CROMWELL
EUROPEAN REIT

ANNUAL REPORT 2021

FOCUS ON STRENGTHS | PIVOT TO LOGISTICS

• WESTERN EUROPE • THE NETHERLANDS • FRANCE • ITALY • GERMANY • UNITED KINGDOM • CENTRAL EUROPE • THE NORDICS • CORE OFFICE • GATEWAY EUROPEAN CITIES • MAJORITY LIGHT INDUSTRIAL / LOGISTICS • NEW ECONOMY • E-COMMERCE • WESTERN EUROPE • THE NETHERLANDS • FRANCE • ITALY • GERMANY • UNITED KINGDOM • CENTRAL EUROPE • THE NORDICS • CORE OFFICE • GATEWAY EUROPEAN CITIES • MAJORITY LIGHT INDUSTRIAL / LOGISTICS • NEW ECONOMY • E-COMMERCE • WESTERN EUROPE • THE NETHERLANDS • FRANCE • ITALY • GERMANY • UNITED KINGDOM • CENTRAL EUROPE • THE NORDICS • CORE OFFICE • GATEWAY EUROPEAN CITIES • MAJORITY LIGHT INDUSTRIAL / LOGISTICS • NEW ECONOMY • E-COMMERCE • WESTERN EUROPE • THE NETHERLANDS • FRANCE • ITALY • GERMANY • UNITED KINGDOM • CENTRAL EUROPE • THE NORDICS • CORE OFFICE • GATEWAY EUROPEAN CITIES • MAJORITY LIGHT INDUSTRIAL / LOGISTICS • NEW ECONOMY • E-COMMERCE • WESTERN EUROPE • THE NETHERLANDS • FRANCE • ITALY • GERMANY •

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* Cromwell European REIT's Annual Report covers the period of 1 January 2021 to 31 December 2021

** Unless otherwise stated, financials are reported in Euros ("Euro" or "€")

*** Any discrepancies in the tables included in the Annual Report between the listed amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in this Annual Report may not be an arithmetic aggregation of the figures that precede them

**** A non-exhaustive glossary of terms and first mentions is included on the page 276 – 278 of this Annual Report

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CORPORATE INFORMATION

CROMWELL EUROPEAN REIT
OVERVIEW (AS AT 23 FEBRUARY 2022)

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 DPU and NAV per Unit over the long term, while maintaining an appropriate capital structure.

CEREIT currently targets a majority investment weighting to the light industrial / logistics sector, while also investing in core office assets in gateway cities.

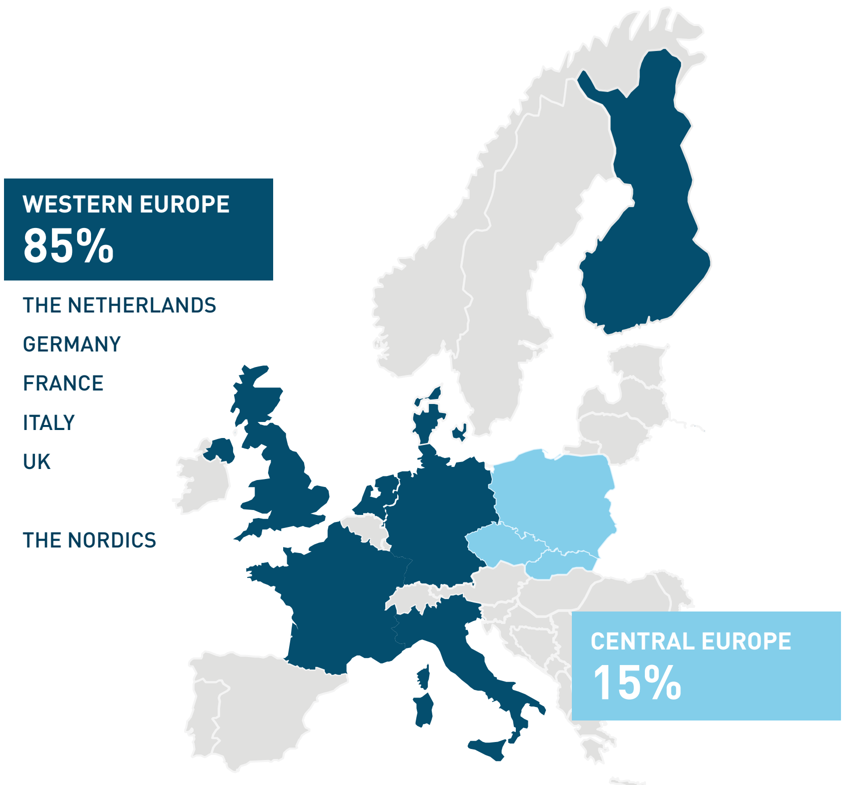
CEREIT's portfolio comprises 113[1] predominantly freehold properties with an appraised value of approximately €2,467[2] million in or close to major gateway cities in the Netherlands, Italy, France, Poland, Germany, Finland, Denmark, Slovakia, the Czech Republic and the UK, with an aggregate lettable area of approximately 1.8 million sqm and 800+ tenant-customers.

CEREIT is listed on the SGX-ST and is managed by Cromwell EREIT Management Pte. Ltd., a wholly-owned subsidiary of CEREIT's sponsor, Cromwell Property Group[3], a real estate investor and global real estate fund manager with operations in 14 countries, listed on the ASX.

€2.5 billion[2]
European commercial portfolio

113[1]
Primarily freehold properties

1.8 million sqm
NLA



1 113 properties include 112 properties as at 31 December 2021 and one recently acquired property in Italy in February 2022
2 Valuations of 113 properties include 108 properties with valuations as at 31 December 2021 and five properties acquired from July 2021 recorded at purchase prices: two in the UK (acquired in August 2021 and December 2021), two in the Netherlands (both acquired in December 2021), and one in Italy (acquired in February 2022)
3 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)

FY 2021
FINANCIAL HIGHLIGHTS

	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2019	As at 31 Dec 2018
BALANCE SHEET				
Total assets (€ million)	**2,534.5**	2,250.4	2,254.9	1,814.8
Unitholders' funds (€ million)	**1,413.1**	1,302.2	1,314.6	1,118.8
KEY FINANCIAL RATIOS				
Aggregate leverage (%)	**36.6%**	38.1%	36.8%	33.0%
Aggregate leverage excluding distribution	**37.3%**	38.9%	37.7%	33.6%
NAV attributable to Unitholders per Unit (Euro cents)[1]	**n.a.**	50.9	51.6	51.3
NAV attributable to Unitholders per Unit (€)[2]	**2.52**	n.a.	n.a.	n.a.
CAPITAL MANAGEMENT				
Total borrowing facilities (€ million)	**1,127.4**	1,142.4	980.8	675.3
Gross borrowings (€ million)	**927.4**	857.4	830.8	598.2
Interest cover (times)	**5.8**	6.4	6.7	6.8
Units in issue (million)	**561.0**[2]	2,556.1[1]	2,547.8[1]	2,182.0[1]
Market capitalisation (€ million)	**1,419.4**	1,226.9	1,375.8	960.1

€130.1 million
Net property income
10.9% higher than FY 2020

€93.6 million
Distributable income
5.0% higher than FY 2020

16.961 Euro cents
DPU
0.5% higher than FY 2020
on a like-for-like basis[3]

€2.52
Net asset value
Fair value gain of €27.1 million
booked in FY 2021

36.6%
Aggregate leverage[4]
Within the range set
by the Board

5.8x
Coverage Ratio[5]
Calculated as per the PFA

~1.72% p.a.
All-in interest rate
Total gross debt is fully
hedged / fixed

91.1%
Unsecured debt
Only one IPO secured
facility remaining

BBB-
Fitch Rating
Investment grade
(stable outlook)

1 Prior to the 5:1 Unit consolidation completed on 7 May 2021
2 Post the 5:1 Unit consolidation completed on 7 May 2021
3 Like-for-like excludes the €2.8 million of realised capital gains that were included in distributable income in 1H 2020
4 Calculated as per the PFA. Leverage Ratio as per the EMTN prospectus is 35.3%, defined as consolidated net borrowings (including capitalised finance leases and excluding cash and cash equivalents) divided by consolidated total assets
5 Calculated as per the PFA based on net income before tax, fair value changes and finance costs divided by interest expense and amortised establishment costs Interest Cover as per EMTN prospectus (excluding amortised establishment costs) is 7.0x

CHAIR'S
LETTER TO UNITHOLDERS

Dear Unitholders,

On behalf of the Board, I am pleased to present CEREIT's Annual Report for the financial year ended 31 December 2021. The report details our trust's resilient performance in a year of strategic portfolio rebalancing and capital structure transformation, amidst continued macro uncertainty.

RESILIENT PERFORMANCE

FY 2021 income available for distribution to Unitholders grew 5.0% y-o-y to €93.6 million. FY 2021 DPU declined 2.6% to 16.961 Euro cents, from 17.420 Euro cents in FY 2020. Like-for-like FY 2021 DPU, however, increased 0.5% to 16.961 Euro cents, excluding €2.8 million distribution of realised capital gains in the prior year. Cash flow from operating activities of €96.9 million was pleasingly 3.5% higher than distributable income. The Manager delivered another high return on invested capital of 7% in 2021.

For the past two years we, as the Manager of CEREIT, much like the rest of the world, have battled the universal disruption that COVID-19 caused to lives and businesses. Fortunately, the measures that we took early at the onset of the pandemic allowed CEREIT's operations to continue with minimal disruption and kept our stakeholders and employees safe. As we enter the third year of the COVID-19 pandemic, we are now also navigating the impact from Russia's invasion of Ukraine. We remain close to our tenant-customers, our capital partners and other stakeholders as we continue to adapt and reposition our business.

> The Cromwell transactions team continued its "truffle-hunting" in FY 2021, enabling us to complete €212.6 million in light industrial / logistics acquisitions at a favourable blended NOI yield of 6.3% in FY 2021.

Our operational preparedness and proactive asset management helped maintain CEREIT portfolio's occupancy at or above 95% for a second year in a row, with more than 12% of the portfolio or almost 220,000 sqm in new and renewed leases at a positive rent reversion of 5% signed throughout the year. Notably, the impact of COVID-19 on CEREIT's portfolio has also been negligible, with the financial impact from rent reductions without any lease renewals amounting to less than €500,000.

INVESTMENT PORTFOLIO PERFORMANCE

As at 31 December 2021, CEREIT owned a portfolio of 112 properties, valued at €2,443 million. Overall, CEREIT's portfolio registered 2.4% like-for-like increase in valuation y-o-y, with a strong €56.2 million valuation gain in the light industrial / logistics sector and a slight decline of €4.2 million in office and other sectors. This further validates the pivot to logistics that the Manager started for CEREIT two years ago.

The transactions team continued its "truffle-hunting" in FY 2021, enabling us the Manager to complete €212.6 million in light industrial / logistics acquisitions for CEREIT at a favourable blended NOI yield of 6.3% in FY 2021. Europe's very liquid real estate market and attractive fundamentals remained appealing. We entered FY 2022 with a well-advanced ~€100 million pipeline, giving us a line of sight to reaching majority logistics weighting in CEREIT's portfolio in the medium term.

CAPITAL MANAGEMENT

We continued on CEREIT's capital transformation journey in FY 2021, further optimising its capital structure and seeking opportunities to diversify funding sources. I am pleased that we were able to tap into the debt markets during the last couple of years' low-interest rate environment, extending CEREIT's WADE to 3.4 years at an all-in interest cost of ~1.72%, while retaining it's gearing at 36.6%, well within the Board-approved range of 35-40%.

As we sought to optimise CEREIT's capital structure to enhance Unitholder returns, in the past 15 months we have raised close to €700 million in bonds, equity, and the recent perpetual securities issue. Following the one-year extension of the €157 million bank debt facility, CEREIT's first major debt expiry is due only in November 2023.

The net proceeds from the November 2021 issue of S$100 million five-year perpetual securities were used for financing and refinancing CEREIT's acquisitions. Notably, we arranged Singapore's first sustainability-linked cross currency-swap with OCBC, which allowed CEREIT to lock in more favourable S$ to € rates for the duration of the swap with an effective perpetual securities coupon rate of 3.55% for five years. Perpetual securities are treated as equity in the balance sheet and present an attractive source of capital that we will look to tap into when the opportunity arises, while retaining flexibility for further debt financed acquisitions. All these capital management initiatives are expected to reduce CEREIT's weighted average cost of capital, enabling us to acquire lower-yielding but higher-quality properties and achieving distribution accretion.

Importantly, as part of CEREIT's DRP that we introduced in FY 2021, existing Unitholders now also have the option of acquiring new Units at a preferential price without incurring transaction costs. I am especially pleased that CEREIT is one of the very few REITs in Singapore that adjusts the discount to the 10-day

CHAIR'S
LETTER TO UNITHOLDERS

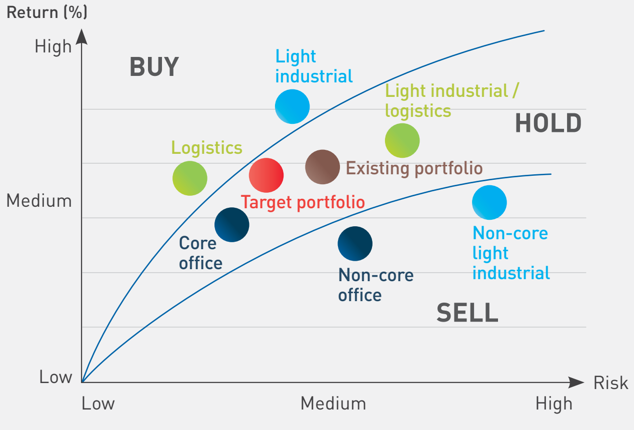
volume-weighted average price for DRP for the amount of distributions to be paid. This gives further benefit to Unitholders, who ordinarily are not able to participate in institutional placements per SGX-ST rules.

CEREIT's liquidity remains strong, with the €200 million revolving credit facility maturing in 2024 providing greater short-term flexibility. CEREIT remains well within its loan and bond covenants, with Fitch reaffirming CEREIT's "BBB- (Stable Outlook)" investment-grade rating.

The Board's decision to table a 5:1 Unit consolidation resolution at an EGM in April 2021 has also delivered benefits to Unitholders. With more than 99% of Unitholders approving the resolution, the Unit consolidation was completed in May 2021. As a result, CEREIT's Units enjoyed a doubling of trading liquidity and a ~20% reduction in Unit price volatility as compared to six months prior, thus improving its risk-to-return attributes for investors.

LONG-TERM INVESTMENT STRATEGY AND OBJECTIVES

RISK-RETURN CHART



CEREIT's investment philosophy is to acquire and manage a well-balanced portfolio of European investment properties with an emphasis on sustainable income and capital growth. CEREIT aims to generate superior risk-adjusted returns for Unitholders by owning, buying and actively managing such properties in line with its investment strategy, while continuously optimising the portfolio by divesting properties that no longer enhance portfolio returns. Our analysis has led us to move towards a majority weighting in the light industrial / logistics sector while maintaining the current exposure of at least 85% to Western Europe. This strategy also includes potentially divesting a number of office and other non-core assets. We are also progressing on ~€250 million of redevelopment / new developments (excluding the longer-dated Parc Des Docks 10 hectares estate in Paris), to unlock value and to generate an attractive yield on development cost.

We continue to use proven quantifiable metrics in the execution of our strategy, adopting both a top-down and bottom-up approach to fine-tune the construction of the optimal portfolio. In light of increasing sustainability requirements, we have modified the portfolio risk factors to give more prominence to ESG. Only properties that can meet industry benchmarks for environmental and sustainable performance and that can deliver risk-adjusted returns above CEREIT's current cost of capital will be pursued.

As the Manager of CEREIT, we focused on continuous improvement in our ESG initiatives and we were humbled to receive the prestigious investor-centric SIAS Corporate Governance award in the REITs and Business Trusts category in 2021. To reinforce our commitment and to add emphasis to our ESG obligations, the Board has established for CEREIT one of the first Board-level sustainability committee in Singapore. The committee's first task was confirming the aspirational Net Zero operational carbon emissions by 2040 target, which now guides our investment and asset management processes. We will take a measured approach to sustainability capex, to align with asset plans and minimise tenant-customer disruption, while ensuring CEREIT's assets are future-proofed and remain compliant with the increasing regulations.

OUTLOOK

As we progress into FY 2022, the European economies are facing increasing disruption from the ongoing Russian invasion of Ukraine. Notwithstanding a prolonged conflict, from a business perspective CEREIT is currently seeing no immediate impact to its assets, tenant-customers or finances. Only two of CEREIT's 10 investment countries - Poland and Slovakia - share a border with Ukraine and they represent ~13% of CEREIT's portfolio. Only 2% of CEREIT's leases in these two countries are expiring in the near term.

On a human level however, we cannot remain indifferent. We are in constant contact with our teams on the ground and are monitoring developments very closely, assessing the impact of the influx of refugees into Poland and other neighbouring countries. Cromwell has set up a crisis team in its European operations and is committed to providing support to all employees directly affected by the situation. Where possible, assets and facilities within the Central Europe region across the CEREIT portfolio are utilised for humanitarian purposes, including converting carparks and any vacant space into refugee shelters or relief items logistics stations.

Market and geopolitical risks notwithstanding, long-term real estate market fundamentals in Europe remain strong. Demand for European real estate is resilient, owing to low capital values, affordable rents and low levels of construction. Yield spreads to interest rates are still relatively attractive, albeit they may narrow slightly in view of the recent interest rate increases as markets adjust to inflationary pressures. Having said that, higher inflation is expected to translate into higher rental growth for the majority of CEREIT's CPI-indexed leases. We plan to continue to generate sustainable growth for CEREIT, organically through active asset management, asset enhancement initiatives and redevelopments, and inorganically through accretive acquisitions, primarily in the light industrial / logistics sector.


Thorn Lighting, UK

CHAIR'S
LETTER TO UNITHOLDERS

CONCLUSION

CEREIT's investment strategy remains intact, underpinned by an actively-managed European portfolio, supported by an experienced team that constantly evaluates optimal capital structure and exercises judicious capital deployment. With value creation opportunities offered by a development pipeline embedded in the portfolio and an aspirational target to reach Net Zero operational carbon emissions by 2040, the Board believes CEREIT is well-placed to meet stakeholder needs.

APPRECIATION

On behalf of the Board and the management team, I would like to express our appreciation to Mr Michael Wilde, who retired as Director in September 2021, while serving as CEREIT Director and Acting CEO of Cromwell Property Group from February 2021. We look forward to working with Mr Johnathan Callaghan, the Sponsor's recently appointed CEO, with Michael resuming his previous role as the Sponsor's CFO.

In September 2021, Mr Ooi Eng Peng was appointed as a non-independent non-executive Director to the CEREIT Board. We welcome Mr Eng, who brings 35 years of real estate and management experience and look forward to his significant contributions to the Board and the success of CEREIT.

Thank you for your continued interest and investment in CEREIT and for your confidence and trust in the Board and the management team. I am grateful to our Sponsor, tenant-customers, lenders, capital partners, regulators and the wider business community for their ongoing support.

With a commitment to high ESG standards and the employment of rigorous systems and processes across the organisation by a skilful and dedicated team, the Board is confident that CEREIT can continue to deliver on its mandate to maintain stable and growing DPU and NAV per Unit over the medium to long term.

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

Seated, from left: MR LIM SWE GUAN, MRS FANG AI LIAN
Standing, from left: MR SIMON GARING, MR OOI ENG PENG, MR CHRISTIAN DELAIRE

CEO
INTERVIEW

Simon Garing
CEO AND
EXECUTIVE DIRECTOR

1. OVER THE LAST TWO YEARS THE MANAGER, HAS FOCUSED EFFORTS TO PIVOT CEREIT'S PORTFOLIO TO LOGISTICS. HOW IS THIS STRATEGY BENEFITTING CEREIT'S UNITHOLDERS?

We have made good progress in CEREIT's pivot towards the light industrial / logistics sector, having completed around ~€344 million in light industrial / logistics acquisitions since the beginning of FY 2020 in the UK, the Netherlands, Germany, Italy, the Czech Republic and Slovakia at a 6.5% blended NOI yield. In FY 2021 alone, €212.6 million in acquisitions were completed at a 6.3% blended NOI yield. These accretive acquisitions were well-supported by capital markets, with €365 million of new bond issuances, inaugural perpetual securities and ordinary Units in FY 2021, yielding a blended cost of funds of 4 - 5%.

Our appreciation goes to CEREIT investors, for recognising our strategy to achieve majority allocation to light industrial / logistics sector. On the back of this repositioning, in FY 2021 CEREIT's Units have outperformed the FTSE ST-REIT total return index by +8.6% in one year and +15.5% over the past three years. CEREIT's Total Shareholder Return (TSR) for FY 2021 was 13.5%. CEREIT's Units now trade at only a slight discount to NAV (with current Unit price weakness mainly due to rising interest rates and heightened geopolitical risks), heading in the right direction to the premiums that other logistics S-REITs are traded at.

As the Manager of CEREIT, we do recognise that size and scale still provide relative advantage and we know that we still have some way to go in terms of achieving better Unit trading liquidity.

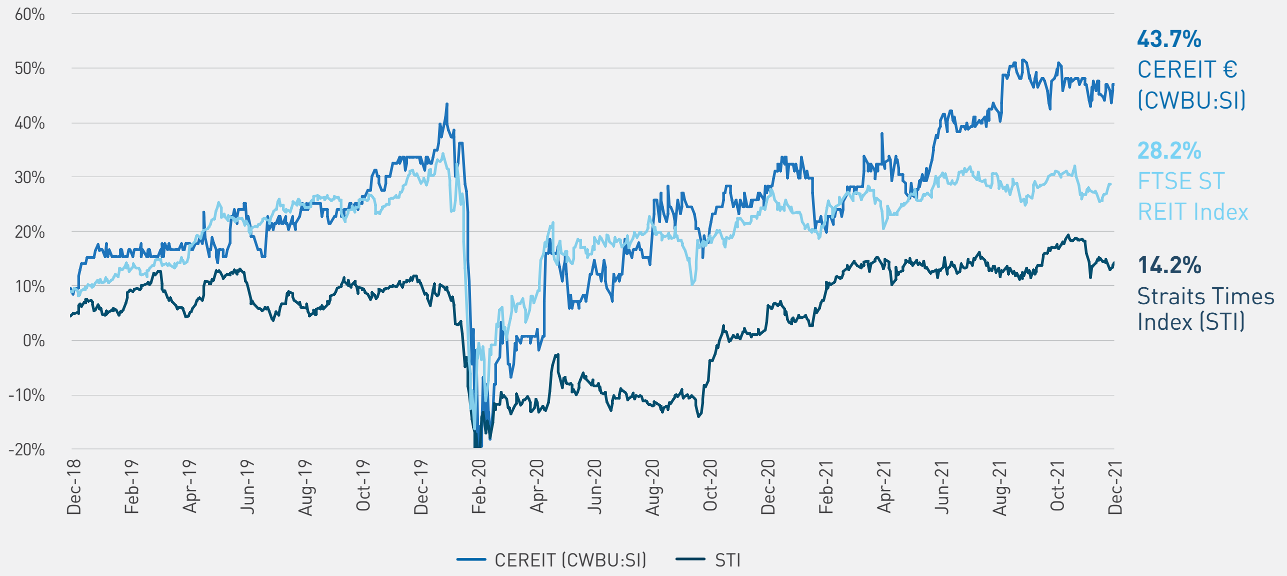
2. CEREIT HAS A MEDIUM-TERM ~€250 MILLION DEVELOPMENT PIPELINE IN NEW LOGISTICS AND OFFICE REFURBISHMENT. WOULD YOU ELABORATE ON YOUR DEVELOPMENT PLANS? HOW WILL THIS DEVELOPMENT PIPELINE BENEFIT THE UNITHOLDERS?

CEREIT is progressing on ~€250 million of redevelopment / new developments (excluding the longer-dated Parc Des Docks 10 hectares estate in Paris). The developments that we are undertaking for CEREIT are on predominantly freehold land held by CEREIT. They will unlock value and provide a high accretive yield on cost, because the projects are undertaken on CEREIT's own balance sheet. Unitholders stand to receive the full benefits directly, once the projects are completed.

The redevelopment of Via Nervesa 21 in Milan into a 10,000 sqm BREEAM Platinum Grade A office space for an estimated €25 million is currently in the strip-out works phase. When completed towards the end of 2023, the property is expected to provide long-term income and value upside, based on the robust Milan Grade A office market.

In terms of greenfield developments, the Manager is commencing the first such project in FY 2022 for the two-phase development of logistics warehouses on a 39,380 sqm plot of land in CEREIT's Nove Mesto ONE

CEREIT'S 3Y ANNUALISED TOTAL RETURN OF 12.8%



Industrial Park I in Slovakia, subject to final regulatory approvals and pre-lease commitments. Construction is expected to commence in mid-2022 for the first phase, involving ~10,695 sqm in warehouse, mezzanine and office space, and early 2023 for the second phase.

The Manager is also planning further logistics development projects to complement its acquisition strategy for that sector. Meanwhile, some of the older office buildings in Rome and Amsterdam are in the planning phase for projects with expected returns similar to Via Nervesa 21 in Milan.

Parc Des Docks in Paris is still progressing through the complex planning and permitting phase. Our recent commercial usage and tenant demand study confirmed that the site is a strategic logistics hub in North Paris.

3. CEREIT JUST ANNOUNCED AN ASPIRATIONAL TARGET OF NET-ZERO OPERATIONAL CARBON EMISSIONS BY 2040. HOW WILL CEREIT DELIVER ON ITS ESG AND SUSTAINABILITY STRATEGY?

As the Manager of CEREIT, we recognise that resilient, ethical and socially-responsible business practices underpin CEREIT's prosperity and success. We have made it a priority to incorporate progressive ESG practices into our operations and investment process. The Board has recently established a standalone Sustainability Committee, chaired initially by a non-independent non-executive director and comprising all members of the Board.

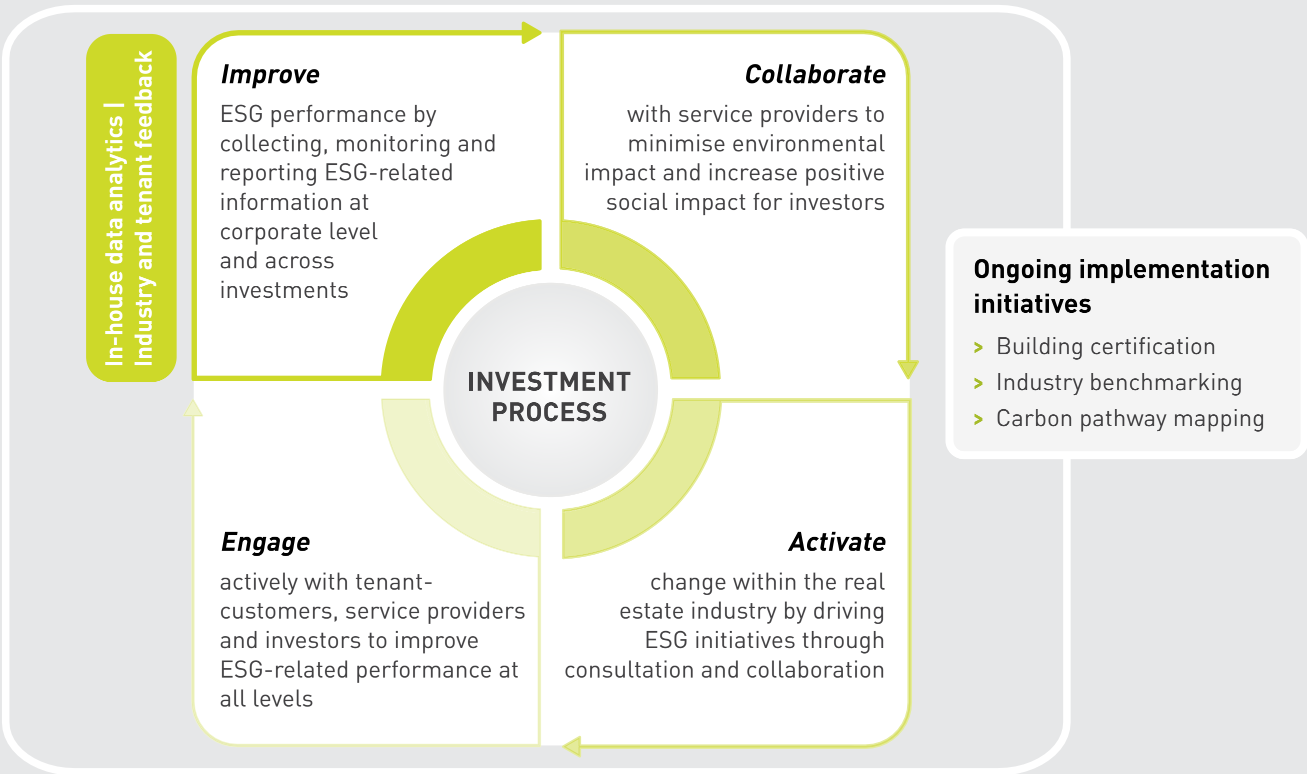
We have also formed a separate sustainability committee on management level to which the Board Sustainability Committee has delegated the identifying, setting and delivering the objectives and targets associated with material ESG topics. All KMP of the Manager are also evaluated on specific KPIs that are tied to CEREIT's ESG targets.

The Manager's current focus is on making sure that CEREIT's operations, processes and systems are ready to deliver tangible results, provide the data to set specific reduction targets in the medium term and measure outcomes to achieve the aspirational Net Zero operational carbon emissions by 2040 target. In this context, one of the significant group-level ESG initiatives over the last year has been the roll-out of a comprehensive asset consumption and emissions management system. Once completed, this system will enable better and more automated monitoring of CEREIT's portfolio environmental data and provide opportunity for granular reporting and target tracking.

CEO
INTERVIEW

ESG INTEGRATION WITHIN INVESTMENT PROCESS

Implementation of initiatives across the platform alongside continuous improvement



4. WHAT ARE THE KEY RISKS THAT YOU SEE POTENTIALLY IMPACTING CEREIT'S BUSINESS OPERATIONS AND BOTTOM LINE IN FY 2022?

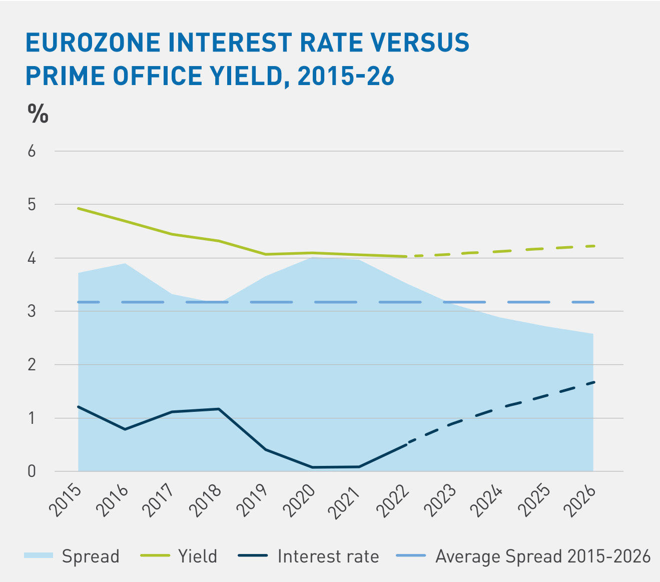
Coming into 2022, I see three main risks which we will have to consider when we are navigating the business environment.

Inflation Risk

Short-term European inflation will be higher than we had anticipated prior to Russia's invasion of Ukraine, due to energy and commodity price rises. Oxford economics' most recent forecast for Eurozone inflation stands at over 5.0% in 2022. Strong labour markets are expected to create wage price growth, but this is unlikely to outpace inflation and this will likely lead to a reduction in real incomes. These factors are likely to adversely impact immediate European growth prospects, but we remain positive mid to long-term.

Despite concerns over economic growth, higher inflation is still likely to see some moderate monetary tightening over the short to medium-term. Oxford Economics expects that the interest rates in Eurozone may rise in FY 2022 before levelling out in 2023. While interest rates are expected to increase moderately, the yields may not be impacted in the same way, leading to a narrowing spread as shown on the chart on the following page.

Nearly all of CEREIT's lease agreements with tenant-customers have rent review clauses indexed to the selected inflation rate benchmarks. This is expected



to result in an organic increase in NPI, albeit delayed, upon rent review due to the rise in inflation. More than 95% of CEREIT's leases are 'net', meaning that tenant-customers on such leases bear their utility costs, so there is limited impact on CEREIT from the current rise in energy prices.

Geopolitical Risk

As this Annual Report goes to print, Russia's invasion of Ukraine is into its second month and the resulting human toll, and economic and political fallout will have wide-ranging implications on the European and global economy, energy prices, supply chains and markets. It is still too early to gauge the full impact and make any meaningful long-term estimates.

For now, notwithstanding a prolonged conflict and specifically related to CEREIT's portfolio, I can say that we do not foresee any near-term impact on the business as CEREIT has no exposure to the geographies directly affected. More than 85% of CEREIT's €2.5[1] billion European portfolio is in Western Europe, with only about 10% in Poland and 3% in Slovakia, the two countries in the portfolio which border Ukraine. Most of CEREIT's tenant-customers in these two countries are multinational companies such as European banks and global pharmaceutical and tech groups. Only 2% of CEREIT's leases in Poland and Slovakia are expiring in the near term.

Pandemic Risk

As we enter the third year of the pandemic, COVID-19's impact on CEREIT's portfolio is negligible, with the financial implications from rent reductions without any lease renewals amounting to less than €500,000 so far. This is mainly due to CEREIT portfolio's low exposure to retail and hospitality sectors (with only one property from each) as well as CEREIT's neglibible exposure to car park income with only one large parking facility at the mixed-use Central Plaza in the Netherlands.

SME tenant-customers, retail and hospitality tenant-customers, particularly gym and restaurant operators, continue to be impacted by recent lockdowns.

The COVID-19 pandemic has now structurally changed the office sector, with prolonged remote working, digitalisation and significant impact on retail, tourism and hospitality sectors just some of the effects. This has already affected CEREIT's office portfolio, with one example a large tourism publishing tenant-customer in Paris winding down operations. As tenant-customers are reassessing their future office needs and location strategies, we see increasing bifurcation between core office assets with good ESG credentials and older office assets in secondary locations.

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

Europe is the second most liquid real estate market in the world so there are plenty of opportunities for CEREIT. Our strategy for CEREIT still remains focused on pivoting to majority light industrial / logistics, while remaining invested in core office. The market fundamentals support our strategy.

Specifically, in the European logistics sector, the accelerated shift to e-commerce in turn fuelled occupier demand from related sectors, such as third-party logistics and warehousing companies. The economic recovery and evolving strategies to tackle global supply chain disruptions further added to a booming logistics and industrial market demand. During the second half of 2021, physical retailers, third-party logistics and manufacturing companies intensified requirements for additional logistics space in Europe.

1 As at 23 February 2022

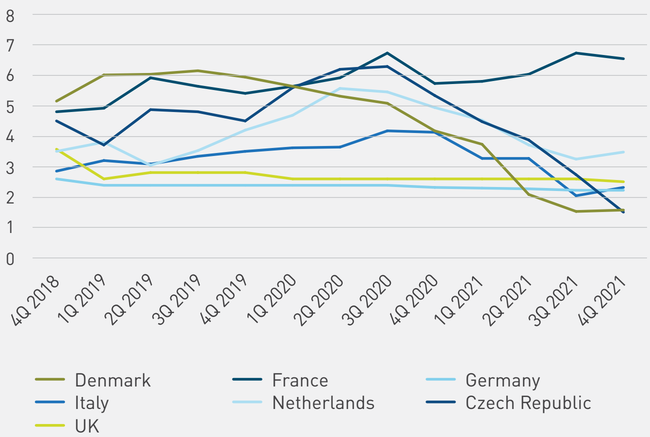
CEO INTERVIEW

Some retailers are also re-thinking their global supply chains which are often designed around low-cost manufacturing hubs in Asia. Central European countries are now receiving much attention due to the potential cost savings.

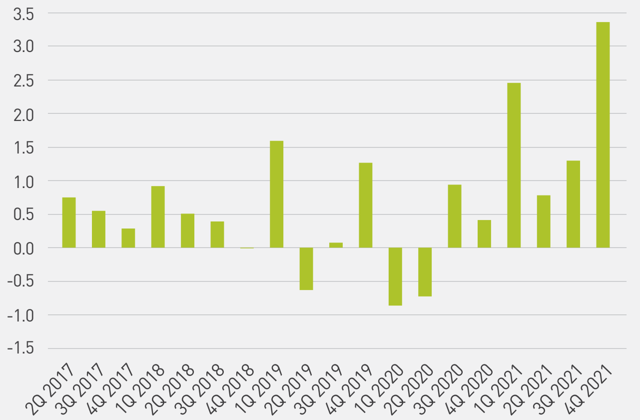
Based on all these factors, the sector remains very attractive and has become increasingly competitive over the last couple of years. From a pricing perspective, we continue to see accretive off-market opportunities from our transaction teams, with logistics yield spreads still high in a global context. European logistics transaction volumes continue to break records and were up 20% y-o-y in 2021, 21% higher than the five-year average.

Meanwhile in the European office sector, despite the average increase in availability, office rents in prime locations remained stable, albeit incentive levels vary across cities, as recently reported by CBRE. Some cities, such as Milan and Rotterdam, saw no change in office vacancies y-o-y.

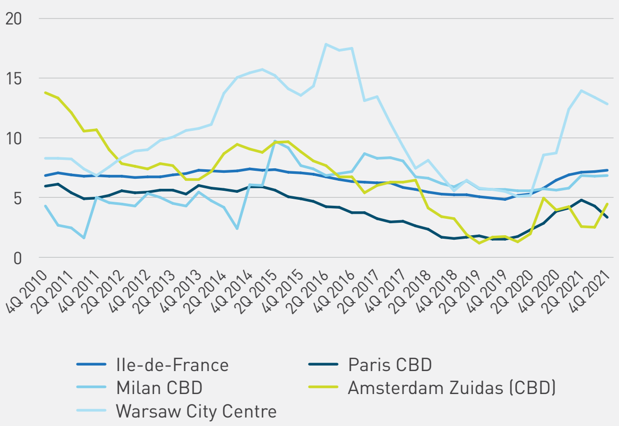
EUROPEAN LOGISTICS OUTLOOK: VACANCY RATES (%)



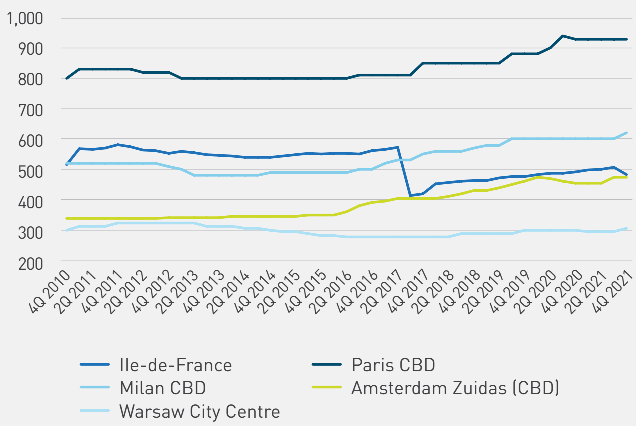
AVERAGE QUARTERLY LOGISTICS MARKET RENT GROWTH (%)



OFFICE VACANCY RATES (%)



OFFICE RENTS (€ PER SQM)



> We will continue to add to the portfolio's long-term logistics exposure through a mix of acquisitions, divestments and developments on both existing sites while also acquiring greenfield opportunities.

While the vacancy rates have risen throughout the pandemic, availability is expected to tighten throughout 2022. Occupiers' preference is for prime assets in core locations, with greater availability for secondary space in most markets and limited supply in gateway cities.

CEREIT's office portfolio has good exposure to the office market in the Netherlands, which is seeing demand from recovery due to flight to quality and core office locations. Overall, we intend to selectively divest some of the non-core office assets that CEREIT owns, retain exposure to some of the strategic Eurpoean core office markets and unlock value for Unitholders through redevelopments in prime locations.

6. WHAT CAN WE EXPECT FROM CEREIT IN THE NEXT TWO YEARS?

CEREIT's portfolio income will continue to be underpinned by active asset management, CPI indexation and rent reversions. We will continue to increase CEREIT portfolio's long-term light industrial / logistics exposure through a mix of acquisitions, divestments and developments on existing sites, while also acquiring greenfield opportunities.

Alpha generation through acquisitions and developments will be an essential differentiator for CEREIT amongst the S-REITs in a rising interest rate environment. This will offset some near-term downside risks from COVID-19, where the non-core office assets and SME exposure continue to affect performance.

In the €15 to €50 million light industrial / logistic sectors, the Manager will continue to "truffle hunt", benefiting from Cromwell's on-the-ground transaction teams advantage. Large portfolios are trading at substantial premiums to valuations in this real estate cycle, so we will build CEREIT's portfolio across the 10 countries, rather gradually than competing on price. This way, we put investor interests ahead of AUM growth for growth's sake. Divestments of higher yield / higher risk assets are also targeted for this year, with some embedded profits to realise on some smaller logistic assets.

We have announced a medium-term development pipeline of ~€250 million in CEREIT's portfolio, in addition to Parc Des Docks in Paris, France. At the same time, we have also commenced negotiations with the Italian government on releasing, divesting or developing part of its portfolio over 2022. The redevelopment of Via Nervesa 21 in Milan will add grade A office asset to the portfolio, but income will be affected through the development phase.

In all, notwithstanding inflation and geopolitical risks from prolonged effects from Russia's invasion of Ukraine, we expect the CEREIT portfolio to emerge stronger in 2023.

BUSINESS MODEL
AND INVESTMENT STRATEGY

PURPOSE

CEREIT's purpose is to provide Unitholders with stable and growing distributions and NAV per Unit over the long term, while maintaining an appropriate capital structure.

INVESTMENT PROPOSITION

CEREIT offers the opportunity to invest in attractive European freehold commercial real estate with a trusted Manager and experienced local Property Manager.

STRENGTHS

- Resilient portfolio, benefiting from attractive European market fundamentals;
- Well-balanced mix of geographies, tenant-customers and trade sectors;
- Proven track record in undertaking value-accretive acquisitions, asset management and capital recycling
- Strong balance sheet with diverse sources of funding providing financial flexibility;
- Responsible capital management supported by investment-grade rating 'BBB-' (stable) by Fitch Ratings; and
- Aspirational Net Zero operational carbon emissions by 2040 target informs investment and asset management strategy

INVESTMENT STRATEGY

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. The Manager currently targets a majority investment weighting to the light industrial / logistics sector while also investing in core office assets in gateway cities.

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

Active asset management and asset enhancement

- Seek to drive organic growth in revenue and income and maintain strong tenant-customer relationships;
- Continually monitor each asset's expected contribution to earnings and NAV growth, utilising the proprietary dynamic portfolio optimisation tool encapsulating 13-risk factors;
- Explore selling assets that do not meet the criteria and look to reinvest capital into opportunities that will ultimately increase DPU and NAV per Unit;
- Regularly evaluate properties to identify if potential property enhancement or redevelopment opportunities can enhance CEREIT's returns; and
- Unlock value through developments and redevelopments

Capital recycling and growth through acquisitions

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

Responsible capital management

- Maintain strong balance sheet and employ an appropriate mix of debt and equity with appropriate liquidity;
- Secure diversified funding sources considering financial institutions and capital markets; and
- Optimise cost of debt financing and utilise interest rate and foreign exchange hedging strategies where appropriate.

High ESG standards and disclosures

- Aspirational target of Net Zero operational carbon emissions by 2040 set
- Employ a rigorous approach to ESG matters to achieve high sustainability standards in the operation and management of CEREIT, consistent with the values of the Sponsor and with guidance from the Board;
- Safeguard Unitholders' interests through robust corporate governance and risk management;
- Participate in the annual GRESB assessment to provide a regular measure of CEREIT's sustainability performance; and
- Implement ESG / data analytics / capex / sustainability processes

INVESTMENT PROCESS

Research-backed approach to acquisitions

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

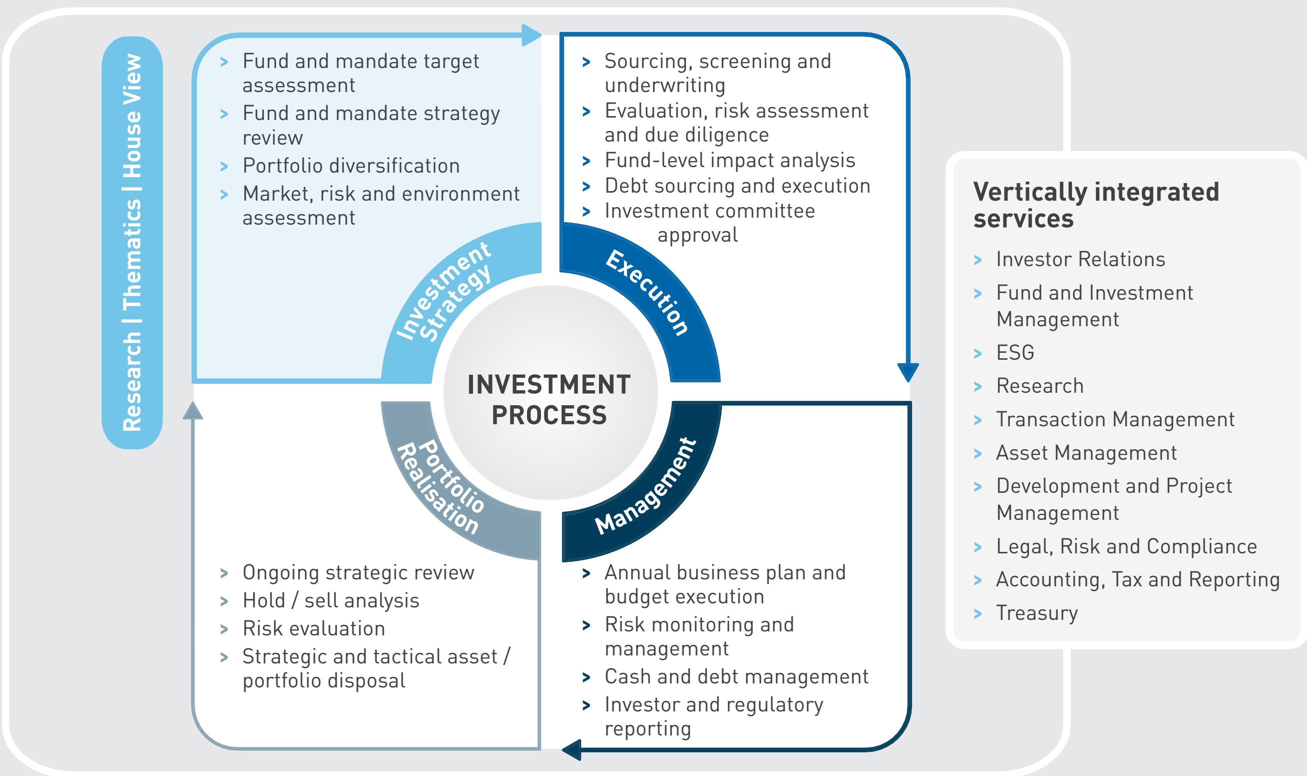
The initial asset selection entails top-down comprehensive analysis including a number of criteria covering mega trends and a mixture of cities and countries. The initial selection process identifies long-term sector mega trends and fundamental real estate attributes to identify countries and sectors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

Once top-down comprehensive data analysis has yielded targeted city locations and asset type, the bottom-up investment strategy process includes the refinement of the data of portfolio optimisation. For this part of the process, the investment management team has developed proprietary analytics tools that provide the Board with a broad framework to assist them in the evaluation of the proposed acquisitions and divestments. This in turn allows the asset management team to optimise the portfolio through monitoring key asset and market risks and identify "outliers", as visualised in the chart on page 6 in Chair's Letter to Unitholders.

The tools include the following:

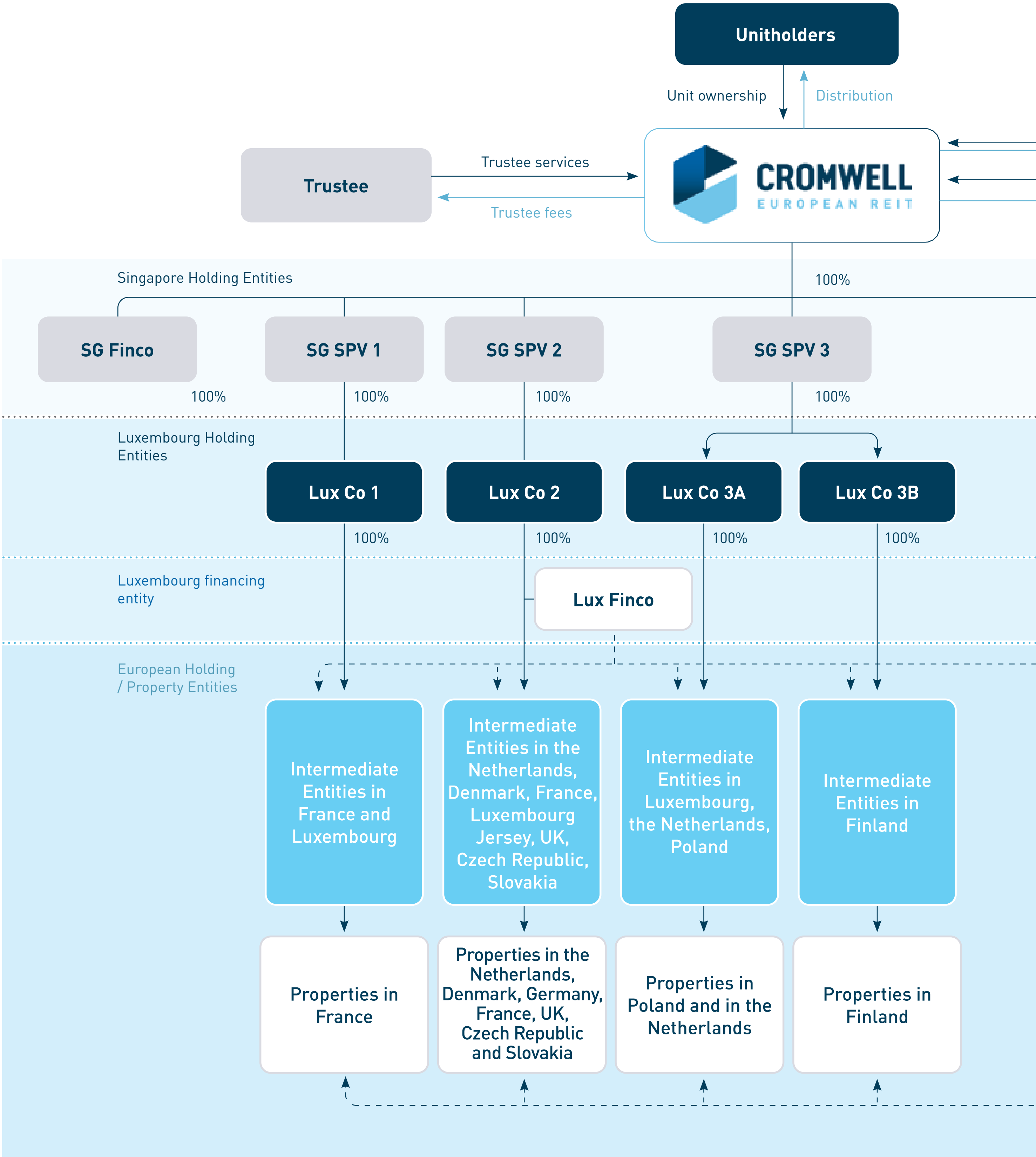
- An enhanced property risk matrix across three broad categories, encapsulating 13 risk factors (asset risk, market / location risk, execution / financial risk), that provides a framework to assess existing properties, proposed investments, and potential divestments. The matrix visualises how the identified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

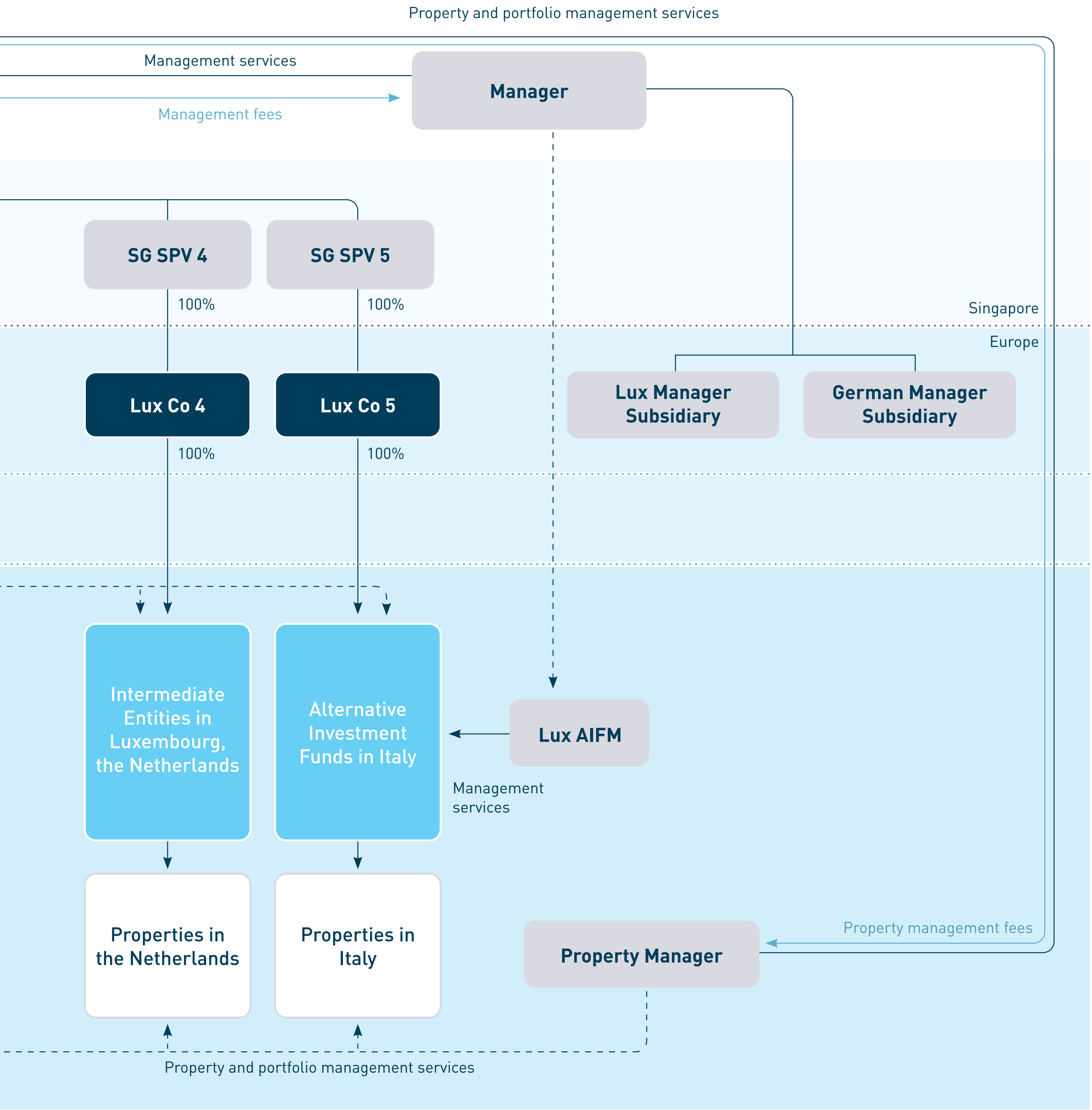
An integrated investment process approach alongside ongoing review and governance



STRUCTURE
OF CEREIT (AS AT 23 FEBRUARY 2022)

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





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

BOARD
OF DIRECTORS

Lim Swe Guan, 67

CHAIR AND INDEPENDENT
NON-EXECUTIVE DIRECTOR

DATE OF APPOINTMENT AS DIRECTOR

28 July 2017

LENGTH OF SERVICE AS DIRECTOR (AS AT 31 DECEMBER 2021)

4 years 5 months

BOARD COMMITTEES SERVED ON

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

ACADEMIC AND PROFESSIONAL QUALIFICATIONS

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

BACKGROUND AND WORKING EXPERIENCE

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

PRESENT OTHER LISTED COMPANY DIRECTORSHIPS OR CHAIRPERSONSHIPS (AS AT 31 DECEMBER 2021)

- Nil

PRESENT OTHER PRINCIPAL COMMITMENTS (AS AT 31 DECEMBER 2021)

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

PAST LISTED COMPANY DIRECTORSHIPS OR CHAIRPERSONSHIPS HELD OVER PRECEDING 3 YEARS (FROM 1 JANUARY 2019 TO 31 DECEMBER 2021)

- General Property Trust Group
- Sunway Berhad (Independent Director)

Fang Ai Lian, 72

INDEPENDENT
NON-EXECUTIVE DIRECTOR

DATE OF APPOINTMENT AS DIRECTOR

31 July 2017

LENGTH OF SERVICE AS DIRECTOR (AS AT 31 DECEMBER 2021)

4 years 5 months

BOARD COMMITTEES SERVED ON

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

ACADEMIC AND PROFESSIONAL QUALIFICATIONS

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

BACKGROUND AND WORKING EXPERIENCE

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

PRESENT OTHER LISTED COMPANY DIRECTORSHIPS OR CHAIRPERSONSHIPS (AS AT 31 DECEMBER 2021)

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

PRESENT OTHER PRINCIPAL COMMITMENTS (AS AT 31 DECEMBER 2021)

- Singapore Business Federation (Chair of the Board of Trustees)
- Medishield Life Council (Chair of Council)
- Tote Board (Singapore Totalisator Board) (Member)
- Honour (Singapore) Ltd. (NGO) (Director)
- Jubilant Pharma Limited (Independent Director)
- SingHealth Fund (Member of Board)

PAST LISTED COMPANY DIRECTORSHIPS OR CHAIRPERSONSHIPS HELD OVER PRECEDING 3 YEARS (FROM 1 JANUARY 2019 TO 31 DECEMBER 2021)

- Banyan Tree Holdings (Independent Director)

BOARD
OF DIRECTORS

Christian Delaire, 54

INDEPENDENT
NON-EXECUTIVE DIRECTOR

DATE OF APPOINTMENT AS DIRECTOR

24 August 2017

LENGTH OF SERVICE AS DIRECTOR (AS AT 31 DECEMBER 2021)

4 years 4 months

BOARD COMMITTEES SERVED ON

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

ACADEMIC AND PROFESSIONAL QUALIFICATIONS

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

BACKGROUND AND WORKING EXPERIENCE

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

PRESENT OTHER LISTED COMPANY DIRECTORSHIPS OR CHAIRPERSONSHIPS (AS AT 31 DECEMBER 2021)

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

PRESENT OTHER PRINCIPAL COMMITMENTS (AS AT 31 DECEMBER 2021)

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

PAST LISTED COMPANY DIRECTORSHIPS OR CHAIRPERSONSHIPS HELD OVER PRECEDING 3 YEARS (FROM 1 JANUARY 2019 TO 31 DECEMBER 2021)

- Nil

Ooi Eng Peng, 66

NON-INDEPENDENT
NON-EXECUTIVE DIRECTOR

DATE OF APPOINTMENT AS DIRECTOR

15 September 2021

LENGTH OF SERVICE AS DIRECTOR (AS AT 31 DECEMBER 2021)

3 months

BOARD COMMITTEES SERVED ON

- Sustainability Committee (Chair)

ACADEMIC AND PROFESSIONAL QUALIFICATIONS

- Bachelor of Commerce, University of New South Wales, Australia
- Certified Practising Accountants of Australia (Member)
- The Singapore Institute of Directors (Member)

BACKGROUND AND WORKING EXPERIENCE

Mr Ooi has more than 35 years of real estate experience, including in property investment, development, project management, fund management and management and capital partnerships in Australia and across Asia. Mr Ooi joined Lendlease in 1981, working in various finance roles in Sydney, before taking on the role of Chief Financial Officer, Asia in the late 1990s. Later, Mr Ooi returned to Sydney with Lendlease and fulfilled the roles of Chief Financial Officer of Lendlease Development (2000 – 2002), Global Chief Financial Officer of Lendlease Investment Management (2002 – 2003) and Asia Pacific Financial Officer, Lendlease Communities (2003 – 2005). From 2006 – 2010, Mr Ooi was the Asia Chief Executive Officer, Lendlease Investment Management and Retail, based in Singapore. In 2010, Mr Ooi was appointed Asia Chief Executive Officer for Lendlease.

Since retiring from his executive career in late 2011, Mr Ooi has gained board and board committee experience at both listed and non-listed entities across Asia Pacific

PRESENT OTHER LISTED COMPANY DIRECTORSHIPS OR CHAIRPERSONSHIPS (AS AT 31 DECEMBER 2021)

- Cromwell Property Group (Non-Executive Deputy Chair)
- ESR Funds Management (S) Ltd (as Manager of ESR-REIT) (Non-Executive Deputy Chairman)

PRESENT OTHER PRINCIPAL COMMITMENTS (AS AT 31 DECEMBER 2021)

- ESR-MTN Pte. Ltd
- ESR-SPV2 Pte. Ltd.
- Savant Global Capital Pty Ltd

PAST LISTED COMPANY DIRECTORSHIPS OR CHAIRPERSONSHIPS HELD OVER PRECEDING 3 YEARS (FROM 1 JANUARY 2019 TO 31 DECEMBER 2021)

- Perennial Real Estate Holdings Limited

BOARD OF DIRECTORS

Simon Garing, 52

CHIEF EXECUTIVE OFFICER AND
EXECUTIVE DIRECTOR

DATE OF APPOINTMENT AS DIRECTOR
3 September 2018

LENGTH OF SERVICE AS DIRECTOR (AS AT 31 DECEMBER 2021)
3 years, 4 months

BOARD COMMITTEES SERVED ON

- Sustainability Committee (Member)

ACADEMIC AND PROFESSIONAL QUALIFICATIONS

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

BACKGROUND AND WORKING EXPERIENCE

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

PRESENT OTHER LISTED COMPANY DIRECTORSHIPS OR CHAIRPERSONSHIPS (AS AT 31 DECEMBER 2021)

- Nil

PRESENT OTHER PRINCIPAL COMMITMENTS (AS AT 31 DECEMBER 2021)

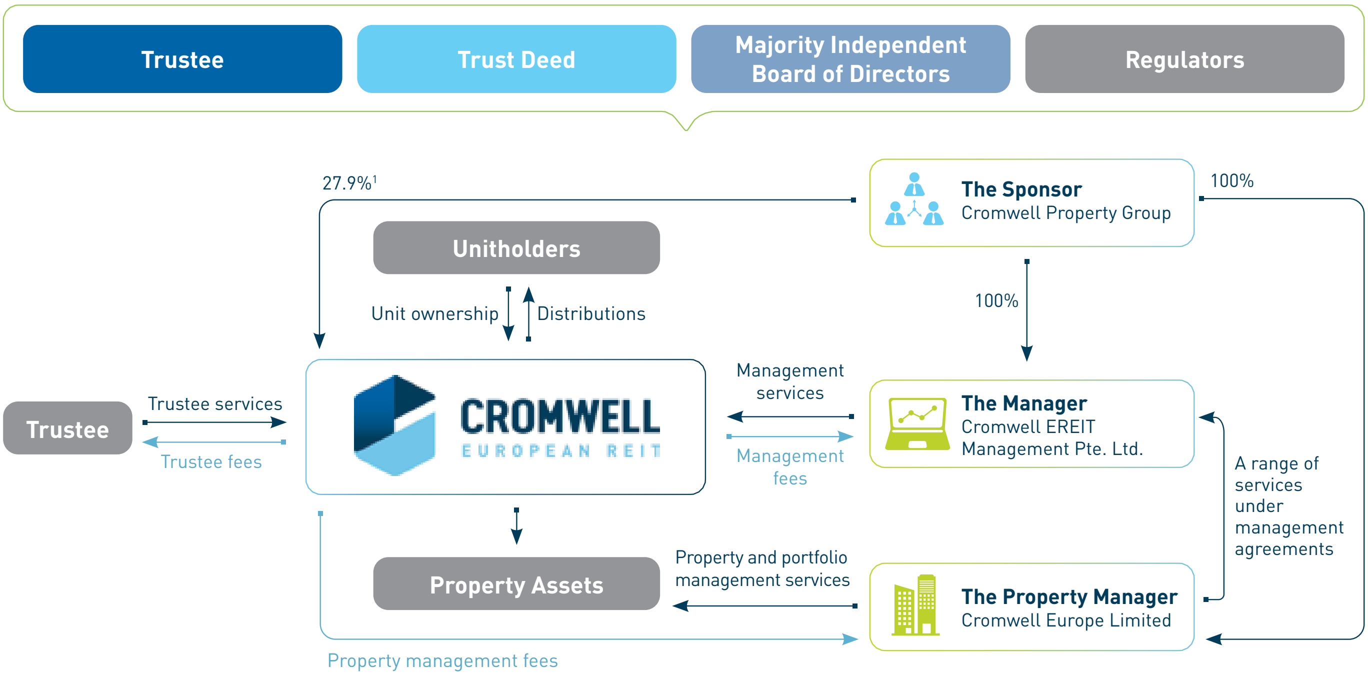
- Nil

PAST LISTED COMPANY DIRECTORSHIPS OR CHAIRPERSONSHIPS HELD OVER PRECEDING 3 YEARS (FROM 1 JANUARY 2019 TO 31 DECEMBER 2021)

- Nil

Haagse Poort, The Netherlands

THE SPONSOR, THE MANAGER AND THE PROPERTY MANAGER



THE MANAGER

Cromwell EREIT Management Pte. Ltd. is the Manager of CEREIT. The Manager has general powers of management over the assets of CEREIT and manages its assets and liabilities for the benefit of the Unitholders. The Manager sets the strategic direction of CEREIT and provides recommendations to the CEREIT Trustee on the acquisition, divestment, development and / or enhancement of CEREIT's assets in accordance with its investment strategy. The Manager provides a holistic range of services and these services are performed by its Singapore-based team and the Europe-based teams of the subsidiaries of the Manager. The services provided by the Manager and its subsidiaries include, but are not limited to the following:

- **Investment management:** formulating CEREIT's investment strategy, including determining the location, sub-sector type and other characteristics of CEREIT's property portfolio, overseeing the negotiations and providing supervision in relation to investments of CEREIT, and making final recommendations to the Trustee;
- **Asset management:** formulating CEREIT's asset management strategy, including determining the tenant-customer mix, asset enhancement plans and rationalising operational costs, providing supervision in relation to asset management of CEREIT and making final recommendations to the CEREIT Trustee on material matters;
- **Capital management:** formulating the plans for equity and debt financing for CEREIT's property acquisitions, distribution payments, expense payments and property maintenance payments, executing CEREIT's capital management plans, negotiating with financiers and underwriters; and making final recommendations to the CEREIT Trustee;
- **Finance and accounting:** preparing accounts, financial reports and annual reports for CEREIT on a consolidated basis;
- **Compliance:** making all regulatory filings on behalf of CEREIT and using commercially-reasonable best efforts to assist CEREIT in complying with the applicable provisions of the relevant legislations pertaining to the location and operations of CEREIT, the listing manual of the SGX-ST, the Trust Deed, any tax ruling and all relevant contracts;
- **Investor relations:** communicating and liaising with research analysts and the investment community; and
- **ESG:** devising and executing CEREIT's sustainability strategy and plans, including managing stakeholder relations and preparing and submitting annual sustainability reports and other relevant reports such as GRESB

1 As at 31 December 2021

THE SPONSOR

Both the Manager and the Property Manager are wholly-owned subsidiaries of the Sponsor

Cromwell Property Group is the Sponsor of CEREIT and owns approximately 27.9% of CEREIT's Units under issue as at 31 December 2021. Cromwell Property Group is an ASX-listed real estate investor and fund manager with operations on three continents and a global investor base. As at 31 December 2021, the Sponsor has approximately €7.8 billion of real estate assets under management globally with 450+ employees in 28 offices across 14 countries. In Europe, Cromwell has approximately 220 employees in 17 offices across 11 European countries with €3.8 billion of real estate assets under management across 19 mandates.

THE PROPERTY MANAGER

Cromwell Europe Limited is the Property Manager of CEREIT, with its head office in London and an established property management platform with 200+ employees in 17 offices across 11 countries in Europe, generally including countries in which CEREIT assets are located. The primary goal of the Property Manager is to build long-term mutually-beneficial relationships with tenant-customers. This enables it to understand customer needs and meet their requirements.
The Property Manager's services include but are not limited to:

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

CROMWELL PROPERTY GROUP'S EUROPEAN PRESENCE

17 offices providing on-the-ground local market knowledge and expertise

OFFICE LOCATIONS

THE MANAGER
KEY EXECUTIVES

Simon Garing

CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR

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

As CEO, Mr Garing works with the Board to determine the strategy for CEREIT and with the other members of the management team to ensure that CEREIT operates in accordance with the Manager's stated investment strategy. The CEO is also responsible for the overall day-to-day management and operations of CEREIT and works with the Manager's investment, asset management, finance, investor relations, legal, risk and compliance teams to meet the strategic, investment, regulatory, sustainability and operational objectives of CEREIT.

Mr Garing has over 25 years of investment management, financial markets and accounting experience in the global real estate industry. Prior to his appointment to the CEREIT Manager, he was most recently the Chief Capital Officer of Cromwell Property Group, where he was a member of the global leadership team and was responsible for capital management and fund raising for capital markets.

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

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

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

Shane Hagan

CHIEF FINANCIAL OFFICER

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

As CFO, Mr Hagan works with the CEO and other members of the management team to formulate strategic plans in accordance with CEREIT's stated investment objectives, as well as for applying the appropriate capital management strategy for finance, tax, treasury and accounting matters to support the Manager's plans and maintain CEREIT's financial health. Mr Hagan has over 25 years of experience in the real estate industry across Singapore, Australia and New Zealand. Prior to joining the Manager, Mr Hagan held executive positions in several Singapore-listed real estate investment trusts, including ESR-REIT, Mapletree Commercial Trust and Ascendas Real Estate Investment Trust.

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

Andreas Hoffmann

HEAD OF PROPERTY

Mr Hoffmann joined Cromwell in Europe as Head of Property (CEREIT) in January 2019.

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

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

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

Elena Arabadjieva

CHIEF OPERATING OFFICER AND
HEAD OF INVESTOR RELATIONS

Ms Arabadjieva joined the Manager in September 2017 and as Head of Investor Relations and was promoted to COO and Head of Investor Relations in September 2018.

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

Ms Arabadjieva more than 24 years of experience in Asia and has held a number of senior marketing, sales and communications positions in Singapore. Prior to joining the Manager, Ms Arabadjieva was the Head of Investor Relations and Corporate Communications of Cambridge Industrial Trust (now known as ESR REIT). Prior to ESR REIT, Ms Arabadjieva was the Director of Investor Relations of Genting Singapore PLC (a constituent of STI Straits Times index).

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

THE PROPERTY MANAGER
KEY EXECUTIVES

Pertti Vanhanen
MANAGING DIRECTOR, EUROPE

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

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

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

Mr Vanhanen holds an Executive MBA from Helsinki School of Economics. In the past years he has completed senior leadership programs at London Business School, INSEAD and Harvard.

Wouter Zwetsloot
HEAD OF REAL ESTATE,
EUROPE & HEAD OF BENELUX

Mr Zwetsloot originally joined Cromwell Property Group, Europe's Benelux team as an Asset Manager in 2008 and was appointed Head of Investment Management in 2016, before taking on the role of Head of Benelux in January 2017. In March 2019, Wouter was promoted to Head of Real Estate in Europe. In this role he has the additional responsibility for the overall property and asset management of Cromwell's AUM in Europe, as well as continuing to head up the Benelux region.

In his role as Head of Real Estate Europe, Mr Zwetsloot is responsible for the overall property, asset, and tenant-customer relationship management of Cromwell's business in Europe. He also leads Cromwell's business in the Benelux region, which comprises of Belgium, the Netherlands and Luxembourg.

Mr Zwetsloot has a degree in real estate from Greenwich University in London and a Master's degree in Real Estate from the Amsterdam School of Real Estate.

Patrick Lowe

HEAD OF TRANSACTIONS, EUROPE

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

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

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

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

Sandrine Fauconnet

ESG MANAGER, EUROPE

Ms Fauconnet was appointed ESG Manager, Europe for Cromwell Property Group, Europe in September 2021.

Ms Fauconnet's responsibilites include delivering the sustainability framework across the European operations and ensuring compliance with relevant legislation, best practices, and the group's pathway to Net Zero carbon emissions. She has been working with Cromwell for the last three years, starting in the Asset Management team. Earlier in her career, Sandrine has spent 17 years working internationally on investment and asset management roles with investment companies, including Unibail Rodamco in France and Stockland in Australia. She also worked as project manager for an office refurbishment for Rawson Homes in Australia and a portfolio manager with retail development projects across Central and Eastern Europe.

Ms Fauconnet studied business management at ISG Business School in France.

CEREIT'S MILESTONES

2021

96 PROPERTIES

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

27 January:
Raised €200 million debt as tap of existing senior unsecured notes due 2025

23 February:
Announced 2H 2020 DPU of 1.744[1] Euro cents

Establishment and activation of DRP

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

Announced advanced distribution of 0.580[2] Euro cents for the period from 1 January to 4 March 2021

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

107 PROPERTIES

€2,291 million portfolio value

3 September:
CEREIT included in the FTSE EPRA Nareit Global Index

9 September:
Completed divestment of a non-core asset in France

108 PROPERTIES

€2,343 million portfolio value

15 September:
Mr Ooi Eng Peng appointed as non-independent non-executive Director, replacing Mr Michael Wilde

12 October:
CEREIT reported GRESB score increase by 4% from previous year (73 to 76)

109 PROPERTIES

€2,362 million portfolio value

29 October:
Completed CEREIT's third logistics asset in Italy

5 November:
Establishment of S$750 million multicurrency perpetual securities programme

17 November:
Announced S$100 million fixed-rate subordinated perpetual securities at an effective 3.55% fixed rate in € for five years with S$50 million in Singapore's first sustainability-linked cross-currency swap

112 PROPERTIES

17 – 30 December:
Completed one logistics acquisition in the UK and two logistics acquisitions in the Netherlands

1 8.720 Euro cents DPU after adjustment for 5:1 Unit consolidation
2 2.900 Euro cents DPU after adjustment for 5:1 Unit consolidation

5 April:
Published FY 2020 Annual Report

27 April:
Held 3rd AGM and 2nd EGM

7 May:
Completed 5:1 Unit consolidation

11 May:
Commencement of trading of CEREIT's consolidated Units under the new codes: € (CWBU:SI) and S$ (CWCU.SI)

31 May:
Published FY 2020 Sustainability Report

4 June:
Completed the acquisition of a freehold logistics asset in the Czech Republic

108 PROPERTIES
€2,301 million portfolio value

12 July:
Published inaugural EPRA Sustainability Report (sBPR) Submission

108 PROPERTIES
€2,337 million portfolio value as at 30 June 2021

3 August:
Completed inaugural acquisition of a freehold logistics asset in the UK

109 PROPERTIES
€2,349 million portfolio value

13 August:
Announced DPU of 5.602 Euro cents for the period from 5 March 2021 to 30 June 2021

2022

112 PROPERTIES
€2,443 million portfolio value as at 31 December 2021

15 February:
Completed acquisition of CEREIT's fourth Italian logistics asset

113 PROPERTIES
€2,467 million portfolio value

23 February:
Announced 2H 2021 DPU of 8.459 Euro cents

2022

MANAGER'S REPORT

EXECUTIVE SUMMARY

The Manager is pleased to report on CEREIT's operational resilience and credible performance in FY 2021, despite macro uncertainty and ongoing effects of the COVID-19 pandemic. The Board maintained a 100% distribution payout ratio and declared FY 2021 DPU of 16.961 Euro cents, which on a headline basis was 2.6% lower y-o-y, but 0.5% higher on a like-for-like basis[1].

Operating cashflow was again strong at €96.9 million, representing more than 100% of the distributable income and a 9.4% increase y-o-y. Notably, like-for-like portfolio NPI growth was 2.3% y-o-y, with light industrial / logistics sector improving by 3.0%, office segment up by 2.1% and CEREIT's 'other' segment also up by 0.9%.

CEREIT's property valuations increased for the fourth consecutive year and are now, on average, 10.2% above their respective purchase prices, an additional testament to the portfolio's resilience.

CEREIT's capital structure continued to be optimised further in FY 2021. Over the last 15 months, the Manager further diversified CEREIT's sources of funding, raising close to €700 million through bonds, equity and perpetual securities. The issue of S$100 million of five-year perpetual securities in November 2021 was a particular highlight, achieving an effective fixed rate in Euro of 3.55% for five years with S$50 million in Singapore's first sustainability-linked cross-currency swap arranged through OCBC bank.

Cromwell's asset management team continued to lease up vacant space with 223 new and renewed leases signed, covering 217,529 sqm of space or 12.2% of the portfolio by NLA, at a positive rent reversion of 5.0% on average. As a result, CEREIT finished the year with occupancy at 95.0% and WALE at 4.6 years as at 31 December 2021, mainly due to strong light industrial / logistics leasing activity in Denmark, Germany and France.

In FY 2021, the Manager completed €212.6 million in light industrial / logistics acquisitions at a blended NOI yield of 6.3%, further rebalancing the portfolio to this sector. The acquisitions were partially funded through the €100 million equity private placement in February 2021 and the S$100 million of five-year perpetual securities in November 2021. The Manager is committed to continuing to increase CEREIT's portfolio exposure towards majority light industrial / logistics through accretive acquisitions and selective divestments of non-core assets.

COVID-19 impact on CEREIT's portfolio is negligible; some mid-term downside risks remain in the office sector and from SME tenant-customers

- No material tenant-customers re-profiling requests during FY 2021
- No material doubtful debt provisions taken in FY 2021
- FY 2021 operating cashflow is higher than 100% of Distributable income of €93.6 million
- Planned CAPEX for 2022 is not impacted by COVID-19 restrictions
- CEREIT has very little car park income exposure other than at Central Plaza (The Netherlands), a positive during the lockdowns
- Fourth-wave lockdowns have applied pressure on certain tenant-customers' profitability
- Retail and hospitality tenant-customers, in particular gym and restaurant operators continue to be impacted by recent lockdowns
- Shorter duration office leases continue to reflect lingering COVID-19 impact
- Continued weakness in Poland and Finland office sector, with tenant-customers in Poland office receiving higher incentives (30-35%)
- A tenant-customer wind up in France caused the office portfolio's occupancy to drop further
- CEREIT's office portfolio occupancy dropped at year-end (94.3% as at June vs 93.2% as at September vs 91.9% as at December)

Overall, CEREIT's portfolio remained resilient to COVID-19 effects

- **~42% exposure to the resilient light industrial / logistics sector**
- DHL and UPS are amongst large tenant-customers benefitting from ecommerce pick-up
- **~21% of CEREIT's rent** comes from **government** and **related entity leases**
- **~71% of CEREIT's rent** comes from **MNCs** and **large domestic corporations**
- **~8% of CEREIT's rent comes from SMEs**

1 If the €2.8 million capital gains (equivalent to 0.55 Euro cents) paid out in FY 2020 are excluded to provide like-for-like comparison

FINANCIAL PERFORMANCE

In FY 2021, CEREIT's portfolio demonstrated its resilience, delivering gross revenue of €200.1 million, a 7.0% gain y-o-y. NPI was €130.1 million, 10.9% higher y-o-y. The increase in gross revenue and NPI was largely due to full-year contributions from the light industrial / logistics acquisitions completed in FY 2020 - four assets in Germany and one in Italy – and from 17 acquisitions completed in FY 2021, including 12 properties in Czech Republic and Slovakia, two in the UK, two in the Netherlands, and one in Italy. This increase was partly offset by the divestment of one light industrial / logistics property in France that was completed in FY 2021.

Property operating expenses of €70.0 million were largely in-line y-o-y, not-withstanding additional expenses from the new acquisitions completed which were offset by the absence of doubtful debt provisions in FY 2021 as compared to FY 2020. FY 2021 NPI rose 10.9% y-o-y to €130.1 million, mainly due to higher revenue from the new acquisitions in the Czech Republic, Slovakia, the UK, Italy and the Netherlands, and in addition to the absence of doubtful debt provisions mentioned above. More details are shown in the gross revenue and NPI Analysis section on page 36.

Net finance costs increased by 21.5% or €3.8 million y-o-y. This was was mainly attributable to higher interest cost due to EMTN issued at a higher rate but with longer tenure than the bank-syndicated debt, higher borrowings drawn down to fund acquisitions and higher commitment fee incurred on the undrawn RCF as at 31 December 2021. This increase was partially offset by lower amortisation of debt costs compared to the year before, as FY 2020 net finance costs included one-off debt issuance costs written off and a facility break fee from the debt refinancing executed during the period.

FY 2021 Manager's fees of €5.6 million were 7.1% higher than FY 2020 due to higher deposited property value mostly from the new acquisitions completed in FY 2021.

Trust expenses increased by €0.4 million or 8.5%, mainly due to higher professional and property valuation fees.

FY 2021 income tax expense of €28.3 million comprised current income tax expense of €6.5 million, deferred tax expense of €22.0 million and capital gains tax credit of €0.2 million. FY 2020 income tax expense of €17.2 million comprised current tax expense of €5.3 million, deferred tax expense of €10.1 million, and capital gains tax of €1.8 million for the divestment of 12 non-core properties in March 2020.

Total return for the year attributable to Unitholders was 21.4% higher y-o-y, due to higher NPI and higher fair value gain on property, partially offset by higher finance costs.

FY 2021 income available for distribution to Unitholders grew 5.0% y-o-y to €93.6 million and 6.5% y-o-y to €47.5 million in 2H 2021.

	FY 2021	FY 2020	Variance %
Gross revenue (€'000)	**200,122**	186,972	7.0%
NPI (€'000)	**130,092**	117,329	10.9%
Total return attributable to Unitholders (€'000)	**96,359**	79,363	21.4%
Total return attributable to Unitholders and perpetual securities holders (€'000)	**96,603**	79,363	21.7%
Income available for distribution to Unitholders (€'000)	**93,618**	89,143	5.0%
Applicable number of Units ('000)	**551,960**	511,728	7.9%
DPU Euro cents per Unit ("cpu")[1,2]	**16.961**	17.420	(2.6%)
DPU Euro cents per Unit ("cpu") on a like-for-like basis[3]	**16.961**	16.870	0.5%

1 Comparative numbers have been adjusted for5:1 Unit consolidation to provide a like-for-like comparison
2 DPU is calculated based on the total number of Units in issue entitled to distributions as at the record date of each distribution
3 On a like-for-like basis, excluding the €2.8 million of realised capital gains that were included in distributable income in 1H 2020 (equivalent to 0.55 Euro cents per Unit)

MANAGER'S
REPORT

GROSS REVENUE AND NPI ANALYSIS

CEREIT's gross revenue in FY 2021 increased by 7.0% to €200.1 million. NPI increased by 10.9% or €12.8 million to €130.1 million. On a like-for-like basis, excluding new acquisitions and divestments completed in FY 2020 and FY 2021, NPI was €2.6 million or 2.3% higher y-o-y.

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

	FY 2021 €'000	FY 2020 €'000	Variance %
GROSS REVENUE			
Light industrial / Logistics			
The Netherlands	**5,307**	5,929	(10.5%)
Italy	**6,332**	1,245	>100.0%
France	**30,047**	32,551	(7.7%)
Germany	**16,140**	13,526	19.3%
Denmark	**8,999**	9,465	(4.9%)
Slovakia	**4,575**	–	n/a
The Czech Republic	**3,425**	–	n/a
UK	**384**	–	n/a
Total - Light industrial / Logistics	**75,209**	62,716	19.9%
Office			
The Netherlands	**41,053**	41,030	0.1%
Italy	**23,878**	24,313	(1.8%)
France	**8,673**	8,191	5.9%
Poland	**25,781**	25,096	2.7%
Finland	**11,301**	11,434	(1.2%)
Total - Office	**110,686**	110,064	0.6%
Other			
Italy	**14,227**	14,192	0.2%
Total - Other	**14,227**	14,192	0.2%
Total	**200,122**	186,972	7.0%
NET PROPERTY INCOME			
Light industrial / Logistics			
The Netherlands	**3,387**	3,942	(14.1%)
Italy	**4,560**	894	>100.0%
France	**20,072**	19,429	3.3%
Germany	**10,705**	9,384	14.1%
Denmark	**5,063**	5,220	(3.0%)
Slovakia	**3,363**	–	n/a
The Czech Republic	**2,588**	–	n/a
UK	**342**	–	n/a
Total - Light industrial / Logistics	**50,080**	38,869	28.8%
Office			
The Netherlands	**25,707**	24,456	5.1%
Italy	**17,136**	17,553	(2.4%)
France	**5,308**	4,558	16.5%
Poland	**15,655**	15,318	2.2%
Finland	**6,052**	6,514	(7.1%)
Total - Office	**69,858**	68,399	2.1%
Other			
Italy	**10,154**	10,061	0.9%
Total - Other	**10,154**	10,061	0.9%
Total - Segments	**130,092**	117,329	10.9%

Light industrial / logistics

During FY 2021, 17 new assets were acquired in the Czech Republic and Slovakia (Arete portfolio and One-Hradec Králové), the UK (Thorn Lighting and Kingsland 21), Italy (Via Fornace) and the Netherlands (Rosa Castellanosstraat 4 and De Immenhorst 7), while one asset was sold in France (Parc de Popey). As a result as at 31 December 2021, CEREIT's light industrial / logistics portfolio comprised 68 properties: 18 properties in France, 15 properties in Germany, 11 properties in Denmark, seven properties in the Netherlands, seven properties in the Czech Republic, five properties in Slovakia, three properties in Italy and two properties in the UK.

CEREIT portfolio's light industrial / logistics sector gross revenue of €75.2 million was 19.9% higher y-o-y, while NPI was €50.1 million, 28.8% higher y-o-y. This included income from the 17 assets acquired during FY 2021 that jointly contributed €6.5 million to the FY 2021 NPI, noting the portfolio acquired in the Czech Republic and Slovakia in 1H 2021 contributed €5.9 million to FY 2021 NPI alone. Furthermore, FY 2021 included income from one asset in Italy acquired in 4Q 2020; from four assets in Germany acquired in 1Q and 3Q 2020 and from Parc de Popey in France, which was divested at the beginning of September 2021.

On a like-for-like basis, CEREIT portfolio's light industrial / logistics sector FY 2021 NPI was €36.6 million, representing an uplift of 3.0% y-o-y. The most notable positive variance was in France, driven by reduced bad debt provisions across the portfolio, notably in Parc des Docks and Parc Delizy, lower letting fees in Parc des Docks, and in Parc Sully (short-term lease renewal at higher rent and a recovery of arrears), which contributed to a positive NPI variance of over €0.6 million y-o-y. This was partially offset by the large lease expiry in Denmark (Priorparken 700 and Priorparken 800) and lower NPI received from two assets in the Netherlands (Folkstoneweg 5 – 15 and Kapoeasweg 4 -16).

Office

CEREIT's office portfolio comprised 39 properties as at 31 December 2021, unchanged y-o-y. The Netherlands office portfolio (seven properties) contributed 37% of the office sector FY 2021 NPI, with the Italian office portfolio contributing 25%, the Polish office portfolio contributing 22% and the remaining 16% contributed by Finland and France.

FY 2021 gross revenue for the office sector was €110.7 million, 0.6% higher y-o-y, while NPI was €69.9 million, 2.1% higher y-o-y.

Notable positive contributions to the office sector FY 2021 gross revenue came from the Netherlands (Haagse Poort) and France (Paryseine); the former a result of a one-off leasing contribution paid by a tenant-customer in the prior year; the latter due to the surrender premium received from a tenant-customer at Paryseine, which contributed to a significant y-o-y uplift. These were partly offset by the 15% rent reduction in three Italian office assets (Via della Fortezza 8, Via Camillo Finocchiaro Aprile 1, Via Rampa Cavalcavia 16 – 18), and one office asset in Finland (Plaza Vivace), where three tenant-customers vacated a total of 2,500 sqm throughout the year.

Other

CEREIT porfolio's 'other' sector consists of three government-let campuses, one retail property and one hotel, all located in Italy, unchanged y-o-y.

FY 2021 'other' revenue of €14.2 million was 0.2% higher y-o-y and NPI of €10.2 million was 0.9% higher y-o-y. The FY 2021 outperformance was mainly due to the reversal of the bad debt provision in Via Madre Teresa 4 and reduced letting fees mainly in Via Madre Teresa 4 and Starhotels Grand Milan. This was offset by the negative variance in gross income from the 15% rent reduction in Via Brigata Padova 19 and Via Salara Vecchia 13 and the lower turnover rent received from Via Madre Teresa 4.

MANAGER'S
REPORT

VALUATION OF CEREIT'S PORTFOLIO

At 31 December 2021, independent valuations were undertaken by CBRE and Savills on 108 properties of CEREIT's portfolio of 112 properties. CBRE valued the properties in Italy, Finland, Germany and the Netherlands. Savills valued the properties in Denmark, France, Poland, Slovakia and the Czech Republic, plus one additional property in the Netherlands. The 108 properties were valued at an aggregate of €2,373 million as at 31 December 2021, which represented an overall like-for-like fair value increment of €52.0 million or an increase of 2.4% over the book value as at 31 December 2020.

The revaluation gain was once again driven by the light industrial / logistics sector, which achieved a fair value gain of €56.2 million. Notable fair value gains were recorded in France (€23.2 million), Germany (€15.4 million), Denmark (€7.9 million) and in the Netherlands (€6.8 million) on a mix of location, occupancy increases, asset enhancement initiatives and cap rate compression. CEREIT's prime and core office assets such as De Ruijterkade 5 in Amsterdam and Piazza Affari 2 in Milan were bright spots, with fair value gains, even as the office and 'other' sectors slightly underperformed, recording fair value losses of €2.4 million and €1.8 million respectively.

Country	Purchase Price €000	Number of Properties	Valuation as at 31 Dec 2021 €000	Variance between Valuation and Purchase Price %
The Netherlands	586,398	14	663,080	13.1%
Italy	547,670	20	537,595	(1.8%)
France	341,575	21	425,240	24.5%
Finland	113,120	11	106,620	(5.7%)
Denmark	68,740	11	88,929	29.4%
Germany	145,645	15	212,775	46.1%
Poland	240,650	6	231,500	(3.8%)
Czech Republic	60,891	7	62,080	2.0%
Slovakia	62,389	5	64,435	3.3%
UK	50,120	2	50,371	0.5%
Total	**2,217,198**	**112**	**2,442,625**	**10.2%**


De Ruyterkade 5, The Netherlands

FINANCIAL POSITION

	As at 31 Dec 2021	As at 31 Dec 2020	Change %
Gross asset value ("GAV") (€'000)	**2,534,530**	2,250,452	12.6%
Net tangible assets ("NTA") attributable to Unitholders (€'000)	**1,413,130**	1,302,152	8.5%
Gross borrowings before unamortised debt issue costs (€'000)	**927,375**	857,375	8.2%
Aggregate leverage (%)	**36.6%**	38.1%	(1.5) p.p.
Aggregate leverage excluding distribution (%)[1]	**37.3%**	38.9%	(1.6) p.p.
Net Gearing (%)[2]	**35.1%**	36.9%	(1.8) p.p.
Units issued ('000)[3]	**561,045**	511,216	9.7%
Net Asset Value ("NAV") attributable to Unitholders € per Unit[3]	**2.52**	2.55	(1.2%)
Adjusted NAV attributable to Unitholders € per Unit (excluding distributable income)[3]	**2.43**	2.46	(1.2%)

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 have been adjusted for5:1 Unit consolidation to provide a like-for-like comparison

GAV at 31 December 2021 increased by 12.6% as compared to 31 December 2020 mainly due to the completion of acquisitions of 17 light industrial / logistics properties in Slovakia, the Czech Republic, Italy, the Netherlands and the UK, partially offset by the divestment of a non-core asset in France. The acquisitions of 11 properties completed in February 2021 were funded by a mix of cash and the proceeds of equity private placement that raised gross proceeds of €100 million. The acquisition of a property in the Czech Republic in June 2021 was funded by available cash. The acquisitions of the five properties that were completed in 2H 2021 were funded via cash raised from the issuance of S$100 million perpetual securities in November 2021 and available cash reserves.

Aggregate leverage as at 31 December 2021 decreased to 36.6%, from 38.1% at 31 December 2020. Net gearing decreased to 35.1%, mainly attributable to higher cash balance.

As at 31 December 2021, NAV attributable to Unitholders per Unit and adjusted NAV attributable to Unitholders per Unit decreased by 1.2% to €2.52 and €2.43 respectively, mainly due to the fair value gain being offset by a higher deferred tax provision and new Units issued pursuant to the private placement of equity in March 2021.

Other capital management statistics

	As at 31 Dec 2021	As at 31 Dec 2020	EMTN covenant
Interest Coverage Ratio[1]	**5.8x**	6.4x	≥ 2x
Priority debt[2]	**3.3%**	3.6%	< 35%
Unencumbrance ratio[2]	**260.7%**	251.0%	> 170%
Weighted Average Debt Maturity	**3.4 years**	3.8 years	n.a.

1 Calculated as per Property Funds Appendix
2 As defined in the EMTN prospectus

MANAGER'S REPORT

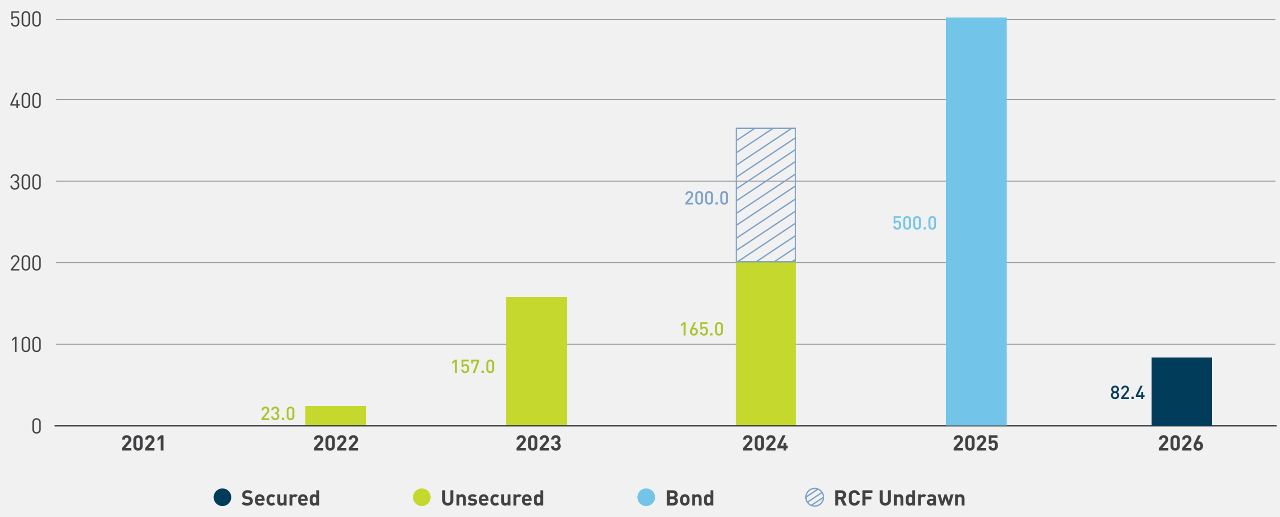
Most of the key capital management metrics covered by covenants in CEREIT's EMTN programme have improved y-o-y due to the additional equity and perpetual securities issued. Interest coverage ratio of 5.8x, calculated in accordance with the Property Funds Appendix, whereby amortised debt establishment costs are included in the numerator, was lower than last year mainly due to the additional debt establishment costs incurred during the new bond issuances. Excluding amortised debt establishment costs, interest coverage ratio would have been an even more comfortable 6.7x at 31 December 2021.

CAPITAL MANAGEMENT

All in all, FY 2021 was the culmination of the Manager's remarkable transformation of CEREIT's capital management position over the past few years since IPO. The conversion of the original predominantly secured or mortgaged debt structure to one with mostly unsecured debt has now largely been executed. Following the establishment of the €1.5 billion EMTN Programme in October 2020 and the issuance of the inaugural €300 million five-year Series 001 Notes in November 2020, the Manager issued a further €200 million in February 2021, which brought the Series 001 Note to a benchmark size of €500 million. As a result of this, the amount of CEREIT's unsecured debt increased substantially to over 90% as at the end of FY 2021, up from from 7% at the time of the IPO. The all-in interest rate remained low at ~1.72% per annum and 100% of CEREIT's interest-bearing borrowings remained as fully fixed rate or hedged.

The chart below shows the debt expiry profile as at 31 December 2021, incorporating the €200 million tap which occurred in February 2021 and the 1-year extension of the €157 million debt facility originally maturing in November 2022. CEREIT has no material debt facilities due to be refinanced until November 2023. As at 31 December 2021, CEREIT had total drawn debt amounting to €927.4 million of which €500 million is from the bond issued under the EMTN programme and €427.4 million from bank and other facilities.

DEBT MATURITY PROFILE
As at 31 December 2021



TRANSACTIONS

Acquisitions

The Manager completed approximately €212.6 million of light industrial / logistics asset acquisitions at a blended NOI yield of 6.3% in FY 2021. The transactions expanded CEREIT's footprint in the Netherlands and Italy and gained access to three attractive new markets – the UK, the Czech Republic and Slovakia. CEREIT continues to rebalance its portfolio towards light industrial / logistics properties with a medium-term objective of majority light industrial / logistics exposure.

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

In March 2021, the Manager completed the acquisition of a portfolio comprising 11 light industrial / logistics properties in the Czech Republic (six properties) and Slovakia (five properties) for an aggregate purchase price of €113.2 million at 6.7% blended NOI yield, 2.1% below the independent valuation. The properties were almost 100% occupied by 18 mostly logistics tenant-customers. The portfolio provided CEREIT with the opportunity to increase its exposure to stable, relatively high-yielding logistics and light industrial assets, sectors that have performed well since the emergence of COVID-19. It also further established CEREIT's presence in Central Europe, specifically in the emerging markets of the Czech Republic and Slovakia, which are benefiting from further integration with the neighbouring Western European economies.

One light industrial / logistics property in the Czech Republic

In June 2021, the Manager completed the acquisition of a freehold modern single-story logistics building in the Czech Republic at an attractive price of €10.1 million and NOI yield of 6.4%. The property was less than three years old and built to premium specifications by Link City, a subsidiary of Bouygues Group SA in a joint venture with Cromwell Property Group. The property was 97.3% leased out to three quality tenant-customers with an average lease length of 6.5 years.

One light industrial / logistics property in the UK

In August 2021, the Manager completed CEREIT's first acquisition in the UK – a freehold logistics property within the excellent logistics location of Kingsland Grange Industrial Estate in Warrington, North West England. The purchase price of £10.0 million (€11.7 million)[1] (5.6% NOI yield) was ~3% below independent valuation and 32% discount to replacement cost. The property is fully-let for a 10-year lease until May 2031 to a national third party logistics (3PL) tenant-customer, Panther Warehousing Ltd, the UK's leading two-man B2C premium home delivery specialist.

One light industrial / logistics property in Italy

In October 2021, CEREIT acquired a fully-leased freehold logistics asset in the strategic Greater Venice market in Northern Italy at €19.6 million. The property was acquired at an attractive 6.5% NOI yield and 6.7% below independent valuation. The attractiveness of the acquisition was further underpinned by a long lease exceeding eight years to Reckitt Benckiser Group, a leading multinational FMCG. This prime property is a significant Italian logistics centre for Reckitt Benckiser Group, adjacent to their manufacturing plant and research and development centre.

Two light industrial / logistics property in the Netherlands and one in the UK

In December 2021, CEREIT completed acquisitions of two light industrial / logistics properties in the Netherlands and one in the UK, separately. The acquisitions were completed for an aggregate purchase price of €58.1 million at 5.6% blended NOI yield and 3.9% below the aggregate independent valuations undertaken.

The three properties span in 65,360 sqm total floor area and are fully let on long-term single leases (with blended WALE of nearly eight years) to high-quality tenant-customers: Thorn Lighting Limited, a leading global supplier of integral lighting solutions, Kleertjes.com B.V, a fast-growing e-retailer and Agile B.V., a well-established fashion conglomerate.

1 Based on the exchange rate as at completion date

MANAGER'S REPORT

The UK acquisition's attractiveness is enhanced by its strategic location in a well-established manufacturing hub in North-East England. The two Dutch acquisitions are CEREIT's first in this market post-IPO, expanding its logistics portfolio in the Netherlands. This is a core market for Western Europe supply chains, given its strategic connectivity between its large ports and distribution network.

Divestment

Consistent with the Manager's proactive asset management strategy to improve the risk-return quality of CEREIT's portfolio, the Manager divested one light industrial / logistics property in France on 9 September 2021. The asset was divested for consideration of €5.8 million, which was €2.0 million or ~53% higher than the IPO purchase price, and €1.0 million or approximately 21% higher than the most recent valuation of the asset.

ONE-Hradec Králové, Hradec Králové

Acquisitions completed in FY 2021

Building	Vendor	Address	City	Purchase Price (€ million)	Valuation[1] (€ million)	Completion Date
Czech Republic						
Moravia Industrial Park	Arete Invest	Jaktáře 1752, 686 01	Uherské Hradiště	16.1	15.3	11 Mar 2021
Lovosice ONE Industrial Park I	Arete Invest	Tovární 1161, Lovosice, 410 02	Lovosice	3.2	4.1	11 Mar 2021
Lovosice ONE Industrial Park II	Arete Invest	Průmyslová 1190, 410 02	Lovosice	14.1	14.5	11 Mar 2021
South Moravia Industrial Park	Arete Invest	Cukrovarská 494/39, Město, 682 01	Vyškov	11.5	11.8	11 Mar 2021
Pisek Industrial Park I	Arete Invest	Stanislava Maliny 464, 397 01	Písek	4.2	4.0	11 Mar 2021
Pisek Industrial Park II	Arete Invest	U Hřebčince 2564/23, 397 01	Písek	1.7	1.7	11 Mar 2021
One-Hradec Králové	Cromwell	Vazni 536, 500 03	Hradec Králové	10.1	10.4	4 Jun 2021
Slovakia						
Nove Mesto ONE Industrial Park I	Arete Invest	Beckov 645, 916 38	Beckov	16.9	17.2	11 Mar 2021
Nove Mesto ONE Industrial Park II	Arete Invest	Kočovce 245, 916 31	Kočovce	9.6	10.2	11 Mar 2021
Nove Mesto ONE Industrial Park III	Arete Invest	Rakoľuby 241, 916 31	Kočovce	16.2	17.9	11 Mar 2021
Zilina Industrial Park	Arete Invest	Priemyselná 1, 013 02	Nededza	5.1	4.6	11 Mar 2021
Kosice Industrial Park	Arete Invest	Veľká Ida 785, 044 55	Veľká Ida	14.6	14.4	11 Mar 2021
UK						
Kingsland 21	M-COH 2	Kingsland Grange, Woolston, Warrington, WA1 4RW	Warrington	11.7[2]	12.0[2]	3 Aug 2021
Thorn Lighting	Shalimar Properties	DurhamGate, Spennymoor, County Durham DL16 6HL	Spennymoor	38.5[2]	40.0[2]	17 Dec 2021
Italy						
Via Fornace	Life s.r.l.	Via Fornace snc	Venice	19.6	21.0	29 Oct 2021
The Netherlands						
De Immenhorst 7	Synvest	De Immenhorst 7	's Heerenberg	8.4	8.8	23 Dec 2021
Rosa Castellanosstraat 4	Agile B.V.	Rosa Castellanosstraat 4	Tilburg	11.3	11.8	30 Dec 2021

Divestment completed in FY 2021

Building	Buyer	Address	City	Disposal Price (€ million)	Valuation[3] (€ million)	Completion Date
France						
Parc de Popey	Tristan (Tristan Capital Partners LLP)	5 chemin de Popey	Bar Le Duc	5.8	4.8	9 Sep 2021

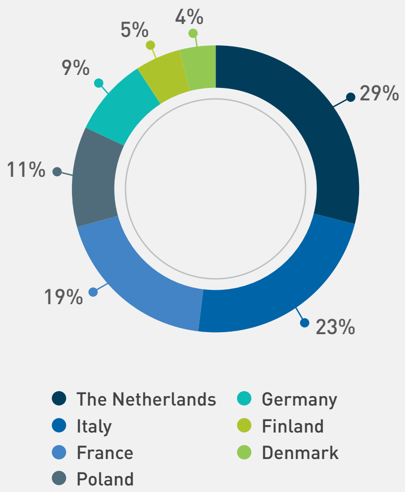
1 Valuations undertaken at the time of the respective acquisitions using the income capitalisation methodology in accordance to the RICS Valuation - Global Standard
2 Based on exchange rate as at completion date
3 Valuation undertaken as at 31 December 2020 using the discounted cashflow methodology in accordance to the RICS Valuation - Global Standard

MANAGER'S REPORT

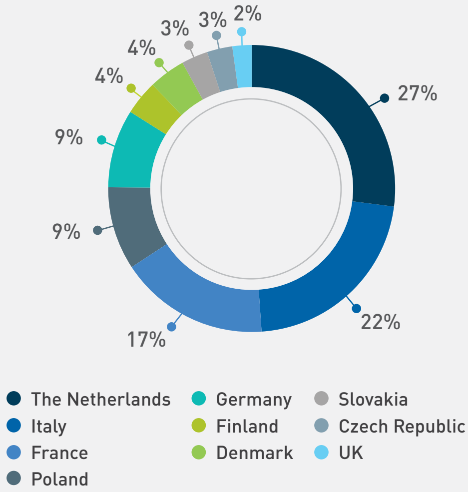
PORTFOLIO MANAGEMENT AND PERFORMANCE

As at 31 December 2021, CEREIT's portfolio comprised 112 predominantly light industrial / logistics and office assets across ten countries in Europe – the Netherlands, Italy, France, Poland, Germany, Finland, Denmark, the Czech Republic, Slovakia, and the UK.

CEREIT PORTFOLIO BY COUNTRY (AS AT 31 DECEMBER 2020)

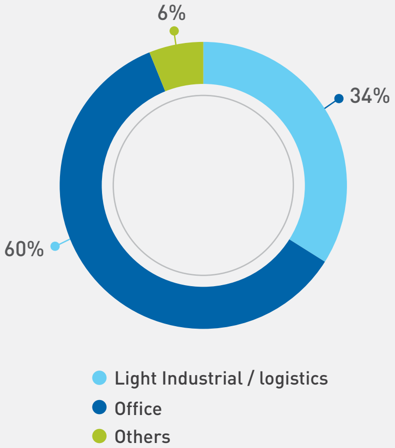


CEREIT PORTFOLIO BY COUNTRY (AS AT 31 DECEMBER 2021)

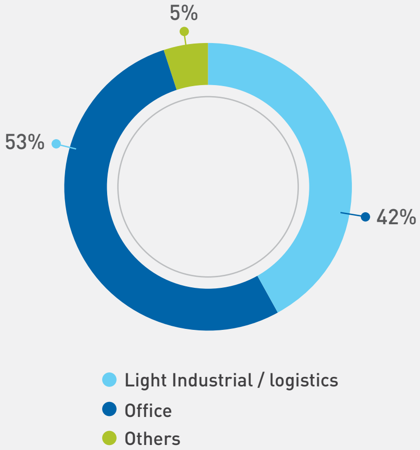


CEREIT's portfolio weighting towards light industrial / logistics increased to 42% as at the end of FY 2021, up from 34% as at the end of FY 2020, in keeping with the Manager's strategy to rebalance the portfolio to majority weighting to this sector.

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



CEREIT PORTFOLIO BY ASSET CLASS (AS AT 31 DECEMBER 2021)

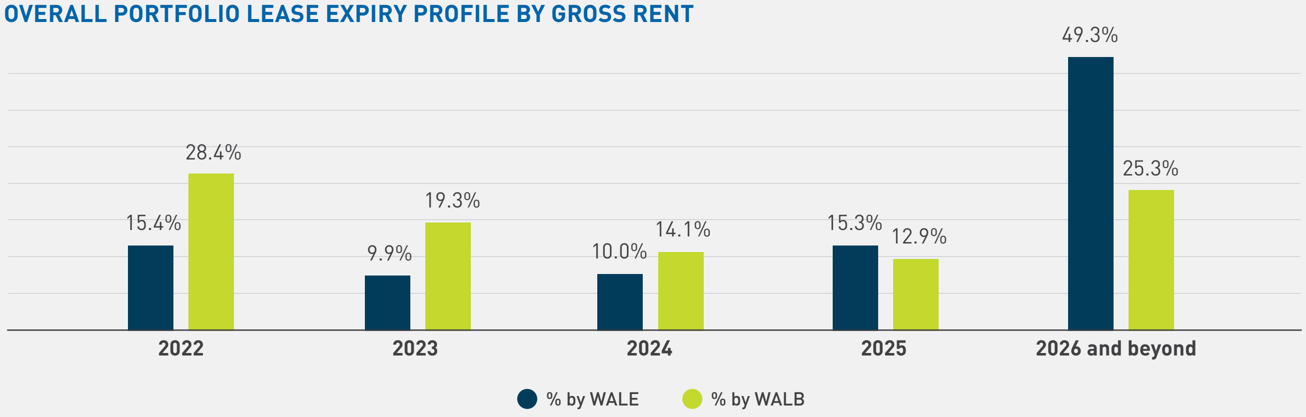


LEASE MANAGEMENT

Overall portfolio

In FY 2021, the Manager further intensified tenant-customer engagement initiatives, achieving a significant number of lease renewals and an improved tenant-customer retention rate of 54%. 223 new and renewed leases were signed with 166 tenant-customers in FY 2021, covering 217,529 sqm of space or 12.2% of the portfolio by NLA, with a positive rent reversion of 5.0% on average. Across CEREIT's portfolio, occupancy by NLA was 95.0% as at the end of December 2021, marginally lower as compared to 95.1% at 31 December 2020. CEREIT finished FY 2021 with overall portfolio occupancy 7.3 p.p. higher than at IPO (87.7%). As at 31 December 2021, CEREIT's portfolio WALE was 4.6 years (largely maintained over the past three years) while the top ten tenant-customers' WALE was 5.9 years. The WALB on a total portfolio basis as at 31 December 2021 stood at 3.2 years. The WALE of new leases signed in FY 2021 was 7.1 years.

OVERALL PORTFOLIO LEASE EXPIRY PROFILE BY GROSS RENT



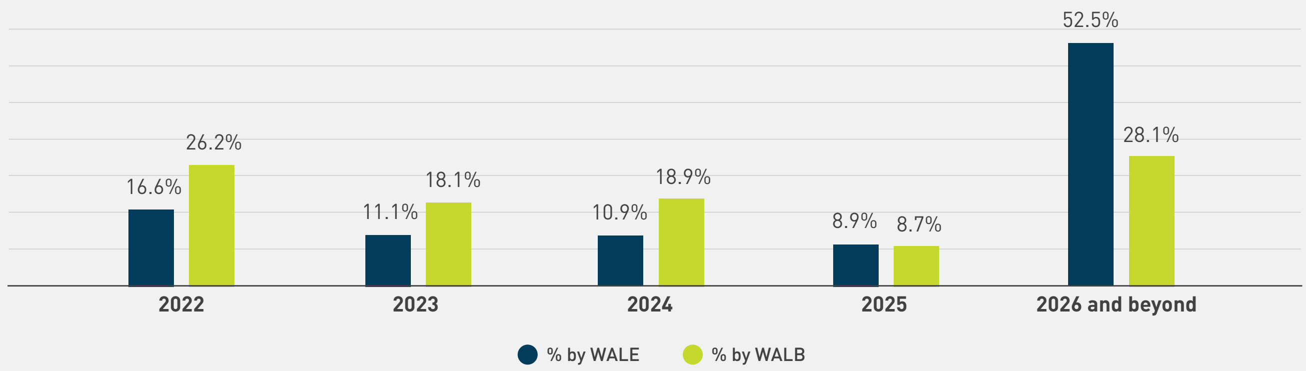
Asset class	31 Dec 2021	31 Dec 2020	IPO
Light industrial / logistics	95.7%	94.1%	82.9%
Office	91.9%	95.1%	94.8%
Other	100.0%	100.0%	100.0%
Total	**95.0%**	**95.1%**	**87.7%**

Total portfolio	1Q 2021	2Q 2021	3Q 2021	4Q 2021	Total
No. of new leases signed	37	38	29	36	140
No. of leases renewed	21	17	18	27	83
Tenant-customer retention rate	29.9%	73.2%	47.1%	60.3%	54.2%
Total no of leases as at the end of respective period	1,011	1,025	1,027	1,030	
Total no of tenant-customers as at the end of respective period	821	832	839	844	

MANAGER'S REPORT

Light industrial / logistics sector

LIGHT INDUSTRIAL / LOGISTICS SECTOR LEASE EXPIRY PROFILE BY GROSS RENT



Light Industrial / logistics	1Q 2021	2Q 2021	3Q 2021	4Q 2021	Total
No. of new leases signed	28	24	14	12	78
No. of leases renewed	13	8	11	20	52
Tenant-customer retention rate	26.2%	71.9%	55.4%	77.4%	59.6%
Total no of leases as at the end of respective period	556	572	576	579	
Total no of tenant-customers as at the end of respective period	507	523	527	531	

In FY 2021 the light industrial / logistics portfolio achieved record occupancy of 95.7% as at 31 December 2021 (up from 94.1% in FY 2020), with positive rent reversion of 3.6%. WALE slightly increased to 5.0 years (up from 4.5 years in FY 2020), while WALB increased to 3.6 years (up from 2.8 years in FY 2020). The tenant-customer retention rate was 59.6%, up significantly y-o-y (46%). 77% of breaks and expiries until 30 June 2022 have been de-risked as at 31 December 2021.

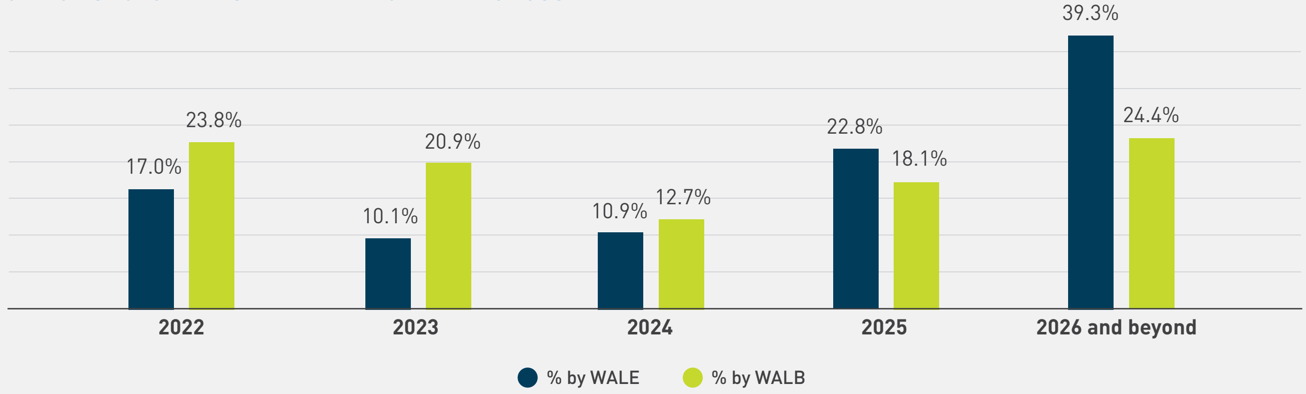
Light industrial / logistics	Occupancy	WALE	WALB
France	92.2%	5.2 years	2.0 years
Germany	96.2%	5.2 years	5.0 years
The Netherlands	100.0%	4.0 years	3.5 years
Italy	99.7%	4.4 years	3.0 years
Denmark	86.6%	3.3 years	3.2 years
Slovakia	100.0%	5.2 years	5.0 years
Czech Republic	99.6%	6.3 years	6.3 years
UK	100.0%	7.8 years	6.8 years
TOTAL	**95.7%**	**5.0 years**	**3.6 years**

Some of the key leasing successes for the light industrial / logistics sector in FY 2021:

- 13,851 sqm long-term lease renewal signed with major postal company tenant-customer at Naverland 7-11, Denmark, until 2029
- 6,698 sqm new lease signed with an automobile manufacturer company at An der Kreuzlache 8-12, Bischofsheim, Germany, with a 3.7 years WALB
- 2,555 sqm four-year new lease signed with tenant-customer at Parc Bois du Tambour France, increasing the occupancy rate of the asset from 75% to over 90%. The lease has the option to be renewed for 2 years, plus 3 years, plus 1 year
- 2,468 sqm lease renewal signed with tenant-customer at Priorparken 800, Denmark

Office sector

OFFICE SECTOR LEASE EXPIRY PROFILE BY GROSS RENT



Office	1Q 2021	2Q 2021	3Q 2021	4Q 2021	Total
No. of new leases signed	9	14	15	24	62
No. of leases renewed	7	8	7	7	29
Tenant-customer retention rate	34.3%	73.7%	42.7%	36.2%	47.2%
Total no. of leases as at the end of respective period	446	444	442	442	
Total no. of tenant-customers as at the end of respective period	309	304	306	307	

In FY 2021, the office sector occupancy decreased by 3.2 p.p. to 91.9% by year end 2021. WALE and WALB reduced to 3.9 years (FY 2020: 4.6 years) and 3.0 years (FY 2020: 3.5 years) respectively. Tenant-customer retention rate was 47% compared to 55% in FY 2020. 17.2% of breaks and expiries until 30 June 2022 have been de-risked as of 31 December 2021. The office portfolio registered positive rent reversion of 9.4% for FY 2021 (+14.3% in 4Q 2021), mainly due to lease extensions and renewals in the Netherlands. This result is expected to be an outlier as the pandemic-induced office market trends in Europe towards shortening lease durations and continued tenant-customer expectations of flexible leases contributed to a decrease in occupancy to 91.9% as at 31 December 2021, compared to 95.1% as at end of FY 2020.

Offices	Occupancy	WALE	WALB
The Netherlands	97.5%	4.3 years	3.9 years
Italy	98.5%	4.9 years	2.1 years
Poland	88,7%	2.6 years	2.4 years
Finland	77.3%	3.2 years	3.0 years
France	71.6%	3.7 years	2.5 years
TOTAL	**91.9%**	**3.9 years**	**3.0 years**

Some of the key leasing successes in the office sector in FY 2021 include:

- 20,109 sqm lease extensions signed of which 17,439 sqm with the main tenant-customer at Business Garden, Poland (a bank)
- 1,618 sqm six-year lease renewal signed with a rapidly growing, publicly listed pet equipment and food business at Mäkitorpantie 3, Finland
- 1,420 sqm new lease signed with tenant-customer for 7 years at Plaza Vivace, Finland
- 4,059 sqm lease renewal signed with tenant-customer for six years with a break-option after three years at Haagse Poort, the Netherlands

MANAGER'S REPORT

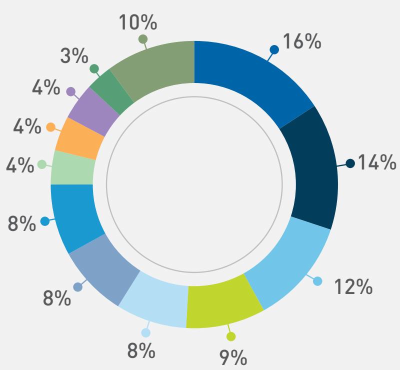
Others sector

Occupancy rate remained at 100%. WALE and WALB decreased to 7.1 years (FY 2020: 8.1 years) and 2.4 years (FY 2020: 3.4 years) respectively. The tenant-customer retention rate was 100% with no leases lost. No leases are subject to break or expiry by 30 June 2022. Conversations are ongoing to renew the lease with Agenzia del Demanio at Viale Europa 95, Italy, which is due to expire in December 2022.

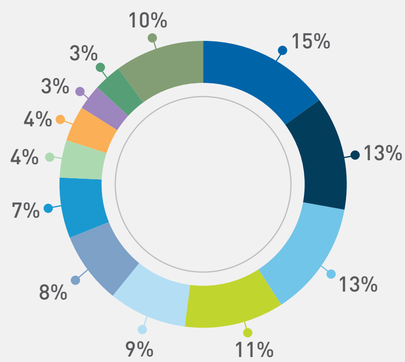
Tenant-Customers

CEREIT's tenant-customer base continues to be well-balanced with 844 tenant-customers, post the acquisitions in the UK, Italy and the Netherlands. To minimise tenant-customer concentration risks, the Manager has been proactively diversifying CEREIT's tenancy mix, with CEREIT's top 10 tenant-customers contributing 30.9% of total headline rent as at 31 December 2021, compared to 33.0% in the preceding year and 41% at IPO. The top tenant-customer of CEREIT, the Italian Agenzia del Demanio, now contributes 11.7% of total headline rent, down from close to 20.0% at IPO. CEREIT's exposure to SME tenant-customer leases reduced by 1% to only 8% of the gross rental income. Government and semi-government leases account for ~21% of total headline rent while a further 71% of the leases are to large multinational and domestic corporations, such as UBS, Motorola, Vodafone, KPMG, UPS, DHL and CBRE. The tenant-customer base is well-spread across various sectors as shown in the graph below.

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



TENANT-CUSTOMER INDUSTRY-TRADE SECTOR BY HEADLINE RENT (AS AT 31 DECEMBER 2021)



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

TOP TEN TENANT-CUSTOMERS

#	Tenant-customer	Country	% of Total Headline Rent[1]
1	Agenzia del Demanio	Italy	11.7%
2	Nationale Nederlanden Nederland B.V.	The Netherlands	5.4%
3	Essent Nederland B.V.	The Netherlands	2.4%
4	Employee Insurance Agency (UWV)	The Netherlands	1.9%
5	Motorola Solutions Systems Polska Sp. z o.o.	Poland	1.8%
6	Kamer van Koophandel	The Netherlands	1.7%
7	Holland Casino	The Netherlands	1.6%
8	Thorn Lighting	UK	1.5%
9	CBI Nederland B.V.	The Netherlands	1.5%
10	Felss Group	Germany	1.4%
			30.9%

1 As at 31 December 2021

ASSET ENHANCEMENT AND SUSTAINABILITY INITIATIVES

As at 23 February 2022

Hochstraße 150-152, Germany

The expansion of an anchor tenant-customer into additional warehouse and office space created an opportunity to undertake necessary mechanical, electric upgrades and some vacant space refurbishment. An existing void space of 3,820 sqm was transformed into flexible office, production and warehouse areas, markedly reducing it to 1,240 sqm. The local asset management team then engaged with the tenant-customer to gradually increase its leased space to 11,130 sqm (up from original 5,360 sqm) and signed a new long-term lease contract until 2032.

As a result of the reduced vacancy and increased WALE, the asset valuation almost doubled.

Stamholmen 111, Denmark

Over the course of 2019 to 2021, the ground floor of the asset was gradually transformed into flexible warehouse space, reducing the original structural void, de-risking and repositioning the asset as a multi-let concept. The local team signed a new anchor tenant-customer for ~5,000 sqm on a 15-year lease. As a result of the reduced vacancy and increased WALE, property valuation increased 81% (€7.8 million as at 31 December 2021, up from €4.3 million purchase price at IPO).

Paryseine, France

Asset enhancement works completed at the property in 2021 included a complete redesign and upgrade of the reception area, integration of a connected canteen area, lifts refurbishment and a new waste-management service contract. Works were completed in Q4 2021 with occupier launch in January 2022 and the significant improvements were well received by tenant-customers.

Blaak 40, The Netherlands

The asset enhancement initiatives at the property that started in 2020 were largely completed in 2021. The reception area and other common space were upgraded to create a multi-tenant arrival experience. Screen monitors with information on energy usage, public transport options, weather forecast and news flash reports were installed. The third-floor area was fully renovated in preparation for re-leasing, with new LED lighting, floor finish and paint. The building facade's brickwork and natural stone was restored and the window frames repainted in keeping with the landmark character of the building.

Bastion,'s-Hertogenbosch, The Netherlands

During 2021,~600 sqm of vacant office floor space was renovated with a ceiling upgrade, new LED lighting and floor finishing. A current tenant-customer with expansion plans has already leased up the space, starting from January 2022.

Via Nervesa 21, Italy

A complete property upgrade to a LEED Platinum-certified green office building is underway. All required permits have been received and early works for strip-out and demolition have started. Site visits with all the major office agents in Milan completed in February 2022. The appointed marketing agency is finalising all marketing leasing materials (website, brochures, leasing enquiries signage etc.). The scorecard for assessment of design performance and tracking against LEED Platinum performance is underway.

Nove Mesto ONE Industrial Park I, Slovakia

The preparatory works for CEREIT's first green field development on a 39,380 sqm GLA that is part of CEREIT's Nove Mesto ONE Industrial Park I land plot in Slovakia are underway. Construction of ~10,695 sqm warehouse, mezzanine and office space under Phase 1 is expected to commence in mid–2022, while Phase 2 construction is expected to commence in January 2023. Advanced discussions are underway with four tenant-customers for leasing of > 5,000 sqm each. The development is targeting BREEAM "Very Good" certification.

French portfolio

Further progress was made in 2021 on energy consumption data collection across CEREIT's French portfolio, in line with new French regulation to reduce energy consumption by 40% by 2030. Systems are now in place to collect data on energy consumption for all landlord-controlled areas and the Property Manager is also making progress on tenant-customer energy consumption data collection. Following energy audits of the assets, capex investment plans were prepared by a technical consultant and uploaded into Deepki's

MANAGER'S REPORT

software platform. The first regulatory reporting is expected to be submitted to the French government in September 2022. The Manager and the Property Manager are currently in the process of rolling out Deepki energy data collection software to all other CEREIT investment countries.

ASSET MANAGEMENT FOCUS FOR FY 2022

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

- Maintain a high level of occupancy in the portfolio (>93%) and WALE of >4 years through active leasing and tenant-customer engagement initiatives
- Undertake vacant refurbishments to transform structurally vacant office space attached to warehouses into leasable space
- Continue with property-level sustainability initiatives, with a specific focus on (1) consumption data collection, (2) setting specific reduction targets in line with new European regulation and (3) implementing various property related energy reduction measures (e.g. LED lighting, solar panels, smart metres, BMS control, ground source heating pumps, district heating)
- Progress on the redevelopment of Via Nervesa 21, Italy
- Commence the planning and construction stages on ~€250 million of redevelopment projects across different countries, beginning with Nove Mesto ONE Industrial Park I, Slovakia
- Sell, release or prepare soon-to-be vacated assets for redevelopment across the Italian portfolio


After: Via Nervesa 21, Italy artist impression by DEGW Italia

Via Nervesa 21, Italy

Redevelopment into a 10,000 sqm BREEAM Platinum Grade A office

Before

After: Artist impression by DEGW Italia

Paryseine, France

Reception hall redesigned and upgraded

Nove Mesto ONE Industrial Park I, Slovakia

Development of 39,000 sqm new grade A+ logistics space with BREEAM 'Very Good'

INVESTOR RELATIONS

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

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

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

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

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

INVESTOR RELATIONS ACTIVITIES

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

Since April 2020, further to the amendments to Rule 705(2) of the SGX-ST Listing Manual, the Manager has adopted half-yearly financial reporting for CEREIT with effect from FY 2020. Full-and half-year result announcements include financial statements and supplementary materials such as results presentations and media releases. The Manager provides interim business updates for the first and the third quarters which include presentations, key financial metrics, media releases and other supplementary information.

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

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

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

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

With travel and in-person meetings, conferences and site visits remaining restricted for most of FY 2021, the Manager adapted its investor outreach to a combination of online and physical format. Over the last year, the management team conducted and participated in more than 140 virtual and in-person meetings, investor conferences, webinars and public investor forums. The Manager talked to more 540 institutional debt and equity investors, more than 3,300 retail investors and close to 130 analysts, almost 300% increase as compared to FY 2020[1].

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

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

AGM

CEREIT held its third annual AGM on 27 April 2021 in a fully-virtual format, following MAS and Ministry of Health (MOH)'s COVID-19 prevention regulations. The AGM Notice to Unitholders was published on 5 April 2021, 22 days in advance of the AGM, to give Unitholders more time to register and send questions. Registered Unitholders were able to observe the AGM proceedings through a live audio-visual webcast or live audio-only stream. The Manager also provided several options for submission of questions to the Chair in advance of the AGM. The Board received valuable feedback from the Unitholders during the advance submission. All substantial and relevant questions were addressed in writing and published on SGXNet and on CEREIT's website. AGM minutes were also published on CEREIT's website.

The Manager provided advanced voting by proxy for polling on all resolutions. Unitholders showed their support with more than 98% approval to all ordinary resolutions. Prior to the upcoming fourth Annual AGM, the Manager encourages all Unitholders to send in their questions according to the information provided in the AGM Notice of Meeting.

MEDIA ENGAGEMENT

In FY 2021, CEREIT was mentioned in over 260 media articles from over 45 international media outlets, comprising international wires and media, international and local property trade media, regional and local business trade media, and local titles in Asia-Pacific. This translates to a marginal 3% decrease in the media mentions when compared to the previous year, an already significant year which saw a more than 8% and 200% increase in media mentions when compared to 2019 and 2018, respectively.

CEREIT has an established social media presence with a good following of CEREIT's LinkedIn page, which has more than 1,500 followers, with close to 2,900 post engagements in total, an increase of 50% from 2020 and far surpassing relevant S-REITs peers.

Half-yearly results highlights video messages from the CEO are uploaded on all appropriate platforms. Recognising the increasingly diverse offline and online media landscape, the Manager is stepping up efforts to engage not only with traditional and trade media but also with financial bloggers and other social media channels.

AWARDS AND RECOGNITIONS

CEREIT emerged the winner in the prestigious investor-centric Singapore Corporate Governance Award 2021 (REITs & Business Trusts category). In addition, CEREIT achieved a double recognition (EPRA sBPR Bronze Award and EPRA sBPR Most Improved Award) at the EPRA Sustainability Best Practice Recommendations Awards (sBPR) for excellence in ESG reporting in its inaugural year in submissions.

In 2021, CEREIT was ranked 4th and 8th out of 45 REITs / Business Trusts in the GIFT and SGTI rankings respectively.

DIVERSIFIED UNITHOLDER REGISTER

CEREIT's Units trade in dual Euro and Singapore Dollars currencies and this attracts the support of a diverse international mix of institutional, family office, private wealth and retail investors.

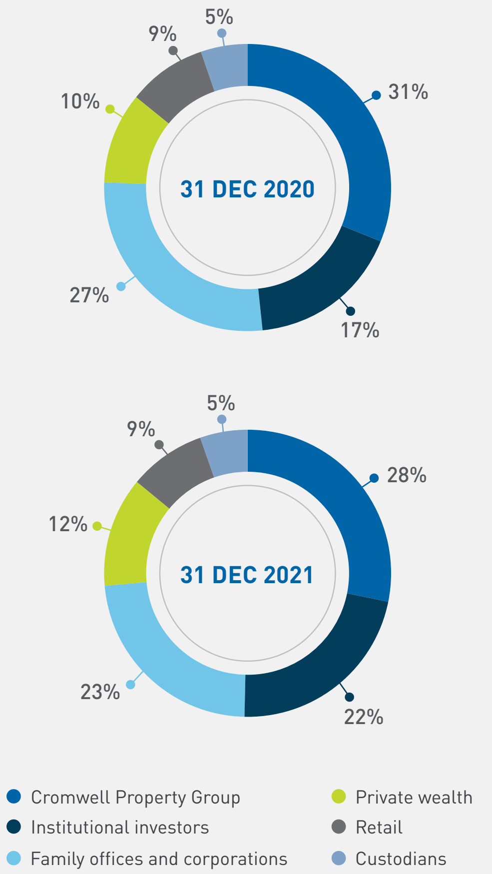
The €100 million over-subscribed equity private placement to partially fund acquisitions in Italy, the Czech Republic and Slovakia brought close to 40 institutional, family office, corporate and private wealth investors with an even split between existing and new investors.

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

A wide range of investors participated in the inaugural S$100 million perpetual securities issue in November 2021.

INVESTOR RELATIONS

The current CEREIT Unitholder register comprises more than 4,700 investors, with approximately 63% based in Singapore[1] and the other 37% from the UK, the Netherlands, Germany, the Nordics, South Korea, Taiwan, Hong Kong, Japan, Thailand, Malaysia, Australia, Philippines, the U.S. and Canada. The investor register has institutionalised further in 2021, now with more than 22% of Unitholders effectively long-only institutional investors, up close to 5 p.p. as compared to FY 2020.



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

1 Including the holdings of the Sponsor

INCLUSION IN KEY INDICES

CEREIT is now part of a large number of indices across all major providers. A non-exhaustive shortlist of some relevant indices is below.

Bloomberg Asia Developed Markets Index series
Bloomberg Asia Real Estate Investment Trust Index
Bloomberg Singapore Large, Mid & Small Cap Index series
EPRA NAREIT Developed Asia index series
FTSE EPRA Nareit Global REITs index series
FTSE ST All-Share Real Estate Index S$
FTSE ST All-Share Real Estate Investment Trusts Index S$
FTSE Singapore All Cap Index
iEdge APAC ex Japan Dividend Leaders REIT Index
iEdge SG ESG Leaders Index series
iEdge SG ESG Transparency Index series
iEdge SG Real Estate Index
iEdge S-REIT Index
iEdge S-REIT Leaders S$ Index
MSCI AC Asia IMI
MSCI AC Asia Pacific IMI
MSCI Singapore All Cap Index
MSCI Singapore IMI Index
MSCI Singapore SMID Cap Index
S&P Asia Pacific REIT USD Index
S&P Developed Property Index
S&P Developed REIT Index

PROACTIVE TWO-WAY COMMUNICATION WITH UNITHOLDERS

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

FY 2021 INVESTOR RELATIONS CALENDAR

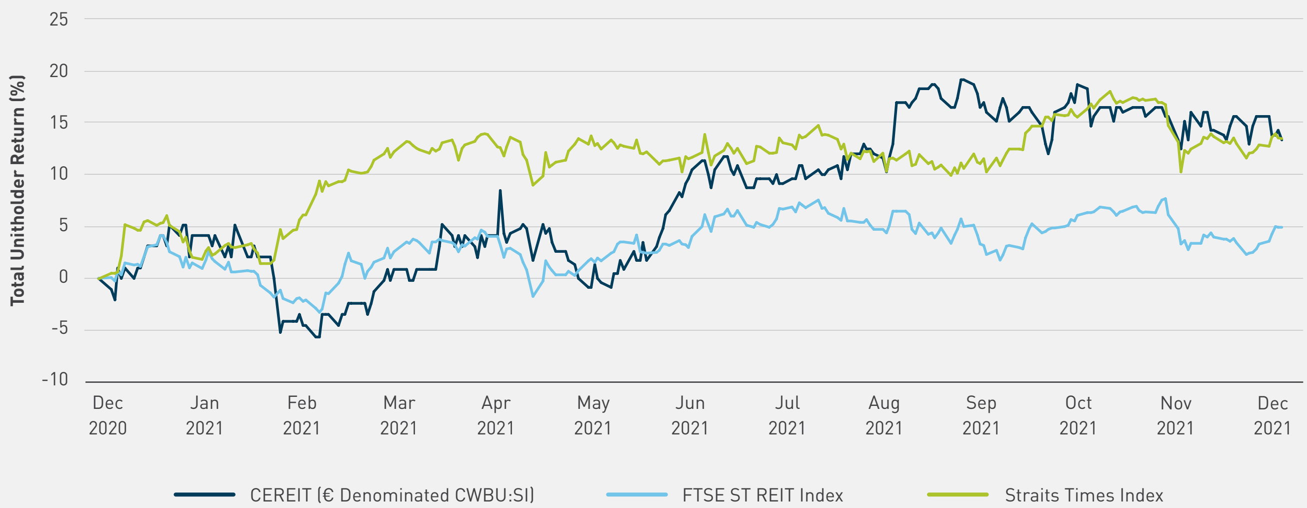
5 - 7 January 2021	€200 million tap issue non deal roadshow
12 January 2021	SmartKarma Investor Webinar
19 February 2021	€100 million private placement deal roadshow
23 February 2021	FY 2020 results announcement
23 February 2021	FY 2020 results analyst, investor and media briefing
1 - 15 March 2021	FY 2020 results virtual investor roadshow - Singapore, Taiwan
31 March 2021	SGX / NH Securities S-Corporate Day Webinar - South Korea
27 April 2021	AGM and EGM
11 May 2021	1Q 2021 business update announcement
11 May 2021	1Q 2021 business update group analyst, investor and media briefing
11 - 18 May 2021	1Q 2021 business update virtual investor roadshow - Singapore, Hong Kong, Thailand, Malaysia
11 May 2021	SIAS: The Future of REITs
15 May 2021	REITs Symposium 2021
19 May 2021	DBS Webinar: S-REITs in the New Normal
3 June 2021	Philip Securities webinar
17 June 2021	DBS-SGX-REITAS webinar
23 June 2021	RHB ESG REIT Forum
13 August 2021	1H 2021 results announcement
13 August 2021	1H 2021 results analyst, investor and media briefing
16 - 26 August 2021	1H 2021 results update virtual investor roadshow - Singapore, Hong Kong, Thailand, Malaysia, Japan, Europe
25 - 27 August 2021	Citi-SGX-REITAS: REITS and Sponsors Forum 2021 - Hong Kong, Australia, the United State
20 September 2021	EPRA Conference - Europe
30 September 2021	Morgan Stanley fixed income conference
12 October 2021	Expo Real - real estate trade fair, Germany
18 - 22 October 2021	Tiger Brokers SGX REIT Virtual Day
25 October 2021	SGX / NH Securities webinar - South Korea
1 November 2021	REITAS Annual Conference
5 November 2021	3Q 2021 business update announcement
5 November 2021	3Q 2021 business update group analyst, investor and media briefing
5 - 9 November 2021	S$100 million perpetual deal roadshow
22 - 26 November 2021	Asia Pacific Real Estate Assets Leaders' Congress: Going and Growing in the New Era
1 December 2021	UBS Real Estate Conference 2021
3 December 2021	IR Magazine Southeast Asia Forum

INVESTOR
RELATIONS

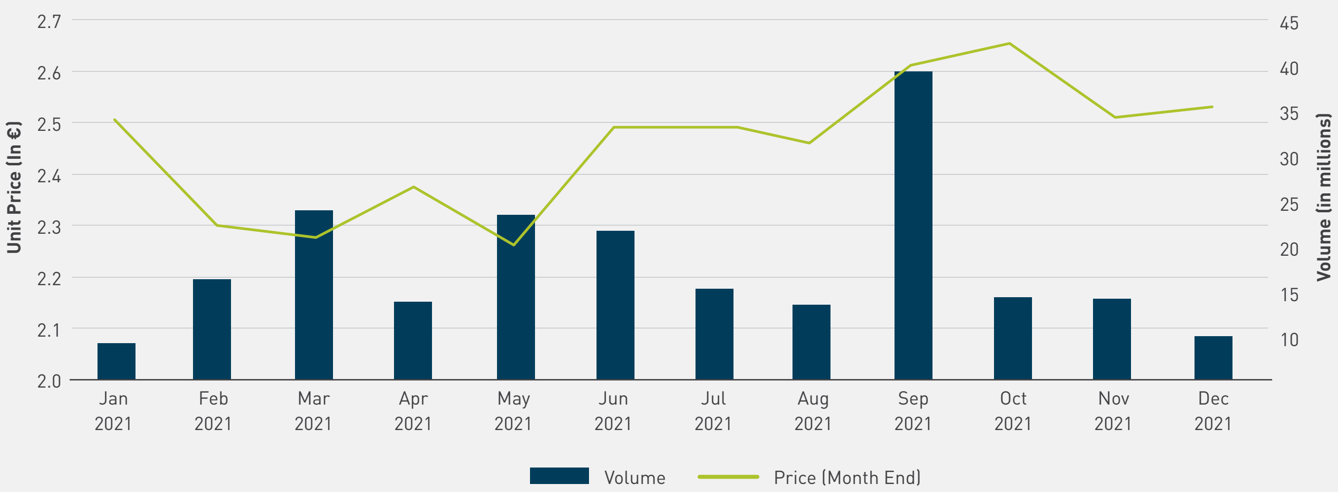
TRADING STATISTICS FOR FINANCIAL YEAR (€-DENOMINATED CWBU:SI)

	2021	2020
Opening price	€ 2.400	€ 2.700
Highest price	€ 2.690	€ 2.925
Lowest price	€ 2.125	€ 1.400
Closing price	€ 2.530	€ 2.400
Adj. volume-weighted average price[1]	€ 2.446	€ 2.277
Total Volume traded (million Units)	171.8	187.7
Total turnover traded (million €)	419.9	426.7
Unit price performance	5.4%	(11.1%)
Total Unitholder returns	13.5%	(4.1%)
Average volume per day (million Units)	0.682	0.745
Average turnover per day (million €)	1.666	1.693

TOTAL UNITHOLDER RETURN 2021 (€-DENOMINATED CWBU:SI)



MONTHLY VOLUMES AND UNIT PRICE PERFORMANCE (€-DENOMINATED CWBU:SI)



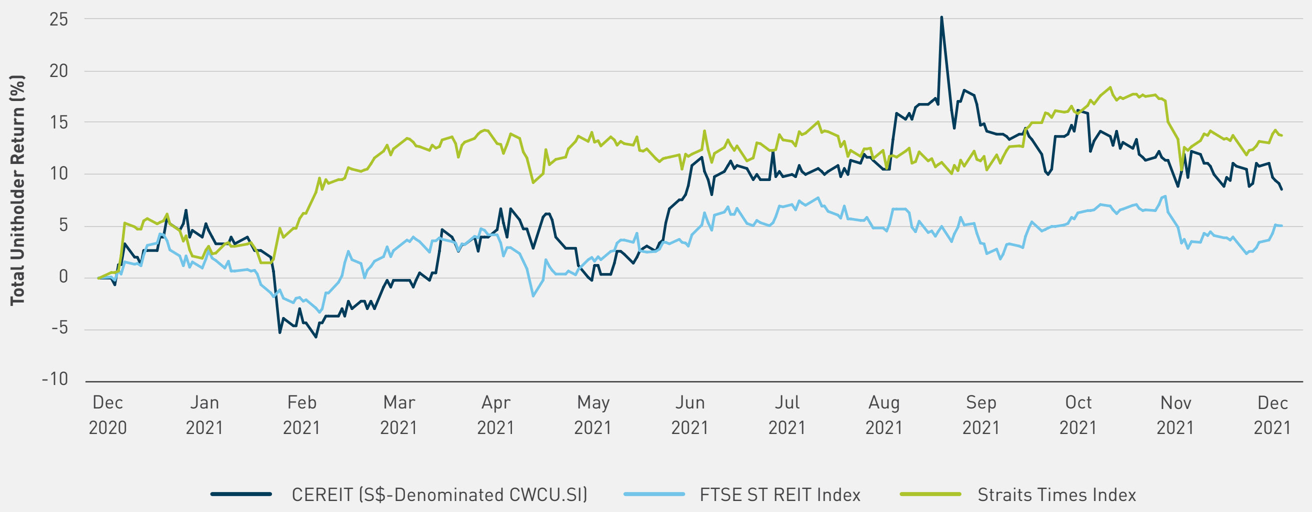
*Source: Bloomberg

1 Adjusted for 5:1 Unit consolidation

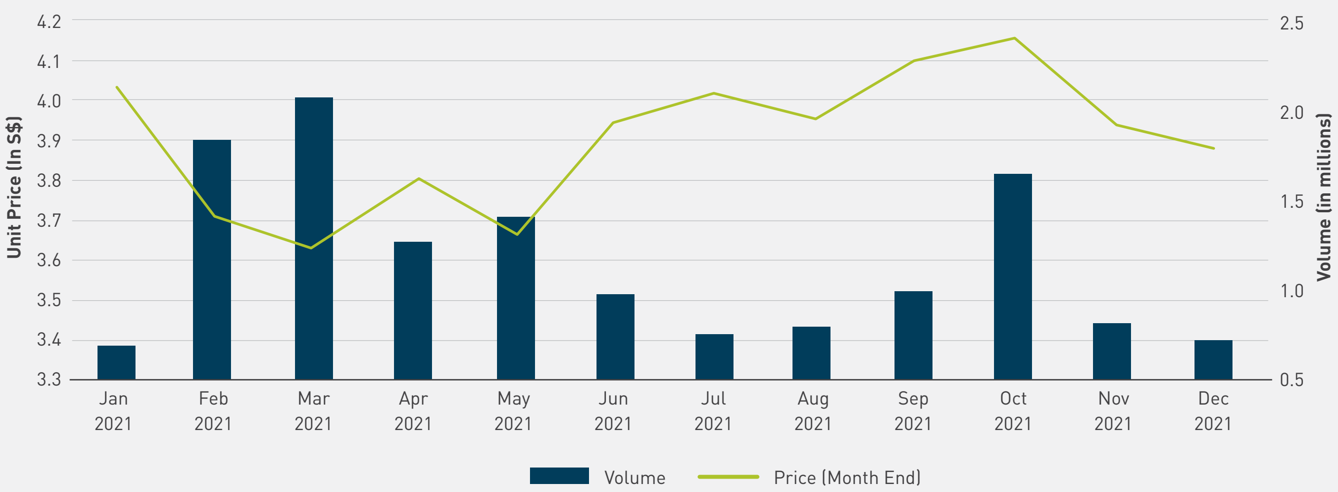
TRADING STATISTICS FOR THE FINANCIAL YEAR (S$-DENOMINATED CWCU.SI)

	2021	2020
Opening price	S$ 3.850	S$ 4.075
Highest price	S$ 4.470	S$ 4.375
Lowest price	S$ 3.450	S$ 2.250
Closing price	S$ 3.880	S$ 3.850
Adj. volume-weighted average price[1]	S$ 3.831	S$ 3.374
Total Volume traded (million Units)	10.0	6.8
Total turnover traded (million S$)	38.1	22.9
Unit price performance	0.8%	(5.5%)
Total Unitholder returns	8.5%	1.9%
Average volume per day (million Units)	0.041	0.028
Average turnover per day (million S$)	0.156	0.094

TOTAL UNITHOLDER RETURN 2021 (S$-DENOMINATED CWCU.SI)



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



*Source: Bloomberg

1 Adjusted for 5:1 Unit consolidation

PROPERTY PORTFOLIO
OVERVIEW
(AS AT 31 DECEMBER 2021)

The Netherlands

Light Industrial / logistics

1. Veemarkt
2. Rosa Castellanosstraat 4
3. Boekweitstraat 1 - 21 & Luzernestraat 2 - 12
4. De Immenhorst 7
5. Capronilaan 22 - 56
6. Kapoeasweg 4 - 16
7. Folkstoneweg 5 - 15

Office

8. Haagse Poort
9. Central Plaza
10. Bastion
11. Moeder Teresalaan 100 / 200
12. De Ruyterkade 5
13. Koningskade 30
14. Blaak 40

Italy

Light Industrial / Logistics

1. CLOM (Centro Logistico Orlando Marconi)
2. Via Fornace
3. Strada Provinciale Adelfia

Office

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

Others

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

France

Light Industrial / Logistics

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

Office

19. Cap Mermoz
20. Paryseine
21. Lénine

Poland

Office

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

Germany

Light Industrial / Logistics

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

Finland

Office

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

Denmark

Light Industrial / Logistics

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

Slovakia

Light Industrial / Logistics

1. Nove Mesto ONE Industrial Park III
2. Nove Mesto ONE Industrial Park I
3. Kosice Industrial Park
4. Nove Mesto ONE Industrial Park II
5. Zilina Industrial Park

Czech Republic

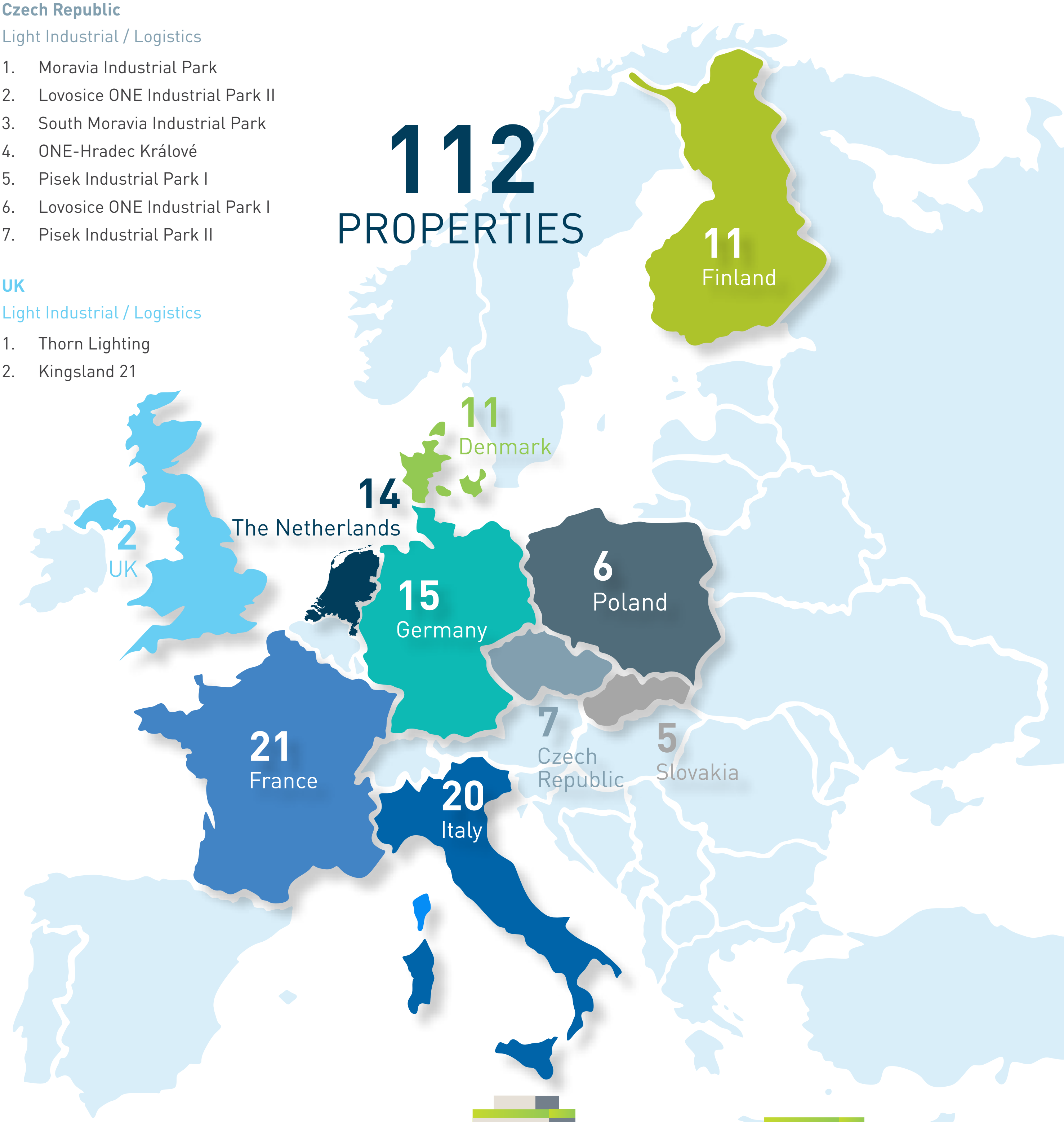
Light Industrial / Logistics

1. Moravia Industrial Park
2. Lovosice ONE Industrial Park II
3. South Moravia Industrial Park
4. ONE-Hradec Králové
5. Pisek Industrial Park I
6. Lovosice ONE Industrial Park I
7. Pisek Industrial Park II

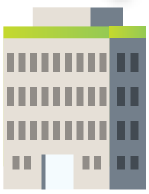
UK

Light Industrial / Logistics

1. Thorn Lighting
2. Kingsland 21



68 Light industrial / logistics



39 Offices

5 Others

TOP 10
PROPERTIES

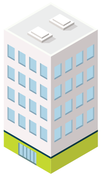
01 **Haagse Poort**
Prinses Beatrixlaan 35 - 37 &
Schenkkade 60 - 65,
Den Haag, The Netherlands

HIGHLIGHTS

- Haagse Poort is one of the most iconic office buildings in The Hague (Den Haag), located at Beatrixkwartier, in the Bezuidenhout
- Unique building with an office "bridge" over the A12 motorway to The Hague
- The property consists of a high-rise and a low-rise section, and is located only 600 metres from Den Haag train station

Property Type	Office
Acquisition date	30 Nov 2017
Purchase Price	€158,750,000
NLA	68,502 sqm
Lease type	Multi-tenanted
Land tenure	Part Freehold, Part Right of Superficies and Part Perpetual Leasehold
Gross Revenue FY 2021	€14,918,507
Building Certification	BREEAM Very Good

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



€167.7 million
Property Valuation[1]
(+5.6% since acquisition)

1 As at 31 Dec 2021

TOP 10
PROPERTIES

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

HIGHLIGHTS

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

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

Property Type	Office
Acquisition date	19 Jun 2017
Purchase Price	€156,805,000
NLA	33,263 sqm
Lease type	Multi-tenanted
Land tenure	Part Freehold, Part Leasehold
Gross Revenue FY 2021	€10,042,049
Building Certification	BREEAM Very Good

98.0%
Occupancy[1]
(-0.1 p.p. y-o-y)

€165.6 million
Property Valuation[1]
(+5.6% since acquisition)

1 As at 31 Dec 2021

TOP 10
PROPERTIES

03 Parc des Docks
50 rue Ardoin,
Saint Ouen, France

HIGHLIGHTS

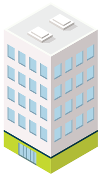
> The "jewel in the crown" is a cluster of 11 industrial buildings located in Saint-Ouen in Paris, a suburb that is well-suited for last-mile logistics being only three kms away from the Champs-Elysees; Saint-Ouen is also very accessible from the Paris CBD by road and public transport and to/from Roissy-Charles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

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

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

Property Type	Light Industrial/ Logistics
Acquisition date	30 Nov 2017
Purchase Price	€98,000,000
NLA	73,371 sqm
Lease type	Multi-tenanted
Land tenure	Freehold
Gross Revenue FY 2021	€10,590,535

86.8%
Occupancy[1]
(-3.5 p.p. y-o-y)



€147.3 million
Property Valuation[1]
(+50.3% since acquisition)

1 As at 31 Dec 2021

TOP 10
PROPERTIES

04 Piazza Affari 2

Piazza degli Affari 2,
Milan, Italy

HIGHLIGHTS

- Trophy asset in the heart of Milan CBD opposite the Milan Stock Exchange, built in the 1930's and partially refurbished in 2017. It provides eight floors above ground and two basement levels. The surrounding area includes prime office properties, hosting many Fortune 500 companies
- Easily accessible by foot from Duomo
- Conveniently located ~25 minutes by car to Linate Airport and ten minutes by metro to The Central Railway Station

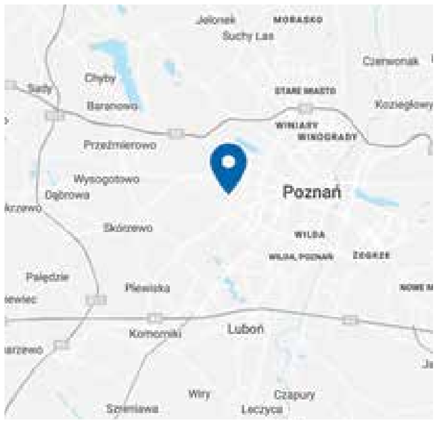
Property Type	Office
Acquisition date	30 Nov 2017
Purchase Price	€81,700,000
NLA	7,787 sqm
Lease type	Multi-tenanted
Land tenure	Freehold
Gross Revenue FY 2021	€4,137,445
Building Certification	BREEAM Very Good

99.7%
Occupancy[1]
(Flat y-o-y)

€96.9 million
Property Valuation[1]
(+18.6% since acquisition)

1 As at 31 Dec 2021

TOP 10
PROPERTIES



05 Business Garden
2,4,6,8 and 10 Kolorowa Street,
Poznań, Poland

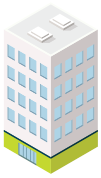
HIGHLIGHTS

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

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

Property Type	Office
Acquisition date	24 Sep 2019
Purchase Price	€88,800,000
NLA	42,268 sqm
Lease type	Multi-tenanted
Land tenure	Freehold
Gross Revenue FY 2021	€9,182,690
Building Certification	LEED Platinum

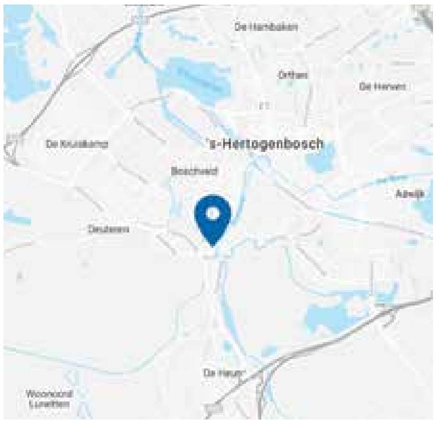
97.0%
Occupancy[1]
(-3.0 p.p. y-o-y)



€85.4 million
Property Valuation[1]
(-3.8% since acquisition)

1 As at 31 Dec 2021

TOP 10
PROPERTIES



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

HIGHLIGHTS

- Impressive building featuring eight floors across six wings, only a five-minute walk from the centre of 's-Hertogenbosch
- Bastion was expanded and renovated in 2005 by installing new wings at the rear
- Bastion has various installations for energy management, such as its own geothermal energy storage, that provides heat in the winter and coolness in the summer

Property Type	Office
Acquisition date	28 Dec 2018
Purchase Price	€76,850,000
NLA	31,979 sqm
Lease type	Multi-tenanted
Land tenure	Freehold
Gross Revenue FY 2021	€6,745,932
Building Certification	BREEAM Very Good

94.3%
Occupancy[1]
(-3.4 p.p y-o-y)

€78.4 million
Property Valuation[1]
(+2.0% since acquisition)

1 As at 31 Dec 2021

TOP 10
PROPERTIES

07 Viale Europa 95

Viale Europa 95,
Bari, Italy

HIGHLIGHTS

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

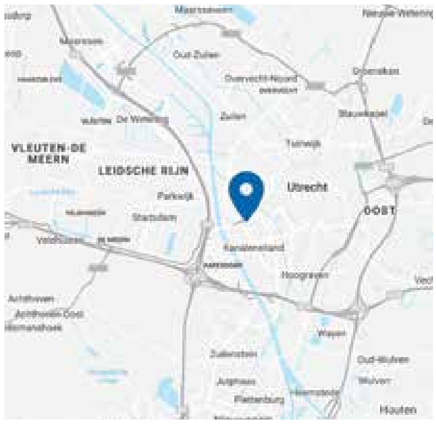
Property Type	Others
Acquisition date	30 Nov 2017
Purchase Price	€83,100,000
NLA	123,261 sqm
Lease type	Master
Land tenure	Freehold
Gross Revenue FY 2021	€9,574,679

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

€74.1 million
Property Valuation[1]
(-10.8% since acquisition)

1 As at 31 Dec 2021

TOP 10
PROPERTIES



08 Moeder Teresalaan 100 / 200

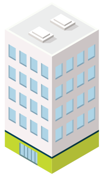
Moeder Teresalaan 100 / 200,
Utrecht, The Netherlands

HIGHLIGHTS

- Located in the city centre of Utrecht, the building consists of two towers with energy label "A"
- Strategically located – five minutes by car to Oudenrijn traffic junction – one of the most important traffic arteries in the Netherlands with A2 and A12 highways converging at this junction
- Just a stone-away from HOV fast tram stop - a popular transport route connecting the Utrecht Central Station and Nieuwegein / IJsselstein

Property Type	Office
Acquisition date	28 Dec 2018
Purchase Price	€50,727,904
NLA	21,922 sqm
Lease type	Multi-tenanted
Land tenure	Perpetual Leasehold
Gross Revenue FY 2021	€4,266,339
Building Certification	BREEAM Very Good

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



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

1 As at 31 Dec 2021

TOP 10
PROPERTIES

09 De Ruyterkade 5

De Ruyterkade 5,
Amsterdam, The Netherlands

HIGHLIGHTS

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

Property Type	Office
Acquisition date	19 Jun 2017
Purchase Price	€36,365,000
NLA	8,741 sqm
Lease type	Single tenant
Land tenure	Continuing Leasehold
Gross Revenue FY 2021	€2,635,968
Building Certification	BREEAM Pass

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

€58.8 million
Property Valuation[1]
(+61.6% since acquisition)

1 As at 31 Dec 2021

TOP 10
PROPERTIES

10 Centro Logistico Orlando Marconi (CLOM)

Via del Lavoro
Monteprandone, Italy

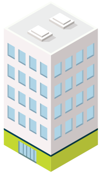
HIGHLIGHTS

> Located in Monteprandone, along the A14/E55 motorway

> Nine warehouses and a freight railway terminal

Property Type	Light Industrial/ Logistics
Acquisition date	23 Dec 2020
Purchase Price	€52,575,000
NLA	156,888 sqm
Lease type	Multi-tenanted
Land tenure	Freehold
Gross Revenue FY 2021	€4,965,261

99.6%
Occupancy[1]
(Flat y-o-y)



€54.6 million
Property Valuation[1]
(+3.9% since acquisition)

1 As at 31 Dec 2021

THE NETHERLANDS
ASSETS

LIGHT INDUSTRIAL / LOGISTICS

1 Veemarkt,
Amsterdam

2 Rosa Castellanosstraat 4,
Tilburg

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

4 De Immenhorst 7,
's Heerenberg

5 Capronilaan 22 - 56,
Schiphol-Rijk

6 Kapoeasweg 4 - 16,
Amsterdam

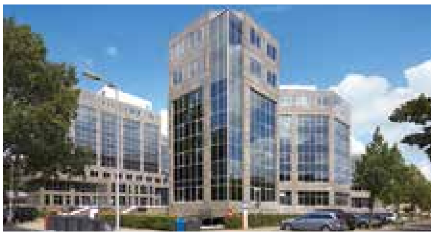
7 Folkstoneweg 5 - 15,
Schiphol

OFFICE

8 Haagse Poort,
Den Haag

9 Central Plaza,
Rotterdam

10 Bastion,
's-Hertogenbosch



11 Moeder Teresalaan 100 / 200,
Utrecht

12 De Ruyterkade 5,
Amsterdam

13 Koningskade 30,
Den Haag

14 Blaak 40,
Rotterdam

THE NETHERLANDS
ASSETS

	Address	Acquisition date	Purchase Price (€)	Valuation (€) 31 Dec 2021
	Light Industrial / Logistics			
1	Veemarkt 27-75 / 50-76 / 92-114, Amsterdam	30 Nov 2017	35,500,000	45,200,000
2	Rosa Castellanosstraat 4, Tilburg	30 Dec 2021	11,325,000	11,325,000
3	Boekweitstraat 1 - 21 & Luzernestraat 2 - 12, Nieuw-Vennep	30 Nov 2017	5,155,000	8,880,000
4	De Immenhorst 7, 's Heerenberg	23 Dec 2021	8,350,000	8,350,000
5	Capronilaan 22 - 56, Schiphol-Rijk	30 Nov 2017	6,250,000	7,510,000
6	Kapoeasweg 4 - 16, Amsterdam	30 Nov 2017	2,575,000	5,530,000
7	Folkstoneweg 5 - 15, Schiphol	30 Nov 2017	5,200,000	4,420,000
	Office			
8	Haagse Poort, Prinses Beatrixlaan 35 - 37 & Schenkkade 60 - 65, Den Haag	30 Nov 2017	158,750,000	167,705,000
9	Central Plaza, Plaza 2 – 25 (retail) / Weena 580 – 618 (offices), Rotterdam	19 Jun 2017	156,805,000	165,610,000
10	Bastion, Willemsplein 2 - 10, 's-Hertogenbosch	28 Dec 2018	76,850,000	78,360,000
11	Moeder Teresalaan 100 / 200, Utrecht	28 Dec 2018	50,727,904	59,300,000
12	De Ruyterkade 5, Amsterdam	19 Jun 2017	36,365,000	58,780,000
13	Koningskade 30, Den Haag	19 Jun 2017	16,595,000	21,570,000
14	Blaak 40, Rotterdam	30 Nov 2017	15,950,000	20,540,000

NLA (sqm)	Gross Revenue (€) FY 2021	Occupancy	Lease type	Land tenure
21,957	2,929,913	100.0%	Multi-tenanted	Continuing Leasehold
8,496	–	100.0%	Single tenant	Freehold
8,471	689,436	100.0%	Multi-tenanted	Freehold
15,101	13,058	100.0%	Single tenant	Freehold
5,364	568,767	100.0%	Multi-tenanted	Freehold
5,494	351,478	100.0%	Multi-tenanted	Freehold
5,006	737,167	100.0%	Multi-tenanted	Leasehold
68,502	14,918,507	100.0%	Multi-tenanted	Part Freehold, Part Right of Superficies and Part Perpetual Leasehold
33,263	10,042,049	98.0%	Multi-tenanted	Part Freehold and Part Leasehold
31,979	6,745,932	94.3%	Multi-tenanted	Freehold
21,922	4,266,339	100.0%	Multi-tenanted	Perpetual Leasehold
8,741	2,635,968	100.0%	Single tenant	Continuing Leasehold
5,696	1,217,043	100.0%	Single tenant	Perpetual Leasehold
7,798	1,226,929	74.1%	Multi-tenanted	Freehold

ITALY
ASSETS

LIGHT INDUSTRIAL / LOGISTICS

1 CLOM (Centro Logistico Orlando Marconi), Via del Lavoro, Monteprandone

2 Via Fornace, Mira

3 Strada Provinciale Adelfia, Rutigliano

OFFICE

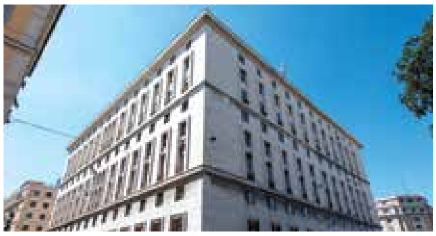
4 Piazza Affari 2, Milan

5 Via dell'Amba Aradam 5, Rome

6 Via Pianciani 26, Rome

7 Building F7-F11, Assago

8 Via Nervesa 21, Milan



9 Via Camillo Finocchiaro Aprile 1, Genova

10 Nuova ICO, Via Guglielmo Jervis 9, Ivrea

11 Cassiopea 1-2-3, Milan

12 Via della Fortezza 8, Florence

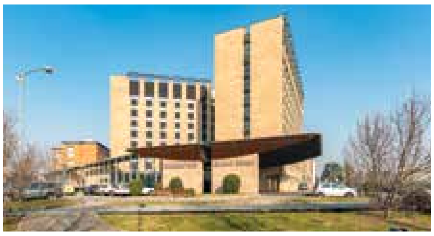
13 Corso Lungomare Trieste 29, Bari

14 Corso Annibale Santorre di Santa Rosa 15, Cuneo

15 Via Rampa Cavalcavia 16-18, Venice Mestre

OTHERS

16 Viale Europa 95, Bari



17 Starhotels Grand Milan, Via Varese 23, Saronno

18 Via Madre Teresa 4, Lissone

19 Via Salara Vecchia 13, Pescara

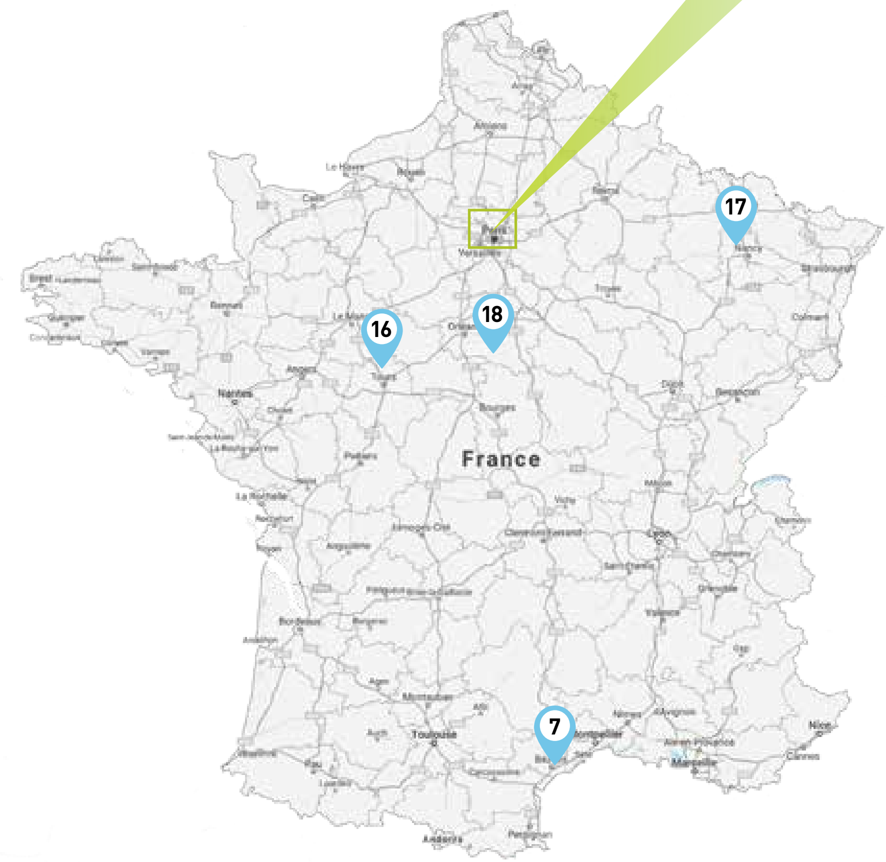
20 Via Brigata Padova 19, Padova

ITALY
ASSETS

	Address	Acquisition date	Purchase Price (€)	Valuation (€) 31 Dec 2021
	Light Industrial / Logistics			
1	CLOM (Centro Logistico Orlando Marconi), Via del Lavoro, Monteprandone	23 Dec 2020	52,575,000	54,600,000
2	Via Fornace, Mira	29 Oct 2021	19,570,000	21,000,000
3	Strada Provinciale Adelfia, Rutigliano	30 Nov 2017	12,000,000	13,525,000
	Office			
4	Piazza Affari 2, Piazza degli Affari 2, Milan	30 Nov 2017	81,700,000	96,900,000
5	Via dell'Amba Aradam 5, Rome	30 Nov 2017	49,800,000	46,000,000
6	Via Pianciani 26, Rome	30 Nov 2017	33,900,000	33,400,000
7	Building F7-F11, Viale Milanofiori 1, Assago	30 Nov 2017	27,600,000	26,700,000
8	Via Nervesa 21, Milan	30 Nov 2017	25,400,000	23,725,000
9	Via Camillo Finocchiaro Aprile 1, Genova	5 Dec 2018	23,775,000	23,475,000
10	Nuova ICO, Via Guglielmo Jervis 9, Ivrea	27 Jun 2018	16,900,000	16,625,000
11	Cassiopea 1-2-3, Via Paracelso 22-26, Milan	28 Nov 2019	17,700,000	16,550,000
12	Via della Fortezza 8, Florence	15 Feb 2018	17,350,000	16,200,000
13	Corso Lungomare Trieste 29, Bari	5 Dec 2018	12,250,000	11,300,000
14	Corso Annibale Santorre di Santa Rosa 15, Cuneo	30 Nov 2017	9,550,000	7,575,000
15	Via Rampa Cavalcavia 16-18, Venice Mestre	30 Nov 2017	5,600,000	5,200,000
	Other			
16	Viale Europa 95, Bari	30 Nov 2017	83,100,000	74,100,000
17	Starhotels Grand Milan, Via Varese 23, Saronno	30 Nov 2017	19,100,000	17,500,000
18	Via Madre Teresa 4, Lissone	30 Nov 2017	20,800,000	17,100,000
19	Via Salara Vecchia 13, Pescara	30 Nov 2017	13,000,000	11,900,000
20	Via Brigata Padova 19, Padova	30 Nov 2017	6,000,000	4,220,000

NLA (sqm)	Gross Revenue (€) FY 2021	Occupancy	Lease type	Land tenure
156,888	4,965,261	99.6%	Multi-tenanted	Freehold
27,937	257,338	100.0%	Single tenant	Freehold
29,638	1,109,625	100.0%	Multi-tenanted	Freehold
7,787	4,137,445	99.7%	Multi-tenanted	Freehold
16,689	3,625,097	100.0%	Master	Freehold
10,725	2,954,398	100.0%	Multi-tenanted	Freehold
16,111	2,317,061	97.4%	Multi-tenanted	Freehold
9,712	2,256,533	100.0%	Single tenant	Freehold
15,538	1,774,327	100.0%	Master	Freehold
20,428	1,404,917	96.7%	Multi-tenanted	Freehold
11,500	1,705,589	91.2%	Multi-tenanted	Freehold
9,139	1,258,129	100.0%	Master	Freehold
11,674	1,162,235	100.0%	Master	Freehold
8,794	844,886	100.0%	Master	Freehold
4,081	436,932	100.0%	Master	Freehold
123,261	9,574,679	100.0%	Master	Freehold
17,400	898,359	100.0%	Single tenant	Freehold
11,765	2,100,843	100.0%	Multi-tenanted	Freehold
15,998	1,131,341	100.0%	Master	Freehold
8,151	521,624	100.0%	Master	Freehold

FRANCE
ASSETS



LIGHT INDUSTRIAL / LOGISTICS

1 Parc des Docks,
Saint Ouen, Paris

2 Parc des Guillaumes,
Noisy-le-Sec

3 Parc des Grésillons,
Gennevilliers

LIGHT INDUSTRIAL / LOGISTICS

4 Parc du Landy,
Aubervilliers

5 Parc Delizy,
Pantin

6 Parc Urbaparc,
La Courneuve

7 Parc Béziers,
Villeneuve-lès-Béziers

8 Parc du Merantais,
Magny-Les-Hameaux

9 Parc des Érables,
Villepinte

10 Parc Jean Mermoz,
La Courneuve

11 Parc le Prunay,
Sartrouville

12 Parc Locaparc 2,
Vitry-sur-Seine

13 Parc Louvresses,
Gennevilliers

14 Parc de Champs,
Champs sur Marne

15 Parc Acticlub,
Saint Thibault des Vignes

16 Parc Parçay-Meslay,
Parcay-Meslay

17 Parc du Bois du Tambour, Route de
Nancy, Gondreville

18 Parc Sully,
Sully-sur-Loire

OFFICE

19 Cap Mermoz,
Maisons-Laffitte, Paris

20 Paryseine,
Ivry-sur Seine, Paris

21 Lénine,
Ivry-sur Seine, Paris

FRANCE
ASSETS

	Address	Acquisition date	Purchase Price (€)	Valuation (€) 31 Dec 2021
	Light Industrial / Logistics			
1	Parc des Docks, 50 rue Ardoin, Saint Ouen	30 Nov 2017	98,000,000	147,300,000
2	Parc des Guillaumes, 58 rue de Neuilly – 2 rue du Trou Morin, ZAC des Guillaumes, Noisy-le-Sec	30 Nov 2017	24,000,000	29,100,000
3	Parc des Grésillons, 167-169 avenue des Grésillons, Gennevilliers	30 Nov 2017	17,250,000	25,300,000
4	Parc du Landy, 61 rue du Landy, Aubervilliers	30 Nov 2017	18,600,000	24,400,000
5	Parc Delizy, 32 rue Délizy, Pantin	30 Nov 2017	18,100,000	19,900,000
6	Parc Urbaparc, 75-79 rue du Rateau, La Courneuve	30 Nov 2017	12,600,000	18,700,000
7	Parc Béziers, 2 Rue Charles Nicolle, Villeneuve-lès-Béziers	23 Jan 2019	10,200,000	12,300,000
8	Parc du Merantais, 1-3 rue Georges Guynemer, Magny-Les-Hameaux	30 Nov 2017	9,400,000	11,100,000
9	Parc des Érables, 154 allée des Érables, Villepinte	30 Nov 2017	6,100,000	9,720,000
10	Parc Jean Mermoz, 53 rue de Verdun – 81, rue Maurice Berteaux, La Courneuve	30 Nov 2017	7,500,000	9,240,000
11	Parc le Prunay, 13-41 rue Jean Pierre Timbaud, ZI du Prunay, Sartrouville	30 Nov 2017	4,900,000	8,800,000
12	Parc Locaparc 2, 59-65 rue Edith Cavell, Vitry-sur-Seine	30 Nov 2017	5,600,000	8,360,000
13	Parc Louvresses, 46-48 boulevard Dequevauvilliers, Gennevilliers	14 Feb 2019	6,800,000	7,740,000
14	Parc de Champs, 40 boulevard de Nesles, ZAC le Ru du Nesles, Champs sur Marne	30 Nov 2017	5,900,000	7,020,000
15	Parc Acticlub, 2 rue de la Noue Guimante, ZI de la Courtillière, Saint Thibault des Vignes	30 Nov 2017	4,700,000	6,330,000
16	Parc Parcay-Meslay, 21 Les Papillons, Parçay-Meslay	23 Jan 2019	5,700,000	4,710,000
17	Parc du Bois du Tambour, Route de Nancy, Gondreville	30 Nov 2017	2,000,000	4,620,000
18	Parc Sully, 105 route d'Orléans, Sully-sur-Loire	23 Jan 2019	5,500,000	3,250,000
	Office			
19	Cap Mermoz, 38-44 rue Jean Mermoz, Maisons-Laffitte, Paris	17 Jul 2019	38,022,076	35,800,000
20	Paryseine, 3 Allée de la Seine, Ivry-Sur Seine, Paris	17 Jul 2019	35,203,326	27,600,000
21	Lénine, 1 rue de Lénine, 94200 Ivry-Sur Seine, Ivry-Sur Seine, Paris	17 Jul 2019	5,500,000	3,950,000

NLA (sqm)	Gross Revenue (€) FY 2021	Occupancy	Lease type	Land tenure
73,372	10,590,535	86.8%	Multi-tenanted	Freehold
18,712	2,478,519	97.7%	Multi-tenanted	Freehold
10,064	1,418,746	100.0%	Multi-tenanted	Freehold
12,763	2,162,411	98.9%	Multi-tenanted	Freehold
12,415	2,224,854	100.0%	Multi-tenanted	Freehold
12,607	1,754,448	100.0%	Multi-tenanted	Freehold
8,944	878,764	100.0%	Single tenant	Freehold
10,312	734,279	74.2%	Multi-tenanted	Freehold
8,077	949,450	96.4%	Multi-tenanted	Freehold
6,004	781,158	100.0%	Multi-tenanted	Freehold
9,441	776,457	100.0%	Multi-tenanted	Freehold
5,614	725,543	100.0%	Multi-tenanted	Freehold
7,404	921,432	100.0%	Single tenant	Leasehold
7,051	743,621	100.0%	Multi-tenanted	Freehold
8,055	726,191	100.0%	Multi-tenanted	Freehold
5,232	360,507	0.0%	Single tenant	Freehold
15,812	667,228	94.5%	Multi-tenanted	Freehold
15,500	715,001	100.0%	Single tenant	Freehold
11,224	2,957,206	91.4%	Multi-tenanted	Freehold
20,776	5,301,352	62.3%	Multi-tenanted	Freehold
2,320	414,716	58.4%	Multi-tenanted	Freehold

POLAND
ASSETS

	Address	Acquisition date	Purchase Price (€)	Valuation (€) 31 Dec 2021
	Office			
1	Business Garden, 2, 4, 6, 8 and 10 Kolorowa, Poznań	24 Sep 2019	88,800,000	85,400,000
2	Green Office, 80, 80A, 82 and 84 Czerwone Maki, Kraków	25 Jul 2019	52,197,315	51,400,000
3	Riverside Park, Fabryczna 5, Warsaw	14 Feb 2019	31,300,000	30,600,000
4	Avatar, 28 Armii Krajowej, Kraków	25 Jul 2019	27,802,685	26,200,000
5	Grójecka 5, Warsaw	14 Feb 2019	22,307,949	19,900,000
6	Arkońska Business Park, Arkońska 1&2, Gdańsk	14 Feb 2019	18,242,052	18,000,000

OFFICE

1 Business Garden, Poznań

2 Green Office, Kraków

3 Riverside Park, Warsaw

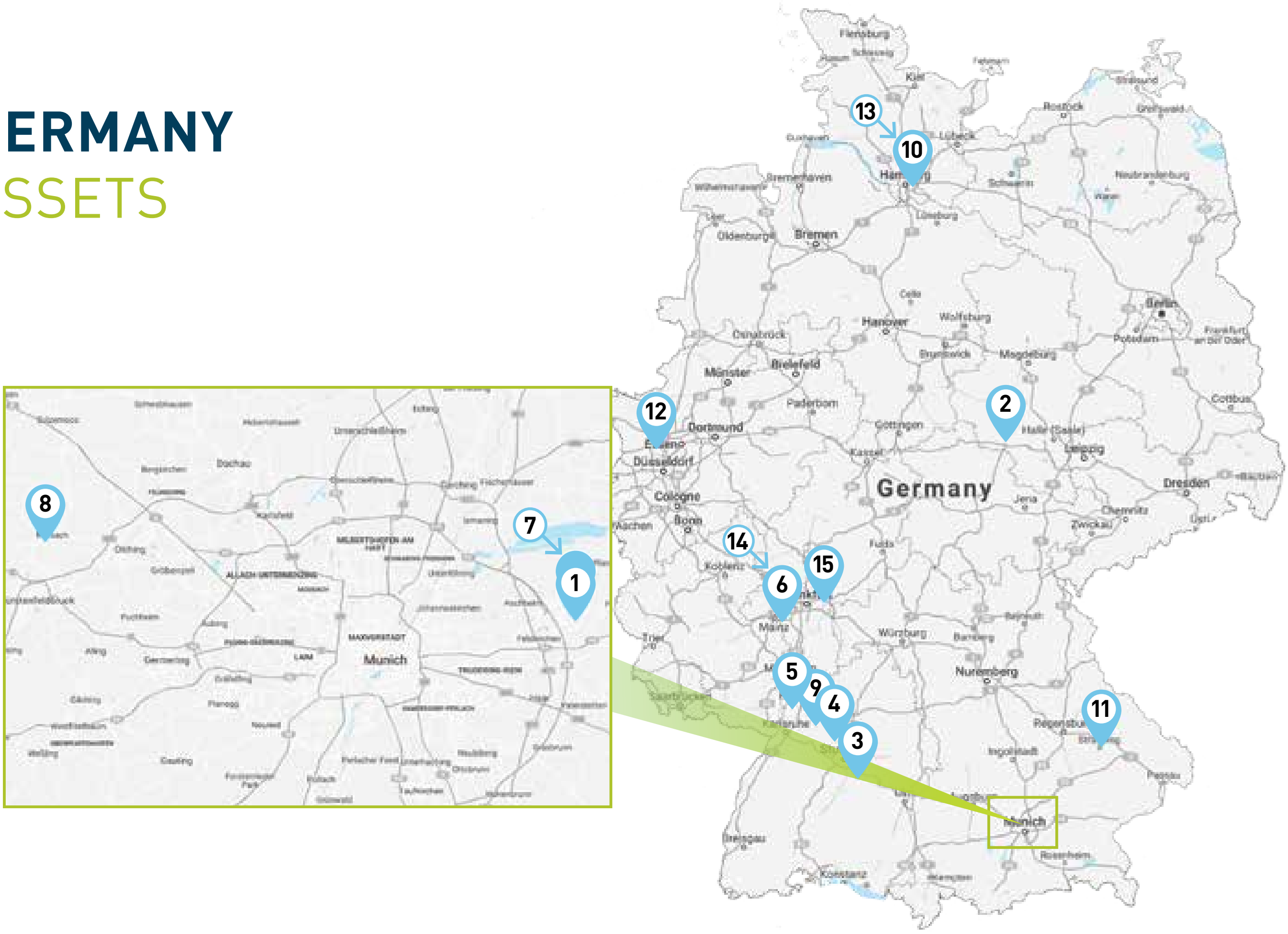
4 Avatar, Kraków

5 Grójecka 5, Warsaw

6 Arkońska Business Park, Gdańsk

NLA (sqm)	Gross Revenue (€) FY 2021	Occupancy	Lease type	Land tenure
42,268	9,182,690	97.0%	Multi-tenanted	Freehold
23,112	6,322,023	100.0%	Multi-tenanted	Freehold
12,501	2,942,481	74.0%	Multi-tenanted	Freehold
11,341	3,349,175	100.0%	Multi-tenanted	Freehold / perpetual usufruct
10,875	2,036,740	51.6%	Multi-tenanted	Freehold
11,171	1,948,261	75.3%	Multi-tenanted	Freehold

GERMANY
ASSETS



LIGHT INDUSTRIAL / LOGISTICS

1 Parsdorfer Weg 10,
Kirchheim

2 An der Wasserschluft 7,
Sangerhausen

3 Siemensstraße 11,
Frickenhausen

	Address	Acquisition date	Purchase Price (€)	Valuation (€) 31 Dec 2021
	Light Industrial / Logistics			
1	Parsdorfer Weg 10, Kirchheim	30 Nov 2017	25,886,850	40,300,000
2	An der Wasserschluft 7, 06526, Sangerhausen	13 Aug 2020	16,391,587	19,750,000
3	Siemensstraße 11, Frickenhausen	30 Nov 2017	12,965,400	18,250,000
4	Göppinger Straße 1 – 3, Pforzheim	24 Mar 2020	15,228,788	18,250,000
5	Gewerbestraße 62, Bretten	24 Mar 2020	13,559,091	16,825,000
6	An der Kreuzlache 8-12, Bischofsheim	30 Nov 2017	8,696,000	14,725,000
7	Henschelring 4, Kirchheim	30 Nov 2017	7,608,150	12,125,000
8	Frauenstraße 31, Maisach	30 Nov 2017	5,854,015	12,025,000
9	Gutenbergstraße 1, Dieselstraße 2, Königsbach-Stein	24 Mar 2020	9,212,121	11,575,000
10	Kolumbusstraße 16, Hamburg	30 Nov 2017	6,913,900	10,850,000
11	Dresdner Straße 16, Sachsenring 52, Straubing	30 Nov 2017	4,941,200	10,000,000
12	Hochstraße 150-152, Duisburg	30 Nov 2017	4,884,600	9,940,000
13	Moorfleeter Straße 27, Liebigstraße 67-71, Hamburg	30 Nov 2017	7,071,600	9,190,000
14	An der Steinlach 8-10, Bischofsheim	30 Nov 2017	3,500,000	5,130,000
15	Kinzigheimer Weg 114, Hanau	30 Nov 2017	2,932,000	3,840,000

LIGHT INDUSTRIAL / LOGISTICS

4 Göppinger Straße 1 – 3, Pforzheim

5 Gewerbestraße 62, Bretten

6 An der Kreuzlache 8-12, Bischofsheim

7 Henschelring 4, Kirchheim

8 Frauenstraße 31, Maisach

9 Gutenbergstraße 1, Dieselstraße 2, Königsbach-Stein

10 Kolumbusstraße 16, Hamburg

11 Dresdner Straße 16, Sachsenring 52, Straubing

12 Hochstraße 150-152, Duisburg

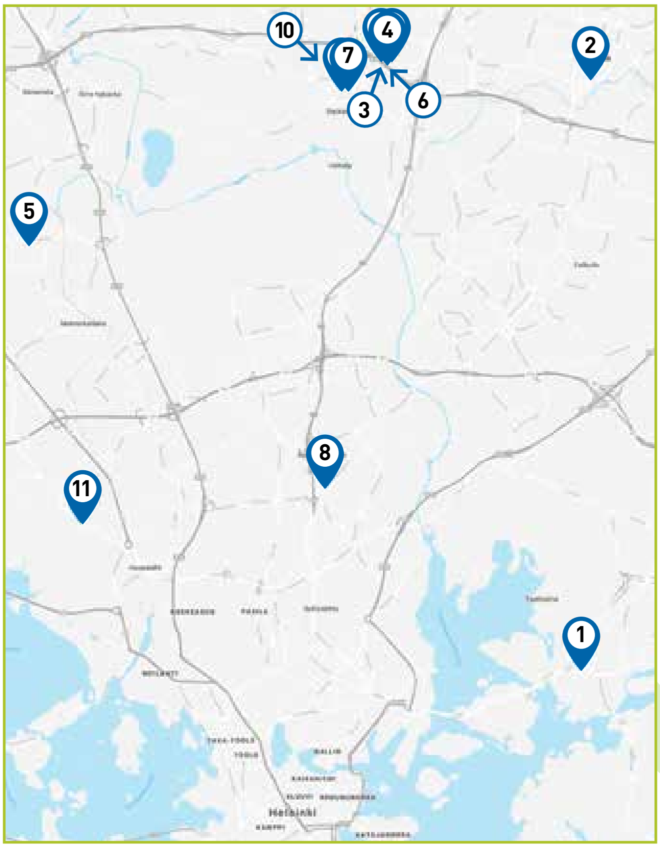
13 Moorfleeter Straße 27, Liebigstraße 67-71, Hamburg

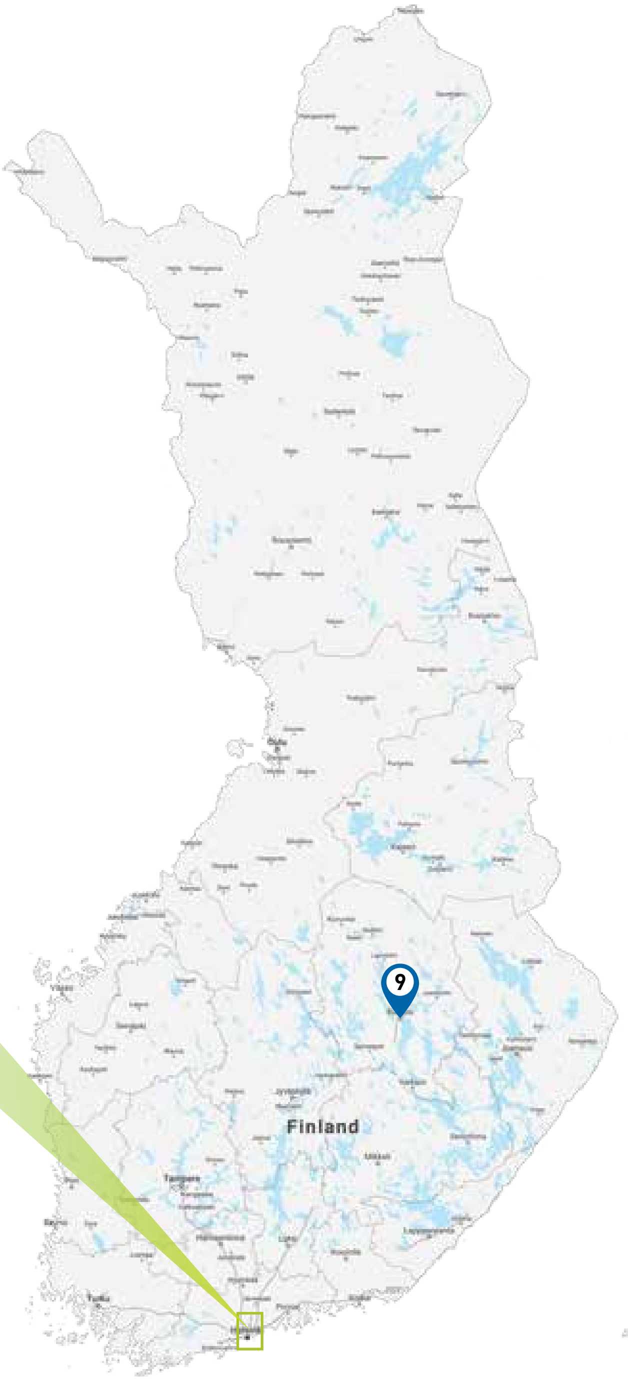
14 An der Steinlach 8-10, Bischofsheim

15 Kinzigheimer Weg 114, Hanau

NLA (sqm)	Gross Revenue (€) FY 2021	Occupancy	Lease type	Land tenure
26,444	2,415,650	96.1%	Multi-tenanted	Freehold
30,557	1,894,067	100.0%	Single tenant	Freehold
37,188	2,288,162	94.4%	Multi-tenanted	Freehold
11,273	1,049,533	100.0%	Single tenant	Freehold
10,449	915,305	100.0%	Single tenant	Freehold
18,924	1,171,284	98.8%	Multi-tenanted	Freehold
9,029	764,258	100.0%	Multi-tenanted	Freehold
8,663	744,696	91.7%	Multi-tenanted	Freehold
8,013	699,739	100.0%	Single tenant	Freehold
18,555	909,661	92.0%	Multi-tenanted	Freehold
9,437	629,169	100.0%	Multi-tenanted	Freehold
17,692	955,787	88.1%	Multi-tenanted	Freehold
7,347	781,133	100.0%	Multi-tenanted	Freehold
7,158	497,248	93.6%	Single tenant	Freehold
6,257	424,062	91.8%	Multi-tenanted	Freehold

FINLAND
ASSETS





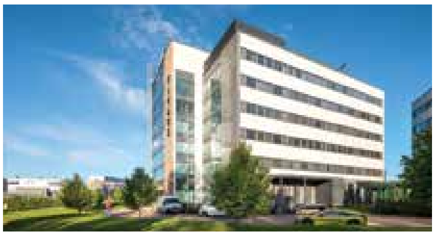
	Address	Acquisition date	Purchase Price (€)	Valuation (€) 31 Dec 2021
	Office			
1	Opus 1, Hitsaajankatu 24, Helsinki	28 Dec 2018	13,500,000	15,225,000
2	Grandinkulma, Kielotie 7, Vantaa	28 Dec 2018	12,500,000	11,650,000
3	Plaza Forte, Äyritie 12 C, Vantaa	28 Dec 2018	12,600,000	11,650,000
4	Plaza Vivace, Äyritie 8 C, Vantaa	28 Dec 2018	13,233,635	11,600,000
5	Myyrmäenraitti 2, Vantaa	28 Dec 2018	12,000,000	10,475,000
6	Plaza Allegro, Äyritie 8 B, Vantaa	28 Dec 2018	11,173,423	9,720,000
7	Pakkalankuja 6, Vantaa	28 Dec 2018	9,700,000	9,640,000
8	Mäkitorpantie 3b, Helsinki	28 Dec 2018	7,600,000	9,580,000
9	Kauppakatu 39, Kuopio	28 Dec 2018	7,600,000	7,820,000
10	Pakkalankuja 7, Vantaa	28 Dec 2018	6,100,000	5,550,000
11	Purotie 1, Helsinki	28 Dec 2018	7,113,006	3,710,000

OFFICE

1 Opus 1, Helsinki

2 Grandinkulma, Vantaa

3 Plaza Forte, Vantaa



4 Plaza Vivace, Vantaa

5 Myyrmäenraitti 2, Vantaa

6 Plaza Allegro, Vantaa

7 Pakkalankuja 6, Vantaa

8 Mäkitorpantie 3b, Helsinki

9 Kauppakatu 39, Kuopio

10 Pakkalankuja 7, Vantaa

11 Purotie 1, Helsinki

NLA (sqm)	Gross Revenue (€) FY 2021	Occupancy	Lease type	Land tenure
6,788	1,297,760	86.9%	Multi-tenanted	Freehold
6,191	1,284,670	95.1%	Multi-tenanted	Freehold
6,054	1,169,867	74.9%	Multi-tenanted	Freehold
5,663	895,548	39.0%	Multi-tenanted	Freehold
7,515	1,402,462	93.5%	Multi-tenanted	Freehold
4,620	862,507	68.5%	Multi-tenanted	Freehold
7,800	1,311,338	87.9%	Multi-tenanted	Freehold
4,367	790,401	84.2%	Multi-tenanted	Freehold
4,832	960,304	96.4%	Multi-tenanted	Freehold
3,425	546,168	70.9%	Multi-tenanted	Freehold
4,692	780,320	33.2%	Multi-tenanted	Freehold

DENMARK
ASSETS

	Address	Acquisition date	Purchase Price (€)	Valuation (€) 31 Dec 2021
	Light Industrial / Logistics			
1	Naverland 7-11, Glostrup	30 Nov 2017	10,500,000	13,051,211
2	Priorparken 700, Brøndby	30 Nov 2017	11,200,000	12,742,068
3	Priorparken 800, Brøndby	30 Nov 2017	8,600,000	10,994,738
4	Islevdalvej 142, Rødovre	30 Nov 2017	5,500,000	8,309,589
5	Herstedvang 2-4, Albertslund	30 Nov 2017	6,300,000	7,889,867
6	Stamholmen 111, Hvidovre	30 Nov 2017	4,300,000	7,849,544
7	Naverland 8, Glostrup	30 Nov 2017	5,500,000	7,432,873
8	Fabriksparken 20, Glostrup	30 Nov 2017	5,200,000	6,330,711
9	Hørskætten 4-6, Tåstrup	30 Nov 2017	5,200,000	6,317,270
10	Hørskætten 5, Tåstrup	30 Nov 2017	3,428,486	4,139,828
11	Naverland 12, Glostrup	30 Nov 2017	3,011,000	3,871,008

LIGHT INDUSTRIAL / LOGISTICS

1 Naverland 7-11, Glostrup

2 Priorparken 700, Brøndby

3 Priorparken 800, Brøndby

4 Islevdalvej 142, Rødovre

5 Herstedvang 2-4, Albertslund

6 Stamholmen 111, Hvidovre

7 Naverland 8, Glostrup

8 Fabriksparken 20, Glostrup

9 Hørskætten 4-6, Tåstrup

10 Hørskætten 5, Tåstrup

11 Naverland 12, Glostrup

NLA (sqm)	Gross Revenue (€) FY 2021	Occupancy	Lease type	Land tenure
22,272	1,682,160	91.7%	Multi-tenanted	Freehold
15,431	832,289	64.3%	Single tenant	Freehold
14,703	711,427	73.5%	Multi-tenanted	Freehold
11,151	940,563	98.0%	Multi-tenanted	Freehold
11,890	926,954	92.7%	Multi-tenanted	Freehold
13,717	915,266	78.3%	Multi-tenanted	Freehold
11,945	778,282	85.1%	Multi-tenanted	Freehold
7,615	700,070	100.0%	Multi-tenanted	Freehold
9,233	696,054	96.5%	Multi-tenanted	Freehold
4,985	476,915	100.0%	Single tenant	Freehold
6,875	339,131	100.0%	Single tenant	Freehold

CZECH REPUBLIC
ASSETS

	Address	Acquisition date	Purchase Price (€)	Valuation (€) 31 Dec 2021
	Light Industrial / Logistics			
1	Moravia Industrial Park, Jaktáře 1752, Uherské Hradiště	11 Mar 2021	16,066,005	16,300,000
2	Lovosice ONE Industrial Park II, Průmyslová 1190, Lovosice	11 Mar 2021	14,110,630	14,500,000
3	South Moravia Industrial Park, Cukrovarská 494/39, Vyškov	11 Mar 2021	11,513,764	11,640,000
4	ONE-Hradec Králové', Vážní 536, Hradec Králové	4 Jun 2021	10,098,500	10,300,000
5	Pisek Industrial Park I, Stanislava Maliny 464, Písek	11 Mar 2021	4,191,912	4,340,000
6	Lovosice ONE Industrial Park I, Tovární 1161, Lovosice	11 Mar 2021	3,181,934	3,270,000
7	Pisek Industrial Park II, U Hřebčince 2564/23, Písek	11 Mar 2021	1,728,453	1,730,000

LIGHT INDUSTRIAL / LOGISTICS

1 Moravia Industrial Park, Uherské Hradiště

2 Lovosice ONE Industrial Park II, Lovosice

3 South Moravia Industrial Park, Vyškov

4 ONE-Hradec Králové', Vážní 536, Hradec Králové

5 Pisek Industrial Park I, Písek

6 Lovosice ONE Industrial Park I, Lovosice

7 Pisek Industrial Park II, Písek

NLA (sqm)	Gross Revenue (€) FY 2021	Occupancy	Lease type	Land tenure
13,222	822,075	100.0%	Single tenant	Freehold
17,230	967,313	99.9%	Multi-tenant	Freehold
11,154	613,725	100.0%	Single tenant	Freehold
8,382	444,399	97.3%	Multi-tenant	Freehold
4,235	230,801	100.0%	Single tenant	Freehold
2,763	249,340	100.0%	Single tenant	Freehold
2,513	97,404	100.0%	Single tenant	Freehold

SLOVAKIA
ASSETS

	Address	Acquisition date	Purchase Price (€)	Valuation (€) 31 Dec 2021
	Light Industrial / Logistics			
1	Nove Mesto ONE Industrial Park III, Rakoľuby 241, Kočovce	11 Mar 2021	16,220,002	17,300,000
2	Nove Mesto ONE Industrial Park I, Beckov 645, Beckov	11 Mar 2021	16,905,654	16,845,000
3	Kosice Industrial Park, Veľká Ida 785, Veľká Ida	11 Mar 2021	14,630,096	14,800,000
4	Nove Mesto ONE Industrial Park II, Kočovce 245, Kočovce	11 Mar 2021	9,584,492	9,980,000
5	Zilina Industrial Park, Priemyselná 1, Nededza	11 Mar 2021	5,048,383	5,510,000

LIGHT INDUSTRIAL / LOGISTICS

1 Nove Mesto ONE Industrial Park II, Kočovce

2 Nove Mesto ONE Industrial Park I, Beckov

3 Kosice Industrial Park, Veľká Ida

4 Nove Mesto ONE Industrial Park III Kočovce

5 Zilina Industrial Park, Nededza

NLA (sqm)	Gross Revenue (€) FY 2021	Occupancy	Lease type	Land tenure
25,066	1,266,615	100.0%	Multi-tenant	Freehold
17,764	1,103,809	100.0%	Multi-tenant	Freehold
11,759	862,527	100.0%	Single tenant	Freehold
14,719	831,253	100.0%	Single tenant	Freehold
5,047	510,973	100.0%	Single tenant	Freehold

UK
ASSETS

	Address	Acquisition date	Purchase Price (€)	Valuation (€) 31 Dec 2021
	Light Industrial / Logistics			
1	Thorn Lighting, DurhamGate, Spennymoor, County Durham DL16 6HL, Durham	17 Dec 2021	38,462,840	38,462,840
2	Kingsland 21, 21 Kingsland Grange, Warrington	3 Aug 2021	11,656,996	11,908,000

LIGHT INDUSTRIAL / LOGISTICS

1 Thorn Lighting, Durham

2 Kingsland 21, Warrington

NLA (sqm)	Gross Revenue (€) FY 2021	Occupancy	Lease type	Land tenure
41,611	103,170	100.0%	Single tenant	Freehold
9,764	280,938	100.0%	Single tenant	Freehold

Knight Frank

EUROPEAN PROPERTY MARKET RESEARCH:

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

KNIGHT FRANK RESEARCH

Prepared for:

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

Cromwell European Real Estate Investment Trust

14th March, 2022

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

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1. THE NETHERLANDS

Section 1: Executive Summary

- Despite a contraction in 2020, GDP growth for 2021 is expected to come in at 4.6%, with 3.5% projected for 2022 (Source: Oxford Economics).
- In 2021 there was a total of €16.3 billion invested into real estate in the Netherlands, this is down 31% year on year and lower than the levels recorded over the past five years.
- The vacancy rates across the Dutch cities remain relatively low and despite ongoing development, the number of schemes without pre-let agreements in place is limited.
- Increasing environmental regulations, namely the Label C requirement, have required sustainability upgrades for many buildings. The regulations are tightening however, and this will drive additional costly upgrades and obsolescence, particularly for older office stock. Some of this space will be removed from the market next year, shrinking the amount of available office stock. This is likely to drive down the vacancy rate substantially by 2023.
- The Netherlands possesses some of the most sought-after logistic locations, being centrally located in a network of corridors linking European markets. As well as domestic-driven consumption and e-commerce, demand for logistics in the Netherlands is also driven through trade. Many goods that are destined for the UK, Germany, and France arrive in or travel through the Netherlands.

Section 2: Economy

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

The economic recovery in the Netherlands remains resilient despite global supply-chain disruptions and high energy inflation. The economic impact of the pandemic led to a contraction in GDP in 2020 of 3.8%, however, due to a stronger than expected 2021 and supported by an expansionary fiscal path for 2022-25 announced by the new coalition government, GDP growth for 2021 is expected to come in at 4.6%, with 3.5% projected for 2022 (source: Oxford Economics).

Consumers spending their excess savings built up during lockdowns will help to buffer the inflation squeeze and support spending in 2022. Although spending for the early parts of 2022 will be more subdued due to the COVID-19 case surge, private consumption is expected to be a key driver of economic growth this year, rising by a record 6.5%, after 3.8% in 2021.

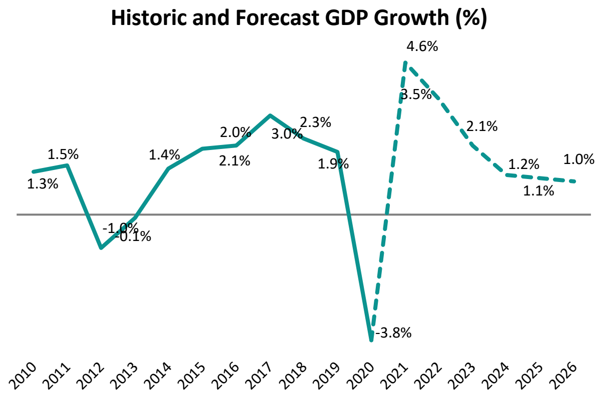
Headline inflation rose to 5.7% year-on-year in December 2021, the highest in nearly 40 years. Oxford Economics has therefore raised their inflation forecast to 3.3% for 2022, but it is projected to be only temporary and should slow noticeably in the latter half of 2022. To offset some of the impact on real disposable incomes, the Dutch government cut household energy taxes on 1st January 2022.

National Statistics – Economic Outlook

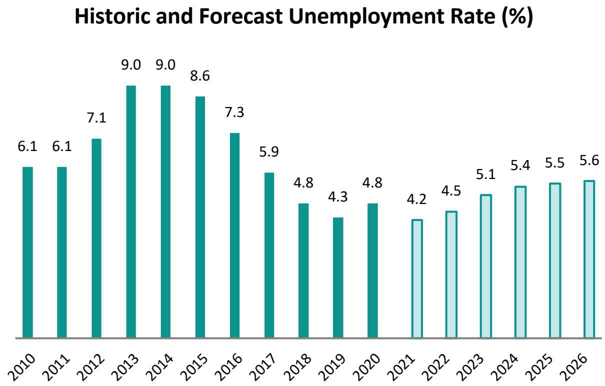
	2020	2021 (f)	2022 (f)	2023 (f)	2024 (f)	2025 (f)	2026 (f)
Total Population (millions)	17.46	17.53	17.60	17.67	17.73	17.78	17.84
Population Growth rate (%)	0.6%	0.4%	0.4%	0.4%	0.3%	0.3%	0.3%
GDP Growth (%)	-3.8%	4.6%	3.5%	2.1%	1.2%	1.1%	1.0%
Unemployment rate (%)	4.8%	4.2%	4.5%	5.1%	5.4%	5.5%	5.6%
Government debt (% of GDP)	69.8%	68.9%	67.6%	67.2%	66.6%	65.9%	64.8%
Inflation (CPI) (%)	1.3%	2.6%	3.3%	1.0%	1.7%	1.9%	2.0%

Source: Oxford Economics (01/02/2022)

While the Dutch labour market stands out internationally as having an extremely high frequency of part-time work and flexible contracts, the market is highly educated and multilingual with generally high levels of employment and tight supply. Despite challenges posed by the COVID-19 pandemic, unemployment has remained comparatively low, 4.8% at the end of 2020 (source: Oxford Economics). Most of the government's retention schemes have now ended, so the unemployment rate is expected to rise slowly, though remaining below the long-run average.



Source: CBS Netherlands, Oxford Economics



Source: Statistics Netherlands (CBS), Oxford Economics

Fuelled by a growing housing shortage and historically low interest rates, house prices in the Netherlands are expected to continue to rise well into next year (source: Oxford Economics). In response, the new government plans to facilitate the building of 100,000 homes a year. Forecasts also suggest that the Dutch population will continue to grow, though the rate of growth is expected to slow.

Overall, while the overall economic sentiment for the Netherlands is positive with revised upward GDP growth forecasts, high inflation and repeated supply bottlenecks are the key risks in the year ahead.

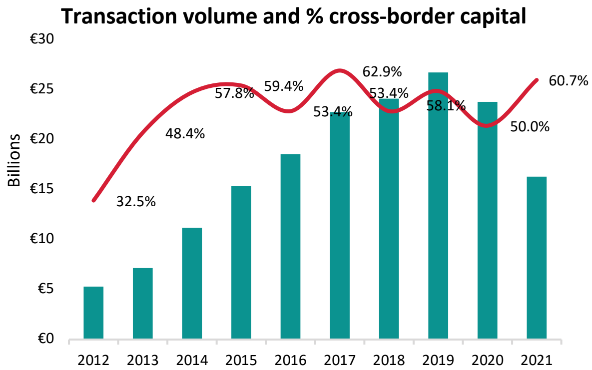
Section 3: Commercial Real Estate Market

A: Investment Market

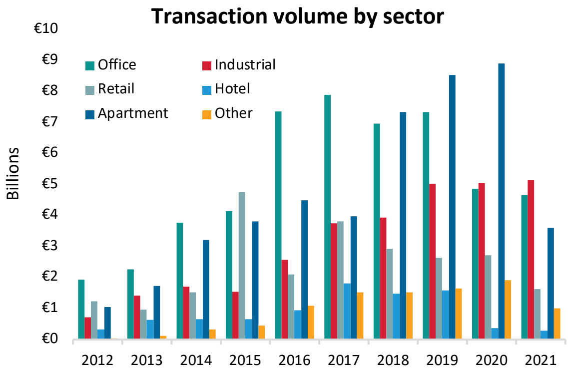
The Netherlands is continental Europe's third-largest commercial real estate (CRE) investment market, after Germany and France, despite its relatively small geographical size. The multi-lingual business culture combined with market transparency and sound economic underpinnings in the Netherlands makes the market attractive to international investors.

The apartment sector was the most invested sector in the last couple of years, followed by the industrial sector. The total transacted in the office sector in 2021 was below the five-year average, most capital targeting offices in the Netherland in 2021 was focused on Amsterdam and the wider Randstad region, though Eindhoven recorded a record level of transactions in 2021 due to the acquisition of the High Tech Campus office park by GIC for more than €1 billion.

In 2021 there was a total of €16.3 billion invested into real estate in the Netherlands, this is down 31% year on year and lower than the levels recorded over the past five years. International investors accounted for more than half of the total transacted, at 61% they accounted for a relatively large share of the market compared to recent years. Despite economic uncertainties and restrictions on international travel, making inspections difficult, the Dutch investment market has remained buoyant and continued to attract overseas investors. Buyers from the UK, and Germany were most acquisitive in 2021, while capital from US buyers dipped.



Source: Knight Frank Research, Real Capital Analytics



Source: Knight Frank Research, Real Capital Analytics

The industrial sector attracted strong investor interest in 2021, with €5.1 billion transacting in the sector. This is on par with the levels recorded over the past two years. The strength of the occupier market, underpinned by the growth in e-commerce is driving investor appetite for the sector. Online shopping has increased significantly in the Netherlands since the start of the pandemic, as it has in many countries. The Netherlands is also a key gateway market for international freight coming into Europe through the ports, particularly Rotterdam which is the largest seaport in the world outside of East Asia. As such, growth in e-commerce across Europe has boosted occupier demand in the Dutch logistics market.

In January 2021, property transfer tax in the Netherlands rose. From 6% to 8% for commercial real estate investment, and from 2% to 8% for residential investments, thus pushing up transaction costs. This is likely to be a key reason for the decrease in transaction volumes year on year. The year-on-year decrease in residential transactions is particularly stark, with €3.6 billion invested in 2021, compared with a record €8.9 billion in 2020. Many investors are likely to have brought purchases forward to avoid the tax rise.

B: Office Sector – occupier market

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

With hybrid working set to become a more significant feature of the workplace post-pandemic, the locations and types of space required by occupiers are likely to become more focused on well-located, core assets. The adoption of hybrid working is also likely to vary across sectors and functions and will therefore impact differently across the various Dutch office markets.

The vacancy rates across Dutch cities remain relatively low and despite ongoing development, the number of schemes without pre-let agreements in place is limited. In 2020 and early 2021, several major Dutch office occupiers announced job cuts and restructuring plans, including ING, the largest bank in the Netherlands, Shell, AirFrance-KLM, Heineken, and Arcelor Mittal. These reorganisations, along with changing working patterns have impacted demand for office space in the short term and availability has increased in 2021, particularly for second-hand space as occupiers focus on newer, more prime space. Despite a drop in demand, it is highly unlikely that vacancy rates in the office market will return to the highs witnessed in 2013 due to the limited number of speculative completions and ongoing conversions of older office stock.

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

Increasing environmental regulations, namely the Label C requirement, have required sustainability upgrades for many buildings. The regulations are tightening however, and this will drive additional costly upgrades and obsolescence, particularly for older office stock. From 2023, all offices will require at least energy label C to be rented out. From 2030, the standard is due to increase to label A.

Amsterdam

The Amsterdam office market is dominated by financial services, business services, and Information, Communication and Technology (ICT) sectors. These sectors have recorded strong growth over the past ten years. Growth in 2022 is expected to remain robust amid a very low unemployment rate and record-high job vacancies. The strong labour market supports demand for office space. Vacancy is low for prime office buildings and some new developments coming to the market should help absorb demand. Modern, well-located office spaces are particularly attractive to start-ups, tech occupiers and other occupiers with a relatively young workforce and flexible workspace needs.

The shape of the economic recovery and the changing role of the office will have implications for companies' preferences in terms of location and specification of office space. As offices are likely to become a space for social interaction and collaboration, more space will be allocated to meeting areas and currently, companies are not looking to offload large amounts of office space. Amsterdam prime office rents have remained stable and are still low in an international context which helps attract international businesses in combination with its high-qualified and multi-lingual workforce.

In 2020, many firms put any decisions regarding their office space on hold, reconsidering any expansion or relocation plans. 2021 has seen an increase in the number of companies looking for office space, these are predominantly Dutch and international tech companies, although commercial services are also increasing their requirements. Financial services companies have increased their take-up of office space in 2021

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

Over the past couple of years, there has been an increase in office supply in the Amsterdam CBD market and in the Houthavens district. With some buildings undergoing renovation recently. However, with firms hesitant on committing to large office footprints, there has been less take-up and rental growth than anticipated.

Currently, there is more than 650,000 sq. m. of Amsterdam office space that does not meet the Label C requirement. The sustainability challenge will be felt most in the CBD area, due to the older stock located here and a significant amount of stock will need to be upgraded here. However, some of this space will be removed from the market next year, shrinking the amount of available office stock. This is likely to drive down the vacancy rate substantially by 2023.

Amsterdam accounts for around a quarter of national take-up, with around 250,000 sq. m taken in 2021. Government and non-profit organisations took the largest share, followed by business services. Vacancy rates have risen in 2020 and 2021 but remain low compared with historic figures. Demand remains strong for high-quality office space and prime rents have remained stable (y/y), at €475 per sq. metre. Although Amsterdam has recorded strong rental growth over the past few years, prime rents have remained flat through 2021. However, positive rental growth is expected to return in 2022, with around 1.3% average growth expected, accelerating in 2023.

Key Market Statistics:

Amsterdam	2016	2017	2018	2019	2020	2021
Prime Rent (€ sq. m/p.a.)	340	365	400	425	475	475
Prime Yield (%)	4.50	3.60	3.25	3.00	3.50	3.15

Source: Knight Frank Research

The Hague

After Amsterdam, The Hague is the next largest office market in the Netherlands in terms of built stock and the third-largest city by population. The Hague is the seat of the Dutch government as well as numerous international public bodies including the International Criminal Court (ICC), International Court of Justice, and Europol (European Union Agency for Law Enforcement Cooperation). Oil companies are also a significant part of the occupier base in The Hague - Royal Dutch Shell has their headquarters here, and Saudi Aramco, Kuwait Petroleum Corporation, and Total S.A. have all located their regional HQ’s in the city too.

However, the city’s economic growth is increasingly being driven by ICT companies, along with business services and construction firms. International companies such as McDermott (construction, engineering), Siemens (electronic goods), and T-Mobile (ICT) have a significant presence in The Hague. The diversification of the occupier base has benefited The Hague, particularly in light of the pandemic, with some sectors impacted more strongly than others.

Total office stock in The Hague has been shrinking through the redevelopment of vacant buildings into other uses, predominantly housing. Though part of a wider, national trend, the situation was more pronounced in The Hague. Many government-owned buildings have been removed from the market, including the old KLM headquarters building. This is being converted into a residential development. The Dutch government has been consolidating its office space requirements in recent years and reducing its property holdings. However, they remain a significant owner of offices in The Hague, with high concentrations in the City Centre and the Central Station Area.

The office market in the Hague does face challenges however, much of the current office stock does not meet the quality requirements of many modern office users. There are also issues in terms of accessibility and public infrastructure. As part of the broader trend in office requirements, demand is focused upon high-quality space close to public transport links. Substantial investments have been made in the Randstad Rail commuter network and high densely, mixed-use developments around transport hubs will support future growth. The development of a new Central Innovation District (CID) is taking place, this new, centrally located mixed-use quarter, includes high-rise residential and office space. Located between and around The Hague's Central Station, Hollands Spoor, and Laan van NOI train stations, development is expected to run to 2040.

A lack of stock in the city is a constraint on the occupier market, with vacancy rates c.5%. The number of developments planned is currently limited, as new stock is added to the market, it should offer opportunities for growth and boost take-up over the next few years.

Key Market Statistics:

The Hague	2016	2017	2018	2019	2020	2021
Prime Rent (€ sq. m/p.a.)	210	210	220	225	225	225
Prime Yield (%)	5.50	5.50	5.25	4.60	4.60	4.60

Source: Knight Frank Research

Utrecht

Utrecht is a university city with a highly educated population and has become a centre for research and development, including medical research, genetics, and other sciences and has also spawned several associated start-ups, all of whom are taking space in the city. Utrecht is home to the large Utrecht Science Park, which is focused on life sciences and biomedical fields, with cutting-edge research that includes diagnostics, therapeutics, oncology, and stem cells, and is home to over 100 companies. Utrecht is also a hotspot for ICT (information and communications technology) and the gaming industry. Capgemini, Fujitsu, and Oracle all have a presence in the city, as do Nintendo and Ubisoft.

TMT, life sciences and research sectors have seen growth and investment over the past few years. These sectors are proving relatively resilient in the current economic climate, with health, education, and public services largely unaffected by the challenges found elsewhere in the economy. Office-based employment in Utrecht is set to grow by more than 10% over the next ten years (source: Oxford Economics).

Over the past ten years, the quality of stock in Utrecht has improved considerably with outdated stock redeveloped and poorly located stock converted to alternative uses. This has set the city in good stead for the incoming sustainability requirements, with four in five buildings already meeting the label C requirement, better than the other Dutch cities. The high quality of offices and the cheaper rents (compared with Amsterdam) is driving continued demand from occupiers.

Although take-up has decreased in 2021, some sectors, such as ICT, healthcare, and commercial services expanded their office space requirements during the pandemic. There has also been increased demand for flexible office space and short-term lease contracts, with businesses postponing their longer-term business planning and leasing decisions.

The vacancy rate in the city has increased slightly in 2021, however, this follows a historic low of around 5.5% at the end of 2020 and several years of decline, from around 13% in 2013. It now stands at around 6%, though there is significant variation across sub-markets. While the areas of Papendorp and Kanaleneiland recorded an uptick in vacancy, availability in the CBD market went largely unchanged. Some large office footprints were vacated in Papendorp and Kanaleneiland recently, contributing to higher vacancies, however, the fundamentals in these sub-markets remain strong, they have recorded strong growth over the past few years, demand in these sub-markets is underpinned by occupiers wanting high-quality modern offices with a good amenity offering.

Key Market Statistics:

Utrecht	2016	2017	2018	2019	2020	2021
Prime Rent (€ sq. m/p.a.)	220	235	275	275	275	275
Prime Yield (%)	5.75	5.50	5.25	4.60	4.60	4.60

Source: Knight Frank Research

Rotterdam

Rotterdam is home to the largest port in the country and several export-dependent corporations are based here including Unilever (consumer goods), Proctor & Gamble (consumer goods), Pfizer (pharmaceuticals), Stolt-Nielsen (logistics), and Maersk (logistics). Imports are also an important part of the city economy, around 40% of container freight from China to Europe is destined for Rotterdam and the expansion in Chinese-European trade over the past ten years has driven increasing freight volumes in the port.

Rotterdam has also been diversifying its offering somewhat; away from a purely industrial port city to a centre for technology, creative, and business services sectors. The ICT sector has grown significantly over the last five years, though still accounts for a relatively modest share of the overall occupier market. Technology firms Capgemini, Infosys, Microsoft, and Google all have offices in Rotterdam. One of the largest online retail platforms in the Netherlands and Belgium, Coolblue is located here.

There has been a rapid increase in the number of tech start-ups in Rotterdam over the past two years and ICT is becoming an important sector for the city’s economy and demand for office space. Rotterdam’s strong university base as well as cheaper living costs and office rents, make the city an attractive alternative to both residents and companies. Particularly for young professionals and start-ups. The growth of this tech ecosystem is driving demand, particularly for flexible office provisions and several flexible office providers are expanding, including Microlab and The Next Web, and Workspot. However, flexible office space remains a limited part of the overall market.

Office-based employment is forecast to grow 12% in Rotterdam over the next ten years (between 2020-2030) according to Oxford Economics. The highest growth sectors are administrative and support activities, energy services, and professional, scientific and technical activities are also expected to record strong employment growth.

The vacancy rate in Rotterdam is high relative to other Dutch cities and Rotterdam has a large proportion of older office stock. Though there has been a significant amount of stock removed from the market, there is still further to go. As is true of most cities, the pandemic has driven a fall in office demand in Rotterdam in 2020/21. However, the effects are not being felt equally across the city. The Kop van Zuid market has vacancy rates of around 5%, the area has developed as a high-quality office market, with good amenity offering. The limited development pipeline and desirability of this location could drive rental growth. Meanwhile, the vacancy rate is particularly high in the Brainpark district (above 20%). With demand increasingly focused on prime city centre offices, secondary locations will expect to see rising vacancy rates or office conversions.

Prime rents in the CBD market have held firm in 2021 and the focus on high-quality offices in the best locations is likely to keep rental levels stable. However, as tenant leases come up for renewal, they are likely to seek higher incentives or rent reductions as part of the renegotiation process and secondary rents are likely to fall as demand for lower quality offices in weaker locations softens.

Key Market Statistics:

Rotterdam	2016	2017	2018	2019	2020	2021
Prime Rent (€ sq. m/p.a.)	235	235	235	235	235	235
Prime Yield (%)	5.00	5.00	4.75	4.60	4.60	4.60

Source: Knight Frank Research

's-Hertogenbosch (Den Bosch)

The North Brabant region is home to the cities of Eindhoven, Breda and ‘s-Hertogenbosch (“Den Bosch”). The office occupier base in these cities has a strong regional focus. The region is an important centre for logistics and manufacturing, there are also numerous SMEs and many innovative technology companies located here.

The office markets in these cities are marred by a lack of quality stock, but there are some positive moves with the development of several campus-style initiatives aimed at creating desirable, collaborative, and modern working environments, such as Brainport Industries Campus in Eindhoven or De Brand in s-Hertogenbosch. These campus-style ecosystems promote innovation and collaboration and specialist clusters have formed on these campuses.

The largest investment transaction in the region in 2021 was the acquisition of High Tech Campus, Eindhoven by Oaktree on behalf of the Singaporean sovereign wealth fund; GIC for approximately €1.1 billion. The campus has 52 buildings and tenants here include AH, Philips, Capgemini, ATOS, and Accenture. They plan to develop and extend the campus. This acquisition demonstrates investor confidence in the region and the future of such tech campus-style office parks.

C: Industrial Sector – occupier market

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

The established logistics regions in the Netherlands have so far concentrated mainly on the areas around the larger metropolises. In particular, the areas around Schiphol Airport near Amsterdam and Rotterdam, Europe’s largest seaport, are considered logistics hubs with global significance. In addition, some regions such as Tilburg / Den Bosch, Eindhoven, or Venlo are grouped around the transport corridors in a south-easterly direction. An increased concentration of logistics space can also be seen around the cities of Almere, Zwolle, and Enschede. Although these areas have had subordinate logistical importance up to now, they are well on the way to establishing themselves as logistics regions in the future due to the comparatively favourable availability of land.

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

Domestic consumption and online sales have been growing and this is driving demand, particularly for urban logistics. However, the Dutch retail market is small relative to neighbouring countries, and occupier demand in the Netherlands is driven mainly by strong transport and trade links as well as access to the wider European consumer market. The pandemic has served to accelerate the adoption of online platforms by retailers and online sales volumes have recorded strong growth in 2020/2021. Online retail accounted for 12.5% of retail sales in 2021, compared with 9.9% in 2019 and 5.7% in 2012 (source: Centre for Retail Research). However, the share is still lower than in the UK, France, or Germany leaving room for further e-commerce growth.

As well as domestic-driven consumption and e-commerce, demand for logistics in the Netherlands is also driven through trade. Many goods that are destined for the UK, Germany, and France arrive in or travel through the Netherlands. The Netherlands is home to Europe's largest container port of Rotterdam and is central to the network of transport corridors that link markets in Southern Europe, Central, and Eastern Europe to the UK and the Nordic markets. The Netherlands handles more maritime freight than any other European country and the Port of Amsterdam is the fourth-largest cargo port in Europe.

A large proportion of take-up of logistics still comes from trade-focused operators. This means that the logistics market in the Netherlands is exposed to global trade dynamics. International trade was severely impacted by the Covid-19 pandemic with factory shutdowns, supply chain issues, and thus a significant contraction in demand for trade and thus for port-centric logistics space in mid-2020. However, consumption has expanded significantly in 2021 and trade-driven demand has risen sharply. This has been amplified by the UK's departure from the EU, with additional customs procedures meaning that goods may need to be stored in port locations for longer, both in the UK and in the Netherlands. This has been exacerbated by the recent HGV driver shortage.

The Netherlands' maritime connections are becoming even more important as a result of Brexit. A new direct shipping route between Dublin and Amsterdam was launched at the end of January 2021 and expanded in May due to growing demand to avoid post-Brexit customs checks. The route provides access to Amsterdam's network of rail, road, and inland waterway connections to major EU markets and is likely to reinforce the Netherlands' location as a strategic logistics hub. Earlier this year, the Guardian reported that more than 500 global firms considered investing in the Netherlands because of Brexit – half of which were UK companies. More companies are likely to follow to overcome Brexit-induced trade hurdles boosting the demand for space in the country's major logistics hubs.

The freight and logistics market in the Netherlands is fiercely competitive, fragmented in nature with the presence of many international and domestic companies. The top players in the segment include DHL, DB Schenker among international players and, Peter Appel, Vos Loos among domestic players.

Amsterdam

Amsterdam is a hub for shipping, logistics, and transport. It is also home to more than half of all American and Asian-European distribution centres. Within the Amsterdam Metropolitan Area (MRA), locations such as Almere with its seaport access, and Amsterdam Schiphol Airport, a significant international hub for logistics and distribution, are the key growth locations.

Suitable development land in prime locations is becoming increasingly scarce and the volume of new developments is expected to be constrained over the next few years as developers and planners adapt to implementing the new zero nitrogen emissions policy. Rising development costs and a shortage of construction materials are also impacting developers' ability to bring new facilities to the market. Some new development was delivered in 2021 and should help support satisfy pent-up demand with growth in take-up, delivering more opportunities to occupiers. The pandemic dented cargo volumes at Schiphol Airport, though volumes are recovering, Schiphol processed 1.66m tonnes of cargo in 2021 – an increase of 15% relative to 2020 (1.44m tonnes). Throughput is also up 5% relative to 2019 (1.57m tonnes) (source: Royal Schiphol Group).

The highest rents in Amsterdam are found around Schiphol Airport where levels are €85 per sq. metre per year, with lower rents found in the Port area (around €54 per sq. m). Prime rents in Schiphol have remained stable, though the impacts of lower cargo volumes may impact occupier confidence and take-up activity in this market in the short term, due to the impacts of the pandemic. The Schiphol logistics area is focused around the airport. Exports from Schiphol are mainly focused on aviation and intercontinental distribution. Logistics stock here is relatively new and the rent per square metre is very high.

The Amsterdam port region is one of the world's largest logistics hubs and one of Western Europe's Top 5 seaports. The Port's strategic and central location within Europe makes it easily accessible and ensures excellent connections to all major European markets. The availability of land and proximity of a large consumer base make the Port of Amsterdam a desirable location, both for trade-orientated occupiers and last-mile fulfilment. European logistics parks company CTP recently purchased Amsterdam Logistic Cityhub BV (ALC) in a €307M deal. The 120,000 m2, multi-user storage and distribution centre is currently under construction in the Western Docklands of the Port of Amsterdam, with barge as well as road access. This is one of several recent developments in the Port of Amsterdam region and more are expected due to the availability of land for development.

Key Market Statistics:

Amsterdam	2016	2017	2018	2019	2020	2021
Prime Rent (€ sq. m/p.a.)	85	85	85	85	85	85
Prime Yield (%)	5.75	5.00	4.50	4.10	3.80	3.40

Source: Knight Frank Research

2. FRANCE

Section 1: Executive Summary

- The coronavirus shock led to a sharp deterioration in the fiscal account, with an 8% fiscal deficit and the public debt surging above 150% of GDP which is forecast to recede only gradually. Despite this, the higher fiscal deficit is partly offset by the steady fall in sovereign interest rates amid very active ECB intervention.
- Transaction volumes reached €30.5 billion in 2021, down from €35.2 billion in 2020. Domestic buyers continue to dominant activity in the investment market, yet the share of foreign capital increased this year.
- Take-up in the Greater Paris Region office market gradually recovered in 2021 after its 2020 dip. The year ended with take-up 32% higher than 2020 levels, totalling 1.88 million sq. m for the year.
- Vacancy rates across Paris increased over 2020 and 2021 due to an acceleration of premises being vacated and subdued demand as corporates put expansion plans on hold. The overall vacancy rate for Paris IDF is now 7.3%, compared with 6.5% a year earlier but remains below the 2014 high. However, almost all Parisian submarkets and the Inner Eastern Suburbs have vacancy rates below 5%.
- Online penetration rates have increased from 9.7% of total retail sales in 2019 to 13.8% in 2021 (source: Centre for Retail Research). Rising volumes of online retail will continue to support growing demand for logistics space, particularly within locations close to existing and growing consumer bases.

Section 2: Economic Overview

France remains the second-largest economy in the European Union and returned to pre-crisis levels of activity in the third quarter of 2021 as the COVID-19 vaccination campaign gained momentum and the government's easing of restrictions spurred growth in consumer spending. Following a contraction of 8.0% in 2020, the economy rebounded and is forecast to have grown by 6.7% in 2021, the fastest growth rate in over five decades. However, the strong rebound is forecast to taper off this year, with a current growth forecast by Oxford Economics of 3.7% for 2022, followed by a 2.2% expansion in 2023.

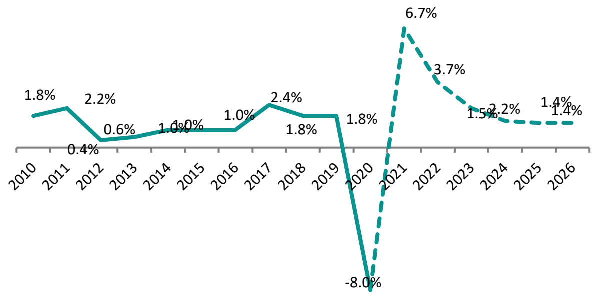
National Statistics – Economic Outlook

	2020	2021 (f)	2022 (f)	2023 (f)	2024 (f)	2025 (f)	2026 (f)
Total Population (millions)	67.41	67.56	67.72	67.90	68.08	68.26	68.44
Population Growth rate (%)	0.2%	0.2%	0.2%	0.3%	0.3%	0.3%	0.3%
GDP Growth (%)	-8.0%	6.7%	3.7%	2.2%	1.5%	1.4%	1.4%
Unemployment rate (%)	7.9%	7.9%	8.0%	7.8%	7.6%	7.4%	7.2%
Government debt (% of GDP)	153.5%	149.5%	148.7%	148.3%	147.6%	145.9%	143.4%
Inflation (CPI) (%)	1.6%	1.9%	1.4%	1.8%	1.9%	1.9%	0.0%

Source: Oxford Economics (01/02/2022)

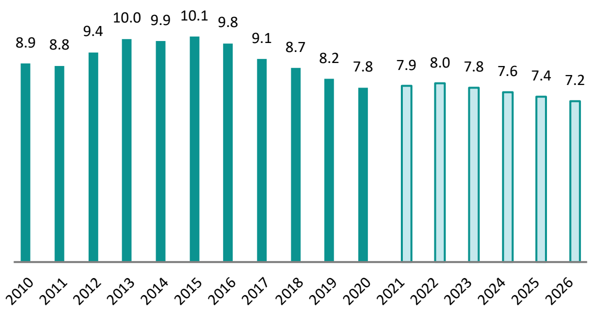
The labour market in France remains resilient. Going into the pandemic, French unemployment was at the lowest level since 2008 at 8.1%. Unemployment declined to 7.8% in 2020, underlined by a generous furlough scheme in place to support workers affected by national lockdowns. The labour market consistently surprised on the upside this year, with new hiring in both temporary and permanent contracts now above pre-pandemic levels. The outlook is positive with households' unemployment expectations at multi-year lows and businesses' hiring intentions elevated across sectors, and an overall increase in the participation rate. As such, unemployment forecasts have been lowered, with the current cycle peaking at 8% this year, before falling steadily thereafter.

Historic and Forecast GDP Growth (%)



Source: INSEE, Oxford Economics

Historic and Forecast Unemployment Rate (%)



Source: INSEE, Oxford Economics

Inflation accelerated in 2021 as a result of the spiral between prices and wages, and volatility in energy markets. While still extremely high, price pressures may now be close to peaking, but energy price volatility means we may continue to see swings in inflation over the coming months. However, the global supply bottlenecks that have been affecting industry for over a year have finally started to ease. Latest INSEE data show growth at the end of 2021 was boosted by companies replenishing depleted inventories, with stock-building adding 0.4% in the fourth quarter after representing a 0.7% drag in the previous quarter, while new orders and production expectations have improved.

The coronavirus shock led to a sharp deterioration in the fiscal account, with an 8% fiscal deficit in 2020-21 and the public debt surging above 150% of GDP which is forecast to recede only gradually. Despite this, the higher fiscal deficit is partly offset by the steady fall in sovereign interest rates amid very active ECB intervention. With French 10-year bond yields currently negative or close to zero, debt sustainability is not considered a risk at present.

Exposure to key global risks remain, including a continuation in rising commodity prices which may result in a sharp bond market sell-off, amid expectations of early policy tightening and a correction to equity markets. Oxford Economics expects that, in this scenario, domestic demand would take a hit, and GDP growth would return lower than anticipated over the next few years.

This year is expected to be decisive for the future of France with the upcoming presidential election, particularly regarding structural reforms which have been promised since 2017 but so far have been interrupted by repeated demonstrations and the onset of the COVID-19 crisis. Risks of new waves of COVID-19 could also disrupt the election, biasing and weakening the legitimacy of the result.

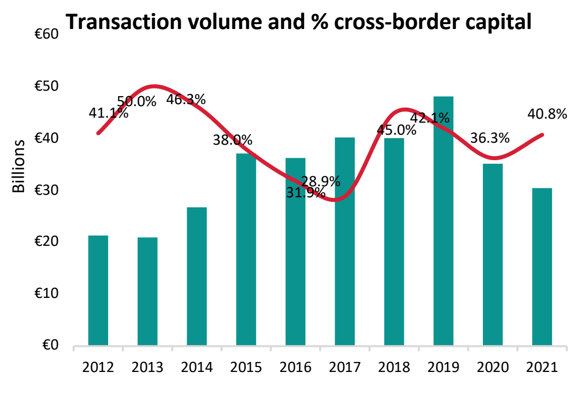
Section 3: Commercial Real Estate Market

A: Investment Market

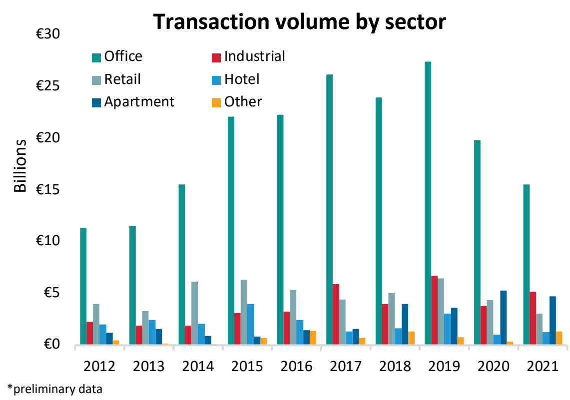
Transaction volumes reached €30.5 billion in 2021, down from €35.2 billion in 2020. Domestic buyers continue to dominant activity in the investment market, yet the share of foreign capital increased this year, accounting for 41% of the total transacted, just slightly below pre-Covid levels, despite ongoing travel restrictions.

Commercial property investment in France is focused on the office sector and is concentrated in and around the Greater Paris market, particularly the CBD and La Défense submarkets. As one of the core markets, Paris remains one of the top targets for investors into European real estate. The Paris office market is the second largest in Europe in terms of capital invested in 2021, only London is larger. Some investors are reluctant to venture outside of the IDF area due to the relatively small size of the regional office markets, general lack of good quality stock, and thus lower levels of liquidity.

In 2021, investors from the US and UK were the most active sources of foreign capital in the French commercial real estate market, unchanged from 2020. Singaporean investors increased their activity in 2021, with activity focused on the industrial sector as well as the retail sector.



Source: Knight Frank Research, Real Capital Analytics



Source: Knight Frank Research, Real Capital Analytics

The Paris City Centre market recorded a significant dip in transaction totals in 2021, due to a lack of sizable transactions. While cross-border investors remained active, domestic buyers looked to some of the less central Paris sub-markets such as Deuxieme, they also increased their activity in the West Crescent area. The industrial sector represented a larger share of the investment market in 2021, which led to a rise in the total transacted outside of the core Paris CBD market.

While investment in Paris CBD was down in 2021, there were some notable transactions including the c.€300 million sale of the Metronome building located in the Rive Gauche area, by Oxford Properties to the Italian insurance company, Generali, along with a French institutional investor. Métronome is an 8-storey building, offering around 22,000 sq. m. of office and retail space. Generali also purchased the New Station building in the Montparnasse area, for €279 million through a JV with a major Asian investor.

€5.2 billion of industrial and logistics deals concluded in 2021 across the country, up from €4.3 billion in 2020. Buyers from Singapore, the US, and Canada were the most active source of foreign capital in the French industrial and logistics sector in 2021, all increased the total invested year-on-year. Investors from the UK also remained active but the total of their acquisitions decreased year on year. The largest deals of 2021, involved assets that transacted as part of large, pan-European portfolios, including the EQT Exeter Portfolio, a portfolio of significant scale with some assets located in France, the portfolio was purchased by GIC for a total of €3 billion. The Omega portfolio, purchased by Dream Industrial REIT for €880 million, also contained assets located in France.

B: Office Sector – occupier market

The French office market is highly centred on Paris and the Ile-de-France region where strong investor and occupier appetite for prime office assets remains. Take-up in the Greater Paris Region office market gradually recovered in 2021 after its 2020 dip. The year ended with take-up 32% higher than 2020 levels, totalling 1.88 million sq. m for the year. Although still 24% below the pre-crisis level (2015-2019), performance in 2021 is significantly better than the levels achieved during previous crises, whether it be the bursting of the internet bubble (+27% compared to 2002), the great financial crisis (+2% compared to 2009) or the European debt crisis (+8% compared to 2013). Innovation players are proving to be the new drivers of the Paris office market.

The upturn in demand concerned all area categories in 2021, with 55 leases compared to 22 in 2020. Office space lettings of more than 5,000 sq. m increased by 31%, however, large transactions have not yet returned to their pre-crisis levels, with 74 large transactions recorded each year in the five years preceding the Covid-19 pandemic.

Immediate supply in the Greater Paris Region totalled 4.04 million sq. m at the end of 2021, an increase of 13% year-on-year. The overall vacancy rate for Paris is now 7.3%, compared with 6.5% a year earlier but remains below the 2014 high. Almost all Parisian submarkets and the Inner Eastern Suburbs have vacancy rates below 5%. On the other hand, availability is very abundant in the West, North, and Péri-Défense, with high vacancy rates of between 12% and 17%. La Défense vacancy rate sits at 12.6%.

Most vacancy rates across Paris increased over 2020 and 2021 due to an acceleration of premises being vacated and subdued demand as corporates put expansion plans on hold. For example, the Paris CBD submarket has seen its vacancy rate rise from 1.6% in Q4 2019 to 4.1% in Q4 2020 and 4.6% in Q4 2021. For the Greater Paris Region and La Défense, vacancy rates increased to 6.5% and 9.7% respectively.

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

Office space delivered in the Greater Paris Region in 2021 was at its highest level since 2015 (1.2m sq. m), partly inflated by the deliveries initially planned for 2020 but delayed due to Covid. In 2022, the pace will slow only moderately, with 987,000 sq. m expected, 69% of which is still available. In the longer term, developments should gradually slow as projects are scaled-down and we see an increase in the proportion of redeveloped existing assets rather than the creation of new space.

Prime rents in Paris remain at high levels, now standing at €935/sq. m/year compared with €865/sq. m/year at the end of 2019. A highlight in 2021 was a sharp increase in the number of leases signed at or greater than €900/sq. m/year. Supported by strong demand from companies in the finance, luxury, legal, and consultancy sectors, rents for the best assets in the CBD could rise further in 2022 due to the limited supply of Grade A space, widening the gap between exceptional properties and the rest of the market. The past three years have also seen prime yields stable at 2.75% showing the resilience of quality assets in well-connected areas to the implications of COVID-19.

As well as economic context, occupiers in Paris are increasingly taking into account HR and CSR criteria in their real estate decisions. At a time when companies are reporting increasing recruitment difficulties, location and the quality of the space have an important role to play in attracting and retaining employees.

Key Market Statistics:

Paris (IDF)	2016	2017	2018	2019	2020	2021
Vacancy Rate (%)	6.60	6.10	5.40	5.00	6.50	7.30
Take-Up (sq. m)	2,445,100	2,575,900	2,559,550	2,382,053	1,304,494	1,893,594
Stock (million sq. m)	53.1	53.7	54.0	54.5	55.0	55.6
Prime Rent (€ sq. m/p.a.)	770	810	840	865	940	935
Prime Yield (%)	3.00	3.00	3.00	2.75	2.75	2.75

Source: Knight Frank Research

C: Industrial market – occupier sector

France ranks as the world's sixth exporter and importer of merchandise (source: WTO) and Paris, with a population of 12.5 million, is one of the largest logistics markets in Europe. The Ile-de-France market dominates, and Paris accounted for roughly a quarter of total take-up over the past two years. While the Parisian market is the frontrunner in terms of urban logistics, Lille and the wider Hauts-de-France region is a distribution hub location offering a balance between competitive operational costs and access to markets. The region boasts relatively cheaper occupier costs and benefits from the availability of land plus its proximity to the Channel Tunnel and therefore the UK market. The region has a strong manufacturing base and is home to several automotive manufacturing plants, including ones for Toyota and Renault.

Take-up in France in 2021 totalled around 4.5 million sq. metres, up 7% y/y. Take-up in 2021 was most robust in Lille and the Hauts-de-France region, followed by Ile de France. Together these two regions accounted for half of all take-up in France, with both regions recording an uptick in activity. Meanwhile, the markets in Lyon and Marseilles recorded a decline in occupier activity this year.

In the Hauts-de-France region, take-up was more than double that recorded in 2020. The uptick in floorspace taken was due to some very large transactions, including La Redoute, the French fashion and homeware brand committing to 110,000 sq. metres at the e-Valley logistics park development in Haynecourt, in the Haute-de-France region. Groupe SEB (manufacturer of kitchen appliances) is to establish a 100,000 sq. metres facility in Bully-les-Mines in the Alouette area in Hauts-de-France, which will be operational by 2023.

Take-up in Paris is driven by logistics providers, with a primary focus on servicing the local consumer market. As a result of the pandemic, the growth of e-commerce in France accelerated over the past two years, with online sales accounting for a larger share of the retail market. Online penetration rates have increased from 9.7% of total retail sales in 2019 to 13.8% in 2021 (source: Centre for Retail Research). France is thus the third largest online retail market in Europe behind the UK and Germany. However, online sales account for a smaller share of the total retail market compared with the UK and Germany. Rising volumes of online retail will continue to support growing demand for logistics space, particularly within locations close to existing and growing consumer bases.

While vacancy rates have fallen to a new low of around 4.5% nationally, new development projects have risen over the past year, with more than 1 million sq. meters under construction at the end of 2021. A large proportion of this space is being developed in the Hats-de-France region. Space being developed on a speculative basis has increased, signalling investor/developer confidence in the market.

In the Paris region, the large consumer base coupled with the rapid growth of e-commerce has driven a strong occupier market, which has compressed the vacancy rate to around 4.1% at the end of 2021. Availability of well-located, Grade-A stock is likely to remain tight as occupiers compete for the best stock.

Key Market Statistics:

Paris	2016	2017	2018	2019	2020	2021
Prime Rent (€ sq. m/p.a.)	58	58	58	58	58	60
Prime Yield (%)	5.75	5.00	4.75	4.25	3.90	3.00

Source: Knight Frank Research

3. GERMANY

Section 1: Executive Summary

- The German economy contracted by 4.9% in 2020 due to COVID-19, however returned to growth in 2021, with GDP growth of 2.7% leaving it just 2% shy of its pre-pandemic level. Further expansion is forecast for 2022 and 2023 (Source: Oxford Economics).
- The highly liquid and relative safety of the German market continues to attract defensive investors and core product is very much sought-after, despite rising prices. There is less appetite for risk at present with investors focusing on sectors that are driven by non-cyclical demand factors, such as logistics, the apartment sector, grocery retail, and core offices.
- Take-up volumes have risen y/y across all the big seven office markets. There was around 3.3 million sq. metres of space taken across the big 7, around 23% more than was recorded in 2020, though it remains below the five-year average. Despite rising levels of occupier activity, vacancy rates have risen, though they remain low compared with other major cities across Europe. Before the pandemic, German cities were facing a significant shortage of office space.
- In 2021, take-up of German industrial and logistics units has totalled 8.7 million sq. metres, the highest annual total on record. Although occupier demand remains strong, levels of available stock have been depleted in 2021 and a shortage of modern logistics facilities and development sites is likely to limit take-up in 2022.

Section 2: Economy

Germany is the largest economy in Europe and the fourth largest globally (by nominal GDP). It has the third-largest export market in the world after the US and China. Germany's main export product is motor vehicles accounting for 15.5% of exports in 2020. Germany's key trading markets are the US, China, and France, followed by the Netherlands and the U.K. (Source: Destatis, 2021). Services are the dominant sector of the economy accounting for almost 70% of output. In addition, 25% of output is industry, and this dominance of industry and exports means that Germany is especially sensitive to external economic shocks. With the automotive industry supply chains and major trading partners severely impacted by the pandemic, the German export market contracted by 10.1% in 2020, however, bounced back in 2021 with forecasted growth of 7.3% in goods and services exports, and 5.7% expected for 2022.

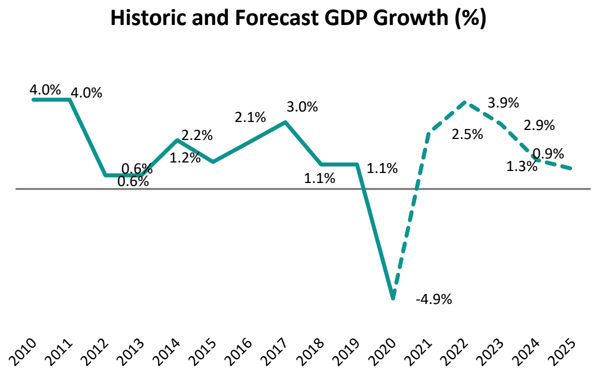
The German economy contracted by 4.9% in 2020 due to COVID-19, however returned to growth in 2021, with GDP growth of 2.7% leaving it just 2% shy of its pre-pandemic level. Further expansion is forecast for 2022 and 2023, with 3.9% and 2.9% respectively (Source: Oxford Economics). A surge in car output suggests that supply bottlenecks have begun to ease while consumption should bounce back this year as consumers return to pre-pandemic spending patterns, although inflation will remain a drag on real incomes. Consumer spending growth is forecast to surge to 8.0% in 2022, from just 0.4% in 2021 and -6.0% in 2020.

National Statistics – Economic Outlook

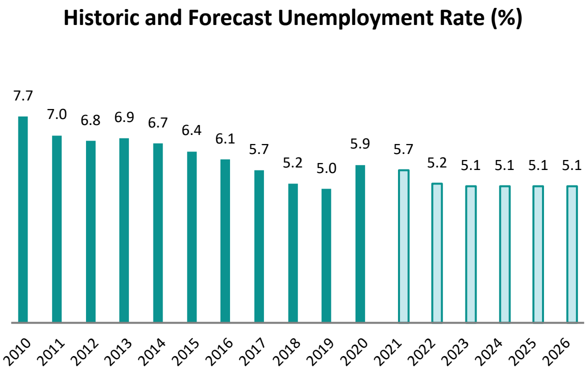
	2020	2021 (f)	2022 (f)	2023 (f)	2024 (f)	2025 (f)	2026 (f)
Total Population (millions)	83.18	83.18	83.26	83.35	83.38	83.39	83.38
Population Growth rate (%)	0.1%	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%
GDP Growth (%)	-4.9%	2.7%*	3.9%	2.9%	1.3%	0.9%	0.9%
Unemployment rate (%)	5.9%	5.7%	5.2%	5.1%	5.1%	5.1%	5.1%
Government debt (% of GDP)	64.6	64.8	61.5	58.5	56.9	55.8	54.9
Inflation (CPI) (%)	0.5%	3.1%	2.4%	1.3%	1.8%	2.0%	2.0%

Source: Oxford Economics (01/02/2022)
*actual

The strong fiscal support announced in 2020 in Germany provided strong protection of jobs and firms from the COVID-19 shock, resulting in a more modest rise in the unemployment rate compared to other advanced economies, to 5.9%. Though not quite back to pre-pandemic levels, hiring intentions and vacancies remain high. As such, employment growth should pick up this year, and by late-2022, the jobless rate may regain its pre-pandemic lows, highlighting the positive impact of the improved furlough scheme.



Source: German Federal Statistical Office, Oxford Economics



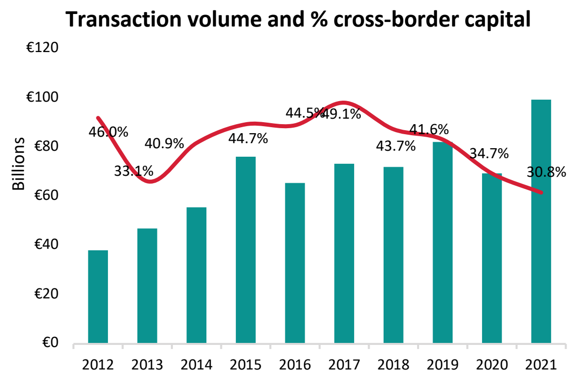
Source: German Federal Statistical Office, Oxford Economics

Overall, risks remain over the near term, most notably oil and durable goods price inflation, but it is likely that GDP will regain its pre-pandemic activity level by late-2022. The coalition deal of the untested three-way coalition of the SPD, Greens and FDP lacks detail, but it is likely that the fiscal policy will be somewhat loosened, albeit modestly, as constrained supply remains an issue.

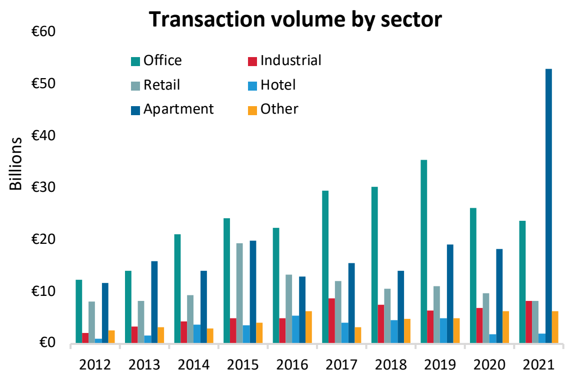
Section 3: Commercial Real Estate Market

A: Investment Market

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



Source: Knight Frank Research, Real Capital Analytics



Source: Knight Frank Research, Real Capital Analytics

Commercial property investment totalled a record €99.3 billion in 2021, up 43% on the €69.5 billion recorded in 2020. The apartment sector dominated the total in 2021, due to some significant portfolio transactions. The largest of these was German residential property REIT Vonovia purchase of rival Deutsche Wohnen for €18 billion. There were some other sizable portfolio transactions in this sector, Swedish Heimstaden Bostad purchased 28,776 apartments across Scandinavia and Germany from Akelius, the German assets were concentrated in Berlin and in Hamburg.

Logistics properties are highly desirable for investors and investment into the sector rose to €8.3 billion in 2020, up from €6.9 billion in 2020. COVID-19 has accelerated the shift towards online retail and home deliveries, and this is underpinning strong occupier demand in the logistics sector. This in turn is attracting investor interest, and demand for the sector is driving down yields for prime assets in core markets. One of the largest transactions in the sector in 2021 was Tritax Group's acquisition of a portfolio comprising two assets from Dietz AG, for a total of €291 million. The distribution warehouses are leased to Wayfair and to Puma.

Domestic buyers continue to dominate activity in the German investment market and have accounted for a rising share of transactions over the past few years. Large German institutions and sizeable German Spezialfonds (open-ended funds for institutional investors) are highly active in the German market. German institutional investors accounted for 20.6% of investment in 2021 (Source: Real Capital Analytics).

The highly liquid and relative safety of the German market continues to attract defensive investors and core product is very much sought-after, despite rising prices. Transaction volumes for value-add and core-plus products have fallen due to a widening spread in buyer and seller pricing expectations. There is less appetite for risk at present with investors focusing on sectors that are driven by non-cyclical demand factors, such as logistics, the apartment sector, grocery retail, and core offices. Alternatives such as healthcare and data centres are also piquing investor interest.

Investment in German offices totalled €23.8 billion in 2021, investment into the office sector has declined over the past two years. One of the largest single asset deals was a forward-purchase of Tower 1 (Four Frankfurt) in Frankfurt, a 55-storey office building. It was purchased in a joint venture between German investors; Allianz RE and BVK for €1.4 billion.

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

B: Office Sector – occupier market

Take-up volumes have risen y/y across all the big seven markets. There was around 3.3 million sq. metres of space taken across the big 7, around 23% more than was recorded in 2020, though it remains below the five-year average. However, there was variation with activity in Frankfurt, Hamburg, and Cologne showing the most improvement y/y. Despite this, Berlin and Munich remained the most active markets in terms of occupier activity. Despite rising levels of occupier activity, vacancy rates have risen, though they remain low compared with other major cities across Europe. Before the pandemic, German cities were facing a significant shortage of office space.

Business uncertainty has led to a delay in real estate related decisions, with companies reducing expenditure and postponing decisions on relocation and/or expansion. However, with economic recovery on the horizon in 2022, take-up is likely to improve.

While corporations are factoring in higher levels of flexible and remote working in future workplace planning, demand for office space will remain, though the size, location, and fit-out requirements may change. There is an expectation that office occupiers will become more focused on high-quality space, and this is already evident in the recent take-up figures, which show a rising proportion of Grade-A take-up. The disparity is also apparent in the vacancy rates for different grades of stock, with rising vacancy rates for secondary stock rising, while vacancy rates for Grade-A stock have fallen. Even as the economy recovers and take-up levels improve, buildings that do not meet occupier requirements in terms of fit-out and lack sustainability credentials will continue to struggle in attracting occupants.

As obsolescence threatens older buildings, there is growing pressure on owners to refurbish them. There has been a rise in development activity in the German Big-7 this year, with around 1.6 million sq. metres of new space completed. The majority of these developments were already subject to pre-let agreements before completion. The appetite for pre-lets continues and almost half of the development currently underway is already committed.

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

Take-up rose 41% y/y with a total of 468,000 sq. metres let in 2021, compared with 333,000 sq. metres in 2020. Leasing activity was concentrated in the CBD, though the sub-markets of Eschborn and City West also recorded an improvement in activity.

The vacancy rate is structurally high in Frankfurt although it has reduced over the past few years, it increased in 2021 to 7.7%. Despite a rise in the amount of vacant stock, there is a strong appetite for new build, of the c.200,000 sq. m of completed office space that came onto the market in 2021, three quarters were leased before completion. Many existing properties no longer meet the requirements of modern occupiers and there will be a need to refurbish or convert these over the coming years.

Despite a rise in vacancy, rising development costs, and strong occupier demand for high-quality new office spaces has pushed up prime office rents in 2021. Frankfurt recorded modest rental growth of 1.1% in 2021, with prime rents reaching €546 per sq. metre per year at the end of 2021. The rate of rental growth is expected to remain modest and steady over the next couple of years (c.1-2%). Meanwhile, average rents have declined, as demand for secondary stock wanes.

Key Office Market Statistics:

Frankfurt	2016	2017	2018	2019	2020	2021
Vacancy Rate (%)	9.10	7.80	7.20	6.50	6.10	7.70
Take-Up (sq. m)	530,375	715,100	533,600	580,000	333,000	468,000
Stock (million sq. m)	12.1	12.1	11.4	11.5	11.6	11.8
Prime Rent (€ sq. m/p.a.)	462	480	516	540	540	546
Prime Yield (%)	4.00	3.25	3.10	2.85	2.85	2.70

Source: Knight Frank Research

Berlin is Germany's start-up hotspot and home to a high proportion of tech and creative businesses. The city is also the German capital and home to a concentration of government institutions, public administrative bodies, and social institutions all of which are significant in the occupier mix (though they tend to be owner-occupiers). Berlin has relatively low office occupancy costs and living costs and the city's vibrant social scene is attractive to young, highly educated people from all around the world. The combination of these factors creates an environment favourable to start-up companies and entrepreneurs and so the growth of co-working office space and flexible leasing options are very popular in Berlin, and this is a trend set to continue.

Though the occupier market saw lower levels of activity in 2020, it has rebounded strongly towards the end of 2021, though the year-on-year comparison is relatively weak, up 8% y/y, with 845,000 sq. metres of take-up. Many firms that postponed leasing decisions in 2020 and early 2021 but have since made commitments. The most active sectors were financial services, along with public administration and business services.

While the vacancy rate rose in 2021, an acute shortage of space remains an issue, particularly in CBD locations, and continue to restrict occupier options and thus take-up activity. The rise is due to a combination of second-hand space being released back to the market due to the impacts of the pandemic, as well as development completions. Around 500,000 sq. metres of space completed in 2021, with two-thirds already occupied. There is a development pipeline of around 3.3 million sq. metres, scheduled to complete over the next three years, though around 1.2 million sq. metres is already committed and new build space in prime locations will remain scarce.

Over the past few years, rental growth in Berlin has outpaced the rest of Germany. Despite rising the impacts of the pandemic, prime rents rose to €516 per sq. metre. The prime end of the market remains highly active, with some high rents achieved in Central, City West, and Hackescher Markt. Further growth is expected over the next few years due to the combination of continued occupier demand and very limited availability, particularly in the city centre. Berlin is expected to remain one of the best-performing markets for rental growth over the next few years given the strong underlying occupational fundamentals.

Key Market Statistics:

Berlin	2016	2017	2018	2019	2020	2021
Vacancy Rate (%)	4.10	2.25	1.80	1.20	1.80	2.80
Take-Up (sq. m)	850,000	950,000	1,415,000	1,050,000	786,000	845,000
Stock (million sq. m)	17.8	18.6	18.9	20.4	20.8	21.3
Prime Rent (€ sq. m/p.a.)	360	396	432	468	492	516
Prime Yield (%)	3.50	3.10	2.75	2.75	2.75	2.65

Source: Knight Frank Research

Hamburg is an important centre for logistics companies given the significance of the Port of Hamburg. The city is also a relatively attractive market for start-ups and smaller companies due to lower occupancy costs relative to other major German cities and estimates suggest that Hamburg is currently home to more than 250 active start-ups. Co-working and flexible office leasing is an important and growing component of the real estate sector in Hamburg and the expanding start-up market is likely to continue to fuel demand for modern co-working office space which is available on flexible terms.

Take-up totalled 431,000 sq. metres in 2021, up compared with 355,000 sq. metres let in 2020, though it remains below pre-pandemic levels. The public sector, and the manufacturing, transport and logistics sector were both active in taking space in 2021. The vacancy rate rose slightly to 3.8% at the end of 2021, compared with 3.4% at the end of 2020, but remains below the level recorded at the end of 2018.

The lack of available office space was a limiting factor for the occupier market in 2021. Less than 100,000 sq. metres of space completed in 2021, though there is a healthy supply pipeline, this should provide additional high-quality stock that meets occupier requirements in terms of specification and sustainability and drive an increase in occupier take-up in 2022.

There has been strong rental growth in Hamburg over the past five years. Despite the pandemic, prime rents have continued to rise in Hamburg, though they continue to offer a good discount relative to most of the other Big-7 German office markets. Further, modest growth is anticipated over the next couple of years.

Key Market Statistics:

Hamburg	2016	2017	2018	2019	2020	2021
Vacancy Rate (%)	5.60	4.80	4.10	2.90	3.40	3.80
Take-Up (sq. m)	551,000	640,000	610,000	530,000	355,000	431,000
Stock (sq. m)	14.8	14.9	15.0	15.2	15.2	15.3
Prime Rent (€ sq. m/p.a.)	300	306	324	360	372	378
Prime Yield (%)	3.50	3.20	3.05	2.90	2.70	2.70

Source: Knight Frank Research

Munich is Germany's largest office market in terms of built stock and has a broad base of occupiers ranging from high-tech industries, traditional manufacturing, ICT, automotive, aerospace, finance, insurance, and media. This diverse occupier base coupled with several blue-chip companies basing their headquarters in Munich makes for a resilient office market. There has also been an increase in take-up from companies in the biotechnology and pharmaceuticals sectors. Despite the pandemic, the local economy is proving resilient, with the unemployment rate projected to be 3.2% at the end of 2021 (source: Oxford Economics) down from 3.6% at the end of 2020 and is expected to fall further over the next few years.

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

Take-up dropped in Munich in 2020, as it has across all German office markets, though it rebounded in 2021, with 669,000 sq. metres taken, up 18% y/y. Activity varied by submarket with occupiers preferring high-quality space in the CBD and city centre locations. The vacancy rate has risen over the past two years, though it remains below 5% across the metro area. It is much lower in the city centre, where the vacancy rate is below 1%. Supply remains highly constrained here and this will continue, with less than 50,000 sq. metres expected to be delivered to the market over the next three years. Modest rental growth is expected in 2022, accelerating through 2023.

Key Market Statistics:

Munich	2016	2017	2018	2019	2020	2021
Vacancy Rate (%)	3.60	2.40	1.80	2.10	3.10	4.90
Take-Up (sq. m)	780,000	986,000	980,000	780,000	569,000	669,000
Stock (sq. m)	20.1	20.2	20.2	20.6	21.0	21.3
Prime Rent (€ sq. m/p.a.)	432	436	438	456	474	505
Prime Yield (%)	3.30	3.00	2.80	2.60	2.70	2.55

Source: Knight Frank Research

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

The economy in Düsseldorf is heavily dependent on export-driven markets and the North Rhine-Westphalia is one of the biggest export regions in Germany. The economic impacts of the COVID-19 pandemic have been felt here, more acutely than in other German office markets, due to the city's strong trade links, trade and manufacturing companies have their headquarters located here. However, the market is showing signs of recovery. Total take-up in 2021 was slightly higher than in 2020, and the second half of the year showed a significant uptick in activity. Across the metro area, the vacancy rate has risen slightly throughout 2021 (from c.7% to c.8.2%), as older buildings are being vacated.

Rents are considerably lower than in other German cities and rental growth in Düsseldorf has been somewhat modest. Prime rents rose held steady at €342 per sq. metre per annum in 2021, with continued demand and limited supply in the CBD, conversely secondary locations have recorded negative growth.

There is around 325,000 sq. metres currently under construction and due to be delivered to the market over the next three years, however, two-thirds of this space is already committed. The supply of new, Grade-A stock will remain limited. With occupiers increasingly turning towards high-quality, modern stock there is likely to be further increases in prime rents. Modern facilities in central locations that can offer larger floorplates will continue to command a premium.

Key Market Statistics:

Düsseldorf	2016	2017	2018	2019	2020	2021
Prime Rent (€ sq. m/p.a.)	318	325	330	336	342	342
Prime Yield (%)	4.20	3.75	3.25	3.20	3.00	2.75

Source: Knight Frank Research

C: Industrial Sector – occupier market

In 2021, take-up of German industrial and logistics units has totalled 8.7 million sq. metres, the highest annual total on record. This was an increase from 6.9 million sq. metres recorded in 2020. Demand for warehousing and logistics in Germany is driven by a combination of retailers, distribution, and manufacturing which contribute to a balanced occupier market.

All sectors were more active in 2021 than they were last year. While online retailers are seeking to increase their capacity and capture market share in the growing e-commerce market, manufacturers are seeking to enhance their storage capacity in order to hold higher stock levels to safeguard against further supply chain issues. The growth in e-commerce is also driving up demand for home deliveries and parcel carrier services, which has been another source of demand for warehousing space.

Demand for urban logistics has driven strong take-up across the Big-5 German cities (Frankfurt, Berlin, Dusseldorf, Hamburg, and Munich). This has been driven by distribution firms including 3PLs and parcel carriers, though retailers are also important. Due to the limited supply of facilities, there has been a rise in pre-let activity in these markets. Of the 620,000 sq. metres completed across these markets in 2021, only 174,000 sq. metres reached completion without a pre-let in place.

Although occupier demand remains strong, levels of available stock have been depleted in 2021 and a shortage of modern logistics facilities and development sites is likely to limit take-up in 2022. Companies face having to be more flexible in terms of their requirements if they are to secure space immediately or agree a pre-lease and await completion. Occupiers are also looking beyond the core markets to locations that may have been considered peripheral or secondary.

Take-up rose across most of the German markets, with particularly strong growth recorded in Frankfurt, where nearly 700,000 sq. metres was taken in 2021, compared with less than 500,000 sq. metres in 2020. The Ruhr area continued to lead in terms of take-up, though with just under 800,000 sq. metres of space taken in 2021, this represented a slight decrease y/y. The Ruhr region is where development activity is concentrated, close to 500,000 sq. metres was completed here in 2021. The region is one of the most sought-after logistics markets in Germany and has seen a significant proportion of transactions due to its proximity to a large consumer base and excellent transport links into neighbouring markets in France, Belgium, and Europe’s key western seaboard ports. The region is strategically important in European logistics networks, for trade from Northern European ports and onward distribution to locations across Germany and beyond.

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

Prime rents have risen across most of the German markets this year, except for Berlin and Cologne, where they have held steady. The strongest growth was in Dusseldorf in the Rhein-Ruhr region, followed by Stuttgart and Munich. Munich and Stuttgart have the highest rents across the markets, followed by Frankfurt and Hamburg.

4. ITALY

Section 1: Executive Summary

- Following the contraction of GDP in 2020 by 9%, the economy grew by 6.3% in 2021. The economy is recovering steadily from the COVID-19 crisis.
- Italy’s property market recorded investment totalling €10.2 billion in 2021, up from €8.7 billion in 2020, though below the record level set in 2019. The industrial sector attracted the largest share of investment in 2021, overtaking the office sector which normally dominates transaction volumes.
- Italy is among the largest beneficiaries of the special Recovery and Resilience Facility funded by the EU and Rome is likely to benefit from investment in improving the city's physical and digital infrastructure as well as environmental measures, these policies will support the cities real estate market and investment.
- 2021 saw Milan’s office occupier demand return to pre-crisis levels, following a slowdown in activity in 2020 due to the pandemic. Meanwhile, the vacancy rate rose to 11.1%, up from 9.8% at the end of 2020.

- Italy has been a relatively late adopter of online shopping and e-commerce however, the market has been expanding rapidly and this has accelerated during the pandemic. Online shopping is forecast to increase 34% over the next five years, to €18.2 billion by 2026 (source: Mintel). This will provide for future demand for both distribution centres and urban logistics in key hubs across the country.

Section 2: Economy

Italy is the third-largest economy in the European Union and the eighth largest in the world (by nominal GDP). The economy is recovering steadily from the COVID-19 crisis, thanks to the vaccination campaign and one of the most generous financial support to households and firms (in proportion to GDP) of any EU country. Following the contraction of GDP in 2020 by 9%, the economy grew by 6.3% in 2021. Oxford Economics predicts that 2022 will record a further 4.4% growth, slowing to 2.5% in 2023.

While Italy's €235bn Resilience and Recovery Plan (RRP) has the potential to put the economy on a higher growth trajectory, it may still be insufficient to raise Italy's per capita GDP to the Eurozone average. The RRP involves additional spending worth 10% of gross domestic product (GDP) until 2026, alongside a package of structural reforms. The plan focuses on greening Italy's economy and digitalisation, although there will also be increased spending on education, research, infrastructure, and sustainable transport.

National Statistics – Economic Outlook

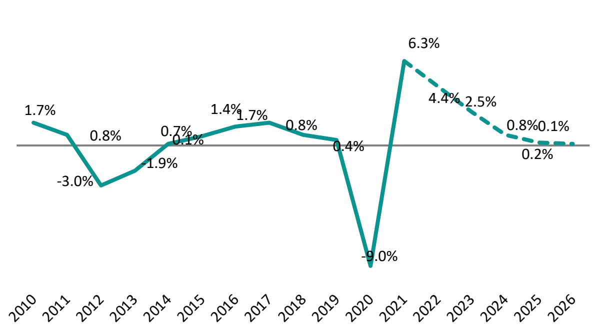
	2020	2021 (f)	2022 (f)	2023 (f)	2024 (f)	2025 (f)	2026 (f)
Total Population (millions)	59.48	59.26	59.12	59.01	58.95	58.91	58.86
Population Growth rate (%)	-0.7%	-0.4%	-0.2%	-0.2%	-0.1%	-0.1%	-0.1%
GDP Growth (%)	-9.0%	6.3%*	4.4%	2.5%	0.8%	0.2%	0.1%
Unemployment rate (%)	9.3%	9.6%	9.1%	9.0%	8.8%	8.8%	8.8%
Government debt (% of GDP)	183.9	180.2	174.6	173.4	173.6	174.1	173.8
Inflation (CPI) (%)	-0.1%	1.9%	3.0%	-0.1%	1.3%	1.5%	1.6%

Source: Oxford Economics (01/02/2022)
*Actual

Travel and tourism are important for the Italian economy; due to the pandemic, its contribution to Italy's GDP in 2020 was just €116 billion, or 7%, compared with €236 billion or 13.1% in 2019. In addition, the Italian Travel and Tourism sector witnessed 215,000 jobs lost in 2020, which make up for about a 12.4% reduction in direct employment, according to WTTC. Several regions hit by the virus were already grappling with high levels of unemployment. National unemployment was 9.3% in 2020, higher than the EU average of 7.9%, and is expected to have peaked at around 9.6% in 2021. Hiring intentions in the labour market remain strong, however, and employment is expected to return to pre-pandemic levels by the end of 2022. Employment expectations are weak across all sectors, except the construction industry.

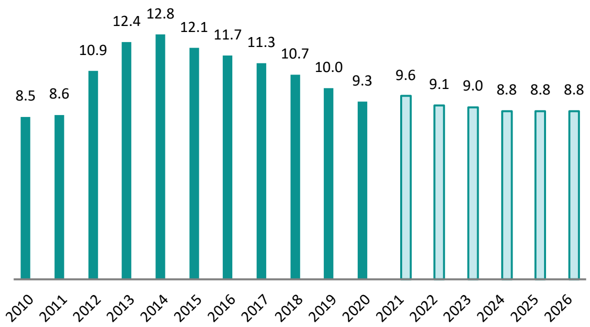
The overall subdued employment expectations for the country are based on the country's demographic imbalance, with 23% of the population aged 65 and above. Italy has one of the lowest labour participation rates amongst developed countries at around 65%. This is of importance given the extent of the country's public debt and the burden of its pension costs. Reforms to increase participation could have a significant impact on the country's long-term growth potential.

Historic and Forecast GDP Growth (%)



Source: ISTAT, Oxford Economics

Historic and Forecast Unemployment Rate (%)



Source: ISTAT, Oxford Economics

Italy entered the crisis with a very high public debt ratio, with Italy's gross government debt reaching 183.9% of GDP in 2020 and while forecasted to improve to 180.2% for 2021 and 174.6% for 2022, will stabilise thereafter but will remain high. Despite rising public debt levels, interest rates are projected to remain low which should ease the burden, however, higher growth is needed to improve the fiscal position.

Risks to the outlook are moderate and include new virus variants, global interest rates movements and political risks given that the March 2018 elections were followed by three different governments. Over the longer term, the aging population combined with subdued investment and a slow pace of economic reform in Italy may result in modest gains in productivity.

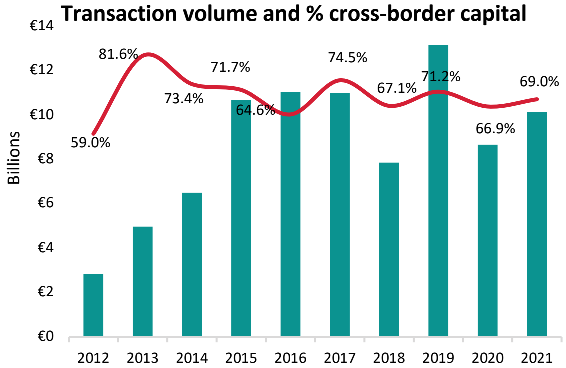
Section 3: Commercial Real Estate Market

A: Investment Market

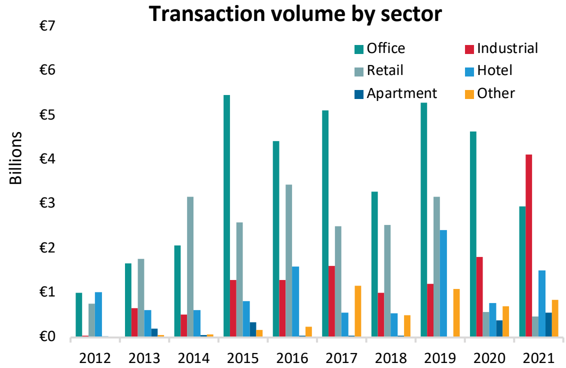
Italy's commercial property market recorded investment totalling €10.2 billion in 2021, up from €8.7 billion in 2020, though below the record level set in 2019, when €13.2 billion was transacted. The industrial sector attracted the largest share of investment in 2021, overtaking the office sector which normally dominates transaction volumes. The industrial sector attracted €4.1 billion in 2021, more than double the amount recorded in 2020.

Foreign investors have remained active in Italy throughout 2021, accounting for 69% of investment, on a par with previous years. US and UK buyers were most active, while activity from French and German buyers decreased compared with 2020. The industrial sector was a key target for both US and UK investors.

Investor interest remains focused in Northern Italy, though Milan has accounted for a smaller share of transactions in 2021, as the focus has moved from city centre office assets towards industrial assets which tend to be located outside of cities. Northern Italy is considered favourably due to its strong economic links and infrastructure connectivity with international markets.



Source: Knight Frank Research, Real Capital Analytics



Source: Knight Frank Research, Real Capital Analytics

In the office sector, Milan remains the key target for investor interest. Prime yields in Milan are currently 3% and despite some yield compression recorded, they compare favourably to other European markets, with yields of sub 3% in Paris or the main German cities. The focus has been on core and core-plus assets dominated, with most investors remaining cautious of non-core markets assets or locations. The focus for both investors and occupiers is turning towards green buildings, located in business hubs, close to transport and amenities.

Italy is among the largest beneficiaries of the special Recovery and Resilience Facility funded by the EU and Rome is likely to benefit from investment in improving the city's physical and digital infrastructure as well as environmental measures, these policies will support the cities real estate market and investment. The Rome office market is predominantly income-driven, government institutions and public sector services remain an important segment of the occupier market. Prime rents have risen (y/y) and well-let properties in prime locations can offer investors a relatively attractive risk-return profile.

One of the largest transactions in 2021 was the purchase of a large mixed-use portfolio by Apollo Global RE for €842 million, the portfolio is focused on the office sector and in the markets of Milan and Rome. There are also apartments, retail, and logistics assets. The largest single asset transaction was the purchase of a 50% stake in the Libeskind Tower, Milan for €160 million. Acquired by ENPAIA from Generali, the building was completed in 2020 and is let to PWC.

Robust fundamentals in the logistics sector have attracted strong investor interest. The growth in e-commerce is driving demand for urban, last-mile facilities from which occupiers can expand their networks and service demand from the local urban populations. Confidence in the logistics sector is driving development, which is helping to boost the stock of investment-grade assets and thus driving further investment into the sector. Prime yields in Italy are currently around 4.00% in Milan and 4.25% in Rome, despite significant compression over the past year or two, they continue to offer a premium over more established European markets where prime yields have compressed to c.3-4%.

B: Office Sector – occupier market

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

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

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

2021 saw office occupier demand return to pre-crisis levels, following a slowdown in activity in 2020 due to the pandemic. A total of 354,000 sq. m of space was taken up in 2021, representing a 26% annual increase. Occupiers are increasingly rethinking their requirements and workspaces, with ESG considerations, prime products with environmental credentials, and employee wellbeing now crucial in the occupier decision-making process. While 2020 saw a decline in the vacancy rate to single-digit figures for the first time since 2009, the vacancy rate gradually increased again throughout 2021, to stand at 11.1% by year-end.

Prime rents increased by 3.3% in 2021, to stand at €620 per sq. metre per annum, in Duoma. Prime yields compressed marginally by 10bps to 3.00%. The outlook for 2022 is for both prime rents and yields to remain stable.

Key Market Statistics:

Milan	2016	2017	2018	2019	2020	2021
Vacancy Rate (%)	12.1	12.0	10.9	10.1	9.8	11.1
Take-Up (sq. m)	307,225	330,600	381,765	474,838	280,659	354,000
Prime Rent (€ sq. m/p.a.)	500	530	585	600	600	620
Prime Yield (%)	3.75	3.50	3.40	3.30	3.10	3.00

Source: Knight Frank Research

Rome's office occupier market is dominated by public administration and government departments, with IT/Communications and Consulting/Business occupiers also extremely prevalent. The layoffs ban has been lifted and employment in the city has grown to surpass its pre-pandemic state.

Occupier demand in Rome returned to a healthy pre-pandemic level, recording take-up of approximately 180,000 sq. m in 2021, an increase of 44% when compared to approximately 125,000 sq. m in 2020. Take-up was boosted by some large pre-lets which were completed during the year. However, requirements for smaller spaces remains strong, while many larger occupiers have put their expansion plans on hold until there is more clarity on how much space will be needed as workers return to the office. The vacancy rate in Rome stands at about 11%, though there is considerable variation across the different submarkets. The market suffers from an acute shortage of high-quality product available in the short to medium-term.

Rental values in prime areas have recorded a modest rise in Rome over the past few years, with prime CBD rents remaining at €450 per sq. metre per year at the end of 2021, the same as last year.

Key Market Statistics:

Rome	2016	2017	2018	2019	2020	2021
Prime Rent (€ sq. m/p.a.)	390	400	415	440	450	450
Prime Yield (%)	4.25	3.75	3.75	3.75	3.70	3.70

Source: Knight Frank Research

C: Industrial Sector – occupier market

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

Italy has been a relatively late adopter of online shopping and e-commerce however, the market has been expanding rapidly and this has accelerated during the pandemic. Online shopping in Italy is considerably behind other European countries. In 2020, 44% of Italians made purchases online, this is much lower than in other European countries such as Germany, where 83% made online purchases in 2020 and below the EU average of 65% (source: Eurostat).

Italy was hard-hit by the virus in 2020 and started from a lower e-commerce base than some of their European peers, which is enabling faster growth. Online shopping accounted for just 5.8% of overall retail trade in 2021, with c.€12.7 billion spent. However, this is forecast to increase 34% over the next five years, to €18.2 billion by 2026 (source: Mintel, Centre for Retail Research). This will provide for future demand for both distribution centres and urban logistics in key hubs across the country.

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

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

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

The highest rents in Italy are found in the north of the country, particularly close to urban centres. Prime rents in Milan are currently around €57 per sq. metre per year and marginally lower in Rome at around €56 per sq. metre per year. Levels are higher in Genoa (c.€60 per sq. metre per year), which is Italy's busiest seaport. In 2020, the ports of Genoa, Savona, and Vado recorded total cargo throughput of 58.5 million tomes and 2.5 million TEU handled, down -14.2% and -6.4% respectively y/y (source: Ports of Genoa). Genoa has large warehouses, shipping and transport, customs operations, and a strong agri-food distribution sector, it is also well-connected via the A7 to Milan and close to the E70 motorway and the trans-European transport corridor.

The growth in online shopping, particularly in urban consumer markets, has driven strong demand for logistics facilities located close to the consumer and therefore close to big cities. Online retailers and 3PLs were most active in taking space in 2021, accounting for half of all take-up.

A lack of available space in the most desirable locations is driving occupiers to look at secondary locations or try to secure a building before completion. There has been strong demand for build-to-suit development, with international distribution companies and retailers keen to customise buildings to fit their requirements in terms of fit-out and automation. Occupier demand is focused on high-quality modern buildings, and this is attracting institutional investors into the market. Prime yields have compressed significantly over the year, from 5.00% at the end of 2020, they are now 4.25%.

Key Market Statistics:

Milan	2016	2017	2018	2019	2020	2021
Prime Rent (€ sq. m/p.a.)	50	50	55	55	57	57
Prime Yield (%)	7.00	6.50	6.50	5.50	5.00	4.25

Source: Knight Frank Research

5. DENMARK

Section 1: Executive Summary

- 2021 is likely to have seen growth of 3.8%. Denmark's GDP was already above the pre-crisis level by mid-2021. 2022 inflation forecasts have been revised upwards to 2.3%, from 1.6%, owing to the persistence of supply-chain pressures and still-high energy prices.
- The Danish investment market has continued to perform well in 2021 and recorded a record level of investment, with €12.0 billion transacted, a 90% increase y/y. The apartment sector accounted for the largest proportion of the market, with €7.3 billion transacted.
- Investment in Danish industrial and logistics property totalled €1.3 billion in 2021, a significant increase from the €685 million invested in 2020. In 2021 the market has seen increased competition from international investors who accounted for 88% of the total invested.
- The rise in international institutional capital targeting the logistics sector has led to further pressure on prime yields, which now stand at around 4.0%.
- Despite occupier demand, speculative development in Copenhagen remains limited due to high construction costs and the need to recoup these via a secure long lease agreement. Most development is either driven by the end-user or has a strong pre-let agreement in place before breaking ground. There are high rates of owner-occupancy in Denmark and this continues to be the case with new and modern facilities.

Section 2: Economy

Denmark is a relatively small and open economy with a high standard of living and an extensive welfare state. It typically benefits from a comfortable balance of payments surplus and has very low net foreign debt. Despite voting against joining the single currency, the importance of Denmark's trade links with the Eurozone has meant that the central bank effectively pegs the Danish krone (DKK) to the euro.

While the economy contracted by 4.6% in 2020, 2021 is likely to have seen growth of 3.8%, the fastest since 2006. Denmark's GDP was already above the pre-crisis level by mid-2021. Growth in 2021 was supported by a successful virus containment strategy of extensive testing and a rapid vaccine rollout, supportive fiscal policy, resilient fixed investment, and an uptick in global trade. The latest Omicron variant is not expected to significantly alter the course of growth for 2022, with a further 3.0% growth predicted and 2.4% for 2023.

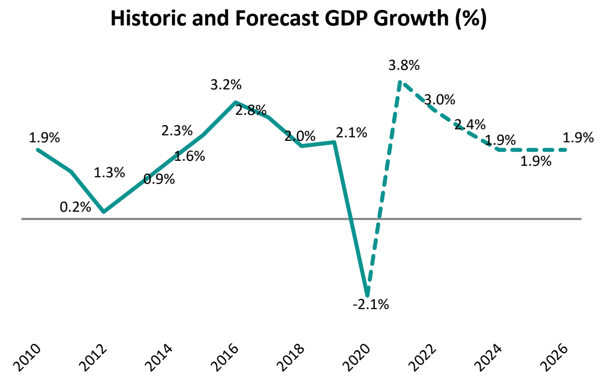
2022 inflation forecasts have been revised upwards to 2.3%, from 1.6%, owing to the persistence of supply-chain pressures and still-high energy prices. However, it is expected to fall below its 2% target in late 2021 if these factors ease.

National Statistics – Economic Outlook

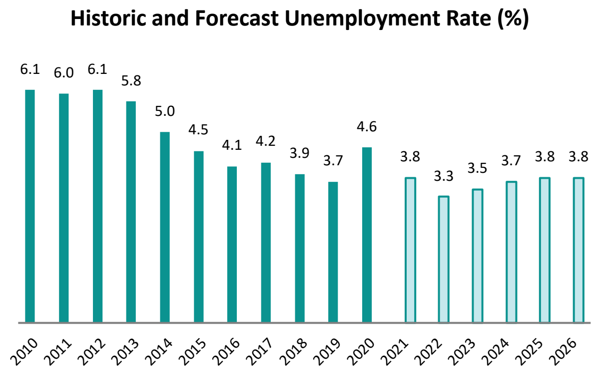
	2020	2021 (f)	2022 (f)	2023 (f)	2024 (f)	2025 (f)	2026 (f)
Total Population (millions)	5.83	5.84	5.87	5.89	5.92	5.94	5.96
Population Growth rate (%)	0.2%	0.2%	0.4%	0.5%	0.4%	0.4%	0.4%
GDP Growth (%)	-2.1%	3.8%	3.0%	2.4%	1.9%	1.9%	1.9%
Unemployment rate (%)	4.6%	3.8%	3.3%	3.5%	3.7%	3.8%	3.8%
Government debt (% of GDP)	58.7%	55.0%	52.5%	51.0%	49.5%	47.7%	45.9%
Inflation (CPI) (%)	0.4%	1.9%	2.4%	0.4%	1.4%	1.9%	2.0%

Source: Oxford Economics (01/02/2022)

Labour market shortages in Denmark are among the highest in Europe and are showing no signs of easing. Unemployment was very low before the coronavirus crisis hit and labour shortages have worsened significantly since the economy began to reopen. The unemployment rate fell to 2.8% in November 2021, the lowest level since 2008, putting pressure on real wages. A tighter stance on immigration makes it harder for migrant labour to fill the gap. However, raising the retirement age and the increased participation of short-term workers should improve labour force participation rates.



Source: Statistics Denmark, Oxford Economics



Source: Statistics Denmark, Oxford Economics

Denmark's public accounts are in good shape, with government debt as a proportion of GDP at just 33% in 2019. Although government debt increased in 2020 as the government provided substantial fiscal stimulus, it will remain low compared to other advanced economies and should trend downwards in the long term. Denmark has a high credit rating, and this is unlikely to change. The government has already embarked on pension reforms to counter the budgetary implications of an aging population, and a large number of people finance their own pension coverage.

Risks to the Danish economy include elevated labour and supply/equipment shortages struggling to keep pace with a resurgence in domestic activity, and high household debt weighing on recovery as households may choose to pay down debts rather than increase spending. Denmark's high dependency on foreign trade and tourism are also both at risk of being disrupted by global supply bottlenecks and travel restrictions.

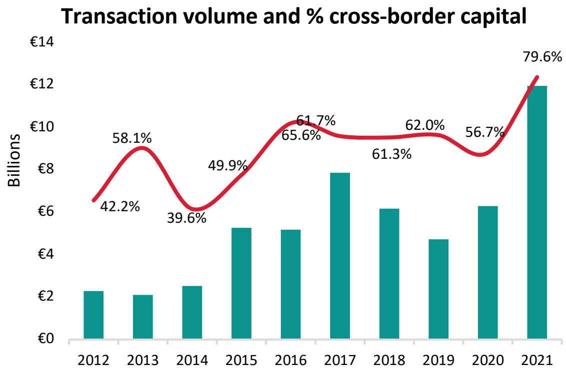
Section 3: Commercial Real Estate Market

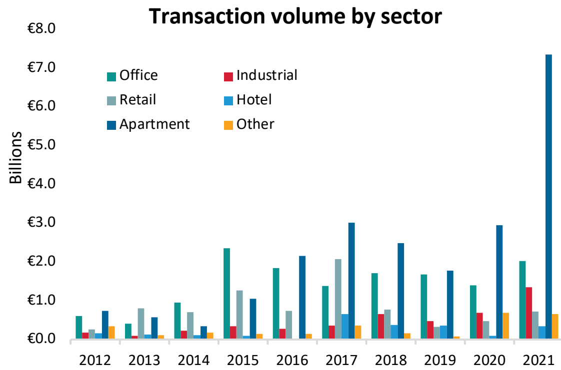
A: Investment Market

Against the backdrop of COVID-19 and global economic uncertainty, the Danish investment market has continued to perform well in 2021 and recorded a record level of investment, with €12.0 billion transacted, a 90% increase y/y. The uptick was largely driven by international investors who despite ongoing restrictions on travel, accounted for 80% of total investment. Denmark is an attractive investment market, particularly for those investors adopting more cautious strategies. Denmark's stable and open economic backdrop combined with low sovereign debt makes the Danish property market attractive.

There has been a shift in focus towards core properties, underpinned by strong covenants and offering long incomes. There has been an increase in focus on the residential and industrial sectors, with these sectors recording the largest y/y increases in investment. However, the office sector also saw a significant increase, with investment exceeding €2 billion for the first time since 2015 and a y/y increase of 44%.

International institutions have been particularly active in the apartment sector as it is a liquid and well-established market. Strong demographic fundamentals and further urbanisation are expected to support future growth in this sector. Some sizeable residential portfolios transacted in 2021. In January, Swedish Heimstaden purchased €1.6 billion (DKK 12 billion) of housing from Niam AB's Danish residential portfolio in the biggest-ever Danish deal. The portfolio consists of 6,237 residential units and 35 commercial properties geographically spread across Denmark. The residential portfolio mainly consists of terraced houses distributed across Denmark and concentrated near large- and medium-sized Danish cities, such as Odense, Vejle, Horsens, Silkeborg, and Randers. A large part of the portfolio has been constructed within the last 20 years, with 34% completed in the last three years. The transaction also includes nine residential development sites.





Source: Knight Frank Research, Real Capital Analytics

Source: Knight Frank Research, Real Capital Analytics

The majority of international capital is typically from the neighbouring Nordic countries, particularly Sweden. Swedish and other Nordic investors accounted for 45% of the Danish market in 2021. Investment from the US and the UK has also been rising y/y. The apartment sector was the main target for overseas capital, due mainly to the sizeable Heimstaden acquisition, followed by the office sector.

Investment in Danish industrial and logistics property totalled €1.3 billion in 2021, a significant increase from the €685 million invested in 2020. In 2021 the market has seen increased competition from international investors who accounted for 88% of the total invested. The rise in international institutional capital targeting the sector has led to further pressure on prime yields, which now stand at around 4.0% having compressed from 4.7% in Q4 2020. Some notable transactions included AEW's purchase of an airside logistics asset at Copenhagen Airport. The asset was acquired from Palm Capital on behalf of a separate account mandate backed by a German pension fund. for c.€90 million. The property is almost fully let to high-quality occupiers including DHL, PostNord, and Worldwide Flight Services (WFS). In addition to the standing asset, there is also development opportunity.

There is a high proportion of owner-occupation in the Danish industrial sector but this is beginning to change and higher levels of liquidity are expected. There has been an increase in sale & leaseback transactions over the past couple of years and this is likely to continue in 2022 and will provide investors with more buying opportunities. Occupiers are increasingly demanding modern, high-tech facilities, which will, in turn, provide further investment opportunities.

C: Industrial Sector – occupier market

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

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

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

In Copenhagen, vacancy rates have declined to just 1.3%, the acute lack of stock in the city is also helping to compress vacancy rates in the suburbs and vacancy rates across Greater Copenhagen are just c.3%. Despite occupier demand, speculative development in Copenhagen remains limited due to high construction costs and the need to recoup these via a secure long lease agreement. Most development is either driven by the end-user or has a strong pre-let agreement in place before breaking ground. There are high rates of owner-occupancy in Denmark, and this continues to be the case with new and modern facilities.

Key Market Statistics:

Copenhagen	2016	2017	2018	2019	2020	2021
Vacancy Rate (%)	2.8	2.2	2.3	2.3	2.0	1.3
Prime Rent (€ sq. m/p.a.)	74	77	80	87	91	91
Prime Yield (%)	5.75	5.75	5.75	5.25	4.70	4.00

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

6. FINLAND

Section 1: Executive Summary

- The pace of Finland's economic growth will be reliant on rising foreign demand for exports given its reliance on foreign trade.
- Cross-border capital represented 60% of the real estate investment market in 2021. Close links with the rest of the Nordic region results in a high proportion of international capital in the market, particularly from Swedish investors.
- The apartment sector was the most transacted in 2021, with €2 billion invested, up from €636 million in 2020. The logistics sector also recorded an increase in investment in 2021, with volumes 64% up from 2020.
- Helsinki is the focus for office investment, with 70% of capital focused on assets in the city in 2021. Modern, well-located offices, offering good levels of specification and transportation links continue to draw investors. Low yields in the CBD are encouraging some investors to look towards other prime submarkets, particularly where infrastructure improvements or redevelopment activity offers the potential for future growth.
- Over the past few years, Finland's office market has witnessed increasing divergence between prime and secondary markets and the pandemic has served to highlight this polarisation. Occupiers are increasingly focused on modern office buildings, that are well-located and connected remain in demand.

Section 2: Economy

As a small economy heavily dependent on export trade, Finland was exposed to the wider economic slowdown faced across Europe in 2020 and 2021. GDP fell by 2.8% in 2020, however, its recovery is on track, with GDP already above the pre-pandemic level (Source: Oxford Economics). However, there were further changes to the latest underlying drivers, with a large downward revision to fixed investment and a large upward change in goods exports. The forecast for Finland's GDP growth is 2.3% in 2022 and 1.5% in 2023.

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

As is the experience across Europe, inflation is high and forecasts for 2021 have risen to 2.2% on the back of higher energy and fuel prices, though it is expected to moderate in the second half of 2022 and remain close to the ECB's target of 2%.

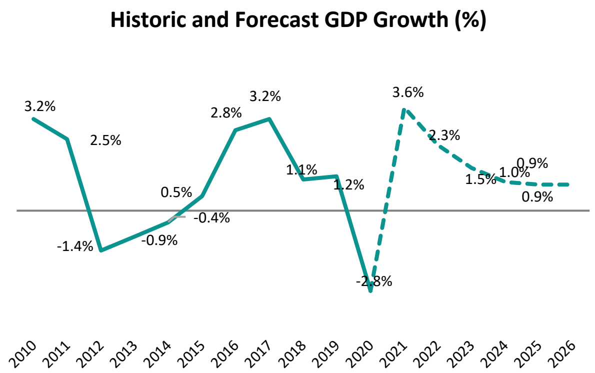
National Statistics – Economic Outlook

	2020	2021 (f)	2022 (f)	2023 (f)	2024 (f)	2025 (f)	2026 (f)
Total Population (millions)	5.53	5.54	5.54	5.55	5.55	5.56	5.56
Population Growth rate (%)	0.1%	0.2%	0.1%	0.1%	0.1%	0.1%	0.0%
GDP Growth (%)	-2.8%	3.6%	2.3%	1.5%	1.0%	0.9%	0.9%
Unemployment rate (%)	7.8%	7.6%	7.0%	7.0%	6.8%	6.6%	6.5%
Government debt (% of GDP)	69.8%	67.4%	68.0%	68.4%	68.4%	68.1%	67.5%
Inflation (CPI) (%)	0.3%	2.2%	2.0%	1.7%	2.0%	2.0%	2.0%

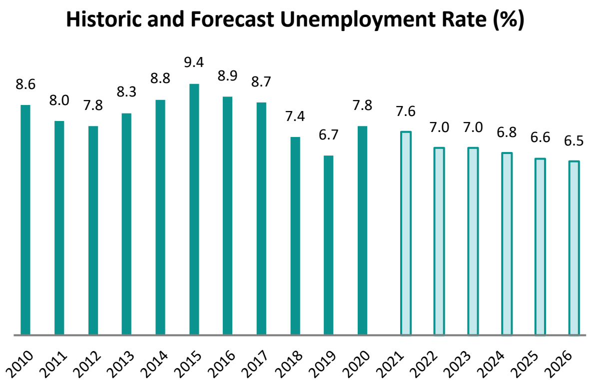
Source: Oxford Economics (01/02/2022)

Although goods exports were revised up recently, the persistence of supply bottlenecks presents headwinds. Finland's export growth is expected to slow significantly, reflecting the structural challenges faced by the economy related to competitiveness. Investment is also likely to remain depressed due to economic uncertainty and reflect Finland's challenges with improving productivity. That said, there are signs that global supply-chain bottlenecks are easing. Industrial output is 3.1% above the pre-pandemic peak and among the best in Western Europe (Source: Oxford Economics).

The employment rate has already recovered to its pre-pandemic level and the unemployment rate was down to 6.8% in November 2021, following a rise to 7.8% in 2020. Companies in construction and industry are reporting large labour shortages. Household consumption is expected to grow by 2.8% in 2022, although new COVID-19 variants present a key downside risk in the near term.



Source: Statistics Finland, Oxford Economics



Source: Statistics Finland, Oxford Economics

Overall, although forecast to rise very modestly, population growth in Finland is weaker than in other Nordic countries, while the working population is falling. The changing structure of the population has broader economic effects by reducing the labour supply and raising pension needs. The new government has proposals for health and social care system reforms, but full implementation will be complicated by the ongoing effects of the pandemic.

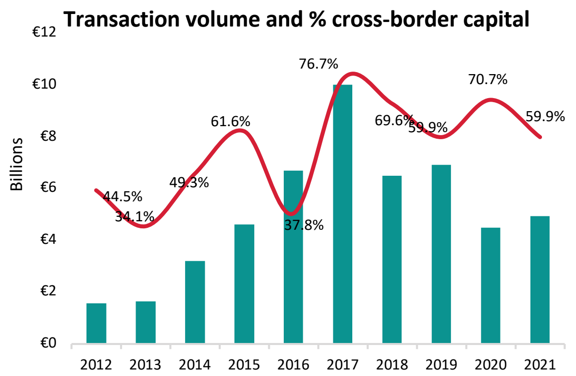
Section 3: Commercial Real Estate Market

A: Investment Market

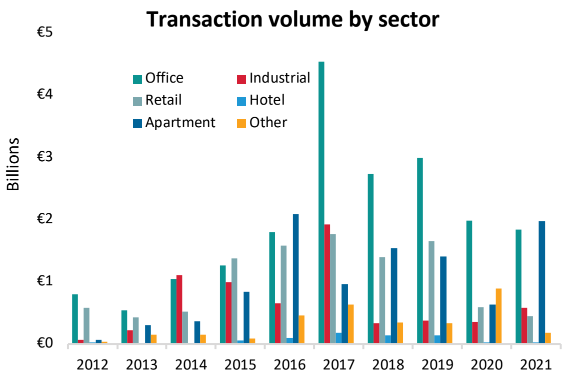
Finnish property attracted €4.9 billion worth of investment in 2021, up from €4.5 billion in 2020, though it remains suppressed compared with pre-pandemic levels. The apartment sector was the most transacted in 2021, with €2 billion invested, up from €636 million in 2020. The logistics sector also recorded an increase in investment in 2021, with volumes 64% up from 2020. The office sector recorded a decline in investment y/y, down -7.2% from 2020, with €1.8 billion transacted.

The retail sector recorded a sizeable decline in transactions y/y. With online shopping becoming more prevalent, shopping centres have seen diminishing sales growth and declining visitor counts. Retail transaction volumes are expected to continue to slow. The residential and care sectors, however, are considered more favourably, due to the positive demographic trends underpinning demand. However, e-commerce remains a relatively small proportion of the total retail market, therefore offering good potential for future growth.

Cross-border capital represented 60% of the real estate investment market in 2021. Close links with the rest of the Nordic region results in a high proportion of international capital in the market, particularly from Swedish investors. In 2019, UK buyers were the dominant sources of foreign capital, however, activity from these investors has fallen over the past two years. Investment from US investors has also been absent over the past few years. Investment from German buyers has increased this year, driven mainly by acquisitions in the residential sector.



Source: Knight Frank Research, Real Capital Analytics



Source: Knight Frank Research, Real Capital Analytics

The Helsinki region attracts the lion's share of investment, accounting for 76% of the total in 2021. The natural landscape of Helsinki means that it has well-defined neighbourhoods and office submarkets, with supply limited by geographical constraints. Investors are therefore less exposed to supply-side risks which could have a negative impact on void rates and rental growth. Much of the investment outside of Helsinki tends to be via portfolio transactions where assets in the portfolio are located in various cities.

Prime office yields in Helsinki have recorded significant compression in recent years. Most foreign and institutional investors have focused their activity in the Helsinki CBD which has put downward pressure on prime yields, currently at a record low of around 3.00% (compared with 3.30% at the end of 2020). Increasing levels of urbanisation, coupled with a rise in flexible working patterns, are likely to drive obsolescence for lower quality assets in secondary locations and the market will become increasingly polarised. The office stock in Helsinki CBD continues to evolve and improve, with older stock either upgraded or converted to other uses.

Modern, well-located offices, offering good levels of specification and transportation links continue to draw investors. However, low yields in the CBD have encouraged some investors to look towards other prime submarkets, particularly where infrastructure improvements or redevelopment activity offers the potential for future growth. Particularly around the Pasila-Vallila-Kalasatama area, named as an "axis of growth" in the City of Helsinki growth strategy. A new tram connection is planned between Pasila to Kalasatama and could be operational within the next few years. Pasila station is expected to become the busiest railway hub in Finland and there are major plans to develop the Ilmala and Northern Pasila areas to the north of the railway station.

B: Office Sector – occupier market

Across Finland, there is currently around 20 million sq. metres of office stock, around 9 million sq. metres of which is located in the Helsinki Metropolitan Area (HMA) – the country's main office market. There are small regional office markets located in Tampere and Turku but they account for a very small proportion of stock. Helsinki is also the focus for office investment, with 70% of capital focused on assets in the city in 2021.

Take-up levels have been weaker, and the amount of available stock has risen, yet this has not discouraged development activity and there are several additional projects expected to be launched soon. There was more than 200,000 sq. metres of office stock added to the Helsinki HMA in 2020. However, development activity has stalled in 2021, with only around 50,000 sq. metres completed. The largest development was the OOPS scheme located in Leppävaara, Espoo, it is located adjacent to the main railway and the future light rail Raide Jokeri. The volume of completions in the past two years is down compared with pre-pandemic levels. However, development activity is continuing, particularly within the CBD as well as submarkets that will benefit from improvements to local infrastructure and public transport.

The pandemic and the associated changes to working patterns, is driving occupiers to adjust their requirements in terms of location, space, environmental performance, and efficiencies. This is fuelling appetite for high-quality, new-build stock. Over the past few years, Finland's office market has witnessed increasing divergence between prime and secondary markets and the pandemic has served to highlight this polarisation. While modern office buildings, that are well-located and connected remain in demand, less attractive properties that are poorly located have seen weakened demand and this is likely to drive up obsolescence in secondary markets. Meanwhile, redevelopments and conversions to other uses are removing some lower quality stock from the market.

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

The vacancy rate across the Helsinki Metropolitan Area is currently 13.7% (as estimated by the Helsinki Research Forum). The total vacant office space in the areas was just over 480,000 square meters at the end of 2021. The impacts of the pandemic have led to a slight increase over the past two years, both in the CBD and across the HMA, though some submarkets have held up better than others. The vacancy rates are highest in the Otaniemi and Sörnäinen areas, at around 20% and 17% respectively. While the markets of Pasila and Hakaniemi have the lowest vacancy rates at around 5% and 6% respectively.

Many companies put leasing decisions on hold in 2020 and the first half of 2021, though there was an uptick in leasing activity in the second half of the year, with occupiers favouring high-quality assets. Some occupiers are exploring the possibility of subleasing or utilising flexible office space to achieve cost savings. Prime rents have remained stable in Helsinki over the past year, following some modest growth in 2020.

Key Market Statistics:

Helsinki	2016	2017	2018	2019	2020	2021
Prime Rent (€ sq. m/p.a.)	440	452	458	460	462	462
Prime Yield (%)	4.25	3.75	3.60	3.30	3.30	3.30

Source: Knight Frank Research

7. POLAND

Section 1: Executive Summary

- Greater reliance on consumption over exports has made Poland more resilient to external shocks. While Poland was impacted by COVID-19, experiencing its first annual decline in GDP since 1990, economic implications were more contained when compared to other countries in Europe.

- In 2021, 86% of all investment into Polish commercial property was from overseas investors. German buyers were most active, though North American buyers also increased their activity.
- The office sector recorded an increase in investments volumes y/y, with €2.3 billion invested, up 23%. The apartment and retail sectors also recorded significant upticks in investment in 2021.
- The capital city, Warsaw, is Poland's largest office market. There are, however, increasingly significant office markets in Katowice, Kraków, Łódź, Poznań, the Tri-city area (Gdańsk, Gdynia, Sopot) and Wrocław.
- Poland's office markets have been impacted by the pandemic, with rising vacancy rates recorded. However, office market dynamics are supported by a relatively positive economic picture, with only a modest economic contraction experienced in 2020 and robust economic growth forecast for 2021/22.
- The Russia-Ukraine war is likely to impact investment into the Polish property market. During the 2014 Crimea invasion, there was a notable diversion of investment away from the CEE region.

Section 2: Economy

Poland is the sixth-largest economy in the EU in terms of population but is less open than some of its neighbours. Greater reliance on consumption over exports has made Poland more resilient to external shocks and partially explains why it was the only European economy to avoid recession in 2008-2009. In terms of industries, services are the largest component of the economy (63.7%), followed by industry (33.5%), much of which is export-oriented.

While Poland was impacted by COVID-19, experiencing its first annual decline in GDP since 1990, economic implications were more contained when compared to other countries in Europe. GDP declined by 2.5% in 2020 but returned to its pre-crisis level by Q2 2021. Oxford Economics raised their 2021 GDP growth forecasts to 5.7%, followed by 4.8% in 2022 and 3.7% in 2023. The economy is underpinned by strong macroeconomic fundamentals and low imbalances, while fiscal and external balances remain in check.

The National Bank of Poland (NBP) hiked its policy interest rate by another 50bps to 2.25%, as inflation hit 8.6% in December 2021. Inflationary pressures have continued to broaden. Although energy VAT tax cuts will spread out the inflation peak over 2022, bringing inflation back to target will likely require more forceful monetary policy action. Therefore, another 50bps hike is anticipated for February.

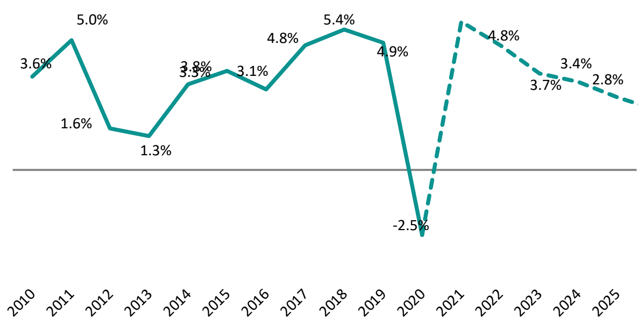
National Statistics – Economic Outlook

	2020	2021 (f)	2022 (f)	2023 (f)	2024 (f)	2025 (f)	2026 (f)
Total Population (millions)	37.96	37.95	37.91	37.84	37.75	37.67	37.58
Population Growth rate (%)	0.0%	-0.1%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%
GDP Growth (%)	-2.5%	5.7%	4.8%	3.7%	3.4%	2.8%	2.3%
Unemployment rate (%)	5.9%	6.0%	5.2%	4.8%	4.7%	4.7%	4.7%
Government debt (% of GDP)	51.5%	48.5%	44.6%	42.0%	39.8%	38.1%	36.9%
Inflation (CPI) (%)	3.4%	5.2%	7.7%	5.5%	3.1%	2.8%	2.7%

Source: Oxford Economics (01/02/2022)

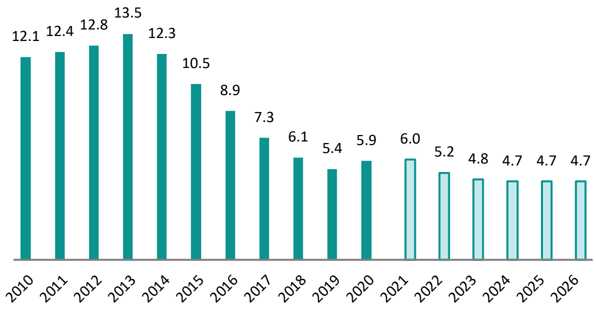
Going into the pandemic, unemployment and poverty rates were at historic lows for Poland. National unemployment was at 5.4% in 2019 and increased only to 5.9% in 2020. Although Oxford Economics expects a further 0.1ppts increase for 2021, short terms work schemes implemented by the government have proven effective in limiting the number of people out of work. The labour market is experiencing robust growth rates and the jobless rate is expected to fall to below pre-pandemic levels again in 2022, to 5.2%, a new record low.

Historic and Forecast GDP Growth (%)



Source: Statistics Poland, Oxford Economics

Historic and Forecast Unemployment Rate (%)



Source: Statistics Poland, Oxford Economics

Fiscally, Poland entered the pandemic better prepared than most other European countries and benefits from a relatively balanced external (current account, reserves) and domestic (fiscal deficit, government debt) balance sheets. Government debt as a percentage of GDP was relatively low at 46.5% at the end of 2019, according to Oxford Economics. This increased to 51.5% in 2020 but is expected to moderate to close to pre-pandemic levels for 2021, falling to 44.6% for 2022 and gradually decreasing thereafter. Expansionary fiscal policy in recent years has been mostly offset by stronger growth and better tax collection. The government's ambitious spending plans, a more interventionist economic model, and less predictable policy are downside risks to fiscal sustainability.

The working population is falling while overall the population in Poland is also forecast to decline. Even before the retirement age was lowered, the working-age population was expected to contract by 0.4% per annum over the next 10 years. This fall in the working-age population will now be greater in the short term because of the lower pension age.

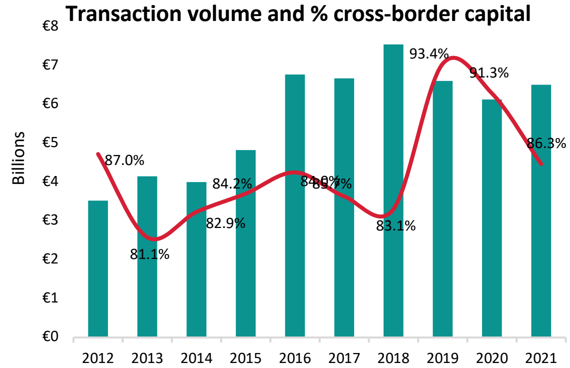
The war in Ukraine is likely to dampen economic growth in 2022 and drive higher inflation in Poland, along with the rest of Europe. Since the onset of the conflict, the Polish zloty has depreciated against the dollar and euro. There will be a direct impact on trade volumes with Ukraine and further increases in energy prices. An indirect impact may also be felt on consumer confidence and the retail market in Poland.

Section 3: Commercial Real Estate Market

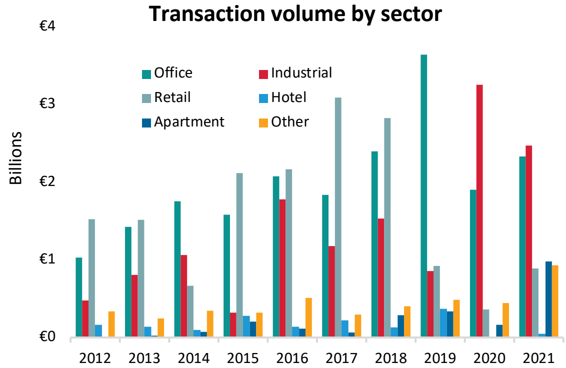
A: Investment Market

In 2021, commercial investment in Poland reached €6.5 billion, a 6% increase compared to 2020. As the largest and most liquid investment market in Central and Eastern Europe, Poland, continues to attract foreign capital. In 2021, 86% of all investment into Polish commercial assets was from overseas investors. German buyers were most active, spending €1.1 billion in 2021, compared with just €271 million in 2020. North American investors, continued to increase their activity in Poland in 2021, investment from US and Canadian buyers rose 47% y/y. Investors from the UK were also active, spending €584 million, on a par with the level invested in 2020. Much of this capital targeted Warsaw where €3.0 billion was transacted, almost all of which was cross-border investment. Warsaw accounted for 57% of all cross-border investment into Poland.

Behind industrial, offices were the most invested sector in 2021, mirroring the pattern seen in 2020. Investment into the industrial sector totalled €2.5 billion, though this represents a 24% decline compared to 2020 when €3.3 billion of industrial and logistics assets were traded. Conversely, the office sector recorded an increase in investments volumes y/y, with €2.3 billion invested, up 23%. The apartment and retail sectors also recorded significant upticks in investment in 2021. Investment into the apartment sector totalled €984 million in 2021 and was the highest annual total on record. The largest transaction was the Heimstaden (Sweden) acquisition of a residential portfolio from a Polish developer; Budimex for €307 million. The properties are located in Warsaw, Krakow, Wroclaw, Poznan and Gdansk.



Source: Knight Frank Research, Real Capital Analytics



Source: Knight Frank Research, Real Capital Analytics

The largest single asset transaction in 2021 was the forward purchase of the Generation Y office building, located in Warsaw CBD and due to complete in 2022. German equity fund Hansainvest purchased the asset for €285 million from Swedish property developer Skanska.

Investors continue to pursue low-risk strategies and secure income. The strong underpinnings in the Polish apartment rental market, as well as the growth in e-commerce, are encouraging rising allocations to the industrial and residential sectors. There has been a rise in interest in retail assets, though this is often with a repositioning or repurposing play in mind.

Elevated geopolitical and macroeconomic uncertainty is likely to hinder investment in 2022. The war in Ukraine has boosted the risk premium for Polish assets, as investors seek to limit their exposure in CEE markets.

B: Office Sector – occupier market

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

Signs of tenant activity returning to the Warsaw market were visible in the final quarter of 2021. A total of 646,500 sq. meters of space was taken in 2021, though more than 250,000 sq. metres of this was in the final quarter of the year. As was seen in 2020, most leasing transactions in 2021 have been renewals. Some tenants are demonstrating a preference to sign lease renewals or short-term extensions while they reconsider their longer-term requirements, this may drive an increase in leasing activity in the short to medium term as lease lengths decrease. Pre-lease agreements represented 12% of the total take-up.

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

Before the pandemic, the city's vacancy rate had been steadily declining due to high demand from tenants and relatively limited new supply. At the start of 2020 the office vacancy in Warsaw was at 7.5%, the lowest it had been since 2008. Throughout 2020 and 2021, the vacancy rate has since increased to 12.7% in Q4 2021. The increase is largely driven by a combination of reduced tenant activity as well as new developments, with a pipeline of 324,000 sq. metres. Despite this, roughly 70% of buildings completed in 2021 were let by year-end. While the vacancy rate has declined in the City Centre Fringe and non-Central zones, the Mokotow and CBD submarkets have the highest amounts of available stock. Vacancy rates remain tight in the North and East office zones. Vacant stock is most heavily concentrated in older buildings and are often a result of a tenant relocating.

Prime office rents have remained stable in 2021 at €300 per sq. metres per year. However, to encourage potential occupiers, incentive packages have become increasingly generous. Despite relatively high levels of availability, however, there are limited options for tenants looking for large floorplates. Given the shrinking opportunities for these tenants, upward pressure on prime rents is expected over the next couple of years, incentives are also likely to reduce as more prospective tenants enter the market and activity is increasingly focused on high-quality office stock.

Key Market Statistics:

Warsaw	2016	2017	2018	2019	2020	2021
Vacancy Rate (%)	14.2	11.7	8.7	7.8	9.9	12.7
Take-Up (sq. m)	749,116	820,128	856,644	877,966	607,839	646,500
Stock (sq. m)	5,045,400	5,283,549	5,461,676	5,587,911	5,910,000	6,234,600
Prime Rent (€ sq. m/p.a.)	288	276	288	300	300	300
Prime Yield (%)	5.25	5.25	4.70	4.50	4.75	4.75

Source: Knight Frank Research

Gdańsk along with the neighbouring cities of Sopot and Gdynia make up the "Tri-City" region. Combined, it is Poland's third-largest office market and has a broad occupier base, and is home to several large international consultancy firms, banks, insurers, IT companies as well as pharmaceutical and life science companies. These include firms such as PWC, IBM, Thomson Reuters, Bayer, Refinitiv, and Fineos.

Lower living costs, coupled with high quality of life make Gdańsk an attractive city for employees, and modern, high specification offices appeal to both national and international occupiers. The minimum wage in Poland is €583.48, which compares to €1,584 in Germany, thus labour costs in Poland are considerably lower. Starting a business is a relatively easy process that will remain attractive to new start-ups and tech companies looking for flexible, co-working spaces. Gdańsk's location is also ideal, being home to Poland's largest seaport as well as an international airport. It also has close business and transport links with Scandinavia and Western Europe. The Gdańsk market is therefore home to several shipping companies and other maritime-connected businesses and so will remain an area of interest for companies linked to trade and transport.

Similar to Warsaw, the Tri-City region has been affected by the pandemic and the resulting economic uncertainty. A total of 108,000 sq. metres was leased in 2021, this is up from 84,307 sq. metres in 2020 and only slightly below the level recorded in 2019 (c.100,000 sq. metres). As observed in the Warsaw market, renegotiations were behind most of this activity.

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

The amount of vacant space in the Tri-City increased in 2021, equating to a vacancy rate of c.11%, compared with 9.5% in 2020, and up from the 4.9% at the end of 2019. Prime rents in the Tri-City region are currently circa €168 sq. metre per year, while prime yields have stabilised at approximately 7.00%.

8. CZECH REPUBLIC

Section 1: Executive Summary

- The Czech Republic is one of the most developed industrial economies in Central and Eastern Europe, having experienced a rapid catch-up in recent years based on skilled, low-cost manufacturing.

- The Czech Republic is perceived as one of the least risky emerging markets due to its conservative fiscal and monetary policies, low debt, and an equally prudent and liquid banking sector.
- While investment volumes are down y/y, cross-border investment into the Czech Republic has been robust. The country remains highly dependent on foreign capital.
- Its geographical location places it at a natural crossroads for major transit corridors, well connected to Germany, Poland and Austria. The Czech Republic is, therefore, a strategic option for distribution companies, as it provides an extensive network of transport routes.
- Serving consumer markets, rising e-commerce levels, and rising trade volumes have all contributed to the demand for logistics and distribution facilities in the region. Prague also has a strong pharmaceuticals sector and IT manufacturing industry which also contributes to demand.

Section 2: Economy

The Czech Republic is one of the most developed industrial economies in Central and Eastern Europe, having experienced a rapid catch-up in recent years based on skilled, low-cost manufacturing. However, the impact of COVID-19 saw its economy contract by 5.8% over 2020, according to Oxford Economics. This impact has steadily diminished, with GDP growth forecast to rise incrementally by 2.7% for 2021, 3.4% in 2022, and 4.6% in 2023, before levelling off thereafter.

The economic impact of the coronavirus still poses a threat; vaccine uptake has been low, voluntary social distancing weighs on consumer spending and absenteeism due to self-isolation is hampering businesses' operating capacity.

Current elevated inflation (6.6% y/y in December) is set to persist into 2022, with 5.7% forecast for the year and denting households' disposable incomes. However, a gradual softening towards the end of the year is expected, gradually converging to the 2.0% target in 2024 (Source: Oxford Economics). Most of the current drivers of high inflation – in particular energy and durable goods prices - are driven by transitory factors that should subside as spending patterns normalise.

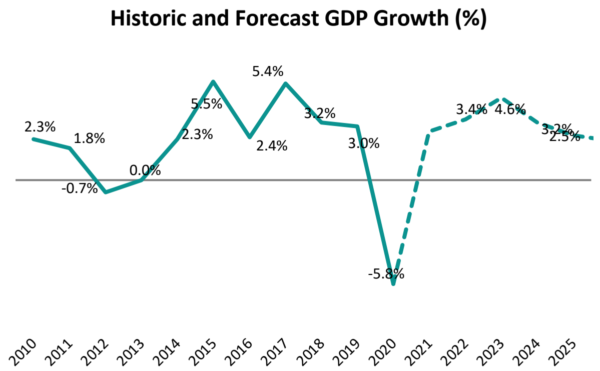
The CNB is poised to continue its hawkish policy at the February meeting. A further 75bp hike is anticipated, with a likely further 25bp hike in March before starting to loosen policy by year-end. The large rate differential with the Eurozone is helping the CZK, which has appreciated 5% since November last year and has stabilised at CZK24.5/€.

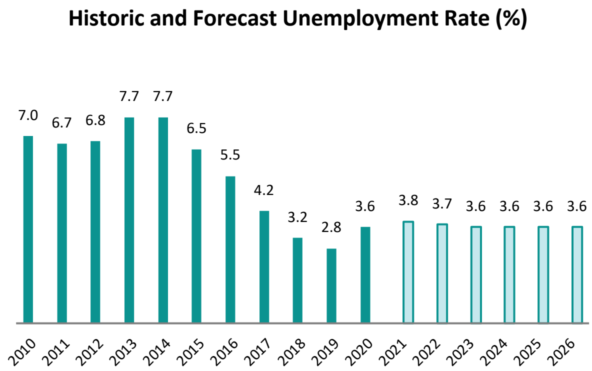
National Statistics – Economic Outlook

Czech Republic	2020	2021 (f)	2022 (f)	2023 (f)	2024 (f)	2025 (f)	2026 (f)
Total Population (millions)	10.68	10.70	10.72	10.72	10.73	10.73	10.73
Population Growth rate (%)	0.2%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%
GDP Growth (%)	-5.8%	2.7%	3.4%	4.6%	3.2%	2.5%	2.2%
Unemployment rate (%)	3.6%	3.8%	3.7%	3.6%	3.6%	3.6%	3.6%
Government debt (% of GDP)	36.0%	41.0%	42.9%	43.8%	43.7%	43.1%	42.9%
Inflation (CPI) (%)	3.2%	3.5%	5.7%	1.6%	2.0%	2.0%	2.0%

Source: Oxford Economics (01/02/2022)

The previous government's broad emergency fiscal measures succeeded in preventing large-scale rises in unemployment, with the jobless rate coming in at 3.6% in 2020. Low public debt before the crisis provided ample fiscal space to offer assistance. The unemployment rate is expected to remain at this level for the medium term out to 2026.





Source: Czech Statistical Office, Oxford Economics

Source: Czech Statistical Office, Oxford Economics

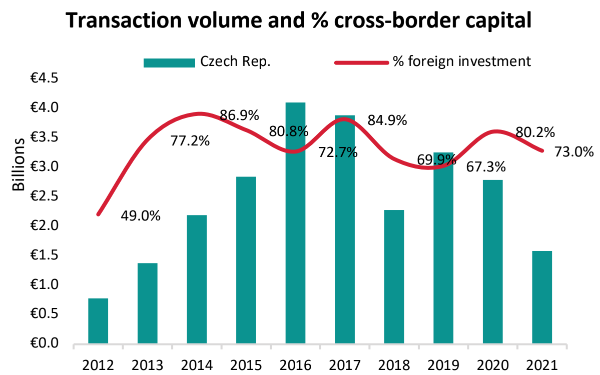
Industry shows sustained signs of improvement as the worst of the supply constraints appears to have passed. Recent surveys showed industrial output performing well and momentum continuing, but the recovery might yet prove to be bumpy. The automotive sector is also improving markedly and is just 4% below pre-pandemic levels.

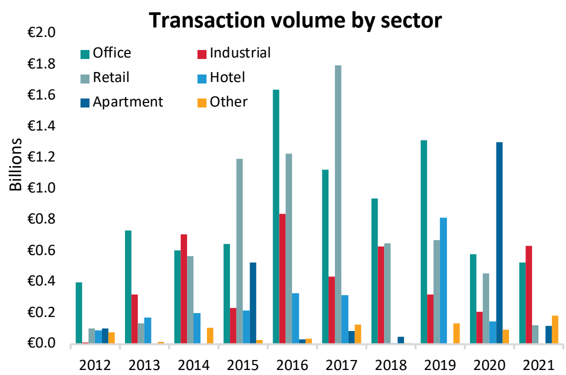
With its large and energy-intensive industrial sector, the Czech economy will have to undergo more structural change to meet the carbon-neutral goals of the EU's Green Deal. This is particularly true for automotive manufacturing, deeply integrated into the European supply chain. However, this will also present an opportunity to move up from its current position at the low value-added end of the supply chain, and in doing this, the economy can leverage its high-skilled and still cost-competitive workforce.

The Czech Republic is perceived as one of the least risky emerging markets due to its conservative fiscal and monetary policies, low debt, and an equally prudent and liquid banking sector. Its growth potential benefits from a diversified industrial base and competitive exports. Poor demographics and rising labour shortages are the main downside risks to growth, however, the war in Ukraine is driving new supply chain headwinds and inflationary pressures as well as impacting on consumer and business confidence levels.

Section 3: Commercial Real Estate Market

A: Investment Market





Source: Knight Frank Research, Real Capital Analytics

Source: Knight Frank Research, Real Capital Analytics

Investment into the Czech market is slowly recovering but remains weak compared with pre-pandemic levels. The Czech investment market saw €1.6 billion invested in 2021, a significant decline of 43% on the €2.8 billion achieved in 2020. Though the exceptional €1.3 billion Residomo transaction in 2020 boosted the annual total significantly and makes for an unfavourable y/y comparison.

While overall volumes are down, cross-border investment into the Czech Republic has been robust. The proportion of foreign investment was 73% in 2021. The country remains highly dependent on foreign capital.

Investors from Singapore were the most active in 2021, investing a total of €356 million. US, Italian and German investors were also prominent.

Industrial and logistics were the most invested sector in 2021 accounting for a record 40% of all activity and the only sector (apart from “other” sectors) to record annual growth in investment. Investment into the industrial sector has equated to an average of about 17% of total investment in the Czech Republic over the past ten years. However, the sector is proving highly desirable for investors and prime yields for the sector are converging with prime office yields. The shift towards online retail in Europe is significant and the relatively affordable labour costs in the Czech Republic make it an attractive location for logistics operators as well as manufacturing facilities.

The Czech Republic is situated in a prime geographical location at the centre of Europe. The country is a natural crossroads for major transit corridors, with its role as a transit hub rising since its entrance into the European Union in 2004. The country is therefore a strategic option for distribution companies, as it provides an extensive network of transport routes, serving both domestic markets and surrounding European countries with major roads connecting the country to Germany, Poland, and Austria.

Manufacturing is also an important contributor to economic growth and employment in the Czech Republic, the automotive industry is of particular importance. The combination of location, infrastructure, natural resources, and tariff-free access to the EU market, has attracted manufacturing firms and automotive companies to locate here. However, the automotive sector has faced significant challenges due to the pandemic and supply chain disruptions. The shortage of semiconductors and other components has hit the industry globally. Car production in the Czech Republic is down 4.1% y/y, though the market also contracted in 2020, down 18% on 2019 levels. Škoda Auto, the largest domestic carmaker (and exporter), produced 680,287 vehicles at its domestic plants, a y/y decline of 9.2%.

C: Industrial Sector – occupier market

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

The automotive sector is a major contributor to national GDP and the largest sector of the economy. Covid and the associated supply chain disruptions have had a significant impact on automotive manufacturing, with production reduced or stopped due to outbreaks of the virus, staff shortages, component shortages as well as weakened demand.

Across the Czech Republic as a whole, modern industrial stock totals just c.9.5 million sq. m, with around 330,000 sq. m of completions registered in 2021. Nationwide take-up totalled 1.05 million sq. m in Q1-Q3 2021, up 14% y/y. The strong occupier market has meant demand is outstripping new supply.

The pipeline has expanded and is currently in excess of 1 million sq. metres. Speculative development accounts for around 30% of this and this could put upward pressure on the vacancy rate, which is currently below 2% nationally, while in Prague it is around 1%. The capital has seen sustained demand coupled with low levels of new speculative supply. Leasing activity has been sustained by logistics companies renegotiating their leases, as well as companies requiring new short-term leases, to maintain flexibility in a tricky economic climate.

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

Much of the recent and ongoing development activity is concentrated in the Olomouc and Moravia-Silesia regions. The development pipeline in Olomouc was dominated by the construction of the Amazon DC by

Panattoni. The Moravia-Silesia region is located in the eastern Czech Republic, on the Polish and Slovak borders. Steel production, automotive and chemical manufacturing are the prominent industries in the region. Meanwhile, construction in the Prague market remains very limited and this should keep vacancy rates here low.

One of the most significant occupier deals in 2021 was Amazon agreeing a pre-lease on 187,800 sq. metres at Panattoni Park South Moravia. The multi-storey, build-to-suit facility will offer four floors totalling 187,800 sq. metres. It will be the first fully-fledged multi-storey logistics building with state-of-the-art technological equipment in the Czech Republic.

Prime rents in Prague remained stable in 2021 at €58 per sq. metre per year. Prime yields compressed sharply, from 5.00% at the end of 2020 to 4.00% at the end of 2021. Yield compression has been a trend over the long term, with industrial yields down from 8.25% at the start of 2013. The strong fundamentals for the sector are attracting investors and driving up capital values.

With occupier demand being driven mainly by the retail sector and e-commerce, as well as automotive manufacturing. Supply chain issues and rising inflation, along with high levels of construction activity may pose headwinds for the market in 2022-2023. The Russian invasion of Ukraine is putting additional pressure on pricing and supply chains and driving general uncertainty for businesses that may be more cautious regarding expansion plans or capital expenditure.

Key Market Statistics:

Prague	2016	2017	2018	2019	2020	2021
Prime Rent (€ sq. m/p.a.)	51	54	57	58	58	58
Prime Yield (%)	6.25%	6.00%	6.00%	5.00%	5.00%	4.00%

Source: Knight Frank Research

9. SLOVAKIA

Section 1: Executive Summary

- Slovakia is an export-driven economy and weakening demand in key export markets could constitute a downside risk for manufacturing and exports. However, the industrial sector remains robust.
- Slovakia is a strategically important logistics market due to low land values, cheap labour costs, and well-developed infrastructure, these factors have encouraged investment and development of logistics assets here.
- Slovakia has been one of the fastest-growing economies in the EU and Slovakia is attracting investment from retailers competing for a share in the growing market. The growth in e-commerce is also providing incentive for major international online retailers as well as distribution companies.
- The automotive industry is very important to Slovakia’s industrial and logistics market. However, rising e-commerce demand is encouraging higher interest from retailers and distributors and is broadening the occupier base.
- Newly developed industrial hubs in eastern Slovakia are seeing rising interest from occupiers, attracted by the lower operating costs and improvements to the road infrastructure in the region and vacancy rates are lower here than elsewhere in the country.
- The war in Ukraine and Russian sanctions will have an impact on trade, particularly the automotive sector. However, Russian and Ukraine only account for a relatively small proportion of Slovakia’s export market; 1.5% and 0.9% respectively (2020, Trading Economics).

Section 2: Economy

Slovakia has been one of the fastest-growing economies in Europe, with its success built on large inflows of foreign direct investment (FDI), particularly in the first five years after EU accession when it averaged over 6% of GDP. The automotive and electronics sectors particularly benefitted from foreign investment in modern factories and technology.

Following GDP contracting by 5.1% in 2020, the Slovak economy rebounded by about 3.5% in 2021, according to Oxford Economics. A further 3.6% is projected for 2022, with greater gains expected for 2023, (5.1%). Despite the current rough patch in consumption due to the Omicron variant, consumption is expected to rebound swiftly once current COVID-19 rates subside, growing by 3.5% in 2022 overall.

Headline inflation hit 5.8% in December, with core rising to 5.2%. However, with signs of price expectations falling in retail, services, and construction, inflation is expected to peak this year before gradually subsiding to ECB's target by the rest of 2022 and into 2023.

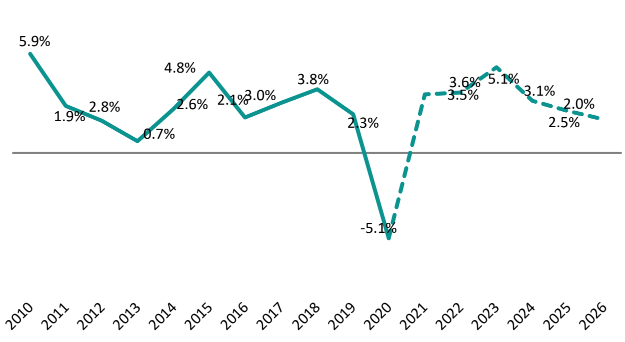
National Statistics – Economic Outlook

Slovakia	2020	2021 (f)	2022 (f)	2023 (f)	2024 (f)	2025 (f)	2026 (f)
Total Population (millions)	5.46	5.46	5.46	5.46	5.46	5.46	5.45
Population Growth rate (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%
GDP Growth (%)	-5.1%	3.5%	3.6%	5.1%	3.1%	2.5%	2.0%
Unemployment rate (%)	6.7%	6.8%	6.6%	6.5%	6.5%	6.2%	6.0%
Government debt (% of GDP)	58.0%	62.0%	61.6%	61.3%	60.9%	60.7%	60.3%
Inflation (CPI) (%)	1.9%	3.2%	3.7%	2.0%	2.0%	2.0%	2.0%

Source: Oxford Economics (01/02/2022)

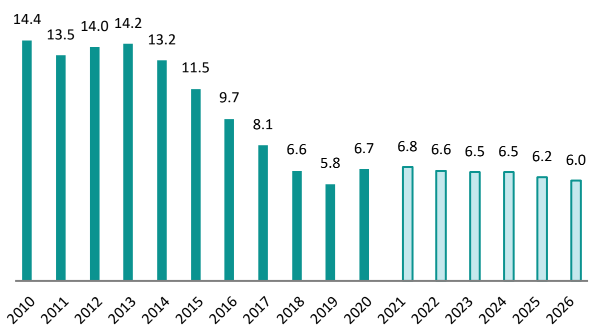
The Slovak labour market suffered during the pandemic, with the unemployment rate rising 1.5ppts above the pre-pandemic level, to 6.7%, and is expected to remain at around the same level in 2021, of 6.8%. Supportive fiscal policy has helped prevent a deeper economic contraction. Additionally, labour productivity increased by around 1.5% per year in 2015-2019, while real wage growth averaged over 3% per annum over the same period, helped by a tightening labour market. A gap between real wages and productivity growth in the long term will pose a threat to competitiveness. The hike in the monthly minimum wage and new restrictions on working hours might also impact the cost competitiveness of Slovakia's industrial sector. Wage growth is likely to be subdued in the near term given the labour market stresses induced by the pandemic. Overall, hiring intentions remain strong and current job losses are expected to be recouped quickly.

Historic and Forecast GDP Growth (%)



Source: Slovakian Statistical Office, Oxford Economics

Historic and Forecast Unemployment Rate (%)



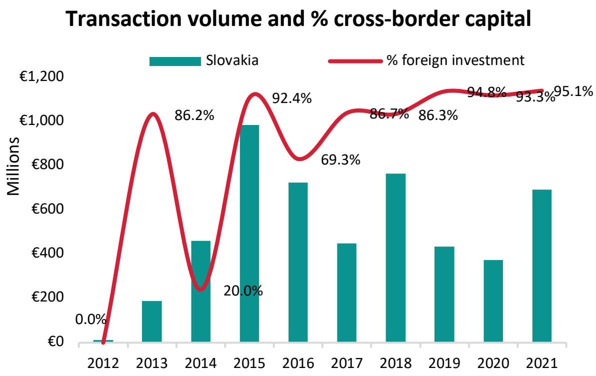
Source: Slovakian Statistical Office, Oxford Economics

The industrial sector remains robust, with production expected to grow by 3.8% in 2022 as supply constraints gradually ease. Slovakia has an export-driven economy and weakening demand in key export markets could constitute a downside risk for manufacturing and exports. However, the biggest and most immediate risk posed to the Slovak economy is COVID-19. The Slovak vaccine is lagging, and the economy won't fully recover until this is widely distributed. Fiscal support will be required to prevent long-term scarring, particularly in the labour market, which deteriorated more than peers during the pandemic. In addition, Slovakia had a solid fiscal position before the pandemic and a strong labour market, but large deficits required to soften the crisis' blow put a dent in public finances. Given the ongoing financial requirements due to restrictions, the deficit is expected to widen further.

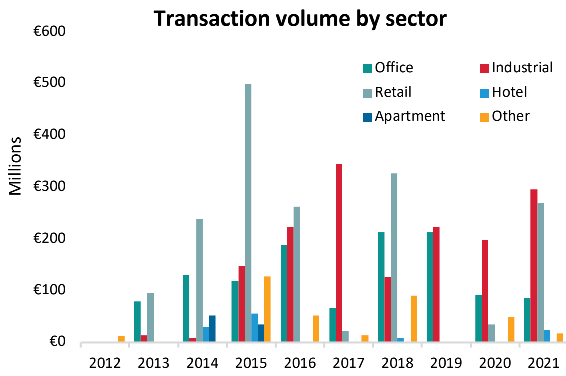
The war in Ukraine and Russian sanctions will have an impact on trade, particularly the automotive sector. However, Russian and Ukraine only account for a relatively small proportion of Slovakia's export market; 1.5% and 0.9% respectively (2020, Trading Economics). The impact will be felt most in the automotive sector, with c.60% of exports to Russia comprised of cars and car parts. There are also risks for cars manufactured for exports to other regions, due to the globalization of production, with supply chains seizing up and widespread fear of stagflation might also hinder global automotive sales as consumers look to postpone unessential purchases.

Section 3: Commercial Real Estate Market

A: Investment Market



Source: Knight Frank Research, Real Capital Analytics



Source: Knight Frank Research, Real Capital Analytics

Investment volumes in Slovakia are low relative to other European markets. The investment market is small and highly dependent upon foreign capital, with international investors accounting for 95% of the total transacted in 2021. In 2021, investment totalled €692 million, up 84% from the €376 million invested in 2020. Buyers from the neighbouring countries, the Czech Republic and Austria were most active in 2021, though Slovakia has continued to attract investment from further afield.

The logistics sector was the most transacted in 2021, following the pattern observed in 2019 and 2020. Slovakia is a strategically important logistics market due to low land values, cheap labour costs, and well-developed infrastructure, these factors have encouraged investment and development of logistics assets here. Prime yields for industrial assets have compressed to around 5.25%, though they continue to offer a premium over other European markets.

Many single industrial assets are too small to attract interest from institutional capital and Slovakian assets are often acquired through portfolio transactions. Despite rising development activity in the market, a lack of stock available for investment remains a key constraint on investment into the sector. The rise in investor/developer partnerships as well as a lack of investors wanting to exit investments in the sector are limiting transactions.

As well as manufacturing goods for export, Slovakia has a growing domestic market, in recent years, Slovakia has been one of the fastest-growing economies in the EU and Slovakia is attracting investment from retailers competing for market share in the growing domestic retail market. For instance, discount grocery retailer Lidl has been investing in Slovakia in recent years. The growth in e-commerce is also providing incentive for major international online retailers as well as distribution companies.

Investment in the office sector was keenly focused on the Bratislava CBD market. Investment into the office market has remained weak in 2021, as investors continue to scrutinise tenant covenants more closely given the weaker economic environment associated with the pandemic and the potential for increasing void rates.

Some companies have put expansion plans on hold or are postponing decisions on new office premises. Despite this, there is significant development underway, and attracting tenants may prove challenging given current market conditions.

Investment into Slovakian real estate is likely to slow in 2022, along with the CEE region as a whole. The market is highly driven by cross-border investors who may want to limit exposure in the region as the Russia-Ukraine conflict continues and the impacts of sanctions deepen, with impacts felt most in neighbouring economies.

C: Industrial Sector – occupier market

Despite the relatively low levels of investment transactions, the Slovakian industrial and logistics market is a predominantly tenanted market as opposed to owner-occupied. There has been a robust level of development activity over the past ten years, boosting stock levels with total modern Grade-A supply across Slovakia now above 3 million sq. metres, with the majority of premises located in the Greater Bratislava Region. Other popular locations include the western part of the country strategically located and well connected by the D1, D2 and R1 highways.

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

Development completions in 2021 boosted industrial stock by around 6%. Some of the key developments that have completed in 2021 include P3 Bratislava Airport DC A totalling 65,297 sq. metres and Log Center R7 – building 2 in Trnava totalling 55,296 sq. metres. At the end of 2021, there was around 392,000 sq. metres under construction. Despite an uptick in supply, the vacancy rate declined, to around 6.7% by the end of 2021. Most construction has been driven by build-to-suit schemes for online retailers looking to expand their distribution networks. High levels of occupier demand have been driven by online retails as well as manufacturers and distribution firms.

Most of the stock currently vacant is concentrated in recent speculative developments. However, speculative development remains popular in Slovakia, speculative construction starts, and land acquisitions have continued apace, as the sector positions itself for the expected rise in demand. The cost of debt has remained broadly stable over the past year for logistics in Slovakia and most speculative development is let prior to completion. The highest amount of available stock can be found in Western Slovakia, with just over 100,000 sq. metres of space available.

With the majority of logistics stock concentrated within the Greater Bratislava region, take-up activity has also been concentrated here, take-up across the country totalled around 516,000 sq. meters in 2021, up 18% y/y, with 335,000 of this taking place in the Bratislava region. Distribution companies continue to expand their networks in response to expanding e-commerce demand. The automotive industry remains highly important to Slovakia's industrial and logistics market and car manufacturers have also taken space. However, rising e-commerce demand is encouraging higher interest from retailers and distributors and is broadening the occupier base.

Prime headline rents in Slovakia are currently around €3.50 - €4.90 per sq. metre per month. Despite the strong levels of occupier demand, speculative development ensures that the market remains balanced and keeps rental growth in check. However, along with shrinking vacancies, the rising build costs could drive rental growth as has been experienced in other European markets. There is increasing demand for best-in-class assets, coupled with good pre-let activity may drive rental growth in some locations.

Industrial output in Slovakia is expected to decline in 2022, due to the global materials crisis and the war in Ukraine. As energy costs are pushed higher, production costs will rise, the impact of this will be felt most in energy-intensive industries and manufacturing. While the country's car manufacturing sector is likely to be negatively impacted, rising geopolitical tensions in the region may drive increased spending on defence. Slovakia has a large defence industry, focusing mainly on the design, development and manufacture of ammunition and artillery systems, armoured combat and transport vehicles, radar and navigation systems, and mine-clearing equipment.

Key Market Statistics:

Slovakia	2016	2017	2018	2019	2020	2021
Take-Up (sq. m)	440,000	410,000	260,000	375,000	436,000	516,000
Prime Rent (€ sq. m/p.a.)	51	51	51	54	58.8	58.8
Prime Yield (%)	7.50	7.00	6.50	6.25	6.25	5.00

Source: Knight Frank Research

10. THE UNITED KINGDOM

Section 1: Executive Summary

- The UK suffered one of the steepest falls in GDP in 2020. However, a strong consumer-led economic recovery took hold in 2021, with GDP growth of 7.5% recorded.
- Investment into the UK commercial real estate (CRE) investment market rose in 2021, following a relatively weak performance in 2020, due to a slump in office investment. Investment into the office sector increased y/y, though for the first time, it was not the key focus for investors.
- The top logistics markets in the UK include London, due to the large consumer market and international freight terminals at Heathrow, and the Midlands (particularly East Midlands) due to a central location and motorway access.
- Occupier take-up reached a record level in 2021The UK industrial and logistics vacancy rate is currently just 3.2% (end of 2021), this is down from 4.4% recorded at the end of 2020.
- Development activity stalled in 2020 due to the pandemic, dampening the level of development completions in 2020 and 2021. However, despite ongoing delays on building materials, elevated build costs and staff shortages, development activity has started to increase, and a supply response is expected in late 2022-2023.

Section 2: Economy

The UK suffered one of the steepest falls in GDP in 2020 among the advanced economies as a result of COVID-19, falling by 9.4% (Source: ONS). A strong consumer-led economic recovery took hold in 2021 as social distancing restrictions were lifted, with GDP growth of 7.5% recorded, stronger than expected, despite a modest shrink in December due to Omicron restrictions.

GDP growth forecast for 2022 is estimated at 4.5%, levelling off to an average of 1.9% growth out to 2026. Although uncertainties regarding future trade relationships with Europe will still weigh on medium-term growth prospects, the impact should be mitigated by the UK's favourable demographic profile and by its strength in faster-growing areas of private services.

The service sector is the key driver of the economy and makes up nearly 80% of GDP. Financial services are particularly important to the UK economy, with London being one of the world's largest financial centres. On the expenditure side, the economy is dominated by consumer spending, which accounts for more than 60% of GDP. The UK is a relatively open economy, with exports and imports accounting for around 30% of GDP.

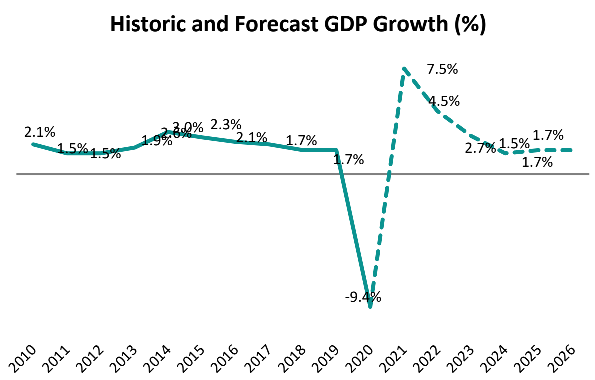
Inflation continues to be pushed higher by rising petrol prices and upward pressure on global goods prices from supply-chain bottlenecks. Expectations for the year are for inflation to spike to 4.6%, boosted by inflated energy prices and a VAT rate hike in hospitality. The Bank of England (BoE) is expecting UK inflation to peak mid-2022 at 7%, before dropping back below the 2.0% target by Q2 2024. The key question remains whether central banks can do much to tame inflation, given that energy prices are responsible for so much of the current inflationary pressure.

National Statistics – Economic Outlook

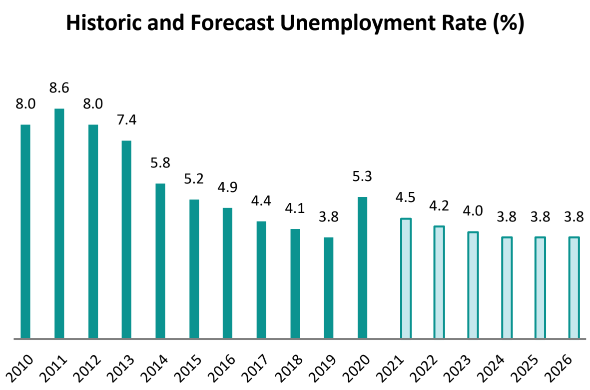
	2020	2021 (f)	2022 (f)	2023 (f)	2024 (f)	2025 (f)	2026 (f)
Total Population (millions)	67.07	67.14	67.33	67.58	67.76	67.88	67.97
Population Growth rate (%)	0.4%	0.1%	0.3%	0.4%	0.3%	0.2%	0.1%
GDP Growth (%)	-9.4%	7.5%*	4.5%	2.7%	1.5%	1.7%	1.7%
Unemployment rate (%)	5.3%	4.5%	4.2%	4.0%	3.8%	3.8%	3.8%
Government debt (% of GDP)	102.4%	102.2%	99.8%	97.6%	96.0%	94.0%	91.7%
Inflation (CPI) (%)	0.9%	2.6%	4.6%	1.7%	2.0%	2.0%	1.9%

Source: Oxford Economics (01/02/2022)
***Actual**

The labour market in the UK continues to recover from COVID-19 effects. According to the ONS, the unemployment rate has been generally falling since late 2011 until the start of the coronavirus pandemic. Although increasing to 5.3% by the end of 2020, the UK government's Coronavirus Job Retention Scheme has been generally successful in limiting the impact on the labour market. ONS labour market surveys point to a continuous recovery since then, with gradual and consistent increases in participation and employment. The ONS forecasts the unemployment rate for 2021 to fall to 4.5%, to 4.2% in 2022 and 4.0% for 2023, returning to pre-pandemic levels from 2024.



Source: ONS, Oxford Economics



Source: ONS, Oxford Economics

The BoE raised interest rates by 25bps in February 2022 to 0.5%, the first back-to-back rate rise since 2004. In response, markets are now pricing in rates to increase to at least 1.0% by May and to 1.5% by November 2022.

The UK's sovereign credit score of 3.1 is slightly lower than the Western European average of 3.4 (Source: Oxford Economics). Though the government plans a medium-term tightening of fiscal policy, the public sector net debt to GDP ratio will remain much higher than it was before the pandemic. Overall, the key risks to the UK economy include new COVID-19 variants and ongoing consumer price inflation. However, the UK's favourable demographics and increasing working-age population mean that it should achieve firmer rates of economic growth than many other western European economies.

Section 3: Commercial Real Estate Market

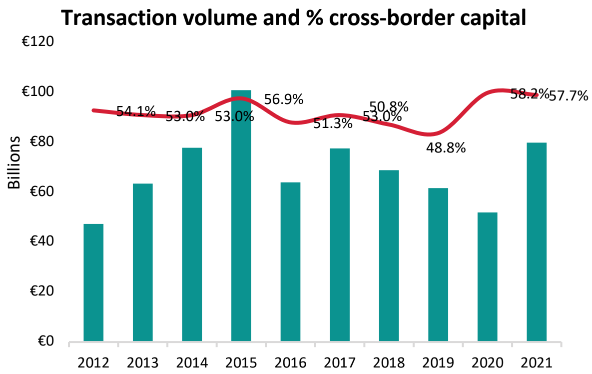
A: Investment Market

Investment into the UK commercial real estate (CRE) investment market rose in 2021. The relatively weak performance in 2020 was due to a slump in office investment. In 2021, investment into the office sector increased though for the first time, it was not the key focus for investors. Industrial and logistics was the most invested sector in 2021, accounting for 28% of total investment, compared with an average of 14% over the previous ten years. Investors have been increasing their allocations to the sector and driving up investment volumes as well as pricing.

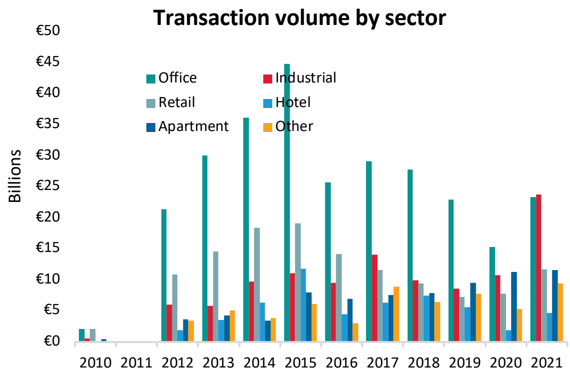
In 2021 there was a total of €79.9 billion invested into real estate in the UK, this is significantly higher than the €52.0 billion recorded in 2020. The rise in transaction volumes is due mainly to a large uptick in investment in the industrial and logistics sector as well as a resurgence in the office sector.

The apartment sector also recorded robust transaction levels, with €11.6 billion invested, following inflows of €11.3 billion in 2020. Demand for Private Rented Sector (PRS) housing are underpinned by strong demographic trends and attracting investor interest.

International investors accounted for 58% of the total transacted. Though the percentage was slightly below that in 2020, the total amount of capital flowing into the UK real estate market from overseas was a record in 2021. Despite economic uncertainties and restrictions on international travel, making inspections difficult, the UK continued to attract overseas investors. Buyers from the US, Canada, Singapore, and Germany were most acquisitive in 2021, but the investor base remains very broad, with investment coming from other Asian countries as well as Europe and the Middle East.



Source: Knight Frank Research, Real Capital Analytics



Source: Knight Frank Research, Real Capital Analytics

The industrial sector drew strong investor interest in 2021, with €23.8 billion transacting in the sector. The highest annual total on record and robust investor appetite underlines the strength of the occupier market with demand underpinned by growth in e-commerce. Online retail sales accounted for 29.1% of total retail sales in the UK in 2021, this compares to 28.1% in 2020 and 19.2% in 2019 (Source: ONS). The pandemic has led to a significant shift in consumer habits, with more goods being purchased online and demand for faster delivery times, this is driving shifting occupier requirements and a strong occupational market.

A notable transaction of 2021 was the project Alaska portfolio, a portfolio of logistics assets which Blackstone purchased from ASDA supermarket for c.€1.63 billion, on a sale and leaseback basis. Another significant 2021 deal was a purchase by Scape Student Livings and iQ Student (Blackstone) of a student housing portfolio for c.€1.33 billion, with 12 assets located in London, Brighton, Bristol, and Guildford.

C: Industrial Sector – occupier market

The key logistics hubs in the UK exist in London and the South East, the Midlands (both East and West), Manchester, and the North West is another key region. A smaller, more regionally focused market exists in Bristol and the wider South West region.

Access to consumer markets, distribution networks, and trade ports are the most important location criteria for logistics users. The top markets in the UK include London, due to the large consumer market and international freight terminals at Heathrow, and the Midlands (particularly East Midlands) due to a central location and motorway access. Prime Midlands locations can provide access to >90% of the UK population within 4.5 hours drive time limit. The North West is also a popular logistics location due to its proximity to the large urban conurbation that includes the cities of Manchester, Liverpool, and Leeds as well as maritime freight ports and airports.

Occupier take-up reached a record 69.4 million sq. ft., (or 6.4 million sq. metres) in 2021. The UK industrial and logistics vacancy rate is currently just 3.2%, this is down from 4.4% recorded at the end of 2020. Over the past ten years, vacancy rates have been falling as older redundant stock is removed from the market.

The reduction in floor space has been felt most acutely in London where the pressure to redevelop outdated industrial stock for residential uses is strongest. As a result, vacancy rates are low in the London, South East, and East region, currently at just 2.8%, though they are lower still within some sub-markets, particularly within Greater London.

The dearth of development over the past ten years combined with occupier demand for modern, well-located facilities, and the rapid expansion of the e-commerce market in 2020 has meant that most space built speculatively in recent years has quickly been absorbed by the market. Paradigm shifts in the retail and e-commerce markets are driving demand for space and relatively low vacancy rates mean that most speculatively built space is let before or on completion.

Development activity has stalled in 2020 due to the pandemic, with delays on sites currently under construction as well as falls in construction starts and planning applications. This dampened the level of development completions in 2020 and 2021. However, despite ongoing delays on building materials, elevated build costs, and staff shortages, development activity has started to increase. Over the past few years, positive rental growth and low vacancy rates have encouraged speculative development activity. The availability of development finance and the rise in partnerships between investors and developers made it easier to fund new developments. The level of speculative development activity remains measured, and thus vacancy rates are unlikely to rise significantly.

Key Market Statistics:

UK	2016	2017	2018	2019	2020	2021
Vacancy Rate (%)	5.0	4.7	4.6	5.2	4.4	3.2
Take-Up (sq. m)	3,647,116	2,594,621	3,536,191	2,545,740	4,823,116	6,431,283
Stock (million sq. m)	86.8	88.7	89.8	92.3	94.0	95.6
Prime Rent (€ sq. m/p.a.)	172	182	180	203	239	320
Prime Yield (%)	5.00	4.25	4.25	4.25	4.00	3.50

Source: Knight Frank Research

Regional market profiles:

London and South East: This region comprises Greater London, the South East and Eastern region of the UK. The Greater London logistics market is largely consumer-driven. Much of London's manufacturing base has moved further afield due to high occupancy costs. Rents, land values, and labour costs are high in the capital region compared with other regions of the UK. Low levels of unemployment and high average wages in the region can make access to labour a challenge for logistics operators.

Key logistics centres within Greater London are found at London Heathrow, Park Royal, Croydon, and Enfield. Much of the logistics at Heathrow is focused on air freight. The Heathrow market also benefits from excellent road links; within close proximity to the M4 and M25 motorways. Enfield is located in North London along the A10 corridor and close to the M25. Park Royal in West London straddling the Boroughs of Ealing and Brent. It is within close proximity of Central London along the A40 corridor. Croydon, located in South London has good road and rail links.

Across the wider South East region, logistics facilities tend to be located close to motorway junctions. The South East region's proximity to the capital and transport infrastructure makes it a desirable market. The markets along the M3 and M4 corridors are important locations for logistics and last-mile deliveries into the capital region.

The Port of Felixstowe located in Suffolk is the UK's busiest container port dealing close to half of Britain's containerised trade. Opened in 2013, the London Gateway Port is a £1.5 billion terminal capable of handling the largest deep-sea container ships. It is the largest multi-modal logistics and business park in the South East of England.

In 2021, take-up in the region totalled 13.9 million sq. ft., or 1.3 million sq. metres (units over 50,000 sq. ft. / 4,645 sq. metres), exceeding the previous record year in 2020 and 47% ahead of the five-year average. The retail sector dominated in the region, accounting for 58% of take-up in 2021. This was driven mainly by growth in online retailing. Strong demand combined with a lack of available stock is driving growth in rents and pricing, including land values.

Total availability of units stood at 4.4 million sq. ft. at the end of 2021 (c.409,000 sq. metres), 17% lower year-on-year. Supply is particularly constrained at the larger end of the market. Declining stock levels have driven down the vacancy rate to a new low of 2.8%. The combination of record take-up levels, record low supply, and rising rents is driving appetite for development. There is currently 3.7 million sq. ft. (c.344,000 sq. metres) of speculative space under construction across the London and South East market. However, with just one of these developments over 250,000 sq. ft. (23,226 sq. metres) in size, the supply pipeline at the very large end of the market is particularly acute. In addition, rising build costs and supply issues are delaying delivery schedules.

The largest deal in 2021 was Amazon taking a 15-year lease on 736,700 sq. ft. (68,442 sq. metres) at Kingston Park, Peterborough, at a rent of £5.60 per sq. ft (c.€.72 per sq. m) Some large pre-lettings were agreed in Q4 also due to declining immediately available stock. This includes pharmaceutical distribution firm, Movianto, agreeing a pre-lease for Unit 1 at Bedford Link Logistics Park, a 355,941 sq. ft. (c.33,068 sq. m) warehouse, for 15 years. Pre-lets accounted for 35% of take-up in the fourth quarter.

Key Market Statistics:

London	2016	2017	2018	2019	2020	2021
Prime Rent (€ sq. m/p.a.)	172	182	180	203	239	320

Source: Knight Frank Research

Midlands: The Midlands (both East and West Midlands) is home to the so-called “Golden Triangle” of logistics, which spans from Northamptonshire up the M1 to East Midlands Airport, and West as far as Tamworth area, the Golden Triangle is busting with logistics names. As well as being close to the huge distribution centres of supermarkets and high street stores, Midlands-based supply chain companies enjoy access to over 90% of the UK population within a 4-hour drive. The region benefits from a robust transportation network. The M1 serves the four largest urban areas in the region and provides a direct route into London as well as links to the rest of the UK market. Manufacturing still plays an important role in the industrial and logistics market in the Midlands region.

Many occupiers choose to locate in the region due to these transportation links with the rest of the country, and the lower operational costs associated with premises located in London and the South East and the Midlands has the largest concentration of logistics stock of any region of the UK.

The Midlands industrial and logistics market has reached a new all-time level of take-up, with 22.3 million sq. ft. (2.1 million sq. m) of space taken in 2021. This represents a 31% uplift on 2020. The annual total has now exceeded the previous record set in 2014 and stands 65% ahead of the five-year average of 13.6 million sq. ft. (1.3 million sq. m). The distribution sector dominated in 2021, accounting for 62% of activity.

The Midlands region is experiencing an acute shortage of immediately available space across all size ranges. A total of 5.4 million sq. ft. of space was available at the end of 2021 (units over 50,000 sq. ft.), 44% below levels at the end of 2020. The vacancy rate is now below 2%, a record low for the region.

Occupiers looking for larger units face limited options, with only units under construction or build to suit options available. Given the level of pent-up demand in the Midlands market, there is 7.8 million sq. ft. (725,000 sq. m) of speculative development currently under construction. However, 26% of this was already under offer at year-end and strong pre-let activity is expected to be a feature of the market again in 2022.

Despite a rise in development activity, most developments scheduled to complete over the next twelve months are already committed or under offer. Limited availability is expected to persist in 2022 and will likely drive further rental growth. Prime rents for units over 50,000 sq. ft. (4,645 sq. m) increased by 6.25% over the course of 2021, to £8.50 psf (€109 psm).

Key Market Statistics:

Birmingham	2016	2017	2018	2019	2020	2021
Prime Rent (€ sq. m/p.a.)	82	86	83	85	95	109

Source: Knight Frank Research

Yorkshire: The key industrial and logistics hubs are located in West Yorkshire and in South Yorkshire. The M62 is Yorkshire's main east-west route and links Yorkshire to Manchester and Liverpool in the West and Hull in the East. The M1 and the A1 are the main north-south routes. The M180 (continuing as the A180) connects the ports at Grimsby and Immingham via the M18 (European route E22). Airports in the region are Leeds Bradford Airport at Yeadon, Doncaster Sheffield Airport near Doncaster and Humberside Airport near Brigg in North Lincolnshire.

Yorkshire has a rich history of industrial activity. The area was renowned for coal mining in the past, though coal still plays a part in the local economy of the region, many of the pits closed in the 1990s. Sheffield, South Yorkshire is known for its steel industry, though it too has declined in recent years. Leeds is the second-largest manufacturing city in the UK, after London. Hermes Europe, the UK's largest home delivery company is based in Yorkshire. There are numerous manufacturing companies located in the area, including several food manufacturers including Arla Foods.

Across the region, take-up totalled 11.9 million sq. ft. (1.1m sq. m) in 2021. The annual is double that recorded in 2020 when 5.9 million sq. ft. (548,000 sq. m) of space was taken. Distribution firms dominated, accounting for 57% of take-up in 2021. Availability has declined over the past year to reach just 2.2 million sq. ft. (204,000 sq. m) at year-end. This represents about three months of supply and over one-third of this was under offer by year-end. Supply levels are 65% lower on an annual basis, and with stock at record lows, the region's vacancy rate now stands at an acute 1.8%.

Developers have begun to respond to declining availability, though speculative development remains limited. We anticipate a stronger development response in 2023, with speculative schemes earmarked at several sites. Strong occupier demand coupled with low levels of available stock is driving rental growth across all size units in the region. Prime rents in Leeds (for units over 50,000 sq. ft.) were £6.75 psf (€87 psm) at the end of 2021, with new build rents now quoted at around £7.50 psf (€96 psm).

Key Market Statistics:

Leeds	2016	2017	2018	2019	2020	2021
Prime Rent (€ sq. m/p.a.)	70	72	69	75	75	87

Source: Knight Frank Research

North West: The North West is a key industrial and logistics hub, with many major retail and logistics operators basing their logistics operations here. There is also significant demand from manufacturing firms. The excellent transportation links and clusters of population make the region attractive as a base to service both the local population as well as across the UK.

The region has a strong industrial heritage, and this continues to influence occupier sectors in the region, with a high percentage of manufacturing and retail businesses relative to other regions. In the 19th century, Manchester was an international centre of cotton and textiles and the industry continues to employ around 5,000 in Greater Manchester and a high proportion of manufacturing and retail businesses are headquartered in this region.

The North West region of the UK is covered by an extensive network of major roads, with the M61, the M6 (running north to south), the M60 (around Manchester), and the M62 (to Liverpool and Leeds) providing some of the key road network in the region. Aside from a robust road network, the North West region also benefits from airport and seaport connections in Manchester and Liverpool. Manchester Airport has recently expanded its logistics capacity through the Icon Manchester Airport development, a 45-acre build to suit logistics/warehouse development that was completed towards the end of 2021.

Across the North West region, take-up reached a new record high of 8.3 million sq. ft. in 2021 (771,000 sq. m). This is 53% higher than 2020 levels and is 61% ahead of the five-year average of 5.2 million sq. ft. (483,000 sq. m). E-commerce continues to drive demand in the North West, with retail occupiers accounting for 39% of total take-up in 2021. 2021 was a strong year for pre-lets due to declining immediately available stock levels and accounted for 37% of leasing activity in the year.

Total availability of units stood at 5.3 million sq. ft. (592,000 sq. m) at the end of 2021, -27% below last year. Low stock levels have driven down the vacancy rate to a new low of 3.8%. While the development pipeline has been bolstered with 3.5 million sq. ft. (325,000 sq. m) of speculative development currently underway, the total supply pipeline of 8.8 million sq. ft. (818,000 sq. m) is just a fraction below requirements in the market.

Prime rents (for units over 50,000 sq. ft. / 4,645 sq. m) have increased by 3.4% over the course of 2021, to £7.50 psf (€96 psm), while the wider regional market has recorded average rental growth of circa 8% year-on-year. Looking to the year ahead, average rental growth of 5.4% is forecast for the North West in 2022, while expectations for the Manchester market are particularly high, with average rental growth of 6% predicted (RealFor).

Key Market Statistics:

Manchester	2016	2017	2018	2019	2020	2021
Prime Rent (€ sq. m/p.a.)	77	80	78	85	87	96

Source: Knight Frank Research

North East

The North East is an important industrial hub, particularly for manufacturing. The largest company in the North East is Nissan Japanese car manufacturer Nissan has their UK car manufacturing plant based in Sunderland, North East. The plant employs 7000 workers and made 350,000 cars last year. Of Sunderland's total output, 70% is promptly exported and sold in EU markets.

Total annual take-up reached a record high of 4.7 million sq. ft. (units over 50,000 sq. ft. /4,645 sq. m). Boosted by a particularly strong third quarter which saw two large new builds completed, the annual total is over three times higher than 2020 volumes and stands 55% ahead of the five-year average of c. 3 million sq. ft. The manufacturing sector dominated, accounting for 45% of take-up in 2021.

The total supply of available units stood at 2.7 million sq. ft. (251,000 sq. m) at the end of 2021, resulting in a corresponding vacancy rate of 5.7%. While this is slightly higher compared with last year, most of this space is in second-hand units and is either not immediately available or unsuitable for modern occupier requirements.

The strength of enquiries in the North East market coupled with the low levels of suitable stock is boosting appetite for development in the region, though much of the pipeline is already under offer. Construction is underway at Hillthorn Business Park, Washington, which upon completion will provide almost 368,000 sq. ft. (c.34,190 sq. m) of new high spec warehousing. Over half of this space is due to be delivered towards the end of 2022.

Prime rents in the North East for units increased by 15.4% over the year, to £7.50 psf (€96 psm), while average rents rose by 6.1%. The forecast points to continued growth, with 4.8% forecast for 2022. Despite a relatively modest forecast compared with other parts of the UK, the market continues to offer good relative value and this may encourage those occupiers who are relatively footloose or cost-sensitive to the North East market, given rapidly rising occupational costs in other regions.

Key Market Statistics:

Newcastle	2016	2017	2018	2019	2020	2021
Prime Rent (€ sq. m/p.a.)	82	83	78	82	78	96

Source: Knight Frank Research

South West: Stock in the South West region is concentrated in Bristol, around the docks at Avonmouth and Portbury, and in Filton, where several engineering firms are located, including BAE Systems, Rolls Royce, and Airbus. Swindon's location on the M4 and its proximity to markets in the South East makes it desirable as a distribution hub. Amazon, B&Q, WH Smith, Iceland, and Aldi all have distribution centres located in Swindon. There are smaller markets located further south down the M5, including Bridgewater, Taunton, and Exeter, and north up the M5 in Gloucester.

In 2021, take-up in the South West totalled 2.6 million sq. ft. (242,000 sq. m) and while this is below 2020 volumes, it stands 30% ahead of the five-year average of c.2 million sq. ft. (186,000 sq. m). The distribution sector accounted for 43% of total take-up in 2021, with manufacturing accounting for a further 30%. Availability in the South West declined, to stand at 3.7 million sq. ft. (344,000 sq. m). Of this, 44% was under offer at year-end reflecting the current strength of demand in the market. The vacancy rate across the South West stood at 5.7% at the end of 2021, however, vacancy levels across the region vary considerably, with particularly strong demand in Bristol and along the M4 and M5 corridors.

Some new developments have recently commenced construction, providing new opportunities for occupiers, particularly those requiring larger footprints. Yet despite this construction activity, there remains a lack of supply for high-quality units, particularly for bigger boxes.

Prime rents for all unit sizes across the region increased throughout 2021. Prime units over 50,000 sq. ft. (4,645 sq. m) saw a 3.2% uplift in rental values, to £8.00 psf (€103 per sq. metre). With little immediately available stock expected to be delivered to the market over the next twelve months, further rental growth is expected.

Key Market Statistics:

Bristol	2016	2017	2018	2019	2020	2021
Prime Rent (€ sq. m/p.a.)	88	89	78	92	93	103

Source: Knight Frank Research

Wales: Wales has significant regional variation in economic structure and performance. While Cardiff and the Southern and northern coastal belts have recorded increasing employment, the South Wales Valleys have suffered decline. The South Wales Valleys were heavily reliant on the coal mining industry which faced decline between the 1950s and 70s and employment and education levels remain low in the region. There is active foreign investment in Welsh manufacturing, particularly in its high-technology industries, and the manufacturing sector in Wales is a key driver of the industrial and logistics. There is a growing automotive manufacturing sector in South Wales.

The M4 motorway links South Wales, including Swansea, Cardiff, and Newport to Bristol and London and provides links to the M5 motorway at Bristol and Gloucester providing transport routes to Birmingham and the Midlands. Logistics stock in Wales is mainly concentrated along the M4 corridor along with key road links to Liverpool and the North West region. As a peripheral region of the UK, Wales is not typically chosen as a location for national distribution hubs, most stock consists of older buildings and multi-let estates are common. The lack of available good quality stock has contributed to a reduction in take-up of large industrial premises. Over the past few years, take-up has been dominated by freehold sales to local occupiers, though there has been an increase in activity in the leasing market in recent years.

Across Wales, take-up totalled 3.5 million sq. ft. (325,000 sq. m) in 2021. This compares to 2.7 million sq. ft. (251,000 sq. m) in 2020, a 27% increase year-on-year and 47% above the five-year average of 2.4 million sq. ft. (223,000 sq. m). The manufacturing sector accounted for 28% of total take-up in 2021. Total availability now stands at circa 4 million sq. ft. (372,000 sq. m) at the end of 2021, with Ford at Bridgend accounting for 1.6 million sq. ft. (149,000 sq. m) of this space. With stock levels at the lowest level in years, the vacancy rate is now down below 10%, though much of this vacant stock falls short of modern occupier requirements. There is no speculative development currently underway in the region though the strong level of occupier demand, particularly for well-located new build stock, is boosting appetite for development.

Prime rents have risen c.42% in Wales over the past two years. However, the Welsh market continues to offer good value relative to other regions of the UK. Average rental growth in Wales has not been as strong as it has in other regions of the UK this year, and therefore the region will continue to offer good value, particularly for occupiers focused on regional distribution and for manufacturing occupiers with broader locational requirements.

Key Market Statistics:

Cardiff	2016	2017	2018	2019	2020	2021
Prime Rent (€ sq. m/p.a.)	63	64	60	63	72	90

Source: Knight Frank Research

Scotland: Scotland has a rich history of manufacturing and diverse industry. Glasgow was an important centre for trade and shipbuilding during the 19th and 20th centuries. However, Glasgow's prominence as a port has declined due to the introduction of containerized freight and there are few shipbuilders left. Edinburgh is the second-largest financial centre in the UK, the banking sector plays a significant role in the local economy. Aberdeen's economy is dominated by the petroleum industry. The discovery of North Sea oil in the 1970s transformed the local economy, and the city became a base for many international oil and gas companies. It is estimated that North Sea oil is at or past peak production rates but despite declining North Sea reserves, Aberdeen remains a major world centre for undersea petroleum technology.

Along with fish, confectionery, oil & gas, renewable energy, textiles, timber, and water, Scotch Whisky is one of Scotland's top exports. In 2019, Whisky accounted for £4.9 billion (€5.8 billion) of exports, in 2020 this declined to £3.8 billion (€4.2 billion) due to the impacts of Covid-19 along with the introduction of a 25% tariff in the US market. Distilleries and associated warehousing play a significant role in Scotland's industrial and logistics market, particularly in more rural areas outside of the key markets of Glasgow, Edinburgh, and Aberdeen.

The supply continues to be dominated by second-hand space with no new units available and most available space is in low-quality Grade-B/C stock. Meanwhile, requirements, particularly for larger units, have increased throughout the year. The strong leasing market, coupled with old, redundant stock being redeveloped and removed from the market has pushed the vacancy rate to a record low. The demand/supply imbalance is also putting upward pressure on rents. A lack of supply of high-quality units is likely to dampen the level of leasing activity recorded next year.

Rental growth has been relatively modest in Scotland compared with other regional markets.

Key Market Statistics:

Aberdeen	2016	2017	2018	2019	2020	2021
Prime Rent (€ sq. m/p.a.)	97	89	84	101	96	103

Source: Knight Frank Research

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CORPORATE GOVERNANCE

THE ROLE OF CEREIT'S MANAGER

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

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

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

The Manager was appointed in accordance with the terms of the Trust Deed. The Trust Deed outlines certain circumstances under which the Manager can be removed, including by notice in writing given by the Trustee upon the occurrence of certain events, or by resolution passed by a simple majority of Unitholders present and voting at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed. No termination fees are payable to the Manager upon the removal or retirement of the Manager under the Trust Deed.

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

The other functions and responsibilities of the Manager include:

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

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

 i. determining the location, sub-sector type and other characteristics of CEREIT's property portfolio;
 ii. integrating sustainability risk considerations in the investment decision-making process; and
 iii. negotiating, overseeing the negotiations and providing supervision in relation to investments of CEREIT and making final recommendations to the Trustee;

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

 i. determining the tenant-customer mix, asset enhancement works and rationalising operation costs;
 ii. providing the supervision in relation to asset management of CEREIT and making final recommendations to the Trustee on material matters; and
 iii. ensuring that ESG factors form integral part of the investment process

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

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

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

(g) communicating and liaising with the investment community and other external stakeholders, including but not limited to Unitholders, investors, analysts, media, business and community partners; and

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

The Manager also considers managing sustainability risks (including environmental, social and governance factors) as part of its responsibilities. In this regard, the Board has established a Sustainability Committee ("SC") in December 2021 and delegated to the SC the general oversight on sustainability issues and sustainability reporting. The SC is composed of all five Board members, four of whom are non-executive Directors (including the Chair of the SC) with a majority being independent. The SC's terms of reference set out, inter alia, the roles and responsibilities of the SC and include its purview over matters relating to the ESG framework, ESG targets, the sustainability reporting framework and CEREIT's policies, practices and performance on its material ESG factors which are significant and contribute to CEREIT's performance, business activities, and reputation as a corporate citizen. CEREIT's ESG programme is set out in summary in the short-form sustainability report on pages 190 and 191 of this Annual Report and in detail in the Sustainability Report FY 2021 which will be published no later than five months after the end of financial year.

The Manager is a wholly-owned subsidiary of Cromwell Property Group (CEREIT's Sponsor), which holds approximately 27.9% interest in CEREIT as at 31 December 2021. The Sponsor is a real estate investor and global real estate fund manager, listed on the ASX with operations in 14 countries, with a vested interest in the long-term performance of CEREIT. The Sponsor's significant unitholding in CEREIT demonstrates its commitment to CEREIT and as a result, the Sponsor's interests are aligned with those of other Unitholders.

THE MANAGER'S CORPORATE GOVERNANCE CULTURE

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

The Manager has received accolades from the investment community for excellence in corporate governance. More details can be found in the Investor Relations section and the Sustainability section on pages 52 to 57 and pages 190 and 191 of this Annual Report.

This corporate governance report sets out the corporate governance practices for FY 2021 with reference to the principles of the Code. For FY 2021, CEREIT has complied with the principles and provisions of the Code in all material aspects and to the extent that there are any deviations from the Code, the Manager will provide explanations for such a deviation and the details of the alternative practices which have been adopted by CEREIT, which are consistent with the intent of the relevant principle of the Code.

(A) BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

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

The Board is collectively responsible for the long-term success of CEREIT and to protect and enhance Unitholder value. The Board recognises that each of the Directors is a fiduciary and should act objectively in the best interests of the Unitholders and hold Management accountable for performance. The Directors are collectively and individually obliged to act honestly and with diligence, and in the best interests of CEREIT at all times. The Board puts in place a code of business conduct (please refer to pages 181 and 182 of this Annual Report), sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the Manager. The Manager requires its Directors to disclose their interests in transactions and any conflicts of interests. The Directors recuse themselves from any discussions and decisions concerning matters in which they may be in a conflict-of-interest situation. The Board is satisfied that no conflict of interests was required to be disclosed by any Director in FY 2021.

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

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

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

(a) acquisitions, investments, developments, redevelopments and divestments;

(b) issue of new Units;

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

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

Internal Limits of Authority

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

Board Committees

The Board has established various board committees to assist it in the discharging of its functions. Membership in the various board committees is managed to ensure an equitable distribution of responsibilities among Board members, to maximise the effectiveness of the Board and to foster active participation and contribution from Board members. These board committees are the ARC and the NRC. The Board may form other board committees as dictated by business imperatives. The Board established the SC in December 2021.

The ARC, NRC and SC, collectively referred to as the Board Committees, and Board Committee shall mean any of of them. The Board Committees have been constituted with clear written terms of reference approved by the Board and may decide on matters within these terms of reference and applicable limits of authority. The terms of reference of the respective Board Committees set out their compositions, authorities and duties, including reporting back to the Board. All terms of reference are reviewed and updated when necessary to ensure their continued relevance. The members of both the ARC and the NRC are all non-executive CEREIT IDs, with a different independent chair for each Board Committee. The ultimate responsibility for decision-making and oversight rests with the Board as a whole. The compositions of the various Board Committees and the Directors' date of appointments are set out on pages 20 to 24 and 155 of this Annual Report.

Meetings

The Board meets at least once every quarter and as required by business imperatives. Board and Board Committee meetings are scheduled prior to the start of each financial year to allow Directors to plan ahead to attend such meetings, so as to maximise participation. Where exigencies prevent a Director from attending a Board meeting in person, the constitution of the Manager permits the Director to participate via audio or video conference. Since the onset of the COVID-19 pandemic, all meetings of the Board and its committees have been held by video conference with the exception of the February 2022 meetings for the full year and 2H 2021 in which all the Directors and KMP met in person in the Manager's office in Singapore. The Board and Board Committees may also make decisions by way of resolutions in writing. In each meeting, where matters requiring the Board's approval are to be considered, all members of the Board attend and actively participate in the deliberations and discussions; and resolutions in writing are circulated to all Directors for their consideration and approval. The exception is where a Director has a conflict of interest in a particular matter, in which case he/she will be required to recuse himself/herself from the deliberations and abstain from voting on the matter. This principle of collective decisions adopted by the Board ensures that no individual influences or dominates the decision-making process. A Director with multiple directorships is expected to ensure that sufficient time and attention can be and is given to the affairs of the Manager in managing the assets and liabilities of CEREIT for the benefit of Unitholders. As part of its annual effectiveness review, the Board has confirmed that each Director is not "overboarded" i.e. not sitting on an excessive number of Boards.

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

A total of 12 Board meetings, 5 ARC meetings and 4 NRC meetings were held in FY 2021. The SC did not hold any meetings in FY 2021 as it was only formally established in December 2021. A record of the Directors' attendance at Board and Board Committees' meetings in FY 2021 is set out below. All Directors attended all meetings in FY 2021 and all Directors voted on each resolution where applicable. The Manager believes in the manifest contributions of its Directors beyond attendance at formal Board and Board Committee meetings. To judge a Director's contributions based on his/her attendance at formal meetings alone would not do justice to his/her overall contributions, which include being accessible to Management for guidance or exchange of views outside the formal environment of Board and Board Committees meetings.

Composition and Attendance Record of Meetings

	Composition			Attendance Record of Meetings in FY 2021				
				Board	ARC	NRC	AGM	EGM
	ARC	NRC	SC[3]	Number of Meetings Held: 12	Number of Meetings Held: 5	Number of Meetings Held: 4	Number of Meetings Held: 1	Number of Meetings Held: 1
Lim Swe Guan	Member	Member	Member	12 out of 12	5 out of 5	4 out of 4	1 out of 1	1 out of 1
Fang Ai Lian	Chair	Member	Member	12 out of 12	5 out of 5	4 out of 4	1 out of 1	1 out of 1
Christian Delaire	Member	Chair	Member	12 out of 12	5 out of 5	4 out of 4	1 out of 1	1 out of 1
Michael Wilde[1]	–	–	–	6 out of 6	N/A	N/A	1 out of 1	1 out of 1
Simon Garing	–	–	Member	12 out of 12	N/A	N/A	1 out of 1	1 out of 1
Ooi Eng Peng[2]	–	–	Chair	4 out of 4	N/A	N/A	N/A	N/A

Training

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

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

1 Mr Michael Wilde ceased to be a non-independent non-executive Director on 15 September 2021
2 Mr Ooi Eng Peng was appointed as non-independent non-executive Director of the Manager on 15 September 2021
3 The SC was formally established in December 2021

CORPORATE GOVERNANCE

The Manager ensures that Directors are provided with opportunities for continual professional development in areas such as briefings by professional advisors and Management on the changes to accounting standards and the Code, industry developments, regulatory matters, ESG, and sustainability reporting and dialogues with experts and senior business leaders on issues facing boards and board practices. Notably, in FY 2021 the Manager arranged for an external ESG training conducted by EY which all Directors attended, ahead of the mandatory requirement that has come in force from FY 2022.

Director Orientation

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

Directors who are appointed to the Board from time to time either have prior experience as a director of an issuer listed on the SGX-ST or will undergo further training required under Rule 210(5)(a) of the Listing Manual. Mr Ooi Eng Peng was appointed on 15 September 2021 and has prior experience as a director of an issuer listed on the SGX-ST. As such, he was not required to undergo mandatory training.

Access to Information

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

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

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

Principle 2: Board Composition and Guidance

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

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

Profiles of the Directors are provided on pages 20 to 24 of this Annual Report.

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

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

The Board has established a process for assessing the independence of its Directors. Each of the relevant non-executive Directors has confirmed that there are no material relationships which would render him/her non-independent. The confirmations have been reviewed by the Board during which the Board considered the Directors' respective contributions at Board meetings. The Board has carried out the assessment of each of its Directors for FY 2021 and the paragraphs below set out the outcome of the assessment.

With respect to Mr Lim Swe Guan, Mr Christian Delaire and Mrs Fang Ai Lian, they do not have any relationships and are not faced with any of the circumstances identified in the Code, SFR and Listing Manual, or any other relationships which may affect their independent judgement. The Board considered whether each of them had demonstrated independence of character and judgement in the discharge of their responsibilities as a Director in FY 2021, and is satisfied that each of Mr Lim, Mr Delaire and Mrs Fang had acted with independent judgement.

On the basis of the declarations of independence provided by the relevant non-executive Directors and the guidance in the Listing Manual, Code and the SFR, the Board has determined that Mr Lim Swe Guan, Mr Christian Delaire and Mrs Fang Ai Lian are CEREIT IDs. For FY 2021, all the CEREIT IDs are considered to be independent under the Code and SFR. The CEREIT IDs have also served on the Board for fewer than nine years. Each of them had recused himself/herself from the Board's deliberations respectively on his/her own independence.

The remaining Directors are not independent Directors as defined under the Listing Manual, Code and the SFR. Mr Simon Garing is the CEO and an executive Director of the Manager while Mr Ooi Eng Peng is a non-independent non-executive Director of the Manager and is a director of various related corporations of the Sponsor. As at the last day of 2021, Mr Simon Garing has confirmed that he has acted in the best interest of all the Unitholders throughout the year. The Board is satisfied that Mr Simon Garing was able to act in the best interests of all the Unitholders in respect of FY 2021. It is further noted that Mr Simon Garing and Mr Ooi Eng Peng have served on the Board for fewer than nine years and neither of them is a substantial shareholder of the Manager nor a substantial Unitholder of CEREIT.

Board Diversity

The Manager recognises that diversity in relation to the composition of the Board provides a great range of perspectives, insights and challenges to support good and innovative decision making. The current Board comprises Directors who are business leaders and professionals with financial, banking, real estate, investment, risk management and accounting backgrounds. Each Director brings to the Board a range of skills, experience, insights and sound judgement which, together with his or her strategic networking relationships, serve to further the interests of CEREIT.

The Board embraces diversity and has formally adopted a Board Diversity Policy. The main objective of the Board Diversity Policy is to ensure that the Board comprises directors who as a group provide the appropriate balance and mix of skills, knowledge, experience and other aspects of diversity such as gender and age. The Board has made good progress in achieving its objective under the Board Diversity Policy and the current Board and Board Committees are of appropriate size and comprise Directors from diverse backgrounds, age and gender which provide an appropriate mix of skills, knowledge, experience so as to promote inclusion, mitigate against 'groupthink' and foster constructive debate.

The Board is supportive of gender diversity and subscribes to the view that female directors offer different perspective and enhance the decision-making process.

The Board is also of the view that gender should not be the main selection criteria and to look beyond gender to seek diversity of background, knowledge and thought in the appointment of a Director. As gender is an important aspect of diversity, the NRC will strive to ensure that (a) if external search consultants are used to search for candidates for Board appointments, the brief will include a requirement to also present suitable female candidates; (b) when seeking to identify a new Director for appointment to the Board, the NRC will request for female candidates to be fielded for consideration; and (c) at least one female director be appointed to the Board. In FY 2022, the Board has also set a medium-term goal to achieve and maintain at least 30% representation of each gender.

Annual Review of Board Size and Composition

The Board with the assistance of the NRC and relevant advisors, reviews on an annual basis, the size and composition of the Board, with a view to ensuring the Board has the appropriate mix of expertise and experience and that the size of the Board is appropriate in facilitating effective decision making and constructive debate, taking into account the scope and nature of the operations of CEREIT, and that the Board has a strong independent element. Any potential conflicts-of-interest are also taken into consideration.

Board Skills Matrix

The Board reviews, on a regular basis, the mix of skills, experience, independence, knowledge and diversity represented by Directors on the Board and determines whether the composition and mix remain appropriate for the Manager's purpose and strategic objectives and whether they cover the skills needed to address existing and emerging business and governance issues relevant to the Manager and CEREIT. The Board has adopted a Board Skills Matrix, which sets out the collective skills and attributes of the Board. This matrix was enhanced for FY 2021, with the assistance of Ernst and Young LLP, CEREIT's ESG consultant, to include a wider range of skills, taking into account evolving topics such as digitalisation, ESG matters and risk management. It is noted that the current Directors have relevant skills and experience in each of the areas listed below.

Skill Area	Skills & Experience
Leadership and Culture	Experience at an executive level in business including the ability to assess the performance of the CEO and senior management
	Non-executive and board committee experience in a publicly listed company in Singapore, Europe and/or Australia
	Understanding, implementing and monitoring of good organisational culture and change management
	Experience in managing human capital and strategic workforce planning
	Remuneration and rewards planning
	Industrial relations, workplace health and safety
Commercial Capability	**Deep experience at a Board or executive level with a listed company(ies) in the SGX-ST or international equivalent, giving an understanding of any or all of the following:**
	Capital raising
	Takeovers
	Continuous disclosure
	Corporate governance
	Commercial law
	Legal and regulatory frameworks
Investment Management/Funds Management	Experience in the investment management or funds management industry

Skill Area	Skills & Experience
European Commercial Property Market Knowledge	**Experience in, and appropriate knowledge of the European commercial property market:**
	Acquisitions and disposals
	Real estate evaluation
	Asset management
	Property management
	Leasing
	Facilities management
	Development
Financial Acumen	**Understanding of:**
	Financial statements
	Critically assess financial viability performance
	Contribute to financial planning
	Monitor operating and capital expenditure budgets
	Monitor debt levels and funding arrangements
	Experience as a partner in a top tier accounting firm, or as a Chief Financial Officer in a listed company in the SGX-ST, giving a deep understanding of the accounting standards applicable to the Group's financial reports and the Group's financial accountability process generally
Risk Management and Internal Controls	Ability to identify or recognise key risks to the Group across its various operations and understand and monitor enterprise risk management frameworks and risk mitigating solutions
	Understanding of governance frameworks and internal controls
Capital Management	Experience in the banking industry or in a corporate treasury department providing an understanding of the debt market in Singapore, Europe or elsewhere
Sustainability and ESG	Ability to make a positive contribution to the diversity of the Board, whether because of geographic location, gender, age etc.
	Demonstrate an understanding of health and safety practices
	Understanding of environmental risks and opportunities relating to climate change
	Former or current role with direct accountability for environment practices and risk management including energy, water management, emissions and land management
	Stakeholder engagement on ESG issues
	Marketing and positioning expertise capitalising on ESG related opportunities
Digitalisation and Technology	Understanding of digitalisation and disruption to the industry including cybersecurity risks and threats
	Understanding of technology and information systems applicable to the real estate industry
Public Policy, Government, Economics	Experience with either Singapore or European government ministries or departments giving a knowledge of agendas, policies and/or processes
	Understanding of key macro and micro economic indicators and market cycles and their impact on the Group and the environment in which it operates

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

CORPORATE GOVERNANCE

Principle 3: Chair and Chief Executive Officer

There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

To maintain an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making, the roles and responsibilities of the Chair and the CEO are held by separate individuals. The Chair and the CEO are not immediate family members.

The non-executive independent Chair, Mr Lim Swe Guan, is responsible for leading the Board and ensuring that the Board is effective in all aspects of its role. The CEO, Mr Simon Garing, has full executive responsibilities over the business directions and operational decisions of CEREIT and is responsible for implementing CEREIT's strategies and policies and conducting CEREIT's business.

The Chair is responsible for the overall management of the Board and for facilitating the conditions for the overall effectiveness of the Board, Board Committees and individual Directors. The Chair also ensures that the Board and Management work together with integrity and competency. This includes setting the agenda of the Board in consultation with the CEO and promoting constructive engagement among the Directors as well as between the Board and Management on strategy, business operations, enterprise risk and other plans. The Chair plays a significant leadership role by providing clear oversight, direction, advice and guidance to the CEO and Management on strategies.

The separation of the roles of the Chair and the CEO, which is set out in writing, and the resulting clarity of roles provide a healthy professional relationship between the Board and Management and facilitate robust deliberations on the business activities of CEREIT and the exchange of ideas and views to help shape CEREIT's strategic process.

As the Chair is a CEREIT ID and the roles of the Chair and the CEO are held by separate individuals who are not related to each other, no lead independent director has been appointed. There are also adequate measures in place to address situations where the Chair is conflicted as the Directors are required to recuse themselves from deliberations and abstain from voting on any matters that could potentially give rise to conflict. Despite this deviation from Provision 3.3 of the Code, the Manager is of the view that its practice is consistent with the intent of Principle 3 of the Code.

Principle 4: Board Membership

The Board has a formal and transparent process for the appointment and reappointment of directors, taking into account the need for progressive renewal of the Board.

Whilst it is not a regulatory requirement in Singapore for board members of REIT managers to be subjected to re-election, the Board has a formal process in place to evaluate the effectiveness of the Board and its Board Committees on an annual basis.

The NRC is appointed by the Board from amongst the Directors of the Manager and is composed of three members, all of whom (including the Chair of the NRC) are CEREIT IDs. This exceeds the Code's requirements of having at least a majority of independent directors in the nominating committee. The current members of the NRC are all CEREIT IDs: Mr Christian Delaire, Mr Lim Swe Guan and Mrs Fang Ai Lian. Mr Christian Delaire has been appointed as the Chair of the NRC since CEREIT was listed on SGX-ST.

The role of the NRC is to make recommendations to the Board on all appointment and remuneration matters. The NRC also reviews and makes recommendations on succession plans for the Board and the KMP. Under its terms of references, the NRC's responsibilities also include:

(a) reviewing the succession plans for Directors, in particular the appointment and/or replacement of the Chair, the CEO and KMP;

(b) developing a process and criteria for evaluation of the performance of the Board, its Board Committees and Directors;

(c) reviewing the training and professional development programmes for the Board and its Directors;

(d) the appointment and re-appointment of Directors (including alternate directors, if applicable), having regard to the composition and progressive renewal of the Board and each Director's competencies, commitment, contribution and performance including, if applicable, as a CEREIT ID;

(e) ensuring that new Directors are aware of their duties and obligations;

(f) determining annually, and as and when circumstances require, if a Director is independent;

(g) deciding if a Director is able to and has been adequately carrying out his duties as a Director of the Manager, taking into consideration the Director's principal commitments; and

(h) recommending to the Board objective performance criteria for the purpose of evaluating the Board's performance as a whole, and of each Board Committee separately, as well as the contribution by the Chair and each individual Director to the Board, and to implement performance evaluation established by the Board.

In addition, the NRC is committed to diversity and will continue to consider the differences in the skillsets, gender, age, ethnicity and educational background in determining the optimal composition of the Board in its Board renewal process. The Board is reviewed annually against a matrix which identifies areas in which knowledge or skill of the Board is required. This includes, amongst others, strategic thinking, experience and knowledge in European property, understanding of economic indicators, being able to assess financial performance, prior experience in an executive role, and ability to identify key risks.

In the year under review, no alternate directors were appointed. This was in line with the principle that a Director must be able to commit time to the affairs of the Manager. For FY 2021, each Director has committed that he/she was able to commit sufficient time to the affairs of the Manager.

The NRC has adopted the following criteria and process for selecting, appointing and reappointing Directors and for reviewing the performance of Directors:

(a) The NRC, on an annual basis, carries out a review of the Board composition as well as on each occasion when a Director gives notice of his intention to retire or resign. The review includes assessing the collective skills, knowledge and experience of Directors represented on the Board to determine whether the Board, as a whole, has the skills, knowledge and experience required to achieve the Manager's objectives for CEREIT. In carrying out this review, the NRC considers the need for the Board composition to reflect balance in matters such as skills representation, tenure, experience, age spread and diversity (including gender diversity), taking into account benchmarking within the industry as appropriate. The Board has adopted a Board Skills Matrix, which sets out the collective skills and attributes of the Board. The Board regularly reviews and updates its Board Skills Matrix to reflect the strategy and direction of the Manager and CEREIT. Please see refer to pages 158 and 159 of this Annual Report for the current Board Skills Matrix.

(b) The NRC reviews the suitability of any candidates put forward by any Director for appointment, having regard to the skills required and the skills represented on the Board and whether a candidate's skills, knowledge and experience will complement the existing Board and whether he/she has sufficient time available to commit to his/her responsibilities as a Director, and whether he/she is a fit and proper person for the office in accordance with the Guidelines on Fit and Proper Criteria issued by MAS (which require the candidate to be, among other things, competent, honest, to have integrity and be financially sound).

(c) External consultants may be engaged from time to time to access a wide base of potential Directors.

(d) No member of the NRC is involved in any decision of the NRC relating to his own appointment, reappointment or assessment of independence.

(e) A newly-appointed Director receives a formal appointment letter which sets out his relevant duties and obligations.

(f) All Directors undergo an induction programme on appointment to help familiarise them with matters relating to CEREIT's business and the Manager's strategy for CEREIT.

(g) The performance of the Board, Board Committees and Directors is monitored regularly and formally reviewed annually.

(h) The NRC proactively addresses any issues identified in the Board performance evaluation.

CORPORATE GOVERNANCE

The adopted process takes into account the requirements in the Code and the Listing Manual that the composition of the Board, including the selection of candidates for new appointments to the Board as part of the Board's renewal process, be determined using the following principles:

(a) the Board should comprise Directors with a broad range of commercial experience, including expertise in real estate management, the property industry, banking, finance, accounting and risk management fields;

(b) at least majority of the Board should comprise CEREIT IDs; and

(c) the Chair of the Board should be independent.

The Manager has maintained a majority of CEREIT IDs since its constitution. The Board intends to continue to keep to the principle that a majority of the Board shall comprise CEREIT IDs. As more than half of the Board comprises CEREIT IDs, the Manager is not required to subject any election or re-election of Directors to voting by Unitholders. Further pursuant to the terms of the Trust Deed, Unitholders may remove the Manager (and by inference, each Director) by passing a resolution by a simple majority of Unitholders present and voting at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

The NRC may look to refresh Board membership progressively and in an orderly manner. Board succession planning is carried out through the annual review of Board composition as well as when an existing Director gives notice of his intention to retire or resign. On the issue of Board renewal, the Manager believes that Board renewal is a necessary and continual process, for good governance and ensuring that the Board has the skills, expertise and experience which are relevant to the evolving needs of CEREIT's business; renewal or replacement of a Director therefore does not necessarily reflect his performance or contributions to date.

In considering the nomination of any individual for appointment, and in its annual review of each Director's ability to commit time to the affairs of CEREIT, the NRC takes into account, among other things, the attendance record of the Directors at meetings of the Board and Board Committees, the competing time commitments faced by any such individual with multiple board memberships as well as his/her other principal commitments. All Directors attended all meetings in FY 2021.

Provision 4.5 of the Code requires the NRC to decide if a Director is able to and has been adequately carrying out his duties as a Director. In view of the responsibilities of a Director, the NRC is cognisant of the need for Directors to be able to devote sufficient time and attention to adequately perform their roles. However, the NRC has not imposed any limit on the maximum number of directorships and principal commitments for each Director as it has taken the view that, the limit on the number of listed company directorships that an individual may hold should be considered on a case-by-case basis, as a person's available time and attention may be affected by many different factors, such as whether he/she is in full-time employment and the nature of his/her other responsibilities. The NRC believes that each Director is best placed to determine and ensure that he/she is able to devote sufficient time and attention to discharge his duties and responsibilities as a Director, bearing in mind his other commitments.

All Directors had confirmed that notwithstanding the number of their individual listed company board appointments and other principal commitments which each of them held, they were able to devote sufficient time and attention to the affairs of the Manager in managing the assets and liabilities of CEREIT for the benefit of Unitholders. The CEO, who is also a Director, is fully committed to the day-to-day operations of the Manager. Taking into account also the attendance record of the Directors at meetings of the Board and Board Committees in FY 2021 (set out on page 155 of this Annual Report) and contributions at the Board's deliberations as well as availability outside formal Board and Board Committee meetings, the NRC is of the view that the current commitments of each of its Directors are reasonable and each of the Directors is able to and has been adequately carrying out his/her duties and noted that no Director has a significant number of listed directorships and principal commitments.

Principle 5: Board Performance

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

The Manager believes that oversight from a strong and effective Board is critical to guiding a business enterprise to achieving success.

The Board strives to ensure that there is an optimal blend of backgrounds, experience and knowledge in business and general management, expertise relevant to CEREIT's business and track record, and that each Director can bring to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made in the interests of CEREIT.

Whilst board performance is ultimately reflected in the long-term performance of CEREIT, the Board believes that engaging in a regular process of self-assessment and evaluation of board performance in order to identify key strengths and areas for improvement is essential to effective stewardship and to attaining success for CEREIT.

As part of the Manager's commitment towards improving corporate governance, the Board has approved and implemented a process to evaluate the effectiveness of the Board as a whole and the Board Committees on an annual basis. As part of the process, questionnaires were sent to the Directors, and the results were aggregated and reported to the Chair of the NRC. The process for FY 2021 was facilitated by Boardroom Corporate & Advisory Services Pte. Ltd., the Manager's corporate secretary. Save for Boardroom's appointment as external facilitator to conduct the Board evaluation and as the Manager's corporate secretary, Boardroom does not have any other connection with the Manager or any of the Directors. The areas of evaluation covered in the survey questionnaire included Board roles and responsibilities, leadership, teamwork, management relations, conduct of meetings, training, ethics/stakeholders, Board strengths, Board Committee effectiveness and Directors' self-evaluation. The results of the survey were deliberated upon by the NRC and the Board, and the necessary follow-up action will be taken with a view to enhancing the effectiveness of the NRC and the Board in the discharge of its duties and responsibilities. The Board was also able to assess the Board Committees through their regular updates to the Board on their activities. The outcome of the evaluation was satisfactory for all the attributes in the evaluation categories with overall agreement that the Board's performance objectives had been met.

In respect of individual Directors, their contributions can take different forms including providing objective perspectives on issues, facilitating business opportunities and strategic relationships, and accessibility to Management outside of the formal environment of Board and/or Board Committee meetings. For FY 2021, the outcome of the self-evaluation of each Director was satisfactory and that each Director had contributed positively to the overall effectiveness of the Board.

The Manager also believes that the collective Board performance and the contributions of individual Board members are also reflected in, and evidenced by, the synergistic performance of the Board in discharging its responsibilities as a whole by providing proper guidance, diligent oversight and able leadership, and lending support to Management in steering CEREIT in the appropriate direction, as well as the long-term performance of CEREIT whether under favourable or challenging market conditions.

(B) REMUNERATION MATTERS

Principle 6: Procedures for Developing Remuneration Policies

The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

In Singapore, REITs are regulated passive investment trusts, constituted under a trust deed. The independent trustee contracts with a licensed manager to manage and operate the trust on its behalf. The trust itself does not employ any staff. Hence, the staff's remuneration is not paid by the trust and is an arrangement directly with the Manager. For more details on the structure and the relationship between the Trustee, Manager and Unitholders, please refer to pages 18 and 19 of this Annual Report. In an external REIT manager structure, the Manager is entitled to charge management and ancillary fees as outlined in the Trust Deed, from which the Manager remunerates the salaries of its Directors and employees and operating costs. Pursuant to the Trust Deed, Unitholder approval via extraordinary resolution is required for any increase in the rate or any change in the structure of the management fee, or any increase in the maximum permitted level of the Manager's acquisition fee or divestment fee. A REIT manager is required to abide by the conditions of its capital markets license, the CIS Code (including the Property Funds Appendix), the SFA and the Listing Manual. These ensure that the Manager acts in the best interests of the Unitholders.

The Board approves the executive compensation framework based on the principle of linking pay to performance of CEREIT. CEREIT's business plans are translated to both quantitative and qualitative performance targets, including sustainable corporate practices and are cascaded throughout the Manager.

Principle 7: Level and Mix of Remuneration

The level and structure of remuneration of the Board and KMP are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

In this instance, the Manager and its Board set the appropriate mix and level of remuneration to reflect the objective of CEREIT – to provide stable and growing DPU and NAV per Unit over the long term with conservative capital structure. The remuneration policy is designed to encourage the Manager to undertake only appropriate conservative risks to meet its medium-term objectives.

The Manager is not incentivised by an AUM target and no AUM target for CEREIT has been set by the Manager. The Board, the Manager and the Sponsor believe that this will address the potential for conflict-of-interest with regards to IPT transactions (otherwise referred to as Related Party Transactions) or transactions being contemplated for the sake of size alone.

The NRC engages an annual independent market survey of both the Director fees and the KMP remuneration levels and the appropriate mix between fixed remuneration, short-term incentives and long-term incentives for the KMP's to optimise alignment to the Board approved short, medium and long-term objectives. For 2021, Korn Ferry was engaged as the external independent remuneration consultant.

Taking into account various factors, the NRC considers setting the benchmark remuneration levels equivalent to achieve the 75% of the market range for each equivalent function.

Principle 8: Disclosure on Remuneration[1]

The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The Board sets the remuneration policy in line with CEREIT's business strategy and Cromwell Property Group corporate values. The remuneration policy is reviewed by the NRC and necessary changes are recommended to the Board from time to time.

Under its terms of references, the NRC's responsibilities include:

(a) reviewing and recommending to the Board a general framework of remuneration for the Board and KMP;

(b) reviewing and recommending to the Board the specific remuneration packages for each Director as well as for KMP; and

(c) reviewing CEREIT's obligations arising in the event of termination of executive Directors' and KMP's contracts of service and ensuring that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The NRC considers all aspects of remuneration (including but not limited to director's fees, salaries, allowances, bonuses, options, unit-based incentives and awards, benefits-in-kind) and aims to be fair and avoid rewarding poor performance based on the key principles of linking pay to performance and adherence to Cromwell Property Group Values. In designing the remuneration structure, the NRC seeks to ensure that the level and mix of remuneration is competitive and relevant in attracting, motivating and retaining employees. The NRC also exercises independent

1 For the purposes of meeting the AIFMD disclosure requirements, the Manager is required to provide information in relation to the total amount of remuneration for the financial year, split into fixed and variable remuneration, paid by the AIFM (i.e. the Manager) to its staff, and number of beneficiaries, and, where relevant, carried interest paid by the AIF (i.e. CEREIT). For FY 2021, CEREIT is compliant with the AIFMD disclosure requirements in relation to its remuneration framework.

judgement in ensuring that the remuneration structure is aligned with the interests of Unitholders. No member of the Board, however, will be involved in any decision of the Board relating to his/her own remuneration.

The Manager's compensation programme is well-balanced, competitive, performance-based and aligned with the achievement of each employee's short, medium and long-term goals. Such performance-centric remuneration is linked to the achievement of corporate and individual performance targets, in terms of short and long-term quantifiable objectives and to support the ongoing enhancement of Unitholder value. It aims to promote long-term success and sustainable growth of CEREIT. Management are also incentivised through annual bonus awards that are tied to a variety of financial and non-financial measures. While this approach reflects a pay-for-performance culture, it is also designed to attract, motivate and retain employees in their respective field of expertise. This ensures responsible stewardship of CEREIT and drives business growth and strategy while creating long-term Unitholder value. The remuneration system also takes into account the value creation capability of the Directors and KMP.

In determining the remuneration packages for Directors and KMP, the Manager takes into account compensation benchmarks within the industry, as appropriate. It also considers the compensation framework of the Sponsor as a point of reference. The Manager is a subsidiary of the Sponsor which also holds a significant stake in CEREIT. The association with the Sponsor puts the Manager in a better position to attract and retain better qualified management talent; it provides an intangible benefit to the Manager such that it allows its employees to associate themselves with an established corporate group which can offer them the depth and breadth of experience and enhanced career development opportunities. The Board has access to independent remuneration consultants for advice as required. For FY 2021, the Manager engaged an external independent remuneration consultant, Korn Ferry, to advise on external compensation benchmark.

Korn Ferry is a leading global advisory, broking and solutions company with 7,000 experts in more than 50 countries delivering on five core areas: organisation strategy, assessment and succession, talent acquisition, leadership & professional development and total rewards. The consultant is not related to the Manager, its controlling shareholder, its related corporations or any of its Directors, which would affect its independence and objectivity. The NRC rotates its remuneration consultant every two years and will consider rotating the remuneration consultant in 2022.

Non-executive Director Remuneration

The non-executive Directors receive their Directors' fees in accordance with their various levels of contributions, taking into account factors such as responsibilities, effort and time spent for serving on the Board and the Board Committees. Their remuneration package consists of a basic retainer fee as a Director and additional fees for serving on the Board Committees. A larger fee is accorded to the chair of each Board Committee in view of the greater responsibility.

The compensation package is market-benchmarked, taking into account the responsibilities on the part of the Directors in light of the scope and nature of CEREIT's business. All fees are paid for directly by the Manager, not by Unitholders.

The framework for determining Directors' fees is shown in the table below:

	Chairperson	Member
Main Board	S$120,000	S$80,000
ARC	S$40,000	S$30,000
NRC	S$30,000	S$20,000
SC	S$40,000	S$20,000

Based on recommendations from Korn Ferry, the NRC recommended and the Board approved for Director fees to be increased slightly for year ended 31 December 2021.

The Directors' fees for FY 2021 are shown in the table below. Despite the recommendations from Korn Ferry to increase the Directors' fees, the Board agreed to delay the introduction of the higher fees till 2022 due to COVID-19 impact and to align itself with Unitholders' expectations. The CEO as an Executive Director and the non-independent Directors have not received any fees for serving as Directors. The CEO is remunerated as part of the KMP. All Directors' fees are paid in cash. It should be noted that the Directors do not receive any additional benefits other than travel expense reimbursement from the Manager. No cost is borne by CEREIT.

CORPORATE GOVERNANCE

Director's Fees

Board Members	FY 2021
Lim Swe Guan	S$170,000
Fang Ai Lian	S$140,000
Christian Delaire	S$140,000
Simon Garing[1]	N.A.
Ooi Eng Peng[2]	N.A.
Michael Wilde[3]	N.A.

Remuneration for KMP

The Manager has an established and rigorous process for the performance review of all employees, including senior executives. The performance of senior executives and whether they have met their individual key performance indicators is evaluated annually by the CEO, with regular feedback being provided during the performance period. At the time of the reviews, the professional development of the senior executive is also discussed, along with any training which could enhance their performance. Both qualitative and quantitative measures are used in the evaluation.

The individual remuneration-linked key performance indicators for the CEO and other KMP include both quantitative and qualitative targets. Each of the quantitative and qualitative targets carries different weight, with approximately 70% of the key performance indicators based on directly measurable targets. Stretch targets are also set. These measurable targets for FY 2021 include the following:

(a) meeting and exceeding the DPU as set out in the annual budget (and obtaining a DPU-related performance fee);

(b) meeting and exceeding the operating budget;

(c) achieving minimum portfolio occupancy and net property income budgets;

(d) achieving and exceeding the return on contributed equity hurdle as set out in the annual budget;

(e) successfully refinancing debt facilities which are targeted to be refinanced for the financial year;

(f) maintaining an investment-grade credit rating and operating well with loan covenant metrics;

(g) achieving zero compliance breaches with no material internal or external audit observations;

(h) maintaining adequate and effective internal controls to the satisfaction of internal auditors and the Board;

(i) meeting the annual target GRESB and other ESG related index scores; and

(j) successfully completing identified key transactions for the financial year while integrating sustainability risks in investment decisions

The amount of weight accorded to each qualitative and quantitative target varies depending on the roles and functions of the CEO and KMP. Although no adjustment was made to the FY 2021 targets to take into account the COVID-19 impact, the CEO and KMP largely met or exceeded their key performance indicators in FY 2021 with aggregate individual scores ranging from 82% to 90%. Two specific factors that impacted on certain achieving targets should be noted:

(a) On a like-for-like basis, FY 2021's DPU (excluding €2.8 million distribution of realised capital gains in FY 2020) was 0.5% ahead of FY 2020, like-for-like NPI (excluding new acquisitions and divestments completed in FY 2020 and FY 2021) was 2.3% higher and occupancy remained largely unchanged and

(b) CEREIT Units provided a 13.5% TSR (capital appreciation yield) vs the S-REIT index of 4.9%.

In addition to the quantitative measures, the CEO and KMP are expected to display and observe the Sponsor's cultural values at all times. For FY 2021, the Sponsor's cultural values were as follows - Principled, Responsible and Respectful. These cultural values were observed by the Board and assessed based on peer reviews and an independent survey.

Long-term incentive schemes including Unit grants vesting over a period of time have been implemented for the CEO, other KMP and all employees, pending

1 Mr Simon Garing, as CEO and executive Director, does not receive any Director's fees for serving as a Director.
2 Mr Ooi Eng Peng was appointed as non-independent non-executive Director of the Manager on 15 September 2021.
3 Mr Michael Wilde ceased to be a non-independent non-executive Director of the Manager on 15 September 2021.

minimum tenure requirements. The costs and benefits of long-term incentive schemes are carefully evaluated. In normal circumstances, all forms of deferred remuneration vest over a period of three years. Executive Directors and KMP are encouraged to hold their Units beyond the vesting period, subject to associated tax liability or personal circumstances.

No remuneration of Directors and employees of the Manager (in their capacity as Director or employee of the Manager) are (a) paid in the form of shares or interests in the Manager's controlling shareholder or its related companies; or (b) linked (directly or indirectly) to the performance of any entity other than CEREIT. Management and the Board are satisfied that the current arrangement results in a strong alignment of interest with all Unitholders. The Manager has in place policies and procedures to address any conflicts of interests or potential misalignment.

For the avoidance of doubt, all remuneration paid to Directors and employees is paid for by the Manager and has no financial impact on CEREIT. Any Units awarded to employees are owned by and transferred from the Manager and not from CEREIT.

The framework for Remuneration of KMP

Remuneration for KMP comprises fixed components, variable cash components, Unit-based components and employee benefits:

A. Fixed Components

The fixed components comprise the base salary, fixed allowances and compulsory employer contribution to an employee's Central Provident Fund or other social security system. There has been no change in the fixed remuneration of the CEO or any of the other KMP in FY 2021.

B. Variable Cash Components (Short-Term Incentives)

The variable cash component is linked to the achievement of annual performance targets and threshold for each KMP as agreed at the beginning of the financial year with the Board.

Under the framework for the variable cash components, CEREIT's strategy and goals are translated to performance outcomes comprising both quantitative and qualitative targets such as targets relating to DPU and operating earnings; these are cascaded down throughout the organisation, thereby creating alignment across CEREIT.

After the close of each year, the Board reviews CEREIT's achievements against the targets set and determines the overall performance taking into consideration these achievements and other qualitative factors such as the business environment, regulatory landscape and industry trends. For FY 2021, such targets have been largely met by all of the KMP. As described on page 34 of this Annual Report, due to COVID-19, the FY 2021 DPU was 2.6% below FY 2020's DPU. On a like-for-like basis excluding €2.8 million of capital gains paid out in FY 2020, DPU was 0.5% higher y-o-y, thus achieving the 95% gateway.

In determining the payout quantum for each KMP under the plan, the Board considers, amongst other factors, the overall business performance and individual performance relative to KPIs as well as affordability. Generally, a minimum of achieving more than 70% of the qualitative factors and quantitative factors are required to be eligible for a payout under the plan, with the Board providing 76-82% scores for the KMP for FY 2021.

C. Unit-Based Components

Under the PUP, the Manager grants Unit-based awards with pre-determined performance targets being set over the relevant performance period, such as achieving outperformance of the S-REIT Index, pre-set return on equity targets and DPU budget. The performance period for the PUP is three years post the year of Award prior to Vesting. The PUP awards represent the right to receive fully paid Units, their equivalent cash value or a combination thereof, free of charge, provided that certain prescribed performance conditions are met over the three-year period. The final number of Units to vest and be released will generally depend on the achievement of the pre-determined targets at the end of the performance period, while at all times demonstrating behavior in line with CEREIT and the Manager's values and Code of Conduct.

These targets include look back tests on DPU and Total Return metrics on SGX-ST including both Unit price performance and yield. In addition to normal good behaviour and *malus* clawback provisions, the PUP undergo two gateway tests after three years before vesting, as follows:

i. 50% vesting to occur if CEREIT achieves the DPU paid by CEREIT to Unitholders for each year as pre-determined by the Board backward assessed on an accumulation basis at the end of three years with 50% vesting of this measure to occur if achieved 95% of the DPU target, straight-lining to 100% vesting if 100% of DPU achieved; and
ii. 50% vesting to occur measured against the three years to 31 December 2023 FTSE STI REIT Accumulation Index on a percentile basis with 50th percentile lower bound (i.e. 50% of the Units allocated to this measure vest) and 75th percentile upper bound (vesting amount straight-lined to 100% of the Units allocated to this measure),

The Board has absolute discretion to decide on the final awards, taking into consideration any other relevant circumstances. PUP will be forfeited if an employee ceases employment, subject to Board discretion in the case of "good leavers". The Board has discretion to vest PUPs on change of control and award PUPs payments for part periods on such events. For the avoidance of doubt, there is no financial impact on CEREIT as a result of the PUP as the Units are not new units issued by CEREIT. The PUP Units are transferred either from the Manager's own holdings or its related entities or acquired on market by the Manager.

D. Employee Benefits

The Manager's remuneration package includes benefits such as life and health insurance, complimentary annual physical and mental health checks, parental leave and mandatory retirement contributions according to prevailing local market practices. These benefits extend to all employees of the Manager (including full-time and contracted employees).

The breakdown of the remuneration of the CEO and the KMP in percentage terms, are provided in the KMP's Remuneration Table on page 169 of this Annual Report.

For FY 2021, the Manager does not have any employee who is a substantial shareholder of the Manager, substantial Unitholder, or an immediate family member of a Director, the CEO, any substantial shareholder of the Manager or a substantial Unitholder. Immediate family member refers to the spouse, child, adopted child, step-child, sibling or parent. There was no termination, retirement or post-employment benefits granted to Directors, CEO and any KMP. There were also no special retirement plans, "golden parachute" or special severance packages given to any KMP. The Manager provided an Enhanced Employment Share Scheme to most employees in FY 2020 to ensure adequate retention measures were taken during the COVID-19 pandemic and market uncertainties. Certain conditions were included, including requiring employees to remain employed and at all times demonstrating behaviors in line with CEREIT and the Manager's Code of Conduct. These Units were all vested in January 2022 and were transferred from the Manager's holdings and not issued by CEREIT.

Key Management Personnel's Remuneration Table for FY 2021

The CEO's annual remuneration in actual amount and other KMP remuneration in bands of S$250,000, together with a breakdown of their respective remuneration components in percentage terms, are set out in the Remuneration Table below. Exact figures of the other KMPs' remuneration have not been provided due to the competitive nature of the Singapore REIT employment market which may be prejudicial to Unitholders' interests. The remuneration is at the Manager's expense and not the Unitholders'. The bands are based on the sum of the fixed remuneration, STI and LTI amounts. The Manager has adopted Korn Ferry's assessment of the PUPs, given the uncertainty of vesting amounts or value. The remuneration of the KMP is not borne by CEREIT as it is paid out of the fees that the Manager receives (the quantum and basis of which have been disclosed).

		Base/Fixed Salary	Variable or Performance Related Income	Award of Long-Term Incentive (PUP)	Total
CEO's Remuneration: S$1,405,000					
CEO	Mr Simon Garing	43%	37%	20%	100%
Band	**S$650,000 to S$900,000**				
CFO	Mr Shane Hagan	64%	27%	9%	100%
Band	**S$400,000 to S$650,000**				
COO/IR	Ms Elena Arabadjieva	62%	24%	14%	100%
HOP	Mr Andreas Hoffmann	55%	25%	20%	100%
Aggregate of the total remuneration for the KMP (including CEO): S$3,136,475					

Apart from the KMP and other employees of the Manager, the Manager outsources various other services to Cromwell Europe Ltd, the Property Manager. This arrangement is put in place so as to provide flexibility and maximise efficiency in resource management to match the needs of CEREIT from time to time, as well as to leverage on economies of scale and tap on the management talent of an established corporate group which can offer enhanced depth and breadth of experience. However, notwithstanding the outsourcing arrangement, the responsibility for due diligence, oversight and accountability continues to reside with the Board and Management. In this regard, the remuneration of the employees of the Property Manager and Cromwell Property Group, is not included as part of the disclosure of remuneration of KMP in this Report. Further details relating to the Sponsor's KMP and remuneration policies may be found in Cromwell Property Group's annual report.

Principle 9: Risk Management and Internal Controls

The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The Board has overall responsibility for the governance of risk and determines the nature and extent of the significant risks which it is willing to take. The ARC assists the Board in carrying out the Board's responsibility of overseeing CEREIT's risk management framework and policies. The ARC oversees Management in the design, implementation and monitoring of risk management and internal controls systems. The ARC also makes recommendations to the Board on the nature and extent of the significant risks, including risk tolerance limits and other associated risk parameters, which the Board is willing to assume in achieving its strategic objectives and value creation.

CORPORATE GOVERNANCE

Risk Management

Responsibility for managing risks lies with the Manager, working within the overall strategy outlined by the Board. The Manager has appointed an experienced and well qualified management team to handle its day-to-day operations.

The Manager has in place an adequate and effective system of risk management and internal controls addressing material financial, operational, compliance and IT risks to safeguard Unitholders' interests and CEREIT's assets. CEREIT has implemented a comprehensive ERM framework which enables CEREIT to deal with business opportunities and uncertainties by identifying key risks and enacting the appropriate mitigating plans and actions. The ERM framework provides information for CEREIT's stakeholders to make an informed assessment of CEREIT's risk management and internal control systems. The ERM framework lays out the governing policies, processes and systems to identify, evaluate and manage risks as well as to facilitate the assessment on the adequacy and effectiveness of CEREIT's risk management system.

Independent Review and Internal Controls

Where the external auditors, in their audit of CEREIT's year-end financial statements, raise any significant issues (e.g. significant adjustments) which have a material impact on the financial statements or business and operational updates previously announced by CEREIT, the ARC should bring this to the Board's attention immediately. The ARC should also advise the Board if changes are needed to improve the quality of future financial statements or financial updates.

The internal auditor conduct reviews that involve testing the effectiveness of the material internal controls addressing financial, operational, compliance and IT risks and risk management processes. This includes testing, where practicable, material internal controls in areas managed by external service providers. Any material non-compliance or lapses in internal controls together with corrective measures recommended by the internal and external auditors are reported to and reviewed by the ARC. The adequacy and effectiveness of the measures taken by the Manager in response to the recommendations made by the internal and external auditors are also reviewed by the ARC.

The internal control process of the Manager comprises three lines of defence, with each contributing towards the adequacy and effectiveness of CEREIT and the Manager's system of internal controls and risk management.

As part of the first line of defence, Management is required to ensure good corporate governance through implementation and management of policies and procedures relevant to CEREIT's and the Manager's business scope and environment. Such policies and procedures govern financial, operational, IT and regulatory compliance matters and are reviewed and updated periodically.

Under the second line of defence, CEREIT and the Manager conduct regular self-assessment on the status of their respective internal controls and risk management via process controls and checklists. Action plans would then be drawn up to remedy identified control gaps. Under CEREIT's ERM framework, significant risk areas are also identified and assessed, with systems, policies and processes put in place to manage and mitigate the identified risks. Regulatory compliance supports and works alongside business management to ensure relevant policies, processes and controls are effectively designed, managed and implemented to ensure compliance risks and controls are effectively managed.

Under the third line of defence, the CEO, CFO, and KMP are required to provide CEREIT and the Manager with written assurances as to the adequacy and effectiveness of their system of internal controls and risk management. The internal and external auditors provide added independent assessments of the overall control environment.

For FY 2021, the Board has received assurance from:

(a) the CEO and the CFO, that the financial records of CEREIT have been properly maintained and the financial statements give a true and fair view of CEREIT's operations and finances. In addition, the Board has received similar assurance from the external auditor; and

(b) the CEO and other relevant KMP, that the system of risk management and internal controls in place for CEREIT is adequate and effective to address the financial, operational, compliance and IT risks which the Manager considers relevant and material to the current business environment.

The CEO and the CFO have obtained similar assurances from the relevant respective risk and control owners.

In addition, in FY 2021, the Board has received quarterly certification by Management on the integrity of financial reporting and the Board has provided a negative assurance confirmation to Unitholders as required by the Listing Manual.

Based on the reviews conducted by Management and work performed by both internal and external auditors, as well as the assurance from the CEO and the other relevant KMP, the Board is of the opinion that CEREIT's system of risk management and internal controls is adequate and effective to address the financial, operational, compliance and IT risks which the Manager considers relevant and material to the current business environment as at 31 December 2021. The ARC concurs with the Board in its opinion. No material weaknesses in the systems of risk management and internal controls were identified by the Board and the ARC in the review for FY 2021. CEREIT has maintained proper records of the discussions and decisions of the Board and the ARC.

The Board notes that the system of risk management and internal controls established by the Manager provides reasonable assurance that CEREIT, as it strives to achieve its business objectives, will not be significantly affected by any event that can be reasonably foreseen or anticipated. However, the Board also notes that no system of risk management and internal controls can provide absolute assurance in this regard, or absolute assurance against poor judgement in decision making, human error, losses, fraud or other irregularities.

Principle 10: Audit Committee

The Board has an Audit Committee which discharges its duties objectively.

The ARC is appointed by the Board from among the Directors and is composed of three members, all of whom are CEREIT IDs, more than the minimum Code requirement of at least a majority (including the Chair of the ARC) to be CEREIT IDs. The members of the ARC are Mrs Fang Ai Lian, Mr Lim Swe Guan and Mr Christian Delaire, all of whom are independent and non-executive Directors. Mrs Fang Ai Lian is the Chair of the ARC.

The members bring with them invaluable recent and relevant managerial and professional expertise in accounting and related financial management domains; in particular, the Chair of the ARC is a Fellow of the Institute of Singapore Chartered Accountants, among other professional affiliations. None of the ARC members was previously a partner of the incumbent external auditors, Deloitte, within the previous two years nor does any of the ARC members hold any financial interest in Deloitte.

The ARC has explicit authority to investigate any matter within its terms of reference. Management is required to provide the fullest co-operation in providing information and resources, and in implementing or carrying out all requests made by the ARC. The ARC has direct access to the internal and external auditors and full discretion to invite any Director or executive officer to attend its meetings. Similarly, both the internal and external auditors are given unrestricted access to the ARC.

The role of the ARC is to monitor and evaluate the effectiveness of the Manager's internal controls. The ARC also reviews the quality and reliability of information prepared for inclusion in financial reports and is responsible for the nomination of external auditors and reviewing the adequacy of external audits in respect of cost, scope and performance. The Board and the ARC play a key role in the protection of minority Unitholders, monitoring and managing potential conflicts of interest of Management, Board members and Unitholders.

Under its terms of reference, the ARC's scope of duties and responsibilities includes:

(a) reviewing external audit reports to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by Management;

(b) reviewing the significant financial reporting issues and key areas of management judgements so as to ensure the integrity of the financial statements of CEREIT and any announcements relating to CEREIT's financial performance;

(c) ensuring that the internal audit function is adequately resourced and has appropriate standing within the Manager;

(d) reviewing, on an annual basis, the adequacy, effectiveness and independence of the internal audit function in the overall context of CEREIT's internal controls and risk management systems;

(e) reviewing the assurance from the CEO and the CFO on the financial records and financial statements;

(f) reviewing the statements included in CEREIT's annual report on CEREIT's internal controls and risk management framework;

(g) making recommendations to the Board on the proposals to Unitholders on the nomination for the appointment and removal of external auditors, and approving the remuneration and terms of engagement of the external auditors;

(h) reviewing the nature and extent of non-audit services performed by external auditors;

(i) reviewing, on an annual basis, the independence and objectivity of the external auditors;

(j) reviewing the effectiveness, independence, adequacy, scope and results of the external audit and the internal audit function;

(k) meeting with external and internal auditors, without the presence of Management, at least on an annual basis;

(l) assisting the Board to oversee the formulation, updating and maintenance work of adequate and effective risk management framework;

(m) reviewing the whistle-blowing policy and arrangements put in place by which staff and external parties may, in confidence, raise possible improprieties in matters of financial reporting or other matters, for the independent investigation of such matters and for appropriate follow up actions;

(n) reviewing at least annually the adequacy and effectiveness of the system of internal controls including financial, operational, compliance and IT controls, and risk management processes;

(o) reviewing the financial statements and the internal audit report;

(p) monitoring the procedures established to regulate Related Party Transactions, including ensuring compliance with the provisions of the Listing Manual relating to "interested person transactions" and the provisions of the Property Funds Appendix relating to "interested party transactions" (also collectively known as "Related Party Transactions");

(q) reviewing transactions constituting Related Party Transactions;

(r) reviewing, on an annual basis, a report on the asset allocation conflict decisions pursuant to the Cromwell Property Group Allocation Process which governs the allocation of investment opportunities from Cromwell Property Group's origination pipeline in a fair and equitable manner to all funds established and/or sponsored by Cromwell Property Group;

(s) deliberating on conflicts of interest situations involving CEREIT, including situations where the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of CEREIT with a Related Party of the Manager and where the Directors, controlling shareholder of the Manager and Associates (as defined in the Listing Manual) are involved in the management of or have shareholding interests in similar or related business as the Manager, and in such situations, the ARC will monitor the investments by these individuals in CEREIT's competitors, if any, and will make an assessment whether there is any potential conflict of interest;

(t) reviewing internal and external audit reports at least once a year to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with;

(u) monitoring the procedures in place to ensure compliance with applicable legislation, regulations, the Listing Manual and the Property Funds Appendix;

(v) reviewing and providing their views to the Board on all hedging policies and instruments to be implemented by CEREIT;

(w) reviewing all hedging policies and procedures to be implemented by CEREIT for the entry into of any hedging transactions (such as foreign exchange hedging and interest rate hedging) and monitoring the implementation of such policy, including reviewing the instruments, processes and practices in accordance with the policy for entering into foreign exchange hedging transactions;

(x) investigating any matters within the ARC's terms of reference, whenever it deems necessary; and

(y) reporting to the Board on material matters, findings and recommendations.

The ARC has reviewed the nature and extent of non-audit services provided by the external auditors, Deloitte in FY 2021 and the fees paid for such services. The ARC is satisfied that the independence of the external auditors has not been impaired by the provision of those services. The aggregate amount of fees paid and payable to the external auditors for FY 2021 was €795,000, of which audit and audit-related fees amounted to €730,000 and non-audit fees amounted to €65,000. Audit and audit-related fees included audit fees for all of the countries in which CEREIT has its properties and holding entities as well as reviewing forecasts for capital raising purposes. Non-audit fees were in relation to a comfort letter in relation to the issuance of perpetual securities in November 2021 which was required to be issued by Deloitte to the arrangers of the programme.

The external auditors have provided confirmation of their independence to the ARC. Cognisant that the external auditor should be free from any business or other relationships with CEREIT that could materially interfere with its ability to act with integrity and objectivity, the ARC undertook a review of the independence of the external auditor and gave careful consideration to CEREIT's relationships with them during FY 2021. In determining the independence of the external auditor, the ARC reviewed all aspects of CEREIT's relationships with it including the processes, policies and safeguards adopted by CEREIT and the external auditor relating to auditor independence. The ARC also considered the nature of the provision of the non-audit services in FY 2021 and the corresponding fees and ensured that the fees for such non-audit services did not impair or threaten auditor independence. Based on the review, the ARC is of the opinion that the external auditor is, and is perceived to be, independent for the purpose of CEREIT's statutory financial audit.

CEREIT has complied with Rule 712 and Rule 715 read with Rule 716 of the Listing Manual in relation to the appointment of its auditing firms. In particular, the ARC is of the view that Deloitte is a suitable auditing firm having regard to the adequacy of the resources and experience of the auditing firm and the audit partner-in-charge assigned to the audit, the firm's other audit engagements, the size and complexity of CEREIT, and the number and experience of supervisory and professional staff assigned to the audit of CEREIT.

Under Rule 713 of the Listing Manual, CEREIT is not yet required to rotate its current external audit partner-in-charge as the partner-in-charge has not been in charge of more than five consecutive audits for a full financial year.

The ARC meets with the internal and external auditors at least once a year without the presence of Management. In FY 2021, the ARC met with the internal and external auditors, without Management's presence, to discuss the reasonableness of the financial reporting process, the system of internal controls, and the significant comments and recommendations by the auditors. Where relevant, the ARC makes reference to best practices and guidance for Audit Committees in Singapore including practice directions issued from time to time in relation to the Financial Reporting Surveillance Programme administered by the Accounting and Corporate Regulatory Authority of Singapore.

In its review of the financial statements of CEREIT for FY 2021 the ARC had discussed with Management the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements. The ARC also considered the clarity of key disclosures in the financial statements. The ARC reviewed, among other matters, fair value and disclosure of fair value for investment properties, a key audit matter identified by the external auditors for FY 2021.

Changes to the accounting standards and accounting issues which have a direct impact on the financial statements were reported to and discussed with the ARC at its meetings.

CORPORATE GOVERNANCE

The Manager has in place an internal audit function which has been outsourced to KPMG Services Pte. Ltd. which reports directly to the ARC and administratively to the CEO. The ARC is of the view that the internal audit function is independent, effective and adequately resourced. The ARC is satisfied that the internal audit function in the overall context of CEREIT's risk management system is adequate and effective.

KPMG is a reputable accounting and auditing firm staffed by qualified professionals with the relevant qualifications and experience. The audit methodology adopted is guided by the firm's global internal auditing standards and the International Standards for the Professional Practice of Internal Auditing laid down in the International Professional Practices Framework issued by the IIA. For FY 2021, the internal audit work carried out by KPMG was in conformance with IIA standards.

The internal auditors plan their internal audit schedules in consultation with, but independently of, Management and their plan is submitted to the ARC for approval prior to the beginning of each year. The internal auditors report directly to the ARC and have unfettered access to the Manager's documents, records, properties and employees, including access to the ARC, and has appropriate standing within the Manager. Where applicable, the ARC also decides on the appointment, termination and remuneration of the internal auditors.

(C) UNITHOLDER RIGHTS AND ENGAGEMENT

(D) MANAGING STAKEHOLDERS RELATIONSHIPS

Principle 11: Unitholder Rights and Conduct of General Meetings

The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

The Manager treats all Unitholders fairly and equitably. All Unitholders enjoy specific rights under the Trust Deed and the relevant laws and regulations. These rights include, among other things, the right to participate in distributions of income. They are also entitled to attend general meetings and are accorded the opportunity to participate effectively and vote at general meetings (including through appointment of up to two proxies, if they are unable to attend in person or in the case of a corporate Unitholder, through its appointed representative). Unitholders such as nominee companies which provide custodial services for securities are not constrained by the two-proxy limitation and are able to appoint more than two proxies to attend, speak and vote at general meetings of CEREIT.

The Manager supports the principle of encouraging Unitholders' participation and voting at general meetings, notwithstanding the limitations that have been caused by the COVID-19 pandemic. Unitholders were informed of the change from a physical AGM to a meeting held by way of electronic means, together with the relevant rules and voting procedures of such meetings. In line with CEREIT's sustainability strategy, an electronic version of the Annual Report is available on CEREIT's website at www.cromwelleuropeanreit.com.sg website (printed copies are available upon request). Notices of the general meetings are publicised appropriately within the requisite notice period on SGXNet, on CEREIT's website and also, as appropriate, advertised in media. Proxy forms are also made available within the requisite notice period on SGXNet and on CEREIT's website. The requisite notice period for a general meeting is adhered to. In 2021, the Notice of AGM was published on 5 April 2021, 21 days in advance of the AGM, giving Unitholders sufficient time to register and submit questions in advance, in view of the restriction in holding physical meetings due to the COVID-19 pandemic.

All Unitholders are given the opportunity to participate effectively in and vote at general meetings. At general meetings, Unitholders are encouraged to communicate their views and discuss with the Board and Management matters affecting CEREIT, again notwithstanding the limitations that have been caused by the COVID-19 pandemic. Every effort is made for representatives of the Trustee, Directors (including the chairs of the Board, ARC respectively), the Manager's senior Management and the external auditors of CEREIT, to be present at general meetings to address any queries from Unitholders, including Unitholders' queries about the conduct of audit and the preparation and content of the auditors' reports. On the basis of regulations promulgated by the MAS and Ministry of Health (MOH) due to the COVID-19 pandemic, the Manager was required to make alternative arrangements relating to the usual physical attendance at the AGM to an electronic telecommunications format. Registered Unitholders were able to observe the AGM proceedings through a live audio-visual webcast or live audio-only stream. Both the Chair and the CEO attended the 3rd annual AGM. A record of the Directors' attendance at the general meetings can be found in the records of their attendance of meetings set out on page 155 of this Annual Report.

To safeguard Unitholders' interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings, unless the resolutions are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the Manager explains the reasons and material implications in the notice of meeting. To ensure transparency in the voting process and better reflect Unitholders' interest, the Manager conducts electronic poll voting for all the resolutions proposed at the general meetings unless such meetings are held virtually where all voting will be by way of proxy. Although live voting was not possible at the 3rd annual AGM, the Manager provided advanced voting by proxy for polling on all resolutions. Voting procedures are explained and vote tabulations are disclosed at the general meetings. An independent scrutineer is also appointed to validate the vote tabulation procedures. DrewCorp Services Pte Ltd was appointed as independent scrutineer for the 3rd AGM. Votes cast, for or against and the respective percentages, on each resolution are tallied and displayed 'live' on-screen to Unitholders immediately at the general meetings. The total number of votes cast for or against the resolutions and the respective percentages are also announced on SGXNet after the general meetings.

Provision 11.4 of the Code requires an issuer's Constitution to allow for absentia voting at general meetings of Unitholders. Voting in absentia and by email, which are currently not permitted may only be possible following careful study to ensure that the integrity of information and authentication of the identity of Unitholders through the web are not compromised, and legislative changes are effected to recognise remote voting. The Manager is of the view that despite the deviation from Provision 11.4 of the Code, Unitholders nevertheless have opportunities to communicate their views on matters affecting CEREIT even when they are not in attendance at general meetings. For example, Unitholders may appoint proxies to attend, speak and vote, on their behalf, at general meetings. The Manager is accordingly of the view that its practice is consistent with the intent of Principle 11 of the Code as a whole.

The Company Secretary prepares minutes of general meetings, which include substantial comments or queries raised by Unitholders and the responses from the Chair, Board members and Management. These minutes are posted on CEREIT's website as soon as practicable.

Directors are present whether physically or by video conference or other means) for the entire duration of general meetings. At general meetings, Management conducts formal presentation to the Unitholders to update them on CEREIT's performance, position and prospects. Presentation materials are made available on SGXNet and CEREIT's website on the same day of AGM. In the case of physical general meetings, the Chair facilitates constructive communication between unitholders and the Board, Management, external auditors and other relevant professionals. The Chair also allows specific directors, such as Board Committee chairs, to answer queries on matters related to their roles. Unitholders also have the opportunity to communicate their views and discuss with the Board and Management matters affecting CEREIT before and/or after the general meetings. All Directors are provided with personal CEREIT business cards with their contact information that they can present to Unitholders, should Unitholders wish to follow up directly on specific matters with the respective directors.

During CEREIT's 3rd AGM held on 27 April 2021, Unitholders were not able to ask questions at the AGM live during the audio-visual webcast or audio-only stream. Hence, the Manager provided several options for submission of questions to the Chair in advance of the AGM. The Board received valuable feedback from the Unitholders during the advance submission. All substantial and relevant questions submitted in advance of the AGM were addressed either prior to or during the AGM. A combined AGM and Annual Report-related Q&A

addressing questions which the Manager did not address during the AGM and questions sent to the Manager by SIAS was published on SGXNet and on CEREIT's website prior to the AGM. The Manager published the minutes of the AGM on SGXNet and on CEREIT's website, and the minutes included the responses to the substantial and relevant questions that were addressed during the AGM.

CEREIT has a formalised distribution policy which aims to largely distribute operating income to Unitholders, defined under the Trust Deed as Distributable Income with customary adjustments as allowed under the Trust Deed, while striving for an efficient capital structure. Through this policy, CEREIT seeks to provide consistent and sustainable dividend payments to its Unitholders. Although CEREIT's distribution policy is to distribute at least 90% of CEREIT's annual distributable income for each financial year, CEREIT has distributed 100% of its distributable income since IPO. The actual level of distribution will be determined at the Manager's discretion. Unitholders are provided a choice to receive the distribution in either Euro or Singapore Dollars each period. The Manager will endeavour to pay distributions no later than 90 days after the end of each distribution period.

Distributions for FY 2021 were paid according to schedule and represented 100% of Annual Distributable Income. The Board has also activated the Distribution Reinvestment Policy for Unitholders to participate for 2021's distribution. The number of units to be issued in lieu of receiving cash is based on the Unit price calculated at a 2% discount of the 10-day volume weighted average price as adjusted for any confirmed distribution in the cum-distribution period. For every distribution declaration made, Unitholders will be notified via an announcement made through SGXNet.

Principle 12: Engagement with Unitholders

The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

For more information, please refer to the Investor Relations section, commencing on page 52 of this Annual Report and summarised together with Principle 13 as follows.

Principle 13: Engagement with Stakeholders

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

In the execution of its duties, the Board adopts an inclusive approach and not only considers CEREIT's obligations to its Unitholders but also the interests of its material stakeholders, as part of its overall responsibility to ensure that the best interests of CEREIT are served.

The Board is directly involved in all aspects of formulating and approving the sustainability strategy of CEREIT and receives quarterly updates on the progress that the Manager makes in all stakeholder engagement matters. The material stakeholder groups of CEREIT are clearly defined and specific activities to engage with each group are documented on pages 23 and 24 in CEREIT's FY 2020 Sustainability Report which was published in May 2021 and will be updated again for CEREIT's FY 2021 Sustainability Report, to be published by the end of May 2022.

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

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

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

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

The Manager provides Unitholders with financial statements within the relevant periods prescribed by the Listing Manual after they are reviewed by the ARC and approved by the Board. In April 2020, further to the amendments to Rule 705(2) of the Listing Manual, the Manager adopted half-yearly financial reporting for CEREIT with effect from FY 2020. Full-year and half-year result announcements include financial statements and supplementary materials such as results presentations and media releases. For the first and the third quarters of each financial year, the Manager now provides interim business updates which include presentations, key financial metrics, media releases and other supplementary information.

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

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

In presenting the financial statements and business updates to Unitholders, the Board aims to provide Unitholders with a balanced, clear and understandable assessment of CEREIT's performance, position and prospects. In order to achieve this, Management provides the Board with management accounts on a regular basis and such explanation and information as any Director may require, to enable the Directors to keep abreast, and make a balanced and informed assessment, of CEREIT's financial performance, position and prospects.

The Manager has made its investor relations policy available on CEREIT's website at https://investor.cromwelleuropeanreit.com.sg/investor_policy.html for greater transparency. Amongst others, the policy also specifically outlines the various modes of communication with Unitholders and the ways in which the Manager solicits the views of the Unitholders. The Manager engages with Unitholders and the investment community to communicate CEREIT's strategic business plans and operating performance, share latest corporate and industry developments as well as to gather their views and feedback on a range of strategic and topical issues. Such interactions allow Management to understand and consider the views and feedback from Unitholders and the investment community before formulating its key strategic decisions. To facilitate further the ability for Unitholders to ask questions and receive responses in a timely manner, the Manager has a dedicated investor relations section on CEREIT's website featuring online enquiry forms, 'Email Alerts' subscription option and a specific investor relations contact with email address so that Unitholders can subscribe for regular updates and direct their enquiries. The investor relations team responds to all credible and substantiated Unitholder enquiries in a timely manner, either via email or a phone call.

More information on the Manager's investor and media relations practices, calendar of activities, specific investor relations contacts and information on the various modes of communication with Unitholders and available to them avenues for asking questions and receiving responses can be found in the Investor Relations section on pages 52 to 57 of this Annual Report.

(E) ADDITIONAL INFORMATION

Related Party Transactions

Review Procedures for Related Party Transactions

The Manager has established an internal controls system to ensure that all Related Party Transactions are undertaken on normal commercial terms and are not prejudicial to the interests of CEREIT and its Unitholders. In respect of such transactions, the Manager would have to demonstrate to the ARC that such transactions are undertaken on normal commercial terms and are not prejudicial to the interests of CEREIT and its Unitholders. These measures include obtaining (where practicable) quotations from parties unrelated to the Manager or obtaining two or more valuations from independent professional valuers (in accordance with applicable provisions of the Listing Manual and the Property Funds Appendix), with one of the valuers commissioned independently by the Trustee. The internal controls system also ensures compliance with Chapter 9 of the Listing Manual and the Property Funds Appendix.

The Manager maintains a register to record all Related Party Transactions which are entered into by CEREIT and the bases, including any quotations from unrelated parties and independent valuations, on which they are entered into.

The Manager also incorporates into its internal audit plan a review of the Related Party transactions entered into by CEREIT. The ARC reviews the internal audit reports to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with. The Trustee also has the right to review such audit reports and is provided with such to ascertain that the Property Funds Appendix has been complied with.

In particular, the procedures in place include the following:

(a) transactions (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding S$100,000 in value but below 3.0% of the value of CEREIT's net tangible assets will be subject to review by the ARC at regular intervals;

(b) transactions (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of CEREIT's net tangible assets will be subject to the review and prior approval of the ARC. Such approval shall only be given if the transactions are on normal commercial terms and not prejudicial to the interests of CEREIT and its Unitholders and are consistent with similar types of transactions made by the Trustee with third parties which are unrelated to the Manager; and

(c) transactions (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding 5.0% of the value of CEREIT's net tangible assets will be reviewed and approved prior to such transactions being entered into, on the basis described in the preceding paragraph, by the ARC which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers. Furthermore, under the Listing Manual and the Property Funds Appendix, such transactions would have to be approved by the Unitholders at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

CEREIT will also, in compliance with Rule 905 of the Listing Manual, announce any Related Party Transaction in accordance with the Listing Manual if the value of such transaction, by itself or when aggregated with other Related Party Transactions entered into with the same Related Party during the same financial year, is 3.0% or more of CEREIT's latest audited net tangible assets.

Subject to Rules 905(5) and 906(4) of the Listing Manual, transactions with a value below S$100,000 are disregarded for the purpose of the announcement and Unitholders' approval requirements under the Listing Manual as set out in the paragraphs above. Under Rules 905(5) and 906(4) of the Listing Manual, while transactions with a value below S$100,000 are not normally aggregated under Rules 905(3) and 906(2) of the Listing Manual respectively, the SGX-ST may aggregate transactions with a value below S$100,000 entered into the same financial year and treat them as if they were one transaction in accordance with Rule 902 of the Listing Manual.

Where matters concerning CEREIT relate to transactions entered into or to be entered into by the Trustee for and on behalf of CEREIT with a Related Party of the Manager (which would include relevant Associates (as defined in the Listing Manual) thereof) or CEREIT, the Trustee is required to consider the terms of such transactions to satisfy itself that such transactions are conducted:

(a) on normal commercial terms;

(b) are not prejudicial to the interests of CEREIT and its Unitholders; and

(c) are in accordance with all applicable requirements of the Property Funds Appendix and/or the Listing Manual relating to the transaction in question.

The Trustee has the ultimate discretion under the Trust Deed to decide whether or not to enter into a transaction involving a Related Party of the Manager or the Trustee. If the Trustee is to sign any contract with a Related Party of the Manager or the Trustee, the Trustee will review the contract to ensure that it complies with the relevant requirements relating to Related Party Transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST to apply to CEREIT.

Exempted Agreements

In the case of external Managers for REITs, Related Party Transactions mostly relate to management fees and property management fees, leasing fees, development management fees and project management fees. These are paid either quarterly or as charged in accordance to the terms disclosed in the IPO prospectus and reported each year in the financial statements.

The fees and charges payable by CEREIT to the Manager under the Trust Deed are considered as Related Party Transactions which are deemed to have been specifically approved by the Unitholders upon their purchase of Units, to the extent that there are no subsequent changes to the rates and/or bases of the fees charged thereunder which will adversely affect CEREIT. Accordingly, they are treated as "exempt" from the related party transaction rules for aggregation and not subject to Rules 905 and 906 of the Listing Manual.

Pursuant to the terms of the Trust Deed, Unitholder approval via extraordinary resolution is required for any increase in the rate or any change in the structure of the Manager's management fee, or any increase in the permitted level of the Manager's acquisition fee or divestment fee. The Management agreement is detailed in CEREIT's IPO prospectus which is available on CEREIT's website, including the initial tenor of 10 years.

All Related Party Transactions are regulated by Chapter 9 of the Listing Manual and the Property Funds Appendix. All Related Party Transactions are undertaken on normal commercial terms and are not prejudicial to the interests of CEREIT and our Unitholders.

Role of the Audit and Risk Committee for Related Party Transactions

The Manager's internal control procedures are intended to ensure that Related Party Transactions are conducted on normal commercial terms and are not prejudicial to the interests of CEREIT and Unitholders.

The Manager maintains a register to record all Related Party Transactions which are entered into by CEREIT and the bases, including any quotations from unrelated parties and independent valuations, on which they are entered into.

On a quarterly basis, Management reports to the ARC the Related Party Transactions entered into by CEREIT. The Related Party Transactions are also reviewed by the internal auditors on a semi-annual basis and all findings (if any) are reported during the ARC meetings. The internal auditors have confirmed that based on sample testing performed on the Related Party Transactions for FY 2021 and the confirmation received from the Manager, that the Related Party Transactions have been conducted at arms-length and in compliance with the Listing Manual, no exceptions have been noted and they are unaware of any Related Party Transactions that may be prejudicial to the interests of CEREIT.

The Manager also incorporates into its internal audit plan a review of the Related Party Transactions entered into by CEREIT. The ARC reviews the internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with. The Trustee also has the right to review such audit reports to ascertain that the Property Funds Appendix has been complied with. The review may also include a review of any other such documents or matter as may be deemed necessary by the ARC. If a member of the ARC has an interest in a transaction, he/she is to abstain from participating in the review and approval process in relation to that transaction.

Details of all Related Party Transactions (equal to or exceeding S$100,000 each in value) entered into by CEREIT in FY 2021 are disclosed on page 273 of this Annual Report. Non-exempted fees and exempted fees represent nil and 1.1% respectively of gross asset value as at 31 December 2021.

CORPORATE GOVERNANCE

Dealing with Conflicts of Interest

The following principles and procedures have been established to deal with potential conflicts of interest which the Manager (including its Directors, executive officers and employees) may encounter in managing CEREIT and were fully adhered in FY 2021:

(a) the Manager will not manage any other REIT which invests in the same type of properties as CEREIT;

(b) all executive officers will work exclusively for the Manager and will not hold other executive positions in other entities, save for any wholly-owned subsidiaries of the Manager;

(c) all resolutions in writing of the Directors in relation to matters concerning CEREIT must be approved by at least a majority of the Directors (excluding any interested Director), including at least one CEREIT ID;

(d) (i) the Chair of the Board and the CEO are not the same person, (ii) the Chair of the Board and the CEO are not immediate family members, (iii) the Chair of the Board is not part of Management, (iv) the Chair of the Board is an ID, and (v) the Board shall comprise a majority of CEREIT IDs;

(e) In respect of matters in which a Director or his associates (as defined in the Listing Manual) has an interest, direct or indirect, such interested Director will abstain from voting. In such matters, the quorum must comprise a majority of the Directors and must exclude such interested Director;

(f) in respect of matters in which the Sponsor and/or its subsidiaries have an interest, whether direct or indirect, any non-independent directors appointed by the Sponsor and/or its subsidiaries to the Board to represent their interests will abstain from deliberation and voting on such matters. In such matters, the quorum must comprise only CEREIT IDs and must exclude such nominee non-independent Directors of the Sponsor and/or its subsidiaries;

(g) save as to resolutions relating to the removal of the Manager, the Manager and its associates are prohibited from voting or being counted as part of a quorum for any meeting of the Unitholders convened to approve any matter in which the Manager and/or any of its associates has a material interest and for so long as the Manager is the manager of CEREIT, the controlling shareholders of the Manager and of any of its associates are prohibited from voting or being counted as part of a quorum for any meeting of Unitholders convened to consider a matter in respect of which the relevant controlling shareholders of the Manager and/or of any of its associates have a material interest; and

(h) if the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of CEREIT with a Related Party of the Manager, the Manager shall be obliged to consult with a reputable law firm (acceptable to the Trustee) who shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee, on behalf of CEREIT, has a prima facie case against the party allegedly in breach under such agreement, the Manager shall be obliged to take appropriate action in relation to such agreement. The Directors (including the CEREIT IDs) will have a duty to ensure that the Manager so complies. Notwithstanding the foregoing, the Manager shall inform the Trustee as soon as it becomes aware of any breach of any agreement entered into by the Trustee for and on behalf of CEREIT with a Related Party of the Manager, and the Trustee may take such action as it deems necessary to protect the rights of the Unitholders and/or which is in the interests of the Unitholders. Any decision by the Manager not to take action against a Related Party of the Manager shall not constitute a waiver of the Trustee's right to take such action as it deems fit against such Related Party.

Dealings in Securities

The Manager has devised and adopted a security dealing policy for the Manager's officers and employees which applies the best practice recommendations in the Listing Manual. To this end, the Manager and the Sponsor have issued guidelines to the Directors and employees of the Manager as well as officers and employees of the Sponsor, which set out prohibitions against dealings in CEREIT's and the Sponsor's securities (i) while in possession of non-public price-sensitive information and (ii) during the two weeks immediately preceding, and up to the time of the announcement of, CEREIT's interim business and operational updates, or during the one month immediately preceding, and up to the time of the announcement of, CEREIT's half-year and full-year financial results, property valuations, or financial results and property valuations (whichever is applicable).

Prior to the commencement of each relevant period, an email would be sent out to all Directors and employees of the Manager and the relevant executives of the Sponsor to inform them of the duration of the period. The Manager will also not deal in CEREIT's Units during the same period.

In addition, all officers and employees, including but not limited to, capital markets services licence appointed representatives of the Manager, are required to make a declaration that the basis on which they have traded in CEREIT securities have not been made on the basis of any non-public price sensitive information in relation to the Units. Employees are required to obtain pre-trading approval from the CEO before any dealing in CEREIT's securities. The CEO shall obtain pre-trading approval from the Chair of the ARC, and the Chair of the ARC obtains approval from the Chair of the Board. All parties abovementioned are required to provide post-trading notification to the Risk and Compliance department of the Manager.

Further to the above, all appointed representatives of the Manager are required to:

(a) maintain a Register of Interests in listed specified products (the "Register");

(b) enter into the Register, within seven days after the date that he/she acquires any interest in any listed shares or units, particulars of the listed shares or units in which he/she has an interest and particulars of his/her interests in those listed shares or units;

(c) retain that entry in easily accessible form for a period of not less than five (5) years after the date on which such entry was first made; and

(d) submit a copy of the Register to the Risk and Compliance Department of the Manager upon request.

Directors and employees of the Manager as well as certain executives of the Sponsor group are also prohibited from dealing in securities of CEREIT if they are in possession of unpublished price-sensitive information of CEREIT by virtue of their status as Directors and/or employees. As and when appropriate, they would be issued an advisory to refrain from dealing in CEREIT's securities.

Under the policy, Directors and employees of the Manager as well as certain relevant executives of the Sponsor are also discouraged from trading on short-term or speculative considerations. They are also prohibited from using any information with respect to other companies or entities obtained in the course of their employment in connection with securities transactions of such companies or entities.

(F) CODE OF BUSINESS CONDUCT

The Manager adheres to an ethics and code of business conduct which deals with issues such as confidentiality, conduct and work discipline, corporate gifts and concessionary offers. Clear policies and guidelines on how to handle workplace harassment and grievances are also in place.

The policies and guidelines are published internally and is accessible by all employees of the Manager.

The policies that the Manager has implemented aim to help to detect and prevent occupational fraud in mainly three ways.

First, the Manager offers fair compensation packages, based on practices of pay-for-performance and promotion based on merit to its employees, in line with industry standards.

Second, clearly documented policies and work procedures incorporate internal controls which ensure that adequate checks and balances are in place. Periodic audits are also conducted to evaluate the efficacy of these internal controls.

Finally, the Manager seeks to build and maintain the right organisational culture through its core values, educating its employees on good business conduct and ethical values.

CORPORATE GOVERNANCE

The Manager conducts compulsory training on subjects such as bullying and sexual and racial harassment. All employees also undertake diversity and subconscious bias awareness training. The Manager has established a D&I committee which meets quarterly to organise and implement programmes to encourage awareness.

The Manager undertakes an annual employee's engagement survey, conducted independently through Culture Amp, which is benchmarked against the Sponsor's larger employee cohort and real estate industry standards. In FY 2021, the Manager's employees registered an average of 89/100 score on the employee engagement survey, well above the standard of 65. The equality score was 83/100 while the work environment score was recorded as 92/100. Further results will be released in the FY 2021 Sustainability Report in late May 2022.

Bribery and Corruption Prevention Policy

The Manager adopts a strong stance against bribery and corruption. In addition to clear guidelines and procedures for the giving and receipt of corporate gifts and concessionary offers, all employees of the Manager are expected to uphold the Manager's core values and not to engage in any corrupt or unethical practices.

The Manager has adopted the Anti-Bribery and Anti-Corruption Policy which sets out the responsibilities of CEREIT and the Manager and of each employee in observing and upholding the Manager's 'zero tolerance' position against all forms of corruption, bribery and extortion, and provides information and guidance to employees on how to recognise, address, resolve, avoid and prevent instances of corruption, bribery and extortion, including the Manager's stance against facilitation payments and kickbacks which may arise in the course of their work.

In FY 2021, to the best of its knowledge, the Manager (i) is in full compliance with all relevant modern slavery legislation, (ii) zero significant monetary fines or non-monetary sanctions incurred for non-compliance with environmental laws and regulations, (iii) zero non-compliance with laws and regulations in the social and economic area, (iv) zero fines for non-compliance concerning product and service information labelling and (v) zero incidents of non-compliance concerning health and safety impacts of products and services, (vi) zero incidents of reported corruption, (vii) zero legal actions for anticompetitive behaviour and anti-trust of monopoly practices. The Manager reported no lost days or deaths due to work injuries.

Further details of its ESG review will be released in the Annual Sustainability Report.

In addition to the Anti-Bribery and Anti-Corruption Policy, the Manager has adopted a series of measures to prevent corruption and unethical behaviour. These include:

(a) outlining the responsibilities of all employees to uphold anti-corruption and anti-bribery principles;

(b) informing and guiding employees on how to pre-emptively identify and avoid instances of corruption;

(c) implementing policies such as the Supplier Code of Conduct that outline standards of conduct expected suppliers and agents acting on behalf of the Manager; and

(d) implementing zero tolerances for breaches and gateway thresholds for STI/LTI incentives requiring complying with the Manager's code of conduct and ethical behaviour standards.

In 2021, all of the Manager's employees received mandatory communication and training on anti-bribery and anti-corruption policies and procedures.

As an entity of the Sponsor, the Manager adopts and adheres to the Sponsor's key policies which aims to establish and reinforce the highest standards of integrity and ethical business practices and all the Manager's employees are expected to adhere and stand guided by these policies.

The Manager's Anti-Bribery and Anti-Corruption Policy extends to its business dealings with associated persons who are third parties that represent or who perform services on behalf of CEREIT and the Manager also known as associated persons

Where there is a greater level of bribery or corruption risk attached to any particular area of business or when working with an associated person, due diligence checks and processes are in place to adequately address and mitigate the risk(s). This includes ethical standards audit and corruption risk assessment as part of the ERM process

Modern Slavery Statement

As a part of the Sponsor group, the Manager has adopted the Modern Slavery Statement which is in line with significant global regulatory changes affecting CEREIT, the Manager and the Sponsor's operations such as the U.K. Modern Slavery Act 2015 and Australia Modern Slavery Act 2018 which established additional reporting requirements for large organisations to respond to the risk of modern slavery in their operations and supply chains. The Sponsor has published a Anti-Slavery and Human Trafficking Statement that is publicly available on the Sponsor's website https://www.cromwellpropertygroup.co.uk/__data/assets/pdf_file/0026/27458/Anti-Slavery-and-Human-Trafficking-Statement.pdf and covers CEREIT's European property management operations and the Manager's operations.

Supplier Code of Conduct

A Supplier Code of Conduct which sets out CEREIT's and the Manager's expectations of suppliers to comply with relevant laws, including but not limited to those governing consumer protection, environment, social, anti-competition, human rights, modern slavery and health, safety and welfare laws, is also in place.

Service providers assessed to have higher risks in their supply chain in their approach to modern slavery are generally required to sign a Supplier Code of Conduct which includes a modern slavery commitment prior to engagement or renewal.

Whistle-Blowing Policy

A whistle-blowing policy which is published on CEREIT's website at https://www.cromwelleuropeanreit.com.sg/assets/whistle-blower-policy/whistle-blower-statement and other procedures are put in place to provide well defined, accessible and trusted channels by which a person or entity, including but not limited to employees, applicants for employment, contract workers, vendors, purchasers, contractors or the general public may make a report either anonymously or otherwise, of suspected fraud, corruption, dishonest practices or other improprieties in the workplace.

The objectives of the whistle-blowing policy are to encourage the reporting of such matters so that employees or external parties making any reports in good faith will be able to do so with the confidence that they will be treated fairly and be protected from reprisal and to set out the processes for the independent investigation of any reported incidents and appropriate follow up action.

To the extent possible under the law, the Manager is committed to maintaining procedures for the confidential submission of reports and protection of the identity of the whistle-blower.

Investigations of such reports will be handled on a confidential basis to the extent permissible or deemed appropriate under the law and involve persons who need to be involved in order to properly carry out the investigations and will, on a best-efforts basis, be carried out in a timely manner. In order to facilitate and encourage the reporting of such matters, the whistle-blowing policy, together with the dedicated whistle-blowing communication channels (email and postal address) are available on CEREIT's website and intranet and is easily accessible by all including third parties. To ensure that the whistle-blowing policy can be adopted and understood by all parties, the Manager has translated the key elements of the whistle-blowing policy into working languages of the countries in which it operates in.

The Manager has engaged KPMG to provide an independent platform for employees as well as external parties such as customers, suppliers, contractors and applicants for employment, to raise concerns in good faith about any perceived irregularity or misconduct, without fear of reprisal.

Concerns about illegal, unprofessional, fraudulent or other unethical behaviour may be referred to the independently managed ethics email at CEREITwhistleblower@kpmg.com.sg.

Following a review of the complaint or concern, the Chair of the ARC, where appropriate, will take steps to ensure that matters are appropriately investigated and keep the Board apprised, and if warranted, will request that the Board and Management implement corrective measures.

The whistle-blowing policy and procedures are reviewed by the ARC from time to time to ensure that they remain current.

No whistle-blowing reports were recorded in FY 2021.

Anti-Money Laundering and Countering the Financing of Terrorism Measures

As a holder of a capital markets services licence issued by MAS, the Manager abides by the MAS' notices and guidelines on the prevention of money laundering and countering the financing of terrorism. Under these guidelines, the main obligations of the Manager are:

(a) evaluation of risk;

(b) customer due diligence;

(c) suspicious transaction reporting;

(d) record keeping;

(e) employee screening and representative screening; and

(f) training.

The Manager has developed and implemented a policy on the prevention of money laundering and terrorist financing and is alert at all times to suspicious transactions. Where there is a suspicion of money laundering or terrorist financing, the Manager performs due diligence checks on its counterparties in order to ensure that it does not enter into business transactions with terrorist suspects or other high-risk persons or entities. Suspicious transactions are also reported to the Suspicious Transaction Reporting Office of the Commercial Affairs Department.

The Manager routinely screens its counterparties through the World-Check One screening platform, which screens against sanctions lists published by, including, but not limited to, the Financial Action Task Force ("FATF"), the United Nations, Office of Foreign Asset Control ("OFAC") of the United States Department of Treasury, Office of Financial Sanctions Implementation ("OFSI") (UK) and the European Union. This include the latest sanction lists issued in relation to the recent Russian invasion of Ukraine.

Under this policy, the Manager must retain all relevant records or documents relating to business relations with its customers or transactions entered into for a period of at least five years following the termination of such business relations or the completion of such transactions.

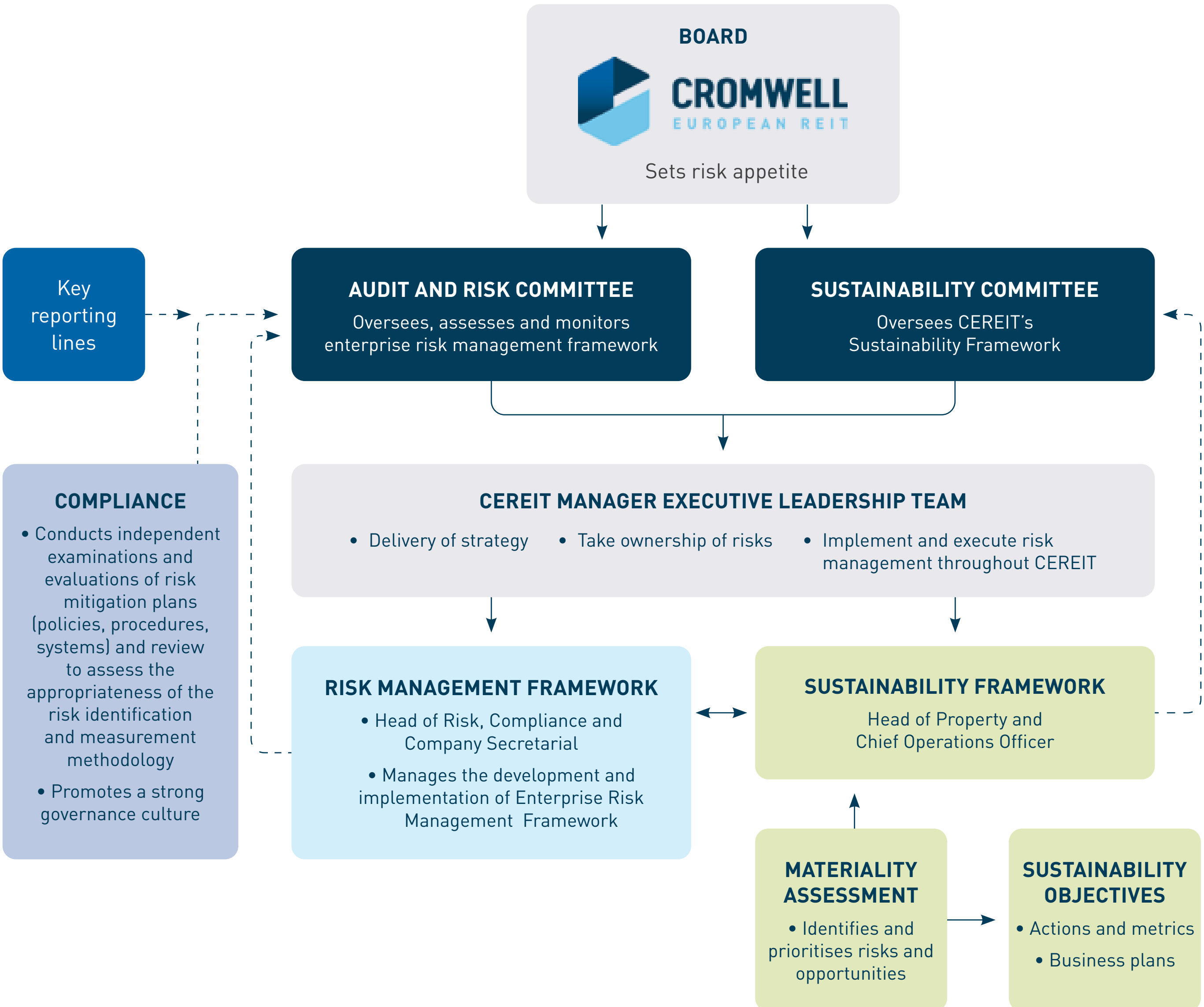
All prospective representatives of the Manager are screened against various lists of terrorist suspects issued by MAS. Periodic training is provided by the Manager to its Directors, employees and representatives to ensure that they are updated and aware of applicable anti-money laundering and terrorist financing regulations, the prevailing techniques and trends in money laundering and terrorist financing and the measures adopted by the Manager to combat money laundering and terrorist financing.

ENTERPRISE
RISK MANAGEMENT

RISK MANAGEMENT

CEREIT and the Manager adopt an ERM framework which sets out the required components for managing risks in an integrated, systematic and consistent manner. The ERM framework and related policies are reviewed annually. A team comprising the CEO and other KMP is responsible for directing and monitoring the development, implementation and practice of ERM across the Manager, Property Manager and CEREIT. CEREIT and the Manager adopt a proactive approach to risk management, making it an integral part of its business – both strategically and operationally. This approach stems from the philosophy of seeking sustainable growth opportunities and creating economic value by ensuring only appropriate and well-considered risks are assumed. CEREIT's ERM framework enables CEREIT to continue to respond effectively to the dynamic business environment and shifting business demands to seize new value-added opportunities for stakeholders.

RISK MANAGEMENT FRAMEWORK



ENTERPRISE
RISK MANAGEMENT

STRENGTHENING ENTERPRISE RISK MANAGEMENT

The ERM framework provides a holistic and structured approach towards assessing, monitoring and mitigating risks.

The three-step risk management process comprises (1) risk identification and assessment, (2) formulation of risk mitigation measures and action plans and (3) monitoring and reporting. A robust ERM framework enables CEREIT to manage risks systematically and remain nimble when capitalising on opportunities.

The risk assessment process takes into account both the impact and the likelihood of occurrence and covers the investment, financial, operational, compliance and reputational aspects of CEREIT's business. Tools such as a risk-rating matrix and a risk register assist the Manager. The Board, supported by the ARC, is responsible for the governance of risk and ensures that the Manager maintains a sound system of risk management and internal controls to safeguard Unitholders' interests and CEREIT's assets.

Sustainability covers a broad range of material issues, many of which have been identified and managed according to CEREIT's ERM framework. In addition, risks and opportunities relating to climate change have been recognised as fundamental to CEREIT and its operations. More details will be provided in CEREIT's FY 2021 Sustainability Report which will be published in late May 2022. In FY 2021, the Board has assessed and deemed the Manager and CEREIT's risk management system to be adequate and effective in addressing the key risks identified below:

Material Risks	Details	Key Mitigating Actions
Economic and financial		
Strategic risks • Investment and divestment • Market and competition	• Deployment of capital into investments which are loss-making or have sub-optimum returns • Inadequate planning to identify suitable divestment opportunities • Vulnerability to external factors, including volatility in the global economy, implications of geopolitical developments, intense competition in core markets and disruptive technology	• Continue to apply the Manager's well-established process for evaluating investment and divestment decisions where activities are monitored to ensure that they meet CEREIT's strategic intent, investment objectives and returns • Applying a 13-risk factor matrix across three broad categories that provides a framework to assess existing properties, proposed investments and potential divestments on its alignment with CEREIT's strategy, financial viability, country specific political and regulatory developments and contractual risk implications • Conducting rigorous due diligence reviews on all investment and divestment proposals and, where necessary, engaging third-party consultants with the requisite expertise to assist in the due diligence review • Incorporating environmental due diligence into all stages of the investment process with the aim of gaining a more complete understanding of target assets' environmental risks such assessing the energy consumption, intensity and efficiency of the asset prior to acquisition and minimising environmental and social impact post acquisition (For more information, please refer to CEO Interview, pages 10 to 15 of this Annual Report
Financial management risks • Credit • Liquidity • Interest rate • Foreign exchange	• Exposure to financial risks related to liquidity, foreign currency and interest rates • Volatility of cash flow negatively impacting CEREIT's ability to meet financial obligations • Volatility of foreign currencies and interest rates resulting in realised / unrealised losses	• Actively monitoring CEREIT's debt maturity profile, operating cash flows and the availability of funding to ensure that there are sufficient liquid reserves, in the form of cash and banking facilities to meet its capital, refinancing and operating needs • Diversifying sources of funds from banks and capital markets, including green financing, to minimise overreliance on a single source of funds for any funding or refinancing requirements • Establishing credit limits for tenant-customers and managing exposure to individual entities through regular and thorough monitoring of receivables on an ongoing basis • Actively reviewing and maintaining an optimal mix of fixed and floating interest rate borrowings, taking into consideration investments' holding period and nature of the assets

Material Risks	Details	Key Mitigating Actions
Environment (aligned with "E" from CEREIT's ESG framework)		
• **Sustainability and climate change risks**	• Physical risks such as rising sea levels, violent storms, long intense heat waves, flash floods and fresh-water depletion • Transitional risks including increased and more stringent regulations and increased expectations from stakeholders	• Established a Sustainability Committee at Board level to guide CEREIT in determining the material ESG factors and ensure that they are properly monitored and managed • Identifying, assessing and managing material sustainability risks as part of the due diligence of the investment process with specific action plans to mitigate and potentially eliminate environmental risks that are identified • Aiming to minimise environmental impact by deploying renewable and low-carbon intensive energy where possible and upgrading energy intensive equipment through ongoing asset enhancement initiatives o The Manager has completed a climate risk study of selected buildings in CEREIT's portfolio and has reviewed and enhanced insurance coverage for identified physical climate-related risks, ensuring that the portfolio is insured against climate events
Social / Stakeholders - (aligned with "S" from CEREIT's ESG framework)		
External stakeholder risks • Tenant-customer relation • Investor relations • Media relations • Government relations • Social and community relations	• Insufficient stakeholder engagement resulting in a lack of understanding of evolving market trends and needs	• Regularly communicating with regulators and governing bodies (as appropriate, depending on nature of engagement) o Remaining guided by the Code and strive to maintain the highest standards of corporate governance so as to ensure that CEREIT continues to instil stakeholder confidence • Providing timely and relevant updates to the market as necessary, especially important in the context of the global COVID-19 outbreak and the ongoing Russian invasion of Ukraine • Maintaining proactive investor relations and media outreach plan • Participating actively in relevant industry associations • Building on existing community partnerships • Conducting yearly tenant-customer engagement survey • Increasing cleaning rosters and enhanced common area sanitising services due to COVID-19 across the offices of the Manager and across CEREIT's portfolio
• **Internal stakeholder risks**	• Inability to manage human capital needs and human resources-related costs appropriately in relation to the business environment • High attrition rates and shortage of talent	• Fostering conducive work environment and ensuring adequate and fair compensation and benefits • Strengthening succession planning • Focusing on nurturing and developing employees by investing in continuous learning and development • Creating and embracing a diverse and inclusive workplace by acting in a principled, respectful and responsible manner • Ensuring that employees' needs are provided for through frequent face-to-face interactions and yearly engagement surveys • Prioritising employee health and safety, particularly with the increased duration spent indoors at work and striving to offer innovative environments that encourage movement and healthy living • Keeping a close eye on human resourcing developments in the market and the industry in which CEREIT operates

ENTERPRISE
RISK MANAGEMENT

<table>
<tr><th>Material Risks</th><th>Details</th><th>Key Mitigating Actions</th></tr>
<tr><td colspan="3">Governance (aligned with "G" from CEREIT's ESG framework)</td></tr>
<tr><td>Compliance risk
• Fraud, bribery and corruption
• Regulatory and compliance
• Government and policies</td><td>• Exposure to events such as political leadership uncertainty, inconsistent public policies and social unrest
• Changes in property-related regulations and other events
• Breaches to laws and regulations may lead to hefty penalties / fines and negative publicity
• Any forms of fraud, bribery and corruption that could be perpetuated by employees, third parties or collusion between employees and third parties</td><td>• Closely monitoring developments in laws and regulations of countries where CEREIT and the Manager operate and implementing appropriate strategies to mitigate the impact
• Ensuring that overseas operations are managed by experienced on-the-ground managers and teams familiar with local conditions and cultures
• Regularly communicating with regulators and governing bodies (as appropriate, depending on nature of engagement)
• Regularly participating in industry forums
• Maintaining a zero-tolerance approach towards fraud, corruption, bribery and unethical practices in the conduct of its business</td></tr>
<tr><td>Operational risks
• Business continuity planning
• Property management
• Cybersecurity and data protection</td><td>• Exposure to sudden and major disaster events such as terrorist attacks, pandemics, fires, prolonged power outages or other major infrastructure or equipment failures could cause business interruption which may significantly disrupt operations at the properties
• Rapid business digitalisation exposes the business to information technology related threats which may result in compromising the confidentiality, integrity and availability of CEREIT's information assets and/or systems. This may have significant negative impact on customer experience, financials and/or regulatory compliance</td><td>• Ensuring operational resilience with robust BCP that seeks to equip CEREIT with the capability to respond effectively to business disruptions and to safeguard critical business functions from major risks:
o In FY 2020, the Manager enacted its BCP and transitioned its global workforce to remote work arrangements. These actions, coupled with CEREIT and the Manager's prior investment in systems, processes and people has ensured there has been no material interruption to the operations of CEREIT and the Manager's business due to COVID-19 in FY 2021
• Maintaining processes and procedures that seek to ensure that the buildings operate efficiently and are well-equipped in managing the risk that arises from the operations and management of the buildings in place:
o Properties are closely monitored to identify if potential property enhancements / safety modifications are required
• Operating within the Sponsor's IT infrastructure has allowed the Manager to leverage cybersecurity systems which are maintained as guided by the ISO27001 information security management systems certification, which the Sponsor has attained
• Data handling practices are aligned to relevant data protection regulations
• Disaster recovery plan in place to ensure timely recoverability of business-critical IT systems</td></tr>
</table>

SUSTAINABILITY

ASPIRATIONAL TARGET SET:

NET ZERO

OPERATIONAL CARBON EMISSIONS

BY 2040

2017: Sustainability framework established with yearly reporting and initial set of ESG targets

2020: New augmented 38 short, mid and long-term ESG targets

2021: Multiple governance awards, ESG ratings upgrades

2022: Established Board-level Sustainability Committee

ASPIRING TO HIGH STANDARDS OF GOVERNANCE AND SUSTAINABILITY

The Manager is committed to acting responsibly and proactively to continuously improve CEREIT's sustainability performance. The Manager recognises that resilient, ethical and socially-responsible business practices underpin CEREIT's prosperity and success. Putting market-leading ESG practices at the core of its long-term business allows CEREIT to continue to fulfil its main purpose of providing Unitholders with regular and stable distributions and delivering sustainable growth in DPU and NAV per Unit in the long term.

The Manager operates as part of Cromwell, a values-driven organisation. Cromwell aspires to act in a principled, respectful and responsible manner, regardless of circumstance, obstacle or location. Cromwell's global sustainability strategy, management framework and supporting policies are the direct result of Cromwell's values in action.

The Manager's sustainability framework is aligned with Cromwell's approach to sustainability, ensuring that CEREIT remains focused on improving performance through a structured, responsible and balanced pathway to sustained success. The framework continues to evolve, responding to emerging legislation and new challenges.

Under the current sustainability framework, all material risks and opportunities are grouped under three main areas: Environment, Social (Stakeholders) and Governance.

Each year, the Manager conducts a materiality review to identify and prioritise the most relevant ESG issues against the evolving landscape. The review considers the impact that each issue has on CEREIT and its stakeholders. The Board provides strategic direction and is involved in the endorsement of the material topics that are relevant to CEREIT's business and its stakeholders.

To ensure greater accountability, the Board has established a Sustainability Committee chaired initially by a non-independent non-executive director and comprising all members of the Board. The Sustainability Committee provides strategic oversight and reviews CEREIT's sustainability performance on a quarterly basis.

The Manager of CEREIT has also established a separate management-level sustainability committee co-chaired by Head of Property and the COO (both KMP) and comprising dedicated officers of the Manager. The management sustainability committee has been delegated specific responsibilities by the Board to guide the efforts of the Manager in identifying, setting and delivering the objectives and targets associated with material ESG topics.

The Manager's commitment to understand, manage, measure and communicate the ESG impacts of its and CEREITs activities and to set out strategies to mitigate these impacts is further documented in a standalone sustainability policy available on CEREIT's website.

CEREIT's fourth annual Sustainability Report will be a direct response to the material ESG topics identified throughout the materiality review process. The Manager is preparing the report in compliance with the sustainability reporting requirements set out in SGX-ST Listing Rules 711A and 711B and in accordance to GRI Standards: Core option. In addition, it will also take into consideration key aspects of the requirements set out in MAS' environmental risk management guidelines for asset managers published on 8 December 2020 and the draft SFDR framework set to come in force in Europe in 2022 / 2023. The FY 2021 Sustainability Report will be published on SGXNet and simultaneously made available exclusively in electronic form in late May 2021 on CEREIT's corporate website at www.cromwelleuropeanreit.com.sg.

SUSTAINABILITY PERFORMANCE HIGHLIGHTS IN FY 2021

Environment

- Executed Singapore's first sustainability-linked cross-currency swap with OCBC
- ~ 75% of office portfolio now with green certifications
- Ongoing energy-level audits across CEREIT's portfolio
- Ongoing setup of consumption data tool Deepki for energy, water, waste, CO_2 (already in place for CEREIT's French portfolio to comply with *Décret Tertiaire*, a French law to reduce energy consumption on commercial properties by 40% by 2030)

Social (Stakeholders)

- Close to 150 (up from 140 last year) `virtual and physical meetings with more than 4,000 debt and equity investors and analysts
- S$16,417 in direct contributions and fundraising for community partners
- Employee engagement score of 89% for a second year in a row, well-above group average and relevant global benchmarks
- 50% female employees achieved
- 29.6 training hours per employee in FY 2021 (up from 20.5 hours in FY 2020)

Governance

- Maintained clean compliance record, complying with applicable laws and regulations, including SGX-ST, MAS and Lux SE
- Admitted in SGX Fast-Track programme, aimed at recognising companies that have high corporate governance standards and have maintained a good compliance track record
- All KMP have specific compensation-linked ESG KPIs

ESG RATINGS, RANKINGS AND AWARDS

GRESB[1] 2021 Real Estate Assessment

47 (2018) 67 (2019) 73 (2020) 76 (2021)

Status: Listed
Location: Europe
Property Type: Diversified - Office/Industrial

3rd — Europe | Diversified - Office/Industrial | Listed — Out of 6

GRESB 2021

98

E	D	C	B	A

Global Average: **C**
Comparison Group Average: **A**

- Overall score of 76 points (4% y-o-y increase)
- Maintained 'Green Star' status
- Achieved "A" grade public disclosure score of 98 points

Building certifications

25 BREEAM[2] ratings and one LEED[3] Platinum certification

ESG ratings upgrade

MSCI[4]
ESG RATING

BBB

CCC	B	BB	BBB	A	AA	AAA

- Upgraded score by two-notches y-o-y
- Recognised for "stronger business ethics programmes and green building focus"

SUSTAINALYTICS
RATING

16.4 — Low Risk

Negl.	Low	Med.	High	Severe
0-10	10-20	20-30	30-40	40+

- Two-point y-o-y decrease for risk
- Recognised for "strong company disclosure"

Excellence in corporate governance and transparency

Double win at the EPRA[5] Sustainability Best Practice Recommendations Awards for excellence in ESG reporting

Winner of Singapore Corporate Governance Award 2021 (REITs & Business Trusts category)

Centre of Governance and Sustainability NUS Business School

Ranked 4th and 8th out of 45 REITs / Business Trusts in the GIFT and SGTI rankings respectively

1 GRESB: Global Real Estate Sustainability Benchmark
2 Building Research Establishment Environment Assessment Method
3 Leadership in Energy and Environmental Design
4 Disclaimer Statement: CEREIT's use of any MSCI ESG Research LLG or its affiliates ("MSCI") data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of CEREIT by MSCI. MSCI services and data are the property of MSCI or its information providers and are provided 'as-is' and without warranty. MSCI names and logos are trademarks or service marks of MSCI
5 European Public Real Estate

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NOTES TO THE FINANCIAL STATEMENTS

REPORT OF THE TRUSTEE

Year ended 31 December 2021

Perpetual (Asia) Limited (the "Trustee") is under a duty to take into custody and hold the assets of Cromwell European Real Estate Investment Trust (the "Trust") and its subsidiaries (collectively "CEREIT") in trust for the holders of units ("Unitholders") in the Trust. In accordance with, among other things, the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes and the Listing Manual (collectively referred to as the "laws and regulations"), the Trustee shall monitor the activities of Cromwell EREIT Management Pte. Ltd. (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 28 April 2017 (as amended, varied or supplemented from time to time) (the "Trust Deed") between the Manager and the Trustee in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed CEREIT during the year covered by these financial statements, set out on pages 199 to 272 in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee,
Perpetual (Asia) Limited

Ms Sin Li Choo
Director

Singapore
Date: 31 March 2022

STATEMENT BY THE MANAGER

Year ended 31 December 2021

In the opinion of the Directors of the Manager, the accompanying financial statements set out on pages 199 to 272, comprising Balance Sheets and Statements of Movements in Unitholders' Funds of Cromwell European Real Estate Investment Trust (the "Trust") and its subsidiaries (collectively referred to as "CEREIT"), Consolidated Statement of Total Return, Consolidated Statement of Comprehensive Income, Consolidated Distribution Statement, Consolidated Statement of Cash Flows, Statement of Portfolio of CEREIT and notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the consolidated balance sheet of CEREIT and the balance sheet of the Trust as at 31 December 2021, and the Consolidated Statement of Total Return, Consolidated Statement of Comprehensive Income, Consolidated Distribution Statement, Consolidated Statement of Movements in Unitholders' Funds, Consolidated Statement of Cash Flows and Statement of Portfolio of CEREIT and the Statement of Movements in Unitholders' Funds of the Trust for the year then ended on that date in accordance with International Financial Reporting Standards adopted by the International Accounting Standards Board, the recommendations of *The Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" (Revised 2017)* issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed. At the date of this statement, there are reasonable grounds to believe that CEREIT and the Trust will be able to meet their financial obligations as and when they materialise.

For and on behalf of the Manager,
Cromwell EREIT Management Pte. Ltd.

Mr Simon Garing
Director

Singapore
Date: 31 March 2022

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF CROMWELL EUROPEAN REAL ESTATE INVESTMENT TRUST

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Cromwell European Real Estate Investment Trust ("Trust") and its subsidiaries (collectively referred to as "CEREIT"), which comprise the Consolidated Balance Sheet of CEREIT and the Balance Sheet of the Trust as at 31 December 2021, and the Consolidated Statement of Total Return, Consolidated Statement of Comprehensive Income, Consolidated Distribution Statement, Consolidated Statement of Movements in Unitholders' Funds, Consolidated Statement of Cash Flows and Statement of Portfolio of CEREIT and the Statement of Movements in Unitholders' Funds of the Trust for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 199 to 272.

In our opinion, the accompanying consolidated financial statements of CEREIT, and the Balance Sheet and Statement of Movements in Unitholders' Funds of the Trust are properly drawn up in accordance with International Financial Reporting Standards ("IFRS") and the recommendations of *The Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("RAP 7") (Revised 2017)* issued by the Institute of Singapore Chartered Accountants so as to give a true and fair view of the Consolidated Balance Sheet of CEREIT and the Balance Sheet of the Trust as at 31 December 2021, and of the Consolidated Statement of Total Return, Consolidated Statement of Comprehensive Income, Consolidated Distribution Statement, Consolidated Statement of Movements in Unitholders' Funds, Consolidated Statement of Cash Flows and Statement of Portfolio of CEREIT and the Statement of Movements in Unitholders' Funds of the Trust for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of CEREIT in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter

Fair Valuation and Disclosure of Fair Value for Investment Properties

CEREIT owns a portfolio of investment properties as at 31 December 2021, comprising mainly commercial office and light industrial complexes across 10 European countries which includes Czech Republic, Denmark, Finland, France, Germany, Italy, the Netherlands, Poland, Slovakia and United Kingdom. The investment properties represent the single largest category of assets with a carrying amount of €2,449 million as at 31 December 2021.

CEREIT has adopted the fair value model under IAS 40 *Investment Property* which requires all the investment properties to be measured at fair value. CEREIT has engaged external independent valuers ("Valuers") to perform the fair value assessment for all 112 investment properties except for 4 properties in the United Kingdom and Netherlands whose fair value is based on their acquisition prices in the second half of 2021. Given the insignificant period lapsed from the transaction date to the financial year end, the Directors and Manager considered the transaction prices amounting to €70.0 million to be equal to the fair value of the properties at financial year end.

The fair valuation of investment properties is considered to be a matter of significance as the valuation process requires the application of judgement in determining the appropriate valuation methodology to be used, use of subjective assumptions and various unobservable inputs. The fair valuations are sensitive to underlying assumptions applied in deriving the underlying cash flows and capitalisation rates as a small change in these assumptions can result in an increase or decrease in fair valuation of the investment properties.

The valuation techniques, their key inputs and the inter-relationships between the inputs and the valuation have been disclosed in Note 9 to the consolidated financial statements.

How the matter was addressed in the audit

We have assessed CEREIT's process of appointment and determination of the scope of work of the Valuers, as well as their process of reviewing, and accepting the Valuers' investment property valuations.

We have reviewed the qualifications, competence, independence, and the terms of the engagement of the Valuers with CEREIT to determine whether there were any matters which might affect objectivity of the Valuers or impede their scope of work.

We held discussions with management and the Valuers on the valuation reports, and engaged our valuation specialists to assist in:

- Assessing the valuation methodologies, assumptions and estimates used by the Valuers against general market practice for similar types of properties;
- Comparing valuation assumptions and the underlying cash flows and capitalisation rates to historical rates, and available industry data for comparable markets and properties;
- Reviewing the integrity of the valuation calculations, valuation inputs, including review of lease schedules, lease agreements and comparison to the inputs made to the projected cash flows; and
- Reviewed management's considerations on the implications of COVID-19.

Based on the audit procedures performed, the fair valuation of the properties and the various inputs used are within a reasonable range of our expectations.

We have assessed and validated the adequacy and appropriateness of the overall disclosures.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager and Directors of the Manager for the Financial Statements

Cromwell EREIT Management Pte. Ltd. (the "Manager" of CEREIT) is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the recommendations of *The Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts"* (*Revised 2017)* issued by the Institute of Singapore Chartered Accountants, and comply with the relevant provisions of the Trust Deed dated 28 April 2017 (as amended, varied or supplemented from time to time) (collectively, the "Trust Deed"), and the relevant requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing CEREIT's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate CEREIT or to cease operations, or has no realistic alternative but to do so.

The responsibilities of the Directors of the Manager include overseeing CEREIT's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CEREIT's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on CEREIT's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause CEREIT to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within CEREIT to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors of the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors of the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors of the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the financial statements have been properly prepared in accordance with the relevant provisions of the Trust Deed and the relevant requirements of the CIS Code.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Shariq Barmaky.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

Date: 31 March 2022

CONSOLIDATED STATEMENT OF TOTAL RETURN

Year ended 31 December 2021

		CEREIT	
		2021	**2020**
	Note	**€'000**	**€'000**
Gross revenue	2	200,122	186,972
Property operating expense		(70,030)	(69,643)
Net property income		**130,092**	**117,329**
Government grant income	3	248	–
Net finance costs	10(b)	(21,736)	(17,894)
Manager's fees	4(b)	(5,619)	(5,246)
Trustee fees	4(a)	(276)	(260)
Trust expenses		(5,363)	(4,945)
Net income before tax and fair value changes	5(a)	**97,346**	**88,984**
Loss on divestment of investment property	18(c)	(324)	(358)
Fair value gain – investment properties	9(b)	27,061	8,569
Fair value gain/(loss) – derivative financial instruments		829	(658)
Total return for the year before tax		**124,912**	**96,537**
Income tax expense	8(a)	(28,309)	(17,174)
Total return for the year		**96,603**	**79,363**
Total return for the year attributable to:			
Unitholders		96,359	79,363
Perpetual securities holders		244	–
		96,603	**79,363**
Earnings per unit			**(Restated)**
Basic and diluted earnings attributable to Unitholders per Unit (€ cents)	6	17.481	15.524

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2021

	CEREIT	
	2021	**2020**
	€'000	**€'000**
Total return for the year, representing total comprehensive income for the year	**96,603**	**79,363**
Total comprehensive income for the year attributable to:		
Unitholders	96,359	79,363
Perpetual securities holders	244	–
	96,603	**79,363**

The accompanying notes form an integral part of the financial statements.

BALANCE SHEETS

As at 31 December 2021

	Note	CEREIT 2021 €'000	CEREIT 2020 €'000	Trust 2021 €'000	Trust 2020 €'000
Current assets					
Cash and cash equivalents		59,258	43,593	1,176	2,102
Receivables	16(a)	18,491	15,943	12,342	16,202
Current tax assets		865	1,397	–	–
Total current assets		**78,614**	**60,933**	**13,518**	**18,304**
Non-current assets					
Investment properties	9	2,449,014	2,184,529	–	–
Investments in subsidiaries	15	–	–	1,468,952	1,328,482
Receivables	16(a)	663	1,028	–	–
Derivative financial instruments	11	947	126	569	–
Deferred tax assets	8(c)	5,292	3,836	–	–
Total non-current assets		**2,455,916**	**2,189,519**	**1,469,521**	**1,328,482**
Total assets		**2,534,530**	**2,250,452**	**1,483,039**	**1,346,786**
Current liabilities					
Borrowings	10	23,000	–	–	–
Payables	16(b)	35,691	28,515	160,845	117,065
Current tax liabilities		3,709	2,943	1	–
Other current liabilities	17	28,783	25,418	–	–
Total current liabilities		**91,183**	**56,876**	**160,846**	**117,065**
Non-current liabilities					
Payables	16(b)	–	–	89,104	112,022
Borrowings	10	899,729	847,068	–	–
Deferred tax liabilities	8(c)	60,017	36,627	–	–
Other non-current liabilities	17	6,321	7,729	–	–
Total non-current liabilities		**966,067**	**891,424**	**89,104**	**112,022**
Total liabilities		**1,057,250**	**948,300**	**249,950**	**229,087**
Net assets		**1,477,280**	**1,302,152**	**1,233,089**	**1,117,699**
Represented by:					
Unitholders' funds		1,413,130	1,302,152	1,168,939	1,117,699
Perpetual securities holders' funds	13	64,150	–	64,150	–
		1,477,280	**1,302,152**	**1,233,089**	**1,117,699**
Units in issue ('000) [i]	12	561,045	511,216	561,045	511,216
Net asset value attributable to Unitholders per Unit (€) [i]		2.52	2.55	2.08	2.19

(i) Comparative numbers have been adjusted for the 5:1 unit consolidation to provide for a like-for-like comparison.

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED DISTRIBUTION STATEMENT
Year ended 31 December 2021

	CEREIT	
	2021 €'000	2020 €'000
Income available for distribution at 1 January	44,791	51,844
Total return for the year attributable to Unitholders and perpetual securities holders	96,603	79,363
Less: Total return attributable to perpetual securities holders	(244)	–
Distribution adjustments (Note A)	(2,741)	9,780
Income available for distribution to Unitholders	**138,409**	**140,987**
Distributions declared to Unitholders during the year (Note B)	(90,739)	(96,196)
Income available for distribution to Unitholders at 31 December	**47,670**	**44,791**
Distribution per Unit ("DPU") (€ cents) for the year [i]	16.961	17.420
Note A – Distribution adjustments		
Trustee fees	276	260
Straight-line rent adjustments and leasing fees	(1,889)	(2,582)
Amortisation of debt issuance costs	3,998	4,022
Facility break fee	–	(38)
Loss on disposal of assets/liabilities held for sale	–	358
Loss on disposal of investment property	324	–
Fair value adjustments – investment properties	(27,061)	(8,569)
Fair value adjustments – derivative financial instruments	(829)	658
Net foreign exchange loss	330	382
Deferred tax expense	22,046	10,082
Tax (credit)/ expense relating to the divestment of investment properties	(244)	1,843
Distribution of divestment gain	–	2,814
Other adjustments	308	550
	(2,741)	9,780
Note B – Distributions declared to Unitholders during the year		
Distribution of 2.030 Euro cents per unit ("cpu") from 2 Jul 2019 to 31 Dec 2019	–	51,720
Distribution of 1.740 Euro cpu from 1 Jan 2020 to 30 Jun 2020	–	44,476
Distribution of 2.324 Euro cpu from 1 Jul 2020 to 4 Mar 2021	59,403	–
Distribution of 5.602 Euro cpu from 5 Mar 2021 to 30 Jun 2021	31,336	–
	90,739	96,196

(i) FY 2020 DPU has been adjusted for the 5:1 unit consolidation to provide for a like-for-like comparison.

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year ended 31 December 2021

	CEREIT		Trust	
	2021 €'000	2020 €'000	2021 €'000	2020 €'000
Unitholders' funds				
At 1 January	1,302,152	1,314,588	1,117,699	1,149,815
Operations				
Total return for the year attributable to Unitholders and perpetual securities holders	96,603	79,363	36,865	59,683
Less: Total return for the year attributable to perpetual securities holders	(244)	–	(244)	–
Net increase in net assets resulting from operations	96,359	79,363	36,621	59,683
Unitholders' transactions				
Issue of units:				
– Private placement	100,000	–	100,000	–
– Base management fees	–	962	–	962
– Property & portfolio management fees	–	1,493	–	1,493
– Performance management fees	–	1,952	–	1,952
– Acquisition fees	101	–	101	–
– Distribution reinvestment plan	7,542	–	7,542	–
Issue expenses	(2,285)	(10)	(2,285)	(10)
Distributions to Unitholders	(90,739)	(96,196)	(90,739)	(96,196)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	14,619	(91,799)	14,619	(91,799)
Unitholders' funds at 31 December	**1,413,130**	**1,302,152**	**1,168,939**	**1,117,699**
Perpetual securities holders' funds				
At 1 January	–	–	–	–
Issue of perpetual securities	65,136	–	65,136	–
Issue expenses	(1,230)	–	(1,230)	–
Total return for the year attributable to perpetual securities holders	244	–	244	–
Perpetual securities holders' funds at 31 December	**64,150**	**–**	**64,150**	**–**
Total at 31 December	**1,477,280**	**1,302,152**	**1,233,089**	**1,117,699**

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2021

	CEREIT 2021 €'000	CEREIT 2020 €'000
Cash flows from operating activities		
Total return for the year before tax	124,912	96,537
Adjustments for:		
Amortisation of lease costs and incentives	573	1,499
Straight-line rent adjustments and leasing fees	(1,889)	(2,582)
Loss on disposal of investment property	324	358
Net finance costs	21,736	17,894
(Reversal of)/allowance for credit losses	(1,055)	3,062
Change in fair value of investment properties	(27,061)	(8,569)
Change in fair value of derivative financial instruments	(829)	658
Net foreign exchange loss	330	382
Operating cash flows before movements in working capital	117,041	109,239
Changes in operating assets and liabilities:		
Decrease in receivables	3,934	17,881
(Decrease)/increase in payables	(3,075)	544
Increase /(decrease) in other liabilities	2,568	(17,671)
Cash generated from operations	**120,468**	**109,993**
Interest paid	(18,525)	(13,703)
Interest received	1	1
Tax paid	(5,077)	(7,708)
Net cash from operating activities	**96,867**	**88,583**
Cash flows from investing activities		
Payments for acquisitions of subsidiaries, net of cash	(124,913)	–
Payments for acquisitions of investment properties	(78,040)	(104,822)
Payment of transaction costs for acquisitions of investment properties	(8,453)	(5,121)
Payment of deposits for acquisitions of investment properties	(4,184)	(1,000)
Payments for capital expenditure on investment properties	(22,637)	(20,968)
Refund of VAT in relation to acquisition of investment properties	–	20,438
Proceeds from disposal of assets/liabilities held for sale, net of cash disposed of	–	65,812
Proceeds from sale of investment property	5,800	–
Payment of transaction costs for disposal of investment property	(233)	(601)
Net cash used in investing activities	**(232,660)**	**(46,262)**
Cash flows from financing activities		
Net proceeds from issuance of CEREIT units	100,000	–
Payment of unit issue costs	(2,272)	(10)
Proceeds from bank borrowings	205,623	450,000
Repayment of bank borrowings	(130,000)	(423,418)
Payment for transaction costs related to borrowings and medium term notes	(2,580)	(8,020)
Proceeds from issuance of perpetual securities	65,136	–
Payment of transaction costs on issuance of perpetual securities	(918)	–
Distributions paid to Unitholders	(83,197)	(96,196)
Payment of finance lease	(334)	(334)
Net cash from/(used in) financing activities	**151,458**	**(77,978)**
Net increase/(decrease) in cash and cash equivalents	**15,665**	**(35,657)**
Cash and cash equivalents at 1 January	43,593	79,250
Cash and cash equivalents at 31 December	**59,258**	**43,593**

Refer to note 19 for details of non-cash transactions and a reconciliation of movements in net debt.

The accompanying notes form an integral part of the financial statements.

STATEMENT OF PORTFOLIO

As at 31 December 2021

Property *(by Geography)*	**Location**	**Acquisition Date**
The Netherlands		
Light Industrial / Logistics		
Veemarkt	Veemarkt 27–75 / 50–76 / 92–114, Amsterdam	30 Nov 2017
Rosa Castellanosstraat 4	Rosa Castellanosstraat 4, Tilburg	30 Dec 2021
Boekweitstraat 1 – 21 & Luzernestraat 2 – 12	Boekweitstraat 1 – 21 & Luzernestraat 2 – 12, Nieuw–Vennep	30 Nov 2017
De Immenhorst 7	De Immenhorst 7, 's-Heerenberg	23 Dec 2021
Capronilaan 22 – 56	Capronilaan 22 – 56, Schiphol-Rijk	30 Nov 2017
Kapoeasweg 4 – 16	Kapoeasweg 4 – 16, Amsterdam	30 Nov 2017
Folkstoneweg 5 – 15	Folkstoneweg 5 – 15, Schiphol	30 Nov 2017
Office		
Haagse Poort	Prinses Beatrixlaan 35 – 37 & Schenkkade 60 – 65, Den Haag	30 Nov 2017
Central Plaza	Plaza 2 – 25 (retail) / Weena 580 – 618 (offices), Rotterdam	19 Jun 2017
Bastion	Willemsplein 2 – 10, 's-Hertogenbosch	28 Dec 2018
Moeder Teresalaan 100 / 200	Moeder Teresalaan 100 / 200, Utrecht	28 Dec 2018
De Ruyterkade 5	De Ruyterkade 5, Amsterdam	19 Jun 2017
Koningskade 30	Koningskade 30, Den Haag	19 Jun 2017
Blaak 40	Blaak 40, Rotterdam	30 Nov 2017
Italy		
Light Industrial / Logistics		
Centro Logistico Orlando Marconi	Via del Lavoro, 63076 Monteprandone	23 Dec 2020
Via Fornace	Via Fornace snc, Mira	29 Oct 2021
Strada Provinciale Adelfia	Strada Provinciale Adelfia, Rutigliano	30 Nov 2017
Office		
Piazza Affari 2	Piazza degli Affari 2, Milan	30 Nov 2017
Via dell'Amba Aradam 5	Via dell'Amba Aradam 5, Rome	30 Nov 2017
Via Pianciani 26	Via Pianciani 26, Rome	30 Nov 2017
Building F7-F11	Viale Milanofiori 1, Assago	30 Nov 2017
Via Nervesa 21	Via Nervesa 21, Milan	30 Nov 2017
Via Camillo Finocchiaro Aprile 1	Via Camillo Finocchiaro Aprile 1, Genova	5 Dec 2018
Nuova ICO	Via Guglielmo Jervis 9, Ivrea	27 Jun 2018
Cassiopea 1-2-3	Via Paracelso 22-24-26, Milan	28 Nov 2019
Via della Fortezza 8	Via della Fortezza 8, Florence	15 Feb 2018
Corso Lungomare Trieste 29	Corso Lungomare Trieste 29, Bari	5 Dec 2018
Corso Annibale Santorre di Santa Rosa 15	Corso Annibale Santorre di Santa Rosa 15, Cuneo	30 Nov 2017
Via Rampa Cavalcavia 16-18	Via Rampa Cavalcavia 16-18, Venice Mestre	30 Nov 2017

n/a – not applicable

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

The accompanying notes form an integral part of the financial statements.

STATEMENT OF PORTFOLIO

As at 31 December 2021

Land Tenure	Remaining Term (Years)		Carrying Amount		Percentage of Net Assets	
	2021	2020	2021 €'000	2020 €'000	2021 %	2020 %
Continuing leasehold	Various 17.0–21.0	Various 18.0 – 22.0	45,200	41,100	3.1	3.2
Freehold	n/a	n/a	11,325	–	0.8	–
Freehold	n/a	n/a	8,880	7,560	0.6	0.6
Freehold	n/a	n/a	8,350	–	0.6	–
Freehold	n/a	n/a	7,510	7,060	0.5	0.5
Freehold	n/a	n/a	5,530	4,480	0.4	0.3
Leasehold	17.9	18.9	4,420	4,560	0.3	0.4
Part Freehold, Part Right of Superficies and Part Perpetual leasehold	n/a	n/a	167,705	173,500	11.3	13.3
Freehold/leasehold [(1)]	66.6	67.6	165,610	164,855	11.2	12.7
Freehold	n/a	n/a	78,360	78,600	5.3	6.0
Perpetual leasehold	n/a	n/a	59,300	59,300	4.0	4.6
Continuing leasehold	66.5	67.5	58,780	54,700	4.0	4.2
Perpetual leasehold	n/a	n/a	21,570	21,420	1.5	1.6
Freehold	n/a	n/a	20,540	16,100	1.4	1.2
Freehold	n/a	n/a	54,600	52,575	3.7	4.0
Freehold	n/a	n/a	21,000	–	1.4	–
Freehold	n/a	n/a	13,525	12,675	0.9	1.0
Freehold	n/a	n/a	96,900	89,800	6.6	6.9
Freehold	n/a	n/a	46,000	49,000	3.1	3.8
Freehold	n/a	n/a	33,400	32,600	2.3	2.5
Freehold	n/a	n/a	26,700	26,400	1.8	2.0
Freehold	n/a	n/a	23,725	23,325	1.6	1.8
Freehold	n/a	n/a	23,475	23,700	1.6	1.8
Freehold	n/a	n/a	16,625	16,525	1.1	1.3
Freehold	n/a	n/a	16,550	16,650	1.1	1.3
Freehold	n/a	n/a	16,200	16,375	1.1	1.3
Freehold	n/a	n/a	11,300	11,475	0.8	0.9
Freehold	n/a	n/a	7,575	7,860	0.5	0.6
Freehold	n/a	n/a	5,200	5,220	0.4	0.4

The accompanying notes form an integral part of the financial statements.

STATEMENT OF PORTFOLIO

As at 31 December 2021

Property *(by Geography)*	Location	Acquisition Date
Italy (continued)		
Other		
Viale Europa 95	Viale Europa 95, Bari	30 Nov 2017
Starhotels Grand Milan	Via Varese 23, Saronno	30 Nov 2017
Via Madre Teresa 4	Via Madre Teresa 4, Lissone	30 Nov 2017
Via Salara Vecchia 13	Via Salara Vecchia 13, Pescara	30 Nov 2017
Via Brigata Padova 19	Via Brigata Padova 19, Padova	30 Nov 2017
France		
Light Industrial / Logistics		
Parc des Docks	50 rue Ardoin, Saint Ouen	30 Nov 2017
Parc des Guillaumes	58 rue de Neuilly – 2 rue du Trou Morin, ZAC des Guillaumes, Noisy-le-Sec	30 Nov 2017
Parc des Grésillons	167-169 avenue des Grésillons, Gennevilliers	30 Nov 2017
Parc du Landy	61 rue du Landy, Aubervilliers	30 Nov 2017
Parc Delizy	32 rue Délizy, Pantin	30 Nov 2017
Parc Urbaparc	75-79 rue du Rateau, La Courneuve	30 Nov 2017
Parc Béziers	Rue Charles Nicolle, Villeneuve-lès-Béziers	23 Jan 2019
Parc du Merantais	1-3 rue Georges Guynemer, Magny-Les-Hameaux	30 Nov 2017
Parc des Érables	154 allée des Érables, Villepinte	30 Nov 2017
Parc Jean Mermoz	53 rue de Verdun – 81, rue Maurice Berteaux, La Courneuve	30 Nov 2017
Parc le Prunay	13-41 rue Jean Pierre Timbaud, ZI du Prunay, Sartrouville	30 Nov 2017
Parc Locaparc 2	59-65 rue Edith Cavell, Vitry-sur-Seine	30 Nov 2017
Parc Louvresses	46-48 boulevard Dequevauvilliers, Gennevilliers	14 Feb 2019
Parc de Champs	40 boulevard de Nesles, ZAC le Ru du Nesles, Champs sur Marne	30 Nov 2017
Parc Acticlub	2 rue de la Noue Guimante, ZI de la Courtillière, Saint Thibault des Vignes	30 Nov 2017
Parc Parçay-Meslay	ZI du Papillon, Parcay-Meslay	23 Jan 2019
Parc de Popey [2]	5 chemin de Popey, Bar-le-Duc	30 Nov 2017
Parc du Bois du Tambour	Route de Nancy, Gondreville	30 Nov 2017
Parc Sully	105 route d'Orléans, Sully-sur-Loire	23 Jan 2019
Office		
Cap Mermoz	38-44 rue Jean Mermoz, Maisons-Laffitte, Paris	17 Jul 2019
Paryseine	3 Allée de la Seine, Ivry-Sur Seine, Paris	17 Jul 2019
Lénine	1 rue de Lénine, 94200 Ivry-Sur Seine, Ivry-Sur Seine, Paris	17 Jul 2019

n/a – not applicable

(2) The property was disposed on 9 September 2021

The accompanying notes form an integral part of the financial statements.

STATEMENT OF PORTFOLIO

As at 31 December 2021

Land Tenure	Remaining Term (Years)		Carrying Amount		Percentage of Net Assets	
	2021	2020	2021 €'000	2020 €'000	2021 %	2020 %
Freehold	n/a	n/a	74,100	76,500	5.0	5.9
Freehold	n/a	n/a	17,500	17,050	1.2	1.3
Freehold	n/a	n/a	17,100	16,350	1.2	1.3
Freehold	n/a	n/a	11,900	12,300	0.8	0.9
Freehold	n/a	n/a	4,220	4,430	0.3	0.3
Freehold	n/a	n/a	147,300	135,300	10.0	10.4
Freehold	n/a	n/a	29,100	28,000	2.0	2.2
Freehold	n/a	n/a	25,300	23,400	1.7	1.8
Freehold	n/a	n/a	24,400	23,300	1.7	1.8
Freehold	n/a	n/a	19,900	18,500	1.3	1.4
Freehold	n/a	n/a	18,700	18,300	1.3	1.4
Freehold	n/a	n/a	12,300	11,000	0.8	0.8
Freehold	n/a	n/a	11,100	9,730	0.8	0.7
Freehold	n/a	n/a	9,720	9,210	0.7	0.7
Freehold	n/a	n/a	9,240	9,140	0.6	0.7
Freehold	n/a	n/a	8,800	7,660	0.6	0.6
Freehold	n/a	n/a	8,360	7,650	0.6	0.6
Leasehold	25.45	26.45	7,740	7,740	0.5	0.6
Freehold	n/a	n/a	7,020	7,240	0.5	0.6
Freehold	n/a	n/a	6,330	6,260	0.4	0.5
Freehold	n/a	n/a	4,710	4,850	0.3	0.4
Freehold	n/a	n/a	–	4,800	0.0	0.4
Freehold	n/a	n/a	4,620	3,990	0.3	0.3
Freehold	n/a	n/a	3,250	3,390	0.2	0.3
Freehold	n/a	n/a	35,800	35,600	2.4	2.7
Freehold	n/a	n/a	27,600	29,100	1.9	2.2
Freehold	n/a	n/a	3,950	5,080	0.3	0.4

The accompanying notes form an integral part of the financial statements.

STATEMENT OF PORTFOLIO

As at 31 December 2021

Property *(by Geography)*	Location	Acquisition Date
Poland		
Office		
Business Garden	2, 4, 6, 8 and 10 Kolorowa Street, Poznań	24 Sep 2019
Green Office	80, 80A, 82 and 84 Czerwone Maki Street, Kraków	25 Jul 2019
Riverside Park	Fabryczna 5, Warsaw	14 Feb 2019
Avatar	28 Armii Krajowej Street, Kraków	25 Jul 2019
Grójecka 5	Grójecka 5, Warsaw	14 Feb 2019
Arkońska Business Park	Arkońska 1&2, Gdańsk	14 Feb 2019
Germany		
Light Industrial / Logistics		
Parsdorfer Weg 10	Parsdorfer Weg 10, Kirchheim	30 Nov 2017
An der Wasserschluft 7	An der Wasserschluft 7, 06526 Sangerhausen	13 Aug 2020
Siemensstraße 11	Siemensstraße 11, Frickenhausen	30 Nov 2017
Göppinger Straße 1 – 3	Pforzheim, Göppinger Straße 1 – 3	24 Mar 2020
Gewerbestraße 62	Bretten, Gewerbestraße 62	24 Mar 2020
An der Kreuzlache 8-12	An der Kreuzlache 8-12, Bischofsheim	30 Nov 2017
Henschelring 4	Henschelring 4, Kirchheim	30 Nov 2017
Frauenstraße 31	Frauenstraße 31, Maisach	30 Nov 2017
Gutenbergstraße 1, Dieselstraße 2	Königsbach-Stein, Gutenbergstraße 1, Dieselstraße 2	24 Mar 2020
Kolumbusstraße 16	Kolumbusstraße 16, Hamburg	30 Nov 2017
Dresdner Straße 16, Sachsenring 52	Dresdner Straße 16, Sachsenring 52, Straubing	30 Nov 2017
Hochstraße 150-152	Hochstraße 150-152, Duisburg	30 Nov 2017
Moorfleeter Straße 27, Liebigstraße 67-71	Moorfleeter Straße 27, Liebigstraße 67-71, Hamburg	30 Nov 2017
An der Steinlach 8-10	An der Steinlach 8-10, Bischofsheim	30 Nov 2017
Kinzigheimer Weg 114	Kinzigheimer Weg 114, Hanau	30 Nov 2017
Finland		
Office		
Opus 1	Hitsaajankatu 24, Helsinki	28 Dec 2018
Grandinkulma	Kielotie 7, Vantaa	28 Dec 2018
Plaza Forte	Äyritie 12 C, Vantaa	28 Dec 2018
Plaza Vivace	Äyritie 8 C, Vantaa	28 Dec 2018
Myyrmäenraitti 2	Myyrmäenraitti 2, Vantaa	28 Dec 2018
Plaza Allegro	Äyritie 8 B, Vantaa	28 Dec 2018
Pakkalankuja 6	Pakkalankuja 6, Vantaa	28 Dec 2018
Mäkitorpantie 3b	Mäkitorpantie 3b, Helsinki	28 Dec 2018
Kauppakatu 39	Kauppakatu 39, Kuopio	28 Dec 2018
Pakkalankuja 7	Pakkalankuja 7, Vantaa	28 Dec 2018
Purotie 1	Purotie 1, Helsinki	28 Dec 2018

n/a – not applicable

The accompanying notes form an integral part of the financial statements.

STATEMENT OF PORTFOLIO

As at 31 December 2021

Land Tenure	Remaining Term (Years) 2021	Remaining Term (Years) 2020	Carrying Amount 2021 €'000	Carrying Amount 2020 €'000	Percentage of Net Assets 2021 %	Percentage of Net Assets 2020 %
Freehold	n/a	n/a	85,400	85,900	5.8	6.6
Freehold	n/a	n/a	51,400	51,200	3.5	3.9
Freehold	n/a	n/a	30,600	30,200	2.1	2.3
Freehold/ Perpetual usufruct	n/a	n/a	26,200	28,100	1.8	2.2
Freehold	n/a	n/a	19,900	21,600	1.3	1.7
Freehold	n/a	n/a	18,000	18,300	1.2	1.4
Freehold	n/a	n/a	40,300	36,600	2.7	2.8
Freehold	n/a	n/a	19,750	18,350	1.3	1.4
Freehold	n/a	n/a	18,250	17,650	1.2	1.4
Freehold	n/a	n/a	18,250	16,875	1.2	1.3
Freehold	n/a	n/a	16,825	15,500	1.1	1.2
Freehold	n/a	n/a	14,725	13,700	1.0	1.1
Freehold	n/a	n/a	12,125	11,575	0.8	0.9
Freehold	n/a	n/a	12,025	11,450	0.8	0.9
Freehold	n/a	n/a	11,575	10,625	0.8	0.8
Freehold	n/a	n/a	10,850	10,300	0.7	0.8
Freehold	n/a	n/a	10,000	9,440	0.7	0.7
Freehold	n/a	n/a	9,940	9,390	0.7	0.7
Freehold	n/a	n/a	9,190	9,000	0.6	0.7
Freehold	n/a	n/a	5,130	3,240	0.3	0.2
Freehold	n/a	n/a	3,840	3,670	0.3	0.3
Freehold	n/a	n/a	15,225	13,100	1.0	1.0
Freehold	n/a	n/a	11,650	13,500	0.8	1.0
Freehold	n/a	n/a	11,650	12,225	0.8	0.9
Freehold	n/a	n/a	11,600	12,575	0.8	1.0
Freehold	n/a	n/a	10,475	11,700	0.7	0.9
Freehold	n/a	n/a	9,720	9,990	0.7	0.8
Freehold	n/a	n/a	9,640	10,450	0.7	0.8
Freehold	n/a	n/a	9,580	8,820	0.6	0.7
Freehold	n/a	n/a	7,820	7,230	0.5	0.6
Freehold	n/a	n/a	5,550	5,600	0.4	0.4
Freehold	n/a	n/a	3,710	5,700	0.3	0.4

The accompanying notes form an integral part of the financial statements.

STATEMENT OF PORTFOLIO

As at 31 December 2021

Property *(by Geography)*	Location	Acquisition Date
Denmark		
Light Industrial / Logistics		
Naverland 7-11	Naverland 7-11, Glostrup	30 Nov 2017
Priorparken 700	Priorparken 700, Brøndby	30 Nov 2017
Priorparken 800	Priorparken 800, Brøndby	30 Nov 2017
Islevdalvej 142	Islevdalvej 142, Rødovre	30 Nov 2017
Herstedvang 2-4	Herstedvang 2-4, Albertslund	30 Nov 2017
Stamholmen 111	Stamholmen 111, Hvidovre	30 Nov 2017
Naverland 8	Naverland 8, Glostrup	30 Nov 2017
Fabriksparken 20	Fabriksparken 20, Glostrup	30 Nov 2017
Hørskætten 4-6	Hørskætten 4-6, Tåstrup	30 Nov 2017
Hørskætten 5	Hørskætten 5, Tåstrup	30 Nov 2017
Naverland 12	Naverland 12, Glostrup	30 Nov 2017
Slovakia		
Light Industrial / Logistics		
Nove Mesto ONE Industrial Park III	Rakol'uby 242, 916 31 Kocovce	11 Mar 2021
Nove Mesto ONE Industrial Park I	Beckov 645, 916 38 Beckov	11 Mar 2021
Kosice Industrial Park	Vel'ka Ida 785, 044 55 Velká Ida	11 Mar 2021
Nove Mesto ONE Industrial Park II	Kocovce 245, 916 31 Kocovce	11 Mar 2021
Zilina Industrial Park	Priemyselna 1, 013 02 Nededza	11 Mar 2021
The Czech Republic		
Light Industrial / Logistics		
Moravia Industrial Park	Jaktare 1752, 686 01 Uherske Hradiste	11 Mar 2021
Lovosice ONE Industrial Park II.	Prumyslova 1190, 410 02 Lovosice	11 Mar 2021
South Moravia Industrial Park	Cukrovarska 494/39, Mesto, 682 01 Vyskov	11 Mar 2021
One - Hradec Králové	Vážní 536, 500 03 Hradec Králové	4 Jun 2021
Pisek Industrial Park I.	Stanislava Mlainy 464, 397 01 Pisek	11 Mar 2021
Lovosice ONE Industrial Park I.	Tovami 1162, 410 02 Lovosice	11 Mar 2021
Pisek Industrial Park II.	U Hrebcince 2564/23, 391 01 Pisek	11 Mar 2021
United Kingdom		
Light Industrial / Logistics		
Thorn Lighting	DurhamGate, Spennymoor, County Durham	17 Dec 2021
Kingsland 21	21 Kingsland Grange, Warrington	3 Aug 2021
Portfolio of investment properties, at fair value		
Other adjustments (note 9(a))		
Investment properties as shown in the balance sheet		
Other assets and liabilities, net		
Net assets		

n/a – not applicable

The accompanying notes form an integral part of the financial statements.

STATEMENT OF PORTFOLIO

As at 31 December 2021

Land Tenure	Remaining Term (Years) 2021	Remaining Term (Years) 2020	Carrying Amount 2021 €'000	Carrying Amount 2020 €'000	Percentage of Net Assets 2021 %	Percentage of Net Assets 2020 %
Freehold	n/a	n/a	13,051	11,947	0.9	0.9
Freehold	n/a	n/a	12,742	11,585	0.9	0.9
Freehold	n/a	n/a	10,995	10,698	0.7	0.8
Freehold	n/a	n/a	8,310	6,679	0.6	0.5
Freehold	n/a	n/a	7,890	7,365	0.5	0.6
Freehold	n/a	n/a	7,849	7,486	0.5	0.6
Freehold	n/a	n/a	7,433	6,303	0.5	0.5
Freehold	n/a	n/a	6,331	5,900	0.4	0.5
Freehold	n/a	n/a	6,317	6,007	0.4	0.5
Freehold	n/a	n/a	4,140	3,628	0.3	0.3
Freehold	n/a	n/a	3,871	3,414	0.3	0.3
Freehold	n/a	n/a	17,300	-	1.2	-
Freehold	n/a	n/a	16,845	-	1.1	-
Freehold	n/a	n/a	14,800	-	1.0	-
Freehold	n/a	n/a	9,980	-	0.7	-
Freehold	n/a	n/a	5,510	-	0.4	-
Freehold	n/a	n/a	16,300	-	1.1	-
Freehold	n/a	n/a	14,500	-	1.0	-
Freehold	n/a	n/a	11,640	-	0.8	-
Freehold	n/a	n/a	10,300	-	0.7	-
Freehold	n/a	n/a	4,340	-	0.3	-
Freehold	n/a	n/a	3,270	-	0.2	-
Freehold	n/a	n/a	1,730	-	0.1	-
Freehold	n/a	n/a	38,463	-	2.6	-
Freehold	n/a	n/a	11,908	-	0.8	-
			2,442,625	**2,177,852**	**165.4**	**167.3**
			6,389	6,677	0.4	0.5
			2,449,014	**2,184,529**	**165.8**	**167.8**
			(971,734)	(882,377)	(65.8)	(67.8)
			1,477,280	**1,302,152**	**100.0**	**100.0**

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

About these Financial Statements

The Cromwell European Real Estate Investment Trust ("Trust") is a Singapore real estate investment trust constituted pursuant to a trust deed dated 28 April 2017 (date of "Constitution") (as amended, 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.

Prior to Listing Date, CEREIT was a private Singapore Trust, wholly-owned by the Cromwell Property Group. During this period, CEREIT acquired a group of entities that held three Dutch office assets from Cromwell Property Group. The total return from these properties during the period prior to Listing Date does not form part of distributable income to which Unitholders are entitled to.

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the recommendations of *The Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("RAP 7")* issued by the Institute of Singapore Chartered Accountants, and the applicable requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed.

The financial statements are presented in Euro ("€") and had been rounded to the nearest thousand, unless otherwise stated. All financial information has been prepared in a format designed to provide users of the financial report with a clear understanding of relevant balances and transactions that drive CEREIT's financial performance and financial position free of immaterial and superfluous information. Accounting policies and, where applicable, the use of significant estimates and judgments are presented in the relating notes to the financial statements and plain English is used in commentary or explanatory sections to improve readability of the financial statements.

The notes have been organised into the following five sections for reduced complexity and ease of navigation:

Results

This section of the financial statements provides further information on CEREIT's financial performance, including the performance of each of CEREIT's segments, the earnings per unit calculation, as well as details of CEREIT's revenue, expenses, government grant income, income tax items and CEREIT's semi-annual distributions.

1 OPERATING SEGMENT INFORMATION

Overview

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

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

CEREIT's property segments:

Asset class	*Country*	*Details*
Light Industrial / Logistics	The Netherlands	CEREIT completed the acquisition of two light industrial / logistics properties in the Netherlands just prior to year-end in December 2021, bringing the total number of light industrial / logistic assets held in the Netherlands to 7 (2020: 5). The assets have a combined valuation of €91,215,000 (2020: €64,760,000) and they are leased to a diverse tenant base. The two newly acquired properties are located in the city of 's-Heerenberg, on the Dutch-German border; and Tilburg-Waalwijk, a prime logistics region. The other properties are predominately located in the wider Amsterdam area, including the Netherlands main airport, Amsterdam Schiphol.
	Italy	CEREIT completed the acquisition of a freehold, light industrial / logistics property located in Mira, Greater Venice in October 2021. The Italian light industrial / logistics portfolio now comprises of 3 assets (2020: 2) with a combined valuation of €89,125,000 (2020: €65,250,000).
	France	CEREIT holds 18 (2020: 19) light industrial / logistics assets across France with a combined valuation of €357,890,000 (2020: €339,460,000). The properties are leased to a diverse tenant base with 200+ separate leases, including larger tenant-customers from the transport and logistics sector. 14 properties are located in the Greater Paris area while the remaining assets are located near larger secondary cities such as Lyon, Nancy and Lille.

Asset class	Country	Details
	Germany	CEREIT holds 15 (2020: 15) light industrial/ logistics assets across Germany with a combined valuation of €212,775,000 (2020: €197,365,000). The properties are located in several cities in Germany and are leased to a diverse tenant base which include global engineering, technology, automotive, and reusable packaging companies.
	Denmark	CEREIT's light industrial / logistics portfolio in Denmark consists of 11 (2020: 11) properties with a combined valuation of €88,929,000 (2020: €81,012,000). The properties are predominantly located in the Copenhagen area with a diverse tenant base including shipping and logistics, wholesale and retail, and payment technology companies. One of the largest tenant-customers is a global manufacturer of commercial cleaning equipment.
	Slovakia	CEREIT completed an acquisition of a portfolio comprising 5 light industrial/ logistics properties in Slovakia during the year. The properties are located in established industrial clusters / zones across the country and are leased to a diverse tenant base which include a logistic services company, fashion retailers, and an industrial chimney and steel manufacturer. The assets have a combined value of €64,435,000 (2020: Nil).
	The Czech Republic	CEREIT completed the acquisition of 7 light industrial / logistics assets in the Czech Republic during the year. The properties are located in several established industrial zones across the country, including Lovosice, Pisek, and Hradec Králové. As at 31 December 2021, the Czech Republic light industrial / logistics portfolio comprises of 7 (2020: Nil) assets with a combined valuation of €62,080,000 (2020: Nil).
	United Kingdom	During the year, CEREIT acquired two light industrial / logistic assets in the United Kingdom with a combined value of €50,371,000 (2020: Nil). The first UK asset is situated within Kingsland Grange Industrial Estate in Warrington and is leased to UK's leading premium home delivery specialist. The second asset, located in a well-developed industrial area near the city centre of Durham, is fully-let to a leading global supplier of integral lighting solution.
Office	The Netherlands	CEREIT holds 7 (2020: 7) office assets in the Netherlands with a combined valuation of €571,865,000 (2020: €568,475,000) located in predominantly central business districts of the main cities of the Netherlands – Amsterdam, Rotterdam, The Hague, Utrecht and s'Hertogenbosch. A majority of the properties are multi-tenanted with a diverse tenant-customer base comprising corporations across insurance, engineering, e-commerce, government and public administration, professional and legal services and various other sectors.

Asset class	*Country*	*Details*
	Italy	CEREIT holds 12 (2020: 12) office assets in Italy with a combined valuation of €323,650,000 (2020: €318,930,000). These assets are predominantly located in or close to central business districts and city fringe areas of the main cities of Italy – Milan and Rome as well as secondary cities, including Florence, Venice, Bari and Genova. The properties are a mix of single-tenanted and multi-tenanted buildings with main tenant-customers comprising the Italian government, telecom, professional service, marketing and advertising service corporations.
	France	CEREIT holds 3 (2020: 3) office assets in France with a combined valuation of €67,350,000 (2020: €69,780,000). The assets comprise two predominantly office properties located just six kilometres from Paris' city centre, close to transport nodes, and one office property located in the Greater Paris area. The properties are multi-tenanted with main tenant-customers comprising professional services and global engineering corporations.
	Poland	CEREIT holds 6 (2020: 6) office assets in Poland with a combined valuation of €231,500,000 (2020: €235,300,000). The properties are located in some of the main cities of Poland – Warsaw, Krakow and Poznan, as well as Gdansk which is part of the Tricity – one of the biggest urban areas in Poland. The properties are all multi-tenanted with main tenant-customers comprising multinational corporations across technology, pharmaceutical, media, banking and financial services and other sectors.
	Finland	CEREIT holds 11 (2020: 11) office assets in Finland with a combined value of €106,620,000 (2020: €110,890,000) predominantly located in well-established office parks in Helsinki. The properties are multi-tenanted with main tenant-customers comprising corporations across energy, healthcare, professional services, retail, construction and manufacturing sectors.
Other	Italy	In addition to its principally office and light industrial property portfolio, CEREIT also holds 5 (2020: 5) assets in Italy in the 'other' asset class with a combined value of €124,820,000 (2020: €126,630,000). These assets include three properties that are leased to the Italian government (predominantly used as training and housing campuses for the Italian police force), a 480-room hotel and a leisure complex with a large cinema.

(a) Segment results

The table below shows segment results as presented to the CODM. For further commentary on individual segment results refer to the Managers Report section of this Annual Report.

CEREIT 2021	Gross revenue from external customers €'000	Property operating expenditure €'000	Segment Profit / (Loss) €'000
Light Industrial / Logistics			
The Netherlands	5,307	(1,920)	3,387
Italy	6,332	(1,772)	4,560
France	30,047	(9,975)	20,072
Germany	16,140	(5,435)	10,705
Denmark	8,999	(3,936)	5,063
Slovakia	4,575	(1,212)	3,363
Czech Republic	3,425	(837)	2,588
United Kingdom	384	(42)	342
Total – Light Industrial / Logistics	**75,209**	**(25,129)**	**50,080**
Office			
The Netherlands	41,053	(15,346)	25,707
Italy	23,878	(6,742)	17,136
France	8,673	(3,365)	5,308
Poland	25,781	(10,126)	15,655
Finland	11,301	(5,249)	6,052
Total – Office	**110,686**	**(40,828)**	**69,858**
Other			
Italy	14,227	(4,073)	10,154
Total – Other	**14,227**	**(4,073)**	**10,154**
Total – Segments	**200,122**	**(70,030)**	**130,092**
Unallocated items:			
Government grant income			248
Net finance costs			(21,736)
Manager's fees			(5,619)
Trustee fees			(276)
Trust expenses			(5,363)
Loss on divestments			(324)
Fair value gain – investment properties			27,061
Fair value gain – derivative financial instruments			829
Income tax expense			(28,309)
Total return for the year			**96,603**

CEREIT 2020	Gross revenue from external customers €'000	Property operating expenditure €'000	Segment Profit / (Loss) €'000
Light Industrial / Logistics			
The Netherlands	5,929	(1,987)	3,942
Italy	1,245	(351)	894
France	32,551	(13,122)	19,429
Germany	13,526	(4,142)	9,384
Denmark	9,465	(4,245)	5,220
Total – Light Industrial / Logistics	**62,716**	**(23,847)**	**38,869**
Office			
The Netherlands	41,030	(16,574)	24,456
Italy	24,313	(6,760)	17,553
France	8,191	(3,633)	4,558
Poland	25,096	(9,778)	15,318
Finland	11,434	(4,920)	6,514
Total – Office	**110,064**	**(41,665)**	**68,399**
Other			
Italy	14,192	(4,131)	10,061
Total – Other	**14,192**	**(4,131)**	**10,061**
Total – Segments	**186,972**	**(69,643)**	**117,329**
Unallocated items:			
Net finance costs			(17,894)
Manager's fees			(5,246)
Trustee fees			(260)
Trust expenses			(4,945)
Loss on divestments			(358)
Fair value gain – investment properties			8,569
Fair value loss – derivative financial instruments			(658)
Income tax expense			(17,174)
Total return for the year			**79,363**

Accounting policy

Segment allocation

Segment revenues, expenses and assets are those presented to the CODM that are directly attributable to the property segment.

Segment revenue include revenues directly derived from CEREIT's properties and include lease revenue, service charge revenue and any other property revenue received from tenants. Segment expenses include expenses directly incurred in operating the properties and include service charge expense, non-recoverable expenses and leasing costs.

Segment assets include investment properties. Cash and other current and non-current assets may be held in centralised locations and are not allocated to the property segments. Liabilities are not allocated to segments. CEREIT's borrowings and derivative financial instruments are not reviewed by the CODM on a segment basis as they are centrally managed by CEREIT's treasury function and reviewed by the CODM for CEREIT globally. Other operating liabilities, such as payables are also managed in centralised locations and are not allocated to the property segments.

Segment profit / (loss)

Segment profit / (loss) equals net property income from the property sub-portfolio and does not include government grant income, net finance costs, manager's fees, trustee fees, trust expenses, loss on divestments, fair value changes of investment properties and derivative financial instruments and income tax expense.

(b) Segment assets and liabilities

Segment assets

CEREIT 2021	*Segment assets:* **Investment properties €'000**	*Oher Information:* **Capital expenditure €'000**
Light industrial / Logistics		
The Netherlands	97,604	698
Italy	89,125	613
France	357,890	1,042
Germany	212,775	3,293
Denmark	88,929	3,195
Slovakia	64,435	342
Czech Republic	62,080	193
United Kingdom	50,371	–
Total – Light Industrial / Logistics	**1,023,209**	**9,376**
Office		
The Netherlands	571,865	5,868
Italy	323,650	1,880
France	67,350	557
Poland	231,500	1,893
Finland	106,620	1,980
Total – Office	**1,300,985**	**12,178**
Other		
Italy	124,820	493
Total – Other	**124,820**	**493**
Total – Segments	**2,449,014**	**22,047**
Reconciliation to total consolidated assets:		
Cash and cash equivalents	59,258	
Receivables – current	18,491	
Current tax assets	865	
Receivables – non-current	663	
Derivative financial instruments	947	
Deferred tax assets	5,292	
Consolidated total assets	**2,534,530**	

Segment liabilities

There are no liabilities allocated to segments.

Segment assets

CEREIT 2020	*Segment assets:* **Investment properties €'000**	*Oher Information:* **Capital expenditure €'000**
Light industrial / Logistics		
The Netherlands	71,437	199
Italy	65,250	44
France	339,460	1,627
Germany	197,365	2,079
Denmark	81,012	2,012
Total – Light Industrial / Logistics	**754,524**	**5,961**
Office		
The Netherlands	568,475	10,115
Italy	318,930	1,267
France	69,780	347
Poland	235,300	1,207
Finland	110,890	925
Total – Office	**1,303,375**	**13,861**
Other		
Italy	126,630	621
Total – Other	**126,630**	**621**
Total – Segments	**2,184,529**	**20,443**
Reconciliation to total consolidated assets:		
Cash and cash equivalents	43,593	
Receivables – current	15,943	
Current tax assets	1,397	
Receivables – non-current	1,028	
Derivative financial instruments	126	
Deferred tax assets	3,836	
Consolidated total assets	**2,250,452**	

Segment liabilities

There are no liabilities allocated to segments.

(c) **Major customers**

Major customers of CEREIT that account for more than 10% of CEREIT's revenue are listed below.

		CEREIT			
		2021		2020	
Name	**Segment**	**Gross revenue €'000**	**Percentage of total revenue %**	**Gross revenue €'000**	**Percentage of total revenue %**
Agenzia del Demanio (Italian State Property Office)	Italy-Office/Other	20,329	10.2	21,161	11.3

The Trust is domiciled in Singapore. However, all properties are located in Europe and are held by subsidiaries of the Trust also domiciled in Europe. As such, all revenue from external customers is recognised in the European countries as shown in section (a).

2 REVENUE

Overview

This note provides a further breakdown of property revenue for the financial year. CEREIT's revenue consists of rental income from operating leases of CEREIT's investment properties, service charge revenue and other incidental revenue from property ownership such as billboards, signage and kiosks. This note also provides overview of the accounting policies on how these revenue items are recognised.

Revenue from properties

	CEREIT	
	2021 €'000	**2020 €'000**
Lease revenue	162,075	153,742
Service charge revenue	34,762	32,267
Other property revenue	3,285	963
Total revenue	**200,122**	**186,972**

Accounting policy

Lease revenue

Lease income from operating leases, with CEREIT as lessor of investment properties, is recognised on a straight-line basis over the lease term. The respective leased assets, being CEREIT's investment properties, are included in the balance sheet.

Service charge revenue

Service charge revenue are payments from tenants for costs incurred by the landlord to provide services to the tenants, including providing utilities, cleaning, certain maintenance and building management among other operating costs of a property. Service charge revenue is recognised over time as and when the tenant receives and consumes the benefit of the service provided, which is generally simultaneously.

Other property revenue

Other property related revenue is recognised on a straight-line basis over the term of the contract if the contract requires the customer to make fixed payments over time equivalent to a lease.

3 GOVERNMENT GRANT INCOME

Government grant income pertains to one-off funds received from the Monetary Authority of Singapore under The Global-Asia Bond Grant Scheme which aims to assist companies with an Asian nexus raising capital through Singapore's bond market for the first time.

Accounting policy

Government grant income

Government grants are not recognised until there is reasonable assurance that CEREIT will comply with the conditions attaching to them and that the grants will be received. Government grants that are receivable as compensation for expenses or losses already incurred for the purpose of giving immediate financial support to CEREIT with no future related costs are recognised in statement of total return in the period in which they become receivable.

4 TRUSTEE AND MANAGER'S FEES

Overview

This note provides an overview of the fees charged by the Trustee, the Manager and the Property Manager for the management services they provide to the Unitholders as well as description of how these fees and any other fees that may arise in the future are calculated.

(a) Trustee fees

Pursuant to Clause 15.3 of the Trust Deed, the trustee fees shall not exceed 0.015% per annum of the value of CEREIT's deposited property and subject to a minimum amount of S$15,000 (approximately €9,500) per month, excluding out-of-pocket expenses and GST, and shall be payable out of the deposited property monthly in arrears.

	CEREIT	
	2021 €'000	2020 €'000
Total trustee fees	**276**	**260**

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

(b) Manager's fees

The Manager is entitled to management fees comprising a base fee and a performance fee as follows:

Base management fee

The Manager's base fee is calculated as 0.23% per annum of the value of CEREIT's deposited property. The management fee is payable quarterly in arrears.

Performance fee

The Manager's performance fee is calculated as 25.0% of the difference in DPU in a year with the DPU in the preceding year.

The Manager may, at its election, be paid base and/or performance fees in cash, in CEREIT units or a combination of both. Base fee for both financial years ended 31 December 2020 and 31 December 2021 were paid / payable 100% in cash.

The following fees were charged during and for the year:

	CEREIT	
	2021 €'000	**2020 €'000**
Base management fees paid in cash [1]	5,619	5,246
Performance fee	–	–
Total Manager's fees	**5,619**	**5,246**

(1) Total base management fees include some payroll costs which are netted off against amount payable to the Manager.

(c) Property Manager's fees

The property & portfolio management fee is calculated as 0.67% per annum of the value of CEREIT's deposited property. Property & portfolio management fees are shown within property operating expense in the Consolidated Statement of Total Return.

The property & portfolio management fee is payable quarterly in arrears. The Property Manager may, at its election, be paid its fees in cash, in CEREIT units or a combination of both. Property & portfolio management fee for both financial years ended 31 December 2020 and 31 December 2021 were paid / payable 100% in cash.

The following fees were charged during and for the year:

	CEREIT	
	2021 €'000	**2020 €'000**
Property & portfolio management fees paid in cash	16,372	15,271
Total property & portfolio management fees	**16,372**	**15,271**

(d) Other fees

Acquisition and divestment fees

Acquisition fees are calculated as 1.0% of the gross acquisition price (or a lower percentage at the discretion of the charging party) of any real estate or any other income producing investment purchased by CEREIT. Divestment fees are calculated as 0.5% of the gross sale price (or lower percentage at the discretion of the charging party) of any real estate or other investment. The fee may be charged by the Manager, the Property Manager or shared between both. Acquisition and divestments fees may, at the election of the charging party, be paid in cash, in CEREIT units or a combination of both. Under the CIS, in respect of any acquisition of real estate assets from interested parties, such a fee will be in the form of units issued by CEREIT at prevailing market price(s). Such units may not be sold within one year from the date of their issuance.

The following acquisition and divestment fees were charged to CEREIT during the year:

	CEREIT	
	2021 **€'000**	**2020** **€'000**
Acquisition fees	2,127	1,070
Divestment fees	29	329
Total acquisition and divestment fees	**2,156**	**1,399**

A summary of units issued as payment of acquisition fees is as follows:

For Period	**Issue Date**	**Units**	**Issue Price €**	**Total Value €'000**
1 Jan 2021 to 31 Dec 2021				
Acquisitions from 1 January 2021 to 31 December 2021	23 July 2021	40,428	2.5044 [1]	101
Total		**40,428**		**101**

(1) Issue price was based on the 10-day volume-weighted average price from 25 June to 8 July 2021.

In 2020, there were no units issued as payment of acquisition fees.

Development management and project management fees

Development management fees are calculated as 3.0% of the total project costs incurred. Where the estimated total project costs are greater than S$200.0 million, the Trustee and the Manager's independent Directors will first review and approve the quantum of the development management fee, whereupon the Manager may be directed by the independent Directors to reduce the development management fee. Further, in cases where the market pricing for comparable services is, in the Manager's view, materially lower than the development management fee, the independent Directors of the Manager shall have the right to direct a reduction of the development management fee to less than 3.0% of the total project costs. The development fee may, at the election of the Manager or Property Manager, be paid in the form of cash and/or CEREIT units.

Project management fees are calculated as 5.0% of the construction costs for any refurbishment, retrofitting, addition and alteration or renovation works to the relevant property. The project management fee is payable to the Property Manager in the form of cash and/or CEREIT units (as may be agreed between the Manager and the Property Manager from time to time, and if there is no such agreement, the payment shall be in the form of cash).

Leasing fees

The Property Manager is entitled to the following leasing fees:

(a) (in relation to new leases secured by the Property Manager) 5.0% of the net rent receivable (capped at 20% of the average rent receivable);

(b) (in relation to renewal of leases secured by the Property Manager) 2.5% of the net rent receivable (capped at 10% of the average rent receivable); and

(c) (in relation to leases in respect of which fees are owed to a third-party agent) 1.0% of the net rent receivable, (capped at 4% of the average rent receivable).

The following fees were charged during the year:

	CEREIT	
	2021	**2020**
	€'000	**€'000**
Project management fees	1,045	921
Leasing fees	1,636	1,817
Total other fees	**2,681**	**2,738**

All fees were paid/payable in cash.

5 NET INCOME BEFORE TAX AND FAIR VALUE CHANGES

(a) Items included in arriving at net income before tax and fair value changes

The following items have been included in arriving at net income before tax and fair value changes:

		CEREIT	
		2021	**2020**
	Note	**€'000**	**€'000**
Auditor's fees – Deloitte Singapore		126	126
Auditor's fees – Deloitte overseas offices		604	694
Valuation fees		356	255
(Reversal of)/allowance for credit losses	14(a)	(1,055)	3,062

Accounting policy

Expenses

Other trust expenses as well as property-related expenses are recognised on an accrual basis.

(b) Auditor's remuneration

Deloitte & Touche LLP Singapore ("Deloitte") are the independent auditors of CEREIT. Deloitte and its overseas offices have provided a number of audit, other assurance and non-assurance related services to CEREIT during the year.

Below is a summary of fees paid/payable for various services to Deloitte and its overseas affiliates during the year:

	CEREIT	
	2021	**2020**
	€'000	**€'000**
Audit fees paid/payable to Deloitte		
Auditing of financial reports	730	820
Total audit fees paid/payable to Deloitte	**730**	**820**
Non-audit fees paid/payable to Deloitte		
Services rendered in connection with the establishment of EMTN programme	–	115
Services rendered in connection with the issuance of perpetual securities	65	–
Total non-audit fees paid/payable to Deloitte	**65**	**115**
Total remuneration paid/payable to Deloitte	**795**	**935**

In 2021, fees paid for assurance services in connection with the issuance of perpetual securities of €65,000 were considered as directly attributable to issuing new equity instruments and therefore recorded in perpetual securities holders' funds as a deduction against the proceeds from the issuance.

In 2020, fees paid for assurance services in connection with the establishment of EMTN programme of €115,000 were recorded in the balance sheet as debt issuance cost to be amortised over the notes term.

6 EARNINGS PER UNIT

Overview

This note provides information about CEREIT's earnings on a per unit basis. Earnings per unit ("EPU") is a measure that makes it easier for users of CEREIT's financial report to compare CEREIT's performance between different reporting periods. Accounting standards require the disclosure of two EPU measures, basic EPU and diluted EPU. CEREIT does not have dilutive potential units such as options over units. However, the weighted number of average units in issue takes into account any units that are issuable at financial year end, that is units to be issued relating to expenses incurred during the year.

	CEREIT	
	2021	**2020**
		Restated
Basic and diluted earnings attributable to Unitholders per Unit (€ cents)	17.481	15.524
Total return for the year attributable to Unitholders (€'000)	96,359	79,363
Weighted average number of units ('000)	551,233	511,216

Diluted earnings per unit is the same as the basic earnings per unit as there are no dilutive instruments in issue during the year.

As referred to in Note 12(a), on 7 May 2021, every five existing Units in CEREIT held by Unitholders of CEREIT at 5.00 p.m. on 6 May 2021 was consolidated to constitute one Consolidated Unit. Arising from the Unit consolidation, the weighted average number of units has decreased and correspondingly, the calculation of the basic and diluted earnings attributable to Unitholders per Unit has been amended accordingly. Hence, in accordance with the requirements of IAS 33 *Earnings Per Share*, CEREIT has restated the comparative basic and diluted earnings attributable to Unitholders per Unit for 2020.

7 DISTRIBUTIONS

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

Distributions to Unitholder during the year:

			CEREIT and Trust	
Distribution period	**Distribution type**	**Distribution per unit (in € cents)**	**2021 €'000**	**2020 €'000**
Post unit consolidation				
5 March 2021 to 30 June 2021	Tax Exempt	5.602	31,336	–
Prior to unit consolidation				
1 July 2020 to 4 March 2021	Tax Exempt	2.324	59,403	–
1 January 2020 to 30 June 2020	Capital	1.740	–	44,476
2 July 2019 to 31 December 2019	Capital & Tax Exempt	2.030	–	51,720
Total distributions			**90,739**	**96,196**

Distribution for FY 2021 of 16.961 Euro cpu comprises:

(i) advanced distribution for the period from 1 January 2021 to 4 March 2021 of 0.580 Euro cpu (or 2.900 Euro cpu adjusted for the 5:1 unit consolidation) made up entirely of tax-exempt component;

(ii) distribution for the period from 5 March 2021 to 30 June 2021 of 5.602 Euro cpu made up entirely of tax-exempt component; and

(iii) distribution for the period from 1 July 2021 to 31 December 2021 of 8.459 Euro cpu made up of capital component of 3.825 Euro cpu and tax-exempt component of 4.634 Euro cpu.

Distribution for FY 2020 of 3.484 Euro cpu (or 17.420 Euro cpu adjusted for the 5:1 unit consolidation) comprises:

(i) distribution for the period from 1 January 2020 to 30 June 2020 of 1.740 Euro cpu made up entirely of capital component; and

(ii) the distribution for the period from 1 July 2020 to 31 December 2020 of 1.744 Euro cpu made up entirely of tax-exempt component.

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 unitholding. 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 from 5 March 2021 to 30 June 2021.

Total distributions in 2021 were partly paid by issuing an aggregate of 8,011,760 units prior to consolidation and 1,674,381 units post consolidation amounting to €7,542,000 (2020: nil) pursuant to the DRP.

8 INCOME TAX

Overview

This note provides detailed information about CEREIT's income tax items and accounting policies. This includes a reconciliation of income tax expense applying the tax rates of each jurisdiction to CEREIT's total return before income tax as shown in the Consolidated Statement of Total Return as well as an analysis of CEREIT's deferred tax balances.

Accounting standards require the application of the "balance sheet method" to account for CEREIT's income tax. Accounting profit does not always equal taxable income. There are a number of temporary differences between the recognition of accounting expenses and the availability of tax deductions or when revenue is recognised for accounting purpose and tax purposes. These timing differences reverse over time but they are recognised as deferred tax assets and deferred tax liabilities in the balance sheet until they are fully reversed.

Taxation in Singapore

CEREIT has obtained a Tax Ruling from the IRAS in respect of foreign dividend and interest income from its European property portfolio ("Specified Exempt Income") and derived by its wholly-owned Singapore resident subsidiaries. Pursuant to this Tax Ruling, the wholly-owned Singapore resident subsidiaries will be exempt from Singapore income tax on the Specified Exempt Income if certain conditions are met.

As such income tax expense mostly relates to income tax levied on CEREIT's European subsidiaries that hold properties and earn income.

(a) Income tax expense

	CEREIT	
	2021	**2020**
	€'000	**€'000**
Current income tax expense	6,263	7,092
Deferred tax expense	22,046	10,082
Total income tax expense	**28,309**	**17,174**
Deferred tax expense		
(Increase)/decrease in deferred tax assets	(1,456)	1,585
Increase in deferred tax liabilities	23,502	8,497
Total deferred tax expense	**22,046**	**10,082**

(b) Numerical reconciliation between income tax expense and total return before tax

	CEREIT	
	2021 **€'000**	**2020** **€'000**
Total return before income tax	**124,912**	**96,537**
Net expenses incurred in Singapore not subject to income tax	6,339	5,135
Profits subject to income tax in overseas jurisdictions	**131,251**	**101,672**
Tax at domestic rates applicable to profits subject to income tax in overseas jurisdictions	23,866	23,270
Tax effect of amounts which are deductible / (non-taxable) in calculating taxable income:		
Other non-deductible expenses/ (non-taxable income) – net	1,892	(2,468)
Change in tax losses recognised	–	(3,628)
Underprovision in prior years	1,915	–
Effects of changes in tax rates	636	–
Total income tax expense	**28,309**	**17,174**

Corporate income tax rates applicable in overseas jurisdictions

	Note	**2021** %	**2020** %
The Netherlands		25.0	25.0
Italy	(i)	0.0	0.0
France		26.5	28.0
Poland		19.0	19.0
Germany		15.8	15.8
Finland		20.0	20.0
Denmark		22.0	22.0
Luxembourg		24.9	24.9
Jersey		0.0	0.0
United Kingdom		19.0	n.a.
Czech Republic		19.0	n.a.
Slovakia		21.0	n.a.

n.a. – Not applicable

(i) The alternative investment funds ("AIFs") that hold CEREIT's Italian properties are exempt from corporate income tax. Instead withholding tax is applied on profit distributions and interest payments to non-resident investors in Italy. The ordinary withholding tax rate is 26% which, before FY 2020, was reduced to 10% under the Italy-Luxembourg tax treaty. During FY 2020, CEREIT received confirmation from the Italian and Singaporean tax authorities that distributions from the Italian portfolio are exempt from Italian withholding tax and Singapore tax respectively. CEREIT's AIFs are held by Luxembourg resident companies also wholly-owned by CEREIT.

(c) **Deferred tax**

Deferred tax assets

	CEREIT	
	2021 €'000	**2020 €'000**
Deferred tax assets are attributable to:		
Unutilised tax losses / deductions	5,292	3,836
Deferred tax assets	**5,292**	**3,836**
Movements:		
At 1 January	3,836	5,421
Credit/(charged) to Statement of Total Return	1,456	(1,585)
At 31 December	**5,292**	**3,836**

Deferred tax liabilities

	CEREIT	
	2021 €'000	**2020 €'000**
Deferred tax liabilities are attributable to:		
Temporary differences between carrying amounts and tax base of investment properties	60,017	36,627
Deferred tax liabilities	**60,017**	**36,627**
Movements:		
At 1 January	36,627	28,133
Charged to Statement of Total Return	23,502	8,497
Others	(112)	(3)
At 31 December	**60,017**	**36,627**

Significant estimates – deferred tax liabilities

Total deferred tax liabilities include deferred tax liabilities in relation to investment properties whereby the carrying amount exceeds the tax depreciated value of certain properties which will in future crystallise a capital gains tax upon disposal of the respective property. CEREIT has recognised a deferred tax liability in relation to the future capital gains tax payable at year-end. In accordance with IAS 12 *Income Taxes* deferred tax liabilities (and assets) shall be measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

Accounting policy

Income tax

CEREIT's income tax expense for the period is the tax payable on the current period's taxable income adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. Deferred tax is not recognised for the recognition of goodwill on business combination and for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised in other comprehensive income or directly in equity are also recognised in other comprehensive income or directly in equity.

Operating Assets

This section of the annual financial statements provides further information on CEREIT's operating assets. These are assets that individually contribute to CEREIT's revenue and currently consist of investment properties only, however may in the future include joint ventures or associates and investments in listed and unlisted securities to the extent allowable under the Property Funds Appendix of the Code on Collective Investment Schemes ("CIS Code").

9 INVESTMENT PROPERTIES

Overview

Investment properties are properties (land, building or both) held solely for the purpose of earning rental income and / or for capital appreciation. As at 31 December 2021, CEREIT's investment property portfolio comprised 112 (2020: 96) properties in ten (2020: seven) countries of which 39 (2020: 39) properties are predominantly office use, 68 (2020: 52) properties are predominantly light industrial / logistics use with the remaining 5 (2020: 5) properties being of other uses (refer to Statement of Portfolio).

This note provides further details on CEREIT's investment property portfolio, including details of acquisitions and other movements during the year as well as details on the fair value measurement of the properties.

(a) Reconciliation of carrying amount of investment properties

			2021		
	Independent valuation €'000	**Directors' valuation €'000**	**Total valuation €'000**	**Right-Of-Use asset €'000**	**Carrying amount €'000**
CEREIT					
The Netherlands	643,405	19,675	**663,080**	6,389	**669,469**
Italy	537,595	–	**537,595**	–	**537,595**
France	425,240	–	**425,240**	–	**425,240**
Poland	231,500	–	**231,500**	–	**231,500**
Germany	212,775	–	**212,775**	–	**212,775**
Finland	106,620	–	**106,620**	–	**106,620**
Denmark	88,929	–	**88,929**	–	**88,929**
Slovakia	64,435	–	**64,435**	–	**64,435**
The Czech Republic	62,080	–	**62,080**	–	**62,080**
United Kingdom	–	50,371	**50,371**	–	**50,371**
Total	2,372,579	70,046	**2,442,625**	6,389	**2,449,014**

	Independent valuation €'000	Directors' valuation €'000	2020 Total valuation €'000	Right-Of-Use asset €'000	Carrying amount €'000
CEREIT					
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**

(b) **Movements in investment properties**

	CEREIT 2021 €'000	CEREIT 2020 €'000
At 1 January	2,184,529	2,041,499
Acquisition of new properties [1]	208,649	106,967
Acquisition costs	9,637	7,086
Disposal of existing properties	(5,914)	–
Capital expenditure	22,047	20,443
Lease incentives, lease costs and rent straight-lining	3,243	(13)
Net gain from fair value adjustments	27,061	8,569
Others	(238)	(22)
At 31 December	**2,449,014**	**2,184,529**

(1) FY 2021 includes some purchase price adjustments for the share deals acquisitions

(c) **Investment property acquisitions**

During the year ended 31 December 2021, CEREIT acquired investment properties as follows:

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

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

(3) On 3 August 2021, CEREIT acquired its first freehold logistics asset in the United Kingdom for £10.0 million (€11.7 million equivalent).

(4) On 29 October 2021, CEREIT acquired a light industrial/ logistics asset in Italy for €19.6 million.

(5) In December 2021, CEREIT completed the acquisitions of a light industrial/ logistics asset in the United Kingdom and two light industrial/ logistics assets in The Netherlands for £32.3 million (€38.4 million equivalent) and €19.7 million respectively.

During the year ended 31 December 2020, CEREIT acquired investment properties as follows:

(1) On 24 March 2020, CEREIT completed the acquisition of a portfolio of three freehold light industrial / logistics assets in Germany under a sale and lease back arrangement for €38.0 million.

(2) On 13 August 2020, CEREIT completed the acquisition of a freehold logistics asset in Sangerhausen, Germany for €16.4 million.

(3) On 23 December 2020, CEREIT completed the acquisition of a freehold intermodal logistics park in Italy for €52.6 million.

(d) Investment property disposal

On 9 September 2021, CEREIT completed the disposal of one non-core light industrial / logistics property in France, known as Parc de Popey, for a consideration of €5.8 million, which is €2.0 million higher than the IPO purchase price and €1.0 million higher than the most recent valuation of the asset. The capital gain for this transaction was recognised in fair value gain on investment property.

(e) Fair value measurement

CEREIT's investment properties, with an aggregate carrying amount of €2,449,014,000 (2020: €2,184,529,000), are measured using the fair value model as described in IAS 40 *Investment Property*. Fair value is thereby defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Gains or losses arising from changes in the fair value of investment property must be included in net profit or loss for the period in which it arises.

As at 31 December 2021, CEREIT's portfolio consists of 112 (2020: 96) properties. 108 (2020: 95) properties in the portfolio were valued by independent valuers and the remaining 4 properties in The Netherlands and United Kingdom acquired in the second half of 2021 were carried at their purchase price which had been assessed by the Directors of the Manager as the fair value. In 2020, a property in Italy acquired on 23 December 2020 was carried at its purchase price.

Property valuations

In accordance with the CIS Code, CEREIT's investment properties are valued at least once per financial year by an independent professionally qualified valuer with a recognised relevant professional qualification, with valuers rotated at least every two years.

As at 31 December 2021, 108 properties of CEREIT's portfolio of 112 properties were valued by independent valuers. The combined value of the 108 properties of €2,372,579,000 represents 97% of CEREIT's portfolio by valuation. The independent valuations for properties located in The Netherlands*, Italy, Germany and Finland were conducted by CBRE Ltd ("CBRE") and for properties located in France, Poland, Denmark, Slovakia, and the Czech Republic by Savills Advisory Services Limited ("Savills").

In 2020, the carrying amounts of 95 properties of CEREIT's investment properties portfolio were based on independent external valuations carried out by CBRE for properties located in Italy, Finland, Germany and the Netherlands; and Savills for properties located in Denmark, France and Poland.

The valuers have utilised the discounted cash flow and income capitalisation methods (2020: discounted cash flow and income capitalisation methods).

* Except for Moeder Teresalaan 100/200 which was revalued by Savills.

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	2021 Range	2021 Weighted average	2020 Range	2020 Weighted average
Discounted cash flow This valuation model considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate and occupancy rate. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location, tenant credit quality and lease terms.	Net initial yield	-13.3% – 12.0%	6.3%	4.0% – 16.9%	7.6%
	Net reversionary yield	5.2% – 16.7%	7.5%	6.5% – 16.0%	8.3%
	Discount rate	5.3% – 12.0%	7.6%	7.0% – 12.0%	8.4%
	Exit cap rate	5.3% – 9%	6.3%	5.5% – 10.0%	7.0%
	Occupancy (%)	0% – 100.0%	90.8%	52.0% – 100.0%	91.8%
Income capitalisation This method involves assessing the total net market income receivable from the property and capitalising this perpetually, using an appropriate, market derived capitalisation rate, to derive a capital value, with allowances for capital expenditure reversions such as lease incentives and required capital works payable in the near future and overs / unders when comparing market rent with passing rent.	Net initial yield	-0.9% – 10.3%	5.8%	2.0% – 11.9%	6.1%
	Net reversionary yield	3.5% – 12.5%	6.2%	3.8% – 11.0%	6.1%
	Occupancy (%)	0% – 100.0%	93.7%	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 to fair value hierarchy described in note 14).

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

Material Valuation Uncertainty Clauses due to COVID-19

The independent valuations for 31 December 2021 do not contain any 'Material Valuation Uncertainty' clause ("MVUC").

As disclosed in CEREIT's annual financial statements for the year ended 31 December 2020, the valuations of the Polish office assets carried out by Savills and the 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 MVUC due to COVID-19. The pandemic caused widespread disruption to the respective economies and real estate markets which resulted in an absence of relevant market evidence on which to base opinions of value. For the avoidance of doubt, MVUC does not mean that the valuation could not be relied upon, rather, it was included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared at that time. As a result of this increased uncertainty, sensitivities for more extensive changes in assumptions are disclosed in the tables below.

		Italy €'000	Poland €'000	Total €'000
31 December 2020				
Market value		33,400	235,300	268,700
Impact on valuations of 10% change in estimated rental value	Increase	3,000	21,700	24,700
	Decrease	(3,000)	(21,700)	(24,700)
Impact on valuations of 50bps in net initial yield	Increase	(5,700)	(14,400)	(20,100)
	Decrease	9,000	16,500	25,500
Impact on valuations of 50bps in discount rate	Increase	–	(8,800)	(8,800)
	Decrease	–	9,200	9,200
Impact on valuations of 50bps in exit cap rate	Increase	–	(10,600)	(10,600)
	Decrease	–	12,200	12,200

Properties carried at acquisition price

At 31 December 2021, two properties in The Netherlands acquired in December 2021 for €19,675,000 and two properties in the United Kingdom acquired in August 2021 and December 2021 for £10,000,000 and £32,300,000 respectively (totalled €50,371,000 equivalent at 31 December 2021) were carried at their purchase prices.

The transaction prices were considered equal to the fair values of the properties as the sale and purchase agreement was entered into on an arms-length basis between non-related parties. The purchase prices were paid in cash to the sellers. Given the relatively insignificant period that has lapsed from transaction date to financial period end, the Directors of the Managers considered the transaction prices to approximate the fair values of the properties at financial period end.

At 31 December 2020, one logistics property in Italy was carried at acquisition price (net of acquisition costs). The property was acquired on 23 December 2020 for €52,575,000.

(f) Amounts recognised in profit and loss for investment properties

	CEREIT	
	2021 €'000	**2020 €'000**
Gross revenue	200,122	186,972
Property operating expense	(70,030)	(69,643)
Net property income	**130,092**	**117,329**

(g) Non-cancellable operating lease receivable from investment property tenants

Investment properties are generally leased on long-term operating leases. Minimum lease receivable under the non-cancellable operating leases of CEREIT's investment properties not recognised in the financial statements are as follows:

	CEREIT	
	2021 €'000	**2020 €'000**
Within one year	153,069	142,619
After one year but within 5 years	315,453	309,830
After 5 years	141,493	110,892
Total non-cancellable operating lease receivable from investment property tenants	**610,015**	**563,341**

(h) Assets pledged as security

As at 31 December 2021, a total of 3 (2020: 3) of CEREIT's investment properties with a combined fair value of €245,960,000 (2020: €240,975,000) were pledged as security for CEREIT's senior property level financing facility. Refer to note 10 for further details.

Accounting policies

Investment properties

Investment properties are initially measured at acquisition cost including transaction costs and subsequently measured at fair value, with any change therein recognised in the total return. Certain CEREIT's investment properties acquired through interest in subsidiaries are accounted for as acquisition of assets where concentration test is met, as substantially all of the fair value of the gross assets acquired is concentrated in the investment property acquired in accordance with IFRS 3 *Business Combinations*.

Fair value is based upon active market prices, given the assets' highest and best use, adjusted if necessary, for any difference in the nature, location or condition of the relevant asset. If this information is not available, CEREIT uses the capitalised earnings approach for valuations of its investment properties. The highest and best use of an investment property refers to the use of the investment property by market participants that would maximise the value of that investment property.

The carrying value of the investment property includes components relating to lease incentives and other items relating to the maintenance of, or increases in, lease rentals in future periods.

Investment properties under construction are classified as investment property and carried at fair value. Finance costs incurred on investment properties under construction are included in the construction costs.

Right-of-use land leases

CEREIT recognises a right-of-use ("ROU") land lease representing its right to use the underlying land and a lease liability representing its obligation to make lease payments. ROU for land leases are measured at the amount of the lease liability, adjusted for any prepaid or accrued lease expenses. Subsequently, the lease liability is measured at amortised cost using the effective interest rate method. The ROU asset will be measured at fair value at the date of initial application for leases previously accounted for as operating leases and that will be accounted for as investment property using the fair value model in IAS 40 from date of initial application.

Lease incentives

Lessees may be offered incentives as an inducement to enter into non-cancellable operating leases. These incentives may take various forms including up-front cash payments, rent free periods, or a contribution to certain lessee costs such as fit out costs or relocation costs. Lease incentives form part, as a deduction, of total rent receivable from CEREIT's operating lease contracts. They are recognised as an asset in the balance sheet as a component of the carrying amount of investment property and amortised over the lease period as a reduction of rental income on a straight-line basis over the lease term.

Initial direct leasing costs

Initial direct leasing costs incurred by CEREIT in negotiating and arranging operating leases are recognised as an asset in the balance sheet as a component of the carrying amount of investment property and are amortised as an expense on a straight-line basis over the lease term.

Finance and Capital Structure

This section of the annual financial statements provides further information on CEREIT's debt finance and associated costs, and CEREIT's capital.

Capital is defined as the combination of unitholders' equity, reserves, debt and perpetual securities. The Board of Directors of the Manager are responsible for CEREIT's capital management strategy. Capital management is an integral part of CEREIT's risk management framework and seeks to safeguard CEREIT's ability to continue as a going concern while maximising unitholder value through optimising the level and use of capital resources and the mix of debt and equity funding. CEREIT's preferred portfolio gearing range is 35% – 40%.

10 BORROWINGS

Overview

CEREIT borrows funds from financial institutions to partly fund the acquisition of investment properties. A significant proportion of these borrowings are generally fixed either directly or using interest rate swaps/options and/or caps and have a fixed term. This note provides information about CEREIT's debt facilities, including maturity dates, security provided if applicable and facility limits as well as finance costs incurred in relation to these debt facilities.

	CEREIT	
	2021	**2020**
	€'000	**€'000**
Current		
Unsecured loans – financial institutions	23,000	–
Total current borrowings	**23,000**	**–**
Non-current		
Secured loans – financial institutions	82,375	82,375
Unsecured loans – financial institutions	322,000	475,000
Unsecured Euro medium term notes	500,000	300,000
Unamortised transaction costs	(4,646)	(10,307)
Total non-current borrowings	**899,729**	**847,068**
Total borrowings	**922,729**	**847,068**

(a) Borrowing details

				2021		2020	
				Facility	**Utilised**	**Facility**	**Utilised**
Facility	**Note**	**Secured**	**Maturity**	**€'000**	**€'000**	**€'000**	**€'000**
CEREIT							
Dutch Office 2	(a)	Yes	Dec-26	82,375	82,375	82,375	82,375
German Schuldschein	(b)	No	Nov-22	23,000	23,000	23,000	23,000
Term loan 3 year	(c)	No	Nov-23	157,000	157,000	287,000	287,000
Term loan 5 year	(c)	No	Nov-24	165,000	165,000	165,000	165,000
Revolving Credit Facility	(d)	No	Nov-22	–	–	150,000	–
Revolving Credit Facility	(d)	No	Oct-24	200,000	–	135,000	–
Euro medium term notes	(e)	No	Nov-25	500,000	500,000	300,000	300,000
Total				**1,127,375**	**927,375**	**1,142,375**	**857,375**

Property level financing facilities

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

(a) Dutch Office 2

The Dutch Office 2 facility is secured over 3 (2020: 3) Dutch office properties with an aggregate carrying amount of €245,960,000 (2020: €240,975,000). Interest is payable quarterly in arrears at a fixed rate of 1.93% per annum.

Unsecured financing facilities

(b) German Schuldschein

The German Schuldschein in the amount of €23.0 million which is an unsecured private placement under German governing law was part of the transformational refinancing completed in November 2019. The proceeds were used to refinance secured property level financing arrangements. The German Schuldschein is subject to EURIBOR 3 months which is floored at 0.0% as long as EURIBOR is negative. An interest cap with a strike rate of 0.0% was executed, covering 100.0% of the notional and co-matures with the term of the private placement (Note 11).

(c) Term Loan 3 and 5 Years

In November 2019, CEREIT raised a total of €452.0 million in the form of unsecured term loan and notes. The financing was raised in two tranches:

i. A 3-year term loan and note amounting to €287.0 million; and

ii. A second, 5-year tranche in the amount of €165.0 million.

In January 2021, €130.0 million of the 3-year term loan maturing in November 2022 was refinanced using the net proceeds from the €200.0 million tap issuance of the existing senior unsecured notes due 2025.

In December 2021, CEREIT successfully negotiated with its lenders to extend the redemption date of the remaining 3-year term loans and notes by one year to November 2023.

Both loan tranches are subject to EURIBOR 3 months which is floored at 0.0% as long as EURIBOR is negative. An interest rate cap with a strike rate of 0.0% was executed, covering 100.0% of the notional and maturing in November 2022 and November 2023 (Note 11).

(d) Revolving Credit Facility ("RCF")

RCF provides CEREIT with additional financing flexibility and working capital. In March 2021, the RCF maturing November 2022 was cancelled and the RCF maturing October 2024 was upsized from €135 million to €200 million. The RCF remained undrawn as at 31 December 2021 and 31 December 2020.

(e) Euro Medium Term Notes ("EMTN")

On 19 October 2020, a wholly-owned subsidiary of CEREIT, Cromwell EREIT Lux Finco S.a.r.l. ("Lux Finco") established a €1.5 billion 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.

On 21 January 2021, Lux Finco priced a new €200 million tap issue ("the New Notes") of the existing senior unsecured notes due November 2025 at an issue price of 102.410% and a reoffer yield of 1.60%, payable annually in arrears, with a tenor of 5 years. The New Notes were consolidated and formed a single series with the existing €300 million 2.125% senior unsecured notes due November 2025 issued on 19 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 31 December 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.

Guarantees

The Trust has provided corporate guarantees to banks for unsecured borrowings amounting to €845,000,000 (2020: €775,000,000) undertaken by Lux Finco. The Trust does not consider it probable that a claim will be made under these guarantees.

(b) Net finance costs

	CEREIT	
	2021 €'000	**2020 €'000**
Interest expense	17,739	13,911
Amortisation of debt issuance costs	3,998	4,022
Facility break fee	–	(38)
Interest income	(1)	(1)
Total net finance costs	**21,736**	**17,894**

Information about CEREIT's exposure to interest rate changes is provided in note 14(c).

Accounting policy

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest rate method. Under this method, fees, costs, discounts and premiums directly related to the financial liability are spread over their expected life.

Borrowing costs incurred on funds borrowed for the construction of a property are capitalised, forming part of the construction cost of the asset. Capitalisation ceases upon practical completion of the property. Other borrowing costs are expensed.

Interest income is recognised as it accrues, using the effective interest method.

Finance costs comprise interest expense on loans and borrowings, and amortisation of loans and borrowings related costs. Finance costs are recognised in the Statement of Total Return using the effective interest method.

11 DERIVATIVE FINANCIAL INSTRUMENTS

Overview

CEREIT's and the Trust's derivative financial instruments consist of interest rate cap contracts which are used to cap interest on floating rate borrowings and cross currency swaps which are used to hedge the currency risk arising from the Singapore dollar denominated perpetual securities. Derivative financial instruments form an integral part of CEREIT's interest rate and currency risk management. This note provides for further details on CEREIT's interest rate hedging profile, details of expiries of interest rate cap contracts and cross currency swap contracts as well as CEREIT's accounting policy for such contracts.

	CEREIT		Trust	
	2021 €'000	2020 €'000	2021 €'000	2020 €'000
Non-current assets				
Interest rate cap contracts	378	126	–	–
Cross currency swaps	569	–	569	–
Total derivative financial instruments	**947**	**126**	**569**	**–**
Derivative financial instruments as a percentage of net assets	0.06%	0.01%	0.05%	–

In November 2021, in connection with the issue of S$100 million fixed rate perpetual securities comprised in Series 001, the Trust entered into two 5-year cross currency swaps to convert the Singapore dollar proceeds into Euro and the Singapore dollar 5.00% coupon into a fixed rate in Euro of 3.55%.

(a) Financial instruments expiry profile

The notional principal amounts and period of expiry of CEREIT's financial instruments were as follows:

	CEREIT		Trust	
	2021 €'000	2020 €'000	2021 €'000	2020 €'000
1 – 2 years	475,000	–	–	–
2 – 3 years	–	475,000	–	–
4 – 5 years	65,136	–	65,136	–
	540,136	**475,000**	**65,136**	**–**

(b) Debt hedging profile

The table below provides an overview of hedging of CEREIT's borrowings through interest rate cap contracts at the reporting date:

	2021				2020			
	Hedge contract notional €'000	Average strike rate %	Borrowing €'000	Percentage hedged %	Hedge contract notional €'000	Average strike rate %	Borrowing €'000	Percentage hedged %
Interest rate cap contracts	475,000	0.00%	345,000	100.0%	475,000	0.00%	475,000	100.0%
Total hedge contracts	475,000	0.00%	345,000	100.0%	475,000	0.00%	475,000	100.0%
Fixed rate	–	–	582,375	n.a.	–	–	382,375	n.a.
Total	**475,000**	**0.00%**	**927,375**	**100.0%**	**475,000**	**0.00%**	**857,375**	**100.0%**

n.a. – Not applicable

The weighted average cap strike rate on interest rate cap contracts was 0.00% (2020: 0.00%).

Accounting policy

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value at the reporting date. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

CEREIT enters into interest rate swap contracts that are used to convert certain variable interest rate borrowings to fixed interest rates and cross currency swaps to hedge the currency risk arising from the Singapore dollar denominated perpetual securities. The derivatives are entered into with the objective of hedging the risk of adverse interest rate and currency fluctuations. CEREIT has not elected to apply hedge accounting to this arrangement and changes in fair value are recognised immediately in statement of total return.

12 CONTRIBUTED EQUITY

Overview

This note provides further details on units issued and issuable by CEREIT as at financial year end, and rights attached to CEREIT units.

CEREIT's and the Trust's contributed equity and units in issue at year-end were as follows:

	CEREIT		Trust	
	2021	**2020**	**2021**	**2020**
Total contributed equity (€'000)	**1,346,550**	**1,241,192**	**1,346,887**	**1,241,529**
Units in issue ('000)	**561,045**	**2,556,081**	**561,045**	**2,556,081**

(a) Movements in contributed equity

The following reconciliation summarises the movements in contributed equity. Issues of a similar nature have been grouped and the issue price shown is the weighted average. Detailed information on each issue of units is publicly available via the SGXNet and CEREIT's webpage.

	CEREIT and Trust 2021 No of units '000	CEREIT and Trust 2020 No of units '000
At 1 January	2,556,081	2,547,787
Units issued during the year prior to unit consolidation		
– As payment of base management fee	–	1,811
– As payment of performance fee	–	3,673
– As payment of property management fee	–	2,810
– Private placement	232,558	–
– As payment of distribution pursuant to Distribution Reinvestment Plan ("DRP")	8,012	–
Effect of 5:1 unit consolidation	(2,237,321)	–
Units issued during the year post unit consolidation		
– As payment of acquisition fee	40	–
– As payment of distribution pursuant to DRP	1,675	–
At 31 December	**561,045**	**2,556,081**

Refer to note 4 for information on units issued as payment of Manager's fees, Property Manager's fees, and other fees.

During the year ended 31 December 2021, CEREIT and the Trust issued units as follows:

Units issued prior to unit consolidation

(1) On 5 March 2021, 232,558,100 new units at an issue price of €0.430 per unit were issued pursuant to a private placement, amounting to €99,999,983. Unitholders on the register with The Central Depository (Pte) Limited on 4 March 2021 received an advanced distribution on 31 March 2021 of 0.580 Euro cpu for the period from 1 January 2021 to 4 March 2021. Thereafter, the 232,558,100 new units ranked *pari passu* in all respects with the units in issue prior to 5 March 2021, including the entitlements to all future distributions.

(2) On 31 March 2021, 8,011,760 new units at an issue price of €0.4356 per unit were issued under the DRP in relation to distribution for period 1 July 2020 to 4 March 2021.

Units issued post unit consolidation

(3) On 23 July 2021, 40,428 new units at an issue price of €2.5044 per new unit were issued to the Manager as payment of acquisition fee in relation to the purchase of a logistics asset from an affiliated company of CEREIT's sponsor, Cromwell Property Group, in the Czech Republic.

(4) On 27 September 2021, 1,674,381 new units at an issue price of €2.4189 per new unit were issued under the DRP in relation to distribution for period 5 March 2021 to 30 June 2021.

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.

(b) Units issuable

	CEREIT and Trust	
	2021	**2020**
	'000	**'000**
Units issuable	–	–
Units in issue	561,045	2,556,081
Total units issued and issuable	**561,045**	**2,556,081**

(c) Rights and restrictions relating to CEREIT units

The rights and interests of Unitholders are contained in CEREIT's Trust Deed and include the rights to:

- Entitlement to distributions determined in accordance with the Trust Deed;
- Participate in the termination of the Trust by receiving a share of the net proceeds of realisation among the Unitholders pro rata in accordance with the number of units held by the Unitholders and in accordance with the winding up procedures under the Trust Deed;
- Attend all Unitholder meetings with one vote per unit.

A Unitholder has no equitable or proprietary interest in the underlying assets of CEREIT and is not entitled to the transfer to it of any asset (or any part thereof). The Unitholders' liability is limited to the amount paid or payable for any units. The provisions of the Trust Deed provide that no Unitholder will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that liabilities of the Trust exceed its assets.

Accounting policy

Units issued of the Trust are classified as equity forming part of Unitholders' funds. Incremental costs directly attributable to the issue of new units are shown in Unitholders' funds as a deduction from the proceeds.

Where any CEREIT entity purchases CEREIT units, for example as the result of a unit buy-back, the consideration paid, including any directly attributable incremental costs is deducted from Unitholders' funds. Unit acquired under a unit buy-back program are cancelled immediately.

13 PERPETUAL SECURITIES

On 5 November 2021, the Manager announced the establishment of a S$750 million Multicurrency Perpetual Securities Programme ("Perpetual Programme"). Under the Perpetual Programme, CEREIT as the Issuer may, subject to compliance with all relevant laws and regulations, from time to time, issue perpetual securities denominated in any currency as agreed between the Issuer and the relevant dealers.

On 24 November 2021, the Trust issued S$100 million fixed rate subordinated perpetual securities comprised in Series 001 under the Perpetual Programme at a distribution rate of 5.00% per annum. The first distribution rate reset falls on 24 November 2026 with subsequent reset falling every five years after the first reset date. At the same time, two 5-year cross currency swaps ("CCS") were entered into to convert the Singapore dollar proceeds into Euro and the Singapore dollar coupon into a fixed rate of 3.55% in Euro. The CCS have a total notional amount of S$100 million with a Euro equivalent of €65,136,000. There are certain green ESG initiatives that could see the Euro coupon reduce slightly on a notional amount of S$50 million of the CCS if certain targets are met.

The perpetual securities have no fixed redemption date and redemption is at the option of the Trust. Distributions under the perpetual securities is payable semi-annually at the discretion of the Trust. Any distribution unpaid will be non-cumulative.

The perpetual securities will constitute direct, unconditional, unsecured and subordinated obligations of the Trust and shall at all time rank *pari passu* and without any preference or priority among themselves and with any Parity Obligations, from time to time outstanding.

The perpetual securities are classified as equity instruments and recorded as equity in the Balance Sheets. The €64,150,000 presented on the Balance Sheets represents the carrying value of the €65,136,000 perpetual securities issued, net of issue costs and includes net return attributable to perpetual securities holders from date of issue.

Accounting policy

The perpetual securities do not have a fixed redemption date and distribution payments are optional at the discretion of CEREIT and are non-cumulative. As CEREIT does not have a contractual obligation to repay the principal nor make any distributions, perpetual securities are classified as equity.

Any distributions made are directly debited from equity. Incremental costs directly attributable to the issue of perpetual securities are shown in equity as a deduction against the proceeds from the issue of perpetual securities.

14 FINANCIAL RISK MANAGEMENT

Overview

CEREIT's activities expose it to a variety of financial risks which include credit risk, liquidity risk and market risk. This note provides information about the Manager's risk management strategy for CEREIT in relation to each of the above financial risks to which CEREIT is exposed to.

The Manager's overall risk management programme focuses on managing these risks and seeks to minimise potential adverse effects on the financial performance of CEREIT. CEREIT uses derivative financial instruments such as interest rate and currency derivatives to hedge certain risk exposures. The Manager seeks to deal only with creditworthy counterparties. Liquidity risk is monitored through the use of future rolling cash flow forecasts.

The Manager's management of treasury activities is centralised and governed by policies approved by the Board of Directors of the Manager who monitor the operating compliance and performance as required. CEREIT has policies for overall risk management as well as policies covering specific areas such as identifying risk exposure, analysing and deciding upon strategies, performance measurement, the segregation of duties and other controls around the treasury and cash management functions.

CEREIT and the Trust hold the following financial instruments:

	Type of financial instrument	CEREIT 2021 €'000	CEREIT 2020 €'000	Trust 2021 €'000	Trust 2020 €'000
Financial assets					
Cash and cash equivalents	(1)	59,258	43,593	1,176	2,102
Receivables	(1)	8,013	11,915	11,993	15,060
Derivative financial instruments	(2)	947	126	569	–
Total financial assets		**68,218**	**55,634**	**13,738**	**17,162**
Financial liabilities					
Payables	(1)	35,691	28,515	249,949	229,087
Borrowings	(1)	927,375	857,375	–	–
Other liabilities -finance lease liabilities	(1)	6,394	6,678	–	–
Total financial liabilities		**969,460**	**892,568**	**249,949**	**229,087**

Type of financial instrument as per IFRS 7 – *Financial Instruments: Disclosures*

(1) At amortised cost
(2) At fair value through profit or loss

Accounting policy

Initial recognition and measurement

Financial assets and financial liabilities are recognised in Balance Sheet when it becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. On initial recognition, financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are recognised net of transaction costs directly attributable to the acquisition of these financial assets or financial liabilities. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of Total Return.

Financial assets

CEREIT classifies its non-derivative financial assets at amortised cost. The classification depends upon the whether the objective of CEREIT's relevant business model is to hold financial assets in order to collect contractual cash flows (business model test) and whether the contractual terms of the cash flows give rise on specified dates to cash flows that are solely payments of principal and interest (cash flow test).

Financial assets recognised at amortised cost

Trade and other receivables are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest and are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the Statement of Total Return.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at fair value through profit or loss.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not contingent consideration of an acquirer in a business combination, held-for-trading, or designated as at fair value through profit or loss, are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

CEREIT derecognises financial liabilities when, and only when, its obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of Total Return.

When CEREIT exchanges one financial liability for another with substantially different terms with an existing lender, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, CEREIT accounts for the substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new financial liability.

(a) Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations under a financial instrument and result in a financial loss to CEREIT. Credit risk arises from cash and cash equivalents and favourable derivative financial instruments with banks and financial institutions and receivables.

CEREIT manages this risk by:

- establishing credit limits for customers and managing exposure to individual entities;
- monitoring the credit quality of all financial assets in order to identify any potential adverse changes in credit quality;
- derivative counterparties and cash transactions, when utilised, are transacted with high credit quality financial institutions with a minimum rating of BBB-/Baa3;
- regularly monitoring receivables on an ongoing basis;
- Requiring tenants to pay deposits upon commencement of leases which may be retained if the tenant defaults on rent payments.

Impairment of financial assets

CEREIT financial assets that are subject to the expected credit loss model are trade receivables. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9 *Financial Instruments*, there was no identified impairment loss.

Rent and service charges from tenants are due and payable on invoice date with no credit terms provided mitigating largely any credit risk. Additionally, there are no significant concentrations of credit risk, whether through exposure to individual tenants, specific sectors or industries tenants operate in and/or regions.

For any rent receivables due to late payment of rent, CEREIT applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all rental receivables. To measure expected credit losses CEREIT has established an accounting policy that groups rental receivables based on days past due and applies a percentage of expected non-recoveries for each group of receivables. Following this, the level of tenant deposits held against possible non-recoveries is reviewed to identify possible credit losses to CEREIT.

The ageing of trade receivables at the reporting date was:

CEREIT	Current €'000	Within 30 days €'000	31 to 60 days €'000	61 to 90 days €'000	More than 90 days €'000	Total €'000
2021						
Expected loss rate	0%	2%	0%	4%	61%	
Rental receivables	353	1,173	685	189	4,050	6,450
Loss allowance	–	(26)	(3)	(8)	(2,459)	(2,496)
2020						
Expected loss rate	2%	13%	16%	54%	60%	
Rental receivables	1,122	1,938	821	294	5,747	9,922
Loss allowance	(24)	(246)	(128)	(160)	(3,456)	(4,014)

The movements in impairment loss in respect of rental receivables are as follows:

	CEREIT	
	2021 €'000	2020 €'000
At 1 January	4,014	1,839
Written off	(463)	(887)
(Reversal of)/charge for the year	(1,055)	3,062
At 31 December	**2,496**	**4,014**

The Manager believes that no additional allowance is necessary in respect of the remaining trade receivables as these receivables are mainly due from tenants that have good payment records and sufficient securities in the form of bankers' guarantees and cash security deposits as collaterals.

CEREIT monitors the credit risk of other receivables based on the past due information to assess if there has been any significant increase in credit risk since the initial recognition of the financial assets. The other receivables are measured on 12-month expected credit losses and the expected credit loss is immaterial.

(b) Liquidity risk

Responsible liquidity risk management implies maintaining sufficient cash reserves and undrawn finance facilities to meet the ongoing operational requirements of the business. It is CEREIT's policy to maintain sufficient funds in cash and cash equivalents to meet expected near term operational requirements. The Manager prepares and monitors rolling forecasts of liquidity requirements on the basis of expected cash flow. The Manager monitors the maturity profile of borrowings and puts in place strategies designed to ensure that all maturing borrowings are refinanced in the required timeframes.

As at 31 December 2021, CEREIT had net current liabilities of €12,569,000 (2020: nil). The net current liabilities position was mainly due to the German Schuldschein which is an unsecured borrowing of €23 million with maturity due in November 2022. The financial statements have been prepared on a going concern basis as CEREIT has available various sources of funding including committed undrawn revolving credit facility of €200 million which matures in October 2024 which could be used to repay the borrowing. Therefore, the Manager is confident that CEREIT can meet its obligations as and when they fall due.

As at 31 December 2021, the Trust's current liabilities exceed its current assets by €147,328,000 (2020: €98,761,000). As the payables are mostly made up of payables to subsidiaries and with CEREIT's existing financing facilities, the Manager is of the opinion that the Trust will be able to meet its obligations as and when they fall due.

The contractual maturity of CEREIT's and the Trust's financial liabilities at the reporting date are shown in the table below. It shows undiscounted contractual cash flows required to discharge CEREIT's financial liabilities, including interest at current market rates.

	CEREIT				Trust			
	Within 1 year €'000	Within 2 to 4 years €'000	After 4 years €'000	Total €'000	Within 1 year €'000	Within 2 to 4 years €'000	After 4 years €'000	Total €'000
2021								
Payables	35,691	–	–	35,691	162,887	93,012	–	255,899
Borrowings	39,954	864,359	83,943	988,256	–	–	–	–
Other liabilities – finance lease liabilities	365	1,154	6,611	8,130	–	–	–	–
Total financial liabilities	**76,010**	**865,513**	**90,554**	**1,032,077**	**162,887**	**93,012**	**–**	**255,899**

	CEREIT				Trust			
	Within 1 year €'000	Within 2 to 4 years €'000	After 4 years €'000	Total €'000	Within 1 year €'000	Within 2 to 4 years €'000	After 4 years €'000	Total €'000
2020								
Payables	28,515	–	–	28,515	119,140	76,694	41,278	237,112
Borrowings	14,467	509,814	391,274	915,555	–	–	–	–
Other liabilities – finance lease liabilities	355	1,124	7,053	8,532	–	–	–	–
Total financial liabilities	**43,337**	**510,938**	**398,327**	**952,602**	**119,140**	**76,694**	**41,278**	**237,112**

CEREIT does not face a significant liquidity risk with regard to its lease liabilities.

	CEREIT			
	2021		2020	
	Minimum lease payable €'000	Present value of minimum lease payments €'000	Minimum lease payable €'000	Present value of minimum lease payments €'000
Amounts payable under lease liabilities:				
Within one year	365	354	355	352
After 1 year	7,765	6,040	8,177	6,326
	8,130	6,394	8,532	6,678
Less: Future finance charges	(1,736)	n.a.	(1,854)	n.a.
Present value of lease obligations	6,394	6,394	6,678	6,678
Less: Amount due for settlement within 12 months		(354)		(352)
Amount due for settlement after 12 months		6,040		6,326

(c) Market risk

Market risk is the risk that the fair value or future cash flows of CEREIT's financial instruments fluctuate due to market price changes. CEREIT is exposed to the following market risks:

- Cash flow and fair value interest rate risk; and
- Foreign exchange risk.

Interest rate risk

CEREIT's interest rate risk primarily arises from borrowings. Borrowings issued at variable rates expose CEREIT to cash flow interest rate risk. Borrowings issued at fixed rates expose CEREIT to fair value interest rate risk. CEREIT's hedging arrangements are monitored on an ongoing basis by the Board of Directors of the Manager which determine the appropriate level of hedging of CEREIT's borrowings. For the current hedging profile of CEREIT's borrowings refer to note 11(b).

At the reporting date, the interest rate profile of the interest-bearing financial instruments was as follows:

	CEREIT	
	2021 €'000	**2020 €'000**
Fixed rate instruments		
Financial liabilities	582,375	382,375
Variable rate instruments		
Financial liabilities	345,000	475,000

CEREIT does not account for any fixed rate financial liabilities at fair value through total return. Therefore, a change in interest rate at the reporting date would not affect the Statement of Total Return.

As at 31 December 2021, 100% (2020: 100%) of CEREIT's interest-bearing instruments were fixed rate borrowing or were hedged by using interest rate hedging instruments. CEREIT is not exposed to significant interest rate risk.

Foreign exchange risk

CEREIT's foreign exchange risk primarily arises from its operations in non-Euro denominated countries. These include Denmark where CEREIT owns 11 (2020: 11) light industrial / logistics assets, Poland where CEREIT owns 6 (2020: 6) office assets, the Czech Republic where CEREIT owns 7 (2020: nil) light industrial / logistics assets, United Kingdom where CEREIT owns 2 light industrial / logistics assets and Singapore where the Trust is domiciled. The currencies giving rise to this risk are Danish Krone ("DKK"), Polish Zloty ("PLN"), Czech Koruna ("CZK"), British Pound Sterling ("GBP"), and Singapore Dollars ("SGD").

CEREIT's exposure to these foreign currency risk at the reporting date, expressed in Euro, was as follows:

	CEREIT				
	DKK €'000	**PLN €'000**	**CZK €'000**	**GBP €'000**	**SGD €'000**
2021					
Cash and cash equivalents	2,487	4,813	3,568	1,626	109
Receivables	1,608	793	1,363	6	338
Payables	(4,189)	(590)	(3,603)	(1,457)	(358)
Net exposure	**(94)**	**5,016**	**1,328**	**175**	**89**

	Trust	
	GBP €'000	**SGD €'000**
2021		
Cash and cash equivalents	–	69
Receivables	–	338
Payables	(13)	(320)
Net exposure	**(13)**	**87**

	CEREIT			Trust
	DKK €'000	**PLN €'000**	**SGD €'000**	**SGD €'000**
2020				
Cash and cash equivalents	2,921	5,574	1,327	1,296
Receivables	991	2,502	1,139	1,139
Payables	(4,142)	(1,041)	(483)	(460)
Net exposure	**(230)**	**7,035**	**1,983**	**1,975**

Sensitivity analysis – foreign exchange risk

The following table details the sensitivity to a 1% increase and decrease in the relevant foreign currencies against the functional currency of each group entity. If the relevant foreign currency strengthens by 1% against the functional currency of each group entity, total return and Unitholders' funds will increase/(decrease) by:

	CEREIT		Trust	
	2021 €'000	**2020 €'000**	**2021 €'000**	**2020 €'000**
Danish Krone	(1)	(2)	–	–
Polish Zloty	50	70	–	–
Czech Koruna	13	–	–	–
British Pound Sterling	2	–	–	–
Singapore Dollar	1	20	1	20

The weakening of the foreign currencies to which CEREIT is exposed to by the same percentage would have had the equal but opposite effect on total return and Unitholders' funds.

(d) Fair value measurement of financial instruments

CEREIT uses a number of methods to determine the fair value of its financial instruments as described in IFRS 13 *Fair Value Measurement*. The methods comprise the following:

Level 1:	quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2:	inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
Level 3:	inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below presents CEREIT's financial assets and liabilities measured and carried at fair value at the reporting date:

			CEREIT 2021		
	Note	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
Financial assets at fair value					
Derivative financial instruments	11	–	947	–	947

			CEREIT 2020		
	Note	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
Financial assets at fair value					
Derivative financial instruments	11	–	126	–	126

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

Disclosed fair values

The fair values of derivative financial instruments (Level 2) are disclosed in the balance sheet. The carrying amounts of cash and cash equivalents, 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.

The fair value of finance lease liabilities is calculated based on the present value of future cash outflows, discounted at CEREIT's incremental borrowing rates at 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 cross currency swaps contracts and interest rate cap contracts (over-the-counter derivatives). The fair value of these derivatives has been determined using a pricing model based on discounted cash flow analysis which incorporates assumptions supported by observable market data at the reporting date including market expectations of future interest rates and discount rates adjusted for any specific features of the derivatives and counterparty or own credit risk. All counterparties to interest rate derivatives are European financial institutions.

Liabilities not measured at fair value for which fair value is disclosed

The following table shows an analysis of CEREIT's liabilities not measured at fair value for which fair value is disclosed:

	Fair value determined using quoted bid prices in active market (Level 1) €'000	**Fair value determined using significant unobservable inputs (Level 3) €'000**	**Carrying amount €'000**
2021			
Liabilities			
Secured loan	–	83,679	82,375
Unsecured Euro medium term notes	512,630	–	503,499
2020			
Liabilities			
Secured loan	–	83,927	82,375
Unsecured Euro medium term notes	305,742	–	299,493

The fair value of secured loan is calculated based on the present value of future principal and interest cash flows, discounted at market interest rate at the reporting date.

Group Structure

This section will provide information about the CEREIT group structure including information about controlled entities (subsidiaries), if applicable, business combination information relating to the acquisition of controlled entities.

15 CONTROLLED ENTITIES

Name	Country of registration	Equity holding & ownership interest 2021 %	2020 %
Cromwell SG SPV 1 Pte. Ltd. [a]	Singapore	100	100
Cromwell SG SPV 2 Pte. Ltd. [a]	Singapore	100	100
Cromwell SG SPV 3 Pte. Ltd. [a]	Singapore	100	100
Cromwell SG SPV 4 Pte. Ltd. [a]	Singapore	100	100
Cromwell SG SPV 5 Pte. Ltd. [a]	Singapore	100	100
Cromwell EREIT SG Finco Pte. Ltd. [a]	Singapore	100	100
Parc d'Activités 1 Luxembourg [b]	Luxembourg	100	100
Cromwell EREIT Lux 2 S.à r.l. [b]	Luxembourg	100	100
Cromwell EREIT Lux 3A S.à r.l. [b]	Luxembourg	100	100
Cromwell EREIT Lux 3B S.à r.l. [b]	Luxembourg	100	100
Cromwell EREIT Lux 4 S.à r.l. [b]	Luxembourg	100	100
Cromwell EREIT Lux 5 S.à r.l. [b]	Luxembourg	100	100
PA Holdings Luxembourg S.à r.l. [b]	Luxembourg	100	100
EHI Luxembourg S.à r.l. [b]	Luxembourg	100	100
Cromwell European Cities Income Fund S.C.Sp. [b]	Luxembourg	100	100
Cromwell European Cities Income Fund General Partner S.à r.l. [b]	Luxembourg	100	100
CECIF Lux Holdco 1 [b]	Luxembourg	100	100
CECIF Lux Holdco 2 [b]	Luxembourg	100	100
CECIF Lux Bidco 1 [b]	Luxembourg	100	100
Arkonska PL Propco S.à r.l. [b]	Luxembourg	100	100
Riverside PL Propco S.à r.l. [b]	Luxembourg	100	100
Grojecka PL Propco S.à r.l. [b]	Luxembourg	100	100
Moeder Teresalaan NL Propco S.à r.l. [b]	Luxembourg	100	100
Cromwell EREIT Lux Finco S.à r.l. [b]	Luxembourg	100	100
Europe 1 Propco S.à r.l [b]	Luxembourg	100	100
Cromwell Europa 3 HoldCo S.à r.l. [b]	Luxembourg	100	100
Cromwell Europa 4 HoldCo S.à r.l. [b]	Luxembourg	100	100
Cromwell Europa 6 HoldCo S.à r.l. [b] [d]	Luxembourg	100	–
Europe 5 HoldCo S.à r.l. [b]	Luxembourg	100	100
Cromwell EREIT Dutch Logistics S.à r.l. [b] [d]	Luxembourg	100	–
Allegro.com B.V. [b] [d]	The Netherlands	100	–
EHI CV1 UK Limited [b]	UK	100	100
EHI CV3 UK Limited [b]	UK	100	100
EHIF (Denmark) Limited [b]	UK	100	100
EHI Fund (Jersey) Limited [b]	Jersey	100	100
EHI Fund Germany Limited [b]	Jersey	100	100
EHI Fund One CV [b]	The Netherlands	100	100

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Year ended 31 December 2021

Name	Country of registration	Equity holding & ownership interest 2021 %	2020 %
Euroind Two CV [b]	The Netherlands	100	100
Euroind Three CV [b]	The Netherlands	100	100
EHI Fund GP (Netherlands) B.V. [b]	The Netherlands	100	100
Yova Central Plaza B.V. [b]	The Netherlands	100	100
Yova Koningskade B.V. [b]	The Netherlands	100	100
Yova Ruyterkade B.V. [b]	The Netherlands	100	100
Yova Haagse Poort B.V. [b]	The Netherlands	100	100
Yova Blaak B.V. (b)	The Netherlands	100	100
Peacock Real Estate B.V. [b]	The Netherlands	100	100
EHI Fund Denmark ApS [b]	Denmark	100	100
Cambil Spółka z ograniczoną odpowiedzialnością [b]	Poland	100	100
Kasteli Spółka z ograniczoną odpowiedzialnością [b]	Poland	100	100
Cromwell Europa 1 AIF [b]	Italy	100	100
Cromwell Europa 2 AIF [b]	Italy	100	100
Centro Lissone S.R.L. [b]	Italy	100	100
PA France [b]	France	100	100
PA Pantin SAS [b]	France	100	100
PA Sartrouville SAS [b]	France	100	100
PA Acticlub Saint Thibault [b]	France	100	100
PA Aubervilliers SCI [b]	France	100	100
PA La Courneuve [b]	France	100	100
PA Gennevilliers SCI [b]	France	100	100
PA Urbaparc SCI [b]	France	100	100
EHI France 1 Champs Sur Marne [b]	France	100	100
EHI France 4 Magny Les Hameaux [b]	France	100	100
EHI France 5 Saint Ouen [b]	France	100	100
EHI France 9 Villepinte [b]	France	100	100
EHI France 11 Bar Le Duc [b]	France	100	100
EHI France 15 Gondreville Nancy [b]	France	100	100
EHI France 20 Vitry Sur Seine [b]	France	100	100
EHI France 22 Noisy Le Sec [b]	France	100	100
Logistics France 1 SAS [b]	France	100	100
Parc Logistique SAS [c]	France	100	100
SCI Cap Mermoz [b]	France	100	100
SCI Confluence Paryseine [b]	France	100	100
Myyrinraitti Holdco Oy [b]	Finland	100	100
PKK 3 Holdco Oy [b]	Finland	100	100
PKK 12 Holdco Oy [b]	Finland	100	100
Plaza Forte Holdco Oy [b]	Finland	100	100
Artemis Holdco Finland Oy [b]	Finland	100	100
Vioto Holdco Oy [b]	Finland	100	100
Koy Maki 3 (OREC) [b]	Finland	100	100
Koy Kuopio 39 (OREC) [b]	Finland	100	100
Liiketalo Myyrinraitti Oy (MREC) [b]	Finland	100	94
Kiin Oy Pakkalan Kartanonkoski 12 (MREC) [b]	Finland	100	100
Kiinteistö Oy Plaza Forte (MREC) [b]	Finland	100	100
Kiinteistö Oy Plaza Allegro (MREC) [b]	Finland	100	100

Name	Country of registration	Equity holding & ownership interest 2021 %	2020 %
Kiinteistö Oy Plaza Vivace (MREC) [b]	Finland	100	100
Kiinteistö Oy Opus 1 (MREC) [b]	Finland	100	100
Yrityspuiston Autopaikat Oy [b]	Finland	57	57
Cromwell EREIT Czech Properties s.r.o. [b] [e]	Czech Republic	100	100
Kosice Industrial Park SK s.r.o. [b] [d]	Slovakia	100	–
Nove Mesto ONE Industrial Park I SK s.r.o. [b] [d]	Slovakia	100	–
Nove Mesto ONE Industrial Park II SK s.r.o. [b] [d]	Slovakia	100	–
Nove Mesto ONE Industrial Park III SK s.r.o. [b] [d]	Slovakia	100	–
Zilina Industrial Park SK s.r.o. [b] [d]	Slovakia	100	–

All of CEREIT's subsidiaries are holding entities or entities that hold CEREIT's investment properties.

Notes:

(a) Audited by Deloitte & Touche LLP, Singapore.

(b) Audited by overseas practices of Deloitte Touche Tohmatsu Limited (2020: overseas practices of Deloitte Touche Tohmatsu Limited).

(c) Audited by Ernst & Young (2020: Ernst & Young).

(d) Established or acquired during FY 2021.

(e) Previously known as Cromwell Czech 1 HoldCo s.r.o.. During 2021, CEREIT through Cromwell EREIT Czech Properties s.r.o. acquired seven properties in the Czech Republic through the acquisitions of all the shares of each of the seven companies holding the properties. With effect from 1 December 2021, all seven companies holding the seven properties in the Czech Republic were merged into Cromwell EREIT Czech Properties s.r.o. with Cromwell EREIT Czech Properties s.r.o. being the surviving entity.

Other Items
This section of the annual financial statements provides information about individually significant items to the balance sheet or the statement of total return and items that are required to be disclosed by International Financial Reporting Standards, unrecognised items and the basis of preparation of the annual financial statements.

16 OTHER RECEIVABLES AND PAYABLES

Overview

This note provides further information about material assets and liabilities that are incidental to CEREIT's and the Trust's trading activities, being receivables, loans receivable and payables.

(a) Receivables

		CEREIT		Trust	
	Note	2021 €'000	2020 €'000	2021 €'000	2020 €'000
Current					
Rental receivables		6,450	9,922	–	–
Impairment loss	14(a)	(2,496)	(4,014)	–	–
		3,954	5,908	–	–
Deposit – property acquisitions	(i)	4,184	1,000	–	–
VAT and GST receivables		4,046	3,351	338	1,139
Other receivables		3,396	4,979	24	24
Loans to subsidiaries	(ii),(iii)	–	–	11,969	15,036
Prepayments		2,911	705	11	3
Total receivables – current		**18,491**	**15,943**	**12,342**	**16,202**
Non-current					
Other receivables		663	1,028	–	–
Total receivables – non-current		**663**	**1,028**	**–**	**–**

(i) As at 31 December 2021, deposits of €1,734,000 and €2,450,000 were paid for the acquisition of properties in Germany and Italy respectively. The Italian property was subsequently completed on 15 February 2022 and the German property is expected to be completed in April 2022 (refer to note 22).

As at 31 December 2020, a deposit of €1,000,000 was paid for the acquisition of a portfolio of 11 assets in the Czech Republic and Slovakia. The acquisition was subsequently completed on 11 March 2021.

(ii) Loans to subsidiaries are unsecured, interest-free and repayable on demand.

(iii) For the purpose of impairment assessment, loans to subsidiaries are considered to have low credit risk as the timing of payment is controlled by CEREIT, taking into account cash flow management within CEREIT, and there has been no significant increase in the risk of default on the loan since initial recognition. Accordingly, for the purpose of impairment assessment for these loans, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, management has taken into account the financial position of the subsidiaries, adjusted for factors that are specific to the subsidiaries and general economic conditions of the industry in which the subsidiaries operate, in estimating the probability of default of the loans as well as the loss upon default. Management determines the loans to subsidiaries are subject to immaterial credit loss.

Accounting policy

Trade and other receivables, including rental and service charge receivables are recognised initially at fair value and subsequently measured at amortised cost, less any expected credit losses. Refer to note 14(a) for further information about CEREIT's impairment policies.

(b) Trade and other payables

		CEREIT		Trust	
	Note	**2021 €'000**	**2020 €'000**	**2021 €'000**	**2020 €'000**
Current					
Trade payables and accrued expenses		31,574	24,711	3,813	1,428
Vendor funding – lease incentives		4,117	3,804	–	–
Payables to subsidiaries	(i)	–	–	157,032	115,637
Total payable – current		**35,691**	**28,515**	**160,845**	**117,065**
Non-current					
Payables to subsidiaries	(i)	–	–	89,104	112,022
Total payables – non-current		**–**	**–**	**89,104**	**112,022**

(i) Payables to subsidiaries are unsecured, interest-free and repayable on demand, except for certain payables to a subsidiary amounting to €89,104,000 (2020: €112,022,000) which are due 36 to 60 months after the date of agreements and certain payables to subsidiaries amounting to €112,022,000 (2020: €112,022,000) which bore interest rates ranging from 1.36% to 2.23% (2020: 1.36% to 2.23%) per annum.

Accounting policy

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost. These amounts represent liabilities for goods and services provided to CEREIT prior to the end of the year and which are unpaid. The amounts are usually unsecured and paid within 30-60 days of recognition.

Vendor funding – lease incentives

As part of acquisitions of investment properties, the acquisition price of the properties is reduced for unpaid tenant incentives contracted for as at acquisition date. The acquisition price reduction is recorded as payable on the balance sheet. The liability is transferred to profit or loss as and when the respective tenant incentives are paid or taken.

17 OTHER LIABILITIES

	CEREIT	
	2021 **€'000**	**2020** **€'000**
Current		
Tenant security deposits	16,616	12,485
Rent in advance	9,833	10,264
Other liabilities	2,334	2,669
Total other current liabilities	**28,783**	**25,418**
Non-current		
Other liabilities	6,321	7,729
Total other non-current liabilities	**6,321**	**7,729**

Accounting policy

Tenant security deposits

Tenant security deposits are recognised at the fair value of the amount received within other current liabilities on the balance sheet. The liability is derecognised upon returning the deposit to the tenant at the end of the tenancy or transferred to profit or loss to the extent of rent owed when it has been established that a tenant will default on its rental payment obligations.

Rent in advance

Rent in advance represents rental payments received in advance of due date from tenants. Rent in advance is recognised within other current liabilities on the balance sheet. The liability is transferred to rental income within profit or loss as and when the service of providing lettable space to a tenant is provided.

18 ACQUISITION AND DISPOSAL OF PROPERTIES AND SUBSIDIARIES

(a) Acquisition of properties and subsidiaries

On 11 March 2021, CEREIT through its wholly-owned subsidiaries, Cromwell EREIT Czech Properties s.r.o. (previously known as 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 for a purchase consideration of €108,128,000.

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 for a purchase consideration of €10,396,000.

On 3 August 2021, CEREIT through an indirectly wholly-owned subsidiary, Europe 5 HoldCo S.a.r.l., completed the acquisition of its first freehold logistic asset in the United Kingdom for £10,000,000 (€11,657,000 equivalent).

On 29 October 2021, CEREIT completed the acquisition of a light industrial/ logistic asset in Italy for €19,570,000.

On 17 December 2021, CEREIT completed the acquisition of its second freehold light industrial/ logistics asset in the United Kingdom for £32,300,000 (€38,463,000 equivalent).

On 23 December 2021 and 30 December 2021, CEREIT completed the acquisition of two light industrial/ logistics assets in the Netherlands for an aggregate purchase consideration of €19,675,000. The asset in Tilburg, the Netherlands was acquired 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 FY 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.

(b) Disposal of subsidiaries

On 16 December 2019, CEREIT entered into a master sale and purchase agreement with entities owned by funds advised by affiliates of the Blackstone Group Inc. in relation to the disposal of 12 properties from CEREIT's portfolio located in the Netherlands, Denmark and France (collectively the "Disposals"). The agreed property sales price of the Disposals is €65.7 million, representing a 15.2% premium to the original purchase price and a 4.1% premium to the latest market value of the Disposals, based on the independent valuations conducted by Cushman & Wakefield Debenham Tie Leung Limited (in respect of the Dutch Assets and the Danish Assets) and Colliers International Valuation UK LLP (in respect of the French Assets) as at 30 June 2019.

Pursuant to the sale and purchase agreement, CEREIT, through its subsidiaries, sold the properties by way of an asset sale for the Dutch assets and the Danish assets and by way of a sale of shares of the French companies that own the French assets.

The Disposals were completed in 2020 and the following subsidiaries that own the French assets were disposed pursuant to the sale and purchase agreement in relation to the disposal of 12 properties.

	Equity interest disposed %
PA Villeneuve SAS	100
PA St Thibault	100
PA Aulnay	100
EHI France 8 Saint Genis Laval	100
EHI France 17 Saint Etienne	100

The assets and liabilities classified as held for sale disposed during the year ended 31 December 2020 were as follows:

	2020 €'000
CEREIT	
Investment properties	37,185
Receivables (current)	5,194
Current tax assets	121
Payables (current)	(1,521)
Current tax liabilities	(3)
Other current liabilities	(1,290)
Net assets disposed	39,686
Loss on disposal of assets/liabilities held for sale	(116)
Transaction costs	483
Proceeds from disposal of assets/ liabilities held for sale	40,053
Less: Cash disposed	(3,061)
Net cash flow on disposal of assets and liabilities held for sale	36,992

(c) Loss on divestments

	CEREIT	
	2021 €'000	**2020 €'000**
Loss on disposal of investment property	324	–
Loss on disposal of assets/liabilities held for sale	–	358
Total loss on divestments	**324**	**358**

On 9 September 2021, CEREIT completed the divestment of Parc de Popey located in France for sales consideration of €5.8 million, which was €2.0 million higher than the IPO purchase price and €1.0 million higher than the most recent valuation of the property. Loss on disposal of investment property mostly relates to the transaction costs incurred for the disposal. The capital gain for this transaction was recognised in fair value gain on investment property.

In 2020, CEREIT completed the disposal of 12 properties from CEREIT's portfolio located in the Netherlands, Denmark and France for a consideration of €65.7 million, representing a 15.2% premium to the original purchase price and a 4.1% premium to the latest market value of the properties, based on the independent valuations conducted by Cushman & Wakefield Debenham Tie Leung Limited (in respect of the Dutch assets and the Danish assets) and Colliers International Valuation UK LLP (in respect of the French assets) as at 30 June 2019. A loss on disposal of €358,000 was recognised due to transaction costs incurred. The capital gain for the disposal had already been recognised as fair value gains in previous years financial statements.

19 CASH FLOW INFORMATION

Overview

This note provides further information about non-cash transactions, the cash accounting policy as well as a reconciliation of net debt.

(a) Non-cash transactions

	CEREIT		Trust	
	2021 €'000	2020 €'000	2021 €'000	2020 €'000
Units issued in lieu of acquisition fees	101	–	101	–
Units issued in lieu of base management fees and property management fees	–	2,455	–	2,455
Units issued in lieu of management performance fees	–	1,952	–	1,952
Units issued as payment of distribution pursuant to DRP	7,542	–	7,542	–
Total non-cash transactions	**7,643**	**4,407**	**7,643**	**4,407**

(b) Net debt reconciliation

Net debt

	CEREIT		Trust	
	2021 €'000	2020 €'000	2021 €'000	2020 €'000
Cash and cash equivalents	59,258	43,593	1,176	2,102
Gross borrowings – current	(23,000)	–	–	–
Gross borrowings – non-current	(904,375)	(857,375)	–	–
Net debt	**(868,117)**	**(813,782)**	**1,176**	**2,102**

Movements in net debt

CEREIT	Cash and cash equivalents €'000	Borrowings – current €'000	Borrowings – non–current €'000	Net debt €'000
At 1 January 2020	79,250	(20,438)	(810,355)	(751,543)
Cash flows	(35,657)	20,438	(47,020)	(62,239)
Net debt at 31 Dec 2020	**43,593**	**–**	**(857,375)**	**(813,782)**
Cash flows *	15,665	(23,000)	(47,000)	(54,335)
Net debt at 31 Dec 2021	**59,258**	**(23,000)**	**(904,375)**	**(868,117)**

* In 2021, net cash flows from bank borrowings presented in the consolidated statement of cash flows include premium and accrued interest received from the issue of EMTN amounted to €5,623,000 which are included in unamortised debt costs and interest payable.

Accounting policy

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

20 RELATED PARTIES

Overview

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

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

This note provides information about transactions with related parties during the year. All of CEREIT's transactions with related parties are on normal commercial terms and conditions and at market rates.

(a) Acquisition of a subsidiary

As disclosed in note 18(a) to the financial statements, 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 for a purchase consideration of €10,396,000.

(b) Other related party transactions

The Trustee, Manager, and the Property Manager, which is 100% controlled by CCL, received various management fees, acquisition fees and divestment fees during the year. Details of the fees paid/payable have been disclosed in note 4 to the financial statements.

As at 31 December 2021, a total of €7,742,000 (2020: €7,613,061) remains payable.

21 UNRECOGNISED ITEMS

Overview

Items that have not been recognised on CEREIT's balance sheet include contractual commitments for future expenditure and contingent liabilities if applicable, which are not sufficiently certain to qualify for recognition as a liability on the balance sheet. This note provides details of any such items. Additionally, disclosure is also made of any other material contractual arrangements that may result in future cash outflows.

(a) Capital expenditure commitments

Commitments in relation to capital expenditure contracted for at reporting date but not recognised as a liability are as follows:

	CEREIT	
	2021	**2020**
	€'000	**€'000**
Investment properties	**6,462**	**4,008**

(b) Other – certain earn-out agreements in relation to Italian properties

Upon acquisition of certain Italian properties, earn-out agreements have been negotiated with the vendor of the properties whereby CEREIT may be required to make further payments if certain lease outcomes are achieved in the future. As the signing of leases is solely at the discretion of the Manager, such arrangements are neither recognised as a liability on the balance sheet nor it is considered as a contingent liability as no contractual obligation exists.

The maximum amount payable under the earn-out agreements is €15,830,000 (2020: 15,830,000).

22 SUBSEQUENT EVENTS

(a) On 25 January 2022, CEREIT completed the sale of a warehouse unit contained within the Centro Logistico Orlando Marconi asset in Italy for a consideration of €2.8 million, which was €1.2 million or 70% higher than the apportioned value of the most recent valuation of the asset as at 31 December 2021. The warehouse is approximately 5,590 sqm (3.5% of the asset's total lettable surface of 156,888 sqm) and was previously leased to the buyer.

(b) On 15 February 2022, CEREIT through its wholly-owned subsidiary, Cromwell Europa 1, completed the acquisition of a light industrial / logistics asset in Italy for a consideration of €24.5 million. The acquisition was funded from available cash reserves.

(c) On 23 February 2022, the Manager announced a distribution of 8.459 Euro cpu for the period from 1 July 2021 to 31 December 2021 comprising €4.634 cpu of tax-exempt component and 3.825 Euro cpu of capital component (2020: 1.744 Euro cpu for the period from 1 July 2020 to 31 December 2020).

(d) In February 2022, overall business conditions in Europe were affected by Russia's invasion of Ukraine. The Manager expects the event to have no direct impact on CEREIT's portfolio in the short term as more than 85% of CEREIT's assets are situated in Western Europe. Only about 10% of CEREIT's assets are located in Poland and 2% in Slovakia, two countries that share borders with Ukraine, with only 2% of CEREIT's leases in these two countries expiring in the near term. Although there has been limited impact on CEREIT's business operations to date, the geopolitical situation in Europe continues to be closely monitored. The Manager expects energy prices and agricultural commodity prices and by extension consumer prices to stay elevated in the near term. Business activities such as real estate transactions, travel and tourism are also likely to slow down in the short term.

(e) On 17 March 2022, CEREIT through its wholly-owned subsidiary, Cromwell Europa 1, entered into a Sale and Purchase agreement, and on the same day completed the acquisition of a light industrial / logistics asset in Italy for a consideration of €26.5 million.

(f) In March 2022, Cromwell EREIT Lux Finco S.a.r.l. drew down €75.8 million from the RCF to finance the acquisition of a light industrial / logistics asset in Italy as mentioned in (e), and for general working capital.

23 FINANCIAL RATIOS

	CEREIT 2021 %	2020 %
Ratio of expenses to weighted average net assets [1]		
Including performance component of the Manager's management fees	0.78	0.81
Excluding performance component of the Manager's management fees	0.78	0.81
Portfolio turnover rate [2]	0.42	5.08

(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 FY 2021 and FY 2020.

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

24 BASIS OF PREPARATION AND OTHER ACCOUNTING POLICIES

Overview

This note provides an overview of CEREIT's accounting policies that relate to the preparation of the financial statements as a whole and does not relate to specific items. Accounting policies for specific items in the balance sheet or statement of comprehensive income have been included in the respective note.

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board and the recommendations of *Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" (Revised 2017)* issued by the Institute of Singapore Chartered Accountants, the relevant provisions of the Trust Deed, and the relevant requirements of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore ("MAS").

The financial statements have been authorised for issue on 31 March 2022.

Historical cost convention

The financial report is prepared on the historical cost basis except for the following:

- investment properties are measured at fair value;
- derivative financial instruments are measured at fair value.

(b) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries as at 31 December 2021 and the results of all subsidiaries for the financial year then ended. Subsidiaries are entities controlled by the Trust. Control exists when the Trust is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The acquisition method of accounting is used to account for business combinations by CEREIT. Inter-entity transactions, balances and unrealised gains on transactions between CEREIT entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by CEREIT.

A business for business combination purposes is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities.

Entities acquired, that do not meet the definition of a business are accounted for as acquisition of an asset or a group of assets. This is generally the case if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets such as investment properties.

Investments in subsidiaries are accounted for at cost in the individual financial statements of the Trust. A list of subsidiaries appears in note 15 to the consolidated financial statements.

(c) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of CEREIT's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Euro, which is the Trust's functional currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income, except when they are attributable to part of the net investment in a foreign operation. Foreign exchange gains and losses that relate to borrowings are presented in the income statement, within finance costs. All other foreign exchange gains and losses are presented in the income statement on a net basis.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(d) Impairment of assets

At each reporting date, and whenever events or changes in circumstances occur, CEREIT assesses whether there is any indication that any other asset may be impaired. Where an indicator of impairment exists, CEREIT makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Assets other than goodwill that suffer impairment are reviewed for possible reversal of the impairment at each reporting date.

(e) Critical accounting estimates

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

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

The areas that involved a higher degree of judgement or complexity and may need material adjustment if estimates and assumptions made in preparation of these financial statements are incorrect are:

Area of estimation	Note
Measurement of deferred tax liabilities	8
Fair value of investment properties	9

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

(f) New accounting standards and interpretations

(i) New and amended standards adopted

In the current year, CEREIT has applied the standards, amendments to and interpretations of IFRS Standards issued by the IASB that are effective for annual periods that begin on or after 1 January 2021. The adoption has not had any material impact on CEREIT's financial statements.

(ii) New standards and interpretations not yet adopted

Relevant accounting standards and interpretations that have been issued or amended but are not yet effective and have not been adopted for the year are as follows:

	Application date of Standard	**Application date for CEREIT**
Amendments to IFRS 3 *Reference to the Conceptual Framework*	1 January 2022	1 January 2022
Annual improvements to IFRS Standards 2018-2020 Cycle *Amendments to IFRS 1 First-time adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments and IFRS 16 Leases*	1 January 2022	1 January 2022
Amendments to IAS 1 *Classification of Liabilities as Current or Non-current*	1 January 2023	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2 *Disclosure of Accounting Policies*	1 January 2023	1 January 2023
Amendments to IAS 8 *Definition of Accounting Estimates*	1 January 2023	1 January 2023
Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023	1 January 2023

Amendments to IFRS 3 – *Reference to the Conceptual Framework*

The amendments update IFRS 3 so that it refers to the 2018 *Conceptual Framework* instead of the 1989 *Framework*. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 *Levies*, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated *Conceptual Framework*) at the same time or earlier.

Annual Improvements to IFRS Standards 2018–2020

The Annual Improvements include amendments to the following Standards.

IFRS 1 *First-time Adoption of International Financial Reporting Standards*

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Amendments to IAS 1 – *Classification of Liabilities as Current or Non-current*

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.
The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

IFRS 9 *Financial Instruments*

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 16 *Leases*

The amendment removes the illustration of the reimbursement of leasehold improvements.

As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 *Making Materiality Judgements—Disclosure of* Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates*

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

The Board added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The Board has deleted one example (Example 3) as it could cause confusion in light of the amendments.

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

Amendments to IAS 12 *Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The Board also adds an illustrative example to IAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - Right-of-use assets and lease liabilities
  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

The adoption of the Standards mentioned above is not expected to have a material impact on CEREIT's financial statements.

ADDITIONAL INFORMATION

INTERESTED PERSON (AS DEFINED IN THE LISTING MANUAL) AND INTERESTED PARTY (AS DEFINED IN THE PROPERTY FUNDS APPENDIX) TRANSACTIONS

Transactions entered into with interested persons/parties during the financial year falling under the Listing Manual of SGX-ST (the "Listing Manual") and the Property Funds Appendix of the CIS are as follows:

Name of interested person / party	Nature of relationship	Aggregate value of all interested person / party transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under unitholders' mandate pursuant to Rule 920) €'000	Aggregate value of all interested person / party transactions conducted under unitholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) €'000
Cromwell Property Group and its related companies	**Ultimate controlling shareholder of the Manager and Ultimate controlling Unitholder**		
– Acquisition fees		2,127 [1]	–
– Divestment fees		29 [2]	–
– Base management fees		5,619	–
– Property & portfolio management fees		16,372	–
– Leasing fees		1,636	–
– Project management fees		1,045	–
– Property acquisition		10,396 [3]	–
Perpetual (Asia) Limited and its related companies	**CEREIT Trustee**		
Trustee fees		276	–

(1) Acquisition fee of 1.0% on the purchase price of investment properties acquired by CEREIT during the financial year.

(2) Divestment fee of 0.5% on the gross sale price of investment property divested by CEREIT during the financial year.

(3) Based on the purchase price of the acquisition of all shares of the company that owns the logistics asset in the Czech Republic. The purchase consideration did not exceed 3% of the latest audited net tangible assets of CEREIT as at 31 December 2020. Accordingly, unitholders' approval for the Acquisition is not required under Rule 906 of the Listing Manual. As the purchase consideration also does not exceed 5% of the latest audited net tangible assets of the CEREIT as at 31 December 2020, based on the relative figures as computed on the bases set out in Rule 1006 of the Listing Manual, the acquisition is a "Non-Disclosable Transaction" within the meaning of Rule 1008 of the Listing Manual. Accordingly, Unitholders' approval for the acquisition is also not required under Chapter 10 of the Listing Manual.

Saved as disclosed above, there were no additional interested person / party transactions (excluding transactions of less than S$100,000 each) entered into up to and including 31 December 2021 nor any material contracts entered by CEREIT or any of its subsidiaries that involve the interests of the CEO, any Directors or any controlling Unitholder of the Trust.

Please also see the Related Party in Note 20 to the financial statements.

The entry into and the fees payable pursuant to the Trust Deed have been approved by the Unitholders upon purchase of the Units at the initial public offering of CEREIT on the SGX-ST in November 2017 and are therefore not subject to Rules 905 and 906 of the Listing Manual.

STATISTICS OF UNITHOLDINGS

As at 15 March 2022

Issued and Fully Paid Units: 561,044,552

Voting rights: 1 vote per Unit. There is only one class of Units in CEREIT.

Market capitalisation is €1,223 million based on the market closing price of €2.180 on 15 March 2022.

As at 15 March 2022, there are no treasury units held by CEREIT or the Manager.

SUBSTANTIAL UNITHOLDERS AS AT 15 MARCH 2022

Based on the Register of Substantial Unitholders' Unitholdings, the interests of Substantial Unitholders in Units are as follows:

	Direct Interest	% [1]	Deemed Interest	% [1]
Cromwell Property Group [2]	–	–	156,310,132	27.86
Cromwell Singapore Holdings Pte. Ltd.	153,886,856	27.43	–	–
CDPT Finance No.2 Pty Ltd [3]	–	–	153,886,856	27.43
Cromwell Property Securities Limited (as Responsible Entity for Cromwell Diversified Property Trust) [3]	–	–	153,886,856	27.43
ARA Real Estate Investors XXI Pte. Ltd. [4]	–	–	156,310,132	27.86
ARA RE Investment Group (Singapore) Pte. Ltd. [4]	–	–	156,310,132	27.86
ARA Asset Management Limited [4]	–	–	156,310,132	27.86
ESR Cayman Limited [5]	–	–	156,310,132	27.86
Mr Gordon Tang and Mrs Celine Tang [6]	51,094,956	9.11	–	–
Hillsboro Capital, Ltd	40,757,460	7.26	–	–
Mr Andrew L. Tan [7]	–	–	44,728,460	7.97
BlackRock, Inc	32,974,365	5.88	–	–
UBS Group AG [8]	–	–	28,099,463	5.00
UBS AG [9]	78,950	0.01	28,020,513	4.99

Notes:

(1) The percentage is based on 561,044,552 Units in issue as at 15 March 2022.

(2) Cromwell Singapore Holdings Pte. Ltd. ("**CSHPL**") is a wholly-owned subsidiary of CDPT Finance No. 2 Pty Ltd. ("**CDPT2**"), which is in turn a wholly-owned subsidiary of Cromwell BT Pty Ltd ("**CBT**") (as custodian (aka bare trustee) for Cromwell Property Securities Limited ("**CPSL**") as responsible entity for Cromwell Diversified Property Trust ("**CDPT**"). CDPT is part of Cromwell Property Group ("**CPG**") which is a stapled entity comprising Cromwell Corporation Limited ("**CCL**") and CDPT. Accordingly, CPG is deemed to be interested in CSHPL's interests in the Units. Additionally, Cromwell EREIT Management Pte. Ltd. (the "**Manager**") which holds 1,861,293 Units, is a wholly-owned subsidiary of CCL. Cromwell CEREIT Holdings Limited ("**CCHL**") which holds 561,983 Units, is a wholly-owned subsidiary of Cromwell Europe Limited, which is in turn a wholly-owned subsidiary of Cromwell European Holdings Limited, which is in turn a wholly-owned subsidiary of CCL. As such, CPG's deemed interest in 156,310,132 Units also comprises its deemed interest in 1,861,293 Units held by the Manager and 561,983 Units held by CCHL.

(3) CSHPL is a wholly-owned subsidiary of CDPT2, which is in turn a wholly-owned subsidiary of CBT (as custodian (aka bare trustee) for CPSL as responsible entity for CDPT. CDPT is part of CPG which is a stapled group comprising CCL and CDPT. Accordingly, CDPT2 and CPSL, respectively, are deemed to be interested in CSHPL's interests in the Units.

(4) ARA Real Estate Investors XXI Pte. Ltd. ("**ARA XXI**") holds more than 20.0% of interest in CPG and is therefore deemed interested in the units in CEREIT through CPG's own deemed interests. ARA XXI is wholly owned by ARA RE Investment Group (Singapore) Pte. Ltd. ("**ARA RE**"), which in turn wholly owned by ARA Asset Management Limited ("**AAML**"). ARA RE and AAML are therefore deemed interested in ARA XXI's deemed interest in the units of CEREIT.

(5) ESR holds 100% of the voting shares of AAML and therefore, ESR is deemed to have an interest in the Units that AAML has a deemed interest in.

(6) The Units are held by joint account of Mr. Gordon Tang and Mrs. Celine Tang. Mr. Gordon Tang is the spouse of Mrs. Celine Tang.

(7) Mr Andrew L. Tan is the beneficial owner of 44,728,460 units held through Hillsboro Capital, Ltd. and Worldwide Property Financing Limited.

(8) Deemed interests arising by virtue of (a) UBS Group AG having an interest, or (b) Section 7(4) or 7(4A) of the Companies Act in units over which subsidiaries/affiliates of UBS Group AG have an interest, by reason of the ability to exercise voting discretion and to acquire/dispose of shares.

(9) Deemed interests arising by virtue of (a) UBS AG having an interest, or (b) Section 7(4) or 7(4A) of the Companies Act in units over which subsidiaries/affiliates of UBS AG have an interest, by reason of the ability to exercise voting discretion and to acquire/dispose of shares.

STATISTICS OF UNITHOLDINGS

As at 15 March 2022

DIRECTORS' INTERESTS IN UNITS AS AT 21 JANUARY 2022

Based on the Register of Directors' Unitholdings, the interests of the Directors in Units are as follows:

	No. of Units			
Name of Director	**Direct Interest**	**% [1]**	**Deemed Interest**	**% [1]**
Lim Swe Guan	111,000	0.02	–	–
Michael Wilde [2]	–	–	–	–
Christian Delaire	–	–	–	–
Fang Ai Lian	–	–	–	–
Simon Garing [3]	178,584	0.03	–	–
Ooi Eng Peng [4]	–	–	–	–

Notes:

[1] The percentage is based on 561,044,552 Units in issue as at 21 January 2022.

[2] Resigned as Non-Independent Non-Executive Director with effect from 15 September 2021. No interest in Units was held as at 15 September 2021.

[3] Excludes Units that will vest under the Manager's PUP.

[4] Appointed as Non-Independent Non-Executive Director with effect from 15 September 2021.

PUBLIC HOLDINGS AS AT 15 MARCH 2022

Based on the information available, approximately 55.01% of the issued Units in CEREIT is held by the public as at 15 March 2022 and therefore, pursuant to Rules 1207 and 723 of the Listing Manual of the SGX-ST, it is confirmed that at least 10% of the issued Units in CEREIT is held by the public. Accordingly, Rule 723 of the Listing Manual of the SGX-ST has been complied with. For the purposes of SGX-ST Listing Manual, the non-public Unitholdings include substantial Unitholders who own 5% or more, Directors, CEOs, controlling shareholders of the company and its subsidiaries and associates of the above-mentioned.

PERCENTAGE OF ISSUED UNITS HELD BY UNITHOLDERS WITH LESS THAN 10% UNITHOLDINGS AS AT 15 MARCH 2022

Based on the information available, approximately 72.09% of the issued Units in CEREIT is held by Unitholders with less than 10% Unitholdings as at 15 March 2022. The only Unitholder that holds more than 10% of Units (defined as "restricted") is Cromwell Property Group (27.90%). As per definitions used by FTSE Russell for the calculation of "free-float restrictions" for the purpose of various FTSE related indices.

NON-EXHAUSTIVE GLOSSARY

OF TERMS AND FIRST MENTIONS

Terms and First Mentions	Definitions
"**1Q 2021**"	1 January to 31 March 2021
"**2Q 2021**"	1 April to 30 June 2021
"**3Q 2021**"	1 July to 30 September 2021
"**4Q 2021**"	1 October to 31 December 2021
"**1H 2021**"	1 January to 30 June 2021
"**2H 2021**"	1 July to 31 December 2021
"**€**" or "**EUR**" or "**Euro**"	Euro Dollar
"**AEI(s)**"	Asset enhancement initiative(s)
"**Aggregate leverage**"	The ratio of a REIT's debt to its total deposited property value, also known as "gearing"
"**AIFM**"	Alternative investment fund management
"**AIFMD**"	Alternative Investment Fund Managers Directive (2011/61/EU)
"**APAC**"	Asia Pacific
"**ARC**"	Audit and risk committee
"**ASX**"	Australian Securities Exchange
"**AUM**"	Assets under management
"**B2C**"	Business-to-consumer
"**BCP**"	Business continuity planning
"**BMS**"	Building management system
"**Board of Directors**" or the "**Board**"	Board of Directors of the Manager
"**BREEAM**"	'Building Research Establishment Environmental Assessment Method'
"**capex**"	Capital expenditure
"**CBRE**"	CBRE Limited
"**CEO**"	Chief Executive Officer
"**CEREIT ID(s)**"	Non-executive independent Directors
"**CEREIT's Annual Report**" or "**Annual Report**"	Cromwell European REIT's annual report for financial year ended 31 December 2021
"**CFO**"	Chief Financial Officer
"**CIS Code**"	The Code on Collective Investment Schemes
"**Code**"	Code of Corporate Governance 2018
"**Company Secretary**"	Company secretary of the Manager
"**COO**"	Chief Operating Officer
"**cpu**"	Cents per Unit
"**CPI**"	Consumer Price Index
"**Cromwell European REIT**" or "**CEREIT**"	Cromwell European REIT
"**Cromwell**", the "**Sponsor**" or the "**Group**"	Cromwell Property Group, an ASX-listed stapled security comprising Cromwell Corporation Limited and the Cromwell Diversified Property Trust
"**Cromwell Property Group Allocation Process**"	The allocation of investment opportunities from Cromwell's origination pipeline in a fair and equitable manner to all funds established and/or sponsored by Cromwell
"**D&I**"	Diversity and inclusion
"**Deepki**"	data management platform designed to digitalize the management of large property portfolios
"**Deloitte**"	Deloitte & Touche LLP
"**Director(s)**"	Director(s) of the Manager
"**DPU**"	Distribution per Unit
"**DRP**"	Distribution reinvestment plan
"**EGM**"	Extraordinary general meeting
"**EMTN**"	Euro medium-term note
"**EPC**"	Energy performance certificate

NON-EXHAUSTIVE GLOSSARY

OF TERMS AND FIRST MENTIONS

Terms and First Mentions	Definitions
"EPRA"	European Public Real Estate Association
"EPRA sBPR"	EPRA Sustainability Best Practices Recommendations
"ERM"	Enterprise risk management
"ERV"	Estimated rental value
"ESG"	Environment, social and governance
"Fitch Ratings"	Fitch Ratings Singapore Pte Ltd
"FMCG"	Fast-moving consumer goods
"FTSE"	The Financial Times Stock Exchange Group, now known as the FTSE Russell Group
"FY 2019"	1 January 2019 to 31 December 2019
"FY 2020"	1 January 2020 to 31 December 2020
"FY 2020 Annual Report"	Cromwell European REIT's annual report for financial year ended 31 December 2020
"FY 2021"	1 January 2021 to 31 December 2021
"FY 2022"	1 January 2022 to 31 December 2022
"GAV"	Gross asset value
"GDP"	Gross domestic product
"GIFT"	Governance Index For Trusts
"GRESB"	Global Real Estate Sustainability Benchmark
"GRI"	Global Reporting Initiative
"IAS"	International Accounting Standards
"IIA"	Institute of Internal Auditors Singapore
"Interested Party Transaction(s)"	Has the meaning ascribed to it in the Property Funds Appendix
"Interested Person Transaction(s)"	Has the meaning ascribed to it in the SGX-ST Listing Manual
"IPO"	Initial public offering
"IRPAS"	Investor Relations Professionals Association (Singapore)
"IT"	Information technology
"KMP"	Key management personnel of the Manager
"KPI (s)"	Key performance indicators
"KPMG"	KPMG Services Pte. Ltd.
"LEED"	Leadership in Energy and Environmental Design
"Listing Date"	30 November 2017
"Listing Manual"	The Listing Manual of the SGX-ST
"Listing Rules"	Listing rules of the SGX-ST
"Manager" or **"Manager of CEREIT"**	Cromwell EREIT Management Pte. Ltd.
"Management" or the **"management team"**	The management team of the Manager
"MAS"	Monetary Authority of Singapore
"MSCI"	MSCI Inc
"NAV"	Net asset value
"NLA"	Net lettable area
"NOI Yield"	NOI yield is calculated as the annualised Day 1 net operating income pre-asset management fees divided by the purchase price including purchase costs
"NPI"	Net property income
"NRC"	Nominating and remuneration committee
"NTA"	Net tangible assets
"p.p."	Percentage points
"Property Funds Appendix"	Appendix 6 of the CIS Code, issued by the MAS in relation to property funds
"Property Manager"	Cromwell Europe Limited

NON-EXHAUSTIVE GLOSSARY
OF TERMS AND FIRST MENTIONS

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

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Lim Swe Guan
Chair and Independent Non-Executive Director

Fang Ai Lian
Independent Non-Executive Director

Christian Delaire
Independent Non-Executive Director

Ooi Eng Peng
Non-Independent and Non-Executive Director

Simon Garing
CEO and Executive Director

AUDIT AND RISK COMMITTEE

Fang Ai Lian
Chair and Independent Non-Executive Director

Lim Swe Guan
Independent Non-Executive Director

Christian Delaire
Independent Non-Executive Director

NOMINATING AND REMUNERATION COMMITTEE

Christian Delaire
Chair and Independent Non-Executive Director

Lim Swe Guan
Independent Non-Executive Director

Fang Ai Lian
Independent Non-Executive Director

SUSTAINABILITY COMMITTEE

Ooi Eng Peng
Chair and Non-Independent Non-Executive Director

Lim Swe Guan
Independent Non-Executive Director

Fang Ai Lian
Independent Non-Executive Director

Christian Delaire
Independent Non-Executive Director

Simon Garing
CEO and Executive Director

MANAGEMENT TEAM

Simon Garing
CEO

Shane Hagan
CFO

Andreas Hoffman
Head of Property

Elena Arabadjieva
Chief Operating Officer and Head of Investor Relations

Kathleen Tan
Head of Risk, Compliance and Company Secretarial

COMPANY SECRETARY

Ngiam May Ling

TRUSTEE

Perpetual (Asia) Limited
16 Collyer Quay
#07-01
Singapore 049316

MANAGER

Cromwell EREIT Management Pte. Ltd.
Registered Address
50 Collyer Quay
#07-02 OUE Bayfront
Singapore 049321
Telephone: +65 6920 7539
Facsimile : +65 6920 8108
Email: enquiry@cromwell.com.sg
Website: www.cromwelleuropeanreit.com.sg

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1 Harbourfront Avenue
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Singapore 098632
Telephone: +65 6536 5355
Facsimile : +65 6536 1360

AUDITORS

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6 Shenton Way, OUE Downtown 2
#33-00 Singapore 068809
Partner in charge: Shariq Barmaky
(Appointment date: 1 November 2017)

STOCK INFORMATION

SGX ID: CWBU & CWCU
Bloomberg: CERT:SP
Reuters: CROM.SI
ISIN: SG1EA8000000

INVESTOR RELATIONS

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