



Cromwell European Real Estate Investment Trust **("CEREIT")**

Unaudited Condensed Interim Financial Statements for the Six-month
Period Ended 30 June 2021 ("1H 2021")

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Introduction

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

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

CEREIT's key objectives are to provide Unitholders with stable and growing distributions and net asset value ("NAV") per unit, while maintaining an appropriate capital structure.

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

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

On 11 March 2021, the Manager acquired a portfolio of 11 light industrial / logistics assets in the Czech Republic and Slovakia for €113.2 million, partially funded by the proceeds of the €100 million in March 2021. On 7 June 2021, the Manager further acquired a light industrial / logistics asset in the Czech Republic (Hradec Kralove) for €10.1 million.

As at 30 June 2021, CEREIT's portfolio of 108 real estate assets consists of properties located in France, Italy, the Netherlands, Germany, Denmark, Finland, Poland, Slovakia and the Czech Republic with an aggregate lettable area of approximately 1.7 million square metres.

	No. of properties	Lettable Area (sqm)	Valuation ⁽¹⁾ (€'000)	Valuation (%)
Office				
The Netherlands	7	177,902	571,824	24.5%
Italy	12	142,177	323,700	13.8%
France	3	34,292	70,026	3.0%
Poland	6	111,242	235,200	10.0%
Finland	11	61,949	111,315	4.8%
Total	39	527,562	1,312,065	56.1%
Light Industrial/ Logistics				
The Netherlands	5	46,293	67,313	2.9%
Italy	2	186,526	67,800	2.9%
France	19	263,519	349,307	15.0%
Germany	15	226,985	206,375	8.8%
Denmark	11	129,817	83,674	3.6%
Slovakia	5	74,356	63,405	2.7%
The Czech Republic	7	59,498	61,134	2.6%
Total	64	986,994	899,008	38.5%
Other⁽²⁾				
Italy	5	176,575	125,740	5.4%
Total Portfolio	108	1,691,131	2,336,813	100%

⁽¹⁾ Valuation is based on independent valuations conducted by Savills and CBRE as at 30 June 2021 for 80% of the portfolio, the remaining assets are held at book value being valuation as at 31 December 2020 plus any capital expenditure incurred during 1H 2021 (with the exception of the recent acquisition of Hradec Kralove which is held at purchase price). Parc de Popey, an asset held for sale as at 30 June 2021, is included in the above table.

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

CEREIT Results Overview

CEREIT remains resilient in the face of COVID-19 pandemic

	1H 2021	1H 2020 ⁽¹⁾	Change %
Gross revenue (€'000)	99,019	93,660	5.7%
Net property income ("NPI") (€'000)	64,287	57,721	11.4%
Total return for the period attributable to Unitholders (€'000)	60,539	18,425	>100%
Distribution adjustments	(14,380)	26,140	n.m.
Income available for distribution to Unitholders (€'000)	46,159	44,565	3.6%
Applicable number of units for the period ('000)	542,919	511,216	6.2%
DPU € cents per unit ("cpu") ⁽²⁾⁽³⁾	8.502	8.717	(2.5%)

⁽¹⁾ 1H 2020 refers to the period from 1 January 2020 to 30 June 2020.

⁽²⁾ 1H 2020 DPU is adjusted for 5:1 unit consolidation to provide for a like-for-like comparison.

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

Highlights:

- CEREIT's 1H 2021 distributable income ("DI") increased by 3.6% or €1.6 million to €46.2 million.
- 1H 2021 NPI was 11.4% higher than 1H 2020, mainly attributable to income from new acquisitions in Italy, the Czech Republic and Slovakia and absence of doubtful debt provisions in 1H 2021 compared to 1H 2020, partially offset by:
 - disposals in France, the Netherlands and Denmark that took place in March 2020;
 - lower income from properties that were pandemic affected for the whole of 1H 2021 whereas only affected for 2Q 2020 such as Central Plaza, the Netherland, Lissone, Italy and Saronno, Italy;
 - lease expiries in Priorparken 700 and 800 in Denmark; and
 - foreseen rent reduction in 5 government-let properties in Italy.

DPU for 1H 2021 is €8.502 cents, 2.5% lower than 1H 2020 mainly due to:

- a slight delay between financing and completing recent acquisitions funded by the private placement;
- higher average cash balance (earning zero rate);
- higher interest costs due to the bond issuances at a slightly higher rate than the bank syndicated debt (but with longer tenure); and
- the absence of capital gains where €2.8 million was paid out in 1H 2020 (equivalent to €0.55 cents in 1H 2020 DPU).
- DPU for 2Q2021 was €4.367cpu, 5.6% above 1Q2021 €4.135cpu.
- Total return for 1H 2021 increased >100% or €42.1 million to €60.5 million mainly due to fair value gain of €28.1 million mostly from the revaluation of the 80 selected investment properties at 30 June 2021, compared to fair value loss on investment properties of €24.9 million in 1H 2020 from the downward revaluation of selected investment properties at 30 June 2020.
- An EMTN tap of €200 million was carried out in January 2021 at a re-offer yield of €1.60% which brings the Series 001 Note to a total of €500 million.
- Interest coverage ratio calculated in accordance with the CIS code revised on 14 April 2020 is 6.0x (31 December 2020: 6.4x) and CIS code aggregate leverage decreased marginally to 37.9% from 38.1% at 31 December 2020. The all-in interest rate remains unchanged at 1.72% per annum.
- Portfolio occupancy stood at 94.9% (31 December 2020: 95.1%).
- Portfolio weighted average lease expiry ("WALE") of 4.7 years by headline rent compared to 4.9 years at 31 December 2020.



Financial Position

	As at 30 Jun 21	As at 31 Dec 20	Change %
Gross asset value ("GAV") (€'000)	2,447,490	2,250,452	8.8%
Net tangible assets ("NTA") (€'000)	1,404,548	1,302,152	7.9%
Gross borrowings before unamortised debt issue costs (€'000)	927,375	857,375	8.2%
Aggregate leverage (%)	37.9%	38.1%	(0.2) p.p.
Aggregate leverage excluding distribution (%) ⁽¹⁾	38.4%	38.9%	(0.5) p.p.
Net Gearing (%) ⁽²⁾	35.8%	36.9%	(1.1) p.p.
Units issued ('000) ⁽³⁾	559,330	511,216	9.4%
Net Asset Value ("NAV") € per unit ⁽³⁾	2.51	2.55	(1.6%)
Adjusted NAV € per unit (excluding distributable income) ⁽³⁾	2.46	2.46	-

p.p. – Percentage point

⁽¹⁾ Aggregate leverage excluding distribution is calculated by deducting the distributable income not yet distributed at period end from GAV.

⁽²⁾ Net Gearing is calculated as aggregate debt less cash over total assets less cash.

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

Gross asset value at 30 June 2021 increased by 8.8% from 31 December 2020 mainly due to the completion of acquisitions of 12 logistics and light industrial properties in Slovakia and the Czech Republic and higher cash balance. The acquisitions of 11 properties completed in February 2021 were partly funded in cash and partly funded by part of the proceeds of the private placement that raised gross proceeds of €100 million. The acquisition of a property in June 2021 was funded by available cash.

Aggregate leverage at 30 June 2021 decreased to 37.9% from 38.1% at 31 December 2020. Net gearing decreased to 35.8% mainly attributable to higher cash balance.

As at 30 June 2021, NAV per unit decreased by 1.6% to €2.51 cents mainly due to new units issued pursuant to the private placement in March 2021 and the cumulative distribution paid on 31 March 2021 offset by the total return including the fair value gain. Adjusted NAV per unit excluding distributable income remained unchanged at €2.46.



CROMWELL
EUROPEAN REIT

CROMWELL EUROPEAN REAL ESTATE INVESTMENT TRUST AND ITS SUBSIDIARIES
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

Consolidated Condensed Interim Statement of Total Return and Condensed Interim Consolidated Statement of Comprehensive Income

	Note	CEREIT		
		1H 2021 €'000	1H 2020 €'000	Fav./ (Unfav.) %
Gross revenue	5	99,019	93,660	5.7%
Property operating expense	6	(34,732)	(35,939)	3.4%
Net property income		64,287	57,721	11.4%
Net finance costs	13(b)	(11,368)	(8,085)	(40.6%)
Manager's fees	7	(2,764)	(2,656)	(4.1%)
Trustee fees		(136)	(132)	(3.0%)
Trust expenses		(2,715)	(2,466)	(10.1%)
Net income before tax and fair value changes		47,304	44,382	6.6%
Loss on disposal of assets/liabilities held for sale	8	-	(875)	(100.0%)
Fair value gain/(loss) – investment properties	12(b)	28,141	(24,904)	n.m.
Fair value loss – derivatives financial instruments		(9)	(430)	97.9%
Total return for the period before tax		75,436	18,173	> 100%
Income tax (expense)/credit	11(a)	(14,897)	252	n.m.
Total return for the period attributable to Unitholders		60,539	18,425	> 100%
Other comprehensive income				
Other comprehensive income for the period, net of tax		-	-	-
Total comprehensive income for the period		60,539	18,425	> 100%
Earnings per unit				
Basic and diluted earnings per unit (€ cents)	9	11.168	3.604	> 100%

n.m. – not meaningful

Condensed Interim Balance Sheets

Note	CEREIT			Trust			
	30-Jun 2021 €'000	31-Dec 2020 €'000	Increase/ (Decrease) %	30-Jun 2021 €'000	31-Dec 2020 €'000	Increase/ (Decrease) %	
Current assets							
	80,772	43,593	85.3%	12,251	2,102	>100%	
Cash and cash equivalents							
Asset held for sale	5,800	-	n.m.	-	-	-	
17							
Receivables	15,860	15,943	(0.5%)	15,236	16,202	(6.0%)	
Current tax assets	1,479	1,397	5.9%	-	-	-	
Total current assets	103,911	60,933	70.5%	27,487	18,304	50.2%	
Non-current assets							
Investment properties	2,337,029	2,184,529	7.0%	-	-	-	
12							
Investments in subsidiaries	-	-	-	1,374,691	1,328,482	3.5%	
Receivables	659	1,028	(35.9%)	-	-	-	
Derivative financial instruments	117	126	(7.1%)	-	-	-	
14							
Deferred tax assets	5,774	3,836	50.5%	-	-	-	
Total non-current assets	2,343,579	2,189,519	7.0%	1,374,691	1,328,482	3.5%	
Total assets	2,447,490	2,250,452	8.8%	1,402,178	1,346,786	4.1%	
Current liabilities							
Payables	32,195	28,515	12.9%	122,247	117,065	4.4%	
Current tax liabilities	2,333	2,943	(20.7%)	13	-	n.m.	
Other current liabilities	28,789	25,418	13.3%	-	-	-	
Total current liabilities	63,317	56,876	11.3%	122,260	117,065	4.4%	
Non-current liabilities							
Payables	-	-	-	112,022	112,022	-	
Borrowings	921,775	847,068	8.8%	-	-	-	
13							
Deferred tax liabilities	50,934	36,627	39.1%	-	-	-	
Other non-current liabilities	6,916	7,729	(10.5%)	-	-	-	
Total non-current liabilities	979,625	891,424	9.9%	112,022	112,022	-	
Total liabilities	1,042,942	948,300	10.0%	234,282	229,087	2.3%	
Net assets attributable to Unitholders	1,404,548	1,302,152	7.9%	1,167,896	1,117,699	4.5%	
Represented by:							
Unitholders' funds	1,404,548	1,302,152	7.9%	1,167,896	1,117,699	4.5%	
Units in issue ('000) ⁽¹⁾	15(b)	559,330	511,216	9.4%	559,330	511,216	9.4%
Net asset value per unit (€) ⁽¹⁾	18	2.51	2.55	(1.6%)	2.09	2.19	(4.6%)

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

n.m. – Not meaningful

Condensed Interim Consolidated Distribution Statement

	Note	CEREIT		
		1H 2021 €'000	1H 2020 €'000	Increase (Decrease) %
Income available for distribution at beginning of period		44,791	51,844	13.6%
Total return for the period		60,539	18,425	> 100%
Distribution adjustments (Note A)		(14,380)	26,140	n.m.
Income available for distribution to Unitholders		90,950	96,409	(5.7%)
Distribution paid to Unitholders during the period (Note B)	10	(59,403)	(51,720)	14.9%
Income available for distribution at end of period		31,547	44,689	n.m.
Applicable number of units for the period ('000)^{(1) (2)}		542,919	511,216	6.2%
Actual DPU (cpu) for the period^{(1) (2)}		8.502	8.717	(2.5%)
Note A - Distribution adjustments				
Straight-line rent adjustments and leasing fees		(1,431)	(955)	(49.8%)
Trustee Fees		136	132	3.0%
Loss on disposal of assets/liabilities held for sale		-	875	(100.0%)
Amortisation of debt issuance costs		2,683	981	> 100%
Facility break fee		-	(51)	(100.0%)
Fair value adjustments – investment properties		(28,141)	24,904	n.m.
Fair value adjustments – derivative financial instruments		9	430	(97.9%)
Net foreign exchange (gain)/loss		(143)	115	n.m.
Deferred tax expense/(credit)		12,388	(5,026)	n.m.
Tax (credit)/expense related to disposal of assets/liabilities held for sale		(306)	1,921	n.m.
Distribution of divestment gain		-	2,814	(100.0%)
Others		425	-	n.m.
Total distribution adjustments		(14,380)	26,140	n.m.
Note B - Distributions paid to Unitholders during the period				
Distribution of 2.324 cpu from 1 Jul 2020 to 4 Mar 2021		59,403	-	n.m.
Distribution of 2.030 cpu from 2 Jul 2019 to 31 Dec 2019		-	51,720	n.m.
		59,403	51,720	14.9%

n.m. – Not meaningful

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

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

Condensed Interim Statements of Movements in Unitholders' Funds

	CEREIT		Trust	
	1H 2021 €'000	1H 2020 €'000	1H 2021 €'000	1H 2020 €'000
Operations				
At beginning of period	60,848	77,681	(123,946)	(87,433)
Total return for period	60,539	18,425	8,340	2,213
Distributions paid	(59,403)	(51,720)	(59,403)	(51,720)
At end of period	61,984	44,386	(175,009)	(136,940)
Unitholders' contributions				
At beginning of period	1,241,192	1,236,795	1,241,529	1,237,132
Issue of units:				
- Base management fees	-	962	-	962
- Property management fees	-	1,493	-	1,493
- Performance management fees	-	1,952	-	1,952
- Private placement	100,000	-	100,000	-
- Distribution reinvestment plan	3,490	-	3,490	-
Issue expenses	(2,230)	-	(2,230)	-
At end of period	1,342,452	1,241,202	1,342,789	1,241,539
Reserves				
At beginning and end of period	112	112	116	116
Unitholders' funds at end of period	1,404,548	1,285,700	1,167,896	1,104,715

Condensed Interim Consolidated Statement of Cash Flows

	1H 2021 €'000	1H 2020 €'000
Cash flows from operating activities		
Total return for the period before tax	75,436	18,173
<i>Adjustments for:</i>		
Amortisation of lease incentives	1,880	(582)
Effect of recognising rental income on a straight-line basis	(16)	(1,999)
Loss on disposal of assets/liabilities held for sale	-	875
Net finance costs	11,368	8,085
(Writeback of)/ allowance for credit losses	(626)	2,965
Change in fair value of investment properties	(28,141)	24,904
Change in fair value of derivative financial instruments	9	430
Net foreign exchange (gain)/loss	(143)	115
Operating cash flows before movements in working capital	59,767	52,966
<i>Changes in operating assets and liabilities:</i>		
Decrease/(increase) in receivables	1,956	(4,430)
(Decrease)/increase in payables	(10,813)	2,716
Increase/(decrease) in other liabilities	2,238	(1,192)
Cash generated from operations	53,148	50,060
Interest paid	(3,728)	(6,764)
Interest received	1	-
Tax paid	(3,220)	(4,966)
Net cash provided by operating activities	46,201	38,330
Cash flows from investing activities		
Payments for acquisitions of subsidiaries, net of cash	(114,304)	-
Payments for acquisition of investment properties	-	(36,100)
Payment for acquisition costs	(2,861)	(856)
Payments for capital expenditure on investment properties	(7,320)	(7,860)
Proceeds from disposal of assets/liabilities held for sale, net of cash disposed of	-	65,225
Refund of VAT in relation to acquisition	-	20,438
Payment for transaction costs for divestment of investment property	-	(601)
Net cash (used in)/provided by investing activities	(124,485)	40,246
Cash flows from financing activities		
Proceeds from issuance of CEREIF units	100,000	-
Payment of equity issue costs	(2,151)	-
Proceeds from bank borrowings and issue of Euro Medium Term Note ("EMTN")	205,623	150,000
Repayment of bank borrowings	(130,000)	(95,438)
Payment of debt/ EMTN issuance costs	(1,929)	(2,516)
Distributions paid to Unitholders	(55,913)	(51,720)
Payment of finance lease	(167)	(168)
Payment of facility break fee	-	(6)
Net cash provided by financing activities	115,463	152
Net increase in cash and cash equivalents	37,179	78,728
Cash and cash equivalents at beginning of period	43,593	79,250
Cash and cash equivalents at end of period	80,772	157,978

Statement of Portfolio

Property <i>(by Geography)</i>	Location	Acquisition Date	Land Tenure	Remaining Term (Years)		Carrying Amount		Percentage of Net Assets	
				30 Jun 21	31 Dec 20	30 Jun 21 €'000	31 Dec 20 €'000	30 Jun 21 %	31 Dec 20 %
The Netherlands									
Office									
Haagse Poort	Prinses Beatrixlaan 35 - 37 & Schenkkade 60 - 65, Den Haag	30 Nov 2017	Part Freehold, Part Right of Superficies and Part Perpetual leasehold	n/a	n/a	172,500	173,500	12.3	13.3
Central Plaza	Plaza 2 – 25 (retail) / Weena 580 – 618 (offices), Rotterdam	19 Jun 2017	Freehold/leasehold ⁽¹⁾	67.1	67.6	165,521	164,855	11.8	12.7
Bastion	Willemsplein 2 - 10, 's-Hertogenbosch	28 Dec 2018	Freehold	n/a	n/a	79,900	78,600	5.7	6.0
Moeder Teresalaan 100 / 200	Moeder Teresalaan 100 / 200, Utrecht	28 Dec 2018	Perpetual leasehold	n/a	n/a	59,000	59,300	4.2	4.6
De Ruyterkade 5	De Ruyterkade 5, Amsterdam	19 Jun 2017	Continuing leasehold	67	67.5	57,100	54,700	4.1	4.2
Koningskade 30	Koningskade 30, Den Haag	19 Jun 2017	Perpetual leasehold	n/a	n/a	21,343	21,420	1.5	1.6
Blaak 40	Blaak 40, Rotterdam	30 Nov 2017	Freehold	n/a	n/a	16,460	16,100	1.2	1.2
Light Industrial / Logistics									
Veemarkt	Veemarkt 27-75 / 50-76 / 92-114, Amsterdam	30 Nov 2017	Continuing leasehold	n/a	n/a	43,200	41,100	3.1	3.2
Boekweitstraat 1 - 21 & Luzernestraat 2 - 12	Boekweitstraat 1 - 21 & Luzernestraat 2 - 12, Nieuw-Vennep	30 Nov 2017	Freehold	n/a	n/a	7,615	7,560	0.5	0.6
Capronilaan 22 - 56	Capronilaan 22 - 56, Schiphol-Rijk	30 Nov 2017	Freehold	18.4	18.9	7,059	7,060	0.5	0.5
Folkstoneweg 5 - 15	Folkstoneweg 5 - 15, Schiphol	30 Nov 2017	Leasehold	n/a	n/a	4,927	4,560	0.3	0.4
Kapoeasweg 4 - 16	Kapoeasweg 4 - 16, Amsterdam	30 Nov 2017	Freehold	n/a	n/a	4,512	4,480	0.3	0.3
Italy									
Office									
Piazza Affari 2	Piazza degli Affari 2, Milan	30 Nov 2017	Freehold	n/a	n/a	94,300	89,800	6.7	6.9
Via dell'Amba Aradam 5	Via dell'Amba Aradam 5, Rome	30 Nov 2017	Freehold	n/a	n/a	48,600	49,000	3.4	3.8
Via Pianciani 26	Via Pianciani 26, Rome	30 Nov 2017	Freehold	n/a	n/a	33,400	32,600	2.4	2.5
Building F7-F11	Viale Milanofiori 1, Assago	30 Nov 2017	Freehold	n/a	n/a	26,400	26,400	1.9	2.0

n/a – not applicable

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

Property <i>(by Geography)</i>	Location	Acquisition Date	Land Tenure	Remaining Term (Years)		Carrying Amount		Percentage of Net Assets	
				30 Jun 21	31 Dec 20	30 Jun 21 €'000	31 Dec 20 €'000	30 Jun 21 %	31 Dec 20 %
Via Nervesa 21	Via Nervesa 21, Milan	30 Nov 2017	Freehold	n/a	n/a	23,650	23,325	1.7	1.8
Via Camillo Finocchiaro Aprile 1	Via Camillo Finocchiaro Aprile 1, Genova	5 Dec 2018	Freehold	n/a	n/a	23,575	23,700	1.7	1.8
Nuova ICO	Via Guglielmo Jervis 9, Ivrea	27 Jun 2018	Freehold	n/a	n/a	16,700	16,525	1.2	1.3
Cassiopea 1-2-3	Via Paracelso 22-24-26, Milan	28 Nov 2019	Freehold	n/a	n/a	16,425	16,650	1.2	1.3
Via della Fortezza 8	Via della Fortezza 8, Florence	15 Feb 2018	Freehold	n/a	n/a	16,300	16,375	1.2	1.3
Corso Lungomare Trieste 29	Corso Lungomare Trieste 29, Bari	5 Dec 2018	Freehold	n/a	n/a	11,350	11,475	0.8	0.9
Corso Annibale Santorre di Santa Rosa 15	Corso Annibale Santorre di Santa Rosa 15, Cuneo	30 Nov 2017	Freehold	n/a	n/a	7,800	7,860	0.5	0.6
Via Rampa Cavalcavia 16-18	Via Rampa Cavalcavia 16-18, Venice Mestre	30 Nov 2017	Freehold	n/a	n/a	5,200	5,220	0.4	0.4
Light Industrial / Logistics									
Centro Logistico Orlando Marconi	Via del Lavoro, 63076 Monteprandone	23 Dec 2020	Freehold	n/a	n/a	54,800	52,575	3.9	4.0
Strada Provinciale Adelfia	Strada Provinciale Adelfia, Rutigliano	30 Nov 2017	Freehold	n/a	n/a	13,000	12,675	0.9	1.0
Other									
Viale Europa 95	Viale Europa 95, Bari	30 Nov 2017	Freehold	n/a	n/a	75,100	76,500	5.3	5.9
Starhotels Grand Milan	Via Varese 23, Saronno	30 Nov 2017	Freehold	n/a	n/a	17,300	17,050	1.2	1.2
Via Madre Teresa di Calcutta 4	Via Madre Teresa di Calcutta 4, Lissone	30 Nov 2017	Freehold	n/a	n/a	16,900	16,350	1.2	1.3
Via Salara Vecchia 13	Via Salara Vecchia 13, Pescara	30 Nov 2017	Freehold	n/a	n/a	12,100	12,300	0.9	0.9
Via Brigata Padova 19	Via Brigata Padova 19, Padova	30 Nov 2017	Freehold	n/a	n/a	4,340	4,430	0.3	0.3
France									
Office									
Cap Mermoz	38-44 rue Jean Mermoz, Maisons-Laffitte, Paris	17 Jul 2019	Freehold	n/a	n/a	35,709	35,600	2.5	2.7
Paryseine	3 Allée de la Seine, Ivry-Sur Seine, Paris	17 Jul 2019	Freehold	n/a	n/a	29,200	29,100	2.1	2.2
Lénine	1 rue de Lénine, 94200 Ivry-Sur Seine, Ivry-Sur Seine, Paris	17 Jul 2019	Freehold	n/a	n/a	5,117	5,080	0.4	0.4
Light Industrial / Logistics									
Parc des Docks	50 rue Ardoin, Saint Ouen	30 Nov 2017	Freehold	n/a	n/a	144,100	135,300	10.3	10.4
Parc des Guillaumes	58 rue de Neuilly – 2 rue du Trou Morin, ZAC des Guillaumes, Noisy-le-Sec	30 Nov 2017	Freehold	n/a	n/a	27,913	28,000	2.0	2.1
Parc des Grésillons	167-169 avenue des Grésillons, Gennevilliers	30 Nov 2017	Freehold	n/a	n/a	23,334	23,400	1.7	1.8
Parc du Landy	61 rue du Landy, Aubervilliers	30 Nov 2017	Freehold	n/a	n/a	23,285	23,300	1.7	1.8
Parc Delizy	32 rue Délizy, Pantin	30 Nov 2017	Freehold	n/a	n/a	18,465	18,500	1.3	1.4
Parc Urbaparc	75-79 rue du Rateau, La Courneuve	30 Nov 2017	Freehold	n/a	n/a	18,257	18,300	1.3	1.4
Parc Béziers	Rue Charles Nicolle, Villeneuve-lès-Béziers	23 Jan 2019	Freehold	n/a	n/a	11,031	11,000	0.8	0.8
Parc du Merantais	1-3 rue Georges Guynemer, Magny-Les-Hameaux	30 Nov 2017	Freehold	n/a	n/a	9,810	9,730	0.7	0.7
Parc des Érables	154 allée des Érables, Villepinte	30 Nov 2017	Freehold	n/a	n/a	9,220	9,210	0.6	0.7

n/a – not applicable

Property (by Geography)	Location	Acquisition Date	Land Tenure	Remaining Term (Years)		Carrying Amount		Percentage of Net Assets	
				30 Jun 21	31 Dec 20	30 Jun 21 €'000	31 Dec 20 €'000	30 Jun 21 %	31 Dec 20 %
France (cont'd)									
Parc Jean Mermoz	53 rue de Verdun – 81, rue Maurice Berteaux, La Courneuve	30 Nov 2017	Freehold	n/a	n/a	9,188	9,140	0.6	0.7
Parc Louvresses	46-48 boulevard Dequevauvilliers, Gennevilliers	14 Feb 2019	Leasehold	27	28	7,743	7,740	0.6	0.6
Parc Locaparc 2	59-65 rue Edith Cavell, Vitry-sur-Seine	30 Nov 2017	Freehold	n/a	n/a	7,753	7,650	0.6	0.6
Parc le Prunay	13-41 rue Jean Pierre Timbaud, ZI du Prunay, Sartrouville	30 Nov 2017	Freehold	n/a	n/a	7,684	7,660	0.5	0.6
Parc de Champs	40 boulevard de Nesles, ZAC le Ru du Nesles, Champs sur Marne	30 Nov 2017	Freehold	n/a	n/a	7,218	7,240	0.5	0.6
Parc Acticlub	2 rue de la Noue Guimante, ZI de la Courtillière, Saint Thibault des Vignes	30 Nov 2017	Freehold	n/a	n/a	6,283	6,260	0.4	0.5
Parc Parçay-Meslay	ZI du Papillon, Parçay-Meslay	23 Jan 2019	Freehold	n/a	n/a	4,850	4,850	0.3	0.4
Parc de Popey ⁽²⁾	5 chemin de Popey, Bar-le-Duc	30 Nov 2017	Freehold	n/a	n/a	-	4,800	0.0	0.4
Parc du Bois du Tambour	Route de Nancy, Gondreville	30 Nov 2017	Freehold	n/a	n/a	3,970	3,990	0.3	0.3
Parc Sully	105 route d'Orléans, Sully-sur-Loire	23 Jan 2019	Freehold	n/a	n/a	3,403	3,390	0.2	0.3
Poland									
Office									
Business Garden	2, 4, 6, 8 and 10 Kolorowa Street, Poznań	24 Sep 2019	Freehold	n/a	n/a	86,000	85,900	6.1	6.6
Green Office	80, 80A, 82 and 84 Czerwone Maki Street, Kraków	25 Jul 2019	Freehold	n/a	n/a	51,200	51,200	3.6	3.9
Riverside Park	Fabryczna 5, Warsaw	14 Feb 2019	Freehold	n/a	n/a	30,100	30,200	2.1	2.3
Avatar	28 Armii Krajowej Street, Kraków	25 Jul 2019	Freehold/ Perpetual usufruct	n/a	n/a	28,100	28,100	2.0	2.2
Grójecka 5	Grójecka 5, Warsaw	14 Feb 2019	Freehold	n/a	n/a	21,500	21,600	1.5	1.7
Arkońska Business Park	Arkońska 1&2, Gdańsk	14 Feb 2019	Freehold	n/a	n/a	18,300	18,300	1.3	1.4
Germany									
Light Industrial / Logistics									
Parsdorfer Weg 10	Parsdorfer Weg 10, Kirchheim	30 Nov 2017	Freehold	n/a	n/a	39,000	36,600	2.8	2.8
An der Wasserschluft 7	An der Wasserschluft 7, 06526 Sangerhausen	13 Aug 2020	Freehold	n/a	n/a	19,375	18,350	1.4	1.4
Siemensstraße 11	Siemensstraße 11, Frickenhausen	30 Nov 2017	Freehold	n/a	n/a	18,025	17,650	1.3	1.4
Göppinger Straße 1 – 3	Pforzheim, Göppinger Straße 1 – 3	24 Mar 2020	Freehold	n/a	n/a	17,500	16,875	1.2	1.3
Gewerbestraße 62	Bretten, Gewerbestraße 62	24 Mar 2020	Freehold	n/a	n/a	16,275	15,500	1.2	1.2

n/a – not applicable

(2) The property was reclassified to “Asset held for sale” (Note 17) pursuant to the announcement to divest a non-core asset in France on 22 June 2021.

Property <i>(by Geography)</i>	Location	Acquisition Date	Land Tenure	Remaining Term (Years)		Carrying Amount		Percentage of Net Assets	
				30 Jun 21	31 Dec 20	30 Jun 21 €'000	31 Dec 20 €'000	30 Jun 21 %	31 Dec 20 %
Germany (cont'd)									
An der Kreuzlache 8-12	An der Kreuzlache 8-12, Bischofsheim	30 Nov 2017	Freehold	n/a	n/a	14,300	13,700	1.0	1.1
Henschelring 4	Henschelring 4, Kirchheim	30 Nov 2017	Freehold	n/a	n/a	12,100	11,575	0.9	0.9
Frauenstraße 31	Frauenstraße 31, Maisach	30 Nov 2017	Freehold	n/a	n/a	11,975	11,450	0.9	0.9
Gutenbergstraße 1, Dieselstraße 2	Königsbach-Stein, Gutenbergstraße 1, Dieselstraße 2	24 Mar 2020	Freehold	n/a	n/a	11,225	10,625	0.8	0.8
Kolumbusstraße 16	Kolumbusstraße 16, Hamburg	30 Nov 2017	Freehold	n/a	n/a	10,650	10,300	0.8	0.8
Moorfleeter Straße 27, Liebigstraße 67-71	Moorfleeter Straße 27, Liebigstraße 67-71, Hamburg	30 Nov 2017	Freehold	n/a	n/a	9,880	9,000	0.7	0.7
Dresdner Straße 16, Sachsenring 52	Dresdner Straße 16, Sachsenring 52, Straubing	30 Nov 2017	Freehold	n/a	n/a	9,640	9,440	0.7	0.7
Hochstraße 150-152	Hochstraße 150-152, Duisburg	30 Nov 2017	Freehold	n/a	n/a	9,170	9,390	0.7	0.7
Kinzigheimer Weg 114	Kinzigheimer Weg 114, Hanau	30 Nov 2017	Freehold	n/a	n/a	3,840	3,670	0.3	0.3
An der Steinlach 8-10	An der Steinlach 8-10, Bischofsheim	30 Nov 2017	Freehold	n/a	n/a	3,420	3,240	0.2	0.2
Finland									
Office									
Opus 1	Hitsajankatu 24, Helsinki	28 Dec 2018	Freehold	n/a	n/a	14,075	13,100	1.0	1.0
Grandinkulma	Kielotie 7, Vantaa	28 Dec 2018	Freehold	n/a	n/a	13,500	13,500	1.0	1.0
Plaza Forte	Äyritie 12 C, Vantaa	28 Dec 2018	Freehold	n/a	n/a	12,025	12,225	0.9	0.9
Plaza Vivace	Äyritie 8 C, Vantaa	28 Dec 2018	Freehold	n/a	n/a	11,950	12,575	0.9	1.0
Myyrmäenraitti 2	Myyrmäenraitti 2, Vantaa	28 Dec 2018	Freehold	n/a	n/a	11,775	11,700	0.8	0.9
Pakkalankuja 6	Pakkalankuja 6, Vantaa	28 Dec 2018	Freehold	n/a	n/a	10,650	10,450	0.8	0.8
Plaza Allegro	Äyritie 8 B, Vantaa	28 Dec 2018	Freehold	n/a	n/a	9,770	9,990	0.7	0.8
Mäkitorpantie 3b	Mäkitorpantie 3b, Helsinki	28 Dec 2018	Freehold	n/a	n/a	8,890	8,820	0.6	0.7
Kauppakatu 39	Kauppakatu 39, Kuopio	28 Dec 2018	Freehold	n/a	n/a	7,270	7,230	0.5	0.6
Purotie 1	Purotie 1, Helsinki	28 Dec 2018	Freehold	n/a	n/a	5,790	5,700	0.4	0.4
Pakkalankuja 7	Pakkalankuja 7, Vantaa	28 Dec 2018	Freehold	n/a	n/a	5,620	5,600	0.4	0.4
Denmark									
Light Industrial / Logistics									
Naverland 7-11	Naverland 7-11, Glostrup	30 Nov 2017	Freehold	n/a	n/a	12,061	11,947	0.9	0.9
Priorparken 700	Priorparken 700, Brøndby	30 Nov 2017	Freehold	n/a	n/a	12,128	11,585	0.9	0.9
Priorparken 800	Priorparken 800, Brøndby	30 Nov 2017	Freehold	n/a	n/a	10,743	10,698	0.8	0.8
Stamholmen 111	Stamholmen 111, Hvidovre	30 Nov 2017	Freehold	n/a	n/a	7,516	7,486	0.5	0.6
Herstedvang 2-4	Herstedvang 2-4, Albertslund	30 Nov 2017	Freehold	n/a	n/a	7,382	7,365	0.5	0.6
Naverland 8	Naverland 8, Glostrup	30 Nov 2017	Freehold	n/a	n/a	6,925	6,303	0.5	0.5

Property <i>(by Geography)</i>	Location	Acquisition Date	Land Tenure	Remaining Term (Years)		Carrying Amount		Percentage of Net Assets	
				30 Jun 21	31 Dec 20	30 Jun 21 €'000	31 Dec 20 €'000	30 Jun 21 %	31 Dec 20 %
Denmark (cont'd)									
Islevdalvej 142	Islevdalvej 142, Rødovre	30 Nov 2017	Freehold	n/a	n/a	6,763	6,679	0.5	0.5
Fabriksparken 20	Fabriksparken 20, Glostrup	30 Nov 2017	Freehold	n/a	n/a	6,253	5,900	0.4	0.4
Hørskættten 4-6	Hørskættten 4-6, Tåstrup	30 Nov 2017	Freehold	n/a	n/a	6,131	6,007	0.4	0.5
Hørskættten 5	Hørskættten 5, Tåstrup	30 Nov 2017	Freehold	n/a	n/a	3,994	3,628	0.3	0.3
Naverland 12	Naverland 12, Glostrup	30 Nov 2017	Freehold	n/a	n/a	3,778	3,414	0.3	0.2
Slovakia									
Light Industrial / Logistics									
Nove Mesto ONE Industrial Park I	Beckov 645, Beckov	11 Mar 2021	Freehold	n/a	-	17,045	-	1.2	-
Nove Mesto ONE Industrial Park III	Rakofuby 241, Kočovce	11 Mar 2021	Freehold	n/a	-	16,560	-	1.2	-
Kosice Industrial Park SK	Veľká Ida 785, Veľká Ida	11 Mar 2021	Freehold	n/a	-	14,800	-	1.1	-
Nove Mesto ONE Industrial Park II	Kočovce 245, Kočovce	11 Mar 2021	Freehold	n/a	-	9,860	-	0.7	-
Zilina Industrial Park	Priemyselná 1, Nededza	11 Mar 2021	Freehold	n/a	-	5,140	-	0.4	-
The Czech Republic									
Light Industrial / Logistics									
Moravia Industrial Park s.r.o.	Jaktáře 1752, Uherské Hradiště	11 Mar 2021	Freehold	n/a	-	16,100	-	1.1	-
Lovosice ONE Industrial Park II	Průmyslová 1190, Lovosice	11 Mar 2021	Freehold	n/a	-	14,200	-	1.0	-
South Moravia Industrial Park	Cukrovarská 494/39, Vyškov	11 Mar 2021	Freehold	n/a	-	11,500	-	0.8	-
Hradec Králové	Vážní 536, 500 03 Hradec Králové	4 Jun 2021	Freehold	n/a	-	10,099	-	0.7	-
Písek Industrial Park I	Stanislava Maliny 464, Písek	11 Mar 2021	Freehold	n/a	-	4,240	-	0.3	-
Lovosice ONE Industrial Park I	Tovární 1161, Lovosice	11 Mar 2021	Freehold	n/a	-	3,245	-	0.2	-
Písek Industrial Park II	U Hřebčince 2564/23, Písek	11 Mar 2021	Freehold	n/a	-	1,750	-	0.1	-
Portfolio of investment properties, at fair value						2,331,013	2,177,852	166.0	167.3
Other adjustments (note 12(a))						6,016	6,677	0.4	0.5
Investment properties as shown in the balance sheet						2,337,029	2,184,529	166.4	167.8
Other assets and liabilities, net						(932,481)	(882,377)	(66.4)	(67.8)
Net assets						1,404,548	1,302,152	100.00	100.00

Notes to the condensed interim consolidated financial statements

1. Corporate information

The Cromwell European Real Estate Investment Trust ("Trust") is a Singapore real estate investment trust constituted pursuant to a trust deed dated 28 April 2017 (date of "Constitution") (as amended, varied or supplemented from time to time) between Cromwell EREIT Management Pte. Ltd. as the Manager of CEREIT (the "Manager") and Perpetual (Asia) Limited as Trustee of CEREIT (the "Trustee"). CEREIT was listed on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 30 November 2017 ("Listing Date"). The Trust and its subsidiaries are collectively referred to as "CEREIT" in the consolidated financial statements.

CEREIT is a 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.

2. Basis of preparation

The condensed interim financial statements for the half year ended 30 June 2021 have been prepared in accordance with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in CEREIT's financial position and performance of CEREIT since the last annual financial statements for the year ended 31 December 2020.

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

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

2.1 New and amended standards adopted by CEREIT

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

2.2 Use of judgements and estimates

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

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

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

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

Area of estimation	Note
Measurement of deferred tax liabilities	11
Determination of fair value of investment properties using significant unobservable inputs	12(c)
Acquisition of subsidiaries: the fair value of the consideration transferred (including contingent consideration) and the fair value of the assets and liabilities assumed, measured on a provisional basis	20

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

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the period.

4. Segment and revenue information

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

CEREIT operated in three property classes and nine (31 December 2020: seven) countries as at 30 June 2021. The property segments below are reported in a manner consistent with the internal reporting provided to the CODM.

4.1 Segment results

CEREIT	1H 2021			1H 2020		
	Gross revenue from external customers €'000	Property operating expenditure €'000	Segment Profit/(Loss) €'000	Gross revenue from external customers €'000	Property operating expenditure €'000	Segment Profit/(Loss) €'000
<i>Office</i>						
The Netherlands	20,436	(7,408)	13,028	20,412	(7,948)	12,464
Italy	11,807	(3,361)	8,446	11,980	(3,233)	8,747
France	4,713	(1,853)	2,860	3,955	(1,943)	2,012
Poland	13,325	(5,236)	8,089	12,702	(5,189)	7,513
Finland	5,659	(2,648)	3,011	5,738	(2,439)	3,299
Total - Office	55,940	(20,506)	35,434	54,787	(20,752)	34,035
<i>Light industrial / Logistics</i>						
The Netherlands	2,640	(1,116)	1,524	3,229	(1,275)	1,954
Italy	3,039	(836)	2,203	552	(162)	390
France	15,015	(5,112)	9,903	16,492	(6,898)	9,594
Germany	7,948	(2,776)	5,172	6,065	(1,987)	4,078
Denmark	4,567	(1,813)	2,754	4,857	(2,107)	2,750
Slovakia	1,646	(314)	1,332	-	-	-
The Czech Republic	1,192	(172)	1,020	-	-	-
Total - Light industrial / Logistics	36,047	(12,139)	23,908	31,195	(12,429)	18,766
<i>Other</i>						
Italy	7,032	(2,087)	4,945	7,678	(2,758)	4,920
Total - Other	7,032	(2,087)	4,945	7,678	(2,758)	4,920
Total - Segments	99,019	(34,732)	64,287	93,660	(35,939)	57,721
<i>Unallocated items:</i>						
Net finance costs			(11,368)			(8,085)
Manager's fees			(2,764)			(2,656)
Trustee fees			(136)			(132)
Trust expenses			(2,715)			(2,466)
Loss on disposal of assets/liabilities held for sale			-			(875)
Fair value gain/(loss) - investment properties			28,141			(24,904)
Fair value loss - derivative financial instruments			(9)			(430)
Income tax (expense)/credit			(14,897)			252
Total return for the period attributable to Unitholders			60,539			18,425

4.2 Segment assets and liabilities

CEREIT	30 Jun 21				31 Dec 20	
	Segment assets: Investment properties	Segment assets: Asset held for sale	Segment assets: Total	Other information Capital expenditure	Segment assets: Investment properties	Other information Capital expenditure
	€'000	€'000	€'000	€'000	€'000	€'000
<i>Office</i>						
The Netherlands	571,824	-	571,824	2,224	568,475	10,115
Italy	323,700	-	323,700	586	318,930	1,267
France	70,026	-	70,026	82	69,780	347
Poland	235,200	-	235,200	265	235,300	1,207
Finland	111,315	-	111,315	906	110,890	925
Total - Office	1,312,065	-	1,312,065	4,063	1,303,375	13,861
<i>Light industrial / Logistics</i>						
The Netherlands	73,329	-	73,329	94	71,437	199
Italy	67,800	-	67,800	32	65,250	44
France	343,507	5,800	349,307	229	339,460	1,627
Germany	206,375	-	206,375	701	197,365	2,079
Denmark	83,674	-	83,674	1,436	81,012	2,012
Slovakia	63,405	-	63,405	-	-	-
The Czech Republic	61,134	-	61,134	-	-	-
Total - Light industrial/ Logistics	899,224	5,800	905,024	2,492	754,524	5,961
<i>Other</i>						
Italy	125,740	-	125,740	227	126,630	621
Total - Other	125,740	-	125,740	227	126,630	621
Total - Segments	2,337,029	5,800	2,342,829	6,782	2,184,529	20,443
<i>Reconciliation to total consolidated assets:</i>						
Cash and cash equivalents			80,772		43,593	
Receivables - current			15,860		15,943	
Current tax assets			1,479		1,397	
Receivables - non-current			659		1,028	
Derivative financial instruments			117		126	
Deferred tax assets			5,774		3,836	
Consolidated total assets			2,447,490		2,250,452	

Segment liabilities

There are no liabilities allocated to segments.

5 Gross revenue

Gross revenue includes the following items:

	CEREIT		
	1H 2021 €'000	1H 2020 €'000	Fav./ (Unfav.) %
Gross rental income	79,589	77,177	3.1%
Service charge income	17,827	16,035	11.2%
Other property related income ⁽¹⁾	1,603	448	>100%
Total gross revenue	99,019	93,660	5.7%

⁽¹⁾ Other property related income comprises advertising billboards and signage, kiosks and other income attributable to the operation of the properties. 1H 2021 includes one off income from a tenant that pre-terminated its lease in 1H 2021.

6 Property operating expense

Property operating expense comprises service charge expenses, non-recoverable expenses and allowance for doubtful debts.

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

Non-recoverable expenses include property insurance, maintenance and repairs, marketing costs, property taxes, leasing costs and property management fees. Leasing costs include payments to third-party brokers and/or the property manager. Property management fees are payable to the property manager. Property management fees are based on 0.67% of deposited property pursuant to the Trust Deed.

Property operating expense includes the following items:

	CEREIT		
	1H 2021 €'000	1H 2020 €'000	Fav./ (Unfav.) %
Service charge expenses and non-recoverable expenses	27,303	25,237	(8.2%)
Property management fees paid in cash	8,055	7,737	(4.1%)
(Writeback of)/provision for COVID-19 related doubtful debts	(626)	2,965	n.m.
Total property operating expense	34,732	35,939	3.4%

7 Manager's fees

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

	CEREIT		
	1H 2021 €'000	1H 2020 €'000	Fav./ (Unfav.) %
Manager's base fees paid in cash ⁽ⁱ⁾	2,764	2,656	(4.1%)
Manager's performance fees ⁽ⁱⁱ⁾	-	-	n.m.
Total manager's fees	2,764	2,656	(4.1%)

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

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

n.m. – Not meaningful

8 Loss on disposal of assets/liabilities held for sale

The loss on disposal of assets/liabilities held for sale recorded in 1H 2020 related to transaction costs incurred for the divestment of 12 non-core assets in France, the Netherlands and Denmark on 24 March 2020.

9 Consolidated Earnings per Unit and distribution per Unit

	CEREIT	
	1H 2021	1H 2020
Earnings per unit ("EPU")		
Weighted average number of units ('000) ⁽¹⁾	542,093	511,216
Total return for the period attributable to Unitholders (€'000)	60,539	18,425
EPU (basic and diluted) (cents)	11.168	3.604

⁽¹⁾ The weighted average number of units was based on the weighted average number of units during the respective period including units issuable to the Manager and Property Manager. 1H 2020 is adjusted for 5:1 unit consolidation.

	CEREIT	
	1H 2021	1H 2020
Distribution per unit ("DPU")		
Applicable number of units for the period ('000) ⁽²⁾	542,919	511,216
Income available for distribution to Unitholders (€'000)	90,950	96,409
DPU (cents)	8.502	8.717

⁽²⁾ DPU is calculated based on the number of units in issue entitled to distributions as at the end of the respective period. 1H 2020 is adjusted for 5:1 unit consolidation.

10 Distributions to Unitholders

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

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

Distributions to Unitholders during the period:

Distribution period	Distribution type	Distribution per unit (in € cents)	CEREIT and Trust	
			1H 2021 €'000	1H 2020 €'000
1 July 2020 to 4 March 2021	Tax exempt	2.324	59,403	-
2 July 2019 to 31 December 2019	Capital & tax exempt	2.030	-	51,720
Total distributions			59,403	51,720

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

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

11 Income tax expense/(credit)

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

	CEREIT		
	1H 2021 €'000	1H 2020 €'000	Fav./ (Unfav.) %
Current tax expense	2,509	4,774	47.4%
Deferred tax expense/(credit)	12,388	(5,026)	n.m.
Total income tax expense/(credit)	14,897	(252)	n.m.

n.m. – Not meaningful

12 Investment properties

12(a) Reconciliation of carrying amount of investment properties

The carrying amount of CEREIT's investment properties at period end and movements during the period were as follows:

	Independent valuation dated 30 Jun 21 ⁽ⁱ⁾ €'000	Directors' valuation €'000	Total valuation at 30 Jun 21 €'000	Right-of-use asset €'000	Carrying amount at 30 Jun 21 €'000
The Netherlands	411,700	227,437	639,137	6,016	645,153
Italy	517,240	-	517,240	-	517,240
France	173,300	240,233	413,533	-	413,533
Poland	235,200	-	235,200	-	235,200
Germany	206,375	-	206,375	-	206,375
Finland	111,315	-	111,315	-	111,315
Denmark	83,674	-	83,674	-	83,674
Slovakia	63,405	-	63,405	-	63,405
The Czech Republic	51,035	10,099	61,134	-	61,134
Total	1,853,244	477,769	2,331,013	6,016	2,337,029

(i) Excludes investment property reclassified as held for sale as at 30 June 21.

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

12(b) Movements in investment properties

	CEREIT	
	30 Jun 21 €'000	31 Dec 20 €'000
At beginning of period	2,184,529	2,041,499
Acquisition of new properties ⁽ⁱ⁾	119,284	106,967
Acquisition costs	2,435	7,086
Reclassification of investment properties held for sale	(5,800)	-
Capital expenditure	6,782	20,443
Lease incentives, lease costs and rent straight-lining	1,933	(13)
Net gain from fair value adjustments	28,141	8,569
Others	(275)	(22)
At end of period	2,337,029	2,184,529

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

On 11 March 2021, CEREIT acquired 11 logistics and light industrial properties in the Czech Republic and Slovakia through the acquisition for €113.2 million.

On 4 June 2021, CEREIT further acquired a modern freehold logistics asset in the Czech Republic for €10.1 million.

On 22 June 2021, CERERIT entered into a promissory deed to divest a non-core asset in France, namely Parc de Popey. The asset is reclassified to asset held for sale as at 30 June 2021.

12(c) Valuation

At 30 June 2021, 80 properties of CEREIT's portfolio of 107 properties were valued by independent valuers. The combined value of the 80 properties of €1,853,244,000 representing 80% of CEREIT's portfolio by valuation. Valuation were designed to give a broad coverage of both geographies and asset classes. The independent valuations for properties located in Italy, Finland and Germany and the Netherlands were conducted by CBRE Ltd ("CBRE") and for properties located in Denmark, France, Poland, Slovakia and the Czech Republic by Savills Advisory Services Limited ("Savills"). The valuers have utilised the discounted cash flow and income capitalisation methods.

Out of the remaining 27 properties, 26 properties were carried at the valuation of 31 December 2020 plus any capital expenditure incurred during 1H 2021 and any other adjustments, an asset in the Czech Republic was carried at purchase price as it was acquired just prior to 30 June 2021. Management has undertaken analysis on the 26 properties and based on information such as NPI forecast and the weighted average lease expiry profiles plus an expectation that the weighted average capitalisation rate for these properties is unchanged, there is no indication that the investment properties may be materially misstated as a result of independent valuation not being carried out as at 30 June 2021.

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	30 Jun 21		31 Dec 20	
		Range	Weighted average	Range	Weighted average
<i>Discounted cash flow</i> This valuation model considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate and occupancy rate. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location, tenant credit quality and lease terms	Net initial yield	1.7% - 9.0%	6.7%	4.0% - 16.9%	7.6%
	Net reversionary yield	5.1% - 9.9%	7.5%	6.5% - 16.0%	8.3%
	Discount rate	7.2% - 10.0%	7.9%	7.0% - 12.0%	8.4%
	Exit cap rate	5.5% - 8.5%	6.5%	5.5% - 10.0%	7.0%
	Occupancy (%)	36.1% - 100.0%	91.6%	52.0% - 100.0%	91.8%
<i>Income capitalisation</i> This method involves assessing the total net market income receivable from the property and capitalising this perpetually, using an appropriate, market derived capitalisation rate, to derive a capital value, with allowances for capital expenditure reversions such as lease incentives and required capital works payable in the near future and overs / unders when comparing market rent with passing rent.	Net initial yield	1.9% - 11.2%	6.0%	2.0% - 11.9%	6.1%
	Net reversionary yield	3.6% - 10.9%	6.2%	3.8% - 11.0%	6.1%
	Occupancy (%)	60.4% - 100.0%	97.1%	65.8% - 100.0%	97.1%

All the significant inputs noted above are not observable market data, hence investment property valuations are considered level 3 fair value measurements (refer fair value hierarchy described in note 16).

Sensitivity information

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

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

As disclosed in CEREIF's annual report for the year ended 31 December 2020, the valuations of the Polish office assets carried out by Savills and Via Madre Teresa 4 and StarHotels Grand Milan in Italy carried out by CBRE for the year ended 31 December 2020 with a combined valuation of €268.7 million contained 'Material Valuation Uncertainty' clauses ("MVUC") due to COVID-19. For the avoidance of doubt, the independent valuations for the six-months ended 30 June 2021 are no longer reported as being subject to MVUC.

13 Borrowings

CEREIT	30 Jun 21 €'000	31 Dec 20 €'000
<i>Non-current</i>		
Secured	82,375	82,375
Unsecured	845,000	775,000
Less: Unamortised debt issuance costs	(5,600)	(10,307)
Total borrowings	921,775	847,068

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

13(a) Borrowing details

Facility	Note	Secured	Maturity	30 Jun 21		31 Dec 20	
				Facility €'000	Utilised €'000	Facility €'000	Utilised €'000
Dutch Office 2	(i)	Yes	Dec-26	82,375	82,375	82,375	82,375
German Schuldschein	(ii)	No	Nov-22	23,000	23,000	23,000	23,000
Term loan 3 years	(iii)	No	Nov-22	157,000	157,000	287,000	287,000
Term loan 5 years	(iii)	No	Nov-24	165,000	165,000	165,000	165,000
Revolving Credit Facility	(iv)	No	Nov-22	-	-	150,000	-
Revolving Credit Facility	(iv)	No	Oct-24	200,000	-	135,000	-
Euro Medium term note	(v)	No	Nov-25	500,000	500,000	300,000	300,000
Total borrowing facilities				1,127,375	927,375	1,142,375	857,375
Less: Unamortised debt issuance costs & unamortised bond premium					(5,600)		(10,307)
Balance at period end					921,775		847,068

Property level financing facility

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

(i) Dutch Office 2

The Dutch Office 2 facility is secured over 3 Dutch office properties with an aggregate carrying amount of €244.0 million (31 December 2020: €241.0 million). Interest is payable quarterly in arrears at a fixed rate of 1.93% p.a.

Unsecured financing facilities

(ii) German Schuldschein

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

(iii) Term loan 3 and 5 years

Both the 3-year term and 5-year loans and notes are subject to Euribor 3 months which is floored at 0.0% as long as Euribor is negative. An interest rate cap with a strike rate of 0.0% was executed, covering 100.0% of the notional and co-matures with term of each respective tranche.

During 1H 2021, the 3-year term loan was partially repaid (€130 million) using the proceeds from the tap issuance mentioned in note (v) below.

(iv) Revolving Credit Facility ("RCF")

RCF provides CEREIT with additional financing flexibility and working capital. In 1H 2021, the RCF maturing November 2022 was cancelled and the RCF maturing October 2024 was upsized to €200 million. The RCF remained undrawn as at 30 June 2021.

(v) Euro Medium Term Note

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

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

As at 30 June 2021, Lux Finco had €500 million (31 December 2020: €300 million) of senior unsecured fixed rate notes issued under the programme at a coupon of 2.125% p.a. and reoffer yield ranging from 1.60% p.a. to 2.161% p.a., payable annually in arrear, maturing in 2025.

All-in interest rate

Excluding commitment fee on the undrawn RCF, the average all-in interest rate is c. 1.72% per annum.

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.

13 (b) Net finance costs

Net finance costs include the following:

	CEREIT		
	1H 2021 €'000	1H 2020 €'000	Fav./ (Unfav.) %
Interest expense	8,686	7,155	(21.4%)
Amortisation of debt issuance costs	2,683	981	(>100%)
Facility break fee	-	(51)	100.0%
Interest income	(1)	-	n.m.
Net finance costs	11,368	8,085	(40.6%)

14 Derivative financial instruments

Derivative financial instruments relate to interest rate swap and cap contracts (provided they are not paid upfront) entered into by CEREIT to fix interest on floating rate borrowings. As at 30 June 2021, 100% (31 Dec 2020: 100%) of CEREIT's total gross borrowings (excluding the RCF) were hedged by using interest rate caps or are fixed on a co-maturing basis. The weighted average cap strike rate is 0.0% (31 December 2020: 0.00%).

The notional principal amounts and period of expiry of CEREIT's hedging instruments (including interest rate cap contracts and fixed rate loans) were as follows:

Hedging and Fixed Loan Expiry Profile	CEREIT	
	30 Jun 21 €'000	31 Dec 20 €'000
Less than 1 year	-	-
1 – 2 years	475,000	-
2 – 3 years	-	475,000
Total interest rate hedge contracts	475,000	475,000

15 Contributed equity

	CEREIT		Trust	
	30 Jun 21 '000	31 Dec 20 '000	30 Jun 21 '000	31 Dec 20 '000
Total contributed equity (€'000)	1,342,452	1,241,192	1,342,789	1,241,529
Units in issue ('000)	559,330	2,556,081	559,330	2,556,081
Adjusted units in issue ('000) ⁽¹⁾	559,330	511,216	559,330	511,216

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

15(a) Movements in contributed equity

	CEREIT and Trust	
	30 Jun 21 No. of units '000	31 Dec 20 No. of units '000
Units in issue at beginning of period	2,556,081	2,547,787
<i>Units issued during the financial period</i>		
- Manager's base fee paid in units	-	1,811
- Manager's performance fee paid in units	-	3,673
- Property Manager's fee paid in units	-	2,810
- Private placement	232,558	-
- As payment of distribution	8,012	-
Effect of 5:1 unit consolidation	(2,237,321)	-
Units in issue at end of period	559,330	2,556,081

CEREIT did not hold any treasury units as at 30 June 2021.

The Trust's subsidiaries do not hold any units in the trust as at 30 June 2021 and 31 December 2020.

On 3 March 2021, 232,558,100 new units at an issue price of €0.430 per new unit were issued pursuant to a private placement, amounting to €100,000,000.

On 30 March 2021, 8,011,760 new units at an issue price of €0.4356 per new unit were issued under CEREIT's distribution reinvestment plan.

On 17 March 2021, the Manager announced the proposed unit consolidation (the "Proposed Unit Consolidation") which involved the consolidation of every five existing units in CEREIT ("Units") held by unitholders of CEREIT at a record date ("Existing Units") into one Unit (the "Consolidated Units"). The Proposed Unit Consolidation was approved by the Unitholders at the Extraordinary General Meeting of CEREIT held on 27 April 2021. The unit consolidation exercise completed on 7 May 2021 and there were in total 559,329,743 Consolidated Units following the Unit Consolidation.

15(b) Units issuable

	CEREIT and Trust	
	30 Jun 21 '000	31 Dec 20 '000
Acquisition fee	40	-
Total units issuable	40	-
Units in issue	559,330	2,556,081
Total units issued and issuable	559,370	2,556,081

16 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:

	Note	CEREIT			Total €'000
		Level 1 €'000	Level 2 €'000	Level 3 €'000	
30 Jun 21					
Financial asset at fair value					
Derivative financial instruments	14	-	117	-	117
31 Dec 20					
Financial asset at fair value					
Derivative financial instruments	14	-	126	-	126

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

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.

Classification of financial instruments

	Type of financial instrument	CEREIT		Trust	
		30 Jun 21 €'000	31 Dec 20 €'000	30 Jun 21 €'000	31 Dec 20 €'000
Financial assets					
Cash and cash equivalents	(i)	80,772	43,593	12,251	2,102
Receivables	(i)	10,207	11,915	14,884	15,060
Derivative financial instruments	(ii)	117	126	-	-
Total financial assets		91,096	55,634	27,135	17,162
Financial liabilities					
Payables	(i)	32,195	28,515	234,269	229,087
Borrowings	(i)	927,375	857,375	-	-
Other liabilities - finance lease liabilities	(i)	6,488	6,678	-	-
Total financial liabilities		966,058	892,568	234,269	229,087

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

- (i) At amortised cost
- (ii) At fair value through profit or loss

17 Asset held for sale

Asset held for sale as at 30 June 2021 related to a non-core asset, Parc de Popey located in France, announced for sale on 22 June 2021. The asset was carried at its sale price.

18 Net Asset Value ("NAV")

	CEREIT		Trust	
	30 Jun 21	31 Dec 20	30 Jun 21	31 Dec 20
NAV ⁽¹⁾ at the end of the period (€'000)	1,404,548	1,302,152	1,167,896	1,117,699
Number of Units on issue at the end of the period ('000) ⁽²⁾	559,330	511,216	559,330	511,216
NAV per unit (€) ⁽²⁾	2.51	2.55	2.09	2.19
Adjusted NAV per unit (excluding distributable income) (€) ⁽²⁾	2.46	2.46	2.03	2.10

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

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

19 Interested person transactions

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

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

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

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

	CEREIT	
	1H 2021 €'000	1H 2020 €'000
Trustee fees paid and payable to the Trustee	136	132
Base management fees paid and payable to the Manager	2,764	2,656
Property & portfolio management fees paid and payable to the Property Manager	8,055	7,737
Acquisition fees paid and payable to the Manager & the Property Manager	1,233	3,850
Divestment fee paid and payable to the Property Manager	-	329
Project management fees paid and payable to the Property Manager	318	288
Leasing fees paid and payable to the Property Manager	533	486
Acquisition of a subsidiary from an affiliated company of the sponsor, Cromwell Property Group (refer to note 20)	10,396	-

20 Acquisition of properties and subsidiaries

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

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

Acquisition of properties and subsidiaries are complex in nature and can be material to the financial statements. Assessment is required to determine the most appropriate accounting treatment of assets acquired and of potential contractual arrangements relating to the acquisitions. The acquisitions during 1H 2021 were accounted for as acquisitions of properties based on the assessment by the Manager, after taking into consideration that these acquisitions did not involve acquiring any strategic management function nor the associated processes along with the underlying assets acquired.

21 Subsequent event

On 3 August 2021, CEREIT through an indirectly wholly-owned subsidiary, Europe 5 HoldCo S.a.r.l., entered into a sale and purchase agreement to acquire a freehold logistics asset in the United Kingdom for a purchase consideration of £10.0 million (approximately €11.7 million) and completed the acquisition on the same day.

22 Financial ratios

	CEREIT	
	30 Jun 21 %	30 Jun 20 %
Ratio of expenses to weighted average net assets⁽¹⁾		
Including performance component of the Manager's management fees	0.82	0.98
Excluding performance component of the Manager's management fees	0.82	0.83
Portfolio turnover rate⁽²⁾	-	6.54

(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 July 2020 to 30 June 2021.

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

OTHER INFORMATION

1. Review

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

The condensed interim financial statements of Cromwell European Real Estate Investment Trust and its subsidiaries ("CEREIT") which comprise the consolidated balance sheet and statement of portfolio of CEREIT and balance sheet of the Trust as at 30 June 2021 and the related condensed interim consolidated statements of total return and other comprehensive income, condensed interim consolidated statement of changes in equity, condensed consolidated interim distribution statement and condensed interim consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of CEREIT

Review of performance 1H 2021 vs 1H 2020

(a) Review of portfolio performance 1H 2021 vs 1H 2020

CEREIT's gross revenue in 1H 2021 increased by 5.7% or €5.4 million to €99.0 million. Property operating expense decreased by 3.4% million to €34.7 million. Net property income ("NPI") was 11.4% or €6.6 million higher at €64.3 million. On a like-for-like basis, excluding the new acquisitions completed in 2H 2020 and 1H 2021 and the disposal completed in 1H 2020, NPI was €2.8 million or 4.9% higher than 1H 2020, although this does include a partial contribution from the three German assets acquired in March 2020. Please refer to Note 4.1 on page 18 of the Condensed Interim Financial Statements for portfolio performance by segment.

Office

CEREIT's office portfolio comprises 39 office buildings. The Netherlands portfolio (7 assets) contributed 37% of the office portfolio's 1H 2021 NPI whilst the Italian portfolio, located mainly in Italy's two main cities of Milan and Rome, contributed 24% with the office assets in Poland contributing 23% of 1H 2021 NPI.

1H 2021 gross revenue for the office subsector was €55.9 million, 2.1% higher than prior corresponding period ("pcp"), whilst NPI was €35.4 million, 4.1% higher than pcp. The main driver of this uplift was in France where mostly due to one off income from a tenant that pre-terminated its lease in 1H 2021. This was partly offset by the reduction in income in the Italian portfolio, as reported last quarter, where three office assets were subject to a 15% rent reduction as part of the Master lease agreement with Agenzia del Demanio (Via della Fortezza 8 (Firenze), Via Camillo Finocchiaro Aprile 1 (Genoa) and Via Rampa Cavalcavia 16-18 (Venice Mestre).

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

Light industrial/ Logistics

Following the acquisition of 11 light industrial/logistics assets in the Czech Republic and Slovakia in March 2021 and a further asset in the Czech Republic in June 2021, the portfolio now comprises 64 properties. This is broken down as 19 properties in France; 15 properties in Germany; 11 properties in Denmark; 7 properties in the Czech Republic; 5 properties in Slovakia; 5 properties in the Netherlands and 2 properties in Italy.

1H 2021 gross revenue for this subsector was €36.0 million, 15.6% higher than pcp, whilst NPI was €23.9 million, 27.4% higher than pcp. This includes the impact of the 12 assets acquired in 1H 2021 which contributed €2.4 million to the 1H 2021 NPI. Further, 1H 2021 includes income for the CLOM (Italy) asset acquired in December 2020 and the single German acquisition that completed in August 2020.

On a like for like basis, 1H 2021 gross revenue is €29.9 million, 3.0% higher than pcp, whilst NPI is €19.2 million, 10.3% higher than pcp, although this does include a partial contribution from the three German assets acquired in March 2020. The most notable variance was in France, driven by two assets; Parc des Docks (strong leasing activity and a recovery of arrears) and Parc Sully (Sully-sur-Loire (lease to a new short-term tenant and a recovery of arrears) both contributed to a variance of over €1.0 million more than pcp. This was partially offset by lower income from Denmark due to expiry of leases and some short-term vacancy in Priorparken 700 and 800.

Other

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

1H 2021 gross revenue was €7.0 million, 8.4% lower than pcp whilst NPI was €4.9 million 0.5% higher than pcp. This performance was skewed by the treatment of the bad debt provisions made (as a cost) in 1H 2020 in Via Madre Teresa 4 (Lissone) which were subsequently reversed in 2H 2020 following the lease regear with UCI.

The other factor driving 1H 2021 performance was the foreseen 15% rent reduction on five assets in Italy (two of which were government-let campuses; Via Brigata Padova 19 (Padova); and Via Salaria Vecchia 13 (Pescara). The other three as noted above are in the office sector.

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

- (b) Net finance costs of €11.4 million was 40.6% higher than 1H 2020 mainly due to: (i) debt issuance costs written off in 1H 2021 following the early partial refinancing of €130 million the 3-year term loans with the proceeds from the €200 million tap issuance in January 2021 and the cancellation of €150 million RCF (no impact to DPU); (ii) higher interest expense was mainly attributable to higher borrowing drawn down to fund acquisitions and higher interest rate costs following the EMTN issuance; and (iii) higher amortisation of debt issuance costs due to higher establishment costs incurred for EMTN.
- (c) Trust expenses were 10.1% higher than 1H 2020 mainly attributable to higher professional fees incurred in 1H 2021 and costs incurred for abortive transactions and restructuring, both are added back to distribution.
- (d) Loss on disposal of assets/liabilities held for sale for 1H 2020 of €0.9 million relates to transaction costs incurred for the divestment of 12 non-core assets in France, the Netherlands and Denmark on 24 March 2020.
- (e) CEREIT recorded fair value gain on investment properties of €28.1 million in 1H 2021 as compared to fair value loss of €24.9 million in 1H 2020.
- (f) Income tax expense of €14.9 million for 1H 2021 comprises income tax expense of €2.5 million and deferred tax expense of €12.4 million. Income tax credit for 1H 2020 of €0.3 million comprises income tax expense of €4.7 million and deferred tax credit of €5.0 million. The decrease in current tax expense was mainly attributable to capital gain tax related to the disposal of assets/liabilities held for sale incurred in 1H 2020. Excluding capital gain tax, 1H 2021 current tax expense was largely in line with 1H 2020. Deferred tax expense in 1H 2021 was attributable to deferred tax liabilities arose from fair value gain on investment properties and changes in deductible tax values. Deferred tax credit in 1H 2020 mostly due to the fair value loss on investment properties recognised.

3. Review of balance sheet of CEREIT

Cash and cash equivalents

The increase was mainly attributable to proceeds from issuance of EMTN and CEREIT units, as well as net cash generated from operating activities, partially offset by partial refinance of 3-year term loan, payments for the acquisition of 12 new assets during the period and payments for capital expenditure on investment properties and other expenses.

Assets held for sale

Asset held for sale as at 30 June 2021 related to a Parc de Popey located in France announced for sale on 22 June 2021.

Investment properties

The increase was mainly due to the acquisition of 12 assets logistics and light industrial property in the Czech Republic and Slovakia during 1H 2021 and fair value gain on 80 investment properties based on the independent valuation conducted on 30 June 2021. Refer to note 12 of the interim financial statements for more details.

Payables (current)

The increase was mainly attributable to higher accrued interest payable due to interest for the EMTN are paid annually in November.

Borrowings

The increase was mainly due attributable to the €200 million tap issue (the “New Notes”) of the existing unsecured EMTN due 2025 at an issue price of 102.410% and a reoffer yield of 1.60%, as well as the unamortised premium on the tap issue. The New Notes were consolidated and formed a single series with the €300 million 2.125% senior secured notes issued on 19 November 2020. The increase was partially offset by the partial refinance of the 3-year term loan using the proceeds from the tap issue.

Deferred tax liabilities

The increase mainly due to recognition of fair value gains following the independent valuation of CEREIF’s portfolio as at 30 June 2021 and changes in deductible tax values.

4. Variance between actual and forecast/projection

CEREIT has not disclosed any forecast to the market.

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

CEREIT did not hold any treasury units as at 30 June 2021 and 31 December 2020.

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

Not applicable.

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

Not applicable.

6. Outlook and prospects

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

The Eurozone GDP is projected to expand by 4.9% in 2021 as vaccination programmes continue pace, movement restrictions ease and business activities gradually resume, barring unforeseen circumstances such as the spread of new variants and renewed lockdowns. Preliminary flash estimates from Eurostat show that the Eurozone’s 2Q 2021 GDP is up +2.0% quarter-on-quarter and +13.7% year-on-year. Over the next few months, broader economic recovery remains linked to vaccination rollout and the unblocking of the global supply chain. The EU 27 countries have already achieved 72.9% cumulative uptake of at least one vaccination and 62.2% of the population are fully vaccinated⁽¹⁾ adults (aged 18 and above). At the current rate, supported by proactive government initiatives, the European Union is ahead of its target to fully vaccinate 70% of adults by the end of September 2021⁽²⁾.

In the European office sector, the average vacancy rate across key cities increased to 8.6% in 2Q 2021 from 8.3% in the prior quarter (still well below the 10.6% seen after the Global Financial Crisis), mainly due to challenging business conditions and companies reassessing their space needs. Despite the average increase in availability, office rents in prime locations remained stable, albeit incentive levels are varied across cities, as recently reported by CBRE.

The Manager is also monitoring the trend of companies looking for increasingly flexible leasing terms to accommodate the growing number of tenant-customers adopting hybrid work models. With close to 70% of CEREIF’s office portfolio green-certified with appeal to post-pandemic office tenant-customers’ requirements, the Manager is confident that the CEREIF portfolio is able to adapt to the changing environment of office design and technology.



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In the European logistics sector, the COVID-19 pandemic accelerated the shift to e-commerce, which in turn fuelled occupier demand from related sectors, such as third-party logistics and warehousing companies. The rise in demand, coupled with low supply and vacancy rates, has driven rent increases and expected capital value growth. In 2Q 2021, average vacancy rates fell marginally to 4.2%, down from 4.5% in the previous quarter. As more businesses look to move the supply chain closer to the end-consumer for delivery and collection, there is greater demand for “last mile” logistics and for warehousing space specifically dedicated to improving customer satisfaction, including time-to-delivery, reducing delivery costs and product return convenience.

CEREIT’s light industrial / logistics assets are strategically located within European gateway cities. CEREIT’s current light industrial / logistics occupancy of 94.3% is the highest to date, up from 85.4% in late 2017, reflecting the Manager’s ability to capitalise on this shift.

⁽¹⁾ European Centre for Disease Prevention and Control as at 11 August 2021.

⁽²⁾ Reuters article: “EU says it is on track for 70% vaccination target by end summer” published on 27 July 2021.

7. Distributions

(a) Current financial period

Any distribution declared for the current financial period? Yes

Period of distribution: Distribution for the period from 5 March 2021 to 30 June 2021

Distribution Type	Distribution Rate (in Euro cents)
Tax-exempt income	5.602
Total	5.602

Record date: 23 August 2021

Payment date: 28 September 2021

(b) Corresponding period of the preceding financial period

Any distribution declared for the current financial period? Yes

Period of distribution: Distribution for the period from 1 January 2020 to 30 June 2020

Distribution Type	Distribution Rate (in Euro cents)
Capital	1.740
Total	1.740

Record date: 24 August 2020

Payment date: 28 September 2020

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

Not applicable.

9 Interested person transactions

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

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

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

11 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 confirm 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 interim financial results of Cromwell European Real Estate Investment Trust for the six months ended 30 June 2021, to be false or misleading, in any material aspect.

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

Lim Swe Guan
Chairman

Simon Garing
Executive Director and Chief Executive Officer

Important Notice

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

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

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

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

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