

NERVES21 MILAN OFFICE REDEVELOPMENT LARGELY COMPLETED AND 70% PRE-LET TO THREE HIGH-QUALITY BUSINESSES



- Universal Music, Scalapay and Edelman sign up for space at Nervesa21 in Milan
- The asset is now 70% leased, leaving only ca. 3,000 sq ft (three floors) available to let
- Building delivered on time to tenants in January 2024
- Designed to be one of the highest ESG grade office buildings in Europe (LEED Platinum)

SINGAPORE – Cromwell EREIT Management Pte. Ltd., the manager (the “Manager”) of Cromwell European Real Estate Investment Trust (“Cromwell European REIT” or “CEREIT”), has largely completed the Nervesa21 office development in Milan, Italy and signed three major tenant-customers for c. 70% of the space, including the previously announced anchor tenant Universal Music Group.

The Manager’s Chief Executive Officer, Mr Simon Garing, commented: “We are pleased to welcome the fast-growing fintech company Scalapay and the global communications advisory firm Edelman as new tenant-customers at our Nervesa21 redeveloped office asset. Together with the anchor tenant Universal Music Group, the music label behind Elton John and Lady Gaga, among others, they join CEREIT’s diversified and quality tenant roster of more than 840 companies.

“Nervesa21 is 70% pre-let and largely completed with only minor basement and garden landscape works to complete, with tenant-customers commencing fit-out works. The remaining space is now available for lease, with strong interest being shown by prospective new businesses attracted to the “oasis” amongst the bustling Milan city. This successful execution is a “proof-of-concept” that occupiers today are increasingly ESG-conscious, focusing primarily on the best quality space with modern staff facilities, good access to public transport and parking and high energy efficiency. Office buildings with these combined features are in undersupply in Europe, as reflected by the approximate 3% vacancy in Grade A buildings in CEREIT’s key cities.

“I want to thank the Cromwell Italian team, the leasing agents CBRE and DILS, the general contractors Nessi & Majocchi, the architects at DEGW / Lombardini 22 and all our other service providers supporting this iconic project.

“We continue to progress our plans to redevelop other existing assets, providing CEREIT unitholders with an organic pipeline of accretive AEs. As interest rates continue to stabilise, we expect the sentiment to improve across European real estate markets and contribute further growth opportunities for CEREIT. The recently released December 2023 independent property valuations for CEREIT show that we are close to stabilisation of European values in this cycle, with an anticipated €2.14 NAV/unit and net gearing of 38.4% (subject to audit and final Board sign-off of the FY 2023 accounts). In the meantime, we continue with our commitment to judiciously use further expected divestment proceeds towards capital management initiatives and funding selective accretive AEs.”

Nervesa21 was re-configured to offer 14 modern floors, a modular flexible layout, premium amenities, two rooftop terraces and four panoramic elevators. Universal Music Group, a world leader in music-based entertainment with a market capitalisation of over €40 billion and over 8,000 employees, pre-leased eight floors a year before completion. Scalapay, the first Italian “unicorn” and one of the biggest European BNPL (“buy now, pay later”) providers, signed a pre-lease for two floors. Edelman, an award-winning global communications consultancy firm with over a US\$ billion in revenues and more than 6,000 employees globally, pre-leased one floor. Only three floors, or 30% of the space, are still available to let and are now being actively marketed post the completion of the on-site construction activities.

Developed with a strong focus on ESG, the redevelopment includes 5,300 sqm of external green garden leisure space, end-of-trip bicycle facilities, 230 parking spaces, some of which will have electric vehicle charging stations and will be powered by a combination of on-site renewable energy from solar panels and energy sourced from 100% renewable energy suppliers. Up to 50% of the façade is composed of low-carbon glass that, thanks to its integrated value chain, is expected to achieve up to 40% reduction of the embodied carbon footprint of the glass. Upon completion, the redevelopment is expected to attain LEED Platinum and WELL Gold certifications, making it one of the most advanced Grade-A offices in terms of ESG and energy efficiency, reducing energy consumption by up to 40% compared to similar buildings.

Nervesa21 is strategically located in the Porta Romana district of Milan, south-east of Milan’s city centre. The asset is near Corso Lodi and has direct access to the A1 highway, the Linate Airport and the Central Station.

DEGW / Lombardini 22, a leading Italian workspace architectural firm specialising in workspace design and interaction between physical space and corporate performance, was commissioned for the Nervesa21 architectural design with Nessi & Majocchi S.p.A engaged as the general constructor of the constructor works and Elettromeccanica Italo Galli S.p.A. providing the engineering solutions.

The redevelopment works are largely completed, with the premises successfully delivered to tenants pending some final minor works to be completed within 1Q 2024.

Milan remains Italy's most sought-after office market, with local and international investor interest focused predominantly on core and core+ assets in central areas or well-connected business districts. According to CBRE Research, prime rents in Milan reached historical highs of 700 per sqm per year, up 1.4% year-on-year. The vacancy for grade A office space in Milan is only 3.1% compared to the 9.4% overall vacancy rate in Milan in 4Q 2023, highlighting the strong demand for suitable contemporary office stock. CBRE Research estimates that 141,000 sqm was taken up in the Milan office market in 4Q 2023, reaching a total of 417,000 sqm for the full year. Notably, 73% of the take-up was Grade A, confirming that the strong demand for quality office space continues unabated and further validating the investment case for Via Nervesa 21.

CBRE and DILS, as appointed commercial leasing agents, continue to market the property actively.

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ABOUT CROMWELL EUROPEAN REIT

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'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 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 €2.3 billion portfolio comprises 110+ predominantly freehold properties in or close to major gateway cities in the Netherlands, Italy, France, Poland, Germany, Finland, Denmark, Slovakia, the Czech Republic and the United Kingdom with an aggregate lettable area of approximately 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 Group¹ a real estate investor and manager with operations in 14 countries, listed on the Australian Securities Exchange Ltd.

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¹ Cromwell Property Group is a stapled group comprising Cromwell Corporation Limited and Cromwell Diversified Property Trust (the responsible entity of which is Cromwell Property Securities Limited)