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Cromwell European Real Estate Investment Trust

Unaudited Financial Statements Announcement for the Second Quarter ended 30 June 2018 and the Financial Period from 30 November 2017 (being the date of listing of CEREIT) to 30 June 2018

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

Introduction

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

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

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

CEREIT's portfolio of real estate assets consists of 75 properties located in France, Italy, Netherland, Germany and Denmark with an aggregate lettable area of approximately 1.2 million square metres.

	No. of properties	Lettable Area (sqm)	Valuation (€'000)	Valuation (%)
Office				
Netherlands	5	123,989	395,550	28%
Italy	9	101,138	265,650	19%
Total	**14**	**225,127**	**661,200**	**47%**
Light Industrial				
Netherlands	10	82,314	74,000	5%
France	21	332,956	313,650	23%
Germany	11	166,458	107,800	8%
Denmark	13	151,483	81,402	6%
Italy	1	29,638	12,300	1%
Total	**56**	**762,849**	**589,152**	**43%**
Other				
Italy	5	176,577	140,000	10%
Total Portfolio	**75**	**1,164,553**	**1,390,352**	**100%**

As announced on 27 June 2018, CEREIT completed the acquisition of the office property located at 13 Via Jervis, Ivrea, Italy, for EUR 16,900,000.

As disclosed in the Prospectus, SGX-ST has granted CEREIT a waiver from preparing full year financial statements and an annual report for the period from Listing Date to 31 December 2017. The total period covered by this quarterly financial report announcement is therefore the date from IPO 30 November 2017 to 30 June 2018 ("financial period").

Cromwell European REIT Results Overview

CEREIT continues to deliver above IPO Prospectus forecast and projection distributable income (DI) with 2Q 2018 DI of EUR 17.3 million, EUR 0.4 million (2.2%) above the Prospectus projection for the same quarter. This brings the total DI for the period since IPO on 30 November 2017 to EUR 40.1 million, EUR 1.2 million (3.0%) above Prospectus forecast and projections for the same period.

Highlights:

- Gross revenue of EUR 31.8 million and net property income of EUR 20.7 million for 2Q 2018, up 3.9% and 3.5% respectively on the IPO projection for the same period.
- DI of EUR 17.3 million for 2Q 2018 equating to distributable income per unit (DPU) of 1.10 cents, 2.2% above the IPO Prospectus projection for the period.
- Net asset value (NAV) of EUR 897.9 million up 2.1% from 1Q 2018 and aggregate leverage of 33.9%, down 1.2% from 1Q 2018 and 2.9% since IPO.
- Gross revenue of EUR 72.8 million since IPO, up 2.2% compared to IPO Prospectus forecast and projection and net property income of EUR 47.7 million since IPO, up 3.1% compared to IPO Prospectus forecast and projection.
- DI of EUR 40.1 million for the seven months period since IPO equating to a DPU of 2.53 cents, 3.0% above IPO Prospectus forecast for the period and an annualised distribution yield of 7.9% (based on the IPO issue price).

Actual vs Forecast Summary by Asset Class and by Country:

	30-Nov-17 to 31-Mar-18 €'000	1-Apr-18 to 30-Jun-18 €'000	**Total period 30-Nov-17 to 30-Jun-18 €'000**	IPO Forecast 30-Nov-17 to 30-Jun-18[1] €'000	Change %
Gross Revenue					
By Asset Class:					
Office	15,176	12,031	**27,207**	27,693	(1.8%)
Light Industrial	20,619	16,055	**36,674**	34,771	5.5%
Other	5,238	3,726	**8,964**	8,823	1.6%
Total	41,033	31,812	**72,845**	71,287	2.2%
By Country:					
Netherlands	11,480	9,757	**21,237**	21,407	(0.8%)
Italy	11,659	8,227	**19,886**	19,613	1.4%
France	11,189	8,807	**19,996**	18,849	6.1%
Germany	3,271	2,598	**5,869**	5,559	5.6%
Denmark	3,434	2,423	**5,857**	5,859	-
Total	41,033	31,812	**72,845**	71,287	2.2%
Net Property Income					
By Asset Class:					
Office	10,565	8,003	**18,568**	18,870	(1.6%)
Light Industrial	12,730	10,004	**22,734**	20,992	8.3%
Other	3,709	2,732	**6,441**	6,441	-
Total	27,004	20,739	**47,743**	46,303	3.1%
By Country:					
Netherlands	8,537	5,877	**14,414**	14,579	(1.1%)
Italy	8,389	5,959	**14,348**	13,988	2.6%
France	6,272	5,715	**11,987**	10,827	10.7%
Germany	1,890	1,808	**3,698**	3,564	3.8%
Denmark	1,916	1,380	**3,296**	3,345	(1.5%)
Total	27,004	20,739	**47,743**	46,303	3.1%

(1) Based on IPO forecast and quarterly projections used to calculate the annual projection for calendar year 2018 as disclosed in the Prospectus.

Financial Review

Distributable income for quarter ending 30 June 2018 was EUR 17,265,000 compared to EUR 16,363,000 for the previous quarter ended 31 March 2018 (excluding the month of December 2017). Total DI for the financial period since IPO was EUR 40,062,000. This compares to IPO Prospectus forecast and projections for the same period of EUR 38,914,000.

Net property income for 2Q 2018 (calculated in accordance with International Financial Reporting Standards (IFRS)) as disclosed in the table above was EUR 20,739,000 compared to EUR 20,041,000 projected in the IPO Prospectus forecast for this period. For the total period since IPO, net property income was EUR 47,743,000. Taking into account distribution adjustments for straight-lining of rent and property manager fees paid in CEREIT units, net property income was EUR 49,218,000, compared to EUR 47,706,000 in the IPO prospectus forecast on the same basis, an increase of EUR 1,512,000 or 3.2%.

The main contributor for the better than expected result was CEREIT's pan-European light industrial portfolio which recorded net property income EUR 1,544,000 above expectations driven by better than forecast leasing across France and the Netherlands, while CEREIT's office portfolio and portfolio of other asset classes were largely in line with expectations.

Office

CEREIT's office portfolio comprises five office buildings located in the three major cities of the Netherlands (Amsterdam, Rotterdam and The Hague), that contributed 59% of CEREIT's office portfolio's net property income, and nine office buildings in Italy located mainly in Italy's main two cities (Milan and Rome), that contributed 41% of CEREIT's office portfolio's net property income.

Gross revenue and net property income of the Dutch office assets remains slightly down on forecast and projections due to lower than expected CPI indexation of rents for 2018, which affects the entire 2018 income year as well as slower than expected take up of vacant space at Haagse Poort. Additionally, there were some further IFRS straight-lining adjustments to rental revenue due to varying leasing outcomes compared to the IPO projection. These adjustments, however, do not affect distributable income. As a result, the overall net property income for the Netherlands, to which the office portfolio contributes 78%, was 2.3% below IPO forecast and projection, however the DI contribution of the Netherlands was 1.1% below IPO forecast and projection, once IFRS rent straight-lining effects on results are eliminated.

The Italian office portfolio performed better than expected due savings of letting fees assumed at IPO that were funded by the previous owner and better than expected leasing outcomes, particularly for the Milano Affari and Milano Assago properties.

Light Industrial

CEREIT's light industrial portfolio comprises 21 properties in France, 13 properties in Denmark, 11 properties in Germany, 10 properties in the Netherlands and one property in Italy. The better than expected result of 7.4% net property income above forecast is mainly attributable to the light industrial portfolios in France and the Netherlands while the portfolios in Germany and Denmark performed largely in line with expectations.

The light industrial portfolio in France benefitted from some better than expected leasing outcomes in particular for the Parc des Docks, Parc des Gresillons and Parc d'Osny properties where tenants were expected to vacate the properties over the course of the first six months of the year but subsequently extended their leases on a rolling basis or did not exercise their break options. Additionally, leasing/tenant retention efforts have been successful at a number of other French assets including Parc des Guillaumes, Parc du Landy and Prunay. Additionally, some adjustments were required to the straight-lining of rent required by IFRS accounting standards, which positively affected gross revenue based on IFRS as presented above, which, however, does not affect distributable income.

The light industrial portfolio in Denmark, as foreshadowed previously, was negatively impacted by the departure of the major tenant of the Naverland 12 property located near Copenhagen which was expected to renew its lease, as well as unexpected bankruptcies at Naverland 8.

The German portfolio performed marginally better than forecast in the IPO projections with better than forecast leasing outcomes occurring at Straubing and Stuttgart Frickenhausen over the first six months of the year.

Other

Other property assets consist of three government-let campuses, one retail asset and one hotel, all located in Italy. All of these assets are 100% let on long-term leases and have performed in line with IPO expectations.

Financial Position

	As at 30-Jun 2018	As at 31-Dec 2017	Change %
Gross asset value ("GAV") (€'000)	**1,471,481**	1,400,279	5.1%
Net tangible assets ("NTA") (€'000)	**897,900**	826,419	8.6%
Gross borrowings before unamortised debt issue costs (€'000)	**498,755**	487,808	2.2%
Gearing (%)	**33.9%**	34.8%	(0.9%)
Aggregate leverage (%)[1]	**33.9%**	35.7%	(1.8%)
Aggregate leverage excluding distribution (%)[2]	**34.8%**	35.9%	(1.1%)
Units issued ('000)	**1,573,990**	1,573,990	-
NTA per unit (cents)	**57.0**	52.5	8.6%

[1] As at 31-Dec 2017 included the deferred consideration of EUR 12 million which is retained by CEREIT in respect of Parc des Docks. CEREIT settled the deferred consideration during the current quarter.

[2] As per Prospectus CEREIT committed to distribute 100% of its distributable income at least until the end of the calendar year 2019. Aggregate leverage excluding distribution is calculated by deducting the distributable income at period end from GAV.

The increase in the gross asset value compared to 31-Dec 2017 is largely attributable to the valuation gain of EUR 50,944,000 (on IPO purchase price) following the independent valuation of CEREIT's entire property portfolio at the end of the previous quarter 31-Mar 2018. Additionally, CEREIT acquired two Italian properties since 31-Dec 2017, being Firenze and Ivrea, for a total of EUR 34,250,000, which was fully funded from existing debt facilities. CEREIT also settled the EUR 12 million deferred consideration on CEREIT's Parc des Docks property for EUR 6 million resulting in a valuation gain of EUR 6 million. As a result, NTA per unit on issue increased to 57.0 cents at quarter-end.

Aggregate leverage decreased by 1.8% to 33.9% largely as a result of the valuation gain following the portfolio valuation at 31-Mar 2018 and the de-recognition of the EUR 12 million. Taking into account the distribution amount (to be paid in September 2018), equalling 100% of CEREIT's DI, as a deduction from cash and cash equivalents, aggregate leverage decreased from 35.9% to 34.8%.

No new units have been issued in CEREIT since IPO. At quarter-end there were 7,153,314 units issuable for Manager base fees and property manager fees.

1 Unaudited Results for the Financial Period 30 November 2017 (Listing Date) to 30 June 2018

The Directors of Cromwell EREIT Management Pte. Ltd., as Manager of CEREIT, present the unaudited results of CEREIT for the financial period ended 30 June 2018.

1A(i) Consolidated Statement of Total Return

	Notes	**Actual 30-Nov-17 to 30-Jun-18 €'000**	IPO Forecast 30-Nov-17 to 30-Jun-18[1] €'000	Change %
Gross revenue	(a)	**72,845**	71,287	2.2%
Property operating expense	(b)	**(25,102)**	(24,984)	0.5%
Net property income		**47,743**	46,303	3.1%
Net finance costs	(c)	**(6,114)**	(5,878)	4.0%
Manager's fees	(d)	**(1,918)**	(1,851)	3.6%
Trustee fees		**(86)**	(121)	(28.9%)
Trust expenses	(e)	**(2,508)**	(1,397)	79.5%
Net income before tax and fair value changes		**37,117**	37,056	0.2%
Fair value gain / (loss) – investment properties		**31,510**	(6,338)	(597.2%)
Fair value gain / (loss) – derivative financial instruments		**(271)**	-	N.M.
Total return for the period before tax		**68,356**	30,718	122.5%
Income tax expense		**(18,996)**	(3,189)	495.7%
Total return for the period attributable to Unitholders		**49,360**	27,529	79.3%

1A(ii) Distribution Statement

	Notes	**Actual 30-Nov-17 to 30-Jun-18 €'000**	IPO Forecast 30-Nov-17 to 30-Jun-18[1] €'000	Change %
Total return for the period attributable to Unitholders		**49,360**	27,529	79.3%
Distribution adjustments	(f)	**(9,298)**	11,385	(181.7%)
Income available for distribution to Unitholders		**40,062**	38,914	3.0%
Distribution to Unitholders	(g)	-	-	-

[1] The prospectus of Cromwell European REIT dated 22 November 2017 ("Prospectus") disclosed a 1-month profit forecast for the period from 1 December 2017 to 31 December 2017 ("December 2017 Forecast"), and a full-year profit projection from 1 January 2018 to 31 December 2018 (the "FY2018 Projection"). The FY2018 Projection disclosed in the Prospectus was derived from four separate quarterly projections which in aggregate formed the FY2018 Projection. The "IPO forecast" figures referred to in this presentation were, where not expressly disclosed in the Prospectus, derived from the December 2017 Forecast and the first and second quarterly projection for the period from 1 January 2018 to 30 June 2018 which had been used by the Manager to form the FY2018 Projection.

N.M. – Not meaningful

Notes

(a) Gross Revenue

Gross revenue includes the following items:

	Actual 30-Nov-17 to 30-Jun-18 €'000	IPO Forecast 30-Nov-17 to 30-Jun-18 €'000	Change %
Gross rental income	**61,624**	60,024	2.7%
Service charge income	**11,152**	11,241	(0.8%)
Other property related income [1]	**69**	22	213.6%
Total gross revenue	**72,845**	71,287	2.2%

[1] Other Income comprises advertising billboards and signage, kiosks and other income attributable to the operation of the properties.

(b) Property operating expense

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

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

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

Property operating expense includes the following items:

	Actual 30-Nov-17 to 30-Jun-18 €'000	IPO Forecast 30-Nov-17 to 30-Jun-18 €'000	Change %
Service charge expenses and non-recoverable expenses	**19,521**	19,592	(0.4%)
Property management fees	**5,581**	5,392	3.5%
Total property operating expense	**25,102**	24,984	0.5%

(c) Net finance costs

Net finance costs include interest expense on CEREIT's borrowings and amortisation of debt issuance costs as follows:

	Actual 30-Nov-17 to 30-Jun-18 €'000	IPO Forecast 30-Nov-17 to 30-Jun-18 €'000	Change %
Interest expense	**4,713**	4,603	2.4%
Amortisation of debt issuance costs	**1,416**	1,275	11.1%
Interest income	**(15)**	-	N.M.
Net finance costs	**6,114**	5,878	4.0%

N.M. – Not meaningful

(d) Manager's fees

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

For the 2018 financial year, the performance fee is calculated based on the difference between actual distributable income per unit (DPU) and projected DPU as per the Prospectus.

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

	Actual 30-Nov-17 to 30-Jun-18 €'000	IPO Forecast 30-Nov-17 to 30-Jun-18 €'000	Change %
Manager's base fees	**1,918**	1,851	3.6%
Manager's performance fees [(1)]	**-**	-	-
Total manager's fees	**1,918**	1,851	3.6%

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

(e) Trust expenses

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

(f) Distribution adjustments

Included in distribution adjustments were the following items:

	Actual 30-Nov-17 to 30-Jun-18 €'000	IPO Forecast 30-Nov-17 to 30-Jun-18 €'000	Change %
Trustee fees	**86**	121	(28.9%)
Straight-line rent adjustments and leasing fees	**(757)**	(754)	(0.4%)
Property Manager fees paid in units	**2,232**	2,157	3.5%
Manager base fees paid in CEREIT units	**1,918**	1,851	3.6%
Amortisation of debt issuance costs	**1,416**	1,275	11.1%
Fair value adjustments – investment properties	**(31,510)**	6,338	(597.2%)
Fair value adjustments – derivative financial instruments	**271**	-	N.M.
Net foreign exchange gain	**(9)**	-	N.M.
Deferred tax expense	**17,012**	-	N.M.
Tax losses utilised	**43**	397	(89.2%)
Total distribution adjustments	**(9,298)**	11,385	(181.7%)

N.M. – Not meaningful

(g) Distribution to Unitholders

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

Statement of Total Returns – Financial Period from Listing on 30 November 2017 to 31 March 2018 and Second Quarter ended 30 June 2018

As disclosed in the Prospectus, SGX-ST has granted CEREIT a waiver from preparing full year financial statements and an annual report for the period from Listing Date to 31 December 2017. The total period covered by this announcement is therefore the date from Listing on 30 November 2017 to 30 June 2018.

The table below provides a breakdown of the Consolidated Statement of Total Return for the period from Listing Date to 31 March 2018 and for the calendar quarter from 1 April 2018 to 30 June 2018.

	Period 30-Nov-17 to 31-Mar-18 €'000	Quarter 1-Apr-18 to 30-Jun-18 €'000	**Total period 30-Nov-17 to 30-Jun-18 €'000**
Gross revenue	41,033	31,812	**72,845**
Property operating expense	(14,029)	(11,073)	**(25,102)**
Net property income	27,004	20,739	**47,743**
Net finance costs	(3,724)	(2,390)	**(6,114)**
Manager's fees	(1,080)	(838)	**(1,918)**
Trustee fees	(66)	(20)	**(86)**
Trust expenses	(1,120)	(1,388)	**(2,508)**
Net income before tax and fair value changes	21,014	16,103	**37,117**
Fair value gain / (loss) – investment properties	25,748	5,762	**31,510**
Fair value gain / (loss) – derivative financial instruments	(265)	(6)	**(271)**
Total return for the period before tax	46,497	21,859	**68,356**
Income tax expense	(15,837)	(3,159)	**(18,996)**
Total return for the period attributable to Unitholders	30,660	18,700	**49,360**

Distribution Statement – Period Breakdown

	Period 30-Nov-17 to 31-Mar-18 €'000	Quarter 1-Apr-18 to 30-Jun-18 €'000	**Total period 30-Nov-17 to 30-Jun-18 €'000**
Total return for the period attributable to Unitholders	30,660	18,700	**49,360**
Distribution adjustments	(7,863)	(1,435)	**(9,298)**
Income available for distribution to Unitholders	22,797	17,265	**40,062**

CROMWELL EUROPEAN REIT

1B(i) Consolidated Balance Sheets

	Notes	Group			Trust		
		As at 30-Jun 2018 €'000	As at 31-Dec 2017 €'000	Increase (Decrease) %	**As at 30-Jun 2018 €'000**	As at 31-Dec 2017 €'000	Increase (Decrease) %
Current assets							
Cash and cash equivalents		**53,549**	74,155	(27.8%)	**7,367**	16,707	(55.9%)
Receivables		**20,222**	25,967	(22.1%)	**20,754**	3,544	485.6%
Current tax assets		**309**	189	63.5%	**-**	-	-
Total current assets		**74,080**	100,311	(26.1%)	**28,121**	20,251	38.9%
Non-current assets							
Investment properties	(a)	**1,386,561**	1,289,395	7.5%	**-**	-	-
Investments in subsidiaries	(b)	**-**	-	-	**519,681**	498,533	4.2%
Receivables		**749**	806	(7.1%)	**-**	-	-
Loans to subsidiaries	(c)	**-**	-	-	**374,690**	375,003	(0.1%)
Derivative financial instruments	(d)	**57**	23	147.8%	**-**	-	-
Deferred tax assets		**10,034**	9,744	3.0%	**-**	-	-
Total non-current assets		**1,397,401**	1,299,968	7.5%	**894,371**	873,536	2.4%
Total assets		**1,471,481**	1,400,279	5.1%	**922,492**	893,787	3.2%
Current liabilities							
Payables		**23,933**	49,688	(51.8%)	**40,621**	15,318	165.2%
Current tax liabilities		**1,545**	1,236	25.0%	**-**	-	-
Derivative financial instruments	(d)	**43**	164	(73.8%)	**-**	-	-
Other current liabilities		**22,439**	22,347	0.4%	**-**	-	-
Total current liabilities		**47,960**	73,435	(34.7%)	**40,621**	15,318	165.2%
Non-current liabilities							
Payables		**1,303**	2,124	(38.7%)	**-**	-	-
Borrowings		**493,206**	481,038	2.5%	**37,144**	32,222	15.3%
Derivative financial instruments	(d)	**228**	2	11,300.0%	**-**	-	-
Deferred tax liabilities		**18,087**	5,224	246.2%	**-**	-	-
Other non-current liabilities		**12,797**	12,037	6.3%	**-**	-	-
Total non-current liabilities		**525,621**	500,425	5.0%	**37,144**	32,222	15.3%
Total liabilities		**573,581**	573,860	-	**77,765**	47,540	63.6%
Net assets attributable to Unitholders		**897,900**	826,419	8.6%	**844,727**	846,247	(0.2%)
Represented by:							
Unitholders' funds		**897,900**	826,419	8.6%	**844,727**	846,247	(0.2%)

Notes

(a) Investment properties

The investment properties are stated at their fair value based on independent valuations performed by Cushman & Wakefield LLP and Colliers International LLP as at 31 March 2018. The independent valuation for the Ivrea, Italy, property acquired during the current quarter was performed as at 1 April 2018. The carrying amount of CEREIT's investment properties as at quarter-end and movements in the carrying amount since IPO were as follows:

	France €'000	Italy €'000	Netherlands €'000	Germany €'000	Denmark €'000	Total €'000
Independent valuation dated 31-Mar-18	313,650	417,950	469,550	107,800	81,402	1,390,352
Adjustments to carrying amount:						
Finance lease liability[(1)]						5,088
Unspent vendor funded capital expenditure[(2)]						(11,013)
Other						2,134
Total adjustments						(3,791)
Carrying amount at 30 June 2018						**1,386,561**
Movements during the period:						
Pre-IPO portfolio	-	-	212,866	-	-	212,866
Acquisition price	283,800	404,900	244,700	91,254	76,089	1,100,743
Acquisition costs	3,727	13,250	20,930	5,202	1,094	44,203
Acquisition accounting adjustments	(15,126)	(798)	(6,160)	(2,785)	(3,024)	(27,893)
Capital expenditure:						
Property improvements	-	-	-	-	-	-
Lifecycle	209	75	205	104	91	684
Rent straight lining	-	-	344	-	-	344
Net gain / (loss) from fair value adjustments	28,674	(17,100)	(3,460)	12,110	5,524	25,748
Balance at 31-Mar 2018	**301,284**	**400,327**	**469,425**	**105,885**	**79,774**	**1,356,695**
Acquisition price	6,000[(4)]	16,900[(3)]	-	-	-	22,900
Acquisition costs	41	577	36	97	11	762
Acquisition accounting adjustments[(5)]	(1,008)		(168)	(685)	(3)	(1,864)
Capital expenditure:						
Property improvements						
Lifecycle	436	194	550	77	136	1,393
Leasing fees	222	13	285	100	35	655
Rent straight lining	-	-	258	-	-	258
Net gain / (loss) from fair value adjustments	6,652[(4)]	(577)	(445)	147	(15)	5,762
Balance at 30-Jun 2018	**313,627**	**417,434**	**469,941**	**105,621**	**79,938**	**1,386,561**

[(1)] In accordance with International Financial Reporting Standards (IFRS), future ground rent payments for leasehold properties are accounted for as finance lease liability with an equal increase of the investment property carrying amount.

(2) As disclosed in the Prospectus, the vendors of CEREIT's investment property portfolio have provided funding for any budgeted capital expenditure that was budgeted in the 2017 year and had not been incurred at IPO.
(3) As announced on 27 June 2018 CEREIT completed the acquisition of the office property located at 13 Via Jervis, Ivrea, Italy, for EUR 16,900,000.
(4) The carrying amount of the Parc des Docks property previously included a reduction of the independently assessed value for the deferred consideration of EUR 12 million. The deferred consideration was settled during the period for EUR 6 million. The settlement payment is shown as additional acquisition price for the property with the settlement difference shown as fair value gain.
(5) Following the settlement of the final NAV statements with the vendors of the IPO portfolio.

(b) Investments in subsidiaries

Investments in subsidiaries relates to five wholly-owned companies constituted in Singapore. In the Cromwell European Real Estate Investment Trust's (the "Trust") separate financial statements, investments in subsidiaries are carried at cost less impairment losses.

(c) Loans to subsidiaries

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

(d) Derivative financial instruments

Derivative financial instruments relate to interest rate swap and cap contracts entered into by CEREIT to fix interest on floating rate borrowings. As at 30 June 2018, 85.4% (31 Dec 2017: 57.9%) of CEREIT's total (drawn) gross borrowings were fixed at a weighted average hedge strike rate of 0.05% (Listing Date: 0.05%) / capped at a weighted average of 0.84% (Listing Date: 0.84%) fixed and capped weighted average of 0.28% (Listing Date: 0.28%). At 30 June 2018, the notional principal amounts and period of expiry of CEREIT's interest rate swap and cap contracts were as follows:

	As at 30-Jun 2018 €'000	As at 31-Dec 2017 €'000
Less than 1 year	**-**	-
1 – 2 years	**296,300**	152,569
2 – 3 years	**47,373**	-
3 – 4 years	**-**	47,373
4 years and longer	**82,375**	82,375
	426,048	282,317

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

	As at 30-Jun 2018 €'000	As at 31-Dec 2017 €'000
Secured – non-current		
Property level financing facilities	**461,055**	454,808
Unsecured – non-current		
Revolving credit facility ("RCF")	**37,700**	33,000
	498,755	487,808
Less: Unamortised debt issuance costs	**(5,549)**	(6,770)
Total non-current borrowings	**493,206**	481,038

Borrowing details

Facility	Note	Secured	Maturity	**30-Jun 2018** Facility €'000	**30-Jun 2018** Utilised €'000	31-Dec 2017 Facility €'000	31-Dec 2017 Utilised €'000
Parc	(a)	Yes	Nov-20	**50,000**	**50,000**	50,000	50,000
EHI Denmark	(b)	Yes	Nov-20	**26,180**	**26,180**	26,202	26,202
EHI Residual	(c)	Yes	Mar-21	**95,000**	**95,000**	95,000	95,000
CNDP	(d)	Yes	Nov-20	**57,500**	**57,500**	57,500	57,500
CECIF	(e)	Yes	Dec-26	**82,375**	**82,375**	82,375	82,375
Italian AIF	(f)	Yes	Nov-20	**150,000**	**150,000**	150,000	143,731
RCF	(g)	No	Sep-19	**75,000**	**37,700**	75,000	33,000
Total borrowing facilities				**536,055**	**498,755**	536,077	487,808

Property level financing facilities

All property level financing facilities are secured by first-ranking mortgages over the relevant properties as well as pledges over the receivables of the property holding SPVs, pledges over the entire share capital of the property-holding SPVs, pledges over the receivables of any lease agreements and insurance proceeds pertaining to the relevant properties, a first priority account pledge over all bank accounts of the property-holding SPVs and a pledge over all hedging receivables in relation to the relevant property level financing facility.

(a) Parc

The Parc facility is secured over 11 French light industrial properties with an aggregate carrying amount of EUR 135,523,000. Interest is payable quarterly in arrears at variable rates based on the EURIBOR 3 months swap rate plus a loan margin. The EURIBOR 3 months swap rate at 29 June 2018 was -0.324%.

(b) EHI Denmark

The EHI Denmark facility, which is denominated in Danish Krone is secured over 13 Danish light industrial properties with an aggregate carrying amount of EUR 79,938,000. Interest is payable quarterly in arrears at variable rates based on the EURIBOR 3 months swap rate plus a loan margin.

(c) EHI Residual

The EHI Residual facility is secured over 31 light industrial properties located in France, the Netherlands and Germany with an aggregate carrying amount of EUR 362,904,000. Interest is payable quarterly in arrears at variable rates based on the EURIBOR 3 months swap rate plus a loan margin.

(d) CNDP

The CNDP facility is secured over two Dutch office properties with an aggregate carrying amount of EUR 166,548,000. Interest is payable quarterly in arrears at variable rates based on the EURIBOR 3 months swap rate plus a loan margin.

(e) CECIF

The CECIF facility is secured over three Dutch office properties with an aggregate carrying amount of EUR 224,214,000. Interest is payable quarterly in arrears at variable rates based on the EURIBOR 3 months swap rate plus a loan margin.

(f) Italian AIF

The Italian AIF facilities are secured against 14 Italian office and other type properties with an aggregate carrying amount of EUR 400,534,000. The latest asset acquisition, Ivrea, in June 2018 remains unencumbered and therefore is not subject to any security claims. Interest is payable quarterly in arrears at variable rates based on the EURIBOR 3 months swap rate plus a loan margin.

Revolving Credit Facility ("RCF")

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

CROMWELL EUROPEAN REIT

1C Consolidated Statement of Cash Flows	Quarter 1-Apr-18 to 30-Jun-18 €'000	**Total 30-Nov-17 to 30-Jun-18 €'000**
Cash flows from operating activities		
Total return for the financial period	**18,700**	**49,360**
Adjustments for:		
Amortisation of lease costs and incentives	(765)	(2,575)
Effect of recognising rental income on a straight-line basis over the lease term	(258)	(602)
Amortisation of debt issuance costs	650	1,416
Manager's fees paid in CEREIT units	838	1,918
Property manager's fees paid in CEREIT units	974	2,232
Income tax expense	3,159	18,996
Tax paid	(280)	52
Change in fair value of investment properties	(5,762)	(31,510)
Change in fair value of derivative financial instruments	6	271
Net foreign exchange loss / (gain)	(3)	(9)
Changes in operating assets and liabilities:		
(Increase) / decrease in:		
Receivables	(5,418)	(17,577)
Other assets	(154)	5,066
Increase / (decrease) in:		
Payables	(7,739)	7,604
Other liabilities	5,390	8,636
Net cash provided by operating activities	**9,339**	**43,278**
Cash flows from investing activities		
Payments for acquisitions of subsidiaries, net of cash	(342)	(374,989)
Payments for acquisition of investment properties	(17,374)	(434,829)
Payments for capital expenditure on investment properties	(1,470)	(2,154)
Net cash used in investing activities	**(19,186)**	**(811,972)**
Cash flows from financing activities		
Proceeds from IPO issuance of CEREIT units[1]	-	757,978
Proceeds from bank borrowings	16,700	272,200
Repayment of bank borrowings	(12,000)	(195,066)
Payment of equity issue transaction costs	(1,424)	(19,207)
Payment for debt issuance costs	-	(5,419)
Payment to acquire derivative financial instruments	-	(57)
Payment for settlement of derivative financial instruments	-	(964)
Net cash provided by financing activities	**3,276**	**809,465**
Net increase / (decrease) in cash and cash equivalents	**(6,570)**	**40,771**
Cash and cash equivalents at Listing Date	60,119	12,776
Effects of exchange rate changes on cash and cash equivalents	**-**	2
Cash and cash equivalents at 30 June 2018	**53,549**	**53,549**

[1] IPO proceeds have been used as disclosed in the prospectus, being the acquisition of the properties and/or target corporate entities which directly or indirectly own the IPO properties and transaction costs.

CROMWELL EUROPEAN REIT

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

Group	Units on issue €'000	Reserves €'000	Retained earnings €'000	Total €'000
At Listing Date(1)	101,164	-	2,327	103,491
Operations				
Total return for the period	-	-	30,660	30,660
Net increase in Unitholder funds resulting from operations	**-**	**-**	30,660	30,660
Unitholders' transactions				
Issue of units	764,531	-	-	764,531
Issue expenses	(19,427)	-	-	(19,427)
Net increase in Unitholder funds resulting from Unitholder transactions	745,104	-	-	745,104
Reserves				
Foreign currency translation movement for the period	-	113	-	113
Net increase in Unitholder funds resulting from movements in reserves	-	113	-	113
As at 31-Mar 2018	**846,268**	**113**	**32,987**	**879,368**
Unitholders' transactions				
Issue expenses	(168)	-	-	(168)
Net increase in Unitholder funds resulting from Unitholder transactions	(168)	-	-	(168)
Operations				
Total return for the period	-	-	18,700	18,700
Net increase in Unitholder funds resulting from operations	-	-	18,700	18,700
Reserves				
Foreign currency translation movement for the period	-	-	-	**-**
Net increase in Unitholder funds resulting from movements in reserves	-	-	-	**-**
As at 30-Jun 2018	**846,100**	**113**	**51,687**	**897,900**

(1) CEREIT was established on 28 April 2017 as a private trust wholly owned by the sponsor Cromwell Property Group. On 20 June 2017, CEREIT acquired the CECIF portfolio of properties comprising three Dutch office properties. The acquisition of the CECIF portfolio was 100% funded through the issuance of units. Unitholder funds as at Listing Date reflect the CECIF acquisition unit issue and trading result of the CECIF properties to Listing Date.

CROMWELL EUROPEAN REIT

1D(i) Consolidated Statement of Changes in Unitholder Funds

Trust	Units on issue €'000	Reserves €'000	Retained earnings €'000	Total €'000
At Listing Date[(1)]	101,164	-	-	101,164
Operations				
Total return for the period	-	-	(493)	(493)
Net increase in Unitholder funds resulting from operations	-	-	(493)	(493)
Unitholders' transactions				
Issue of units	764,531	-	-	764,531
Issue expenses	(19,427)	-	-	(19,427)
Net increase in Unitholder funds resulting from Unitholder transactions	745,104	-	-	745,104
Reserves				
Foreign currency translation movement for the period	-	116	-	116
Net increase in Unitholder funds resulting from movements in reserves	-	116	-	116
As at 31-Mar 2018	**846,268**	**116**	**(493)**	**845,891**
Operations				
Total return for the period	-	-	(996)	(996)
Net increase in Unitholder funds resulting from operations	-	-	(996)	(996)
Unitholders' transactions				
Issue expenses	(168)	-	-	(168)
Net increase in Unitholder funds resulting from Unitholder transactions	(168)	-	-	(168)
Reserves				
Foreign currency translation movement for the period	-	-	-	-
Net increase in Unitholder funds resulting from movements in reserves	-	-	-	-
As at 30-Jun 2018	**846,100**	**116**	**(1,489)**	**844,727**

(1) CEREIT was established on 28 April 2017 as private Trust wholly owned by the sponsor Cromwell Property Group. On 20 June 2017 CEREIT acquired the CECIF portfolio of properties comprising of three Dutch office properties. The acquisition of the CECIF portfolio was 100% funded through issue of units. Unitholder funds as at Listing Date reflect the CECIF acquisition unit issue and trading result of the CECIF properties to Listing Date.

1D(ii) Detail of Changes in Units

	Actual 30-Nov-17 to 30-Jun-18 '000
Units on issue prior Listing Date	**183,934**
On Listing Date:	
Issue of Sponsor units	**367,788**
Issue of units under the Offering and to cornerstone investors	**1,010,354**
Acquisition fees paid in units	**11,914**
Units on issue at 31 December 2017	**1,573,990**
Units on issue at 31 March 2018	**1,573,990**
Units on issue at 30 June 2018	**1,573,990**
Units to be issued:	
Manager's base fee payable in units	**3,304**
Property Manager's management fee payable in units	**3,849**
Total issuable units at the end of the period	**7,153**
Total units issued and to be issued at the end of the period	**1,581,143**

1D(iii) Total Number of Issued Units

CEREIT did not hold any treasury units as at 30 June 2018.

	As at 30-Jun 2018 '000
Total units on issue	**1,573,990**

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

Not applicable.

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

Not applicable.

2 Audit

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

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

3 Auditors' Report

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

Not applicable.

4 Accounting Policies

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

All balances and transactions of CEREIT are recognised and recorded in accordance with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board.

The accounting policies and methods of computation have been consistently applied by CEREIT during the current reporting period. As at Listing Date 30 November 2017, CEREIT has early adopted the new International Financial Reporting Standards ("IFRS") IFRS 9 *Financial Instruments*, IFRS 15 *Revenue from Contracts with Customers* and revised IFRS (including consequential amendments) and interpretations that are effective for annual financial periods beginning 1 January 2018.

5 Changes in Accounting Policies

The adoption of these new accounting standards, revised standards and interpretations did not result in material changes to CEREIT's accounting policies.

6 Consolidated Earnings per Unit and Distribution per Unit

	Actual 30-Nov-17 to 30-Jun-18
Earnings per unit ("EPU")	
Weighted average number of units[1]	**1,575,759**
Total return for the period (€'000)	**49,360**
EPU (basis and diluted) (cents)	**3.13**

[1] The actual weighted average number of units was based on the number of units on issue at 30 June 2018 and units issuable to the Manager and Property Manager.

	Actual 30-Nov-17 to 30-Jun-18
Distribution per unit ("DPU")	
Total units on issue at the end of the period	**1,573,990**
Total units issuable entitled to distribution	**7,153**
Total units issued and issuable entitled to distribution	**1,581,143**
Income available for distribution to Unitholders (€'000)	**40,062**
DPU (cents)[2]	**2.53**

[2] DPU was calculated based on the number of units on issue and issuable entitled to distributions at the end of the quarter. The annualised DPU was 4.36 cents for the period (8.02% based on a IPO issue price of 0.55 cents).

7 Net Asset Value ("NAV")

	Group As at 30-Jun 2018	**Trust As at 30-Jun 2018**	Group As at 31-Dec 2017	Trust As at 31-Dec 2017
NAV[(1)] at the end of the period (€'000)	**897,900**	**844,727**	826,419	826,419
Number of units on issue at the end of the period ('000)	**1,573,990**	**1,573,990**	1,573,990	1,573,990
NAV per unit (cents)	57.0	53.7	52.5	53.8
Adjusted NAV per unit (excluding distributable income) (cents)	54.5	53.7	52.1	53.8

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

8 Review of Performance

Please refer to section 9 on the review of actual results for the first period ending 30 June 2018 against the forecast and projection as disclosed in the Prospectus.

9 Variance between Actual and Forecast/Projection

The Statement of Total Return, Distribution Statement have been presented above in comparison to the forecast and quarterly projections used to calculate the annual projection for calendar year 2018 as disclosed in the Prospectus.

Discussion

Net property income for the seven months from IPO to quarter end was 3.0% above IPO Prospectus forecast and projection. For a detailed country by country discussion refer to the Results Overview at the beginning of this report.

Net finance costs were EUR 236,000 above forecast and projection. This is a result of an additional temporary drawdown on the unsecured Revolving Credit Facility (RCF) during the first quarter ended 31 March 2018 to fund CEREIT costs until cash could be repatriated from the European subsidiaries. The additional drawdown was repaid prior 31 March 2018.

Manager base fees, which are calculated based on gross asset value, were marginally higher than IPO forecast and projections due to the increased property valuations following the independent valuations at 31 March 2018.

Trust expenses were EUR 1,111,000 higher for the seven months period than forecast and projected at IPO. This is mainly a result of certain additional advisory expenses being incurred following the IPO and acquisition of the property portfolio as well as the fact that some expenses were incurred earlier than projected at IPO.

Income tax expense was significantly higher than forecast and projected which is due to deferred tax expenses recognised on the valuation increase of investment properties. Excluding this deferred income tax expense current tax expense was below IPO forecast at EUR 1,205,000.

Fair value adjustments could not be projected at IPO date.

10 Outlook and Prospects

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

European macro-economic outlook

- According to Oxford Economics, the Eurozone economic growth eased to 0.4% (q-o-q) in the first quarter and the evidence available so far suggests that this softness extended into the second quarter. However, it is not expected to be a major slowdown with GDP growth still expected to be a healthy 2.1% in 2018.
- There is momentum in the European economy despite some recent slowing in activity – stronger labour markets and increasing capital investment boosting confidence and extending the cycle, pushing any bubble into 2019.
- The PMIs rose in June, driven by stronger activity in services. Together with other surveys, this suggests that the Eurozone economy steadied towards the end of 2Q. However, risks remain, especially for the more externally-oriented manufacturing sector.
- There is relative political stability in Core Europe, albeit with some exceptions, supported by a push from the European Union for further integration across all member states.
- Structural shifts are here now; environmental, technological and demographic shifts are impacting now not just in the future.

Netherlands office sector outlook and trends

- Economic growth is supporting the expansion of small and medium sized firms who are looking for additional office space.
- Energy efficiency buildings are likely to fare better and tenants are coming around to the realisation that they will need to pay a premium for it, and are prepared to do so.
- Demand from occupiers looking to take additional space, particularly in Amsterdam, Utrecht and Eindhoven, is being met by a dearth of quality space. As the market progressively becomes more landlord led, this is providing the right environment to support positive rental growth
- With approximately 4 million sqm of office space removed and reconverted into alternative uses there is a healthier balance between supply and demand.
- However, the balance has the potential to shift with more conversion projects planned and more restrictive government policies being rolled out. The effect should be that structural vacancy declines as well as the overall level.
- The shift in geographical allocation by investors to secondary cities such as Arnhem, Breda, Den Bosch and Zwolle is expected to continue as, with more product available, they are viable investor alternatives.
- Secondary (fringe, Grade A) where yields are 5.00% and prime major provincial towns (5.75%) still hold a premium over the prime CBD areas of key cities where yields are 3.75%.

Italy office sector outlook and trends

- Despite recent growth in rental levels, reasonably strong demand levels and low amounts of Grade A space, there is limited room for further positive rental uplifts as the occupiers are using the perceived fragility of the government and weakened business sentiment to negotiate lower rent level and/or incentive packages.
- Developers need to heed the future market environment so as not to overload the market with surplus stock. Milan, for example, with a development pipeline of over 300,000 sqm due to complete between now and the end of 2020 could easily see vacancy rise if construction continues apace and pre-lets are not secured.
- Geographically Milan will retain its position as the most popular market for both leasing and investment activity offering a diversity of tenants and a level of security that is not available in any other Italian city. Rome will continue to hold a solid second place. Activity in second tier markets will need be assessed asset by asset and income streams will be king because the time needed to lease up any voids is expected to lengthen. However, opportunities exist from a value-add perspective for those investors willing to move up the risk curve.
- Prime yields have come under pressure but are expected to stabilise during the second half of the year at the current levels of 3.60% in Milan 3.60% and 4.00% in Rome for prime product.

France office sector outlook and trends

- At 5.7% vacancy is at its lowest since 2009 - the scarcity of immediately available new supply has spurred on pre-let deals which continue to gain momentum. While this is particularly the case in Greater Paris, it has also been noted in key regional cities where speculative development has often lagged.
- Of the 2.4 million sqm currently under construction in Greater Paris and due for completion between now and 2021, only 49% is available and with a number of large deals due to complete soon this will further absorb any overhang of supply and no dramatic movements in the overall vacancy rate are anticipated.
- There is room for further rental growth. Incentive packages have already seen a gradual withdrawal and while this will be more intensified in central areas of key cities where supply typically dries up first, more peripheral markets and submarkets of key cities should not be overlooked as occupiers balance cost and efficiency.
- There are (re) development opportunities in peripheral areas and second hand properties as currently occupier requirements are not being met but those that upgrade will be able to leverage rental growth. The impact of technology should not be overlooked as new ways of working impacting the physical space and companies need to be agile and flexible to embrace employee demands.

Germany office sector outlook and trends

- Demand for office space is strong (take-up of 1.83mln sqm in 1H 2018 across the top 7 markets) but a lack of availability is becoming ever-more apparent and restricting occupier movements. First mover advantage in the majority of key cities has expired, with companies looking to move and/or expand thwarted due to the lack of space and this has never been more evident than for top quality space. So, while overall take-up figures may show a fall, the reality is that lease renewals are an increasingly important element of the market as some companies have no choice but to stay put.
- With a legacy of relatively low speculative construction, buildings removed from stock and converted into alternative uses, plus rising employment levels, vacancy has been declining nationwide and this is providing room for rental growth as the supply:demand imbalance intensifies. Renovation work has been started in many empty office buildings as developers try to ride the wave of demand. However, the construction industry has reached full capacity utilisation so progress will be slow and new space is commanding higher rents. A notable pick-up has been in the development of flexible office space with rising number of requirements from such operators.
- Current momentum should continue with 2018 volumes reaching EUR 55 billion. Long-term investors will focus on rental growth, seemingly undeterred by the current tight pricing and weaker financing conditions. Geographically the Big 7 cities continue to dominate showing a firm commitment of investors to risk aversion in terms of the potential for resale after the expiration of planned hold periods. More attractive returns can be found in the second and even third tier markets and those higher up the risk curve will be rewarded.

Netherlands Logistics/Industrial Sector outlook and trends

- The nationwide vacancy rate is 3.8% and the limited supply of quality stock has been pushing up prime rents in hub logistics locations. However, while there is a lack of space meeting demand levels, both construction costs and land costs are rising and with more space coming to the market, developers must be careful not to price themselves out of the market as there is rising competition and interest to invest in new constructions.
- At the moment demand is largely focused on XL warehouses, but over time this is expected to shift towards city distribution centres. An increase in building on active demand is also anticipated.
- A notable shift in the investment market is the continued rise in cross-border capital - international money is and has been dominant in the Dutch real estate market, but the allocation is undergoing a shift. In 1Q 2018 87% of the industrial trading volume involved foreign capital, up from 80% in 2017 and 75% in 2016.
- With the supply of product drying up and not yet being counterbalanced by new completions, yields for both distribution units and industrial estates have been under pressure for some time now although the rate of tightening has slowed. Alongside this, investors' focus is likely to increasingly shift to core+ investment opportunities.

Denmark Logistics/Industrial Sector outlook and trends

- With Danish prime yields hitting the lowest levels in the last 20 years and the expected increase in the long-term interest rates during 2018, the question of the current pricing is ever more present. The expectation is for prime yields to remain flat during 2018 and possibly come under upward pressure on yields in 2019. Further, rising interest rates will put upward pressure on property yields in 2019 although the historically high spread will cushion the scale of any potential increase.
- Supermarket chains have been active in modernising their warehouse networks and exploring online channels. This has supported growth in occupier demand, a trend that is expected to continue as 2018 runs its course.
- With some logistics hubs near capacity, constraints will begin to play out and this will shift occupier demand and development activity to stablished hubs that are still able to grow.
- New areas are likely to emerge as well and the successful ones will be those that have considered accessibility to adequate labour pools and that are well connected from an infrastructure standpoint.
- The rise in population in some urban areas will be focal points for users and developers of last mile logistics as online sales volumes continue to increase and consumer demand if for shorter delivery times indicating that providers need efficient, lean operations.

France Logistics/Industrial Sector outlook and trends

- In-house logistics of large food retailers continue to play a leading role, confirming the trend seen in recent years. The share of large turn-key schemes has increased the take-up level of new property and explains the rise in take-up outside the four main logistics hubs of the North-South logistics backbone.
- With the national vacancy rate around 5.7% there is strained supply in certain markets. There is also restricted land supply in the Greater Paris region partly linked to major infrastructure projects such as the Grand Paris project and the 2024 Olympics. All this has led to some rental increases in the more sought-after logistics zones, and have also contributed to maintaining rents in secondary locations. Incentives are slowly being withdrawn – particularly for quality space.
- The continued rise of e-commerce is supporting the strong development potential for urban logistics (2,000 sqm – 5,000 sqm) located around main consumers hubs. With inadequate supply tenants are often forced to target second hand obsolescent units. The segment is however, attracting new players given the land's potential value in the medium to long-term and the strategic suburban location of these sites.
- Logistics supply (re) configuration has increased as retailer competition intensifies and beyond redefining their range of services retailers must continue to embrace an omni-channel approach. Standard warehouses are adapting to serve ever more demanding consumers and adapting to automated processes for example.

Germany Industrial Sector outlook and trends

- The breadth of investors who have registered solid interest in the German logistics sector continues apace and with demand outweighing supply, competition strong for the limited number of core products, there is room for further yield compression at the prime end of the market. In addition, a rising number of investors will begin to look up the risk curve in search of yield, diversifying by investigating options in Tier II and III locations and value-add products as well.
- The positive investor appetite for logistic assets looks set to continue but the noted lack of suitable product will hold the market back. Almost EUR 1.9 billion worth of industrial assets exchanged hands in 1Q.
- Occupiers are continuing to lean towards wanting to occupy new, efficient space. However, one of the lingering challenges in the German industrial market is the lack of good quality space meeting the needs of today's occupiers. This is true on multiple levels including location, size and fit-out.
- Given robust demand, construction activity has picked up in the recent past and a slowdown is not expected in the near term. While there has been an increase in the amount of owner occupier space and build-to-suit schemes, there has been a notable rise in the amount of speculative construction starts, but space is easily absorbed resulting in the rising dominance of pre-let completions. Developers are keen to acquire greenfield or brownfield sites in order to develop new supply, with speculative building activity focused on the main industrial areas. In total, more than 800,000 sqm of new development broke ground in 1Q 2018.

11 Distributions

	Distribution type	Distribution per unit (in Euro cents)	Total distribution €'000	Book closure date	Payment date
2018					
30-Nov-17 to 30-Jun-18	**Capital**	**2.53**	**40,062**	**21 Aug-18**	**28 Sep-18**
Total distributions		**2.53**	**40,062**		
2017					
Not applicable					

CEREIT was listed on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 30 November 2017. Accordingly, there are no distributions in prior periods.

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

12 Statement regarding Declared/Recommended Distributions

Refer note 11.

13 Interested Person Transactions

If the Group has obtained general mandate from unitholders for Interested Person Transactions ("IPT"), the aggregate value of such transactions are required under Rule 920(1)(a)(ii) If no IPT mandate has been obtained, a statement to that effect.

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

Other Related Party Transactions

CEREIT has accrued €591,000 in leasing fees payable to the Property Manager as at 30 June 2018.

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

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

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

The Board of Directors of Cromwell EREIT Management Pte. Ltd. (as manager of Cromwell European Real Estate Investment Trust) (the "Manager") hereby confirms that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Manager which may render the unaudited financial results of Cromwell European Real Estate Investment Trust for the period from 30 November 2017 (Listing Date) to 30 June 2018, to be false or misleading, in any material aspect.

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

Lim Swe Guan
Chairman

Philip Levinson
CEO

Important Notice

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

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

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

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

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