STONEWEG
EUROPEAN REIT

ANNUAL REPORT 2024

# NAVIGATING CHANGE UNLOCKING OPPORTUNITIES


**On the cover:** Nervesa21 in Milan, Italy - recently asset-enhanced to the highest ESG specs (top) / DALL-E generated modern logistics facility with solar panels (bottom). The IR team is enthusiastically embracing AI to enhance productivity and free more time for investor engagement, hence this Annual report is proof-read / edited with AI assistance.

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# 01 SERT OVERVIEW

(As at 31 December 2024)

## ABOUT STONEWEG EUROPEAN REIT (SERT)

Stoneweg European Real Estate Investment Trust ("SERT") 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. At present, SERT has approximately 86% exposure to Western Europe and the Nordics and around 55% weighting to the logistics / light industrial sector, with a medium-term goal of increasing SERT's exposure to this sector to at least a vast majority weighting. Additionally, SERT undertakes asset enhancement initiatives and redevelopment projects for existing office assets, with a focus on strong ESG credentials in prime and core locations in key European gateway cities.

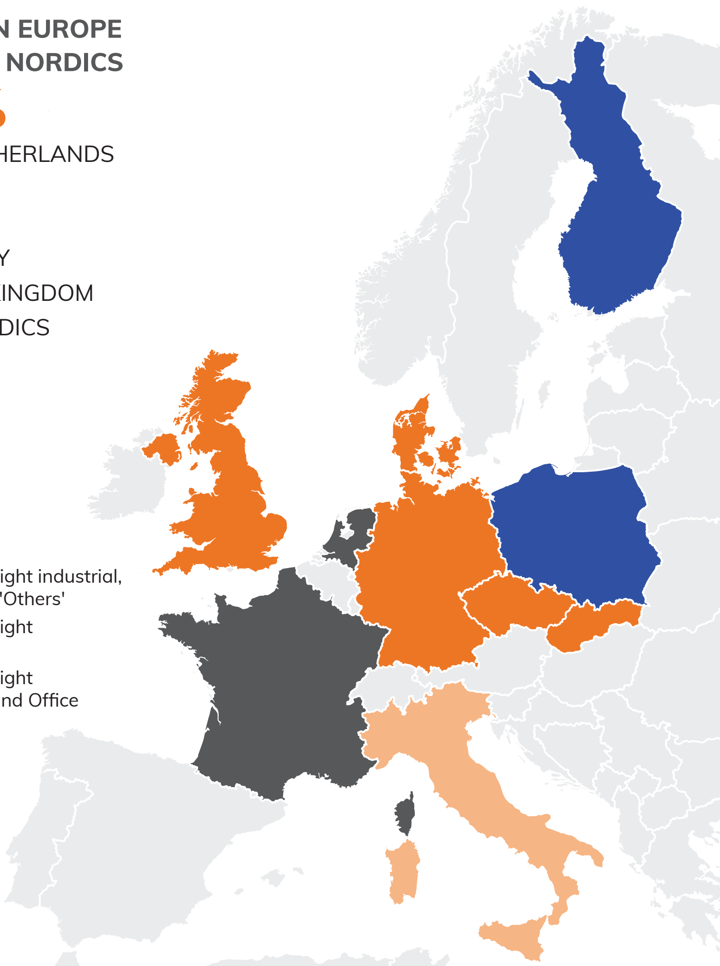
SERT's portfolio, valued at €2.2 billion, comprises 100+ predominantly freehold properties in or close to major gateway cities in The Netherlands, France, Italy, Germany, Poland, Denmark, Czech Republic, Slovakia, United Kingdom and Finland. The portfolio spans a total lettable area of approximately 1.7 million sqm and serves more than 800 tenant-customers.

SERT is listed on the Singapore Exchange Limited and is managed by Stoneweg EREIT Management Pte. Ltd.. SERT's sponsor is SWI Group (www.swi.com). SWI Group has a substantial 28% unitholding in SERT. The Manager and Property Manager of SERT are wholly owned by SWI Group, its subsidiaries, and associates.

### WESTERN EUROPE AND THE NORDICS

**~86%**

- THE NETHERLANDS
- FRANCE
- ITALY
- GERMANY
- UNITED KINGDOM
- THE NORDICS



- Office
- Logistics / light industrial, Office and 'Others'
- Logistics / light industrial
- Logistics / light industrial and Office

**€2.2 billion**
Resilient European commercial portfolio

**~86%**
Western Europe and The Nordics

**55%**
Logistics / light industrial

**105**
Predominantly freehold properties

**1.7 million sqm**
net lettable area

### LOGISTICS / LIGHT INDUSTRIAL

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

### OFFICE

- In close proximity to city and town centres with ample amenities
- Strategically located near public transport nodes
- 84% of office portfolio by value is green-certified

### 'OTHERS'

- Includes government-let campus, leisure and retail properties

# 01 FY 2024 FINANCIAL HIGHLIGHTS

**€131.1 million**
**NPI**
+2.8% vs pcp
Like-for-like[1]

**40.2%**
**NET GEARING**
+1.8 p.p. vs 31 Dec 2023

**93.5%**
**OCCUPANCY[2]**
-0.9% vs pcp

**14.106 Euro cents**
**DPU**
-10.1% vs pcp primarily due to asset sales and higher interest costs

**BBB-**
**S&P GLOBAL RATINGS & FITCH RATINGS**
Investment grade credit rating with Stable / Positive Outlook

**+2.8%**
**RENT REVERSION[3]**

**€2.03 / unit**
**NAV**
-4.2% vs 31 Dec 2023

**88% fixed / hedged**
**DEBT**
reduces impact of increasing interest rates

**5.1 years**
**WEIGHTED AVERAGE LEASE EXPIRY**
+0.4 years vs pcp

| | As at 31 Dec 2024 | As at 31 Dec 2023 | As at 31 Dec 2022 | As at 31 Dec 2021 | As at 31 Dec 2020 |
|---|---|---|---|---|---|
| **BALANCE SHEET** | | | | | |
| Total assets (€ million) | **2,322.2** | 2,367.4 | 2,590.0 | 2,534.5 | 2,250.4 |
| Unitholders' funds (€ million) | **1,140.8** | 1,190.9 | 1,358.7 | 1,413.1 | 1,302.2 |
| **KEY FINANCIAL METRICS** | | | | | |
| DPU | **14.106** | 15.693 | 17.189 | 16.961[4] | 17.420[4] |
| Aggregate leverage | **41.2%** | 40.3% | 39.4% | 36.6% | 38.1% |
| Aggregate leverage excluding distribution | **41.9%** | 41.1% | 40.1% | 37.3% | 38.9% |
| NAV attributable to Unitholders per Unit (€) | **2.03** | 2.12 | 2.42 | 2.52 | 2.55[5] |
| **CAPITAL MANAGEMENT** | | | | | |
| Total borrowing facilities (€ million) | **1,494.0** | 1,154.0 | 1,178.0 | 1,127.4 | 1,142.4 |
| Gross borrowings (€ million) | **956.8** | 954.0 | 1,019.9 | 927.4 | 857.4 |
| Interest cover (times)[6] | **3.3** | 3.8 | 5.3 | 5.8 | 6.4 |
| Units in issue (million) | **562.4** | 562.4 | 562.4 | 561.0 | 2,556.1[7] |
| Market capitalisation (€ million) | **888.6** | 798.6 | 843.6 | 1,419.4 | 1,226.9 |

1 Like-for-like NPI excludes FY 2023 & FY 2024 divestments, Nervesa21, Maxima and Via Dell'Industria 18 due to redevelopment
2 Occupancy calculation excluded Maxima redevelopment and vacant units in Via Dell'Industria 18 and Kolumbusstraße 16 which are currently under redevelopment
3 Calculated on a portfolio basis; with the numerator being the new headline rent of all modified, renewed or new leases over the relevant period and denominator being the last passing rent of the areas being subject to modified, renewed or new leases
4 Like-for-like DPU for the periods prior to 5 March 2021 are adjusted for 5:1 Unit consolidation
5 Adjusted for 5:1 Unit consolidation to provide a like-for-like comparison. NAV attributable to Unitholder per Unit was 50.9 Euro cents before adjustment
6 Calculated as per Property Funds Appendix, excluding distribution on perpetual securities
7 Prior to the 5:1 Unit consolidation completed on 7 May 2021

# 01 SERT'S NEW SPONSOR SWI GROUP – A "GAME-CHANGER"

SWI Group is aligned with SERT's investment strategy and the existing governance framework

There are no changes to SERT's investment strategy, corporate governance (including Board independence) and the SERT management team and independent directors

SWI Group supports SERT's pivot to logistics and complementary asset classes

The larger integrated European platform will offer expanded opportunities and pipeline for SERT, such as logistics and data centre projects and potential new markets in Switzerland and Spain

SWI Group brings its complementary asset, transaction expertise and capital support to benefit all SERT investors

SWI Group brings strong real estate expertise and well-established European capital and stakeholder relationships to support SERT

SWI Group holds a 28% ownership stake, reflecting its alignment with all unitholders. After investing significant time and resources in due diligence, the group remains highly confident in SERT's underlying valuation

SWI Group, comprising Stoneweg, Icona Capital and its subsidiaries and associates, is the

**New sponsor**

and

**28%**

substantial unitholder of SERT

SWI Group currently has

**~€10.0 billion**

of assets under management, employs over **350 employees** across more than **25 offices globally**, with a presence in **15 European countries, as well as the US and Singapore**

# 01 SWI GROUP'S EXPERIENCE IS COMPLEMENTARY TO SERT

## SELECTED MAJOR TRANSACTIONS SHOWCASING THE NEW SPONSOR'S TRACK RECORD IN LISTED MARKETS

ULTIMACAPITAL

Transaction type:
**IPO and Sale**

- Ultima Capital was established in 2014, IPO in 2019 on the Swiss stock exchange, and sold in 2023 for CHF 1.5 billion
- Ultima Capital was launched to redefine ultraluxury hospitality. It established itself as a premier provider of bespoke experiences for the Ultra High Net Worth. It comprised of a portfolio of 48 exquisite residences in the most sought-after locations across Switzerland, France, and Greece
- The company was successfully taken to IPO in 2019, where 20% of the share capital was sold to institutional investors, marking a significant milestone in the company's growth trajectory, generating profits of over CHF 700 million. It was later sold in 2023 with a value of CHF 1.5 billion

VARIA US PROPERTIES

Transaction type:
**Asset management and IPO**

- Stoneweg created Varia US Properties AG in 2015 as a private company and started investing into the US multifamily asset class
- In 2016, after setting up a local US team, Stoneweg listed Varia US Properties on the Swiss Stock exchange (VARN) with CHF 125 million equity
- Since then, Varia US Properties has conducted three capital increases and two bond financings
- Over the years, Varia acquired 79 and sold 48 assets; currently it has 31 assets worth USD 1.3 billion

## SGX SECURITIES MARKET OPENING CEREMONY TO WELCOME SERT'S NEW SPONSOR, SWI GROUP




# 01 CHAIR'S ADDRESS

"2024 WAS A TRANSFORMATIVE YEAR FOR STONEWEG EUROPEAN REIT, DEFINED BY RESILIENCE, ADAPTABILITY, AND STEADY PROGRESS IN THE FACE OF A RAPIDLY EVOLVING MACROECONOMIC LANDSCAPE."

**Lim Swe Guan**
Chair and Independent
Non-Executive Director

**Dear Unitholders,**

## POSITIONED FOR GROWTH AMIDST A CHANGING LANDSCAPE

2024 was a transformative year for Stoneweg European REIT ("SERT"), defined by resilience, adaptability, and steady progress in the face of a rapidly evolving macroeconomic landscape. Against a backdrop of evolving interest rate policies, persistent inflationary pressures, and dynamic real estate market conditions, SERT remained focused on executing its long-term strategy while maintaining financial discipline and enhancing the quality of its portfolio. Our disciplined capital management, strategic portfolio repositioning, and unwavering commitment to sustainability reinforce our foundation for long-term value creation.

## A NEW CHAPTER WITH SWI GROUP – SERT'S NEW SPONSOR

A key highlight of 2024 was the successful transition to our new sponsor, SWI Group, a leading alternative investment platform with extensive experience in European markets. SWI Group, with its associates and subsidiaries, acquired 28% of the units of SERT and its management platform in Singapore and Europe for €280 million. This substantial investment underscores our sponsor's commitment to SERT's long-term success and alignment with unitholders' interests.

With a presence across key European markets, a global network of approximately 350 real estate professionals (out of which more than 250 in Europe), and deep asset management expertise, SERT's new sponsor brings significant synergies that will enhance our portfolio strategy, tenant relationships, and growth trajectory. We look forward to leveraging these strengths to unlock new opportunities in logistics, light industrial, and other high-growth sectors

## DELIVERING RESILIENT PERFORMANCE AND FINANCIAL STABILITY

Despite persistent macroeconomic uncertainties, SERT delivered a credible financial performance in 2024, remaining committed to balancing sustainable distributions with long-term value creation. While FY 2024 DPU declined by 10.1%, this was largely attributable to higher interest expenses and portfolio repositioning initiatives. We maintained a 100% payout ratio, reflecting our commitment to sustainable distributions for unitholders.

Like-for-like Net Property Income (NPI) grew by 2.8%, outpacing broader Eurozone GDP and inflation. Portfolio occupancy stood at 93.5%, supported by positive leasing momentum. A valuation uplift of 0.8% before capital expenditure reinforced asset quality and strong leasing fundamentals, bringing net gearing to 40.2%.

Maintaining a strong and flexible capital structure remained a priority in 2024. In January 2025, we successfully issued a €500 million, six-year green bond, which was nearly five times oversubscribed, reflecting investor confidence in SERT's financial position and sustainability commitments. This issuance enabled us to fully redeem our €450 million bond due in November 2025, effectively de-risking SERT's balance sheet while extending our average debt maturity to 4.2 years. With a healthy liquidity position of €235.7 million as of 27 February 2025, we are well-positioned to manage financial obligations and pursue accretive investment opportunities, such as buying back Units at a discount to Net Asset Value.

## STRATEGIC PORTFOLIO MANAGEMENT AND REBALANCING TO LOGISTICS SECTOR

SERT continues to execute its portfolio repositioning strategy, with an increased focus on logistics and light industrial assets, which now represent 55% of SERT's portfolio. In 2024, this segment delivered a 4.5% valuation uplift before capital expenditure, underscoring strong tenant demand and investor interest. Leasing activity covered 327,000 sqm, accounting for ~20% of SERT's total portfolio, with agreements signed or renewed, providing SERT's longest WALE of 5.1 years. Logistics and light industrial portfolio occupancy reached 94.2%, with average rent reversion on new leases at +4.7%, reflecting limited new space. The office portfolio stabilised, with occupancy improving to above 90% and like-for-like NPI growth of 5.0%.

The success of our capital recycling strategy is evident, with €284.5 million in executed divestments since 2022 (€32.1 million in 2024), representing a 13.1% premium to latest valuation. With net gearing close to the Board's medium-term target range, we are gradually easing out of the asset sales programme and repositioning towards strategic reinvestment, while still progressing with €50 million in non-core divestments over the next one to two years to further optimise portfolio composition. Of course, we regularly review each asset for its projected risk-adjusted return and hold the view that every asset is for sale at the right price.

## COMMITMENT TO SUSTAINABILITY

SERT remains steadfast in its commitment to sustainability-driven investment and operations, integrating ESG principles across its asset management strategy. In 2024, we made significant strides in improving the sustainability of our portfolio. Green building penetration reached nearly 50%, well above the market average. 84% of SERT's office portfolio achieved BREEAM or LEED certification, enhancing energy efficiency and tenant well-being, again exceeding market averages. We also successfully issued our first green bond, aligning with global sustainable finance trends.

We firmly believe that embedding sustainability into our operations and capital management is not only a key differentiator but also a catalyst for long-term value creation and risk mitigation.

## OUTLOOK: NAVIGATING CHANGE, UNLOCKING OPPORTUNITIES

As we enter FY 2025, SERT remains well-positioned to navigate an evolving market landscape. The portfolio is supported by a strong liquidity position, an extended debt maturity profile, and a resilient tenant base. Our focus remains on delivering sustainable long-term growth by further enhancing our logistics and light industrial exposure, optimising operational efficiency, and maintaining a disciplined capital management approach.

Looking ahead, our strategic focus will be on deepening SERT's presence in high-growth real estate sectors, particularly logistics, light industrial assets, and complementary asset classes. We aim to capitalise on cyclical opportunities through targeted acquisitions and portfolio optimisation while leveraging the new sponsor's expertise and entrepreneurial spirit to drive operational efficiencies and unlock new value.

As we contemplate any potential transactions, subject to favourable market conditions, our investment approach remains rigorous, combining research-based fundamental market analysis with rigorous evaluation of property-specific variables and financial forecasts to select assets that meet SERT's investment criteria and enhance risk-adjusted returns. All investment and divestment decisions undergo rigorous evaluation and are subject to final approval by the Board, ensuring alignment with SERT's strategic objectives and commitment to long-term value creation.

The Board expects that increased exposure to logistics and complementary asset classes, coupled with disciplined cost management and proactive capital recycling, will support a more resilient income stream in the coming years. Additionally, asset enhancements and ESG-linked leasing strategies are expected to drive incremental NAV growth, reinforcing the REIT's long-term value proposition for unitholders.

In conclusion, I would like to extend my sincere thanks to the outgoing directors, Mr Jonathan Callaghan and Mr Ooi Eng Peng, for their dedication and valuable contributions. On behalf of the Board, I warmly welcome our new directors, Mr Jaume Sabater and Mr Yovav Carmi – we look forward to working closely together to strengthen SERT even further.

I would also like to express, on behalf of the Board, our heartfelt appreciation to our unitholders, business partners, and employees for their continued trust and support. Your confidence in SERT underpins our success, and we remain steadfast in our commitment to long-term value creation through financial discipline, strategic growth, and ESG leadership.

**Lim Swe Guan, CFA**
Chair and Independent Non-Executive Director

**From left:** Mr Christian Delaire • Mr Yovav Carmi • Ms Fang Ai Lian • Mr Lim Swe Guan • Mr Jaume Sabater • Mr Simon Garing

# 01 IN CONVERSATION WITH CEO

Simon Garing
CEO and
Executive Director

## Q1 CAN YOU SHARE SERT'S KEY FINANCIAL AND ASSET MANAGEMENT PERFORMANCE HIGHLIGHTS FROM 2024?

I am pleased to share that 2024 has been a productive year in which we executed our strategy to de-risk SERT's balance sheet, enhance portfolio quality, and future-proof SERT's assets. We also strengthened our relationships with tenant-customers and positioned SERT for future growth opportunities. As part of this strategy, we executed divestments of €29 million of non-strategic assets in 2024 at a 4.5% premium to the latest valuations.

On the asset management front, the underlying quality of SERT's portfolio and the strength of our local asset management teams drove total portfolio occupancy to a strong 93.5%, with over 320,000 square metres of leasing secured at a +2.8% rent reversion. This contributed to SERT's weighted average lease to expiry (WALE) reaching a record high of 5.1 years.

NPI for the year declined moderately by 2.3%, mainly due to the divestment of non-core office assets. However, on a like-for-like basis, the resilience of SERT's portfolio was evident, with 2.8% NPI growth across the portfolio and a strong 5.0% growth for office assets—marking the fourth consecutive year of like-for-like NPI growth.

As with many other REITs, the higher interest rate environment presented a significant headwind, with SERT's average interest rate rising from 2.6% p.a. in FY2023 to 3.2% p.a. in 2024. This, together with lower NPI and a

**93.5%**
**Total Portfolio Occupancy**
**-0.9%** vs pcp

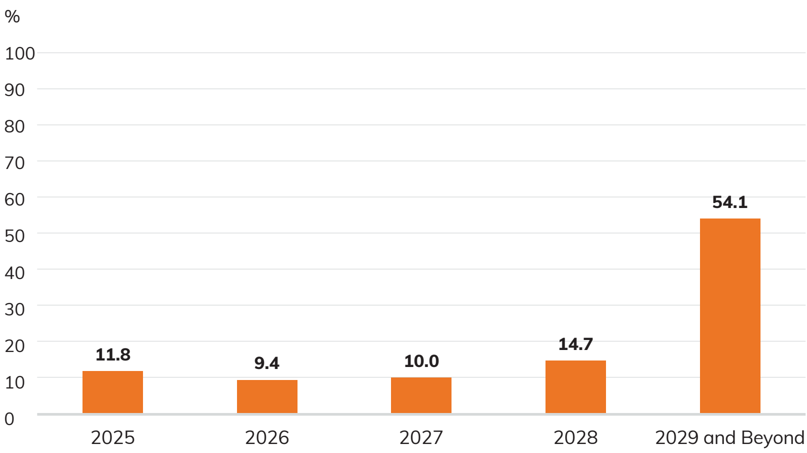
**+2.8%**
**Total Portfolio Rent Reversion**
**+1.3%** reversion in 2H 2024
**+2.8%** reversion in FY 2024

**5.1**
**WALE**
**+0.4** years vs pcp

**327,493 SQM**
**Of Leasing in 2024**
**225,264 sqm** of leasing in 2H 2024
**327,493 sqm** of leasing in FY 2024

**+52.4%**
**Leases Derisked**
breaks and expires until
30 Jun 2025 as at 31 Dec 2024

### PORTFOLIO LEASE EXPIRY PROFILE IMPROVED AFTER SUBSTANTIAL LEASING



higher current tax expense, contributed to a 10.1% decline in distribution per unit (DPU) to 14.106 Euro cents.

However, the successful completion of the bond refinancing in January 2025 has significantly de-risked SERT's balance sheet. There are now no debt facilities maturing until the end of 2026, with €197.2 million of undrawn revolving credit facilities and €38.5 million in cash on hand.

NAV attributable to unitholders declined moderately by 4.2% to €2.03 per unit, indicating stabilisation, while net gearing remains within the Board's policy range at 40.2%

## Q2 WHAT ACTIONS HAVE YOU TAKEN TO FUTURE-PROOF AND OPTIMISE SERT'S PORTFOLIO?

We continue to pivot the portfolio towards logistics and light industrial assets, which now represent 55% of the portfolio, driven by three key factors:

- **Growing E-commerce demand**: The rise of e-commerce has significantly increased the need for logistics and warehouse space. As online shopping continues to expand, the demand for efficient distribution centres and last-mile delivery hubs remains strong

- **Supply chain resilience**: Logistics and light industrial properties play a crucial role in supporting resilient supply chains. Companies are increasingly focused on nearshoring and diversifying their supply chains to mitigate risks from global disruptions, making these properties essential

- **Stable investment returns**: Industrial and logistics real estate has demonstrated resilience and stable returns compared to other commercial property types. Consistent demand, driven by both e-commerce and traditional industries, supports steady income streams and long-term value appreciation.

"WE ACHIEVED A MAJOR MILESTONE IN FUTUREPROOFING SERT'S PORTFOLIO WITH THE SUCCESSFUL COMPLETION OF NERVESA21."

**Simon Garing**
CEO and
Executive Director

This trend has led most listed logistics REITs to trade closer to their NAVs than their office peers, which should also support a narrowing of SERT's discount to NAV.

As for SERT's smaller office portfolio, we are repositioning towards modern, well-located prime assets by upgrading offerings to better meet tenant-customer expectations. A significant portion of the office portfolio has already been refurbished and certified accordingly. Currently, 84% of the SERT portfolio is BREEAM or LEED ESG-certified, and at least 71% has an Energy Performance Certificate (EPC) rating of "B" or higher. This compares favourably to only ~20% of total pan-European office space being ESG-certified, and just ~27% achieving an EPC "B" rating or above, according to CBRE.

Last year, we achieved a major milestone in futureproofing the SERT portfolio with the successful completion of Nervesa21 – a flagship asset enhancement project in SERT's Milan office portfolio. Completed in March 2024, the project received LEED Platinum and WELL Gold certifications and was awarded 91 LEED points by the Italy Green Building Council, making it the second most energy-efficient office building in Italy. It also delivered strong investor returns, including more than double the prior rent, a 6.6% yield on cost, and 100% occupancy upon completion.

The success of Nervesa21 has showcased SERT's strong capabilities in project management and the delivery of similar initiatives. Looking ahead, we intend to pursue further targeted asset enhancement projects to continue improving the quality of SERT's portfolio.

One such initiative is the proposed upgrade of Haagse Poort in The Hague, a key office asset in the Netherlands. The project involves the potential refurbishment of existing structures, incorporating various energy efficiency measures to meet 'Paris-proof' standards. This aligns with the decarbonisation goals of the anchor tenant and is expected to support higher rents in line with the enhancements.

In the longer term, we are advancing the planning phase for the redevelopment of Parc des Docks, SERT's largest logistics and potential innovation campus site in Paris. We are currently in discussions with public stakeholders on possible masterplan modifications, as well as with an energy utility provider to support potential refurbishments and upgrades to the site.

# 01 IN CONVERSATION WITH CEO

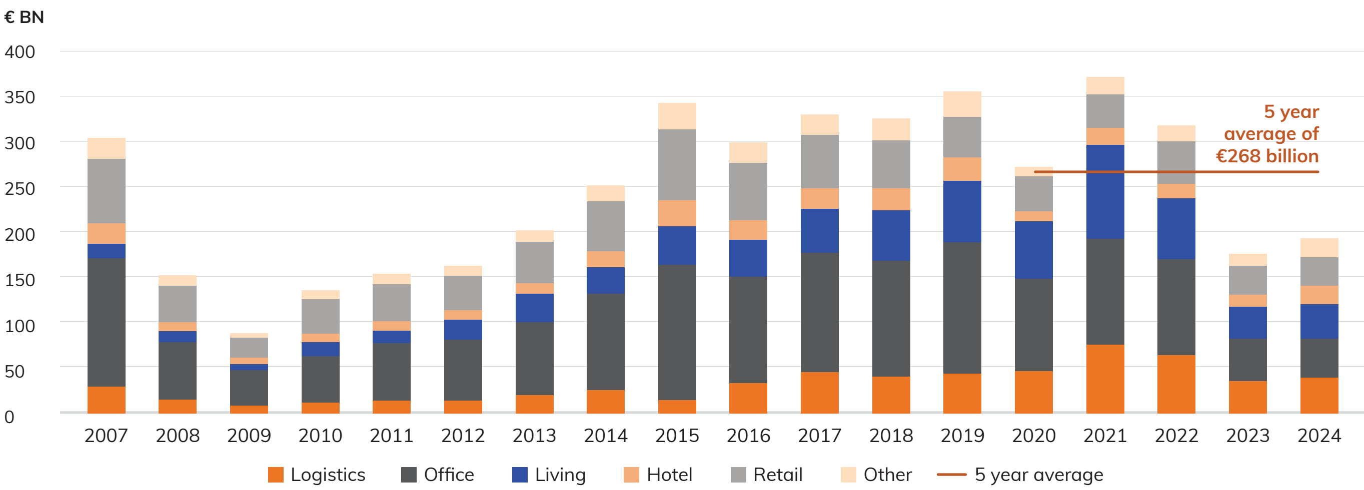
## Q3 WHAT IS YOUR VIEW OF THE EUROPEAN REAL ESTATE MARKET AND WHAT ARE THE BIGGEST RISK AND OPPORTUNITIES YOU FORESEE IN THE COMING YEAR?

We remain cautiously optimistic about the European real estate market. Despite ongoing macroeconomic and geopolitical challenges, we're seeing signs of stabilisation in asset valuations and capitalisation rates, continued rental growth in both logistics and office sectors, and a sustained flight to quality, with tenants increasingly prioritising ESG-compliant, modern spaces.

Our outlook is supported by Oxford Economics, which anticipates that tariff tensions will impact not only trade but also domestic investment and foreign direct investment in the Eurozone. Nevertheless, they expect growth to gain momentum over the next two years, driven by further ECB rate cuts and increased government spending.

Signs of price stabilisation and lower interest rates have also begun to positively influence investment volumes across Europe. According to MSCI, investment rose 11% y-o-y in 2024, reaching €196.1 billion. While this marks the busiest period in the past two years, investment activity still has room to grow, remaining well below the five-year average of €268 billion in annual transaction volumes.

### EUROPEAN INVESTMENT VOLUMES



# Q4 SERT HAS WON MANY ESG AWARDS AND IS HIGHLY RATED ACROSS MANY ESG BENCHMARKS. HOW DO THESE ACHIEVEMENTS IMPACT SERT'S FINANCIAL PERFORMANCE?

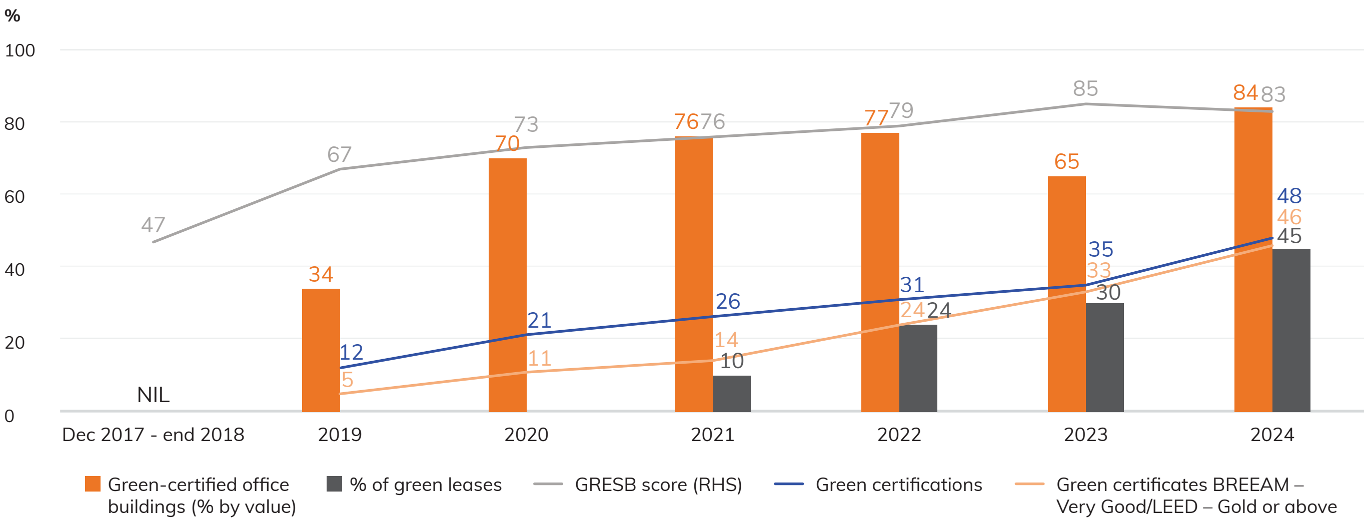
The ultimate objectives of our ESG initiatives is to sustainably enhance SERT's financial performance, drive investor confidence and improve asset values. These outcomes are achieved through several key avenues:

- **Lower cost of capital through ESG-linked financing**
  Nearly all of SERT's financing over the past two years has been ESG-linked. The team has worked diligently to exceed key performance indicators tied to these facilities, including our GRESB score, the number of Green Leases, and the proportion of assets with Green Building certifications

- **Access to a broader Pool of ESG-focused capital**
  Despite recent headwinds in ESG investing, Morningstar data indicates continued interest, with ESG-focused funds recording US$16 billion in inflows in Q4 2024 alone. Total assets under management in these funds stood at approximately US$3.2 trillion at the end of 2024. This represents a sizeable pool of capital that SERT is well-positioned to tap into by maintaining strong ESG credentials

- **Higher occupancy and rental premiums across the portfolio**
  With only 20% of the current European office stock holding BREEAM or LEED certification, there is a structural undersupply of energy-efficient, high-quality office spaces. As hybrid working patterns become more entrenched, tenant-customers increasingly prioritise sustainable buildings with modern amenities. Thanks to our proactive ESG investment strategy, 84% of SERT's portfolio is now BREEAM or LEED certified - placing us in a strong position to command higher occupancy and rent premiums.

## SUSTAINABILITY-LINKED LOANS KPIS




| Sustainability-linked loans KPIs | Target FY 2024 | Status FY 2024 | Comments |
|---|---|---|---|
| GRESB Score | 80 | 83 | **Achieved** |
| 'Green' leases (%of total # of leases) | 25% | 45% | **Achieved** |
| 'Green' building certifications: BREEAM Very Good / LEED Gold or above (#) | 34 | 46 | **Achieved** |

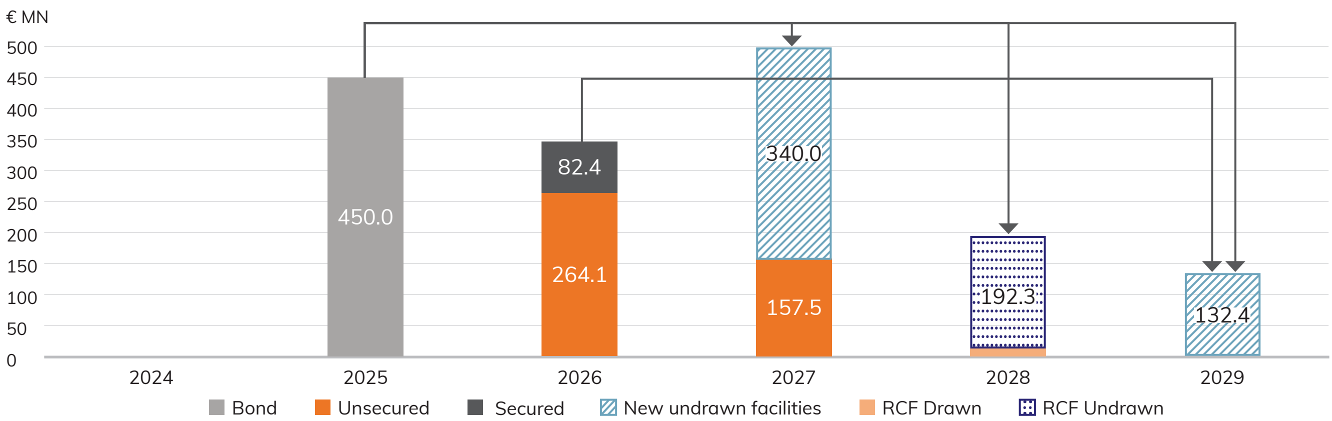
# 01 IN CONVERSATION WITH CEO

## Q5 CAN YOU SHARE THE FOCUS OF SERT'S CAPITAL MANAGEMENT STRATEGY IN 2024 AND THE BENEFITS FOR INVESTORS

SERT's capital management strategy focuses on maintaining a strong balance sheet with an appropriate capital structure, while ensuring financial flexibility to capitalise on market opportunities.

Our key capital management priority in 2024 was the refinancing of SERT's €450 million Euro bond maturing in November 2025. We executed a series of strategic actions totalling over €900 million to materially improve SERT's debt maturity profile, de-risk the balance sheet, and create a long runway before the next refinancing. This strategy was communicated throughout the year, and we are pleased to have successfully completed this transformation.

### PLANNED TRANSFORMATION DISCLOSED IN 3Q 2024 RESULTS PRESENTATION




Firstly, we arranged a €340 million, two-year firm bridge-to-bond unsecured facility with a debt capital market bank syndicate. This was complemented by a €200 million committed revolving credit facility maturing in 2028. Together, these facilities provided ample year-end liquidity while we pursued further initiatives and prepared for a new bond issuance. The timing of the bond launch was influenced, in part, by the strength of the public markets.

Secondly, we refinanced €82.4 million in bank loans secured against three Dutch offices with ABN Amro, enabling full repayment of SERT's PGIM loan and supporting the planned redevelopment of these assets.

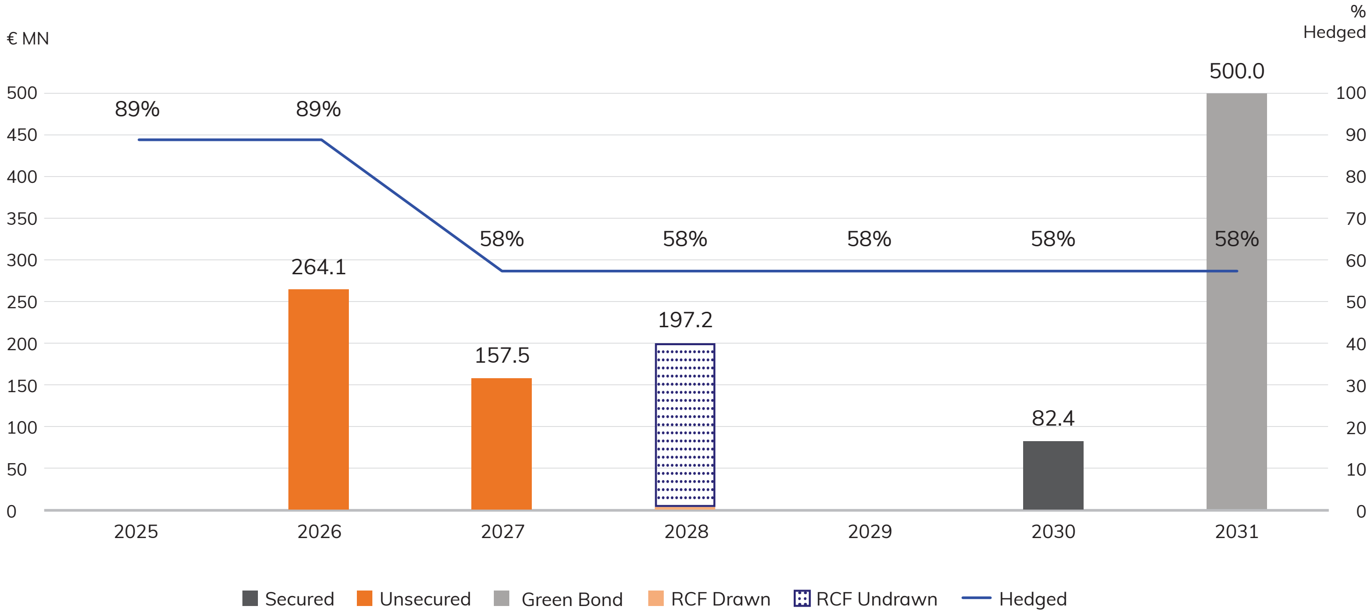
Thirdly, we updated our Green Financing Framework and received a favourable second-party opinion from Sustainalytics, helping broaden interest from potential bond investors.

Finally, we received an improved investment-grade credit rating outlook of BBB- (upgraded to Positive) from Fitch and obtained a second investment-grade BBB- rating from S&P Global Ratings, further expanding SERT's potential investor base.

Sensing shifting conditions following the new US political environment and taking advantage of continued strength in the Euro bond market in January 2025, we issued a €500 million green bond at a 195-basis point spread to the six-year swap rate - an improvement on the 260-basis point spread on SERT's 2020 bond. The issuance was nearly five times oversubscribed, attracting over 100 institutional investors and reflecting strong market confidence in SERT's portfolio, management team, the new sponsor SWI Group, and SERT's underlying credit metrics.

With €197.2 million of undrawn revolving credit facility and credit metrics comfortably within both facility covenants and credit rating agencies' thresholds for investment-grade classification, SERT is well positioned to pursue the next phase of organic and inorganic growth. Most recently, on 20 March 2025, we commenced a unit buyback funded by recent asset sales. This buyback serves as a flexible and cost-effective capital management tool to enhance returns on equity and/or NAV per unit. The strategic initiative reflects our confidence in SERT's fundamentals and underscores our trust in the strength of its portfolio performance and balance sheet following a highly productive year, reaffirming our focus on long-term value creation.

## COMPLETED DEBT TRANSFORMATION IN 1Q 2025




## Q6 SWI GROUP BECOMING SERT'S NEW SPONSOR HAS BEEN CALLED "A GAME CHANGER". HOW WILL THE UNITHOLDERS BENEFIT?

SERT's new Sponsor, SWI Group, is an alternative investment platform specialising in real assets including logistics, living, hospitality and date centres, credit and the financial sectors. It is headquartered in Geneva, Switzerland. Its investment strategies are founded on in-depth research, first-hand market knowledge, and the ability to execute strategies efficiently for optimal risk adjusted returns.

SWI Group is led by an ambitious and well-capitalised entrepreneurial team with strong credentials and extensive European capital and property networks, further strengthening and integrating our well-established European presence. The newly combined platform now has a combined AUM of €10 billion and a workforce of over 350 across 26 offices—twice the size of SERT's previous Sponsor, Cromwell.

SWI Group has also granted SERT right-of-first-refusal (ROFR) over investments that fall within SERT's mandate. It provides SERT investors with a potential pipeline of attractive assets in asset classes and geographical locations complementary to SERT's primary sector exposure, such as potential new logistics and light industrial markets in Switzerland and Spain or complementary asset classes such as data centres.

In summary, SWI Group becoming the new Sponsor is a game changer because it provides SERT with greater scale, access, network, expertise and renewed energy from an expanded team which may benefit unitholders.

# 01 BUSINESS MODEL AND INVESTMENT STRATEGY

## PURPOSE

SERT's purpose is to provide Unitholders with stable and growing distributions and NAV per Unit over the long term while maintaining an appropriate capital structure.

## INVESTMENT PROPOSITION

SERT offers the opportunity to invest in attractive European freehold commercial real estate with a trusted Manager and experienced local Property Manager.

## STRENGTHS

- Resilient portfolio, benefiting from attractive European market fundamentals;
- A well-balanced mix of geographies, tenant-customers and trade sectors;
- Proven track record in undertaking value-accretive acquisitions, asset management and capital recycling;
- A strong balance sheet with diverse sources of funding, providing financial flexibility;
- Responsible capital management supported by investment grade credit ratings by Fitch Ratings (BBB- with positive outlook) and by S&P Global ratings (BBB- with stable outlook); and
- Aspirational Net Zero operational carbon emissions by 2040 target informs investment and asset management strategy

## INVESTMENT STRATEGY

SERT 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. At present, the Manager has approximately 86% exposure to Western Europe and around 55% to the logistics / light industrial sector, with a medium-term goal of increasing SERT's exposure to this sector to at least a vast majority weighting. Additionally, the Manager undertakes asset enhancement initiatives and redevelopment projects for existing office assets, emphasising strong ESG credentials in prime and core locations within key European gateway cities.

The Manager maintains a disciplined approach to capital deployment, targeting an unlevered internal rate of return (IRR) exceeding SERT's cost of capital, subject to asset class and risk profile. Portfolio allocation is guided by macroeconomic indicators, sectoral demand forecasts, and proprietary data-driven risk-adjusted return analysis.

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

### Active asset management and asset rejuvenation

- Seek to drive organic growth in revenue and income and maintain strong tenant-customer relationships;
- Continually monitor each asset's expected contribution to earnings and NAV growth, utilising the proprietary dynamic portfolio optimisation tool encapsulating 10 risk factors;
- Regularly evaluate the portfolio to identify if potential asset enhancements, sustainability upgrades or redevelopment opportunities can further enhance the overall quality of the portfolio and provide growth in DPU and NAV over the medium term; and
- Implement a proactive tenant engagement strategy to ensure alignment with evolving occupier needs, focusing on flexible leasing solutions, ESG-aligned fit-outs, and operational efficiencies.

### Capital recycling and growth through acquisitions

- Adopt a rigorous research-backed selection process focused on long-term sector trends and fundamental real estate qualities to ensure investments are concentrated in the right macro / micro-locations and sectors;
- Seek assets that can provide attractive cash flows and yields, which fit within SERT's purpose to enhance returns for Unitholders;
- Source potential acquisitions that create opportunities for future income and capital growth, leverage extensive on-the-ground teams to participate in both on- and off-market acquisitions;
- Divestment of selected non-core and non-strategic assets and look to reinvest capital into opportunities that will ultimately increase DPU and NAV per Unit; and
- Leverage technology and innovation, including smart building solutions and asset performance analytics to optimise cost efficiencies, tenant engagement and maximise investment returns.

### Responsible capital management

- Maintain a strong balance sheet with a well-balanced mix of debt and equity, ensuring sufficient liquidity;
- Secure diversified funding sources across financial institutions and capital markets to enhance financial flexibility;
- Optimise debt financing costs and implement interest rate and foreign exchange hedging strategies where appropriate;
- Maintain a disciplined approach to leverage, targeting a gearing ratio within a range of 35-40% over the medium term and upper limit of 45%- to safeguard against interest rate fluctuations and market downturns; and
- Deploy a strategic capital allocation framework to evaluate reinvestment opportunities, balancing growth initiatives with capital returns to Unitholders through dividends or share buybacks for maximum capital efficiency.

**High ESG standards and disclosures**

- Have set aspirational target of Net Zero operational carbon emissions by 2040, and specific reduction targets for energy, carbon, water and waste to be achieved by the end of the year 2030;
- Employ a rigorous approach to ESG matters to achieve high sustainability standards in the operation and management of SERT, consistent with the values of the Sponsor and with guidance from the Board;
- Safeguard Unitholders' interests through robust corporate governance and risk management;
- Participate in the annual GRESB assessment as well as MSCI ESG, Sustainalytics and EPRA sBPR submissions to provide a regular measure of SERT's sustainability performance;
- Implement ESG / data analytics / capex / sustainability processes; and
- Actively monitor regulatory developments across key European jurisdictions to ensure full compliance with evolving ESG disclosure requirements, including EU Taxonomy, SFDR, and TCFD frameworks.

# 01 BUSINESS MODEL AND INVESTMENT STRATEGY

## INVESTMENT PROCESS

### Research-based approach to investments

The Manager's investment approach combines research-based fundamental market analysis with rigorous evaluation of property-specific variables and financial forecasts to select assets that meet SERT's investment criteria and enhance risk-adjusted returns.

The first-order filtering / selection is carried out by Stoneweg's on-the-ground local transaction teams, who then propose investment opportunities with appealing risk-return profiles to the Manager during the weekly pipeline allocation call. Promising investment opportunities are subsequently analysed, with the support of the Manager team, and submitted for Board consideration in two stages – pre-due diligence (preliminary investment proposal) and post-due diligence (final investment proposal). All investment and divestment decisions undergo rigorous evaluation and are subject to final approval by the Board, ensuring alignment with SERT's strategic objectives and commitment to long-term value creation.

### The process

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

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

A country-specific risk assessment tool evaluates market resilience under various economic scenarios, incorporating factors such as GDP growth projections, employment trends, and regulatory stability.

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

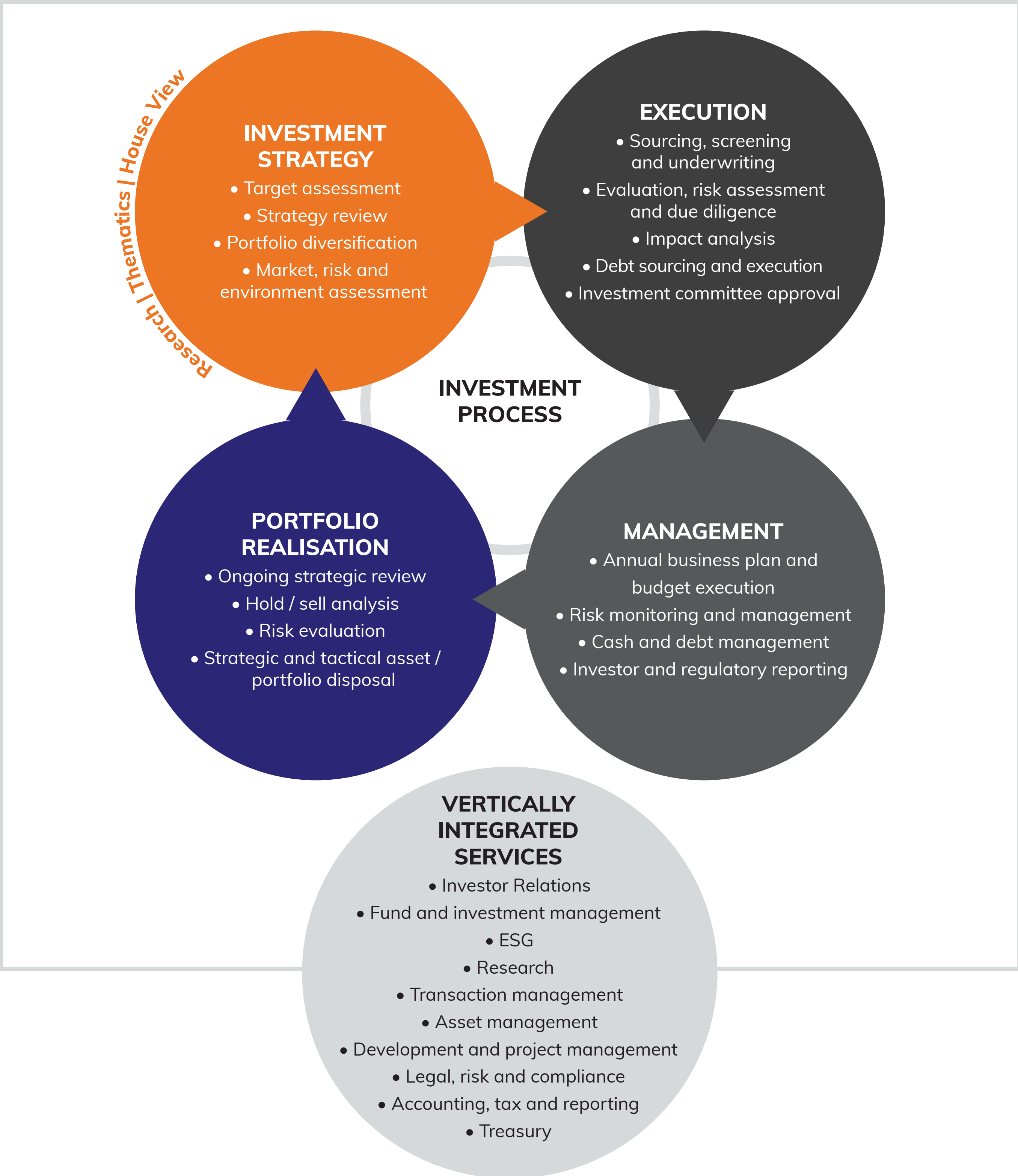
- An enhanced property risk matrix across three broad categories, encapsulating 10 risk factors (asset risk, market / location risk, execution / financial risk). This matrix visualises how the identified asset (existing property, proposed investment, or potential divestment) enhances or detracts from the existing portfolio risk / return profile. It lays out the assessed risks in a standardised framework to compare against the projected returns.

- A dynamic portfolio optimisation tool that measures SERT's overall risks and returns by producing an "efficient frontier curve". The tool maps out a dynamic and efficient frontier of SERT's investable universe based on the investment team's evaluation of expected returns and an assessment of the overall risk profile of a typical SERT property across each asset class in identified cities and countries.

- Stress-testing models simulate various economic downturn scenarios, allowing the Manager to assess portfolio resilience and make informed risk-adjusted decisions.

**The Manager's investment approach combines research based fundamental market analysis with rigorous evaluation of property-specific variables and financial forecasts to select assets that meet SERT's investment criteria and enhance risk-adjusted returns.**

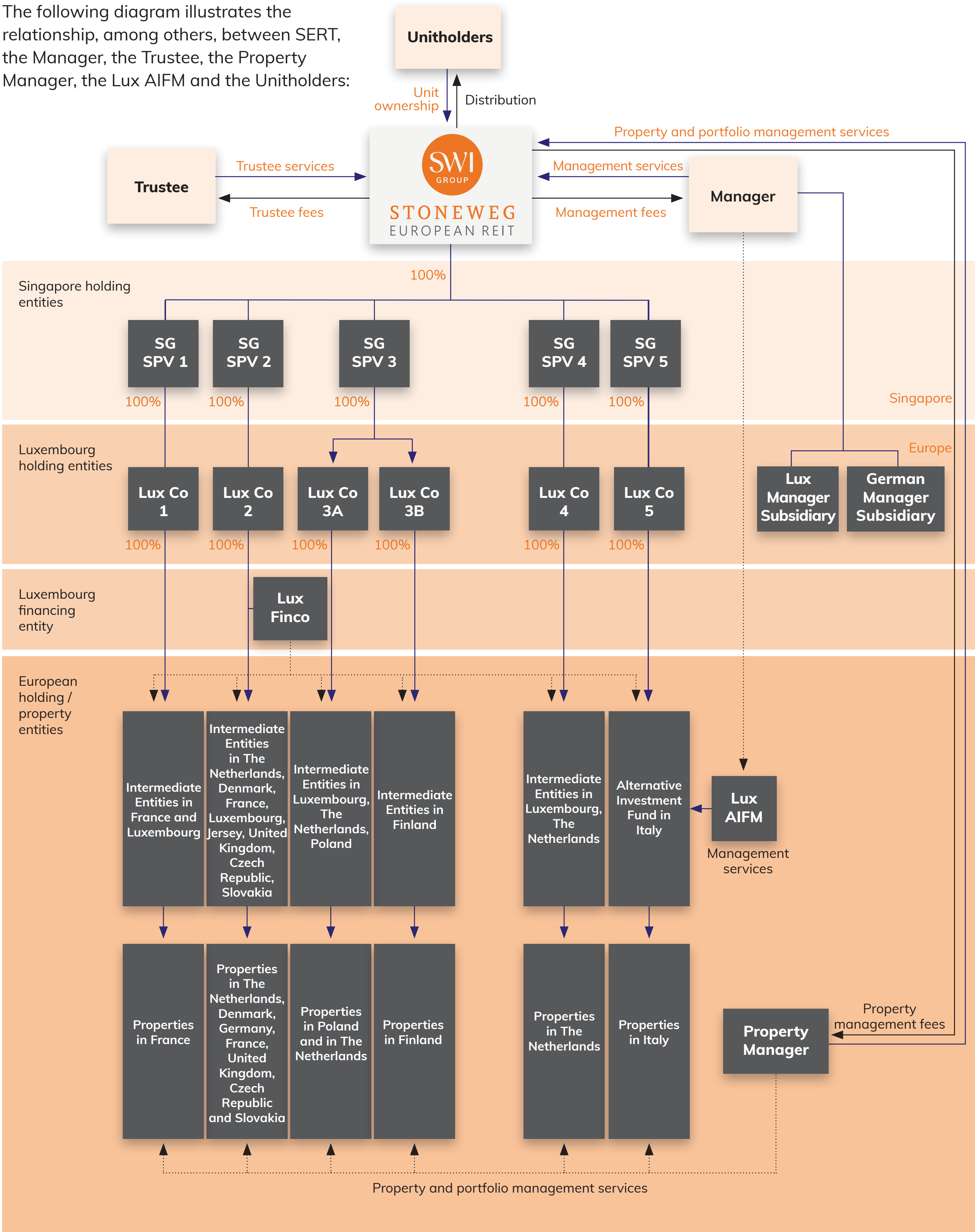
## AN INTEGRATED APPROACH ALONGSIDE ONGOING REVIEW AND GOVERNANCE



# 01 STRUCTURE OF SERT

**(As at 31 March 2025)**

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



# 01 SERT'S MILESTONES

## 2024

**110** PROPERTIES

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

**22 January:**
Nervesa21 in Milan, Italy, office redevelopment largely completed and 70% pre-let to three high-quality businesses

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

**109** PROPERTIES

**28 March:**
Completed the divestment of a non-core office asset in Poland at 7.5% premium to latest valuation

**107** PROPERTIES

**4 and 26 April:**
Completed the divestment of non-core office assets in Italy and Finland at a blended premium of 2.1% premium to latest valuations

**23 May:**
Stoneweg Icona Capital Platform announced it was to become the REIT's new sponsor and substantial unitholder

**3 July:**
Portfolio valuations up 0.6% on a like-for-like basis for the six months to 30 June 2024

**106** PROPERTIES

**30 September:**
Completed the divestment of a non-core office asset in France

**7 October:**
Fitch Rating revised SERT's outlook to 'Positive' and affirmed SERT's 'BBB-' long term issuer default rating

**21 October:**
Retained 4-Stars and awarded 83 points in GRESB 2024

**30 October:**
Won Best CEO Asia Pacific (Platinum) & Best Industrial REIT (Singapore) at the 9th Annual REITs and Real Estate Investment Summit Asia Pacific

**14 November:**
Secured €340 million bridge-to-bond facility to ensure sufficient liquidity to offset the €450 million series 001 bond due in November 2025

**29 November:**
Won the Best ESG Reporting Award at IR Magazine Southeast Asia Forum 2024 for a second year running

**105** PROPERTIES

**19 December:**
Completed divestment of a non-core office asset in Italy at 36.6% premium to latest valuation and announced divestment of another non-core office asset in Italy to be completed in 2025

**24 December:**
SWI Group, comprising Stoneweg, Icona Capital and its subsidiaries and associates, became the new sponsor of the REIT

**105** PROPERTIES

**€2,241 million**
**portfolio value**
as at 31 December 2024

## 2025

**2 January:**
The REIT was renamed to Stoneweg European REIT, while was the manager renamed to Stoneweg EREIT Management Pte. Ltd. to align with the new sponsor

**10 January:**
S&P Global assigns SERT Investment Grade 'BBB-' credit rating with a Stable outlook

**30 January:**
Successfully issued Series 002 6-year €500 million Green Bond due in 2031

**20 March:**
Commenced Unit Buyback programme

# 02 BOARD OF DIRECTORS

## Lim Swe Guan

**Chair and Independent Non-Executive Director**

**DATE OF APPOINTMENT AS DIRECTOR**

28 July 2017

**LENGTH OF SERVICE AS DIRECTOR**
(As at 31 December 2024)

7 Years 5 Months

**NATIONALITY**

Singaporean

**AGE**

70

### BOARD COMMITTEES SERVED ON

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

### ACADEMIC AND PROFESSIONAL QUALIFICATIONS

- Bachelor of Science in Estate Management from the University of Singapore (Honours)
- Master of Business Administration from the Colgate Darden Graduate School of Business, The University of Virginia
- Chartered Financial Analyst of the Institute of Chartered Financial Analysts

### BACKGROUND AND WORKING EXPERIENCE

Mr Lim has extensive experience in the investment management and real estate sectors. From 1986 to 1995, he was with Jones Lang Wootton in Sydney, where his last held position was Research Director. He then joined Suncorp Investments, Brisbane, Australia and worked as the Portfolio Manager of Property Funds from 1995 to 1997. From 1997 to 2008, he was with the Government of Singapore Investment Corporation (GIC), where his last held position was Regional Manager. From 2008 to 2011, he was a Managing Director of GIC Real Estate. His roles included the Regional Head of Property Investment for Australia, Japan and Southeast Asia and the Global Head of the Corporate Investments Group that invests in public REITs and property companies.

### PRESENT OTHER LISTED COMPANY DIRECTORSHIPS OR CHAIRPERSONSHIPS
(As at 31 December 2024)

- Thakral Corporation Limited (Independent Non-Executive Chairman)

### PRESENT OTHER PRINCIPAL COMMITMENTS
(As at 31 December 2024)

- CIMB-Trust Capital Advisors (Independent Investment Committee Member)
- Fife Capital Singapore Pte Limited (Independent Investment Committee Member)
- Asia Pacific Real Estate Association Limited (Director)

### PRESENT LISTED COMPANY DIRECTORSHIP OR CHAIRPERSONSHIPS HELD OVER PRECEDING 3 YEARS
(From 1 January 2022 to 31 December 2024)

- Nil

# Jaume Sabater

**Non-Independent**
**Non-Executive Director**

**DATE OF APPOINTMENT AS DIRECTOR**

24 December 2024

**LENGTH OF SERVICE AS DIRECTOR**
(As at 31 December 2024)

<1 Month

**NATIONALITY**

Swiss

**AGE**

45

## BOARD COMMITTEES SERVED ON

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

## ACADEMIC AND PROFESSIONAL QUALIFICATIONS

- Master's degree in international management from the Community of European Management Schools in St. Gallen University and ESADE Barcelona

## BACKGROUND AND WORKING EXPERIENCE

Mr Sabater is the founder of Stoneweg Group and CEO of Stoneweg Asset Management S.A.. He has more than 18 years of experience in real estate investment, fund management, project management, real estate acquisitions execution and, capital management and investment partnerships in Europe.

Prior to creating Stoneweg in 2015, Mr Sabater was the First Vice-President of Edmond de Rothschild (Suisse) S.A. Asset Management in Geneva from 2003 to 2014. He established the real estate investment operations and set up the product and fund selection platform and the dedicated real estate team in 2007. As Head of the Real Estate unit and Head of Dedicated accounts, he oversaw a team of 20 investment professionals based in Geneva, Paris and Luxembourg and a platform with CHF 5 billion assets under management. In 2011, he launched the first Swiss Real Estate SICAV (ERRES), investing over CHF 1 billion in real estate assets in Switzerland.

## PRESENT OTHER LISTED COMPANY DIRECTORSHIPS OR CHAIRPERSONSHIPS

(As at 31 December 2024)

- Varia US Properties AG (Executive Vice Chairman)
- Varia Europe Properties AG (Member of Board)

## PRESENT OTHER PRINCIPAL COMMITMENTS

(As at 31 December 2024)

- Stoneweg Asset Management SA (CEO)

## PRESENT LISTED COMPANY DIRECTORSHIP OR CHAIRPERSONSHIPS HELD OVER PRECEDING 3 YEARS

(From 1 January 2022 to 31 December 2024)

- None

# 02 BOARD OF DIRECTORS

## Christian Delaire

**Independent**
**Non-Executive Director**

**DATE OF APPOINTMENT AS DIRECTOR**

24 August 2017

**LENGTH OF SERVICE AS DIRECTOR**
(As at 31 December 2024)

7 Years 4 Months

**NATIONALITY**

French

**AGE**

57

### BOARD COMMITTEES SERVED ON

- Nominating and Remuneration Committee (Chair)
- Audit and Risk Committee (Member)
- Sustainability Committee (Member)

### ACADEMIC AND PROFESSIONAL QUALIFICATIONS

- Master of Science in Management from the ESSEC Business School in Paris

### BACKGROUND AND WORKING EXPERIENCE:

Mr Delaire has more than 30 years of experience in the investment management and real estate sectors. After starting his career with KPMG audit as financial and accounting auditor, he joined AXA Real Estate, where from 1994 to 2009 he held various roles throughout the organisation including Head of Asset Management France, Global Head of Corporate Finance and Global Chief Investment Officer. In 2009, he joined AEW Europe, a real estate fund management company in Europe, as Chief Executive Officer, where he managed the company from 2009 to 2014. From 2014 to 2016, he was the Global CEO of Generali Real Estate, where he was responsible for the overall strategic vision and management of the firm and its €28 billion of assets.

### PRESENT OTHER LISTED COMPANY DIRECTORSHIPS OR CHAIRPERSONSHIPS
(As at 31 December 2024)

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

### PRESENT OTHER PRINCIPAL COMMITMENTS
(As at 31 December 2024)

- CDE Advisors
- NODI SA
- New Immo Holdings

### PRESENT LISTED COMPANY DIRECTORSHIP OR CHAIRPERSONSHIPS HELD OVER PRECEDING 3 YEARS
(From 1 January 2022 to 31 December 2024)

- Nil

# Fang Ai Lian

**Independent Non-Executive Director**

**DATE OF APPOINTMENT AS DIRECTOR**

31 July 2017

**LENGTH OF SERVICE AS DIRECTOR**
(As at 31 December 2024)

7 Years 5 Months

**NATIONALITY**

Singaporean

**AGE**

75

## BOARD COMMITTEES SERVED ON

- Audit and Risk Committee (Chair)
- Nominating and Remuneration Committee (Member)
- Sustainability Committee (Member)

## ACADEMIC AND PROFESSIONAL QUALIFICATIONS

- Fellow of the Institute of Chartered Accountants in England and Wales
- Fellow of the Institute of Singapore Chartered Accountants

## BACKGROUND AND WORKING EXPERIENCE

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

## PRESENT OTHER LISTED COMPANY DIRECTORSHIPS OR CHAIRPERSONSHIPS

(As at 31 December 2024)

- Singapore Post Limited (Independent Director)

## PRESENT OTHER PRINCIPAL COMMITMENTS

(As at 31 December 2024)

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

## PRESENT LISTED COMPANY DIRECTORSHIP OR CHAIRPERSONSHIPS HELD OVER PRECEDING 3 YEARS

(From 1 January 2022 to 31 December 2024)

- Metro Holdings Limited (Independent Director)

# 02 BOARD OF DIRECTORS

## Yovav Carmi

**Non-Independent Non-Executive Director**

**DATE OF APPOINTMENT AS DIRECTOR**

24 December 2024

**LENGTH OF SERVICE AS DIRECTOR**

(As at 31 December 2024)

<1 Month

**NATIONALITY**

Israeli

**AGE**

56

### BOARD COMMITTEES SERVED ON

- Sustainability Committee (Chair)

### ACADEMIC AND PROFESSIONAL QUALIFICATIONS

- Bachelor's degree in law (LLB) and accounting from Tel-Aviv University
- Master of Business Administration (MBA) in finance from Tel-Aviv University
- CPA (Israel)

### BACKGROUND AND WORKING EXPERIENCE

Mr Carmi has more than 20 years of real estate experience, including in property investment, development, project management, real estate management and acquisitions execution, operational management, and capital markets in Europe.

Mr Carmi worked for Globe Trade Centre S.A, a leading real estate developer and asset management company active in Central and Eastern Europe with ~€2.5 billion assets under management, listed in the Warsaw and Johannesburg Stock Exchanges, from 2001 to early 2022. During more than twenty years of tenure with GTC he worked in various roles, starting with Regional Finance Director from 2001 to 2011, followed by Group Chief Operating Officer from 2015 to 2020 and President of the Management Board and CEO from 2020 to 2022.

### PRESENT OTHER LISTED COMPANY DIRECTORSHIPS OR CHAIRPERSONSHIPS

(As at 31 December 2024)

- None

### PRESENT OTHER PRINCIPAL COMMITMENTS

(As at 31 December 2024)

- None

### PRESENT LISTED COMPANY DIRECTORSHIP OR CHAIRPERSONSHIPS HELD OVER PRECEDING 3 YEARS

(From 1 January 2022 to 31 December 2024)

- None

# Simon Garing

**Chief Executive Officer and Executive Director**

**DATE OF APPOINTMENT AS DIRECTOR**

3 September 2018

**LENGTH OF SERVICE AS DIRECTOR**
(As at 31 December 2024)

6 Years 4 Months

**NATIONALITY**

Australian

**AGE**

55

## BOARD COMMITTEES SERVED ON

- Sustainability Committee (Member)

## ACADEMIC AND PROFESSIONAL QUALIFICATIONS

- Bachelor of Commerce (Accounting and Finance) from the University of New South Wales, Australia
- Fellow of CPA (Australia)
- The Hong Kong Institute of Directors (Member)
- The Singapore Institute of Directors (Member)

## BACKGROUND AND WORKING EXPERIENCE

Mr Garing has over 25 years of investment management, financial markets, risk management, and accounting experience in the global real estate industry. Prior to his appointment to the SERT Manager, he was the Chief Capital Officer of Cromwell Property Group, where he was responsible for capital management and capital markets fund raising, for both public and private fund initiatives. A proven capital markets manager, investor and analyst, Mr Garing was previously a Managing Director of Bank of America (formerly Bank of America Merrill Lynch) Asia Pacific and Bank of America Australia. He was the Global Head of Real Estate Research and the Chair of the bank's APAC Recommendation Review Committee, managing around 130 equity analysts who evaluated and analysed approximately 1,200 companies spanning several asset classes and industry sectors across 12 APAC countries. Prior to that, he held several senior roles at leading financial advisory firms and investment banks.

## PRESENT OTHER LISTED COMPANY DIRECTORSHIPS OR CHAIRPERSONSHIPS

(As at 31 December 2024)

- None

## PRESENT OTHER PRINCIPAL COMMITMENTS

(As at 31 December 2024)

- None

## PRESENT LISTED COMPANY DIRECTORSHIP OR CHAIRPERSONSHIPS HELD OVER PRECEDING 3 YEARS

(From 1 January 2022 to 31 December 2024)

- None

# 02 THE SPONSOR, THE MANAGER AND THE PROPERTY MANAGER

## THE SPONSOR

SERT's sponsor is SWI Group is an alternative investment platform specialising in real estate, data centres, credit, and the financial sectors. SWI Group comprises Stoneweg, Icona Capital, its subsidiaries and associates. Its investment strategies are founded on in-depth research, first-hand market knowledge, and the ability to execute strategies efficiently for optimal returns. It currently manages over €10.0 billion and is a trusted partner to, and investment manager on behalf of, a diverse range of global and local investors, capital allocators, and finance houses.

SWI Group's real assets arm, Stoneweg, has a strong track record across various asset classes, including logistics and industrial, data centres, living, hospitality, and experiences, operating through both private and listed mandates. Its listed mandates, SERT and Varia US Properties (listed on the Swiss Stock Exchange, with a strategy to maximise long-term value by acquiring, owning, repositioning, managing, and selling US multifamily properties), collectively represent approximately 40% of SWI Group's assets under management.

SWI Group relies on local operating teams to identify, develop, and manage opportunities worldwide across both real estate and investment strategies. The group has over 350 employees at more than 25 offices globally, with a presence in 15 European countries, as well as the US and Singapore.

## THE MANAGER

Stoneweg EREIT Management Pte. Ltd. is the Manager of SERT. The Manager has general powers of management over the assets of SERT and manages its assets and liabilities for the benefit of the Unitholders. The Manager sets the strategic direction of SERT and provides recommendations to the SERT Trustee on the acquisition, divestment, development and / or enhancement of SERT's assets in accordance with its investment strategy. The Manager provides a holistic range of services and these services are performed by its Singapore-based and the Europe-based teams of the subsidiaries of the Manager.

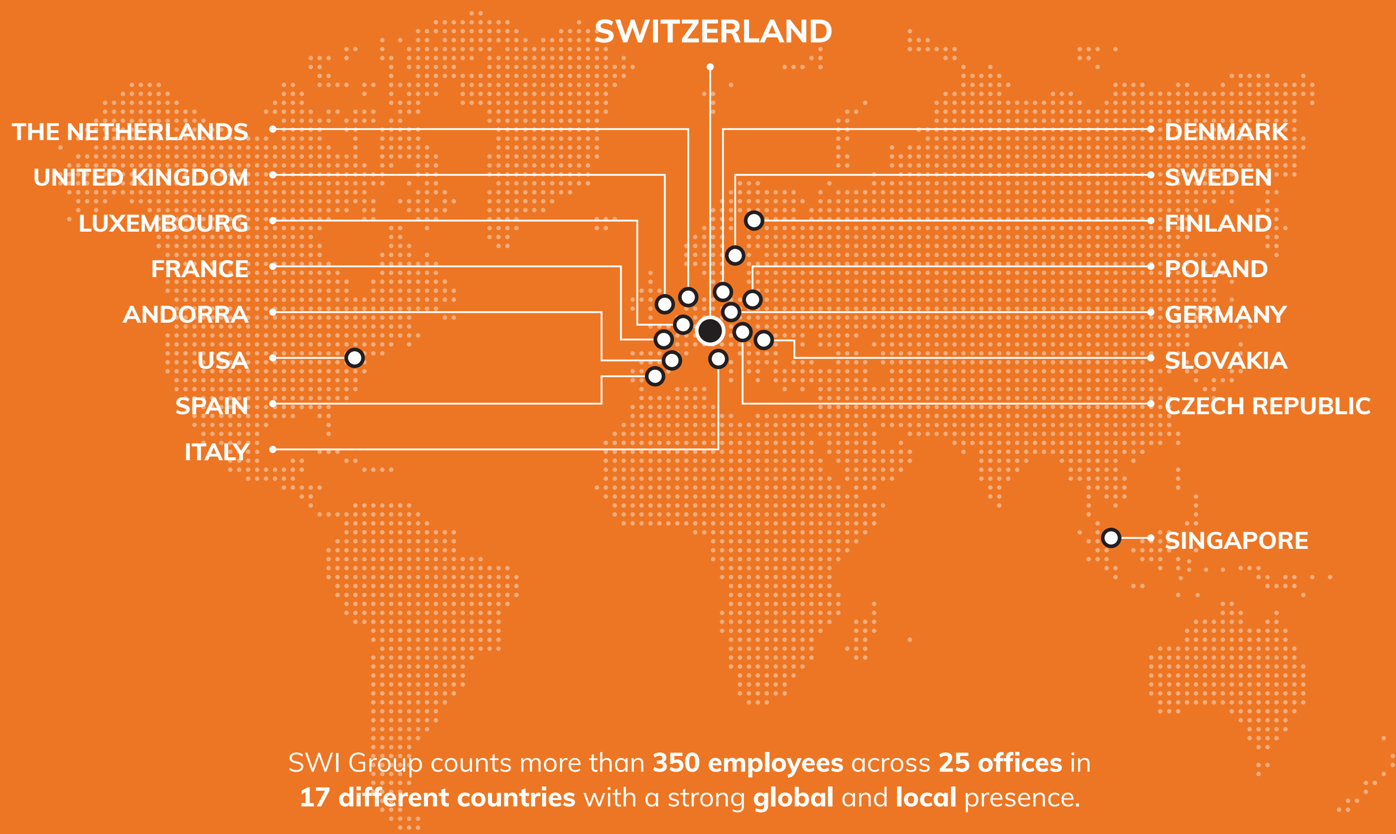
The services provided include, but are not limited to, the following:

- Investment management: formulating SERT's investment strategy, including determining the location, sub-sector type and other characteristics of SERT's property portfolio, overseeing the negotiations, providing supervision in relation to investments of SERT and making final recommendations to the SERT Trustee;
- Asset management: formulating SERT's asset management strategy, including determining the tenant-customer mix, asset enhancement plans and rationalising operational costs, providing supervision in relation to asset management of SERT and making final recommendations to the SERT Trustee on material matters;
- Capital management: formulating the plans for equity and debt financing for SERT's property acquisitions, distribution payments, expense payments and property maintenance payments, executing SERT's capital management plans, negotiating with financiers and underwriters, and making final recommendations to the SERT Trustee;
- Finance and accounting: preparing accounts, financial reports and annual reports for SERT on a consolidated basis;
- Compliance: making all regulatory filings on behalf of SERT and using commercially reasonable best efforts to assist SERT in complying with the applicable provisions of the relevant legislations pertaining to the location and operations of SERT, the listing manual of the SGX-ST, the Trust Deed, any tax ruling and all relevant contracts;
- Investor relations: communicating and liaising with investors, research analysts and the investment community; and
- ESG: devising and executing SERT's sustainability strategy and plans, including managing stakeholder relations, preparing annual sustainability reports and other relevant submissions such as GRESB

## THE PROPERTY MANAGER

Stoneweg EU Limited is the property manager of SERT. The primary goal of the Property Manager is to maximise cash flows, earnings, and value of each of SERT's assets to meet SERT's objectives. The Property Manager's services include but are not limited to:

- Investment management services: assistance with deal sourcing, due diligence, capital management (including debt refinancing) and execution support for property transactions;
- Asset management services: management of the properties, business plan advisory and support services, new investments or development / extension services, debt advisory services, onboarding of new acquisitions, lease management services, technical management services, sustainability services, disposal services and general management services;
- Portfolio management services;
- Accounting and administration services;
- Treasury management services;
- Technical property management services;
- Project management services;
- Development management services;
- Risk management services; and
- ESG data collecting and reporting services




SWI Group counts more than **350 employees** across **25 offices** in **17 different countries** with a strong **global** and **local** presence.

# 02 THE MANAGER'S KEY EXECUTIVES

## Simon Garing
Chief Executive Director
and Executive Director
- SERT

**Mr Garing** was appointed as the CEO and Executive Director of the Manager on 13 May 2019, after an interim period as Acting CEO from 3 September 2018.

As CEO, Mr Garing works with the Board to determine the strategy for SERT and with the other members of the management team to ensure that SERT operates in accordance with the Manager's stated investment strategy. The CEO is also responsible for the overall day-to-day management and operations of SERT and works with the Manager's investment, asset management, finance, investor relations, legal, risk and compliance teams to meet the strategic, investment, regulatory, sustainability and operational objectives of SERT.

Mr Garing has over 25 years of investment management, financial markets and accounting experience in the global real estate industry. Prior to his appointment to the SERT Manager, he was the Chief Capital Officer of Cromwell Property Group, where he was a member of the global leadership team and was responsible for capital management and fund raising for capital markets.

A proven capital markets manager, investor and analyst, Mr Garing was previously a Managing Director of Bank of America (formerly Bank of America Merrill Lynch) APAC and Bank of America Australia. He was the global head of real estate research and the Chair of the bank's APAC Recommendation Review Committee, managing around 130 equity analysts who evaluated and analysed approximately 1,200 companies spanning several asset classes and industry sectors across 12 APAC countries.

Prior to that, he held several senior roles at leading financial advisory firms and investment banks, including Bell Potter and Babcock & Brown. Notably, he was a Managing Director of UBS Australia, where he was also Co-Head of Global Real Estate Research.

Mr Garing holds a Bachelor of Commerce (Accounting and Finance) degree from the University of New South Wales and is a Fellow of CPA (Australia). He is a member of the executive committee of REITAS. He is also a member of the Singapore Institute of Directors and of the Hong Kong Institute of Directors

## Shane Hagan
Chief Financial Officer
- SERT

**Mr Hagan** joined the Manager in November 2018 and subsequently took on the role of the Manager's CFO on 1 May 2019.

As CFO, Mr Hagan works with the CEO and other members of the management team to formulate strategic plans in accordance with SERT's stated investment objectives, as well as for applying the appropriate capital management strategy for finance, tax, treasury and accounting matters to support the Manager's plans and maintain SERT's financial health.

Mr Hagan has over 25 years of experience in the real estate industry across Singapore, Australia and New Zealand. Prior to joining the Manager, Mr Hagan held executive positions in several Singapore-listed real estate investment trusts, including ESR-REIT, Mapletree Commercial Trust and Ascendas Real Estate Investment Trust.

Mr Hagan holds a bachelor's degree in Commerce and Administration from Victoria University and is a Chartered Accountant of the Chartered Accountants Australia and New Zealand. Mr Hagan is a member of the regulatory sub-committee of REITAS.

## Andreas Hoffmann

Chief Investment Officer
- SERT

## Elena Arabadjieva

Chief Operating Officer and
Head of Investor Relations
- SERT

**Mr Hoffmann** was appointed CIO – SERT in March 2025 after serving as Head of Property – SERT since 2019. As Chief Investment Officer, he oversees SERT's investment strategy, portfolio management, development management and asset performance across Europe. This includes the recommendations of strategic targets and yearly budgets, planning and overseeing the key stages of asset and development management, leasing and customer retention programmes, asset enhancement initiatives including capex programmes, cost minimisation solutions and delivering on long-term asset plans including developments.

Prior to joining the Manager, Mr Hoffmann was Managing Director, Head of Asset Management Europe and a member of the European Management team and European Investment Committee at UBS Real Estate & Private Markets for 14 years, where he was responsible for the asset management of a €6 billion portfolio of approximately 150 commercial properties across 12 European countries.

Mr Hoffmann graduated from Dresden University (Dipl.-Ing. in Electrical Engineering). He holds a Master of Science degree in Telecommunications from King's College London and a Master of Business Administration degree from Imperial College London. Mr Hoffmann is former Chairman and member of EPRA's PropTech Committee and also a member of the Supervisory Board of the smart building PropTech company Spaceti.com.

**Ms Arabadjieva** joined the Manager in September 2017 as Head of Investor Relations and was promoted to COO and Head of Investor Relations in September 2018.

As COO, Ms Arabadjieva is responsible for sustainability reporting, business continuity and general business operations. As head of investor relations, Ms Arabadjieva is responsible for investor and stakeholder engagement, marketing and communications as well as continuous disclosure and transparent market communications.

Ms Arabadjieva has more than 25 years of experience in investor relations, sustainability, marketing, sales and communications across real estate, tourism and hospitality in Asia. Prior to joining the Manager, Ms Arabadjieva was the Head of Investor Relations and Corporate Communications of ESR-REIT. Prior to ESR-REIT, Ms Arabadjieva was the Director of Investor Relations of Genting Singapore PLC (a S$11 billion market cap gaming and hospitality company, constituent of Straits Times index).

Ms Arabadjieva holds a master's degree in architecture from the University of Architecture, Civil Engineering and Geodesy (Bulgaria) and a Master of Business Administration from INSEAD (France and Singapore). Ms Arabadjieva is member of the alumni association of INSEAD (Singapore Chapter) and represents the Manager in relevant initiatives with SGListCos.

# 03 MANAGER'S REPORT

## EXECUTIVE SUMMARY

The Manager is pleased to report a stable performance for SERT in FY 2024, despite market headwinds such as higher interest costs and the impact of strategic divestments initiated in FY 2023 to strengthen the balance sheet and maintain liquidity amid geopolitical uncertainties. This divestment phase is largely complete, with only minor non-core asset sales planned to support strategic developments that enhance portfolio quality and long-term returns.

The Board has declared an FY 2024 Distribution per Unit (DPU) of 14.106 Euro cents, reflecting a 10.1% y-o-y decline, primarily due to:

- Higher all-in interest rates, averaging 3.2% p.a. in FY 2024 versus 2.6% p.a. in FY 2023, partially offset by reduced borrowings;
- Lower NPI following asset divestments in FY 2023 and FY 2024;
- Increased tax expenses, as FY 2023 included a one-off tax credit from the reversal of a prior accrual in the Netherlands.

FY 2024 NPI declined by 2.3% (€3.1 million) y-o-y, mainly due to asset sales and higher vacancies in select properties. However, this was partially offset by the strong performance of the Dutch office portfolio, benefiting from higher occupancy and inflation-linked rental indexation. The redevelopment and full leasing of Nervesa21 by mid-2024 also contributed to revenue stability. On a like-for-like basis, NPI grew by 2.8%, with office assets up by 5.0% and logistics / light industrial by 1.5%.

As at 31 December 2024, SERT's portfolio occupancy stood at 93.5%, with new leases and lease renewals signed for ~20% of the portfolio (~327,000 sqm) at a blended positive rent reversion of 2.8%. These activities extended the WALE to 5.1 years, the longest on record.

Independent valuations by JLL and Savills for 104 properties as at 31 December 2024, placed the portfolio value at €2,225.9 million - a 0.8% y-o-y increase on a like-for-like basis (excluding capital and development expenditures). The logistics / light industrial segment saw a 4.5% valuation uplift, driven by rental growth and cap rate compression.

The Manager prioritised disciplined capital management to strengthen SERT's balance sheet, maintaining net gearing at 40.2%. A €340 million bridge-to-bond facility was secured in Q4 to ensure liquidity ahead of the November 2025 bond maturity. SERT's credit outlook was upgraded to "positive" by Fitch Ratings in October 2024, with its "BBB-" rating intact. In January 2025, S&P Global Ratings assigned an investment-grade "BBB-" rating with a "stable" outlook. In early 2025, SERT issued a 6-year €500 million Green bond, which was almost 5x oversubscribed, effectively refinancing the existing €450 million bond due in November 2025. This debt capital raise improved the weighted average debt term to 4.2 years, with no maturities until late 2026.

In FY 2024, SERT completed the divestment of five non-core assets in Poland, Finland, France, and Italy for €32.1 million, at a blended 9.7% premium to valuation. Proceeds were primarily reinvested into strategic developments, with approximately €24 million allocated to completing the Nervesa21 and Vittuone projects in Italy.

Entering FY 2025, SERT maintains a strong liquidity position, its longest debt maturity profile, and a high-quality, diversified portfolio with long-term secured leases. The new European-based Sponsor, SWI Group, now holds a 28% stake, bringing additional expertise and alignment to the platform.

| | FY 2024 | FY 2023 | Variance % |
|---|---|---|---|
| Gross revenue (€'000) | 212,919 | 216,489 | (1.6%) |
| NPI (€'000) | 131,145 | 134,281 | (2.3%) |
| Total return (€'000) | 35,481 | (73,899) | n.m. |
| Total return attributable to Unitholders (€'000) | 33,153 | (76,225) | n.m. |
| Income available for distribution to Unitholders (€'000) | 79,328 | 88,254 | (10.1%) |
| Applicable number of Units ('000) | 562,392 | 562,392 | - |
| DPU Euro cents per Unit ("cpu") | 14.106 | 15.693 | (10.1%) |

## FINANCIAL PERFORMANCE

Gross revenue for FY 2024 totalled €212.9 million, reflecting a 1.6% y-o-y decline. This decrease was largely driven by €269.5 million in asset divestments completed since the beginning of 2022, aimed at keeping leverage within Board-approved limits and maintaining liquidity. Additionally, the Maxima asset in Rome, Italy, did not generate income during the year due to ongoing redevelopment. However, these negative impacts were partially offset by increased revenue from a 60 basis-point rise in office occupancy and new lease agreements at Nervesa21, which achieved full occupancy in 2H 2024 following its redevelopment.

Property operating expenses were €81.8 million, a slight 0.5% y-o-y decrease. SERT implemented a series of operational enhancements aimed at improving asset efficiency and reducing non-recoverable expenses. Through the expanded deployment of smart meters and predictive maintenance systems, utility and maintenance costs were optimised across the portfolio, leading to a 7.5% reduction in net non-recoverable operating expenses to €22.0 million.

Additionally, the Manager undertook a service charge optimisation program, enhancing recoverability across office assets while introducing energy efficiency initiatives in logistics and light industrial assets. These efforts not only contributed to improved NPI but also strengthened tenant retention and leasing appeal.

NPI for FY 2024 was €131.1 million, down 2.3% or €3.1 million from FY 2023. However, on a like-for-like basis, NPI improved by 2.8% y-o-y.

Net interest expenses excluding debt issuance cost were up 18.1% y-o-y to €33.0 million, reflecting a higher average all-in interest rate (3.2% vs. 2.6% in FY 2023), though partially mitigated by lower average loan amounts due to bond buybacks in late 2023.

Manager's fees declined by 7.9% to €5.4 million due to a reduced deposited property value following divestments and debt reduction. Other trust expenses rose by 4.1% to €6.0 million, primarily due to higher consultancy fees.

A net foreign exchange gain of €1.9 million was recorded due to the revaluation of EUR-denominated intercompany loans, attributed to GBP appreciation.

Divestment gains of €0.6 million were primarily linked to the sale of an Italian office asset, partially offset by losses from the divestment of a Finnish office asset and associated transaction costs.

A fair value loss on investment properties of €27.7 million was recorded, largely due to capital expenditure write-offs and development expenses, partially offset by valuation gains from independent appraisals. A €2.7 million fair value loss on derivative instruments was also recognised, stemming from movements in interest rate collar contracts and cross-currency swaps.

Income tax expense for FY 2024 was €20.2 million, comprising a current tax expense of €7.5 million and deferred tax of €12.7 million. The €1.7 million y-o-y increase in current tax was largely due to the absence of a one-off tax credit recorded in FY 2023. Meanwhile, the €3.0 million rise in deferred tax was driven by valuation gains on select properties and a reduced tax base for investment properties.

# 03 MANAGER'S REPORT

## GROSS REVENUE AND NPI COMMENTARY

### Overall portfolio

The performance of individual assets within SERT's portfolio varied, with high-performing properties contributing to revenue growth, while others faced challenges requiring active repositioning.

- **Nervesa21 (Milan, Italy):** Successfully redeveloped and fully leased ahead of completion, achieving a 6.6% yield on cost and exceeding initial rental projections.
- **Haagse Poort (The Hague, Netherlands):** Achieved a 34,700 sqm lease renewal with a key financial services tenant, contributing to a 2.1% y-o-y revenue increase for the Dutch office portfolio
- **Finnish and Polish Office Assets:** Valuations declined due to softer market demand. SERT is actively assessing strategic options, including targeted refurbishments or selective divestments to optimise capital deployment

Moving forward, the Manager will focus on repositioning underperforming assets through redevelopment or divestment, while maintaining high leasing momentum for prime, well-located properties.

FY 2024 gross revenue was €212.9 million, down 1.6% or €3.6 million y-o-y. FY 2024 NPI was €131.1 million, down 2.3% or €3.1 million y-o-y. The table below compares the gross revenue and NPI figures y-o-y by asset class and country.

| | Gross Revenue | | | Net Property Income | | |
|---|---|---|---|---|---|---|
| | FY 2024 €'000 | FY 2023 €'000 | Variance % | FY 2024 €'000 | FY 2023 €'000 | Variance % |
| **LOGISTICS / LIGHT INDUSTRIAL** | | | | | | |
| The Netherlands | **7,144** | 7,032 | 1.6% | **5,159** | 4,933 | 4.6% |
| France | **34,114** | 33,670 | 1.3% | **20,751** | 20,506 | 1.2% |
| Italy | **12,806** | 11,765 | 8.8% | **8,516** | 8,621 | (1.2%) |
| Germany | **18,927** | 18,037 | 4.9% | **12,407** | 12,478 | (0.6%) |
| Denmark | **12,212** | 12,809 | (4.7%) | **6,999** | 7,093 | (1.3%) |
| Czech Republic | **5,418** | 5,221 | 3.8% | **3,770** | 3,744 | 0.7% |
| Slovakia | **6,692** | 6,087 | 9.9% | **4,347** | 3,982 | 9.2% |
| United Kingdom | **4,686** | 4,620 | 1.4% | **4,113** | 4,104 | 0.2% |
| **Total - Logistics / light industrial** | **101,999** | 99,241 | 2.8% | **66,062** | 65,461 | 0.9% |
| **OFFICE** | | | | | | |
| The Netherlands | **47,626** | 46,651 | 2.1% | **31,574** | 29,240 | 8.0% |
| France | **6,495** | 6,157 | 5.5% | **2,576** | 2,403 | 7.2% |
| Italy | **15,029** | 17,665 | (14.9%) | **8,812** | 10,656 | (17.3%) |
| Poland | **26,783** | 24,589 | 8.9% | **13,332** | 13,587 | (1.9%) |
| Finland | **8,858** | 10,024 | (11.6%) | **4,302** | 5,155 | (16.6%) |
| **Total - Office** | **104,791** | 105,086 | (0.3%) | **60,596** | 61,041 | (0.7%) |
| **OTHERS** | | | | | | |
| Italy | **6,129** | 12,162 | (49.6%) | **4,487** | 7,779 | (42.3%) |
| **Total - Others** | **6,129** | 12,162 | (49.6%) | **4,487** | 7,779 | (42.3%) |
| **Total** | **212,919** | **216,489** | **(1.6%)** | **131,145** | **134,281** | **(2.3%)** |

### Logistics / Light Industrial

FY 2024 gross revenue for logistics / light industrial assets increased 2.8% y-o-y to €102.0 million, with NPI rising 0.9% to €66.1 million. On a like-for-like basis, NPI improved 1.5%, excluding temporary income impact from a redevelopment project in Italy. Growth was driven by rental indexation, new lease signings, and higher occupancy across key markets, including Slovakia, the Netherlands, and France. While provisions for bad debts and vacancy in select assets slightly impacted performance, the sector remains well-positioned for FY 2025, with an expanding tenant base and improving rental income.

### Office

Gross revenue was €104.8 million, down 0.3% y-o-y, while NPI declined 0.7% to €60.6 million. Excluding divestments and redevelopment projects, NPI saw a 5.0% y-o-y improvement. The Netherlands portfolio led growth, with occupancy rising to 99% in key assets such as Haagse Poort, supported by annual rental indexation. Performance in Italy and Poland also improved due to lower bad debt provisions and higher service charge recoverability. However, strategic divestments in Poland, Finland, France, and Italy reduced total office NPI by €3.0 million y-o-y.

### Others

Revenue from other asset classes declined 49.6% to €6.1 million due to divestments, with NPI falling 42.3% to €4.5 million. The sale of key assets in Italy accounted for most of the decline, partially offset by dilapidation income from one of the remaining properties. On a like-for-like basis, NPI was 8.2% lower due to tenant vacating in one retail asset, though turnover rent from hospitality assets provided partial support.

# 03 MANAGER'S REPORT

## VALUATIONS

As of 31 December 2024, independent valuations of SERT's 104 properties were conducted by JLL and Savills, with the total portfolio valued at €2,225.9 million, reflecting a 0.8% like-for-like increase y-o-y (excluding capital expenditure incurred). In addition, one asset was held for sale, pending its completion in 2025.

Despite ongoing macroeconomic challenges, the European commercial real estate market demonstrated resilience in 2024, particularly in the logistics and light industrial sectors. The continued strength of e-commerce, supply chain reconfiguration, and nearshoring trends have sustained demand for well-located logistics assets. Meanwhile, the office sector remained bi-furcated, with prime ESG-certified office spaces outperforming secondary assets as occupiers increasingly seek high-quality, flexible, and energy-efficient workspaces.

SERT has strategically positioned itself to capitalise on these trends by enhancing its portfolio's logistics weighting and focusing on sustainable office refurbishments. Compared to its European REIT peers, SERT has maintained a relatively stable valuation profile, supported by disciplined asset management and diversified portfolio.

The logistics / light industrial segment saw a 4.5% valuation uplift (€53.0 million) prior to capital expenditure. Seven out of eight countries in this segment recorded valuation gains, with the United Kingdom (+12.6%), Denmark (+9.7%), and Italy (+7.4%) leading the increases. The valuation uplift was supported by higher occupancy, positive rental reversions, and strong market demand for high-quality logistics assets. The Netherlands and Germany portfolios also showed steady gains due to improved rental income and favourable market fundamentals.

The office portfolio recorded a 3.5% decline (€34.3 million), primarily due to cap rate widening in Poland (-6.2%) and Finland (-16.8%), where the secondary office markets faced weaker investor sentiment. The Netherlands saw moderate valuation declines due to upcoming refurbishment and redevelopment plans for key assets. In contrast, France (+2.7%) and Italy (+1.2%) posted valuation gains, reflecting stronger rental performance and more stable demand in these markets.

The "others" sector recorded a marginal 0.6% valuation dip, reflecting the impact of divestments and reduced occupancy in select assets. Some assets saw temporary valuation declines due to short-term vacancies, but longer-term prospects remain stable due to expected tenant demand recovery.

SERT remains committed to optimising its portfolio mix, with logistics / light industrial assets now constituting 55% of its total allocation. The Manager continues to focus on active asset management, capital recycling, and strategic asset enhancements to drive long-term value creation for Unitholders.

The main drivers contributing to SERT's portfolio valuation resilience include:

- Increase in passing and market rents across the portfolio due to positive economic and market factors;
- SERT's logistics / light industrial portfolio initial yield is now 6.0%, supported by a high 94.2% occupancy and long WALE of 5.3 years with a higher reversionary yield of 6.9% reflecting the valuers' expectation for further market rent growth;
- SERT's office portfolio initial yield in is now 6.4%, supported by a stabilised 90.9% occupancy and long WALE of 4.9 years, with a higher reversionary yield of 9.2%.

| Country | Purchase price €'000 | Number of properties | Valuation as at 31 Dec 2024 €'000 | Variance between valuation and purchase price % |
|---|---|---|---|---|
| The Netherlands | 586,398 | 14 | 604,284 | 3.1% |
| France | 334,075 | 19 | 452,590 | 35.5% |
| Italy[1] | 410,020 | 17 | 404,075 | (1.4%) |
| Germany | 156,555 | 14 | 212,931 | 36.0% |
| Poland | 218,342 | 5 | 155,860 | (28.6%) |
| Denmark | 84,523 | 12 | 140,778 | 66.6% |
| Czech Republic | 60,891 | 7 | 76,370 | 25.4% |
| Slovakia | 62,389 | 5 | 71,410 | 14.5% |
| United Kingdom | 73,350 | 3 | 68,568 | (6.5%) |
| Finland | 87,120 | 9 | 54,081 | (37.9%) |
| **Total** | **2,073,663** | **105** | **2,240,947** | **8.1%** |

| Financial position | As at 31 Dec 2024 | As at 31 Dec 2023 | Change % |
|---|---|---|---|
| Gross asset value (€'000) | **2,322,159** | 2,367,473 | (1.9%) |
| Net tangible assets ("NTA") attributable to Unitholders (€'000) | **1,140,818** | 1,190,937 | (4.2%) |
| Gross borrowings before unamortised debt issue costs (€'000) | **956,805** | 954,005 | 0.3% |
| | | | |
| Aggregate leverage | **41.2%** | 40.3% | 0.9 p.p. |
| Aggregate leverage excluding distribution | **41.9%** | 41.1% | 0.8 p.p. |
| Net Gearing | **40.2%** | 38.4% | 1.8 p.p. |
| | | | |
| Units in issue ('000) | **562,392** | 562,392 | - |
| Net Asset Value ("NAV") attributable to Unitholders € per Unit | **2.03** | 2.12 | (4.2%) |
| Adjusted NAV attributable to Unitholders € per Unit (excluding distributable income) | **1.96** | 2.04 | (3.9%) |

Gross asset value at 31 December 2024 decreased by 1.9% from 31 December 2023 mainly due to:

- Lower cash and cash equivalents;
- The divestment of two assets in Poland and Italy, as well as three office assets in Finland, France and Italy; and
- Fair value loss on the investment properties after taking into account capital expenditure incurred during the year.

As at 31 December 2024, aggregate leverage increased by 0.9 p.p to 41.2% from 40.3% as at 31 December 2023, due to lower cash balance after payment of distributions and the fair value loss on investment properties. Net gearing was 40.2% after deducting cash balance of €38.5 million as at 31 December 2024. The Manager noted that the minor increase in aggregate leverage over the year does not have any material impact on SERT's risk profile

As at 31 December 2024, NAV attributable to Unitholders per unit decreased by 4.2% to €2.03 and adjusted NAV attributable to Unitholders per unit decreased by 3.9% to €1.96, mainly due to a combination of

- Net valuation loss after taking into account capital expenditure;
- Deferred tax expense;
- Fair value loss on derivative financial instruments; and
- Distributions paid out during the year, partially offset by income generated during the year.

1 Via della Fortezza 8 in Florence, Italy is classified as asset held for sale and carried at the contracted selling price of €15.0 million based on a binding offer from a purchaser.

# 03 MANAGER'S REPORT

## CAPITAL MANAGEMENT

In FY 2024, the Manager remained proactive in capital management, implementing key initiatives to strengthen SERT's financial position and de-risk its balance sheet:

1. **Credit ratings:** In October 2024, Fitch Ratings revised SERT's outlook from stable to positive while maintaining its BBB- investment-grade rating.
2. **Bridge-to-bond facility:** A €340 million bridge-to-bond facility was secured in November 2024, ensuring sufficient liquidity alongside an undrawn €197.2 million revolving credit facility (RCF) which provided ample liquidity to offset the €450 million Series 001 bond due to mature in November 2025 that had to be recorded as a current liability due to its maturity due within 12 months of financial year-end.
3. **Loan refinancing:** In December 2024, the €82.4 million PGIM loan was refinanced with a new 5.1-year loan from ABN AMRO Bank secured by the same 3 Dutch office assets, but now with provisions allowing for their planned redevelopment. Due to the higher interest rate payable, a €4.0 million payment was negotiated from Cromwell Property Group to mitigate the higher interest costs of entering into the ABN AMRO loan prior to the original PGIM loan expiry.

Following the year-end, the Manager secured an investment-grade "BBB-" long-term issuer credit rating with a stable outlook from S&P Global Ratings.

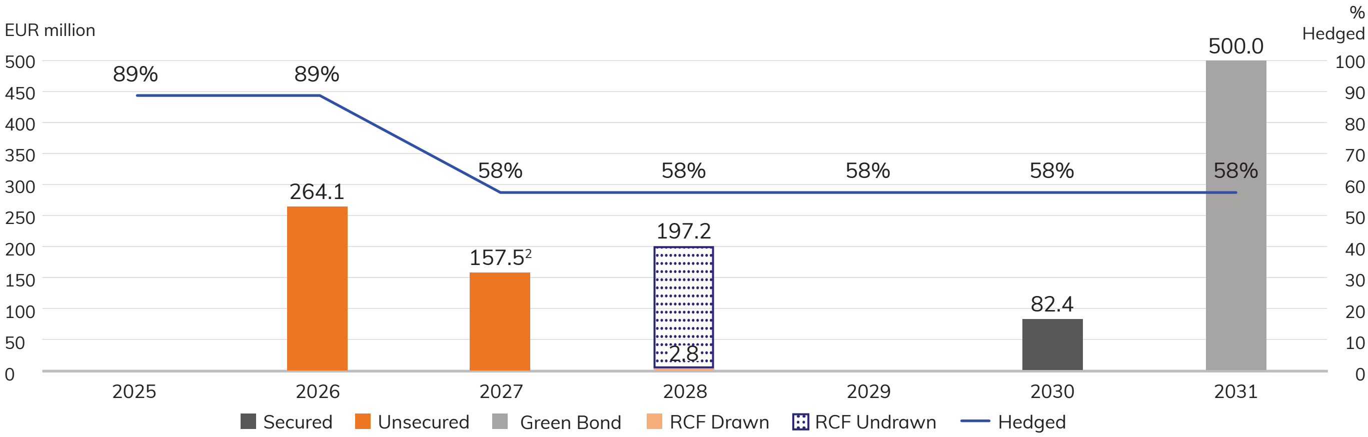
Capitalising on favourable bond market conditions in January 2025, the Manager successfully issued a 6-year €500 million Series 002 Green bond, which was nearly five times oversubscribed by over 100 institutional investors. The new bond was priced at a tight spread of 195 basis points, significantly improving on the 260-basis-point spread of the 2020 Series 001 bond. The proceeds were used to fully redeem the €450 million Series 001 bond, leading to the cancellation of the undrawn bridge-to-bond facility.

As a result of these initiatives:

- The weighted average debt maturity now stands at 4.2 years
- 89% of total debt is fixed or hedged until the end of 2026
- Interest costs are expected to be higher in FY 2025 as the interest rate on the Series 002 green bond is 4.343% compared to 2.125% on Series 001

The pro forma debt maturity profile after the successful green bond issuance and bridge facility cancellation as at February 2025 is illustrated in the chart below:

### PRO FORMA DEBT MATURITY[1] AND HEDGING PROFILE FOLLOWING GREEN BOND ISSUANCE 1Q 2025




Other capital management statistics remained comfortably within the covenants under the EMTN programme. The interest coverage ratio of 3.3x, was lower than last year due to higher finance costs in FY 2024.

| Other capital management statistics | As at 31 Dec 2024 | As at 31 Dec 2023 | EMTN covenant |
|---|---|---|---|
| Interest Coverage Ratio[3] | 3.3x | 3.8x | >2x |
| Adjusted Interest Coverage Ratio[4] | 3.1x | 3.6x | n.a. |
| Priority debt[5] | 3.4% | 3.3% | <35% |
| Unencumbrance ratio[5] | 239.9% | 250.7% | >170% |

1 The proforma debt maturity profile excludes S$100 million of perpetual securities (classified as equity instruments) issued in November 2021.
2 The €157.5 million term loan facility has an initial term of two years with option to extend for another two years at the borrower's option. The chart shows the final expiry date.
3 Calculated as per Property Funds Appendix, excluding distribution on perpetual securities.
4 Calculated as per Property Funds Appendix, including distribution on perpetual securities in accordance with the revised interest coverage ratio definition issued in November 2024
5 As defined in the EMTN prospectus.

## DIVESTMENTS

In FY 2024, the Manager did not make any acquisitions but remained focused on advancing its strategic objective of shifting towards a majority weighting in the logistics / light industrial sector. This was achieved through divestments aimed at strengthening the balance sheet and increasing liquidity. During the year, the Manager successfully completed the divestment of one office asset in Poland, one office asset in Finland, one 'others' asset in Italy, one office asset in France, and one office asset in Italy, generating total proceeds of €32.1 million — €2.8 million or 9.7% higher than the most recent valuations of these assets.

### One office asset in Poland

On 28 March 2024, the Manager completed the divestment of Grójecka 5 in Warsaw, Poland, for €15.9 million, representing a 7.5% or €1.1 million premium over the 31 December 2023 independent valuation conducted by CBRE.

### One office asset in Finland

On 26 April 2024, the Manager completed the divestment of Grandinkulma in Vantaa, Finland, to a local real estate developer for €5.4 million, which was 3.6% or €0.2 million lower than the 31 December 2023 independent valuation conducted by Savills.

### One 'others' asset in Italy

On 4 April 2024, the Manager completed the divestment of Via Brigata Padova 19 in Padova, Italy, to PDI Europe S.A. for €1.8 million, reflecting a 24.1% or €0.4 million premium over the 31 December 2023 independent valuation conducted by Savills.

### One office asset in France

On 30 September 2024, the Manager completed the divestment of Lénine in Paris, France, to a local real estate developer for €3.1 million, which was 0.3% or €0.01 million lower than the 30 June 2024 independent valuation conducted by CBRE.

### One office asset in Italy

On 19 December 2024, the Manager completed the divestment of Via Rampa Cavalcavia 16-18 in Mestre, Italy, to Agenzia del Demanio for €5.9 million, achieving a 36.6% or €1.6 million premium over the 30 June 2024 independent valuation conducted by Savills.

## DIVESTMENTS COMPLETED IN FY 2024

| Building | Purchaser | Address | City | Disposal Price (€ million) | Valuation (€ million) | Completion Date |
|---|---|---|---|---|---|---|
| **Poland** | | | | | | |
| Grójecka 5 | Solida Capital Europe | Grójecka 5 | Warsaw | 15.9 | 14.8[6] | 28 Mar 2024 |
| **Finland** | | | | | | |
| Grandinkulma | Revelon OY | Kielotie 7 | Vantaa | 5.4 | 5.6[7] | 26 Apr 2024 |
| **France** | | | | | | |
| Lénine | IMODEV Group | 1 rue de Lénine, 94200 Ivry-Sur Seine | Paris | 3.1 | 3.1[6] | 30 Sep 2024 |
| **Italy** | | | | | | |
| Via Brigata Padova 19 | PDI Europe S.A. | Via Brigata Padova 19 | Padova | 1.8 | 1.5[7] | 4 Apr 2024 |
| Via Rampa Cavalcavia 16-18 | Agenzia del Demanio | Via Rampa Cavalcavia 16-18 | Mestre | 5.9 | 4.3[7] | 19 Dec 2024 |

## DIVESTMENT EXECUTED IN 2024 AND TO BE COMPLETED IN 2025

| Building | Purchaser | Address | City | Disposal Price (€ million) | Valuation (€ million) | Completion Date |
|---|---|---|---|---|---|---|
| **Italy** | | | | | | |
| Via della Fortezza 8 | TBC | Via della Fortezza 8 | Florence | 15.0 | 15.1[7] | 5 Mar 2025[8] |

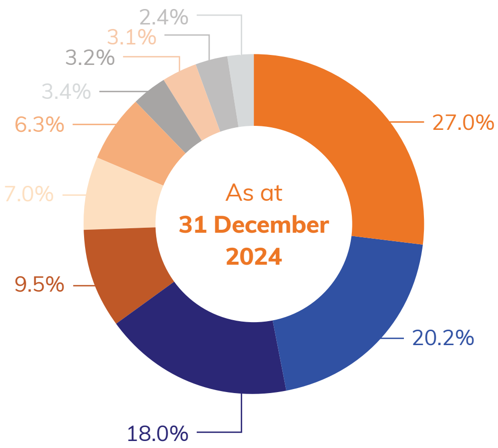
6 Using the income capitalisation method in accordance with the RICS Valuation – Global Standard.
7 Using the discounted cash flow method in accordance with the RICS Valuation – Global Standard.
8 Binding offer for Via della Fortezza 8 was entered into in 2024. Notary deed was signed on 5 March 2025 following expiry of Agenzia del Demanio and National Heritage pre-emption rights. Completion is subject to 90-day clearance of compliance checks and registration of interdepartmental decree.

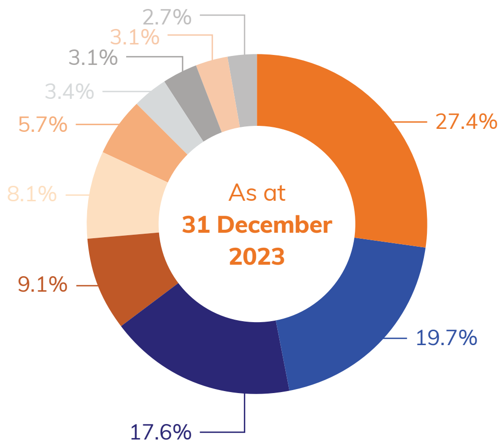
# 03 MANAGER'S REPORT

## PORTFOLIO PERFORMANCE

As at 31 December 2024, SERT's portfolio comprised 105[1] predominantly logistics / light industrial and office assets across ten European countries – The Netherlands, France, Italy, Germany, Poland, Denmark, Czech Republic, Slovakia, United Kingdom and Finland.

## SERT PORTFOLIO BY COUNTRY

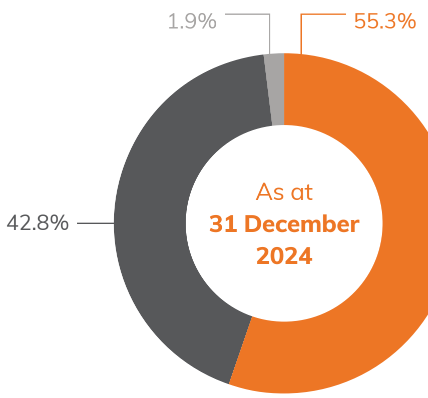


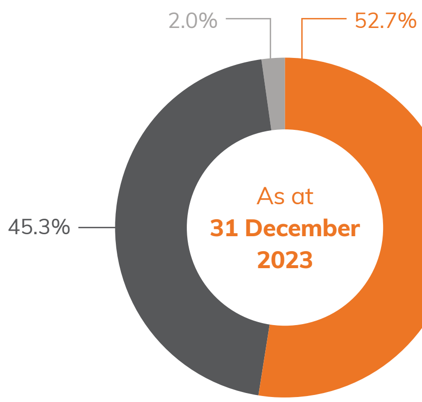




The Netherlands · France · Italy · Germany · Poland · Denmark · Czech Republic · Slovakia · United Kingdom · Finland

SERT's portfolio weighting towards logistics / light industrial increased to 55% at the end of FY 2024, up from 53% at the end of FY 2023, furthering the Manager's strategy to rebalance the portfolio towards a majority weighting in this sector.

## SERT PORTFOLIO BY ASSET CLASS




Logistics / light industrial · Office · 'Others'

1 Including one asset held for sale

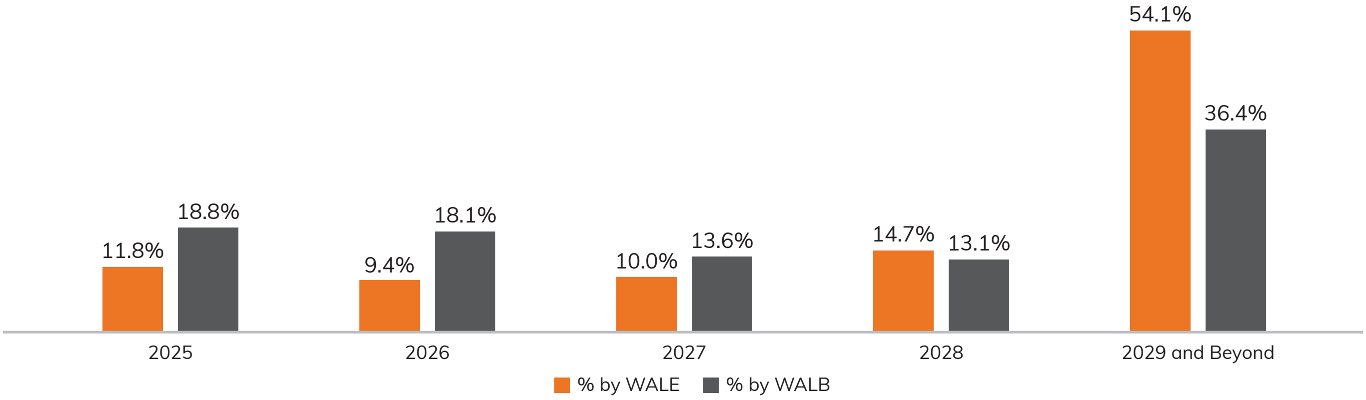
## LEASE MANAGEMENT

### Overall Portfolio

In FY 2024, the Manager achieved numerous leasing successes, further enhancing portfolio occupancy and reducing risk. A total of 19% of the portfolio's NLA was re-leased during the year, with an average rent reversion of 2.8%. In total, 196 new and renewed leases were signed with 173 tenant-customers, covering 327,493 sqm of space. The tenant-customer retention rate for the full year stood at 69.6%.

As at 31 December 2024, SERT's portfolio occupancy by NLA was 93.5%, representing an 80 basis-points decline from 94.3% a year earlier but 5.8 percentage points higher than at IPO (87.7%). The portfolio's WALE reached 5.1 years, the longest ever recorded, while the top ten tenant-customers' WALE stood at 6.9 years. The portfolio's WALB was 4.0 years as at 31 December 2024, and the WALE of new leases signed in FY 2024 averaged 6.9 years.

## LEASE EXPIRY PROFILE




| Total portfolio | 1Q 2024 | 2Q 2024 | 3Q 2024 | 4Q 2024 | Total |
|---|---|---|---|---|---|
| Number of new leases signed | 27 | 38 | 23 | 25 | 113 |
| Number of leases renewed | 21 | 15 | 20 | 27 | 83 |
| Tenant-customer retention rate | 73.9% | 50.5% | 72.2% | 69.7% | |
| Total number of leases as at the end of respective period | 1041 | 1028 | 1015 | 1010 | |
| Total number of tenant-customers as at the end of respective period | 828 | 824 | 818 | 813 | |

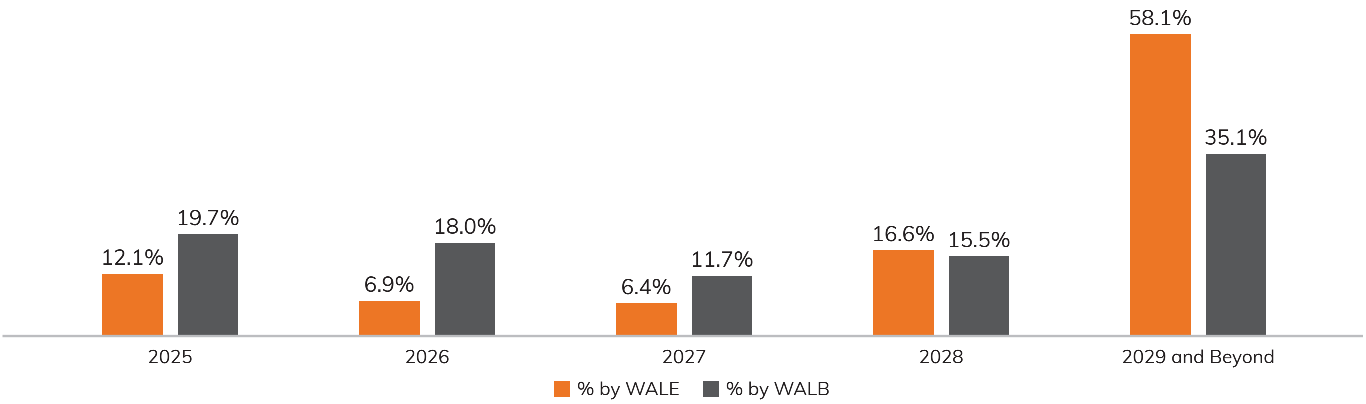
| Asset class occupancy rate | As at 31 Dec 2024 | As at 31 Dec 2023 | IPO |
|---|---|---|---|
| Logistics / light industrial | **94.2%** | 95.6% | 82.9% |
| Office | **90.9%** | 90.3% | 94.8% |
| 'Others' | **100.0%** | 100.0% | 100.0% |
| **Total** | **93.5%[2]** | **94.3%[3]** | **87.7%** |

2 Occupancy calculation excluded Maxima redevelopment and vacant units in Via Dell'Industria 18 and Kolumbusstraße 16 which are currently under redevelopment.
3 Occupancy calculations exclude the Nervesa21 redevelopment, Maxima redevelopment and Grójecka 5 which is not allowed to be leased.

### Logistics / Light Industrial sector

The logistics / light industrial portfolio achieved an occupancy of 94.2% as at 31 December 2024 (down from 95.6% in FY 2023), with a positive average rent reversion of 4.7%. WALE slightly increased to 5.3 years, up from 5.1 years in FY 2023. WALB also increased to 4.1 years, up from 3.8 years in FY 2023. The tenant-customer retention rate was 58.0%, down y-o-y from 69.0% in FY 2023. 54.4% of breaks and expiries until 30 June 2025 have been de-risked as at 31 December 2024.

**LEASE EXPIRY PROFILE**




| Logistics / light industrial | 1Q 2024 | 2Q 2024 | 3Q 2024 | 4Q 2024 | Total |
|---|---|---|---|---|---|
| Number of new leases signed | 18 | 24 | 16 | 14 | 72 |
| Number of leases renewed | 10 | 9 | 14 | 22 | 55 |
| Tenant-customer retention rate | 35.4% | 25.8% | 56.8% | 71.4% | |
| Total number of leases as at the end of respective period | 588 | 588 | 590 | 583 | |
| Total number of tenant-customers as at the end of respective period | 526 | 529 | 532 | 526 | |

| Logistics / light industrial | Occupancy | WALE | WALB |
|---|---|---|---|
| France | 90.6% | 5.2 Years | 2.4 Years |
| Germany | 95.2% | 5.1 Years | 5.1 Years |
| The Netherlands | 99.6% | 3.7 Years | 3.4 Years |
| Italy | 100.0% | 5.1 Years | 4.3 Years |
| Denmark | 86.3% | 3.7 Years | 3.6 Years |
| Slovakia | 92.5% | 5.7 Years | 4.6 Years |
| Czech Republic | 88.0% | 5.2 Years | 5.2 Years |
| United Kingdom | 100.0% | 11.8 Years | 11.2 Years |
| **Total** | **94.2%** | **5.3 Years** | **4.1 Years** |

Some notable leasing successes for the logistics / light industrial sector in FY 2024 include:

- 41,600 sqm lease renewal signed for an additional ten years with lighting manufacturer Thorn Lighting in Durham, United Kingdom
- 28,100 sqm lease renewal for six years signed with an Italian retail company in CLOM, Monteprandone, Italy
- 27,700 sqm lease renewal for six years signed with an Italian retail company in CLOM, Monteprandone, Italy
- 11,800 sqm new lease for seven years signed with an Italian confectionery company in Via dell'Industria 18, Vittuone, Italy
- 11,600 sqm lease renewal for three years signed with a leading international technology group in An der Kreuzlache 8-12, Bischofsheim, Germany
- 9,100 sqm new lease for six years signed with an innovative technology company in Priorparken 800, Brøndby, Denmark
- 7,100 sqm lease renewal for five years signed with a Slovakian logistics company in Nove Mesto ONE Industrial Park I, Beckov, Slovakia

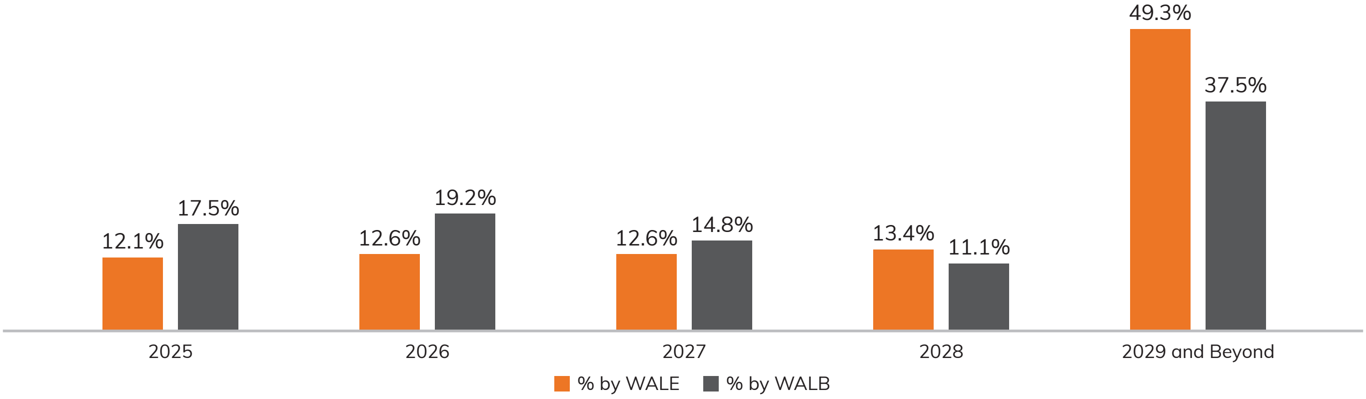
### Office sector

The office sector's occupancy increased by 60 basis points (bps) to 90.9% as at 31 December 2024, up from 90.3% as at 31 December 2023, achieving a positive average rent reversion of 2.9%. The WALE improved to 4.9 years, up from 4.1 years as at 31 December 2023, while the WALB increased to 3.9 years, up from 3.2 years a year earlier. The tenant-customer retention rate rose significantly to 85.1%, compared to 62.5% in FY 2023. By the end of the year, 46% of breaks and expiries due by 30 June 2025 had already been de-risked.

Key leasing successes in the office sector in FY 2024:

- 34,700 sqm lease renewal for five years signed with a Dutch financial service provider at Haagse Poort, Den Haag, The Netherlands
- 18,500 sqm lease renewal for fifteen years signed with a Dutch energy company at Bastion, 's-Hertogenbosch, The Netherlands
- 12,900 sqm lease renewals with the Dutch Chamber of Commerce comprising two agreements:
    - 8,700 sqm lease for eighteen months at De Ruyterkade 5, Amsterdam, The Netherlands
    - 4,200 sqm lease for five years at Blaak 40, Rotterdam, The Netherlands
- 7,000 sqm lease renewal for three years signed with a leading international banking group at Avatar, Kraków, Poland
- 5,100 sqm lease renewal for nine years signed with a prominent constructor of steel structures at Building F7-F11, Assago, Italy
- 2,300 sqm lease renewal for three years signed with a multinational oil refiner and petrol retailer at Arkońska Business Park, Gdańsk, Poland

## LEASE EXPIRY PROFILE



| Office | 1Q 2024 | 2Q 2024 | 3Q 2024 | 4Q 2024 | TOTAL |
|---|---|---|---|---|---|
| Number of new leases signed | 9 | 14 | 7 | 10 | 40 |
| Number of leases renewed | 11 | 6 | 6 | 5 | 28 |
| Tenant-customer retention rate | 89.5% | 72.7% | 87.6% | 15.1% | |
| Total number of leases as at the end of respective period | 445 | 434 | 419 | 420 | |
| Total number of tenant-customers as at the end of respective period | 299 | 293 | 284 | 284 | |

| Office | Occupancy | WALE | WALB |
|---|---|---|---|
| The Netherlands | 98.7% | 6.1 Years | 5.3 Years |
| Italy | 93.1% | 5.5 Years | 3.5 Years |
| Poland | 88.3% | 2.5 Years | 2.3 Years |
| Finland | 70.4% | 2.4 Years | 1.9 Years |
| France | 79.6% | 6.1 Years | 2.7 Years |
| **TOTAL** | **90.9%** | **4.9 Years** | **3.9 Years** |

### 'Others' Sector

The occupancy rate for the 'others' sector as at 31 December 2024 remained unchanged from last year at 100%. WALE decreased to 5.3 years from 6.4 years last year. WALB increased to 4.0 years from 3.7 years last year. The tenant-customer retention rate was 0%, only 1 lease was lost. 100% of breaks and expiries until 30 June 2025 have been de-risked as at 31 December 2024.

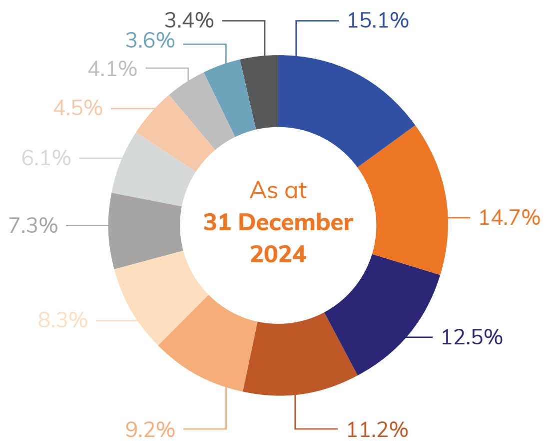
### Tenant-customers

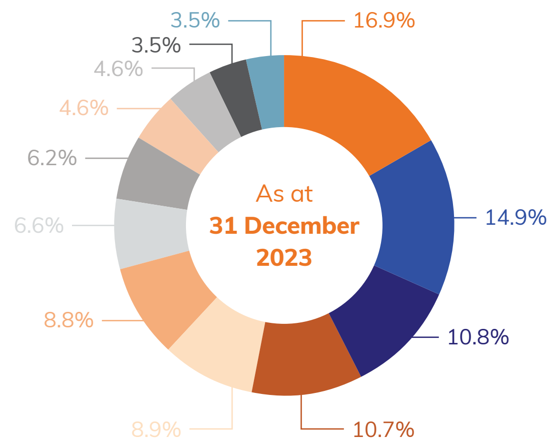
SERT's tenant-customer base remains well-balanced, with 813 tenant-customers following the divestments completed during the year. The Manager continued to proactively diversify SERT's tenancy mix to minimise tenant-customer concentration risk. As at 31 December 2024, SERT's top ten tenant-customers accounted for 22.2% of total headline rent, down from 23.1% in the previous year and significantly reduced from 41% at IPO.

SERT's largest tenant-customer is Nationale Nederlanden Nederland B.V., contributing 4.4% of total headline rent. Following the divestment of one Italian asset, exposure to the Italian government's Agenzia del Demanio has significantly decreased, now representing only 2.8% of total headline rent, compared to nearly 20.0% at IPO. Additionally, exposure to SME tenant-customer leases remains low at approximately 8% of gross rental income.

Government and semi-government leases comprised approximately 6% of total headline rent. In contrast, around 89% of leases were attributed to large multinational and domestic corporations, including Motorola, Vodafone, KPMG, UPS, DHL, and BNP Paribas. The tenant-customer base remains well-distributed across various sectors, as illustrated in the graph on the next page.

## TENANT TRADE SECTOR BY HEADLINE RENT




## TOP TEN TENANT-CUSTOMERS

| | Tenant-customer | Country | % of total headline rent |
|---|---|---|---|
| 1 | Nationale Nederlanden Nederland B.V. | The Netherlands | 4.4% |
| 2 | Agenzia Del Demanio | Italy | 2.8% |
| 3 | Essent Nederland B.V. | The Netherlands | 2.2% |
| 4 | Uitvoeringsinstituut werknemersverzekeringen, Hoofdkantoor UWV | The Netherlands | 2.1% |
| 5 | Kamer van Koophandel | The Netherlands | 2.0% |
| 6 | Motorola Solutions Systems Polska Sp. z o.o. | Poland | 2.0% |
| 7 | Thorn Lighting | United Kingdom | 2.0% |
| 8 | Nationale Stichting tot Exploitatie van Casinospelen in Nederland | The Netherlands | 1.9% |
| 9 | Felss Group | Germany | 1.5% |
| 10 | Coolblue B.V. | The Netherlands | 1.4% |
| | | | **22.2%** |

# 03 MANAGER'S REPORT

## MAJOR REDEVELOPMENTS, ASSET ENHANCEMENT AND SUSTAINABILITY INITIATIVES

### Nervesa21, Milan, Italy

The redevelopment of the Milan office, originally built in the 1980s, was completed in March 2024 and has achieved the highest level of 'green' building certifications, including LEED Platinum (making it the second highest-rated 'green' office building in Italy) and WELL Gold. The building was fully leased upon completion demonstrating SERT's successful strategy of revitalising well-located older assets. The project delivered a 6.6% yield on cost, with lease agreements signed at rents exceeding initial projections.

### Nove Mesto ONE Industrial Park I, Nove Mesto and Vahom, Slovakia

A global car accessory provider, already occupying 5,200 sqm in the logistics units delivered in 2023, has committed to a pre-let for an additional 5,382 sqm. This has led to the construction of a new build unit, which commenced in Q4 2024 and is set for delivery in June 2025. As with the previously completed units, the project is targeting a BREEAM "Excellent" certification.

### Via Dell'Industria 18, Vittuone, Italy

Following the 2023 lease of 11,016 sqm to a car manufacturer, efforts shifted to refurbishing the canteen building to free up space within the main facility, enabling the next phase of development. In October 2024, a pre-let of 11,670 sqm was secured with a Milan-based cake manufacturer for a 7+6-year lease. Construction is progressing as planned, with handover scheduled for Q1 2025, and the project is targeting a LEED Gold certification.

## DECARBONISATION STRATEGY AND GREEN FINANCING

In FY 2024, utility data collection has been further enhanced through the Deepki software system, alongside the continued deployment of smart meter technology. This has enabled more efficient water management, improved leak detection, and enhanced data accuracy.

SERT has committed to medium and long-term decarbonisation targets which comprise reducing emissions by 50% by 2030 for its Business-as-Usual Portfolio using 2022 as the baseline year. The Manager also launched a solar panel initiative several years ago, with eight projects already operational and seventeen more scheduled for completion in FY2025/27.

Aligned with its ESG commitments, SERT issued €500 million in green bonds, bringing its total green financing to over €1.1 billion. These funds directly support sustainable projects, including green building certifications, energy management, and responsible business practices.

Through these sustainability initiatives, SERT continues to demonstrate its commitment to sustainable investment, responsible corporate governance, and long-term value creation for both investors and communities.

## ASSET MANAGEMENT FOCUS FOR 2025

The Manager will continue to drive portfolio performance through active asset management and enhancement initiatives in the following areas:

### Portfolio & leasing strategy

- Maintain >93% portfolio occupancy and a long WALE through active leasing and tenant engagement to drive rental income and optimise operating costs
- Secure key leases with top 10 tenants, with positive negotiations already underway

### Sustainability & ESG initiatives

- Advance property-level sustainability investments, including solar panel installations, energy efficiency upgrades, carbon reduction strategies, and waste sorting, supporting longer leases and valuation growth
- Maintain MSCI ESG "A" rating and GRESB 4-star / 83-point rating while progressing towards net zero (Scope 1 & 2) by 2040
- Assess the portfolio's climate risks quantification as part of early ISSB reporting implementation
- Achieve or exceed all sustainability-linked debt and green bond KPIs.

### Development & redevelopment pipeline

- Advance the €200+ million development pipeline, including key projects such as:
  - Haagse Poort (The Hague)
  - Maxima (Rome)
  - De Ruyterkade 5 (Amsterdam)
- Progress large-scale, long-term redevelopment plans, particularly for Parc des Docks (Saint-Ouen, Paris, France) and Central Plaza, Rotterdam

### Strategic portfolio repositioning

- Continue divesting non-core office and 'others' assets to accelerate SERT's pivot towards the logistics and light industrial sector and ensure the balance sheet remains robust during uncertain geopolitical circumstances.
- Recycle proceeds from asset sales into high-value redevelopment projects to enhance portfolio quality and future growth

# 03 RISK MANAGEMENT

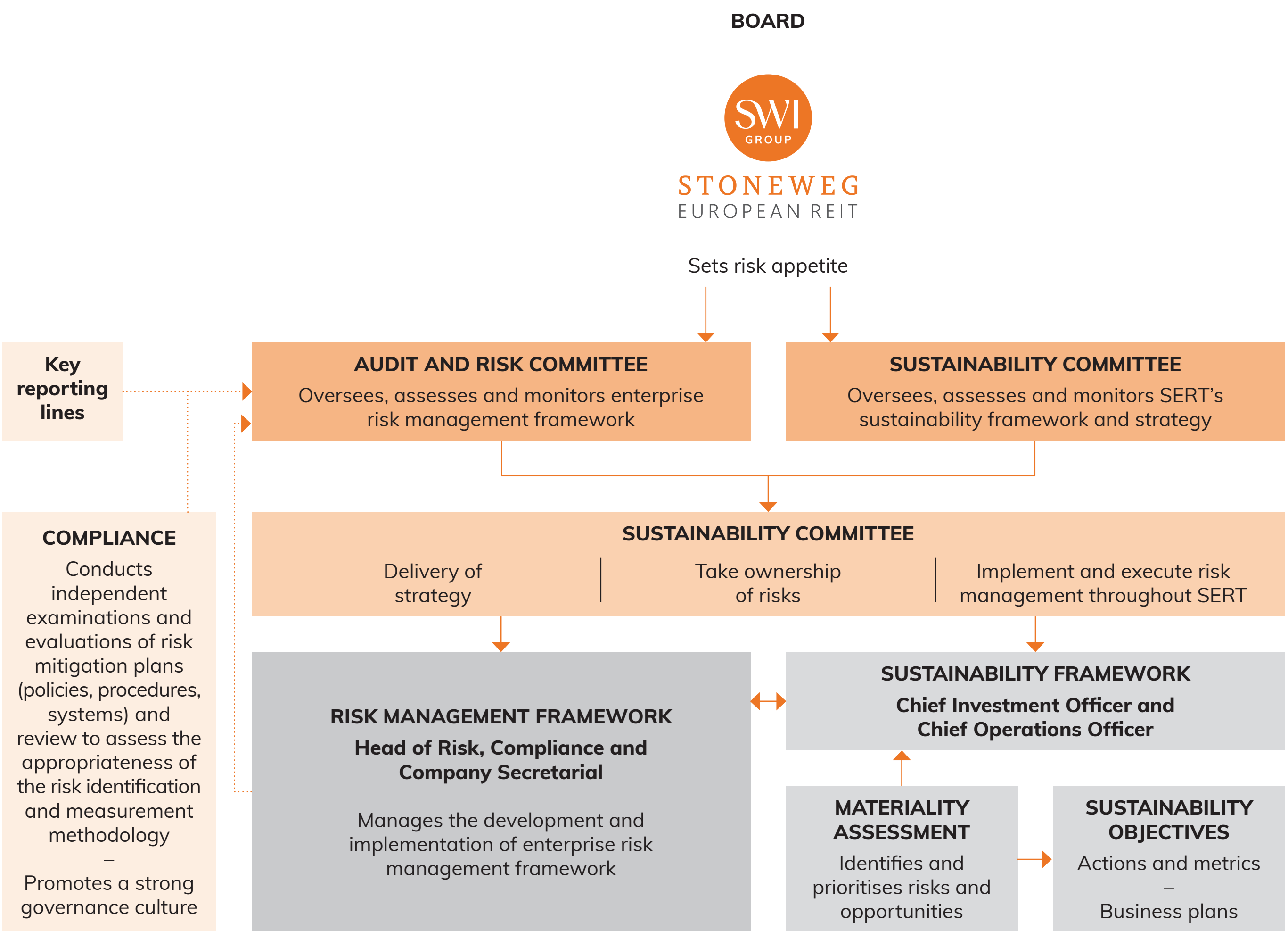
## APPROACH TO RISK MANAGEMENT

SERT and the Manager have adopted an Enterprise Risk Management ("ERM") framework that outlines the essential components for managing risks in an integrated, systematic, and consistent manner. This framework, along with related policies, is reviewed annually. A team comprising the CEO and other Key Management Personnel (KMP) is responsible for overseeing the development, implementation, and practice of ERM across the Manager, Property Manager, and SERT.

Risk management is approached proactively, forming a core part of SERT's business strategy and operations. The ERM framework is aligned with leading industry standards, including ISO 31000, the Singapore Code of Corporate Governance 2018, Risk Governance Guidance for Listed Boards, the Board Risk Committee Guide (2018), and Singapore Exchange ("SGX-ST") Listing Rule 1207(10). This alignment reflects SERT's philosophy of pursuing sustainable growth and creating economic value by assuming only appropriate and well-considered risks.

The ERM framework also enables SERT to effectively navigate a dynamic business environment and capitalise on new value-added opportunities for stakeholders.

## RISK MANAGEMENT FRAMEWORK



## RISK MANAGEMENT PROCESS

The ERM framework provides a holistic and structured approach to assessing, monitoring and mitigating risks.

The three-step risk management process comprises (1) risk identification and assessment, (2) formulation of risk mitigation measures and action plans, and (3) monitoring and reporting. A robust ERM framework enables SERT to manage risks systematically and remain nimble when capitalising on opportunities.

The risk assessment process considers both the impact and the likelihood of occurrence and covers the investment, financial, operational, compliance and reputational aspects of SERT's business. Tools such as a risk-rating matrix and a risk register assist the Manager. The Board, supported by the ARC, is responsible for risk governance and ensures that the Manager maintains a sound system of risk management and internal controls to safeguard Unitholders' interests and SERT's assets.

Sustainability covers a broad range of material issues, many of which have been identified and managed according to SERT's ERM framework. In addition, risks and opportunities relating to climate change have been recognised as fundamental to SERT and its operations. More details will be provided in SERT's FY 2024 Sustainability Report, which will be published in late May 2025. The Board assessed in FY 2024 and deemed the Manager and SERT's risk management system to be adequate and effective in addressing the key risks identified below:

| Material risks | Details | Key mitigating actions |
| --- | --- | --- |
| **ECONOMIC AND FINANCIAL** | | |
| **Strategic risks**<br>• Investment and divestment<br>• Market and competition | • Deployment of capital into investments which are loss-making or have sub-optimum returns<br>• Inadequate planning to identify suitable divestment opportunities<br>• Vulnerability to external factors, including volatility in the global economy, implications of geopolitical developments, intense competition in core markets and disruptive technology | • Continue to apply the Manager's well-established process for evaluating investment and divestment decisions where activities are monitored to ensure that they meet SERT's strategic intent, investment objectives and risk-adjusted returns<br>• Applying an 10-risk factor matrix to assess existing properties, proposed investments and potential divestments on its alignment with SERT's strategy, financial viability, country specific political and regulatory developments and contractual risk implications<br>• Conducting rigorous due diligence reviews on all investment and divestment proposals and, where necessary, engaging third-party consultants with the requisite expertise to assist in the due diligence review<br>• Incorporating environmental due diligence into all stages of the investment process with the aim of gaining a more complete understanding of target assets' environmental risks such assessing the energy consumption, intensity and efficiency of the asset prior to acquisition and minimising environmental and social impact post-acquisition |
| **Financial management risks**<br>• Credit<br>• Liquidity<br>• Interest rate<br>• Foreign exchange | • Exposure to financial risks related to liquidity, foreign currency and interest rates<br>• Volatility of cash flow negatively impacting SERT's ability to meet financial obligations<br>• Volatility of foreign currencies and interest rates resulting in realised / unrealised losses | • Actively monitoring SERT's debt maturity profile, operating cash flows and the availability of funding to ensure that there are sufficient liquid reserves, in the form of cash and banking facilities to meet its capital, refinancing and operating needs<br>• Diversifying sources of funds from banks and capital markets, including green financing, to minimise overreliance on a single source of funds for any funding or refinancing requirements<br>• Establishing credit limits for tenant-customers and managing exposure to individual entities through regular and thorough monitoring of receivables on an ongoing basis<br>• Actively reviewing and maintaining an optimal mix of fixed and floating interest rate borrowings, taking into consideration investments' holding period and nature of the assets |

# 03 RISK MANAGEMENT

| Material risks | Details | Key mitigating actions |
|---|---|---|
| **ENVIRONMENT (aligned with "E" from SERT's ESG framework)** | | |
| **Sustainability and climate change risks** | • Physical risks such as rising sea levels, violent storms, long intense heat waves, flash floods and fresh-water depletion<br>• Transition risks including increased and more stringent regulations and increased expectations from stakeholders | • Established a sustainability committee at Board level to guide SERT in determining the material ESG factors and ensure that they are properly monitored and managed<br>• Identifying, assessing and managing material sustainability risks as part of the due diligence of the investment process with specific action plans to mitigate and potentially eliminate environmental risks that are identified<br>• Aiming to minimise environmental impact by deploying renewable and low-carbon intensive energy where possible and upgrading energy intensive equipment through ongoing asset enhancement initiatives<br>• The Manager has completed a climate risk study of selected buildings in SERT's portfolio and has reviewed and enhanced insurance coverage for identified physical climate-related risks, ensuring that the portfolio is insured against climate events |
| **SOCIAL / STAKEHOLDERS (aligned with "S" from SERT's ESG framework)** | | |
| **External stakeholder risks**<br>• Tenant-customer relations<br>• Investor relations<br>• Media relations<br>• Government relations<br>• Social and community relations | • Insufficient stakeholder engagement, resulting in a lack of understanding of evolving market trends and needs and of stakeholders' changing requirements | • Regularly communicating with regulators and governing bodies (as appropriate, depending on nature of engagement)<br>» Remain to be guided by the Code and strive to maintain the highest standards of corporate governance so as to ensure that SERT continues to instill stakeholder confidence<br>• Providing timely and relevant updates to the market as necessary<br>• Maintaining proactive investor relations and media outreach plan<br>• Participating actively in relevant industry associations<br>• Building on existing community partnerships<br>• Conducting yearly tenant-customer engagement survey<br>• Enhancing common area sanitising services to ensure the health and well-being of employees, tenants and members of the public across the offices of the Manager and across SERT's portfolio<br>• Fostering conducive work environment and ensuring adequate and fair compensation and benefits |
| **Internal stakeholder risks** | • Inability to manage human capital needs and human resources-related costs appropriately in relation to the business environment<br>• High attrition rates and shortage of talent | • Strengthening succession planning<br>• Focusing on nurturing and developing employees by investing in continuous learning and development<br>• Creating and embracing a diverse and inclusive workplace by acting in a principled, respectful and responsible manner<br>• Ensuring that employees' needs are provided for through frequent face-to-face interactions and yearly engagement surveys<br>• Prioritising employee health and safety, particularly with the increased duration spent indoors at work and striving to offer innovative environments that encourage movement and healthy living<br>• Actively managing workforce planning and monitoring human resourcing developments in the market and the industry in which SERT operates |

<table>
<tr><th>Material risks</th><th>Details</th><th>Key mitigating actions</th></tr>
<tr><th colspan="3">GOVERNANCE (aligned with “G” from SERT’s ESG framework)</th></tr>
<tr><td>Compliance risk<br>• Fraud, bribery and corruption<br>• Regulatory and compliance<br>• Government and policies</td><td>• Exposure to events such as political leadership uncertainty, inconsistent public policies and social unrest<br>• Changes in property-related regulations and other events<br>• Breaches to laws and regulations may lead to hefty penalties / fines and negative publicity<br>• Any forms of fraud, bribery and corruption that could be perpetuated by employees, third parties or collusion between employees and third parties</td><td>• Closely monitoring developments in laws and regulations of countries where SERT and the Manager operate and implementing appropriate strategies to mitigate the impact<br>• Ensuring that overseas operations are managed by experienced on- the-ground managers and teams familiar with local conditions and cultures<br>• Regularly communicating with regulators and governing bodies (as appropriate, depending on nature of engagement)<br>• Regularly participating in industry forums<br>• Maintaining a zero-tolerance approach towards fraud, corruption, bribery and unethical practices in the conduct of its business</td></tr>
<tr><td>Operational risks<br>• Business continuity planning<br>• Property management<br>• Cybersecurity and data protection</td><td>• Exposure to sudden and major disaster events such as terrorist attacks, pandemics, fires, prolonged power outages or other major infrastructure or equipment failures could cause business interruption which may significantly disrupt operations at the properties<br>• Rapid business digitalisation and use of AI exposes the business to information technology-related threats which may result in compromising the confidentiality, integrity and availability of SERT’s information assets and/or systems. This may have significant negative impact on customer experience, financials and/or regulatory compliance</td><td>• Ensuring operational resilience with robust Business Continuity Plan (“BCP”) that seeks to equip SERT with the capability to respond effectively to business disruptions and to safeguard critical business functions from major risks:<br>» The Manager updates its BCP policies and procedures to comply with regulatory guidelines issued by the authorities and business and situational needs on a regular basis. These actions, coupled with SERT and the Manager’s prior investment in systems, processes and people has ensured there has been no material interruption to the operations of SERT and the Manager’s business<br>• Maintaining processes and procedures that seek to ensure that the buildings operate efficiently and are well-equipped in managing the risk that arises from the operations and management of the buildings in place:<br>» Properties are closely monitored to identify if potential property enhancements/safety modifications are required<br>• Periodically review and update Group-wide IT Security Policy to be in line with changing trends and regulatory guidance<br>• Data handling practices are aligned to relevant data protection regulations<br>• Disaster recovery plan in place to ensure timely recoverability of business-critical IT systems</td></tr>
</table>

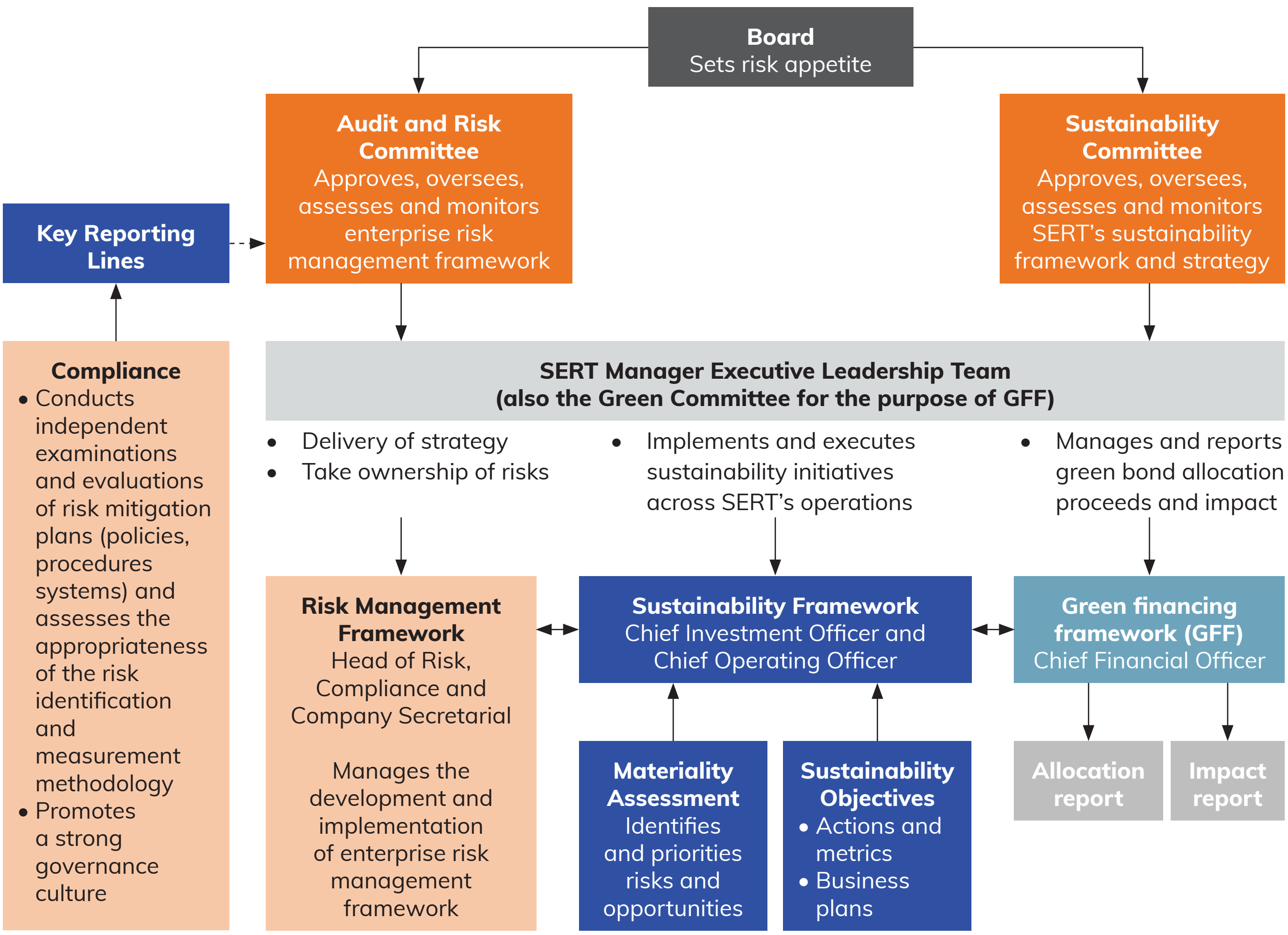
# 03 SUSTAINABILITY

## ASPIRING TO HIGH ESG STANDARDS AND SETTING INTERIM DECARBONISATION TARGETS

In 2024, the Manager continued to uphold its commitment to sustainable investment, responsible corporate governance, and long-term value creation for both investors and communities. Specifically, the Manager further refined its long-term sustainability strategy to achieve net zero 2040 operational carbon emissions by 2040 by setting medium-term 2030 targets that comprise 25% reduction in energy intensity for BAU portfolio and 50% reduction in operational carbon intensity for BAU portfolio.

The Board's Sustainability Committee provides strategic oversight by reviewing SERT's sustainability performance on a quarterly basis and sets ongoing targets on key ESG matters to improve the real estate portfolio. The Manager-level Sustainability Committee is responsible for implementing these objectives and targets, developing ad-hoc ESG plans for specific assets. In early 2025, SERT updated its sustainability governance structure to incorporate the green financing framework and corresponding reporting requirements, which was also refreshed in early 2025.

### SUSTAINABILITY GOVERNANCE STRUCTURE



In early 2025, leveraging its updated green financing framework and aligning with its ESG commitments, SERT issued €500 million green bond, increasing its total green financing to over €1.1 billion. These green bond are backed by over a billion euros in assets with green (BREEAM or LEED) building certifications. Meanwhile, the sustainability-linked finance facilities include KPIs focused on green building certifications, renewable energy management, and responsible business practices, assessed through the annual GRESB score.

The Manager conducts an annual review of SERT's material topics, considering both stakeholder impact and the shifting external landscape. The Board's Sustainability Committee has confirmed that the existing framework and focus areas remain relevant for the 2024 Sustainability Report, with minor adjustments to align with SWI Group's ESG pillars.

## SERT'S SUSTAINABILITY FRAMEWORK AND MATERIAL TOPICS

<table>
<tr><td>Sustainability Vision</td><td colspan="3"><ul><li>Deliver a sustainable future for our investors, tenant-customers, community and the environment</li><li>Manage opportunity and risk by integrating ESG considerations in our decisions</li><li>Develop people and communities</li></ul></td></tr>
<tr><td>Economic Purpose</td><td colspan="3">Deliver stable and growing distributions and NAV per Unit in the long term, derived from a portfolio of sustainable assets</td></tr>
<tr><td>Sustainability Themes</td><td>ENVIRONMENT</td><td>SOCIAL / STAKEHOLDERS</td><td>GOVERNANCE</td></tr>
<tr><td>Our Commitments</td><td><ul><li>Deliver quality, resilient and rejuvenated portfolio that generates sustainable value and meets stakeholders' expectations</li></ul></td><td><ul><li>Connect meaningfully and contribute positively to the communities we operate in</li><li>Create a culture of authenticity and creativity. Build capability and diversity. Nature wellbeing</li></ul></td><td><ul><li>Develop and maintain a culture of continuous improvement, accountability and transparency, ethical conduct and good governance, supported by robust systems and processes</li></ul></td></tr>
<tr><td>Material Topics</td><td>1. Quality of assets<br>2. Climate change - direct impacts<br>3. Improving energy intensity and reducing carbon footprint<br>4. Waste reduction<br>5. Water management<br>6. Biodiversity</td><td>1. Tenant-customer satisfaction<br>2. Strong partnerships<br>3. Talent attraction, retention and career development<br>4. Diverse and inclusive workforce<br>5. Keeping people and communities safe</td><td>1. Regulatory compliance<br>2. Anti-corruption<br>3. Trust, transparency and governance<br>4. Cyber-readiness and data governance</td></tr>
<tr><td>Stoneweg ESG Pillars</td><td>DESIGNING A SUSTAINABLE FUTURE</td><td>DEVELOPING PEOPLE AND COMMUNITIES</td><td>BEING A RESPONSIBLE AND ACCOUNTABLE BUSINESS</td></tr>
</table>

To support SERT's medium- and long-term operational carbon emissions reductions targets, the Manager launched a solar panel initiative several years ago, with eight projects already operational in 2024 and a further seventeen expected to be completed in FY2025/27.

With Deepki now fully implemented, it is the intention that the upcoming 2024 Sustainability Report will include two years of data – for both 2023 and 2024 – along with a comparison of performance between the two years as the Manager can now accelerate data collection to be in line with financial year reporting. All data on utilities consumption, GHG emissions, waste generation, green building certifications, and green leases referenced in the report will be externally assured by an independent third-party assurer, Longevity Partners. The Sustainability Report will be published within five months from the end of FY 2024 via SGXNet and made available exclusively in electronic format on SERT's corporate website.

# 03 SUSTAINABILITY

## SUSTAINABILITY PERFORMANCE HIGHLIGHTS

### ENVIRONMENTAL

**2023 highlights**

| | |
|---|---|
| ABSOLUTE ENERGY INTENSITY<br>▼9%<br>in 2023 as compared to 2022 | LIKE-FOR-LIKE ELECTRICITY CONSUMPTION<br>▼12%<br>in 2023 as compared to 2022 |
| TOTAL GHG EMISSIONS<br>▼5%<br>in 2023 as compared to 2022 | LIKE-FOR-LIKE SCOPE 3 GHG EMISSIONS<br>▼7%<br>in 2023 as compared to 2022 |
| ABSOLUTE WATER CONSUMPTION<br>▲37.4%<br>in 2023 as compared to 2022 | LIKE-FOR-LIKE WATER INTENSITY<br>▲32%<br>in 2023 as compared to 2022 |
| ABSOLUTE WASTE<br>▼12.9%<br>in 2023 as compared to 2022 | LIKE-FOR-LIKE WASTE INTENSITY<br>▼21%<br>in 2023 as compared to 2022 |
| 'GREEN' BUILDING CERTIFICATES1<br>48 Certificates<br>as at end of 2024<br>(46 > Very Good / > Gold) | RECYCLING RATE<br>51%<br>of total waste as at end of 2023 |

**Medium-term (2030)**

- **25% reduction** in energy intensity for BAU portfolio
- **50% reduction** in operational carbon intensity for BAU portfolio
- **100% renewable** or low carbon electricity procurement for landlord-controlled areas
- **25% renewable** or low carbon electricity procurement for tenant-controlled areas
- **100% EU-labelled** sanitary equipment for new major development
- **Minimum 30** solar panels projects (>25% of SERT portfolio NLA, >35% of GAV), if economically viable
- **Achieve** waste diverted from landfill to 90% of total known landlord-controlled waste

**Long term targets**

**Net zero operational carbon emissions by 2040**

### SOCIAL / STAKEHOLDERS

| | |
|---|---|
| 22.6<br>TRAINING HOURS per employee in 2024<br>(exceeding set target of 20 hours) | S$15.6k<br>to COMMUNITY PARTNERS from direct and in-kind contributions in 2024 |
| 66<br>VOLUNTEER HOURS in 2024 | FEMALE EMPLOYEES<br>36% overall, 38% in executive and senior management roles in 2024 |
| >185<br>MARKET ENGAGEMENT MEETINGS in 2024<br>(vs 180 in 2023) | 71%<br>TENANT-CUSTOMER SATISFACTION, 15.0 NPS in 2024 |

### GOVERNANCE

Maintained
**clean compliance record**
adhering to applicable laws and regulations, including **SGX-ST, MAS** and **LUX SE**

Ranked in the
**TOP 10**
for **FIVE CONSECUTIVE YEARS** in the **SGTI GOVERNANCE RANKINGS**

**ALL KMP** have specific **COMPENSATION-LINKED**
**ESG targets**

## ESG RATINGS

8.8 Negligible Risk
Top in peer group

**Ranked 6th in SGTI 2024**
Highest base score in the
REIT and Business Trust category

**Best ESG Reporting**
(Small cap)
Second year running

## SUSTAINABILITY REPORTING REGULATORY UPDATES

The Manager is preparing SERT's seventh annual Sustainability Report in accordance with SGX-ST Listing Rules 711A and 711B, as well as Practice Note 7.6: Sustainability Reporting Guide, to be published in late May 2025. The report will be aligned with the GRI Standards 2021 and the Monetary Authority of Singapore's Environmental Risk Management Guidelines for Asset Managers (issued in December 2020). Additionally, the report intends to reference the International Financial Reporting Standards (IFRS) S1 and S2 standards for climate-related disclosure requirements.

The Manager also considers and fully aligns to the extent possible its sustainability reporting with the European Public Real Estate Association's (EPRA) Sustainability Best Practices Recommendations (sBPR).

In preparation for adopting the International Sustainability Standards Board (ISSB) requirements in its sustainability reporting, the Board, the Manager and the Property manager - supported by Ernst & Young—have undertaken a comprehensive readiness exercise. SERT aims to be an early adopter of the ISSB Standards and have incorporated ISSB-aligned climate-related disclosures where information is already available into its Sustainability Report 2024, as part of broader enhancements to its financial reporting processes. In line with this, key internal policies - including those relating to sustainability, acquisitions and divestments, and procurement - will be updated. A materiality assessment will also be conducted to reassess ESG priorities, and the Manager aims to quantify climate-related risks to further refine its metrics and targets.

Meanwhile, the Manager continues to provide a Sustainable Finance Disclosure Regulation (SFDR) statement under Article 6 but is closely monitoring developments relating to the European Commission's adoption of the Omnibus proposal to ensure Compliance with evolving ESG disclosure frameworks. This initiative seeks to streamline EU sustainability reporting requirements and improve clarity for stakeholders. Any implications for entities with cross-border operations or investors will be taken into account in SERT's broader sustainability reporting strategy, where applicable.

# 03 INVESTOR RELATIONS

## SERT PROACTIVELY ENGAGES WITH THE INVESTMENT COMMUNITY THROUGH REGULAR, EFFECTIVE, TRANSPARENT, TWO-WAY COMMUNICATION

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

The Manager has a dedicated investor relations team that runs a proactive investor outreach programme. SERT's investor communications activities are governed by its investor relations policy and market disclosure protocol.

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

(2) The market disclosure protocol ensures that:
- SERT immediately discloses all price-sensitive information to the SGX-ST in accordance with the Listing Rules;
- All Unitholders have equal and timely access to material information concerning SERT, including its financial position, performance, transactions, major developments and substantial Unitholders.

## INVESTOR RELATIONS ACTIVITIES

The Manager regularly engages with Unitholders and the investment community to communicate SERT's financial results, operating performance and business plans, share the latest corporate and industry developments and gather views and feedback on various strategic and topical issues. Since April 2020, further to the amendments to Rule 705(2) of the SGX-ST Listing Manual, the Manager has adopted half-yearly financial reporting for SERT. Full year and half-year result announcements include financial statements and supplementary materials, such as results presentations and media releases. The Manager provides interim business updates for the first and third quarters, including presentations, key financial metrics, media releases, and other supplementary information.

The Manager uploads all announcements and supporting materials on SGXNet and SERT's website at www.stonewegeuropeanreit.com.sg and further publicises them on SERT's LinkedIn page at https://sg.linkedin.com/company/stoneweg-european-reit as appropriate. Full-year and half-year announcements are also typically accompanied by video messages intended for the general audience and uploaded on SERT's website and SERT's LinkedIn page.

Other than financial results announcements, the Manager releases market-relevant general corporate announcements, media releases, investor presentations and annual and sustainability reports on SGX-ST promptly and concurrently makes them available on the Investor Centre section of SERT's website at https://investor.stonewegeuropeanreit.com.sg/home.html. SERT's website is regularly updated and features company information on the Manager's strategy, governance, sustainability practices and the Board and management team. Regularly updated information on SERT's properties, including property photographs, descriptions and maps, are also available on the website.

The Manager conducts multiple live quarterly results briefings to accommodate diverse timezones, allowing for the opportunity to engage a global base of investors. Archived recordings of the briefings are also made available on SERT's website post-briefing for up to a year.

In addition to results briefings and dialogues, the Manager provides strategy and performance updates, regularly solicits the investment community's views through participation in local and regional conferences, one-on-one meetings, group teleconferences and post-results briefings. Half-yearly results updates in the form of short video messages from the CEO are uploaded to all appropriate platforms.

The Manager conducts its investor outreach using a combination of online and physical formats, depending on investor preference. Over the last year, the management team conducted and participated in more than 180 virtual and in-person meetings, investor conferences, webinars, and public investor forums. These engagements covered more than 2,600 market participants, including institutional investors, family offices, high-net-worth individuals, retail investors, analysts, brokers, and media.

As at the date of this Annual Report, SERT is covered by six equity research houses in Singapore, an increase from five in the previous year. Those are CGSI, DBS, OCBC, Phillip Securities, RHB and UBS.

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

## ANNUAL GENERAL MEETING

SERT held its sixth AGM on 30 April 2024 in a hybrid form, with a physical meeting and an option to observe and/or listen to the AGM proceedings on a live webcast.

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

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

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

Before the upcoming AGM to be held on 29 April 2025, the Manager wishes to encourage all Unitholders to send in their questions via the link or email provided in the Notice of AGM. At the same time, the Manager encourages all Unitholders to attend and participate in the upcoming AGM and have a meaningful interaction with the Manager's Board and management team.

## MEDIA ENGAGEMENT

In 2024, SERT received meaningful mentions in over 240 media articles by 37 local and international media outlets, comprising international wires and media, global and local property trade media, regional and local business trade media, and local titles in Asia-Pacific. Coverage was mainly driven by key events such as the change of Sponsor to SWI Group, the REIT's subsequent rebranding to SERT, its continuous strategic pivot towards the logistics and light industrial sectors and its ongoing business updates, portfolio valuations and analyst coverage. On the back of these newsworthy events, the Manager and its media agency focused on proactive engagements, resulting in over 60% of the coverage comprising standalone mentions of SERT.

SERT has an established social media presence and a good following on SERT's LinkedIn page, with more than 3,200 LinkedIn followers (+33% y-o-y) as at the end of 2024 from a diverse range of visitor industries and locations.

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

## AWARDS AND RECOGNITION

In August 2024, SERT achieved 6th place (up from 7th last year) in the annual SGTI ranking with top base score its best ever ranking and retaining its position amongst the Top-10 for a fifth year.

In October 2024 SERT achieved a four-star rating and a high overall score of 83 points in the 2024 GRESB Real Estate Assessment, placing SERT as 3rd out of eight 'Europe diversified – office/industrial listed' peers. SERT also received "A" for public disclosure. SERT also received "A" rating by MSCI ESG in December 2024 and maintained its EPRA 2023 Sustainability Best Practices Recommendations Gold Award (sBPR) in June 2024.

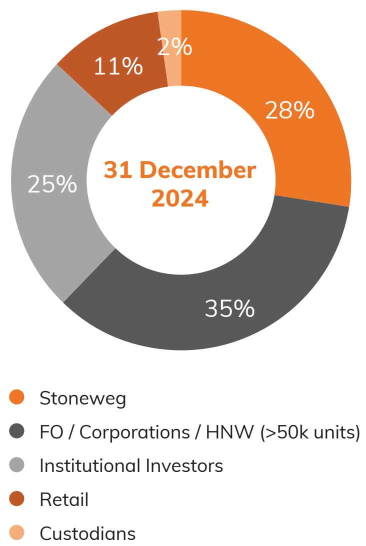
Again in October 2024, SERT received two platinum awards in the annual "The Asia Pacific Best of the Breeds REITs Awards™ 2024" – for Best CEO (Singapore) to Simon Garing and for "Best Industrial REIT – Singapore" in the 500 million to 1 billion in market capitalisation category. In December 2024, the Manager won 'Best ESG Reporting" (small cap) at the IR Magazine SEA Awards for the second year in a row.

# 03 INVESTOR RELATIONS

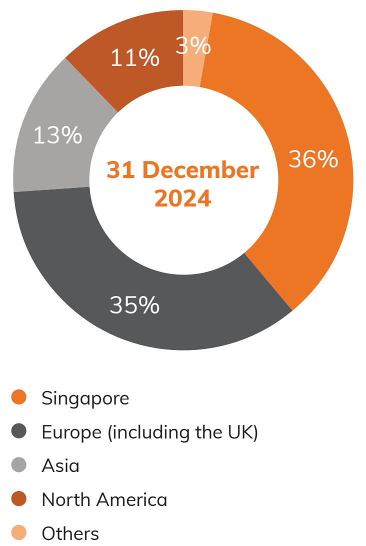
## DIVERSIFIED UNITHOLDER REGISTER

SERT's Units trade in dual Euro and Singapore Dollars currencies, attracting the support of a diverse international mix of institutional, family office, private wealth and retail investors. The current SERT Unitholder register comprises approximately 5,400 investors, with approximately 36% based in Singapore, 35% in Europe (including the UK and the Sponsor's holdings), 13% from Asia and 11% from North America. The investor register remains very institutionalised, with a big jump in the percentage of institutional investors to 25% (up from 18% a year ago), which contributed to SERT's outperformance in 2024.

### INVESTOR SEGMENTS




### GEOGRAPHICAL BREAKDOWN




## INCLUSION IN KEY INDICES

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

## PROACTIVE TWO-WAY COMMUNICATION WITH UNITHOLDERS

The Manager has made its investor relations policy available SERT's website for greater transparency. https://investor.stonewegeuropeanreit.com.sg/investor_policy.html

The policy also outlines explicitly the various modes of communication with Unitholders and how the Manager solicits the views of these Unitholders. The Manager has a dedicated investor relations section on its website, featuring online enquiry forms, an 'Email Alerts' subscription option and a specific investor relations contact with an email address so that Unitholders can subscribe for regular updates and direct their enquiries appropriately. The investor relations team promptly responds to all credible and substantiated Unitholder enquiries, either via email or phone.

**INVESTOR RELATIONS CONTACTS:**
**Stoneweg EREIT Management Pte. Ltd.**
**Elena Arabadjieva / Dimas Ardhanto**
COO & Head of Investor Relations /
Investor Relations Manager

Telephone : +65 6920 7539
Email : ir@stoneweg.com.sg
Website : stonewegeuropeanreit.com.sg

## FY 2024 INVESTOR RELATIONS CALENDAR HIGLIGHTS

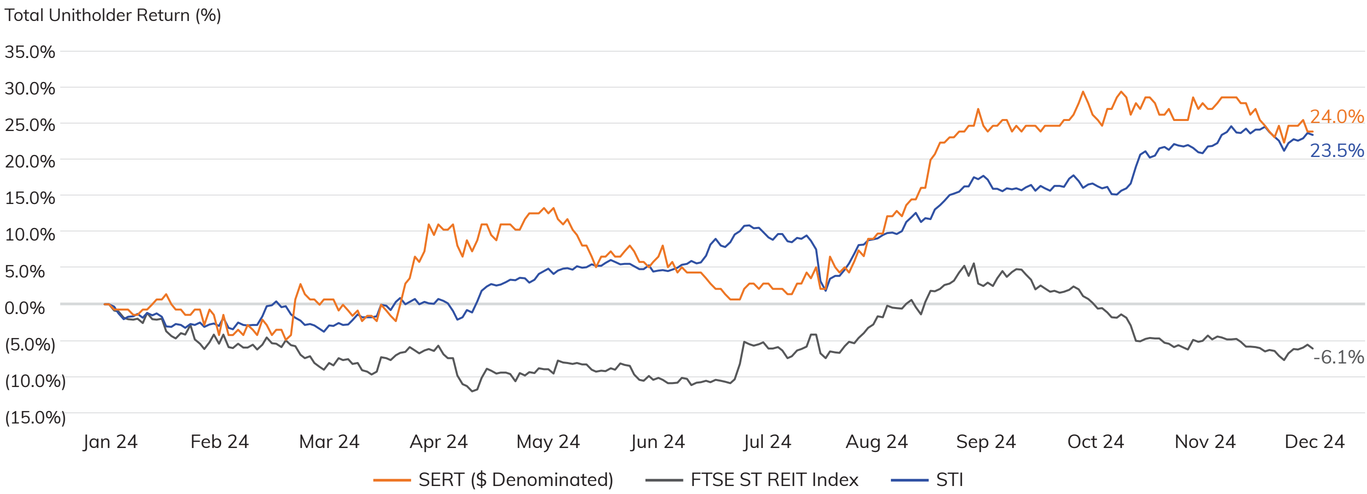
| | |
|---|---|
| **18 January 2024** | CGSI institutional investor outreach - Singapore |
| **26 February 2024** | FY 2023 results analyst, investor and media briefings |
| **27-28 February 2024** | FY 2023 results virtual and in-person NDR - Singapore |
| **11 April 2024** | Published FY 2023 Annual Report |
| **30 April 2024** | Held 6th AGM in hybrid format |
| **2 May 2024** | 1Q 2024 results analyst, investor and media briefings |
| **7 May 2024** | Phillip Securities retail investor outreach - Singapore |
| **11 May 2024** | Singapore REITs Symposium 2024 |
| **30 May 2024** | Published FY 2023 Sustainability Report |
| **13 June 2024** | Morgan Stanley European Real Estate Capital Market conference - London |
| **7 August 2024** | 1H 2024 results analyst, investor and media briefings |
| **12-13 August 2024** | 1H 2024 results in-person NDR - Hong Kong |
| **20 August 2024** | SIAS retail investor outreach - Singapore |
| **21 August 2024** | RHB retail investor outreach - Singapore and Malaysia |
| **18 September 2024** | EPRA Annual Conference 2024 - London |
| **19 September 2024** | 1H 2024 in-person NDR - London |
| **1 October 2024** | Maybank - REITAS - SGX Investor conference Malaysia 2024 |
| **5 November 2024** | 3Q 2024 business update analyst, investor and media briefings |
| **20 November 2024** | REITAS Annual Conference 2024 |
| **29 November 2024** | IR Magazine Southeast Asia Forum 2024 |
| **13 December 2024** | European REITs Investor Day organised by SGX and Beansprout |

# 03 INVESTOR RELATIONS

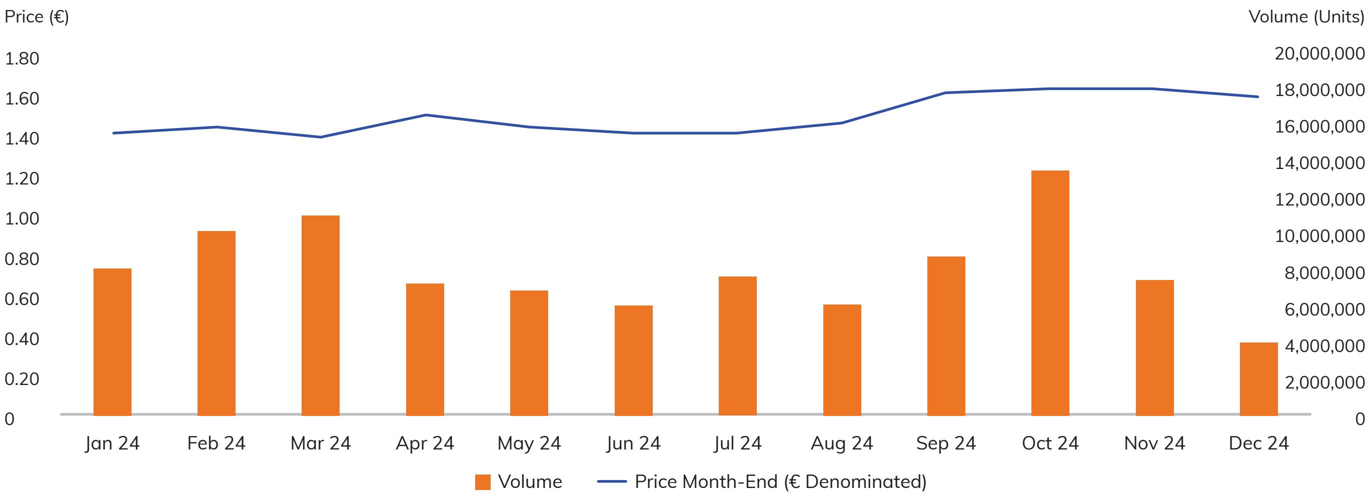
## TRADING STATISTICS FOR THE FINANCIAL YEAR (€-DENOMINATED CWBU.SI)

| | 2024 | 2023 |
|---|---|---|
| Opening price | €1.420 | €1.500 |
| Highest price | €1.650 | €1.740 |
| Lowest price | €1.310 | €1.120 |
| Closing price | €1.580 | €1.420 |
| Volume-weighted average price | €1.578 | €1.423 |
| Total volume traded (million units) | 97.0 | 94.8 |
| Total turnover traded (million €) | 142.7 | 133.6 |
| Unit price performance | 11.3% | -5.3% |
| Total Unitholder returns (1Y) | 24.0% | 4.8% |
| Total Unitholder returns (2Y) | 29.9% | -32.9% |
| Total Unitholder returns (3Y) | -16.8% | -23.9% |
| Average volume per day (million Units) | 0.385 | 0.381 |
| Average turnover per day (million €) | 0.566 | 0.537 |

## TOTAL UNITHOLDER RETURN 2024 (€-DENOMINATED CROM.SI)



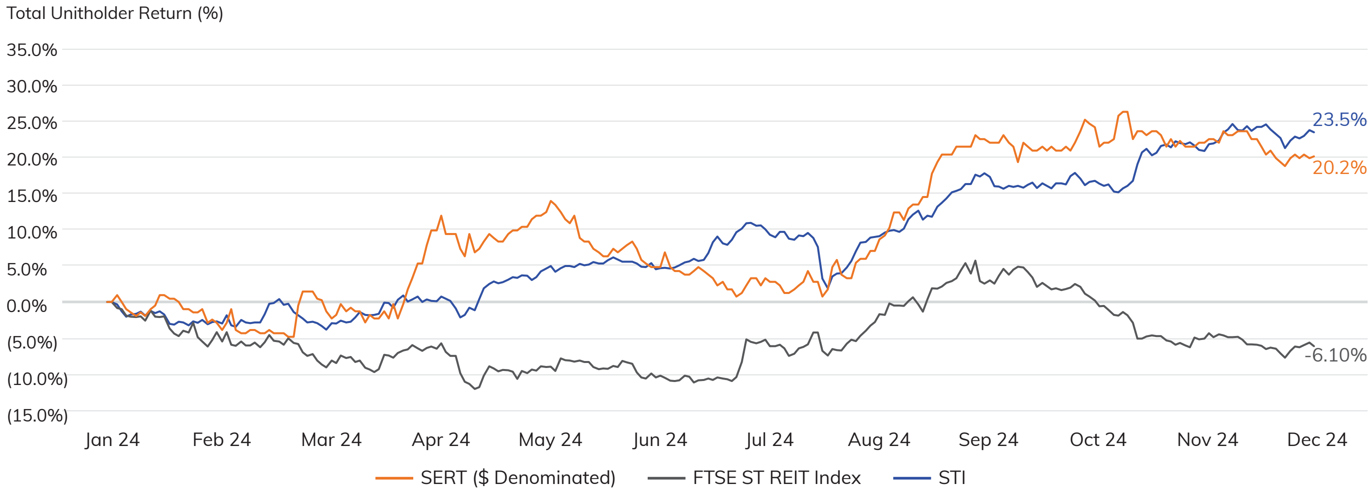

## MONTHLY VOLUMES AND UNIT PRICE PERFORMANCE



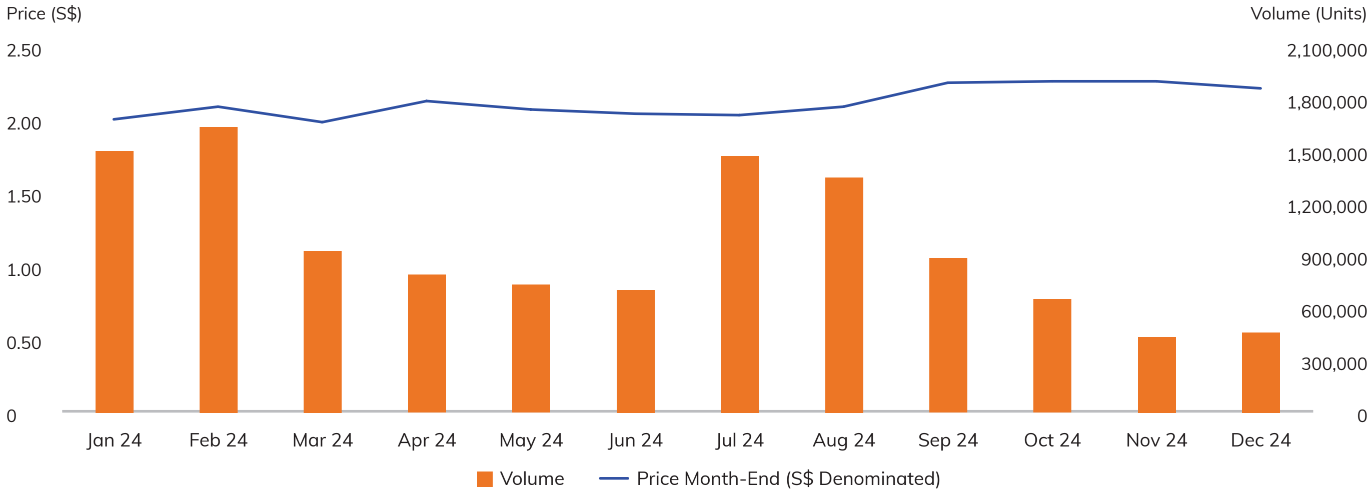
## TRADING STATISTICS FOR THE FINANCIAL YEAR (S$-DENOMINATED CWCU.SI)

| | 2024 | 2023 |
|---|---|---|
| Opening price | S$2.090 | S$2.190 |
| Highest price | S$2.360 | S$2.460 |
| Lowest price | S$1.910 | S$1.650 |
| Closing price | S$2.240 | S$2.080 |
| Volume-weighted average price | S$2.247 | S$2.063 |
| Total volume traded (million units) | 11.6 | 8.0 |
| Total turnover traded (million S$) | 24.3 | 16.7 |
| Unit price performance | 7.9% | -4.6% |
| Total Unitholder returns (1Y) | 20.2% | 5.8% |
| Total Unitholder returns (2Y) | 27.0% | -35.9% |
| Total Unitholder returns (3Y) | -23.0% | -30.5% |
| Average volume per day (million Units) | 0.460 | 0.032 |
| Average turnover per day (million S$) | 0.097 | 0.067 |

## TOTAL UNITHOLDER RETURN 2024 (S$-DENOMINATED CROM.SI)




## MONTHLY VOLUMES AND UNIT PRICE PERFORMANCE



# 04 PROPERTY PORTFOLIO OVERVIEW

(As at 31 December 2024)

## THE NETHERLANDS

### LOGISTICS / LIGHT INDUSTRIAL
1 Veemarkt
2 Boekweitstraat 1 - 21 & Luzernestraat 2 - 12
3 De Immenhorst 7
4 Rosa Castellanosstraat 4
5 Capronilaan 22 - 56
6 Kapoeasweg 4 - 16
7 Folkstoneweg 5 - 15

### OFFICE
8 Haagse Poort
9 Central Plaza
10 Bastion
11 Moeder Teresalaan 100 / 200
12 De Ruyterkade 5
13 Koningskade 30
14 Blaak 40

## FRANCE

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

### OFFICE
18 Paryseine
19 Cap Mermoz

## ITALY

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

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

### 'OTHERS'
15 Starhotels Grand Milan
16 Via Madre Teresa 4
17 Via Salara Vecchia 13

## GERMANY

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

## POLAND

### OFFICE
1 Business Garden
2 Green Office
3 Riverside Park
4 Avatar
5 Arkońska Business Park

## DENMARK

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

## CZECH REPUBLIC

### LOGISTICS / LIGHT INDUSTRIAL
1 Lovosice ONE Industrial Park I
2 Lovosice ONE Industrial Park II
3 Moravia Industrial Park
4 ONE – Hradec Králové
5 South Moravia Industrial Park
6 Pisek Industrial Park I
7 Pisek Industrial Park II

## SLOVAKIA

### LOGISTICS / LIGHT INDUSTRIAL
1 Nove Mesto ONE Industrial Park I
2 Nove Mesto ONE Industrial Park III
3 Nove Mesto ONE Industrial Park II
4 Kosice Industrial Park
5 Zilina Industrial Park

## UNITED KINGDOM

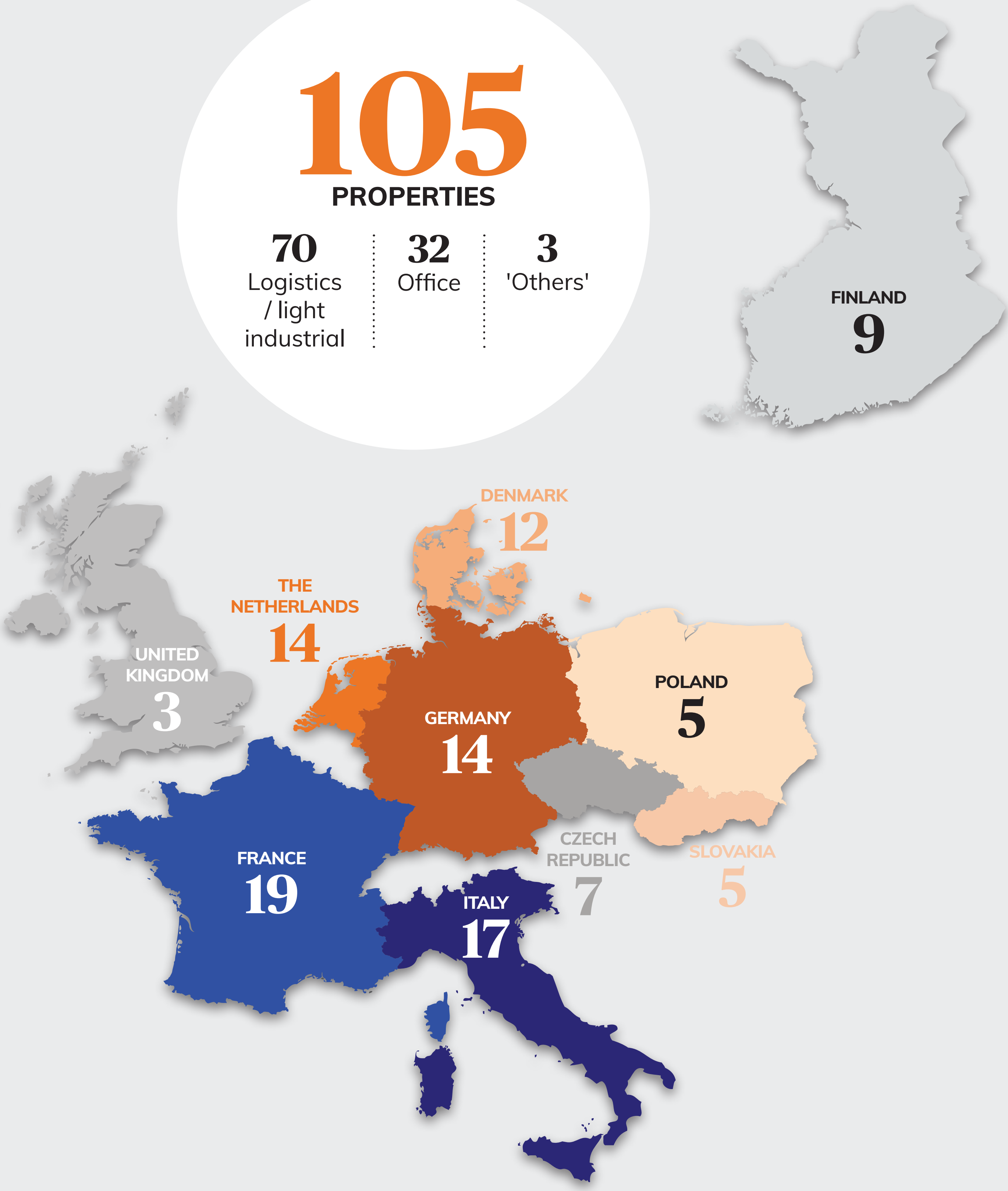
### LOGISTICS / LIGHT INDUSTRIAL
1 Thorn Lighting
2 The Cube
3 Kingsland 21

## FINLAND

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

# 105
## PROPERTIES

| 70 | 32 | 3 |
| --- | --- | --- |
| Logistics / light industrial | Office | 'Others' |



# 01

## Parc des Docks

50 rue Ardoin,
Saint Ouen, France

**PROPERTY VALUATION[1]**

**€163.8 million**
(+67.1% since acquisition)

**OCCUPANCY[1]**

**93.1%**
(+1.8 p.p. y-o-y)


### HIGHLIGHTS

- Parc des Docks is a cluster of 11 industrial buildings located in Saint-Ouen in Paris, a suburb that is well-suited for last-mile logistics being only three kilometres away from the Champs-Elysees, Saint-Ouen is also very accessible from the Paris CBD by road and public transport and to / from Roissy-Charles de Gaulle International airport
- The site is bordered by mixed use buildings, in particular various new residential buildings
- The growing importance of this submarket is driven by the Grand Paris infrastructure project's delivery of new metro stations nearby and the Olympic village, only a few kilometres away

| Property type | Logistics / light industrial |
|---|---|
| Acquisition date | 30 Nov 2017 |
| Purchase price | €98,000,000 |
| NLA | 73,371 sqm |
| Lease type | Multi-tenanted |
| Land tenure | Freehold |
| Gross revenue FY 2024 | €12,820,207 |

1 As at 31 Dec 2024

# 02

## Haagse Poort

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

**PROPERTY VALUATION[1]**

**€161.1 million**
(+1.5% since acquisition)

**OCCUPANCY[1]**

**98.9%**
(Flat y-o-y)


| Property type | Office |
|---|---|
| Acquisition date | **30 Nov 2017** |
| Purchase price | **€158,750,000** |
| NLA | **68,497 sqm** |
| Lease type | **Multi-tenanted** |
| Land tenure | **Part Freehold, Part Right of Superficies and Part Perpetual Leasehold** |
| Gross revenue FY 2024 | **€16,894,541** |
| Building Certification | **BREEAM Very Good**<br>**WELL Platinum** |

## HIGHLIGHTS

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

1 As at 31 Dec 2024

# 03

## Central Plaza

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

PROPERTY VALUATION[1]

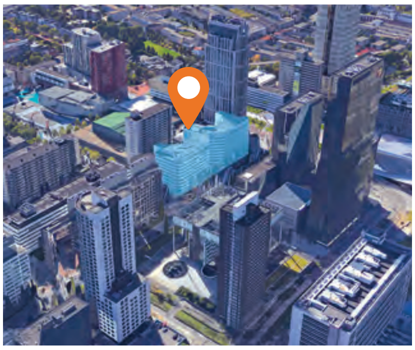
**€140.3 million**

(-10.5% since acquisition)

OCCUPANCY[1]

**97.5%**

(+3.2 p.p. y-o-y)


| Property type | Office |
|---|---|
| Acquisition date | **19 Jun 2017** |
| Purchase price | **€156,805,000** |
| NLA | **33,263 sqm** |
| Lease type | **Multi-tenanted** |
| Land tenure | **Part freehold, Part leasehold** |
| Gross revenue FY 2024 | **€12,123,357** |
| Building Certification | **BREEAM Very Good** |

## HIGHLIGHTS

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

1 As at 31 Dec 2024

# 04

## Business Garden

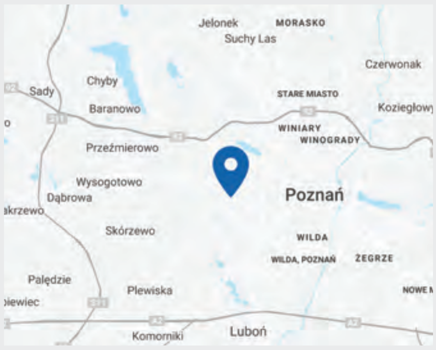
2,4,6,8 and
10 Kolorowa Street,
Poznań, Poland

**PROPERTY VALUATION[1]**

**€70.0 million**
(-21.2% since acquisition)

**OCCUPANCY[1]**

**92.8%**
(-1.5 p.p. y-o-y)




| Property type | Office |
|---|---|
| Acquisition date | 24 Sep 2019 |
| Purchase price | €88,800,000 |
| NLA | 42,268 sqm |
| Lease type | Multi-tenanted |
| Land tenure | Freehold |
| Gross revenue FY 2024 | €9,773,553 |
| Building Certification | LEED Platinum |

### HIGHLIGHTS

- Business Garden is located in Poznań, a city known as a large academic centre with 24 universities and over 110,000 students
- Business Garden is centrally-located between the Poznań city centre and Poznań Airport and is one of the few projects in Poland that has received LEED certification at platinum level

1 As at 31 Dec 2024

# 05

## Bastion

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

PROPERTY VALUATION[1]

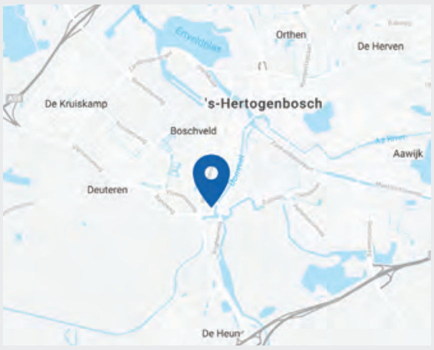
**€64.8 million**

(-15.7% since acquisition)

OCCUPANCY[1]

**100.0%**

(+4.9 p.p. y-o-y)




### HIGHLIGHTS

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

| Property type | Office |
|---|---|
| Acquisition date | 28 Dec 2018 |
| Purchase price | €76,850,000 |
| NLA | 31,979 sqm |
| Lease type | Multi-tenanted |
| Land tenure | Freehold |
| Gross revenue FY 2024 | €7,706,890 |
| Building Certification | BREEAM Excellent |

1 As at 31 Dec 2024

# 06

## CLOM (Centro Logistico Orlando Marconi)

Via del Lavoro
Monteprandone, Italy

**PROPERTY VALUATION[1]**

**€60.8 million**
(+15.6% since acquisition)

**OCCUPANCY[1]**

**100.0%**
(+1.7 p.p. y-o-y)


| Property type | Logistics / light industrial |
|---|---|
| Acquisition date | 23 Dec 2020 |
| Purchase price | €52,575,000 |
| NLA | 151,298 sqm |
| Lease type | Multi-tenanted |
| Land tenure | Freehold |
| Gross revenue FY 2024 | €5,304,973 |

### HIGHLIGHTS

- CLOM is a freehold intermodal logistics park with 156,888 square metres of NLA, spanning a 421,703 sqm site and built-in stages between 1995 and 2006
- Located in Monteprandone, along the A14/E55 motorway
- The property features nine warehouses with ample loading bays, office buildings and a canteen

1 As at 31 Dec 2024

# 07

## Nervesa21

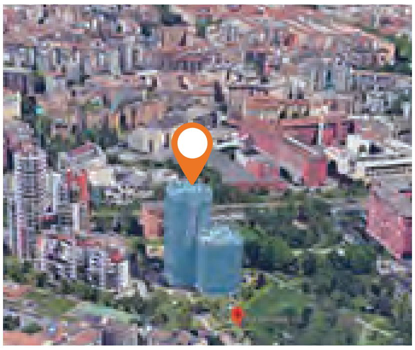
Via Nervesa 21,
Milan, Italy

**PROPERTY VALUATION[1]**

**€56.5 million**
(+122.3% since acquisition)

**OCCUPANCY[1]**

**100.0%**
(+ 100 p.p. y-o-y)




### HIGHLIGHTS

- High-quality office asset strategically located in the Porta Romana district of Milan south-east of Milan city center, built in the 1980s and completely refurbished in 2023-24. It provides 14 floors above ground and 2 basement levels and is surrounded by ~5,300 sqm of green area
- The redevelopment was done to the highest ESG standard and attained LEED Platinum as well as WELL Gold certifications in 2024, making it the second highest rated green office building in Italy
- Conveniently located ~15 minutes by car to Linate Airport, 5 minutes by metro to Duomo and 10 minutes from The Central Station

| Property type | Office |
|---|---|
| Acquisition date | **30 Nov 2017** |
| Purchase price | **€25,400,000** |
| NLA | **9,837 sqm** |
| Lease type | **Multi-tenanted** |
| Land tenure | **Freehold** |
| Gross revenue FY 2024 | **€2,034,541[2]** |
| Building Certification | **LEED Platinum, WELL Gold** |

1 As at 31 Dec 2024
2 Redevelopment completed during 2024

# 08

## Veemarkt

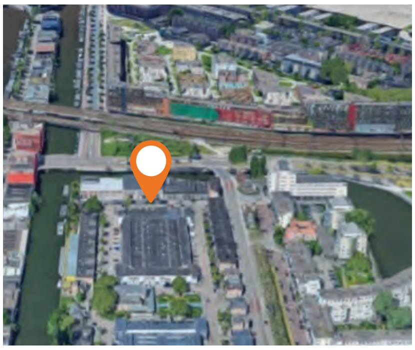
Veemarkt 27-75 / 50-76 / 92-114, Amsterdam, The Netherlands

**PROPERTY VALUATION[1]**

**€52.3 million**
(+47.2% since acquisition)

**OCCUPANCY[1]**

**100.0%**
(+0.8 p.p. y-o-y)




### HIGHLIGHTS

- Located in the Cruquius Island, part of the former Eastern Harbour area in the eastern central part of Amsterdam
- Consists of seven separate light industrial buildings, subdivided into various units.
- Approximately 100% of the total site is developed, split approximately 40/60 office/business space

| Property type | Logistics / light industrial |
|---|---|
| Acquisition date | 30 Nov 2017 |
| Purchase price | €35,500,000 |
| NLA | 21,957 sqm |
| Lease type | Multi-tenanted |
| Land tenure | Continuing Leasehold |
| Gross revenue FY 2024 | €3,436,580 |

1 As at 31 Dec 2024

# 04 TOP 10 PROPERTIES

# 09

## Moeder Teresalaan 100 / 200

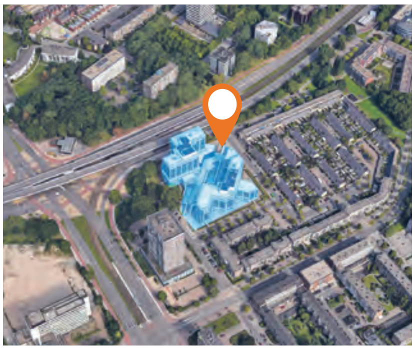
Moeder Teresalaan
100 / 200,
Utrecht, The Netherlands

**PROPERTY VALUATION[1]**

**€51.6 million**
(+1.7% since acquisition)

**OCCUPANCY[1]**

**100.0%**
(Flat y-o-y)




### HIGHLIGHTS

- Located in the city centre of Utrecht, the building consists of two towers with energy label "A+++"
- Strategically located – five minutes by car to Oudenrijn traffic junction – one of the most important traffic arteries in the Netherlands with A2 and A12 highways converging at this junction
- Walking distance to the HOV fast tram stop - a popular transport route connecting the Utrecht Central Station and Nieuwegein / IJsselstein

| Property type | Office |
|---|---|
| Acquisition date | **28 Dec 2018** |
| Purchase price | **€50,727,904** |
| NLA | **21,922 sqm** |
| Lease type | **Multi-tenanted** |
| Land tenure | **Perpetual Leasehold** |
| Gross revenue FY 2024 | **€4,622,931** |
| Building Certification | **BREEAM Very Good** |

1 As at 31 Dec 2024

# 10

## De Ruyterkade 5

De Ruyterkade 5,
Amsterdam,
The Netherlands

**PROPERTY VALUATION[1]**

**€43.0 million**
(+18.3% since acquisition)

**OCCUPANCY[1]**

**100.0%**
(Flat y-o-y)



| Property type | Office |
|---|---|
| Acquisition date | 19 Jun 2017 |
| Purchase price | €36,365,000 |
| NLA | 8,741 sqm |
| Lease type | Single-tenanted |
| Land tenure | Continuing Leasehold |
| Gross revenue FY 2024 | €3,088,308 |

## HIGHLIGHTS

- An office building with 8,741 square metres of NLA spread over six floors, 56 parking places in the garage and 38 parking places on its own grounds
- Overlooking the river, the building is located next to Central Station and can be reached within a few minutes' walk from the train, bus, tram and metro
- Five to 10 minutes from the A10 West motorway

1 As at 31 Dec 2024

# 04 THE NETHERLANDS ASSETS

## LOGISTICS / LIGHT INDUSTRIAL

1 **Veemarkt, Amsterdam**

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

3 **De Immenhorst 7, ‘s Heerenberg**

4 **Rosa Castellanosstraat 4, Tilburg**

5 **Capronilaan 22 - 56, Schiphol-Rijk**

6 **Kapoeasweg 4 - 16, Amsterdam**

7 **Folkstoneweg 5 - 15, Schiphol**

## OFFICE

8 **Haagse Poort, Den Haag**

9 **Central Plaza, Rotterdam**

10 **Bastion, ’s-Hertogenbosch**

11 **Moeder Teresalaan 100 / 200, Utrecht**

12 **De Ruyterkade 5, Amsterdam**

13 **Koningskade 30, Den Haag**

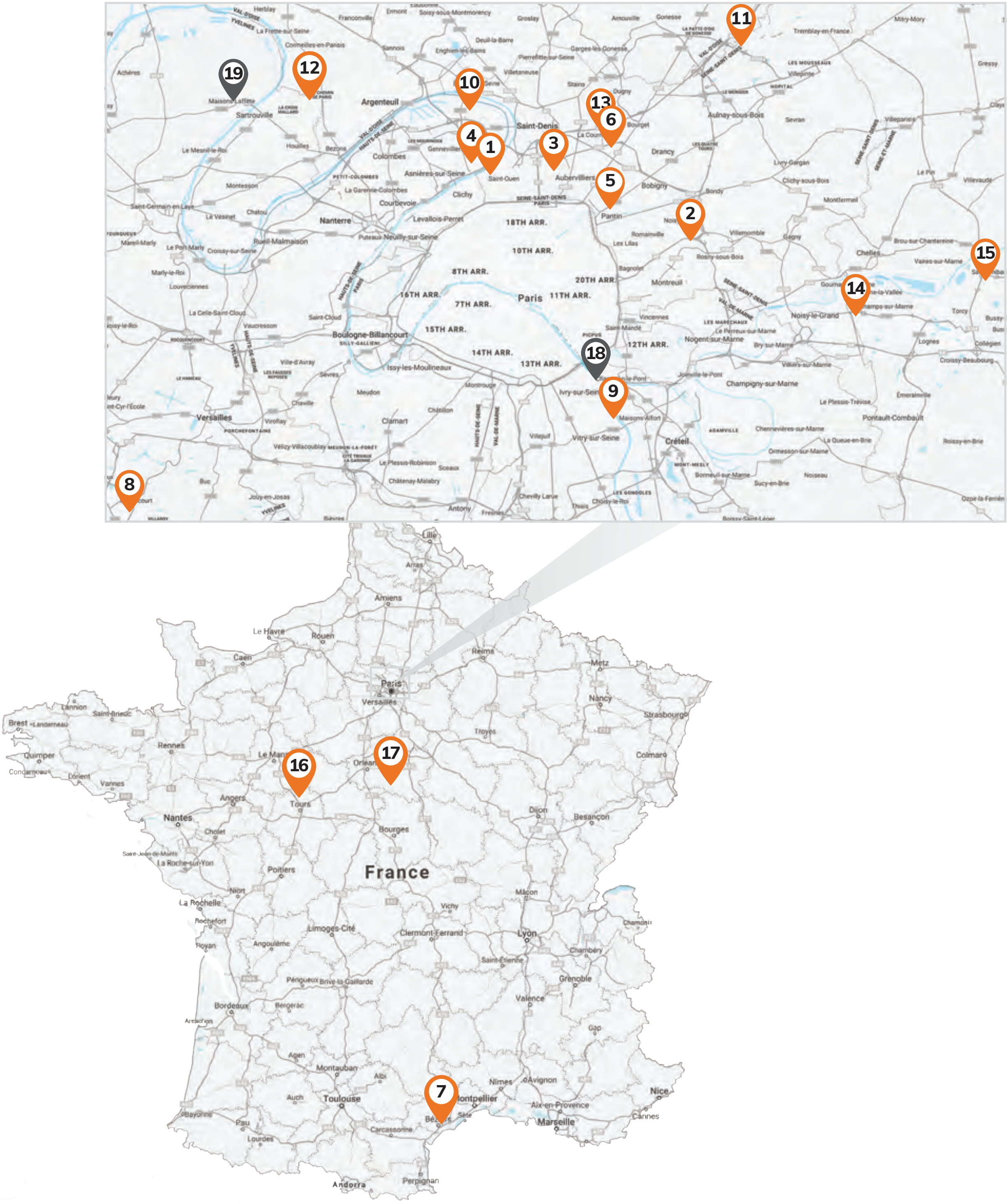
14 **Blaak 40, Rotterdam**

# 04 THE NETHERLANDS ASSETS

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

| Valuation as at 31 December 2024 (€'000) | Lettable area (sqm) | Gross revenue FY 2024 (€'000) | Occupancy as at 31 December 2024 | Lease type | Land tenure |
|---|---|---|---|---|---|
| | | | | | |
| 52,270 | 21,957 | 3,437 | 100.0% | Multi-tenanted | Continuing Leasehold |
| 11,290 | 8,471 | 791 | 96.4% | Multi-tenanted | Freehold |
| 11,160 | 15,109 | 597 | 100.0% | Single-tenanted | Freehold |
| 10,930 | 8,638 | 581 | 100.0% | Single-tenanted | Freehold |
| 9,356 | 5,368 | 561 | 100.0% | Multi-tenanted | Freehold |
| 7,842 | 5,494 | 330 | 100.0% | Multi-tenanted | Freehold |
| 4,186 | 5,006 | 848 | 100.0% | Multi-tenanted | Leasehold |
| | | | | | |
| 161,100 | 68,497 | 16,895 | 98.9% | Multi-tenanted | Part Freehold, Part Right Of Superficies and Part Perpetual Leasehold |
| 140,300 | 33,263 | 12,123 | 97.5% | Multi-tenanted | Part Freehold and Part Leasehold |
| 64,800 | 31,979 | 7,707 | 100.0% | Multi-tenanted | Freehold |
| 51,600 | 21,922 | 4,623 | 100.0% | Multi-tenanted | Perpetual Leasehold |
| 43,010 | 8,741 | 3,088 | 100.0% | Single-tenanted | Continuing Leasehold |
| 19,180 | 5,697 | 1,313 | 100.0% | Single-tenanted | Perpetual Leasehold |
| 17,260 | 7,800 | 1,876 | 90.8% | Multi-tenanted | Freehold |

# 04 FRANCE ASSETS




## LOGISTICS / LIGHT INDUSTRIAL

1 Parc des Docks, Saint Ouen, Paris

2 Parc des Guillaumes, Noisy-le-Sec

3 Parc du Landy, Aubervilliers

## LOGISTICS / LIGHT INDUSTRIAL

4 **Parc des Grésillons,**
**Gennevilliers**

5 **Parc Delizy,**
**Pantin**

6 **Parc Urbaparc,**
**La Courneuve**

7 **Parc Béziers,**
**Villeneuve-lès-Béziers**

8 **Parc du Merantais,**
**Magny-Les-Hameaux**

9 **Parc Locaparc 2,**
**Vitry-sur-Seine**

10 **Parc le Prunay,**
**Sartrouville**

11 **Parc des Érables,**
**Villepinte**

12 **Parc Louvresses,**
**Gennevilliers**

13 **Parc Jean Mermoz,**
**La Courneuve**

14 **Parc de Champs,**
**Champs sur Marne**

15 **Parc Acticlub,**
**Saint Thibault des Vignes**

16 **Parc Parçay-Meslay,**
**Parcay-Meslay**

17 **Parc Sully,**
**Sully-sur-Loire**

## OFFICE

18 **Paryseine,**
**Ivry-sur Seine, Paris**

19 **Cap Mermoz,**
**Maisons-Laffitte, Paris**

# 04 FRANCE ASSETS

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

| Valuation as at 31 December 2024 (€'000) | Lettable area (sqm) | Gross revenue FY 2024 (€'000) | Occupancy as at 31 December 2024 | Lease type | Land tenure |
|---|---|---|---|---|---|
| | | | | | |
| 163,800 | 73,371 | 12,820 | 93.1% | Multi-tenanted | Freehold |
| 35,900 | 18,719 | 2,894 | 98.9% | Multi-tenanted | Freehold |
| 29,600 | 12,763 | 2,351 | 93.8% | Multi-tenanted | Freehold |
| 27,600 | 10,064 | 1,834 | 100.0% | Multi-tenanted | Freehold |
| 23,300 | 12,415 | 2,362 | 96.5% | Multi-tenanted | Freehold |
| 19,700 | 12,641 | 1,861 | 100.0% | Multi-tenanted | Freehold |
| 12,900 | 8,944 | 1,045 | 100.0% | Single-tenanted | Freehold |
| 12,300 | 10,312 | 1,294 | 99.9% | Multi-tenanted | Freehold |
| 10,300 | 5,614 | 912 | 100.0% | Multi-tenanted | Freehold |
| 10,100 | 9,441 | 901 | 100.0% | Multi-tenanted | Freehold |
| 10,100 | 8,077 | 1,143 | 100.0% | Multi-tenanted | Freehold |
| 10,000 | 7,621 | 1,174 | 100.0% | Single-tenanted | Leasehold |
| 8,730 | 6,005 | 870 | 100.0% | Multi-tenanted | Freehold |
| 7,900 | 7,051 | 935 | 100.0% | Multi-tenanted | Freehold |
| 7,510 | 8,055 | 916 | 95.9% | Multi-tenanted | Freehold |
| 5,090 | 5,232 | 535 | 100.0% | Single-tenanted | Freehold |
| 2,560 | 14,948 | 273 | 0.0% | - | Freehold |
| | | | | | |
| 28,500 | 20,776 | 3,097 | 70.6% | Multi-tenanted | Freehold |
| 26,700 | 11,224 | 3,176 | 96.1% | Multi-tenanted | Freehold |

# 04 ITALY ASSETS


## LOGISTICS / LIGHT INDUSTRIAL

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

2 **Via dell'Industria 18, Vittuone**

3 **Via Fogliano 1, Coccaglio**

## LOGISTICS / LIGHT INDUSTRIAL

4 Via Fornace,
Mira

5 Strada Provinciale Adelfia,
Rutigliano

## OFFICE

6 Nervesa21, Milan

7 Via Pianciani 26, Rome

8 Maxima, Rome

9 Building F7-F11,
Assago

10 Via Camillo Finocchiaro Aprile 1,
Genova

11 Via della Fortezza 8, Florence

12 Cassiopea 1-2-3,
Milan

13 Nuova ICO, Via Guglielmo Jervis 9,
Ivrea

14 Corso Annibale Santorre
di Santa Rosa 15, Cuneo

## 'OTHERS'

15 Starhotels Grand Milan,
Via Varese 23, Saronno


16 Via Madre Teresa 4, Lissone

17 Via Salara Vecchia 13, Pescara

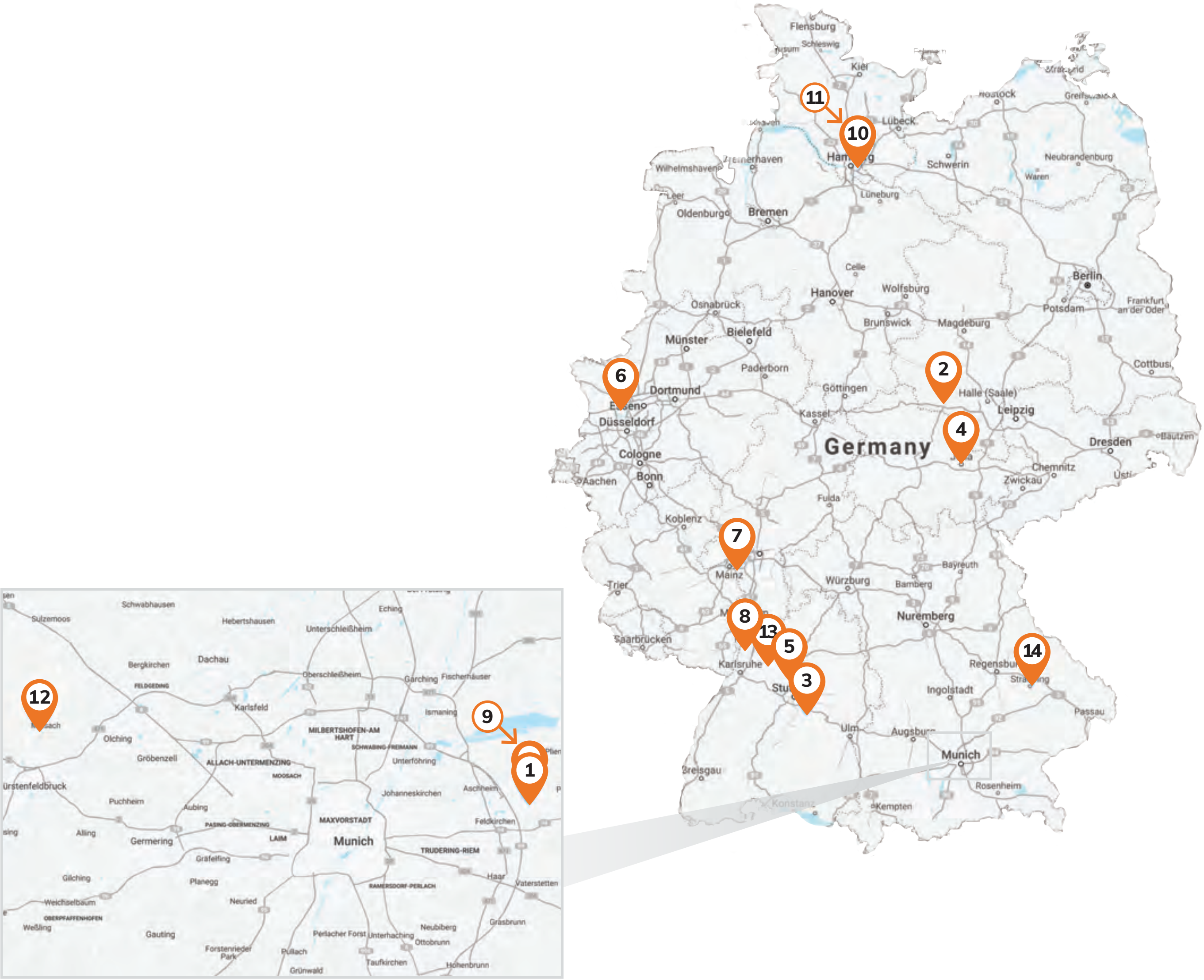
# 04 ITALY ASSETS

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

1 Units that are under development are excluded from occupancy calculations.
2 The property has been stripped out for redevelopment and is excluded from occupancy calculations.
3 Binding offer for Via della Fortezza 8 was entered into in 2024. Notary deed was signed on 5 March 2025 following expiry of Agenzia del Demanio and National Heritage pre-emption rights. Completion is subject to 90-day clearance of compliance checks and registration of interdepartmental decree.

| Valuation as at 31 December 2024 (€'000) | Lettable area (sqm) | Gross revenue FY 2024 (€'000) | Occupancy as at 31 December 2024 | Lease type | Land tenure |
|---|---|---|---|---|---|
| | | | | | |
| 60,800 | 151,298 | 5,305 | 100.0% | Multi-tenanted | Freehold |
| 39,660 | 55,543 | 2,505 | 100.0% | Multi-tenanted | Freehold |
| 26,580 | 44,643 | 2,071 | 100.0% | Single-tenanted | Freehold |
| 21,840 | 27,937 | 1,671 | 100.0% | Single-tenanted | Freehold |
| 16,620 | 29,638 | 1,253 | 100.0% | Multi-tenanted | Freehold |
| | | | | | |
| 56,470 | 9,837 | 2,035 | 100.0% | Multi-tenanted | Freehold |
| 34,080 | 10,725 | 3,049 | 100.0% | Multi-tenanted | Freehold |
| 25,240 | 16,689 | - | - | - | Freehold |
| 20,670 | 16,111 | 2,681 | 97.4% | Multi-tenanted | Freehold |
| 18,960 | 15,538 | 1,774 | 100.0% | Master | Freehold |
| 15,000 | 9,139 | 1,258 | 100.0% | Master | Freehold |
| 11,650 | 11,500 | 1,951 | 96.9% | Multi-tenanted | Freehold |
| 6,705 | 20,428 | 1,117 | 69.3% | Multi-tenanted | Freehold |
| 6,160 | 8,794 | 732 | 100.0% | Master | Freehold |
| | | | | | |
| 20,800 | 17,400 | 1,832 | 100.0% | Single-tenanted | Freehold |
| 12,130 | 11,765 | 1,816 | 100.0% | Multi-tenanted | Freehold |
| 10,710 | 14,018 | 1,131 | 100.0% | Master | Freehold |

# 04 GERMANY ASSETS



## LOGISTICS / LIGHT INDUSTRIAL

1 **Parsdorfer Weg 10, Kirchheim**

2 **An der Wasserschluft 7, Sangerhausen**

3 **Siemensstraße 11, Frickenhausen**

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

5 **Göppinger Straße 1 – 3, Pforzheim**

6 **Hochstraße 150-152, Duisburg**

7 **An der Kreuzlache 8-12, Bischofsheim**

8 **Gewerbestraße 62, Bretten**

9 **Henschelring 4, Kirchheim**

10 **Kolumbusstraße 16, Hamburg**

11 **Moorfleeter Straße 27, Liebigstraße 67-71, Hamburg**

12 **Frauenstraße 31, Maisach**

13 **Gutenbergstraße 1, Dieselstraße 2, Königsbach-Stein**

14 **Dresdner Straße 16, Sachsenring 52, Straubing**

# 04 GERMANY ASSETS

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

1 Units that are under redevelopment are excluded from occupancy calculations.

| Valuation as at 31 December 2024 (€'000) | Lettable area (sqm) | Gross revenue FY 2024 (€'000) | Occupancy as at 31 December 2024 | Lease type | Land tenure |
|---|---|---|---|---|---|
| 38,950 | 26,444 | 2,576 | 96.5% | Multi-tenanted | Freehold |
| 20,420 | 30,557 | 2,462 | 100.0% | Single-tenanted | Freehold |
| 18,120 | 37,188 | 2,432 | 93.6% | Multi-tenanted | Freehold |
| 15,500 | 15,991 | 1,680 | 94.2% | Multi-tenanted | Freehold |
| 15,030 | 11,273 | 1,114 | 100.0% | Single-tenanted | Freehold |
| 15,010 | 17,690 | 1,617 | 92.5% | Multi-tenanted | Freehold |
| 13,550 | 18,924 | 1,333 | 98.8% | Multi-tenanted | Freehold |
| 13,510 | 10,449 | 975 | 100.0% | Single-tenanted | Freehold |
| 12,790 | 9,029 | 889 | 100.0% | Multi-tenanted | Freehold |
| 10,970 | 19,275 | 1,168 | 95.6% | Multi-tenanted | Freehold |
| 10,850 | 7,347 | 850 | 100.0% | Multi-tenanted | Freehold |
| 10,170 | 8,663 | 469 | 48.1% | Multi-tenanted | Freehold |
| 9,157 | 8,013 | 744 | 100.0% | Single-tenanted | Freehold |
| 8,904 | 9,437 | 620 | 100.0% | Multi-tenanted | Freehold |

# 04 POLAND ASSETS


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

## OFFICE

1 Business Garden, Poznań

2 Green Office, Kraków

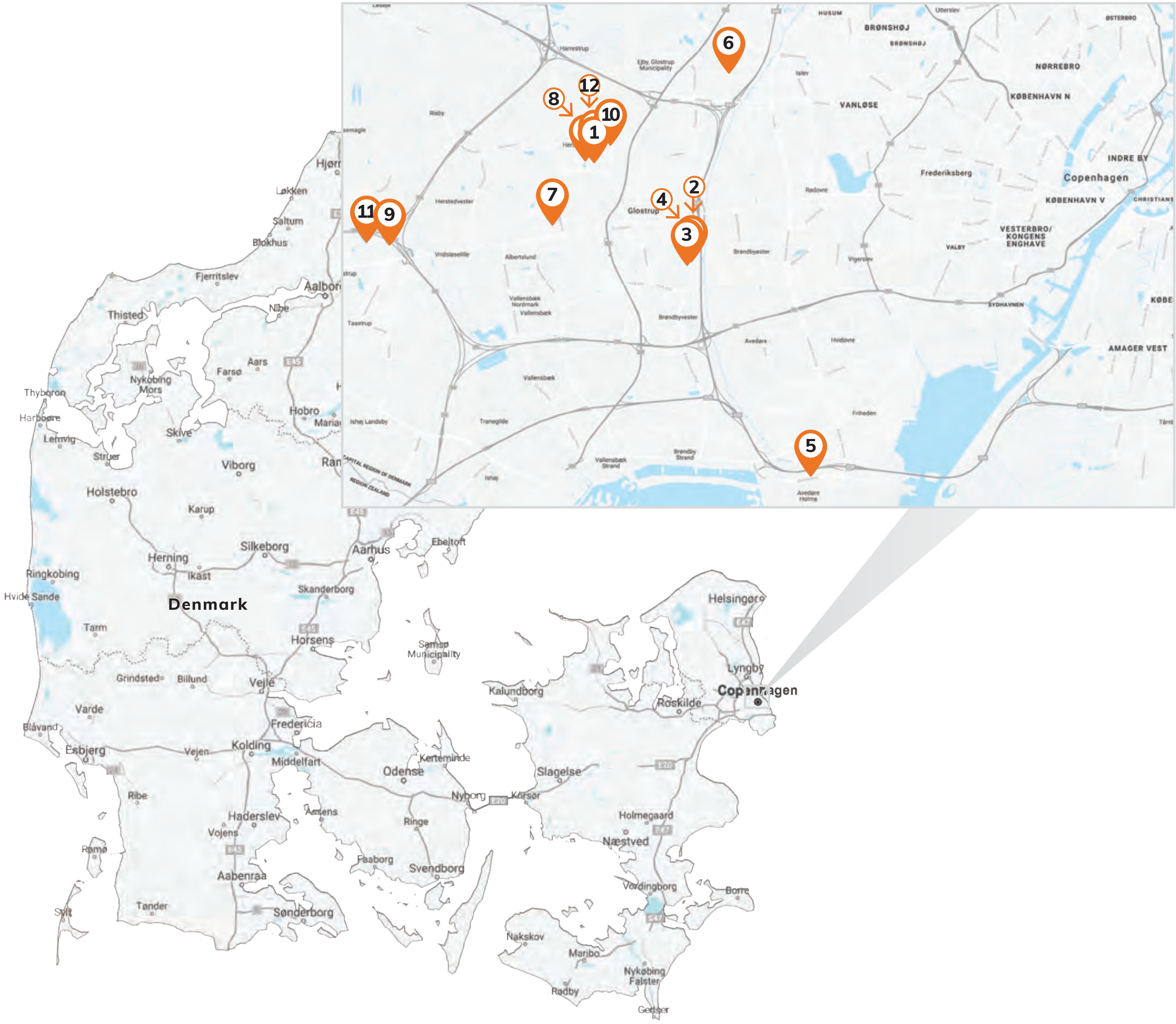
3 Riverside Park, Warsaw

4 Avatar, Kraków

5 Arkońska Business Park, Gdańsk

| Valuation as at 31 December 2024 (€'000) | Lettable area (sqm) | Gross revenue FY 2024 (€'000) | Occupancy as at 31 December 2024 | Lease type | Land tenure |
|---|---|---|---|---|---|
| 70,000 | 42,268 | 9,774 | 92.8% | Multi-tenanted | Freehold |
| 36,900 | 23,104 | 8,876 | 99.0% | Multi-tenanted | Freehold |
| 21,600 | 12,631 | 2,930 | 76.6% | Multi-tenanted | Freehold / perpetual usufruct |
| 19,400 | 11,338 | 3,512 | 100.0% | Multi-tenanted | Freehold / perpetual usufruct |
| 7,960 | 11,170 | 1,660 | 50.2% | Multi-tenanted | Freehold / perpetual usufruct |

# 04 DENMARK ASSETS




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

## LOGISTICS / LIGHT INDUSTRIAL

1 **Naverland 7-11, Glostrup**

2 **Sognevej 25, Brøndby**

3 **Priorparken 800, Brøndby**

4 **Priorparken 700, Brøndby**

5 **Stamholmen 111, Hvidovre**

6 **Islevdalvej 142, Rødovre**

7 **Herstedvang 2-4, Albertslund**

8 **Naverland 8, Glostrup**

9 **Hørskætten 4-6, Tåstrup**

10 **Fabriksparken 20, Glostrup**

11 **Hørskætten 5, Tåstrup**

12 **Naverland 12, Glostrup**

| Valuation as at 31 December 2024 (€'000) | Lettable area (sqm) | Gross revenue FY 2024 (€'000) | Occupancy as at 31 December 2024 | Lease type | Land tenure |
|---|---|---|---|---|---|
| 18,613 | 22,273 | 1,647 | 81.2% | Multi-tenanted | Freehold |
| 17,111 | 22,614 | 1,440 | 61.5% | Multi-tenanted | Freehold |
| 16,682 | 14,703 | 846 | 100.0% | Multi-tenanted | Freehold |
| 16,468 | 15,431 | 1,511 | 100.0% | Multi-tenanted | Freehold |
| 11,358 | 13,717 | 1,137 | 75.5% | Multi-tenanted | Freehold |
| 11,358 | 11,152 | 1,093 | 92.5% | Multi-tenanted | Freehold |
| 10,513 | 11,890 | 894 | 92.7% | Multi-tenanted | Freehold |
| 9,548 | 11,945 | 811 | 79.2% | Multi-tenanted | Freehold |
| 9,038 | 9,233 | 934 | 94.4% | Multi-tenanted | Freehold |
| 8,261 | 7,615 | 801 | 100.0% | Multi-tenanted | Freehold |
| 6,558 | 4,985 | 583 | 100.0% | Single-tenanted | Freehold |
| 5,270 | 6,875 | 450 | 100.0% | Single-tenanted | Freehold |

# 04 CZECH REPUBLIC ASSETS


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

## LOGISTICS / LIGHT INDUSTRIAL

1 **Lovosice ONE Industrial Park I, Lovosice**

2 **Lovosice ONE Industrial Park II, Lovosice**

3 **Moravia Industrial Park, Uherské Hradiště**

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

5 **South Moravia Industrial Park, Vyškov**

6 **Pisek Industrial Park I, Písek**

7 **Pisek Industrial Park II, Písek**

| Valuation as at 31 December 2024 (€'000) | Lettable area (sqm) | Gross revenue FY 2024 (€'000) | Occupancy as at 31 December 2024 | Lease type | Land tenure |
|---:|---:|---:|---:|---:|---:|
| 18,300 | 16,907 | 913 | 78.1% | Multi-tenanted | Freehold |
| 16,000 | 17,411 | 1,150 | 71.8% | Multi-tenanted | Freehold |
| 15,100 | 13,222 | 1,193 | 100.0% | Single-tenanted | Freehold |
| 11,200 | 8,382 | 911 | 97.3% | Multi-tenanted | Freehold |
| 10,100 | 11,154 | 803 | 100.0% | Single-tenanted | Freehold |
| 3,980 | 4,235 | 316 | 100.0% | Single-tenanted | Freehold |
| 1,690 | 2,513 | 133 | 100.0% | Single-tenanted | Freehold |

# 04 SLOVAKIA ASSETS


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

## LOGISTICS / LIGHT INDUSTRIAL

1 **Nove Mesto ONE Industrial Park I, Beckov**

2 **Nove Mesto ONE Industrial Park III, Kočovce**

3 **Nove Mesto ONE Industrial Park II Kočovce**

4 **Kosice Industrial Park, Veľká Ida**

5 **Zilina Industrial Park, Nededza**

| Valuation as at 31 December 2024 (€'000) | Lettable area (sqm) | Gross revenue FY 2024 (€'000) | Occupancy as at 31 December 2024 | Lease type | Land tenure |
|---|---|---|---|---|---|
| 26,650 | 29,747 | 2,034 | 77.4% | Multi-tenanted | Freehold |
| 21,300 | 28,875 | 2,217 | 100.0% | Multi-tenanted | Freehold |
| 9,530 | 14,719 | 1,072 | 100.0% | Single-tenanted | Freehold |
| 9,380 | 11,759 | 878 | 100.0% | Single-tenanted | Freehold |
| 4,550 | 5,047 | 491 | 100.0% | Single-tenanted | Freehold |

# 04 UNITED KINGDOM ASSETS


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

## LOGISTICS / LIGHT INDUSTRIAL

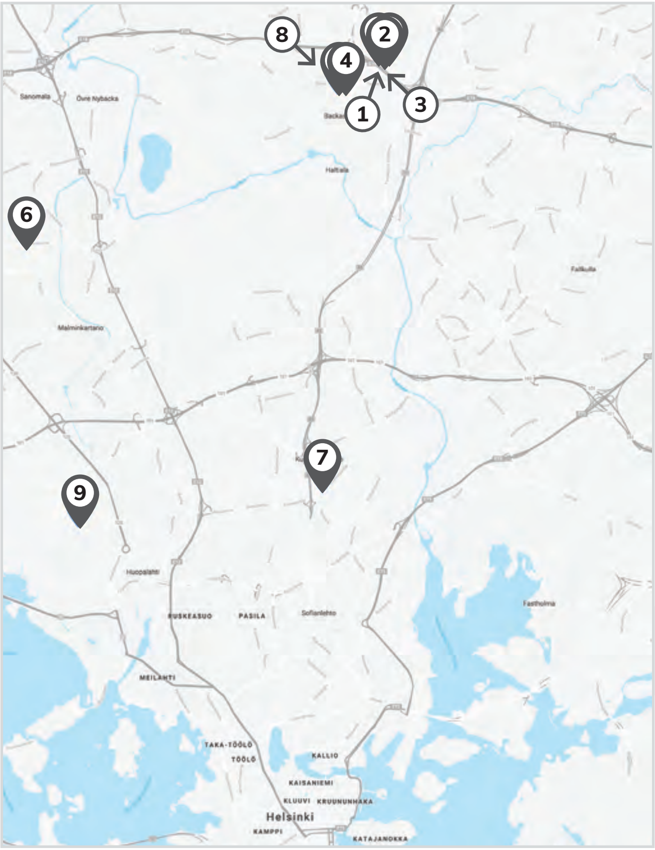
1 **Thorn Lighting, Durham**

2 **The Cube, Wincanton Logistics**

3 **Kingsland 21, Warrington**

| Valuation as at 31 December 2024 (€'000) | Lettable area (sqm) | Gross revenue FY 2024 (€'000) | Occupancy as at 31 December 2024 | Lease type | Land tenure |
|---|---|---|---|---|---|
| 37,507 | 41,610 | 2,805 | 100.0% | Single-tenanted | Freehold |
| 19,730 | 14,120 | 1,186 | 100.0% | Single-tenanted | Freehold |
| 11,331 | 9,835 | 695 | 100.0% | Single-tenanted | Freehold |

# 04 FINLAND ASSETS





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

## OFFICE

1 **Plaza Forte, Vantaa**

2 **Plaza Vivace, Vantaa**

3 **Plaza Allegro, Vantaa**

4 **Pakkalankuja 6, Vantaa**

5 **Kauppakatu 39, Kuopio**

6 **Myyrmäenraitti 2, Vantaa**

7 **Mäkitorpantie 3b, Helsinki**

8 **Pakkalankuja 7, Vantaa**

9 **Purotie 1, Helsinki**

| Valuation as at 31 December 2024 (€'000) | Lettable area (sqm) | Gross revenue FY 2024 (€'000) | Occupancy as at 31 December 2024 | Lease type | Land tenure |
|---|---|---|---|---|---|
| 8,689 | 6,052 | 1,136 | 71.5% | Multi-tenanted | Freehold |
| 8,116 | 5,663 | 906 | 51.8% | Multi-tenanted | Freehold |
| 7,241 | 4,622 | 759 | 62.4% | Multi-tenanted | Freehold |
| 6,331 | 7,823 | 1,320 | 82.7% | Multi-tenanted | Freehold |
| 6,296 | 4,832 | 1,162 | 96.4% | Multi-tenanted | Freehold |
| 5,522 | 7,515 | 1,371 | 83.9% | Multi-tenanted | Freehold |
| 5,174 | 4,367 | 723 | 80.4% | Multi-tenanted | Freehold |
| 4,193 | 3,425 | 622 | 66.7% | Multi-tenanted | Freehold |
| 2,519 | 4,692 | 314 | 24.2% | Multi-tenanted | Freehold |

# 05 CORPORATE GOVERNANCE

## THE ROLE OF SERT'S MANAGER

The Manager's primary role is to set the strategic direction of SERT and to make recommendations to the Trustee on any investment or divestment opportunities for SERT and the enhancement of the assets of SERT in accordance with the stated investment strategy for SERT. The research, evaluation and analysis required for these objectives are coordinated and carried out by the Manager. The Manager has general powers of management over the assets of SERT.

SERT, constituted as a trust, is externally managed by the Manager. The Manager appoints well-qualified and experienced personnel to run its day-to-day operations. All Directors' fees and employees' remuneration are paid by the Manager, not by SERT.

The Manager was appointed in accordance with the terms of the Trust Deed. The Trust Deed outlines certain circumstances under which the Manager can be removed, including by notice in writing given by the Trustee upon the occurrence of certain events or by resolution passed by a simple majority of Unitholders present and voting at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed. No termination fees are payable to the Manager upon the removal or retirement of the Manager under the Trust Deed.

The Manager's primary responsibility is to manage the assets and liabilities of SERT for the benefit of the Unitholders. This is done with a focus on providing Unitholders with stable and growing DPU and NAV per Unit over the long term, while maintaining an appropriate capital structure. The Manager is also responsible for the risk management of SERT.

The other functions and responsibilities of the Manager include:

a) Using its best endeavours to ensure that SERT's operations are carried out and conducted in a proper and efficient manner;

b) Formulating SERT's investment strategy, including:
- determining the location, sub-sector type and other characteristics of SERT's property portfolio;
- integrating sustainability risk considerations in the investment decision-making process; and
- negotiating, overseeing the negotiations and providing supervision in relation to acquisitions and disposals of SERT and making final recommendations to the Trustee;

c) Formulating SERT's asset management strategy, including:
- Determining the tenant-customer mix, asset enhancement works and rationalising operation costs;
- Providing the supervision in relation to asset management of SERT and making final recommendations to the Trustee on material matters; and
- Ensuring that ESG factors form an integral part of the investment process,

d) Formulating the plans for equity and debt financing for SERT's property acquisitions, distribution payments, expense payments and property maintenance payments.

e) Executing the capital management plans, negotiating with financiers and underwriters and making final recommendations to the Trustee;

f) Preparing accounts, financial reports and annual reports for SERT on a consolidated basis;

g) Making all regulatory filings on behalf of SERT, and ensuring compliance with relevant laws and regulations including the applicable provisions of the SFA, the Listing Manual, the CIS Code (including Property Funds Appendix), the Singapore Code on Take-overs and Mergers, the Trust Deed, the capital markets services license issued to the Manager, any tax rulings and all relevant contracts;

h) Communicating and liaising with the investment community and other external stakeholders, including but not limited to Unitholders, investors, analysts, media, business and community partners;

i) Preparing property plans on a regular basis, which may contain proposals and forecasts on revenue, capital expenditures, sales and valuations, explanations of major variances to previous forecasts, written commentary on key issues and any relevant assumptions; and

j) Devising and executing SERT's sustainability strategy and plans, including managing stakeholder relations, preparing annual sustainability reports and other relevant submissions such as GRESB. The Manager also considers managing sustainability risks (including environmental, social and governance factors) as part of its responsibilities.

The Board provides strategic direction and is involved in the endorsement of the material matters that are relevant to SERT's business and its stakeholders. The Board also provides strategic oversight, considers climate-related risks and opportunities and reviews SERT's sustainability performance, reporting on which has been integrated into SERT's quarterly operational reports. To ensure greater accountability, the Board has established a standalone Sustainability Committee ("Board Sustainability Committee") chaired by a non-independent non- executive director and comprising all members of the Board.

The Sustainability Committee's terms of reference sets out, *inter alia*, the roles and responsibilities of the SC and include its purview over matters relating to the ESG framework, ESG targets, the sustainability reporting framework and SERT's policies, practices and performance on its material ESG factors which are significant and contribute to SERT's performance, business activities, and reputation as a corporate citizen.

SERT's ESG programme is set out in detail in the Sustainability Report FY 2024, which will be published no later than five months after the end of the financial year.

The Manager and Property Manager of SERT are wholly owned by SERT's sponsor SWI Group, its subsidiaries, and associates. SWI Group holds a substantial 27.8% unitholding in SERT as at 31 December 2024. SWI Group is an alternative investment platform specialising in real estate, data centres, credit, and the financial sectors. SWI Group comprises Stoneweg, Icona Capital, its subsidiaries and associates. Its investment strategies are founded on in-depth research, first-hand market knowledge, and the ability to execute strategies efficiently for optimal returns. It currently manages over €10.0 billion and is a trusted partner to, and investment manager on behalf of, a diverse range of global and local investors, capital allocators, and finance houses.

SWI Group's real assets arm, Stoneweg, has a strong track record across various asset classes, including logistics and industrial, data centres, living, hospitality, and experiences, operating through both private and listed mandates. Its listed mandates, SERT and Varia US Properties (listed on the Swiss Stock Exchange, with a strategy to maximise long-term value by acquiring, owning, repositioning, managing, and selling US multifamily properties), collectively represent approximately 40% of SWI Group's assets under management.

SWI Group relies on local operating teams to identify, develop, and manage opportunities worldwide across both real estate and investment strategies. The group has over 350 employees across more than 25 offices globally, with a presence in 15 European countries, as well as the US and Singapore.

## THE MANAGER'S CORPORATE GOVERNANCE CULTURE

The Manager aspires to the highest standards of corporate governance. The Manager is committed to continuous improvement in corporate governance. It has developed and, on an ongoing basis, maintains a roster of transparent policies and practices that provide a firm foundation for a trusted and respected business enterprise and meet the specific business needs of SERT. The Manager remains focused on complying with the substance and spirit of the principles and provisions of the Code while achieving operational excellence and delivering SERT's long-term strategic objectives. The Board of Directors is responsible for the overall corporate governance of the Manager, including establishing goals for Management and monitoring the achievement of these goals. This underscores their importance to the Manager.

The Manager has received accolades from the investment community for excellence in corporate governance. More details can be found in the Investor Relations section of this Annual Report.

# 05 CORPORATE GOVERNANCE

This corporate governance report sets out the corporate governance practices for FY 2024 with reference to the principles of the Code. For FY 2024, SERT has complied with the principles and provisions of the Code in all material aspects and to the extent that there are any deviations from the Code, the Manager will provide explanations for such a deviation and the details of the alternative practices which have been adopted by SERT, which are consistent with the intent of the relevant principle of the Code.

## (A) BOARD MATTERS

**Principle 1: The Board's conduct of affairs**

***The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company***

The Board is collectively responsible for the long-term success of SERT and for protecting and enhancing Unitholder value. The Board recognises that each of the Directors is a fiduciary and should act objectively in the best interests of the Unitholders and hold Management accountable for performance.

The Directors are collectively and individually obliged to act honestly, with diligence, and in the best interests of SERT at all times. The Board establishes a code of business conduct (please refer to pages 131 to 134 of this Annual Report), sets the appropriate tone from the top and desired organisational culture, and ensures proper accountability within the Manager.

The Manager requires its Directors to disclose their interests in transactions and any conflicts of interest. The Directors recuse themselves from any discussions and decisions concerning matters in which they may be in a conflict-of-interest situation. The Board is satisfied that no conflicts of interest were required to be disclosed by any Director in FY 2024. The Board is tasked to oversee the relationship between SERT, the Unitholders and the Manager and also to oversee the affairs of the Manager, in furtherance of the Manager's primary responsibility to manage the assets and liabilities of SERT for the benefit of Unitholders. The Board provides leadership to the CEO and Management and sets the strategic vision, direction and long-term objectives for SERT. The CEO, assisted by the management team, is responsible for executing the strategy for SERT and the day-to-day operations of SERT's business.

The Board guides the corporate strategy and direction of the Manager, ensures that Management demonstrates business leadership and the highest quality of management skills with integrity and enterprise, and oversees the proper conduct of the Manager. The Board establishes the goals for Management, monitors the achievement of these goals and ensures that proper and effective controls are in place to assess and manage business risks.

The Board has reserved authority to approve certain matters, and these include:

a) acquisitions, investments, developments, redevelopments and divestments;

b) issue of new Units;

c) income distributions and other returns to Unitholders; and

d) matters which involve a conflict-of-interest for a controlling Unitholder or a Director.

**Internal limits of authority**

The Board has adopted a set of internal controls and guidelines which establish approval limits for operational and capital expenditures, investments, divestments, bank borrowings and cheque signatory arrangements. Such matters, which have been approved by the Board, are clearly communicated to Management in writing and reviewed annually. Transactions and other issues requiring the Board's approval are clearly set out in the delegation of authority. Appropriate delegations of authority and approval sub-limits are also provided at the Management level to facilitate operational efficiency.

**Board committees**

The Board has established various board committees to assist it in the discharging of its functions. Membership in the various board committees is managed to ensure an equitable distribution of responsibilities among Board members, to maximise the effectiveness of the Board and to foster active participation and contribution from Board members. These board committees are the Audit and Risk Committee ("ARC"), the Nominating and Remuneration Committee ("NRC") and the Sustainability Committee ("SC"). The Board may form other board committees as dictated by business imperatives.

The ARC, NRC and SC are collectively referred to as the Board Committees, and Board Committee shall mean any of them. The Board Committees have been constituted with clear written terms of reference approved by the Board and may decide on matters within these terms of reference and applicable limits of authority. The terms of reference of the respective Board Committees set out their compositions, authorities and duties, including reporting back to the Board. All terms of reference are reviewed and updated when necessary to ensure their continued relevance.

The members of both the ARC and the NRC are all non-executive SERT Directors, with a different independent chair for each Board Committee. The ultimate responsibility for decision-making and oversight rests with the Board as a whole. The compositions of the various Board Committees and the Directors' date of appointments are set out on pages 20 to 25 and 104 of this Annual Report.

**Meetings**

The Board meets at least once every quarter and as required by business imperatives. Board and Board Committee meetings are scheduled prior to the start of each financial year to allow Directors to plan ahead to attend such meetings, so as to maximise participation.

Where exigencies prevent a Director from attending a Board meeting in person, the constitution of the Manager permits the Director to participate via audio or video conference.

The constitution provides for the quorum necessary for the transaction of the business of the Directors at each Board meeting (unless fixed by the Directors at any number) to be two. The quorum for the transaction of the business of each Board Committee, however, is a majority of its members (excluding any member who has a conflict of interest in the subject matter under consideration). Notwithstanding this, there is an expectation for Directors to attend scheduled Board and Board Committee meetings, except if unusual circumstances make attendance impractical.

The Board and Board Committees may also make decisions by way of resolutions in writing. In each meeting, where matters requiring the Board's approval are to be considered, all members of the Board attend and actively participate in the deliberations and discussions, and resolutions in writing are circulated to all Directors for their consideration and approval. The exception is where a Director has a conflict of interest in a particular matter, in which case he/she will be required to recuse himself/ herself from the deliberations and abstain from voting on the matter. This principle of collective decisions adopted by the Board ensures that no individual influences or dominates the decision-making process. A Director with multiple directorships is expected to ensure that sufficient time and attention can be and is given to the affairs of the Manager in managing the assets and liabilities of SERT for the benefit of Unitholders. As part of its annual effectiveness review, the Board has confirmed that each Director is not "overboarded", i.e. not sitting on an excessive number of Boards.

During Board meetings, non-executive Directors review the performance of Management against agreed goals and objectives and monitor the reporting of performance. During the Board meeting to discuss strategies, non-executive Directors constructively challenge and help develop proposals on these strategies.

A total of 11 Board meetings, 4 ARC meetings, 2 NRC meetings and 3 SC meetings were held in FY 2024. A record of the Directors' attendance at Board and Board Committees' meetings in FY 2024 is set out below. All Directors attended all meetings in FY 2024, and all Directors voted on each resolution where applicable. The Manager believes in the manifest contributions of its Directors beyond attendance at formal Board and Board Committee meetings. To judge a Director's contributions based on his/her attendance at formal meetings alone would not do justice to his/her overall contributions, which include being accessible to Management for guidance or exchange of views outside the formal environment of Board and Board Committees meetings.

**Composition and Attendance Record of Meetings**

| | Composition | | | Attendance Record of Meetings in FY 2024 | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | Board | ARC | NRC | SC | AGM |
| | ARC | NRC | SC | Number of Meetings Held: 11 | Number of Meetings Held: 4 | Number of Meetings Held: 2 | Number of Meetings Held: 3 | Number of Meetings Held: 1 |
| **Lim Swe Guan** | Member | Member | Member | 11 out of 11 | 4 out of 4 | 2 out of 2 | 3 out of 3 | 1 out of 1 |
| **Fang Ai Lian** | Chair | Member | Member | 11 out of 11 | 4 out of 4 | 2 out of 2 | 3 out of 3 | 1 out of 1 |
| **Christian Delaire** | Member | Chair | Member | 11 out of 11 | 4 out of 4 | 2 out of 2 | 3 out of 3 | 1 out of 1 |
| **Jonathan Callaghan**[1] | – | Member | Member | 11 out of 11 | N/A | 2 out of 2 | 3 out of 3 | 1 out of 1 |
| **Ooi Eng Peng**[2] | – | – | Chair | 11 out of 11 | N/A | N/A | 3 out of 3 | 1 out of 1 |
| **Jaume Sabater**[3] | – | Member | Member | N/A | N/A | N/A | N/A | N/A |
| **Yovav Carmi**[4] | – | – | Chair | N/A | N/A | N/A | N/A | N/A |
| **Simon Garing** | – | – | Member | 11 out of 11 | N/A | N/A | 3 out of 3 | 1 out of 1 |

1. Mr Jonathan Callaghan ceased to be a Director on 24 December 2024.
2. Mr Ooi Eng Peng ceased to be a Director on 24 December 2024.
3. Mr Jaume Sabater was appointed as non-independent non-executive Director of the Manager on 24 December 2024.
4. Mr Yovav Carmi was appointed as non-independent non-executive Director of the Manager on 24 December 2024.

**Trainings**

In view of the increasingly demanding, complex and multi-dimensional role of a director, the Board recognises the importance of ongoing training and development for its Directors so as to equip them to discharge the responsibilities of their office as Directors to the best of their abilities. The Manager has in place a training framework designed to meet the objective of having a Board comprising competent individuals with up-to-date knowledge and skills necessary to discharge their responsibilities. The Manager bears the cost of the training.

Directors understand the company's business, their fiduciary duties towards SERT and their directorship duties (including their roles as executive, non-executive and independent directors). Directors receive ongoing training in areas such as directors' duties and responsibilities, changes to regulations and accounting standards, ethical standards, ESG, sustainability and industry-related matters. Directors are also regularly updated on matters that affect or may enhance their performance as Directors or Board Committee members. Directors may contribute by highlighting relevant areas of interest.

The Manager ensures that Directors are provided with opportunities for continual professional development in areas such as briefings by professional advisors and Management on the changes to accounting standards and the Code, industry developments, regulatory matters, ESG and sustainability reporting and dialogues with experts and senior business leaders on issues facing boards and board practices. All the Directors have attended and successfully completed the prescribed ESG training as mandated by the SGX-ST, with the exception of Mr Jaume Sabater and Mr Yovav Carmi, who were appointed as Directors on 24 December 2024. Mr Sabater and Mr Carmi will endeavour to complete the prescribed ESG training within 12 months of their appointment.

**Director orientation**

Upon appointment, each Director is provided with a formal letter of appointment. All Directors, upon appointment, also undergo a formal induction, training and development programme which focuses on orientating the Director on SERT's business, operations, strategy, organisational structure, responsibilities of KMP, ethical standards and financial and governance practices. All Directors, upon appointment, also undergo training on the roles and responsibilities of a director of a listed issuer.

Directors who are appointed to the Board from time to time have prior experience as a director of an issuer listed on the SGX-ST. If any first-time director without prior experience as a director of a issuer listed on the SGX-ST is appointed to the Board of the Manager, he/she will undergo training in the roles and responsibilities of a listed company director as required under Rule 210(5)(a) of the Listing Manual.

As Mr Sabater and Mr Carmi were appointed as Directors on 24 December 2024, they will endeavour to complete the training as prescribed by the SGX-ST for first time directors within 12 months of their appointment.

**Access to information**

An effective and robust Board, whose members engage in open and constructive debate to develop and refine proposals on strategy, is fundamental to good corporate governance. In this regard, the Board is kept well-informed of SERT's business and affairs and the industry in which SERT operates. The Manager recognises the importance of providing the Board with complete, adequate and timely information prior to Board meetings and on an ongoing basis, to enable the Directors to make informed decisions to discharge their duties and responsibilities. Reports on SERT's operational and financial performance are also provided to the Board on a regular basis.

Where appropriate, informal meetings are held for Management to brief Directors on prospective transactions, early stages of potential developments or other matters before formal Board approval is sought.

The Directors have separate and independent access to Management and the Company Secretary at the Manager's expense, at all times. The Company Secretary attends to corporate secretarial administration matters and attends all Board meetings. The appointment and removal of the Company Secretary are matters for the Board to decide as a whole.

The Board also has access to independent professional advice where appropriate and when requested, at the Manager's expense.

**Principle 2: Board composition and guidance**

***The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the company's best interest***

The Manager is currently led by a six-member Board, three of whom (including the Chair) are SERT Independent Directors and five of whom are non-executive Directors. Accordingly, non-executive Directors make up a majority of the Board in FY 2024.

Profiles of the Directors are provided on pages 20 to 25 of this Annual Report. The Board assesses the independence of each Director in accordance with the guidance in the Code, the Listing Manual and the SFR.

A SERT ID is one who is independent in conduct, character and judgement and has no relationship with the Manager, its related corporations and its shareholders who hold 5% or more of the voting shares of the Manager, or Unitholders who hold 5% or more of the Units in issue, or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgement in the best interests of SERT; and is independent from the management of the Manager and SERT, from any business relationship with the Manager and SERT, from every substantial shareholder of the Manager and every substantial Unitholder of SERT, and is not a substantial shareholder of the Manager or a substantial Unitholder of SERT, is not employed and has not been employed by the Manager or SERT or their related corporations in the current or any of the past three financial years, does not have an immediate family member who is employed or has been employed by the Manager or SERT or their related corporations in the current or any of the past three financial years and whose remuneration is or was determined by the Board and has not served on the Board for a continuous period of nine years or longer.

The Board has established a process for assessing the independence of its Directors. Each of the relevant non-executive Directors has confirmed that there are no material relationships which would render him/her non-independent. The confirmations have been reviewed by the Board, during which the Board considered the Directors' respective contributions at Board meetings. The Board has carried out the assessment of each of its Directors for FY 2024, and the paragraphs below sets out the outcome of the assessment.

With respect to Mr Lim Swe Guan, Mr Christian Delaire and Mrs Fang Ai Lian, they do not have any relationships and are not faced with any of the circumstances identified in the Code, SFR and Listing Manual, or any other relationships which may affect their independent judgement. The Board considered whether each of them had demonstrated independence of character and judgement in the discharge of their responsibilities as a Director in FY 2024, and is satisfied that each of Mr Lim, Mr Delaire and Mrs Fang had acted with independent judgement.

On the basis of the declarations of independence provided by the relevant non-executive Directors and the guidance in the Listing Manual, Code and the SFR, the Board has determined that Mr Lim Swe Guan, Mr Christian Delaire and Mrs Fang Ai Lian are SERT IDs. For FY 2024, all the SERT IDs are considered to be independent under the Code and SFR. All SERT IDs have also served on the Board for fewer than nine years. Each of them had recused himself/ herself from the Board's deliberations respectively on his/her own independence.

The remaining Directors are not independent Directors as defined under the Listing Manual, Code and the SFR.

- Mr Jaume Sabater is a non-independent non-executive Director of the Manager and is the Group Chief Executive Officer of the Sponsor;
- Mr Yovav Carmi is a non-independent non-executive Director of the Manager and was appointed by the Sponsor to the Board of the Manager; and
- Mr Simon Garing is the CEO and an executive Director of the Manager.

Mr Simon Garing has confirmed that he has acted in the best interests of all the Unitholders throughout the year. The Board is satisfied that Mr Simon Garing was able to act in the best interests of all the Unitholders in respect of FY 2024. It is further noted that Mr Simon Garing, Mr Jaume Sabater and Mr Yovav Carmi have served on the Board for fewer than nine years and, except for Mr Jaume Sabater, neither of them is a substantial shareholder of the Manager nor a substantial Unitholder of SERT.

The SERT IDs, led by the independent Chair of the Board, communicate regularly without the presence of Management as required. The chair of such meetings provides feedback to the Board.

**Board diversity**

The Manager recognises that diversity in relation to the composition of the Board provides a great range of perspectives, insights and challenges to support good and innovative decision making. The current Board comprises Directors who are business leaders and professionals with financial, banking, real estate, investment, risk management and accounting backgrounds. Each Director brings to the Board a range of skills, experience, insights and sound judgement which, together with his/her strategic networking relationships, serve to further the interests of SERT.

The Board embraces diversity and has formally adopted a Board Diversity Policy. The main objective of the Board Diversity Policy is to ensure that the Board comprises directors, who as a group, provide the appropriate balance and mix of skills, knowledge, experience and other aspects of diversity such as gender and age. The Board has made good progress in achieving its objective under the Board Diversity Policy and the current Board and Board Committees are of appropriate size and comprise Directors from diverse backgrounds, age and gender, which provide an appropriate mix of skills, knowledge and experience so as to promote inclusion, mitigate against 'groupthink' and foster constructive debate.

The Board supports gender diversity and subscribes to the view that female directors offer different perspectives and enhance the decision-making process.

The Board is also of the view that gender should not be the main selection criteria and to look beyond gender to seek diversity of background, knowledge and thought in the appointment of a Director. As gender is an important aspect of diversity, the NRC will strive to ensure that (a) if external search consultants are used to search for candidates for Board appointments, the brief will include a requirement to also present suitable female candidates; (b) when seeking to identify a new Director for appointment to the Board, the NRC will request for female candidates to be fielded for consideration; and (c) at least one female director be appointed to the Board. In FY 2024, the Board has also set a medium-term goal to achieve and maintain at least 30% representation of each gender.

**Annual review of Board size and composition**

The Board, with the assistance of the NRC and relevant advisors, reviews on an annual basis, the size and composition of the Board, with a view to ensuring the Board has the appropriate mix of expertise and experience and that the size of the Board is appropriate in facilitating effective decision making and constructive debate, taking into account the scope and nature of the operations of SERT, and that the Board has a strong independent element. Any potential conflicts of interest are also taken into consideration.

**Board skills matrix**

The Board reviews, on a regular basis, the mix of skills, experience, independence, knowledge and diversity represented by Directors on the Board and determines whether the composition and mix remain appropriate for the Manager's purpose and strategic objectives and whether they cover the skills needed to address existing and emerging business and governance issues relevant to the Manager and SERT. The Board has adopted a Board Skills Matrix, which sets out the collective skills and attributes of the Board. The matrix is enhanced annually to include a broader range of skills, taking into account evolving topics such as digitalisation, ESG, tax and other key risk matters in order to meet the changing needs of SERT. It is noted that the current Directors have relevant skills and experience in each of the areas listed below.

| Skill area | Skills & experience |
|---|---|
| **Leadership and culture** | Experience at an executive level in business including the ability to assess the performance of the CEO and senior management |
| | Non-executive and board committee experience in a publicly listed company in Singapore or Europe |
| | Understanding, implementing and monitoring of good organisational culture and change management |
| | Experience in managing human capital and strategic workforce planning |
| | Remuneration and rewards planning |
| | Industrial relations, workplace health and safety |
| **Commercial capability** | Experience at a Board or executive level with a listed company(s) in the SGX or international equivalent, giving an understanding of any or all of the following:<br>• Capital raising<br>• Takeovers<br>• Continuous disclosure<br>• Corporate governance<br>• Commercial law<br>• Legal and regulatory frameworks |
| **Investment management/ Funds management** | Experience in the investment management or funds management industry |
| **European commercial property market knowledge** | Experience in, and appropriate knowledge of, the European commercial property market:<br>• Acquisitions and disposals<br>• Real estate valuation<br>• Asset management<br>• Property management<br>• Leasing<br>• Facilities management<br>• Development |

| Skill area | Skills & experience |
|---|---|
| **Financial acumen** | Understand key financial statements |
| | Critically assess financial viability performance |
| | Contribute to financial planning |
| | Monitor operating and capital expenditure budgets |
| | Monitor debt levels and funding arrangements |
| | Experience as a partner in a top tier accounting firm, or as a CFO in a listed company in the SGX-ST, giving a deep understanding of the accounting standards applicable to the Group's financial reports and the Group's financial accountability process generally |
| **Risk management and internal controls** | Ability to identify or recognise key risks to the Group across its various operations and understand and monitor enterprise risk management frameworks and risk mitigating solutions |
| | Understand governance frameworks and internal controls |
| **Capital management** | Experience in the banking industry or in a corporate treasury department with understanding of the debt market in Singapore, Europe or elsewhere |
| **ESG, sustainability reporting and climate change** | Ability to make a positive contribution to the diversity of the Group's Board (on the basis of geographic location, gender, age, etc.) |
| | Sustainability reporting oversight in Singapore and/or Europe |
| | Demonstrate an understanding of workplace health and safety practices |
| | Understand risks and opportunities relating to climate change |
| | Former or current role with direct accountability for environment practices including energy, water management, emissions and land management |
| | Stakeholders engagement on ESG issues |
| | Marketing and positioning expertise capitalising on ESG related opportunities |
| **Digitalisation and technology** | Understand digitalisation and disruption to the industry including cybersecurity risks and threats |
| | Understand technology and information systems applicable to the real estate industry |
| **Public policy, government, economics** | Experience with either Singapore or European government ministeries or departments with knowledge of agendas, policies and/or processes |
| | Understand key macro and micro economic indicators and market cycles and their impact on the Group and the environment in which it operates |
| **Tax regime** | Understand Singapore and European tax regimes, regulations and implications |
| | Ability to guide the management on managing tax disputes and/or tax audits |
| | Understanding or experience with tax technology in managing digital tax strategy, digital tax effectiveness, digital tax administration, tax technology and tax big data |

**Principle 3: Chair and Chief Executive Officer**

***There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.***

To maintain an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making, the roles and responsibilities of the Chair and the CEO are held by separate individuals. The Chair and the CEO are not immediate family members.

The non-executive independent Chair, Mr Lim Swe Guan, is responsible for leading the Board and ensuring that the Board is effective in all aspects of its role. The CEO, Mr Simon Garing, has full executive responsibilities over the business directions and operational decisions of SERT and is responsible for implementing SERT's strategies and policies and conducting SERT's business.

The Chair is responsible for the overall management of the Board and for facilitating the conditions for the overall effectiveness of the Board, Board Committee and individual Directors. The Chair also ensures that the Board and Management work together with integrity and competency. This includes setting the agenda of the Board in consultation with the CEO and promoting constructive engagement among the Directors as well as between the Board and Management on strategy, business operations, enterprise risk and other plans. The Chair plays a significant leadership role by providing clear oversight, direction, advice and guidance to the CEO and Management on strategies.

The separation of the roles of the Chair and the CEO, which is set out in writing, and the resulting clarity of roles provide a healthy professional relationship between the Board and Management and facilitate robust deliberations on the business activities of SERT and the exchange of ideas and views to help shape SERT's strategic process.

As the Chair is a SERT ID and the roles of the Chair and the CEO are held by separate individuals who are not related to each other, no lead independent director has been appointed. There are also adequate measures in place to address situations where the Chair is conflicted, as the Directors are required to recuse themselves from deliberations and abstain from voting on any matters that could potentially give rise to conflict. Despite this deviation from Provision 3.3 of the Code, the Manager is of the view that its practice is consistent with the intent of Principle 3 of the Code.

**Principle 4: Board membership**

***The Board has a formal and transparent process for the appointment and reappointment of directors, taking into account the need for progressive renewal of the Board***

While it is not a regulatory requirement in Singapore for Board members of REIT managers to be subjected to re-election, the Board has a formal process in place to evaluate the effectiveness of the Board and its Board Committees on an annual basis.

The NRC is appointed by the Board from amongst the Directors of the Manager and is composed of four members, with the Chair of the NRC being a SERT ID. The current members of the NRC are Mr Christian Delaire, Mr Lim Swe Guan, Mrs Fang Ai Lian and Mr Jaume Sabater. With the exception of Mr Sabater who is a non-independent non-executive Director, the rest of the members of the NRC are SERT IDs. This is in line with the Code's requirements of having at least a majority of independent directors in the nominating committee. Mr Christian Delaire has been appointed as the Chair of the NRC since SERT was listed on SGX-ST.

The role of the NRC is to make recommendations to the Board on all appointment and remuneration matters. The NRC also reviews and makes recommendations on succession plans for the Board and the KMP. Under its terms of reference, the NRC's responsibilities also include:

a) reviewing the succession plans for Directors, in particular the appointment and/or replacement of the Chair, the CEO and KMP;

b) developing a process and criteria for evaluation of the performance of the Board, its Board Committees and Directors;

c) reviewing the training and professional development programmes for the Board and its Directors;

d) the appointment and re-appointment of Directors (including alternate directors, if applicable), having regard to the composition and progressive renewal of the Board and each Director's competencies, commitment, contribution and performance including, if applicable, as a SERT ID;

e) ensuring that new Directors are aware of their duties and obligations;

f) determining annually and as and when circumstances require, if a Director is independent;

g) deciding if a Director is able to and has been adequately carrying out his duties as a Director of the Manager, taking into consideration the Director's principal commitments; and

h) recommending to the Board, objective performance criteria for the purpose of evaluating the Board's performance as a whole, and of each Board Committee separately, as well as the contribution by the Chair and each individual Director to the Board, and implementing performance evaluation established by the Board.

In addition, the NRC is committed to diversity and is responsible for setting the board diversity policy, including the targets, plans and timelines, for the Board's approval. The NRC continually reviews the progress towards meeting the policy targets and keeps the Board updated. The NRC takes into consideration the differences in the skillsets, gender, age, ethnicity and educational background in determining the optimal composition of the Board in its Board renewal process. The Board is reviewed annually against the Board Skills Matrix, which identifies areas in which knowledge or skill of the Board is required. This includes, amongst others, strategic thinking, experience and knowledge in European property markets, understanding of economic indicators, being able to assess financial performance, prior experience in an executive role, and ability to identify key risks.

In the year under review, no alternate directors were appointed. This is in line with the principle that a Director must be able to commit time to the affairs of the Manager. For FY 2024, each Director has committed that he/she was able to commit sufficient time to the affairs of the Manager.

The NRC has adopted the following criteria and process for selecting, appointing and reappointing Directors and for reviewing the performance of Directors:

a) The NRC, on an annual basis, carries out a review of the Board composition as well as on each occasion when a Director gives notice of his or her intention to retire or resign. The review includes assessing the collective skills, knowledge and experience of Directors represented on the Board to determine whether the Board, as a whole, has the skills, knowledge and experience required to achieve the Manager's objectives for SERT. In carrying out this review, the NRC considers the need for the Board composition to reflect balance in matters such as skills representation, tenure, experience, age spread and diversity (including gender diversity), taking into account benchmarking within the industry as appropriate. The Board has adopted a Board Skills Matrix, which sets out the collective skills and attributes of the Board. The Board regularly reviews and updates its Board Skills Matrix to reflect the strategy and direction of the Manager and SERT.

b) The NRC reviews the suitability of any candidate put forward by any Director for appointment, having regard to the skills required and the skills represented on the Board and whether a candidate's skills, knowledge and experience will complement the existing Board and whether he/she has sufficient time available to commit to his/her responsibilities as a Director, and whether he/she is a fit and proper person for the office in accordance with the Guidelines on Fit and Proper Criteria issued by MAS (which require the candidate to be, among other things, competent, honest, to have integrity and be financially sound).

c) External consultants may be engaged from time to time to access a broad base of potential Directors.

d) No member of the NRC is involved in any decision of the NRC relating to his own appointment, re-appointment or assessment of independence.

e) A newly appointed Director receives a formal appointment letter which sets out his relevant duties and obligations.

f) All Directors undergo an induction programme on appointment to help familiarise them with matters relating to SERT's business and the Manager's strategy for SERT.

g) The performance of the Board, Board Committees and Directors is monitored regularly and formally reviewed annually.

h) The NRC proactively addresses any issues identified in the Board performance evaluation.

The adopted process takes into account the requirements in the Code and the Listing Manual that the composition of the Board, including the selection of candidates for new appointments to the Board as part of the Board's renewal process, be determined using the following principles:

a) The Board should comprise Directors with a broad range of commercial experience, including expertise in real estate management, the property industry, banking, finance, accounting and risk management fields;

b) At least half of the Board should comprise SERT IDs; and

c) The Chair of the Board should be independent.

The Manager has ensured that at least half of the Board members are independent directors, including an independent Chair since its constitution. The Manager is not required to subject any election or re-election of Directors to voting by Unitholders. Further pursuant to the terms of the Trust Deed, Unitholders may remove the Manager (and by inference, each Director) by passing a resolution by a simple majority of Unitholders present and voting at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

The NRC looks to refresh Board membership progressively and in an orderly manner. Board succession planning is carried out through the annual review of Board composition as well as when an existing Director gives notice of his intention to retire or resign. On the issue of Board renewal, the Manager believes that Board renewal is a necessary and continual process for good governance and ensuring that the Board has the skills, expertise and experience which are relevant to the evolving needs of SERT business; board renewal or replacement of a Director, therefore, does not necessarily reflect his/her performance or contributions to date.

In considering the nomination of any individual for appointment, and in its annual review of each Director's ability to commit time to the affairs of SERT, the NRC takes into account, among other things, the attendance record of the Directors at meetings of the Board and Board Committees, the competing time commitments faced by any such individual with multiple board memberships as well as his/her other principal commitments. All Directors attended all meetings in FY 2024.

Provision 4.5 of the Code requires the NRC to decide if a Director is able to and has been adequately carrying out his/her duties as a Director. In view of the responsibilities of a Director, the NRC is cognisant of the need for Directors to be able to devote sufficient time and attention to perform their roles adequately. However, the NRC has not imposed any limit on the maximum number of directorships and principal commitments for each Director as it has taken the view that the limit on the number of listed company directorships that an individual may hold should be considered on a case-by-case basis, as a person's available time and attention may be affected by many different factors, such as whether he/she is in full-time employment and the nature of his/her other responsibilities. The NRC believes that each Director is best placed to determine and ensure that he/she is able to devote sufficient time and attention to discharge his/her duties and responsibilities as a Director, bearing in mind his/her other commitments.

All Directors had confirmed that notwithstanding the number of their individual listed company board appointments and other principal commitments held, they were able to devote sufficient time and attention to the affairs of the Manager in managing the assets and liabilities of SERT for the benefit of Unitholders. The CEO, who is also a Director, is fully committed to the day-to-day operations of the Manager. Taking into account also the attendance record of the Directors at meetings of the Board and Board Committees in FY 2024 and contributions at the Board's deliberations as well as availability outside formal Board and Board Committee meetings, the NRC is of the view that the current commitments of each of its Directors are reasonable and each of the Directors is able to and has been adequately carrying out his/her duties and noted that no Director has a significant number of listed directorships and principal commitments.

**Principle 5: Board performance**

***The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.***

The Manager believes that oversight from a strong and effective Board is critical to guiding a business enterprise to achieving success.

The Board strives to ensure that there is an optimal blend of backgrounds, experience and knowledge in business and general management, expertise relevant to SERT's business and track record, and that each Director can bring to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made in the interests of SERT.

While board performance is ultimately reflected in the long-term performance of SERT, the Board believes that engaging in a regular process of self-assessment and evaluation of board performance to identify key strengths and areas for improvement is essential to effective stewardship and to attain success for SERT.

As part of the Manager's commitment towards improving corporate governance, the Board has approved and implemented a process to evaluate the effectiveness of the Board as a whole and the Board Committees on an annual basis. The process for FY 2024 was facilitated by Agile 8 Advisory Pte. Ltd. ("Agile 8"), the Manager's corporate secretarial provider. Save for Agile 8's appointment as an external facilitator to conduct the Board evaluation and as the Manager's corporate secretarial provider, Agile 8 does not have any other connection with the Manager or any of the Directors. As part of the process, questionnaires were sent to the Directors, and the results were aggregated and reported to the Chair of the NRC. The areas of evaluation covered in the survey questionnaire included Board roles and responsibilities, leadership, teamwork, management relations, conduct of meetings, training, ethics/stakeholders, Board strengths, Board Committee effectiveness and Directors' self-evaluation. The results of the survey were deliberated upon by the NRC and the Board, and the necessary follow-up action will be taken with a view to enhance the effectiveness of the NRC and the Board in discharging its duties and responsibilities. The Board was also able to assess the Board Committees through their regular updates to the Board on their activities. The outcome of the evaluation was satisfactory for all the attributes in the evaluation categories, with overall agreement that the Board's performance objectives had been met.

With respect to individual Directors, their contributions can take different forms including providing objective perspectives on issues, facilitating business opportunities and strategic relationships, and providing accessibility to Management outside of the formal environment of Board and/or Board Committee meetings. For FY 2024, the outcome of the self-evaluation of each Director was satisfactory and each Director had contributed positively to the overall effectiveness of the Board.

The Manager also believes that the collective Board performance and the contributions of individual Board members are also reflected in, and evidenced by, the synergistic performance of the Board in discharging its responsibilities as a whole by providing proper guidance, diligent oversight and able leadership, and lending support to Management in steering SERT in the appropriate direction, as well as the long-term performance of SERT whether under favourable or challenging market conditions.

## (B) REMUNERATION MATTERS

**Principle 6: Procedures for developing remuneration policies**

***The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.***

In Singapore, REITs are regulated passive investment trusts, constituted under a trust deed. The independent trustee contracts with a licensed manager to manage and operate the trust on its behalf. The trust itself does not employ any staff. Hence, the Manager's staff remuneration is not paid by the trust and is an arrangement directly with the Manager. For more details on the structure and the relationship between the Trustee, Manager and Unitholders, please refer to page 18 of this Annual Report.

In an external REIT manager structure, the Manager is entitled to charge management and ancillary fees as outlined in the Trust Deed, from which the Manager remunerates the salaries of its Directors and employees and pays its operating costs. Pursuant to the Trust Deed, Unitholder approval via extraordinary resolution is required for any increase in the rate or any change in the structure of the management fee, or any increase in the maximum permitted level of the Manager's acquisition fee or divestment fee. A REIT manager is required to abide by the conditions of its capital markets license, the CIS Code (including the Property Funds Appendix), the SFA and the Listing Manual. These ensure that the Manager acts in the best interests of the Unitholders.

The Board approves the executive compensation framework based on the principle of linking pay to the performance of SERT. SERT's business plans are translated to both quantitative and qualitative performance targets, including sustainable corporate practices and are cascaded throughout the Manager.

**Principle 7: Level and mix of remuneration**

***The level and structure of remuneration of the Board and KMP are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.***

In this instance, the Manager and its Board set the appropriate mix and level of remuneration to reflect the objective of SERT – to provide stable and growing DPU and NAV per Unit over the long term with appropriate capital structure. The remuneration policy is designed to encourage the Manager to undertake only appropriate conservative risks to meet its medium-term objectives.

The Manager is not incentivised by an AUM target and no AUM target for SERT has been set by the Manager. The Board, the Manager and the Sponsor believe that this partly addresses the potential for conflicts-of-interest with regards to IPT transactions (otherwise referred to as Related Party Transactions) or transactions being contemplated for the sake of size alone.

The NRC engages in an annual independent market survey of both the Director fees and the KMP remuneration levels and the appropriate mix between fixed remuneration, short-term incentives and long-term incentives for the KMP to optimise the alignment to the Board-approved short, medium and long-term objectives. For 2024, Aon Pte Ltd ("Aon") was engaged as the external independent remuneration consultant.

Aon is a leading global human capital and management consulting firm, providing a complete array of consulting, outsourcing and insurance brokerage services. The consultant is not related to the Manager, its controlling shareholder, its related corporations or any of its Directors, which would affect its independence and objectivity. The NRC rotates its remuneration consultant every two years and will consider rotating the remuneration consultant again in 2025.
Taking into account various factors, the NRC considers setting the benchmark remuneration levels to be competitively positioned for each equivalent function, which is commensurate with the size and scope of each role and experience required and as benchmarked by Aon. Directors fees and Managers salaries are not paid directly by SERT, instead are paid out of the Manager's investment management fee from SERT.

**Principle 8: Disclosure on remuneration**

***The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.***

The Board sets the remuneration policy in line with SERT's business strategy and SWI Group corporate values. The remuneration policy is reviewed by the NRC and necessary changes are recommended to the Board from time to time.

Under its terms of reference, the NRC's responsibilities include:

a) Reviewing and recommending to the Board a general framework of remuneration for the Board and KMP;

b) Reviewing and recommending to the Board the specific remuneration packages for each Director as well as for KMP; and

c) Reviewing SERT's obligations arising in the event of termination of executive Directors' and KMP's contracts of service and ensuring that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The NRC considers all aspects of remuneration (including but not limited to director's fees, salaries, allowances, bonuses, options, unit-based incentives and awards, benefits-in-kind) and aims to be fair and avoid rewarding poor performance based on the key principles of linking pay to performance and adherence to the Group values. In designing the remuneration structure, the NRC seeks to ensure that the level and mix of remuneration is competitive and relevant in attracting, motivating and retaining employees. The NRC also exercises independent judgement to ensure that the remuneration structure is aligned with the interests of Unitholders. No member of the Board, however, will be involved in any decision of the Board relating to his/her own remuneration.

The Manager's compensation programme is well-balanced, competitive, performance-based and aligned with the achievement of each employee's short, medium and long-term goals. Such performance-centric remuneration is linked to the achievement of corporate and individual performance targets, in terms of short and long-term quantifiable objectives and to support the ongoing enhancement of Unitholder value. It aims to promote long-term success and sustainable growth of SERT. Management is also incentivised through annual bonus awards that are tied to a variety of financial and nonfinancial measures. While this approach reflects a pay-for-performance culture, it is also designed to attract, motivate and retain employees in their respective fields of expertise. This ensures prudent stewardship of SERT and drives business growth and strategy while creating long-term Unitholder value. The remuneration system also takes into account the value-creation capability of the Directors and KMP.

In determining the remuneration packages for Directors and KMP, the Manager takes into account compensation benchmarks within the industry, as appropriate. It also considers the compensation framework of the Sponsor as a point of reference. The Manager is a subsidiary of the Sponsor which also holds a significant stake in SERT. The association with the Sponsor puts the Manager in a better position to attract and retain better-qualified management talent; it provides an intangible benefit to the Manager such that it allows its employees to associate themselves with an established corporate group which can offer them the depth and breadth of experience and enhanced career development opportunities. The Board has access to independent remuneration consultants for advice as required. For FY 2024, the Manager engaged an external independent remuneration consultant, Aon, to advise on external compensation benchmarking.

**Non-executive directors' remuneration**

The non-executive Directors receive their Directors' fees in accordance with their various levels of contributions, taking into account factors such as responsibilities, effort and time spent for serving on the Board and the Board Committees. Their remuneration package consists of a basic retainer fee as a Director and additional fees for serving on the Board Committees. A larger fee is accorded to the chair of each Board Committee in view of the greater responsibility, size and scope of the position.

The compensation package is market-benchmarked, taking into account the responsibilities on the part of the Directors in light of the scope and nature of SERT's business. All fees are paid for directly by the Manager, not by SERT.
The framework for determining Directors' fees is shown in the table below:

| | Chairperson | Member |
|---|---|---|
| **Main Board** | S$120,000 | S$80,000 |
| **ARC** | S$40,000 | S$30,000 |
| **NRC** | S$30,000 | S$20,000 |
| **SC** | S$40,000 | S$20,000 |

Based on recommendations from Aon, the NRC recommended and the Board approved for Director fees to be unchanged for year ending 31 December 2025.

The Directors' fees for FY 2024 are shown in the table below. The CEO as an Executive Director does not receive any fees for serving as Director, however is remunerated as part of the KMP. All Directors' fees are paid in cash.

It should be noted that the Directors do not receive any additional benefits other than travel expense reimbursement from the Manager.

**Directors' Fees**

| Director | Tenure (Years) | Cash Fees | Other Component | Total Pay |
|---|---|---|---|---|
| **Lim Swe Guan** | 7 Years 5 Months | S$190,000 | N.A. | S$190,000 |
| **Fang Ai Lian** | 7 Years 5 Months | S$160,000 | N.A. | S$160,000 |
| **Christian Delaire** | 7 Years 4 Months | S$160,000 | N.A. | S$160,000 |
| **Jaume Sabater**[1] | N.A. | N.A. | N.A. | N.A. |
| **Yovav Carmi**[2] | N.A. | N.A. | N.A. | N.A. |
| **Simon Garing** | 6 Years 4 Months | N.A. | N.A. | N.A. |
| **Jonathan Callaghan**[3] | N.A. | N.A. | N.A. | N.A. |
| **Ooi Eng Peng**[4] | N.A. | S$84,590 | N.A. | S$84,590 |

1. Mr Jaume Sabater was appointed as non-independent non-executive Director of the Manager on 24 December 2024.
2. Mr Yovav Carmi was appointed as non-independent non-executive Director of the Manager on 24 December 2024.
3. Mr Jonathan Callaghan ceased to be a Director on 24 December 2024.
4. Mr Ooi Eng Peng ceased to be a Director on 24 December 2024.

**Remuneration for KMP**

The Manager has an established and rigorous process for the performance review of all employees, including senior executives. The performance of senior executives and whether they have met their individual key performance indicators is evaluated annually by the CEO, with regular feedback being provided during the performance period. At the time of the reviews, the professional development of the senior executive is also discussed, along with any training which could enhance their performance. Both qualitative and quantitative measures are used in the evaluation.

The individual remuneration-linked key performance indicators for the CEO and other KMP include both quantitative and qualitative targets. Each of the quantitative and qualitative targets carries different weight, according to the strategic importance of each target as determined by the NRC. For FY2024, some of the key targets included DPU (including a stretch target), asset disposals, net gearing levels and ESG targets as determined by GRESB and MSCI.

KMP's behaviours were observed by the Board and assessed based on peer reviews and an independent employee engagement survey.

In determining the payout quantum for each KMP under the STI plan, the Board also considers, amongst other factors, the market levels of remuneration, retention factors, performance orientation, overall business performance achievements, individual performances relative to their specific KPIs and affordability of the Manager.

A long-term incentive Performance Unit Plan (PUP) is also offered to the CEO and KMP, with certain vesting criteria, including the achievement of future budgeted DPU over the ensuing three-year period and achieving a Total Unitholder Return of at least the 50th percentile of the EPRA Developed Euro Index while delivering more than a certain Absolute Total Unitholder Return using the ten-day VWAP price at 31 December each year, over a three-year term. If thresholds are not met in each category, that portion of the PUP will lapse and not vest. The costs and benefits of long-term incentive schemes are carefully evaluated. In normal circumstances, all forms of deferred remuneration vest over a period of three years. Executive Directors and KMP are encouraged to hold their Units beyond the vesting period, subject to associated tax liability or personal circumstances. Any units that vest and are awarded to the CEO and KMP are granted from the Manager's own holding of units- no new units in SERT are issued as a result of the LTI plan.

No remuneration of Directors and employees of the Manager (in their capacity as Director or employee of the Manager) are (a) paid in the form of shares or interests in the Manager's controlling shareholder or its related companies; or (b) linked (directly or indirectly) to the performance of any entity other than SERT. Management and the Board are satisfied that the current arrangement results in a strong alignment of interest with all Unitholders. The Manager has in place policies and procedures to address any conflicts of interest or potential misalignment, which the NRC has oversight from a remuneration perspective.

For the avoidance of doubt, all remuneration paid to Directors and employees is paid for by the Manager and has no financial impact on SERT. Any Units awarded to employees are owned by and transferred from the Manager and not from SERT.

**The framework for remuneration of KMP**

Remuneration for KMP comprises fixed components, variable cash components, Unit-based components and employee benefits:

**A. Fixed components**

The fixed components comprise the base salary, fixed allowances and compulsory employer contribution to an employee's Central Provident Fund or other social security system. There was no increase in the fixed remuneration of the CEO and the other KMP in FY 2024.

**B. Variable cash components (short-term incentives)**

The variable cash component is linked to the achievement of annual performance targets and threshold for each KMP as agreed at the beginning of the financial year with the Board.

Under the framework for the variable cash components, SERT's strategy and goals are translated to performance outcomes comprising both quantitative and qualitative targets, such as targets relating to DPU and operating earnings; these are cascaded down throughout the organisation, thereby creating alignment across SERT.

These measurable targets impact the bonus paid by the Manager and, for FY 2024, include the following:

a) Meeting and exceeding the DPU as set out in the annual budget;

b) Meeting and exceeding the FY 2024 operating budget;

c) Achieving minimum portfolio occupancy and WALE;

d) Successfully refinancing debt facilities which are targeted for the financial year;

e) maintaining an investment-grade credit rating and completing the year with net gearing below 40%;

f) Achieving zero compliance breaches with no material internal or external audit observations;

g) Meeting the annual target GRESB, debt sustainability covenants and other ESG related rating and scores; and

h) Successfully completing identified key transactions (including asset sales and asset enhancement and development milestones) for the financial year while integrating sustainability risks in investment decisions.

The amount of weight accorded to each qualitative and quantitative target varies depending on the roles and functions of the CEO and KMP. The CEO and KMP largely met or exceeded their key performance indicators in FY 2024. Four key factors that impacted on certain targets (both positively and negatively) should be noted:

a) FY 2024 DPU was ahead of Budget while NPI grew 2.8% y-o-y on a like-for-like basis. Occupancy decreased 90 bps to 93.5% and WALE increased to a record long 5.1 years;

b) NAV was above budget at €2.03 / unit, reflecting a slight in increase in independent valuations over the year, excluding capex. The pivot to Logistics and Light industrial continues with a portfolio weighting to 55% as at 31 December 2024;

c) Net gearing of 40.2% as at 31 December 2024, with €537 million of undrawn credit facilities providing ample liquidity;

d) Fitch Ratings reaffirmed its BBB- investment grade rating but upgraded its outlook to “positive” while S&P Global Ratings initiated its SERT rating also with a BBB- investment grade rating;

e) The Green financing KPIs were all met in 2024, such as GRESB score of 83 and 4 stars and;

f) SERT’s TSR was equal first in 2024, with 24% positive return to 31 December 2024.

Generally, the KMP were awarded similar STI remuneration as a result of the outperformance of most of their targets set for FY 2024 and the strong total returns on the SGX, providing a TSR to unitholders of 24%, the equal highest return of all S-REITs.

For FY 2025, the KMP will only be eligible for a STI award once 2 gateway tests are passed: at least 95% of budgeted DPU is achieved, and the corporate values and behaviours are upheld throughout the year.

**C. Performance Unit-based LTI components (PUP)**
Under the PUP, the Manager grants Unit-based awards with pre-determined performance vesting targets being set over the relevant performance period. The PUP awards represent the right to receive fully paid Units, their equivalent cash value or a combination thereof, free of charge, provided that certain prescribed performance conditions are met over the three-year period. The final number of Units to vest and be released will generally depend on the achievement of the pre-determined targets at the end of the performance period, after passing two gateway tests: 1) at all times demonstrating behaviour in line with SERT and the Manager’s values and Code of Conduct and 2) meeting at least 95% of budgeted DPU. These are normal market practices for good behaviour leaver, change of control of the Manager and malus clawback provisions.

These targets had previously included lookback tests on DPU and Total Return metrics on SGX-ST, including both Unit price performance and yield. As a result, 50% of the 2021 PUPs awarded in March 2022 recently vested given the achievement of the 3-year accumulation DPU excelling against targets, with the remaining 50% of the PUPs failing the TSR thresholds and subsequently lapsed unvested.

i. For the 2024 PUPs granted in 2025, there are two vesting tests, equally weighted, to determine the final allotment of SERT units: The first test is based on achieving the average of the three-year budgeted operating DPU.

   - 50% vesting for 95% gateway achievement of budgeted DPU, up to 100% vesting for 105% achievement of budgeted DPU – pro-rata straight line

ii. The second test is for the three-year annualised Absolute Total Unitholder Return (ATUR) to exceed the budget distribution yield, using the FY 2024 DPU budget and opening price at 31 December 2024 to set the minimum ATUR required.

   - The gateway to this threshold is achieving 100% of budget distribution yield and ATUR achievement >P50th percentile of the EPRA Developed Euro Index with 50% vesting at the threshold and up to 100% vesting for up to 150% of the ATUR relative to the budget distribution yield benchmark.
   - If ATUR achievement is below the threshold (0% vesting) but above P50 of the EPRA Developed European Index Total return, up to 50% of this component of the PUP can be vested at the Board's discretion.

The Board has absolute discretion to decide on the final awards, taking into consideration any other relevant circumstances. PUP will be forfeited if an employee ceases employment, subject to Board discretion in the case of "good leavers". The Board has the discretion to vest PUPs on change of control and award PUPs payments for part periods on such events. For the avoidance of doubt, there is no financial impact on SERT as a result of the PUP as the Units are not new units issued by SERT. The PUP Units are transferred either from the Manager's own holdings or its related entities or acquired on the market by the Manager.

**A. Retention unit plan**

In November 2024, the SERT Board introduced a Retention Unit Plan (RUP) aimed at recognising the transition of the ownership of the Manager and change in Sponsor from Cromwell Property Group to SWI Group, which had been announced in May 2024. To qualify for vesting on 30th October 2026, the employee must remain employed by the Manager throughout the two-year vesting period. In the event of a merger, acquisition, or other significant organisational changes, the Board may adjust the terms of the scheme at its discretion, including earlier vesting. The RUP Units are transferred either from the Manager's own holdings or its related entities or acquired on the market by the Manager.

574,537 RUPs were issued to the KMPs, including the CEO and is excluded from the Remuneration table below, considering the nature of the RUP.

**B. Employee benefits**

The Manager's remuneration package includes non-pay benefits such as life and health insurance, complimentary annual physical and mental health checks, parental leave and mandatory retirement contributions according to prevailing local market practices. These benefits extend to all employees of the Manager in all jurisdictions (including full-time and contracted employees).

For FY 2024, the Manager does not have any employee who is a substantial shareholder of the Manager, substantial Unitholder, or an immediate family member of a Director, the CEO, any substantial shareholder of the Manager or a substantial Unitholder. Immediate family member refers to the spouse, child, adopted child, step-child, sibling or parent. There were no termination, retirement or post-employment benefits granted to Directors, CEO and any KMP. There were also no special retirement plans, "golden parachute" or special severance packages given to any KMP.

**Key Management personnel's remuneration table for FY 2024**

The CEO's annual remuneration in actual amount and other KMP remuneration in bands of S$250,000, together with a breakdown of their respective remuneration components in percentage terms, are set out in the Remuneration Table below. Exact figures for the other KMP's remuneration have not been provided due to the competitive nature of the Singapore REIT employment market which may be prejudicial to Unitholders' interests. The remuneration is at the Manager's expense and not the Unitholders'. The bands are based on the sum of the fixed remuneration, STI and LTI amounts. The Manager has adopted Aon's assessment of the PUPs, given the uncertainty of vesting amounts or value. The remuneration of the KMP is not borne by SERT as it is paid out of the fees that the Manager receives (the quantum and basis of which have been disclosed).

| | | Base/Fixed Salary | Variable or Performance Related Income | Award of Long-Term Incentive (PUP) @50% of Face Value | Total |
|---|---|---|---|---|---|
| **CEO's Remuneration S$1,277,926** | | | | | |
| **CEO** | **Mr Simon Garing** | 48% | 40% | 12% | 100% |
| **Band** | **S$650,000 to S$900,000** | | | | |
| **CFO** | **Mr Shane Hagan** | 68% | 22% | 10% | 100% |
| **Band** | **S$400,000 to S$650,000** | | | | |
| **COO/IR** | **Ms Elena Arabadjieva** | 62% | 28% | 10% | 100% |
| **CIO** | **Mr Andreas Hoffmann** | 61% | 29% | 10% | 100% |
| **Aggregate of the total remuneration for KMP (including CEO) = S$3,001,958** | | | | | |

Apart from the KMP and other employees of the Manager, the Manager outsources various other services to the Property Manager. This arrangement is put in place so as to provide flexibility and maximise efficiency in resource management to match the needs of SERT from time to time, as well as to leverage on economies of scale and tap on the management talent of an established corporate group which can offer enhanced depth and breadth of experience. However, notwithstanding the outsourcing arrangement, the responsibility for due diligence, oversight and accountability continues to reside with the Board and Management. In this regard, the remuneration of the employees of the Property Manager is not included as part of the disclosure of remuneration of KMP in this Report.

**Principle 9: Risk management and internal controls**

***The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.***

The Board has overall responsibility for the governance of risk and determines the nature and extent of the significant risks which it is willing to take. The ARC assists the Board in carrying out the Board's responsibility of overseeing SERT's risk management framework and policies. The ARC oversees Management in the design, implementation and monitoring of risk management and internal control systems. The ARC also makes recommendations to the Board on the nature and extent of the significant risks, including risk tolerance limits and other associated risk parameters, which the Board is willing to assume in achieving its strategic objectives and value creation.

**Risk management**

Responsibility for managing risks lies with the Manager, working within the overall strategy outlined by the Board. The Manager has appointed an experienced and well-qualified management team to handle its day-to-day operations.

# 05 CORPORATE GOVERNANCE

The Manager has in place an adequate and effective risk management system and internal controls addressing material financial, operational, compliance, IT and emerging risks, such as sanctions-related and climate risks, to safeguard Unitholders' interests and SERT's assets. SERT has implemented a comprehensive ERM framework that enables it to deal with business opportunities and uncertainties by identifying key risks and enacting appropriate mitigating plans and actions. The ERM framework provides information for SERT's stakeholders to make an informed assessment of SERT's risk management and internal control systems. The ERM framework lays out the governing policies, processes and systems to identify, evaluate and manage risks as well as to facilitate the assessment on the adequacy and effectiveness of SERT's risk management system.

**Independent review and internal controls**

Where the external auditors, in their audit of SERT's year-end financial statements, raise any significant issues (e.g. significant adjustments) which have a material impact on the financial statements or business and operational updates previously announced by SERT, the ARC should bring this to the Board's attention immediately. The ARC should also advise the Board if changes are needed to improve the quality of future financial statements or financial updates.

The internal auditor conducts reviews that involve testing the effectiveness of the material internal controls addressing financial, operational, compliance and IT risks and risk management processes. This includes testing, where practicable, material internal controls in areas managed by external service providers. Any material non-compliance or lapses in internal controls, together with corrective measures recommended by the internal and external auditors, are reported to and reviewed by the ARC. The adequacy and effectiveness of the measures taken by the Manager in response to the recommendations made by the internal and external auditors are also reviewed by the ARC.

The internal control process of the Manager comprises three lines of defence, with each contributing towards the adequacy and effectiveness of SERT and the Manager's system of internal controls and risk management.

As part of the first line of defence, Management is required to ensure good corporate governance by implementing and managing policies and procedures relevant to SERT's and the Manager's business scope and environment. Such policies and procedures govern financial, operational, IT and regulatory compliance matters and are reviewed and updated periodically.

Under the second line of defence, SERT and the Manager conduct regular self-assessments on the status of their respective internal controls and risk management via process controls and checklists. Action plans would then be drawn up to remedy identified control gaps. Under SERT's ERM framework, significant risk areas are also identified and assessed, with systems, policies and processes put in place to manage and mitigate the identified risks. Regulatory compliance supports and works alongside business management to ensure relevant policies, processes and controls are effectively designed, managed and implemented to ensure compliance risks and controls are effectively managed.

Under the third line of defence, the CEO, CFO, and other KMPs are required to provide SERT and the Manager with written assurances as to the adequacy and effectiveness of their system of internal controls and risk management. The internal and external auditors provide added independent assessments of the overall control environment.

For FY 2024, the Board has received assurance from:

a) The CEO and the CFO, that the financial records of SERT have been properly maintained and the financial statements give a true and fair view of SERT's operations and finances. In addition, the Board has received similar assurance from the external auditor; and

b) The CEO and other relevant KMP, that the system of risk management and internal controls in place for SERT is adequate and effective to address the financial, operational, compliance and IT risks which the Manager considers relevant and material to the current business environment.

The CEO and the CFO have obtained similar assurances from the relevant respective risk and control owners.

In addition, in FY 2024, the Board has received quarterly certification by Management on the integrity of financial reporting and the Board has provided a negative assurance confirmation to Unitholders as required by the Listing Manual.

Based on the reviews conducted by Management and work performed by both internal and external auditors, as well as the assurance from the CEO and the other relevant KMP, the Board is of the opinion that SERT's system of risk management and internal controls is adequate and effective to address the financial, operational, compliance and IT risks which the Manager considers relevant and material to the current business environment as at 31 December 2024. The ARC concurs with the Board in its opinion. No material weaknesses in the systems of risk management and internal controls were identified by the Board and the ARC in the review of FY 2024. SERT has maintained proper records of the discussions and decisions of the Board and the ARC.

The Board notes that the system of risk management and internal controls established by the Manager provides reasonable assurance that SERT, as it strives to achieve its business objectives, will not be significantly affected by any event that can be reasonably foreseen or anticipated. However, the Board also notes that no system of risk management and internal controls can provide absolute assurance in this regard, or absolute assurance against poor judgement in decision making, human error, losses, fraud or other irregularities

**Principle 10: Audit**

***The Board has an Audit Committee which discharges its duties objectively.***

The ARC is appointed by the Board from among the Directors and is composed of three members, all of whom are SERT IDs, more than the minimum Code requirement of at least a majority (including the Chair of the ARC) to be SERT IDs. The members of the ARC are Mrs Fang Ai Lian, Mr Lim Swe Guan and Mr Christian Delaire, all of whom are independent and non-executive Directors. Mrs Fang Ai Lian is the Chair of the ARC.

The members bring with them invaluable recent and relevant managerial and professional expertise in accounting and related financial management domains; in particular, the Chair of the ARC is a Fellow of the Institute of Singapore Chartered Accountants, among other professional affiliations. None of the ARC members was previously a partner of the incumbent external auditors, Deloitte & Touche LLP ("Deloitte"), within the previous two years, nor does any of the ARC members hold any financial interest in Deloitte.

The ARC has explicit authority to investigate any matter within its terms of reference. Management is required to provide the fullest co-operation in providing information and resources, and in implementing or carrying out all requests made by the ARC. The ARC has direct access to the internal and external auditors and full discretion to invite any Director or executive officer to attend its meetings. Similarly, both the internal and external auditors are given unrestricted access to the ARC.

The role of the ARC is to monitor and evaluate the effectiveness of the Manager's internal controls.

The ARC also reviews the quality and reliability of information prepared for inclusion in financial reports and is responsible for the nomination of external auditors and reviewing the adequacy of external audits in respect of cost, scope and performance. The Board and the ARC play a key role in the protection of minority Unitholders, monitoring and managing actual or potential conflicts of interest of Management, Board members and Unitholders.

Under its terms of reference, the ARC's scope of duties and responsibilities includes:

a) Reviewing external audit reports to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by Management;

b) Reviewing the significant financial reporting issues and key areas of management judgements so as to ensure the integrity of the financial statements of SERT and any announcements relating to SERT's financial performance;

c) Ensuring that the internal audit function is adequately resourced and has appropriate standing within the Manager;

d) Reviewing, on an annual basis, the adequacy, effectiveness and independence of the internal audit function in the overall context of SERT's internal controls and risk management systems;

e) Reviewing the assurance from the CEO and the CFO on the financial records and financial statement;

f) Reviewing the statements included in SERT's annual report on the Manager and SERT's internal controls and risk management framework;

g) Making recommendations to the Board on the proposals to Unitholders on the nomination for the appointment and removal of external auditors, and approving the remuneration and terms of engagement of the external auditors;

h) Reviewing the nature and extent of non-audit services performed by external auditors;

i) Reviewing, on an annual basis, the independence and objectivity of the external auditors;

j) Reviewing the effectiveness, independence, adequacy, scope and results of the external audit and the internal audit function;

k) Meeting with external and internal auditors, without the presence of Management, at least on an annual basis;

l) Assisting the Board to oversee the formulation, updating and maintenance work of adequate and effective risk management framework;

m) Reviewing the whistle-blowing policy and arrangements put in place by which staff and external parties may, in confidence, raise possible improprieties in matters of financial reporting or other matters, for the independent investigation of such matters and for appropriate follow up actions;

n) Reviewing at least annually the adequacy and effectiveness of the system of internal controls including financial, operational, compliance and IT controls, and risk management processes;

o) Reviewing the financial statements and the internal audit report;

p) Monitoring the procedures established to regulate Related Party Transactions, including ensuring compliance with the provisions of the Listing Manual relating to "interested person transactions" and the provisions of the Property Funds Appendix relating to "interested party transactions" (also collectively known as "Related Party Transactions");

q) Reviewing transactions constituting Related Party Transactions;

r) Reviewing, on an annual basis, a report on the asset allocation conflict decisions pursuant to the Property Manager's Deal Allocation Process which governs the allocation of investment opportunities from the Property Manager's origination pipeline in a fair and equitable manner to all funds established and/or managed by the Property Manager;

s) Deliberating on conflicts of interest situations involving SERT, including situations where the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of SERT with a Related Party of the Manager and where the Directors, controlling shareholder of the Manager and Associates (as defined in the Listing Manual) are involved in the management of or have shareholding interests in similar or related business as the Manager, and in such situations, the ARC will monitor the investments by these individuals in SERT's competitors, if any, and will make an assessment whether there is any potential conflict of interest;

t) Reviewing internal and external audit reports at least once a year to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with;

u) Monitoring the procedures in place to ensure compliance with applicable legislation, regulations, the Listing Manual and the Property Funds Appendix;

v) Reviewing and providing their views to the Board on all hedging policies and instruments to be implemented by SERT;

w) Reviewing all hedging policies and procedures to be implemented by SERT for the entry into of any hedging transactions (such as foreign exchange hedging and interest rate hedging) and monitoring the implementation of such policy, including reviewing the instruments, processes and practices in accordance with the policy for entering into foreign exchange hedging transactions;

x) Investigating any matters within the ARC's terms of reference, whenever it deems necessary; and

y) Reporting to the Board on material matters, findings and recommendations

Cognisant that the external auditor should be free from any business or other relationships with SERT that could materially interfere with its ability to act with integrity and objectivity, the ARC undertook a review of the independence of the external auditor and considered carefully SERT's relationships with them during FY 2024. In determining the independence of the external auditor, the ARC reviewed all aspects of SERT's relationships with it, including the processes, policies and safeguards adopted by SERT and the external auditor relating to auditor independence. Based on the review, the ARC is of the opinion that the external auditor is, and is perceived to be, independent for the purpose of SERT's statutory financial audit.

The ARC reviews non-audit services provided by the external auditors, Deloitte and the fees paid for such services. The aggregate amount of fees paid and payable to the external auditors for FY 2024 amounted to €900,000, comprising wholly of audit and audit-related fees. In FY 2024, Deloitte was engaged to provide non-audit services in relation to a comfort letter required for EMTN programme update which was required by the arrangers of the programme for the notes issued subsequently in January 2025. The non-audit services were still ongoing as at 31 December 2024 and there were no non-audit fees paid to Deloitte in FY 2024.

The ARC will continue to review and monitor non-audit fees and ensure that the fees for non-audit services will not impair or threaten the independence of the external auditor. The external auditors have provided confirmation of their independence to the ARC.

SERT has complied with Rule 712 and Rule 715 read with Rule 716 of the Listing Manual in relation to the appointment of its auditing firms. In particular, the ARC is of the view that Deloitte is a suitable auditing firm with regard to the adequacy of the resources and experience of the auditing firm and the audit partner-in-charge assigned to the audit, the firm's other audit engagements, the size and complexity of SERT, and the number and experience of supervisory and professional staff assigned to the audit of SERT.

Under Rule 713 of the Listing Manual, SERT was not required to rotate its current external audit partner-in-charge in FY 2024 as the partner-in-charge had not been in charge of more than five consecutive annual audits.

The ARC meets with the internal and external auditors at least once a year without the presence of Management. In FY 2024, the ARC met with the internal and external auditors, without Management's presence, to discuss the reasonableness of the financial reporting process, the system of internal controls, and the significant comments and recommendations by the auditors. Where relevant, the ARC makes reference to best practices and guidance for Audit Committees in Singapore, including practice directions issued from time to time in relation to the Financial Reporting Surveillance Programme administered by the Accounting and Corporate Regulatory Authority of Singapore.

In its review of the financial statements of SERT for FY 2024, the ARC discussed with Management the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements. The ARC also considered the clarity of key disclosures in the financial statements. The ARC reviewed, among other matters, fair valuation and disclosure of fair value for investment properties, a key audit matter identified by the external auditors for FY 2024.

Changes to the accounting standards and accounting issues which have a direct impact on the financial statements were reported to and discussed with the ARC at its meetings.

The Manager has in place an internal audit function which has been outsourced to KPMG Services Pte. Ltd. ("KPMG") which reports directly to the ARC and administratively to the CEO. The ARC is of the view that the internal audit function is independent, effective and adequately resourced. The ARC is satisfied that the internal audit function in the overall context of SERT's risk management system is adequate and effective.

KPMG is a reputable accounting and auditing firm staffed by qualified professionals with the relevant qualifications and experience. The audit methodology adopted is guided by the firm's global internal auditing standards and the International Standards for the Professional Practice of Internal Auditing laid down in the International Professional Practices Framework issued by the IIA. For FY 2024, the internal audit work carried out by KPMG was in conformance with IIA standards.

The internal auditors plan their internal audit schedules in consultation with, but independently of, Management and their plan is submitted to the ARC for approval at the beginning of each year. The internal auditors report directly to the ARC and have unfettered access to the Manager's documents, records, properties and employees, including access to the ARC, and have appropriate standing within the Manager. Where applicable, the ARC also decides on the appointment, termination and remuneration of the internal auditors.

## (C) UNITHOLDER RIGHTS AND ENGAGEMENT

## (D) MANAGING STAKEHOLDERS RELATIONSHIPS

**Principle 11: Unitholder Rights and Conduct of General Meetings**

***The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders 'rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.***

The Manager treats all Unitholders fairly and equitably. All Unitholders enjoy specific rights under the Trust Deed and the relevant laws and regulations. These rights include, among other things, the right to participate in distributions of income. Unitholders are also entitled to attend general meetings and are accorded the opportunity to participate effectively and vote at general meetings (including through appointment of up to two proxies, if they are unable to attend in person or in the case of a corporate Unitholder, through its appointed representative). Unitholders such as nominee companies which provide custodial services for securities are not constrained by the two-proxy limitation and are able to appoint more than two proxies to attend, speak and vote at general meetings of SERT.

The Manager supports the principle of encouraging Unitholders' participation and voting at general meetings. Unitholders were informed of the general meetings, together with the relevant rules and voting procedures of such meetings. In line with SERT's sustainability strategy, an electronic version of the Annual Report is available on SERT's website at www.stonewegeuropeanreit.com.sg (printed copies are available upon request). Notices of the general meetings are publicised appropriately within the requisite notice period on SGXNet, on SERT's website and also, as appropriate, advertised in media. Proxy forms are also made available within the requisite notice period on SGXNet and on SERT's website. The requisite notice period for a general meeting has been adhered to. In 2024, the Notice of AGM was published on 11 April 2024, more than 14 days in advance of the AGM, giving Unitholders sufficient time to register and submit questions in advance.

All Unitholders are given the opportunity to participate effectively in and vote at general meetings. At general meetings, Unitholders are encouraged to communicate their views and discuss with the Board and Management matters affecting SERT. Every effort is made for representatives of the Trustee, Directors (including the chairs of the Board, ARC respectively), the Manager's senior Management and the external auditors of SERT, to be present at general meetings to address any queries from Unitholders, including Unitholders' queries about the conduct of audit and the preparation and content of the auditors' reports. Registered Unitholders were able to attend the AGM in person or observe the AGM proceedings through a live audio-visual webcast or live audio-only stream and ask questions in person at the AGM. Both the Chair and the CEO attended the sixth AGM of SERT.

To safeguard Unitholders' interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings, unless the resolutions are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the Manager explains the reasons and material implications in the notice of meeting. To ensure transparency in the voting process and better reflect Unitholders' interest, the Manager conducts electronic poll voting for all the resolutions proposed at the general meetings unless such meetings are held virtually where all voting will be by way of proxy. Voting procedures are explained and vote tabulations are disclosed at the general meetings. An independent scrutineer is also appointed to validate the vote tabulation procedures. DrewCorp Services Pte Ltd was appointed as independent scrutineer for the sixth AGM. Votes cast, for or against and the respective percentages, on each resolution are tallied and displayed 'live' on-screen to Unitholders immediately at the general meetings. The total number of votes cast for or against the resolutions and the respective percentages are also announced on SGXNet after the general meetings.

Provision 11.4 of the Code requires an issuer's Constitution to allow for absentia voting at general meetings of Unitholders. The Manager is of the view that despite the deviation from Provision 11.4 of the Code, Unitholders nevertheless have opportunities to communicate their views on matters affecting SERT even when they are not in attendance at general meetings. For example, Unitholders may appoint proxies to attend, speak and vote, on their behalf, at general meetings, also opportunities for Unitholders to submit their questions to SERT prior to the general meetings. The Manager is accordingly of the view that its practice is consistent with the intent of Principle 11 of the Code as a whole.

The Company Secretary prepares minutes of general meetings, which include substantial comments or queries raised by Unitholders and the responses from the Chair, Board members and Management. These minutes are posted to the SGXNet and on SERT's website as soon as practicable, and within one month after the general meetings.

Directors are present whether physically or by video conference or other means for the entire duration of general meetings. At general meetings, Management conducts formal presentation to the Unitholders to update them on SERT's performance, position and prospects. Presentation materials are made available on SGXNet and SERT's website on the same day of AGM. In the case of physical general meetings, the Chair facilitates constructive communication between Unitholders and the Board, Management, external auditors and other relevant professionals. The Chair also allows specific directors, such as Board Committee chairs, to answer queries on matters related to their roles. Unitholders also have the opportunity to communicate their views and discuss with the Board and Management matters affecting SERT before and/or after the general meetings. All Directors are provided with personal SERT business cards with their contact information that they can present to Unitholders, should Unitholders wish to follow up directly on specific matters with the respective directors.

During SERT's sixth AGM held on 30 April 2024, Unitholders were able to ask questions physically. In addition, the Manager provided several options for submission of questions to the Chair in advance of the AGM. The Board received valuable feedback from the Unitholders during the advance submission. All substantial and relevant questions submitted in advance of the AGM were addressed either prior to or during the AGM. A combined AGM and Annual Report-related Q&A document addressing questions which the Manager did not address during the AGM was published on SGXNet and on SERT's website prior to the AGM. The Manager published the minutes of the AGM on SGXNet and SERT's website, with the responses to the substantial and relevant questions that were addressed during the AGM included in the minutes.

SERT has a formalised distribution policy which aims to largely distribute operating income to Unitholders, defined under the Trust Deed as Distributable Income with customary adjustments as allowed under the Trust Deed, while striving for an efficient capital structure.

Through this policy, SERT seeks to provide consistent and sustainable distribution payments to its Unitholders.

Although SERT's distribution policy is to distribute at least 90% of SERT's annual distributable income for each financial year, SERT has distributed 100% of its distributable income since IPO. The actual level of distribution is determined at the Board's discretion. Unitholders are provided a choice to receive the distribution in either Euro or Singapore Dollars each period. The Manager will endeavour to pay distributions no later than 90 days after the end of each distribution period.

Distributions for FY 2024 were paid according to schedule and represented 100% of Annual Distributable Income. For every distribution declaration made, Unitholders will be notified via an announcement made through SGXNet. The Board resolved to suspend the DRP for FY 2024 given the unit price discount to net asset value.

**Principle 12: Engagement with Unitholders**

***The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.***

For more information, please refer to the Investor Relations section, commencing on page 54 of this Annual Report and summarised together with Principle 13 as follows.

**Principle 13: Engagement with Stakeholders**

***The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.***

In the execution of its duties, the Board adopts an inclusive approach and not only considers SERT's obligations to its Unitholders but also the interests of its material stakeholders, as part of its overall responsibility to ensure that the best interests of SERT are served.

The Board is directly involved in all aspects of formulating and approving the sustainability strategy of SERT and receives quarterly updates on the progress that the Manager makes in all stakeholder engagement matters. The material stakeholder groups of SERT are clearly defined and specific activities to engage with each group are documented in SERT's 2023 Sustainability Report which was published in May 2024 and will be updated again for SERT's 2024 Sustainability Report, to be published by the end of May 2025.

The Manager is committed to provide regular updates on SERT's financial results and operating performance and to provide timely information on any material changes that could potentially affect SERT's unit price.

The Manager has a dedicated investor relations team that runs a proactive investor outreach programme. SERT's investor communications activities are governed by:

a) SERT's market disclosure protocol, which ensures that SERT timely discloses all price-sensitive information to the SGX-ST in accordance with the Listing Manual and that all Unitholders have equal and timely access to material information concerning SERT, including its financial position, performance, ownership and governance; and

b) The Manager's investor relations policy, which outlines the principles and practices followed by the Manager to ensure regular, effective and fair two-way communication with the investment community. The policy is publicly available on SERT's website https://investor.stonewegeuropeanreit.com.sg/investor_policy.html

The Manager provides Unitholders with financial statements within the relevant periods prescribed by the Listing Manual after they are reviewed by the ARC and approved by the Board. Full-year and half-year result announcements include financial statements and supplementary materials such as results presentations and media releases. First and third quarter interim business updates are provided which include presentations, key financial metrics, media releases and other supplementary information in-line with the revised Rule 705(2) of the Listing Manual.

The Manager uploads all announcement materials on SGXNet, on SERT's website and further publicises them on SERT's LinkedIn site at https://sg.linkedin.com/company/stoneweg-european-reit as appropriate. Full-year and half-year announcements are also typically accompanied by video messages intended for general audience that are uploaded on SERT's website and on SERT's LinkedIn page.

Other than financial results announcements, the Manager releases market-relevant general corporate announcements, media releases, investor presentations and annual and sustainability reports on SGXNet in a timely manner and concurrently makes them available on SERT's website, investor relations section. SERT's website features company news as well as information on the Manager's strategy, Board and the Management team. Regularly updated information on SERT's properties, including property photographs, descriptions and maps is also available on SERT's website.

In presenting the financial statements and business updates to Unitholders, the Board aims to provide Unitholders with a balanced, clear and understandable assessment of SERT's performance, position and prospects. In order to achieve this, Management provides the Board with management accounts on a regular basis and such explanation and information as any Director may require, to enable the Directors to keep abreast, and make a balanced and informed assessment, of SERT's financial performance, position and prospects.

The Manager has made its investor relations policy available on SERT's website at https://investor.stonewegeuropeanreit.com.sg/investor_policy.html for greater transparency. Amongst others, the policy also specifically outlines the various modes of communication with Unitholders and the ways in which the Manager solicits the views of the Unitholders. The Manager engages with Unitholders and the investment community to communicate SERT's strategic business plans and operating performance, share latest corporate and industry developments as well as to gather their views and feedback on a range of strategic and topical issues. Such interactions allow Management to understand and consider the views and feedback from Unitholders and the investment community before formulating its key strategic decisions. To further enhance the ability for Unitholders to ask questions and receive responses in a timely manner, the Manager has a dedicated investor relations section on SERT's website featuring online enquiry forms, 'Email Alerts' subscription option and a specific investor relations contact with email address so that Unitholders can subscribe for regular updates and direct their enquiries. The investor relations team responds to all credible and substantiated Unitholder enquiries in a timely manner, either via email or a phone call.

More information on the Manager's investor and media relations practices, calendar of activities, specific investor relations contacts and information on the various modes of communication with Unitholders and the available avenues for asking questions and receiving responses can be found in the Investor Relations section on pages 54 to 59 of this Annual Report.

## (E) ADDITIONAL INFORMATION

### Related Party Transactions

#### Review procedures for Related Party Transactions

The Manager has established an internal controls system to ensure that all Related Party Transactions are undertaken on normal commercial terms and are not prejudicial to the interests of SERT and its Unitholders. In respect of such transactions, the Manager would have to demonstrate to the ARC that such transactions are undertaken on normal commercial terms and are not prejudicial to the interests of SERT and its Unitholders. These measures include obtaining (where practicable) quotations from parties unrelated to the Manager or obtaining two or more valuations from independent professional valuers (in accordance with applicable provisions of the Listing Manual and the Property Funds Appendix), with one of the valuers commissioned independently by the Trustee. The internal controls system also ensures compliance with Chapter 9 of the Listing Manual and the Property Funds Appendix.

The Manager maintains a register to record all Related Party Transactions which are entered into by SERT and the bases, including any quotations from unrelated parties and independent valuations, on which they are entered into.

The Manager also incorporates a review of the Related Party transactions entered into by SERT in its internal audit plan. The ARC reviews the internal audit reports to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with. The Trustee also has the right to review such audit reports and is provided with such to ascertain that the Property Funds Appendix has been complied with.

In particular, the procedures in place include the following:

a) Transactions (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding S$100,000 in value but below 3.0% of the value of SERT's net tangible assets will be subject to review by the ARC at regular intervals;

b) Transactions (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of SERT's net tangible assets will be subject to the review and prior approval of the ARC. Such approval shall only be given if the transactions are on normal commercial terms and not prejudicial to the interests of SERT and its Unitholders and are consistent with similar types of transactions made by the Trustee with third parties which are unrelated to the Manager; and

c) Transactions (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding 5.0% of the value of SERT's net tangible assets will be reviewed and approved prior to such transactions being entered into, on the basis described in the preceding paragraph, by the ARC which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers. Furthermore, under the Listing Manual and the Property Funds Appendix, such transactions would have to be approved by the Unitholders at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

SERT will also, in compliance with Rule 905 of the Listing Manual, announce any Related Party Transaction in accordance with the Listing Manual if the value of such transaction, by itself or when aggregated with other Related Party Transactions entered into with the same Related Party during the same financial year, is 3.0% or more of SERT's latest audited net tangible assets.

Subject to Rules 905(5) and 906(4) of the Listing Manual, transactions with a value below S$100,000 are disregarded for the purpose of the announcement and Unitholders' approval requirements under the Listing Manual as set out in the paragraphs above.

Under Rules 905(5) and 906(4) of the Listing Manual, while transactions with a value below S$100,000 are not normally aggregated under Rules 905(3) and 906(2) of the Listing Manual respectively, the SGX-ST may aggregate transactions with a value below S$100,000 entered into the same financial year and treat them as if they were one transaction in accordance with Rule 902 of the Listing Manual.

Where matters concerning SERT relate to transactions entered into or to be entered into by the Trustee for and on behalf of SERT with a Related Party of the Manager (which would include relevant Associates (as defined in the Listing Manual) thereof) or SERT, the Trustee is required to consider the terms of such transactions to satisfy itself that such transactions are conducted:

a) On normal commercial terms;

b) Are not prejudicial to the interests of SERT and its Unitholders; and

c) Are in accordance with all applicable requirements of the Property Funds Appendix and/or the Listing Manual relating to the transaction in question.

The Trustee has the ultimate discretion under the Trust Deed to decide whether or not to enter into a transaction involving a Related Party of the Manager or the Trustee. If the Trustee is to sign any contract with a Related Party of the Manager or the Trustee, the Trustee will review the contract to ensure that it complies with the relevant requirements relating to Related Party Transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST to apply to SERT.

**Exempted agreements**

In the case of external Managers for REITs, Related Party Transactions mostly relate to management fees and property management fees, leasing fees, development management fees and project management fees. These are paid either quarterly or as charged in accordance with the terms disclosed in the IPO prospectus and reported each year in the financial statements.

The fees and charges payable by SERT to the Manager under the Trust Deed are considered as Related Party Transactions, which are deemed to have been specifically approved by the Unitholders upon their purchase of Units, to the extent that there are no subsequent changes to the rates and/or bases of the fees charged thereunder which will adversely affect SERT. Accordingly, they are treated as "exempt" from the related party transaction rules for aggregation and not subject to Rules 905 and 906 of the Listing Manual.

Pursuant to the terms of the Trust Deed, Unitholder approval via extraordinary resolution is required for any increase in the rate or any change in the structure of the Manager's management fee, or any increase in the permitted level of the Manager's acquisition fee or divestment fee. The Management agreement is detailed in SERT's IPO prospectus, which is available on SERT's website, including the initial tenor of 10 years.

All Related Party Transactions are regulated by Chapter 9 of the Listing Manual and the Property Funds Appendix. All Related Party Transactions are undertaken on normal commercial terms and are not prejudicial to the interests of SERT and our Unitholders.

**Role of the Audit and Risk Committee for Related Party Transactions**

The Manager's internal control procedures are intended to ensure that Related Party Transactions are conducted on normal commercial terms and are not prejudicial to the interests of SERT and Unitholders.

The Manager maintains a register to record all Related Party Transactions which are entered into by SERT and the bases, including any quotations from unrelated parties and independent valuations, on which they are entered into.

On a quarterly basis, Management reports to the ARC the Related Party Transactions entered into by SERT. The Related Party Transactions are also reviewed by the internal auditors on a quarterly basis and all findings (if any) are reported during the ARC meetings.

The internal auditors have confirmed that based on sample testing performed on the Related Party Transactions for FY 2024 and the confirmation received from the Manager, that the Related Party Transactions have been conducted at arms-length and in compliance with the Listing Manual. No exceptions have been noted and they are unaware of any Related Party Transactions that may be prejudicial to the interests of SERT.

The Manager also incorporates a review of the Related Party Transactions entered into by SERT in its internal audit plan. The ARC reviews the internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with. The Trustee also has the right to review such audit reports to ascertain that the Property Funds Appendix has been complied with. The review may also include a review of any other such documents or matters as may be deemed necessary by the ARC. If a member of the ARC has an interest in a transaction, he/she is to abstain from participating in the review and approval process in relation to that transaction.

Details of all Related Party Transactions (equal to or exceeding S$100,000 each in value) entered into by SERT in FY 2024 are disclosed on Page 216 of this Annual Report. Non-exempted fees and exempted fees represent nil and 1.2%, respectively, of gross asset value as at 31 December 2024.

**Dealing with conflicts of interest**

The following principles and procedures have been established to deal with potential conflicts of interest which the Manager (including its Directors, executive officers and employees) may encounter in managing SERT and were fully adhered in FY 2024:

a) The Manager will not manage any other REIT which invests in the same type of properties as SERT;

b) All executive officers will work exclusively for the Manager and will not hold other executive positions in other entities, save for wholly-owned subsidiaries of the Manager;

c) All resolutions in writing of the Directors in relation to matters concerning SERT must be approved by at least a majority of the Directors (excluding any interested Director), including at least one SERT ID;

d) (i) The Chair of the Board and the CEO are not the same person, (ii) the Chair of the Board and the CEO are not immediate family members, (iii) the Chair of the Board is not part of Management, (iv) the Chair of the Board is an ID, and (v) the Board shall comprise at least half SERT IDs;

e) In respect of matters in which a Director or his associates (as defined in the Listing Manual) has an interest, direct or indirect, such interested Director will abstain from voting. In such matters, the quorum must comprise a majority of the Directors and must exclude such interested Director;

f) In respect of matters in which the Sponsor and/or its subsidiaries have an interest, whether direct or indirect, any non-independent directors appointed by the Sponsor and/or its subsidiaries to the Board to represent their interests will abstain from deliberation and voting on such matters. In such matters, the quorum must comprise only SERT IDs and must exclude such nominee non-independent Directors of the Sponsor and/or its subsidiaries;

g) Save as to resolutions relating to the removal of the Manager, the Manager and its associates are prohibited from voting or being counted as part of a quorum for any meeting of the Unitholders convened to approve any matter in which the Manager and/or any of its associates has a material interest and for so long as the Manager is the manager of SERT, the controlling shareholders of the Manager and of any of its associates are prohibited from voting or being counted as part of a quorum for any meeting of Unitholders convened to consider a matter in respect of which the relevant controlling shareholders of the Manager and/or of any of its associates have a material interest; and

h) If the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of SERT with a Related Party of the Manager, the Manager shall be obliged to consult with a reputable law firm (acceptable to the Trustee) who shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee, on behalf of SERT, has a prima facie case against the party allegedly in breach under such agreement, the Manager shall be obliged to take appropriate action in relation to such agreement. The Directors (including the SERT IDs) will have a duty to ensure that the Manager so complies. Notwithstanding the foregoing, the Manager shall inform the Trustee as soon as it becomes aware of any breach of any agreement entered into by the Trustee for and on behalf of SERT with a Related Party of the Manager, and the Trustee may take such action as it deems necessary to protect the rights of the Unitholders and/or which is in the interests of the Unitholders. Any decision by the Manager not to take action against a Related Party of the Manager shall not constitute a waiver of the Trustee's right to take such action as it deems fit against such Related Party.

**Dealings in securities**

The Manager has devised and adopted a security dealing policy for the Manager's officers and employees which applies the best practice recommendations as listed in the Listing Manual. To this end, the Manager and the Sponsor have issued guidelines to the Directors and employees of the Manager as well as officers and employees of the Sponsor, which set out prohibitions against dealings in SERT's securities (i) while in possession of non-public price-sensitive information and (ii) during the two weeks immediately preceding, and up to the time of the announcement of, SERT's interim business and operational updates, or during the one month immediately preceding, and up to the time of the announcement of, SERT's half-year and full-year financial results, property valuations, or financial results and property valuations (whichever is applicable).

Prior to the commencement of each relevant period, an email would be sent out to all Directors and employees of the Manager and the relevant executives of the Sponsor to inform them of the duration of the period.

The Manager will also not deal in SERT's Units during the same period.

In addition, all officers and employees, including but not limited to, capital markets services license appointed representatives of the Manager, are required to make a declaration that the basis on which they have traded in SERT securities have not been made on the basis of any non-public price sensitive information in relation to the Units. Employees are required to obtain pre-trading approval from the CEO before any dealing in SERT's securities. The CEO shall obtain pre-trading approval from the Chair of the ARC, and the Chair of the ARC obtains approval from the Chair of the Board. All parties abovementioned are required to provide post-trading notification to the Risk and Compliance department of the Manager.
Further to the above, all appointed representatives of the Manager are required to:

a) Maintain a Register of Interests in listed specified products (the "Register");

b) Enter into the Register, within seven days after the date that he/she acquires any interest in any listed shares or units, particulars of the listed shares or units in which he/she has an interest and particulars of his/her interests in those listed shares or units;

c) Retain that entry in easily accessible form for a period of not less than five (5) years after the date on which such entry was first made; and

d) Submit a copy of the Register to the Risk and Compliance Department of the Manager upon request.

Directors and employees of the Manager as well as certain executives of the Sponsor group are also prohibited from dealing in securities of SERT if they are in possession of unpublished price-sensitive information of SERT by virtue of their status as Directors and/or employees. As and when appropriate, they would be issued an advisory to refrain from dealing in SERT's securities.

Under the policy, Directors and employees of the Manager as well as certain relevant executives of the Sponsor are also discouraged from trading on short-term or speculative considerations. They are also prohibited from using any information with respect to other companies or entities obtained in the course of their employment in connection with securities transactions of such companies or entities.

## (F) CODE OF BUSINESS CONDUCT

The Manager adheres to an ethics and code of business conduct, which deals with issues such as confidentiality, conduct and work discipline, corporate gifts and concessionary offers. Clear policies and guidelines on how to handle workplace harassment and grievances are also in place.

The policies and guidelines are published internally and is accessible by all employees of the Manager.

The policies that the Manager has implemented aim to help to detect and prevent occupational fraud in mainly three ways. First, the Manager offers fair compensation packages, based on practices of pay-for-performance and promotion based on merit to its employees, in line with industry standards.

Second, clearly documented policies and work procedures incorporate internal controls which ensure that adequate checks and balances are in place.

Periodic audits are also conducted to evaluate the efficacy of these internal controls.

Finally, the Manager seeks to build and maintain the right organisational culture through its core values, educating its employees on good business conduct and ethical values.

The Manager conducts compulsory training on subjects such as bullying and sexual and racial harassment. All employees also undertake diversity and subconscious bias awareness training.

### Bribery and corruption prevention policy

The Manager adopts a strong stance against bribery and corruption. In addition to clear guidelines and procedures for the giving and receipt of corporate gifts and concessionary offers, all employees of the Manager are expected to uphold the Manager's core values and not to engage in any corrupt or unethical practices.

The Manager has adopted the Anti-Bribery and Anti-Corruption Policy which sets out the responsibilities of SERT and the Manager and of each employee in observing and upholding the Manager's 'zero tolerance' position against all forms of corruption, bribery and extortion, and provides information and guidance to employees on how to recognise, address, resolve, avoid and prevent instances of corruption, bribery and extortion, including the Manager's stance against facilitation payments and kickbacks, which may arise in the course of their work. The Anti-Bribery and Anti-Corruption Policy clearly spells out the steps that employees should take when faced with or becomes aware of a potential or actual bribery/corruption incident.

# 05 CORPORATE GOVERNANCE

In addition to the Anti-Bribery and Anti-Corruption Policy, the Manager has adopted a series of measures to prevent corruption and unethical behaviour. These include:

a) Outlining the responsibilities of all employees to uphold anti-corruption and anti-bribery principles;

b) Informing and guiding employees on how to pre-emptively identify and avoid instances of corruption;

c) Implementing policies such as the Supplier Code of Conduct that outline standards of conduct expected suppliers and agents acting on behalf of the Manager;

d) Implementing zero tolerances for breaches and gateway thresholds for STI/LTI incentives requiring complying with the Manager's code of conduct and ethical behaviour standards; and

e) Reminding employees that any breach of the Anti-Bribery and Anti-Corruption Policy would subject the employee to disciplinary action such as suspension or dismissal.

In 2024, all of the Manager's employees received mandatory communication and training on anti-bribery and anti-corruption policies and procedures.

As an entity of the Sponsor, the Manager adopts and adheres to the Sponsor's key policies which aims to establish and reinforce the highest standards of integrity and ethical business practices and all the Manager's employees are expected to adhere and stand guided by these policies.

The Manager's Anti-Bribery and Anti-Corruption Policy extends to its business dealings with associated persons who are third parties that represent or who perform services on behalf of SERT and the Manager also known as associated persons.

Where there is a greater level of bribery or corruption risk attached to any particular area of business or when working with an associated person, due diligence checks and processes are in place to adequately address and mitigate the risk(s). This includes ethical standards audit and corruption risk assessment as part of the ERM process.

Any reports made in accordance with the Anti-Bribery and Anti-Corruption Policy or through the whistle-blowing channel will be subject to the investigations procedures as detailed in the whistle-blowing policy published on the website.

**Supplier Code of Conduct**

A Supplier Code of Conduct which sets out the Sponsor group's, including SERT and the Manager's expectations of suppliers to comply with relevant laws, including but not limited to those governing consumer protection, environment, social, anti-competition, human rights, modern slavery and health, safety and welfare laws, is also in place.

All suppliers are expected to permit the Sponsor's nominated representatives to periodically evaluate their facilities and operations, and those of the suppliers' subcontractors, to the extent they are providing goods or services to the Sponsor Group. Suppliers are expected to maintain appropriate documents and records to ensure compliance with all applicable legal, tax and regulatory requirements. The Sponsor group reserves the right to require an annual declaration of compliance with the Supplier Code of Conduct from a supplier and to further request evidence of the measures that have been taken to identify and address human rights issues that are directly linked to their operations, products or services.

**Labour and human rights (modern slavery)**

Suppliers and counterparties are expected to respect, uphold and promote human rights in their operations products or services. Suppliers are expected to follow the applicable laws in the countries in which they operate. "Modern Slavery" includes the crimes of human trafficking, slavery and slavery like practices such as servitude, forced labour, forced or servile marriage, the sale and exploitation of children, and debt bondage. The Sponsor Group expects suppliers to consider the risks of modern slavery practices in their operations and supply chains and identify these where they are found to exist. These obligations apply to all workers, including, without limitation, temporary, migrant, student, contract, direct employees, and any other type of worker of the Supplier.

**Whistle-blowing policy**

A whistle-blowing policy which is published on SERT's website at https://www.stonewegeuropeanreit.com.sg/ whistle-blower-statement/ and other procedures are put in place to provide well defined, accessible and trusted channels by which a person or entity, including but not limited to employees, applicants for employment, contract workers, vendors, purchasers, contractors or the general public may make a report either anonymously or otherwise, of suspected fraud, corruption, dishonest practices, acts endangering the health and safety of an individual and concealment of any of the aforementioned or other improprieties in the workplace.

The objectives of the whistle-blowing policy are to encourage the reporting of such matters so that employees or external parties making any reports in good faith will be able to do so with the confidence that they will be treated fairly and be protected from reprisal and to set out the processes for the independent investigation of any reported incidents and appropriate follow up action.

The Manager is committed to maintaining procedures for the confidential submission of reports and protection of the identity of the whistle-blower and provides whistleblowers with protection from retaliation - retaliation of any kind for good faith reports on illegal or unethical behaviour is strictly prohibited.

Investigations of such reports will be handled on a confidential basis to the extent permissible under the law and involve persons who need to be involved in order to properly carry out the investigations and will be carried out in a timely manner. In order to facilitate and encourage the reporting of such matters, the whistle-blowing policy, together with the dedicated whistle-blowing communication channels (email and postal address) are available on SERT's website and intranet and is easily accessible by all including third parties. To ensure that the whistle-blowing policy can be adopted and understood by all parties, the Manager has translated the key elements of the whistle-blowing policy into working languages of the countries in which it operates in.

The Manager has engaged KPMG to provide an independent platform for employees as well as external parties such as customers, suppliers, contractors and applicants for employment, to raise concerns in good faith about any perceived irregularity or misconduct, without fear of reprisal.

Concerns about illegal, unprofessional, fraudulent or other unethical behaviour may be directed to the independently managed ethics email at SERTwhistleblower@kpmg.com.sg.

Following a review of the complaint or concern, the Chair of the ARC, where appropriate, will take steps to ensure that matters are appropriately investigated and keep the Board apprised, and if warranted, will request that the Board and Management implement corrective measures.

The whistle-blowing policy and procedures are reviewed by the ARC from time to time to ensure that they remain current.

**Anti-money laundering and countering the financing of terrorism measures**

As a holder of a capital markets services license issued by MAS, the Manager abides by MAS' notices and guidelines on the prevention of money laundering and countering the financing of terrorism. Under these guidelines, the main obligations of the Manager are:

a) Evaluation of risk;

b) Customer due diligence;

c) Suspicious transaction reporting;

d) Record keeping;

e) Employee screening and representative screening; and

f) Training.

# 05 CORPORATE GOVERNANCE

The Manager has developed and implemented a policy on the prevention of money laundering and terrorist financing and is alert at all times to suspicious transactions. Where there is a suspicion of money laundering or terrorist financing, the Manager performs due diligence checks on its counterparties in order to ensure that it does not enter into business transactions with terrorist suspects or other high-risk persons or entities. Suspicious transactions are also reported to the Suspicious Transaction Reporting Office of the Commercial Affairs Department.

The Manager routinely screens its counterparties through the World-Check One screening platform, which screens against sanctions lists published by, including, but not limited to, the Financial Action Task Force ("FATF"), the United Nations, the Office of Foreign Asset Control ("OFAC") of the United States Department of Treasury, the Office of Financial Sanctions Implementation ("OFSI") (UK) and the European Union. This includes the latest sanction lists issued in relation to the recent Russian invasion of Ukraine.

Under this policy, the Manager must retain all relevant records or documents relating to business relations with its customers or transactions entered into for a period of at least five years following the termination of such business relations or the completion of such transactions.

All prospective representatives of the Manager are screened against various lists of terrorist suspects issued by MAS. Periodic training is provided by the Manager to its Directors, employees and representatives to ensure that they are updated and aware of applicable anti-money laundering and terrorist financing regulations, the prevailing techniques and trends in money laundering and terrorist financing and the measures adopted by the Manager to combat money laundering and terrorist financing.

**Compliance with relevant laws and regulations**

In FY 2024, to the best of its knowledge, the Manager (i) is in full compliance with all relevant modern slavery legislation, (ii) zero significant monetary fines or non-monetary sanctions incurred for non-compliance with environmental laws and regulations, (iii) zero non-compliance with laws and regulations in the social and economic area, (iv) zero fines for non-compliance concerning product and service information labelling and (v) zero incidents of non-compliance concerning health and safety impacts of products and services, (vi) zero incidents of reported corruption, (vii) zero legal actions for anti-competitive behaviour and anti-trust of monopoly practices. The Manager reported no lost days or deaths due to work injuries.

Further details of its ESG review will be released in the Annual Sustainability Report.

# 06 FINANCIAL STATEMENTS CONTENTS

## CONTENTS



## FINANCIAL STATEMENTS



## NOTES TO THE FINANCIAL STATEMENTS

# REPORT OF THE TRUSTEE

**Year ended 31 December 2024**

Perpetual (Asia) Limited (the "Trustee") is under a duty to take into custody and hold the assets of Stoneweg European Real Estate Investment Trust (the "Trust", formerly known as Cromwell European Real Estate Investment Trust) and its subsidiaries (collectively "SERT") in trust for the holders of units ("Unitholders") in the Trust. In accordance with, among other things, the Securities and Futures Act 2001 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes and the Listing Manual (collectively referred to as the "laws and regulations"), the Trustee shall monitor the activities of Stoneweg EREIT Management Pte. Ltd. (the "Manager", formerly known as Cromwell EREIT Management Pte. Ltd.) for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 28 April 2017 (as amended, varied or supplemented from time to time) (the "Trust Deed") between the Manager and the Trustee in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed SERT during the year covered by these financial statements, set out on pages 143 to 215 in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee,
**Perpetual (Asia) Limited**

Ms Sin Li Choo
Director

Singapore
28 March 2025

# STATEMENT BY THE MANAGER

**Year ended 31 December 2024**

In the opinion of the Directors of the Manager, the accompanying financial statements set out on pages 143 to 215, comprising Balance Sheets and Statements of Movements in Unitholders' Funds of Stoneweg European Real Estate Investment Trust (the "Trust", formerly known as Cromwell European Real Estate Investment Trust) and its subsidiaries (collectively referred to as "SERT"), Consolidated Statement of Total Return, Consolidated Statement of Comprehensive Income, Consolidated Distribution Statement, Consolidated Statement of Cash Flows, Statement of Portfolio of SERT and notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the consolidated balance sheet of SERT and the balance sheet of the Trust as at 31 December 2024, and the Consolidated Statement of Total Return, Consolidated Statement of Comprehensive Income, Consolidated Distribution Statement, Consolidated Statement of Movements in Unitholders' Funds, Consolidated Statement of Cash Flows and Statement of Portfolio of SERT and the Statement of Movements in Unitholders' Funds of the Trust for the year then ended on that date in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"), the recommendations of *The Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" (Revised 2017)* issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed. At the date of this statement, there are reasonable grounds to believe that SERT and the Trust will be able to meet their financial obligations as and when they materialise.

For and on behalf of the Manager,
**Stoneweg EREIT Management Pte. Ltd.**
**(formerly known as Cromwell EREIT Management Pte. Ltd.)**

Mr Simon Garing
Director

Singapore
28 March 2025

# INDEPENDENT AUDITOR'S REPORT

### To the Unitholders of Stoneweg European Real Estate Investment Trust (Formerly Known as Cromwell European Real Estate Investment Trust)

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

**Opinion**

We have audited the financial statements of Stoneweg European Real Estate Investment Trust ("Trust", formerly known as Cromwell European Real Estate Investment Trust) and its subsidiaries (collectively referred to as "SERT"), which comprise the Consolidated Balance Sheet of SERT and the Balance Sheet of the Trust as at 31 December 2024, and the Consolidated Statement of Total Return, Consolidated Statement of Comprehensive Income, Consolidated Distribution Statement, Consolidated Statement of Movements in Unitholders' Funds, Consolidated Statement of Cash Flows and Statement of Portfolio of SERT and the Statement of Movements in Unitholders' Funds of the Trust for the year then ended, and notes to the financial statements, including a summary of material accounting policy information, as set out on pages 143 to 215.

In our opinion, the accompanying consolidated financial statements of SERT, and the Balance Sheet and Statement of Movements in Unitholders' Funds of the Trust are properly drawn up in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and the recommendations of *The Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("RAP 7") (Revised 2017)* issued by the Institute of Singapore Chartered Accountants so as to give a true and fair view of the Consolidated Balance Sheet of SERT and the Balance Sheet of the Trust as at 31 December 2024, and of the Consolidated Statement of Total Return, Consolidated Statement of Comprehensive Income, Consolidated Distribution Statement, Consolidated Statement of Movements in Unitholders' Funds, Consolidated Statement of Cash Flows and Statement of Portfolio of SERT and the Statement of Movements in Unitholders' Funds of the Trust for the year ended on that date.

**Basis for Opinion**

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of SERT in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# INDEPENDENT AUDITOR'S REPORT

**To the Unitholders of Stoneweg European Real Estate Investment Trust (Formerly Known as Cromwell European Real Estate Investment Trust)**

| Key Audit Matter | How the matter was addressed in the audit |
| --- | --- |
| ***Fair Valuation and Disclosure of Fair Value for Investment Properties*** | |
| SERT owns a portfolio of investment properties as at 31 December 2024, comprising mainly commercial office and light industrial complexes across 10 European countries which includes Czech Republic, Denmark, Finland, France, Germany, Italy, the Netherlands, Poland, Slovakia and the United Kingdom. The investment properties represent the single largest category of assets with a carrying amount of €2,232 million as at 31 December 2024.<br><br>SERT has adopted the fair value model under IAS 40 *Investment Property* which requires all the investment properties to be measured at fair value. SERT has engaged external independent valuers ("Valuers") to perform the fair value assessment for all of its investment properties except for a property that was classified as asset held for sale.<br><br>The fair valuation of investment properties is considered to be a matter of significance as the valuation process requires the application of judgement in determining the appropriate valuation methodology to be used, use of subjective assumptions and various unobservable inputs. The fair valuations are sensitive to underlying assumptions applied in deriving the underlying cash flows and capitalisation rates as a small change in these assumptions can result in an increase or decrease in fair valuation of the investment properties.<br><br>The valuation techniques, their key inputs and the inter-relationships between the inputs and the valuation have been disclosed in Note 9 (d) to the consolidated financial statements. | We have assessed SERT's process of appointment and determination of the scope of work of the Valuers, as well as their process of reviewing, and accepting the Valuers' investment property valuations.<br><br>We have reviewed the qualifications, competence, independence, and the terms of the engagement of the Valuers with SERT to determine whether there were any matters which might affect the objectivity of the Valuers or impede their scope of work.<br><br>We held discussions with management and the Valuers on the valuation reports, and engaged our valuation specialists to assist in:<br><br>• Assessing the valuation methodologies, assumptions and estimates used by the Valuers against general market practice for similar types of properties;<br><br>• Comparing valuation assumptions and the underlying cash flows and capitalisation rates to historical rates, and available industry data for comparable markets and properties; and<br><br>• Reviewing the integrity of the valuation calculations, valuation inputs, including review of lease schedules, lease agreements and comparison to the inputs made to the projected cash flows.<br><br>Based on the audit procedures performed, the fair valuation of the properties is within a reasonable range of our expectations.<br><br>We have assessed and validated the adequacy and appropriateness of the related disclosures. |

# INDEPENDENT AUDITOR'S REPORT

**To the Unitholders of Stoneweg European Real Estate Investment Trust (Formerly Known as Cromwell European Real Estate Investment Trust)**

**Information Other than the Financial Statements and Auditor's Report Thereon**

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Manager and Directors of the Manager for the Financial Statements**

Stoneweg EREIT Management Pte. Ltd. (the "Manager" of SERT) is responsible for the preparation of financial statements that give a true and fair view in accordance with the IFRS Accounting Standards as issued by the IASB and the recommendations of *The Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" (Revised 2017)* issued by the Institute of Singapore Chartered Accountants, and comply with the relevant provisions of the Trust Deed dated 28 April 2017 (as amended, varied or supplemented from time to time) (collectively, the "Trust Deed"), and the relevant requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing SERT's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate SERT or to cease operations, or has no realistic alternative but to do so.

The responsibilities of the Directors of the Manager include overseeing SERT's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SERT's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on SERT's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause SERT to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors of the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors of the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors of the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the financial statements have been properly prepared in accordance with the relevant provisions of the Trust Deed and the relevant requirements of the CIS Code.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Jeremy Toh.

**Deloitte & Touche LLP**
Public Accountants and
Chartered Accountants
Singapore

28 March 2025

# CONSOLIDATED STATEMENT OF TOTAL RETURN

**Year ended 31 December 2024**

| | | SERT | |
|---|---|---|---|
| | | **2024** | **2023** |
| | **Note** | **€'000** | **€'000** |
| Gross revenue | 2 | 212,919 | 216,489 |
| Property operating expense | | (81,774) | (82,208) |
| **Net property income** | | **131,145** | **134,281** |
| Other income | | 107 | – |
| Net finance costs | 10(b) | (35,996) | (32,380) |
| Manager's fees | 3(b) | (5,431) | (5,894) |
| Trustee fees | 3(a) | (270) | (291) |
| Other trust expenses | | (5,979) | (5,743) |
| Net foreign exchange gain | | 1,932 | 792 |
| **Net income before tax and fair value changes** | 4(a) | **85,508** | **90,765** |
| Gain/(loss) on divestments | 5 | 599 | (9,871) |
| Gain on bond buyback | 10(c) | – | 3,068 |
| Fair value loss – investment properties | 9(b) | (27,677) | (133,570) |
| Fair value loss – derivative financial instruments | | (2,723) | (8,769) |
| **Total return/(loss) for the year before tax** | | **55,707** | **(58,377)** |
| Income tax expense | 8(a) | (20,226) | (15,522) |
| **Total return/(loss) for the year** | | **35,481** | **(73,899)** |
| **Total return/(loss) for the year attributable to:** | | | |
| Unitholders | | 33,153 | (76,225) |
| Perpetual securities holders | | 2,328 | 2,326 |
| | | **35,481** | **(73,899)** |
| **Earnings per unit** | | | |
| Basic and diluted earnings attributable to Unitholders per Unit (€ cents) | 6 | 5.895 | (13.554) |

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

**Year ended 31 December 2024**

| | SERT | |
|---|---|---|
| | **2024** | **2023** |
| | **€'000** | **€'000** |
| **Total return/(loss) for the year** | **35,481** | **(73,899)** |
| **Items that may be reclassified subsequently to profit or loss:** | | |
| Foreign exchange differences on translation of foreign operations | 822 | 25 |
| **Other comprehensive income for the year, net of tax** | **822** | **25** |
| **Total comprehensive income/(loss) for the year** | **36,303** | **(73,874)** |
| **Total comprehensive income/(loss) for the year attributable to:** | | |
| Unitholders | 33,975 | (76,200) |
| Perpetual securities holders | 2,328 | 2,326 |
| | **36,303** | **(73,874)** |

The accompanying notes form an integral part of the financial statements.

# BALANCE SHEETS

**As at 31 December 2024**

| | | SERT | | Trust | |
|---|---|---|---|---|---|
| | **Note** | **2024 €'000** | **2023 €'000** | **2024 €'000** | **2023 €'000** |
| **Current assets** | | | | | |
| Cash and cash equivalents | | 38,536 | 73,795 | 2,558 | 3,309 |
| Assets held for sale | 16 | 15,000 | 17,300 | – | – |
| Receivables | 17(a) | 21,617 | 14,450 | 70,480 | 80,016 |
| Derivative financial instruments | 11 | – | 5,879 | – | – |
| Current tax assets | | 2,332 | 1,829 | – | – |
| **Total current assets** | | **77,485** | **113,253** | **73,038** | **83,325** |
| **Non-current assets** | | | | | |
| Investment properties | 9 | 2,231,832 | 2,241,570 | – | – |
| Investments in subsidiaries | 15 | – | – | 1,211,792 | 1,214,988 |
| Receivables | 17(a) | 91 | 87 | – | – |
| Derivative financial instruments | 11 | 9,126 | 5,769 | 7,050 | 5,769 |
| Deferred tax assets | 8(c) | 3,625 | 6,794 | – | – |
| **Total non-current assets** | | **2,244,674** | **2,254,220** | **1,218,842** | **1,220,757** |
| **Total assets** | | **2,322,159** | **2,367,473** | **1,291,880** | **1,304,082** |
| **Current liabilities** | | | | | |
| Borrowings | 10, 14(b) | 450,000 | – | – | – |
| Payables | 17(b) | 37,817 | 42,073 | 173,032 | 116,557 |
| Current tax liabilities | | 4,790 | 3,947 | 128 | 74 |
| Other current liabilities | 18 | 34,823 | 36,234 | – | – |
| **Total current liabilities** | | **527,430** | **82,254** | **173,160** | **116,631** |
| **Non-current liabilities** | | | | | |
| Payables | 17(b) | – | – | 191,770 | 170,830 |
| Borrowings | 10 | 498,681 | 947,600 | – | – |
| Derivative financial instruments | 11 | 481 | 279 | 481 | 198 |
| Deferred tax liabilities | 8(c) | 84,061 | 74,527 | – | – |
| Other non-current liabilities | 18 | 6,484 | 7,672 | – | – |
| **Total non-current liabilities** | | **589,707** | **1,030,078** | **192,251** | **171,028** |
| **Total liabilities** | | **1,117,137** | **1,112,332** | **365,411** | **287,659** |
| **Net assets** | | **1,205,022** | **1,255,141** | **926,469** | **1,016,423** |
| **Represented by:** | | | | | |
| Unitholders' funds | 12 | 1,140,818 | 1,190,937 | 862,265 | 952,219 |
| Perpetual securities holders' funds | 13 | 64,204 | 64,204 | 64,204 | 64,204 |
| | | **1,205,022** | **1,255,141** | **926,469** | **1,016,423** |
| Units in issue ('000) | 12 | 562,392 | 562,392 | 562,392 | 562,392 |
| Net asset value attributable to Unitholders per Unit (€) | | 2.03 | 2.12 | 1.53 | 1.69 |

The accompanying notes form an integral part of the financial statements.

# CONSOLIDATED DISTRIBUTION STATEMENT

**Year ended 31 December 2024**

| | Note | SERT 2024 €'000 | SERT 2023 €'000 |
|---|---|---|---|
| Amount available for distribution at 1 January | | 44,652 | 47,978 |
| Total return/(loss) for the year attributable to Unitholders and perpetual securities holders | | 35,481 | (73,899) |
| Less: Total return attributable to perpetual securities holders | | (2,328) | (2,326) |
| Distribution adjustments (Note A) | | 46,175 | 164,479 |
| **Income available for distribution to Unitholders** | | **123,980** | **136,232** |
| Distributions declared to Unitholders during the year (Note B) | 7 | (84,094) | (91,580) |
| **Amount available for distribution to Unitholders at 31 December** | | **39,886** | **44,652** |
| Distribution per Unit ("DPU") (€ cents) for the year | | 14.106 | 15.693 |
| **Note A – Distribution adjustments** | | | |
| Straight-line rent adjustments and leasing fees | | 1,680 | 1,332 |
| Trustee fees | | 270 | 291 |
| Amortisation of debt issuance costs | | 3,019 | 4,462 |
| Gain on bond buyback | | – | (3,068) |
| (Gain)/loss on divestments | | (599) | 9,871 |
| Fair value adjustments – investment properties | | 27,677 | 133,570 |
| Fair value adjustments – derivative financial instruments | | 2,723 | 8,769 |
| Net foreign exchange gain | | (1,932) | (792) |
| Deferred tax expense | | 12,686 | 9,695 |
| Other adjustments | | 651 | 349 |
| | | 46,175 | 164,479 |
| **Note B – Distributions declared to Unitholders during the year** | | | |
| Distribution of 8.494 Euro cpu from 1 Jul 2022 to 31 Dec 2022 | | – | 47,769 |
| Distribution of 7.790 Euro cpu from 1 Jan 2023 to 30 Jun 2023 | | – | 43,811 |
| Distribution of 7.903 Euro cpu from 1 Jul 2023 to 31 Dec 2023 | | 44,446 | – |
| Distribution of 7.050 Euro cpu from 1 Jan 2024 to 30 Jun 2024 | | 39,648 | – |
| | | 84,094 | 91,580 |

The accompanying notes form an integral part of the financial statements.

# STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

**Year ended 31 December 2024**

| | | SERT | | Trust | |
|---|---|---|---|---|---|
| | | 2024 | 2023 | 2024 | 2023 |
| | Note | €'000 | €'000 | €'000 | €'000 |
| **Unitholders' funds** | | | | | |
| At 1 January | | 1,190,937 | 1,358,717 | 952,219 | 1,129,347 |
| **Operations** | | | | | |
| Total return/(loss) for the year attributable to Unitholders and perpetual securities holders | | 35,481 | (73,899) | (3,532) | (83,222) |
| Less: Total return for the year attributable to perpetual securities holders | | (2,328) | (2,326) | (2,328) | (2,326) |
| **Net increase/(decrease) in net assets resulting from operations** | | 33,153 | (76,225) | (5,860) | (85,548) |
| **Movement in foreign currency translation reserve** | 12(d) | 822 | 25 | – | – |
| **Unitholders' transactions** | | | | | |
| Distributions to Unitholders | 7 | (84,094) | (91,580) | (84,094) | (91,580) |
| **Net decrease in net assets resulting from Unitholders' transactions** | | (84,094) | (91,580) | (84,094) | (91,580) |
| **Unitholders' funds at 31 December** | | **1,140,818** | **1,190,937** | **862,265** | **952,219** |
| **Perpetual securities holders' funds** | | | | | |
| At 1 January | | 64,204 | 64,204 | 64,204 | 64,204 |
| Total return for the year attributable to perpetual securities holders | | 2,328 | 2,326 | 2,328 | 2,326 |
| Distributions paid to perpetual securities holders | | (2,328) | (2,326) | (2,328) | (2,326) |
| **Perpetual securities holders' funds at 31 December** | | **64,204** | **64,204** | **64,204** | **64,204** |
| **Total at 31 December** | | **1,205,022** | **1,255,141** | **926,469** | **1,016,423** |

The accompanying notes form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

**Year ended 31 December 2024**

| | SERT | |
|---|---|---|
| | **2024** | **2023** |
| | **€'000** | **€'000** |
| **Cash flows from operating activities** | | |
| Total return/(loss) for the year before tax | 55,707 | (58,377) |
| *Adjustments for:* | | |
| Amortisation of lease costs and incentives | 2,954 | 2,487 |
| Straight-line rent adjustments and leasing fees | (721) | (1,881) |
| (Gain)/loss on divestments | (599) | 9,871 |
| Gain on bond buyback | – | (3,068) |
| Net finance costs | 35,996 | 32,380 |
| Allowance for credit losses | 1,610 | 1,909 |
| Change in fair value of investment properties | 27,677 | 133,570 |
| Change in fair value of derivative financial instruments | 2,723 | 8,769 |
| Net foreign exchange gain | (1,932) | (792) |
| Operating cash flows before movements in working capital | 123,415 | 124,868 |
| *Changes in operating assets and liabilities:* | | |
| (Increase)/decrease in receivables | (2,810) | 413 |
| Decrease in payables | (6,155) | (5,399) |
| (Decrease)/increase in other liabilities | (3,139) | 5,924 |
| **Cash generated from operations** | **111,311** | **125,806** |
| Interest paid | (39,290) | (35,295) |
| Interest received | 5,919 | 6,495 |
| Tax paid | (7,200) | (7,874) |
| **Net cash from operating activities** | **70,740** | **89,132** |
| **Cash flows from investing activities** | | |
| Payments for capital expenditure on investment properties | (43,599) | (83,053) |
| Proceeds from divestment of investment properties and assets held for sale | 26,156 | 196,506 |
| Payment of transaction costs for divestment of investment properties and assets held for sale | (811) | (1,861) |
| **Net cash (used in)/provided by investing activities** | **(18,254)** | **111,592** |
| **Cash flows from financing activities** | | |
| Payment of unit issue costs | – | (13) |
| Proceeds from bank borrowings | 211,175 | 306,000 |
| Repayment of bank borrowings and Euro Medium Term Notes ("EMTN") | (208,375) | (368,557) |
| Payment of transaction costs related to borrowings and EMTN | (3,612) | (4,300) |
| Net payment to acquire / for settlement of derivative financial instruments | – | (986) |
| Distributions paid to Unitholders | (84,094) | (91,580) |
| Distributions paid to Perpetual securities holders | (2,328) | (2,326) |
| Payment of finance lease | (511) | (599) |
| **Net cash used in financing activities** | **(87,745)** | **(162,361)** |
| **Net (decrease)/increase in cash and cash equivalents** | **(35,259)** | **38,363** |
| Cash and cash equivalents at 1 January | 73,795 | 35,432 |
| **Cash and cash equivalents at 31 December** | **38,536** | **73,795** |

Refer to note 19 for a reconciliation of movements in net debt.

The accompanying notes form an integral part of the financial statements.

# STATEMENT OF PORTFOLIO

**As at 31 December 2024**

| **Property** *(by Geography)* | **Location** | **Acquisition Date** |
|---|---|---|
| **The Netherlands** | | |
| **Logistics / Light Industrial** | | |
| Veemarkt | Veemarkt 27-75 / 50-76 / 92-114, Amsterdam | 30 Nov 2017 |
| Boekweitstraat 1 – 21 & Luzernestraat 2 – 12 | Boekweitstraat 1 – 21 & Luzernestraat 2 – 12, Nieuw-Vennep | 30 Nov 2017 |
| De Immenhorst 7 | De Immenhorst 7, s'Heerenberg | 23 Dec 2021 |
| Rosa Castellanosstraat 4 | Rosa Castellanosstraat 4, Tilburg | 30 Dec 2021 |
| Capronilaan 22 – 56 | Capronilaan 22 – 56, Schiphol–Rijk | 30 Nov 2017 |
| Kapoeasweg 4 – 16 | Kapoeasweg 4 – 16, Amsterdam | 30 Nov 2017 |
| Folkstoneweg 5 – 15 | Folkstoneweg 5 – 15, Schiphol | 30 Nov 2017 |
| **Office** | | |
| Haagse Poort | Prinses Beatrixlaan 35 – 37 & Schenkkade 60 – 65, Den Haag | 30 Nov 2017 |
| Central Plaza | Plaza 2 – 25 (retail) / Weena 580 – 618 (offices), Rotterdam | 19 Jun 2017 |
| Bastion | Willemsplein 2 – 10, 's-Hertogenbosch | 28 Dec 2018 |
| Moeder Teresalaan 100 / 200 | Moeder Teresalaan 100 / 200, Utrecht | 28 Dec 2018 |
| De Ruyterkade 5 | De Ruyterkade 5, Amsterdam | 19 Jun 2017 |
| Koningskade 30 | Koningskade 30, Den Haag | 19 Jun 2017 |
| Blaak 40 | Blaak 40, Rotterdam | 30 Nov 2017 |
| **France** | | |
| **Logistics / Light Industrial** | | |
| Parc des Docks | 50 rue Ardoin, Saint Ouen | 30 Nov 2017 |
| Parc des Guillaumes | 58 rue de Neuilly – 2 rue du Trou Morin, ZAC des Guillaumes, Noisy-le-Sec | 30 Nov 2017 |
| Parc du Landy | 61 rue du Landy, Aubervilliers | 30 Nov 2017 |
| Parc des Grésillons | 167-169 avenue des Grésillons, Gennevilliers | 30 Nov 2017 |
| Parc Delizy | 32 rue Délizy, Pantin | 30 Nov 2017 |
| Parc Urbaparc | 75-79 rue du Rateau, La Courneuve | 30 Nov 2017 |
| Parc Béziers | Rue Charles Nicolle, Villeneuve-lès-Béziers | 23 Jan 2019 |
| Parc du Merantais | 1-3 rue Georges Guynemer, Magny-Les-Hameaux | 30 Nov 2017 |
| Parc Locaparc 2 | 59-65 rue Edith Cavell, Vitry-sur-Seine | 30 Nov 2017 |
| Parc le Prunay | 13-41 rue Jean Pierre Timbaud, ZI du Prunay, Sartrouville | 30 Nov 2017 |
| Parc des Érables | 154 allée des Érables, Villepinte | 30 Nov 2017 |
| Parc Louvresses | 46-48 boulevard Dequevauvilliers, Gennevilliers | 14 Feb 2019 |
| Parc Jean Mermoz | 53 rue de Verdun – 81, rue Maurice Berteaux, La Courneuve | 30 Nov 2017 |

n/a – not applicable

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

The accompanying notes form an integral part of the financial statements.

# STATEMENT OF PORTFOLIO

**As at 31 December 2024**

| Land Tenure | Remaining Term of Leasehold (Years) | | Carrying Amount | | Percentage of Net Assets | |
|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2024 €'000 | 2023 €'000 | 2024 % | 2023 % |
| | | | | | | |
| Continuing leasehold | Various 14.0-18.0 | Various 15.0-19.0 | 52,270 | 47,100 | 4.3 | 3.8 |
| Freehold | n/a | n/a | 11,290 | 10,700 | 0.9 | 0.9 |
| Freehold | n/a | n/a | 11,160 | 11,100 | 0.9 | 0.9 |
| Freehold | n/a | n/a | 10,930 | 10,700 | 0.9 | 0.9 |
| Freehold | n/a | n/a | 9,356 | 9,620 | 0.8 | 0.8 |
| Freehold | n/a | n/a | 7,842 | 7,290 | 0.7 | 0.6 |
| Leasehold | 14.9 | 15.9 | 4,186 | 6,290 | 0.3 | 0.5 |
| Part Freehold, Part Right of Superficies and Part Perpetual leasehold | n/a | n/a | 161,100 | 163,200 | 13.4 | 13.0 |
| Freehold/ leasehold[1] | 63.6 | 64.6 | 140,300 | 140,800 | 11.6 | 11.2 |
| Freehold | n/a | n/a | 64,800 | 67,200 | 5.4 | 5.4 |
| Perpetual leasehold | n/a | n/a | 51,600 | 56,300 | 4.3 | 4.5 |
| Continuing Leasehold | 63.5 | 64.5 | 43,010 | 50,400 | 3.6 | 4.0 |
| Perpetual leasehold | n/a | n/a | 19,180 | 19,200 | 1.6 | 1.5 |
| Freehold | n/a | n/a | 17,260 | 16,700 | 1.4 | 1.3 |
| | | | | | | |
| Freehold | n/a | n/a | 163,800 | 164,450 | 13.6 | 13.1 |
| Freehold | n/a | n/a | 35,900 | 34,450 | 3.0 | 2.7 |
| Freehold | n/a | n/a | 29,600 | 29,000 | 2.5 | 2.3 |
| Freehold | n/a | n/a | 27,600 | 26,750 | 2.3 | 2.1 |
| Freehold | n/a | n/a | 23,300 | 24,250 | 1.9 | 1.9 |
| Freehold | n/a | n/a | 19,700 | 19,200 | 1.6 | 1.5 |
| Freehold | n/a | n/a | 12,900 | 11,350 | 1.1 | 0.9 |
| Freehold | n/a | n/a | 12,300 | 11,600 | 1.0 | 0.9 |
| Freehold | n/a | n/a | 10,300 | 9,170 | 0.9 | 0.7 |
| Freehold | n/a | n/a | 10,100 | 8,950 | 0.8 | 0.7 |
| Freehold | n/a | n/a | 10,100 | 8,850 | 0.8 | 0.7 |
| Leasehold | 22.45 | 23.45 | 10,000 | 9,195 | 0.8 | 0.7 |
| Freehold | n/a | n/a | 8,730 | 9,180 | 0.7 | 0.7 |

# STATEMENT OF PORTFOLIO

**As at 31 December 2024**

| **Property** *(by Geography)* | **Location** | **Acquisition Date** |
|---|---|---|
| **France (continued)** | | |
| Parc de Champs | 40 boulevard de Nesles, ZAC le Ru du Nesles, Champs sur Marne | 30 Nov 2017 |
| Parc Acticlub | 2 rue de la Noue Guimante, ZI de la Courtillière, Thibault des Vignes | 30 Nov 2017 |
| Parc Parçay-Meslay | ZI du Papillon, Parcay-Meslay | 23 Jan 2019 |
| Parc Sully | 105 route d'Orléans, Sully-sur-Loire | 23 Jan 2019 |
| **Office** | | |
| Paryseine | 3 Allée de la Seine, Ivry-Sur Seine, Paris | 17 Jul 2019 |
| Cap Mermoz | 38-44 rue Jean Mermoz, Maisons-Laffitte, Paris | 17 Jul 2019 |
| Lénine[2] | 1 rue de Lénine, 94200 Ivry-Sur Seine, Ivry-Sur Seine, Paris | 17 Jul 2019 |
| **Italy** | | |
| **Logistics / Light Industrial** | | |
| Centro Logistico Orlando Marconi | Via del Lavoro, 63076 Monteprandone | 23 Dec 2020 |
| Via dell'Industria 18 | Via dell'Industria 18, Vittuone | 17 Mar 2022 |
| Via Fogliano 1 | Via Fogliano 1, Coccaglio, Brescia | 15 Feb 2022 |
| Via Fornace | Via Fornace snc, Mira | 29 Oct 2021 |
| Strada Provinciale Adelfia | Strada Provinciale Adelfia, Rutigliano | 30 Nov 2017 |
| **Office** | | |
| Nervesa21 | Via Nervesa 21, Milan | 30 Nov 2017 |
| Via Pianciani 26 | Via Pianciani 26, Rome | 30 Nov 2017 |
| Maxima | Via dell'Amba Aradam 5, Rome | 30 Nov 2017 |
| Building F7-F11 | Viale Milanofiori 1, Assago | 30 Nov 2017 |
| Via Camillo Finocchiaro Aprile 1 | Via Camillo Finocchiaro Aprile 1, Genova | 5 Dec 2018 |
| Cassiopea 1-2-3 | Via Paracelso 22-24-26, Milan | 28 Nov 2019 |
| Nuova ICO | Via Guglielmo Jervis 9, Ivrea | 27 Jun 2018 |
| Corso Annibale Santorre di Santa Rosa 15 | Corso Annibale Santorre di Santa Rosa 15, Cuneo | 30 Nov 2017 |
| Via della Fortezza 8[3] | Via della Fortezza 8, Florence | 15 Feb 2018 |
| Via Rampa Cavalcavia 16-18[4] | Via Rampa Cavalcavia 16-18, Venice Mestre | 30 Nov 2017 |
| **'Others'** | | |
| Starhotels Grand Milan | Via Varese 23, Saronno | 30 Nov 2017 |
| Via Madre Teresa 4 | Via Madre Teresa 4, Lissone | 30 Nov 2017 |
| Via Salara Vecchia 13 | Via Salara Vecchia 13, Pescara | 30 Nov 2017 |

n/a – not applicable

(2) The property was divested on 30 September 2024.

(3) The property was reclassified as "Asset Held for Sale" pursuant to a binding offer entered into with an unrelated third party on 6 December 2024 (see note 16).

(4) The property was divested on 19 December 2024.

The accompanying notes form an integral part of the financial statements.

# STATEMENT OF PORTFOLIO

**As at 31 December 2024**

| Land Tenure | Remaining Term of Leasehold (Years) | | Carrying Amount | | Percentage of Net Assets | |
|---|---|---|---|---|---|---|
| | | | 2024 | 2023 | 2024 | 2023 |
| | 2024 | 2023 | €'000 | €'000 | % | % |
| | | | | | | |
| Freehold | n/a | n/a | 7,900 | 7,410 | 0.7 | 0.6 |
| Freehold | n/a | n/a | 7,510 | 6,830 | 0.6 | 0.5 |
| Freehold | n/a | n/a | 5,090 | 4,360 | 0.4 | 0.3 |
| Freehold | n/a | n/a | 2,560 | 3,070 | 0.2 | 0.2 |
| Freehold | n/a | n/a | 28,500 | 27,370 | 2.4 | 2.2 |
| Freehold | n/a | n/a | 26,700 | 26,370 | 2.2 | 2.1 |
| Freehold | n/a | n/a | – | 2,190 | – | 0.2 |
| | | | | | | |
| Freehold | n/a | n/a | 60,800 | 57,500 | 5.0 | 4.6 |
| Freehold | n/a | n/a | 39,660 | 35,400 | 3.3 | 2.8 |
| Freehold | n/a | n/a | 26,580 | 26,000 | 2.2 | 2.1 |
| Freehold | n/a | n/a | 21,840 | 18,600 | 1.8 | 1.5 |
| Freehold | n/a | n/a | 16,620 | 16,600 | 1.4 | 1.3 |
| Freehold | n/a | n/a | 56,470 | 47,300 | 4.7 | 3.8 |
| Freehold | n/a | n/a | 34,080 | 33,600 | 2.8 | 2.7 |
| Freehold | n/a | n/a | 25,240 | 29,900 | 2.1 | 2.4 |
| Freehold | n/a | n/a | 20,670 | 22,200 | 1.7 | 1.8 |
| Freehold | n/a | n/a | 18,960 | 18,500 | 1.6 | 1.5 |
| Freehold | n/a | n/a | 11,650 | 13,100 | 1.0 | 1.0 |
| Freehold | n/a | n/a | 6,705 | 7,230 | 0.6 | 0.6 |
| Freehold | n/a | n/a | 6,160 | 6,030 | 0.5 | 0.5 |
| Freehold | n/a | n/a | – | 15,100 | – | 1.2 |
| Freehold | n/a | n/a | – | 4,370 | – | 0.3 |
| Freehold | n/a | n/a | 20,800 | 18,800 | 1.7 | 1.5 |
| Freehold | n/a | n/a | 12,130 | 14,200 | 1.0 | 1.1 |
| Freehold | n/a | n/a | 10,710 | 10,900 | 0.9 | 0.9 |

# STATEMENT OF PORTFOLIO

**As at 31 December 2024**

| **Property** *(by Geography)* | **Location** | **Acquisition Date** |
|---|---|---|
| **Germany** | | |
| **Logistics / Light Industrial** | | |
| Parsdorfer Weg 10 | Parsdorfer Weg 10, Kirchheim | 30 Nov 2017 |
| An der Wasserschluft 7 | An der Wasserschluft 7, 06526 Sangerhausen | 13 Aug 2020 |
| Siemensstraße 11 | Siemensstraße 11, Frickenhausen | 30 Nov 2017 |
| Löbstedter Str. 101-109 | Löbstedter Str. 101 – 109, Unstrutweg 1, 4, Ilmstr. 4, 4a, Jena | 21 Apr 2022 |
| Göppinger Straße 1 – 3 | Göppinger Straße 1 – 3, Pforzheim | 24 Mar 2020 |
| Hochstraße 150-152 | Hochstraße 150-152, Duisburg | 30 Nov 2017 |
| An der Kreuzlache 8-12 | An der Kreuzlache 8-12, Bischofsheim | 30 Nov 2017 |
| Gewerbestraße 62 | Gewerbestraße 62, Bretten | 24 Mar 2020 |
| Henschelring 4 | Henschelring 4, Kirchheim | 30 Nov 2017 |
| Kolumbusstraße 16 | Kolumbusstraße 16, Hamburg | 30 Nov 2017 |
| Moorfleeter Straße 27, Liebigstraße 67-71 | Moorfleeter Straße 27, Liebigstraße 67-71, Hamburg | 30 Nov 2017 |
| Frauenstraße 31 | Frauenstraße 31, Maisach | 30 Nov 2017 |
| Gutenbergstraße 1, Dieselstraße 2 | Gutenbergstraße 1, Dieselstraße 2, Königsbach-Stein | 24 Mar 2020 |
| Dresdner Straße 16, Sachsenring 52 | Dresdner Straße 16, Sachsenring 52, Straubing | 30 Nov 2017 |
| **Poland** | | |
| **Office** | | |
| Business Garden | 2, 4, 6, 8 and 10 Kolorowa Street, Poznań | 24 Sep 2019 |
| Green Office | 80, 80A, 82 and 84 Czerwone Maki Street, Kraków | 25 Jul 2019 |
| Riverside Park | Fabryczna 5, Warsaw | 14 Feb 2019 |
| Avatar | 28 Armii Krajowej Street, Kraków | 25 Jul 2019 |
| Arkońska Business Park | Arkońska 1&2, Gdańsk | 14 Feb 2019 |
| **Denmark** | | |
| **Logistics / Light Industrial** | | |
| Naverland 7-11 | Naverland 7-11, Glostrup | 30 Nov 2017 |
| Sognevej 25 | Sognevej 25, Brøndby | 14 Oct 2022 |
| Priorparken 800 | Priorparken 800, Brøndby | 30 Nov 2017 |
| Priorparken 700 | Priorparken 700, Brøndby | 30 Nov 2017 |
| Stamholmen 111 | Stamholmen 111, Hvidovre | 30 Nov 2017 |
| Islevdalvej 142 | Islevdalvej 142, Rødovre | 30 Nov 2017 |
| Herstedvang 2-4 | Herstedvang 2-4, Albertslund | 30 Nov 2017 |
| Naverland 8 | Naverland 8, Glostrup | 30 Nov 2017 |
| Hørskætten 4-6 | Hørskætten 4-6, Tåstrup | 30 Nov 2017 |
| Fabriksparken 20 | Fabriksparken 20, Glostrup | 30 Nov 2017 |
| Hørskætten 5 | Hørskætten 5, Tåstrup | 30 Nov 2017 |
| Naverland 12 | Naverland 12, Glostrup | 30 Nov 2017 |

n/a – not applicable

The accompanying notes form an integral part of the financial statements.

# STATEMENT OF PORTFOLIO

**As at 31 December 2024**

| Land Tenure | Remaining Term of Leasehold (Years) | | Carrying Amount | | Percentage of Net Assets | |
|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2024 €'000 | 2023 €'000 | 2024 % | 2023 % |
| | | | | | | |
| Freehold | n/a | n/a | 38,950 | 37,300 | 3.2 | 3.0 |
| Freehold | n/a | n/a | 20,420 | 17,700 | 1.7 | 1.4 |
| Freehold | n/a | n/a | 18,120 | 18,100 | 1.5 | 1.4 |
| Freehold | n/a | n/a | 15,500 | 16,400 | 1.3 | 1.3 |
| Freehold | n/a | n/a | 15,030 | 15,600 | 1.2 | 1.2 |
| Freehold | n/a | n/a | 15,010 | 12,100 | 1.2 | 1.0 |
| Freehold | n/a | n/a | 13,550 | 14,200 | 1.1 | 1.1 |
| Freehold | n/a | n/a | 13,510 | 14,000 | 1.1 | 1.1 |
| Freehold | n/a | n/a | 12,790 | 11,900 | 1.1 | 0.9 |
| Freehold | n/a | n/a | 10,970 | 10,200 | 0.9 | 0.8 |
| Freehold | n/a | n/a | 10,850 | 8,750 | 0.9 | 0.7 |
| Freehold | n/a | n/a | 10,170 | 10,100 | 0.8 | 0.8 |
| Freehold | n/a | n/a | 9,157 | 9,480 | 0.8 | 0.8 |
| Freehold | n/a | n/a | 8,904 | 8,750 | 0.7 | 0.7 |
| | | | | | | |
| Freehold | n/a | n/a | 70,000 | 72,900 | 5.8 | 5.8 |
| Freehold | n/a | n/a | 36,900 | 39,400 | 3.1 | 3.1 |
| Perpetual usufruct | n/a | n/a | 21,600 | 22,800 | 1.8 | 1.8 |
| Freehold / Perpetual usufruct | n/a | n/a | 19,400 | 19,950 | 1.6 | 1.6 |
| Perpetual usufruct | n/a | n/a | 7,960 | 11,200 | 0.7 | 0.9 |
| | | | | | | |
| Freehold | n/a | n/a | 18,613 | 18,340 | 1.5 | 1.5 |
| Freehold | n/a | n/a | 17,111 | 15,557 | 1.4 | 1.2 |
| Freehold | n/a | n/a | 16,682 | 13,103 | 1.4 | 1.0 |
| Freehold | n/a | n/a | 16,468 | 15,054 | 1.4 | 1.2 |
| Freehold | n/a | n/a | 11,358 | 12,124 | 0.9 | 1.0 |
| Freehold | n/a | n/a | 11,358 | 10,621 | 0.9 | 0.8 |
| Freehold | n/a | n/a | 10,513 | 9,897 | 0.9 | 0.8 |
| Freehold | n/a | n/a | 9,548 | 9,119 | 0.8 | 0.7 |
| Freehold | n/a | n/a | 9,038 | 7,524 | 0.8 | 0.6 |
| Freehold | n/a | n/a | 8,261 | 7,269 | 0.7 | 0.6 |
| Freehold | n/a | n/a | 6,558 | 4,882 | 0.5 | 0.4 |
| Freehold | n/a | n/a | 5,270 | 4,814 | 0.4 | 0.4 |

# STATEMENT OF PORTFOLIO

**As at 31 December 2024**

| **Property** *(by Geography)* | **Location** | **Acquisition Date** |
|---|---|---|
| **Czech Republic** | | |
| **Logistics / Light Industrial** | | |
| Lovosice ONE Industrial Park I | Tovami 1162, 410 02 Lovosice | 11 Mar 2021 |
| Lovosice ONE Industrial Park II | Prumyslova 1190, 410 02 Lovosice | 11 Mar 2021 |
| Moravia Industrial Park | Jaktare 1752, 686 01 Uherske Hradiste | 11 Mar 2021 |
| One-Hradec Králové | Vážní 536, 500 03 Hradec Králové | 4 Jun 2021 |
| South Moravia Industrial Park | Cukrovarska 494/39, Mesto, 682 01 Vyskov | 11 Mar 2021 |
| Pisek Industrial Park I | Stanislava Mlainy 464, 397 01 Pisek | 11 Mar 2021 |
| Pisek Industrial Park II | U Hrebcince 2564/23, 391 01 Pisek | 11 Mar 2021 |
| **Slovakia** | | |
| **Logistics / Light Industrial** | | |
| Nove Mesto ONE Industrial Park I | Beckov 645, 916 38 Beckov | 11 Mar 2021 |
| Nove Mesto ONE Industrial Park III | Rakol'uby 241, 916 31 Kocovce | 11 Mar 2021 |
| Kosice Industrial Park | Vel'ka Ida 785, 044 55 Velká Ida | 11 Mar 2021 |
| Nove Mesto ONE Industrial Park II | Kocovce 245, 916 31 Kocovce | 11 Mar 2021 |
| Zilina Industrial Park | Priemyselna 1, 013 02 Nededza | 11 Mar 2021 |
| **United Kingdom** | | |
| **Logistics / Light Industrial** | | |
| Thorn Lighting | DurhamGate, Spennymoor, County Durham DL16 6HL | 17 Dec 2021 |
| The Cube | Wincanton Logistics, Aston Lane North, Preston Brook, Runcorn, WA7 3GE | 18 May 2022 |
| Kingsland 21 | 21 Kingsland Grange, Warrington | 3 Aug 2021 |
| **Finland** | | |
| **Office** | | |
| Plaza Forte | Äyritie 12 C, Vantaa | 28 Dec 2018 |
| Plaza Vivace | Äyritie 8 C, Vantaa | 28 Dec 2018 |
| Plaza Allegro | Äyritie 8 B, Vantaa | 28 Dec 2018 |
| Pakkalankuja 6 | Pakkalankuja 6, Vantaa | 28 Dec 2018 |
| Kauppakatu 39 | Kauppakatu 39, Kuopio | 28 Dec 2018 |
| Myyrmäenraitti 2 | Myyrmäenraitti 2, Vantaa | 28 Dec 2018 |
| Mäkitorpantie 3b | Mäkitorpantie 3b, Helsinki | 28 Dec 2018 |
| Pakkalankuja 7 | Pakkalankuja 7, Vantaa | 28 Dec 2018 |
| Purotie 1 | Purotie 1, Helsinki | 28 Dec 2018 |
| Grandinkulma[5] | Kielotie 7, Vantaa | 28 Dec 2018 |
| **Portfolio of investment properties, at fair value** | | |
| Other adjustments (Note 9(a)) | | |
| **Investment properties as shown in the balance sheet** | | |
| Other assets and liabilities, net | | |
| **Net assets** | | |

n/a – not applicable

(5) The property was divested on 26 April 2024.

The accompanying notes form an integral part of the financial statements.

# STATEMENT OF PORTFOLIO

**As at 31 December 2024**

| Land Tenure | Remaining Term of Leasehold (Years) | | Carrying Amount | | Percentage of Net Assets | |
|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2024 €'000 | 2023 €'000 | 2024 % | 2023 % |
| Freehold | n/a | n/a | 18,300 | 17,500 | 1.5 | 1.4 |
| Freehold | n/a | n/a | 16,000 | 16,450 | 1.3 | 1.3 |
| Freehold | n/a | n/a | 15,100 | 15,650 | 1.3 | 1.2 |
| Freehold | n/a | n/a | 11,200 | 11,500 | 0.9 | 0.9 |
| Freehold | n/a | n/a | 10,100 | 10,400 | 0.8 | 0.8 |
| Freehold | n/a | n/a | 3,980 | 4,180 | 0.3 | 0.3 |
| Freehold | n/a | n/a | 1,690 | 1,730 | 0.1 | 0.1 |
| Freehold | n/a | n/a | 26,650 | 24,950 | 2.2 | 2.0 |
| Freehold | n/a | n/a | 21,300 | 21,570 | 1.8 | 1.7 |
| Freehold | n/a | n/a | 9,380 | 10,400 | 0.8 | 0.8 |
| Freehold | n/a | n/a | 9,530 | 9,360 | 0.8 | 0.7 |
| Freehold | n/a | n/a | 4,550 | 4,560 | 0.4 | 0.4 |
| Freehold | n/a | n/a | 37,507 | 31,721 | 3.1 | 2.5 |
| Freehold | n/a | n/a | 19,730 | 18,802 | 1.6 | 1.5 |
| Freehold | n/a | n/a | 11,331 | 10,382 | 0.9 | 0.8 |
| Freehold | n/a | n/a | 8,689 | 10,300 | 0.7 | 0.8 |
| Freehold | n/a | n/a | 8,116 | 10,700 | 0.7 | 0.9 |
| Freehold | n/a | n/a | 7,241 | 8,600 | 0.6 | 0.7 |
| Freehold | n/a | n/a | 6,331 | 7,400 | 0.5 | 0.6 |
| Freehold | n/a | n/a | 6,296 | 7,100 | 0.5 | 0.6 |
| Freehold | n/a | n/a | 5,522 | 6,400 | 0.5 | 0.5 |
| Freehold | n/a | n/a | 5,174 | 6,700 | 0.4 | 0.5 |
| Freehold | n/a | n/a | 4,193 | 5,500 | 0.3 | 0.4 |
| Freehold | n/a | n/a | 2,519 | 2,300 | 0.2 | 0.2 |
| Freehold | n/a | n/a | – | 5,600 | – | 0.4 |
| | | | **2,225,947** | **2,234,814** | **184.7** | **178.1** |
| | | | 5,885 | 6,756 | 0.5 | 0.5 |
| | | | **2,231,832** | **2,241,570** | **185.2** | **178.6** |
| | | | (1,026,810) | (986,429) | (85.2) | (78.6) |
| | | | **1,205,022** | **1,255,141** | **100.00** | **100.00** |

# NOTES TO THE FINANCIAL STATEMENTS

**Year ended 31 December 2024**

**About these Financial Statements**

Stoneweg European Real Estate Investment Trust ("Trust", formerly known as Cromwell European Real Estate Investment Trust) is a Singapore real estate investment trust constituted pursuant to a trust deed dated 28 April 2017 (date of "Constitution") (as amended, varied or supplemented from time to time) between Stoneweg EREIT Management Pte. Ltd. as the Manager of SERT (the "Manager", formerly known as Cromwell EREIT Management Pte. Ltd.) and Perpetual (Asia) Limited as Trustee of SERT (the "Trustee"). SERT was listed on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 30 November 2017. The Trust and its subsidiaries are collectively referred to as "SERT" in the consolidated financial statements.

With effect from 2 January 2025, the Trust's name was changed from Cromwell European Real Estate Investment Trust to Stoneweg European Real Estate Investment Trust.

The financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"), the recommendations of *The Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("RAP 7")* (*Revised 2017*) issued by the Institute of Singapore Chartered Accountants, the applicable requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed.

The financial statements are presented in Euro ("€") and had been rounded to the nearest thousand, unless otherwise stated. All financial information has been prepared in a format designed to provide users of the financial report with a clear understanding of relevant balances and transactions that drive SERT's financial performance and financial position free of immaterial and superfluous information. Accounting policies and, where applicable, the use of significant estimates and judgments are presented in the relating notes to the financial statements and plain English is used in commentary or explanatory sections to improve readability of the financial statements.

The notes have been organised into the following five sections for reduced complexity and ease of navigation:

# NOTES TO THE FINANCIAL STATEMENTS

**Year ended 31 December 2024**

**Results**

This section of the financial statements provides further information on SERT's financial performance, including the performance of each of SERT's segments, the earnings per unit calculation, as well as details of SERT's revenue, expenses, income tax items and SERT's semi-annual distributions.

## 1. OPERATING SEGMENT INFORMATION

**Overview**

SERT's operating segments regularly reviewed by the Chief Operating Decision Maker ("CODM"), being the Chief Executive Officer ("CEO"), are SERT's property sub-portfolios by location and asset class as each of these sub-portfolios have different performance characteristics. There is no segment information for SERT's business segments as SERT's activities wholly relate to property investment.

As at 31 December 2024, SERT operated in three property classes and ten (2023: ten) countries. The property segments below are reported in a manner consistent with the internal reporting provided to the CODM.

**SERT's property segments:**

| *Asset class* | *Country* | *Details* |
|---|---|---|
| Logistics / Light Industrial | The Netherlands | SERT holds 7 (2023: 7) logistics / light Industrial properties across the Netherlands with a combined valuation of €107,034,000 (2023: €102,800,000). These assets are leased to a diverse tenant base and they are predominantly located in the wider Amsterdam area, including the Netherlands main airport, Amsterdam Schiphol. |
| | France | SERT holds 17 (2023: 17) logistics / light Industrial assets across France with a combined valuation of €397,390,000 (2023: €388,065,000). The properties are leased to a diverse tenant base with 200+ separate leases, including larger tenant-customers from the transport and logistics sector. 14 properties are located in the Greater Paris area while the remaining assets are located near larger secondary cities such as Lyon, Nancy and Lille. |
| | Italy | SERT holds 5 (2023: 5) logistics / light Industrial assets in Italy with a combined valuation of €165,500,000 (2023: €154,100,000), including the two assets located in Vittuone, which is within close proximity to the Milan city centre; and Coccaglio, a well-developed industrial area in the Lombardy region and adjacent to the Brescia and Bergamo international airports. |
| | Germany | SERT holds 14 (2023: 14) logistics / light Industrial assets in Germany with a combined valuation of €212,931,000 (2023: €204,580,000). The properties are located in several cities in Germany and are leased to a diverse tenant base which include global engineering, technology, automotive, and reusable packaging companies. |
| | Denmark | SERT holds 12 (2023: 12) logistics / light Industrial assets in Denmark with a combined valuation of €140,778,000 (2023: €128,304,000). The properties are predominantly located in the Copenhagen area with a diverse tenant base including shipping and logistics, wholesale and retail, and payment technology companies. One of the largest tenant-customers is a global manufacturer of commercial cleaning equipment. |

# NOTES TO THE FINANCIAL STATEMENTS

**Year ended 31 December 2024**

| *Asset class* | *Country* | *Details* |
|---|---|---|
| | Czech Republic | SERT holds 7 (2023: 7) logistics / light Industrial assets across Czech Republic with a combined valuation of €76,370,000 (2023: €77,410,000). The properties are located in several established industrial zones across the country, including Lovosice, Pisek, and Hradec Králové. |
| | Slovakia | SERT holds 5 (2023: 5) logistics / light industrial properties in Slovakia with a combined valuation of €71,410,000 (2023: €70,840,000). The properties are located in established industrial clusters / zones across the country and are leased to a diverse tenant base which include a logistic services company, fashion retailers, and an industrial chimney and steel manufacturer. |
| | United Kingdom | SERT's UK portfolio consists of 3 assets (2023: 3) with a combined valuation of €68,568,000 (2023: €60,905,000). The first asset is situated within Kingsland Grange Industrial Estate in Warrington and is leased to UK's leading premium home delivery specialist. The second asset, located in a well-developed industrial area near the city centre of Durham, is fully-let to a leading global supplier of integral lighting solution. The third asset is located close to major cities of Liverpool and Manchester and leased to a UK-focused third-party logistics company. |
| Office | The Netherlands | SERT holds 7 (2023: 7) office assets in the Netherlands with a combined valuation of €497,250,000 (2023: €513,800,000) located in predominantly central business districts of the main cities of the Netherlands - Amsterdam, Rotterdam, The Hague, Utrecht and s'Hertogenbosch. Most of the properties are multi-tenanted with a diverse tenant-customer base comprising corporations across insurance, engineering, e-commerce, government and public administration, professional and legal services and other sectors. |
| | France | During the year, SERT completed the divestment of a French office asset. The French office portfolio now consists of 2 (2023: 3) properties with a combined valuation of €55,200,000 (2023: €55,930,000) as at year end. One of the properties is located just six kilometres from Paris' city centre, close to transport nodes, and another property is located in the Greater Paris area. The properties are multi-tenanted with main tenant-customers comprising professional services and global engineering corporations. |
| | Italy | During the year, SERT completed the divestment of an office asset located in Venice Mestre and entered into a preliminary sale and purchase agreement with an unrelated third party to divest an office asset just prior to year-end. The property was therefore reclassified as held for sale as at year-end. Excluding the assets divested and reclassified as held for sale, SERT's Italian office portfolio now consists of 8 (2023: 10) properties with a combined valuation of €179,935,000 (2023: €197,330,000). The remaining assets are predominantly located in or close to central business districts and city fringe areas of the main cities of Italy – Milan and Rome as well as secondary cities, including Florence, Venice, and Genova. The properties are a mix of single-tenanted and multi-tenanted buildings with main tenant-customers comprising the Italian government, telecom, professional service, marketing and advertising service corporations. |

| *Asset class* | *Country* | *Details* |
| --- | --- | --- |
| | Poland | SERT's Polish office portfolio consists of 5 (2023: 5) assets with a combined valuation of €155,860,000 (2023: €166,250,000). The properties are located in some of the main cities of Poland – Warsaw, Krakow and Poznan, as well as Gdansk which is part of the Tricity – one of the biggest urban areas in Poland. The properties are all multi-tenanted with main tenant-customers comprising multinational corporations across technology, pharmaceutical, media, banking and financial services and other sectors. |
| | Finland | During the year, SERT completed the divestment of a Finnish office asset. SERT's remaining Finnish office portfolio consists of 9 (2023: 10) assets with a combined valuation of €54,081,000 (2023: €70,600,000) predominantly located in well-established office parks in Helsinki. The properties are multi-tenanted with main tenant-customers comprising corporations across energy, healthcare, professional services, retail, construction and manufacturing sectors. |
| 'Others' | Italy | SERT's Italian 'others' portfolio comprises of 3 (2023: 3) assets with a combined value of €43,640,000 (2023: €43,900,000). These assets include a property leased to the Italian government, a 480-room hotel and a leisure complex with a large cinema. |

**Material accounting policy information**

***Segment allocation***

Segment revenues, expenses and assets are those presented to the CODM that are directly attributable to the property segment.

Segment revenues include revenues directly derived from SERT's properties and include lease revenue, service charge revenue and any other property revenue received from tenants. Segment expenses include expenses directly incurred in operating the properties and include service charge expense, property management fees, non-recoverable expenses, leasing costs and allowance for doubtful debts.

Segment assets include investment properties and assets held for sale. Cash and other current and non-current assets may be held in centralised locations and are not allocated to the property segments. Liabilities are not allocated to segments. SERT's borrowings and derivative financial instruments are not reviewed by the CODM on a segment basis as they are centrally managed by SERT's treasury function and reviewed by the CODM for SERT globally. Other operating liabilities, such as payables are also managed in centralised locations and are not allocated to the property segments.

***Segment profit***

Segment profit equals net property income from the property sub-portfolio and does not include other income, net finance costs, manager's fees, trustee fees, other trust expenses, net foreign exchange gain/loss, gain/loss on divestments, gain/loss on bond buyback, fair value changes of investment properties and derivative financial instruments and income tax expense.

# NOTES TO THE FINANCIAL STATEMENTS

**Year ended 31 December 2024**

**(a) Segment results**

The table below shows segment results as presented to the CODM. For further commentary on individual segment results refer to the Managers Report section of this Annual Report.

| SERT 2024 | Gross revenue from external customers €'000 | Property operating expenditure €'000 | Segment profit €'000 |
|---|---|---|---|
| **Logistics / Light Industrial** | | | |
| The Netherlands | 7,144 | (1,985) | 5,159 |
| France | 34,114 | (13,363) | 20,751 |
| Italy | 12,806 | (4,290) | 8,516 |
| Germany | 18,927 | (6,520) | 12,407 |
| Denmark | 12,212 | (5,213) | 6,999 |
| Czech Republic | 5,418 | (1,648) | 3,770 |
| Slovakia | 6,692 | (2,345) | 4,347 |
| United Kingdom | 4,686 | (573) | 4,113 |
| **Total – Logistics / Light Industrial** | **101,999** | **(35,937)** | **66,062** |
| **Office** | | | |
| The Netherlands | 47,626 | (16,052) | 31,574 |
| France | 6,495 | (3,919) | 2,576 |
| Italy | 15,029 | (6,217) | 8,812 |
| Poland | 26,783 | (13,451) | 13,332 |
| Finland | 8,858 | (4,556) | 4,302 |
| **Total – Office** | **104,791** | **(44,195)** | **60,596** |
| **'Others'** | | | |
| Italy | 6,129 | (1,642) | 4,487 |
| **Total – 'Others'** | **6,129** | **(1,642)** | **4,487** |
| **Total – Segments** | **212,919** | **(81,774)** | **131,145** |
| *Unallocated items:* | | | |
| Other income | | | 107 |
| Net finance costs | | | (35,996) |
| Manager's fees | | | (5,431) |
| Trustee fees | | | (270) |
| Other trust expenses | | | (5,979) |
| Net foreign exchange gain | | | 1,932 |
| Gain on divestments | | | 599 |
| Fair value loss – investment properties | | | (27,677) |
| Fair value loss – derivative financial instruments | | | (2,723) |
| Income tax expense | | | (20,226) |
| **Total return for the year** | | | **35,481** |

# NOTES TO THE FINANCIAL STATEMENTS

**Year ended 31 December 2024**

| SERT 2023 | Gross revenue from external customers €'000 | Property operating expenditure €'000 | Segment profit €'000 |
|---|---|---|---|
| **Logistics / Light Industrial** | | | |
| The Netherlands | 7,032 | (2,099) | 4,933 |
| France | 33,670 | (13,164) | 20,506 |
| Italy | 11,765 | (3,144) | 8,621 |
| Germany | 18,037 | (5,559) | 12,478 |
| Denmark | 12,809 | (5,716) | 7,093 |
| Czech Republic | 5,221 | (1,477) | 3,744 |
| Slovakia | 6,087 | (2,105) | 3,982 |
| United Kingdom | 4,620 | (516) | 4,104 |
| **Total – Logistics / Light Industrial** | **99,241** | **(33,780)** | **65,461** |
| **Office** | | | |
| The Netherlands | 46,651 | (17,411) | 29,240 |
| France | 6,157 | (3,754) | 2,403 |
| Italy | 17,665 | (7,009) | 10,656 |
| Poland | 24,589 | (11,002) | 13,587 |
| Finland | 10,024 | (4,869) | 5,155 |
| **Total – Office** | **105,086** | **(44,045)** | **61,041** |
| **'Others'** | | | |
| Italy | 12,162 | (4,383) | 7,779 |
| **Total – 'Others'** | **12,162** | **(4,383)** | **7,779** |
| **Total – Segments** | **216,489** | **(82,208)** | **134,281** |
| *Unallocated items:* | | | |
| Net finance costs | | | (32,380) |
| Manager's fees | | | (5,894) |
| Trustee fees | | | (291) |
| Other trust expenses | | | (5,743) |
| Net foreign exchange gain | | | 792 |
| Loss on divestments | | | (9,871) |
| Gain on bond buyback | | | 3,068 |
| Fair value loss – investment properties | | | (133,570) |
| Fair value loss – derivative financial instruments | | | (8,769) |
| Income tax expense | | | (15,522) |
| **Total loss for the year** | | | **(73,899)** |

(b) **Segment assets and liabilities**

***Segment assets***

| SERT 2024 | *Segment assets:* **Investment properties €'000** | *Segment assets:* **Assets held for sale €'000** | *Segment assets:* **Total €'000** | *Oher Information:* **Capital expenditure and capitalised interest €'000** |
|---|---|---|---|---|
| **Logistics / Light Industrial** | | | | |
| The Netherlands | 111,270 | – | 111,270 | 1,355 |
| France | 397,390 | – | 397,390 | 2,691 |
| Italy | 165,500 | – | 165,500 | 6,114 |
| Germany | 212,931 | – | 212,931 | 1,735 |
| Denmark | 140,778 | – | 140,778 | 3,660 |
| Czech Republic | 76,370 | – | 76,370 | 1,271 |
| Slovakia | 71,410 | – | 71,410 | 2,958 |
| United Kingdom | 68,568 | – | 68,568 | 135 |
| **Total – Logistics / Light Industrial** | **1,244,217** | **–** | **1,244,217** | **19,919** |
| **Office** | | | | |
| The Netherlands | 497,250 | – | 497,250 | 10,981 |
| France | 55,200 | – | 55,200 | 834 |
| Italy | 179,935 | 15,000 | 194,935 | 8,002 |
| Poland | 157,509 | – | 157,509 | 1,857 |
| Finland | 54,081 | – | 54,081 | 1,482 |
| **Total – Office** | **943,975** | **15,000** | **958,975** | **23,156** |
| **'Others'** | | | | |
| Italy | 43,640 | – | 43,640 | 504 |
| **Total – 'Others'** | **43,640** | **–** | **43,640** | **504** |
| **Total – Segments** | **2,231,832** | **15,000** | **2,246,832** | **43,579** |
| *Reconciliation to total consolidated assets:* | | | | |
| Cash and cash equivalents | | | 38,536 | |
| Receivables – current | | | 21,617 | |
| Current tax assets | | | 2,332 | |
| Receivables – non-current | | | 91 | |
| Derivative financial instruments | | | 9,126 | |
| Deferred tax assets | | | 3,625 | |
| **Consolidated total assets** | | | **2,322,159** | |

***Segment liabilities***

There are no liabilities allocated to segments.

***Segment assets***

| **SERT 2023** | *Segment assets:* **Investment properties €'000** | *Segment assets:* **Assets held for sale €'000** | *Segment assets:* **Total €'000** | *Oher Information:* **Capital expenditure and capitalised interest €'000** |
|---|---|---|---|---|
| **Logistics / Light Industrial** | | | | |
| The Netherlands | 107,992 | – | 107,992 | 879 |
| France | 388,065 | – | 388,065 | 3,663 |
| Italy | 154,100 | – | 154,100 | 11,372 |
| Germany | 204,580 | – | 204,580 | 3,316 |
| Denmark | 128,304 | – | 128,304 | 3,566 |
| Czech Republic | 77,410 | – | 77,410 | 6,048 |
| Slovakia | 70,840 | – | 70,840 | 12,695 |
| United Kingdom | 60,905 | – | 60,905 | 44 |
| **Total – Logistics / Light Industrial** | **1,192,196** | **–** | **1,192,196** | **41,583** |
| **Office** | | | | |
| The Netherlands | 513,800 | – | 513,800 | 8,703 |
| France | 55,930 | – | 55,930 | 409 |
| Italy | 197,330 | – | 197,330 | 25,040 |
| Poland | 167,814 | 15,500 | 183,314 | 2,645 |
| Finland | 70,600 | – | 70,600 | 1,421 |
| **Total – Office** | **1,005,474** | **15,500** | **1,020,974** | **38,218** |
| **'Others'** | | | | |
| Italy | 43,900 | 1,800 | 45,700 | 834 |
| **Total – 'Others'** | **43,900** | **1,800** | **45,700** | **834** |
| **Total – Segments** | **2,241,570** | **17,300** | **2,258,870** | **80,635** |

| | |
|---|---|
| *Reconciliation to total consolidated assets:* | |
| Cash and cash equivalents | 73,795 |
| Receivables – current | 14,450 |
| Current tax assets | 1,829 |
| Receivables – non-current | 87 |
| Derivative financial instruments | 11,648 |
| Deferred tax assets | 6,794 |
| **Consolidated total assets** | **2,367,473** |

***Segment liabilities***

There are no liabilities allocated to segments.

## 2. REVENUE

**Overview**

This note provides a further breakdown of property revenue for the financial year. SERT's revenue consists of rental income from operating leases of SERT's investment properties, service charge revenue and other incidental revenue from property ownership such as advertising billboards and signage, kiosks, and early termination indemnity from tenants, dilapidation or reinstatement income and other income attributable to the operation of the properties. This note also provides overview of the accounting policies on how these revenue items are recognised.

**Revenue from properties**

| | SERT | |
|---|---|---|
| | **2024** | **2023** |
| | **€'000** | **€'000** |
| Lease revenue | 167,489 | 173,980 |
| Service charge revenue | 42,330 | 39,329 |
| Other property related revenue | 3,100 | 3,180 |
| **Total revenue** | **212,919** | **216,489** |

**Material accounting policy information**

***Lease revenue***

Lease income from operating leases, with SERT as lessor of investment properties, is recognised on a straight-line basis over the lease term. The respective leased assets, being SERT's investment properties, are included in the balance sheet.

***Service charge revenue***

Service charge revenue are payments from tenants for costs incurred by the landlord to provide services to the tenants, including providing utilities, cleaning, certain maintenance and building management among other operating costs of a property. Service charge revenue is recognised over time as and when the tenant receives and consumes the benefit of the service provided, which is generally simultaneously.

***Other property revenue***

Other property related revenue is recognised on a straight-line basis over the term of the contract if the contract requires the customer to make fixed payments over time equivalent to a lease. Early termination indemnity is recognised on a straight-line basis over the remaining term of the lease.

## 3. TRUSTEE, MANAGER'S AND PROPERTY MANAGER'S FEES

**Overview**

This note provides an overview of the fees charged by the Trustee, the Manager and the property manager for the management services they provide to the Unitholders as well as description of how these fees and any other fees that may arise in the future are calculated.

### (a) Trustee fees

Pursuant to Clause 15.3 of the Trust Deed, the trustee fees shall not exceed 0.015% per annum of the value of SERT's deposited property and subject to a minimum amount of S$15,000 (approximately €10,600) per month, excluding out-of-pocket expenses and GST, and shall be payable out of the deposited property monthly in arrears.

| | SERT | |
|---|---|---|
| | **2024** | **2023** |
| | **€'000** | **€'000** |
| **Total trustee fees** | **270** | **291** |

### (b) Manager's fees

The Manager is entitled to management fees comprising a base fee and a performance fee as follows:

*Base management fee*

The Manager's base fee is calculated as 0.23% per annum of the value of SERT's deposited property. The management fee is payable quarterly in arrears.

*Performance fee*

The Manager's performance fee is calculated as 25.0% of the difference in DPU in a year with the DPU in the preceding year (calculated before accounting for the performance fee in each financial year and excluding any realised capital gains paid out in both financial years).

The Manager may, at its election, be paid base and/or performance fees in cash, in SERT units or a combination of both.

The following fees were recognised during and for the year:

| | SERT | |
|---|---|---|
| | **2024** | **2023** |
| | **€'000** | **€'000** |
| Base management fees paid and payable in cash[(1)] | 5,431 | 5,894 |
| Performance fee[(2)] | – | – |
| **Total Manager's fees** | **5,431** | **5,894** |

(1) Total base management fees include some employee reimbursements which are netted off against amount payable to the Manager.
(2) Performance fees are calculated annually and accrued for, if applicable, in the full year result of each financial year.

**(c) Property manager's fees**

The property & portfolio management fee is calculated as 0.67% per annum of the value of SERT's deposited property. Property & portfolio management fees are shown within property operating expense in the Statement of Total Return.

The property & portfolio management fee is payable quarterly in arrears. The property manager may, at its election, be paid its fees in cash, in SERT units or a combination of both.

The following fees were recognised during and for the year:

| | SERT | |
|---|---|---|
| | **2024** | **2023** |
| | **€'000** | **€'000** |
| **Property & portfolio management fees paid and payable in cash** | **15,821** | **17,169** |

**(d) Acquisition, divestment and other fees**

*Acquisition and divestment fees*

Acquisition fees are calculated as 1.0% of the gross acquisition price (or a lower percentage at the discretion of the charging party) of any real estate or any other income producing investment purchased by SERT. Divestment fees are calculated as 0.5% of the gross sale price (or lower percentage at the discretion of the charging party) of any real estate or other investment. The fee may be charged by the Manager, the property manager or shared between both. Acquisition and divestments fees may, at the election of the charging party, be paid in cash, in SERT units or a combination of both. Under the CIS Code, in respect of any acquisition of real estate assets from interested parties, such a fee will be in the form of units issued by SERT at prevailing market price(s). Such units may not be sold within one year from the date of their issuance.

Acquisition fees are capitalised as acquisition costs in investment properties. Divestment fees are recognised in the Statement of Total Return and presented in gain/(loss) on divestments.

There was no acquisition fee recognised during the year (2023: Nil). Divestment fees recognised during the year are as follows:

| | SERT | |
|---|---|---|
| | **2024** | **2023** |
| | **€'000** | **€'000** |
| **Divestment fees paid and payable in cash** | **160** | **983** |

*Development management and project management fees*

Development management fees are calculated as 3.0% of the total project costs incurred. Where the estimated total project costs are greater than S$200.0 million, the Trustee and the Manager's independent Directors will first review and approve the quantum of the development management fee, whereupon the Manager may be directed by the independent Directors to reduce the development management fee. Further, in cases where the market pricing for comparable services is, in the Manager's view, materially lower than the development management fee, the independent Directors of the Manager shall have the right to direct a reduction of the development management fee to less than 3.0% of the total project costs. The development management fee may, at the election of the Manager or property manager, be paid in the form of cash and/or SERT units.

Project management fees are calculated as 5.0% of the construction costs for any refurbishment, retrofitting, addition and alteration or renovation works to the relevant property. The project management fee is payable to the property manager in the form of cash and/or SERT units (as may be agreed between the Manager and the property manager from time to time, and if there is no such agreement, the payment shall be in the form of cash).

Development management and project management fees are capitalised as capital expenditure in investment properties.

*Leasing fees*

The property manager is entitled to the following leasing fees:

a) (in relation to new leases secured by the property manager) 5.0% of the net rent receivable (capped at 20% of the average rent receivable);

b) (in relation to renewal of leases secured by the property manager) 2.5% of the net rent receivable (capped at 10% of the average rent receivable); and

c) (in relation to leases in respect of which fees are owed to a third-party agent) 1.0% of the net rent receivable, (capped at 4% of the average rent receivable).

Leasing fees are recognised in the Statement of Total Return over the lease period and presented in property operating expense.

The following fees were recognised during the year:

| | SERT | |
|---|---|---|
| | **2024** | **2023** |
| | **€'000** | **€'000** |
| Development management fees paid and payable in cash | 67 | 655 |
| Project management fees paid and payable in cash | 1,943 | 2,893 |
| Leasing fees paid and payable in cash | 3,472 | 3,028 |
| **Total other fees** | **5,482** | **6,576** |

## 4. NET INCOME BEFORE TAX AND FAIR VALUE CHANGES

### (a) Items included in arriving at net income before tax and fair value changes

The following items have been included in arriving at net income before tax and fair value changes:

| | Note | SERT 2024 €'000 | SERT 2023 €'000 |
|---|---|---|---|
| Auditor's fees – Deloitte Singapore | | 143 | 145 |
| Auditor's fees – Deloitte overseas offices | | 757 | 776 |
| Valuation fees | | 499 | 693 |
| Allowance for credit losses | 14(a) | 1,610 | 1,909 |

**Material accounting policy information**

***Expenses***

Trustee, manager's and property manager's fees, other trust expenses and property-related expenses are recognised on an accrual basis.

### (b) Auditor's remuneration

Deloitte & Touche LLP Singapore ("Deloitte") are the independent auditors of SERT.

Below is a summary of fees paid/payable for various services to Deloitte and its overseas affiliates during the year:

| | SERT 2024 €'000 | SERT 2023 €'000 |
|---|---|---|
| *Audit fees paid/payable to Deloitte and its overseas offices* | | |
| Auditing of financial reports | 900 | 921 |
| **Total remuneration paid/payable to Deloitte and its overseas offices** | **900** | **921** |

## 5. GAIN/(LOSS) ON DIVESTMENTS

Gain or loss on divestment is the difference between the sale price of the property and the carrying amount of the property at the date of divestment, net of transaction costs and divestment fees directly attributable to the divestment.

Gain/(loss) on divestments recognised during the year:

| | SERT | |
|---|---|---|
| | 2024 €'000 | 2023 €'000 |
| **Gain/(loss) on divestments of investment properties and assets held for sale** | **599** | **(9,871)** |

In 2024, gain on divestments mainly attributed to the divestment of Via Rampa Cavalcavia 16-18, Venice Mestre, Italy completed on 19 December 2024. The property was divested for a consideration of €5.9 million, €1.6 million or 36.6% above the latest valuation in June 2024, partially offset by:

(1) Loss on divestment of an office asset in Finland completed on 24 April 2024. The property was divested a consideration of €5.4 million, €0.2 million 3.6% below the latest valuation in December 2023; and

(2) Transaction costs and divestment fees incurred for the divestments completed during the year.

In 2023, loss on divestment of investment properties mainly relates to:

(1) Loss on divestment of Piazza Affari 2 completed on 28 June 2023. The property was divested for a consideration of €93.6 million, €6.2 million below the latest valuation in December 2022;

(2) Loss on divestment of Viale Europa 95, Italy which mainly relates to provision for earn-out payment and transaction costs incurred for the divestment. The property was divested on 6 October 2023 for a consideration of €94.0 million, 13.1% above its 30 November 2017 purchase price. The capital gain for the transaction was already booked in fair value gain/loss on investment properties as it was carried at its selling price at 30 September 2023; and

(3) Loss on divestment of Corso Lungomare Trieste 29, Italy. The property was divested on 21 December 2023 for a consideration of €8.9 million, which was 27.7% below its purchase price. The remaining capital loss for the transaction was recognised in fair value gain/loss on investment properties.

## 6. EARNINGS PER UNIT

**Overview**

This note provides information about SERT's earnings on a per unit basis. Earnings per unit ("EPU") is a measure that makes it easier for users of SERT's financial report to compare SERT's performance between different reporting periods. Accounting standards require the disclosure of two EPU measures, basic EPU and diluted EPU. SERT does not have dilutive potential units such as options over units. However, the weighted average number of units in issue takes into account any units that are issuable at financial year end, that is units to be issued relating to expenses incurred during the year.

| | SERT | |
|---|---|---|
| | **2024** | **2023** |
| Basic and diluted earnings attributable to Unitholders per Unit (€ cents) | 5.895 | (13.554) |
| Total return/(loss) for the year attributable to Unitholders (€'000) | 33,153 | (76,225) |
| Weighted average number of units ('000) | 562,392 | 562,392 |

Diluted earnings per unit is the same as the basic earnings per unit as there are no dilutive instruments in issue during the years.

## 7. DISTRIBUTIONS

SERT's aim is to provide unitholders with regular and stable distributions that are growing over time. SERT's distribution policy is to distribute at least 90% of its annual distributable income in each financial year but this will be re-affirmed at the Manager's discretion at the time of each distribution announcement. Distributions are paid on a semi-annual basis, with the amount calculated as at 30 June and 31 December for the six-month period ending on each on these dates.

Distributions declared to Unitholders during the year:

| | | Distribution | SERT and Trust | |
|---|---|---|---|---|
| | | per Unit | 2024 | 2023 |
| **Distribution period** | **Distribution type** | **(in € cents)** | **€'000** | **€'000** |
| 1 January 2024 to 30 June 2024 | Capital | 7.050 | 39,648 | – |
| 1 July 2023 to 31 December 2023 | Tax exempt & capital | 7.903 | 44,446 | – |
| 1 January 2023 to 30 June 2023 | Capital | 7.790 | – | 43,811 |
| 1 July 2022 to 31 December 2022 | Tax exempt | 8.494 | – | 47,769 |
| **Total distributions** | | | **84,094** | **91,580** |

Distribution for FY 2024 of 14.106 Euro cpu comprises:

(i) distribution for the period from 1 January 2024 to 30 June 2024 of 7.050 Euro cpu made up entirely of capital component; and

(ii) distribution for the period from 1 July 2024 to 31 December 2024 of 7.056 Euro cpu made up of capital component of 1.768 Euro cpu and tax-exempt component of 5.288 Euro cpu as announced subsequently on 26 February 2025.

Distribution for FY 2023 of 15.693 Euro cpu comprises:

(i) distribution for the period from 1 January 2023 to 30 June 2023 of 7.790 Euro cpu made up entirely of capital component; and

(ii) distribution for the period from 1 July 2023 to 31 December 2023 of 7.903 Euro cpu made up of capital component of 1.348 Euro cpu and tax-exempt component of 6.555 Euro cpu.

On 23 February 2021, the Manager announced the establishment of a distribution reinvestment plan ("DRP"), pursuant to which Unitholders may elect to receive fully paid new units in SERT in respect of all of the cash amount of any distribution to which the DRP applies. The DRP may be applied from time to time to any distribution declared by SERT as the Manager may determine in its absolute discretion. Participation in the DRP is optional and Unitholders may elect to participate in respect of all of their unitholding. Unless the Manager has determined that the DRP will apply to any particular distribution, the distribution concerned will be paid in cash to Unitholders in the usual manner.

The DRP was suspended for distributions for the period from 1 January 2023 to 30 June 2023, 1 July 2023 to 31 December 2023, 1 January 2024 to 30 June 2024 and 1 July 2024 to 31 December 2024.

## 8. INCOME TAX

**Overview**

This note provides detailed information about SERT's income tax items and accounting policies. This includes a reconciliation of income tax expense applying the tax rates of each jurisdiction to SERT's total return before income tax as shown in the Statement of Total Return as well as an analysis of SERT's deferred tax balances.

Accounting standards require the application of the "balance sheet method" to account for SERT's income tax. Accounting profit does not always equal taxable income. There are a number of temporary differences between the recognition of accounting expenses and the availability of tax deductions or when revenue is recognised for accounting purposes and tax purposes. These timing differences reverse over time, but they are recognised as deferred tax assets and deferred tax liabilities in the balance sheet until they are fully reversed. There are also a number of permanent differences when income or expenses are recognised for accounting purposes but not allowed for tax purposes.

*Taxation in Singapore*

SERT has obtained Tax Rulings from the Inland Revenue Authority of Singapore ("IRAS") and Ministry of Finance ("MoF") in respect of the foreign-sourced dividend and interest income ("Specified Exempt Income") derived by its wholly-owned Singapore resident subsidiaries from certain of its European property portfolio. Pursuant to these Tax Rulings, the wholly-owned Singapore resident subsidiaries will be exempt from Singapore income tax on the Specified Exempt Income that originates from European properties for which Tax Rulings have been obtained from IRAS and MoF, and provided that the conditions outlined in the Tax Rulings are met.

As such income tax expense mostly relates to income tax levied on SERT's European subsidiaries that hold properties and earn income.

**(a) Income tax expense**

| | SERT 2024 €'000 | SERT 2023 €'000 |
|---|---|---|
| *Current income tax expense* | | |
| Current year | 9,621 | 8,666 |
| Overprovision in prior years | (2,081) | (2,840) |
| | 7,540 | 5,826 |
| *Deferred tax expense* | | |
| Origination and reversal of temporary differences | 12,686 | 9,696 |
| | 12,686 | 9,696 |
| **Total income tax expense** | **20,226** | **15,522** |
| *Deferred tax expense* | | |
| Decrease in deferred tax assets | 3,169 | 1,573 |
| Increase in deferred tax liabilities | 9,517 | 8,123 |
| **Total deferred tax expense** | **12,686** | **9,696** |

**(b) Numerical reconciliation between income tax expense and total return before tax**

| | SERT 2024 €'000 | SERT 2023 €'000 |
|---|---|---|
| **Total return/(loss) before income tax** | **55,707** | **(58,377)** |
| Net expense incurred in Singapore not subject to income tax | 5,224 | 9,614 |
| **Profits/(loss) subject to income tax in overseas jurisdictions** | **60,931** | **(48,763)** |
| Tax at domestic rates applicable to profits subject to income tax in overseas jurisdictions | 10,702 | (6,356) |
| *Tax effect of amounts which are deductible / (non-taxable) in calculating taxable income:* | | |
| Other non-deductible expenses – net | 11,050 | 9,950 |
| Overprovision in prior years | (2,081) | (2,840) |
| Change in unrecognised temporary differences | – | 14,768 |
| Effects of changes in tax rates | 555 | – |
| **Total income tax expense** | **20,226** | **15,522** |

***Corporate income tax rates applicable in overseas jurisdictions***

| | Note | 2024 % | 2023 % |
|---|---|---|---|
| The Netherlands | | 25.8 | 25.8 |
| France | | 25.0 | 25.0 |
| Italy | (i) | 0.0 | 0.0 |
| Germany | | 15.8 | 15.8 |
| Poland | | 19.0 | 19.0 |
| Denmark | | 22.0 | 22.0 |
| Czech Republic | | 21.0 | 19.0 |
| Slovakia | | 21.0 | 21.0 |
| United Kingdom | | 25.0 | 23.5 |
| Finland | | 20.0 | 20.0 |
| Luxembourg | | 24.9 | 24.9 |
| Jersey | | 0.0 | 0.0 |

(i) Corporate income tax rate in Italy is 24.0% (2023: 24.0%). The alternative investment funds ("AIFs") that hold SERT's Italian properties are exempt from corporate income tax. Instead withholding tax is applied on profit distributions and interest payments to non-resident investors in Italy. SERT received confirmation from the Italian and Singaporean tax authorities that distributions from the Italian portfolio are exempt from Italian withholding tax and Singapore tax respectively. SERT's AIFs are held by Luxembourg resident companies which are wholly-owned by SERT.

**(c) Deferred tax**

***Deferred tax assets***

| | SERT | |
|---|---|---|
| | **2024 €'000** | **2023 €'000** |
| *Deferred tax assets are attributable to:* | | |
| Unutilised tax losses | 3,625 | 6,794 |
| **Deferred tax assets** | **3,625** | **6,794** |
| *Movements:* | | |
| At 1 January | 6,794 | 8,367 |
| Charge to Statement of Total Return | (3,169) | (1,573) |
| **At 31 December** | **3,625** | **6,794** |

*Deferred tax liabilities*

| | SERT | |
|---|---|---|
| | **2024** | **2023** |
| | **€'000** | **€'000** |
| *Deferred tax liabilities are attributable to:* | | |
| Temporary differences between carrying amounts and tax base of investment properties | 84,061 | 74,527 |
| **Deferred tax liabilities** | **84,061** | **74,527** |
| *Movements:* | | |
| At 1 January | 74,527 | 66,538 |
| Charged to Statement of Total Return | 9,517 | 8,123 |
| Exchange differences | 16 | (26) |
| Others | 1 | (108) |
| **At 31 December** | **84,061** | **74,527** |

***Significant estimates – deferred tax liabilities***

Total deferred tax liabilities include deferred tax liabilities in relation to investment properties whereby the carrying amount exceeds the tax depreciated value of certain properties which will in future crystallise a capital gains tax upon disposal of the respective property. SERT has recognised a deferred tax liability in relation to the future capital gains tax payable at year-end. In accordance with IAS 12 *Income Taxes* deferred tax liabilities (and assets) shall be measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

**Material accounting policy information**

*Income tax*

SERT's income tax expense for the period is the tax payable on the current period's taxable income adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. Deferred tax is not recognised for the recognition of goodwill on business combination and for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised in other comprehensive income or directly in equity are also recognised in other comprehensive income or directly in equity.

# NOTES TO THE FINANCIAL STATEMENTS

**Year ended 31 December 2024**

**Operating Assets**

This section of the annual financial statements provides further information on SERT's operating assets. These are assets that individually contribute to SERT's revenue and currently consist of investment properties only, however may in the future include joint ventures or associates and investments in listed and unlisted securities to the extent allowable under the Property Funds Appendix of the Code on Collective Investment Schemes ("CIS Code").

## 9. INVESTMENT PROPERTIES

**Overview**

Investment properties are properties (land, building or both) held solely for the purpose of earning rental income and/or for capital appreciation (including properties under development for such purposes). As at 31 December 2024, SERT's investment property portfolio comprised 104 (2023: 108) properties in ten (2023: ten) countries of which 70 (2023: 70) properties are predominantly logistics / light industrial use, 31 (2023: 35) properties are predominantly office use with the remaining 3 (2023: 3) properties being of other uses. Details of the properties are shown in the Statement of Portfolio.

This note provides further details on SERT's investment property portfolio, including details of acquisitions, divestments and other movements during the year as well as details on the fair value measurement of the properties.

**(a) Reconciliation of carrying amount of investment properties**

| | | 2024 | |
|---|---|---|---|
| | Independent valuation | Right-Of-Use asset | **Carrying amount** |
| **SERT** | €'000 | €'000 | **€'000** |
| The Netherlands | 604,284 | 4,236 | **608,520** |
| France | 452,590 | – | **452,590** |
| Italy[1] | 389,075 | – | **389,075** |
| Germany | 212,931 | – | **212,931** |
| Poland | 155,860 | 1,649 | **157,509** |
| Denmark | 140,778 | – | **140,778** |
| Czech Republic | 76,370 | – | **76,370** |
| Slovakia | 71,410 | – | **71,410** |
| United Kingdom | 68,568 | – | **68,568** |
| Finland | 54,081 | – | **54,081** |
| Total | 2,225,947 | 5,885 | **2,231,832** |

(1) The carrying amount of investment properties includes the following properties being redeveloped as at 31 December 2024: (i) Maxima, Italy valued at €25.2 million, and (ii) Via dell'Industria 18, Italy valued at €39.7 million. The total contracted value of these redevelopments for the purpose of the 10% development limit under Section 7.1(d) of the Property Funds Appendix is €17.4 million or 0.7% of deposited property. The redevelopment of Nervesa21 was completed during the year.

| | 2023 | | |
|---|---|---|---|
| SERT | Independent valuation €'000 | Right-Of-Use asset €'000 | **Carrying amount €'000** |
| The Netherlands | 616,600 | 5,192 | **621,792** |
| France | 443,995 | – | **443,995** |
| Italy (2) | 395,330 | – | **395,330** |
| Germany | 204,580 | – | **204,580** |
| Poland | 166,250 | 1,564 | **167,814** |
| Denmark | 128,304 | – | **128,304** |
| Czech Republic | 77,410 | – | **77,410** |
| Slovakia | 70,840 | – | **70,840** |
| United Kingdom | 60,905 | – | **60,905** |
| Finland | 70,600 | – | **70,600** |
| Total | 2,234,814 | 6,756 | **2,241,570** |

(2) The carrying amount of investment properties includes the following properties under development/ strip out as at 31 December 2023: (i) Nervesa21, Italy valued at €47.3 million; (ii) Maxima, Italy valued at €29.9 million; and (iii) Via dell'Industria 18, Italy valued at €35.4 million. The total contracted value of these developments for the purpose of the 10% development limit under Section 7.1(d) of the Property Funds Appendix is €49.5 million or 2.1% of deposited property.

**(b) Movements in investment properties**

| | SERT | |
|---|---|---|
| | **2024 €'000** | **2023 €'000** |
| At 1 January | 2,241,570 | 2,509,407 |
| Transfer to assets held for sale (Note 16) | (15,000) | (17,300) |
| Divestment of existing properties | (13,212) | (203,456) |
| Capital expenditure and capitalised interest# | 43,579 | 80,635 |
| Lease incentives, lease costs and rent straight-lining | 2,410 | 3,547 |
| Net loss from fair value adjustments | (27,677) | (133,570) |
| Exchange differences | 2,854 | 1,049 |
| Others | (2,692) | 1,258 |
| **At 31 December** | **2,231,832** | **2,241,570** |

# Includes capitalised interest expense of €343,000 (2023: €1,088,000).

**(c) Investment property divestments**

During the year ended 31 December 2024, SERT completed the following divestments:

(1) On 26 April 2024, SERT completed the divestment of an office asset in Finland for a consideration of €5.4 million, which was 3.6% below the independent valuation dated 31 December 2023 and 56.8% discount to its purchase price;

(2) On 30 September 2024, SERT completed the divestment of an office asset in France for a consideration of €3.1 million, which was 0.3% below the independent valuation dated 30 June 2024 and 43.6% discount to its purchase price; and

(3) On 19 December 2024, SERT completed the divestment of an office asset in Italy for consideration of €5.9 million, which was 36.6% above the independent valuation dated 30 June 2024 and 5.9% premium to its purchase price.

During the year ended 31 December 2023, SERT completed the following divestments:

(1) On 28 June 2023, SERT completed the divestment of an office asset in Italy for a consideration of €93.6 million, which was 0.2% above the independent valuation dated 1 June 2023 and 14.6% premium to its purchase price;

(2) On 6 October 2023, SERT completed the divestment of an 'other' asset in Italy for a consideration of €94.0 million, which was 33.5% above the independent valuation dated 1 June 2023 and 13.1% premium to its purchase price; and

(3) On 21 December 2023, SERT completed the divestment of an office asset in Italy for a consideration of €8.9 million, which was 3.7% below the independent valuation dated 1 December 2023 and 27.7% discount to its purchase price.

**(d) Fair value measurement**

SERT's investment properties are measured using the fair value model as described in IAS 40 *Investment Property*. Fair value is thereby defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Gains or losses arising from changes in the fair value of investment property must be included in net profit or loss for the period in which it arises.

*Property valuations*

In accordance with the CIS Code, SERT's investment properties are valued at least once per financial year by an independent professionally qualified valuer with recognised relevant professional qualification, with valuers rotated at least every two years.

As at 31 December 2024, all 104 (2023: 108) properties of SERT's investment properties portfolio were valued by independent valuers.

At 31 December 2024, SERT's entire portfolio of 104 investment properties was valued by independent valuers with a combined value of €2,225,947,000. The independent valuation for properties located in the Netherlands, Italy, Germany, United Kingdom and Finland were conducted by Jones Lang LaSalle B.V. using the discounted cash flow method. Savills Advisory Services Limited ("Savills") performed independent valuations for properties located in France, Poland, Denmark, Czech Republic and Slovakia using the discounted cash flow method, and a property in Poland using residual method.

At 31 December 2023, SERT's entire portfolio of 108 investment properties was valued by independent valuers with a combined value of €2,234,814,000. The independent valuation for properties located in France, Poland, Denmark, Czech Republic and Slovakia were conducted by CBRE Ltd using the income capitalisation method. Savills performed independent valuations for properties located in the Netherlands, Italy, Germany and Finland using the discounted cash flow method and in United Kingdom using the income capitalisation method.

*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** | **2024** Range | **2024** Weighted average | **2023** Range | **2023** Weighted average |
|---|---|---|---|---|---|
| *Discounted cash flow* 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 | -7.6% to 13.7% | 6.0% | -2.3% to 17.5% | 5.9% |
| | Net reversionary yield | 5.2% to 20.8% | 7.9% | 4.7% to 27.2% | 7.3% |
| | Discount rate | 6.1% to 15.0% | 8.4% | 5.5% to 11.8% | 7.3% |
| | Exit cap rate | 4.8% to 10.5% | 6.6% | 4.5% to 9.8% | 6.2% |
| | Occupancy | 0% to 100.0% | 89.0% | 0% to 100.0% | 89.6% |
| *Residual* The residual method is a hybrid of the market approach, the income approach and the cost approach. This is based on the completed gross development value, the deduction of development costs along with the developer's return to arrive at the residual value of the development property / land. | Net initial yield | 8.3% | 8.3% | – | – |
| | Exit cap rate | 6.3% | 6.3% | – | – |
| | Total development costs | €15.1 million | €15.1 million | – | – |
| *Income capitalisation* 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 | – | – | 2.9% to 11.6% | 6.9% |
| | Net reversionary yield | – | – | 5.0% to 18.6% | 7.9% |
| | Occupancy | – | – | 35.3% to 100.0% | 90.8% |

All the significant inputs noted above are not observable market data, hence investment property valuations are considered level 3 fair value measurements (refer to fair value hierarchy described in Note 14(d)).

*Sensitivity information*

The relationships between the significant unobservable inputs and the fair value of investment properties are as follows:

| Inputs | Impact of increase in input on fair value | Impact of decrease in input on fair value |
|---|---|---|
| Net initial yield | Decrease | Increase |
| Reversionary yield | Decrease | Increase |
| Discount rate | Decrease | Increase |
| Exit cap rate | Decrease | Increase |

**(e) Amounts recognised in profit and loss for investment properties**

| | SERT | |
|---|---|---|
| | **2024 €'000** | **2023 €'000** |
| Gross revenue | 212,919 | 216,489 |
| Property operating expense arising from investment properties that generate rental income during the year | (81,145) | (81,076) |
| Property operating expense arising from investment properties that did not generate rental income during the year | (629) | (1,132) |
| **Net property income** | **131,145** | **134,281** |

**(f) Non-cancellable operating lease receivable from investment property tenants**

Investment properties are generally leased on long-term operating leases. Minimum lease receivable under the non-cancellable operating leases of SERT's investment properties not recognised in the financial statements are as follows:

| | SERT | |
|---|---|---|
| | **2024 €'000** | **2023 €'000** |
| Within one year | 161,006 | 162,354 |
| One to two years | 144,541 | 121,797 |
| Two to three years | 128,577 | 99,108 |
| Three to four years | 106,354 | 81,721 |
| Four to five years | 86,110 | 69,951 |
| After five years | 271,467 | 191,311 |
| **Total non-cancellable operating lease receivable from investment property tenants** | **898,055** | **726,242** |

**(g) Assets pledged as security**

As at 31 December 2024, a total of 3 (2023: 3) of SERT's investment properties with a combined fair value of €202,490,000(2023: €210,400,000) were pledged as security for SERT's senior property level financing facility. Refer to Note 10 for further details.

**Material accounting policy information**

*Investment properties and investment properties under development*

Investment properties and investment properties under development are initially measured at cost, including transaction costs and subsequently measured at fair value with any change therein recognised in the total return. Finance costs incurred on investment properties under development are included in the development costs. Certain SERT's investment properties acquired through interest in subsidiaries are accounted for as acquisition of assets where concentration test is met, as substantially all of the fair value of the gross assets acquired is concentrated in the investment property acquired in accordance with IFRS 3 *Business Combinations*.

Fair value is based upon active market prices, given the assets' highest and best use, adjusted if necessary, for any difference in the nature, location or condition of the relevant asset. If this information is not available, SERT uses the capitalised earnings approach for valuations of its investment properties. The highest and best use of an investment property refers to the use of the investment property by market participants that would maximise the value of that investment property.

The carrying value of the investment property includes components relating to lease incentives and other items relating to the maintenance of, or increases in, lease rentals in future periods.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the total return in the period in which the property is derecognised.

*Right-of-use land leases*

SERT recognises a right-of-use ("ROU") land lease representing its right to use the underlying land and a lease liability representing its obligation to make lease payments. ROU for land leases are measured at the amount of the lease liability, adjusted for any prepaid or accrued lease expenses. Subsequently, the lease liability is measured at amortised cost using the effective interest rate method. The ROU asset will be measured at fair value at the date of initial application for leases previously accounted for as operating leases and that will be accounted for as investment property using the fair value model in IAS 40 from date of initial application.

*Lease incentives*

Lessees may be offered incentives as an inducement to enter into non-cancellable operating leases. These incentives may take various forms including up-front cash payments, rent free periods, or a contribution to certain lessee costs such as fit out costs or relocation costs. Lease incentives form part, as a deduction, of total rent receivable from SERT's operating lease contracts. They are recognised as an asset in the balance sheet as a component of the carrying amount of investment property and amortised over the lease period as a reduction of rental income on a straight-line basis over the lease term.

*Initial direct leasing costs*

Initial direct leasing costs incurred by SERT in negotiating and arranging operating leases are recognised as an asset in the balance sheet as a component of the carrying amount of investment property and are amortised as an expense on a straight-line basis over the lease term.

**Finance and Capital Structure**

This section of the annual financial statements provides further information on SERT's debt finance and associated costs, and SERT's capital.

Capital is defined as the combination of unitholders' equity, reserves, debt and perpetual securities. The Board of Directors of the Manager are responsible for SERT's capital management strategy. Capital management is an integral part of SERT's risk management framework and seeks to safeguard SERT's ability to continue as a going concern while maximising unitholder value through optimising the level and use of capital resources and the mix of debt and equity funding. SERT's preferred portfolio gearing range is 35% – 40%.

## 10. BORROWINGS

**Overview**

SERT borrows funds from financial institutions to partly fund the acquisition of investment properties. A significant proportion of these borrowings are generally fixed either directly or using interest rate derivatives and have a fixed term. This note provides information about SERT's debt facilities, including maturity dates, security provided if applicable and facility limits as well as finance costs incurred in relation to these debt facilities.

| | SERT | |
|---|---|---|
| | **2024<br>€'000** | **2023<br>€'000** |
| **Current** | | |
| Unsecured Euro medium term notes | 450,000 | – |
| **Total current borrowings** | **450,000** | **–** |
| **Non-current** | | |
| Secured loans – financial institutions | 82,375 | 82,375 |
| Unsecured loans – financial institutions | 424,430 | 421,630 |
| Unsecured Euro medium term notes | – | 450,000 |
| Unamortised transaction costs | (8,124) | (6,405) |
| **Total non-current borrowings** | **498,681** | **947,600** |
| **Total borrowings** | **948,681** | **947,600** |

**(a) Borrowing details**

| | | | | 2024 | | 2023 | |
|---|---|---|---|---|---|---|---|
| **Facility** | **Note** | **Secured** | **Maturity** | **Facility €'000** | **Utilised €'000** | **Facility €'000** | **Utilised €'000** |
| **SERT** | | | | | | | |
| Dutch office 2 | (a) | Yes | Dec-26 | – | – | 82,375 | 82,375 |
| Dutch office 3 | (a) | Yes | Jan-30 | 82,375 | 82,375 | – | – |
| 3.5-year sustainability-linked term loan | (b) | No | Oct-26 | 70,630 | 70,630 | 70,630 | 70,630 |
| Revolving credit facility | (c) | No | Jul-28 | 200,000 | 2,800 | 200,000 | – |
| Euro medium term notes | (d) | No | Nov-25 | 450,000 | 450,000 | 450,000 | 450,000 |
| 4-year sustainability-linked term loan | (e) | No | Nov-26 | 193,500 | 193,500 | 193,500 | 193,500 |
| 4-year sustainability-linked term loan | (f) | No | Aug-27 | 157,500 | 157,500 | 157,500 | 157,500 |
| Bridge to bond facility | (g) | No | Nov-26 | 340,000 | – | – | – |
| **Total** | | | | **1,494,005** | **956,805** | **1,154,005** | **954,005** |

**Property level financing facility**

*(a) Dutch office 2 / Dutch office 3*

In December 2024, in order to facilitate the closing of the sale of Cromwell's stake in SERT and its European fund management platform (including the Manager and property manager of SERT) and to enable the potential redevelopment of the secured assets, including De Ruyterkarde 5 in Amsterdam, SERT refinanced the €82.4 million Dutch Office 2 PGIM facility ahead of the December 2026 maturity date. On 4 December 2024, SERT, through its wholly owned subsidiaries, Yova Central Plaza B.V., Yova Koningskade B.V. and Yova Ruyterkade B.V., entered into a new 5-year and 1-month secured debt facility agreement for an aggregate amount of €82.4 million with ABN Amro. The original PGIM facility was duly repaid using net proceeds from the new secured debt facility. The SERT Manager successfully negotiated for SERT to receive a lump sum of €4.0 million from the outgoing sponsor, Cromwell Property Group, also in December 2024. This will be used to offset higher interest costs for the new loan compared to the lower rate of the legacy PGIM loan, or other working capital. Refer to Note 17(b) for deferred income as at 31 December 2024 in relation to the lump sum.

The Dutch office 2 / Dutch office 3 facility are 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.

Both facilities are secured over the same three Dutch office properties with an aggregate carrying amount of €202,490,000 as at 31 December 2024 (2023: €210,400,000).

The Dutch office 3 facility is subject to 3-month Euribor plus a margin. The 3-month Euribor is fully hedged by interest rate swaps to fixed interest rate at 2.19%.

Interest for the Dutch Office 2 PGIM facility was payable at a fixed rate of 1.93% p.a..

**Unsecured financing facilities**

*(b) 3.5-year Sustainability-linked term loan*

In March 2023, the 3-year term loan facility with outstanding amount of €50.6 million was amended and restated with additional commitment from new lenders, increasing the facility size to €70.6 million. The facility now has a term of 3.5 years with extended maturity date to 25 October 2026, and includes an accordion feature which provides flexibility to further increase the facility size to up to €110.0 million. The facility has three sustainability-linked key performance indicators ("KPIs") that are set and measured on an annual basis over the term of the facility. In April 2023, €20.0 million was drawn from the facility and this amount, net of a deduction of upfront fee, was used to pay down the drawn balance of the Revolving Credit Facility.

The facility is subject to 3-month Euribor plus a margin.

*(c) Revolving Credit Facility ("RCF")*

RCF was established to provide SERT with additional financing flexibility and working capital. In July 2023, SERT through its wholly-owned subsidiary, Stoneweg EREIT Lux Finco S.a.r.l ("Lux Finco") amended and restated the existing RCF due to expire in October 2024 through a rollover of existing loans with new lenders' commitments for an aggregate amount of €165.0 million. The restated RCF has an extended maturity date of 31 July 2028 and includes an accordion feature which provides flexibility to increase the size of the facility to up to €250.0 million. In December 2023, SERT exercised a portion of the accordion to increase the size of the facility by €35.0 million to €200.0 million. The restated facility has three sustainability-linked KPIs that are set and measured on an annual basis over the term of the facility. The RCF is subject to 3-month Euribor plus a margin.

As at 31 December 2024, the RCF was partially drawn at €2.8 million (2023: fully undrawn), leaving an undrawn commitment of €197.2 million (2023: €200.0 million).

*(d) Euro Medium Term Notes ("EMTN")*

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

SERT had €500 million of senior unsecured fixed rate notes issued under the EMTN Programme at a coupon of 2.125% p.a.. In December 2023, Lux Finco completed the repurchase of an aggregate principal amount of €50.0 million of the €500.0 million notes issued. The repurchased notes have been cancelled in accordance with the terms and conditions of the notes.

As at 31 December 2024, Lux Finco had €450.0 million (2023: €450.0 million) of outstanding senior unsecured fixed rate notes issued under the programme at a coupon of 2.125% p.a. and reoffer yield ranging from 1.60% p.a. to 2.161% p.a., payable annually in arrears, maturing in November 2025. Refer to Note 22(c) for further details.

(e) *4-year sustainability-linked term loan*

The facility is subject to Euro short-term rate (€STR) plus a margin. The facility has three sustainability-linked KPIs that are set and measured on an annual basis over the term of the facility and includes an accordion feature which provides flexibility to increase the size of the facility to up to €230.0 million.

In August 2023, the accordion was exercised and an additional €13.5 million was drawn from the facility to partially refinance the €165.0 million 5-year term loan maturing in November 2024.

(f) *4-year sustainability-linked term loan*

In August 2023, SERT through Lux Finco entered into a €157.5 million sustainability-linked term loan facility agreement. The facility has an initial termination date in August 2025 with the option to extend the termination date in year 3 and 4 at the Borrower's request. The facility includes an accordion feature, providing flexibility to increase the size of the facility to up to €207.5 million. The facility is subject to 3-month Euribor plus a margin. The facility has three sustainability-linked KPIs that are set and measured on an annual basis over the term of the facility. Proceeds from the facility was used to partially refinance the €165.0 million 5-year term loan maturing in November 2024.

(g) *Bridge to bond facility*

In November 2024, Lux Finco entered into a new debt facility agreement for an aggregate amount of €340.0 million. The facility, along with the existing committed largely undrawn RCF provides ample liquidity and flexibility to repay the outstanding €450 million Euro medium term note due in November 2025. Refer to Note 22(b) for further details.

The facility is subject to 3-month Euribor plus a margin and has a term of one year with a one-year borrower's only extension option (by Lux Finco), and a further one-year extension option subject to lender only approval.

**All-in interest rate**

As at 31 December 2024, SERT's weighted average all-in interest rate is 3.05% p.a. (2023: 3.19% p.a.), including interest rate collars and swaps but excluding commitment fee on the undrawn RCF. Average interest rate for FY 2024 is 3.2% p.a. (2023: 2.6% p.a.).

**Guarantees**

The Trust has provided corporate guarantees to banks for unsecured borrowings amounting to €874,430,000 (2023: €871,630,000) undertaken by Lux Finco. The Trust does not consider it probable that a claim will be made under these guarantees.

**(b) Net finance costs**

| | SERT 2024 €'000 | SERT 2023 €'000 |
|---|---|---|
| Interest expense | 38,241 | 35,049 |
| Amortisation of debt issuance costs | 3,019 | 4,462 |
| Interest income | (5,264) | (7,131) |
| **Total net finance costs** | **35,996** | **32,380** |

Interest income mostly relates to proceeds from interest rate cap contracts and interest income on bank deposits.

Information about SERT's exposure to interest rate changes is provided in Note 14(c).

**(c) Gain on bond buyback**

In 2023, gain on bond buyback of €3.1 million relates to the repurchase of an aggregate principal amount of €50.0 million of the €500.0 million 2.125% Euro medium term notes due 19 November 2025, net of transaction costs incurred.

**Material accounting policy information**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest rate method. Under this method, fees, costs, discounts and premiums directly related to the financial liability are spread over their expected life.

Borrowing costs incurred on funds borrowed for the construction of a property are capitalised, forming part of the construction cost of the asset. Capitalisation ceases upon practical completion of the property. Other borrowing costs are expensed.

Interest income is recognised as it accrues, using the effective interest method.

Finance costs comprise interest expense on loans and borrowings, and amortisation of loans and borrowings related costs. Finance costs are recognised in the Statement of Total Return using the effective interest method.

## 11. DERIVATIVE FINANCIAL INSTRUMENTS

**Overview**

SERT's and the Trust's derivative financial instruments consist of interest rate collar and swap contracts which are used to hedge exposure to interest rate movements on its floating rate borrowings and cross currency swaps which are used to hedge the currency risk arising from the Singapore dollar denominated perpetual securities. Interest rate collar combines the purchase of an interest rate cap with an interest rate floor. Under the interest rate cap, SERT receives floating interest equal to 3-month Euribor above the contract strike rate at specific intervals. Under the interest rate floor, SERT makes payments when 3-month Euribor is below the collar floor rate. Under the interest rate swaps, SERT pays fixed interest rates and receives floating interests equal to 3-month Euribor on the notional amount.

Derivative financial instruments form an integral part of SERT's interest rate and currency risk management. This note provides for further details on SERT's interest rate hedging profile, details of expiries of interest rate collar and swap contracts and cross currency swap contracts as well as SERT's material accounting policies information for such contracts.

| | SERT | | Trust | |
|---|---|---|---|---|
| | **2024 €'000** | **2023 €'000** | **2024 €'000** | **2023 €'000** |
| **Current asset** | | | | |
| Interest rate cap contract | – | 5,879 | – | – |
| | **–** | **5,879** | **–** | **–** |
| **Non-current assets** | | | | |
| Interest rate collar contracts | 2,076 | – | – | – |
| Cross currency swaps | 7,050 | 5,769 | 7,050 | 5,769 |
| | **9,126** | **5,769** | **7,050** | **5,769** |
| **Non-current liability** | | | | |
| Interest rate collar contracts | (481) | (279) | (481) | (198) |
| | **(481)** | **(279)** | **(481)** | **(198)** |
| **Total derivative financial instruments** | **8,645** | **11,369** | **6,569** | **5,571** |
| Derivative financial instruments as a percentage of net assets | 0.72% | 0.91% | 0.71% | 0.55% |

On 11 January 2024, Lux Finco, amended the terms and conditions of the existing interest rate cap contract with notional principal amount of €200.0 million. The new terms include a new notional of €160.0 million with the extension of the cap contract to November 2026 at a strike rate of 1.456% with a collar contract at 1% strike rate at zero cost using the net present value of the existing hedge for no further outlay of capital.

In December 2024, SERT, through its wholly owned subsidiaries entered into three interest rate swap contracts with an aggregate notional contract amount of €82.4 million to fully hedge its exposure to interest rate volatility arising from the new secured floating rate debt facility. The interest rate swaps have a strike rate of 2.19% and mature in January 2030.

In May 2023, The Trust and Lux Finco entered into 3-year interest rate collar contracts for an aggregate notional amount of €150.0 million.

The weighted average strike rate on interest rate caps and swaps is 2.20% (2023: 1.60%) and on interest rate floor is 1.60% (2023: 2.25%).

**(a) Financial instruments notional principal amounts**

As at the reporting date, the notional principal amounts of SERT's and the Trust's derivative financial instruments were as follows:

| | SERT | | Trust | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| | **€'000** | **€'000** | **€'000** | **€'000** |
| Interest rate collar contracts | 310,000 | 150,000 | 100,000 | 100,000 |
| Interest rate swaps | 82,375 | – | – | – |
| Interest rate cap contract | – | 210,000 | – | – |
| Cross currency swaps | 65,136 | 65,136 | 65,136 | 65,136 |
| | **457,511** | **425,136** | **165,136** | **165,136** |

**(b) Financial instruments expiry profile**

The period of expiry of SERT's and the Trust's derivative financial instruments were as follows:

| | SERT | | Trust | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| | **€'000** | **€'000** | **€'000** | **€'000** |
| Within one year | – | 210,000 | – | – |
| After one year but within two years | 375,136 | – | 165,136 | – |
| After two years but within five years | 82,375 | 215,136 | – | 165,136 |
| | **457,511** | **425,136** | **165,136** | **165,136** |

**Material accounting policy information**

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value at the reporting date. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

The classification between current and non-current is based on the expiry date of the instrument.

SERT enters into interest rate cap, collar and swap contracts to mitigate the risk of rising interest rate and cross currency swaps to hedge the currency risk arising from the Singapore dollar denominated perpetual securities. The derivatives are entered into with the objective of hedging the risk of adverse interest rate and currency fluctuations. SERT has not elected to apply hedge accounting to this arrangement and changes in fair value are recognised immediately in Statement of Total Return.

## 12. UNITHOLDERS' FUNDS

### Overview

This note provides further details on Unitholders' funds, units issued and issuable by SERT as at financial year end, and rights attached to SERT units.

SERT's and the Trust's contributed equity and units in issue at year-end were as follows:

| | SERT | | Trust | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| **Total contributed equity (€'000)** | **1,349,551** | **1,349,551** | **1,349,888** | **1,349,888** |
| **Units in issue ('000)** | **562,392** | **562,392** | **562,392** | **562,392** |

**(a) Movements in contributed equity**

There were no movements in the contributed equity of SERT and the Trust during the financial years ended 31 December 2024 and 31 December 2023.

SERT did not hold any treasury units as at 31 December 2024 and 31 December 2023.

The Trust's subsidiaries do not hold any units in the Trust as at 31 December 2024 and 31 December 2023.

**(b) Units issuable**

SERT's and the Trust's total units issued and issuable at year-end were as follows:

| | SERT and Trust | |
|---|---|---|
| | 2024<br>'000 | 2023<br>'000 |
| Units issuable | – | – |
| Units in issue | 562,392 | 562,392 |
| **Total units issued and issuable** | **562,392** | **562,392** |

**(c) Rights and restrictions relating to SERT units**

The rights and interests of Unitholders are contained in SERT's Trust Deed and include the rights to:

- Entitlement to distributions determined in accordance with the Trust Deed;
- Participate in the termination of the Trust by receiving a share of the net proceeds of realisation among the Unitholders pro rata in accordance with the number of units held by the Unitholders and in accordance with the winding up procedures under the Trust Deed;
- Attend all Unitholder meetings with one vote per unit.

A Unitholder has no equitable or proprietary interest in the underlying assets of SERT and is not entitled to the transfer to it of any asset (or any part thereof). The Unitholders' liability is limited to the amount paid or payable for any units. The provisions of the Trust Deed provide that no Unitholder will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that liabilities of the Trust exceed its assets.

**(d) Foreign currency translation reserve**

The foreign currency translation reserve relates to foreign exchange differences arising from the translation of the financial statements of foreign entities.

**Material accounting policy information**

Units issued of the Trust are classified as equity forming part of Unitholders' funds. Incremental costs directly attributable to the issue of new units are shown in Unitholders' funds as a deduction from the proceeds.

Where any SERT entity purchases SERT units, for example as the result of a unit buy-back, the consideration paid, including any directly attributable incremental costs is deducted from Unitholders' funds. Unit acquired under a unit buy-back program are cancelled immediately.

## 13. PERPETUAL SECURITIES

On 24 November 2021, the Trust issued S$100.0 million fixed rate subordinated perpetual securities at a distribution rate of 5.00% per annum. The first distribution rate reset falls on 24 November 2026 with subsequent reset falling every five years after the first reset date. The reset rate will be determined based on the prevailing 5-year SORA-OIS at the point of reset plus the initial spread. At the same time, two 5-year cross currency swaps ("CCS") were entered into to convert the Singapore dollar proceeds into Euro and the Singapore dollar coupon into a fixed rate of 3.55% in Euro. The CCS have a total notional amount of S$100.0 million with a Euro equivalent of €65,136,000. There are certain green ESG initiatives that could see the Euro coupon reduce slightly on a notional amount of S$50.0 million of the CCS if certain targets are met.

The perpetual securities have no fixed redemption date and redemption is at the option of the Trust. Distributions under the perpetual securities is payable semi-annually at the discretion of the Trust. Any distribution unpaid will be non-cumulative.

The perpetual securities will constitute direct, unconditional, unsecured and subordinated obligations of the Trust and shall at all time rank *pari passu* and without any preference or priority among themselves and with any Parity Obligations, from time to time outstanding.

The perpetual securities are classified as equity instruments and recorded as equity in the Balance Sheets. The €64,204,000 (2023: €64,204,000) presented on the Balance Sheets represents the carrying value of the €65,136,000 perpetual securities issued, net of issue costs and includes total return attributable to perpetual securities holders from date of issue, net of distributions paid out to perpetual securities holders.

**Material accounting policy information**

The perpetual securities do not have a fixed redemption date and distribution payments are optional at the discretion of SERT and are non-cumulative. As SERT does not have a contractual obligation to repay the principal nor make any distributions, perpetual securities are classified as equity.

Any distributions made are directly debited from equity. Incremental costs directly attributable to the issue of perpetual securities are shown in equity as a deduction against the proceeds from the issue of perpetual securities.

# NOTES TO THE FINANCIAL STATEMENTS

**Year ended 31 December 2024**

## 14. FINANCIAL RISK MANAGEMENT

**Overview**

SERT's activities expose it to a variety of financial risks which include credit risk, liquidity risk and market risk. This note provides information about the Manager's risk management strategy for SERT in relation to each of the above financial risks to which SERT is exposed to.

The Manager's overall risk management programme focuses on managing these risks and seeks to minimise potential adverse effects on the financial performance of SERT. SERT uses derivative financial instruments such as interest rate and currency derivatives to hedge certain risk exposures. The Manager seeks to deal only with creditworthy counterparties. Liquidity risk is monitored through the use of future rolling cash flow forecasts.

The Manager's management of treasury activities is centralised and governed by policies approved by the Board of Directors of the Manager who monitor the operating compliance and performance as required. SERT has policies for overall risk management as well as policies covering specific areas such as identifying risk exposure, analysing and deciding upon strategies, performance measurement, the segregation of duties and other controls around the treasury and cash management functions.

As at year-end, SERT and the Trust hold the following financial instruments:

| | Type of financial instrument | SERT 2024 €'000 | SERT 2023 €'000 | Trust 2024 €'000 | Trust 2023 €'000 |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Cash and cash equivalents | (1) | 38,536 | 73,795 | 2,558 | 3,309 |
| Receivables | (1) | 15,995 | 8,339 | 70,290 | 79,815 |
| Derivative financial instruments | (2) | 9,126 | 11,648 | 7,050 | 5,769 |
| **Total financial assets** | | **63,657** | **93,782** | **79,898** | **88,893** |
| **Financial liabilities** | | | | | |
| Payables | (1) | 37,817 | 42,073 | 364,802 | 287,387 |
| Borrowings | (1) | 956,805 | 954,005 | – | – |
| Other liabilities – finance lease liabilities | (1) | 6,735 | 7,579 | – | – |
| Derivative financial instruments | (2) | 481 | 279 | 481 | 198 |
| **Total financial liabilities** | | **1,001,838** | **1,003,936** | **365,283** | **287,585** |

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

(1) At amortised cost
(2) At fair value through profit or loss

**Material accounting policy information**

***Initial recognition and measurement***

Financial assets and financial liabilities are recognised in Balance Sheet when it becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. On initial recognition, financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are recognised net of transaction costs directly attributable to the acquisition of these financial assets or financial liabilities. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of Total Return.

***Financial assets***

SERT classifies its non-derivative financial assets at amortised cost. The classification depends upon the whether the objective of SERT's relevant business model is to hold financial assets in order to collect contractual cash flows (business model test) and whether the contractual terms of the cash flows give rise on specified dates to cash flows that are solely payments of principal and interest (cash flow test).

*Financial assets recognised at amortised cost*

Trade and other receivables are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest and are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the Statement of Total Return.

***Financial liabilities***

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at fair value through profit or loss.

*Financial liabilities subsequently measured at amortised cost*

Financial liabilities that are not contingent consideration of an acquirer in a business combination, held-for-trading, or designated as at fair value through profit or loss, are subsequently measured at amortised cost using the effective interest method.

*Derecognition of financial liabilities*

SERT derecognises financial liabilities when, and only when, its obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of Total Return.

When SERT exchanges one financial liability for another with substantially different terms with an existing lender, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, SERT accounts for the substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new financial liability.

**(a) Credit risk**

Credit risk is the risk that a counterparty will default on its contractual obligations under a financial instrument and result in a financial loss to SERT. Credit risk arises from cash and cash equivalents and favourable derivative financial instruments with banks and financial institutions and receivables.

SERT manages this risk by:

- establishing credit limits for customers and managing exposure to individual entities;
- monitoring the credit quality of all financial assets in order to identify any potential adverse changes in credit quality;
- derivative counterparties and cash transactions, when utilised, are transacted with high credit quality financial institutions with a minimum rating of BBB-/Baa3;
- regularly monitoring receivables on an ongoing basis; and
- Requiring tenants to pay deposits upon commencement of leases which may be retained if the tenant defaults on rent payments.

*Impairment of financial assets*

SERT financial assets that are subject to the expected credit loss model are trade receivables. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9 *Financial Instruments*, there was no identified impairment loss.

Rent and service charges from tenants are due and payable on invoice date with no credit terms provided mitigating largely any credit risk. Additionally, there are no significant concentrations of credit risk, whether through exposure to individual tenants, specific sectors or industries tenants operate in and/or regions.

For any rent receivables due to late payment of rent, SERT applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all rental receivables. To measure expected credit losses SERT has established an accounting policy that groups rental receivables based on days past due and applies a percentage of expected non-recoveries for each group of receivables. Following this, the level of tenant deposits held against possible non-recoveries is reviewed to identify possible credit losses to SERT.

The ageing of trade receivables at the reporting date was:

| SERT | Current €'000 | Within 30 days €'000 | 31 to 60 days €'000 | 61 to 90 days €'000 | More than 90 days €'000 | Total €'000 |
|---|---|---|---|---|---|---|
| **2024** | | | | | | |
| Expected loss rate | 0% | 0% | 0% | 1% | 57% | |
| Rental receivables | 1,096 | 3,362 | 339 | 917 | 6,588 | 12,302 |
| Loss allowance | – | (5) | – | (9) | (5,343) | (5,357) |
| **2023** | | | | | | |
| Expected loss rate | 0% | 1% | 0% | 9% | 73% | |
| Rental receivables | 609 | 2,432 | 412 | 44 | 5,536 | 9,033 |
| Loss allowance | – | (23) | – | (4) | (4,017) | (4,044) |

The movements in impairment loss in respect of rental receivables are as follows:

| | SERT 2024 €'000 | SERT 2023 €'000 |
|---|---|---|
| At 1 January | 4,044 | 2,563 |
| Written off | (297) | (428) |
| Charge for the year | 1,610 | 1,909 |
| **At 31 December** | **5,357** | **4,044** |

The Manager believes that no additional allowance is necessary in respect of the remaining trade receivables as these receivables are mainly due from tenants that have good payment records and sufficient securities in the form of bankers' guarantees and cash security deposits as collaterals.

SERT monitors the credit risk of other receivables based on the past due information to assess if there has been any significant increase in credit risk since the initial recognition of the financial assets. The other receivables are measured on 12-month expected credit losses and the expected credit loss is immaterial.

**(b) Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash reserves and undrawn finance facilities to meet the ongoing operational requirements of the business. It is SERT's policy to maintain sufficient funds in cash and cash equivalents to meet expected near term operational requirements. The Manager prepares and monitors rolling forecasts of liquidity requirements on the basis of expected cash flow. The Manager monitors the maturity profile of borrowings and puts in place strategies designed to ensure that all maturing borrowings are refinanced in the required timeframes.

As at 31 December 2024, SERT had net current liabilities of €449,945,000. The net current liabilities position was mainly due to the Euro medium term notes of €450.0 million with maturity due in November 2025. The financial statements have been prepared on a going concern basis as SERT has available adequate sources of funding including undrawn bridge to bond facility of €340.0 million which matures in November 2026 and committed undrawn revolving credit facility of €197.2 million which matures in July 2028 which could be used to repay the bond. Therefore, the Manager is confident that SERT can meet its obligations as and when they fall due. Please refer to note 22 for relevant subsequent events including the issue of a new bond Series 002 in January 2025, make whole redemption of Series 001 in February 2025 and the cancellation of the bridge to bond facility in February 2025.

As at 31 December 2024, the Trust's current liabilities exceed its current assets by €100,122,000 (2023: €33,306,000). As the payables are mostly made up of payables to subsidiaries and with SERT's existing financing facilities, the Manager is of the opinion that the Trust will be able to meet its obligations as and when they fall due.

The contractual maturity of SERT's and the Trust's financial liabilities at the reporting date are shown in the table below. It shows undiscounted contractual cash flows required to discharge SERT's financial liabilities, including interest at current market rates.

| | SERT | | | | Trust | | | |
|---|---|---|---|---|---|---|---|---|
| | **Within 1 year €'000** | **Within 2 to 4 years €'000** | **After 4 years €'000** | **Total €'000** | **Within 1 year €'000** | **Within 2 to 4 years €'000** | **After 4 years €'000** | **Total €'000** |
| **2024** | | | | | | | | |
| Payables | 37,817 | – | – | 37,817 | 183,464 | 202,002 | 5,823 | 391,289 |
| Borrowings | 483,772 | 461,351 | 86,571 | 1,031,694 | – | – | – | – |
| Other liabilities – finance lease liabilities | 566 | 1,702 | 14,956 | 17,224 | – | – | – | – |
| **Total financial liabilities** | **522,155** | **463,053** | **101,527** | **1,086,735** | **183,464** | **202,002** | **5,823** | **391,289** |

| | SERT | | | | Trust | | | |
|---|---|---|---|---|---|---|---|---|
| | **Within 1 year €'000** | **Within 2 to 4 years €'000** | **After 4 years €'000** | **Total €'000** | **Within 1 year €'000** | **Within 2 to 4 years €'000** | **After 4 years €'000** | **Total €'000** |
| **2023** | | | | | | | | |
| Payables | 42,073 | – | – | 42,073 | 125,899 | 174,187 | 11,611 | 311,697 |
| Borrowings | 37,053 | 1,020,979 | – | 1,058,032 | – | – | – | – |
| Other liabilities – finance lease liabilities | 531 | 1,161 | 16,867 | 18,559 | – | – | – | – |
| **Total financial liabilities** | **79,657** | **1,022,140** | **16,867** | **1,118,664** | **125,899** | **174,187** | **11,611** | **311,697** |

SERT does not face a significant liquidity risk with regard to its lease liabilities.

| | SERT | | | |
|---|---|---|---|---|
| | 2024 | | 2023 | |
| | Minimum lease payable €'000 | Present value of minimum lease payments €'000 | Minimum lease payable €'000 | Present value of minimum lease payments €'000 |
| Amounts payable under lease liabilities: | | | | |
| Within one year | 566 | 566 | 531 | 526 |
| After one year | 16,658 | 6,169 | 18,028 | 7,047 |
| | 17,224 | 6,735 | 18,559 | 7,573 |
| Less: Future finance charges | (10,491) | n.a. | (10,985) | n.a. |
| Present value of lease obligations | 6,733 | 6,735 | 7,574 | 7,573 |
| Less: Amount due for settlement within 12 months | | (566) | | (526) |
| Amount due for settlement after 12 months | | **6,169** | | **7,047** |

**(c) Market risk**

Market risk is the risk that the fair value or future cash flows of SERT's financial instruments fluctuate due to market price changes. SERT is exposed to the following market risks:

- Cash flow and fair value interest rate risk; and
- Foreign exchange risk.

*Interest rate risk*

SERT's interest rate risk primarily arises from borrowings. Borrowings issued at variable rates expose SERT to cash flow interest rate risk. Borrowings issued at fixed rates expose SERT to fair value interest rate risk. SERT's hedging arrangements are monitored on an ongoing basis by the Board of Directors of the Manager which determine the appropriate level of hedging of SERT's borrowings.

At the reporting date, the interest rate profile of the interest-bearing financial instruments was as follows:

| | SERT | |
|---|---|---|
| | 2024 €'000 | 2023 €'000 |
| **Fixed rate instruments** | | |
| Financial liabilities | 450,000 | 532,375 |
| **Variable rate instruments** | | |
| Financial liabilities | 506,805 | 421,630 |

SERT does not account for any fixed rate financial liabilities at fair value through total return. Therefore, a change in interest rate at the reporting date would not affect the Statement of Total Return.

SERT manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. SERT's policy is to maintain at least 50% of its borrowings under fixed or hedged rates. As at 31 December 2024, 88.0% (2023: 88.3%) of SERT's interest-bearing instruments were fixed rate borrowing or were hedged by using interest rate collar or swap contracts.

*Sensitivity analysis – interest rate risk*

If interest rates at reporting date had been 100 basis points higher / lower, based on SERT's borrowings and interest rate collars and swaps at year end, with all other variables remain constant, SERT's net finance costs would have increased / (decreased) by the amounts shown below:

| | SERT | |
|---|---|---|
| | **2024** | **2023** |
| | **€'000** | **€'000** |
| Interest rates – increase by 100 basis points | 1,573 | 1,116 |
| Interest rates – decrease by 100 basis points | (1,840) | (1,116) |

*Foreign exchange risk*

SERT's foreign exchange risk primarily arises from its operations in non-Euro denominated countries, and inter-company balances that are denominated in currency other than the respective functional currencies of SERT entities. These include Denmark where SERT owns 12 (2023: 12) logistics / light industrial assets, Poland where SERT owns 5 (2023: 6) office assets, Czech Republic where SERT owns 7 (2023: 7) logistics / light industrial assets, United Kingdom where SERT owns 3 (2023: 3) logistics / light industrial assets and Singapore where the Trust is domiciled. The currencies giving rise to this risk are Danish Krone ("DKK"), Polish Zloty ("PLN"), Czech Koruna ("CZK"), British Pound Sterling ("GBP"), and Singapore Dollars ("SGD").

SERT's exposure to these foreign currency risks at the reporting date, expressed in Euro, was as follows:

| | | | SERT | | |
|---|---|---|---|---|---|
| | **EUR** | **PLN** | **CZK** | **GBP** | **SGD** |
| | **€'000** | **€'000** | **€'000** | **€'000** | **€'000** |
| **2024** | | | | | |
| Cash and cash equivalents | – | 6,020 | 356 | – | 243 |
| Receivables | – | 1,302 | 195 | – | 176 |
| Payables | (69,872) | (961) | (281) | (78) | (880) |
| **Net exposure** | **(69,872)** | **6,361** | **270** | **(78)** | **(461)** |

| | Trust | |
|---|---|---|
| | **GBP** | **SGD** |
| | **€'000** | **€'000** |
| **2024** | | |
| Cash and cash equivalents | 205 | – |
| Receivables | 176 | – |
| Payables | (867) | (78) |
| **Net exposure** | **(486)** | **(78)** |

| | EUR €'000 | PLN €'000 | SERT CZK €'000 | GBP €'000 | SGD €'000 |
|---|---|---|---|---|---|
| **2023** | | | | | |
| Cash and cash equivalents | – | 5,509 | 164 | – | 130 |
| Receivables | – | 1,788 | 489 | – | 189 |
| Payables | (75,075) | (1,157) | (650) | – | (704) |
| **Net exposure** | **(75,075)** | **6,140** | **3** | **–** | **(385)** |

| | Trust GBP €'000 | Trust SGD €'000 |
|---|---|---|
| **2023** | | |
| Cash and cash equivalents | – | 96 |
| Receivables | – | 189 |
| Payables | – | (688) |
| **Net exposure** | – | **(403)** |

*Sensitivity analysis – foreign exchange risk*

The following table details the sensitivity to a 1% increase and decrease in the relevant foreign currencies against the functional currency of each group entity. If the relevant foreign currency strengthens by 1% against the functional currency of each group entity, total return and Unitholders' funds will increase/(decrease) by:

| | SERT 2024 €'000 | SERT 2023 €'000 | Trust 2024 €'000 | Trust 2023 €'000 |
|---|---|---|---|---|
| Euro | (699) | (751) | – | – |
| Polish Zloty | 64 | 61 | – | – |
| Czech Koruna | 3 | * | – | – |
| British Pound Sterling | (1) | – | (1) | – |
| Singapore Dollar | (5) | (4) | (5) | (4) |

* Less than €1,000

The weakening of the foreign currencies to which SERT is exposed to by the same percentage would have had the equal but opposite effect on total return and Unitholders' funds.

**(d) Fair value measurement of financial instruments**

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

| | |
|---|---|
| Level 1: | quoted prices (unadjusted) in active markets for identical assets or liabilities. |
| Level 2: | inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). |
| Level 3: | inputs for the asset or liability that are not based on observable market data (unobservable inputs). |

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

| | | | **SERT** | | |
|---|---|---|---|---|---|
| | Note | **Level 1 €'000** | **Level 2 €'000** | **Level 3 €'000** | **Total €'000** |
| **31 December 2024** | | | | | |
| **Financial asset measured at fair value** | | | | | |
| Derivative financial instruments | 11 | – | 9,126 | – | **9,126** |
| **Financial liability measured at fair value** | | | | | |
| Derivative financial instruments | 11 | – | 481 | – | **481** |
| **31 December 2023** | | | | | |
| **Financial asset measured at fair value** | | | | | |
| Derivative financial instruments | 11 | – | 11,648 | – | **11,648** |
| **Financial liability measured at fair value** | | | | | |
| Derivative financial instruments | 11 | – | 279 | – | **279** |

| | | | **Trust** | | |
|---|---|---|---|---|---|
| | Note | **Level 1 €'000** | **Level 2 €'000** | **Level 3 €'000** | **Total €'000** |
| **31 December 2024** | | | | | |
| **Financial asset measured at fair value** | | | | | |
| Derivative financial instruments | 11 | – | 7,050 | – | **7,050** |
| **Financial liability measured at fair value** | | | | | |
| Derivative financial instruments | 11 | – | 481 | – | **481** |
| **31 December 2023** | | | | | |
| **Financial asset measured at fair value** | | | | | |
| Derivative financial instruments | 11 | – | 5,769 | – | **5,769** |
| **Financial liability measured at fair value** | | | | | |
| Derivative financial instruments | 11 | – | 198 | – | **198** |

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

*Disclosed fair values*

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

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

The fair value of finance lease liabilities is calculated based on the present value of future cash outflows, discounted at SERT'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 SERT include cross currency swaps contracts, interest rate collar and swap contracts (over-the-counter derivatives). The fair value of these derivatives has been determined using a pricing model based on discounted cash flow analysis which incorporates assumptions supported by observable market data at the reporting date including market expectations of future interest rates and discount rates adjusted for any specific features of the derivatives and counterparty or own credit risk.

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

The following table shows an analysis of SERT'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** |
|---|---|---|---|
| **2024** | | | |
| **Liabilities** | | | |
| Unsecured Euro medium term notes | 443,390 | – | 450,717 |
| **2023** | | | |
| **Liabilities** | | | |
| Secured loan | – | 80,134 | 82,375 |
| Unsecured Euro medium term notes | 422,316 | – | 451,529 |

The fair value of secured loan is calculated based on the present value of future principal and interest cash flows, discounted at market interest rate at the reporting date.

**Group Structure**

This section will provide information about the SERT group structure including information about controlled entities (subsidiaries), if applicable, business combination information relating to the acquisition of controlled entities.

## 15. CONTROLLED ENTITIES

| Name | Country of registration | Equity holding & ownership interest 2024 % | 2023 % |
|---|---|---|---|
| Stoneweg SG SPV 1 Pte. Ltd. (previously Cromwell SG SPV 1 Pte. Ltd.)[(a)] | Singapore | 100 | 100 |
| Stoneweg SG SPV 2 Pte. Ltd. (previously Cromwell SG SPV 2 Pte. Ltd.)[(a)] | Singapore | 100 | 100 |
| Stoneweg SG SPV 3 Pte. Ltd. (previously Cromwell SG SPV 3 Pte. Ltd.)[(a)] | Singapore | 100 | 100 |
| Stoneweg SG SPV 4 Pte. Ltd. (previously Cromwell SG SPV 4 Pte. Ltd.)[(a)] | Singapore | 100 | 100 |
| Stoneweg SG SPV 5 Pte. Ltd. (previously Cromwell SG SPV 5 Pte. Ltd.)[(a)] | Singapore | 100 | 100 |
| Cromwell EREIT SG Finco Pte. Ltd.[(e)] | Singapore | – | 100 |
| Parc d'Activités 1 Luxembourg[(d)] | Luxembourg | 100 | 100 |
| Stoneweg EREIT Lux 2 S.à r.l. (previously Cromwell EREIT Lux 2 S.à r.l.)[(d)] | Luxembourg | 100 | 100 |
| Stoneweg EREIT Lux 3A S.à r.l. (previously Cromwell EREIT Lux 3A S.à r.l.)[(d)] | Luxembourg | 100 | 100 |
| Stoneweg EREIT Lux 3B S.à r.l. (previously Cromwell EREIT Lux 3B S.à r.l.)[(d)] | Luxembourg | 100 | 100 |
| Stoneweg EREIT Lux 4 S.à r.l. (previously Cromwell EREIT Lux 4 S.à r.l.)[(d)] | Luxembourg | 100 | 100 |
| Stoneweg EREIT Lux 5 S.à r.l. (previously Cromwell EREIT Lux 5 S.à r.l.)[(d)] | Luxembourg | 100 | 100 |
| PA Holdings Luxembourg S.à r.l.[(d)] | Luxembourg | 100 | 100 |
| EHI Luxembourg S.à r.l.[(d)] | Luxembourg | 100 | 100 |
| Stoneweg European Cities Income Fund S.C.Sp. (previously Cromwell European Cities Income Fund S.C.Sp.)[(d)] | Luxembourg | 100 | 100 |
| Stoneweg European Cities Income Fund General Partner S.à r.l. (previously Cromwell European Cities Income Fund General Partner S.à r.l.)[(d)] | Luxembourg | 100 | 100 |
| CECIF Lux Holdco 1[(d)] | Luxembourg | 100 | 100 |
| CECIF Lux Holdco 2[(d)] | Luxembourg | 100 | 100 |
| CECIF Lux Bidco 1[(d)] | Luxembourg | 100 | 100 |
| Arkonska PL Propco S.à r.l.[(d)] | Luxembourg | 100 | 100 |
| Riverside PL Propco S.à r.l.[(d)] | Luxembourg | 100 | 100 |
| Grojecka PL Propco S.à r.l.[(d)] | Luxembourg | 100 | 100 |
| Moeder Teresalaan NL Propco S.à r.l.[(d)] | Luxembourg | 100 | 100 |
| Stoneweg EREIT Lux Finco S.à r.l. (previously Cromwell EREIT Lux Finco S.à r.l)[(b)] | Luxembourg | 100 | 100 |
| Europe 1 Propco S.à r.l[(d)] | Luxembourg | 100 | 100 |
| Stoneweg Europa 3 HoldCo S.à r.l. (previously Cromwell Europa 3 HoldCo S.à r.l.)[(d)] | Luxembourg | 100 | 100 |
| Stoneweg Europa 4 HoldCo S.à r.l. (previously Cromwell Europa 4 HoldCo S.à r.l.)[(d)] | Luxembourg | 100 | 100 |
| Stoneweg Europa 6 HoldCo S.à r.l. (previously Cromwell Europa 6 HoldCo S.à r.l.)[(d)] | Luxembourg | 100 | 100 |

# NOTES TO THE FINANCIAL STATEMENTS

**Year ended 31 December 2024**

| Name | Country of registration | Equity holding & ownership interest 2024 % | 2023 % |
|---|---|---|---|
| Europe 5 HoldCo S.à r.l.[d] | Luxembourg | 100 | 100 |
| Stoneweg EREIT Dutch Logistics S.à r.l. (previously Cromwell EREIT Dutch Logistics S.à r.l.)[d] | Luxembourg | 100 | 100 |
| Allegro.com B.V.[d] | The Netherlands | 100 | 100 |
| EHI CV1 UK Limited[d] | United Kingdom | 100 | 100 |
| EHI CV3 UK Limited[d] | United Kingdom | 100 | 100 |
| EHIF (Denmark) Limited[d] | United Kingdom | 100 | 100 |
| EHI Fund Netherlands Limited[d] | Jersey/The Netherlands | 100 | 100 |
| EHI Fund Germany Limited[d] | Jersey/Luxembourg | 100 | 100 |
| EHI Fund One CV[d] | The Netherlands | 100 | 100 |
| Euroind Two CV[d] | The Netherlands | 100 | 100 |
| Euroind Three CV[d] | The Netherlands | 100 | 100 |
| EHI Fund GP (Netherlands) B.V.[d] | The Netherlands | 100 | 100 |
| Yova Central Plaza B.V.[d] | The Netherlands | 100 | 100 |
| Yova Koningskade B.V.[d] | The Netherlands | 100 | 100 |
| Yova Ruyterkade B.V.[d] | The Netherlands | 100 | 100 |
| Yova Haagse Poort B.V.[d] | The Netherlands | 100 | 100 |
| Yova Blaak B.V.[d] | The Netherlands | 100 | 100 |
| Peacock Real Estate B.V.[d] | The Netherlands | 100 | 100 |
| EHI Fund Denmark ApS[b] | Denmark | 100 | 100 |
| Stoneweg EREIT Danish GP ApS (previously Cromwell EREIT Danish GP ApS)[d] | Denmark | 100 | 100 |
| Stoneweg EREIT Danish Properties K/S (previously Cromwell EREIT Danish Properties K/S)[d] | Denmark | 100 | 100 |
| Cambil Spółka z ograniczoną odpowiedzialnością[d] | Poland | 100 | 100 |
| Kasteli Spółka z ograniczoną odpowiedzialnością[d] | Poland | 100 | 100 |
| Cromwell Europa 1 AIF[b] | Italy | 100 | 100 |
| Centro Lissone S.R.L.[d] | Italy | 100 | 100 |
| PA France[d] | France | 100 | 100 |
| PA Pantin SAS[d] | France | 100 | 100 |
| PA Sartrouville SAS[d] | France | 100 | 100 |
| PA Acticlub Saint Thibault[d] | France | 100 | 100 |
| PA Aubervilliers SCI[d] | France | 100 | 100 |
| PA La Courneuve[d] | France | 100 | 100 |
| PA Gennevilliers SCI[d] | France | 100 | 100 |
| PA Urbaparc SCI[d] | France | 100 | 100 |
| EHI France 1 Champs Sur Marne[d] | France | 100 | 100 |
| EHI France 4 Magny Les Hameaux[d] | France | 100 | 100 |
| EHI France 5 Saint Ouen[b] | France | 100 | 100 |
| EHI France 9 Villepinte[d] | France | 100 | 100 |
| EHI France 15 Gondreville Nancy[d] | France | 100 | 100 |

| Name | Country of registration | Equity holding & ownership interest 2024 % | 2023 % |
|---|---|---|---|
| EHI France 20 Vitry Sur Seine[d] | France | 100 | 100 |
| EHI France 22 Noisy Le Sec[d] | France | 100 | 100 |
| Logistics France 1 SAS[b] | France | 100 | 100 |
| Parc Logistique SAS[c] | France | 100 | 100 |
| SCI Cap Mermoz[d] | France | 100 | 100 |
| SCI Confluence Paryseine[b] | France | 100 | 100 |
| Myyrinraitti Holdco Oy[b] | Finland | 100 | 100 |
| PKK 3 Holdco Oy[b] | Finland | 100 | 100 |
| PKK 12 Holdco Oy[b] | Finland | 100 | 100 |
| Plaza Forte Holdco Oy[b] | Finland | 100 | 100 |
| Artemis Holdco Finland Oy[b] | Finland | 100 | 100 |
| Vioto Holdco Oy[b] | Finland | 100 | 100 |
| Koy Maki 3 (OREC)[b] | Finland | 100 | 100 |
| Koy Kuopio 39 (OREC)[b] | Finland | 100 | 100 |
| Liiketalo Myyrinraitti Oy (MREC)[b] | Finland | 94 | 94 |
| Kiin Oy Pakkalan Kartanonkoski 12 (MREC)[b] | Finland | 100 | 100 |
| Kiinteistö Oy Plaza Forte (MREC)[b] | Finland | 100 | 100 |
| Kiinteistö Oy Plaza Allegro (MREC)[b] | Finland | 100 | 100 |
| Kiinteistö Oy Plaza Vivace (MREC)[b] | Finland | 100 | 100 |
| Yrityspuiston Autopaikat Oy[b] | Finland | 57 | 57 |
| Stoneweg EREIT Czech Properties s.r.o. (previously Cromwell EREIT Czech Properties s.r.o.)[b] | Czech Republic | 100 | 100 |
| Kosice Industrial Park SK s.r.o.[d] | Slovakia | 100 | 100 |
| Nove Mesto ONE Industrial Park I SK s.r.o.[d] | Slovakia | 100 | 100 |
| Nove Mesto ONE Industrial Park II SK s.r.o.[d] | Slovakia | 100 | 100 |
| Nove Mesto ONE Industrial Park III SK s.r.o.[d] | Slovakia | 100 | 100 |
| Zilina Industrial Park SK s.r.o.[d] | Slovakia | 100 | 100 |

All of SERT's subsidiaries are holding entities or entities that hold SERT's investment properties, except for Stoneweg EREIT Lux Finco S.à r.l. which is the treasury vehicle of SERT.

During the year ended 31 December 2024, the Trust recognised an impairment loss of €28,717,000 (2023: €99,054,000) in respect of its investments in subsidiaries due to lower recoverable amount following the fair value loss on certain investment properties.

Notes:

(a) Audited by Deloitte & Touche LLP, Singapore (2023: Deloitte & Touche LLP, Singapore).

(b) Audited by overseas practices of Deloitte Touche Tohmatsu Limited (2023: overseas practices of Deloitte Touche Tohmatsu Limited).

(c) In 2024, the subsidiary is audited by an overseas practice of Deloitte Touche Tohmatsu Limited for SERT consolidation purpose and not required to be audited by law in the country of incorporation (2023: Audited by Ernst & Young).

(d) The subsidiaries are audited by overseas practices of Deloitte Touche Tohmatsu Limited for SERT consolidation purpose and not required to be audited by law in the country of incorporation.

(e) The subsidiary was struck off during the year.

# NOTES TO THE FINANCIAL STATEMENTS

**Year ended 31 December 2024**

**Other Items**

This section of the annual financial statements provides information about individually significant items to the balance sheet or the statement of total return and items that are required to be disclosed by International Financial Reporting Standards, unrecognised items and the basis of preparation of the annual financial statements.

## 16. ASSETS HELD FOR SALE

**Overview**

Non-current assets are classified as assets held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as such within one year from the date of classification.

SERT's assets held for sale at year-end were as follows:

| | | SERT | |
|---|---|---|---|
| | | **2024** | **2023** |
| | **Note** | **€'000** | **€'000** |
| Via della Fortezza 8, Florence, Italy | (a) | 15,000 | – |
| Grójecka 5, Poland | (b) | – | 15,500 |
| Via Brigata Padova 19, Italy | (c) | – | 1,800 |
| **Total assets held for sale** | | **15,000** | **17,300** |

(a) On 6 December 2024, SERT entered into a binding offer with an unrelated third party for the divestment of the Italian asset for a consideration of €15.0 million. Notary deed was signed subsequently on 5 March 2025 following the expiry of Agenzia del Demanio and National Heritage's pre-emption rights. Completion is subject to 90-day clearance of compliance checks and registration of interdepartmental decree.

(b) The asset was divested on 28 March 2024 for a consideration of €15.9 million.

(c) The asset was divested on 4 April 2024 for a consideration of €1.8 million.

**Material accounting policy information**

Assets and liabilities that are highly probable to be recovered primarily through sale rather than through continuing use, are classified as held for sale and accounted for as current assets. Immediately before classification as held for sale, the assets are remeasured in accordance with applicable IFRSs. Thereafter, the disposal groups classified as held for sale are generally measured at the lower of their carrying amount and fair value less costs to sell. Investment properties held for sale are measured at fair value or contracted selling price.

Impairment losses on initial reclassification as held for sale and subsequent gains or losses on remeasurement are recognised in the Consolidated Statement of Total Return. Gains are not recognised in excess of any cumulative impairment loss.

## 17. OTHER RECEIVABLES AND PAYABLES

### Overview

This note provides further information about material assets and liabilities that are incidental to SERT's and the Trust's trading activities, being receivables, loans receivable and payables.

### (a) Receivables

| | Note | SERT 2024 €'000 | SERT 2023 €'000 | Trust 2024 €'000 | Trust 2023 €'000 |
|---|---|---|---|---|---|
| **Current** | | | | | |
| Rental receivables | | 12,302 | 9,033 | – | – |
| Impairment loss | 14(a) | (5,357) | (4,044) | – | – |
| | | 6,945 | 4,989 | – | – |
| Deposit | | 70 | 69 | – | – |
| VAT and GST receivables | | 3,841 | 4,296 | 176 | 189 |
| Other receivables | | 2,955 | 3,194 | 57 | 215 |
| Consideration receivable from divestment | (i) | 5,934 | – | – | – |
| Other receivables from subsidiaries | (ii),(iii) | – | – | 85 | 5,574 |
| Loans to subsidiaries | (ii),(iii) | – | – | 70,147 | 74,026 |
| Prepayments | | 1,872 | 1,902 | 15 | 12 |
| **Total receivables – current** | | **21,617** | **14,450** | **70,480** | **80,016** |
| **Non-current** | | | | | |
| Other receivables | | 91 | 87 | – | – |
| **Total receivables - non-current** | | **91** | **87** | **–** | **–** |

(i) In 2024, consideration receivable relates to the divestment of Via Rampa Cavalcavia 16-18, Venice Mestre, Italy completed on 19 December 2024.

(ii) Loans to subsidiaries and other receivables from subsidiaries are unsecured, interest-free and repayable on demand.

(iii) For the purpose of impairment assessment, loans to subsidiaries and other receivables from subsidiaries are considered to have low credit risk as the timing of payment is controlled by SERT, taking into account cash flow management within SERT, and there has been no significant increase in the risk of default on the loan since initial recognition. Accordingly, for the purpose of impairment assessment for these loans, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, management has taken into account the financial position of the subsidiaries, adjusted for factors that are specific to the subsidiaries and general economic conditions of the industry in which the subsidiaries operate, in estimating the probability of default of the loans as well as the loss upon default. Management determines the loans to subsidiaries and other receivables from subsidiaries are subject to immaterial credit loss.

**Material accounting policy information**

Trade and other receivables, including rental and service charge receivables are recognised initially at fair value and subsequently measured at amortised cost, less any expected credit losses. Refer to note 14(a) for further information about SERT's impairment policies.

**(b) Trade and other payables**

| | | SERT | | Trust | |
|---|---|---|---|---|---|
| | | **2024** | **2023** | **2024** | **2023** |
| | **Note** | **€'000** | **€'000** | **€'000** | **€'000** |
| **Current** | | | | | |
| Trade payables and accrued expenses | | 23,681 | 30,669 | 2,343 | 3,764 |
| Vendor funding - lease incentives | | 5,072 | 6,786 | – | – |
| Interest payable | | 5,137 | 4,618 | – | – |
| Deferred income | (i) | 3,927 | – | – | – |
| Payables to subsidiaries | (ii) | – | – | 170,689 | 112,793 |
| **Total payable – current** | | **37,817** | **42,073** | **173,032** | **116,557** |
| **Non-current** | | | | | |
| Payables to subsidiaries | (ii) | – | – | 191,770 | 170,830 |
| **Total payables - non-current** | | **–** | **–** | **191,770** | **170,830** |

(i) In 2024, deferred income relates to the lump sum received due to early refinancing of the original PGIM facility.

(ii) Payables to subsidiaries are unsecured, interest-free and repayable on demand, except for certain payables to a subsidiary amounting to €191,770,000 (2023: €170,830,000) which are due 36 to 60 months after the date of agreements and bore interest rates ranging from 2.23% to 6.43% (2023: 2.17% to 6.36%) per annum.

**Material accounting policy information**

*Trade and other payables*

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost. These amounts represent liabilities for goods and services provided to SERT prior to the end of the year and which are unpaid. The amounts are usually unsecured and paid within 30-60 days of recognition.

*Vendor funding – lease incentives*

As part of acquisitions of investment properties, the acquisition price of the properties is reduced for unpaid tenant incentives contracted for as at acquisition date. The acquisition price reduction is recorded as payable on the balance sheet. The liability is transferred to profit or loss as and when the respective tenant incentives are paid or taken.

# NOTES TO THE FINANCIAL STATEMENTS

**Year ended 31 December 2024**

## 18. OTHER LIABILITIES

| | SERT | |
|---|---|---|
| | **2024** | **2023** |
| | **€'000** | **€'000** |
| **Current** | | |
| Tenant security deposits | 21,299 | 20,228 |
| Rent in advance | 12,463 | 12,665 |
| Other liabilities | 1,061 | 3,341 |
| **Total other current liabilities** | **34,823** | **36,234** |
| **Non-current** | | |
| Other liabilities | 6,484 | 7,672 |
| **Total other non-current liabilities** | **6,484** | **7,672** |

**Material accounting policy information**

*Tenant security deposits*

Tenant security deposits are recognised at the fair value of the amount received within other current liabilities on the balance sheet. The liability is derecognised upon returning the deposit to the tenant at the end of the tenancy or transferred to profit or loss to the extent of rent owed when it has been established that a tenant will default on its rental payment obligations.

*Rent in advance*

Rent in advance represents rental payments received in advance of due date from tenants. Rent in advance is recognised within other current liabilities on the balance sheet. The liability is transferred to rental income within profit or loss as and when the service of providing lettable space to a tenant is provided.

## 19. CASH FLOW INFORMATION

**Overview**

This note provides further information about cash accounting policy and a reconciliation of net debt.

**(a) Net debt reconciliation**

*Net debt*

| | SERT | | Trust | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| | **€'000** | **€'000** | **€'000** | **€'000** |
| Cash and cash equivalents | 38,536 | 73,795 | 2,558 | 3,309 |
| Gross borrowings – current | (450,000) | – | – | – |
| Gross borrowings – non-current | (506,805) | (954,005) | – | – |
| **Net debt** | **(918,269)** | **(880,210)** | **2,558** | **3,309** |

*Movements in net debt*

| | Cash and cash equivalents €'000 | Borrowings – current €'000 | Borrowings – non-current €'000 | Net debt €'000 |
|---|---|---|---|---|
| **SERT** | | | | |
| At 1 January 2023 | 35,432 | (50,630) | (969,275) | (984,473) |
| Cash flows | 38,363 | 50,630 | 11,927 | 100,920 |
| Gain on bond buyback | – | – | 3,343 | 3,343 |
| **Net debt at 31 December 2023** | **73,795** | **–** | **(954,005)** | **(880,210)** |
| Cash flows | (35,259) | – | (2,800) | (38,059) |
| Reclassification | – | (450,000) | 450,000 | – |
| **Net debt at 31 December 2024** | **38,536** | **(450,000)** | **(506,805)** | **(918,269)** |

**(b) Reconciliation of assets and liabilities from financing activities**

| | Other liabilities –Finance lease liabilities €'000 | Derivative financial liability €'000 | Derivative financial assets €'000 |
|---|---|---|---|
| **SERT** | | | |
| At 1 January 2023 | (6,205) | – | 19,150 |
| Acquisition | (1,824) | – | – |
| Cash flows | 599 | 986 | – |
| Fair value changes | – | (1,265) | (7,504) |
| Finance costs | (149) | – | – |
| Others | – | – | 2 |
| **At 31 December 2023** | **(7,579)** | **(279)** | **11,648** |
| Cash flows | 511 | – | – |
| Fair value changes | – | (202) | (2,521) |
| Finance costs | (285) | – | – |
| Others | 618 | – | (1) |
| **At 31 December 2024** | **(6,735)** | **(481)** | **9,126** |

**Material accounting policy information**

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## 20. RELATED PARTIES

**Overview**

Related parties are persons or entities that are related to SERT as defined by IAS 24 *Related Party Disclosures*. These include directors and their close family members and any entities they control, Trustee, the Manager, as well as subsidiaries, associates and joint ventures of the Manager's parent entity, Cromwell Corporation Limited ("CCL") and any entities which are considered to have significant influence over CCL.

From 24 December 2024, following the completion of the sale of CCL's stakes in SERT and its European fund management platform (including the Manager and property manager of SERT), CCL and its subsidiaries, associates, joint ventures and any entities which were considered to have significant influence over CCL ceased to be related to SERT. The new controlling shareholder of the Manager, Stoneweg Management SA ("SMSA") and controlling unitholder of SERT, SWI Group and their subsidiaries, associates, joint ventures and any entities which are considered to have significant influence over SMSA and SWI Group are now considered as related parties of SERT.

Related parties include all entities that are defined as Interested Persons under the SGX-ST Listing Manual or Interested Parties under the Code of CIS.

This note provides information about transactions with related parties during the year. All of SERT's transactions with related parties are on normal commercial terms and conditions and at market rates.

**(a) Other related party transactions**

The Manager and the property manager, which are 100% controlled by CCL or SWI Group, and the Trustee received various fees during the year. Details of the fees paid/payable have been disclosed in note 3 to the financial statements.

As at 31 December 2024, a total of €5,275,000 (2023: €10,016,000) remains payable.

## 21. UNRECOGNISED ITEMS

**Overview**

Items that have not been recognised on SERT's balance sheet include contractual commitments for future expenditure and contingent liabilities if applicable, which are not sufficiently certain to qualify for recognition as a liability on the balance sheet. This note provides details of any such items. Additionally, disclosure is also made of any other material contractual arrangements that may result in future cash outflows.

**(a) Capital and development expenditure commitments**

Commitments in relation to capital and development expenditure contracted for at reporting date but not recognised as a liability are as follows:

| | SERT | |
|---|---|---|
| | 2024 €'000 | 2023 €'000 |
| **Investment properties** | **16,882** | **18,279** |

## 22. SUBSEQUENT EVENTS

(a) On 30 January 2025, Lux Finco issued €500 million Green Notes comprised in Series 002 ("Series 002 Notes") at a coupon of 4.25% p.a. and a reoffer yield of 4.343% p.a., payable annually in arrear, with a tenor of 6 years. The Series 002 Notes are issued under the €1.5 billion Euro Medium Term Note Programme established in October 2020, last updated on 16 January 2025. The Series 002 Notes are labelled "Green" according to the International Capital Markets Association 2021 Green Bond Principles. Net proceeds arising from the issuance of the Notes (after deducting costs of issuance) were used to redeem the outstanding SERT notes due in November 2025 and for general corporate purposes. SERT intends to finance or refinance eligible green assets from some of the net proceeds of the Green Bond.

(b) On 11 February 2025, SERT, through Lux Finco cancelled the €340.0 million bridge to bond facility following the issuance of the €500.0 million Series 002 Notes.

(c) On 14 February 2025, SERT, through Lux Finco redeemed at par the outstanding €450.0 million Series 001 senior unsecured fixed rate notes due in November 2025 and the notes were cancelled.

(d) On 26 February 2025, the Manager announced a distribution of 7.056 Euro cpu for the period from 1 July 2024 to 31 December 2024 comprising 5.288 Euro cpu of tax-exempt income component and 1.768 Euro cpu of capital component (2023: 7.903 Euro cpu for the period from 1 July 2023 to 31 December 2023 comprising 6.555 Euro cpu of tax-exempt income component and 1.348 Euro cpu of capital component).

(e) On 20 March 2025, the Manager announced the commencement of a unit buyback funded by recent divestments. Up to the date of signing these financial statements, a total of 338,400 units had been bought back. The units bought back will be cancelled.

## 23. FINANCIAL RATIOS

| | SERT | |
|---|---|---|
| | 2024 % | 2023 % |
| **Ratio of expenses to weighted average net assets**[(1)] | | |
| Including performance component of the Manager's management fees | 0.94 | 0.87 |
| Excluding performance component of the Manager's management fees | 0.94 | 0.87 |
| **Portfolio turnover rate**[(2)] | – | – |

(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 SERT, excluding property expenses, finance expenses, net foreign exchange differences and income tax expense. SERT did not pay any performance fee in FY 2024 and FY 2023.

(2) The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of SERT expressed as percentage of average net asset value in accordance with the formulae stated in the CIS.

## 24. BASIS OF PREPARATION AND OTHER MATERIAL ACCOUNTING POLICY INFORMATION

### Overview

This section sets out the (1) material accounting policy information upon which SERT's financial statements are prepared as a whole and (2) other material accounting policy information not otherwise described in the notes to the financial statements. Where material accounting policy information is specific to a line item in the financial statements, the policy is described within the note for that line item.

**(a) Basis of preparation**

The consolidated financial statements have been prepared in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and the recommendations of *Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" (Revised 2017)* issued by the Institute of Singapore Chartered Accountants, the relevant provisions of the Trust Deed, and the relevant requirements of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore ("MAS").

The financial statements have been authorised for issue on 28 March 2025.

*Historical cost convention*

The financial report is prepared on the historical cost basis except for the following:

- investment properties are measured at fair value;
- derivative financial instruments are measured at fair value.

**(b) Principles of consolidation**

*Subsidiaries*

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries as at 31 December 2024 and the results of all subsidiaries for the financial year then ended. Subsidiaries are entities controlled by the Trust. Control exists when the Trust is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The acquisition method of accounting is used to account for business combinations by SERT. Inter-entity transactions, balances and unrealised gains on transactions between SERT entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by SERT.

A business for business combination purposes is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities.

Entities acquired, that do not meet the definition of a business are accounted for as acquisition of an asset or a group of assets. This is generally the case if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets such as investment properties.

Investments in subsidiaries are accounted for at cost in the individual financial statements of the Trust. A list of subsidiaries appears in Note 15 to the consolidated financial statements.

**(c) Foreign currency translation**

*Functional and presentation currency*

Items included in the financial statements of each of SERT's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Euro, which is the Trust's functional currency.

*Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income, except when they are attributable to part of the net investment in a foreign operation. Foreign exchange gains and losses that relate to borrowings are presented in the income statement, within finance costs. All other foreign exchange gains and losses are presented in the income statement on a net basis.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

**(d) Impairment of assets**

At each reporting date, and whenever events or changes in circumstances occur, SERT assesses whether there is any indication that any other asset may be impaired. Where an indicator of impairment exists, SERT makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Assets other than goodwill that suffer impairment are reviewed for possible reversal of the impairment at each reporting date.

**(e) Critical accounting estimates**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical or professional experience and other factors such as expectations about future events. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The areas that involved a higher degree of judgement or complexity and may need material adjustment if estimates and assumptions made in preparation of these financial statements are incorrect are:

| Area of estimation | Note |
|---|---|
| Measurement of deferred tax assets/liabilities | 8 |
| Fair value of investment properties | 9 |

**(f) New accounting standards and interpretations**

*(i) New and amended standards adopted*

In the current year, SERT has applied the standards, amendments to and interpretations of IFRS Accounting Standards issued by the IASB that are effective for annual periods that begin on or after 1 January 2024. The adoption has not had any material impact on SERT's financial statements.

*(ii) New standards and interpretations not yet adopted*

At the date of authorisation of these financial statements, SERT has not applied the following new and revised IFRS Accounting Standards that have been issued or amended but are not yet effective:

| | **Application date of Standard** | **Application date for SERT** |
|---|---|---|
| Amendments to IAS 21 *Lack of Exchangeability* | 1 January 2025 | 1 January 2025 |
| IFRS 9 and IFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* | 1 January 2026 | 1 January 2026 |
| Annual Improvements to IFRS Accounting Standards – Volume 11 | 1 January 2026 | 1 January 2026 |
| IFRS 18 *Presentation and Disclosures in Financial Statements* | 1 January 2027 | 1 January 2027 |

<u>Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability*</u>

The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not.

The amendments state that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

An entity assesses whether a currency is exchangeable into another currency at a measurement date and for a specified purpose. If an entity is able to obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, the currency is not exchangeable into the other currency.

The assessment of whether a currency is exchangeable into another currency depends on an entity's ability to obtain the other currency and not on its intention or decision to do so.

When a currency is not exchangeable into another currency at a measurement date, an entity is required to estimate the spot exchange rate at that date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions.

The amendments do not specify how an entity estimates the spot exchange rate to meet that objective. An entity can use an observable exchange rate without adjustment or another estimation technique. Examples of an observable exchange rate include:

- a spot exchange rate for a purpose other than that for which an entity assesses exchangeability
- the first exchange rate at which an entity is able to obtain the other currency for the specified purpose after exchangeability of the currency is restored (first subsequent exchange rate).

An entity using another estimation technique may use any observable exchange rate—including rates from exchange transactions in markets or exchange mechanisms that do not create enforceable rights and obligations—and adjust that rate, as necessary, to meet the objective as set out above.

When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, the entity is required to disclose information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments add a new appendix as an integral part of IAS 21. The appendix includes application guidance on the requirements introduced by the amendments. The amendments also add new Illustrative Examples accompanying IAS 21, which illustrate how an entity might apply some of the requirements in hypothetical situations based on the limited facts presented.

In addition, the IASB made consequential amendments to IFRS 1 to align with and refer to the revised IAS 21 for assessing exchangeability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with earlier application permitted. An entity is not permitted to apply the amendments retrospectively. Instead, an entity is required to apply the specific transition provisions included in the amendments.

The Manager anticipates that the application of these amendments may have an impact on SERT's consolidated financial statements in future periods.

SERT is currently assessing the impact of the amendments.

IFRS 9 and IFRS 7: *Amendments to the Classification and Measurement of Financial Instruments*

The amendments were issued to address the following topics.

Derecognition of a financial liability settled through electronic transfer:

- The amendments to the application guidance of IFRS 9 permit an entity to make an election to deem a financial liability (or part of it) that will be settled in cash using an electronic payment system to be discharged before the settlement date if specified criteria are met. This election applies to all settlements made through the same electronic payment system.

Classification of financial assets:

- Basic lending arrangement – The amendments to the application guidance of IFRS 9 provide guidance on the assessment on elements of interest to focus on what an entity is being compensated for and for contingent features that changes the contractual cash flows to meet solely payment for principal and interest on principal amount outstanding (SPPI) only when the cash flows are not significantly different from an identical financial instrument without such contingent feature, in all contractually possible scenarios. The amendments add examples on financial assets with carbon emissions features that have, or do not have, cash flows that are SPPI.
- Assets with non-recourse features – The amendments clarify that a financial asset has 'non-recourse' features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.
- Contractually linked instruments – The amendments clarify the characteristics of contractually linked instruments (CLI) and illustrate through an example that some transactions containing multiple debt instruments is not in scope of the CLI requirements. In addition, the amendments clarify that the underlying pool of financial instruments in a CLI transaction may include financial instruments that are not within the scope of the classification requirements of IFRS 9.

Disclosures:

- Investments in equity instruments designated at fair value through other comprehensive income – The amendments add disclosure requirements in IFRS 7 for an entity to disclose for each class of such investment the fair value change presented in other comprehensive income during the period, showing separately the fair value change related to investments derecognised in the period and investments held at the end of the period.
- Contractual terms that could change the timing or amount of contractual cash flows based on a contingent event that does not relate directly to basic lending risks and costs - The amendments require disclosure to understand the effect of such contractual terms through qualitative and quantitative information of the nature of the contingent event and about the possible changes to contractual cash flows arising from those contractual terms. This information is disclosed by class of financial assets measured at amortised cost or fair value through other comprehensive income and by class of financial liabilities measured at amortised cost.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026 with earlier application permitted.

An entity is required to apply the amendments retrospectively, in accordance with IAS 8, except that it is not required to restate comparatives unless the entity is able to do so without the use of hindsight.

The Manager anticipates that the application of these amendments may have an impact on SERT's consolidated financial statements in future periods.

SERT is currently assessing the impact of the amendments.

Annual Improvements to IFRS Accounting Standards –Volume 11

The Annual Improvements include amendments to five standards which are limited to changes that either clarify the wording in the standards or correct relatively minor unintended consequences, oversights or conflicts between the requirements of the standards. Amendments are made to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements and IAS 7 Statement of Cash Flows to address potential confusion arising from the inconsistency in wording between the standards or the accompanying implementation guidance or arising from an obsolete reference to deleted paragraph in the standards, and to provide clarity to certain paragraph in the standards and application of the requirements in the standards.

The amendments are effective for annual periods beginning on or after 1 January 2026 with early application permitted.

The amendments do not include transition requirements, other than that an entity is required to apply the amendment to IFRS 9:2.1(b)(ii) to lease liabilities that are extinguished on or after the beginning of the annual reporting period in which the entity first applies that amendment.

The Manager anticipates that the application of these amendments may have an impact on SERT's consolidated financial statements in future periods.

SERT is currently assessing the impact of the amendments.

IFRS *18 Presentation and Disclosures in Financial Statements*

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share.

IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation.

An entity is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions.

The Manager anticipates that the application of the new accounting standard may have an impact on SERT's consolidated financial statements in future periods.

SERT is currently assessing the impact of the new accounting standard.

# 07 ADDITIONAL INFORMATION

**INTERESTED PERSON (AS DEFINED IN THE LISTING MANUAL) AND INTERESTED PARTY (AS DEFINED IN THE PROPERTY FUNDS APPENDIX) TRANSACTIONS**

Transactions entered into with interested persons/parties during the financial year falling under the Listing Manual of SGX-ST (the "Listing Manual") and the Property Funds Appendix of the CIS are as follows:

| Name of interested person / party | Nature of relationship | Aggregate value of all interested person / party transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under unitholders' mandate pursuant to Rule 920) €'000 | Aggregate value of all interested person / party transactions conducted under unitholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) €'000 |
|---|---|---|---|
| **Cromwell Property Group and its related companies / SWI Group and its related companies**[1] | **Ultimate controlling shareholder of the Manager and Ultimate controlling Unitholder** | | |
| – Divestment fees | | 160[2] | – |
| – Base management fees | | 5,431 | – |
| – Property & portfolio management fees | | 15,821 | – |
| – Leasing fees | | 3,472 | – |
| – Project management fees | | 1,943 | – |
| – Development management fees | | 67 | – |
| **Perpetual (Asia) Limited and its related companies** | **SERT Trustee** | | |
| Trustee fees | | 270 | – |

(1) From 24 December 2024, following the completion of the sale of Cromwell Property Group's stake in SERT and its European fund management platform, Cromwell Property Group and its related companies ceased to be related to SERT and SWI Group and its related companies become related to SERT.

(2) Divestment fee of 0.5% on the gross sale price of investment property divested by SERT during the financial year.

Saved as disclosed above, there were no additional interested person / party transactions (excluding transactions of less than S$100,000 each) entered into up to and including 31 December 2024 nor any material contracts entered by SERT or any of its subsidiaries that involve the interests of the CEO, any Directors or any controlling Unitholder of the Trust.

Please also see the Related Party in Note 20 to the financial statements.

The entry into and the fees payable pursuant to the Trust Deed have been approved by the Unitholders upon purchase of the Units at the initial public offering of SERT on the SGX-ST in November 2017 and are therefore not subject to Rules 905 and 906 of the Listing Manual.

# 07 ADDITIONAL INFORMATION

### PERCENTAGE OF TOTAL OPERATING EXPENSES TO NET ASSETS

| | 2024 |
|---|---|
| Total operating expenses of the property fund, including all fees and charges paid to the Manager and interested parties [(1)] (€'000) | 95,624 |
| Net assets attributable to Unitholders (€'000) | 1,140,818 |
| Percentage of total operating expenses to net assets attributable to Unitholders (%) | 8.4 |

Note:

(1) Excludes net finance costs and net foreign exchange gain/loss

# 07 STATISTICS OF UNITHOLDINGS

**As at 11 March 2025**

Issued and Fully Paid Units: 562,392,116

Voting rights: 1 vote per Unit. There is only one class of Units in SERT.

Market capitalisation is €770,477,199 based on the market closing price of €1.370 on 11 March 2025.

As at 11 March 2025, there are no treasury units held by SERT or the Manager.

## SUBSTANTIAL UNITHOLDERS AS AT 11 MARCH 2025

Based on the Register of Substantial Unitholders' Unitholdings, the interests of Substantial Unitholders in Units are as follows:

| | **Direct Interest** | | **Deemed Interest** | |
|---|---|---|---|---|
| **Name of Substantial Unitholders** | **No. of Units** | **%[1]** | **No. of Units** | **%[1]** |
| Stoneweg Global Platform SCSp[2] | 154,448,839 | 27.46 | 1,667,183 | 0.30 |
| Stoneweg GP S.A.[3] | – | – | 156,116,022 | 27.76 |
| Stoneweg S.A.[3] | – | – | 156,116,022 | 27.76 |
| Philae Real Estate S.A. [3] | – | – | 156,116,022 | 27.76 |
| JSM Holding S.A.[3] | – | – | 156,116,022 | 27.76 |
| 3 J Holding I SCSp[3] | – | – | 156,116,022 | 27.76 |
| Fromenteau Holding S.A.[3] | – | – | 156,116,022 | 27.76 |
| Stoneweg International S.A.[3] | – | – | 156,116,022 | 27.76 |
| Jaume Sabater Martos[3] | – | – | 156,116,022 | 27.76 |
| Doblel Triplej Swiss Holding S.A.[3] | – | – | 156,116,022 | 27.76 |
| Joaquin Castellvi Lopez[3] | – | – | 156,116,022 | 27.76 |
| SW Participation S.A.[3] | – | – | 156,116,022 | 27.76 |
| Icona Swiss Holding S.A.[3] | – | – | 156,116,022 | 27.76 |
| ICG (f.k.a. Icona Capital Group S.à.r.l)[3] | – | – | 156,116,022 | 27.76 |
| Icona Asia Pacific Holding Pte. Ltd. [3] | – | – | 156,116,022 | 27.76 |
| CBH Compagnie Bancaire Helvétique S.A.[3] | – | – | 156,116,022 | 27.76 |
| CBH Holding S.A.[3] | – | – | 156,116,022 | 27.76 |
| I.B.H. SA[3] | – | – | 156,116,022 | 27.76 |
| Max-Herve George[3] | – | – | 156,116,022 | 27.76 |
| Mycol Benhamou Namdar[3] | – | – | 156,116,022 | 27.76 |
| Engelwood Asset Management S.A.[3] | – | – | 156,116,022 | 27.76 |
| Hillsboro Capital, Ltd. | 40,757,460 | 7.25 | – | – |
| Mr Andrew L. Tan[4] | – | – | 41,210,460 | 7.33 |
| UBS Group AG[5] | – | – | 28,099,463 | 5.00 |
| UBS AG[6] | 78,950 | 0.01 | 28,020,513 | 4.98 |

Notes:

(1) The percentage is based on 562,392,116 Units in issue as at 11 March 2025.

(2) Stoneweg EREIT Management Pte. Ltd. ("**SEM**") is holding 1,667,183 units in Stoneweg European Real Estate Investment Trust ("**SERT**"). Stoneweg Management S.A. is the holding company of SEM. Stoneweg Management S.A is a wholly-owned subsidiary of Stoneweg Holding S.A., which is in turn a wholly-owned subsidiary of Stoneweg Global Platform SCSp ("**SGPS**"). Therefore, SGPS is deemed interested in 1,667,183 SERT's Units held by SEM.

(3) a) Stoneweg Global Platform SCSp ("**SGPS**") has a direct interest 154,448,839 units, and deemed interest in 1,667,183 Units in SERT (collectively as "**SERT Units**") pursuant to the transaction described in Note (2) above.

b) Stoneweg GP S.A. is the sole general partner of SGPS and therefore has deemed interest in the SERT Units pursuant to the Securities and Futures Act 2001 ("**SFA**").

c) Stoneweg S.A. owns at least 20% of Stoneweg GP S.A. and therefore has deemed interest in the SERT Units pursuant to the SFA.

d) Philae Real Estate S.A. ("**PRES**") owns at least 20% of Stoneweg S.A. and therefore has deemed interest in the SERT Units pursuant to the SFA.

e) JSM Holding S.A. owns at least 20% of PRES, including an indirect ownership through its interest of at least 20% in 3 J Holding I SCSp, which in turn owns at least 20% in Fromenteau Holding S.A., which finally holds at least 20% of PRES. Therefore, JSM Holding S.A., 3 J Holding I SCSp and Fromenteau Holding S.A. have deemed interest in the SERT Units pursuant to the SFA.

f) Stoneweg International S.A. is the sole general partner of 3 J Holding I SCSp and therefore has deemed interest in the SERT Units pursuant to the SFA.

g) Jauma Sabater Martos owns at least 20% of Stoneweg International S.A. and at least 20% of JSM Holding S.A. and therefore has deemed interest in the SERT Units pursuant to the SFA.

h) Doblel Triplej Swiss Holding S.A. owns at least 20% of PRES. Therefore, it has deemed interest in the SERT Units pursuant to the SFA.

i) Joaquin Castellvi Lopez owns at least 20% of Doblel Triplej Swiss Holding S.A. and therefore has deemed interest in the SERT Units pursuant to the SFA.

j) SW Participation S.A. ("**SWPSA**") owns at least 20% of Stoneweg S.A. and therefore has deemed interest in the SERT Units pursuant to the SFA.

k) Icona Swiss Holding S.A. owns at least 20% of SWPSA and therefore has deemed interest in the SERT Units pursuant to the SFA.

l) ICG (f.k.a. Icona Capital Group S.à.r.l) owns at least 20% of Icona Swiss Holding S.A. and therefore has deemed interest in the SERT Units pursuant to the SFA.

m) Icona Asia Pacific Holding Pte. Ltd. owns at least 20% of ICG and therefore has deemed interest in the SERT Units pursuant to the SFA.

n) CBH Compagnie Bancaire Helvétique S.A. owns at least 20% of SWPSA and therefore has deemed interest in the SERT Units pursuant to the SFA.

o) CBH Holding S.A. owns at least 20% of CBH Compagnie Bancaire Helvétique S.A. and therefore has deemed interest in the SERT Units pursuant to the SFA.

p) I.B.H. SA owns at least 20% of CBH Holding S.A. and therefore has deemed interest in the SERT Units pursuant to the SFA.

q) Max-Herve George owns at least 20% of Icona Asia Pacific Holding Pte. Ltd. and I.B.H. SA, therefore has deemed interest in the SERT Units pursuant to the SFA.

r) Mycol Benhamou Namdar owns at least 20% of CBH Holding S.A. and therefore has deemed interest in the SERT Units pursuant to the SFA.

s) Engelwood Asset Management S.A. is the fund manager of SGPS, regulated and authorized by the Commission de Surveillance du Secteur Financier of Luxembourg to serve as the "alternative investment fund manager" of an alternative investment fund under the applicable law in Luxembourg. Since Engelwood Asset Management S.A. is the fund manager of SGPS, it has a deemed interest in the SERT Units pursuant to the SFA.

(4) Mr. Andrew L. Tan is a shareholder of the holding entities Hillsboro Capital, Ltd. (with a 36.4% economic beneficial interest) and Worldwide Property Financing Limited (with a 40% economic beneficial interest). Under Section 4(5) of the SFA, Mr Andrew L. Tan (by virtue of owning more than 20% of the aforementioned entities) is deemed interested in 39,456,460 units held by Hillsboro Capital, Ltd., and 1,754,000 units held by Worldwide Property Financing Limited.

(5) Deemed interests arising by virtue of (a) UBS Group AG having an interest, or (b) Section 7(4) or 7(4A) of the Companies Act in Units over which subsidiaries/affiliates of UBS Group AG have an interest, by reason of the ability to exercise voting discretion and to acquire/dispose of shares.

(6) Deemed interests arising by virtue of (a) UBS AG having an interest, or (b) Section 7(4) or 7(4A) of the Companies Act in Units over which subsidiaries/affiliates of UBS AG have an interest, by reason of the ability to exercise voting discretion and to acquire/dispose of shares.

# 07 STATISTICS OF UNITHOLDINGS

**As at 11 March 2025**

## DISTRIBUTION OF UNITHOLDINGS

| SIZE OF UNITHOLDINGS | NO. OF UNITHOLDERS | % | NO. OF UNITS | % |
|---|---|---|---|---|
| 1 – 99 | 184 | 4.10 | 7,320 | 0.00 |
| 100 – 1,000 | 1,069 | 23.86 | 577,709 | 0.10 |
| 1,001 – 10,000 | 2,507 | 55.95 | 9,373,310 | 1.67 |
| 10,001 – 1,000,000 | 703 | 15.69 | 24,742,831 | 4.40 |
| 1,000,001 AND ABOVE | 18 | 0.40 | 527,690,946 | 93.83 |
| **TOTAL** | **4,481** | **100.00** | **562,392,116** | **100.00** |

## TWENTY LARGEST UNITHOLDERS

| NO. | NAME | NO. OF UNITS | % |
|---|---|---|---|
| 1 | DBS NOMINEES (PRIVATE) LIMITED | 265,252,998 | 47.17 |
| 2 | CITIBANK NOMINEES SINGAPORE PTE LTD | 135,350,785 | 24.07 |
| 3 | RAFFLES NOMINEES (PTE.) LIMITED | 47,400,148 | 8.43 |
| 4 | HSBC (SINGAPORE) NOMINEES PTE LTD | 21,104,762 | 3.75 |
| 5 | DBSN SERVICES PTE. LTD. | 17,374,244 | 3.09 |
| 6 | ABN AMRO CLEARING BANK N.V. | 7,813,367 | 1.39 |
| 7 | DB NOMINEES (SINGAPORE) PTE LTD | 6,438,809 | 1.14 |
| 8 | OCBC SECURITIES PRIVATE LIMITED | 4,539,785 | 0.81 |
| 9 | PHILLIP SECURITIES PTE LTD | 4,364,290 | 0.78 |
| 10 | CGS INTERNATIONAL SECURITIES SINGAPORE PTE. LTD. | 2,845,618 | 0.51 |
| 11 | MAYBANK SECURITIES PTE. LTD. | 2,294,841 | 0.41 |
| 12 | BPSS NOMINEES SINGAPORE (PTE.) LTD. | 2,228,030 | 0.40 |
| 13 | IFAST FINANCIAL PTE. LTD. | 2,160,905 | 0.38 |
| 14 | BNP PARIBAS NOMINEES SINGAPORE PTE. LTD. | 2,101,010 | 0.37 |
| 15 | UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED | 1,941,299 | 0.35 |
| 16 | DBS VICKERS SECURITIES (SINGAPORE) PTE LTD | 1,854,565 | 0.33 |
| 17 | UOB KAY HIAN PRIVATE LIMITED | 1,578,045 | 0.28 |
| 18 | MERRILL LYNCH (SINGAPORE) PTE. LTD. | 1,047,445 | 0.19 |
| 19 | OCBC NOMINEES SINGAPORE PRIVATE LIMITED | 909,296 | 0.16 |
| 20 | LIEW CHEE KONG | 760,438 | 0.14 |
| | **TOTAL** | **529,360,680** | **94.15** |

# 07 STATISTICS OF UNITHOLDINGS

**As at 11 March 2025**

**DIRECTORS' INTERESTS IN UNITS AS AT 21 JANUARY 2025**

Based on the Register of Directors' Unitholdings, the interests of the Directors in Units are as follows:

| | Direct Interest | | Deemed Interest | |
|---|---|---|---|---|
| **Name of Directors** | **No. of Units** | **%[1]** | **No. of Units** | **%[1]** |
| Lim Swe Guan | 111,000 | 0.02 | – | – |
| Christian Delaire | – | – | – | – |
| Fang Ai Lian | – | – | – | – |
| Simon Garing[2] | 241,757 | 0.04 | – | – |
| Jaume Sabater Martos[3] | – | – | 156,233,700 | 27.78 |
| Yovav Carmi | – | – | – | – |

Notes:

(1) The percentage is based on 562,392,116 Units in issue as at 21 January 2025.

(2) Excludes Units that will vest under the Manager's PUP.

(3) As at 21 January 2025, Mr Jaume Martos Sabater has deemed interest in 154,448,839 Units held by SGPS and 1,784,861 Units held by SEM.

**PUBLIC HOLDINGS AS AT 11 MARCH 2025**

Based on the information available, approximately 59.92% of the issued Units in SERT is held by the public as at 11 March 2025 and therefore, pursuant to Rules 1207 and 723 of the Listing Manual of the SGX-ST, it is confirmed that at least 10% of the issued Units in SERT is held by the public. Accordingly, Rule 723 of the Listing Manual of the SGX-ST has been complied with. For the purposes of SGX-ST Listing Manual, the non-public Unitholdings include substantial Unitholders who own 5% or more, Directors, CEOs, controlling shareholders of the company and its subsidiaries and associates of the above-mentioned.

**PERCENTAGE OF ISSUED UNITS HELD BY UNITHOLDERS WITH LESS THAN 10% UNITHOLDINGS AS AT 11 MARCH 2025**

Based on the information available, approximately 72.24% of the Units issued in SERT is held by Unitholders with less than 10% Unitholdings as at 11 March 2025. The only Unitholder that holds more than 10% of Units (defined as "restricted") is Stoneweg Global Platform SCSp (27.76%). As per definitions used by FTSE Russell for the calculation of "free-float restrictions" for the purpose of various FTSE related indices.

# 07 NON-EXHAUSTIVE GLOSSARY

## OF TERMS AND FIRST MENTIONS

| Terms and First Mentions | Definitions |
|---|---|
| “**1Q 2024**” | 1 January to 31 March 2024 |
| “**2Q 2024**” | 1 April to 30 June 2024 |
| “**3Q 2024**” | 1 July to 30 September 2024 |
| “**4Q 2024**” | 1 October to 31 December 2024 |
| “**1H 2024**” | 1 January to 30 June 2024 |
| “**2H 2024**” | 1 July to 31 December 2024 |
| **“1Q 2025”** | 1 January 2025 to 31 March 2025 |
| “**€**” or “**EUR**” or “**Euro**” | Euro Dollar |
| “**AEI(s)**” | Asset enhancement initiative(s) |
| “**Aggregate leverage**” | The ratio of a REIT’s debt to its total deposited property value, also known as “gearing” |
| “**AGM**” | Annual General Meeting |
| “**AIFM**” | Alternative investment fund management |
| “**APAC**” | Asia Pacific |
| “**ARC**” | Audit and risk committee |
| “**AUM**” | Assets under management |
| “**BAU**” | Business as usual |
| “**BCP**” | Business continuity planning |
| “**BMS**” | Building management system |
| “**Board of Directors**” or the “**Board**” | Board of Directors of the Manager |
| “**BREEAM**” | Building Research Establishment Environmental Assessment Methodology |
| “**capex**” | Capital expenditure |
| “**CBRE**” | CBRE Limited |
| “**CEO**” | Chief Executive Officer |
| “**CFO**” | Chief Financial Officer |
| “**CIO**” | Chief Investment Officer |
| “**CIS Code**” | The Code on Collective Investment Schemes |
| “**Code**” | Code of Corporate Governance 2018 |
| “**Company Secretary**” | Company secretary of the Manager |
| “**COO**” | Chief Operating Officer |
| “**cpu**” | Cents per Unit |
| “**CPI**” | Consumer Price Index |
| “**Deepki**” | Data management platform designed to digitalize the management of large property portfolios |
| “**Deloitte**” | Deloitte & Touche LLP |
| “**Demanio**” | Agenzia del Demanio (Italian government) |
| “**Director(s)**” | Director(s) of the Manager |
| “**DPU**” | Distribution per Unit |
| “**DRP**” | Distribution reinvestment plan |
| “**EGM**” | Extraordinary general meeting |
| “**EMTN**” | Euro medium-term note |
| “**EPC**” | Energy performance certificate |
| “**EPRA**” | European Public Real Estate Association |
| “**EPRA sBPR**” | EPRA Sustainability Best Practices Recommendations |
| “**ERM**” | Enterprise risk management |
| “**ERV**” | Estimated rental value |
| “**ESG**” | Environment, social and governance |

# 07 NON-EXHAUSTIVE GLOSSARY

## OF TERMS AND FIRST MENTIONS

| Terms and First Mentions | Definitions |
|---|---|
| "**Fitch Ratings**" | Fitch Ratings Singapore Pte Ltd |
| "**FTSE**" | The Financial Times Stock Exchange Group, now known as the FTSE Russell Group |
| "**FY 2021**" | 1 January 2021 to 31 December 2021 |
| "**FY 2022**" | 1 January 2022 to 31 December 2022 |
| "**FY 2023**" | 1 January 2023 to 31 December 2023 |
| "**FY 2024**" | 1 January 2024 to 31 December 2024 |
| "**€STR**" | Euro Short-Term Rate |
| "**CSA**" | S&P Corporate Sustainability Assessment |
| "**GAV**" | Gross asset value |
| "**GDP**" | Gross domestic product |
| "**GIFT**" | Governance Index For Trusts |
| "**GRESB**" | Global Real Estate Sustainability Benchmark |
| "**GRI**" | Global Reporting Initiative |
| "**IAS**" | International Accounting Standards |
| "**ID(s)**" | Independent director(s) |
| "**IIA**" | Institute of Internal Auditors Singapore |
| "**Interested Party Transaction(s)**" | The meaning ascribed to it in the Property Funds Appendix |
| "**Interested Person Transaction(s)**" | The meaning ascribed to it in the SGX-ST Listing Manual |
| "**IPO**" | Initial public offering |
| "**IT**" | Information technology |
| "**JLL**" | Jones Lang LaSalle B.V. |
| "**KMP**" | Key management personnel of the Manager |
| "**KPI (s)**" | Key performance indicators |
| "**KPMG**" | KPMG Services Pte. Ltd. |
| "**LEED**" | Leadership in Energy and Environmental Design |
| "**Listing Date**" | 30 November 2017 |
| "**Listing Manual**" | The Listing Manual of the SGX-ST |
| "**Listing Rules**" | Listing rules of the SGX-ST |
| "**LTI**" | Long-term incentive |
| "**Manager**" or "**Manager of SERT**" | Stoneweg EREIT Management Pte. Ltd. |
| "**Management**" or the "**management team**" | The Management team of the Manager |
| "**MAS**" | Monetary Authority of Singapore |
| "**MSCI**" | MSCI Inc |
| "**NAV**" | Net asset value |
| "**NLA**" | Net lettable area |
| "**NOI Yield**" | NOI yield is calculated as the annualised Day 1 net operating income pre-asset management fees divided by the purchase price including purchase costs |
| "**NPI**" | Net property income |
| "**NRC**" | Nominating and remuneration committee |
| "**NTA**" | Net tangible assets |
| "**p.p.**" | Percentage points |
| "**pcp**" | Prior corresponding period |
| "**Property Funds Appendix**" | Appendix 6 of the CIS Code, issued by the MAS in relation to property funds |
| "**Property Manager**" | Stoneweg Europe Limited |

# 07 NON-EXHAUSTIVE GLOSSARY

## OF TERMS AND FIRST MENTIONS

| Terms and First Mentions | Definitions |
|---|---|
| “**PUP**” | Performance unit plan |
| “**RCF**” | Revolving credit facility |
| “**REIT**” | Real estate investment trust |
| “**REITAS**” | Real Estate Association of Singapore |
| “**Related Party**” | Refers to an “Interested Person” under the Listing Manual and/or as the case may be, an “Interested Party” under the Property Funds Appendix |
| “**Related Party Transaction(s)**” | Refers to “Interested Person Transactions” under the Listing Manual and “Interested Party Transactions” under the Property Funds Appendix |
| “**ROFR or** “**Right of first refusal**” | Right granted for the first opportunity to purchase an asset or participate in a business transaction that falls within the mandate before it’s offered to anyone else |
| “**S$**” | Singapore Dollars |
| “**S-REIT(s)**” | Singapore real estate investment trust |
| “**S&P**” | Standard and Poors |
| “**Savills**” | Savills Advisory Services Limited |
| “**SC**” | Sustainability Committee |
| “**SERT ID(s)**” | Non-executive independent Directors |
| “**SERT’s Annual Report**” or “**Annual Report**” | Stoneweg European REIT’s annual report for financial year ended 31 December 2024 |
| “**SFDR**” | Sustainable Financial Disclosure Regulation |
| “**SFR**” | Securities and Futures (Licensing and Conduct of Business) Regulations |
| “**SGListCos**” | SGListCos is an association representing companies listed on the Mainboard and Catalist of Singapore Exchange |
| “**SGTI**” | Singapore Governance and Transparency Index |
| “**SGX-ST**” | Singapore Exchange Securities Trading Limited |
| “**SIAS**” | Securities Investors Association (Singapore) |
| “**STI**” | Short-term incentive |
| “**Stoneweg European REIT**” or “**SERT**” | Stoneweg European REIT |
| “**SWI Group**”, the “**Sponsor**” or the “**Group**” | SWI Group, an alternative investment platform specialising in real assets, data centres, credit and the financial sectors headquartered in Geneva |
| “**sqm**” | Square metres |
| “**Trustee**” | Perpetual (Asia) Limited, in its capacity as trustee of SERT |
| “**Trust Deed**” | The trust deed constituting SERT dated 28 April 2017 (as amended, varied or supplemented from time to time) |
| “**TSR**” | Total shareholder return |
| “**UK**” | The United Kingdom |
| “**Units**” | Units of SERT |
| “**Unitholders**” | Unitholders of SERT |
| “**VWAP**” | Volume weighted average price |
| “**WADE**” | Weighted average term of debt maturity in years |
| “**WALB**” | Weighted average lease term to break defined as the weighted average lease term in years to the next permissible tenant-customer lease break date |
| “**WALE**” | Weighted average lease term in years, based on the final termination date of the agreement (assuming the tenant-customer does not terminate the lease on any of the permissible break date(s), if applicable) |
| “**WELL**” | WELL building standard, issued by International WELL Building Institute |
| “**y-o-y**” | Year-on-year |

# 07 CORPORATE INFORMATION

**BOARD OF DIRECTORS**

**Lim Swe Guan**
Chair and Independent Non-Executive Director

**Fang Ai Lian**
Independent Non-Executive Director

**Christian Delaire**
Independent Non-Executive Director

**Jaume Sabater**
Non-Independent and Non-Executive Director

**Yovav Carmi**
Non-Independent Non-Executive Director

**Simon Garing**
CEO and Executive Director

**AUDIT AND RISK COMMITTEE**

**Fang Ai Lian**
Chair and Independent Non-Executive Director

**Lim Swe Guan**
Independent Non-Executive Director

**Christian Delaire**
Independent Non-Executive Director

**NOMINATING AND REMUNERATION COMMITTEE**

**Christian Delaire**
Chair and Independent Non-Executive Director

**Lim Swe Guan**
Independent Non-Executive Director

**Fang Ai Lian**
Independent Non-Executive Director

**Jaume Sabater**
Non-Independent Non-Executive Director

**SUSTAINABILITY COMMITTEE**

**Yovav Carmi**
Chair and Non-Independent Non-Executive Director

**Lim Swe Guan**
Independent Non-Executive Director

**Fang Ai Lian**
Independent Non-Executive Director

**Christian Delaire**
Independent Non-Executive Director

**Jaume Sabater**
Non-Independent Non-Executive Director

**Simon Garing**
Chief Executive Officer and Executive Director

**MANAGEMENT TEAM**

**Simon Garing**
Chief Executive Officer and Executive Director

**Shane Hagan**
Chief Financial Officer

**Andreas Hoffmann**
Chief Investment Officer

**Elena Arabadjieva**
Chief Operating Officer and Head of Investor Relations

**Kathleen Tan**
Head of Risk, Compliance and Company Secretarial

**COMPANY SECRETARY**

**Yoo Loo Ping**

**TRUSTEE**

**Perpetual (Asia) Limited**
16 Collyer Quay
#07-01
Singapore 049316

**MANAGER**

**Stoneweg EREIT Management Pte. Ltd.**
Registered Address
50 Collyer Quay
#07-02 OUE Bayfront
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**T** : +65 6920 7539
**F** : +65 6920 8108
**E** : enquiry@stoneweg.com.sg
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1 Harbourfront Avenue #14-07
Keppel Bay Tower
Singapore 098632
**T** : +65 6536 5355
**F** : +65 6536 1360

**AUDITORS**

**Deloitte & Touche LLP**
6 Shenton Way, OUE Downtown 2
#33-00 Singapore 068809
Partner in charge: Jeremy Toh
(Appointment date: 1 January 2023)

**STOCK INFORMATION**

| | | |
|---|---|---|
| SGX | : | CWBU and CWCU |
| Bloomberg | : | SERT:SP and SERTSGD:SP |
| Reuters | : | STON.SI and STON-D.SI |
| ISIN | : | SGXC37098255 |

**INVESTOR RELATIONS**

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# Independent Market Research

## Pan-European Real Estate

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

## FINAL REPORT

Savills Strategic Advisory

February 2025

# Contents

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

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

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

This report is provided by Savills (UK) Limited (Company number 02605138), a subsidiary of Savills plc, referred to herein as Savills. Savills registered office is 33 Margaret Street, London, W1G 0JD, and we have offices and associates throughout the Americas, Europe, Asia Pacific, Africa and the Middle East.

# 1. Market Context

## 1.1. Macroeconomic Drivers

The European real estate market in 2024 was influenced by the broader economic and political environment. Modest GDP growth and declining inflation rates led to expectations of central bank rate cuts, which provided support to the real estate sector. The market remained cautious due to geopolitical uncertainties and varied economic performances across countries.

Southern European countries, notably Spain, led the region's economic expansion through 2024. Oxford Economics data shows that Spain's GDP grew by 2.9% in 2024, driven by robust private consumption and investment, supported by dynamic job creation and real income gains for households. Italy's GDP expanded more modestly by 0.4%, with growth underpinned by consumer spending and public investment linked to the National Recovery and Resilience Plan (NRRP). In contrast, Germany faced economic challenges, with a slight GDP contraction of 0.2% in 2024, marking the second consecutive year of limited growth. The United Kingdom (UK) saw unexpected growth in the Q4 2024, resulting in an estimated annual GDP increase of 0.4% (Oxford Economics, 2025).

The eurozone economy reported zero growth during Q4 2024, although this understates the underlying momentum of the European economy, given that volatile Irish figures, and a post-Olympic Games anomaly in France drove the aggregate figure down. The aggregate eurozone figure also masks wide differences between countries. Spain and Portugal continued to outperform and are forecast to lead growth again this year, but Germany, France, and Italy all had either flat growth or contractions. Oxford Economics (2025) forecasts that the eurozone economy is expected to grow by 0.9% in 2025 and 1.1% in 2026. Southern European and Central and Eastern Europe (CEE) markets are expected to record the fastest economic growth during this period.

Eurozone inflation accelerated moderately in January 2025 to 2.5%, given rising energy prices (Oxford Economics, 2025). Core components remain stubbornly elevated and show no signs of abating pressure soon, and the main positive is food inflation falling steadily. The European Central Bank (ECB) cut rates by 25 basis points as expected in early 2025, as inflation is expected to average 2% this year. Monetary analysts expect the policy rate to be cut further by end 2025.

Looking forward, US President Donald Trump looks set to impose across-the-board tariffs on imports from the European Union (EU). Oxford Economics anticipate a 10% blanket tariff by the US and immediate retaliation by the EU in their forecast for eurozone GDP growth, which is now 0.3% lower for 2025 and 2026 compared to January 2025.

Europe is facing widespread labour market challenges, marked by worker shortages, skill gaps, and recruitment difficulties across most industries. These workforce dynamics impact real estate demand, as jobs and employment patterns are pivotal drivers of property markets. According to Eurostat (2025), the EU's unemployment rate hit a historic low of 5.9% in September 2024, while nearly 75% of manufacturing and service businesses struggled to find skilled workers. Despite these challenges, employment grew robustly, with over 219 million people employed in Q3 2024. This dichotomy underscores the labour market's complexity as it undergoes significant transformations.

For decades, population growth expanded the labour force, but this trend is now reversing as aging workers retire, shrinking the active workforce. While remote work initially broadened access to talent across geographies and increasingly internationally, shifting corporate preferences are challenging this. In response, occupiers are intensifying efforts to attract talent. Mixed-use developments, blending retail, office, and residential spaces, are gaining momentum, aligning with modern urban and workforce demands. These flexible spaces will increasingly be seen as a solution to the challenges posed by evolving labour market and lifestyle trends.

Technology is another force reshaping the labour landscape. Rapid innovation has outpaced the capacity of education and training systems to equip workers with the skills required for emerging roles. The rise of automation and artificial intelligence (AI) is disrupting traditional employment models, particularly in roles involving repetitive or routine tasks. Warehouses rely on increasing automation to undertake process based tasks, however, they still need skilled workers to operate advanced machinery and IT systems, and a shortage of qualified personnel is becoming challenging.

## 1.2. Real Estate Investment

Preliminary data from Savills (2025) suggests that the volume of investment into European real estate in Q4 2024 was approximately €53 billion, which is expected to bring annual investment volumes to approximately €174 billion, marking a 17% year-on-year increase. The Q4 2024 figure reflected a 31% increase compared to the same period in 2023 and it represents the highest quarterly volume recorded since the end of 2022.

2024 was a transitional year for Europe, marked by efforts to stabilise growth and manage inflation amidst geopolitical tensions and post-pandemic realities. Easing monetary conditions, improved asset pricing, and a growing alignment between buyer and seller expectations has stimulated activity. Alongside improving investor sentiment, this signals that the broad-based recovery of Europe's real estate market is now underway. Looking ahead, total investment volumes are expected to reach €214 billion this year, which would equate to 23% year-on-year growth (Savills, 2025).

During 2025, the market is expected to evolve steadily rather than undergo dramatic shifts. Germany's 2025 election, France's budget deficit, and a recent no-confidence vote add uncertainty, but economic recovery in CEE, the Nordics, and Ireland, along with Southern Europe's strong performance, offer brighter prospects. The focus will increasingly turn to navigating intensifying geopolitical pressures, addressing the challenges of obsolete buildings, and leveraging new technologies to respond to workforce and energy needs. Across all sectors, we foresee heightened interest in well-located assets 'with work to do' this year, particularly those offering opportunities for active management strategies such as repurposing or repositioning to align with Environmental Social and Governance ("ESG") standards. Diversification will remain a priority for investors seeking to mitigate sector-specific risks, enabling all asset classes to benefit from the modest market recovery.

Cross-border investment activity is also expected to increase this year, fuelled by a revival in intra-European capital flows and continued interest from North American investors. French SCPIs, as well as German, Israeli, and Spanish investors, are likely to remain active, particularly in Western European office markets. North American private equity firms, previously focused on London and Dublin office markets, may look at other cities in Europe offering rental growth and potential for yield compression.

## 1.3. Office Market

Savills data recorded that European office take up reached 7.6 million sq m during 2024, reflecting an 8.5% year-on-year increase, outperforming initial expectations. Despite headwinds facing the office sector, we forecast further growth in take up in 2025, with year-end levels expected to be only circa 10% below the pre-pandemic average. This rise is anticipated to be driven by improved business confidence in a period of more stable inflation, as fewer companies extend their existing leases and instead opt to upgrade their premises to attract and retain talent, while also addressing Scope 3 emissions.

Following the surge in agile working, high profile corporates are now applying more pressure on employees to increase office attendance. In 2024, average weekly European office occupancy rates reached 60% (compared against a pre-Covid average of 70%), led by Madrid, London and Prague, and we expect occupancy rates to remain around this level. Occupier preferences have gone 'full circle' and tenants are now opting to increase the provision of desks, on top of a marked increase in demand for meeting rooms and breakout areas to meet employee requirements. While hybrid working will remain, many companies are still determining what this model looks like for their business. The KPMG 2024 CEO Outlook reported that 83% of CEOs of major global corporates predict a full return to the office within the next three years. Demand for flex space is growing, particularly for offices with modern designs, collaborative areas, and enhanced amenities, which are increasingly vital for attracting and retaining talent.

Average office vacancy rates fell to 8.3% in Q4 2024 as tenants are beginning to withdraw 'grey' space from the market, with a view to reutilise the space (Savills, 2025). European office construction costs, as at mid-year 2024 had risen by circa 50% against 2019, while a shortage of construction labour further pushed out completion dates. With a subdued development pipeline over the next couple of years, Savills anticipates average prime rental growth of 2.7% in 2025, marking the return of real rental growth. In real terms, office occupiers are still paying 10% less for prime rents than in 2019, indicating they are able to pay more for the best space.

Investor sentiment towards the office sector appears to be improving. Offices fell down the investment wish list in 2024, accounting for only 22% of total European transaction volumes during Q1 to Q3, down from 37% five years ago. However, we are tracking an increase in the number of underbidders for prime stock in key markets including Central London and Paris Central Business District (CBD), reflecting an increased pool of buyers.

Average European prime CBD office yields remained stable through 2024, ending the year at 5.0%. As at the end of Q3 2024, Savills analysis indicated that Madrid, Oslo and Amsterdam remained the most underpriced European office markets. The price expectation gap is closing as buyers are gradually moving closer to sellers' expectations. However, we are still seeing a higher-than-normal number of terminated deals as vendors raise price expectations, and the issue remains of a lack of prime stock coming to the market due to very limited distress.

Distress is not as visible as many had expected by this point in the cycle, with banks opting to extend existing terms. Lender sentiment has improved in recent months as their margins are reducing, which should support an increase in demand for larger lot sizes. While we saw more non-bank lenders plug the refinancing gap in 2024, we will see the recovery of bank lending in 2025, supporting core transactions. Grade B quality stock in prime micro-locations across Western European cities will continue to attract interest from value-add investors, who see long-term opportunities to enhance these assets. Older office stock in non-CBD locations will remain difficult to transact in 2025 due to heightened scrutiny around environmental performance and leasing risks, with prices needing further adjustment before investors re-enter the market. In some cases, developers may look to reposition older office stock into other uses, including student accommodation.

## 1.4. Logistics & Industrial Market

From Savills data, Europe's logistics and industrial take up was estimated at 7.6 million sq m in Q4 2024, reflecting a total annual take up of 27.5 million sq m by year-end. Annual take up reflected a decrease of 7% compared to the previous year, however it was 4% higher than the pre-pandemic average (2015 - 2019).

Leasing activity has remained somewhat muted. Improving economic conditions should improve occupier sentiment. Savills 2024 European Logistics Census, showed that more than half of occupiers (53%) believed that current business conditions were more favourable than twelve months ago, compared to just 41% in 2023. The geopolitical landscape does add an element of uncertainty, particularly for third-party logistics ("3PL") firms. Donald Trump's second term as U.S. president could disrupt international trade flows through potential tariffs on key trading partners and unpredictable foreign policy decisions.

Drivers of demand for new space that were put on hold during the recent period of economic uncertainty are set to become a greater priority. Growing concerns over the cost and supply of labour are increasingly pushing occupiers towards greater warehouse automation. Closely linked to this, advances in digitalisation and AI promise greater efficiency and cost reductions for occupiers willing to implement these solutions. Investment in technology is likely to become more viable in 2025 as looser monetary policy lowers borrowing costs. Occupiers are increasingly aware of the need to secure adequate power supplies, whether through the grid or on-site generation, to meet the demands of new technology. Corporates are also conscious of the net-zero energy transition and in Savills 2024 European Logistics Census, "changes to ESG regulations" were considered the biggest potential game-changer, ranked important or very important by 69% of sampled occupiers.

Slower leasing activity and growth in vacancy rates across Europe slowed rental growth in 2024. In annual terms, average prime rents increased by 2.3% in 2024, representing a slowdown in growth compared to 9.4% in 2023 (Savills, 2025). The average vacancy rate in Europe registered a 9 basis points decline to reach 6.06% by end 2024. This was the first time since 2022 that the vacancy rate has fallen.

Supply has risen in the last two years as the volume of speculative development and second-hand space returning to the market outstripped take up. We may be entering a period in which occupiers shed outdated Grade B stock and move into modern Grade A units which support their net zero and ESG goals. Vacancy for prime stock is likely to decrease.

In 2025, the logistics sector is expected to remain an attractive asset class, although capital flows are likely to moderate compared to the exceptionally high levels seen over the past five years. Following the pandemic-driven surge that reshaped global supply chains, the market has entered a period of normalisation. This new, slower activity tempo, evident in reduced take up and a deceleration in rental growth, is set to stabilise, supported by low vacancy rates and a limited development pipeline.

In Q4 2024, the European average prime logistics yields stood at 5.0% (Savills, 2025). Average yields across Europe are expected to remain steady in the early part of 2025, with selective compression anticipated in prime logistics assets during the year.

## 1.5. Sustainability

Sustainability remained a key focus in the European real estate market throughout 2024, driven by escalating environmental crises such as extreme weather events, tightened regulations, and heightened geopolitical tensions impacting energy security and the transition to renewable energy sources.

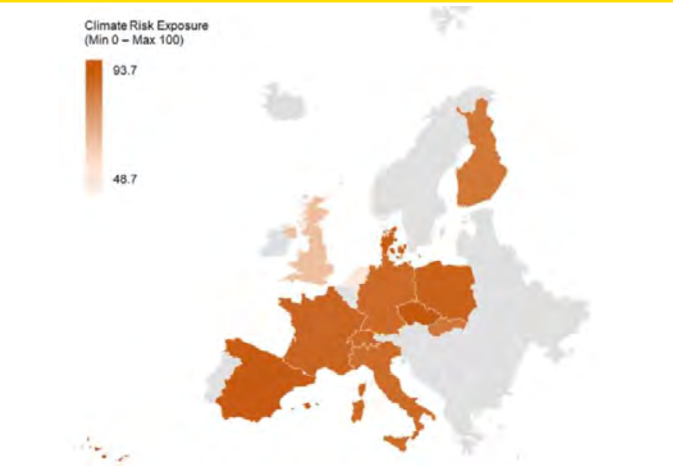
***Climate Risk***

In 2024, Europe recorded the hottest summer on record, with flooding, droughts, wildfires and heatwaves characterising much of the year across the region. In Spain, flash flooding in October 2024 severely impacted densely populated areas, highlighting the increasing frequency of extreme weather events. These events are imploring investors to reassess their strategies, as climate resilience becomes critical to safeguarding portfolio value and ensuring long-term profitability. Investors are now integrating physical climate risk assessments into strategies and valuations, to account for the risks posed by climate change.

The European Environment Agency (EEA) reports that economic losses from climate-related events reached €44 billion in 2023, 58% higher than the previous decade's average. Many commercial properties were not built to withstand these threats, and without adaptation, future losses are inevitable. Indirect costs are also mounting in the form of rising insurance premiums and stricter underwriting practices, adding to operational expenses for property owners. These pressures are driving a repricing of assets, with properties in high-risk areas seeing declining values due to perceived risks.

The FM Global Resilience Index ranks countries based on the resilience of their business environments. The Index comprises six physical factors and twelve macro factors, including 'Climate Risk Exposure' and 'Climate Risk Quality'. Scores are bound on a scale of 0 to 100, where 0 represents the lowest resilience and 100 represents the highest. In the 2025 Index, Denmark retained its title as the most resilient business environment. 'Climate Risk Exposure' assesses the percentage of a country's area devoted to economic activities that is exposed to wind or flooding risks. The Czech Republic exhibits the highest level of climate risk resilience at 93.7, followed by Denmark (92.9), Spain (92.9) and Poland (90.6). Conversely, the Netherlands (48.9) and UK (60.9) score lower, indicating high susceptibility to adverse climate impacts, emphasising the need for robust climate resilience strategies. The Index also provides a 'Climate Risk Quality' measure, which reflects the quality and enforcement of a country's building code with respect to climate resistant design. For this category, Finland (94.6), Poland (92.9), Netherlands (92.2) United Kingdom (90.9) rank as the top markets.

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




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

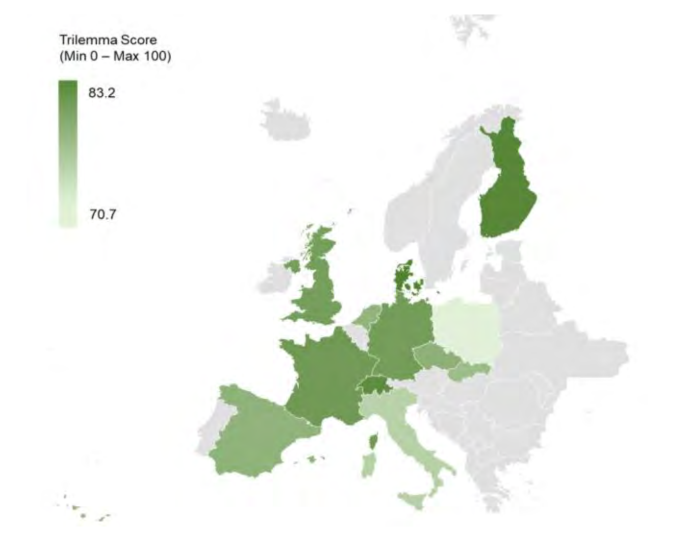

*Source: Savills, 2025. Using data FM Global Resilience Index (2025), visualised using GeoNames, Microsoft, Open Places & OpenStreetMap.*

***Energy Security & Renewables***

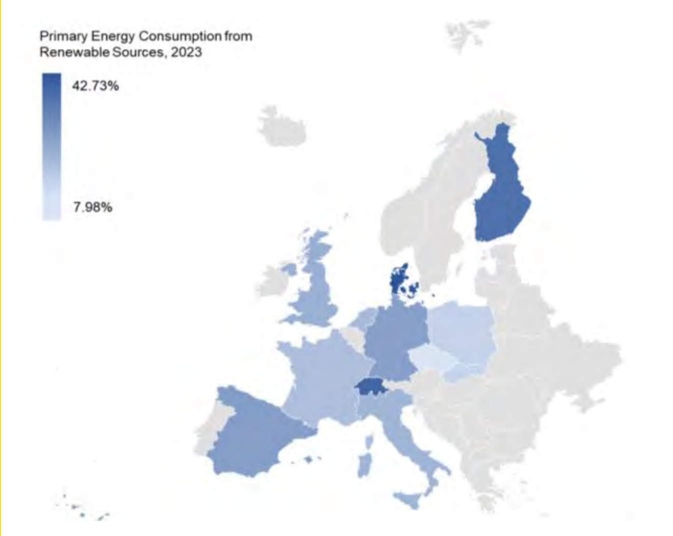
Energy security is critical for ensuring a reliable and stable energy supply, safeguarding against disruptions that could impact economic activities, and national security. The 'Trilemma Score' is a measure that evaluates a country's energy system based on three key factors: energy security, energy equity (accessibility and affordability), and environmental sustainability. Denmark leads with a score of 83.2, closely followed by Finland, Switzerland, and France with scores of 82.7, 82.1, and 80.6, respectively. Slovakia, Italy and Poland rank at the lower end.

Renewable energy consumption is another crucial indicator of a nation's commitment to sustainable development and transition towards cleaner and more resilient energy systems. By diversifying their energy mix, nations enhance energy independence, mitigate geopolitical risks, and promote economic stability. In 2023, Denmark led with 42.7% of its primary energy derived from renewables, followed by Switzerland (38.3%) and Finland (36.0%). In contrast, the Czech Republic (8.0%), Slovakia (11.8%), and Poland (12.2%) have lower proportions of renewable energy in their primary consumption.

**Trilemma Score, Selected Markets (0-100)**




**Primary Energy Consumption, Renewable Sources**




*Source: Savills, 2025. Using data from World Energy Council & Energy Institute: Statistical Review of World Energy, visualised using GeoNames, Microsoft, Open Places & OpenStreetMap.*

***European ESG Regulations***

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

2024 marked the first reporting period for the Corporate Sustainability Reporting Directive (CSRD), an EU-level regulation requiring companies to disclose information on their climate and environmental impact. The CSRD sets out detailed disclosure requirements through the European Sustainability Reporting Standards to encourage improved data sharing and standardise sustainability reporting across the EU. As of January 2025, large companies with 500+ employees are preparing reports for 2025 publication. The CSRD will eventually apply to approximately 50,000 companies.

2024 has also seen an increase in nature based reporting in the European market. Over 500 companies and financial institutions have committed to nature-related corporate reporting based on the Taskforce for Nature-Related Financial Disclosures (TNFD). The Global Reporting Initiative (GRI) has revised its biodiversity standard and in 2024 the Science Based Targets Network announced the first set of companies publicly adopting science-based targets for nature.

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

The EU Taxonomy serves as a classification tool, establishing which economic activities can be considered as 'environmentally sustainable', based on six environmental objectives, for example climate change mitigation and climate change adaptation. This allows financial and non-financial companies to outline the environmental sustainability of their activities and aims to support investors in making informed decisions. Technical screening criteria have been developed that are specific to real estate activities, including the construction of new buildings, renovations and the ownership of buildings.

The SFDR was introduced in 2018, effective from March 2021, to enable the comparison of financial products based on their ESG characteristics and impacts. The regulation applies to financial advisors and FMPs based, or marketing products, in the EU. The SFDR introduces disclosure requirements that cover various environmental and social metrics at both entity and product (fund) level. At product-level, the SFDR requires all funds to be classified based on their commitment to sustainability. The European Commission is expected to publish a proposal for review of the SFDR in Q4 2025 under its ‘simplification’ agenda.

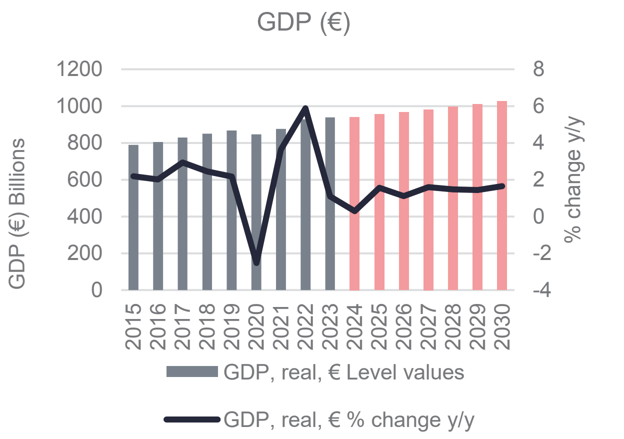
While the UK is no longer subject to EU-level regulations, many pre-existing European frameworks have been adopted, including the SFDR. The UK Sustainability Disclosure Requirements (SDR) is a fund labelling system for investment products that includes four labels: sustainability focus, sustainability improvers, sustainability impact and sustainability mixed goals.

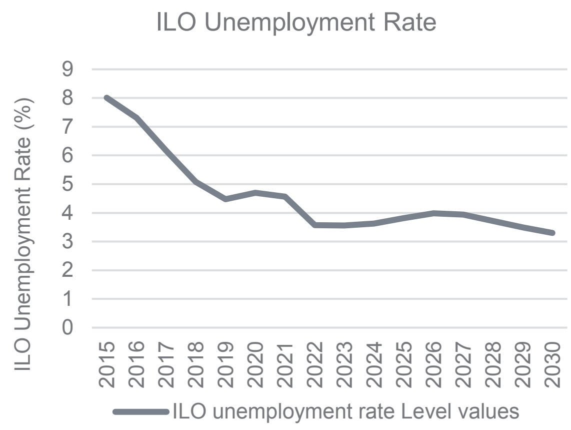
The revised Energy Performance of Buildings Directive (EPBD) entered into force across all EU countries in May 2024 and aims to increase the renovation rate in the EU, focusing particularly on the worst-performing buildings in each country to reduce carbon emissions and achieve a zero-emission building stock by 2050. Updates include the introduction of zero-emission buildings as the standard, with new buildings required to meet this standard by 2028, mandatory solar installations on new buildings, the introduction of renovation passports, and enhanced and standardised Energy Performance Certificates (EPCs). For non-residential stock, Member States are required to set out more stringent Minimum Energy Performance Standards to renovate the 26% worst-performing stock by 2033.

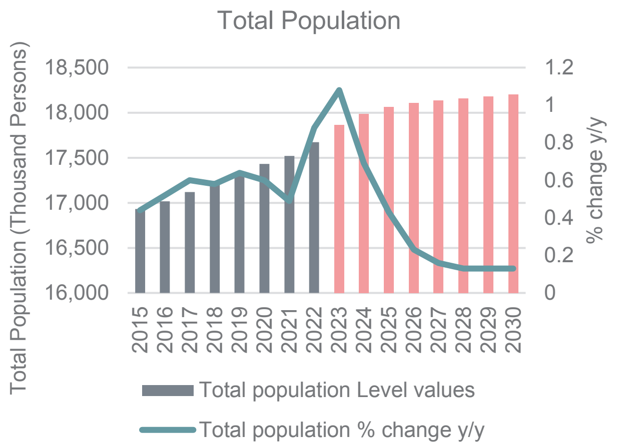
# 2. Netherlands

## 2.1. Macroeconomic Context

**Key Macroeconomic Indicators**




| | Figure | Period |
|---|---|---|
| **Government Gross Debt (% of GDP)** | 47.93% | December 2024* |
| **Inflation (CPI) (%)** | 3.30% | January 2025 |
| **Central Bank Interest Rate (%)** | 2.90% | February 2025 |

*Source: Oxford Economics, Trading Economics (2025). Central Bank Interest Rate is the European Central Bank's Main refinancing Fixed Rate.*Forecast as actual figures yet to be published. Forecast figures in graphs are illustrated by red bars.*

| Key Indicators | 2023 | 2024 | 2025 (f) | 2026 (f) | 2027 (f) | 2028 (f) | 2029 (f) |
|---|---|---|---|---|---|---|---|
| **GDP Change Year-on-Year (%)** | 1.1 | 0.3* | 1.6 | 1.1 | 1.6 | 1.5 | 1.4 |
| **ILO Unemployment Rate (%)** | 3.6 | 3.6* | 3.8 | 4.0 | 3.9 | 3.7 | 3.5 |
| **Total Population (Thousand Persons)** | 17,864* | 17,987* | 18,064 | 18,106 | 18,134 | 18,158 | 18,181 |
| **Government Gross Debt (% of GDP)** | 50.3 | 47.93* | 47.35 | 48.44 | 48.89 | 48.77 | 48.2 |
| **Inflation Rate (CPI, %)** | 6.5 | 2.6 | 3.0 | 1.9 | 1.8 | 2.0 | 2.1 |
| **Long Term Interest Rate (%)** | 2.7 | 2.7 | 2.6 | 2.7 | 2.7 | 2.7 | 2.7 |

*Source: Oxford Economics, 2025. *Forecast as actual end of year figures are yet to be published.*

## 2.2. Commercial Real Estate Market Introduction

The Dutch real estate market has continued to face challenges in 2024, with overall investment activity subdued due to the ongoing economic climate. Total investment volumes dropped sharply between 2022 and 2023, with a partial recovery observed in 2024. Total investment in 2024 reached approximately €12.3 billion, compared to just under €10 billion in 2023. A mismatch in pricing expectations between buyers and sellers continues to supress activity, with the total investment volume for 2024 approximately 50% below the five-year average recorded between 2018 and 2022 (€24.5 billion).

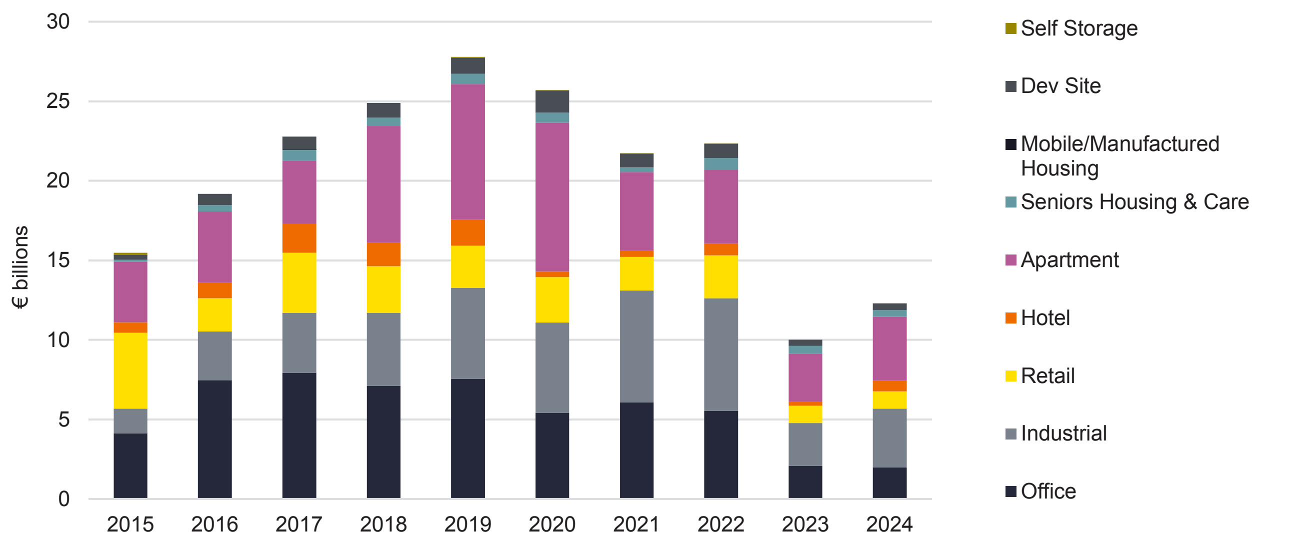
The logistics and industrial sector has demonstrated relative resilience, accounting for €3.7 billion or approximately 30% of investment across all sectors in 2024. This marked a notable recovery from €2.7 billion in 2023. Despite economic headwinds causing some occupiers to reconsider expansion plans, strong supply-demand fundamentals and growing demand for sustainable assets continue to drive investor confidence. High-quality properties in strategic locations, particularly in logistics hotspots in the southern Netherlands, remain highly sought after by occupiers and investors.

Investment volumes in the office sector fell slightly to €2.0 billion in 2024, down from €2.1 billion in 2023. Offices accounted for 16% of total investment volumes in 2024. This reflects continued subdued activity. The office market remains bifurcated, with a distinct 'flight to quality' observed. ESG remains a core priority for occupiers and investors, driving the demand for modern, energy-efficient spaces in prime, well-connected locations. The continued adoption of hybrid working models, coupled with ongoing economic challenges and rising office costs, has reduced the overall demand for office space, particularly for secondary locations.

Between 2023 and 2024, cross-border investment rebounded, accounting for 47% of total activity in 2024, up from 33% the previous year. This indicates improved confidence among international investors. Private investors have remained active in the market in 2024, accounting for 29% of total investment volumes, though this represents a decrease from 48% in 2023. Institutional investors have seen a notable increase, representing 17% of total investment volumes in 2024, up from 11% in 2023.

Despite this, the market is still constrained by ongoing discrepancies in pricing expectations between buyers and sellers, and the effects of central bank interest rate hikes. The ECB's reduction of the benchmark interest rate to 2.90%, effective from February 2025, may improve financing conditions in the coming quarters.

**Netherlands Real Estate Investment: Volumes**




| Volume (€) | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| Total | 25,679,257,666 | 21,722,426,129 | 22,361,047,903 | 10,012,102,017 | 12,304,631,176 |

*Source: MSCI, 2025.*

## 2.3. Occupational Market Overview: Office Sector

### 2.3.1. Overview

In 2024, the Dutch office market experienced a nuanced recovery, characterised by selective growth and ongoing challenges. Inflation remained high due to rising wages and increased prices for goods, services, and food, despite a drop in energy costs. These economic pressures led companies to take a more cautious stance on the type and amount of office space they occupy.

In this section, we examine the office markets in Amsterdam, The Hague, and Rotterdam. Amsterdam remains the most active office market in the Netherlands, driven by its diverse economy across sectors such as finance, tech, media, and life sciences, which creates sustained demand for office space. The city attracts expats and offers a highly-skilled, multilingual workforce. The South Axis (Zuidas), recognised as the financial district and home to companies like Google and ABN AMRO, is highly desirable for its modern, high-quality office spaces with large floorplates. Amsterdam's CBD is popular due to spaces available in iconic canal houses and proximity to top restaurants and cultural spots. However, the city centre faces limited availability and high rental costs due to heritage building constraints.

In Rotterdam, rental prices are significantly lower than in Amsterdam, making Rotterdam a cost-effective choice for businesses. This margin enables companies to lease larger office spaces compared to the Dutch capital. The city facilitates lower business costs which attracts startups, scale-ups, and multinational firms. Rotterdam is also renowned for the Port of Rotterdam, the largest in Europe, which further enhances its business appeal. Key office districts include Rotterdam Central District, Rotterdam Alexander, and Rotterdam Brainpark.

The Hague is predominantly home to governmental offices and related companies, including the International Court of Justice, the International Criminal Court, Europol and Eurojust. The Hague offers large office floorplates at competitive rates, making it an ideal location for headquarters and government institutions. The city also has a thriving business market in sectors like energy, anchored by Shell's headquarters, technology, cybersecurity (with the NATO Communications and Information Agency), and finance, which together contribute to its economic diversity.

### 2.3.2. Rents

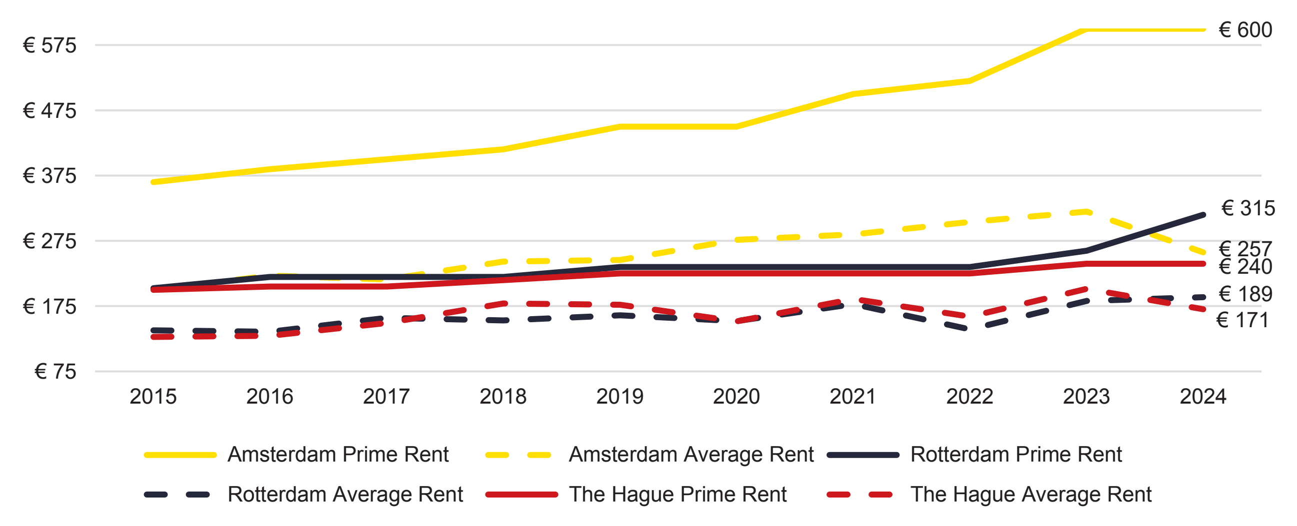
Amsterdam rents are significantly higher than those in Rotterdam and The Hague. In 2024, prime rents in Amsterdam reached €600 per sq m p.a. The sentiment for the best-in-class space in the city is clear, with the top prime rents approximately double the average rent of €257 per sq m p.a. The Zuidas district in Amsterdam commands some of the highest rents in the country, reflecting its status as a premier business hub. Mid-range rents are observed in in Amsterdam Houthavens and Amsterdam Buitenveldert, while demand is weaker in Amsterdam Southeast.

Rotterdam has also seen rental growth over the past two years, with prime rents rising by approximately 34% since 2022 to €315 per sq ft p.a., further widening the gap from the city's average rents (€189 per sq m p.a.). Meanwhile, prime rents in The Hague have remained stable at €240 per sq m p.a., falling below the average rent in Amsterdam.

The preference for high-quality space among occupiers in the Netherlands has become a clear trend, with average rents for grade A stock continuing to rise despite challenges in the Dutch economy in 2024. However, it is important to note that these figures represent overall averages rather than prime rents.

Incentives are generally structured around five-year leases, whereby the incentive is the percentage of rent-free months. In Amsterdam, prime incentives have historically ranged between 15-20% over the past decade. However, in 2024, we have observed a decrease in rent-free proportions to 10%. In both The Hague and Rotterdam, greater incentives are typically offered. In the Hague, prime incentives have remained at 20% from 2022 to 2024. In Rotterdam, incentives were also at 20% for the same period.

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

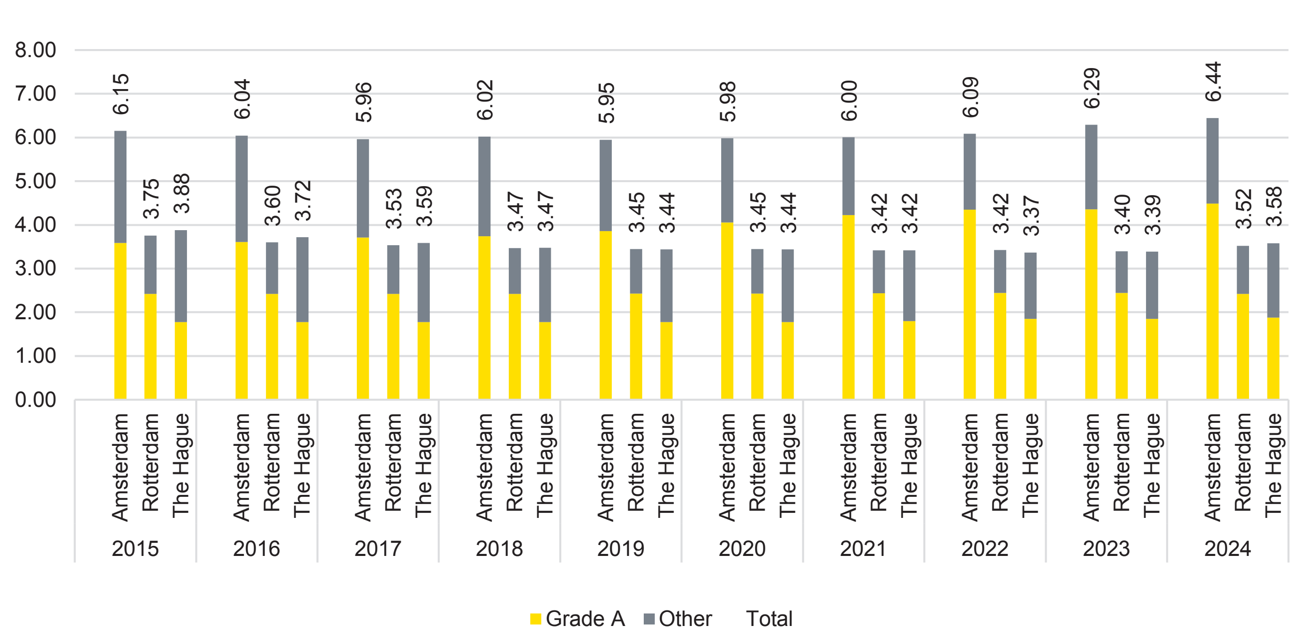



*Source: Savills, 2025. Average rents are calculated as an average of all grades of space.*

### 2.3.3. Stock & Vacancy

Over the past decade, the proportion of Grade A space has significantly increased across all three markets. As at Q4 2024, approximately 70% of stock in Amsterdam and Rotterdam is classified as Grade A, while The Hague stands at 52%. Total office stock currently stands at 6,444,579 sq m in Amsterdam, followed by The Hague at 3,905,274 sq m and Rotterdam at 3,670,569 sq m.

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

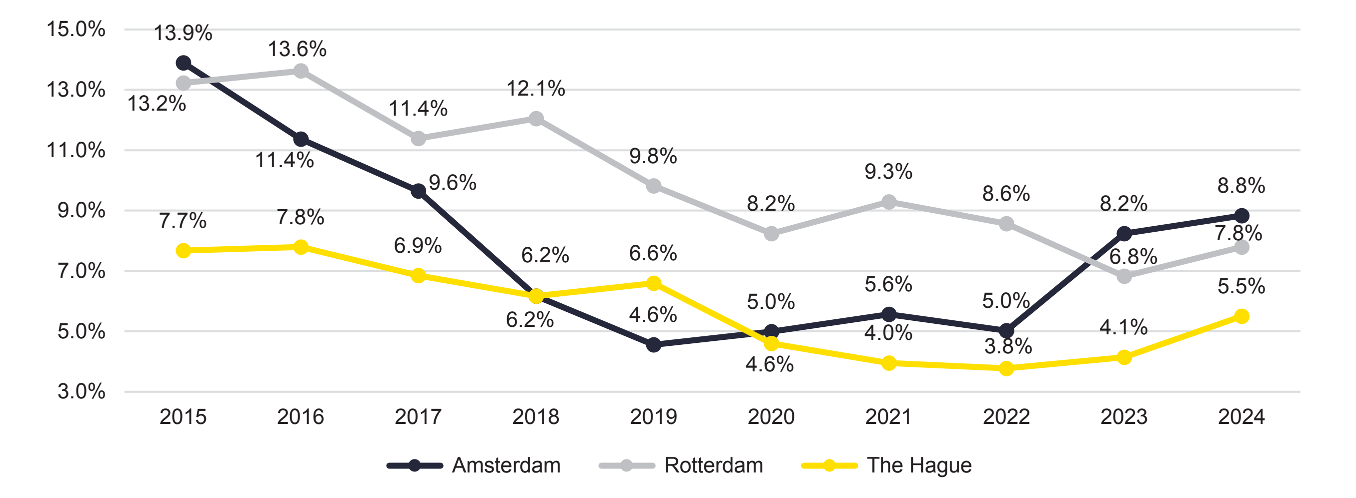



*Source: Savills (2025), data as a Q4 each year.*

The Dutch office market continues to phase out ageing and outdated stock, contributing to a decline in office vacancy rates. In 2024, the Dutch government committed to build 100,000 new homes annually (Rijksoverheid.nl, 2024), with obsolete office buildings in less prime locations increasingly targeted for repurposing into alternative uses.

Despite a challenging year for Dutch businesses, the impact of downsizing on vacancy rates in prime locations is expected to be minimal, due to subletting and increasing occupier demand for accessible locations. Between 2022 and 2024, over 700,000 sq m of new office space was completed, significantly more than pre-Covid levels, which has led to a rise in vacancy rates in 2024. In The Hague, vacancy rates remain relatively low, with an average rate of 3.88% in 2024, largely because most buildings are leased on long-term contracts to ministries, embassies, and other government entities.

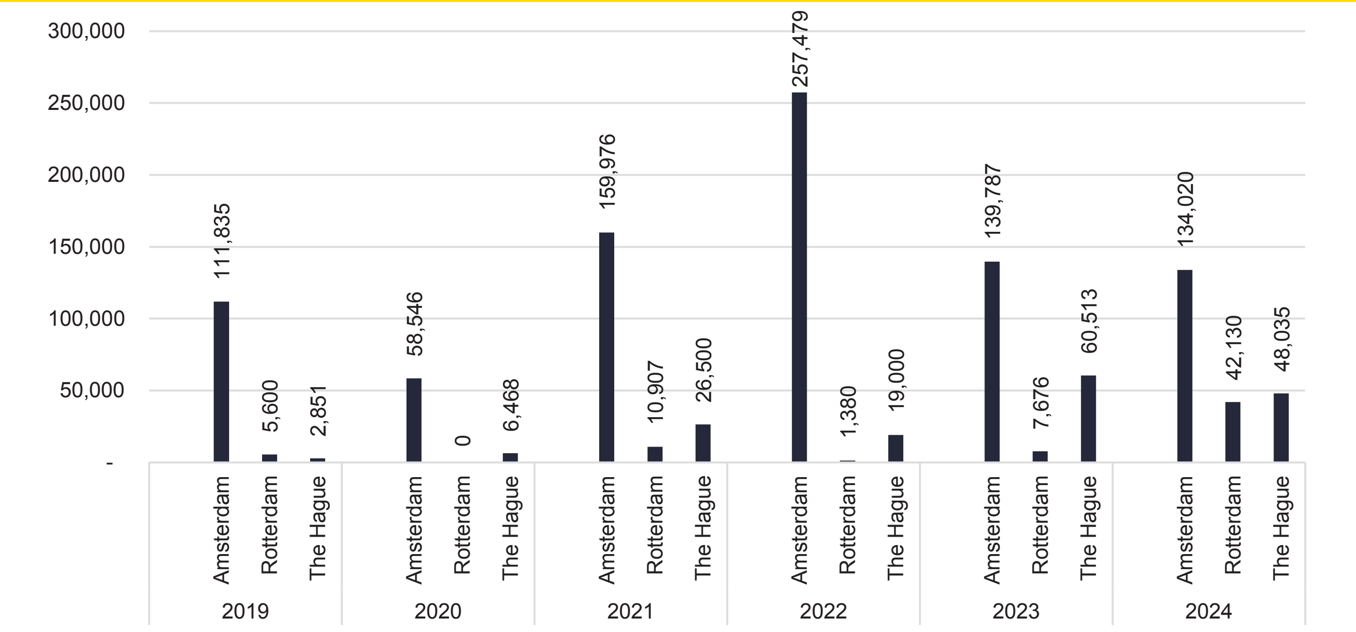
**Office Grade A Vacancy Rate: Amsterdam, The Hague & Rotterdam (%)**




*Source: Savills, data as a Q4 each year.*

In 2024, 224,185 sq m of office space was completed, with Amsterdam accounting for 60% of deliveries. As of 2025 YTD, an additional 437,299 sq m of office space is under development in Amsterdam, with 203,831 sq m underway in Rotterdam and The Hague. While development activity in The Hague remains subdued compared to the five-year average, Rotterdam has seen growing momentum since 2022

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

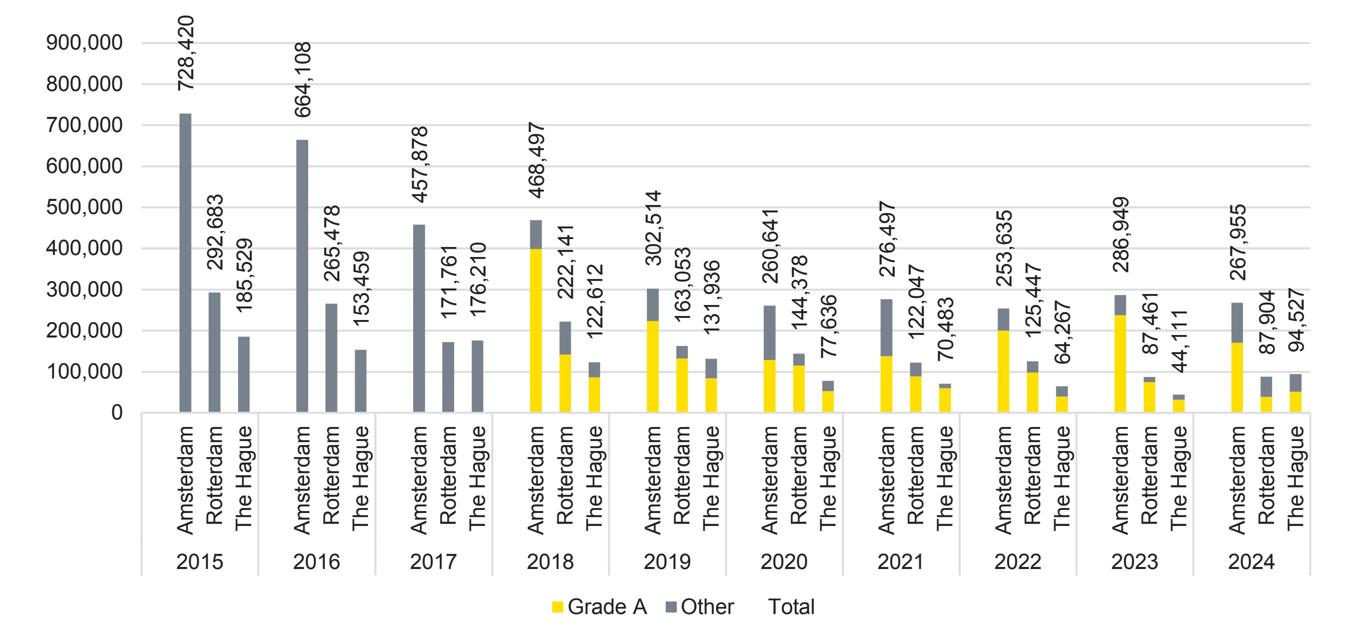



*Source: Savills, 2025.*

#### 2.3.4. Take Up

Since 2022, office occupiers have navigated a challenging market shaped by rising accommodation costs, volatile energy prices, increasing wages, and economic uncertainty. However, 2024 appears to show slight signs of recovery. In 2024, take up in Rotterdam remained flat year-on-year (87,904 sq m). Take up in The Hague more than doubled compared to 2023 (94,527 sq m). This surge in leasing activity is primarily due to several large owner-occupier deals, particularly where office buildings have been acquired by the Dutch national government. Total take up in Amsterdam dropped slightly by 7% (267,955 sq m).

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

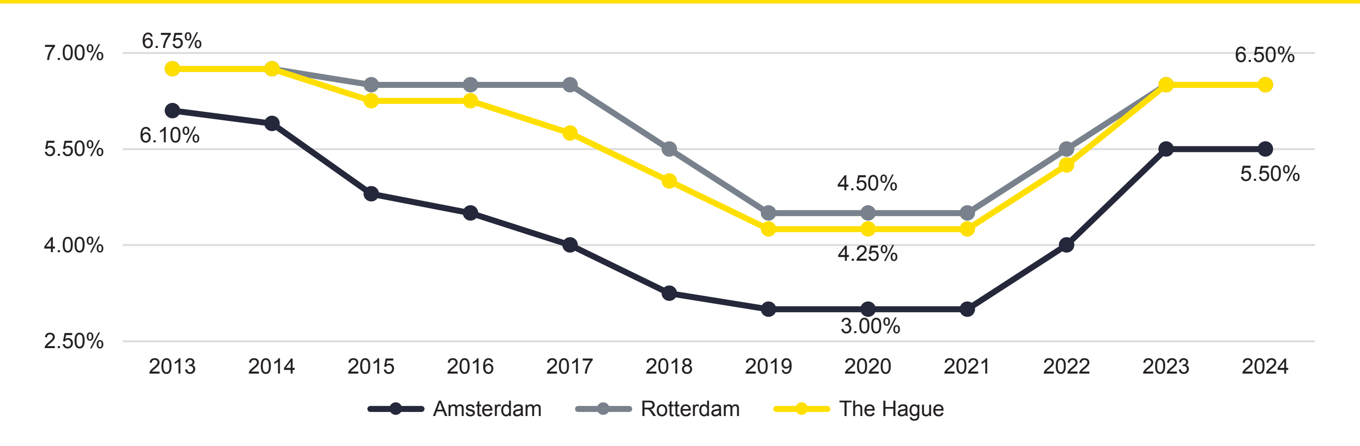



*Source: Savills, 2025. Data collated pre-2018 was not segmented by grade.*

#### 2.3.5. Yields

After remaining stable from 2019 to 2021, yields across the three key Dutch markets have been decompressing at a similar rate. In 2024, this trend stagnated, with yields holding at 5.50% in Amsterdam and 6.50% in both Rotterdam and The Hague. The relative pricing of Dutch real estate has benefited from the decline in Dutch government bond yields, with a further boost expected from the continued decrease in borrowing costs, which are anticipated to fall further this year.

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




*Source: Savills (2025), yields as at Q4 each year. Gross Initial Yields (see definitions).*

### 2.3.6. Future Outlook

The Dutch office market remained largely subdued throughout much of 2024, as investors adopted a cautious approach. However, renewed interest, coupled with the strong fundamentals, offers a foundation for cautious optimism. Looking ahead to 2025, economic stabilisation is expected to strengthen investor confidence, with demand expected to focus on high-quality, sustainable office assets. As market sentiment improves, initial yields are anticipated to remain stable or decline slightly. A widening yield spread is likely, further distinguishing prime assets from the broader market.

Savills expects the disparity in take up across different locations and quality segments to widen in the Dutch office sector. The emphasis on sustainability, driven by corporate commitments and regulatory requirements, is set to intensify, reinforcing the trend of a 'flight to quality.' Investors and occupiers are increasingly prioritizing well-located, high-quality office buildings, while less sustainable properties may struggle to attract interest unless they offer clear redevelopment potential to avoid obsolescence.

**ESG & Sustainability Drivers**

The Netherlands is renowned for its stringent energy performance regulations, with Minimum Energy Performance Standards for buildings becoming progressively stricter. Since January 2023, all offices larger than 1,000 sq m require a minimum energy label 'C'. The Dutch Government's intention is to increase this to an 'A' certificate from 2030. A recent analysis by Savills Data, Intelligence & Strategy showed that as of 2024, approximately 42.56% of office buildings in the Netherlands hold an energy label of A or higher.

In addition, since 2023, the Bijna Energieneutrale Gebouwen (BENG) has required all new buildings to be 'Almost Energy Neutral', following three rules: (1) the outer layer of the building must reduce energy demand, (2) the remaining energy must be generated as efficiently as possible, (3) the energy demand from must be met by energy supply generated mostly from renewable sources.

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

## 2.4. Occupational Market Overview: Industrial / Logistics Sector

### 2.4.1. Overview

The Netherlands is a highly attractive market for logistics operators due to its strategic position in Europe, efficient customs processes, and established infrastructure. The Dutch government further bolsters the sector by offering favourable policies and regulations, such as low corporate tax rates and incentives for innovation in logistics and transport.

The country boasts highly developed infrastructure, including the Port of Rotterdam, which handles a large share of European trade. Schiphol is another favoured location for logistics operations given its position as a multi-modal transit hub. Venlo, located in the southeast, is ideally situated close to major European consumer markets, with direct highways linking the city to Germany, Belgium, and other parts of the Netherlands.

Following the positive take up in the post-Covid years, the Dutch logistics market experienced a sharp slowdown in 2023, reflecting the broader economic challenges. However, after this period of stagnation, the market saw a modest recovery in 2024. This recovery was driven by stronger domestic demand, increased investments, and higher government spending. Inflation also significantly decreased to below 3.0% by the end of 2024.

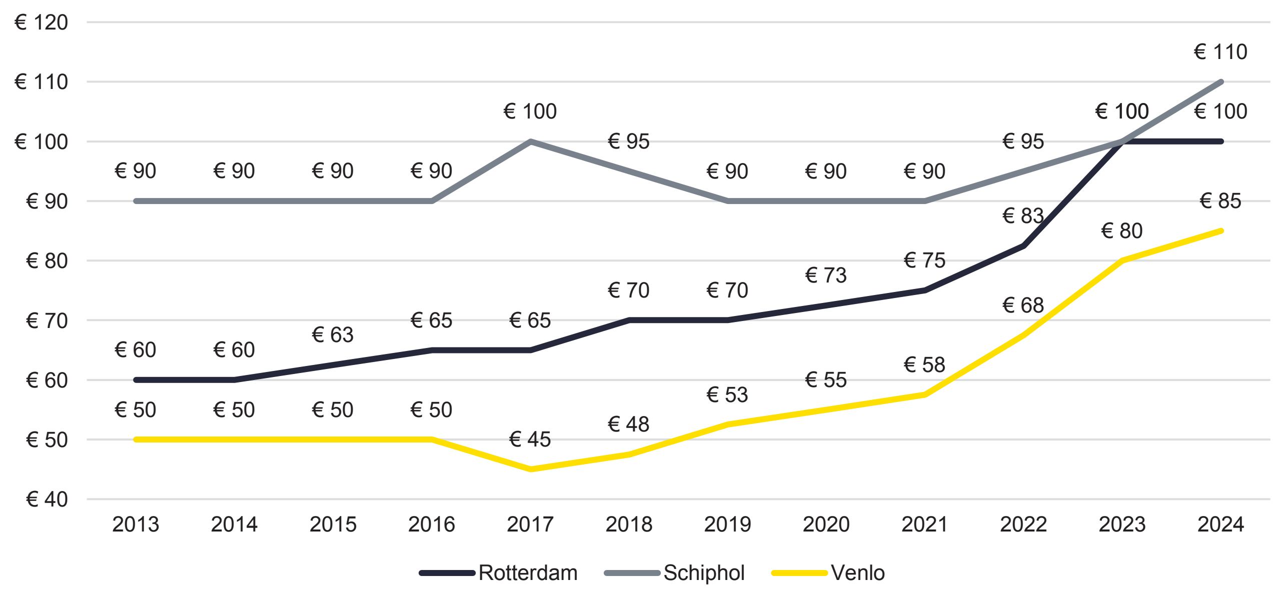
The Savills Netherlands Logistics Confidence Index highlighted that logistics companies in the country are more optimistic about 2025 compared to manufacturers and retailers. The results indicated a strong intention to increase capital expenditures, particularly in warehouse space, and to expand the workforce. Additionally, the majority of respondents emphasised a focus on automation, AI, and data analytics to enhance operational efficiency and reduce costs.

The predominant focus for investors into the Dutch industrial real estate market has been towards logistics properties, prompting this section to focus on data for this segment.

### 2.4.2. Rents

Prime rental growth in the Netherlands has continued, with rents rising further from 2023 to 2024 in key logistics hubs like Venlo and Schiphol. In Schiphol, rents have surpassed €100 per sq m p.a., reaching a peak of €110 per sq m p.a. Over the past five years, Venlo has seen a 55% increase in rents, underscoring the city's growing appeal as a strategic location and highlighting the supply-demand imbalance. Despite recent economic challenges, the market is expected to remain stable, with rents holding steady following significant increases in the past two years.

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



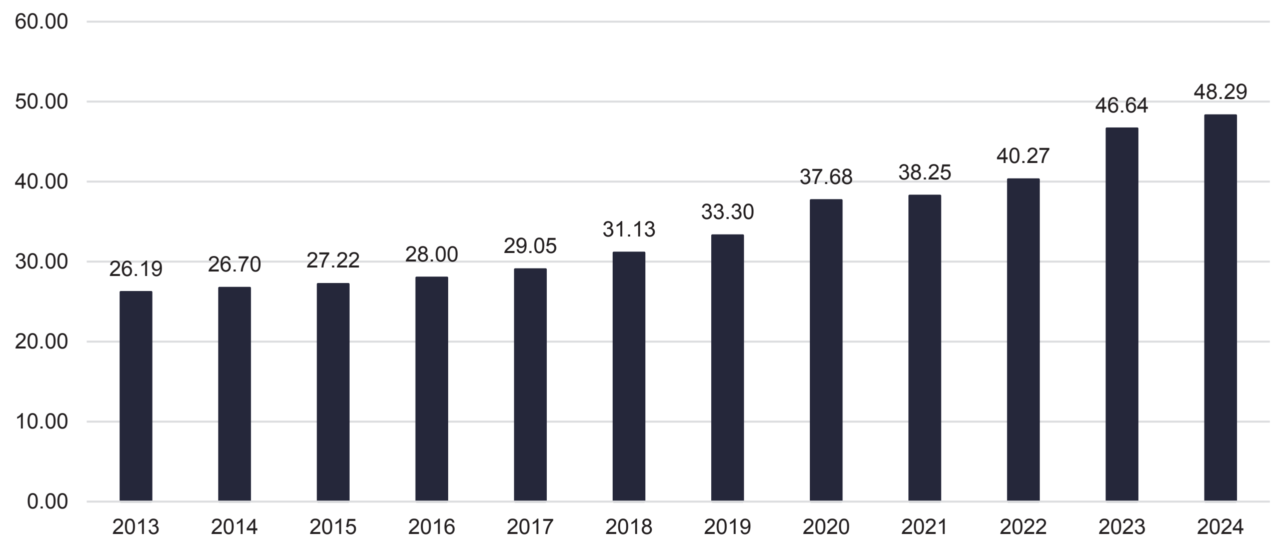

*Source: Savills (2025), as at Q4 for each year.*

Incentives have remained relatively low in recent years, typically around 5% of rent over a standard lease. However, it is anticipated that incentives will rise, especially for properties in secondary locations, potentially reaching around 10%. In contrast, incentives for prime locations are expected to remain relatively stable.

### 2.4.3. Stock & Vacancy

Logistics stock levels have seen substantial growth over the past decade, with supply increasing by 79% since 2015, reaching over 48.29 million sq m by the end of 2024. Despite this growth, rental levels in key Dutch markets continue to rise, reflecting the ongoing limited supply available to tenants.

**Logistics Stock: National (million sq m)**

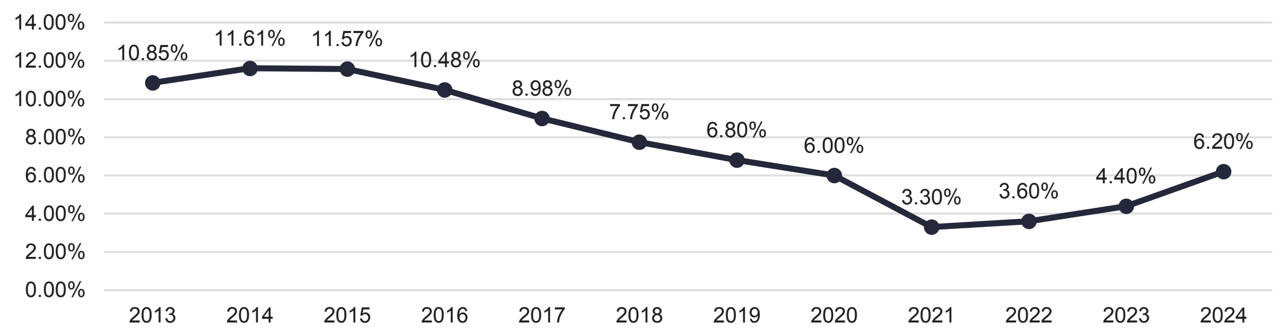



*Source: Savills (2025), as at Q4 for each year.*

Competition for land between the commercial and residential sectors is high. Occupiers acknowledge that spatial constraints are impacting their operations, though there is limited support for densification in the logistics industry. Market scarcity is expected to persist due to planning restrictions on new developments, ongoing power supply challenges, and labour supply issues, exacerbated by stricter immigration rules. According to the Logistics Confidence Index, 93.8% of occupiers currently rely on foreign labour resources.

In light of economic headwinds in recent years, businesses are generally consolidating their space requirements, opting to stay put and wait for improved economic conditions. National vacancy rates have risen since 2021 and now stand at 6.20%, though they remain below pre-Covid levels.

**Logistics Vacancy Rate: National (%)**

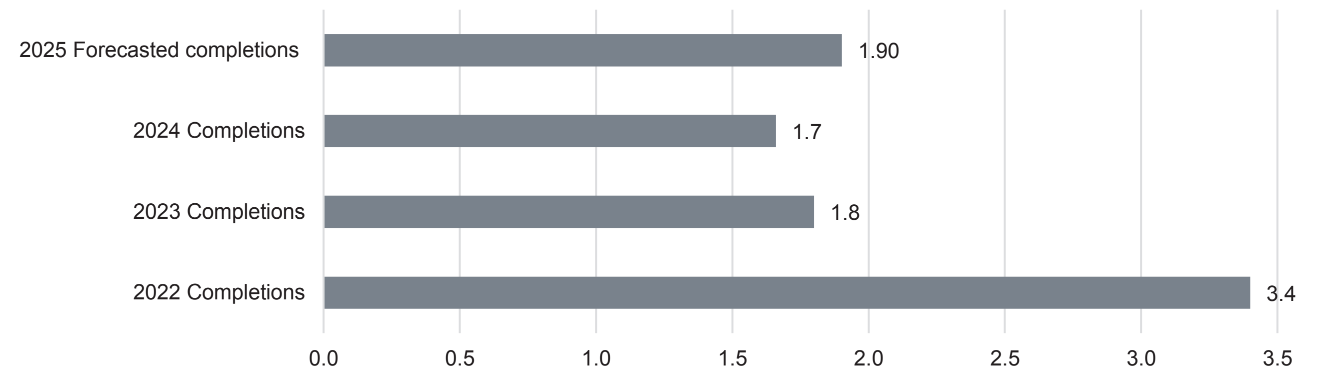



*Source: Savills (2025), as at Q4 for each year.*

The Netherlands logistics development pipeline shows a significant slowdown in completions, with 3.4 million square meters delivered in 2022, followed by 1.8 million in 2023, 1.7 million in 2024, and a forecasted 1.9 million in 2025.

Northeast of Amsterdam, P3 Logistic Parks are progressing their first development project in the Netherlands with a build-to-suit facility in Emmeloord. This 18,560 sq m facility is anticipated to be ready for occupancy by the end of 2025. In between Emmeloord and Amsterdam, clothing and accessories company, BESTSELLER, have announced that construction of Logistics Centre West (LCW), their 155,000 sq m logistics facility, has officially begun. The centre will have a storage capacity up to 1,400,000 cartons and 3,500,000 pieces picked per week and 1,400 robots will be used to optimise fulfilment. LCW is expected to be fully operational in 2026.

**Logistics Pipeline: Netherlands (million sq m)**

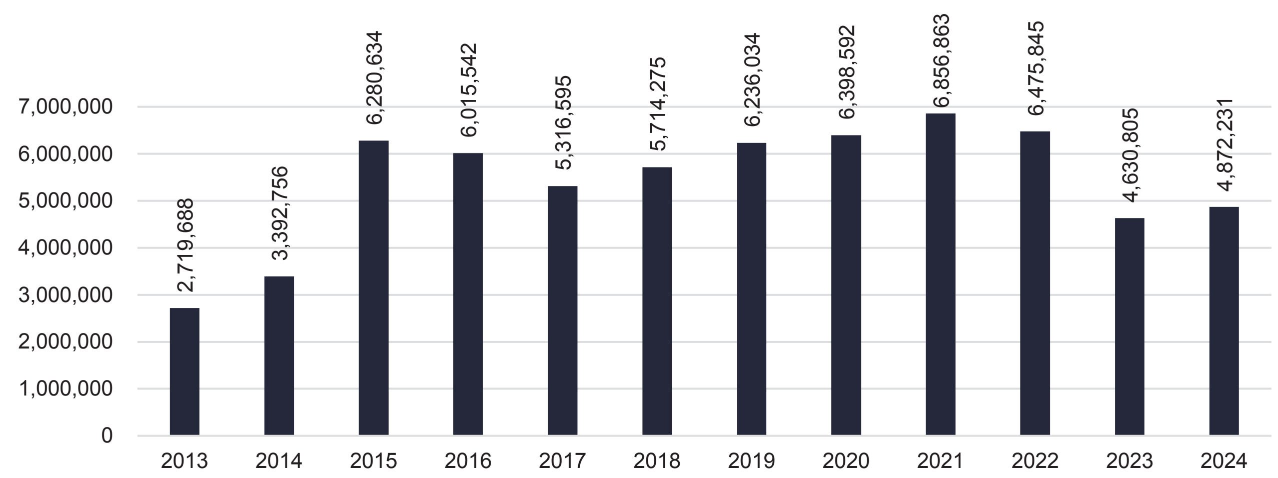



*Source: Savills, 2025. Rounded to 1 decimal point.*

### 2.4.4. Take Up

Amid the challenging business climate in the Dutch economy last year, occupiers remained cautious about expanding their space requirements and are prioritising issues such as addressing labour shortages and sustainability over expansion. However, occupiers are adapting to higher prices, which had previously hindered decision-making. From Q4 2023 to Q4 2024, take up increased slightly by 5%. This increase has been driven by a diverse range of occupiers, with active demand coming from sectors such as pharmaceuticals, local and international 3PLs, as well as Chinese e-commerce and solar panel industries. Logistics hotspots along key transport corridors between Rotterdam and the German border remain in high demand.

**Logistics Take Up: National (sq m)**

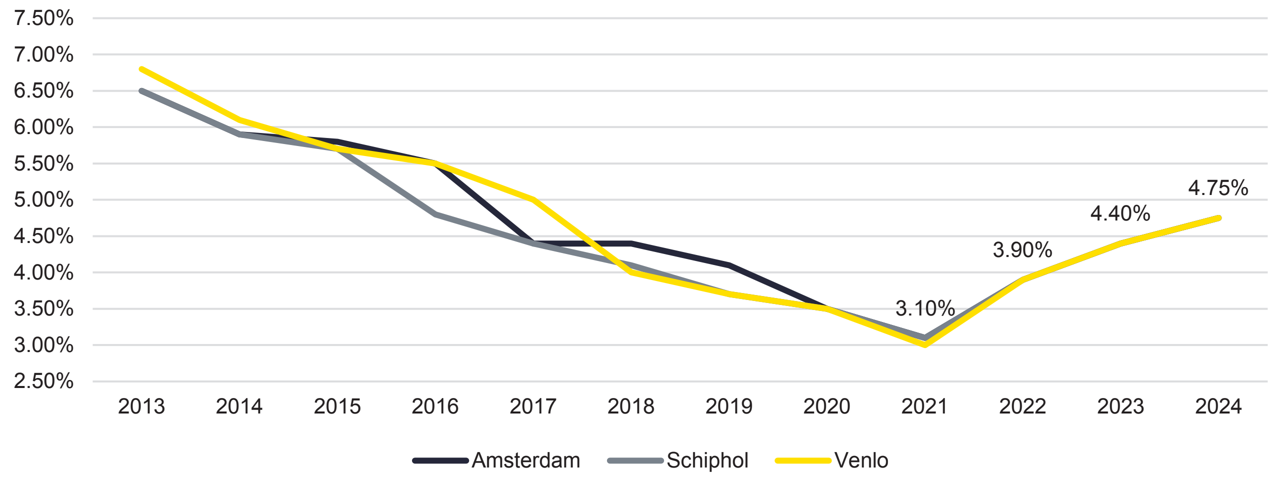



*Source: Savills, 2025.*

### 2.4.5. Yields

The logistics net initial yields in the Netherlands have compressed consistently from 2013 to 2021, followed by a rise since 2021, reaching 4.40% for Amsterdam, Schiphol and Venlo in 2023. This rise has been attributed to increasing interest expenses and economic uncertainties. This has softened by a further 35 basis points to 4.75% in 2024. The stability of gross real estate yields across 2024 (5.00%) has drawn Core-focused investors back to the logistics market, reflected in the number of transactions of prime assets with long-term leases. Opportunities to use debt have also grown with reducing borrowing costs.

**Logistics Prime Yields: Key Markets (%)**




*Source: Savills (2025), as at Q4 for each year,. Net Initial Yields (see definitions); Statista.*

### 2.4.6. Future Outlook

The outlook for the market in 2025 is generally positive, with sentiment improvements observed at the end of 2024 expected to carry forward into the new year. A review of the Logistics Confidence Index 2024 (Savills, 2024) provides a useful gauge of occupier sentiment in the Netherlands. The index has increased to 58.8, up from 57.4 the previous year, signalling a rise in confidence among logistics operators. Notably, logistics service providers are more optimistic, with a confidence level of 60.5, compared to 57.2 for manufacturers and retailers. A significant 70% of respondents expect turnover to increase in the coming months, and approximately 76% plan to make substantial capital investments over the next year, up from 60% in 2023.

However, challenges remain, including growing concerns over shortages in labour, land, and power, which are increasingly impacting occupiers. These factors, along with planning restrictions on new developments and stricter immigration rules affecting labour supply, will continue to suppress vacancy rates. Despite the scarcity of both standing stock and development land, demand is expected to rise further in 2025, with active requirements from sectors like pharmaceuticals, 3PLs, and Chinese e-commerce and solar panel industries.

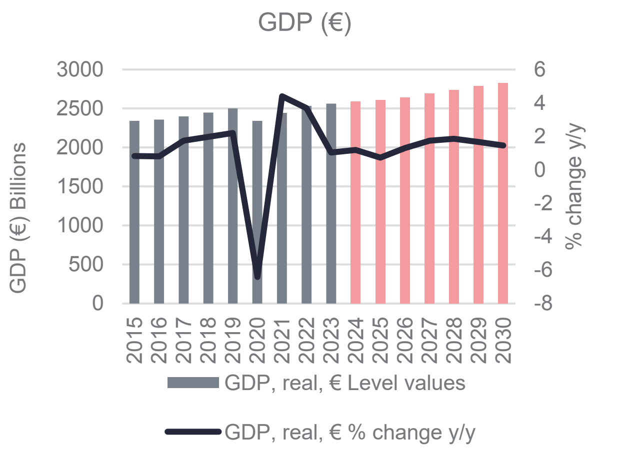
**ESG & Sustainability Drivers**

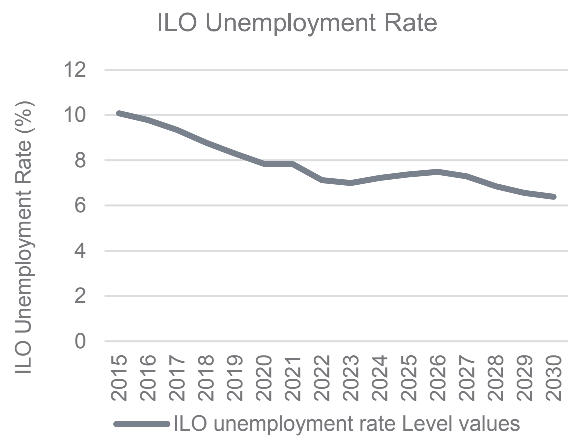
Environmental, Social, and Governance factors are increasingly influencing the logistics and industrial market in the Netherlands, with sustainability becoming a critical focus for both occupiers and investors. Green building certifications such as BREEAM, LEED, and the Dutch Green Building Council's (DGBC) ‘Green Building’ label are frequently pursued for new logistics developments to meet rising sustainability expectations. Additionally, the Logistics Confidence Index reveals that occupiers are willing to pay a rental premium for sustainable spaces over the market rent for standard buildings. This growing demand for eco-friendly, energy-efficient properties is expected to drive further interest in high-quality, sustainable stock in prime locations, as occupiers and investors align with the broader shift towards sustainability in the sector.

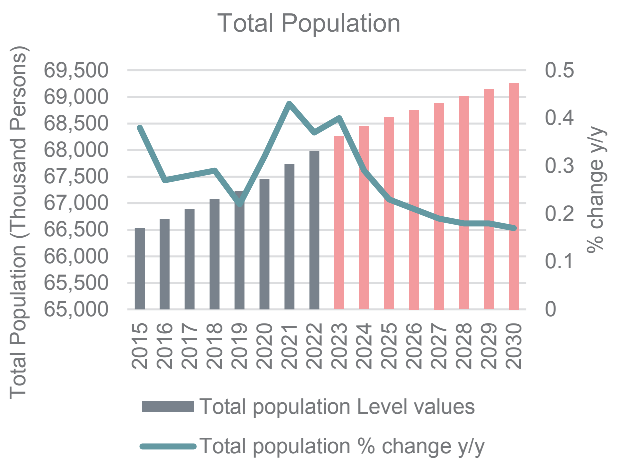
# 3. France

## 3.1. Macroeconomic Context

**Key Macroeconomic Indicators**




| | Figure | Period |
|---|---|---|
| **Government Gross Debt (% of GDP)** | 124.98% | December 2024* |
| **Inflation (CPI) (%)** | 1.70% | January 2025 |
| **Central Bank Interest Rate (%)** | 2.90% | February 2025 |

*Source: Oxford Economics, Trading Economics (2025). Central Bank Interest Rate is the European Central Bank's Main refinancing Fixed Rate. .*Forecast as actual figures yet to be published. Forecast figures in graphs are illustrated by red bars.*

| Key Indicators | 2023 | 2024 | 2025 (f) | 2026 (f) | 2027 (f) | 2028 (f) | 2029 (f) |
|---|---|---|---|---|---|---|---|
| **GDP Change Year-on-Year (%)** | 1.0 | 1.2* | 0.7 | 1.3 | 1.7 | 1.9 | 1.7 |
| **ILO Unemployment Rate (%)** | 7.0 | 7.2* | 7.4 | 7.5 | 7.3 | 6.9 | 6.6 |
| **Total Population (Thousand Persons)** | 68,256* | 68,453* | 68,610 | 68,755 | 68,889 | 69,016 | 69,138 |
| **Government Gross Debt (% of GDP)** | 120.44 | 124.98* | 128.29 | 129.55 | 129.45 | 128.88 | 127.79 |
| **Inflation Rate (CPI, %)** | 5.5 | 2.6 | 1.2 | 1.8 | 2.0 | 2.1 | 2.1 |
| **Long Term Interest Rate (%)** | 2.9 | 3.0 | 3.2 | 3.3 | 3.2 | 3.2 | 3.1 |

*Source: Oxford Economics, 2025. *Forecast as actual end of year figures are yet to be published.*

## 3.2. Commercial Real Estate Market Introduction

France is one of Europe's largest real estate markets, but it experienced a decline in investment activity in 2024, with total investment volume dropping to €23 billion, down from €29.2 billion in 2023. This downturn continues from the €49 billion peak in 2019. France's recovery lags behind that of Southern and Eastern Europe, driven by economic and election uncertainties. The overall decline is set against a backdrop of stagnant economic growth and diminishing inflation.

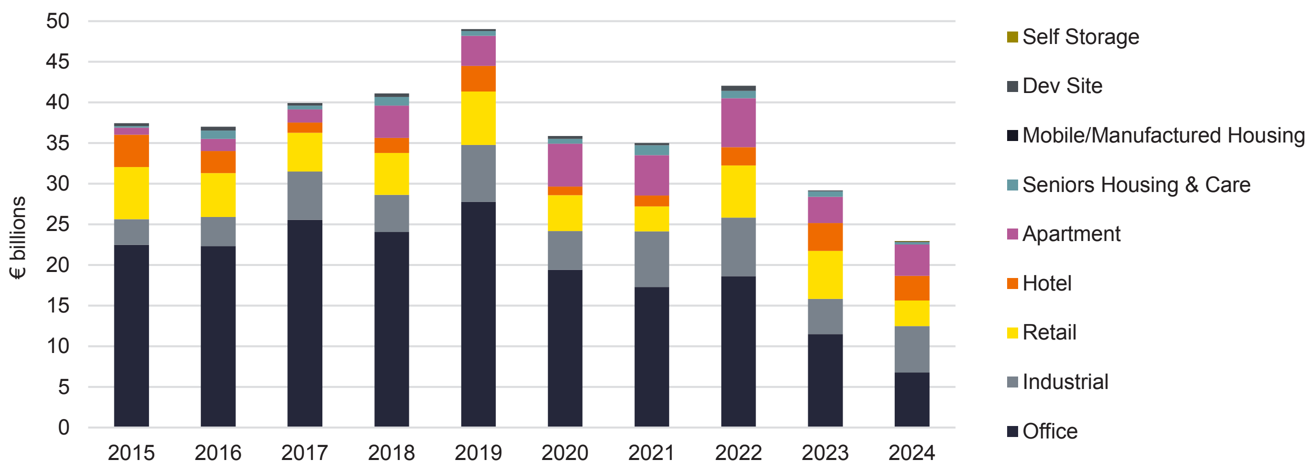
In 2024, France's political instability, marked by the ousting of Prime Minister Michel Barnier and a fragmented parliament, has undermined business confidence and deterred foreign real estate investors. Proposed corporate tax hikes, particularly affecting sectors like luxury and construction, have further strained investor relations. Historically, France has been cautious toward foreign real estate investors, with stringent regulations and complex bureaucratic processes posing challenges to cross-border investment. For example, the French legal system mandates detailed reporting obligations, including regular financial reports and annual compliance declarations, to ensure transparency and adherence to national standards. These requirements, coupled with the necessity for clear disclosure of ownership structures, contribute to the complexity of navigating the French investment landscape.

The reduction in investment volume is largely attributed to a sharp decrease in the office sector, where demand has been weakened by the shift towards hybrid working models. Historically, office properties have consistently dominated the investment landscape in France, accounting for 59% of total annual investment volumes in 2018. However, there was a notable shift in 2021, when office assets represented less than half of the total volumes for the first time and this trend has continued. In 2024, the share of overall investment attributed to the office sector dropped to 30%, with the sector's total investment decreasing to €6.8 billion from €11.5 billion in 2023. Sustained demand does remain for prime high-quality, certified office spaces, in Paris CBD.

In contrast, the logistics and industrial sector has remained relatively resilient, with investment volumes increasing to €5.7 billion in 2024 from €4.3 billion in 2023. In 2024, the share of overall investment attributed to the logistics and industrial sector rose to 25% of total investment, up from 15% in 2023. Residential assets, particularly apartments, have also seen sustained interest, with volumes rising from €3.2 billion in 2023 to €3.8 billion in 2024.

In 2024, the buyer pool in France shows a suggestive shift towards cross-border investors, accounting for 45% of buying activity, a significant increase from previous years. This indicates a renewed interest from international capital. Private and institutional investors remain key players, contributing 28% and 17% of the buyer activity, respectively. In contrast, the influence of REITs and listed companies continues to decline, accounting for only 1% of total buyer activity.

**France Real Estate Investment: Volumes**




| Volume (€) | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| Total | 35,853,751,441 | 35,006,015,976 | 42,067,386,533 | 29,174,808,240 | 22,956,265,921 |

*Source: MSCI, 2025.*

## 3.3. Occupational Market Overview: Office Sector

### 3.3.1. Overview

In this section, we assess the office market in Greater Paris, covering the Île-de-France region and the Paris CBD, which lies at the heart of the Île-de-France region. Île-de-France comprises eight administrative departments: Paris (Ville de Paris), Essone, Hauts-de-Seine, Seine-et-Marne, Seine-Saint-Denis, Val-de-Marne, Val-d'Oise, and Yvelines. Paris CBD is a prime office location, attracting a variety of businesses, from luxury retail brands to start-ups and global tech companies.

While France has experienced a less pronounced shift to home working compared to other countries, hybrid working has still gained traction. This transition has impacted office space take up, with businesses showing a preference for smaller, well-connected locations and flexible office solutions. Over the past 12 months, there has been a noticeable shift toward a more balanced hybrid work model. Companies are increasingly encouraging employees to return to the office, amid concerns about productivity and maintaining company culture in a remote working environment.

In recent years, stringent environmental standards have emerged as a key driver in the French office market. Companies are increasingly prioritising sustainable buildings that meet modern regulatory requirements, reflecting a heightened awareness of environmental impact, employee well-being, and corporate responsibility. However, the supply of such buildings is failing to keep pace with the growing demand. Across Île-de-France, less than half of the existing office stock meets current sustainability regulatory standards. Stricter regulations, such as France's Éco Énergie Tertiaire decree, are pushing landlords to upgrade their buildings, though retrofitting older properties can be both costly and time-consuming.

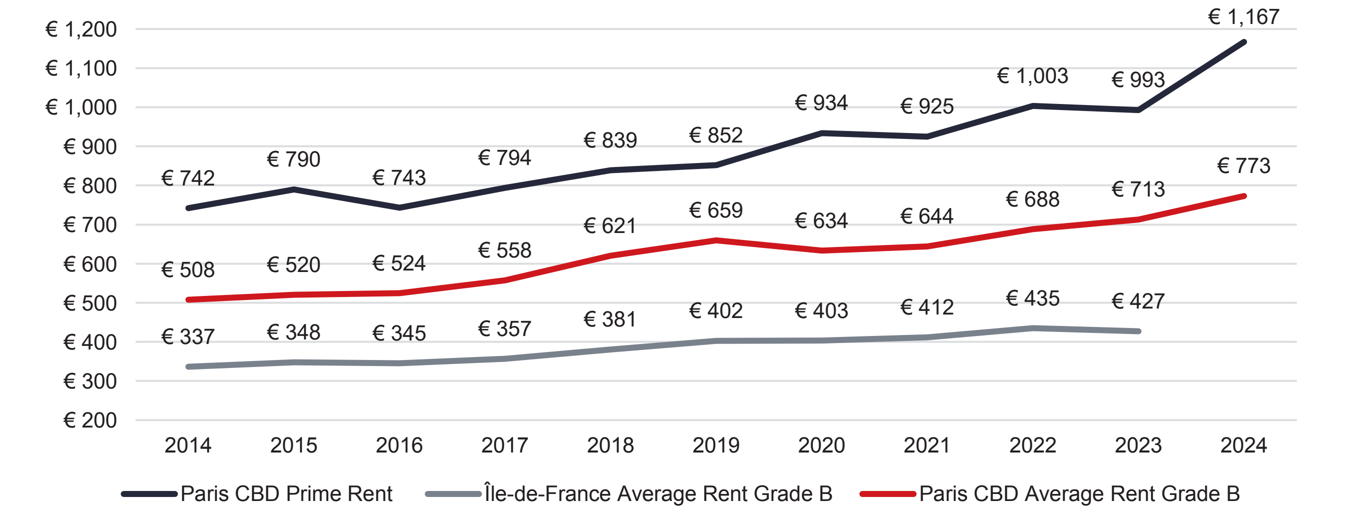
La Défense faces a significant challenge, with a large share of its office stock failing to meet ESG regulatory standards. Pierre-Yves Guice, CEO of Paris La Défense, told Reuters around 25% of office space across the four million square metre complex needed retrofitting to higher green standards or redeveloping for non-office use due to lower office demand.

### 3.3.2. Rents

Office rents and property values in the Paris CBD are among the highest in Europe, with consistent capital appreciation. Prime rents are typically achieved within the core CBD, as stock is often well-located and of a high quality, driving greater demand from corporate tenants. To manage rising rents, companies are offsetting costs by reducing the total floorspace they occupy, leading to a negative net absorption.

Rents across both prime and lower grade stock have increased year-on-year. In 2024, prime rents in the Paris CBD reached €1,167 per sq m p.a., a significant increase from €993 in 2023, representing a 17.5% rise year-on-year. This growth highlights the ongoing demand for top-tier office spaces CBD area, driven by the district's strategic location, high-quality stock, and attractiveness to global corporations.

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




*Source: Savills, 2025*

Grade B stock in the Paris CBD is priced approximately a third lower than best-in-class assets. Despite this price difference, there has still been a marked increase of over 8% from 2023 to 2024, surpassing prime rents in many other European cities. As a result, inner suburbs offering a combination of favourable rents and good accessibility may become increasingly attractive to tenants.

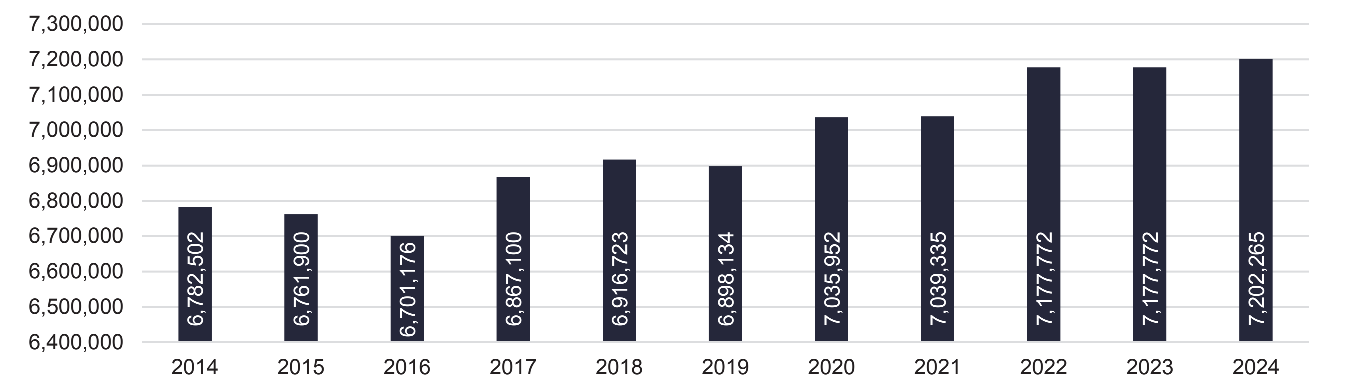
### 3.3.3. Stock & Vacancy

The total quantum of stock in Paris CBD has increased slightly in 2024 to circa 7.2 million sq m, representing approximately 13% of the total office supply in the Île-de-France region. A slowdown in construction is anticipated through 2025, which suggests a potential shortage of new high-quality office space in the coming years.

The desire from companies to take a smaller quantum of high quality space has contributed to a growing surplus of available space, particularly for second-hand space. These vacated spaces now make up over 70% of the available stock in Paris.

Only 43% of Île-de-France's 56 million sq m of office space currently meets regulatory standards, and many buildings may soon require upgrades to comply with emerging regulations. It is expected that second-hand space may be converted to alternative uses. ORIE (the Observatoire régional de l'immobilier d'entreprise en Île-de-France, 2024) estimates that the conversion of obsolete office space in the region could create 150,000 housing units for 340,000 people. The viability of these conversions is greatest in areas like Clichy-Saint-Ouen, Vélizy-Villacoublay, and the corridor stretching from Vanves to Gentilly.

**Office Stock: Paris CBD (sq m)**

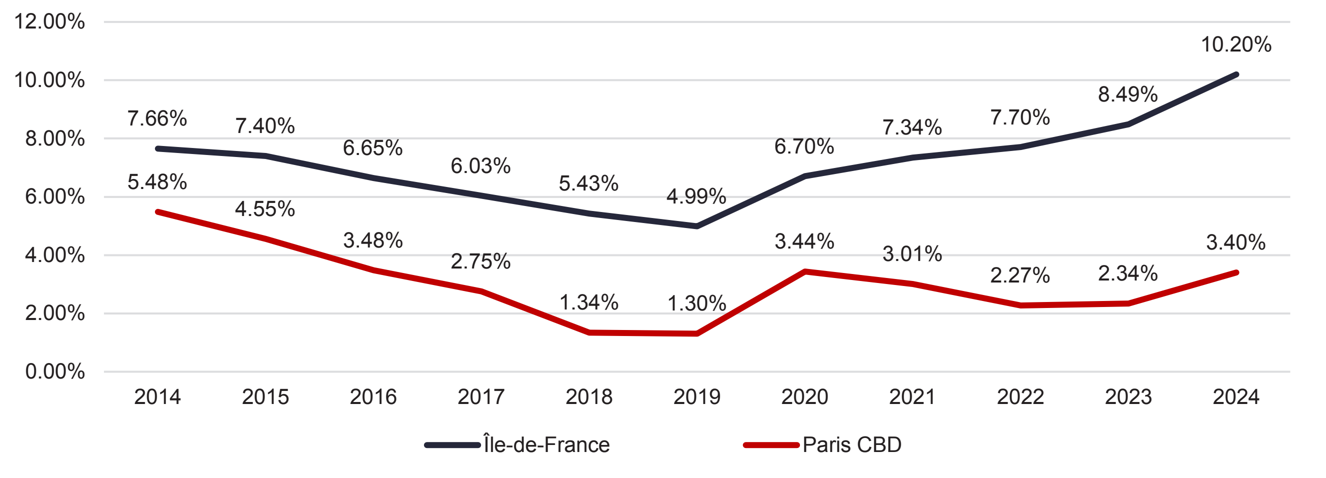



*Source: Savills, ORIE (2025). Stock as at year end.*

The Paris CBD experiences a notably low vacancy rate, reflecting sustained demand for prime office spaces in central locations. The shift toward occupiers taking smaller office spaces has led to slight increase in vacancy rates in Paris CBD to 3.4% in 2024, up from 2.3% in 2023. Albeit, this is relatively low when compared to other European core markets. There is a confirmed pipeline of approximately 100,000 sq m of space in the CBD which will help to ease the current undersupply in the district.

Vacancy rates are much higher in the wider Île-de-France region, with the gap between the Paris CBD and the rest of the region growing from 3.7% pre-pandemic to 6.8% in Q4 2024. The vacancy rate for the Île-de-France region was 10.2% at the end of 2024.

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




*Source: Savills, ORIE, 2025.*

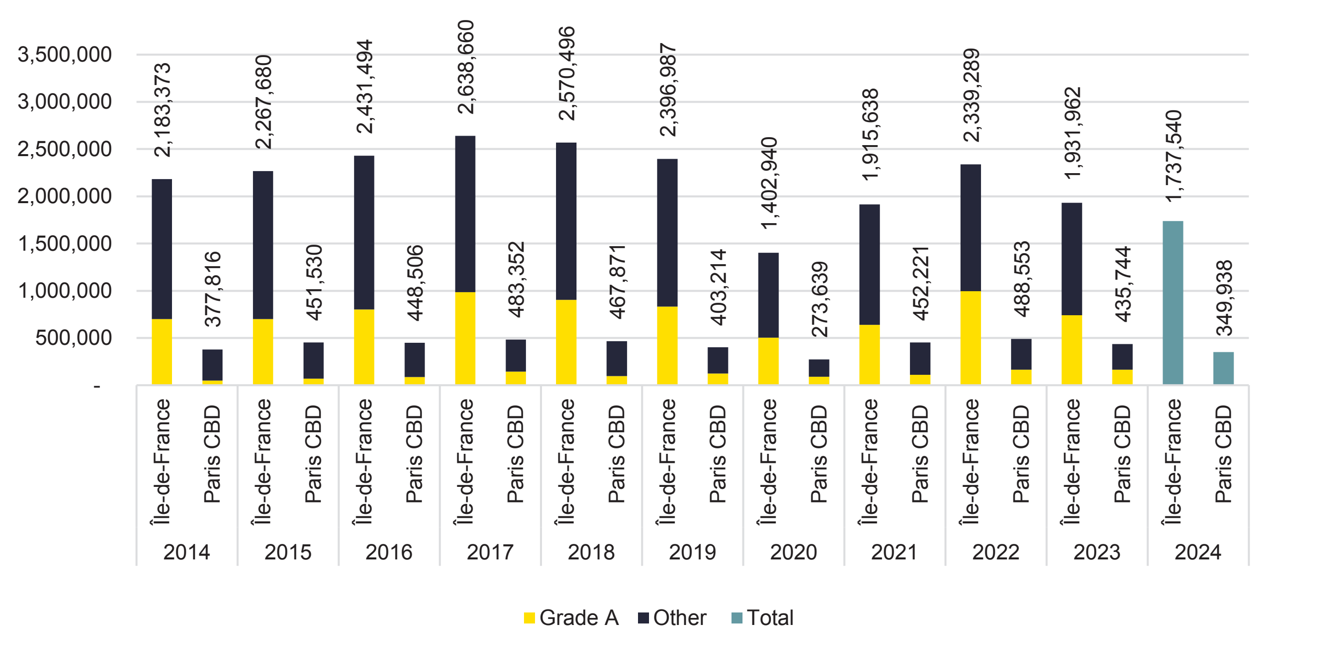
### 3.3.4. Take Up

Office space take up in Île-de-France slowed significantly throughout 2023, down 17% on 2022, and declined again in 2024 by 10% year-on-year. Total take up in Île-de-France was 1,737,540 sq m in 2024, and in Paris CBD was 349,938 sq m. This decline has impacted all segments of the market, particularly larger spaces (over 5,000 sq m).

On average, Paris CBD take up accounts for approximately one fifth of take up in the Île-de-France region. This is not proportional to the 13% of office stock it provides within the region, highlighting the strength of demand for space in the city core.

Peripheral markets in Île-de-France continue to be negatively impacted by the strong demand and competition from the Paris CBD, where the majority of office activity is concentrated. With ongoing economic uncertainty affecting demand and leasing activity, the trend of reduced office space usage is expected to continue for the foreseeable future. In the Île-de-France region, this is likely to result in total leasing activity of less than 2 million square metres per year in 2025.

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

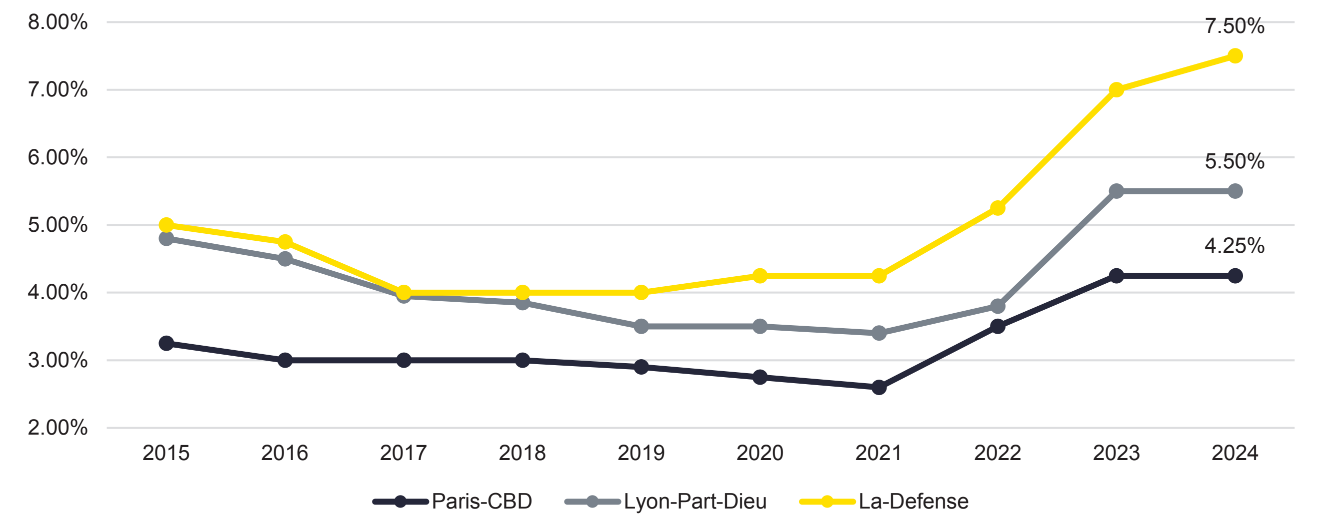



*Source: Savills, ORIE (2025). Total take up in the full year.*

### 3.3.5. Yields

In Q4 2024, prime office yields in Paris CBD stood at 4.25%, remaining stable year-on-year. In contrast, in Paris' business district, La Défense, yields reached a decade high of 7.50%. Prime office yields across France have rapidly decompressed since 2021, however demonstrate clear variation in market dynamics and investor demand between different submarkets.

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




*Source: Savills, 2025. Net Initial Yields (see definitions).*

### 3.3.6. Future Outlook

France's economic growth, projected to settle at 1.2% in 2024 and 0.7% in 2025, may result in cautious corporate expansion, influencing office space demand. Fiscal tightening and rising public debt (expected to reach circa 130% of GDP by 2026) could lead to restrained government and business investment, potentially slowing leasing activity. However, inflation is forecasted to fall to below 2% in 2025, which is anticipated to stabilise financing costs and encourage investment in office real estate, particularly in prime locations such as Paris and Lyon. The ECB has continued rate cuts since June 2024, which are expected to improve financial conditions. Together with the ongoing rental growth, this could support yield compression in prime office assets.

Following the collapse of Michel Barnier's government in December 2024 after a vote of no confidence, François Bayrou was appointed as the new French prime minister. While direct impacts of this political shift on the office market are not yet fully defined, efforts to streamline construction processes, support investment, and stabilise the political environment may create favourable conditions for office real estate activity and investment.

**ESG & Sustainability Drivers**

Green building certifications are increasingly adopted, with the most commonly used labels being Haute Qualité Environnementale (HQE), BREEAM, and LEED. Given that less than half of office space in Île-de-France meets these standards, there is an opportunity for investors to capitalise on the demand through retrofitting existing stock. The new 'bioclimatic' urban development plan, approved by Paris City Council in June 2023, introduces a range of sustainability-focused regulations designed to transform Paris into a more energy-efficient and climate-adaptive city. These regulations will push office buildings to adopt energy-saving measures, reduce carbon footprints, and improve resilience to climate change.

The Tertiary Decree (décret tertiaire) remains a pivotal regulation in France, aiming to enhance the energy efficiency of French real estate. It mandates that all tertiary buildings exceeding 1,000 sq m set energy savings targets and report their energy consumption annually. The decree stipulates reductions in energy consumption of 40% by 2030, 50% by 2040, and 60% by 2050, compared to a baseline year selected between 2010 and 2019. Both owners and tenants are jointly responsible for compliance, with penalties for non-compliance.

## 3.4. Occupational Market Overview: Industrial / Logistics Sector

### 3.4.1. Overview

France is strategically located in Western Europe, sharing borders with seven countries, providing quick access to major cities like London, Brussels, Cologne, and Amsterdam. The nation's transport infrastructure includes well-developed airports with cargo facilities (Paris Charles de Gaulle, Lyon, Marseille), strong inland waterway connections (particularly via the Seine and Rhône rivers), major seaports (Le Havre, Marseille, Dunkirk), and key railway and road networks. France remains a prime location for logistics and industrial activities due to its infrastructure, market access, and innovation-driven approach.

Investor interest in France is primarily focused on logistics and light industrial properties, each serving distinct purposes. Logistics properties are tailored for storage and distribution, featuring expansive spaces with high ceilings to support warehousing and transportation logistics. Light industrial (locaux d'activités) properties accommodate a wide range of activities including crafting, commercial ventures, and light manufacturing processes.

The Greater Paris area remains the largest logistics and industrial hub in France, serving as a central point for e-commerce and retail distribution, and commanding the highest rental rates in the country. Lyon acts as a gateway to Southern Europe, while Lille serves as a cross-border hub, close to Belgium and the UK. Marseille & Le Havre are home to key ports for maritime trade and intermodal transport.

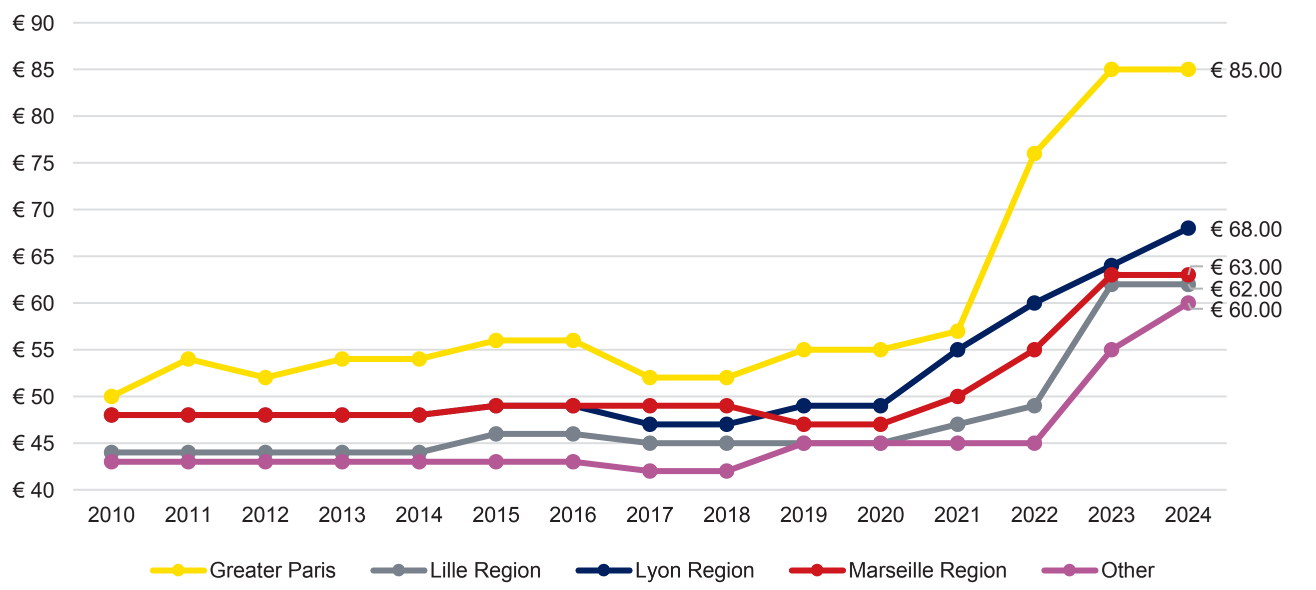
Paris faces challenges in respect of new supply. Paris adopts regulatory zones to manage space scarcity including major urban services zones and logistics location perimeters that designate areas for mixed-use logistics hubs. Zoning laws emphasise the consideration for last-mile stations in mixed-use sites (combining with housing and offices) in order to integrate logistics into the urban areas.

Within our assessment, we include data covering the standard warehousing market which covers a variety of uses for businesses. Data in the French market, often focuses on logistics properties, specifically warehouses, as they dominate transactions and investment activity and are an illustrative sample of the sector.

### 3.4.2. Rents

In 2024, rents across most of the key locations stabilised after rising in 2022 and 2023. For Greater Paris, the prime rent remains at €85.00 per sq m p.a., the highest in the country. Elsewhere, rents stood at €68.00 in the Lyon region, €63.00 in the Marseille Region and €62.00 in the Lille Region. In the secondary market, rents in Lyon have increased from €60 to €68 per sq m p.a., driven by the lack of available logistics space in the south of France.

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



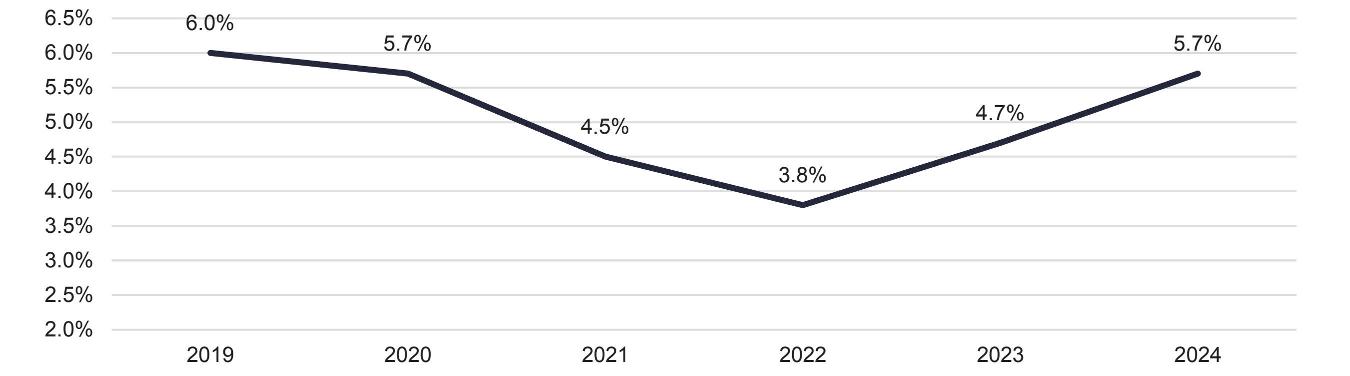

*Source: Savills, 2025. *Rents relate to Grade A warehouses.*

### 3.4.3. Stock & Vacancy

In 2024, immediate supply of logistics space in France increased sharply, pushing the vacancy rate up to 5.7%. Despite this uptick in vacancy, this remains comparatively low, reflecting the ongoing tension between limited supply and sustained demand.

Total warehousing supply in France has reached over 3.1 million sq m, with 46% classified as Grade A stock. This market environment presents challenges for occupiers seeking space, however creates opportunities for investors and developers to address supply constraints in strategic locations.

**Logistics Vacancy Rate: National (%)**




*Source: Savills, 2025. Data as at end of Q4 each year.*

In terms of regional variation, the logistics and industrial vacancy rate in Île-de-France stood at 4.2% in mid-2024, indicating a balanced market with steady demand and supply. Moving south the markets in Toulouse, Lyon and Marseille recorded even lower vacancies at 2.8%, 2.1% and 1.1% respectively. Similarly, in the west, Nantes had a vacancy rate of 2.6%. Conversely, in the same period, higher rents were identified in Lille (9.4%), Le Havre (7.0%), Orleans (6.7%) and Bordeaux (5%). Such regional disparities highlight the dynamic nature of France's logistics real estate market, shaped by local economic activities, availability of land, and infrastructural developments (Statista, 2025).

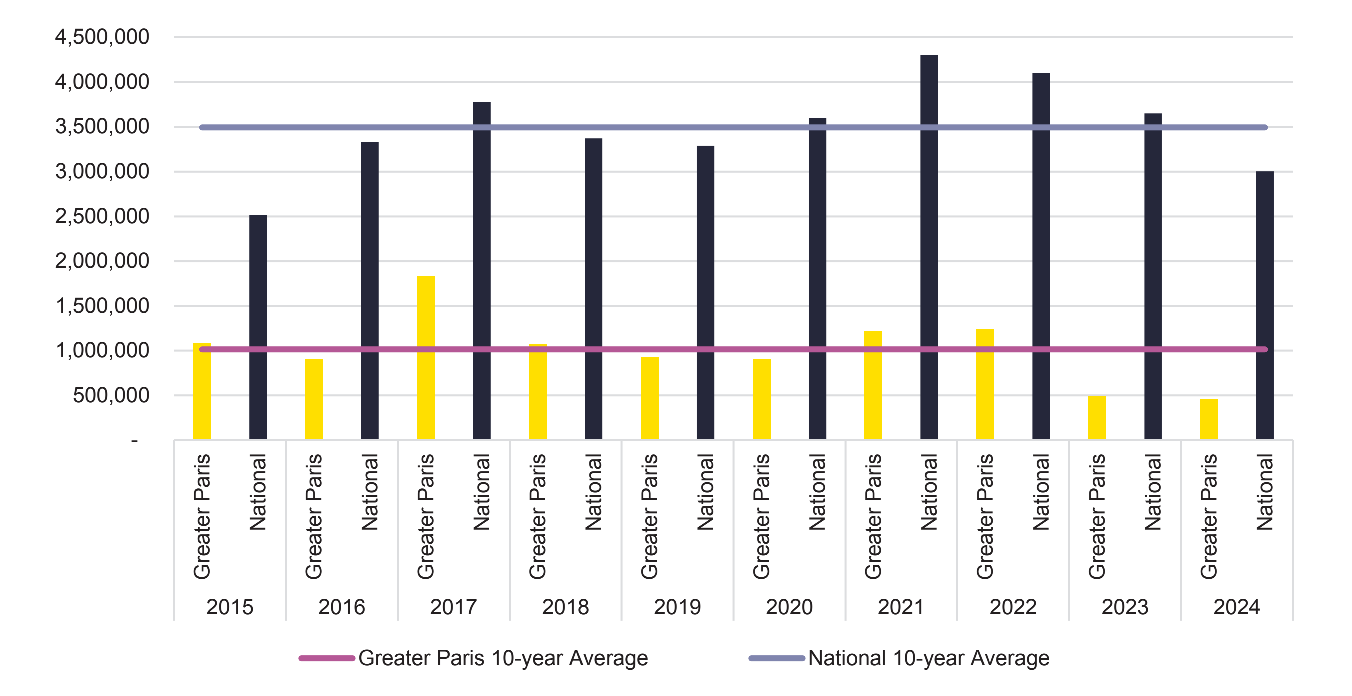
New supply continues to be brought forward across France. Key projects include Panattoni's announced completion of the first building of their speculative 62,000 sq m logistics platform in Saint-Léger-Prés-Troyes, southeast of central Paris and along the A5 motorway. This year, a 19,451 sq m development from Stonehedge (a logistics and light industrial developer) will progress. This four building project will sit closely to La Francilienne (Paris's third ring-road), targeting a BREEAM New Construction 'Excellent' certification and the 'Biodivercity' label and is expected to complete in Q4 2025.

### 3.4.4. Take Up

In 2024, national take up saw a notable decline, falling by around 18% year-on-year to approximately 3 million sq m. However, in the Greater Paris market, this decline was less severe, with take up decreasing by about 5% year-on-year, totalling 461,183 sq m. There has been a noticeable shift in activity towards secondary regions, as the proportion of take up within Greater Paris has declined over the past decade. As at Q4 2024, Greater Paris made up approximately 15% of leasing in the French logistics market, a significant drop from the average of 36% across annual take up between 2015 and 2019.

Demand for space, particularly energy-efficient space, remains strong in the market. Logistics markets in the 'fourth ring' of Paris, the areas in departments surrounding Greater Paris, have gained traction. By Q3 2024, these regions surpassed Greater Paris in terms of take up volumes.

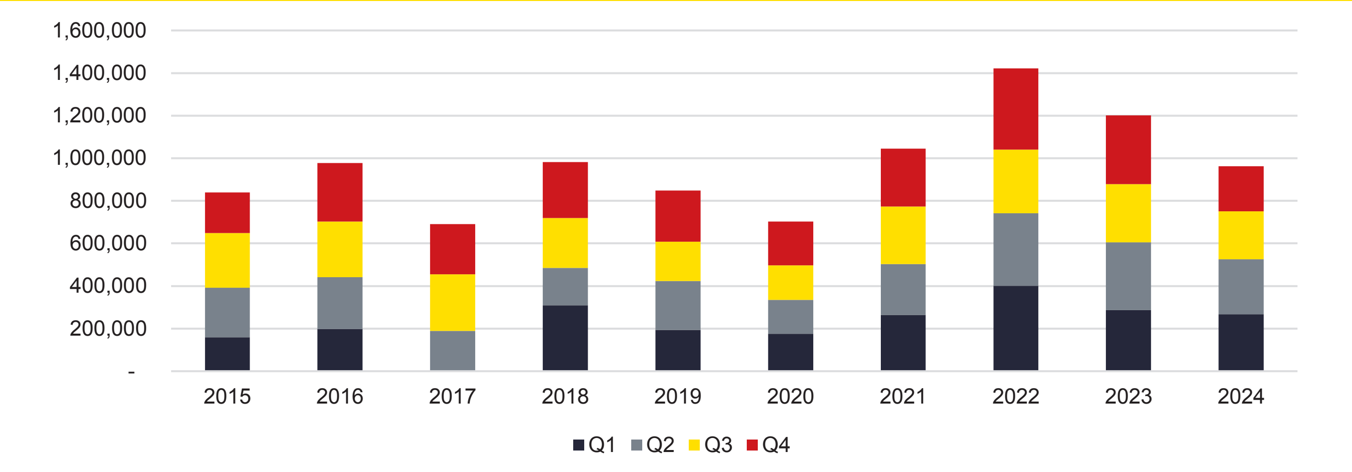
**Logistics Take Up: National & Greater Paris (sq m)**




*Source: Savills; Immostat 2024.*

In the light industrial market, take up volumes peaked in 2022, however in 2024, leasing fell by about 20%. With a total take up of approximately 960,000 sq m, volumes in 2024 were similar to those observed in 2018.

**Light Industrial Take Up: Greater Paris (sq m)**

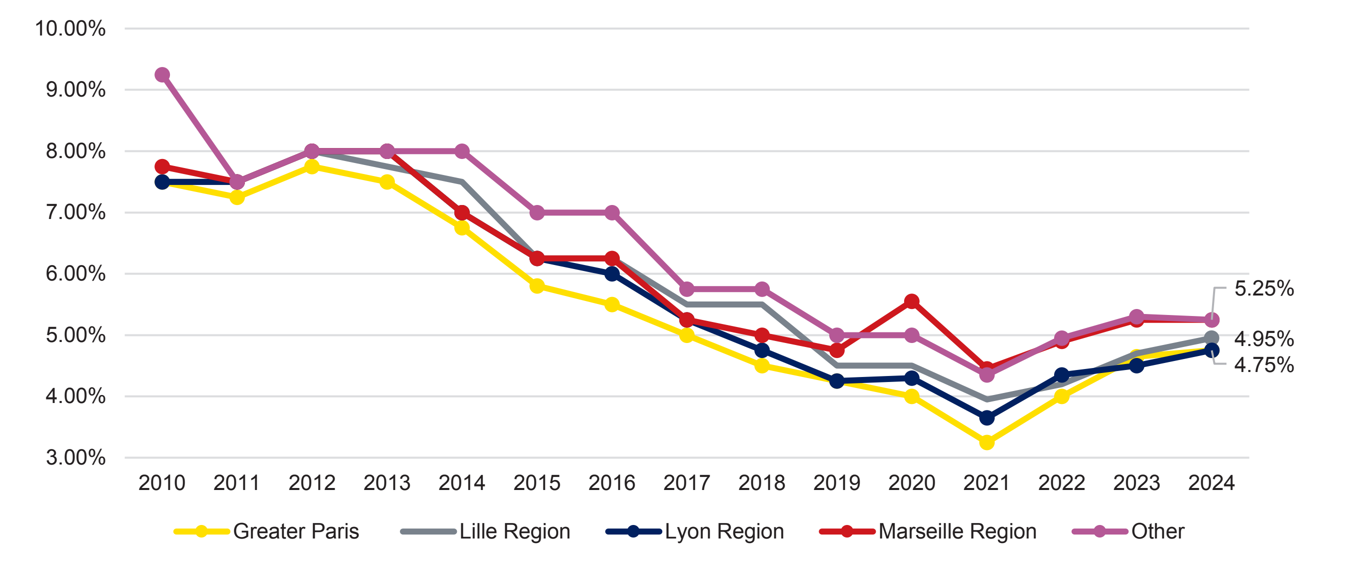



*Source: Savills; Immostat 2024.*

### 3.4.5. Yields

Since 2021, yields across France have softened, although this trend has slowed in the past year, with yields stabilising in 2024. This stability has been supported by an improvement in investment market activity. The most compressed yields were seen in Greater Paris and Lyon, both recording a rate of 4.75%. In contrast, yields in markets such as Lille are slightly higher, at 4.95%. The higher vacancy rate in the Lille warehouse sector could influence these yields, potentially creating opportunities for investors looking for value in a less competitive market. Marseille, as a key Mediterranean port, continues to drive economic growth, attracting global businesses and boosting demand for logistics and warehouse facilities. Consequently, yields here are higher, at 5.25%.

**Warehouse Prime Yields: Key Markets (%)**




*Source: Savills, 2025. Net Initial Yields (see definitions). Yields relate to Grade A warehouses.*

### 3.4.6. Future Outlook

Investor and occupier demand is expected to strengthen in 2025. Looking ahead, forecasts suggest that accelerating GDP growth and business expansion will drive continued demand for industrial spaces. Savills 2024 European Logistics Census, highlighted that 24% of occupier respondents expect to take more space in France over the next three years.

Further reductions in ECB key rates are expected to improve financing conditions, supporting activity. A key example of ongoing investment activity is Amazon's recent announcement of a €1.2 billion investment in France, focused on enhancing logistics infrastructure in the Auvergne-Rhône-Alpes region (home to Lyon) and expanding their generative AI services (Amazon, 2024). Public support for logistics development is expected to persist, following the publication of the National Master Plan for Combined Transport in October 2024. This plan aims to improve logistics efficiency, promote sustainable freight transport, upgrade infrastructure, and encourage more regional logistics activity.

**ESG & Sustainability Drivers**

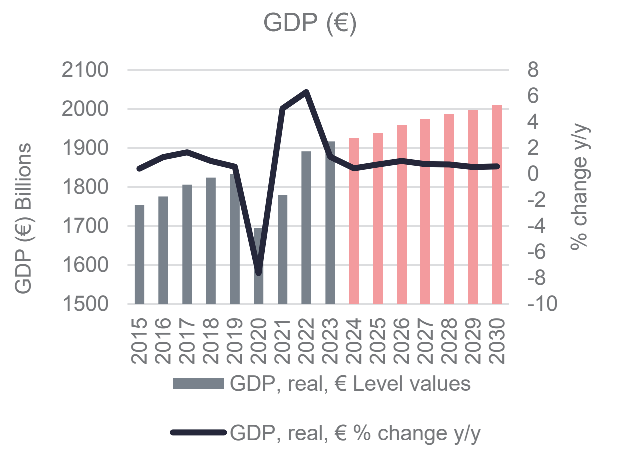
Logistics and industrial occupiers, especially 3PLs, continue to be impacted by the economic climate and are increasingly focusing on optimising their real estate. In 2023, the French government introduced the Green Industry Investment Tax Credit (C3IV), aiming to accelerate the establishment of production sectors specialising in decarbonisation technologies. This initiative is allocated an annual budget of €500 million to support eco-friendly investments in the industrial sector.

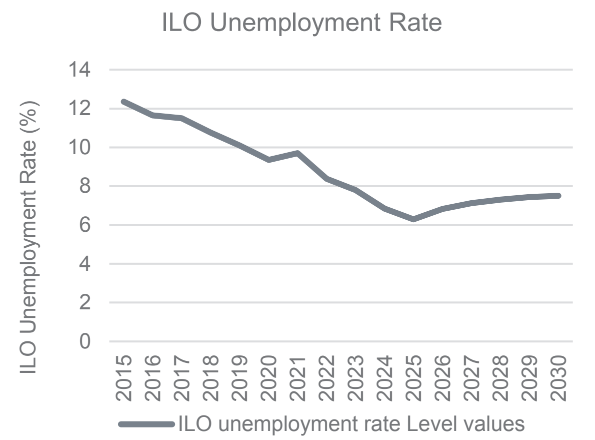
The Climate and Resilience Law (2021) addresses various environmental and sustainability issues, such as improving air quality and encouraging green building renovations. Among its stipulations, as of January 1, 2023, all new commercial and industrial buildings, including warehouses over 500 sq m, are required to install solar panels covering at least 30% of their roof area. In addition, the Tertiary Decree mandates energy consumption reductions for both building owners and tenants. This decree includes specific consumption targets for logistics assets. Green building certifications are also gaining traction in the market, with specific standards such as HQE, having criteria for cross-docking platforms and cold storage facilities in France.

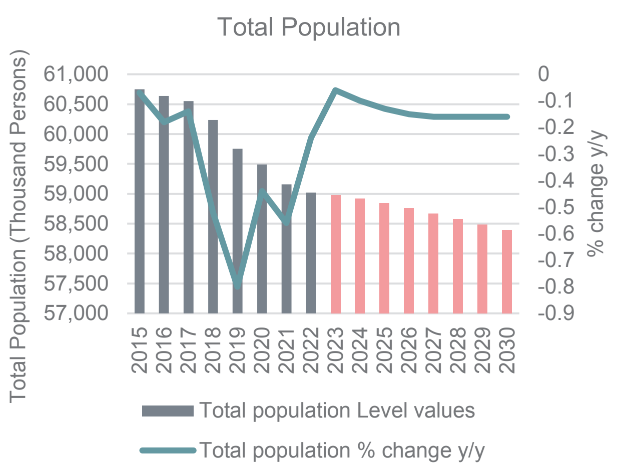
# 4. Italy

## 4.1. Macroeconomic Context

**Key Macroeconomic Indicators**




| | Figure | Period |
|---|---|---|
| **Government Gross Debt (% of GDP):** | 148.70% | December 2024* |
| **Inflation (CPI) (%)** | 1.50% | January 2025 |
| **Central Bank Interest Rate (%)** | 2.90% | February 2025 |

*Source: Oxford Economics, Trading Economics (2025). Central Bank Interest Rate is the European Central Bank's Main refinancing Fixed Rate. *Forecast as actual figures yet to be published. Forecast figures in graphs are illustrated by red bars.*

| Key Indicators | 2023 | 2024 | 2025 (f) | 2026 (f) | 2027 (f) | 2028 (f) | 2029 (f) |
|---|---|---|---|---|---|---|---|
| **GDP Change Year-on-Year (%)** | 1.3 | 0.4* | 0.7 | 1.0 | 0.8 | 0.7 | 0.5 |
| **ILO Unemployment Rate (%)** | 7.8 | 6.9* | 6.3 | 6.8 | 7.1 | 7.3 | 7.4 |
| **Total Population (Thousand Persons)** | 58,979* | 58,922* | 58,846 | 58,761 | 58,668 | 58,576 | 58,485 |
| **Government Gross Debt (% of GDP)** | 146.85 | 148.70* | 152.22 | 153.21 | 152.88 | 152.06 | 150.99 |
| **Inflation Rate (CPI, %)** | 8.4 | 0.9 | 1.7 | 1.8 | 1.7 | 1.8 | 1.9 |
| **Long Term Interest Rate (%)** | 4.2 | 3.9 | 3.6 | 3.9 | 4.2 | 4.4 | 4.4 |

*Source: Oxford Economics, 2025. *Forecast as actual end of year figures are yet to be published.*

### 4.2. Commercial Real Estate Market Introduction

Following a period of significant decline in 2023, the Italian real estate market showed strong signs of recovery in 2024, with total investment volumes reaching approximately €9.8 billion, almost doubling the €5.1 billion recorded in 2023. This resurgence reflects renewed investor confidence, particularly in the office, retail and logistics sectors as the leading asset classes by investment volume. Despite this rebound, total investment in 2024 remained below the five-year average for 2018 - 2022 (€10.6 billion). While the market in 2024 was characterised by granular activity, large deals and portfolio transactions gradually returned as financial conditions eased. Investors continued to focus on sectors with strong fundamentals and resilient demand. A significant supply-demand imbalance was the primary market driver, particularly for prime office and high-street assets, hotels, and the redevelopment of assets for living purposes.

In 2024, the office market demonstrated notable improvement, with investment volumes increasing to €2.2 billion in 2024, up from €1.3 billion in 2023. The office sector accounted for 22% of total investment volumes. 2024 was marked by an increase in the average deal size to €41 million (almost doubled compared to 2023), and a strong return of international investors.

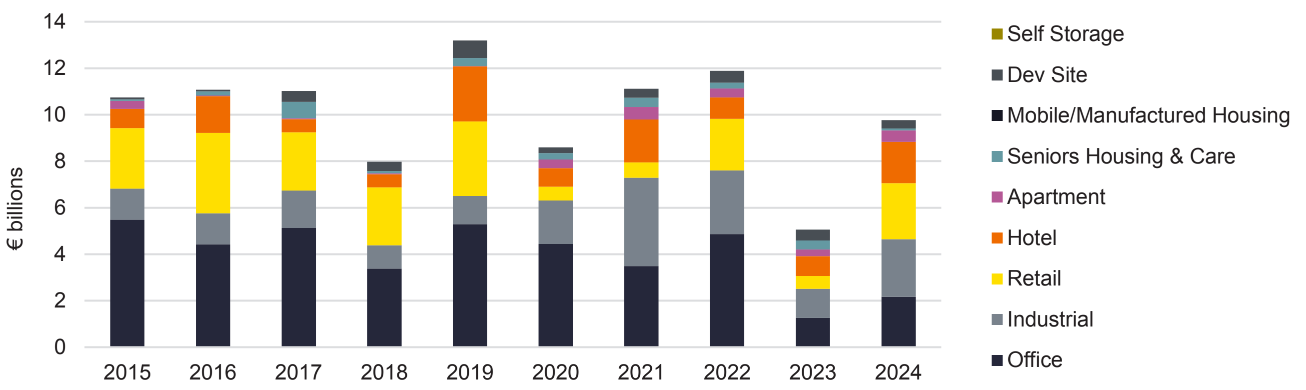
Milan remained the dominant office market both in terms of volume and the number of deals. Milan attracted approximately 58% of annual investment by volume, with activity spanning from the CBD Historic Centre to more peripheral locations. The office component of the Via Montenapoleone transaction, acquired by Kering, significantly contributed to Milan's volumes. While Milan remains the focal point for office transactions, investor interest in peripheral markets has also increased, particular for high-quality offices. In 2024, Rome saw its market share increase, due to the closing of three large deals (> €100 million).

The logistics and industrial sector continued to perform strongly in 2024, with investment volumes increasing to €2.5 billion in 2024, from €1.3 billion the previous year. The logistics sector accounted for around 25% of the total volume, emerging as a sought-after asset class for investors. Regions in Northern Italy, particularly Lombardy, Emilia-Romagna, and Veneto, have emerged as the most favourable investment areas due to their strategic locations, strong infrastructure, and proximity to major transport hubs.

During H1 2024, investment activity was dominated by a focus on industrial and light industrial warehouses. In the second half, logistics facilities played a major role, driven by the closing of two large logistics portfolios (> €100 million).

Despite ongoing caution around monetary policy and geopolitical uncertainties, international investors remained a key source of capital, accounting for 75% of deals (up from 69% in 2023), reaffirming the competitiveness of the Italian market.

**Italy Real Estate Investment: Volumes**




| Volume (€) | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| Total | 8,593,130,791 | 11,110,995,321 | 11,891,369,747 | 5,060,037,658 | 9,769,631,066 |

*Source: MSCI, 2025.*

## 4.3. Occupational Market Overview: Office Sector

### 4.3.1. Overview

The Italian office market saw improvement in 2024, driven by pent-up demand for high-quality spaces. Tenants are prioritising smaller, Grade A office spaces in buildings with strong ESG credentials. Home working in Italy has become more common, but it is less widespread than in many other European countries. While remote work surged during the pandemic, many companies, particularly in traditional sectors like government, finance, and manufacturing, have since encouraged a return to the office. Typically, prime office utilisation rates are circa 75%. Sustainable buildings are attracting much stronger demand than secondary stock. This trend has led investors to prioritise the upgrading or reconversion of Grade B and Grade C assets into high-quality office buildings to meet the rising demand.

Milan, situated in the northern Lombardy region, continues to cement its reputation as Italy's financial capital. However, in 2024, it also witnessed a significant rise in activity from fashion/luxury and pharmaceutical tenants, surpassing other sectors in leasing activity. To address challenges in the development pipeline, the Italian parliament passed the "Save Milan" bill in November 2024. This legislation is designed to simplify building procedures and reduce costs, particularly in Milan, where several projects had been stalled due to legal investigations. The bill is expected to facilitate high-rise constructions through streamlined renovation permits.

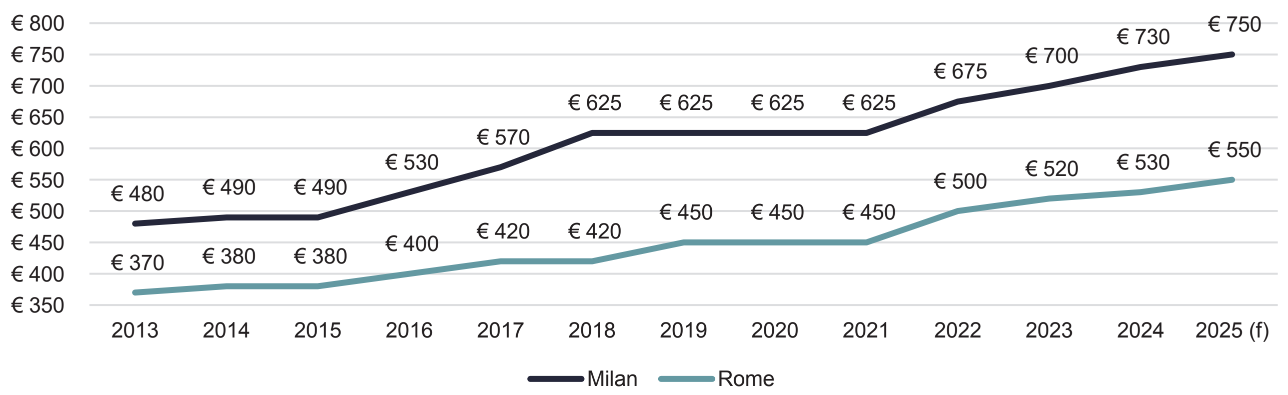
Italy's capital city of Rome remains the largest city by population, and a key hub for government institutions, multinational corporations, and professional services firms. The current supply constraints and regulatory challenges present opportunities for investors willing to engage in redevelopment and value-add projects to meet the evolving demands of office occupiers. With limited available stock, lower vacancy rates, and rising rents, tenants face difficulties finding suitable spaces, pushing investors towards redevelopment to increase the pipeline of high-quality stock.

### 4.3.2. Rents

A continued lack of availability of prime Grade A space in central locations led to sustained rental growth throughout 2024. Prime rents in Milan and Rome have continued to rise year-on-year, reaching €730 and €550 per sq m p.a., respectively, in 2024. A further increase in prime rents of between 3% to 4% is forecasted for 2025.

The focus on prime Grade A stock resulted in a widening of the gap between prime and non-prime assets through 2024 and this trend is set to continue.

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



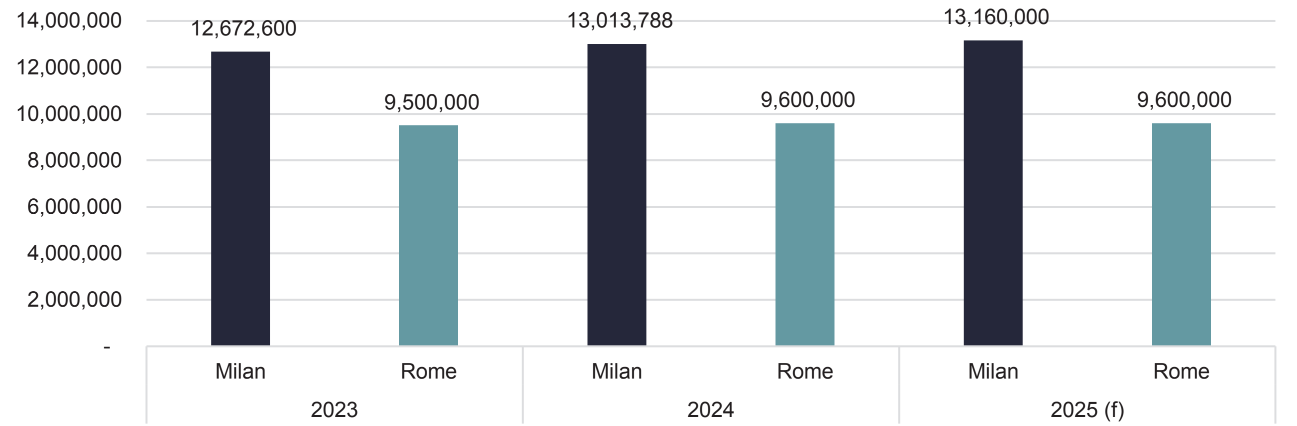

*Source: Savills, 2025.*

In Italy, landlords typically provide a leasing incentive in the form of a rent-free period, which is subject to negotiation and is typically approximately one month per each year of the lease. Service charges are paid separately and are typically quoted at approximately €55 per sq m p.a. Reporting from DLA Piper (2024) confirms that the Tenancy Law provides for a minimum term of six years for commercial leases (except where the activity to be carried out in the premises is temporary).

### 4.3.3. Stock & Vacancy

Over 340,000 sq m of office space was added to Milan's office stock in 2024, bringing the total stock to over 13 million sq m by year-end. Of the projects completed in Milan in 2024, over two-thirds of this stock had already been leased by the time of completion. Milan currently has 36% more office stock than Rome, and this gap is expected to widen as Rome's supply remains stagnant.

**Office Stock: Milan & Rome (sq m)**

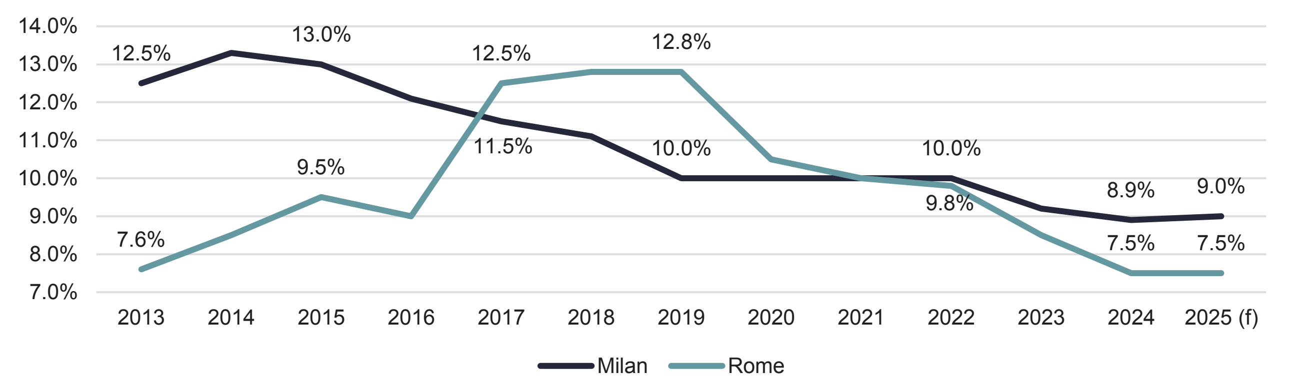



*Source: Savills, 2025.*

In Milan, vacancy rates have been steadily decreasing due to sustained demand, reaching 8.9% by year-end. However, new completions in 2025 are expected to cause a slight uptick in vacancy to 9.0%. The strong demand for Grade A office space is particularly evident, with a vacancy rate of just 3.6% in 2024, highlighting the growing focus on premium spaces.

In Rome, vacancy rates have dropped to a record low of 7.5%, driven by stagnant supply. Tenants are increasingly seeking Grade A space, which is becoming increasingly scarce.

**Office Vacancy: Milan & Rome (%)**




*Source: Savills, 2025.*

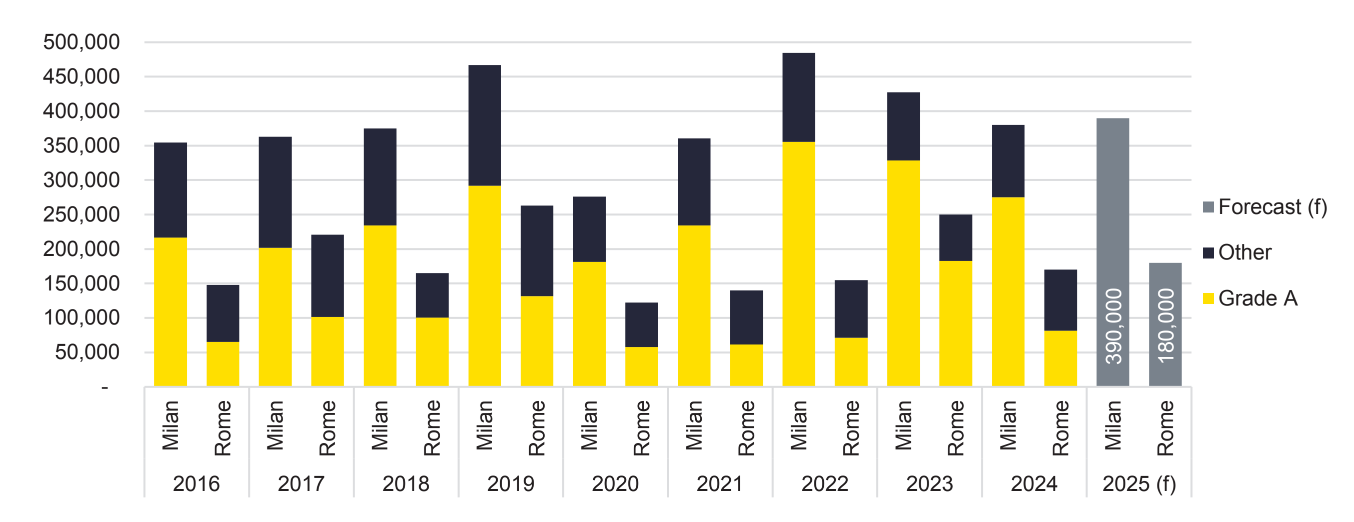
### 4.3.4. Take Up

Milan recorded 380,000 sq m of take up in 2024, reflecting an 11% year-on-year decline from 2023. While take up slowed, the number of deals rose by 6%, making 2024 the highest on record for number of transactions. The focus for occupiers has been high-quality smaller spaces, with Grade A take up accounting for 72% of transactions in 2024. Over two-thirds of transactions were for space under 1,000 sq m. Average deal size declined by 16% compared to 2023 and was 26% below the five-year average. The services and consulting sector led leasing activity, with notable increases from fashion/luxury and pharmaceutical tenants. Milan's CBD and Porta Nuova regained traction, accounting for a combined 33% of transactions, and periphery markets comprising 26% of total deals.

In Rome, year-on-year take up decreased between 2023 and 2024, reflecting a 32% decrease. In 2024, the market was impacted by a lack of high-quality Grade A product, which led to some deals being postponed to 2025. This has prompted investors to focus on upgrading Grade B and Grade C assets into top-quality office buildings to meet growing demand.

Over the past decade, approximately 70% of Milan's take up has been for Grade A space, compared to 50% in Rome. This reflects Rome's distinct market dynamics, where urban planning constraints and the challenges of renovating historic buildings have impeded the supply of modern office stock.

**Office Take Up: Milan & Rome (sq m)**




*Source: Savills, 2025.*

### 4.3.5. Yields

In 2024, prime net yields remained relatively stable, with the office market continuing to sustain investor interest and demand for high-quality office spaces remaining strong. By year-end, prime office yields stood at 4.25% for Milan and 4.75% for Rome. As the ECB continues to reverse its monetary policy and with the sector's strong fundamentals, there is an expectation that yields in both markets will slightly compress in 2025 by 25 basis points.

**Prime Office Yields: Milan & Rome (%)**


*Source: Savills, 2025. Net Initial Yields (see definitions).*

### 4.3.6. Future Outlook

The polarisation between prime and secondary office spaces in Italy is expected to continue into 2025. In Milan, the widening rent gap between Grade A and secondary office spaces is particularly evident. This trend is projected to persist, as Grade A spaces remain the top choice for occupiers seeking modern, high-quality, and sustainable workspaces.

Rome’s office market is less polarised, driven by urban planning constraints and the complexity of renovating the city's historic buildings. The limited availability of modern office spaces in Rome is restricting take up, forcing occupiers into secondary spaces. Landlords are focusing on upgrading stock to meet growing demand for high-quality space.

Leasing activity is expected to increase modestly in both cities during 2025, with Milan's take up forecasted to grow by 3%, while Rome is anticipated to see a slightly higher increase of 6%.

Looking ahead, demand is expected to remain focused on well-located, energy-efficient Grade A buildings that meet ESG criteria. Secondary office stock, particularly in non-prime locations, may face challenges in securing tenants unless repurposed or significantly upgraded to align with shifting occupier preferences for flexibility, sustainability, and quality.

**ESG & Sustainability Drivers**

As of December 2023, Italy has intensified its climate objectives, aiming for carbon neutrality by 2050. In line with this commitment, the European Commission updated Italy's recovery and resilience plan to include a REPowerEU chapter, focusing on reducing reliance on Russian fossil fuels before 2030.

ESG has becoming increasingly important in the Italian office real estate market, driven by both regulatory pressures and shifting tenant preferences, with improving employees’ wellbeing and energy efficiency as key considerations. Certifications, including LEED, BREEAM and ITACA are becoming more prevalent in the market. The CasaClima Nature is a certification model that evaluates a building in terms of its energy performance and the impact on the health of the occupants. As of 2005, the CasaClima Nature certification is compulsory in the Trentino Alto Adige region for new buildings and buildings that have undergone significant renovation works.

## 4.4. Occupational Market Overview: Industrial / Logistics Sector

### 4.4.1. Overview

Italy acts as a gateway between Europe, North Africa, and the Middle East, making it a valuable hub for international trade. It is well-connected for maritime movement of goods through the Port of Genoa (northwest Italy) and Port of Trieste (northeast Italy). Italy has seen significant growth in the e-commerce sector of 14% growth year-on-year in 2024. This has increased demand for last-mile delivery hubs and distribution centres, particularly in Milan, Bologna, and Rome. As the capital of Lombardy, Milan’s central location in Italy's railway and motorway corridors continues to make it a particularly active location for logistics operations.

Occupiers are placing greater emphasis on sustainability features, as they seek to decarbonise their operations, both in terms of transportation and buildings. Assets with renewable energy infrastructure and strong ESG credentials are attractive to deliver long-term cost savings and align with sustainability goals.

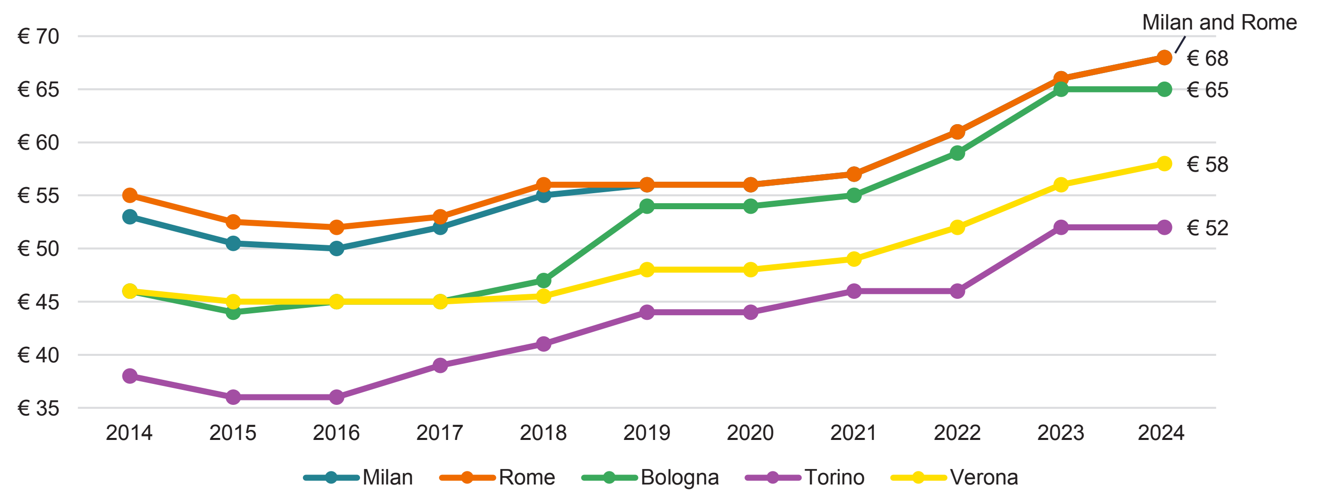
The Italian industrial market continues to attract strong interest from investors, particularly focused on modern, sustainable assets to meet occupier preferences. The availability of new spaces remains limited in prime locations, where zoning restrictions make new developments challenging, driving up rents in core locations.

In this section, we will examine the market nationally and focus on territories within northern Italy, including Lombardy, Piedmont, Emilia-Romagna, and Veneto. In Veneto, Verona and Padova Interporto are the main logistics clusters, with emerging areas including Padova-Vicenza-Rovigo and Veneto Est-Friuli. In Emilia-Romagna, the key logistics clusters are centred around the Bologna and Pavia-Piacenza regions, with emerging areas including Parma-Reggio Emilia and Cesena-Rimini. In Piedmont, the primary logistics clusters are located in Novara and Torino, with the emerging cluster around Tortona gaining significance.

### 4.4.2. Rents

Prime rents remained stable in 2024. Among the key markets, Milan and Rome have achieved the highest recorded rents in the last 10 years, reaching €68 per sq m p.a. in 2024. Forecasts predict rents will rise to €70 per sq m p.a. in Milan during 2025.In Bologna (Emilia-Romagna), prime rents reached €65 per sq m p.a. in 2024, and in Verona (Veneto) prime rents reached €58 per sq m p.a.

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



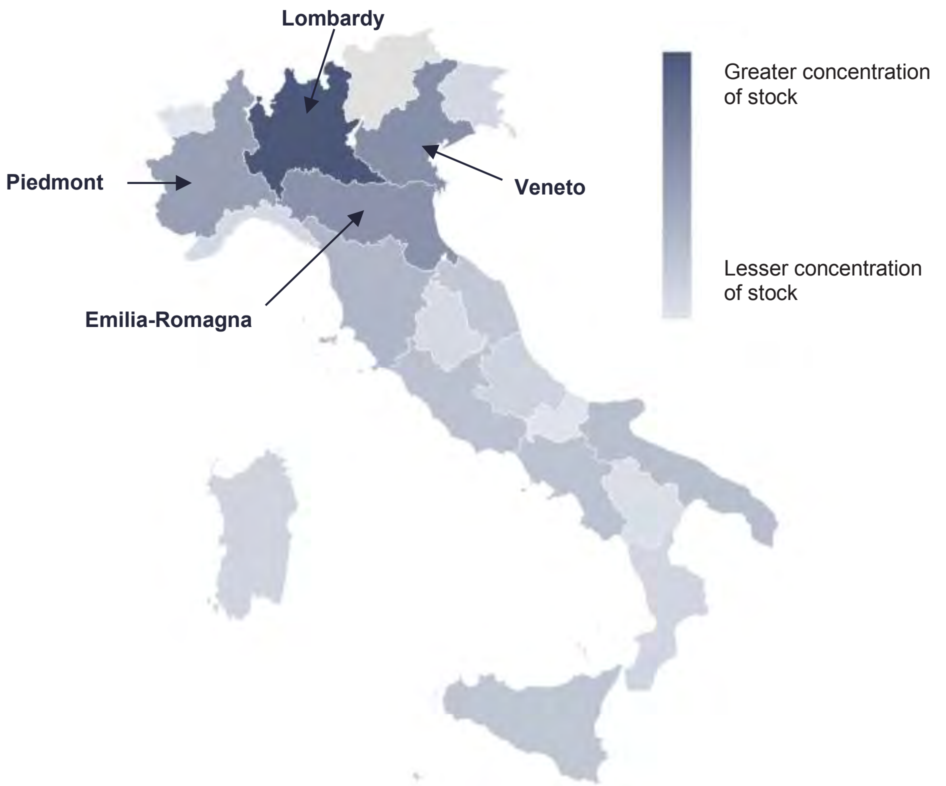

*Source: Savills, 2025.*

Leases for warehouses in Italy are typically structured as 6+6 year contracts, meaning the lease has an initial term of 6 years, with an automatic option for the tenant to renew for another 6 years, unless either party decides to terminate the lease. Typical lease incentives include one month of rent free for each year of the contract.

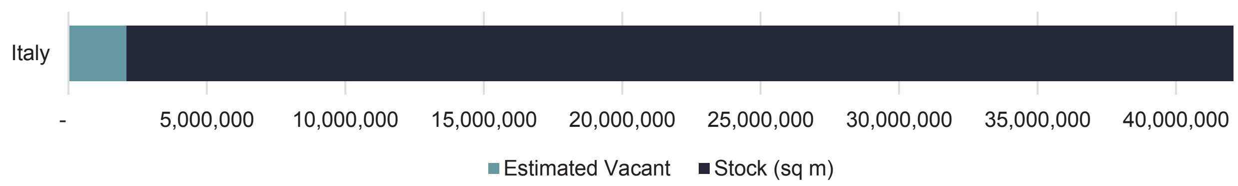
### 4.4.3. Stock & Vacancy

Italy's total logistics stock has increased to 42 million sq m, with the highest concentrations found in the northern part of the country where France, Switzerland, Austria and Slovenia can be accessed along Italy's borders. The Lombardy region comprises approximately a fifth of Italy's logistics and industrial stock, followed by Veneto and Emilia-Romagna at 12%, and Piedmont circa 10%. At national level, the vacancy rate remains stable at 5.0%, reflecting sustained demand for logistics and industrial properties.

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



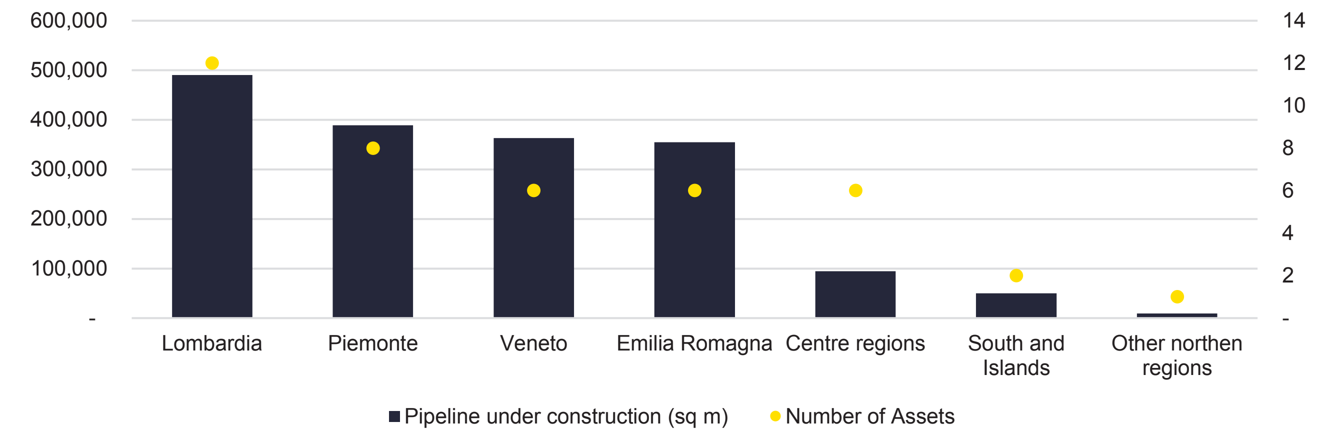

**Total Italian logistics stock and vacancy, 2024**




*Source: Savills; 2025. Using data from Statista. Visualised using GeoNames, Microsoft, Open Places & OpenStreetMap.*

The pipeline for Italian logistics stock remains strong, with over 1,700,000 sq m of developments under construction up to 2026. Lombardy will account for approximately 28% of this, with 12 assets under construction in the region. Speculative projects are increasingly being led by institutional investors, who now represent the majority of the development pipeline.

**Logistics Pipeline: Under Construction by Key Markets, 2025-2026 (sq m)**




*Source: Savills, 2025. Data as at Q4 2024.*

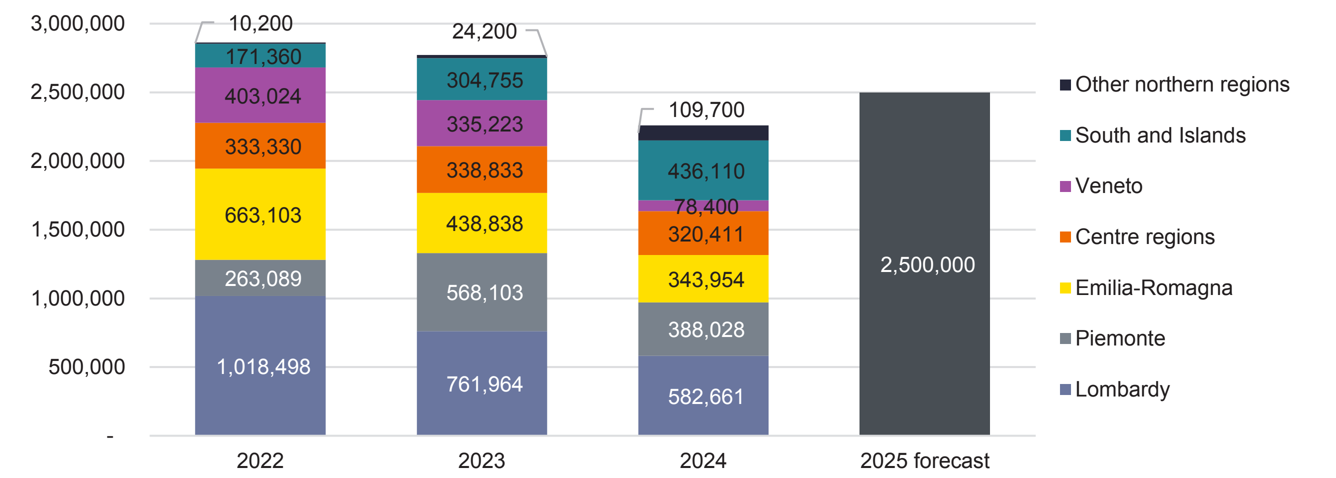
### 4.4.4. Take Up

Almost 2.3 million sq m of space was leased across Italy's key logistics and industrial markets in 2024, marking an 18% decrease compared to 2023 and 10% below the five-year average. This decline was accompanied by a decrease in the number of transactions. Of the 113 recorded transactions, the majority involved medium sized assets (10,000-30,000 sq m). Average take up size for logistics was 20,000 sq m, up from 17,800 sq m in 2023. Eight operators secured more than 80,000 sq m, mainly in northern Italy, which remains the most sought-after area.

3PLs accounted for almost 50% of the market, with retailers, grocery operators, and couriers also remaining active in 2024. Lombardy, Emilia-Romagna, and Piedmont attracted considerable activity. Demand for easily accessible secondary and emerging locations is increasing, with clusters in the Padova-Vicenza-Rovigo and Parma-Reggio Emilia areas showing growth.

In Veneto, the Padova-Vicenza-Rovigo cluster experienced a 19% year-on-year increase in take up, while Verona recorded a 63% decrease. In Emilia-Romagna, the Parma-Reggio Emilia cluster registered a significant 247% year-on-year increase in take up, while Bologna experienced a 24% decline. In Piedmont, the Novara cluster saw a 2% year-on-year increase in take up, while Torino experienced a 62% decline.

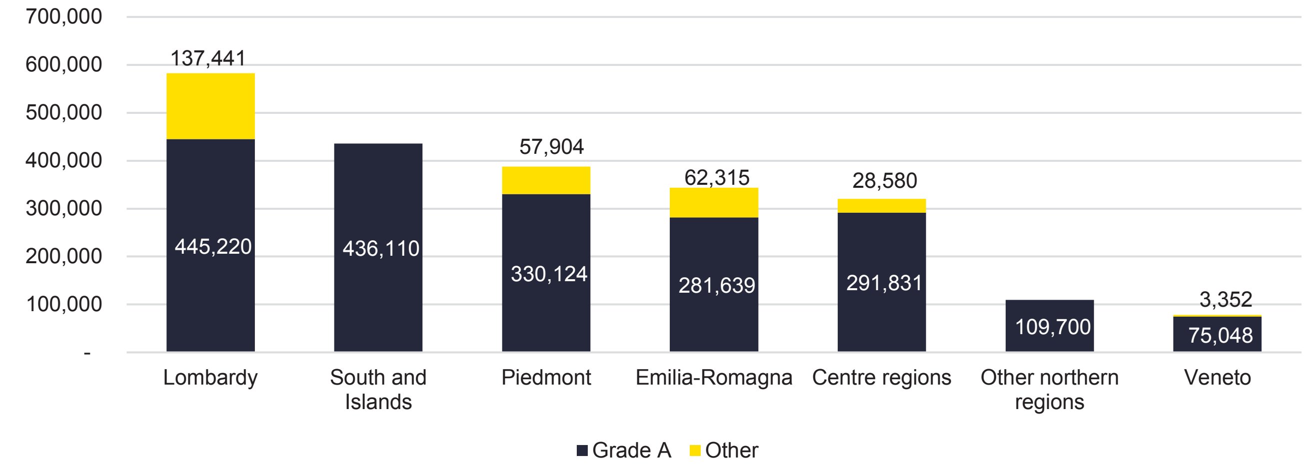
**Logistics Take Up: Key Markets (sq m)**




*Source: Savills, 2025.*

In 2024, there was an increase in owner occupier and speculative take up, with owner occupier transactions making up one-third of leasing activity. In recent years, the focus has been on Grade A stock, driven by the rising supply of new green-certified developments. In 2024, Grade A assets accounted for over 75% of total take up in the markets highlighted below. Looking ahead to 2025, absorption is expected to remain high, in line with the levels seen over the past five years.

**Logistics Take Up: Key Markets by Grade 2024 (sq m)**

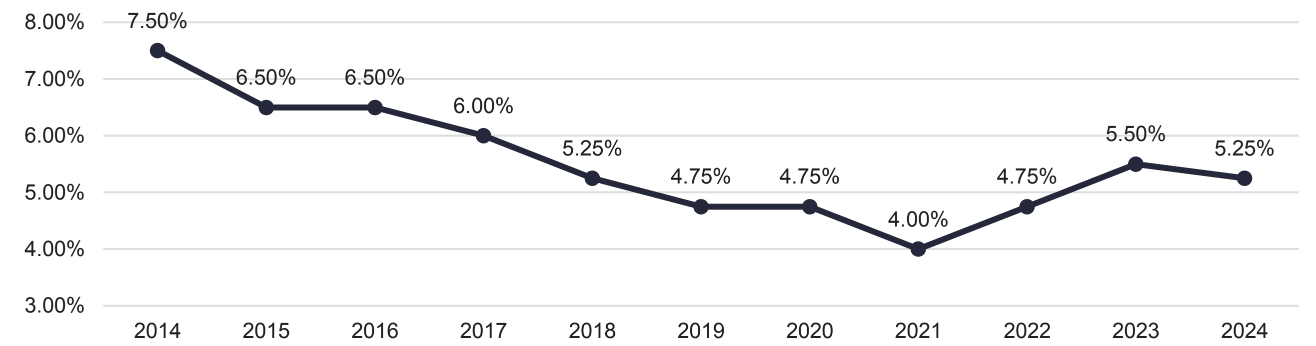



*Source: Savills, 2025.*

### 4.4.5. Yields

Following a period of decompression, prime net yields stabilised across all key logistics hubs in Q4 2024, standing at 5.25% in Milan and 5.50% in Rome, Bologna, and Piacenza. A slight compression of yields is anticipated in 2025 as financing conditions improve and demand for the sector remains resilient.

**Logistics Prime Yields: National (%)**




*Source: Savills, 2025. Data as at end of Q4 each year. Net Initial Yields (see definitions).*

### 4.4.6. Future Outlook

Take up for logistics and industrial is projected to remain stable. Demand continues to be robust in prime locations, particularly for modern, well-located assets. With rents remaining high across key locations, owner-occupier strategies are likely to dominate the market in 2025, accounting for a larger share of take up compared to previous years. This trend is a result of occupiers preferring to control their spaces in a high-rent environment, rather than being exposed to fluctuations in leasing costs.

Prime rents held steady in 2024 and are expected to see modest growth in 2025, as demand remains strong in core logistics hubs. Furthermore, rents in emerging markets such as Firenze, Padova, and Alto Brennero may experience slight increases, driven by growing interest in these locations.

The Italian market is poised for increased investment, supported by significant infrastructure upgrades funded by approximately €25 billion from the NextGenerationEU program (FT, 2024), enhancing the country's railway network and connectivity. This substantial investment is expected to attract both domestic and international investors seeking opportunities in a modernised logistics landscape. Consequently, yields in the sector may compress as competition intensifies, reflecting heightened demand for high-quality logistics assets.

**ESG & Sustainability Drivers**

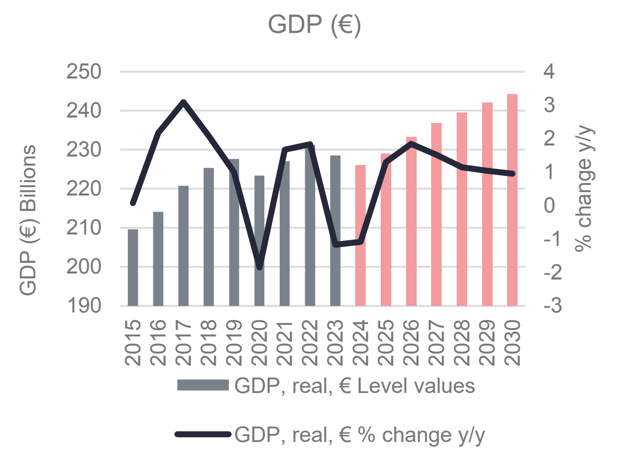
Stricter ESG targets in Italy have driven occupiers to decarbonise their warehouses in addition to transportation and supply chains. In Italy, the Minimum Energy Performance Standards for buildings are primarily governed by the Decreto Legislativo 192/2005, which transposed the European Directive on the energy performance of buildings. This regulation has been updated several times, with the latest updates aligning with the EPBD. For example, new buildings and major renovations are required to be nearly zero-energy buildings. In terms of green building certifications, BREEAM and LEED are present in the Italian logistics and industrial market.

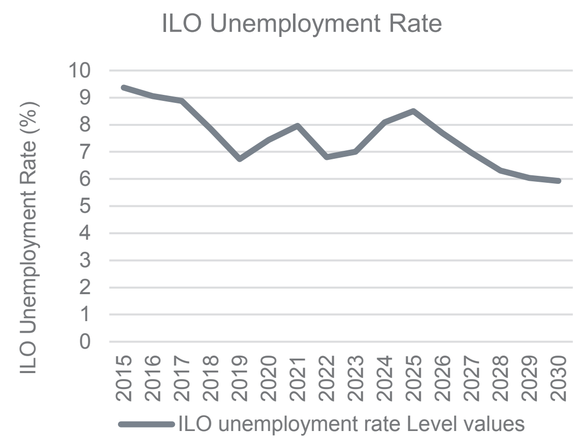
The outlook for 2025 indicates a sustained high demand for logistics space, alongside requirements for more modern, energy efficient stock with features that foster employee well-being and positively impact local communities.

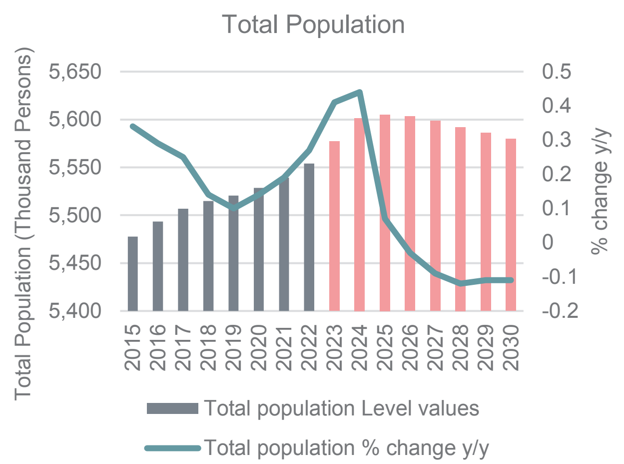
# 5. Finland

## 5.1. Macroeconomic Context

**Key Macroeconomic Indicators**




| | Figure | Period |
|---|---|---|
| **Government Gross Debt (% of GDP):** | 80.75% | December 2024* |
| **Inflation (CPI) (%)** | 0.70% | January 2025 |
| **Central Bank Interest Rate (%)** | 2.90% | February 2025 |

*Source: Oxford Economics, Trading Economics (2025). Central Bank Interest Rate is the European Central Bank's Main refinancing Fixed Rate. *Forecast as actual figures yet to be published. Forecast figures in graphs are illustrated by red bars.*

| Key Indicators | 2023 | 2024 | 2025 (f) | 2026 (f) | 2027 (f) | 2028 (f) | 2029 (f) |
|---|---|---|---|---|---|---|---|
| **GDP Change Year-on-Year (%)** | -1.2 | -1.1* | 1.3 | 1.8 | 1.5 | 1.1 | 1.0 |
| **ILO Unemployment Rate (%)** | 7.0 | 8.1* | 8.5 | 7.7 | 7.0 | 6.3 | 6.0 |
| **Total Population (Thousand Persons)** | 5,577* | 5,601* | 5,605 | 5,603 | 5,599 | 5,592 | 5,586 |
| **Government Gross Debt (% of GDP)** | 75.26 | 80.75* | 85.16 | 85.33 | 85.04 | 85.02 | 85.08 |
| **Inflation Rate (CPI, %)** | 7.5 | 0.7 | 1.2 | 2.0 | 2.2 | 2.2 | 2.1 |
| **Long Term Interest Rate (%)** | 2.9 | 2.9 | 2.8 | 2.8 | 2.8 | 2.8 | 2.8 |

*Source: Oxford Economics, Trading Economics (2025). *Forecast as actual end of year figures are yet to be published.*

## 5.2. Commercial Real Estate Market Introduction

The Finnish commercial real estate market continued to face challenges in 2024, with overall investment sentiment remaining cautious. Capital flows into the market slowed significantly, with total transaction volume dropping to €1.6 billion, a significant decrease from previous years, continuing the downward trend observed in 2023. Higher financing costs, differing pricing expectations, and a reduced pool of active buyers have continued to limit transaction activity. Nordic and international players, critical to driving market liquidity, were relatively passive in 2024. Across the commercial sectors, the outlook remains mixed, influenced by ongoing economic uncertainties.

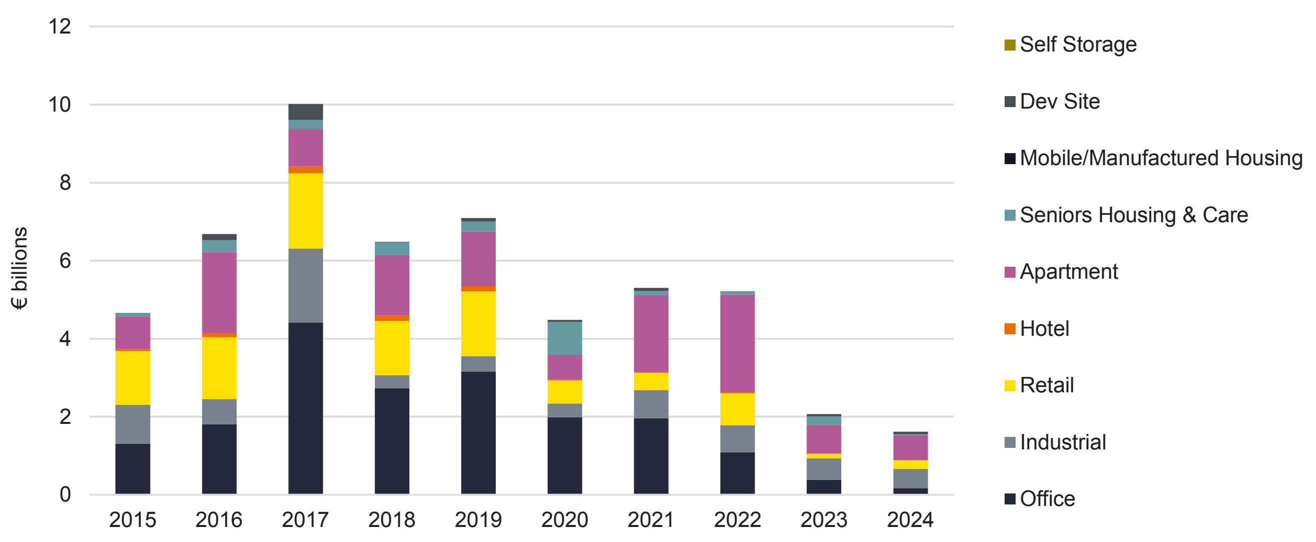
The office sector saw a significant decline across 2024, accounting for 11% of total transaction volume, with €0.2 billion in transactions, down from €0.4 billion in 2023 (19% of total investment volume). This continues the weakening trend that emerged in 2022, driven by the ongoing impact of remote working and reduced demand for office space. The shift towards premium office spaces persists, with the Helsinki Metropolitan Area continuing to attract the majority of capital, while secondary locations have fallen behind.

Residential real estate was the dominant segment in 2024, comprising approximately 41% of total transaction volume in 2024. Investors continued to focus on residential and senior housing assets, albeit the transaction volume was lower than in previous years. Retail was one of the few market segments to see an uplift in investment volumes from the previous year, accounting for 14% of total transaction volume in 2024, an increase from 6% in 2023.

In 2024, the logistics and industrial sector represented the second highest share of investment volume across all sectors, accounting for 30% of the total volume, In 2024, with total investment volumes remaining stable at €0.5 billion. The largest transaction of the year occurred when a fund managed by Blackstone acquired a portfolio of 22 industrial properties from Aktiivihallit for €135 million. Yields are anticipated to begin compressing in 2025 as improved financing availability and decreasing interest rates drive increased investor demand.

Cross-border investors continue to make up the largest group of buyers in Finland's real estate market, with international capital, particularly from Nordic countries like Sweden, gaining increasing significance since the market boom post-2017. International investors maintained their market share in 2024, accounting for 61% of transactions, reflecting a slight decrease from 67% in 2023.

**Finland Real Estate Investment: Volumes**




| Volume (€) | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| Total | 4,483,365,894 | 5,302,720,515 | 5,216,711,042 | 2,066,505,358 | 1,619,539,850 |

*Source: MSCI, 2025.*

## 5.3. Occupational Market Overview: Office Sector

### 5.3.1. Overview

There are a variety of structural factors impacting Finland's office sector. Finland has experienced low GDP growth in recent years, which has impacted business expansion and reduced demand for office spaces. Finland also has one of the oldest populations in Europe, leading to a shrinking workforce and influencing long-term office space demand.

In the occupier market, there has been a continued focus on modern, energy-efficient buildings, with a focus on sustainability and strong ESG standards. Demand for traditional office spaces has been affected by the rise of hybrid and remote work, but companies still value locations with good transport links and proximity to amenities. Firms are leasing smaller but higher-quality spaces, focusing on sustainable, collaborative work environments, moving away from large open-plan offices. Home-working adoption is notably high, with Eurostat (2025) showing that Finland has the highest proportion of employed persons working from home regularly as a percentage of the total employment in the EU. Corporates in Finland are particularly supportive of home working. The country has strong digital infrastructure which enables seamless remote working, while harsh winters and long commutes make home working a practical solution for employees.

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

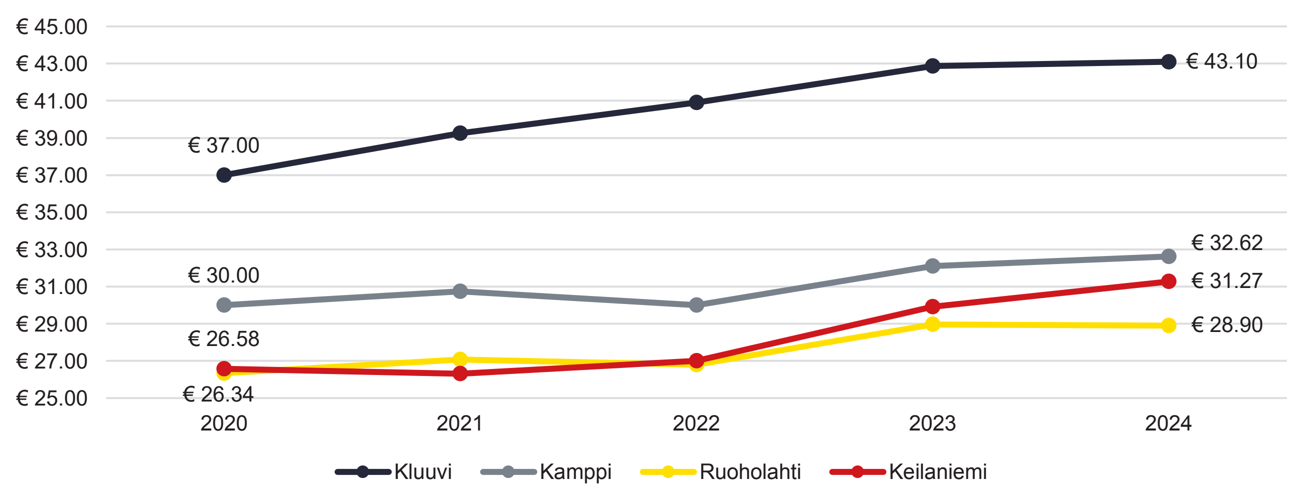
### 5.3.2. Rents

Helsinki CBD remains the most desirable office location, despite high costs, particularly in the key districts of Kluuvi and Kamppi. Kluuvi, located adjacent to the Central Railway Station, is a prime mixed-use location attracting corporate occupiers and government offices, alongside major shopping centres and the University of Helsinki's main campus. Kluuvi commands the highest office rents in the Helsinki Metropolitan Area (HMA) at €43.10 per sq m p.a. Kamppi (also known as Kallio) is situated to the west of Kluuvi, and is a mixed-use area popular among creative industries.

Ruoholahti, to the west of the CBD, offers strong connectivity to the Western Highway (Länsiväylä), which links Helsinki to Espoo. Keilaniemi, a key market in Espoo, serves as a tech and corporate headquarters hub. While historically, rents in Keilaniemi ran parallel to those in Ruoholahti, they have recently surpassed €30 per sq m per month, reflecting increasing demand. Recent developments, including the new base of AstraZeneca in Finland, comprise high-quality, energy-efficient buildings.

Office rents are typically linked to the Cost of Living Index, with operating costs ranging from €4 to €5 per sq m per month, depending on the location, age and other characteristics of the building.

**Prime Office Rents: HMA markets (€ sq m / p.a.)**




*Source: KTI, 2025. Gross unit rent as at September each year.*

### 5.3.3. Stock & Vacancy

There is approximately 20 million sq m of office stock within Finland which is concentrated across three key regions: the HMA, Tampere and Turku. Office market activity is concentrated within the HMA, which accounts for approximately 9 million sq m, representing about 45% of the total office stock in the country. KTI (2024) reports that the total value of the Finnish office property stock amounts to €26 billion, with professional investors owning an estimated 85-90% of the total stock.

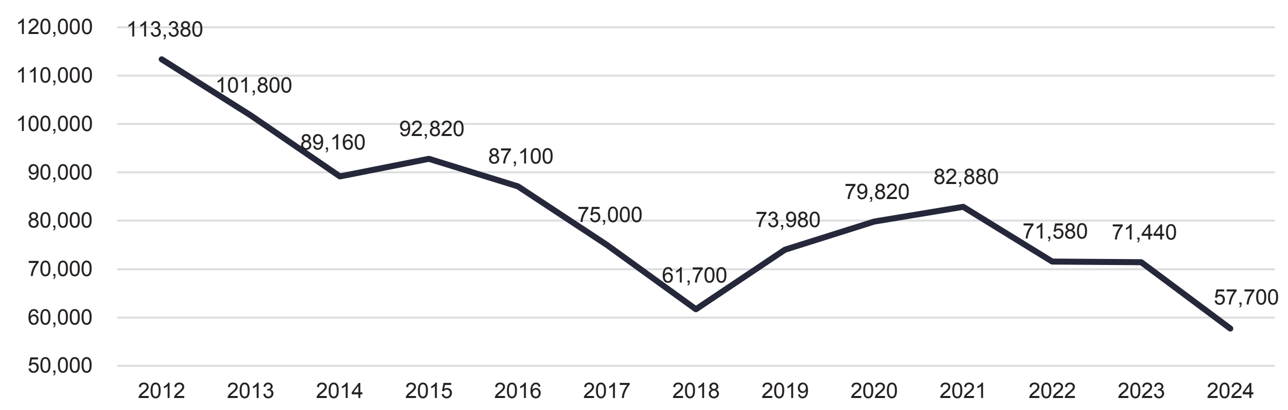
**Office Stock: HMA Key Markets (sq m)**


*Source: Savills using KTI data, 2025. Data as at end full year 2023, 2024 data will be released in mid-year 2025.*

Over the last decade, the average annual volume of office completions in the HMA has been declining, with the volume of demolitions and conversions exceeding new developments.

This trend reflects a shift in demand from outdated, large office spaces to flexible, hybrid-friendly spaces. Companies are moving to higher-quality, flexible and energy-efficient spaces, leaving older large office buildings vacant, limiting the need for new construction. In response, developers are increasingly converting older office spaces into mixed-use developments, coworking hubs, and residential units. The focus has shifted towards repurposing existing buildings, with sustainability upgrades and energy efficiency taking priority over new office construction.

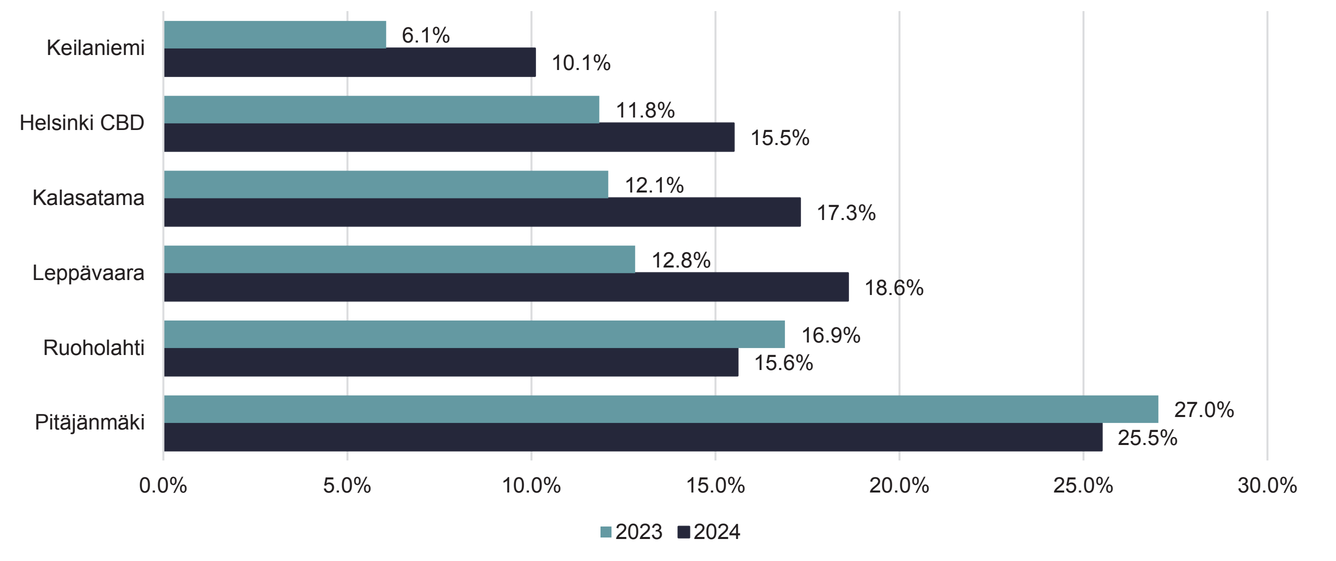
**Office Stock: Rolling last 5-year average of new office completions in HMA (sq m)**




*Source: Savills using KTI data, 2025.*

As at year end 2024, office vacancy rates in the Helsinki CBD stood at 15.5%. In the Rakli-KTI 2024 Commercial property barometer survey, 60% of respondents anticipate an increase in office vacancy rates across the HMA and elsewhere in Finland. Vacancy rates in the Finnish office market remain high, particularly in secondary micro-locations. In 2024, the highest vacancy rates in HMA were recorded in Pitäjänmäki (25.5%), followed by Leppävaara (18.6%), and Kalasatama (17.3%). Smaller neighbourhoods are especially vulnerable to fluctuations, as the departure of a major tenant can significantly affect local vacancy levels.

**Office Vacancy Rate: Helsinki Metropolitan Area Submarkets (%)**




*Source: Savills using data from Helsinki Research Forum, 2025.*

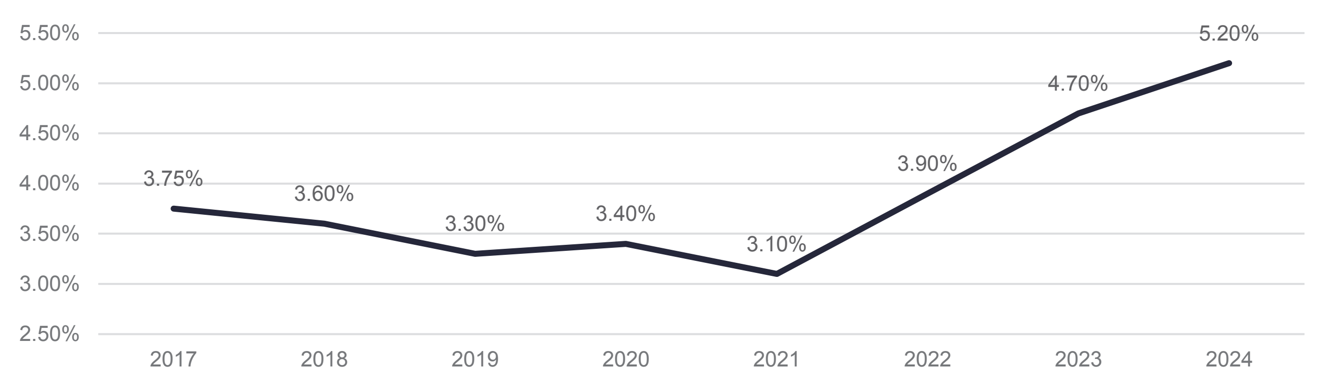
### 5.3.4. Yields

Yields in Helsinki's CBD have softened, increasing to 5.20% by year-end for high-quality, sustainable stock. Transaction activity in the Helsinki city centre has remained limited since summer 2022.

One evident deal was the sale of Voimatalo at Malminkatu 16, Kamppi, to Genesta in August 2023 at a yield below 5.00%. Originally completed in 1952 as the headquarters of Imatra Voima and protected since 2001, the 9,300 sq m building features retail premises on the ground floor and a restaurant on the top floor. It holds a BREEAM In-Use Very Good certification.

Another key transaction was the acquisition of the office property at Fabianinkatu 9 in the Kaartinkaupunki district (south east of Kluuvi and Kamppi) by green hybrid office company Colony, finalised at the end of 2024. The building's anchor tenant, since 2020, has been Krogerus, a top-tier law firm occupying more than 70% of the space. Originally constructed in the 1960s, the property underwent a comprehensive refurbishment and achieved the BREEAM In-Use certification at the Excellent level in 2021, reflecting its high standards of sustainability and operational efficiency.

**Office Prime Yields: Helsinki CBD (%)**




*Source: KTI, Statista (2024). Net Initial Yields (see definitions).*

### 5.3.5. Future Outlook

The polarisation of the Finnish office market is continuing. New office construction and refurbishment projects in prime locations are commanding record-high rents. One example is Signe, a high-standard environmentally sustainable office project developed by Sponda, which began construction in 2023 and is expected to complete in 2026. The scheme is anticipated to achieve rents of €50 per sq m per month, and it is already 50% pre-leased with PwC Finland as its anchor tenant (Sponda.fi, 2024).

More affordable office spaces in the Helsinki CBD, with gross rents of €30-35 per sq m per month, are seeing limited demand. This trend is expected to continue as occupiers prioritise quality. Future office demand is anticipated to concentrate on well-located, energy-efficient buildings that meet ESG requirements, aligning with corporate sustainability goals.

Vacancy rates in the Helsinki Metropolitan Area (HMA) surpassed 15% for the first time in summer 2024 and are expected to rise further, driven by high remote working adoption, companies reducing office footprints after relocations or lease renegotiations, and an overall shift toward more flexible workplace strategies. The growing supply of outdated office stock in non-prime locations may face further challenges in securing tenants unless significantly upgraded or repurposed. Some office stock in Helsinki is well-suited for repurposing into alternative uses, including residential, as the city's CBD is naturally more mixed-use than other central business districts.

Redevelopments are becoming more prevalent, with 22% of office completions in 2024 stemming from redevelopment projects and 40% of office projects under construction as of year-end 2024 classified as redevelopments (KTI, RPT Byggfakata Oy, 2024).

**ESG & Sustainability Drivers**

Finland remains at the forefront of environmental and social sustainability, with ambitious targets to achieve carbon neutrality by 2035 and a 60% GHG reduction by 2030. These targets are increasingly important for office occupiers and property owners integrating ESG strategies into their operations.

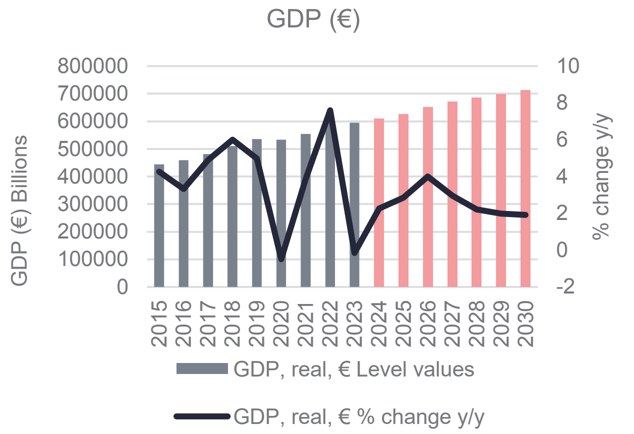
Progress toward Finland's carbon neutrality target has been notable, driven by investments in nuclear power and hydropower. According to the International Energy Agency, these energy sources have been instrumental in reducing GHG emissions and supporting the country's transition to a sustainable energy future. This strong energy foundation further bolsters Finland's attractiveness as a market leader in sustainable real estate development.

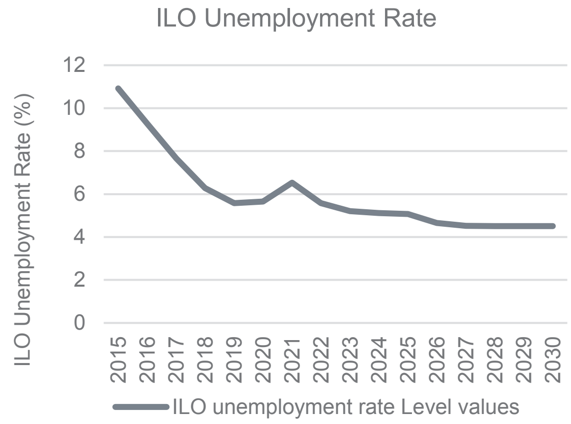
In March 2023, the Finnish Parliament adopted the new Building Act, which introduces circular economy requirements and mandates the tracking of materials in new construction and demolition projects. The most commonly adopted building certifications are BREEAM and LEED, in addition the Nordic Swan Ecolabel. The Nordic Swan Ecolabel is an official sustainability certification adopted in the Nordic countries, ensuring buildings prioritise low energy consumption, sustainable construction materials, enhanced indoor air quality, and a reduced carbon footprint.

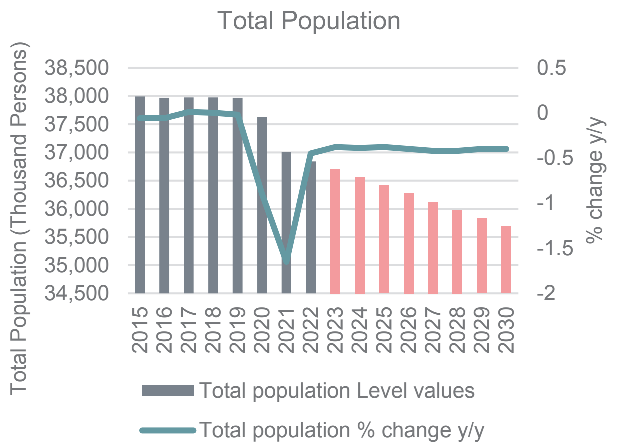
# 6. Poland

## 6.1. Macroeconomic Context

**Key Macroeconomic Indicators**




| | Figure | Period |
|---|---|---|
| **Government Gross Debt (% of GDP):** | 42.22% | December 2024* |
| **Inflation (CPI) (%)** | 5.30% | January 2025 |
| **Central Bank Interest Rate (%)** | 5.75% | February 2025 |

*Source: Oxford Economics, Trading Economics (2025). Central Bank Interest Rate is the Polish National Bank's Reference Rate. *Forecast as actual figures yet to be published. Forecast figures in graphs are illustrated by red bars.*

| Key Indicators | 2023 | 2024 | 2025 (f) | 2026 (f) | 2027 (f) | 2028 (f) | 2029 (f) |
|---|---|---|---|---|---|---|---|
| **GDP Change Year-on-Year (%)** | -0.2 | 2.3* | 2.9 | 4.0 | 3.0 | 2.2 | 2.0 |
| **ILO Unemployment Rate (%)** | 5.2 | 5.1* | 5.1 | 4.7 | 4.5 | 4.5 | 4.5 |
| **Total Population (Thousand Persons)** | 36,699* | 36,557* | 36,420 | 36,275 | 36,124 | 35,972 | 35,827 |
| **Government Gross Debt (% of GDP)** | 38.1 | 42.22* | 46.01 | 47.97 | 49.42 | 49.93 | 49.49 |
| **Inflation Rate (CPI, %)** | 14.5 | 4.7 | 4.7 | 3.7 | 3.3 | 2.9 | 2.5 |
| **Long Term Interest Rate (%)** | 6.3 | 5.5 | 5.7 | 5.2 | 4.8 | 4.8 | 4.8 |

*Source: Oxford Economics, Trading Economics (2025). *Forecast as actual end of year figures are yet to be published.*

## 6.2. Commercial Real Estate Market Introduction

The Polish commercial real estate market saw signs of recovery and stabilisation in 2024, following the sharp downturn of the previous year. Total investment volumes rebounding to €5.4 billion, a 134% year-on-year increase from €2.3 billion in 2023. The total number of transactions almost doubled, with over 310 deals finalised in 2024, compared to around 160 in 2023. This reflects a significant resurgence in market activity.

The return of investors to the commercial Polish market was driven by interest rate cuts initiated by the ECB and Federal Reserve during the summer, translating into more affordable financing options. Despite this positive trend, transaction activity remained below the five-year average for 2018-2022 of €7.3 billion.

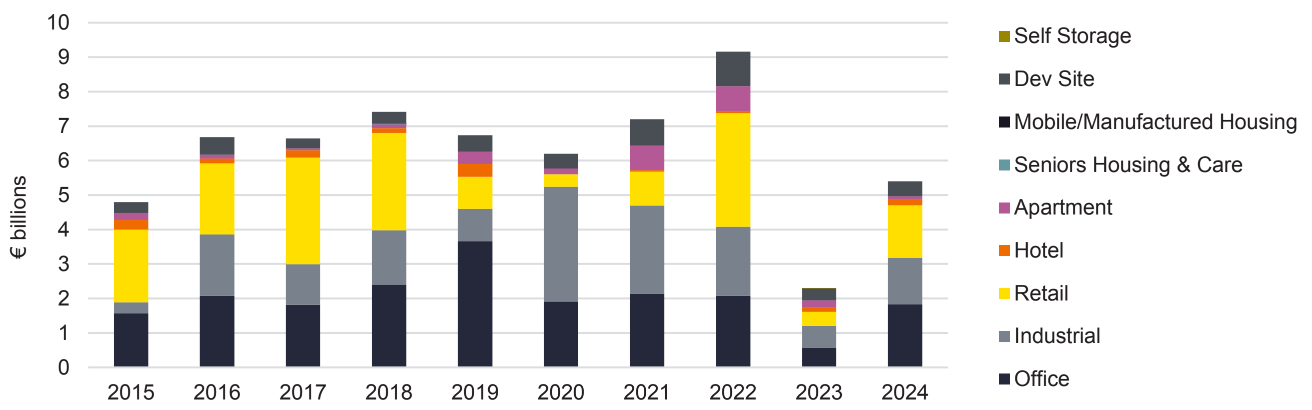
The office sector saw a considerable recovery, with investment volumes reaching €1.8 billion, three times higher than the recorded volume for 2023. This was still considerably below historical averages. In 2024, the office sector accounted for approximately 34% of the total investment volume, highlighted by the sale of Warsaw UNIT, the largest single-asset office transaction in Europe in 2024. This rebound was driven largely by strong demand in prime locations, particularly in central Warsaw, where large transactions and pre-lets remain common. Low vacancy rates and rental growth in core districts have been attracting investors, while secondary office locations continue to stagnate.

The logistics and industrial sector saw renewed interest, with transaction volumes rising to €1.4 billion, marking a 114% year-on-year increase. This increase has been largely driven by the return of portfolio transactions. For example, the acquisition of three Diamond Parks by Greykite from AIG/White Star and the takeover of shares in DL Invest by Emira Property Fund. In 2024, the sector continued in benefit from nearshoring trends and demand for high quality space with strong ESG credentials. Fully leased warehouse assets in established core markets remain the most attractive for investors, as older assets faced pricing challenges.

Poland's retail real estate market experienced significant growth in 2024, in comparison to European peers with approximately 28% of the invested funds allocated to the retail sector. Poland has appealed to global investors and drawing both large-scale transactions and investments in smaller regional assets.

Savills experts anticipate higher investor activity in 2025. Poland is being viewed by investors as one of the promising markets in the CEE region, offering stability and opportunities for dynamic growth. Positioned between western Europe's developed markets and eastern Europe's emerging economies, Poland offers a compelling investment opportunity due to its strategic location and robust economic growth.

**Poland Real Estate Investment: Volumes**




| Volume (€) | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| Total | 6,200,449,859 | 7,204,492,742 | 9,164,668,486 | 2,308,916,443 | 5,395,582,392 |

*Source: MSCI, 2025.*

## 6.3. Occupational Market Overview: Office Sector

### 6.3.1. Overview

Poland has an attractive office market due its well-educated, cost effective workforce. The market offers competitive rental prices compared to Western Europe. Growing demand for sustainable office space aligns with global trends. Poland benefits from significant foreign direct investment and government incentives, strengthening its appeal as a business and investment hub.

Vacancy rates have been rising, especially in Warsaw, due to a surge in new developments, creating a tenant-friendly market. Tenants in Poland are leasing smaller offices due to hybrid work and a focus on employee well-being. While Poland remains a strong business hub, economic challenges such as inflation, rising construction costs, and geopolitical tensions (especially due to proximity to Ukraine) impact investor confidence and leasing dynamics.

In this section, we examine the office markets in Warsaw, Kraków and Poznań. Warsaw, Poland's capital and largest city, boasts the country's most dynamic office market, characterised by modern stock, international corporate presence, and ongoing development in key business districts like Mokotów and Wola.

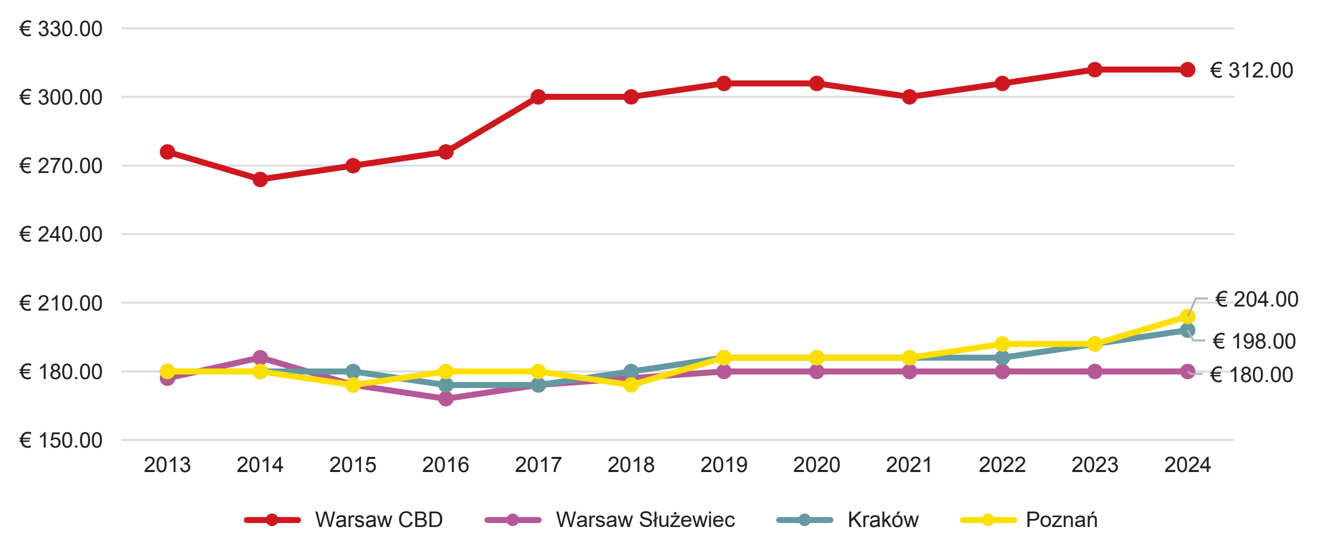
Kraków, the country's second-largest city, has a growing office market, driven by its robust IT and business services sectors, attracting multinational corporations to its office complexes. Poznań, a key economic centre in western Poland, offers a growing, however more compact office market, appealing to mid-sized enterprises and shared service centres due to its strategic location and well-developed infrastructure.

Poland is strategically positioned between Western Europe's developed markets and Eastern Europe's emerging economies. Poland's infrastructure has significantly improved through the use of EU development funds. This development is set to continue with over €76 billion allocated from the Cohesion Policy for 2021-2027. Poland's location, infrastructure, and relatively low labour costs have made it an attractive destination for occupiers looking to nearshore their support operations.

### 6.3.2. Rents

At the end of 2024, rents in prime locations in the Warsaw CBD averaged between €22.50 to €26.00 per sq m per month, remaining stable compared to 2023. Buildings that are considered to be 'ultra prime' new developments, providing particularly high quality space, can command even higher rents, achieving up to €28.00 per sq m per month. Rents for Grade A office space in Poznań ranged from €13.00 to €17.00 per sq m per month, with service charges increasing to €5.50 to €7.20 per sq m per month due to higher energy prices and persistent inflation. In Kraków, Grade A office rents increased to €14.00 to €16.50 per sq m per month, partly due to inflation and rising construction costs. Higher incentives are being offered. In Służewiec, rents for prime offices rose very slightly to €13.25 - 15.00 per sq m per month.

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




*Source: Savills, 2025. Służewiec is a neighbourhood in Warsaw largely comprising office buildings.*

### 6.3.3. Stock & Vacancy

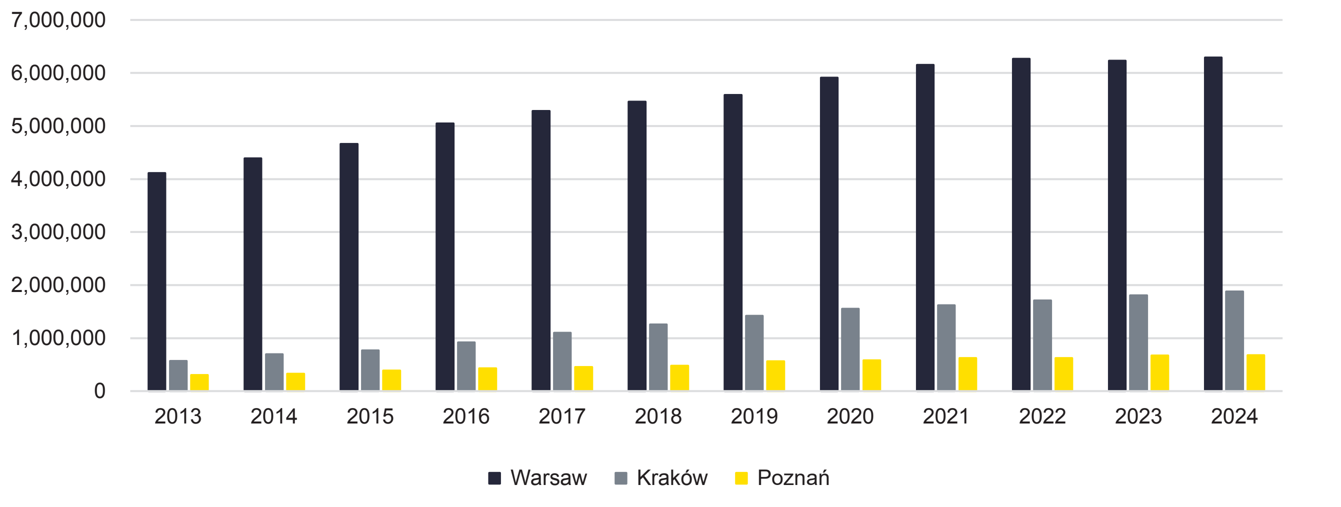
Warsaw is the largest office market in Poland, and the focus for development. In 2024, a total of 104,400 sq m of new office space was delivered across 9 projects in Warsaw, marking a year-on-year increase of over 70%. The total office stock rose to over 6.29 million sq m. This follows a record low for new supply of 61,000 sq m in 2023. While significant, the number of new deliveries in 2024 remained below historical averages. The average for the period between 2019 and 2023 was 220,000 sq m. New supply in 2024 was largely concentrated in central zones, representing 83% of the total.

There is a growing trend of office demolition for older, underperforming assets. Historically, the majority of demolished office buildings were over 20 years old and typically located in Służewiec. In 2024, this trend continued with the demolition of Curtis Plaza, a 14,400 sq m building from 1993. Developers in the area are reportedly planning to demolish additional projects, with plans to repurpose the sites, primarily for residential use.

Kraków is the largest office market outside of Warsaw, with total office stock of above 1.8 million sq m. Currently, 57,500 sq m is under construction in Kraków across five office projects. Kraków's office market has grown due to demand from businesses housing outsourcing functions. According to the Association of Business Service Leaders (2024), Kraków is the largest market in Poland for business process outsourcing and shared service centres, with over 100,000 people working in the sector.

Poznań is a medium-sized office market with total office stock of 675,700 sq m. Currently, four projects with a total area of 52,600 sq m are under construction in Poznań, which is the second highest (after Kraków) development activity among the regional office markets. Poznań is also a strong location for business service centres.

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



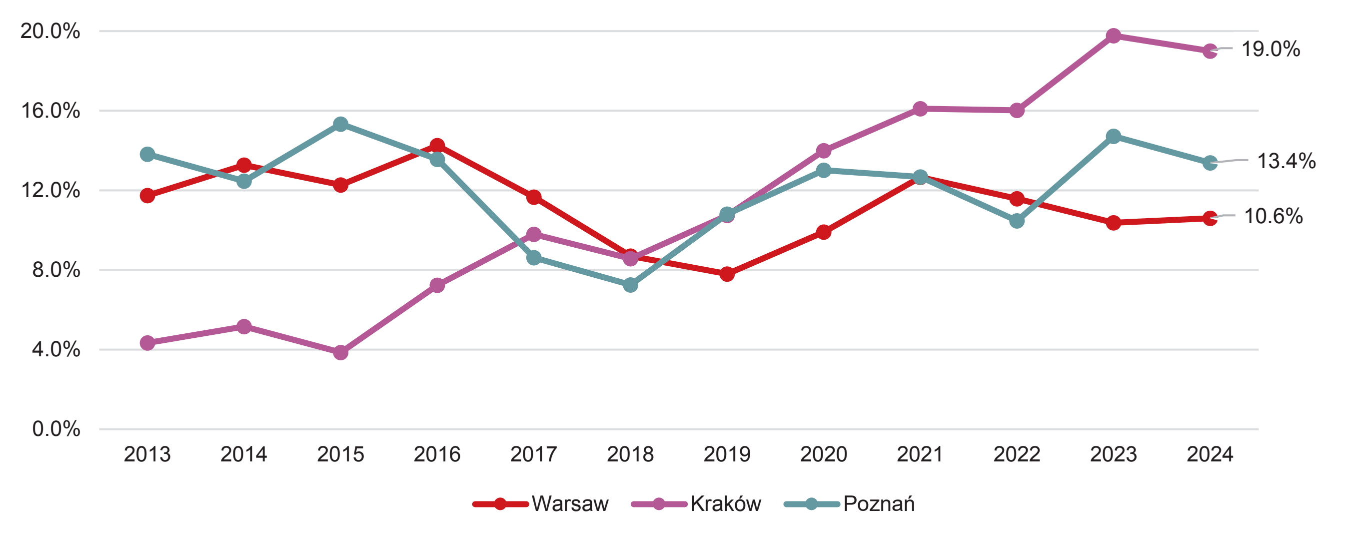

*Source: Savills, 2025.*

At the end of 2024, the vacancy rate in Warsaw was 10.6%, reflecting a slight year-on-year increase of around 20 basis points. This corresponds to approximately 664,000 sq m of available office space. Vacancy rates are lower in central zones, at 8.8%, while non-central zones saw a vacancy rate of 12.0%. While overall vacancy is relatively high, occupiers seeking larger, open plan floorplates may face challenges finding suitable space. Only five buildings had space available larger than 10,000 sq m.

Kraków's office space availability remains high at 19.0%, reflecting 347,200 sq m of vacant space. Around 28% of this space is in buildings delivered to the market in the past five years. In Poznań, close to 90,400 sq m of office space was available at the end of 2024, equating to a vacancy rate of 13.4%. Approximately 18.5% of this space is in buildings delivered in the past five years.

Tenants are increasingly prioritising office space optimisation, which can be attributed to the widespread adoption of hybrid working models and a growing emphasis on improving employee well-being, which has led companies to reassess their office space needs.

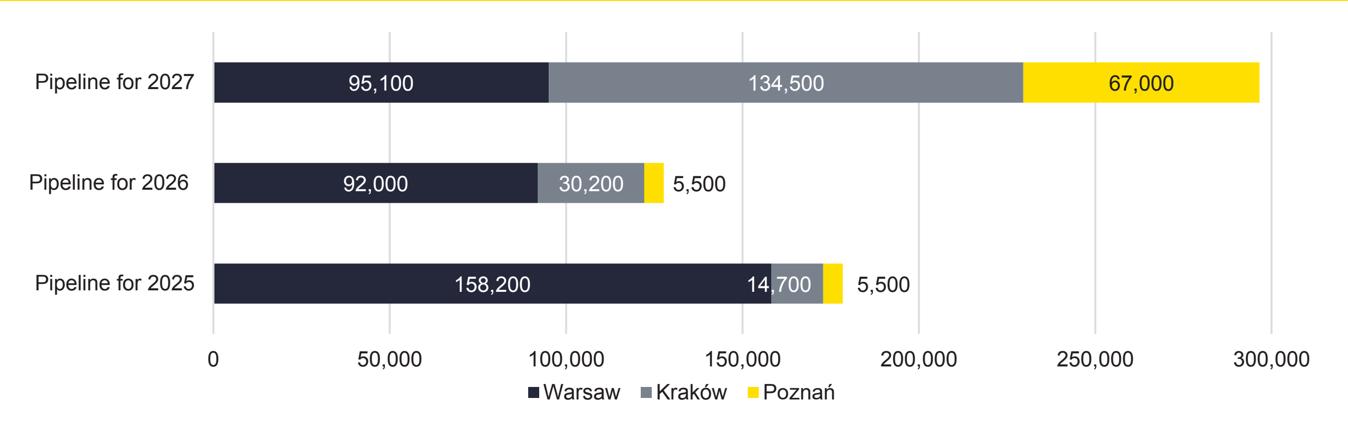
**Office Vacancy Rate: Warsaw, Kraków & Poznań (%)**




*Source: Savills, 2025.*

Development activity remained sluggish in 2024. In Warsaw, less than 230,000 sq m was under construction in 2024, primarily in the central zones. Only two projects totalling 21,000 sq m were under construction outside the central zones. The first half of 2024 posed challenges for developers, with limited pre-leases. A recovery in activity during the second half saw increased pre-letting activity. The low volume of new supply over the past two years, combined with persistently low levels of under-construction space, is set to result in a shortage of office space over the next 2-3 years. As the leasing market strengthens and more space becomes vacant, we expect a continued increase in renegotiations and relocations, particularly toward high-quality prime space.

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



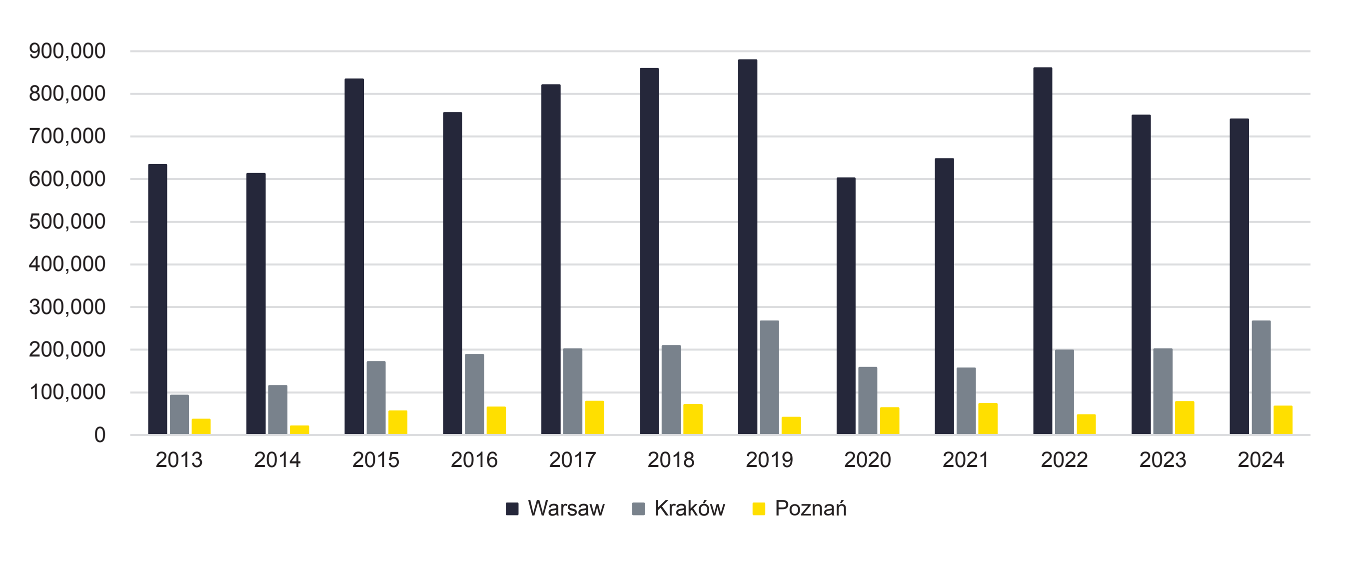

*Source: Savills, 2025.*

### 6.3.4. Take Up

Total leasing activity in Warsaw reached approximately 740,200 sq m in 2024, slightly lower than 2023, which was 746,800 sq m. A notable increase in lease renegotiations was observed in 2024, accounting for 46% of total transactions. New leases, including owner-occupier transactions, made up 40% of the demand, while pre-lets and expansions each accounted for 7%. The most active sectors, collectively generating 56% of total demand in 2024, were finance, business services, manufacturing, and IT.

Following a strong downturn in the Kraków market after the pandemic, a significant year-on-year increase of 32.5% was observed in 2024, with gross take up reaching 266,700 sq m. The high volume of leasing activity was mainly due to lease renewals and renegotiations, which accounted for over 58% of total leasing volume. In Poznań, gross take up in 2024 amounted to 66,800 sq m, down by 14% year-on-year. Of this, 49% was from new leases and relocations, while 38% comprised lease renewals and renegotiations.

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

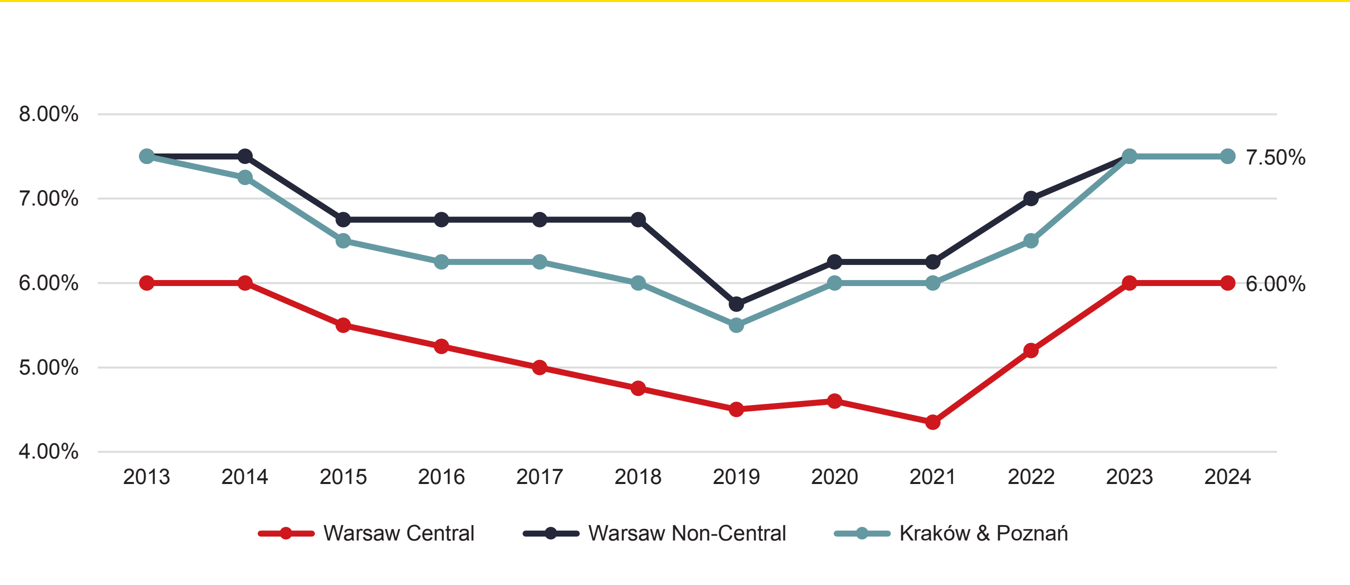



*Source: Savills, 2025.*

### 6.3.5. Yields

Yields in Poland's office markets have remained stable in 2024, reflecting resilient investor interest demand in the sector. Warsaw was reflecting yields of 6.00% in Warsaw Central and 7.50% in Warsaw's non-central areas. Yields in Kraków and Poznań also remained at 7.50% from 2023 to 2024.

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




*Source: Savills, 2025. Data as at end of Q4 each year. Gross Initial Yields (see definitions).*

### 6.3.6. Future Outlook

Poland remains an attractive office location due to its affordable workforce and strategic position for outsourcing and business support functions. Looking to 2025, the office vacancy rate is expected to continue its downward trend due to subdued development activity and stable occupier demand, both in Warsaw and the regional cities. As more space becomes available in existing buildings, we anticipate an increase in renegotiations and relocations to well-established, high-quality facilities in prime locations.

While the volume of space under construction has increased in recent quarters, large-scale pre-lets may impact the supply gap in 2025-2026, particularly for tenants seeking larger spaces in new developments. While developers are planning new office projects in regional cities, they are typically postponing these until the current office supply is fully taken up by the market.

In contrast, in Warsaw, the start of new office developments in non-central areas is contingent on securing pre-lets, while the shortage of desirable land presents a major hurdle for developers in the city centre. Construction activity in Warsaw is expected to remain subdued until late 2025, with a similar timeline for regional cities, where a significant increase in new supply may not occur until 2026.

**ESG & Sustainability Drivers**

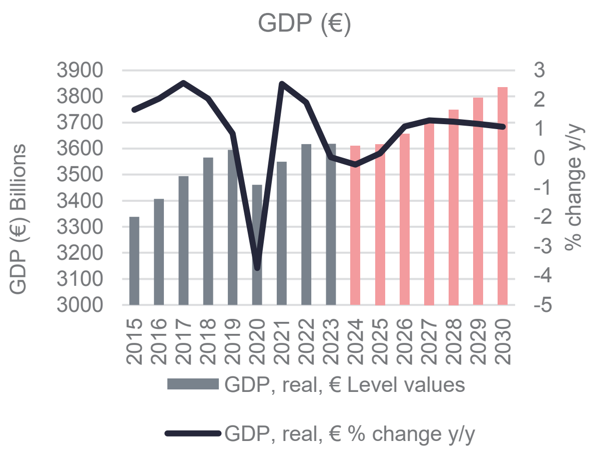
Environmental and social considerations are increasingly important in Poland's real estate sector. Looking towards 2025, we are likely to see more offices being upgraded to align with evolving ESG standards. While green certification for commercial properties remains voluntary, there has been significant uptake in Poland. BREEAM and LEED are the most widely adopted standards. According to a report by the Polish Green Building Association published in April 2023, the number of green certifications increased by 27% between 2022 and 2023, adding nearly 8 million square meters of certified space. We would comment that anecdotally this trend has continued.

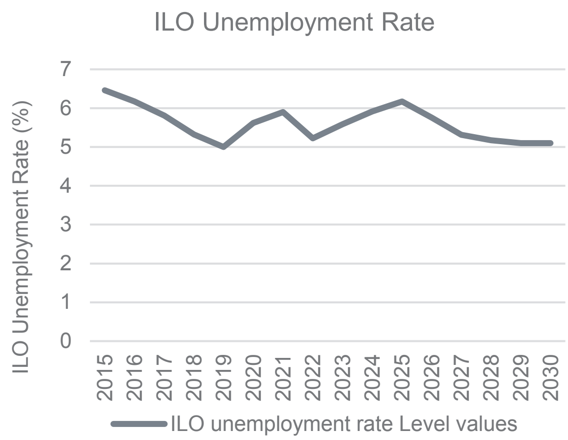
According to Savills assessment of green building certifications, Warsaw stands out as one of the most environmentally sustainable cities in Europe, with over 40% of its office stock certified as 'green.' In recent years, there has been a growing trend of refurbishing older office buildings in Warsaw to meet sustainability standards and create more occupier-friendly spaces. With ongoing technological advancements and EU energy transformation requirements, we expect this trend to persist.

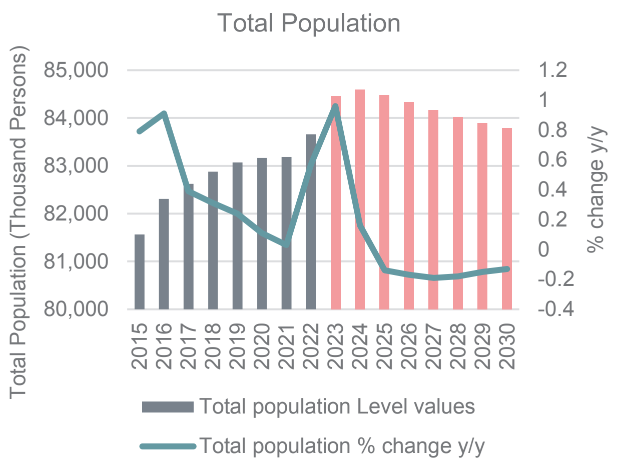
# 7. Germany

## 7.1. Macroeconomic Context

**Key Macroeconomic Indicators**




| | Figure | Period |
|---|---|---|
| **Government Gross Debt (% of GDP):** | 58.09% | December 2024* |
| **Inflation (CPI) (%)** | 2.30% | January 2025 |
| **Central Bank Interest Rate (%)** | 2.90% | February 2025 |

*Source: Oxford Economics, Trading Economics (2025). Central Bank Interest Rate is the European Central Bank's Main refinancing Fixed Rate. *Forecast as actual figures yet to be published. Forecast figures in graphs are illustrated by red bars.*

| Key Indicators | 2023 | 2024 | 2025 (f) | 2026 (f) | 2027 (f) | 2028 (f) | 2029 (f) |
|---|---|---|---|---|---|---|---|
| **GDP Change Year-on-Year (%)** | 0.04 | -0.2* | 0.2 | 1.1 | 1.3 | 1.3 | 1.2 |
| **ILO Unemployment Rate (%)** | 5.6 | 5.9 | 6.2 | 5.8 | 5.3 | 5.2 | 5.1 |
| **Total Population (Thousand Persons)** | 84,463* | 84,596* | 84,478 | 84,332 | 84,172 | 84,021 | 83,892 |
| **Government Gross Debt (% of GDP)** | 59.34 | 58.09* | 58.49 | 57.74 | 56.52 | 55.14 | 53.76 |
| **Inflation Rate (CPI, %)** | 7.2 | 2.6 | 2.2 | 1.5 | 2.0 | 2.0 | 2.0 |
| **Long Term Interest Rate (%)** | 2.4 | 2.4 | 2.4 | 2.5 | 2.5 | 2.5 | 2.5 |

*Source: Oxford Economics, 2025. *Forecast as actual end of year figures are yet to be published.*

## 7.2. Commercial Real Estate Market Introduction

The transaction volume at the end of 2024 for the German property investment market totalled approximately €36.3 billion, which corresponds to an increase of 11% compared to the previous year, signalling a slight recovery in the market. Investment volumes remain significantly below the five-year average for 2018-2022 at €81 billion. Against the backdrop of the difficult conditions in the real economy, the Germany property investment market has remained relatively stable, albeit lacking momentum.

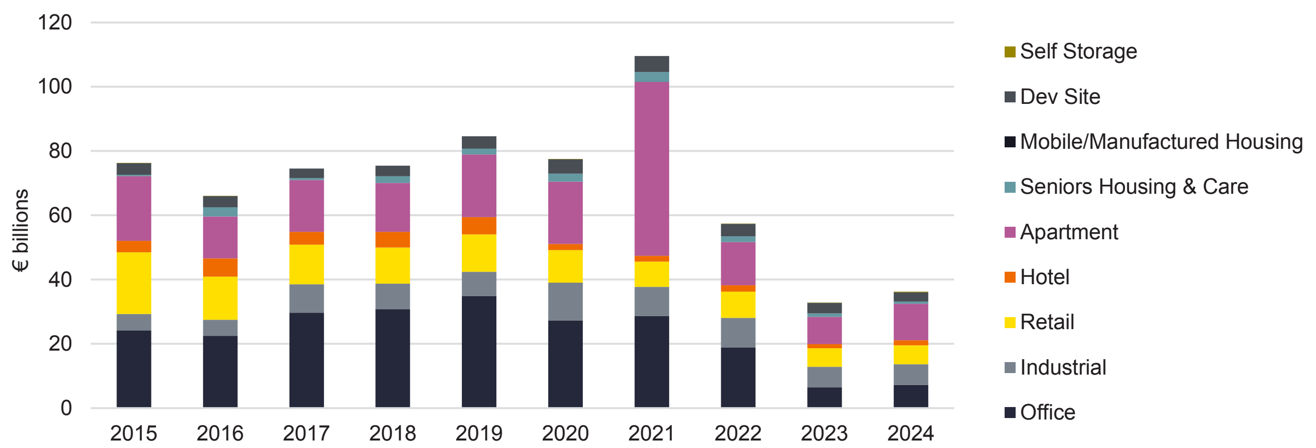
Offices represented 20% of all commercial transaction activity in 2024. Investment volumes in the sector rose by 9%, from €6.5 billion in 2023 to €7.2 billion in 2024. These volumes remain well below pre-pandemic historical averages, with the 20% share of total investment in 2024 being the lowest recorded share since 2015. The reluctance of institutional investors has been particularly evident in the office segment, with the number of office transactions exceeding €50 million remaining in the single digits in 2024. Office properties have been the most affected by the difficult economic environment and higher interest rates, in addition to uncertainty regarding future working from home trends.

In relative terms and compared to other use classes, logistics and industrial is proving to be relatively resilient with a 18% share of total commercial transaction volume in 2024. Given the market conditions, a stronger focus was observed in the top logistics regions and central locations. While the share of investment volume in the top five logistics regions reached a low of 21% in 2022, this increased to 28% in 2024 (as at Q3 2024). The Frankfurt / Rhine-Main logistics region had the highest proportion of activity in 2024, followed by Hamburg and Berlin. Just under 80% of transaction volume was attributable to logistics properties and 15% to the light industrial segment.

Looking forward, Savills remain cautiously optimistic and expect the upturn to continue in 2025, albeit at a moderate pace given the unfavourable overall conditions. Moderate interest rate cuts, robust letting markets and a large amount of available private capital should continue to support the investment market. Headwinds remain, in the form of the weak economic environment, restrictive lending by banks, and uncertainties associated with the Bundestag elections.

The German property market remains attractive to investors with a strong equity base who can take advantage of opportunities in the current environment. While private investors are most active in the core segment, representing 21% of transactions in 2024, many investment managers and institutional investors primarily have value-add money that they want to allocate. The pronounced discrepancy between the capital values of prime and secondary properties, value-add approaches may appear attractive despite the high construction costs. It is expected that value-add investors will become more interested in opportunities in Germany through 2025.

**Germany Real Estate Investment: Volumes**




| Volume (€) | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| Total | 77,485,112,781 | 109,562,712,510 | 57,418,037,693 | 32,812,282,084 | 36,297,255,390 |

*Source: MSCI, 2025.*

## 7.3. Occupational Market Overview: Industrial / Logistics Sector

### 7.3.1. Overview

While the German market remains a well-established location for domestic and international investors, data transparency lags behind its European peers. Within our assessment, we focus on the logistics and light industrial sector, where data is more reliably available. This segment has been more accurately tracked, in part due to having attracted significant cross border investor in recent years.

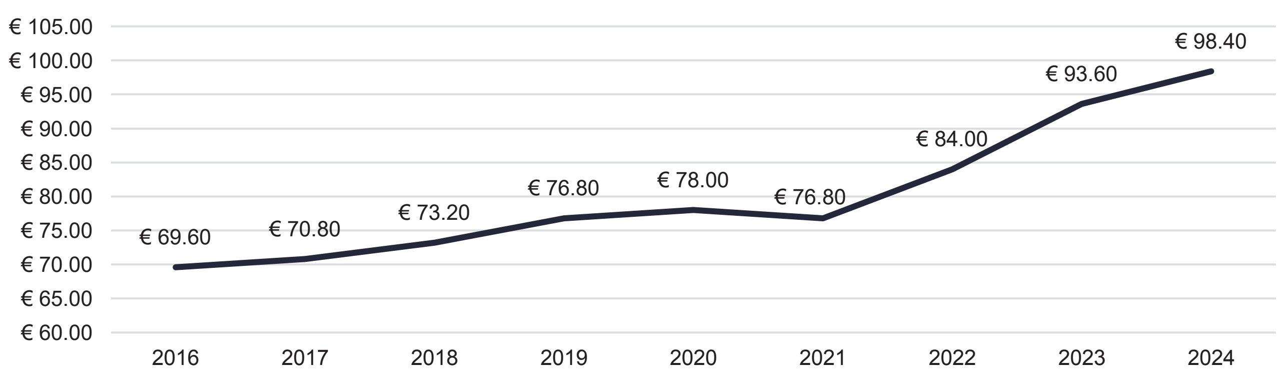
The country's top logistics hotspots, often referred to as the "Big 5," are Berlin, Hamburg, Frankfurt, Düsseldorf, and Munich. This is due to their established transport infrastructure, high population densities and positions as international gateways. Frankfurt am Main airport is a key hub for international freight in Europe, while Munich is particularly appealing for operators due to its strategic location near Eastern Europe, making it a key hub for cross-border logistics. Hamburg plays a strategic role in the international supply chain, facilitating the shipping of imports and exports through one of the largest ports in Europe. Berlin is perceived as an innovative environment for technology firms and start-ups, whilst Frankfurt is a centre for banking and finance. Both cities have large urban populations which supports demand for logistics space proximate to these locations. The region of North Rhine-Westphalia encompassing Düsseldorf and Cologne, hosts a variety of manufacturing activities, as does Leipzig.

Germany's logistics sector faced significant challenges in 2024, marked by a combination of higher interest rates, increased borrowing costs, weak GDP growth, and elevated construction costs. The February 2025 German federal election resulted in the Christian Democratic Union (CDU) emerging as the leading party alongside its sister party (Christian Social Union). The CDU's proposed policies reportedly include reducing bureaucratic hurdles and promoting infrastructure development. These measures are anticipated to stimulate economic growth. However, the significant gains by the far-right Alternative for Germany (AfD) party, which secured about 20% of the vote, may introduce uncertainties into the policy landscape. The AfD's influence could affect the future coalition's approach to economic and immigration policies, potentially impacting the stability and predictability of the logistics and industrial market.

### 7.3.2. Rents

Prime rents have increased year-on-year across the 'Big 5' markets, as well as in Cologne and Leipzig, reaching an average of €98.40 per sq m p.a. in 2024. Sustained demand coupled with limited supply, is expected to continue to place upward pressure on rental rates and property values.

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

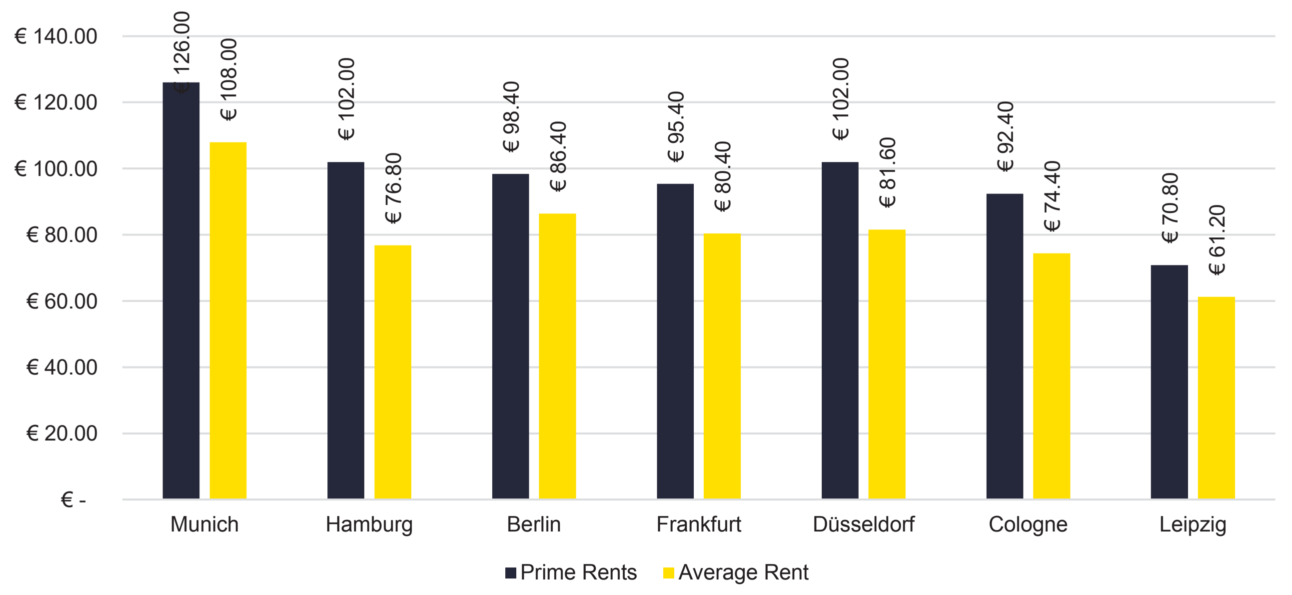



*Source: Savills using Statista (2025). Average across key markets including Munich, Hamburg, Berlin, Frankfurt, Düsseldorf, Cologne & Leipzig, data as at Q4 each year.*

In secondary locations, landlords are offering longer rent-free periods to attract tenants, a trend that is much less common in central areas, where demand remains high.

As of Q4, Munich recorded the highest prime rent at €126.00 per sq m p.a., followed by Hamburg and Berlin. Munich has a strong economic and industrial base which has ensured consistent demand for warehousing and distribution facilities. The city is home to high-tech industries, automotive giants (BMW), and advanced manufacturing, driving demand for just-in-time logistics and supply chain solutions.

**Logistics & Light Industrial Prime Rents & Average Rents: Key Markets, 2024 (€ sq m / p.a.)**




*Source: Savills using Statista (2025). Data as at Q4 2024.*

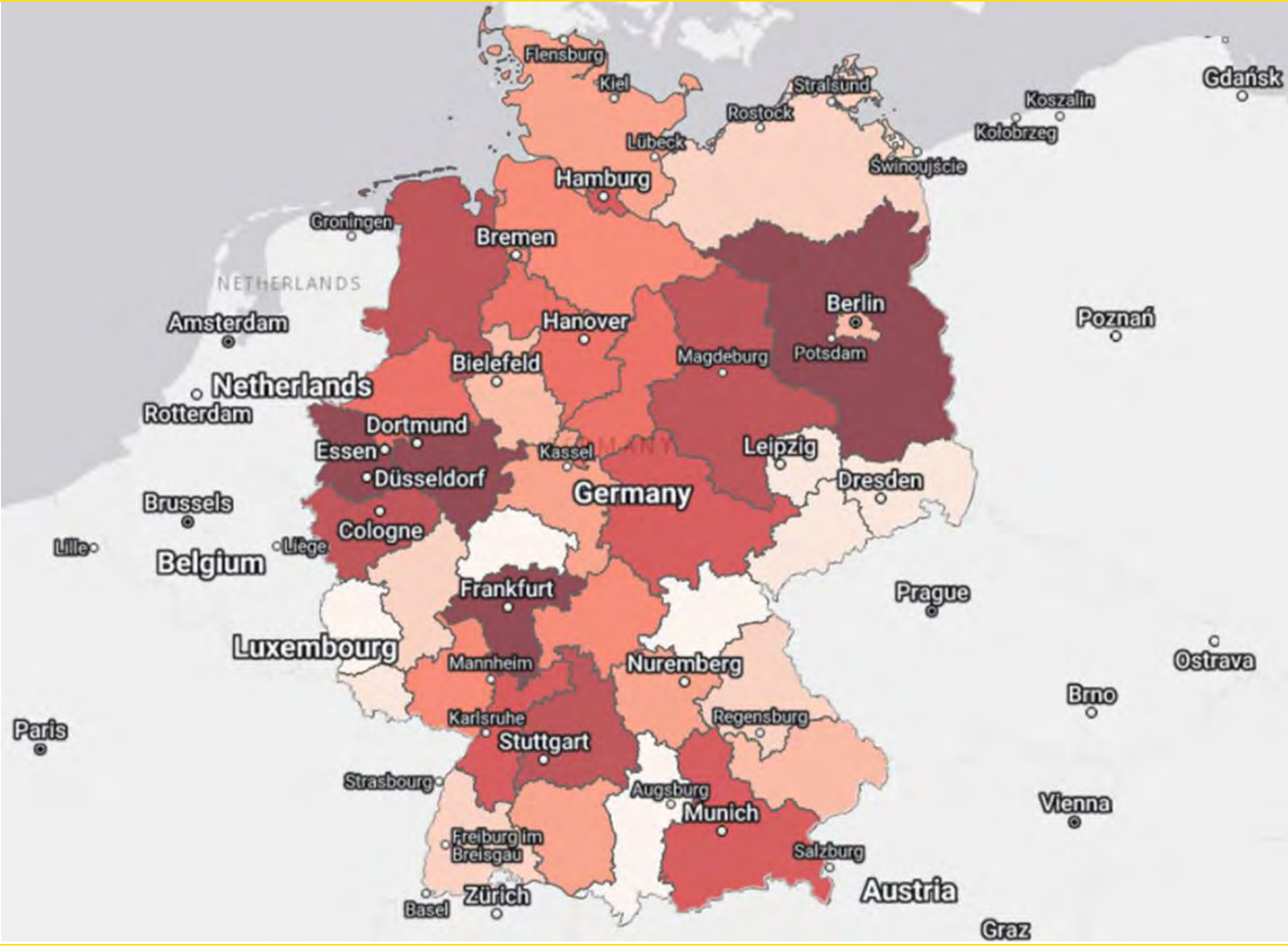
### 7.3.3. Stock & Vacancy

Germany's logistics market continues to experience tight vacancy rates, reflecting strong demand and limited new supply. In Munich, vacancy rates were particularly low at 1.2% in Q2 2024, highlighting the city's desirability as a logistics hub with constrained space availability. Some secondary markets saw slight increases due to new speculative developments. Nationwide, prime locations face the most significant shortages. As demand for modern, well-located facilities remains high, vacancy is expected to stay low, with potential relief only coming from new developments in suburban and emerging logistics corridors.

The German economy has faced heightened construction costs, leading to a slowdown in logistics development. Little change in the stock of warehouse and logistics assets is expected in 2025. This is impacted by the slow economic recovery in Germany and labour shortages in the construction sector. Despite this slowdown, schemes do continue to be added to Germany’s pipeline of stock. For example, Barings has acquired a 166,000 sq m plot to bring forward 63,000 sq m of prime logistics space in Herleshausen (located in the middle of Frankfurt, Leipzig and Düsseldorf); with connection to the A4, its anticipated to attract a variety of occupiers for distribution use.

In terms of the distribution of stock across Germany, Savills analysis shows that the greatest concentration of stock is within the Rhine-Ruhr region, throughout the Brandenburg region and around Frankfurt. The Rhine Ruhr area was historically known for coal and steel production, and whilst heavy industry has declined generally in Germany, the region remains important for manufacturing and technology. Brandenburg is well situated, surrounding the German capital Berlin. The region around Frankfurt attracts logistics operators, manufacturing and retailers, due to the strategic location. Stuttgart is also an important hub, particularly for automotive manufacturing. Hamburg is of strategic importance as a key port city, playing a central role in the international supply chain and facilitating the shipping of imports and exports.

## Distribution of Industrial Stock

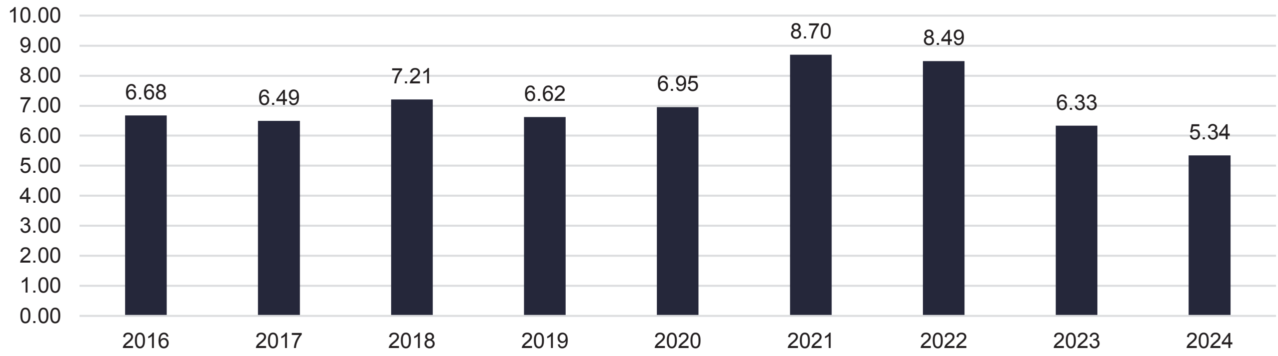



*Source: Savills, 2025, using data from MSCI (2024). The map illustrates the concentration of industrial stock by NUTS 2 region with a higher floorspace shown in dark red. Includes units over 5,000 sq ft that are classified as 'Institutional', 'Listed/REIT', or 'Developer/Owner/Occupier'.*

### 7.3.4. Take Up

Total take up of logistics and light industrial space reached approximately 5.34 million sq m in 2024. In 2024, Germany's logistics occupier market experienced a decline in activity. While less severe than the drop from 2022 to 2023, total take up declined approximately 16% from 2023 to 2024. There has been a pattern of companies postponing decision making due to the economic climate and negative trade outlook, and uncertain geopolitical landscape.

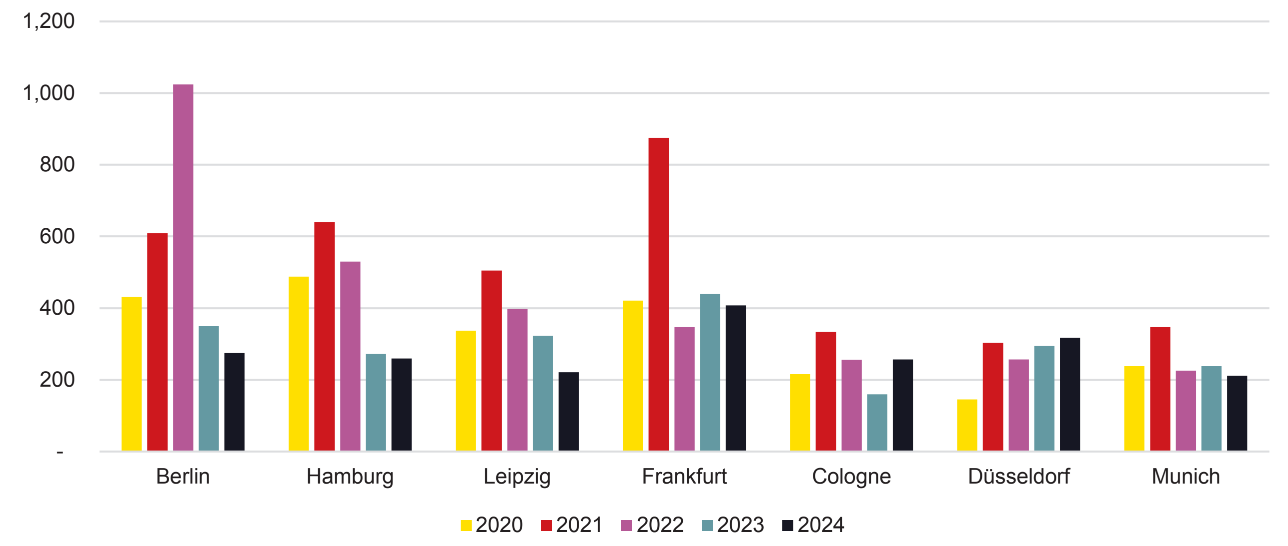
## Logistics & Light Industrial Take Up: National (million sq m)




*Source: Savills, 2025. Cross-checked with data from Statista.*

With growing demand across core markets in Germany, some tenants are moving to alternative locations where supply is higher and rents are lower. In 2024, the highest level of take up was evidenced in Frankfurt and Düsseldorf. Significant increases in take up were recorded in Cologne, where new developments in areas like Köln-Niehl, Köln-Eifeltor, and Frechen cater to growing warehouse demand.

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

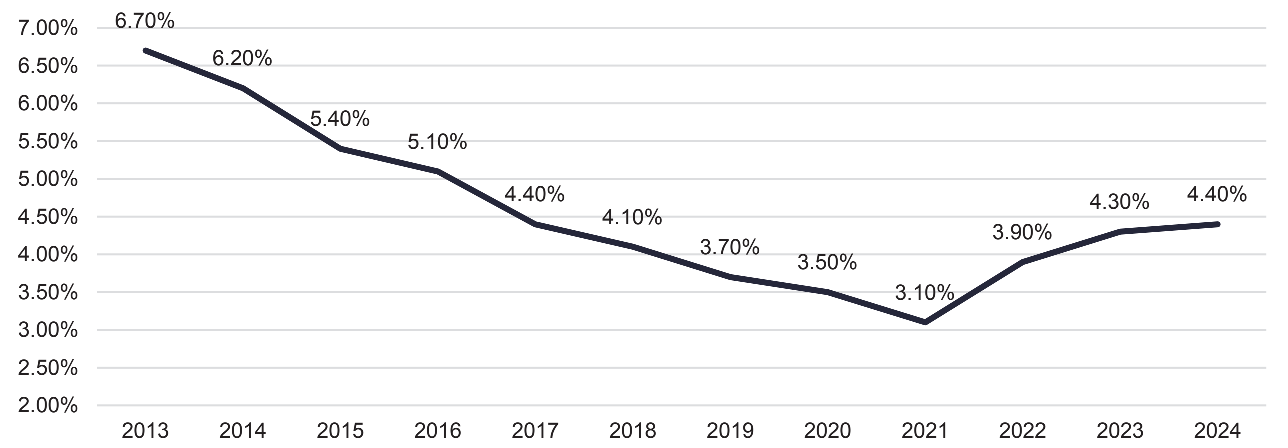



*Source: Savills, 2025. Using data from Statista.*

### 7.3.5. Yields

Prime yields in the ‘Big 5’ generally track together. As at the end of 2024 prime yields stood at 4.40%. Since 2021, we have seen yields decompress across these markets following a historic norm of hardening yields, as the sector gained momentum and became known as an asset class with longevity and strong fundamentals. The recent softening of yields reflects the broader macroeconomic conditions influencing the real estate market. The continued resilience during the economic stagnation has contributed to the stabilisation of yields where the yield increase was limited to a rise in 10 basis points in 2024.

**Logistics & Light Industrial Prime Yields: National (%)**




*Source: Savills, 2025. Data as at Q4 each year. Net Initial Yields (see definitions).*

### 7.3.6. Future Outlook

Germany's market is projected to remain stable with some potential for a recovery in 2025, heavily influenced by the broader economic environment. Demand was subdued in 2024, with occupiers optimising and accommodating new business within their existing footprints. The market is expected to stabilise, with large take up deals remaining limited due to economic uncertainties and high construction costs. Core locations like Berlin, Munich and Hamburg should see moderate rental growth, driven by limited availability of high quality space and improved demand.

Savills 2024 European Logistics Census demonstrates that 26% of occupiers expect to take more space in Germany over the next three years, and that Germany remained a location of choice for 65% of investors. Notably in 2024 DSV (a Danish transport and logistics company) agreed to acquire Deutsche Bahn's logistics arm, DB Schenker, for over US$12 billion. This positions DSV as the world's largest logistics provider. DSV has announced that plans include €1 billion worth of investments in Germany in the next 3-5 years (DSV, 2024).

Alongside a gradual economic recovery, further demand is expected to come from reshoring. 45% of respondents in Savills 2024 European Logistics Census see reshoring as a potentially market-changing development for their logistics properties in Germany.

While challenges such as weak demand for industrial goods, high costs, and ESG compliance persist, easing interest rates and continued e-commerce demand could support selective new logistics developments in key German logistics corridors. Germany's upcoming coalition government will influence critical economic policies, including budgets, energy costs, and revitalising industrial growth; clarification on leadership and their policies will provide businesses with more certainty when progressing developments.

**ESG & Sustainability Drivers**

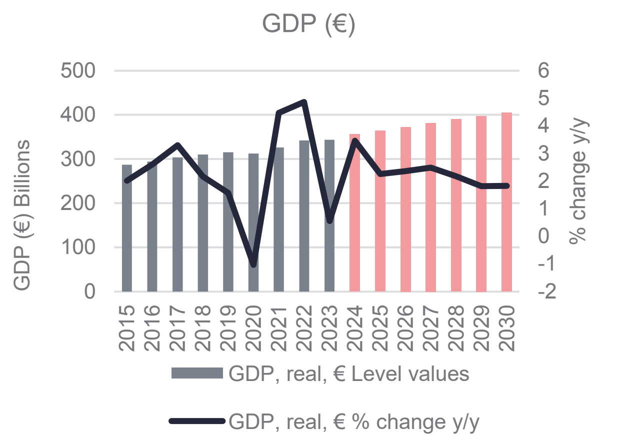
Germany's Climate Change Act sets legally binding emissions reduction targets to achieve climate neutrality by 2045, with intermediate targets of 65% reduction in GHG emissions from 1990 levels by 2030 and 88% by 2040. This directly impacts the real estate sector by mandating stricter energy efficiency standards incentivising building retrofits and promoting the adoption of renewable energies. The German Buildings Energy Act (Gebäudeenergiegesetz, GEG) entered into force in November 2020 as a core regulation in Germany for driving building energy efficiency, outlining structural and heating system standards and energy efficiency requirements for new commercial and residential buildings. These requirements were strengthened in 2023. From 2024, all new heating systems (including those in existing buildings) must operate with at least 65% renewable energy.

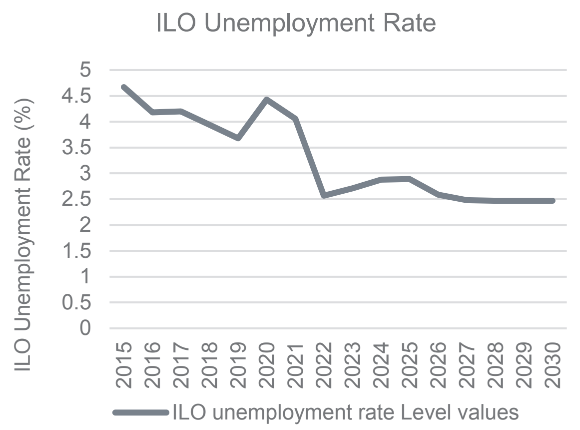
These regulatory pressures highlight the growing momentum of sustainability in the market. The German Sustainable Building Council (DGNB) certification is the most widely adopted in the market, assessing the environmental impact, energy efficiency, operational cost-effectiveness, user comfort, technical performance, and sustainable construction processes.

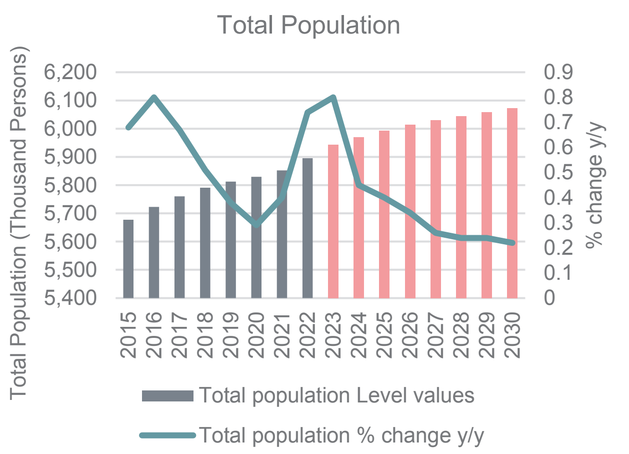
# 8. Denmark

## 8.1. Macroeconomic Context

**Key Macroeconomic Indicators**




| | Figure | Period |
|---|---|---|
| **Government Gross Debt (% of GDP):** | 36.79% | December 2024* |
| **Inflation (CPI) (%)** | 1.50% | January 2025 |
| **Central Bank Interest Rate (%)** | 2.35% | February 2025 |

*Source: Oxford Economics, Trading Economics (2025). Central Bank Interest Rate is Danmarks Nationalbank's Current-account and Discount rate. *Forecast as actual figures yet to be published. Forecast figures in graphs are illustrated by red bars.*

| Key Indicators | 2023 | 2024 | 2025 (f) | 2026 (f) | 2027 (f) | 2028 (f) | 2029 (f) |
|---|---|---|---|---|---|---|---|
| **GDP Change Year-on-Year (%)** | 0.6 | 3.5* | 2.3 | 2.4 | 2.5 | 2.2 | 1.8 |
| **ILO Unemployment Rate (%)** | 2.7 | 2.9* | 2.9 | 2.6 | 2.5 | 2.5 | 2.5 |
| **Total Population (Thousand Persons)** | 5,943* | 5,970* | 5,994 | 6,014 | 6,030 | 6,044 | 6,059 |
| **Government Gross Debt (% of GDP)** | 39.78 | 36.79* | 33.56 | 30.85 | 28.56 | 27.04 | 26.1 |
| **Inflation Rate (CPI, %)** | 5.6 | 1.9 | 1.6 | 1.7 | 2.0 | 2.1 | 2.0 |
| **Long Term Interest Rate (%)** | 2.6 | 2.5 | 2.2 | 2.4 | 2.4 | 2.4 | 2.4 |

*Source: Oxford Economics, Trading Economics (2025). *Forecast as actual end of year figures are yet to be published.*

## 8.2. Commercial Real Estate Market Introduction

The commercial real estate market in Denmark has faced significant challenges over recent years. In 2023, total transaction volume in the Danish commercial property market fell to a nine-year low of €4.5 billion. In 2024, investment activity showed a slight increase, with total investment volume reaching €4.6 billion by year-end. However, volumes remain significantly below the average for the five-year period between 2018 and 2022 of €7.8 billion, and the market remains largely subdued.

Rising interest rates have led lenders to tighten financing requirements, while international investors have shifted towards asset classes where more favourable loan-to-value ratios are achievable. Investment volumes have declined across all sectors, with the exceptions of residential (apartment buildings) and logistics and industrial, which continue to lead as the two primary asset classes, accounting for 40% and 33% of total investment volume, respectively.

In 2024, the office market saw a significant decline in investment volumes and transaction activity, with volumes falling by 42% to €0.6 billion, reflecting a challenging environment. The office market has become increasingly polarised, with strong interest for centrally located properties, particularly in Copenhagen, while investor demand for assets in more secondary locations has weakened.

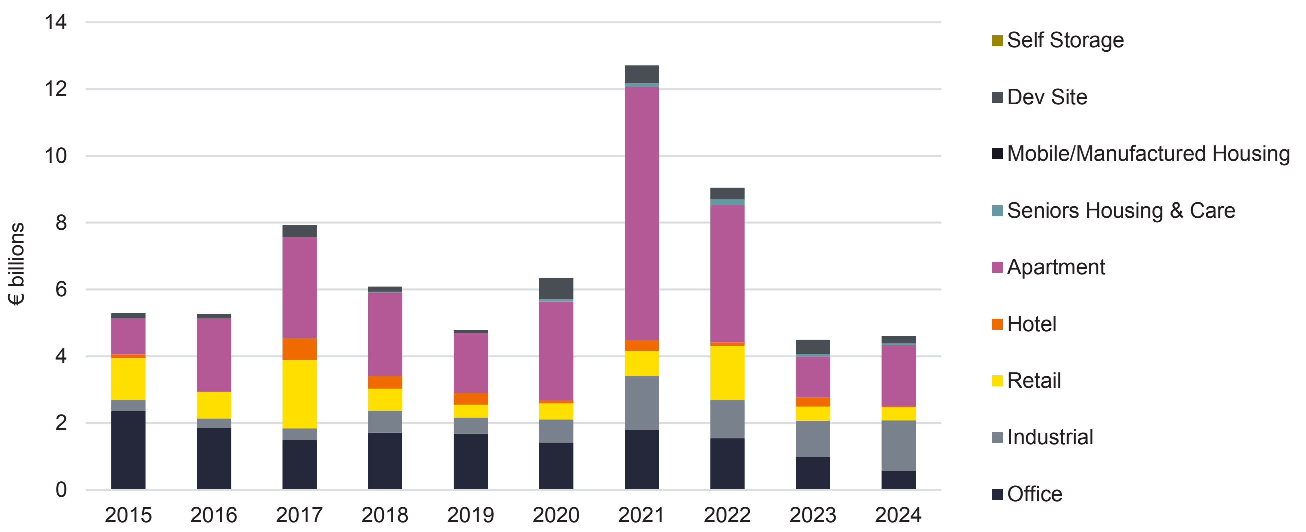
The logistics and industrial sector has showed resilience, with total investment increasing by approximately 26% from €1.1 billion in 2023 to €1.5 billion in 2024, accounting for 33% of total investment volumes. A marked increase in the logistics and industrial sector can be linked to international investors seeking more stable and higher-yielding opportunities amidst rising interest rates.

In 2024, the Danish real estate investment market saw a slight shift in buyer composition. Cross-border investment accounted for 60% of transactions, a slight increase from 2023, albeit below the five-year average for 2018 to 2022. Institutional buyers dropped to 8%, a significant decrease from 31% in 2023, reflecting a decline in institutional activity.

The outlook for the Danish property investment market remains cautiously optimistic, with a recovery in investment activity anticipated for 2025. The current monetary policy has instilled confidence among investors, as interest rates have become more attractive. Investors and lenders will still face several headwinds, particularly as a return to ultra-low interest rates seems unlikely.

Despite these challenges, strong economic growth and positive market fundamentals are expected to support the recovery in investment activity. Residential, industrial, and logistics properties, due to their strong fundamentals and positive long-term demand outlook, are likely to remain the most favoured by investors. Lower financing rates could further support a gradual recovery, with investment volumes expected to increase throughout 2025.

**Denmark Real Estate Investment: Volumes**




| Volume (€) | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| Total | 6,332,003,799 | 12,715,333,654 | 9,049,802,348 | 4,492,193,330 | 4,599,558,732 |

*Source: MSCI, 2025.*

## 8.3. Occupational Market Overview: Industrial / Logistics Sector

### 8.3.1. Overview

Denmark has a well-developed logistics and industrial real estate sector, with key hubs in and around Copenhagen, Aarhus, and Odense. The sector is driven by logistics, manufacturing, and high-tech industries, including pharmaceuticals and renewable energy. In this section, we focus on Copenhagen, which is the prime location for logistics in Denmark. We set this in wider the national context with reference to key secondary markets across Zealand, Mid-Jutland and Funen.

Occupiers and investors typically view Denmark as a safe and secure location, owing to its political and financial stability. In line with the ECB rate cute, the Danish Central Bank has been reducing its policy rate throughout 2024. Denmark's economy has demonstrated robust growth, with GDP expanding by around 3.5%, primarily driven by success in the pharmaceutical sector. The Danish economy is expected to maintain its positive trajectory, supported by further central bank rate cuts, increased household purchasing power, and a forecasted rise in e-commerce revenue, which is expected to reach US$8.91 billion (Statista, 2024).

The market is increasingly adopting sustainable logistics practices, driven by regulations and government guidance. Denmark's Circular Economy Strategy, which outlines a vision for transitioning to a circular economy by 2030, is influencing operators to adjust their practices to contribute to this target. Additionally, Denmark's European connectivity will be strengthened by the Fehmarnbelt Fixed Link, an underwater transport connection between Denmark and Germany, expected to be completed by 2029. This infrastructure project will further enhance the logistics landscape, fostering growth in cross-border trade.

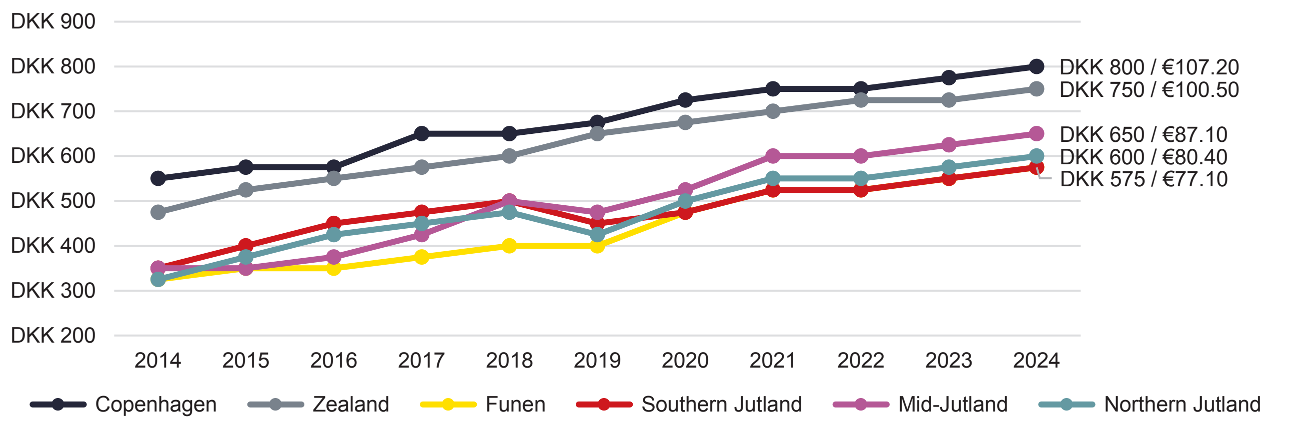
Copenhagen, situated on the island of Zealand, is a key logistics hub in Denmark due to its strategic location. It benefits from excellent connectivity to neighbouring Sweden via the Øresund Bridge, linking Copenhagen with Malmö. Positioned between Jutland (west Denmark) and Zealand (east Denmark), Funen is a key locations for manufacturing and logistics hub, particularly for supporting demand from Odense, Denmark's third-largest city (Statista, 2024). The Great Belt Bridge connects Funen to Zealand, serving as a crucial transit corridor for goods across the country. Southern Jutland borers Germany, providing a key gateway for trade between Denmark and mainland Europe. Mid-Jutland is hosts the country's largest container port, and Northern Jutland benefits from access to the North Sea through the Port of Aaborg.

### 8.3.2. Rents

Copenhagen attracts the highest prime rent for warehousing. In 2024, the gross rent for facilities in prime Copenhagen reached 800 DKK per sq m p.a., a 3% increase on 2023. Secondary locations in wider Zealand generally have slightly lower rental rates, with prime rents in 2024 recorded at 750 DKK per sq m p.a., a marginal increase on the prior year.

In 2024, Mid-Jutland recorded prime rents of 650 DKK per sq m p.a., reflecting the region's appeal to those seeking access to a broad domestic population. Southern Denmark, Funen and Southern Jutland, have trended together since 2020, with rents reaching 575 DKK per sq m p.a., marking a slight increase from 2023. Forecasts anticipate tenant's priorities will be in building flexibility into lease terms and ensuring access to sustainable infrastructure. Danish rents are often indexed to the net price index.

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

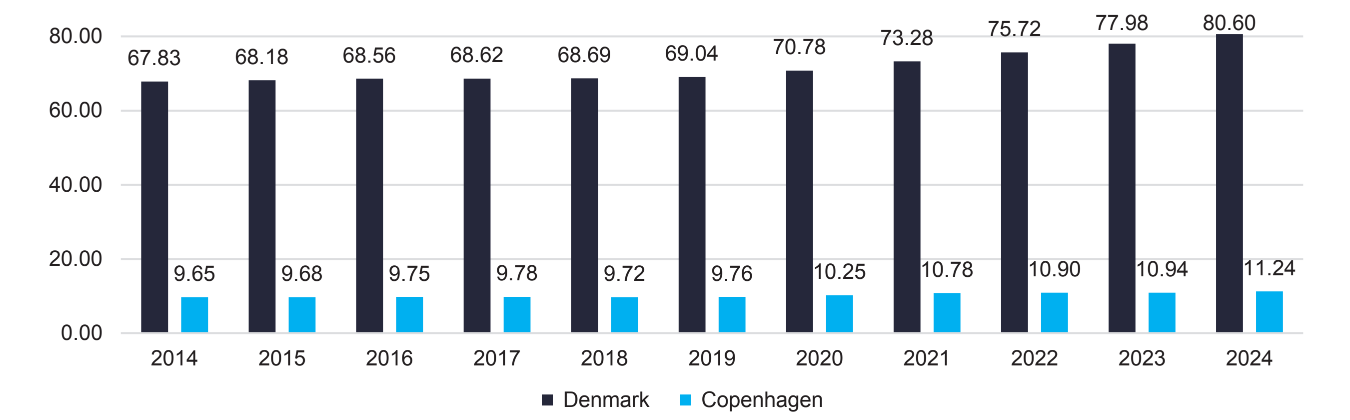



*Source: Savills (2025); FT, Based on FT currency conversion as at February 2025. 1 DKK = 0.134EUR. The 52 week range was 1 DKK = 0.1334 - 0.1355 EUR*

### 8.3.3. Stock & Vacancy

Stock levels in Denmark continued to rise in 2024, with total space reaching approximately 80.6 million sq m, representing a 3.4% increase from 2023. Copenhagen alone accounted for 11.24 million sq m of total stock at the end of 2024, equating to approximately 14% of Denmark's total stock.

**Industrial Stock: Denmark & Copenhagen (million sq m)**



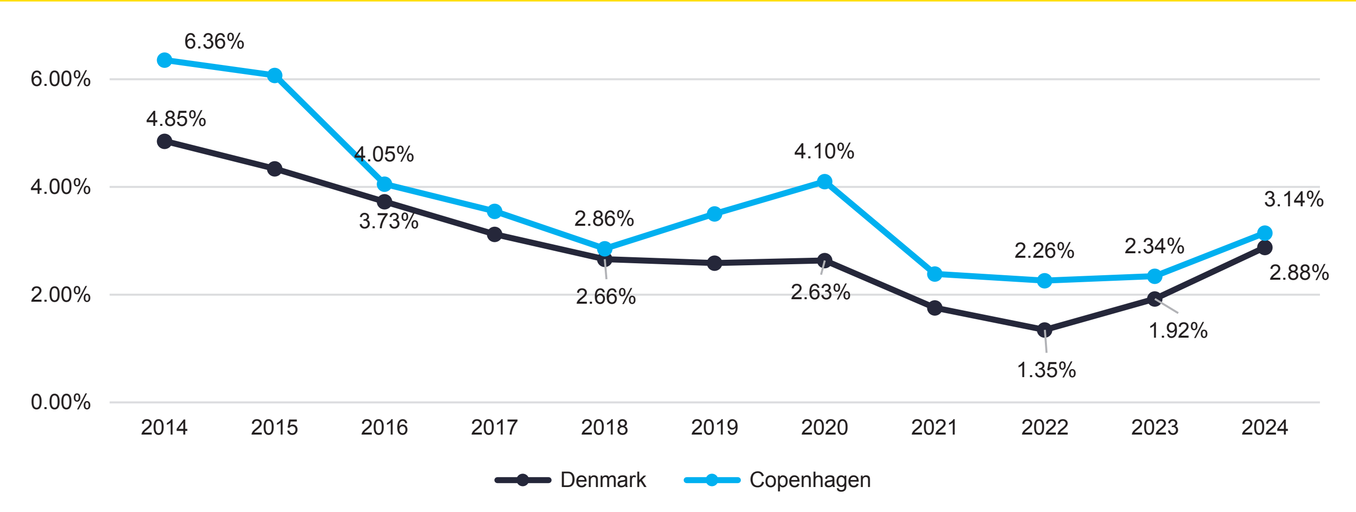

*Source: Savills, 2025. Data as at Q4 each year.*

A significant portion of Denmark's logistics and industrial properties are owner-occupied. Contributing to the national year-on-year rise in stock, was a new development by DSV, a Danish transport and logistics company operating globally. DSV unveiled a 300,000 sq m logistics centre in Horsens (Mid-Jutland). The site focuses on setting the standard for environmental performance with a roof-based photovoltaic system which is capable of delivering enough energy to power 6,200 Danish households annually.

Vacancy rates are significantly influenced by Denmark's limited land availability, stringent zoning laws, and land-use regulations which are designed to balance development with environmental preservation and sustainable land use.

The growth of e-commerce and online retail has significantly increased demand for warehouses and distribution centres across Denmark with vacancy rates remaining below 5.0% across the last 10 years. Vacancy in 2024 was 2.88% across Denmark, reflecting a marginal increase on the previous year. In Copenhagen, vacancy rates remain low, recorded at 3.14% as at Q4 2024, reflecting a slight increase from 2.34% in 2023. Copenhagen remains very supply constrained compared to other markets across Europe. The majority of available stock consists of older properties, which no longer align with current market demand, driving rent increase in the logistics and industrial market.

**Industrial Vacancy Rate: Denmark & Copenhagen (%)**




*Source: Savills, 2025. Data as at Q4 each year.*

### 8.3.4. Take Up

In Denmark, the take-up of logistics and industrial properties is not consistently recorded, unlike in other European markets. A significant portion of Denmark's logistics and industrial properties are owner-occupied rather than leased, which further limits availability of data. The focus of occupiers taking space has been on high-quality, sustainable stock, therefore the available supply of such properties has become very limited.

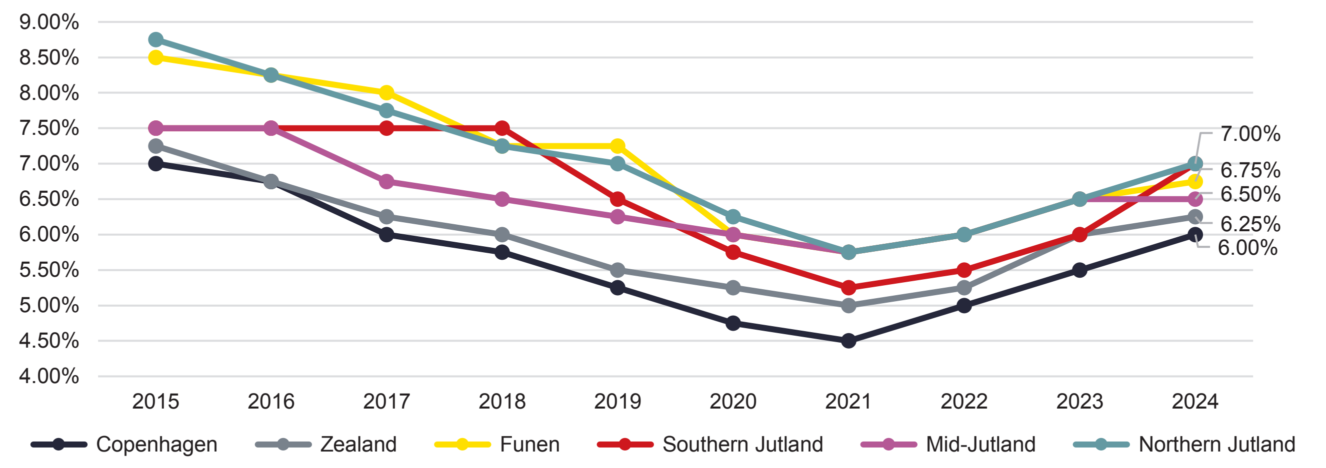
Tenant demand is primarily concentrated in Copenhagen, Denmark's key logistics hub, due to its strategic location and excellent transportation infrastructure, which connects it to Northern Europe and the Baltic region. Copenhagen's commitment to sustainability, advanced logistics technologies, skilled workforce, and a favourable business environment enhance its attractiveness to occupiers.

Other key locations for logistics and manufacturing include Funen, strategically positioned along the transit corridor between Jutland and Zealand. Southern Jutland, bordering Germany, serves as an important gateway for international trade. Mid-Jutland, with Aarhus as the largest city and home to Denmark's largest container port, is particularly appealing to occupiers involved in importing and exporting goods via maritime transportation. Northern Jutland attracts a mix of industrial production, port logistics, and renewable energy industries. Access to the North Sea through the Port of Aaborg makes it a key location for shipping and offshore industries.

### 8.3.5. Yields

The prime yield for best-in-class assets in Copenhagen has decompressed to 6.00% in 2024, from 5.50% in 2023. Outside of Zealand, yields range from 6.50 – 7.00% in Funen and the Jutland region. After a period of declining yields from 2015 to 2021, the market has experienced an upward trend in recent years. The ECB and Denmark's National Bank have raised interest rates to address inflation, resulting in higher financing costs and making industrial assets less attractive compared to other investments, leading to price corrections and higher yields. Additionally, Denmark's focus on stricter ESG compliance, including energy efficiency standards, has raised operational costs for older industrial assets, impacting their valuation and yield expectations.

**Industrial Prime Yields: Key Markets (%)**




*Source: Savills, 2025. Data is at Q4 each year. Net Initial Yields (see definitions).*

### 8.3.6. Future Outlook

The logistics and industrial sector proved to be resilient during 2024, making up one-third of investment into the Danish property market, reflecting an increase in investment volumes year-on-year. This upward trajectory is expected to continue into 2025.

Denmark's transport infrastructure is set to improve as the government's Infrastructure Plan 2035 progresses. Major shipping company AP Møller-Mærsk forecasts a 4% growth in demand for container shipping in 2025 (FT, 2025), indicating robust trade activity that will positively impact Denmark's logistics sector. In Greater Copenhagen, the city's new light rail system is due to be completed in 2025.

While prime locations in the Copenhagen area are limited, and with barriers to development in the capital city, regions such as mid-Jutland are becoming popular locations for investment. For example, Nuveen executed their first core acquisition in Denmark and their 33,000 sq m logistics facility in Horsens was completed in 2024, sitting north of DSV's new 300,000 sq m facility (Nuveen, 2024).

Denmark's logistics and industrial sector is set for steady growth, fuelled by growing investor confidence, rising rents across the country, and sustainability-focused infrastructure projects. Despite past economic uncertainties, the market remains resilient, with high occupancy rates and strategic global positioning ensuring long-term stability.

**ESG & Sustainability Drivers**

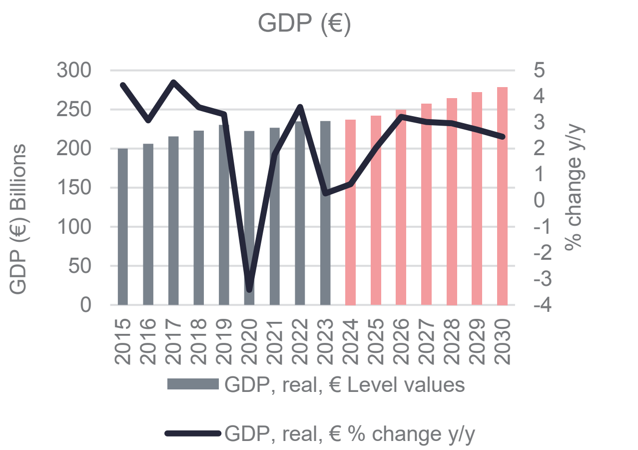
Denmark's strong commitment to renewable energy, with a significant share of its energy coming from wind and solar power, makes it an attractive destination for international real estate investors seeking sustainable and future-proof opportunities in a market driven by green energy policies and environmental goals. Electricity derived from renewable energy has reached 67% of the electricity supply (International Trade Administration, 2024).

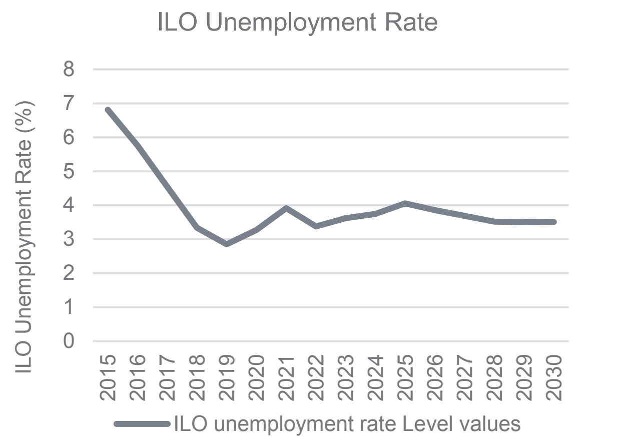
Denmark made their voluntary standard for sustainable construction mandatory at the beginning of 2023. BR18 (Danish Building Regulations 2018) are mandatory for all new buildings, as well as for major renovations or extensions of existing buildings in Denmark. BR18 sets out comprehensive guidelines for construction, focusing on energy efficiency and sustainability. Key requirements include stringent energy performance standards, with buildings needing to meet specific energy consumption limits. The carbon emissions limits will be tightened incrementally up to 2030. BR18 also emphasises the use of renewable energy sources, insulation, and sustainable building materials to reduce environmental impact. Additionally, BR18 mandates the use of life cycle assessments (LCA) for buildings to ensure that the environmental impact is considered throughout their lifespan.

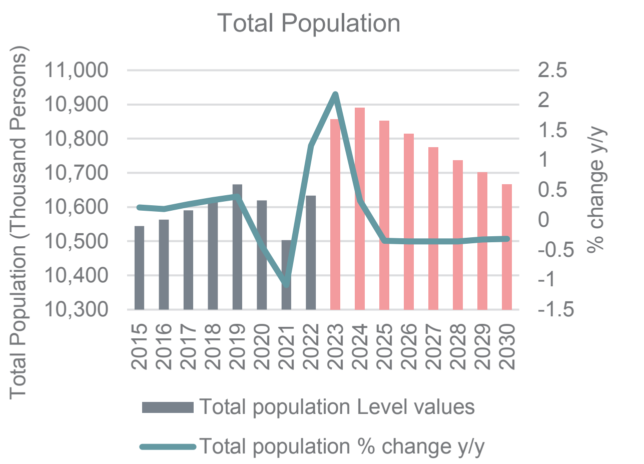
# 9. Czech Republic

## 9.1. Macroeconomic Context

**Key Macroeconomic Indicators**




| | Figure | Period |
|---|---|---|
| **Government Gross Debt (% of GDP):** | 42.18% | December 2024* |
| **Inflation (CPI) (%)** | 2.80% | January 2025 |
| **Central Bank Interest Rate (%)** | 3.75% | February 2025 |

*Source: Oxford Economics, Trading Economics (2025). Central Bank Interest Rate above is the Czech National Bank's Two-week (2W) repo rate. *Forecast as actual figures yet to be published. Forecast figures in graphs are illustrated by red bars.*

| Key Indicators | 2023 | 2024 | 2025 (f) | 2026 (f) | 2027 (f) | 2028 (f) | 2029 (f) |
|---|---|---|---|---|---|---|---|
| **GDP Change Year-on-Year (%)** | 0.3 | 0.6* | 2.0 | 3.2 | 3.0 | 3.0 | 2.7 |
| **ILO Unemployment Rate (%)** | 3.6 | 3.7* | 4.1 | 3.9 | 3.7 | 3.5 | 3.5 |
| **Total Population (Thousand Persons)** | 10,857* | 10,891* | 10,853 | 10,814 | 10,775 | 10,737 | 10,701 |
| **Government Gross Debt (% of GDP)** | 41.43 | 42.18* | 45.97 | 45.01 | 43.51 | 42.71 | 41.68 |
| **Inflation Rate (CPI, %)** | 12.8 | 3.0 | 2.6 | 1.7 | 2.0 | 2.0 | 2.0 |
| **Long Term Interest Rate (%)** | 4.7 | 4.1 | 4.1 | 3.7 | 3.4 | 3.4 | 3.4 |

*Source: Oxford Economics, Trading Economics (2025). *Forecast as actual end of year figures are yet to be published.*

## 9.2. Commercial Real Estate Market Introduction

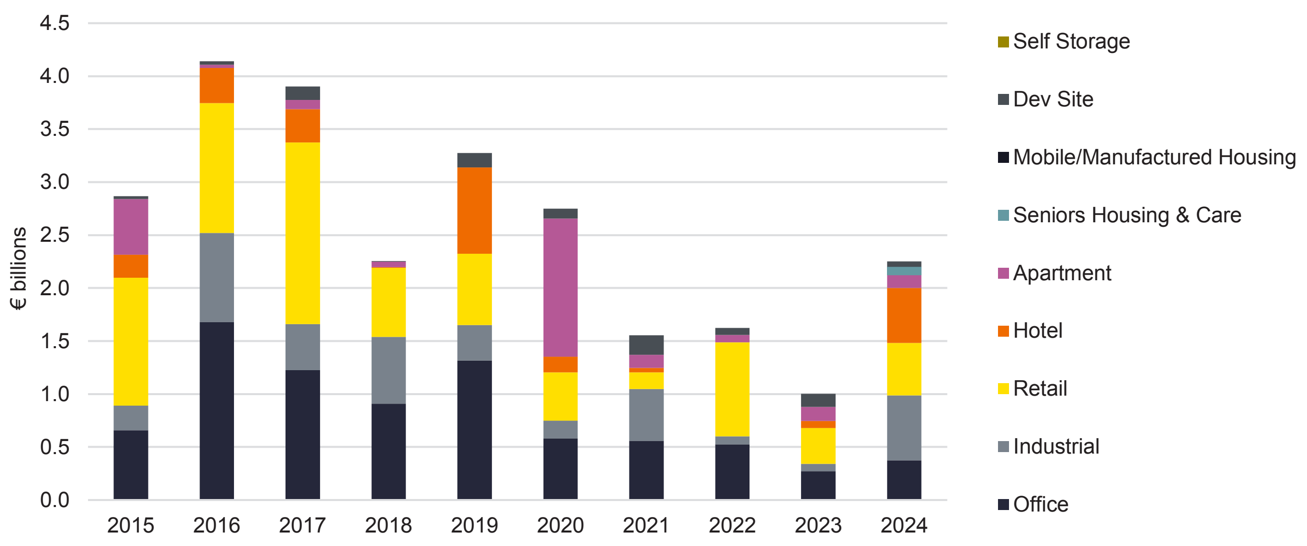
The Czech real estate investment market showed strong signs of early recovery in 2024, with transaction volumes reaching their highest level since 2020 and the highest number of deals since 2017. Total volumes increased from €1.0 billion in 2023 to €2.3 billion, just below the five-year average for 2018-2022. Annual transaction volumes increased across all five core real estate sectors, with particularly strong activity recorded for the logistics and industrial sector, followed by hotels, retail, and offices. From Q2 to Q4 2024, yields for prime offices, industrial assets and shopping centres remained stable.

Q4 2024 marked a significant milestone, recording the highest transaction volume of the year, with nearly €758 million invested in commercial real estate, including two transactions that exceeded €100 million. This also represented the strongest quarterly activity since Q1 2022. This volume was largely driven by the sale of the Redside portfolio, a mixed-use portfolio comprising 11 retail and 5 office properties, acquired by Českomoravská Nemovitostní. The recent positive increase in investment activity can be attributed to improved economic stability and decreased financing costs.

Logistics and industrial assets accounted for the largest share of transaction volume at 27% (up from 7% in 2023), with a total volume of €0.6 billion. The Czech industrial sector has been resilient amid broader economic forces, benefiting from its strategic location, demonstrating robust long-term performance in both occupancy and investment. In 2024, the office sector saw a modest recovery, with investment volume rising to €0.4 billion from €0.3 billion in 2023, though its share of total real estate investment declined to 16.6%, the lowest in a decade. This suggests continued investor caution, with capital shifting towards industrial (27.2%) and hotel (23.1%) assets, while office investment remains constrained by structural shifts in demand and higher financing costs. Limited new supply contributed to a decline in vacancy rates, particularly for high-quality offices where demand remained strong. In terms of the number of deals, the retail sector was most active, with 20 transactions totalling €0.5 million. The dominance of the retail sector is attributed to a downward price shift and resilient post-pandemic spending.

The Czech market remains predominantly driven by domestic capital; the share of transaction volumes driven by Czech investors has been increasing since 2021. As market conditions stabilise, a resurgence of institutional investors is anticipated, likely increasing competition. Entering 2025, the market follows a strong performance in 2024 with a promising outlook. Several substantial deals have carried over into the new year, providing momentum and setting a pace that is expected to extend beyond Q1 2025. While further interest rate reductions may slow or even cease altogether, there are a variety of other factors and economic indicators that are promoting those investors who had been previously hesitant to act. As a result, transaction volumes in 2025 are expected to surpass those recorded for 2024, driven by favourable pricing levels and improved projected returns.

**Czech Republic Real Estate Investment: Volumes**




| Volume (€) | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| Total | 2,749,995,039 | 1,554,414,775 | 1,623,139,356 | 1,001,585,563 | 2,250,697,205 |

*Source: MSCI, 2025.*

## 9.3. Occupational Market Overview: Industrial / Logistics Sector

### 9.3.1. Overview

In 2024, nearshoring appears to have boosted Czech Republic's manufacturing sector and remains a key driver of demand for logistics and industrial space. According to the Savills Nearshoring Index 2024, the Czech Republic ranks as the second most attractive location for nearshoring activity, following Portugal. The country is expected to continue benefiting from nearshoring and onshoring trends in the coming year, with stable rental growth forecast throughout 2025.

Labour supply remains a critical consideration for logistics occupiers, with the Czech Republic maintaining one of the tightest labour markets in the EU. Prague serves as a key distribution hub for domestic and international logistics operations. However, Ostrava, located in the Moravian-Silesian Region, offers more affordable rents compared to Prague and benefits from proximity to Poland and Slovakia.

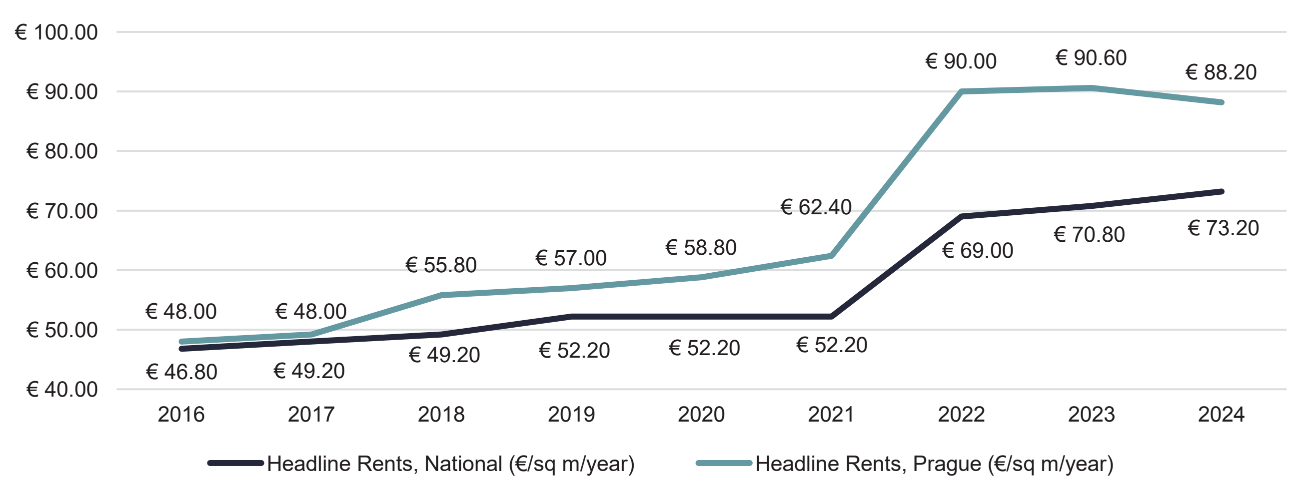
### 9.3.2. Rents

Prague has the strongest demand for logistics and industrial space, driven by limited land availability and its strategic proximity to consumers and businesses. Headline rents in Prague have remained stable, typically ranging from €7.00 to €7.50 per sq m per month for units of around 5,000 sq m (€6.80 - €7.50 in 2023). However, in certain locations, lower headline rates are recorded at around €6.00, after factoring in landlord incentives.

Outside Prague, headline rents for new premises have also remained steady, ranging from €5.30 to €6.00 per sq m per month. In select submarkets, effective rents may even fall below €5.00. Smaller units under 2,000 sq m have seen a slight decrease in headline rents, now ranging from €6.50 to €8.30 per square meter per month.

Rental rates for offices and sanitary areas within industrial halls typically fall between €9.90 and €12.00 per sq m per month, with additional monthly service charges of €0.90 to €1.10 per leased sq m.

**Prime Industrial Rents: National & Prague (€ sq m / p.a.)**

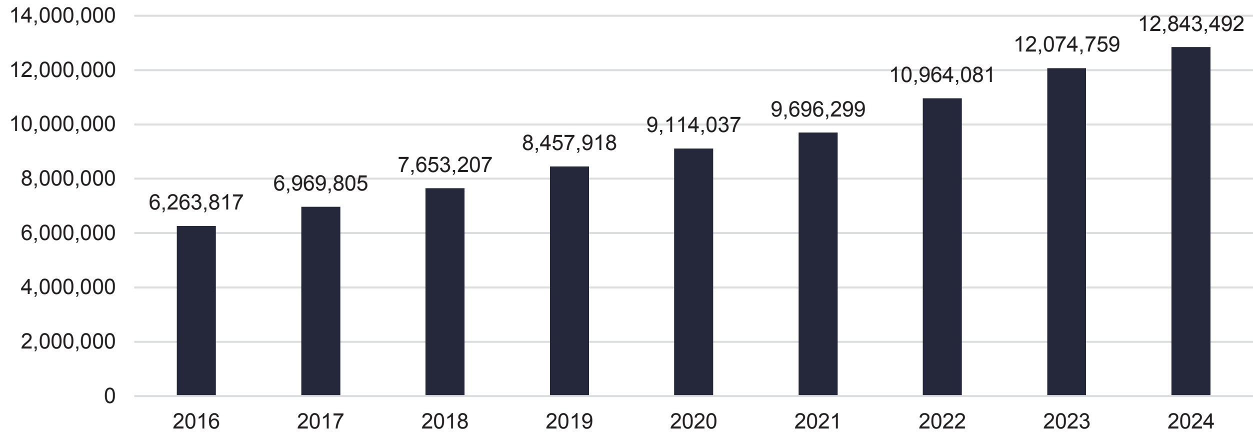



*Source: Savills, 2025. Headline rents for standard Grade A warehouse space based on a 5-year lease term..*

### 9.3.3. Stock & Vacancy

At the end of 2024, the total existing Grade A stock in the Czech Republic reached 12.84 million sq m, a 6% increase from Q4 2023. The Greater Prague submarket (extending approximately 30 km over the city's cadastral border) holds the largest share of this stock, with 3.56 million sq m (28%), followed by the Pilsen region at 1.84 million sq m (14%) and the South Moravian region at 1.57 million sq m (12%).

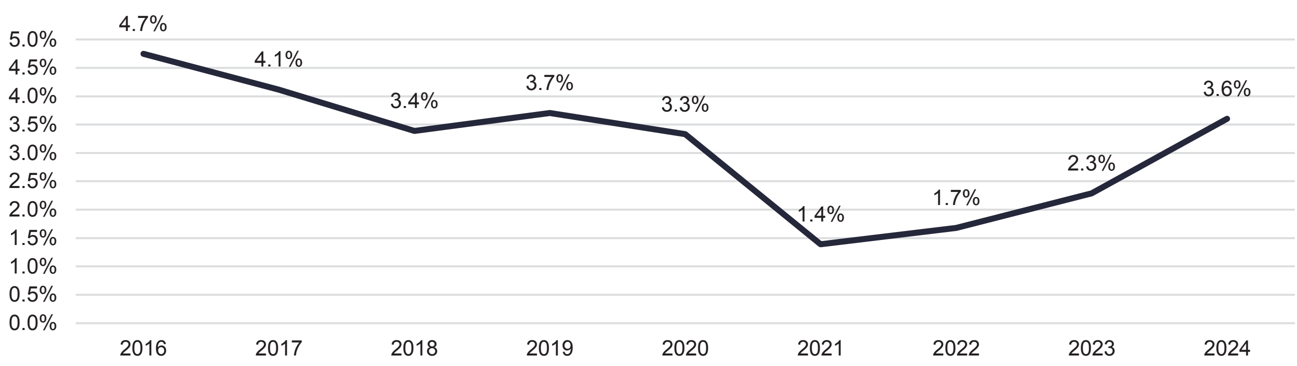
### Industrial Stock: National (sq m)




*Source: Savills, 2025. Total stock includes all Grade A warehouses and production facilities.*

At the end of 2024, the national vacancy rate was 3.6%, representing a 1.3% increase compared to the previous year. While this rate is considered very low, the volume of immediately available space grew from 276,100 sq m at the end of 2023 to 462,800 sq m in December 2024. Many 3PL providers have available capacity within their warehouses, and sublease or lease takeover opportunities are still present in the market. All new supply in Q4 2024 was pre-leased; however, 13% of the space completed earlier in the year was still vacant in December.

### Industrial Vacancy Rate: National (%)



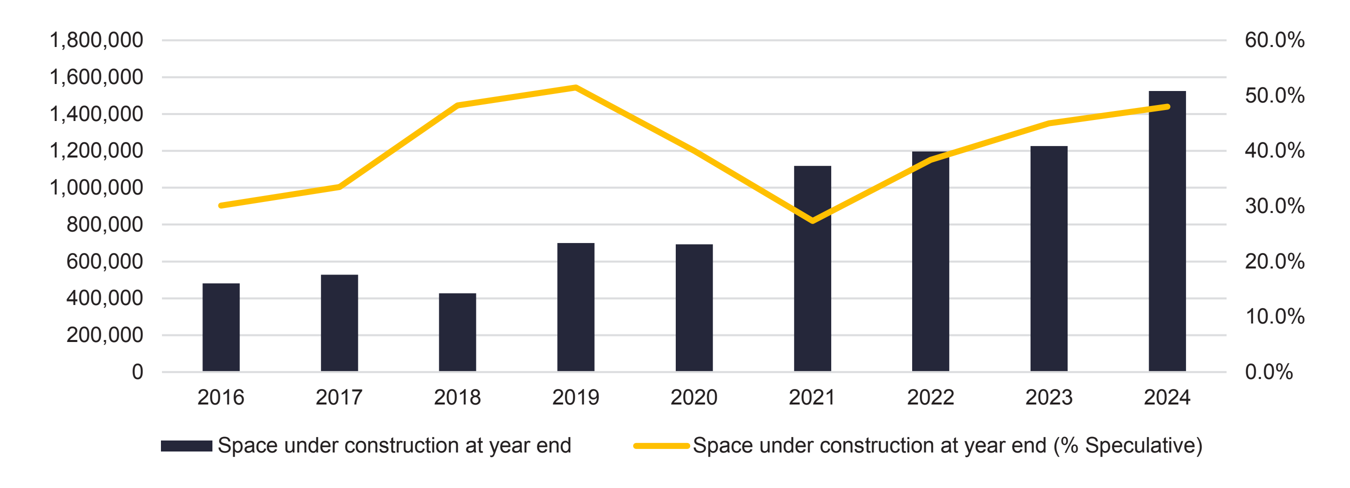

*Source: Savills, 2025.*

In the Greater Prague submarket, the vacancy rate dropped to 1.5% in Q4, down from 2.3% in Q3. The majority of the available space remains concentrated on the western outskirts of the city. The largest volumes of vacant space are found in the Pilsen region, followed by the Moravian-Silesian and Ústí nad Labem regions. Of the vacant units in Q4, 14 had a floor area exceeding 10,000 sq m.

Annual deliveries in 2024 fell to 680,300 sq m, reflecting a 28% decline year-on-year. A total of 181,500 sq m was completed across the Czech Republic in Q4 2024, reflecting a year-on-year drop of 29%. All of this space was leased prior to construction completion and the 11 units were handed over to tenants before the year-end. The largest share of new space was delivered to the Moravian-Silesian region (33% of the quarter's deliveries) and the South Moravian region (also 33%); both regions are located to the east of Prague, neighbouring Poland, Slovakia and Austria.

At the end of 2024, the active construction pipeline, which includes units completed to a shell and core finish, which is the first stage of a building's fit out, along with all other spaces under construction, surpassed 1.5 million sq m, with 52% being pre-let. Of this total, 360,000 sq m was already completed to a shell and core finish. The active construction pipeline included 733,300 sq m of speculative space. The largest volumes of speculative development are located in the Moravian-Silesian region (172,900 sq m), Pilsen region (126,700 sq m) and the Greater Prague area (115,600 sq m).

Space Under Construction at Year End: National (sq m)

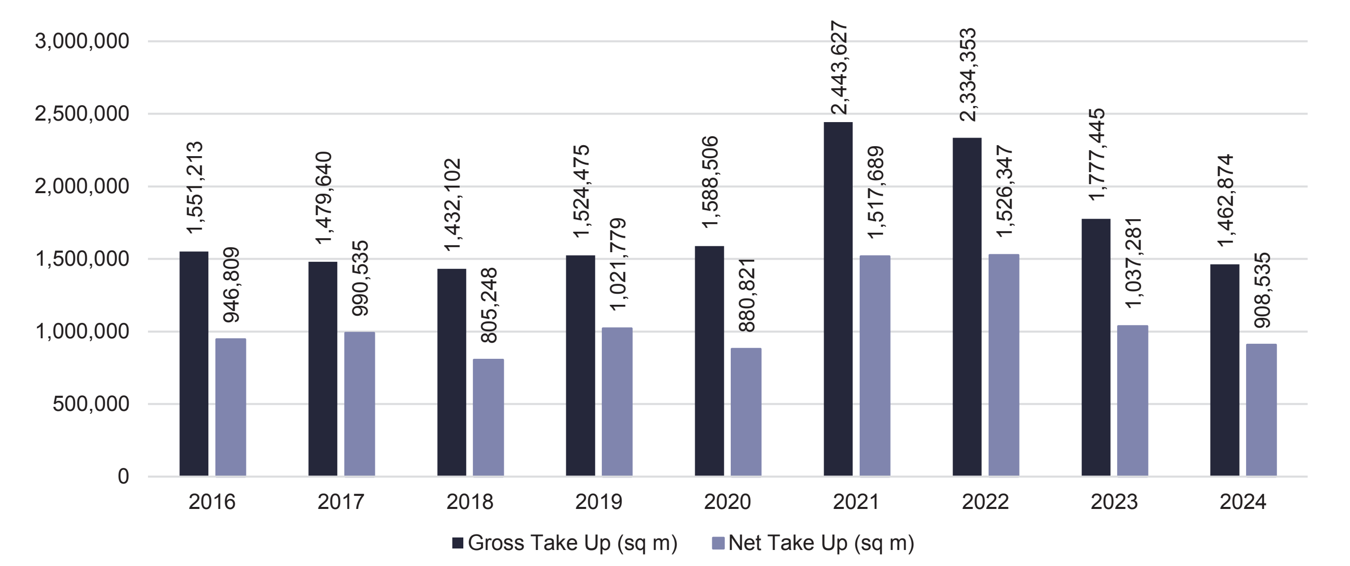



*Source: Savills, 2025.Pipeline comprises Grade A warehouses and production facilities. Owner-occupied premises are not tracked.*

### 9.3.4. Take Up

Total leasing activity in 2024 reached 1,462,900 sq m, consistent with the average annual gross take up recorded between 2014 and 2020, although this represents an 18% decline from the previous year. Lease renewals accounted for 37% of the total gross take up in 2024.

Industrial Take Up: National (sq m)



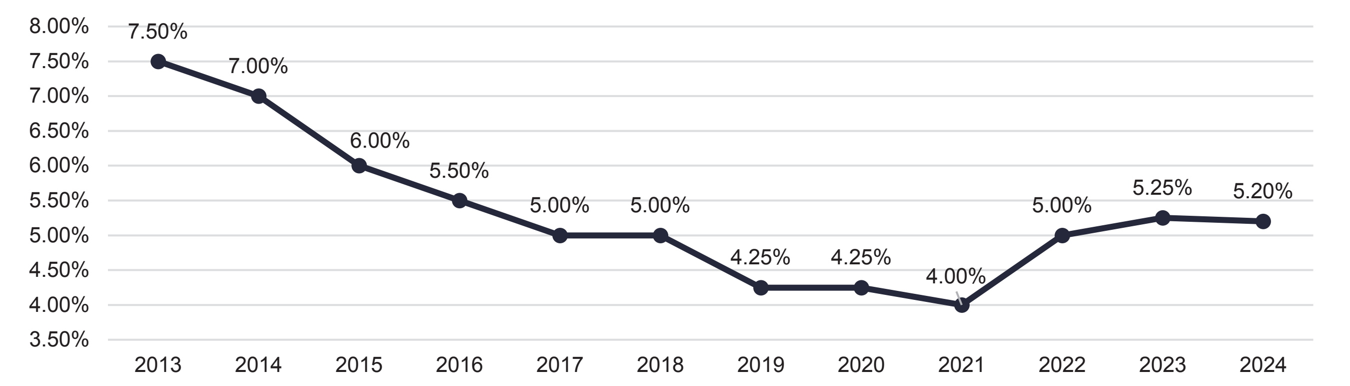

*Source: Savills, 2025. Figures cover Grade A facilities.*

A similar trend is evident in net demand, which totalled 908,500 sq m in 2024, a 12% decrease year-on-year. Net demand has reverted to levels that were more typical before 2021. The regions of Greater Prague, Moravia-Silesia, and South Moravia saw the highest net take up volumes in 2024, collectively accounting for 53% of the total annual net demand. Despite challenges and subdued activity in the automotive industry, the manufacturing sector remains a key driver of demand for industrial real estate in the Czech Republic. In Q4 2024, manufacturing companies accounted for 51% of net take up. Consistent with trends seen in previous quarters, the majority of the deals signed in Q4 2024 involved smaller units. Specifically, 66% of the net take up deals by deal count were for units smaller than 3,000 sq m.

#### 9.3.5. Yields

At the end of 2023, prime industrial (gross) yields, which relate to Grade A properties situated along major highways, fully leased to reputable tenants, and meeting minimum ESG requirements, stood at 5.25%. By Q2 2024, prime yields had contracted slightly to 5.20% and remained stable for three consecutive quarters through to Q4.

**Industrial Prime Yields: National (%)**




*Source: Savills, 2025. Data as at Q4. Gross Initial Yields (see definitions).*

#### 9.3.6. Future Outlook

The Czech Republic will continue to benefit from onshoring and nearshoring next year, with stable rental growth forecast into 2025. Take up is expected to stabilise in 2025, with the market absorbing the supply of speculatively developed stock. Towards the end of 2025, the Ústí and Labem region may see increased activity due to its proximity to the construction of the TSMC gigafactory in Dresden.

According to Savills 2024 European Logistics Census, 44% of companies looking to expand into the Czech Republic are 3PLs, 41% are from the manufacturing sector and 15% are from the retail sector. Approximately 59% of occupiers planning to expand in the Czech Republic intend to lease units between 10,000-39,999 sq m and 34% are considering mid-box units at 5,000 – 9,000 sq m. Of the companies planning to expand in the Czech Republic, approximately one-third are already based within the country.

The development pipeline exceeds 1.5 million sq m, with strong speculative activity in Moravian-Silesian, Pilsen, and Greater Prague. With rising demand, comparably low costs and a strong construction pipeline, the country remains a prime destination for industrial investment.

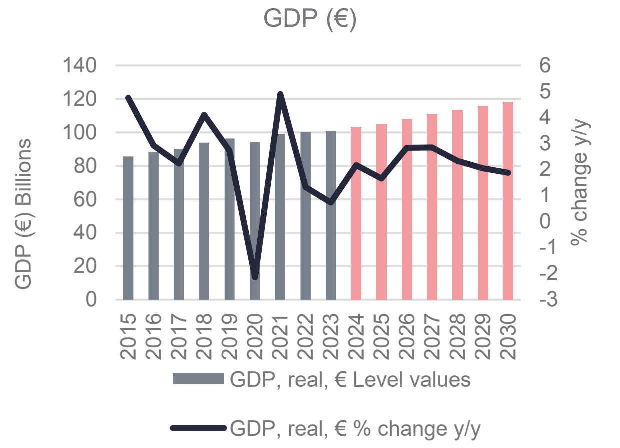
**ESG & Sustainability Drivers**

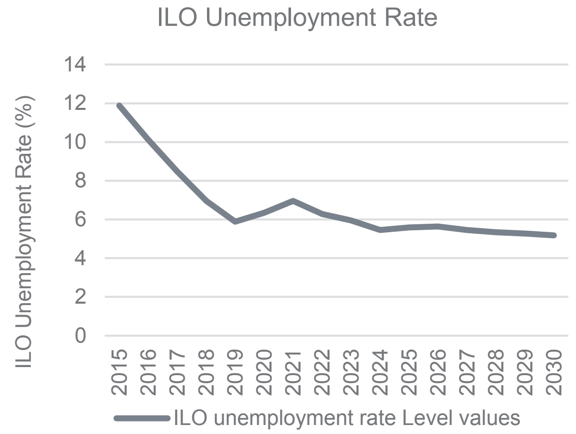
Ongoing geopolitical tensions have prompted developers and landlords to explore alternative heating solutions, leading to a rise in the adoption of heat pumps over the previously dominant gas heating systems and an increase in the installation of photovoltaic panels. Green building certifications (LEED, BREEAM, DGNB, SBToolCZ) are becoming increasingly common in the Czech market, particularly in the logistics sector. More recently, the WELL certification, which focuses on a building's impact on occupants' health and well-being, has also gained traction. For new buildings, the Czech Republic follows the EU directive mandating that all new buildings constructed after 2020 must be Nearly Zero-Energy Buildings (NZEB). In addition, institutional investors and financing institutions in the Czech Republic are showing a growing interest in green lease provisions as part of their environmental and sustainability criteria.

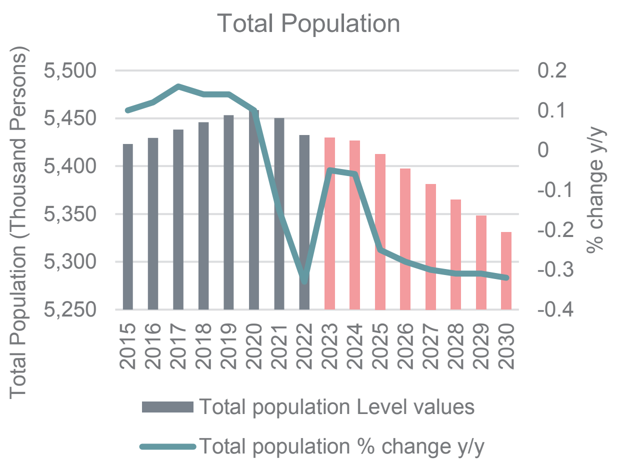
# 10. Slovakia

## 10.1. Macroeconomic Context

**Key Macroeconomic Indicators**




| | Figure | Period |
|---|---|---|
| **Government Gross Debt (% of GDP):** | 58.34% | December 2024* |
| **Inflation (CPI) (%)** | 3.90% | January 2025 |
| **Central Bank Interest Rate (%)** | 2.90% | February 2025 |

*Source: Oxford Economics, Trading Economics (2025). Central Bank Interest Rate is the European Central Bank's Main refinancing Fixed Rate. *Forecast as actual figures yet to be published. Forecast figures in graphs are illustrated by red bars.*

| Key Indicators | 2023 | 2024 | 2025 (f) | 2026 (f) | 2027 (f) | 2028 (f) | 2029 (f) |
|---|---|---|---|---|---|---|---|
| **GDP Change Year-on-Year (%)** | 0.7 | 2.2* | 1.7 | 2.8 | 2.9 | 2.3 | 2.1 |
| **ILO Unemployment Rate (%)** | 6.0 | 5.5* | 5.6 | 5.6 | 5.5 | 5.3 | 5.3 |
| **Total Population (Thousand Persons)** | 5,430* | 5,426* | 5,413 | 5,398 | 5,381 | 5,365 | 5,348 |
| **Government Gross Debt (% of GDP)** | 56.59 | 58.34* | 62.09 | 62.88 | 63.13 | 64.34 | 65.3 |
| **Inflation Rate (CPI, %)** | 12.9 | 2.9 | 3.7 | 2.4 | 2.0 | 2.0 | 2.0 |
| **Long Term Interest Rate (%)** | 3.6 | 3.6* | 3.3 | 3.3 | 3.3 | 3.3 | 3.3 |

*Source: Oxford Economics, Trading Economics (2025). *Forecast as actual end of year figures are yet to be published.*

## 10.2. Commercial Real Estate Market Introduction

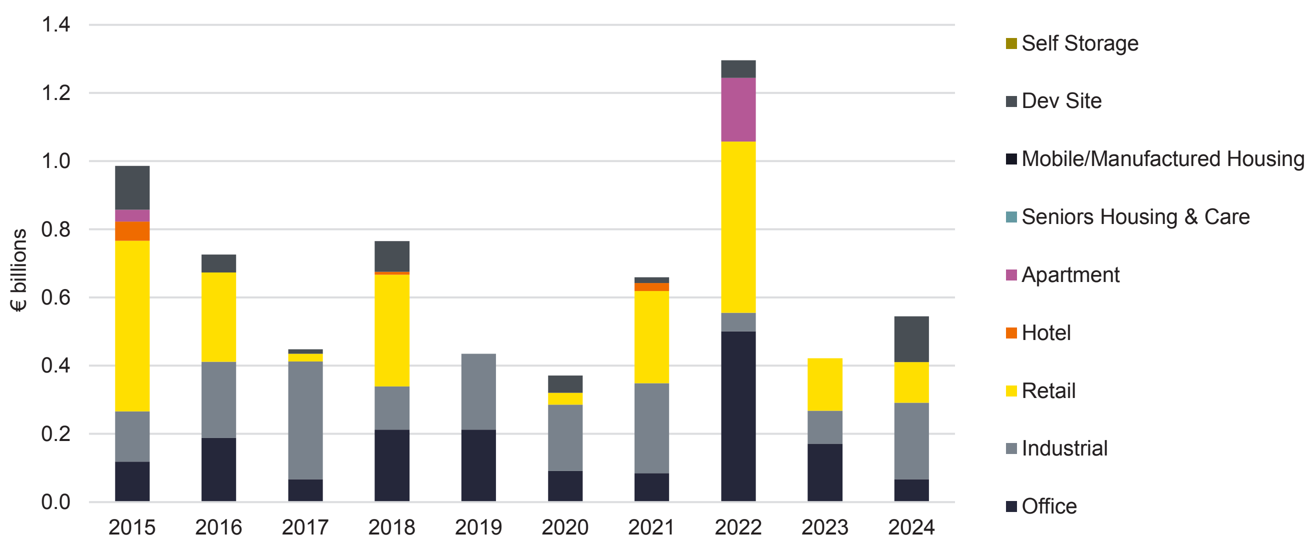
2022 marked a significant milestone for Slovakia's real estate market, surpassing €1 billion in total investment for the first time. In 2023, investment volumes dropped significantly, falling by over a third compared to the previous year, with the retail and office sectors particularly affected. The Slovak real estate investment market showed signs of recovery in 2024, with total investment volumes reaching €0.5 billion. While the first half of the year was subdued due to high interest rates and market uncertainty, the second half saw price stabilisation and a return of domestic investors, with Q4 emerging as the strongest quarter, signalling a market recovery.

In 2024, the office sector experienced a modest recovery, with investment volumes rising to €0.1 billion. However, its share of total real estate investment remained subdued at 12.4%, reflecting ongoing investor caution due to structural shifts in demand and higher financing costs. There is an increasing focus on energy efficiency, with rising adoption of green building certifications. In the office sector, tenant preferences are shifting towards ESG-compliant and carbon-neutral offices, further accentuating the divergence between high-quality and secondary buildings, particularly in Bratislava.

Slovakia's strategic location in Central Europe makes it an attractive destination for industrial facilities. The logistics and industrial sector continued to perform strongly, reflected in several large investment transactions during 2024, and a fall in prime yields. In 2024, the sector accounted for 41% of the total real estate transaction volume, equivalent to €0.2 billion, doubling the €0.1 billion recorded in 2023. This strong performance continues the trend observed in recent years, with the industrial sector benefiting from resilience despite broader economic uncertainties. Key locations, such as Bratislava, Žilina, and eastern Slovakia, have maintained robust demand for modern facilities. Demand, primarily driven by the automotive and 3PL sectors, remains strong. A significant portion of the industrial stock has been recently constructed and carries green certifications, appealing to corporate occupiers with sustainable objectives as ESG considerations become more prominent.

Cross-border capital has consistently dominated Slovakia's real estate market. In 2024, cross-border investment remained strong at 87%, with the majority of this capital originating from the Czech Republic. Despite global uncertainties, Slovakia's market resilience and relatively stable economic conditions continue to attract cross-border investors seeking competitive yields.

**Slovakia Real Estate Investment: Volumes**




| Volume (€) | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| Total | 371,021,784 | 659,224,874 | 1,296,286,708 | 422,355,362 | 545,327,989 |

*Source: MSCI, 2025.*

## 10.3. Occupational Market Overview: Industrial / Logistics Sector

### 10.3.1. Overview

Slovakia benefits from its central location in Europe and is attractive for onshoring due to its competitive labour costs and government incentives. However, the industrial real estate market in Slovakia is the smallest among the 'CEE 4' countries (Poland, Hungary, Slovakia, and the Czech Republic), and it lags in terms of highway network density and availability of labour. The relatively small population, with only a few larger cities exceeding 100,000 people, exacerbates the labour shortage. Automation and robotics are becoming more prevalent in warehouses to compensate for these labour constraints. The International Monetary Fund (IMF, 2025) suggests recent easing of national visa rules for foreign workers in occupations facing shortages could increase migrant inflows. Additional measures will be necessary to support their integration and long-term retention.

The economy is heavily dependent on the automotive industry, which is the strongest sector in terms of its share of Slovak GDP, exports, and job creation. The sector is estimated to make up 50% of the total industrial production in Slovakia (Slovak Investment and Trade Development Agency, 2024). The country still hosts four car production companies (Volkswagen, Stellantis, KIA, and Jaguar Land Rover) and more than 350 automotive suppliers. Volvo's construction of a new electric car production plant near Košice in eastern Slovakia is on schedule, with an opening planned for 2026. A Gigafactory project in Šurany (southern Slovakia), the first of its kind in the country, is also progressing well, with trial production scheduled to start in autumn 2025 and full production expected to commence in 2027.

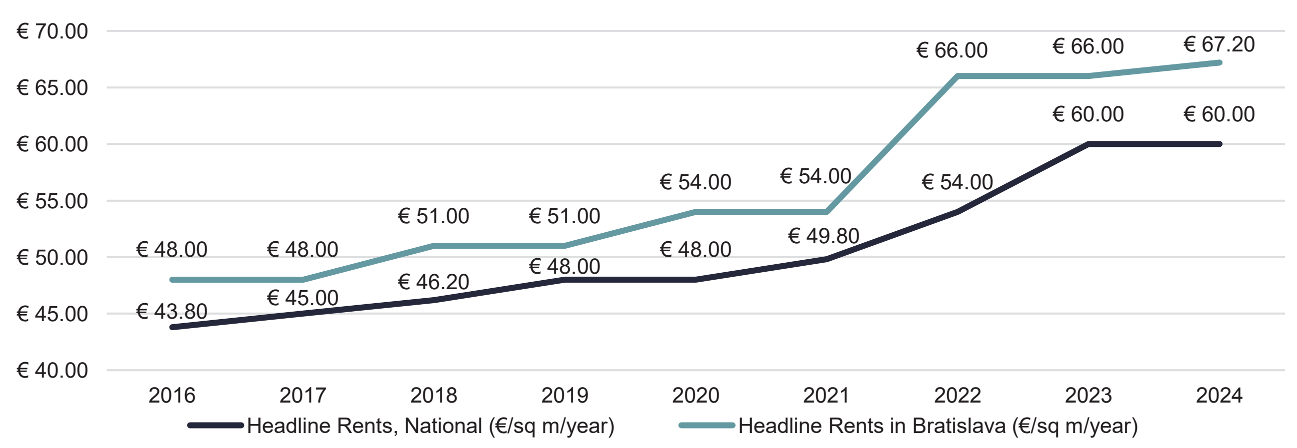
In 2024, Slovakia saw several key investment transactions. Blackstone's sale of the Czechoslovak logistics park portfolio, Contera, to TPG for €470 million was the largest logistics transaction of the year in Europe. This landmark deal highlights the increasing investor confidence in Central and Eastern Europe's logistics sector, with Slovakia and the Czech Republic continuing to draw substantial capital due to their strategic locations, well-developed infrastructure, and proximity to major European markets.

### 10.3.2. Rents

While industrial rents have remained stable nationwide, rental rates in Bratislava and western Slovakia tend to be higher due to better infrastructure and proximity to Austria and Germany. In contrast, central and eastern Slovakia offer more affordable options for logistics and industrial tenants.

At the end of 2024, headline rents in Bratislava stood at €67.20 per sq m p.a, compared to €60.00 per sq m p.a., nationally. Rents in the Bratislava region typically range from €5.00 to €5.80 per sq m per month, while rents in other regions generally fall between €4.75 and €5.50 per sq m per month. Smaller units of less than 2,000 sq m tend to be more expensive, ranging from €5.70 to €6.75 per sq m per month. Office and ancillary space within modern industrial warehouses is typically charged between €9.50 and €11.00 per sq m per month.

**Prime Industrial Rents: Slovakia & Bratislava (€ sq m / p.a.)**



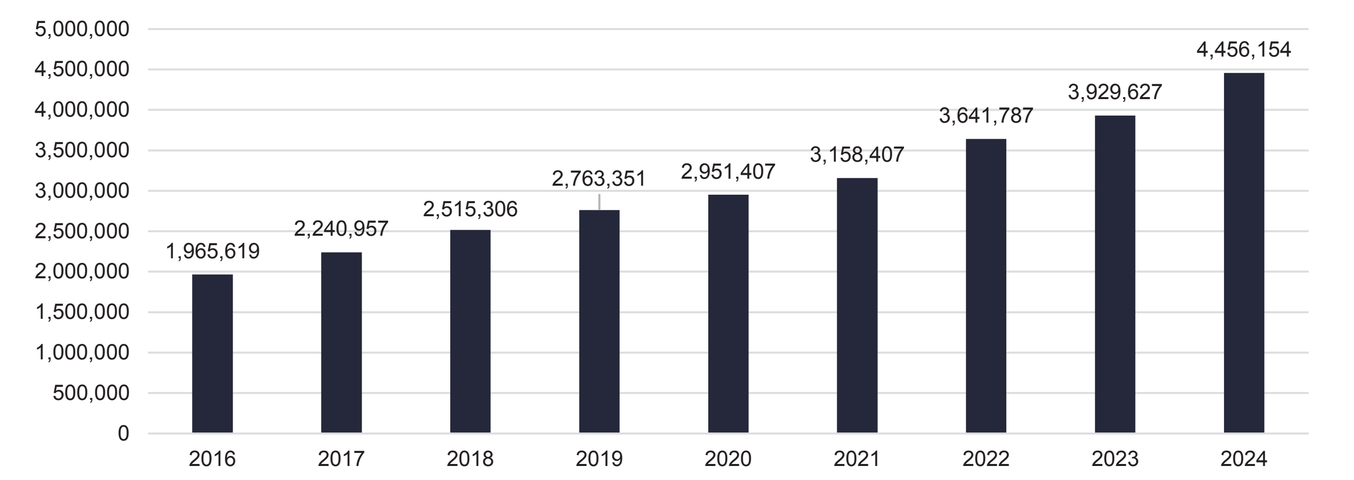

*Source: Savills, 2025. Headline rents for standard warehouse space.*

In the logistics and industrial sector, standard leases are typically 5 years, with tenants often choosing to extend and remain in the same location, sometimes expanding into additional space. 3PL occupiers generally opt for shorter leases, usually ranging from 3 to 5 years, while manufacturing tenants tend to sign longer leases, typically between 5 and 10 years. Landlord incentives most commonly take the form of rent-free periods, typically between 2 and 4 months, for a 5-year lease term.

### 10.3.3. Stock & Vacancy

Stock levels have grown over recent years, and by the end of 2024, a significant volume of industrial stock was added to the market, with over 526,000 sq m of new stock. At the end of 2024, the total stock of modern industrial premises, intended for lease, in Slovakia stood just under 4.5 million sq m, with over 40% of this stock located around the capital city, Bratislava. The second largest submarket in terms of modern stock is the Trnava region, with nearly 1.1 million sq m. In contrast, the least developed regions are Banska Bystrica and Presov.

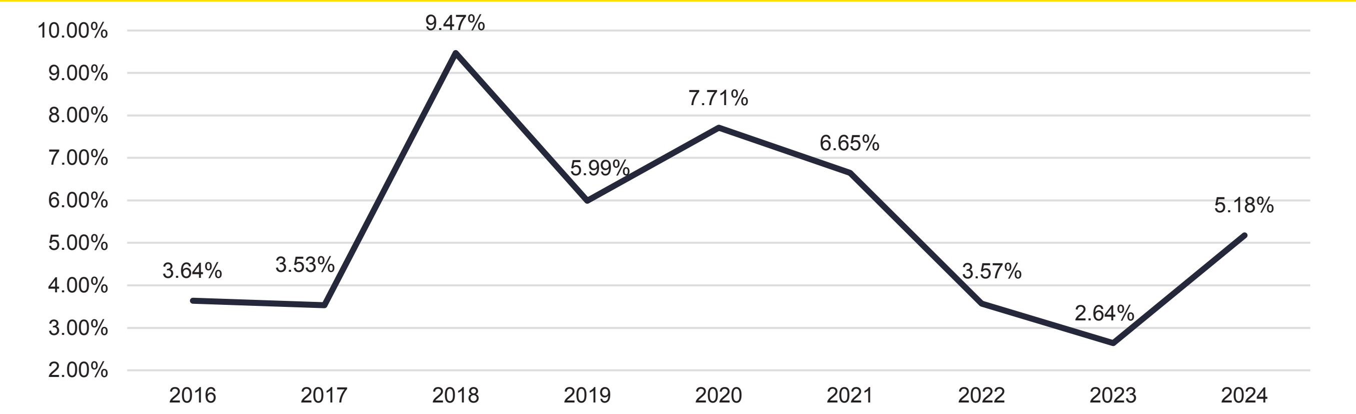
**Industrial Stock: National (sq m)**




*Source: Savills, 2025. Total stock includes all Grade A facilities.*

The national vacancy rate began to rise in Q1 2024, and continued to increase its upward trajectory, closing the year at 5.18%, surpassing the 5% threshold for the first time since the end of 2021. Vacancy varies across regions. The highest vacancy rate at year-end was recorded in the Central Slovakia submarket (9.8%), which includes the regions of Žilina and Banská Bystrica. The second highest vacancy rate was recorded in the Western Slovakia submarket (5.6%), encompassing the Trenčín, Nitra and Trnava regions. Eastern Slovakia reported the lowest vacancy rate at 2.9%.

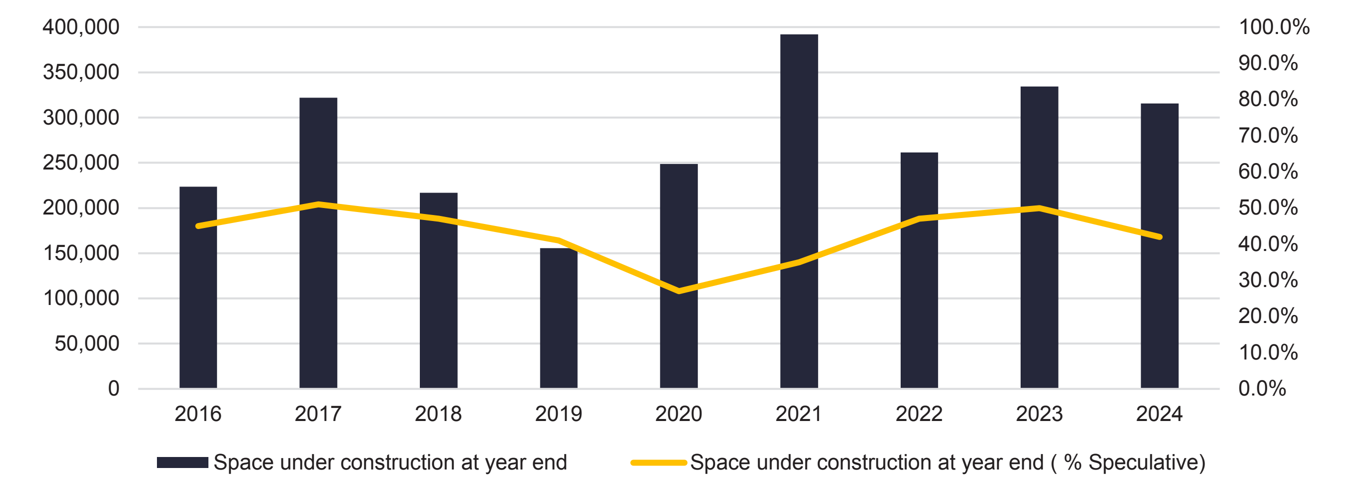
**Industrial Vacancy Rate: National (%)**




*Source: Savills, 2025.*

In 2024, the largest share of new completions was delivered to the Trnava region, followed by the Bratislava submarket. New supply levels remain optimistic, with deliveries totalling around 330,000 sq m estimated for 2025.

New Industrial Deliveries: National (sq m)




Source: Savills, 2025.

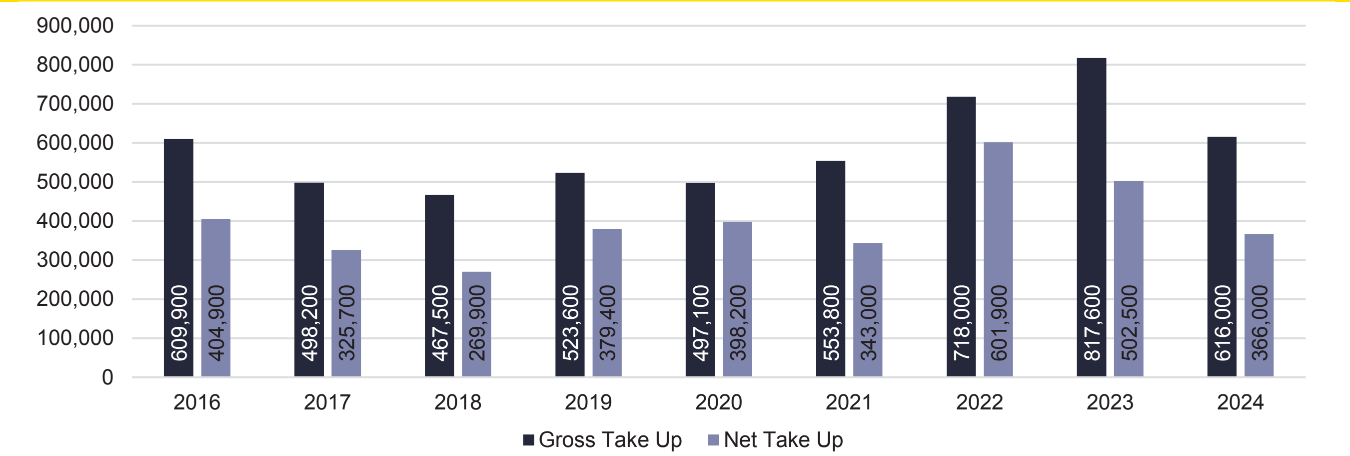
### 10.3.4. Take Up

Demand for logistics and industrial space remains strong, although leasing activity has softened slightly due to weaker economic conditions. Take up levels in 2024 were lower than in 2023, with the annual gross take up reaching 616,000 sq m, representing a 25% year-on-year decrease. Q4 2024 was the strongest quarter in terms of both gross and net take up.

The highest level of occupier activity in 2024 was recorded in the Bratislava region, which accounted for 51% of annual gross take up. This submarket also has the largest volume of space under construction. Western Slovakia and Central Slovakia recorded the next highest levels of activity.

The largest transaction of the year was the 65,500 sq m pre-lease signed by Alza, an electronics e-commerce company and the largest online retailer in the Czech market. Alza consolidated its storage capacities at Mountpark Bratislava. The manufacturing industry, and specifically automotive sector, remain a key driver of activity. There has been a distinct increase in interest from Chinese companies, such as Jiangsu Xinquan Automotive Trim, which signed a pre-lease for 18,000 sq m of space at CTPark Prešov to establish its first European factory.

Industrial Take Up: National (sq m)




Source: Savills, 2025.

### 10.3.5. Yields

National prime yields compressed through 2024 by 15 basis points, reaching 6.10% in Q4. Slovakia continues to attract foreign investment, due to its strategic location, but the market remains relatively small, which makes it inherently less attractive. Investor sentiment is tempered by ongoing political turbulence throughout 2024, which has created an element of caution in the market.

**Industrial Prime Yields: National (%)**


*Source: Savills, 2025.*

### 10.3.6. Future Outlook

Slovakia remains a competitive market, attracting international occupiers, particularly from the automotive industry, due to its strategic location and affordability. The International Monetary Fund (IMF, 2025) anticipates that higher growth in trading partners and increased capacity in the automotive sector will boost exports from Slovakia.

In 2024, Slovakia experienced significant political shifts, including Peter Pellegrini's presidential victory, judicial reforms sparking EU concerns, and Prime Minister Robert Fico surviving an assassination attempt, all amid growing tensions over media freedom and foreign policy ties with Russia. These events have led to policy uncertainty, strained EU relations, and investor caution, affecting business confidence and regulatory stability. However, Slovakia's continued integration into European supply chains and nearshoring trends, coupled with the transition towards electric vehicle (EV) production, may help sustain demand for industrial space, particularly in prime locations through 2025.

Looking ahead, the market remains optimistic, with more than 315,000 sq m of stock under construction at year end scheduled for delivery in 2025. Notably, almost 60% of these projects are already pre-leased, reflecting strong tenant demand for modern facilities. The anticipated interest rate cuts are expected to bridge the gap between buyer and seller price expectations, potentially driving more transactions. A substantial land bank for future development continues to attract developers to the market.

**ESG & Sustainability Drivers**

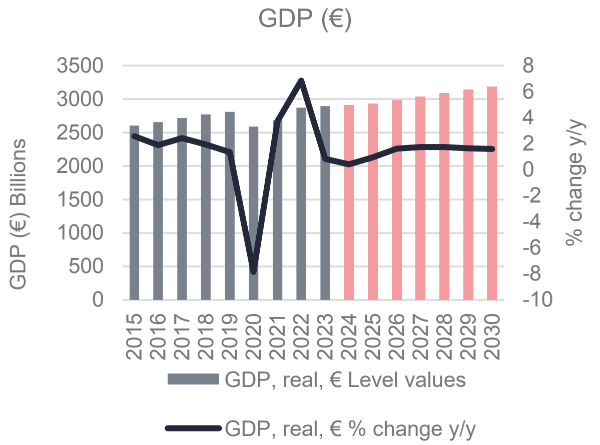
Green certifications are becoming increasingly prevalent in the Slovak real estate market, with LEED and BREEAM as the most widely adopted. Given the age profile of the existing stock, many newer buildings can be relatively easily upgraded to meet the required accreditation standards.

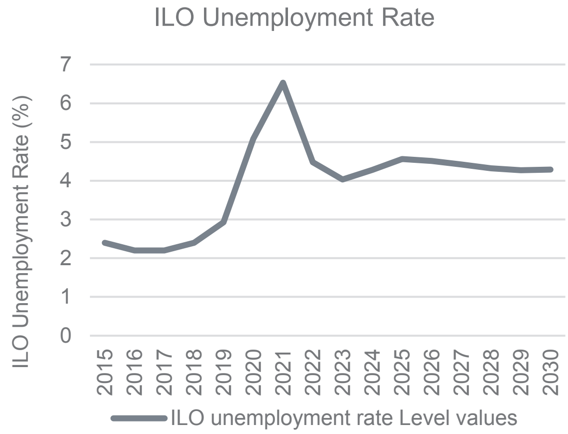
While ESG adoption is still in the early stages compared to Western Europe, commercial banks in Central and Eastern Europe are increasingly recognising the importance of ESG factors in real estate financing.

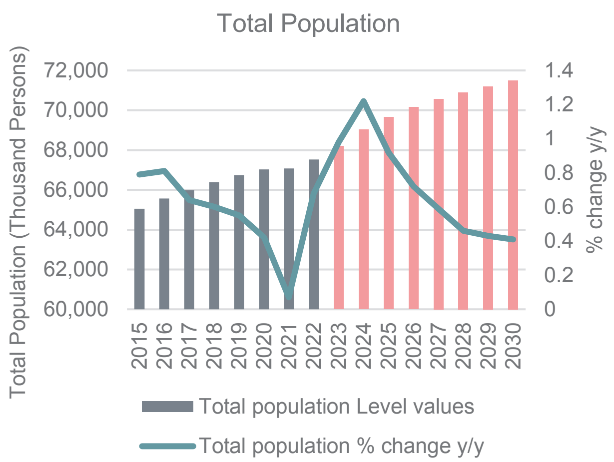
# 11. United Kingdom

## 11.1. Macroeconomic Context

**Key Macroeconomic Indicators**




| | Figure | Period |
|---|---|---|
| **Government Gross Debt (% of GDP):** | 101.56% | December 2024* |
| **Inflation (CPI) (%)** | 3.00% | January 2025 |
| **Central Bank Interest Rate (%)** | 4.50% | February 2025 |

*Source: Oxford Economics, Trading Economics (2025). Central Bank Interest Rate is the Bank of England's Bank Rate. *Forecast as actual figures yet to be published. Forecast figures in graphs are illustrated by red bars.*

| Key Indicators | 2023 | 2024 | 2025 (f) | 2026 (f) | 2027 (f) | 2028 (f) | 2029 (f) |
|---|---|---|---|---|---|---|---|
| **GDP Change Year-on-Year (%)** | 0.8 | 0.4* | 1.0 | 1.6 | 1.8 | 1.7 | 1.7 |
| **ILO Unemployment Rate (%)** | 4.0 | 4.3* | 4.6 | 4.5 | 4.4 | 4.3 | 4.3 |
| **Total Population (Thousand Persons)** | 68,195* | 69,024* | 69,656 | 70,159 | 70,573 | 70,901 | 71,204 |
| **Government Gross Debt (% of GDP)** | 98.83 | 101.56* | 100.31 | 99.08 | 97.26 | 95.08 | 92.88 |
| **Inflation Rate (CPI, %)** | 9.0 | 2.5 | 2.8 | 2.8 | 2.2 | 2.2 | 2.2 |
| **Long Term Interest Rate (%)** | 3.9 | 4.1 | 4.5 | 4.2 | 3.8 | 3.4 | 3.4 |

*Source: Oxford Economics, 2025. *Forecast as actual end of year figures are yet to be published.*

## 11.2. Commercial Real Estate Market Introduction

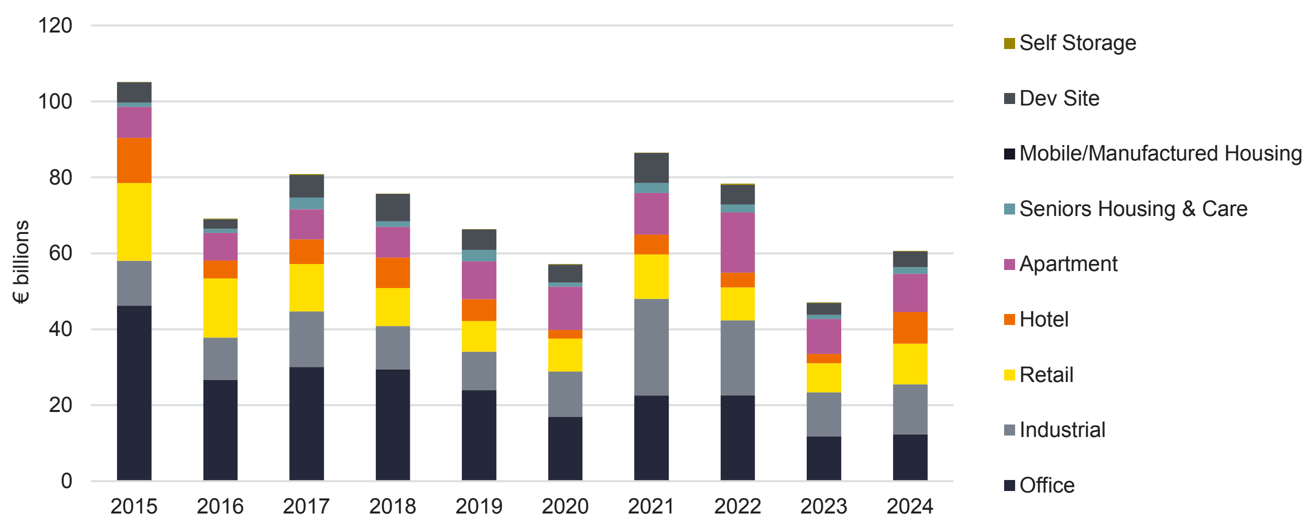
In 2023, the UK commercial real estate market faced considerable challenges, with investment volumes falling by nearly 40% compared to the previous year. This decline was driven by a combination of factors, including the impact of monetary policies, such as the highest interest rates in over 15 years, and ongoing inflationary pressures. However, 2024 saw the first signs of recovery in the market. Commercial property capital values started to stabilise and gradually increase as the year progressed. Investment volumes in 2024 rose to €60.6 billion, reflecting a significant improvement from the €47.1 billion recorded in 2023. Q4 2024 was particularly strong, with sectors like retail and industrial showing resilience despite broader economic challenges. Despite this positive trend, total volumes remained below the five-year average of €72.8 billion for the period 2018-2022, indicating that the market is still in the recovery phase.

The UK logistics and industrial market, which had seen consistent growth in transactional activity from 2019, peaked at over €24.64 billion in 2021, driven by the e-commerce boom during the Covid-19 pandemic. Investment activity declined in the following years, reflecting the broader market challenges. In 2024, logistics and industrial accounted for the highest share of investment, making up 22% of total transaction volume, although this was a slight decrease from 25% in 2023. Investment in the sector increased to €13.2 billion, up from €11.7 billion in 2023.

In 2024, the UK office sector showed signs of modest recovery, with investment volumes increasing slightly to €12.3 billion (20%). While this still reflects a decline from the sector's peak in earlier years, it marks a positive shift from the sharp downturn in 2023. The continued low levels of activity throughout the year largely reflected the high-interest rate environment. While investor sentiment has been impacted by concerns about occupational demand, due to the rise of hybrid work, there is a growing consensus that pricing has reached the "bottom" with many investors viewing core or core-plus office opportunities as attractive.

In 2024, international investors continued to play a significant role in the UK commercial real estate market, representing approximately 48% of total activity, albeit this was below the five-year average. At the same time, private investors have ramped up their activity, often being less affected by high debt costs. Despite lingering uncertainties around the pace of economic recovery and future interest rate changes, investor sentiment towards UK real estate has improved from a year ago, with heightened interest in industrial, logistics, and residential sectors. These areas are benefiting from stable vacancy rates and strong income growth due to tight demand-supply dynamics.

**UK Real Estate Investment: Volumes**




| Volume (€) | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| Total | 57,157,082,346 | 86,557,266,094 | 78,383,093,583 | 47,057,286,487 | 60,635,695,804 |

*Source: MSCI, 2025.*

## 11.3. Occupational Market Overview: Industrial / Logistics Sector

### 11.3.1. Overview

The UK's strategic location and advanced infrastructure have solidified its position as a key logistics hub, attracting interest from both domestic and international investors. The market has been characterised by a strong emphasis on innovation and sustainability, with advancements in technology and green logistics practices shaping the sector's future trajectory.

The Midlands, often referred to as the 'Golden Logistics Triangle,' is a prime logistics and distribution hub in the UK. This region is regarded as the most significant area for warehousing and distribution in the country due to its excellent transport links and proximity to major markets, with major companies like Amazon, DHL, and Tesco operating large warehouses in the area.

Historically, the Midlands and North of England were at the heart of the Industrial Revolution, with cities like Manchester, Sheffield, and Birmingham leading global manufacturing in industries such as textiles, steel, and engineering. While traditional heavy industries declined in the late 20th century, the region has evolved into a centre for advanced manufacturing, automotive (Jaguar Land Rover, Nissan), and aerospace (Rolls-Royce). Today, these areas are key hubs for high-tech production, logistics, and renewable energy, combining the legacy of traditional industries with modern innovation and automation.

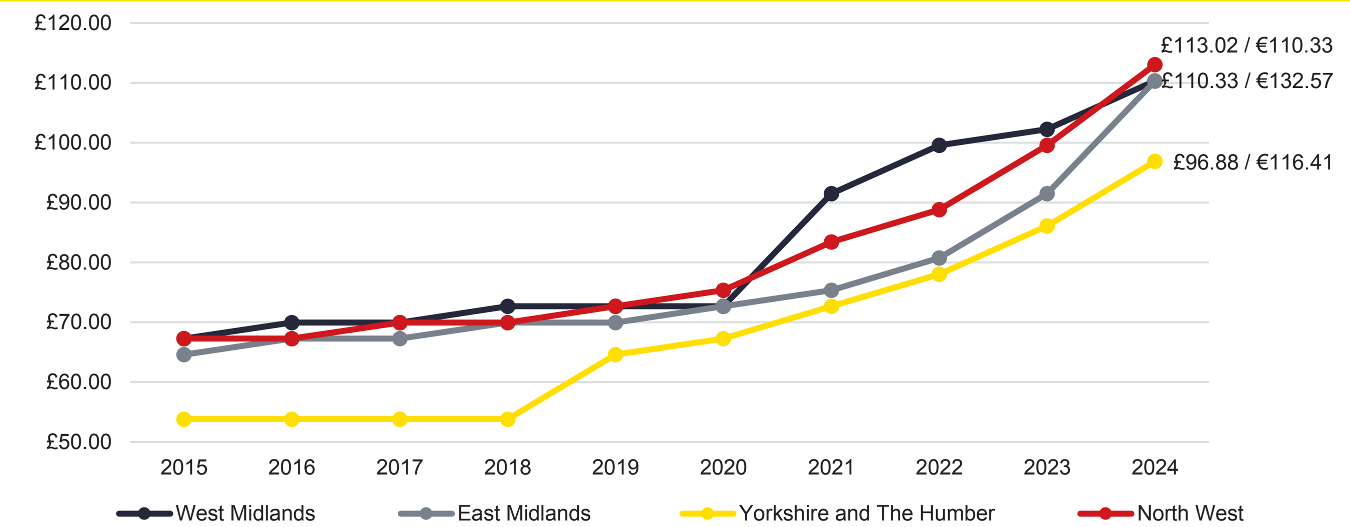
While occupiers remain active, they are driven by more strategic reasons than business growth alone. In turn, this is leading to deals taking longer to complete and often resulting in older space returning to the market, therefore having a negligible impact on net absorption and overall vacancy.

The recently released UK's 10-Year Infrastructure Strategy Working Paper (Gov.uk, 2025) outlines the government's aims to reduce investment uncertainty, supporting the development of new logistics hubs, modern industrial estates, and sustainable supply chains. Enhanced road, rail, and digital connectivity will boost efficiency, while commitments to clean energy and net-zero policies will be used to drive sustainability in the sector. The creation of the National Infrastructure and Service Transformation Authority (NISTA) aims to ensure better coordination between industrial growth, transport upgrades, and regional development.

### 11.3.2. Rents

The highest office rents are recorded in the North West, reaching £113 per sq m p.a. in 2024, for locations such as Manchester and Warrington. In 2024, the Midlands saw rents at £110 per sq m p.a., while rents in Yorkshire and The Humber stood at over £96 per sq m p.a. The North West continues to see strong demand for best-in-class quality units from a variety of occupiers. Savills anticipates that logistics rental growth in this region will outperform the rest of the UK, with a baseline forecast predicting a 5.3% rental growth p.a. over the next five years. In comparison, the West Midlands is expected to see a baseline growth rate of 3.2%, while Yorkshire and the North East are also forecast at 3.2%, and the East Midlands at 2.4%.

**Prime Logistics and industrial Rents: Key Markets (£ sq m / p.a.)**

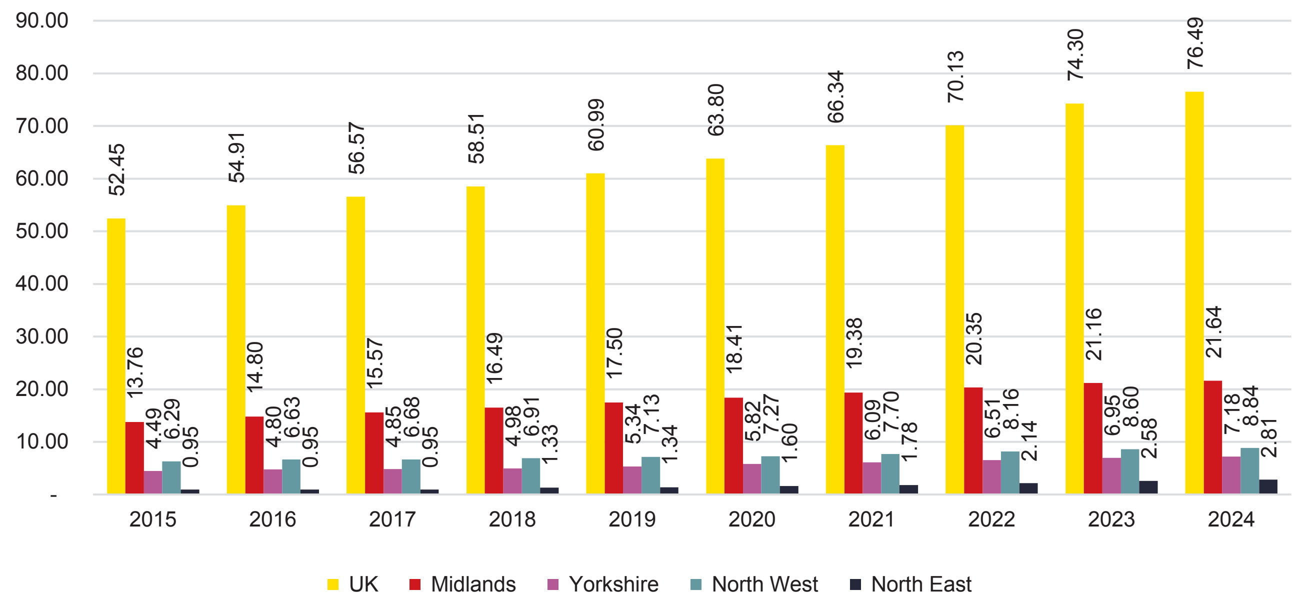



*Source: Savills (2025), rents recorded for all units over 100,000 sq ft / 9,290 sq m.) Based on FT currency conversion as at February 2025. 1 GBP = 1.2016EUR. The 52 week range was 1 GBP = 1.1561 – 1.216 EUR*

### 11.3.3. Stock & Vacancy

In 2024, the total recorded logistics and industrial stock in the UK reached 76.49 million sq m, marking a 3% year-on-year increase and a 46% rise since 2015. Of this, the Midlands, Yorkshire, North West, and North East together account for 53% of the total UK stock. The North East experienced the highest proportional annual increase in stock at 9%, bringing its logistics and industrial stock to over 2.81 million sq m. Savills Research (2025) advises developers to consider micro-market dynamics to maximise rental growth potential. For instance, the West Yorkshire market is currently undersupplied compared to the South Yorkshire market, with notable variations in size bands.

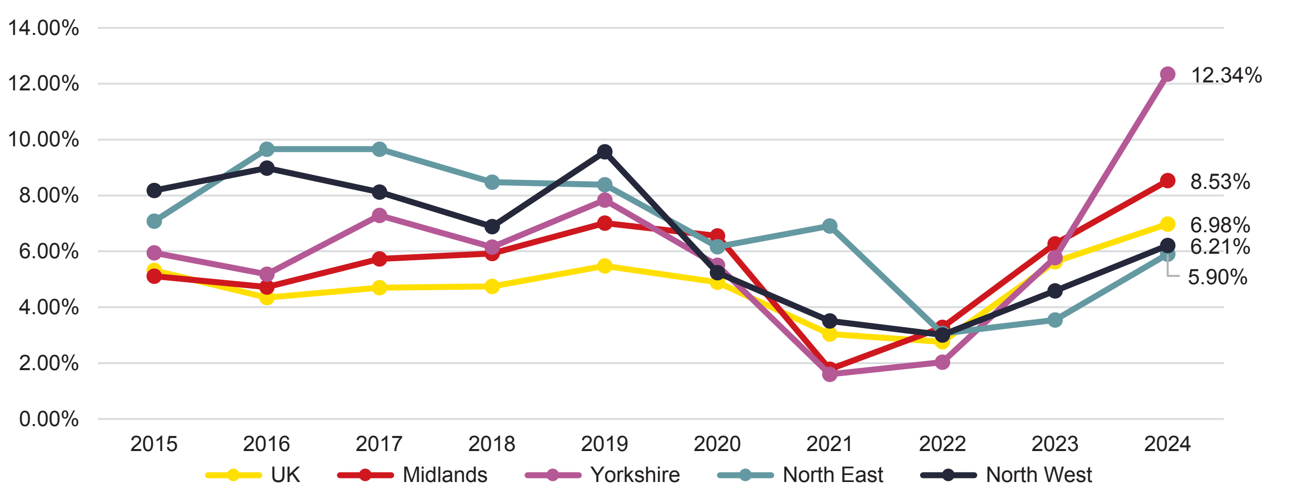
**Industrial & Logistics Stock: Key Markets & National (million sq m)**




*Source: Savills (2025), as at Q4 for each year. Stock recorded for all units over 100,000 sq ft / 9,290 sq m.*

Vacancy rates in the UK have increased by approximately 24% year-on-year, reaching 6.98% in 2024. This rise is particularly pronounced in Yorkshire and the North East, where the addition of 1.45 million sq ft (134,700 sq m) of speculatively developed space, coupled with 2.2 million sq ft (204,400 sq m) of second-hand space, has contributed to the increase in vacant warehouse space.

**Industrial & Logistics Vacancy Rate: Key Markets & National (%)**



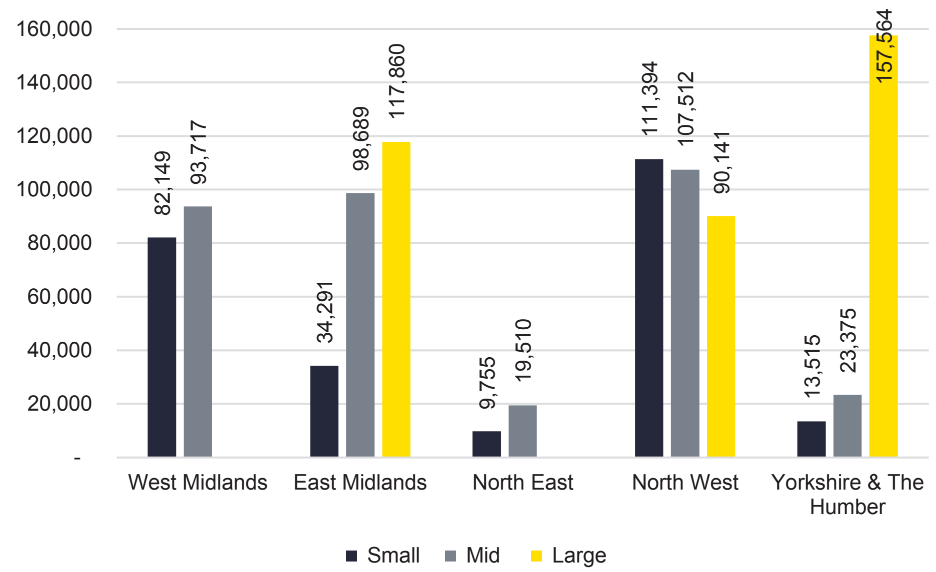

*Source: Savills (2025), as at Q4 for each year. Rates recorded for all units over 100,000 sq ft / 9,290 sq m.*

In the Midlands, there is a growing demand for higher power availability from occupiers, particularly manufacturers and logistics hubs. Anecdotally, it is commented that many of the units currently on the market do not meet the power requirements that occupiers are now seeking. Occupiers expect sufficient and reliable power capacity to meet operational needs and flexible scalability for growth. They prioritise compliance with regulatory standards, particularly around sustainability and energy efficiency, while seeking properties with reliable grid connectivity and the ability to accommodate future energy needs.

Savills forecasts that by the second half of 2025, rising demand, a shrinking development pipeline, and ongoing challenges with build-to-suit (BTS) developments will prompt occupiers to acquire existing units, resulting in a decrease in vacancy rates.

Over the next two years, more than 959,000 sq m of logistics and industrial floorspace is expected to be completed, with the majority of this space being developed in the North West. The focus will be on smaller to mid-sized units rather than larger developments exceeding 46,452 sq m (500,000 sq ft).

**Logistics and industrial Development Pipeline due to complete 2025-2026: Regional (sq m)**




| Size Bands Sq Ft | |
|---|---|
| Small | 100,000-199,999 |
| Mid | 200,000-399,999 |
| Large | 400,000+ |

| Size Bands Sq M | |
|---|---|
| Small | 9,290 - 18,488 |
| Mid | 18,581 - 27,778 |
| Large | 37,161 + |

*Source: Savills (2025). Size bands in sq m rounded to the nearest whole number.*

### 11.3.4. Take Up

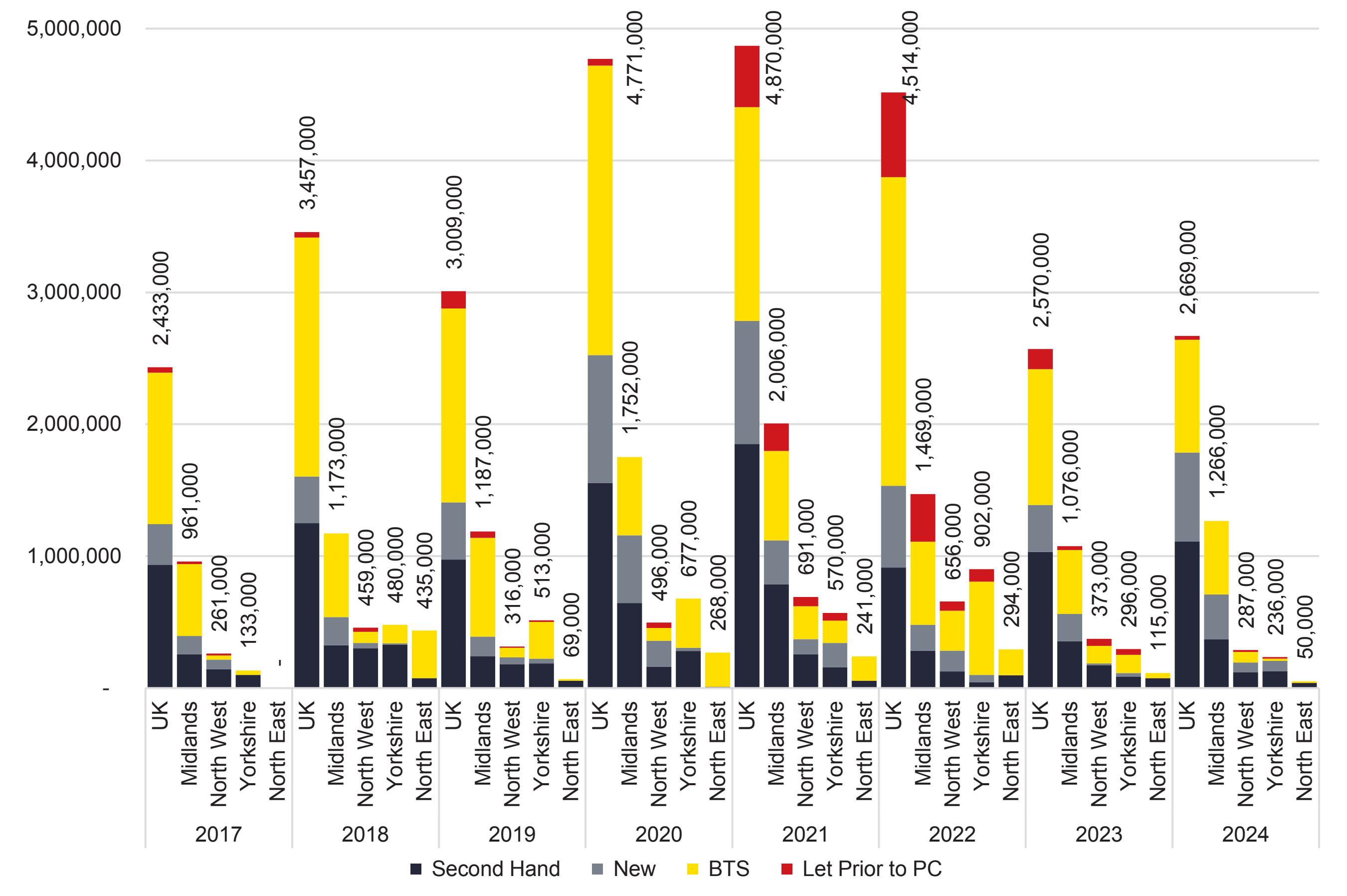
Total take up in the UK reached approximately 2.67 million sq m in 2024, with 42% of this activity coming from second-hand stock and 32% from build-to-suit developments. The Midlands recorded 1.26 million sq m of take up, while the North West and Yorkshire saw approximately 2.87 million sq m and 2.36 million sq m of take up, respectively.

In the West Midlands, logistics occupier activity in 2024 was predominantly driven by manufacturers, who accounted for over 44% of total transactional activity. Online retailers represented 20%, 3PL firms 16%, and wholesalers 11%. In the East Midlands, 3PL firms led the way, securing 35% of total activity, followed by high street retailers at 21%, online retailers at 12%, and food producers at 10%.

In the North of England, there was a strong preference for best-in-class logistics space, with Grade A space accounting for 83% of transactions in the North West and 53% in Yorkshire and the North East.

According to the Savills Research Requirements Index, UK logistics space requirements rose by 11.3% in Q4 2024. This suggests that the first half of 2025 will likely see take up in the range of 16 - 18 million sq ft, surpassing the first-half figures for both 2023 and 2024.

## Industrial & Logistics Take Up: Key Markets (sq m)

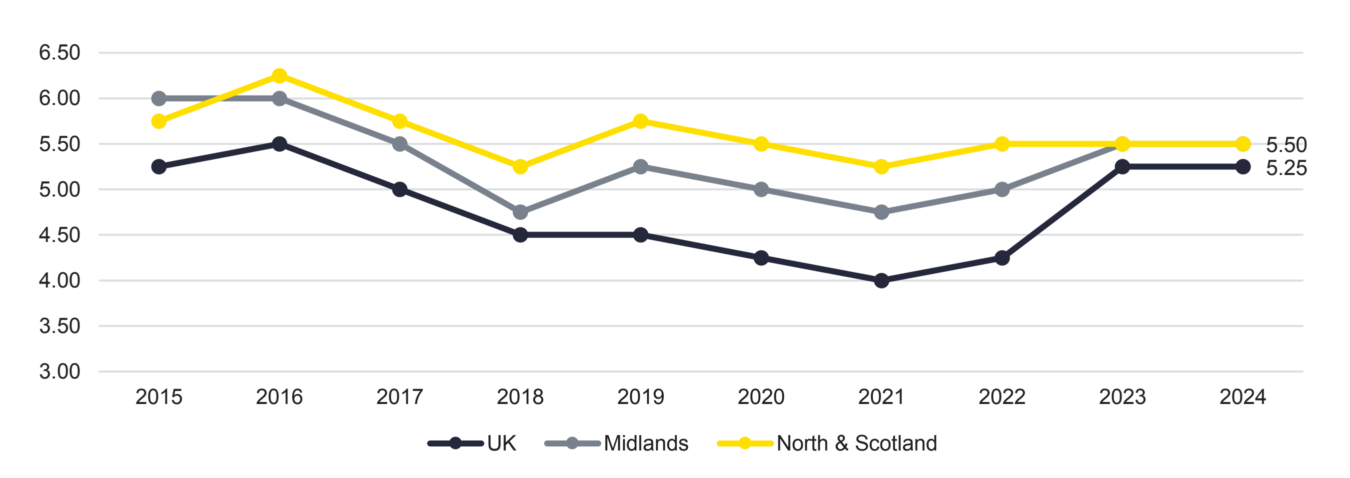



*Source: Savills (2025). Rounded to the nearest 1,000 sq m. Take up recorded for all units over 100,000 sq ft / 9,290 sq m. BTS – Build-to-suit.*

### 11.3.5. Yields

After a period of yield softening in recent years, following a gradual compression up until 2021, prime industrial/distribution and multi-let industrial yields remained stable between 5.00% and 5.25% in 2024. According to the Future Space (2025) report, investor sentiment reflects a cautiously optimistic outlook for the year ahead, with prime yields not expected to tighten significantly in 2025. However, pricing expectations between purchasers and vendors have remained misaligned since 2022 and are anticipated to persist into 2025.

## Industrial Prime Yields: Key Regions (%)




*Source: Savills (2025), as at Q4 for each year. Net Initial Yields (see definitions).*

### 11.3.6. Future Outlook

Occupiers are increasingly focused on optimising their supply chains, reducing costs, and improving efficiencies. Demand for Grade A units remains strong, and while Built-to-Suit developments continue to be challenging, they align with occupiers' strategic priorities by offering bespoke solutions to specific requirements. Although the UK economy remains fragile, there are a number of indicators that continue to support growth in the sector, such as rising consumer spending and an increase in disposable incomes.

The take up of existing logistics and industrial space is on the rise, which is promising given the current supply levels and the confirmed development pipeline. With increasing supply over the last 18 months, market conditions may favour occupiers, and we could see an uptick in owner-occupier transactions, particularly for bespoke opportunities. However, while recent policy interventions by the new UK government aim to stimulate growth and enhance productivity, their full impact may not be realised in 2025.

Incentives for companies in UK freeports, such as tax and customs benefits, enhanced capital allowances, stamp duty relief, and reduced employer national insurance contributions, have yet to significantly drive demand. Over time, however, these locations are expected to become more attractive as the financial benefits become more recognised.

ESG remains a key priority for occupiers, further influencing occupational location decisions, alongside concerns over labour and utility supply, and the future availability of resources. Stricter immigration rules and ongoing challenges with grid capacity mean these factors will likely continue to shape the market in the near term. Findings from the 2024 Savills European Logistics Census highlight that significant investment in power heavy technologies like warehouse robotics, automation and predictive analytics has led to 68% of occupiers ranking an increase in power requirements as a potential game changer to their future operations. This is likely to only intensify over time as technology adoption accelerates and energy constraints intensify.

Looking ahead to 2025, UK real estate investments are poised for stronger returns, with income growth supported by a rebound in capital values. While rental growth will likely be a significant driver of capital appreciation, some yield compression could occur, particularly in sub-sectors where investor demand remains robust.

**ESG & Sustainability Drivers**

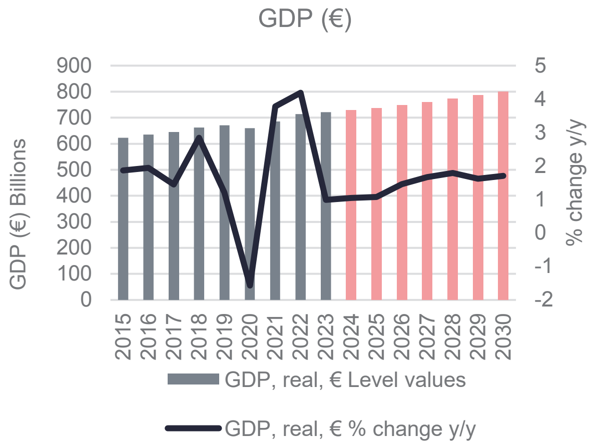
The introduction of Minimum Energy Efficiency Standards (MEES) in the UK is a key mechanism to drive energy performance upgrades. Since April 2023, it has been unlawful for landlords to grant a new lease, or continue to let commercial space with an EPC below an ‘E’ with penalties for non-compliance. Under the draft changes to the MEES Regulations, the Government has proposed to increase the minimum EPC rating for commercial properties to a ‘C’ for new leases in April 2025, extending to existing leases in April 2027. A further rise to a minimum rating of ‘B’ is due to apply in 2030.

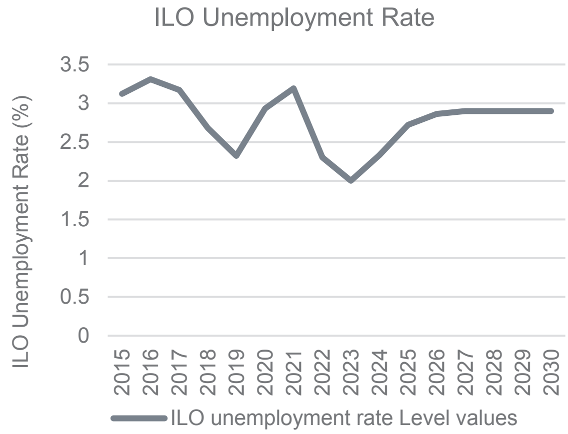
In the Midlands, particularly in the West Midlands, over 50% of the logistics and industrial stock is of Grade A quality. Yorkshire and the North West also feature a similar proportion of Grade A stock, indicating a comparable level of modern infrastructure across these regions. However, despite the prevalence of Grade A properties, sustainability challenges persist, particularly in the North West. A significant 79% of the region’s logistics and industrial stock falls under EPC C or lower, pointing to the need for landlords to prioritise refurbishments that enhance energy efficiency and meet tenant sustainability expectations. By undertaking these upgrades, landlords can not only increase rents but also boost the appeal of their portfolios.

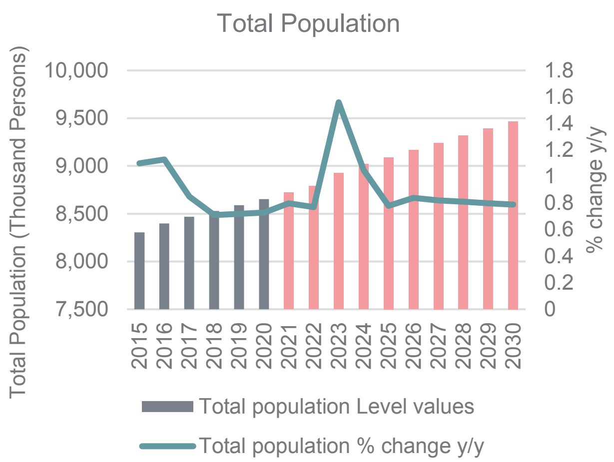
# 12. Switzerland

## 12.1. Macroeconomic Context

**Key Macroeconomic Indicators**




| | Figure | Period |
|---|---|---|
| **Government Gross Debt (% of GDP):** | 24.14% | December 2024* |
| **Inflation (CPI) (%)** | 0.40% | January 2025 |
| **Central Bank Interest Rate (%)** | 0.50% | February 2025 |

*Source: Oxford Economics, IMF, Trading Economics (2024). Central Bank Interest Rate is the rate published by the Swiss National Bank. *Forecast as actual figures yet to be published. Forecast figures in graphs are illustrated by red bars.*

| Key Indicators | 2023 | 2024 | 2025 (f) | 2026 (f) | 2027 (f) | 2028 (f) | 2029 (f) |
|---|---|---|---|---|---|---|---|
| **GDP Change Year-on-Year (%)** | 1.0 | 1.1* | 1.1 | 1.5 | 1.7 | 1.8 | 1.6 |
| **ILO Unemployment Rate (%)** | 2.0 | 2.33* | 2.72 | 2.86 | 2.9 | 2.9 | 2.9 |
| **Total Population (Thousand Persons)** | 8,927* | 9,021* | 9,091 | 9,167 | 9,242 | 9,317 | 9,392 |
| **Government Gross Debt (% of GDP)** | 24.7 | 24.14* | 23.72 | 23.18 | 22.71 | 22.23 | 21.88 |
| **Inflation Rate (CPI, %)** | 2.5 | 0.6 | 0.4 | 0.5 | 0.7 | 1.1 | 1.2 |
| **Long Term Interest Rate (%)** | 1.1 | 0.7 | 0.3 | 0.4 | 0.9 | 1.4 | 1.5 |

*Source: Oxford Economics, Trading Economics (2025). *Forecast as actual end of year figures are yet to be published.*

## 12.2. Commercial Real Estate Market Introduction

As the real estate investment climate improved over the course of 2024, investment volumes in the Swiss market rebounded from the sharp decline observed in 2023. Total transaction volume increased by 38% to €4.0 billion in 2024, up from €2.9 billion in 2023. This indicates a partial recovery, however figures remain below the five-year average for 2018-2022 of €5.6 billion.

In 2024, the market was characterised by varying conditions across locations and property types. Following a transactional slowdown in 2023, caused by a significant gap between buyer and seller pricing expectations, market activity picked up, particularly in the residential and logistics and industrial sectors.

Switzerland's economy has experienced growth, fuelled by robust consumer spending and increased construction investment. As inflation expectations continued to decrease throughout 2024, the Swiss National Bank (SNB) lowered the key interest rate to 0.5% in December 2024, reducing financing costs. This is expected to stimulate market activity.

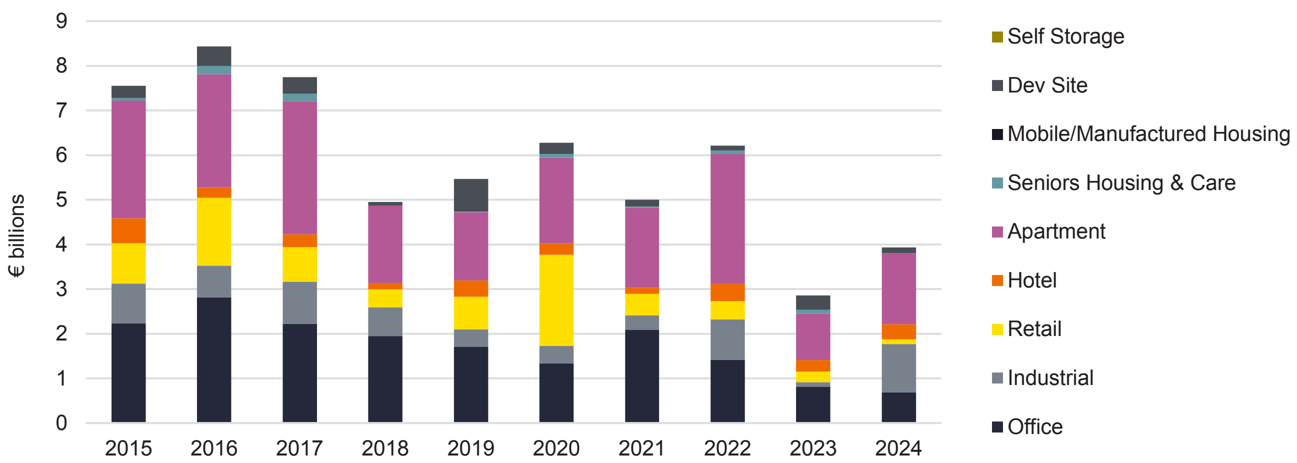
The logistics and industrial sector saw a significant increase in investment, accounting for approximately 28% of total volume in 2024, up from just 4% in 2023. The Swiss logistics and industrial market is experiencing strong growth, driven by its strategic location in Europe, advanced infrastructure, and increasing adoption of digital and sustainable solutions. It is forecast that the logistics industry in Switzerland will grow at a CAGR of 4.70% between 2024 and 2032 (IMARC, 2024).

Office investment remained relatively stable, with a slight decrease in volumes observed in 2024 at €0.7 billion (18% of total investment volume), down from €0.8 billion (28% of total investment volume) in 2023. Switzerland's office investment market outlook is improving, driven by improved investor confidence, particularly for sustainable properties in key cities.

In 2024, apartments were the dominant sector for investment, accounting for 41% of the total investment volume (€1.6 billion) up from 36% in 2023 (€1.0 billion). The Swiss market for high-end residential properties continues to exhibit momentum with transaction volume picking up, particularly in the multi-family housing market. The residential sector was in demand with investors, driven by favourable interest rates, strong occupier demand, and a persistent supply shortage. It is anticipated that residential property values will continue to rise in 2025.

Across all asset classes, institutional investors and REIT/listed investors remain active, accounting for 32% and 24% of total investment volumes in 2024, respectively. In 2024, cross-border investors increased their share substantially to one-third of the total, in line with figures pre-2022.

**Switzerland Real Estate Investment: Volumes**




| Volume (€) | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| Total | 6,274,645,247 | 5,001,499,437 | 6,212,235,641 | 2,859,091,886 | 3,931,292,537 |

*Source: MSCI, 2025.*

## 12.3. Occupational Market Overview: Industrial / Logistics Sector

### 12.3.1. Overview

Switzerland's logistics and industrial sector plays a critical role in the country's economy, benefiting from its strategic central location in Europe and a highly skilled workforce. The sector benefits from a well-developed logistics infrastructure, including extensive road and rail networks that facilitate the efficient movement of goods across the country. Within our assessment, we focus on data addressing the industrial market which entails the majority of logistics and industrial activity but omits storage activity which broadly consists of smaller more basic units within the market.

The Swiss logistics sector primarily focuses on handling the domestic flow of imported and exported goods, which is notably high due to the country's strong purchasing power and robust industrial base. Switzerland's high labour costs, property prices, and operating expenses make it less attractive as an international hub for the movement of goods.

Switzerland's logistics sector predominantly consists of freight carriers and transport companies based within the country, with most manufacturing firms operating their own logistics operations. Consequently, the proportion of owner-occupied logistics real estate is notably high. However, the growing complexity of logistics processes is driving a gradual shift towards outsourcing these services to third-party providers, fostering growth in the Swiss third-party logistics (3PL) market.

Switzerland maintains strict regulations, permitting foreign-registered vehicles to engage only in cross-border freight transport and encouraging sustainable transportation. These regulations prohibit cabotage, which involves the transportation of goods between two locations in the same country by a transport operator from another country (Switzerland Federal Office for Customs and Border Security, 2025). This regulatory framework is designed to ensure that local logistics companies remain competitive while maintaining high service standards. It effectively prevents foreign companies from offering domestic transport services for routes entirely within Switzerland. The Alpine Initiative, a sustainability-focused policy, aims to make freight transport in Switzerland climate-neutral by 2035, encouraging a shift from road to rail transport.

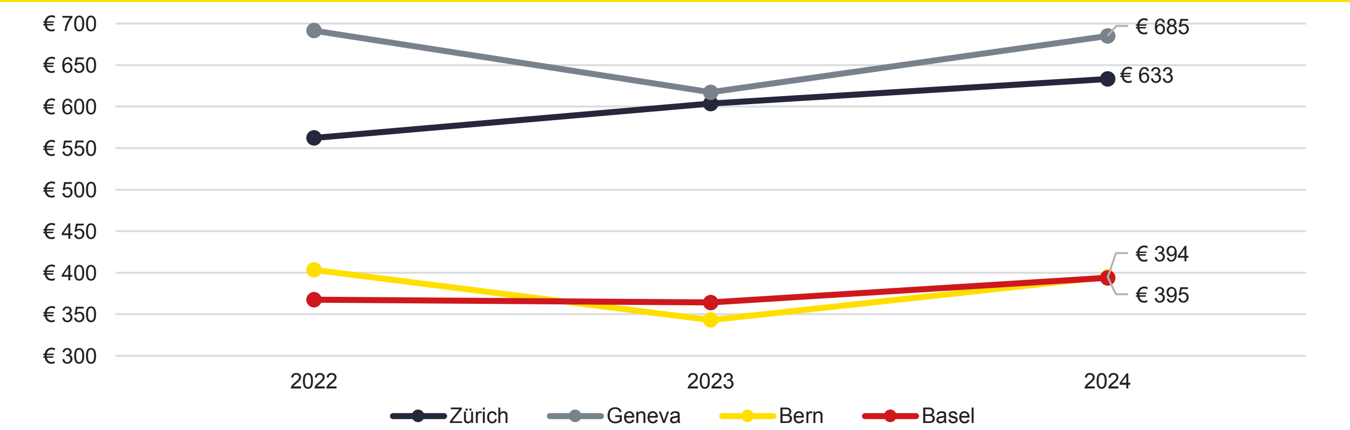
Switzerland's logistics infrastructure is underpinned by key transport corridors. The north-south Gotthard and Lötschberg-Simplon rail routes are vital for freight movement, supporting the shift from road to rail. Major highways including the A1 motorway, which connects the western, central, and eastern parts of Switzerland, and the A2 motorway, which is a crucial north-south route.

### 12.3.2. Rents

The highest rents are found in the core cities of Geneva and Zürich, at €685 and €633 per sq m p.a., respectively. This marks an increase compared to 2023 for both markets, with rents rising by 11.0% in Geneva and 5.0% in Zürich. For Geneva, rents in 2024 were largely consistent with 2022. Geneva achieves particularly high rents due to land supply constraints, which exacerbate the supply-demand imbalance and contribute to higher rents.

Rents in the capital city, Bern, and the gateway to Europe, Basel, track closely together at lower rental levels of €394 and €395 per sq m p.a., respectively.

**Industrial Rents: Key Markets (€ sq m / p.a.)**



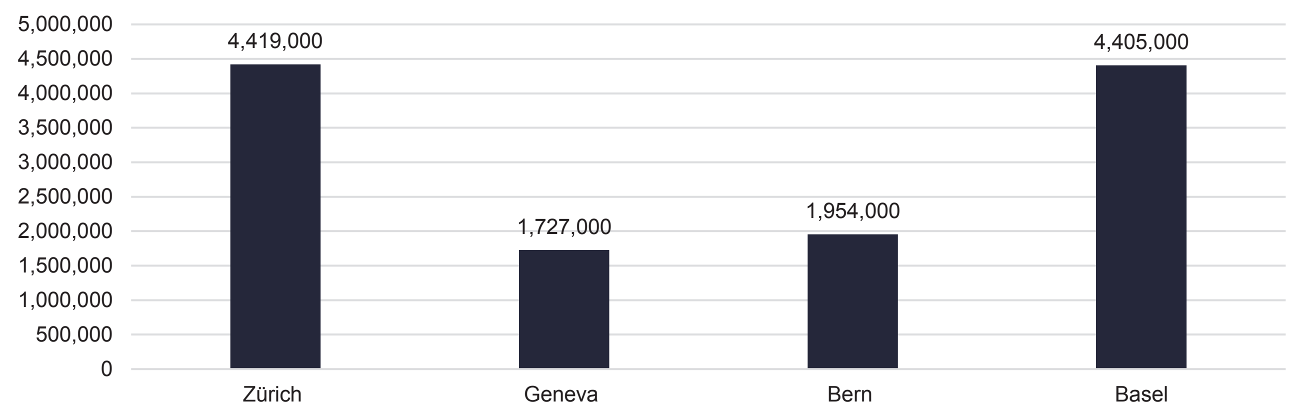

*Source: Wüest Partner, 2025. Based on currency conversion as at February 2025. 1 CHF = 1.0589EUR. The 52 week range was 1 CHF = 1.0065 – 1.0861 EUR. Based on the top 90th percentile of rents.*

## 12.3.3. Stock & Vacancy

The “golden triangle”, formed by the cities of Basel, Zürich and Bern, is home to a high density of logistics and industrial facilities. Industrial stock in Zürich totals an estimated 4,419,000 sq m, while Basel’s stock totals an estimated at 4,405,000 sq m. In comparison, Bern's industrial stock totals around 1,954,000 sq m, and in supply-constrained Geneva, stock is estimated at approximately 1,727,000 sq m.

Zürich has seen the highest levels of development by floor area in recent years, while Basel has also seen a high volume of construction activity. However, this trend has not been observed in other key Swiss cities. Basel has seen significant investment in expanding its warehousing and distribution networks to support the growing demand for storage, packaging, and transportation of exported goods. Supported by the pharmaceutical and chemical industries, the canton accounted for over a fifth of exports from Switzerland in 2023. As export activity increases, the demand for advanced logistics infrastructure also rises. Geneva lags in terms of stock levels due to its relatively small urban area and natural surrounding barriers, such as the Alps and the Lake Geneva, which limit the land available for industrial development. Strict zoning laws and land-use policies in Geneva further limit the potential for new construction.

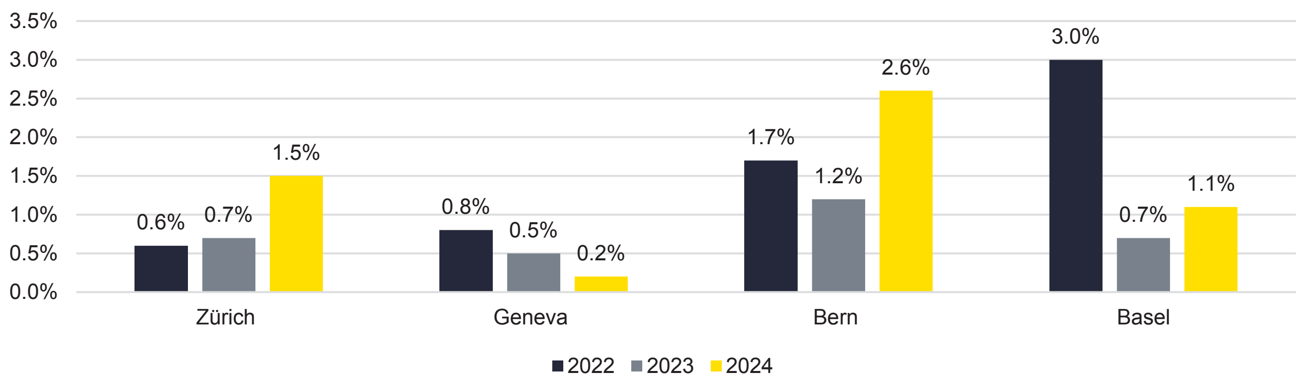
**Industrial Stock: Zürich, Geneva, Bern and Basel (sq m)**




*Source: Wüest Partner (2025), data is for the year 2022.*

The national vacancy rate for industrial properties declined from approximately 7.5% to 5.0% between 2019 and 2023. Vacancy levels are projected to remain between 4% to 5% across logistics and industrial properties. In terms of floorspace on offer as a percentage of total stock, prime logistics space is projected to experience much lower supply (H&B Real Estate, an International Associate of Savills, 2025). Focusing on the amount of floorspace being marketed, as a percentage of total stock, as at Q4 2024, Geneva and Basel had the lowest figures at just 0.2% and 1.1%, respectively.

**Industrial Supply Rates (%)**

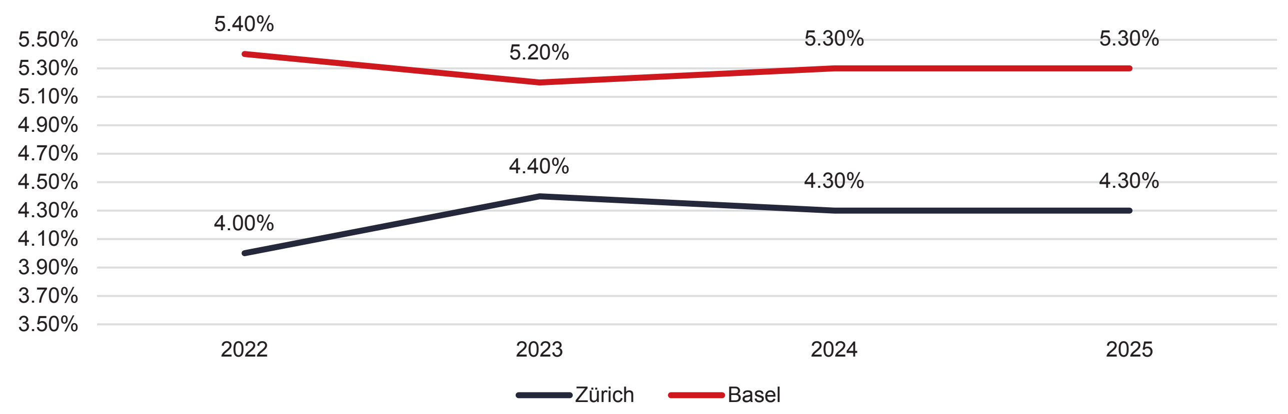



*Source: Wüest Partner, 2025.*

### 12.3.4. Yields

Given its desirability to occupiers and investors alike, Zürich has some of the lowest yields recorded, while Basel tracks at a higher yield. In 2024, prime yields for Zürich and Basel remained stable at 4.30% and 5.30%, respectively, while Geneva recorded a yield of approximately 4.60%.

**Logistics Prime Yields (%)**




*Source: Garbe IRE, 2025. Data is at mid-year. 2025 data is at the beginning of the year. Net Initial Yields (see definitions).*

### 12.3.5. Future Outlook

Switzerland remains attractive due to its strategic location in Europe, high demand for logistics space, domestic market and economic strength. The market has a significant level of owner-occupied properties, resulting in a relatively small investment market. There have been cases where owners are using sale and leaseback transactions to unlock further liquidity given the economically challenging environment across Europe. For example, Clarins sale and leaseback for their asset in Geneva, recorded in May 2024 for approximately €14.85m.

The low vacancy rates and limited land availability in key population dense hubs like Zürich, Basel, and Geneva continue to drive rental growth and investor interest. The outlook for investment is positive, with a dynamic first half to 2025 expected as many investment funds raised capital in the second half of 2024, and further interest rate cuts are expected. Given the low inflation environment, the Swiss National Bank is anticipated to further reduce interest rates. Analysts predict additional cuts of 25 basis points in both March and June 2025 (FitchSolutions, 2025).

The new Basel III regulations, which came into effect in January 2025, enhance banking sector resilience by raising capital requirements and introducing stricter liquidity ratios. While this will likely lead to higher capital costs, declining interest rates and strong GDP growth will support the market overall and the outlook is positive.

**ESG & Sustainability Drivers**

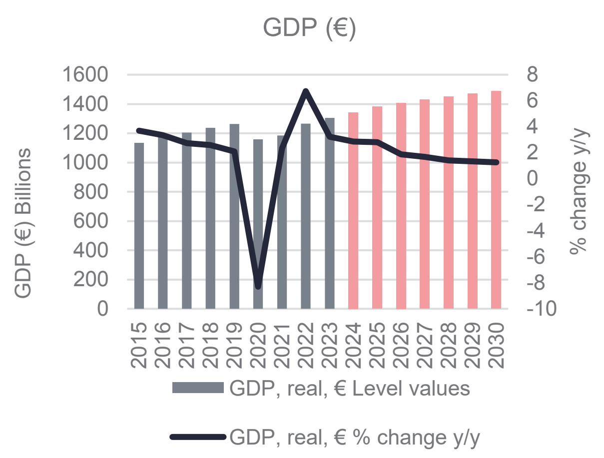
Switzerland is committed to ambitious sustainability and climate targets, aiming for net-zero emissions by 2050, which directly influences the real estate sector by driving the adoption of energy-efficient building practices. The standardised Swiss building energy certificate GEAK, evaluates the quality of building envelopes, energy use, and emissions. In the majority of cantons, GEAK is voluntary, however certain regions or municipalities may require it in specific cases, such as for properties undergoing renovations.

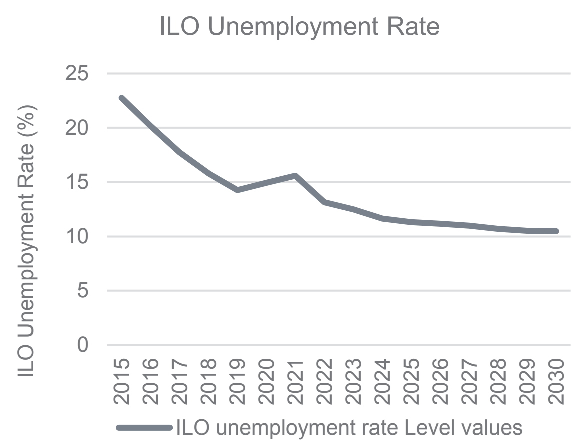
Geneva has introduced a mandatory Energy Performance Certificate (IDC), which serves as an indicator of a building's energy consumption. Since 2023, the IDC has been required for all heated buildings with thresholds for consumption. Buildings in Geneva that meet the ‘High Energy Performance’ (HPE) standard (new or refurbished buildings with thermal envelope upgraded to produce at least 10 watts per sq m of electricity, roof equipped with solar thermal collectors to provide at least 30% of heat needed for domestic hot water, main heat supply comes from renewables sources), or ‘Very High Energy Performance’ (THPE) (30 watts for electricity, 50% heat generation, 80% renewables) can benefit from an exemption on property taxes.

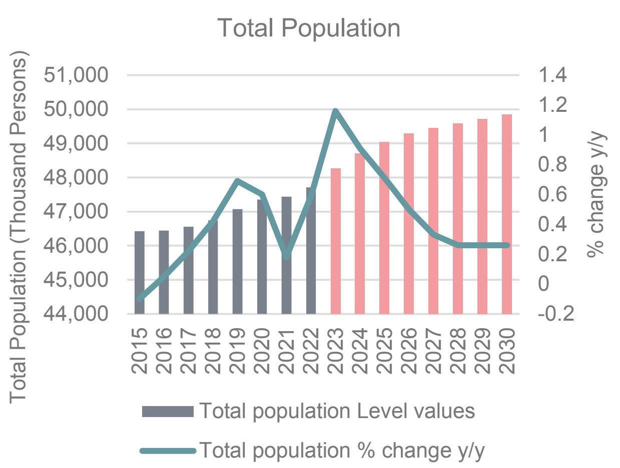
# 13. Spain

## 13.1. Macroeconomic Context

**Key Macroeconomic Indicators**




| | Figure | Period |
|---|---|---|
| **Government Gross Debt (% of GDP):** | 109.61% | December 2024* |
| **Inflation (CPI) (%)** | 2.90% | January 2025 |
| **Central Bank Interest Rate (%)** | 2.90% | February 2025 |

*Source: Oxford Economics, Trading Economics (2025). Central Bank Interest Rate is the European Central Bank's Main refinancing Fixed Rate. *Forecast as actual figures yet to be published. Forecast figures in graphs are illustrated by red bars.*

| Key Indicators | 2023 | 2024 | 2025 (f) | 2026 (f) | 2027 (f) | 2028 (f) | 2029 (f) |
|---|---|---|---|---|---|---|---|
| **GDP Change Year-on-Year (%)** | 3.2 | 2.9 | 2.8 | 1.9 | 1.7 | 1.4 | 1.3 |
| **ILO Unemployment Rate (%)** | 12.5 | 11.6 | 11.3 | 11.2 | 11.0 | 10.7 | 10.5 |
| **Total Population (Thousand Persons)** | 48,264 | 48,705 | 49,050 | 49,295 | 49,457 | 49,588 | 49,718 |
| **Government Gross Debt (% of GDP)** | 111.31 | 109.61* | 107.47 | 106.53 | 105.62 | 104.98 | 104.32 |
| **Inflation Rate (CPI, %)** | 4.4 | 2.8 | 2.2 | 1.9 | 1.9 | 2.0 | 2.0 |
| **Long Term Interest Rate (%)** | 3.4 | 3.3 | 3.1 | 3.3 | 3.4 | 3.5 | 3.5 |

*Source: Oxford Economics, 2025. *Forecast as actual end of year figures are yet to be published.*

## 13.2. Commercial Real Estate Market Introduction

Total transaction volume in the Spanish real estate market reached approximately €12.2 billion in 2024, marking a 7% increase compared to the previous year (€11.4 billion). However, investment levels remain significantly below the pre-pandemic average of €22.4 billion per year between 2017 and 2019.

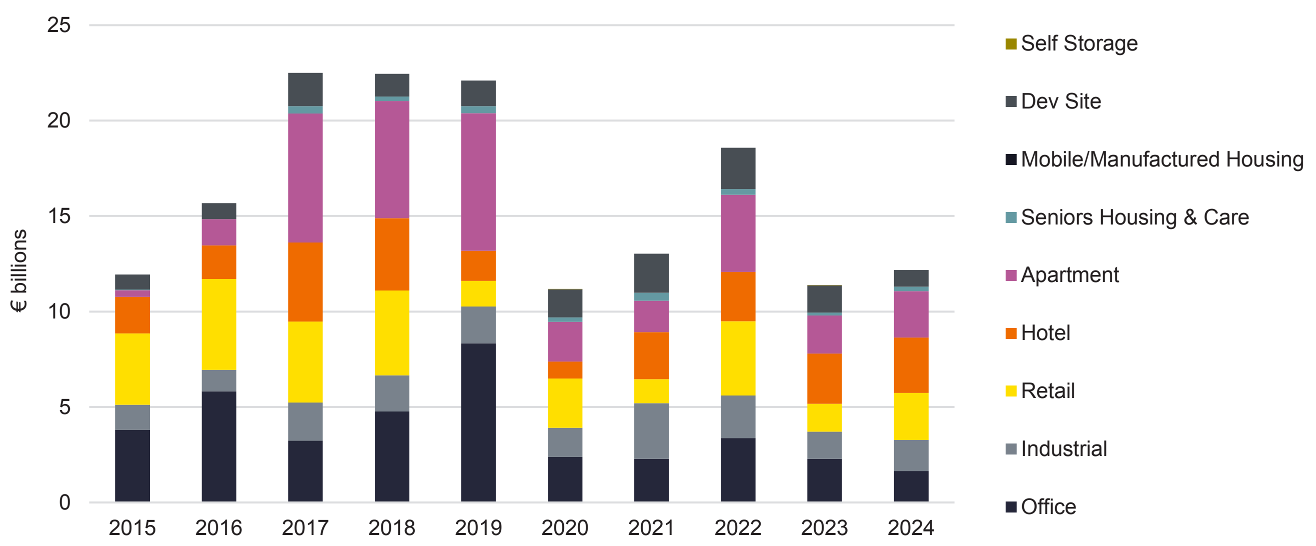
Hotels were the leading asset class in 2024, attracting €2.9 billion, accounting for 24% of total investment. This growth was driven by the continued strength of Spain's tourism industry and increased investor confidence in hospitality assets. Retail and residential (apartment) sectors each captured a 20% share of total investment. In the residential sector, build-to-rent and senior housing continued to attract capital due to stable returns and increasing urban housing demand.

The office sector saw a decline, with investment volumes falling from €2.3 billion in 2023 (20% of total investment) to €1.7 billion in 2024 (14%). Madrid remained the top destination for office investment, capturing over half total office investment, followed by Barcelona. Investors primarily targeted well-located Grade A assets with strong ESG credentials. Across the market, office spaces are increasingly being repurposed into residential units, driven by rising housing demand and the obsolescence of outdated office buildings. Since 2021, 64% of office space which has been converted has been into residential, although data centres (9%), hospitals (9%), storage (5%), and student conversions (4%) have also been popular giving rising tenant demand.

The logistics and industrial sector attracted €1.6 billion in investment in 2024, representing a 13% market share, slightly up from 2023. The sector remains relatively stable, supported by demand from e-commerce and the food industry. Key transactions in 2024 included the acquisition of Tritax's pan-European portfolio from Brookfield, which includes Mango's distribution centre in Lliçà d'Amunt (Barcelona), valued at €150 million. Analysing the investment by region, approximately 40% was concentrated in the Madrid market, while the Barcelona market accounted for approximately 30% of the total investment in 2024.

Looking ahead, Spain's real estate investment outlook remains positive, with sustained growth anticipated in 2025 and beyond. The market will benefit from the return of international capital, lower financing costs, and a favourable euro-dollar exchange rate. While geopolitical uncertainties may create some short-term caution, investor confidence remains strong, particularly in sectors with solid fundamentals such as logistics, residential, and hospitality.

**Spain Real Estate Investment: Volumes**




| Volume (€) | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| Total | 11,185,185,009 | 13,036,099,248 | 18,572,297,328 | 11,381,292,201 | 12,166,009,994 |

*Source: MSCI, 2025.*

## 13.3. Occupational Market Overview: Industrial / Logistics Sector

### 13.3.1. Overview

In this section, we assess the logistics and industrial market in Madrid and Barcelona.

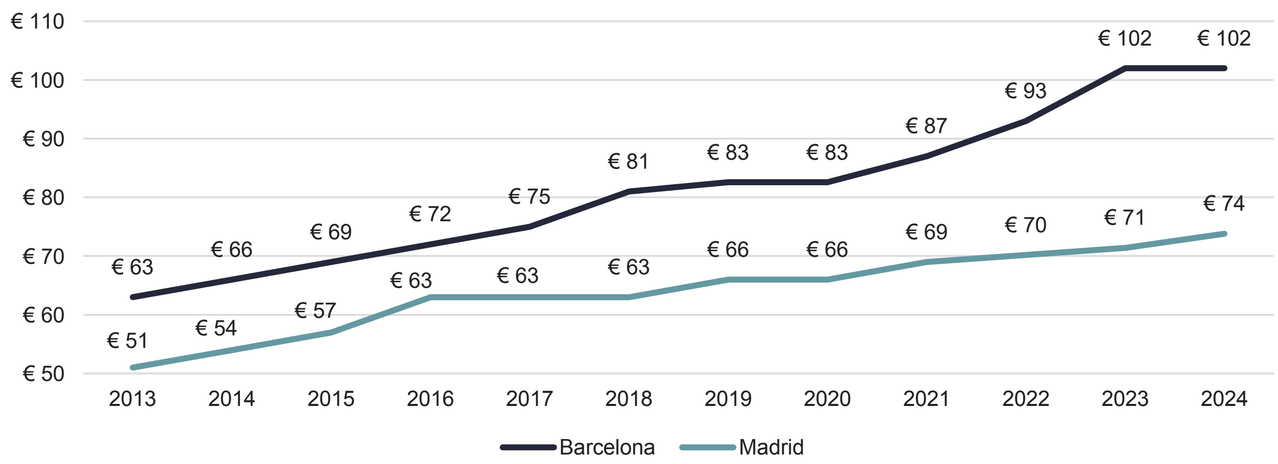
Located in the centre of Spain, Madrid is a critical hub for logistics operations, supporting nationwide distribution. The city benefits from an extensive network of radial highways and Madrid-Barajas Airport, which handled over 643.5 million kg of cargo in 2023, an increase of approximately 14% from 2022 (Statista, 2024). Madrid also hosts a large volume of fulfilment centres and is subject to a growing interest in last-mile logistics, supported by Madrid's high population density as the most populous city in Spain.

Barcelona, which ranks second in population, also plays a significant role in the country's logistics landscape. The city is attractive for Mediterranean and European distribution routes, as well as for tenants with port-driven supply chains. Take up tends to be based on smaller, more fragmented sites, and rents are high due to the city's land constraints. The Zona Franca de Barcelona has over 10,000,000 sq m of industrial and urban land and supports businesses through its port connectivity and tax exemptions.

### 13.3.2. Rents

Rents have maintained a steady upward trajectory, driven by the incorporation of new, high-quality spaces into the market and the ongoing increase in construction costs. Given the limited land availability, rents in Barcelona are higher than those in Madrid, with competition concentrated in prime locations near the airport and maritime ports. Demand for logistics space has grown since the 2020 pandemic, with a five-year CAGR of 5% in Barcelona and 3% in Madrid. Prime rents for state-of-the-art logistics warehouses in Barcelona have remained stable at €102 per sq m p.a., compared to approximately €74 in Madrid. Both cities are forecasted to see further rent increases in 2025.

**Prime Logistics Rents: Barcelona & Madrid (€ sq m / p.a.)**



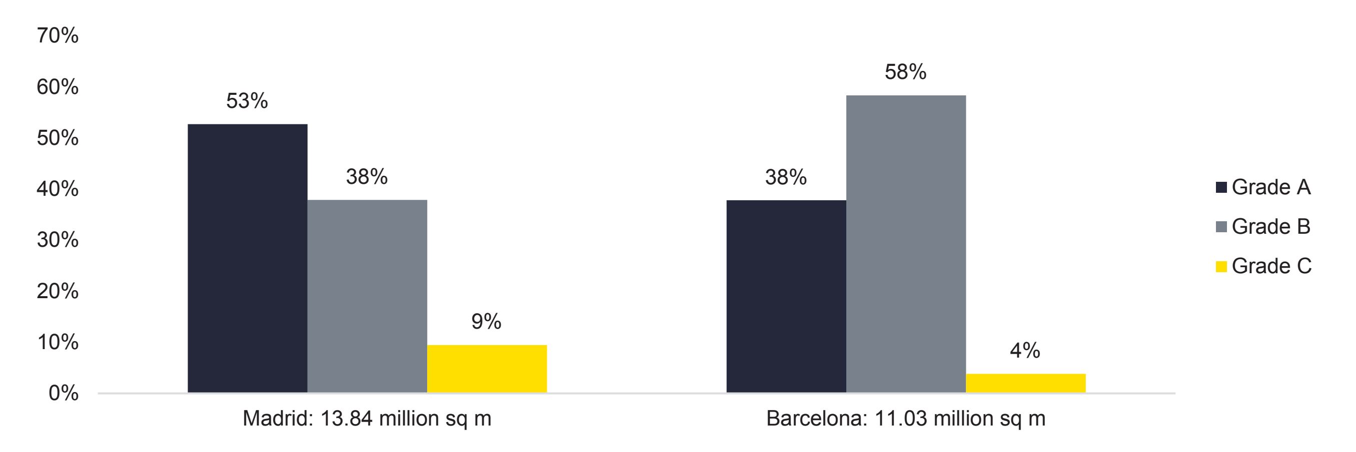

*Source: Savills, 2025.*

### 13.3.3. Stock & Vacancy

Stock in both Barcelona and Madrid has continued to grow year on year, with over 1.3 million sq m of space added in 2024. While space in central Barcelona remains limited, a new logistics pipeline is emerging within a 30 km radius of the city, including the districts of Vallès Occidental, Bages, and Vallès Oriental. These developments primarily focus on refurbishing obsolete assets to meet the increasing demand for warehouses that meet the highest standards for energy efficiency and sustainability. Spanish occupiers are increasingly prioritising well-located stock in proximity to highways and populated areas to adequate labour supply and efficient logistics.

In Madrid, there is a greater availability of new-build, Grade A logistics stock in areas such as Corredor del Henares, which stretches along towns on the east side of the city, and Getafe in the southern market zone, offering direct access to the M50 ring road. In contrast, Barcelona has slightly older stock with lower ceilings in central areas. Due to land scarcity, companies are increasingly turning to multi-storey warehouses on the outskirts of the city.

**Logistics Stock by Grade 2024: Barcelona & Madrid (sq m)**



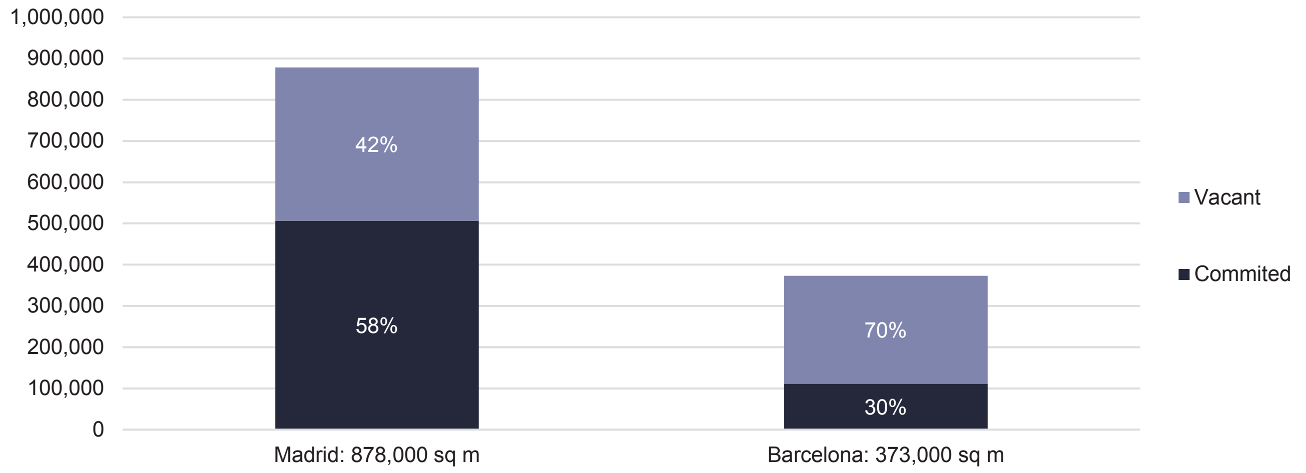

*Source: Savills, 2025.*

Vacancy rates in Barcelona have remained low, staying under 5% for the past decade. Outside the city centre, the districts of Tarragonès, Baix Penedès, and Alt Camp account for the majority of vacant floor space. In 2024, the influx of new speculative projects in Barcelona, many of which are large, single-occupier properties, contributed to an increase in the availability rate. In Madrid, the vacancy rate closed the year at 10.88%. Approximately 878,000 sq m is projected to enter the market, more than double the amount under construction in Barcelona. The majority of this new space is already committed, with over 500,000 sq m of it pre-leased. The strong demand for rentals suggests that the vacancy rate in Madrid will decline in 2025.

**Logistics Vacancy Rate: Barcelona & Madrid (%)**


*Source: Savills, as at Q4 for each year.*

**Logistics Development Pipeline 2025: Barcelona & Madrid (sq m)**



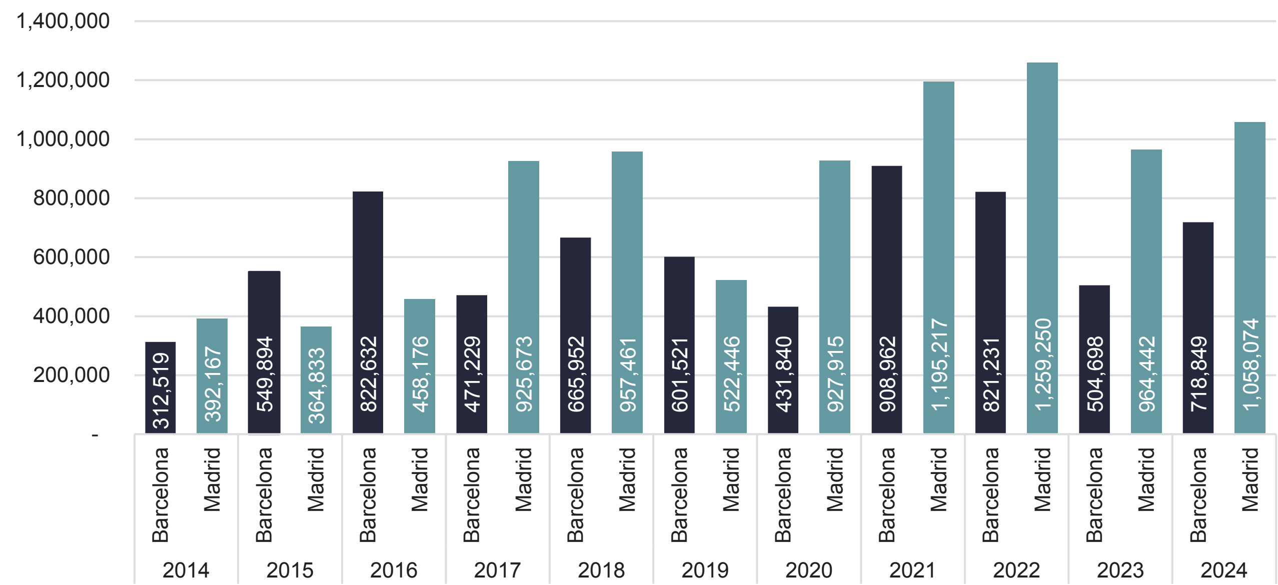

*Source: Savills, 2025.*

### 13.3.4. Take Up

As anticipated, Madrid's logistics take up volume exceeded one million sq m in 2024, reaching 1.06 million sq m, marking a 10% year-on-year increase from 2023. Approximately 85% of the total leased area consisted of high or very high-quality warehouses. Consistent with the same period in 2023, the average deal size in Madrid for the first half of 2024 was 11,900 sq m, with transactions for spaces under 10,000 sq m accounting for 70% of the total. The Corredor del Henares and South market zones remain the dominant areas for take up in Madrid.

In H1 2024, Barcelona's achieved take up was 244,000 sq m, a 23% decrease compared to the same period in 2023, reflecting a cautious pace of leasing activity. However, driven by ongoing negotiations with logistics operators, a positive outlook for e-commerce, and new tenders, mid-year forecasts for annual take up were approximately 650,000 sq m. This projection proved conservative, as actual take up exceeded expectations, reaching over 718,000 sq m by the end of 2024, representing a 42% year-on-year increase.

**Logistics Take Up: Barcelona & Madrid (sq m)**

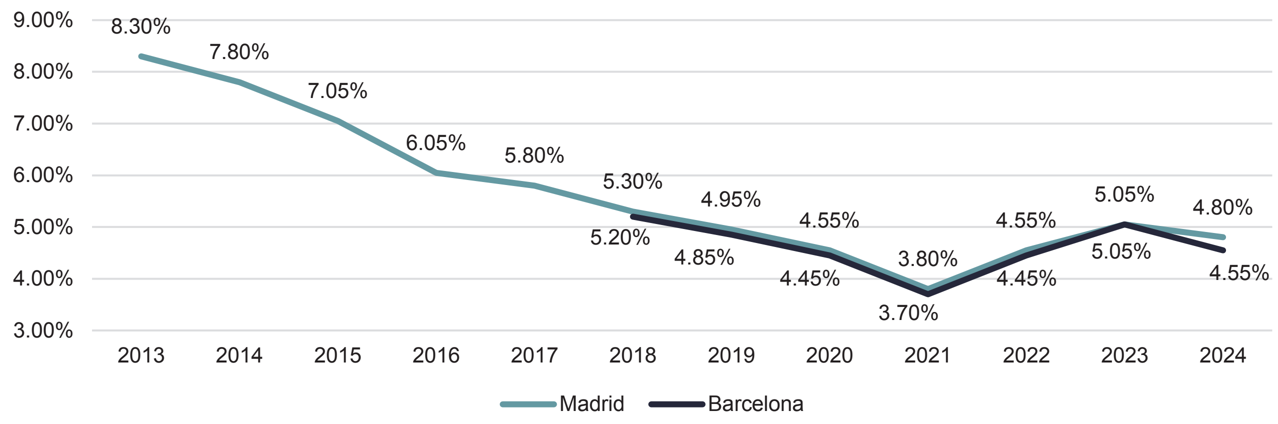



*Source: Savills.*

### 13.3.5. Yields

The ECB's decision to cut interest rates has exerted downward pressure on yields. In Madrid, yields contracted by 25 basis points by the end of 2024, while yields in Barcelona saw a more significant compression of 50 basis points. Throughout 2024, investors took a cautious stance, and many sellers held off transacting with the expectation of lower yields in 2024.

**Logistics Prime Yields: Barcelona & Madrid (%)**




*Source: Savills, 2025.*

### 13.3.6. Future Outlook

Looking ahead to 2025, the sector is expected to maintain its positive trajectory, driven by a strong demand for high-quality spaces in strategic locations and the completion of major transactions currently in negotiation. Location will remain as the key factor. We expect a resurgence in rents, particularly in Valencia and Barcelona. Occupiers remain focused on areas within 60 kilometres of either Valenciaport or the Port of Barcelona, with supply here remaining tight. Demand is projected to continue growing this year, with some tenders concluding by mid-2025.

Spain's economic outlook remains positive, with GDP growth projected at 2.8% for 2025, supported by strong industrial performance. The logistics and industrial real estate market is expanding, driven by e-commerce and supply chain demands. Investment volumes are expected to rise, particularly in key locations like Madrid, Barcelona, and Valencia. EU funding, particularly from NRRP plans which comprise €80 billion in grants and €83 billion in loans (European Commission, 2025), is expected to further support infrastructure and innovation in the sector.

**ESG & Sustainability Drivers**

Across the Spanish market, green certifications are moving away from being a "nice-to-have" to a critical requirement for new warehouses, especially for third-party logistics (3PL) providers who face increasing pressure from their customer bases. The stock of certified logistics warehouses in Spain has grown by over 30% between 2021 and 2024, with BREEAM and LEED widely adopted in the sector.

The National Energy Efficiency Fund (NFEE), co-financed by the EU, is a key government initiative aimed at improving energy efficiency across various sectors, including logistics and industrial. The fund allocates €350 million annually, with 35% provided by the Spanish government and the remainder coming from EU structural funds and other revenue sources. Plans include saving energy and reducing emissions in tertiary sector buildings, improving equipment technology and industrial processes, and increasing energy efficiency of means of transport.

There is an increasing focus on climate risk and resilience, given the flash flooding in October 2024 that severely impacted densely populated areas, taking a toll on life, the environment and key infrastructure. Properties located in susceptible areas are experiencing declining market values and rising insurance costs, highlighting the importance of climate adaptation strategies.

# 14. Definitions

Within our report, we have adopted various abbreviations and definitions summarised below.

**General / Macroeconomic Terminology**

- **European Union:** We consider the European Union (EU) to include Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden.
- Central Bank Interest Rate (%): Defined within report sources at the prevailing rate at time of writing.
- **Inflation Rate (CPI):** Inflation measured by consumer price index (CPI) is defined as the change in the prices of a basket of goods and services that are typically purchased by specific groups of households.
- **Long-term interest rate**: 10-year government bond yield.
- **Gross domestic product (GDP)**: Aggregate measure of production according to location of activity equal to the sum of the gross values added of all resident institutional units engaged in production (plus any taxes, and minus any subsidies, on products not included in the value of their outputs). It is also the sum of the final uses of goods and services (all uses except intermediate consumption) measured in purchasers' prices, less the value of imports of goods and services, or the sum of primary incomes distributed by resident producer units.
- **Government Gross Debt (% of GDP):** Gross Debt consists of all liabilities that require payment or payments of interest and/or principal by the debtor to the creditor at a date or dates in the future.
- **Total population**: Total population of all persons residing within a region.
- **Working-age population**: Consists of all persons aged from 15 to 64 inclusive residing within a region.
- **ILO unemployment**: Comprises all persons above the age of 15 who during the reference period were: without work, that is, were not in paid employment or self-employment; currently available for work, that is, were available for paid employment or self-employment; seeking work, that is, had taken specific steps in a specified recent period to seek paid employment or self-employment. The ILO unemployment rate represents the unemployed persons as a percentage of the workforce (the total number of people employed plus unemployed).
- **Workforce**: Comprises all persons who fulfil the requirements for inclusion among the employed or the unemployed during a specified reference period. Also known as labour force.
- **Cost of Living Index (Excl. Rent)**: This indicates the relative prices of consumer goods like groceries, restaurants, transportation, and utilities. It excludes accommodation expenses such as rent or mortgage. New York City is used as a benchmark with an index of 100.
- **Third-party logistics (“3PL”)**: A third-party logistics or 3PL provider / servicer / organisation offers outsourced logistics services.
- **Net Price Index**: The net price index follows the evolution of consumer prices excluding taxes and duties.
- **Supply Rates:** The supply rate indicates the number of properties/floorspace on offer as a percentage of total stock.
- **y/y:** Year-on-year; utilised in macroeconomic indicators charts.
- **NUTS:** Nomenclature of Territorial Units for Statistics (NUTS) regions are a hierarchical system used by Eurostat and the European Union to divide member states into comparable territorial units for statistical analysis. The system consists of three levels: NUTS 1 (major socio-economic regions), NUTS 2 (basic regions for regional policies), and NUTS 3 (small regions).

**Real Estate Market Terminology**

We have adopted the investor type classifications commonly used by MSCI; these types are organised into four categories of investors.

- **Institutional Investors**: These investors include: private equity funds, open-ended investment funds, pension funds (public or private), insurance companies (public or private), banks (public or private), non-bank finance companies (public or private), investment managers or advisors, and sovereign wealth funds.
- **REIT / Listed Investors**: These investors include: Real Estate Investment Trusts (REIT) traded on a public market, Real Estate Operating Companies (REOC), publicly traded property owners / operators / developers, and listed publicly traded funds investing directly into real estate.
- **Private Investors**: Private companies whose business is primarily geared toward operating, developing, or investing in real estate. These investors include: private family wealth invested directly (including high net worth individuals), non-traded Real Estate Investment Trusts (REIT) including public non-listed REITs, and property owners / operators / developers that are non-traded and privately held.
- **User / Other Investors**: Companies who own real estate for their own use and specific purposes. These investors include: corporate users, government, non-profit, educational or religious institutions.
- **Cross-border Investors**: Defined as those not headquartered in the same country where the property is located.
- **Net Initial Yields**: Represent an estimation of the achievable yield, including transaction and non-recoverable costs, on a hypothetical grade A building located in a prime location, fully let to strong covenant tenant on a lease structure standard to that market.
- **Gross Initial Yields**: Represent an estimation of the achievable yield, prior to any deductions for transaction and non-recoverable costs, on a hypothetical grade A building located in a prime location, fully let to strong covenant tenant on a lease structure standard to that market.

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