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Cromwell European REIT releases 2022 Sustainability Report

ENVIRONMENT		SOCIAL / STAKEHOLDERS	
Total carbon emissions 61,180t CO₂e <small>in 2021</small>	Energy consumption data collected 91% <small>of the portfolio¹, ▲29% as compared to 2019</small>	Tenant-customer satisfaction 82% <small>satisfaction with asset management in 2021</small>	
Average tCO ₂ e / sqm (intensity) ▼14% <small>in 2021 as compared to 2019</small>	Water consumption intensity ▼26% <small>in 2021 as compared to 2019</small>	Community contributions S\$28,000 <small>raised for two community partners in 2022</small>	
Total energy intensity ▼16% <small>in 2021 as compared to 2019</small>	Waste recycled 45% <small>in 2021, up from 24% in 2019</small>	Female employees 38% <small>overall / executive / senior management in 2022</small>	
Renewable and low carbon energy 43% <small>of total energy in 2021</small>	Waste directed to landfill <1% <small>out of total waste recorded in 2021</small>	Training hours per employee 27.3 <small>well above target of 20 hours in 2022</small>	
EXCELLENCE IN CORPORATE GOVERNANCE AND TRANSPARENCY			
 <small>Double notch upgrade</small>	 <small>Top in peer group</small>	 <small>Ranked within the Top 10 for 3 years consecutively in SGTI</small>	Maintained clean record compliance <small>adhering to applicable laws and regulations</small>

SINGAPORE – Cromwell EREIT Management Pte. Ltd., the manager (the “**Manager**”) of Cromwell European Real Estate Investment Trust (“**Cromwell European REIT**” or “**CEREIT**”), has released its sustainability report for the financial year ended 31 December 2022 (“**FY 2022**”).

The Manager’s Chief Executive Officer, Mr. Simon Garing, commented, “CEREIT’s fifth annual Sustainability Report is themed ‘Quality, Rejuvenation, Pathway to Net Zero’ and it documents the significant progress that we have made in our ESG journey. CEREIT has 31 BREEAM¹ or LEED² property certifications in total, out of which 25, or 77% by value, are for the office portfolio, up from zero at the time of IPO five years ago. This is especially relevant today, as tenant-customers now pay particular attention to these ratings in their rental decisions.

“We are also progressively rolling out ‘green’ lease clauses or equivalent in all our leasing contracts, where tenant-customers work with us to reach mutually agreeable emissions reductions. These now represent 24% of our total leases.

“The Board has set an aspirational target to achieve Net Zero operational carbon emissions by 2040. We are investing significant efforts and resources to achieve this goal. CEREIT’s 2021 carbon emissions were 61,180 tonnes of CO₂ equivalent (“**tCO₂e**”), which is down 14% on a per square metre basis.

“The Board and the management team augmented our investment strategy framework a couple of years ago to formally embed ESG considerations such as portfolio construction and asset management initiatives, stakeholder engagement and corporate governance policies and processes, to support our strategic objectives. We will continue to strive to improve our ESG credentials, not just because regulations are becoming more focused on these matters, but also because it makes good business sense and – most importantly – because it is the right thing to do.”

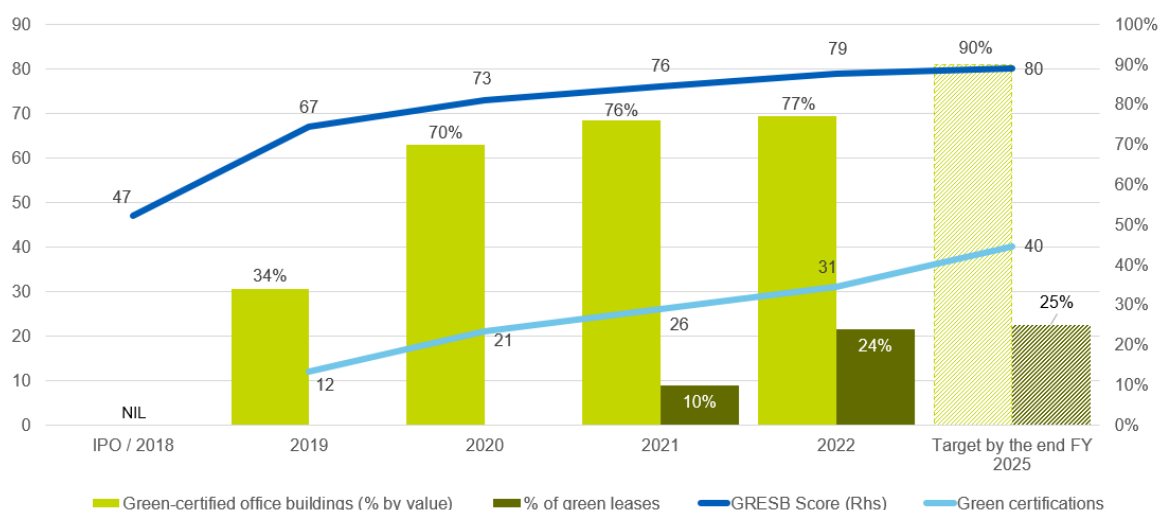
Environment

CEREIT’s 2021³ total absolute greenhouse gas (“GHG”) emissions⁴ were 61,180 tonnes of carbon dioxide equivalent (“tCO₂e”). Although total recorded emissions in 2021 increased year-on-year from 2020 due to increased data coverage, emergence from the COVID-19 lockdowns and greater property utilisation, this nevertheless represented a 14% decline from CEREIT’s 2019 emissions intensity, measured on a per square metre (“sqm”) basis. 2021 total recorded energy and water consumption intensities fell by 16% and 26% as compared to 2019 levels (referencing the utilisation baseline during normal operations), respectively. Renewable and low carbon energy sources accounted for 43% of energy consumed across CEREIT’s portfolio. The amount of recorded waste recycled in 2021 (45%) was nearly double that of 2019 (24%).

The Manager is on track to complete the connection of CEREIT’s 110+ assets in all 10 investment countries to Deepki (an ESG data automation tool) by June 2023. Deepki has already enabled energy consumption data collection for ~91% of the portfolio by lettable area in 2021, up 29% from 2019 levels.

The Manager continues to progressively ‘green’ certify CEREIT’s portfolio. At the time of listing, CEREIT had zero properties that were BREEAM²-rated. Today CEREIT has a total of 31 certifications (30 BREEAM² and one LEED³), out of which 25, or 77% by value, are for its office portfolio. Green leases – through which, tenant-customers can work with the Manager to reach mutually agreeable carbon reductions – now represent 24% of the total leases.

GRESB score, “green” building certifications and green leases



Progressive ESG practices and reporting capabilities enabled the Manager to formalise CEREIT's green financing framework. Two sustainability-linked loans worth more than €250 million were completed within months of each other in late 2022 and the beginning of 2023. This includes a four-year €180 million loan facility with three sustainability-linked KPIs and a Scope 3 (green lease) target – the first such target set in Singapore.

Social

The Manager engages with the investment community in a regular and proactive manner and continues to forge strong partnerships with various stakeholder groups relevant to CEREIT's operations. Over the course of 2022, the Manager organised a record 170 virtual and physical meetings (up from 140 in 2021), with over 1,800 debt and equity investors and analysts. In celebration of CEREIT's fifth listing anniversary, the Manager raised S\$28,000 for its community partners Child at Street 11 and World Wide Fund for Nature (Singapore).

To support its employees in their career development, the Manager invests in continuous learning and development. Each employee completed on average more than 27 hours of training, well above the set target of 20 hours. The Manager also maintains active memberships and committee involvement in key industry associations like SGXListCos, REITAS, EPRA and APREA, and regularly takes part in conferences and events to engage with current and prospective unitholders.

Governance

The Manager continues to maintain a clean compliance record, materially adhering to all applicable laws and regulations, including those set forth by the Singapore Exchange Securities Trading Limited, the Monetary Authority of Singapore and Luxembourg Stock Exchange.

Meaningful upgrades in key independent advisory ESG ratings over the course of 2022 recognise and endorse the Manager's efforts to integrate ESG into all aspects of the business. CEREIT maintained its 'Green Star' status in the Global Real Estate Sustainability Benchmark ("**GRESB**") assessment for the third consecutive year and achieved a record 79-point overall score. CEREIT is ranked 2nd among 7 immediate peers in the European Diversified Office / Industrial category in 2022. CEREIT also retained its top 10 ranking in GIFT and SGTI annual surveys. In January 2023, Sustainalytics assigned CEREIT the lowest ESG Risk Rating of 'Negligible Risk' with a score of 8.8 points.

CEREIT's recent double-notch MSCI ESG rating upgrade from "BBB" in 2021 to "AA" in 2022 also serves as a testament to the Manager's excellent sustainability practices, as well as corporate governance and transparency standards. CEREIT is one of only four Singapore REITs to attain this rating.

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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 light industrial / logistics and office sectors. CEREIT’s purpose is to provide unitholders with stable and growing distributions and net asset value per unit over the long term, while maintaining an appropriate capital structure. The Manager currently targets at least a 90% weighting to Western Europe and Nordics and at least 50% weighting to the light industrial / logistics sector for CEREIT’s portfolio, while also investing in Grade A office assets in core gateway cities and aiming to reduce the “other” asset category comprising predominately government let campuses, one retail and one hotel asset.

CEREIT’s €2.5 billion⁵ 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 two 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 Group⁶, a real estate investor and global real estate fund manager with operations in 14 countries, listed on the Australian Securities Exchange Ltd.

INVESTOR ENQUIRIES

Cromwell EREIT Management

Elena Arabadjieva
Chief Operating Officer & Head of Investor Relations
+65 6817 9589
elena.arabadjieva@cromwell.com.sg

MEDIA ENQUIRIES

SEC Newgate Singapore

Sylvia Lee
Associate Director
sylvia.lee@secnewgate.sg

Cherie Hui
Consultant
cherie.hui@secnewgate.sg

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- 1 Building Research Establishment Environment Assessment Method
 - 2 Leadership in Energy and Environmental Design
 - 3 Based on carrying value as of 30 September 2022 for 115 assets
 - 4 Current data coverage for CEREIT: 73 out of 113 properties has reported Scope 1 & 2 emissions, while 36 has reported Scope 3 emissions
 - 5 Based on carrying value as of 30 September 2022 for 115 assets
 - 6 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)

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