



(a real estate investment trust constituted on 28 April 2017 under the laws of the Republic of Singapore)

Managed by Cromwell EREIT Management Pte. Ltd.

CROMWELL EUROPEAN REIT'S PORTFOLIO VALUATIONS ONLY 1.5% LOWER FOR THE SIX MONTHS TO 31 DECEMBER 2023

1. Introduction

The Board of Directors of Cromwell EREIT Management Limited, the Manager of Cromwell European Real Estate Investment Trust (the "Manager" and "CEREIT"), wishes to announce¹ that CBRE Ltd ("CBRE") and Savills Advisory Services Limited ("Savills") have carried out respective independent valuations ("Valuations") for 110 properties in CEREIT's portfolio as at 31 December 2023, resulting in a total portfolio valuation of €2,251.0 million².

Valuations as at 31 December 2023³ declined only slightly by 1.5% or €34.1 million as compared to valuations as at 30 June 2023, after taking into account the benefit of valuation uplifts for properties under development in Italy, the Czech Republic and Slovakia, and before capital expenditure. Taking into account the capital and development expenditure incurred in the six months ended 31 December 2023, the gross valuation fair value loss was 2.9%.

Simon Garing, CEO of the Manager, said: "Overall, CEREIT's like-for-like portfolio valuation has only reduced by 3.5% over the past 18 months since the onset of rising interest rates, supported by active leasing/renewals of approximately 33% of the portfolio⁴, longer WALE of 4.7 years and higher rent growth. These factors largely offset the impact of the approximately 1% increase in discount rates and terminal cap rates across the portfolio, as determined by the valuers. The strategy to pivot to logistics and light industrial has delivered excellent results, with valuations in this sector increasing on average 4.8% over the past 18 months. This growth can also be partly attributed to the expertise of the Cromwell asset management team, supported by the favourable demand/supply warehouse fundamentals across Europe.

"Tenant demand for quality ESG-certified office space has now firmly established itself as a critical factor in driving both occupancy and higher prime office rents in European cities, especially in good locations, causing a bifurcation in investor demand away from Grade B/C and second-tier city locations. The occupiers' preference for modern, energy-efficient, and high-amenity offices, coupled with the relatively higher (~65%) physical office occupancy in European cities, helped temper the office portfolio valuation decline to 4.6% or €48.6 million lower over the last six months (11.7% or €127.0 million lower over the past 18 months).

"Taking into account the €196.5 million in divestments in FY 2023 (at blended 11.7% premium to valuations) and the recently completed €50 million bond buyback, the Manager now anticipates reporting CEREIT's net gearing⁵ at approximately 38.4% as at 31 December 2023, subject to final audit sign-off and Board approval. NAV per unit is anticipated to be approximately €2.14⁶, 51% above CEREIT's most recent €1.42 unit price⁷."

2. Portfolio valuations commentary

CEREIT's portfolio valuations declined only 1.5% compared to June 2023 and 3.0% for the full year 2023 (like-for-like comparison and excluding capital expenditure). The impact of the weakening economic environment, high inflation and rising interest rates on CEREIT's portfolio valuations so far has been relatively minor for several reasons:

- a. The majority of CEREIF assets are well-located in good / very good macro / micro-locations which are experiencing market rent growth with little new competitive supply;
- b. The majority of CEREIF's leases have inflation indexation clauses and strong rent reversion (+5.9% in 1H 2023 and even stronger +10.6% in 3Q 2023);
- c. Successful leasing and asset enhancement programmes and sound demand/supply tenant fundamentals led to an estimated 33%⁴ of the portfolio being released in the last 18 months, keeping occupancy levels at around 94%;
- d. CEREIF portfolio's high weighted average initial yield of 6.2% has provided a buffer to rising interest rates, expanding only 30 bps from 5.9% six months ago. CEREIF's acquisition strategy had been aimed more at small to mid-size Core+ and Value-add assets rather than the generally larger and lower-yielding prime Core assets most impacted from the recent rise in interest rates;
- e. CEREIF's average reversionary yield is now 7.7% (up 80 bps from 6.9% 12 months ago), representing the valuers' views of higher future net property income. This reversionary yield is approximately 140 bps higher than CEREIF's portfolio's current initial yield, reflecting the Valuers' view of projected NPI growth over the forecast period; and
- f. Properties under development in Italy (such as Nervesa and Vittuone), Czech Republic (Lovosice I) and Slovakia (Nove Mesto I and III) have created additional value via lease-up/pre-letting and increase in passing/market rents.

3. Sector country and valuations commentary

Key performance numbers by country and sector are outlined in the table below. The light industrial / logistics sector valuation reversionary yield is now 7.0%, 130 bps lower than CEREIF's office portfolio valued at a reversionary yield of 8.3%, validating CEREIF's pivot to logistics. Further portfolio details will be provided in the FY 2023 results due for release on 26 February 2024.

Sector / Country	Valuation (31Dec23) (€ million)	Valuation (30Jun23) (€ million)	Valuation (31Dec22) (€ million)	Valuation (30Jun22) (€ million)	€ 6-mth change in valuation (€ million)	% 6-mth change in valuation (%)	Initial yield (31Dec23) (%)	Reversion ary yield (31Dec23) (%)
Light Industrial / Logistics	1,187.00	1,171.15	1,162.08	1,101.77	15.85	1.4%	6.1%	7.0%
France	388.07	380.40	374.65	370.94	7.67	2.0%	6.2%	7.3%
Germany	204.58	211.57	217.25	206.22	(6.99)	(3.3%)	5.8%	6.4%
Italy	154.10	144.30	146.10	149.93	9.80	6.8%	6.5%	8.0%
Denmark	128.30	127.71	122.36	94.38	0.60	0.5%	5.9%	7.4%
The Netherlands	102.80	98.96	104.09	100.30	3.84	3.9%	5.1%	5.6%
Czech Republic	77.41	77.33	74.20	64.77	0.08	0.1%	5.5%	5.8%
Slovakia	70.84	69.37	65.97	64.87	1.47	2.1%	7.4%	7.4%
United Kingdom	60.90	61.51	57.47	50.37	(0.61)	(1.0%)	7.2%	6.6%
Office	1,018.66	1,067.23	1,109.85	1,089.27	(48.57)	(4.6%)	6.2%	8.3%
Netherlands	513.80	523.30	535.10	505.01	(9.50)	(1.8%)	5.8%	6.3%
Italy	197.33	208.56	208.91	207.06	(11.23)	(5.4%)	4.3%	9.4%
Poland	181.00	195.18	215.73	222.95	(14.18)	(7.3%)	8.3%	11.1%
Finland	70.60	78.00	85.80	88.62	(7.40)	(9.5%)	8.2%	11.3%
France	55.93	62.19	64.31	65.63	(6.26)	(10.1%)	7.2%	10.5%
Others	45.35	46.74	48.16	50.07	(1.39)	(3.0%)	10.9%	11.5%
Italy	45.35	46.74	48.16	50.07	(1.39)	(3.0%)	10.9%	11.5%
Grand Total	2,251.01	2,285.11	2,320.09	2,241.10	(34.10)	(1.5%)	6.2%	7.7%

Notes

1. Bari Europa, Bari Trieste, Milano Affari, Parc du Bois du Tambour, Opus 1, Gewerbepark Bischofsheim II and Gewerbepark Frankfurt-Hanau were excluded from all valuation numbers above as they have been sold.
2. Gewerbepark Jena and Sognevej 25 - Brøndby were excluded from Jun 2022 valuation numbers but included in Dec 2023, Jun 2023 and Dec 2022 valuations because they were newly acquired in 2022 so were not included in Jun 2022 valuation.
3. Moeder Theresalaan 100-200 was excluded from Jun 2022 valuation numbers but included in Dec 2023, Jun 2023 and Dec 2022 valuations because it was believed at the time that it would be sold by end of Jun 2022 so was not valued then

3.1 Light industrial / logistics sector performance commentary

Uplifts in valuations in the past six months were recorded in six out of the eight countries in light industrial / logistics portfolio: Italy (+6.8% or €9.8 million), France (+2.0% or €7.7 million), the Netherlands (+3.9% or €3.8 million), Slovakia (+2.1% or €1.5 million), Denmark (+0.5% or €0.6 million) and the Czech Republic (+0.1% or €0.1 million).

Favourable movements in these countries were generally due to higher passing and market rents, new leases signed and ongoing rent inflation indexation. The uplift in the Czech Republic was further supported by a slight compression in terminal cap rate/exit yield of approximately 20 bps and an increase in effective passing rents because of the asset enhancement initiative (“AEI”) completion and leasing up of Lovosice.

Valuation declines were recorded in the United Kingdom (-1.0% or €0.1 million) and Germany (-3.3% or €7.0 million). The valuation decline in the United Kingdom was due to approximately 1% depreciation of the GBP against EUR. The decline in Germany was mainly due to an expansion in terminal cap rate of approximately 40 bps, partially offset by an increase in passing and market rents of approximately 2 – 5%. The DKK, on the other hand, has only depreciated approximately 0.1% against EUR.

3.2 Office sector performance commentary

Valuation declines in the past six months were recorded in France (-10.1% or €6.3 million), Finland (-9.5% or €7.4 million), the Netherlands (-1.8% or €9.5 million), Italy (-5.4% or €11.2 million) and Poland (-7.3% or €14.2 million). The overall decline was largely as a result of the widening of terminal cap rates of 20–40bps and a more negative view of secondary office markets in Poland and Finland. Helping to offset the decline was an overall slight increase in the Valuer’s estimate of market rents of approximately 0.4%.

3.3 ‘Other’ sector performance commentary

Valuation declines were recorded in Italy’s ‘other’ portfolio (-3.0% or €1.4 million), mainly due to widening of terminal cap rate of approximately 25 bps, partially offset by an 11% increase in passing face rent and 3% increase in market face rent as a result of higher turnover rent caused by stronger hotel performance.

4. Valuation table

The Valuations summarised below will be reflected in the financial statements of CEREIT for the year ended 31 December 2023 on completion of portfolio management discussion and analysis accompanying the release of the 2023 full year financial results expected to be on 26 February 2024.

Property	Country	Asset Class	31-Dec-23 Valuation € million
1. Valued by Savills			
Grandinkulma - Vantaa	Finland	Office	5.60
Kuopion Kauppakeskus - Kuopio	Finland	Office	7.10
Liiketalo Myyrinraitti - Vantaa	Finland	Office	6.40
Mäkitorpantie 3 - Helsinki	Finland	Office	6.70
Pakkalan K-Koski 12 - Vantaa	Finland	Office	5.50
Pakkalan K-Koski 3 - Vantaa	Finland	Office	7.40
Plaza Allegro - Vantaa	Finland	Office	8.60

Property	Country	Asset Class	31-Dec-23 Valuation € million
Plaza Forte - Vantaa	Finland	Office	10.30
Plaza Vivace - Vantaa	Finland	Office	10.70
Purotie 1 - Helsinki	Finland	Office	2.30
Gewerbe- u. Logistikpark Frankfurt - Bischofsheim	Germany	Light Industrial / Logistics	14.20
Gewerbe- u. Logistikpark München - Kirchheim West	Germany	Light Industrial / Logistics	37.30
Gewerbe- u. Logistikpark München- Maisach	Germany	Light Industrial / Logistics	10.10
Gewerbepark Duisburg	Germany	Light Industrial / Logistics	12.10
Gewerbepark Hamburg - Billbrook	Germany	Light Industrial / Logistics	8.75
Gewerbepark Hamburg - Billstedt	Germany	Light Industrial / Logistics	10.20
Gewerbe- u. Logistikpark München - Kirchheim Ost	Germany	Light Industrial / Logistics	11.90
Gewerbepark Straubing	Germany	Light Industrial / Logistics	8.75
Gewerbe- u. Logistikpark Stuttgart - Frickenhausen	Germany	Light Industrial / Logistics	18.10
Gewerbepark Bretten	Germany	Light Industrial / Logistics	14.00
Gewerbepark Königsbach - Stein	Germany	Light Industrial / Logistics	9.48
Gewerbepark Pforzheim	Germany	Light Industrial / Logistics	15.60
Gewerbepark Sangerhausen	Germany	Light Industrial / Logistics	17.70
Gewerbepark Jena	Germany	Light Industrial / Logistics	16.40
Santorre - Cuneo	Italy	Office	6.03
Fortezza - Firenze	Italy	Office	15.10
F. Aprile - Genova	Italy	Office	18.50
Jervis - Ivrea	Italy	Office	7.23
Rampa Cavalcavia - Mestre	Italy	Office	4.37
Assago - Milano	Italy	Office	22.20
Nervesa - Milano	Italy	Office	47.30
Cassiopea - Agrate Brianza	Italy	Office	13.10
Pianciani - Roma	Italy	Office	33.60
Maxima	Italy	Office	29.90
Rutigliano - Bari	Italy	Light Industrial / Logistics	16.60
CLOM - Monteprandone	Italy	Light Industrial / Logistics	57.50
Coccaglio - Brescia	Italy	Light Industrial / Logistics	26.00
Vittuone - Milano	Italy	Light Industrial / Logistics	35.40
Mira - Venezia	Italy	Light Industrial / Logistics	18.60
Brigata Padova - Padova	Italy	Others	1.45
Salara Vecchia - Pescara	Italy	Others	10.90
Madre Teresa - Valacinas	Italy	Others	14.20

Property	Country	Asset Class	31-Dec-23 Valuation € million
Varese - Saronno	Italy	Others	18.80
Bastion - Den Bosch	Netherlands	Office	67.20
Haagse Poort - Den Haag	Netherlands	Office	163.20
Ruyterkade - Amsterdam	Netherlands	Office	50.40
Blaak - Rotterdam	Netherlands	Office	16.70
Koningskade - Den Haag	Netherlands	Office	19.20
Plaza - Rotterdam	Netherlands	Office	140.80
MT Laan - Utrecht	Netherlands	Office	56.30
Veemarkt - Amsterdam	Netherlands	Light Industrial / Logistics	47.10
Boekweitstraat - Nieuw-Vennep	Netherlands	Light Industrial / Logistics	10.70
Capronilaan - Schiphol-Rijk	Netherlands	Light Industrial / Logistics	9.62
Folkstoneweg - Schiphol Zuid Oost	Netherlands	Light Industrial / Logistics	6.29
Kapoeasweg - Amsterdam	Netherlands	Light Industrial / Logistics	7.29
De Immenhorst - 's-Heerenberg	Netherlands	Light Industrial / Logistics	11.10
Rosa Castellanosstraat - Tilburg	Netherlands	Light Industrial / Logistics	10.70
Kingsland 21	United Kingdom	Light Industrial / Logistics	10.38
Thorn Lighting	United Kingdom	Light Industrial / Logistics	31.72
Runcorn - The Cube	United Kingdom	Light Industrial / Logistics	18.80
2. Valued by CBRE			
Fabriksparken 20 - Glostrup	Denmark	Light Industrial / Logistics	7.27
Herstedvang 2-4 - Albertslund	Denmark	Light Industrial / Logistics	9.90
Hørskættten 4-6- Taastrup	Denmark	Light Industrial / Logistics	7.52
Hørskættten 5 - Taastrup	Denmark	Light Industrial / Logistics	4.88
Islevdalvej 142 - Rødovre	Denmark	Light Industrial / Logistics	10.62
Naverland 12 - Glostrup	Denmark	Light Industrial / Logistics	4.81
Naverland 7-11 - Glostrup	Denmark	Light Industrial / Logistics	18.34
Naverland 8 - Glostrup	Denmark	Light Industrial / Logistics	9.12
Priorparken 700 - Brøndbyvester	Denmark	Light Industrial / Logistics	15.05
Priorparken 800 - Brøndbyvester	Denmark	Light Industrial / Logistics	13.10
Stamholmen 111 - Hvidovre	Denmark	Light Industrial / Logistics	12.12
Sognevej 25 - Brøndby	Denmark	Light Industrial / Logistics	15.56
Paryseine - Ivry sur Seine	France	Office	27.37
Cap Mermoz - Maisons Laffitte	France	Office	26.37

Property	Country	Asset Class	31-Dec-23 Valuation € million
Lénine - Ivry sur Seine	France	Office	2.19
Parc des Docks - St Ouen sur Seine	France	Light Industrial / Logistics	164.45
Parc Acticlub - St Thibault des Vignes	France	Light Industrial / Logistics	6.83
Parc de Champs - Champs sur Marne	France	Light Industrial / Logistics	7.41
Parc Delizy - Pantin	France	Light Industrial / Logistics	24.25
Parc des Erables - Villepinte	France	Light Industrial / Logistics	8.85
Parc des Grésillons - Gennevilliers	France	Light Industrial / Logistics	26.75
Parc des Guillaume - Noisy le Sec	France	Light Industrial / Logistics	34.45
Parc du Landy - Aubervilliers	France	Light Industrial / Logistics	29.00
Parc du Mérantais - Magny-les-Hameaux	France	Light Industrial / Logistics	11.60
Parc Jean Mermoz - La Courneuve	France	Light Industrial / Logistics	9.18
Parc du Prunay - Sartrouville	France	Light Industrial / Logistics	8.95
Parc Locaparc 2 - Vitry sur Seine	France	Light Industrial / Logistics	9.17
Parc Urbaparc - La Courneuve	France	Light Industrial / Logistics	19.20
Parc de Sully - Sully sur Loire	France	Light Industrial / Logistics	3.07
Parc de Meslay - Parçay-Meslay	France	Light Industrial / Logistics	4.36
Parc des Louvresses - Gennevilliers	France	Light Industrial / Logistics	9.20
Parc de Béziers - Villeneuve les Béziers	France	Light Industrial / Logistics	11.35
Moravia - Uherské Hradiště	Czech Republic	Light Industrial / Logistics	15.65
Lovosice I Tovární - Lovosice	Czech Republic	Light Industrial / Logistics	17.50
Lovosice II Tovární - Průmyslová	Czech Republic	Light Industrial / Logistics	16.45
South Moravia - Vyškov	Czech Republic	Light Industrial / Logistics	10.40
Pisek I - Stanislava Maliny	Czech Republic	Light Industrial / Logistics	4.18
Pisek II - U Hřebčince	Czech Republic	Light Industrial / Logistics	1.73
ONE - Hradec Králové	Czech Republic	Light Industrial / Logistics	11.50
Zilina - Priemysel'ná	Slovakia	Light Industrial / Logistics	4.56
Nove Mesto I - Beckov	Slovakia	Light Industrial / Logistics	24.95
Kosice - Veľká Ida	Slovakia	Light Industrial / Logistics	10.40
Nove Mesto III - Rakoľuby	Slovakia	Light Industrial / Logistics	21.57
Nove Mesto II - Kočovce	Slovakia	Light Industrial / Logistics	9.36
Arkonska Business Park - Gdansk	Poland	Office	11.20

Property	Country	Asset Class	31-Dec-23 Valuation € million
Grójecka 5 - Warszawa	Poland	Office	14.75
Riverside Park - Warszawa	Poland	Office	22.80
Avatar Office - Kraków	Poland	Office	19.95
Green Office Building A, B, C - Kraków	Poland	Office	39.40
Business Garden Poznan - Poznan	Poland	Office	72.90

The valuation reports will be available for inspection by prior appointment at the Manager's registered office during business hours, for three months from the date of release of the FY 2023 financial results which is expected to be on 26 February 2023.

By Order of the Board
Simon Garing
Executive Director and Chief Executive Officer

Cromwell EREIT Management Pte. Ltd.
(Company Registration No.: 201702701N)
As manager of Cromwell European Real Estate Investment Trust

15 January 2024

ABOUT CROMWELL EUROPEAN REAL ESTATE INVESTMENT TRUST

Cromwell European Real Estate Investment Trust ("Cromwell European REIT" or "CEREIT") has a principal mandate to invest, directly or indirectly, in income-producing commercial real estate assets across Europe with a minimum portfolio weighting of at least 75% to Western Europe and at least 75% to the logistics/light industrial and office sectors. CEREIT currently targets a majority investment weighting to the logistics/light industrial sector while also investing in core office assets in gateway cities. CEREIT strives to be a resilient, ethical, and socially responsible organisation that contributes positively to all stakeholders, leading to higher risk-adjusted returns while maintaining an appropriate capital structure.

CEREIT's €2.3 billion portfolio comprises 110+ predominantly freehold properties in or close to major gateway cities in the Netherlands, Italy, France, Poland, Germany, Finland, Denmark, Slovakia, the Czech Republic and the United Kingdom, with an aggregate lettable area of approximately 1.8 million sqm and 800+ tenant-customers.

CEREIT is listed on the Singapore Exchange Limited and is managed by Cromwell EREIT Management Pte. Ltd., a wholly-owned subsidiary of CEREIT's sponsor, Cromwell Property Group⁸, a real estate investor and global real estate fund manager with operations in 14 countries, listed on the Australian Securities Exchange Ltd.

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1 Pursuant to Rule 703 of the SGX-ST Listing Manual

2 Excluding Bari Trieste, which was sold for €8.86 million on 22 December 2023

3 The valuations and financial statements are subject to audit review by CEREIT's auditors Deloitte & Touche LLP. Accordingly, the valuation reports would only be available from the date of the announcement of the full-year financial results for FY 2023, which is expected to be on 26 February 2024

4 Estimate, based on 18% of the portfolio leases signed/renewed in FY 2022 and 11% YTD (9M) 2023 of the portfolio leases signed/renewed (annualised to approximately 15%)

5 Net gearing is calculated as aggregate debt less cash over total assets less cash.

6 Subject to finalising the FY 2023 financial results. Final metrics will only be available from the date of the announcement of the FY 2023 results, which is expected to be on 26 February 2024

7 As at 12 January 2024

8 Cromwell Property Group is a stapled group comprising Cromwell Corporation Limited and Cromwell Diversified Property Trust (the responsible entity of which is Cromwell Property Securities Limited)