



STONEWEG
EUROPEAN REIT

Extraordinary General Meeting

29 April 2025



NAVIGATING CHANGE
UNLOCKING OPPORTUNITIES

Strategic context for the proposed stapling

Objective: for Stoneweg European REIT to remain competitive, resilient, and well-positioned for long-term growth



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- **The challenge - responding to market changes:**
 - Economic shifts, changes in law and tax amendments
 - Challenges to traditional REIT models, which largely derive revenue from passive income sources
- **The proposed solution:**
 - Proposed stapling to form Stoneweg European Stapled Trust (SERT), comprising Stoneweg European REIT and Stoneweg European Business Trust
- **The outcome:**
 - Create long-term value and maintain a competitive edge by offering enhanced tax efficiency, flexibility for future operations and broader scope for future investments

Impact on investment strategy and key benefits

Consistent with the existing mandate of Stoneweg European REIT



- **Strategy unchanged:** investing, directly or indirectly, in a diversified portfolio of income-producing real estate assets in Europe that are used primarily for office, logistics/light industrial, and retail purposes, as well as real estate-related assets
- **Asset class focus unchanged:** office, logistics/light industrial, and related asset classes such as data centres
- **Mandate unchanged** with additional flexibility in implementing it with the stapling of BT
- **Key benefits**
 - Tax optimisation
 - Future-proofing the corporate structure
 - Enhanced flexibility and investor appeal
 - Improved debt financing options

Optimising tax & holding structure

A stapled REIT-BT structure helps enhance returns and reduce tax liabilities



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- **Adapting to evolving tax laws:** a stapled REIT-BT structure offers tax advantages in an environment of evolving tax laws, including recent changes in Germany's real estate transfer tax (RETT) regime
- **Mitigating tax implications:** stapling allows certain assets to be jointly owned by the REIT and the BT in the future if required
- **Greater tax structuring flexibility:** balances tax, regulatory, commercial and/or financing considerations

Future-proofing corporate structure

Greater flexibility for capital management, asset classes, development



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- **Alignment of the Manager and the Trustee-Manager:** the same set of independent directors and key executive officers
- **Enables portfolio refresh:** BT can undertake development projects, AEs, redevelopments but no intention to increase development exposure above 10% on a long-term basis
- **Supports property operations and leasing strategies**
- **Provides value-add services** such as property management, co-working, logistics arrangements although there is no current intention to shift the existing mandate towards those activities

Enhancing appeal to investors

A globally aligned stapled REIT-BT structure offering greater investment flexibility, broader investor appeal, stable returns and no change in fees



- **Alignment with latest practices:** Stapled REIT-BT structure aligns with some of the largest established real estate securitised markets such as in the US and Australia, enhancing investor appeal through a balance of stable income and growth
- **Enhanced capital flexibility:** Enables improved capital management and debt financing options
- **Expanded investment scope:** Allows ancillary asset investments (e.g. solar installations, co-working spaces)
- **Global investor appeal:** Potential to increase international investor participation, improving trading liquidity and diversifying the unitholder base
- **Same formula for fees:** The fees for Stoneweg European BT will follow the same formula as Stoneweg European REIT, and no trustee fees will be payable to the Trustee-Manager while Stoneweg European BT is stapled to Stoneweg European REIT

Expanding debt financing options

Committed to maintaining an aggregate leverage ceiling of 45%



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- **Regulatory flexibility:** REITs in Singapore are capped at 50% aggregate leverage, while BTs are not subject to this limit
- **Consolidated gearing guided by covenants and ratings:** the combined REIT-BT structure will continue to follow overall loan covenants and credit rating requirements.
- **Unchanged aggregate leverage target:** The Stapled Entity will remain committed to maintain a 35–40% medium-term target, with a 45% ceiling
- **Maintains conservative financial policies:** Aggregate leverage strategy remains well below the MAS's 50% cap for REITs

Conclusion

Unitholder support will position SERT for long-term growth and value creation



Rationale of implementing the stapled structure

- Optimises tax and holding structures
- Enhances investor appeal, aligning with the latest practices of REIT-BT models in certain jurisdictions
- Expands flexibility in capital management and investment options
- Maintains REIT's focus on resilient, income-producing European real estate
- No change to current investment strategy or mandate with additional flexibility to implement it

To seek unitholders' approvals today

- Two resolutions to implement the stapling
- One resolution to seek a general mandate for the issuance of stapled securities in SERT
- Refer to the Circular for full details

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