



Cromwell European Real Estate Investment Trust ("CEREIT")

Unaudited Condensed Interim Financial Statements for the Second Half
("2H 2022) and Year Ended 31 December 2022 ("FY 2022")

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Introduction

Cromwell European Real Estate Investment Trust ("CEREIT") is a real estate investment trust with a principal mandate of investing, directly or indirectly, in a portfolio of income-producing commercial real estate assets across Europe with a portfolio weighting of at least 75% within Western Europe and at least 75% to the light industrial / logistics and office sectors. CEREIT's purpose is to provide unitholders with stable and growing distributions and net asset value per unit over the long term, while maintaining an appropriate capital structure. CEREIT currently targets a majority investment weighting to the light industrial / logistics sector while also investing in core office assets in gateway cities.

As at 31 December 2022, CEREIT's portfolio comprises 113 properties with a carrying value of approximately €2.5 billion in or close to major gateway cities in the Netherlands, Italy, France, Germany, Poland, Denmark, Finland, the Czech Republic, Slovakia and the United Kingdom. CEREIT's portfolio has an aggregate lettable area of approximately 1.9 million square metres and 800+ tenant-customers.

In 2H 2022, CEREIT completed the following acquisitions and divestments:

- 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.
- 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 71% premium above the aggregate purchase price.
- On 14 October 2022, CEREIT acquired a freehold logistics property in Copenhagen, Denmark for €15.8 million, 7% below independent valuation at 30 September 2022 and 46% below replacement cost.
- On 9 December 2022, CEREIT completed the divestment of a light industrial / 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.

	No. of properties	Lettable Area (sqm)	Valuation ⁽¹⁾ (€'000)	Portfolio Weighting (%)
Light Industrial/ Logistics				
The Netherlands	7	70,040	104,090	4.1%
Italy	5	308,491	146,100	5.8%
France	17	231,792	374,645	15.0%
Germany	14	229,560	217,250	8.7%
Denmark	12	152,659	122,358	4.9%
The Czech Republic	7	59,679	74,200	3.0%
Slovakia	5	74,355	65,970	2.6%
United Kingdom	3	65,494	57,467	2.3%
Total - Light Industrial/ Logistics	70	1,192,070	1,162,080	46.4%
Office				
The Netherlands	7	177,904	535,100	21.4%
Italy	12	142,177	319,410	12.8%
France	3	34,320	64,310	2.6%
Poland	6	111,273	215,725	8.6%
Finland	10	55,179	85,800	3.4%
Total - Office	38	520,853	1,220,345	48.8%
Other⁽²⁾				
Italy	5	176,575	121,460	4.8%
CEREIT Portfolio	113	1,889,498	2,503,885	100.0%

⁽¹⁾ Valuation is based on the independent valuations conducted by Savills Advisory Services Limited and CBRE Ltd as at 31 December 2022 for 112 assets, with the Danish asset acquired in 4Q 2022 being held at its purchase price.

⁽²⁾ Other includes three government-let campuses, one retail asset and one hotel in Italy.

CEREIT Results Overview

	2H 2022 €'000	2H 2021 ⁽¹⁾ €'000	Fav./ (Unfav.) %	FY2022 €'000	FY2021 €'000	Fav./ (Unfav.) %
Gross revenue	114,688	101,103	13.4%	222,105	200,122	11.0%
Net property income	69,445	65,805	5.5%	136,775	130,092	5.1%
Total (loss)/return for the period/ year (€'000)	(11,190)	36,064	n.m.	41,949	96,603	(56.6%)
Total (loss)/return for the period/year attributable to Unitholders (€'000)	(12,361)	35,820	n.m.	39,628	96,359	(58.9%)
Income available for distribution to Unitholders (€'000)	47,765	47,459	0.6%	96,667	93,618	3.3%
Applicable number of units for the period/year ('000)	562,392	561,045	0.2%	562,392	551,960	1.9%
DPU € cents per unit ("cpu") ⁽²⁾	8.494	8.459	0.4%	17.189	16.961	1.3%

n.m. – not meaningful

⁽¹⁾ 2H 2021 refers to the period from 1 July 2021 to 31 December 2021.

⁽²⁾ DPU is calculated based on the total number of units in issue entitled to distributions as at the record date of each distribution.

Highlights:

- FY 2022 results demonstrate CEREIT's resilience in the face of unforeseen and unprecedented geopolitical and economic issues such as the ongoing Russia/Ukraine war, high inflation, significant increase in interest rates and ensuing fears of recession. 2H 2022 was more challenging and accordingly acquisitions were scaled back, divestment of non-core assets advanced and early refinancing of 2023 debt expiries facilitated. The results achieved are a testament to the resilience of CEREIT's portfolio with 2H 2022 DPU being only 2.3% below 1H 2022.
- FY 2022 NPI was 5.1% higher than FY 2021, mainly attributable to income from new acquisitions in FY 2021 and early FY 2022 in the Czech Republic, Slovakia, Italy, the United Kingdom, the Netherlands and Germany, higher income from annual inflation indexation across the portfolio and turnover rent received by Starhotels Grand Milan, Italy, partially offset by loss of income from Via Nervesa 21, Milan, Italy due to redevelopment.
- Service charge income increased by 25% year-on-year as service charge expenses and non-recoverable expenses rose by a similar amount as higher energy prices and widespread inflation impacted utilities costs and other operating expenses across Europe.
- Current income tax expense excluding tax expense relating to divestments was €8.9 million in FY 2022, up from €6.5 million in FY 2021 representing an increase in the effective tax rate over the year from 6.7% to 9.0%.
- DPU for FY 2022 is €17.189 cents, 1.3% above FY 2021 (includes distribution of realised capital gain of €2.1 million (equivalent to €0.365 cents) to compensate for loss of income from Via Nervesa 21, Italy undergoing redevelopment.
- Total loss for 2H 2022 was €11.2 million compared to total return for 2H 2021 of €36.1 million. Fair value loss on investment properties of €64.1 million (2H 2021: €1.1 million) was partially offset by fair value gain on derivative financial instruments of €9.5 million (2H 2021: €0.8 million).
- Interest coverage ratio calculated in the normal manner (excluding amortised debt establishment costs) is 6.1x¹. The weighted average all-in interest rate increased to 2.38% p.a. from 1.72% p.a. at 30 June 2022 due to the increase in 3-month Euribor and slightly higher margin on the new facility.
- Portfolio occupancy stood at 96.0%² (31 December 2021: 95.0%).
- Portfolio weighted average lease expiry ("WALE") of 4.6 years by headline rent remained unchanged from 31 December 2021.

¹ Interest coverage ratio calculated in accordance with the CIS code is 5.3x (31 December 2021: 5.8x).

² Occupancy calculation is excluding the hard refurbishment/development projects in Via Nervesa 21 (Italy), Maxima (formerly Via dell' Amba Aradam 5) (Italy) and Lovosice ONE Industrial Park I (The Czech Republic).

Financial Position Summary

	As at 31-Dec-22	As at 31-Dec-21	Change %
Gross asset value ("GAV") (€'000)	2,589,984	2,534,530	2.2%
Net tangible assets ("NTA") attributable to Unitholders (€'000)	1,358,717	1,413,130	(3.9%)
Gross borrowings before unamortised debt issue costs (€'000)	1,019,905	927,375	10.0%
Aggregate leverage (%)	39.4%	36.6%	2.8 p.p.
Aggregate leverage excluding distribution (%) ⁽¹⁾	40.1%	37.3%	2.8 p.p.
Net Gearing (%) ⁽²⁾	38.5%	35.1%	3.4 p.p.
Units in issue ('000)	562,392	561,045	0.2%
Net Asset Value ("NAV") attributable to Unitholders € per unit	2.42	2.52	(4.0%)
Adjusted NAV attributable to Unitholders € per unit (excluding distributable income)	2.33	2.43	(4.1%)

p.p. – Percentage point

⁽¹⁾ Aggregate leverage excluding distribution is calculated by deducting the distributable income not yet distributed at period end from GAV.

⁽²⁾ Net Gearing is calculated as aggregate debt less cash over total assets less cash.

Gross asset value at 31 December 2022 increased by 2.2% from 31 December 2021 mainly due to the completion of acquisitions of five logistics and light industrial properties in Italy, the United Kingdom, Germany and Denmark (€107.4 million), capital expenditure and development costs incurred during the year (€43.0 million) and fair value gain on the derivative financial instruments (€16.3 million), partially offset by fair value loss on the investment properties based on 31 December 2022 independent valuations (€59.5 million) and the divestment of four properties in Finland, France and Germany, and a warehouse unit contained within Centro Logistico Orlando Marconi, Italy (€39.0 million). The acquisition of the five properties were funded by available cash and drawing from the Revolving Credit Facility.

In 2H 2022, €180.0 million was fully drawn from the new sustainability-linked 4-year term loan to repay part of the drawn amounts under the 3-year term loan maturing in 2023, part of the Revolving Credit Facility and all of the German Schuldschein.

As a result of the above, aggregate leverage increased to 39.4% from 36.6% as at 31 December 2021. Net gearing increased to 38.5%.

As at 31 December 2022, NAV attributable to Unitholders per unit decreased by 4.0% to €2.42 and adjusted NAV attributable to Unitholders per unit decreased by 4.1% to €2.33 mainly due to net valuation loss and distributions paid during the year, partially offset by fair value gain on derivative financial instruments.



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CROMWELL EUROPEAN REAL ESTATE INVESTMENT TRUST AND ITS SUBSIDIARIES
UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD AND FULL YEAR ENDED 31 DECEMBER 2022

Unaudited Condensed Consolidated Statement of Total Return Six-month period and full year ended 31 December 2022

	Note	CEREIT					
		2H 2022 €'000	2H 2021 €'000	Fav./ (Unfav.) %	FY2022 €'000	FY2021 €'000	Fav./ (Unfav.) %
Gross revenue	5	114,688	101,103	13.4%	222,105	200,122	11.0%
Property operating expense	6	(45,243)	(35,298)	(28.2%)	(85,330)	(70,030)	(21.8%)
Net property income		69,445	65,805	5.5%	136,775	130,092	5.1%
Government grant income		-	248	(100.0%)	-	248	(100.0%)
Net finance costs	14(b)	(13,949)	(10,368)	(34.5%)	(24,387)	(21,736)	(12.2%)
Manager's fees	7	(3,069)	(2,855)	(7.5%)	(6,057)	(5,619)	(7.8%)
Trustee fees		(152)	(140)	(8.6%)	(298)	(276)	(8.0%)
Other trust expenses		(3,044)	(2,175)	(40.0%)	(6,011)	(5,033)	(19.4%)
Net foreign exchange loss		(1,547)	(473)	(>100%)	(1,933)	(330)	(>100%)
Net income before tax and fair value changes		47,684	50,042	(4.7%)	98,089	97,346	0.8%
(Loss)/gain on divestments	8	(357)	(324)	(10.2%)	763	(324)	n.m.
Fair value (loss)/gain – investment properties		(64,138)	(1,080)	(>100%)	(59,483)	27,061	n.m.
Fair value gain – derivative financial instruments	9	9,495	838	>100%	16,331	829	>100%
Total (loss)/return for the period/year before tax		(7,316)	49,476	n.m.	55,700	124,912	(55.4%)
Income tax expense	12	(3,874)	(13,412)	71.1%	(13,751)	(28,309)	51.4%
Total (loss)/return for the period/year		(11,190)	36,064	n.m.	41,949	96,603	(56.6%)
Total (loss)/return for the period/year attributable to:							
Unitholders		(12,361)	35,820	n.m.	39,628	96,359	(58.9%)
Perpetual securities holders		1,171	244	>100%	2,321	244	>100%
		(11,190)	36,064	n.m.	41,949	96,603	(56.6%)
Earnings per unit							
Basic and diluted earnings per unit (€ cents)	10	(2.198)	6.394	n.m.	7.050	17.481	(59.7%)
n.m. – not meaningful							

Unaudited Condensed Consolidated Statement of Comprehensive Income Six-month period and full year ended 31 December 2022

	CEREIT					
	2H 2022 €'000	2H 2021 €'000	Fav./ (Unfav.) %	FY2022 €'000	FY2021 €'000	Fav./ (Unfav.) %
Total (loss)/return for the period/year	(11,190)	36,064	n.m.	41,949	96,603	(56.6%)
Items that may be reclassified subsequently to profit or loss:						
Foreign exchange differences on translation of foreign operations	(794)	-	n.m.	(683)	-	n.m.
Other comprehensive income for the period/year, net of tax	(794)	-	n.m.	(683)	-	n.m.
Total comprehensive (loss)/income for the period/year	(11,984)	36,064	n.m.	41,266	96,603	(57.3%)
Total comprehensive (loss)/income for the period/year attributable to:						
Unitholders	(13,155)	35,820	n.m.	38,945	96,359	(59.6%)
Perpetual securities holders	1,171	244	>100%	2,321	244	>100%
	(11,984)	36,064	n.m.	41,266	96,603	(57.3%)

n.m. – not meaningful

Unaudited Condensed Balance Sheets

As at 31 December 2022

Note	CEREIT			Trust		
	31-Dec-22 €'000	31-Dec-21 €'000	Increase/ (Decrease) %	31-Dec-22 €'000	31-Dec-21 €'000	Increase/ (Decrease) %
Current assets						
Cash and cash equivalents	35,432	59,258	(40.2%)	372	1,176	(68.4%)
Receivables	16,340	18,491	(11.6%)	11,391	12,342	(7.7%)
Current tax assets	960	865	11.0%	-	-	-
Total current assets	52,732	78,614	(32.9%)	11,763	13,518	(13.0%)
Non-current assets						
Investment properties	2,509,407	2,449,014	2.5%	-	-	-
Investments in subsidiaries	-	-	-	1,534,065	1,468,952	4.4%
Receivables	328	663	(50.5%)	-	-	-
Derivative financial instruments	19,150	947	>100%	8,397	569	>100%
Deferred tax assets	8,367	5,292	58.1%	-	-	-
Total non-current assets	2,537,252	2,455,916	3.3%	1,542,462	1,469,521	5.0%
Total assets	2,589,984	2,534,530	2.2%	1,554,225	1,483,039	4.8%
Current liabilities						
Borrowings	50,630	23,000	>100%	-	-	-
Payables	42,385	35,691	18.8%	181,532	160,845	12.9%
Current tax liabilities	4,992	3,709	34.6%	-	1	(100.0%)
Other current liabilities	31,286	28,783	8.7%	-	-	-
Total current liabilities	129,293	91,183	41.8%	181,532	160,846	12.9%
Non-current liabilities						
Payables	-	-	-	179,142	89,104	>100%
Borrowings	964,284	899,729	7.2%	-	-	-
Deferred tax liabilities	66,538	60,017	10.9%	-	-	-
Other non-current liabilities	6,948	6,321	9.9%	-	-	-
Total non-current liabilities	1,037,770	966,067	7.4%	179,142	89,104	>100%
Total liabilities	1,167,063	1,057,250	10.4%	360,674	249,950	44.3%
Net assets	1,422,921	1,477,280	(3.7%)	1,193,551	1,233,089	(3.2%)
Represented by:						
Unitholders' funds	1,358,717	1,413,130	(3.9%)	1,129,347	1,168,939	(3.4%)
Perpetual securities holders' funds	64,204	64,150	0.1%	64,204	64,150	0.1%
	1,422,921	1,477,280	(3.7%)	1,193,551	1,233,089	(3.2%)
Units in issue ('000)	562,392	561,045	0.2%	562,392	561,045	0.2%
Net asset value attributable to Unitholders per Unit (€)	2.42	2.52	(4.0%)	2.01	2.08	(3.4%)

Unaudited Distribution Statement

Six-month period and full year ended 31 December 2022

Note	2H 2022 €'000	2H 2021 €'000	Fav/ (Unfav.) %	FY2022 €'000	FY2021 €'000	Fav/ (Unfav.) %
Amount available for distribution to Unitholders at beginning of period/year	49,113	31,547	n.m.	47,670	44,791	n.m.
Total (loss)/return for the period/year	(11,190)	36,064	n.m.	41,949	96,603	(56.6%)
Less: Total return attributable to perpetual securities holders	(1,171)	(244)	(> 100%)	(2,321)	(244)	(> 100%)
Distribution adjustments (Note A)	60,126	11,639	n.m.	57,039	(2,741)	n.m.
Income available for distribution to Unitholders	47,765	47,459	0.6%	96,667	93,618	3.3%
Amount available for distribution to Unitholders	96,878	79,006	22.6%	144,337	138,409	4.3%
Distribution to Unitholders during the period/year (Note B)	11 (48,900)	(31,336)	56.1%	(96,359)	(90,739)	6.2%
Amount available for distribution at end of period/year	47,978	47,670	n.m.	47,978	47,670	n.m.
Actual DPU (cpu) for the period/year ⁽¹⁾	8.494	8.459	0.4%	17.189	16.961	1.3%
Note A - Distribution adjustments						
Straight-line rent adjustments and leasing fees	425	(458)	> 100%	302	(1,889)	> 100%
Trustee Fees	152	140	8.6%	298	276	8.0%
Loss/(gain) on divestments	357	324	10.2%	(763)	324	(> 100%)
Amortisation of debt issuance costs	3,375	1,315	> 100%	4,672	3,998	16.9%
Fair value adjustments – investment properties	64,138	1,080	(> 100%)	59,483	(27,061)	> 100%
Fair value adjustments – derivative financial instruments	(9,495)	(838)	(> 100%)	(16,331)	(829)	(> 100%)
Net foreign exchange loss	1,547	473	> 100%	1,933	330	> 100%
Deferred tax (credit)/expense	(2,840)	9,658	n.m.	3,429	22,046	(84.4%)
Tax expense relating to divestments	1,456	62	> 100%	1,456	(244)	n.m.
Distribution of realised capital gain	942	-	n.m.	2,050	-	n.m.
Others	69	(117)	> 100%	510	308	65.6%
Total distribution adjustments	60,126	11,639	n.m.	57,039	(2,741)	n.m.
Note B - Distributions to Unitholders during the period/year						
Distribution of 8.695 cpu from 1 Jan 2022 to 30 Jun 2022	48,900	-	n.m.	48,900	-	n.m.
Distribution of 8.459 cpu from 1 Jul 2021 to 31 Dec 2021	-	-	n.m.	47,459	-	n.m.
Distribution of 5.602 cpu from 5 Mar 2021 to 30 Jun 2021	-	31,336	n.m.	-	31,336	n.m.
Distribution of 2.324 cpu from 1 Jul 2020 to 4 Mar 2021	-	-	n.m.	-	59,403	n.m.
	48,900	31,336	56.1%	96,359	90,739	6.2%

n.m. – Not meaningful

⁽¹⁾ DPU is calculated based on the total number of units in issue entitled to distributions as at the record date of each distribution.

Unaudited Condensed Statements of Movements in Unitholders' Funds Six-month period and full year ended 31 December 2022

	CEREIT		Trust	
	2H 2022 €'000	2H 2021 €'000	2H 2022 €'000	2H 2021 €'000
Unitholders' funds				
At beginning of the period	1,420,772	1,404,548	1,167,031	1,167,896
Operations				
Total (loss)/return for the period	(11,190)	36,064	12,387	28,525
Less: Total return for the period attributable to perpetual securities holders	(1,171)	(244)	(1,171)	(244)
Net (decrease)/increase in net assets resulting from operations	(12,361)	35,820	11,216	28,281
Movement in foreign currency translation reserve	(794)	-	-	-
Unitholders' transactions				
Issue of units:				
- Acquisition fees	-	101	-	101
- Distribution reinvestment plan	-	4,052	-	4,052
Issue expenses	-	(55)	-	(55)
Distributions paid to Unitholders	(48,900)	(31,336)	(48,900)	(31,336)
Net decrease in net assets resulting from Unitholders' transactions	(48,900)	(27,238)	(48,900)	(27,238)
Unitholders' funds at end of the period	1,358,717	1,413,130	1,129,347	1,168,939
Perpetual securities holders' funds				
At beginning of the period	64,140	-	64,140	-
Issue of perpetual securities	-	65,136	-	65,136
Issue expenses	62	(1,230)	62	(1,230)
Total return for the period attributable to perpetual securities holders	1,171	244	1,171	244
Distribution paid to perpetual securities holders	(1,169)	-	(1,169)	-
Perpetual securities holders' funds at end of the period	64,204	64,150	64,204	64,150
Total at end of the period	1,422,921	1,477,280	1,193,551	1,233,089

Unaudited Condensed Statements of Movements in Unitholders' Funds (continued)

Six-month period and full year ended 31 December 2022

	CEREIT		Trust	
	FY 2022 €'000	FY 2021 €'000	FY 2022 €'000	FY 2021 €'000
Unitholders' funds				
At beginning of the year	1,413,130	1,302,152	1,168,939	1,117,699
Operations				
Total return for the year	41,949	96,603	56,087	36,865
Less: Total return for the year attributable to perpetual securities holders	(2,321)	(244)	(2,321)	(244)
Net increase in net assets resulting from operations	39,628	96,359	53,766	36,621
Movement in foreign currency translation reserve	(683)	-	-	-
Unitholders' transactions				
Issue of units:				
- Acquisition fees	-	101	-	101
- Private placement	-	100,000	-	100,000
- Distribution reinvestment plan	3,021	7,542	3,021	7,542
Issue expenses	(20)	(2,285)	(20)	(2,285)
Distributions paid to Unitholders	(96,359)	(90,739)	(96,359)	(90,739)
Net (decrease)/increase in net assets resulting from Unitholders' transactions	(93,358)	14,619	(93,358)	14,619
Unitholders' funds at end of the year	1,358,717	1,413,130	1,129,347	1,168,939
Perpetual securities holders' funds				
At beginning of the year	64,150	-	64,150	-
Issue of perpetual securities	-	65,136	-	65,136
Issue expenses	61	(1,230)	61	(1,230)
Total return for the period/year attributable to perpetual securities holders	2,321	244	2,321	244
Distribution paid to perpetual securities holders	(2,328)	-	(2,328)	-
Perpetual securities holders' funds at end of the year	64,204	64,150	64,204	64,150
Total at end of the year	1,422,921	1,477,280	1,193,551	1,233,089

Unaudited Condensed Consolidated Statement of Cash Flows

Full year ended 31 December 2022

	FY 2022 €'000	FY 2021 €'000
Cash flows from operating activities		
Total return for the year before tax	55,700	124,912
<i>Adjustments for:</i>		
Amortisation of lease costs	2,438	573
Straight-line rent adjustments and leasing fees	(1,895)	(1,889)
(Gain)/loss on divestments	(763)	324
Net finance costs	24,387	21,736
Allowance for/ (writeback of) credit losses	540	(1,055)
Change in fair value of investment properties	59,483	(27,061)
Change in fair value of derivative financial instruments	(16,331)	(829)
Net foreign exchange loss	1,933	330
Operating cash flows before movements in working capital	125,492	117,041
<i>Changes in operating assets and liabilities:</i>		
(Increase)/ decrease in receivables	(3,318)	3,934
Decrease in payables	(5,318)	(3,075)
Increase in other liabilities	3,622	2,568
Cash generated from operations	120,478	120,468
Interest paid	(20,112)	(18,525)
Interest received	28	1
Tax paid	(8,048)	(5,077)
Net cash provided by operating activities	92,346	96,867
Cash flows from investing activities		
Payments for acquisitions of subsidiaries, net of cash	-	(124,913)
Payments for acquisitions of investment properties	(101,196)	(78,040)
Payment of transaction costs for acquisitions of investment properties	(6,267)	(8,453)
Payment of deposits for acquisition of investment properties	-	(4,184)
Payments for capital expenditure on investment properties	(38,884)	(22,637)
Proceeds from divestment of a subsidiary	15,989	-
Proceeds from sale of investment properties	24,767	5,800
Payment for transaction costs for divestments of investment properties	(751)	(233)
Net cash used in investing activities	(106,342)	(232,660)
Cash flows from financing activities		
Proceeds from issuance of CEREIT units	-	100,000
Payment of unit issue costs	(121)	(2,272)
Proceeds from bank borrowings and Euro Medium Term Notes ("EMTN")	329,000	205,623
Repayment of bank borrowings	(236,470)	(130,000)
Proceeds from issuance of perpetual securities	-	65,136
Payment of transaction costs on issuance of perpetual securities	(251)	(918)
Payment for transaction costs related to borrowings and EMTN	(4,116)	(2,580)
Net payment to acquire/ settlement of derivative financial instruments	(1,872)	-
Distributions paid to Unitholders	(93,338)	(83,197)
Distributions paid to Perpetual securities holders	(2,328)	-
Payment of finance lease	(334)	(334)
Net cash (used in)/provided by financing activities	(9,830)	151,458
Net (decrease)/ increase in cash and cash equivalents	(23,826)	15,665
Cash and cash equivalents at beginning of period	59,258	43,593
Cash and cash equivalents at end of period	35,432	59,258

Statement of Portfolio As at 31 December 2022

Property <i>(by Geography)</i>	Location	Acquisition Date	Land Tenure	Remaining Term Of Leasehold (Years)		Carrying Amount		Percentage of Net Assets	
				31-Dec-22	31-Dec-21	31-Dec-22 €'000	31-Dec-21 €'000	31-Dec-22 %	31-Dec-21 %
The Netherlands									
Light Industrial / Logistics									
Veemarkt	Veemarkt 27-75 / 50-76 / 92-114, Amsterdam	30 Nov 2017	Continuing leasehold	Various 16.0-20.0	Various 17.0-21.0	49,700	45,200	3.5	3.1
Boekweitstraat 1 - 21 & Luzernestraat 2 - 12	Boekweitstraat 1 - 21 & Luzernestraat 2 - 12, Nieuw-Vennep	30 Nov 2017	Freehold	n/a	n/a	11,500	8,880	0.8	0.6
Rosa Castellanosstraat 4	Rosa Castellanosstraat 4, Tilburg	30 Dec 2021	Freehold	n/a	n/a	11,000	11,325	0.8	0.8
De Immenhorst 7	De Immenhorst 7, s'Heerenberg	23 Dec 2021	Freehold	n/a	n/a	10,200	8,350	0.7	0.6
Capronilaan 22 - 56	Capronilaan 22 - 56, Schiphol-Rijk	30 Nov 2017	Freehold	n/a	n/a	9,040	7,510	0.6	0.5
Kapoeasweg 4 - 16	Kapoeasweg 4 - 16, Amsterdam	30 Nov 2017	Freehold	n/a	n/a	7,140	5,530	0.5	0.4
Folkstoneweg 5 - 15	Folkstoneweg 5 - 15, Schiphol	30 Nov 2017	Leasehold	16.9	17.9	5,510	4,420	0.4	0.3
Office									
Haagse Poort	Prinses Beatrixlaan 35 - 37 & Schenkade 60 - 65, Den Haag	30 Nov 2017	Part Freehold, Part Right of Superficies and Part Perpetual	n/a	n/a	158,000	167,705	11.1	11.3
Central Plaza	Plaza 2 – 25 (retail) / Weena 580 – 618 (offices), Rotterdam	19 Jun 2017	Freehold/leasehold ⁽¹⁾	65.6	66.6	156,000	165,610	11.0	11.2
Bastion	Willemsplein 2 - 10, 's-Hertogenbosch	28 Dec 2018	Freehold	n/a	n/a	72,900	78,360	5.1	5.3
Moeder Teresalaan 100 / 200	Moeder Teresalaan 100 / 200, Utrecht	28 Dec 2018	Perpetual leasehold	n/a	n/a	54,500	59,300	3.8	4.0
De Ruyterkade 5	De Ruyterkade 5, Amsterdam	19 Jun 2017	Leasehold	65.5	66.5	54,500	58,780	3.8	4.0
Koningskade 30	Koningskade 30, Den Haag	19 Jun 2017	Perpetual leasehold	n/a	n/a	20,700	21,570	1.5	1.5
Blaak 40	Blaak 40, Rotterdam	30 Nov 2017	Freehold	n/a	n/a	18,500	20,540	1.3	1.4

n/a – not applicable

(1) Part freehold and part leasehold interest ending 31 July 2088.

Property <i>(by Geography)</i>	Location	Acquisition Date	Land Tenure	Remaining Term Of Leasehold (Years)		Carrying Amount		Percentage of Net Assets	
				31-Dec-22	31-Dec-21	31-Dec-22 €'000	31-Dec-21 €'000	31-Dec-22 %	31-Dec-21 %
Italy									
Light Industrial / Logistics									
Centro Logistico Orlando Marconi ⁽²⁾	Via del Lavoro, 63076 Monteprandone	23 Dec 2020	Freehold	n/a	n/a	53,100	54,600	3.7	3.7
Via dell'Industria 18	Via dell'Industria 18, Vittuone	17 Mar 2022	Freehold	n/a	n/a	31,400	-	2.2	-
Via Fogliano 1	Via Fogliano 1, Coccaglio, Brescia	15 Feb 2022	Freehold	n/a	n/a	27,200	-	1.9	-
Via Fornace	Via Fornace snc, Mira	29 Oct 2021	Freehold	n/a	n/a	18,800	21,000	1.3	1.4
Strada Provinciale Adelfia	Strada Provinciale Adelfia, Rutigliano	30 Nov 2017	Freehold	n/a	n/a	15,600	13,525	1.1	0.9
Office									
Piazza Affari 2	Piazza degli Affari 2, Milan	30 Nov 2017	Freehold	n/a	n/a	99,800	96,900	7.0	6.6
Maxima (formerly Via dell'Amba Aradam 5)	Via dell'Amba Aradam 5, Rome	30 Nov 2017	Freehold	n/a	n/a	39,100	46,000	2.7	3.1
Via Pianciani 26	Via Pianciani 26, Rome	30 Nov 2017	Freehold	n/a	n/a	37,000	33,400	2.6	2.3
Building F7-F11	Viale Milanofiori 1, Assago	30 Nov 2017	Freehold	n/a	n/a	28,400	26,700	2.0	1.8
Via Nervesa 21	Via Nervesa 21, Milan	30 Nov 2017	Freehold	n/a	n/a	27,200	23,725	1.9	1.6
Via Camillo Finocchiaro Aprile 1	Via Camillo Finocchiaro Aprile 1, Genova	05 Dec 2018	Freehold	n/a	n/a	20,900	23,475	1.5	1.6
Cassiopea 1-2-3	Via Paracelso 22-24-26, Milan	28 Nov 2019	Freehold	n/a	n/a	16,700	16,550	1.2	1.1
Via della Fortezza 8	Via della Fortezza 8, Florence	15 Feb 2018	Freehold	n/a	n/a	15,900	16,200	1.1	1.1
Nuova ICO	Via Guglielmo Jervis 9, Ivrea	27 Jun 2018	Freehold	n/a	n/a	11,800	16,625	0.8	1.1
Corso Lungomare Trieste 29	Corso Lungomare Trieste 29, Bari	05 Dec 2018	Freehold	n/a	n/a	10,700	11,300	0.8	0.8
Corso Annibale Santorre di Santa Rosa 15	Corso Annibale Santorre di Santa Rosa 15, Cuneo	30 Nov 2017	Freehold	n/a	n/a	7,300	7,575	0.5	0.5
Via Rampa Cavalcavia 16-18	Via Rampa Cavalcavia 16-18, Venice Mestre	30 Nov 2017	Freehold	n/a	n/a	4,610	5,200	0.3	0.4
Other									
Viale Europa 95	Viale Europa 95, Bari	30 Nov 2017	Freehold	n/a	n/a	73,300	74,100	5.2	5.0
Starhotels Grand Milan	Via Varese 23, Saronno	30 Nov 2017	Freehold	n/a	n/a	17,100	17,500	1.2	1.2
Via Madre Teresa 4	Via Madre Teresa 4, Lissone	30 Nov 2017	Freehold	n/a	n/a	15,700	17,100	1.1	1.2
Via Salara Vecchia 13	Via Salara Vecchia 13, Pescara	30 Nov 2017	Freehold	n/a	n/a	11,400	11,900	0.8	0.8
Via Brigata Padova 19	Via Brigata Padova 19, Padova	30 Nov 2017	Freehold	n/a	n/a	3,960	4,220	0.3	0.3

n/a – not applicable

(2) A warehouse unit contained within Centro Logistico Orlando Marconi was disposed on 25 January 2022.

Property <i>(by Geography)</i>	Location	Acquisition Date	Land Tenure	Remaining Term Of Leasehold (Years)		Carrying Amount		Percentage of Net Assets	
				31-Dec-22	31-Dec-21	31-Dec-22 €'000	31-Dec-21 €'000	31-Dec-22 %	31-Dec-21 %
France									
Light Industrial / Logistics									
Parc des Docks	50 rue Ardoin, Saint Ouen	30 Nov 2017	Freehold	n/a	n/a	157,950	147,300	11.1	10.0
Parc des Guillaumes	58 rue de Neuilly – 2 rue du Trou Morin, ZAC des Guillaumes, Noisy-le-Sec	30 Nov 2017	Freehold	n/a	n/a	32,900	29,100	2.3	2.0
Parc du Landy	61 rue du Landy, Aubervilliers	30 Nov 2017	Freehold	n/a	n/a	26,550	24,400	1.9	1.7
Parc Delizy	32 rue Délizy, Pantin	30 Nov 2017	Freehold	n/a	n/a	24,650	19,900	1.7	1.3
Parc des Grésillons	167-169 avenue des Grésillons, Gennevilliers	30 Nov 2017	Freehold	n/a	n/a	22,300	25,300	1.6	1.7
Parc Urbaparc	75-79 rue du Rateau, La Courneuve	30 Nov 2017	Freehold	n/a	n/a	17,625	18,700	1.2	1.3
Parc Louvresses	46-48 boulevard Dequevauvilliers, Gennevilliers	14 Feb 2019	Leasehold	24.45	25.45	12,550	7,740	0.9	0.5
Parc du Merantais	1-3 rue Georges Guynemer, Magny-Les-Hameaux	30 Nov 2017	Freehold	n/a	n/a	11,250	11,100	0.8	0.8
Parc Béziers	Rue Charles Nicolle, Villeneuve-lès-Béziers	23 Jan 2019	Freehold	n/a	n/a	11,150	12,300	0.8	0.8
Parc des Érables	154 allée des Érables, Villepinte	30 Nov 2017	Freehold	n/a	n/a	9,430	9,720	0.7	0.7
Parc Jean Mermoz	53 rue de Verdun – 81, rue Maurice Berteaux, La Courneuve	30 Nov 2017	Freehold	n/a	n/a	9,120	9,240	0.6	0.6
Parc Locaparc 2	59-65 rue Edith Cavell, Vitry-sur-Seine	30 Nov 2017	Freehold	n/a	n/a	8,680	8,360	0.6	0.6
Parc le Prunay	13-41 rue Jean Pierre Timbaud, ZI du Prunay, Sartrouville	30 Nov 2017	Freehold	n/a	n/a	8,490	8,800	0.6	0.6
Parc de Champs	40 boulevard de Nesles, ZAC le Ru du Nesles, Champs sur Marne	30 Nov 2017	Freehold	n/a	n/a	6,960	7,020	0.5	0.5
Parc Acticlub	2 rue de la Noue Guimante, ZI de la Courtillière , Saint Thibault des Vignes	30 Nov 2017	Freehold	n/a	n/a	6,630	6,330	0.5	0.4
Parc Parçay-Meslay	ZI du Papillon, Parçay-Meslay	23 Jan 2019	Freehold	n/a	n/a	4,920	4,710	0.3	0.3
Parc du Bois du Tambour ⁽³⁾	Route de Nancy, Gondreville	30 Nov 2017	Freehold	n/a	n/a	-	4,620	-	0.3
Parc Sully	105 route d'Orléans, Sully-sur-Loire	23 Jan 2019	Freehold	n/a	n/a	3,490	3,250	0.2	0.2
Office									
Paryseine	3 Allée de la Seine, Ivry-Sur Seine, Paris	17 Jul 2019	Freehold	n/a	n/a	31,250	27,600	2.2	1.9
Cap Mermoz	38-44 rue Jean Mermoz, Maisons-Laffitte, Paris	17 Jul 2019	Freehold	n/a	n/a	29,830	35,800	2.1	2.4
Lénine	1 rue de Lénine, 94200 Ivry-Sur Seine, Ivry-Sur Seine, Paris	17 Jul 2019	Freehold	n/a	n/a	3,230	3,950	0.2	0.3

n/a – not applicable

(3) The property was disposed on 9 December 2022.

Property <i>(by Geography)</i>	Location	Acquisition Date	Land Tenure	Remaining Term Of Leasehold (Years)		Carrying Amount		Percentage of Net Assets	
				31-Dec-22	31-Dec-21	31-Dec-22 €'000	31-Dec-21 €'000	31-Dec-22 %	31-Dec-21 %
Germany									
Light Industrial / Logistics									
Parsdorfer Weg 10	Parsdorfer Weg 10, Kirchheim	30 Nov 2017	Freehold	n/a	n/a	38,800	40,300	2.7	2.7
An der Wasserschluff 7	An der Wasserschluff 7, 06526 Sangerhausen	13 Aug 2020	Freehold	n/a	n/a	18,600	19,750	1.3	1.3
Siemensstraße 11	Siemensstraße 11, Frickenhausen	30 Nov 2017	Freehold	n/a	n/a	18,200	18,250	1.3	1.2
Göppinger Straße 1 – 3	Pforzheim, Göppinger Straße 1 – 3	24 Mar 2020	Freehold	n/a	n/a	17,400	18,250	1.2	1.2
Löbstedter Str. 101-109	Löbstedter Str. 101 – 109, Unstrutweg 1, 4, Ilmstr. 4, 4a, Jena	21 Apr 2022	Freehold	n/a	n/a	16,900	-	1.2	-
Gewerbestraße 62	Bretten, Gewerbestraße 62	24 Mar 2020	Freehold	n/a	n/a	16,000	16,825	1.1	1.1
An der Kreuzlache 8-12	An der Kreuzlache 8-12, Bischofsheim	30 Nov 2017	Freehold	n/a	n/a	14,500	14,725	1.0	1.0
Hochstraße 150-152	Hochstraße 150-152, Duisburg	30 Nov 2017	Freehold	n/a	n/a	12,900	9,940	0.9	0.7
Henschelring 4	Henschelring 4, Kirchheim	30 Nov 2017	Freehold	n/a	n/a	11,900	12,125	0.8	0.8
Frauenstraße 31	Frauenstraße 31, Maisach	30 Nov 2017	Freehold	n/a	n/a	11,300	12,025	0.8	0.8
Kolumbusstraße 16	Kolumbusstraße 16, Hamburg	30 Nov 2017	Freehold	n/a	n/a	11,300	10,850	0.8	0.7
Gutenbergstraße 1, Dieselstraße 2	Königsbach-Stein, Gutenbergstraße 1, Dieselstraße 2	24 Mar 2020	Freehold	n/a	n/a	10,900	11,575	0.8	0.8
Moorfleeter Straße 27, Liebigstraße 67-71	Moorfleeter Straße 27, Liebigstraße 67-71, Hamburg	30 Nov 2017	Freehold	n/a	n/a	9,320	9,190	0.7	0.6
Dresdner Straße 16, Sachsenring 52	Dresdner Straße 16, Sachsenring 52, Straubing	30 Nov 2017	Freehold	n/a	n/a	9,230	10,000	0.6	0.7
An der Steinlach 8-10 ⁽⁴⁾	An der Steinlach 8-10, Bischofsheim	30 Nov 2017	Freehold	n/a	n/a	-	5,130	-	0.3
Kinzigheimer Weg 114 ⁽⁴⁾	Kinzigheimer Weg 114, Hanau	30 Nov 2017	Freehold	n/a	n/a	-	3,840	-	0.3
Poland									
Office									
Business Garden	2, 4, 6, 8 and 10 Kolorowa Street, Poznań	24 Sep 2019	Freehold	n/a	n/a	83,600	85,400	5.9	5.8
Green Office	80, 80A, 82 and 84 Czerwone Maki Street, Kraków	25 Jul 2019	Freehold	n/a	n/a	46,900	51,400	3.3	3.5
Riverside Park	Fabryczna 5, Warsaw	14 Feb 2019	Freehold	n/a	n/a	27,700	30,600	1.9	2.1
Avatar	28 Armii Krajowej Street, Kraków	25 Jul 2019	Freehold/ Perpetual usufruct	n/a	n/a	23,050	26,200	1.6	1.8
Grójecka 5	Grójecka 5, Warsaw	14 Feb 2019	Freehold	n/a	n/a	18,450	19,900	1.3	1.3
Arkońska Business Park	Arkońska 1&2, Gdańsk	14 Feb 2019	Freehold	n/a	n/a	16,025	18,000	1.1	1.2

n/a – not applicable

(4) The properties were disposed on 7 October 2022.

Property <i>(by Geography)</i>	Location	Acquisition Date	Land Tenure	Remaining Term Of Leasehold (Years)		Carrying Amount		Percentage of Net Assets	
				31-Dec-22	31-Dec-21	31-Dec-22 €'000	31-Dec-21 €'000	31-Dec-22 %	31-Dec-21 %
Denmark									
Light Industrial / Logistics									
Naverland 7-11	Naverland 7-11, Glostrup	30 Nov 2017	Freehold	n/a	n/a	16,470	13,051	1.2	0.9
Sognevej 25	Sognevej 25, Brøndby, Copenhagen	14 Oct 2022	Freehold	n/a	n/a	15,784	-	1.1	-
Priorparken 700	Priorparken 700, Brøndby	30 Nov 2017	Freehold	n/a	n/a	14,923	12,742	1.0	0.9
Priorparken 800	Priorparken 800, Brøndby	30 Nov 2017	Freehold	n/a	n/a	13,216	10,995	0.9	0.7
Stamholmen 111	Stamholmen 111, Hvidovre	30 Nov 2017	Freehold	n/a	n/a	12,220	7,849	0.9	0.5
Herstedvang 2-4	Herstedvang 2-4, Albertslund	30 Nov 2017	Freehold	n/a	n/a	9,142	7,890	0.6	0.5
Islevdalvej 142	Islevdalvej 142, Rødovre	30 Nov 2017	Freehold	n/a	n/a	9,075	8,310	0.6	0.6
Naverland 8	Naverland 8, Glostrup	30 Nov 2017	Freehold	n/a	n/a	8,255	7,433	0.6	0.5
Hørskætten 4-6	Hørskætten 4-6, Tåstrup	30 Nov 2017	Freehold	n/a	n/a	7,247	6,317	0.5	0.4
Fabriksparken 20	Fabriksparken 20, Glostrup	30 Nov 2017	Freehold	n/a	n/a	6,991	6,331	0.5	0.4
Hørskætten 5	Hørskætten 5, Tåstrup	30 Nov 2017	Freehold	n/a	n/a	4,504	4,140	0.3	0.3
Naverland 12	Naverland 12, Glostrup	30 Nov 2017	Freehold	n/a	n/a	4,531	3,871	0.3	0.3
The Czech Republic									
Light Industrial / Logistics									
Lovosice ONE Industrial Park II.	Prumyslova 1190, 410 02 Lovosice	11 Mar 2021	Freehold	n/a	n/a	15,950	14,500	1.1	1.0
Moravia Industrial Park	Jaktare 1752, 686 01 Uherske Hradiste	11 Mar 2021	Freehold	n/a	n/a	15,500	16,300	1.1	1.1
Lovosice ONE Industrial Park I.	Tovami 1162, 410 02 Lovosice	11 Mar 2021	Freehold	n/a	n/a	13,950	3,270	1.0	0.2
One-Hradec Králové	Vážní 536, 500 03 Hradec Králové	4 Jun 2021	Freehold	n/a	n/a	11,800	10,300	0.8	0.7
South Moravia Industrial Park	Cukrovarska 494/39, Mesto, 682 01 Vyskov	11 Mar 2021	Freehold	n/a	n/a	10,750	11,640	0.8	0.8
Pisek Industrial Park I.	Stanislava Mlainy 464, 397 01 Pisek	11 Mar 2021	Freehold	n/a	n/a	4,410	4,340	0.3	0.3
Pisek Industrial Park II.	U Hrebceince 2564/23, 391 01 Pisek	11 Mar 2021	Freehold	n/a	n/a	1,840	1,730	0.1	0.1
Finland									
Office									
Plaza Vivace	Äyritie 8 C, Vantaa	28 Dec 2018	Freehold	n/a	n/a	12,100	11,600	0.9	0.8
Plaza Forte	Äyritie 12 C, Vantaa	28 Dec 2018	Freehold	n/a	n/a	11,500	11,650	0.8	0.8
Myyrmäenraitti 2	Myyrmäenraitti 2, Vantaa	28 Dec 2018	Freehold	n/a	n/a	10,000	10,475	0.7	0.7

n/a – not applicable

Property <i>(by Geography)</i>	Location	Acquisition Date	Land Tenure	Remaining Term Of Leasehold (Years)		Carrying Amount		Percentage of Net Assets	
				31-Dec-22	31-Dec-21	31-Dec-22 €'000	31-Dec-21 €'000	31-Dec-22 %	31-Dec-21 %
Finland (Continued)									
Office									
Plaza Allegro	Äyritie 8 B, Vantaa	28 Dec 2018	Freehold	n/a	n/a	9,300	9,720	0.7	0.7
Mäkitorpantie 3b	Mäkitorpantie 3b, Helsinki	28 Dec 2018	Freehold	n/a	n/a	9,100	9,580	0.6	0.6
Grandinkulma	Kielotie 7, Vantaa	28 Dec 2018	Freehold	n/a	n/a	8,600	11,650	0.6	0.8
Pakkalankuja 6	Pakkalankuja 6, Vantaa	28 Dec 2018	Freehold	n/a	n/a	8,500	9,640	0.6	0.7
Kauppakatu 39	Kauppakatu 39, Kuopio	28 Dec 2018	Freehold	n/a	n/a	7,700	7,820	0.5	0.5
Pakkalankuja 7	Pakkalankuja 7, Vantaa	28 Dec 2018	Freehold	n/a	n/a	5,900	5,550	0.4	0.4
Purotie 1	Purotie 1, Helsinki	28 Dec 2018	Freehold	n/a	n/a	3,100	3,710	0.2	0.3
Opus 1 ⁽⁵⁾	Hitsaajankatu 24, Helsinki	28 Dec 2018	Freehold	n/a	n/a	-	15,225	-	1.0
Slovakia									
Light Industrial / Logistics									
Nove Mesto ONE Industrial Park III	Rakol'uby 242, 916 31 Kocovce	11 Mar 2021	Freehold	n/a	n/a	20,060	17,300	1.4	1.2
Nove Mesto ONE Industrial Park I	Beckov 645, 916 38 Beckov	11 Mar 2021	Freehold	n/a	n/a	18,950	16,845	1.3	1.1
Kosice Industrial Park	Vel'ka Ida 785, 044 55 Velká Ida	11 Mar 2021	Freehold	n/a	n/a	12,400	14,800	0.9	1.0
Nove Mesto ONE Industrial Park II	Kocovce 245, 916 31 Kocovce	11 Mar 2021	Freehold	n/a	n/a	9,400	9,980	0.7	0.7
Zilina Industrial Park	Priemyselna 1, 013 02 Nededza	11 Mar 2021	Freehold	n/a	n/a	5,160	5,510	0.4	0.4
United Kingdom									
Light Industrial / Logistics									
Thorn Lighting	DurhamGate, Spennymoor, County Durham	17 Dec 2021	Freehold	n/a	n/a	30,818	38,463	2.2	2.6
The Cube	Whitehouse Industrial Estate, Preston Brook, Runcorn, Cheshire WA7 3GA	18 May 2022	Freehold	n/a	n/a	17,240	-	1.2	-
Kingsland 21	21 Kingsland Grange, Warrington	3 Aug 2021	Freehold	n/a	n/a	9,409	11,908	0.7	0.8
Portfolio of investment properties, at fair value						2,503,885	2,442,625	176.0	165.4
Other adjustments (note 13(a))						5,522	6,389	0.4	0.4
Investment properties as shown in the balance sheet						2,509,407	2,449,014	176.4	165.8
Other assets and liabilities, net						(1,086,486)	(971,734)	(76.4)	(65.8)
Net assets						1,422,921	1,477,280	100.00	100.00

n/a – not applicable

(5) The property was disposed on 6 July 2022.

Notes to the Unaudited Condensed Interim Financial Statements

1. Corporate information

The Cromwell European Real Estate Investment Trust ("Trust") is a Singapore real estate investment trust constituted pursuant to a trust deed dated 28 April 2017 (date of "Constitution") (as amended, varied or supplemented from time to time) (the "Trust Deed") 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.

CEREIT has a principal mandate to invest, directly or indirectly, in income-producing commercial real estate assets across Europe with a minimum portfolio weighting of at least 75% to Western Europe and at least 75% to the light industrial / logistics and office sectors. CEREIT currently targets a majority investment weighting to the light industrial / logistics sector while also investing in core office assets in gateway cities.

2. Basis of preparation

The condensed interim financial statements for the six-month period and full year ended 31 December 2022 have been prepared in accordance with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in CEREIT's financial position and performance of CEREIT since the last annual financial statements for the year ended 31 December 2021 and the unaudited interim financial statements for the period ended 30 June 2022.

The accounting policies adopted and method of computation are consistent with those of the previous financial year which were prepared 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.

The condensed interim financial statements are presented in Euro ("€") and had been rounded to the nearest thousand, unless otherwise stated.

2.1 New and amended standards adopted by CEREIT

The accounting policies applied by CEREIT in these interim financial statements are the same as those applied by CEREIT in the financial statements as at and for the year ended 31 December 2021.

2.2 Use of judgements and estimates

The preparation of the condensed 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.

The significant judgements made by management in applying CEREIT's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

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.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

Area of estimation	Note
Measurement of deferred tax liabilities	
Determination of fair value of investment properties using significant unobservable inputs	13(c)

2.3 Working capital

As at 31 December 2022, CEREIT had net current liabilities of €76,561,000 (31 December 2021: €12,569,000). The net current liabilities position was mainly due to the three-year unsecured term loan facility of €50.6 million with maturity due in November 2023. The unaudited condensed financial statements have been prepared on a going concern basis as CEREIT has available various sources of funding including committed undrawn revolving credit facility of €158.1 million (31 December 2021: €200 million) which matures in October 2024 which could be used to repay the loan. In addition, the Manager is in the final stages of documentation with lenders to refinance the €50.6 million unsecured term loan facility. Therefore, the Manager is confident that CEREIT can meet its obligations as and when they fall due.

3. Seasonal operations

CEREIT's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

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.

At 31 December 2022, CEREIT operated in three property classes and ten (31 December 2021: ten) countries. The property segments below are reported in a manner consistent with the internal reporting provided to the CODM.

4.1 Segment results

CEREIT	2H 2022			2H 2021		
	Gross revenue from external customers €'000	Property operating expenditure €'000	Segment Profit/(Loss) €'000	Gross revenue from external customers €'000	Property operating expenditure €'000	Segment Profit/(Loss) €'000
<i>Light industrial / Logistics</i>						
The Netherlands	3,365	(960)	2,405	2,667	(804)	1,863
Italy	6,582	(1,560)	5,022	3,293	(936)	2,357
France	17,001	(6,292)	10,709	15,032	(4,863)	10,169
Germany	8,924	(3,099)	5,825	8,192	(2,659)	5,533
Denmark	5,802	(2,771)	3,031	4,432	(2,123)	2,309
Slovakia	2,943	(1,036)	1,907	2,929	(898)	2,031
The Czech Republic	2,155	(520)	1,635	2,233	(665)	1,568
United Kingdom	2,046	(269)	1,777	384	(42)	342
Total - Light industrial / Logistics	48,818	(16,507)	32,311	39,162	(12,990)	26,172
<i>Office</i>						
The Netherlands	23,273	(9,879)	13,394	20,617	(7,938)	12,679
Italy	11,568	(3,898)	7,670	12,071	(3,381)	8,690
France	3,294	(2,141)	1,153	3,960	(1,512)	2,448
Poland	14,075	(8,085)	5,990	12,456	(4,890)	7,566
Finland	5,176	(2,635)	2,541	5,642	(2,601)	3,041
Total - Office	57,386	(26,638)	30,748	54,746	(20,322)	34,424
<i>Other</i>						
Italy	8,484	(2,098)	6,386	7,195	(1,986)	5,209
Total - Other	8,484	(2,098)	6,386	7,195	(1,986)	5,209
Total - Segments	114,688	(45,243)	69,445	101,103	(35,298)	65,805
<i>Unallocated items:</i>						
Government grant income			-			248
Net finance costs			(13,949)			(10,368)
Manager's fees			(3,069)			(2,855)
Trustee fees			(152)			(140)
Other trust expenses			(3,044)			(2,175)
Net foreign exchange loss			(1,547)			(473)
Loss on divestments			(357)			(324)
Fair value loss – investment properties			(64,138)			(1,080)
Fair value gain – derivatives financial instruments			9,495			838
Income tax expense			(3,874)			(13,412)
Total (loss)/return for the period			(11,190)			36,064

CEREIT	FY 2022			FY 2021		
	Gross revenue from external customers €'000	Property operating expenditure €'000	Segment Profit/(Loss) €'000	Gross revenue from external customers €'000	Property operating expenditure €'000	Segment Profit/(Loss) €'000
<i>Light industrial / Logistics</i>						
The Netherlands	6,648	(1,960)	4,688	5,307	(1,920)	3,387
Italy	12,009	(2,839)	9,170	6,332	(1,772)	4,560
France	32,467	(12,276)	20,191	30,047	(9,975)	20,072
Germany	17,285	(5,952)	11,333	16,140	(5,435)	10,705
Denmark	10,848	(5,198)	5,650	8,999	(3,936)	5,063
The Czech Republic	4,478	(1,086)	3,392	3,425	(837)	2,588
Slovakia	6,294	(2,062)	4,232	4,575	(1,212)	3,363
United Kingdom	3,839	(462)	3,377	384	(42)	342
Total - Light industrial / Logistics	93,868	(31,835)	62,033	75,209	(25,129)	50,080
<i>Office</i>						
The Netherlands	44,753	(18,086)	26,667	41,053	(15,346)	25,707
Italy	22,786	(7,571)	15,215	23,878	(6,742)	17,136
France	6,128	(3,905)	2,223	8,673	(3,365)	5,308
Poland	28,194	(14,370)	13,824	25,781	(10,126)	15,655
Finland	10,514	(5,396)	5,118	11,301	(5,249)	6,052
Total - Office	112,375	(49,328)	63,047	110,686	(40,828)	69,858
<i>Other</i>						
Italy	15,862	(4,167)	11,695	14,227	(4,073)	10,154
Total - Other	15,862	(4,167)	11,695	14,227	(4,073)	10,154
Total - Segments	222,105	(85,330)	136,775	200,122	(70,030)	130,092
<i>Unallocated items:</i>						
Government grant income			-			248
Net finance costs			(24,387)			(21,736)
Manager's fees			(6,057)			(5,619)
Trustee fees			(298)			(276)
Other trust expenses			(6,011)			(5,033)
Net foreign exchange loss			(1,933)			(330)
Gain/(loss) on divestments			763			(324)
Fair value (loss)/gain – investment properties			(59,483)			27,061
Fair value gain - derivative financial instruments			16,331			829
Income tax expense			(13,751)			(28,309)
Total return for the year			41,949			96,603

4.2 Segment assets and liabilities

	31-Dec-22		31-Dec-21	
	Segment assets:	Other information	Segment assets:	Other information
CEREIT	Investment properties	Capital expenditure and capitalised interest	Investment properties	Capital expenditure
	€'000	€'000	€'000	€'000
<i>Light industrial / Logistics</i>				
The Netherlands	109,612	568	97,604	698
Italy	146,100	1,117	89,125	1,042
France	374,645	3,665	357,890	3,293
Germany	217,250	2,776	212,775	3,195
Denmark	122,358	4,516	88,929	613
The Czech Republic	74,200	9,890	62,080	342
Slovakia	65,970	166	64,435	193
United Kingdom	57,467	-	50,371	-
Total - Light industrial / Logistics	1,167,602	22,698	1,023,209	9,376
<i>Office</i>				
The Netherlands	535,100	6,143	571,865	5,868
Italy	319,410	8,088	323,650	1,880
France	64,310	504	67,350	1,980
Poland	215,725	1,879	231,500	1,893
Finland	85,800	3,174	106,620	557
Total - Office	1,220,345	19,788	1,300,985	12,178
<i>Other</i>				
Italy	121,460	554	124,820	493
Total - Other	121,460	554	124,820	493
Total - Segments	2,509,407	43,040	2,449,014	22,047
<i>Reconciliation to total consolidated assets:</i>				
Cash and cash equivalents	35,432		59,258	
Receivables - current	16,340		18,491	
Current tax assets	960		865	
Receivables - non-current	328		663	
Derivative financial instruments	19,150		947	
Deferred tax assets	8,367		5,292	
Consolidated total assets	2,589,984		2,534,530	

Segment liabilities

There are no liabilities allocated to segments.

5 Gross revenue

Gross revenue includes the following items:

	CEREIT					
	2H 2022 €'000	2H 2021 €'000	Fav./ (Unfav.) %	FY2022 €'000	FY2021 €'000	Fav./ (Unfav.) %
Gross rental income	89,212	82,486	8.2%	175,505	162,075	8.3%
Service charge income	23,678	16,935	39.8%	43,557	34,762	25.3%
Other property related income ⁽¹⁾	1,798	1,682	6.9%	3,043	3,285	(7.4%)
Total gross revenue	114,688	101,103	13.4%	222,105	200,122	11.0%

⁽¹⁾ Other property related income comprises advertising billboards and signage, kiosks, early termination indemnity from tenants and other income attributable to the operation of the properties.

6 Property operating expense

Property operating expense comprises service charge expenses, non-recoverable expenses and allowance for doubtful debts.

Service charge expenses are generally offset and recoverable by service charge income, and include where applicable, insurance, provision of utilities, land tax, and maintenance and service of common equipment and common areas. Service charge expenses may exceed service charge income due to vacancies within the properties.

Non-recoverable expenses include property insurance, maintenance and repairs, marketing costs, property taxes, leasing costs and property management fees. Leasing costs include payments to third-party brokers and/or the property manager. Property management fees are payable to the property manager. Property management fees are based on 0.67% of deposited property pursuant to the Trust Deed.

Property operating expense includes the following items:

	CEREIT					
	2H 2022 €'000	2H 2021 €'000	Fav./ (Unfav.) %	FY2022 €'000	FY2021 €'000	Fav./ (Unfav.) %
Service charge expenses and non-recoverable expenses	35,911	27,410	(31.0%)	67,147	54,713	(22.7%)
Property management fees paid in cash	8,940	8,317	(7.5%)	17,643	16,372	(7.8%)
Allowance for/(Writeback of) doubtful debts	392	(429)	n.m.	540	(1,055)	n.m.
Total property operating expense	45,243	35,298	(28.2%)	85,330	70,030	(21.8%)

n.m. – not meaningful

7 Manager's fees

Pursuant to the Trust Deed, the Manager is entitled to a base fee of 0.23% per annum of the deposited property and a performance fee of 25.0% of the difference in DPU in a financial year with the DPU in the preceding financial year (calculated before accounting for the performance fee in each financial year and excluding any realised capital gains paid out in both financial years) multiplied by the weighted average number of units in issue for such financial year.

	CEREIT					
	2H 2022 €'000	2H 2021 €'000	Fav./ (Unfav.) %	FY2022 €'000	FY2021 €'000	Fav./ (Unfav.) %
Manager's base fees paid in cash ⁽¹⁾	3,069	2,855	(7.5%)	6,057	5,619	(7.8%)
Manager's performance fees ⁽²⁾	-	-	-	-	-	-
Total manager's fees	3,069	2,855	(7.5%)	6,057	5,619	(7.8%)

⁽¹⁾ Includes some employee reimbursements which are netted off against total base fees.

⁽²⁾ Performance fees are calculated annually and accrued for, if applicable, in the full year result of each financial year.

8 (Loss)/gain on divestments

	CEREIT					
	2H 2022 €'000	2H 2021 €'000	Fav./ (Unfav.) %	FY2022 €'000	FY2021 €'000	Fav./ (Unfav.) %
(Loss)/gain on divestment of investment properties	(741)	(324)	>100%	379	(324)	n.m.
Gain on divestment of a subsidiary	384	-	n.m.	384	-	n.m.
Total (loss)/gain on divestments	(357)	(324)	(10.2%)	763	(324)	n.m.

n.m. – not meaningful

In 2H 2022 and FY 2022, (loss)/gain on divestment of investment properties relates to:

- (i) gain on divestment of a warehouse unit contained within Centro Logistico Orlando Marconi asset in Italy on 25 January 2022 for a consideration of €2.8 million;
- (ii) transaction costs incurred for the divestment of two light industrial/ logistics assets in Germany. The properties were divested on 7 October 2022 for a total consideration of €11.0 million, which is €4.6 million or 71% above their purchase prices. The capital gain for these transactions was already booked in fair value gain/loss on investment properties as they were carried at their selling prices at 30 September 2022; and
- (iii) transaction costs incurred for the divestment of a logistics park in France. The property was divested for a consideration of €11.0 million, which is 448% above the purchase price of €2.0 million. 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 2022.

In 2H 2022 and FY 2022, gain on divestment of a subsidiary relates to the divestment of the subsidiary holding an office asset in Finland on 6 July 2022 for a consideration of €16.2 million, 20.0% above the purchase price of €13.5 million.

In 2H 2021 and FY 2021, the loss on divestment of investment properties relates to transaction costs incurred for the divestment Parc de Popey, France in September 2021. The capital gain for this transaction had already been recorded in fair value gain on investment property.

9 Fair value gain – derivative financial instruments

Fair value gain on derivative financial instruments is attributable to the S\$100 million cross-currency swap for the perpetual securities, mostly due to depreciating EUR against SGD and the interest rate cap contracts on notional principal of €210 million, mainly due to the rising 3-month Euribor which was 2.132% on 31 December 2022 compared to the strike rate of 0.6%.

10 Consolidated Earnings per Unit and distribution per Unit

	CEREIT			
	2H 2022	2H 2021	FY2022	FY2021
Earnings per unit ("EPU")				
Weighted average number of units ('000) ⁽¹⁾	562,392	560,230	562,060	551,233
Total (loss)/return for the period/year attributable to Unitholders (€'000)	(12,361)	35,820	39,628	96,359
EPU attributable to Unitholders (basic and diluted) (cents)	(2.198)	6.394	7.050	17.481

⁽¹⁾ The weighted average number of units was based on the weighted average number of units during the respective period including any units issuable to the Manager and Property Manager.

	CEREIT			
	2H 2022	2H 2021	FY2022	FY2021
Distribution per unit ("DPU")				
Applicable number of units for the period/year ('000) ⁽²⁾	562,392	561,045	562,392	551,960
Income available for distribution to Unitholders (€'000)	47,765	47,459	96,667	93,618
DPU (cents) ⁽²⁾	8.494	8.459	17.189	16.961

⁽²⁾ DPU is calculated based on the total number of units in issue entitled to distributions as at record date of each distribution.

11 Distribution to Unitholders

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. CEREIT will typically make distributions to Unitholders on a semi-annual basis, with the amount calculated as at 30 June and 31 December for the six-month period ending on each of these dates.

Distribution to Unitholders during the period/year:

Distribution period	Distribution type	Distribution per unit (in € cents)	CEREIT and Trust			
			2H 2022 €'000	2H 2021 €'000	FY 2022 €'000	FY 2021 €'000
1 Jul 2020 to 4 Mar 2021	Tax exempt	2.324	-	-	-	59,403
5 Mar 2021 to 30 Jun 2021	Tax exempt	5.602	-	31,336	-	31,336
1 Jul 2021 to 31 Dec 2021	Tax exempt & capital	8.459	-	-	47,459	-
1 Jan 2022 to 30 Jun 2022	Tax exempt & capital	8.695	48,900	-	48,900	-
Total distributions			48,900	31,336	96,359	90,739

12 Income tax expense

CEREIT calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. Income tax expense includes the following:

	CEREIT					
	2H 2022 €'000	2H 2021 €'000	Fav./ (Unfav.) %	FY2022 €'000	FY2021 €'000	Fav./ (Unfav.) %
Current tax expense ⁽¹⁾	6,714	3,754	(78.8%)	10,322	6,263	(64.8%)
Deferred tax (credit)/expense	(2,840)	9,658	n.m.	3,429	22,046	84.4%
Total income tax expense	3,874	13,412	71.1%	13,751	28,309	51.4%

n.m. – not meaningful

⁽¹⁾ FY 2022 includes tax expenses relating to divestments of €1,456,000 (2021: tax credit of €244,000).

13 Investment properties

13(a) Reconciliation of carrying amount of investment properties

	31-Dec-22				
	Independent valuation €'000	Directors' valuation €'000	Total valuation €'000	Right-Of-Use asset €'000	Carrying amount €'000
The Netherlands	639,190	-	639,190	5,522	644,712
Italy ⁽¹⁾	586,970	-	586,970	-	586,970
France	438,955	-	438,955	-	438,955
Germany	217,250	-	217,250	-	217,250
Poland	215,725	-	215,725	-	215,725
Denmark ⁽²⁾	106,574	15,784	122,358	-	122,358
Finland	85,800	-	85,800	-	85,800
The Czech Republic ⁽¹⁾	74,200	-	74,200	-	74,200
Slovakia ⁽¹⁾	65,970	-	65,970	-	65,970
United Kingdom	57,467	-	57,467	-	57,467
Total	2,488,101	15,784	2,503,885	5,522	2,509,407

⁽¹⁾ The carrying amount of investment properties includes the following properties under development: Via Nervesa 21, Italy valued at €27.2 million, Lovosice ONE Industrial Park I, Czech Republic valued at €14.0 million, Nove Mesto ONE Industrial Park I, Slovakia valued at €19.0 million and Nove Mesto ONE Industrial Park III, Slovakia 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.

⁽²⁾ Includes one property, Sognevej 25, Denmark which was acquired on 14 October 2022 and therefore carried at its purchase price.

	31-Dec-21				
	Independent valuation €'000	Directors' valuation €'000	Total valuation €'000	Right-Of-Use asset €'000	Carrying amount €'000
The Netherlands	643,405	19,675	663,080	6,389	669,469
Italy	537,595	-	537,595	-	537,595
France	425,240	-	425,240	-	425,240
Poland	231,500	-	231,500	-	231,500
Germany	212,775	-	212,775	-	212,775
Finland	106,620	-	106,620	-	106,620
Denmark	88,929	-	88,929	-	88,929
Slovakia	64,435	-	64,435	-	64,435
The Czech Republic	62,080	-	62,080	-	62,080
United Kingdom	-	50,371	50,371	-	50,371
Total	2,372,579	70,046	2,442,625	6,389	2,449,014

13(b) Movements in investment properties

	CEREIT	
	31-Dec-22 €'000	31-Dec-21 €'000
At 1 January	2,449,014	2,184,529
Acquisition of new properties ⁽¹⁾	107,356	208,649
Acquisition costs	5,752	9,637
Divestment of existing properties	(39,031)	(5,914)
Capital expenditure and capitalised interest ⁽²⁾	43,040	22,047
Lease incentives, lease costs and rent straight-lining	6,085	3,243
Net (loss)/gain from fair value adjustments	(59,483)	27,061
Exchange differences	(2,996)	244
Others	(330)	(482)
At 31 December	2,509,407	2,449,014

⁽¹⁾ FY 2021 includes some purchase price adjustments for the share acquisitions.

⁽²⁾ Includes capitalised interest expense of €29,000 (2021: nil).

On 6 July 2022, CEREIT completed the divestment of an office asset in Finland for a consideration of €16.2 million, a 20% premium to purchase price of €13.5 million.

On 7 October 2022, CEREIT completed the divestment of two non-core logistics assets in Germany for a total consideration of €11.0 million, a 71% premium to their aggregate purchase price of €6.4 million.

On 14 October 2022, CEREIT completed the acquisition of a freehold logistics property in Denmark for €15.8 million.

On 9 December 2022, CEREIT completed the divestment of a logistic asset in France for a consideration of €11.0 million, which is €9.0 million higher than the IPO purchase price of €2.0 million.

13(c) Valuation

At 31 December 2022, 112 properties of CEREIT's portfolio of 113 properties were valued by independent valuers with a combined value of €2,488,101,000. The Danish property acquired on 14 October 2022 was carried at its purchase price which had been assessed by the Directors of the Manager as the fair value.

At 31 December 2022, CBRE Ltd performed independent valuations for properties located in France, Poland, Denmark, The Czech Republic and Slovakia (31 December 2021: the Netherlands⁽¹⁾, Italy, Germany and Finland) using the income capitalisation method (31 December 2021: income capitalisation method), Savills Advisory Services Limited ("Savills") performed independent valuations for properties located in the Netherlands, Italy, Germany, Finland and United Kingdom (31 December 2021: France, Poland, Denmark, Slovakia and the Czech Republic) using the discounted cash flow and income capitalisation methods (31 December 2021: discounted cash flow method).

⁽¹⁾ Except for Moeder Teresalaan 100 / 200 which was valued by Savills.

Significant unobservable inputs

The following table shows the valuation techniques used in arriving at the fair values of the investment properties, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	31-Dec-22		31-Dec-21	
		Range	Weighted average	Range	Weighted average
<i>Discounted cash flow</i> This valuation model considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate and occupancy rate. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location, tenant credit quality and lease terms.	Net initial yield	-1.7% to 11.0%	5.5%	-13.3% to 12.0%	6.3%
	Net reversionary yield	4.2% to 20.4%	7.1%	5.2% to 16.7%	7.5%
	Discount rate	5.0% to 10.8%	7.4%	5.3% to 12.0%	7.6%
	Exit cap rate	4.0% to 8.8%	6.2%	5.3% to 9%	6.3%
	Occupancy (%)	0% to 100%	88.2%	0% to 100%	90.8%
<i>Income capitalisation</i> This method involves assessing the total net market income receivable from the property and capitalising this perpetually, using an appropriate, market derived capitalisation rate, to derive a capital value, with allowances for capital expenditure reversions such as lease incentives and required capital works payable in the near future and overs / unders when comparing market rent with passing rent.	Net initial yield	-0.1% to 9.2%	5.9%	-0.9% to 10.3%	5.8%
	Net reversionary yield	0.0% to 12.9%	6.8%	3.5% to 12.5%	6.2%
	Occupancy (%)	16.7% to 100%	91.2%	0% to 100%	93.7%

All the significant inputs noted above are not observable market data, hence investment property valuations are considered level 3 fair value measurements (refer fair value hierarchy described in note 18).

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

As at 31 December 2022, the Danish property acquired on 14 October 2022 with a carrying amount of €15,784,000 was carried at purchase price (31 December 2021: four properties in the Netherlands and United Kingdom with aggregate carrying amount of €70,046,000).

The transaction price was considered equal to the fair value of the property as the sale and purchase agreement was entered into on an arms-length basis between non-related parties. The purchase price was paid in cash to the seller. Given the relatively insignificant period that has lapsed from transaction date to financial period end, the Directors of the Managers considered the transaction price to approximate the fair value of the property at financial period end.

13(d) Assets pledged as security

As at 31 December 2022, a total of three (31 December 2021: three) of CEREIF's investment properties with a combined fair value of €231,200,000 (31 December 2021: €245,960,000) were pledged as security for CEREIF's senior property level financing facility (see note 14(a)).

14 Borrowings

CEREIT	31-Dec-22 €'000	31-Dec-21 €'000
<i>Current</i>		
Unsecured loans – financial institutions	50,630	23,000
Total current borrowings	50,630	23,000
<i>Non-current</i>		
Secured	82,375	82,375
Unsecured	886,900	822,000
Less: Unamortised debt issuance costs	(4,991)	(4,646)
Total borrowings	964,284	899,729
Total borrowings	1,014,914	922,729

In October 2022, CEREIF entered into a €180.0 million sustainability-linked 4-year term loan facility. The proceeds from the facility were mostly used to repay part of the drawn amounts under the 3-year term loan due to expire in November 2023, part of the Revolving Credit Facility due to expire in October 2024 and all of the German Schuldschein which expired in November 2022.

14(a) Borrowing details

Facility	Note	Secured	Maturity	31-Dec-22		31-Dec-21	
				Facility €'000	Utilised €'000	Facility €'000	Utilised €'000
Dutch Office 2	(i)	Yes	Dec-26	82,375	82,375	82,375	82,375
Term loan 3 years	(ii)	No	Nov-23	50,630	50,630	157,000	157,000
Term loan 5 years	(ii)	No	Nov-24	165,000	165,000	165,000	165,000
Revolving Credit Facility	(iii)	No	Oct-24	200,000	41,900	200,000	-
Euro Medium term note	(iv)	No	Nov-25	500,000	500,000	500,000	500,000
Sustainability-linked term loan	(v)	No	Nov-26	180,000	180,000	-	-
German Schuldschein		No	Nov-22	-	-	23,000	23,000
Total borrowing facilities				1,178,005	1,019,905	1,127,375	927,375
Less: Unamortised debt issuance costs & unamortised bond premium					(4,991)		(4,646)
Balance at period end					1,014,914		922,729

Property level financing facility

Property level financing 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.

(i) Dutch Office 2

The Dutch Office 2 facility is secured over three (31 December 2021: three) Dutch office properties with an aggregate carrying amount of €231,200,000 (31 December 2021: €245,960,000). Interest is payable quarterly in arrears at a fixed rate of 1.93% p.a. The facility is fully drawn at €82.4 million and matures in December 2026.

Unsecured financing facilities
(ii) Term loan 3 and 5 years

Both the 3-year term and 5-year loans and notes are subject to 3 months Euribor plus a margin. The 3-year term loan was partly repaid during the year whereas the 5-year term loan remains fully drawn.

(iii) Revolving Credit Facility ("RCF")

The RCF provides CEREIT with additional financing flexibility and working capital. The RCF is subject to 3 months Euribor plus a margin. The RCF is currently drawn by €41.9 million, leaving an undrawn commitment of €158.1 million.

(iv) Euro Medium Term Note

On 19 October 2020, a subsidiary of CEREIT, Cromwell EREIT Lux Finco S.a.r.l. ("Lux Finco") established a €1.5 billion Euro Medium Term Note Programme ("EMTN Programme"). Under the EMTN Programme, Lux Finco may, from time to time, issue rated notes denominated in any currency agreed between Lux Finco and the relevant dealer with aggregate principal amounts up to €1.5 billion (or its equivalent in other currencies) outstanding at any time.

As at 31 December 2022, CEREIT had €500 million (31 December 2021: €500 million) of senior unsecured fixed rate notes issued under the programme at a coupon of 2.125% p.a. and reoffer yield ranging from 1.60% p.a. to 2.161% p.a., payable annually in arrear, maturing in November 2025.

(v) Sustainability-linked 4-year 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 key performance indicators that are set and measured on an annual basis over a four-year period. As at 31 December 2022, the facility has been fully utilised.

All-in interest rate

As at 31 December 2022, including interest rate caps but excluding commitment fee on the undrawn RCF, CERET's weighted average all-in interest rate is c. 2.38% per annum (31 December 2021: 1.72% p.a.).

Guarantees

The Trust has provided corporate guarantees to banks for unsecured borrowings undertaken by Lux Finco. The Trust does not consider it probable that a claim will be made under these guarantees.

14 (b) Net finance costs

Net finance costs include the following:

	CEREIT					
	2H 2022 €'000	2H 2021 €'000	Fav./ (Unfav.) %	FY2022 €'000	FY2021 €'000	Fav./ (Unfav.) %
Interest expense	10,855	9,053	(19.9%)	19,996	17,739	(12.7%)
Amortisation of debt issuance costs	3,375	1,315	(> 100%)	4,672	3,998	(16.9%)
Interest income	(281)	-	n.m.	(281)	(1)	> 100%
Net finance costs	13,949	10,368	(34.5%)	24,387	21,736	(12.2%)

Interest income mostly relates to proceeds from interest rate cap contracts.

15 Derivative financial instruments

CEREIT and the Trust's derivative financial instruments consist of interest rate cap contracts which are used to cap interest on floating rate borrowings and cross currency swaps which are used to hedge the currency risk arising from the Singapore dollar denominated perpetual securities. As at 31 December 2022, 77.7% (31 Dec 2021: 100%) of CEREIT's total gross borrowings (including the RCF) are fixed rate or hedged by using interest rate caps.

	CEREIT		Trust	
	31-Dec-22 €'000	31-Dec-21 €'000	31-Dec-22 €'000	31-Dec-21 €'000
<i>Non-current assets</i>				
Interest rate cap contracts	10,753	378	-	-
Cross currency swaps	8,397	569	8,397	569
Total derivative financial instruments	19,150	947	8,397	569

The notional principal amounts and period of expiry of CEREIT's derivative financial instruments were as follows:

	CEREIT		Trust	
	31-Dec-22 €'000	31-Dec-21 €'000	31-Dec-22 €'000	31-Dec-21 €'000
Less than 1 year	-	475,000	-	-
1 to 2 years	210,000	-	-	-
2 to 5 years	65,136	65,136	65,136	65,136
	275,136	540,136	65,136	65,136

In 2H 2022, CEREIT through its wholly-owned subsidiary, Lux Finco concurrently terminated interest rate cap contracts with notional amount totalled €475.0 million that were due to expire in 2022 and 2023 and entered into a new interest rate cap contract with a notional amount of €210.0 million with a strike rate of 0.6% and termination date of 30 November 2024.

16 Contributed equity

	CEREIT		Trust	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
Total contributed equity (€'000)	1,349,551	1,346,550	1,349,888	1,346,887
Units in issue ('000)	562,392	561,045	562,392	561,045

16(a) Movements in contributed equity

	CEREIT and Trust		CEREIT and Trust	
	2H 2022 '000	2H 2021 '000	FY2022 '000	FY2021 '000
Units in issue at beginning of period/year	562,392	559,330	561,045	2,556,081
<i>Units issued during the period/year prior to unit consolidation</i>				
- Private placement	-	-	-	232,558
- As payment of distribution pursuant to Distribution Reinvestment Plan ("DRP")	-	-	-	8,012
<i>Effect of 5:1 unit consolidation</i>	-	-	-	(2,237,321)
<i>Units issued during the period/year post unit consolidation</i>				
- As payment of acquisition fees	-	40	-	40
- As payment of distribution pursuant to DRP	-	1,675	1,347	1,675
Total units in issue at end of period/year	562,392	561,045	562,392	561,045

CEREIT did not hold any treasury units as at 31 December 2022 and 31 December 2021.

The Trust's subsidiaries do not hold any units in the Trust as at 31 December 2022 and 31 December 2021.

The DRP was suspended in FY 2022.

16(b) Units issuable

	CEREIT and Trust	
	31-Dec-22 '000	31-Dec-21 '000
Units issuable	-	-
Units in issue	562,392	561,045
Total units issued and issuable	562,392	561,045

17 Perpetual securities

The perpetual securities are classified as equity instruments and recorded as equity in the balance sheets. The €64,204,000 (31 December 2021: €64,150,000) presented on the balance sheets represents the carrying value of the €65,136,000 perpetual securities issued, net of issue costs and includes total return attributable to perpetual securities holders from date of issue, net of distributions paid to perpetual securities holders.

18 Fair value measurement of financial instruments

CEREIT uses a number of methods to determine the fair value of its financial instruments as described in IFRS 13 *Fair Value Measurement*. The methods comprise the following:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below presents CEREIT's financial assets and liabilities measured and carried at fair value at the reporting date:

	Note	CEREIT			
		Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
31-Dec-22					
Financial asset at fair value					
Derivative financial instruments	15	-	19,150	-	19,150
31-Dec-21					
Financial asset at fair value					
Derivative financial instruments	15	-	947	-	947

There were no transfers between the levels of the fair value hierarchy during the periods.

Disclosed fair values

The fair values of derivative financial instruments (Level 2) are disclosed in the balance sheets.

The carrying amounts of cash and cash equivalents, receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of non-current variable interest-bearing borrowings approximate their fair values as they are floating rate instruments that are re-priced to market interest rate on or near the reporting date.

The fair value of finance lease liabilities is calculated based on the present value of future cash outflows, discounted at CEREIT's incremental borrowing rates at the reporting date.

Valuation techniques used to derive Level 2 fair values

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 2 financial assets and financial liabilities held by CEREIT include cross currency swaps contracts and interest rate cap contracts (over-the-counter derivatives). The fair value of these derivatives has been determined using a pricing model based on discounted cash flow analysis which incorporates assumptions supported by observable market data at the reporting date including market expectations of future interest rates and discount rates adjusted for any specific features of the derivatives and counterparty or own credit risk. All counterparties to interest rate derivatives are European financial institutions.

Liabilities not measured at fair value for which fair value is disclosed

The following table shows an analysis of CEREIT's liabilities not measured at fair value for which fair value is disclosed:

	Fair value determined using quoted bid prices in active market (Level 1) €'000	Fair value determined using significant unobservable inputs (Level 3) €'000	Carrying amount €'000
2022			
Liabilities			
Secured loan	-	80,965	82,375
Unsecured Euro medium term notes	395,880	-	502,599
2021			
Liabilities			
Secured loan	-	83,679	82,375
Unsecured Euro medium term notes	512,630	-	503,499

Classification of financial instruments

	Type of financial instrument	CEREIT		Trust	
		31-Dec-22 €'000	31-Dec-21 €'000	31-Dec-22 €'000	31-Dec-21 €'000
Financial assets					
Cash and cash equivalents	(i)	35,432	59,258	372	1,176
Receivables	(i)	12,115	8,013	11,210	11,993
Derivative financial instruments	(ii)	19,150	947	8,397	569
Total financial assets		66,697	68,218	19,979	13,738
Financial liabilities					
Payables	(i)	42,385	35,691	360,674	249,949
Borrowings	(i)	1,019,905	927,375	-	-
Other liabilities - finance lease liabilities	(i)	6,205	6,394	-	-
Total financial liabilities		1,068,495	969,460	360,674	249,949

Type of financial instrument as per IFRS 7 *Financial Instruments: Disclosure*

(i) At amortised cost

(ii) At fair value through profit or loss

19 Net Asset Value ("NAV")

	CEREIT		Trust	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
NAV ⁽¹⁾ at the end of the period attributable to Unitholders (€'000)	1,358,717	1,413,130	1,129,347	1,168,939
Number of Units on issue at the end of the period ('000)	562,392	561,045	562,392	561,045
NAV attributable to Unitholders per unit (€)	2.42	2.52	2.01	2.08
Adjusted NAV attributable to Unitholders per unit (excluding distributable income) (€)	2.33	2.43	1.92	2.00

⁽¹⁾ NAV equals net tangible assets ("NTA") as there are no intangible assets carried by CEREIT.

20 Interested person transactions

CEREIT has not obtained a general mandate from Unitholders for interested person transactions.

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.

The transactions with interested parties are on normal commercial terms and conditions and at market rates. Transactions entered into with interested persons/parties during the period are as follows:

	CEREIT	
	FY2022 €'000	FY2021 €'000
Trustee fees paid and payable to the Trustee	298	276
Base management fees paid and payable to the Manager	6,057	5,619
Property & portfolio management fees paid and payable to the Property Manager	17,643	16,372
Acquisition fees paid and payable to the Property Manager and the Manager	1,074	2,127
Divestment fee paid and payable to the Property Manager	205	29
Project management fees paid and payable to the Property Manager	1,527	1,045
Leasing fees paid and payable to the Property Manager	1,985	1,636
Development fees paid and payable to Property Manager	245	-
Acquisition of a subsidiary from an affiliated company of the sponsor, Cromwell Property Group	-	10,396

21 Financial ratios

	CEREIT	
	FY 2022 %	FY 2021 %
Ratio of expenses to weighted average net assets⁽¹⁾		
Including performance component of the Manager's management fees	0.84	0.78
Excluding performance component of the Manager's management fees	0.84	0.78
Portfolio turnover rate⁽²⁾	2.78	0.42

(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 the period from 1 January 2021 to 31 December 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 Code on Collective Investment Schemes.

OTHER INFORMATION

1. Review

Whether the figures have been audited or reviewed, and if so which auditing standard or practice has been followed.

The condensed interim financial statements of Cromwell European Real Estate Investment Trust and its subsidiaries ("CEREIT") which comprise the Consolidated Balance Sheet and Statement of Portfolio of CEREIT and Balance Sheet of the Trust as at 31 December 2022 and the related Consolidated Statement of Total Return and Statement of Comprehensive Income, Consolidated Statement of Movements in Unitholders' Funds, Distribution Statement and Consolidated Statement of Cash Flows for the six-month period and full year ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of CEREIT

Review of performance 2H 2022 vs 2H 2021

(a) Review of portfolio performance 2H 2022 vs 2H 2021

CEREIT's gross revenue in 2H 2022 increased by 13.4% or €13.6 million to €114.7 million. Property operating expense increased by 28.2% million to €45.2 million largely due to higher operating expenses which are mostly recharged to tenants by way of service charge. Accordingly, service charge income also increased considerably. Although revenue growth was largely driven by acquisitions and rent indexation, service charge income increased by €6.7 million half year-on-half year as service charge expenses and non-recoverable expenses rose by €8.5 million as higher energy prices and widespread inflation impacted utilities costs and other operating expenses across Europe.

Net property income ("NPI") was 5.5% or €3.6 million higher at €69.4 million. On a like-for-like basis, NPI was €0.5 million or 0.8% higher than pcp, excluding FY 2021 and FY 2022 new acquisitions, divestments, Via Nervesa 21 due to redevelopment and a one-off write back of doubtful debt provisions booked in FY 2021.

Please refer to Note 4.1 on page 21 of the Condensed Interim Financial Statements for portfolio performance by segment.

Light industrial/ Logistics

2H 2022 gross revenue for this sector was €48.8 million, 24.7% higher than pcp. NPI was €32.3 million, €6.1 million or 23.5% higher than pcp mainly attributable to the five properties in Italy, Germany, the United Kingdom and Denmark acquired in FY 2022, and the five properties in the United Kingdom, the Netherlands and Italy acquired in 2H 2021 which contributed an additional €5.1 million to 2H 2022 NPI.

On a like-for-like basis, NPI was 6.0% or €1.5 million higher than pcp mainly due to higher NPI in Parc des Docks from new leases and catch-up rental income, and additional income in Parcay-Meslay, and higher occupancy in Priorparken 700, Priorparken 800 and Naverland 7-11 in Denmark.

Office

Following the divestment of Opus 1 in Finland, CEREIT's office portfolio now comprises 38 properties.

2H 2022 gross revenue for the office assets was €57.4 million, 4.8% higher than the pcp whilst NPI was €30.8 million, 10.7% lower than pcp. All countries have underperformed at the exception of the Netherlands that outperformed by €0.7 million compared with pcp mainly due to Central Plaza and Bastion, partly offset by lower occupancy in Haagse Poort as existing tenants gave back space.

The negative performance in office NPI was mainly due to the Poland, France, Italy and Finland portfolios. Poland NPI decreased by €1.6 million or 20.8% as compared to pcp, due to lower occupancy (resulted in lower rental income and higher non-recoverable expenses) and higher rent discount and letting fees in Business Garden. Higher revenue in Poland for 2H 2022 was mainly due to higher service charge income, which was offset by higher service charge expenses and non-recoverable expenses due to higher utilities and other operating expenses. France NPI was €1.3 million or 52.9% lower than pcp mainly due to lower income in Paryseine and Cap Mermoz. Italy was €1.0 million or 11.7% lower than pcp mainly due to loss of income from Via Nervesa 21 due to the ongoing redevelopment. Finland

NPI decreased by €0.5 million or 16.5% as compared to 2H 2021 due to the divestment of Opus 1 in July 2022, and lower occupancy in Puortie 1, Myyrmäenraitti 2 and Pakkalankuja 6.

On a like-for-like basis, NPI was €30.9 million, 6.4% lower than pcp due to the reasons mentioned above in Poland, France and Finland.

Other

Other property assets consist of 3 government-let campuses, 1 retail asset and 1 hotel, all located in Italy.

2H 2022 gross revenue was €8.5 million which was 17.9% higher than 2H 2021, whilst NPI was €6.4 million which was €1.2 million or 22.6% higher than 2H 2021. The outperformance was mainly due to turnover rent received in FY 2022 for Starhotels Grand Milan.

CEREIT's other portfolio remains unchanged compared to pcp, the above analysis reflects the like-for-like analysis.

- (b) Net finance costs of €14.0 million was 34.5% higher than pcp mainly due to the one off debt issuance costs written off following the early partial refinancing of certain loans, higher borrowings drawn down to fund new acquisitions and capital expenditure and higher interest rates as a result of the increase in Euribor.
- (c) Manager's fees were €0.2 million or 7.5% higher in 2H 2022 due to higher deposited property mostly due to the new acquisitions.
- (d) Other trust expenses were 40.0% or €0.9 million higher than pcp mainly due to higher professional fees incurred which included one-off tax consultancy services and higher audit, valuation and legal fees.
- (e) Net foreign exchange loss for 2H 2022 mostly arose from the revaluation of EUR denominated intercompany loans by a CEREIT subsidiary due to the depreciation of GBP against EUR.
- (f) Loss on divestments for 2H 2022 of €0.4 million relates to the divestments of two light industrial/ logistics assets in Germany and a logistics park in France, partially offset by gain on divestment of a subsidiary from the divestment of an office asset in Finland. Refer to note 8 on page 25 for more details.

2H 2021 loss on divestment of €0.3 million mostly relates to the transaction costs incurred for the divestment of Parc de Popey in France completed in September 2021.

- (g) CEREIT recorded fair value loss on investment properties of €64.1 million in 2H 2022 as compared to €1.1 million in 2H 2021.
- (h) Fair value gain on derivative instruments in 2H 2022 was attributable to increase in fair value of interest rate cap contracts and cross currency swaps as a result of rising Euribor and depreciating EUR against SGD.
- (i) Income tax expense of €3.9 million for 2H 2022 comprises income tax expense of €6.7 million and deferred tax credit of €2.8 million. Income tax expense for 2H 2021 of €13.4 million comprises income tax expense of €3.8 million and deferred tax expense of €9.6 million.

Higher income tax expense was mainly attributable to capital gain tax on divestment of Parc du Bois du Tambour in France, income tax on non-exempt foreign interest income received in Singapore, withholding tax on payments of intercompany loan interest and income tax on gain on the sale of interest rate cap contracts.

Review of performance FY 2022 vs FY 2021

FY 2022 gross revenue increased by €22.0 million or 11.0% to €222.1 million. Property operating expense increased by €15.3 million or 21.8% million to €85.3 million largely due to higher operating expenses which are mostly recharged to tenants by way of service charge. Accordingly, service charge income also increased considerably. Although revenue growth was largely driven by acquisitions and rent indexation, service charge income increased by €8.8 million year-on-year as service charge expenses and non-recoverable expenses rose by €12.4 million as higher energy prices and widespread inflation impacted utilities costs and other operating expenses across Europe.

NPI increased by 5.1% or €6.7 million in FY 2022. On a like-for-like basis, NPI was €118.6 million, which was largely in line with prior corresponding period ("pcp"). Like-for-like analysis excludes FY 2021 and FY 2022 new acquisitions and divestments, Via Nervesa 21 due to redevelopment, and a one-off write back of doubtful debt provisions in FY 2021.

Please refer to Note 4.1 on page 22 of the Condensed Interim Financial Statements for portfolio performance by segment.

Light industrial/ Logistics

FY 2022 gross revenue for light industrial/ logistics portfolio was €93.9 million, 24.8% higher than pcp whilst NPI was €62.0 million, €12.0 million or 23.9% higher than pcp mainly due to the benefit of new acquisitions: two properties acquired in Italy (Via dell'Industria 18 and Via Fogliano 1, Coccaglio) in 1Q 2022, two properties acquired in 2Q 2022 in Germany (Löbstedter Str. 101-109) and in the United Kingdom (The Cube), a property acquired in Denmark (Sognevej 25) in 4Q 2022, two properties acquired in the United Kingdom (Kingsland and Thorn) in 3Q and 4Q 2021, two properties in the Netherlands (Rosa Castellanosstraat 4 and De Immenhorst 7) in Q4 2021, a property in Italy (Via Fornace) in Q4 2021, and the acquisition of 12 properties in Czech Republic and Slovakia (Arete portfolio and One-Hradec Králové) completed in 1Q 2021. These acquisitions contributed an additional €11.1 million to FY 2022 NPI.

These positive variances have been partly offset by the lower income due to the divestments of Parc de Popey, France in 3Q 2021, and two properties in Germany (An der Steinlach 8-10 and Kinzigheimer Weg 114) in 4Q 2022. The divestment of Parc du Bois du Tambour, France was completed in early December 2022, therefore its impact to FY 2022 NPI is limited. These divestments reduced NPI by approximately €0.7 million compared to pcp.

On a like-for-like basis, NPI was €43.9 million, which was €2.3 million or 5.4% higher than pcp. All countries outperformed, most notably in France mainly due to a large lease renewal being signed in Parc des Docks, and higher income in Parc des Guillaumes and Parc du Merantais, although these positive variances are offset by the lower income from Parc Sully. Excluding the two divestments completed in 4Q 2022, Germany's NPI was €0.3 million or 2.5% higher, due to rent indexation in some of the asset. Excluding the new acquisition (Sognevej 25), Denmark NPI increased by €0.4 million or 7.4% due to higher occupancy in Priorparken 700 and Priorparken 800. Excluding the acquisitions completed in 4Q 2021, the Netherlands NPI increased by €0.4 million or 12.1%, mainly due to rent indexation across the portfolio.

Office

FY 2022 gross revenue for the office assets was €112.4 million, 1.5% higher than the pcp whilst NPI was €63.1 million, 9.7% lower than pcp.

Overall, all countries have underperformed except for the Netherlands whose NPI was up by €1.0 million compared with pcp due to higher income from Central Plaza and Bastion, partly offset by lower occupancy in Haagse Poort as existing tenants gave back some space.

The negative performance is mainly from France (-€3.1 million, or -58.1% pcp) due to lower occupancy in Paryseine. Poland NPI decreased by €1.8 million or 11.7% as compared to pcp due to lower occupancy and higher rent discount given to a tenant in Business Garden, the absence of early termination indemnity in Avatar and lower occupancy in Grójecka 5. Italy's NPI was €1.9 million or 11.2% lower than pcp due to loss of income from Via Nervesa 21 as it is being redeveloped. Finland's NPI was €0.9 million, or 15.4% below pcp due to the divestment of Opus 1 in July 2022, and lower occupancy in Purotie 1, Myyrmäenraitti 2 and Pakkalankuja 6.

On a like-for-like basis, NPI was €4.1 million or 6.1% lower than pcp. This is mainly explained by the lower occupancy in Paryseine, France, lower occupancy in Haagse Poort in Netherlands and the lower occupancy and higher rent discounts given in Business Garden.

Other

Other property assets consist of 3 government-let campuses, 1 retail asset and 1 hotel, all located in Italy.

FY 2022 gross revenue was €15.9 million which was 11.5% higher than FY 2021, whilst NPI was €11.7 million which was 15.2% higher than FY 2021. The FY 2022 outperformance of €1.5 million is mainly due to higher rental income in Viale Europe 95 compared to pcp, and higher turnover rent in Via Varesse 23 (Saronno) due to lesser COVID-19 impact in 2022, notably by the end of the year as lockdowns eased (turnover rent was recognised in 1H 2022), and turnover rent achieved in FY 2022.

CEREIT's other portfolio remains unchanged compared to pcp, therefore the above reflects the like-for-like analysis.

- (b) Net finance costs of €24.4 million was €2.7 million or 12.2% higher than pcp mainly due to higher borrowings drawn down to fund new acquisitions and capital expenditure and higher interest rates as a result of the increase in Euribor.
- (c) Manager's fees for FY 2022 of €6.1 million was 7.8% higher than pcp due to higher deposited property mostly from the new acquisitions.
- (d) FY 2022 other trust expenses of €6.0 million was €1.0 million or 19.4% compared to FY 2021 mainly due to higher professional fees incurred which included one-off tax consultancy services and higher audit, valuation and legal fees.
- (e) Net foreign exchange loss for FY 2022 mostly arose from the revaluation of EUR denominated intercompany loans by a CEREIT subsidiary due to the depreciation of GBP against EUR.
- (f) FY 2022 gain on divestments €0.8 million arose mainly from the divestment of a warehouse unit contained within Centro Logistico Orlando Marconi asset in Italy and an office asset in Finland, partially offset by loss on divestments of two light industrial/ logistics assets in Germany and a logistics park in France. Refer to note 8 on page 25 for more details.

In FY 2021, loss on divestment of mainly relates to transaction costs incurred for the divestment of Parc de Popey in France completed in September 2021.
- (g) CEREIT recorded fair value loss on investment properties of €59.5 million in FY 2022 as compared to fair value gain of €27.1 million in FY 2021.
- (h) Fair value gain on derivative instruments was attributable to increase in values of interest rate cap contracts and cross currency swaps as a result of rising Euribor and depreciating EUR against SGD.
- (i) Income tax expense of €13.8 million for FY 2022 comprises current income tax expense of €8.9 million, capital gain tax expense of €1.5 million and deferred tax expense of €3.4 million. Income tax expense for FY 2021 of €28.3 million comprises income tax expense of €6.5 million, capital gain tax credit of €0.2 million and deferred tax expense of €22.0 million. Current income tax expense was up 36.3% from €6.5 million in FY 2021 representing an increase in the effective tax rate over the year from 6.7% to 9.0%.

Higher income tax expense was mainly attributable to capital gain tax on divestment of Parc du Bois du Tambour in France, income tax on non-exempt foreign interest income received in Singapore, withholding tax on payments of intercompany loan interest and income tax on gain on the sale of interest rate cap contracts.

Lower deferred tax expense was mainly due to net fair value loss on investment properties in FY 2022 compared to net fair value gain on investment properties in FY 2021.

3. Review of balance sheet of CEREIT

Cash and cash equivalents

The decrease was mainly due to acquisitions of five properties, distribution payments to Unitholders and perpetual securities unitholders, repayment of bank borrowings, capital expenditure on investment properties and other expenses, partially offset by cash generated from operating activities, drawing from the new sustainability-link term loan and the RCF and proceeds from divestments of four properties and a warehouse unit contained within Centro Logistico Orlando Marconi asset in Italy.

Receivables (Current)

The decrease was mainly attributable to the deposits applied to the acquisitions of properties in Germany and Italy upon completion of acquisitions and lower VAT/GST receivables, partially offset by higher trade receivables and accrued income from turnover rent.

Investment properties

The increase was mainly due to the acquisitions of five light industrial / logistics properties in Italy, the United Kingdom, Germany, and Denmark and capital expenditure and development costs incurred during the year, partially offset by fair value loss based on the independent valuation conducted on 31 December 2022 and the divestment of an office property in Finland, three light industrial / logistics properties in France and Germany and one warehouse unit contained within the Centro Logistico Orlando Marconi asset in Italy. Refer to note 13 of the condensed interim financial statements for more details.

Derivative financial instruments

The increase was mainly attributable to the increase in values of the interest rate cap contract and cross currency swap as a result of rising Euribor and depreciating EUR against SGD.

Borrowings (Current)

As at 31 December 2022, current borrowing relates to 3-year term loan due to expire in November 2023. As at 31 December 2021, current borrowing relates to German Schuldschein facility due in November 2022, which was fully repaid during FY 2022.

Payables (current)

The increase was mainly attributable to higher accruals on development costs, capital expenditure and operating expenses and higher lease incentives.

Borrowings (Non-current)

The increase was mainly due to drawdowns from the new sustainability-linked 4-year term loan and the RCF to early refinance part of the 3-year term loan, fund the new acquisitions, replenish the cash used to fund the acquisitions in the fourth quarter of 2021, and for operating expenses.

Deferred tax liabilities

Deferred tax liabilities are attributable to temporary differences between carrying amounts and tax base of investment properties. The increase was mainly due to tax depreciation of investment properties, partially offset by net fair value loss on investment properties during the year.

4. Variance between actual and forecast/projection

CEREIT has not disclosed any forecast to the market.

5. (i) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

CEREIT did not hold any treasury units as at 31 December 2022 and 31 December 2021.

5. (ii) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

5. (iii) A statement showing all sales, transfers, disposal, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

6. Outlook and prospects

A commentary at the date of announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Economic Commentary¹

- Eurozone forecasts have improved marginally. GDP growth is forecast at 0.4% this year, a slowdown from 3.5% in 2022. According to GDP data, in Q4 2022 the eurozone economy grew by just 0.1% quarter on quarter rather than contracting.
- Eurozone inflation fell rapidly to 8.5% year on year in January, down 0.7 percentage points from December, according to the flash release, driven down by lower energy prices. But core inflation remained stable at 5.2%, underscoring the persistence of underlying inflationary pressures. Eurozone inflation appears to have peaked in Q4 2022, but it is expected to remain high and only decrease gradually over the coming quarters. Inflation is forecast at an average 4.9% for this year.
- The ECB hiked policy rates by an expected 50 bps in February and said it intends a repeat in March. Oxford expects that on balance, the ECB, given its dovish messages, will end hikes after a 50 bps bump in March at a terminal rate of 3%.

Market Commentary²

In the European logistics sector, strong European occupier fundamentals continued as the rapid rise in e-commerce in the last 6 years continues into 2023. The reshoring of supply chains has driven demand to record levels and a space shortage in warehouse and logistics space has applied upward pressure on prime rents. The average occupancy rate for logistics properties in the eight countries in which CEREIF has exposure was an all-time low of 2.4%.

CEREIF's light Industrial / logistics portfolio hit another record occupancy of 98.1% (up from 85.4% at IPO). In 2023, the Manager will continue with its focus on pro-active leasing and expects to see continued rental growth from inflation indexation. This will be partially offset by higher operating expenses although a lot of these costs can be passed onto tenants. France and Denmark remaining vacancies provide upside growth potential. 57% of vacancies coming up in next six months are already de-risked, nearing full occupancy for this sector.

In the office sector in the countries where CEREIF has operations, take-up is slowly returning to pre-pandemic levels. Office leasing volumes have risen for 7 consecutive quarters. Rental values continue to grow for well-located assets. The vacancy rate across France, Italy, The Netherlands and Poland decreased to 8.8% across all grades. Of particular interest to the Manager is the strong performance of grade A office in Milan with rentals continuing to increase and vacancy levels dropping to as low as 2.6%². This is positive for the leasing of the refurbished Via Nervesa 21 building which is currently receiving good interest.

Looking ahead to 2023

Additional income from indexation due to inflation is expected to provide an offset to higher finance costs due to the higher margins and interest rates payable. The 3-month Euribor is forecast to average 3% during the year therefore the all-in interest rate is expected to increase over the year.

¹ Source: Oxford Economics

² Source: CBRE 1Q 2023 Report

The Manager's focus for FY 2023 continues to leverage CERET's strengths, laying the path to long-term strategy execution and to emerge stronger in FY 2023. Key points are:

- Income resilience of the portfolio is underpinned by active asset management, CPI indexation and rent reversions
- Strategic pivot to weight the portfolio to >50% logistics / light industrial via both acquisitions, developments and selective divestments to continue
- Maintain target weighting to Western Europe of at least 85%
- Divestment of non-core office and other assets to continue in 2023 to further improve the risk-return profile of CERET's portfolio, providing headroom from which developments such as the Via Nervesa 21 property in Milan can be progressively funded.
- Divestments and developments will together rejuvenate CERET's portfolio, having a short-term impact on earnings whilst providing for future growth once the funds have been reinvested and the developments completed and operating.

7. Distributions

(a) Current financial period

Any distribution declared for the current financial period? Yes

Period of distribution: Distribution for the period from 1 July 2022 to 31 December 2022

Distribution Type	Distribution Rate (in Euro cents)
Tax-exempt income	8.494
Total	8.494

Record date: 6 March 2023

Payment date: 31 March 2023

(b) Corresponding period of the preceding financial period

Any distribution declared for the corresponding period of the immediate preceding financial period? Yes

Period of distribution: Distribution for the period from 1 July 2021 to 31 December 2021

Distribution Type	Distribution Rate (in Euro cents)
Tax-exempt income	4.634
Capital	3.825
Total	8.459

Record date: 3 March 2022

Payment date: 31 March 2022

8 If no distribution has been declared/recommend, a statement to that effect

Not applicable.

9 Interested person transactions

CERET has not obtained a general mandate from Unitholders for interested person transactions.

10 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Please refer to paragraph 2 on the review of the actual performance.

11 Breakdown of revenue and total return

	FY2022 €'000	FY2021 €'000	Fav./ (Unfav.) %
(a) Revenue reported for first half year	107,417	99,019	8.5%
(b) Total return after tax for first half year	53,139	60,539	(12.2%)
(c) Revenue reported for second half year	114,688	101,103	13.4%
(b) Total (loss)/return after tax for second half year	(11,190)	36,064	n.m.

12 Breakdown of total distributions

	FY 2022 €'000	FY 2021 €'000
1 January 2021 to 4 March 2021 – paid	-	14,825
5 March 2021 to 30 June 2021 – paid	-	31,336
1 July 2021 to 31 December 2021 – paid	-	47,459
1 January 2022 to 30 June 2022 - paid	48,900	-
1 July 2022 to 31 December 2022 – to be paid	47,770	-

13 Confirmation pursuant to Rule 720(1) of the Listing Manual

The Board of Directors of the Manager hereby confirms that the undertakings from all its directors and executive officers as required in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual were procured.

14 Confirmation pursuant to Rule 704(13) of the Listing Manual

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Manager confirms that there is no person occupying a managerial position in the Manager or in any of CEREIT or its principal subsidiaries who is a relative of a director, chief executive officer, substantial shareholder of the Manager or substantial unitholder of CEREIT.

On behalf of the Board
 Cromwell EREIT Management Pte. Ltd.
 As Manager of Cromwell European Real Estate Investment Trust
 (Company Registration No: 201702701N)

Lim Swe Guan
 Chairman

Simon Garing
 Executive Director and Chief Executive Officer

Important Notice

This announcement may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses (including employee wages, benefits and training costs), property expenses, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business.

Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view on future events.

The value of Units and the income derived from them, if any, may fall or rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors should note that they have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Units. The past performance of Cromwell European REIT and the Manager is not necessarily indicative of the future performance of Cromwell European REIT and the Manager.