Beansprout

Stoneweg Europe Stapled Trust

SGX: SET

Positioning for Income and Growth

- **Exposure to logistics and data centre assets in Western Europe and the Nordics.** Stoneweg Europe Stapled Trust (SERT) provides exposure to logistics and data centre assets in Western Europe and the Nordics. Logistics/light industrial and data centre assets account for approximately 60% of the portfolio. Rental reversion of logistics assets are protected by built-in rental appreciation. Management has a medium-term strategic goal to increase the logistics/light industrial weighting further, elevating the upside potential of the income stream.
- **Assets well diversified across Eurozone.** Portfolio is valued at €2.16 billion, as at 31 December 2025. The portfolio comprises 96 predominantly freehold properties located in or near major gateway cities in the Netherlands, Italy, France, Germany, Finland, Denmark, the Czech Republic and the United Kingdom. The weighted average lease expiry (WALE) was 4.9 years as at 31 December 2025, providing reasonable income visibility
- **Entering the data centre industry as an early entrant .** On 23 June 2025, Stoneweg European BT (the business trust arm of the SERT stapled structure) invested €50 million to acquire a 6.65% stake in AiOnX. AiOnX is a subsidiary of the REIT's sponsor. The REIT made a second €50 million investment in AiOnX in late March 2026, bringing its total committed capital to the platform to €100 million. When completed, AiOnX will have total capacity of 2.3GW, one of the largest data centre platform in Europe.
- **Strong operating track record.** Portfolio rental reversion for FY2025 came in at 9.8%, significantly higher than the five-year average of 4.3%. It reported strong leasing success with approximately 300,000 square metres (sqm) of new leases and re-leasing secured, representing around 20% of the portfolio. Offices delivered the strongest reversion at 10.8%, followed by logistics at 8.8% and light industrial at 8.1%.
- **Strong sponsor with solid foothold in Europe real estate.** SWI Group is a global alternative investment platform managing €11 billion in assets and operates in 18 countries. In February 2026, SWI Group has also strengthened its platform following its public listing on Euronext Amsterdam, achieving a market capitalisation of €2.55 billion.
- **Initiate with BUY and target price of €1.73 per security.** We derived at the target price, based on dividend discount model with a 10% discount to reflect the current heightened geopolitical risks. Currently, Stoneweg Europe Stapled Trust is trading at €1.49, implying FY26E distribution yield of 9.0% and FY25 price-to-book of 0.73x. In comparison, Elite UK REIT and IREIT Global are trading at consensus forecast FY2026f distribution yield of 9.0% and 6.2%, respectively.
- **Key Risks.** Key risks include interest rate risk, weak office demand, limited debt headroom, execution risk and macroeconomic risk.

Ticker (EUR)	SET
Rating	BUY
Price Target*	€ 1.73
Price (6 Apr)	€ 1.49
Upside/Downside:	+16.1%
52-week range	€1.45 – €1.74
Market Cap	S$1.23B

*Target price is for 12 months

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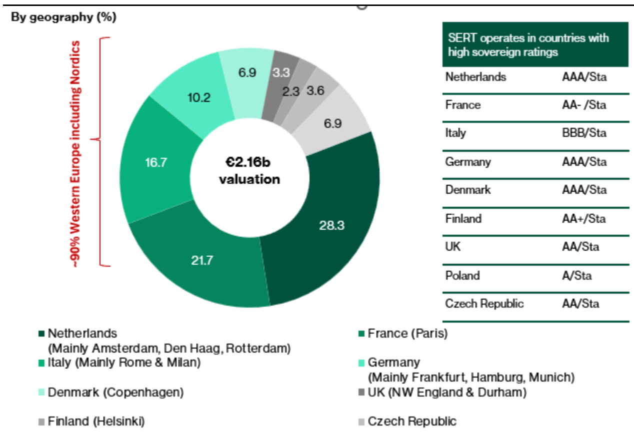
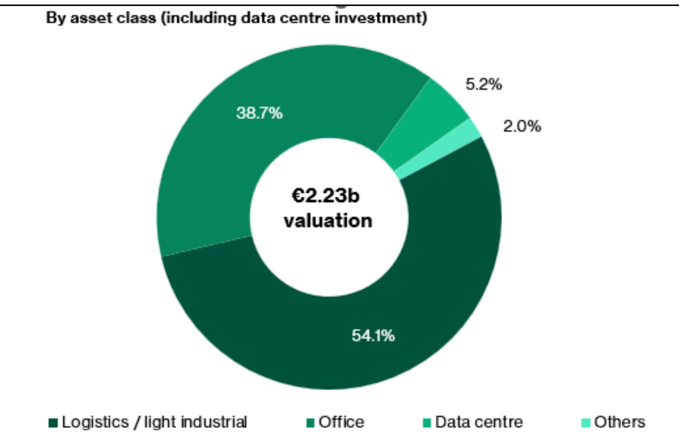
Focus charts and tables

Figure 1: Portfolio valuation by geography



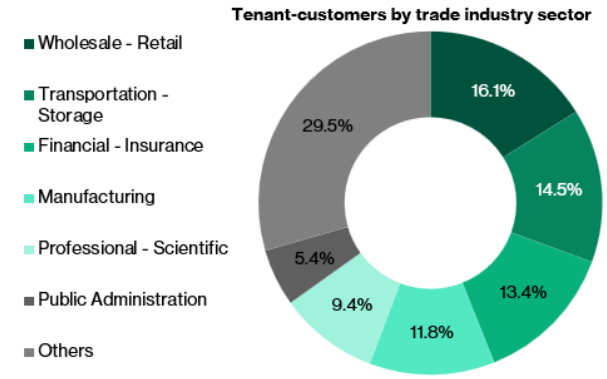
Source: Company data

Figure 2: Portfolio valuation by asset class



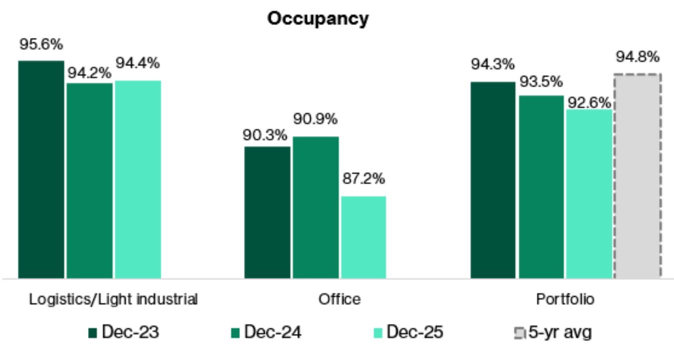
Source: Company data

Figure 3: Tenant-customer by trade industry sector



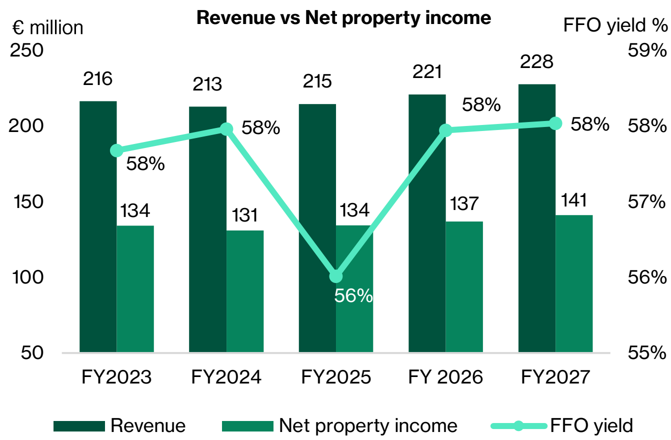
Source: Company data

Figure 4 Occupancy



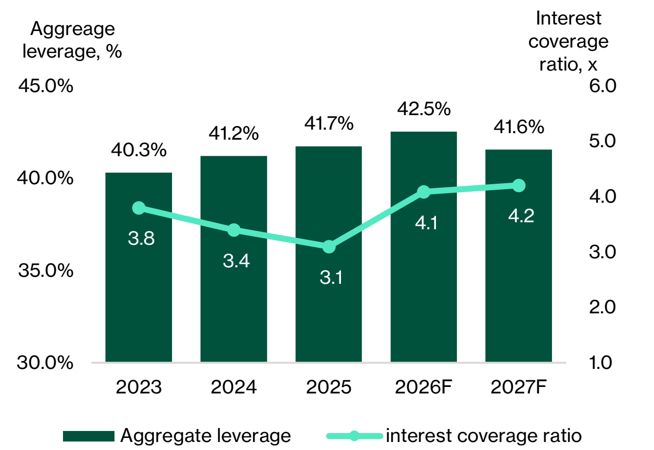
Source: Company data

Figure 5: Revenue, net property income and FFO yield



Source: Company data, Beansprout research

Figure 6: Aggregate leverage and interest coverage ratio



Source: Company data, Beansprout research

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Singapore's only pure Europe-focused REIT

About Stoneweg Europe Stapled Trust

Stoneweg Europe Stapled Trust, formerly known Cromwell European Real Estate Investment Trust (REIT), was formed upon the transition to the new sponsor, Swiss-based SWI Group, in 2024.

SWI Group acquired a 27.8% stake in Stoneweg Europe Stapled Trust and its management platform in Singapore and Europe for €280 million. SWI Group is a diversified alternative investment platform with more than €10 billion across real estate, infrastructure, data centres and other commercial assets across Europe.

Established in 2017, Stoneweg Europe Stapled Trust is listed on the Singapore Stock Exchange with market capitalisation of approximate S$1.4 billion. According to the investment mandate, at least 75% of the portfolio must be located in Western Europe, and at least 75% must be allocated to the logistics/light industrial and office sectors.

As at 31 December 2025, 90% of the portfolio is concentrated in Western Europe and the Nordics, while logistics/light industrial and data centre assets account for approximately 60% of the portfolio. Management has a medium-term strategic goal to increase the logistics/light industrial weighting further, reflecting the sector's favourable structural demand dynamics relative to traditional office.

Total portfolio valued at €2.16 billion

Stoneweg Europe Stapled Trust's portfolio is valued at €2.16 billion, as at 31 December 2025. The portfolio comprises 96 predominantly freehold properties located in or near major gateway cities in the Netherlands, Italy, France, Germany, Finland, Denmark, the Czech Republic and the United Kingdom.

As at 31 December 2025, the portfolio has an aggregate lettable area of approximately 1.6 million square metres and 700+ tenant-customers.

Portfolio occupancy stood at 92.6%, down slightly from 93.5% a year earlier, mainly due to tenant departures in the Polish office portfolio and at a couple of Dutch properties. The weighted average lease expiry (WALE) was 4.9 years by headline rent, easing from 5.1 years at end-2024.

On 23 June 2025, Stoneweg European BT (the business trust arm of the SERT stapled structure) invested €50 million to acquire a 6.65% stake in AiOnX. AiOnX is a subsidiary of the REIT's sponsor. The REIT made a second €50 million investment in AiOnX in late March 2026, bringing its total committed capital to the platform to €100 million. The second tranche was structured differently from the initial equity investment. It was made via a mandatory convertible loan carrying a coupon of 7.25% per annum with a seven-year tenure

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Figure 7: Portfolio overview

SEREIT's portfolio overview as at 31 December 2025

96 well-located properties across European gateway cities with average portfolio initial yield of 6.2% and a longer-term reversionary yield of 7.6%

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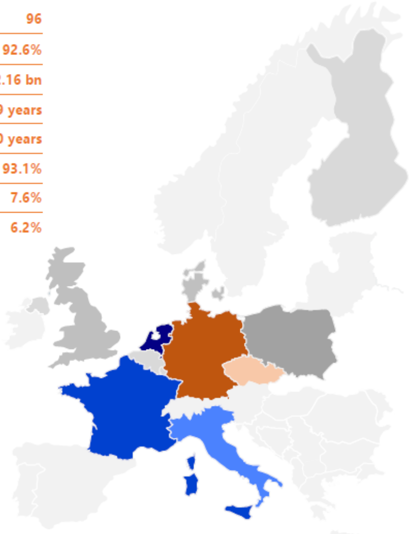
Properties	96
Occupancy rate[1]	92.6%
Portfolio valuation[2]	€2.16 bn
WALE	4.9 years
WALB	4.0 years
% freehold[3]	93.1%
Average reversionary yield	7.6%
Initial Yield	6.2%



The Netherlands	
Properties	14
Lettable Area (sqm)	247,830
Valuation (€ million)	609.9
% of Portfolio	28.3%
Initial Yield	6.2%
Reversionary Yield	7.9%

France	
Properties	19
Lettable Area (sqm)	263,610
Valuation (€ million)	468.0
% of Portfolio	21.7%
Initial Yield	6.0%
Reversionary Yield	7.2%

Italy	
Properties	14
Lettable Area (sqm)	433,676
Valuation (€ million)	360.4
% of Portfolio	16.7%
Initial Yield	6.0%
Reversionary Yield	7.2%

Germany	
Properties	14
Lettable Area (sqm)	230,282
Valuation (€ million)	220.8
% of Portfolio	10.2%
Initial Yield	5.7%
Reversionary Yield	6.5%

Poland	
Properties	4
Lettable Area (sqm)	89,392
Valuation (€ million)	149.0
% of Portfolio	6.9%
Initial Yield	8.7%
Reversionary Yield	10.9%

Denmark	
Properties	12
Lettable Area (sqm)	152,745
Valuation (€ million)	149.1
% of Portfolio	6.9%
Initial Yield	5.5%
Reversionary Yield	7.0%

Czech Republic	
Properties	7
Lettable Area (sqm)	73,824
Valuation (€ million)	78.1
% of Portfolio	3.6%
Initial Yield	6.1%
Reversionary Yield	5.8%

United Kingdom	
Properties	3
Lettable Area (sqm)	65,566
Valuation (€ million)	71.0
% of Portfolio	3.3%
Initial Yield	5.8%
Reversionary Yield	6.4%

Finland	
Properties	9
Lettable Area (sqm)	49,034
Valuation (€ million)	48.8
% of Portfolio	2.3%
Initial Yield	8.2%
Reversionary Yield	11.4%

1. Occupancy rate is as at 31 December 2025, based on NLA, excludes certain units in Kolumbusstraße 16 which are currently under redevelopment.
2. Based on independent valuation of 96 assets as at 31 December 2025.
3. By NLA

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Source: Company data

Shift toward logistics and data centres through active capital recycling

Stoneweg Europe Stapled Trust focuses on raising the exposure to logistics, light industrial and data centres to a vast majority weighting over the medium term. Structural tailwinds – e-commerce penetration, supply chain reconfiguration, and accelerating AI and cloud adoption across Europe – are driving sustained demand for logistics and data centre assets, supporting occupancy, rental growth, and long-term asset values.

The focus on Western Europe is driven by the logistics segment, where structural demand from e-commerce, supply chain reconfiguration and inflation-linked lease structures, support resilient occupancy and rental growth.

On the other hand, office assets were underperforming. In FY2025, the Polish office portfolio was a notable drag with negative rent reversion across the portfolio. This explains the why the management is actively divesting non-core office assets and recycling into logistics and data centres

The strategy centres on active capital recycling, with non-core office assets divested and proceeds redeployed into higher-conviction opportunities. In FY2025, it sold eight properties for €120 million, including its entire Slovakia portfolio. Disposals have been well-timed, exemplified by the Rome Maxima office sale at a 32% premium to valuation.

When implementing asset enhancement initiatives, it selectively pursues redevelopment of existing assets to enhance quality and earnings. Examples include the completed Nervesa21 office redevelopment in Milan (which achieved full

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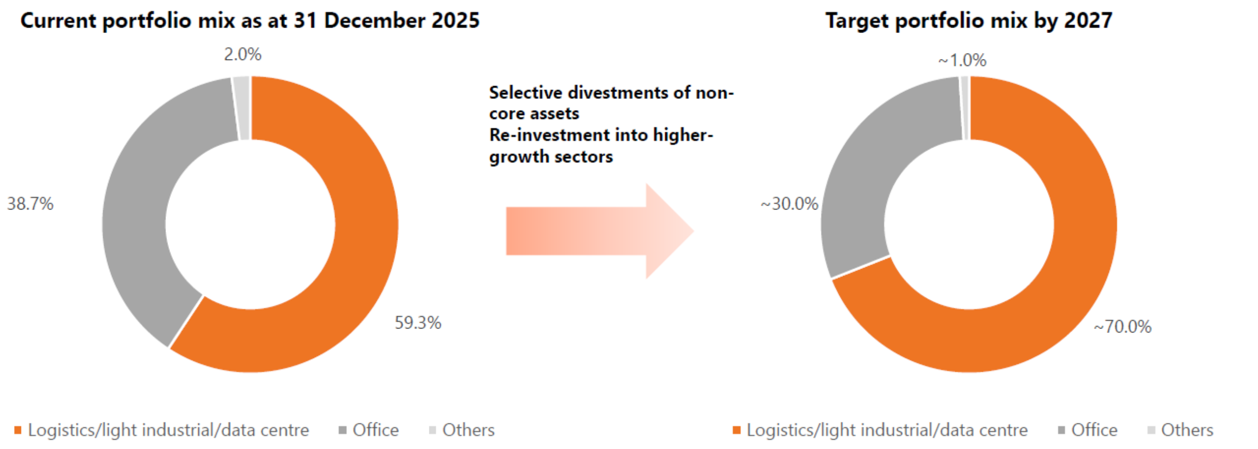
occupancy) and Via dell'Industria 18 in Italy. There's also an ongoing redevelopment at Kolumbusstraße 16 in Hamburg.

The management aims to increase the exposure to logistics/light industrial/data centre from the current 59% to closer to 70% by 2027.

Figure 8: Strategic focus on logistics and data centres to support income resilience and growth



Source: Company data

Strong sponsor with proven expertise in European real estate

The sponsor is SWI Group - a global alternative investment platform managing €11 billion in assets and operates in 18 countries. SWI Group is based in Geneva. SWI Group is also the largest unitholder, holding 28% stake in Stoneweg Europe Stapled Trust, which provides meaningful alignment with stapled securityholders. .

The sponsor has also strengthened its platform following its public listing. In February 2026, SWI Capital Holding completed its IPO on Euronext Amsterdam under the ticker "SWICH", achieving a market capitalisation of €2.55 billion.

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Figure 9: Stoneweg Europe Stapled Trust portfolio summary

Segment	No. of Assets	NLA (sqm)	Carrying Value (€ million)	Initial Yield (%)	Reversionary Yield (%)	Occupancy (%)	Number of Leases
The Netherlands (total)	14	247,830	609.9	6.2	7.9	96.2	204
Logistics / Light Industrial	7	70,043	111.7	5.0	6.0	97.9	144
Office	7	177,787	498.1	6.5	8.3	95.5	60
France (total)	19	263,610	468.0	6.0	7.2	85.6	239
Logistics / Light Industrial	17	231,679	413.7	5.9	6.9	88.3	207
Office	2	31,931	54.3	6.2	9.7	66.2	32
Italy (total)	14	433,676	360.4	6.0	7.2	98.3	62
Logistics / Light Industrial	5	309,059	166.9	6.3	7.1	100.0	31
Office	6	81,434	149.0	5.7	6.9	91.2	24
Others	3	43,183	44.5	6.2	8.7	100.0	7
Germany (total) Logistics / Light Industrial	14	230,282	220.8	5.7	6.5	95.7	73
Poland- Office	4	89,392	149.0	8.7	10.9	83.2	77
Denmark (total) - Logistics / Light Industrial	12	152,745	149.1	5.5	7.0	89.2	105
The Czech Republic (total) - Logistics / Light Inc	7	73,824	78.1	6.1	5.8	88.0	14
Finland (total) - Office	9	49,034	48.8	8.2	11.4	71.6	194
United Kingdom (total) - Logistics / Light Indust	3	65,566	71.0	5.8	6.4	100.0	3
Logistics / Light Industrial (total)	65	1,133,197	1,211.0	5.8	6.7	94.4	577
Office (total)	28	429,579	899.3	6.8	8.8	87.2	387
Others (total)	3	43,183	44.5	6.2	8.7	100.0	7
TOTAL	**96**	**1,605,959**	**2,155.0**	**6.2**	**7.6**	**92.6**	**971**

Note :
1. As at 31 December 2025.
2. Based on the independent valuation as at 31 December 2025 for 96 assets.
3. Initial yield is based on independent valuation as of 31 December 2025 and calculated as passing NOI divided by fair value net of purchaser's costs
4. Reversionary yield is based on independent valuation as of 31 December 2025 and calculated as market NOI divided by fair value net of purchaser's costs

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Industry outlook

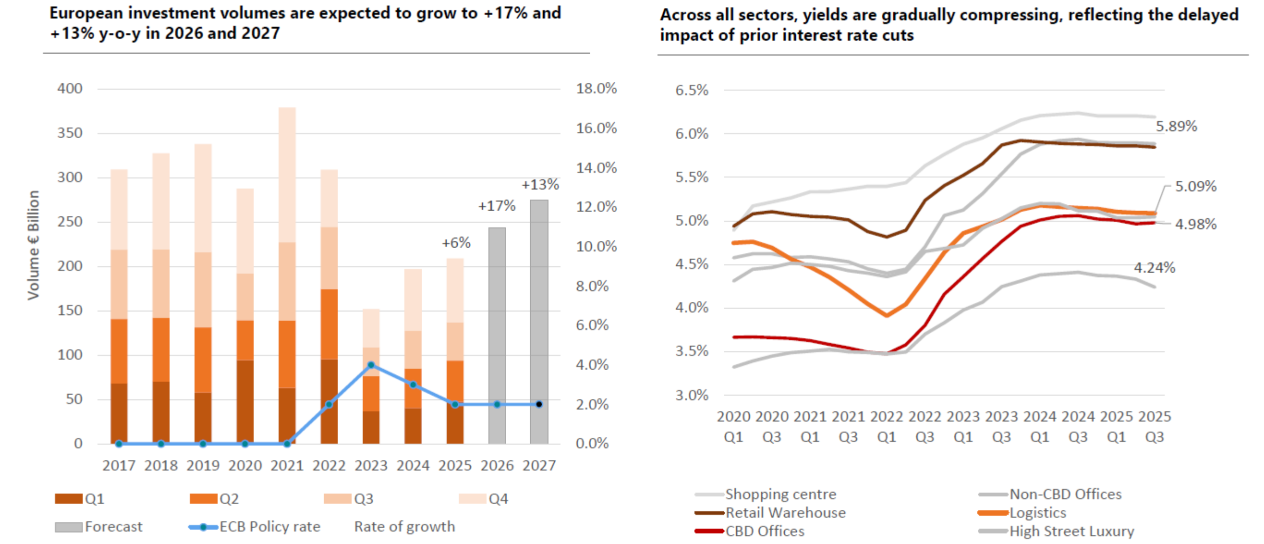
The macroeconomic backdrop in the Eurozone is expected to remain resilient. According to Oxford Economics, GDP growth in the Eurozone outperformed consensus at 1.5% in 2025, up from 0.8% in 2024. For 2026, GDP growth is projected to remain modest at 1.1% and inflation of around 1.7%. Growth is expected to rise to 1.6% in 2027, supported by higher public infrastructure and defence spending, alongside recent 200bps rate cuts, despite tariff uncertainty and a stronger euro.

Inflation has moderated through 2025 to 1.7%, close to the European Central Bank's 2% target. Further easing in core inflation could provide a more supportive backdrop for real estate and credit markets.

Investment volumes are rising and expected to grow at 17% and 13% year-on-year in 2026 and 2027, respectively. Cap rates have started to compressing to reflect the current rate cut cycle.

The European real estate market remains bifurcated, with logistics and data centres showing structural growth, while office assets face ongoing pressure – supporting SERT's pivot towards logistics and alignment with data infrastructure themes.

Figure 10: European real estate market cycle is turning upward



Source: Savills Research

Logistics stays resilient as demand improves and vacancies stabilise

Logistics and light industrial assets remain resilient, supported by structural tailwinds such as e-commerce growth, supply chain reconfiguration, and nearshoring.

In 2025, European logistics leasing activity strengthened and pointing to a possible inflection. Take-up is expected to reach the low-20s million sqm for the full year, compared with about 19 million sqm in 2024. Logistics vacancy rates began to stabilise in the second half of 2025 and are expected to moderate to 5.0–6.0% by 4Q 2025.

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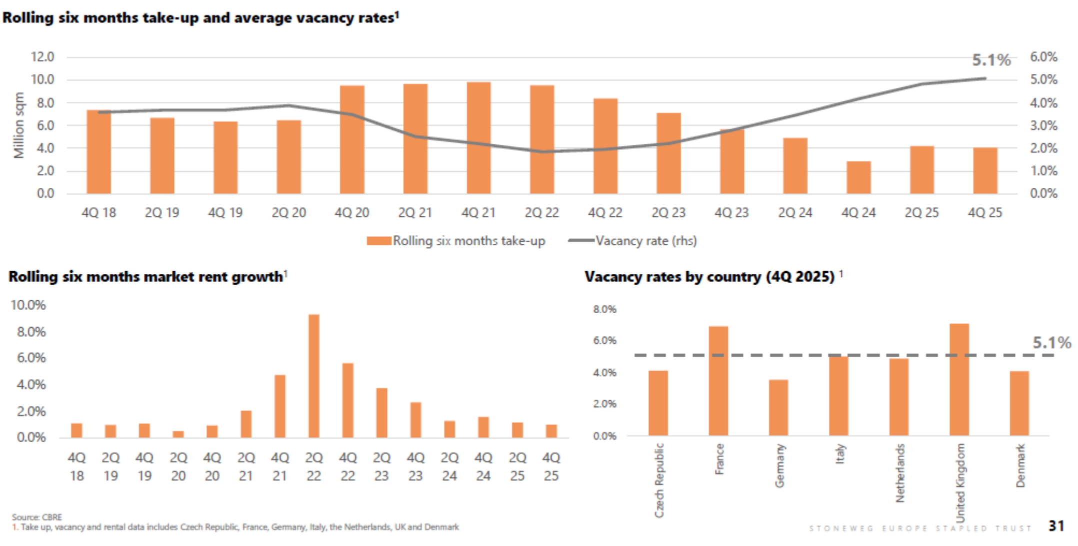
Figure 11: European logistics market vacancy rates are stabilising at c. 5%



Source: CBRE Research

SERT shifts to prime offices amid flight-to-quality demand

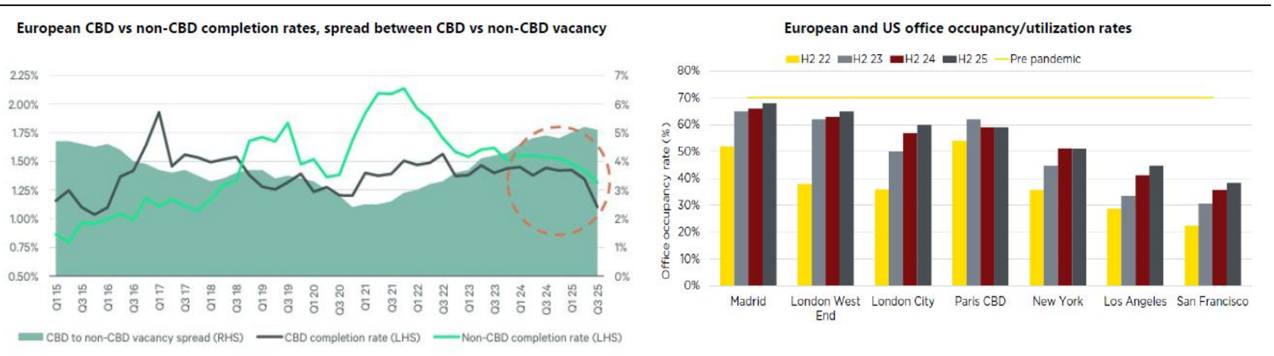
The office sector continues to face structural headwinds, particularly for older or non-core assets. Hybrid work trends and tenant downsizing have weighed on demand. But prime office assets in key locations with strong ESG credentials continue to see relatively stable demand, reinforcing a flight-to-quality dynamic.

SERT's strategy of divesting weaker office assets while enhancing retained properties helps mitigate these risks. For retained office assets, the focus is on prime or core locations in key gateway cities, where demand tends to be more stable.

European office utilisation is recovering, with tight supply and a clear flight to quality supporting ~2.1% prime rental growth in 2026. CBD assets are leading. CBRE highlights a widening vacancy gap versus non-CBD offices, driven by stronger demand for well-located Grade A space, consistent with SERT's positioning.

Demand is firming. Savills data shows utilisation in cities like Madrid, London and Paris nearing 70% in 2025, ahead of U.S. markets. Looking ahead, Oxford Economics expects ~605,000 new office-based jobs across the EU, supporting absorption.

Figure 12: Improving CBD office fundamentals expected to drive prime rents



Source: CBRE, Savills Research

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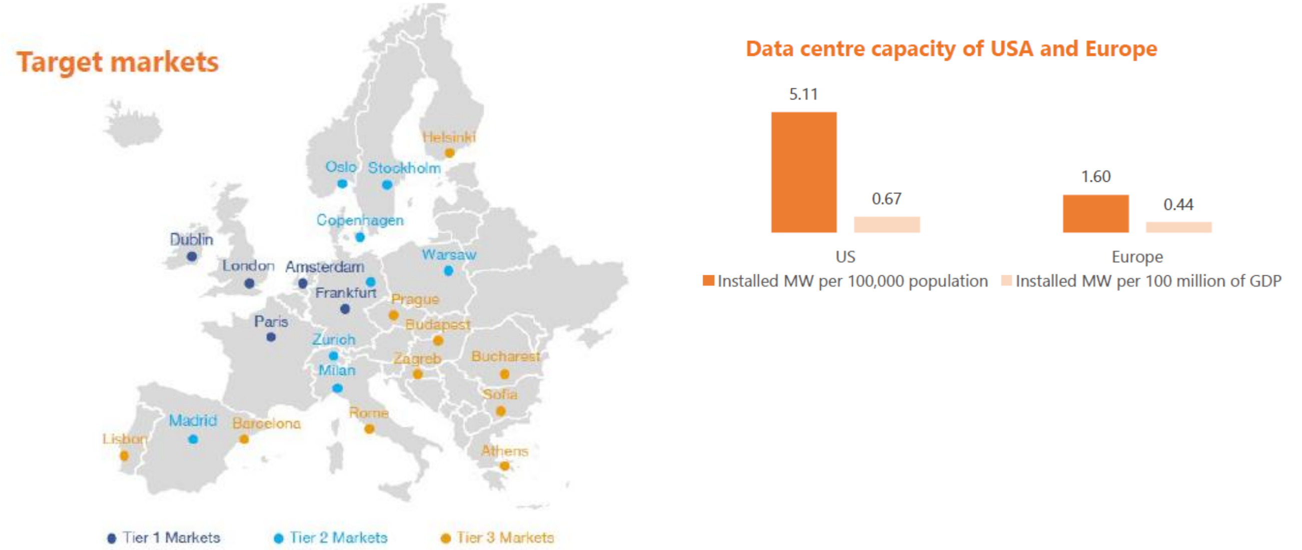
Data centre demand stays strong as supply remains constrained

Demand for data centres remains strong, particularly in major tech hubs, driven by the increasing reliance on cloud computing, artificial intelligence, and data-intensive industries. To support data resilience, capacity is expected to grow at a double-digit pace over the coming decade, yet near-term supply remains constrained.

Limited availability of land, especially in dense urban areas, alongside energy constraints and strict environmental regulations, continues to restrict new developments and delay approvals. As a result, already secured and powered sites are highly sought after by hyperscalers and investors.

Despite this demand, Europe still lags the US in data centre capacity and will need to significantly scale up, potentially tripling capacity over the next few years to meet requirements. This growth is further underpinned by the rapid expansion of the global AI market, which is expected to reach US$1.8 trillion by 2030. Data generation is forecasted to grow by 28% CAGR, from 175 zetabytes in 2025 to 2,142 ZB in 2035.

Figure 13 : Europe - significant data centre growth opportunity



Source: CBH, Data Center Dynamics "US data center power consumption to double by 2030". Savills "European Data Centers Deep dive in the data sphere", WorldBank, Grand View Research, Statista, Ericson Mobility Report, Guardian, Cisco, AiOnX

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Focused on stable distributions and long-term NAV growth

Its goal is to provide unitholders with stable and growing distributions and net asset value per unit over the long term, while maintaining an appropriate capital structure.

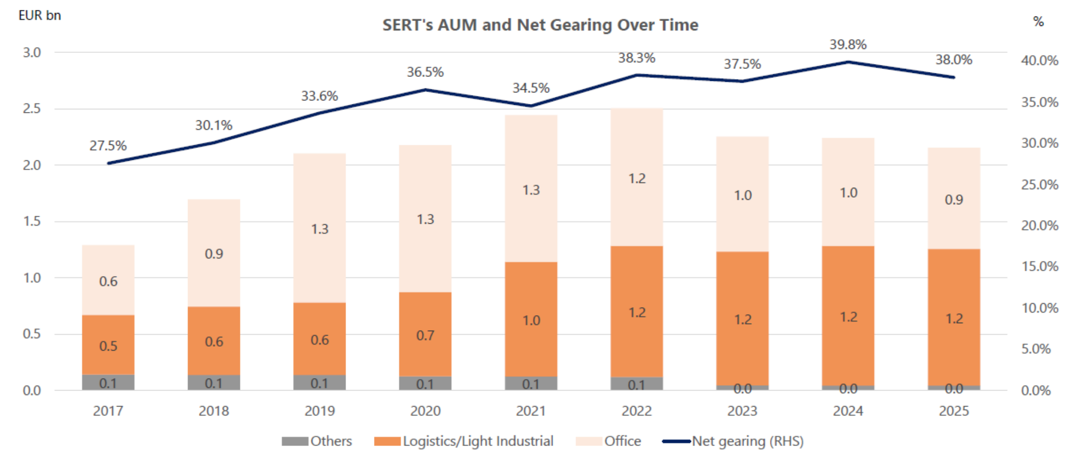
Portfolio grew since IPO as active recycling shifted exposure toward logistics

Portfolio valuation declined by €73.4 million or 3.3% year-on-year, to €2,152.5 million at 31 December 2025. This decline was primarily driven by asset divestments during the year. In FY2025, the REIT sold eight properties, including the entire Slovakia portfolio.

The REIT recorded a net fair value gain of €11.3 million on its remaining investment properties in FY2025, led by the logistics assets. On a like-for-like basis, portfolio valuation gained 2.15% year-on-year, or €45.4 million in FY2025.

Since IPO in 2017, the portfolio has grown from €1.3 billion to €2.2 billion, up by 67%. Meanwhile, the REIT has proactively preserved its balance sheet, with net gearing maintained below 40%. To position the portfolio of sustainable and stable income streams, the REIT has shifted the weighting to logistics/ light industrial from 33% in 2020 to 60% in 2025. To fund the acquisitions, the REIT has disposed €400 million of non-core and non-strategic assets since 2022.

Figure 14: Portfolio growth with prudent capital management



Source: Company data

Strong leasing and rental reversions supported portfolio income growth

Portfolio rental reversion for FY2025 came in at 9.8%, significantly higher than the five-year average of 4.3%. It reported strong leasing success with approximately 300,000 square metres ("**sqm**") of new leases and re-leasing secured, representing around 20% of the portfolio. Offices delivered the strongest reversion at 10.8%, followed by logistics at 8.8% and light industrial at 8.1%.

Notable lease deals driving reversions include :

- a 20-year lease with NN Group NV in The Hague at a +50% rent reversion
- long-term renewals in Italy and Denmark at greater than +20% rent reversion
- The Nervesa21 office in Milan contributed strongly after the redevelopment was completed and fully leased.

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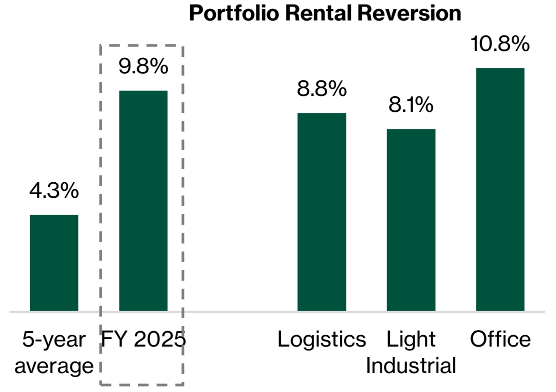
Leasing activity remained robust, with 18.5% of logistics NLA and 21.3% of office NLA signed or renewed in FY2025. Logistics momentum strengthened into 2H2025, accounting for 11.7% of activity versus 6.3% in 1H, while office leasing was front-loaded, with 15.6% completed in 1H compared to 4.3% in 2H.

Tenant retention in logistics dropped to 48.2% from 58.0% in FY2024, meaning more than half of expiring logistics tenants departed. However, this was offset by the high rental reversion of close to 9%. Office retention was broadly stable at 83.6%.

Figure 15: 9.8% portfolio rent reversion in FY 2025



Source: FY2025 financial results

Figure 16: Leasing

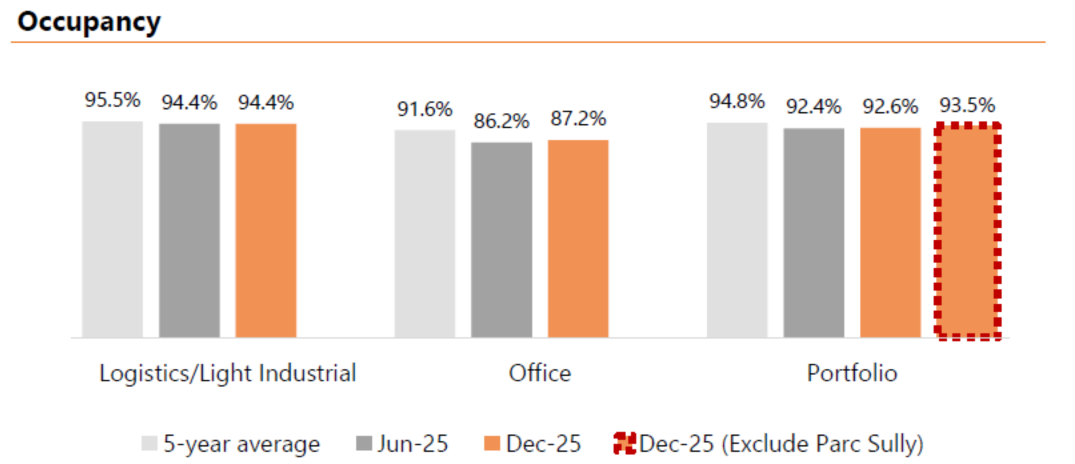
LOGISTICS / LIGHT INDUSTRIAL	FY 2025	2H 2025	1H 2025	FY 2024
Leases signed/renewed , % of NLA	18.5%	11.7%	6.3%	17.8%
Leases signed/renewed, sqm	209,092	132,465	76,627	217,914
Tenant retention	48.2%	48.5%	47.9%	58.0%

OFFICE	FY 2025	2H 2025	1H 2025	FY 2024
Leases signed/renewed , % of NLA	21.3%	4.3%	15.6%	22.2%
Leases signed/renewed, sqm	91,679	18,617	73,061	106,219
Tenant retention	83.6%	58.7%	89.2%	85.1%

Source: FY2025 financial results

By geographical segment, assets with high occupancy include those in Italy (100%), Netherland (96.2%), UK logistics (100%) and Germany logistics (95.7%). Occupancy of office assets was weak, in Poland (83.2%), Finland (71.6%) and France (66.2%).

Figure 17: Occupancy by segment



Source: Company data.
Note : 1. Parc Sully (15,000sqm) was 100% vacant at 31 December 2025, in advance of a potential sale to an owner occupier buyer ; 2.5-year average 2020-2024

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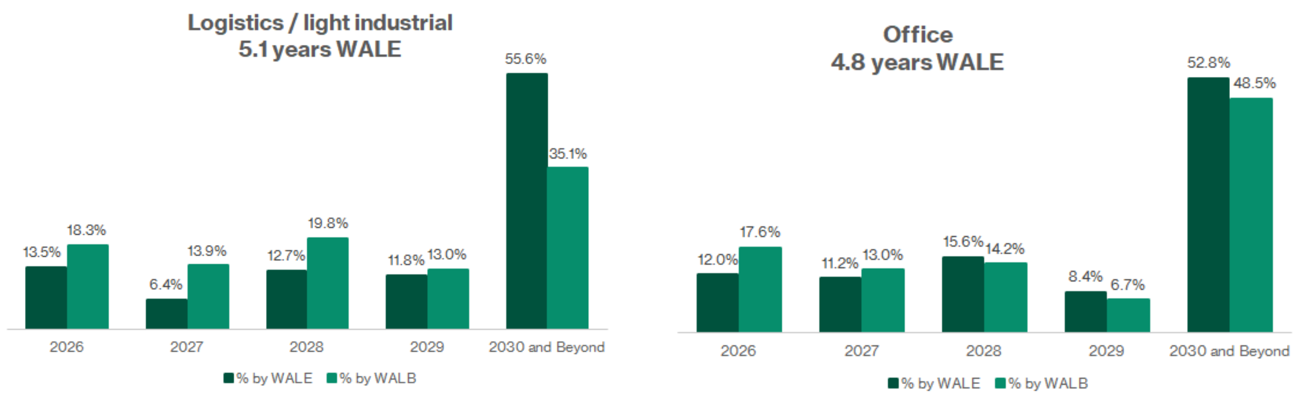
Stable weight average lease expiry

As at 31 December 2025, portfolio weighted average lease expiry ("WALE") of 4.9 years was marginally lower from 5.1 years at 31 December 2024.

The portfolio provides reasonable cash flow visibility on commercial assets, in our view. Active asset management on leasing activities is key to manage the lease expiry profile.

By segment, logistics reported WALE of 5.1 years as at 31 December 2025, from 5.3 years as at 31 December 2024. Office segment reported WALE of 4.8 years as at 31 December 2025, from 4.9 years as at 31 December 2024.

Figure 18: Long-dated lease profile enhances cash flow visibility



Source: Company data

Asset enhancement initiatives and organic growth drivers support future NPI upside

Stoneweg Europe Stapled Trust sees potential NPI growth driven by occupancy, under-renting, indexation, and its three-year asset enhancement initiatives (AEI) and development pipeline. The AEI programme is a key part of the strategy to enhance portfolio quality and drive organic growth without relying solely on acquisitions – particularly important given the current higher interest rate environment.

Figure 19: Key assets with AEI initiatives

Property	Country	Segment	AEI works
Kolumbusstraße 16, Hamburg	Germany	Logistics	Certain units are currently under redevelopment, as noted in the financial statements. This property was excluded from occupancy calculations. The redevelopment caused lower rental income and higher non-recoverable costs during FY2025, dragging on Germany's logistics NPI.
Haagse Poort, Den Haag	Netherlands	Office	A major €60 million upgrade has been confirmed and is expected to commence in 2026 and be completed in 2030. This is SERT's largest single asset (valued at €174 million) and the upgrade is a significant long-term value creation initiative. SERT also secured a new €50 million green development loan specifically for this property in July 2025.
Thorn Lighting / Spennymoor	UK	Logistics	There is a committed AEI focusing on space expansion and solar panel installation.
De Ruyterkade 5	Amsterdam, Netherlands	Office	This property is in early planning stages for enhancement work.
Parc des Docks	Saint Ouen, France	Logistics	Listed among the key AEIs and redevelopments to be progressed Minichart, alongside Haagse Poort and De Ruyterkade. This is SERT's largest French logistics asset, valued at €172 million.

Source: Company data.

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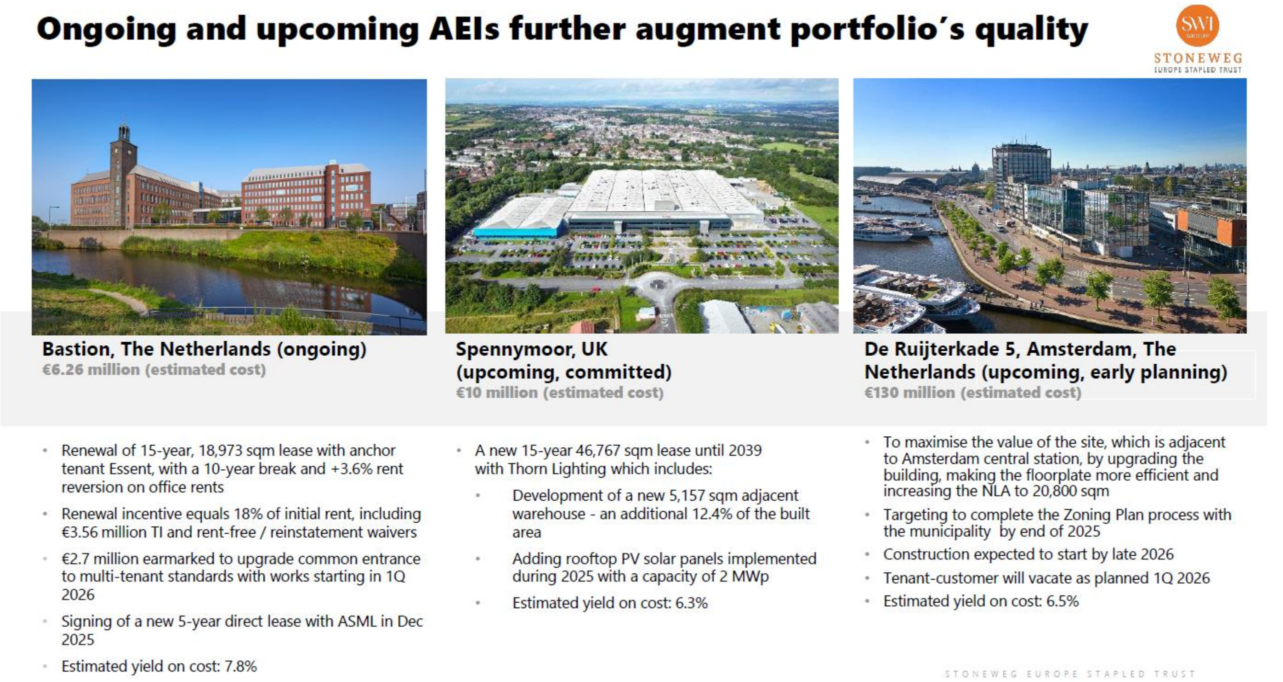
Figure 20: Asset enhancement initiatives



Source: Company data

Early data centre exposure adds a new long-term growth driver

To drive the portfolio towards higher quality income, the REIT made the first move into the data centre space in 2025. On 23 June 2025, the REIT invested €50m into AiOnX data centre fund. AiOnX is an unquoted fund that owns a portfolio of five early-stage data centre development sites. When fully developed, these sites could have up to 2.3 gigawatts (GW) of total power capacity – which is a very substantial scale. The investment booked a fair value gain of €20.5m in FY2025.

Stoneweg Europe Stapled Trust made a second tranche investment in March 2026, investing another €50 million in AiOnX via a mandatory convertible loan carrying a coupon of 7.25% per annum with a seven-year tenure, which can be converted into AiOnX shares at maturity at a discount.

We are positive on the REIT's pivot towards this fast-growing asset class. It has secured early-stage exposure through its sponsor relationship. SWI Group is the manager of AiOnX. When completed, AiOnX will be one of the largest data centre owners in Europe. This asset will drive the capital appreciation and income generation potential of the REIT in future.

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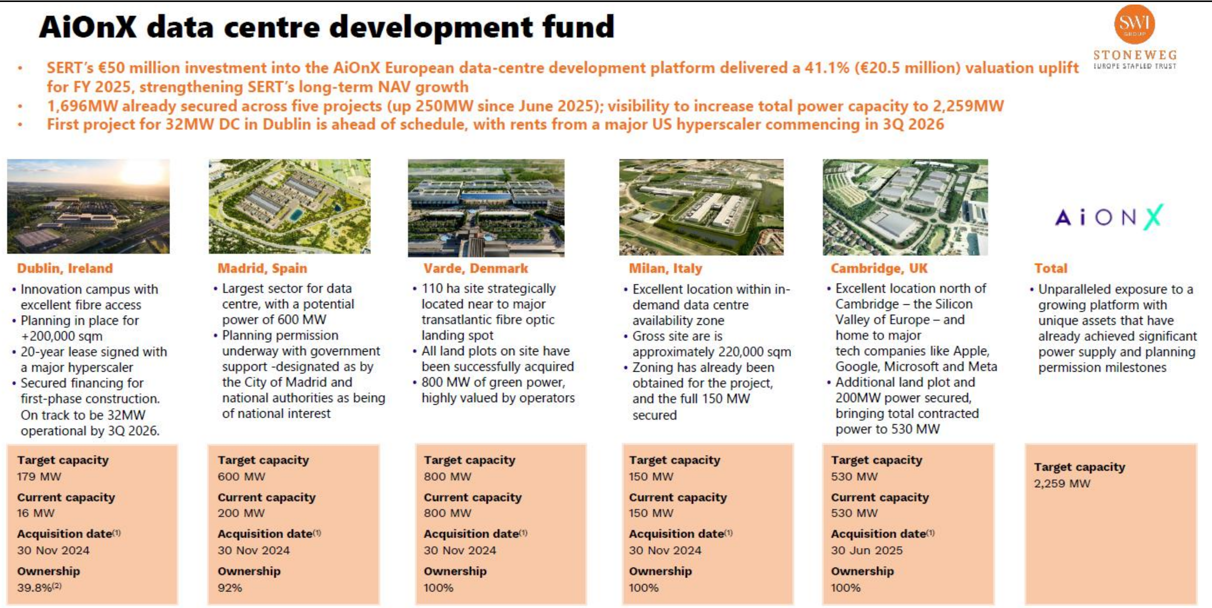
Figure 21: Expanding into data centre assets



Source: Company data

Note : 1. Acquisition date is the date in which the assets were transferred/ acquired by the IDC Fund (ICF SPC)

2. Shareholding was increased in Q2 2025 following an opportunistic restructuring with other exiting shareholders

Elevated leverage but stable, well-hedged debt profile

As of 31 December 2025, aggregate leverage increased to 42.4%, from 41.2% as at 31 December 2024. Management expects the leverage to remain at the upper end of the policy range of 35-40%.

94% of the total debt is fixed or hedged using interest rate cap or swaps contracts.

All-in interest rate increased to 3.85% in FY2025, from 3.05% in FY2024. This was due to the bond refinancing in January 2025 when it issued €500 million of fixed rate senior unsecured notes at a coupon of 4.25%.

This increase was partially offset by lower interest expense on the unhedged portion of floating-rate borrowings, following declines in 3M Euribor and the Euro short-term rate (€STR). 3-month Euribor fell by 80 basis points in 1H 2025 to 1.94% and remain in the 2% range in 2H 2025. The remaining facilities, totalling €422 million, were refinanced at lower margins later in the year.

Following the refinancing activities in 2025, it does not have any debt maturities till 2030.

Interest coverage ratio of 3.1 times is broadly in line with S-REIT peers and sits comfortably above the regulatory minimum of 1.5 times.

Weighted debt to maturity improved to 5.6 years as at 31 December 2025, from 4.2 years as at 31 December 2024.

In October 2025, Fitch Ratings upgraded Stoneweg Europe Stapled Trust's credit rating to BBB, from BBB-, with a stable outlook, reflecting its improved portfolio quality and stable financial leverage metrics.

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Figure 22: Ample liquidity and investment-grade quality capital metrics

Key metrics	As at 31 Dec 2025 SERT (stapled trust)	As at 31 Dec 2025 SEREIT (REIT)	As at 31 Dec 2024 SEREIT (REIT)	Debt covenants
Total gross debt	€1,003 million	€1,003 million	€957 million	
Total committed undrawn facilities	€214 million	€214 million	€537 million	
Cash and cash equivalents	€111 million	€111 million	€39 million	
Net gearing (leverage ratio)[1]	38.0%	38.5%	39.8%	<60%
Interest coverage ratio ("ICR")[1]	3.1x	3.1x	3.4x	≥ 2x
Unencumbrance ratio	232.6%	232.6%	239.9%	>170-200%
All-in interest rate	3.86%	3.86%	3.05%	
Stapled Securityholders' NAV	€1,131 million	€1,098 million	€1,141 million	>€600 million

ICR (MAS) Sensitivities[2]	
ICR (12 month trailing)	2.6x
ICR if 10% decrease in EBITDA is assumed	2.3x
ICR if 100 bps increase in interest rates on unhedged debt is assumed	2.5x

Source: Company data

Figure 23: 3-month Euribor fell by 80 basis points in 1H 2025 to 1.94%

Source: Euribor

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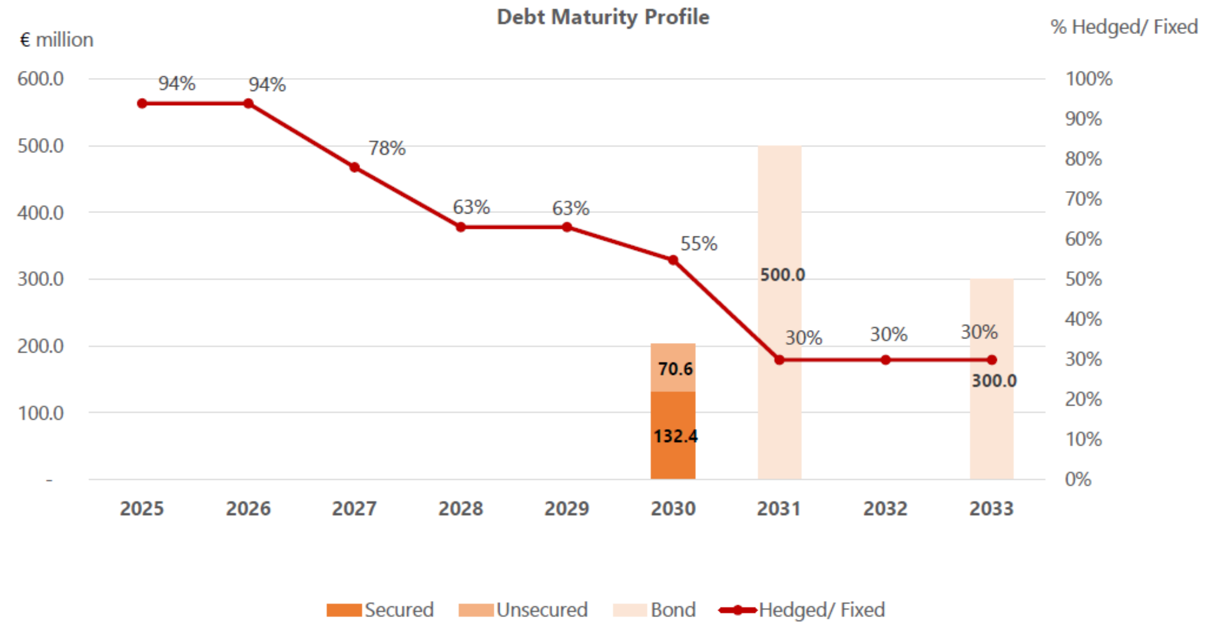
Figure 24: No debt maturities till 2030



Source: Company data

FY2025 financial results

Revenue increased by 0.8% year-on-year to €214.62 million in FY2025. Net property income (NPI) rose 2.5% year-on-year to €134.36 million. Excluding the impact of divestments, net property income grew by 5.0% year-on-year in FY2025 on a like-for-like basis. The REIT recorded higher income from redevelopments and growth in the logistics/light industrial sectors.

FY2025 distributable income declined 5.7% year-on-year to €74.8 million, driven by higher interest expense. Interest expense increased by 15.2% year-on-year to €44.0 million. This was mainly attributed to the €500 million green bonds issued in January 2025, at a higher coupon of 4.25% p.a. However, this was partly offset by lower refinancing costs later in the year as 3M Euribor and the Euro short-term rate decreased. Further, the €10.0 million buyback was 1.1% accretive.

Stoneweg Europe Stapled Trust delivered FY2025 distribution per security (DPS) at 13.39 € cents, declined by 5.1% year-on-year. Management expects FY2026 DPS to be similar to FY2025, implying 8.9% distribution yield at the current security price.

Figure 25: FY2025 highlights

FYE Dec, € '000	FY2025	FY2024	Change % year-on-year
Gross revenue	214,617	212,919	0.8%
Operating expense	(80,256)	(81,774)	1.9%
Net property income (NPI)	134,361	131,145	2.5%
Net interest costs (excluding amortised establishment costs)	(41,275)	(32,977)	(25.2%)
Managers' fees, other trust expenses & other income	(11,618)	(11,303)	(2.8%)
Current tax expenses (excluding deferred tax)	(7,530)	(7,540)	0.1%
Misc. distribution adjustments (excl. fair value adjs etc) & perpetual security share of profits	849	3	➤ 100%
Distributable income	74,787	79,328	(5.7%)
DPS (€ cents)	13.390	14.106	(5.1%)

Source: Company data
Note : Distribution per stapled security ("DPS") is based on applicable stapled securities entitled to distribution at record date of each distribution

Logistics and light industrial delivered solid growth

Logistics/light industrial reported revenue at €106.3 million in FY2025, up 4.2% year-on-year. Net property income increased by 7.7% year-on-year to €71.2 million.

Key contributors included stronger contributions from the Italian portfolio, especially Via dell'Industria 18, following the completion of its redevelopment and the start of new leases. Net property income from Italy rose 27 per cent year on year, supported by both higher rental income and lower operating expenses.

Performance in France also improved, helped by lower provisions for doubtful debts and higher rent from annual inflation indexation.

Across the wider portfolio, income was further supported by annual rent indexation and better occupancy, including in markets such as the Netherlands and Denmark.

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Office income was broadly stable

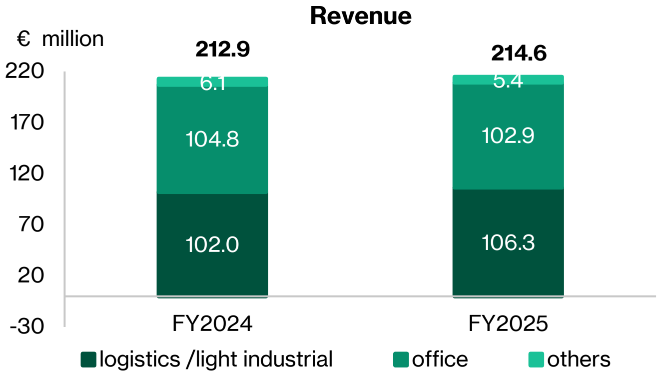
Office portfolio reported revenue at €102.9 million in FY2025, declining by 1.8% year-on-year. Net property income decreased by 2.7% year-on-year to €59.0 million, due to the impact of divestments made in FY2024 and 2025.

Stoneweg Europe Stapled Trust divested four properties in FY2024 and seven properties in FY2025. In total, these divestments reduced net property income by €1.6 million. On a like-for-like basis, net property income was mostly stable.

The Italian portfolio recorded higher income from Nervesa21 in Italy following the completion of the redevelopment. On a like-for-like basis, the Italian portfolio's net property income grew 31.3% year-on-year, reflecting strong underlying performance.

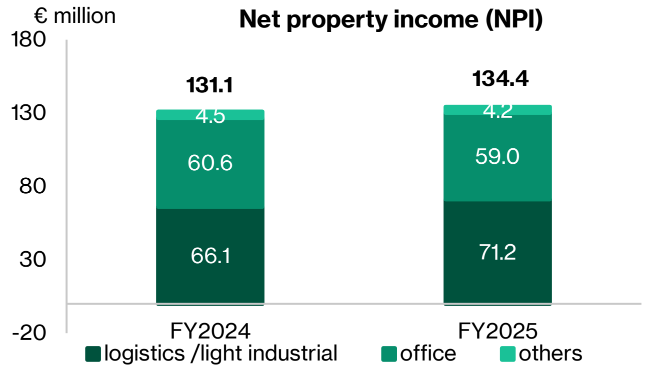
In France, NPI rose by 38.3% year-on-year on a like-for-like basis, driven mainly by lower provisions for bad debts at Cap Mermoz following tenant settlements, as well as reduced portfolio-level maintenance expenses.

Figure 26: Revenue by segment



Source: Company data

Figure 27: Net property income by segment



Source: Company data

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Initiate at Buy

We initiate coverage on Stoneweg Europe Stapled Trust with a 12-month target price of €1.73 per security. The target price is based on dividend discount model with a 10% discount to reflect the current heightened geopolitical risks. We are concerned that if the US-Iran war led to prolonged period of elevated oil price, Eurozone Central Bank may hike benchmark interest rates.

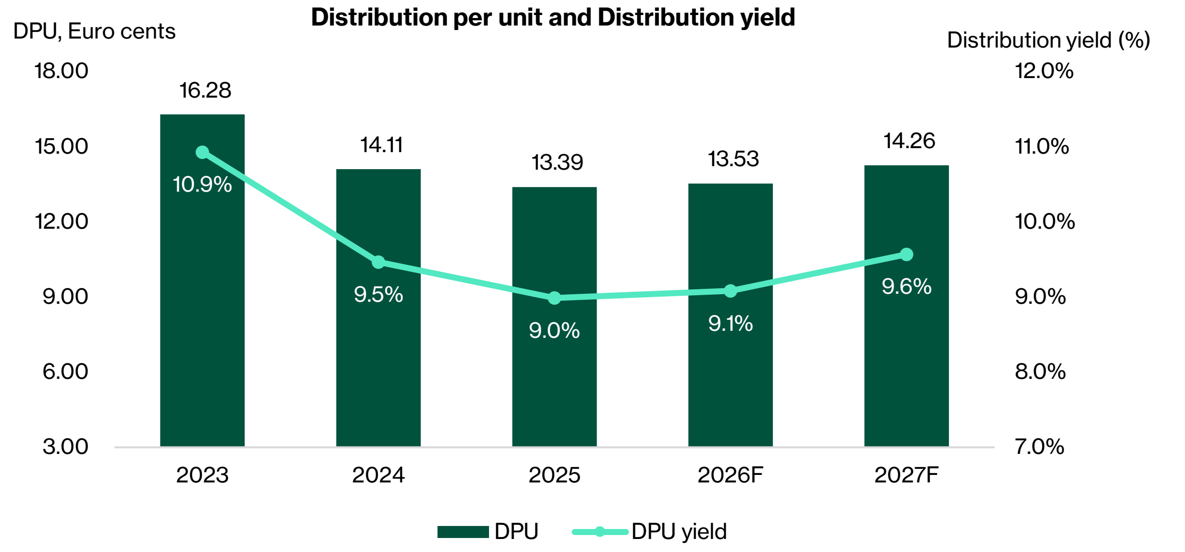
That said, Stoneweg Europe Stapled Trust has reconstituted the portfolio towards income generation and growth potential.

A long WALE provides earnings stability and reduces near-term leasing risk, while improving demand fundamentals a constructive outlook.

Target price of €1.73 offers FY2026E distribution yield of 7.8%

Currently, the REIT is trading at €1.49, implying FY26E distribution yield of 9.0%, FY27E distribution yield of 9.5%. Based on the reported NAV per security of €2.03 per security, the REIT is trading at price-to-book of 0.73x.

Figure 28: Stoneweg Europe Stapled Trust's projected distribution yield



Source: Beansprout research

Currently trading at €1.49, Stoneweg Europe Stapled Trust offers FY26E distribution yield of 9.0%. In comparison, Elite UK REIT and IREIT Global are trading at consensus forecast FY2026f distribution yield of 9.0% and 6.2%, respectively.

Stoneweg Europe Stapled Trust is trading at FY2025 price-to-book 0.73x, in versus Elite UK REIT's FY2025 price-to-book 0.91x and IREIT Global's FY2025 price-to-book 0.57x. Given the larger scale and established track record, we think Stoneweg Europe Stapled Trust will trade closer to the upper end of the range.

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Figure 29: Valuation comparison

Name	Ticker	Fiscal Period	Currency	Price	Market cap, S$ million	Revenue, S$ million	DPU yield FY2026E, %	DPU yield FY2027E, %	Price/Book 2025	Aggregate leverage
Stoneweg European Stapled Trust	SET-SG	12/2025	EUR	1.49	1,227	320.5	9.00%	9.50%	0.73	42.4%
Elite UK REIT	MXNU-SG	12/2025	GBP	0.35	359	66.0	8.99%	9.46%	0.91	42.8%
IREIT Global	UD1U-SG	12/2025	SGD	0.24	323	75.2	6.18%	6.18%	0.57	44.6%
Digital Core REIT	DCRU-SG	12/2025	USD	0.49	816	231.2	7.24%	8.50%	0.64	37.1%
Frasers Logistics & Commercial Trust	BUOU-SG	09/2025	SGD	0.90	3,397	472.8	6.46%	6.49%	0.86	34.8%
Mapletree Industrial Trust	ME8U-SG	03/2025	SGD	1.96	5,594	713.3	6.37%	6.54%	1.15	39.8%
Mapletree Logistics Trust	M44U-SG	03/2025	SGD	1.16	5,929	729.7	6.27%	6.54%	0.89	40.3%
						Average	**6.92%**	**7.82%**	**0.84**	

Source: Factset, Beansprout research

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Key risks

Key risks include interest rate risk, weak office demand, limited debt headroom, execution risk and macroeconomic risk.

Interest rate and refinancing risk

It is exposed to movements in European interest rates which have remain elevated relative to the low-rate environment seen in prior years. Higher all-in funding costs directly increases interest expense and reduces distributable income.

What this really means is that even if the underlying property income remains stable, distributions can still come under pressure due to financing costs alone. The pace and timing of rate cuts, as well as its ability to manage its debt maturity profile and hedging strategy, will be key in determining the extent of this impact.

It actively manages its debt profile through a mix of fixed and hedged borrowings and maintains a well-staggered debt maturity profile.

Office sector weakness

Office assets is a segment facing structural and cyclical headwinds across Europe. Demand for office space has softened in certain markets due to hybrid work trends, corporate cost rationalisation, and tenant downsizing. This has resulted in lower occupancy rates and weaker rental reversions compared to logistics assets.

Stoneweg Europe Stapled Trust is gradually reducing its exposure to office assets through selective divestments, while increasing allocation to logistics and light industrial properties. This strategic shift helps rebalance the portfolio towards sectors with stronger demand fundamentals and more resilient occupancy.

Leverage and limited debt headroom

Its gearing remains in the low-40% range, which is below regulatory limits but leaves only moderate headroom for additional borrowing. This constrains financial flexibility, particularly in a rising rate environment where maintaining balance sheet discipline is critical. This limits its ability to pursue acquisitions or fund large-scale redevelopment without raising equity. Ongoing divestments of non-core assets can free up capital and create additional headroom. The REIT also has access to multiple funding channels, including bank debt and capital markets, allowing it to optimise its capital structure.

Execution risk in portfolio repositioning

The REIT is actively repositioning its portfolio while undertaking asset enhancement initiatives and redevelopment projects to improve asset quality and ESG credentials. We think the execution risk is mitigated by the strong support from an experienced sponsor, SWI Group, which has an established track record. This provides operational expertise and access to deal flow. For instance, the REIT has invested into the data centre platform at the early development stage.

Macroeconomic and valuation risk

SERT’s portfolio is concentrated in Europe, exposing it to regional macroeconomic conditions including GDP growth, inflation, and monetary policy. A weaker economic outlook could dampen tenant demand, reduce leasing activity, and put downward pressure on rents across certain markets.

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Financial summary

FYE Dec (€ million)	FY2023	FY2024	FY2025	FY2026E	FY2027E
Income Statement					
Revenue	216	213	215	221	228
Property expenses	-82	-82	-80	-84	-87
Net property income	134	131	134	137	141
Other income	0	0	0	0	0
Manager's fees	-12	-12	-12	-12	-12
Other expenses	-4	-3	-7	0	0
Change in value of derivatives/ others	-15	-0	6	0	0
Change in value of investment properties	-134	-28	11	22	22
EBIT	-30	89	133	147	151
Net finance expenses	-28	-33	-41	-36	-36
Profit before tax	-58.4	56	91	111	115
Tax	-16	-20	-13	-13	-13
Minority interests	2	2	2	2	2
Profit attributable to owners	**-76**	**33**	**77**	**95**	**100**
Balance sheet					
Assets					
Investment properties	2,242	2,232	2,158	2,177	2,198
Others	13	13	76	76	76
Total non-current assets	**2,254**	**2,245**	**2,234**	**2,253**	**2,274**
Cash & cash equivalents	74	39	111	130	255
Trade & other receivables	14	22	14	15	15
Others	25	17	8	4	4
Total current assets	**113**	**77**	**133**	**148**	**274**
Total assets	**2,367**	**2,322**	**2,367**	**2,401**	**2,548**
Liabilities					
ST borrowings	0	450	0	0	0
Trade & other payables	42	38	51	54	55
Others	40	40	38	0	0
Total current liabilities	**82**	**527**	**89**	**54**	**55**
LT borrowings	948	499	988	988	988
Others	82	91	95	95	95
Total non-current liabilities	**1,030**	**590**	**1,082**	**1,082**	**1,082**
Total liabilities	**1,112**	**1,117**	**1,171**	**1,136**	**1,138**
Equity					
Unitholders' funds	1,191	1,141	1,131	1,201	1,346
Minority interest	64	64	64	64	64
Total equity	**1,255**	**1,205**	**1,196**	**1,265**	**1,411**
Total equity and liabilities	**2,367**	**2,322**	**2,367**	**2,401**	**2,548**

FYE Dec (€ million)	FY2023	FY2024	FY2025	FY2026E	FY2027E
Cash Flow					
Operating cash flow					
Profit for the year/period	56	92	111	115	119
Adjustments	68	28	17	17	17
Working capital changes	1	-12	0	2	1
Others	-37	-41	-34	-53	-40
Cash flow from operations	**89**	**71**	**87**	**78**	**94**
Investing cash flow					
CAPEX	-83	-44	-45	-45	-45
Others	195	25	89	-86	0
Cash flow from investments	**112**	**-18**	**44**	**-131**	**-45**
Financing cash flow					
Dividends paid	-92	-84	-76	76	80
Proceeds from borrowings	306	211	936	0	0
Others	-377	-215	-918	-3	-3
Cash flow from financing	**-162**	**-88**	**-58**	**72**	**76**
Net change in cash	38	-35	72	19	125
Beginning cash	35	74	39	111	130
Currency translation	0	0	0	0	0
Ending cash	**74**	**39**	**111**	**130**	**255**
Per share data (Euro cents)					
Book value per unit	2.12	2.03	2.03	2.15	2.41
Distribution per unit	16.28	14.11	13.39	13.53	14.26
Earnings per unit	-13.55	5.89	13.73	17.09	17.85
No. of shares (end-of period), million	562	562	559	559	559
Valuation					
P/E, x	2.3	10.6	11.1	11.0	10.5
P/B, x	0.70	0.73	0.74	0.69	0.62
Dividend yield (%)	0.0%	9.4%	8.9%	9.0%	9.5%
Ratios					
ROE (%)	-6.1%	2.8%	6.4%	7.5%	7.1%
ROA (%)	-3.2%	1.4%	3.2%	4.0%	3.9%
Net property income margin	62%	62%	63%	62%	62%
Net margin	-35%	16%	36%	43%	44%
Leverage					
Gearing (%)	42%	42%	46%	45%	45%
Net gearing (%)	38%	40%	41%	39%	33%
Interest cover	3.8	3.4	3.1	4.1	4.2

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Disclosure Appendix

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