CROMWELL EUROPEAN REIT

REBALANCING FOR SUSTAINABLE GROWTH

ANNUAL REPORT 2023

Standing left to right:
Christian Delaire • Ooi Eng Peng
Simon Garing • Jonathan Callaghan

Sitting left to right:
Fang Ai Lian • Lim Swe Guan

THE BOARD

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* Cromwell European REIT's Annual Report covers the period 1 January 2023 to 31 December 2023

** 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

01 CEREIT OVERVIEW

(AS AT 31 DECEMBER 2023)

CEREIT has a principal mandate to invest, directly or indirectly, in income-producing commercial real estate assets across Europe with a current portfolio weighting of >85% to Western Europe and an asset class split of 53% light industrial / logistics and 45% office. CEREIT currently targets retaining a majority investment weighting to the light industrial / logistics sector while also investing in core office assets in gateway cities. CEREIT Manager strives to be a resilient, ethical, and socially responsible organisation that contributes positively to all stakeholders, leading to higher risk-adjusted returns for CEREIT, while maintaining an appropriate capital structure.

CEREIT's €2.3 billion portfolio comprises 110 predominantly freehold properties in or close to major gateway cities in The Netherlands, France, Italy, Germany, Poland, Denmark, Czech Republic, Slovakia, Finland and United Kingdom 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, a real estate investor and fund manager with operations in 15 countries, listed on the ASX.

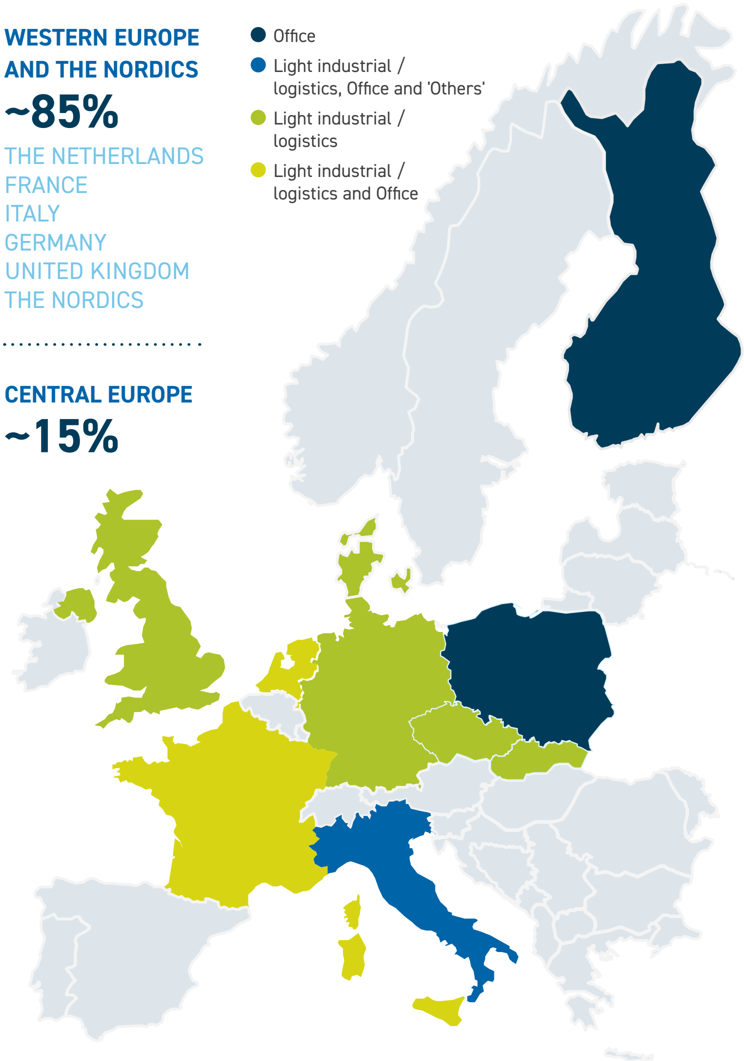
WESTERN EUROPE AND THE NORDICS

~85%

THE NETHERLANDS
FRANCE
ITALY
GERMANY
UNITED KINGDOM
THE NORDICS

CENTRAL EUROPE

~15%



€2.3 billion
Resilient European commercial portfolio

~85%
Western Europe and The Nordics

53%
Light industrial / logistics exposure

110
Predominantly freehold properties

1.8 million
SQM net lettable area

LIGHT INDUSTRIAL / LOGISTICS

- Combination of last mile and urban logistics with light industrial assembly / manufacturing
- High occupancy rates with a long WALE

OFFICE

- In close proximity to city and town centres with ample amenities
- Strategically located near public transport nodes
- 65% of office portfolio by value is green-certified

'OTHERS'

- Includes government-let campuses, leisure and retail properties

01 FY 2023
FINANCIAL HIGHLIGHTS

€134.3 million
NPI
+4.1% vs pcp
Like-for-like[1]

38.4%
NET GEARING
-10 bps vs 31 Dec 2022

94.3%
OCCUPANCY[2]
-170 bps vs 31 Dec 2022

15.693 Euro cents
DPU
Only -4.1% vs pcp
Like-for-like[3]

2.5 years
WADE
no material debt expiries till 4Q 2025

+5.7%
RENT REVERSION[4]
Unchanged vs FY 2022

€2.12 / unit
NAV
-12.4% vs 31 Dec 2022

88% fixed / hedged[5]
DEBT
reduces impact of increasing interest rates

4.7 year
WALE
+0.1 years vs pcp

	As at 31 Dec 2023	As at 31 Dec 2022	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2019
BALANCE SHEET					
Total assets (€ million)	**2,367.4**	2,590.0	2,534.5	2,250.4	2,254.9
Unitholders' funds (€ million)	**1,190.9**	1,358.7	1,413.1	1,302.2	1,314.6
KEY FINANCIAL METRICS					
Adjusted DPU (Like-for-like)	**15.693**	17.189	16.961[6]	17.420[6]	17.950[6]
Aggregate leverage (%)	**40.3%**	39.4%	36.6%	38.1%	36.8%
Aggregate leverage excluding distribution	**41.1%**	40.1%	37.3%	38.9%	37.7%
NAV attributable to Unitholders per Unit (Euro cents)[7]	**n.a.**	n.a.	n.a.	50.9	51.6
NAV attributable to Unitholders per Unit (€)[8]	**2.12**	2.42	2.52	n.a.	n.a.
CAPITAL MANAGEMENT					
Total borrowing facilities (€ million)	**1,154.0**	1,178.0	1,127.4	1,142.4	980.8
Interest cover (times)	**3.8**	5.3	5.8	6.4	6.7
Units in issue (million)	**562.4[8]**	562.4[8]	561.0[8]	2,556.1[7]	2,547.8[7]
Market capitalisation (€ million)	**798.6**	843.6	1,419.4	1,226.9	1,375.8

1 Like-for-like NPI excludes acquisitions, divestments, Nervesa21 & Maxima (formerly known as Via dell'Amba Aradam 5) due to redevelopment and strip out works respectively
2 Occupancy calculation excludes Nervesa21 (under redevelopment), Maxima (under strip-out works), Grojecka 5 (held for sale and not allowed to be leased), and the vacant space at Via dell'Industria 18
3 Like-for-like DPU in FY2022 excludes capital gain paid out in lieu of Nervesa21 lost income and Maxima income
4 Calculated on a portfolio basis; with the numerator being the new headline rent of all modified, renewed or new leases over the relevant period and denominator being the last passing rent of the areas being subject to modified, renewed or new leases
5 Takes into account interest rate cap transaction entered into in January 2024
6 Like-for-like DPU assumes (i) the Manager's fees and Property Manager's fees had been treated 100% as expense in Distribution Statement rather than paid out in Units as capital in 2019; and (ii) DPU for the periods prior to 5 March 2021 are adjusted for 5:1 Unit consolidation
7 Prior to the 5:1 Unit consolidation completed on 7 May 2021
8 Post the 5:1 Unit consolidation completed on 7 May 2021

01 CHAIR'S LETTER TO UNITHOLDERS

Lim Swe Guan
CHAIR AND INDEPENDENT NON-EXECUTIVE DIRECTOR

DEAR UNITHOLDERS,

On behalf of the Board, I am pleased to present CEREIT's Annual Report for the financial year ended 31 December 2023.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

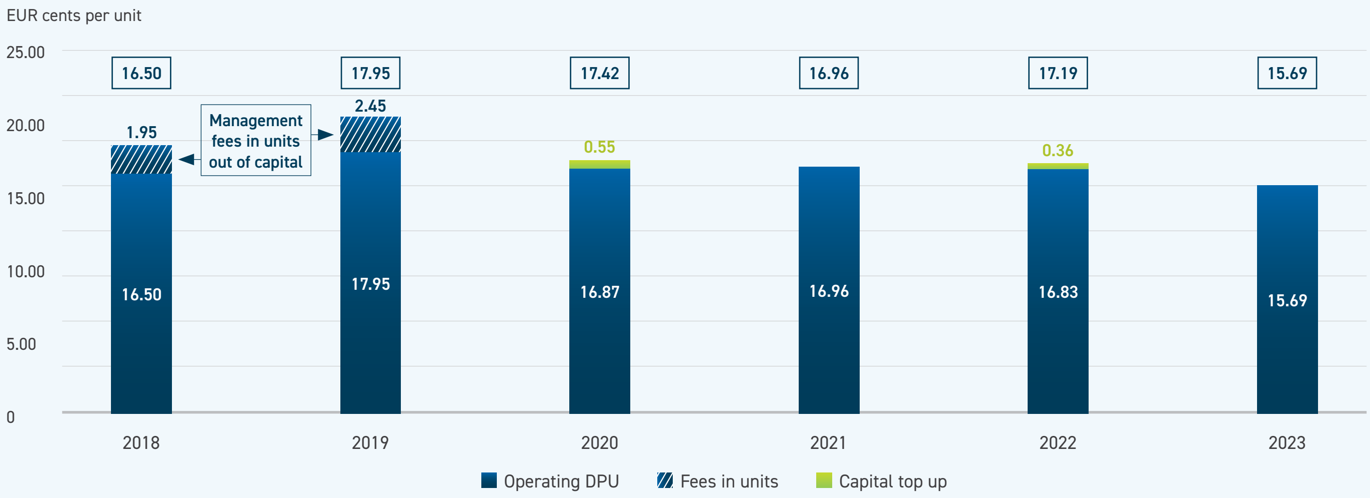
CEREIT delivered a successful 2023 operating performance, underpinned by 4.1% like-for-like growth in NPI, 94.3% occupancy and +5.7% portfolio rent reversion. We achieved this on a backdrop of high inflation, increasing interest rates, almost zero GDP growth and a decline in physical asset valuations.

The Board declared a total distribution of 15.693 Euro cents per Unit in FY 2023, a 100% payout of distributable earnings of €88.3 million. We have now delivered consistent and uninterrupted DPU payouts to unitholders for six years, a commendable track record, especially in the light of Covid-19, rising interest rates, challenging macro environment, valuation declines and high inflation that have impacted the REIT industry performance in the past few years. Notably, most of the moderate 6.7% decline in the operating DPU is the effect of higher interest rates and asset sales, not reflecting a weaker operating performance.

CEREIT's NAV/Unit finished the year at €2.12 / unit, lower on the back of an overall portfolio valuation decline of 3.0% on a like-for-like basis over the year (excluding capex). The portfolio was well insulated due to the successful pivot to a majority of logistics / light industrial assets (53% of the portfolio), which increased in value by 2.1% over the same period (excluding capex).

> "CEREIT delivered a successful 2023 operating performance, underpinned by 4.1% like-for-like growth in NPI, 94.3% occupancy and +5.7% portfolio rent reversion."

DPU[1] HISTORY (Note: like-for-like DPU shown in the box at top)



CEREIT delivered a positive 2023 1-year total unitholder return (TSR) of 4.8% for 2023, on par with the STI's performance and higher than the -3.4% S-REIT TSR average[2].

INVESTMENT STRATEGY

CEREIT now owns 110 assets valued at €2.3 billion, with ~85% of its assets located in Western Europe, including the Nordics. No single asset or tenant dominates CEREIT's portfolio, underpinning it's diversity. The largest tenant-customer only accounts for 4.4% of the rent, while the top 10 out of the 800+ tenant-customers only account for 23%. The initial yield of the portfolio is now 6.2%, with a long WALE of 4.7 years, providing investors with income resilience.

The Board acknowledged the turn in the interest rate cycle and commenced asset sales in 2022 to offset the impact on gearing levels from the devaluation cycle that inevitably ensues from tightening monetary policy and slowing economic growth. As a result, CEREIT is ahead of its targeted €400 million disposal programme, completing €237 million in eight divestments since 2022 at a blended 14.6% premium to the most recent valuations (out of which €197 million were divested in 2023 at 13.6% blended premium to their latest valuations). We plan to sell €170-200 million more in the next 18 months.

Proceeds from assets divestments have given us the flexibility to manage net gearing levels within the desired policy range of 35-40% and to recycle capital into accretive asset enhancement initiatives (AEI) and developments.

We are progressing well on the €250+ million medium-term development pipeline, announced a year ago. CEREIT's initial three developments of around €60 million are now completed on-time, largely on budget and at 50-90% preleasing levels. CEREIT has further c. €200 million in development opportunities, which are expected to be accretive upon completion. We are mindful of staggering developments and major AEIs to manage the overall risk profile and the Board employs appropriate governance and risk management measures to ensure traditional development risks are mitigated and the MAS development limit of 10% of total deposited property is adhered to.

CEREIT remains committed to the previously announced long-term aim of achieving a 60:40 asset class split between pan-European light industrial / logistics and selective Grade A office in gateway cities in the long term. The interview with our CEO, Mr Simon Garing, on pages 8 to 13 provides further insights into how CEREIT's portfolio rebalancing and development pipeline is progressing.

1 Like-for-like DPU is based on the following assumptions: (a) Management Fees in Units that are added back for DPU calculation are excluded from 2018 and 2019, (b) Units in issue and DPU prior to the 5:1 Unit consolidation have been adjusted accordingly, (c) divestment gains paid out are included in like-for-like DPU and (d) 2018 DPU covers the period from 1 January 2018 to 31 December 2018 (stub period from IPO date to 31 December 2017 is excluded)
2 Refinitiv, Bloomberg

01 CHAIR'S LETTER TO UNITHOLDERS

PROACTIVE CAPITAL MANAGEMENT

The balance sheet remains healthy, backed by Fitch Rating's "BBB-" investment grade rating with a "stable outlook". We finished the year with over €70 million in cash and €200 million in an undrawn five-year revolving credit facility.

We completed approximately €442 million of debt refinancing and a €50 million bond buyback during the year. 100% of the new debt facilities are sustainability-linked, providing lower costs if specific ESG targets are met. CEREIT has no debt facility expiring until the €450 million bond maturing in November 2025, with a current coupon of 2.125%. We have commenced planning and have ample time to prepare to either refinance the bond or launch a new bond in 2025. 88% of CEREIT's total debt outstanding was hedged/fixed as at 31 December 2023, with an all-in interest rate of 3.19%.

You will note in the capital management section of the Manager's Report that key financial indicators remain well within loan covenants and MAS requirements, with net gearing at 38.4% and interest cover at 3.8 years. The Board is confident that CEREIT is in good stead as we adjust to a higher interest rate environment, as with all other businesses across the globe.

SUSTAINABILITY

Sustainability is embedded into the Manager's business, asset and investment strategy for CEREIT. The Board conscientiously provides strategic oversight to CEREIT's ESG strategy and practices.

Pleasingly, CEREIT achieved a four-star GRESB rating (up from three stars a year ago) and a record-high overall score of 85 points in the 2023 GRESB Real Estate Assessment and retained its MSCI ESG "AA" rating for the second year in a row, one of only three S-REITs to attain this rating. European Public Real Estate Association (EPRA) awarded CEREIT Gold sBPR (Sustainability Best Practices Recommendations) award for the first time, which significantly raises CEREIT's profile amongst European institutional investors.

The Board and the management team are now preparing for the extensive process and reporting adjustments necessary to implement the upcoming International Sustainability Standards Board (ISSB) requirements incorporating climate-related disclosures into financial reporting. Our proactive and outcomes-driven approach to sustainability and climate risk management has given us a good foundation to build on as we progress our sustainability journey.

OUTLOOK

We face continued macro environment challenges including the tail end of higher interest rates, slow economic growth and geopolitical tensions. The Board remains confident that CEREIT's investment proposition remains intact – continuing to deliver sound operating performance, underpinned by a resilient high-yielding European portfolio and experienced Manager and local asset management teams.

We expect to continue making selective divestments to provide capital for our AEI programme, to maintain ample liquidity and to keep net gearing below 40%. While there may be some further realignment to the "new normal" interest rates, we are well positioned to capitalise on any growth opportunities that may arise to deliver sustainable risk-adjusted returns to Unitholders.

APPRECIATION

On behalf of the Board, I thank our dedicated CEREIT Manager and Property Manager's teams for working together to deliver another year of commendable results and distributions. We would also like to extend our appreciation to our Unitholders for your confidence in the Board and the management team and the continuing support of our tenant customers and business partners.

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

01 CEO INTERVIEW

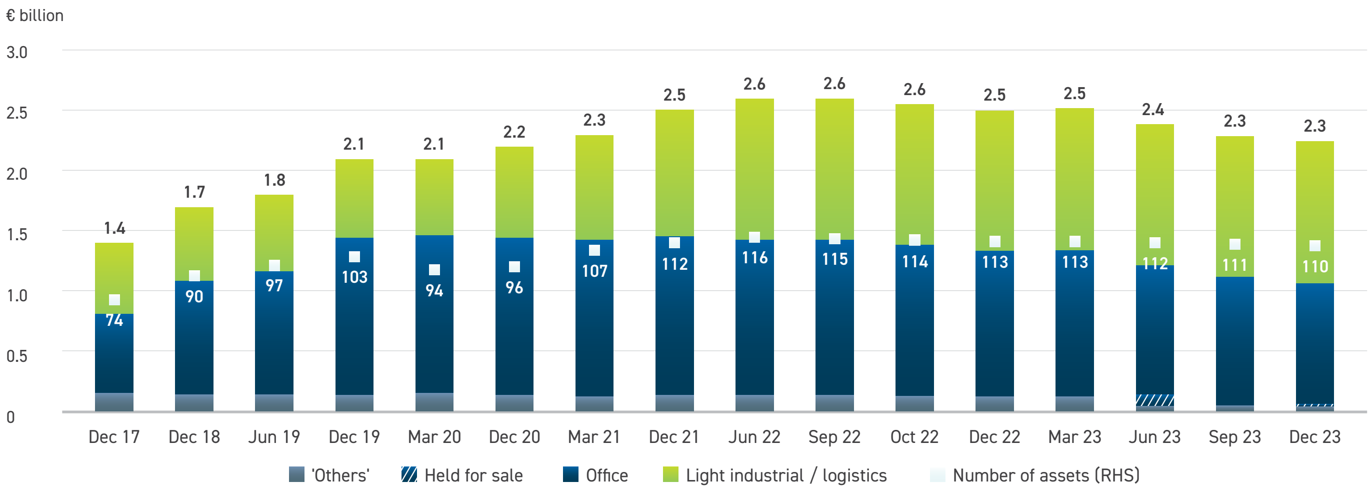
01 CEREIT EMBARKED ON A PROGRAMME TO REBALANCE THE PORTFOLIO BACK IN 2020. CAN YOU SHARE THE PROGRESS SO FAR?

The portfolio rebalancing programme to a majority of logistics has been progressing slower than we originally planned for, interrupted by Covid-19 and the impact on our higher cost of capital from rising interest rates and our tactical change to switch to a "net seller" to keep liquidity high and gearing low during this softer period. However, we have increased CEREIT's exposure to logistics by 22 p.p. through selective acquisitions and careful asset sales of office and 'others' assets from end of 2019 to end of 2023. Today, CEREIT's portfolio is majority 53% logistics / light industrial, with 45% exposure to office (majority of which is A-grade) and 2% 'others'. While we still have some 'tail' to address through divestments and selective redevelopments, today's portfolio is more balanced and positions CEREIT well to benefit from European real estate's long-term favourable market fundamentals and relatively higher yields.

Unitholders will note the structural advantages and higher expected risk-adjusted total returns from the light industrial / logistics asset class in the Savills' independent market report on pages 94 to 209. Recycling capital from non–core asset sales to rejuvenate some of CEREIT's Dutch and Italian office assets over the next 2-3 years is also expected to deliver accretive risk-adjusted returns for CEREIT. Over time, we aim to exit some peripheral assets, that may be more negatively impacted in terms of liquidity and sentiment indirectly from the Russian and Ukraine war and second-tier cities where larger European office tenants have halted their expansion plans.

22 p.p. increase in exposure to logistics through selective acquisitions and careful asset sales of office and 'others' from end of 2019 to end of 2023.

CEREIT'S TRANSACTIONS TRACK RECORD



Simon Garing
CEO AND EXECUTIVE DIRECTOR

The portfolio's key value proposition remains in the smaller lot-sized, core+ and value-add property strategies with no dominating tenant or tenant industry sector type. Property Manager's team of close to 200 employees in Europe continues to provide the local asset management expertise and is a key differentiating factor for us. CEREIT's three largest assets – Parc des Docks in Paris, Haagse Poort in The Hague and Central Plaza in Rotterdam anchor the portfolio and provide substantial opportunities over time to unlock even more value.

Two years ago, we had to adapt to the rapidly rising interest rate environment, a slowing economy and structural market shifts post-Covid-19 and modify our immediate priorities to protect Unitholder value and future-proof the portfolio.

While our long-term growth plans for CEREIT remain largely intact, we put acquisitions on hold since the end of 2022 and focused on divestments instead, earmarking €400 million for asset sales. We are now past the halfway mark of the programme and ahead of our sales targets, having executed €237 million in eight divestments since the 2022 at a blended 14.6% premium to the latest valuations. Further divestments are in various stages of progress and on track to be completed over the next one to two years.

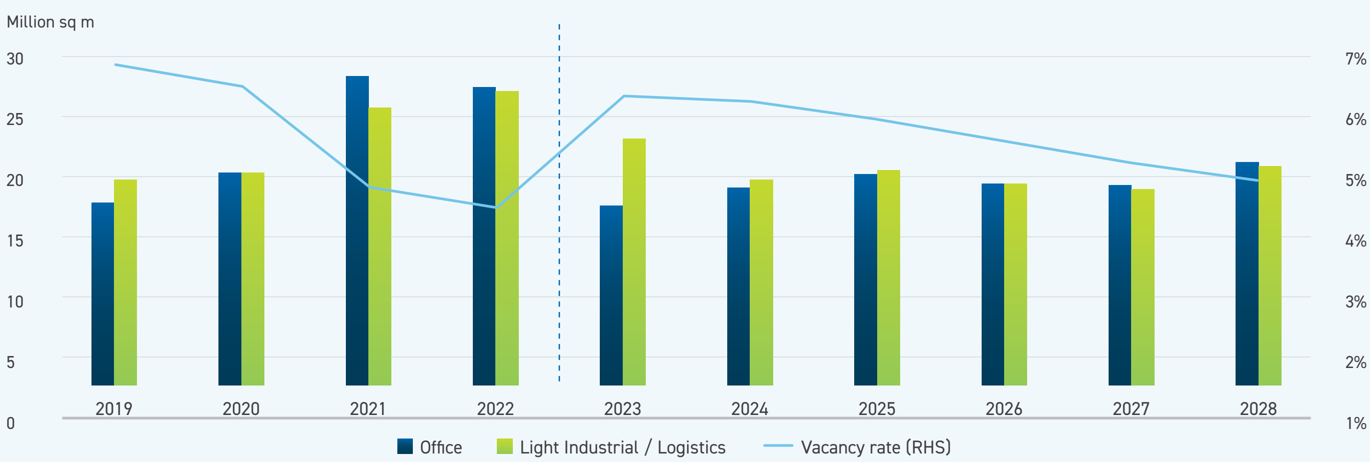
Our sales programme and net gearing of 38.4% provide CEREIT with substantial headroom and liquidity to fund capex programmes. This, combined with the quality of the €2.3 billion portfolio, the strength of the balance sheet and the experienced management team, places us in a competitive position over other asset owners. CEREIT's units are currently trading at a 35% discount to its NAV/unit of €2.12[2], potentially providing an opportunity to investors.

02 HOW HAS CEREIT POSITIONED ITSELF TO BENEFIT FROM KEY EUROPEAN MARKET TRENDS?

Two major secular trends are underway in Europe, and we are pleased that our strategy in recent years has positioned CEREIT well to benefit from these opportunities.

The first opportunity is the long-term growth potential of the logistics and light industrial sectors. The surge

NET ABSORPTION, NET COMPLETIONS AND VACANCY RATE[1]



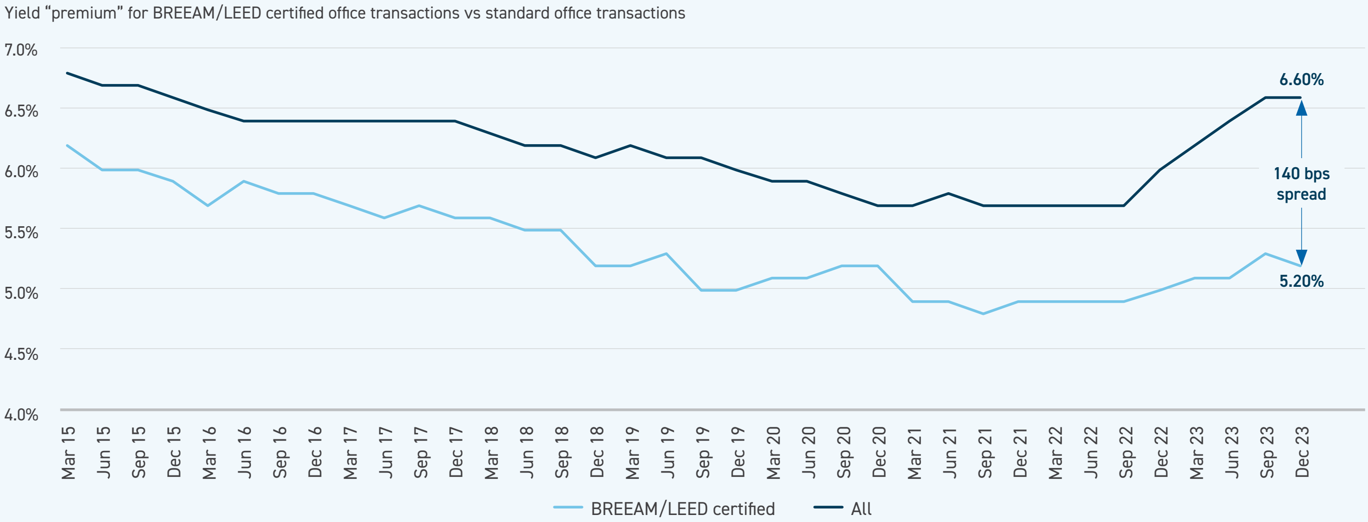
Source: CBRE Research

1 European average includes United Kingdom, Germany, France, Italy, The Netherlands, Spain, Belgium, Poland, Czech Republic and Slovakia
2 As at 31 December 2023

01 CEO INTERVIEW

MODERN AND EFFICIENT BUILDINGS WITH 'GREEN' CERTIFICATIONS CAN ACHIEVE HIGHER RENTS AND ATTRACT MORE INVESTORS

Yield premium paid for BREEAM/LEED-certified office stock over average office stock reached >100bps for the first time on record in early 2023



Source: Savills Research

in demand for logistics space was initially driven by the sudden increase in e-commerce during the Covid-19 pandemic. More recently, a new powerful demand driver emerged due to the European efforts to fortify its supply chain either through near-shoring or friend-shoring.

A good example of one such initiative is the European Chips Act 2023, which aims to double Europe's market share in semiconductor manufacturing to 20% of the world's supply by 2030, leading to additional demand for logistics space to house inventories closer to the end markets in Europe.

According to Savills' analysis[3], nearly 11 million sqm of logistics space is expected to be needed by 2030 in Europe to support the Chips Act. Coupled with the slowing supply due to rising construction costs, this is likely to keep logistics vacancy rates at historical lows for the next few years, according to CBRE[4].

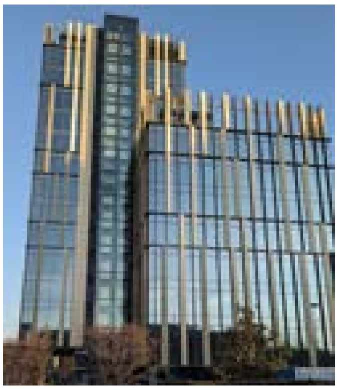
This positive outlook for European light industrial / logistics is supported by current data showing a very low 2.9% vacancy rate in countries where CEREIT has such assets. It also informed our decision to invest around €28 million judiciously in refurbishments and the development of two logistics assets in Czech Republic and Slovakia, which we have now completed and partially pre-leased during the year.

The second opportunity is the flight-to-quality in the office space. Office occupiers today are responding to increased focus on sustainability, the rise of flexible working arrangements and evolving stakeholders' expectations. Coupled with transitional risks stemming from tighter and increasing sustainability regulations across Europe, this has led to a growing bifurcation of the office market between modern buildings with green certifications and the rest.

According to Savills' data, BREEAM / LEED certified office stocks commanded around 140 bps yield premium over the average office at the end of 2023, a significant expansion from just 57 bps in March 2015. CBRE estimates that only 22% of European office stock is 'green' certified, a reflection of the limited availability of such office stock in the market. By comparison, approximately 65% of CEREIT's office portfolio is 'green' certified. The growing yield premium provides CEREIT with opportunities as we identify further assets within the portfolio that are suitable for redevelopment upgrades.

The recently completed Nervesa21 redevelopment project in Milan, which is expected to receive LEED Platinum certification, is a prime example of our approach to upgrading the existing office portfolio to a standard that attracts quality occupiers' demand and commands a yield premium.

3 Savills Independent Market Research, February 2024
4 CBRE Research, Europe Quarterly Outlook, September 2023



03 CEREIT RECENTLY COMPLETED SEVERAL REDEVELOPMENT PROJECTS. WHAT DO INVESTORS NEED TO KNOW ABOUT THESE PROJECTS AND CEREIT'S REDEVELOPMENT PIPELINE?

We are pleased to report that we have now completed three redevelopment projects across three countries worth around €60 million, largely on time and on budget.

Our Nervesa21 project in Milan, Italy, was completed in January 2024. Around 70% of the space has been leased and handed over to three leading firms, with Universal Music Group the anchor tenant. With efficient floor plates and premium staff amenities, we expect the finished floors to lease up well and ahead of our original rents.

Nervesa21 was re-configured to offer 14 modern floors, a modular flexible layout, premium amenities, two rooftop terraces and four panoramic elevators. The redevelopment is expected to attain LEED Platinum and WELL Gold certifications, making it one of Milan's most advanced Grade-A offices, with up to 40% lower energy consumption than similar buildings.

According to CBRE research[5], 70% of office take-up in Milan was Grade-A, confirming that the strong demand for quality office space continues unabated and further validating our investment case for Nervesa21.

During the year, we also completed two logistics projects. In Lovosice, Czech Republic, we completed the refurbishment of 2,611 sqm of existing building and developed five new warehouses with a total lettable area of 14,679 sqm. This asset is now 70% leased, with advanced discussions underway for the rest of the space.

Meanwhile, we completed the development / expansion of 15,825 sqm of warehouse and ancillary office space in Nove Mesto, Slovakia. The asset is approximately 83% pre-leased as at the date of this report.

We have a projected €200 million redevelopment medium-term pipeline across four of our assets, which are expected to be DPU and NAV/Unit accretive upon completion.

These projects are at various planning and pre-leasing stages, and we will provide further updates as they progress. We also manage the overall risk by staggering the development programme. We will keep the quantum of development value well below the regulatory limit of 10% of the deposited property to minimise disruptions and funding requirements.

As the Manager's asset recycling and rejuvenation programme progresses, there may be some short-term impact on NPI, mainly when non-core but high-yielding assets are sold to fund development projects (typically with a one to two-year lead time). At the same time, the total portfolio value is expected to grow as development profits provide organic growth and gains in asset values. Ultimately, the higher yield on cost and development profits will likely contribute to CEREIT's bottom line in future years, and we look forward to demonstrating this to investors in 2024 and 2025, when we expect to see revenue and valuation uplifts from the completed redevelopments.

€55 million
(estimated cost)

MAXIMA, ROME

€90 million
(estimated cost)

HAAGSE POORT, THE HAGUE

€90 million
(estimated cost)

DE RUYTERKADE 5, AMSTERDAM

PARC DES DOCKS, SAINT OUEN, PARIS
Potential for redevelopment

5 CBRE Research, Italian Commercial Real Estate Report, January 2024

01 CEO INTERVIEW

04 WHERE IS CEREIT TODAY IN ITS SUSTAINABILITY / ESG JOURNEY?

After five years of iterative sustainability reporting and proactive implementation of action plans, we can demonstrate measurable outcomes from the various initiatives in which we invested on behalf of CEREIT (both at the REIT level and at the asset level) over the last few years.

Here are the five main benefits for all our stakeholders, addressing both transitional and physical risks stemming from climate change:

1. Maintaining the quality of the buildings while improving their performance and ensuring long-term valuation stability;
2. Reducing operating expenses (such as utility expenses) and therefore increasing net property income, which supports a higher valuation, assuming a constant cap rate;
3. Improving the tenant-customer experience, thereby enhancing our capacity to attract new tenant-customers and support retention rate, high occupancy and rental growth, which in turn grows net property income;
4. Attracting capital as bank financing, public debt and equity investors are increasingly focused on each REIT's ESG strategy and execution; and
5. Complying with burgeoning regulations

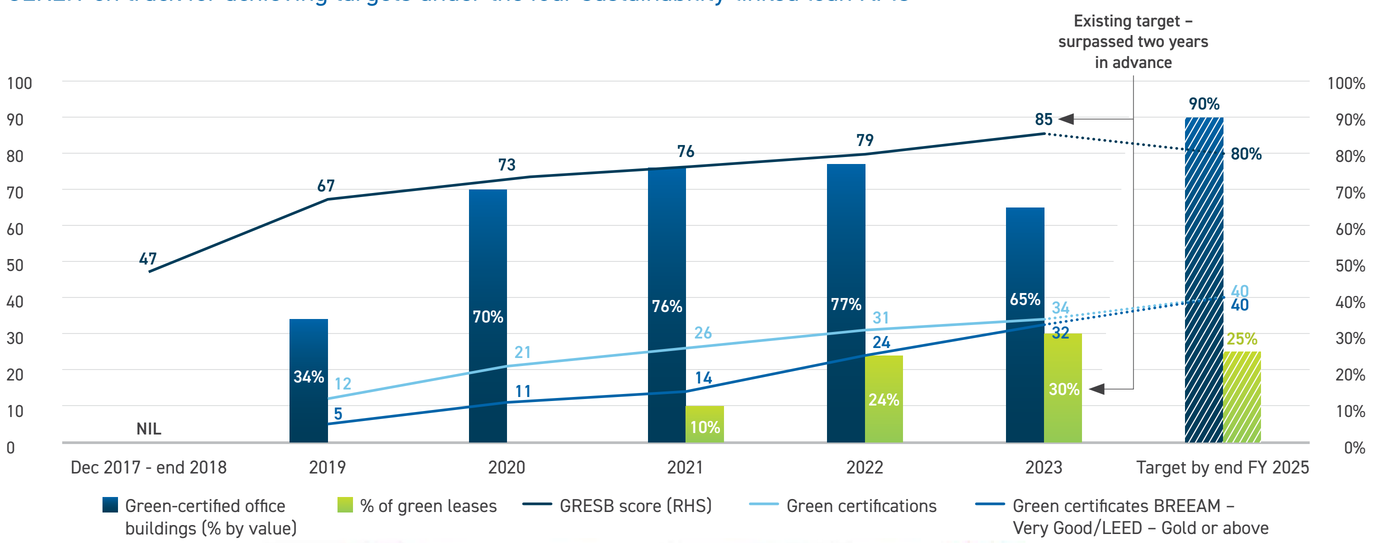
To illustrate points 1, 2 and 3, 30% of CEREIT's total leases are currently 'green' (up from 10% two years ago), enabling the Manager to work with the tenants to reduce energy consumption, and collect Scope 3 data. As mentioned earlier, 65% of CEREIT's office portfolio (by value) is BREEAM or LEED certified, compared to 22% in the EU average, creating a significant point of difference in each of CEREIT's key office markets to appeal to companies looking for better employee amenities and lower and more sustainable operating costs.

Expanding on points 4 and 5 above, our commitment to high standards in sustainability practices and reporting yields results that ultimately broaden our access to capital. We recently completed an extensive survey of our investors that showed that MSCI ESG is the most widely used third-party rating, closely followed by Sustainalytics and GRESB. CEREIT today has an MSCI ESG rating of "AA", a Sustainalytics score of 8.8 or "Negligible risk", and 85 points and four stars in GRESB, a 40+ GRESB score improvement in over five years since we first began participating in the GRESB scorecard. All this puts us in good stead for bank finance and capital markets.

Since introducing CEREIT's green financing framework in April 2022, we have completed more than €600 million in sustainability-linked loan facilities, with a lower cost of debt if relevant sustainability KPIs are achieved.

ESG PERFORMANCE: CERTIFICATIONS, 'GREEN' LEASES AND GRESB SCORE

CEREIT on track for achieving targets under the four sustainability-linked loan KPIs



05 HOW HAS CEREIT BEEN MANAGING ITS TRANSITION TO A "NEW NORMAL" INTEREST RATE ENVIRONMENT?

After increasing nearly 450 bps between the beginning of 2022 and the end of 2023, the 3-month Euribor rate has stabilised around 3.9% in the first three months of 2024. Oxford Economics is now forecasting a 3-month Euribor rate to stabilise and decline to around 1.6% by the end of 2025[6].

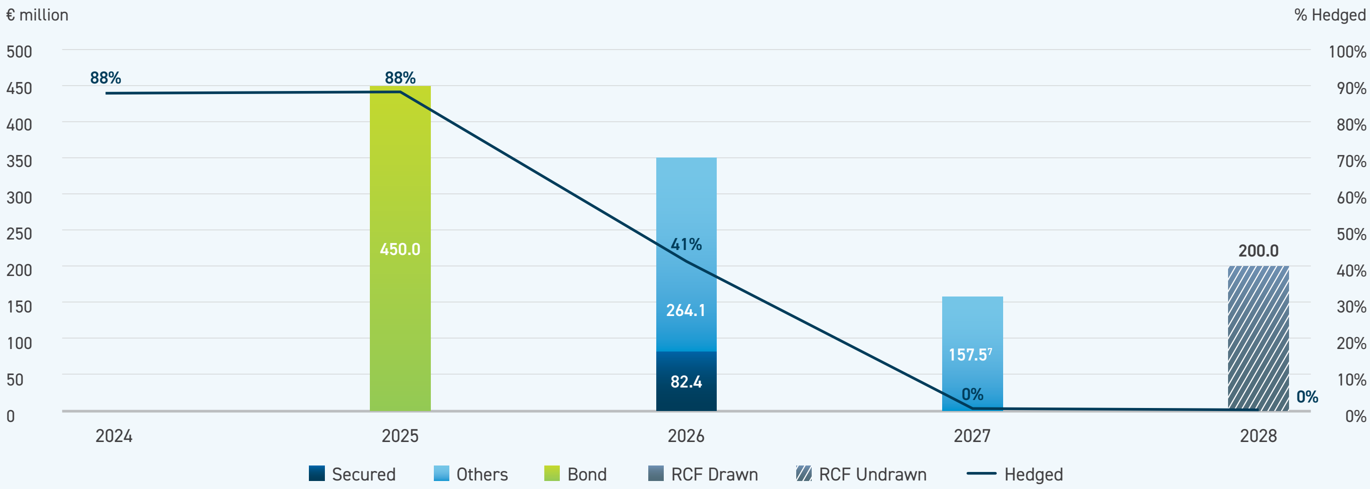
In anticipation of this interest rate "normalisation", we are taking proactive steps to ensure that we manage balance sheet risks while remaining able to benefit from lower interest rates soon.

Some examples of capital management initiatives which we undertook in 2023: we completed close to €500 million of treasury transactions, which extended CEREIT's debt maturity profile, retained hedged debt at 88% up to November 2025 and decreased the amount of bond left to be refinanced in 2025 to €450 million, as shown in the chart below.

NO DEBT EXPIRING UNTIL NOVEMBER 2025

c. €500 million of treasury transactions in FY 2023: high level of hedging minimises impact of higher rates

Debt maturity and percentage hedged/fixed rate as at 31 December 2023



The initiatives we took derisked the balance sheet while providing greater certainty on borrowing costs during this interest rate transition period and kept net gearing within 35-40% policy range.

In December 2023, we repurchased and cancelled €50 million of our 2025 bond using the proceeds from our divestments, reducing the outstanding amounts that still need refinancing to €450 million. We recorded a €3.1 million profit from the buyback that now sits in retained earnings. We aim to decrease the bond outstanding further by using proceeds from additional divestments, thus reducing the impact of the new debt on rollover. While CEREIT enjoys the benefits of a locked-in 2.125% bond coupon till November 2025, we are also taking steps to secure a backstop line of credit and further asset sales to manage this maturity.

The more robust balance sheet at the end of 2023 complements CEREIT's stable operating metrics. It should give our unitholders confidence in our ability to extend further our six-year track record of stable and uninterrupted DPU payout across interest rate cycles.

6 Oxford Economics forecast, February 2024
7 The €157.5 million term loan facility has an initial term of 2 years with option to extend for another 2 years at the borrower's option. The chart shows the final expiry date

01 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;
- A well-balanced mix of geographies, tenant-customers and trade sectors;
- Proven track record in undertaking value-accretive acquisitions, asset management and capital recycling;
- A strong balance sheet with diverse sources of funding, providing financial flexibility;
- Responsible capital management supported by 'BBB-" investment grade credit rating (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 with strong ESG credentials in gateway cities.

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

Active asset management and asset rejuvenation

- 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 the portfolio to identify if potential asset enhancements, sustainability upgrades or redevelopment opportunities can enhance CEREIT's returns; and
- Unlock value through sustainable developments and AEIs to further enhance the overall quality of the portfolio and provide growth in DPU and NAV over the medium term

Capital recycling and growth through acquisitions

- Adopt a rigorous research-backed selection process focused on long-term sector trends and fundamental real estate qualities to ensure investments are concentrated in the right macro/micro-locations and sectors;
- Aim to grow DPU and NAV per Unit through the acquisition of quality income-producing commercial properties across Europe and United Kingdom;
- 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 to participate in both on- and off-market acquisitions; and
- Divestment of selected non-core office, non-strategic light industrial / logistics assets and 'others' assets

Responsible capital management

- Maintain a strong balance sheet and employ the appropriate mix of debt and equity with an appropriate liquidity;
- Secure diversified funding sources considering financial institutions and capital markets; and
- Optimise the 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, aiming to set specific reduction targets by the end of the year 2024;
- 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 as well as MSCI ESG, Sustainalytics and EPRA sBPR submissions 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 investment approach combines research-based fundamental market analysis with rigorous evaluation of property-specific variables and financial forecasts to select assets that meet CEREIT's investment criteria and enhance risk-adjusted returns.

The initial asset selection process comprises a top-down comprehensive analysis that includes several criteria covering long-term sector megatrends and fundamental real estate attributes to determine countries and sectors that will provide attractive returns.

Once the top-down comprehensive data analysis has identified targeted macro/micro-locations and asset types, the bottom-up investment strategy process begins. The investment management team has developed proprietary analytics tools that provide the Board with a broad framework to assist them in evaluating proposed acquisitions and divestments. This approach ensures that CEREIT's portfolio optimisation is based on sound data and analysis to maximise returns.

The framework allows the asset management team to optimise the portfolio by monitoring all assets and market risks and identifying any "outliers". The following tools support the framework:

- An enhanced property risk matrix across three broad categories, encapsulating 13 risk factors (asset risk, market/location risk, execution/financial risk). This matrix visualises how the identified asset (existing property, proposed investment, or potential divestment) enhances or detracts from the existing portfolio risk/return profile. It lays out the assessed risks in a standardised framework to compare against the projected returns.
- A dynamic portfolio optimisation tool that measures CEREIT's overall risks and returns by producing an "efficient frontier curve". The tool maps out a dynamic and efficient frontier of CEREIT's investable universe based on the 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.

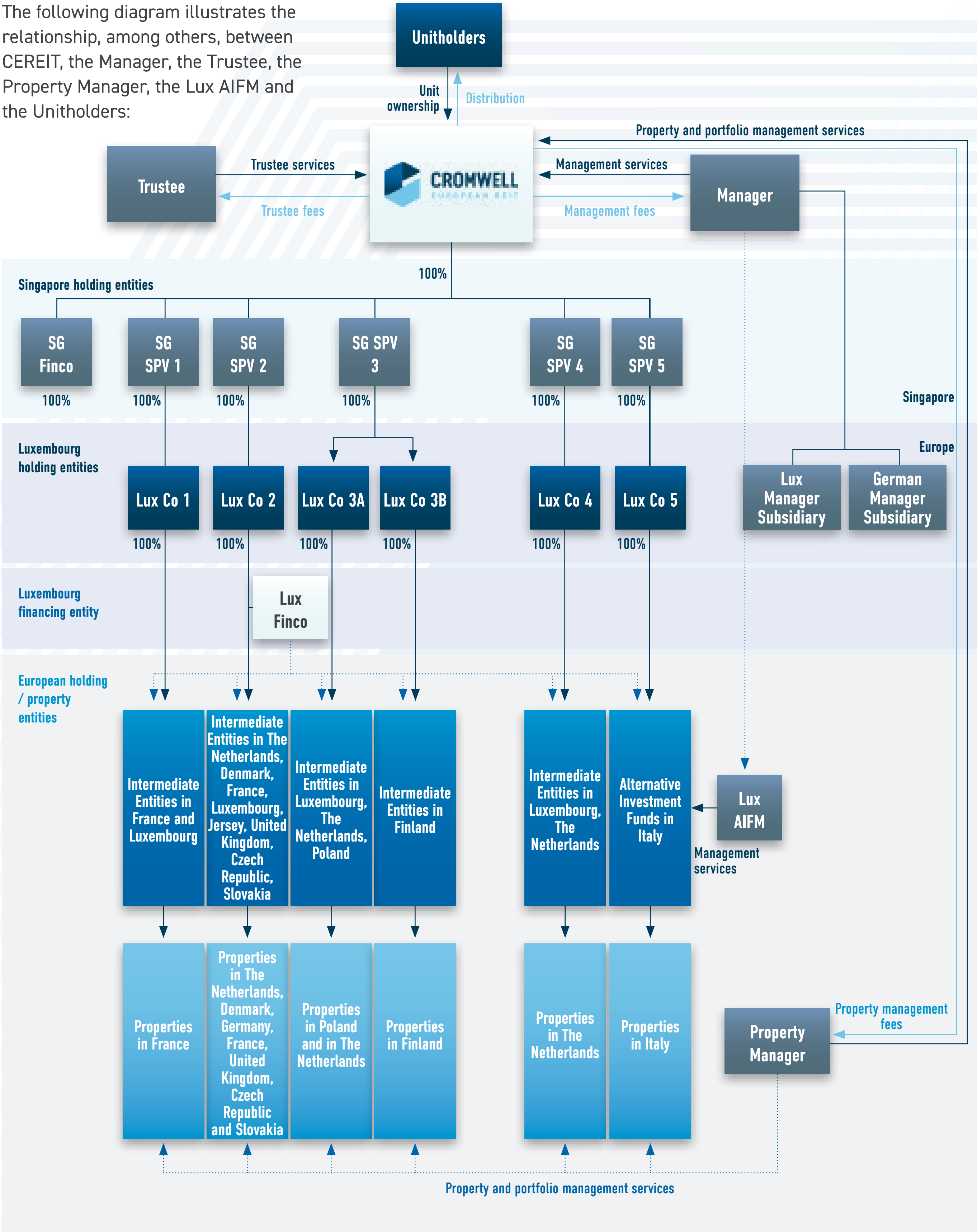
Ultimately, all transactions are approved by the Board.

AN INTEGRATED APPROACH ALONGSIDE ONGOING REVIEW AND GOVERNANCE

01 STRUCTURE OF CEREIT

(AS AT 31 DECEMBER 2023)

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



01 CEREIT'S MILESTONES

26 February 2024:
Announced 2H 2023 DPU of 7.903 Euro cents

22 January 2024:
Completed Nervesa21 redevelopment in Milan, one of the highest ESG-grade office buildings in Europe, with Universal Music Group as the anchor tenant

15 January 2024:
Announced FY 2023 independent portfolio valuations, only 1.5% lower as compared to 1H 2023

2024

110 PROPERTIES

€2,252 million
portfolio value
as at 31 December 2023

110 PROPERTIES

21 December:
Completed divestment of a non-core office asset in Italy
CEREIT's MSCI ESG "AA" rating reaffirmed

20 December:
Repurchased and cancelled €50 million of bonds due in 2025 with €3 million profit recorded

3 December:
Won 'Best Annual Report' and 'Best Sustainability Report' at IR Magazine Southeast Asia Awards 2023

11 October:
Investment grade 'BBB-' rating affirmed by Fitch with a stable outlook

111 PROPERTIES

6 October:
Completed divestment of the largest non-core 'others' asset and achieved majority weighting to logistics / light industrial

7 October:
Achieved record-high 85 points and awarded 4-stars in GRESB 2023

14 August:
Announced 1H 2023 DPU of 7.790 Euro cents and signed multiple new sustainability-linked financing facilities worth €322.5 million

24 July:
Announced 1H 2023 independent portfolio valuations

112 PROPERTIES

28 June:
Completed divestment of a non-core Italian office asset at 14.6% premium to 2017 purchase price

28 April:
Published FY 2022 Sustainability Report

26 April:
Held 5th AGM in hybrid form, with physical event back for the first-time post-pandemic

10 April:
Published FY 2022 Annual Report

24 February:
Announced 2H 2022 DPU of 8.494 Euro cents

27 January:
Achieved Sustainalytics ESG score of "Negligible Risk" at 8.8, ranked 123rd out of >15,000 companies globally and 19th out of >450 REITs globally

2023

113 PROPERTIES

€2,504 million
portfolio value
as at 31 December 2022

01 BOARD OF DIRECTORS

Lim Swe Guan, 69

CHAIR AND INDEPENDENT NON-EXECUTIVE DIRECTOR

DATE OF APPOINTMENT AS DIRECTOR
28 July 2017

LENGTH OF SERVICE AS DIRECTOR
(As at 31 December 2023)
6 years 5 months

NATIONALITY
Singaporean

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 then 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 (GIC), where his last held position was Regional Manager. From 2008 to 2011, he was a Managing Director of GIC Real Estate. His roles included 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 2023)

- Nil

PRESENT OTHER PRINCIPAL COMMITMENTS

(As at 31 December 2023)

- 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 2021 To 31 December 2023)

- Nil

Fang Ai Lian, 74

INDEPENDENT
NON-EXECUTIVE DIRECTOR

DATE OF APPOINTMENT AS DIRECTOR

31 July 2017

LENGTH OF SERVICE AS DIRECTOR
(As at 31 December 2023)

6 years 5 months

NATIONALITY

Singaporean

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 has more than 30 years of experience in accounting, risk management and governance through her tenure with Ernst & Young LLP where she worked from 1974 until her retirement in 2008. She has held various senior management positions in the firm, including her appointment as Managing Partner in 1996 and subsequently, her appointment as Chair in 2005.

PRESENT OTHER LISTED COMPANY DIRECTORSHIPS OR CHAIRPERSONSHIPS

(As at 31 December 2023)

- Singapore Post Limited (Independent Director)

PRESENT OTHER PRINCIPAL COMMITMENTS

(As at 31 December 2023)

- Singapore Business Federation (Chair of the Board of Trustees)
- Medishield Life Council (Chair of Council)
- Honour (Singapore) Ltd. (NGO) (Director)
- SingHealth Fund (Member of Board)

PAST LISTED COMPANY DIRECTORSHIPS OR CHAIRPERSONSHIPS HELD OVER PRECEDING 3 YEARS

(From 1 January 2021 To 31 December 2023)

- Banyan Tree Holdings (Independent Director)
- Metro Holdings Limited (Independent Director)

01 BOARD OF DIRECTORS

Christian Delaire, 56

INDEPENDENT
NON-EXECUTIVE DIRECTOR

DATE OF APPOINTMENT AS DIRECTOR

24 August 2017

LENGTH OF SERVICE AS DIRECTOR
(As at 31 December 2023)

6 years 4 months

NATIONALITY

French

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 starting his career with KPMG audit as financial and accounting auditor, he joined AXA Real Estate, where 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 was 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 2023)

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

PRESENT OTHER PRINCIPAL COMMITMENTS
(As at 31 December 2023)

- CDE Advisors
- NODI SA
- New Immo Holdings

PAST LISTED COMPANY DIRECTORSHIPS OR CHAIRPERSONSHIPS HELD OVER PRECEDING 3 YEARS
(From 1 January 2021 To 31 December 2023)

- Nil

Ooi Eng Peng, 68

NON-INDEPENDENT
NON-EXECUTIVE DIRECTOR

DATE OF APPOINTMENT AS DIRECTOR
15 September 2021

LENGTH OF SERVICE AS DIRECTOR
(As at 31 December 2023)
2 years 3 months

NATIONALITY
Australian

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, spanning property investment, development, project management, fund 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 in the roles of Chief Financial Officer of Lendlease Development (2000 – 2002), Global Chief Financial Officer of Lendlease Investment Management (2002 – 2003) and Asia Pacific Chief Financial Officer, Lendlease Communities (2003 – 2005). From 2006 to 2010, Mr Ooi was the Asia Chief Executive Officer of 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 2023)

- Cromwell Property Group (Non-Executive Deputy Chair)

PRESENT OTHER PRINCIPAL COMMITMENTS

(As at 31 December 2023)

- Savant Global Capital Pty Ltd

PAST LISTED COMPANY DIRECTORSHIPS OR CHAIRPERSONSHIPS HELD OVER PRECEDING 3 YEARS

(From 1 January 2021 To 31 December 2023)

- Perennial Real Estate Holdings Limited
- ESR Funds Management (S) Ltd (as Manager of ESR-REIT)

01 BOARD OF DIRECTORS

Jonathan Callaghan, 52

NON-INDEPENDENT
NON-EXECUTIVE DIRECTOR

DATE OF APPOINTMENT AS DIRECTOR
19 June 2023

LENGTH OF SERVICE AS DIRECTOR
(As at 31 December 2023)
7 months

NATIONALITY
Australian

BOARD COMMITTEES SERVED ON

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

ACADEMIC AND PROFESSIONAL QUALIFICATIONS

- Master of Applied Finance from Macquarie University
- Bachelor of Science (Hons) and Bachelor of Laws (Hons) from the University of Sydney

BACKGROUND AND WORKING EXPERIENCE

Mr Callaghan is currently the Managing Director and Chief Executive Officer of Cromwell Property Group, the sponsor of CEREIT. He joined the Sponsor as its Chief Executive Officer in October 2021 and was appointed to the Sponsor's Board on 7 October 2021. Prior to this, he was at Investa Property Group, where he served as General Counsel and Company Secretary from 2006, where he was subsequently appointed in the roles of Joint Managing Director in 2013, Finance Director in 2014 and CEO in 2016. While at Investa, he oversaw management of the Investa Commercial Property Fund. During his tenure, Investa was widely regarded as one of the leading Australian property companies. Earlier in his career, Jonathan worked at law firms Gilbert & Tobin and Corrs Chambers Westgarth.

PRESENT OTHER LISTED COMPANY DIRECTORSHIPS OR CHAIRPERSONSHIPS
(As at 31 December 2023)

- Cromwell Property Group (Managing Director)

PRESENT OTHER PRINCIPAL COMMITMENTS
(As at 31 December 2023)

- Nil

PAST LISTED COMPANY DIRECTORSHIPS OR CHAIRPERSONSHIPS HELD OVER PRECEDING 3 YEARS
(From 1 January 2021 To 31 December 2023)

- Nil

Simon Garing, 54

CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR

DATE OF APPOINTMENT AS DIRECTOR
3 September 2018

LENGTH OF SERVICE AS DIRECTOR
(As at 31 December 2023)

5 years 4 months

NATIONALITY
Australian

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)

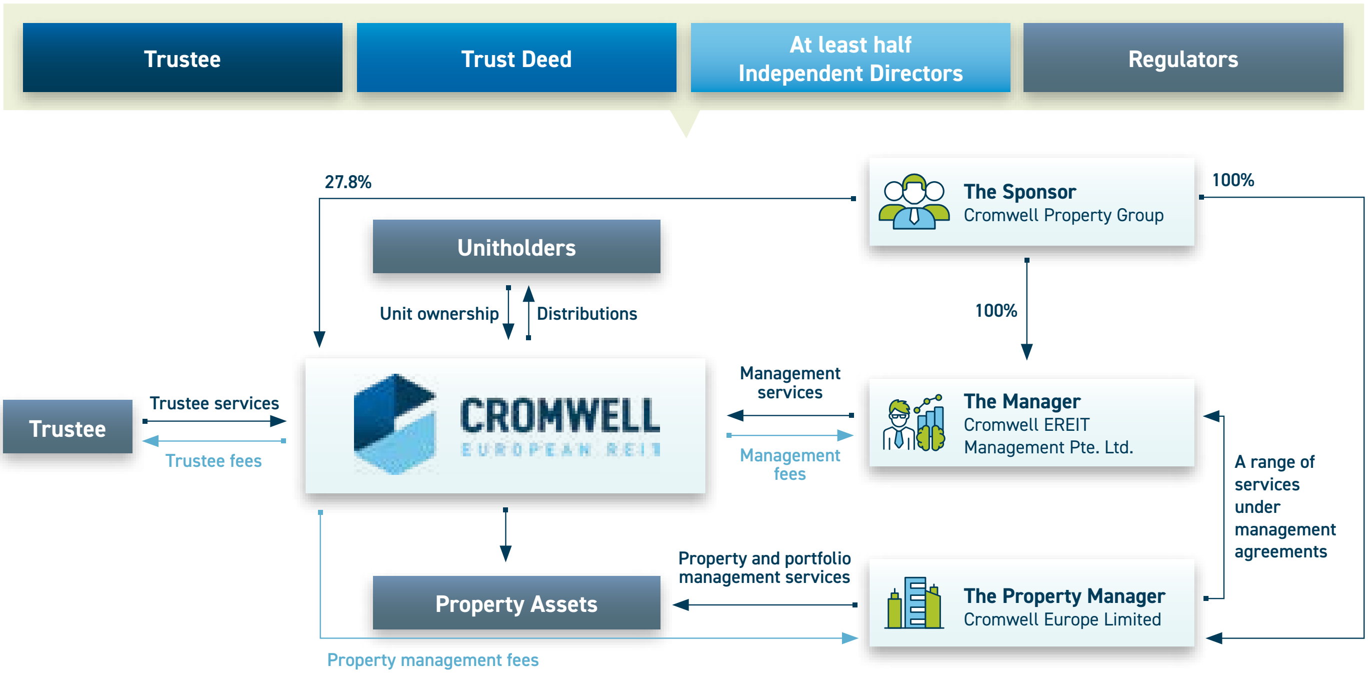
BACKGROUND AND WORKING EXPERIENCE
Mr Garing has over 25 years of investment management, financial markets, risk management, and accounting experience in the global real estate industry. Prior to his appointment to the CEREIT Manager, he was the Chief Capital Officer of Cromwell Property Group, where he was responsible for capital management and capital markets fund raising, for both 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 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 2023)
- Nil

PRESENT OTHER PRINCIPAL COMMITMENTS
(As at 31 December 2023)
- Nil

PAST LISTED COMPANY DIRECTORSHIPS OR CHAIRPERSONSHIPS HELD OVER PRECEDING 3 YEARS
(From 1 January 2021 To 31 December 2023)
- Nil

01 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 and the Europe-based teams of the subsidiaries of the Manager. The services provided 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, providing supervision in relation to investments of CEREIT and making final recommendations to the CEREIT 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 investors, research analysts and the investment community; and
- **ESG:** devising and executing CEREIT's sustainability strategy and plans, including managing stakeholder relations, preparing annual sustainability reports and other relevant submissions such as GRESB

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 27.8% of CEREIT's Units in issue as at 31 December 2023. 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 2023, the Sponsor has approximately €7.0 billion of real estate assets under management globally with 340+ employees in 19 offices across 15 countries.

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 approximately 200 employees in 14 offices across 12 countries in Europe, including countries in which CEREIT assets are located. The primary goal of the Property Manager is to maximise cash flows, earnings, and value of each of CEREIT's assets to meet CEREIT's objectives. The Property Manager's services include but are not limited to:

- **Investment management services:** assistance with deal 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

14 offices across 12 countries providing on-the-ground local market knowledge and expertise

01 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 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 vice-chairman of the executive committee and Chairman of the promotions sub-committee of REITAS. He is also a member 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 subsequently took on 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.

Mr Hagan 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, CEREIT

Mr Hoffmann was appointed 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 programmes, asset enhancement initiatives including capex programmes, cost minimisation solutions and delivering on long-term asset plans including developments.

Prior to joining the Manager, 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 former Chairman and member of EPRA's PropTech Committee and also a member of the Supervisory Board of the smart building PropTech company Spaceti.com.

Elena Arabadjieva

CHIEF OPERATING OFFICER AND HEAD OF INVESTOR RELATIONS

Ms Arabadjieva joined the Manager in September 2017 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 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 has more than 25 years of experience in investor relations, sustainability, marketing, sales and communications across real estate, tourism and hospitality in Asia. Prior to joining the Manager, Ms Arabadjieva was the Head of Investor Relations and Corporate Communications of ESR-REIT. Prior to ESR-REIT, Ms Arabadjieva was the Director of Investor Relations of Genting Singapore PLC (a S$11 bn market cap gaming and hospitality company, 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 Master of Business Administration from INSEAD (France and Singapore). Ms Arabadjieva is member of the alumni association of INSEAD (Singapore Chapter) and also represents the Manager in relevant initiatives of SGListCos.

02 MANAGER'S REPORT

EXECUTIVE SUMMARY

The Manager is pleased to report on another year of commendable performance for CEREIT in FY 2023 amid adverse macroeconomic factors such as heightened geopolitical tensions, high inflation, a rise in interest rates, almost zero GDP growth and a decline in real asset valuations.

The Board declared an FY 2023 DPU of 15.693 Euro cents, 8.7% lower y-o-y; however, only 4.1% lower on a like-for-like basis[1], as no capital "top up" to DPU was made in 2023 (versus 0.365 Euro cents/Unit "top up" in 2022). The decline in like-for-like DPU was primarily driven by income lost from the three divestments completed in FY 2023 and the impact of higher borrowing costs.

FY 2023 NPI fell 1.8% y-o-y to €134.3 million, primarily due to the three divestments completed in FY 2023. However, FY 2023 NPI grew 4.1% y-o-y on a like-for-like basis[2], with light industrial / logistics and office sectors recording 5.6% and 4.2% growth, respectively, primarily due to positive rent reversions and annual indexation across the portfolio.

CEREIT's portfolio occupancy was 94.3%[3] at the end of FY 2023, with 15% of the portfolio or over 270,000 sqm leased up or renewed over the year at a strong overall 5.7% rent reversion.

Independent valuations were conducted for 108 properties as at 31 December 2023 by CBRE and Savills. The Manager is also currently in advanced discussions with prospective buyers to divest Via Brigata Padova 19 in Italy, while Grójecka 5 in Poland was divested in late March 2024, which resulted in the two assets being carried at their respective contracted selling price as at 31 December 2023. Including the two assets that were held for sale, the 110 properties were carried at €2,252.1 million as at 31 December 2023. On a like-for-like basis, the valuations of the portfolio only decreased by 1.5% compared to 30 June 2023 and 3.0% y-o-y (excluding capital and development expenditure incurred during the period). Notably, the light industrial / logistics portfolio continued to perform well, with valuations increasing by 2.1% or €24.9 million compared to the 31 December 2022 valuations on a like-for-like basis, primarily driven by rental growth and development expenditure.

Amid the continuing uncertain macroeconomic environment and higher interest rate environment, the Manager remains focused on mitigating risk through responsibly managing financial flexibility and augmenting the quality of CEREIT's portfolio via proactive asset and capital management strategies. CEREIT made no acquisitions in FY 2023. Instead, the Manager focused on reducing debt, maintaining ample headroom with all loan covenants, maintaining a healthy cash balance, and ensuring net gearing remained within the board policy range. Liquidity continues to be a focus as the Manager commences preparations for the upcoming refinancing of the €450 million bonds, expiring at the end of 2025, and funding for potential development and AEI expenditures over the short to medium term. To that end, two office assets and 1 'others' asset in Italy with an aggregate price of €196.5 million were divested in FY 2023 at a blended premium of 13.6% to the latest valuations. The proceeds were subsequently used to repay the RCF fully and to buy back €50 million of bonds from the €500 million bond maturing in 2025. Earlier in the year, almost €500 million in treasury transactions were completed with good support from new and existing lenders.

In FY 2023, the Manager completed around €60 million of development projects and AEIs in Italy, Czech Republic and Slovakia on time and largely on budget, with a good amount of pre-let space. Approximately €200 million in development projects in The Netherlands, Italy, and France are being contemplated over the next few years to improve the portfolio's overall quality and provide DPU and NAV/unit growth over the medium to long term.

FINANCIAL PERFORMANCE

FY 2023 gross revenue was €216.5 million, down 2.5% or €5.6 million y-o-y, mainly due to asset sales of €237 million since 2022. In addition, Maxima in Rome, Italy, did not generate any income as the property was undergoing strip-out works in preparation for a redevelopment to a Grade-A office building. The decline in gross revenue was partially offset by an increase in office occupancy by 100 bps y-o-y, 5.7% rent reversion and c. 4% inflation indexation and rent review across the portfolio. Property operating expenses were €82.2 million, 3.7% or €3.1 million lower y-o-y. Offsetting service charge income and excluding property management fees and bad debt expenses, the

1 Like-for-like DPU in FY 2022 excludes capital gain paid out in lieu of Nervesa21 lost income and income from Maxima
2 Like-for-like NPI excludes FY 2022 and FY 2023 acquisitions and divestments, Nervesa21 (under redevelopment) and Maxima (under strip-out works)
3 Occupancy calculation excludes Nervesa21 (under redevelopment), Maxima (under strip-out works), Grojecka 5 (held for sale and not allowed to be leased), and the vacant space at Via dell'Industria 18

	FY 2023	FY 2022	Variance %
Gross revenue (€'000)	**216,489**	222,105	(2.5%)
NPI (€'000)	**134,281**	136,775	(1.8%)
Total return (€'000)	**(73,899)**	41,949	n.m.
Total return attributable to Unitholders (€'000)	**(76,225)**	39,628	n.m.
Income available for distribution to Unitholders (€'000)	**88,254**	96,667	(8.7%)
Applicable number of Units ('000)	**562,392**	562,392	-
DPU Euro cents per Unit ("cpu")	**15.693**	17.189	(8.7%)
Like-for-like[4] DPU Euro cents per Unit ("cpu")	**15.693**	16.366	(4.1%)

net non-recoverable operating expense was €23.8 million, a marginal increase of 0.9% or €0.2 million y-o-y. More than half of the total operating expenses were related to property service charge expenses and, therefore, primarily recoverable due to the high occupancy rate of the portfolio.

NPI for FY 2023 of €134.3 million was €2.5 million or 1.8% lower y-o-y. On a like-for-like basis, NPI was 4.1% higher y-o-y.

FY 2023 net interest expense (after deducting interest income, excluding amortisation of debt issuance costs) of €27.9 million were 41.6% or €8.2 million higher y-o-y, mainly due to an increase in Euribor and €STR and higher borrowing margins from the new sustainability-linked loans signed during the year.

FY 2023 Manager's fees of €5.9 million were 2.7% lower y-o-y, mainly due to lower deposited property value, mostly from divestments completed since FY 2022.

FY 2023 other trust expenses were €5.7 million, 4.5% or €0.3 million lower y-o-y. This improvement was mainly due to lower one-off tax consultancy fees incurred in FY 2023 partially offset by higher property valuation fees, sustainability reporting costs and internal audit fees.

The net foreign exchange gain of €0.8 million for FY 2023 was primarily due to an unrealised gain from the revaluation of EUR denominated intercompany loans by a CEREIT subsidiary due to the strengthening of the GBP against EUR. Small exchange losses incurred in Poland and Denmark partially offset the gain.

FY 2023 loss on divestments of €9.9 million was mainly due the sale of Piazza Affari 2 in Milan, Italy, as the property being sold for lower than its December 2022 valuation. However, the selling price was well above its acquisition price.

Other gains in FY 2023 were related to bond buybacks completed in mid-December 2023. CEREIT, through its subsidiary, Cromwell EREIT Lux Finco S.a.r.l., repurchased an aggregate principal amount of €50 million of the €500 million 2.125% Euro medium-term notes due on 19 November 2025 at a weighted average price of approximately 93 Euro cents.

FY 2023 fair value loss on investment properties of €133.6 million was primarily due to the fair value loss from property valuations undertaken during the year and a write-off of capital expenditure and development expenditure incurred. The loss on investment properties was partially offset by the gain recorded upon transferring Viale Europa 95 to assets held for sale

Fair value loss on derivative instruments of €8.8 million in FY 2023 was attributable to the decrease in values of interest rate cap and cross currency swap contracts due to a fall in future interest expectations evidenced by decreasing forward 3M Euribor swap rate.

4 Like-for-like DPU in FY 2022 excludes capital gain paid out in lieu of Nervesa21 lost income and Maxima income

02MANAGER'S REPORT

FY 2023 income tax expense of €15.5 million comprised current income tax expense of €5.8 million and deferred tax expense of €9.7 million. The current tax expense was €3.0 million or 34.3% lower y-o-y, mainly due to the release of an accrual of potential tax in a Dutch subsidiary of €2.3 million following confirmation received from the tax authority that the tax was no longer payable. Deferred tax expense was €6.3 million higher y-o-y mainly due to no deferred tax assets being recognised on valuation losses in some of the properties as the reversals of temporary differences are covered by initial recognition exemption.

GROSS REVENUE AND NPI COMMENTARY

Overall portfolio

FY 2023 gross revenue was €216.5 million, down 2.5% or €5.6 million y-o-y. FY 2023 NPI was €134.3 million, down 1.8% or €2.5 million y-o-y. The table below compares the gross revenue and NPI figures y-o-y by asset class and country.

	GROSS REVENUE			NET PROPERTY INCOME		
	FY 2023 €'000	FY 2022 €'000	Variance %	FY 2023 €'000	FY 2022 €'000	Variance %
LIGHT INDUSTRIAL / LOGISTICS						
The Netherlands	**7,032**	6,648	5.8%	**4,933**	4,688	5.2%
France	**33,670**	32,467	3.7%	**20,506**	20,191	1.6%
Italy	**11,765**	12,009	(2.0%)	**8,621**	9,170	(6.0%)
Germany	**18,037**	17,285	4.3%	**12,478**	11,333	10.1%
Denmark	**12,809**	10,848	18.1%	**7,093**	5,650	25.5%
Czech Republic	**5,221**	4,478	16.6%	**3,744**	3,392	10.4%
Slovakia	**6,087**	6,294	(3.3%)	**3,982**	4,232	(5.9%)
United Kingdom	**4,620**	3,839	20.3%	**4,104**	3,377	21.5%
Total - light industrial / logistics	**99,241**	93,868	5.7%	**65,461**	62,033	5.5%
OFFICE						
The Netherlands	**46,651**	44,753	4.2%	**29,240**	26,667	9.7%
France	**6,157**	6,128	0.5%	**2,403**	2,223	8.0%
Italy	**17,665**	22,786	(22.5%)	**10,656**	15,215	(30.0%)
Poland	**24,589**	28,194	(12.8%)	**13,587**	13,824	(1.7%)
Finland	**10,024**	10,514	(4.7%)	**5,155**	5,118	0.7%
Total - office	**105,086**	112,375	(6.5%)	**61,041**	63,047	(3.2%)
'OTHERS'						
Italy	**12,162**	15,862	(23.3%)	**7,779**	11,695	(33.5%)
Total - 'others'	**12,162**	15,862	(23.3%)	**7,779**	11,695	(33.5%)
Total	**216,489**	**222,105**	**(2.5%)**	**134,281**	**136,775**	**(1.8%)**

Light industrial / logistics

FY 2023 gross revenue for light industrial / logistics assets was €99.2 million, €5.4 million or 5.7% higher y-o-y. FY 2023 NPI was €65.5 million, €3.4 million or 5.5% higher y-o-y.

The five assets in Italy, Germany, United Kingdom and Denmark acquired throughout FY 2022 contributed an additional €0.6 million to FY 2023 NPI, while the three assets in Germany and France divested in the fourth quarter of FY 2022 reduced NPI by €0.4 million in FY 2023 compared to the prior year.

Additionally, in Via dell'Industria 18, Italy, the absence of a one-off early termination indemnity payment received from the anchor tenant in FY 2022 and the refurbishment currently being undertaken in a significant portion of the asset reduced FY 2023 NPI by €1.0 million.

On a like-for-like basis, NPI was €59.5 million, €3.2 million or 5.6% higher y-o-y, excluding acquisitions and divestments in FY 2022.

The German portfolio's NPI increased by €0.9 million y-o-y on a like-for-like basis, primarily due to rent indexation of €0.6 million across the portfolio. The French portfolio's NPI increased by €0.7 million y-o-y on a like-for-like basis due to a higher rental income of €1.9 million in FY 2023 from a combination of higher inflation indexation and lower vacancy across the portfolio, particularly in Parc des Docks. This was partially offset by lower other property income of €0.7 million, mainly in Parc Parçay-Meslay and Parc des Docks, due to the absence of one-off income to reimburse costs from prior tenants. The Danish portfolio's NPI increased by €0.6 million y-o-y on a like-for-like basis, driven by higher rental income, particularly in Priorparken 700 and 800, where higher occupancy also contributed to the higher income. Czech Republic portfolio's NPI increased by €0.3 million y-o-y on a like-for-like basis due to higher rental income in Lovosice ONE Industrial Park I (due to post-redevelopment leasing), Lovosice ONE Industrial Park II (due to positive reversion on leasing) and Moravia Industrial Park (due to indexation). In Italy, inflation indexation predominantly at Centro Logistico Orlando Marconi and Via Fornace in Mira contributed to an NPI uplift of €0.3 million y-o-y on a like-for-like basis. NPI growth in the Dutch portfolio was due to higher rental income across the portfolio from indexation, early lease-up and positive rent reversions.

Office

FY 2023 gross revenue for the office assets was €105.1 million, €7.3 million or 6.5% lower y-o-y, whilst NPI was €61 million, €2.0 million or 3.2% lower y-o-y. This decline was mainly due to the absence of income from Maxima in Italy, as the property was undergoing strip-out works in preparation for redevelopment. The decrease was partially offset by €1.25 million of dilapidation income received, resulting in €2.6 million less NPI than in FY 2022.

During 3Q 2022, Opus 1 in Finland was sold, resulting in €0.4 million lower NPI in FY 2023. During FY 2023, Piazza Affari 2 in Italy was sold in 2Q 2023, reducing NPI by €1.2 million and Corso Lungomare Trieste 29 in Italy was sold in 4Q 2023, reducing NPI by €0.2 million compared to the prior year. Another reason for lower FY2023 gross revenue for office assets was due to the 15% Italian government rent reduction and a provision for doubtful debt made over a dispute on the calculation of this rent reduction.

On a like-for-like basis, NPI was €58.9 million, €2.4 million or 4.2% higher y-o-y, excluding divestments completed in FY 2022 and FY 2023 and the absence of income from Via Nervesa21 and Maxima, which was undergoing strip-out works in preparation for redevelopment.

The main contributor to increased NPI on a like-for-like basis was The Netherlands, which contributed €2.6 million increase in NPI driven by the lease-up of the 6,600 sqm of vacant space in Haagse Poort, resulting in higher rental income and better service charge recoverability amounting to €0.8 million, higher indexation across the portfolio amounting to €1.3 million and higher car parking income in Central Plaza amounting to €0.3 million.

'Others'

CEREIT's 'others' sector portfolio consists of two government-let campuses, one retail asset and one hotel, all located in Italy.

FY 2023 gross revenue was €12.2 million, €3.7 million or 23.3% lower than FY 2022, whilst NPI was €7.8 million, €3.9 million or 33.5% lower than FY 2022.

The FY 2023 underperformance is mainly due to the divestment of Viale Europa 95 during 4Q 2023, which reduced NPI by €3.2 million, of which €1.1m was due to the 15% Italian government rent reduction and €0.5 million from the provision of doubtful debt provided over a dispute on the calculation of this rent reduction.

02 MANAGER'S REPORT

On a like-for-like basis, NPI was €3.7 million, €0.7 million or 15.9% lower y-o-y, excluding the divestment of Viale Europa 95 in FY 2023.

The underperformance is mainly due to significantly lower turnover rent in Starhotels Grand Milan, leading to a €0.9 million decrease in NPI in FY 2023. This decline was due to a cap on variable rent, as total variable and fixed rent exceeded the cumulative threshold in FY 2023.

VALUATIONS

Independent valuations of 108 properties in CEREIT's portfolio as at 31 December 2023 were undertaken in December 2023 by CBRE and Savills. CBRE valued properties in France, Poland, Denmark, Czech Republic and Slovakia. Savills valued properties in The Netherlands, Italy, Germany, Finland, and United Kingdom. In addition, two properties were recorded as assets held for sale at their contracted selling price. The 110 properties were carried at an aggregate of €2,252.1 million as at 31 December 2023, representing an aggregate €69.1 million or 3.0% like-for-like decrease in fair value compared to the book value at 31 December 2022, excluding capex. This factored in the benefit of valuation increases on properties under development in Italy, Czech Republic and Slovakia.

The Manager's pivot to the light industrial / logistics sector has again benefited CEREIT this valuation round, with the sector recording a like-for-like fair value increase of 2.1% or €24.9 million y-o-y. Uplifts in valuations were recorded in the light industrial / logistics portfolios in France (3.6% or €13.4 million), Italy (5.5% or €8.0 million), Denmark (4.9% or €5.9 million), Czech Republic (4.3% or €3.2 million), Slovakia (7.4% or €4.9 million) and United Kingdom (6.0% or €3.4 million). Favourable movements in these countries were generally due to higher passing, market rents, new leases signed, and ongoing rent inflation indexation. The uplift in Czech Republic was further supported by a slight compression in exit cap rates of approximately 20 bps and an increase in effective passing rents because of the asset enhancement initiative ("AEI") completion and leasing of Lovosice.

Valuation declines were recorded in Germany (5.8% or €12.7 million) and The Netherlands (1.2% or €1.3 million), primarily due to an expansion in terminal cap rate and slightly higher vacancies.

The office sector recorded an 8.2% or €91.2 million like-for-like reduction in fair value. The 'others' sector declined 5.8% or €2.8 million y-o-y on a like-for-like basis. Valuation declines were recorded in all countries where CEREIT has office exposure, notably Finland (down 17.7% or €15.2 million) and Poland (down 16.1% or €34.7 million). The overall decline was mainly a result of the widening of terminal cap rates and a more negative view of secondary office markets in Poland and Finland.

The portfolio's fair value movements included €46.0 million gains from development capital expenditures from Nervesa21 in Milan, Italy, Via Dell'Industria 18 in Vittuone, Italy, Lovosice ONE Industrial Park I in Lovosice, Czech Republic and Nove Mesto ONE Industrial Park I and III in Kočovce, Slovakia. Excluding this €46.0 million benefit, the adjusted like-for-like valuation write-down for the portfolio would have been €115.1 million or 5.0% lower y-o-y.

The overall decline in valuation was not significant due to the following reasons:

a. The majority of CEREIT's assets are well-located in good/very good macro/micro-locations which are experiencing market rent growth with little new competitive supply;
b. The majority of CEREIT's leases have inflation indexation clauses and strong rent reversion;
c. Successful leasing and asset enhancement programmes meeting the current occupier demand in supply constrained markets;
d. CEREIT's portfolio has a relatively high initial yield of 6.2% with a healthy 360+ bps spread to the average 2023 interest cost of 2.6%, providing sufficient downside protection, while the average reversionary yield is 7.7%, indicating valuers' expectations of higher NOI growth over the medium term; and
e. Properties under development, such as Nervesa21 and Via dell'Industria 18 in Italy, Lovosice ONE Industrial Park I in Czech Republic, and Nove Mesto ONE Industrial Park I and III in Slovakia have created additional value via lease-up/pre-letting and increase in passing/market rents.

Country	Purchase Price €'000	Number of Properties	Carrying value as at 31 Dec 2023 €'000	Variance between valuation and purchase price %
The Netherlands	**586,398**	**14**	616,600	5.2%
France	**339,575**	**20**	443,995	30.8%
Italy[5]	**421,620**	**19**	397,130	(5.8%)
Germany	**156,555**	**14**	204,580	30.7%
Poland[6]	**240,650**	**6**	181,750	(24.5%)
Denmark	**84,523**	**12**	128,304	51.8%
Czech Republic	**60,891**	**7**	77,410	27.1%
Slovakia	**62,389**	**5**	70,840	13.5%
Finland	**99,620**	**10**	70,600	(29.1%)
United Kingdom	**73,350**	**3**	60,905	(17.0%)
Total	**2,125,572**	**110**	**2,252,114**	**6.0%**

FINANCIAL POSITION

	As at 31 Dec 2023	As at 31 Dec 2022	Change %
Gross asset value (€'000)	**2,367,473**	2,589,984	(8.6%)
Net tangible assets ("NTA") attributable to Unitholders (€'000)	**1,190,937**	1,358,717	(12.3%)
Gross borrowings before unamortised debt issue costs (€'000)	**954,005**	1,019,905	(6.5%)
Aggregate leverage (%)	**40.3%**	39.4%	0.9 p.p.
Aggregate leverage excluding distribution (%)	**41.1%**	40.1%	0.9 p.p.
Net Gearing (%)	**38.4%**	38.5%	(0.1 p.p.)
Units in issue ('000)	**562,392**	562,392	-
Net Asset Value ("NAV") attributable to Unitholders € per Unit	**2.12**	2.42	(12.4%)
Adjusted NAV attributable to Unitholders € per Unit (excluding distributable income)	**2.04**	2.33	(12.4%)

CEREIT's balance sheet remained well-funded, with €73.8 million in cash and €200.0 million fully undrawn RCF at the end of FY 2023. GAV as at 31 December 2023 decreased by 8.6% as compared to 31 December 2022 as three divestments in Italy totalling €196.5 million were completed during the year.

Aggregate leverage as at 31 December 2023 increased marginally to 40.3%, up from 39.4% a year ago, and net gearing to 38.4%, down from 38.5 % a year ago, mainly due to the decline in the fair value of investment properties, partially offset by RCF repayments and €50 million bond buyback completed in 4Q 2023. At year-end, CEREIT

5 Via Brigata Padova 19 in Italy is classified as asset held for sale and carried at the contracted selling price of €1.8 million based on a binding offer from a purchaser.
6 Grójecka 5 in Poland is classified as asset held for sale and carried at the contracted selling price of €15.5 million based on a preliminary sale and purchase agreement with a purchaser.

02 MANAGER'S REPORT

remains well within all loan covenants and Fitch metrics to maintain its "BBB-" investment grade credit rating with stable outlook.

As at 31 December 2023, NAV attributable to Unitholders per Unit and adjusted NAV attributable to Unitholders per Unit decreased by 12.4% to €2.12 and €2.04, respectively, mainly due fair value loss on valuations recorded during the year.

CAPITAL MANAGEMENT

During FY 2023, the Manager has been proactive in undertaking capital management initiatives to ensure sufficient balance sheet leeway in funding potential future development expenditure, mitigate rising interest rates, and provide ample runway for the bond maturing in 2025.

During the year, all of CEREIT's debt that was scheduled to expire in 2023 and 2024 has been successfully refinanced as follows:

(i) Refinancing of the €50.6 million loan due to expire in November 2023 into a new sustainability-linked loan of €70.6 million expiring in October 2026;

(ii) Refinancing of the €165.0 million loan due to expire in November 2024 into a new sustainability-linked loan of €157.5 million with final expiry in August 2027;

(iii) Increase in commitment of the €180.0 million sustainability-linked loan to €193.5 million by an accordion commitment of €13.5 million in August 2023 from Baiduri Bank;

(iv) Amending and restating the RCF from expiry in October 2024 to a new 5-year term expiring in July 2028 and an increase in commitment from €165.0 million to €200.0 million due to an accordion commitment of €35.0 million in December 2023 from Qatar National Bank; and

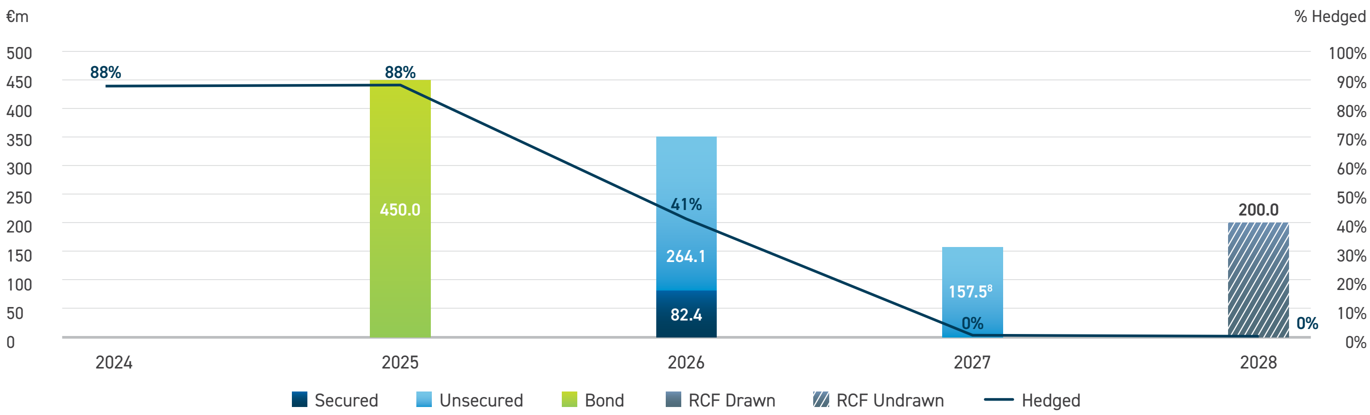
(v) Repurchasing and cancelling €50 million of the €500 million 2.125%. bonds due 19 November 2025 in December 2023. This initiative has reduced the outstanding bonds to €450 million, and approximately €3 million in profit was booked from the repurchase.

Shortly after the year-end, the Manager also completed a restructure of an existing interest rate cap to extend its maturity date to November 2026. The new terms are new notional of €160 million with the extension of the cap to November 2026 at a strike of 1.456% with a collar at 1% at zero cost using the net present value of the existing hedge for no further outlay of capital.

Following these initiatives, the weighted average term of debt is 2.5 years, while the weighted average term of the fixed and hedged debt is 2.3 years. The percentage hedged / fixed rate debt is 88% until the end of 2025.

As at 31 December 2023, CEREIT had a total drawn debt of €954.0 million, of which €450.0 million (net of the €50.0 million bond bought back and subsequently cancelled in December 2023) is from the bond issued under the EMTN programme and €504.0 million from bank facilities. The chart below shows the debt expiry profile as at 31 December 2023.

DEBT MATURITY PROFILE[7] AND PERCENTAGE HEDGED / FIXED RATE AS AT 31 DECEMBER 2023



7 Excludes S$100 million of perpetual securities (classified as equity instruments) issued in November 2021

8 The €157.5 million term loan facility has an initial term of 2 years with option to extend for another 2 years at the borrower's option. The chart shows the final expiry date.

OTHER CAPITAL MANAGEMENT STATISTICS

	As at 31 Dec 2023	As at 31 Dec 2022	EMTN covenant
Interest coverage ratio[9]	**3.8x**	5.3x	≥2x
Adjusted interest coverage ratio[10]	**3.6x**	4.9x	n.a.
Priority debt[11]	**3.3%**	3.0%	<35%
Unencumbrance ratio[11]	**250.7%**	249.5%	>170%
Weighted average debt maturity	**2.5 years**	2.9 years	n.a.

Other capital management statistics remained comfortably within the covenants under the EMTN programme. The interest coverage ratio of 3.8x, calculated in accordance with the EMTN prospectus, was lower than last year due to higher finance costs as interest rates increased steadily during the year.

TRANSACTIONS

Divestments

The Manager made no acquisitions in FY 2023 and focused on divestments instead while progressing on the strategic target of shifting to majority weighting to the light industrial / logistics sector. The Manager was ahead of target on its announced €400 million divestment programme, divesting two office assets in Italy and one 'others' asset in Italy during FY 2023 for a total of €196.5 million, €23.5 million or 13.6% higher than the assets' most recent valuations.

Two office assets in Italy

On 28 June 2023, the Manager completed the divestment of Piazza Affari 2 in Milan, Italy, to the Italian government tenant Agenzia Del Demanio (Demanio) for €93.6 million, 0.2% or €0.2 million higher than the 1 June 2023 independent valuation conducted by Savills Ltd and €11.9 million higher than the acquisition price. Built in the 1930s and partially refurbished in 2017, Affari is an office building in the heart of Milan's CBD with a 7,787 sqm net lettable area, eight floors above ground and two basement levels. It held a BREEAM "Very Good" rating certificate upon divestment.

On 21 December 2023, the Manager completed the divestment of Corso Lungomare Trieste 29 in Bari, Italy, to Dilella Domenico for €8.9 million, €0.3 million or 3.7% lower than the 1 December 2023 independent valuation conducted by Savills Ltd. The property is located in the southeast peripherical area of Bari, along Corso Lungomare Trieste and less than 3 km from Bari Central station and the city centre.

One 'others' asset in Italy

On 6 October 2023, the Manager completed the divestment of Viale Europa 95 in Bari, Italy, to Demanio for €94.0 million, which was 33.5% or €23.6 million higher than the 1 June 2023 independent valuation conducted by Savills Ltd. The property is located on the outskirts of Bari, about 10 km from Bari Central Station and the city centre and 2 km and 1 km from the airport and Europa railway station, respectively.

Divestments completed in FY 2023

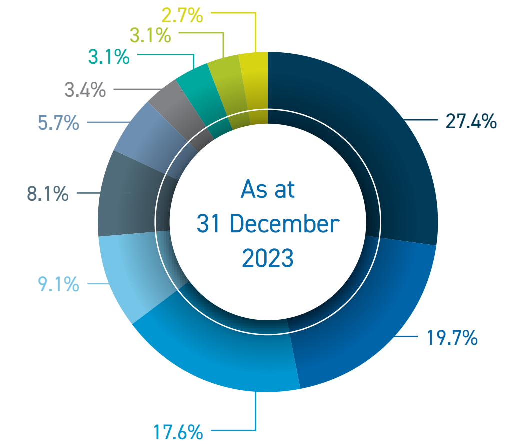
Building	Purchaser	Address	City	Disposal price (€ million)	Valuation[12] (€ million)	Completion date
ITALY						
Piazza Affari 2	Kryalos SGR S.p.A.	Piazza degli Affari 2	Milan	93.6	93.4	28 Jun 2023
Viale Europa 95	Demanio	Viale Europa 95	Bari	94.0	70.4	6 Oct 2023
Corso Lungomare Trieste 29	Dilella Domenico	Corso Lungomare Trieste 29	Bari	8.9	9.2	21 Dec 2023

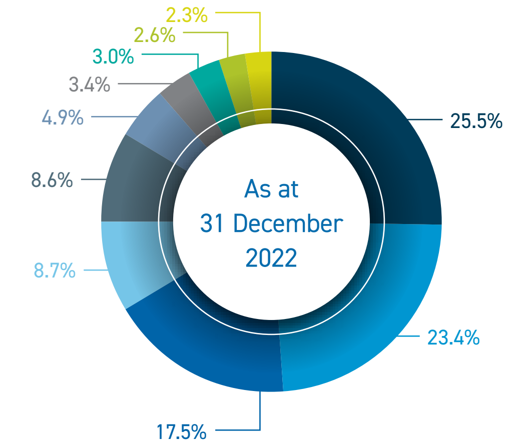
9 Calculated as per Property Funds Appendix and EMTN prospectus
10 Calculated as per Property Funds Appendix, including distributions on perpetual securities
11 As defined in the EMTN prospectus
12 Using the discounted cash flow method in accordance with the RICS Valuation – Global Standard

PORTFOLIO PERFORMANCE

As at 31 December 2023, CEREIT's portfolio comprised 110[13] predominantly light industrial / logistics and office assets across ten European countries – The Netherlands, Italy, France, Germany, Poland, Denmark, Finland, Czech Republic, Slovakia, and United Kingdom.

CEREIT PORTFOLIO BY COUNTRY

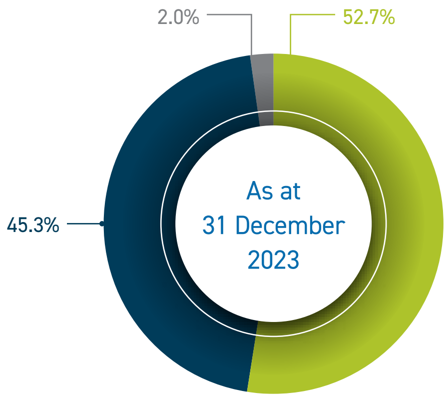


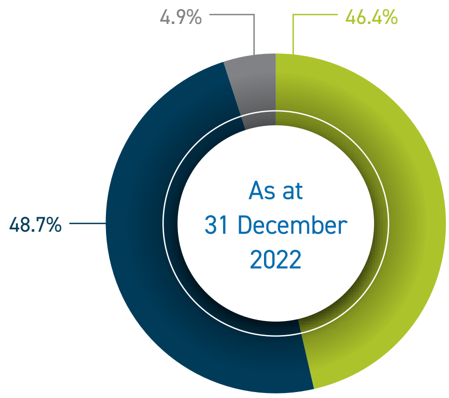


The Netherlands · France · Italy · Germany · Poland · Denmark · Finland · Czech Republic · Slovakia · United Kingdom

CEREIT's portfolio weighting towards light industrial / logistics increased to 53% at the end of FY 2023, up from 46% at the end of FY 2022, in keeping with the Manager's strategy to rebalance the portfolio to majority weighting to this sector.

CEREIT PORTFOLIO BY ASSET CLASS





Light industrial / logistics · Office · 'Others'

13 Including two assets held for sale

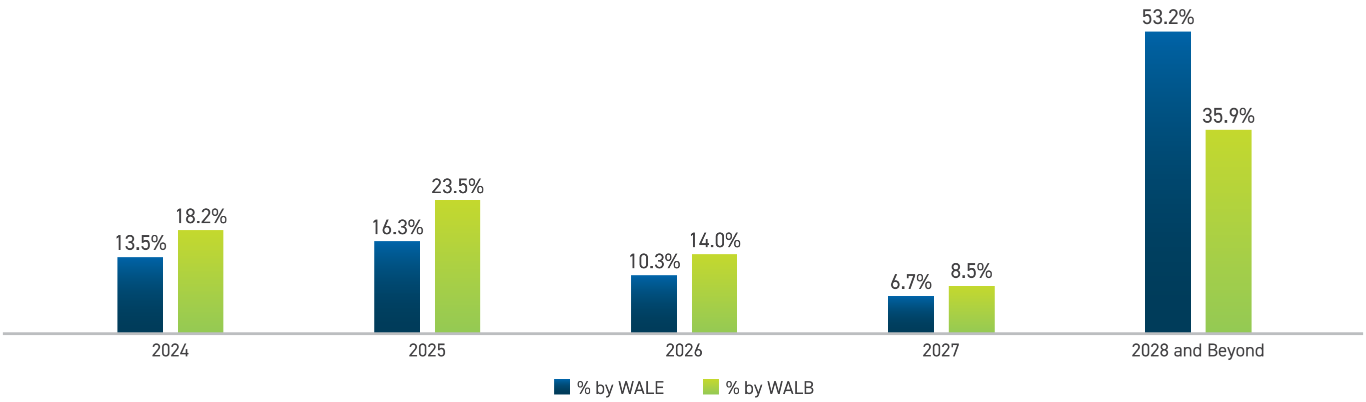
LEASE MANAGEMENT

Overall portfolio

In FY 2023, the Manager achieved several leasing successes, further improving the portfolio occupancy and de-risking the portfolio. In total, 15% of portfolio NLA was re-leased in FY 2023 at an average 5.7% rent reversion, whereas the rent reversion in 2H 2023 was also 5.7%. In total, 220 new and renewed leases were signed with 206 tenant-customers for 270,350 sqm of space by NLA. The tenant-customer retention rate for the full year was 65.7%.

CEREIT's portfolio occupancy by NLA was 94.3% as at 31 December 2023, 1.7% lower than the 96.0% a year before and 6.6 p.p. higher than at IPO, which was 87.7%. As at 31 December 2023, CEREIT's portfolio WALE was 4.7 years, largely maintained over the past five years, while the top ten tenant-customers' WALE was 4.6 years. The portfolio WALB was 3.7 years as at 31 December 2023. The WALE of new leases signed in FY 2023 was 6.8 years.

LEASE EXPIRY PROFILE



Total portfolio	1Q 2023	2Q 2023	3Q 2023	4Q 2023	Total
Number of new leases signed	34	27	25	41	127
Number of leases renewed	23	19	27	24	93
Tenant-customer retention rate	76.4%	67.4%	54.2%	63.6%	
Total number of leases as at the end of respective period	1,063	1,058	1,058	1,058	
Total number of tenant-customers as at the end of respective period	845	842	836	837	

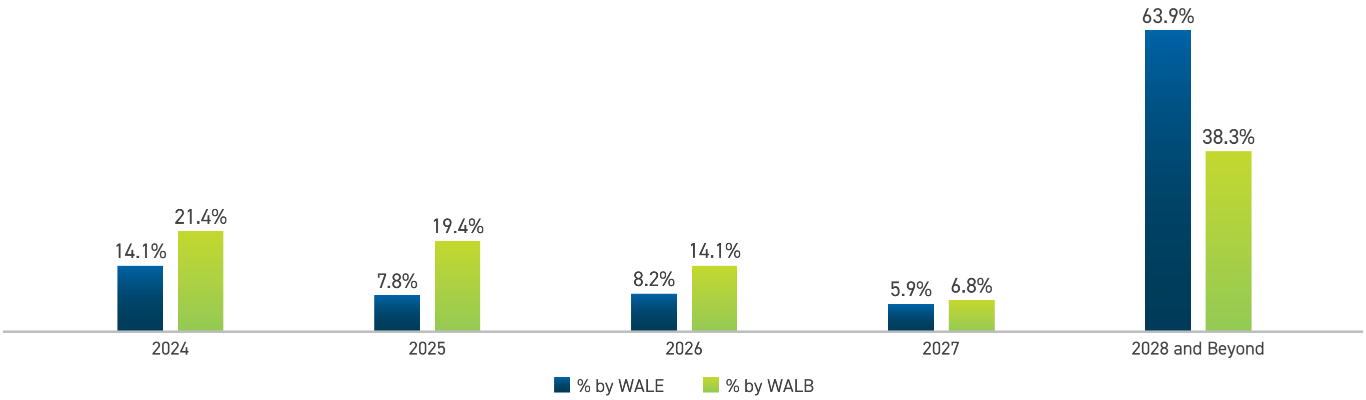
Asset class occupancy rate	As at 31 Dec 2023	As at 31 Dec 2022	IPO
Light industrial / logistics	**95.6%**	98.1%	82.9%
Office	**90.3%**	89.3%	94.8%
'Others'	**100.0%**	100.0%	100.0%
Total	**94.3%**	**96.0%**	**87.7%**

02 MANAGER'S REPORT

Light industrial / logistics sector

The light industrial / logistics portfolio achieved an occupancy of 95.6%[14] as at 31 December 2023 (down from 98.1% in FY 2022), achieving a positive average rent reversion of 3.7%. WALE slightly increased to 5.1 years, up from 4.8 years in FY 2022. WALB also increased to 3.8 years, up from 3.6 years in FY 2022. The tenant-customer retention rate was 69.0%, slightly down y-o-y from 73.4% in FY 2022. 64.8% of breaks and expiries until 30 June 2024 have been de-risked as at 31 December 2023.

LEASE EXPIRY PROFILE



Light industrial / logistics	1Q 2023	2Q 2023	3Q 2023	4Q 2023	Total
Number of new leases signed	16	12	9	20	57
Number of leases renewed	10	9	16	17	52
Tenant-customer retention rate	58.7%	61.8%	78.0%	69.4%	
Total number of leases as at the end of respective period	605	603	594	601	
Total number of tenant-customers as at the end of respective period	541	541	530	537	

Light industrial / logistics	Occupancy	WALE	WALB
France	96.9%	5.6 years	2.3 years
Germany	97.4%	5.2 years	5.2 years
The Netherlands	97.4%	3.8 years	3.3 years
Italy	99.1%	5.2 years	4.4 years
Denmark	87.4%	2.7 years	2.5 years
Slovakia	92.5%	6.6 years	6.0 years
Czech Republic	87.2%	5.9 years	5.9 years
United Kingdom	100.0%	6.4 years	5.7 years
TOTAL	**95.6%**	**5.1 years**	**3.8 years**

14 Vacant space at Via dell'Industria 18, Italy, is not considered as part of occupancy calculations as it is undergoing development

Some notable leasing successes for the light industrial / logistics sector in FY 2023 include:

- 40,818 sqm, of which 30,557 sqm was a lease renewal signed for two years and 10,261 sqm was a lease renewal signed for three years with a leading logistics provider of reusable packaging for two assets in An der Wasserschluft 7 and Parsdorfer Weg 10, Germany
- 29,734 sqm lease renewal for 15 years signed with cold forming automotive industry specialist for three assets in Göppinger Straße 1 – 3, Gewerbestraße 62 and Gutenbergstraße 1, Dieselstraße 2, Germany
- 15,500 sqm lease renewal for one year signed with a wood-based materials manufacturer in Parc Sully, France
- 10,648 sqm lease renewal for three years signed with a logistics solutions service provider in Nove Mesto ONE Industrial Park II, Slovakia
- 10,616 sqm new lease for six years signed with an innovative mobility solutions service provider in Via dell'Industria 18, Italy
- 7,800 sqm lease renewal for one year signed with a logistics solutions service provider in Kolumbusstraße 16, Germany

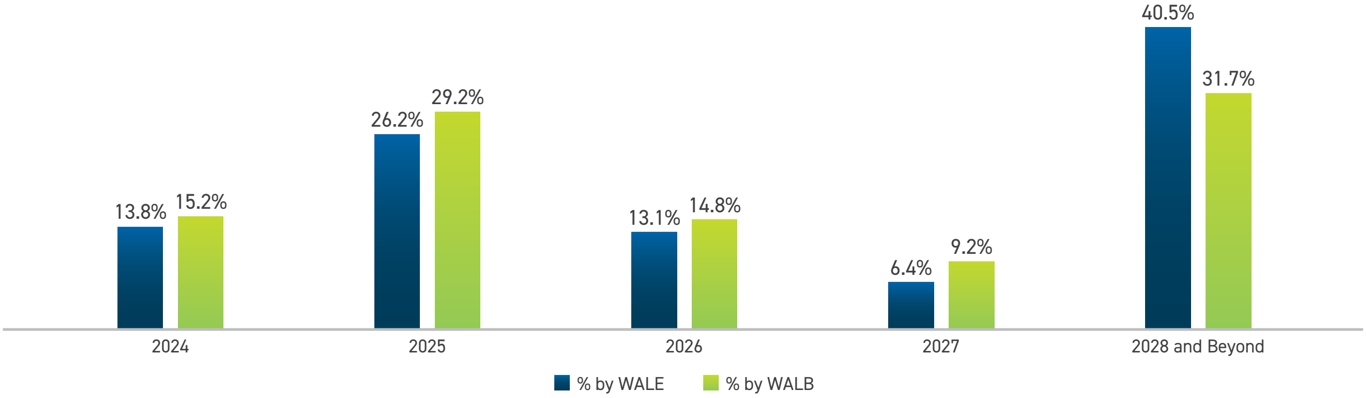
Office sector

The office sector's occupancy increased by 100 bps to 90.3%[15] as at 31 December 2023, up from 89.3% as at 31 December 2022. WALE increased to 4.1 years, up from 4.0 years as at 31 December 2022. WALB improved to 3.2 years, up from 3.0 years as at 31 December 2022. Tenant-customer retention rate increased significantly to 62.5%, up from 41.5% in FY 2022. 55% of breaks and expiries until 30 June 2024 have been de-risked as at 31 December 2023. The office portfolio registered positive rent reversion of 7.5% for FY 2023 on average, mainly due to renewals and new leases in The Netherlands signed at higher market rates.

Some of the key leasing successes in the office sector in FY 2023 include:

- 22,991 sqm lease renewal for two years signed with a Dutch energy company in Bastion, The Netherlands
- 14,087 sqm lease renewal comprising two leases signed, one for seven years (11,511 sqm) and one for three years (2,576 sqm) with Insurance Agency in Moeder Teresalaan 100 / 200, The Netherlands
- 11,948 sqm lease renewal for six years signed with a multinational telecommunications company in Nuova ICO, Italy
- 10,027 sqm new lease comprising two separate leases signed, one for 10 years (7,975 sqm) and one for five years (2,052 sqm) with a world-leading asset manager in Haagse Poort, The Netherlands
- 3,659 sqm lease renewal signed with a top furniture brand in Building F7-F11, Italy

LEASE EXPIRY PROFILE



15 Vacant space for both refurbishment projects at Maxima in Rome, Italy and Nervesa21 in Milan, Italy is not part of occupancy calculations as they are still undergoing strip-out/redevelopment, respectively

Office	1Q 2023	2Q 2023	3Q 2023	4Q 2023	Total
Number of new leases signed	18	15	16	21	70
Number of leases renewed	12	10	11	7	40
Tenant-customer retention rate	82.6%	69.7%	27.6%	58.7%	
Total number of leases as at the end of respective period	449	446	456	449	
Total number of tenant-customers as at the end of respective period	301	298	303	297	

Office	Occupancy	WALE	WALB
The Netherlands	97.2%	4.5 years	3.9 years
Italy	92.8%	5.6 years	2.7 years
Poland	89.0%	2.7 years	2.5 years
Finland	75.2%	2.3 years	2.1 years
France	76.1%	6.3 years	2.9 years
TOTAL	**90.3%**	**4.1 years**	**3.2 years**

'Others' sector

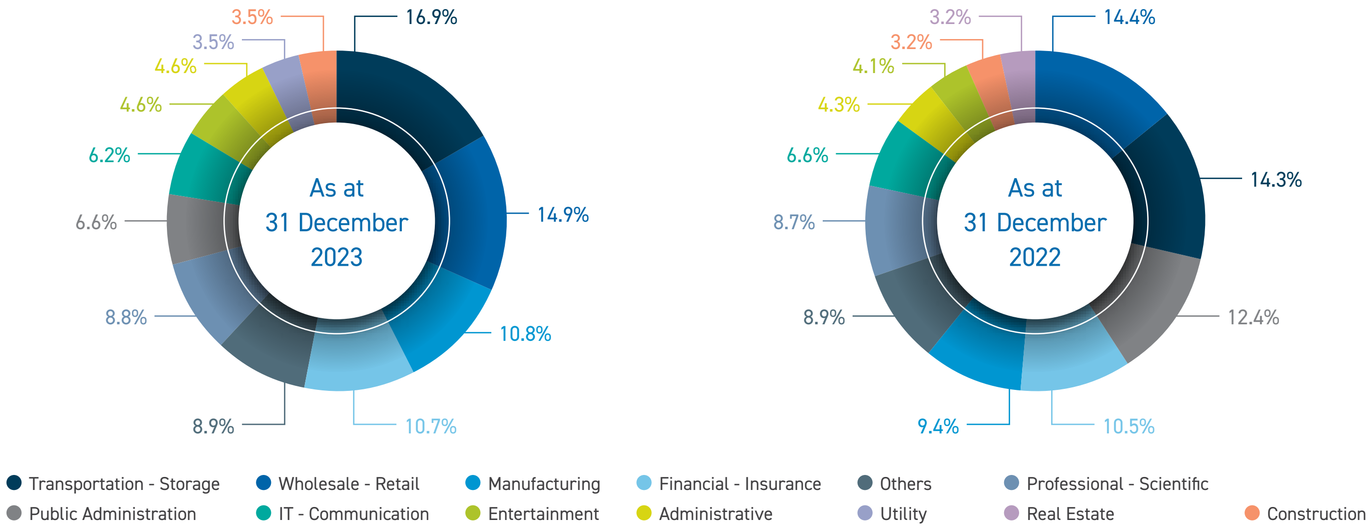
The occupancy rate for the 'others' sector as at 31 December 2023 remained unchanged from last year at 100%. WALE decreased to 6.4 years from 6.5 years last year. WALB increased to 3.7 years from 2.1 years last year. The tenant-customer retention rate was 100%, and no leases were lost. No leases are subject to break or expiry before 30 June 2024.

Tenant-customers

CEREIT's tenant-customer base continues to be well-balanced, with 837 tenant-customers after the divestments in Italy. The Manager continued to diversify proactively CEREIT's tenancy mix to minimise tenant-customer concentration risk. CEREIT's top ten tenant-customers now contribute 23.1% of total headline rent as at 31 December 2023, down from 28.5% in the preceding year and 41% at IPO. CEREIT's new top tenant-customer is now Nationale Nederlanden Nederland B.V., contributing 4.4% of the total headline rent. Due to the divestment of the two Italian assets, exposure to the Italian government's Demanio as a tenant has significantly reduced, who now contributes only 3.2% of total headline rent, down from close to 20.0% at IPO based on its dilution as a proportion of the portfolio. CEREIT's exposure to SME tenant-customer leases is only approximately 8% of gross rental income.

Government and semi-government leases accounted for approximately 8% of total headline rent. In comparison, approximately 89% of the leases were attributed to large multinational and domestic corporations, such as UBS, Motorola, Vodafone, KPMG, UPS, DHL and CBRE. The tenant-customer base was well-spread across various sectors, as shown in the graph on the next page.

TENANT TRADE SECTOR BY HEADLINE RENT



TOP TEN TENANT-CUSTOMERS

	Tenant-customer	Country	% of Total Headline Rent[16]
1	Nationale Nederlanden Nederland B.V.	The Netherlands	4.4%
2	Agenzia del Demanio	Italy	3.2%
3	Essent Nederland B.V.	The Netherlands	2.8%
4	Employee Insurance Agency (UWV)[17]	The Netherlands	2.2%
5	Kamer van Koophandel	The Netherlands	2.0%
6	Motorola Solutions Systems Polska Sp. z o.o.	Poland	2.0%
7	Holland Casino[18]	The Netherlands	1.9%
8	Thorn Lighting	United Kingdom	1.7%
9	Felss Group	Germany	1.5%
10	Coolblue B.V.	The Netherlands	1.5%
			23.1%

16 Adjusted for Grójecka 5 which was held for sale at year end
17 Uitvoeringsinstituut Werknemersverzekeringen (UWV)
18 Nationale Stichting tot Exploitatie Van Casinospelen in The Netherlands

02MANAGER'S REPORT

MAJOR REDEVELOPMENTS, ASSET ENHANCEMENTS AND SUSTAINABILITY INITIATIVES

Nervesa21, Milan, Italy

Complete redevelopment works on the €32 million project (including construction and leasing costs) began in 2022, after receiving all necessary permits and factoring in the highest level 'green' building certifications, including LEED Platinum & WELL Gold. Strip-out and remediation works (with approximately 95% of the materials recycled) were completed by May 2023, and the refurbishment works were completed by January 2024. Three pre-let commitments have been signed for 70% of the building, namely with the world leader in music-based entertainment Universal Music Group, which pre-leased eight floors a year before completion; the first Italian unicorn company Scalapay, which pre-leased two floors, and award-winning global communications consultancy firm Edelman, which pre-leased one floor. Significant leasing enquiries have been received for the remaining space, with leases likely to start in mid to late 2024, validating CEREIT's strategy of rejuvenating well-located older assets.

Lovosice ONE Industrial Park I, Lovosice, Czech Republic

CEREIT's first greenfield development in Lovosice ONE Industrial Park I commenced in mid-2022 with a €15 million development budget for a fixed-price construction contract and ancillary project and leasing costs (excluding land acquisition costs). The project comprised the refurbishment of 2,611 sqm of the existing building and the development of five new units with a total NLA of 14,679 sqm of warehouse and ancillary office space, in line with existing building permits. The existing building has been fully refurbished and reconfigured for logistics use, with operating permits received. The Czech logistics company Lorenc Logistic s.r.o moved into the renovated building in January 2023. The five new logistics units were completed on time in July 2023. Two units (5,362 sqm) were leased to an existing client of CEREIT, FIEGE, one of Europe's largest logistics enterprises, with a right of first refusal for the third unit (3,500 sqm). Another unit (3,200 sqm) was leased to a non-alcoholic drink wholesaler and producer, Spraga Beverages. At the date of this report, the asset is approximately 90% let, with the last unit (1,648 sqm) in advanced negotiations to lease to the existing tenant by the end of June 2024.

Nove Mesto ONE Industrial Park I/III, Kočovce, Slovakia

In October 2022, CEREIT commenced works on a second development with a total budget of €13 million for a fixed-price construction contract and ancillary project and leasing costs (excluding land acquisition costs and rent-free incentives) for the development/expansion of 15,825 sqm warehouse and ancillary office space in Nove Mesto ONE Industrial Park I and III, Slovakia, in line with existing building permits. The development was completed in late 2023 and has already received BREEAM "Excellent" certification. A lease agreement with an existing manufacturing tenant in Nove Mesto ONE Industrial Park III was signed for a 10-year fixed lease term commencing 1 October 2023. The tenant-customer also extended the existing approximately 10-year remaining lease term for 4,335 sqm in the existing building, which had started in January 2022, by another 18 months to match the end date of the new 10-year lease agreement. Further, a global car lights firm signed a lease agreement for 5,200 sqm of the newly developed premises. In addition, a Swedish provider and producer of car interior filters committed to lease 3,700 sqm from the newly developed premises. At the date of this report, the asset is approximately 83% leased.

Via Dell'Industria 18, Vittuone, Italy

The local asset management team renegotiated a lease renewal with a single tenant-customer, securing 34,666 sqm (out of a total warehouse of 54,975 sqm) for six years from 1Q 2023. Following the existing tenant-customer's release of the remaining 20,309 sqm, the vacated space was modernized with additional loading bays and logistics facilities and ESG-focused specifications while also aiming for LEED Gold certification. New tenant-customer - a car manufacturer – signed a new 6+6 year lease for 11,016 sqm (54% of the repositioned portion of the warehouse) at a 12% higher rent with a start date in 3Q 2023. The balance of the refurbished area has already attracted a pleasing number of leasing enquiries.

Streamlining ESG data collection and initiatives

In FY 2023, utility data collection has been strengthened via the Deepki software system, with approximately 90% of landlord-controlled connections by meter being automated at year-end. All planned energy audits have been completed, and recommended capex investment plans at the asset level will form part of the decarbonisation strategy, with long-term reduction targets expected to be set up in 2024.

Further progress has been made in water management with the deployment of smart meter technology, enabling leak detection and better data accuracy. In parallel, steps have also been taken to improve waste sorting management in some countries for better recycling. Lastly, a few actions have been taken to regenerate biodiversity.

All these led to higher numbers of building certifications with higher ratings across the portfolio.

Asset management focus for 2024

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

- Maintain a high portfolio occupancy level of >94% through active leasing and tenant-customer engagement initiatives to drive higher rental income and manage lower operating costs
- Continue and intensify property-level sustainability initiatives, with a specific focus on
  - consumption data collection and uploading into Deepki
  - Use energy audits completion to define long-term capex plans aimed at reducing energy and water consumption and more efficient waste management as a basis for setting quantitative reduction targets in line with new European regulations and with CEREIT's ESG objectives
  - implementing various property-related energy reduction measures (e.g. LED lighting, solar panels, smart meters, BMS control/upgrades), waste and water reduction measures
- Progress the planning stages of further development and redevelopment projects that form part of the ~€200 million CEREIT development pipeline, including Haagse Poort in the Hague, Maxima in Rome and De Ruyterkade 5 in Amsterdam
- Continue to work on the planning stages for further large-scale, long-term redevelopment opportunities in the CEREIT portfolio, in particular for Parc des Docks in Saint Ouen, Paris, France
- Continue to divest non-core office and 'others' assets to facilitate the pivot to light industrial / logistics sector, to further improve CEREIT portfolio quality and to recycle sales proceeds into the CEREIT development pipeline

02 SUSTAINABILITY

ASPIRATIONAL TARGET SET:
NET ZERO
OPERATIONAL CARBON EMISSIONS
BY 2040

ASPIRING TO HIGH STANDARDS OF GOVERNANCE AND SUSTAINABILITY

The Manager strives to be a resilient, ethical, and socially responsible organisation that contributes positively to its stakeholders. Maintaining focus on sustainability in strategy and business practices allows CEREIT to continuously improve its sustainability performance and fulfil its primary purpose of providing Unitholders with higher risk-adjusted returns, while maintaining an appropriate capital structure.

To ensure greater accountability, the Board has established a Sustainability Committee, currently chaired by a non-independent non-executive director and comprising all Board members. The committee provides strategic oversight and reviews CEREIT's sustainability performance at least quarterly.

The Manager of CEREIT has a separate Manager-level sustainability committee comprising the Manager's employees from various relevant functions, co-chaired by the Head of Property and the COO (both KMP). The Board has delegated specific responsibilities to the Manager-level Sustainability Committee to deliver the objectives and targets associated with material ESG topics set by the Board. Its co-chairs report to the Board Sustainability Committee.

The Manager reviews CEREIT's material topics yearly, considering the impact on CEREIT and its stakeholders and the evolving landscape. The Board's Sustainability Committee reaffirmed that the current framework and topics are still relevant for the 2023 Sustainability Report. The Board and the management team are now preparing for the extensive process and reporting adjustments necessary to implement the upcoming International Sustainability Standards Board (ISSB) requirements incorporating climate-related disclosures into financial reporting, including a materiality and ESG topics review and target refinement.

SUSTAINABILITY FRAMEWORK AND MATERIAL TOPICS

Vision	**Deliver a resilient future for our investors, tenant-customers, community and planet** **Manage opportunity and risk by integrating ESG considerations in our decisions** **Empower our people**		
Purpose	**ECONOMIC:** Deliver stable and growing distributions and NAV per Unit in the long term, derived from a portfolio of sustainable assets		
Sustainability themes	**Environment**	**Social / Stakeholders**	**Governance**
Our commitments	Deliver quality, resilient and rejuvenated portfolio that generates sustainable value and meets stakeholders' expectations	Connect meaningfully and contribute positively to the communities we operate in Create a culture of authenticity and creativity. Build capability and diversity. Nurture wellbeing	Develop and maintain a culture of continuous improvement, accountability and transparency, ethical conduct and good governance, supported by robust systems and processes
CEREIT's material topics	1. Quality of assets 2. Climate change - direct impacts 3. Reducing energy intensity and reducing carbon footprint 4. Waste reduction 5. Water management 6. Biodiversity	1. Tenant-customer satisfaction 2. Strong partnerships 3. Talent attraction, retention and career development 4. Diverse and inclusive workforce 5. Keeping people and communities safe	1. Regulatory compliance 2. Anti-corruption 3. Trust, transparency and governance 4. Cyber-readiness and data governance
Enablers	Technology and innovation	Culture	Partnerships
Values	Accountable	Progressive	Collaborative

The Manager is preparing CEREIT's sixth annual Sustainability Report in accordance with the sustainability reporting requirements set out in SGX-ST Listing Rules 711A and 711B, Practice Note 7.6 Sustainability Reporting Guide, including an alignment with the Task Force on Climate-related Financial Disclosures (TCFD), the requirements set out in MAS' environmental risk management guidelines for asset managers published in December 2020 and in accordance to GRI Standards 2021.

In addition, the Sustainability Report also considers the Sustainable Finance Disclosure Regulation (SFDR) introduced in Europe in March 2021 (level I) and January 2023 (level II) (Article 6) and is fully aligned with EPRA sBPR recommendations.

All electricity, gas and water consumption data, GHG emissions, waste generation data, 'green' building certifications and 'green' leases referenced in the upcoming Sustainability Report are externally assured by an independent third-party assurer, Longevity Partners. Therefore, the Sustainability Report will be published within five months of the end of FY 2023 on SGXNet and made available exclusively in electronic form on CEREIT's corporate website at www.cromwelleuropeanreit.com.sg.

SUSTAINABILITY PERFORMANCE HIGHLIGHTS

Environment

TOTAL CARBON EMISSIONS
57,829 tCO_2e **in 2022**
▼5% as compared to 2021

GHG EMISSIONS DATA COVERAGE
86% of the portfolio[1]
▲1% as compared to 2021

AVERAGE tCO_2e / sqm INTENSITY
▼**8% in 2022**
as compared to 2021

WATER CONSUMPTION INTENSITY (m^3 / sqm)
▲**10% in 2022**
as compared to 2021

TOTAL ENERGY INTENSITY (kWh / sqm)
▼**2% in 2022**
as compared to 2021

WASTE RECYCLED
57% in 2022
up from 42% in 2021

RENEWABLE AND LOW CARBON ENERGY
35% of total kWh
in 2022, ▼8% compared to 2021

WASTE DIRECTED TO LANDFILL
only 3.3%
out of total waste recorded in 2022

'GREEN' LEASES
30% as at end 2023,
up from 24% a year ago

'GREEN' BUILDING CERTIFICATIONS
35 as at end 2023
(with 33 Very Good / > Gold)

Governance

MAINTAINED
CLEAN COMPLIANCE RECORD
adhering to applicable laws and regulations, including SGX-ST, MAS and Lux SE

RANKED IN THE
TOP 10
for four consecutive year in the SGTI governance rankings

ALL KMP
have specific
compensation-linked ESG TARGETS

Social / Stakeholders

Record 38.3
TRAINING HOURS
per employee in 2023
(well above set target of 20)

S$12.9k
TO COMMUNITY PARTNERS
from direct and in-kind contributions in 2023

87.5
VOLUNTEER HOURS
in 2023

FEMALE EMPLOYEES
38% overall
36% in executive and senior management roles in 2023

Record >180
MARKET ENGAGEMENT MEETINGS
in 2023 (vs. ~170 in 2022)

77%
TENANT-CUSTOMER SATISFACTION
+4.7
NPS IN 2022

1 By floor area

02SUSTAINABILITY

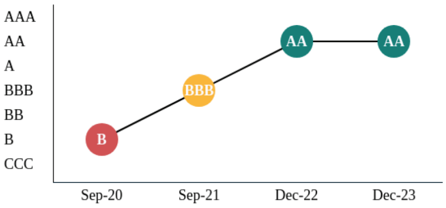
RATINGS, RANKINGS AND AWARDS

MSCI ESG RATINGS AA

CCC	B	BB	BBB	A	AA	AAA

RATING ACTION DATE: December 21, 2023
LAST REPORT UPDATE: December 21, 2023

ESG Rating history



ESG Rating history shows five most recent rating actions

Rated MORNINGSTAR SUSTAINALYTICS **8.8 Negligible Risk**

Top in peer group
129th out of 15,000 companies globally and
19th out of >450 REITs globally


Cromwell European Real Estate Investment Trust
REI Equity Real Estate Investment Trust (REITs)

S&P Global CSA Score 2023
A key component of the S&P Global ESG Score

43 /100

As of March 15, 2024.
The S&P Global Corporate Sustainability Assessment (CSA) Score is the S&P Global ESG Score without the inclusion of any modeling approaches. Company scores can be compared to their peers in the same industry. Learn more at spglobal.com/esg/scores

S&P Global Sustainable1

First time reporter - 87th percentile

EPRA BPR GOLD

IR magazine Award winner South East Asia 2023

Best Annual Report (small cap)
Best ESG reporting (small cap)

GRESB ★★★★☆ 2023

Participation & Score

2020	2021	2022	2023
73	76	79	85

Peer Comparison

3rd Europe | Diversified - Office/Industrial | Listed
Out of 8

ESG Breakdown

	Score	Out of	GRESB Average	Benchmark Average
Environmental	47	62	41	42
Social	18	18	16	15
Governance	20	20	18	18

2023 GRESE Public Disclosure Report

Participation & Score

2020	2021	2022	2023
A	A	A	A

GRESE Public Disclosure Level

E	D	C	B	A

100

Global Average: **B**
Comparison Group Average: **A**

Comparison Group

1st | Mixed use: Office/Industrial
Out of 5

NUS National University of Singapore — Centre of Governance and Sustainability NUS Business School

Ranked within the Top 10 for four years consecutively in the Singapore Governance & Transparency Index (SGTI)

2 Leadership in Energy and Environmental Design
3 Global Real Estate Sustainability Benchmark
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02 INVESTOR RELATIONS

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

The Manager is committed to continuously keeping all Unitholders and other stakeholders informed about CEREIT's financial results and operating performance. Relevant announcements on any changes in CEREIT's and Manager's business that could materially affect the Unit price are made as soon as possible (barring unforeseen circumstances) to assist Unitholders and investors in their investment decisions.

The Manager has a dedicated investor relations team that runs a proactive investor outreach programme. CEREIT's investor communications activities are governed by (1) the investor relations policy and (2) CEREIT's market disclosure protocol.

(1) The investor relations policy outlines the Manager's principles and practices to ensure regular, effective, and fair communication with the investment community. The Manager strives to go beyond the regulatory market disclosures when communicating with the market and maintains active two-way communication and engagement with Unitholders, the broader investment community, and the media. Amongst others, the manager actively solicits the views of Unitholders on relevant strategic and topical issues

(2) The market disclosure protocol ensures that CEREIT immediately 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, transactions, significant developments and substantial Unitholders, amongst others

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 the latest corporate and industry developments and gather views and feedback on various 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. Full-year 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 third quarters, including presentations, key financial metrics, media releases, and other supplementary information.

The Manager uploads all announcements and supporting materials on SGXNet and 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 the general audience are uploaded on CEREIT's website and 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 promptly and concurrently makes them available on the Investor centre section of CEREIT's website at www.cromwelleuropeanreit.com.sg. CEREIT's website is regularly updated and features company information on the Manager's strategy, governance, sustainability practices and the Board and management team. Regularly updated information on CEREIT's properties, including property photographs, descriptions and maps, are also available on the website.

The Manager conducts live quarterly results briefings, allowing for the opportunity to solicit feedback and ask questions. Archived recordings of the briefings are also made available on CEREIT's website post-briefing for up to a year.

In addition to results briefings and dialogues, the Manager 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. Half-yearly results updates in the form of short video messages from the CEO are uploaded to all appropriate platforms.

The Manager conducts its investor outreach using a combination of online and physical formats, depending on investor preference. Over the last year, the management team conducted and participated in a record more than 180 virtual and in-person meetings, investor conferences, webinars, and public investor forums. These engagements covered more than 1,600 market participants, including institutional investors, family offices, high-net-worth individuals, retail investors, analysts, brokers, and media.

As at the date of this Annual Report, CEREIT is covered by five equity research houses in Singapore – CGS (formerly CIMB-CGS), DBS, Phillip Securities, RHB and UBS.

The investor relations team has annual KPIs to enhance research coverage and investor and market outreach programmes.

AGM

CEREIT held its fifth AGM on 26 April 2023 in a hybrid form, with a physical meeting and an option to observe and/or listen to the AGM proceedings on a live webcast.

At the AGM, the Manager's management team presented an overview of CEREIT's yearly performance to Unitholders. The Manager's Board took the opportunity to have an open and meaningful discussion with the attending Unitholders about the REIT's performance and received valuable feedback from the Unitholders during the Q&A session.

The Manager also provided various options for unitholders to submit questions to the Chair before the AGM. Unitholders who attended the AGM physically were invited to ask questions. All substantial and relevant questions were addressed in advance through a dedicated document published on SGXNet and CEREIT's website, and all questions raised during the AGM were discussed also live at the AGM.

The AGM minutes, including all questions addressed at the AGM were published on SGXNet and CEREIT's websites within one month. The Manager used electronic voting to poll all resolutions, which enabled the votes to be collated accurately and in real time. Unitholders showed their support with more than 85% approval to all ordinary resolutions.

Before the upcoming AGM to be held on 30 April 2024, the Manager wishes to encourage all Unitholders to send in their questions via the link or email provided in the Notice of AGM. At the same time, the Manager encourages all Unitholders to attend and participate in the upcoming AGM and have a meaningful interaction with the Manager's Board and management team.

MEDIA ENGAGEMENT

In 2023, CEREIT received meaningful mentions in over 190 media articles by 38 local and international media outlets, comprising international wires and media, global and local property trade media, regional and local business trade media, and local titles in Asia-Pacific. Although this represents a 38% decline from a year ago due to the lack of corporate activities such as acquisitions and transactions, the Manager and its media agency stepped up proactive engagement, arranging for 10 standalone media interviews in The Straits Times, The Business Times, Lianhe Zaobao and CNBC, a 50% increase year-on-year.

CEREIT has an established social media presence and a good following on CEREIT's LinkedIn page, with more than 2,400 LinkedIn followers (+22% year-on-year), with 2,530 post engagements (+10% year-on-year) and an average post engagement rate of 6.5%, far exceeding the platform average of 2% and surpassing relevant S-REITs peers.

Recognising the increasingly diverse media landscape, the Manager continues to engage with traditional and trade media, financial bloggers, and other social media channels.

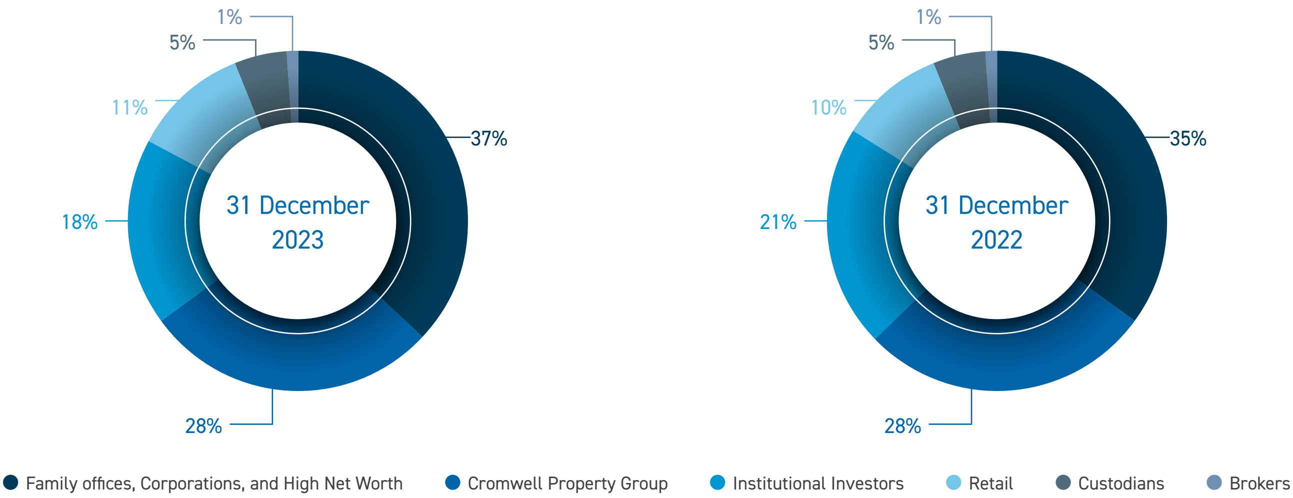
AWARDS AND RECOGNITIONS

CEREIT achieved a four-star rating (up from three a year ago) and a record-high overall score of 85 points in the 2023 GRESB Real Estate Assessment, placing CEREIT as 3rd out of eight 'Europe diversified – office/industrial listed' peers. CEREIT also retained its MSCI ESG "AA" rating for the second year and secured the EPRA 2023 Sustainability Best Practices Recommendations Gold Award (sBPR) for the first time.

In 2023, the Manager won 'Best ESG Reporting" (small cap) and "Best Annual Report" (small cap) at the IR Magazine SEA Awards.

In 2023, CEREIT achieved 7th place (up from 8th last year) in the annual SGTI ranking, retaining its position amongst the Top-10 for a fourth year.

02 INVESTOR RELATIONS



DIVERSIFIED UNITHOLDER REGISTER

CEREIT's Units trade in dual Euro and Singapore Dollars currencies, attracting the support of a diverse international mix of institutional, family office, private wealth and retail investors. The current CEREIT Unitholder register comprises more than 4,700 investors, with approximately 65% based in Singapore[1] and the other 35% from the U.K., The Netherlands, Germany, the Nordics, South Korea, Taiwan, Hong Kong, Japan, Thailand, Malaysia, Australia, Philippines, the U.S. and Canada. The investor register remains very institutionalised. However, the percentage of institutional investors dropped slightly to 18% (down from 21% a year before), mainly due to the outflow of institutional capital from REITs on the back of negative sentiment due to rising interest rates.

INCLUSION IN KEY INDICES

CEREIT is now part of a large number of indices across all major providers – Bloomberg, FTSE EPRA Nareit, iEdge, MSCI and S&P, amongst others.

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 outlines explicitly the various modes of communication with Unitholders and how the Manager solicits the views of these Unitholders. The Manager has a dedicated investor relations section on its website, featuring online enquiry forms, an 'Email Alerts' subscription option and a specific investor relations contact with an email address so that Unitholders can subscribe for regular updates and direct their enquiries appropriately.

The investor relations team promptly responds to all credible and substantiated Unitholder enquiries, either via email or phone.

INVESTOR RELATIONS CONTACTS:

Cromwell EREIT Management
Elena Arabadjieva / Dimas Ardhanto
COO & Head of Investor Relations /
Investor Relations Manager

Telephone : +65 6920 7539
Email : ir@cromwell.com.sg
Website : cromwelleuropeanreit.com.sg

1 Including the holdings of the Sponsor

FY 2023 INVESTOR RELATIONS CALENDAR HIGLIGHTS

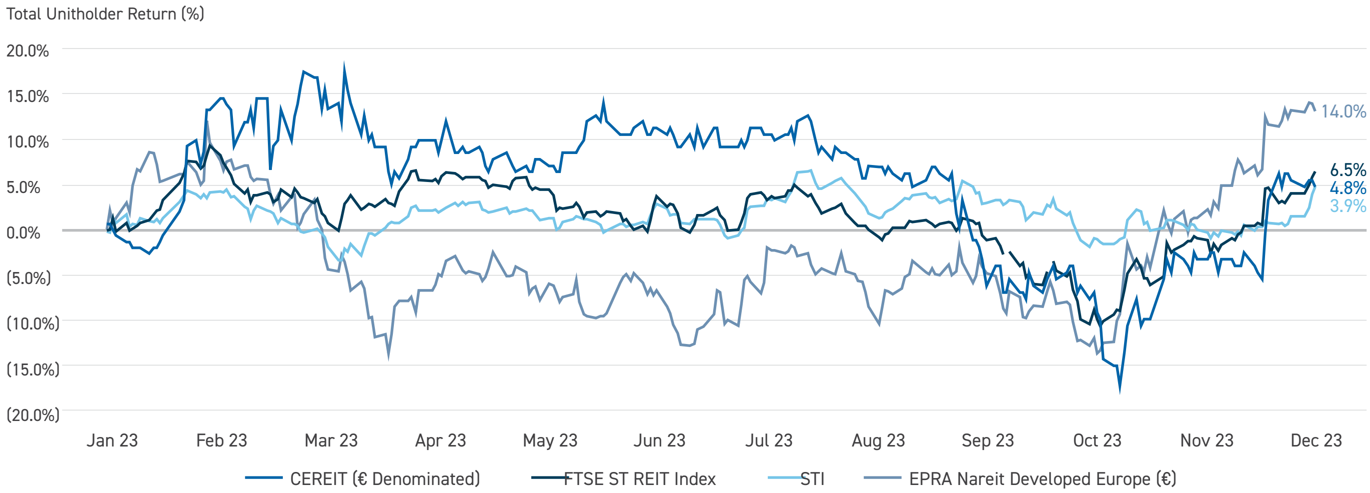
3 February 2023	APREA Asia Pacific Market Outlook Conference
24 February 2023	FY 2022 results analyst, investor and media briefings
25 – 26 February 2023	FY 2022 results virtual and in-person NDR - Singapore
14 - 17 March 2023	SGX-NHIS-DBS SREITs Conference in Seoul and FY 2022 results NDR in Hong Kong
11 April 2023	CGS-CIMB Malaysia retail investors outreach
26 April 2023	AGM (hybrid, with live Q&A)
15 May 2023	1Q 2023 business update announcement
15 – 18 May 2023	1Q 2023 business update analyst, investor and media briefings
20 May 2023	Singapore REITs Symposium 2023
22 May 2023	Bank of America APAC Real Estate Equity and Credit Conference 2023
30 – 31 May 2023	1Q 2023 in-person NDR – Malaysia
1 June 2023	UBS One ASEAN Conference 2023
14 June 2023	Morgan Stanley European Real Estate Capital Market Conference 2023
14 – 17 August 2023	1H 2023 results analyst, investor and media briefings
21 – 25 August 2023	1H 2023 in-person NDR – Hong Kong, Taipei, Japan
5 – 6 September 2023	EPRA Annual Conference 2023
7 September 2023	1H 2023 in-person NDR – London
26 – 28 September 2023	1H 2023 results virtual / in-person NDR – Singapore
18 October 2023	Kenanga Malaysia retail investors outreach
14 – 16 November 2023	3Q 2023 business update group analyst, investor and media briefings
17 November 2023	SGListCos family office outreach
28 November 2023	UBS Global Real Estate CEO and CFO Conference 2023
30 November 2023	DBS / REITAS / SGX Investor Conference Thailand 2023
5 December 2023	IR Magazine Southeast Asia Forum
6 December 2023	Phillip Securities retail investors outreach

02INVESTOR RELATIONS

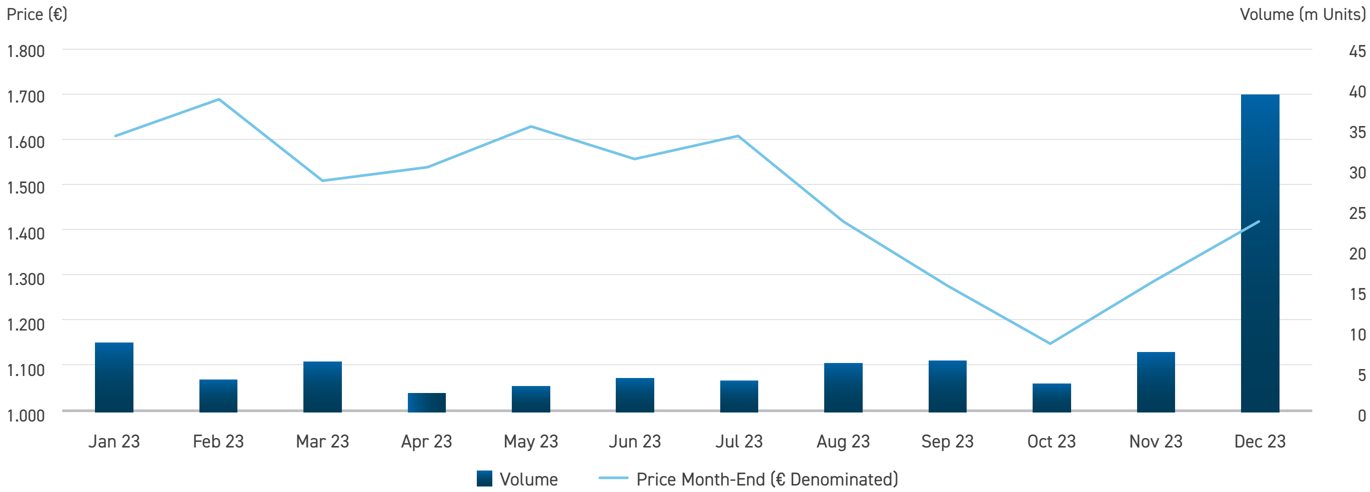
TRADING STATISTICS FOR THE FINANCIAL YEAR (€-DENOMINATED CWBU.SI)

	2023	2022
Opening price	€ 1.500	€ 2.530
Highest price	€ 1.740	€ 2.560
Lowest price	€ 1.120	€ 1.490
Closing price	€ 1.420	€ 1.500
Adj. volume-weighted average price	€ 1.423	€ 2.025
Total volume traded (million Units)	94.8	74.8
Total turnover traded (million €)	133.6	151.5
Unit price performance	(5.3%)	(40.7%)
Total Unitholder returns (1Y)	4.8%	(36.0%)
Total Unitholder returns (2Y)	(32.9%)	(27.4%)
Total Unitholder returns (3Y)	(23.9%)	(30.3%)
Average volume per day (million Units)	0.381	0.299
Average turnover per day (million €)	0.537	0.606

TOTAL UNITHOLDER RETURN 2023 (€-DENOMINATED CROM.SI)



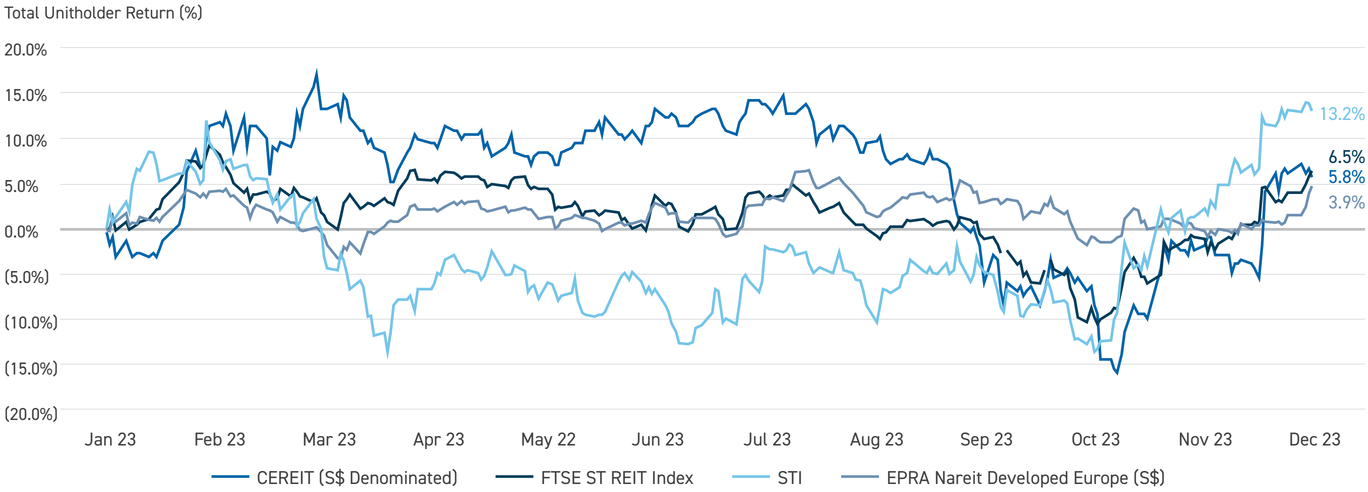
MONTHLY VOLUMES AND UNIT PRICE PERFORMANCE



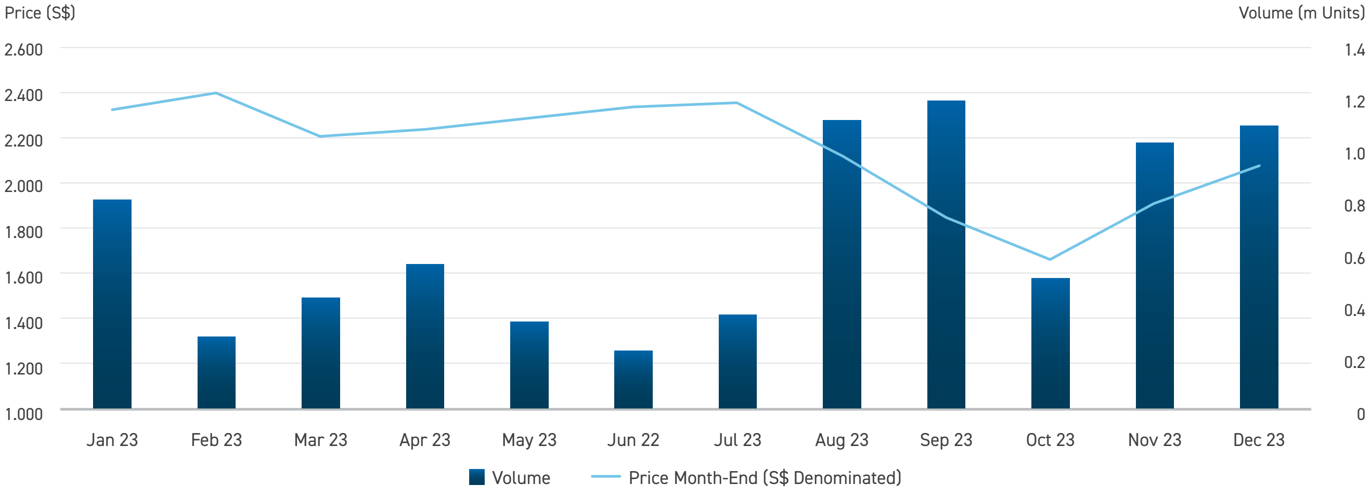
TRADING STATISTICS FOR THE FINANCIAL YEAR (S$-DENOMINATED CWCU.SI)

	2023	2022
Opening price	S$ 2.190	S$ 3.880
Highest price	S$ 2.460	S$ 3.910
Lowest price	S$ 1.650	S$ 2.090
Closing price	S$ 2.080	S$ 2.180
Adj. volume-weighted average price	S$ 2.063	S$ 2.929
Total volume traded (million Units)	8.0	7.3
Total turnover traded (million S$)	16.7	21.5
Unit price performance	(4.6%)	(43.8%)
Total Unitholder returns (1Y)	5.8%	(39.4%)
Total Unitholder returns (2Y)	(35.9%)	(34.2%)
Total Unitholder returns (3Y)	(30.5%)	(33.0%)
Average volume per day (million Units)	0.032	0.030
Average turnover per day (million S$)	0.067	0.087

TOTAL UNITHOLDER RETURN 2023 (S$-DENOMINATED CROM.SI)



MONTHLY VOLUMES AND UNIT PRICE PERFORMANCE



03 PROPERTY PORTFOLIO OVERVIEW

(AS AT 31 DECEMBER 2023)

THE NETHERLANDS

LIGHT INDUSTRIAL / LOGISTICS

1 Veemarkt
2 De Immenhorst 7
3 Boekweitstraat 1 - 21 & Luzernestraat 2 - 12
4 Rosa Castellanosstraat 4
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

FRANCE

LIGHT INDUSTRIAL / LOGISTICS

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

OFFICE

18 Paryseine
19 Cap Mermoz
20 Lénine

ITALY

LIGHT INDUSTRIAL / LOGISTICS

1 CLOM (Centro Logistico Orlando Marconi)
2 Via dell'Industria 18
3 Via Fogliano 1
4 Via Fornace snc
5 Strada Provinciale Adelfia

OFFICE

6 Nervesa21
7 Via Pianciani 26
8 Maxima
9 Building F7-F11
10 Via Camillo Finocchiaro Aprile 1
11 Via della Fortezza 8
12 Cassiopea 1-2-3
13 Nuova ICO
14 Corso Annibale Santorre di Santa Rosa 15
15 Via Rampa Cavalcavia 16-18

'OTHERS'

16 Starhotels Grand Milan
17 Via Madre Teresa 4
18 Via Salara Vecchia 13
19 Via Brigata Padova 19

GERMANY

LIGHT INDUSTRIAL / LOGISTICS

1 Parsdorfer Weg 10
2 Siemensstraße 11
3 An der Wasserschluft 7
4 Löbstedter Str. 101 – 109, Unstrutweg 1, 4, Ilmstr. 4, 4a
5 Göppinger Straße 1 – 3
6 An der Kreuzlache 8-12
7 Gewerbestraße 62
8 Hochstraße 150-152
9 Henschelring 4
10 Kolumbusstraße 16
11 Frauenstraße 31
12 Gutenbergstraße 1, Dieselstraße 2
13 Moorfleeter Straße 27, Liebigstraße 67-71
14 Dresdner Straße 16, Sachsenring 52

POLAND

OFFICE

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

DENMARK

LIGHT INDUSTRIAL / LOGISTICS

1 Naverland 7-11
2 Sognevej 25
3 Priorparken 700
4 Priorparken 800
5 Stamholmen 111
6 Islevdalvej 142
7 Herstedvang 2-4
8 Naverland 8
9 Hørskætten 4-6
10 Fabriksparken 20
11 Hørskætten 5
12 Naverland 12

CZECH REPUBLIC

LIGHT INDUSTRIAL / LOGISTICS

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

SLOVAKIA

LIGHT INDUSTRIAL / LOGISTICS

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

FINLAND

OFFICE

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

UNITED KINGDOM

LIGHT INDUSTRIAL / LOGISTICS

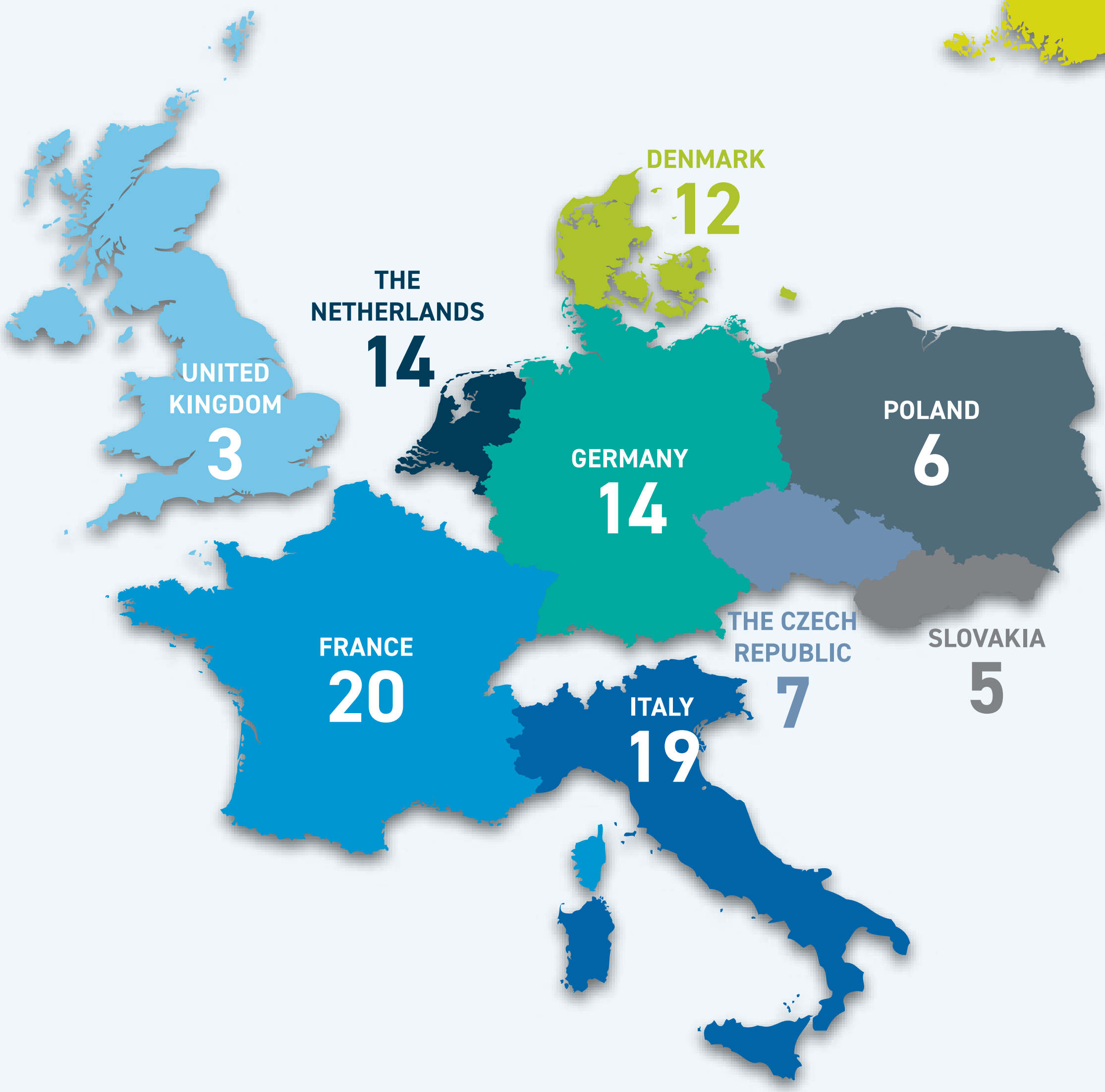
1 Thorn Lighting
2 The Cube
3 Kingsland 21

110
PROPERTIES

70
LIGHT INDUSTRIAL / LOGISTICS

36
OFFICE

4
'OTHERS'



03 TOP 10 PROPERTIES

01

Parc des Docks
50 rue Ardoin,
Saint Ouen, France

Property Type	Light industrial / Logistics
Acquisition date	**30 Nov 2017**
Purchase Price	**€98,000,000**
NLA	**73,372 sqm**
Lease type	**Multi-tenanted**
Land tenure	**Freehold**
Gross Revenue FY 2023	**€13,126,621**

OCCUPANCY[1]
91.3%
(-4.4 p.p. y-o-y)

PROPERTY VALUATION[1]
€164.5 million
(+67.8% since acquisition)

HIGHLIGHTS

- Parc des Docks 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 kilometres 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 kilometres away

1 As at 31 Dec 2023

02

Haagse Poort

Prinses Beatrixlaan 35 - 37
& Schenkkade 60 - 65,
Den Haag, The Netherlands

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 2023	€16,048,786
Building Certification	BREEAM Very Good

OCCUPANCY[1]
98.9%
(+9.6 p.p y-o-y)

PROPERTY VALUATION[1]
€163.2 million
(+2.8% since acquisition)

HIGHLIGHTS

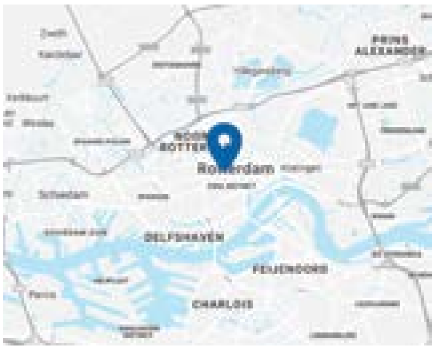
- Haagse Poort is one of the most iconic office buildings in The Hague (Den Haag), located at Beatrixkwartier, in the Bezuidenhout
- Unique building with an office "bridge" over the A12 motorway to Amsterdam
- The property consists of a high-rise and a low-rise section, and is located only 600 metres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

1 As at 31 Dec 2023

03

Central Plaza

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



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 2023	€12,482,955
Building Certification	BREEAM Very Good

OCCUPANCY[1]	PROPERTY VALUATION[1]
94.3% (Flat y-o-y)	**€140.8 million** (-10.2% since acquisition)

HIGHLIGHTS

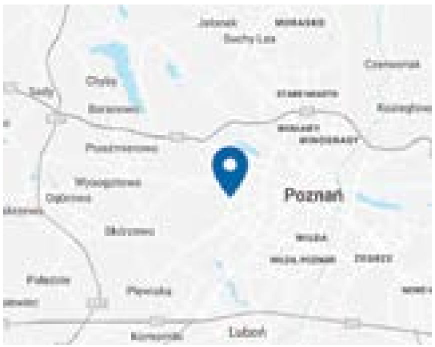
- Central Plaza is a prominent office building located in the Rotterdam CBD directly across from Rotterdam Central Station, one of the busiest train stations in The Netherlands
- Consists of office space spread across two office towers A and B, each with its own entrance, and houses such as iconic names as KPMG, Coolblue and Holland Casino. The ground floor hosts restaurants and retail tenants

1 As at 31 Dec 2023

04

Business Garden

2,4,6,8 and 10
Kolorowa Street,
Poznań, Poland



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 2023	€9,053,870
Building Certification	LEED Platinum

OCCUPANCY[1]	PROPERTY VALUATION[1]
94.3% (+3.3 p.p. y-o-y)	**€72.9 million** (-17.9% since acquisition)

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

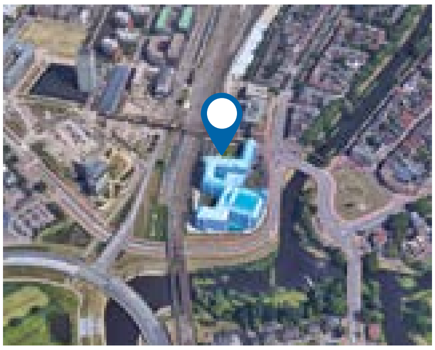
1 As at 31 Dec 2023

03 TOP 10 PROPERTIES

05

Bastion

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



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 2023	€7,259,436
Building Certification	BREEAM Very Good

OCCUPANCY[1]	PROPERTY VALUATION[1]
95.1% (-1.1 p.p. y-o-y)	**€67.2 million** (-12.6% since acquisition)

HIGHLIGHTS

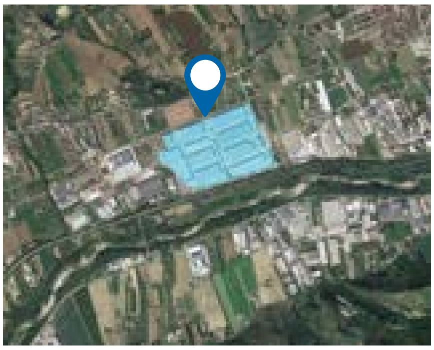
- Impressive building featuring eight floors across six wings, only a five-minute walk from the centre of 's-Hertogenbosch
- Bastion was expanded and renovated in 2005 by installing new wings at the rear
- Bastion has various installations for energy management, such as its own geothermal energy storage,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

1 As at 31 Dec 2023

06

CLOM (Centro Logistico Orlando Marconi)

Via del Lavoro
Monteprandone, Italy



Property Type	Light industrial / Logistics
Acquisition date	23 Dec 2020
Purchase Price	€52,575,000
NLA	151,298 sqm
Lease type	Multi-tenanted
Land tenure	Freehold
Gross Revenue FY 2023	€5,220,600

OCCUPANCY[1]	PROPERTY VALUATION[1]
98.3% (-1.6 p.p. y-o-y)	**€57.5 million** (+9.4% since acquisition)

HIGHLIGHTS

- Located in Monteprandone, along the A14/E55 motorway
- Nine warehouses and a freight railway terminal

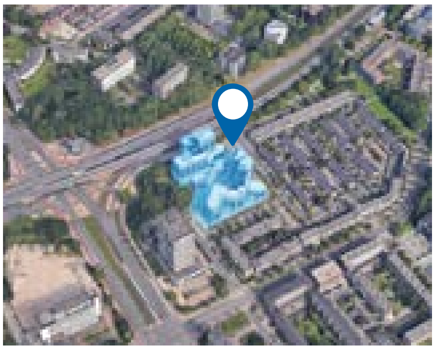
1 As at 31 Dec 2023

03 TOP 10 PROPERTIES

07

Moeder Teresalaan 100 / 200

Moeder Teresalaan 100 / 200, Utrecht, The Netherlands



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 2023	€4,509,858
Building Certification	BREEAM Very Good

OCCUPANCY[1]	PROPERTY VALUATION[1]
100.0% (Flat y-o-y)	€56.3 million (+11.0% since acquisition)

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
- Walking distance from the HOV fast tram stop - a popular transport route connecting the Utrecht Central Station and Nieuwegein / IJsselstein

1 As at 31 Dec 2023

08

De Ruyterkade 5

De Ruyterkade 5,
Amsterdam, The Netherlands

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 2023	€3,150,529

OCCUPANCY[1]	PROPERTY VALUATION[1]
100.0% (Flat y-o-y)	**€50.4 million** (+38.6% since acquisition)

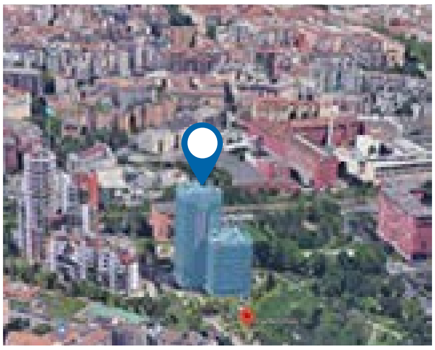
HIGHLIGHTS

- 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

1 As at 31 Dec 2023

09

Nervesa21
Milan, Italy



Property Type	Office
Acquisition date	30 Nov 2017
Purchase Price	€25,400,000
NLA	9,837 sqm
Lease type	Multi-tenanted
Land tenure	Freehold
Gross Revenue FY 2023	€39,661[2]

OCCUPANCY[1]	PROPERTY VALUATION[1]
0% (Flat y-o-y)	**€47.3 million** (+86.2% since acquisition)

HIGHLIGHTS

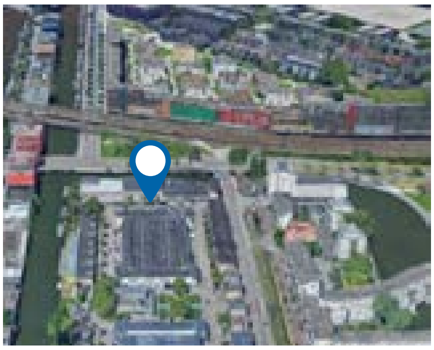
- Strategically located in the Porta Romana district of Milan south-east of Milan city center, built in the 1980s and completely redeveloped in 2023-24. It provides 14 floors above ground and two basement levels and is surrounded by ~5,300 sqm of green area.
- The redevelopment is greatly ESG-conscious and is expected to attain LEED Platinum and WELL Gold certifications in 2024
- Conveniently located ~15 minutes by car to Linate Airport, 5 minutes by metro to Duomo and 10 minutes from The Central Station

1 As at 31 Dec 2023
2 Service and tenant recharge only; Redevelopment only completed in January 2024

10

Veemarkt

Veemarkt 27-75 / 50-76 / 92-114, Amsterdam, The Netherlands



Property Type	Light industrial / Logistics
Acquisition date	30 Nov 2017
Purchase Price	€35,500,000
NLA	21,957 sqm
Lease type	Multi-tenanted
Land tenure	Continuing Leasehold
Gross Revenue FY 2023	€3,274,690

OCCUPANCY[1]	PROPERTY VALUATION[1]
99.2% (+0.1 p.p. y-o-y)	**€47.1 million** (+32.7% since acquisition)

HIGHLIGHTS

- Located in the Cruquius Island, part of the former Eastern Harbour area in the eastern central part of Amsterdam
- Consists of seven separate light industrial buildings, subdivided into various units with a split of approximately 40/60 office/business space

1 As at 31 Dec 2023

03THE NETHERLANDS ASSETS

LIGHT INDUSTRIAL / LOGISTICS

1 Veemarkt,
Amsterdam

2 De Immenhorst 7,
's Heerenberg

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

4 Rosa Castellanosstraat 4,
Tilburg

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

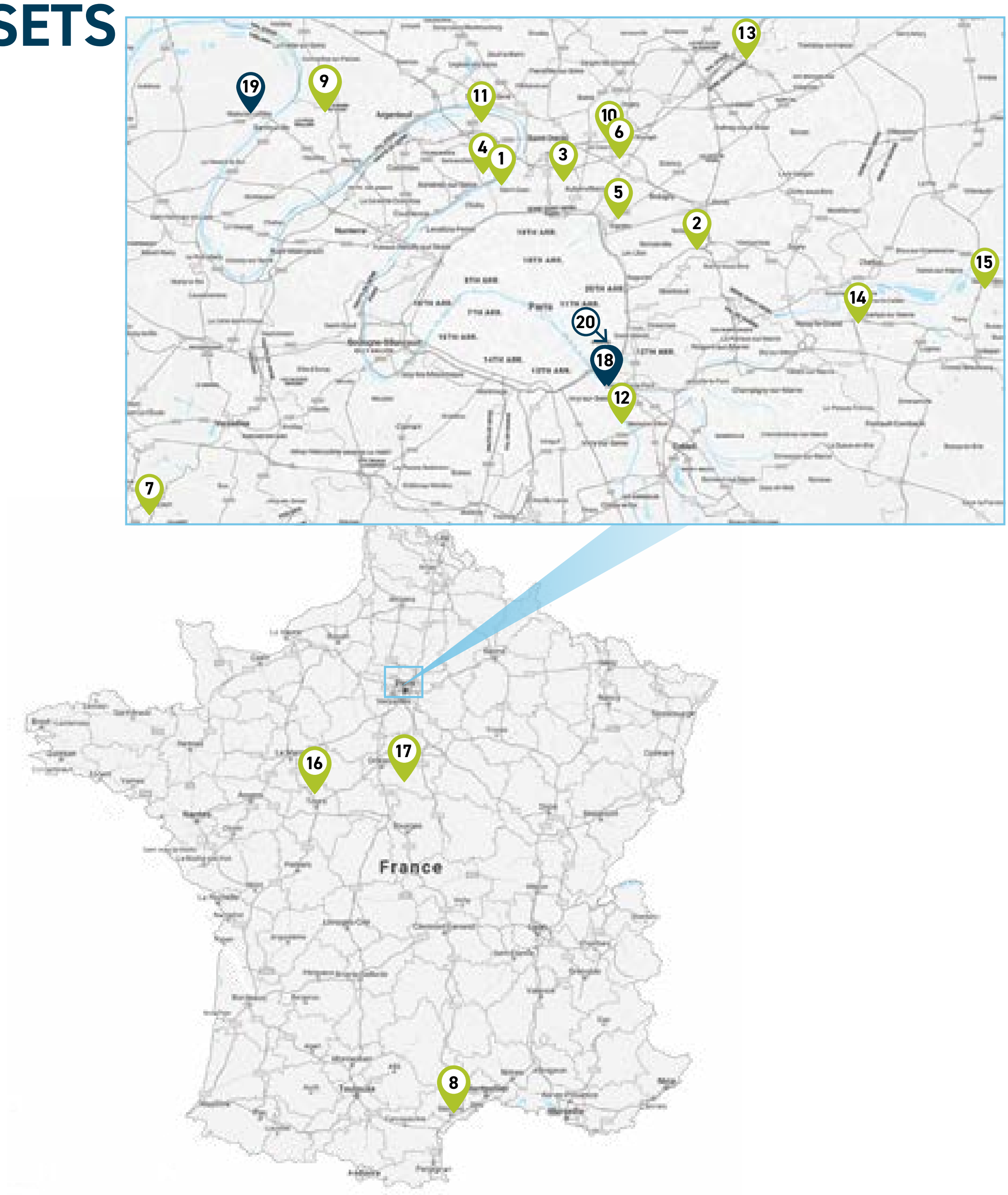
14 Blaak 40,
Rotterdam

03THE NETHERLANDS ASSETS

	Address	Acquisition Date	Purchase Price (€'000)
LIGHT INDUSTRIAL / LOGISTICS			
1	Veemarkt, Veemarkt 27-75 / 50-76 / 92-114, Amsterdam	30 Nov 2017	35,500
2	De Immenhorst 7, 's Heerenberg	23 Dec 2021	8,350
3	Boekweitstraat 1 - 21 & Luzernestraat 2 - 12, Nieuw-Vennep	30 Nov 2017	5,155
4	Rosa Castellanosstraat 4, Tilburg	30 Dec 2021	11,325
5	Capronilaan 22 - 56, Schiphol-Rijk	30 Nov 2017	6,250
6	Kapoeasweg 4 - 16, Amsterdam	30 Nov 2017	2,575
7	Folkstoneweg 5 - 15, Schiphol	30 Nov 2017	5,200
OFFICE			
8	Haagse Poort, Prinses Beatrixlaan 35 - 37 & Schenkkade 60 - 65, Den Haag	30 Nov 2017	158,750
9	Central Plaza, Plaza 2 – 25 (retail) / Weena 580 – 618 (offices), Rotterdam	19 Jun 2017	156,805
10	Bastion, Willemsplein 2 - 10, 's-Hertogenbosch	28 Dec 2018	76,850
11	Moeder Teresalaan 100 / 200, Utrecht	28 Dec 2018	50,728
12	De Ruyterkade 5, Amsterdam	19 Jun 2017	36,365
13	Koningskade 30, Den Haag	19 Jun 2017	16,595
14	Blaak 40, Rotterdam	30 Nov 2017	15,950

Valuation as at 31 December 2023 (€'000)	Lettable Area (sqm)	Gross Revenue FY 2023 (€'000)	Occupancy as at 31 December 2023	Lease Type	Land Tenure
47,100	21,957	3,275	99.2%	Multi-tenanted	Continuing Leasehold
11,100	15,109	574	100.0%	Single tenant	Freehold
10,700	8,471	796	100.0%	Multi-tenanted	Freehold
10,700	8,638	552	100.0%	Single tenant	Freehold
9,620	5,364	551	69.5%	Multi-tenanted	Freehold
7,290	5,494	464	100.0%	Multi-tenanted	Freehold
6,290	5,006	820	100.0%	Multi-tenanted	Leasehold
163,200	68,502	16,049	98.9%	Multi-tenanted	Part Freehold, Part Right of Superficies and Part Perpetual Leasehold
140,800	33,263	12,483	94.3%	Multi-tenanted	Part Freehold and Part Leasehold
67,200	31,979	7,259	95.1%	Multi-tenanted	Freehold
56,300	21,922	4,510	100.0%	Multi-tenanted	Perpetual Leasehold
50,400	8,741	3,151	100.0%	Single tenant	Continuing Leasehold
19,200	5,697	1,378	100.0%	Single tenant	Perpetual Leasehold
16,700	7,800	1,823	90.8%	Multi-tenanted	Freehold

03 FRANCE ASSETS



LIGHT INDUSTRIAL / LOGISTICS

1 Parc des Docks, Saint Ouen, Paris

2 Parc des Guillaumes, Noisy-le-Sec

3 Parc du Landy, Aubervilliers

LIGHT INDUSTRIAL / LOGISTICS

4 Parc des Grésillons,
Gennevilliers

5 Parc Delizy,
Pantin

6 Parc Urbaparc,
La Courneuve

7 Parc du Merantais,
Magny-Les-Hameaux

8 Parc Béziers,
Villeneuve-lès-Béziers

9 Parc Louvresses,
Gennevilliers

10 Parc Jean Mermoz,
La Courneuve

11 Parc Locaparc 2,
Vitry-sur-Seine

12 Parc le Prunay,
Sartrouville

13 Parc des Érables,
Villepinte

14 Parc de Champs,
Champs sur Marne

15 Parc Acticlub,
Saint Thibault des Vignes

16 Parc Parçay-Meslay,
Parcay-Meslay

17 Parc Sully,
Sully-sur-Loire

OFFICE

18 Paryseine,
Ivry-sur Seine, Paris

19 Cap Mermoz,
Maisons-Laffitte, Paris

20 Lénine,
Ivry-sur Seine, Paris

03 FRANCE ASSETS

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

Valuation as at 31 December 2023 (€'000)	Lettable Area (sqm)	Gross Revenue FY 2023 (€'000)	Occupancy as at 31 December 2023	Lease Type	Land Tenure
164,450	73,372	13,127	91.3%	Multi-tenanted	Freehold
34,450	18,719	2,854	98.9%	Multi-tenanted	Freehold
29,000	12,763	2,352	98.9%	Multi-tenanted	Freehold
26,750	10,064	1,662	100.0%	Multi-tenanted	Freehold
24,250	12,415	2,441	100.0%	Multi-tenanted	Freehold
19,200	12,607	1,841	100.0%	Multi-tenanted	Freehold
11,600	10,312	1,200	99.9%	Multi-tenanted	Freehold
11,350	8,944	935	100.0%	Single tenant	Freehold
9,195	7,621	1,106	100.0%	Single tenant	Leasehold
9,180	6,005	846	100.0%	Multi-tenanted	Freehold
9,170	5,614	847	100.0%	Multi-tenanted	Freehold
8,950	9,441	895	100.0%	Multi-tenanted	Freehold
8,850	8,077	1,031	100.0%	Multi-tenanted	Freehold
7,410	7,051	892	100.0%	Multi-tenanted	Freehold
6,830	8,055	902	95.0%	Multi-tenanted	Freehold
4,360	5,232	407	100.0%	Single tenant	Freehold
3,070	15,500	308	100.0%	Single tenant	Freehold
27,370	20,776	3,349	71.3%	Multi-tenanted	Freehold
26,370	11,224	2,547	93.5%	Multi-tenanted	Freehold
2,190	2,320	261	35.0%	Multi-tenanted	Freehold

03 ITALY ASSETS

LIGHT INDUSTRIAL / LOGISTICS

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

2 Via dell'Industria 18, Vittuone

3 Via Fogliano 1, Coccaglio

4 Via Fornace, Mira

5 Strada Provinciale Adelfia, Rutigliano

OFFICE


6 Nervesa21, Milan


7 Via Pianciani 26, Rome


8 Maxima, Rome


9 Building F7-F11, Assago


10 Via Camillo Finocchiaro Aprile 1, Genova


11 Via della Fortezza 8, Florence


12 Cassiopea 1-2-3, Milan


13 Nuova ICO, Via Guglielmo Jervis 9, Ivrea


14 Corso Annibale Santorre di Santa Rosa 15, Cuneo


15 Via Rampa Cavalcavia 16-18, Venice Mestre

'OTHERS'


16 Starhotels Grand Milan, Via Varese 23, Saronno


17 Via Madre Teresa 4, Lissone


18 Via Salara Vecchia 13, Pescara


19 Via Brigata Padova 19, Padova

03 ITALY ASSETS

	Address	Acquisition Date	Purchase Price (€'000)
LIGHT INDUSTRIAL / LOGISTICS			
1	CLOM (Centro Logistico Orlando Marconi), Via del Lavoro, Monteprandone	23 Dec 2020	52,575
2	Via dell'Industria 18, Vittuone	17 Mar 2022	26,500
3	Via Fogliano 1, Coccaglio	15 Feb 2022	24,500
4	Via Fornace snc, Mira	29 Oct 2021	19,570
5	Strada Provinciale Adelfia, Rutigliano	30 Nov 2017	12,000
OFFICE			
6	Nervesa21, Via Nervesa 21, Milan	30 Nov 2017	25,400
7	Via Pianciani 26, Rome	30 Nov 2017	33,900
8	Maxima, Via dell'Amba Aradam 5, Rome	30 Nov 2017	49,800
9	Building F7-F11, Viale Milanofiori 1, Assago	30 Nov 2017	27,600
10	Via Camillo Finocchiaro Aprile 1, Genova	5 Dec 2018	23,775
11	Via della Fortezza 8, Florence	15 Feb 2018	17,350
12	Cassiopea 1-2-3, Via Paracelso 22-24-26, Milan	28 Nov 2019	17,700
13	Nuova ICO, Via Guglielmo Jervis 9, Ivrea	27 Jun 2018	16,900
14	Corso Annibale Santorre di Santa Rosa 15, Cuneo	30 Nov 2017	9,550
15	Via Rampa Cavalcavia 16-18, Venice Mestre	30 Nov 2017	5,600
'OTHERS'			
16	Starhotels Grand Milan, Via Varese 23, Saronno	30 Nov 2017	19,100
17	Via Madre Teresa 4, Lissone	30 Nov 2017	20,800
18	Via Salara Vecchia 13, Pescara	30 Nov 2017	13,000
19	Via Brigata Padova 19, Padova	30 Nov 2017	6,000

Valuation as at 31 December 2023 (€'000)	Lettable Area (sqm)	Gross Revenue FY 2023 (€'000)	Occupancy as at 31 December 2023	Lease Type	Land Tenure
57,500	151,298	5,221	98.3%	Multi-tenanted	Freehold
35,400	55,543	1,624	100.0%	Multi-tenanted	Freehold
26,000	44,643	2,042	100.0%	Single tenant	Freehold
18,600	27,937	1,664	100.0%	Single tenant	Freehold
16,600	29,638	1,215	100.0%	Multi-tenanted	Freehold
47,300	9,837	40	0.0%	Multi-tenanted	Freehold
33,600	10,725	2,988	100.0%	Multi-tenanted	Freehold
29,900	16,689	1,250	0.0%	Master	Freehold
22,200	16,111	2,686	97.4%	Multi-tenanted	Freehold
18,500	15,538	1,774	100.0%	Master	Freehold
15,100	9,139	1,258	100.0%	Master	Freehold
13,100	11,500	1,973	97.7%	Multi-tenanted	Freehold
7,230	20,428	1,229	69.3%	Multi-tenanted	Freehold
6,030	8,794	732	100.0%	Master	Freehold
4,370	4,081	437	100.0%	Master	Freehold
18,800	17,400	1,444	100.0%	Single tenant	Freehold
14,200	11,765	2,514	100.0%	Multi-tenanted	Freehold
10,900	15,998	1,131	100.0%	Master	Freehold
1,800	8,151	527	100.0%	Master	Freehold

03 GERMANY ASSETS

LIGHT INDUSTRIAL / LOGISTICS

1 Parsdorfer Weg 10,
Kirchheim

2 Siemensstraße 11,
Frickenhausen

3 An der Wasserschluft 7,
Sangerhausen

4 Löbstedter Str. 101 – 109,
Unstrutweg 1, 4, Ilmstr. 4, 4a,
Jena

5 Göppinger Straße 1 – 3,
Pforzheim

6 An der Kreuzlache 8-12,
Bischofsheim

7 Gewerbestraße 62,
Bretten

8 Hochstraße 150-152,
Duisburg

9 Henschelring 4,
Kirchheim

10 Kolumbusstraße 16,
Hamburg

11 Frauenstraße 31,
Maisach

12 Gutenbergstraße 1, Dieselstraße 2,
Königsbach-Stein

13 Moorfleeter Straße 27,
Liebigstraße 67-71, Hamburg

14 Dresdner Straße 16, Sachsenring 52,
Straubing

03GERMANY ASSETS

	Address	Acquisition Date	Purchase Price (€'000)
LIGHT INDUSTRIAL / LOGISTICS			
1	Parsdorfer Weg 10, Kirchheim	30 Nov 2017	25,887
2	Siemensstraße 11, Frickenhausen	30 Nov 2017	12,965
3	An der Wasserschluft 7, Sangerhausen	13 Aug 2020	16,392
4	Löbstedter Str. 101 – 109, Unstrutweg 1, 4, Ilmstr. 4, 4a, Jena	21 Apr 2022	17,342
5	Göppinger Straße 1 – 3, Pforzheim	24 Mar 2020	15,229
6	An der Kreuzlache 8-12, Bischofsheim	30 Nov 2017	8,696
7	Gewerbestraße 62, Bretten	24 Mar 2020	13,559
8	Hochstraße 150-152, Duisburg	30 Nov 2017	4,885
9	Henschelring 4, Kirchheim	30 Nov 2017	7,608
10	Kolumbusstraße 16, Hamburg	30 Nov 2017	6,914
11	Frauenstraße 31, Maisach	30 Nov 2017	5,854
12	Gutenbergstraße 1, Dieselstraße 2, Königsbach-Stein	24 Mar 2020	9,212
13	Moorfleeter Straße 27, Liebigstraße 67-71, Hamburg	30 Nov 2017	7,072
14	Dresdner Straße 16, Sachsenring 52, Straubing	30 Nov 2017	4,941

Valuation as at 31 December 2023 (€'000)	Lettable Area (sqm)	Gross Revenue FY 2023 (€'000)	Occupancy as at 31 December 2023	Lease Type	Land Tenure
37,300	26,444	2,544	96.1%	Multi-tenanted	Freehold
18,100	37,188	2,692	94.4%	Multi-tenanted	Freehold
17,700	30,557	1,567	100.0%	Single tenant	Freehold
16,400	15,991	1,538	100.0%	Multi-tenanted	Freehold
15,600	11,273	1,083	100.0%	Single tenant	Freehold
14,200	18,924	1,281	98.8%	Multi-tenanted	Freehold
14,000	10,449	948	100.0%	Single tenant	Freehold
12,100	17,690	1,213	92.5%	Multi-tenanted	Freehold
11,900	9,029	878	100.0%	Multi-tenanted	Freehold
10,200	18,555	1,037	96.7%	Multi-tenanted	Freehold
10,100	8,663	953	91.7%	Multi-tenanted	Freehold
9,480	8,013	719	100.0%	Single tenant	Freehold
8,750	7,347	823	100.0%	Multi-tenanted	Freehold
8,750	9,437	563	100.0%	Multi-tenanted	Freehold

03POLAND ASSETS

	Address	Acquisition Date	Purchase Price (€'000)
OFFICE			
1	Business Garden, 2, 4, 6, 8 and 10 Kolorowa Street, Poznań	24 Sep 2019	88,800
2	Green Office, 80, 80A, 82 and 84 Czerwone Maki Street, Kraków	25 Jul 2019	52,197
3	Riverside Park, Fabryczna 5, Warsaw	14 Feb 2019	31,300
4	Avatar, 28 Armii Krajowej Street, Kraków	25 Jul 2019	27,803
5	Grójecka 5, Warsaw[1]	14 Feb 2019	22,308
6	Arkońska Business Park, Arkońska 1&2, Gdańsk	14 Feb 2019	18,242

1 The property was held for sale as at 31 December 2023 and was disposed in 1Q 2024.

OFFICE


1 Business Garden, Poznań


2 Green Office, Kraków


3 Riverside Park, Warsaw

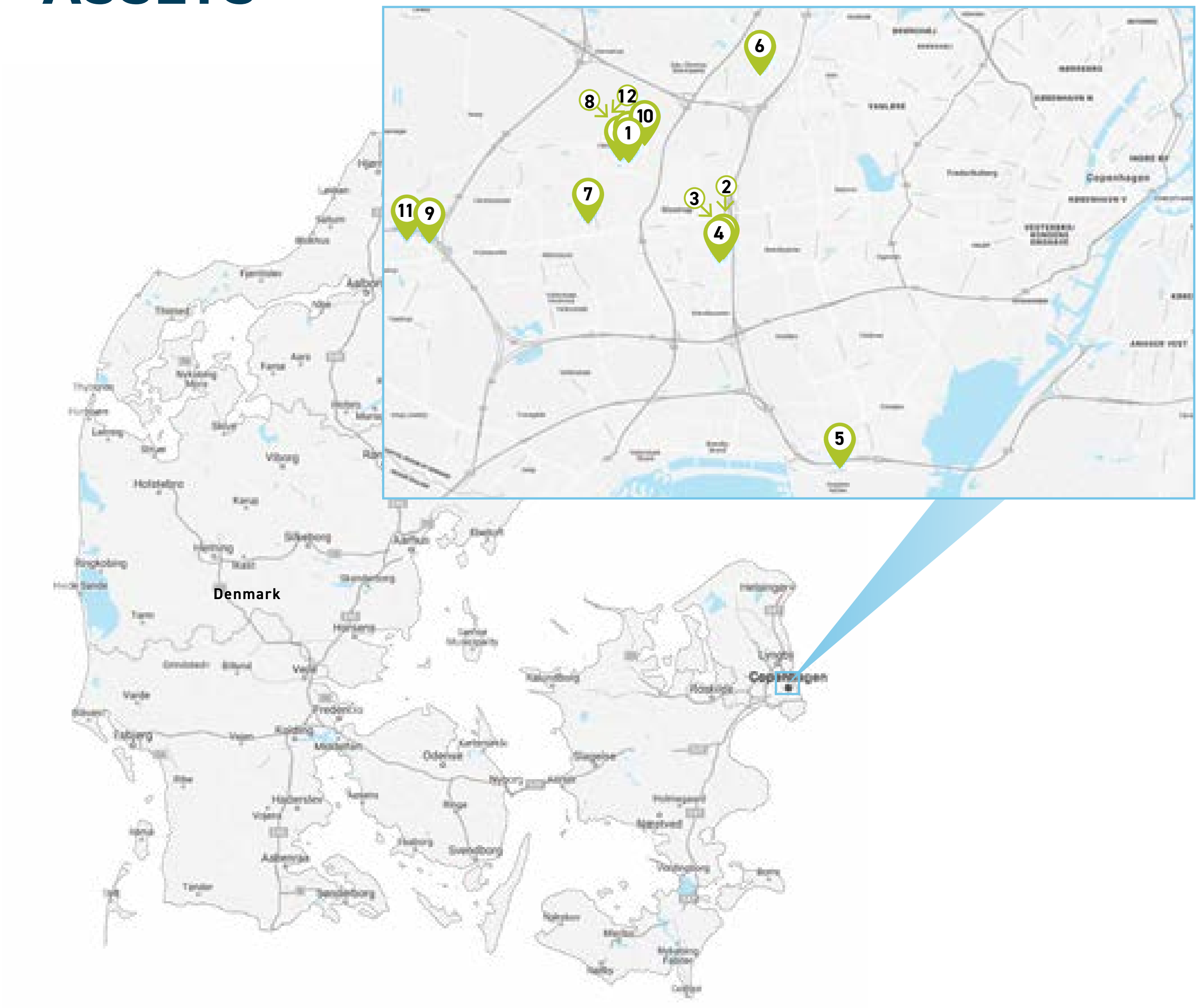

4 Avatar, Kraków


5 Grójecka 5, Warsaw


6 Arkońska Business Park, Gdańsk

Valuation as at 31 December 2023 (€'000)	Lettable Area (sqm)	Gross Revenue FY 2023 (€'000)	Occupancy as at 31 December 2023	Lease Type	Land Tenure
72,900	42,268	9,054	94.3%	Multi-tenanted	Freehold
39,400	23,105	7,153	99.9%	Multi-tenanted	Freehold
22,800	12,514	2,593	70.9%	Multi-tenanted	Freehold / perpetual usufruct
19,950	11,338	3,050	100.0%	Multi-tenanted	Freehold / perpetual usufruct
15,500	10,864	1,186	2.4%	Multi-tenanted	Freehold / perpetual usufruct
11,200	11,170	1,553	55.7%	Multi-tenanted	Freehold / perpetual usufruct

03DENMARK ASSETS



Address		Acquisition Date	Purchase Price (€'000)
LIGHT INDUSTRIAL / LOGISTICS			
1	Naverland 7-11, Glostrup	30 Nov 2017	10,500
2	Sognevej 25, Brøndby	14 Oct 2022	15,784
3	Priorparken 700, Brøndby	30 Nov 2017	11,200
4	Priorparken 800, Brøndby	30 Nov 2017	8,600
5	Stamholmen 111, Hvidovre	30 Nov 2017	4,300
6	Islevdalvej 142, Rødovre	30 Nov 2017	5,500
7	Herstedvang 2-4, Albertslund	30 Nov 2017	6,300
8	Naverland 8, Glostrup	30 Nov 2017	5,500
9	Hørskætten 4-6, Tåstrup	30 Nov 2017	5,200
10	Fabriksparken 20, Glostrup	30 Nov 2017	5,200
11	Hørskætten 5, Tåstrup	30 Nov 2017	3,428
12	Naverland 12, Glostrup	30 Nov 2017	3,011

LIGHT INDUSTRIAL / LOGISTICS

1 Naverland 7-11, Glostrup

2 Sognevej 25, Brøndby

3 Priorparken 700, Brøndby

4 Priorparken 800, Brøndby

5 Stamholmen 111, Hvidovre

6 Islevdalvej 142, Rødovre

7 Herstedvang 2-4, Albertslund

8 Naverland 8, Glostrup

9 Hørskætten 4-6, Tåstrup

10 Fabriksparken 20, Glostrup

11 Hørskætten 5, Tåstrup

12 Naverland 12, Glostrup

Valuation as at 31 December 2023 (€'000)	Lettable Area (sqm)	Gross Revenue FY 2023 (€'000)	Occupancy as at 31 December 2023	Lease Type	Land Tenure
18,340	22,273	2,026	89.8%	Multi-tenanted	Freehold
15,557	22,614	1,892	59.7%	Multi-tenanted	Freehold
15,054	15,431	1,555	100.0%	Multi-tenanted	Freehold
13,103	14,703	1,387	97.5%	Multi-tenanted	Freehold
12,124	13,717	1,206	80.5%	Multi-tenanted	Freehold
10,621	11,152	884	92.5%	Multi-tenanted	Freehold
9,897	11,890	900	92.7%	Multi-tenanted	Freehold
9,119	11,945	650	79.2%	Multi-tenanted	Freehold
7,524	9,233	645	94.3%	Multi-tenanted	Freehold
7,269	7,615	750	100.0%	Multi-tenanted	Freehold
4,882	4,985	496	100.0%	Single tenant	Freehold
4,814	6,875	419	100.0%	Single tenant	Freehold

03CZECH REPUBLIC ASSETS

	Address	Acquisition Date	Purchase Price (€'000)
LIGHT INDUSTRIAL / LOGISTICS			
1	Lovosice ONE Industrial Park I, Tovární 1162, Lovosice	11 Mar 2021	3,182
2	Lovosice ONE Industrial Park II, Průmyslová 1190, Lovosice	11 Mar 2021	14,111
3	Moravia Industrial Park, Jaktáře 1752, Uherské Hradiště	11 Mar 2021	16,066
4	ONE – Hradec Králové, Vážní 536, Hradec Králové	4 Jun 2021	10,099
5	South Moravia Industrial Park, Cukrovarská 494/39, Vyškov	11 Mar 2021	11,514
6	Pisek Industrial Park I, Stanislava Maliny 464, Písek	11 Mar 2021	4,192
7	Pisek Industrial Park II, U Hřebčince 2564/23, Písek	11 Mar 2021	1,728

LIGHT INDUSTRIAL / LOGISTICS

1 Lovosice ONE Industrial Park I, Lovosice

2 Lovosice ONE Industrial Park II, Lovosice

3 Moravia Industrial Park, Uherské Hradiště

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

5 South Moravia Industrial Park, Vyškov

6 Pisek Industrial Park I, Písek

7 Pisek Industrial Park II, Písek

Valuation as at 31 December 2023 (€'000)	Lettable Area (sqm)	Gross Revenue FY 2023 (€'000)	Occupancy as at 31 December 2023	Lease Type	Land Tenure
17,500	16,923	344	48.3%	Single Tenant	Freehold
16,450	17,411	1,612	97.2%	Multi-tenanted	Freehold
15,650	13,222	1,156	100.0%	Single Tenant	Freehold
11,500	8,382	873	97.3%	Multi-tenanted	Freehold
10,400	11,154	780	100.0%	Single Tenant	Freehold
4,180	4,235	321	100.0%	Single Tenant	Freehold
1,730	2,513	134	100.0%	Single Tenant	Freehold

03SLOVAKIA ASSETS

	Address	Acquisition Date	Purchase Price (€'000)
LIGHT INDUSTRIAL / LOGISTICS			
1	Nove Mesto ONE Industrial Park I, Beckov 645, Beckov	11 Mar 2021	16,906
2	Nove Mesto ONE Industrial Park III, Rakoľuby 241, Kočovce	11 Mar 2021	16,220
3	Kosice Industrial Park, Veľká Ida 785, Veľká Ida	11 Mar 2021	14,630
4	Nove Mesto ONE Industrial Park II, Kočovce 245 Kočovce	11 Mar 2021	9,584
5	Zilina Industrial Park, Priemyselná 1, Nededza	11 Mar 2021	5,048

LIGHT INDUSTRIAL / LOGISTICS

1 Nove Mesto ONE Industrial Park I, Beckov

2 Nove Mesto ONE Industrial Park III, Kočovce

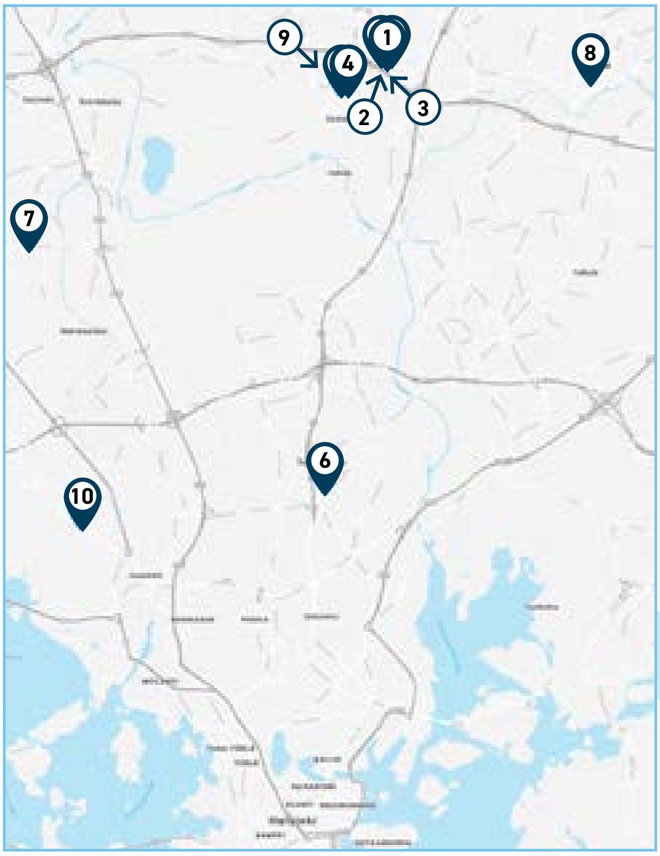
3 Kosice Industrial Park, Veľká Ida

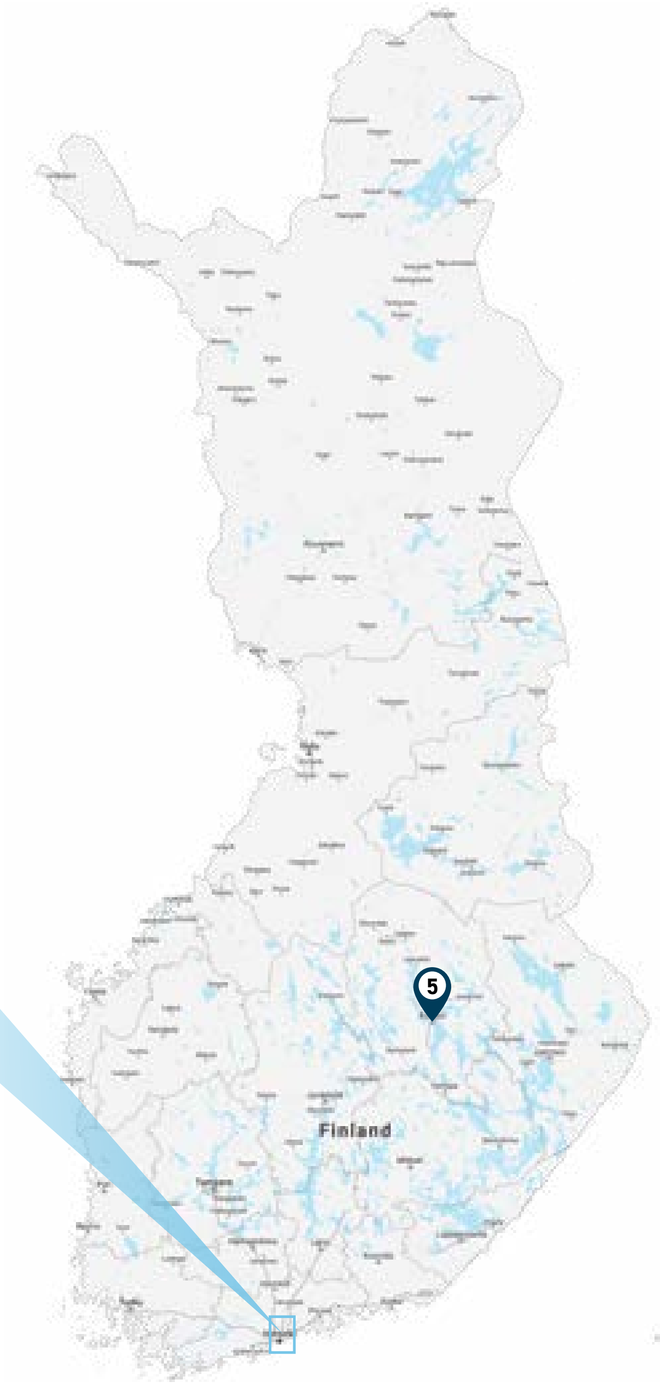
4 Nove Mesto ONE Industrial Park II Kočovce

5 Zilina Industrial Park, Nededza

Valuation as at 31 December 2023 (€'000)	Lettable Area (sqm)	Gross Revenue FY 2023 (€'000)	Occupancy as at 31 December 2023	Lease Type	Land Tenure
24,950	29,747	1,607	77.4%	Multi-tenanted	Freehold
21,570	28,875	2,109	100.0%	Multi-tenanted	Freehold
10,400	11,759	858	100.0%	Single Tenant	Freehold
9,360	14,719	1,046	100.0%	Single Tenant	Freehold
4,560	5,047	467	100.0%	Single Tenant	Freehold

03FINLAND ASSETS





	Address	Acquisition Date	Purchase Price (€'000)
OFFICE			
1	Plaza Vivace, Äyritie 8 C, Vantaa	28 Dec 2018	13,234
2	Plaza Forte, Äyritie 12 C, Vantaa	28 Dec 2018	12,600
3	Plaza Allegro, Äyritie 8 B, Vantaa	28 Dec 2018	11,173
4	Pakkalankuja 6, Vantaa	28 Dec 2018	9,700
5	Kauppakatu 39, Kuopio	28 Dec 2018	7,600
6	Mäkitorpantie 3b, Helsinki	28 Dec 2018	7,600
7	Myyrmäenraitti 2, Vantaa	28 Dec 2018	12,000
8	Grandinkulma, Kielotie 7, Vantaa	28 Dec 2018	12,500
9	Pakkalankuja 7, Vantaa	28 Dec 2018	6,100
10	Purotie 1, Helsinki	28 Dec 2018	7,113

OFFICE

1 Plaza Vivace, Vantaa

2 Plaza Forte, Vantaa

3 Plaza Allegro, Vantaa

4 Pakkalankuja 6, Vantaa

5 Kauppakatu 39, Kuopio

6 Mäkitorpantie 3b, Helsinki

7 Myyrmäenraitti 2, Vantaa

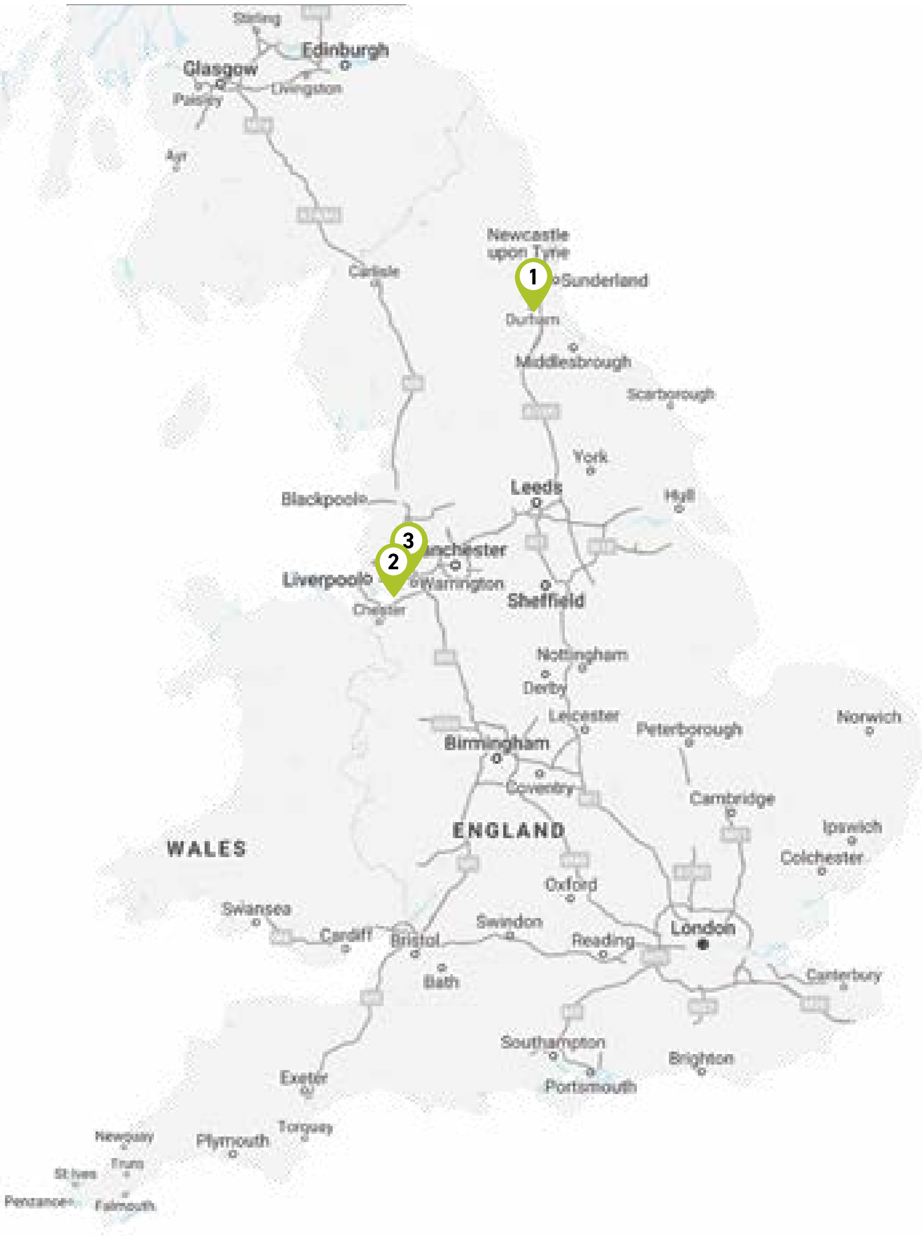
8 Grandinkulma, Vantaa

9 Pakkalankuja 7, Vantaa

10 Purotie 1, Helsinki

Valuation as at 31 December 2023 (€'000)	Lettable Area (sqm)	Gross Revenue FY 2023 (€'000)	Occupancy as at 31 December 2023	Lease Type	Land Tenure
10,700	5,663	1,051	56.6%	Multi-tenanted	Freehold
10,300	6,052	1,133	66.1%	Multi-tenanted	Freehold
8,600	4,622	863	63.3%	Multi-tenanted	Freehold
7,400	7,821	1,235	80.3%	Multi-tenanted	Freehold
7,100	4,832	1,071	96.4%	Multi-tenanted	Freehold
6,700	4,367	992	96.9%	Multi-tenanted	Freehold
6,400	7,515	1,305	83.9%	Multi-tenanted	Freehold
5,600	6,191	1,341	94.2%	Multi-tenanted	Freehold
5,500	3,425	721	76.1%	Multi-tenanted	Freehold
2,300	4,692	313	30.9%	Multi-tenanted	Freehold

03 UNITED KINGDOM ASSETS



Address		Acquisition Date	Purchase Price (€'000)
LIGHT INDUSTRIAL / LOGISTICS			
1	Thorn Lighting, DurhamGate, Spennymoor, County Durham DL16 6HL, Durham	17 Dec 2021	38,463
2	The Cube, Wincanton Logistics, Aston Lane North, Preston Brook, WA7 3GE, Runcorn	18 May 2022	23,230
3	Kingsland 21, 21 Kingsland Grange, Warrington	3 Aug 2021	11,657

LIGHT INDUSTRIAL / LOGISTICS

1 Thorn Lighting, Durham

2 The Cube, Wincanton Logistics

3 Kingsland 21, Warrington

Valuation as at 31 December 2023 (€'000)	Lettable Area (sqm)	Gross Revenue FY 2023 (€'000)	Occupancy as at 31 December 2023	Lease Type	Land Tenure
31,721	41,611	2,783	100.0%	Single Tenant	Freehold
18,802	14,120	1,158	100.0%	Single Tenant	Freehold
10,382	9,764	679	100.0%	Single Tenant	Freehold

Independent Market Research

Pan-European Real Estate

Prepared for Cromwell EREIT Management Pte. Ltd. in its capacity as manager of Cromwell European Real Estate Investment Trust

FINAL REPORT

Savills Strategic Advisory

1 March 2024

Contents

Market Report

Prepared for Cromwell EREIT Management Pte. Ltd. in its capacity as manager of Cromwell European Real Estate Investment Trust

This is an independent research report prepared for Cromwell EREIT Management Pte. Ltd. ("the Manager", or the "Client") in its capacity as manager of Cromwell European Real Estate Investment Trust (the "Trustee"). This report highlights various office and industrial and logistics markets in Europe. The report includes macroeconomic and investment market insights, and specific sector overviews for the Netherlands, France, Italy, Finland, Poland, Germany, Denmark, the Czech Republic (also known as Czechia), Slovakia and the United Kingdom, highlighting key selected locations within each country.

Materials produced as part of this Project will not necessarily represent the view of Savills. This report is based, in part, on public information and third party sources. We use reasonable endeavours to ensure that the information we obtain from third party sources is reliable, but we do not represent that it is accurate or complete, and it should not be relied on as such. No representation is given with respect to the accuracy or completeness of the information herein. Opinions expressed are our current opinions as of the date appearing on this report only. Reproduction of this document in part of in full is not permitted without prior written approval from Savills.

Any estimates, projections or predictions given in this report are intended to be forward-looking statements. Whilst we believe that the assertions in such forward-looking statements are reasonable, we can give no assurance that any forward-looking statements will materialise. Any forward looking estimations are subject to risks, uncertainties and other factors that could cause actual results to differ materially from those projected. All data included and any forward-looking statements are relevant as of the date of this report.

We note that in some markets there are restrictions on the depth of data available due to market practices and lesser transparency, therefore our approach is adapted to each market. Local market data is sourced from in house databases maintained by research and agency teams, and external sources, where stated. We would comment that our assessment is carried out at a market level and that, naturally, submarkets are more nuanced and the conditions and dynamics will be dependent on the micro location.

This report is provided by Savills (Overseas Holdings) Limited (Company number 02316653), a subsidiary of Savills plc, referred to herein as Savills. Savills registered office is 33 Margaret Street, London, W1G 0JD, and we have offices and associates throughout the Americas, Europe, Asia Pacific, Africa and the Middle East.

1. Market Context

1.1. Capital Raising Environment

Economic growth proved to be resilient over the course of 2023, and incoming data consistently surpassed expectations. However, this supported ‘sticky’ inflation, prompting central banks to increase interest rates in response. There remains an expectation, or indeed a conviction, that the rapid tightening of monetary policy over the last 18 months will have consequences. The current macroeconomic environment has impacted investor sentiment across all real estate markets, with global real estate fundraising at a marked low and debt costs impacting investor decision making.

Given the macroeconomic climate, it is unsurprising that global real estate fundraising dropped off markedly in 2023. According to PERE, a total of US$138.83 billion was raised across 309 private equity funds in 2023, a significant drop from the fundraising peak of US$236.04 billion across 554 funds in 2021. We have observed a higher proportion of capital raised allocated to debt strategies as refinancing deadlines approach, with proportional increases in value add and opportunistic strategies.

In Europe, the European Central Bank estimates that open-ended funds account for 80% of the more than €1 trillion of AUM in European real estate funds, which in turn account for 40% of the total commercial real estate market. Whilst closed-ended fund managers face challenges in attracting new capital, open-ended managers are grappling with liquidity mismatches between the asset and liability sides of their balance sheets.

The current market conditions present challenges for raising capital; the prevailing macro environment makes it very challenging for existing funds to exit investments. Closed-ended funds are subject to the business cycle, and the decline in investment activity is not only a function of a smaller pool of active buyers, but also the lack of available stock coming to market. For open-ended funds, the perception that asset values will continue to fall in commercial real estate is driving net outflows of capital.

Dry powder remains at elevated levels. According to RealfinX, there is an estimated US$850 billion in unallocated capital sitting in global closed-ended funds. Whilst it is difficult to raise money, there is capital ready to capitalise on any market dislocation, primarily sitting in value-add and opportunistic funds.

In conjunction, traditional lenders, including banks and insurance companies, have reduced their loan-to-value ratios across all sectors and as a result, we are likely to see more alternative lenders fill the funding gap at higher costs of debt.

1.2. Office Market

Transactional activity in the real estate market continues to be subdued, with a notable trend emerging towards a focus on high-quality properties in prime locations. There has been a notable focus on the Environmental, Social, and Governance (“ESG”) considerations of assets, which is driving both investment and occupational decision making. This is creating a bifurcated market, with secondary stock in less desirable locations falling out of favour with both investors and occupiers alike. In parallel, occupiers are focusing on portfolio optimisation, including downsizing office footprints, negotiating flexible lease terms, and enhancing building services to adapt to changing work patterns.

1.2.1. Sustainable Space

The office sector globally has been impacted by significant structural shifts, driven by factors such as the increased focus on sustainability, the rise of flexible working, and evolving occupier expectations. Indeed, the uncertainty around the long-term impact of hybrid working and the desire from occupiers to take ‘sustainable’ space has certainly influenced investor sentiment.

We have seen a continued 'flight to quality', with core investors focusing their attention on well-located, high quality stock that will deliver long-term returns. Many mainstream investors are seeking to increase their exposure to 'green', or more energy-efficient office stock in order to reduce leasing, regulatory and liquidity risk in their portfolios. Investors with a greater appetite for risk are capitalising on this trend by acquiring stock suitable for repositioning.

Some lenders are now only willing to finance acquisitions for high-quality, newly developed stock that meet their ESG criteria, which is limiting the pool of investors able to undertake value-add redevelopments. Other lenders are, however, willing to invest in buildings with poor ESG credentials, if the investment is supported by a business plan to make them sustainable.

Many occupiers, particularly large corporates, are displaying a growing interest in energy-efficient, high quality spaces that meet their own and their stakeholders' ESG objectives. As this demand rises, and as sustainability regulations and building codes tighten, we have observed an increase in the adoption of 'green' or 'sustainable' building certifications and accreditations within the office sector.

1.2.2. Hybrid Working

Savills analysis shows that the increased adoption of desk-sharing / 'hot desking' and working from home, against the rise in required workspace per worker, will lead to an overall fall in demand for office space. Indeed, as hybrid working continues to gain traction, occupiers are looking towards space that offers on-site amenities and opportunities for collaboration, to incentivise their workforce to utilise office space. In turn, we are observing an increase in the workspace required per worker, in order to accommodate the additional breakout and collaborative spaces.

However, we anticipate the net effect of desk-sharing to outweigh the increased demand for workspace per worker over the next five years. Our analysis forecasts an average 10% fall in demand for office space compared to pre-pandemic levels by 2026, based on an assessment of key European office markets.

Our model incorporates the impact of desk-sharing, projecting a 30% reduction in demand for office space based on the assumption that employees choose to work from home one or two days per week. However, we have modified this in the markets where we see higher levels of workplace regulation and / or higher levels of work-from-home pre-pandemic support demand. Moreover, our model assumes the occupational changes have been implemented by 2026, and from then, office based employment growth will be the main determinant of demand, currently expected to deliver 1.3% p.a. In parallel, in our model we estimate that the average level of space per worker will increase by an average of 14%, and this reflects the various occupational densities across each city, with the most densely populated office markets requiring a higher proportion of new collaborative space. This reflects the actual space per worker rising but we do recognise that some businesses are moving away from the standard office model and switching to fully remote working.

The supply of sublease office space has increased in recent post-pandemic years, due to the shift to hybrid work which has led to a decrease in demand for office space, coupled with the economic slowdown which has caused some job losses. Due to lower office utilisation rates, some companies are seeking to sublease excess office space to reduce costs. This grey space represents a relatively small proportion of the market in most major office markets.

1.2.3. Construction

The weak economic backdrop, coupled with high construction and material costs, as well as labour shortages, have slowed construction activity. The unprecedented levels of demand, especially from the developing world, are leading to shortages of supplies and price increases for building materials.

Indeed, European office construction costs increased by an average of 57% from 2019 to 2023. This significant increase has added pressure to overall development costs and developers' profit, albeit the rate of increase has now appeared to slow. Interest rate hikes and increases in lender margins have further added to overall costs for developers, as lenders in turn become more selective on their loan books.

1.3. Industrial & Logistics Market

1.3.1. E-Commerce Trends

The Covid-19 pandemic has significantly accelerated the growth of e-commerce across Europe, fundamentally altering market dynamics in recent years. National lockdowns prompted many companies to shift their customer engagement strategies towards e-commerce platforms, and this shift has persisted as consumers increasingly value the convenience of online shopping. The consumer journey has rapidly adapted, with a blend of online and offline retail formats becoming the new norm. However, supply chain challenges, coupled with high inflation and a weak economic outlook, have somewhat dampened the rapid growth in online retail sales.

According to Statista (2022), global retail e-commerce sales are projected to reach approximately US$8.1 trillion by 2026, representing a 56% increase over a five year period. In the top five economies in Europe – Germany, the UK, France, Italy, and Spain – the combined online retail penetration rate, which measures online retail sales as a proportion of total retail sales, is expected to rise from 16% in 2023 to 22% in 2028. The United Kingdom is projected to have the highest proportion of online sales among these countries (Forrester, 2023). In 2023, these five economies accounted for 70% of the total GDP of Western Europe countries.

Despite experiencing negative growth in 2020, total retail sales in these top five economies rebounded strongly in 2021 and 2022, surpassing pre-pandemic growth rates. Whilst sales slowed in 2023, they remained higher than the average growth during the pre-pandemic years from 2014 to 2019. Forrester forecasts that total retail sales for these economies will reach €2.7 trillion by 2028, with Germany, the UK, and France leading as the largest retail markets.

In terms of online retail sales, there was robust growth in 2020 and 2021, followed by a slight decline in 2022. However, the market picked up somewhat in 2023, marking positive growth, albeit this was much below the average growth during the pre-pandemic years from 2014 to 2019. Forrester anticipates a rebound in online retail sales growth to pre-pandemic levels, projecting combined online retail sales in these five economies to increase from €372 billion in 2023 to €579 billion in 2028, with a compound annual growth rate of 9.2% over five years.

Overall, online retail penetration has been steadily increasing across these markets, with a slight dip in 2022 and relatively flat growth in 2023.

1.3.2. Last Mile / Last Hour Logistics

The rise in e-commerce sales is driving increased demand for logistics space, particularly at the consumption end of the supply chain, as consumers expect faster and more efficient delivery of goods. Compared to a traditional 'bricks-and-mortar' retail journey, online purchases typically involve an additional step, with goods passing through local urban distribution centres before reaching the end consumer. These facilities, often referred to as last mile or last hour logistics centres, play a crucial role in facilitating timely delivery.

The growth in demand for urban logistics facilities across Europe's major cities is driven by several factors, including strong levels of urbanisation and heightened consumer expectations for faster delivery. This demand for efficiency has led to increased interest in logistics warehouse space located at or near major transport infrastructure nodes such as highways, seaports, and airports. Additionally, proximity to large population centres is essential to meet the needs of urban consumers effectively.

Distribution facilities, often referred to as "big box" warehouses, are strategically positioned near major arterial roads and transportation infrastructure, including rail networks, ports, and airports, to facilitate seamless national and international shipping of goods. In addition, it is often considered essential for light industrial units, used for last mile or last hour logistics, to be situated within easy reach of high density population areas, such as city centres, to ensure that they can serve their consumer base efficiently.

1.3.3. Manufacturing & Supply Chain Disruptions

The link between manufacturing activity and demand in the industrial and logistics market is evident. As demand for manufactured goods rises, manufacturing occupiers expand their real estate footprints to increase capacity, subsequently increasing the volume of goods moving through the economy and stimulating the demand for logistics space.

In economies like Germany and Poland, characterised by higher levels of industrial-based occupation, there is a strong relationship between manufacturing output and take up in the industrial and logistics market. As such, take up in these markets will be more sensitive to increases in manufacturing investment. However, economies with lower levels of domestic manufacturing rely more heavily on imports and therefore global supply chains.

Following three years of disruptions, global supply chains are showing signs of normalisation, with shipping costs and freight delays returning to pre-Covid-19 levels. However, there is a growing focus on security and protectionism due to concerns about supply chain fragility and geopolitical tensions. Some governments are prioritising domestic productivity and safeguarding key sectors, like energy, food, pharmaceuticals, and technologies vital for high-growth industries such as semiconductors and electric vehicles. Geopolitical shifts, including the war in Ukraine and strained US-China relations, are accelerating "geo-economic fragmentation." The concept of "friendshoring" is emerging as a driver for supply chains, aligning industrial policy with energy security, technology, and the transition to net zero.

In Europe, the surge in demand for industrial warehousing initially driven by the pandemic and online retail growth is expected to transition into a focus on supply chain security and investments in green technology. The continent is engaging in "strategic competition," aiming to double its market share of semiconductors through initiatives like the European Green Deal and European Chips Act. Nearshoring initiatives could open investment opportunities in Eastern Europe, particularly in countries aligned with EU objectives and values.

The emphasis on supply chain protection is anticipated to create a gradual, sustained demand for warehousing and manufacturing in commercial real estate markets, in contrast to the rapid surge seen in recent years due to the boom in online retail.

Moreover, the viability of a location for logistics use for an occupier depends on various factors beyond direct occupancy costs, including labour market conditions, incentives, transportation infrastructure, and energy availability. Based on Savills analysis of various data sources, only an estimated 10% of total operational costs are accounted for by supply chain costs, and industry standard metrics indicate that only 0.75% of total operational costs are logistics real estate occupancy.

Labour is a significant overhead for warehousing operations, and occupiers prioritise locations with access to a wide labour pool at competitive rates, along with accommodating national labour laws. In addition, occupier decision making can be influenced by incentives that are often awarded to encourage large employers to locate in particular areas. These incentives are either granted by government or developers, or by enterprise zones and economic zones. Furthermore, energy considerations are increasingly important for occupiers, particularly in terms of availability and cost. This is especially relevant for facilities relying on warehouse automation, which often have high energy consumption requirements.

Moreover, transportation is often considered to be the single largest supply chain cost and, as such, transport connectivity is critical to any logistics occupier and access to major transport links is vital to ensure the efficiency of distribution networks.

1.3.4. Semiconductors

A significant catalyst for the future demand in industrial space is the global semiconductor chip race, given their pivotal role in powering diverse technologies, ranging from mobile phones to autonomous vehicles. The expansion of the semiconductor sector not only impacts manufacturing space but also triggers increased demand throughout the supply chain.

The evolution of the semiconductor value chain into a globally interconnected system over the past three decades has revealed its fragility during the Covid-19 pandemic. Growing geopolitical tensions have heightened concerns about the sourcing of key economic inputs, particularly those with dual-use applications, making supply chain resilience a matter of national security.

Whilst the significant scale of semiconductor fabrication facilities (fabs) limits private sector involvement, each fab stimulates investment in the local ecosystem, presenting opportunities for investors in various segments of the semiconductor value chain. The intricate nature of semiconductor production necessitates substantial supply chain expansion, driving increased demand for logistics at all levels, from raw material suppliers to packaging and testing companies. This expansion compels these entities to either enhance their industrial and logistics real estate or engage third-party logistics companies ("3PLs") to manage the resultant growth.

Based on Savills analysis, nearly 11.0 million sq m of logistics space is estimated to be needed by 2030 in Europe to support the ambitions of the Chips Act. This represents 4.4% of total demand, based on historical rates of take up. Evidence of take up driven by semiconductors and manufacturing is already visible, with an uptick in enquiries from manufacturers across Europe.

1.4. Sustainability

1.4.1. Sustainability Risks

Across 2023, sustainability continued to gain significance in the European real estate market, propelled by environmental crises, regulatory changes, and increasing occupier demand for high quality space. In addition to energy efficiency, reduced building emissions and green building certifications (BREEAM, LEED) across the office and logistics sectors, we are also observing an increased focus on climate risk and resilience. In this area, investors are slowly beginning to integrate physical climate risk assessments into strategies and valuations, to account for the risks of climate change in their portfolios.

Climate Risk

Climate risk is a significant concern as it directly impacts the resilience of ecosystems, economies, and communities. This underscores the importance of proactive measures to mitigate the adverse effects of climate change.

The FM Global Resilience Index, released by commercial property insurer FM Global, ranks countries based on 15 measures of economic, risk quality and supply chain resilience including climate risk exposure. The Czech Republic exhibits the highest level of climate risk exposure at 93.7, indicating a heightened susceptibility to adverse climate impacts. Denmark, Finland, France, Germany, Italy, Poland, and Slovakia also display substantial climate risk exposure, emphasising the need for robust climate resilience strategies. Conversely, the Netherlands and the UK demonstrate comparatively lower levels of exposure at 48.9 and 60.9, respectively. The Index also provides a climate risk quality measure, which reflects the quality and enforcement of a country's building code with respect to wind-resistant design (80%), combined with the level of wind and flood risk improvement achieved, given the inherent wind and flood risks in a country (20%).

Climate Risk Exposure, Selected Markets (0-100)	Climate Risk Quality, Selected Markets (0-100)
	

Source: Savills using FM Global, visualised using GeoNames, Microsoft, Open Places & OpenStreetMap.

Energy Security & Consumption

Energy security is crucial for ensuring a reliable and stable energy supply, safeguarding against disruptions that could impact economic activities, and national security. The 'Trilemma score' represents a balance between energy security, environmental sustainability, and energy equity. Denmark leads with a high score of 83.3, closely followed by Finland, the UK, and France with scores of 82.7, 82.4, and 81.1, respectively. Germany maintains a robust position with a score of 80.6, while the Netherlands and the Czech Republic closely trail with scores of 76.4 and 77.6. Italy, Slovakia and Poland fall further down the rank with a scores of 74.8, 74.6, and 70.3, respectively. This data highlights the importance of comprehensive energy policies in achieving a sustainable and resilient energy landscape, addressing challenges posed by climate change, and ensuring a reliable and affordable energy supply for the future.

Trilemma Score, Selected Markets (0-100)	Primary Energy Consumption, Renewable Sources
	

Source: Savills using World Energy Council & Energy Institute: Statistical Review of World Energy, visualised using GeoNames, Microsoft, Open Places & OpenStreetMap.

The percentage of primary energy consumption derived from renewable sources serves as a crucial indicator of a nation's commitment to sustainable development, environmental responsibility, and addressing the challenges of climate change. It reflects a transition towards cleaner and more resilient energy systems. By diversifying the energy mix, nations enhance their energy independence, in turn mitigating geopolitical risks and promoting economic stability. Note that this data is based on primary energy calculated using the 'substitution method', which adjusts for inefficiencies in fossil fuel production by converting non-fossil fuel sources to their equivalent fossil fuel input.

Based on data from 2022, leading the way is Denmark, with 43.0% of its primary energy from renewables, followed by Finland at 38.5%, Germany at 21.3% and the UK at 19.3%, showcasing a commitment to transitioning towards renewable sources. Italy, France and the Netherlands are increasing their commitment to renewables, at 16.6%, 14.6%, and 14.4%, respectively. In contrast, Slovakia, Poland, and the Czech Republic have lower proportions of renewable energy in their primary energy consumption, at 10.3%, 9.4%, and 7.4%, respectively.

1.4.2. Sustainability Regulations

The European landscape of regulations pertaining to Environmental, Social and Governance ("ESG") is advancing rapidly, with a variety of new policy instruments directly impacting the real estate sector. Buildings account for over a third of the EU's carbon dioxide emissions. Consequently, an increased focus is being placed on the role of the sector in supporting the 55% reduction target for greenhouse gas (GHG) emissions by 2030 and carbon neutrality by 2050, as outlined in the European Climate Law. An overview of key regulations impacting the sector at entity, fund and building level are included herein.

As the availability of ESG-focused products increases, so does the potential risk of greenwashing. The EU 'Sustainable Finance Action Plan', adopted in March 2018, introduced a package of regulations aiming to increase transparency and facilitate the flow of capital towards more sustainable investments. A primary objective of this framework is to hold businesses and financial market participants (FMPs) to robust standards when reporting on the ESG performance of their funds or activities. The EU Taxonomy and Sustainable Finance Disclosure Regulation (SFDR) are two key pillars of this legislative package.

The EU Taxonomy serves as a classification tool, establishing which economic activities can be considered as 'environmentally sustainable', based on six environmental objectives (climate change mitigation; climate change adaptation; sustainable use and protection of marine resources; transition to a circular economy; pollution prevention and control; and protection and restoration of biodiversity and ecosystems). This allows financial and non-financial companies to outline the environmental sustainability of their activities and aims to support investors in making informed decisions. To be 'Taxonomy-aligned', an activity must make a substantial contribution to one of these objectives by meeting the relevant criteria and 'do no significant harm' to the remaining objectives. Technical screening criteria have been developed that are specific to real estate activities, including the construction of new buildings, renovations and the acquisition and ownership of buildings. Alignment with the EU Taxonomy is expected to become a key metric for demonstrating the 'sustainability' of financial products and activities.

The SFDR was introduced in 2018, effective from March 2021, to enable the comparison of financial products based on their ESG characteristics and impacts. The regulation applies to financial advisors and FMPs based, or marketing products, in the EU, in addition to financial advisors. The SFDR introduces disclosure requirements that cover various environmental and social metrics at both entity and product (fund) level. FMPs must disclose how they consider sustainability risks that could cause a negative impact on investment value and report on any Principal Adverse Impacts (PAIs) of their investment decisions on sustainability. At product-level, the SFDR requires all funds to be classified as either Article 6 (does not integrate sustainability), Article 8 (promotes environmental or social characteristics) or Article 9 (sustainable investment as the fund objective).

Whilst the UK is no longer subject to EU-level regulations, many pre-existing European frameworks have been adopted, including the SFDR. The UK SDR is a fund labelling system for investment products that includes four labels: sustainability focus, sustainability improvers, sustainability impact and sustainability mixed goals. The SDR will apply to UK-based FCA-regulated firms offering products in the UK, with anti-greenwashing rules and guidance entering into force in May 2024 and labels adopted from July 2024.

Looking ahead, sustainability reporting will continue to evolve into a more robust and quantitative landscape. 2024 marks the first reporting period for the Corporate Sustainability Reporting Directive (CSRD), an EU-level regulation requiring companies to disclose information on environmental and social factors. The CSRD will apply to approximately 50,000 companies across the EU with the first reports due in 2025 for listed EU companies with over 500 employees. The CSRD sets out detailed disclosure requirements through the European Sustainability Reporting Standards (ESRS) to encourage improved data sharing.

At a building level, the Energy Performance of Buildings Directive (EPBD), requires EU member states to encourage the reduction in the energy consumption of buildings. To achieve the 55% emission-reduction target by 2030, the EU has developed a "Fit for 55" package, comprising a set of proposals to revise legislation across 12 key areas.

The revision of the EPBD is a core component of this package and aims to drive building upgrades to achieve a zero-emission building stock by 2050. In December 2023, the European Council and Parliament agreed on a new version of the EPBD, a major step forward in the EU's efforts to reduce GHG emissions. Under the revised Directive, all new buildings must be zero-emission from January 2030 and each Member State must devise a national renovation plan trajectory. For commercial buildings, the revised rules will require Member States to introduce minimum energy performance standards to renovate the 16% worst-performing buildings by 2030 and 26% worst-performing by 2033.

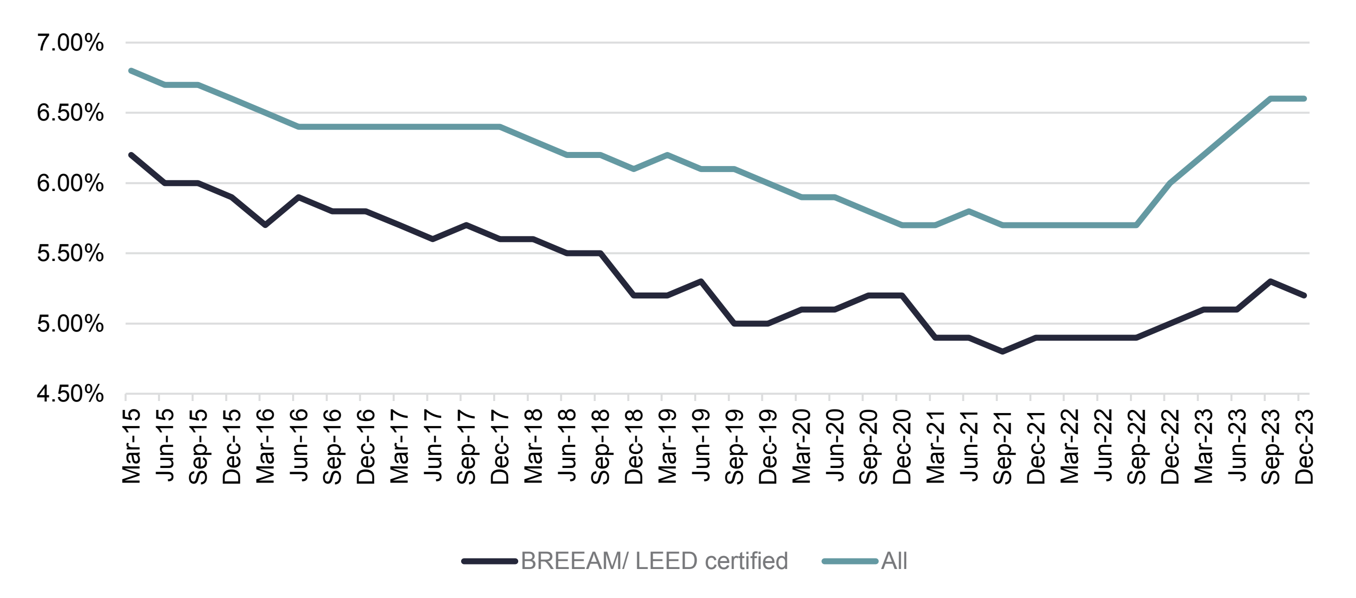
1.4.3. Sustainability Certifications

Building certifications act as a mark of a building's environmental and social performance, allowing owners and developers to differentiate their assets as best-in-class, and can improve the marketability of a property. The most widely recognised 'green building' certifications globally are BREEAM and LEED. BREEAM (Building Research Establishment Environmental Assessment Method) is a performance-based means of assessing and certifying the sustainability of buildings. BREEAM was established to enable buildings to be recognised for high environmental performance and is now internationally recognised with BREEAM-certified assets now in more than 70 countries, globally. Similarly, LEED (Leadership in Energy and Environmental Design) is another globally recognised green building certification, developed by the US Green Building Council (USGBC). LEED is recognised as the industry standard for green building in the US and utilised in over 180 countries globally.

BREEAM has a particularly strong foothold in the UK and Europe, albeit DGNB is the most commonly used certification scheme in the German markets, accounting for a market share of over 80% for new developments, whilst HQE is most prominent in France and NABERS, which originated in Australia, is gradually being adopted by other markets including the UK.

There has been emerging evidence that buildings with green certifications can achieve stronger rents and increased investor appetite, resulting in more competitive pricing. Data from MSCI indicates that the premium paid for BREEAM / LEED-certified office stock has increased from approximately 70 bps in 2015 to 140 bps at the end of 2023. This shift reflects investors' preferences for best in class stock, coupled with banks being more selective on the quality of office they are willing to lend against.

Yield 'Premium' for BREEAM / LEED Certified Office Transactions vs Standard Office Transactions (%)

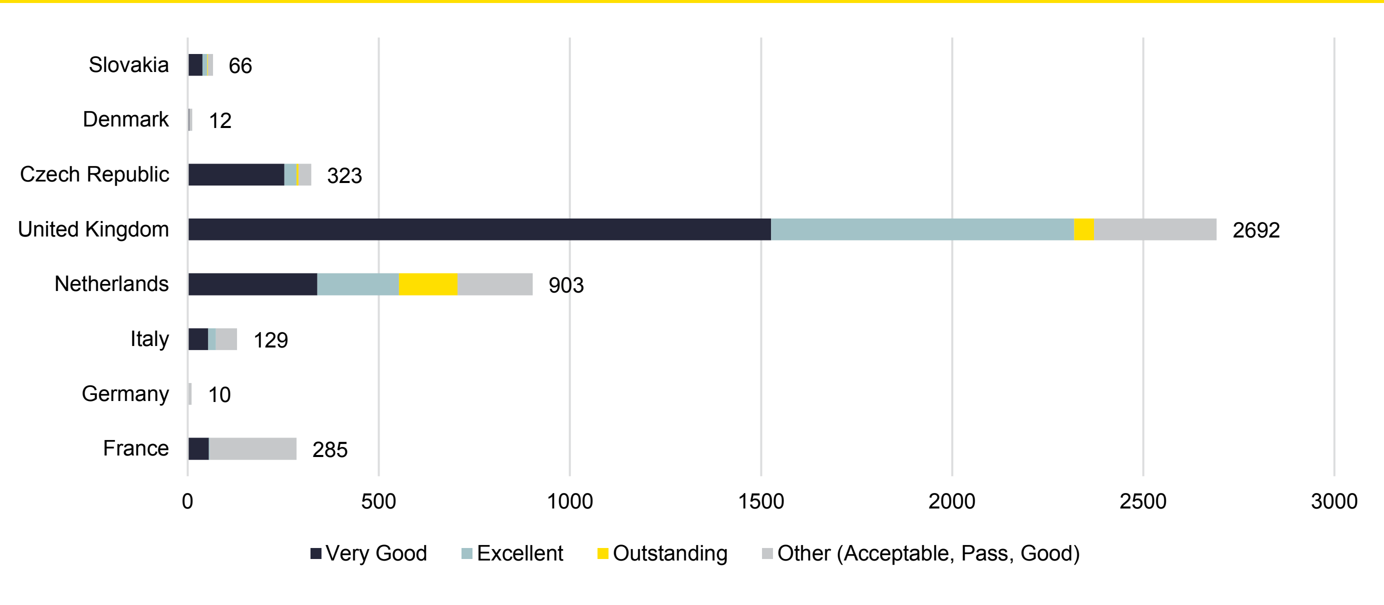


Source: Savills using MSCI, BREEAM & LEED.

Analysing the number of BREEAM-certified industrial and logistics properties in the selected markets provides an insight into the adoption of sustainable building certifications across the different countries within our assessment. In the UK market, BREEAM certifications are rapidly increasing in popularity; 1,526 units fall under the "Very Good" category, with 793 units rated as "Excellent" and 52 as "Outstanding". The Netherlands also stands out, boasting a substantial total of 903 BREEAM-certified properties, distributed across Very Good, Excellent, and Outstanding ratings. France and Italy exhibit adoption, mostly in the "Very Good" rating, however this is behind the likes of the UK and the Netherlands.

Despite their smaller scale compared to other European countries, both the Czech Republic and Slovakia exhibit robust adoption of green certifications, with 323 and 66 certified properties, respectively. In contrast, Germany and Denmark, currently show lower numbers of certified units, potentially due to the presence of alternative certifications in the market, for example DGNB in Germany.

Adoption of BREEAM Certifications for Industrial Properties, Selected Markets (Number of Properties)



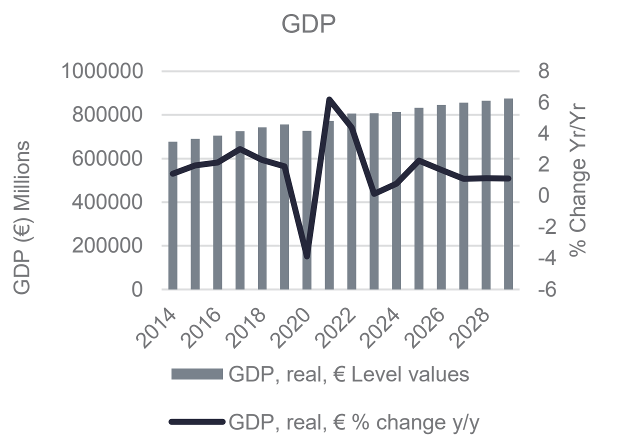
Source: Savills using data from BREEAM.

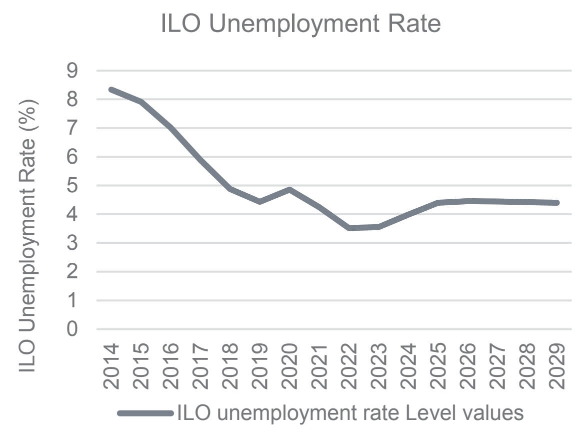
2. Netherlands

In this section we highlight the macroeconomic context in the Netherlands; provide an overview of the commercial real estate market conditions; and provide an overview of the office market highlighting Amsterdam, The Hague and Rotterdam and the industrial / logistics sector nationally.

2.1. Macroeconomic Context

Key Macroeconomic Indicators





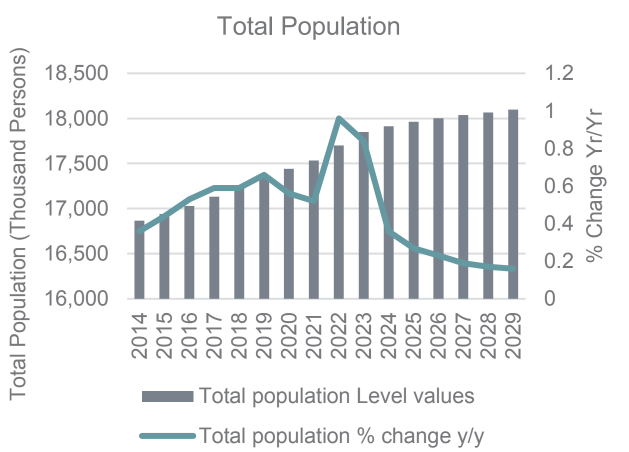


	Figure	Period
Government Gross Debt (% of GDP)	49.5%	October 2023
Inflation (CPI) (%)	3.20%	January 2024
Central Bank Interest Rate (%)	4.50%	February 2024

Source: Oxford Economics, IMF, Trading Economics (2024). Central Bank Interest Rate is the European Central Bank's Main refinancing Fixed Rate.

The Netherlands has experienced steady population growth between 2014 and 2023. This is due to a combination of natural increase and net migration. According to Centraal Bureau voor de Statistiek (2023), the Dutch population grew almost twice as fast in 2022 as a year earlier due to a relatively high level of immigration, primarily from Ukraine. The total population is predicted to grow up to 2028 to reach 18.067 million, with almost one-quarter of the population forecast to be aged 65 or over.

The unemployment rate has steadily decreased from 8.3% in 2014 to 3.5% in 2022. Generally, the Netherlands has had relatively low unemployment compared to other countries in the EU and the Dutch government has implemented policies aimed to increase workforce participation. However, unemployment is forecast to rise slightly, largely due to a shortage of skilled workers and unemployment rising among young people aged between 15 and 25 (Centraal Bureau voor de Statistiek, 2023).

The Dutch economy experienced a notable slowdown throughout 2023, with GDP contracting during the initial three quarters. The surge in inflation rates significantly impacted households' disposable incomes, leading to a considerable decline in consumer spending. However, there is anticipated recovery in spending for 2024 as real wages rise, driven by decreasing inflation rates and robust nominal wage growth. Additionally, the growth in 2024 is expected to be bolstered by heightened government investment spending. Nevertheless, private investment is projected to remain subdued due to labour shortages, and businesses continue to adapt to the tightened financial conditions.

Inflation significantly declined throughout 2023, dropping from 7.2% in Q1 2023 to 0.4% in Q4 2023. The particularly low inflation in Q4 2023 can be attributed to a strong decrease in energy prices. As at the start of 2024, headline inflation is expected to rebound to around 3%, driven by a less favourable year-on-year comparison for energy prices. Inflation, excluding energy and food prices, is projected to gradually ease throughout 2024 and 2025, as robust wage growth prevents a more pronounced decline in inflation rates. The forecast for inflation is 1.6% in 2024 and 1.8% in 2025, reflecting a significant downward revision for 2024.

Key Indicators	2022	2023	2024 (f)	2025 (f)	2026 (f)	2027 (f)	2028 (f)
GDP Change Year-on-Year (%)	4.4	0.1*	0.8	2.3	1.7	1.1	1.1
ILO Unemployment Rate (%)	3.5	3.6*	4.0	4.4	4.5	4.5	4.4
Total Population (Thousand Persons)	17701*	17848*	17913	17962	18003	18037	18067
Government Gross Debt (% of GDP)	50.1	49.5	48.6	48.7	49.0	49.6	50.3
Inflation Rate (CPI, %)	10.0	3.8*	1.6	1.8	1.7	2.0	2.0
Long Term Interest Rate (%)	1.5	2.8*	2.5	2.4	2.3	2.3	2.3

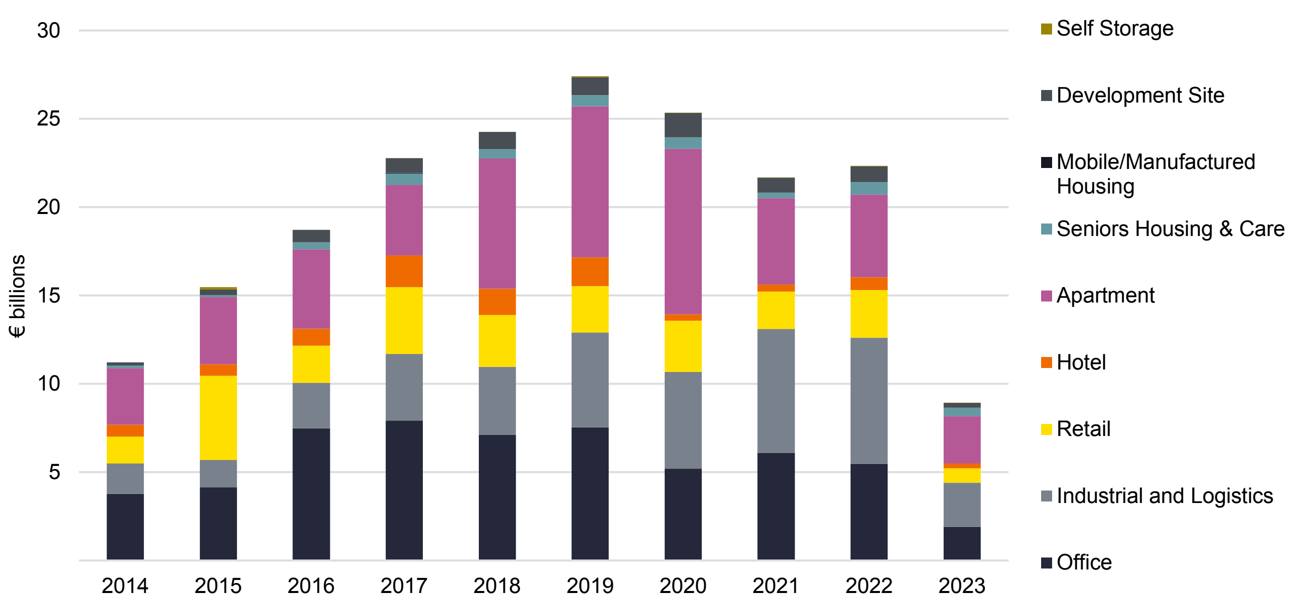
*Source: Oxford Economics, IMF (2024). *Forecast as actual figures are yet to be published.*

2.2. Commercial Real Estate Market Introduction

The Dutch real estate market has experienced a slowdown in overall activity, largely driven by the economic climate. Whilst overall investment volumes have seen a significant decline, the industrial and logistics sector has demonstrated relative resilience due to strong supply-demand fundamentals. The office market is experiencing bifurcation, with a clear preference for high-quality space in core locations. Indeed, in the Netherlands sustainability is a key priority for occupiers and investors alike, which is driving this polarisation between different grades of stock.

The economic environment has impacted the office market dynamics from both a leasing and investment market perspective, and in parallel the adoption of home working following the Covid-19 pandemic has impacted demand for space. There has been a 'flight to quality' by corporate occupiers and the majority of leasing activity is unsurprisingly concentrated in the most well-connected locations. In conjunction, the weakened economy has also impacted the industrial and logistics markets, as occupiers have reconsidered their expansion plans and in turn investors have reviewed their strategies.

Netherlands Real Estate Investment: Volumes



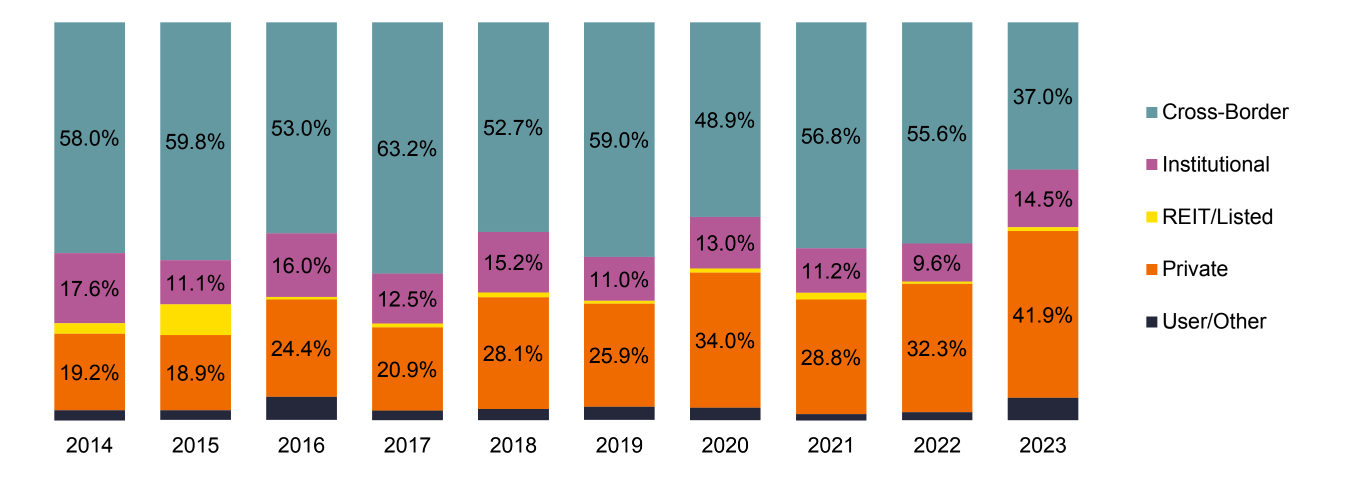
Source: MSCI.

Volume (€)	2019	2020	2021	2022	2023
Total	27,421,883,177	25,347,114,758	21,697,128,475	22,344,691,065	8,916,958,054

In 2022, industrial and logistics properties represented c. 32% of total investment volume, whilst offices reflected c. 24%, followed by residential (c. 21%) and retail (c. 12%). In 2023, industrial and logistics and office investment as a proportion of the total reduced slightly to 28% and 21% of the total, respectively. The proportion to residential increased (to c. 30%) and retail decreased (c. 9%).

This is in contrast to the historic averages. Indeed, between 2014 to 2021 offices comprised c. 30% of the total on average, whereas industrial and logistics during that period accounted for an average of 18%, reflecting the long term upward trend in investment into industrial and logistics properties in the Netherlands and the weakened sentiment around the office investment market.

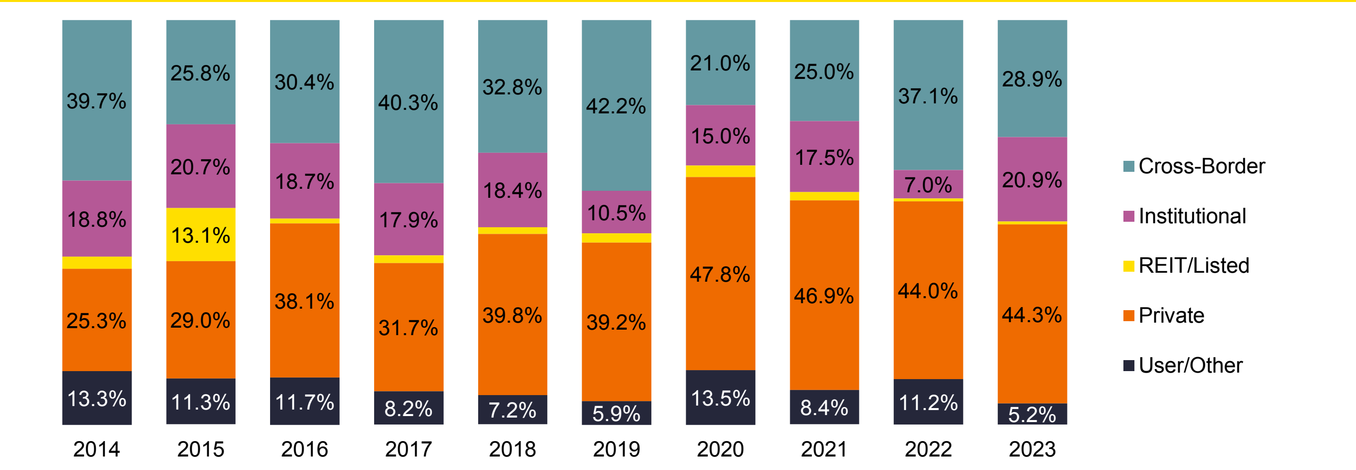
Netherlands Real Estate Investment: Buyer Types (%)



Source: MSCI.

Across the market, there are substantial differences in price expectations from buyers and sellers, and interest rate hikes by central banks have constrained investment activity. The proportion of cross-border buyers has reduced as a proportion of the total buyer pool, reflecting the challenges with pricing expectations. This void has been filled by institutional domestic buyers who are typically more comfortable with the long term fundamentals. The majority of sellers have historically been private investors, which has continued in recent years, and it is of note that cross-border investors have represented a smaller proportion of the total in 2023, which is unsurprising as many of these investors adopted a ‘wait and see’ approach rather than bringing assets to market.

Netherlands Real Estate Investment: Seller Types (%)



Source: MSCI.

2.3. Occupational Market Overview: Office Sector

2.3.1. Overview

The Dutch office market has become characterised by a polarisation between high-quality properties with sustainability credentials, and less desirable secondary buildings. There is an increasing demand for office spaces that align with occupier expectations in terms of ESG criteria, and corporate tenants are increasingly looking for space with strong environmental credentials. Despite the increasing demand for such spaces, the supply remains relatively low, driving up rents for high quality stock whilst rents for secondary stock are stabilising.

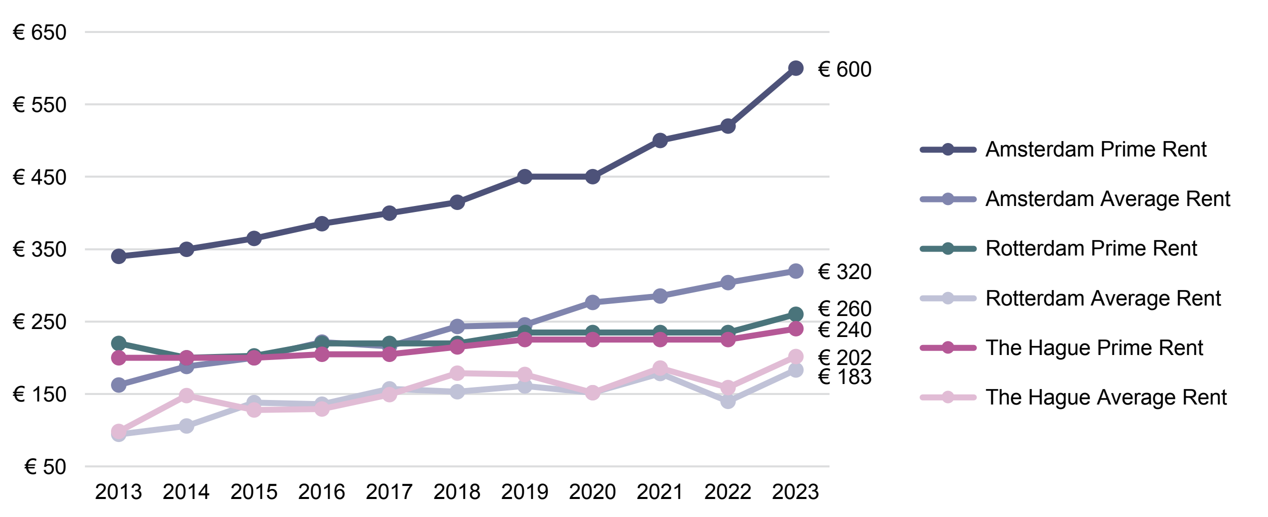
Amsterdam is the most important office market in the Netherlands, with c. 6.4 million sq m of office stock, boasting international appeal and a diverse range of occupiers. The city hosts a wide range of financial, legal, and technological companies, with a growing presence of both multinational corporations and start-ups, albeit the city has experienced a decrease in demand driven by hybrid working trends. Amsterdam has several innovation districts that serve as hubs for numerous sectors. These districts are characterised by their vibrant ecosystems, fostering collaboration among businesses, knowledge institutions, and the municipality. In total, there are eight main innovation districts in the city that cater to different sectors that play a key role in shaping Amsterdam's future as a leader in technology, sustainability and health.

The Hague is predominantly home to governmental offices and government-related companies. An important part of the government is concentrated in the Central Innovation District (CID), which forms the economic heart of The Hague, along with knowledge institutions, business service providers and IT companies. This specialisation limits its appeal to other occupiers, leading to modest market expansion in recent years. Several new developments are underway, predominantly targeting governmental entities, with plans to expand the CID up to 2040. These developments aim to accommodate approximately 40,000 new residents and create 600,000 sq m of new office space.

Rotterdam is typified by older building stock and higher vacancy rates in comparison to Amsterdam and the Hague. Historically, the city has been more oriented towards companies related to the Port of Rotterdam, a trend which continues. Nevertheless, the appeal of Rotterdam is growing as an affordable option to Amsterdam, offering good accessibility to many parts of the Netherlands and a portion of good quality office space.

2.3.2. Rents

Prime Office Rents: Amsterdam, The Hague & Rotterdam (€ sq m / p.a.)



Source: Savills. Average rents are calculated as an average of all grades of space.

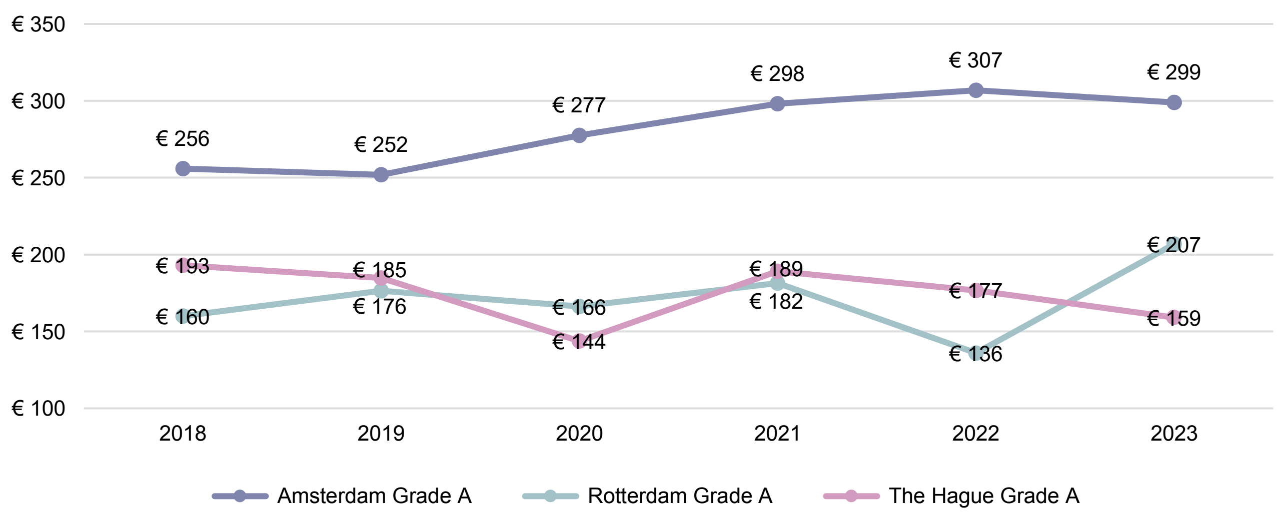
Within the prime segment, lower vacancy rates have driven rental growth (compared to other buildings in the respective city). This trend is particularly notable in Amsterdam, with a widening gap between prime and secondary rents.

The Amsterdam market comprises various submarkets, each with their own dynamics and demand profile. Amsterdam South-Axis and Amsterdam Centre are the core office areas, commanding high rental prices. A prime rent of €600 per sq m p.a. is achieved in the South area, however this rate is primarily associated with a single building, namely Apollolaan 171 in Amsterdam South. The prevailing prime rent in South-Axis is €580. Offices within the Sloterdijk and Southeast submarkets are not in as high demand and therefore the rents in these submarkets have stagnated

Prime rents in The Hague have been stabilising and are now at €240 per sq m p.a., with average rents rising due to the majority of leasing activity taking place within prime buildings.

In recent years, more start-ups and cost conscious domestic companies have moved to Rotterdam due to its excellent connectivity to other parts of the country (and Belgium), combined with more affordable rents. Prime rents in Rotterdam are, on average, at least 50% lower than in Amsterdam, currently sitting at €260 per sq m p.a.

Average Grade A Rents: Amsterdam, The Hague & Rotterdam (€ sq m / p.a.)



Source: Savills.

As mentioned, the preference from occupiers in the Netherlands is for higher quality space, and as evidenced above, average rents for grade A stock are generally trending upwards. It is important to note that this is an average rather than reflective of prime rents.

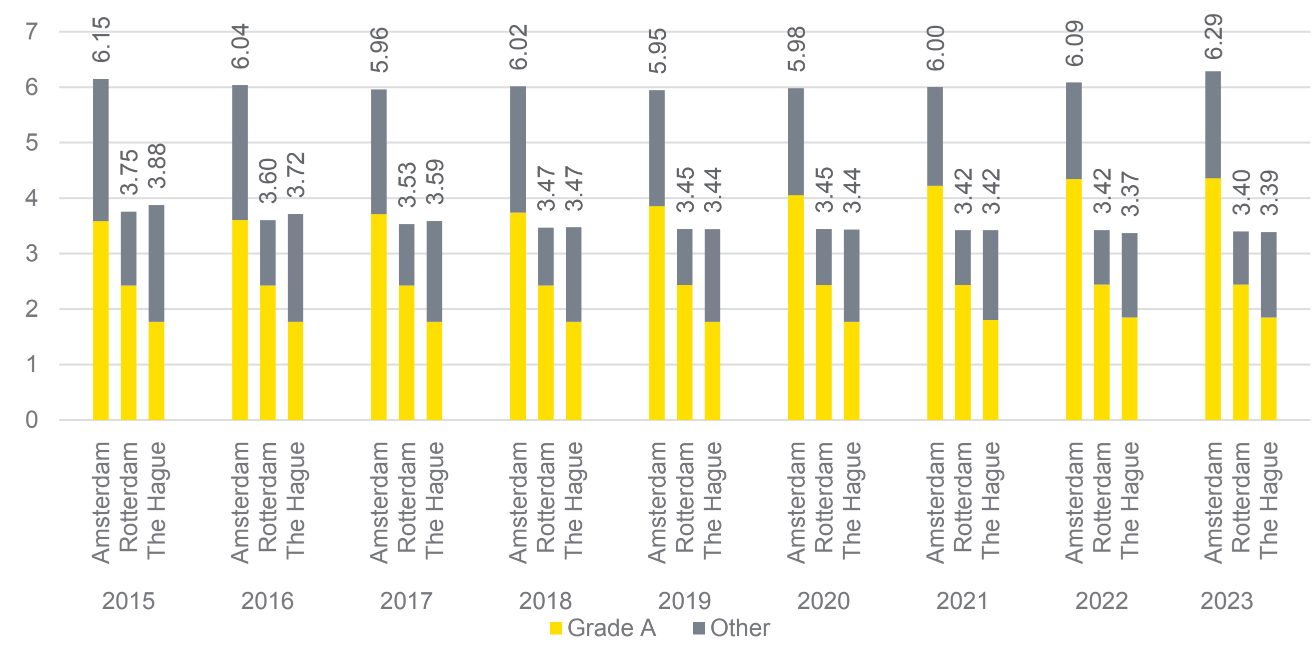
As the market is moving closer towards a tenant-led market, we see that incentives have been increasing slightly. Incentives are generally based on a five-year lease, whereby the incentive is the percentage of rent-free months. In Amsterdam over the past 10 years, prime incentives have typically ranged between 15-20%. For secondary areas, we have seen examples of incentives reaching 25%, even for high quality stock.

In both The Hague and Rotterdam, greater incentives are typically offered. In the Hague, prime incentives have trended upwards, increasing from a stable 15% between 2013 – 2021, shifting to around 20% in 2022 and 2023. In Rotterdam, incentives were also at 20% in both 2022 and 2023, indicating a downward movement from the long-term average of 25% observed between 2013 – 2021.

2.3.3. Stock & Vacancy

Since 2011, the Dutch office market has been actively directed towards the phasing out of ageing and outdated stock. The Dutch government has aimed to decrease office vacancy rates by stimulating the transformation of old office buildings to improve the overall quality of office stock. Typically, obsolete buildings in less prime office locations have been repurposed for alternative uses, however we have also observed this trend in prime areas with former office buildings converted to mixed-use schemes.

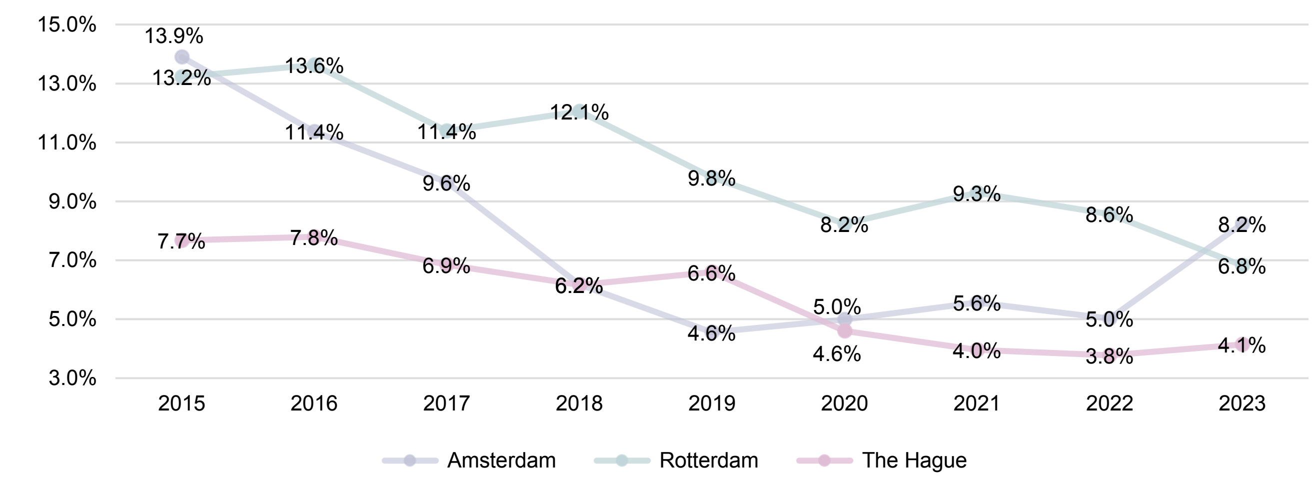
Office Stock: Amsterdam, The Hague & Rotterdam (million sq m)



Source: Savills, data as a Q4 each year.

Stock levels have plateaued in Rotterdam and The Hague, whilst Amsterdam has experienced an increase in stock due to the completion of new space entering the market. However, in Amsterdam in 2023/2024, a significant volume of new stock has been introduced to the market, which has not been leased as yet. This has notably impacted vacancy rates, especially as occupiers are becoming increasingly cautious about relocating in the current market environment.

Office Vacancy Rate: Amsterdam, The Hague & Rotterdam (%)



Source: Savills.

During 2020, 2021 and 2022, the availability of Grade A office space remained extremely low in Amsterdam and The Hague, contributing to relatively low vacancy rates, whilst Rotterdam has experienced structural vacancy. However, we have observed a slight increase in vacancy rates towards the end of 2023 across all three cities. This increase is primarily attributed to new completions being brought to the market, many of which are not pre-let, and a deterioration of business conditions, causing office occupiers to exercise more caution in their decision making processes.

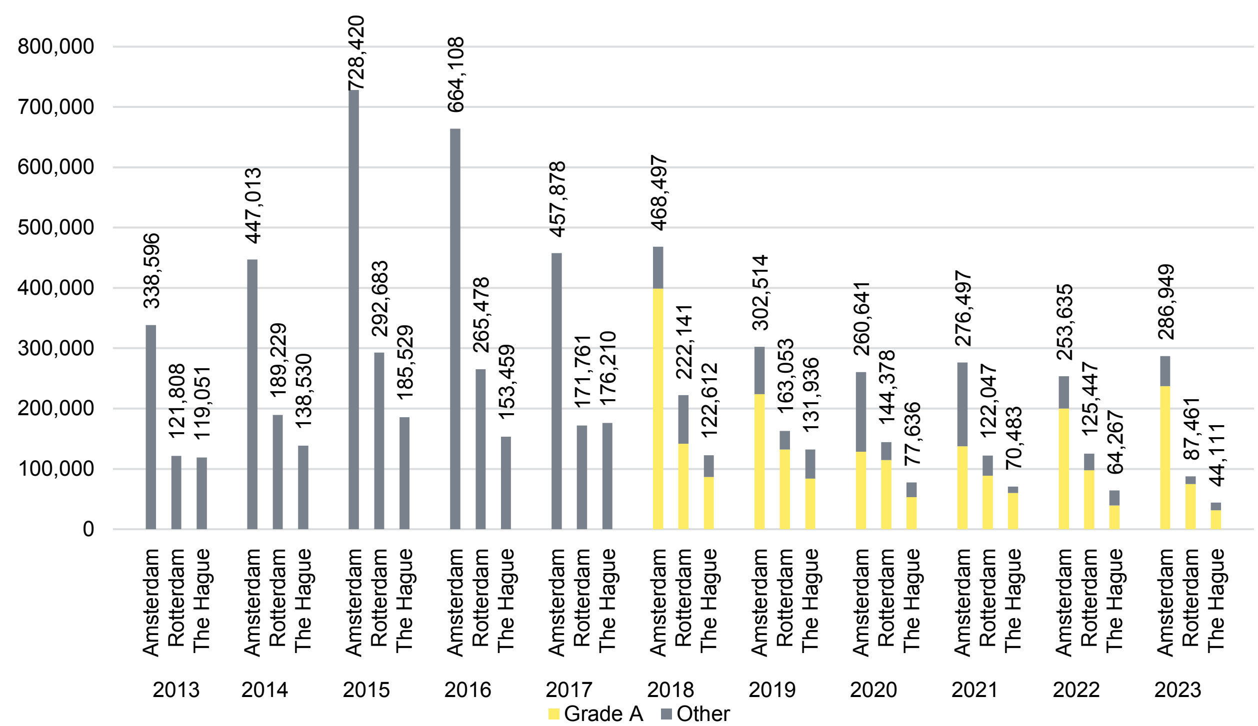
Although the areas of Amsterdam South-Axis and Amsterdam Centre generally exhibit lower vacancy rates compared to areas like Sloterdijk and Southeast, overall vacancy in Amsterdam has risen. In The Hague, vacancy rates are relatively low, largely due to most buildings being leased on long-term leases to ministries / embassies and other governmental services.

The Rotterdam market is typically characterised by older stock and higher vacancy rates compared to The Hague, Amsterdam, and Utrecht, however this varies across different micro locations. Office buildings in Rotterdam CBD around the train station and Kop van Zuid are typically in demand due to their higher quality, resulting in low vacancy rates in these areas. Prime rents are also increasing in these locations due to tight supply. In recent years, there has been a trend of domestic companies moving to Rotterdam, largely attracted by its lower rents compared to Amsterdam, leading to a decrease in vacancy rates since 2019.

2.3.4. Take Up

Despite a slight decrease in demand post-Covid-19, Amsterdam remains attractive to legal, financial, and technological firms, as well as scale-ups and start-ups. In contrast, take up has been supressed in The Hague, especially after Covid-19, as corporate occupiers tend to prefer Rotterdam or Utrecht due to better accessibility. The Hague office market is driven by governmental offices and companies related to government operations, which diminishes its appeal to corporate and other tenants. As mentioned, Rotterdam has attracted many companies associated with its port, and in recent years, office buildings in Rotterdam CBD around the train station and Kop van Zuid have experienced heightened demand.

Office Take Up: Amsterdam, The Hague & Rotterdam (sq m)

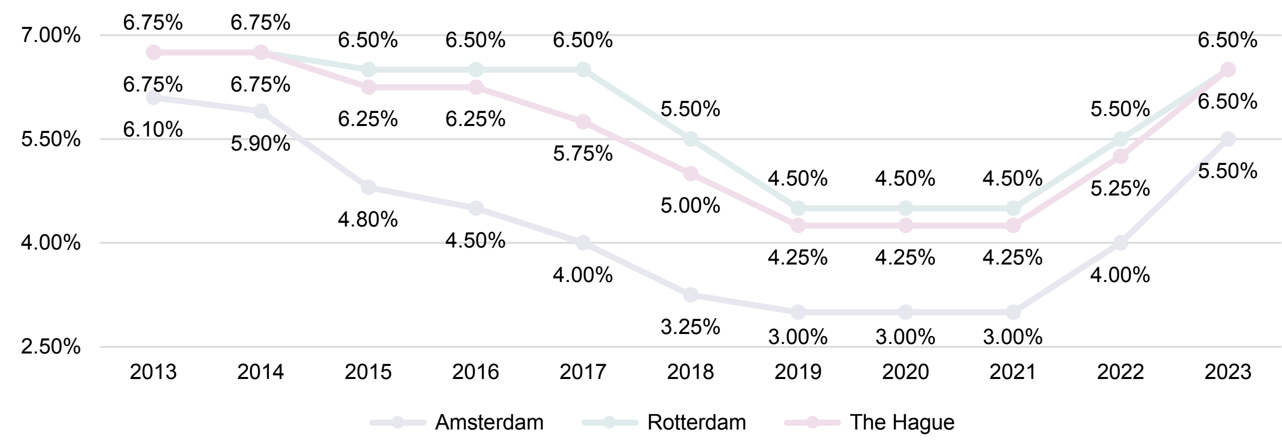


Source: Savills. Data collated pre-2018 was not segmented by grade.

2.3.5. Yields

Office yields in the Netherlands experienced a downward trend during 2019 to 2021, particularly in Amsterdam at 3.0% during this period, compared to The Hague and Rotterdam which maintained at 4.25% and 4.50%, respectively. However, yields have moved out significantly since and are now at 5.50% for Amsterdam and 6.50% for both The Hague and Rotterdam.

Office Prime Yields: Amsterdam, The Hague & Rotterdam (%)



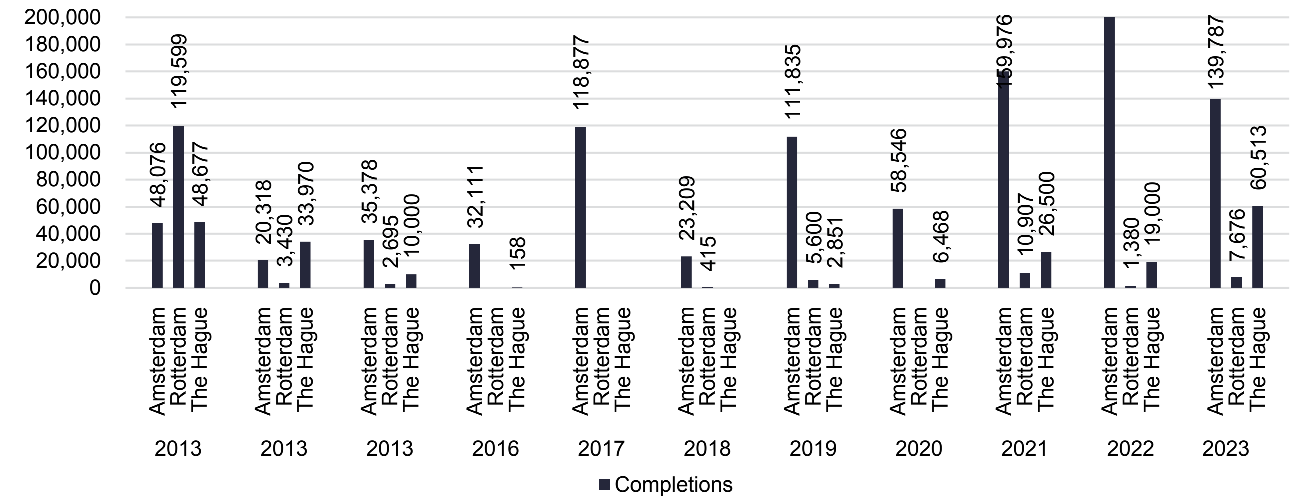
Source: Savills, yields as at Q4 each year. Gross Initial Yields (see definitions).

In Amsterdam, yields are considerably higher than the longer term average, and for The Hague and Rotterdam, this figure is in line with pre-2017 levels. This shift in yields is primarily attributed to rising financing costs.

2.3.6. Future Outlook

The majority of office developments in the Netherlands are typically carried out on a speculative basis, with some exceptions taking place in respect of large corporates seeking bespoke space. Generally, tenants prefer to experience the look and feel of a building before signing a lease and therefore, typically the first leases are signed approximately six to four months before delivery. In turn, buildings then see further traction, particularly if an 'anchor tenant' is secured for a significant proportion of the building. In the absence of reliable future projections, we have included historic completions, per annum, to illustrate the long-term trends.

Office Deliveries: Amsterdam, The Hague & Rotterdam (sq m) (figures shown are completions each year)



Source: Savills.

At present, due to macro-economic circumstances, we are seeing that many new developments are being put on hold due to increasing construction costs and potentially negative sentiment around the office market given the rising vacancy rates in Amsterdam. In The Hague, most new development is linked to specific government occupiers, whilst in Rotterdam, some new mixed-use developments are planned in the CBD. However, it remains uncertain whether these will be completed due to macro-economic circumstances.

ESG & Sustainability Drivers

In the Netherlands, since January 2023, the Bijna Energieneutrale Gebouwen (BENG) has required all new buildings to be 'Almost Energy Neutral', following three rules: (1) the outer layer of the building must reduce energy demand, (2) the remaining energy must be generated as efficiently as possible, (3) the energy demand from must be met by energy supply generated mostly from renewable sources. Since January 2023, all offices larger than 1,000 sq m require a minimum energy label 'C'. The Dutch Government's intention is to increase this to an 'A' certificate from 2030.

We expect that these more stringent sustainability regulations, compared to other European markets, will further drive the bifurcation in the office market, pushing both occupiers and investors towards 'best-in-class' stock.

2.4. Occupational Market Overview: Industrial / Logistics Sector

2.4.1. Overview

The Netherlands ranked joint third in 2023 in the "Logistics Performance Index", published by The World Bank, which benchmarks 139 countries based on their trade logistics performance, making it an attractive market for logistics occupiers and investors alike. In turn, over recent years, the predominant focus for investors into the Dutch industrial real estate market has been towards logistics properties, prompting this section to focus on data for this segment.

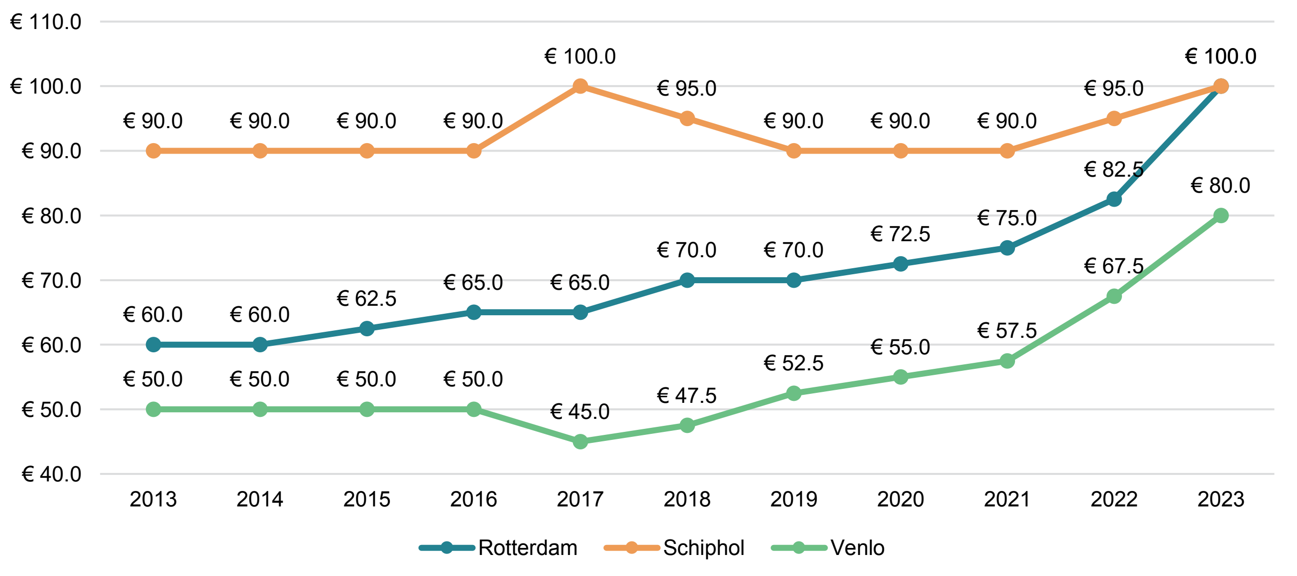
Core investors, though initially cautious, are gradually re-entering the Dutch logistics market with Core products as price expectations shift. The Core+ market is witnessing increased activity, driven by available capital and higher returns. Investors are also displaying notable interest in the Value-Add segment, particularly in locations with potential rental growth.

The uptake of industrial space is experiencing a slowdown due to diminishing supply, with reduced activity in the logistics segment further contributing to the decline in demand volume. Additionally, the challenge of developing new logistics properties and the resulting tightened supply is driving up rent levels.

2.4.2. Rents

Prime rents for space in the Netherlands have witnessed a notable increase across recent years. Following a steady incremental increase since 2019, rents surged throughout 2022 and 2023, reaching €100 sq m / p.a. for Rotterdam and Schiphol and €80.00 sq m / p.a. for Venlo, as at the end of 2023. This sharp increase is primarily attributed to a noticeable shortage in supply relative to demand.

Prime Logistics Rents: Key Markets (€ sq m / p.a.)



Source: Savills, as at Q4 for each year.

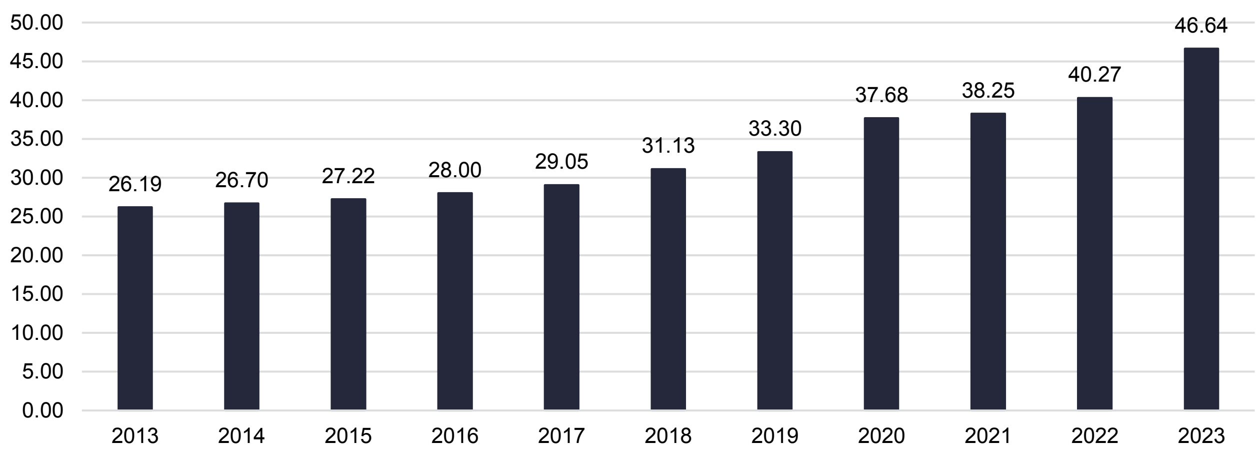
The major hotspots continue to experience strong demand, leading to ongoing rent growth. However, as demand is decreasing somewhat in secondary areas, rents are stabilising in these locations. High demand exerts pressure on existing stock, whilst rent increases, often linked to the Consumer Price Index (CPI), present affordability challenges for occupiers. The impact of these increases varies, with capital-intensive product storage entities more capable of absorbing rising rents compared to transport companies or logistics service providers handling low-value bulk transport.

Incentives have been very low over the past years at around 5% of rent over a typical lease. However, it is expected that incentives will increase, particularly for assets in secondary locations, reaching around 10%, whilst remaining relatively stable for prime locations.

2.4.3. Stock & Vacancy

The total stock of industrial space, excluding logistics, is approximately 160 million sq m of floor space, which is primarily concentrated on the 3800 business parks recognised by the Dutch government as the 'IBIS business parks'. For logistics properties, stock has increased to almost 47 million sq m at the end of 2023, an increase of 78% from 2013, demonstrating the significant growth in the importance of this segment within the Dutch market.

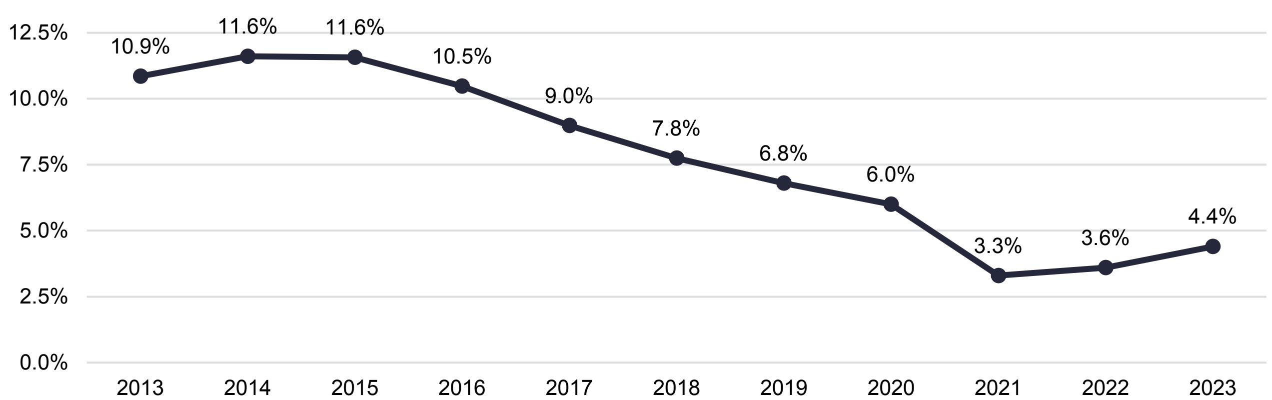
Logistics Stock: National (million sq m)



Source: Savills, as at Q4 for each year.

The Dutch market saw the largest quantum of completions of new logistics space per annum on record in 2022, with 3.5 million sq m of logistics space delivered nationwide. Despite this influx in new supply, the logistics market has not yet shown signs of oversupply, even amid negative pressures on take up, demonstrating the resilience of this market. New developments were stunted throughout 2023, mainly due to limitations of the power grid and simply a lack of suitable sites, and we expect that development will continue to be hindered by these factors.

Logistics Vacancy Rate: National (%)



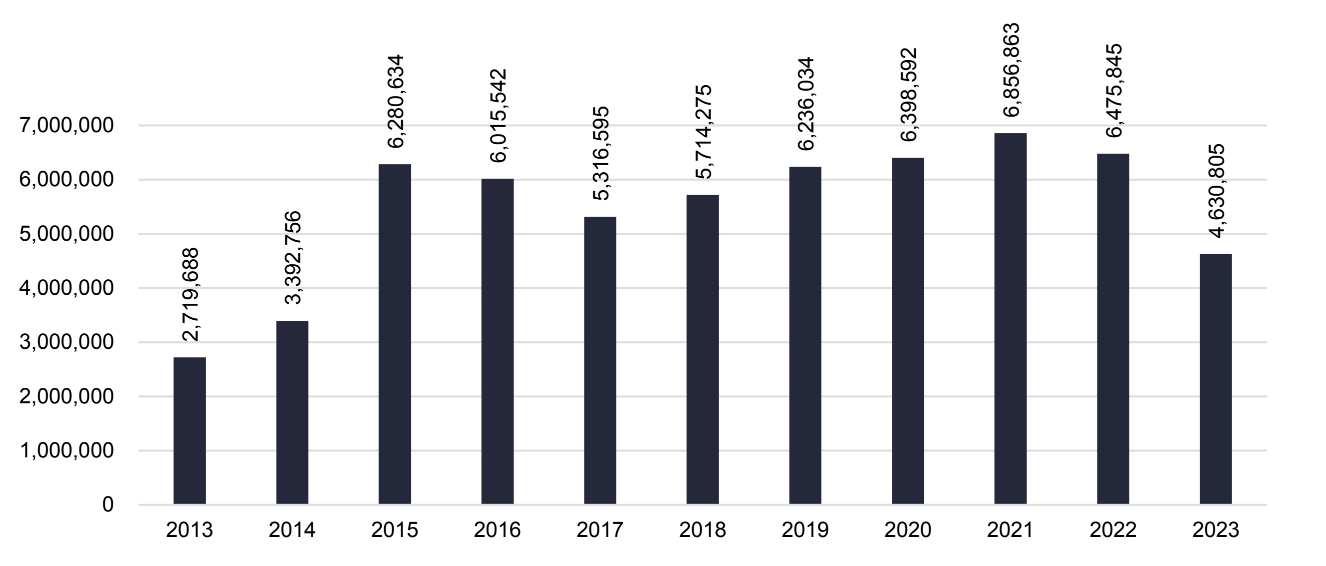
Source: Savills, as at Q4 for each year.

The Netherlands experienced an uptick in vacancy rates, with the national vacancy rate rising to 4.4% in Q4 2023 from 3.4% in Q3 2023. This increase has particularly impacted secondary locations, as these areas experienced a surge in demand from 2020 to 2022, driven partly by the increase in online retailing during and immediately following the Covid-19 pandemic, which has since tailed off.

2.4.4. Take Up

We believe that the market has passed its peak in terms of demand, with take up decreasing by 28% year-on-year in 2023 as economic conditions worsen in the Netherlands. In general, demand has lessened for light-industrial spaces by 5%, although not to the same extent as for logistics properties.

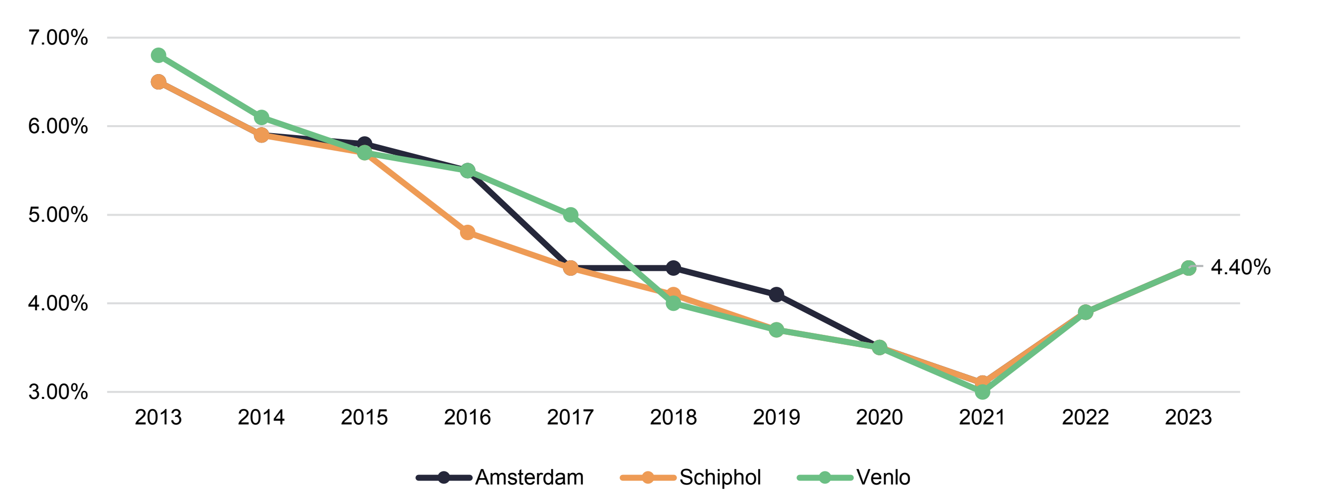
Logistics Take Up: National (sq m)



Source: Savills.

2.4.5. Yields

Logistics Prime Yields: Key Markets (%)



Source: Savills, as at Q4 for each year, except for Venlo as at Q3 2023. Net Initial Yields (see definitions).

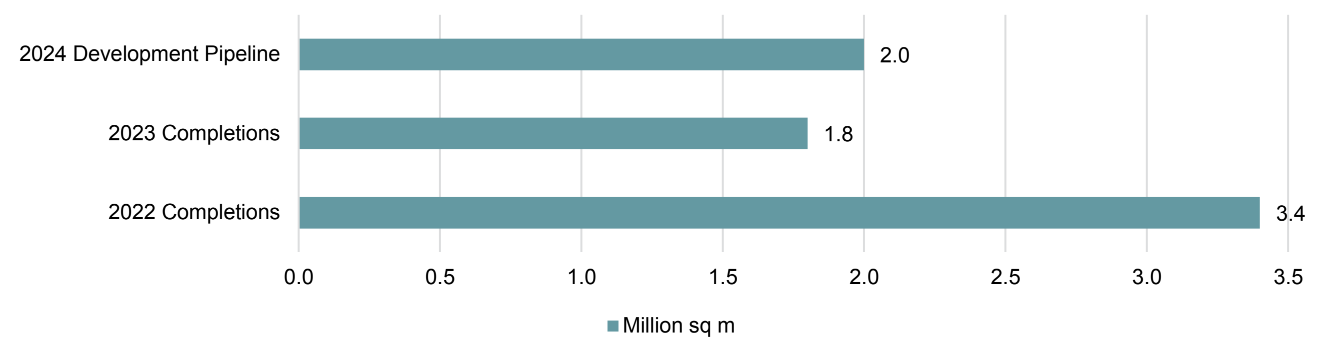
The logistics yields in the Netherlands have decreased from 2013 to 2021, followed by a rise since 2021, reaching 4.40% for Amsterdam, Schiphol and Venlo in 2023.

2.4.6. Future Outlook

The "Savills Panattoni Netherlands Logistics Confidence Index 2023" as at the end of Q3 2023, serves as a valuable indicator of market sentiment. Among all occupiers surveyed, 60% indicated that they expect an increase in demand for additional warehouse space in the coming 12 months. Moreover, none of the occupiers surveyed indicated a need to downsize their total warehouse space, which is a positive indicator of future demand. However, it is worth noting that demand from retailers / manufacturers has been impacted, with 38% of these companies indicating a likelihood to use existing space from a 3PL, rather than leasing warehouse space directly from landlords.

Therefore, we anticipate that the focus of the market will continue to be on 3PL space from both an occupier and investor side. We expect light industrial developments to be limited as land allocation has decreased for new industrial developments, albeit there may be some opportunities for investors to purchase this type of stock to upgrade or redevelop.

Logistics Pipeline: Netherlands (sq m)



Source: Savills.

There is a logistics development pipeline of approximately 2 million sq m in the Netherlands for 2024, a slight increase on 2023 completions. This is significantly below the 3.4 million sq m of logistics completions in 2022. The constraints to completions in 2023 and pipeline for 2024 include power grid issues, limited land availability and labour shortages. The logistics vacancy rate remains well below historical trend, and coupled with a lower development pipeline will mean the Netherlands will continue to experience acute shortages in supply this year.

ESG & Sustainability Drivers

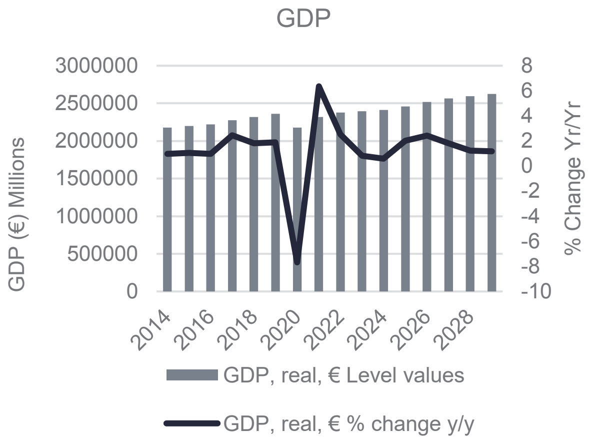
Within the "Savills Panattoni Netherlands Logistics Confidence Index 2023", we also found evidence that there is a willingness from occupiers to pay a rental premium for 'sustainable' space over the market rent for 'standard' space. Of the occupiers surveyed, 88% expressed a willingness to pay a rental premium for a building with a 'green' certification. Indeed, 59% were willing to pay a rental premium of 5% or higher, demonstrating the potential for further rental growth for prime stock. As such, we expect further demand for high-quality, sustainable stock in prime, well-connected locations

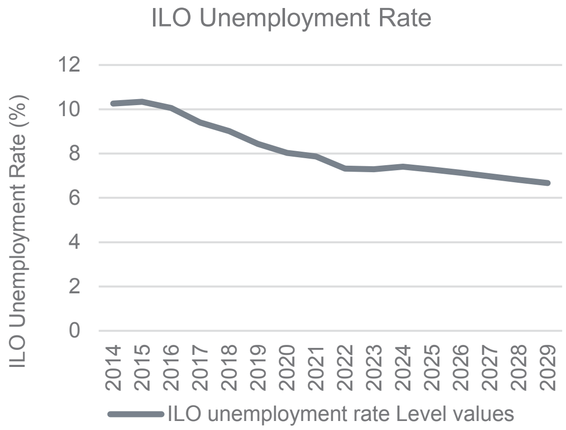
3. France

In this section we highlight the macroeconomic context in France; provide an overview of the commercial real estate market conditions; and provide an overview of the office market highlighting Greater Paris and the industrial / logistics sector highlighting Greater Paris and national trends.

3.1. Macroeconomic Context

Key Macroeconomic Indicators





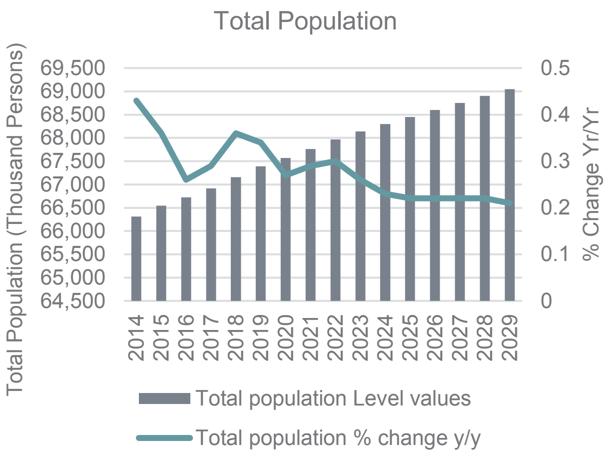


	Figure	Period
Government Gross Debt (% of GDP)	110.0%	October 2023
Inflation (CPI) (%)	4.00%	January 2024
Central Bank Interest Rate (%)	4.50%	February 2024

Source: Oxford Economics, IMF, Trading Economics (2024). Central Bank Interest Rate is the European Central Bank's Main refinancing Fixed Rate.

France's population has experienced steady growth since 2014, increasing from approximately 66.312 million to 67.965 million in 2022. Overall's France's population growth has been driven by a combination of factors including healthcare leading to higher life expectancy, relatively high birth rates compared to European counterparts, and high immigration levels. It should be noted that population growth rates have varied across different regions within France with the fastest growth observed in Montpellier. This national trend is forecast to continue up to 2028 with an estimated population of 68.901.

Whilst France's unemployment rate has fluctuated, there has been a general downwards trend. Unemployment in France in 2022 stood at 7.3%, down from 10.3% in 2014. However, unemployment has been a persistent issue with levels frequently above the EU average. This can be attributed in part to structural issues in the labour market and barriers to entry for younger workers.

In 2023, French GDP grew by approximately 0.8%, with high inflation and tighter financial conditions hampering growth, despite government support measures. Whilst net exports made a positive contribution, growth in domestic demand was limited. In February 2024, France's finance minister announced €10 billion of spending cuts in order to reduce France's budget deficit, in addition to reduced government forecasts for GDP this year, given the impacts of geopolitical context in Ukraine and the Middle East. For 2024, GDP is expected to grow moderately by 0.6%, with economic activity picking up in the second half of the year. Investment will likely remain subdued due to restrictive financing conditions until later in the year. Consumer spending is expected to drive GDP growth as inflation rapidly declines, whilst net exports are anticipated to make a minimal contribution to growth as imports rise. In 2025, GDP growth is forecasted at 2.0%, with consumer spending driving economic activity as inflationary pressures lessen. A progressive recovery in investment from both households and corporations is expected. Net exports will have a limited contribution as strong export growth will be offset by rising imports.

Inflation decreased to 4.0% in Q1 2024, after peaking at 7.0% in Q1 2023, mainly due to declining energy and commodity prices. The phasing-out of energy-related measures and an increase in the electricity tax in February 2024 will result in close to a 10% increase in electricity prices.

Key Indicators	2022	2023	2024 (f)	2025 (f)	2026 (f)	2027 (f)	2028 (f)
GDP Change Year-on-Year (%)	2.5	0.8*	0.6	2.0	2.4	1.8	1.2
ILO Unemployment Rate (%)	7.3	7.3*	7.4	7.3	7.1	7.0	6.8
Total Population (Thousand Persons)	67965*	68139*	68298	68451	68602	68752	68901
Government Gross Debt (% of GDP)	111.8	110.8	110.5	110.4	110.4	110.5	110.8
Inflation Rate (CPI, %)	5.2	4.9*	2.0	1.0	1.4	1.8	2.0
Long Term Interest Rate (%)	1.7	3.0*	2.8	2.5	2.5	2.5	2.5

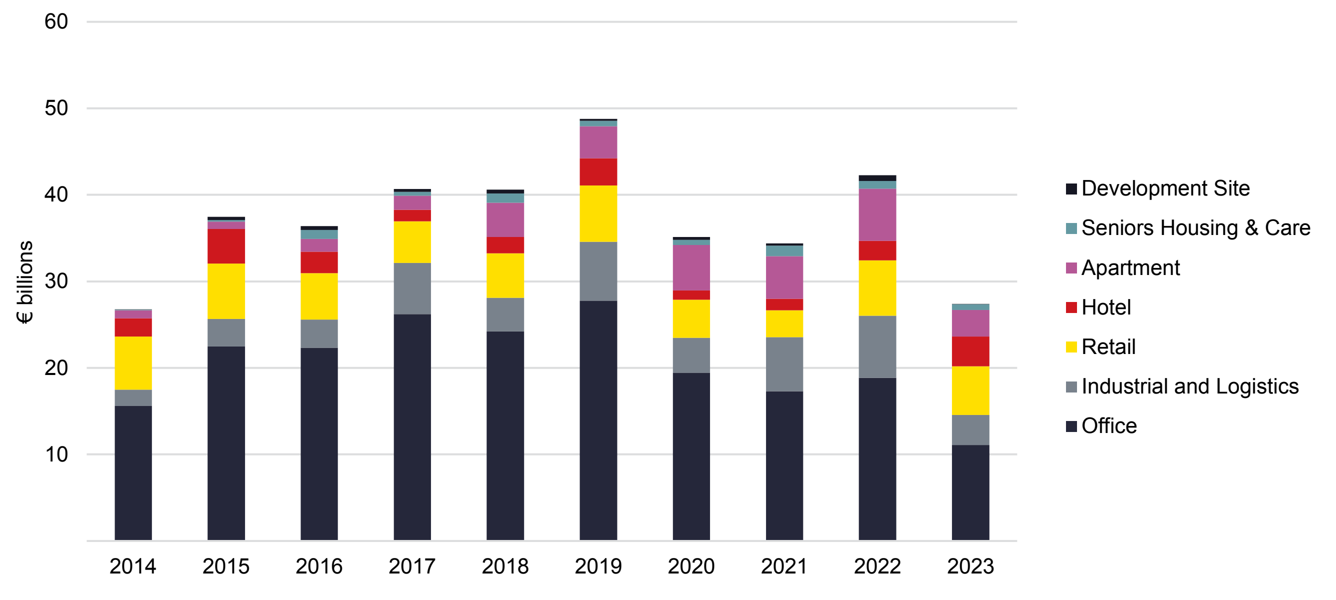
*Source: Oxford Economics, IMF (2024). *Forecast as actual figures are yet to be published.*

3.2. Commercial Real Estate Market Introduction

France, alongside the UK and Germany, has one of the largest real estate markets in Europe, with investment volumes totalling over €27.3 trillion in 2023. The French market is characterised by steady growth, particularly in the highly populated cities of Paris, Marseille, and Lyon. However, this growth is not uniform across the country, as trends of urbanisation and tourism density have led to urban development projects and improved infrastructure in busier cities, whilst smaller and rural towns may face lower property prices.

The five years preceding the Covid-19 pandemic witnessed a steady increase in investment volumes, growing at an average rate of approximately 11% per year. However, this trend reversed in 2020 and continued afterward, with total investment volumes experiencing a decline. By 2023, investment volumes had receded to levels similar to those observed in 2014.

France Real Estate Investment: Volumes

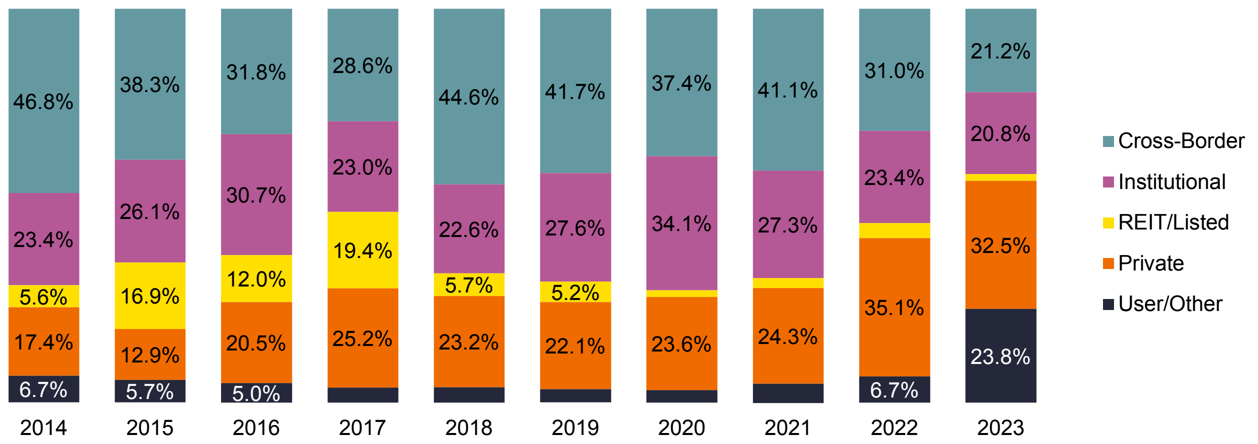


Source: MSCI.

Volume (€)	2019	2020	2021	2022	2023
Total	48,774,543,209	35,138,303,034	34,408,526,111	42,268,774,867	27,398,047,586

Historically, office properties have consistently dominated the investment landscape in France, accounting for approximately 55% of total annual investment volumes. However, there was a notable shift in 2022, as office assets represented less than half of the total investment volumes for the first time. Following offices, retail and industrial and logistics properties constituted the next significant sectors, attracting approximately 15% and 12% of total investment volumes, respectively.

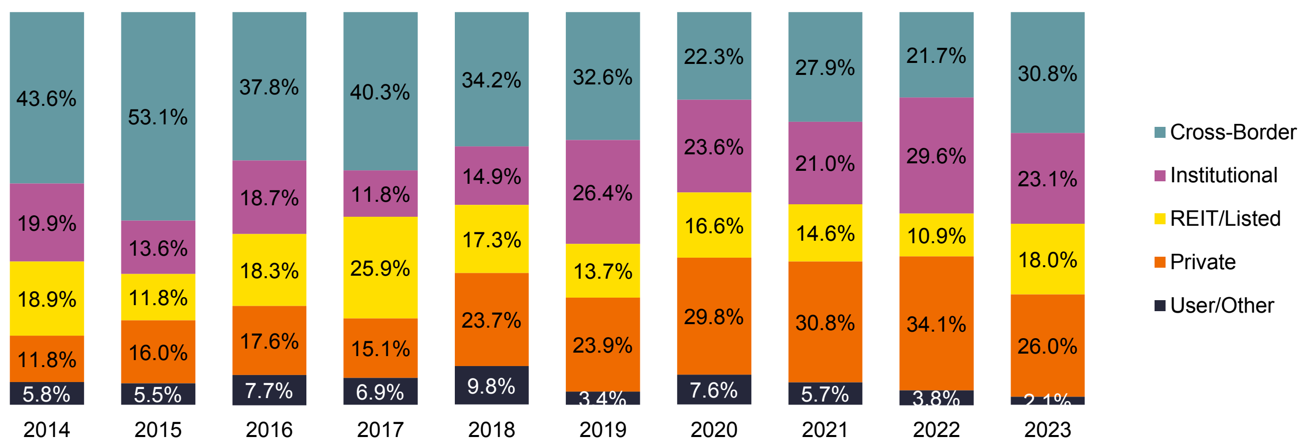
France Real Estate Investment: Buyer Types (%)



Source: MSCI.

France's real estate investment market has traditionally featured a diverse pool of buyers and sellers, setting it apart from its European counterparts. Whilst cross-border buyers typically dominated investment volumes in the past, there has been a notable shift in recent years towards private parties playing a more significant role in the market.

France Real Estate Investment: Seller Types (%)



Source: MSCI.

3.3. Occupational Market Overview: Office Sector

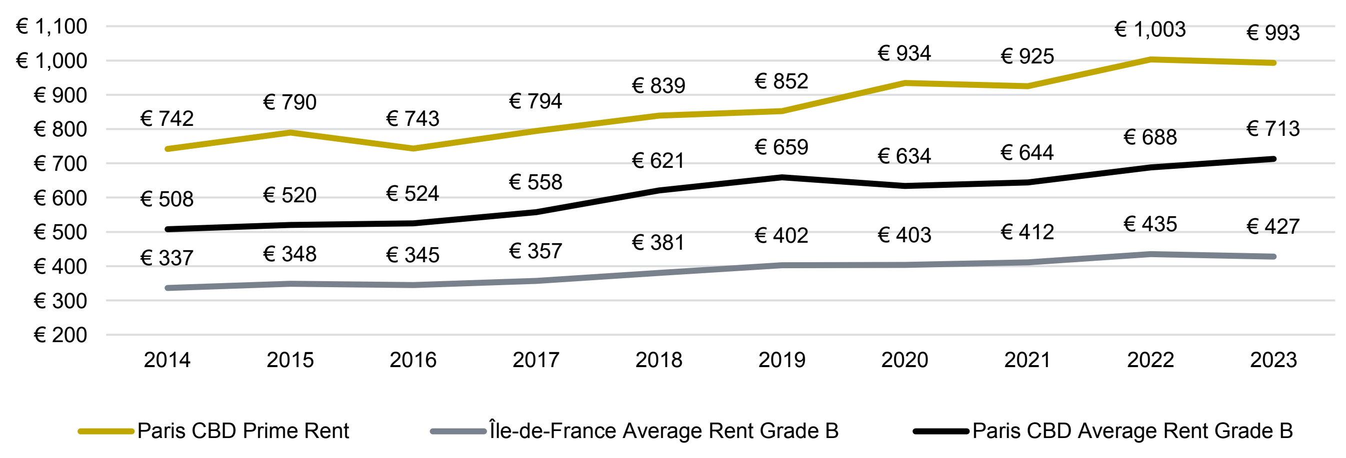
3.3.1. Overview

The French real estate market is experiencing increasing diversification in terms of asset classes, marking a notable shift from previous years. For the first time in the past decade, offices accounted for less than half of the total investment volumes in France, a trend observed in both 2022 and 2023.

In this report, we will analyse data for the Île-de-France region and the Paris CBD, which lies at the heart of the Île-de-France region. Île-de-France comprises eight administrative departments, namely Paris (Ville de Paris), Essone, Hauts-de-Seine, Seine-et-Marne, Seine-Saint-Denis, Val-de-Marne, Val-d'Oise, and Yvelines. The CBD of Paris is a prime office location attracting a variety of businesses, from luxury retail brands through to start-ups and global tech companies.

3.3.2. Rents

Prime Office Rents: Île-de-France & Paris CBD (€ sq m / p.a.)



Source: Savills, ORIE

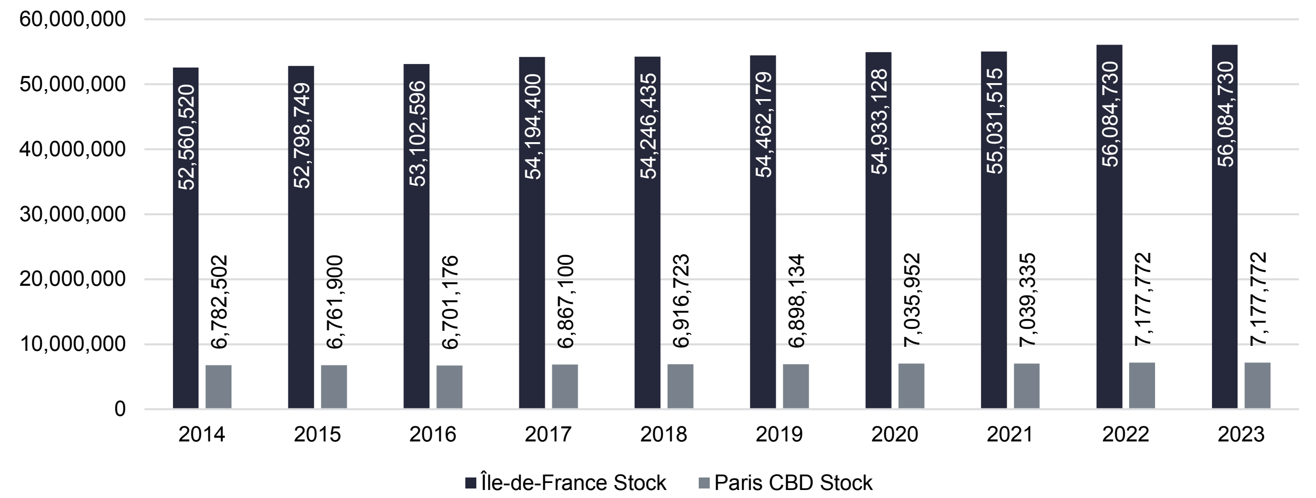
Prime rents are typically achieved within the CBD, given that stock within this region is often well located, of a high quality and therefore in greater demand from corporate tenants.

Across the region, there are notable differences in rents, particularly when considering Grade B stock. The peripheral rent in Île-de-France tends to dilute the Grade B rents achieved in the Paris CBD. Since 2020, rents within Paris have increased by approximately 1% on average each quarter. In contrast, Grade B rents within both the Paris CBD and the wider Île-de-France region have seen a more modest increase of around 0.5% over the same period.

However, the challenging economic conditions experienced in 2023 have impacted rental dynamics. The number of companies able to accommodate such rent prices has decreased, suggesting that prime rental values, particularly in most Île-de-France sectors, may have reached a plateau by the end of 2022. Grade A and B rents have fluctuated quarter-to-quarter, however from Q4 2022 to Q4 2023, prime rents in Paris CBD and overall Grade B rents in Île-de-France have fallen year to year.

3.3.3. Stock & Vacancy

Office Stock: Île-de-France & Paris CBD (sq m)

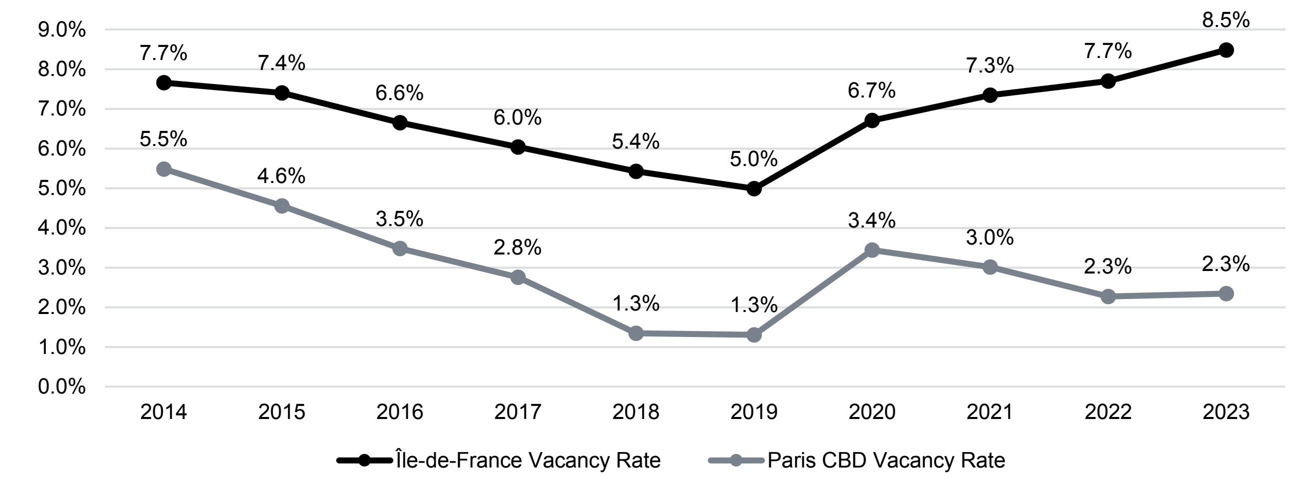


Source: Savills, ORIE, Stock as at year end.

Office stock in the Paris CBD represents approximately 13% of the total office stock in Île-de-France. As of September 2021, the city of Paris was estimated to have the highest population density (inhabitants per sq km) amongst the eight departments of the Île-de-France region, indicating a high concentration of residents.

The total office stock in Île-de-France has shown positive and steady growth over the years, with slightly higher spikes observed in 2017 and 2022. On average, the stock has been expanding at a moderate rate of approximately 0.82% each year.

Office Vacancy Rate: Île-de-France & Paris CBD (%)



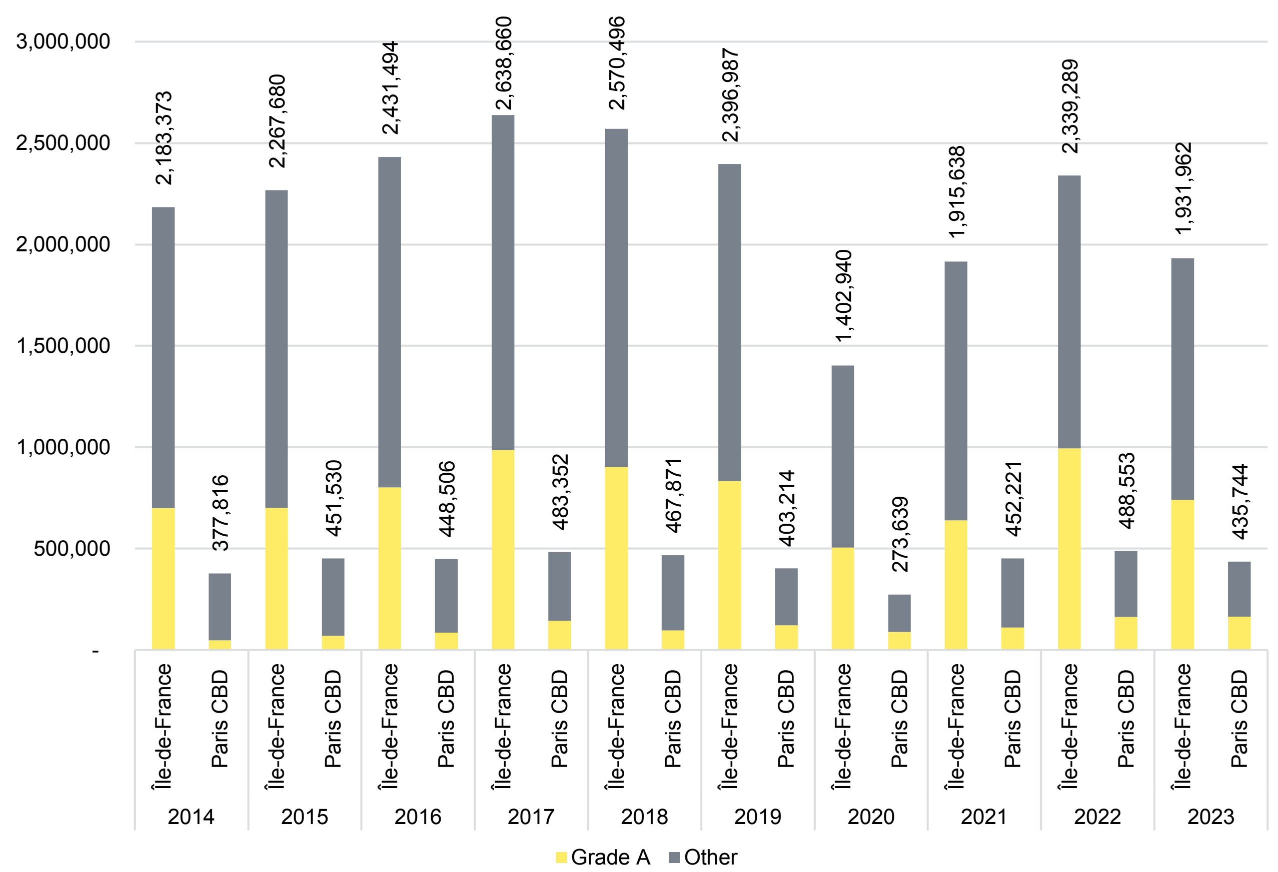
Source: Savills, ORIE

The data presented in the vacancy graph illustrates the significant attractiveness of the Paris CBD within the Île-de-France region, to the detriment of the surrounding peripheral areas. This is particularly evident since Q2 2021, when a bifurcation in rates has emerged. Despite the impacts of Covid-19 observed from Q1 2020 to Q2 2021, vacancy rates in the Paris CBD have generally been declining.

The wider Île-de-France region has experienced a different trend, with vacancy rates in peripheral areas gradually increasing. This divergence has led to an overall vacancy rate of 8.5% in the wider Île-de-France region, surpassing the rates observed in 2014.

3.3.4. Take Up

Office Take Up: Île-de-France & Paris CBD (sq m)



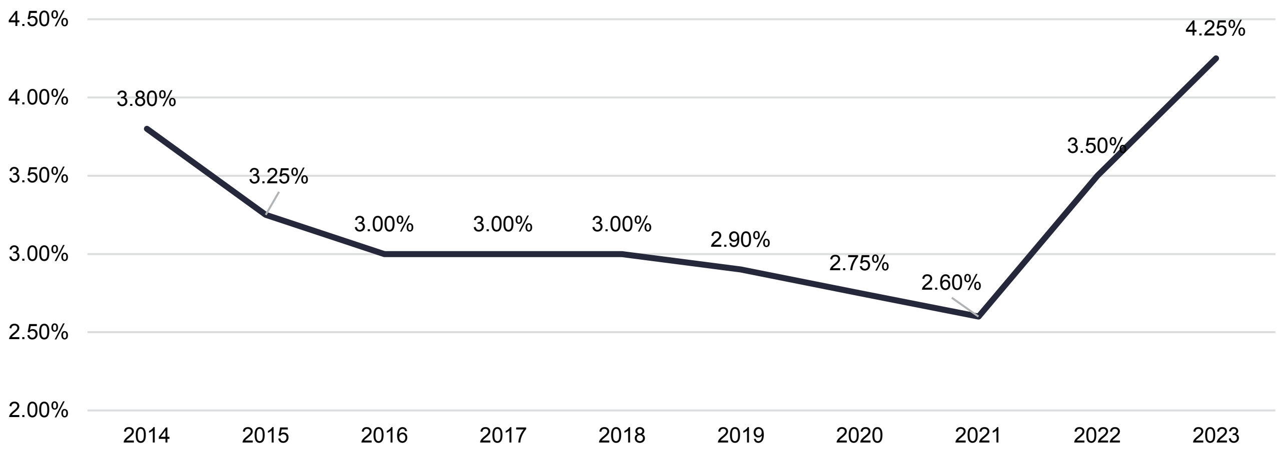
Source: Savills, ORIE. Total take up in the full year. Île-de-France abbreviated to IDF.

On average, from 2014 to 2023, Paris CBD take up has accounted for approximately one fifth of take up occurring in Île-de-France. Moreover, there has been a noticeable upward trend in the proportion of Grade A stock take up in Île-de-France since 2014, averaging around 35% of total take up. Looking at Paris CBD alone, this is slightly less at 26%.

The decreasing vacancy rates in the CBD further underscore its popularity among businesses, regardless of whether Grade A or lower-grade stock is available. This is likely driven by the central location and prestige associated with the CBD, despite rising rents and limited availability.

3.3.5. Yields

Office Prime Yields: Île-de-France (%)



Source: Savills, ORIE. Net Initial Yields (see definitions).

The sharpest yields within the Île-de-France region are achieved in the Paris CBD and have continued to compress to lows of 2.60% at the beginning of 2022. However, the geopolitical unrest in Ukraine, coupled with spiralling inflation across Europe and the increase in the ECB's interest rates, swiftly softened the prime yields, reaching highs of 4.25% in 2023.

3.3.6. Future Outlook

Peripheral markets in Île-de-France are impacted by the appeal and competition of hubs in Paris CBD, where much of the office activity is concentrated. However, due to the unsettling global events cited by Bruno Le Maire, Minister of the Economy, Finance and Recovery of France, in a recent address, such as the war in Ukraine and the Middle East, issues with maritime transport in the Red Sea, and the economic slowdown in China and Germany, companies may need to explore new spaces outside of Paris CBD to reduce real estate costs by securing rents and/or reduced floorspace.

ESG & Sustainability Drivers

The Tertiary Decree (décret tertiaire) is a key French regulation with the aim to improve the energy efficiency of French real estate by mandating all tertiary buildings over 1,000 sq m to set energy savings and report on energy consumption each year. This legislation requires that energy consumption is reduced by 40% by 2030, 50% by 2040 and 60% by 2050, in comparison to a baseline year (between 2010 and 2019). This commits the owner and tenant of the asset jointly with penalties for non-compliance.

Additionally, In December 2023, France was the first country in the European Union to transpose the Corporate Sustainability Reporting Directive (CSRD) into national law; all member states are required to transpose this Directive into national law by July 2024. This increases the requirements for reporting on sustainability topics across the French market.

3.4. Occupational Market Overview: Industrial / Logistics Sector

3.4.1. Overview

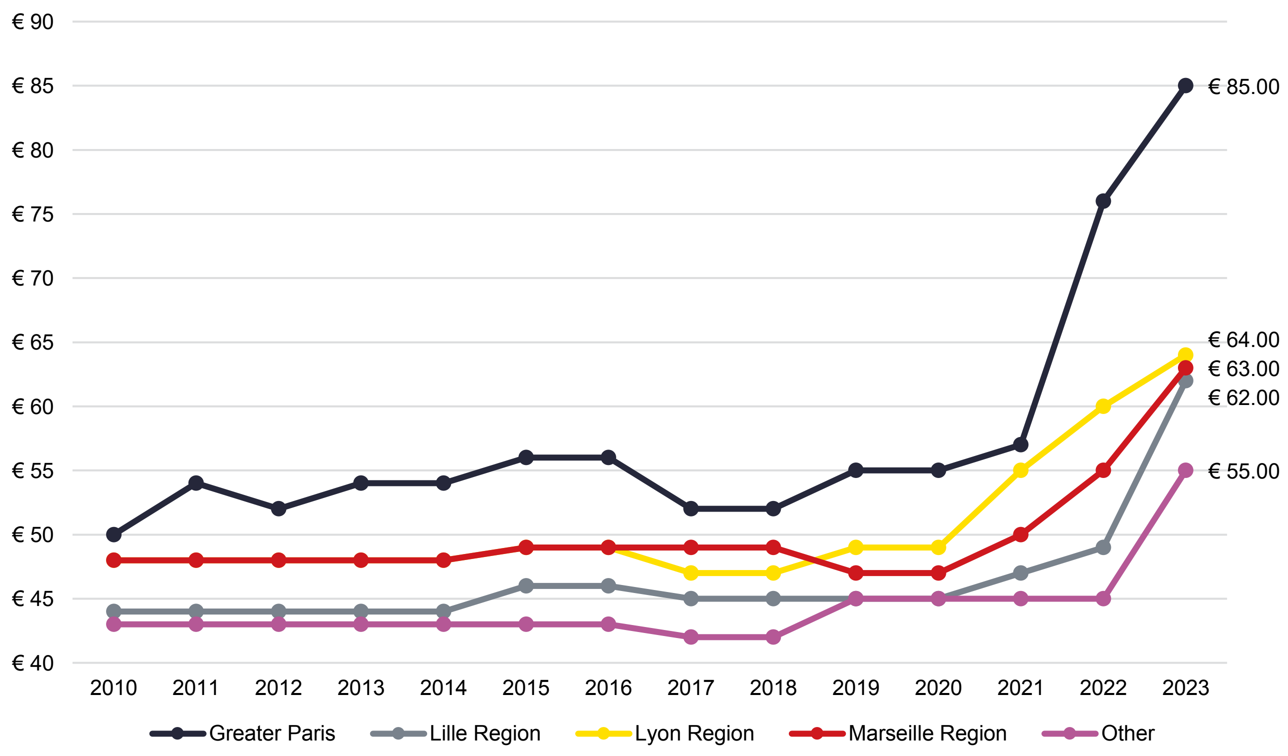
In the "Logistics Performance Index" published by The World Bank, France ranked joint 13th in 2023, underlining the efficiency and competitiveness of its logistics sector. Paris, being the capital and a major economic hub, contributes on average to one-third of France's total GDP. Consequently, the market plays a pivotal role in bolstering the country's logistics Strategically located in Western Europe, France shares borders with seven European countries and has four key access points to the sea.

In France, investor interest is primarily focused on logistics and light industrial properties, each serving distinct purposes. Logistics properties are tailored for storage and distribution, featuring expansive spaces with high ceilings. These properties cater to businesses engaged in efficient warehousing and transportation logistics.

Light industrial (locaux d'activités) properties accommodate a wide range of activities including crafting, commercial ventures, and light industrial processes. Unlike logistics properties, light industrial units typically have smaller footprints, offering flexibility for diverse business operations. The size variation among light industrial properties is considerable, ranging from a few hundred sq m (commonly transacted, sometimes as low as 100 sq m) to larger units of up to 20,000 sq m. Larger units are typically used for production facilities with specialised processes tailored to meet specific business requirements.

3.4.2. Rents

Prime Logistics Rents: Greater Paris & National (€ sq m / p.a.)



Source: Savills.

For logistics properties, we anticipate that the recent upward trend in rents observed over the past two years may not be sustainable in the short term. We believe that we have reached a plateau, where the limited availability of logistics supply will not justify further rent increases without a solid and lasting recovery in household consumption and tenants' affordability. Overall, we expect a moderate increase of around 4 to 5% in rents for logistics properties over the period from 2024 to 2025, followed by a 3% increase from 2026 to 2027, and a stable 2% increase from 2028 onwards.

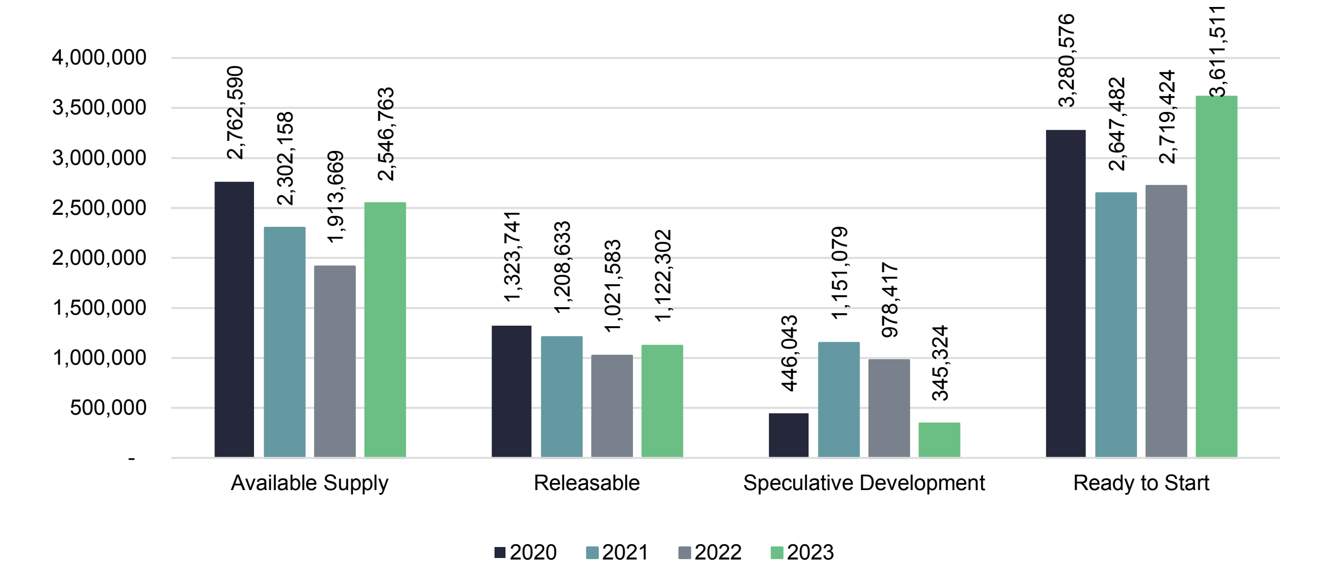
The chart below illustrates light industrial rents in Paris. Greater Paris is approximately bordered by the A86 motorway (Autoroute), which is encircled by the outer blue ring representing the N104 Highway, a strategic trunk route. Within the A86 boundary, new light industrial spaces range from €120 to €250 per sq m p.a., whereas rents decrease to €80 to €145 per sq m p.a. beyond the outer highways. Prime rents for light industrial properties are higher compared to logistics, as this sector typically comprises smaller buildings with a greater office component and is often located in more central areas.

Light Industrial Rents: Core Paris (€ sq m / p.a.)

Source: Savills.

3.4.3. Stock & Vacancy

Logistics Supply: National (sq m)



Available Supply (Offre Immédiate): Existing supply.

Releasable (Libérable): Leased assets with WALB/WALT expiring in those years.

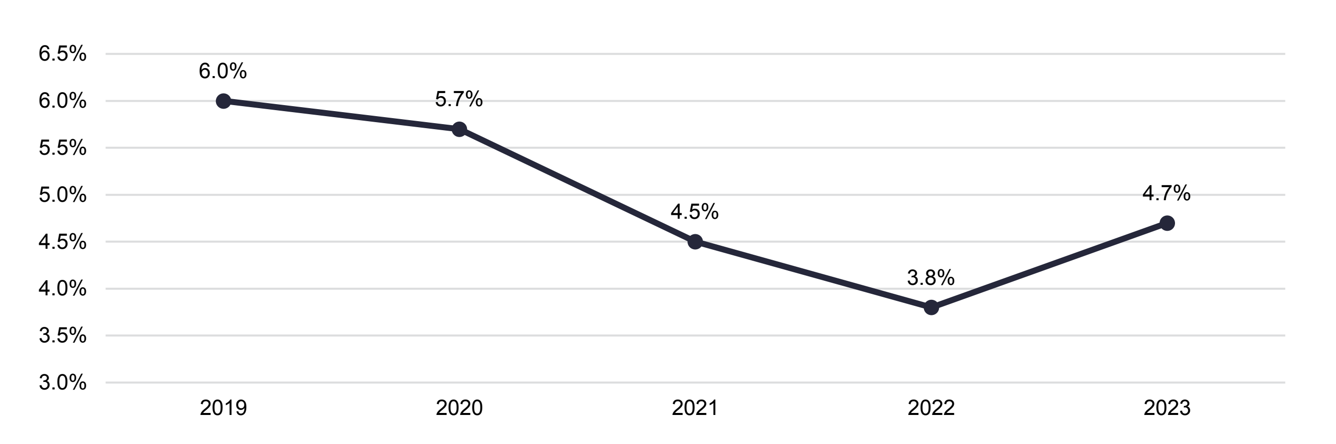
Speculative Development (En blanc): Assets which will not be launched without pre-letting.

Ready to Start (Prête à Démarrer) : Assets launched without pre-letting.

Source: Savills.

For logistics, there was a notable 32% year-on-year increase in immediate supply by the end of 2023, totalling over 2.5 million sq m. This increase in supply is not uniformly spread across regions, with Hauts-de-France and certain secondary hubs experiencing the most significant growth, whilst major cities such as Lyon and Marseille continue to face supply shortages. Despite efforts to promote new developments, speculative launches slowed in 2023, resulting in a decrease of approximately 65% in available speculative supply, compared to the previous year. Instead, grey market supply, which refers to available tenant space for sublease, prevails, particularly in regions like Centre-Val de Loire, Hauts-de-France, and Île-de-France. This imbalance in supply presents challenges, particularly in terms of achieving the financial sustainability of new developments amidst the requirements of the Energy Renovation Plan (ZAN).

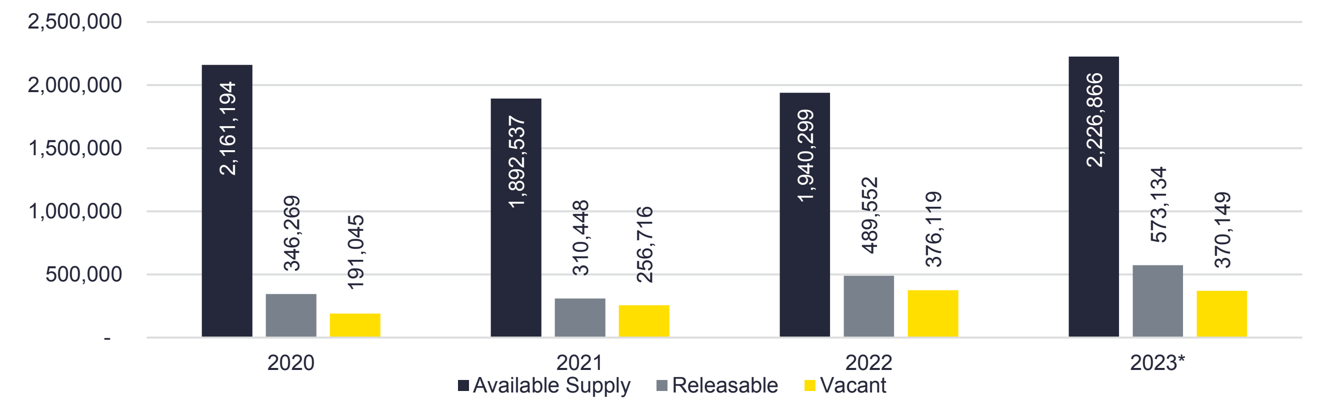
Logistics Vacancy Rate: National (%)



Source: Savills. Data as at end of Q4 each year.

Following a period of falling vacancy rates prior to the rise in ECB interest rates, vacancies saw a rapid increase from 2022 to 2023. However, we expect vacancy rates to reduce again as the economy stabilises, the market recovers and rent levels plateau.

Light Industrial Supply: Paris (sq m)

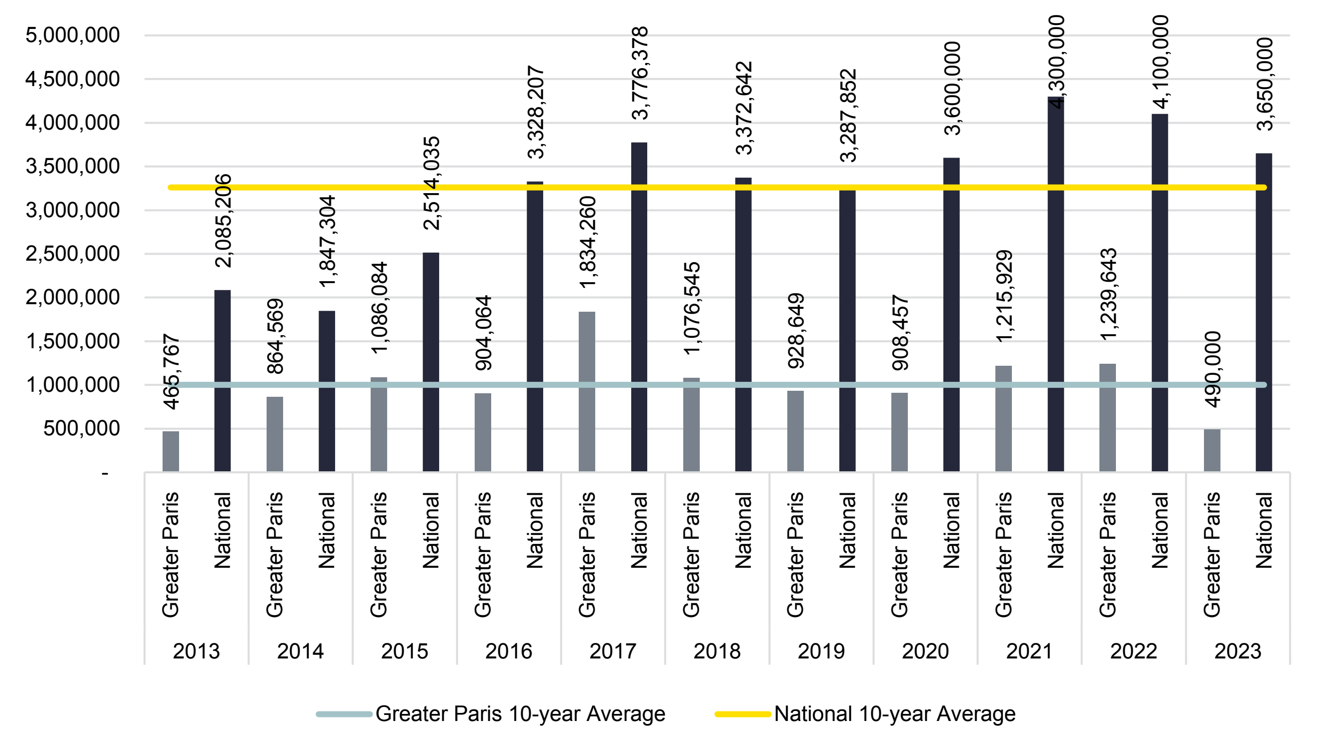


*Source: Savills. *As at Q2 2023.*

As of Q2 2023, the immediately available supply of light industrial properties experienced a slight increase over the year with 1,266,000 sq m listed, representing a 5% rise. Of this immediate supply available to lease, 26% originated from new deliveries, amounting to 332,000 sq m. This record level of new supply was achieved due to the completion of several new industrial park projects.

3.4.4. Take Up

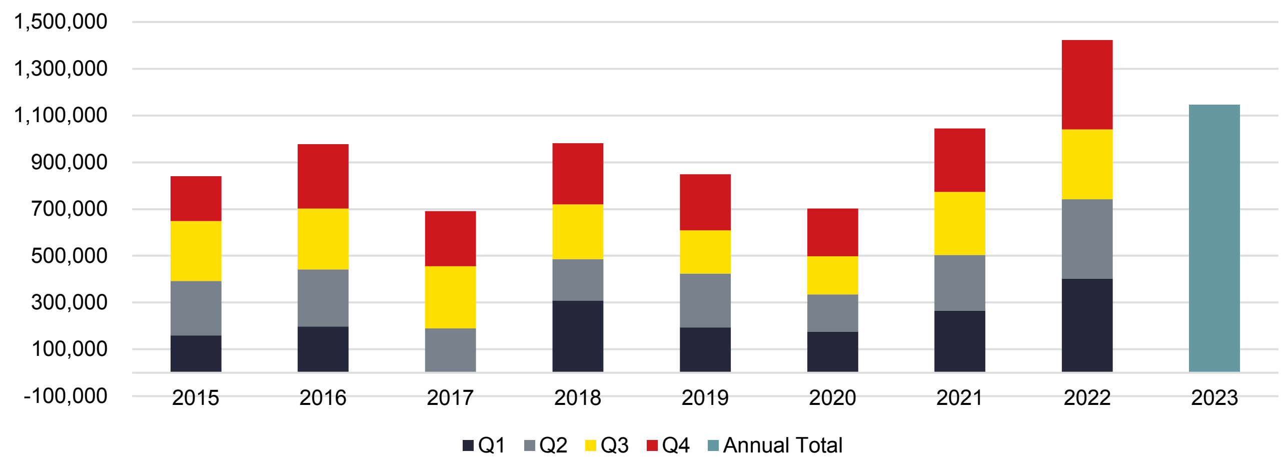
Logistics Take Up: National & Greater Paris (sq m)



Source: Savills.

National logistics take up in 2023 was broadly in line with the 10 year average in France (over 3,260,000 sq m). However, in 2023, the recorded take up in Paris only reached approximately 490,000 sq m, significantly down on the 10-year average in Paris (just over 1 million sq m). Notably, the total logistics take up for 2023 accounted for only 43% of the take up observed in the light industrial sector during the same period.

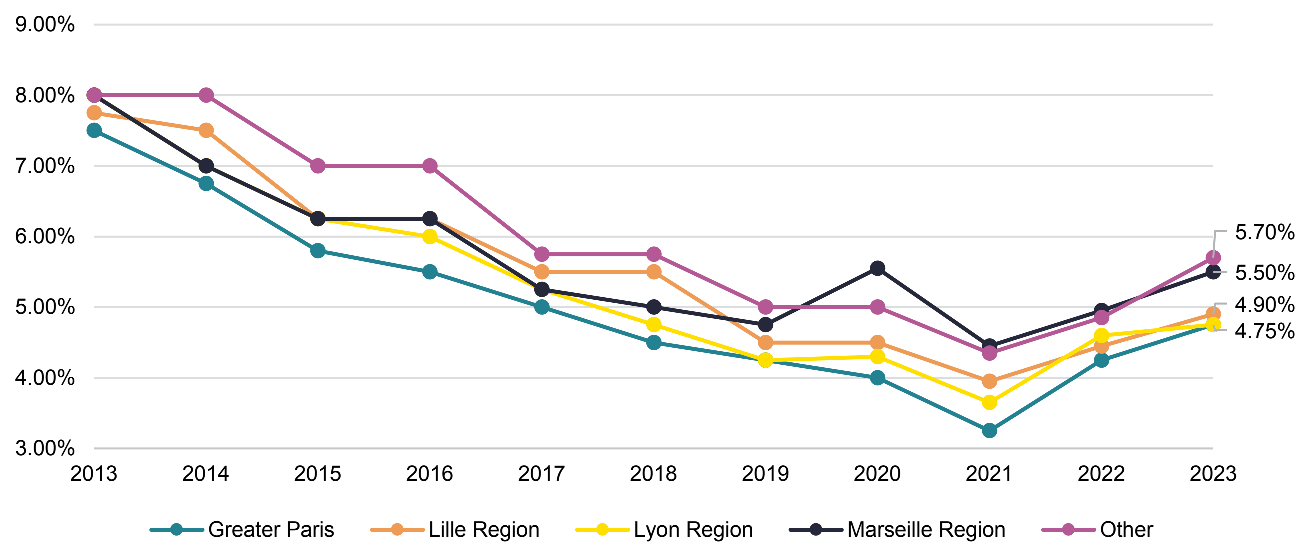
Light Industrial Take Up: Greater Paris (sq m)



Source: Savills; Immostat 2023.

3.4.5. Yields

Logistics Prime Yields: Key Markets (%)



Source: Savills. Net Initial Yields (see definitions).

Yields across all regions have been compressing since 2013, with Greater Paris experiencing the lowest yields, which reached 3.25% in 2021. Since the hikes in ECB interest rates, yields in Greater Paris have increased by 150 bps, reaching 4.75% at the end of 2023. In the logistics sector, given a slight recovery anticipated for the French economy along with lower treasury bonds and a peak reached in ECB rates, we foresee a stabilisation of the prime logistics yield in the short term, hovering around 4.75-5.00% for 2024.

3.4.6. Future Outlook

In addition to the Netherlands, France is also identified as a market poised to offer significant value opportunities in 2024, with both countries experiencing rental growth exceeding 30% since Q1 2022. Markets with sustained positive rental growth in the post-pandemic era are likely to garner significant interest from investors. Looking ahead to 2024, demand catalysts are anticipated to include stabilising growth amongst e-commerce operators and a continued trend towards onshoring amongst manufacturers. France's e-commerce penetration is forecasted to grow by 7.3% from 2023 to 2028. Moreover, whilst e-commerce is recognised as a primary driver of logistics demand for real estate operators, in 2023, activity was observed among omnichannel retailers that integrate online and physical offerings. Consequently, overall retail sales growth will be a key performance metric, and France, with a market size exceeding €521 billion, is one of the primary nations contributing to the bulk of European Retail Sales.

ESG & Sustainability Drivers

Light industrial assets typically avoid classification under Installations Classified for Environmental Protection (ICPEs), differentiating them from logistics properties. This regulatory distinction exempts businesses operating in light industrial spaces from certain environmental compliance requirements. However, we believe that occupiers and landlords cannot be complacent if they wish to gain a competitive advantage through enhanced efficiencies and reduced operational costs derived from sustainable buildings.

The aforementioned Tertiary Decree commits the owner and tenant of the asset jointly with penalties for non-compliance. A first decree, published in 2021, specified targets and consumption threshold for three sectors of activity: offices and public services, educational buildings and logistics. Green building certification also applies to logistics real estate and there are a number of HQE standards that apply to cross docking platforms and cold storage facilities specifically.

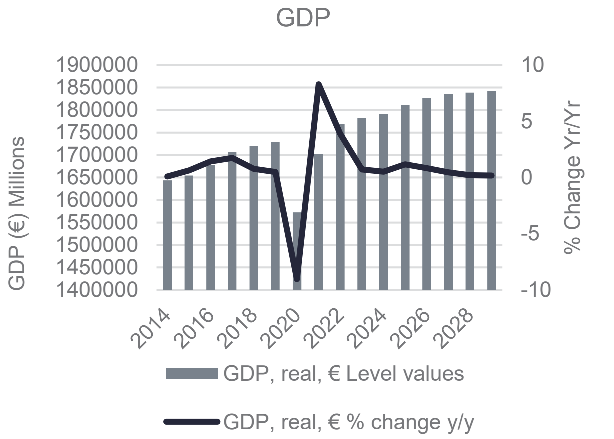
National initiatives are underway to facilitate the transition to a net-zero economy. In 2023, the French government introduced its "green industry" bill aimed at advancing the decarbonisation of the country's industrial sector. This initiative involves allocating an estimated annual budget of €500 million for a new tax credit designed to support environmentally-friendly investments to green the industrial sector. In January 2024, the European Commission approved a €2.9 billion scheme aimed at supporting investments in green industries through a tax credit program. This scheme will be available to companies intending to invest in the production of components such as solar panels, batteries, wind turbines, and heat pumps.

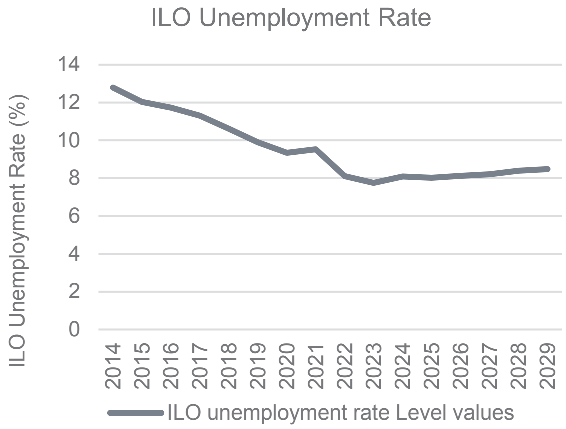
4. Italy

In this section we highlight the macroeconomic context in Italy; provide an overview of the commercial real estate market conditions; and provide an overview of the office market highlighting Milan and Rome and the industrial / logistics sector highlighting Northern Italy.

4.1. Macroeconomic Context

Key Macroeconomic Indicators





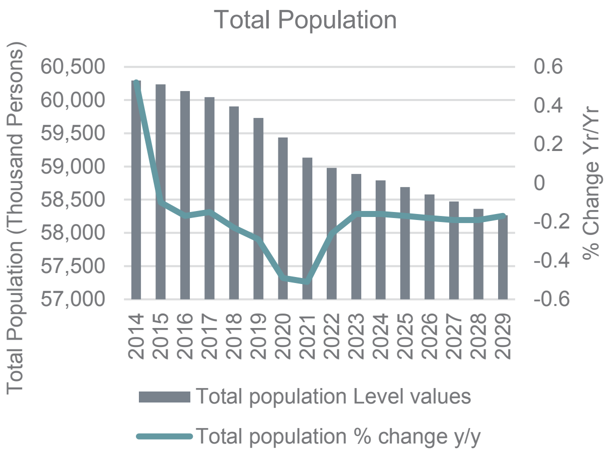


	Figure	Period
Government Gross Debt (% of GDP):	143.7%	October 2023
Inflation (CPI) (%)	0.76%	January 2024
Central Bank Interest Rate (%)	4.50%	February 2024

Source: Oxford Economics, IMF, Trading Economics (2024). Central Bank Interest Rate is the European Central Bank's Main refinancing Fixed Rate.

Italy's total population has experienced a slow, but steady decline from approximately 60.297 million in 2014 to 58.982 million in 2022, a trend forecast to continue. Factors contributing to this decline include a continuously falling birth rate, an ageing population and emigration. Economic challenges, including high unemployment rates and limited job opportunities have played a role in impacting population trends. In conjunction, changes in societal norms have led to smaller family sizes and delayed marriage and childbearing, further impacting population growth. According to the 2022 census of the National Institute of Statistics (Istat), barely one child is born per female, whilst females represent 51.2% of Italy's population.

In comparison to its European peers, Italy has experienced relatively high unemployment rates, however the figures have been trending downward from 12.8% in 2014 to 8.2% in 2022. Italy faces several structural and cyclical factors that contribute to its high unemployment rates, including low economic growth, high youth unemployment, rigid regulations and labour protections, and a significant proportion of the economy operating in the informal sector.

Across 2023, Italy's real GDP is estimated to have grown by 0.7%, with a notable slowdown in consumer spending and investment. This deceleration is partly attributed to rising financing costs and the phasing out of housing renovation tax credits. Economic output is expected to continue growing slowly in 2024, and investment is expected to recover, driven partly by government expenditure, although there will be reduced spending on housing developments.

Inflation steadily decreased in the previous year, driven by rapidly falling energy prices and limited increases in services inflation. In Q4, inflation reached 1% year-on-year and remained below 1% in January 2024. Inflation is projected to be 1.7% in 2024, with an expected uptick in wages, particularly in the public sector, contributing to the increase.

Key Indicators	2022	2023	2024 (f)	2025 (f)	2026 (f)	2027 (f)	2028 (f)
GDP Change Year-on-Year (%)	3.9	0.7*	0.5	1.2	0.8	0.5	0.2
ILO Unemployment Rate (%)	8.1	7.8*	8.1	8.0	8.1	8.2	8.4
Total Population (Thousand Persons)	58982*	58886*	58790	58689	58581	58473	58363
Government Gross Debt (% of GDP)	144.4	143.7	143.2	142.8	141.9	141.0	140.1
Inflation Rate (CPI, %)	8.2	5.7*	1.7	1.6	1.7	1.7	1.7
Long Term Interest Rate (%)	3.1	4.3*	4.1	4.1	4.0	4.0	4.0

*Source: Oxford Economics, IMF (2024). *Forecast as actual figures are yet to be published.*

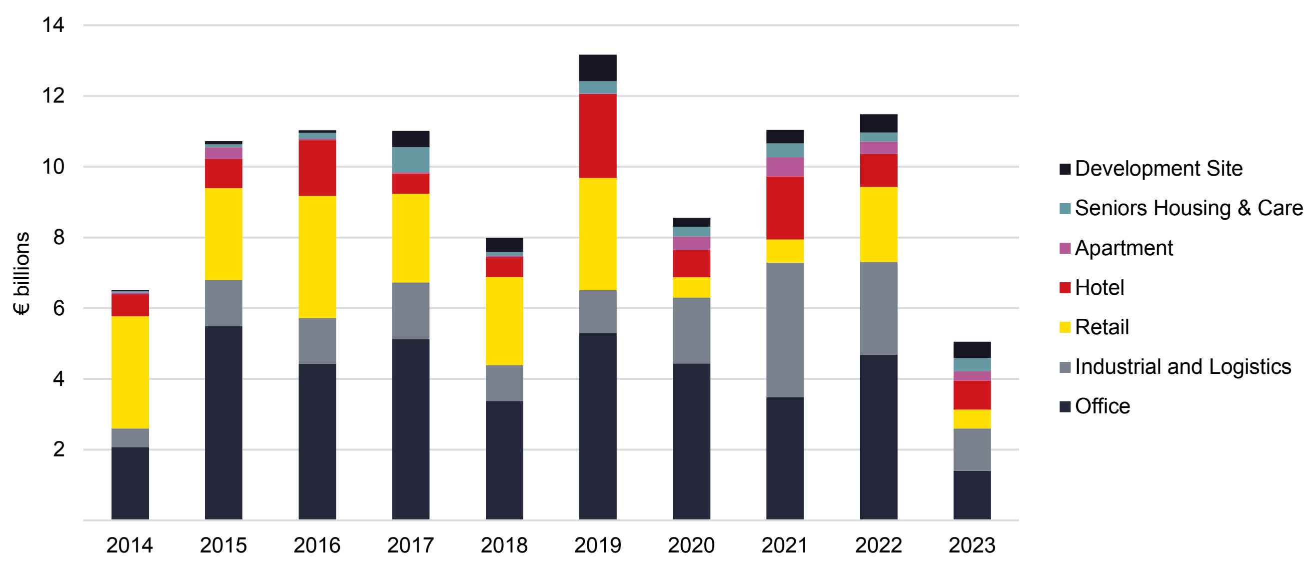
4.2. Commercial Real Estate Market Introduction

In line with its European peers, the Italian real estate market experienced a significant decline in investment volume from 2022 to 2023, reflecting a 56% drop amounting to over €6.4 billion. Despite this downturn, positive activity is anticipated in various sectors across Northern Italy in coming years, given the approach of the 2026 Winter Olympic Games in Milan and Cortina d'Ampezzo.

Within the office market, despite good fundamentals in Italian prime assets, investment activity has been held back by a lack of confidence, with a return to higher volumes not expected until the second half of 2024. Milan has been a key target for investors; in 2023 22 properties across the central and peripheral areas of Milan were sold for a total of €760m. Conversely, Rome saw a significant year-on-year decline in investment volume by 67%, although the total number of deals increased; 12 offices were acquired by domestic players for approximately €120m.

In terms of logistics, there is high demand, and investment volumes are forecasted to pick up in 2024 as price expectations between buyers and sellers align more closely. A reduction in liquidity in the market has resulted in transactions being on the smaller scale, with over half of logistics transactions in 2023 below €19m and average deal size decreasing year-on-year. The northern regions of Italy remain a prime target for investors, accounting for over 85% of investment volumes in 2023.

Italy Real Estate Investment: Volumes

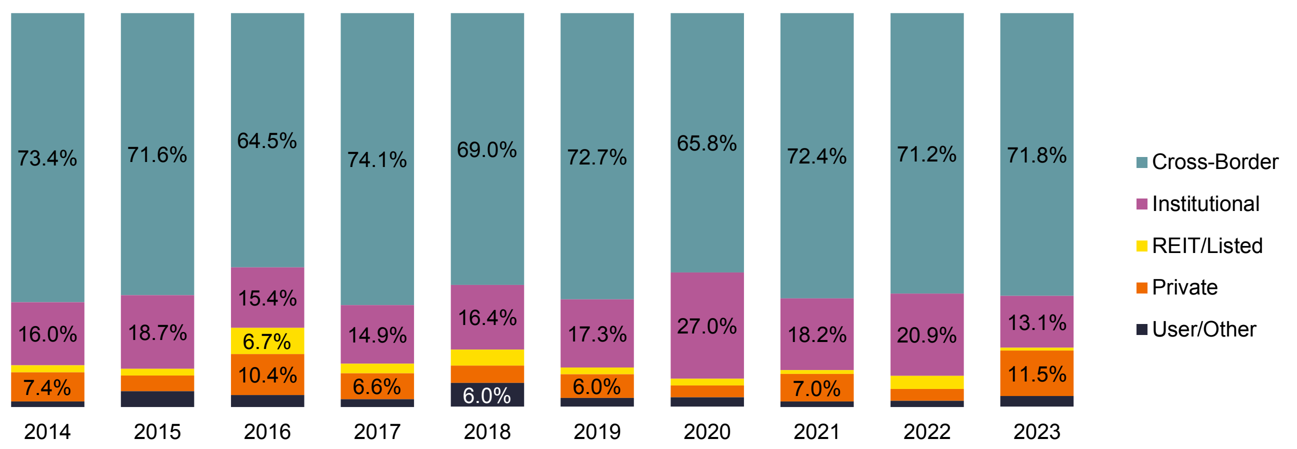


Source: MSCI.

Investment Volumes (€)	2019	2020	2021	2022	2023
Total	13,167,656,466	8,555,267,441	11,039,195,649	11,481,407,696	5,050,045,070

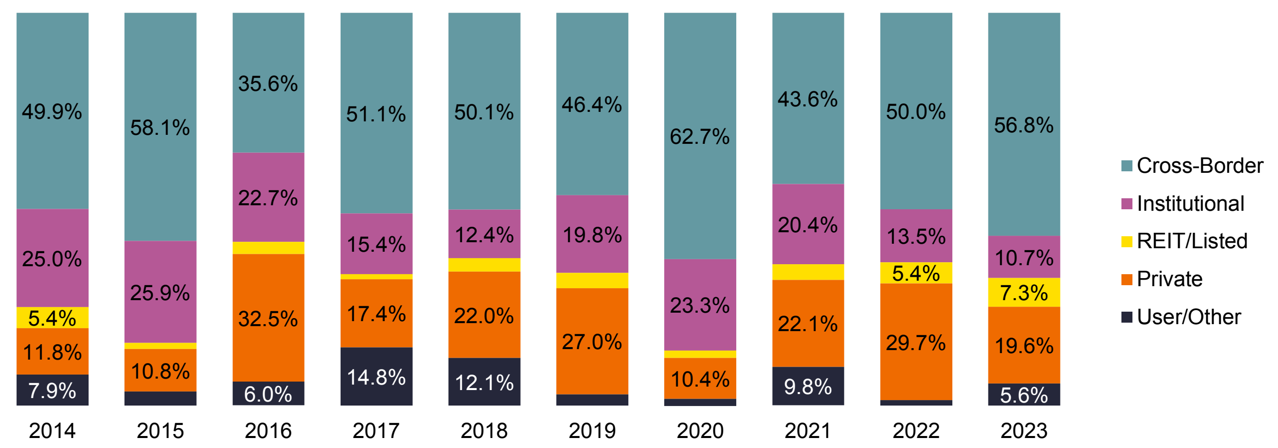
In the logistics investment market, international capital plays a significant role, whilst domestic players tend to focus more on smaller operations and secondary locations. Across the last three years, proportions of private seller activity has risen, rebounding from the lower levels observed in 2020.

Italy Real Estate Investment: Buyer Types (%)



Source: MSCI.

Italy Real Estate Investment: Seller Types (%)



Source: MSCI.

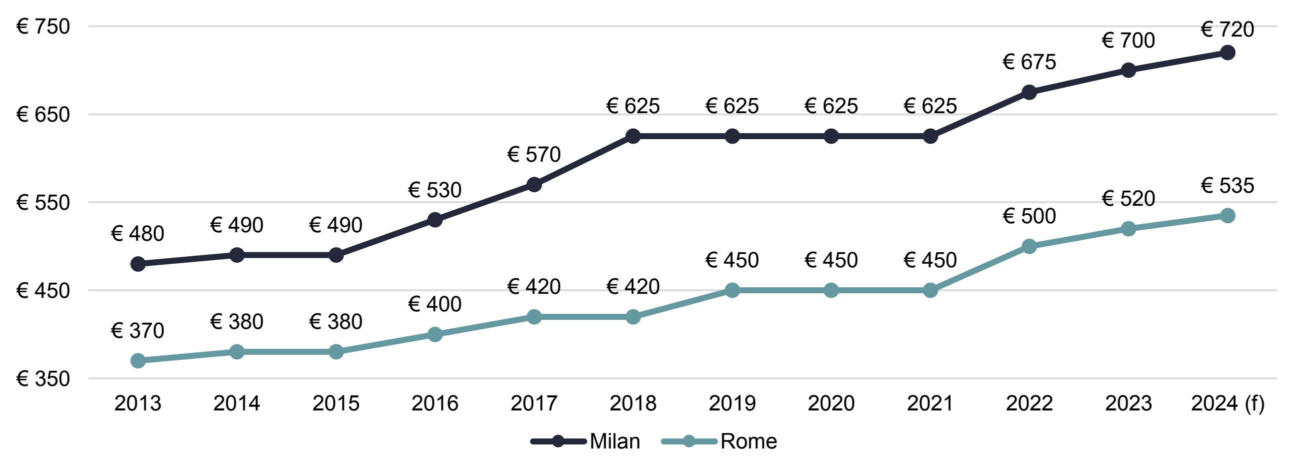
4.3. Occupational Market Overview: Office Sector

4.3.1. Overview

Our analysis of the office market focuses on Rome and Milan. Italy's capital city of Rome is the largest city in Italy by population, renowned for its rich history and tourism. Milan is situated in the northern Lombardy region, and holds the distinction of being Italy's financial capital and is home to the Borsa Italiana, the Italian Stock Exchange. Milan is divided into nine 'official zones', with Zone 1 at its centre and the remaining eight zones encircling this core in a clockwise fashion from the northeast.

4.3.2. Rents

Prime Office Rents: Milan & Rome (€ sq m / p.a.)

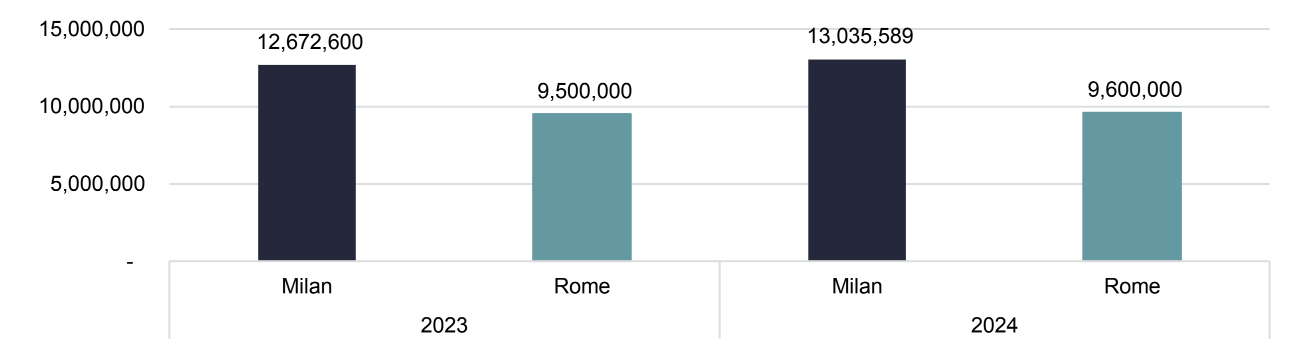


Source: Savills.

Prime rents in both Milan and Rome have shown an upward trend over the past decade, with significant increases observed from 2021 to 2023. Although leasing activity in Milan slowed down last year compared to 2022, it still marked the third best year for leased office spaces in the last decade. On average, Milan rents have been approximately 36% higher than those recorded for Rome. During 2023, the estimated rent-free period in the market was 12 months, and typical lease terms stood at 7 years. High asset quality remains crucial in the occupier markets, and forecasts for Q4 2024 project further increases in prime rents within Milan by 2.86% and in Rome by 2.88%.

4.3.3. Stock & Vacancy

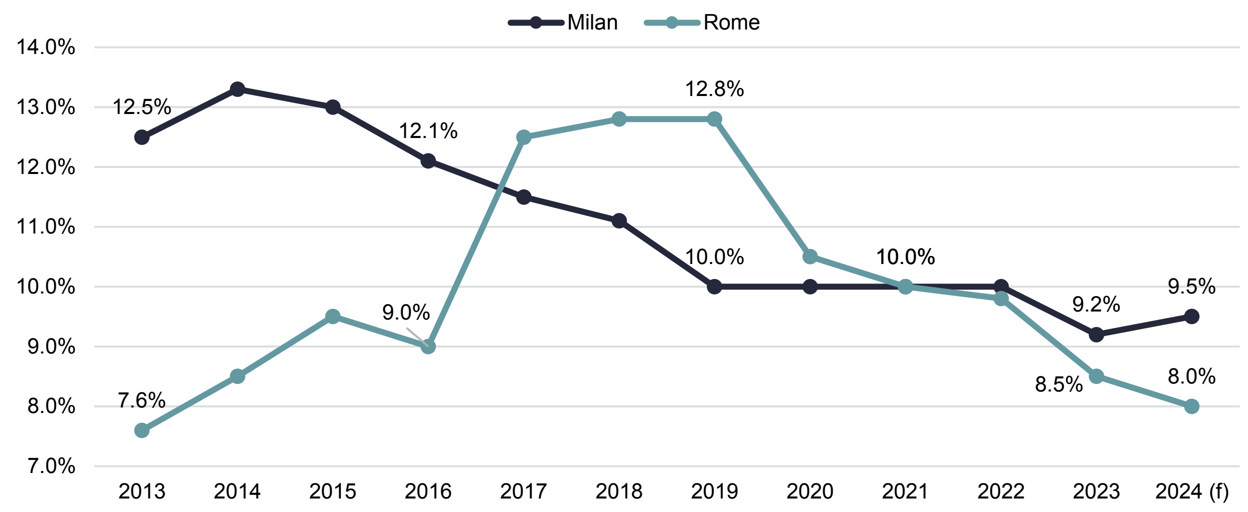
Office Stock: Milan & Rome (sq m)



Source: Savills.

Over 360,000 sq m of stock is projected to be added to Milan's office market by the end of 2024, with approximately 28% of this pre-let. This reflects a growing demand for office space in Milan, where vacancy rates remained stable during the Covid-19 pandemic and subsequently decreased last year to their lowest rate in a decade. Similarly, Rome's vacancy rates, after rising from 2013 to 2017, have declined by a total of 4.3% across the last four years. This trend is expected to continue with a forecasted 8.0% for Q4 2024.

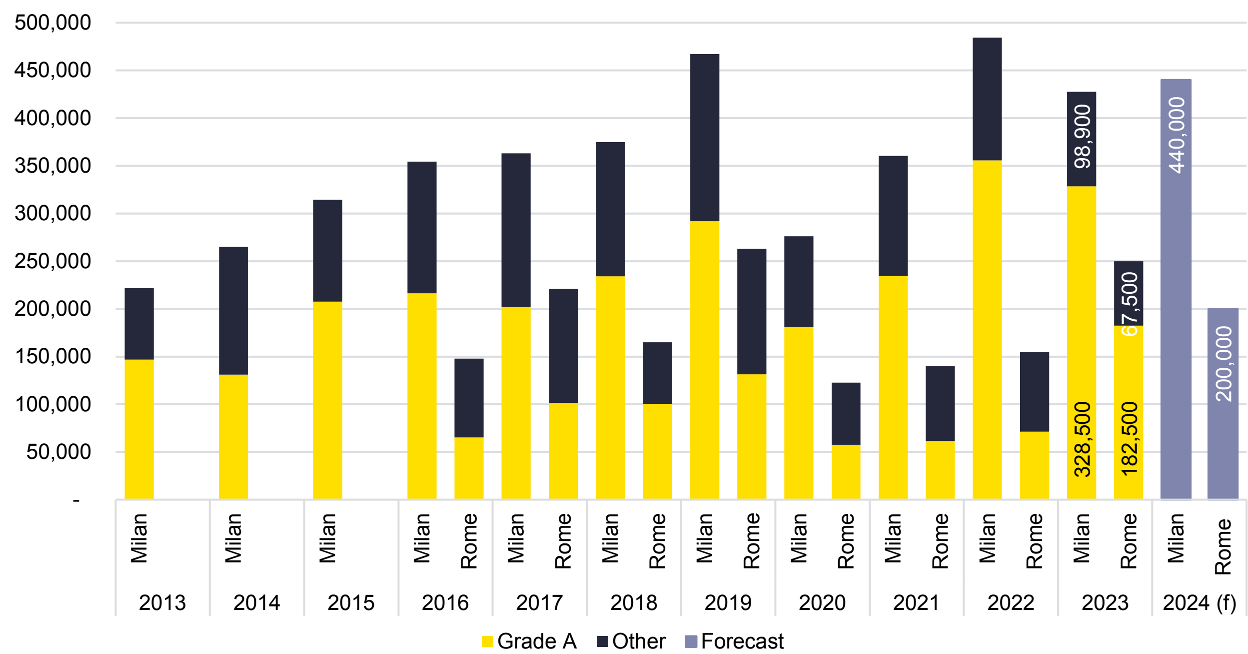
Office Vacancy: Milan & Rome (%)



Source: Savills.

4.3.4. Take Up

Office Take Up: Milan & Rome (sq m)



Source: Savills.

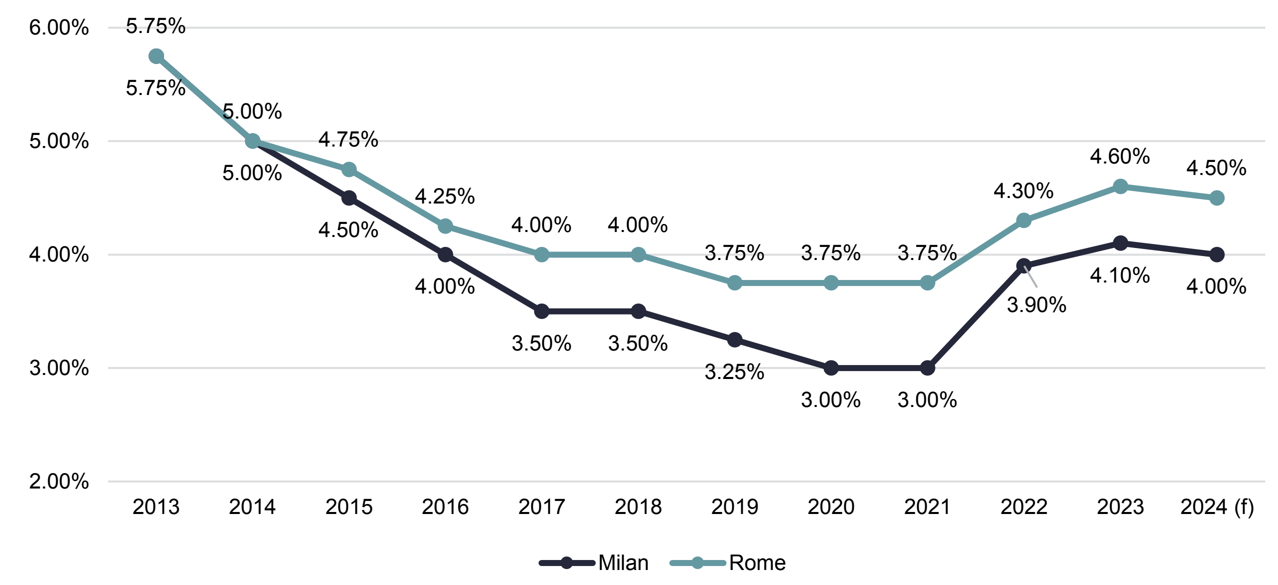
In 2023, the take up of office space in Milan was recorded at over 427,000 sq m, with over 76% classified as Grade A space. Corporates are adjusting to new working models, leading to increased demand for Grade A offices and smaller spaces to reduce their footprint. Despite the 2023 figures illustrating a year on year slowdown in leasing activity by 12%, the figures still indicate growth when compared to the last five-year average. This reduced leasing activity is partly due to a shortage of Grade A products which, combined with the ongoing flight to quality, has supported prime rent growth. Sub-leasing transactions have also contributed to activity in the Milan market, adding an additional 9% on top of the 327 recorded transactions. Although the trend decelerated in the second half of 2023, it mirrors a wider trend within the EMEA region where tenants are looking to consolidate and increase efficiencies in space, footprints and expenses.

Rome saw a 61% increase in year-on-year total take up in 2023. However, there is still a bifurcation in asset quality, as the take up in Grade A stock notably increased whilst the take up in other stock decreased. Looking at a three year average, take up has increased by approximately 29% annually. Nevertheless, activity is expected to slow down this year, with an estimated 200,000 sq m of space expected to be let.

4.3.5. Yields

After a prolonged period of hardening yields in both Milan and Rome, prime net yields showed further decompression in the years following Covid-19. An additional price adjustment is expected for secondary offices and peripheral markets. We do not expect these values to soften further throughout 2024 and cash buyers are expected to be active, benefitting from repricing. Nevertheless, overall activity is expected to remain subdued until H2 2024.

Office Prime Yields: Milan & Rome (%)

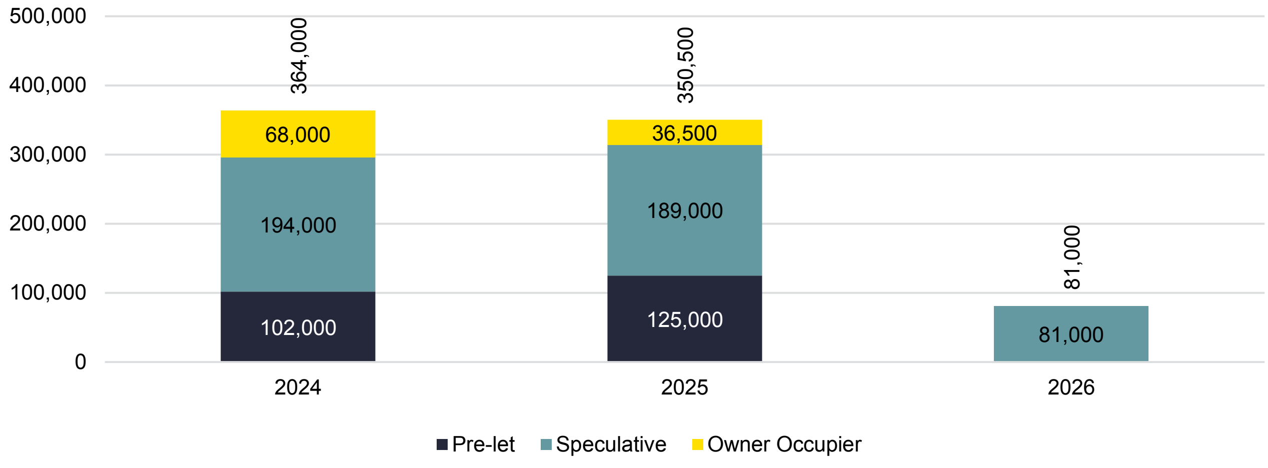


Source: Savills. Net Initial Yields (see definitions).

4.3.6. Future Outlook

In Milan, it is projected that by 2026, more than 795,000 sq m of office stock will be introduced to the market, comprising 66 projects. Of this pipeline, 58% is speculative, amounting to approximately 464,000 sq m, with 92% of these projects already under construction.

Office Pipeline Breakdown: Milan (sq m) 2024-2026



Source: Savills.

During the same time frame, approximately 300,000 sq m will be added to the market in Rome, with 48% of this space being speculative. This influx of available space is expected to significantly benefit the market, especially considering the tight supply and stable demand dynamics.

ESG & Sustainability Drivers

Since reviews conducted by the International Energy Agency (IEA) in 2016, Italy has elevated its climate ambitions, aiming to achieve carbon neutrality by 2050. In December 2023, the European Commission updated Italy's recovery and resilience plan, introducing a REPowerEU chapter. This proposal aims to end Italy's reliance on Russian fossil fuels before 2030.

Italy has taken steps to reduce its dependence on Russian natural gas in 2022 by securing contracts with new suppliers and continuing the transition to alternative energy sources. Additionally, the European Commission has outlined further support for Italy to facilitate its green transition. This includes funding for energy efficiency measures in residential and public buildings (€16.9 billion), sectoral reforms, sustainable mobility initiatives (€34.5 billion), deployment of electric vehicle charging points, improvements in concessions in Italian ports, and various other green initiatives.

4.4. Occupational Market Overview: Industrial / Logistics Sector

4.4.1. Overview

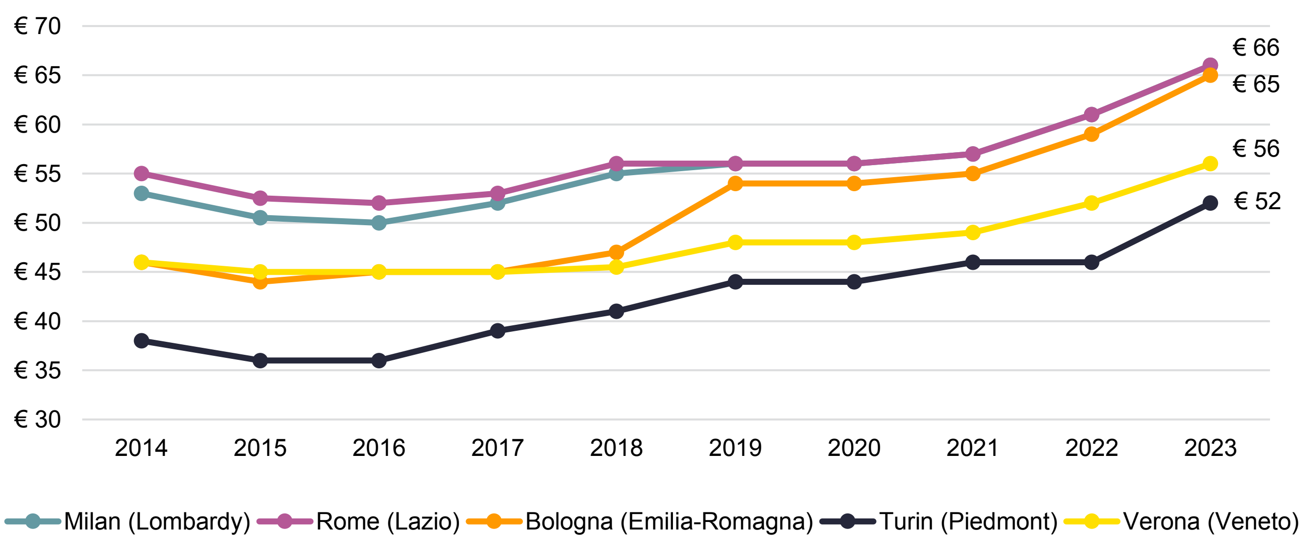
Interest in Italy's industrial and logistics real estate has experienced significant growth in recent years, with the sector comprising approximately 22% of total real estate investment volumes annually over the last five years (2018 – 2023). This marks a 10% increase compared to the 12% annual average recorded between 2014 and 2018.

In this section, we will examine the market nationally and concentrate on the territories within northern Italy, including Lombardy, Piedmont, Emilia-Romagna, and Veneto. These regions boast a pipeline of over 1.2 billion sq m of logistics space estimated to be under construction in 2024.

According to the "Logistics Performance Index", published by The World Bank, Italy ranked joint 19th alongside the UK in 2023. The number of e-commerce users in Italy is expected to grow by over 24% from 2024 – 2028, with 38.68 million users forecasted by 2028. It is forecasted that Italy will see strong e-commerce growth over the coming years, which will translate into online retailers and third party logistics expanding their capacity, to capitalise on this growth.

4.4.2. Rents

Prime Logistics Rents: Key Markets (€ sq m / p.a.)



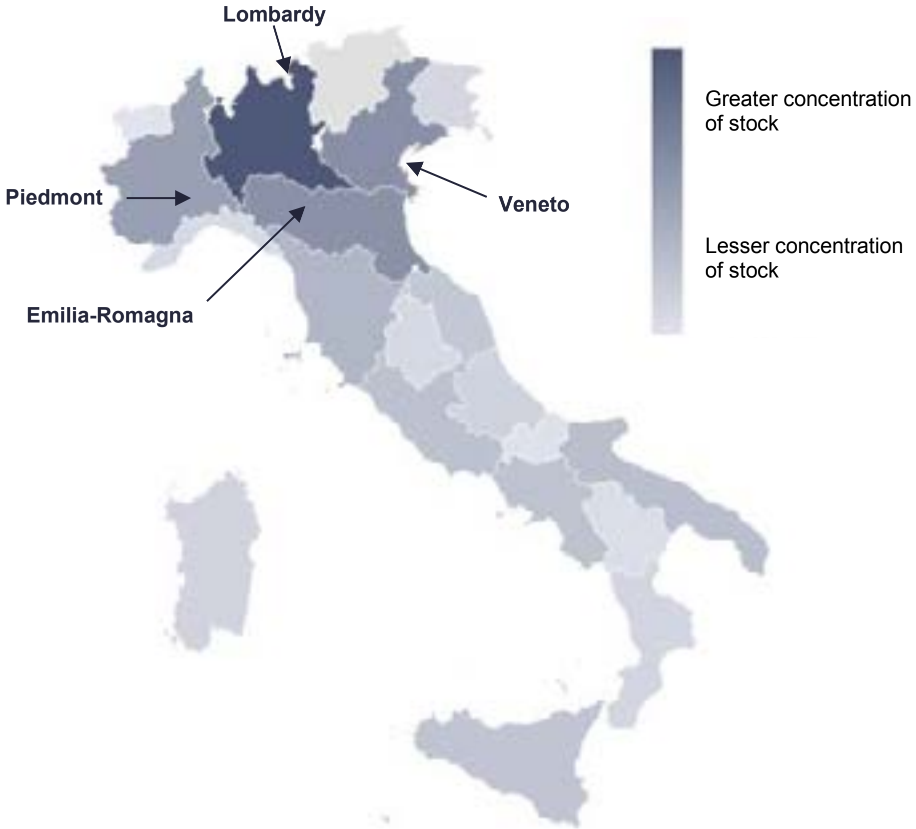
Source: Savills. Graph addresses key logistics cities in Italy with the region they are based within, in brackets.

The strong demand for high quality modern floorspace, coupled with low vacancy rates, is driving rents upward. Prime rents have continued to increase in multiple cities throughout the Q4 2023, with Milan forecasted to reach €70 sq m p.a. in 2024. It is worth noting that Milan's prime rents have been in line with prime rents in Rome since 2019. Typical incentives offered in these markets consist of one month's free rent for each year of the contract and logistics leases in Italy are usually based on a 6+6 year contract structure.

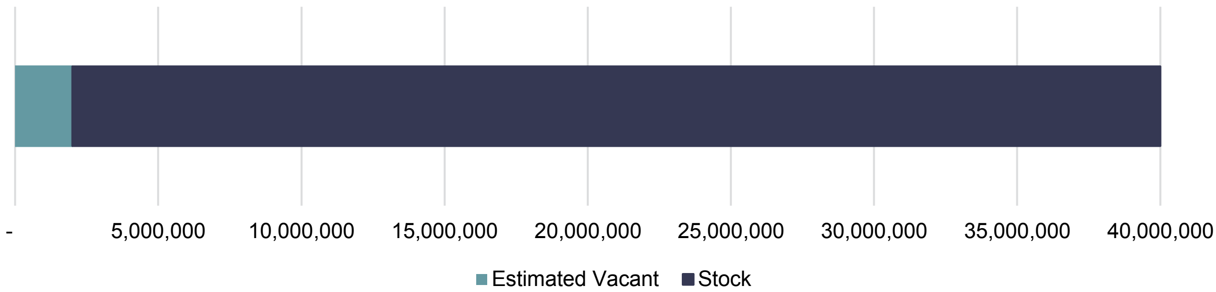
4.4.3. Stock & Vacancy

In 2022, the Lombardy region made up approximately a fifth of Italy's industrial and logistics stock, followed by Veneto (12%), Emilia-Romagna (12%) and Piedmont (10%). Italy's total logistics stock stands at around 40 million sq m, with a higher concentration in the northern part of the country. At national level, the vacancy rate remains low, below 5.0%, indicating a strong demand for industrial and logistics properties.

Concentration of Industrial & Logistics Stock by Key Markets (sq m)



Total Italian logistics stock and vacancy, 2023

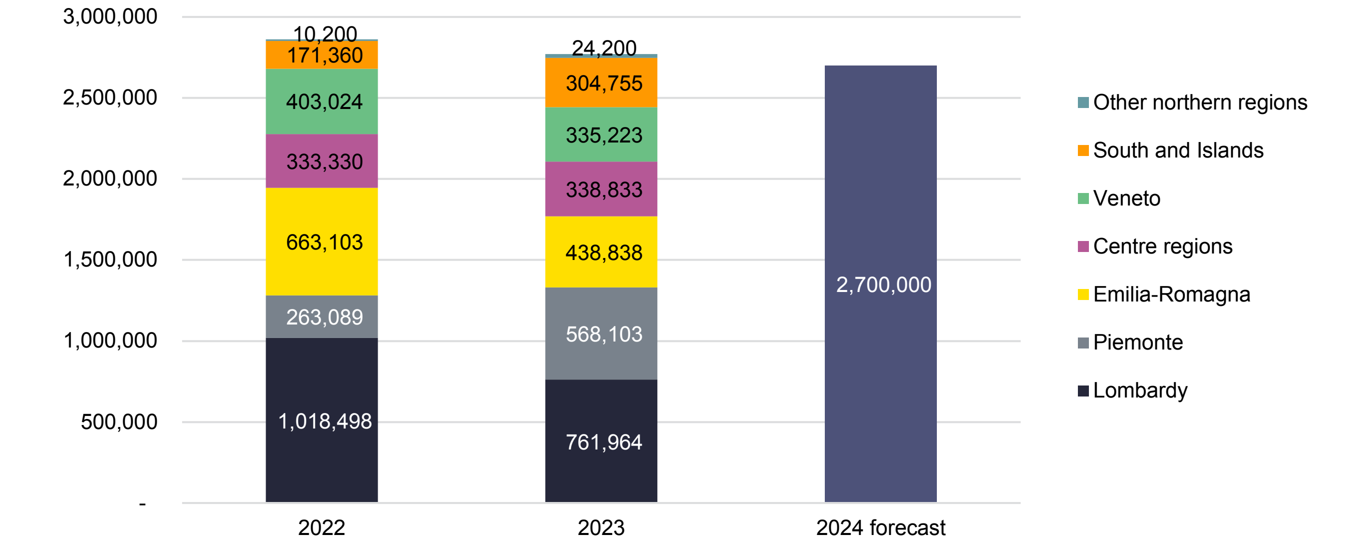


Source: Savills; using latest data from Statista as at end 2022. Visualised using GeoNames, Microsoft, Open Places & OpenStreetMap.

4.4.4. Take Up

Total take up of logistics stock has shown consistent growth over the past decade, with a compound annual growth rate of 16%. Take up remained particularly high during 2023, with nearly 2.8 million sq m leased, a figure almost in line with the previous year's record and 13% higher than the average of the last five years. The market was highly dynamic, with a recorded 156 transactions, primarily involving medium-sized spaces, ranging from 10,000 to 30,000 sq m.

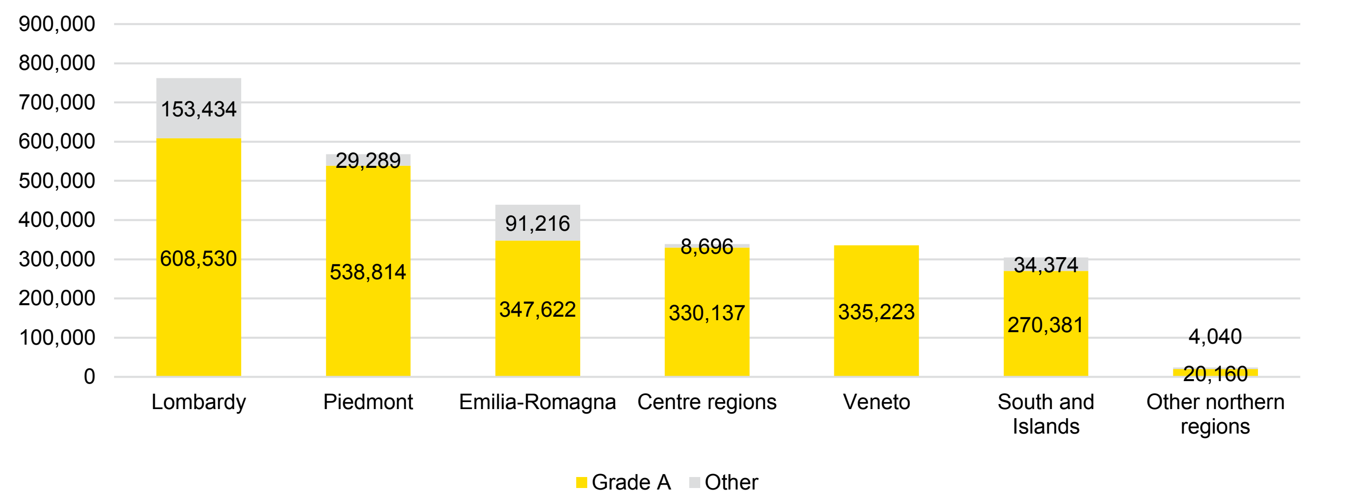
Logistics Take Up: Key Markets (sq m)



Source: Savills.

Geographically, northern regions attracted the majority of the activity, accounting for 77% of the total. Cities like Milan (Lombardy), Verona (Veneto), and Pavia-Piacenza (Emilia-Romagna / Lombardy) led the way. Additionally, emerging clusters such as Tortona and Padova-Vicenza-Rovigo (based in the region of Veneto) gained prominence over the past 12 months. Looking ahead to 2024, absorption rates are anticipated to remain high, aligning with the levels observed in the previous two years.

Logistics Take Up: Key Markets by Grade 2023 (sq m)

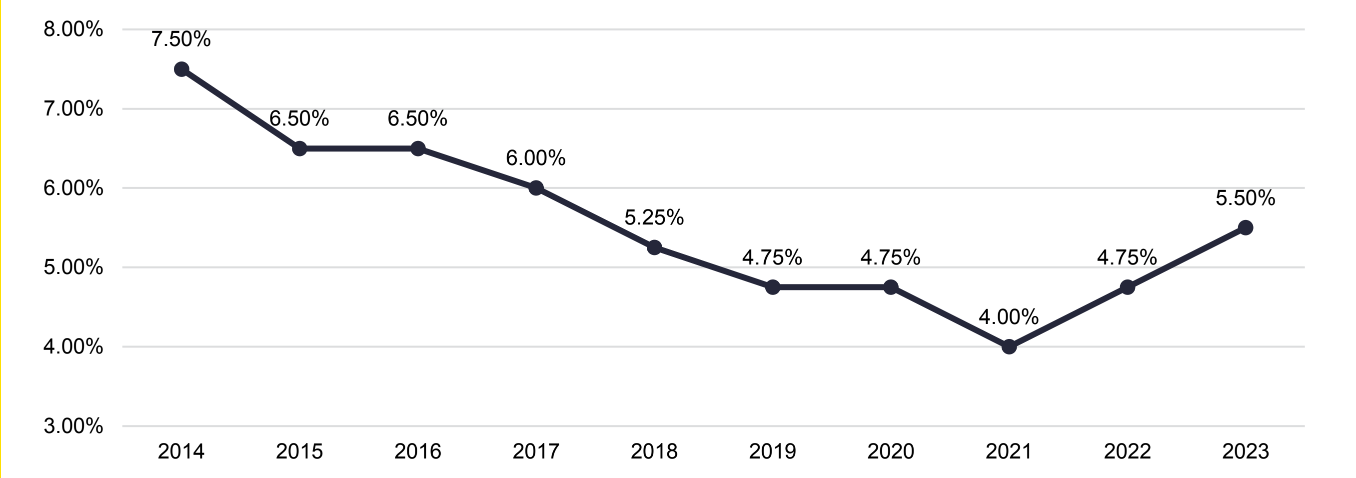


Source: Savills.

4.4.5. Yields

Yields continued to decompress until 2022 – 2023, where they softened by 75 bps each year. Milan and Bologna were noted as cities with the lowest prime yields for logistics real estate in 2023. Whilst yields have been decompressing, we anticipate that they will stabilise in 2024 as the market becomes more favourable, with investors targeting standard logistics assets, last-mile logistics, and indoor/outdoor storage assets.

Logistics Prime Yields: National (%)

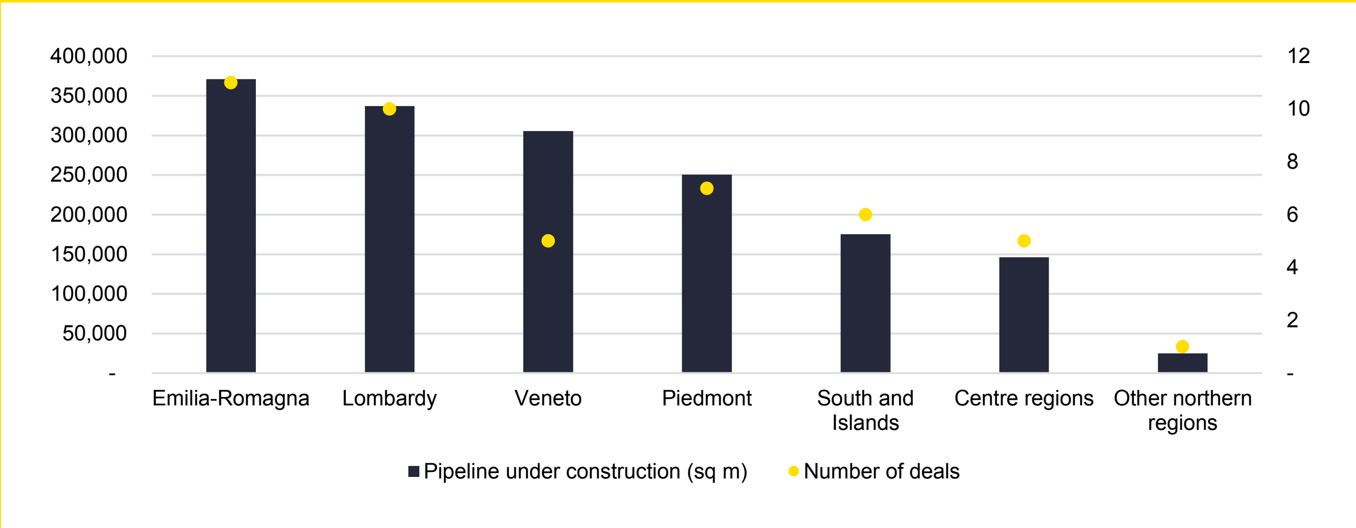


Source: Savills. Data as at end of Q4 each year. Net Initial Yields (see definitions).

4.4.6. Future Outlook

Third party logistics are currently the main occupiers in the market, covering approximately 55% of take up activity, with retailers, groceries and fashion occupiers as the more active players. By the end of 2024, numerous logistics projects are projected to be completed, adding an estimated 1.6 million sq m to the Italian market. The northern regions, particularly Emilia Romagna, Lombardy, and Veneto, are expected to be the most targeted areas. Moreover, speculative projects are increasingly being carried out by institutional investors and represent the majority of the pipeline.

Logistics Pipeline: Under Construction by Key Markets, 2024 (sq m)



Source: Savills. Data as at Q4 2023.

ESG & Sustainability Drivers

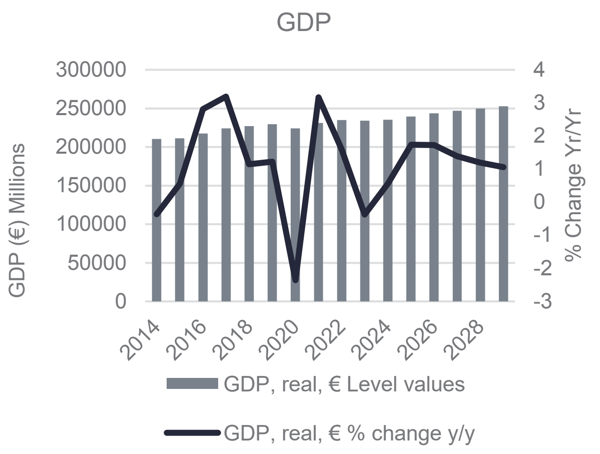
The outlook for 2024 indicates a sustained high demand for logistics space, alongside requirements for more modern, efficient, and sustainable stock. In recent years, the quality of take up has continued to improve, partly due to the emergence of new green-certified developments. Occupiers are now placing greater emphasis on sustainability features, as they seek to decarbonise their operations, both in terms of transportation and buildings, whilst also aiming to reduce costs. Efficient assets, accessibility and work environments that promote the well-being of employees are becoming increasingly important factors in occupier decision making. additionally, logistics hubs will become a nodal point for sustainable transport infrastructure.

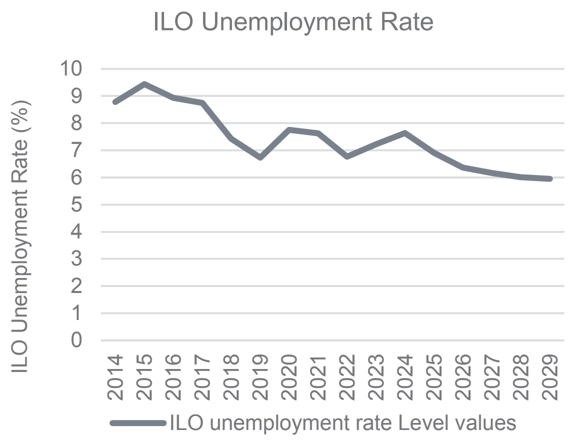
5. Finland

In this section we highlight the macroeconomic context in Finland; provide an overview of the commercial real estate market conditions; and provide an overview of the office market highlighting Helsinki.

5.1. Macroeconomic Context

Key Macroeconomic Indicators





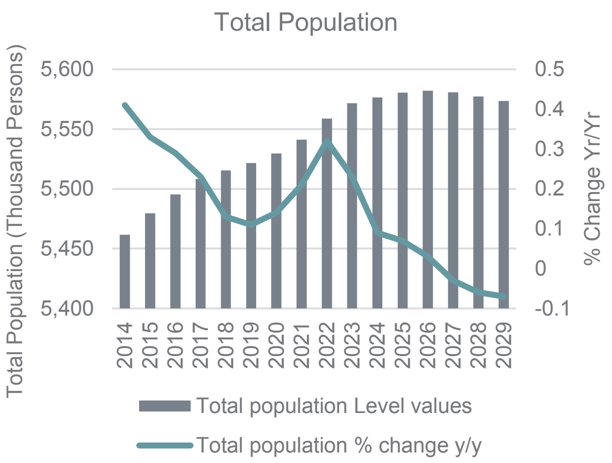


	Figure	Period
Government Gross Debt (% of GDP):	73.6%	October 2023
Inflation (CPI) (%)	3.60%	December 2023
Central Bank Interest Rate (%)	4.50%	February 2024

Source: Oxford Economics, IMF, Trading Economics (2024). Central Bank Interest Rate is the European Central Bank's Main refinancing Fixed Rate.

Since 2014, Finland's population experienced modest growth from approximately 5.461 million to 5.559 million in 2022. In additional to natural growth with a declining birth rate, immigration has been the main contributor to population growth in Finland. The country witnessed historic highs in immigration in 2023, with approximately 71,000 new arrivals, according to Statistics Finland. However, the proportion of the working-age population is decreasing, resulting in projected labour shortages. The population is set to stabilise and eventually decline from 2027, onwards.

The unemployment rate has fluctuated since 2014, but has trended downwards from 8.8% in 2014 to 6.8% in 2022. Unemployment increased slightly during 2023 and is forecast to decline gradually up to 2028. Challenges of the Finnish labour market continue to be the rapidly ageing population, labour demand and competitiveness between industries.

In 2023, Finland's economy is estimated to have contracted by around half a percent. This decline was primarily driven by a drop in consumer spending, influenced by higher interest rates and increased input costs, particularly affecting the construction sector. However, government consumption increased, and net exports are expected to have made a positive contribution.

The beginning of 2024 saw subdued business and consumer sentiment, with forecasts indicating sluggish growth in Q1 2024. Nonetheless, the anticipated decrease in inflation, alongside rising wages and the implementation of income tax cuts, is expected to bolster consumer purchasing power. Consequently, consumer spending is projected to be the primary driver of growth this year, followed by exports.

In 2025, domestic demand is expected to strengthen further, with investment growth picking up due to forecasted improved activity in the construction sector. Overall, real GDP growth is forecasted at 0.6% in 2024 and is expected to accelerate to 1.7% in 2025.

Inflation declined in 2023 from 7.1% in 2022, which is mainly attributed to a decrease in energy prices. Weak economic growth is expected to exert further downward pressure in 2024, leading to an overall projection of inflation falling to 2.0% in 2024.

Key Indicators	2022	2023	2024 (f)	2025 (f)	2026 (f)	2027 (f)	2028 (f)
GDP Change Year-on-Year (%)	1.6	-0.4*	0.6	1.7	1.7	1.4	1.2
ILO Unemployment Rate (%)	6.8	7.2*	7.6	6.9	6.4	6.2	6.0
Total Population (Thousand Persons)	5559*	5572*	5577	5581	5582	5581	5577
Government Gross Debt (% of GDP)	72.5	73.6	76.5	79.0	80.2	80.4	80.3
Inflation Rate (CPI, %)	7.1	6.3*	2.0	1.9	2.0	2.0	2.0
Long Term Interest Rate (%)	1.7	3.1*	2.7	2.5	2.5	2.5	2.5

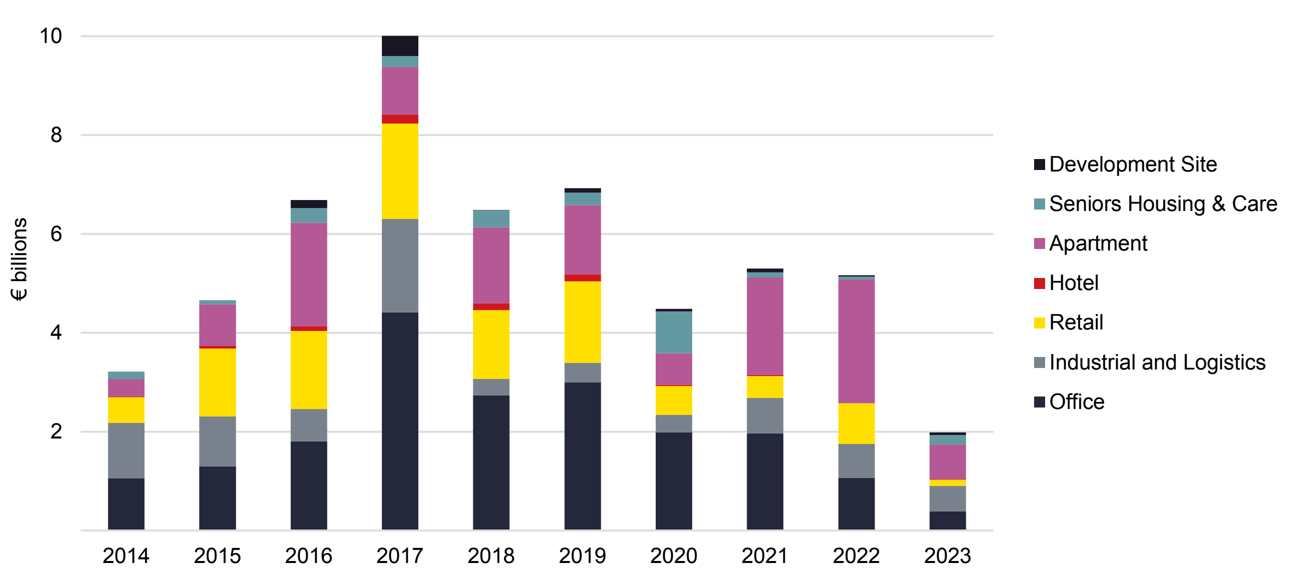
*Source: Oxford Economics, IMF (2024). *Forecast as actual figures are yet to be published.*

5.2. Commercial Real Estate Market Introduction

The Finnish real estate market has been impacted by the wider shift in investor sentiment, resulting in decreased capital flow into the market and a slowing of transactional activity. There is evidence for yield compression in the Finnish property market over the longer term, however this trend shifted in 2022 where yields moved outwards, and continued throughout 2023.

A large proportion of the Finnish real estate investment market comprises residential property. Indeed, in 2022, residential properties accounted for almost 30% of total transaction volume. Across the commercial sectors, the outlook is mixed. The office sector has been impacted by the wider trends of remote working and the shifting focus towards prime space. The retail market remains fairly stable with high occupancy rates, however rental levels are declining due to economic conditions. The industrial and logistics sector is seeing potential uplifts in rents and positive sentiment from international investors.

Finland Real Estate Investment: Volumes



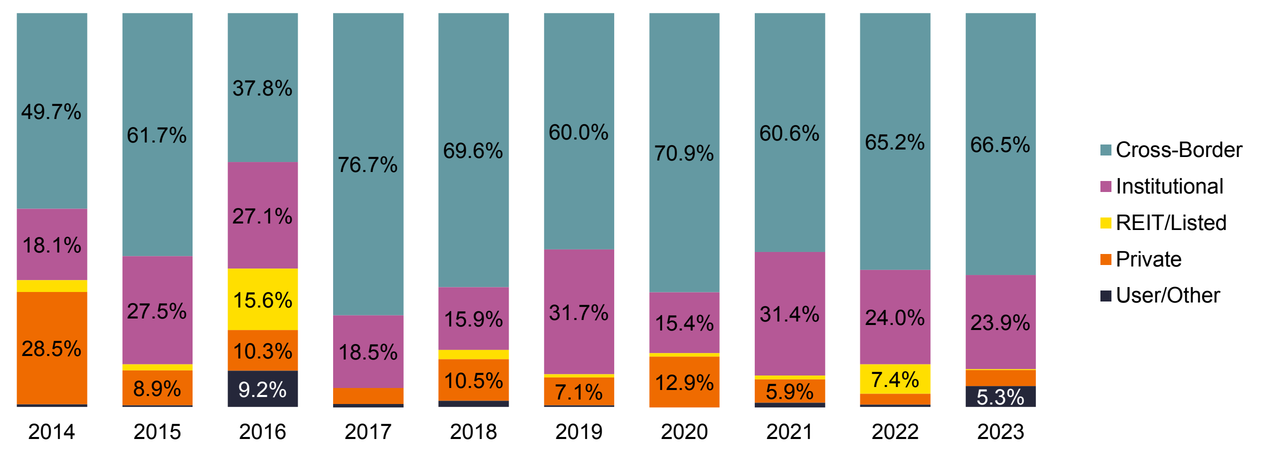
Source: MSCI.

Volume (€)	2019	2020	2021	2022	2023
Total	6,924,601,864	4,483,365,894	5,302,720,515	5,163,711,042	1,986,964,218

The investment market activity in Finland continues to centre primarily around the Helsinki Metropolitan Area, which accounted for approximately 51% of transactions in 2022.

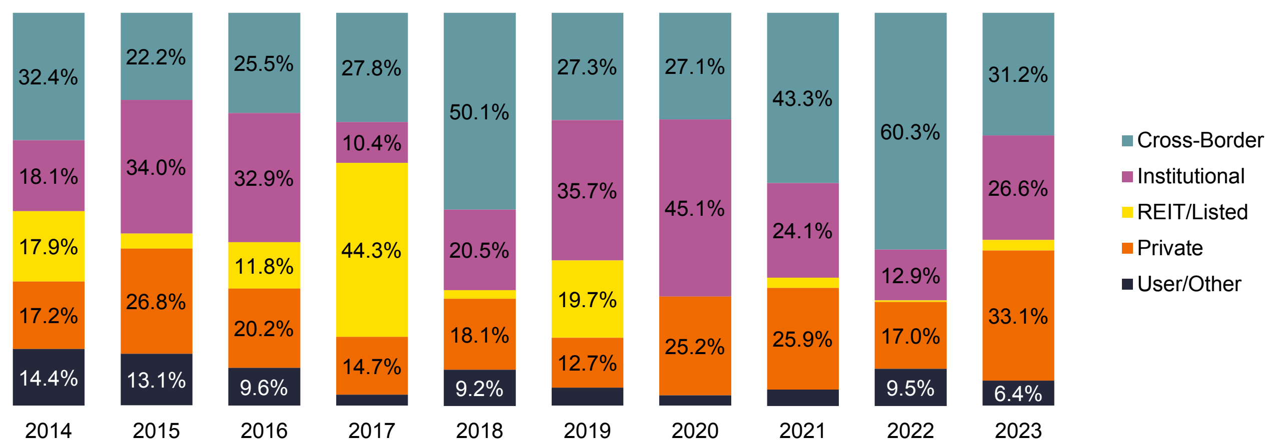
The construction market in Finland is primarily led by domestic players, and the majority of activity has been the development of new residential units and the redevelopment of existing office buildings. In terms of investors, cross-border capital has been growing in importance mostly originating from Nordic markets, in particular Sweden after gaining its position during the last market boom after 2017.

Finland Real Estate Investment: Buyer Types (%)



Source: MSCI.

Finland Real Estate Investment: Seller Types (%)



Source: MSCI.

5.3. Occupational Market Overview: Office Sector

5.3.1. Overview

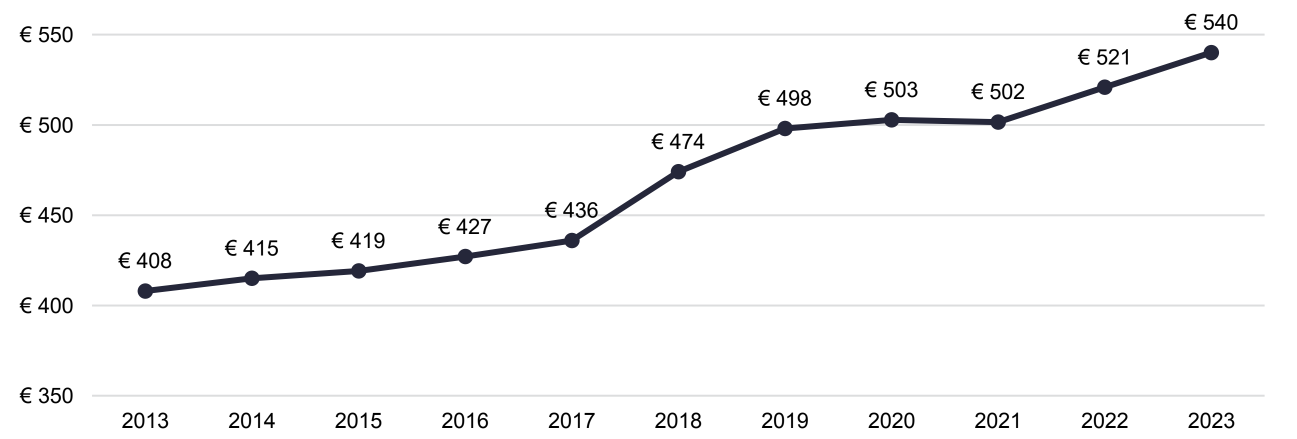
In this section, we will explore the office markets within the Helsinki Metropolitan Area (HMA), encompassing Helsinki (Finland's capital city), Espoo and Vantaa, together with the small city of Kauniainen.

Across Finland, vacancy rates vary, with some regions experiencing structural vacancy issues. Rent growth has been consistent, and whilst occupiers are willing to pay higher rents for better quality stock, their size requirements are generally trending downwards, driven by increasing levels of remote working. Finland has embraced remote working following Covid-19, with 96% of households having access to broadband internet. Notably, in 2010, the Finnish government became the first globally to establish high-speed internet access as a legal entitlement.

Finland boasts some of the world's most ambitious sustainability goals. Within the office real estate market, tenants are typically looking for smaller yet high-quality spaces that align with ESG considerations.

5.3.2. Rents

Prime Office Rents: Helsinki CBD (€ sq m / p.a.)



*Source: Savills. Data as at Q4 each year. *2022 is at end H1.*

Both prime rents and secondary rents within Helsinki's CBD and its surrounding areas have steadily increased following a recovery from the global financial crisis in 2008. Over the last decade, prime Helsinki CBD rents have grown by almost 28%, primarily due to limited new developments during this period, with only three locations with new office construction.

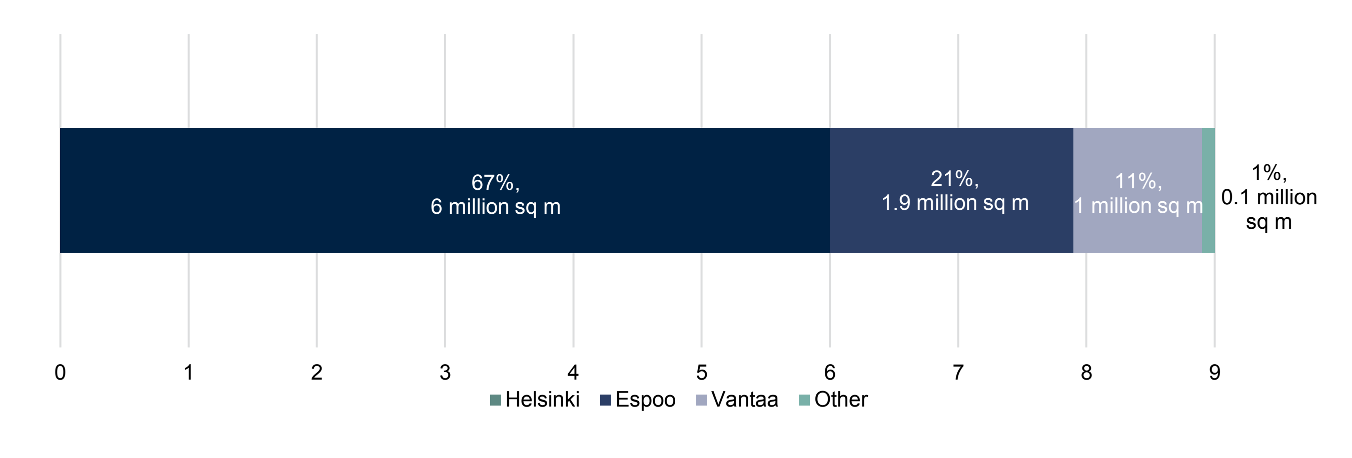
Office rents are typically linked to the Cost of Living index, and landlords prioritise maintaining high occupancy rates over driving rental growth. We would comment that rental rates across the HMA exhibit significant variation and secondary rents generally trend at least 20% lower than prime offices, albeit this is location dependent with those areas experiencing higher levels of vacancy typically attaining lower rents.

5.3.3. Stock & Vacancy

There is approximately 20.1 million sq m of office stock within Finland which is concentrated across three key regions: the HMA, Tampere and Turku. Office market activity is concentrated within the HMA, which accounts for approximately 9 million sq m, representing about 45% of the total office stock in the country.

Whilst much of the office stock in Helsinki's CBD dates back to the late 1800s and early 1900s, these buildings are generally well-maintained and refurbished. Outside the city centre, office buildings typically comprise comparatively newer, purpose-built spaces.

Office Stock: Key Markets (sq m)

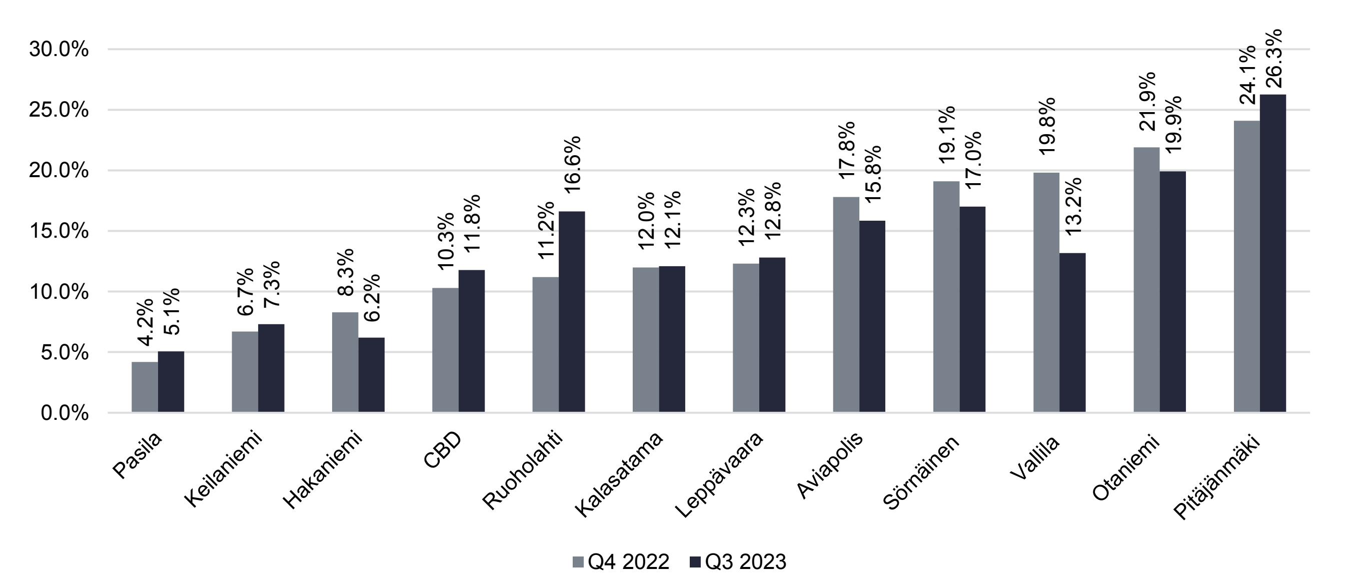


Source: Savills using KTI data as at end full year 2022.

During the 2010s, an average of 82,000 sq m of new office space was completed annually in the HMA. However, an average of 72,000 sq m of office space was converted to other uses each year, primarily residential.

Conversions from office to residential are constrained by the zoning regulations. Typically, residential conversions in the city centre are easier than in suburban areas as many office buildings were originally designed for residential use, making it easier from a technical perspective. However, recent proposals for such conversions have faced rejection by Helsinki city officials. This is part of an effort to preserve commercial space, although conversions to other uses such as hotels have been more readily approved.

Office Vacancy Rate: Helsinki Metropolitan Area Submarkets (%)



Source: Savills using data from Helsinki Research Forum.

Vacancy rates in the Finnish office market remain high, especially in secondary micro-locations. The Helsinki Research Forum investigated 12 neighbourhoods across the HMA. The highest vacancy rates were identified in Pitäjänmäki (26.3%), Otaniemi (19.9%), Vallila (13.8%) and Sörnäinen (17.0%). Smaller neighbourhoods face volatility in vacancy rates, with the risk of concentration as the departure of a major tenant can significantly impact rates.

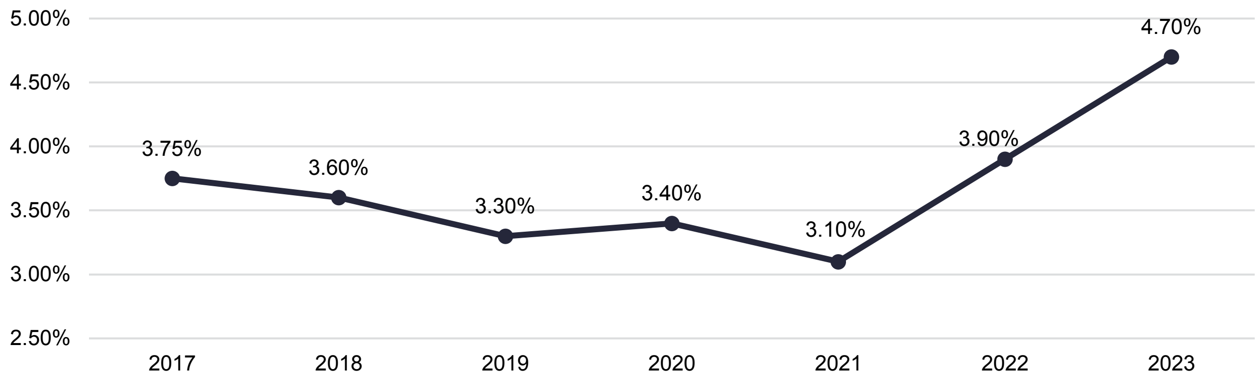
As of September 2023, the Helsinki Research Forum estimated over 87,000 sq m of office space to be vacant in Helsinki's CBD. In Q3 2023, seven of the 12 neighbourhoods in HMA recorded higher vacancy rates compared to Q4 2022, with Ruoholahti seeing the largest increase of 5.4%. Notably, whilst the pandemic contributed to a decrease in demand for office space, vacancy rates across the HMA have consistently exceeded 10.0% for over 15 years and prime assets are experiencing structural vacancy.

Although companies are actively looking for new premises, the process of decision-making is often slow and take up data is not readily available.

5.3.4. Yields

Data from the Rakli-KTI Commercial Property Barometer illustrates that since 2016, prime yields across Finland's major cities have been softening. This barometer is in part subjective and sentiment driven, as it is based on the opinions of representatives of various market participants. As of Q3 2023, the barometer suggests that yields in the Helsinki CBD are approximately 4.70%, marking a shift from previous years where yields were typically between 3.00% and 4.00%.

Office Prime Yields: Helsinki CBD (%)



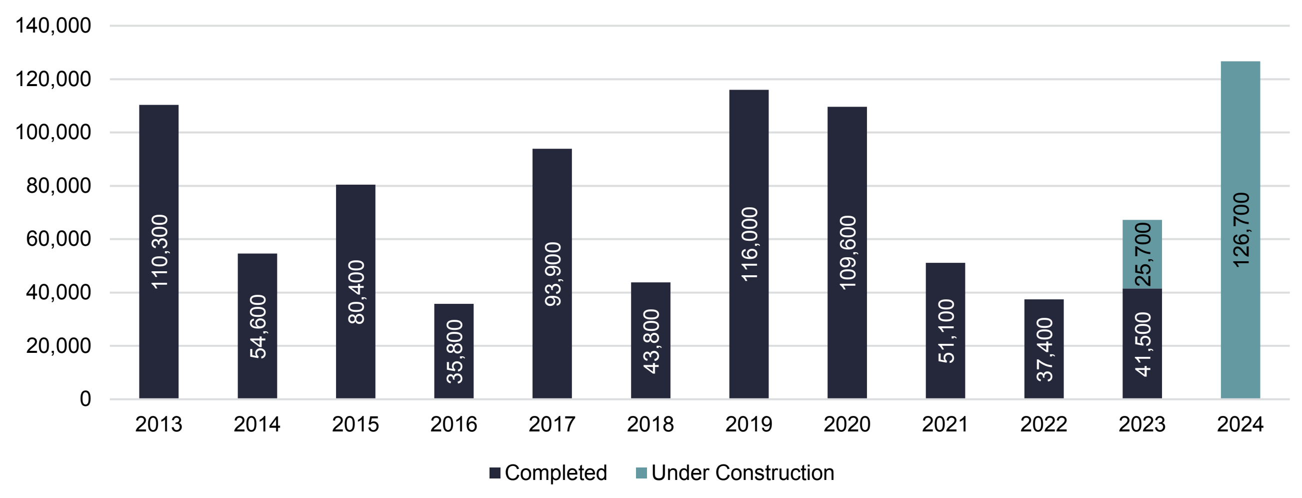
Source: KTI, Statista (2023). Net Initial Yields (see definitions).

5.3.5. Future Outlook

The dampened market conditions and the oversupply of office space in the HMA are pushing investors to consider redevelopment opportunities. As a result, the number of office conversion projects has increased. These projects are typically carried out by the existing owner or sold to investor / developers who are better equipped to take on development risk. Even for prime assets, the market is considered challenging due to the difference in pricing expectations between sellers and buyers.

Key themes in the market include polarisation and flight to quality as occupiers adjust their space requirements, prioritising modern, well-located and environmentally sustainable buildings. Vacancy rates across Finnish cities vary but remain high. Looking ahead, the estimated completion of 67,200 sq m in 2023 is expected to almost double in 2024.

Office Pipeline: Helsinki Metropolitan Area (sq m)



Source: KTI, RPT BYGGFAKTA OY. Figures reflect Total Lettable Area.

ESG & Sustainability Drivers

Finland has set ambitious sustainability targets, aiming to become carbon neutral by 2035, which places it among the global leaders in environmental responsibility. These targets are attractive to office occupiers and property owners seeking to integrate ESG into their strategies. Key policies in Finland's sustainability efforts include a focus on reducing the carbon footprint of the construction sector and lowering emissions from the existing building stock.

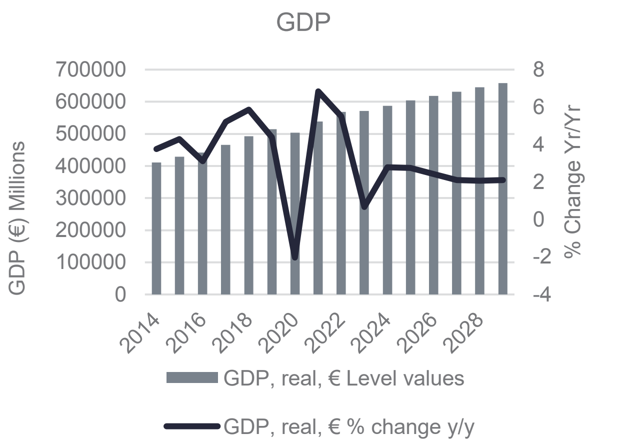
In March 2023, the Finnish Parliament adopted the new Building Act, which introduces circular economy requirements and mandates the tracking of materials used in new construction and demolition projects. In terms of energy efficiency, Finland has made significant progress toward its 2035 target, according to the International Energy Agency. This progress is attributed to Finland's strong foundation and investments in nuclear plants and hydropower, which contribute to reducing greenhouse gas emissions and advancing the country's transition to a sustainable energy future.

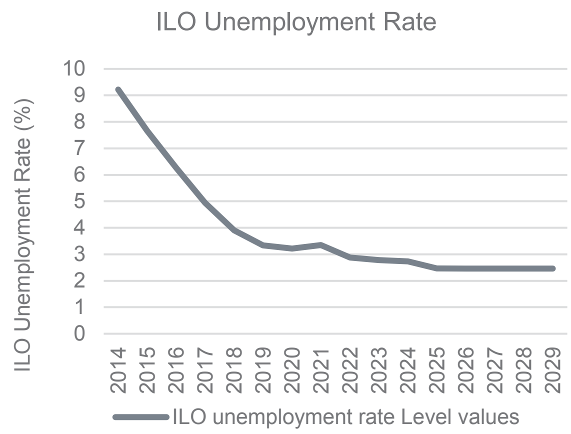
6. Poland

In this section we highlight the macroeconomic context in Poland; provide an overview of the commercial real estate market conditions; and provide an overview of the office market highlighting Warsaw, Poznań and Kraków.

6.1. Macroeconomic Context

Key Macroeconomic Indicators





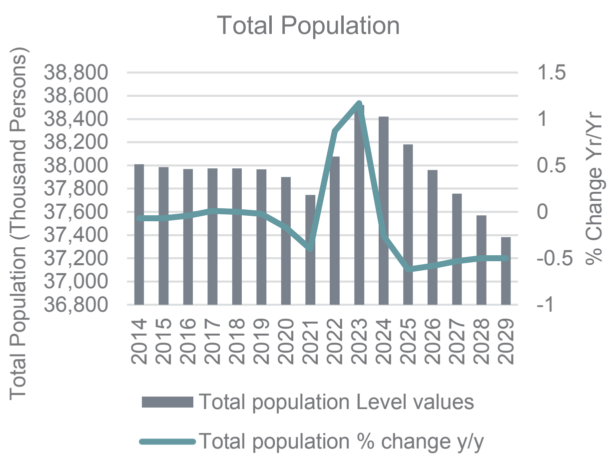


	Figure	Period
Government Gross Debt (% of GDP):	49.8%	October 2023
Inflation (CPI) (%)	3.90%	January 2024
Central Bank Interest Rate (%)	5.75%	February 2024

Source: Oxford Economics, IMF, Trading Economics (2024). Central Bank Interest Rate is the Polish National Bank's Reference Rate.

Between 2014 and 2021, Poland's population very gradually declined. This decline was attributed to factors such as emigration, low birth rates and an ageing population. However, Poland has seen an increase in immigration in recent years, particularly from neighbouring countries and Ukraine, which has helped to offset some of the population decline. Despite this, the agency and has predicted that Poland will need to attract almost two million immigrant workers over the next decade to prevent demographic decline.

The unemployment rate for Poland consistently declined since 2014 and it now has one of the lowest unemployment rates in the EU. The ILO ranked Poland first among EU countries in terms of rebuilding its labour market from the impact of Covid-19. A combination of economic growth, structural reforms, investment in education and training, labour market flexibility, and demographic changes have contributed to the falling unemployment.

The Polish economy is estimated to have grown in 2023, albeit by less than 1%. Positive contributions came from net exports, as imports fell more than exports, and investment accelerated, largely due to the culmination of EU funding from the 2014-2020 programming period.

Following a slowdown in economic growth during 2023, a higher GDP growth rate of 2.8% is forecasted for 2024, partly due to the continuing increases in disposable income and falling inflation. Decelerating commodity, food prices, and fuel prices, contributed to a reduction in the inflation rate from 6.2% in December 2023 to 3.9% in January 2024.

In December 2023, Poland's parliament voted to extend the existing energy price freeze for households and businesses until mid-2024. Average gross wages in Poland increased by 4.8% from Q3 2023 to Q4 2023. The National Bank of Poland has also retained an interest rate of 5.75% for the fifth consecutive month in February 2024.

Key Indicators	**2022**	**2023**	**2024 (f)**	**2025 (f)**	**2026 (f)**	**2027 (f)**	**2028 (f)**
GDP Change Year-on-Year (%)	5.5	0.7*	2.8	2.8	2.4	2.1	2.1
ILO Unemployment Rate (%)	2.9	2.8*	2.7	2.5	2.5	2.5	2.5
Total Population (Thousand Persons)	38076*	38520*	38420	38181	37960	37758	37569
Government Gross Debt (% of GDP)	49.1	49.8	52.2	53.9	56	57.4	58.6
Inflation Rate (CPI, %)	14.4	11.6*	5.5	4.4	2.7	2.4	2.5
Long Term Interest Rate (%)	6.1	5.9*	5.5	5.1	4.6	4.6	4.6

*Source: Oxford Economics, IMF (2024). *Forecast as actual figures are yet to be published.*

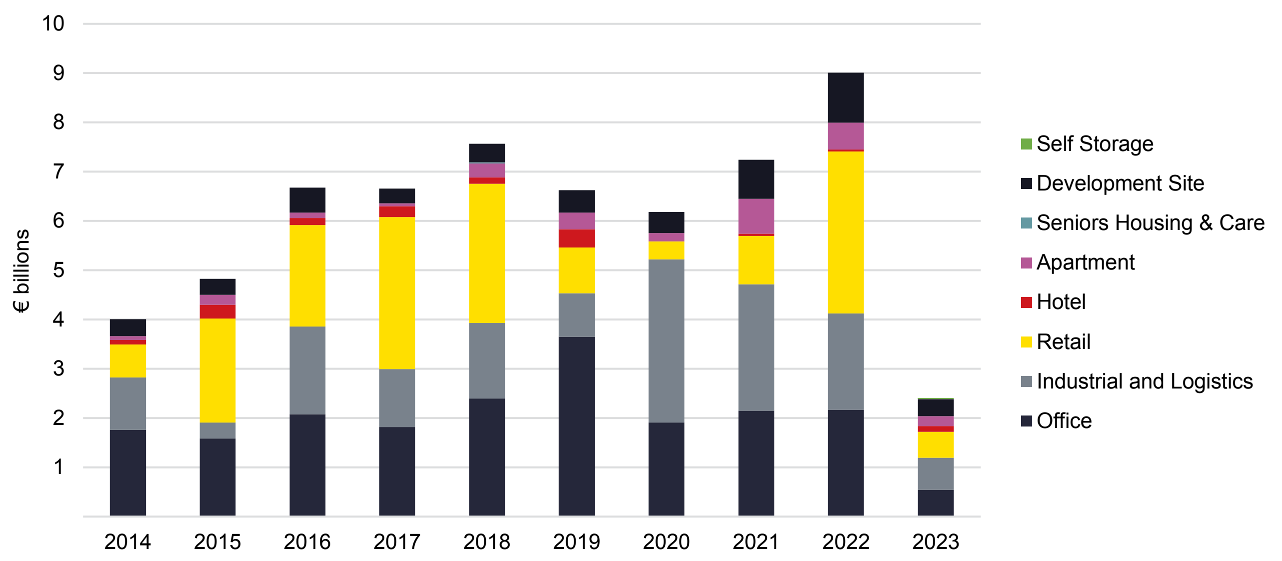
6.2. Commercial Real Estate Market Introduction

The commercial real estate market in 2023 was significantly impacted by geopolitical unrest and instability in financial markets, leading to a sharp decline in total investment volumes. The data from 2023 indicates that real estate investment volumes reached their lowest annual level since 2010, dropping by over 63%, with substantial decreases in various sectors. The office sector experienced the largest decline, with activity down by nearly 80%, followed by the retail sector with a 71% decrease, and the warehouse / industrial sector with a 52% decline.

The total number of transactions also decreased significantly, with only 74 deals finalised, the lowest number since 2015. Among these transactions, 18 were in the office sector, 27 in the retail sector, and 26 in the warehouse/ industrial market. There were two deals involving hotel assets and one involving a self-storage building.

Out of 18 office properties transacted over the past 12 months, only two are located in Kraków, with the remaining 16 in Warsaw. None of these transactions were prime offices. The total investment volume in the office sector amounted to only €428.8 million, down by almost 80% compared to the previous year. Only one-fifth of this volume was finalised in Q4 2023, with Q1 and Q3 of 2023 being the most active.

Poland Real Estate Investment: Volumes

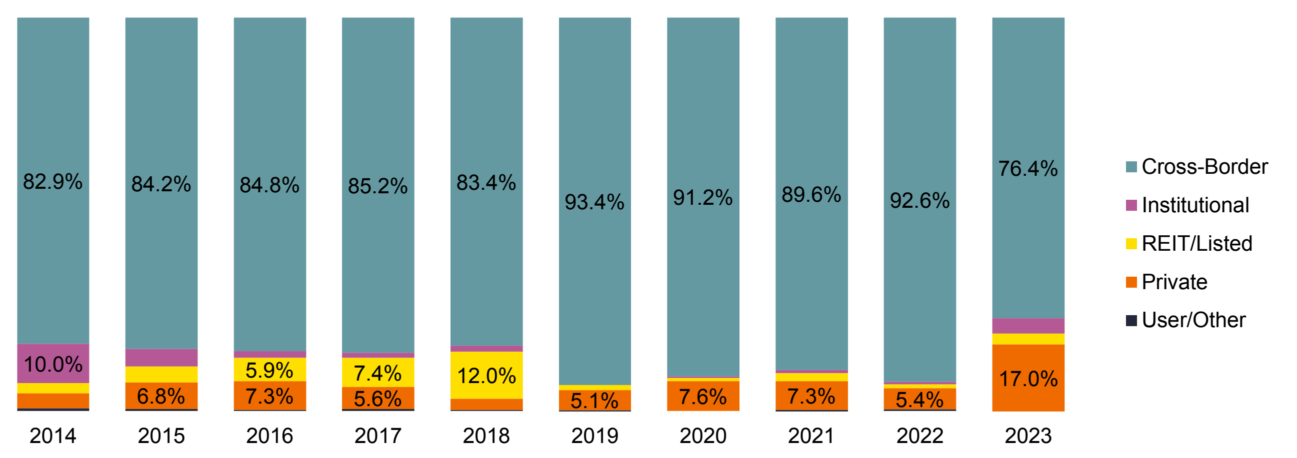


Source: MSCI.

Volume (€)	2019	2020	2021	2022	2023
Total	6,625,473,485	6,185,449,765	7,238,614,263	9,007,667,598	2,402,072,089

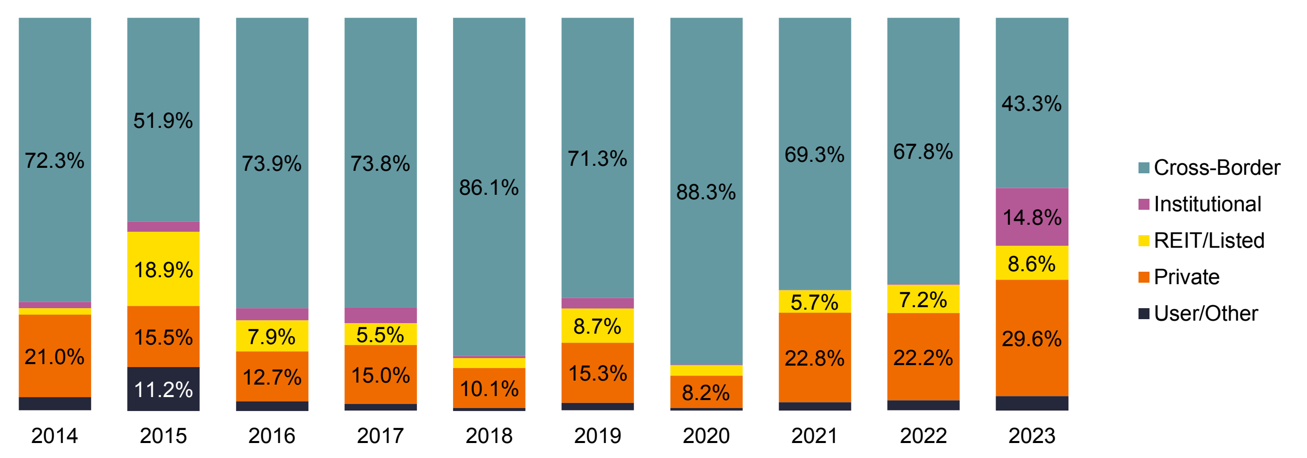
The Polish real estate market has historically seen a predominance of cross-border parties among both buyers and sellers. However, from 2022 to 2023, there has been a notable shift in this trend. The proportion of cross-border sellers has decreased, while there has been an increase in both institutional and private sellers.

Poland Real Estate Investment: Buyer Types (%)



Source: MSCI.

Poland Real Estate Investment: Seller Types (%)



Source: MSCI.

6.3. Occupational Market Overview: Office Sector

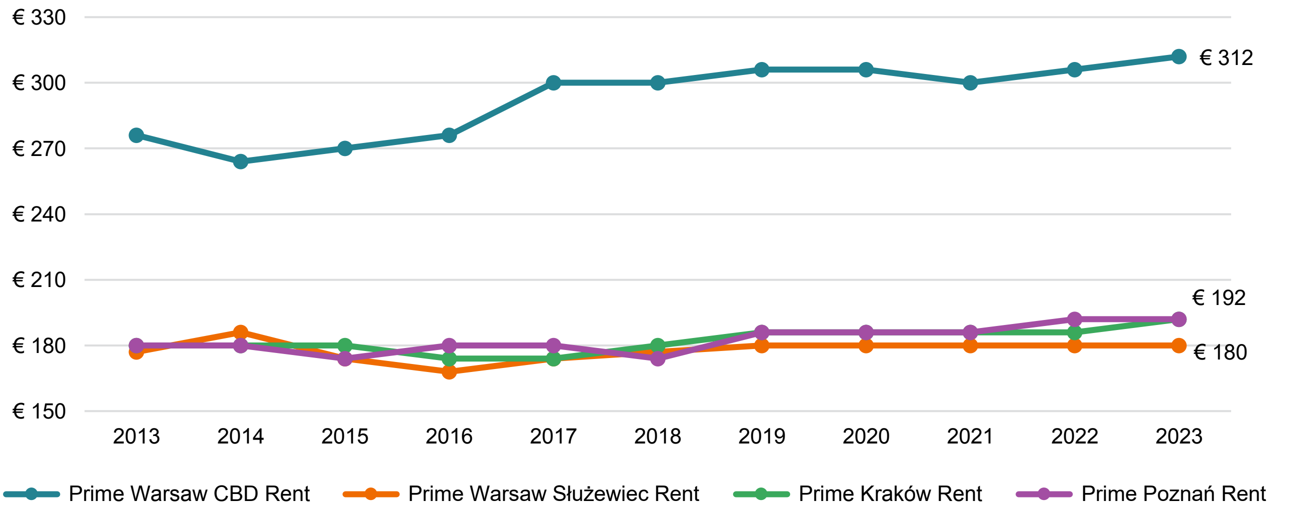
6.3.1. Overview

In this section, we examine the office markets within Warsaw, Kraków and Poznań. Warsaw, as the capital city of Poland, has an approximate population of over 1,799,000. Kraków, situated in the south near the border of the Czech Republic, is the second largest city in Poland. Poznań is located in the western region of the country.

In the years following the Covid-19 pandemic, employers have gained a better understanding of their office space requirements and are increasingly downsizing their offices. As a result, office development has been declining. In Poland, the minimum workspace per head is determined on a cubic metre basis, and we anticipate that whilst Warsaw will see an average increase in space per head, the average space per worker will be 10-12 sq m. Poland's regional cities are anticipated to remain more stable. The trend of 'flight to quality' and ESG compliance will continue to gain importance throughout 2024, as the industry will prioritise decarbonization, reduction of energy usage and minimising carbon footprints.

6.3.2. Rents

Prime Office Rents: Warsaw, Kraków & Poznań (€ sq m / p.a.)



Source: Savills. Służewiec is a neighbourhood in Warsaw largely comprising office buildings.

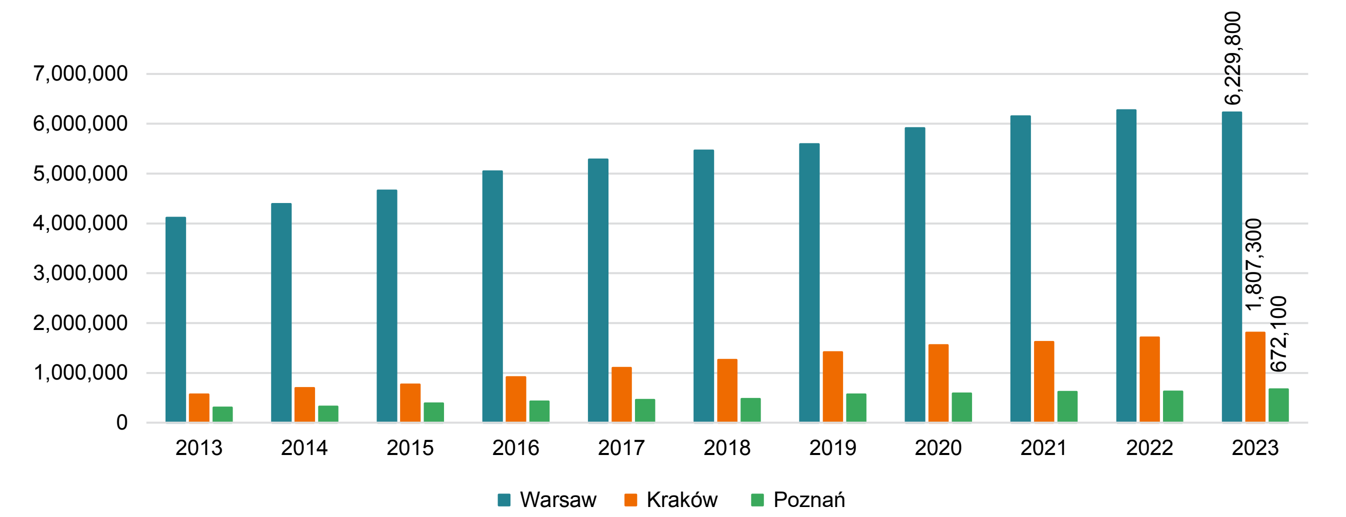
In Warsaw, prime office rents in the CBD stood at €312 per sq m p.a. at Q4 2023. Rents in the outer city neighbourhood, Służewiec are 42% lower than the CBD and have remained stable at €180 per sq m p.a. Kraków and Poznań prime rents are largely parallel and were recorded at €192 per sq m p.a. at the end of 2023.

The average share of renegotiations and lease renewals in Warsaw between 2018 and 2022 stood at 35%, with this trend growing in the last three years. In 2023, the share increased further to approximately 43%, translating into 319,500 sq m of renegotiated space, with 141,100 sq m located in the central zones.

The average new office lease size in Warsaw has been gradually decreasing over the last three years, from over 1,000 sq m before Covid-19 to approximately 800 sq m in 2023. A proportion of tenants are seeking smaller office spaces with higher standards or in better locations.

6.3.3. Stock & Vacancy

Office Stock: Warsaw, Kraków & Poznań (sq m)

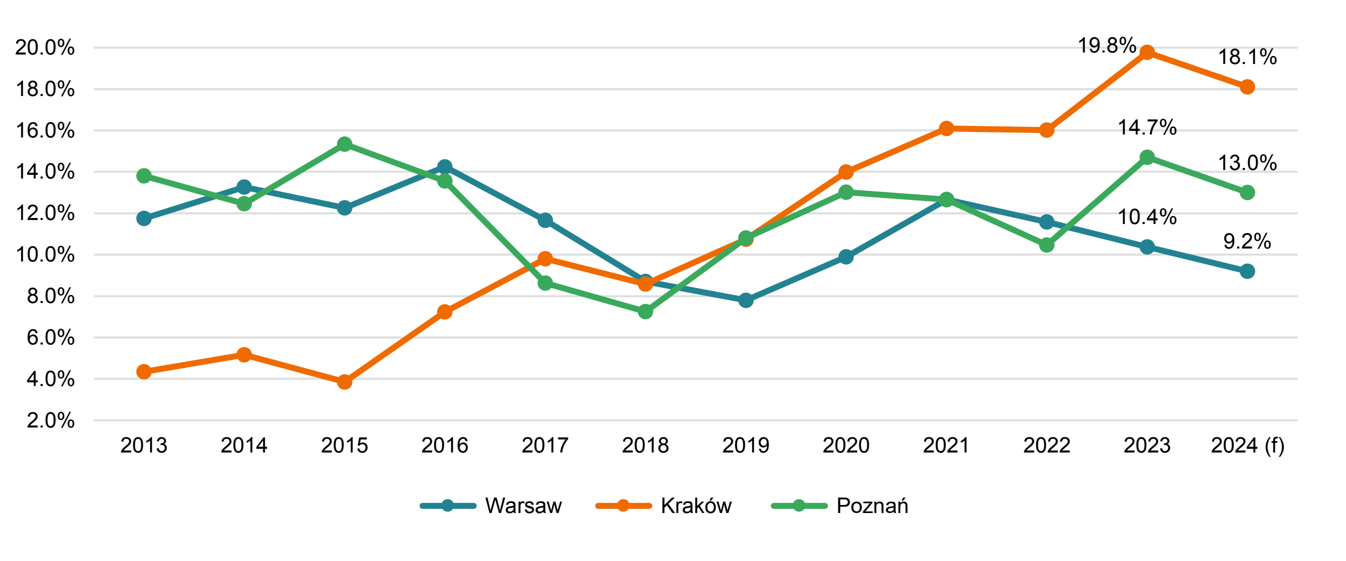


Source: Savills.

In Warsaw, the office stock has steadily increased over the last decade, rising from 4,112,800 sq m to 6,229,800 sq m by the end of 2023, although the rate of growth decelerated from 2022 to 2023. Completions in 2024 are forecasted to slightly exceed 100,000 sq m, however a noticeable rebound and increase in new supply may occur between 2025 and 2026 based on developers plans, dependent on market conditions. At the end of 2023, the total stock of office space in Kraków was 1,807,300 sq m. Six office projects were delivered last year, with a total of 97,200 sq m (a slight decrease of 3%). The largest projects completed in 2023, exceeding 20,000 sq m, include Ocean Office Park B (28,600 sq m by Cavatina) and Kreo (24,000 sq m by Ghelamco).

Poznań is a medium-sized office market, with a total area of 672,100 sq m by the end of 2023, just over a tenth of the stock in Warsaw. In 2023, over 43,200 sq m of office space was delivered to the market, however, no office developments were completed in 2022. The largest projects completed include Nowy Rynek E (25,100 sq m by Skanska Property Poland) and Tetos HQ (10,800 sq m developed by Tetos for own their use).

Office Vacancy Rate: Warsaw, Kraków & Poznań (%)



Source: Savills.

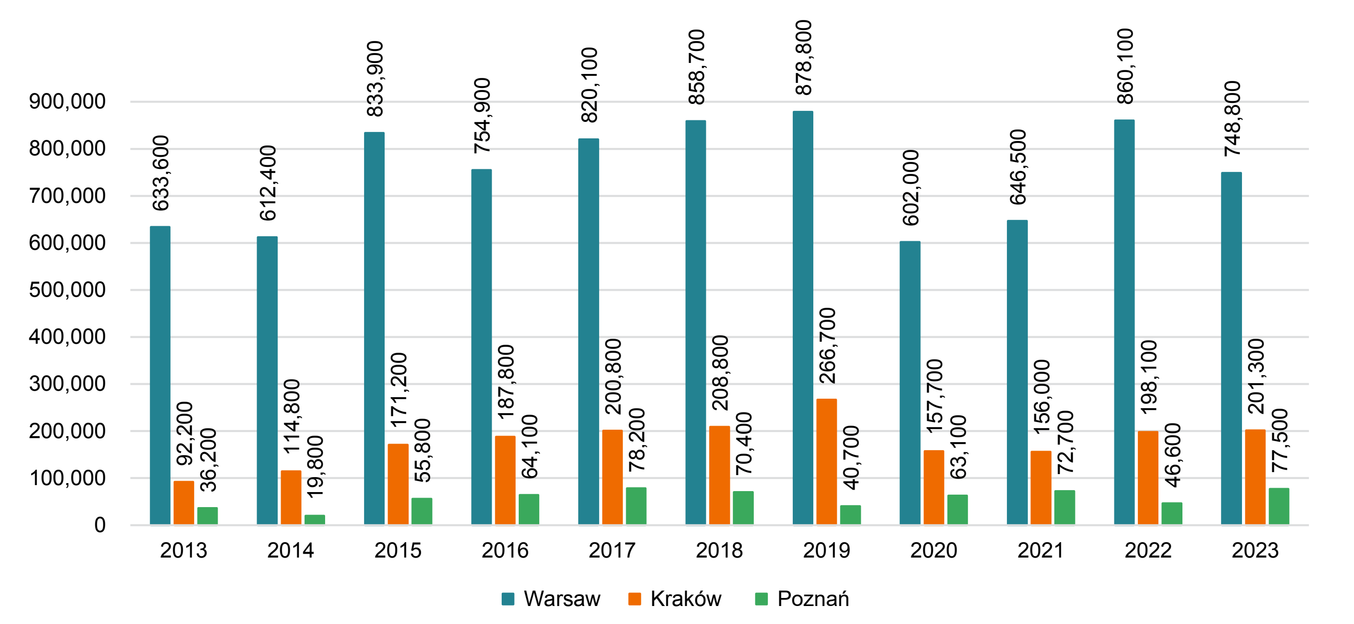
At the end of 2023, the office vacancy rate in Warsaw hit its lowest level in eight quarters, standing at 10.4%. Vacant space amounted to 646,700 sq m, with new supply in 2023 reaching its lowest level on record. Last year, developers delivered only 60,900 sq m of new office space, with just 30% located in central zones.

In Kraków, the availability of vacant office space has gradually increased over the past decade. The vacancy rate rose from 10.0% in March 2020 to 19.8% by December 2023, corresponding to 357,200 sq m of vacant space. In addition to the impact of the existing economic climate and rise of hybrid working, the high level of new supply has exacerbated the increase in the vacancy rate. Between 2020 and 2023, more than 415,000 sq m of new office space was delivered in Kraków, of which over 105,000 sq m remains vacant. New projects account for almost a third of the vacant space in the city (over 29%).

Similarly, Poznań has also seen a significant increase in vacancy rates since the end of 2019. The vacancy rate rose from 10.8% at the end of 2019 to 14.7% by the end of 2023, which translates into almost 100,000 sq m of vacant office space. Nearly half of the available space is located in the central part of the city. Looking at forecasts for the next 12 months indicates a fall in vacancy rates across all three cities.

6.3.4. Take Up

Office Take Up: Warsaw, Kraków & Poznań (sq m)



Source: Savills.

In Warsaw, there is currently a significant volume of additional available office space (excluded from vacant space) that is offered for sublease, estimated at approximately 100,000 sq m.

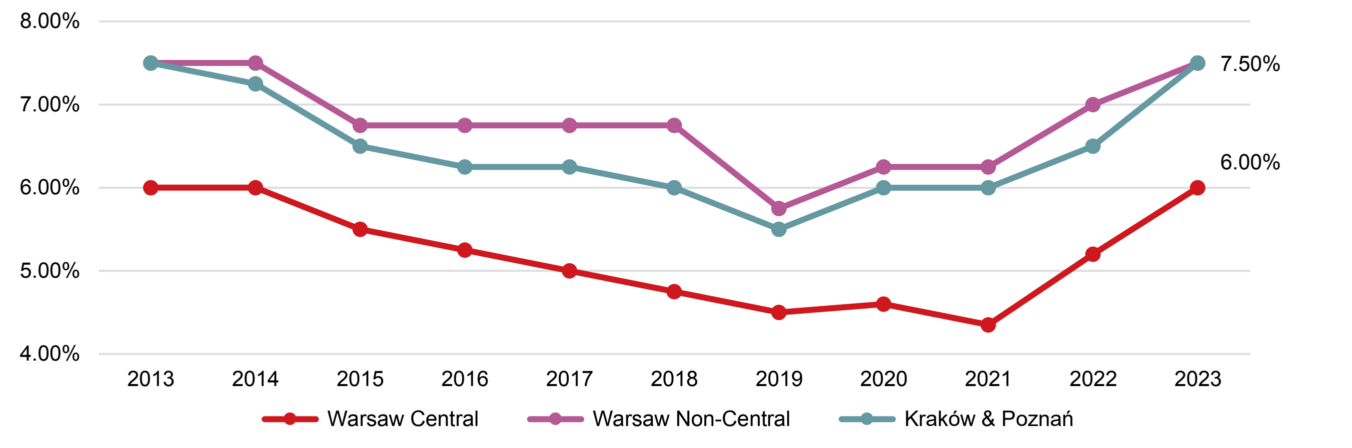
In Kraków, tenant activity accounted for 27% of total demand in regional cities in 2023, marking the highest share among major regional markets. Renegotiations constituted the highest share of take up volume in 2023 at 47%, whilst new contracts accounted for 47%, followed by expansions at 8% and pre-leases at 4%.

The average demand for office space in Poznań between 2020 and 2023 remained high at 64,000 sq m. This figure is slightly higher than the pre-pandemic demand, which averaged 63,400 sq m between 2016 and 2019. The demand achieved in 2023 was 66% higher than in 2022 and the second highest ever in terms of volume. In 2023, Poznań recorded a low level of renegotiations (31% by volume), whilst new contracts accounted for 59%, pre-leases for 8% and expansions for 2% of take up.

6.3.5. Yields

In Q4 2023, yields in Central Warsaw and Non-Central Warsaw stood at 6.00% and 7.50%, respectively. Similarly, yields in Kraków and Poznań were both recorded at 7.50% and historically have followed the same trend. We do not expect yields to compress until the ECB begins interest rate cuts.

Office Prime Yields: Warsaw, Kraków & Poznań (%)

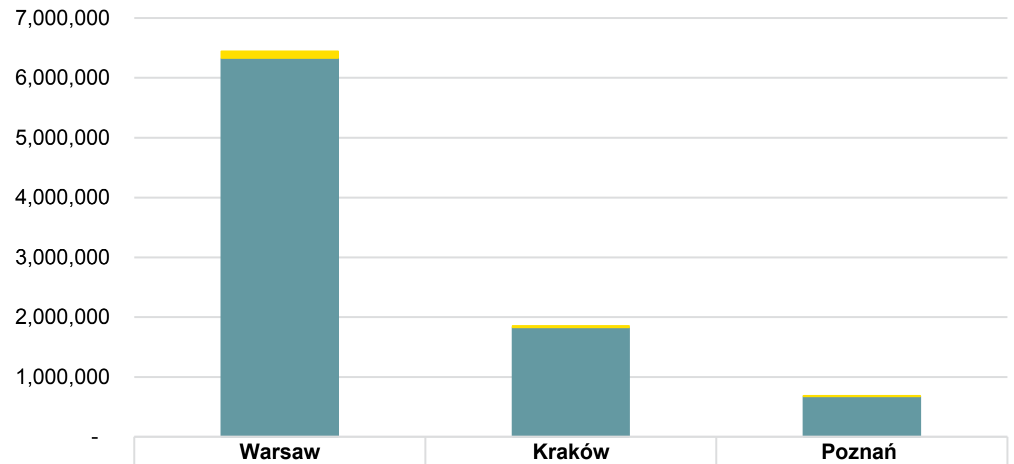


Source: Savills. Data as at end of Q4 each year. Gross Initial Yields (see definitions).

6.3.6. Future Outlook

In Warsaw, due to the potential absorption of space in central locations, we forecast that prime headline rents in central zones will rise. In non-central zones, due to higher vacancy rates, rental levels are forecasted to mostly remain stable. In Poznań and Kraków, average rental levels should remain stable in 2024, with the exception of several projects in central locations with small vacant units quoting higher rents. New stock completions are expected in the next 12 months in Warsaw, Kraków and Poznań, leading to increases in their office stock by 1.7%, 1.3% and 0.9%, respectively.

Office Stock Pipeline: Warsaw, Kraków & Poznań (sq m)



	Warsaw	Kraków	Poznań
New 2024 Completions	106,200	22,700	5,700
2024 (Forecast of total stock)	6,336,000	1,830,000	677,800

Source: Savills. Data as at Q4 2023.

Based on averages for the period from 2024 to 2026, we estimate that the office pipeline in Warsaw after 2026 will reach around 150,000 to 200,000 sq m maximum. In Kraków, the office pipeline is estimated at 60,000 sq m. For Poznań the office pipeline is expected to be lower, ranging from 20,000 to 30,000 sq m. Following lows of new office supply in 2023, we anticipate that the total office stock in Poland will exceed 12.8 million sq m by the end of 2024, and development activity is not expected to gain momentum until 2025.

ESG & Sustainability Drivers

Following a period of education about embedding ESG into real estate, we are seeing evidence of sustainability considerations within strategies. Approximately 70% of the office stock in Warsaw is certified, mostly against BREEAM, LEED, and WELL standards. In recent years, there has been a trend of refurbishing older office buildings in Warsaw to meet the latest sustainability standards and provide more occupier-friendly spaces. With ongoing technological changes and EU requirements for energy transformation, we can expect the trend to continue. As more space becomes vacant in existing buildings, we anticipate more renegotiations and relocations this year to well-established and high-quality facilities in prime locations.

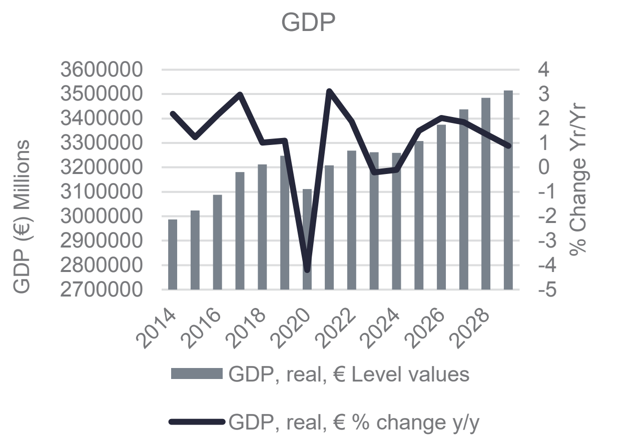
The rise in the use of green leases is another important aspect, encouraging tenants to utilise their spaces more efficiently and providing scope for landlords to negotiate better financing terms and support the movement towards climate neutrality. However, it is important to note that although a rebound in office supply is forecasted for 2025-2026, delays or suspension of projects could occur due to complex requirements related to a green transition and stricter financing requirements, given the higher development costs needed for more sustainable buildings.

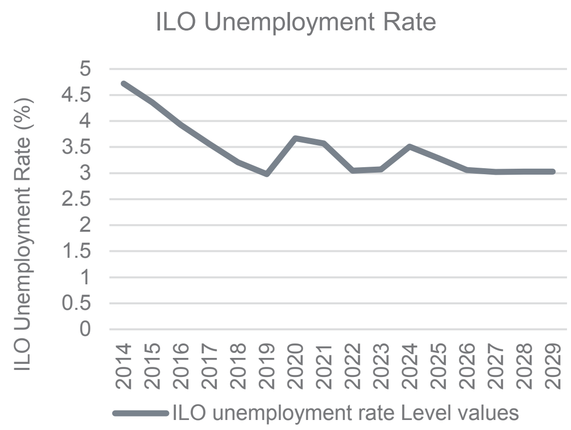
7. Germany

In this section we highlight the macroeconomic context in Germany; provide an overview of the commercial real estate market conditions; and provide an overview of the industrial / logistics market nationally.

7.1. Macroeconomic Context

Key Macroeconomic Indicators





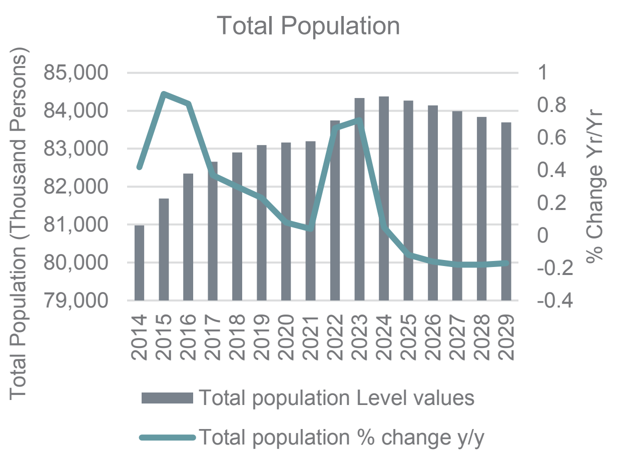


	Figure	Period
Government Gross Debt (% of GDP):	65.9%	October 2023
Inflation (CPI) (%)	2.90%	January 2024
Central Bank Interest Rate (%)	4.50%	February 2024

Source: Oxford Economics, IMF, Trading Economics (2024). Central Bank Interest Rate is the European Central Bank's Main refinancing Fixed Rate.

There has been modest growth in Germany's population since 2014, increasing from approximately 80.982 million to 83.335 million in 2023. Much of this population growth has been attributed to immigration, particularly from neighbouring European countries and recent growth has been linked to refugee movements from Ukraine (Destatis, 2023). Looking forward, Germany's population is set to decline gradually up to 2028. Germany faces an ageing population and rising birth rate, however there are disparities regionally. Urban areas, including Berlin, Munich and Hamburg, have seen population growth driven largely by migration, whilst rural regions have faced depopulation and ageing demographics.

Unemployment has decreased steadily from 4.7% in 2014 to 3.1% in 2022. Germany's relatively low unemployment rates can be attributed to the early 2000s labour market reforms, introduced when levels of unemployment were particularly high.

By the mid-2010s, Germany's unemployment rate had reached historical lows and the country's strong economic performance, particularly in the manufacturing and export sectors, has helped to sustain this.

In 2023, economic activity in Germany is estimated to have contracted by 0.2%, driven by several factors including high building and borrowing costs, labour shortages, and elevated energy prices. These factors significantly impacted investment in construction and energy-intensive sectors. The prevailing sentiment remains pessimistic, and the projection indicates that investment growth will continue to be low compared to pre-Covid-19 levels. Persistent labour shortages and tighter fiscal policy conditions are expected to further dampen growth. However, there has been a moderate easing of market financing conditions, and an anticipated rise in real wages is expected to support an increase in consumer spending. Looking ahead, the forecast predicts a growth in real GDP of 1.5% in 2025.

Inflation, which peaked at 11.6% in October 2022, declined to approximately 6.0% in 2023 and further to 2.9% in January 2024. This decrease can be attributed to the decline in wholesale energy prices and the introduction of energy support measures, although these were discontinued in November 2023. Projected inflation is expected to fall further in 2024 and 2025, with energy price growth contributing only slightly to the overall inflation going forward.

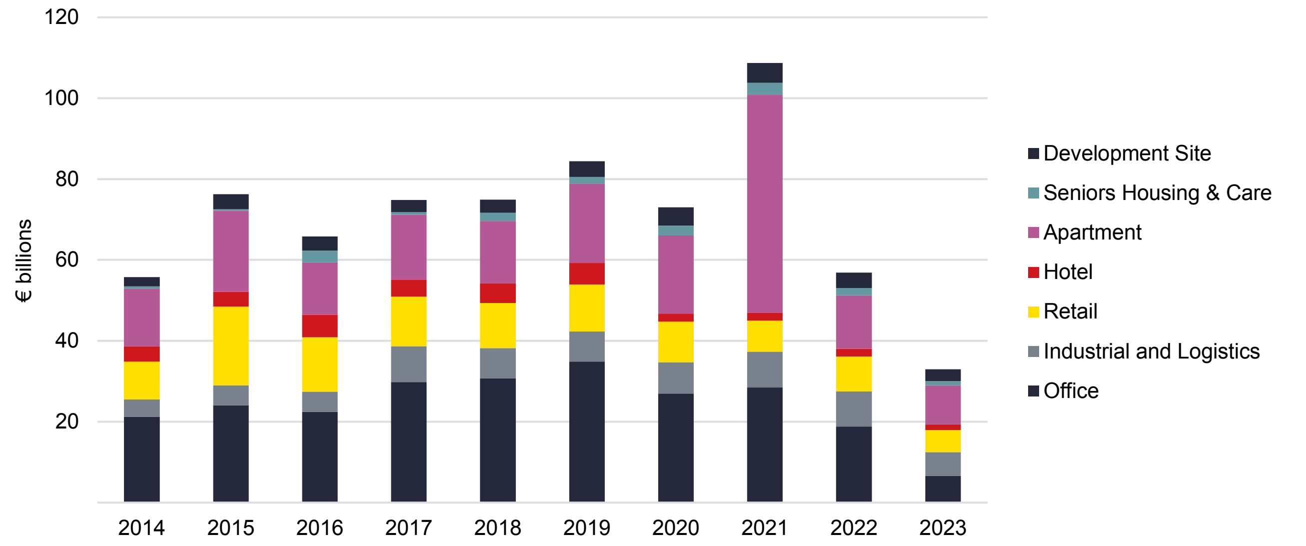
Key Indicators	2022	2023	2024 (f)	2025 (f)	2026 (f)	2027 (f)	2028 (f)
GDP Change Year-on-Year (%)	1.9	-0.2*	-0.1	1.5	2.0	1.9	1.4
ILO Unemployment Rate (%)	3.1	3.1*	3.5	3.3	3.1	3.0	3.0
Total Population (Thousand Persons)	83744*	84335*	84375	84271	84139	83991	83840
Government Gross Debt (% of GDP)	66.1	65.9	64.0	61.8	59.9	58.6	57.5
Inflation Rate (CPI, %)	6.9	5.9*	1.0	0.4	1.6	2.0	2.0
Long Term Interest Rate (%)	1.2	2.5*	2.3	2.1	2.1	2.1	2.1

*Source: Oxford Economics, IMF (2024). *Forecast as actual figures are yet to be published.*

7.2. Commercial Real Estate Market Introduction

Germany has maintained its position as one of Europe's largest economies and has been a favoured location for investors due to its robust real estate market and comparatively moderate pricing compared to other key European hubs. However, in 2023, total investment in Germany dropped to approximately a third of levels observed two years earlier in 2021, reflecting the wider macroeconomic conditions. Whilst long-term interest rates have fallen, which should support the property investment markets this year, there has yet to be a noticeable uptick in activity in Germany. The European Banking Authority noted that the volume of non-performing commercial property loans of German banks reached almost €10 billion in Q3 2023. The property investment market is likely to be closely linked to how the banks involved deal with these loans. Furthermore, although borrowing costs have somewhat reduced, banks are still restrictive in their lending and risk appetite.

Germany Real Estate Investment: Volumes



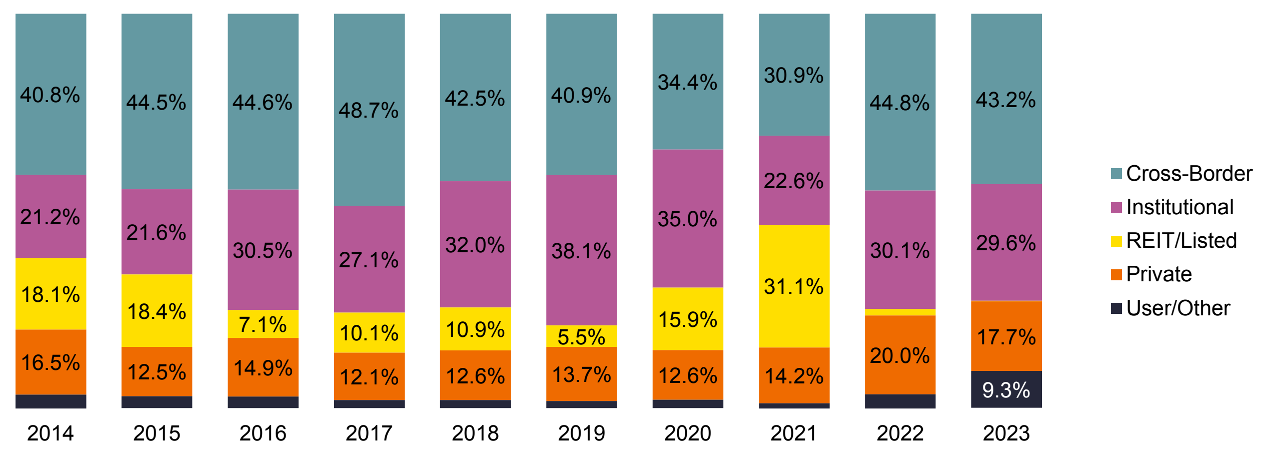
Source: MSCI.

Volume (€)	2019	2020	2021	2022	2023
Total	84,408,423,509	73,080,116,862	108,692,903,764	56,913,520,463	32,984,066,768

Industrial and logistics assets have formed a consistent, albeit smaller, proportion of Germany's real estate market, accounting for approximately 12% of investment volumes on average annually over the last 5 years. This has been overshadowed by investments in residential and offices, which have accounted for approximately 30% and 32% of annual investments on average since 2019. Despite the challenging year in 2023, the industrial and logistics sector accounted for almost a fifth of German property investments, the highest proportion observed in the last decade.

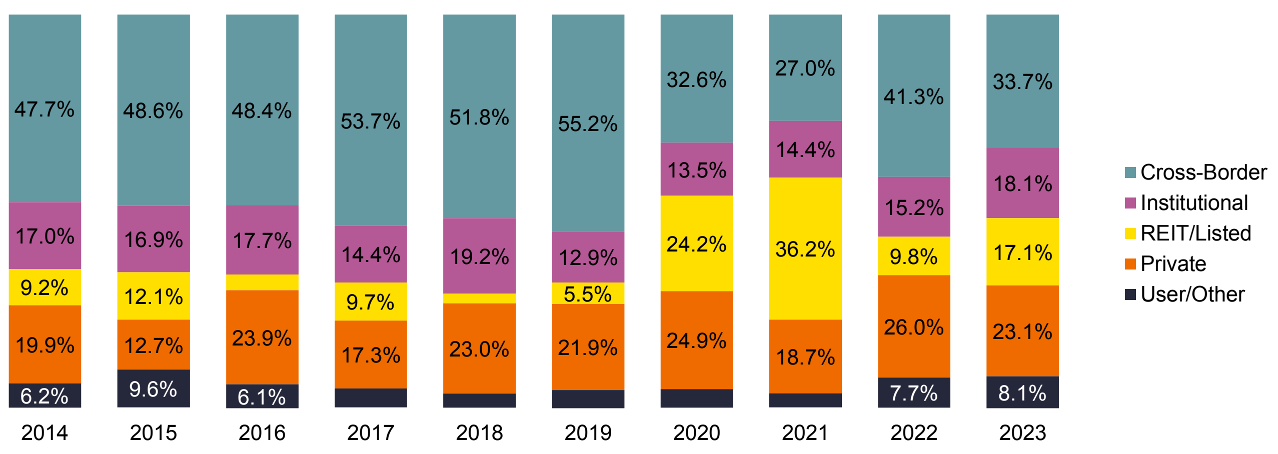
Anecdotally, discussions with investors in 2024 suggest there are more sellers wanting to act than buyers, which indicates the potential for falling prices. This is particularly notable for offices as institutional investors want to reduce the proportion of offices in their portfolios. Historically, cross-border investors have made up the majority of both buyers and sellers in the German market.

Germany Real Estate Investment: Buyer Types (%)



Source: MSCI.

Germany Real Estate Investment: Seller Types (%)



Source: MSCI.

7.3. Occupational Market Overview: Industrial / Logistics Sector

7.3.1. Overview

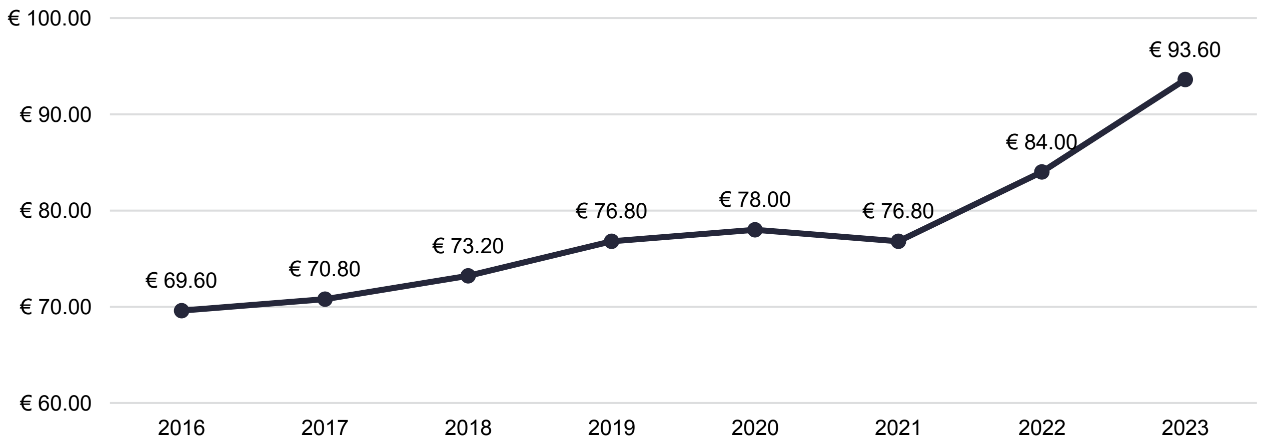
Whilst the German market is an established location for domestic and international investors alike, data transparency falls behind its European peers. Within our assessment, we focus on the logistics and light industrial sector, for which data is more reliably available. This segment is more accurately tracked, in part due to having attracted significant cross border investor attention in recent years.

As Europe's largest economy and due to its central location in the continent, the German logistics market plays a crucial role in the European logistics network. In the “Logistics Performance Index” published by The World Bank, Germany ranked joint third in 2023.

However, in 2023, the market faced challenges with space availability, leading to dampened take up rates. In turn, rents rose in all major locations during the past 12 months, and Munich maintained its’ position as the most expensive market. The occupier landscape remains varied. Retailers are making up a lesser share and the majority of demand is from manufacturing and logistics firms, which is impacting the geographical spread of take up. In conjunction, the automotive sector remains a considerable source of demand and a significant contributor to the German economy.

7.3.2. Rents

Logistics & Light Industrial Prime Rents: Average of Key Markets (€ sq m / p.a.)

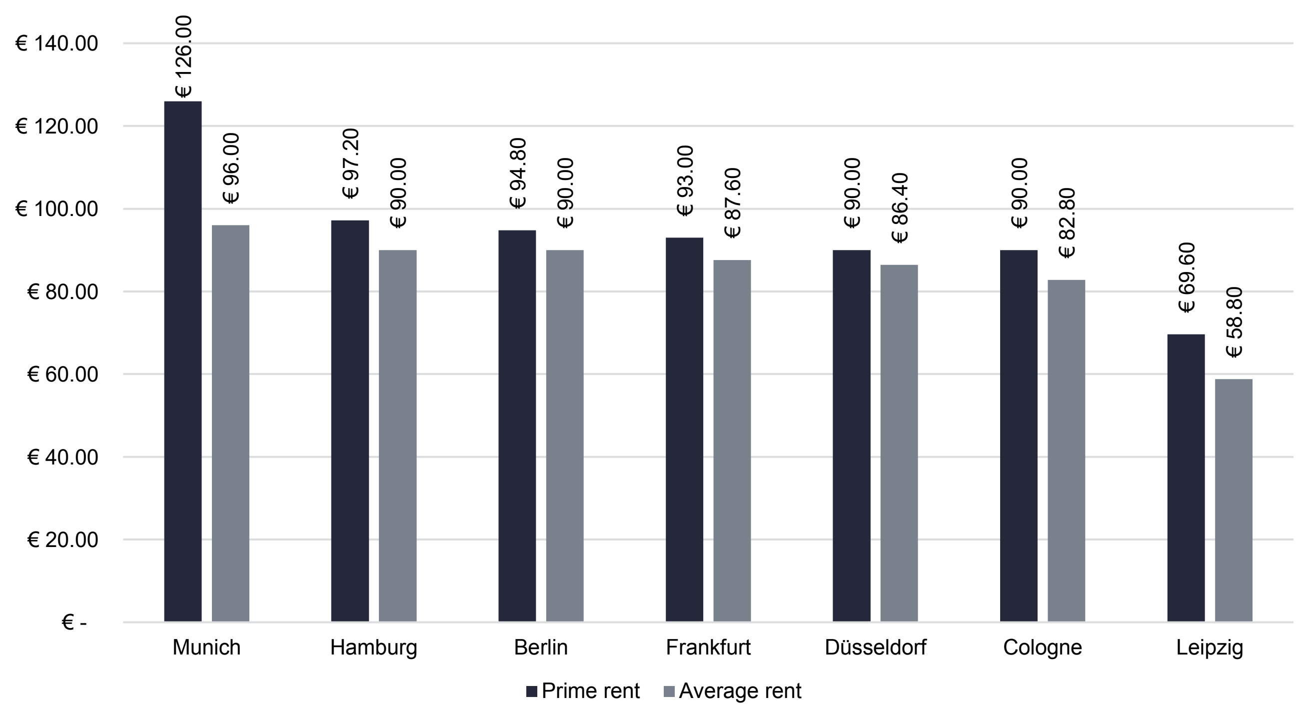


Source: Savills using Statista. Average across key markets including Munich, Hamburg, Berlin, Frankfurt, Düsseldorf, Cologne & Leipzig, data as at Q4 each year.

The key locations for logistics and industrial properties across Germany centre around the cities of Munich, Hamburg, Berlin, Frankfurt, Düsseldorf, Cologne and Leipzig. There is also a concentration around Stuttgart and in the Ruhr region, which was formerly Germany's coal-mining region.

Despite a decrease in take up throughout 2023, rents for logistics and light industrial properties have continued to rise. Prime rents across key markets have increased by 20% from 2020 to 2023, although this trend varies by market. Munich has witnessed the most significant increases in prime rents during this period.

Logistics & Light Industrial Prime Rents & Average Rents: Key Markets, 2023 (€ sq m / p.a.)



Source: Savills using Statista. Data as at Q4 2023.

Munich has consistently maintained its position as the most expensive location in recent years, however significant rent increases have also been observed in other major cities such as Hamburg and Berlin. It is important to note that in Munich, the prime rent is considerably higher than the average rent, which is not evidenced in other markets. This higher prime rent is in part, due to a lack of newly built high quality space in Munich, coupled with demand from multinational corporate occupiers seeking best in class space.

7.3.3. Stock & Vacancy

Germany plays a critical role in the wider European supply chain, underscored by its strategic geographical location and extensive land borders. With nine countries sharing land borders, including France, Belgium, the Netherlands, Denmark, Poland, the Czech Republic, Austria, Switzerland, and Luxembourg, Germany serves as a logistical crossroads in Europe.

Germany's automotive sector is a significant contributor to its manufacturing output. German manufacturing is also renowned for producing machinery, equipment, and industrial goods, and there is a significant chemical industry, producing chemicals, pharmaceuticals, and specialty chemicals. These activities typically cluster in certain regions.

The Ruhr region was historically known for coal and steel production, and whilst heavy industry has declined generally in Germany, the region remains important for manufacturing and technology. Munich holds importance in manufacturing, hosting major companies in automotive, aerospace, and electronics industries, while Stuttgart serves as a hub for automotive manufacturing.

Within the logistics market, Hamburg is of strategic importance as a key port city, playing a central role in the international supply chain and facilitating the shipping of imports and exports. Berlin is perceived as an innovative environment for technology firms and start-ups, whilst Frankfurt is a centre for banking and finance. Both cities have large urban populations which supports demand for logistics space proximate to these locations. The region of North Rhine-Westphalia encompassing Düsseldorf and Cologne, hosts a variety of manufacturing activities, as does Leipzig.

Logistics & Light Industrial Stock: Key Markets, segmented by Total Take Up 2018 – 2023

1	2	3	4	5	6	7
Berlin	Hamburg	Leipzig	Frankfurt	Cologne	Düsseldorf	Munich

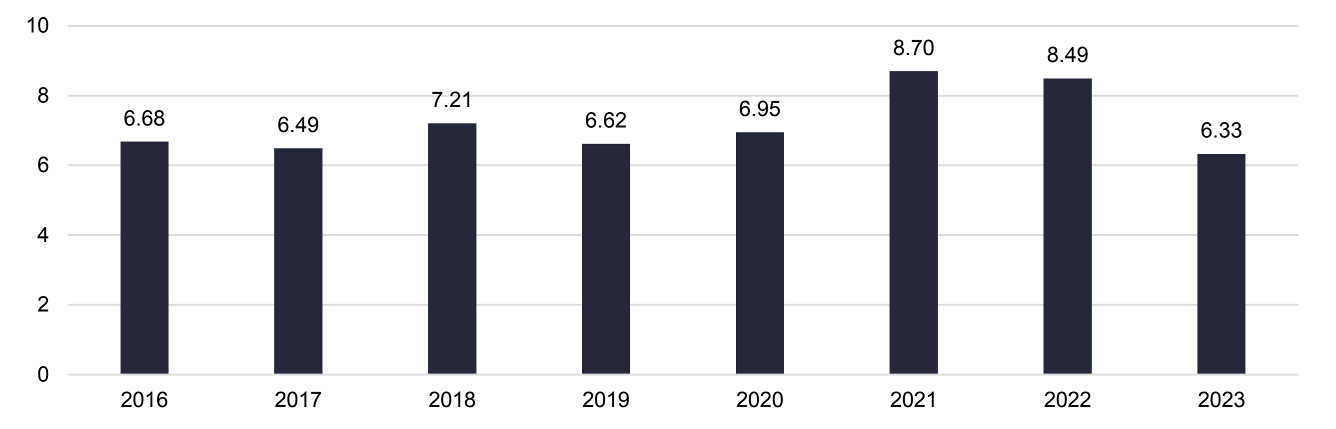
Source: Savills using Statista and GIS Maps.

Vacancy rate data for the German market is not consistently available, and vacancy levels vary significantly across different segments. Anecdotally, the lowest levels of vacancy are seen within modern logistics facilities in the key markets, mainly due to supply constraints driven by a lack of suitable sites. From anecdotal evidence, developers are predominantly focusing on space within the already established locations within Germany. However, some new developments have started to come forward in "second tier" locations in proximity to the major hubs, which are less well-established, where suitable building sites can still be found.

7.3.4. Take Up

In 2023, the German logistics and light industrial market faced challenges, marked by a 25% decrease in demand, compared to the previous year. Total take up amounted to 6.3 million sq m, down from almost 8.5 million sq m in 2022. Of the total take up of logistics and light industrial space in 2023, approximately 40% came from manufacturing companies, 29% from logistics operators, and 21% from retail and wholesalers. The remainder comprised a mix of various occupiers (Statista, 2024).

Logistics & Light Industrial Take Up: National (million sq m)

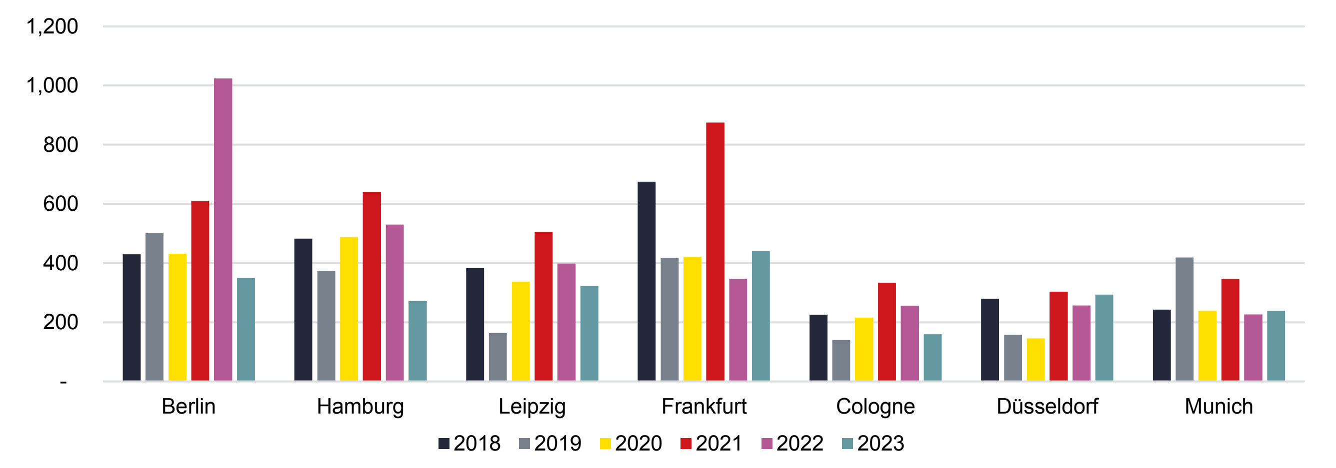


Source: Savills using Statista.

Over the period of 2018 – 2023, the highest level of total take up was evidenced for Berlin, followed by Frankfurt and Hamburg. As mentioned, these markets are underpinned by large urban populations and their significance to the German economy.

Take up has been constrained in Munich due to a lack of suitable supply. This continued shortage of available space both within and outside major logistics regions, coupled with the increasing significance of lease extensions in existing properties, were key factors limiting take up.

Logistics & Light Industrial Take Up: Key Markets (1,000 sq m)

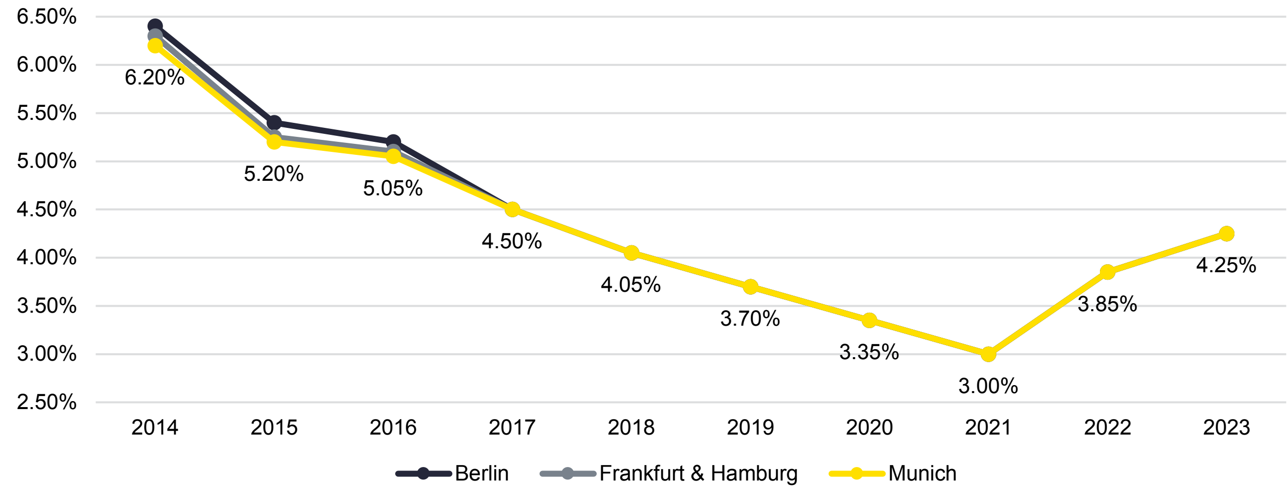


Source: Savills using Statista.

7.3.5. Yields

Prime yields in Munich, Berlin, Frankfurt and Hamburg generally track together. Across these markets, we have seen yield convergence and significant yield compression. Prime yields in 2014 were approximately 6.20%, followed by a period of continual downward movement to 4.50% in 2017. The subsequent years saw rapid compression, culminating in yields dipping below the 3.50% mark in 2020. Even amid the challenges posed by the Covid-19 pandemic, yields experienced further compression, reaching a low of 3.00% in 2021. Since then, yields have trended outward, and currently sit at 4.25%. This reflects the broader macroeconomic conditions influencing the real estate market. The resilience showcased during the uncertainties induced by the pandemic, coupled with the subsequent recalibration in response to changing economic dynamics, has contributed to the stabilisation of yields.

Logistics & Light Industrial Prime Yields: Key Markets (%)



Source: Savills using Statista. Data as at Q4 each year. Net Initial Yields (see definitions).

7.3.6. Future Outlook

The outlook for the logistics market is positive, with rents set to continue on an upward trajectory, albeit we do expect the pace of rental growth to slow. Demand remains diversified across manufacturing and logistics occupiers, and as economic prospects improve, there is a foreseen uptick in demand from the retail sector. We have observed a growing interest in smaller logistics facilities located close to city centres, as well as well-connected medium-sized logistics centres capable of serving broader regions. There continues to be strong demand from occupiers for large-scale big box facilities, which remain integral to maintaining the efficiency of German supply chains.

During the challenges presented by the Covid-19 pandemic, the logistics sector was resilient. This resilience attracted significant investor attention, supported by the expansion of e-commerce. In the years following the pandemic, the logistics sector has continued to be favoured by investors. Forecasts indicate that Germany's e-commerce penetration will increase by 8.2% between 2023 and 2028, further driving demand for logistics properties. As the office market in Germany experiences slowdowns, there is anecdotal evidence suggesting that investors are increasingly turning to the logistics market in search of comparatively attractive investment opportunities.

ESG & Sustainability Drivers

The German Buildings Energy Act (Gebäudeenergiegesetz, GEG) entered into force in November 2020 as the core regulation in Germany for driving building energy efficiency, outlining structural and heating system standards and energy efficiency requirements for new commercial and residential buildings. These requirements were strengthened in 2023. The previous GEG required that new buildings' annual primary energy demand did not exceed 75% of the reference building level. Under the updated legislation, the annual primary energy requirement has been reduced to 55%. From 2024, all new heating systems (including those in existing buildings) must operate with at least 65% renewable energy.

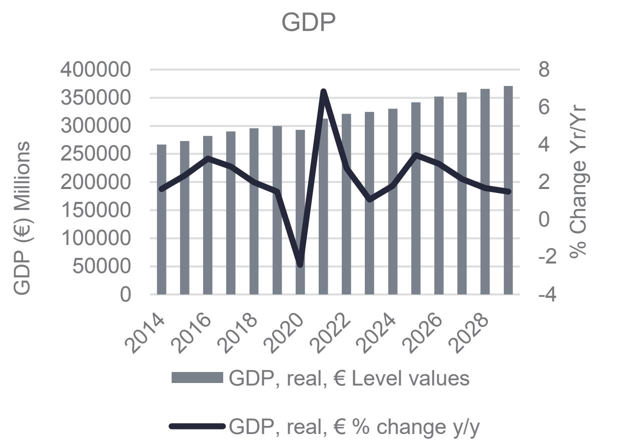
These regulatory pressures indicate that the conversation around sustainability is gaining momentum. Whilst the adoption of internationally recognised certificates, such as BREEAM, remains relatively low at present, the industry is evolving. We have seen an emergence of the DGNB certification.

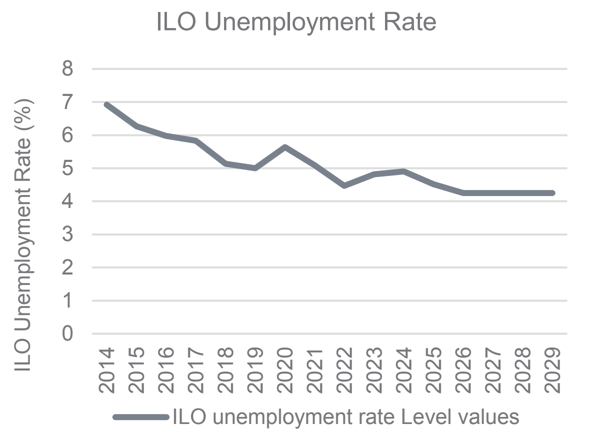
8. Denmark

In this section we highlight the macroeconomic context in Denmark; provide an overview of the commercial real estate market conditions; and provide an overview of the industrial / logistics market highlighting Copenhagen and national trends.

8.1. Macroeconomic Context

Key Macroeconomic Indicators





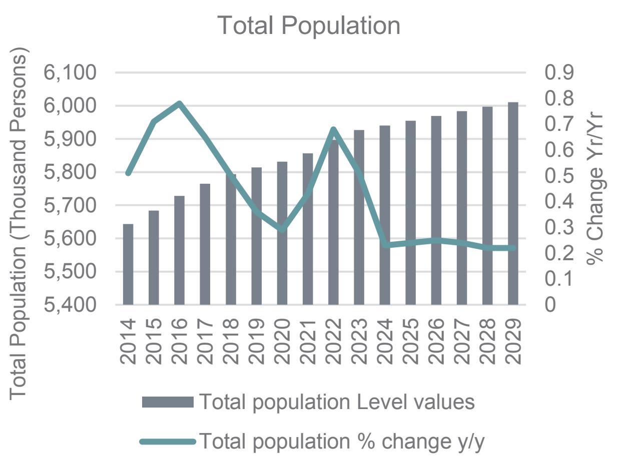


	Figure	Period
Government Gross Debt (% of GDP):	30.1%	October 2023
Inflation (CPI) (%)	1.20%	January 2024
Central Bank Interest Rate (%)	3.60%	February 2024

Source: Oxford Economics, IMF, Trading Economics (2024). Central Bank Interest Rate is Danmarks Nationalbank's Current-account and Discount rate.

Denmark's population has exhibited steady growth from 5.643 million in 2014 to 5.897 million in 2021. This trend is forecast to continue up to 2028, albeit at a slightly slower rate. In 2023, 89,344 people moved to Denmark, 19% fewer than during 2022 when Ukrainians represented the highest proportion of immigrants (Statistics Denmark, 2023). Aside from immigration, population growth is described as 'natural growth' with the birth rate outweighing total deaths.

In recent years, Denmark has seen a generally declining trend in unemployment rates. From 2014 onwards, the country has experienced periods of economic growth and relatively low unemployment, with rates often hovering between 4.5% and 6.5%. Unemployment is forecast to decrease further and stabilise at approximately 4.3% up to 2029.

Denmark experienced positive real GDP growth in 2023, driven by strong net exports, particularly in pharmaceutical products, due to high international demand. However, higher interest rates had a dampening effect on investment, and consumer spending faced challenges due to real wage losses in recent years. A rebound in economic activity is anticipated in 2024, fuelled by increased domestic demand.

Consumer spending is expected to gradually strengthen throughout 2024, supported by rising real wages as inflation subsides. Tight labour markets in 2023 contributed to notable wage increases. Government spending, including military expenditure, is set to further contribute to the growth of domestic demand.

Anticipated investments in production and distribution capacity, particularly in energy production, infrastructure, and the pharmaceutical industry, are expected to drive real GDP expansion by 1.8% and 3.4% in 2024 and 2025, respectively.

Inflation fell over the past year, dropping from 7.7% in 2022 to 3.4% in 2023, primarily due to weakening energy prices and stabilising food prices. With the ongoing decrease in international energy prices, annual inflation is projected to further ease to 0.7% in 2024, before a slight increase to 1.5% in 2025. Whilst inflation for certain categories of goods is expected to be limited, services are anticipated to sustain some inflation, reflecting the continued growth in wages.

Key Indicators	2022	2023	2024 (f)	2025 (f)	2026 (f)	2027 (f)	2028 (f)
GDP Change Year-on-Year (%)	2.7	1.1*	1.8	3.4	3.0	2.2	1.7
ILO Unemployment Rate (%)	4.5	4.8*	4.9	4.5	4.3	4.3	4.3
Total Population (Thousand Persons)	5897*	5926*	5940	5955	5970	5984	5997
Government Gross Debt (% of GDP)	29.7	30.1	29.0	28.7	28.6	28.6	28.6
Inflation Rate (CPI, %)	7.7	3.4*	0.7	1.5	2.0	2.0	2.0
Long Term Interest Rate (%)	1.5	2.7*	2.4	2.3	2.2	2.2	2.2

*Source: Oxford Economics, IMF (2024). *Forecast as actual figures are yet to be published.*

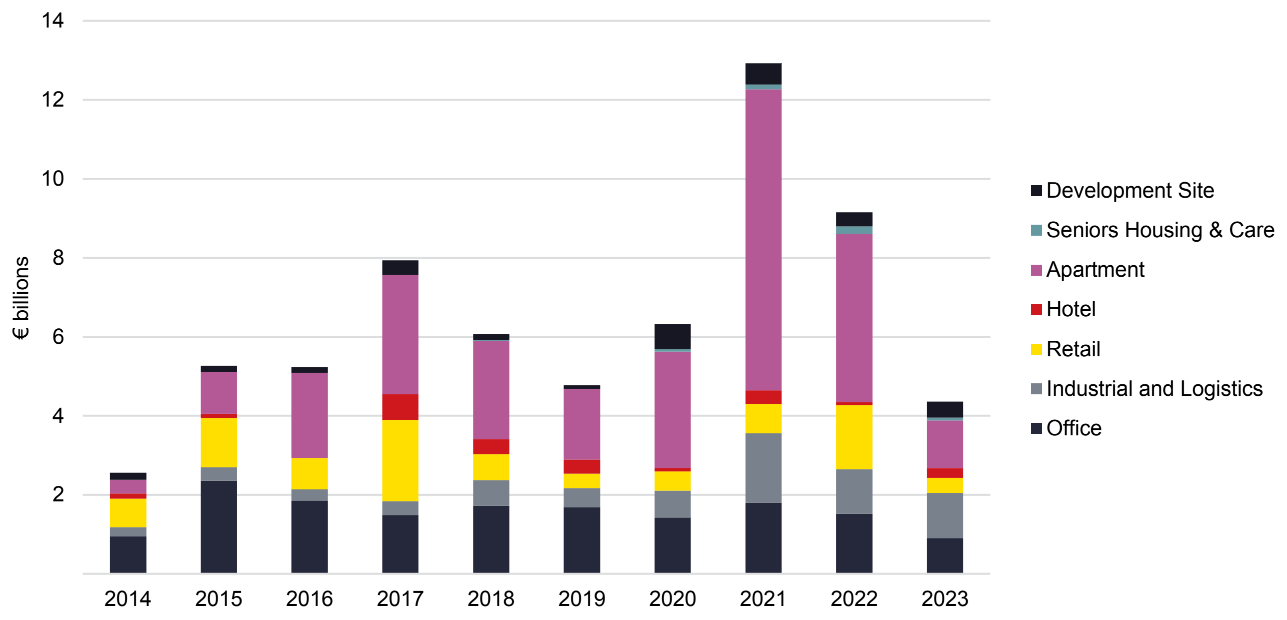
8.2. Commercial Real Estate Market Introduction

The commercial real estate market in Denmark has in recent years been dominated by investment into the residential sector. Over the past 12-18 months, investment interest in warehouse and logistics properties has subsided compared to the levels observed before the war in Ukraine. This period has seen the price and yield gaps between buyer and seller widening, leading to a slowdown in transaction activity, with only a few comparable transactions being completed over the last year.

Across all sectors, in 2023, Copenhagen accounted for approximately 40% of the total transaction volume. In 2023, total industrial and logistics investment volumes exceeded €1.14 billion, with a significant portion concentrated within Copenhagen. The limited transaction volumes have been largely due to a limited supply of properties on offer.

We anticipate that due to their relatively strong fundamentals and positive long-term demand outlook, residential and industrial and logistics properties will remain the most favoured by investors.

Denmark Real Estate Investment: Volumes

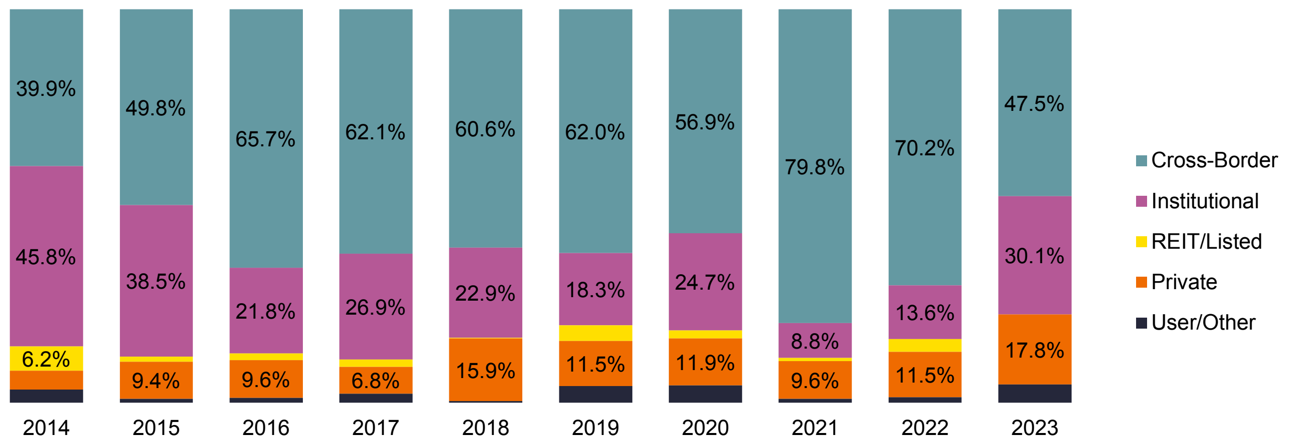


Source: MSCI.

Volume (€)	2019	2020	2021	2022	2023
Total	4,770,255,708	6,319,872,079	12,926,030,537	9,151,019,128	4,358,617,238

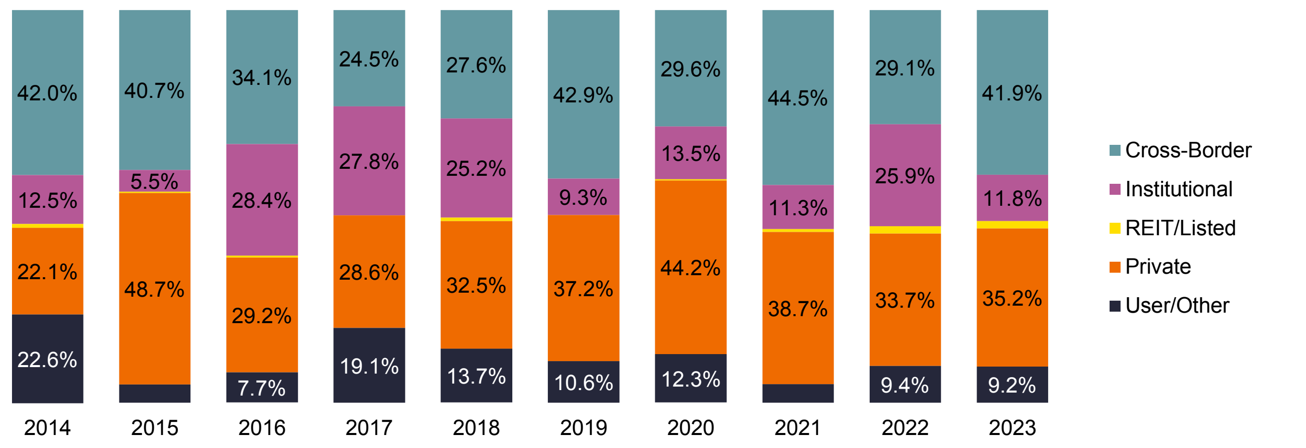
In the years following the Covid-19 pandemic, there has been resurgence in the proportion of institutional buyers in the Danish real estate investment market. From 2021 to 2023, the proportion of institutional buyers increased from 8.8% to 30.1%. During this period, cross-border investment proportions have remained steady, averaging approximately 60%. The majority of sellers in the market have typically been private sellers with a higher proportion of cross-border sellers in 2023.

Denmark Real Estate Investment: Buyer Types (%)



Source: MSCI.

Denmark Real Estate Investment: Seller Types (%)



Source: MSCI.

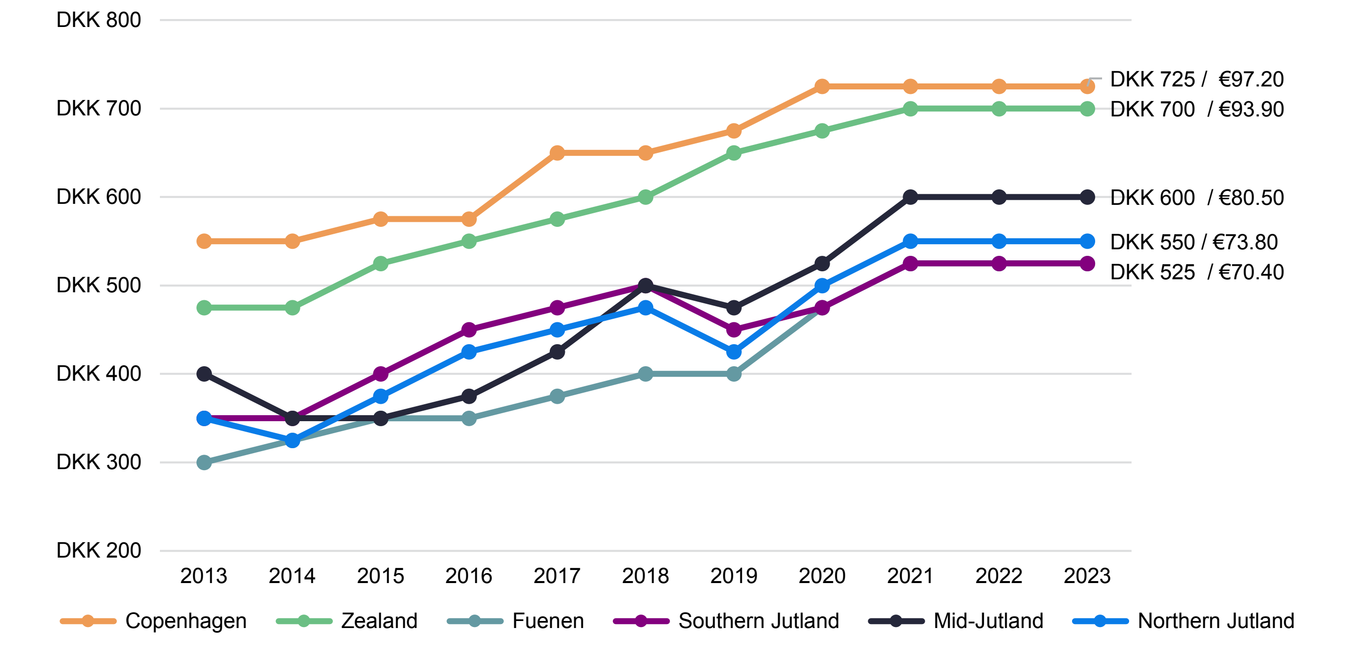
8.3. Occupational Market Overview: Industrial / Logistics Sector

8.3.1. Overview

The Covid-19 pandemic has led to disruptions and challenges in supply chains worldwide, particularly due to restrictions and closed borders affecting global infrastructure. This has prompted many companies to rethink their strategies for securing their own products in the future, should similar circumstances arise. Measures to mitigate risks in supply chains have included increasing stock levels, diversifying suppliers, rethinking distribution channels, and considering near-shoring options. The "Logistics Performance Index" published by The World Bank ranked Denmark joint third in 2023. This indicates Denmark's resilience and efficiency in navigating disruptions and maintaining a robust logistics infrastructure amidst global uncertainties.

8.3.2. Rents

Gross Industrial Rents: Key Markets (DKK sq m / p.a.)



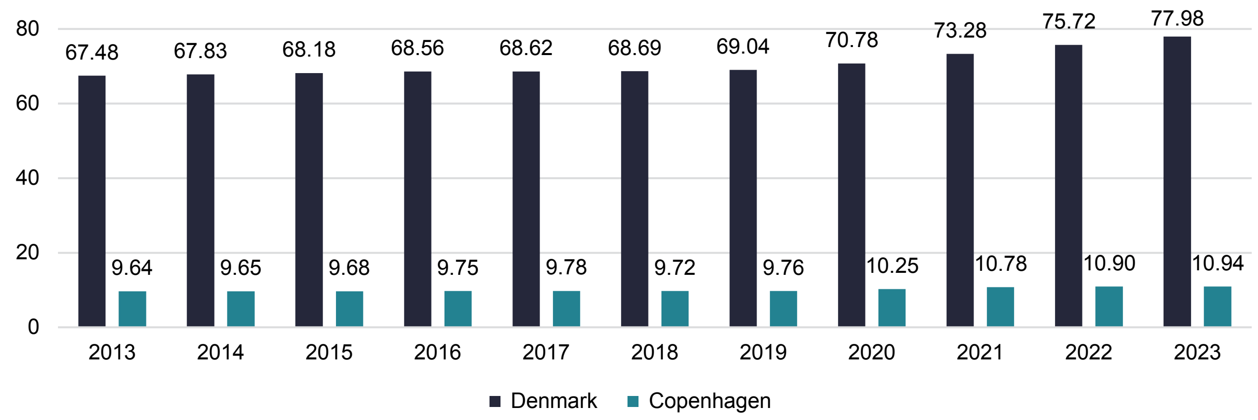
Source: Savills; FT.

Based on FT currency conversion as at end 2023. 1 DKK = 0.1341 EUR. The 52 week range was 1 DKK = 0.1336 - 0.1348 EUR.

In Copenhagen, the gross rent for modern warehouse and logistics facilities in prime locations typically ranges from 600 to 850 DKK sq m p.a., depending on the type of lease, quality of construction and micro-location. Secondary locations in Copenhagen generally have lower rental rates, averaging around 500 DKK sq m p.a. The combination of limited supply and continued strong demand has placed upward pressure on rents. Lease incentives vary depending on factors such as lease size, rent level and required fit-out. For smaller leases, the rent-free periods typically range from 1 to 3 months, whilst for larger leases above 1,000 sq m, they can be in the range of 3 to 6 months.

8.3.3. Stock & Vacancy

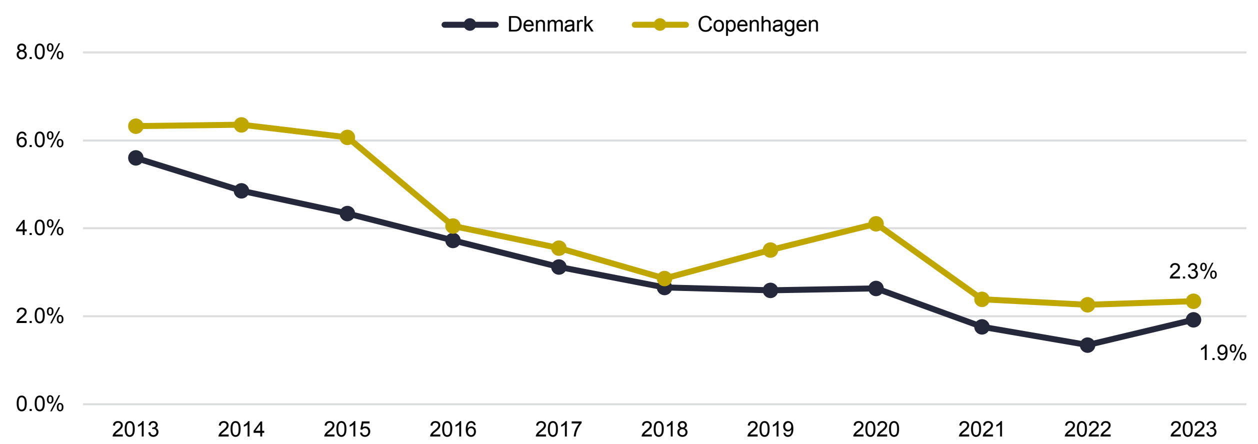
Industrial Stock: Denmark & Copenhagen (million sq m)



Source: Savills, data as at Q4 each year.

At over 10.9 million sq m, Copenhagen makes up approximately 14% of the total industrial stock in Denmark. High demand has significantly depleted the market for modern, well-equipped warehouse and logistics facilities. As a result, the available supply mainly consists of older, and to a certain degree outdated properties, and properties with special equipment, which do not meet the general demand. The current scarcity of facilities has forced companies seeking new space to adjust their requirements and consider options that may not fully meet their needs. Companies also have to act promptly when an opportunity presents itself due to limited suitable supply.

Industrial Vacancy Rate: Denmark & Copenhagen (%)



Source: Savills, data as at Q4 each year.

In Copenhagen, the rental market is highly active given the strong demand, leading to a consistent decrease in vacancy rates over the past decade. As of Q4 2023, the vacancy rate in the capital stood at 2.3%, marking a slight decrease of 0.2 percentage points compared to Q3 2023. In the period between 2019 and 2022, a significant volume of new industrial facilities were constructed in Copenhagen, which were quickly absorbed into the letting market.

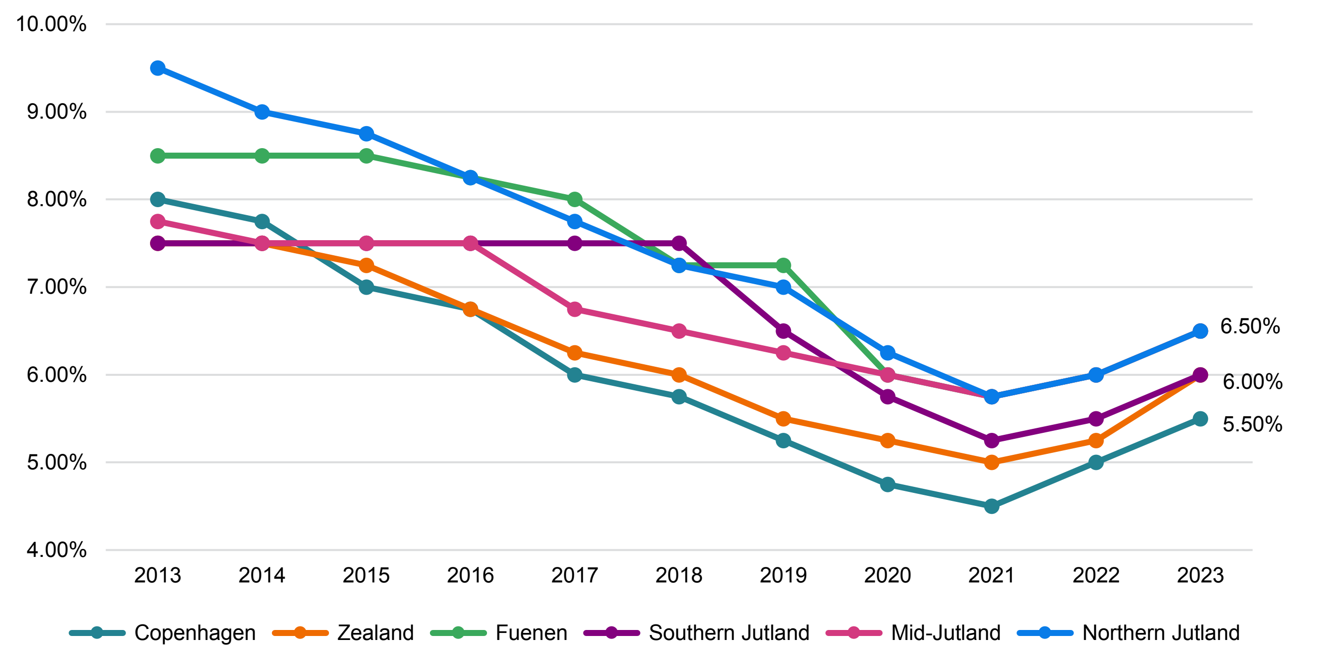
8.3.4. Take Up

In the last two years, a small surplus in net absorption was recorded in Denmark, indicating increased demand for industrial properties. However, Copenhagen experienced a significant deficit in net absorption during this period, lower demand and higher supply from new completions. Despite this in 2023 the low vacancy rates observed helped landlords in Copenhagen withstand softening tenant demand.

8.3.5. Yields

Currently, the prime yield for the best-in-class warehouse and logistics properties in Copenhagen is 5.00%, whereas the prime yield for properties with a more light-industrial character has risen from 5.50% to 5.75% over the past year. Investor interest is focused on large, modern warehouse and logistics properties, situated close to the motorway network.

Industrial Prime Yields: Key Markets (%)



Source: Savills, data is at Q4 each year. Net Initial Yields (see definitions).

8.3.6. Future Outlook

Following a period of some speculative developments, we are now seeing a decrease in construction activity and the development pipeline. Investors are typically awaiting signed contracts with tenants before initiating construction. Prime locations in the Copenhagen area are almost built-out, and the availability of plots is limited. As a result, developers are now exploring opportunities further outside the city, particularly along the motorway, leading to increased interest in areas around Ringsted and Slagelse.

E-commerce has boomed in Denmark over the last few years, mirroring a global trend. This surge in e-commerce has created a growing need for the distribution of products from manufacturer to consumer, especially for last-mile distribution. Consumers now expect rapid and smooth delivery. As a result, there is a growing demand for modern, well-equipped facilities that can support seamless operations, especially those situated close to major urban centres or areas with robust infrastructure conducive to transportation networks.

The implementation of the new infrastructure plan, scheduled for completion by 2035, in Copenhagen is set to further enhance transportation networks. This initiative will optimise existing motorways and establish new roads leading into the city. As a result, more locations are anticipated to become attractive for warehouse and logistics operations, aligning with the evolving needs of the e-commerce sector.

ESG & Sustainability Drivers

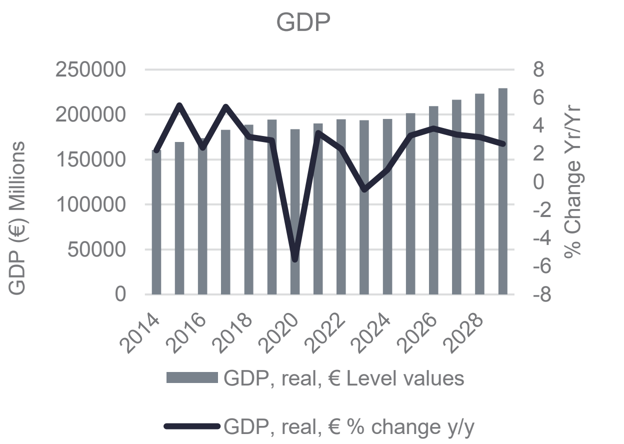
Denmark has made their voluntary standard for sustainable construction mandatory at the beginning of 2023. New Danish requirements mandate that all new buildings must document their environmental impact over a lifespan of 50 years (Nordic Sustainable Construction, 2023). Any new commercial developments larger than 1,000 sq m are also required to conduct a Life Cycle Assessment calculation, with a carbon emissions limit of 12 kg of carbon dioxide per sq m per year. Copenhagen is renowned for applying green solutions, including offshore wind turbines, electric buses and waste-removing initiatives.

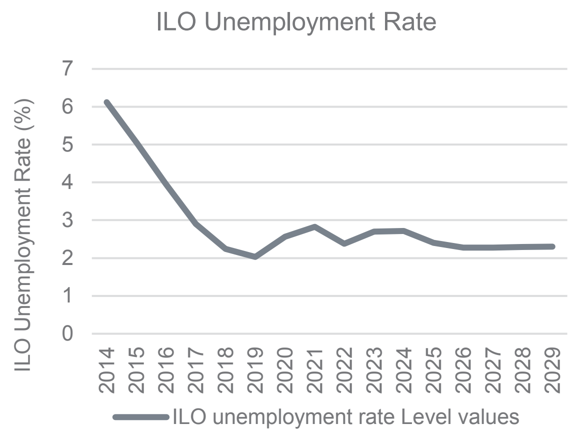
9. Czech Republic

In this section we highlight the macroeconomic context in the Czech Republic, also known as Czechia; provide an overview of the commercial real estate market conditions; and provide an overview of the industrial / logistics market nationally.

9.1. Macroeconomic Context

Key Macroeconomic Indicators





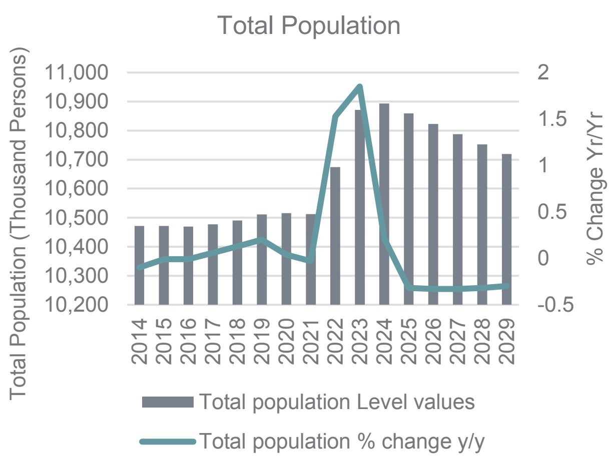


	Figure	Period
Government Gross Debt (% of GDP):	45.4%	October 2023
Inflation (CPI) (%)	6.90%	December 2023
Central Bank Interest Rate (%)	6.25%	February 2024

Source: Oxford Economics, IMF, Trading Economics (2024). Central Bank Interest Rate above is the Czech National Bank's Two-week (2W) repo rate.

Total population grew relatively slowly between 2014 and 2020. Factors such as low birth rates, emigration and an ageing population have contributed to this trend. The birth rate in the Czech Republic has been below the replacement level needed to maintain a stable population, leading to an aging demographic profile. The Economist Intelligence Unit (2023) predict that the Czech Republic labour force will stagnate between 2023 and 2027, albeit with a lesser degree of shrinkage compared to some of its European counterparts.

Unemployment has been generally favourable compared to many other European countries with rates below the EU average. Like many other countries, the Czech Republic experienced a surge in unemployment due to the impact of the Covid-19 pandemic, however the labour market has shown resilience. The unemployment rate in 2022 was 2.4%, below the 7.4% average for Eastern Europe (Focus Economics, 2023).

Real GDP is estimated to have contracted by 0.5% in 2023, primarily due to low consumer spending restricting GDP growth. The impact of high inflation eroded consumer confidence and real purchasing power. Positive contributions to GDP growth are expected from net exports, as depressed imports offset slow export growth. Despite tight financing conditions, investment has risen, fuelled by increasing public investments supported by EU funds.

The outlook anticipates a gradual recovery in GDP growth to 0.9% in 2024 and 3.3% in 2025. This recovery is supported by the high saving rate of households over the past three years, the projected easing of inflation, rising real wages, and further relaxation of financing conditions. Net exports over the next two years are expected to contribute less to GDP growth relative to 2022 and 2023. The Czech Republic economy's relatively high trade openness and energy intensity implies that there may be higher risks in the event of disruptions in global commodities or energy supply chains.

Although inflation remained high throughout 2023 at over 10.0%, there is an anticipated sharp decline, with inflation forecasted at 1.9% in 2024 and 1.8% in 2025. This is attributed to the likely slowing of the increase in energy and food prices, albeit real wages are expected to grow this year, adding some inflationary pressure.

Key Indicators	2022	2023	2024 (f)	2025 (f)	2026 (f)	2027 (f)	2028 (f)
GDP Change Year-on-Year (%)	2.4	-0.5*	0.9	3.3	3.8	3.4	3.2
ILO Unemployment Rate (%)	2.4	2.7*	2.7	2.4	2.3	2.3	2.3
Total Population (Thousand Persons)	10674*	10871*	10894	10859	10823	10788	10753
Government Gross Debt (% of GDP)	44.2	45.4	44.4	44.1	43.8	43.4	42.9
Inflation Rate (CPI, %)	15.1	10.7*	1.9	1.8	2.0	2.0	2.0
Long Term Interest Rate (%)	4.5	4.5*	4.0	3.7	3.4	3.3	3.3

*Source: Oxford Economics, IMF (2024). *Forecast as actual figures are yet to be published.*

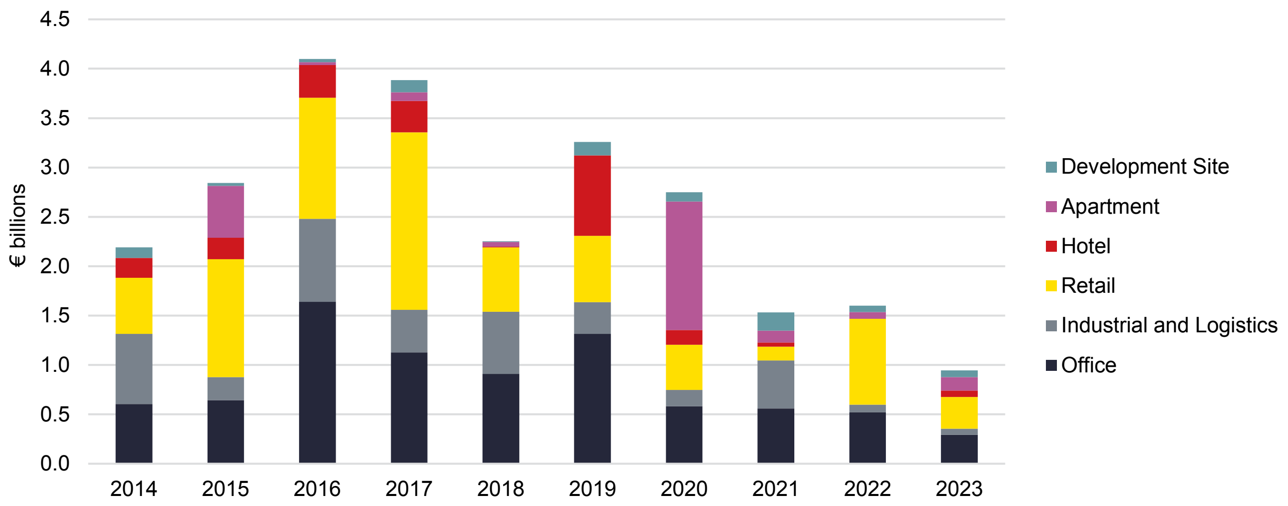
9.2. Commercial Real Estate Market Introduction

In 2023, the Czech Republic real estate market experienced a positive shift in sentiment, with increased investor inquiries pointing towards enhanced trading activity in the latter half of the year. The Czech industrial sector has been resilient amid broader economic forces, benefiting from its strategic location. The market has demonstrated robust long-term performance in both occupancy and investment.

In 2023, Savills recorded 40 transactions in the commercial real estate sector, totalling €1.2 billion in investment volume. Domestic investors dominated the market, closing 29 transactions. Prague attracted 31% of total investment.

The retail sector was most traded, with 13 transactions totalling €512 million, followed by the office sector with 11 transactions at €344 million, and the industrial sector with 5 transactions totalling €132 million. The dominance of the retail sector is attributed to a downward price shift, resilient post-pandemic spending, and limited development of shopping centres in many cities.

Czech Republic Real Estate Investment: Volumes

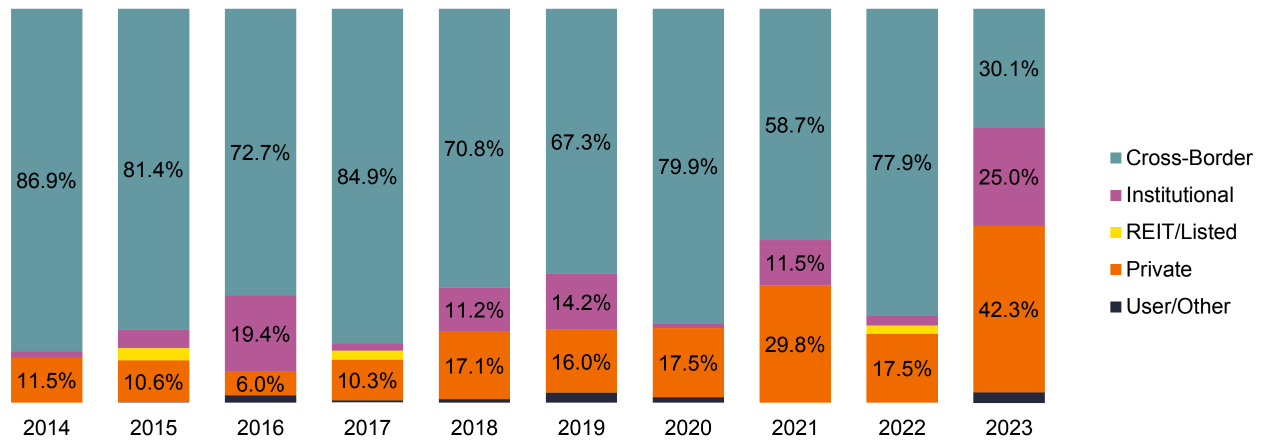


Source: MSCI.

Volume (€)	2019	2020	2021	2022	2023
Total	3,259,454,341	2,749,995,039	1,531,414775	1,601,930,656	945,489,846

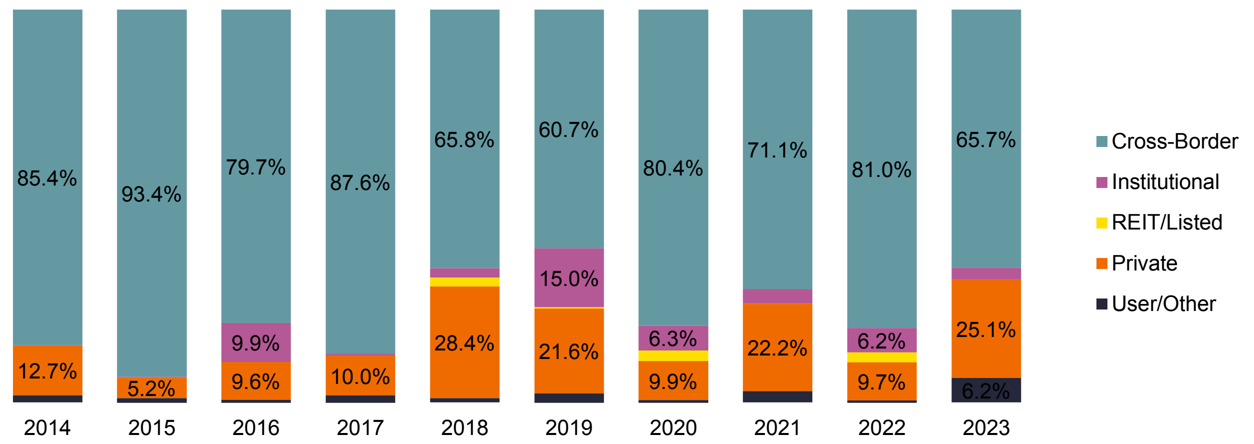
Between 2022 and 2023, there was a noticeable increase in the number of private and institutional investors in the market. A decrease from 7.9% to 30.1% for cross-border investors was recorded. The top three countries of origin for investors in 2023 were Czech Republic, Israel, and France.

Czech Republic Real Estate Investment: Buyer Types (%)



Source: MSCI.

Czech Republic Real Estate Investment: Seller Types (%)



Source: MSCI.

9.3. Occupational Market Overview: Industrial / Logistics Sector

9.3.1. Overview

The Czech Republic industrial real estate market has been demonstrating long-term strong performance both in terms of occupancy and investment. Over the past decade, there has been a significant increase in new development, with 60% of the total nationwide stock being constructed during this period.

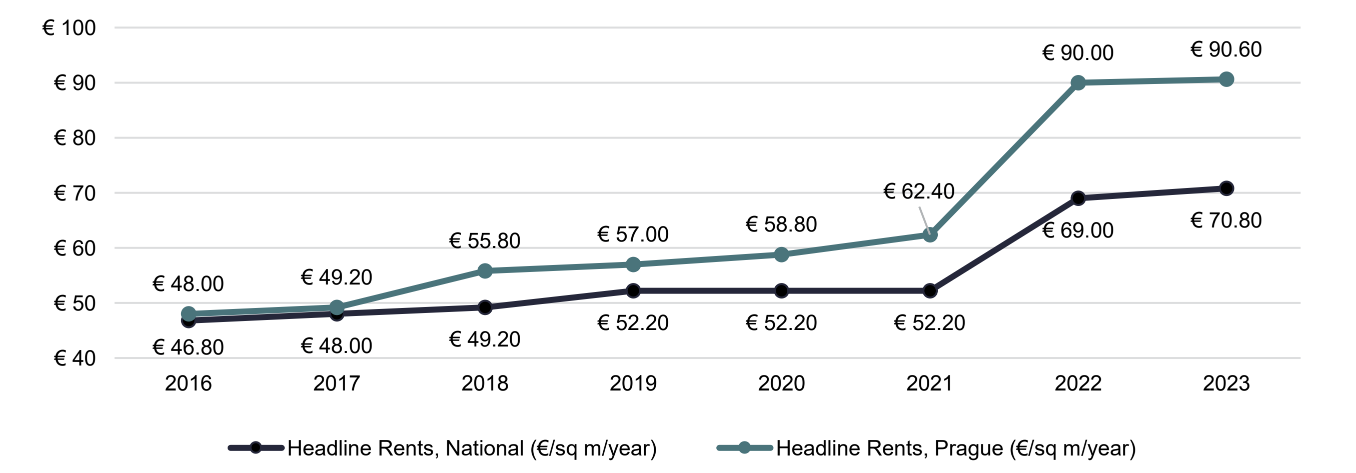
3PLs, automotive companies (including producers, suppliers, and distributors), and retailers, including e-commerce, are among the most active occupier sectors. Manufacturing companies were responsible for the largest share of net leasing activity each year. The Czech market is relatively small and in the "Logistics Performance Index" published by The World Bank it ranked joint 43rd in 2023.

The Czech Republic has faced challenges due to long-term high inflation, leading consumers to reduce consumption and prioritise savings. This trend has had a noticeable impact on retail sales, which experienced consecutive 18-month declines year-over-year. Nevertheless, from November 2023, a marginal increase in retail sales has been observed, signalling a potential shift in consumer behaviour.

9.3.2. Rents

In 2022, the industrial real estate market witnessed a significant surge in rental prices. This escalation can be attributed to strong and stable demand levels, as well as extremely low vacancy rates. The prolonged period of relatively low warehouse rents prompted a significant adjustment in pricing. Whilst it is understandable that rents for new developments would increase to accommodate rising construction costs, secondary stock has also registered rental growth.

Headline Industrial Rents: National & Prague (€ sq m / p.a.)



Source: Savills. Headline rents for standard warehouse space.

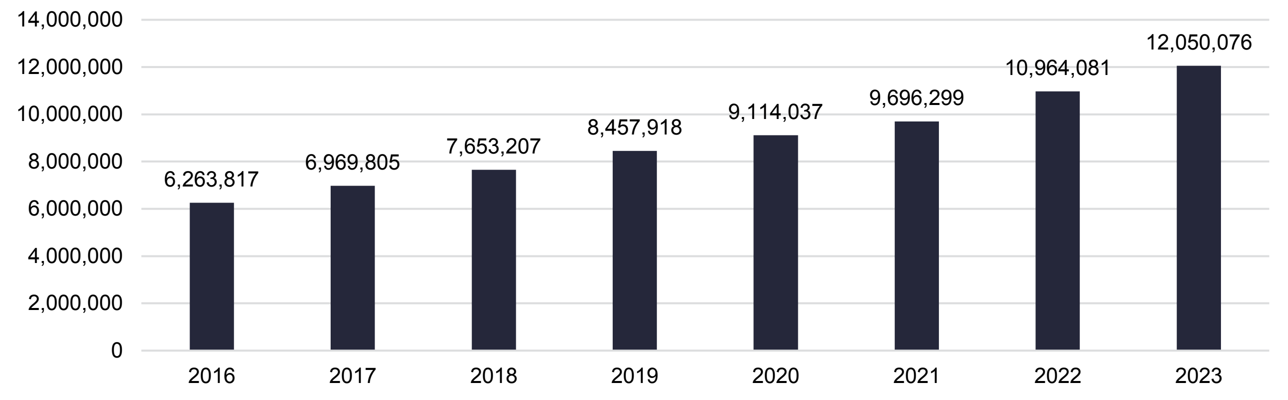
Rents were broadly stable in 2023. In the second half of the year, a standard warehouse unit of 5,000 sq m in Prague leased for 5-years, typically saw headline rents ranging from €6.80 - €7.50 per sq per month. The same range would also apply for large units over 10,000 sq m, marking a slight year-on-year decrease. In regional markets (outside of Prague), headline rents for similar units typically ranged between €5.50 - €6.00 per sq m per month, also experiencing a slight decrease.

Monthly service charges have also gone up, mirroring the increase in energy and utility costs. Currently, these fees range from €0.75 - €0.95 per sq m for larger units, depending on the scope of included services. Consumed utilities and energy is typically charged separately. Average rent incentives include rent free period (mostly of 2-6 months for a 5-year lease) and outside of Prague the rent free period may also be combined with fit-out contribution (€5 to €15 per sq m).

9.3.3. Stock & Vacancy

At the end of 2023, the total industrial stock intended for lease to third parties exceeded 12 million sq m. Of that, almost 924,000 sq m was constructed during 2023, indicating a 25% decrease from the record annual new supply observed in 2022. This figure remained 14% above the five-year annual average. Total modern stock in the Greater Prague area (which extends approximately 30 km over the city's cadastral border) currently amounts to 3.48 million sq m.

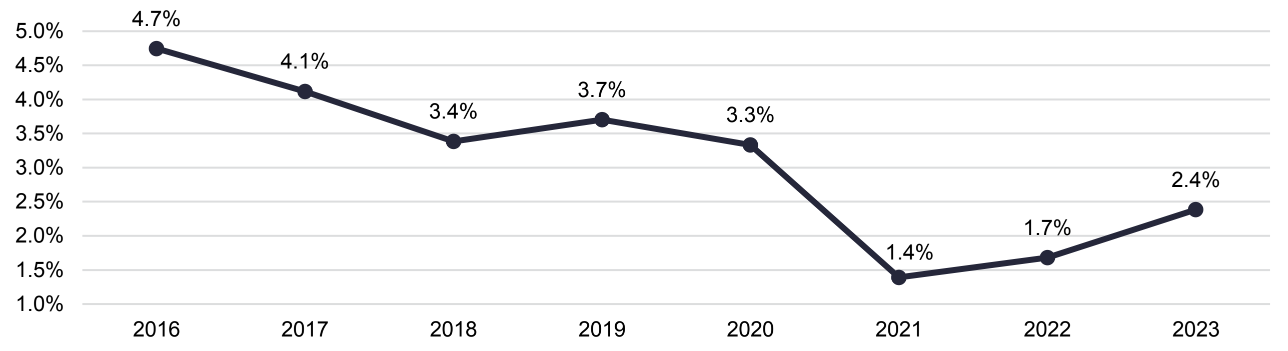
Industrial Stock: National (sq m)



Source: Savills.

Despite high supply levels, the national vacancy rate remained extremely low, consistently staying below 2% from 2021 to mid-2023. In Q3 2023 and Q4 2023, there was a slight increase in the vacancy rate, bringing it to approximately 2.4% by the end of the year. This translates to a total of 287,000 sq m of vacant space, which is still extremely low. Taking into account space that is at the first stage of a building's fit out which is on average available for handover within three months from contract signature, the nationwide vacancy rate rises to 3.4%.

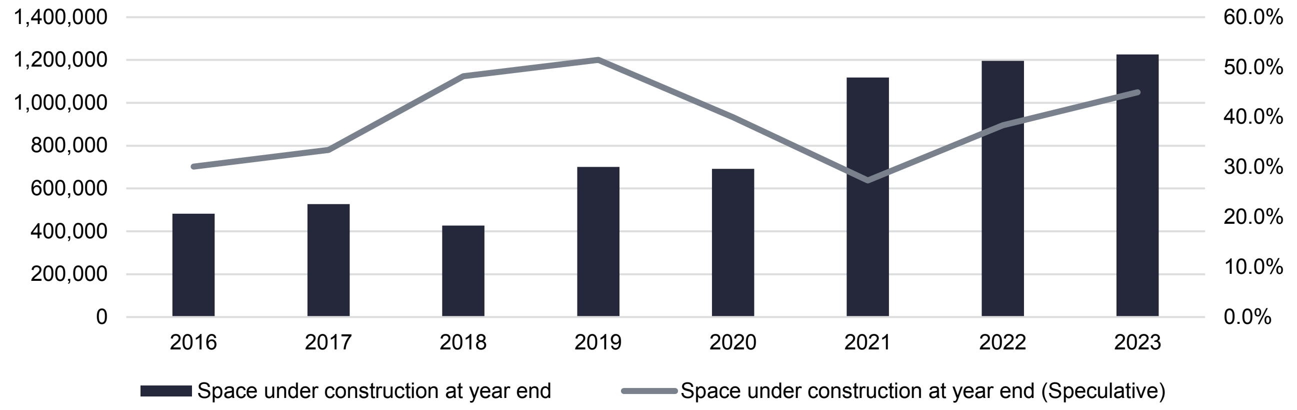
Industrial Vacancy Rate: National (%)



Source: Savills.

In Prague, the share of unoccupied existing stock remains close to 1% (40,800 sq m) and in six out of the 14 regions, vacancy rate remains even lower or at zero. It should be noted that the unoccupied premises includes office mezzanine space, which is difficult to lease and slightly skews the figures. At least 330,000 sq m is already known to become vacant within the existing inventory during 2024, as current tenants vacate their premises. Depending on the level of new demand, this second hand space (together with new supply) may increase the official vacancy rate.

Space Under Construction at Year End: National (sq m)



Source: Savills.

At the end of 2023, the volume of industrial space under construction, or at the early stage of fit out, stood at approximately 1.36 million sq m, representing 11% of the total existing stock. Of that 55% was already pre-leased. 60% of the total nationwide stock has been newly constructed during the past 10 years. The first modern industrial facilities built by developers for subsequent lease to third parties were completed around Prague in 1997-1999.

The region of Karlovy Vary leads in new construction activity, with 393,000 sq m under construction, accounting for 30% of all space under construction in the country. This surge is primarily due to the construction of the largest hall ever built in the Czech Republic, underway at Panattoni Park Cheb, with an area of 233,700 sq m and pre-leased by H&M.

The second most active submarket in terms of new development is the Pilsen region with 193,000 sq m of industrial space under construction at the end of 2023, constituting 15% of total construction pipeline. The South Moravian region also has significant development, with 169,000 sq m under construction, making up 13% of the total.

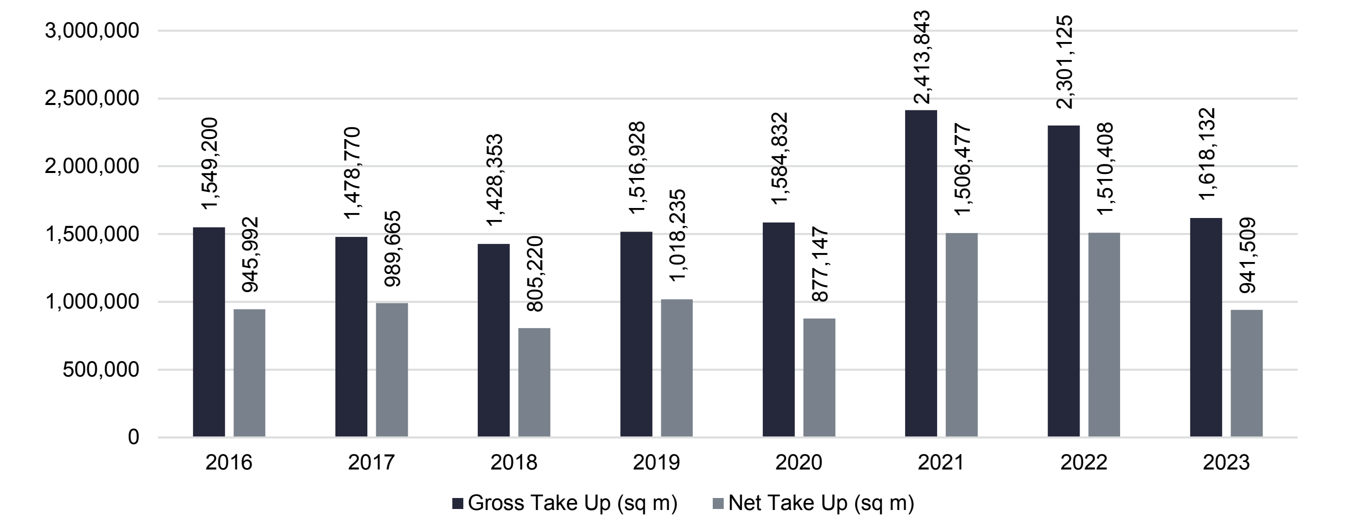
The number of large 20,000 sq m+ facilities under construction remained relatively high (16) at the end of Q4 2023, the largest being the already mentioned distribution centre for H&M (totalling 233,700 sq m), followed by another hall at CTPark Žatec totalling 71,800 sq m which is partly pre-let.

9.3.4. Take Up

The manufacturing sector is responsible for the majority of take up. In 2023, manufacturing companies accounted for 48% of annual net take up and in the five preceding years, the share of this sector oscillated between 30% - 50%.

E-commerce experienced a boom during 2020 and 2021, when such occupiers accounted for 20% - 25% of total take up. In 2022 and 2023, the share of e-commerce dropped to approximately 5% - 10% as some of the space committed to during the Covid-19 years is now being offered for sublease.

Industrial Take Up: National (sq m)



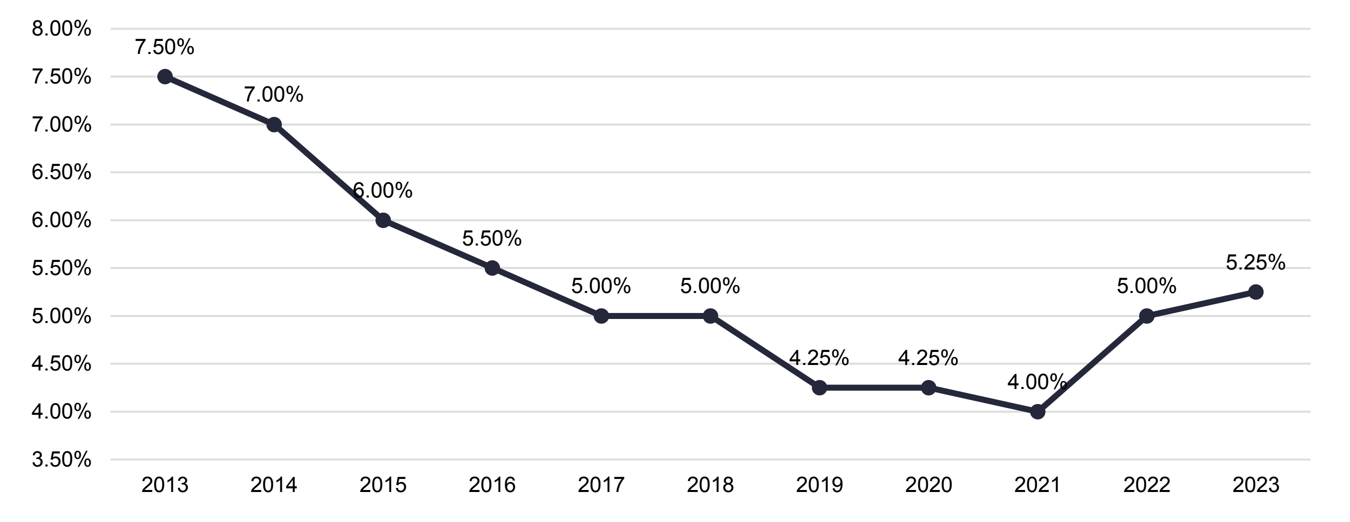
Source: Savills.

Leasing activity among industrial tenants experienced a slowdown in Q3 2023, which led to a significant drop in total and net demand. However, the strong performance recorded during H1 2023 maintained the Q1-Q3 volume above the pre-Covid 5-year average. Gross take up for the first nine months of 2023 was just below 1.14 million sq m (-41% year-on-year) and net take up totalled 684,300 sq m (-46% year-on-year).

Preliminary figures for Q4 2023 suggest that gross take up for the full year is expected to reach around 1.58 million sq m, reflecting a decrease of approximately 30% compared to the previous year and returning to levels seen in 2019 and 2020. Net demand (which excludes renewals of older lease contracts) is anticipated to total 940,000 sq m, representing a 38% decline year-on-year and marking the weakest performance in the last 3 years. By floorspace area newly taken up, the most demanded regions in 2023 were the South Moravian region (160,000 sq m), Central Bohemian region (140,500 sq m) and the Pilsen region (120,000 sq m).

9.3.5. Yields

Industrial Prime Yields: National (%)



Source: Savills. 2022 and 2023 data as at Q4. Gross Initial Yields (see definitions).

In the first half of 2023, prime industrial (gross) yields, which relate to Grade 'A' properties situated along major highways, fully leased to reputable tenants, and meeting minimum ESG requirements, experienced a slight shift, moving out by 25 basis points to 5.25%. This rate remained stable for three consecutive quarters thereafter, maintaining at 5.25% by the end of 2023. For 2024, yields for industrial and logistics assets at the prime end of the market are expected to remain broadly flat.

9.3.6. Future Outlook

Through 2024, expectations include a fall in inflation towards the targeted 2% level, leading to further cuts in the CNB's base rate. Cautious anticipation surrounds a slight economic recovery in the first half of 2024, potentially influencing positive real estate investment activity. In 2024, rent levels are expected to stabilise around their current levels.

Key issues impacting further growth of the industrial sector, include the lack of suitable land for new greenfield developments, a major issue especially around Prague, and the extremely long permitting process. Around 3 million sq m of further industrial space is planned (with valid construction permits) across the country, many of which are in secondary or tertiary locations. In 2024, 980,000 sq m of new space is set to come onto the market. While a new construction law is gradually being implemented, full execution is expected to take several years, with uncertain outcomes regarding the acceleration and simplification of the permitting process.

Lower labour cost, reduced rent levels and a dense network of highways are the main drivers for foreign companies that have relocated their operations to the Czech Republic in the past, often from Germany. However, recently, there have been cases where the high level of bureaucracy has hindered new investments, leading larger investors to opt for neighbouring countries instead.

Another key constraint is the lack of workforce. The Czech Republic had the lowest unemployment rates in the EU for a considerable period of time and the lack of labour is restricting growth of many sectors.

Following record take up in 2021 and 2022, the industrial market is expected to enter a period of lower demand. Factors contributing to this include the close ties with the German economy, recent challenges in the German production sector, geopolitical tensions such as the war in Ukraine, and uncertainty surrounding the Czech Republic’s economy.

ESG & Sustainability Drivers

Today, the vast majority of the stock has a green certificate (BREEAM In-Use certificate at ‘Very Good’ level or higher). Over the past three years, almost all larger and international developers have undertaken the certification process for their existing buildings. Any new construction is designed to meet stringent sustainability and certification standards.

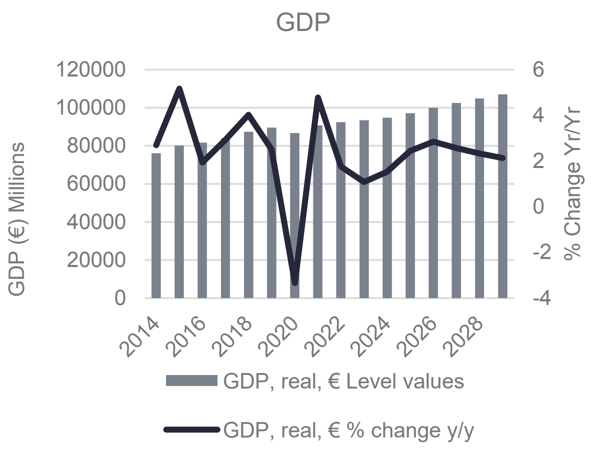
In recent years, there has been a shift away from the conventional 10 m clear internal height toward heights of 12 m or more. Developers are increasingly permitting new developments with clear heights of 15 m to 20 m, where feasible. The war in Ukraine also motivated developers and tenants to look at alternative heating systems and many new buildings now utilise heat pumps instead of the previously widely used gas heating. Photovoltaic panels are also increasingly appearing on warehouse roofs and we expect these trends to continue.

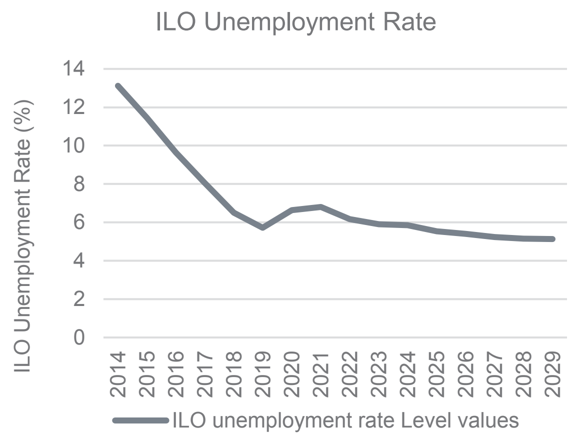
10. Slovakia

In this section we highlight the macroeconomic context in the Slovakia, officially the Slovak Republic; provide an overview of the commercial real estate market conditions; and provide an overview of the industrial / logistics market nationally.

10.1. Macroeconomic Context

Key Macroeconomic Indicators





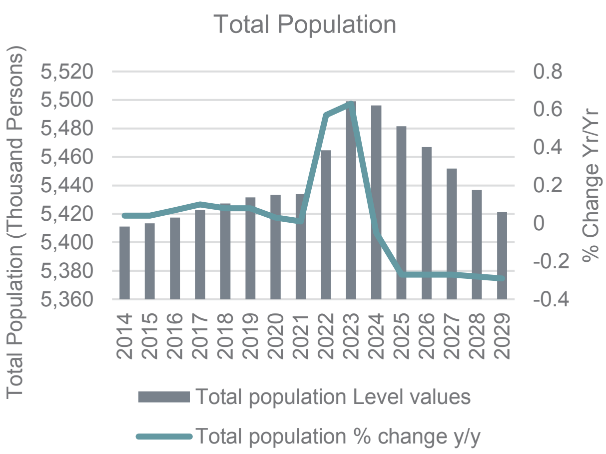


	Figure	Period
Government Gross Debt (% of GDP):	56.7%	October 2023
Inflation (CPI) (%)	3.92%	January 2024
Central Bank Interest Rate (%)	4.50%	January 2024

Source: Oxford Economics, IMF, Trading Economics (2024). Central Bank Interest Rate is the European Central Bank's Main refinancing Fixed Rate.

Slovakia's population has grown steadily between 2014 and 2023. However, the total population is forecast to decline from 2024 onwards. With rising life expectancy and declining fertility rates, Slovakia's population is ageing rapidly, coupled with increasing emigration of young people seeking better economic opportunities elsewhere in Europe. Given this, the working-age population is expected to shrink by approximately 20% between 2021 and 2050 (OECD, 2022).

The unemployment rate decreased between 2014 and 2019, averaging 8.8% in the decade to 2022, below the 9.2% average for the EU (Focus Economics, 2023). The country has reduced unemployment through economic reforms, attracting foreign investment, and promoting job creation. Slovakia experienced a surge in unemployment due to the economic impact of the Covid-19 pandemic with the rate temporarily increasing to around 6.8%. In 2022, the unemployment rate stood at 6.2% and is forecast to decrease slightly to 5.2% by 2028.

Slovakia experienced a slowdown in economic growth in 2023, primarily driven by a decrease in private and public consumption. The economic outlook was negatively affected by a weakening in the major export destinations, leading to a decline in both exports and imports. The estimated growth in real GDP for 2023 is 1.1%.

Looking ahead, real wages are anticipated to rise in 2024 and 2025, acting as a stimulus for consumer spending. Government measures aimed at alleviating the impact of high energy prices on consumers have been extended into 2024, but the assumption is that these will be phased out in 2025. Exports are anticipated to increase this year and next as the economic situation improves in major export destinations. Financing conditions are predicted to somewhat ease but remain relatively tight, leading to subdued private investments. In this context, the overall projection for economic growth is 2.5% in 2025.

Inflation surged to an estimated 10.5% in 2023 due to elevated energy prices. However, the inflation rate is anticipated to drop to 2.0% in 2024 as the growth in energy and consumer food prices is expected to moderate. Despite this, the lingering impact of energy prices and a tight labour market may exert upward pressure on prices in the service sector. In 2025, inflation is expected to further decline to 1.5%.

Key Indicators	2022	2023	2024 (f)	2025 (f)	2026 (f)	2027 (f)	2028 (f)
GDP Change Year-on-Year (%)	1.8	1.1*	1.5	2.5	2.9	2.6	2.3
ILO Unemployment Rate (%)	6.2	5.9*	5.9	5.5	5.4	5.2	5.2
Total Population (Thousand Persons)	5465*	5499*	5496	5482	5467	5452	5437
Government Gross Debt (% of GDP)	57.8	56.7	56.5	57.5	60.3	61.7	63.0
Inflation Rate (CPI, %)	12.8	10.5*	2.0	1.5	2.0	2.0	2.0
Long Term Interest Rate (%)	2.1	3.7*	3.2	2.8	2.8	2.8	2.8

*Source: Oxford Economics, IMF (2024). *Forecast as actual figures are yet to be published.*

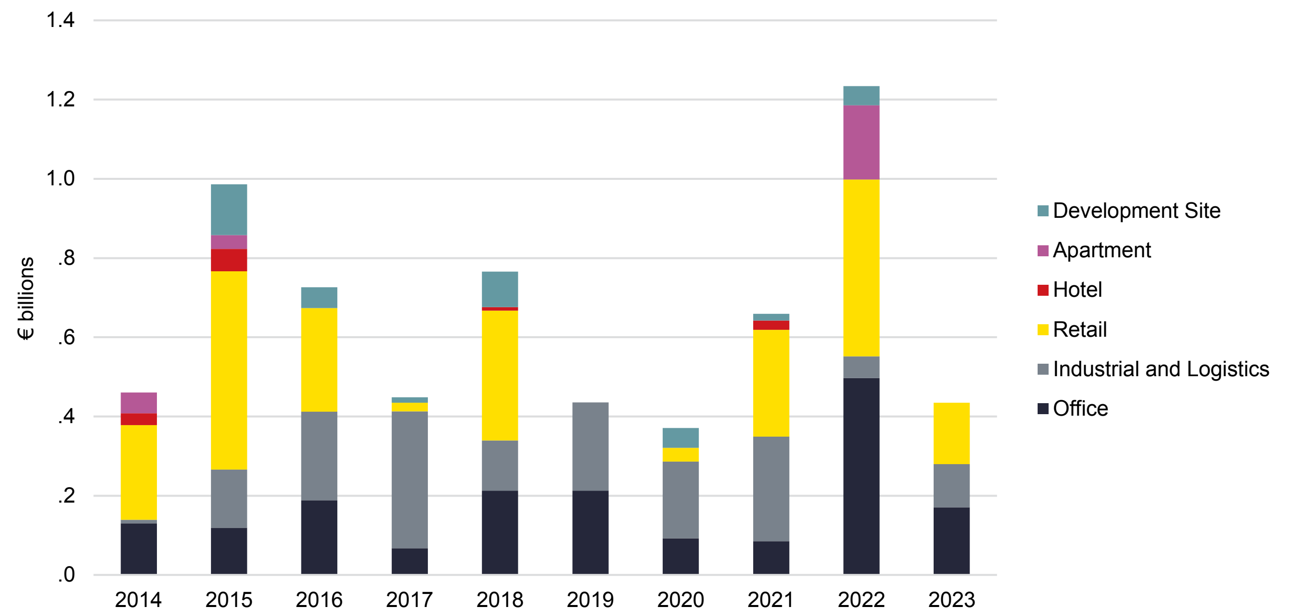
10.2. Commercial Real Estate Market Introduction

Slovakia's strategic location in Central Europe makes it an attractive destination for industrial facilities. Despite economic pressures and a year-end lull, the industrial sector has exhibited robust performance. Demand, primarily fuelled by the automotive and 3PL sectors, remains resilient. Significant advancements in electromobility, which comprises electric cars, as well as e-bikes, electric motorbikes, e-buses and e-trucks, and renewable energy technologies have played a pivotal role in shaping the sector's performance. The momentum of activities from late 2023 into 2024 indicates a dynamic start for the industrial and logistics sector in the new year. A significant portion of the industrial stock has been recently constructed and has green certifications, appealing to corporate occupiers with sustainable objectives.

Across the real estate market in Slovakia, sustainability and energy efficiency are becoming integral considerations and the adoption of green building certifications is rising. In the office sector, tenant preferences are shifting towards ESG-compliant and carbon-neutral offices, and this trend is further accentuating the divergence between high-quality and secondary buildings.

In terms of investment, 2022 marked a milestone in the real estate market, surpassing €1 billion for the first time. In 2023, there was a significant drop in investment volumes, with a decrease of over a third compared to the previous year, particularly notable in the retail and office sectors.

Slovakia Real Estate Investment: Volumes

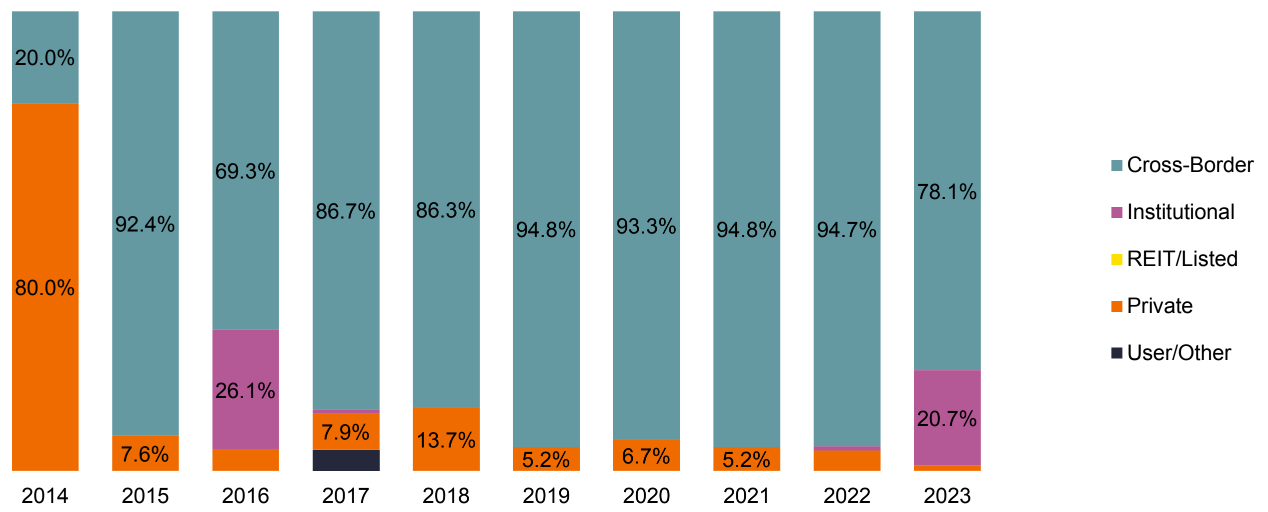


Source: MSCI.

Volume (€)	2019	2020	2021	2022	2023
Total	435,483,236	371,021,784	659,224,874	1,234,091,088	434,355,362

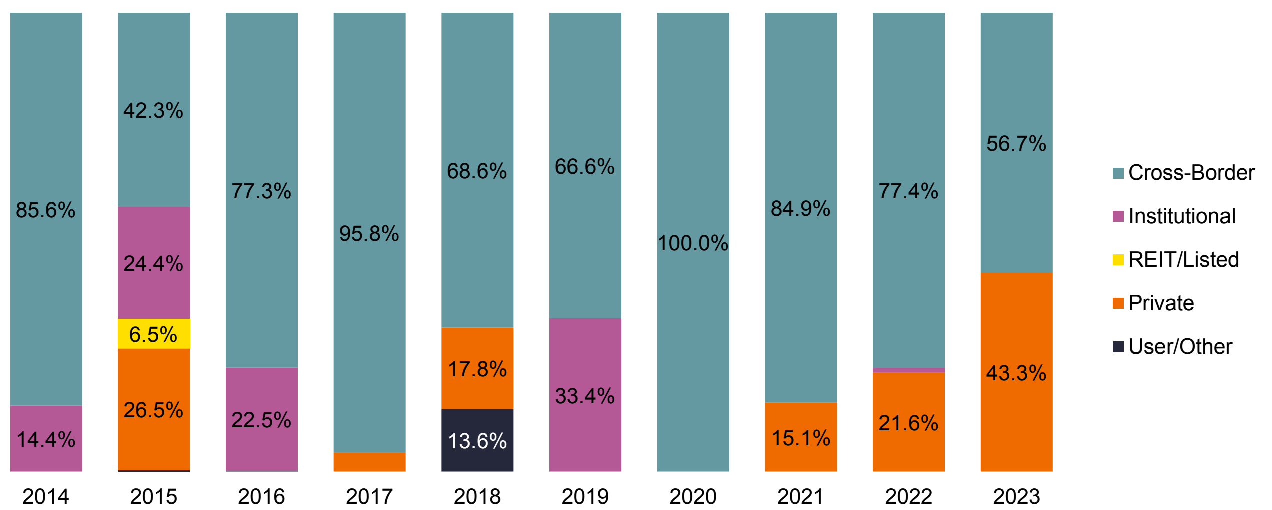
The proportion of cross-border buyers has reduced as a proportion of the total buyer pool, from 94.7% in 2022 to 78.1% in 2023. This is unsurprising as many of these investors have adopted a 'wait and see' approach to investment, given market conditions. There was a notable increase in institutional investment between 2022 and 2023 to 20.7%. Private investors make up a very small component of the real estate investors (1.2% in 2023).

Slovakia Real Estate Investment: Buyer Types (%)



Source: MSCI.

Slovakia Real Estate Investment: Seller Types (%)



Source: MSCI.

10.3. Occupational Market Overview: Industrial / Logistics Sector

10.3.1. Overview

The industrial real estate market in Slovakia is the smallest among the 'CEE 4' countries. The country benefits from its central position in Europe, however lags behind in terms of its highway network density. In the World Bank's "Logistics Performance Index" Slovakia ranked joint 43rd in 2023.

The economy is heavily dependent on the automotive industry, which accounts for almost 14% of GDP and nearly half of all industrial production. Slovakia is also the world's largest producer of passenger cars per capita, with 184 new passenger cars producer per 1,000 inhabitants in 2022. The country hosts four car production companies (Volkswagen, Stellantis, KIA and Jaguar Land Rover) and more than 350 automotive suppliers. A fifth car company, Volvo, is in the process of constructing a new production plant for electric cars, near Košice in eastern Slovakia. Construction is due for completion by the end of 2025, with full production scheduled to commence in 2026. Other major investments related to the automotive sector include the expansion of Porsche in Horná Streda (Trenčín region). The company recently finished constructing the first building for the production of battery modules, to be installed in the new Cayenne model that is manufactured at the VW plant in Bratislava. Two additional expansion phases should take place by 2028. Towards the end of 2023, the government approved the construction of the first Gigafactory, which should be built in Šurany (Nitra region) by the end of 2025.

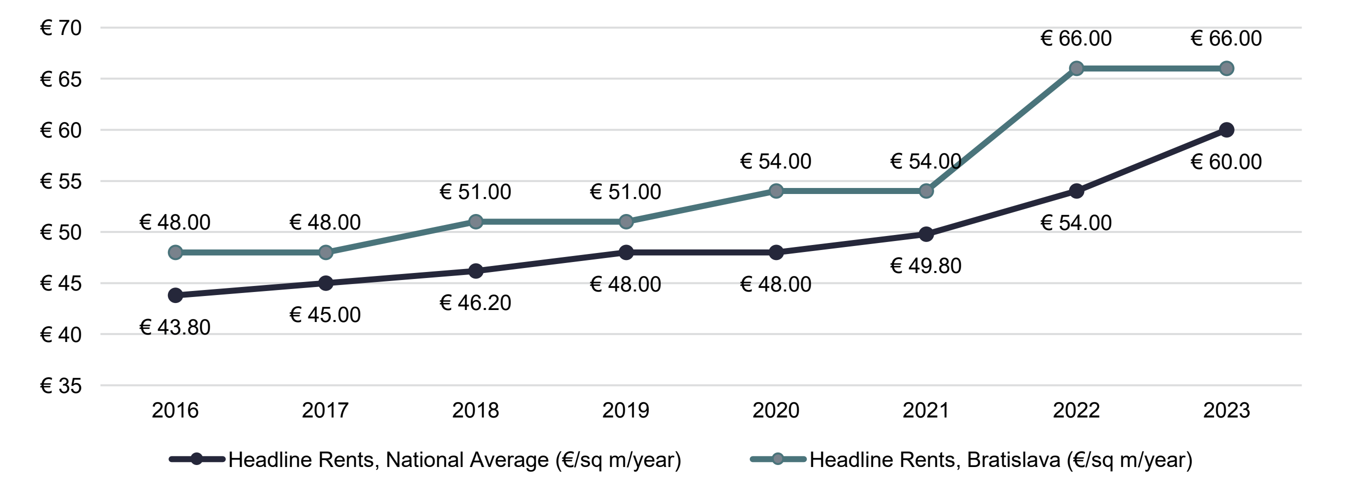
In line with trends observed in other countries, industrial take up from e-commerce companies increased during the Covid-19 years. However, some of these occupiers have been seeking to sublease their space, as online sales have dropped and warehouses are not fully utilised. The production and storage of cars and automotive components will remain the primary source of occupier demand in the medium-term.

Slovakia's previous labour cost advantage has dissipated. Many Slovakian people are reluctant to work in warehouse roles, and the country's relatively small population, with only a few larger cities exceeding 100,000 people spread around the country, exacerbates the labour shortage. As a result, foreign workers are frequently employed to bridge the labour gap. This challenge could be partially addressed in future by higher levels of automation.

10.3.2. Rents

Increased demand pushed space availability to record lows, combined with higher construction costs, have led to an increase rents across the past two years.

Prime Industrial Rents: Slovakia & Bratislava (€ sq m / p.a.)



Source: Savills. Headline rents for standard warehouse space.

There are significant variations between individual locations and headline rents in the most demanded submarkets have outpaced the overall market, increasing by approximately 35% from the end of 2021.

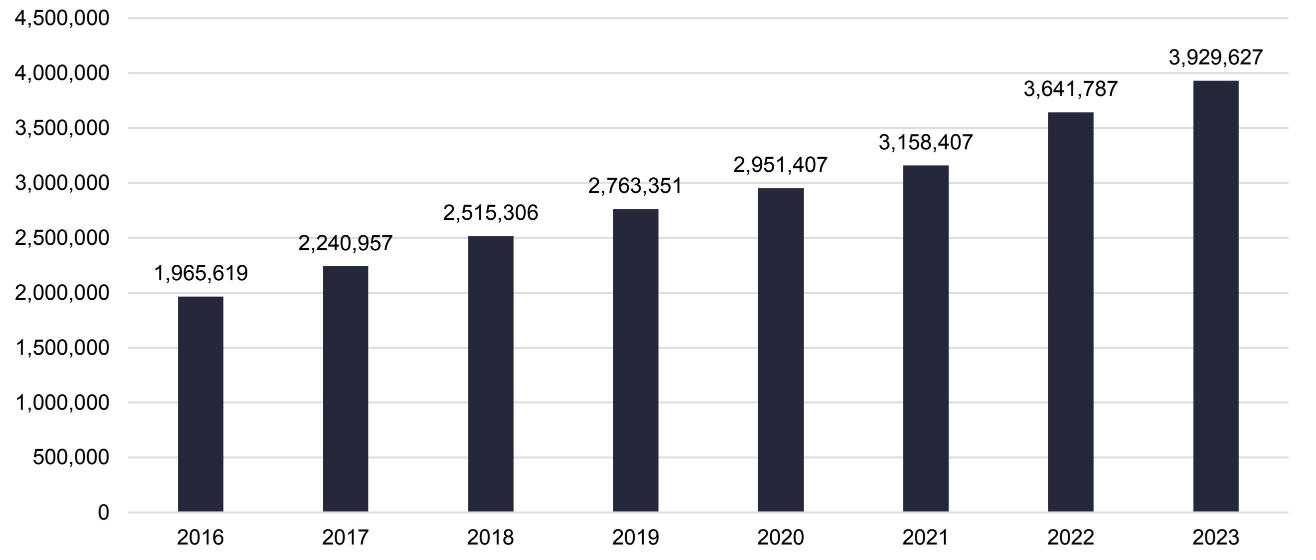
Based on the latest data, prime headline rents in Slovakia (which applies to the Bratislava region) range from €5.00 - €5.75 per sq m per month. In the regional markets, headline rents for high quality industrial space typically fall between €4.50 - €5.25 per sq m per month. Monthly service charges (excluding consumed utilities) oscillate between €0.70 - €1.00 per sq m per month, whilst offices within industrial properties are rented for €9.50 - €11.00 per sq m per month.

10.3.3. Stock & Vacancy

At the end of 2023, the total industrial stock, intended for lease to third parties, stood slightly below 4 million sq m. More than 40% of this stock is situated near to Bratislava.

60% of the existing stock in Slovakia has been newly constructed during the past 10 years, representing high-quality industrial space. These spaces typically feature clear heights ranging from 8-12 m, dust-free flooring with a loading capacity of at least 5 t / sq m and LED lighting.

Industrial Stock: National (sq m)

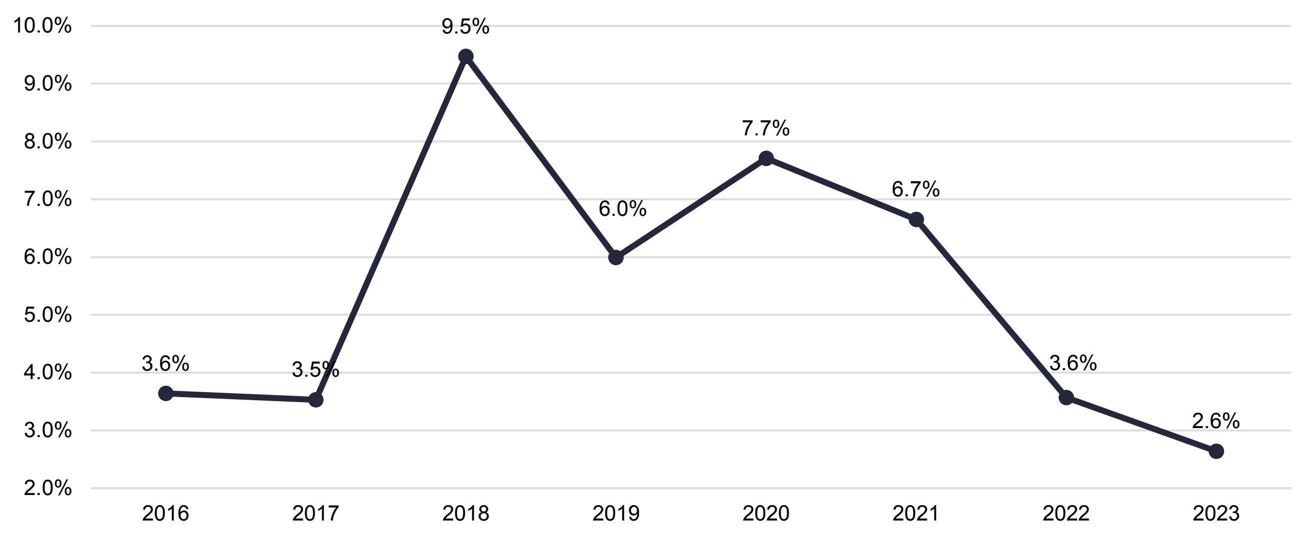


Source: Savills.

The gradual decline in the national vacancy rate implies that net demand levels exceed new supply, a trend reinforced by the robust take up observed over the past three years. Aside from minor quarterly fluctuations, the national vacancy rate has been steadily falling since mid-2020, reaching 2.6% by the end of 2023.

In Bratislava, the proportion of unoccupied existing stock fell from 4.6% at the end of 2022 to 2.2% at the end of 2023. The Western Slovakia submarket reported a vacancy rate of 3.0%, whilst Central Slovakia had the lowest share of unoccupied space at 1.7% and the Eastern Slovakia submarket reported 4.6% of vacant space.

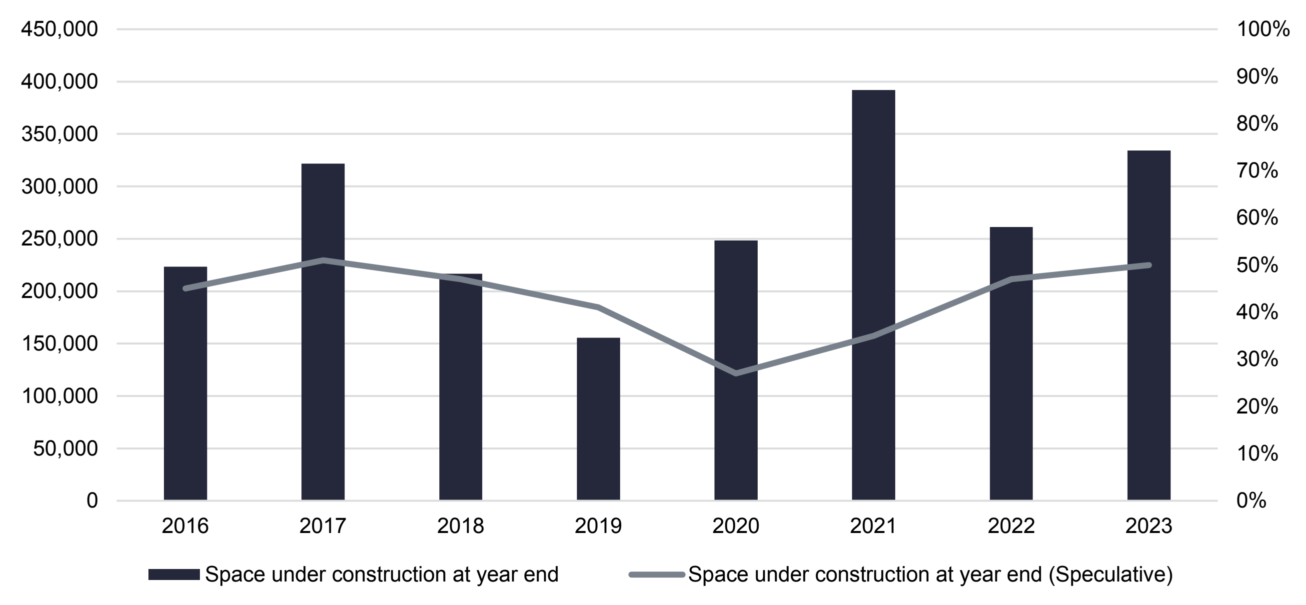
Industrial Vacancy Rate: National (%)



Source: Savills.

Approximately 275,000 sq m of new space was constructed in Slovakia during 2023. This represents a one-third decrease compared to the previous year, however it was still one of the highest annual levels in a long-term historical context. At the end of 2023, the total rentable area of industrial space under construction across Slovakia totalled 336,000 sq m, with more than 50% of those premises pre-leased. Almost 60% of the space under construction is located within the Bratislava submarket (which extends beyond the boundaries of the cadastral area of the Bratislava city) and Western Slovakia (mostly in the Trnava region). All of the space under construction is scheduled for completion during 2024.

New Industrial Deliveries: National (sq m)

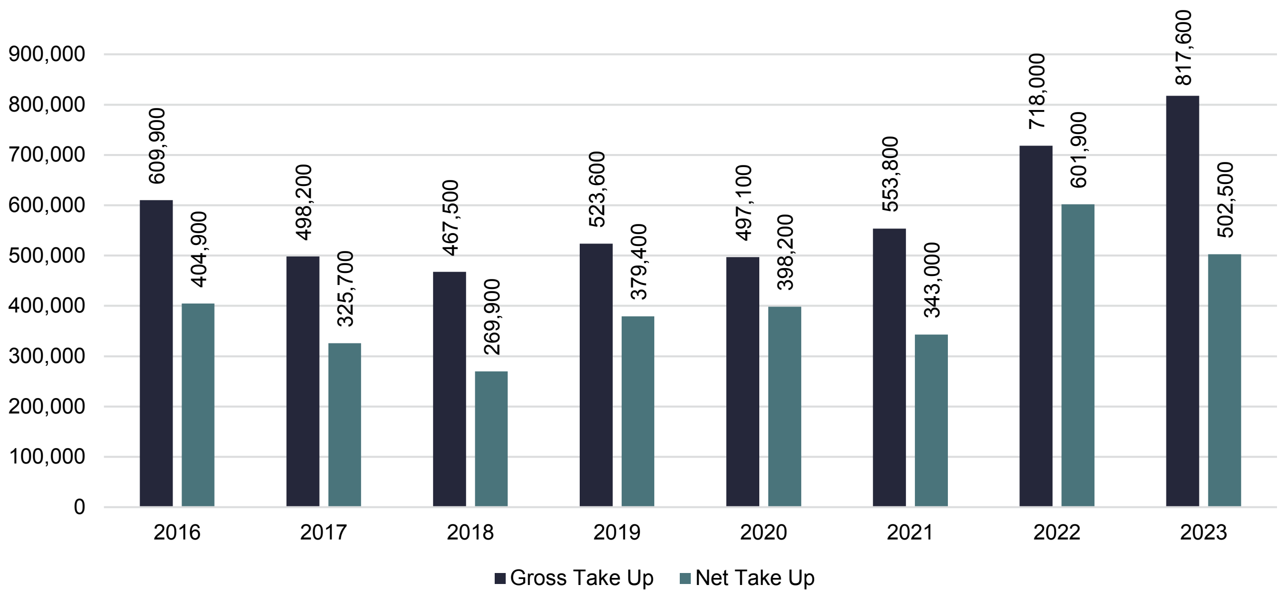


Source: Savills.

10.3.4. Take Up

Demand for industrial space in Slovakia was positive in 2023. Gross take up (which includes renewals of historic lease agreements) reached almost 820,000 sq m, surpassing the previous record year in 2022. Net take up (consisting of new leases, expansions and pre-leases) exceeded 502,000 sq m in 2023, marking the second highest level of activity on record and representing only a 5% decrease compared to the previous year. Following two years of robust leasing activity, a slight decrease in demand is expected in 2024, in line with the other CEE countries.

Industrial Take Up: National (sq m)



Source: Savills.

The automotive sector typically accounts for 50-60% of annual net take up in Slovakia, with logistics companies also making up a significant share. Industrial take up in 2023 was supported by the announcement of Volvo's plans to construct a new car production plant.

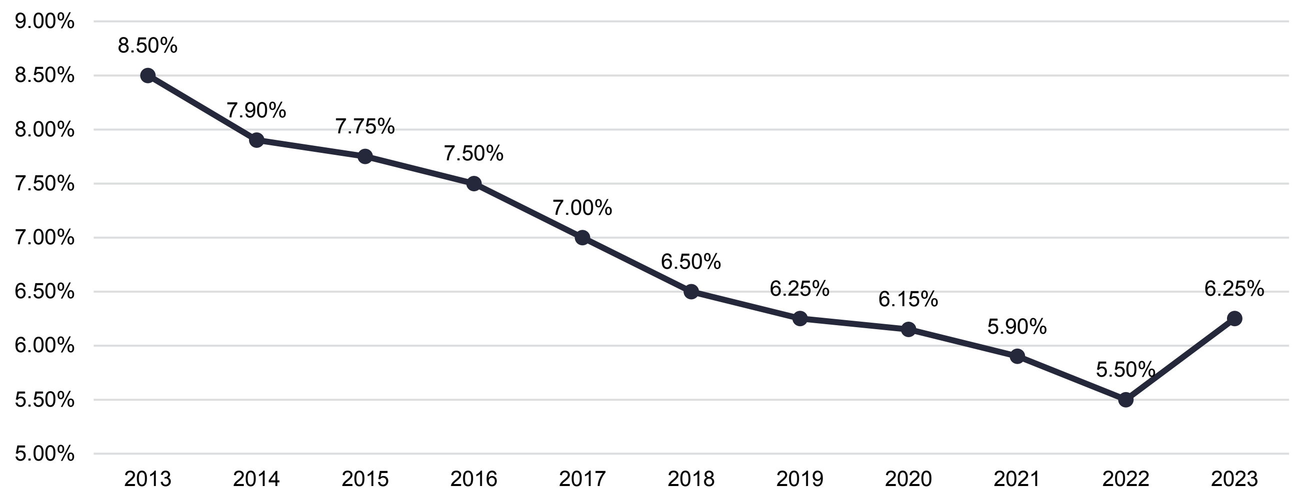
Geographically, Western Slovakia and the Bratislava market continues to be the focus of industrial demand, representing the largest share of leasing activity. This trend is unsurprising given that 83% of the existing stock is situated in this part of Slovakia, and the largest share of new developments are concentrated here.

The majority of new leasing transactions signed in Slovakia are for units smaller than 5,000 sq m. Transactions exceeding 20,000 sq m are relatively rare, with only around ten such deals recorded, and the largest leasing transactions rarely exceed 30,000 sq m.

10.3.5. Yields

Prime logistics yields in Slovakia remained stable from Q2 2023 to Q4 2023 at 6.25%, a level believed to be the peak. Despite some market expectations about the ECB reducing interest rates in H1 2024, it is highly probable that financing costs will remain elevated throughout the entire year. Consequently, we do not expect any yield decompression in the next 12 months and activity is likely to pick up in the second half of 2024 or towards year end.

Industrial Prime Yields: National (%)



Source: Savills. 2022 and 2023 data as at Q4. Gross Initial Yields (see definitions).

10.3.6. Future Outlook

Taking into consideration the volume of speculative development currently underway across the country, and anticipating the downsizing of several larger tenants, the overall expectation is for the vacancy rate to slightly increase in the course of 2024.

Looking ahead, Slovakia is well positioned for the coming years, with headline rents still competitive compared to other CEE countries and a sufficient land bank for future development. Combined with generous government incentives, this could create an attractive mix of factors for any nearshoring initiatives. However, the current political direction of the country led by the new prime minister raises concerns. A number of worrying reform proposals, the closure of the anti-corruption office, and general pro-Russian and anti-EU rhetoric could serve as warning signals for some larger corporations.

The gradual shift of the automotive sector toward electric cars has led to a surge in new demand from battery producers, and the importance of the auto industry will continue to play a pivotal role in driving industrial demand in the country.

ESG & Sustainability Drivers

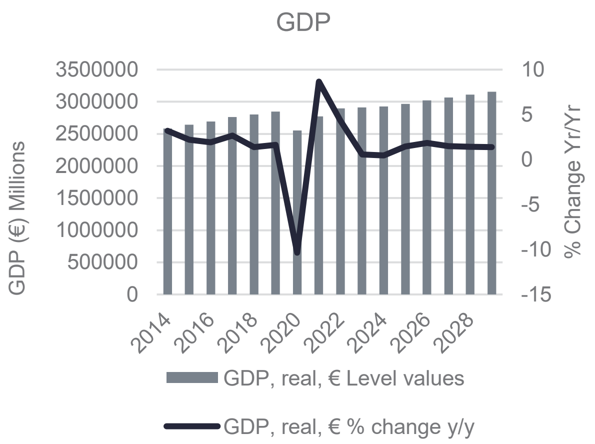
Green certifications are becoming increasingly common in the market and given the age profile of the stock, many of the existing newer buildings may be relatively easily upgraded to meet the required metrics. A large proportion of new developments are being designed to meet BREEAM certification requirements, partly because banks require certain ESG criteria to finance new developments.

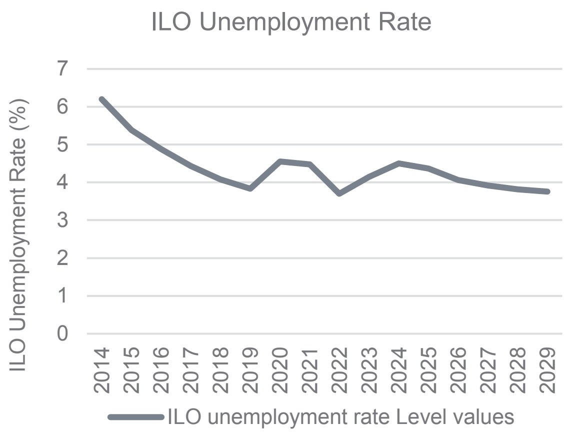
11. United Kingdom

In this section we highlight the macroeconomic context in the UK; provide an overview of the commercial real estate market conditions; and provide an overview of the industrial / logistics market highlighting the Midlands and North regions.

11.1. Macroeconomic Context

Key Macroeconomic Indicators





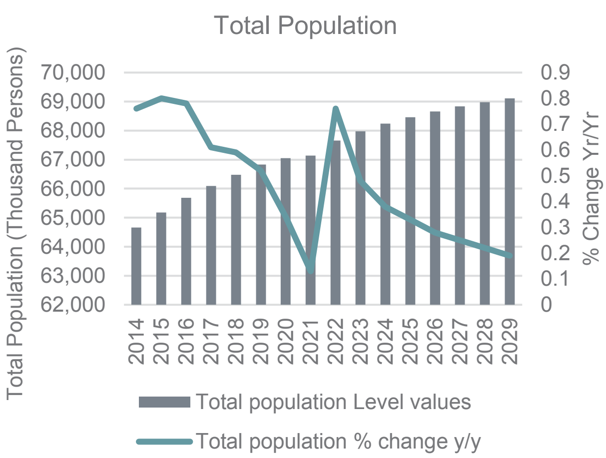


	Figure	Period
Government Gross Debt (% of GDP):	104.1%	October 2023
Inflation (CPI) (%)	4.00%	January 2024
Central Bank Interest Rate (%)	5.25%	February 2024

Source: Oxford Economics, IMF, Trading Economics (2024). Central Bank Interest Rate is the Bank of England's Bank Rate.

The UK's population has continued to grow since 2014, from approximately 64.663 million in 2014 to 67.654 million in 2022. Migration has been the primary cause for the UK's population growth since 1990 and it is forecast that this trend will continue up to 2028 with an estimated total of 68.984 million. The UK population is also ageing. By 2050, it is projected that one in four people in the UK will be aged 65 years and over, an increase from one in five in 2019 (ONS, 2023).

Unemployment has steadily declined from approximately 6.2% in 2014 to 3.7% in 2022. Following the global financial crisis and subsequent recession, the UK's economy experienced a gradual recovery and the unemployment rate declined. Like other markets, the pandemic led to a significant shock to the UK economy; as businesses were forced to close, the unemployment rate rose sharply. Afterwards unemployment rate began to decline, however the pace varies across sectors with some industries experiencing ongoing challenges finding suitable labour.

At the beginning of 2023, the prevailing market consensus predicted a contraction in the UK's GDP. By Q4 2023, the actual performance showed a 0.3% decline compared to Q3 2023, marking the second consecutive quarterly fall, following a 0.1% decline in Q3 2023 (UK Parliament, 2024). Looking ahead, forecasts indicate a modest growth in UK GDP, reaching 1.5% in 2025. Despite being the primary engine of growth in normal times, household consumption has only marginally recovered and remains below its pre-Covid-19 level due to successive negative shocks to real incomes. In 2024, businesses may face the challenge of deciding whether to raise prices to restore margins or reduce staff where demand projections indicate weakness in certain sectors. A simultaneous occurrence of these scenarios could have a particularly negative impact on household real incomes.

Headline CPI inflation dipped to 4.6% in October 2023, aligning the UK more closely with other major economies and further again in January 2024. Domestic factors, such as a tight labour market, robust services price inflation, and firms passing on higher costs to consumers, persist in keeping core inflation elevated.

Key Indicators	2022	2023	2024 (f)	2025 (f)	2026 (f)	2027 (f)	2028 (f)
GDP Change Year-on-Year (%)	4.4	0.6*	0.5	1.5	1.9	1.5	1.4
ILO Unemployment Rate (%)	3.7	4.2*	4.5	4.4	4.1	3.9	3.8
Total Population (Thousand Persons)	67654*	67979*	68240	68466	68660	68832	68984
Government Gross Debt (% of GDP)	101.9	104.1	105.9	107.3	108.5	108.2	108.2
Inflation Rate (CPI, %)	9.1	7.4*	3.2	1.6	1.7	1.7	1.9
Long Term Interest Rate (%)	2.4	4.0*	4.0	3.9	3.5	3.0	2.9

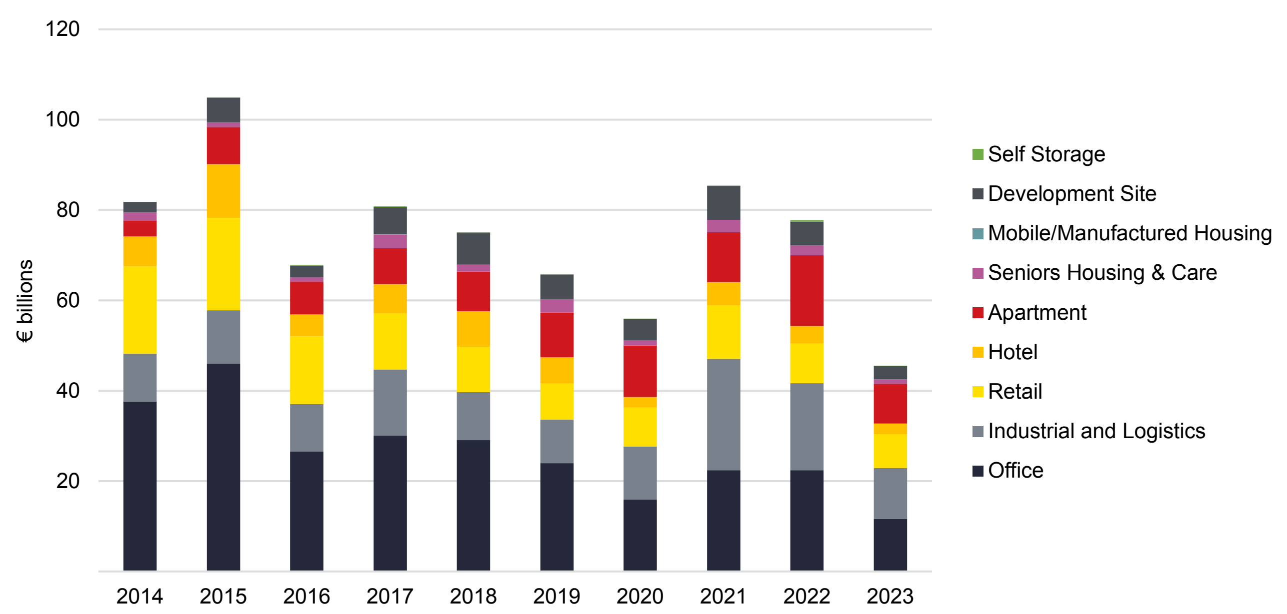
*Source: Oxford Economics, IMF (2024). *Forecast as actual figures are yet to be published.*

11.2. Commercial Real Estate Market Introduction

In 2023, the UK commercial real estate market faced significant challenges, resulting in investment volumes recording close to a 40% drop, amounting to approximately €45.6 billion from 2022. Several factors contributed to this decline, including the impact of monetary policy drivers, such as the highest interest rates in over 15 years and inflationary pressures.

Despite the overall decrease in volumes, the industrial and logistics market remained resilient and continued to dominate the investment landscape. Although the total investment volumes in the industrial and logistics sector were nearly half of the previous year's levels, it still accounted for a significant portion, approximately 25%, of the total volume. The UK industrial and logistics market experienced consistent growth in transactional activity since 2019, reaching a peak at over €24.64 billion in 2021, fuelled by the boom of e-commerce during the Covid-19 pandemic. The past two years saw a decline in investment activity, reflecting the broader challenges faced by the commercial real estate market.

United Kingdom Real Estate Investment: Volumes



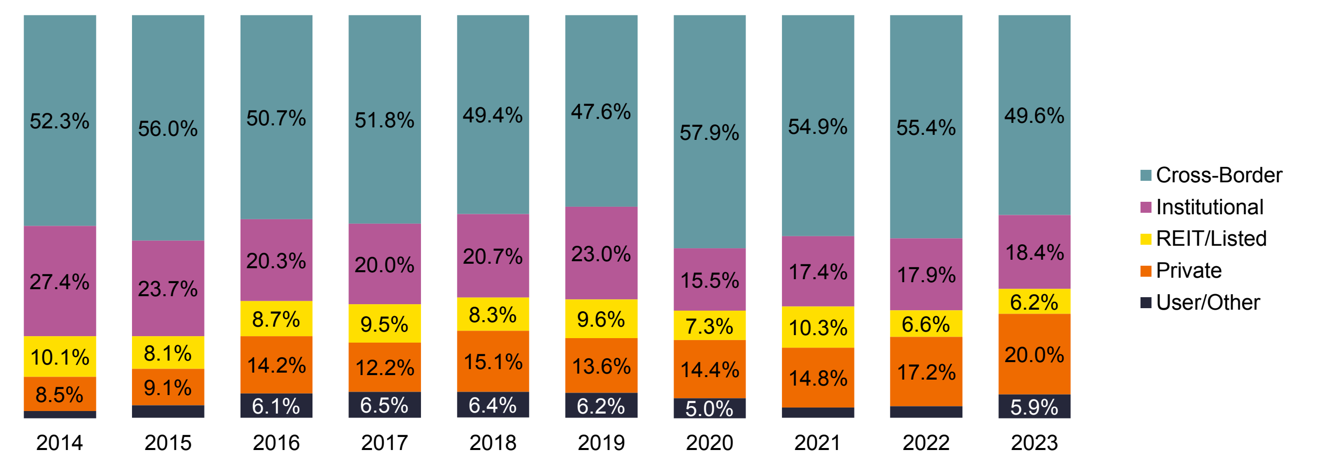
Source: MSCI.

Volume (€)	2019	2020	2021	2022	2023
Total	65,822,539,880	55,991,923,427	85,438,277,461	77,740,025,610	45,592,469,090

In 2023, international investors played a significant role in the UK commercial real estate market, accounting for nearly 50% of activity, although slightly below the five-year average. However, it was private investors that notably increased their activity. In 2022, private investors accounted for 17.2% of activity, rising to 20% in 2023. This represents the highest market share by private investors since 2014. Private investors, who are often more immune to high debt costs, seized the opportunity presented by diminished competition to secure assets at more attractive values.

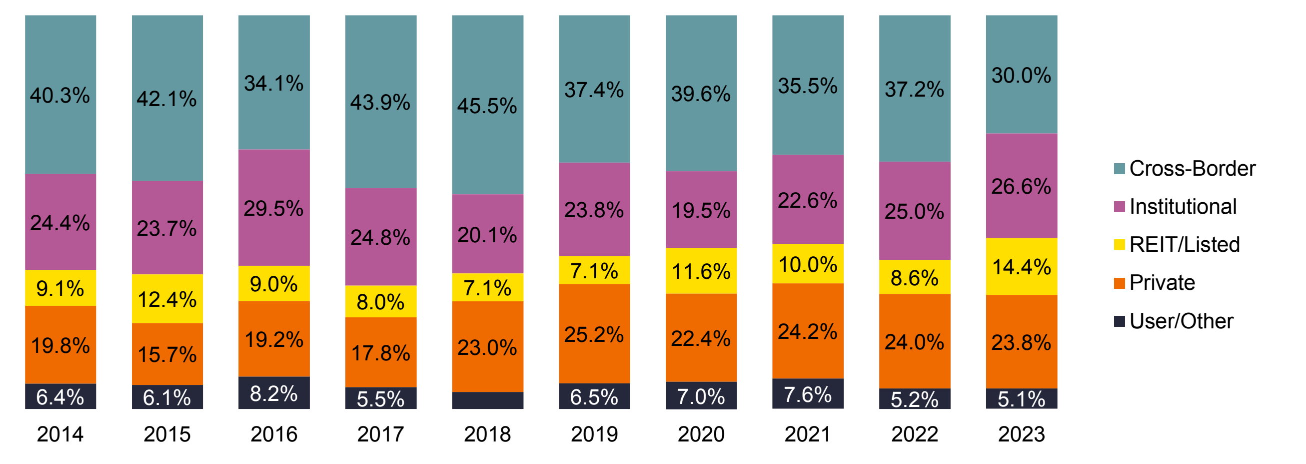
There has also been a diversification in the buyer pool, with a shift in prices over the last 12 months attracting interest from new investors. Alongside private investors, a broader range of buyers has begun to emerge, contributing to a dynamic marketplace. The seller pool saw a relatively equal spread among various groups, including cross-border investors, institutions, and the private sector, with a smaller proportion from Real Estate Investment Trusts (REITs).

United Kingdom Real Estate Investment: Buyer Types (%)



Source: MSCI.

United Kingdom Real Estate Investment: Seller Types (%)



Source: MSCI.

11.3. Occupational Market Overview: Industrial / Logistics Sector

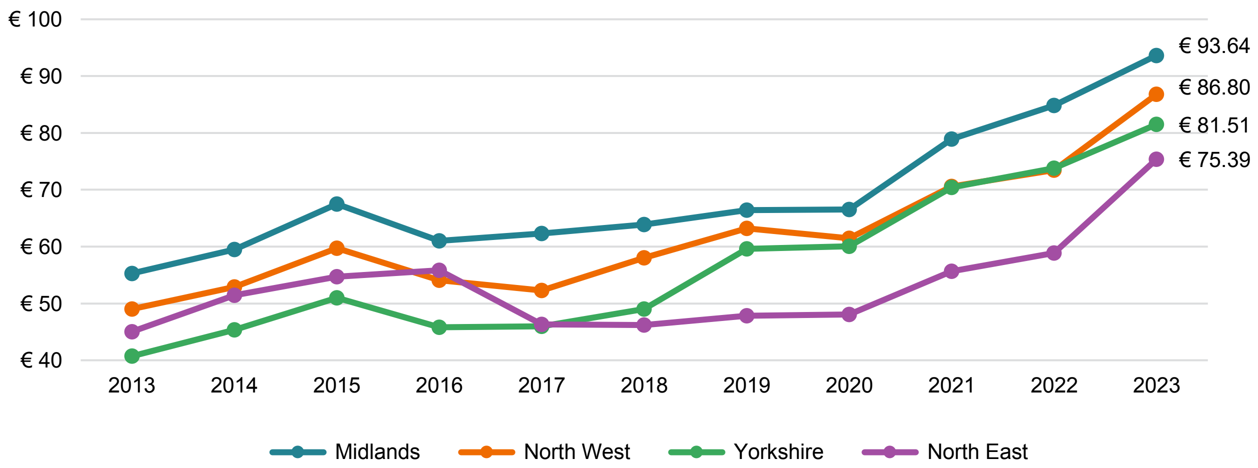
11.3.1. Overview

The UK's strategic geographic location and advanced infrastructure have solidified its position as a key logistics hub, attracting significant interest from both domestic and international investors. The market has been characterised by a strong emphasis on innovation and sustainability, with advancements in technology and green logistics practices shaping the sector's future trajectory. According to the "Logistics Performance Index", published by The World Bank, the UK ranked joint 19th alongside Italy in 2023.

Amidst current economic challenges, logistics occupiers are shifting focus from growth to strategic decision-making. This shift is driven by factors such as upcoming lease events and a heightened emphasis on improving the ESG credentials of their real estate portfolios. Consequently, whilst there are a sizeable number of requirements in the market, decision-making is more protracted and the end result may be that an occupier decides to stay in their current premises and revisit their requirements, when economic and financing conditions are more favourable.

11.3.2. Rents

Industrial and Logistics Market Rents: Key Markets (€ sq m / p.a.)



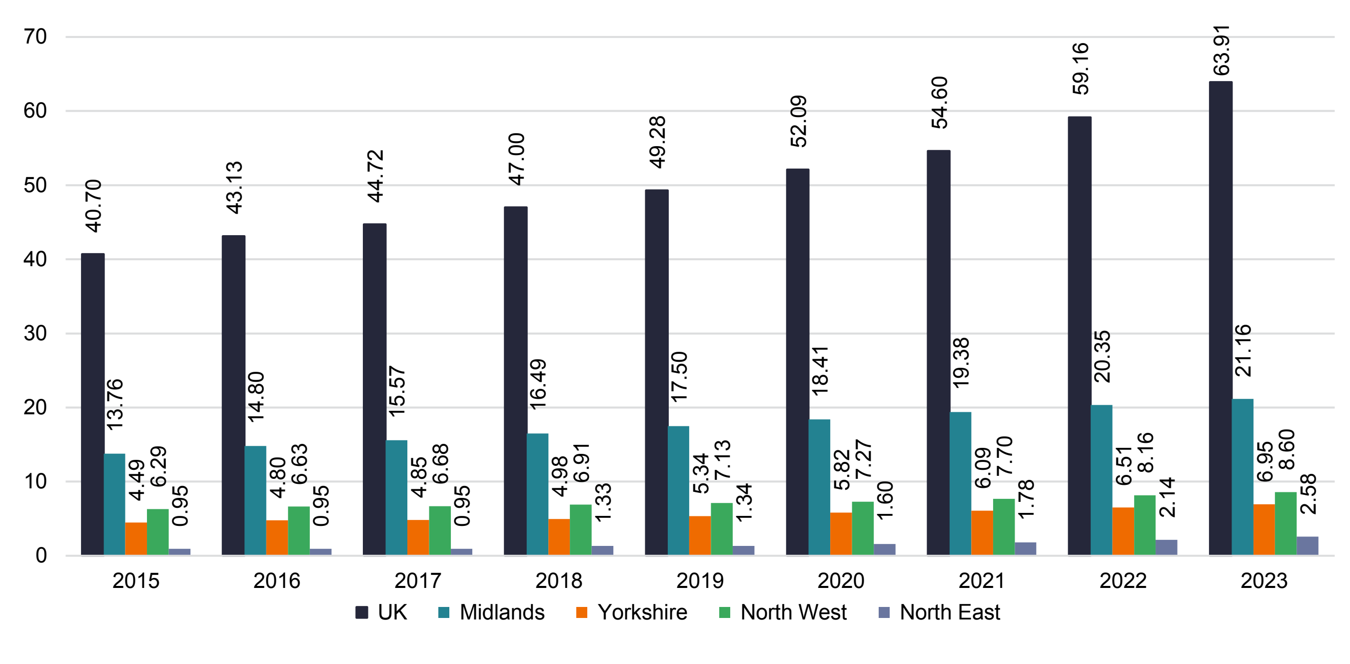
Source: MSCI, as at Q4 for each year.

Demand for industrial and logistics space remains robust across various size bands and geographic regions, particularly for prime industrial and logistics properties. As illustrated in the graph above, the market rents for industrial and logistics have shown steady growth across all selected regions since 2020, with the highest rents achieved in the Midlands, followed by the North West, Yorkshire, and the North East.

Prospects for rental growth remain strong, especially in undersupplied markets and size ranges, particularly for Grade A units. Overall, the UK is expected to see rental growth of 4.9% in 2024, reflecting the continued resilience and attractiveness of the industrial and logistics sector.

11.3.3. Stock & Vacancy

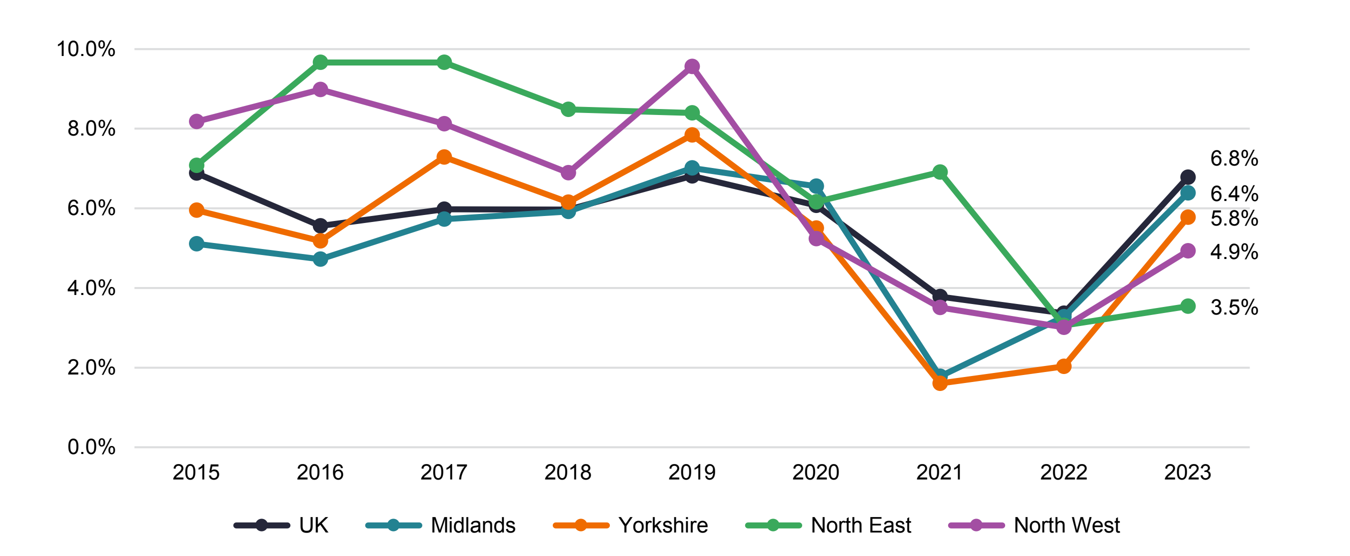
Industrial & Logistics Stock: Key Markets & National (million sq m)



Source: Savills, as at Q4 for each year.

There has been a notable rise in stock nationally, with increased supply from speculative completions and occupier-controlled space. The total stock in Midlands, Yorkshire, North West and North East comprises over 60% of the total UK stock.

Industrial & Logistics Vacancy Rate: Key Markets & National (%)

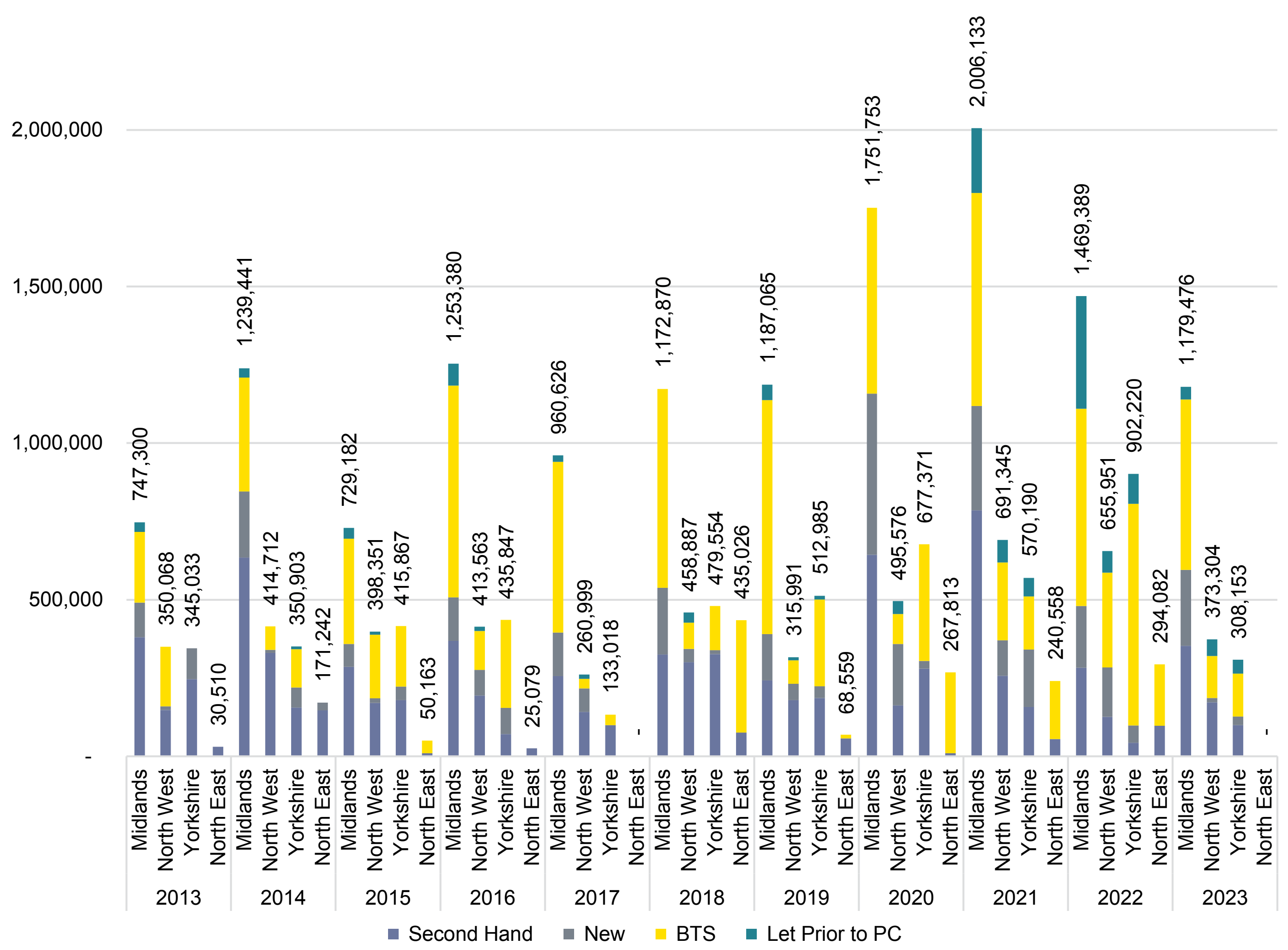


Source: Savills, as at Q4 for each year.

In the UK, rising supply has led to substantial increases in vacancy rates since 2022. Between 2022 and 2023, Yorkshire experienced the largest increase, with vacancy rising by 375 bps. However, when comparing the vacancy rates for selected regions such as the Midlands, Yorkshire, North East, and North West to the national average of 6.8% as of the end of Q4 2023, these regions still maintain vacancy rates below the national average.

11.3.4. Take Up

Industrial & Logistics Take Up: Key Markets (sq m)



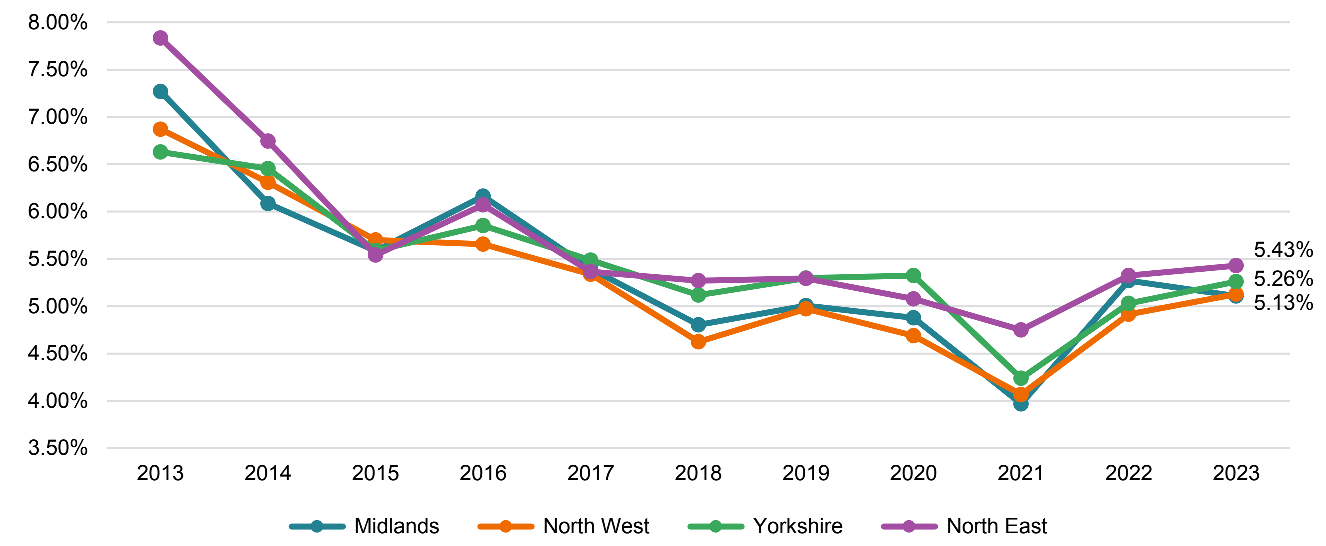
Source: Savills.

At a national level, in 2023, the UK experienced a 40% year-on-year decrease in take up of industrial and logistics floorspace. However, this level was still 12% above the pre-Covid average, indicating a return to more normal market conditions after a record-breaking period. The level of build-to-suit (BTS) transactions fell as volatility in capital markets made it significantly harder to agree terms on such transactions. Despite these challenges, there was a positive trend in the diversification of the occupier mix, with manufacturing-related deals accounting for 29% of the market, the highest level since 2017.

Across all four selected regions, take up in 2023 was below the long-term annual average. The Midlands saw a slight decrease in take up, reaching nearly 12.7 million sq m, with 3PLs being the most active. Towards the end of the year, online retailers returned as certainty over inflation increased, while manufacturers have also been active in order to improve their supply chain resilience. Larger declines were recorded in the North West and Yorkshire, with total take up falling by over 43% and 65%, respectively.

11.3.5. Yields

Industrial Prime Yields: Key Markets (%)



Source: Savills, as at Q4 for each year. Net Initial Yields (see definitions).

Despite the strong economic headwinds, the investment market showed signs of improvement in 2023. When compared to the long-term average, the net initial yield for the UK industrial market in 2023 was lower than that in 2013, despite a 10 basis point increase across Yorkshire, North West and North East. The Midlands experienced a hardening yield over the past 12 months, reflecting an improving investor outlook.

There was a closer correlation observed between prime yields and base rates throughout 2023. With base rates expected to remain higher for a longer period in 2024, challenges in the market may persist, including a lack of willing sellers and limited appetite for BTS or speculative funding. We do expect to see more conviction from investors, particularly in the second half of the year, as base rates start to fall and government bond yields stabilise. This shift may also attract more leveraged investors back into the prime market, supplementing the relatively small pool of unlevered buyers. There will likely be a greater focus on total return rather than just the initial yield, suggesting that prime yields may tighten as the year progresses.

11.3.6. Future Outlook

As 2024 unfolds, investors are likely to face a myriad of external pressures, including fund redemptions, maturing loans requiring refinancing, and breaches in loan-to-value ratios. Some investors may need to recycle their portfolio to raise capital for their development pipeline or to meet their ESG targets. Therefore, we expect to see the market with elevated levels of stress ('pressure') rather than distress, suggesting a steady level of transactions and recapitalisations.

The growth of online retail, a significant driver of demand for logistics space, is expected to continue in 2024. Online retail penetration is forecasted to increase by 7% year-on-year, reaching 28.4% by 2027. Moreover, many occupiers are looking to upgrade their facilities to improve their ESG credentials, which should contribute to a significant base level of demand in the market.

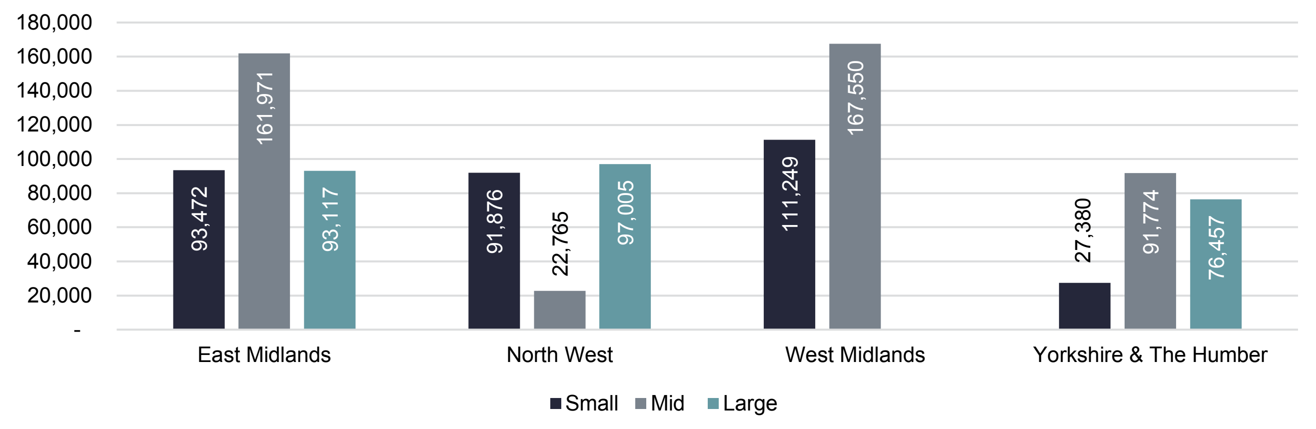
The biggest risk on the supply side will be whether a further wave of occupier-controlled space comes to the market or company failures cause the return of second-hand space. We are starting to see buildings stay vacant for longer, albeit not to the levels before the pandemic. With BTS deals remaining difficult to transact, we expect that some requirements will divert into existing buildings, meaning that vacancy will drop as the year progresses.

We track development pipeline of warehouses over 100,000 sq ft, and our analysis is divided into bands of 'small' units which are 100,000-199,999 sq ft, 'mid' sized units which are 200,000-399,999 sq ft and 'large' units which are over 400,000 sq ft. Within this report, this data has been converted to sq m for consistency. This pipeline reflects units that are under construction and are due for completion in 2024 or 2025.

In the West Midlands region, there are 9 small buildings comprising a total of approximately 111,000 sq m, 6 mid-sized buildings totalling approximately 168,000 sq m, and no large buildings under construction. In the East Midlands region, there is a development pipeline of buildings under construction comprising 7 small buildings totalling approximately 93,000 sqm, 5 mid-sized buildings totalling approximately 162,000 sq m and 2 large buildings, each of which comprise approximately 46,000 sq m.

In the North West region, there is a pipeline of 7 small buildings totalling approximately 92,000 sq m, a mid-sized building of approximately 23,000 sq m, and 2 large buildings with a total area of approximately 97,000 sq m. There is no stock under construction in the North East over the 100,000 sq ft threshold. In the Yorkshire & The Humber region, there are two 2 small buildings under construction totalling approximately 27,000 sq m, 3 mid-sized buildings totalling approximately 92,000 sq m, and 2 large buildings totalling approximately 76,000 sq m. Savills are tracking approximately 2.4 million sq m of lease events due in 2024, and with many occupiers looking to upgrade their facilities, there should be a notable amount of base-level demand in the market.

Industrial and Logistics Development Pipeline due to complete 2024-2025: United Kingdom (sq m)



Source: Savills. Stock recorded in the above graph covers asset sizes greater than 100,000 sq ft..

ESG & Sustainability Drivers

The introduction of Minimum Energy Efficiency Standards (MEES) in the UK is a key mechanism to drive energy performance upgrades. In England and Wales, An Energy Performance Certificate (EPC) is required when a property is sold, leased or constructed. Since April 2023, it has been unlawful for landlords to grant a new lease, or continue to let commercial space with an EPC below an 'E'. The penalty for failing to comply with this regulation is typically 10% of the property's rentable value up to a maximum of £50,000. Under the draft changes to the MEES Regulations, the Government has proposed to increase the minimum EPC rating for commercial properties to a 'C' for new leases in April 2025, extending to existing leases in April 2027. A further rise to a minimum rating of 'B' is due to apply in 2030.

In the Midlands, particularly in the West Midlands, over 50% of the industrial and logistics stock is of Grade A quality. Yorkshire and the North West also have a comparable makeup of Grade A stock, suggesting a similar level of modern infrastructure in these areas. Despite the prevalence of Grade A stock, there are sustainability concerns, particularly in the North West region. 79% of the industrial and logistics stock in the North West is EPC C or lower. This highlights a need for landlords in the North West to prioritise necessary refurbishments to improve energy efficiency and meet the sustainability expectations of tenants. By making these improvements, landlords can maximise rents and enhance the overall attractiveness of their portfolios.

Definitions

Within our report, we have adopted various abbreviations and definitions summarised below.

General / Macroeconomic Terminology

- **European Union:** We consider the European Union (EU) to include Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden.
- **Inflation Rate (CPI):** Inflation measured by consumer price index (CPI) is defined as the change in the prices of a basket of goods and services that are typically purchased by specific groups of households.
- **Long-term interest rate**: 10-year government bond yield.
- **Gross domestic product (GDP)**: Aggregate measure of production according to location of activity equal to the sum of the gross values added of all resident institutional units engaged in production (plus any taxes, and minus any subsidies, on products not included in the value of their outputs). It is also the sum of the final uses of goods and services (all uses except intermediate consumption) measured in purchasers' prices, less the value of imports of goods and services, or the sum of primary incomes distributed by resident producer units.
- **Government Gross Debt (% of GDP):** Gross Debt consists of all liabilities that require payment or payments of interest and/or principal by the debtor to the creditor at a date or dates in the future.
- **Total population**: Total population of all persons residing within a region.
- **Working-age population**: Consists of all persons aged from 15 to 64 inclusive residing within a region.
- **ILO unemployment**: Comprises all persons above the age of 15 who during the reference period were: without work, that is, were not in paid employment or self-employment; currently available for work, that is, were available for paid employment or self-employment; seeking work, that is, had taken specific steps in a specified recent period to seek paid employment or self-employment. The ILO unemployment rate represents the unemployed persons as a percentage of the workforce (the total number of people employed plus unemployed).
- **Workforce**: Comprises all persons who fulfil the requirements for inclusion among the employed or the unemployed during a specified reference period. Also known as labour force.
- **Cost of Living Index (Excl. Rent)**: This indicates the relative prices of consumer goods like groceries, restaurants, transportation, and utilities. It excludes accommodation expenses such as rent or mortgage. New York City is used as a benchmark with an index of 100.
- **Third-party logistics (“3PL”)**: A third-party logistics or 3PL provider / servicer / organisation offers outsourced logistics services.

Real Estate Market Terminology

We have adopted the investor type classifications commonly used by MSCI; these types are organised into four categories of investors.

- **Institutional Investors**: These investors include: private equity funds, open-ended investment funds, pension funds (public or private), insurance companies (public or private), banks (public or private), non-bank finance companies (public or private), investment managers or advisors, and sovereign wealth funds.
- **REIT / Listed Investors**: These investors include: Real Estate Investment Trusts (REIT) traded on a public market, Real Estate Operating Companies (REOC), publicly traded property owners / operators / developers, and listed publicly traded funds investing directly into real estate.
- **Private Investors**: Private companies whose business is primarily geared toward operating, developing, or investing in real estate. These investors include: private family wealth invested directly (including high net worth individuals), non-traded Real Estate Investment Trusts (REIT) including public non-listed REITs, and property owners / operators / developers that are non-traded and privately held.
- **User / Other Investors**: Companies who own real estate for their own use and specific purposes. These investors include: corporate users, government, non-profit, educational or religious institutions.
- **Cross-border Investors**: Defined as those not headquartered in the same country where the property is located.
- **Net Initial Yields**: Represent an estimation of the achievable yield, including transaction and non-recoverable costs, on a hypothetical grade A building located in a prime location, fully let to strong covenant tenant on a lease structure standard to that market.
- **Gross Initial Yields**: Represent an estimation of the achievable yield, prior to any deductions for transaction and non-recoverable costs, on a hypothetical grade A building located in a prime location, fully let to strong covenant tenant on a lease structure standard to that market.

04 CORPORATE GOVERNANCE

THE ROLE OF CEREIT'S MANAGER

The Manager's primary role 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, 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 Manager's primary responsibility 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 out 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 acquisitions and disposals 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 license issued to the Manager, any tax rulings 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;

(i) devising and executing CEREIT's sustainability strategy and plans, including managing stakeholder relations, preparing annual sustainability reports and other relevant submissions such as GRESB.

The Manager also considers managing sustainability risks (including environmental, social and governance factors) as part of its responsibilities. In this regard, the Board 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 six Board members, five 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 detail in the Sustainability Report FY 2023, which will be published no later than five months after the end of the financial year.

The Manager is a wholly-owned subsidiary of Cromwell Property Group (CEREIT's Sponsor), which holds approximately 27.8% interest in CEREIT as at 31 December 2023. The Sponsor is a real estate investor and global real estate fund manager, listed on the ASX with operations in 15 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 of this Annual Report.

This corporate governance report sets out the corporate governance practices for FY 2023 with reference to the principles of the Code. For FY 2023, 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 for protecting and enhancing 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, with diligence, and in the best interests of CEREIT at all times. The Board establishes a code of business conduct (please refer to pages 240 to 243 of this Annual Report), sets the appropriate tone from the top and desired organisational culture, and ensures proper accountability within the Manager.

04 CORPORATE GOVERNANCE

The Manager requires its Directors to disclose their interests in transactions and any conflicts of interest. 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 conflicts of interest were required to be disclosed by any Director in FY 2023. 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 the management team, is responsible for executing 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 establish 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 issues requiring the Board's approval are clearly set out in the delegation of authority. Appropriate delegations of authority and approval sub-limits are also provided at the 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 Audit and Risk Committee ("ARC"), the Nominating and Remuneration Committee ("NRC") and the Sustainability Committee ("SC"). The Board may form other board committees as dictated by business imperatives.

The ARC, NRC and SC are collectively referred to as the Board Committees, and Board Committee shall mean any 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 Directors, 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 18 to 23 and 213 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. With the reopening of borders in 2022, most of the meetings of the Board and its committees for FY 2023 have been held in physical format 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 11 Board meetings, 4 ARC meetings, 4 NRC meetings and 3 SC meetings were held in FY 2023. A record of the Directors' attendance at Board and Board Committees' meetings in FY 2023 is set out below. All Directors attended all meetings in FY 2023, 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 2023				
				Board	ARC	NRC	SC	AGM
	ARC	NRC	SC	Number of Meetings Held: 11	Number of Meetings Held: 4	Number of Meetings Held: 4	Number of Meetings Held: 3	Number of Meetings Held: 1
Lim Swe Guan	Member	Member	Member	11 out of 11	4 out of 4	4 out of 4	3 out of 3	1 out of 1
Fang Ai Lian	Chair	Member	Member	11 out of 11	4 out of 4	4 out of 4	3 out of 3	1 out of 1
Christian Delaire	Member	Chair	Member	11 out of 11	4 out of 4	4 out of 4	3 out of 3	1 out of 1
Ooi Eng Peng	–	–	Chair	11 out of 11	N/A	N/A	3 out of 3	1 out of 1
Jonathan Callaghan(1)	–	Member	Member	3 out of 3	N/A	1 out of 1	1 out of 1	N/A
Simon Garing	–	–	Member	11 out of 11	N/A	N/A	3 out of 3	1 out of 1

Note (1): Mr Jonathan Callaghan was appointed as Non-Independent Non-Executive Director, and a member of the NRC and SC on 19 June 2023.

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 comprising competent individuals with up-to-date knowledge and skills necessary to discharge their responsibilities. The Manager bears the cost of the training.

Directors understand the company's business, their fiduciary duties towards CEREIT and 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, ESG, sustainability 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.

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. All the Directors have attended and successfully completed the prescribed ESG training as mandated by the SGX-ST in FY 2022, with the exception of Mr Jonathan Callaghan, who was appointed as a Director on 19 June 2023. Mr Callaghan will endeavour to complete the prescribed ESG training within 12 months of his appointment.

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 the ASX. If any first-time director without prior experience as a director of a listed company is appointed to the Board of the Manager, he/she will undergo training in the roles and responsibilities of a listed company director as required under Rule 210(5)(a) of the Listing Manual. Mr Jonathan Callaghan was appointed to the Board on 19 June 2023; while Mr Callaghan does not have prior experience as a director of a company listed in Singapore, he has extensive experience as a Managing Director of a listed company in Australia. He has also regularly participated in past board meetings of the Manager as an invitee, which has allowed him to familiarise himself with the roles and responsibilities of a director of a company listed on the SGX-ST. Accordingly, the NRC has assessed Mr Callaghan's skills and experiences and was of the view that he does not require the compulsory training prescribed by the SGX-ST for newly appointed directors of companies listed on the SGX-ST.

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 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 appointment and removal of the Company Secretary are matters for the Board to decide as a whole.

The Board also has access to independent professional advice where appropriate and when requested, at the Manager's expense.

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 company's best interest.

The Manager is currently led by a six-member Board, three of whom (including the Chair) are CEREIT IDs and five of whom are non-executive Directors. Accordingly, non-executive Directors make up a majority of the Board in FY 2023.

Profiles of the Directors are provided on pages 18 to 23 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 2023, and the paragraphs below sets 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 2023, 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 2023, all the CEREIT IDs are considered to be independent under the Code and SFR. All 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 Ooi Eng Peng is a non-independent non-executive Director of the Manager and is a director and deputy chair on the board of the Sponsor. Mr Jonathan Callaghan is a non-independent non-executive Director of the Manager and is the CEO and Managing Director of the Sponsor.

Mr Simon Garing is the CEO and an executive Director of the Manager. Mr Simon Garing has confirmed that he has acted in the best interests 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 2023. It is further noted that Mr Simon Garing, Mr Ooi Eng Peng and Mr Jonathan Callaghan 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.

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.

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/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 and experience so as to promote inclusion, mitigate against 'groupthink' and foster constructive debate.

The Board supports gender diversity and subscribes to the view that female directors offer different perspectives 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 2023, 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. The matrix is enhanced annually to include a broader range of skills, taking into account evolving topics such as digitalisation, ESG, tax and other key risk matters in order to meet the changing needs of CEREIT. 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 or Europe
	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	Experience at a Board or executive level with a listed company(s) in the SGX 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
European commercial property market knowledge	Experience in, and appropriate knowledge of, the European commercial property market:
	○ Acquisitions and disposals
	○ Real estate valuation
	○ Asset management
	○ Property management
	○ Leasing
	○ Facilities management
	○ Development
Financial acumen	Understand key 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 CFO 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

Skill area	Skills & experience
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
	Understand governance frameworks and internal controls
Capital management	Experience in the banking industry or in a corporate treasury department with understanding of the debt market in Singapore, Europe or elsewhere
ESG, sustainability reporting and climate change	Ability to make a positive contribution to the diversity of the Group's Board (on the basis of geographic location, gender, age, etc.)
	Sustainability reporting oversight in Singapore and Europe
	Demonstrate an understanding of workplace health and safety practices
	Understand risks and opportunities relating to climate change
	Former or current role with direct accountability for environment practices including energy, water management, emissions and land management
	Stakeholders engagement on ESG issues
	Marketing and positioning expertise capitalising on ESG related opportunities
Digitalisation and technology	Understand digitalisation and disruption to the industry including cybersecurity risks and threats
	Understand technology and information systems applicable to the real estate industry
Public policy, government, economics	Experience with either Singapore or European government ministeries or departments with knowledge of agendas, policies and/or processes
	Understand key macro and micro economic indicators and market cycles and their impact on the Group and the environment in which it operates
Tax regime	Understand Singapore and European tax regimes, regulations and implications
	Ability to guide the management on managing tax disputes and/or tax audits
	Understanding or experience with tax technology in managing digital tax strategy, digital tax effectiveness, digital tax administration, tax technology and tax big data

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 Committee 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 four members, with the Chair of the NRC being a CEREIT ID. The current members of the NRC are Mr Christian Delaire, Mr Lim Swe Guan, Mrs Fang Ai Lian and Mr Jonathan Callaghan. With the exception of Mr Callaghan who is a non-independent non-executive Director, the rest of the members of the NRC are CEREIT IDs. This is in line with the Code's requirements of having at least a majority of independent directors in the nominating committee. 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 reference, 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 implementing performance evaluation established by the Board.

In addition, the NRC is committed to diversity and is responsible for setting the board diversity policy, including the targets, plans and timelines, for the Board's approval. The NRC continually reviews the progress towards meeting the policy targets and keeps the Board updated. The NRC takes into consideration 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 the Board Skills 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 markets, understandingof 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 is in line with the principle that a Director must be able to commit time to the affairs of the Manager. For FY 2023, 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 or her 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 refer to pages 216 to 218 of this Annual Report for the current Board Skills Matrix.

(b) The NRC reviews the suitability of any candidate 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 broad base of potential Directors.

(d) No member of the NRC is involved in any decision of the NRC relating to his own appointment, re-appointment 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.

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 half of the Board should comprise CEREIT IDs; and

(c) the Chair of the Board should be independent.

The Manager has ensured that at least half of the Board members are independent directors since its constitution. 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 looks 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 business; board renewal or replacement of a Director, therefore, does not necessarily reflect his/her 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 2023.

Provision 4.5 of the Code requires the NRC to decide if a Director is able to and has been adequately carrying out his/her 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 perform their roles adequately. 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/her duties and responsibilities as a Director, bearing in mind his/her other commitments.

All Directors had confirmed that notwithstanding the number of their individual listed company board appointments and other principal commitments 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 2023 (set out on page 213 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.

While 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 to identify key strengths and areas for improvement is essential to effective stewardship and to attain 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. The process for FY 2023 was facilitated by Agile 8 Advisory Pte Ltd ("Agile 8"), the Manager's corporate secretarial provider. Save for Agile 8's appointment as an external facilitator to conduct the Board evaluation and as the Manager's corporate secretarial provider, Agile 8 does not have any other connection with the Manager or any of the Directors. 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 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 enhance the effectiveness of the NRC and the Board in discharging 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.

With respect to individual Directors, their contributions can take different forms including providing objective perspectives on issues, facilitating business opportunities and strategic relationships, and providing accessibility to Management outside of the formal environment of Board and/or Board Committee meetings. For FY 2023, the outcome of the self-evaluation of each Director was satisfactory and 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 Manager's staff 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 page 16 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 pays its 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 the 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 appropriate 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 partly addresses the potential for conflicts-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 in 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 to optimise the alignment to the Board-approved short, medium and long-term objectives. For 2023, Aon Pte Ltd ("Aon") was engaged as the external independent remuneration consultant.

Aon is a leading global human capital and management consulting firm, providing a complete array of consulting, outsourcing and insurance brokerage services. 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 again in 2024.

Taking into account various factors, the NRC considers setting the benchmark remuneration levels to be competitively positioned for each equivalent function, which is commensurate with the size and scope of each role and experience required and as benchmarked by Aon. Directors fees and Managers salaries are not paid directly by CEREIT, instead are paid out of the Manager's investment management fee from CEREIT.

Principle 8: Disclosure on Remuneration

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 reference, 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 judgement to ensure 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 is 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 fields of expertise. This ensures prudent 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 2023, the Manager engaged an external independent remuneration consultant, Aon, to advise on external compensation benchmarking.

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, size and scope of the position.

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 CEREIT.

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 Aon, the NRC recommended and the Board approved for Director fees to be unchanged for year ending 31 December 2024.

The Directors' fees for FY 2023 are shown in the table below. The CEO as an Executive Director does not receive any fees for serving as Director, however 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.

Director's Fees

Director	Tenure (Years)	Cash Fees	Other Component	Total Pay
Lim Swe Guan	6 Years 5 Months	S$190,000	-	S$190,000
Fang Ai Lian	6 Years 5 Months	S$160,000	-	S$160,000
Christian Delaire	6 Years 4 Months	S$160,000	-	S$160,000
Ooi Eng Peng	2 Year 3 Months	S$120,000	-	S$120,000
Jonathan Callaghan[1]	7 Months	N.A.	N.A.	N.A.
Simon Garing	5 Years 4 Months	N.A.	N.A.	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, according to the strategic importance of each target as determined by the NRC. For FY2023, some of the key targets included DPU (including a stretch target), asset disposals, net gearing levels and ESG targets such as determined by GRESB and MSCI.

KMP's behaviours were observed by the Board and assessed based on peer reviews and an independent employee engagement survey.

In determining the payout quantum for each KMP under the STI plan, the Board also considers, amongst other factors, the market levels of remuneration, retention factors, performance orientation, overall business performance achievements, individual performances relative to their specific KPIs and affordability of the Manager.

A long-term incentive Performance Unit Plan (PUP) is also offered to the CEO and KMP, with certain vesting criteria, including the achievement of future budgeted DPU over the ensuing three-year period and achieving a Total Unitholder Return of at least the 50th percentile of the EPRA Developed Euro Index while delivering more than a certain Absolute Total Unitholder Return using the ten-day VWAP price at 31 December each year, over a three-year term. If thresholds aren't met in each category, that portion of the PUP will lapse and not vest. 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. Any units that vest and are awarded to the CEO and KMP are granted from the Manager's own holding of units- no new units in CEREIT are issued as a result of the LTI plan.

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 interest or potential misalignment, which the NRC has oversight from a remuneration perspective.

1 Mr Jonathan Callaghan is the CEO of the Sponsor and does not receive any Director's fees in his capacity as Director

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 was a minimum 3% increase in the fixed remuneration of the CEO and the other KMP in FY 2023.

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.

These measurable targets impact the bonus paid by the Manager and, for FY 2023, include the following:

(a) meeting and exceeding the DPU as set out in the annual budget;

(b) meeting and exceeding the FY 2023 operating budget;

(c) achieving minimum portfolio occupancy and WALE;

(d) successfully refinancing debt facilities which are targeted for the financial year;

(e) maintaining an investment-grade credit rating and completing the year with net gearing below 40%;

(f) achieving zero compliance breaches with no material internal or external audit observations;

(g) meeting the annual target GRESB and other ESG related rating and scores; and

(h) successfully completing identified key transactions (including asset sales and asset enhancement and development milestones) 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. The CEO and KMP largely met or exceeded their key performance indicators in FY 2023. Four key factors that impacted on certain targets (both positively and negatively) should be noted:

(a) FY 2023's DPU was ahead of Budget and only 4.1% lower y-o-y on a like-for-like basis, while NPI grew 4.1% y-o-y on a like-for-like basis. Occupancy decreased 170 bps to 94.3% and WALE increased to 4.7 years;

(b) Asset sales of €196.5 million at a 13.6% premium to most recent valuations were completed;

(c) Net gearing of 38.4% as at 31 December 2023 and all debt maturing in 2023 and 2024 was refinanced;

(d) GRESB score of 85 and 4 stars were ahead of target, while the MSCI ESG AA rating was maintained; and

(e) CEREIT's TSR was in the 58th percentile of the SREIT index and provided a positive 4.8% annual total return to 31 December 2023.

Generally, the KMP saw substantial increase in their STI remuneration as a result of the outperformance of most of their targets set for FY 2023 and subsequent recovery against the TSR compared to -36% in FY 2022.

For FY 2023, the KMP will only be eligible for a STI award once 2 gateway tests are passed: at least 95% of budgeted DPU is achieved, and the corporate values and behaviours are upheld throughout the year.

C. Performance Unit-Based LTI Components (PUP)

Under the PUP, the Manager grants Unit-based awards with pre-determined performance vesting targets being set over the relevant performance period. 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, after passing two gateway tests: 1) at all times demonstrating behaviour in line with CEREIT and the Manager's values and Code of Conduct and 2) meeting at least 95% of budgeted DPU. These are normal market practices for good behaviour leaver, change of control of the Manager and *malus* clawback provisions.

These targets had previously included lookback tests on DPU and Total Return metrics on SGX-ST, including both Unit price performance and yield. As a result, 50% of the 2020 PUPs awarded in March 2021 recently vested given the achievement of the 3-year accumulation DPU excelling against targets, with the remaining 50% of the PUPs failing the TSR thresholds and subsequently lapsed unvested.

i For the 2023 PUPs granted in 2024, there are two vesting tests, equally weighted, to determine the final allotment of CEREIT units: The first test is based on achieving the average of the three-year budgeted operating DPU.

- 50% vesting for 95% gateway achievement of budgeted DPU, up to 100% vesting for 105% achievement of budgeted DPU – pro-rata straight line.

ii. The second test is for the three-year annualised Absolute Total Unitholder Return (ATUR) to exceed the budget distribution yield, using the FY 2023 DPU budget and opening price at 31 December 2023 to set the minimum ATUR required.

- The gateway to this threshold is achieving 100% of budget distribution yield and ATUR achievement >P50th percentile of the EPRA Developed Euro Index with 50% vesting at the threshold and up to 100% vesting for up to 150% of the ATUR relative to the budget distribution yield benchmark.
- If ATUR achievement is below the threshold (0% vesting) but above P50 of the EPRA Developed European Index Total return, up to 50% of this component of the PUP can be vested at the Board's discretion.

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 the 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 the 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 228 of this Annual Report.

For FY 2023, 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 were 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.

Key Management Personnel's Remuneration Table for FY 2023

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 for the other KMP's 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 Aon'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) @50% of Face Value	Total
CEO's Remuneration S$1,250,832					
CEO	Mr Simon Garing	50%	38%	12%	100%
Band	**S$600,000 to S$850,000**				
CFO	Mr Shane Hagan	70%	20%	10%	100%
Band	**S$350,000 to S$600,000**				
COO/IR	Ms Elena Arabadjieva	61%	30%	9%	100%
HOP	Mr Andreas Hoffmann	61%	30%	9%	100%
Aggregate of the total remuneration for the KMP (including CEO): S$2,964,030					

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 control 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.

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 risk management system and internal controls addressing material financial, operational, compliance, IT and emerging risks, such as sanctions-related and climate risks, to safeguard Unitholders' interests and CEREIT's assets. CEREIT has implemented a comprehensive ERM framework that enables it to deal with business opportunities and uncertainties by identifying key risks and enacting 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 conducts 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 by implementing and managing 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-assessments 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 2023, 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 2023, 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 2023. 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 of FY 2023. 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 & Touche LLP ("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 statement;

(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 reviews non-audit services provided by the external auditors, Deloitte. There were no such services provided in FY 2023. The ARC is satisfied that the independence of the external auditors has not been impaired by the provision of those services, where applicable. The aggregate amount of fees paid and payable to the external auditors was €921,000. Audit and audit-related fees included audit fees for all of the countries in which CEREIT has its properties and holding entities.

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 2023. 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.

There were no non-audit services provided by the external auditors to CEREIT in FY 2023. Nevertheless, the ARC will continue to review and monitor any such fees and ensure that the fees for such non-audit services will 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 with 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 has rotated its external audit partner-in-charge in FY 2023, as the previous partner-in-charge had been in charge of five consecutive annual audits.

The ARC meets with the internal and external auditors at least once a year without the presence of Management. In FY 2023, 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 2023, the ARC 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 valuation and disclosure of fair value for investment properties, a key audit matter identified by the external auditors for FY 2023.

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.

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 2023, 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 at 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 have 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. Unitholders 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. Unitholders were informed of the general meetings, 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 (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 has been adhered to. In 2023, the Notice of AGM was published on 10 April 2023, 14 days in advance of the AGM, giving Unitholders sufficient time to register and submit questions in advance.

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. 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. Registered Unitholders were able to attend the AGM in person or observe the AGM proceedings through a live audio-visual webcast or live audio-only stream, and ask questions in person at the AGM. Both the Chair and the CEO attended the fifth AGM of CEREIT. 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 213 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. 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 fifth 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. 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 fifth AGM held on 26 April 2023, Unitholders were able to ask questions physically. In addition, 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 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 distribution 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 2023 were paid according to schedule and represented 100% of Annual Distributable Income. For every distribution declaration made, Unitholders will be notified via an announcement made through SGXNet. The Board resolved to suspend the DRP for FY 2023 given the unit price discount to net asset value.

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 48 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 in CEREIT's 2022 Sustainability Report which was published in May 2023 and will be updated again for CEREIT's 2023 Sustainability Report, to be published by the end of May 2024.

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. Full-year and half-year result announcements include financial statements and supplementary materials such as results presentations and media releases. First and third quarter interim business updates are provided which include presentations, key financial metrics, media releases and other supplementary information in-line with the revised Rule 705(2) of the Listing Manual.

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 page.

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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 further enhance 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 the available avenues for asking questions and receiving responses can be found in the Investor Relations section on pages 48 to 53 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 a review of the Related Party transactions entered into by CEREIT in its internal audit plan. 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 with 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 quarterly 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 2023 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 a review of the Related Party Transactions entered into by CEREIT in its internal audit plan. 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 matters 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 2023 are disclosed on Page 325 of this Annual Report. Non-exempted fees and exempted fees represent nil and 1.3%, respectively, of gross asset value as at 31 December 2023.

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 2023:

(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 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 at least half 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 license 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.

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 Sponsor has established a Diversity, Equity and Inclusion committee, which meets quarterly to organise and implement programmes to encourage awareness.

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 2023, 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 anti-competitive 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 2023, all of the Manager's employees received mandatory communication and training on anti-bribery and anti-corruption policies and procedures.

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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 an Anti-Slavery and Human Trafficking Statement that is publicly available on the Sponsor's website https://www.cromwellpropertygroup.com/wp-content/uploads/sites/3/2023/11/Cromwell-Modern-Slavery-Statement-FY23.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/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, acts endangering the health and safety of an individual and concealment of any of the aforementioned 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.

The Manager is committed to maintaining procedures for the confidential submission of reports and protection of the identity of the whistle-blower. Retaliation of any kind for good faith reports on illegal or unethical behaviour is strictly prohibited.

Investigations of such reports will be handled on a confidential basis to the extent permissible under the law and involve persons who need to be involved in order to properly carry out the investigations and will 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 directed 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.

Anti-Money Laundering and Countering the Financing of Terrorism Measures

As a holder of a capital markets services license issued by MAS, the Manager abides by 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, the Office of Foreign Asset Control ("OFAC") of the United States Department of Treasury, the Office of Financial Sanctions Implementation ("OFSI") (UK) and the European Union. This includes 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.

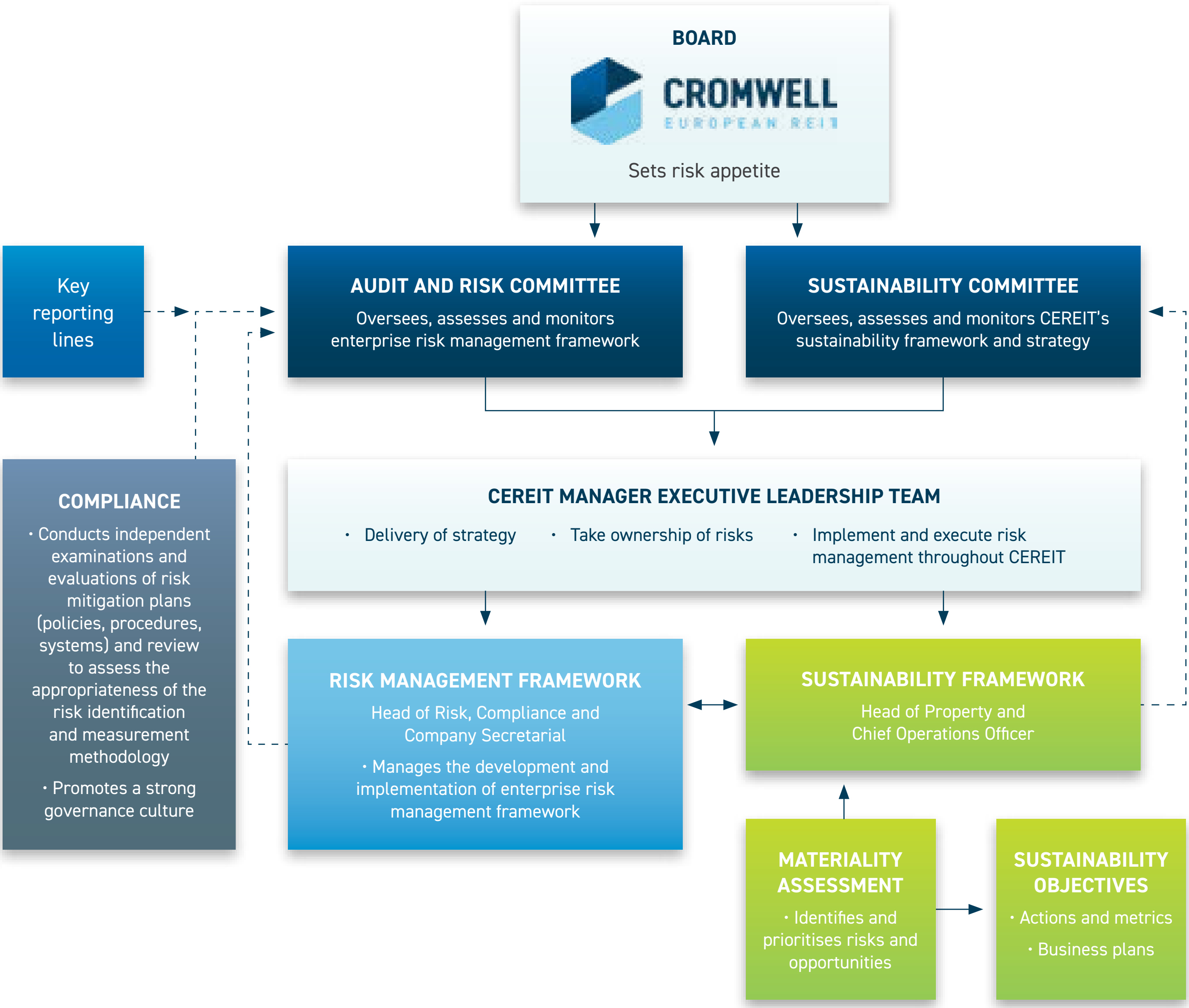
04 ENTERPRISE RISK MANAGEMENT

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



STRENGTHENING ENTERPRISE RISK MANAGEMENT

The ERM framework provides a holistic and structured approach to 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 considers 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 risk governance 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 2023 Sustainability Report, which will be published in late April 2024. The Board had assessed in FY 2023 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 08 to 13 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 over reliance 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

04 ENTERPRISE RISK MANAGEMENT

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 • Transition 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 • 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 relations • 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 and of stakeholders' changing requirements	• Regularly communicating with regulators and governing bodies (as appropriate, depending on nature of engagement) – Remain to be guided by the Code and strive to maintain the highest standards of corporate governance so as to ensure that CEREIT continues to instill stakeholder confidence • Providing timely and relevant updates to the market as necessary • 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 enhancing common area sanitising services to ensure the health and well-being of employees, tenants and members of the public across the offices of the Manager and across CEREIT's portfolio • Fostering conducive work environment and ensuring adequate and fair compensation and benefits
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	• 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

Material risks	Details	Key mitigating actions
GOVERNANCE (aligned with "G" from CEREIT's ESG framework)		
Compliance risk • Fraud, bribery and corruption • Regulatory and compliance • Government and policies	• 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	• 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

Operational risks
• Business continuity planning
• Property management
• Cybersecurity and data protection
	• 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
		• 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:
		  ◦ The Manager had, in 2022, updated its BCP policies and procedures to comply with the revised business continuity management guidelines issued by MAS in June 2022. 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
		• 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:
		  ◦ 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

05FINANCIAL STATEMENTS CONTENTS

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FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

REPORT OF THE TRUSTEE

YEAR ENDED 31 DECEMBER 2023

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 2001 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 255 to 324 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
27 March 2024

STATEMENT BY THE MANAGER

YEAR ENDED 31 DECEMBER 2023

In the opinion of the Directors of the Manager, the accompanying financial statements set out on pages 255 to 324, 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 2023, 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
27 March 2024

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 2023, 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 material accounting policy information, as set out on pages 255 to 324.

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") adopted by the International Accounting Standards Board 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 2023, 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	***How the matter was addressed in the audit***
Fair Valuation and Disclosure of Fair Value for Investment Properties	
CEREIT owns a portfolio of investment properties as at 31 December 2023, 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 the United Kingdom. The investment properties represent the single largest category of assets with a carrying amount of €2,242 million as at 31 December 2023. 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 of its investment properties except for two properties that were classified as asset held for sale. 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 (e) to the consolidated financial statements.	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 the 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; and • 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. Based on the audit procedures performed, the fair valuation of the properties is within a reasonable range of our expectations. We have assessed and validated the adequacy and appropriateness of the related 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.

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF CROMWELL EUROPEAN REAL ESTATE INVESTMENT TRUST

- 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. Jeremy Toh.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

27 March 2024

CONSOLIDATED STATEMENT OF TOTAL RETURN

YEAR ENDED 31 DECEMBER 2023

	Note	CEREIT 2023 €'000	CEREIT 2022 €'000
Gross revenue	2	216,489	222,105
Property operating expense		(82,208)	(85,330)
Net property income		**134,281**	**136,775**
Net finance costs	10(b)	(32,380)	(24,387)
Manager's fees	3(b)	(5,894)	(6,057)
Trustee fees	3(a)	(291)	(298)
Other trust expenses		(5,743)	(6,011)
Net foreign exchange gain /(loss)		792	(1,933)
Net income before tax and fair value changes	4(a)	**90,765**	**98,089**
(Loss)/gain on divestments	5	(9,871)	763
Gain on bond buyback	10(c)	3,068	–
Fair value loss – investment properties	9(b)	(133,570)	(59,483)
Fair value (loss)/gain – derivative financial instruments		(8,769)	16,331
Total (loss)/return for the year before tax		**(58,377)**	**55,700**
Income tax expense	8(a)	(15,522)	(13,751)
Total (loss)/return for the year		**(73,899)**	**41,949**
Total (loss)/return for the year attributable to:			
Unitholders		(76,225)	39,628
Perpetual securities holders		2,326	2,321
		(73,899)	**41,949**
Earnings per unit			
Basic and diluted earnings attributable to Unitholders per Unit (€ cents)	6	(13.554)	7.050

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2023

	CEREIT 2023 €'000	CEREIT 2022 €'000
Total (loss)/return for the year, representing total comprehensive income for the year	**(73,899)**	**41,949**
Items that may be reclassified subsequently to profit or loss:		
Foreign exchange differences on translation of foreign operations	25	(683)
Other comprehensive income/(loss) for the year, net of tax	**25**	**(683)**
Total comprehensive (loss)/ income for the year	**(73,874)**	**41,266**
Total comprehensive (loss)/income for the year attributable to:		
Unitholders	(76,200)	38,945
Perpetual securities holders	2,326	2,321
	(73,874)	**41,266**

The accompanying notes form an integral part of the financial statements.

BALANCE SHEETS

AS AT 31 DECEMBER 2023

	Note	CEREIT 2023 €'000	CEREIT 2022 €'000	Trust 2023 €'000	Trust 2022 €'000
Current assets					
Cash and cash equivalents		73,795	35,432	3,309	372
Assets held for sale	16	17,300	–	–	–
Receivables	17(a)	14,450	16,340	80,016	11,391
Derivative financial instruments	11	5,879	–	–	–
Current tax assets		1,829	960	–	–
Total current assets		**113,253**	**52,732**	**83,325**	**11,763**
Non-current assets					
Investment properties	9	2,241,570	2,509,407	–	–
Investments in subsidiaries	15	–	–	1,214,988	1,534,065
Receivables	17(a)	87	328	–	–
Derivative financial instruments	11	5,769	19,150	5,769	8,397
Deferred tax assets	8(c)	6,794	8,367	–	–
Total non-current assets		**2,254,220**	**2,537,252**	**1,220,757**	**1,542,462**
Total assets		**2,367,473**	**2,589,984**	**1,304,082**	**1,554,225**
Current liabilities					
Borrowings	10	–	50,630	–	–
Payables	17(b)	42,073	42,385	116,557	181,532
Current tax liabilities		3,947	4,992	74	–
Other current liabilities	18	36,234	31,286	–	–
Total current liabilities		**82,254**	**129,293**	**116,631**	**181,532**
Non-current liabilities					
Payables	17(b)	–	–	170,830	179,142
Borrowings	10	947,600	964,284	–	–
Derivative financial instruments	11	279	–	198	–
Deferred tax liabilities	8(c)	74,527	66,538	–	–
Other non-current liabilities	18	7,672	6,948	–	–
Total non-current liabilities		**1,030,078**	**1,037,770**	**171,028**	**179,142**
Total liabilities		**1,112,332**	**1,167,063**	**287,659**	**360,674**
Net assets		**1,255,141**	**1,422,921**	**1,016,423**	**1,193,551**
Represented by:					
Unitholders' funds	12	1,190,937	1,358,717	952,219	1,129,347
Perpetual securities holders' funds	13	64,204	64,204	64,204	64,204
		1,255,141	**1,422,921**	**1,016,423**	**1,193,551**
Units in issue ('000)	12(a)	562,392	562,392	562,392	562,392
Net asset value attributable to Unitholders per Unit (€)		2.12	2.42	1.69	2.01

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED DISTRIBUTION STATEMENT

YEAR ENDED 31 DECEMBER 2023

	Note	CEREIT 2023 €'000	CEREIT 2022 €'000
Amount available for distribution at 1 January		47,978	47,670
Total (loss)/return for the year attributable to Unitholders and perpetual securities holders		(73,899)	41,949
Less: Total return attributable to perpetual securities holders		(2,326)	(2,321)
Distribution adjustments (Note A)		164,479	57,039
Income available for distribution to Unitholders		**136,232**	**144,337**
Distributions declared to Unitholders during the year (Note B)	7	(91,580)	(96,359)
Amount available for distribution to Unitholders at 31 December		**44,652**	**47,978**
Distribution per Unit ("DPU") (€ cents) for the year		15.693	17.189
Note A – Distribution adjustments			
Straight-line rent adjustments and leasing fees		1,332	302
Trustee fees		291	298
Amortisation of debt issuance costs		4,462	4,672
Gain on bond buyback		(3,068)	–
Loss/ (gain) on divestments		9,871	(763)
Fair value adjustments – investment properties		133,570	59,483
Fair value adjustments – derivative financial instruments		8,769	(16,331)
Net foreign exchange (gain)/loss		(792)	1,933
Deferred tax expense		9,695	3,429
Tax expense relating to divestments		–	1,456
Distribution of realised capital gain		–	2,050
Other adjustments		349	510
		164,479	57,039
Note B – Distributions to Unitholders during the year			
Distribution of 8.459 Euro cpu from 1 Jul 2021 to 31 Dec 2021		–	47,459
Distribution of 8.695 Euro cpu from 1 Jan 2022 to 30 Jun 2022		–	48,900
Distribution of 8.494 Euro cpu from 1 Jul 2022 to 31 Dec 2022		47,769	–
Distribution of 7.790 Euro cpu from 1 Jan 2023 to 30 Jun 2023		43,811	–
		91,580	96,359

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF
MOVEMENTS IN UNITHOLDERS' FUNDS

YEAR ENDED 31 DECEMBER 2023

	Note	CEREIT 2023 €'000	CEREIT 2022 €'000	Trust 2023 €'000	Trust 2022 €'000
Unitholders' funds					
At 1 January		1,358,717	1,413,130	1,129,347	1,168,939
Operations					
Total (loss)/return for the year attributable to Unitholders and perpetual securities holders		(73,899)	41,949	(83,222)	56,087
Less: Total return for the year attributable to perpetual securities holders		(2,326)	(2,321)	(2,326)	(2,321)
Net (decrease)/increase in net assets resulting from operations		(76,225)	39,628	(85,548)	53,766
Movement in foreign currency translation reserve	12(d)	25	(683)	–	–
Unitholders' transactions					
Issue of units:					
– Distribution reinvestment plan		–	3,021	–	3,021
Issue expenses		–	(20)	–	(20)
Distributions to Unitholders	7	(91,580)	(96,359)	(91,580)	(96,359)
Net decrease in net assets resulting from Unitholders' transactions		(91,580)	(93,358)	(91,580)	(93,358)
Unitholders' funds at 31 December		**1,190,937**	**1,358,717**	**952,219**	**1,129,347**
Perpetual securities holders' funds					
At 1 January		64,204	64,150	64,204	64,150
Issue expenses		–	61	–	61
Total return for the year attributable to perpetual securities holders		2,326	2,321	2,326	2,321
Distributions paid to perpetual securities holders		(2,326)	(2,328)	(2,326)	(2,328)
Perpetual securities holders' funds at 31 December		**64,204**	**64,204**	**64,204**	**64,204**
Total at 31 December		**1,255,141**	**1,422,921**	**1,016,423**	**1,193,551**

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2023

	CEREIT	
	2023	**2022**
	€'000	**€'000**
Cash flows from operating activities		
Total (loss)/return for the year before tax	(58,377)	55,700
Adjustments for:		
Amortisation of lease costs and incentives	2,487	2,438
Straight-line rent adjustments and leasing fees	(1,881)	(1,895)
Loss/(gain) on divestments	9,871	(763)
Gain on bond buyback	(3,068)	–
Net finance costs	32,380	24,387
Allowance for credit losses	1,909	540
Change in fair value of investment properties	133,570	59,483
Change in fair value of derivative financial instruments	8,769	(16,331)
Net foreign exchange (gain)/loss	(792)	1,933
Operating cash flows before movements in working capital	124,868	125,492
Changes in operating assets and liabilities:		
Decrease/(increase) in receivables	413	(3,318)
Decrease in payables	(5,399)	(5,318)
Increase in other liabilities	5,924	3,622
Cash generated from operations	**125,806**	**120,478**
Interest paid	(35,295)	(20,112)
Interest received	6,495	28
Tax paid	(7,874)	(8,048)
Net cash from operating activities	**89,132**	**92,346**
Cash flows from investing activities		
Payments for acquisitions of investment properties	–	(101,196)
Payment of transaction costs for acquisitions of investment properties	–	(6,267)
Payments for capital expenditure on investment properties	(83,053)	(38,884)
Proceeds from disposal of a subsidiary	–	15,989
Proceeds from divestment of investment properties	196,506	24,767
Payment of transaction costs for divestment of investment properties	(1,861)	(751)
Net cash provided by/ (used in) investing activities	**111,592**	**(106,342)**
Cash flows from financing activities		
Payment of unit issue costs	(13)	(121)
Proceeds from bank borrowings	306,000	329,000
Repayment of bank borrowings and Euro Medium Term Notes ("EMTN")	(368,557)	(236,470)
Payment for transaction costs on issuance of perpetual securities	–	(251)
Payment of transaction costs related to borrowings and EMTN	(4,300)	(4,116)
Net payment to acquire / for settlement of derivative financial instruments	(986)	(1,872)
Distributions paid to Unitholders	(91,580)	(93,338)
Distributions paid to Perpetual securities holders	(2,326)	(2,328)
Payment of finance lease	(599)	(334)
Net cash used in financing activities	**(162,361)**	**(9,830)**
Net increase/(decrease) in cash and cash equivalents	**38,363**	**(23,826)**
Cash and cash equivalents at 1 January	35,432	59,258
Cash and cash equivalents at 31 December	**73,795**	**35,432**

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 2023

Property *(by Geography)*	Location	Acquisition Date
The Netherlands		
Light Industrial / Logistics		
Veemarkt	Veemarkt 27-75 / 50-76 / 92-114, Amsterdam	30 Nov 2017
De Immenhorst 7	De Immenhorst 7, s'Heerenberg	23 Dec 2021
Boekweitstraat 1 – 21 & Luzernestraat 2 – 12	Boekweitstraat 1 – 21 & Luzernestraat 2 – 12, Nieuw-Vennep	30 Nov 2017
Rosa Castellanosstraat 4	Rosa Castellanosstraat 4, Tilburg	30 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
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 du Landy	61 rue du Landy, Aubervilliers	30 Nov 2017
Parc des Grésillons	167-169 avenue des Grésillons, Gennevilliers	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 du Merantais	1-3 rue Georges Guynemer, Magny-Les-Hameaux	30 Nov 2017
Parc Béziers	Rue Charles Nicolle, Villeneuve-lès-Béziers	23 Jan 2019
Parc Louvresses	46-48 boulevard Dequevauvilliers, Gennevilliers	14 Feb 2019
Parc Jean Mermoz	53 rue de Verdun – 81, rue Maurice Berteaux, La Courneuve	30 Nov 2017
Parc Locaparc 2	59-65 rue Edith Cavell, Vitry-sur-Seine	30 Nov 2017
Parc le Prunay	13-41 rue Jean Pierre Timbaud, ZI du Prunay, Sartrouville	30 Nov 2017
Parc des Érables	154 allée des Érables, Villepinte	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 2023

Land Tenure	Remaining Term of Leasehold (Years) 2023	2022	Carrying Amount 2023 €'000	2022 €'000	Percentage of Net Assets 2023 %	2022 %
Continuing leasehold	Various 15.0-19.0	Various 16.0-20.0	47,100	49,700	3.8	3.5
Freehold	n/a	n/a	11,100	10,200	0.9	0.7
Freehold	n/a	n/a	10,700	11,500	0.9	0.8
Freehold	n/a	n/a	10,700	11,000	0.9	0.8
Freehold	n/a	n/a	9,620	9,040	0.8	0.6
Freehold	n/a	n/a	7,290	7,140	0.6	0.5
Leasehold	15.9	16.9	6,290	5,510	0.5	0.4
Part Freehold, Part Right of Superficies and Part Perpetual leasehold	n/a	n/a	163,200	158,000	13.0	11.1
Freehold/leasehold[1]	64.6	65.6	140,800	156,000	11.2	11.0
Freehold	n/a	n/a	67,200	72,900	5.4	5.1
Perpetual leasehold	n/a	n/a	56,300	54,500	4.5	3.8
Continuing Leasehold	64.5	65.5	50,400	54,500	4.0	3.8
Perpetual leasehold	n/a	n/a	19,200	20,700	1.5	1.5
Freehold	n/a	n/a	16,700	18,500	1.3	1.3
Freehold	n/a	n/a	164,450	157,950	13.1	11.1
Freehold	n/a	n/a	34,450	32,900	2.7	2.3
Freehold	n/a	n/a	29,000	26,550	2.3	1.9
Freehold	n/a	n/a	26,750	22,300	2.1	1.6
Freehold	n/a	n/a	24,250	24,650	1.9	1.7
Freehold	n/a	n/a	19,200	17,625	1.5	1.2
Freehold	n/a	n/a	11,600	11,250	0.9	0.8
Freehold	n/a	n/a	11,350	11,150	0.9	0.8
Leasehold	23.45	24.45	9,195	12,550	0.7	0.9
Freehold	n/a	n/a	9,180	9,120	0.7	0.6
Freehold	n/a	n/a	9,170	8,680	0.7	0.6
Freehold	n/a	n/a	8,950	8,490	0.7	0.6
Freehold	n/a	n/a	8,850	9,430	0.7	0.7

STATEMENT OF PORTFOLIO

AS AT 31 DECEMBER 2023

Property *(by Geography)*	**Location**	**Acquisition Date**
France (continued)		
Light Industrial / Logistics (continued)		
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 Sully	105 route d'Orléans, Sully-sur-Loire	23 Jan 2019
Office		
Paryseine	3 Allée de la Seine, Ivry-Sur Seine, Paris	17 Jul 2019
Cap Mermoz	38-44 rue Jean Mermoz, Maisons-Laffitte, Paris	17 Jul 2019
Lénine	1 rue de Lénine, 94200 Ivry-Sur Seine, Ivry-Sur Seine, Paris	17 Jul 2019
Italy		
Light Industrial / Logistics		
Centro Logistico Orlando Marconi	Via del Lavoro, 63076 Monteprandone	23 Dec 2020
Via dell'Industria 18	Via dell'Industria 18, Vittuone	17 Mar 2022
Via Fogliano 1	Via Fogliano 1, Coccaglio, Brescia	15 Feb 2022
Via Fornace	Via Fornace snc, Mira	29 Oct 2021
Strada Provinciale Adelfia	Strada Provinciale Adelfia, Rutigliano	30 Nov 2017
Office		
Nervesa21	Via Nervesa 21, Milan	30 Nov 2017
Via Pianciani 26	Via Pianciani 26, Rome	30 Nov 2017
Maxima (formerly Via dell'Amba Aradam 5)	Via dell'Amba Aradam 5, Rome	30 Nov 2017
Building F7-F11	Viale Milanofiori 1, Assago	30 Nov 2017
Via Camillo Finocchiaro Aprile 1	Via Camillo Finocchiaro Aprile 1, Genova	5 Dec 2018
Via della Fortezza 8	Via della Fortezza 8, Florence	15 Feb 2018
Cassiopea 1-2-3	Via Paracelso 22-24-26, Milan	28 Nov 2019
Nuova ICO	Via Guglielmo Jervis 9, Ivrea	27 Jun 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
Piazza Affari 2[2]	Piazza degli Affari 2, Milan	30 Nov 2017
Corso Lungomare Trieste 29[3]	Corso Lungomare Trieste 29, Bari	5 Dec 2018
'Others'		
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[4]	Via Brigata Padova 19, Padova	30 Nov 2017
Viale Europa 95[5]	Viale Europa 95, Bari	30 Nov 2017

n/a – not applicable

(2) The property was disposed on 28 June 2023.

(3) The property was disposed on 21 December 2023.

(4) The property was reclassified as "Asset Held for Sale" pursuant to a binding offer entered into with an unrelated third party on 11 December 2023.

(5) The property was disposed on 6 October 2023.

The accompanying notes form an integral part of the financial statements.

STATEMENT OF PORTFOLIO

AS AT 31 DECEMBER 2023

Land Tenure	Remaining Term of Leasehold (Years) 2023	2022	Carrying Amount 2023 €'000	2022 €'000	Percentage of Net Assets 2023 %	2022 %
Freehold	n/a	n/a	7,410	6,960	0.6	0.5
Freehold	n/a	n/a	6,830	6,630	0.5	0.5
Freehold	n/a	n/a	4,360	4,920	0.3	0.3
Freehold	n/a	n/a	3,070	3,490	0.2	0.2
Freehold	n/a	n/a	27,370	31,250	2.2	2.2
Freehold	n/a	n/a	26,370	29,830	2.1	2.1
Freehold	n/a	n/a	2,190	3,230	0.2	0.2
Freehold	n/a	n/a	57,500	53,100	4.6	3.7
Freehold	n/a	n/a	35,400	31,400	2.8	2.2
Freehold	n/a	n/a	26,000	27,200	2.1	1.9
Freehold	n/a	n/a	18,600	18,800	1.5	1.3
Freehold	n/a	n/a	16,600	15,600	1.3	1.1
Freehold	n/a	n/a	47,300	27,200	3.8	1.9
Freehold	n/a	n/a	33,600	37,000	2.7	2.6
Freehold	n/a	n/a	29,900	39,100	2.4	2.7
Freehold	n/a	n/a	22,200	28,400	1.8	2.0
Freehold	n/a	n/a	18,500	20,900	1.5	1.5
Freehold	n/a	n/a	15,100	15,900	1.2	1.1
Freehold	n/a	n/a	13,100	16,700	1.0	1.2
Freehold	n/a	n/a	7,230	11,800	0.6	0.8
Freehold	n/a	n/a	6,030	7,300	0.5	0.5
Freehold	n/a	n/a	4,370	4,610	0.3	0.3
Freehold	n/a	n/a	–	99,800	–	7.0
Freehold	n/a	n/a	–	10,700	–	0.8
Freehold	n/a	n/a	18,800	17,100	1.5	1.2
Freehold	n/a	n/a	14,200	15,700	1.1	1.1
Freehold	n/a	n/a	10,900	11,400	0.9	0.8
Freehold	n/a	n/a	–	3,960	–	0.3
Freehold	n/a	n/a	–	73,300	–	5.2

STATEMENT OF PORTFOLIO

AS AT 31 DECEMBER 2023

Property *(by Geography)*	**Location**	**Acquisition Date**
Germany		
Light Industrial / Logistics		
Parsdorfer Weg 10	Parsdorfer Weg 10, Kirchheim	30 Nov 2017
Siemensstraße 11	Siemensstraße 11, Frickenhausen	30 Nov 2017
An der Wasserschluft 7	An der Wasserschluft 7, 06526 Sangerhausen	13 Aug 2020
Löbstedter Str. 101-109	Löbstedter Str. 101 – 109, Unstrutweg 1, 4, Ilmstr. 4, 4a, Jena	21 Apr 2022
Göppinger Straße 1 – 3	Göppinger Straße 1 – 3, Pforzheim	24 Mar 2020
An der Kreuzlache 8-12	An der Kreuzlache 8-12, Bischofsheim	30 Nov 2017
Gewerbestraße 62	Gewerbestraße 62, Bretten	24 Mar 2020
Hochstraße 150-152	Hochstraße 150-152, Duisburg	30 Nov 2017
Henschelring 4	Henschelring 4, Kirchheim	30 Nov 2017
Kolumbusstraße 16	Kolumbusstraße 16, Hamburg	30 Nov 2017
Frauenstraße 31	Frauenstraße 31, Maisach	30 Nov 2017
Gutenbergstraße 1, Dieselstraße 2	Gutenbergstraße 1, Dieselstraße 2, Königsbach-Stein	24 Mar 2020
Moorfleeter Straße 27, Liebigstraße 67-71	Moorfleeter Straße 27, Liebigstraße 67-71, Hamburg	30 Nov 2017
Dresdner Straße 16, Sachsenring 52	Dresdner Straße 16, Sachsenring 52, Straubing	30 Nov 2017
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
Arkońska Business Park	Arkońska 1&2, Gdańsk	14 Feb 2019
Grójecka 5[6]	Grójecka 5, Warsaw	14 Feb 2019
Denmark		
Light Industrial / Logistics		
Naverland 7-11	Naverland 7-11, Glostrup	30 Nov 2017
Sognevej 25	Sognevej 25, Brøndby	14 Oct 2022
Priorparken 700	Priorparken 700, Brøndby	30 Nov 2017
Priorparken 800	Priorparken 800, Brøndby	30 Nov 2017
Stamholmen 111	Stamholmen 111, Hvidovre	30 Nov 2017
Islevdalvej 142	Islevdalvej 142, Rødovre	30 Nov 2017
Herstedvang 2-4	Herstedvang 2-4, Albertslund	30 Nov 2017
Naverland 8	Naverland 8, Glostrup	30 Nov 2017
Hørskætten 4-6	Hørskætten 4-6, Tåstrup	30 Nov 2017
Fabriksparken 20	Fabriksparken 20, Glostrup	30 Nov 2017
Hørskætten 5	Hørskætten 5, Tåstrup	30 Nov 2017
Naverland 12	Naverland 12, Glostrup	30 Nov 2017

n/a – not applicable

(6) The property was reclassified as "Asset Held for Sale" pursuant to the preliminary sale and purchase agreement with an unrelated third party entered into on 29 December 2023.

The accompanying notes form an integral part of the financial statements.

STATEMENT OF PORTFOLIO

AS AT 31 DECEMBER 2023

Land Tenure	Remaining Term of Leasehold (Years) 2023	2022	Carrying Amount 2023 €'000	2022 €'000	Percentage of Net Assets 2023 %	2022 %
Freehold	n/a	n/a	37,300	38,800	3.0	2.7
Freehold	n/a	n/a	18,100	18,200	1.4	1.3
Freehold	n/a	n/a	17,700	18,600	1.4	1.3
Freehold	n/a	n/a	16,400	16,900	1.3	1.2
Freehold	n/a	n/a	15,600	17,400	1.2	1.2
Freehold	n/a	n/a	14,200	14,500	1.1	1.0
Freehold	n/a	n/a	14,000	16,000	1.1	1.1
Freehold	n/a	n/a	12,100	12,900	1.0	0.9
Freehold	n/a	n/a	11,900	11,900	0.9	0.8
Freehold	n/a	n/a	10,200	11,300	0.8	0.8
Freehold	n/a	n/a	10,100	11,300	0.8	0.8
Freehold	n/a	n/a	9,480	10,900	0.8	0.8
Freehold	n/a	n/a	8,750	9,320	0.7	0.7
Freehold	n/a	n/a	8,750	9,230	0.7	0.6
Freehold	n/a	n/a	72,900	83,600	5.8	5.9
Freehold	n/a	n/a	39,400	46,900	3.1	3.3
Perpetual usufruct	n/a	n/a	22,800	27,700	1.8	1.9
Freehold / Perpetual usufruct	n/a	n/a	19,950	23,050	1.6	1.6
Perpetual usufruct	n/a	n/a	11,200	16,025	0.9	1.1
Perpetual usufruct	n/a	n/a	–	18,450	–	1.3
Freehold	n/a	n/a	18,340	16,470	1.5	1.2
Freehold	n/a	n/a	15,557	15,784	1.2	1.1
Freehold	n/a	n/a	15,054	14,923	1.2	1.0
Freehold	n/a	n/a	13,103	13,216	1.0	0.9
Freehold	n/a	n/a	12,124	12,220	1.0	0.9
Freehold	n/a	n/a	10,621	9,075	0.8	0.6
Freehold	n/a	n/a	9,897	9,142	0.8	0.6
Freehold	n/a	n/a	9,119	8,255	0.7	0.6
Freehold	n/a	n/a	7,524	7,247	0.6	0.5
Freehold	n/a	n/a	7,269	6,991	0.6	0.5
Freehold	n/a	n/a	4,882	4,504	0.4	0.3
Freehold	n/a	n/a	4,814	4,531	0.4	0.3

STATEMENT OF PORTFOLIO

AS AT 31 DECEMBER 2023

Property *(by Geography)*	Location	Acquisition Date
Czech Republic		
Light Industrial / Logistics		
Lovosice ONE Industrial Park I	Tovami 1162, 410 02 Lovosice	11 Mar 2021
Lovosice ONE Industrial Park II	Prumyslova 1190, 410 02 Lovosice	11 Mar 2021
Moravia Industrial Park	Jaktare 1752, 686 01 Uherske Hradiste	11 Mar 2021
One-Hradec Králové	Vážní 536, 500 03 Hradec Králové	4 Jun 2021
South Moravia Industrial Park	Cukrovarska 494/39, Mesto, 682 01 Vyskov	11 Mar 2021
Pisek Industrial Park I	Stanislava Mlainy 464, 397 01 Pisek	11 Mar 2021
Pisek Industrial Park II	U Hrebcince 2564/23, 391 01 Pisek	11 Mar 2021
Slovakia		
Light Industrial / Logistics		
Nove Mesto ONE Industrial Park I	Beckov 645, 916 38 Beckov	11 Mar 2021
Nove Mesto ONE Industrial Park III	Rakol'uby 241, 916 31 Kocovce	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
Finland		
Office		
Plaza Vivace	Äyritie 8 C, Vantaa	28 Dec 2018
Plaza Forte	Äyritie 12 C, Vantaa	28 Dec 2018
Plaza Allegro	Äyritie 8 B, Vantaa	28 Dec 2018
Pakkalankuja 6	Pakkalankuja 6, Vantaa	28 Dec 2018
Kauppakatu 39	Kauppakatu 39, Kuopio	28 Dec 2018
Mäkitorpantie 3b	Mäkitorpantie 3b, Helsinki	28 Dec 2018
Myyrmäenraitti 2	Myyrmäenraitti 2, Vantaa	28 Dec 2018
Grandinkulma	Kielotie 7, Vantaa	28 Dec 2018
Pakkalankuja 7	Pakkalankuja 7, Vantaa	28 Dec 2018
Purotie 1	Purotie 1, Helsinki	28 Dec 2018
United Kingdom		
Light Industrial / Logistics		
Thorn Lighting	DurhamGate, Spennymoor, County Durham DL16 6HL	17 Dec 2021
The Cube	Wincanton Logistics, Aston Lane North, Preston Brook, Runcorn, WA7 3GE	18 May 2022
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 2023

Land Tenure	Remaining Term of Leasehold (Years)		Carrying Amount		Percentage of Net Assets	
	2023	2022	2023 €'000	2022 €'000	2023 %	2022 %
Freehold	n/a	n/a	17,500	13,950	1.4	1.0
Freehold	n/a	n/a	16,450	15,950	1.3	1.1
Freehold	n/a	n/a	15,650	15,500	1.2	1.1
Freehold	n/a	n/a	11,500	11,800	0.9	0.8
Freehold	n/a	n/a	10,400	10,750	0.8	0.8
Freehold	n/a	n/a	4,180	4,410	0.3	0.3
Freehold	n/a	n/a	1,730	1,840	0.1	0.1
Freehold	n/a	n/a	24,950	18,950	2.0	1.3
Freehold	n/a	n/a	21,570	20,060	1.7	1.4
Freehold	n/a	n/a	10,400	12,400	0.8	0.9
Freehold	n/a	n/a	9,360	9,400	0.7	0.7
Freehold	n/a	n/a	4,560	5,160	0.4	0.4
Freehold	n/a	n/a	10,700	12,100	0.9	0.9
Freehold	n/a	n/a	10,300	11,500	0.8	0.8
Freehold	n/a	n/a	8,600	9,300	0.7	0.7
Freehold	n/a	n/a	7,400	8,500	0.6	0.6
Freehold	n/a	n/a	7,100	7,700	0.6	0.5
Freehold	n/a	n/a	6,700	9,100	0.5	0.6
Freehold	n/a	n/a	6,400	10,000	0.5	0.7
Freehold	n/a	n/a	5,600	8,600	0.4	0.6
Freehold	n/a	n/a	5,500	5,900	0.4	0.4
Freehold	n/a	n/a	2,300	3,100	0.2	0.2
Freehold	n/a	n/a	31,721	30,818	2.5	2.2
Freehold	n/a	n/a	18,802	17,240	1.5	1.2
Freehold	n/a	n/a	10,382	9,409	0.8	0.7
			2,234,814	**2,503,885**	**178.1**	**176.0**
			6,756	5,522	0.5	0.4
			2,241,570	**2,509,407**	**178.6**	**176.4**
			(986,429)	(1,086,486)	(78.6)	(76.4)
			1,255,141	**1,422,921**	**100.00**	**100.0**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

About these Financial Statements

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 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") adopted by the International Accounting Standards Board, 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, 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

Operating Assets

Finance and Capital Structure

Group Structure

Other Items

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

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, 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.

As at 31 December 2023, CEREIT operated in three property classes and ten (2022: ten) countries. 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 holds 7 (2022: 7) light industrial / logistics properties across the Netherlands with a combined valuation of €102,800,000 (2022: €104,090,000). These assets are leased to a diverse tenant base and they are predominantly located in the wider Amsterdam area, including the Netherlands main airport, Amsterdam Schiphol.
	France	CEREIT holds 17 (2022: 17) light industrial / logistics assets across France with a combined valuation of €388,065,000 (2022: €374,645,000). 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.
	Italy	CEREIT holds 5 (2022: 5) light industrial / logistics assets in Italy with a combined valuation of €154,100,000 (2022: €146,100,000), including the two assets acquired last year located in Vittuone, which is within close proximity to the Milan city centre; and Coccaglio, a well-developed industrial area in the Lombardy region and adjacent to the Brescia and Bergamo international airports.
	Germany	CEREIT holds 14 (2022: 14) light industrial / logistics assets in Germany with a combined valuation of €204,580,000 (2022: €217,250,000). 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.

Asset class	*Country*	*Details*
	Denmark	CEREIT holds 12 (2022: 12) light industrial / logistics assets in Denmark with a combined valuation of €128,304,000 (2022: €122,358,000). 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.
	Czech Republic	CEREIT holds 7 (2022: 7) light industrial / logistics assets across Czech Republic with a combined valuation of €77,410,000 (2022: €74,200,000). The properties are located in several established industrial zones across the country, including Lovosice, Pisek, and Hradec Králové.
	Slovakia	CEREIT holds 5 (2022: 5) light industrial/ logistics properties in Slovakia with a combined valuation of €70,840,000 (2022: €65,970,000). 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.
	United Kingdom	CEREIT's UK portfolio consists of 3 assets (2022: 3) with a combined valuation of €60,905,000 (2022: €57,467,000). The first 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. The third asset, acquired last year, is located close to major cities of Liverpool and Manchester and leased to a UK-focused third-party logistics company.
Office	The Netherlands	CEREIT holds 7 (2022: 7) office assets in the Netherlands with a combined valuation of €513,800,000 (2022: €535,100,000) located in predominantly central business districts of the main cities of the Netherlands – Amsterdam, Rotterdam, The Hague, Utrecht and s'Hertogenbosch. Most 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 other sectors.
	Italy	During the year, CEREIT completed the divestment of two non-core office assets located in Milan and Bari. After the divestment, CEREIT's Italian office portfolio now consists of 10 (2022: 12) properties with a combined valuation of €197,330,000 (2022: €319,410,000). The remaining 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, 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.

Asset class	*Country*	*Details*
	Poland	Just prior to year-end, CEREIT entered into a preliminary sale and purchase agreement with an unrelated third party to divest an office asset in Poland. The property was therefore reclassified as held for sale as at year-end. Excluding this property, CEREIT's Polish office portfolio consists of 5 (2022: 6) assets with a combined valuation of €166,250,000 (2022: €215,725,000). 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's Finnish office portfolio consists of 10 (2022: 10) assets with a combined valuation of €70,600,000 (2022: €85,800,000) 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.
'Others'	Italy	In addition to its principally office and light industrial / logistics portfolios, CEREIT also holds assets in Italy in the 'others' asset class. During the year, CEREIT completed the divestment of an Italian government campus in October 2023 and entered into a binding offer with an unrelated third party to sell another government campus just prior to year-end. Excluding the assets divested and reclassified as held for sale, CEREIT's remaining 'others' portfolio now comprises of 3 (2022: 5) assets with a combined value of €43,900,000 (2022: €121,460,000). These assets include a property leased to the Italian government, a 480-room hotel and a leisure complex with a large cinema.

Material accounting policy information

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, property management fees, non-recoverable expenses, leasing costs and allowance for doubtful debts.

Segment assets include investment properties and assets held for sale. 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 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 net finance costs, manager's fees, trustee fees, other trust expenses, net foreign exchange gain/loss, gain/loss on divestments, gain/loss on bond buyback, fair value changes of investment properties and derivative financial instruments and income tax expense.

(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 2023	Gross revenue from external customers €'000	Property operating expenditure €'000	Segment Profit / (Loss) €'000
Light Industrial / Logistics			
The Netherlands	7,032	(2,099)	4,933
France	33,670	(13,164)	20,506
Italy	11,765	(3,144)	8,621
Germany	18,037	(5,559)	12,478
Denmark	12,809	(5,716)	7,093
Czech Republic	5,221	(1,477)	3,744
Slovakia	6,087	(2,105)	3,982
United Kingdom	4,620	(516)	4,104
Total – Light Industrial / Logistics	**99,241**	**(33,780)**	**65,461**
Office			
The Netherlands	46,651	(17,411)	29,240
France	6,157	(3,754)	2,403
Italy	17,665	(7,009)	10,656
Poland	24,589	(11,002)	13,587
Finland	10,024	(4,869)	5,155
Total – Office	**105,086**	**(44,045)**	**61,041**
'Others'			
Italy	12,162	(4,383)	7,779
Total – 'Others'	**12,162**	**(4,383)**	**7,779**
Total – Segments	**216,489**	**(82,208)**	**134,281**
Unallocated items:			
Net finance costs			(32,380)
Manager's fees			(5,894)
Trustee fees			(291)
Other trust expenses			(5,743)
Net foreign exchange gain			792
Loss on divestments			(9,871)
Gain on bond buyback			3,068
Fair value loss – investment properties			(133,570)
Fair value loss – derivative financial instruments			(8,769)
Income tax expense			(15,522)
Total loss for the year			**(73,899)**

CEREIT 2022	Gross revenue from external customers €'000	Property operating expenditure €'000	Segment Profit / (Loss) €'000
Light Industrial / Logistics			
The Netherlands	6,648	(1,960)	4,688
France	32,467	(12,276)	20,191
Italy	12,009	(2,839)	9,170
Germany	17,285	(5,952)	11,333
Denmark	10,848	(5,198)	5,650
Czech Republic	4,478	(1,086)	3,392
Slovakia	6,294	(2,062)	4,232
United Kingdom	3,839	(462)	3,377
Total – Light Industrial / Logistics	**93,868**	**(31,835)**	**62,033**
Office			
The Netherlands	44,753	(18,086)	26,667
France	6,128	(3,905)	2,223
Italy	22,786	(7,571)	15,215
Poland	28,194	(14,370)	13,824
Finland	10,514	(5,396)	5,118
Total – Office	**112,375**	**(49,328)**	**63,047**
'Others'			
Italy	15,862	(4,167)	11,695
Total – 'Others'	**15,862**	**(4,167)**	**11,695**
Total – Segments	**222,105**	**(85,330)**	**136,775**
Unallocated items:			
Net finance costs			(24,387)
Manager's fees			(6,057)
Trustee fees			(298)
Other trust expenses			(6,011)
Net foreign exchange loss			(1,933)
Gain on divestments			763
Fair value loss – investment properties			(59,483)
Fair value gain – derivative financial instruments			16,331
Income tax expense			(13,751)
Total return for the year			**41,949**

(b) Segment assets and liabilities

Segment assets

CEREIT 2023	*Segment assets:* Investment properties €'000	*Segment assets:* Assets held for sale €'000	*Segment assets:* Total €'000	*Oher Information:* Capital expenditure and capitalised interest €'000
Light industrial / Logistics				
The Netherlands	107,992	–	107,992	879
France	388,065	–	388,065	3,663
Italy	154,100	–	154,100	11,372
Germany	204,580	–	204,580	3,316
Denmark	128,304	–	128,304	3,566
Czech Republic	77,410	–	77,410	6,048
Slovakia	70,840	–	70,840	12,695
United Kingdom	60,905	–	60,905	44
Total – Light Industrial / Logistics	**1,192,196**	**–**	**1,192,196**	**41,583**
Office				
The Netherlands	513,800	–	513,800	8,703
France	55,930	–	55,930	409
Italy	197,330	–	197,330	25,040
Poland	167,814	15,500	183,314	2,645
Finland	70,600	–	70,600	1,421
Total – Office	**1,005,474**	**15,500**	**1,020,974**	**38,218**
'Others'				
Italy	43,900	1,800	45,700	834
Total – 'Others'	**43,900**	**1,800**	**45,700**	**834**
Total – Segments	**2,241,570**	**17,300**	**2,258,870**	**80,635**
Reconciliation to total consolidated assets:				
Cash and cash equivalents			73,795	
Receivables – current			14,450	
Current tax assets			1,829	
Receivables – non-current			87	
Derivative financial instruments			11,648	
Deferred tax assets			6,794	
Consolidated total assets			**2,367,473**	

Segment liabilities

There are no liabilities allocated to segments.

Segment assets

CEREIT 2022	*Segment assets:* **Investment properties €'000**	*Oher Information:* **Capital expenditure and capitalised interest €'000**
Light industrial / Logistics		
The Netherlands	109,612	568
France	374,645	3,665
Italy	146,100	1,117
Germany	217,250	2,776
Denmark	122,358	4,516
Czech Republic	74,200	9,890
Slovakia	65,970	166
United Kingdom	57,467	–
Total – Light Industrial / Logistics	**1,167,602**	**22,698**
Office		
The Netherlands	535,100	6,143
France	64,310	504
Italy	319,410	8,088
Poland	215,725	1,879
Finland	85,800	3,174
Total – Office	**1,220,345**	**19,788**
'Others'		
Italy	121,460	554
Total – 'Others'	**121,460**	**554**
Total – Segments	**2,509,407**	**43,040**
Reconciliation to total consolidated assets:		
Cash and cash equivalents	35,432	
Receivables – current	16,340	
Current tax assets	960	
Receivables – non-current	328	
Derivative financial instruments	19,150	
Deferred tax assets	8,367	
Consolidated total assets	**2,589,984**	

Segment liabilities

There are no liabilities allocated to segments.

(c) Major customers

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).

In both FY 2023 and FY 2022, there were no major customers of CEREIT that account for more than 10% of CEREIT's revenue.

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 advertising billboards and signage, kiosks, and early termination indemnity from tenants and other income attributable to the operation of the properties. This note also provides overview of the accounting policies on how these revenue items are recognised.

Revenue from properties

	CEREIT	
	2023 **€'000**	**2022** **€'000**
Lease revenue	173,980	175,505
Service charge revenue	39,329	43,557
Other property revenue	3,180	3,043
Total revenue	**216,489**	**222,105**

Material accounting policy information

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. Early termination indemnity is recognised on a straight-line basis over the remaining term of the lease.

3. TRUSTEE, MANAGER'S AND PROPERTY 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 €10,300) per month, excluding out-of-pocket expenses and GST, and shall be payable out of the deposited property monthly in arrears.

	CEREIT	
	2023 €'000	2022 €'000
Total trustee fees	**291**	**298**

(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 (calculated before accounting for the performance fee in each financial year and excluding any realised capital gains paid out in both financial years).

The Manager may, at its election, be paid base and/or performance fees in cash, in CEREIT units or a combination of both.

The following fees were charged during and for the year:

	CEREIT	
	2023 €'000	2022 €'000
Base management fees paid and payable in cash(1)	5,894	6,057
Performance fee(2)	–	–
Total Manager's fees	**5,894**	**6,057**

(1) Total base management fees include some employee reimbursements which are netted off against amount payable to the Manager.

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

(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 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.

The following fees were charged during and for the year:

	CEREIT	
	2023 €'000	2022 €'000
Property & portfolio management fees paid and payable in cash	17,169	17,643
Total property & portfolio management fees	**17,169**	**17,643**

(d) Acquisition, divestment and 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 Code, 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. Acquisition fees are capitalised as acquisition costs in investment properties.

Divestment fees are recognised in the Statement of Total Return and presented in (loss)/gain on divestments.

The following acquisition and divestment fees were charged during the year:

	CEREIT	
	2023 €'000	2022 €'000
Acquisition fees paid and payable in cash	–	1,074
Divestment fees paid and payable in cash	983	205
Total acquisition and divestment fees	**983**	**1,279**

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 management 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).

Development management and project management fees are capitalised as capital expenditure in investment properties.

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).

Leasing fees are recognised in the Statement of Total Return over the lease period and presented in property operating expense.

The following fees were charged during the year:

	CEREIT	
	2023	**2022**
	€'000	**€'000**
Development management fees paid and payable in cash	655	245
Project management fees paid and payable in cash	2,893	1,527
Leasing fees paid and payable in cash	3,028	1,985
Total other fees	**6,576**	**3,757**

4. 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	
		2023	2022
	Note	€'000	€'000
Auditor's fees – Deloitte Singapore		145	138
Auditor's fees – Deloitte overseas offices		776	810
Valuation fees		693	523
Allowance for credit losses	14(a)	1,909	540

Material accounting policy information

Expenses

Trustee, manager's and property manager's fees, other trust expenses and property-related expenses are recognised on an accrual basis.

(b) Auditor's remuneration

Deloitte & Touche LLP Singapore ("Deloitte") are the independent auditors of CEREIT.

Below is a summary of fees paid/payable for various services to Deloitte and its overseas affiliates during the year:

	CEREIT	
	2023	2022
	€'000	€'000
Audit fees paid/payable to Deloitte and its overseas offices		
Auditing of financial reports – current year audit	921	873
Auditing of financial reports – prior year audit	–	75
Total remuneration paid/payable to Deloitte and its overseas offices	**921**	**948**

5. (LOSS)/GAIN ON DIVESTMENTS

(a) (Loss)/gain on divestments

	Note	CEREIT 2023 €'000	CEREIT 2022 €'000
(Loss)/gain on divestments of investment properties		(9,871)	379
Gain on divestment of a subsidiary	5(b)	–	384
Total (loss)/gain on divestments		**(9,871)**	**763**

In 2023, loss on divestments of investment properties mostly comprises:

(1) Loss on divestment of Piazza Affari 2 completed on 28 June 2023. The property was divested for a consideration of €93.6 million, which is 14.6% above the purchase price, but €6.2 million below the December 2022 valuation. The remaining capital gain for the property (compared to its purchase price) was already booked in fair value gain/loss on investment properties in prior years. In addition, transaction costs and disposal fee relating to the disposal were recognised as part of loss on divestment;

(2) Loss on divestment of Viale Europa 95, Italy of €1.5 million which mostly relates to provision for earn-out payment and transaction costs incurred for the divestment. The property was divested on 6 October 2023 for a consideration of €94.0 million, 13.1% above its 30 November 2017 purchase price. The capital gain for the transaction was already booked in fair value gain/loss on investment properties as it was carried at its selling price at 30 September 2023; and

(3) Loss on divestment of Corso Lungomare Trieste 29, Italy of €0.8 million. The property was divested on 21 December 2023 for a consideration of €8.9 million, which was 27.7% below its purchase price. The remaining capital loss for the transaction was already booked in fair value gain/loss on investment properties.

In 2022, gain on divestment of investment properties relates to:

(1) Gain on divestment of a warehouse unit contained within the Centro Logistico Orlando Marconi asset in Italy completed on 25 January 2022 for a consideration of €2.8 million;

(2) Transaction costs incurred for the divestment of two light industrial / logistics assets in Germany completed on 7 October 2022. The properties were divested for an aggregate consideration of €11.0 million, which was €4.6 million or 71% above their purchase prices. The capital gain for these transactions had already been recognised in fair value gain on investment properties; and

(3) Transaction costs incurred for the divestment of a logistic park in France completed on 9 December 2022 for a sale consideration of €11.0 million, which was 448% above the IPO purchase price of €2.0 million. The capital gain for this transaction was recognised in fair value gain on investment properties.

(b) Divestment of subsidiary

In 2022, CEREIT divested Opus 1 located in Finland by way of a sale of shares of the wholly-owned subsidiary, Kiinteistö Oy Opus 1 (MREC) that owns the property for a consideration of €15,989,000. The sale was accounted for as divestment of property based on the assessment by the Manager.

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 average number of 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	
	2023	**2022**
Basic and diluted earnings attributable to Unitholders per Unit (€ cents)	(13.554)	7.050
Total (loss)/return for the year attributable to Unitholders (€'000)	(76,225)	39,628
Weighted average number of units ('000)	562,392	562,060

Diluted earnings per unit is the same as the basic earnings per unit as there are no dilutive instruments in issue during the years.

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 Unitholders during the year:

Distribution period	Distribution type	Distribution per Unit (in € cents)	CEREIT and Trust 2023 €'000	2022 €'000
1 January 2023 to 30 June 2023	Capital	7.790	43,811	–
1 July 2022 to 31 December 2022	Tax Exempt	8.494	47,769	–
1 January 2022 to 30 June 2022	Capital & Tax Exempt	8.695	–	48,900
1 July 2021 to 31 December 2021	Capital & Tax Exempt	8.459	–	47,459
Total distributions			**91,580**	**96,359**

Distribution for FY 2023 of 15.693 Euro cpu comprises:

(i) distribution for the period from 1 January 2023 to 30 June 2023 of 7.790 Euro cpu made up entirely of capital component; and

(ii) distribution for the period from 1 July 2023 to 31 December 2023 of 7.903 Euro cpu made up of capital component of 1.348 Euro cpu and tax-exempt component of 6.555 Euro cpu as announced subsequently on 26 February 2024.

Distribution for FY 2022 of 17.189 Euro cpu comprises:

(i) distribution for the period from 1 January 2022 to 30 June 2022 of 8.695 Euro cpu made up of capital component of 1.529 Euro cpu and tax-exempt component of 7.166 Euro cpu; and

(ii) distribution for the period from 1 July 2022 to 31 December 2022 of 8.494 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 was suspended for distributions for the period from 1 January 2022 to 30 June 2022, 1 July 2022 to 31 December 2022, 1 January 2023 to 30 June 2023 and 1 July 2023 to 31 December 2023.

In 2022, total distributions were partly paid by issuing an aggregate of 1,347,564 Units amounting to €3,021,000 pursuant to the DRP (Note 12(a)).

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 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 purposes 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. There are also a number of permanent differences when income or expenses are recognised for accounting purposes but not allowed for tax purposes.

Taxation in Singapore

CEREIT has obtained Tax Rulings from the Inland Revenue Authority of Singapore ("IRAS") and Ministry of Finance ("MoF") in respect of the foreign-sourced dividend and interest income ("Specified Exempt Income") derived by its wholly-owned Singapore resident subsidiaries from certain of its European property portfolio. Pursuant to these Tax Rulings, the wholly-owned Singapore resident subsidiaries will be exempt from Singapore income tax on the Specified Exempt Income that originates from European properties for which Tax Rulings have been obtained from IRAS and MoF, and provided that the conditions outlined in the Tax Rulings 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 2023 €'000	CEREIT 2022 €'000
Current income tax expense		
Current year	8,666	9,627
(Over)/underprovision in prior years	(2,840)	695
	5,826	10,322
Deferred tax expense		
Origination and reversal of temporary differences	9,696	3,429
	9,696	3,429
Total income tax expense	**15,522**	**13,751**
Deferred tax expense		
Decrease/(increase) in deferred tax assets	1,573	(3,075)
Increase in deferred tax liabilities	8,123	6,504
Total deferred tax expense	**9,696**	**3,429**

(b) Numerical reconciliation between income tax expense and total return before tax

	CEREIT 2023 €'000	CEREIT 2022 €'000
Total (loss)/return before income tax	**(58,377)**	**55,700**
Net expense/(income) incurred in Singapore not subject to income tax	9,614	(5,793)
(Loss)/Profits subject to income tax in overseas jurisdictions	**(48,763)**	**49,907**
Tax at domestic rates applicable to profits subject to income tax in overseas jurisdictions	(6,356)	8,837
Tax effect of amounts which are deductible / (non-taxable) in calculating taxable income:		
Other non-deductible expenses – net	9,950	3,599
(Over)/underprovision in prior years	(2,840)	695
Change in unrecognised temporary differences	14,768	–
Effects of changes in tax rates	–	620
Total income tax expense	**15,522**	**13,751**

Corporate income tax rates applicable in overseas jurisdictions

	Note	2023 %	2022 %
The Netherlands		25.8	25.8
France		25.0	25.0
Italy	(i)	0.0	0.0
Germany		15.8	15.8
Poland		19.0	19.0
Denmark		22.0	22.0
Czech Republic		19.0	19.0
Slovakia		21.0	21.0
Finland		20.0	20.0
United Kingdom		23.5	19.0
Luxembourg		24.9	24.9
Jersey		0.0	0.0

(i) Corporate income tax rate in Italy is 24.0% (2022: 24.0%). 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. 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 which are wholly-owned by CEREIT.

(c) Deferred tax

Deferred tax assets

	CEREIT 2023 €'000	CEREIT 2022 €'000
Deferred tax assets are attributable to:		
Unutilised tax losses	6,794	8,367
Deferred tax assets	**6,794**	**8,367**
Movements:		
At 1 January	8,367	5,292
(Charge)/credit to Statement of Total Return	(1,573)	3,075
At 31 December	**6,794**	**8,367**

Deferred tax liabilities

	CEREIT 2023 €'000	CEREIT 2022 €'000
Deferred tax liabilities are attributable to:		
Temporary differences between carrying amounts and tax base of investment properties	74,527	66,538
Deferred tax liabilities	**74,527**	**66,538**
Movements:		
At 1 January	66,538	60,017
Charged to Statement of Total Return	8,123	6,504
Exchange differences	(26)	2
Others	(108)	15
At 31 December	**74,527**	**66,538**

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.

Material accounting policy information

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 (including properties under development for such purposes). As at 31 December 2023, CEREIT's investment property portfolio comprised 108 (2022: 113) properties in ten (2022: ten) countries of which 70 (2022: 70) properties are predominantly light industrial / logistics use, 35 (2022: 38) properties are predominantly office use with the remaining 3 (2022: 5) properties being of other uses. Details of the properties are shown in the Statement of Portfolio.

This note provides further details on CEREIT's investment property portfolio, including details of acquisitions, divestment 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

			2023		
CEREIT	Independent valuation €'000	Directors' valuation €'000	**Total valuation €'000**	Right-Of-Use asset €'000	**Carrying amount €'000**
The Netherlands	616,600	–	**616,600**	5,192	**621,792**
France	443,995	–	**443,995**	–	**443,995**
Italy [1]	395,330	–	**395,330**	–	**395,330**
Germany	204,580	–	**204,580**	–	**204,580**
Poland	166,250	–	**166,250**	1,564	**167,814**
Denmark	128,304	–	**128,304**	–	**128,304**
Czech Republic	77,410	–	**77,410**	–	**77,410**
Slovakia	70,840	–	**70,840**	–	**70,840**
Finland	70,600	–	**70,600**	–	**70,600**
United Kingdom	60,905	–	**60,905**	–	**60,905**
Total	2,234,814	–	**2,234,814**	6,756	**2,241,570**

[1] The carrying amount of investment properties includes the following properties under development/ strip out as at 31 December 2023: (i) Nervesa21, Italy valued at €47.3 million; (ii) Maxima, Italy valued at €29.9 million; and (iii) Via dell'Industria 18, Italy valued at €35.4 million. The total contracted value of these developments for the purpose of the 10% development limit under Section 7.1(d) of the Property Funds Appendix is €49.5 million or 2.1% of deposited property.

CEREIT	Independent valuation €'000	Directors' valuation €'000	2022 Total valuation €'000	Right-Of-Use asset €'000	Carrying amount €'000
The Netherlands	639,190	–	**639,190**	5,522	**644,712**
France	438,955	–	**438,955**	–	**438,955**
Italy [(2)]	586,970	–	**586,970**	–	**586,970**
Germany	217,250	–	**217,250**	–	**217,250**
Poland	215,725	–	**215,725**	–	**215,725**
Denmark	106,574	15,784	**122,358**	–	**122,358**
Czech Republic [(2)]	74,200	–	**74,200**	–	**74,200**
Slovakia [(2)]	65,970	–	**65,970**	–	**65,970**
Finland	85,800	–	**85,800**	–	**85,800**
United Kingdom	57,467	–	**57,467**	–	**57,467**
Total	2,488,101	15,784	**2,503,885**	5,522	**2,509,407**

(2) The carrying amount of investment properties includes the following properties under development as at 31 December 2022: (i) Nervesa21, Italy valued at €27.2 million; (ii) Lovosice ONE Industrial Park I, Czech Republic valued at €14.0 million; (iii) Nove Mesto ONE Industrial Park I, Slovakia valued at €19.0 million; and (iv) Nove Mesto ONE Industrial Park III valued at €20.1 million. The total contracted value of these developments for the purpose of the 10% development limit under Section 7.1(d) of the Property Funds Appendix is €60.5 million or 2.3% of deposited property.

(b) Movements in investment properties

	CEREIT 2023 €'000	CEREIT 2022 €'000
At 1 January	2,509,407	2,449,014
Acquisition of new properties	–	107,356
Acquisition costs	–	5,752
Transfer to assets held for sale (Note 16)	(17,300)	–
Divestment of existing properties	(203,456)	(39,031)
Capital expenditure and capitalised interest #	80,635	43,040
Lease incentives, lease costs and rent straight-lining	3,547	6,085
Net loss from fair value adjustments	(133,570)	(59,483)
Exchange differences	1,049	(2,996)
Others	1,258	(330)
At 31 December	**2,241,570**	**2,509,407**

Includes capitalised interest expense of €1,088,000 (2022: €29,000).

(c) Investment property acquisitions

There were no acquisitions completed during the year ended 31 December 2023.

During the year ended 31 December 2022, CEREIT acquired investment properties as follows:

(1) On 15 February 2022, CEREIT acquired a freehold light industrial / logistics property in Brescia, Italy for €24.5 million.

(2) On 17 March 2022, CEREIT acquired a freehold light industrial / logistics property in Milan, Italy for €26.5 million.

(3) On 21 April 2022, CEREIT acquired a freehold light industrial business park in Jena, Germany for €17.3 million.

(4) On 18 May 2022, CEREIT acquired a freehold logistics property in Runcorn, United Kingdom for £20.0 million (€23.2 million equivalent).

(5) On 14 October 2022, CEREIT acquired a freehold logistics property in Copenhagen, Denmark for DKK 117.4 million (€15.8 million equivalent).

(d) Investment property divestments

During the year ended 31 December 2023, CEREIT completed the following divestments:

(1) On 28 June 2023, CEREIT completed the divestment of an office asset in Italy for a consideration of €93.6 million, which was 0.2% above the independent valuation dated 1 June 2023 and 14.6% premium to its purchase price.

(2) On 6 October 2023, CEREIT completed the divestment of an 'other' asset in Italy for a consideration of €94.0 million, which was 33.5% above the independent valuation dated 1 June 2023 and 13.1% premium to its purchase price.

(3) On 21 December 2023, CEREIT completed the divestment of an office asset in Italy for a consideration of €8.9 million, which was 3.7% below the independent valuation dated 1 December 2023 and 27.7% discount to its purchase price.

During the year ended 31 December 2022, CEREIT completed the following divestments:

(1) 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 higher than the apportioned value of the asset's independent valuation dated 31 December 2021.

(2) On 6 July 2022, CEREIT completed the divestment of an office asset in Finland for a consideration of €16.2 million, which was 6.4% above the independent valuation dated 31 December 2021 and 20% premium to its purchase price.

(3) On 7 October 2022, CEREIT completed the divestment of two non-core logistics assets in Bischofsheim and Hanau, Germany for considerations of €6.0 million and €5.0 million respectively, representing a combined 8% premium above the aggregate independent valuation dated 30 June 2022 and 71% premium above the aggregate purchase price.

(4) On 9 December 2022, CEREIT completed the divestment of a logistics asset in Gondreville, France for a consideration of €11.0 million, which was 55% above the independent valuation dated 30 June 2022 and 448% above the purchase price of €2.0 million.

(e) Fair value measurement

CEREIT's investment properties, with an aggregate carrying amount of €2,241,570,000 (2022: €2,509,407,000), 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 2023, all 108 properties of CEREIT's investment properties portfolio were valued by independent valuers. At 31 December 2022, 112 properties out of 113 properties in the portfolio were valued by independent valuers and the remaining property in Denmark which was acquired in October 2022 was carried at its purchase price which had been assessed by the Directors of the Manager as the fair value.

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 recognised relevant professional qualification, with valuers rotated at least every two years.

As at 31 December 2023, CEREIT's entire portfolio of 108 investment properties was valued by independent valuers with a combined value of €2,234,814,000. The independent valuation for properties located in France, Poland, Denmark, Czech Republic and Slovakia were conducted by CBRE Ltd ("CBRE") using the income capitalisation method. Savills Advisory Services Limited ("Savills") performed independent valuations for properties located in the Netherlands, Italy, Germany, and Finland using the discounted cash flow method, and in United Kingdom using the income capitalisation method.

As at 31 December 2022, 112 properties of CEREIT's portfolio of 113 properties was valued by independent valuers. The combined value of the 112 properties of €2,488,101,000 represents 99% of CEREIT's portfolio by valuation. The independent valuations for properties located in France, Poland, Denmark, Czech Republic and Slovakia were conducted by CBRE using the income capitalisation method, and the independent valuations for properties located in the Netherlands, Italy, Germany, Finland and the United Kingdom by Savills using the discounted cash flow and income capitalisation method.

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	2023 Range	2023 Weighted average	2022 Range	2022 Weighted average
Discounted cash flow	Net initial yield	-2.3% – 17.5%	5.9%	-1.7% – 11.0%	5.5%
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 reversionary yield	4.7% – 27.2%	7.3%	4.2% – 20.4%	7.1%
	Discount rate	5.5% – 11.8%	7.3%	5.0% – 10.8%	7.4%
	Exit cap rate	4.5% – 9.8%	6.2%	4.0% – 8.8%	6.2%
	Occupancy	0% – 100.0%	89.6%	0% – 100.0%	88.2%
Income capitalisation	Net initial yield	2.9% – 11.6%	6.9%	-0.1% – 9.2%	5.9%
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 reversionary yield	5.0% – 18.6%	7.9%	0.0% – 12.9%	6.8%
	Occupancy	35.3% – 100.0%	90.8%	16.7% – 100.0%	91.2%

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(d)).

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

Properties carried at acquisition price

At 31 December 2022, a property in Denmark acquired on 14 October 2022 with a carrying amount of €15,784,000 was carried at its purchase price.

The transaction prices were considered equal to the fair values of the properties as the sale and purchase agreements were entered into on 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 the transaction dates to the financial period end, the Directors of the Managers considered the transaction prices to approximate the fair values of the properties at financial period end.

(f) Amounts recognised in profit and loss for investment properties

	CEREIT	
	2023 €'000	**2022 €'000**
Gross revenue	216,489	222,105
Property operating expense arising from investment properties that generate rental income during the year	(81,076)	(84,901)
Property operating expense arising from investment properties that did not generate rental income during the year	(1,132)	(429)
Net property income	**134,281**	**136,775**

(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	
	2023 €'000	**2022 €'000**
Within one year	162,354	160,507
One to two years	121,797	125,965
Two to three years	99,108	95,085
Three to four years	81,721	75,861
Four to five years	69,951	58,586
After five years	191,311	180,070
Total non-cancellable operating lease receivable from investment property tenants	**726,242**	**696,074**

(h) Assets pledged as security

As at 31 December 2023, a total of 3 (2022: 3) of CEREIT's investment properties with a combined fair value of €210,400,000 (2022: €231,200,000) were pledged as security for CEREIT's senior property level financing facility. Refer to Note 10 for further details.

Material accounting policy information

Investment properties and investment properties under development

Investment properties and investment properties under development are initially measured at cost, including transaction costs and subsequently measured at fair value with any change therein recognised in the total return. Finance costs incurred on investment properties under development are included in the development costs. 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.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the total return in the period in which the property is derecognised.

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 derivatives 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	
	2023 €'000	**2022 €'000**
Current		
Unsecured loans – financial institutions	–	50,630
Total current borrowings	**–**	**50,630**
Non-current		
Secured loans – financial institutions	82,375	82,375
Unsecured loans – financial institutions	421,630	386,900
Unsecured Euro medium term notes	450,000	500,000
Unamortised transaction costs	(6,405)	(4,991)
Total non-current borrowings	**947,600**	**964,284**
Total borrowings	**947,600**	**1,014,914**

(a) Borrowing details

				2023		2022	
Facility	**Note**	**Secured**	**Maturity**	**Facility €'000**	**Utilised €'000**	**Facility €'000**	**Utilised €'000**
CEREIT							
Dutch office 2	(a)	Yes	Dec-26	82,375	82,375	82,375	82,375
3.5-year sustainability-linked term loan*	(b)	No	Oct-26	70,630	70,630	50,630	50,630
Term loan 5 years	(b)	No	Nov-24	–	–	165,000	165,000
Revolving credit facility	(c)	No	Jul-28	200,000	–	200,000	41,900
Euro medium term notes	(d)	No	Nov-25	450,000	450,000	500,000	500,000
4-year sustainability-linked term loan	(e)	No	Nov-26	193,500	193,500	180,000	180,000
4-year sustainability-linked term loan	(f)	No	Aug-27	157,500	157,500	–	–
Total				**1,154,005**	**954,005**	**1,178,005**	**1,019,905**

* Previously Term loan 3 years

Property level financing facility

(a) *Dutch office 2*

The Dutch office 2 facility is 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.

The facility is secured over 3 (2022: 3) Dutch office properties with an aggregate carrying amount of €210,400,000 (2022: €231,200,000). Interest is payable quarterly in arrears at a fixed rate of 1.93% per annum. The facility is fully drawn at €82.4 million and matures in December 2026.

Unsecured financing facilities

(b) *3.5 year Sustainability-linked term loan (previously Term Loan 3 Years) and term loan 5 Years*

In March 2023, the 3-year term loan facility with outstanding amount of €50.6 million was amended and restated with additional commitment from new lenders, increasing the facility size to €70.6 million. The facility now has a term of 3.5 years with extended maturity date to 25 October 2026, and includes an accordion feature which provides flexibility to further increase the facility size to up to €110.0 million. The facility has three sustainability-linked key performance indicators ("KPIs") that are set and measured on an annual basis over the term of the facility. In April 2023, €20.0 million was drawn from the facility and this amount, net of a deduction of upfront fee, was used to pay down the drawn balance of the Revolving Credit Facility.

In August 2023, the 5-year term loan maturing in November 2024 was refinanced using the net proceeds of the €157.5 million 4-year sustainability-linked term loan facility and an additional drawdown of €13.5 million from the accordion of the €180.0 million 4-year sustainability-linked term loan (refer to item (e) and (f) below).

The term loans are subject to 3-month Euribor plus a margin.

(c) *Revolving Credit Facility ("RCF")*

In July 2023, CEREIT through its wholly-owned subsidiary, Cromwell EREIT Lux Finco S.a.r.l ("Lux Finco") amended and restated the existing RCF due to expire in October 2024 through a rollover of existing loans with new lenders' commitments for an aggregate amount of €165.0 million. The restated RCF has an extended maturity date of 31 July 2028 and includes an accordion feature which provides flexibility to increase the size of the facility to up to €250.0 million. In December 2023, CEREIT exercised a portion of the accordion to increase the size of the facility by €35.0 million to €200.0 million. The restated facility has three sustainability-linked key performance indicators ("KPIs") that are set and measured on an annual basis over the term of the facility. The RCF is subject to 3-month Euribor plus a margin.

As at 31 December 2023, the RCF was fully undrawn (2022: €41.9 million drawn), leaving an undrawn commitment of €200.0 million (2022: €158.1 million).

(d) Euro Medium Term Notes ("EMTN")

On 19 October 2020, 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.

CEREIT had €500 million of senior unsecured fixed rate notes issued under the EMTN 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 November 2025.

In December 2023, Lux Finco completed the repurchase of an aggregate principal amount of €50.0 million of the €500.0 million notes issued. The repurchased notes have been cancelled in accordance with the terms and conditions of the notes.

As at 31 December 2023, Lux Finco had €450.0 million (31 December 2022: €500.0 million) of outstanding 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 arrears, maturing in November 2025.

(e) 4-year sustainability-linked term loan

On 14 October 2022, the Trust and Lux Finco entered into a €180.0 million sustainability-linked 4-year term loan facility. The facility includes an accordion feature, providing flexibility to increase the size of the facility to up to €230.0 million. The facility is subject to Euro short-term rate (€STR) plus a margin. The facility has three sustainability-linked KPIs that are set and measured on an annual basis over a four-year period.

In August 2023, the accordion was exercised and an additional €13.5 million was drawn from the facility to partially refinance the €165.0 million 5-year term loan (refer to item (b) above).

(f) 4-year sustainability-linked term loan

In August 2023, CEREIT through Lux Finco entered into a €157.5 million sustainability-linked term loan facility agreement. The facility has an initial termination date in August 2025 with the option to extend the termination date in year 3 and 4 at the Borrower's request. The facility includes an accordion feature, providing flexibility to increase the size of the facility to up to €207.5 million. The facility is subject to 3-month Euribor plus a margin. The facility has three sustainability-linked KPIs that are set and measured on an annual basis over the term of the facility. Proceeds from the facility was used to partially refinance the €165.0 million 5-year term loan (refer to item (b) above).

Guarantees

The Trust has provided corporate guarantees to banks for unsecured borrowings amounting to €871,630,000 (2022: €937,530,000) 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	
	2023 **€'000**	**2022** **€'000**
Interest expense	35,049	19,996
Amortisation of debt issuance costs	4,462	4,672
Interest income	(7,131)	(281)
Total net finance costs	**32,380**	**24,387**

Interest income mostly relates to proceeds from interest rate cap contracts and interest income on bank deposits.

Information about CEREIT's exposure to interest rate changes is provided in Note 14(c).

(c) Gain on bond buyback

In 2023, gain on bond buyback of €3.1 million relates to the repurchase of an aggregate principal amount of €50.0 million of the €500.0 million 2.125% Euro medium term notes due 19 November 2025, net of transaction costs incurred.

Material accounting policy information

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 and collar contracts which are used to hedge exposure to interest rate movements and cross currency swaps which are used to hedge the currency risk arising from the Singapore dollar denominated perpetual securities. Interest rate cap and collar are used to manage CEREIT's exposure to interest rate movements on its floating rate borrowings. Under the interest rate cap, CEREIT receives floating interest equal to 3-month Euribor above the contracted strike rate at specific intervals. The interest rate collar further establishes a floor on declining rates through the simultaneous sale of an interest rate floor in addition to the purchase of an interest rate cap.

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 and collar contracts and cross currency swap contracts as well as CEREIT's material accounting policies information for such contracts.

	CEREIT		Trust	
	2023 €'000	2022 €'000	2023 €'000	2022 €'000
Current asset				
Interest rate cap contracts	5,879	–	–	–
	5,879	**–**	**–**	**–**
Non-current assets				
Interest rate cap contracts	–	10,753	–	–
Cross currency swaps	5,769	8,397	5,769	8,397
	5,769	**19,150**	**5,769**	**8,397**
Non-current liability				
Interest rate collar contracts	(279)	–	(198)	–
	(279)	**–**	**(198)**	**–**
Total derivative financial instruments	**11,369**	**19,150**	**5,571**	**8,397**
Derivative financial instruments as a percentage of net assets	0.91%	1.35%	0.55%	0.70%

In May 2023, The Trust and Lux Finco entered into 3-year interest rate collar contracts for an aggregate notional amount of €150,000,000.

The weighted average strike rate on interest rate cap contract is 1.60% (2022: 0.60%) and on interest rate floor is 2.25% (2022: nil).

As at 31 December 2023, the total notional amount of CEREIT's outstanding interest rate cap contract was €210,000,000 (2022: €210,000,000), interest rate collar contracts was €150,000,000 (2022: nil) and cross currency swap was €65,136,000 (2022: €65,136,000).

As at 31 December 2023, 88% (31 December 2022: 78%) of CEREIT's total gross borrowings (including the RCF) are fixed rate or hedged using the interest rate cap and collar contracts.

(a) Financial instruments expiry profile

The notional principal amounts and period of expiry of CEREIT's derivative financial instruments were as follows:

	CEREIT		Trust	
	2023 €'000	2022 €'000	2023 €'000	2022 €'000
Within 1 year	210,000	–	–	–
After one year but within two years	–	210,000	–	–
After two years but within five years	215,136	65,136	165,136	65,136
	425,136	**275,136**	**165,136**	**65,136**

Material accounting policy information
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.

The classification between current and non-current is based on the expiry date of the instrument.

CEREIT enters into interest rate cap and collar contracts to mitigate the risk of rising interest rate 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. UNITHOLDERS' FUNDS

Overview

This note provides further details on Unitholders' funds, 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	
	2023	2022	2023	2022
Total contributed equity (€'000)	**1,349,551**	**1,349,551**	**1,349,888**	**1,349,888**
Units in issue ('000)	**562,392**	**562,392**	**562,392**	**562,392**

(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	
	2023 Number of units '000	2022 Number of units '000
At 1 January	562,392	561,045
Units issued during the year as payment of distribution pursuant to DRP	–	1,347
At 31 December	**562,392**	**562,392**

On 31 March 2022, CEREIT and the Trust issued 1,347,564 new units at an issue price of €2.2409 per new unit under the DRP in relation to distribution for period 1 July 2021 to 31 December 2021.

CEREIT did not hold any treasury units as at 31 December 2023 and 31 December 2022.

The Trust's subsidiaries do not hold any units in the Trust as at 31 December 2023 and 31 December 2022.

(b) Units issuable

	CEREIT and Trust	
	2023 '000	2022 '000
Units issuable	–	–
Units in issue	562,392	562,392
Total units issued and issuable	**562,392**	**562,392**

(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.

(d) Foreign currency translation reserve

The foreign currency translation reserve relates to foreign exchange differences arising from the translation of the financial statements of foreign entities.

Material accounting policy information

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 24 November 2021, the Trust issued S$100.0 million fixed rate subordinated perpetual securities 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. The reset rate will be determined based on the prevailing 5-year SORA-OIS at the point of reset plus the initial sprend. 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$100.0 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$50.0 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 €64,204,000 (2022: €64,204,000) presented on the Balance Sheets represents the carrying value of the €65,136,000 perpetual securities issued, net of issue costs and includes total return attributable to perpetual securities holders from date of issue, net of distributions paid out to perpetual securities holders.

Material accounting policy information

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 2023 €'000	CEREIT 2022 €'000	Trust 2023 €'000	Trust 2022 €'000
Financial assets					
Cash and cash equivalents	(1)	73,795	35,432	3,309	372
Receivables	(1)	8,339	12,051	79,815	11,210
Derivative financial instruments	(2)	11,648	19,150	5,769	8,397
Total financial assets		**93,782**	**66,633**	**88,893**	**19,979**
Financial liabilities					
Payables	(1)	42,073	42,385	287,387	360,674
Borrowings	(1)	954,005	1,019,905	–	–
Other liabilities -finance lease liabilities	(1)	7,579	6,205	–	–
Derivative financial instruments	(2)	279	–	198	–
Total financial liabilities		**1,003,936**	**1,068,495**	**287,585**	**360,674**

Type of financial instrument as per IFRS 7 – *Financial Instruments: Disclosures*

(1) At amortised cost
(2) At fair value through profit or loss

Material accounting policy information

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; and
- 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
2023						
Expected loss rate	0%	1%	0%	9%	73%	
Rental receivables	609	2,432	412	44	5,536	9,033
Loss allowance	–	(23)	–	(4)	(4,017)	(4,044)
2022						
Expected loss rate	0%	1%	3%	1%	75%	
Rental receivables	1,476	2,728	481	738	3,355	8,778
Loss allowance	–	(38)	(14)	(9)	(2,502)	(2,563)

The movements in impairment loss in respect of rental receivables are as follows:

	CEREIT 2023 €'000	CEREIT 2022 €'000
At 1 January	2,563	2,496
Written off	(428)	(473)
Charge for the year	1,909	540
At 31 December	**4,044**	**2,563**

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

Prudent 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 2023, the Trust's current liabilities exceed its current assets by €33,306,000 (2022: €169,769,000). 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
2023								
Payables	42,073	–	–	42,073	125,899	174,187	11,611	311,697
Borrowings	37,053	1,020,979	–	1,058,032	–	–	–	–
Other liabilities – finance lease liabilities	531	1,161	16,867	18,559	–	–	–	–
Total financial liabilities	**79,657**	**1,022,140**	**16,867**	**1,118,664**	**125,899**	**174,187**	**11,611**	**311,697**

	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
2022								
Payables	42,385	–	–	42,385	187,420	191,312	–	378,732
Borrowings	79,024	1,020,937	–	1,099,961	–	–	–	–
Other liabilities – finance lease liabilities	367	1,161	6,217	7,745	–	–	–	–
Total financial liabilities	**121,776**	**1,022,098**	**6,217**	**1,150,091**	**187,420**	**191,312**	**–**	**378,732**

CEREIT does not face a significant liquidity risk with regard to its lease liabilities.

	CEREIT			
	2023		2022	
	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	531	526	367	363
After one year	18,028	7,047	7,378	5,842
	18,559	7,573	7,745	6,205
Less: Future finance charges	(10,985)	n.a.	(1,540)	n.a.
Present value of lease obligations	7,574	7,573	6,205	6,205
Less: Amount due for settlement within 12 months		(526)		(363)
Amount due for settlement after 12 months		7,047		5,842

(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.

At the reporting date, the interest rate profile of the interest-bearing financial instruments was as follows:

	CEREIT	
	2023 €'000	2022 €'000
Fixed rate instruments		
Financial liabilities	532,375	582,375
Variable rate instruments		
Financial liabilities	421,630	437,530

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.

CEREIT manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. CEREIT's policy is to maintain at least 50% of its borrowings under fixed or hedged rates. As at 31 December 2023, 88.3% (2022: 77.7%) of CEREIT's interest-bearing instruments were fixed rate borrowing or were hedged by using interest rate cap or collar contracts.

Sensitivity analysis – interest rate risk

If interest rates had been 100 basis points higher / lower, based on CEREIT's borrowings and interest rate cap held at year end with all other variables held constant and assuming all CEREIT's borrowings and interest rate caps and collars moved in correlation with the movement in year end interest rates, net finance costs would have been higher / lower by €1,116,000 (2022: €2,275,000).

Foreign exchange risk

CEREIT's foreign exchange risk primarily arises from its operations in non-Euro denominated countries, and inter-company balances that are denominated in currency other than the respective functional currencies of CEREIT entities. These include Denmark where CEREIT owns 12 (2022: 12) light industrial / logistics assets, Poland where CEREIT owns 6 (2022: 6) office assets, Czech Republic where CEREIT owns 7 (2022: 7) light industrial / logistics assets, United Kingdom where CEREIT owns 3 (2022: 3) 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 risks at the reporting date, expressed in Euro, was as follows:

			CEREIT		
	EUR €'000	PLN €'000	CZK €'000	GBP €'000	SGD €'000
2023					
Cash and cash equivalents	–	5,509	164	–	130
Receivables	–	1,788	489	–	189
Payables	(75,075)	(1,157)	(650)	–	(704)
Net exposure	**(75,075)**	**6,140**	**3**	**–**	**(385)**

	Trust	
	GBP €'000	SGD €'000
2023		
Cash and cash equivalents	–	96
Receivables	–	189
Payables	–	(688)
Net exposure	–	**(403)**

	CEREIT				
	EUR €'000	PLN €'000	CZK €'000	GBP €'000	SGD €'000
2022					
Cash and cash equivalents	–	5,044	122	–	162
Receivables	–	1,844	367	–	168
Payables	(82,998)	(5,791)	(734)	(26)	(697)
Net exposure	**(82,998)**	**1,097**	**(245)**	**(26)**	**(367)**

	Trust	
	GBP €'000	SGD €'000
2022		
Cash and cash equivalents	–	127
Receivables	–	168
Payables	(26)	(675)
Net exposure	**(26)**	**(380)**

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	
	2023 €'000	2022 €'000	2023 €'000	2022 €'000
Euro	(751)	(830)	–	–
Polish Zloty	61	11	–	–
Czech Koruna	*	(2)	–	–
British Pound Sterling	–	*	–	*
Singapore Dollar	(4)	(4)	(4)	(4)

* Less than €1,000

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 financial assets and liabilities measured and carried at fair value at the reporting date:

		CEREIT			
	Note	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
31 December 2023					
Financial asset measured at fair value					
Derivative financial instruments	11	–	11,648	–	11,648
Financial liability measured at fair value					
Derivative financial instruments	11	–	279	–	279
31 December 2022					
Financial asset measured at fair value					
Derivative financial instruments	11	–	19,150	–	19,150

		Trust			
	Note	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
31 December 2023					
Financial asset measured at fair value					
Derivative financial instruments	11	–	5,769	–	5,769
Financial liability measured at fair value					
Derivative financial instruments	11	–	198	–	198
31 December 2022					
Financial asset measured at fair value					
Derivative financial instruments	11	–	8,397	–	8,397

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.

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
2023			
Liabilities			
Secured loan	–	80,134	82,375
Unsecured Euro medium term notes	422,316	–	451,529
2022			
Liabilities			
Secured loan	–	80,965	82,375
Unsecured Euro medium term notes	395,880	–	502,599

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 2023 %	2022 %
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. [e]	Singapore	100	100
Parc d'Activités 1 Luxembourg [d]	Luxembourg	100	100
Cromwell EREIT Lux 2 S.à r.l. [d]	Luxembourg	100	100
Cromwell EREIT Lux 3A S.à r.l. [d]	Luxembourg	100	100
Cromwell EREIT Lux 3B S.à r.l. [d]	Luxembourg	100	100
Cromwell EREIT Lux 4 S.à r.l. [d]	Luxembourg	100	100
Cromwell EREIT Lux 5 S.à r.l. [d]	Luxembourg	100	100
PA Holdings Luxembourg S.à r.l. [d]	Luxembourg	100	100
EHI Luxembourg S.à r.l. [d]	Luxembourg	100	100
Cromwell European Cities Income Fund S.C.Sp. [d]	Luxembourg	100	100
Cromwell European Cities Income Fund General Partner S.à r.l. [d]	Luxembourg	100	100
CECIF Lux Holdco 1 [d]	Luxembourg	100	100
CECIF Lux Holdco 2 [d]	Luxembourg	100	100
CECIF Lux Bidco 1 [d]	Luxembourg	100	100
Arkonska PL Propco S.à r.l. [d]	Luxembourg	100	100
Riverside PL Propco S.à r.l. [d]	Luxembourg	100	100
Grojecka PL Propco S.à r.l. [d]	Luxembourg	100	100
Moeder Teresalaan NL Propco S.à r.l. [d]	Luxembourg	100	100
Cromwell EREIT Lux Finco S.à r.l. [b]	Luxembourg	100	100
Europe 1 Propco S.à r.l [d]	Luxembourg	100	100
Cromwell Europa 3 HoldCo S.à r.l. [d]	Luxembourg	100	100
Cromwell Europa 4 HoldCo S.à r.l. [d]	Luxembourg	100	100
Cromwell Europa 6 HoldCo S.à r.l. [d]	Luxembourg	100	100
Europe 5 HoldCo S.à r.l. [d]	Luxembourg	100	100
Cromwell EREIT Dutch Logistics S.à r.l. [d]	Luxembourg	100	100
Allegro.com B.V. [d]	The Netherlands	100	100
EHI CV1 UK Limited [d]	United Kingdom	100	100
EHI CV3 UK Limited [d]	United Kingdom	100	100
EHIF (Denmark) Limited [d]	United Kingdom	100	100
EHI Fund Netherlands Limited [d]	Jersey/ the Netherlands	100	100
EHI Fund Germany Limited [d]	Jersey/Luxembourg	100	100
EHI Fund One CV [d]	The Netherlands	100	100

Name	Country of registration	Equity holding & ownership interest 2023 %	2022 %
Euroind Two CV [d]	The Netherlands	100	100
Euroind Three CV [d]	The Netherlands	100	100
EHI Fund GP (Netherlands) B.V. [d]	The Netherlands	100	100
Yova Central Plaza B.V. [d]	The Netherlands	100	100
Yova Koningskade B.V. [d]	The Netherlands	100	100
Yova Ruyterkade B.V. [d]	The Netherlands	100	100
Yova Haagse Poort B.V. [d]	The Netherlands	100	100
Yova Blaak B.V. [d]	The Netherlands	100	100
Peacock Real Estate B.V. [d]	The Netherlands	100	100
EHI Fund Denmark ApS [b]	Denmark	100	100
Cromwell EREIT Danish GP ApS [d]	Denmark	100	100
Cromwell EREIT Danish Properties K/S [d]	Denmark	100	100
Cambil Spółka z ograniczoną odpowiedzialnością [d]	Poland	100	100
Kasteli Spółka z ograniczoną odpowiedzialnością [d]	Poland	100	100
Cromwell Europa 1 AIF [b]	Italy	100	100
Cromwell Europa 2 AIF [b] [f]	Italy	–	100
Centro Lissone S.R.L. [d]	Italy	100	100
PA France [d]	France	100	100
PA Pantin SAS [d]	France	100	100
PA Sartrouville SAS [d]	France	100	100
PA Acticlub Saint Thibault [d]	France	100	100
PA Aubervilliers SCI [d]	France	100	100
PA La Courneuve [d]	France	100	100
PA Gennevilliers SCI [d]	France	100	100
PA Urbaparc SCI [d]	France	100	100
EHI France 1 Champs Sur Marne [d]	France	100	100
EHI France 4 Magny Les Hameaux [d]	France	100	100
EHI France 5 Saint Ouen [b]	France	100	100
EHI France 9 Villepinte [d]	France	100	100
EHI France 15 Gondreville Nancy [d]	France	100	100
EHI France 20 Vitry Sur Seine [d]	France	100	100
EHI France 22 Noisy Le Sec [d]	France	100	100
Logistics France 1 SAS [b]	France	100	100
Parc Logistique SAS [c]	France	100	100
SCI Cap Mermoz [d]	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	94	94

Name	Country of registration	Equity holding & ownership interest 2023 %	2022 %
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
Kiinteistö Oy Plaza Vivace (MREC) [b]	Finland	100	100
Yrityspuiston Autopaikat Oy [b]	Finland	57	57
Cromwell EREIT Czech Properties s.r.o. [b]	Czech Republic	100	100
Kosice Industrial Park SK s.r.o. [d]	Slovakia	100	100
Nove Mesto ONE Industrial Park I SK s.r.o. [d]	Slovakia	100	100
Nove Mesto ONE Industrial Park II SK s.r.o. [d]	Slovakia	100	100
Nove Mesto ONE Industrial Park III SK s.r.o. [d]	Slovakia	100	100
Zilina Industrial Park SK s.r.o. [d]	Slovakia	100	100

All of CEREIT's subsidiaries are holding entities or entities that hold CEREIT's investment properties, except for Cromwell EREIT Lux Finco S.à r.l. which is the treasury vehicle of CEREIT.

During the year ended 31 December 2023, the Trust recognised an impairment loss of €99,054,000 (2022: €33,500,000) in respect of its investments in subsidiaries due to lower recoverable amount following the fair value loss on certain investment properties.

Notes:

(a) Audited by Deloitte & Touche LLP, Singapore (2022: Deloitte & Touche LLP, Singapore).

(b) Audited by overseas practices of Deloitte Touche Tohmatsu Limited (2022: overseas practices of Deloitte Touche Tohmatsu Limited).

(c) Audited by Ernst & Young (2022: Ernst & Young).

(d) The subsidiaries are audited by overseas practices of Deloitte Touche Tohmatsu Limited for CEREIT consolidation purpose and not required to be audited by law in the country of incorporation.

(e) The subsidiary was in the process of striking off as at 31 December 2023 and dissolved subsequently in March 2024. For the financial year ended 31 December 2022, the subsidiary was audited by Deloitte & Touche LLP, Singapore.

(f) The subsidiary was liquidated during the year.

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. ASSETS HELD FOR SALE

Overview

Non-current assets are classified as assets held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as such within one year from the date of classification. CEREIT's assets held for sale at year-end were as follows:

		CEREIT	
	Note	2023 €'000	2022 €'000
Grójecka 5, Poland	(a)	15,500	–
Via Brigata Padova 19, Italy	(b)	1,800	–
Total assets held for sale		**17,300**	**–**

(a) On 29 December 2023, CEREIT entered into a preliminary sale and purchase agreement with an unrelated third party to divest the asset for a consideration of €15.5 million.

(b) The asset has been reclassified from investment properties pursuant to a binding offer CEREIT entered with an unrelated third party on 11 December 2023 for a consideration of €1.8 million.

Material accounting policy information

Assets and liabilities that are highly probable to be recovered primarily through sale rather than through continuing use, are classified as held for sale and accounted for as current assets. Immediately before classification as held for sale, the assets are remeasured in accordance with applicable IFRSs. Thereafter, the disposal groups classified as held for sale are generally measured at the lower of their carrying amount and fair value less costs to sell. Investment properties held for sale are measured at fair value or contracted selling price.

Impairment losses on initial reclassification as held for sale and subsequent gains or losses on remeasurement are recognised in the Consolidated Statement of Total Return. Gains are not recognised in excess of any cumulative impairment loss.

17. 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

	Note	CEREIT 2023 €'000	CEREIT 2022 €'000	Trust 2023 €'000	Trust 2022 €'000
Current					
Rental receivables		9,033	8,778	–	–
Impairment loss	14(a)	(4,044)	(2,563)	–	–
		4,989	6,215	–	–
Deposit		69	64	–	–
VAT and GST receivables		4,296	2,592	189	168
Other receivables		3,194	5,508	215	24
Other receivables from subsidiaries	(i),(ii)	–	–	5,574	–
Loans to subsidiaries	(i),(ii)	–	–	74,026	11,186
Prepayments		1,902	1,961	12	13
Total receivables – current		**14,450**	**16,340**	**80,016**	**11,391**
Non-current					
Other receivables		87	328	–	–
Total receivables – non-current		**87**	**328**	**–**	**–**

(i) Loans to subsidiaries and other receivables from subsidiaries are unsecured, interest-free and repayable on demand.

(ii) For the purpose of impairment assessment, loans to subsidiaries and other receivables from 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.

Material accounting policy information

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	2023 €'000	2022 €'000	2023 €'000	2022 €'000
Current					
Trade payables and accrued expenses		30,669	32,474	3,764	2,459
Vendor funding – lease incentives		6,786	6,742	–	–
Interest payable		4,618	3,169	–	–
Payables to subsidiaries	(i)	–	–	112,793	179,073
Total payable – current		**42,073**	**42,385**	**116,557**	**181,532**
Non-current					
Payables to subsidiaries	(i)	–	–	170,830	179,142
Total payables – non-current		**–**	**–**	**170,830**	**179,142**

(i) Payables to subsidiaries are unsecured, interest-free and repayable on demand, except for certain payables to a subsidiary amounting to €170,830,000 (2022: €179,142,000) which are due 36 to 60 months after the date of agreements and bore interest rates ranging from 2.17% to 6.36% (2022: 1.37% to 4.13%) per annum.

Material accounting policy information

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.

18. OTHER LIABILITIES

	CEREIT	
	2023 €'000	2022 €'000
Current		
Tenant security deposits	20,228	17,670
Rent in advance	12,665	11,223
Other liabilities	3,341	2,393
Total other current liabilities	**36,234**	**31,286**
Non-current		
Other liabilities	7,672	6,948
Total other non-current liabilities	**7,672**	**6,948**

Material accounting policy information

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.

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	
	2023 €'000	2022 €'000	2023 €'000	2022 €'000
Units issued as payment of distribution pursuant to DRP	–	3,021	–	3,021
Total non-cash transactions	**–**	**3,021**	**–**	**3,021**

(b) Net debt reconciliation

Net debt

	CEREIT		Trust	
	2023 €'000	2022 €'000	2023 €'000	2022 €'000
Cash and cash equivalents	73,795	35,432	3,309	372
Gross borrowings – current	–	(50,630)	–	–
Gross borrowings – non-current	(954,005)	(969,275)	–	–
Net debt	**(880,210)**	**(984,473)**	**3,309**	**372**

Movements in net debt

	Cash and cash equivalents €'000	Borrowings – current €'000	Borrowings – non-current €'000	Net debt €'000
CEREIT				
At 1 January 2022	59,258	(23,000)	(904,375)	(868,117)
Cash flows	(23,826)	(27,630)	(64,900)	(116,356)
Net debt at 31 Dec 2022	**35,432**	**(50,630)**	**(969,275)**	**(984,473)**
Cash flows	38,363	50,630	11,927	100,920
Gain on bond buyback	–	–	3,343	3,343
Net debt at 31 Dec 2023	**73,795**	**–**	**(954,005)**	**(880,210)**

(c) **Reconciliation of assets and liabilities from financing activities**

	Other liabilities –Finance lease liabilities €'000	Derivative financial liability €'000	Derivative financial assets €'000
CEREIT			
At 1 January 2022	(6,394)	–	947
Cash flows	334	–	1,872
Fair value changes	–	–	16,331
Finance costs	(145)	–	–
At 31 December 2022	**(6,205)**	**–**	**19,150**
Acquisition	(1,824)		–
Cash flows	599	986	–
Fair value changes	–	(1,265)	(7,504)
Finance costs	(149)	–	–
Others	–	–	2
At 31 December 2023	**(7,579)**	**(279)**	**11,648**

Material accounting policy information

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) Other related party transactions

The Manager and the Property Manager, which are 100% controlled by CCL, and the Trustee received various fees during the year. Details of the fees paid/payable have been disclosed in note 3 to the financial statements.

As at 31 December 2023, a total of €10,016,000 (2022: €8,960,000) 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 and development expenditure commitments

Commitments in relation to capital and development expenditure contracted for at reporting date but not recognised as a liability are as follows:

	CEREIT	
	2023 €'000	**2022 €'000**
Investment properties	**18,279**	**56,636**

(b) Other – certain earn-out agreements in relation to Italian properties

Upon acquisition of certain Italian properties, earn-out agreements have been entered into whereby CEREIT may be required to make further payments to the previous vendor if certain conditions are met in the future. As at 31 December 2023, Management is in the midst of finalising a settlement agreement with the vendor and necessary accruals have been made which are immaterial based on the current stage of negotiations.

22. SUBSEQUENT EVENTS

(a) On 11 January 2024, CEREIT through its wholly-owned subsidiary, Lux Finco, amended the terms and conditions of the existing interest rate cap contract. The new terms include a new notional of €160 million with the extension of the cap contract to November 2026 at a strike rate of 1.456% with a collar contract at 1% strike rate at zero cost using the net present value of the existing hedge for no further outlay of capital.

(b) On 26 February 2024, the Manager announced a distribution of 7.903 Euro cpu for the period from 1 July 2023 to 31 December 2023 comprising of 6.555 Euro cpu of tax-exempt income component and 1.348 Euro cpu of capital component (2022: 8.494 Euro cpu for the period from 1 July 2022 to 31 December 2022 comprising wholly of tax-exempt income component).

23. FINANCIAL RATIOS

	CEREIT 2023 %	2022 %
Ratio of expenses to weighted average net assets[1]		
Including performance component of the Manager's management fees	0.87	0.84
Excluding performance component of the Manager's management fees	0.87	0.84
Portfolio turnover rate[2]	–	2.78

(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 2023 and FY 2022.

(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 MATERIAL ACCOUNTING POLICY INFORMATION

Overview

This section sets out the (1) material accounting policy information upon which CEREIT's financial statements are prepared as a whole and (2) other material accounting policy information not otherwise described in the notes to the financial statements. Where material accounting policy information is specific to a line item in the financial statements, the policy is described within the note for that line item.

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") adopted 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 27 March 2024.

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 2023 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

(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 2023. 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 IAS 1 *Classification of Liabilities as Current or Non-current*	1 January 2024	1 January 2024
Amendments to IAS 1 *Non-current Liabilities with Covenants*	1 January 2024	1 January 2024

Amendments to IAS 1 *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*

The amendments to IAS 1 published in January 2020 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 2024, with early application permitted. The IASB has aligned the effective date with the 2022 amendments to IAS 1. If an entity applies the 2020 amendments for an earlier period, it is also required to apply the 2022 amendments early.

CEREIT is currently assessing the impact of the amendments.

Amendments to IAS 1 *Non-current Liabilities with Covenants*

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments are applied retrospectively for annual reporting periods beginning on or after 1 January 2024. Earlier application of the amendments is permitted. If an entity applies the amendments for an earlier period, it is also required to apply the 2020 amendments early.

CEREIT is currently assessing the impact of the amendments.

06ADDITIONAL 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**		
– Divestment fees		983 (1)	–
– Base management fees		5,894	–
– Property & portfolio management fees		17,169	–
– Leasing fees		3,028	–
– Project management fees		2,893	–
– Development management fees		655	–
Perpetual (Asia) Limited and its related companies	**CEREIT Trustee**		
Trustee fees		291	–

(1) Divestment fee of 0.5% on the gross sale price of investment property divested by CEREIT during the financial year.

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 2023 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.

06 ADDITIONAL INFORMATION

PERCENTAGE OF TOTAL OPERATING EXPENSES TO NET ASSETS

	2023
Total operating expenses of the property fund, including all fees and charges paid to the Manager and interested parties [1] (€'000)	98,668
Net assets attributable to Unitholders (€'000)	1,190,937
Percentage of total operating expenses to net assets attributable to Unitholders (%)	8.3

Note:

(1) Excludes net finance costs and net foreign exchange gain/loss

06 STATISTICS OF UNITHOLDINGS

AS AT 12 MARCH 2024

Issued and Fully Paid Units: 562,392,116

Voting rights: 1 vote per Unit. There is only one class of Units in CEREIT.

Market capitalisation is €748 million based on the market closing price of €1.330 on 12 March 2024.

As at 12 March 2024, there are no treasury units held by CEREIT or the Manager.

SUBSTANTIAL UNITHOLDERS AS AT 12 MARCH 2024

Based on the Register of Substantial Unitholders' Unitholdings, the interests of Substantial Unitholders in Units are as follows:

	Direct Interest		Deemed Interest	
Name of Substantial Unitholders	**No. of Units**	**%[1]**	**No. of Units**	**%[1]**
Cromwell Property Group[2]	–	–	156,303,667	27.79
Cromwell Singapore Holdings Pte. Ltd.	153,886,856	27.36	–	–
CDPT Finance No.2 Pty Ltd.[3]	–	–	153,886,856	27.36
Cromwell Property Securities Limited (as Responsible Entity for Cromwell Diversified Property Trust)[3]	–	–	153,886,856	27.36
ARA Real Estate Investors XXI Pte. Ltd.[4]	–	–	156,303,667	27.79
ARA RE Investment Group (Singapore) Pte. Ltd.[4]	–	–	156,303,667	27.79
ARA Asset Management Limited[4]	–	–	156,303,667	27.79
ESR Cayman Limited[5]	–	–	156,303,667	27.79
Hillsboro Capital, Ltd.	40,757,460	7.25	–	–
Mr Andrew L. Tan[6]	–	–	41,210,460	7.33
UBS Group AG[7]	–	–	28,099,463	5.00
UBS AG[8]	78,950	0.01	28,020,513	4.98

Notes:

(1) The percentage is based on 562,392,116 Units in issue as at 12 March 2024.

(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 1,854,828 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 156,303,667 Units also comprises its deemed interest in 1,854,828 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 Cayman Limited ("**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) Mr. Andrew L. Tan is a shareholder (with a 40% economic beneficial interest) of the holding entities Hillsboro Capital, Ltd. and Worldwide Property Financing Limited. Mr. Andrew L. Tan's economic interest is 16,484,184 shares. However, under Section 4(5) of the SFA, Mr Andrew L. Tan (by virtue of owning more than 20% of the aforementioned entities) is deemed interested in 39,456,460 units held by Hillsboro Capital, Ltd., and 1,754,000 units held by Worldwide Property Financing Limited.

(7) 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.

(8) 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.

06STATISTICS OF UNITHOLDINGS

AS AT 12 MARCH 2024

DISTRIBUTION OF UNITHOLDINGS

SIZE OF UNITHOLDINGS	NO. OF UNITHOLDERS	%	NO. OF UNITS	%
1 – 99	167	3.66	6,881	0.00
100 – 1,000	1,113	24.39	600,386	0.11
1,001 – 10,000	2,569	56.30	9,513,624	1.69
10,001 – 1,000,000	698	15.30	24,671,526	4.39
1,000,001 AND ABOVE	16	0.35	527,599,699	93.81
TOTAL	**4,563**	**100.00**	**562,392,116**	**100.00**

TWENTY LARGEST UNITHOLDERS

NO.	NAME	NO. OF UNITS	%
1	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	156,398,941	27.81
2	CITIBANK NOMINEES SINGAPORE PTE LTD	131,447,411	23.37
3	DBS NOMINEES (PRIVATE) LIMITED	111,333,640	19.80
4	RAFFLES NOMINEES (PTE.) LIMITED	54,000,668	9.60
5	HSBC (SINGAPORE) NOMINEES PTE LTD	20,442,435	3.63
6	DBSN SERVICES PTE. LTD.	15,970,788	2.84
7	ABN AMRO CLEARING BANK N.V.	9,602,382	1.71
8	DB NOMINEES (SINGAPORE) PTE LTD	7,442,421	1.32
9	OCBC SECURITIES PRIVATE LIMITED	5,516,809	0.98
10	PHILLIP SECURITIES PTE LTD	3,959,980	0.70
11	MAYBANK SECURITIES PTE. LTD.	2,465,388	0.44
12	CGS INTERNATIONAL SECURITIES SINGAPORE PTE. LTD.	2,305,632	0.41
13	IFAST FINANCIAL PTE. LTD.	1,856,037	0.33
14	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	1,841,923	0.33
15	BPSS NOMINEES SINGAPORE (PTE.) LTD.	1,465,799	0.26
16	UOB KAY HIAN PRIVATE LIMITED	1,387,745	0.25
17	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	872,529	0.16
18	LIEW CHEE KONG	797,938	0.14
19	TIGER BROKERS (SINGAPORE) PTE. LTD.	569,695	0.10
20	LING PING SHEUN ARTHUR	538,876	0.10
	TOTAL	**530,217,037**	**94.28**

06STATISTICS OF UNITHOLDINGS

AS AT 12 MARCH 2024

DIRECTORS' INTERESTS IN UNITS AS AT 21 JANUARY 2024

Based on the Register of Directors' Unitholdings, the interests of the Directors in Units are as follows:

	Direct Interest		Deemed Interest	
Name of Directors	No. of Units	%[1]	No. of Units	%[1]
Lim Swe Guan	111,000	0.02	–	–
Christian Delaire	–	–	–	–
Fang Ai Lian	–	–	–	–
Simon Garing[2]	191,789	0.03	–	–
Ooi Eng Peng	–	–	–	–
Jonathan Callaghan	–	–	–	–

Notes:

(1) The percentage is based on 562,392,116 Units in issue as at 21 January 2024.

(2) Excludes Units that will vest under the Manager's PUP.

PUBLIC HOLDINGS AS AT 12 MARCH 2024

Based on the information available, approximately 59.83% of the issued Units in CEREIT is held by the public as at 12 March 2024 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 12 MARCH 2024

Based on the information available, approximately 72.21% of the issued Units in CEREIT is held by Unitholders with less than 10% Unitholdings as at 12 March 2024. The only Unitholder that holds more than 10% of Units (defined as "restricted") is Cromwell Property Group (27.79%). As per definitions used by FTSE Russell for the calculation of "free-float restrictions" for the purpose of various FTSE related indices.

06 NON-EXHAUSTIVE GLOSSARY

OF TERMS AND FIRST MENTIONS

Terms and First Mentions	Definitions
"1Q 2023"	1 January to 31 March 2023
"2Q 2023"	1 April to 30 June 2023
"3Q 2023"	1 July to 30 September 2023
"4Q 2023"	1 October to 31 December 2023
"1H 2023"	1 January to 30 June 2023
"2H 2023"	1 July to 31 December 2023
"1Q 2024"	1 January 2024 to 31 March 2024
"€" 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
"APAC"	Asia Pacific
"ARC"	Audit and risk committee
"ASX"	Australian Securities Exchange
"AUM"	Assets under management
"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 2023
"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
"Deepki"	data management platform designed to digitalize the management of large property portfolios
"Deloitte"	Deloitte & Touche LLP
"Demanio"	Agenzia del Demanio (Italian government)
"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

06NON-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
"FTSE"	The Financial Times Stock Exchange Group, now known as the FTSE Russell Group
"FY 2020"	1 January 2020 to 31 December 2020
"FY 2021 Annual Report"	Cromwell European REIT's annual report for financial year ended 31 December 2021
"FY 2022"	1 January 2022 to 31 December 2022
"FY 2023"	1 January 2023 to 31 December 2023
"€STR"	Euro Short-Term Rate
"CSA"	S&P Corporate Sustainability Assessment
"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
"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
"pcp"	Prior corresponding period
"Property Funds Appendix"	Appendix 6 of the CIS Code, issued by the MAS in relation to property funds
"Property Manager"	Cromwell Europe Limited

06NON-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
"SGListCos"	SGListCos is an association representing companies listed on the Mainboard and Catalist of Singapore Exchange
"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

07CORPORATE 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

Jonathan Callaghan
Non-Independent 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

Jonathan Callaghan
Non-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

Jonathan Callaghan
Non-Independent Non-Executive Director

Simon Garing
CEO and Executive Director

MANAGEMENT TEAM

Simon Garing
CEO and Executive Director

Shane Hagan
CFO

Andreas Hoffmann
Head of Property

Elena Arabadjieva
Chief Operating Officer and Head of Investor Relations

Kathleen Tan
Head of Risk, Compliance and Company Secretarial

COMPANY SECRETARY

Yoo Loo Ping

TRUSTEE

Perpetual (Asia) Limited
16 Collyer Quay
#07-01
Singapore 049316

MANAGER

Cromwell EREIT Management Pte. Ltd.
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THE MANAGER TEAM

Standing left to right:
Kathleen Tan • Agnes Luigiparana
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Hui Chen Tay • Yan Fung Yap
Dimas Ardhanto

Sitting left to right:
Shane Hagan • Simon Garing
Elena Arabadjieva

Standing left to right:
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