



(a real estate investment trust constituted on 28 April 2017 under the laws of the Republic of Singapore)
Managed by Cromwell EREIT Management Pte. Ltd.

CROMWELL EUROPEAN REIT'S PORTFOLIO VALUATIONS ONLY 1.6% LOWER FOR THE SIX MONTHS TO 30 JUNE 2023

1. Introduction

The Board of Directors of Cromwell EREIT Management Limited, the manager of Cromwell European Real Estate Investment Trust ("**CEREIT**", and the manager of CEREIT, the "**Manager**"), wishes to announce¹ that CBRE Ltd ("**CBRE**") and Savills Advisory Services Limited ("**Savills**") have carried out respective independent valuations ("**Valuations**") for 111 properties in CEREIT's portfolio as at 30 June 2023, resulting in a total portfolio valuation of €2,294.7 million².

CEREIT's Valuations as at 30 June 2023 declined slightly by 1.6% or €36.1 million as compared to Valuations as at 31 December 2022, after taking into account the benefit of valuation increases on properties under development in Italy and the Czech Republic and prior to capital expenditure.

Simon Garing, CEO of the Manager said: "It is pleasing to note that CEREIT's June 2023 portfolio valuations only declined by a modest 1.6% as compared to December 2022 levels. Taking into account the recent sale of Piazza Affari, Italy, we now expect to report CEREIT's net gearing³ at around 38.2% as at 30 June 2023, well inside loan covenants. NAV per unit is expected to be €2.30, which is 32% above CEREIT's most recent €1.57 unit price^{4,5}.

CEREIT has now achieved the aim of being majority weighted to the logistics / light industrial sector, which continues to contribute positively to NAV. This sector recorded a 0.8% or €9.1 million valuation gain to c. €1.2 billion in June as compared to December, on a like-for-like basis, continuing to reflect the low 2.3% overall market vacancy and positive market rent growth across Europe.

Tenant demand for quality ESG-certified office space is now a key factor in driving both occupancy and higher prime office rents in European cities, especially in good locations, driving a bifurcation in investor demand away from Grade B/C and second tier city locations. This trend towards modern, energy-efficient and high-amenity offices, especially in CEREIT's Dutch and Milan assets, coupled with the relatively higher (~65%) physical office occupancy in European cities, helped temper CEREIT's office portfolio valuation decline to a moderate 3.9% (€43.8 million) to c. €1.1 billion.

Overall, CEREIT has recorded 74 bps higher property capitalisation rates over the past 12 months since the ECB commenced its rate increase cycle and the global economy has slowed. However, CEREIT's portfolio valuation has only reduced by 3.2% over the past 12 months, supported by strong performance from active leasing / renewals of over 30% of the portfolio in the last 18 months, high annual inflation indexation growth and continued positive rent reversions.

Cromwell's experienced local asset managers are an important component of this valuation resilience, maintaining close to a record high 96% portfolio occupancy and a WALE over 4.5 years."

2. Portfolio valuations commentary

The impact from weakening economic environment, high inflation and rising interest rates on CEREIT's portfolio valuations so far has been relatively minor due to a number of reasons:

- i. The majority of CEREIT assets are well-located in good micro locations which are experiencing tenant demand, market rent growth and low market vacancies with little new competitive supply;
- ii. The majority of CEREIT's leases have annual inflation indexation clauses, contributing to sustained strong rent reversion (+5.7% in FY 2022 and even stronger +6.7% in 1Q 2023);
- iii. Successful leasing and asset enhancement programmes and sound demand/supply tenant fundamentals led to 26% of the portfolio being re-leased in 2022 and a further 5% in 1Q 2023, lifting occupancy levels to a record 96%;
- iv. CEREIT portfolio's relatively high weighted average initial yield of 5.9% has provided a conservative cushion to rising European interest rates, a result of CEREIT's acquisition strategy aimed more at small to mid-size Core+ and Value-add assets, rather than the generally larger and lower yielding prime assets most impacted from the recent rise in interest rates;
- v. CEREIT's average reversionary yield is 7.4%, representing the valuers' views of higher future net property income, is approximately 150 bps higher than CEREIT's portfolio's current initial yield; and
- vi. Properties under development in Italy and Czech Republic and other asset enhancement initiatives have created additional value.

3. Country and sector valuations commentary

Key performance numbers by country and sector are outlined in the table below. The light industrial / logistics sector valuation reversionary yield is now 6.8%, 110 bps lower than CEREIT's office portfolio valued at a reversionary yield of 7.9%, validating CEREIT's pivot to logistics. Further portfolio details will be provided in the 1H 2023 results due for release on 14th August 2023.

3.1. Positive country movements

Valuation increases were recorded in the predominantly light industrial / logistics portfolios in the United Kingdom (the "UK") (+7.0% or €4.0 million), Slovakia (+5.2% or €3.4 million), Denmark (+4.4% or €5.3 million), the Czech Republic (+4.2% or €3.1 million) and France (+0.8% or €3.6 million).

Favourable movements in Slovakia, Denmark and France were generally due to higher passing rents, new leases signed, reduced vacancy and ongoing rent inflation indexation. Czech Republic's valuations also increased because of a slight compression in cap rate and income growth and lower capital expenditure and following the completion of Lovosice I accretive asset enhancement.

The 7.0% rebound in the UK valuations was supported by some cap rate compression and a more favourable exchange rate following the 21% decline recorded at December 2022. Both indicators improved in the first six months of 2023 after the country's political turmoil in the second half of 2022 caused massive interest rates rise and collapse of the sterling.

3.2. Negative country movements

Sound market fundamentals and Grade A office low market vacancies averaging +4.4% across major cities in the Netherlands⁶ underpinned the performance in CEREIF's Dutch office portfolio, CEREIF's largest office market exposure. Active and successful leasing led to improving Grade A occupancy and would have resulted in a 1.3% or €7.0 million valuation uplift for the Dutch office portfolio and 0.9% or €5.8 million increase for the entire Dutch portfolio. However, the Dutch portfolio valuation was negatively impacted by a recent 240 bps increase in the Dutch transfer tax to 10.4%, leading to overall valuation down 2.6% or €16.9 million.

Valuation declines were also recorded in Italy (-1.1% or €4.7 million), Germany (-2.6% or €5.7 million) Finland (-9.1% or €7.8 million) and Poland (-9.5% or €20.6 million). The drop in the low-yielding German light industrial / logistics portfolio was largely due a weaker economy and slower leasing pace, resulting in further cap rate expansion as compared to six months ago. The successful leasing campaign at CEREIF's Nervesa, Milan office development saw a valuation gain recorded, partly offsetting the decline in some of the B Grade Office assets outside of Milan. Poland's office decline was due to continued weak Grade B office market trends and significant new supply which further dampened office occupancy and rent levels. The suburban office Finnish portfolio was also impacted by further widening in cap rates of around 50 bps in the first half of 2023, on the backdrop of a reduced investment liquidity and negative sentiment towards secondary office locations.

Viale Europa 95, Bari Italy was excluded from the 30 June 2023 valuations and is not shown in the "other category" below, based on the recent execution of the conditional Notarial Deed with the Guardia di Finanza and will be recorded on 1H2023 balance sheet under current assets as an investment held for sale.

Sector / Country	Valuation (€) (30 Jun 23)	Initial Yield (30 Jun 23)	Reversionary Yield (30 Jun 23)	Valuation (€) (31Dec22)	€ change in Valuation	%change in Valuation
Light ind. / logistics	1,171,149,830	6.1%	6.8%	1,162,080,195	9,069,636	0.8%
United Kingdom	61,512,000	7.2%	6.5%	57,466,800	4,045,200	7.0%
Slovakia	69,370,000	7.7%	6.9%	65,970,000	3,400,000	5.1%
Denmark	127,707,830	6.2%	7.2%	122,358,395	5,349,436	4.4%
Czech Republic	77,330,000	4.3%	5.8%	74,200,000	3,130,000	4.2%
France	380,400,000	6.3%	7.0%	374,645,000	5,755,000	1.5%
Italy	144,300,000	6.4%	8.3%	146,100,000	(1,800,000)	(1.2%)
Germany	211,570,000	5.7%	5.9%	217,250,000	(5,680,000)	(2.6%)
Netherlands	98,960,000	4.9%	5.6%	104,090,000	(5,130,000)	(4.9%)
Office	1,076,765,000	5.6%	7.9%	1,120,545,000	(43,780,000)	(3.9%)
Italy	218,100,000	4.2%	9.0%	219,610,000	(1,510,000)	(0.7%)
Netherlands	523,300,000	5.3%	6.1%	535,100,000	(11,800,000)	(2.2%)
France	62,190,000	6.1%	9.4%	64,310,000	(2,120,000)	(3.3%)
Finland	78,000,000	7.8%	10.4%	85,800,000	(7,800,000)	(9.1%)
Poland	195,175,000	7.2%	10.2%	215,725,000	(20,550,000)	(9.5%)
Others	46,740,000	9.0%	9.7%	48,160,000	(1,420,000)	(2.9%)
Italy	46,740,000	9.0%	9.7%	48,160,000	(1,420,000)	(2.9%)
Grand Total	2,294,654,830	5.9%	7.4%	2,330,785,195	(36,130,364)	(1.6%)

4. Asset-level valuations

The Valuations summarised below will be reflected in CEREIF's financial statements for the financial period ended 30 June 2023 expected to be released on 14th August 2023.

Property	Country	Asset Class	30 June 2023 Valuation € million
1. Valued by Savills			
Grandinkulma - Vantaa	Finland	Office	6.40
Kuopion Kauppakeskus - Kuopio	Finland	Office	7.70
Liiketalo Myyrinraitti - Vantaa	Finland	Office	8.50
Mäkitorpantie 3 - Helsinki	Finland	Office	7.50
Pakkalan K-Koski 12 - Vantaa	Finland	Office	5.70
Pakkalan K-Koski 3 - Vantaa	Finland	Office	7.90
Plaza Allegro - Vantaa	Finland	Office	9.20
Plaza Forte - Vantaa	Finland	Office	10.80
Plaza Vivace - Vantaa	Finland	Office	11.40
Purotie 1 - Helsinki	Finland	Office	2.90
Gewerbe- u. Logistikpark Frankfurt – Bischofsheim	Germany	Light Industrial / Logistics	14.40
Gewerbe- u. Logistikpark München – Kirchheim West	Germany	Light Industrial / Logistics	38.10
Gewerbe- u. Logistikpark München- Maisach	Germany	Light Industrial / Logistics	10.90
Gewerbepark Duisburg	Germany	Light Industrial / Logistics	12.70
Gewerbepark Hamburg - Billbrook	Germany	Light Industrial / Logistics	9.28
Gewerbepark Hamburg - Billstedt	Germany	Light Industrial / Logistics	11.10
Gewerbe- u. Logistikpark München – Kirchheim Ost	Germany	Light Industrial / Logistics	11.60
Gewerbepark Straubing	Germany	Light Industrial / Logistics	8.99
Gewerbe- u. Logistikpark Stuttgart – Frickenhäuser	Germany	Light Industrial / Logistics	18.00
Gewerbepark Bretten	Germany	Light Industrial / Logistics	15.00
Gewerbepark Königsbach - Stein	Germany	Light Industrial / Logistics	10.30
Gewerbepark Pforzheim	Germany	Light Industrial / Logistics	16.40
Gewerbepark Sangerhausen	Germany	Light Industrial / Logistics	18.00
Gewerbepark Jena	Germany	Light Industrial / Logistics	16.80
Bari Trieste - Bari	Italy	Office	9.54
Santorre - Cuneo	Italy	Office	6.71

Property	Country	Asset Class	30 June 2023 Valuation € million
Fortezza - Firenze	Italy	Office	15.50
F. Aprile - Genova	Italy	Office	20.00
Jervis - Ivrea	Italy	Office	10.10
Rampa Cavalcavia - Mestre	Italy	Office	4.55
Assago - Milano	Italy	Office	25.20
Nervesa - Milano	Italy	Office	38.00
Cassiopea - Agrate Brianza	Italy	Office	14.00
Pianciani - Roma	Italy	Office	35.90
A Aradam - Roma	Italy	Office	38.60
Rutigliano - Bari	Italy	Light Industrial / Logistics	16.10
CLOM - Monteprandone	Italy	Light Industrial / Logistics	56.00
Coccaglio - Brescia	Italy	Light Industrial / Logistics	26.50
Vittuone - Milano	Italy	Light Industrial / Logistics	26.90
Mira - Venezia	Italy	Light Industrial / Logistics	18.80
Brigata Padova - Padova	Italy	Others	3.34
Salara Vecchia - Pescara	Italy	Others	11.50
Madre Teresa - Valacinevas	Italy	Others	14.50
Varese - Saronno	Italy	Others	17.40
Bastion - DEN BOSCH	Netherlands	Office	68.00
Haagse Poort - Den Haag	Netherlands	Office	161.50
Ruyterkade - AMSTERDAM	Netherlands	Office	50.60
Blaak - Rotterdam	Netherlands	Office	16.70
Koningskade - DEN HAAG	Netherlands	Office	18.90
Plaza - ROTTERDAM	Netherlands	Office	148.20
MT Laan - UTRECHT	Netherlands	Office	59.40
Veemarkt - Amsterdam	Netherlands	Light Industrial / Logistics	47.20
Boekweitstraat - Nieuw-Vennep	Netherlands	Light Industrial / Logistics	10.90
Capronilaan - Schiphol-Rijk	Netherlands	Light Industrial / Logistics	8.60
Folkstoneweg - Schiphol ZuidOost	Netherlands	Light Industrial / Logistics	5.29
Kapoeasweg - Amsterdam	Netherlands	Light Industrial / Logistics	6.67
De Immenhorst - 's-Heerenberg	Netherlands	Light Industrial / Logistics	9.90
Rosa Castellanosstraat - Tilburg	Netherlands	Light Industrial / Logistics	10.40
Kingsland 21	United Kingdom	Light Industrial / Logistics	10.49

Property	Country	Asset Class	30 June 2023 Valuation € million
Thorn Lighting	United Kingdom	Light Industrial / Logistics	32.04
Runcorn - The Cube	United Kingdom	Light Industrial / Logistics	18.99
2. Valued by CBRE			
Fabriksparken 20 - Glostrup	Denmark	Light Industrial / Logistics	7.18
Herstedvang 2-4 - Albertslund	Denmark	Light Industrial / Logistics	9.49
Hørskæften 4-6- Taastrup	Denmark	Light Industrial / Logistics	7.28
Hørskæften 5 - Taastrup	Denmark	Light Industrial / Logistics	4.82
Islevdalvej 142 - Rødovre	Denmark	Light Industrial / Logistics	10.33
Naverland 12 - Glostrup	Denmark	Light Industrial / Logistics	4.59
Naverland 7-11 - Glostrup	Denmark	Light Industrial / Logistics	17.53
Naverland 8 - Glostrup	Denmark	Light Industrial / Logistics	8.41
Priorparken 700 - Brøndbyvester	Denmark	Light Industrial / Logistics	15.28
Priorparken 800 - Brøndbyvester	Denmark	Light Industrial / Logistics	14.30
Stamholmen 111 - Hvidovre	Denmark	Light Industrial / Logistics	12.31
Sognevej 25 - Brøndby	Denmark	Light Industrial / Logistics	16.18
Paryseine - Ivry sur Seine	France	Office	30.84
Cap Mermoz - Maisons Laffitte	France	Office	28.28
Lénine - Ivry sur Seine	France	Office	3.07
Parc des Docks - St Ouen sur Seine	France	Light Industrial / Logistics	161.50
Parc Acticlub - St Thibault des Vignes	France	Light Industrial / Logistics	6.94
Parc de Champs - Champs sur Marne	France	Light Industrial / Logistics	6.72
Parc Delizy - Pantin	France	Light Industrial / Logistics	24.23
Parc des Erables - Villepinte	France	Light Industrial / Logistics	9.58
Parc des Grésillons - Gennevilliers	France	Light Industrial / Logistics	23.50
Parc des Guillaume - Noisy le Sec	France	Light Industrial / Logistics	33.15
Parc du Landy - Aubervilliers	France	Light Industrial / Logistics	27.50
Parc du Méchantais - Magny-les- Hameaux	France	Light Industrial / Logistics	11.30
Parc Jean Mermoz - La Courneuve	France	Light Industrial / Logistics	9.22
Parc du Prunay - Sartrouville	France	Light Industrial / Logistics	8.90
Parc Locaparc 2 - Vitry sur Seine	France	Light Industrial / Logistics	9.13

Property	Country	Asset Class	30 June 2023 Valuation € million
Parc Urbaparc - La Courneuve	France	Light Industrial / Logistics	18.28
Parc de Sully - Sully sur Loire	France	Light Industrial / Logistics	2.84
Parc de Meslay - Parçay-Meslay	France	Light Industrial / Logistics	4.72
Parc des Louvresses - Gennevilliers	France	Light Industrial / Logistics	11.55
Parc de Béziers - Villeneuve les Béziers	France	Light Industrial / Logistics	11.35
Moravia - Uherské Hradiště	Czech Republic	Light Industrial / Logistics	16.00
Lovosice I Tovární - Lovosice	Czech Republic	Light Industrial / Logistics	16.50
Lovosice II Tovární - Průmyslová	Czech Republic	Light Industrial / Logistics	16.00
South Moravia - Vyškov	Czech Republic	Light Industrial / Logistics	10.75
Pisek I - Stanislava Maliny	Czech Republic	Light Industrial / Logistics	4.36
Pisek II - U Hřebčince	Czech Republic	Light Industrial / Logistics	1.82
ONE – Hradec Králové	Czech Republic	Light Industrial / Logistics	11.90
Zilina - Priemyselna	Slovakia	Light Industrial / Logistics	5.00
Nove Mesto I - Beckov	Slovakia	Light Industrial / Logistics	14.50
Kosice - Veľká Ida	Slovakia	Light Industrial / Logistics	11.20
Nove Mesto III - Rakofuby	Slovakia	Light Industrial / Logistics	18.74
Nove Mesto II - Kočovce	Slovakia	Light Industrial / Logistics	9.36
Nove Mesto Development Capex	Slovakia	Light Industrial / Logistics	10.57
Arkonska Business Park - Gdansk	Poland	Office	12.28
Grójecka 5 - Warszawa	Poland	Office	15.45
Riverside Park - Warszawa	Poland	Office	24.80
Avatar Office - Kraków	Poland	Office	21.55
Green Office Building A, B, C - Kraków	Poland	Office	42.10
Business Garden Poznan - Poznan	Poland	Office	79.00

The valuation reports will be available for inspection by prior appointment at the Manager's registered office during business hours, for three months from the date of this announcement.

By Order of the Board

Simon Garing

Executive Director and Chief Executive Officer

Cromwell EREIT Management Pte. Ltd.

(Company Registration No.: 201702701N)

As manager of Cromwell European Real Estate Investment Trust 18 July 2023

24 July 2023

ABOUT CROMWELL EUROPEAN REAL ESTATE INVESTMENT TRUST

Cromwell European Real Estate Investment Trust (“Cromwell European REIT” or “CEREIT”) has a principal mandate to invest, directly or indirectly, in income-producing commercial real estate assets across Europe with a minimum portfolio weighting of at least 75% to Western Europe and at least 75% to the light industrial / logistics and office sectors. CEREIT’s purpose is to provide unitholders with stable and growing distributions and net asset value per unit over the long term, while maintaining an appropriate capital structure. 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 €2.3 billion portfolio comprises 110+ predominantly freehold properties in or close to major gateway cities in the Netherlands, Italy, France, Poland, Germany, Finland, Denmark, Slovakia, the Czech Republic and the United Kingdom with an aggregate lettable area of approximately two million sqm and 800+ tenant-customers.

CEREIT is listed on the Singapore Exchange Limited and is managed by Cromwell EREIT Management Pte. Ltd., a wholly-owned subsidiary of CEREIT’s sponsor, Cromwell Property Group⁶, a real estate investor and global real estate fund manager with operations in 14 countries, listed on the Australian Securities Exchange Ltd.

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

² Excludes Piazza Affari as it was sold on 28 June 2023 for €94 million and Bari Europa as it has been reclassified as an asset held for sale and carried at its sales price. In addition, Sognevej 25, is being compared to its book value as at 31 December 2022 as it was not valued at that time

³ Net gearing is calculated as aggregate debt less cash over total assets less cash.

⁴ As at 21 July 2023

⁵ Both subject to the finalisation of the 1H 2023 Financial Statements which will be announced as part of the 1H 2023 results release on 14 August 2023.

⁶ Cromwell Property Group is a stapled group comprising Cromwell Corporation Limited and Cromwell Diversified Property Trust (the responsible entity of which is Cromwell Property Securities Limited)