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Cromwell European REIT releases sixth annual sustainability report; first with external assurance

SINGAPORE – Cromwell EREIT Management Pte. Ltd., the manager (the “Manager”) of Cromwell European Real Estate Investment Trust (“Cromwell European REIT” or “CEREIT”), has released its sustainability report for the financial year ended 31 December 2023 (“FY 2023”).

The Manager’s Chief Executive Officer, Mr. Simon Garing, commented, “I am pleased to present CEREIT’s sixth annual sustainability report and our first with externally-assured portfolio environmental data. With a portfolio of over 100 assets spanning approximately 1.8 million square metres and over 800 tenant-customers in 10 European countries, we recognise that we must do our part to decarbonise CEREIT’s portfolio. In 2022, we committed to an aspirational Net Zero by 2040 target. In 2023, we set a Paris Agreement 1.5°C-aligned operational carbon emissions¹ target of 50% reduction by 2030 for CEREIT’s core² portfolio.

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

“Our first office redevelopment project, Nervesa21 in Milan, Italy, was completed in January 2024 and is expected to be fully leased by the end of 1H 2024, with Universal Music Group being the anchor tenant. Efficient floor plates, rooftop terraces, plenty of parking and public transport access, and a LEED Platinum certificate have been the main ingredients in enabling us to achieve headline rents well above our original business plan.

“Since introducing CEREIT’s green financing framework in April 2022, the Manager has completed more than €600 million in sustainability-linked loan facilities, with a lower cost of debt if relevant sustainability KPIs are achieved. CEREIT’s ESG ambitions align with our lenders and debt capital market investors, all of whom support the Manager’s initiatives.

“The Manager’s commitment to the community in which we operate in is steadfast. Over the past six years, we helped raise more than S\$190,000 for our community partners Child at Street 11 in Singapore. We have also adopted the Tripartite Standards³ for “Progressive” employer and were recognised amongst Singapore’s best employers in 2024 by Statista and The Straits Times⁴.”

ESG highlights

High standards in sustainability practices and transparent reporting have broadened CEREIT's access to capital. CEREIT today has an MSCI ESG rating of "AA", a Sustainalytics score of 8.8 or "Negligible risk", and 85 points and four stars in GRESB, a 40+ GRESB score improvement in over five years since CEREIT first began participating in the GRESB scorecard.

100% of CEREIT's assets have obtained Energy Performance Certificates, which are regularly updated upon expiry. New regulations in the Netherlands require all office assets to meet a minimum C rating to comply with the local regulations from 2023 onwards. All of CEREIT's Dutch office assets are compliant with this legislation.

Over the past two years, the Manager and the Property Manager have invested substantial efforts and resources to automate energy, water, waste and greenhouse gas ("GHG") emissions data collection by implementing the Deepki platform. It now covers 100% of CEREIT's assets in all 10 countries.

In 2022, Deepki enabled energy consumption data collection for 86% of CEREIT's portfolio, a decrease of five percentage points from 2021. However, GHG emissions data coverage improved by one percentage point to 86% of the total floor area during the same period. Total absolute GHG emissions were 57,829 tCO₂e in 2022, down 7% compared to 2021. Average tCO₂e/m² intensity declined 8% as compared to 2021. Notably, absolute energy intensity, an efficiency measure of energy usage per floor area covered, decreased by 2% compared to 2021 to 106.7 kWh/m² in 2022, mainly due to energy reduction measures.

The rate of waste recycling improved further in 2022 to 57% out of total recorded waste collected, up five percentage points compared to 2021, while only 3.3% of total waste was diverted to landfills.

Anticipating, understanding and responding to stakeholder needs remains a key focus for the Manager. In the latest annual independent tenant-customer engagement survey, 77% of tenant-customers reported overall satisfaction with asset management. The Manager remains active with the investment community, conducting more than 180 meetings (compared to 170 last year) with more than 1,600 market participants in 2023. The Manager's multi-year partnership with its Singapore community partner Child at Street 11 continued in 2023 with contributed S\$12,900 through fundraising, direct donations (channelled through Community Chest) and in-kind contributions. In 2023, all employees of the Manager were encouraged to fully utilise their volunteer leave, achieving a total of 87.5 volunteer hours.

Throughout the year, the Manager maintained a clean compliance record, materially adhering to all applicable laws and regulations, including those set forth by SGX-ST, MAS and Lux SE.

The Manager's Chief Executive Officer, Mr. Simon Garing, concluded, "All these achievements are a testament to our commitment to upholding high standards of corporate governance. Tenant-customers, employees, investors, regulators and other stakeholders increasingly require greater ESG commitments. We will continue to strive to improve our ESG credentials, not just because regulations are becoming more focused on these matters, but also because it makes good business sense and, most importantly, because it is the right thing to do."

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ABOUT CROMWELL EUROPEAN REAL ESTATE INVESTMENT TRUST

Cromwell European Real Estate Investment Trust ("Cromwell European REIT" or "CEREIT") has a principal mandate to invest, directly or indirectly, in income-producing commercial real estate assets across Europe with a minimum portfolio weighting of at least 75% to Western Europe and at least 75% to the logistics/light industrial and office sectors. CEREIT currently targets a majority investment weighting to the logistics/light industrial sector while also investing in core office assets in gateway cities. CEREIT strives to be a resilient, ethical, and socially responsible organisation that contributes positively to all stakeholders, leading to higher risk-adjusted returns while maintaining an appropriate capital structure.

CEREIT's €2.2 billion portfolio comprises 100+ predominantly freehold properties in or close to major gateway cities in The Netherlands, Italy, France, Poland, Germany, Finland, Denmark, Slovakia, the Czech Republic and the United Kingdom, with an aggregate lettable area of approximately 1.8 million sqm and 800+ tenant-customers.

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

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1. Scope 1 and scope 2; excluding impact from grid decarbonisation and embedded carbon; 2022 baseline year
 2. Referred to as BAU portfolio in the sustainability report. BAU portfolio is defined as CEREIT's portfolio, excluding assets in FY2024/25 divestment program and retrofit assets
 3. Set of employment practices for Singapore-based organisations aspiring to be progressive employers set by the tripartite partners (Ministry of Manpower, National Trades Union Congress, and Singapore National Employers Federation)
 4. <https://www.straitstimes.com/best-employers-singapore-2024>