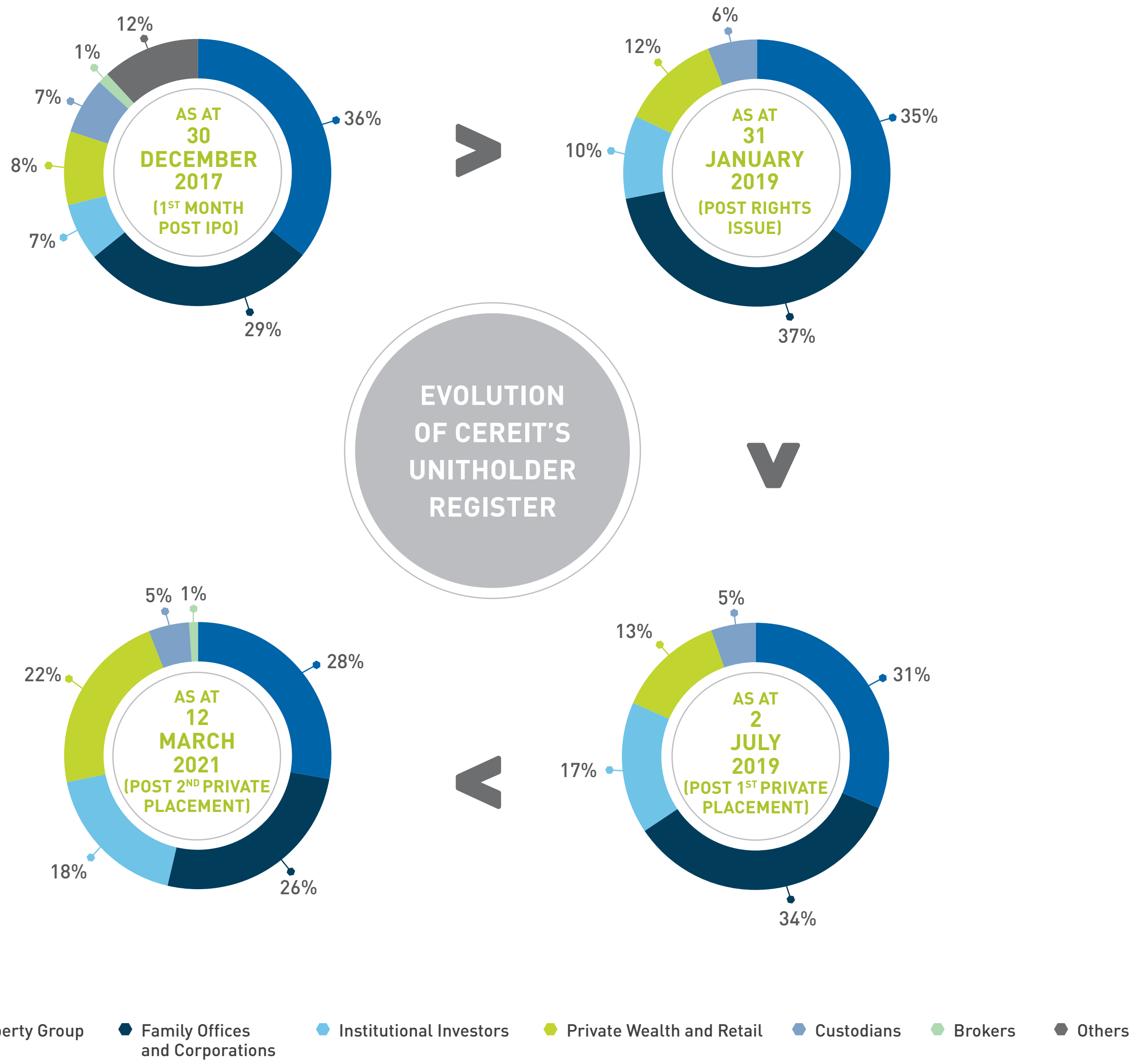
The Manager's credit markets investor engagement efforts leading up to the November 2020 €300 million inaugural bond issue and the subsequent January 2021 €200 million tap issue saw CEREIT welcoming close to 40 new top-tier global credit investors.

INVESTOR RELATIONS

The current CEREIT Unitholder register is diverse and comprises more than 4,700 investors, with approximately 65% based in Singapore[1] including the holdings of the Sponsor and the other 35% from the United Kingdom, the Netherlands, Germany, the Nordics, South Korea, Taiwan, Hong Kong, Japan, Thailand, Malaysia, Australia, Philippines, the U.S. and Canada. The investor register has institutionalised further in 2020, now with close to 20% of Unitholders effectively long-only institutional investors.

INCLUSION IN KEY INDICES

CEREIT is now part of more than 250 key indices (Bloomberg, FTSE Russell, MSCI, S&P, iEdge etc.) and much closer to other major index benchmarks.



1 Including the holdings of the Sponsor

PROACTIVE TWO-WAY COMMUNICATION WITH UNITHOLDERS

The Manager has made its investor relations policy available on CEREIT's website for greater transparency. https://investor.cromwelleuropeanreit.com.sg/investor_policy.html The policy also specifically outlines the various modes of communications with Unitholders and the ways in which the Manager solicits the views of these Unitholders. The Manager has a dedicated investor relations section on its website featuring online enquiry forms, 'Email Alerts' subscription option and a specific investor relations contact with email address so that Unitholders can subscribe for regular updates and direct their enquiries. The investor relations team responds to all credible and substantiated Unitholder enquiries in a timely manner, either via email or a phone call.

FY 2020 INVESTOR RELATIONS CALENDAR (ALL VIRTUAL)

25 February 2020	FY 2019 results announcement
25 February 2020	FY 2019 results analyst, investor and media briefing
26-28 February 2020	FY 2019 results virtual investor roadshow - Singapore
5 March 2020	FY 2019 results virtual investor roadshow - Singapore, Hong Kong, U.K. and Switzerland
7 April 2020	COVID-19 business update (equity investors)
14 April 2020	COVID-19 business update (lenders)
12 May 2020	1Q 2020 business update announcement
12 May 2020	1Q 2020 business update group analyst, investor and media briefing
18 May 2020	Group PW Call (UBS UHNW), Hong Kong
18-20 May 2020	1Q 2020 business update virtual investor roadshow – Singapore, Malaysia, Hong Kong and U.K.
26 May 2020	SGX / NH Webinar – Korea
2 June 2020	Nomura Investment Conference - Singapore
4 June 2020	Phillip Capital Webinar – Singapore
17 August 2020	1H 2020 results announcement
17 August 2020	1H 2020 results analyst, investor and media briefing
18 August 2020	SGX-MKE Corporate Day in Malaysia
27 August 2020	Citi-REITAS-SGX C-Suite Singapore REITS and Sponsors
1 September 2020	DBS-SGX-REITAS Future of Real Estate Series: Industrial REITS
15 September 2020	SGX-REITAS Webinar
19 September 2020	REIT Symposium - Singapore
20 October 2020	€300 million Series 001 Notes deal roadshow
10 November 2020	3Q 2020 business update announcement
10 November 2020	3Q 2020 business update analyst, investor and media briefing
10 November 2020	3Q 2020 business update virtual investor roadshow - Singapore, Malaysia, Hong Kong and U.K.

INVESTOR RELATIONS CONTACT:

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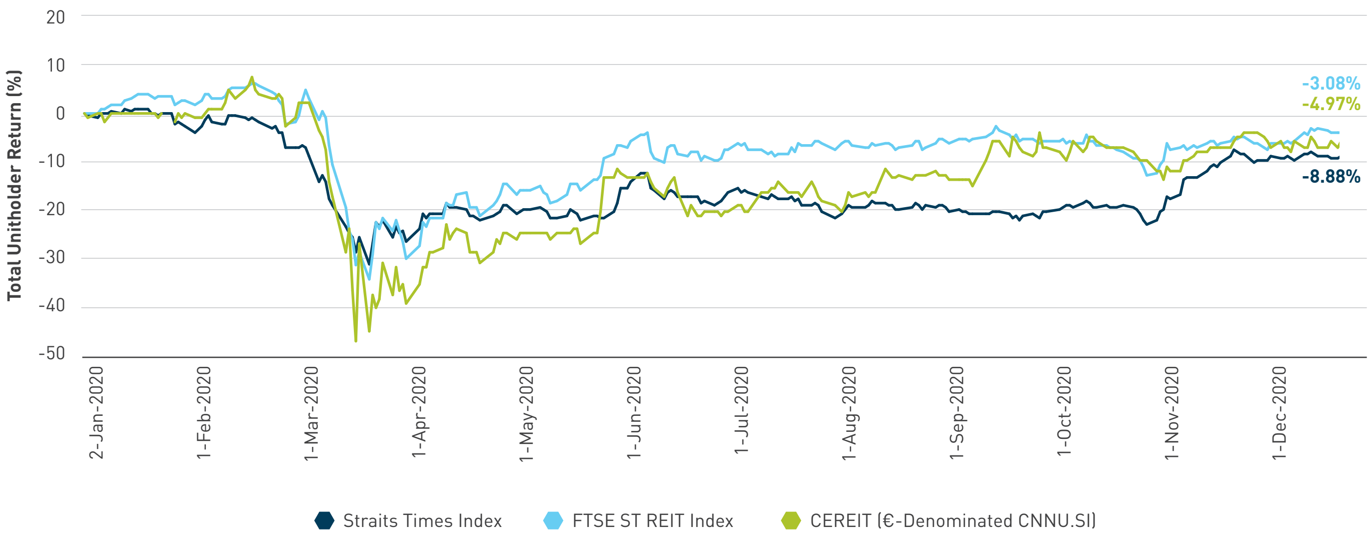
Email : ir@cromwell.com.sg
Website : cromwelleuropeanreit.com.sg

INVESTOR RELATIONS

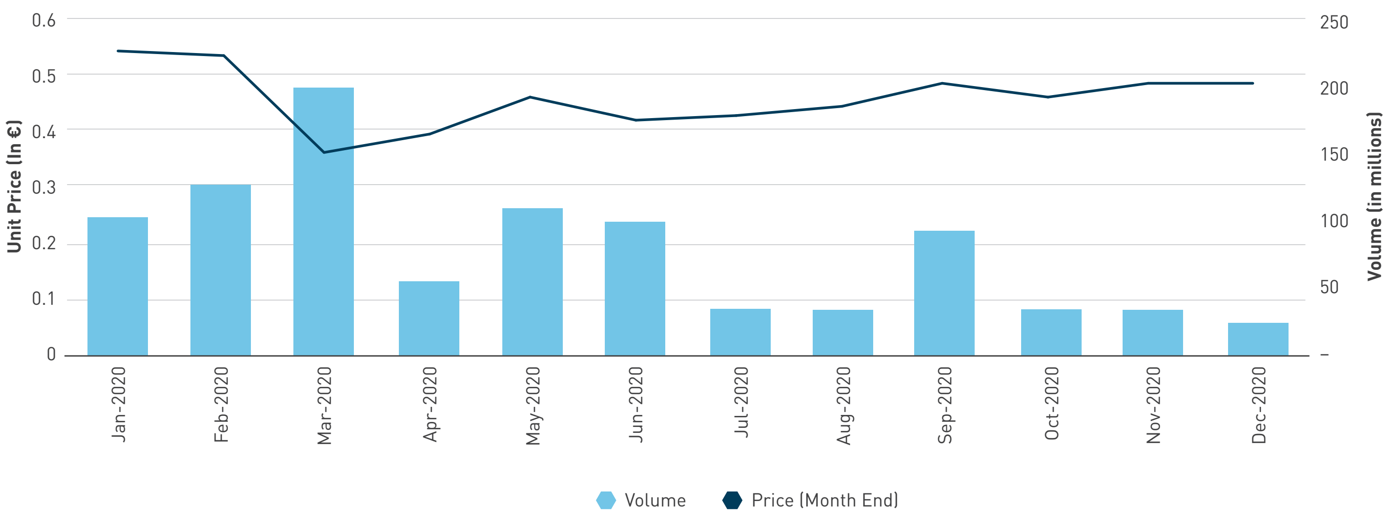
TRADING STATISTICS FOR FINANCIAL YEAR (€-DENOMINATED CNNU.SI)[1]

	2020	2019
Opening price	€0.540	€0.440
Highest price	€0.585	€0.545
Lowest price	€0.280	€0.440
Closing price	€0.480	€0.540
Adj. volume-weighted average price[2]	€0.455	€0.485
Total volume traded (million Units)	938.8	735.9
Unit price performance	-11.9%	22.7%
Total Unitholder returns	-5.0%	32.0%
Average volume per day (million Units)	3.725	2.955

TOTAL UNITHOLDER RETURN 2020 (€-DENOMINATED CNNU.SI)



MONTHLY VOLUMES AND UNIT PRICE PERFORMANCE (€-DENOMINATED CNNU.SI)

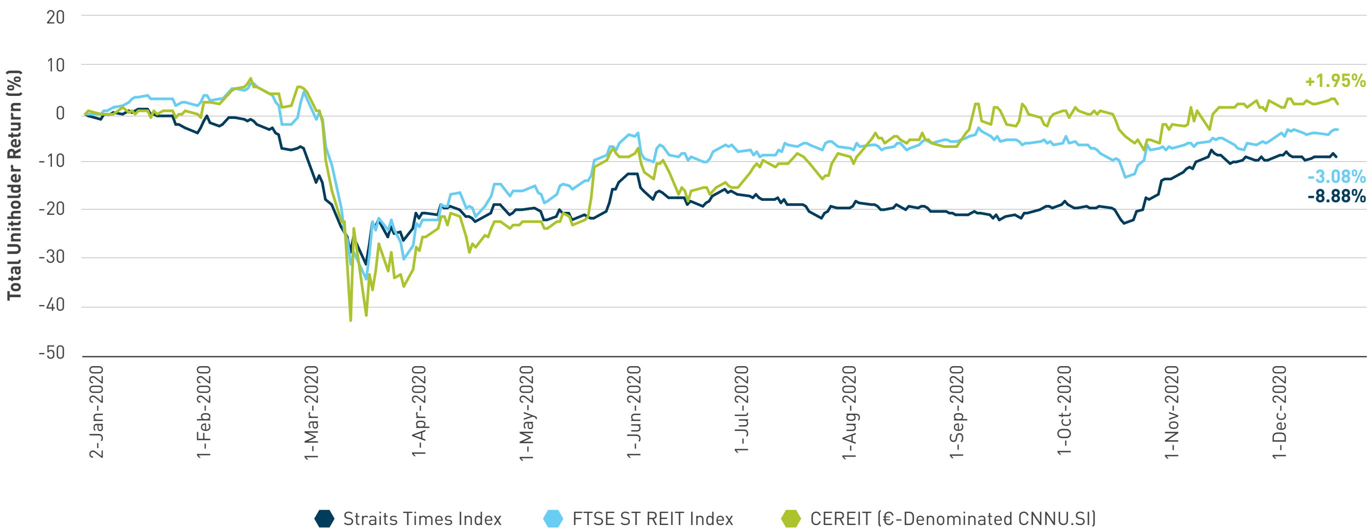


1 Data from Thomson Reuters Eikon (All data excl. VWAP) & Shareinvestor (VWAP)
2 Adjusted for corporate actions to ensure that prices are comparable across different periods

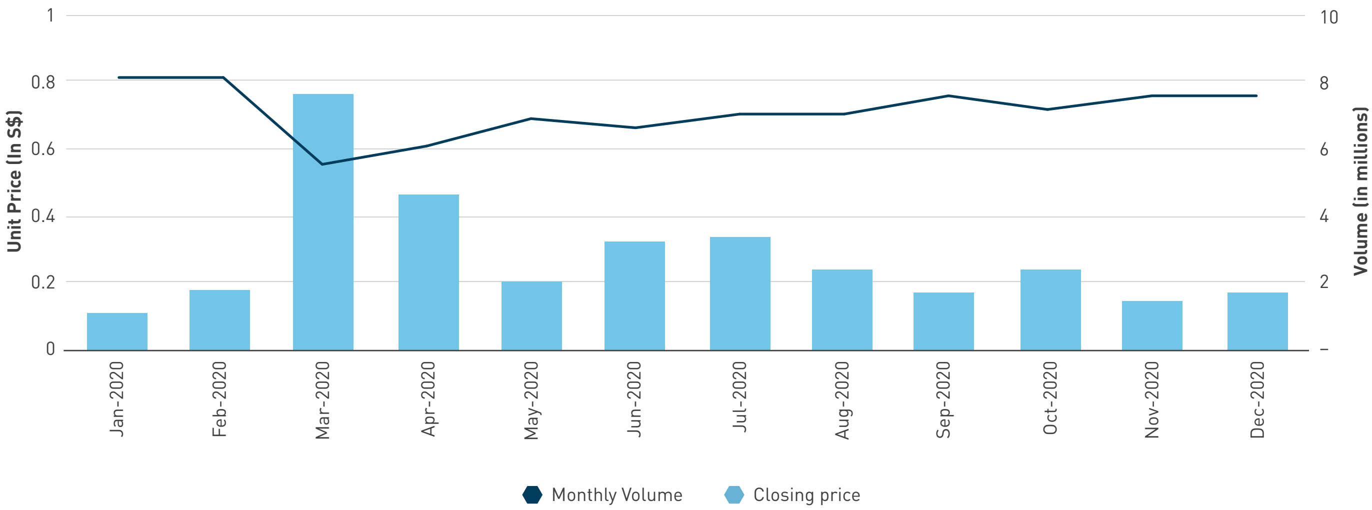
TRADING STATISTICS FOR THE FINANCIAL YEAR (S$-DENOMINATED CSFU.SI)[1]

	2020	2019
Opening price	S$0.820	S$0.690
Highest price	S$0.875	S$1.350
Lowest price	S$0.450	S$0.680
Closing price	S$0.770	S$0.815
Adj. volume-weighted average price[2]	S$0.674	S$0.762
Total volume traded (million Units)	34.0	14.7
Unit price performance	-5.5%	18.1%
Total Unitholder returns	2.0%	27.0%
Average volume per day (million Units)	0.140	0.084

TOTAL UNITHOLDER RETURN 2020 (S$-DENOMINATED CSFU.SI)



MONTHLY VOLUMES AND UNIT PRICE PERFORMANCE (S$-DENOMINATED CSFU.SI)



1 Data from Thomson Reuters Eikon (All data excl. VWAP) & Shareinvestor (VWAP)
2 Adjusted for corporate actions to ensure that prices are comparable across different periods

PROPERTY PORTFOLIO OVERVIEW
(AS AT 31 DECEMBER 2020)

The Netherlands
Office

1. Haagse Poort
2. Central Plaza
3. Bastion
4. Moeder Teresalaan 100 / 200
5. De Ruyterkade 5
6. Koningskade 30
7. Blaak 40

Light Industrial / logistics

8. Veemarkt 27-75 / 50-67 / 92-114
9. Boekweitstraat 1 - 21 & Luzernestraat 2 - 12
10. Capronilaan 22 - 56
11. Folkstoneweg 5 - 15
12. Kapoeasweg 4 - 16

Italy
Office

1. Piazza Affari 2
2. Via dell'Amba Aradam 5
3. Via Pianciani 26
4. Building F7-F11
5. Via Camillo Finocchiaro Aprile 1
6. Via Nervesa 21
7. Cassiopea 1, Cassiopea 2, Cassiopea 3
8. Nuova ICO
9. Via della Fortezza 8
10. Corso Lungomare Trieste 29
11. Corso Annibale Santorre di Santa Rosa 15
12. Via Rampa Cavalcavia 16-18

Light Industrial / Logistics

13. CLOM (Centro Logistico Orlando Marconi)
14. Strada Provinciale Adelfia

Others

15. Viale Europa 95
16. Starhotels Grand Milan
17. Via Madre Teresa 4
18. Via Salara Vecchia 13
19. Via Brigata Padova 19

France
Office

1. Cap Mermoz
2. Paryseine
3. Lénine

Light Industrial / Logistics

4. Parc des Docks
5. Parc des Guillaumes
6. Parc des Grésillons
7. Parc du Landy
8. Parc Delizy
9. Parc Urbaparc
10. Parc Béziers
11. Parc du Merantais
12. Parc des Érables
13. Parc Jean Mermoz
14. Parc Louvresses
15. Parc le Prunay
16. Parc Locaparc 2
17. Parc de Champs
18. Parc Acticlub
19. Parc Parçay-Meslay
20. Parc de Popey
21. Parc du Bois du Tambour
22. Parc Sully

Germany
Light Industrial / Logistics

1. Parsdorfer Weg 10
2. An der Wasserschluft 7, 06526
3. Siemensstraße 11
4. Göppinger Straße 1 – 3
5. Gewerbestraße 62
6. An der Kreuzlache 8-12
7. Henschelring 4
8. Frauenstraße 31
9. Gutenbergstraße 1, Dieselstraße 2
10. Kolumbusstraße 16
11. Dresdner Straße 16, Sachsenring 52
12. Hochstraße 150-152
13. Moorfleeter Straße 27, Liebigstraße 67-71
14. Kinzigheimer Weg 114
15. An der Steinlach 8-10

Poland
Office

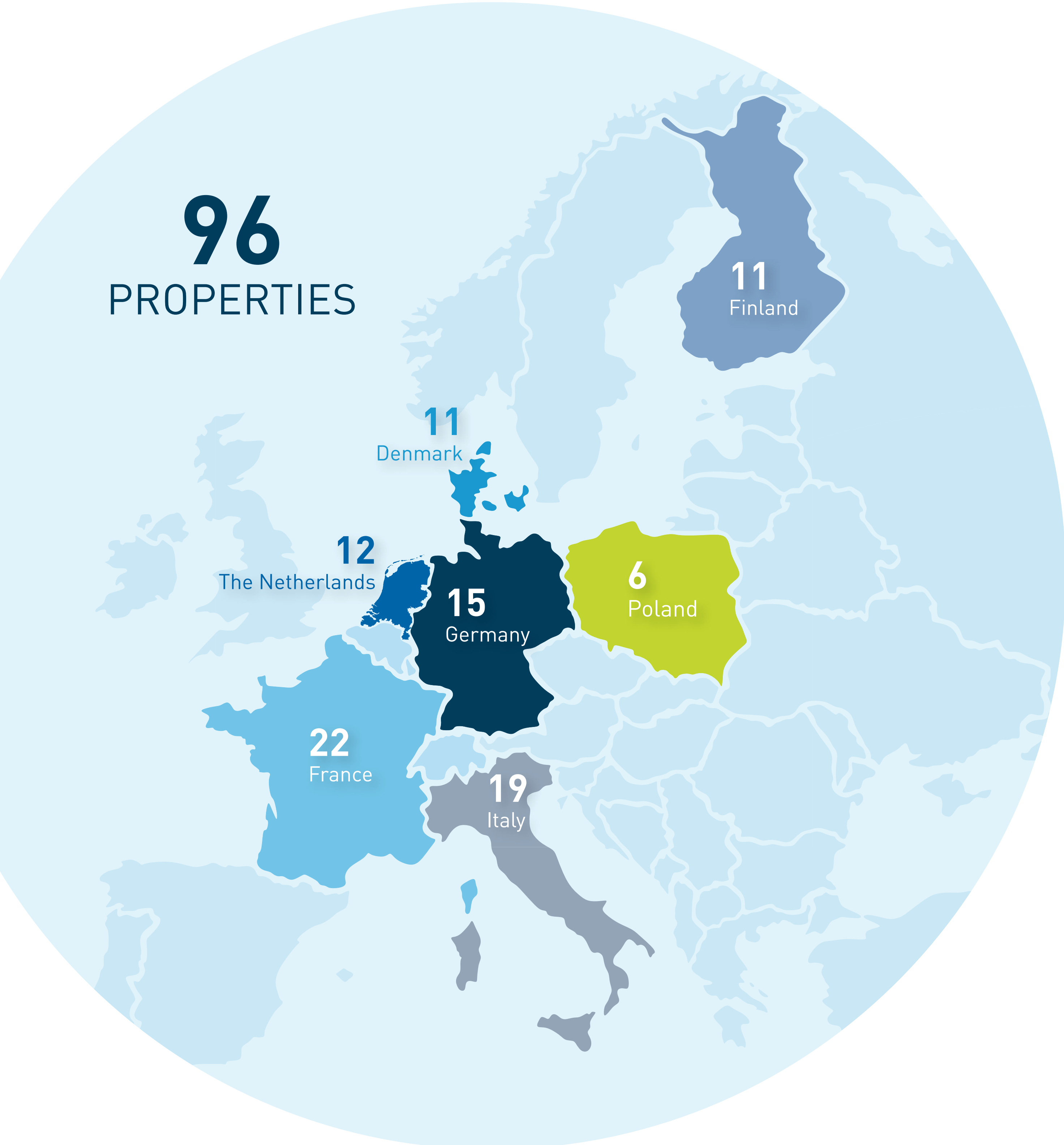
1. Business Garden
2. Green Office
3. Riverside Park
4. Avatar
5. Grójecka 5
6. Arkońska Business Park

Finland
Office

1. Grandinkulma
2. Opus 1
3. Plaza Vivace
4. Plaza Forte
5. Myyrmäenraitti 2
6. Pakkalankuja 6
7. Plaza Allegro
8. Mäkitorpantie 3b
9. Kauppakatu 39
10. Purotie 1
11. Pakkalankuja 7

Denmark
Light Industrial / Logistics

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



39 Offices

52 Light industrial / logistics

5 Others

TOP 10 PROPERTIES

01

Haagse Poort

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

Property Type	Office
Acquisition date	30 Nov 2017
Purchase Price	€158,750,000
NLA	68,502 sqm
Lease type	Multi-tenanted
Land tenure	Part Freehold, Part Right of Superficies and Part Perpetual Leasehold
Gross Revenue FY 2020	€14,500,427
Building Certification	BREEAM Very Good

HIGHLIGHTS

> Haagse Poort is one of the most iconic office buildings in The Hague (Den Haag), located at Beatrixkwartier, in the Bezuidenhout

> Unique building with an office "bridge" over the A12 motorway to Amsterdam

> The property consists of a high-rise and a low-rise section, and is located only 600 metres from Den Haag train station

100.0%
Occupancy[1]
(+4.8 p.p. y-o-y)

€173.5 million
Property Valuation[1]
(+9.3% since acquisition)

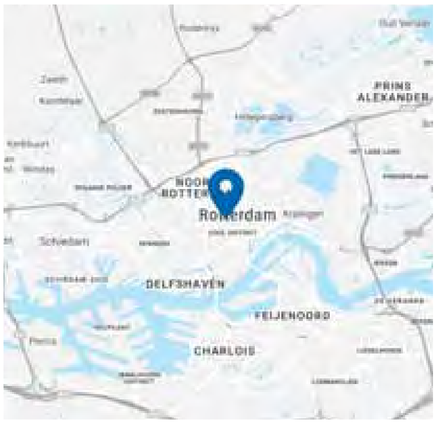
1 As at 31 Dec 2020

TOP 10 PROPERTIES

02

Central Plaza

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



Property Type	Office
Acquisition date	19 Jun 2017
Purchase Price	€156,805,000
NLA	33,263 sqm
Lease type	Multi-tenanted
Land tenure	Part Freehold, Part Leasehold
Gross Revenue FY 2020	€10,487,518
Building Certification	BREEAM Good

HIGHLIGHTS

> Central Plaza is a prominent office building located in the Rotterdam CBD directly across from Rotterdam Central Station, one of the busiest train stations in the Netherlands

> Consists of office space spread over two office towers A and B, each with its own entrance, and houses such iconic names as KPMG, Coolblue and Holland Casino. Ground floor hosts restaurants and retail tenants

98.1%
Occupancy[1]
(+0.3 p.p. y-o-y)

€164.9 million
Property Valuation[1]
(+5.1% since acquisition)

1 As at 31 Dec 2020

TOP 10 PROPERTIES

03

Parc des Docks
50 rue Ardoin,
Saint Ouen, France

Property Type	Light Industrial/ Logistics
Acquisition date	30 Nov 2017
Purchase Price	€98,000,000
NLA	73,371 sqm
Lease type	Multi-tenanted
Land tenure	Freehold
Gross Revenue FY 2020	€10,491,890

HIGHLIGHTS

> The "jewel in the crown" is a cluster of 11 industrial buildings located in Saint-Ouen in Paris, a suburb that is well-suited for last-mile logistics being only three kms away from the Champs-Elysees; Saint-Ouen is also very accessible from the Paris CBD by road and public transport and to/ from Roissy-Charles de Gaulle International airport

> The site is bordered by mixed use buildings, in particular various new residential buildings

> The growing importance of this submarket is driven by the Grand Paris infrastructure project's delivery of new metro stations nearby and the construction of the Olympic village in 2024, only a few km away

90.3%
Occupancy[1]
(+3.7 p.p. y-o-y)

€135.3 million
Property Valuation[1]
(+38.1% since acquisition)

1 As at 31 Dec 2020

TOP 10 PROPERTIES

04

Piazza Affari 2

Piazza degli Affari 2,
Milan, Italy

Property Type	Office
Acquisition date	30 Nov 2017
Purchase Price	€81,700,000
NLA	7,787 sqm
Lease type	Multi-tenanted
Land tenure	Freehold
Gross Revenue FY 2020	€4,035,846
Building Certification	BREEAM in progress

HIGHLIGHTS

> Trophy asset in the heart of Milan CBD opposite the Milan Stock Exchange, built in the 1930's and partially refurbished in 2017. It provides eight floors above ground and two basement levels. The surrounding area includes prime office properties, hosting many Fortune 500 companies

> Easily accessible by foot from Duomo

> 25 minutes by car to Linate Airport

> The Central Railway Station is easily accessible by metro in less than ten minutes

99.7%
Occupancy[1]
(+0.1 p.p. y-o-y)

€89.8 million
Property Valuation[1]
(+9.9% since acquisition)

1 As at 31 Dec 2020

TOP 10 PROPERTIES

05

Business Garden

2,4,6,8 and 10 Kolorowa Street,
Poznań, Poland

Property Type	Office
Acquisition date	24 Sep 2019
Purchase Price	€88,800,000
NLA	42,268 sqm
Lease type	Multi-tenanted
Land tenure	Freehold
Gross Revenue FY 2020	€9,086,715
Building Certification	LEED Platinum

HIGHLIGHTS

> Business Garden is located in Poznań, known as a large academic cluster with over 110,000 students and 24 universities

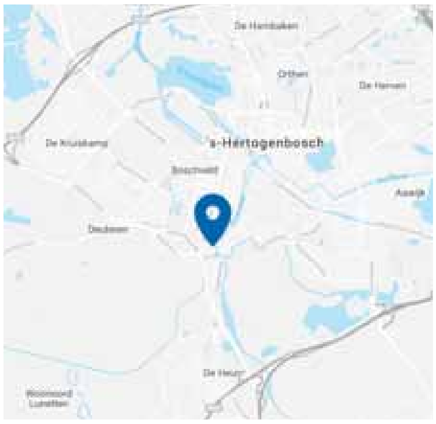
> Business Garden is centrally positioned between the Poznań city centre and Poznań Airport and is one of the few projects in Poland that has received LEED certification at platinum level

100.0%
Occupancy[1]
(Flat y-o-y)

€85.9 million
Property Valuation[1]
(-3.3% since acquisition)

1 As at 31 Dec 2020

TOP 10 PROPERTIES



06

Bastion

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

Property Type	Office
Acquisition date	28 Dec 2018
Purchase Price	€76,850,000
NLA	31,979 sqm
Lease type	Multi-tenanted
Land tenure	Freehold
Gross Revenue FY 2020	€7,014,157
Building Certification	BREEAM Very Good

HIGHLIGHTS

> Impressive building featuring eight floors across six wings, only a five-minute walk from the centre of 's-Hertogenbosch

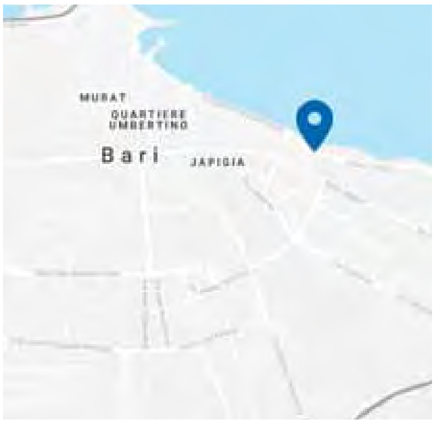
> Expanded and renovated in 2005

97.7%
Occupancy[1]
(+3.0% p.p. y-o-y)

€78.6 million
Property Valuation[1]
(+2.3% since acquisition)

1 As at 31 Dec 2020

TOP 10 PROPERTIES



07

Viale Europa 95

Viale Europa 95,
Bari, Italy

Property Type	Others
Acquisition date	30 Nov 2017
Purchase Price	€83,100,000
NLA	123,261 sqm
Lease type	Master
Land tenure	Freehold
Gross Revenue FY 2020	€9,542,790

HIGHLIGHTS

- Located near to Bari airport (2km)
- Consists of 11 buildings with different uses: classrooms, dormitory, auditorium, office, church, outdoor and indoor sports facilities

100.0%
Occupancy[1]
(Flat y-o-y)

€76.5 million
Property Valuation[1]
(-7.9% since acquisition)

1 As at 31 Dec 2020

TOP 10 PROPERTIES

08

Moeder Teresalaan 100 / 200

Moeder Teresalaan 100 / 200,
Utrecht, The Netherlands

Property Type	Office
Acquisition date	28 Dec 2018
Purchase Price	€50,727,904
NLA	21,922 sqm
Lease type	Multi-tenanted
Land tenure	Perpetual Leasehold
Gross Revenue FY 2020	€4,007,226
Building Certification	BREEAM Very Good

HIGHLIGHTS

> Located in the city centre of Utrecht

> Consists of two office buildings with energy label "A"

100.0%
Occupancy[1]
(Flat y-o-y)

€59.3 million
Property Valuation[1]
(+16.9% since acquisition)

1 As at 31 Dec 2020

TOP 10 PROPERTIES

09

De Ruyterkade 5

De Ruyterkade 5,
Amsterdam, The Netherlands

Property Type	Office
Acquisition date	19 Jun 2017
Purchase Price	€36,365,000
NLA	8,741 sqm
Lease type	Single tenant
Land tenure	Continuing Leasehold
Gross Revenue FY 2020	€2,496,857
Building Certification	BREEAM Pass

HIGHLIGHTS

- Located next to Central Station and can be reached within a few minutes' walk from the train, bus, tram and metro
- Five to 10 minutes from the A10 West motorway

100.0%
Occupancy[1]
(Flat y-o-y)

€54.7 million
Property Valuation[1]
(+50.4% since acquisition)

1 As at 31 Dec 2020

TOP 10 PROPERTIES

10

Centro Logistico Orlando Marconi (CLOM)

Via del Lavoro
Monteprandone, Italy

Property Type	Logistics
Acquisition date	23 Dec 2020
Purchase Price	€52,575,000
NLA	156,888 sqm
Lease type	Multi-tenanted
Land tenure	Freehold
Gross Revenue FY 2020	€111,652[1]

HIGHLIGHTS

- Located in Monteprandone, along the A14/E55 motorway
- Nine warehouses and a freight railway terminal

99.6% Occupancy

€52.6 million Carrying Value[2]

1 Acquisition completed on 23 December 2020 and therefore negligible contribution to Gross Revenue
2 CLOM was acquired on 23 December 2020 and carried at acquisition price which was assessed by the Directors as its fair value

THE NETHERLANDS
ASSETS

OFFICE

1 Haagse Poort,
Den Haag

2 Central Plaza,
Rotterdam

3 Bastion,
's-Hertogenbosch

4 Moeder Teresalaan 100 / 200,
Utrecht

5 De Ruyterkade 5,
Amsterdam

6 Koningskade 30,
Den Haag

LIGHT INDUSTRIAL / LOGISTICS

7 Blaak 40,
Rotterdam

8 Veemarkt,
Amsterdam

9 Boekweitstraat 1 - 21 &
Luzernestraat 2 - 12,
Nieuw-Vennep

10 Capronilaan 22 - 56,
Schiphol-Rijk

11 Folkstoneweg 5 - 15,
Schiphol

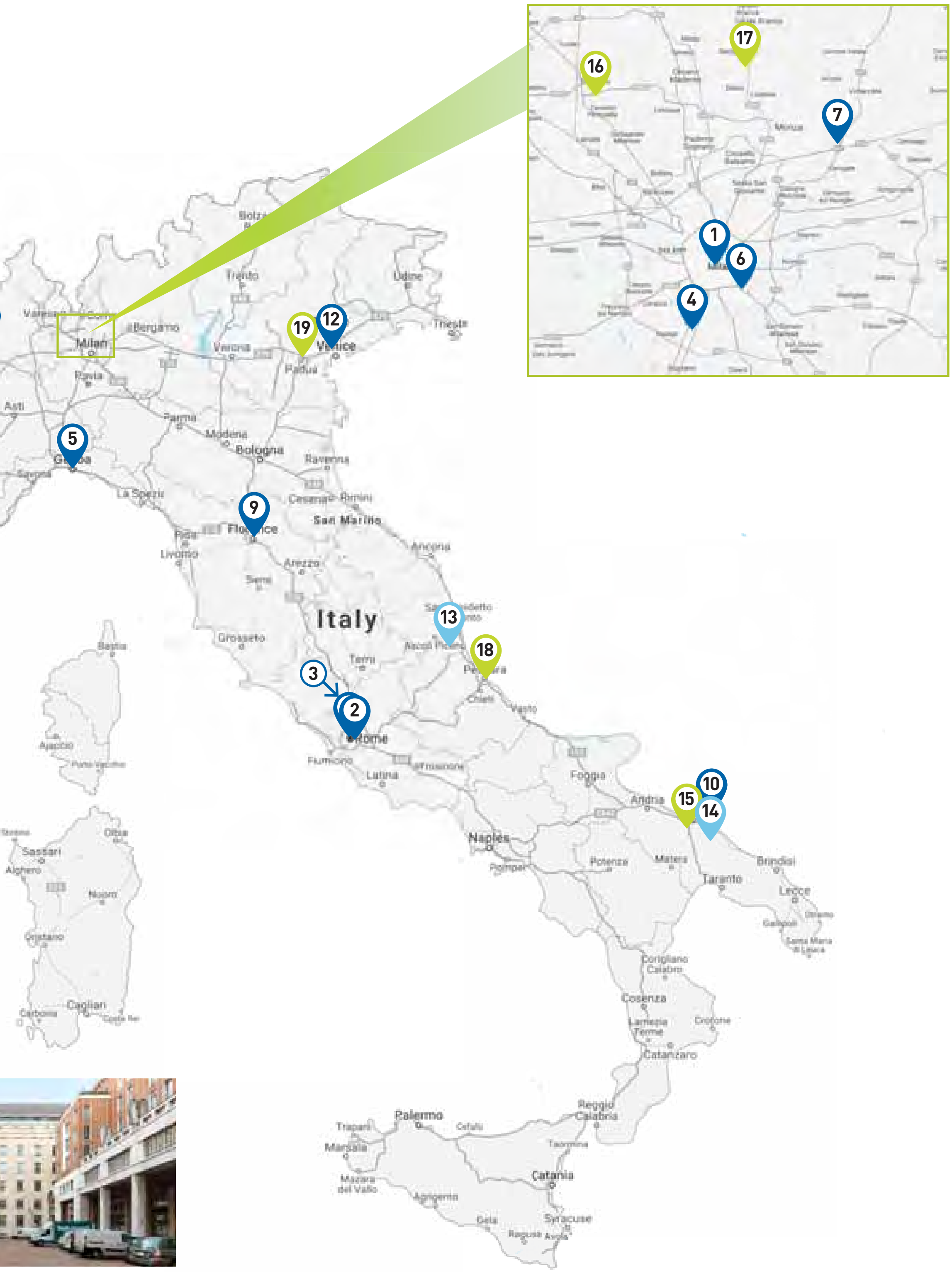
12 Kapoeasweg 4 - 16,
Amsterdam

THE NETHERLANDS ASSETS

	Address	Acquisition date	Purchase Price (€)	Valuation (€) 31 Dec 2020
	Office			
1	Haagse Poort, Prinses Beatrixlaan 35 - 37 & Schenkkade 60 - 65, Den Haag	30 Nov 2017	158,750,000	173,500,000
2	Central Plaza, Plaza 2 – 25 (retail) / Weena 580 – 618 (offices), Rotterdam	19 Jun 2017	156,805,000	164,855,000
3	Bastion, Willemsplein 2 - 10, 's-Hertogenbosch	28 Dec 2018	76,850,000	78,600,000
4	Moeder Teresalaan 100 / 200, Utrecht	28 Dec 2018	50,727,904	59,300,000
5	De Ruyterkade 5, Amsterdam	19 Jun 2017	36,365,000	54,700,000
6	Koningskade 30, Den Haag	19 Jun 2017	16,595,000	21,420,000
7	Blaak 40, Rotterdam	30 Nov 2017	15,950,000	16,100,000
	Light Industrial / Logistics			
8	Veemarkt, Veemarkt 27-75 / 50-76 / 92-114, Amsterdam	30 Nov 2017	35,500,000	41,100,000
9	Boekweitstraat 1 - 21 & Luzernestraat 2 - 12, Nieuw-Vennep	30 Nov 2017	5,155,000	7,560,000
10	Capronilaan 22 - 56, Schiphol-Rijk	30 Nov 2017	6,250,000	7,060,000
11	Folkstoneweg 5 - 15, Schiphol	30 Nov 2017	5,200,000	4,560,000
12	Kapoeasweg 4 - 16, Amsterdam	30 Nov 2017	2,575,000	4,480,000

NLA (sqm)	Gross Revenue (€) FY 2020	Occupancy	Lease type	Land tenure
68,502	14,500,427	100.0%	Multi-tenanted	Part Freehold, Part Right of Superficies and Part Perpetual Leasehold
33,263	10,487,518	98.1%	Multi-tenanted	Part Freehold and Part Leasehold
31,979	7,014,157	97.7%	Multi-tenanted	Freehold
21,922	4,007,226	100.0%	Multi-tenanted	Perpetual Leasehold
8,741	2,496,857	100.0%	Single tenant	Continuing Leasehold
5,696	1,190,732	100.0%	Single tenant	Perpetual Leasehold
7,788	1,332,918	69.6%	Multi-tenanted	Freehold
21,957	2,863,162	100.0%	Multi-tenanted	Continuing Leasehold
8,471	619,824	91.4%	Multi-tenanted	Freehold
5,364	539,207	100.0%	Multi-tenanted	Freehold
5,005	902,761	100.0%	Multi-tenanted	Leasehold
5,494	435,401	100.0%	Multi-tenanted	Freehold

ITALY ASSETS



OFFICE

1 Piazza Affari 2, Milan

2 Via dell'Amba Aradam 5, Rome

3 Via Pianciani 26, Rome

4 Building F7-F11, Milan

OFFICE

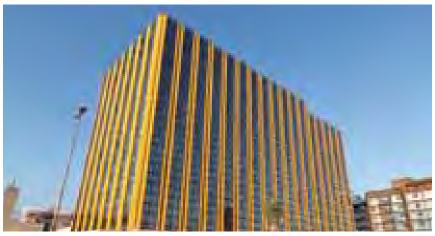
5 Via Camillo Finocchiaro Aprile 1, Genova

6 Via Nervesa 21, Milan

7 Cassiopea 1-2-3, Agrate Brianza, Milan

8 Nuova ICO, Ivrea

9 Via della Fortezza 8, Florence



10 Corso Lungomare Trieste 29, Bari

11 Corso Annibale Santorre di Santa Rosa 15, Cuneo

12 Via Rampa Cavalcavia 16-18, Venice Mestre

LIGHT INDUSTRIAL / LOGISTICS

13 CLOM, Monteprandone

14 Strada Provinciale Adelfia, Rutigliano

OTHERS

15 Viale Europa 95, Bari

16 Via Varese 23, Saronno

17 Via Madre Teresa 4, Lissone

18 Via Salara Vecchia 13, Pescara

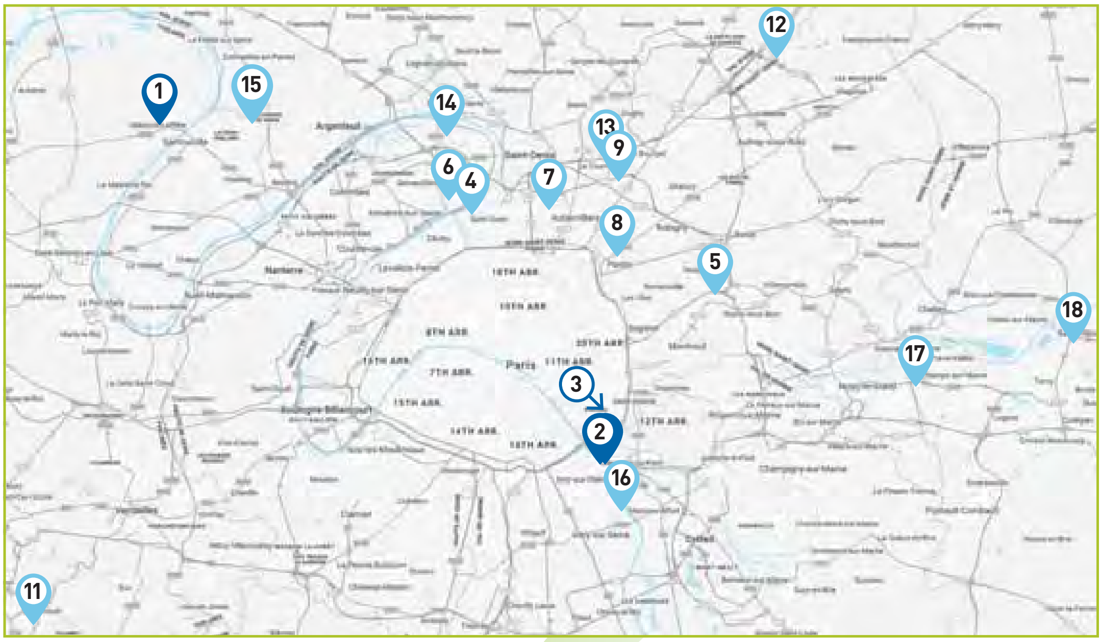
19 Via Brigata Padova 19, Padova

ITALY
ASSETS

	Address	Acquisition date	Purchase Price (€)	Valuation (€) 31 Dec 2020
	Office			
1	Piazza Affari 2, Piazza degli Affari 2, Milan	30 Nov 2017	81,700,000	89,800,000
2	Via dell'Amba Aradam 5, Rome	30 Nov 2017	49,800,000	49,000,000
3	Via Pianciani 26, Rome	30 Nov 2017	33,900,000	32,600,000
4	Building F7-F11, Viale Milanofiori 1, Assago	30 Nov 2017	27,600,000	26,400,000
5	Via Camillo Finocchiaro Aprile 1, Genova	5 Dec 2018	23,775,000	23,700,000
6	Via Nervesa 21, Milan	30 Nov 2017	25,400,000	23,325,000
7	Cassiopea 1-2-3, Via Paracelso 22-24-26, Milan	28 Nov 2019	17,700,000	16,650,000
8	Nuova ICO, Via Guglielmo Jervis 9, Ivrea	27 Jun 2018	16,900,000	16,525,000
9	Via della Fortezza 8, Florence	15 Feb 2018	17,350,000	16,375,000
10	Corso Lungomare Trieste 29, Bari	5 Dec 2018	12,250,000	11,475,000
11	Corso Annibale Santorre di Santa Rosa 15, Cuneo	30 Nov 2017	9,550,000	7,860,000
12	Via Rampa Cavalcavia 16-18, Venice Mestre	30 Nov 2017	5,600,000	5,220,000
	Light Industrial / Logistics			
13	CLOM (Centro Logistico Orlando Marconi), Via del Lavoro, Monteprandone	23 Dec 2020	52,575,000	52,575,000
14	Strada Provinciale Adelfia, Rutigliano	30 Nov 2017	12,000,000	12,675,000
	Others			
15	Viale Europa 95, Bari	30 Nov 2017	83,100,000	76,500,000
16	Starhotels Grand Milan, Via Varese 23, Saronno	30 Nov 2017	19,100,000	17,050,000
17	Via Madre Teresa 4, Lissone	30 Nov 2017	20,800,000	16,350,000
18	Via Salara Vecchia 13, Pescara	30 Nov 2017	13,000,000	12,300,000
19	Via Brigata Padova 19, Padova	30 Nov 2017	6,000,000	4,430,000

NLA (sqm)	Gross Revenue (€) FY 2020	Occupancy	Lease type	Land tenure
7,787	4,035,846	99.7%	Multi-tenanted	Freehold
16,689	3,625,097	100.0%	Master	Freehold
10,725	2,885,020	100.0%	Multi-tenanted	Freehold
16,111	2,152,375	97.4%	Multi-tenanted	Freehold
15,538	2,078,747	100.0%	Master	Freehold
9,712	2,238,079	100.0%	Single tenant	Freehold
11,500	1,831,117	92.7%	Multi-tenanted	Freehold
20,428	1,495,301	96.6%	Multi-tenanted	Freehold
9,139	1,478,342	100.0%	Master	Freehold
11,674	1,134,661	100.0%	Master	Freehold
8,794	844,886	100.0%	Master	Freehold
4,081	513,408	100.0%	Master	Freehold
156,888	111,652	99.6%	Multi-tenanted	Freehold
29,638	1,132,941	100.0%	Multi-tenanted	Freehold
123,261	9,542,790	100.0%	Master	Freehold
17,400	905,911	100.0%	Single tenant	Freehold
11,765	1,800,846	100.0%	Multi-tenanted	Freehold
15,998	1,329,361	100.0%	Master	Freehold
8,151	613,827	100.0%	Master	Freehold

FRANCE ASSETS



OFFICE

1 Cap Mermoz, Maisons-Laffitte, Paris

2 Paryseine, Ivry-sur Seine, Paris

3 Lénine, Ivry-sur Seine, Paris

LIGHT INDUSTRIAL / LOGISTICS

4 Parc des Docks,
Saint Ouen, Paris

5 Parc des Guillaumes,
Noisy-le-Sec

6 Parc des Grésillons,
Gennevilliers

7 Parc du Landy,
Aubervilliers

8 Parc Delizy,
Pantin

9 Parc Urbaparc,
La Courneuve

10 Parc Béziers,
Villeneuve-lès-Béziers

11 Parc du Merantais,
Magny-Les-Hameaux

12 Parc des Érables,
Villepinte

13 Parc Jean Mermoz,
La Courneuve

14 Parc Louvresses,
Gennevilliers

15 Parc le Prunay,
Sartrouville

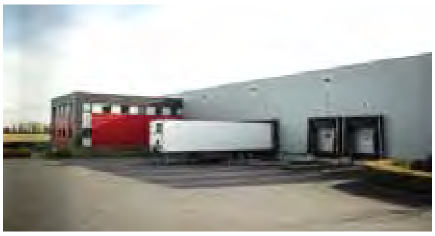
16 Parc Locaparc 2,
Vitry-sur-Seine

17 Parc de Champs,
Champs sur Marne

18 Parc Acticlub,
Saint Thibault des Vignes

FRANCE ASSETS

LIGHT INDUSTRIAL / LOGISTICS



19 Parc Parçay-Meslay, Parcay-Meslay

20 Parc de Popey, Bar-le-Duc

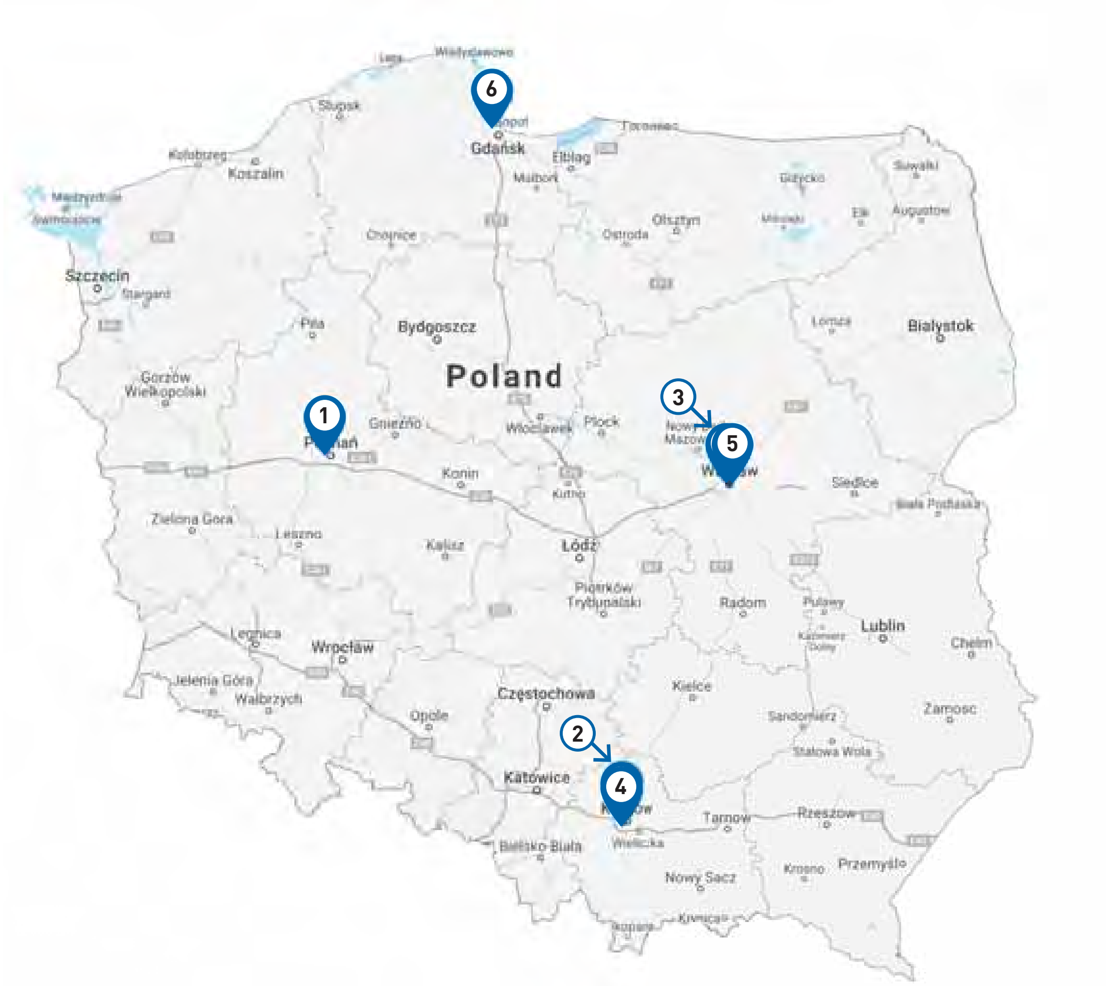
21 Parc du Bois du Tambour, Gondreville

	Address	Acquisition date	Purchase Price (€)	Valuation (€) 31 Dec 2020
	Office			
1	Cap Mermoz, 38-44 rue Jean Mermoz, Maisons-Laffitte, Paris	17 Jul 2019	38,022,076	35,600,000
2	Paryseine, 3 Allée de la Seine, Ivry-Sur Seine, Paris	17 Jul 2019	35,203,326	29,100,000
3	Lénine, 1 rue de Lénine, 94200 Ivry-Sur Seine, Ivry-Sur Seine, Paris	17 Jul 2019	5,500,000	5,080,000
	Light Industrial / Logistics			
4	Parc des Docks, 50 rue Ardoin, Saint Ouen	30 Nov 2017	98,000,000	135,300,000
5	Parc des Guillaumes, 58 rue de Neuilly – 2 rue du Trou Morin, ZAC des Guillaumes, Noisy-le-Sec	30 Nov 2017	24,000,000	28,000,000
6	Parc des Grésillons, 167-169 avenue des Grésillons, Gennevilliers	30 Nov 2017	17,250,000	23,400,000
7	Parc du Landy, 61 rue du Landy, Aubervilliers	30 Nov 2017	18,600,000	23,300,000
8	Parc Delizy, 32 rue Délizy, Pantin	30 Nov 2017	18,100,000	18,500,000
9	Parc Urbaparc, 75-79 rue du Rateau, La Courneuve	30 Nov 2017	12,600,000	18,300,000
10	Parc Béziers, Rue Charles Nicolle, Villeneuve-lès-Béziers	23 Jan 2019	10,200,000	11,000,000
11	Parc du Merantais, 1-3 rue Georges Guynemer, Magny-Les-Hameaux	30 Nov 2017	9,400,000	9,730,000
12	Parc des Érables, 154 allée des Érables, Villepinte	30 Nov 2017	6,100,000	9,210,000
13	Parc Jean Mermoz, 53 rue de Verdun – 81, rue Maurice Berteaux, La Courneuve	30 Nov 2017	7,500,000	9,140,000
14	Parc Louvresses, 46-48 boulevard Dequevauvilliers, Gennevilliers	14 Feb 2019	6,800,000	7,740,000
15	Parc le Prunay, 13-41 rue Jean Pierre Timbaud, ZI du Prunay, Sartrouville	30 Nov 2017	4,900,000	7,660,000
16	Parc Locaparc 2, 59-65 rue Edith Cavell, Vitry-sur-Seine	30 Nov 2017	5,600,000	7,650,000
17	Parc de Champs, 40 boulevard de Nesles, ZAC le Ru du Nesles, Champs sur Marne	30 Nov 2017	5,900,000	7,240,000
18	Parc Acticlub, 2 rue de la Noue Guimante, ZI de la Courtillière, Saint Thibault des Vignes	30 Nov 2017	4,700,000	6,260,000
19	Par Parçay-Meslay, Les Papillons, 37210 Parçay-Meslay, France	23 Jan 2019	5,700,000	4,850,000
20	Parc de Popey, 5 chemin de Popey, Bar-le-Duc	30 Nov 2017	3,800,000	4,800,000
21	Parc du Bois du Tambour, Route de Nancy, Gondreville	30 Nov 2017	2,000,000	3,990,000
22	Parc Sully, 105 route d'Orléans, Sully-sur-Loire	23 Jan 2019	5,500,000	3,390,000

22 Parc Sully, Sully-sur-Loire

NLA (sqm)	Gross Revenue (€) FY 2020	Occupancy	Lease type	Land tenure
11,224	2,955,093	96.4%	Multi-tenanted	Freehold
20,748	4,714,726	88.3%	Multi-tenanted	Freehold
2,320	521,734	64.2%	Multi-tenanted	Freehold
73,371	10,491,890	90.3%	Multi-tenanted	Freehold
18,712	2,617,125	97.7%	Multi-tenanted	Freehold
10,064	1,650,978	100.0%	Multi-tenanted	Freehold
12,763	2,085,420	98.9%	Multi-tenanted	Freehold
12,415	2,165,145	97.1%	Multi-tenanted	Freehold
12,607	1,885,523	100.0%	Multi-tenanted	Freehold
8,944	883,544	100.0%	Single tenant	Freehold
10,312	972,307	52.0%	Multi-tenanted	Freehold
8,077	977,865	100.0%	Multi-tenanted	Freehold
6,004	928,369	100.0%	Multi-tenanted	Freehold
7,404	918,643	100.0%	Single tenant	Leasehold
9,441	857,082	100.0%	Multi-tenanted	Freehold
5,614	733,517	84.0%	Multi-tenanted	Freehold
7,051	750,606	100.0%	Multi-tenanted	Freehold
8,055	830,181	100.0%	Multi-tenanted	Freehold
5,232	497,643	100.0%	Single tenant	Freehold
15,444	671,633	100.0%	Single tenant	Freehold
16,509	559,731	62.6%	Multi-tenanted	Freehold
15,500	742,248	100.0%	Single tenant	Freehold

POLAND ASSETS



	Address	Acquisition date	Purchase Price (€)	Valuation (€) 31 Dec 2020
	Office			
1	Business Garden, 2, 4, 6, 8 and 10 Kolorowa Street, Poznań	24 Sep 2019	88,800,000	85,900,000
2	Green Office, 80, 80A, 82 and 84 Czerwone Maki, Kraków	25 Jul 2019	52,197,315	51,200,000
3	Riverside Park, Fabryczna 5, Warsaw	14 Feb 2019	31,300,000	30,200,000
4	Avatar, 28 Armii Krajowej, Kraków	25 Jul 2019	27,802,685	28,100,000
5	Grójecka 5, Warsaw	14 Feb 2019	22,307,949	21,600,000
6	Arkońska Business Park, Arkońska 1&2, Gdańsk	14 Feb 2019	18,242,052	18,300,000

OFFICE

1 Business Garden,
Poznań

2 Green Office,
Kraków

3 Riverside Park,
Warsaw

4 Avatar,
Kraków

5 Grójecka 5,
Warsaw

6 Arkońska Business Park,
Gdańsk

NLA (sqm)	Gross Revenue (€) FY 2020	Occupancy	Lease type	Land tenure
42,268	9,086,715	100.0%	Multi-tenanted	Freehold
23,112	6,314,642	100.0%	Multi-tenanted	Freehold
12,478	2,865,592	83.5%	Multi-tenanted	Freehold
11,341	2,751,540	100.0%	Multi-tenanted	Freehold / perpetual usufruct
10,875	2,313,081	85.4%	Multi-tenanted	Freehold
11,172	1,764,538	70.9%	Multi-tenanted	Freehold

GERMANY ASSETS

LIGHT INDUSTRIAL / LOGISTICS

1 Parsdorfer Weg 10, Kirchheim

2 An der Wasserschluft 7, Sangerhausen

3 Siemensstraße 11, Frickenhausen

	Address	Acquisition date	Purchase Price (€)	Valuation (€) 31 Dec 2020
	Light Industrial / Logistics			
1	Parsdorfer Weg 10, Kirchheim	30 Nov 2017	25,886,850	36,600,000
2	An der Wasserschluft 7, 06526, Sangerhausen	13 Aug 2020	16,391,587	18,350,000
3	Siemensstraße 11, Frickenhausen	30 Nov 2017	12,965,400	17,650,000
4	Göppinger Straße 1 – 3, Pforzheim	24 Mar 2020	15,228,788	16,875,000
5	Gewerbestraße 62, Bretten	24 Mar 2020	13,559,091	15,500,000
6	An der Kreuzlache 8-12, Bischofsheim	30 Nov 2017	8,696,000	13,700,000
7	Henschelring 4, Kirchheim	30 Nov 2017	7,608,150	11,575,000
8	Frauenstraße 31, Maisach	30 Nov 2017	5,854,015	11,450,000
9	Gutenbergstraße 1, Dieselstraße 2, Königsbach-Stein	24 Mar 2020	9,212,121	10,625,000
10	Kolumbusstraße 16, Hamburg	30 Nov 2017	6,913,900	10,300,000
11	Dresdner Straße 16, Sachsenring 52, Straubing	30 Nov 2017	4,941,200	9,440,000
12	Hochstraße 150-152, Duisburg	30 Nov 2017	4,884,600	9,390,000
13	Moorfleeter Straße 27, Liebigstraße 67-71, Hamburg	30 Nov 2017	7,071,600	9,000,000
14	Kinzigheimer Weg 114, Hanau	30 Nov 2017	2,932,000	3,670,000
15	An der Steinlach 8-10, Bischofsheim	30 Nov 2017	3,500,000	3,240,000

LIGHT INDUSTRIAL / LOGISTICS

4 Göppinger Straße 1 – 3, Pforzheim

5 Gewerbestraße 62, Bretten

6 An der Kreuzlache 8-12, Bischofsheim

7 Henschelring 4, Kirchheim

8 Frauenstraße 31, Maisach

9 Gutenbergstraße 1, Dieselstraße 2, Königsbach-Stein

10 Kolumbusstraße 16, Hamburg

11 Dresdner Straße 16, Sachsenring 52, Straubing

12 Hochstraße 150-152, Duisburg

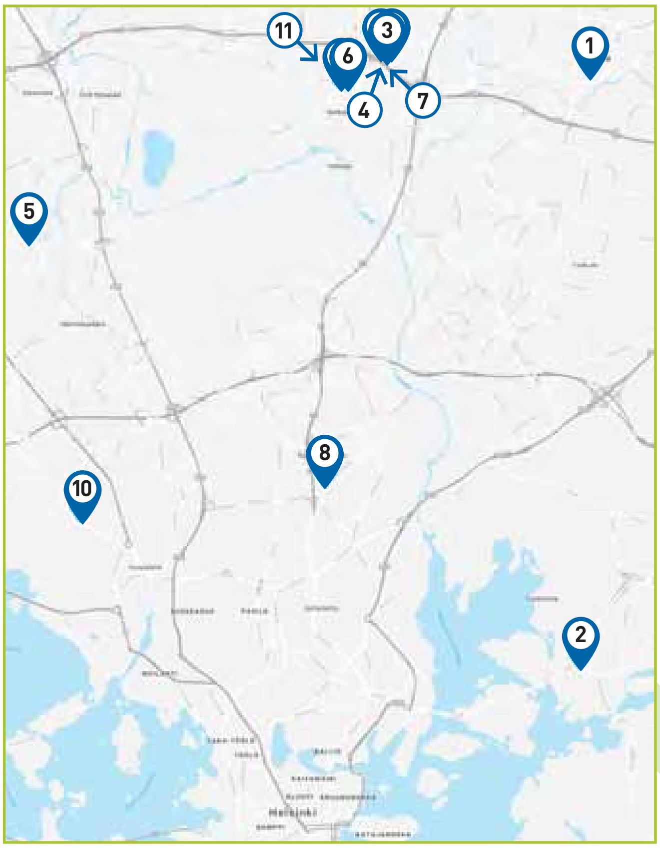
13 Moorfleeter Straße 27, Liebigstraße 67-71, Hamburg

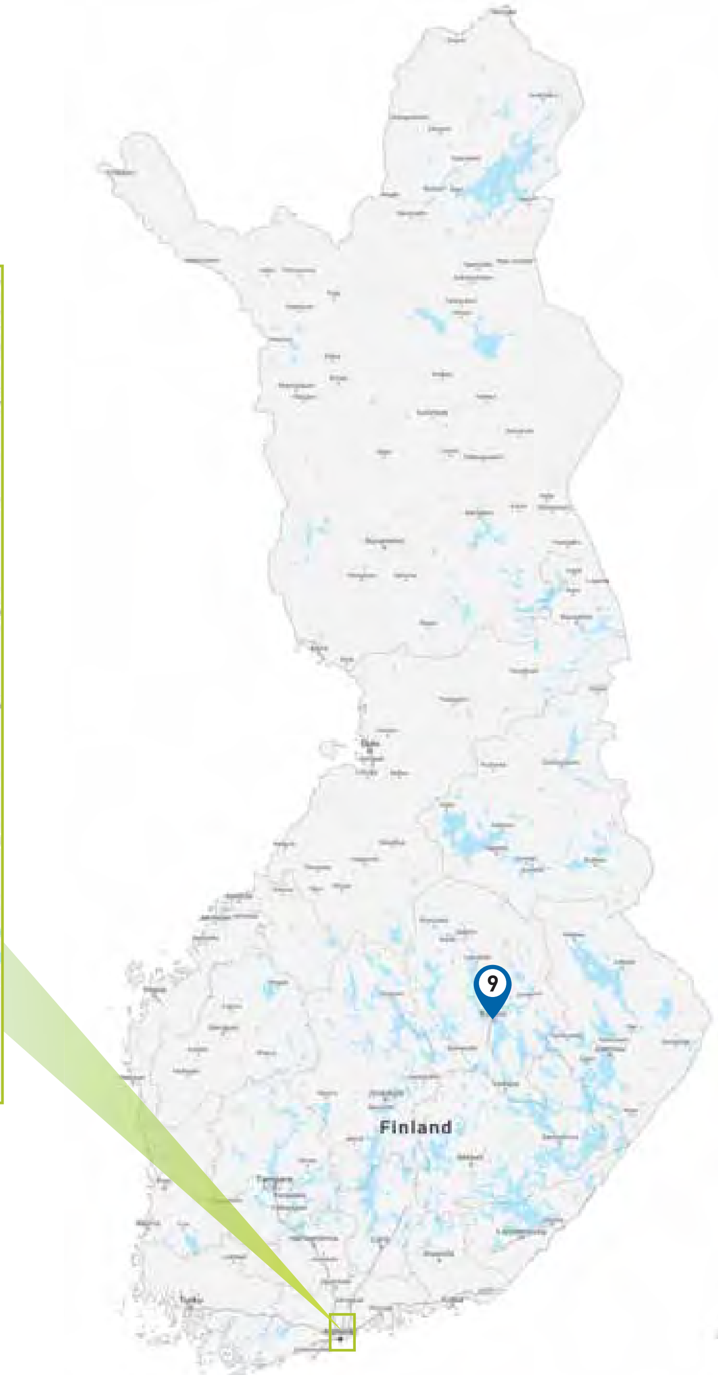
14 Kinzigheimer Weg 114, Hanau

15 An der Steinlach 8-10, Bischofsheim

NLA (sqm)	Gross Revenue (€) FY 2020	Occupancy	Lease type	Land tenure
26,444	2,258,178	95.7%	Multi-tenanted	Freehold
30,557	460,783	100.0%	Single tenant	Freehold
37,188	2,144,287	90.9%	Multi-tenanted	Freehold
11,273	710,665	100.0%	Single tenant	Freehold
10,449	628,056	100.0%	Single tenant	Freehold
18,924	1,210,560	98.8%	Multi-tenanted	Freehold
9,029	712,692	100.0%	Multi-tenanted	Freehold
8,663	790,987	91.7%	Multi-tenanted	Freehold
8,013	473,381	100.0%	Single tenant	Freehold
18,555	859,461	92.0%	Multi-tenanted	Freehold
9,437	570,928	100.0%	Multi-tenanted	Freehold
17,692	997,331	88.1%	Multi-tenanted	Freehold
7,347	708,654	100.0%	Multi-tenanted	Freehold
6,257	464,339	91.8%	Multi-tenanted	Freehold
7,158	553,246	93.6%	Single tenant	Freehold

FINLAND ASSETS





	Address	Acquisition date	Purchase Price (€)	Valuation (€) 31 Dec 2020
	Office			
1	Grandinkulma, Kielotie 7, Vantaa	28 Dec 2018	12,500,000	13,500,000
2	Opus 1, Hitsaajankatu 24, Helsinki	28 Dec 2018	13,500,000	13,100,000
3	Plaza Vivace, Äyritie 8 C, Vantaa	28 Dec 2018	13,233,635	12,575,000
4	Plaza Forte, Äyritie 12 C, Vantaa	28 Dec 2018	12,600,000	12,225,000
5	Myyrmäenraitti 2, Vantaa	28 Dec 2018	12,000,000	11,700,000
6	Pakkalankuja 6, Vantaa	28 Dec 2018	9,700,000	10,450,000
7	Plaza Allegro, Äyritie 8 B, Vantaa	28 Dec 2018	11,173,423	9,990,000
8	Mäkitorpantie 3b, Helsinki	28 Dec 2018	7,600,000	8,820,000
9	Kauppakatu 39, Kuopio	28 Dec 2018	7,600,000	7,230,000
10	Purotie 1, Helsinki	28 Dec 2018	7,113,006	5,700,000
11	Pakkalankuja 7, Vantaa	28 Dec 2018	6,100,000	5,600,000

OFFICE

1 Grandinkulma, Vantaa

2 Opus 1, Helsinki

3 Plaza Vivace, Vantaa

4 Plaza Forte, Vantaa

5 Myyrmäenraitti 2, Vantaa

6 Pakkalankuja 6, Vantaa

7 Plaza Allegro, Vantaa

8 Mäkitorpantie 3b, Helsinki

9 Kauppakatu 39, Kuopio

10 Purotie 1, Helsinki

11 Pakkalankuja 7, Vantaa

NLA (sqm)	Gross Revenue (€) FY 2020	Occupancy	Lease type	Land tenure
6,191	1,211,255	95.1%	Multi-tenanted	Freehold
6,821	1,148,354	73.2%	Multi-tenanted	Freehold
5,661	1,227,366	77.9%	Multi-tenanted	Freehold
6,054	1,298,917	82.9%	Multi-tenanted	Freehold
7,515	1,374,755	94.3%	Multi-tenanted	Freehold
7,802	1,298,603	86.5%	Multi-tenanted	Freehold
4,620	868,924	75.4%	Multi-tenanted	Freehold
4,367	755,856	81.7%	Multi-tenanted	Freehold
4,832	916,109	96.4%	Multi-tenanted	Freehold
4,692	827,044	89.8%	Multi-tenanted	Freehold
3,425	506,352	65.8%	Multi-tenanted	Freehold

DENMARK ASSETS

	Address	Acquisition date	Purchase Price (€)	Valuation (€) 31 Dec 2020
	Light Industrial / Logistics			
1	Naverland 7-11, Glostrup	30 Nov 2017	10,500,000	11,947,479
2	Priorparken 700, Brøndby	30 Nov 2017	11,200,000	11,584,620
3	Priorparken 800, Brøndby	30 Nov 2017	8,600,000	10,697,631
4	Stamholmen 111, Hvidovre	30 Nov 2017	4,300,000	7,485,654
5	Herstedvang 2-4, Albertslund	30 Nov 2017	6,300,000	7,364,701
6	Islevdalvej 142, Rødovre	30 Nov 2017	5,500,000	6,679,300
7	Naverland 8, Glostrup	30 Nov 2017	5,500,000	6,303,001
8	Hørskætten 4-6, Tåstrup	30 Nov 2017	5,200,000	6,007,338
9	Fabriksparken 20, Glostrup	30 Nov 2017	5,200,000	5,899,824
10	Hørskætten 5, Tåstrup	30 Nov 2017	3,428,486	3,628,593
11	Naverland 12, Glostrup	30 Nov 2017	3,011,000	3,413,566

LIGHT INDUSTRIAL / LOGISTICS

1 Naverland 7-11, Glostrup

2 Priorparken 700, Brøndby

3 Priorparken 800, Brøndby

4 Stamholmen 111, Hvidovre

5 Herstedvang 2-4, Albertslund

6 Islevdalvej 142, Rødovre

7 Naverland 8, Glostrup

8 Hørskætten 4-6, Tåstrup

9 Fabriksparken 20, Glostrup

10 Hørskætten 5, Tåstrup

11 Naverland 12, Glostrup

NLA (sqm)	Gross Revenue (€) FY 2020	Occupancy	Lease type	Land tenure
22,070	1,576,742	88.1%	Multi-tenanted	Freehold
15,340	1,504,566	100.0%	Single tenant	Freehold
14,703	841,321	64.4%	Multi-tenanted	Freehold
13,717	840,455	71.2%	Multi-tenanted	Freehold
11,890	820,883	87.2%	Multi-tenanted	Freehold
11,151	842,397	94.5%	Multi-tenanted	Freehold
11,945	701,988	79.5%	Multi-tenanted	Freehold
8,988	569,454	74.9%	Multi-tenanted	Freehold
7,615	687,154	100.0%	Multi-tenanted	Freehold
4,985	437,439	100.0%	Single tenant	Freehold
6,875	446,265	100.0%	Single tenant	Freehold

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EUROPEAN PROPERTY MARKET RESEARCH:

THE NETHERLANDS, FRANCE, GERMANY, ITALY, DENMARK, FINLAND, POLAND, CZECH REPUBLIC AND SLOVAKIA
OFFICE, INDUSTRIAL & LOGISTICS MARKETS

KNIGHT FRANK RESEARCH

Prepared for:

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

Cromwell European Real Estate Investment Trust

22nd February, 2021

Knight Frank

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

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1. THE NETHERLANDS

Section 1: Executive Summary

- Despite contraction in 2020, the Dutch economy is anticipated to rebound by 2.7% in 2021, with the country remaining a vital European distribution hub.
- The investment market continued to be buoyant despite travel restrictions, with volumes totalling €19.9 billion in 2020. An anticipated increase in property transfer tax (to 8%) in 2021 saw investors bring purchases forward, with a concentration on core products. The industrial sector attracted strong investor appetite with 2020 the second highest total on record (€3.5 billion).
- Reorganisations by major occupiers such as Airbus, Shell, KLM, Booking.com and Uber will impact office vacancy rates: but full impacts of the COVID-19 crisis will remain concealed whilst government support measures are in place.
- The Amsterdam office market retained stability thanks to its diverse tenant mix, although its magnetism to agile tech starts-up contributed to a rise in sub-lease space as occupiers reconsidered their space requirements. Overall demand remained robust with prime rents stable at €475 per sq. metre.
- Utrecht, in particular continued to be resilient to the current economic crisis, as a city home to office-occupiers associated with the Research & Development (R&D), medical research, and life sciences sectors.
- The Netherlands possesses some of the most sought-after logistic locations, being centrally located in a network of corridors linking European markets. Growing urban populations alongside increased e-commerce sales are placing pressure on demand as distributors seek to locate closer to consumer markets.

Section 2: Economy

National Statistics – Economic Outlook

	2019	2020 (f)	2021 (f)	2022 (f)	2023 (f)	2024 (f)	2025 (f)
Total Population (millions)	17.35	17.43	17.49	17.54	17.59	17.64	17.69
Population Growth rate (%)	0.6%	0.5%	0.3%	0.3%	0.3%	0.3%	0.3%
GDP Growth (%)	1.6%	-3.9%	2.7%	3.0%	1.9%	1.5%	1.2%
Unemployment rate (%)	4.3%	4.6%	5.8%	6.0%	5.8%	5.7%	5.7%
Government debt (% of GDP)	62.5%	69.5%	72.2%	71.5%	71.1%	69.7%	68.2%
Inflation (CPI) (%)	2.6%	1.3%	1.5%	1.7%	1.7%	1.8%	2.0%

Source: Oxford Economics (17/02/2021)

The Netherlands runs a large current account surplus, with a prosperous economy, driven predominantly by international trade and distribution. Its geographic location places it central to the network of trade corridors and transport routes linking to the markets of Southern Europe, Central and Eastern Europe, the UK and the Nordic markets. The Netherlands acts as a hub for imports, exports and distribution to a large number of markets across Europe.

The economic impact of the pandemic led to a contraction in GDP in 2020, though it is forecast to rebound in 2021 with +2.7% growth (source: Oxford Economics). Despite the negative economic impact of the COVID-19 crisis, the country's fundamentals remain robust. Industry and retail have remained resilient and consumption is expected to pick up in 2021. However, with government support measures, such as loan guarantees and grants for small businesses due to come to an end in July 2021, business failures are expected to rise in the second half of 2021.

The labour market in the Netherlands is highly educated and multilingual with generally high levels of employment. Despite the current economic challenges posed by the COVID-19 pandemic, unemployment has remained low, 4.6% at the end of 2020 (source: Oxford Economics). Government subsidies are providing support, however these are due to come to an end in mid-2021 and unemployment is forecast to peak in Q4 2021 (at 6.2%) before gradually falling throughout 2022 and beyond.

Historic and Forecast GDP Growth (%)

Source: CBS Netherlands, Oxford Economics

Historic and Forecast Population (millions)

Source: Statistics Netherlands, Oxford Economics

The Rutte government has stepped down due to a political scandal, but will stay on in a caretaker role to tackle the pandemic until parliamentary elections in March 2021. However, despite the scandal and criticism over the slow COVID-19 vaccine rollout, support for Rutte's centre-right party remains high and current political issues are unlikely to pose a significant threat to the pace of economic recovery.

Population growth in the Netherlands, particularly in Amsterdam and the wider Randstadt region has helped fuel demand for housing and there is a growing shortage of housing stock. This, coupled with historically low interest rates, has driven a surge in house prices. Forecasts suggest that the Dutch population will continue to grow, though the rate of growth is expected to slow. The COVID-19 recession will suppress demand over the next couple of years and house prices are expected to moderate.

Foreign trade is a significant aspect of the Dutch economy, representing 154% of GDP in 2019 (World Bank). The economic surplus is mainly due to trade with other European Union (EU) nations, with a positive goods balance driven by a high volume of re-exports, goods which have been imported and leave the country again after virtually no further processing and with relatively low added value; re-exports account for around half of all exports. The top export destinations are Germany, Belgium, France and the UK. The UK is an important market for the Dutch agri-food sector.

Most Dutch exports are destined for other EU markets however the UK, the United States (US), and China are also important markets, all within the top ten destinations for Dutch exports. The agreement reached in December between the UK and EU will have offered some reassurance to Dutch export businesses, though there is likely to be some additional costs through non-tariff barriers (NTBs), such as customs or regulatory bureaucracy. However, considering the challenges brought about by the pandemic, the changing trade relationship with the UK is likely to have a relatively minor impact overall.

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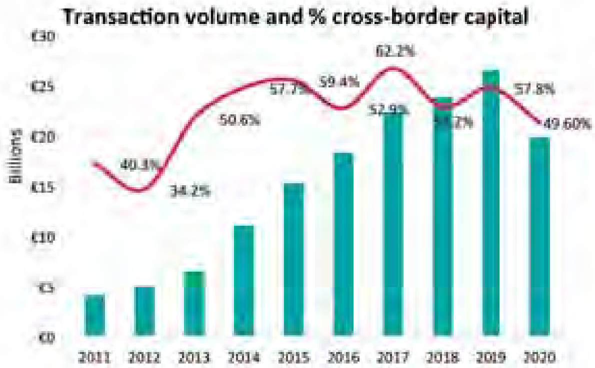
Section 3: Commercial Real Estate Market

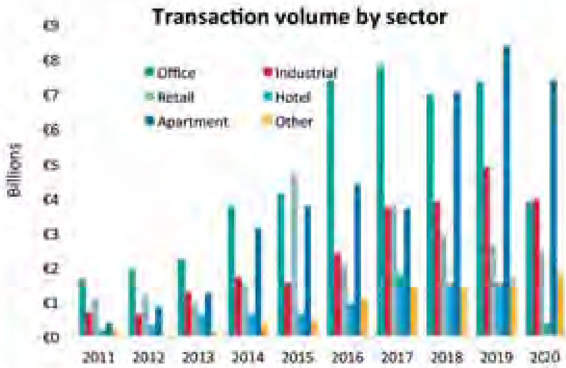
A: Investment Market

The Netherlands is continental Europe's third largest commercial real estate (CRE) investment market, after Germany and France, despite its relatively small geographical size. The multi-lingual business culture combined with market transparency and sound economic underpinnings in the Netherlands makes the market attractive to international investors. Almost all capital targeting offices in the Netherland in 2020 was focused on Amsterdam and the wider Randstad region.

In 2020 there was a total of €19.9 billion invested into real estate in the Netherlands, this is lower than the levels recorded over the past three years and down 25% on the record €26.5 billion transacted in 2019. International investors accounted for just under half of the total transacted, a slight decrease on recent years. Despite economic uncertainties and restrictions on international travel, making inspections difficult, the Dutch investment market has remained buoyant and continued to attract overseas investors. Buyers from the US, Germany and UK were most acquisitive in 2020, but buyers from elsewhere in Europe were also active.



Source: Knight Frank Research, Real Capital Analytics



Source: Knight Frank Research, Real Capital Analytics

The apartment sector was the most targeted in 2020, with €7.4 billion invested, following inflows of €8.3 billion in 2019. Demand for student housing and Private Rented Sector (PRS) housing are underpinned by strong demographic trends and the quality of assets in these sectors is improving attracting investor interest.

The industrial sector also drew strong investor interest in 2020, with €3.5 billion transacting in the sector. Though the y/y comparison is unfavourable (with €7.3 billion invested in 2019), it is the second highest total on record and robust investor appetite underlines the strength of the occupier market with demand underpinned by growth in e-commerce. Online shopping has increased significantly in the Netherlands since the start of the pandemic, as it has in many countries. However, unlike in many other European countries, shops were not forced to close, though many consumers opted to shop online rather than visit physical stores.

The COVID-19 pandemic and associated economic uncertainty have lowered investors risk appetite and activity has concentrated on core products, with dampened activity for value-added and opportunistic product. The increase in property transfer tax to 8% for real estate investment in the Netherlands will drive up transaction costs in 2021 and so some investors will have brought forward investment decisions, and this has had a positive impact on overall trading volumes in 2020.

A notable transaction of 2020 was the sale of the INIT Building in Amsterdam for €125 million. US HighBrook Investors purchased the city centre office asset from Aroundtown and LRC Europe. Another significant 2020 deal was Deka Immobilien's purchase of VidaXL II, a logistics development project in Venlo, for €110 million.

Source: MSCI

Annual total returns for Dutch industrial property stood at 7.3% in Q3 2020. Annual total returns for offices have dropped from 18.1% recorded in Q1 2020, to 8.3% in Q3 2020. While returns for industrial assets have continued their upward trajectory, with 11.9% recorded in Q3 2020.

B: Office Sector – occupier market

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

With current COVID-19 support measures in place, it is difficult to see the true impact of the crisis on office-based businesses: there will be a lack of clarity around the number of bankruptcies and job losses until the support measures are removed, albeit gradually. The vacancy rates across Dutch cities are low and the number of developments without pre-let agreements in place is limited. However, several major Dutch office occupiers have announced job cuts and restructuring plans, including Airbus, Shell, KLM, Booking.com and Uber. These reorganisations will undoubtedly impact demand for office space in the short term and it is likely there will be a rise in the availability, in particular of second-hand space as occupiers focus on newer, more prime space. However, the negative effects on vacancy rates are expected to remain limited. Despite the expected drop in demand, it is highly unlikely that vacancy rates in the office market will return to the highs witnessed in 2013 due to the limited amount of speculative completions. The economy is forecast to rebound in 2021/2022 and the Dutch office market entered the crisis in a strong position.

Since the Global Financial Crisis, record amounts of older office space have been withdrawn from the Dutch market, the majority of which was in the major cities. In addition to Amsterdam, office space in Rotterdam and The Hague has reduced significantly with a large number of properties decommissioned and converted to much needed residential schemes. The consolidation of office stock has resulted in structurally reducing vacancy rates across the key cities and strong positive rental growth, particularly in centrally located prime office locations, prime Amsterdam office rents have risen 36% over the past five years.

Amsterdam

The Amsterdam economy has grown strongly over the past ten years, with economic success driven by growth in the financial services, business services and Information, Communication and Technology (ICT) sectors, which are all active in the capital. Amsterdam's broad tenant base should promote stability in the market during the current climate of uncertainty. The city appeals to young, educated workers and thus occupiers looking to access this labour pool are increasingly considering Amsterdam. Modern, well-located office spaces are particularly attractive to start-ups, tech occupiers and other occupiers with a relatively young workforce and flexible workspace needs.

Over the next five years, the ICT sector is expected to grow. At the end of 2019 employment in the sector stood at 72,258 and by the end of 2025 employment in the sector is forecast to reach 80,752 (source: Oxford Economics). The health and social work sector has been rapidly expanding and further growth in this sector is also anticipated, rising from 120,737 jobs to 129,828 by the end of 2025 (source: Oxford Economics). Conversely, jobs in financial and insurance services will remain flat over the next few years (0% growth forecast 2019-2025, Oxford Economics).

The shape of the economic recovery and the changing sector profile of the city will have implications for the locations and specifications of office space. Large tech companies have invested heavily in city centre headquarter buildings in order to attract talent, however, the tech sector has strongly embraced homeworking during the pandemic and this may reduce their overall space requirements longer term. ICT and medical sector occupiers often opt for campus style office buildings that can offer modern facilities, with high levels of security, strong digital connectivity and large, flexible floorplates.

Historically, the Amsterdam office market had been afflicted with a structurally high vacancy rate which limited the potential for rental growth. The vacancy rate has however plummeted over the past decade and the total amount of space in Amsterdam city centre has been decreasing as redundant office space is redeveloped for alternative uses. In 2017, the building-freeze was lifted, and office development restarted, with the lack of availability impacting on the city's ability to offer suitable office facilities and thus attract companies. However, development levels have been restrained and focused in areas where there is strong demand.

There was a rise in supply in 2020, with construction commencing on approximately 60,000 sq. m of speculative office space. There has also been an increase in the supply of sub-lease space as tenants reconsider their space requirements. Vacancy rates have risen in 2020 as a result, but remain low compared with historic figures. Demand remains strong for high-quality office space and prime rents have remained stable (y/y), at €475 per sq. metre. Although Amsterdam has recorded strong rental growth over the past few years, it lost momentum in 2020 and this is likely to continue through 2021. Positive rental growth is expected to return in 2022, with around 2% growth expected.

Key Market Statistics:

Amsterdam	2015	2016	2017	2018	2019	2020
Vacancy Rate (%)	18.3	16.8	13.6	7.8	5.5	6.7
Take-Up (sq. m)	246,650	265,125	437,800	410,000	322,000	210,000
Stock (sq. m)	6.9	6.9	6.7	6.7	6.2	6.9
Prime Rent (€ sq. m/p.a.)	340	365	400	425	475	475
Prime Yield (%)	5.00	4.50	3.60	3.25	3.00	3.50

Source: Knight Frank Research

The Hague

After Amsterdam, The Hague is the next largest office market in the Netherlands in terms of built stock and the third largest city by population. The Hague is the seat of the Dutch government as well as numerous international public bodies including the International Criminal Court (ICC), International Court of Justice and Europol (European Union Agency for Law Enforcement Cooperation). Oil companies are also a significant part of the occupier base in The Hague - Royal Dutch Shell have their headquarters here, and Saudi Aramco, Kuwait Petroleum Corporation and Total S.A. have all located their regional HQ's in the city too. ICT companies are also an important component of the local office market; international companies such as Siemens, T-Mobile, Huawei, HCL Technologies, Tech Mahindra, and AT&T have headquarters located in The Hague.

Total office stock in The Hague has been shrinking through the redevelopment of vacant buildings into other uses, predominantly housing. This has brought the demand and supply dynamics of the office market into balance. The Hague's coastal location limits the expansion of the city and the highly populated surrounding area means that development potential is limited. However, development of a new Central Innovation District (CID) is taking place, this new, centrally-located mixed-use quarter, includes high-rise residential and office space. Located between and around The Hague's Central Station, Hollands Spoor and Laan van NOI train stations, development is expected to run to 2040.

Take-up levels in The Hague have been restrained in recent years. The Dutch government has been consolidating their office space requirements and the energy sector's lacklustre performance has dampened demand from the city's established occupier base. Demand from these sectors is likely to weaken further, with negative employment forecasts anticipated. While professional, scientific, and technical activities along with public administration and defence and ICT are likely to see contractions, employment in financial and insurance activities is forecast to grow strongly, along with human health & social work (source: Oxford Economics). There have been a number of significant lease transactions involving the financial services sector over the past couple of years, these include Nationale-Nederlanden (one of the largest insurance and asset management companies in the Netherlands) leasing an additional 4,913 sq. m at the Haagse Poort building in Beatrixkwartier (CBD area).

A changing, more diverse occupier base will be a positive for The Hague, however much of the current office stock does not meet the quality requirements of many modern office uses. As part of the broader trend in office requirements, demand is focused upon high-quality space close to public transport links.

The City of The Hague presented its office strategy in 2018, announcing plans to tackle the anticipated shortage of higher quality inner city office stock and create 200,000 sq. m of new office space with 130,000 sq. m to be delivered by 2025. Current development remains limited however, as this new stock is added to the market, it should offer opportunities for growth and boost take-up over the next few years.

Key Market Statistics:

The Hague	2015	2016	2017	2018	2019	2020
Prime Rent (€ sq. m/p.a.)	215	210	210	220	225	225
Prime Yield (%)	5.75	5.50	5.50	5.25	4.60	4.60

Source: Knight Frank Research

Utrecht

Utrecht is a university city with a highly educated population and has become a centre for research and development, including medical research, genetics and other sciences and has also spawned several associated start-ups, all of whom are taking space in the city. TMT, life sciences and research sectors have seen growth and investment over the past few years. These sectors are proving relatively resilient in the current economic climate, with health, education, and public services largely unaffected by the challenges found elsewhere in the economy. The healthcare sector is the dominant sector for employment in Utrecht and this bodes well as the city weathers the storm of the pandemic.

Over the past ten years the quality of stock in Utrecht has improved considerably with out-dated stock redeveloped and poorly located stock converted to alternative uses. The vacancy rate in the city has fallen sharply but there are significant variations between submarkets. The overall rate is at an historic low of around .5.5% having decreased over 2020. The CBD market has an acute lack of stock, driving strong rental growth within this submarket over the past few years. Rents have remained stable in 2020 as occupiers are somewhat cautious until there is more clarity as to how the COVID-19 crisis will unfold.

Take-up has declined in 2020, with much of the fall due to businesses postponing their leasing decisions. In 2020, the ICT and healthcare sectors have been most active in taking space. There has also been a shift in the location of activity from the CBD submarket that dominated in 2019, to the submarkets south and west of the CBD in 2020, in Utecht West, Papendorp and Kanaleneiland.

Key Market Statistics:

Utrecht	2015	2016	2017	2018	2019	2020
Prime Rent (€ sq. m/p.a.)	220	220	235	275	275	275
Prime Yield (%)	5.75	5.75	5.50	5.25	4.60	4.60

Source: Knight Frank Research

Rotterdam

Rotterdam is home to the largest port in the country and several export-dependent corporations are based here including Unilever (consumer goods), Proctor & Gamble (consumer goods), Pfizer (pharmaceuticals), Stolt-Nielsen (logistics) and Maersk (logistics).

The ongoing expansion of the Port of Rotterdam is enhancing the capacity of the port and raising the profile of the city as an important export/import hub, helping to solidify Rotterdam's position as one of Europe's key trade hubs and these improvements will help to continue to attract international companies and shipping industries to the city. Though international trade has been negatively impacted by the pandemic, the pharmaceuticals, logistics and consumer goods sectors have recorded strong demand.

Rotterdam has also been diversifying its offering somewhat; away from a purely industrial port city to a centre for technology, creative and business services sectors. This has attracted some interest from companies relocating, often from Amsterdam, in order to benefit from the highly educated workforce, and relatively cheaper office rents. However, over the next five years, it is the industrial sector that is expected to see the strongest uptick in employment with 5% growth forecast (between 2019-2025) according to Oxford Economics. Financial and business services and public services are also expected to record positive employment growth.

As is true of most cities, the pandemic has driven a fall in office demand in Rotterdam in 2020. However, the effects are not being felt equally throughout the city. In recent years, less desirable, secondary submarkets have benefitted from an uptick in occupier demand due to the low levels of supply and strong rents found in prime locations, which has boosted take-up in locations such as the Brainpark district, on the east side of the city. However, in 2020 and over the next few years, demand is likely to focus more sharply on prime city centre offices as rental growth in these locations eases, and secondary locations are expected to record rising vacancy rates.

Prime rents have held firm in 2020 and the focus on high quality offices in the best locations is likely to keep rental levels stable. However, as tenant leases come up for renewal, they are likely to seek higher incentives or rent reductions as part of the renegotiation process and average rents are likely to fall as demand for lower quality offices in weaker locations softens.

Key Market Statistics:

Rotterdam	2015	2016	2017	2018	2019	2020
Prime Rent (€ sq. m/p.a.)	225	235	235	235	235	235
Prime Yield (%)	5.10	5.00	5.00	4.75	4.60	4.60

Source: Knight Frank Research

Den Bosch

The North Brabant region is home to the cities of Eindhoven, Breda and 's-Hertogenbosch ("Den Bosch"). The occupier base in these cities have a strong regional focus, there are fewer international occupiers which should make them more resistant to crisis. However, as is true of the larger cities, secondary locations and lower quality stock are likely to feel the effects of the pandemic more strongly.

The office markets in these cities are marred by a lack of quality stock, but there are some positive moves with the development of several campus-style initiatives aimed at creating desirable, collaborative and modern working environments, such as Brainport Industries Campus in Eindhoven or De Brand in s-Hertogenbosch. There is a significant spread between yields here and those found in the main Randstad cities with prime office yields in Den Bosch currently around 6.25% compared to 3.25% in Amsterdam.

C: Industrial Sector – occupier market

The Netherlands is home to Europe's largest container port of Rotterdam and is central to the network of transport corridors that link markets in Southern Europe, Central and Eastern Europe to the UK and the Nordic markets. The Netherlands handles more maritime freight than any other European country and the

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Port of Amsterdam is the fourth-largest cargo port in Europe. The high level of connectivity, combined with access to the largest populations in Europe makes the Netherlands home to some of the most sought after industrial and logistics locations in Europe, particularly for distribution and cross-border e-fulfilment, such as the North Limburg logistics corridor and hubs in Venlo and Venray.

Domestic consumption and online sales have been growing and this is driving demand, particularly for urban logistics. Parcel carriers and distributors want to locate close to their consumer in order to serve the growing home delivery market. In 2015, online sales in the Netherlands totalled less than €10 billion, a level that rose to €14.8 billion by 2019 (source: Mintel), equating to approximately 10% of retail sales. The pandemic has served to accelerate the adoption of online platforms by retailers and online sales volumes are expected to have recorded strong growth in 2020. Online retail is projected to account for 13.1% of retail sales in 2020 (source: Centre for Retail Research).

The Netherlands has one of the most mature and established logistics markets in Europe. Demand for modern, high quality distribution centres has driven development over the past ten years which have boosted stock levels and occupier take-up. There is a strong drive towards automation in the logistics sector which is particularly important in a market where increasing time pressures, rising costs, and the limited availability of labour are major challenges for logistics operators. Specialised e-commerce fulfilment centres with high-tech, flexible space, and with warehouse automation are becoming more common as companies continue to look for efficiency gains whilst paying attention to cost margins.

The nitrogen policy implemented by the Dutch government has meant that many development projects had their planning consent revoked and new projects are not able to gain planning consent without a zero emissions policy in place. The Programma Aanpak Stikstof (PAS) policy was first implemented in 2015 and initially considered anticipated future emissions savings in the granting of development permits, however in 2019 this policy was found to conflict with the European Habitat Directive (EHD) and future nitrogen-savings were deemed highly uncertain and could no longer be taken into account in the granting of permits. As such, developments have been delayed or withdrawn completely and the pandemic has compounded the effect as developers are less able to supply the new facilities needed to meet demand, and this is putting further pressures on rents and logistics operators' ability to expand their networks in order to meet consumer demand.

Amsterdam

The Netherlands is experiencing rising consumer confidence and growing urban populations. This coupled with the rise in e-commerce and consumer demand for rapid fulfilment of orders are driving demand for fulfilment centres located close to populous, urban areas. Within the Amsterdam Metropolitan Area (MRA), location such as Almere with its seaport access, and Amsterdam Schiphol Airport, a significant international hub for logistics and distribution, are the key growth locations.

Suitable development land in prime locations is becoming increasingly scarce and the volume of new developments is expected to be constrained over the next few years as developers and planners adapt to implementing the new zero nitrogen emissions policy. Some new development was delivered in 2020, particularly at Schiphol Airport and should help support satisfy pent up demand with growth in take-up, delivering more opportunities to occupiers. However, the pandemic has dented cargo volumes at Schiphol Airport, albeit on a temporary basis, with 1.44 million tonnes recorded in 2020, down from 1.72 million tonnes in 2019 (source: Royal Schiphol Group).

The highest rents in Amsterdam are found around Schiphol Airport where levels are €85 per sq. metre per year, with lower rents found in the Port area (around €54 per sq. m). Prime rents in Schiphol have remained stable, though the impacts of lower cargo volumes may impact occupier confidence and take-up activity in this market in the short term, due to the impacts of the pandemic.

Key Market Statistics:

Amsterdam	2015	2016	2017	2018	2019	2020
Prime Rent (€ sq. m/p.a.)	85	85	85	85	85	85
Prime Yield (%)	5.75	5.75	5.00	4.50	4.10	4.10

Source: Knight Frank Research

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2. FRANCE

Section 1: Executive Summary

- The 9.1% fall in GDP is in line with France's European counterparts. Strong fiscal support from the French government, coupled with low unemployment prior to the crisis suggest relatively short-term employment pain. However, soaring debt ratios and the slow rollout of the vaccination programme is raising concerns over the pace of recovery.
- Overall investment volumes were 2% below the 10-year average reaching €30.7 billion. Cross-border capital flows from Europe were the most robust, up 44% on 2019 levels. Office investment registered a 34% decline y/y. There was a 48% y/y decline in the industrial and logistics investment, though 2019 was a record year and investment is significantly higher than the 10-year average.
- Similar to its European peers, the Paris IDF office market recorded an increase in vacancy rates in 2020 as demand fell. Although short term supply increases are anticipated, delay to construction and scaling back of pipeline projects will help mitigate any future imbalances.
- Lettings of <1,000 sq. metres proved the most resilient, although activity slowed overall with a significant reduction in large deals. However, prime office rents reached a new record high of €940 per sq. metre per year indicating the interest in prime assets.
- The industrial market remains dominated by logistics providers. France remains the third largest online retail market with e-commerce reaching record highs under social restrictions, in November 2020, online sales were 27% higher than the same month a year earlier (source: INSEE). Prime stock serving the Paris and Lille consumer markets in particular continues to be highly sought after.

Section 2: Economic Overview

France remains the second largest economy in the European Union despite a year of economic hardship following the COVID-19 crisis which saw large parts of the economy closed for extended periods of time. The economy is forecast to have contracted by 8.3% in 2020, which compares to a previous low of -2.8% during the GFC. While this is a record decline for France it is in line with its European counterparts; Spanish GDP contracting by 11.1%, Italy by 8.9% and Germany by 5.3%). Current forecasts by Oxford Economics anticipate France's economy to rebound in 2021, growing by 5.0%, followed by 4.8% expansion in 2022, indicating a sharp recovery.

National Statistics – Economic Outlook

	2019	2020 (f)	2021 (f)	2022 (f)	2023 (f)	2024 (f)	2025 (f)
Total Population (millions)	67.11	67.27	67.43	67.60	67.78	67.95	68.13
Population Growth rate (%)	0.2%	0.2%	0.2%	0.2%	0.3%	0.3%	0.3%
GDP Growth (%)	1.5%	-8.3%	5.0%	4.8%	2.9%	1.9%	1.4%
Unemployment rate (%)	8.1%	8.0%	9.6%	9.3%	8.4%	7.7%	7.2%
Government debt (% of GDP)	128.9%	159.7%	160.5%	157.4%	155.3%	153.5%	151.3%
Inflation (CPI) (%)	1.1%	0.5%	1.2%	1.5%	1.7%	1.8%	1.9%

Source: Oxford Economics (17/02/2021)

To counteract the economic dislocation that occurred in 2020 there has been unprecedented fiscal support globally from governments and central banks. Alongside the European Union's €750 billion recovery package, the French government have launched a comprehensive fiscal plans for 2020–22, totalling about 26% of GDP in emergency and recovery measures (source: IMF).

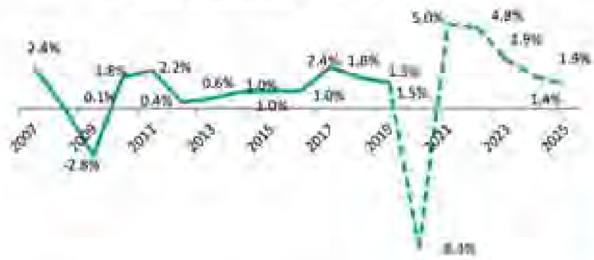
A significant proportion of this support has focused on mitigating the effects of COVID-19 on rising unemployment. Going into the pandemic French unemployment was at its lowest level since 2008 at 8.1%. In 2020 unemployment declined by 0.1% to 8.0%, underlined by a generous furlough scheme in place to support workers affected by national lockdowns. At the height of the first wave in April 2020, 28.3% of the French labour force was in some form of short-time work scheme. As these schemes are wound down in 2021 unemployment is forecast to peak at 10.3% in 2021 and then fall to 9.3% in 2022 as the recovery takes hold. The unemployment rate is expected to fall below the 10-year average of 9.1% by 2023, suggesting relatively short-term implications for the country rather than a longer term, structural change to employment.

Robust household income levels, strong credit growth and an improving labour market is expected to underpin consumer spending in the coming years. This is despite the clear slump in 2020 which was driven in part by low inflation which dropped to 0.47% in 2020 from 1.11% in 2019, its second lowest reading on record (0.04% in 2015). However, inflation is forecast to rebound to 1.13% in 2021 and reach 1.61% in 2022.

A high level of debt in both the private and public sectors is likely to limit the strength of the recovery. Pre-pandemic, the French debt burden and debt ratio was one of the highest across Europe. This has been exacerbated further in 2020, with government debt as a percentage of GDP expected to have increased to 161.7% from 128.9% in 2019. By 2025, this is forecast to moderate to 151.7%, however, this remains far above where it was prior to COVID-19.

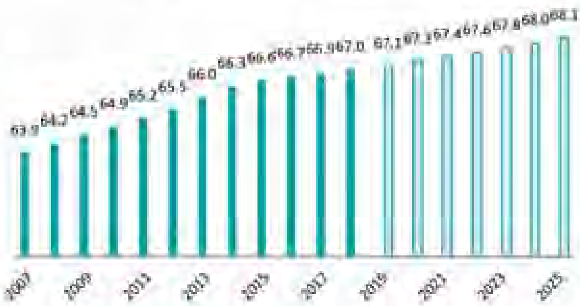
With France now in its second national lockdown, much of the economic outlook for 2021 is reliant on the country's handling of COVID-19, especially with regard to the success of the vaccination programme. In January the rollout of the COVID-19 vaccine in France has been slower than in other European countries. At the current pace, Oxford Economics estimate that 20% of the population will be vaccinated by June and 30% by the end of the year. This, coupled with the threat of the more transmissible variants, raises concern that enough inoculation to allow economic activity to normalise will not be reached until after the summer. On a positive note the French government have started to accelerate its current vaccine programme, primarily by opening vaccination hubs, and are thus able to access more of the population.

Historic and Forecast GDP Growth (%)



Source: INSEE, Oxford Economics

Historic and Forecast Population (millions)



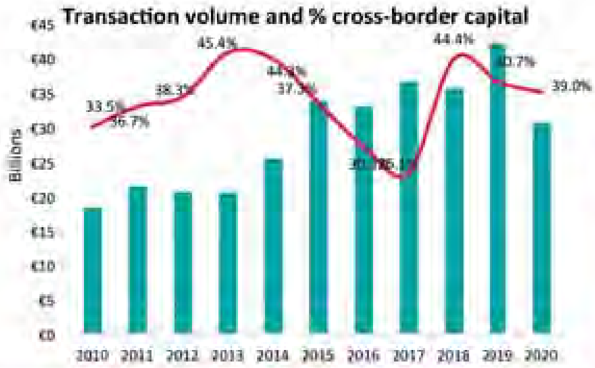
Source: Eurostat, Oxford Economics

Section 3: Commercial Real Estate Market

A: Investment Market

Transaction volumes reached €30.7 billion in 2020 and while this is a 36% decline from 2019 which was a record year with €47.7 billion invested, volumes in 2020 are just 2% below the 10-year annual average. Domestic buyers continue to be active and are the dominant capital source. The share of cross-border activity has declined from 44% in 2019 to 39% in 2020 as travel restrictions made visiting assets and undertaking due diligence difficult. While overall cross-border investment has declined, cross-border activity by European investors has been more robust, accounting for 64% of cross-border investment in 2020, up from 44% in 2019.

Despite overall cross-border investment declining in 2020, investors from multiple markets including Israel (+382%), Canada (+156%), Belgium (+19%) and Italy (+2%) increased their allocation to French commercial real estate. In 2019 South Korean buyers were the largest source of overseas investment in France with €4.9 billion invested, as Brexit-induced uncertainties turned their attentions away from London and the UK towards the continent, and Paris in particular. However, South Korean investors are now looking further afield, to markets with more attractive yields, such as Belgium and to Central and Eastern Europe and did not invest in France at all in 2020. US capital was the greatest source of cross-border money in 2020 with €2.6 billion spent, investors from the UK followed with €2.2 billion, an increase of +60% compared to 2019 levels.



Source: Knight Frank Research, Real Capital Analytics

Source: Knight Frank Research, Real Capital Analytics

The driving force behind the record annual investment level in 2019 were transactions in excess of €100 million as 88 deals, totalling €24 billion, concluded in 2019. Larger deals were harder to transact in 2020 with only 66 taking place, equating to €15 billion.

Commercial property investment in France is focused on the office sector and is concentrated in and around the Greater Paris market, particularly the CBD and La Défense submarkets. Some investors are reluctant to venture outside of the IDF area due to the relatively small size of the regional office markets, general lack of good quality stock and thus lower levels of liquidity.

The key markets outside Paris include Lyon, Lille, Bordeaux, Nice, Nantes, Strasbourg, and Toulouse. Lyon is the most significant of these, situated in the Rhone-Alps Region, which recorded it second best year for investment in 2020, at €2.2 billion (all sectors). The regional markets have traditionally been, and continue to be, dominated by domestic investors although international capital has acquired some assets typically through wider portfolio acquisitions.

Office investment across France totalled €18.1 billion in 2020, a decline of 34% over the year. The sector represented 59% of total investment in France in 2020 and 75% of transactions in the Greater Paris Region, up from 57% and 72% in 2019, respectively.

Within Paris, the 'Southern Loop' submarket fared well for office investment, recording a 50% increase over the year. Volumes were boosted by seven deals over €100 million lot size, including Espace Lumière acquired by Tishman Speyer. While investment in Paris CBD was down in 2020, there were some notable transactions including the €327 million sale of 173 – 175 boulevard Haussmann by Invesco to CNP Assurances and La Francaise.

€3.5 billion of industrial and logistics deals concluded in 2020 across the country, and while this was down 48% compared to the record achieved in 2019 of €6.7 billion, 2020 volumes were up 10% compared to the 10-year average. Similarly, cross-border industrial investment was down 41% in 2020 compared to the record year of 2019, albeit 20% above the 10-year annual average. Buyers from the UK were the most active source of foreign capital in the French industrial and logistics sector in 2020. Investors from Canada, Sweden and Switzerland were also active. One of the largest deals of 2020 was the sale of Carrefour portfolio to Argan for circa €900 million.

B: Office Sector – occupier market

The French office market is highly centred on Paris and the Ile-de-France region where strong investor and occupier appetite for prime office assets continues. Investors looking for core-plus and value-add opportunities are also still active in the Greater Paris Region, but debt is harder to come by.

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Vacancy rates increased over 2020 but largely remain low. For example, the Paris CBD submarket has seen vacancy rise from 1.4% in Q4 2019 to 4.0% in Q4 2020. For the Greater Paris Region vacancy increased to 6.5% due to an acceleration of premises being vacated and subdued demand as corporates put expansion plans on hold and assess their accommodation requirements in a post COVID-19 world.

A number of significant development projects completed in La Défense in 2020, without pre-lets in place, these include the Alto Tower and Trinity buildings there are further completions planned for 2021, that do not yet have leases in place and this will drive vacancy rates higher. In inner Paris, supply remains much more limited and pre-lets more prevalent. In the sought after Paris CBD 55% of new supply (to be delivered over the next two years) is already pre-let. In comparison, the Western Crescent has 38% of future supply pre-let, while the level in the Inner Suburbs is lower at 18% and La Défense just 6%. The past few months has seen a fall in building starts and approved building permit applications which will help to mitigate any oversupply in the future.

Plans to expand the Grand Paris Express hubs are still in place and are unlikely to be affected by the decline in building starts. Launched in 2013 and set to complete in 2030, the project will improve transport networks and connect Paris with its suburbs. There will be four entirely new lines; 15, 16, 17 and 18. The four new 4 new lines will provide connections with Paris' three airports, business districts and research clusters. Construction on the project began in June 2016 and is due to last until 2030 with a total estimated cost of around €38.5 billion. Saint-Denis/Pleyel' in northern Ile-de-France, will benefit from the project as well as the infrastructure for the 2024 summer Olympics in France. Nanterre, located near La Défense, will benefit from connections to the southern rim and the northern inner suburbs and from the extension of the existing suburban railway line E. Other future hubs include Fontenay-sous-Bois in the east and Villejuif and Bagneux in the south.

Letting activity slowed in 2020 with take-up contracting by 45% over 2020, totalling 1.30 million sq. metres. Deals less than 1,000 sq. metres recorded the smallest fall, with a 27% decline y/y compared to deals between 1,000 – 5,000 sq. metres where activity declined by 42%. Very large leasing deals saw significant falls with 21 transactions concluding in 2020 compared to 72 in 2019. Two large deals boosted occupier activity in 2020 and accounted for 29% of total take-up. Total's lease of 125,000 sq. metres on 'The Link' in La Défense, and Engie's letting of a new 94,000 sq. metre campus in La Garenne-Colombes.

Despite rising supply and more caution from investors, prime office rents reached a new record of €940 sq. metres per year in Q4 2020, reflecting an annual growth rate of 10%, despite the pandemic trophy assets remain in demand. Occupiers are increasingly demanding high quality space and services and this may widen the gap between rents on prime and secondary assets. However, in submarkets with an abundance of new, high quality space, such as La Défense, headline rents may come under pressure. Incentives have generally increased, particularly in submarkets where supply is becoming more abundant.

Several consulting and finance companies were actively taking space in 2020, including Boston Consulting Group leasing 19,500 sq. m at LIve, Paris 16; KPMG taking 5,219 sq. m at Tour Europlaza in La Défense, JP Morgan acquired 6,600 sq. m at 21 rue du Marché Saint-Honoré, Paris 1 and real estate company Nexity took 25,000 sq. m at Reiwa in Saint Ouen. Over the year prime yields were stable at 2.75% showing the resilience of quality assets in well-connected areas to the implications of COVID-19. In 2021, investors are likely to remain selective, favouring the most established geographical locations and assets, to receive stable, secure income which will sustain downward pressure on prime yields and prime office yields are expected to remain below 3.00% in 2021.

Key Market Statistics:

Paris (IDF)	2015	2016	2017	2018	2019	2020
Vacancy Rate (%)	7.40	6.60	6.10	5.40	5.00	6.50
Take-Up (sq. m)	2,087,700	2,445,100	2,575,900	2,559,550	2,382,053	1,304,494
Stock (million sq. m)	52.8	53.1	53.7	54.0	54.5	55.0
Prime Rent (€ sq. m/p.a.)	750	770	810	840	865	940
Prime Yield (%)	3.50	3.00	3.00	3.00	2.75	2.75

Source: Knight Frank Research

C: Industrial market – occupier sector

France ranks as the world's sixth exporter and importer of merchandise (source: WTO) and Paris is one of the largest logistics clusters in Europe (based on total built modern logistics stock), ahead of the southern Netherlands and the UK's Midlands agglomeration. The Ile-de-France market dominates with a total stock of c.19 million sq. metres; Lyon is the second largest market with 5.5 million sq. metres. Lille and Marseille are smaller, each with less than 2 million sq. metres of stock. While the Parisian market is the frontrunner in terms of urban logistics, Lille is the hub location offering a balance between competitive operational costs and access to markets. Lille's Nord-Pas-de-Calais region boasts relatively cheap warehousing costs and benefits from availability of land plus its proximity to the Channel Tunnel and therefore the UK market.

Take-up in 2020 was most robust in Ile de France where close to a quarter of all lettings in 2020 took place, although levels were down by roughly 7% y/y in 2020. IDF was followed by the Rhone Alps region, with circa 15% of total take-up. Some notable transactions include the leasing of 78,200 sq. metres in Cergy-Pontoise by Renault and XPO Logistics take-up of 40,000+ sq. metres in Laurent-de-Mure.

Take-up in Paris is driven by logistics providers, equating to over 40% of total lettings in 2020, with a primary focus on servicing the local consumer market. As a result of the pandemic, the growth of e-commerce in France accelerated in 2020 with online sales expected to total €55.8 billion in 2020, up from €46.5 billion in the prior year (source: Mintel). Online penetration rates have increased accordingly rising from 9.2% of total retail sales in 2019 to a forecast 12.2% in 2020. France is thus the third largest online retail market in Europe behind the UK and Germany. E-marketer expects this trend to continue, albeit not at the same pace, with penetration rates to increase gradually to 13% by 2023. Rising volumes of online retail will continue to support growing demand for logistics space, particularly within locations in close proximity to existing and growing consumer bases.

Over the past fifteen years there has been a rise in the number of warehousing and logistics properties in Paris and the wider Paris region with the area becoming an important link between the urban core of Paris and the wider international supply chains and distribution networks. In 2020, new projects in the Greater Paris Region completed, generating a healthy renewal of supply. Despite this, healthy occupier demand has kept the vacancy rate relatively low at around 6.5% at the end of 2020. Availability of Grade-A stock is likely to remain tight as occupiers compete for the best located, high quality stock which will in turn support levels of prime rents.

Key Market Statistics:

Paris	2015	2016	2017	2018	2019	2020
Prime Rent (€ sq. m/p.a.)	55	58	58	58	58	58
Prime Yield (%)	5.75	5.75	5.00	4.75	4.25	3.90

Source: Knight Frank Research

3. GERMANY

Section 1: Executive Summary

- The German economy is expected to record a 5.3% contraction for 2020 with the effects of the pandemic and economic uncertainty in full swing. Demand for car and vehicle parts, Germany's largest export component, remains vulnerable to the global downturn in demand, whilst investment in cleaner energies and growing competition from the US and China pose additional challenges.
- Investment activity is strong with investors attracted to the perceived safety of the Germany market. Despite a 32% decline in investment volumes the office sector continues to be the most popular asset type, whilst demand for core, non-cyclical assets such as logistics, apartments, and grocery retail have all gone from strength to strength.

- Germany's highly decentralised structure saw varied performance across its multiple office markets and between submarkets. In Berlin, demand remained robust with the highest y/y levels when comparing take-up, whilst Dusseldorf felt the impacts of the pandemic most acutely being heavily reliant on export driven markets.
- In 2020, industrial take-up totalled 6.9 million sq. metres, on a par with the level of activity recorded in 2019, with demand in core markets driven by retailers, distribution and manufacturing. Constrained supply and competition for prime assets continues to drive positive rental growth.

Section 2: Economy

Germany is the largest economy in Europe and the fourth largest globally (by nominal GDP). It has the third largest export market in the world after the US and China; with a strong manufacturing base and exports a range of goods. Germany's main export markets are the U.S., France and China, followed by the Netherlands and the U.K. (source: Destatis, 2019). Cars and vehicle parts are the largest export industries (accounting for 17% of exports in 2019), followed by machinery and equipment.

Growth in the German export market has slowed over the last couple of years and a contraction of 11.2% is forecast for exports in 2020 (source: Oxford Economics), with major trading partners severely impacted by the pandemic. While export volumes are expected to rise in 2021, volumes are expected to remain below pre-crisis levels.

National Statistics – Economic Outlook

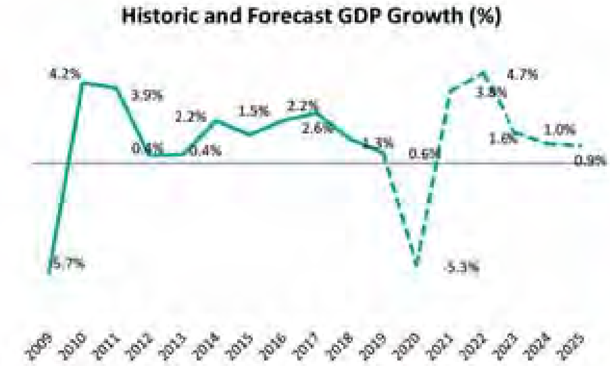
	2019	2020 (f)	2021 (f)	2022 (f)	2023 (f)	2024 (f)	2025 (f)
Total Population (millions)	83.12	83.20	83.28	83.37	83.43	83.46	83.48
Population Growth rate (%)	0.2%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%
GDP Growth (%)	0.6%	-5.3%	3.6%	4.7%	1.6%	1.0%	0.9%
Unemployment rate (%)	5.0%	5.9%	6.0%	5.4%	5.2%	5.2%	5.2%
Government debt (% of GDP)	55.0%	67.7%	68.9%	64.7%	62.1%	60.3%	58.9%
Inflation (CPI) (%)	1.5%	0.5%	1.8%	1.5%	1.9%	2.0%	2.0%

Source: Oxford Economics (17/02/2021)

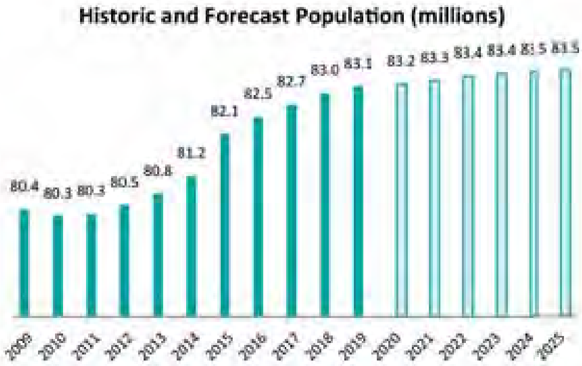
The German economy is projected to have contracted by around 5.3% in 2020, following subdued GDP growth in 2019. However, strong, positive growth is set to return in 2021 and 2022, with GDP forecast to rise 3.6% in 2021, with a further 4.7% growth forecast for 2022, as the economy recovers and expands. Demand for services is likely to remain weak into 2021 due to the tightening of virus containment measures weighing on activity. The economic uncertainty is dampening investment as well as demand for export goods, though confidence is expected to rise with vaccine deployment through 2021.

Two fiscal support packages were announced in 2020, aimed at protecting jobs and firms and expanding access to short-term work. The government also aimed to boost consumption through a temporary reduction in VAT through the second half of 2020, while boosting public and private investment in digitisation, education, health, public transport and green energy. This strong fiscal support has protected jobs and firms in 2020 and additional measures such as reducing the tax burden for low income groups, investment in research and development as well as infrastructure spending will help to support the economic recovery through 2021 and 2022.

With a 25% share of national output, the German industry is sensitive to the current global economic downturn and associated contraction in global demand caused by the pandemic. Germany's automotive production is expected to have fallen by around 25% in 2020. Issues in the German auto industry will be slow to abate despite government aid and investment into the transition to electric cars. German car manufacturers face the substantial financial burden of switching to electric vehicles and the industry faces growing competition from Chinese and US manufacturers.



Source: German Federal Statistical Office, Oxford Economics



Source: German Federal Statistical Office, Oxford Economics

Retail sales enjoyed a recovery in the last quarter of 2020, boosted by the VAT cut and growth in online sales. As containment measures are relaxed in 2021, hospitality and retail sales are expected to see an increase and drive growth in consumption. The reversal of the VAT cut in January 2021 and new carbon tax will drive growth in inflation in 2021, expected to be 1.8%.

Section 3: Commercial Real Estate Market

A: Investment Market

The German investment market is highly liquid supported by a decentralised structure with multiple large cities servicing as business hubs and concentrations of population. Investment activity is shared across the "Big-5" (Hamburg, Berlin, Frankfurt, Munich and Düsseldorf) or "Big-7" markets (which also include the cities of Stuttgart and Cologne) and while generally preferred, due to their higher liquidity, there has been noted rising interest in some second and third tier cities, such as Dresden, Nuremburg, Bremen, Hanover and Leipzig. Strong competition for assets in the core markets and slowing capital growth rates are driving many investors to look for opportunities beyond the core markets.

Source: Knight Frank Research, Real Capital Analytics

Source: Knight Frank Research, Real Capital Analytics

Commercial property investment totalled €63.4 billion in 2020, down 22% on the €81.1 billion recorded in 2019. As in previous years, offices remain the most popular sector, followed by apartments. Domestic buyers continue to dominate activity and have stepped into the gap provided by the slowing of cross-border investors which accounted for 35.4% of investment in 2020. Large German institutions and sizeable German Spezialfonds (open-ended funds for institutional investors) are highly active in the German market and institutional investors accounted for 33.7% of investment in 2020 (source: Real Capital Analytics).

The highly liquid and relative safety of the German market continues to attract defensive investors and core product is very much sought-after, despite rising prices. Transaction volumes for value-add and core plus products have fallen due to a widening spread in buyer and seller pricing expectations. There is less appetite

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for risk at present with investors focusing on sectors that are driven by non-cyclical demand factors, such as logistics, the apartment sector, grocery retail and core-offices. Alternatives such as healthcare and data centres are also piquing investor interest.

Logistics properties are highly desirable for investors and investment into the sector rose to €6.5 billion in 2020, up from €6.3 billion in 2019. COVID-19 has accelerated the shift towards a larger share of retail transactions taking place online and the associated rise in the need for home deliveries. Demand for the sector is driving down yields for prime assets in core markets. One of the largest transactions of 2020 was AEW's acquisition of a 14-asset logistics portfolio, purchased from Patrizia for €447 million in December 2020.

Investment in German offices totalled €23.9 billion in 2020, down 32% on the €35.1 billion invested in 2019. One of the largest single asset deals took place in Frankfurt - the Silberturm (Silver Tower), a 32-storey office building currently let to Deutsche Bahn, was purchased in a joint venture between Imfarr and SN Beteiligungen from Samsung STA for around €567 million.

As noted above, Germany offers multiple locations for investment. There are several major office markets each with different characteristics, offering a breadth of tenants. Berlin, Dusseldorf, Frankfurt, Hamburg and Munich are generally considered the five most important office markets for both investment and occupier activity. The office market in each of these cities has unique characteristics and a different focus of business/industry activity. With investors focusing increasingly on core and core plus products, with long rental agreements in place, and tenants with excellent credit ratings, prime yields have remained under pressure, with further yield compression recorded in the key German office markets. In Munich prime yields are at 2.55%, down from 2.60% at the end of 2019 and 195 bps below the previous market peak in 2007.

B: Office Sector – occupier market

Take-up volumes have fallen y/y across all the big seven markets. However, there was variation with activity in Munich holding up better than in other markets. Business uncertainty has led to a delay in real estate related decisions, with companies reducing expenditure and postponing decisions on relocation and/or expansion. However, with economic recovery forecast for late 2021 and into 2022, take-up is likely to bounce back. Much has been written about the future of the office, while corporations are factoring in higher levels of flexible and remote working in future workplace planning, demand for office space will remain, though the size, location and fit-out requirements may change.

Some developers have been postponing construction starts, although completions did occur in 2020 and added to the amount of available space. Having said that the majority of developments already have pre-let agreements in place. Berlin has the largest development pipeline of the "Big-5" markets, however it is also where supply is most constrained with vacancy of just 2.0%.

Frankfurt is Germany's financial capital and the headquarters of most major German banks are located in the city. Frankfurt is also home to the European Central Bank (ECB) whose headquarters are located in the city fringe.

The vacancy rate is structurally high in Frankfurt although it has reduced significantly over the past few years to 6.1%. Older out-dated stock has been removed and replaced with modern stock or has been redeveloped for residential use. The rate at which older stock is being removed from the market has slowed, with the focus of development activity moving away from the central submarkets such as Westend, and Central Station Areas, towards more decentralised areas such as Eschborn and City West.

Take-up fell y/y with a total of 333,000 sq. metres let in 2020, compared with 580,000 sq. metres in 2019. Leasing activity was concentrated in the Banking District which is where one of the largest deals in 2020 took place - DekaBank's leased approximately 16,000 sq. metres in Tower T1 in the Development Four Complex. Frankfurt recorded very strong rental growth of 4.65% in 2019, with prime rents reaching €540 per sq. metre per year at the end of 2019. Prime rents have held firm in 2020, with sustained demand for high-quality office space. However, positive rental growth is expected to remain elusive in 2021, before returning in 2022, with rental growth in Frankfurt expected to outpace that of the other German Big-5 markets.

Key Office Market Statistics:

Frankfurt	2015	2016	2017	2018	2019	2020
Vacancy Rate (%)	9.20	9.10	7.80	7.20	6.50	6.10
Take-Up (sq. m)	391,000	530,375	715,100	533,600	580,000	333,000
Stock (million sq. m)	12.1	12.1	12.1	11.4	11.5	11.6
Prime Rent (€ sq. m/p.a.)	462	462	480	516	540	540
Prime Yield (%)	4.30	4.00	3.25	3.10	2.85	2.85

Source: Knight Frank Research

Berlin is Germany's start-up hotspot and home to a high proportion of tech and creative businesses. The city is also the German capital and a concentration of government institutions, public administrative bodies, and social institutions all of which are significant in the tenant mix (though they tend to be owner-occupiers).

Berlin has relatively low office occupancy costs and living costs compared to Munich and Frankfurt for example, and the city's vibrant social scene is attractive to young, highly educated people from all around the world. The combination of these factors creates an environment favourable to start-up companies and entrepreneurs and so the growth of co-working office space and flexible leasing options are very popular in Berlin and this is a trend set to continue.

Despite the impact of COVID-19 demand has remained robust. Take-up in 2020 totalled 786,000 sq. metres, though down on the 2019 total, the y/y comparison is more favourable than other German office markets. The public-sector was active in taking space in 2020, with appetite for space less impacted by the economic effects of the crisis. At the end of 2020, there has been a rebound in private sector companies; across a broad range of business sectors; taking space.

While the vacancy rate rose in 2020, low levels of availability continue to restrict occupier options and thus take-up activity. The rise is due to a combination of second-hand space being released back to the market due to the impacts of the pandemic, as well as development completions. Currently around 1.8 million sq. metres is under construction in Berlin and as some of the space completes over 2021 the expectation is for vacancy to rise further. However, new build space in prime locations will remain scarce in 2021 and development not yet underway may be put on hold until a lease agreement is in place limiting voic periods.

Over the past few years, rental growth in Berlin has outpaced the rest of Germany. Further growth is expected over the next few years due to the combination of continued occupier demand and very limited availability, particularly in the city centre, although the pace will slow as new developments relieve some of the space pressures. Prime rents recorded a modest uplift in 2020 (2.6%), though this does not reflect incentives or fit-out which landlords are offering as they are keen to secure tenants given current market uncertainty. Rents are likely to remain stable in 2021 before positive growth returns in 2022. Berlin is expected to remain one of the best performing markets for rental growth over the next few years given the strong underlying occupational fundamentals.

Key Market Statistics:

Berlin	2015	2016	2017	2018	2019	2020
Vacancy Rate (%)	6.30	4.10	2.25	1.80	1.20	2.00
Take-Up (sq. m)	820,000	850,000	950,000	1,415,000	1,050,000	786,000
Stock (million sq. m)	17.5	17.8	18.6	18.9	20.4	20.8
Prime Rent (€ sq. m/p.a.)	288	360	396	432	468	480
Prime Yield (%)	4.00	3.50	3.10	2.75	2.70	2.65

Source: Knight Frank Research

Hamburg is an important centre for logistics companies given the significance of the Port of Hamburg. The city is also a relatively attractive market for start-ups and smaller companies due to lower occupancy costs relative to other major German cities and estimates suggest that Hamburg is currently home to more than 300 active start-ups. Co-working and flexible office leasing is an important and growing component of the

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real estate sector in Hamburg and the expanding start-up market is likely to continue to fuel demand for modern co-working office space which is available on flexible terms.

Take-up totalled 355,000 sq. metres in 2020, down compared with 530,000 sq. metres let in 2019. The vacancy rate rose slightly to 3.4% at the end of 2020, compared with 2.9% at the end of 2019, but remains below the level recorded at the end of 2018. Vacancy is expected to rise in 2021 on the back of second-hand space becoming vacant and development completions.

Quality office is scarce with development completions totalled less than 100,000 sq. metres in 2020. There is currently around 600,000 sq. metres under construction which is due to complete over the next couple of years; however more than half of this space already has commitments from tenants putting upward pressure on prime rents.

There has been strong rental growth in Hamburg over the past four years. Though prime rents recorded modest growth early in 2020, they have remained static for most of the year and this is likely to be the case for most of 2021, before they begin to rise again from 2022.

Key Market Statistics:

Hamburg	2015	2016	2017	2018	2019	2020
Vacancy Rate (%)	5.90	5.60	4.80	4.10	2.90	3.40
Take-Up (sq. m)	520,000	551,000	640,000	610,000	530,000	355,000
Stock (sq. m)	14.7	14.8	14.9	15.0	15.2	15.2
Prime Rent (€ sq. m/p.a.)	300	300	306	324	360	372
Prime Yield (%)	4.00	3.50	3.20	3.05	2.90	2.70

Source: Knight Frank Research

Munich is Germany's largest office market in terms of built stock and has a broad base of occupiers ranging from high-tech industries, traditional manufacturing, ICT, automotive, aerospace, finance, insurance and media. This diverse occupier base coupled with several blue-chip companies basing their headquarters in Munich, make for a resilient office market. Despite the pandemic, the local economy is proving resilient, with the unemployment rate projected to be 3.4% at the end of 2020 (source: Oxford Economics) and while up from the 2.5% at the end of 2019, remains low. Unemployment is expected to remain around this rate before reducing from 2022 onwards.

Despite being the largest office market, Munich has very few high-rise buildings and those that do exist tend to be located on the outskirts of the city. The centre is dominated by low-rise historic buildings with restrictive planning in place and so there is little possibility for new office buildings in the city centre and this has been driving development and take-up in secondary locations.

Take-up dropped in Munich in 2020, as it has across all German office markets. However, activity varied by submarket with City Centre East recording a rise in take-up in 2020, compared to 2019, leasing activity was also relatively strong in City Centre West (though it was down y/y). The main occupiers driving take-up continue to be business services and manufacturing companies. The vacancy rate has risen in 2020, though it remains low, at 2.9% across the city and it is lower still in the city centre at 1.1%. Modest rental growth is expected to materialise in 2021, accelerating through 2022.

Key Market Statistics:

Munich	2015	2016	2017	2018	2019	2020
Vacancy Rate (%)	3.80	3.10	2.20	2.10	1.70	2.90
Take-Up (sq. m)	750,000	780,000	986,000	980,000	980,000	533,000
Stock (sq. m)	20.1	20.1	20.2	20.2	20.6	21.0
Prime Rent (€ sq. m/p.a.)	414	432	436	438	456	456
Prime Yield (%)	3.75	3.30	3.00	2.80	2.60	2.55

Source: Knight Frank Research

Düsseldorf is a well-connected city, located at the confluence of the Rhine and its tributary Düssel, the city lies in the centre of both the Rhine-Ruhr and the Rhineland Metropolitan Regions with the Cologne/Bonn urban area to its south and the Ruhr to its north. It is a hub for IT and telecommunications companies and is also an important centre for the arts and creative industries. There have been strong levels of take-up in recent years, which coupled with offices being converted or redeveloped into residential or hotels, has helped drive down the amount of vacant stock.

The economy in Düsseldorf is heavily dependent on export driven markets and the North Rhine-Westphalia is one of the biggest export regions in Germany. The economic impacts of the COVID-19 pandemic have been felt here, more acutely than in other German office markets, due to the cities strong trade links, trade and manufacturing companies have their headquarters located here. The vacancy rate has risen slightly over the course of 2020 (from c.6.5% to c.7.0%). Development completions are part of the reason, though most of the space delivered in 2020 is already committed.

Rents are considerably lower than in other German cities and rental growth in Düsseldorf has been somewhat modest. Prime rents rose in 2020, with continued demand and limited supply in the CBD, conversely secondary locations have recorded negative growth. Prime rents are expected to remain stable over the next 12-months.

Key Market Statistics:

Düsseldorf	2015	2016	2017	2018	2019	2020
Prime Rent (€ sq. m/p.a.)	312	318	325	330	336	342
Prime Yield (%)	4.60	4.20	3.75	3.25	3.20	3.00

Source: Knight Frank Research

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

Prime rents in Cologne have remained stable in 2020 at around €312 sq. metres per year underpinned by the desirability of the city centre combined with the low vacancy rate of around 2.6% (up just 10 bps y/y). The vacancy rate is likely to rise, but not drastically as supply remains constrained. High quality space is in particularly short supply and there is limited development in the pipeline. Despite the pandemic, tenants are willing to sign pre-let agreements, particularly when they have large floorplate requirements that can typically only be met through new development or modern buildings, of which there is a scarcity.

Key Market Statistics:

Cologne	2015	2016	2017	2018	2019	2020
Prime Rent (€ sq. m/p.a.)	252	253	258	288	312	312
Prime Yield (%)	4.60	4.20	3.90	3.30	3.30	3.10

Source: Knight Frank Research

C: Industrial Sector – occupier market

In 2020, take-up of German industrial and logistics units has totalled 6.9 million sq. metres, on a par with the level of activity recorded in 2019, despite COVID-19 restrictions and economic uncertainty hampering activity. The core seven markets accounted for around 2.2 million sq. metres of the total. Demand for warehousing and logistics properties in Germany is driven by a combination of retailers, distribution and manufacturing which contribute to a balanced occupier market. Outside of the core markets, manufacturing companies are more dominant.

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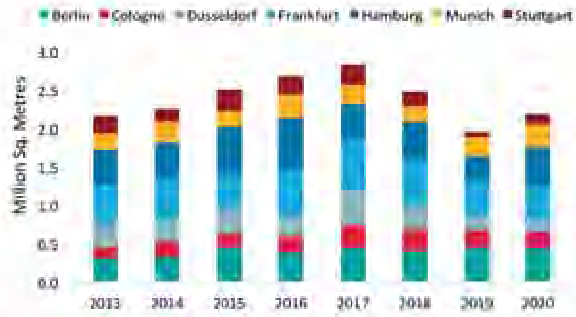
Take-up in the core seven German markets is driven primarily by retailers and distribution companies. Despite occupier demand for space, particularly from the e-commerce sector, take-up in these core markets is constrained by a lack of supply and competition for space is driving rental growth.

Take-up across the core seven German Industrial Markets



Source: Knight Frank Research

Although not included in the core seven markets, take-up activity in Leipzig has been strong in 2020. German-based e-commerce retailer, Relaxdays recently agreed to pre-lease 86,000 sq. metres at Segro Logistics Park, Leipzig Airport with construction completing in 2021. Amazon is also building a distribution centre at the airport, confirming the attractiveness of the location for e-commerce.

Home to Cologne and Dusseldorf, the Rhein-Ruhr metropolitan region (with a population in excess of 10 million inhabitants) is one of the most sought-after logistics market in Germany and has seen a significant proportion of transactions due to its proximity to a large consumer base and excellent transport links into neighbouring markets in France, Belgium and Europe's key western seaboard ports. The region is strategically important in European logistics networks, for trade from Northern European ports and onward distribution to locations across Germany and beyond.

The Hamburg logistics market has flourished due to its strong and varied transportation links to the Netherlands in the west and Denmark and Sweden to the north. The Port of Hamburg is the third largest container port in Europe and the city is also home to an international airport and has excellent road and rail networks. The city is a centre of trade, shipping and aerospace engineering and these, along with manufacturing industries and trade links, drive demand for warehouse space in Hamburg. The large urban population is also fuelling demand for fulfilment and distribution centres.

Hamburg has recorded strong take-up volumes over the past few years with build to suit developments dominating recent occupier activity, in particular of large warehouse spaces. REWE are building a new, 86,500 sq. metre distribution centre in Henstedt-Ulzburg - the area was chosen due to strong transport connections and direct motorway access (A7). Airbus is also building a new facility in Hamburg. Build-to-suit facilities continue to be popular with around 164,000 sq. meters of speculative development under construction. Continued occupier demand coupled with supply pressures are expected to support current rental values in 2021.

Key Market Statistics:

Hamburg	2015	2016	2017	2018	2019	2020
Prime Rent (€ sq. m/p.a.)	72.0	72.0	72.0	72.0	74.0	76.2
Prime Yield (%)	5.75	5.00	4.50	4.33	4.10	3.80

Source: Knight Frank Research

4. ITALY

Section 1: Executive Summary

- The Italian economy is one of the hardest hit by the COVID-19 outbreak, with subdued economic performance and significant national unemployment levels prior to the crisis. Italy is due to benefit from EU funding, but disproportionately high public debt ratios cast doubt over the pace of the longer-term recovery.
- Foreign investors remain active, with interest concentrated on well let, Grade A office assets in Milan, the city being the most liquid market in the country.
- New, well connected office developments continue to prove popular with occupiers displaying strong pre-let activity, demand holding up well in Porta Nuova, the new Business District.
- Although Italy's logistics market has typically lagged Europe, in terms of investment and development of modern, high quality stock, the sector attracted a record €1.8 billion during the year, driven by e-commerce as retailers commence expansion. Locations in the north are targeted as they benefit from trans-European routes, Rome is also growing in importance as a consumer market due to the growth in online shopping and demand for home delivery.
- Grade A logistics supply is tight and speculative development is limited. Build-to-suit take-up is increasing as distribution companies seek to configure space bespoke to requirements.

Section 2: Economy

Italy was the first country in Europe to experience a major COVID-19 outbreak and remains one of the hardest hit by the crisis. Even prior to the pandemic, Italy's economy was subdued, with GDP growth of just 0.3% in 2019. The stringent lockdown measures imposed in March 2020, included production shutdowns, and led GDP to fall by 5.6% in the first quarter. With sizeable falls in investment and exports, the second quarter saw an even sharper contraction, with real GDP down 18.4% y/y (source: Istat). The lifting of confinement measures in summer 2020, provided a boost to consumption but investment and exports remained suppressed. Oxford Economics expect 2020 figures to record a sharp contraction in GDP of 8.9% overall for the year, followed by economic expansion of 4.6% in 2021 and 4.4% in 2022.

Travel and tourism are important for the Italian economy and contributed around €238 billion to GDP in 2019, around 13% of total GDP. With a heavy reliance on tourism and hospitality and a large proportion of jobs that cannot be done from home, social distancing and containment measures have hit Italy hard. International tourism is expected to remain muted in 2021 which will slow the pace of economic recovery.

Several regions hit hard by the virus were already grappling with high levels of unemployment. National unemployment is estimated to be around 9.1%, significantly higher than the EU average of around 7.2%, and is expected to peak at around 10.1% in 2021. It is forecast to decrease from 2022, although the rate will be moderate. Employment expectations are weak across all sectors, except the construction industry.

National Statistics – Economic Outlook

	2019	2020 (f)	2021 (f)	2022 (f)	2023 (f)	2024 (f)	2025 (f)
Total Population (millions)	60.30	60.20	60.10	60.00	59.89	59.79	59.69
Population Growth rate (%)	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%
GDP Growth (%)	0.3%	-8.9%	4.6%	4.4%	1.7%	0.6%	0.4%
Unemployment rate (%)	9.9%	9.1%	10.0%	9.9%	9.3%	9.1%	9.0%
Government debt (% of GDP)	155.8%	180.5%	181.4%	176.8%	174.8%	173.7%	172.2%
Inflation (CPI) (%)	0.6%	-0.1%	0.9%	0.9%	1.2%	1.4%	1.5%

Source: Oxford Economics (17/02/2021)

Lockdowns and uncertainty are weighing on economic activity, although supportive fiscal policy has mitigated the effects on firms and households. The Italian government has responded with one of the largest fiscal efforts (in proportion to GDP), of any EU country. However, support has been somewhat slow to reach many of those most in need. The pandemic has revealed how widespread informal work is throughout the country - Italy's sizeable informal economy is worth an estimated 11% of GDP according to Istat. Informal work is particularly prevalent in the service sector economy which has been hard-hit by the pandemic and many small businesses and casual workers have been left unable to access support packages and welfare programs.

Italy entered the crisis with a very high public debt ratio with Oxford Economics projecting that Italy's government debt will have reached 181% of GDP at the end of 2020. The suspension of strict EU budget rules has allowed Italy and other badly affected countries to raise their public debt. Despite rising public debt levels, interest rates are projected to remain low which will ease the burden. However, higher growth is needed to improve the fiscal position over the next few years and the risks associated with sustaining such high levels of debt may have repercussions. Italy is due to benefit from the EU Recovery Fund and how the funds are spent will be a decisive factor in Italy's ability to recover from the pandemic and achieve sustained economic growth.

Historic and Forecast GDP Growth (%)

Source: ISTAT, Oxford Economics

Historic and Forecast Population (millions)

Source: ISTAT, Oxford Economics

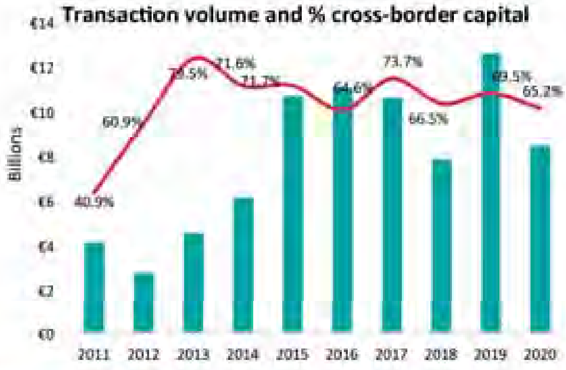
The subdued employment expectation for the country is based on the country's demographic imbalance, with 23% of the population aged 65 and above. Italy has one of the lowest labour participation rates amongst developed countries at around 64%. This is of importance given the extent of the country's public debt and its pensions burden. If reforms were to be implemented to increase participation, this could have significant impact on the country's long-term growth potential.

Section 3: Commercial Real Estate Market

A: Investment Market

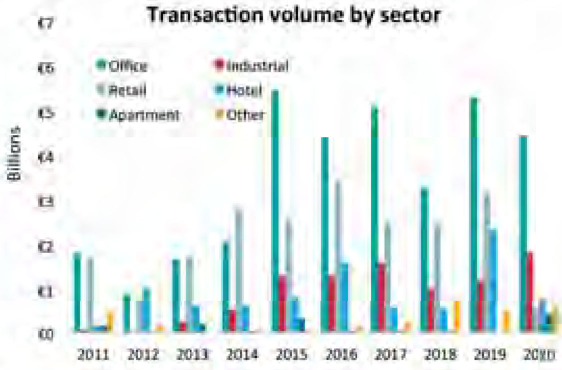
Italy's property market recorded investment totalling €8.5 billion in 2020, down from a record €12.6 billion in 2019. Foreign investors have remained active in Italy throughout 2020 with French and German buyers the most active. German investors were focused on both the logistic and office sectors, while French investors displayed a preference for office and hotel assets. Investor interest remains focused Milan and surrounding region and upon well-let, Grade A assets.

Transaction volume and % cross-border capital



Source: Knight Frank Research, Real Capital Analytics

Transaction volume by sector



Source: Knight Frank Research, Real Capital Analytics

Offices continue to be the most transacted sector in Italy, with Milan the country's most liquid market. Retail investment dropped significantly in 2020, with just €578 million invested, down from €3.2 billion in 2019. Consumer confidence is subdued and along with the growth of online retail investor caution has led to a fall in activity in the sector.

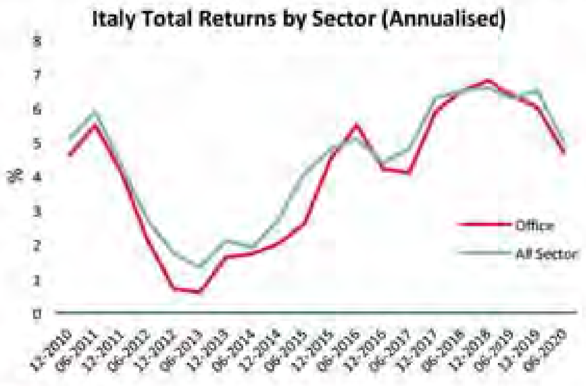
Northern Italy is considered favourably due to its strong economic links and infrastructure connectivity with international markets. Property decisions are increasingly being made based on the city or even submarket rather than the country.

The office market in Milan has seen robust leasing activity, on a par with other European cities such as Amsterdam or Brussels. Prime yields in Milan are currently around 3.20% and despite some yield compression recorded in 2020 compare favourably to other European markets, with yields of sub 3% in Paris or the main German cities. These factors are continuing to draw investors to the Milan office market.

One of the largest transactions in 2020 was the purchase of Giola 22 in Porta Nuova, Milan whereby UBI Banca agreed to forward-purchase the €500 million development which is due to complete in 2021. The building will represent the first nearly Zero Energy Consumption Building tower in Italy. UBI Banca plan to move their Milan headquarters into the 12,528 sq. metre building following completion.

The Rome office market is predominantly income-driven, with an occupier base comprised largely of government institutions and associated services. Prime rents have remained stable (y/y) and well-let properties in prime locations can offer investors a relatively attractive risk-return profile. Rome has attracted a rising proportion of investment from international buyers including German, British and French who were active in 2020. German Allianz Real Estate Holdings purchased Arte 25, a suburban office building for €200 million while Deka Immobilien acquired Via Colombo 80, a recently renovated suburban office building for around €110 million.

Robust fundamentals in the logistics sector have attracted strong investor interest and a record €1.8 billion worth of industrial assets transacted in 2020. Prime logistics rents have risen in both Milan and Rome due to increase competition from occupiers. The growth in e-commerce is driving demand for urban, last-mile facilities from which occupiers can expand their networks and service demand from the local urban populations. Confidence in the logistics sector is driving development, which is helping to boost the stock of investment grade assets and thus driving further investment into the sector. Prime yields in Italy are currently around 5.00% in Milan and 5.50% in Rome, offering a significant premium over more established European markets where prime yields have compressed to sub 4%.



Source: MSCI

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B: Office Sector – occupier market

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

The service sector is the dominant economic sector in Milan and there is also a strong ICT and media presence in the city. As an important hub for manufacturing and fashion, Milan attracts many fashion and luxury goods companies who chose to base their operations here.

The main office markets in Milan are located in the CBD (Duomo) and Porta Nuova (the new Business District). Porta Nuova is rising in popularity as it becomes an established area within the city and there is ongoing office and residential developments in this submarket, enhancing the overall attraction of the area. Located to the north of the city centre in Italy's most-connected transportation hub, Porta Nuova is one of the largest urban development projects in Europe and due to its mixed-use, modern design and large modern office buildings, the area is proving popular with occupiers.

The pandemic has led to a slowdown in occupier activity in Milan. However, new developments are still proving popular, recording strong pre-let activity. Milan recorded 280,659 sq. metres of take-up in 2020; a decrease of 41% on 2019. There has been a slowing in occupier lettings across almost all submarkets, this has been most marked in the Semicentre and Periphery, while demand has held up in Porta Nuova.

The vacancy rate in Milan has come down slightly in 2020 and now stands at 9.8%, compared with 10.1% at the end of 2019. At a submarket level vacancy is considerably lower in the Duomo and Porta Nuova submarkets (under 4%). Prime rents have been stable in 2020, at €600 per sq. metre per year, in Duoma. Most available space in Milan is lower quality, grade-B stock and is concentrated in the Periphery and Hinterland markets.

Key Market Statistics:

Milan	2015	2016	2017	2018	2019	2020
Vacancy Rate (%)	12.0	12.1	12.0	10.9	10.1	9.8
Take-Up (sq. m)	388,856	307,225	330,600	381,765	474,838	280,659
Prime Rent (€ sq. m/p.a.)	500	500	530	585	600	600
Prime Yield (%)	4.75	3.75	3.50	3.40	3.30	3.10

Source: Knight Frank Research

Rome's occupier market is dominated by public administration and government departments. The government is under pressure to bring down public debt, reduce expenditure and there are structural reforms underway as the government continues to rationalise their needs in terms of office space. This has had a negative impact on take-up levels in Rome over the past few years.

Rome recorded take-up of around 125,000 sq. metres in 2020, a decrease of 56% when compared to nearly 280,000 sq. meters in 2019. All submarkets recorded a drop in occupier activity y/y The absence of large leasing deals in 2020 hindered higher levels of occupier activity as they focus on smaller spaces until there is more clarity on how much space will be needed as workers return to the office when it is safe to do so. The vacancy rate in Rome has risen in 2020 and now stands at around 9.0%, though there is great variation across the different submarkets. The Periphery has the highest amount of availability, followed by Greater EUR. However, the vacancy rate in the CBD and Centre have fallen over the past year and are now approximately 3%-4%. Prime quality spaces in core locations are scarce with only around 140,000 sq. metres available across these two markets and this has supported prime headline rents.

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Rental values in prime areas have recorded a modest rise in Rome, with prime CBD rents now reaching €450 per sq. metre per year as at the end of Q4 2020, compared with €440 per sq. metre per year at the end of 2019. Occupier demand for quality space in the core business districts is expected to continue, while deliveries of new and refurbished office space in these areas is slowing. The reluctance to venture outside of the CBD and Centre, on the part of both occupiers and developers is likely to support prime rent values in these submarkets, though the potential for rental growth over the next two years remains limited.

Key Market Statistics:

Rome	2015	2016	2017	2018	2019	2020
Prime Rent (€ sq. m/p.a.)	375	390	400	415	440	450
Prime Yield (%)	4.60	4.25	3.75	3.75	3.75	3.70

Source: Knight Frank Research

C: Industrial Sector – occupier market

Compared with the rest of Europe, logistics markets in Italy have lagged, the market is mainly domestic in focus and e-commerce rates are low relative to other European nations. Only recently have higher quality logistics hubs, with investor appeal, come into play. Given the geographic location of Italy, most logistics markets tend to be led by domestic consumption. Nevertheless, these domestic markets have strong potential; Italy is the fifth largest population in Europe (after Germany, France, the UK and Spain), and post-pandemic economic recovery is likely to be consumption-led.

Italy has been a relatively late adopter of online shopping and e-commerce however, the market has been expanding rapidly and this has accelerated during the pandemic. Internet use in Italy is considerably behind other European countries - in 2019, just 74.4% of the population were internet users, this compares to 88.1% in Germany and 92.5% in the UK (source: World Bank). In 2019, just 38% of the population had shopped online (source: Eurostat/Mintel) and online sales in Italy totalled €9.0 billion. Italy was hard-hit by the virus and started from a lower e-commerce base than some of their European peers, enabling faster growth. The e-commerce market in Italy was projected to grow 20.5% in 2020 (source: eMarketer) providing for future demand for both distribution centres and urban logistics in key hubs across the country.

In response to market growth, e-commerce (pure-play) retailers and distribution companies have been expanding their presence in Italy in 2020. Growth of the e-commerce market and rising demand for home delivery options is driving demand for both big-box and smaller distribution centres located close to urban populations. Amazon have already established several large-scale distribution facilities in Italy and are rapidly expanding their network throughout the country with two new fulfilment centres expected to open in 2021 (in Treviso and Modena, northern Italy), along with a large delivery sortation centre in Lazio, Rome (due to become operational in 2022) with further express delivery centres in urban markets.

In Italy, the market is polarised between large distribution space at strategic intersections in the north of the country and small spaces located close to urban populations. Modern, investment grade warehouse stock for distribution services are located along the main motorway corridor that connects Milan, Turin, Bergamo and Venice as well as in the port city of Genoa. Milan and northern Italy benefit from their proximity to other European markets, and a strategic location in terms of trans-European transport routes, between the hubs in northern Europe and further south into Italy, as well as between eastern Europe and west along the Mediterranean coast.

On the east coast, in central Italy, the Marche region is a highly industrialised region, with a sizeable manufacturing industry and is renowned for furniture, shoes, textiles and automotive. The region's major seaport is Ancona; strategically located on major Adriatic and Mediterranean trade routes, with links to Greece, Croatia and Albania. Road and rail links offer overland links along the east coast and to other regions of Italy.

The highest rents in Italy are found in the north of the country, particularly close to urban centres. Prime rents in Milan are currently around €57 per sq. metre per year and marginally lower in Rome at around €56 per sq. metre per year. Levels are higher in Genoa (c.€60 per sq. metre per year), which is Italy's major seaport, with a trade volume of 51.6 million tonnes it is Italy's busiest port (source: Genoa Port Authority). Genoa has large warehouses, shipping and transport, customs operations and a strong agri-food distribution sector, it is also well-connected via the A7 to Milan and in close proximity to the E70 motorway and the trans-European transport corridor. The growth in online shopping, particularly in urban consumer markets, has driven demand for logistics facilities located close to the consumer and prime rents have recorded strong growth over the past few years.

There has been strong demand for build-to-suit development, with international distribution companies and retailers keen to customise buildings to fit their requirements in terms of fit-out and automation. Take-up of build-to-suit facilities accounted for around 70% in Q1-Q3 2020. Speculative development remains limited in Italy and supply of Grade-A space is tight with the vacancy rate across Italy currently around 7%, however levels are significantly lower in the most desirable markets, particularly in Milan and other major urban markets and logistics hubs.

Key Market Statistics:

Milan	2015	2016	2017	2018	2019	2020
Prime Rent (€ sq. m/p.a.)	50	50	50	55	55	57
Prime Yield (%)	7.0	7.0	6.5	6.5	5.5	5.00

Source: Knight Frank Research

5. DENMARK

Section 1: Executive Summary

- Denmark is anticipated to experience gradual economic recovery in 2021 having experienced a relatively mild impact from the pandemic. Domestic consumption will be an important driver of economic growth.
- Investment markets recorded a rise in activity with 54% originating from international investors, attracted to its stable economic environment, transparent business framework and low sovereign debt.
- Industrial and logistics markets account for a relatively small proportion of the overall investment market with focus on key import / export locations.
- Greater Copenhagen is regarded as the pharmaceutical hub of northern Europe, and is set to benefit from global demand of vaccines.
- Despite positive rental growth and declines in vacancy, speculative development remains restricted due to high construction costs and typically a high proportion of pre-let agreements.

Section 2: Economy

Denmark's economy is expected to have contracted by around 4.2% in 2020. Consumption and employment growth is expected to support a gradual economic recovery with 1.9% growth forecast for 2021 and 3.3% growth in 2022. The pandemic has remained milder in Denmark, compared with other European countries. Demark was swift to ban large public gatherings, close down all unnecessary venues across cities and strongly discouraged the use of public transportation. This avoided the worst of the "first wave" as it swept Europe in the first half of 2020, however, cases have peaked sharply at the end of 2020 (December).

Denmark is a relatively small country, with a population of just 5.8 million inhabitants. It is an open economy with a balance of payments surplus driven through exports of oil, gas, and food. Denmark is highly dependent on foreign trade and due to close economic ties with the Eurozone, the Danish Central Bank maintains a fix on the Krone/euro exchange rate, thus providing stability to the export market. However, Danish exports have suffered because of the pandemic and weaker global demand which is expected to moderate growth in 2021. Thus, domestic consumption will become more important in driving economic growth over the next few years.

National Statistics – Economic Outlook

	2019	2020 (f)	2021 (f)	2022 (f)	2023 (f)	2024 (f)	2025 (f)
Total Population (millions)	5.82	5.84	5.86	5.89	5.92	5.94	5.97
Population Growth rate (%)	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
GDP Growth (%)	2.8%	-4.2%	0.6%	4.6%	2.7%	2.5%	2.3%
Unemployment rate (%)	3.7%	4.7%	4.7%	4.1%	3.9%	3.9%	3.9%
Government debt (% of GDP)	51.7%	55.8%	58.2%	56.4%	54.5%	52.5%	50.5%
Inflation (CPI) (%)	0.8%	0.4%	1.0%	1.1%	1.%	1.5%	1.6%

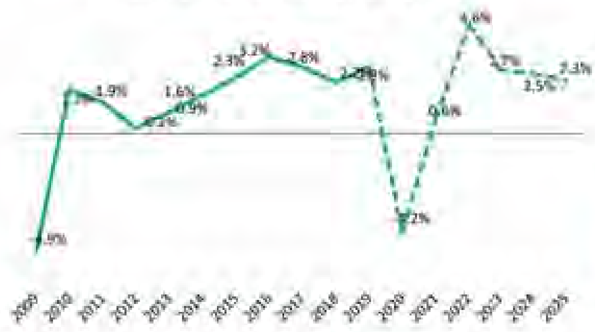
Source: Oxford Economics (17/02/2021)

Denmark's public accounts are relatively healthy, with one of the lowest debt-to-GDP ratios in Europe. Fiscal support measures implemented by the government are driving up the level of debt and along with the contraction in GDP and fall in tax receipts; will push up the ratio with government debt expected to be 60% of GDP by the end of 2021, up from 52% at the end of 2019.

The Bank of Denmark (Nationalbanken) raised its main deposit rate from -0.75% to -0.60% in early 2020 in an effort to align more closely with European Central Bank policy and support the Danish Krone which is pegged to the Euro. Price inflation remained moderate in 2020 (0.4%) amid low oil prices and a sharp contraction of consumption; and should gradually increase to 1.0% in 2021 and 1.1% in 2022 (source: Oxford Economics). Trade is expected to gradually recover, though export and import volumes are likely to remain below pre-pandemic levels in 2021.

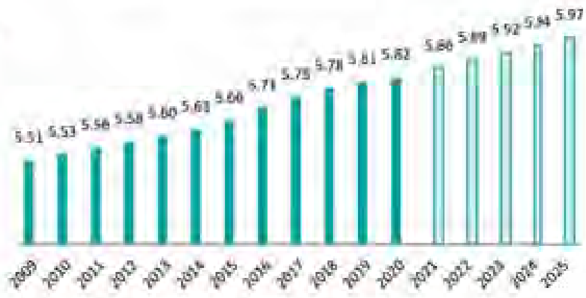
Weak inflationary pressures coupled with low mortgage rates, will help to support growth in household spending and a consumer-led recovery. Household and capital spending are expected to rebound this year as the economic recovery strengthens as the vaccine is rolled out. Though household debt levels remain high, low interest rates ensure that the debt burden remains low.

Historic and Forecast GDP Growth (%)



Source: Statistics Denmark, Oxford Economics

Historic and Forecast Population (millions)



Source: Statistics Denmark, Oxford Economics

Denmark is characterised by an equitable distribution of income and extensive government welfare measures with one of the highest GDP per capita in the world. During the COVID-19 crisis, the Danish government deployed an emergency fiscal package worth around 4.5% of GDP and implemented a wage support scheme to avoid massive lay-offs. Denmark's generous salary compensation scheme helped limit the rise in unemployment during the spring and summer of 2020 and was supporting more than 8% of workers at the peak of the crisis. It was rolled back in August 2020 to cover only firms ordered to close however, fiscal measures continue to support firms and employment through the crisis. Unemployment decreased slightly at the end of 2020, from a peak of 5.5% in May and should continue to decrease in 2021 as demand recovers and the economy strengthens.

The government boosted household incomes in October 2020 through the release of special mandatory pension savings from a recent reform of employee holiday payment schemes and elevated public investment will provide additional stimulus to domestic demand into 2021. The government's 2021 budget includes funding for worker training and investments in combatting climate change and these measures should support economic recovery.

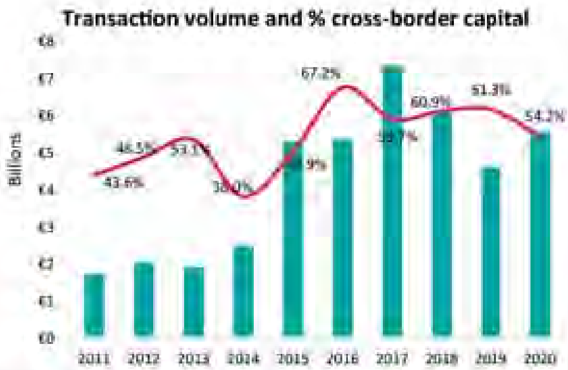
Section 3: Commercial Real Estate Market

A: Investment Market

Against the backdrop of COVID-19 and global economic uncertainty, the Danish investment market has recorded a rise in activity in 2020, with continued interest from international investors who, despite restrictions on travel, accounted for 54% of total investment in 2020. Denmark is an attractive investment market, particularly for those investors adopting more cautious strategies. Denmark's stable and open economic backdrop combined with low sovereign debt makes the Danish property market attractive.

With waning appetite for risk, there has been a shift in focus towards core properties, underpinned by strong covenants and offering long incomes. Very little value-add or opportunistic investments transacted in 2020. As witnessed in other European investment markets, there has been strong demand for residential assets and the sector attracted a total of €2.7 billion in 2020, up from €1.7 billion in 2019. International institutions have been particularly active in the apartment sector as it is a liquid and well-established market. Strong demographic fundamentals and further urbanisation are expected to support future growth in this sector.

Some sizeable residential portfolios transacted in 2020. In November, Denmark's Industriens Pension and mutual pension provider Velliv purchased a residential portfolio in Copenhagen and Aarhus from Danish real estate investment company NREP, in a DKK2 billion (€269 million) joint venture. Another sizeable residential deal was Goldman Sachs and Rubik Properties acquisition of a seven property portfolio from developer Birch Ejendomme. The properties are located across five cities in Jutland and are expected to complete in 2022 and include around 900 affordable rent tenancies.



Source: Knight Frank Research, Real Capital Analytics

Source: Knight Frank Research, Real Capital Analytics

The majority of international capital is typically from the neighbouring Nordic countries, particularly Sweden. Swedish and other Nordic investors accounted for 45% of the Danish market in 2020, up from 36% in 2019. Investment from the UK, Germany and North America has also been rising y/y. The apartment sector was the main target for overseas capital, followed by the office sector. In 2019, the office sector was the preferred asset class for foreign capital, but this has changed, with a sharp decrease in overseas capital investing in Danish office assets, coupled with a strong rise in residential investment, boosted by the Swedish Heimstaden acquisition worth €1.6 billion (DKK 12 billion).

Investment in Danish industrial and logistics property totalled €421 million in 2020, a decrease from the €483 million invested in 2019. In 2020 the market has seen increased competition from international investors who accounted for 69% of the total invested. The rise in international institutional capital targeting the sector has led to further pressure on prime yields, which now stand at around 4.7% having compressed from 5.25% in Q4 2019. Some notable transactions included CBRE GI's purchase of a logistics facility at Kastrup Airport, the distribution centre was acquired on behalf of a separate client account, from World Flight Services (WFS) Denmark in a sale and leaseback deal.

Despite strong investor interest, industrial and logistics continues to account for a relatively small proportion of the overall investment market; just 7.6% of the 2020 trading volume. There is a high proportion of owner-occupation in the Danish industrial sector but this is beginning to change and higher levels of liquidity are expected. An expected increase in sale & leaseback transactions will provide investors with more buying opportunities. Occupiers are increasingly demanding modern, high-tech facilities, which will in turn provide further investment opportunities.

Despite recent yield compression, yields remain higher than other European markets such as the UK, Germany, and the Netherlands and there is also a significant gap between office and industrial yields in Denmark (prime office yields are currently 3.5% compared with 4.7% for prime logistics), thus prime industrial and logistics properties offer attractive returns relative to other sectors and markets.

C: Industrial Sector – occupier market

Denmark's industrial and logistics sectors are focused around key import /export locations within the Greater Copenhagen region, the country's main market. Occupiers tend to focus on locations such as Taastrup, Ishøj Køge and Greve. A further hub of activity is focused in the Triangle area in Jutland. Denmark's key exports include machinery, pharmaceuticals, medical and optical apparatus and the industrial and logistics market, particularly in Copenhagen, is primarily focused on the manufacture, storage and distribution of these products.

Greater Copenhagen is regarded as northern Europe's hub for pharmaceutical logistics with more than 350 international pharma-related companies established in the region. These include Nomeco (which has set up a Nordic pharma warehouse in Greater Copenhagen) and Verdion iPark Logistics (which has established two temperature-controlled logistics centre locations in the region). Copenhagen is also home to UNICEF's global supply hub, a warehouse that spans over 20,000 sq. metres, making it the largest humanitarian warehouse in the world. The increasing demand for biopharmaceutical products such as vaccines and increasing supply of drugs from drug manufacturers is expected to drive continued demand for pharmaceutical logistics.

Online retail and the domestic consumer market is also an increasingly important source of demand in the industrial and logistics market. The online grocery delivery market in particular has been expanding in Denmark. The growth in business to consumer (B2C) delivery is expected to support growth in demand for last mile distribution within the Greater Copenhagen market and underpin future demand for centrally-located distribution centres within close proximity to consumers. New logistics centres, located at key transport hubs, such as the airport and along motorway corridors are in high demand.

Despite positive rental growth and a decline in the vacancy rate over the past few years to around 2.0%, speculative development in Copenhagen remains limited due to high construction costs and the need to recoup these via a secure long lease agreement. Most development is either driven by the end-user or has a strong pre-let agreement in place before breaking ground. There are high rates of owner-occupancy in Denmark and this continues to be the case with new and modern facilities. Across the country, the vacancy rate is around 8.7%, with the lowest levels of availability in southern Denmark and around the capital. The highest vacancy rate is in the south Jutland region.

Key Market Statistics:

Copenhagen	2015	2016	2017	2018	2019	2020
Vacancy Rate (%)	3.3	2.8	2.2	2.3	2.3	2.0
Prime Rent (€ sq. m/p.a.)	74	74	77	80	87	93
Prime Yield (%)	6.25	5.75	5.75	5.75	5.25	4.70

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

Knight Frank

6. FINLAND

Section 1: Executive Summary

- Finland's economic recovery is expected to be slow given its reliance on international trade and exposure to the wider economic slowdown and reliance on rising foreign demand for exports
- Finland is the third most advanced economy in Europe in terms of digitalisation of business. The government is targeting a nationwide network of five digital innovation hubs to stimulate economic renewal post the pandemic.
- The investment market attracts a high proportion of international capital, with interest from Belgian and South Korean investors in particular, in 2020. The residential and care sectors are favoured, underpinned by positive demographic trends: Belgian REIT acquiring Hoivatilat Plc and their underlying portfolio of 154 Finnish care homes.
- The office sector remains the largest commercial real estate investment market. Prime office yields in the main market of Helsinki recorded significant yield compression with investor focus on the CBD placing downward pressure to record lows of around 3.30%
- The pandemic has served to highlight a growing divergence between prime and secondary markets, with much of the weaker stock being removed through change of use developments.

Section 2: Economy

As a small economy, dependant on export trade, Finland is exposed to the wider economic slowdown across Europe with many of its most important trading partners facing restrictions that are dampening demand for exports. Over the next few years, economic growth will hinge on private consumption and the European Central Bank's quantitative easing programme and loose fiscal policy should help to support the economy. GDP is estimated to have fallen by 3.2% in 2020 but is expected to expand by around 2.0% in 2021 and 2.3% in 2022 (source: Oxford Economics).

Longer term, the pace of Finland's economic growth will be reliant on rising foreign demand for exports given that export trade accounts for around one third of GDP. The main export industries in Finland are electronics, machinery, vehicles and other engineered metal products, natural resources and the agricultural sector are also important components. Germany, Sweden, the US, the Netherlands and Russia are Finland's main export markets.

National Statistics – Economic Outlook

	2019	2020 (f)	2021 (f)	2022 (f)	2023 (f)	2024 (f)	2025(f)
Total Population (millions)	5.52	5.53	5.54	5.54	5.55	5.56	5.56
Population Growth rate (%)	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
GDP Growth (%)	1.1%	-3.2%	2.0%	2.5%	1.4%	1.0%	0.9%
Unemployment rate (%)	6.7%	7.8%	8.0%	7.4%	7.2%	7.0%	6.7%
Government debt (% of GDP)	59.3%	70.2%	73.3%	72.8%	72.5%	72.5%	71.7%
Inflation (CPI) (%)	1.0%	0.3%	1.2%	1.2%	1.3%	1.6%	1.7%

Source: Oxford Economics (17/02/2021)

Investment is likely to remain depressed due to economic uncertainty and recovery is likely to be slow due to the current surplus capacity. Business confidence is currently weaker in the services sector, but the industrial and retail sectors show more positive signs. Weak levels of construction may also weigh on investment. Private investment is expected to remain weak in 2021 but is expected to rebound in 2022 as the economy recovers and exports pick up.

The unemployment rate is expected to peak in Q1 2021, at 8.3% but will remain high over the next few years, meaning wage growth and inflationary pressures are set to remain weak. Inflation of 1.1% is expected in 2021, buoyed by rising energy prices. Rising oil prices should push up headline inflation, though core inflation will remain weak. Household spending is expected to rebound in the second half of 2021 as containment measures are relaxed. However, higher unemployment levels are likely to dampen consumer confidence and spending.

Historic and Forecast GDP Growth (%)

Source: Statistics Finland, Oxford Economics

Historic and Forecast Population (millions)

Source: Statistics Finland, Oxford Economics

Overall, population growth in Finland is weaker than in other Nordic countries. However, Finland's urban population is experiencing strong growth and Helsinki is among the fastest growing European capitals.

Finland is a renowned centre of digital industry and technology and the expanding economy is a key driver of demand for office space in Helsinki. Finland is embracing digital transformation and according to the European Commission, Finland is the third most advanced European country in terms of digitalisation of business. The Finnish government, in partnership with the EU, is to create a nationwide network of digital innovation hubs. There will be up to five hubs, which will support private and public sector enterprises in implementing digital technologies to enhance their businesses or organisations. It is hoped that these digital hubs will help accelerate the digital transformation in Finland and stimulate economic renewal post-pandemic. A number of prominent digital hubs with a strong SME-focus already exist in Finland, many formed through partnerships between venture capital firms, universities and public sector bodies. Finland's education system is regarded as one of the best in the world, resulting in a highly educated workforce. It is hoped that these hubs will help Finland to retain this talent and translate academic success into sustainable economic growth.

Section 3: Commercial Real Estate Market

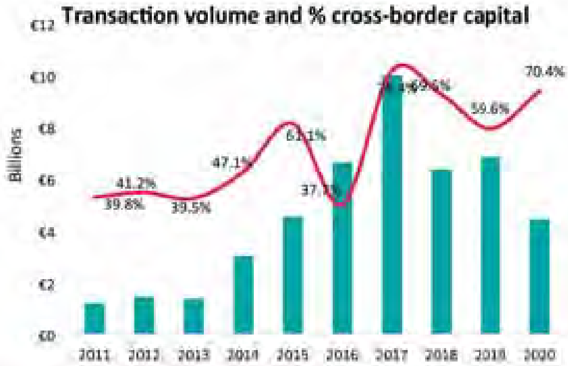
A: Investment Market

Finnish property attracted €4.5 billion worth of investment in 2020, down from €6.9 billion in 2019. The office sector has continued to prove the most popular and accounted for the largest share of investment in 2020, at 44%. The retail and apartment sectors have seen the largest decline in transactions y/y. The Finnish property market has developed an increasingly international investor base and the market is strongly influenced by wider investment market conditions across Europe. Cross-border capital represented 70% of the real estate investment market in 2020, boosted by some large acquisitions by international buyers.

Close links with the rest of the Nordic region results in a high proportion of international capital in the market, particularly from Swedish investors. In 2019, UK and German buyers were the dominant sources of foreign capital, however activity from these investors has fallen in 2020. Investment from Belgian and South Korean investors have increased on the back of a couple of sizeable transactions in the first quarter of 2020. Aedifica, a Belgian REIT specialising in healthcare and senior housing, acquired Hoivatilat Plc and their underlying portfolio of 154 Finnish care homes. South Korean investor, AIP Asset Management purchased OP Cooperative's Vallila Campus, a suburban office building in Helsinki, on behalf of NH Investment & Securities, Shinhan Investment Corp., and Varma Mutual Pension Insurance Company, for €480 million in January.

Offices are the most sought-after sector in Finland although the market has historically been dominated by both office and retail sectors. However, the growth of e-commerce and digitalisation are transforming the retail and the office sectors which will have implications for the Finnish investment market. With online shopping becoming more prevalent, shopping centres have seen diminishing sales growth and declining visitor counts. Retail transaction volumes are expected to continue to slow. The residential and care sectors, however, are considered more favourably, due to the positive demographic trends underpinning demand.

Knight Frank



Source: Knight Frank Research, Real Capital Analytics

Source: Knight Frank Research, Real Capital Analytics

The Helsinki region attracts the lion's share of investment, accounting for 76% of the total in 2020, a slight decrease on the 73% in 2019. The natural landscape of Helsinki means that it has well defined neighbourhoods and office submarkets, with supply limited by geographical constraints. Investors are therefore less exposed to supply-side risks which could have a negative impact on void rates and rental growth. Much of the investment outside of Helsinki tends to be via portfolio transactions where assets in the portfolio are located in various cities.

Prime office yields in Helsinki have recorded significant compression in recent years. Though they continue to offer a spread over some other capital cities of continental Europe, they are lower than those found in other Nordic capital cities. Most foreign and institutional investors have focused their activity in the Helsinki CBD which has put downward pressure on prime yields, currently at a record low of around 3.30%. Low yields in the CBD has encouraged some investors to look towards other prime submarkets, particularly where infrastructure improvements or redevelopment activity offers the potential for future growth. For example, Keilaniemi in Espoo is attracting investment due to rising connectivity. Keilaniemi has benefited from the new metro service and will become a central public transport hub once the final terminus of the Raide-Jokeri light rail line to Itäkeskus in Helsinki is built (expected to be completed in 2024).

Increasing levels of urbanisation, coupled with a rise in flexible working patterns, is likely to drive obsolescence in secondary locations and the market will become increasingly polarised. This coupled with investors moving down the risk curve will reduce liquidity outside of the key urban markets and the spread between prime and secondary yields is expected to increase.

B: Office Sector – occupier market

Across Finland, there is currently around 20 million sq. metres of office stock, around 9 million sq. metres of which is located in the Helsinki Metropolitan Area (HMA) – the country's main office market. There are small regional office markets located in Tampere and Turku but they account for a very small proportion of stock.

Helsinki and Tampere have recorded a significant amount of office development over the past few years, both new build as well as redevelopment of existing stock. Around 209,000 sq. metres of office space completed in Helsinki (HMA) in 2020, with around 50,000 sq. m currently under construction and due to complete in 2021. There are also significant projects in the development pipeline for Turku and Tampere.

Over the past few years, Finland's office market has witnessed increasing divergence between prime and secondary markets and the pandemic has served to highlight this polarisation. While modern office buildings, that are well-located and connected remain in demand, less attractive properties that are poorly located have seen weakened demand and this is likely to drive up obsolescence in secondary markets. Office development activity is continuing within the CBD as well as submarkets that will benefit from improvements to local infrastructure and public transport. Despite development, stock levels remain broadly stable, with stock being removed from weaker locations through change of use developments.

The pandemic has led to many office occupiers postponing decisions on their accommodation needs, adopting a wait-and-see approach due to the economic uncertainty as well as questions over what their future space requirements will be. In the short term, there has been an immediate impact on the amount of office space leased in 2020 and this is likely to persist in 2021. Longer term, structural trends such as the rise in remote working may lead to a fall in the overall amount of office space required. It is also expected that the function and role of the office may change, and this will have implications for the type of space required. Demand is expected to be increasingly concentrated in modern buildings that offer attractive premises and high levels of digital connectivity.

Helsinki has a high proportion of private sector jobs and there are several specialist sectors that have developed due to the highly educated workforce, including financial services, research and development and tech industries. The city is home to many young tech-savvy workers, tech companies and small and medium-sized enterprises (SMEs). These occupiers typically require modern, highly flexible office space, where they do not have to commit to lengthy leases and can alter their space or service requirements at short notice. There are also some office concepts aimed specifically at technology start-up companies such as incubators and accelerators.

One of the most significant occupier deals of 2020 was international software company; Trimble Solutions Corporation taking 10,300 sq. metres in a new office project at Hatsina in Espoo. The building is part of a wider urban redevelopment area encompassing almost 100,000 square meters of mixed-use development including offices, hotels, retail and housing. Trimble signed a long-term lease with occupancy scheduled for 2021. The building project is aiming to achieve the BREEAM Excellent certification.

The vacancy rate across the Helsinki Metropolitan Area is currently around 12%-13% due to some structural vacancy that is still to be worked through. It is considerably lower in the CBD area at 5.5%. Over the past year, vacancy rates have increased both in the CBD and across the HMA. Companies are reviewing their requirements and the possibility of subleasing or utilising flexible office space in order to achieve cost savings given the uncertain economic environment. While there has been some modest rental growth in Helsinki over the past year, expectations for rental growth in 2021 remain subdued.

Key Market Statistics:

Helsinki	2015	2016	2017	2018	2019	2020
Prime Rent (€ sq. m/p.a.)	429	440	452	458	460	462
Prime Yield (%)	4.40	4.25	3.75	3.60	3.30	3.30

Source: Knight Frank Research

7. POLAND

Section 1: Executive Summary

- Registering its first annual GDP decline since 1990, Poland fared better than most other European countries entering the pandemic with strong macroeconomic fundamentals such as historic low unemployment and a low government debt to GDP ratio.
- Investment markets remain highly attractive to Chinese and US investors, who significantly increased their share in 2020.
- Industrial was the only sector to register a y/y increase in investment volumes, reaching €2.6 billion; the highest annual total on record.
- Warsaw is Poland's largest office market, offering a highly educated workforce, cheap labour costs. Financial service companies remain the largest source of office leasing activity.
- Q1 2020 saw robust leasing activity, but by Q3 renewals accounted for almost half of total take-up as occupier hesitancy emerged around leasing decisions. Prime rents remained largely stable, although increased incentives were offered to secure potential occupiers.
- Poland's office market is well positioned for economic recovery and for attracting new start-ups and tech companies post-pandemic. Office market dynamics are supported by a relatively

positive economic picture, with only a modest economic contraction in 2020 and robust economic growth forecast for 2021/22.

Section 2: Economy

Poland is the largest economy in Central and Eastern Europe and having pursued a policy of economic liberalisation and privatisation since the 1990's, prior to 2020, Poland recorded uninterrupted economic growth throughout the past 30 years. The Polish economy has been outpacing Eurozone economic growth over the past two decades, even recording positive growth during the GFC. Pre-pandemic, in 2019 GDP growth was 4.6%, compared to 1.3% for the Eurozone. While Poland was impacted by COVID-19, experiencing its first annual decline in GDP since 1990, economic implications were more contained when compared to other countries in Europe. Oxford Economics forecast GDP to have declined by 2.9% in 2020 for Poland, compared to the Eurozone's -7.1% and CEE markets on average declining by 4.6%.

Economic growth is projected to return in 2021, with GDP increasing by 3.6% and subsequently 4.8% in 2022, before moderating to 3.0% in 2023. The economy is underpinned by strong macroeconomic fundamentals and low imbalances, while fiscal and external balances remain in check, with moderate inflation.

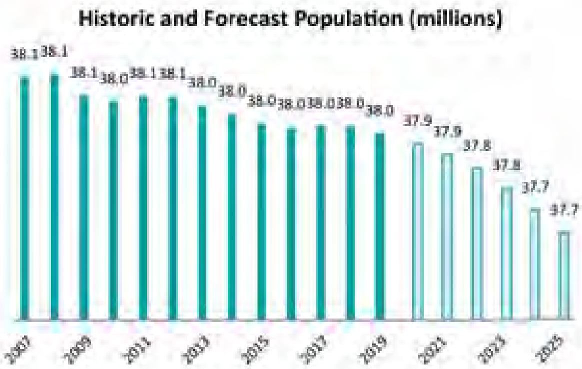
National Statistics – Economic Outlook

	2019	2020 (f)	2021 (f)	2022 (f)	2023 (f)	2024 (f)	2025 (f)
Total Population (millions)	37.95	37.92	37.89	37.85	37.79	37.73	37.66
Population Growth rate (%)	-0.1%	-0.1%	-0.1%	-0.1%	-0.2%	-0.2%	-0.2%
GDP Growth (%)	4.6%	-2.8%	3.8%	4.8%	2.9%	2.4%	2.2%
Unemployment rate (%)	5.4%	5.9%	5.8%	5.0%	4.8%	4.8%	4.8%
Government debt (% of GDP)	46.5%	53.0%	53.5%	52.5%	51.9%	51.0%	50.2%
Inflation (CPI) (%)	2.2%	3.4%	2.6%	2.5%	2.5%	2.5%	2.5%

Source: Oxford Economics (17/02/2021)

The country's response to the pandemic was swift, with the central bank reducing its policy rate by 140bps to 0.1%, whilst introducing previously unseen levels of quantitative easing, which equated to circa 5% of GDP. Poland has been a major beneficiary of the EU's crisis response in forms of grants and loans at preferential interest rates. This support, along with the national government's provision of fiscal and monetary support, has supported the country's economic standing. Other government measures implemented to mitigate the pandemic's damage to the economy include easing firm financing, extending liquidity support and decreasing capital requirements for banks.

Source: Statistics Poland, Oxford Economics



Source: Eurostat, Oxford Economics

Fiscally, Poland entered the pandemic better prepared than most other European countries - government debt as a percentage of GDP was relatively low at 46.5% at the end of 2019, according to Oxford

Economics. This is forecast to have reached 53.0% in 2020, and then a high of 54.0% in 2021, before moderating close to pre-pandemic levels at 49.9% by 2025.

Furthermore, going into the pandemic, unemployment and poverty rates were at historic lows. National unemployment was at 5.4% in 2019 and is only expected to increase to 5.9% in 2020. Here, short time work schemes implemented by the government have acted to limit the number of people out of work due to the pandemic. It is anticipated that the schemes have been effective, with unemployment forecast to reach a new record low by 2022. Pre-pandemic, labour shortages were putting upward pressure on wages. Low interest rates and EU funds should support future investment however, rising labour costs will moderate some potential gains.

Section 3: Commercial Real Estate Market

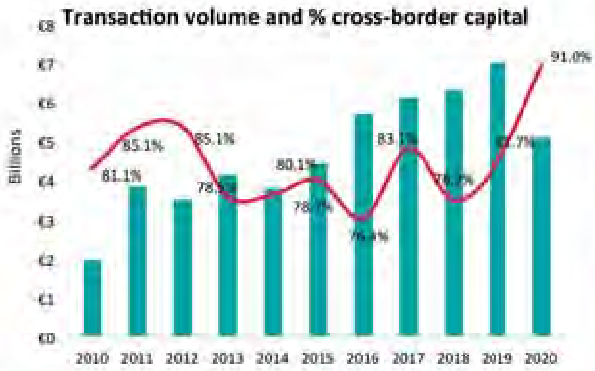
A: Investment Market

In 2020, commercial investment in Poland reached €5.1 billion, a 17% decline compared to 2019. While this is down on an annual basis, compared to Europe as a whole, Poland fared better, with commercial investment in Europe declining 26% in 2020.

As the largest and most liquid investment market in Central and Eastern Europe, Poland, continues to attract foreign capital. In 2020, 91% of all investment into Polish commercial assets were from overseas investors, equating to €4.6 billion. Chinese and US investors, rotated back into the Polish market in 2020, increasing their investment by 1077% to €930 million and 47% to €715 million respectively. Investors from the UK were also active, spending €535 million, albeit this was down 13% compared to 2019. Much of this capital targeted Warsaw where €2.0 billion transacted, all of which was cross-border investment. Here, Warsaw accounted for 39% of total Polish investment and 43% of all cross-border investment into Poland.

Behind industrial, offices were the most invested sector in 2020, accounting for €1.9 billion (37%). This is a 49% decline compared to 2019, where €3.6 billion of offices traded, account for circa 60% of total investment. The industrial sector was the only one to record an increase in investment in 2020, up 216% to €2.6 billion, its highest figure on record, resulting in a 52% share of investment, up from 14% in 2019.

Despite the dominance of Warsaw, the two largest single asset transactions in 2020 took place in Krakow. The first was the sale of Equal Business Park in Krakow for €130 million, bought by RIDA Development and Ares Management. The second was Skanska's disposal of the High5ive III-IV office building to Credit Suisse for €129 million.



Source: Knight Frank Research, Real Capital Analytics

Source: Knight Frank Research, Real Capital Analytics

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B: Office Sector – occupier market

The capital city, Warsaw, is Poland's largest office market. There are however, increasingly significant office markets in Katowice, Kraków, Łódź, Poznań, the Tri-city area (Gdańsk, Gdynia, Sopot) and Wroclaw. Office investment is heavily focused on Warsaw given the city's size and ability to offer product however, the regional markets continue to develop, supporting rising levels of both occupier and investor activity.

During the first quarter of 2020 activity was largely robust, with leasing transactions generally unaffected by the pandemic. However, the implications of national lockdown measures started to filter through over the remainder of the year, with leasing decisions put on hold as companies started to review strategies for the months ahead and what the return to the office looks like.

In 2019 Warsaw achieved its best year on record in terms of take-up, with 878,000 sq. metres let. 2020, in comparison, was down by 31% on this record and is 20% below the long-term average take-up. Most leasing transactions in 2020 have been renewals and by Q3 2020, renewals accounted for almost half of total take-up, surpassing the previous record of 35% in Q3 2019. Some tenants are demonstrating a preference to sign lease renewals or short term extensions while they reconsider their longer term requirements, this may drive an increase in leasing activity in the short to medium term as lease lengths decrease.

The increase in working from home has also driven a rise in the amount of space becoming available on a sub-let basis and may be a sign that the vacancy rate will rise further. Prior to the pandemic, the city's vacancy rate had been steadily declining due to high demand from tenants and relatively limited new supply. At the start of the 2020 the office vacancy in Warsaw was at 7.5%, the lowest it had been since 2008. Over the course of 2020, vacancy has since increased to 9.9% in Q4 2020, however remains below the average Q4 vacancy rate over the past five years (2015-2019) of 11.3%. The increase is largely driven by a combination of reduced tenant activity and only 4% of new supply delivered pre-let. Increased vacancy has therefore also been influenced by more stock coming to the market in 2020, with over 314,000 sq. metres of construction completions, which is 94% higher than in 2019.

While activity has been constrained due to the pandemic, prime office rents have remained stable in 2020 at €300 per sq. metres per year. However, to encourage occupational activity, there are a wide range of incentives on offer to potential occupiers. Here, effective rents are 20% below asking rents.

Financial service companies remain the largest source of take-up in Warsaw with many international banks and consultancy firms having located their IT and administrative back-offices located in Poland. Warsaw is the main economic hub of the region and a desirable location for businesses to locate. A highly educated workforce, access to European markets and cheaper labour costs relative to markets in Western Europe, are the key reasons that draw international companies to locate in Warsaw. Indeed, the minimum wage in Poland is €583 per month, which equates to 37% of the German minimum wage, according to Eurostat.

Key Market Statistics:

Warsaw	2015	2016	2017	2018	2019	2020
Vacancy Rate (%)	14.1	14.2	11.7	8.7	7.8	9.9
Take-Up (sq. m)	812,200	749,116	820,128	856,644	877,966	607,839
Stock (sq. m)	4,626,000	5,045,400	5,283,549	5,461,676	5,587,911	5,910,000
Prime Rent (€ sq. m/p.a.)	276	288	276	288	300	300
Prime Yield (%)	6.00	5.25	5.25	4.70	4.50	4.75

Source: Knight Frank Research

Gdańsk along with the neighbouring cities of Sopot and Gdynia make up the "Tri-City" region. Combined, it is Poland's third largest office market and has a broad occupier base and is home to several large international consultancy firms.

Similar to Warsaw, the Tri-City region and Gdansk itself have been affected by the pandemic and the resulting economic uncertainty. Typically, Gdańsk's demand stems from IT and telecoms companies as well as the financial sector and corporate occupiers. Pre-pandemic, Gdańsk had a rapidly expanding IT sector, with many tech companies and start-ups choosing to locate there due to cheaper rents and its prominence with IT and telecoms companies. However, by Q2 2020, multiple tenants started to postpone corporate decisions, with firms choosing to remain in their current locations instead of opting for relocation or expansion, both of which come at a cost.

Occupier hesitancy is clear in the figures for 2020, with take-up in the Tri-City region down 13% when compared to 2019, to 84,307 sq. metres. The amount of vacant space in the Tri-City also increased, up 107% to 84,307 sq. metres, equating to a vacancy rate of 9.5% in 2020, a rise from the 4.9% at the end of 2019. Asking rents for Grade A offices in Gdańsk are currently circa €186 sq. metre per year, while prime yields have stabilised at approximately 7.00%.

While activity is down in 2020, most markets globally have experienced similar trepidation from occupiers. Once there is clarity on the way forward, the relatively stable market fundamentals will likely see occupier activity pick-up again in Poland. For example, starting a business is a relatively easy process which will remain attractive to new start-ups and tech companies looking for flexible, co-working spaces. Gdańsk's location is also ideal, being home to Poland's largest seaport as well as an international airport. It also has close business and transport links with Scandinavia and Western Europe. The Gdańsk market is therefore home to several shipping companies and other maritime connected businesses and so will remain an area of interest for companies linked to trade and transport.

8. CZECH REPUBLICA

Section 1: Executive Summary

- The Czech Republic economy is one of the most developed in Central and Eastern Europe, with a strong economic rebound anticipated in 2021.
- The country remains highly dependent on foreign capital: Swedish investors were the most active in 2020 followed by Italian and Lebanese buyers. Apartments account for half of all commercial real estate investments.
- Its geographical location places it at a natural crossroads for major transit corridors, well connected to Germany, Poland and Austria.
- Prague is a large logistics and distribution hub, ranking second in the CEE region.
- The overall vacancy rate increased in the Czech Republic but declined in Prague as a result of sustained leasing activity by logistics companies renegotiating leases. Prime rents and yields remained steady after a long-term trend of compression, now at 5.0%, from 8.25% in 2013.

Section 2: Economy

The Czech Republic is one of the most developed industrial economies in Central and Eastern Europe, having experienced rapid catch up in recent years based on skilled, low-cost manufacturing. In 2019 GDP grew by 2.2%, however the impact of COVID-19 saw its economy contract by 6.8% over 2020, according to Oxford Economics. Despite effectively containing the first wave of infections in April, the Czech Republic struggled to adequately control subsequent waves resulting in the reintroduction of containment measures, causing an expected Q4 GDP decline of 4.6%. A slow vaccination rollout (just 1% of population inoculated by mid-January) and weak Q1 activity have tempered Oxford Economics' forecasts for the year ahead to 2.9% from 3.2%.

The government's broad emergency fiscal measures, including a short-time work scheme has so far prevented large scale rises in unemployment, forecast at 3.6% in 2020. Low public debt prior to the crisis provided ample fiscal space to offer assistance, and there remains room for extended policy support where required. The Czech National Bank (CNB) moved quickly in March 2020 easing interest rates from 2.25% to 0.25% by May, which remains unchanged. Inflation remained surprisingly strong throughout the pandemic, with a reading of 2.3% in December, in part due to the CNBs active management, and is expected to remain steady, gradually converging to the 2.0% target in Q2 2021.

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National Statistics – Economic Outlook

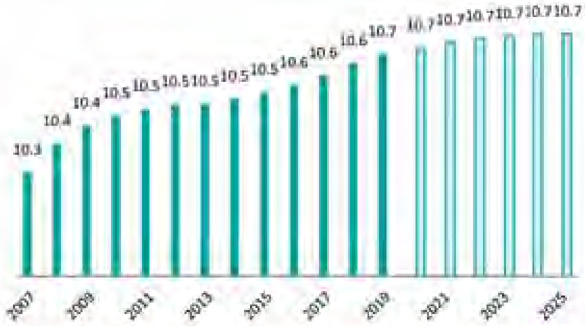
Czech Republic	2019	2020 (f)	2021 (f)	2022 (f)	2023 (f)	2024 (f)	2025 (f)
Total Population (millions)	10.66	10.68	10.70	10.71	10.72	10.72	10.72
Population Growth rate (%)	0.2%	0.2%	0.1%	0.1%	0.1%	0.0%	0.0%
GDP Growth (%)	2.2%	-5.7%	3.5%	4.5%	2.9%	2.9%	2.0%
Unemployment rate (%)	2.8%	3.6%	4.1%	3.8%	3.6%	3.7%	3.9%
Government debt (% of GDP)	28.5%	40.5%	42.1%	41.2%	40.9%	40.4%	39.9%
Inflation (CPI) (%)	2.8%	3.6%	2.2%	2.0%	2.0%	2.0%	2.0%

Source: Oxford Economics (17/02/2021)

Czech Republic
Historic and Forecast GDP Growth (%)

Source: Czech Statistical Office, Oxford Economics

Czech Republic
Historic and Forecast Population (millions)



Source: Eurostat, Oxford Economics

The 2020 deficit is now expected to reach CZK400 billion, or 8% of GDP. The Czech government is proceeding with income tax cuts, which will further dent public finances, as it faces parliamentary elections this October (2021). The Czech Republic is set to benefit from the EU Next Generation Fund, estimated at 4.5% of GDP, according to Oxford Economics, which will offset a proportion of permanent income losses.

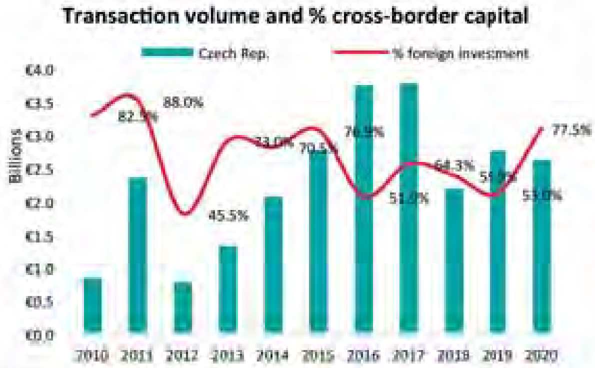
Industrial production and good exports remain positive economic drivers with 2021 growth forecasts of 8.5% and 7.7% respectively. Despite an overall decline in Q4 output of 4.6%, industrial production remained robust, buoyed by South-Asian demand. Industry accounts for 41% of Czech GDP but remains heavily dependent on the automotive sector, which represents 20% of exports.

Whilst benefitting from integration into German supply chains, industrial production is subject to fluctuations in the Eurozone. Here, production experienced a temporary decline of 1.8%, with the region in lockdown. Overreliance on the sector remains a risk given growing labour shortages, sensitivity to business cycles and possible imposition of US tariffs.

The medium-term outlook remains positive, with a strong economic rebound anticipated for H2 2021, with Oxford Economics forecasting GDP to grow by 6.2% in 2022 and 3.0% in 2023, as mass immunisation programmes take effect. Furthermore, the Czech Republic has one of the highest government debt credit ratings among emerging and developing markets, meaning the government benefit from favourable borrowing rates. Indeed, the S&P and Fitch both rating the country AA reflecting overall strong fiscal, external, and banking sector balance sheets.

Section 3: Commercial Real Estate Market

A: Investment Market



Source: Knight Frank Research, Real Capital Analytics

Source: Knight Frank Research, Real Capital Analytics

The Czech investment market saw €2.6 billion invested in 2020, a decline of 16% on the €3.1 billion achieved in 2019. While overall volumes are down, cross-border investment into the Czech Republic has been more robust, down just 5% over 2020. Here, the proportion of foreign investment grew from 59% in 2019 to 78% in 2020. Therefore, the country remains highly dependent on foreign capital. Investors from Sweden were the most active in 2020, accounting for 64% of all cross-border investment. Italian and Lebanese investors were also prominent, with €227 million and €163 million invested, respectively.

Apartments were the most invested sector in 2020 accounting for half of all activity and the only sector to record annual growth in investment. Investment into the industrial sector was less robust in 2020, down by 42% to €186 million. On average over the past 10 years, industrial investment has equated to about 16% of total investment in the Czech Republic, however in 2020, it accounted for just 7%, due to limited availability of stock.

While industrial volumes are down, the market fundamentals remain strong. The Czech Republic is situated in a prime geographical location at the centre of Europe. The country is a natural crossroads for major transit corridors, with its role as a transit hub rising since its entrance into the European Union in 2004. The country is therefore a strategic option for distribution companies, as it provides an extensive network of transport routes, serving both domestic markets and surrounding European countries with major roads connecting the country to Germany, Poland and Austria. Manufacturing is also an important contributor to economic growth and employment in the Czech Republic, the automotive industry is of particular importance, accounting for more than 9% of GDP and 24% of exports. The combination of location, infrastructure, natural resources and tariff free access to the EU market, has attracted manufacturing firms and automotive companies to locate here.

C: Industrial Sector – occupier market

The Czech Republic has very low labour costs compared to its European counterparts, making it an attractive option for logistics operations. The monthly minimum wage in the Czech Republic is €546 per month, which is 6% lower than the minimum wage in Poland and between 50% and 70% lower than the minimum wages in the Netherlands, Spain, France, and Germany. Therefore, the minimum wage will likely continue to play a factor in warehouse demand and incentivise growth along the country's border to serve the e-commerce demand for its neighbouring European countries.

The Prague area is the largest logistics and distribution hub in the Czech Republic (with around 3.2 million sq. metres of stock) and the second largest in Central and Eastern Europe (CEE) after Warsaw, Poland. Serving consumer markets, rising e-commerce levels and rising trade volumes have all contributed to demand for logistics and distribution facilities in the region. Prague also has a strong pharmaceuticals sector and IT manufacturing industry.

Across the Czech Republic as a whole, modern industrial stock totals just over 9 million sq. m, with around 665,000 sq. m of completions registered in 2020. Much of the recent and ongoing development activity is concentrated in the Pilsen and Moravia-Silesia regions The Pilsen region is regarded as a gateway to western Europe and lies on the southwest border, close to the German border, the region has a strong manufacturing industry and road and rail links connect the area to Prague and to the Bavarian region in Germany. The Moravia-Silesia region is located in eastern Czech Republic, on the Polish and Slovak borders. Steel production, automotive and chemical manufacturing are the prominent industries in the region.

Nationwide take-up totalled 1.46 million sq. m in 2020, up 141% y/y. While the overall vacancy rate in the Czech Republic increased to circa 4.5% in 2020, vacancy in Prague has declined to roughly 2.5%. The capital has seen sustained demand coupled with low levels of new speculative supply. Leasing activity has been sustained by logistics companies renegotiating their leases, as well as companies requiring new short-term leases, in order to maintain flexibility in a tricky economic climate.

Prime rents in Prague remained stable in 2020 at €58 per sq. metre per year. Prime yields are also steady at 5.00%. Yield compression has been a trend over the long term, with industrial yields down from 8.25% at the start of 2013. A notable leasing transaction was the 21,500 sq. metres acquired by an undisclosed automotive company in Prologis Park Prague- Úžice.

Key Market Statistics:

Prague	2015	2016	2017	2018	2019	2020
Prime Rent (€ sq. m/p.a.)	51	51	54	57	58	58
Prime Yield (%)	6.75%	6.25%	6.00%	6.00%	5.00%	5.00%

Source: Knight Frank Research

9. SLOVAKIA

Section 1: Executive Summary

- The Slovak economy is projected to grow by 4.6% in 2021 and 4.8% in 2022, with consumption expected to recover on the back of rising incomes and an improving labour market.
- The industrial sector remains robust. However, Slovakia is an export-driven economy and weakening demand in key export markets could constitute a downside risk for manufacturing and exports.
- Retail sales volumes in Slovakia have risen at a faster rate than most European markets and e-commerce is a significant component of the retail market in Slovakia.
- The investment market is highly dependent upon foreign capital, with international investors accounting for 93% of the total transacted in 2020.
- The automotive industry is very important to Slovakia's industrial and logistics market. However, rising e-commerce demand is encouraging higher interest from retailers and distributors and is broadening the occupier base.
- Newly developed industrial hubs in eastern Slovakia are seeing rising interest from occupiers, attracted by the lower operating costs and improvements to the road infrastructure in the region and vacancy rates are lower here than elsewhere in the country.

Section 2: Economy

Slovakia has been one of the fastest growing economies in Europe with foreign direct investment, especially in the automotive and electronic sectors, helping to fuel much of this growth over the past decade. Despite a strong fiscal position prior to the pandemic, the combination of falling tax revenues and rising expenditures will impact public finances.

GDP is expected to contract by 5.9% in 2020, down from 2.3% in 2019, with a sharp contraction in consumption. Following contraction in 2020, the economy is projected to grow by around 4.6% in 2021 and 4.8% in 2022. Consumption is expected to recover on the back of rising incomes and an improving labour market as well as increasing consumer confidence levels as the vaccine is rolled out throughout 2021, allowing the economy to reopen.

Unemployment rose in 2020 and is expected to remain at around the same level in 2021 (c.6.7%). Supportive fiscal policy has helped prevent a deeper economic contraction and remains crucial in offering support to the economy while containment measures are in place, and in aiding the recovery. Slovakia is set to be a net beneficiary of the €750 billion EU Next Generation Fund. However, fiscal measures will be required in the short term, to bridge the gap before disbursements from the Fund. Job losses in industry have been the biggest contributors to rising unemployment but further job losses are expected in the service sector as furlough schemes are unwound.

Despite job losses, the industrial sector remains robust, with less exposure to the pandemic as well as strengthening external demand. Industry is expected to continue to perform well through 2021. However, Slovakia has an export-driven economy and weakening demand in key export markets could constitute a downside risk for manufacturing and exports. Car manufacturing is the largest industry in Slovakia and the country's main export, with around 10% of Slovakian car exports destined for the UK market.

National Statistics – Economic Outlook

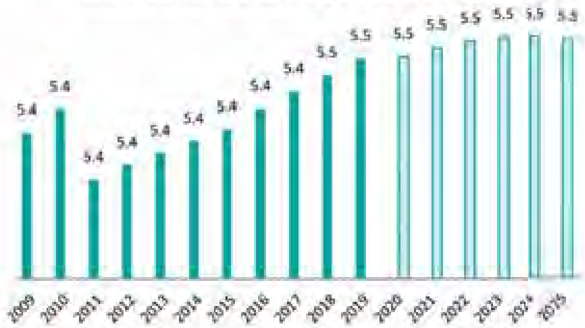
Slovakia	2019	2020 (f)	2021 (f)	2022 (f)	2023 (f)	2024 (f)	2025 (f)
Total Population (millions)	5.45	5.46	5.46	5.47	5.47	5.47	5.47
Population Growth rate (%)	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%	-0.0%
GDP Growth (%)	2.3%	-5.8%	4.3%	5.1%	3.7%	2.9%	2.2%
Unemployment rate (%)	5.8%	6.8%	7.1%	6.2%	5.8%	5.8%	5.7%
Government debt (% of GDP)	46.3%	62.3%	63.7%	61.9%	60.9%	60.0%	59.1%
Inflation (CPI) (%)	2.7%	1.9%	1.4%	1.9%	2.1%	2.1%	2.1%

Source: Oxford Economics (17/02/2021)

Slovakia
Historic and Forecast GDP Growth (%)

Source: Slovakian Statistical Office, Oxford Economics

Slovakia
Historic and Forecast Population (millions)



Source: Slovakian Statistical Office, Oxford Economics

Retail sales volumes in Slovakia have risen at a faster rate than most European markets and e-commerce is a significant component of the retail market in Slovakia. Retail sales in 2019 totalled around €22 billion, with online sales accounting for around €1.8 billion (source: Mintel). Despite a fall in consumer confidence in 2020, retail sales for 2020 are expected to total around €23 billion.

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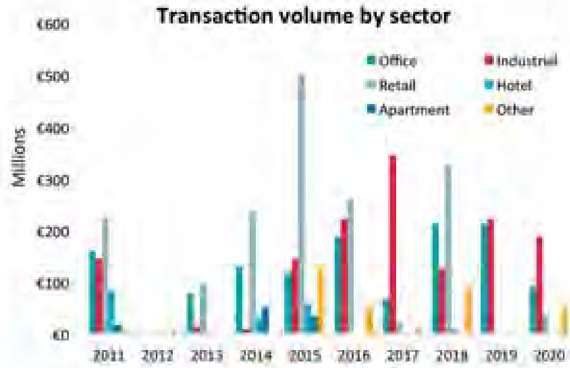
Section 3: Commercial Real Estate Market

A: Investment Market

Source: Knight Frank Research, Real Capital Analytics



Source: Knight Frank Research, Real Capital Analytics

Investment volumes in Slovakia are low relative to other European markets. The investment market is small in size and highly dependent upon foreign capital, with international investors accounting for 93% of the total transacted in 2020. In 2020, investment totalled €366 million, down slightly from the €435 million invested in 2019.

Low land values and labour costs, coupled with well developed infrastructure, make Slovakia a strategically important logistics market and this has encouraged investment and development of logistics assets. As well as manufacturing goods for export, Slovakia has a growing domestic market, in recent years, Slovakia has been one of the fastest growing economies in the EU and Slovakia is attracting investment from retailers competing for market share in the growing retail sector. For instance, discount grocery retailer Lidl have been investing in Slovakia in recent years. The growth in e-commerce is also providing incentive for major international pure-play retailers as well as distribution companies.

Investment into the office market has dipped as investors scrutinise tenant covenants more closely given the weaker economic environment associated with the pandemic and the potential for increasing void rates. The industrial sector attracted the largest share of investment in 2020, with €189 million invested. The 28-asset Maximus Portfolio, acquired by P3 Logistics Parks, owned by the Singaporean sovereign wealth fund; GIC for €950 million, included two logistics properties located in Slovakia, worth around €126 million of the total. Many single industrial assets are too small to attract interest from institutional capital and Slovakian assets are often acquired through portfolio transactions.

Prime yields for industrial assets are currently stable at around 6.25%. Providing a significant premium over other European markets (prime yields for UK logistics are currently just 3.5%) and in contrast to Czech Republic or Hungary Investors are increasingly focused on prime assets and the gap between prime and secondary yields is expected to rise.

C: Industrial Sector – occupier market

The Slovakian industrial and logistics market is a predominantly a tenanted market as opposed to owner occupied. There has been a robust level of development activity over the past ten years, boosting stock levels with total modern Grade-A supply across Slovakia of 2,865,000 sq. metres, with the majority of premises located in the Greater Bratislava Region. Other popular locations include the western part of the country strategically located and well connected by the D1, D2 and R1 highways.

Development completions in 2020 boosted industrial stock by around 8%. Build-to-suit developments were the driving force in 2020, as pure play online retailers sought to maximise their share of a growing market. However, speculative development remains popular in Slovakia, speculative construction starts and land acquisitions have continued apace, as the sector positions itself for the expected rise in demand. The cost of debt has remained broadly stable over the past year for logistics in Slovakia and most speculative development is let prior to completion. Around 190,000 sq. metres is currently available and under construction (at the end of Q4 2020). Most of the projects are located in the Bratislava, Nitra and Kosice regions. Mountpark Logistics are currently building a 26,000 sq. m inventory distribution centre at Mountpark Sered, scheduled to complete in Q1 2021. The park is located in Western Slovakia on the E58 motorway route and is already home to Amazon who opened a 60,000 sq. m regional distribution centre in 2017.

Alza is currently the largest online retailer in Slovakia and has been expanding their presence. They leased a 19,000 sq. m warehouse at GLP Park Bratislava Senec, to be used as a distribution hub for Slovak customers.

Newly developed industrial hubs in eastern Slovakia are also seeing rising interest from occupiers, attracted by the lower operating costs and improvements to the road infrastructure in the region and vacancy rates are lower here than elsewhere in the country.

With the majority of logistics stock concentrated within the Greater Bratislava region, take-up activity has also been concentrated here, with distribution companies expanding their networks in response to expanding e-commerce demand. The automotive industry remains highly important to Slovakia's industrial and logistics market. However, rising e-commerce demand is encouraging higher interest from retailers and distributors and is broadening the occupier base.

Prime headline rents in Slovakia are currently around €3.50 - €4.90 per sq. metre per month. However, with high levels of speculative development activity the nationwide vacancy rate has been trending up, and is currently at around 9.1%. The rate in the Greater Bratislava region is also rising and now stands at around 7.6%. However, increasing demand for best-in-class assets, coupled with good pre-let activity may drive rental growth in some locations.

Key Market Statistics:

Slovakia	2015	2016	2017	2018	2019	2020
Take-Up (sq. m)	285,000	440,000	410,000	260,000	375,000	436,000
Prime Rent (€ sq. m/p.a.)	51	51	51	51	54	58.8
Prime Yield (%)	7.75	7.50	7.00	6.50	6.25	6.25

Source: Knight Frank Research

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CORPORATE GOVERNANCE

THE ROLE OF CEREIT'S MANAGER

The primary role of the Manager is to set the strategic direction of CEREIT and to make recommendations to the Trustee on any investment or divestment opportunities for CEREIT and the enhancement of the assets of CEREIT in accordance with the stated investment strategy for CEREIT. The research, evaluation and analysis required for these objectives are coordinated and carried out by the Manager.

The Manager has general powers of management over the assets of CEREIT.

CEREIT, constituted as a trust, is externally managed by the Manager. The Manager appoints well-qualified and experienced personnel to run its day-to-day operations. All Directors' fees and employees' remuneration are paid by the Manager, and not by CEREIT.

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

The primary responsibility of the Manager is to manage the assets and liabilities of CEREIT for the benefit of the Unitholders. This is done with a focus on providing Unitholders with stable and growing distributions and NAV per unit over the long term, while maintaining an appropriate capital structure. The Manager is also responsible for the risk management of CEREIT.

The other functions and responsibilities of the Manager include:

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

(b) formulating CEREIT's investment strategy, including:

    i. determining the location, sub-sector type and other characteristics of CEREIT's property portfolio;

    ii. integrating sustainability risk considerations in the investment decision-making process; and

    iii. negotiating, overseeing the negotiations and providing supervision in relation to investments of CEREIT and making final recommendations to the Trustee;

(c) formulating CEREIT's asset management strategy, including:

    i. determining the tenant-customer mix, asset enhancement works and rationalising operation costs; and

    ii. providing the supervision in relation to asset management of CEREIT and making final recommendations to the Trustee on material matters;

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

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

(f) making all regulatory filings on behalf of CEREIT, and ensuring compliance with relevant laws and regulations including the applicable provisions of the SFA, the Listing Manual, the CIS Code (including Property Funds Appendix), the Singapore Code on Take-overs and Mergers, the Trust Deed, the capital markets services licence issued to the Manager, any tax ruling and all relevant contracts;

(g) communicating and liaising with the investment community, including Unitholders, investors, analysts, media and various stakeholders; and

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

The Manager also considers managing sustainability risks (including environmental, social and governance factors) as part of its responsibilities. CEREIT's ESG programme is set out in summary in the short-form sustainability report on pages 181 to 191 of this Annual Report and in detail in the FY 2020 Sustainability Report to be published in late May 2021.

The Manager is a wholly-owned subsidiary of Cromwell Property Group (CEREIT's Sponsor), which holds a significant unitholding interest in CEREIT. The Sponsor is a global real estate investment manager listed on the ASX, with a vested interest in the long-term performance of CEREIT. The Sponsor's significant unitholding in CEREIT demonstrates its commitment to CEREIT and as a result, the Sponsor's interests are aligned with those of other Unitholders.

THE MANAGER'S CORPORATE GOVERNANCE CULTURE

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

The Manager has received accolades from the investment community for excellence in corporate governance. More details can be found in the Investor Relations section on pages 58 to 63 of this Annual Report.

This corporate governance report sets out the corporate governance practices for FY 2020 with reference to the principles of the Code. For FY 2020, CEREIT has complied with the principles and provisions of the Code in all material aspects and to the extent that there are any deviations from the Code, the Manager will provide explanations for such a deviation and the details of the alternative practices which have been adopted by CEREIT, which are consistent with the intent of the relevant principle of the Code.

(A) BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

The Board is collectively responsible for the long-term success of CEREIT and to protect and enhance Unitholder value. The Board recognises that each of the Directors is a fiduciary and should act objectively in the best interests of the Unitholders and hold Management accountable for performance. The Directors are collectively and individually obliged to act honestly and with diligence, and in the best interests of CEREIT at all times. The Board puts in place a code of business conduct (please refer to pages 173 to 175 of this Annual Report), sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the Manager. The Manager requires that its Directors disclose their interests in transactions and any conflicts of interests. The Directors recuse themselves from any discussions and decisions concerning matters in which they may be in a conflict of interest situation. Each of the Directors has complied with the above in FY 2020. The Board is satisfied that no conflicts of interests were required to be disclosed by any Director.

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

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

CORPORATE GOVERNANCE

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

(a) material acquisitions, investments and divestments;

(b) issue of new Units;

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

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

Internal Limits of Authority

The Board has adopted a set of internal controls and guidelines which establishes approval limits for operational and capital expenditures, investments, divestments, bank borrowings and cheque signatory arrangements. Such matters, which have been approved by the Board, are clearly communicated to Management in writing and reviewed annually. Transactions and other matters which require the approval of the Board are clearly set out in the delegation of authority. Appropriate delegations of authority and approval sub-limits are also provided at Management level to facilitate operational efficiency.

Board Committees

The Board has established various board committees to assist it in the discharging of its functions. Membership in the various board committees is managed to ensure an equitable distribution of responsibilities among Board members, to maximise the effectiveness of the Board and to foster active participation and contribution from Board members. These board committees are the ARC and the NRC, collectively referred to as the Board Committee(s), and Board Committee shall mean any of them. The Board may form other board committees as dictated by business imperatives.

The ARC and NRC have been constituted with clear written terms of reference approved by the Board and may decide on matters within these terms of reference and applicable limits of authority. The terms of reference of the respective Board Committees set out their compositions, authorities and duties, including reporting back to the Board. All terms of reference are reviewed and updated when necessary to ensure their continued relevance. The members of both the ARC and the NRC are all non-executive CEREIT IDs, with a different independent chair for each Board Committee. The ultimate responsibility for decision-making and oversight rests with the Board as a whole. The compositions of the various Board Committees are set out on page 147 of this Annual Report.

Meetings

The Board meets at least once every quarter and as required by business imperatives. Board and Board Committee meetings are scheduled prior to the start of each financial year to allow Directors to plan ahead to attend such meetings, so as to maximise participation. Where exigencies prevent a Director from attending a Board meeting in person, the constitution of the Manager permits the Director to participate via audio or video conference. Since the onset of the COVID-19 pandemic, all meetings of the Board and its committees have been held by video conference. The Board and Board Committees may also make decisions by way of resolutions in writing. In each meeting, where matters requiring the Board's approval are to be considered, all members of the Board attend and actively participate in the deliberations and discussions; and resolutions in writing are circulated to all Directors for their consideration and approval. The exception is where a Director has a conflict of interest in a particular matter, in which case he/she will be required to recuse himself / herself from the deliberations and abstain from voting on the matter. This principle of collective decisions adopted by the Board ensures that no individual influences or dominates the decision-making process. A Director with multiple directorships is expected to ensure that sufficient time and attention can be and is given to the affairs of the Manager in managing the assets and liabilities of CEREIT for the benefit of Unitholders. As part of its annual effectiveness review, the Board has confirmed that each Director is not "overboarded" i.e. not sitting on an excessive number of Boards.

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

A total of 10 Board meetings, four ARC meetings and five NRC meetings were held in FY 2020. A record of the Directors' attendance at Board and Board Committees' meetings in FY 2020 is set out on the next page. All

Composition and Attendance Record of Meetings

	Board Composition		Attendance Record of Meetings in FY 2020			
			Board	ARC	NRC	AGM
	ARC	NRC	Number of Meetings Held: 10	Number of Meetings Held: 4	Number of Meetings Held: 5	Number of Meetings Held: 1
Lim Swe Guan	Member	Member	10 out of 10	4 out of 4	5 out of 5	1 out of 1
Fang Ai Lian	Chair	Member	10 out of 10	4 out of 4	5 out of 5	1 out of 1
Christian Delaire	Member	Chair	10 out of 10	4 out of 4	5 out of 5	1 out of 1
Michael Wilde[1]	–	–	N/A	N/A	N/A	N/A
Simon Garing[2]	–	–	10 out of 10	N/A	N/A	1 out of 1
Paul Weightman[3]	–	–	10 out of 10	N/A	N/A	1 out of 1

Notes:
1 Mr Michael Wilde is the Acting CEO of the Sponsor and was appointed as non-independent non-executive Director on 25 February 2021
2 Mr Simon Garing is the CEO and non-independent Executive Director of the Manager
3 Mr Paul Weightman resigned as a non-independent non-executive Director of the Manager on 31 December 2020

Directors attended all meetings in FY 2020 and all directors voted on each resolution where applicable. The Manager believes in the manifest contributions of its Directors beyond attendance at formal Board and Board Committee meetings. To judge a Director's contributions based on his attendance at formal meetings alone would not do justice to his/her overall contributions, which include being accessible to Management for guidance or exchange of views outside the formal environment of Board and Board Committee meetings.

The CEREIT IDs, led by the independent Chair of the Board, communicate regularly without the presence of Management as required. The chair of such meetings provides feedback to the Board.

Training

In view of the increasingly demanding, complex and multi-dimensional role of a director, the Board recognises the importance of ongoing training and development for its Directors so as to equip them to discharge the responsibilities of their office as Directors to the best of their abilities. The Manager has in place a training framework designed to meet the objective of having a Board which comprises competent individuals who possess up-to-date knowledge and skills necessary to discharge their responsibilities. The costs of training are borne by the Manager.

Directors understand the company's business and their fiduciary duties towards CEREIT as well as their directorship duties (including their roles as executive, non-executive and independent directors). Directors receive ongoing training in areas such as directors' duties and responsibilities, changes to regulations and accounting standards, ethical standards and industry-related matters. Directors are also regularly updated on matters that affect or may enhance their performance as Directors or Board Committee members. Directors may contribute by highlighting relevant areas of interest.

The Manager ensures that Directors are provided with opportunities for continual professional development in areas such as briefings by professional advisors and Management on the changes to accounting standards and the Code, industry developments, regulatory matters, ESG, and sustainability reporting and dialogues with experts and senior business leaders on issues facing boards and board practices.

Director Orientation

Upon appointment, each Director is provided with a formal letter of appointment. All Directors, upon appointment, also undergo a formal induction, training and development programme which focuses on orientating the Director on CEREIT's business, operations, strategy, organisational structure, responsibilities of KMP, ethical standards and financial and governance practices. All Directors, upon appointment, also undergo training on the roles and responsibilities of a director of a listed issuer.

Directors who are appointed to the Board from time to time either have prior experience as a director of an issuer listed on the SGX-ST or will undergo further

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training required under Rule 210(5)(a) of the Listing Manual. Mr Lim Swe Guan and Mrs Fang Ai Lian have prior experience as a director of an issuer listed on the SGX-ST. Mr Christian Delaire and Mr Simon Garing were appointed on 24 August 2017 and 3 September 2018 respectively, and are not required to undergo mandatory training. As at the date of this Annual Report, they have served on the Board for approximately three years and four months and two years and four months respectively. Mr Michael Wilde was recently appointed on 25 February 2021 and is currently undergoing the mandatory training as required under the Listing Manual.

Access to Information

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

Where appropriate, informal meetings are also held for Management to brief Directors on prospective transactions, early stages of potential developments or other matters before formal Board approval is sought.

The Directors have separate and independent access to Management and the Company Secretary at the Manager's expense, at all times. The Company Secretary attends to corporate secretarial administration matters and attends all Board meetings. The Board also has access to independent professional advice where appropriate and when requested, at the Manager's expense. The appointment and removal of the Company Secretary is a matter for the Board to decide as a whole.

Principle 2: Board Composition and Guidance

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

The Manager is led by a five-member Board, three of whom (including the Chair) are CEREIT IDs and four of whom are non-executive Directors. Accordingly, non-executive Directors make up a majority of the Board. Although CEREIT IDs already constitute more than half of the Board (i.e. a majority), which exceeds the recommendations in the Code, the Board strives to achieve best-practice global standards and has set a medium-term target to increase the number of CEREIT IDs to comprise two-thirds or more of the Board by appointing an additional CEREIT ID.

Mr Paul Weightman had served as non-independent non-executive director of the Manager throughout FY 2020, up until his retirement as Managing Director of the Sponsor which resulted in his resignation from CEREIT's Board, effective from 31 December 2020. As a result, as at 31 December 2020, the Board temporarily comprised four Directors, three of whom (including the Chair) were CEREIT IDs. The NRC recommended, and the Board approved, Mr Michael Wilde's nomination as replacement for Mr Weightman on 8 December 2020, subject to the approval of MAS. Mr Michael Wilde, the Acting CEO of the Sponsor, was officially appointed as a non-independent non-executive Director on 25 February 2021.

Profiles of the Directors are provided on pages 24 to 28 of this Annual Report.

The Board assesses the independence of each Director in accordance with the guidance in the Code, the Listing Manual and the SFR.

A CEREIT ID is one who is independent in conduct, character and judgement and has no relationship with the Manager, its related corporations and its shareholders who hold 5% or more of the voting shares of the Manager, or Unitholders who hold 5% or more of the Units in issue, or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgement in the best interests of CEREIT; and is independent from the management of the Manager and CEREIT, from any business relationship with the Manager and CEREIT, from every substantial shareholder of the Manager and every substantial unitholder of CEREIT, and is not a substantial shareholder of the Manager or a substantial unitholder of CEREIT, is not employed and has not been employed by the Manager or CEREIT or their related corporations in the current or any of the past three financial years, does not have an immediate family member who is employed or has been employed by the Manager or CEREIT or their related corporations in the current or any of the past three financial years and whose remuneration is or was determined by the Board and has not served on the Board for a continuous period of nine years or longer.

The Board has established a process for assessing the independence of its Directors. Each of the relevant non-executive Directors has confirmed that there are no material relationships which would render him/her non-independent. The confirmations have been reviewed by the Board during which the Board considered the Directors' respective contributions at Board meetings. The Board has carried out the assessment of each of its Directors for FY 2020 and the paragraphs below set out the outcome of the assessment.

With respect to Mr Lim Swe Guan, Mr Christian Delaire and Mrs Fang Ai Lian, they do not have any relationships and are not faced with any of the circumstances identified in the Code, SFR and Listing Manual, or any other relationships which may affect their independent judgement. The Board considered whether each of them had demonstrated independence of character and judgement in the discharge of their responsibilities as a Director in FY 2020, and is satisfied that each of Mr Lim, Mr Delaire and Mrs Fang had acted with independent judgement.

On the basis of the declarations of independence provided by the relevant non-executive Directors and the guidance in the Listing Manual, Code and the SFR, the Board has determined that Mr Lim Swe Guan, Mr Christian Delaire and Mrs Fang Ai Lian are CEREIT IDs. For FY 2020, all the CEREIT IDs are considered to be independent under the Code and SFR. The CEREIT IDs have also served on the Board for fewer than nine years. Each of them had recused himself/herself from the Board's deliberations respectively on his/her own independence.

The remaining Directors are not independent Directors as defined under the Listing Manual, Code and the SFR. Mr Simon Garing is the CEO and an executive Director of the Manager while Mr Michael Wilde serves as the Acting CEO of the Sponsor and is a related director of some related corporations of the Sponsor. As at the last day of 2020, Mr Simon Garing has confirmed that he has acted in the best interest of all the Unitholders. The Board is satisfied that Mr Simon Garing was able to act in the best interests of all the Unitholders in respect of FY 2020. It is further noted that Mr Simon Garing and Mr Michael Wilde have served on the Board for fewer than nine years and neither of them is a substantial shareholder of the Manager nor a substantial Unitholder of CEREIT.

Board Diversity

The Manager recognises that diversity in relation to the composition of the Board provides a great range of perspectives, insights and challenges to support good and innovative decision making. The current Board comprises Directors who are business leaders and professionals with financial, banking, real estate, investment, risk management and accounting backgrounds. Each Director brings to the Board a range of skills, experience, insights and sound judgement which, together with his or her strategic networking relationships, serve to further the interests of CEREIT.

The Board embraces diversity and has a formally adopted Board Diversity Policy. The main objective of the Board Diversity Policy is to ensure that the Board comprises directors who as a group provide the appropriate balance and mix of skills, knowledge, experience and other aspects of diversity such as gender and age. The Board has made good progress in achieving its objective under the Board Diversity Policy and the current Board and Board Committees are of appropriate size and comprise Directors from diverse backgrounds, age and gender which provide an appropriate mix of skills, knowledge, experience so as to promote inclusion, mitigate against 'groupthink' and foster constructive debate.

The Board is supportive of gender diversity and subscribes to the view that female directors offer different perspective and enhance the decision-making process.

The Board is also of the view that gender should not be the main selection criteria and to look beyond gender to seek diversity of background, knowledge and thought in the appointment of a Director. As gender is an important aspect of diversity, the NRC will strive to ensure that (a) if external search consultants are used to search for candidates for Board appointments,

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the brief will include a requirement to also present suitable female candidates; (b) when seeking to identify a new Director for appointment to the Board, the NRC will request for female candidates to be fielded for consideration; and (c) at least one female director be appointed to the Board. In 2021, the Board has also set a medium-term goal to achieve and maintain at least 30% representation of each gender.

Annual Review of Board Size and Composition

The Board with the assistance of the NRC and relevant advisors, reviews on an annual basis, the size and composition of the Board, with a view to ensuring the Board has the appropriate mix of expertise and experience and that the size of the Board is appropriate in facilitating effective decision making and constructive debate, taking into account the scope and nature of the operations of CEREIT, and that the Board has a strong independent element. Any potential conflicts of interest are also taken into consideration.

Board Skills Matrix

The Board reviews, on a regular basis, the mix of skills, experience, independence, knowledge and diversity represented by Directors on the Board and determines whether the composition and mix remain appropriate for the Manager's purpose and strategic objectives and whether they cover the skills needed to address existing and emerging business and governance issues relevant to the Manager and CEREIT. The Board has adopted a Board skills matrix, which sets out the collective skills and attributes of the Board. This matrix was enhanced for FY 2020, with the assistance of Ernst & Young LLP, the Manager's ESG consultant, to include a wider range of skills, taking into account evolving topics such as digitalisation, ESG matters and risk management. It is noted that the current Directors have relevant skills and experience in each of the areas listed below.

Skill Area	Skills & Experience
Leadership and Culture	Experience at an executive level in business including the ability to assess the performance of the CEO and senior management
	Non-executive and board committee experience in a publicly listed company in Singapore, Europe and/or Australia
	Understanding, implementing and monitoring of good organisational culture and change management
	Experience in managing human capital and strategic workforce planning
	Remuneration and rewards planning
	Industrial relations, workplace health and safety
Commercial Capability	Deep experience at a Board or executive level with a listed company(s) in the SGX-ST or international equivalent, giving an understanding of any or all of the following:
	• Capital raising
	• Takeovers
	• Continuous disclosure
	• Corporate governance
	• Commercial law
	• Legal and regulatory frameworks
Investment Management/ Funds Management	Experience in the investment management or funds management industry

Skill Area	Skills & Experience
European Commercial Property Market Knowledge	Experience in, and appropriate knowledge of, the European commercial property market:
	• Acquisitions and disposals
	• Real estate evaluation
	• Asset management
	• Property management
	• Leasing
	• Facilities management
	• Property development
Financial Acumen	Understanding of:
	• Financial statements
	• Critically assess financial viability performance
	• Contribute to financial planning
	• Monitor operating and capital expenditure budgets
	• Monitor debt levels and funding arrangements
	Experience as a partner in a top-tier accounting firm, or as a Chief Financial Officer in a company listed on the SGX-ST, giving a deep understanding of the accounting standards applicable to CEREIT's financial reports and CEREIT's financial accountability process generally
Risk Management and Internal Controls	Ability to identify or recognise key risks across its various operations and understand and monitor enterprise risk management frameworks and risk mitigating solutions
	Understanding of governance frameworks and internal controls
Capital Management	Experience in the banking industry or in a corporate treasury department providing an understanding of the debt market in Singapore, Europe or elsewhere
Sustainability and ESG	Ability to make a positive contribution to the diversity of the Board, whether because of geographic location, gender, age, skillset, etc.
	Demonstrate an understanding of health and safety practices
	Understanding of environmental risks and opportunities relating to climate change
	Former or current role with direct accountability for environment practices and risk management including energy, water management, emissions and land management
	Stakeholders engagement on ESG issues
	Marketing and positioning expertise capitalising on ESG related opportunities
Digitalisation and Technology	Understanding of digitalisation and disruption to the industry including cybersecurity risks and threats
	Understanding of technology and information systems applicable to the real estate industry
Public Policy, Government, Economics	Experience with either Singapore or European government ministries or departments giving a knowledge of agendas, policies and/or processes
	Understanding of key macro and micro economic indicators and market cycles and their impact on the Group and the environment in which it operates

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Principle 3: Chair and Chief Executive Officer

There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

To maintain an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making, the roles and responsibilities of the Chair and the CEO are held by separate individuals. The Chair and the CEO are not immediate family members.

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

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

The separation of the roles of the Chair and the CEO, which is set out in writing, and the resulting clarity of roles provide a healthy professional relationship between the Board and Management and facilitate robust deliberations on the business activities of CEREIT and the exchange of ideas and views to help shape CEREIT's strategic process.

As the Chair is a CEREIT ID and the roles of the Chair and the CEO are held by separate individuals who are not related to each other, no lead independent director has been appointed. There are also adequate measures in place to address situations where the Chair is conflicted as the Directors are required to recuse themselves from deliberations and abstain from voting on any matters that could potentially give rise to conflict. Despite this deviation from Provision 3.3 of the Code, the Manager is accordingly of the view that its practice is consistent with the intent of Principle 3 of the Code.

Principle 4: Board Membership

The Board has a formal and transparent process for the appointment and reappointment of directors, taking into account the need for progressive renewal of the Board.

Whilst it is not a regulatory requirement in Singapore for board members of REIT managers to be subjected to re-election, the Board has a formal process in place to evaluate the effectiveness of the Board and its Board Committees on an annual basis.

The NRC is appointed by the Board from amongst the Directors of the Manager and is composed of three members, all of whom (including the Chair of the NRC) are CEREIT IDs. This exceeds the Code's requirements of having at least a majority of independent directors in the nominating committee. The current members of the NRC are all CEREIT IDs: Mr Christian Delaire, Mr Lim Swe Guan and Mrs Fang Ai Lian. Mr Christian Delaire has been appointed as the Chair of the NRC since CEREIT's IPO.

The role of the NRC is to make recommendations to the Board on all appointment and remuneration matters. The NRC also reviews and makes recommendations on succession plans for the Board and the KMP. Under its terms of references, the NRC's responsibilities also include:

(a) reviewing the succession plans for Directors, in particular the appointment and/or replacement of the Chair, the CEO and KMP;

(b) developing a process and criteria for evaluation of the performance of the Board, its Board Committees and Directors;

(c) reviewing the training and professional development programmes for the Board and its Directors;

(d) the appointment and re-appointment of Directors (including alternate directors, if applicable), having regard to the composition and progressive renewal of the Board and each Director's competencies, commitment, contribution and performance including, if applicable, as a CEREIT ID;

(e) ensuring that new Directors are aware of their duties and obligations;

(f) determining annually, and as and when circumstances require, if a Director is independent;

(g) deciding if a Director is able to and has been adequately carrying out his duties as a Director of the Manager, taking into consideration the Director's principal commitments; and

(h) recommending to the Board objective performance criteria for the purpose of evaluating the Board's performance as a whole, and of each Board Committee separately, as well as the contribution by the Chair and each individual Director to the Board, and to implement performance evaluation established by the Board.

In addition, the NRC is committed to diversity and will continue to consider the differences in the skillsets, gender, age, ethnicity and educational background in determining the optimal composition of the Board in its Board renewal process. The Board is reviewed annually against the Board skills matrix which identifies areas in which knowledge or skill of the Board is required. This includes, amongst others, strategic thinking, experience and knowledge in European property, understanding of economic indicators, being able to assess financial performance, prior experience in an executive role, and ability to identify key risks.

In the year under review, no alternate directors were appointed. This was in line with the principle that a Director must be able to commit time to the affairs of the Manager. For FY 2020, each Director has confirmed that they were able to commit sufficient time to the affairs of the Manager.

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

(a) The NRC, on an annual basis, carries out a review of the Board composition as well as on each occasion when a Director gives notice of his intention to retire or resign. The review includes assessing the collective skills, knowledge and experience of Directors represented on the Board to determine whether the Board, as a whole, has the skills, knowledge and experience required to achieve the Manager's objectives for CEREIT.

In carrying out this review, the NRC considers the need for the Board composition to reflect balance in matters such as skills representation, tenure, experience, age spread and diversity (including gender diversity), taking into account benchmarking within the industry as appropriate. The Board has adopted a Board skills matrix, which sets out the collective skills and attributes of the Board. The Board regularly reviews and updates its Board skills matrix to reflect the strategy and direction of the Manager and CEREIT. Please refer to pages 150 to 151 of this Annual Report for the current Board skills matrix.

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

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

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

(e) A newly appointed Director receives a formal appointment letter which sets out his relevant duties and obligations.

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

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

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

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

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

(b) at least majority of the Board should comprise CEREIT IDs; and

(c) the Chair of the Board should be independent.

The Manager has maintained a majority of CEREIT IDs since its constitution. The Board intends to continue to keep to the principle that a majority of the Board shall comprise CEREIT IDs. As more than half of the Board comprises CEREIT IDs, the Manager is not required to subject any election or re-election of Directors to voting by Unitholders. Further pursuant to the terms of the Trust Deed, Unitholders may remove the Manager (and by inference, each Director) by passing a resolution by a simple majority of Unitholders present and voting at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

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

In considering the nomination of any individual for appointment, and in its annual review of each Director's ability to commit time to the affairs of CEREIT, the NRC takes into account, among other things, the attendance record of the Directors at meetings of the Board and Board Committees, the competing time commitments faced by any such individual with multiple board memberships as well as his other principal commitments. All Directors attended all meetings in FY 2020.

Provision 4.5 of the Code requires the NRC to decide if a Director is able to and has been adequately carrying out his/her duties as a Director. In view of the responsibilities of a Director, the NRC is cognisant of the need for Directors to be able to devote sufficient time and attention to adequately perform their roles. However, the NRC has not imposed any limit on the maximum number of directorships and principle commitments for each director as it has taken the view that, the limit on the number of listed company directorships that an individual may hold should be considered on a case-by-case basis, as a person's available time and attention may be affected by many different factors, such as whether he/she is in full-time employment and the nature of his/her other responsibilities. The NRC believes that each Director is best placed to determine and ensure that he/she is able to devote sufficient time and attention to discharge his/her duties and responsibilities as a Director, bearing in mind his/her other commitments.

All Directors have confirmed that notwithstanding the number of their individual listed company board appointments and other principal commitments which each of them held, they were able to devote sufficient time and attention to the affairs of the Manager in managing the assets and liabilities of CEREIT for the benefit of Unitholders. The CEO, who is also a Director, is fully committed to the day-to-day operations of the Manager. Taking into account also the attendance record of the Directors at meetings of the Board and Board Committees in FY 2020 (set out on page 147 of this Annual Report) and contributions at the Board's deliberations as well as availability outside formal Board and Board Committee meetings, the NRC is of the view that the current commitments of each of its Directors are reasonable and each of the Directors is able to and has been adequately carrying out his/her duties and noted that no Director has a significant number of listed directorships and principal commitments.

Principle 5: Board Performance

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

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

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

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

As part of the Manager's commitment towards improving corporate governance, the Board has approved and implemented a process to evaluate the effectiveness of the Board as a whole and the Board Committees on an annual basis. As part of the process, questionnaires were sent to the Directors, and the results were aggregated and reported to the Chair of the NRC. The process for FY2020 was facilitated by Boardroom Corporate & Advisory Services Pte. Ltd. (Boardroom). Save for Boardroom's appointment as external facilitator to conduct the Board evaluation and as the Manager's Company's Secretary. Boardroom does not have any other connection with the Manager or any of the Directors. The areas of evaluation covered in the survey questionnaire included Board roles and responsibilities, leadership, teamwork, management relations, conduct of meetings, training, ethics/ stakeholders, Board strengths, Board Committee effectiveness and Directors' self-evaluation. The results of the survey were deliberated upon by the NRC and the Board, and the necessary follow up action will be taken with a view to enhancing the effectiveness of the NRC and the Board in the discharge of its duties and responsibilities. The Board was also able to assess the Board Committees through their regular updates to the Board on their activities. The outcome of the evaluation was satisfactory for all the attributes in the evaluation categories with overall agreement that the Board's performance objectives had been met.

In respect of individual Directors, their contributions can take different forms including providing objective perspectives on issues, facilitating business opportunities and strategic relationships, and accessibility to Management outside of the formal environment of Board and/or Board Committee meetings. For FY 2020, the outcome of the self-evaluation of each Director was satisfactory and that each Director had contributed positively to the overall effectiveness of the Board.

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

(B) REMUNERATION MATTERS

Principle 6: Procedures for Developing Remuneration Policies

The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

In Singapore, REITs are regulated passive investment trusts, constituted under a trust deed. The independent trustee contracts with a licensed manager to manage and operate the trust on its behalf. The trust itself does not employ any staff. Hence, the employee remuneration is paid directly by the Manager. For more details on the structure and the relationship between the Trustee, Manager and Unitholders, please refer to pages 22 and 23 of this Annual Report. In an external REIT manager structure, the Manager is entitled to

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charge management and ancillary fees as outlined in the Trust Deed, from which the Manager remunerates the salaries of its Directors and employees and operating costs. Pursuant to the Trust Deed, Unitholder approval via extraordinary resolution is required for any increase in the rate or any change in the structure of the management fee, or any increase in the maximum permitted level of the Manager's acquisition fee or divestment fee. A REIT manager is required to abide by the conditions of its capital markets license, the CIS Code (including the Property Funds Appendix), the SFA and the Listing Manual. These ensure that the Manager acts in the best interests of the Unitholders.

The Board approves the executive compensation framework based on the principle of linking pay to performance of CEREIT. CEREIT's business plans are translated to both quantitative and qualitative performance targets, including sustainable corporate practices and are cascaded throughout the Manager.

Principle 7: Level and Mix of Remuneration

The level and structure of remuneration of the Board and KMP are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

In this instance, the Manager and its Board set the appropriate mix and level of remuneration to reflect the objective of CEREIT – to provide stable and growing distributions and NAV per unit over the long term with conservative capital structure. The remuneration policy is designed to encourage the Manager to undertake only appropriate conservative risks to meet its medium-term objectives.

The Manager is not incentivised by an AUM target and no AUM target for CEREIT has been set by the Manager. The Board, the Manager and the Sponsor believe that this will address the potential for conflict of interest with regards to IPT transactions (otherwise referred to as Related Party Transactions) or transactions being contemplated for the sake of size alone.

The NRC conducts an annual independent market survey of both the Director fees and the KMP remuneration levels and the appropriate mix between fixed remuneration, short-term incentives and long-term incentives for the KMP to optimise alignment to the Board approved short, medium and long-term objectives. For 2020, Korn Ferry was engaged as the external independent remuneration consultant.

Taking into account various factors, the NRC considers setting the benchmark remuneration levels equivalent to achieve the 75% of the market range for each equivalent function.

Principle 8: Disclosure on Remuneration[1]

The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The Board sets the remuneration policy in line with CEREIT's business strategy and Cromwell Property Group corporate values. The remuneration policy is reviewed by the NRC and necessary changes are recommended to the Board from time to time.

Under its terms of references, the NRC's responsibilities include:

(a) reviewing and recommending to the Board a general framework of remuneration for the Board and KMP;

(b) reviewing and recommending to the Board the specific remuneration packages for each Director as well as for KMP; and

(c) reviewing CEREIT's obligations arising in the event of termination of executive Directors' and KMP's contracts of service and ensuring that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The NRC considers all aspects of remuneration (including but not limited to director's fees, salaries, allowances, bonuses, options, unit-based incentives and awards, benefits-in-kind) and aims to be fair and

1 For the purposes of meeting the AIFMD disclosure requirements, the Manager is required to provide information in relation to the total amount of remuneration for the financial year, split into fixed and variable remuneration, paid by the AIFM (i.e. the Manager) to its staff, and number of beneficiaries, and, where relevant, carried interest paid by the AIF (i.e. CEREIT). For FY 2020, CEREIT is compliant with the AIFMD disclosure requirements in relation to its remuneration framework.

avoid rewarding poor performance based on the key principles of linking pay to performance and adherence to Cromwell Property Group Values. In designing the remuneration structure, the NRC seeks to ensure that the level and mix of remuneration is competitive and relevant in attracting, motivating and retaining employees. The NRC also exercises independent judgement in ensuring that the remuneration structure is aligned with the interests of Unitholders. No member of the Board, however, will be involved in any decision of the Board relating to his/her own remuneration.

The Manager's compensation programme is well-balanced, competitive, performance-based and aligned with the achievement of each employee's short, medium and long-term goals. Such performance-centric remuneration is linked to the achievement of corporate and individual performance targets, in terms of short and long-term quantifiable objectives and to support the ongoing enhancement of Unitholder value. It aims to promote long-term success and sustainable growth of CEREIT. Management are also incentivised through annual bonus awards that are tied to a variety of financial and non-financial measures. While this approach reflects a pay-for-performance culture, it is also designed to attract, motivate and retain employees in their respective field of expertise. This ensures prudent stewardship of CEREIT and drives business growth and strategy while creating long-term Unitholder value. The remuneration system also takes into account the value creation capability of the Directors and KMP.

In determining the remuneration packages for Directors and KMP, the Manager takes into account compensation benchmarks within the industry, as appropriate. It also considers the compensation framework of the Sponsor as a point of reference. The Manager is a subsidiary of the Sponsor which also holds a significant stake in CEREIT. The association with the Sponsor puts the Manager in a better position to attract and retain better qualified management talent; it provides an intangible benefit to the Manager such that it allows its employees to associate themselves with an established corporate group which can offer them the depth and breadth of experience and enhanced career development opportunities. The Board has access to independent remuneration consultants for advice as required. For FY 2020, the Manager engaged an external independent remuneration consultant, Korn Ferry, to advise on external compensation benchmark.

Korn Ferry is a leading global advisory, broking and solutions company with 7,000 experts in more than 50 countries delivering on five core areas: organisation strategy, assessment and succession, talent acquisition, leadership & professional development and total rewards. The consultant is not related to the Manager, its controlling shareholder, its related corporations or any of its Directors which would affect its independence and objectivity. The NRC rotates its remuneration consultant every two years and will consider rotating the remuneration consultant in 2021.

Non-executive Director Remuneration

The non-executive Directors receive their Directors' fees in accordance with their various levels of contributions, taking into account factors such as responsibilities, effort and time spent for serving on the Board and the Board Committees. Their remuneration package consists of a retainer fee as a Director and additional fees for serving on the Board Committees. A larger fee is accorded to the chair of each Board Committee in view of the greater responsibility.

The compensation package is market-benchmarked, taking into account the responsibilities on the part of the Directors in light of the scope and nature of CEREIT's business. All fees are paid for directly by the Manager, not by Unitholders.

The framework for determining Directors' fees is shown in the table below:

	Chairperson	Member
Main Board	$120,000	$80,000
ARC	$30,000	$20,000
NRC	$30,000	$20,000

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The Directors' fees for FY 2020 are shown in the table below. There has been no underlying change in fees paid to CEREIT IDs since IPO. The CEO as an Executive Director and the non-independent Directors have not received any fees for serving as Directors. The CEO is remunerated as part of the KMP. All Directors' fees are paid in cash.

Director's Fees

Board Members	FY 2020
Lim Swe Guan	S$160,000
Fang Ai Lian	S$130,000
Christian Delaire	S$130,000
Paul Weightman[1]	N.A.
Simon Garing[2]	N.A.
Michael Wilde[3]	N.A.

Notes:
1 Mr Paul Weightman resigned as a non-independent non-executive Director of the Manager on 31 December 2020. Nevertheless, Mr Weightman, who was previously the CEO of the Sponsor, did not receive Director's fees in his capacity as a Director.
2 Mr Simon Garing as CEO and executive Director, does not receive any Director's fees for serving as a Director.
3 Mr Michael Wilde is the Acting CEO of the Sponsor and was appointed as non-independent non-executive Director of the Manager on 25 February 2021. Mr Wilde will not receive Director's fees in his capacity as a Director.

Remuneration for KMP

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

The individual key performance indicators for the CEO and other KMP include both quantitative and qualitative targets. Each of the quantitative and qualitative targets carries different weight, with approximately 70% of the key performance indicators based on directly measurable targets. Stretch targets are also set. These measurable targets for FY 2020 include the following:

(a) meeting and exceeding the DPU as set out in the annual budget (and obtaining a DPU-related performance fee);

(b) meeting and exceeding the operating budget;

(c) achieving minimum portfolio occupancy and net property income budgets;

(d) achieving and exceeding the return on contributed equity hurdle as set out in the annual budget;

(e) successfully refinancing debt facilities which are targeted to be refinanced for the financial year;

(f) obtaining an investment grade credit rating and operating well with loan covenant metrics;

(g) achieving zero compliance breaches with no material internal or external audit observations;

(h) maintaining adequate and effective internal controls to the satisfaction of internal auditors and the Board;

(i) meeting the annual target GRESB and other ESG related index scores; and

(j) successfully completing identified key transactions for the financial year while integrating sustainability risks in investment decisions.

The amount of weight accorded to each qualitative and quantitative target varies depending on the roles and functions of the CEO and KMP. Although no adjustment was made to the 2020 targets to take into account the COVID-19 impact, the CEO and KMP largely met or exceeded their key performance indicators in FY 2020 with aggregate individual scores ranging from 76% to 82%. Two specific factors that impacted on certain achieving targets should be noted:

(a) The Board's decision to pay management and property management fees fully in cash for FY 2020 rather than a mix of cash and units as was done in previous years impacted the FY 2020 DPU. This decision, in light of the COVID-19 pandemic, preserved unitholder value as issuance of Units in lieu of cash for payment of the Manager's and property manager's fees would cause more than 100% of earnings to be paid out, diluting DPU and NAV per Unit in the long-term; and

(b) The Board's decision to move to a "safety first" mode and preserve liquidity by pre-emptively drawing down fully on the RCF due to the impact of COVID-19 on the financial markets in the first half of FY 2020 increased the interest expense beyond budgeted levels.

In addition to the qualitative measures, the CEO and KMP are expected to display and observe the Sponsor's cultural values at all times. For FY 2020, the Sponsor's cultural values were as follows - Principled, Responsible and Respectful. These cultural values were observed by the Board and assessed based on peer reviews and an independent survey.

Long-term incentive schemes including Unit grants vesting over a period of time have been implemented for the CEO, other KMP and all employees, pending minimum tenure requirements. The costs and benefits of long-term incentive schemes are carefully evaluated. In normal circumstances, all forms of deferred remuneration vest over a period of three years. Executive Directors and KMP are encouraged to hold their Units beyond the vesting period, subject to associated tax liability or personal circumstances.

No remuneration of Directors and employees of the Manager (in their capacity as Director or employee of the Manager) are (a) paid in the form of shares or interests in the Manager's controlling shareholder or its related companies; or (b) linked (directly or indirectly) to the performance of any entity other than CEREIT. Management and the Board are satisfied that the current arrangement results in a strong alignment of interest with all Unitholders. The Manager has in place policies and procedures to address any conflicts of interests or potential misalignment.

For the avoidance of doubt, all remuneration paid to Directors and employees is paid for by the Manager and has no financial impact on CEREIT. Any Units awarded to employees are owned by and transferred from the Manager and not from CEREIT.

KMP Remuneration Framework

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

A. Fixed Components

The fixed components comprise the base salary, fixed allowances and compulsory employer contribution to an employee's Central Provident Fund or other social security system. There has been no change in the fixed remuneration of the CEO or any of the other KMP in FY 2020.

B. Variable Cash Components (Short-Term Incentives)

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

Under the framework for the variable cash components, CEREIT's strategy and goals are translated to performance outcomes comprising both quantitative and qualitative targets such as targets relating to DPU and operating earnings; these are cascaded down throughout the organisation, thereby creating alignment across CEREIT.

After the close of each year, the Board reviews CEREIT's achievements against the targets set and determines the overall performance taking into consideration these achievements and other qualitative factors such as the business environment, regulatory landscape and industry trends. For FY 2020, such targets have been largely met by all of the KMP. As described on page 40 of this Annual Report, FY 2020 DPU was 14.6% below FY 2019's DPU. Adjusted for the unbudgeted full payment in cash for the management fees, the DPU was only 3% below FY 2019, thus achieving the 95% gateway.

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In determining the payout quantum for each KMP under the plan, the Board considers, amongst other factors, the overall business performance and individual performance relative to KPIs as well as affordability. Generally, a minimum of achieving more than 70% of the qualitative factors and quantitative factors are required to be eligible for a payout under the plan, with the Board providing 76-82% scores for the KMP for FY 2020.

C. Unit-Based Components

Under the PUP, the Manager grants Unit-based awards with pre-determined performance targets being set over the relevant performance period, such as achieving outperformance of the FTSE ST REIT Index, pre-set return on equity targets and DPU budget. The performance period for the PUP is three years post the year of award prior to vesting. The PUP awards represent the right to receive fully paid Units, their equivalent cash value or a combination thereof, free of charge, provided that certain prescribed performance conditions are met over the three-year period. The final number of Units to vest and be released will generally depend on the achievement of the pre-determined targets at the end of the performance period, while at all times demonstrating behavior in line with CEREIT and the Manager's values and code of conduct. These targets include look-back tests on DPU and total return metrics. The Board has absolute discretion to decide on the final awards, taking into consideration any other relevant circumstances. PUP will be forfeited if an employee ceases employment, subject to Board discretion in the case of "good leavers". The Board has discretion to vest PUPs on change of control and award PUPs payments for part periods on such events. For the avoidance of doubt, there is no financial impact on CEREIT as a result of the PUP as the Units are not new units issued by CEREIT. The PUP Units are transferred either from the Manager's own holdings or its related entities or acquired on market by the Manager.

D. Employee Benefits

The Manager's remuneration package includes benefits such as life and health insurance, complimentary annual physical and mental health checks, parental leave and mandatory retirement contributions according to prevailing local market practices. These benefits extend to all employees of the Manager (including full-time and contracted employees).

The breakdown of the remuneration of the CEO and the KMP in percentage terms, are provided in the KMP's Remuneration Table on page 161.

For FY 2020, the Manager does not have any employee who is a substantial shareholder of the Manager, substantial Unitholder, or an immediate family member of a Director, the CEO, any substantial shareholder of the Manager or a substantial Unitholder. Immediate family member refers to the spouse, child, adopted child, step-child, sibling or parent. In FY 2020, the CIO's employment ceased as announced on the SGXNet on 1 April 2020. He was contractually entitled to an award of 730,525 Units. These Units were transferred from the Manager's holdings and not issued by CEREIT. Save for that disclosed above, there was no termination, retirement or post-employment benefits granted to Directors, CEO and any KMP. There were also no special retirement plans, "golden parachute" or special severance packages given to the KMP. The Manager provided an Enhanced Employment Share Scheme to most employees in FY 2020 to ensure adequate retention measures were taken during the COVID-19 and market uncertainties. Certain conditions were included, including remaining employed and at all times demonstrating behaviors in line with CEREIT and the Manager's code of conduct. Any Unit that may be awarded as a result will be transferred from the Manager's holdings and not issued by CEREIT.

KMP's Remuneration Table for FY 2020

KMP remuneration bands of S$250,000, together with a breakdown of their respective remuneration components in percentage terms, are set out in the remuneration table below. Exact figures have not been provided due to the competitive nature of the Singapore REIT employment market which may be prejudicial to Unitholders interests. The bands are based on the sum of the fixed remuneration, STI and LTI amounts. The Manager has adopted Korn Ferry's assessment of the PUPs, given the uncertainty of vesting amounts or value.

		Base/fixed salary	Variable or performance-related income	Award of LTI (PUP)	Total
	S$1,250,000 to S$1,500,000				
CEO	Mr Simon Garing	42%	36%	22%	100%
	S$500,000 to S$750,000				
COO/HoIR	Ms Elena Arabadjieva	44%	23%	32%	100%
CFO	Mr Shane Hagan	67%	23%	10%	100%
HOP	Mr Andreas Hoffman	53%	27%	20%	100%
Aggregate of the total remuneration for the KMP (including CEO): S$3,241,650					

While the disclosure of the CEO's exact remuneration amount would be in full compliance with Provision 8.1 of the Code, the Board has considered carefully and decided that such disclosure would not be in the interest of the Manager due to the intense competition for talents in the industry as well as the need to balance the confidential and commercial sensitivities associated with remuneration matters. Despite this partial deviation from Provision 8.1 of the Code, the Manager is of the view that its practice is consistent with the intent of Principle 8 of the Code as a whole, and that disclosure in such manner is not prejudicial to the interests of Unitholders as the disclosures in the table above would provide sufficient information to the Unitholders on the Manager's remuneration policies and the level and mix of remuneration accorded to the KMP and enable the Unitholders to understand the link between CEREIT's performance and the remuneration of the KMP. In addition, the remuneration of the KMP is not borne by CEREIT as it is paid out of the fees that the Manager receives (the quantum and basis of which have been disclosed).

Apart from the KMP and other employees of the Manager, the Manager outsources various other services to Cromwell Europe Ltd, the Property Manager. This arrangement is put in place so as to provide flexibility and maximise efficiency in resource management to match the needs of CEREIT from time to time, as well as to leverage on economies of scale and tap on the management talent of an established corporate group which can offer enhanced depth and breadth of experience. However, notwithstanding the outsourcing arrangement, the responsibility for due diligence, oversight and accountability continues to reside with the Board and Management. In this regard, the remuneration of the employees of the Property Manager and Cromwell Property Group, is not included as part of the disclosure of remuneration of KMP in this Report. Further details relating to the Sponsor's KMP and remuneration policies may be found in Cromwell Property Group's annual report.

Principle 9: Risk Management and Internal Controls

The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The Board has overall responsibility for the governance of risk and determines the nature and extent of the significant risks which it is willing to take. The ARC assists the Board in carrying out the Board's responsibility of overseeing CEREIT's risk management framework and policies. The ARC oversees Management in the design, implementation and monitoring of risk management and internal controls systems. The ARC also makes recommendations to the Board on the nature and extent of the significant risks, including risk tolerance limits and other associated risk parameters, which the Board is willing to assume in achieving its strategic objectives and value creation.

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Risk Management

Responsibility for managing risks lies with the Manager, working within the overall strategy outlined by the Board. The Manager has appointed an experienced and well qualified management team to handle its day-to-day operations.

The Manager has in place an adequate and effective system of risk management and internal controls addressing material financial, operational, compliance and IT risks to safeguard Unitholders' interests and CEREIT's assets. CEREIT has implemented a comprehensive ERM framework which enables CEREIT to deal with business opportunities and uncertainties by identifying key risks and enacting the appropriate mitigating plans and actions. The ERM framework provides information for CEREIT's stakeholders to make an informed assessment of CEREIT's risk management and internal control systems. The ERM framework lays out the governing policies, processes and systems to identify, evaluate and manage risks as well as to facilitate the assessment on the adequacy and effectiveness of CEREIT's risk management system.

Independent Review and Internal Controls

Where the external auditors, in their audit of CEREIT's year-end financial statements, raise any significant issues (e.g. significant adjustments) which have a material impact on the financial statements or business and operational updates previously announced by CEREIT, the ARC should bring this to the Board's attention immediately. The ARC should also advise the Board if changes are needed to improve the quality of future financial statements or financial updates.

The internal auditors conduct reviews that involve testing the effectiveness of the material internal controls addressing financial, operational, compliance and IT risks and risk management processes. This includes testing, where practicable, material internal controls in areas managed by external service providers. Any material non-compliance or lapses in internal controls together with corrective measures recommended by the internal and external auditors are reported to and reviewed by the ARC. The adequacy and effectiveness of the measures taken by the Manager in response to the recommendations made by the internal and external auditors are also reviewed by the ARC.

The internal controls process of the Manager comprises three lines of defence, with each contributing towards the adequacy and effectiveness of CEREIT and the Manager's system of internal controls and risk management.

As part of the first line of defence, Management is required to ensure good corporate governance through implementation and management of policies and procedures relevant to CEREIT's and the Manager's business scope and environment. Such policies and procedures govern financial, operational, IT and regulatory compliance matters and are reviewed and updated periodically.

Under the second line of defence, CEREIT and the Manager conduct regular self-assessment on the status of their respective internal controls and risk management via process controls and checklists. Action plans would then be drawn up to remedy identified control gaps. Under CEREIT's ERM framework, significant risk areas are also identified and assessed, with systems, policies and processes put in place to manage and mitigate the identified risks. Regulatory compliance supports and works alongside business management to ensure relevant policies, processes and controls are effectively designed, managed and implemented to ensure compliance risks and controls are effectively managed.

Under the third line of defence, the CEO, CFO and KMP are required to provide CEREIT and the Manager with written assurances as to the adequacy and effectiveness of their system of internal controls and risk management. The internal and external auditors provide added independent assessments of the overall control environment.

For FY 2020, the Board has received assurance from:

(a) the CEO and the CFO, that the financial records of CEREIT have been properly maintained and the financial statements give a true and fair view of CEREIT's operations and finances. In addition, the Board has received similar assurance from the external auditor; and

(b) the CEO and other relevant KMP, that the system of risk management and internal controls in place for CEREIT is adequate and effective to address the financial, operational, compliance and IT risks which the Manager considers relevant and material to the current business environment.

The CEO and the CFO have obtained similar assurances from the relevant respective risk and control owners.

In addition, in FY 2020, the Board has received quarterly certification by Management on the integrity of financial reporting and the Board has provided a negative assurance confirmation to Unitholders as required by the Listing Manual.

Based on the reviews conducted by Management and both the internal and external auditors, as well as the assurance from the CEO and the other relevant KMP, the Board is of the opinion that CEREIT's system of risk management and internal controls is adequate and effective to address the financial, operational, compliance and IT risks which the Manager considers relevant and material to the current business environment as at 31 December 2020. The ARC concurs with the Board in its opinion. No material weaknesses in the systems of risk management and internal controls were identified by the Board and the ARC in the review for FY 2020. CEREIT has maintained proper records of the discussions and decisions of the Board and the ARC.

The Board notes that the system of risk management and internal controls established by the Manager provides reasonable assurance that CEREIT, as it strives to achieve its business objectives, will not be significantly affected by any event that can be reasonably foreseen or anticipated. However, the Board also notes that no system of risk management and internal controls can provide absolute assurance in this regard, or absolute assurance against poor judgement in decision making, human error, losses, fraud or other irregularities.

Principle 10: Audit Committee

The Board has an Audit Committee which discharges its duties objectively.

The ARC is appointed by the Board from among the Directors and is composed of three members, all of whom are CEREIT IDs, more than the minimum Code requirement of at least a majority (including the Chair of the ARC) to be CEREIT IDs. The members of the ARC are Mrs Fang Ai Lian, Mr Lim Swe Guan and Mr Christian Delaire, all of whom are independent and non-executive Directors. Mrs Fang Ai Lian has been appointed as the Chair of the ARC.

The members bring with them invaluable recent and relevant managerial and professional expertise in accounting and related financial management domains; in particular the Chair of the ARC is a Fellow of the Institute of Singapore Chartered Accountants, among other professional affiliations. None of the ARC members was previously a partner of the incumbent external auditors, Deloitte, nor does any of the ARC members hold any financial interest in Deloitte.

The ARC has explicit authority to investigate any matter within its terms of reference. Management is required to provide the fullest co-operation in providing information and resources, and in implementing or carrying out all requests made by the ARC. The ARC has direct access to the internal and external auditors and full discretion to invite any Director or executive officer to attend its meetings. Similarly, both the internal and external auditors are given unrestricted access to the ARC.

The role of the ARC is to monitor and evaluate the effectiveness of the Manager's internal controls. The ARC also reviews the quality and reliability of information prepared for inclusion in financial reports and is responsible for the nomination of external auditors and reviewing the adequacy of external audits in respect of cost, scope and performance. The Board and the ARC play a key role in the protection of minority Unitholders, monitoring and managing potential conflicts of interest of Management, Board members and Unitholders.

Under its terms of reference, the ARC's scope of duties and responsibilities includes:

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

(b) reviewing the significant financial reporting issues and key areas of management judgements so as to ensure the integrity of the financial statements of CEREIT and any announcements relating to CEREIT's financial performance;

(c) ensuring that the internal audit function is adequately resourced and has appropriate standing within the Manager;

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

(e) reviewing the assurance from the CEO and the CFO on the financial records and financial statements;

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(f) reviewing the statements included in CEREIT's annual report on CEREIT's internal controls and risk management framework;

(g) making recommendations to the Board on the proposals to Unitholders on the nomination for the appointment and removal of external auditors, and approving the remuneration and terms of engagement of the external auditors;

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

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

(j) reviewing the effectiveness, independence, adequacy, scope and results of the external audit and the internal audit function;

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

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

(m) reviewing the whistle-blowing policy and arrangements put in place by which staff and external parties may, in confidence, raise possible improprieties in matters of financial reporting or other matters, for the independent investigation of such matters and for appropriate follow up actions;

(n) reviewing at least annually the adequacy and effectiveness of the system of internal controls including financial, operational, compliance and IT controls, and risk management processes;

(o) reviewing the financial statements and the internal audit report;

(p) monitoring the procedures established to regulate Related Party Transactions, including ensuring compliance with the provisions of the Listing Manual relating to "Interested Person Transactions" and the provisions of the Property Funds Appendix relating to "Interested Party Transactions" (also collectively known as "Related Party Transactions");

(q) reviewing transactions constituting Related Party Transactions;

(r) reviewing, on an annual basis, a report on the asset allocation conflict decisions pursuant to the Cromwell Property Group Allocation Process which governs the allocation of investment opportunities from Cromwell Property Group's origination pipeline in a fair and equitable manner to all funds established and/or sponsored by Cromwell Property Group;

(s) deliberating on conflicts of interest situations involving CEREIT, including situations where the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of CEREIT with a Related Party of the Manager and where the Directors, controlling shareholder of the Manager and Associates (as defined in the Listing Manual) are involved in the management of or have shareholding interests in similar or related business as the Manager, and in such situations, the ARC will monitor the investments by these individuals in CEREIT's competitors, if any, and will make an assessment whether there is any potential conflict of interest;

(t) reviewing internal and external audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with;

(u) monitoring the procedures in place to ensure compliance with applicable legislation, regulations, the Listing Manual and the Property Funds Appendix;

(v) reviewing and providing their views to the Board on all hedging policies and instruments to be implemented by CEREIT;

(w) reviewing all hedging policies and procedures to be implemented by CEREIT for the entry into of any hedging transactions (such as foreign exchange hedging and interest rate hedging) and monitoring the implementation of such policy, including reviewing the instruments, processes and practices in accordance with the policy for entering into foreign exchange hedging transactions;

(x) investigating any matters within the ARC's terms of reference, whenever it deems necessary; and

(y) reporting to the Board on material matters, findings and recommendations.

The ARC has reviewed the nature and extent of non-audit services provided by the external auditors, Deloitte in FY 2020 and the fees paid for such services. The ARC is satisfied that the independence of the external auditors has not been impaired by the provision of those services. The aggregate amount of fees paid and payable to the external auditors for FY 2020 was €935,000, of which audit and audit-related fees amounted to €820,000 and non-audit fees amounted to €115,000. Audit and audit-related fees included audit fees for all of the countries in which CEREIT has its properties and holding entities as well as reviewing forecasts for capital raising purposes. Non-audit fees were in relation to a comfort letter required for setting up the EMTN programme in November 2020 which was required to be issued by Deloitte to the arrangers of the programme.

The external auditors have provided confirmation of their independence to the ARC. Cognisant that the external auditor should be free from any business or other relationships with CEREIT that could materially interfere with its ability to act with integrity and objectivity, the ARC undertook a review of the independence of the external auditor and gave careful consideration to CEREIT's relationships with them during FY 2020. In determining the independence of the external auditor, the ARC reviewed all aspects of CEREIT's relationships with it including the processes, policies and safeguards adopted by CEREIT and the external auditor relating to auditor independence. The ARC also considered the nature of the provision of the non-audit services in FY 2020 and the corresponding fees and ensured that the fees for such non-audit services did not impair or threaten auditor independence. Based on the review, the ARC is of the opinion that the external auditor is, and is perceived to be, independent for the purpose of CEREIT's statutory financial audit.

CEREIT has complied with Rule 712 and Rule 715 read with Rule 716 of the Listing Manual in relation to the appointment of its auditing firms. In particular, the ARC is of the view that Deloitte is a suitable auditing firm having regard to the adequacy of the resources and experience of the auditing firm and the audit partner-in-charge assigned to the audit, the firm's other audit engagements, the size and complexity of CEREIT, and the number and experience of supervisory and professional staff assigned to the particular audit.

In addition, none of the ARC members were former partners or directors of the external auditors within the last two years or hold any financial interest in the external auditor. Under Rule 713 of the Listing Manual, CEREIT is not yet required to rotate its current external audit partner-in-charge as the partner-in-charge has not been in charge of more than five consecutive audits for a full financial year.

The ARC meets with the internal and external auditors at least once a year without the presence of the KMP. In FY 2020, the ARC met with the internal and external auditors, without Management's presence, to discuss the reasonableness of the financial reporting process, the system of internal controls, and the significant comments and recommendations by the auditors. Where relevant, the ARC makes reference to best practices and guidance for Audit Committees in Singapore including practice directions issued from time to time in relation to the Financial Reporting Surveillance Programme administered by the Accounting and Corporate Regulatory Authority of Singapore.

In its review of the financial statements of CEREIT for FY 2020 the ARC had discussed with Management the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements. The ARC also considered the clarity of key disclosures in the financial statements. The ARC reviewed, among other matters, fair value and disclosure of fair value for investment properties, a key audit matter identified by the external auditors for FY 2020.

The ARC considered the carrying value of CEREIT's investment properties, with an aggregate carrying amount of €2,177,852,000, which is measured using the fair value model as described in IAS 40 Investment Property. As at 31 December 2020, 95 properties of CEREIT's portfolio of 96 properties were valued by independent external valuers. The adopted valuations for the 95 properties were based on independent external valuations utilising the discounted cashflow and income capitalisation methods. The independent valuations for properties located in Italy, Finland, Germany and the Netherlands were conducted by CBRE and for properties located in Denmark, France and Poland by Savills. The ARC also noted that the valuers for six properties in Poland and two properties in Italy amounting to €268.7 million have highlighted in their valuation reports set out in the notes to the financial statements that as a result of COVID-19, there is limited transactional evidence and less certainty with regards to valuations and that market values can change rapidly in the context of current market conditions. Accordingly, the independent external valuers stated that it has been

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necessary to make more judgements than are usually required for these assets and therefore the valuation of these properties is done on the basis of a "material valuation uncertainty". The ARC noted the independant external valuers' confirmation that, notwithstanding this material valuation uncertainty clause, the valuations could still be relied upon.

There were no other key audit matters highlighted by the external auditor.

Changes to the accounting standards and accounting issues which have a direct impact on the financial statements were reported to and discussed with the ARC at its meetings.

The Manager has in place an internal audit function which has been outsourced to KPMG, which reports directly to the ARC and administratively to the CEO. The ARC is of the view that the internal audit function is independent, effective and adequately resourced. The ARC is satisfied that the internal audit function in the overall context of CEREIT's risk management system is adequate and effective.

The internal audit function is outsourced to KPMG, which is a reputable accounting and auditing firm staffed by qualified professionals with the relevant qualifications and experience. The audit methodology adopted is guided by the firm's global internal auditing standards and the International Standards for the Professional Practice of Internal Auditing laid down in the International Professional Practices Framework issued by the IIA. For FY 2020, the internal audit work carried out by KPMG was in conformance with IIA standards.

The internal auditors plan their internal audit schedules in consultation with, but independently of, Management and their plan is submitted to the ARC for approval prior to the beginning of each year. The internal auditors report directly to the ARC and have unfettered access to the Manager's documents, records, properties and employees, including access to the ARC, and has appropriate standing within the Manager. Where applicable, the ARC also decides on the appointment, termination and remuneration of the internal auditors.

(C) UNITHOLDER RIGHTS AND ENGAGEMENT
(D) MANAGING STAKEHOLDERS RELATIONSHIPS

Principle 11: Unitholder Rights and Conduct of General Meetings

The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

The Manager treats all Unitholders fairly and equitably. All Unitholders enjoy specific rights under the Trust Deed and the relevant laws and regulations. These rights include, among other things, the right to participate in distributions of income. They are also entitled to attend general meetings and are accorded the opportunity to participate effectively and vote at general meetings (including through appointment of up to two proxies, if they are unable to attend in person or in the case of a corporate Unitholder, through its appointed representative). Unitholders such as nominee companies which provide custodial services for securities are not constrained by the two-proxy limitation and are able to appoint more than two proxies to attend, speak and vote at general meetings of CEREIT.

The Manager supports the principle of encouraging Unitholders' participation and voting at general meetings, notwithstanding the limitations that have been caused by the COVID-19 pandemic. Unitholders were informed of the change from a physical AGM to a meeting held by way of electronic means, together with the relevant rules and voting procedures of such meetings. In line with CEREIT's sustainability strategy, an electronic version of the Annual Report is available on CEREIT's website at www.cromwelleuropeanreit.com.sg website (printed copies are available upon request). Notices of the general meetings are publicised appropriately within the requisite notice period on SGXNet, on CEREIT's website and also, as appropriate, advertised in media. Proxy forms are also made available within the requisite notice period on SGXNet and on CEREIT's website. The requisite notice period for a general meeting is adhered to. In 2020, the Notice of AGM was published on 4 June 2020, 25 days in advance of the AGM, giving Unitholders sufficient time to register and submit questions in advance, in view of the restriction in holding physical meetings due to the COVID-19 pandemic.

All Unitholders are given the opportunity to participate effectively in and vote at general meetings. At general meetings, Unitholders are encouraged to communicate their views and discuss with the Board and Management matters affecting CEREIT, again notwithstanding the limitations that have been caused by the COVID-19 pandemic. In view of COVID-19 'circuit breaker' measures in Singapore, CEREIT postponed its 2nd AGM originally scheduled for April and held it on 26 June 2020 by way of electronic means in a fully virtual format instead. Every effort is made for representatives of the Trustee, Directors (including the chairs of the Board, ARC respectively), the Manager's senior Management and the external auditors of CEREIT, to be present at general meetings to address any queries from Unitholders, including Unitholders' queries about the conduct of audit and the preparation and content of the auditors' reports. On the basis of regulations promulgated by the MAS and Ministry of Health (MOH) due to the COVID-19 pandemic, the Manager was required to make alternative arrangements relating to the usual physical attendance at the AGM to an electronic telecommunications format. Registered Unitholders were able to observe the AGM proceedings through a live audio-visual webcast or live audio-only stream. Both the Chair and the CEO attended the 2nd AGM. A record of the Directors' attendance at the general meeting can be found in the records of their attendance of meetings set out at page 147 of this Annual Report.

To safeguard Unitholders' interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings, unless the resolutions are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the Manager explains the reasons and material implications in the notice of meeting. To ensure transparency in the voting process and better reflect Unitholders' interest, the Manager conducts electronic poll voting for all the resolutions proposed at the general meetings unless such meetings are held virtually where all voting will be by way of proxy. Although live voting was not possible at the 2nd AGM, the Manager provided advanced voting by proxy for polling on all resolutions. Voting procedures are explained and vote tabulations are disclosed at the general meetings. An independent scrutineer is also appointed to validate the vote tabulation procedures. DrewCorp Services Pte Ltd was appointed as independent scrutineer for the 2nd AGM. Votes cast, for or against and the respective percentages, on each resolution are tallied and displayed 'live' on-screen to Unitholders immediately at the general meetings. The total number of votes cast for or against the resolutions and the respective percentages are also announced on SGXNet after the general meetings. Provision 11.4 of the Code requires an issuer's constitution to allow for absentia voting at general meetings of Unitholders. Voting in absentia and by email, which are currently not permitted may only be possible following careful study to ensure that the integrity of information and authentication of the identity of Unitholders through the web are not compromised, and legislative changes are effected to recognise remote voting. The Manager is of the view that despite the deviation from Provision 11.4 of the Code, Unitholders nevertheless have opportunities to communicate their views on matters affecting CEREIT even when they are not in attendance at general meetings. For example, Unitholders may appoint proxies to attend, speak and vote, on their behalf, at general meetings. The Manager is accordingly of the view that its practice is consistent with the intent of Principle 11 of the Code as a whole.

The Company Secretary prepares minutes of general meetings, which include substantial comments or queries raised by Unitholders and the responses from the Chair, Board members and Management. These minutes are posted on CEREIT's website as soon as practicable.

Directors are present (whether physically or by video conference or other means) for the entire duration of general meetings. At general meetings, Management conducts formal presentation to the Unitholders to update them on CEREIT's performance, position and prospects. Presentation materials are made available on SGXNet and CEREIT's website on the same day of AGM. In the case of physical general meetings, the Chair facilitates constructive communication between Unitholders and the Board, Management, external auditors and other relevant professionals. The Chair also allows specific directors, such as Board Committee chairs, to answer queries on matters related to their roles. Unitholders also have the opportunity to communicate their views and discuss with the Board and Management matters affecting CEREIT before and/or after the general meetings. All Directors are provided with personal CEREIT business cards with their contact information that they can present to Unitholders, should Unitholders wish to follow up directly on specific matters with the respective directors.

During CEREIT's 2nd AGM held on 26 June 2020, Unitholders were not able to ask questions at the AGM live during the audio-visual webcast or audio-only stream. Hence, the Manager provided several options

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for submission of questions to the Chair in advance of the AGM. The Board received valuable feedback from the Unitholders during the advance submission. All substantial and relevant questions submitted in advance of the AGM were addressed either prior to or during the AGM. The Manager published the responses to those questions which the Manager did not address during the AGM on SGXNet and on CEREIT's website prior to the AGM. The Manager published the minutes of the AGM on SGXNet and on CEREIT's website, and the minutes included the responses to the substantial and relevant questions that were addressed during the AGM.

CEREIT has a formalised distribution policy which aims to largely distribute operating income to Unitholders, defined under the Trust Deed as Distributable Income with customary adjustments as allowed under the Trust Deed, while striving for an efficient capital structure. Through this policy, CEREIT seeks to provide consistent and sustainable dividend payments to its Unitholders. CEREIT's distribution policy is to distribute at least 90% of CEREIT's annual distributable income for each financial year. The actual level of distribution will be determined at the Manager's discretion. Unitholders are provided a choice to receive the distribution in either Euro or Singapore Dollars each period. The Manager will endeavour to pay distributions no later than 90 days after the end of each distribution period.

Distributions for FY 2020 were paid according to schedule and represented 100% of annual distributable income. The Board has also activated the Distribution Reinvestment Policy for Unitholders to participate for the 2H 2020 distribution. The number of units to be issued in lieu of receiving cash is based on the Unit price calculated at a 2% discount of the 10-day volume weighted average price as adjusted for any confirmed distribution in the cum-distribution period. For every distribution declaration made, Unitholders will be notified via an announcement made through SGXNet.

Principle 12: Engagement with Unitholders

The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

For more information, please refer to the Investor Relations section, commencing on pages 58 to 63 of this Annual Report and summarised together with Principle 13.

Principle 13: Engagement with Stakeholders

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

In the execution of its duties, the Board adopts an inclusive approach and not only considers CEREIT's obligations to its Unitholders but also the interests of its material stakeholders, as part of its overall responsibility to ensure that the best interests of CEREIT are served.

The Board is directly involved in all aspects of formulating and approving the sustainability strategy of CEREIT and receives quarterly updates on the progress that the Manager makes in all stakeholder engagement matters. The material stakeholder groups of CEREIT are clearly defined and specific activities to engage with each group are documented in CEREIT's FY 2020 Sustainability Report, to be published by the end of May 2021. A short form of the sustainability report, documenting key areas of focus in relation to the engagement of stakeholders and how these relationships have been managed during the reporting period can be found from pages 182 to 191 of this Annual Report.

The Manager is committed to providing regular updates on CEREIT's financial results and operating performance and to provide timely information on any material changes that could potentially affect CEREIT's Unit price.

The Manager has a dedicated investor relations team that runs a proactive investor outreach programme. CEREIT's investor communications activities are governed by:

(a) CEREIT's market disclosure protocol, which ensures that CEREIT discloses on a timely basis all price-sensitive information to the SGX-ST in accordance with the Listing Manual and that all Unitholders have equal and timely access to material information concerning CEREIT, including its financial position, performance, ownership and governance; and

(b) the Manager's investor relations policy, which outlines the principles and practices followed by the Manager to ensure regular, effective and fair two-way communication with the investment community.

The Manager provides Unitholders with financial statements within the relevant periods prescribed by the Listing Manual after they are reviewed by the ARC and approved by the Board. In April 2020, further to the amendments to Rule 705(2) of the Listing Manual, the Manager adopted half-yearly financial reporting for CEREIT with effect from FY 2020. Full-year and half-year result announcements include financial statements and supplementary materials such as results presentations and media releases. For the first and the third quarters of each financial year, the Manager now provides interim business updates which include presentations, key financial metrics, media releases and other supplementary information.

The Manager uploads all announcement materials on SGXNet, on CEREIT's website and further publicises them on CEREIT's LinkedIn site at https://sg.linkedin.com/company/cromwell-european-reit as appropriate. Full-year and half-year announcements are also typically accompanied by video messages intended for general audience that are uploaded on CEREIT's website and on CEREIT's LinkedIn site.

Other than financial results announcements, the Manager releases market-relevant general corporate announcements, media releases, investor presentations and annual and sustainability reports on SGX-ST in a timely manner and concurrently makes them available on CEREIT's website, investor relations section. CEREIT's website features company news as well as information on the Manager's strategy, Board and the Management team. Regularly updated information on CEREIT's properties, including property photographs, descriptions and maps is also available on CEREIT's website.

In presenting the financial statements and business updates to Unitholders, the Board aims to provide Unitholders with a balanced, clear and understandable assessment of CEREIT's performance, position and prospects. In order to achieve this, Management provides the Board with management accounts on a regular basis and such explanation and information as any Director may require, to enable the Directors to keep abreast, and make a balanced and informed assessment, of CEREIT's financial performance, position and prospects.

The Manager has made its investor relations policy available on CEREIT's website at https://investor.cromwelleuropeanreit.com.sg/investor_policy.html for greater transparency. Amongst others, the policy also specifically outlines the various modes of communications with Unitholders and the ways in which the Manager solicits the views of the Unitholders. The Manager engages with Unitholders and the investment community to communicate CEREIT's strategic business plans and operating performance, share latest corporate and industry developments as well as to gather their views and feedback on a range of strategic and topical issues. Such interactions allow Management to understand and consider the views and feedback from Unitholders and the investment community before formulating its key strategic decisions. To facilitate the ability for Unitholders to ask questions and receive responses in a timely manner, the Manager has a dedicated investor relations section on CEREIT's website featuring online enquiry forms, 'Email Alerts' subscription option and a specific investor relations contact with email address so that Unitholders can subscribe for regular updates and direct their enquiries. The investor relations team responds to all credible and substantiated Unitholder enquiries in a timely manner, either via email or a phone call.

More information on the Manager's investor and media relations practices, calendar of activities, specific investor relations contacts and information on the various modes of communication with Unitholders and available to them avenues for asking questions and receiving responses can be found in the Investor Relations section on pages 58 to 63 of this Annual Report.

(E) ADDITIONAL INFORMATION

Related Party Transactions

Review Procedures for Related Party Transactions

The Manager has established an internal controls system to ensure that all Related Party Transactions are undertaken on normal commercial terms and are not prejudicial to the interests of CEREIT and its Unitholders. In respect of such transactions, the Manager would have to demonstrate to the ARC that such transactions are undertaken on normal commercial terms and are not prejudicial to the interests of CEREIT and its Unitholders which will include obtaining (where practicable) quotations from parties unrelated to the Manager or obtaining two or more valuations from independent professional valuers (in accordance with applicable provisions of the Listing Manual and the Property Funds Appendix), with one of the valuers commissioned independently by the Trustee. The internal controls system also ensures compliance with Chapter 9 of the Listing Manual and the Property Funds Appendix.

The Manager maintains a register to record all Related Party Transactions which are entered into by CEREIT and the bases, including any quotations from unrelated parties and independent valuations, on which they are entered into.

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The Manager also incorporates into its internal audit plan a review of the Related Party Transactions entered into by CEREIT. The ARC reviews the internal audit reports to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with. The Trustee also has the right to review such audit reports and is provided with such to ascertain that the Property Funds Appendix has been complied with.

In particular, the procedures in place include the following:

(a) transactions (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding S$100,000 in value but below 3.0% of the value of CEREIT's net tangible assets will be subject to review by the ARC at regular intervals;

(b) transactions (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of CEREIT's net tangible assets will be subject to the review and prior approval of the ARC. Such approval shall only be given if the transactions are on normal commercial terms and not prejudicial to the interests of CEREIT and its Unitholders and are consistent with similar types of transactions made by the Trustee with third parties which are unrelated to the Manager; and

(c) transactions (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding 5.0% of the value of CEREIT's net tangible assets will be reviewed and approved prior to such transactions being entered into, on the basis described in the preceding paragraph, by the ARC which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers. Furthermore, under the Listing Manual and the Property Funds Appendix, such transactions would have to be approved by the Unitholders at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

CEREIT will also, in compliance with Rule 905 of the Listing Manual, announce any Related Party Transaction in accordance with the Listing Manual if the value of such transaction, by itself or when aggregated with other Related Party Transactions entered into with the same Related Party during the same financial year, is 3.0% or more of CEREIT's latest audited net tangible assets.

Subject to Rules 905(5) and 906(4) of the Listing Manual, transactions with a value below S$100,000 are disregarded for the purpose of the announcement and Unitholders' approval requirements under the Listing Manual as set out in the paragraphs above. Under Rules 905(5) and 906(4) of the Listing Manual, while transactions with a value below S$100,000 are not normally aggregated under Rules 905(3) and 906(2) of the Listing Manual respectively, the SGX-ST may aggregate transactions with a value below S$100,000 entered into during the same financial year and treat them as if they were one transaction in accordance with Rule 902 of the Listing Manual.

Where matters concerning CEREIT relate to transactions entered into or to be entered into by the Trustee for and on behalf of CEREIT with a Related Party of the Manager (which would include relevant Associates (as defined in the Listing Manual) thereof) or CEREIT, the Trustee is required to consider the terms of such transactions to satisfy itself that such transactions are conducted:

(a) on normal commercial terms;

(b) are not prejudicial to the interests of CEREIT and its Unitholders; and

(c) are in accordance with all applicable requirements of the Property Funds Appendix and/or the Listing Manual relating to the transaction in question.

The Trustee has the ultimate discretion under the Trust Deed to decide whether or not to enter into a transaction involving a Related Party of the Manager or the Trustee. If the Trustee is to sign any contract with a Related Party of the Manager or the Trustee, the Trustee will review the contract to ensure that it complies with the relevant requirements relating to Related Party Transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST to apply to CEREIT.

Exempted Agreements

In the case of external Managers for REITs, Related Party Transactions mostly relate to management fees and property management fees, leasing fees, development management fees and project management fees. These are paid annually in accordance to the terms disclosed in the IPO prospectus and reported each year in the financial statements.

The fees and charges payable by CEREIT to the Manager under the Trust Deed are considered as Related Party Transactions which are deemed to have been specifically approved by the Unitholders upon their purchase of Units, to the extent that there are no subsequent changes to the rates and/or bases of the fees charged thereunder which will adversely affect CEREIT. Accordingly, they are treated as "exempt" from the related party transaction rules for aggregation and not subject to Rules 905 and 906 of the Listing Manual.

Pursuant to the terms of the Trust Deed, Unitholder approval via extraordinary resolution is required for any increase in the rate or any change in the structure of the Manager's management fee, or any increase in the permitted level of the Manager's acquisition fee or divestment fee. The Management agreement is detailed in CEREIT's IPO prospectus which is available on CEREIT's website, including the initial tenor of 10 years.

All Related Party Transactions are regulated by Chapter 9 of the Listing Manual and the Property Funds Appendix. All Related Party Transactions are undertaken on normal commercial terms and are not prejudicial to the interests of CEREIT and our Unitholders.

Role of the Audit Committee for Related Party Transactions

The Manager's internal control procedures are intended to ensure that Related Party Transactions are conducted on normal commercial terms and are not prejudicial to the interests of CEREIT and Unitholders.

The Manager maintains a register to record all Related Party Transactions which are entered into by CEREIT and the bases, including any quotations from unrelated parties and independent valuations, on which they are entered into.

On a quarterly basis, Management reports to the ARC the Related Party Transactions entered into by CEREIT. The Related Party Transactions are also reviewed by the internal auditors on a semi-annual basis and all findings are reported during the ARC meetings. Testing performed on the Related Party Transactions for FY 2020 and the confirmation received from the Manager that the Related Party Transactions have been conducted at arms-length and in compliance with the Listing Manual, no exceptions have been noted and they are unaware of any Related Party Transactions that may be prejudicial to the interests of CEREIT.

The Manager also incorporates into its internal audit plan a review of the Related Party Transactions entered into by CEREIT. The ARC reviews the internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with. The Trustee also has the right to review such audit reports to ascertain that the Property Funds Appendix has been complied with. The review may also include a review of any other such documents or matter as may be deemed necessary by the ARC. If a member of the ARC has an interest in a transaction, he/ she is to abstain from participating in the review and approval process in relation to that transaction.

Details of all Related Party Transactions (equal to or exceeding S$100,000 each in value) entered into by CEREIT in FY 2020 are disclosed on page 271 of this Annual Report. Non-exempted fees and exempted fees represent nil and 1.1% respectively of gross asset value as at 31 December 2020.

Dealing with Conflicts of Interest

The following principles and procedures have been established to deal with potential conflicts of interest which the Manager (including its Directors, executive officers and employees) may encounter in managing CEREIT and were fully adhered in FY 2020:

(a) the Manager will not manage any other REIT which invests in the same type of properties as CEREIT;

(b) all executive officers will work exclusively for the Manager and will not hold other executive positions in other entities, save for any wholly-owned subsidiaries of the Manager;

(c) all resolutions in writing of the Directors in relation to matters concerning CEREIT must be approved by at least a majority of the Directors (excluding any interested Director), including at least one CEREIT ID;

(d) (i) the Chair of the Board and the CEO are not the same person, (ii) the Chair of the Board and the CEO are not immediate family members, (iii) the Chair of the Board is not part of Management, (iv) the Chair of the Board is a CEREIT ID, and (v) the Board shall comprise a majority of CEREIT IDs;

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(e) In respect of matters in which a Director or his/her associates (as defined in the Listing Manual) has an interest, direct or indirect, such interested Director will abstain from voting. In such matters, the quorum must comprise a majority of the Directors and must exclude such interested Director;

(f) in respect of matters in which the Sponsor and / or its subsidiaries have an interest, whether direct or indirect, any non-independent directors appointed by the Sponsor and/or its subsidiaries to the Board to represent their interests will abstain from deliberation and voting on such matters. In such matters, the quorum must comprise only CEREIT IDs and must exclude such nominee non-independent Directors of the Sponsor and/or its subsidiaries;

(g) save for resolutions relating to the removal of the Manager, the Manager and its associates are prohibited from voting or being counted as part of a quorum for any meeting of the Unitholders convened to approve any matter in which the Manager and/or any of its associates has a material interest and for so long as the Manager is the manager of CEREIT, the controlling shareholders of the Manager and of any of its associates are prohibited from voting or being counted as part of a quorum for any meeting of Unitholders convened to consider a matter in respect of which the relevant controlling shareholders of the Manager and/or of any of its associates have a material interest; and

(h) if the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of CEREIT with a Related Party of the Manager, the Manager shall be obliged to consult with a reputable law firm (acceptable to the Trustee) who shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee, on behalf of CEREIT, has a prima facie case against the party allegedly in breach under such agreement, the Manager shall be obliged to take appropriate action in relation to such agreement. The Directors (including the CEREIT IDs) will have a duty to ensure that the Manager so complies. Notwithstanding the foregoing, the Manager shall inform the Trustee as soon as it becomes aware of any breach of any agreement entered into by the Trustee for and on behalf of CEREIT with a Related Party of the Manager, and the Trustee may take such action as it deems necessary to protect the rights of the Unitholders and/or which is in the interests of the Unitholders. Any decision by the Manager not to take action against a Related Party of the Manager shall not constitute a waiver of the Trustee's right to take such action as it deems fit against such Related Party.

Dealings in Securities

The Manager has devised and adopted a security dealing policy for the Manager's officers and employees which applies the best-practice recommendations in the Listing Manual. To this end, the Manager and the Sponsor have issued guidelines to the Directors and employees of the Manager as well as to officers and employees of the Sponsor, which set out prohibitions against dealings in CEREIT's and the Sponsor's securities (i) while in possession of non-public price-sensitive information and (ii) during the two weeks immediately preceding, and up to the time of the announcement of, CEREIT's interim business and operational updates, or during the one month immediately preceding, and up to the time of the announcement of, CEREIT's half-year and full-year financial results, property valuations, or financial results and property valuations (whichever is applicable).

Prior to the commencement of each relevant period, an email would be sent out to all Directors and employees of the Manager and the relevant executives of the Sponsor to inform them of the duration of the period. The Manager will also not deal in CEREIT's Units during the same period.

In addition, all officers and employees, including but not limited to, capital markets services licence appointed representatives of the Manager, are required to make a declaration that the basis on which they have traded in CEREIT securities have not been made on the basis of any non-public price sensitive information in relation to the Units. Employees are required to obtain pre-trading approval from the CEO before any dealing in CEREIT's securities. The CEO shall obtain pre-trading approval from the Chair of the ARC, and the Chair of the ARC obtains approval from the Chair of the Board. All parties abovementioned are required to provide post-trading notification to the Risk and Compliance department of the Manager.

Further to the above, all appointed representatives of the Manager are required to:

(a) maintain a Register of Interests in listed specified products (the "Register");

(b) enter into the Register, within seven days after the date that he/she acquires any interest in any listed shares or units, particulars of the listed shares or units in which he/she has an interest and particulars of his/her interests in those listed shares or units;

(c) retain that entry in easily accessible form for a period of not less than five years after the date on which such entry was first made; and

(d) submit a copy of the Register to the Risk and Compliance Department of the Manager upon request.

Directors and employees of the Manager as well as certain executives of the Sponsor group are also prohibited from dealing in securities of CEREIT if they are in possession of unpublished price-sensitive information of CEREIT by virtue of their status as Directors and/or employees. As and when appropriate, they would be issued an advisory to refrain from dealing in CEREIT's securities.

Under the policy, Directors and employees of the Manager as well as certain relevant executives of the Sponsor are also discouraged from trading on short-term or speculative considerations. They are also prohibited from using any information with respect to other companies or entities obtained in the course of their employment in connection with securities transactions of such companies or entities.

(F) CODE OF BUSINESS CONDUCT

The Manager adheres to an ethics code and code of business conduct which deals with issues such as confidentiality, conduct and work discipline, corporate gifts and concessionary offers. Clear policies and guidelines on how to handle workplace harassment and grievances are also in place.

The policies and guidelines are published internally and is accessible by all employees of the Manager.

The policies that the Manager has implemented also aim to help to detect and prevent occupational fraud in mainly three ways.

First, the Manager offers fair compensation packages, based on practices of pay-for-performance and promotions on merit, to its employees in line with industry standards.

Second, clearly documented policies and work procedures incorporate internal controls which ensure that adequate checks and balances are in place. Periodic audits are also conducted to evaluate the efficacy of these internal controls.

Finally, the Manager seeks to build and maintain the right organisational culture through its core values, educating its employees on good business conduct and ethical values.

The Manager conducts compulsory training on subjects such as bullying and sexual and racial harassment. All employees also undertake diversity and subconscious bias awareness training. The Manager has established a D&I committee which meets quarterly to organise and implement programmes to encourage awareness.

The Manager undertakes an annual employee engagement survey, conducted independently through Culture Amp, which is benchmarked against the Sponsor's larger employee cohort and real estate industry standards. In FY 2020, the Manager's employees registered an average of 89/100 score on the employee engagement survey, well-above the benchmark of 65. The equality score was 83/100 while the work environment score was recorded as 92/100. Further results will be released in the FY 2020 Sustainability Report in late May 2021.

Bribery and Corruption Prevention Policy

The Manager has a zero tolerance position towards bribery, corruption and extortion. In addition to clear guidelines and procedures for the giving and receipt of corporate gifts and concessionary offers, all employees of the Manager are expected to uphold the Manager's core values and not to engage in any corrupt or unethical practices.

The Manager has adopted the Anti-Bribery and Anti-Corruption Policy which sets out the responsibilities of CEREIT and the Manager and of each employee in observing and upholding the Manager's 'zero tolerance' position against all forms of corruption, bribery and extortion, and provides information and guidance to employees on how to recognise, address, resolve, avoid and prevent instances of corruption, bribery and extortion, including the Manager's stance against facilitation payments and kickbacks which may arise in the course of their work.

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In FY 2020, to the best of its knowledge, the Manager (i) is in full compliance with all relevant modern slavery legislation, (ii) has received zero significant monetary fines or non-monetary sanctions incurred for non-compliance with environmental laws and regulations, (iii) has zero non-compliance with laws and regulations in the social and economic area, (iv) has received zero fines for non-compliance concerning product and service information labelling and (v) has zero incidents of non-compliance concerning health and safety impacts of products and services, (vi) has zero incidents of reported corruption, (vii) has zero legal actions against it for anticompetitive behaviour and anti-trust of monopoly practices. The Manager reported no lost days or deaths due to work injuries.

Further details of its ESG review will be released in the FY 2020 Sustainability Report in late May 2021.

In addition to the Anti-Bribery and Anti-Corruption Policy, the Manager has adopted a series of measures to prevent corruption and unethical behaviour. These include:

(a) outlining the responsibilities of all employees to uphold anti-corruption and anti-bribery principles;

(b) informing and guiding employees on how to pre-emptively identify and avoid instances of corruption;

(c) implementing policies such as the supplier code of conduct that outline standards of conduct expected from suppliers and agents acting on behalf of the Manager; and

(d) implementing zero tolerances for breaches and gateway thresholds for STI/LTI incentives requiring complying with the Manager's code of conduct and ethical behaviour standards.

In 2020, all of the Manager's employees received mandatory communication and training on anti-bribery and anti-corruption policies and procedures.

As an entity of the Sponsor, the Manager adopts and adheres to the Sponsor's key policies which aims to establish and reinforce the highest standards of integrity and ethical business practices and all the Manager's employees are expected to adhere and stand guided by these policies.

The Manager's Anti-Bribery and Anti-Corruption Policy extends to its business dealings with associated persons who are third parties that represent or who perform services on behalf of CEREIT and the Manager also known as associated persons

Where there is a greater level of bribery or corruption risk attached to any particular area of business or when working with an associated person, due diligence checks and processes are in place to adequately address and mitigate the risk(s). This includes ethical standards audit and corruption risk assessment as part of the ERM process.

Modern Slavery Statement

As a part of the Sponsor group, the Manager has adopted the Modern Slavery Statement which is in line with significant global regulatory changes affecting CEREIT, the Manager and the Sponsor's operations such as the U.K. Modern Slavery Act 2015 and Australia Modern Slavery Act 2018 which established additional reporting requirements for large organisations to respond to the risk of modern slavery in their operations and supply chains. The Sponsor has published an Anti-Slavery and Human Trafficking Statement that is publicly available on the Sponsor's website https://www.cromwellpropertygroup.co.uk/about/anti-slavery-and-human-trafficking-statement and covers CEREIT's European property management operations and the Manager's operations.

Supplier Code of Conduct

A supplier code of conduct which sets out CEREIT's and the Manager's expectations of suppliers to comply with relevant laws, including but not limited to those governing consumer protection, environment, social, anti-competition, human rights, modern slavery and health, safety and welfare laws, is also in place.

Service providers assessed to have higher risks in their supply chain in their approach to modern slavery are generally required to sign a supplier code of conduct which includes a modern slavery commitment prior to engagement or renewal.

Whistle-Blowing Policy

A whistle-blowing policy and other procedures are put in place to provide well-defined, independant, accessible and trusted channels by which a person or entity, including, but not limited to, employees, applicants for employment, contract workers, vendors, purchasers, contractors or the general public may make a report either anonymously or otherwise, of suspected fraud, corruption, dishonest practices or other improprieties in the workplace.

The objectives of the whistle-blowing policy are to encourage the reporting of such matters so that employees or external parties making any reports in good faith will be able to do so with the confidence that they will be treated fairly and be protected from reprisal and to set out the processes for the independent investigation of any reported incidents and appropriate follow up action.

To the extent possible under the law, the Manager is committed to maintaining procedures for the confidential submission of reports and protection of the identity of the whistle-blower.

Investigations of such reports will be handled on a confidential basis to the extent permissible or deemed appropriate under the law and involve persons who need to be involved in order to properly carry out the investigations and will, on a best efforts basis, be carried out in a timely manner. In order to facilitate and encourage the reporting of such matters, the whistle-blowing policy, together with the dedicated whistle-blowing communication channels (email and postal address) are available on CEREIT's website and intranet and is easily accessible by all including third parties. To ensure that the whistle-blowing policy can be adopted and understood by all parties, the Manager has translated the key elements of the whistle-blowing policy into working languages of the countries in which it operates in.

Concerns about illegal, unprofessional, fraudulent or other unethical behaviour may be referred to the independently managed ethics email at CEREITwhistleblower@kpmg.com.sg.

Following a review of the complaint or concern, the Chair of the ARC, where appropriate, will take steps to ensure that matters are appropriately investigated and keep the Board apprised, and if warranted, will request that the Board and Management implement corrective measures.

The whistle-blowing policy and procedures are reviewed by the ARC from time to time to ensure that they remain current.

No whistle-blowing reports were recorded in FY 2020.

Anti-Money Laundering and Countering the Financing of Terrorism Measures

As a holder of a capital markets services licence issued by MAS, the Manager abides by the MAS' notices and guidelines on the prevention of money laundering and countering the financing of terrorism. Under these guidelines, the main obligations of the Manager are:

(a) evaluation of risk;

(b) customer due diligence;

(c) suspicious transaction reporting;

(d) record keeping;

(e) employee screening and representative screening; and

(f) training.

The Manager has developed and implemented a policy on the prevention of money laundering and terrorist financing and is alert at all times to suspicious transactions. Where there is a suspicion of money laundering or terrorist financing, the Manager performs due diligence checks on its counterparties in order to ensure that it does not enter into business transactions with terrorist suspects or other high-risk persons or entities. Suspicious transactions are also reported to the Suspicious Transaction Reporting Office of the Commercial Affairs Department.

Under this policy, the Manager must retain all relevant records or documents relating to business relations with its customers or transactions entered into for a period of at least five years following the termination of such business relations or the completion of such transactions.

All prospective representatives of the Manager are screened against various lists of terrorist suspects issued by MAS. Periodic training is provided by the Manager to its Directors, employees and representatives to ensure that they are updated and aware of applicable anti-money laundering and terrorist financing regulations, the prevailing techniques and trends in money laundering and terrorist financing and the measures adopted by the Manager to combat money laundering and terrorist financing.

ENTERPRISE RISK MANAGEMENT

RISK MANAGEMENT

CEREIT and the Manager adopt an ERM framework which sets out the required components for managing risks in an integrated, systematic and consistent manner. The ERM framework and related policies are reviewed annually. A team comprising the CEO and other KMP is responsible for directing and monitoring the development, implementation and practice of ERM across the Manager, Property Manager and CEREIT.

CEREIT and the Manager adopt a proactive approach to risk management, making it an integral part of its business – both strategically and operationally.

This approach stems from the philosophy of seeking sustainable growth opportunities and creating economic value by ensuring only appropriate and well-considered risks are assumed.

CEREIT's ERM framework enables CEREIT to continue to respond effectively to the dynamic business environment and shifting business demands to seize new value-added opportunities for stakeholders.

STRENGTHENING ENTERPRISE RISK MANAGEMENT

The ERM framework provides a holistic and structured approach towards assessing, monitoring and mitigating risks.

The three-step risk management process comprises (1) risk identification and assessment, (2) formulation of risk mitigation measures and action plans as well as (3) monitoring and reporting. A robust ERM framework enables CEREIT to manage risks systematically and remain nimble when capitalising on opportunities.

The risk assessment process takes into account both the impact and likelihood of occurrence and covers the investment, financial, operational, compliance and reputational aspects of CEREIT's business. Tools such as a risk rating matrix and a risk register assist the Manager.

The Board, supported by the ARC, is responsible for the governance of risk and ensures that the Manager maintains a sound system of risk management and internal controls to safeguard Unitholders' interests and CEREIT's assets.

Plaza Forte, Vantaa, Finland

Sustainability covers a broad range of material issues, many of which have been identified and managed according to CEREIT's ERM framework. In addition, risks and opportunities relating to climate change have been recognised as fundamental to CEREIT and its operations. More details will be provided in CEREIT's FY 2020 Sustainability Report which will be published in late May 2021.

In FY 2020, the Board has assessed and deemed the Manager and CEREIT's risk management system to be adequate and effective in addressing the key risks identified below:

Sustainability Pillar	Material Risks	Details	Key Mitigating Actions
Economic	**Financial management risks** • Credit • Liquidity • Interest rate • Foreign exchange	• Exposure to financial risks related to liquidity, foreign currency and interest rates • Volatility of cash flow negatively impacting CEREIT's ability to meet financial obligations • Volatility of foreign currencies and interest rates resulting in realised / unrealised losses	• Actively monitoring CEREIT's debt maturity profile, operating cash flows and the availability of funding to ensure that there are sufficient liquid reserves, in the form of cash and banking facilities to meet its capital, refinancing and operating needs • Diversifying sources of funds from banks and capital markets to minimise overreliance on a single source of funds for any funding or refinancing requirements • Establishing credit limits for tenant-customers and managing exposure to individual entities through regular and thorough monitoring of receivables on an ongoing basis • Actively reviewing and maintaining an optimal mix of fixed and floating interest rate borrowings, taking into consideration investments' holding period and nature of the assets
Economic	**Strategic risks** • Investment and divestment • Market and competition	• Deployment of capital into investments which are loss-making or have sub-optimum returns • Inadequate planning to identify suitable divestment opportunities • CEREIT remains vulnerable to external factors including volatility in the global economy, implications of geopolitical developments, intense competition in core markets and disruptive technology	The Manager has in place an established process for evaluating investment and divestment decisions where activities are monitored to ensure that they meet CEREIT's strategic intent, investment objectives and returns. • Applying a 13-risk factor matrix across three broad categories that provides a framework to assess existing properties, proposed investments and potential divestments on its alignment with CEREIT's strategy, financial viability, country-specific political and regulatory developments and contractual risk implications • Conducting rigorous due diligence reviews on all investment and divestment proposals and, where necessary, engaging third-party consultants with the requisite expertise to assist in the due diligence review • Incorporating environmental due diligence into the assessment phase of the investment process with the aim of gaining a more complete understanding of target assets' environmental risks prior to acquisition • For more information, please refer to the Business model and investment strategy section on pages 20 to 21 of this Annual Report

ENTERPRISE RISK MANAGEMENT

Sustainability Pillar	Material Risks	Details	Key Mitigating Actions
Governance	Compliance risk • Fraud, bribery and corruption • Regulatory and compliance • Government and policies	• Exposure to events such as political leadership uncertainty, inconsistent public policies and social unrest • Changes in property-related regulations and other events. Breaches to laws and regulations may lead to hefty penalties/ fines and negative publicity • Any forms of fraud, bribery and corruption that could be perpetuated by employees, third parties or collusion between employees and third parties	• Closely monitoring developments in laws and regulations of countries where CEREIT and the Manager operate and implementing appropriate strategies to mitigate the impact • Ensuring that overseas operations are managed by experienced on-the-ground managers and teams familiar with local conditions and cultures • Regularly communicating with regulators and governing bodies (as appropriate, depending on nature of engagement) • Regularly participating in industry forums • Maintaining a zero-tolerance approach towards fraud, corruption, bribery and unethical practices in the conduct of its business
Governance	Operational risks • Business continuity planning • Property management • Cybersecurity and data protection	• Exposure to sudden and major disaster events such as terrorist attacks, pandemics, fires, prolonged power outages or other major infrastructure or equipment failures could cause business interruption which may significantly disrupt operations at the properties • Rapid business digitalisation exposes the business to information technology related threats which may result in compromising the confidentiality, integrity and availability of CEREIT's information assets and/or systems. This may have significant negative impact on customer experience, financials and/or regulatory compliance	• Ensuring operational resilience with robust BCP that seeks to equip CEREIT with the capability to respond effectively to business disruptions and to safeguard critical business functions from major risks: o In FY 2020, the Manager enacted its BCP and transitioned its global workforce to remote work arrangements. These actions, coupled with CEREIT and the Manager's prior investment in systems, processes and people has ensured there has been no material interruption to the operations of CEREIT and the Manager's business due to COVID-19 • Maintaining processes and procedures that seek to ensure that the buildings operate efficiently and are well-equipped in managing the risk that arises from the operations and management of the buildings in place o Properties are closely monitored to identify if potential property enhancements/safety modifications are required • Operating within the Sponsor's IT infrastructure has allowed the Manager to leverage cybersecurity systems which are maintained as guided by the ISO27001 information security management systems certification, which the Sponsor has attained • Data handling practices are aligned to relevant data protection regulations • Disaster recovery plan in place to ensure timely recoverability of business-critical IT systems

Sustainability Pillar	Material Risks	Details	Key Mitigating Actions
People	• **Human resource risks**	• Inability to manage human capital needs as well as human resources related costs appropriately in relation to business environment	• Fostering conducive work environment and adequate and fair compensation and benefits • Strengthening succession planning • Focusing on nurturing and developing employees by investing in continuous learning and development • Creating and embracing a diverse and inclusive workplace by acting in a principled, respectful and responsible manner • Ensuring that employees' needs are provided for through frequent face-to-face interactions and yearly engagement surveys • Keeping a close eye on human resourcing developments in the market and the industry in which CEREIT operates in
Environment	• **Sustainability and climate change risks**	• Physical risks such as rising sea levels, violent storms, long intense heat waves, flash floods and fresh water depletion • Transitional risks including increased and more stringent regulations and increased expectations from stakeholders	• Identifying, assessing and managing material sustainability risks as part of the due diligence of the investment process with specific action plans to mitigate and potentially eliminate environmental risks that are identified • Aiming to minimise environmental impact by deploying renewable and low-carbon intensive energy where possible and upgrading energy intensive equipment through ongoing asset enhancement initiatives o The Manager has completed a climate risk study of selected buildings in CEREIT's portfolio and has reviewed and enhanced insurance coverage for identified physical climate-related risks, ensuring that the portfolio is insured against climate events
Stakeholders	Stakeholder risks • Tenant-customer relations • Investor relations • Media relations • Government relations • Social and community relations	• Insufficient stakeholder engagement resulting in a lack of understanding of evolving market trends and needs	• Regularly communicating with regulators and governing bodies (as appropriate, depending on nature of engagement) o The Manager is guided by the Code and strives to maintain the highest standards of corporate governance so as to ensure that CEREIT continue to instill stakeholder confidence • Providing timely and relevant updates to the market as necessary, especially important in the context of the global COVID-19 outbreak • Maintaining proactive investor relations and media outreach plan • Participating actively in relevant industry associations • Building on existing community partnerships • Prioritising employee health and safety, particularly with the increased duration spent indoors at work and striving to offer innovative environments that encourage movement and healthy living • Conducting yearly tenant-customer engagement survey • Increasing cleaning rosters and enhanced common area sanitising services due to COVID-19

ENTERPRISE RISK MANAGEMENT

RISK MANAGEMENT FRAMEWORK

CROMWELL BOARD

CROMWELL EUROPEAN REIT

Set risk appetite

Key reporting lines

AUDIT AND RISK COMMITTEE

Oversee, assess and monitor enterprise risk management framework

COMPLIANCE

- Conduct independent examinations and evaluations of risk mitigation plans (policies, procedures, systems) and review to assess the appropriateness of the risk identification and measurement methodology
- Promote a strong governance culture

CEREIT MANAGER EXECUTIVE LEADERSHIP TEAM

- Delivery of strategy
- Take ownership of risks
- Implement and execute risk management throughout CEREIT

RISK MANAGEMENT FRAMEWORK

- Head of Risk, Compliance and Company Secretarial
  - > Manage the development and implementation of ERM framework

SUSTAINABILITY FRAMEWORK

Head of Property and Chief Operations Officer

MATERIALITY ASSESSMENT

- Identify and prioritise risks and opportunities

SUSTAINABILITY OBJECTIVES

- Actions and metrics
- Business plans

SUSTAINABILITY RISK MANAGEMENT

- Implement procedures to identify, assess, treat, report and monitor risks under each materiality aspect in the respective pillars
- Integrate risk management into normal business activities
- Report risk incidents (losses/impact and near losses/impacts)

ECONOMIC PILLAR

- Credit risk
- Liquidity risk
- Interest rate risk
- Foreign exchange risk
- Investment and divestment risk
- Market and competition risk

GOVERNANCE PILLAR

- Fraud, bribery and corruption risk
- Regulatory and compliance risk
- Interest rate risk
- Government and policies risk
- Cybersecurity and data protection risk

STAKEHOLDERS PILLAR

- Tenant-customer relations risk
- Investor relations risk
- Government relations risk

PEOPLE PILLAR

- Human resources risk

ENVIRONMENT PILLAR

- Business continuity risk
- Property management risk
- Sustainability and climate change risk

SUSTAINABILITY

ASPIRING TO HIGH STANDARDS OF GOVERNANCE AND SUSTAINABILITY

The Manager, the Sponsor and the Property Manager of CEREIT aspire to apply market-leading ESG practices across all aspects of its business. This fulfils CEREIT's core purpose of providing Unitholders with stable and growing distributions per Unit and NAV per Unit over the long term.

The Manager continuously improves CEREIT's ESG processes and reporting in line with increasing regulatory standards, investor demands and other stakeholders interests – as it makes good business sense to do so. Tenant-customers, employees, investors and other stakeholders are all increasingly requiring greater ESG commitments from the property industry. As CEREIT's Unitholder base expands to include a diversified roster of global institutional investors with an increasing focus on robust ESG targets and disclosures, the Manager will further enhance sustainability programmes, setting additional longer-term aspirational targets to reinforce its ongoing efforts.

The Manager has adopted the Sponsor's comprehensive and market-leading sustainability framework, ensuring that CEREIT remains focused on improving performance through a structured, responsible and balanced pathway to sustained success. The framework comprises five pillars through which the Manager addresses material ESG risks and opportunities. The five pillars have also been incorporated into the ERM framework. A senior manager is responsible for each pillar and the corresponding sustainability objectives, business plans, activities and targets. The sustainability framework has also been approved and is regularly reviewed by the Board.

As part of its sustainability strategy process, each year the Manager conducts a materiality review and stakeholder interviews, in order to identify and prioritise the most relevant ESG issues, taking into account the impact that each issue has on CEREIT and on its stakeholders. To prepare for CEREIT's third sustainability report for the financial year 31 December 2020 and to reflect changing business priorities in part due to the onset of the COVID-19 pandemic, an independent consultant (Ernst & Young Singapore) facilitated a materiality review. The review comprised several feedback sessions and interviews with the senior management teams of the Sponsor, the Manager and the Property Manager. The findings formed the basis for a materiality survey of more than 100 internal and external stakeholders, including regulators, service providers, business and community partners, investors and analysts. The responses to the survey and the additional findings informed the inclusion of four new material ESG topics – (1) business model innovation, (2) keeping our people and communities safe, (3) climate change – direct impacts and (4) creating and embracing a diverse and inclusive workforce. These material topics were subsequently endorsed by the Board.

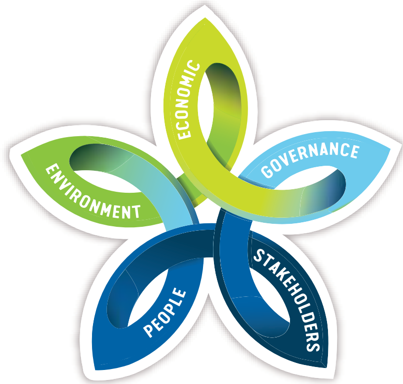
CEREIT's third annual Sustainability Report is a direct response to the material ESG topics identified throughout the materiality review process. The Manager is preparing the report in compliance with the sustainability reporting requirements set out in SGX-ST Listing Rules 711A and 711B and in accordance to GRI Standards: Core option. In addition, it also takes into consideration key aspects of the requirements set out in MAS' environmental risk management guidelines for asset managers published on 8 December 2020 and the draft SFDR framework set to come in force in Europe in 2022. The FY 2020 Sustainability Report will be published on SGXNet and simultaneously made available exclusively in electronic form in late May 2021 on CEREIT's corporate website at www.cromwelleuropeanreit.com.sg, true to the company's approach to sustainability.

This section presents an advance summary of the FY 2020 Sustainability Report and features selected sustainability highlights and stakeholder engagement initiatives for FY 2020.

SUSTAINABILITY

SUSTAINABILITY PERFORMANCE HIGHLIGHTS IN FY 2020

CEREIT's approach to sustainability is framed around five key pillars – Economic, Governance, Stakeholders, People and Environment, consistent with Cromwell's sustainability framework. In FY 2019, meaningful targets were set for 10 material ESG topics to be achieved in FY 2020. The Manager's senior executives have specific remuneration KPIs closely tied to ESG targets, an approach that has proven to be a positive and effective motivation and produced measurable outcomes. In FY 2020, CEREIT and the Manager largely achieved and, in some cases, exceeded the targets set for each material topic. The Manager's FY 2021 targets for all material ESG topics, including the four new topics, will be disclosed in the full FY 2020 Sustainability Report.



Pillars	CEREIT Materiality Topics	FY 2020's Targets	Report Card / Status
Economic Responsibilities • Chief Executive Officer • Chief Financial Officer	1. Sustainable economic value creation	Strive to achieve more sustainable DPU in light of the economic impact from the global COVID-19 outbreak	**Achieved** • The Board made a decision to pay FY 2020 management and property management fees fully in cash rather than in a mix of cash and Units as was done in previous years. This preserves Unitholder value in the long term, because the continued practice of issuing new Units for payment for fees means that more than 100% of earnings is paid out, diluting DPU and NAV per Unit in the long term
		Prioritise only essential capex and increase focus on operational cost savings	**Achieved** • Deprioritised non-essential capex and minimised from €47 to €22 million
		Increase capital sources and extending debt maturity profile	**Achieved** • Transformed CEREIT's balance sheet from IPO, restructuring CEREIT's debt profile from largely secured to largely unsecured loans • Unsecured debt increasing from 7% to more than 90% of the total debt, providing greater flexibility and control over the asset financing • Achieved investment-grade credit rating of "BBB- with stable outlook" by Fitch Ratings • Established a €1.5 billion EMTN programme • Inaugural issuance of a €300 million five-year bond in November 2020, followed by €200 million tap in January 2021, providing greater longer tenure and diversification of borrowing sources from banks to global bond markets

Pillars	CEREIT Materiality Topics	FY 2020's Targets	Report Card / Status
Economic Responsibilities • Chief Executive Officer • Chief Financial Officer	2. **Quality of assets**	Maintain portfolio occupancy rate at or above 92.5% (adjusting occupancy forecasts for COVID-19 related tenancy risks)	**Achieved** • 95.1% occupancy as at the end of FY 2020, 1.9 p.p up as compared to the end of FY 2019 (93.2%)
		Improve FY 2019 tenant-customer retention rate	**Achieved** • Tenant-customer retention rate improved to 59.2%[1] as at the end of 2020 (up from from 58.6% as at the end of 2019). 2H 2020 tenant retention rate was 68%, significantly higher than the 48% rate recorded for 1H 2020)
	3. **Business model innovation**	*No targets for FY 2020 as this is a new material topic for FY 2021*	
Governance Responsibilities • Head of Risk, Compliance and Company Secretarial • Chief Operating Officer	4. **Regulatory compliance**	Continue to comply with applicable laws and regulations	**Achieved** • Continue to materially comply with applicable laws and regulations
		Maintain a clean compliance record	**Achieved**
	5. **Anti-corruption**	Uphold zero confirmed cases of corruption, bribery, fraud or misappropriations	**Achieved**
	6. **Trust, transparency and governance**	Maintain Public Disclosure rating of 'A' as measured by GRESB[2]	**Achieved**
		Maintain an effective Business Continuity and Crisis Management Plan	**Achieved** • BCP reviewed and updated to include pandemics in FY 2020
	7. **Cyber-readiness and data governance**	*Targets for FY 2021 will be disclosed in CEREIT's FY 2020 Sustainability Report*	

1 By ERV
2 GRESB is an investor driven organization assessing the sustainability performance of real asset sector portfolios and assets. The environmental data for the calendar year is submitted by September next year. As such, CEREIT's environmental data in FY 2020 SR is for the period from 1 January 2019 to 31 December 2019 ("FY 2019")

SUSTAINABILITY

Pillars	CEREIT Materiality Topics	FY 2020's Targets	Report Card / Status
Stakeholders Responsibilities • Head of Investor Relations • Head of Property	8. Strong partnerships	**Investors:** • Increase percentage of institutional investors in the Unitholder register by at least 1 p.p. as compared to FY 2019 • Maintain or increase number of indexes in which CEREIT is included	**Achieved (Exceeded)** • Percentage of institutional investors in the Unitholder register as at the end of 2020 is more than 17%, as compared to 13% as at the end of FY 2019 • CEREIT was included in more than 250 indices (more than 400% increase as compared to last year)
		Community: Implement employee volunteer programme for the Manager	**Not achieved** • Due to COVID-19 disruptions, the volunteer programme was put on hold • Fundraising programs continued online
		Industry: Maintain active memberships and involvement in key industry associations	**Achieved** • Active member of EPRA, REITAS, SID and IRPAS
	9. Tenant-customer satisfaction	Improve benchmark engagement score for satisfaction as occupier and for satisfaction with asset management by at least 5%	**In progress** • Results will be available in the full FY 2020 Sustainability Report
		Focus on enhanced tenant-customer relations to improve tenant-customer retention	**Achieved** • Throughout the year stayed close to tenant-customers, assisted with business continuity processes and reprofiled leases where necessary, while also ensuring the timely payment of rent and service charges • Proactive approach helped buffer CEREIT's tenant-customer retention rate, with occupancy above 95% and increased operating cashflow in FY 2020

Pillars	CEREIT Materiality Topics	FY 2020's Targets	Report Card / Status
People Responsibilities • Chief Operating Officer	**10. Talent attraction, retention and career development**	Achieve employee engagement score in FY 2020 at or above Group employee engagement score level	**Achieved (Exceeded)** • 100% participation • 89% engagement score (25 points above the Group average of 64%)
		Achieve employee Learning & Development hours at or above Group target of average of 20 hours per employee	**Achieved** • 20.5 hours on average per team member
	11. Keeping our people and communities safe	*No targets for FY 2020 as this is a new material topic for FY 2021*	
	12. Create and embrace a diverse and inclusive workforce	*No targets for FY 2020 as this is a new material topic for FY 2021*	
Environment Responsibilities • Head of Property	**13. Climate change – direct impacts**	*No targets for FY 2020 as this is a new material topic for FY 2021*	
	14. Improving energy intensity and reducing carbon footprint	• Improve FY 2019 GRESB score by at least 5%	**Achieved (Exceeded)** • 73 points (9% increase)
		• Obtain BREEAM green building certifications for at least five more properties in FY 2020	**Achieved** • 21 green building certifications: • 20 BREEAM certifications (up from 11 as at FY 2019 and zero at IPO) and one LEED certification • 67% of office portfolio have green certifications
		• Set up a programme to improve EPC ratings with the aim to achieve rating 'C' or better in the medium-term (three to five years) for all assets where economically feasible	**On going**

Legend: Achieved On going Not achieved In progress

SUSTAINABILITY

REPORT CARD HIGHLIGHTS BY PILLARS

Economic

CEREIT aims to deliver stable and growing distributions and long-term DPU and NAV per Unit growth through active asset management, recycling capital and a best-practice approach to sustainability and governance.

In FY 2020, amidst challenges and a major economic recession induced by COVID-19, CEREIT continued to deliver outstanding performance as evidenced by the 1.0% growth in NPI y-o-y. The Board made a decision to pay FY 2020 management and property management fees fully in cash rather than a mix of cash and Units as was done in previous years. This supports a more sustainable DPU, preserving Unitholder value in the long term, because the continued practice of issuing new Units for payment for fees means that more than 100% of earnings is paid out, diluting DPU and NAV per Unit in the long term.

From the beginning of 2020 till the end of 1Q 2021, the Manager successfully acquired 16 light industrial and logistics assets, adding approximately €220 million in light industrial / logistics assets to CEREIT's portfolio. This also marked CEREIT's entry into the emerging and growing markets of the Czech Republic and Slovakia, further establishing CEREIT's presence in Central Europe.

At a portfolio level, active asset management and tenant-customer engagement and retention remain the key focus. Leases were still being signed at the height of the pandemic, which contributed to an increase in portfolio occupancy to 95.1%, up from 93.2% from the year before. Assets are regularly evaluated for potential enhancement or redevelopment opportunities to improve on quality and add additional value to income streams, while considering a wide range of ESG factors in the process.

As a responsible approach to sustainable investment, the Manager has incorporated environment due diligence into the acquisition process to identify underlying environmental risks prior to acquisition. In FY 2020, 100% of new investments have been screened against environmental criteria.

To ensure that CEREIT can keep up with rapidly changing market conditions, the Manager continuously monitors global and local market trends, and adapts its business model as necessary. The importance of constant business model refinement resulted in the addition of 'business model innovation' as a new materiality topic for 2021. The Manager is actively re-positioning CEREIT closer to 50% exposure to light-industrial / logistics in its portfolio and is now exploring additional logistics opportunities, including the post-Brexit U.K. market. CEREIT has a number of major development opportunities in its portfolio and the Manager continues to make progress on planning and approval processes for key locations. Data centres remain a focus for CEREIT, but accretive opportunities will be harder to come by because the sector is also very sought-after by investors.

CEREIT's financial performance is covered in more detail in the Manager's Report section on pages 40 to 46 as well as in the Financial Statements section on pages 194 to 270 of this Annual Report.

Governance

The Manager of CEREIT is committed to conducting its business in an ethical and responsible manner to manage risks and protect investors' interest. The Manager has a set of policies, each 'owned' by a senior management team member and enforced across CEREIT's operations. Regular reviews of policies are conducted by the management team based on a risk-based approach, with critical policies reviewed at least annually with confirmation accorded by a delegation of authority determined by the Board.

The Board works with the Manager to ensure a sound risk management system. CEREIT has an ERM policy and a supporting framework to promote an understanding of risk and the opportunities to manage identified risks for the benefit of Unitholders and other stakeholders. Activities undertaken include a combination of monitoring of risk through regular meetings of the ARC; maintaining a risk register that outlines risks, risk ratings and controls; and testing of adherence to established processes for all functions. Risk management frameworks cover major management processes such as compliance, due diligence, asset plans, property management reports, debt plans, capital management and maintenance programs. CEREIT continuously improves processes to meet industry accepted best- practices and is looking to adopt the MAS Guidelines on Environmental Risk Management for Asset Managers to further enhance the resilience of our assets against environmental risks.

Protecting stakeholders' personal information and maintaining trust and competency in IT systems and preventing cybercrime extends to all areas of the business. Operating within the Group's IT infrastructure, the Manager adopts policies and practices from the Group, including an updated "IT Code of Practice" and a mandatory tailored online training program on GDPR compliance during the year. In Singapore, the Manager also aligns its cyber practices to the MAS Technology Risk Management guidelines and maintains regularly updated policy and practices in accordance with PDPA. The Sponsor has attained the ISO27001 information security management systems certification.

The Manager operates as a wholly-owned subsidiary of the Sponsor and abides by all applicable group policies that cover the protection and promotion of fundamental human rights, both within direct operations and its supply chain, and specifically the Group Supplier Code of Conduct. In FY 2020, the Procurement Working Group was established in Cromwell to oversee the development and integration of a dynamic Group Procurement Framework, which increases awareness, transparency and accountability of sustainable procurement practices. The Group procurement policy is aligned with ISO20400 sustainable procurement principles, as well as the Human Rights Policy in response to the Modern Slavery Act. Cromwell's service providers that are assessed to have higher risks or engaged on significant projects are required to sign a Group Supplier Code of Conduct, now available in 11 languages.

The Manager's governance practices are outlined in detail in the Manager's corporate governance statement. The statement is prepared in accordance with the Code and other relevant global best-practice governance practises and can be found on pages 144 to pages 175 of this Annual report.

People

'People matter' values are at the core of Cromwell's operations and the Manager has adopted and practices the Group's core values in its day-to-day operations -Principled, Respectful and Responsible. Today, the Manager's team has grown to 15 full-time members, with five team members in Europe and ten in Singapore.

The Manager's CEO with members of the compliance, operations and investor relation teams

SUSTAINABILITY


The Manager's CFO with members of the finance team

In FY 2020, the team participated in the annual group–wide employee engagement survey with 100% participation and achieved an 89% overall engagement score (25 points above the Group average of 64% and 20 points up from last year). The improvement in employee engagement was a key focus of the management team, with new health and education programs, the introduction of an Employee Enhancement Scheme and an increase in cross-team work during COVID-19 lockdown all contributing to this result. The Manager practices annual performance appraisals for all employees, who all participate in the Performance Unit Program, a long-term incentive plan, with CEREIT Units granted from the Manager's own holdings at no cost to CEREIT.

In keeping with the Group's practices, the Manager provides a competitive remuneration package in line with industry standards, (targeting top quartile in benchmark studies), including annual health check-ups, comprehensive medical coverage, access to well-being assistance programs and working environment conducive to personal and professional growth. Cromwell has also introduced a Group-wide leadership framework used for competency measurement and to provide clarity for employees who wish to progress to other levels within the Group. The Manager is working to adopt the framework for its FY 2021 performance cycle. The framework is supported by Workday – a human capital management software facilitating employee learning and development. In FY 2020, the average training hours per employee decreased slightly to 20.5 hours from 22 hours in FY 2019. The slight dip as compared to FY 2019 was caused by the inability to attend face-to-face training programmes due to COVID-19 disruptions, but the target of 20 hours per employee was nevertheless achieved.

The Manager recognises that an inclusive and safe culture promotes a sense of wellbeing which increases engagement, and in turn, supports strong performance. In FY 2020, the Manager formalised its commitment to a diverse, inclusive and safe workplace with the adoption of two new material ESG topics for FY 2021 – 'keeping our people and communities safe' and 'creating and embracing a diverse and inclusive workforce'. The Manager has also adopted applicable Group P&C policies covering amongst others diversity and inclusion and equal opportunity and established regional D&I sub-committee to champion and support D&I, assist with the facilitation of D&I initiatives and provide a local lens on D&I actions. For a start, a four-part education series for

People Leaders on leading inclusively and a compulsory Workday module on D&I for all employees were delivered during the year.

At the onset of COVID-19, the Manager acted swiftly and established a number of changes to protect the health and safety of its employees. Appropriate controls were put in place including employee safety education, improved hygiene practices and social distancing. The Singapore, the Luxembourg and the German offices now operate on a mix of work-from-home and return-to-office arrangements in line with the local regulations. The Manager is pleased to confirm none of its employees in Singapore or Europe have contracted COVID-19 to date.

The Manager is also aware of the psychological risks that can be associated with office-based work. Additional stress and social isolation caused by COVID-19 highlighted the on-going need to provide emotional support to its employees. Leveraging the Group's global wellbeing programme, the Singapore office now has access to company-sponsored mental wellbeing counselling services with expansion of the programme to the European offices to follow soon.

Beyond its own people, the Manager has an additional responsibility to ensure that tenant-customers, visitors and contractors are supported with healthy and productive environment. The Manager aims to conduct indoor air quality testing on all properties on an annual basis. Contracted companies are also expected to comply with the safety requirements of the Manager.

Stakeholders

The Manager applies Cromwell's 'customer focused' approach to stakeholder engagement in its day-to-day operations. Through regular engagement with key stakeholder groups, the Manager has an accurate understanding of stakeholder views and concerns and provides timely and effective responses. The Manager continues to evaluate the effectiveness of its stakeholder engagement activities and works to continually improve results. Key stakeholder groups are outlined in the table below.

Internal	Value Chain	Customers			External		
Employees	Suppliers	Tenant-Customers	Investors		Media	Industry, government bodies, regulators	Community
			Retail Unitholders	Institutional Investors			

Tenant-customer satisfaction

In FY 2020, the Manager conducted its third tenant-customer engagement survey to capture feedback on areas such as building management, communication, security and sustainability.

Results and feedback gathered are used by the property teams to develop and implement asset specific plans for buildings and each tenant-customer surveyed. Key highlights are included on the next page.

5 EPC stands for energy performance certificate. An EPC provides details on the energy performance of the property

SUSTAINABILITY

Strong community partnerships

Building on existing community partnerships, the Manager seeks to create greater positive impact to the local communities in which it operates. Due to the cessation of face-to-face volunteering and fundraising events as a result of COVID-19, the Manager explored alternatives to continue its commitment to increasing its financial donations and deepening its engagements with the communities. In 2020, the Manager helped its adopted charity Child at Street 11 set up a virtual fundraising campaign which raised over S$140,000 in two campaigns, well surpassing the original campaign's target of S$80,000.

In FY 2021 the Manager is looking to expand its community programme to joint activities with key business partners. The team also plans to resume its face-to-face community outreach activities and roll-out the volunteer programme as soon as the COVID-19 social distancing measures currently in place allow.

Active investor engagement

To build brand awareness and keep all Unitholders informed about CEREIT's financial results and operating performance, the Manager runs a proactive investor outreach programme via its dedicated investor relations team. During the year, the team and management conducted more than 140 virtual and physical briefings and meetings, engaging with more than 1000 retail investors, 700 institutional investors and 160 analysts. A debt roadshow in FY 2020 culminated in a landmark inaugural bond launch of €300 million in November 2020, followed by a €200 million tap issue in January 2021. CEREIT is now well-supported by a diversified roster of global institutional equity and debt investors.

Environment

The Manager aims to minimise the environmental impact of its assets and adopt high ESG standards in its operations. Cromwell had its Australian portfolio certified to ISO14001, an international standard on Environmental Management Systems in FY 2019. A review is well underway to formulate a strategy to roll out the certification across the European business, covering CEREIT's assets as well. The system will provide a formalised framework to enhance environmental performance, support continuous improvement, disclosure and engagement with respective stakeholders.

In the 2020 GRESB assessment, CEREIT achieved exceptional performance with 73 points (9% increase from the 2019 assessment). With this, CEREIT is now ranked 8th amongst its 'Diversified – Office / Industrial (Europe)' immediate peer group, well-above its peer average.

As at the end of FY 2020, close to 70% of CEREIT's office portfolio is green certified, CEREIT holds 20 BREEAM (up from 11 in FY 2019) and one LEED certifications. The Manager plans to obtain sustainable building certifications for more of its buildings and improve existing EPC ratings and has launched a program to roll out sustainability measures ranging from LED lighting, smart meters, solar panels, BMS control and ground source heating pumps across the CEREIT portfolio.

The *Decret Tertiaire* (Tertiary Decree) was passed in France in October 2019, mandating all building owners and tenants to actively reduce energy consumption in buildings including office spaces, light industrial and logistics by at least -40% by 2030 and -60% by 2050. To comply with the regulation, the Manager has audited 100% of its French portfolio energy performance and carbon emissions. The Manager is now working with third-party consultants to develop action plans that will help CEREIT meet the reduction goals, which the Manager is committed to do so. Further details on CEREIT's initiatives to meet the Tertiary Decree's requirements will be disclosed in the FY 2020 Sustainability Report.

Consistent with its Sponsor, the Manager acknowledges the UN Principle 15 approach in applying the Precautionary Principle. In anticipation of increased impact from climate change, the Manager has conducted a physical climate risk review for over 90 properties in its portfolio in FY 2019. The review included an assessment of potential physical climate risks based on geography and portfolio resilience to these risks based on its current adaptation measures. In FY 2020, the Manager expanded the review to assess carbon pricing risks and how they may translate to financial downsides and stranded assets for CEREIT. Results from this study will support the Manager in developing effective asset and capital management plans to address these risks, including establishing asset-level quantitative carbon emission reduction targets in line with the Paris Agreement goals and aligning its operations and reporting with disclosure requirements set out by the TCFD and SFDR.

A more detailed report on environment practices and performance will be included in the full FY 2020 Sustainability Report to be published in late May 2021.

"As the largest energy company in the Netherlands, we aim to ensure that the energy transition is successful for everyone. We always look at the influence of our decisions on people, the environment and the economy. In Cromwell European REIT we have found a partner to translate our corporate social responsibility goals into a pleasant and sustainable workplace for all our employees."

Essent, anchor tenant-customer *at Bastion, 's-Hertogenbosch, The Netherlands*

"Our clients are our priority, we believe it is critical that they feel safe and welcome when they enter one of our offices. Cromwell European REIT really took our needs into account when they designed the new entrance area."

Slachtofferhulp Nederland, *major tenant-customer at Moeder Teresalaan 100 / 200, Utrecht, The Netherlands*

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FINANCIAL STATEMENTS AND OTHER INFORMATION

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NOTES TO THE FINANCIAL STATEMENTS

REPORT OF THE TRUSTEE

For the year ended 31 December 2020

Perpetual (Asia) Limited (the "Trustee") is under a duty to take into custody and hold the assets of Cromwell European Real Estate Investment Trust (the "Trust") and its subsidiaries (collectively "CEREIT") in trust for the holders of units ("Unitholders") in the Trust. In accordance with, among other things, the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes and the Listing Manual (collectively referred to as the "laws and regulations"), the Trustee shall monitor the activities of Cromwell EREIT Management Pte. Ltd. (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 28 April 2017 (as amended, varied or supplemented from time to time) (the "Trust Deed") between the Manager and the Trustee in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed CEREIT and its subsidiaries during the year covered by these financial statements, set out on pages 200 to 270 in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee,
Perpetual (Asia) Limited

Ms Sin Li Choo
Director

Singapore
Date: 30 March 2021

STATEMENT BY THE MANAGER

For the year ended 31 December 2020

In the opinion of the Directors of the Manager, the accompanying financial statements set out on pages 200 to 270, comprising Balance Sheets and Statements of Movements in Unitholders' Funds of Cromwell European Real Estate Investment Trust (the "Trust") and its subsidiaries (collectively referred to as "CEREIT"), Consolidated Statement of Total Return, Consolidated Statement of Comprehensive Income, Consolidated Distribution Statement, Consolidated Statement of Cash Flows, Statement of Portfolio of CEREIT and notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the consolidated balance sheet of CEREIT and the balance sheet of the Trust as at 31 December 2020, and the Consolidated Statement of Total Return, Consolidated Statement of Comprehensive Income, Consolidated Distribution Statement, Consolidated Statement of Movements In Unitholders' Funds, Consolidated Statement of Cash Flows and Statement of Portfolio of CEREIT and the Statement of Movements in Unitholders' Funds of the Trust for the year then ended on that date in accordance with International Financial Reporting Standards adopted by the International Accounting Standards Board, the recommendations of Statement of Recommended Accounting Practice 7 (Revised 2017) Reporting Framework for Unit Trusts issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed. At the date of this statement, there are reasonable grounds to believe that CEREIT and the Trust will be able to meet their financial obligations as and when they materialise.

For and on behalf of the Manager,
Cromwell EREIT Management Pte. Ltd.

Mr Simon Garing
Director

Singapore
Date: 30 March 2021

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF CROMWELL EUROPEAN REAL ESTATE INVESTMENT TRUST

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Cromwell European Real Estate Investment Trust ("Trust") and its subsidiaries (collectively referred to as "CEREIT"), which comprise the consolidated balance sheet of CEREIT and the balance sheet of the Trust as at 31 December 2020, and the Consolidated Statement of Total Return, Consolidated Statement of Comprehensive Income, Consolidated Distribution Statement, Consolidated Statement of Movements in Unitholders' Funds, Consolidated Statement of Cash Flows and Statement of Portfolio of CEREIT and the Statement of Movements in Unitholders' Funds of the Trust for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 200 to 270.

In our opinion, the accompanying consolidated financial statements of CEREIT, and the balance sheet and statement of movements in unitholders' funds of the Trust are properly drawn up in accordance with International Financial Reporting Standards ("IFRS") so as to give a true and fair view of the consolidated financial position of CEREIT and the financial position of the Trust as at 31 December 2020, and of the Consolidated Statement of Total Return, Consolidated Statement of Comprehensive Income, Consolidated Distribution Statement, Consolidated Statement of Movements in Unitholders' Funds, Consolidated Statement of Cash Flows and Statement of Portfolio of CEREIT and the Statement of Movements in Unitholders' Funds of the Trust for the year ended on that date in accordance with the recommendations of *Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts"* ("RAP 7") issued by the Institute of Singapore Chartered Accountants.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of CEREIT in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF CROMWELL EUROPEAN REAL ESTATE INVESTMENT TRUST

Key Audit Matter

Fair valuation and Disclosure of Fair Value for Investment Properties

CEREIT owns a portfolio of investment properties as at 31 December 2020, comprising mainly commercial office and light industrial complexes across seven European countries which includes Denmark, Finland, France, Germany, Italy, the Netherlands and Poland. The investment properties represent the single largest category of assets with a carrying amount of €2,185 million as at 31 December 2020.

CEREIT has adopted the fair value model under IAS 40 Investment Property which requires all the investment properties to be measured at fair value. The Group has engaged external independent valuers ("Valuers") to perform the fair value assessment for all 96 investment properties except for 1 property in Italy whose fair value is based on the acquisition price on 23 December 2020. Given the insignificant period lapsed from the transaction date to the financial year end, the Directors and the Manager considered the transaction price of €52.6 million to be equal to the fair value of the properties at financial year end.

The fair valuation of investment properties is considered to be a matter of significance as the valuation process requires the application of judgement in determining the appropriate valuation methodology to be used, use of subjective assumptions and various unobservable inputs. The fair valuations are sensitive to underlying assumptions applied in deriving the underlying cash flows and capitalisation rates as a small change in these assumptions can result in an increase or decrease in fair valuation of the investment properties.

The Valuers for six properties in Poland and two properties in Italy amounting to €268.7 million have highlighted in their valuation reports set out in Note 8(e) to the financial statements that as a result of COVID-19, there is limited transactional evidence and less certainty with regards to valuations and that market value can change rapidly in the context of current market conditions. Accordingly, the Valuers have stated that it has been necessary to make more judgements than are usually required for these assets and the Group has reported the valuation of these properties on the basis of a "material valuation uncertainty". Based on external valuation report issued by the valuer for the Italian properties, the material valuation uncertainty arises from shortage of market evidence for comparison purposes whereas for the external valuation report issued by the valuer for the Polish properties, this is mainly due to lower levels of transactional activity and liquidity.

The valuation techniques, their key inputs and the inter-relationships between the inputs and the valuation have been disclosed in Note 8 to the consolidated financial statements.

How the matter was addressed in the audit

We have assessed CEREIT's process of appointment and determination of the scope of work of the Valuers, as well as their process of reviewing, and accepting the Valuers' investment property valuations.

We have reviewed the qualifications, competence, independence, and the terms of the engagement of the Valuers with CEREIT to determine whether there were any matters which might affect objectivity of the Valuers or impede their scope of work.

We held discussions with management and the Valuers on the valuation reports, and engaged our valuation specialists to assist in:

- Assessing the valuation methodology, assumptions and estimates used by the Valuers against general market practice for similar types of properties;
- Comparing valuation assumptions and the underlying cash flows and capitalisation rates to historical rates, and available industry data for comparable markets and properties;
- Reviewing the integrity of the valuation calculations, valuation inputs, including review of lease schedules, lease agreements and comparison to the inputs made to the projected cash flows; and
- Reviewed management's considerations on the implications of COVID-19 and market uncertainty in the valuations.

Based on the audit procedures performed, the fair valuation of the properties and the various inputs used are within a reasonable range of our expectations.

We have assessed and validated the adequacy and appropriateness of the disclosures made in the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF CROMWELL EUROPEAN REAL ESTATE INVESTMENT TRUST

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager and Directors of the Manager for the Financial Statements

Cromwell EREIT Management Pte. Ltd. (the "Manager" of CEREIT) is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the recommendations of *Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts"* issued by the Institute of Singapore Chartered Accountants and comply with the relevant provisions of the Trust Deed dated 28 April 2017 (as amended, varied or supplemented from time to time) (collectively, the "Trust Deed"), and the relevant requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing CEREIT's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate CEREIT or to cease operations, or has no realistic alternative but to do so.

The responsibilities of the Directors of the Manager include overseeing CEREIT's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CEREIT's internal control.

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF CROMWELL EUROPEAN REAL ESTATE INVESTMENT TRUST

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on CEREIT's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause CEREIT to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within CEREIT to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors of the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors of the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors of the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the financial statements have been properly prepared in accordance with the relevant provisions of the Trust Deed and the relevant requirements of the CIS Code.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Shariq Barmaky.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

30 March 2021

CONSOLIDATED STATEMENT OF TOTAL RETURN

For the year ended 31 December 2020

		CEREIT	
		2020	**2019**
	Note	**€'000**	**€'000**
Gross revenue	2	186,972	177,046
Property operating expense		(69,643)	(60,900)
Net property income		**117,329**	**116,146**
Net finance costs	9(b)	(17,894)	(18,786)
Manager's fees	3(b)	(5,246)	(6,620)
Trustee fees	3(a)	(260)	(250)
Trust expenses		(4,945)	(5,200)
Net income before tax and fair value changes	**4(a)**	**88,984**	**85,290**
Loss on disposal of assets/liabilities held for sale	16	(358)	–
Gain on disposal of investment property	8(d)	–	2,018
Fair value gain – investment properties	8(b)	8,569	42,378
Fair value (loss)/gain – derivative financial instruments		(658)	355
Total return for the year before tax		**96,537**	**130,041**
Income tax expense	7(a)	(17,174)	(20,996)
Total return for the year attributable to Unitholders		**79,363**	**109,045**
Earnings per unit			
Basic and diluted earnings per unit (€ cents)	5	3.105	4.598

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	CEREIT	
	2020 €'000	2019 €'000
Total return for the year	**79,363**	**109,045**
Other comprehensive income for the year, net of tax	–	–
Total comprehensive income for the year	**79,363**	**109,045**

The accompanying notes form an integral part of the financial statements.

BALANCE SHEETS

For the year ended 31 December 2020

		CEREIT		Trust	
	Note	2020 €'000	2019 €'000	2020 €'000	2019 €'000
Current assets					
Cash and cash equivalents		43,593	79,250	2,102	14,346
Assets held for sale	16	–	68,953	–	–
Receivables	14(a)	15,943	57,002	16,202	114,122
Current tax assets		1,397	1,260	–	–
Total current assets		**60,933**	**206,465**	**18,304**	**128,468**
Non-current assets					
Investment properties	8(b)	2,184,529	2,041,499	–	–
Investments in subsidiaries	13	–	–	1,328,482	1,199,789
Receivables	14(a)	1,028	605	–	–
Derivative financial instruments	10	126	883	–	–
Deferred tax assets	7(c)	3,836	5,421	–	–
Total non-current assets		**2,189,519**	**2,048,408**	**1,328,482**	**1,199,789**
Total assets		**2,250,452**	**2,254,873**	**1,346,786**	**1,328,257**
Current liabilities					
Borrowings	9	–	20,438	–	–
Payables	14(b)	28,515	30,757	117,065	178,442
Current tax liabilities		2,943	6,885	–	–
Derivative financial instruments	10	–	99	–	–
Other current liabilities	15	25,418	41,253	–	–
Liabilities held for sale	16	–	1,770	–	–
Total current liabilities		**56,876**	**101,202**	**117,065**	**178,442**
Non-current liabilities					
Payables	14(b)	–	301	112,022	–
Borrowings	9	847,068	803,360	–	–
Deferred tax liabilities	7(c)	36,627	28,133	–	–
Other non-current liabilities	15	7,729	7,289	–	–
Total non-current liabilities		**891,424**	**839,083**	**112,022**	**–**
Total liabilities		**948,300**	**940,285**	**229,087**	**178,442**
Net assets attributable to Unitholders		**1,302,152**	**1,314,588**	**1,117,699**	**1,149,815**
Represented by:					
Unitholders' funds		**1,302,152**	**1,314,588**	**1,117,699**	**1,149,815**
Units in issue ('000)	11(b)	2,556,081	2,547,787	2,556,081	2,547,787
Net asset value per Unit (€ cents)		50.9	51.6	43.7	45.1

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED DISTRIBUTION STATEMENT

For the year ended 31 December 2020

	CEREIT 2020 €'000	CEREIT 2019 €'000
Income available for distribution at 1 January	51,844	34,464
Total return for the year	79,363	109,045
Distribution adjustments (Note A)	9,780	(12,147)
Income available for distribution to Unitholders	**140,987**	**131,362**
Distributions declared to Unitholders during the year (Note B)	(96,196)	(79,518)
Income available for distribution at 31 December	**44,791**	**51,844**
Distribution per Unit ("DPU") (€ cents) for the year	3.484	4.080
Note A – Distribution adjustments		
Trustee fees	260	250
Straight-line rent adjustments and leasing fees	(2,582)	(657)
Property Manager's fees paid in CEREIT units	–	5,440
Manager's fees paid in CEREIT units	–	6,301
Amortisation of debt issuance costs	4,022	5,981
Facility break fee	(38)	719
Loss on disposal of assets/liabilities held for sale	358	–
Gain on disposal of investment property	–	(2,018)
Fair value adjustments – investment properties	(8,569)	(42,378)
Fair value adjustments – derivative financial instruments	658	(355)
Net foreign exchange loss	382	53
Deferred tax expense	10,082	13,697
Tax expense relating to the divestment of investment properties	1,843	820
Distribution of divestment gain	2,814	–
Other adjustments	550	–
	9,780	(12,147)
Note B – Distributions declared to Unitholders during the year		
Distribution of 1.570 Euro cents per Unit ("cpu") from 1 Jul 2018 to 31 Dec 2018	–	34,402
Distribution of 2.050 cpu from 1 Jan 2019 to 1 Jul 2019	–	45,116
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	–
	96,196	79,518

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

For the year ended 31 December 2020

	CEREIT		Trust	
	2020 €'000	**2019 €'000**	**2020 €'000**	**2019 €'000**
Operations				
At 1 January	77,681	48,154	(87,433)	(32,802)
Total return for the year	79,363	109,045	59,683	24,887
Distributions to Unitholders	(96,196)	(79,518)	(96,196)	(79,518)
At 31 December	60,848	77,681	(123,946)	(87,433)
Unitholders' contributions				
At 1 January	1,236,795	1,070,501	1,237,132	1,070,501
Issue of units:				
– Private placement	–	150,000	–	150,000
– Base management fees	962	5,112	962	5,112
– Property & portfolio management fees	1,493	5,956	1,493	5,956
– Performance management fees	1,952	–	1,952	–
– Acquisition fees	–	3,125	–	3,125
– Purchase consideration	–	5,000	–	5,000
Issue expenses	(10)	(2,899)	(10)	(2,562)
At 31 December	1,241,192	1,236,795	1,241,529	1,237,132
Reserves				
At 1 January and 31 December	112	112	116	116
Unitholders' funds at 31 December	**1,302,152**	**1,314,588**	**1,117,699**	**1,149,815**

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the year ended 31 December 2020

		CEREIT	
	Note	2020 €'000	2019 €'000
Cash flows from operating activities			
Total return for the year before tax		96,537	130,041
Adjustments for:			
Amortisation of lease costs and incentives		1,499	(3,269)
Effect of recognising rental income on a straight-line basis		(2,582)	(4,064)
Loss on disposal of assets/liabilities held for sale		358	–
Gain on disposal of investment property		–	(2,018)
Net finance costs		17,894	18,786
Allowance for credit losses		3,062	–
Manager's fees and property manager's fees paid in CEREIT units		–	11,741
Change in fair value of investment properties		(8,569)	(42,378)
Change in fair value of derivative financial instruments		658	(355)
Net foreign exchange loss		382	53
Operating cash flows before movements in working capital		109,239	108,537
Changes in operating assets and liabilities:			
Decrease/(increase) in receivables		17,881	(1,830)
Increase/(decrease) in payables		544	(10,847)
(Decrease)/increase in other liabilities		(17,671)	6,011
Cash generated from operations		**109,993**	**101,871**
Interest paid		(13,703)	(11,445)
Interest received		1	82
Tax paid		(7,708)	(3,092)
Net cash provided by operating activities		**88,583**	**87,416**
Cash flows from investing activities			
Payments for acquisitions of subsidiaries, net of cash		–	(154,125)
Payments for acquisition of investment properties		(104,822)	(172,078)
Payment of transaction costs for acquisition of investment properties		(5,121)	(14,608)
Payment of deposits for acquisition of investment properties		(1,000)	(1,900)
Payments for capital expenditure on investment properties		(20,968)	(11,216)
Refund of/(payment for) VAT in relation to acquisition of investment properties		20,438	(20,349)
Proceeds from disposal of assets/liabilities held for sale, net of cash disposed of		65,812	–
Proceeds from sale of investment property		–	19,004
Payment of transaction costs for disposal of investment property		(601)	(95)
Net cash used in investing activities		**(46,262)**	**(355,367)**
Cash flows from financing activities			
Net proceeds from issuance of CEREIT units		–	147,563
Payment of unit issue costs		(10)	(2,071)
Proceeds from bank borrowings		450,000	862,911
Repayment of bank borrowings		(423,418)	(630,372)
Payment for transaction costs related to borrowings and Medium Term Notes		(8,020)	(7,696)
Payment to acquire/ for settlement of derivative financial instruments		–	(727)
Distributions paid to Unitholders		(96,196)	(79,518)
Payment of finance lease		(334)	(334)
Net cash (used in)/provided by financing activities		**(77,978)**	**289,756**
Net (decrease)/increase in cash and cash equivalents		**(35,657)**	**21,805**
Cash and cash equivalents at 1 January		79,250	57,755
Cash and cash equivalents classified to assets held for sale	16	–	(310)
Cash and cash equivalents at 31 December		**43,593**	**79,250**

Refer to note 18 for details of non-cash transactions and a reconciliation of movements in net debt.

The accompanying notes form an integral part of the financial statements.

STATEMENT OF PORTFOLIO

As at 31 December 2020

Property *(by Geography)*	**Location**	**Acquisition Date**
The Netherlands		
Office		
Haagse Poort	Prinses Beatrixlaan 35 – 37 & Schenkkade 60 – 65, Den Haag	30 Nov 2017
Central Plaza	Plaza 2 – 25 (retail) / Weena 580 – 618 (offices), Rotterdam	19 Jun 2017
Bastion	Willemsplein 2 – 10, 's-Hertogenbosch	28 Dec 2018
Moeder Teresalaan 100 / 200	Moeder Teresalaan 100 / 200, Utrecht	28 Dec 2018
De Ruyterkade 5	De Ruyterkade 5, Amsterdam	19 Jun 2017
Koningskade 30	Koningskade 30, Den Haag	19 Jun 2017
Blaak 40	Blaak 40, Rotterdam	30 Nov 2017
Light Industrial / Logistics		
Veemarkt	Veemarkt 27-75 / 50-76 / 92-114, Amsterdam	30 Nov 2017
Boekweitstraat 1 – 21 & Luzernestraat 2 – 12	Boekweitstraat 1 – 21 & Luzernestraat 2 – 12, Nieuw–Vennep	30 Nov 2017
Capronilaan 22 – 56	Capronilaan 22 – 56, Schiphol-Rijk	30 Nov 2017
Folkstoneweg 5 – 15	Folkstoneweg 5 – 15, Schiphol	30 Nov 2017
Kapoeasweg 4 – 16	Kapoeasweg 4 – 16, Amsterdam	30 Nov 2017
Italy		
Office		
Piazza Affari 2	Piazza degli Affari 2, Milan	30 Nov 2017
Via dell'Amba Aradam 5	Via dell'Amba Aradam 5, Rome	30 Nov 2017
Via Pianciani 26	Via Pianciani 26, Rome	30 Nov 2017
Building F7-F11	Viale Milanofiori 1, Assago	30 Nov 2017
Via Camillo Finocchiaro Aprile 1	Via Camillo Finocchiaro Aprile 1, Genova	05 Dec 2018
Via Nervesa 21	Via Nervesa 21, Milan	30 Nov 2017
Cassiopea 1-2-3	Via Paracelso 22-24-26, Milan	28 Nov 2019
Nuova ICO	Via Guglielmo Jervis 9, Ivrea	27 Jun 2018
Via della Fortezza 8	Via della Fortezza 8, Florence	15 Feb 2018
Corso Lungomare Trieste 29	Corso Lungomare Trieste 29, Bari	05 Dec 2018
Corso Annibale Santorre di Santa Rosa 15	Corso Annibale Santorre di Santa Rosa 15, Cuneo	30 Nov 2017
Via Rampa Cavalcavia 16-18	Via Rampa Cavalcavia 16-18, Venice Mestre	30 Nov 2017
Light Industrial / Logistics		
Centro Logistico Orlando Marconi	Via del Lavoro, 63076 Monteprandone	23 Dec 2020
Strada Provinciale Adelfia	Strada Provinciale Adelfia, Rutigliano	30 Nov 2017

n/a – not applicable

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

STATEMENT OF PORTFOLIO

As at 31 December 2020

Land Tenure	Remaining Term (Years) 2020	Remaining Term (Years) 2019	Carrying Amount 2020 €'000	Carrying Amount 2019 €'000	Percentage of Net Assets 2020 %	Percentage of Net Assets 2019 %
Part Freehold, Part Right of Superficies and Part Perpetual leasehold	n/a	n/a	173,500	169,400	13.3	12.9
Freehold/ leasehold[1]	n/a 67.6	n/a 68.6	164,855	164,200	12.7	12.5
Freehold	n/a	n/a	78,600	79,000	6.0	6.0
Perpetual leasehold	n/a	n/a	59,300	57,000	4.6	4.3
Continuing leasehold	67.5	68.5	54,700	52,350	4.2	4.0
Perpetual leasehold	n/a	n/a	21,420	18,600	1.6	1.4
Freehold	n/a	n/a	16,100	16,900	1.2	1.3
Continuing leasehold	Various 18.0 – 22.0	Various 19.0 – 23.0	41,100	37,150	3.2	2.8
Freehold	n/a	n/a	7,560	6,050	0.6	0.5
Freehold	n/a	n/a	7,060	6,850	0.5	0.5
Leasehold	18.9	19.9	4,560	5,350	0.4	0.4
Freehold	n/a	n/a	4,480	3,900	0.3	0.3
Freehold	n/a	n/a	89,800	87,000	6.9	6.6
Freehold	n/a	n/a	49,000	50,700	3.8	3.9
Freehold	n/a	n/a	32,600	33,500	2.5	2.5
Freehold	n/a	n/a	26,400	27,100	2.0	2.1
Freehold	n/a	n/a	23,700	23,950	1.8	1.8
Freehold	n/a	n/a	23,325	25,400	1.8	1.9
Freehold	n/a	n/a	16,650	17,700	1.3	1.3
Freehold	n/a	n/a	16,525	16,950	1.3	1.3
Freehold	n/a	n/a	16,375	16,900	1.3	1.3
Freehold	n/a	n/a	11,475	12,250	0.9	0.9
Freehold	n/a	n/a	7,860	8,850	0.6	0.7
Freehold	n/a	n/a	5,220	5,500	0.4	0.4
Freehold	n/a	n/a	52,575	–	4.0	–
Freehold	n/a	n/a	12,675	12,575	1.0	1.0

The accompanying notes form an integral part of the financial statements.

STATEMENT OF PORTFOLIO

As at 31 December 2020

Property *(by Geography)*	**Location**	**Acquisition Date**
Italy (continued)		
Other		
Viale Europa 95	Viale Europa 95, Bari	30 Nov 2017
Starhotels Grand Milan	Via Varese 23, Saronno	30 Nov 2017
Via Madre Teresa 4	Via Madre Teresa 4, Lissone	30 Nov 2017
Via Salara Vecchia 13	Via Salara Vecchia 13, Pescara	30 Nov 2017
Via Brigata Padova 19	Via Brigata Padova 19, Padova	30 Nov 2017
France		
Office		
Cap Mermoz	38-44 rue Jean Mermoz, Maisons-Laffitte, Paris	17 Jul 2019
Paryseine	3 Allée de la Seine, Ivry-Sur Seine, Paris	17 Jul 2019
Lénine	1 rue de Lénine, 94200 Ivry-Sur Seine, Ivry-Sur Seine, Paris	17 Jul 2019
Light Industrial / Logistics		
Parc des Docks	50 rue Ardoin, Saint Ouen	30 Nov 2017
Parc des Guillaumes	58 rue de Neuilly – 2 rue du Trou Morin, ZAC des Guillaumes, Noisy-le-Sec	30 Nov 2017
Parc des Grésillons	167-169 avenue des Grésillons, Gennevilliers	30 Nov 2017
Parc du Landy	61 rue du Landy, Aubervilliers	30 Nov 2017
Parc Delizy	32 rue Délizy, Pantin	30 Nov 2017
Parc Urbaparc	75-79 rue du Rateau, La Courneuve	30 Nov 2017
Parc Béziers	Rue Charles Nicolle, Villeneuve-lès-Béziers	23 Jan 2019
Parc du Merantais	1-3 rue Georges Guynemer, Magny-Les-Hameaux	30 Nov 2017
Parc des Érables	154 allée des Érables, Villepinte	30 Nov 2017
Parc Jean Mermoz	53 rue de Verdun – 81, rue Maurice Berteaux, La Courneuve	30 Nov 2017
Parc Louvresses	46-48 boulevard Dequevauvilliers, Gennevilliers	14 Feb 2019
Parc le Prunay	13-41 rue Jean Pierre Timbaud, ZI du Prunay, Sartrouville	30 Nov 2017
Parc Locaparc 2	59-65 rue Edith Cavell, Vitry-sur-Seine	30 Nov 2017
Parc de Champs	40 boulevard de Nesles, ZAC le Ru du Nesles, Champs sur Marne	30 Nov 2017
Parc Acticlub	2 rue de la Noue Guimante, ZI de la Courtillière, Saint Thibault des Vignes	30 Nov 2017
Parc Parçay-Meslay	ZI du Papillon, Parcay-Meslay	23 Jan 2019
Parc de Popey	5 chemin de Popey, Bar-le-Duc	30 Nov 2017
Parc du Bois du Tambour	Route de Nancy, Gondreville	30 Nov 2017
Parc Sully	105 route d'Orléans, Sully-sur-Loire	23 Jan 2019

n/a – not applicable

STATEMENT OF PORTFOLIO

As at 31 December 2020

Land Tenure	Remaining Term (Years) 2020	Remaining Term (Years) 2019	Carrying Amount 2020 €'000	Carrying Amount 2019 €'000	Percentage of Net Assets 2020 %	Percentage of Net Assets 2019 %
Freehold	n/a	n/a	76,500	81,000	5.9	6.2
Freehold	n/a	n/a	17,050	20,000	1.3	1.5
Freehold	n/a	n/a	16,350	19,750	1.3	1.5
Freehold	n/a	n/a	12,300	12,750	0.9	1.0
Freehold	n/a	n/a	4,430	4,850	0.3	0.4
Freehold	n/a	n/a	35,600	36,000	2.7	2.7
Freehold	n/a	n/a	29,100	36,800	2.2	2.8
Freehold	n/a	n/a	5,080	5,900	0.4	0.4
Freehold	n/a	n/a	135,300	125,500	10.4	9.5
Freehold	n/a	n/a	28,000	25,800	2.2	2.0
Freehold	n/a	n/a	23,400	19,600	1.8	1.5
Freehold	n/a	n/a	23,300	21,200	1.8	1.6
Freehold	n/a	n/a	18,500	18,800	1.4	1.4
Freehold	n/a	n/a	18,300	15,100	1.4	1.1
Freehold	n/a	n/a	11,000	10,700	0.8	0.8
Freehold	n/a	n/a	9,730	10,400	0.7	0.8
Freehold	n/a	n/a	9,210	7,700	0.7	0.6
Freehold	n/a	n/a	9,140	8,100	0.7	0.6
Leasehold	27	28	7,740	6,700	0.6	0.5
Freehold	n/a	n/a	7,660	5,300	0.6	0.4
Freehold	n/a	n/a	7,650	6,200	0.6	0.5
Freehold	n/a	n/a	7,240	6,100	0.6	0.5
Freehold	n/a	n/a	6,260	5,400	0.5	0.4
Freehold	n/a	n/a	4,850	5,700	0.4	0.4
Freehold	n/a	n/a	4,800	4,800	0.4	0.4
Freehold	n/a	n/a	3,990	4,000	0.3	0.3
Freehold	n/a	n/a	3,390	4,600	0.3	0.3

The accompanying notes form an integral part of the financial statements.

STATEMENT OF PORTFOLIO

As at 31 December 2020

Property *(by Geography)*	Location	Acquisition Date
Poland		
Office		
Business Garden	2, 4, 6, 8 and 10 Kolorowa Street, Poznań	24 Sep 2019
Green Office	80, 80A, 82 and 84 Czerwone Maki Street, Kraków	25 Jul 2019
Riverside Park	Fabryczna 5, Warsaw	14 Feb 2019
Avatar	28 Armii Krajowej Street, Kraków	25 Jul 2019
Grójecka 5	Grójecka 5, Warsaw	14 Feb 2019
Arkońska Business Park	Arkońska 1&2, Gdańsk	14 Feb 2019
Germany		
Light Industrial / Logistics		
Parsdorfer Weg 10	Parsdorfer Weg 10, Kirchheim	30 Nov 2017
An der Wasserschluft 7	An der Wasserschluft 7, 06526 Sangerhausen	13 Aug 2020
Siemensstraße 11	Siemensstraße 11, Frickenhausen	30 Nov 2017
Göppinger Straße 1 – 3	Pforzheim, Göppinger Straße 1 – 3	24 Mar 2020
Gewerbestraße 62	Bretten, Gewerbestraße 62	24 Mar 2020
An der Kreuzlache 8-12	An der Kreuzlache 8-12, Bischofsheim	30 Nov 2017
Henschelring 4	Henschelring 4, Kirchheim	30 Nov 2017
Frauenstraße 31	Frauenstraße 31, Maisach	30 Nov 2017
Gutenbergstraße 1, Dieselstraße 2	Königsbach-Stein, Gutenbergstraße 1, Dieselstraße 2	24 Mar 2020
Kolumbusstraße 16	Kolumbusstraße 16, Hamburg	30 Nov 2017
Dresdner Straße 16, Sachsenring 52	Dresdner Straße 16, Sachsenring 52, Straubing	30 Nov 2017
Hochstraße 150-152	Hochstraße 150-152, Duisburg	30 Nov 2017
Moorfleeter Straße 27, Liebigstraße 67-71	Moorfleeter Straße 27, Liebigstraße 67-71, Hamburg	30 Nov 2017
Kinzigheimer Weg 114	Kinzigheimer Weg 114, Hanau	30 Nov 2017
An der Steinlach 8-10	An der Steinlach 8-10, Bischofsheim	30 Nov 2017
Finland		
Office		
Grandinkulma	Kielotie 7, Vantaa	28 Dec 2018
Opus 1	Hitsaajankatu 24, Helsinki	28 Dec 2018
Plaza Vivace	Äyritie 8 C, Vantaa	28 Dec 2018
Plaza Forte	Äyritie 12 C, Vantaa	28 Dec 2018
Myyrmäenraitti 2	Myyrmäenraitti 2, Vantaa	28 Dec 2018
Pakkalankuja 6	Pakkalankuja 6, Vantaa	28 Dec 2018
Plaza Allegro	Äyritie 8 B, Vantaa	28 Dec 2018
Mäkitorpantie 3b	Mäkitorpantie 3b, Helsinki	28 Dec 2018
Kauppakatu 39	Kauppakatu 39, Kuopio	28 Dec 2018
Purotie 1	Purotie 1, Helsinki	28 Dec 2018
Pakkalankuja 7	Pakkalankuja 7, Vantaa	28 Dec 2018

n/a – not applicable

STATEMENT OF PORTFOLIO

As at 31 December 2020

Land Tenure	Remaining Term (Years) 2020	Remaining Term (Years) 2019	Carrying Amount 2020 €'000	Carrying Amount 2019 €'000	Percentage of Net Assets 2020 %	Percentage of Net Assets 2019 %
Freehold	n/a	n/a	85,900	89,100	6.6	6.8
Freehold	n/a	n/a	51,200	52,250	3.9	4.0
Freehold	n/a	n/a	30,200	32,100	2.3	2.4
Freehold/ Perpetual usufruct	n/a	n/a	28,100	29,050	2.2	2.2
Freehold	n/a	n/a	21,600	22,600	1.7	1.7
Freehold	n/a	n/a	18,300	18,800	1.4	1.4
Freehold	n/a	n/a	36,600	31,550	2.8	2.4
Freehold	n/a	n/a	18,350	–	1.4	–
Freehold	n/a	n/a	17,650	15,750	1.4	1.2
Freehold	n/a	n/a	16,875	–	1.3	–
Freehold	n/a	n/a	15,500	–	1.2	–
Freehold	n/a	n/a	13,700	13,250	1.1	1.0
Freehold	n/a	n/a	11,575	10,350	0.9	0.8
Freehold	n/a	n/a	11,450	8,650	0.9	0.7
Freehold	n/a	n/a	10,625	–	0.8	–
Freehold	n/a	n/a	10,300	9,200	0.8	0.7
Freehold	n/a	n/a	9,440	7,700	0.7	0.6
Freehold	n/a	n/a	9,390	8,300	0.7	0.6
Freehold	n/a	n/a	9,000	8,450	0.7	0.6
Freehold	n/a	n/a	3,670	3,600	0.3	0.3
Freehold	n/a	n/a	3,240	3,150	0.2	0.2
Freehold	n/a	n/a	13,500	12,900	1.0	1.0
Freehold	n/a	n/a	13,100	14,900	1.0	1.1
Freehold	n/a	n/a	12,575	12,975	1.0	1.0
Freehold	n/a	n/a	12,225	12,950	0.9	1.0
Freehold	n/a	n/a	11,700	12,000	0.9	0.9
Freehold	n/a	n/a	10,450	10,900	0.8	0.8
Freehold	n/a	n/a	9,990	10,525	0.8	0.8
Freehold	n/a	n/a	8,820	7,900	0.7	0.6
Freehold	n/a	n/a	7,230	7,400	0.6	0.6
Freehold	n/a	n/a	5,700	6,400	0.4	0.5
Freehold	n/a	n/a	5,600	6,150	0.4	0.5

The accompanying notes form an integral part of the financial statements.

STATEMENT OF PORTFOLIO

As at 31 December 2020

Property *(by Geography)*	**Location**	**Acquisition Date**
Denmark		
Light Industrial / Logistics		
Naverland 7-11	Naverland 7-11, Glostrup	30 Nov 2017
Priorparken 700	Priorparken 700, Brøndby	30 Nov 2017
Priorparken 800	Priorparken 800, Brøndby	30 Nov 2017
Stamholmen 111	Stamholmen 111, Hvidovre	30 Nov 2017
Herstedvang 2-4	Herstedvang 2-4, Albertslund	30 Nov 2017
Islevdalvej 142	Islevdalvej 142, Rødovre	30 Nov 2017
Naverland 8	Naverland 8, Glostrup	30 Nov 2017
Hørskætten 4-6	Hørskætten 4-6, Tåstrup	30 Nov 2017
Fabriksparken 20	Fabriksparken 20, Glostrup	30 Nov 2017
Hørskætten 5	Hørskætten 5, Tåstrup	30 Nov 2017
Naverland 12	Naverland 12, Glostrup	30 Nov 2017
Portfolio of investment properties, at fair value		
Other adjustments (note 8(a))		
Investment properties as shown in the balance sheet		
Other assets and liabilities, net		
Net assets		

n/a – not applicable

The accompanying notes form an integral part of the financial statements.

STATEMENT OF PORTFOLIO

As at 31 December 2020

Land Tenure	Remaining Term (Years)		Carrying Amount		Percentage of Net Assets	
	2020	2019	2020 €'000	2019 €'000	2020 %	2019 %
Freehold	n/a	n/a	11,947	10,881	0.9	0.8
Freehold	n/a	n/a	11,585	11,872	0.9	0.9
Freehold	n/a	n/a	10,698	8,686	0.8	0.7
Freehold	n/a	n/a	7,486	6,331	0.6	0.5
Freehold	n/a	n/a	7,365	6,358	0.6	0.5
Freehold	n/a	n/a	6,679	6,371	0.5	0.5
Freehold	n/a	n/a	6,303	5,996	0.5	0.5
Freehold	n/a	n/a	6,007	5,474	0.5	0.4
Freehold	n/a	n/a	5,900	5,728	0.5	0.4
Freehold	n/a	n/a	3,628	3,801	0.3	0.3
Freehold	n/a	n/a	3,414	3,092	0.3	0.2
			2,177,852	**2,037,315**	**167.3**	**155.0**
			6,677	**4,184**	**0.5**	**0.3**
			2,184,529	**2,041,499**	**167.8**	**155.3**
			(882,377)	(726,911)	(67.8)	(55.3)
			1,302,152	**1,314,588**	**100.0**	**100.0**

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

About these Financial Statements

The Cromwell European Real Estate Investment Trust ("Trust") is a Singapore real estate investment trust constituted pursuant to a trust deed dated 28 April 2017 (date of "Constitution") (as amended and restated) between Cromwell EREIT Management Pte. Ltd. as the Manager of CEREIT (the "Manager") and Perpetual (Asia) Limited as Trustee of CEREIT (the "Trustee"). CEREIT was listed on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 30 November 2017 ("Listing Date"). The Trust and its subsidiaries are collectively referred to as "CEREIT" in the consolidated financial statements.

Prior to Listing Date, CEREIT was a private Singapore Trust, wholly owned by the Cromwell Property Group. During this period CEREIT acquired a group of entities that held three Dutch office assets from Cromwell Property Group. The total return from these properties during the period prior to Listing Date does not from part of distributable income to which Unitholders are entitled to.

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the recommendations of Statement of Recommended Accounting Practice ("RAP") 7 *"Reporting Framework for Unit Trusts"* issued by the Institute of Singapore Chartered Accountants, and the applicable requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed.

The financial statements are presented in Euro ("€") and had been rounded to the nearest thousand, unless otherwise stated. All financial information has been prepared in a format designed to provide users of the financial report with a clear understanding of relevant balances and transactions that drive CEREIT's financial performance and financial position free of immaterial and superfluous information. Accounting policies and, where applicable, the use of significant estimates and judgments are presented in the relating notes to the financial statements and plain English is used in commentary or explanatory sections to improve readability of the financial statements.

The notes have been organised into the following five sections for reduced complexity and ease of navigation:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Results

This section of the financial statements provides further information on CEREIT's financial performance, including the performance of each of CEREIT's segments, as well as details of CEREIT's revenue, fees paid to the Trustee, Manager and Property Manager, trust expenses, income tax items and CEREIT's semi-annual distributions, the earnings per security calculation as well as details about CEREIT's income tax items.

1 OPERATING SEGMENT INFORMATION

Overview

CEREIT's operating segments regularly reviewed by the Chief Operating Decision Maker ("CODM"), being the Chief Executive Officer ("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 seven countries as at 31 December 2020. The property segments below are reported in a manner consistent with the internal reporting provided to the CODM.

CEREIT's property segments:

Asset class	*Country*	*Details*
Office	The Netherlands	CEREIT holds 7 (2019: 7) office assets in the Netherlands with a combined valuation of €568,475,000 (2019: €557,450,000) located in predominantly central business districts of the main cities of the Netherlands - Amsterdam, Rotterdam, The Hague, Utrecht and s'Hertogenbosch. A majority of the properties are multi-tenanted with a diverse tenant-customer base comprising corporations across insurance, engineering, e-commerce, government and public administration, professional and legal services and various other sectors.
	Italy	CEREIT holds 12 (2019: 12) office assets in Italy with a combined valuation of €318,930,000 (2019: €325,800,000). These assets are predominantly located in or close to central business districts and city fringe areas of the main cities of Italy - Milan and Rome as well as secondary cities, including Florence, Venice, Bari and Genova. The properties are a mix of single-tenanted and multi-tenanted buildings with main tenant-customers comprising the Italian government, telecom, professional service, marketing and advertising service corporations.
	France	CEREIT holds 3 (2019: 3) office assets in France with a combined valuation of €69,780,000 (2019: €78,700,000). The assets comprise two predominantly office properties located just six kilometres from Paris' city centre, close to transport nodes, and one office property located in the Greater Paris area. The properties are multi-tenanted with main tenant-customers comprising publishing, professional services and global engineering corporations.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Asset class	*Country*	*Details*
	Poland	CEREIT holds 6 (2019: 6) office assets in Poland with a combined valuation of €235,300,000 (2019: €243,900,000). The properties are located in some of the main cities of Poland – Warsaw, Krakow and Poznan, as well as Gdansk which is part of the Tricity – one of the biggest urban areas in Poland. The properties are all multi-tenanted with main tenant-customers comprising multinational corporations across technology, pharmaceutical, media, banking and financial services and other sectors.
	Finland	CEREIT holds 11 (2019: 11) office assets in Finland with a combined value of €110,890,000 (2019: €115,000,000) predominantly located in well-established office parks in Helsinki. The properties are multi-tenanted with main tenant-customers comprising corporations across energy, healthcare, professional services, retail, construction and manufacturing sectors.
Light Industrial/ Logistics	The Netherlands	CEREIT completed the disposal of 5 light industrial assets in the Netherlands on 24 March 2020, bringing the total number of light industrial / logistic assets held in the Netherlands to 5 (2019: 10). The assets have a combined valuation of €64,760,000 (2019: €78,692,000) and they are leased to a diverse tenant base. The properties are predominately located in the wider Amsterdam area, including the Netherlands main airport, Amsterdam Schiphol.
	Italy	CEREIT completed the acquisition of a freehold intermodal logistics park just prior to year-end in December 2020. The asset is located in Monteprandone within close proximity to the A14/E55 motorway and is let to a diverse set of 24 tenant-customers. The Italian light industrial portfolio now comprises of 2 assets (2019: 1) with a combined valuation of €65,250,000 (2019: €12,575,000).
	France	CEREIT completed the disposal of 5 light industrial assets in France on 24 March 2020, bringing the total number of light industrial / logistics assets held in France to 19 (2019: 24). The assets have a combined valuation of €339,460,000 (2019: €348,885,000) and they are leased to a diverse tenant base with 200+ separate leases, including larger tenant-customers from the transport and logistics sector. 14 properties are located in the Greater Paris area while the remaining assets are located near larger secondary cities such as Lyon, Nancy and Lille.
	Germany	CEREIT completed the acquisition of 4 light industrial / logistics assets in Germany during the year. The properties are located in the cities of Pforzheim, Bretten, Königsbach-Stein, and Sangerhausen. As at 31 December 2020, CEREIT holds 15 (2019: 11) light industrial / logistics assets across Germany with a combined valuation of €197,365,000 (2019: €119,950,000), leased to a diverse tenant base which include global engineering, technology, automotive, and reusable packaging companies.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Asset class	Country	Details
	Denmark	CEREIT completed the disposal of 2 light industrial assets in Denmark on 24 March 2020, bringing the total number of light industrial assets held in Denmark to 11 (2019: 13) with a combined valuation of €81,012,000 (2019: €83,713,000). The properties are predominantly located in the Copenhagen area with a diverse tenant base including shipping and logistics, wholesale and retail, and payment technology companies. One of the largest tenant-customers is a global manufacturer of commercial cleaning equipment.
Other	Italy	In addition to its principally office and light industrial property portfolio, CEREIT also holds 5 (2019: 5) assets in Italy in the 'other' asset class with a combined value of €126,630,000 (2019: €138,350,000). These assets include three that are leased to the Italian government (predominantly used as training and housing campuses for the Italian police force), a 480-room hotel and a leisure complex with a large cinema.

Accounting policy

Segment allocation

Segment revenues, expenses and assets are those presented to the CODM that are directly attributable to the property segment.

Segment revenue include revenues directly derived from CEREIT's properties and include lease revenue, service charge revenue and any other property revenue received from tenants. Segment expenses include expenses directly incurred in operating the properties and include service charge expense, non-recoverable expenses and leasing costs.

Segment assets include investment properties. Cash and other current and non-current assets may be held in centralised locations and are not allocated to the property segments. Liabilities are not allocated to segments. CEREIT's borrowings and derivative financial instruments are not reviewed by the CODM on a segment basis as they are centrally managed by CEREIT's treasury function and reviewed by the CODM for CEREIT globally. Other operating liabilities, such as payables are also managed in centralised locations and are not allocated to the property segments.

Segment profit / (loss)

Segment profit / (loss) equals net property income from the property sub-portfolio and does not include net finance costs, manager's fees, trustee fees, trust expenses, gain or loss on disposal of investment properties or assets / liabilities held for sale, fair value changes of investment properties and derivative financial instruments and income tax expense.

(a) Segment results

The table below shows segment results as presented to the CODM. For further commentary on individual segment results refer to the Managers Report section of this Annual Report.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

CEREIT 2020	**Gross revenue from external customers €'000**	**Property operating expenditure €'000**	**Segment Profit / (Loss) €'000**
Office			
The Netherlands	41,030	(16,574)	24,456
Italy	24,313	(6,760)	17,553
France	8,191	(3,633)	4,558
Poland	25,096	(9,778)	15,318
Finland	11,434	(4,920)	6,514
Total – Office	**110,064**	**(41,665)**	**68,399**
Light Industrial / Logistics			
The Netherlands	5,929	(1,987)	3,942
Italy	1,245	(351)	894
France	32,551	(13,122)	19,429
Germany	13,526	(4,142)	9,384
Denmark	9,465	(4,245)	5,220
Total – Light Industrial/ Logistics	**62,716**	**(23,847)**	**38,869**
Other			
Italy	14,192	(4,131)	10,061
Total – Other	**14,192**	**(4,131)**	**10,061**
Total – Segments	**186,972**	**(69,643)**	**117,329**
Unallocated items:			
Net finance costs			(17,894)
Manager's fees			(5,246)
Trustee fees			(260)
Trust expenses			(4,945)
Loss on disposal of assets/liabilities held for sale			(358)
Fair value gain – investment properties			8,569
Fair value loss – derivative financial instruments			(658)
Income tax expense			(17,174)
Total return for the year attributable to Unitholders			**79,363**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

CEREIT 2019	**Gross revenue from external customers €'000**	**Property operating expenditure €'000**	**Segment Profit / (Loss) €'000**
Office			
The Netherlands	42,056	(15,786)	26,270
Italy	22,499	(6,061)	16,438
France	3,236	(1,539)	1,697
Poland	13,710	(5,382)	8,328
Finland	12,049	(4,436)	7,613
Total – Office	**93,550**	**(33,204)**	**60,346**
Light Industrial / Logistics			
The Netherlands	7,648	(1,767)	5,881
Italy	1,131	(312)	819
France	38,021	(13,623)	24,398
Germany	11,069	(3,677)	7,392
Denmark	9,980	(4,066)	5,914
Total – Light Industrial/ Logistics	**67,849**	**(23,445)**	**44,404**
Other			
Italy	15,647	(4,251)	11,396
Total – Other	**15,647**	**(4,251)**	**11,396**
Total – Segments	**177,046**	**(60,900)**	**116,146**
Unallocated items:			
Net finance costs			(18,786)
Manager's fees			(6,620)
Trustee fees			(250)
Trust expenses			(5,200)
Gain on disposal of investment property			2,018
Fair value gain – investment properties			42,378
Fair value gain – derivative financial instruments			355
Income tax expense			(20,996)
Total return for the year attributable to Unitholders			**109,045**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

(b) Segment assets and liabilities

Segment assets

CEREIT 2020	*Segment assets:* **Investment properties €'000**	*Oher Information:* **Capital expenditure €'000**
Office		
The Netherlands	568,475	10,115
Italy	318,930	1,267
France	69,780	347
Poland	235,300	1,207
Finland	110,890	925
Total – Office	**1,303,375**	**13,861**
Light industrial / Logistics		
The Netherlands	71,437	199
Italy	65,250	44
France	339,460	1,627
Germany	197,365	2,079
Denmark	81,012	2,012
Total – Light Industrial / Logistics	**754,524**	**5,961**
Other		
Italy	126,630	621
Total – Other	**126,630**	**621**
Total – Segments	**2,184,529**	**20,443**
Reconciliation to total consolidated assets:		
Cash and cash equivalents	43,593	
Receivables – current	15,943	
Current tax assets	1,397	
Receivables – non-current	1,028	
Derivative financial instruments	126	
Deferred tax assets	3,836	
Consolidated total assets	**2,250,452**	

Segment liabilities

There are no liabilities allocated to segments.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Segment assets

CEREIT 2019	*Segment assets:* **Investment properties €'000**	*Segment assets:* **Assets held for sale €'000**	*Segment assets:* **Total €'000**	*Oher Information:* **Capital expenditure €'000**
Office				
The Netherlands	555,328	–	555,328	5,987
Italy	424,400	–	424,400	1,222
France	78,700	–	78,700	–
Poland	243,900	–	243,900	372
Finland	115,000	–	115,000	240
Total – Office	**1,417,328**	**–**	**1,417,328**	**7,821**
Light industrial/Logistics				
The Netherlands	65,967	19,392	85,359	631
Italy	12,575	–	12,575	1
France	311,700	40,438	352,138	1,788
Germany	119,950	–	119,950	144
Denmark	74,229	9,123	83,352	677
Total – Light Industrial/ Logistics	**584,421**	**68,953**	**653,374**	**3,241**
Other				
Italy	39,750	–	39,750	154
Total – Other	**39,750**	**–**	**39,750**	**154**
Total – Segments	**2,041,499**	**68,953**	**2,110,452**	**11,216**

Reconciliation to total consolidated assets:	
Cash and cash equivalents	79,250
Receivables – current	57,002
Current tax assets	1,260
Receivables – non-current	605
Derivative financial instruments	883
Deferred tax assets	5,421
Consolidated total assets	**2,254,873**

Segment liabilities

There are no liabilities allocated to segments.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

(c) **Major customers**

Major customers of CEREIT that account for more than 10% of CEREIT's revenue are listed below.

		CEREIT			
		2020		2019	
Name	**Segment**	**Gross revenue €'000**	**Percentage of total revenue %**	**Gross revenue €'000**	**Percentage of total revenue %**
Agenzia del Demanio (Italian State Property Office)	Italy-Office/Other	21,161	11.3	21,155	12.0

The Trust is domiciled in Singapore. However, all properties are located in Europe and are held by subsidiaries of the Trust also domiciled in Europe. As such, all revenue from external customers is recognised in the European countries as shown in section (a).

2 REVENUE

Overview

This note provides a further breakdown of property revenue for the financial year. CEREIT's revenue consists of rental income from operating leases of CEREIT's investment properties, service charge revenue and other incidental revenue from property ownership such as billboards, signage and kiosks. This note also provides overview of the accounting policies on how these revenue items are recognised.

Revenue from properties

	CEREIT	
	2020 €'000	**2019 €'000**
Lease revenue	153,742	144,688
Service charge revenue	32,267	29,732
Other property revenue	963	2,626
Total revenue	**186,972**	**177,046**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Accounting policy

Lease revenue

Lease income from operating leases, with CEREIT as lessor of investment properties, is recognised on a straight-line basis over the lease term. The respective leased assets, being CEREIT's investment properties, are included in the balance sheet.

Service charge revenue

Service charge revenue are payments from tenants for costs incurred by the landlord to provide services to the tenants, including providing utilities, cleaning, certain maintenance and building management among other operating costs of a property. Service charge revenue is recognised over time as and when the tenant receives and consumes the benefit of the service provided, which is generally simultaneously.

Other property revenue

Other property related revenue is recognised on a straight-line basis over the term of the contract if the contract requires the customer to make fixed payments over time equivalent to a lease.

3 TRUSTEE AND MANAGER'S FEES

Overview

This note provides an overview of the fees charged by the Trustee, the Manager and the Property Manager for the management services they provide to the Unitholders as well as description of how these fees and any other fees that may arise in the future are calculated.

(a) Trustee fees

Pursuant to Clause 15.3 of the Trust Deed, the trustee fees shall not exceed 0.015% per annum of the value of CEREIT's deposited property and subject to a minimum amount of S$15,000 (approximately €9,500) per month, excluding out-of-pocket expenses and GST, and shall be payable out of the deposited property monthly in arrears. The agreed trustee fee is calculated as 0.015% per annum of the value of CEREIT's deposited property up to S$1 billion in deposited property and 0.010% on deposited property value in excess of S$1 billion.

	CEREIT	
	2020 €'000	2019 €'000
Total trustee fee	**260**	**250**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

(b) Manager's fees

The Manager is entitled to management fees comprising a base fee and a performance fee as follows:

Base management fee

The Manager's base fee is calculated as 0.23% per annum of the value of CEREIT's deposited property. The management fee is payable quarterly in arrears.

Performance fee

The Manager's performance fee is calculated as 25.0% of the difference in DPU in a year with the DPU in the preceding year.

The Manager may, at its election, be paid base and/or performance fees in cash, in CEREIT units or a combination of both. As disclosed in CEREIT's prospectus dated 22 November 2017, the Manager elected to receive all base and performance fees in CEREIT units until the financial year ended 2019. Base fee for financial year ended 31 December 2020 were paid / payable 100% in cash.

The following fees were charged during and for the year:

	CEREIT	
	2020 €'000	2019 €'000
Base management fees paid in cash[1]	5,246	319
Base management fees paid in units	–	4,349
Performance fees paid in units[2]	–	1,952
Total Manager's fees	**5,246**	**6,620**

(1) Total base management fees include some payroll costs which are netted off against amount payable to the Manager.

(2) FY 2019 performance fee was calculated by taking 25% of the difference between FY 2019 DPU of 4.08 cpu and the 12-month 2018 DPU of 3.75 cpu. No performance fee was payable in respect of FY 2020.

A summary of units issued as payment of the Manager's fees is as follows:

For Period	Issue Date	Units	Issue Price[1] €	Total Value €'000
1 Jan 2019 to 31 Dec 2019				
1 January 2019 to 31 March 2019	30 May 2019	2,180,623	0.4937	1,077
1 April 2019 to 30 June 2019	27 August 2019	2,211,302	0.4976	1,100
1 July 2019 to 30 September 2019	18 November 2019	2,432,130	0.4976	1,210
1 October 2019 to 31 December 2019	6 March 2020	1,810,389	0.5314	962
FY 2019 performance fee	6 March 2020	3,673,076	0.5314	1,952
Total		**12,307,520**		**6,301**

1 Issue price is based on the volume weighted average traded price per unit for all trades done on the SGX-ST in the ordinary course of trading for 10 business days immediately preceding and including the end date of the relevant periods in which the fees accrued.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

(c) Property Manager's fees

The property & portfolio management fee is calculated as 0.67% per annum of the value of CEREIT's deposited property. Property & portfolio management fees are shown within property operating expense in the Consolidated Statement of Total Return.

The property & portfolio management fee is payable quarterly in arrears. The Property Manager may, at its election, be paid its fees in cash, in CEREIT units or a combination of both. As disclosed in CEREIT's prospectus dated 22 November 2017, the Property Manager elected to receive 40% of its fees in CEREIT units until the financial year ended 2019. Property & portfolio management fee for financial year ended 31 December 2020 were paid / payable 100% in cash.

The following fees were charged during and for the year:

	CEREIT	
	2020	**2019**
	€'000	**€'000**
Property & portfolio management fees paid in cash	15,271	8,159
Property & portfolio management fees paid in units	–	5,440
Total property & portfolio management fees	**15,271**	**13,599**

A summary of units issued as payment of 40% of the property & portfolio management fees:

For Period	Issue Date	Units	Issue Price[1] €	Total Value €'000
1 Jan 2019 to 31 Dec 2019				
1 January 2019 to 31 March 2019	30 May 2019	2,540,900	0.4937	1,255
1 April 2019 to 30 June 2019	27 August 2019	2,576,647	0.4976	1,282
1 July 2019 to 30 September 2019	18 November 2019	2,833,960	0.4976	1,410
1 October 2019 to 31 December 2019	6 March 2020	2,809,919	0.5314	1,493
Total		**10,761,426**		**5,440**

1 Issue price is based on the volume weighted average traded price per unit for all trades done on the SGX-ST in the ordinary course of trading for 10 business days immediately preceding and including the end date of the relevant periods in which the fees accrued.

(d) Other fees

Acquisition and divestment fees

Acquisition fees are calculated as 1.0% of the gross acquisition price (or a lower percentage at the discretion of the charging party) of any real estate or any other income producing investment purchased by CEREIT. Divestment fees are calculated as 0.5% of the gross sale price (or lower percentage at the discretion of the charging party) of any real estate or other investment. The fee may be charged by the Manager, the Property Manager or shared between both. Acquisition and divestments fees may, at the election of the charging party, be paid in cash, in CEREIT units or a combination of both. Under the CIS, in respect of any acquisition of real estate assets from interested parties, such a fee will be in the form of units issued by CEREIT at prevailing market price(s). Such units may not be sold within one year from the date of their issuance.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

The following acquisition and divestment fees were charged to CEREIT during the year:

	CEREIT 2020 €'000	CEREIT 2019 €'000
Acquisition fees	1,070	3,633
Divestment fees	329	95
Total acquisition and divestment fees	**1,399**	**3,728**

A summary of units issued as payment of acquisition fees is as follows:

For Period	Issue Date	Units	Issue Price €	Total Value €'000
1 Jan 2019 to 31 Dec 2019				
Acquisitions from 1 January 2019 to 31 December 2019	30 May 2019	1,442,771	0.4980[1]	718
Total		**1,442,771**		**718**

1 Issue price is based on the theoretical ex-rights price ("TERP") per Unit in relation to the Rights Issue in December 2018 as disclosed in the circular to Unitholders in relation to Rights Issue dated 30 October 2018.

Development management and project management fees

Development management fees are calculated as 3.0% of the total project costs incurred. Where the estimated total project costs are greater than S$200.0 million, the Trustee and the Manager's independent Directors will first review and approve the quantum of the development management fee, whereupon the Manager may be directed by the independent Directors to reduce the development management fee. Further, in cases where the market pricing for comparable services is, in the Manager's view, materially lower than the development management fee, the independent Directors of the Manager shall have the right to direct a reduction of the development management fee to less than 3.0% of the total project costs. The development fee may, at the election of the Manager or Property Manager, be paid in the form of cash and/or CEREIT units.

Project management fees are calculated as 5.0% of the construction costs for any refurbishment, retrofitting, addition and alteration or renovation works to the relevant property. The project management fee is payable to the Property Manager in the form of cash and/or CEREIT units (as may be agreed between the Manager and the Property Manager from time to time, and if there is no such agreement, the payment shall be in the form of cash).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Leasing fees

The Property Manager is entitled to the following leasing fees:

(a) (in relation to new leases secured by the Property Manager) 5.0% of the net rent receivable (capped at 20% of the average rent receivable);

(b) (in relation to renewal of leases secured by the Property Manager) 2.5% of the net rent receivable (capped at 10% of the average rent receivable); and

(c) (in relation to leases in respect of which fees are owed to a third-party agent) 1.0% of the net rent receivable, (capped at 4% of the average rent receivable).

The following fees were charged during the year:

	CEREIT	
	2020	**2019**
	€'000	**€'000**
Development management fees	–	–
Project management fees	921	668
Leasing fees	1,817	1,709
Total other fees	**2,738**	**2,377**

All fees were paid/payable in cash.

4 NET INCOME BEFORE TAX AND FAIR VALUE CHANGES

(a) Items included in arriving at net income before tax and fair value changes

The following items have been included in arriving at net income before tax and fair value changes:

		CEREIT	
		2020	**2019**
	Note	**€'000**	**€'000**
Auditor's fees – Deloitte Singapore		126	136
Auditor's fees – Deloitte overseas offices		694	816
Valuation fees		255	373
Allowance for credit losses	12(a)	3,062	–

Accounting policy

Expenses

Other trust expenses as well as property-related expenses are recognised on an accrual basis.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

(b) Auditor's remuneration

Deloitte & Touche LLP Singapore ("Deloitte") are the independent auditors of CEREIT. Deloitte and its overseas offices have provided a number of audit, other assurance and non-assurance related services to CEREIT during the year.

Below is a summary of fees paid/payable for various services to Deloitte and its overseas affiliates during the year:

	CEREIT	
	2020 **€'000**	**2019** **€'000**
Audit fees paid/payable to Deloitte		
Auditing of financial reports – current year audit	820	852
Auditing of financial reports – prior year audit	–	100
Total audit fees paid/payable to Deloitte	**820**	**952**
Non-audit fees paid/payable to Deloitte		
Services rendered in connection with the establishment of EMTN programme	115	–
Other services	–	9
Total non-audit fees paid/payable to Deloitte	**115**	**9**
Total remuneration paid/payable to Deloitte	**935**	**961**

In 2020, fees paid for assurance services in connection with the establishment of EMTN programme of €115,000 were recorded in the balance sheet as debt issuance cost to be amortised over the notes term.

5 EARNINGS PER UNIT

Overview

This note provides information about CEREIT's earnings on a per unit basis. Earnings per unit ("EPU") is a measure that makes it easier for users of CEREIT's financial report to compare CEREIT's performance between different reporting periods. Accounting standards require the disclosure of two EPU measures, basic EPU and diluted EPU. CEREIT does not have dilutive potential units such as options over units. However, the weighted number of average units in issue take into account any units that are issuable at financial year end, that is units to be issued relating to expenses incurred during the year.

	CEREIT	
	2020	**2019**
Basic and diluted earnings per unit (€ cents)	3.105	4.598
Total return for the year attributable to Unitholders (€'000)	79,363	109,045
Weighted average number of units ('000)	2,556,081	2,371,732

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

6 DISTRIBUTIONS

CEREIT's aim is to provide investors with regular and stable distributions that are growing over time. CEREIT's distribution policy is to distribute 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 are paid on a semi-annual basis.

Distributions to Unitholder during the year:

Distribution period	Distribution type	Distribution per unit (in € cents)	CEREIT and Trust 2020 €'000	2019 €'000
1 January 2020 to 30 June 2020	Capital	1.740	44,476	–
2 July 2019 to 31 December 2019	Capital & Tax Exempt	2.030	51,720	–
1 January 2019 to 1 July 2019	Capital	2.050	–	45,116
1 July 2018 to 31 December 2018	Capital & Tax Exempt	1.570	–	34,402
Total distributions			**96,196**	**79,518**

Distribution for FY 2020 of 3.484 cpu comprises distribution for the period from 1 January 2020 to 30 June 2020 of 1.740 cpu made up of capital component and the distribution for the period from 1 July 2020 to 31 December 2020 of 1.744 cpu made up of tax-exempt component. Distribution for FY 2019 of 4.080 cpu comprises distribution for the period from 1 January 2019 to 1 July 2019 (being the day before the new units were issued pursuant to the private placement) of 2.050 cpu and distribution for the period from 2 July 2019 to 31 December 2019 comprises tax exempt income of 1.269 cpu and capital of 0.761 cpu.

7 INCOME TAX

Overview

This note provides detailed information about CEREIT's income tax items and accounting policies. This includes a reconciliation of income tax expense applying the tax rates of each jurisdiction to CEREIT's total return before income tax as shown in the Consolidated Statement of Total Return as well as an analysis of CEREIT's deferred tax balances.

Accounting standards require the application of the "balance sheet method" to account for CEREIT's income tax. Accounting profit does not always equal taxable income. There are a number of temporary differences between the recognition of accounting expenses and the availability of tax deductions or when revenue is recognised for accounting purpose and tax purposes. These timing differences reverse over time but they are recognised as deferred tax assets and deferred tax liabilities in the balance sheet until they are fully reversed.

Taxation in Singapore

CEREIT has obtained a Tax Ruling from the IRAS in respect of foreign dividend and interest income from its European property portfolio ("Specified Exempt Income") and derived by its wholly-owned Singapore resident subsidiaries. Pursuant to this Tax Ruling, the wholly-owned Singapore resident subsidiaries will be exempt from Singapore income tax on the Specified Exempt Income.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

As such all income tax expense relates to income tax levied on CEREIT's European subsidiaries that hold properties and earn income.

(a) Income tax expense

	CEREIT 2020 €'000	CEREIT 2019 €'000
Current income tax expense	7,092	7,299
Deferred tax expense	10,082	13,697
Total income tax expense	**17,174**	**20,996**
Deferred tax expense		
Decrease in deferred tax assets	1,585	11,143
Increase in deferred tax liabilities	8,497	2,554
Total deferred tax expense	**10,082**	**13,697**

(b) Numerical reconciliation between income tax expense and total return before tax

	CEREIT 2020 €'000	CEREIT 2019 €'000
Total return before income tax	**96,537**	**130,041**
Net expenses incurred in Singapore not subject to income tax	5,135	11,265
Profits subject to income tax in overseas jurisdictions	**101,672**	**141,306**
Tax at domestic rates applicable to profits subject to income tax in overseas jurisdictions	23,270	24,961
Tax effect of amounts which are deductible / (taxable) in calculating taxable income:		
Other deductible expenses	(2,468)	(7,407)
Change in tax losses recognised	(3,628)	3,442
Total income tax expense	**17,174**	**20,996**

Corporate income tax rates applicable in overseas jurisdictions

	Note	2020 %	2019 %
The Netherlands		25.0	25.0
Italy	(i)	0.0	10.0
France		28.0	31.0
Poland		19.0	19.0
Germany		15.8	15.8
Finland		20.0	20.0
Denmark		22.0	22.0
Luxembourg		24.9	24.9

(i) The alternative investment funds ("AIFs") that hold CEREIT's Italian properties are exempt from corporate income tax. Instead withholding tax is applied on profit distributions and interest payments to non-resident investors in Italy. The ordinary withholding tax rate is 26% which, before FY 2020, was reduced to 10% under the Italy-Luxembourg tax treaty. During FY 2020, CEREIT received confirmation from the Italian and Singaporean tax authorities that distributions from the Italian portfolio are exempt from Italian withholding tax and Singapore tax respectively. CEREIT's AIFs are held by Luxembourg resident companies also wholly owned by CEREIT.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

(c) **Deferred tax**

Deferred tax assets

	CEREIT 2020 €'000	CEREIT 2019 €'000
Deferred tax assets are attributable to:		
Unutilised tax losses	3,836	5,421
Deferred tax assets	**3,836**	**5,421**
Movements:		
At 1 January	5,421	16,224
Deferred tax assets acquired at acquisition property holding entities	–	340
Charged to Statement of Total Return	(1,585)	(11,143)
At 31 December	**3,836**	**5,421**

As at 31 December 2019, deferred tax assets have not been recognised in respect of tax losses of €12,956,000. The tax losses have been fully applied to latent capital gains during the year.

Deferred tax liabilities

	CEREIT 2020 €'000	CEREIT 2019 €'000
Deferred tax liabilities are attributable to:		
Temporary differences between carrying amounts and tax base of investment properties	36,627	28,133
Deferred tax liabilities	**36,627**	**28,133**
Movements:		
At 1 January	28,133	21,531
Deferred tax liabilities acquired at acquisition property holding entities	–	4,048
Charged to Statement of Total Return	8,497	2,554
Others	(3)	–
At 31 December	**36,627**	**28,133**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Accounting policy

Income tax

CEREIT's income tax expense for the period is the tax payable on the current period's taxable income adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. Deferred tax is not recognised for the recognition of goodwill on business combination and for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised in other comprehensive income or directly in equity are also recognised in other comprehensive income or directly in equity.

Significant estimates – deferred tax liabilities

Total deferred tax liabilities include deferred tax liabilities in relation to investment properties whereby the carrying amount exceeds the tax depreciated value of certain properties which will in future crystallise a capital gains tax upon disposal of the respective property. CEREIT has recognised a deferred tax liability in relation to the future capital gains tax payable at year-end. In accordance with IAS 12 *Income Taxes* deferred tax liabilities (and assets) shall be measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Operating Assets

This section of the annual financial statements provides further information on CEREIT's operating assets. These are assets that individually contribute to CEREIT's revenue and currently consist of investment properties only, however may in the future include joint ventures or associates and investments in listed and unlisted securities to the extent allowable under the Property Funds Appendix of the Code on Collective Investment Schemes ("CIS Code").

8 INVESTMENT PROPERTIES

Overview

Investment properties are properties (land, building or both) held solely for the purpose of earning rental income and / or for capital appreciation. As at 31 December 2020, CEREIT's investment property portfolio comprised 96 (2019: 91) commercial properties in seven countries of which 39 (2019: 39) properties are predominantly office use, 52 (2019: 47) properties are predominantly light industrial / logistics use with the remaining 5 (2019: 5) properties being of other uses (refer to Statement of Portfolio).

This note provides further details on CEREIT's investment property portfolio, including details of acquisitions and other movements during the year as well as details on the fair value measurement of the properties.

The independent valuation of 8 of CEREIT's investment properties at 31 December 2020 is subject to a Material Valuation Uncertainty Clause due to COVID-19. See note 8(e) for further details.

(a) Reconciliation of carrying amount of investment properties

CEREIT 31 December 2020	The Netherlands €'000	Italy €'000	France €'000	Poland €'000	Germany €'000	Finland €'000	Denmark €'000	Total €'000
Independent valuation dated 31 Dec 2020	633,235	458,235	409,240	235,300	197,365	110,890	81,012	**2,125,277**
Directors' valuation (at acquisition price)	–	52,575	–	–	–	–	–	**52,575**
	633,235	**510,810**	**409,240**	**235,300**	**197,365**	**110,890**	**81,012**	**2,177,852**
Adjustments to carrying amount:								
Right-of-use assets								**6,677**
Total adjustments								**6,677**
Carrying amount at 31 Dec 2020								**2,184,529**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

CEREIT 31 December 2019	The Netherlands €'000	Italy €'000	France €'000	Poland €'000	Germany €'000	Finland €'000	Denmark €'000	Total €'000
Independent valuation dated 31 Dec 2019 [1]	616,750	476,725	390,400	243,900	119,950	115,000	74,590	**2,037,315**
	616,750	**476,725**	**390,400**	**243,900**	**119,950**	**115,000**	**74,590**	**2,037,315**
Adjustments to carrying amount:								
Right-of-use assets								**6,669**
Unspent vendor funded capital expenditure [2]								**(1,907)**
Other								**(578)**
Total adjustments								**4,184**
Carrying amount at 31 Dec 2019								**2,041,499**

1 Excludes investment properties reclassified as held for sale.

2 Certain vendors of CEREIT's investment property portfolio have provided funding for any budgeted capital expenditure that was budgeted but not yet spent at time of acquisition.

Accounting policies

Investment properties

Investment properties are initially measured at acquisition cost including transaction costs and subsequently measured at fair value, with any change therein recognised in the total return.

Fair value is based upon active market prices, given the assets' highest and best use, adjusted if necessary, for any difference in the nature, location or condition of the relevant asset. If this information is not available, CEREIT uses the capitalised earnings approach for valuations of its investment properties. The highest and best use of an investment property refers to the use of the investment property by market participants that would maximise the value of that investment property.

The carrying value of the investment property includes components relating to lease incentives and other items relating to the maintenance of, or increases in, lease rentals in future periods.

Investment properties under construction are classified as investment property and carried at fair value. Finance costs incurred on investment properties under construction are included in the construction costs.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Right-of-use land leases

CEREIT recognises a right-of-use ("ROU") land lease representing its right to use the underlying land and a lease liability representing its obligation to make lease payments. ROU for land leases are measured at the amount of the lease liability, adjusted for any prepaid or accrued lease expenses. Subsequently, the lease liability is measured at amortised cost using the effective interest rate method. The ROU asset will be measured at fair value at the date of initial application for leases previously accounted for as operating leases and that will be accounted for as investment property using the fair value model in IAS 40 from date of initial application.

Lease incentives

Lessees may be offered incentives as an inducement to enter into non-cancellable operating leases. These incentives may take various forms including up-front cash payments, rent free periods, or a contribution to certain lessee costs such as fit out costs or relocation costs. Lease incentives form part, as a deduction, of total rent receivable from CEREIT's operating lease contracts and as such are recognised on a straight-line basis over the lease term.

Initial direct leasing costs

Initial direct leasing costs incurred by CEREIT in negotiating and arranging operating leases are recognised as an asset in the balance sheet as a component of the carrying amount of investment property and are amortised as an expense on a straight-line basis over the lease term.

(b) Movements in investment properties

	CEREIT	
	2020 €'000	**2019 €'000**
At 1 January	2,041,499	1,690,224
Acquisition of new properties (note 8(c))	106,967	365,275
Acquisition costs	7,086	10,984
Disposal of existing properties (note 8(d))	–	(16,891)
Reclassification of investment properties as held for sale (note 16)	–	(65,700)
Capital expenditure	20,443	11,216
Lease incentives, lease costs and rent straight-lining	(13)	4,064
Net gain from fair value adjustments	8,569	42,378
Others	(22)	(51)
At 31 December	**2,184,529**	**2,041,499**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

(c) Investment property acquisitions

Details of investment properties acquired during the year ended 31 December 2020 are as follows:

	Description	Acquisition price (excl. cost) €'000	Carrying amount at 31 Dec 2020 €'000
Transactions during the year			
Germany light industrial / logistics assets	Three light industrial / logistics assets in Pforzheim, Bretten and Königsbach-Stein	38,000	43,000
	One light industrial / logistics asset in Sangerhausen	16,392	18,350
Italy logistics asset[1]	One intermodal logistics park in Monteprandone	52,575	52,575
Total property acquisitions during the year		**106,967**	**113,925**

1 Centro Logistico Orlando Marconi was acquired on 23 December 2020 and carried at acquisition price which was assessed by the Directors of the Manager as its fair value.

Details of investment properties acquired during the year ended 31 December 2019 are as follows:

	Description	Acquisition price (excl. cost) €'000	Carrying amount at 31 Dec 2019 €'000
Transactions during the year			
French industrial assets	4 light industrial properties in Sully-sur-Loire, Parcay-Meslay, Gennevilliers and Villeneuve-lès-Béziers	28,200	27,700
Polish office assets	3 office assets located in Warsaw and Gdańsk	71,850	73,500
Bronco portfolio	6 office assets located in France and Poland	247,525	249,100
Italian office asset	1 office asset located in Milan	17,700	17,700
Total property acquisitions during the year		**365,275**	**368,000**

(d) Investment property disposal

In 2019, CEREIT completed its disposal of one industrial property located in France, known as Parc d'Osny for a consideration of €19,004,000 and recognised a gain of €2,018,000.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

(e) Fair value measurement

CEREIT's investment properties, with an aggregate carrying amount of €2,184,529,000 (2019: €2,041,499,000), are measured using the fair value model as described in IAS 40 *Investment Property*. Fair value is thereby defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Gains or losses arising from changes in the fair value of investment property must be included in net profit or loss for the period in which it arises.

As at 31 December 2020, CEREIT's portfolio consists of 96 (2019: 103) properties. 95 (2019: 91) properties in the portfolio were valued by independent valuers and the remaining property in Italy which was acquired on 23 December 2020 was carried at its acquisition price which had been assessed by the Directors of the Manager as the fair value. In 2019, 12 properties held for sale were recorded at their sales price.

Property valuations

In accordance with the CIS Code, CEREIT's investment properties are valued at least once per financial year by an independent professionally qualified valuer with a recognised relevant professional qualification, with valuers rotated at least every two years.

As at 31 December 2020, the carrying amounts of 95 of CEREIT's investment properties are based on independent external valuations, representing 99% of the value of the portfolio. The independent valuations for properties located in Italy, Finland, Germany and the Netherlands were conducted by CBRE Ltd ("CBRE") and for properties located in Denmark, France and Poland by Savills Advisory Services Limited ("Savills").

In 2019, the carrying amounts of 91 properties of CEREIT's investment properties portfolio were based on independent valuations carried out by Colliers International Valuation UK LLP for properties located in France, Italy and Finland, and Cushman & Wakefield Debenham Tie Leung Limited for properties located in the Netherlands, Poland, Denmark and Germany. The 12 properties held for sale were recorded at sales price.

The valuers have utilised the discounted cash flow and income capitalisation methods (2019: income capitalisation method).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

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	2020 Range	2020 Weighted average	2019 Range	2019 Weighted average
Discounted cash flow 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	4.0% – 16.9%	7.6%	–	–
	Net reversionary yield	6.5% – 16.0%	8.3%	–	–
	Discount rate	7.0% – 12.0%	8.4%	–	–
	Exit cap rate	5.5% – 10.0%	7.0%	–	–
	Occupancy (%)	52.0% – 100.0%	91.8%	–	–
Income capitalisation 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	2.0% – 11.9%	6.1%	3.3% – 11.1%	5.9%
	Net reversionary yield	3.8% – 11.0%	6.1%	3.7% – 14.5%	6.8%
	Occupancy (%)	65.8% – 100.0%	97.1%	57.0% – 100.0%	93.2%

All the significant inputs noted above are not observable market data, hence investment property valuations are considered level 3 fair value measurements (refer fair value hierarchy described in note 12).

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

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Material Valuation Uncertainty Clauses due to COVID-19

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. The pandemic has caused widespread disruption to the respective economies and real estate markets which resulted in an absence of relevant market evidence on which to base opinions of value. For the avoidance of doubt, the MVUC does not mean that the valuation cannot be relied upon, rather, it has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. As a result of this increased uncertainty, sensitivities for more extensive changes in assumptions are disclosed in the tables below.

		Italy €'000	Poland €'000	Total €'000
Market value		33,400	235,300	268,700
Impact on valuations of 10% change in estimated rental value	Increase	3,000	21,700	24,700
	Decrease	(3,000)	(21,700)	(24,700)
Impact on valuations of 50bps in net initial yield	Increase	(5,700)	(14,400)	(20,100)
	Decrease	9,000	16,500	25,500
Impact on valuations of 50bps in discount rate	Increase	–	(8,800)	(8,800)
	Decrease	–	9,200	9,200
Impact on valuations of 50bps in exit cap rate	Increase	–	(10,600)	(10,600)
	Decrease	–	12,200	12,200

Property carried at acquisition price

At 31 December 2020, one logistics property in Italy was carried at acquisition price (net of acquisition costs). The property was acquired on 23 December 2020 for €52,575,000. The transaction price was considered equal to the fair value of the property as the sale and purchase agreement was entered into on an arms-length basis between non-related parties. The purchase price was paid in cash to the sellers. Given the insignificant period lapsed from transaction date to financial period end, the Directors of the Managers considered the transaction price to remain the fair value of the properties at financial period end.

(f) Amounts recognised in profit and loss for investment properties

	CEREIT 2020 €'000	CEREIT 2019 €'000
Gross revenue	186,972	177,046
Property operating expense	(69,643)	(60,900)
Net property income	**117,329**	**116,146**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

(g) Non-cancellable operating lease receivable from investment property tenants

Investment properties are generally leased on long-term operating leases. Minimum lease payments under the non-cancellable operating leases of CEREIT's investment properties not recognised in the financial statements are receivable as follows:

	CEREIT	
	2020 €'000	**2019 €'000**
Within one year	142,619	141,503
After one year but within 5 years	309,830	314,380
After 5 years	110,892	77,616
Total non-cancellable operating lease receivable from investment property tenants	**563,341**	**533,499**

Of the above, the following relates to assets held for sale:

	CEREIT	
	2020 €'000	**2019 €'000**
Within one year	–	4,964
After one year but within 5 years	–	6,351
After 5 years	–	409
Total non-cancellable operating lease receivable from investment property tenants	**–**	**11,724**

(h) Assets pledged as security

As at 31 December 2020, a total of 3 (2019: 19) of CEREIT's investment properties with a combined fair value of €240,975,000 (2019: €559,650,000) were pledged as security for CEREIT's senior property level financing facility. Refer to note 9 for further details.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Finance and Capital Structure

This section of the annual financial statements provides further information on CEREIT's debt finance and associated costs, and CEREIT's capital.

Capital is defined as the combination of unitholders' equity, reserves and debt. The Board of Directors of the Manager are responsible for CEREIT's capital management strategy. Capital management is an integral part of CEREIT's risk management framework and seeks to safeguard CEREIT's ability to continue as a going concern while maximising unitholder value through optimising the level and use of capital resources and the mix of debt and equity funding. CEREIT's preferred portfolio gearing range is 35% – 40%.

9 BORROWINGS

Overview

CEREIT borrows funds from financial institutions to partly fund the acquisition of investment properties. A significant proportion of these borrowings are generally fixed either directly or using interest rate swaps/options and/or caps and have a fixed term. This note provides information about CEREIT's debt facilities, including maturity dates, security provided and facility limits as well as finance costs incurred in relation to these debt facilities.

	CEREIT		Trust	
	2020 €'000	**2019 €'000**	**2020 €'000**	**2019 €'000**
Current				
Unsecured loans – financial institutions	–	20,438	–	–
Total current borrowings	**–**	**20,438**	**–**	**–**
Non-current				
Secured loans – financial institutions	82,375	230,855	–	–
Unsecured loans – financial institutions	475,000	579,500	–	–
Unsecured Euro medium term notes	300,000	–	–	–
Unamortised transaction costs	(10,307)	(6,995)	–	–
Total non-current borrowings	**847,068**	**803,360**	**–**	**–**
Total borrowings	**847,068**	**823,798**	**–**	**–**

Accounting policy

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest rate method. Under this method fees, costs, discounts and premiums directly related to the financial liability are spread over their expected life.

Borrowing costs incurred on funds borrowed for the construction of a property are capitalised, forming part of the construction cost of the asset. Capitalisation ceases upon practical completion of the property. Other borrowing costs are expensed.

Interest income is recognised as it accrues, using the effective interest method.

Finance costs comprise interest expense on loans and borrowings, and amortisation of loans and borrowings related costs. Finance costs are recognised in the Statement of Total Return using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

(a) Borrowing details

CEREIT				2020		2019	
				Facility	Utilised	Facility	Utilised
Facility	**Note**	**Secured**	**Maturity**	**€'000**	**€'000**	**€'000**	**€'000**
Finland		Yes	Dec–21	–	–	53,750	53,750
Dutch Office 3 & Poland Office		Yes	Dec–21	–	–	94,730	94,730
Dutch Office 2	(a)	Yes	Dec–26	82,375	82,375	82,375	82,375
Poland VAT loan		No	Apr–20	–	–	20,438	20,438
Note Issuance Facility		No	Aug–21	–	–	104,500	104,500
German Schuldschein	(b)	No	Nov–22	23,000	23,000	23,000	23,000
Term loan 3 year	(c)	No	Nov–22	287,000	287,000	287,000	287,000
Term loan 5 year	(c)	No	Nov–24	165,000	165,000	165,000	165,000
Revolving Credit Facility	(d)	No	Nov–22	150,000	–	150,000	–
Revolving Credit Facility	(d)	No	Oct–24	135,000	–	–	–
Euro medium term notes	(e)	No	Nov–25	300,000	300,000	–	–
Total				**1,142,375**	**857,375**	**980,793**	**830,793**

Property level financing facilities

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.

The Finland and Dutch Office 3 & Poland Office facilities have been repaid in full during FY 2020 following the issuance of Euro medium term notes.

(a) Dutch Office 2

The Dutch Office 2 facility is secured over 3 (2019: 3) Dutch office properties with an aggregate carrying amount of €240,975,000 (2019: €235,150,000). Interest is payable quarterly in arrears at a fixed rate of 1.93% per annum.

Unsecured financing facilities

(b) 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 completed in November 2019. The proceeds were used to refinance secured property level financing arrangements. The German Schuldschein is subject to EURIBOR 3 months which is floored at 0.0% as long as EURIBOR is negative. An interest 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

(c) *Term Loan 3 and 5 Years*

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

i A 3-year term loan and note amounting to €287.0 million; and

ii A second, 5-year tranche in the amount of €165.0 million.

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

(d) *Revolving Credit Facility ("RCF")*

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

In March 2020, due to the outbreak of COVID-19, CEREIT drew down €150 million from the RCF as a "safety first" move to bolster the level of cash held by CEREIT in the midst of the state of heightened uncertainty in global financial markets. The RCF was fully repaid during the year.

(e) *Euro Medium Term Note ("EMTN")*

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

As at 31 December 2020, Lux Finco had €300 million (2019: nil) of senior unsecured fixed rate notes (the "Notes") issued under the programme at a coupon of 2.125% p.a. and a reoffer yield of 2.161% p.a., payable annually in arrears, with a tenor of 5 years. Part of the net proceeds from the Notes issuance was used to repay the unsecured €104.5 million Note Issuance Facility in full, as well as the Finland and Dutch Office 3 & Poland Office facilities as mentioned above.

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.

(b) Net finance costs

	CEREIT	
	2020 €'000	**2019 €'000**
Interest expense	13,911	12,168
Amortisation of debt issuance costs	4,022	5,981
Facility break fee	(38)	719
Interest income	(1)	(82)
Total net finance costs	**17,894**	**18,786**

Information about CEREIT's exposure to interest rate changes is provided in note 12(c).

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For the year ended 31 December 2020

10 DERIVATIVE FINANCIAL INSTRUMENTS

Overview

CEREIT's derivative financial instruments consist of interest rate swap and interest rate cap contracts which are used to fix interest on floating rate borrowings ("interest rate hedge contracts") and form an integral part of CEREIT's interest rate risk management. This note provides for further details on CEREIT's interest rate hedging profile, details of expiries of interest rate hedge contracts as well as CEREIT's accounting policy for such contracts.

	CEREIT	
	2020 **€'000**	**2019** **€'000**
Non-current assets		
Interest rate cap contracts	126	883
Current liabilities		
Interest rate swap contracts	–	(99)
Total derivative financial instruments	126	784
Derivative financial instruments as a percentage of net assets	0.01%	0.06%

Accounting policy

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value at the reporting date. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

CEREIT enters into interest rate swap and cap agreements that are used to convert certain variable interest rate borrowings to fixed interest rates. The derivatives are entered into with the objective of hedging the risk of adverse interest rate fluctuations. CEREIT has not elected to apply hedge accounting to this arrangement and changes in fair value are recognised immediately in the total return.

(a) Interest rate swap and cap contract expiry profile

The notional principal amounts and period of expiry of CEREIT's interest rate swap and cap contracts were as follows:

	CEREIT	
	2020 **€'000**	**2019** **€'000**
Less than 1 year	–	148,480
1 – 2 years	–	104,500
2 – 3 years	475,000	–
3 – 4 years	–	475,000
Total interest rate hedge contracts	**475,000**	**727,980**

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(b) Debt hedging profile

Below table provides an overview of hedging of CEREIT's borrowings through interest rate cap and interest rate swap contracts at the reporting date:

	2020				2019			
	Hedge contract notional €'000	Average strike rate %	Borrowing €'000	Percentage hedged %	Hedge contract notional €'000	Average strike rate %	Borrowing €'000	Percentage hedged %
Interest rate cap contracts	475,000	0.00%	475,000	100.0%	674,230	0.07%	674,230	100.0%
Interest rate swap contracts	–	–	–	–	53,750	0.31%	53,750	100.0%
Total interest rate hedge contracts	475,000	0.00%	475,000	n.m.	727,980	0.11%	727,980	n.m.
Fixed rate	–	–	382,375	n.a.	–	–	82,375	n.a.
Unhedged	–	–	–	–	–	–	20,438	n.a.
Total	**475,000**	**0.00%**	**857,375**	**100.0%**	**727,980**	**0.11%**	**830,793**	**97.5%**

n.m. – Not meaningful n.a. – Not applicable

The weighted average cap strike rate on interest rate cap contracts was 0.00% (2019: 0.07%). In 2019, the weighted average strike rate of interest rate swap contracts at financial year end was 0.31%.

11 CONTRIBUTED EQUITY

Overview

This note provides further details on units issued and issuable by CEREIT as at financial year end, and rights attached to CEREIT units.

	CEREIT		Trust	
	2020	2019	2020	2019
Total contributed equity (€'000)	**1,241,192**	**1,236,795**	**1,241,529**	**1,237,132**
Units in issue ('000)	**2,556,081**	**2,547,787**	**2,556,081**	**2,547,787**

Accounting policy

Units issued of the Trust are classified as equity forming part of Unitholders' funds. Incremental costs directly attributable to the issue of new units are shown in Unitholders' funds as a deduction from the proceeds.

Where any CEREIT company purchases CEREIT units, for example as the result of a unit buy-back, the consideration paid, including any directly attributable incremental costs is deducted from Unitholders' funds. Unit acquired under a unit buy-back program are cancelled immediately.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

(a) Movements in contributed equity

The following reconciliation summarises the movements in contributed equity. Issues of a similar nature have been grouped and the issue price shown is the weighted average. Detailed information on each issue of units is publicly available via the SGXNet and CEREIT's webpage.

	CEREIT and Trust	
	2020 No of units '000	**2019 No of units '000**
At 1 January	2,547,787	2,181,978
Units issued during the year:		
– Acquisition fees paid in units	–	6,276
– Manager's base fee paid in units	1,811	10,427
– Manager's performance fee paid in units	3,673	–
– Property Manager's fee paid in units	2,810	12,150
– Private placement	–	326,086
– Purchase consideration	–	10,870
At 31 December	**2,556,081**	**2,547,787**

Refer to note 3 for information on units issued as payment of acquisition fees, Manager's fees, Property Manager's fees, and other fees.

On 2 July 2019, 326,086,000 new units at an issue price of €0.460 per unit were issued pursuant to a private placement, amounting to €149,999,560.

On 17 July 2019, 10,869,565 new units amounting to €5,000,000 were issued at issue price of €0.460 per unit as partial consideration for the acquisition of a French asset.

(b) Units issuable

	CEREIT and Trust	
	2020 '000	**2019 '000**
Manager's base fee	–	1,811
Manager's performance fee	–	3,673
Property Manager's fee	–	2,810
Total units issuable	–	8,294
Units in issue	2,556,081	2,547,787
Total units issued and issuable	**2,556,081**	**2,556,081**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

(c) Rights and restrictions relating to CEREIT units

The rights and interests of Unitholders are contained in CEREIT's Trust Deed and include the rights to:

- Entitlement to distributions determined in accordance with the Trust Deed;
- Participate in the termination of the Trust by receiving a share of the net proceeds of realisation among the Unitholders pro rata in accordance with the number of units held by the Unitholders and in accordance with the winding up procedures under the Trust Deed;
- Attend all Unitholder meetings with one vote per unit.

A Unitholder has no equitable or proprietary interest in the underlying assets of CEREIT and is not entitled to the transfer to it of any asset (or any part thereof). The Unitholders' liability is limited to the amount paid or payable for any units. The provisions of the Trust Deed provide that no Unitholder will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that liabilities of the Trust exceed its assets.

12 FINANCIAL RISK MANAGEMENT

Overview

CEREIT's activities expose it to a variety of financial risks which include credit risk, liquidity risk and market risk. This note provides information about the Manager's risk management strategy for CEREIT in relation to each of the above financial risks to which CEREIT is exposed to.

The Manager's overall risk management programme focuses on managing these risks and seeks to minimise potential adverse effects on the financial performance of CEREIT. CEREIT uses derivative financial instruments such as interest rate derivatives to hedge certain risk exposures. The Manager seeks to deal only with creditworthy counterparties. Liquidity risk is monitored through the use of future rolling cash flow forecasts.

The Manager's management of treasury activities is centralised and governed by policies approved by the Directors who monitor the operating compliance and performance as required. CEREIT has policies for overall risk management as well as policies covering specific areas such as identifying risk exposure, analysing and deciding upon strategies, performance measurement, the segregation of duties and other controls around the treasury and cash management functions.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

CEREIT and the Trust hold the following financial instruments:

	Type of financial instrument	CEREIT 2020 €'000	CEREIT 2019 €'000	Trust 2020 €'000	Trust 2019 €'000
Financial assets					
Cash and cash equivalents	(1)	43,593	79,250	2,102	14,346
Receivables	(1)	11,915	27,227	15,060	111,727
Derivative financial instruments	(2)	126	883	–	–
Total financial assets		**55,634**	**107,360**	**17,162**	**126,073**
Financial liabilities					
Payables	(1)	28,515	31,058	229,087	178,442
Borrowings	(1)	857,375	830,793	–	–
Derivative financial instruments	(2)	–	99	–	–
Other liabilities -finance lease liabilities	(1)	6,678	6,841	–	–
Total financial liabilities		**892,568**	**868,791**	**229,087**	**178,442**

Type of financial instrument as per IFRS 7 – *Financial Instruments: Disclosures*

(1) At amortised cost
(2) At fair value through profit or loss

(a) Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations under a financial instrument and result in a financial loss to CEREIT. Credit risk arises from cash and cash equivalents and favourable derivative financial instruments with banks and financial institutions and receivables.

CEREIT manages this risk by:

- establishing credit limits for customers and managing exposure to individual entities;
- monitoring the credit quality of all financial assets in order to identify any potential adverse changes in credit quality;
- derivative counterparties and cash transactions, when utilised, are transacted with high credit quality financial institutions with a minimum rating of BBB-/Baa3;
- regularly monitoring receivables on an ongoing basis;
- Requiring tenants to pay deposits upon commencement of leases which may be retained if the tenant defaults on rent payments.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Impairment of financial assets

CEREIT financial assets that are subject to the expected credit loss model are trade receivables. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9 *Financial Instruments*, there was no identified impairment loss.

Rent and service charges from tenants are due and payable on invoice date with no credit terms provided mitigating largely any credit risk. Additionally, there are no significant concentrations of credit risk, whether through exposure to individual tenants, specific sectors or industries tenants operate in and/or regions.

For any rent receivables due to late payment of rent, CEREIT applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all rental receivables. To measure expected credit losses CEREIT has established an accounting policy that groups rental receivables based on days past due and applies a percentage of expected non-recoveries for each group of receivables. Following this, the level of tenant deposits held against possible non-recoveries is reviewed to identify possible credit losses to CEREIT.

The ageing of trade receivables at the reporting date was:

CEREIT	Current €'000	Within 30 days €'000	31 to 60 days €'000	61 to 90 days €'000	More than 90 days €'000	Total €'000
2020						
Expected loss rate	2%	13%	16%	54%	60%	
Rental receivables	1,122	1,938	821	294	5,747	9,922
Loss allowance	(24)	(246)	(128)	(160)	(3,456)	(4,014)
2019						
Expected loss rate	–	–	–	–	72%	
Rental receivables	15,008	1,712	118	1,394	2,564	20,796
Loss allowance	–	–	–	–	(1,839)	(1,839)

The movements in impairment loss in respect of rental receivables are as follows:

	CEREIT 2020 €'000	CEREIT 2019 €'000
At 1 January	1,839	1,839
Written off	(887)	–
Charge for the year	3,062	–
At 31 December	**4,014**	**1,839**

Impairment loss at 31 December 2019 of €1,839,000 was largely historical allowance for doubtful debts which CEREIT acquired via share deals. The balance relates to mainly French historical rent and service charge debtors, which can only be written off after 5 years according to local rules.

Other than the above, the Manager believes that no additional allowance is necessary in respect of the remaining trade receivables as these receivables are mainly due from tenants that have good payment records and sufficient securities in the form of bankers' guarantees and cash security deposits as collaterals.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash reserves and undrawn finance facilities to meet the ongoing operational requirements of the business. It is CEREIT's policy to maintain sufficient funds in cash and cash equivalents to meet expected near term operational requirements. The Manager prepares and monitors rolling forecasts of liquidity requirements on the basis of expected cash flow. The Manager monitors the maturity profile of borrowings and puts in place strategies designed to ensure that all maturing borrowings are refinanced in the required timeframes.

As at 31 December 2020, the Trust's current liabilities exceed its current assets by €98,761,000 (2019: €49,974,000). As the payables are mostly made up of payables to subsidiaries and with CEREIT's existing financing facilities, the Manager is of the opinion that the Trust will be able to meet its obligations as and when they fall due.

The contractual maturity of CEREIT's and the Trust's financial liabilities at the reporting date are shown in the table below. It shows undiscounted contractual cash flows required to discharge CEREIT's financial liabilities, including interest at current market rates.

	CEREIT				Trust			
	Within 1 year €'000	Within 2 to 4 years €'000	After 4 years €'000	Total €'000	Within 1 year €'000	Within 2 to 4 years €'000	After 4 years €'000	Total €'000
2020								
Payables	28,515	–	–	28,515	117,065	112,022	–	229,087
Borrowings	–	475,000	382,375	857,375	–	–	–	–
Derivative financial instruments	–	–	–	–	–	–	–	–
Other liabilities – finance lease liabilities	352	1,086	5,240	6,678	–	–	–	–
Total financial liabilities	**28,867**	**476,086**	**387,615**	**892,568**	**117,065**	**112,022**	**–**	**229,087**

	CEREIT				Trust			
	Within 1 year €'000	Within 2 to 4 years €'000	After 4 years €'000	Total €'000	Within 1 year €'000	Within 2 to 4 years €'000	After 4 years €'000	Total €'000
2019								
Payables	30,757	301	–	31,058	178,442	–	–	178,442
Borrowings	20,438	562,980	247,375	830,793	–	–	–	–
Derivative financial instruments	99	–	–	99	–	–	–	–
Other liabilities – finance lease liabilities	343	1,053	5,445	6,841	–	–	–	–
Total financial liabilities	**51,637**	**564,334**	**252,820**	**868,791**	**178,442**	**–**	**–**	**178,442**

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For the year ended 31 December 2020

CEREIT does not face a significant liquidity risk with regard to its lease liabilities.

	CEREIT			
	2020		2019	
	Minimum lease payable €'000	Present value of minimum lease payments €'000	Minimum lease payable €'000	Present value of minimum lease payments €'000
Amounts payable under lease liabilities:				
Within one year	355	352	346	343
After 1 year	8,177	6,326	8,484	6,498
	8,532	6,678	8,830	6,841
Less: Future finance charges	(1,854)	n.a.	(1,991)	n.a.
Present value of lease obligations	6,678	6,678	6,839	6,841
Less: Amount due for settlement within 12 months		(352)		(343)
Amount due for settlement after 12 months		6,326		6,498

(c) **Market risk**

Market risk is the risk that the fair value or future cash flows of CEREIT's financial instruments fluctuate due to market price changes. CEREIT is exposed to the following market risks:

- Cash flow and fair value interest rate risk; and
- Foreign exchange risk.

Interest rate risk

CEREIT's interest rate risk primarily arises from long-term borrowings. Borrowings issued at variable rates expose CEREIT to cash flow interest rate risk. Borrowings issued at fixed rates expose CEREIT to fair value interest rate risk. CEREIT's hedging arrangements are monitored on an ongoing basis by the Board of Directors which determine the appropriate level of hedging of CEREIT's borrowings. For the current hedging profile of CEREIT's borrowings refer to note 10(b).

At the reporting date, the interest rate profile of the interest-bearing financial instruments was as follows:

	CEREIT	
	2020 €'000	2019 €'000
Fixed rate instruments		
Financial liabilities	382,375	82,375
Variable rate instruments		
Financial liabilities	475,000	748,418

CEREIT does not account for any fixed rate financial liabilities at fair value through total return. Therefore, a change in interest rate at the reporting date would not affect the Statement of Total Return.

As at 31 December 2020, 100% (2019: 97.5%) of CEREIT's interest-bearing instruments were fixed rate borrowing or were hedged by using interest rate hedging instruments. CEREIT is not exposed to significant interest rate risk.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Foreign exchange risk

CEREIT's foreign exchange risk primarily arises from its operations in non-Euro denominated countries. These include Denmark where CEREIT owns 11 (2019: 13) light industrial assets, Poland where CEREIT owns 6 (2019: 6) office assets and Singapore where the Trust is domiciled. The currencies giving rise to this risk are Danish Krone ("DKK"), Polish Zloty ("PLN") and Singapore Dollars ("SGD").

CEREIT's exposure to these foreign currency risk at the reporting date, expressed in Euro, was as follows:

		CEREIT		Trust
	DKK €'000	**PLN €'000**	**SGD €'000**	**SGD €'000**
2020				
Cash and cash equivalents	2,921	5,574	1,327	1,296
Receivables	991	2,502	1,139	1,139
Payables	(4,142)	(1,041)	(483)	(460)
Net exposure	**(230)**	**7,035**	**1,983**	**1,975**

		CEREIT		Trust
	DKK €'000	**PLN €'000**	**SGD €'000**	**SGD €'000**
2019				
Cash and cash equivalents	1,279	9,032	346	314
Receivables	895	20,482	2,393	2,393
Payables	(40,296)	–	(454)	(425)
Borrowings	–	(20,438)	–	–
Net exposure	**(38,122)**	**9,076**	**2,285**	**2,282**

Sensitivity analysis – foreign exchange risk

The following table details the sensitivity to a 1% increase and decrease in the relevant foreign currencies against the functional currency of each group entity. If the relevant foreign currency strengthens by 1% against the functional currency of each group entity, total return and Unitholders' funds will increase/(decrease) by:

	Group		Trust	
	2020 €'000	**2019 €'000**	**2020 €'000**	**2019 €'000**
Danish Krone	(2)	(381)	–	–
Polish Zloty	70	91	–	–
Singapore Dollar	20	23	20	23

The weakening of the foreign currencies to which CEREIT is exposed to by the same percentage would have had the equal but opposite effect on total return and Unitholders' funds.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

(d) Fair value measurement of financial instruments

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

Level 1:	quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2:	inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
Level 3:	inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

		CEREIT 2020			
	Note	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
Financial assets at fair value					
Derivative financial instruments	10	–	126	–	126

		CEREIT 2019			
	Note	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
Financial assets at fair value					
Derivative financial instruments	10	–	883	–	883
Financial liabilities at fair value					
Derivative financial instruments	10	–	99	–	99

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

NOTES TO THE FINANCIAL STATEMENTS

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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 CEREIT include "Vanilla" fixed to floating interest rate swap and interest rate cap contracts (over-the-counter derivatives). The fair value of these derivatives has been determined using a pricing model based on discounted cash flow analysis which incorporates assumptions supported by observable market data at 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. All counterparties to interest rate derivatives are European financial institutions.

Liabilities not measured at fair value for which fair value is disclosed

The following table shows an analysis of CEREIT's liabilities not measured at fair value for which fair value is disclosed:

	CEREIT	
	Fair value determined using significant unobservable inputs (Level 3) €'000	**Carrying amount €'000**
2020		
Liabilities		
Secured loan	83,927	82,375
Unsecured Euro medium term notes	307,511	299,493
2019		
Liability		
Secured loan	84,172	82,375

The fair values of secured loan and unsecured Euro medium term notes are calculated based on the present value of future principal and interest cash flows, discounted at market interest rate at the reporting date.

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Group Structure

This section will provide information about the CEREIT group structure including information about controlled entities (subsidiaries), if applicable, business combination information relating to the acquisition of controlled entities.

13 CONTROLLED ENTITIES

Name	Country of registration	Equity holding & ownership interest 2020 %	2019 %
Cromwell SG SPV 1 Pte. Ltd. [h]	Singapore	100	100
Cromwell SG SPV 2 Pte. Ltd. [h]	Singapore	100	100
Cromwell SG SPV 3 Pte. Ltd. [h]	Singapore	100	100
Cromwell SG SPV 4 Pte. Ltd. [h]	Singapore	100	100
Cromwell SG SPV 5 Pte. Ltd. [h]	Singapore	100	100
Cromwell EREIT SG Finco Pte. Ltd. [h]	Singapore	100	100
Parc d'Activités 1 Luxembourg [a]	Luxembourg	100	100
Cromwell EREIT Lux 2 S.à r.l. [a]	Luxembourg	100	100
Cromwell EREIT Lux 3A S.à r.l. [a]	Luxembourg	100	100
Cromwell EREIT Lux 3B S.à r.l. [a]	Luxembourg	100	100
Cromwell EREIT Lux 4 S.à r.l. [a]	Luxembourg	100	100
Cromwell EREIT Lux 5 S.à r.l. [a]	Luxembourg	100	100
PA Holdings Luxembourg S.à r.l. [a]	Luxembourg	100	100
EHI Luxembourg S.à r.l. [a]	Luxembourg	100	100
Cromwell European Cities Income Fund S.C.Sp. [a]	Luxembourg	100	100
Cromwell European Cities Income Fund General Partner S.à r.l. [a]	Luxembourg	100	100
CECIF Lux Holdco 1 [a]	Luxembourg	100	100
CECIF Lux Holdco 2 [a]	Luxembourg	100	100
CECIF Lux Bidco 1 [a]	Luxembourg	100	100
Arkonska PL Propco S.à r.l. [a]	Luxembourg	100	100
Riverside PL Propco S.à r.l. [a]	Luxembourg	100	100
Grojecka PL Propco S.à r.l. [a]	Luxembourg	100	100
Moeder Teresalaan NL Propco S.à r.l. [a]	Luxembourg	100	100
Cromwell EREIT Lux Finco S.à r.l. [a]	Luxembourg	100	100
Europe 1 Propco S.à r.l [a]	Luxembourg	100	100
Cromwell Europa 3 HoldCo S.à r.l. [a] [f]	Luxembourg	100	–
Cromwell Europa 4 HoldCo S.à r.l. [a] [f]	Luxembourg	100	–
Europe 5 HoldCo S.à r.l. [a] [f]	Luxembourg	100	–
EHI CV1 UK Limited [a]	UK	100	100
EHI CV3 UK Limited [a]	UK	100	100
EHIF (Denmark) Limited [a]	UK	100	100
EHIF Limited [a] [g]	UK	–	100
EHI Fund (Jersey) Limited [a]	Jersey	100	100
EHI Fund Germany Limited [a]	Jersey	100	100
EHI Fund One CV [a]	The Netherlands	100	100
Euroind Two CV [a]	The Netherlands	100	100
Euroind Three CV [a]	The Netherlands	100	100

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For the year ended 31 December 2020

Name	Country of registration	Equity holding & ownership interest 2020 %	2019 %
EHI Fund GP (Netherlands) B.V. [a]	The Netherlands	100	100
Yova Central Plaza B.V. [a]	The Netherlands	100	100
Yova Koningskade B.V. [a]	The Netherlands	100	100
Yova Ruyterkade B.V. [a]	The Netherlands	100	100
Yova Haagse Poort B.V. [a]	The Netherlands	100	100
Yova Blaak B.V. [a]	The Netherlands	100	100
Peacock Real Estate B.V. [a]	The Netherlands	100	100
EHI Fund Denmark ApS [a]	Denmark	100	100
Cambil Spółka z ograniczoną odpowiedzialnością [a]	Poland	100	100
Kasteli Spółka z ograniczoną odpowiedzialnością [a]	Poland	100	100
Cromwell Europa 1 AIF [a]	Italy	100	100
Cromwell Europa 2 AIF [a]	Italy	100	100
Centro Lissone S.R.L. [a]	Italy	100	100
PA France [b]	France	100	100
PA Pantin SAS [b]	France	100	100
PA Osny SAS [d]	France	–	100
PA Sartrouville SAS [b]	France	100	100
PA Villeneuve SAS [e]	France	–	100
PA Acticlub Saint Thibault [a]	France	100	100
PA Aubervilliers SCI [a]	France	100	100
PA Aulnay [e]	France	–	100
PA La Courneuve [a]	France	100	100
PA Gennevilliers SCI [a]	France	100	100
PA St Thibault [e]	France	–	100
PA Urbaparc SCI [a]	France	100	100
EHI France 1 Champs Sur Marne [a]	France	100	100
EHI France 4 Magny Les Hameaux [a]	France	100	100
EHI France 5 Saint Ouen [a]	France	100	100
EHI France 8 Saint Genis Laval [e]	France	–	100
EHI France 9 Villepinte [a]	France	100	100
EHI France 11 Bar Le Duc [a]	France	100	100
EHI France 15 Gondreville Nancy [a]	France	100	100
EHI France 17 Saint Etienne [e]	France	–	100
EHI France 20 Vitry Sur Seine [a]	France	100	100
EHI France 22 Noisy Le Sec [a]	France	100	100
Logistics France 1 SAS [a]	France	100	100
Parc Logistique SAS [c]	France	100	100
SCI Cap Mermoz [a]	France	100	100
SCI Confluence Paryseine [a]	France	100	100
Myyrinraitti Holdco Oy [a]	Finland	100	100
PKK 3 Holdco Oy [a]	Finland	100	100
PKK 12 Holdco Oy [a]	Finland	100	100
Plaza Forte Holdco Oy [a]	Finland	100	100
Artemis Holdco Finland Oy [a]	Finland	100	100
Vioto Holdco Oy [a]	Finland	100	100
Koy Maki 3 (OREC) [a]	Finland	100	100

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Name	Country of registration	Equity holding & ownership interest 2020 %	2019 %
Koy Kuopio 39 (OREC) [a]	Finland	100	100
Liiketalo Myyrinraitti Oy (MREC) [a]	Finland	94	94
Kiin Oy Pakkalan Kartanonkoski 12 (MREC) [a]	Finland	100	100
Kiinteistö Oy Plaza Forte (MREC) [a]	Finland	100	100
Kiinteistö Oy Plaza Allegro (MREC) [a]	Finland	100	100
Kiinteistö Oy Plaza Vivace (MREC) [a]	Finland	100	100
Kiinteistö Oy Opus 1 (MREC) [a]	Finland	100	100
Yrityspuiston Autopaikat Oy [a]	Finland	57	57
Cromwell Czech 1 HoldCo s.r.o. [a] [f]	Czech Republic	100	–

All of CEREIT's subsidiaries are holding entities or entities that hold CEREIT's investment properties.

Notes:

(a) Audited by overseas practices of Deloitte Touche Tohmatsu Limited (2019: overseas practices of Deloitte Touche Tohmatsu Limited).

(b) Audited by overseas practices of Deloitte Touche Tohmatsu Limited (2019: PricewaterhouseCoopers).

(c) Audited by Ernst & Young (2019: Ernst & Young).

(d) Not required to be audited in FY 2019 as the subsidiary was in the process of striking off. The subsidiary was dissolved during FY 2020.

(e) The subsidiaries were divested during FY 2020 (Note 17). In 2019, the subsidiaries were audited by overseas practices of Deloitte Touche Tohmatsu Limited, except for PA Villeneuve which was audited by PricewaterhouseCoopers.

(f) Established during FY 2020.

(g) On 9 December 2020, EHIF Limited, an indirect wholly-owned subsidiary of CEREIT which was incorporated in the United Kingdom, has been merged into another indirect wholly-owned subsidiary of CEREIT incorporated in Luxembourg, Cromwell EREIT Lux 2 S.à.r.l., with Cromwell EREIT Lux 2 S.à r.l. being the surviving entity.

(h) Audited by Deloitte & Touche LLP, Singapore.

NOTES TO THE FINANCIAL STATEMENTS

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Other Items
This section of the annual financial statements provides information about individually significant items to the balance sheet or the income statement and items that are required to be disclosed by International Financial Reporting Standards, unrecognised items and the basis of preparation of the annual financial statements.

14 OTHER RECEIVABLES AND PAYABLES

Overview

This note provides further information about material assets and liabilities that are incidental to CEREIT's and the Trust's trading activities, being receivables, loans receivable and payables.

(a) Receivables

	Note	CEREIT 2020 €'000	CEREIT 2019 €'000	Trust 2020 €'000	Trust 2019 €'000
Current					
Rental receivables		9,922	20,796	–	–
Impairment loss	12(a)	(4,014)	(1,839)	–	–
		5,908	18,957	–	–
Deposit – property acquisitions	(i)	1,000	1,900	–	–
VAT and GST receivables	(ii)	3,351	27,776	1,139	2,392
Other receivables		4,979	7,665	24	591
Loans to subsidiaries	(iii),(iv)	–	–	15,036	111,136
Prepayments		705	704	3	3
Total receivables – current		**15,943**	**57,002**	**16,202**	**114,122**
Non-current					
Other receivables		1,028	605	–	–
Total receivables – non-current		**1,028**	**605**	**–**	**–**

(i) As at 31 December 2020, a deposit of €1,000,000 was paid for the acquisition of a portfolio of 11 assets in the Czech Republic and Slovakia. The acquisition was subsequently completed on 11 March 2021 (refer to note 21(e)). As at 31 December 2019, a deposit of €1,900,000 was paid for the acquisition of a portfolio of 3 freehold light industrial/ logistics assets in Germany. The acquisition was subsequently completed on 24 March 2020.

(ii) As at 31 December 2019, VAT and GST receivables included €20,712,000 of VAT paid in relation to the acquisition of Polish assets, which was refunded in February 2020.

(iii) Loans to subsidiaries are unsecured, interest-free and repayable on demand.

(iv) For the purpose of impairment assessment, loans to subsidiaries are considered to have low credit risk as the timing of payment is controlled by CEREIT, taking into account cash flow management within CEREIT, and there has been no significant increase in the risk of default on the loan since initial recognition. Accordingly, for the purpose of impairment assessment for these loans, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, management has taken into account the financial position of the subsidiaries, adjusted for factors that are specific to the subsidiaries and general economic conditions of the industry in which the subsidiaries operate, in estimating the probability of default of the loans as well as the loss upon default. Management determines the loans to subsidiaries are subject to immaterial credit loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Accounting policy

Trade and other receivables, including rental and service charge receivables are recognised initially at fair value and subsequently measured at amortised cost, less allowance for credit losses. Refer to note 12(a) for further information about CEREIT's impairment policies.

(b) Trade and other payables

		CEREIT		Trust	
		2020	2019	2020	2019
	Note	€'000	€'000	€'000	€'000
Current					
Trade payables and accrued expenses		24,711	26,564	1,428	5,426
Vendor funding – lease incentives		3,804	4,193	–	–
Payables to subsidiaries	(i)	–	–	115,637	173,016
Total payable – current		**28,515**	**30,757**	**117,065**	**178,442**
Non–current					
Vendor funding – lease incentives		–	301	–	–
Payables to subsidiaries	(i)	–	–	112,022	–
Total payables – non-current		**–**	**301**	**112,022**	**–**

(i) Payables to subsidiaries are unsecured, interest-free and repayable on demand, except for certain payables to a subsidiary amounting to €112,022,000 (2019: 68,521,000) which bore interest rates ranging from 1.36% to 2.23% (2019: 1.30% to 1.75%) per annum. Payables to subsidiaries of €112,022,000 are due 36 to 60 months after the date of agreements.

Accounting policy

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost. These amounts represent liabilities for goods and services provided to CEREIT prior to the end of the year and which are unpaid. The amounts are usually unsecured and paid within 30-60 days of recognition.

Vendor funding – lease incentives

As part of acquisitions of investment properties, the acquisition price of the properties is reduced for unpaid tenant incentives contracted for as at acquisition date. The acquisition price reduction is recorded as payable on the balance sheet. The liability is transferred to profit or loss as and when the respective tenant incentives are paid or taken.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

15 OTHER LIABILITIES

	CEREIT 2020 €'000	CEREIT 2019 €'000
Current		
Tenant security deposits	12,485	12,955
Rent in advance	10,264	22,829
Other liabilities	2,669	5,469
Total other current liabilities	**25,418**	**41,253**
Non-current		
Other liabilities	7,729	7,289
Total other non-current liabilities	**7,729**	**7,289**

Accounting policy

Tenant security deposits

Tenant security deposits are recognised at the fair value of the amount received within other current liabilities on the balance sheet. The liability is derecognised upon returning the deposit to the tenant at the end of the tenancy or transferred to profit or loss to the extent of rent owed when it has been established that a tenant will default on its rental payment obligations.

Rent in advance

Rent in advance represent rental payments received in advance of due date from tenants. Rent in advance is recognised within other current liabilities on the balance sheet. The liability is transferred to rental income within profit or loss as and when the service of providing lettable space to a tenant is provided.

16 ASSETS AND LIABILITIES HELD FOR SALE

	CEREIT 2019 €'000
Asset sale	
5 light industrial / logistics Dutch assets	19,392
2 light industrial / logistics Danish assets	9,123
	28,515
The disposal group	
– Investment properties	37,185
– Cash and cash equivalents	310
– Receivables	2,943
	40,438
Assets held for sale	**68,953**
The disposal group	
– Payables	740
– Other current liabilities	1,030
Liabilities held for sale	**1,770**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

On 16 December 2019, CEREIT entered into a master sale and purchase agreement with entities owned by funds advised by affiliates of the Blackstone Group Inc. in relation to the disposal of 12 properties from CEREIT's portfolio located in the Netherlands, Denmark and France (collectively the "Disposals"). The agreed property sales price of the Disposals is €65.7 million, representing a 15.2% premium to the original purchase price and a 4.1% premium to the latest market value of the Disposals, based on the independent valuations conducted by Cushman & Wakefield Debenham Tie Leung Limited (in respect of the Dutch Assets and the Danish Assets) and Colliers International Valuation UK LLP (in respect of the French Assets) as at 30 June 2019.

Pursuant to the sale and purchase agreement, CEREIT, through its subsidiaries, sold the properties by way of an asset sale for the Dutch assets and the Danish assets and by way of a sale of shares of the French companies that own the French assets.

CEREIT completed the Disposals in 2020 for a consideration of €65.7 million and a loss on disposal was recorded in 2020 due to transaction costs incurred. The capital gain for the Disposals had already been recorded as fair value gains in previous years financial statements.

Accounting policy

Assets and liabilities that are highly probable to be recovered primarily through sale rather than through continuing use, are classified as held for sale and accounted for as current assets. Immediately before classification as held for sale, the assets are remeasured in accordance with applicable IFRSs. Thereafter, the disposal groups classified as held for sale are generally measured at the lower of their carrying amount and fair value less costs to sell. Investment properties held for sale are measured at fair value.

Impairment losses on initial reclassification as held for sale and subsequent gains or losses on remeasurement are recognised in the Consolidated Statement of Total Return. Gains are not recognised in excess of any cumulative impairment loss.

17 DISPOSAL OF SUBSIDIARIES

As referred to in Note 16, on 24 March 2020, the following subsidiaries that own the French assets were disposed pursuant to the sale and purchase agreement in relation to the disposal of 12 properties.

	Equity interest disposed %
PA Villeneuve SAS	100
PA St Thibault	100
PA Aulnay	100
EHI France 8 Saint Genis Laval	100
EHI France 17 Saint Etienne	100

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

The assets and liabilities classified as held for sale disposed during the year ended 31 December 2020 were as follows:

	2020 €'000
Investment properties	37,185
Receivables (current)	5,194
Current tax assets	121
Payables (current)	(1,521)
Current tax liabilities	(3)
Other current liabilities	(1,290)
Net assets disposed	39,686
Loss on disposal of assets/liabilities held for sale	(116)
Transaction costs	483
Proceeds from disposal of assets/ liabilities held for sale	40,053
Less: Cash disposed	(3,061)
Net cash flow on disposal of assets and liabilities held for sale	36,992

18 CASH FLOW INFORMATION

Overview

This note provides further information about non-cash transactions, the cash accounting policy as well as a reconciliation of net debt.

Accounting policy

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(a) Non-cash transactions

	CEREIT		Trust	
	2020 €'000	2019 €'000	2020 €'000	2019 €'000
Units issued in lieu of acquisition fees		3,125	–	3,125
Units issued in lieu of purchase consideration	–	5,000	–	5,000
Units issued in lieu of base management fees and property management fees	2,455	11,068	2,455	11,068
Units issued in lieu of management performance fees	1,952	–	1,952	–
Total non–cash transactions	**4,407**	**19,193**	**4,407**	**19,193**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

(b) Net debt reconciliation

Net debt

	CEREIT		Trust	
	2020 €'000	2019 €'000	2020 €'000	2019 €'000
Cash and cash equivalents	43,593	79,250	2,102	14,346
Gross borrowings – current	–	(20,438)	–	–
Gross borrowings – non-current	(857,375)	(810,355)	–	–
Net debt	**(813,782)**	**(751,543)**	**2,102**	**14,346**

Movements in net debt

CEREIT	Cash and cash equivalents €'000	Borrowings – current €'000	Borrowings – non-current €'000	Net debt €'000
At 1 January 2019	57,755	–	(598,165)	(540,410)
Cash flows	21,805	(20,349)	(212,190)	(210,734)
Cash held for sale	(310)	–	–	(310)
Foreign currency movement	–	(89)	–	(89)
Net debt at 31 Dec 2019	**79,250**	**(20,438)**	**(810,355)**	**(751,543)**
Cash flows	(35,657)	20,438	(47,020)	(62,239)
Net debt at 31 Dec 2020	**43,593**	**–**	**(857,375)**	**(813,782)**

19 RELATED PARTIES

Overview

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

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

This note provides information about transactions with related parties during the year. All of CEREIT's transactions with related parties are on normal commercial terms and conditions and at market rates.

(a) Other related party transactions

The Trustee, Manager, and the Property Manager, which is 100% controlled by CCL, received various management fees, acquisition fees and divestment fees during the year. Details of the fees paid/payable have been disclosed in note 3 to the financial statements.

As at 31 December 2020, a total of €7,613,061 (2019: €7,753,000) remains payable.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

20 UNRECOGNISED ITEMS

Overview

Items that have not been recognised on CEREIT's balance sheet include contractual commitments for future expenditure and contingent liabilities if applicable, which are not sufficiently certain to qualify for recognition as a liability on the balance sheet. This note provides details of any such items. Additionally, disclosure is also made of any other material contractual arrangements that may result in future cash outflows.

(a) Capital expenditure commitments

Commitments in relation to capital expenditure contracted for at reporting date but not recognised as a liability are as follows:

	CEREIT	
	2020	**2019**
	€'000	**€'000**
Investment properties	**4,008**	**6,297**

(b) Other – certain earn-out agreements in relation to Italian properties

Upon acquisition of certain Italian properties, earn-out agreements have been negotiated with the vendor of the properties whereby CEREIT may be required to make further payments if certain lease outcomes are achieved in the future. As the signing of leases is solely at the discretion of the Manager, such arrangements are neither recognised as a liability on the balance sheet nor it is considered as a contingent liability as no contractual obligation exists.

The maximum amount payable under the earn-out agreements is €15,830,000.

21 SUBSEQUENT EVENTS

(a) On 21 January 2021, a wholly-owned subsidiary of CEREIT, Cromwell EREIT Lux Finco S.a.r.l. 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 due 2025 issued on 19 November 2020. Net proceeds from the tap issuance were used to partially refinance the 3-year term loan and note and for general working capital purposes.

(b) On 23 February 2021, the Manager announced a distribution of €1.744 cpu for the period from 1 July 2020 to 31 December 2020 (2019: €2.030 cpu for the period from 2 July 2019 to 31 December 2019).

(c) On 5 March 2021, 232,558,100 new units amounting to €100 million were issued at an issue price of €0.430 per unit pursuant to the private placement announced on 24 February 2021. Proceeds from the private placement were used to partially replenish working capital applied in connection with the acquisition of Centro Logistico Orlando Marconi on 23 December 2020, partially fund the acquisition of 11 logistics and light industrial properties in Czech Republic and Slovakia and pay the fees and expenses incurred by CEREIT in connection with the private placement.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

(d) On 11 March 2021, the Manager announced a cumulative distribution of €2.324 cpu for the period from 1 July 2020 to 4 March 2021 (being the day before the new units were issued pursuant to the private placement). The cumulative distribution comprises the distribution of €1.744 cpu for the period from 1 July 2020 to 31 December 2020 and the advanced distribution of €0.580 cpu for the period from 1 January 2021 to 4 March 2021.

(e) 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 logistics and light industrial properties in Czech Republic and Slovakia through the acquisition of all the shares of each of the respective property holding companies, for a total consideration of €108.7 million.

(f) The COVID-19 outbreak and the measures taken to contain the spread of the pandemic have created a high level of uncertainty to global economic prospects. There is still significant uncertainty over the future development of the outbreak however the Manager expects the pandemic to moderately impact CEREIT's business operations and financial performance in FY 2021, before performance picks-up and improves in FY 2022. Large-scale vaccination programmes are slowly progressing across Europe. Until the services industry (which accounts for the majority of Europe's GDP) is restored, government support measures may still be required for employment and consumption purposes. Tenant-customers continue to be affected to varying degrees by national lockdowns and there is a real chance that some tenant-customers may face higher insolvency risks. CEREIT may then face the challenge of having to re-let these spaces earlier than planned. Fortunately, Europe's manufacturing output is expected to grow at 8%[1] in year 2021, benefitting from increased trade with China.

(1) Source: Oxford Economics

22 FINANCIAL RATIOS

	CEREIT	
	2020 %	2019 %
Ratio of expenses to weighted average net assets[1]		
Including performance component of the Manager's management fees	0.81	1.02
Excluding performance component of the Manager's management fees	0.81	0.85
Portfolio turnover rate[2]	5.08	1.42

(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 the period from 1 January 2020 to 31 December 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 CIS.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

23 BASIS OF PREPARATION AND OTHER ACCOUNTING POLICIES

Overview

This note provides an overview of CEREIT's accounting policies that relate to the preparation of the financial statements as a whole and does not relate to specific items. Accounting policies for specific items in the balance sheet or statement of comprehensive income have been included in the respective note.

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") and interpretations adopted by the International Accounting Standards Board. The financial statements also complies with applicable requirements of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore ("MAS") and the provisions of the trust deed.

The financial statements have been authorised for issue on 30 March 2021.

Historical cost convention

The financial report is prepared on the historical cost basis except for the following:

- investment properties are measured at fair value;
- derivative financial instruments are measured at fair value.

(b) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries as at 31 December 2020 and the results of all subsidiaries for the financial year then ended. Subsidiaries are entities controlled by the Trust. Control exists when the Trust is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The acquisition method of accounting is used to account for business combinations by CEREIT. Inter-entity transactions, balances and unrealised gains on transactions between CEREIT entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by CEREIT.

A business for business combination purposes is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities.

Entities acquired, that do not meet the definition of a business are accounted for as acquisition of an asset or a group of assets. This is generally the case if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets such as investment properties.

Investments in subsidiaries are accounted for at cost in the individual financial statements of the Trust. A list of subsidiaries appears in note 13 to the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

(c) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of CEREIT's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Euro, which is the Trust's functional currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income, except when they are attributable to part of the net investment in a foreign operation. Foreign exchange gains and losses that relate to borrowings are presented in the income statement, within finance costs. All other foreign exchange gains and losses are presented in the income statement on a net basis.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(d) Impairment of assets

At each reporting date, and whenever events or changes in circumstances occur, CEREIT assesses whether there is any indication that any other asset may be impaired. Where an indicator of impairment exists, CEREIT makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Assets other than goodwill that suffer impairment are reviewed for possible reversal of the impairment at each reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

(e) Critical accounting estimates

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

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

The areas that involved a higher degree of judgement or complexity and may need material adjustment if estimates and assumptions made in preparation of these financial statements are incorrect are:

Area of estimation	Note
Measurement of deferred tax liabilities	7
Fair value of investment properties	8

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

(f) New accounting standards and interpretations

(i) New and amended standards adopted

CEREIT has adopted new accounting standards that are effective for annual periods that begin on or after 1 January 2020 as follows:

Amendments to IAS 1 and IAS 8 *Definition of material*

CEREIT has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the *Conceptual Framework* that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

Amendments to References to the Conceptual Framework in IFRS Standards

CEREIT has adopted the amendments included in *Amendments to References to the Conceptual Framework* in IFRS Standards for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements with regard to references to and quotes from the *Framework* so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the *Framework* they are referencing to (the IASC *Framework* adopted by the IASB in 2001, the IASB *Framework* of 2010, or the new revised *Framework* of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised *Conceptual Framework*.

The Standards which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

(ii) *New standards and interpretations not yet adopted*

Relevant accounting standards and interpretations that have been issued or amended but are not yet effective and have not been adopted for the year are as follows:

	Application date of Standard	**Application date for CEREIT**
Amendments to IAS 1 *Classification of Liabilities as Current or Non-current*	1 January 2023	1 January 2023
Amendments to IFRS *3 Reference to the Conceptual Framework*	1 January 2022	1 January 2022
Annual improvements to IFRS Standards 2018-2020 Cycle *Amendments to IFRS 1 First-time adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments and IFRS 16 Leases*	1 January 2022	1 January 2022

Amendments to IAS 1 – *Classification of Liabilities as Current or Non-current*

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

Amendments to IFRS 3 – *Reference to the Conceptual Framework*

The amendments update IFRS 3 so that it refers to the 2018 *Conceptual Framework* instead of the 1989 *Framework*. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 *Levies*, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated *Conceptual Framework*) at the same time or earlier.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Annual Improvements to IFRS Standards 2018–2020

The Annual Improvements include amendments to the following Standards.

IFRS 1 *First-time Adoption of International Financial Reporting Standards*

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 9 *Financial Instruments*

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 16 *Leases*

The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

The adoption of the Standards mentioned above is not expected to have a material impact on CEREIT's financial statements.

ADDITIONAL INFORMATION

INTERESTED PERSON (AS DEFINED IN THE LISTING MANUAL) AND INTERESTED PARTY (AS DEFINED IN THE PROPERTY FUNDS APPENDIX) TRANSACTIONS

Transactions entered into with interested persons/parties during the financial year falling under the Listing Manual of SGX-ST and the Property Funds Appendix of the CIS are as follows:

Name of interested person / party	Nature of relationship	Aggregate value of all interested person/ party transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under unitholders' mandate pursuant to Rule 920) €'000	Aggregate value of all interested person/party transactions conducted under unitholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) €'000
Cromwell Property Group and its related companies	**Ultimate controlling shareholder of the Manager and Ultimate controlling Unitholder**		
– Acquisition fees		1,070[1]	–
– Divestment fees		329[2]	–
– Base management fees		5,246	–
– Property & portfolio management fees		15,271	–
– Leasing fees		1,817	–
– Project management fees		921	–
Perpetual (Asia) Limited and its related companies	**CEREIT Trustee**		
Trustee fees		260	–

(1) Acquisition fee of 1.0% on the purchase price of investment properties acquired by CEREIT during the financial year.

(2) Divestment fee of 0.5% on the gross sale price of investment property divested by CEREIT during the financial year.

Saved as disclosed above, there were no additional interested person/party transactions (excluding transactions of less than S$100,000 each) entered into up to and including 31 December 2020 nor any material contracts entered by CEREIT or any of its subsidiaries that involve the interests of the CEO, any Directors or any controlling Unitholder of the Trust.

Please also see the Related Party in Note 19 to the financial statements.

The entry into and the fees payable pursuant to the Trust Deed have been approved by the Unitholders upon purchase of the Units at the initial public offering of CEREIT on the SGX-ST in November 2017 and are therefore not subject to Rules 905 and 906 of the Listing Manual.

STATISTICS OF UNITHOLDINGS

AS AT 15 MARCH 2021

Issued and Fully Paid Units: 2,788,638,656

Voting rights: 1 vote per Unit. There is only one class of Units in CEREIT.

Market capitalisation is €1,213 million based on the market closing price of €0.435 on 15 March 2021.

As at 15 March 2021, there are no treasury units held by CEREIT or the Manager.

SUBSTANTIAL UNITHOLDERS AS AT 15 MARCH 2021

Based on the Register of Substantial Unitholders' Unitholdings, the interests of Substantial Unitholders in Units are as follows:

	Direct Interest	%	Deemed Interest	%
Cromwell Property Group[1]	–	–	782,788,645	28.07
Cromwell Singapore Holdings Pte. Ltd.	768,218,908	27.55	–	–
CDPT Finance No.2 Pty Ltd[2]	–	–	768,218,908	27.55
Cromwell Property Securities Limited (as Responsible Entity for Cromwell Diversified Property Trust)[2]	–	–	768,218,908	27.55
ARA Real Estate Investors XXI Pte. Ltd.[3]	–	–	793,268,460	28.45
ARA RE Investment Group (Singapore) Pte. Ltd.[3]	–	–	793,268,460	28.45
ARA Asset Management Limited[3]	–	–	793,268,460	28.45
ARA Investment (Cayman) Limited[3]	–	–	793,268,460	28.45
ARA Asset Management Holdings Pte. Ltd.[3]	–	–	793,268,460	28.45
Straits Equities Holdings (One) Pte. Ltd.[4]	–	–	793,268,460	28.45
The Straits Trading Company Limited[4]	–	–	793,268,460	28.45
The Cairns Pte. Ltd.[5]	–	–	793,268,460	28.45
Raffles Investment Private Limited[5]	–	–	793,268,460	28.45
Tecity Pte. Ltd.[5]	–	–	793,268,460	28.45
Aequitas Pte. Ltd.[5]	–	–	793,268,460	28.45
Tan Chin Tuan Pte. Ltd.[5]	–	–	793,268,460	28.45
Dr Tan Kheng Lian[5]	–	–	793,268,460	28.45
Alexandrite Gem Holdings Limited[6]	–	–	793,268,460	28.45
WP Global LLC[6]	–	–	793,268,460	28.45
Warburg Pincus Partners II, L.P.[6]	–	–	793,268,460	28.45
Warburg Pincus Partners GP LLC[6]	–	–	793,268,460	28.45
Warburg Pincus & Co.[6]	–	–	793,268,460	28.45
Mr Gordon Tang and Mrs Celine Tang[7]	255,474,780	9.16	–	–
Hillsboro Capital, Ltd	186,590,000	6.69	–	–
Mr Andrew L. Tan[8]	–	–	204,790,000	7.34
Lim Hwee Chiang[9]	–	–	784,004,018	28.11

STATISTICS OF UNITHOLDINGS

AS AT 15 MARCH 2021

Notes:

(1) Cromwell Singapore Holdings Pte. Ltd. ("CSHPL") is a wholly-owned subsidiary of CDPT Finance No. 2 Pty Ltd., which is in turn a wholly-owned subsidiary of Cromwell BT Pty Ltd (as custodian (aka bare trustee) for Cromwell Property Securities Limited as responsible entity for Cromwell Diversified Property Trust ("CDPT"). CDPT is part of Cromwell Property Group ("CPG") which is a stapled entity comprising Cromwell Corporation Limited and CDPT. Accordingly, CPG is deemed to be interested in CSHPL's interests in the Units. Additionally, Cromwell EREIT Management Pte. Ltd. (the "Manager") which holds 11,759,818 Units, is a wholly-owned subsidiary of Cromwell Corporation Limited. Cromwell CEREIT Holdings Limited which holds 2,809,919 Units, is a wholly-owned subsidiary of Cromwell Europe Limited, which is in turn a wholly-owned subsidiary of Cromwell European Holdings Limited, which is in turn a wholly-owned subsidiary of Cromwell Corporation Limited. As such, CPG is also deemed to be interested in Cromwell Corporation Limited's deemed interests in the Units held by the Manager and Cromwell CEREIT Holdings Limited.

(2) CSHPL is a wholly-owned subsidiary of CDPT Finance No. 2 Pty Ltd., which is in turn a wholly-owned subsidiary of Cromwell BT Pty Ltd (as custodian (aka bare trustee) for Cromwell Property Securities Limited as responsible entity for Cromwell Diversified Property Trust ("CDPT"). CDPT is part of CPG which is a stapled group comprising Cromwell Corporation Limited and CDPT. Accordingly, CDPT Finance No. 2 Pty Ltd. and Cromwell Property Securities Limited, respectively, are deemed to be interested in CSHPL's interests in the Units.

(3) ARA Real Estate Investors XXI Pte. Ltd. holds more than 20.0% of interest in CPG and is therefore deemed interested in the units in CEREIT through CPG's interests. ARA Real Estate Investors XXI Pte. Ltd. is wholly owned by ARA RE Investment Group (Singapore) Pte. Ltd., which is in turn wholly owned by ARA Asset Management Limited, which is in turn wholly owned by ARA Investment (Cayman) Limited, which is in turn wholly owned by ARA Asset Management Holdings Pte. Ltd. ARA RE Investment Group (Singapore) Pte. Ltd., ARA Asset Management Limited, ARA Investment (Cayman) Limited and ARA Asset Management Holdings Pte. Ltd. are therefore deemed interested in the units of CEREIT. The deemed interest held by each of ARA Real Estate Investors XXI Pte. Ltd., ARA RE Investment Group (Singapore) Pte. Ltd., ARA Asset Management Limited, ARA Investment (Cayman) Limited and ARA Asset Management Holdings Pte. Ltd. is based on the last notification of interests received by the Manager on 31 October 2019.

(4) Straits Equities Holdings (One) Pte. Ltd. holds more than 20.0% of voting rights of ARA Asset Management Holdings Pte. Ltd. and is therefore deemed interested in the units in CEREIT through ARA Asset Management Holdings Pte. Ltd.'s deemed interests in the units in CEREIT through CPG's interests. As The Straits Trading Company Limited holds 100% of the voting rights of Straits Equities Holdings (One) Pte. Ltd., it is also deemed interested in the units in CEREIT. The deemed interest held by each of Straits Equities Holdings (One) Pte. Ltd. and The Straits Trading Company Limited is based on the last notification of interests received by the Manager on 31 October 2019.

(5) The Cairns Pte. Ltd. ("Cairns") holds more than 50.0% of voting rights of The Straits Trading Company Limited and is therefore deemed interested in the units in CEREIT through The Straits Trading Company Limited's deemed interests in the units in CEREIT through CPG's interests. As each of Raffles Investment Private Limited ("Raffles"), Tecity Pte. Ltd. ("Tecity") and Tan Chin Tuan Pte. Ltd. ("TCT") holds not less than 20 per cent. of the voting rights of Cairns, Raffles, Tecity and TCT are also deemed interested in the units in CEREIT. As Aequitas Pte. Ltd. ("Aequitas") holds more than 50 per cent. of the voting rights of Raffles, it is also deemed interested in the units in CEREIT. Dr Tan Kheng Lian who holds more than 50 per cent. of the voting rights of TCT is also deemed interested in the units in CEREIT. The deemed interest held by each of Cairns, Raffles, Tecity, TCT, Aequitas and Dr Tan Kheng Lian is based on the last notification of interests received by the Manager on 31 October 2019.

(6) Alexandrite Gem Holdings Limited holds more than 20.0% of ARA Asset Management Holdings Pte. Ltd. and is therefore deemed interested in the units in CEREIT through ARA Asset Management Holdings Pte. Ltd.'s deemed interests in the units in CEREIT through CPG's interests. Alexandrite Gem Holdings Limited is wholly-owned by certain private equity funds which are limited partnerships ("the Funds") managed by Warburg Pincus LLC, a New York limited liability company. Warburg Pincus XII, L.P., a Delaware limited partnership and Warburg Pincus China GP, L.P., a Delaware limited partnership are the general partners of the Funds. WP Global LLC, a Delaware limited liability company ("WP Global"), is the general partner of each of Warburg Pincus XII, L.P. and Warburg Pincus China GP, L.P. Warburg Pincus Partners II, L.P., a Delaware limited partnership ("WPP II"), is the managing member of WP Global. Warburg Pincus Partners GP LLC, a Delaware limited liability company ("WPP GP LLC"), is the general partner of WPP II. Warburg Pincus & Co., a New York general partnership ("WP"), is the managing member of WPP GP LLC. Charles R. Kaye and Joseph P. Landy are each U.S. Citizens and Managing General Partners of WP and Managing Members and Co-Chief Executive Officers of Warburg Pincus LLC and may be deemed to control the Warburg Pincus entities. Charles R. Kaye and Joseph P. Landy disclaim beneficial ownership of all shares held by the Warburg Pincus entities. By virtue of this, each of WP Global, WPP II, WPP GP LLC and WP has a deemed interest in the units in CEREIT which CPG is deemed to be interested in. The deemed interest held by each of Alexandrite Gem Holdings Limited, WP Global, WPP II, WPP GP LLC and WP is based on the last notification of interests received by the Manager on 31 October 2019.

(7) The Units are held by joint account of Mr. Gordon Tang and Mrs. Celine Tang. Mr. Gordon Tang is the spouse of Mrs. Celine Tang.

(8) Mr Andrew L. Tan is the beneficial owner of 204,790,000 units held through Hillsboro Capital, Ltd. and Worldwide Property Financing Limited.

(9) Lim Hwee Chiang holds 100% of the shares in JL Investment Group Limited ("JLIG") and in JL Investment Group II Limited ("JLIG II"). Lim Hwee Chiang holds 19.85% of the shares of ARA Asset Management Holdings Pte. Ltd. ("ARA Holdings") through JLIG and has on 2 June 2020 acquired shares in ARA Holdings through JLIG II (the "ARA Shares") which resulted in Lim Hwee Chiang holding more than 20.0% interest in ARA Holdings. ARA Holdings is deemed interested in the units in CEREIT through CPG's interests (refer to Note (3) above). As Lim Hwee Chiang holds more than 20.0% interest in ARA Holdings, he is therefore also deemed interested in the units of CEREIT.

STATISTICS OF UNITHOLDINGS

AS AT 15 MARCH 2021

DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	No. of Unitholders	%	No. of Units	%
1 – 99	9	0.21	374	0.00
100 – 1,000	334	7.83	270,988	0.01
1,001 – 10,000	1,805	42.31	9,729,153	0.35
10,001 – 1,000,000	2,094	49.09	94,148,069	3.38
1,000,001 AND ABOVE	24	0.56	2,684,490,072	96.26
TOTAL	4,266	100.00	2,788,638,656	100.00

TWENTY LARGEST UNITHOLDERS

No.	Name	No. of Units	%
1	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	786,378,545	28.20
2	DBS NOMINEES (PRIVATE) LIMITED	690,105,013	24.75
3	CITIBANK NOMINEES SINGAPORE PTE LTD	672,279,669	24.11
4	RAFFLES NOMINEES (PTE.) LIMITED	264,544,131	9.49
5	DBSN SERVICES PTE. LTD.	97,098,916	3.48
6	HSBC (SINGAPORE) NOMINEES PTE LTD	41,817,970	1.50
7	MERRILL LYNCH (SINGAPORE) PTE. LTD.	23,327,608	0.84
8	ABN AMRO CLEARING BANK N.V.	19,867,211	0.71
9	OCBC SECURITIES PRIVATE LIMITED	17,385,340	0.62
10	PHILLIP SECURITIES PTE LTD	16,451,916	0.59
11	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	12,242,390	0.44
12	DB NOMINEES (SINGAPORE) PTE LTD	7,615,861	0.27
13	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	6,111,004	0.22
14	MAYBANK KIM ENG SECURITIES PTE. LTD.	5,761,338	0.21
15	IFAST FINANCIAL PTE. LTD.	3,948,240	0.14
16	UOB KAY HIAN PRIVATE LIMITED	3,691,000	0.13
17	LIEW CHEE KONG	3,592,700	0.13
18	BPSS NOMINEES SINGAPORE (PTE.) LTD.	2,122,600	0.08
19	LING PING SHEUN ARTHUR	2,026,200	0.07
20	EUCO INVESTMENTS PTE LTD	2,000,000	0.07
	TOTAL	2,678,367,652	96.05

STATISTICS OF UNITHOLDINGS

AS AT 15 MARCH 2021

DIRECTORS' INTERESTS IN UNITS AS AT 15 MARCH 2021

Based on the Register of Directors' Unitholdings, the interests of the Directors in Units are as follows:

	No. of Units			
Name of Director	Direct Interest	%	Deemed Interest	%
Lim Swe Guan	547,032	0.02	–	–
Paul Weightman[1]	–	–	–	–
Christian Delaire	–	–	–	–
Fang Ai Lian	–	–	–	–
Simon Garing[2]	–	–	–	–
Michael Wilde[3]	–	–	–	–

Notes:

(1) Resigned as Non-Independent Non-Executive Director with effect from 31 December 2020. No interest in Units was held as at 31 December 2020.

(2) Excludes Units that will vest under the Manager's PUP.

(3) Appointed as Non-Independent Non-Executive Director with effect from 25 February 2021.

PUBLIC HOLDINGS AS AT 15 MARCH 2021

Based on the information available, approximately 49.56% of the issued Units in CEREIT is held by the public as at 15 March 2021 and therefore, pursuant to Rules 1207 and 723 of the Listing Manual of the SGX-ST, it is confirmed that at least 10% of the issued Units in CEREIT is held by the public. Accordingly, Rule 723 of the Listing Manual of the SGX-ST has been complied with. For the purposes of SGX-ST Listing Manual, the non-public Unitholdings include substantial Unitholders who own 5% or more, Directors, CEOs, controlling shareholders of the company and its subsidiaries and associates of the above-mentioned.

PERCENTAGE OF ISSUED UNITS HELD BY UNITHOLDERS WITH LESS THAN 10% UNITHOLDINGS AS AT 15 MARCH 2021

Based on the information available, approximately 71.93% of the issued Units in CEREIT is held by Unitholders with less than 10% Unitholdings as at 15 March 2021. The only Unitholder that holds more than 10% of Units (defined as "restricted") is Cromwell Property Group (28.07%).

As per definitions used by FTSE Russell for the calculation of "free-float restrictions" for the purpose of various FTSE related indices.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Lim Swe Guan
Chair and Independent Non-Executive Director

Fang Ai Lian
Independent Non-Executive Director

Christian Delaire
Independent Non-Executive Director

Michael Wilde
Non-Independent and Non-Executive Director

Simon Garing
CEO and Executive Director

AUDIT AND RISK COMMITTEE

Fang Ai Lian
Chair and Independent Non-Executive Director

Lim Swe Guan
Independent Non-Executive Director

Christian Delaire
Independent Non-Executive Director

NOMINATING AND REMUNERATION COMMITTEE

Christian Delaire
Chair and Independent Non-Executive Director

Lim Swe Guan
Independent Non-Executive Director

Fang Ai Lian
Independent Non-Executive Director

MANAGEMENT TEAM

Simon Garing
CEO

Shane Hagan
CFO

Andreas Hoffman
Head of Property

Elena Arabadjieva
Chief Operating Officer and Head of Investor Relations

Kathleen Tan
Head of Risk, Compliance and Company Secretarial

COMPANY SECRETARY

Kim Yi Hwa

TRUSTEE

Perpetual (Asia) Limited
16 Collyer Quay
#07-01
Singapore 049316

MANAGER

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Website: www.cromwelleuropeanreit.com.sg

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Facsimile : +65 6536 1360

AUDITORS

Deloitte & Touche LLP
6 Shenton Way, OUE Downtown 2
#33-00 Singapore 068809
Partner in charge: Shariq Barmaky
(Appointment date: 1 November 2017)

STOCK INFORMATION

SGX ID: CNNU & CSFU
Bloomberg: CERT:SP
Reuters: CROM.SI
ISIN: SG1EA8000000

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CROMWELL EUROPEAN REIT

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