



STONEWEG
EUROPEAN REIT

Green finance framework

January 2025



SERT is the largest REIT
with 100% European portfolio
listed on the SGX-ST

Introduction

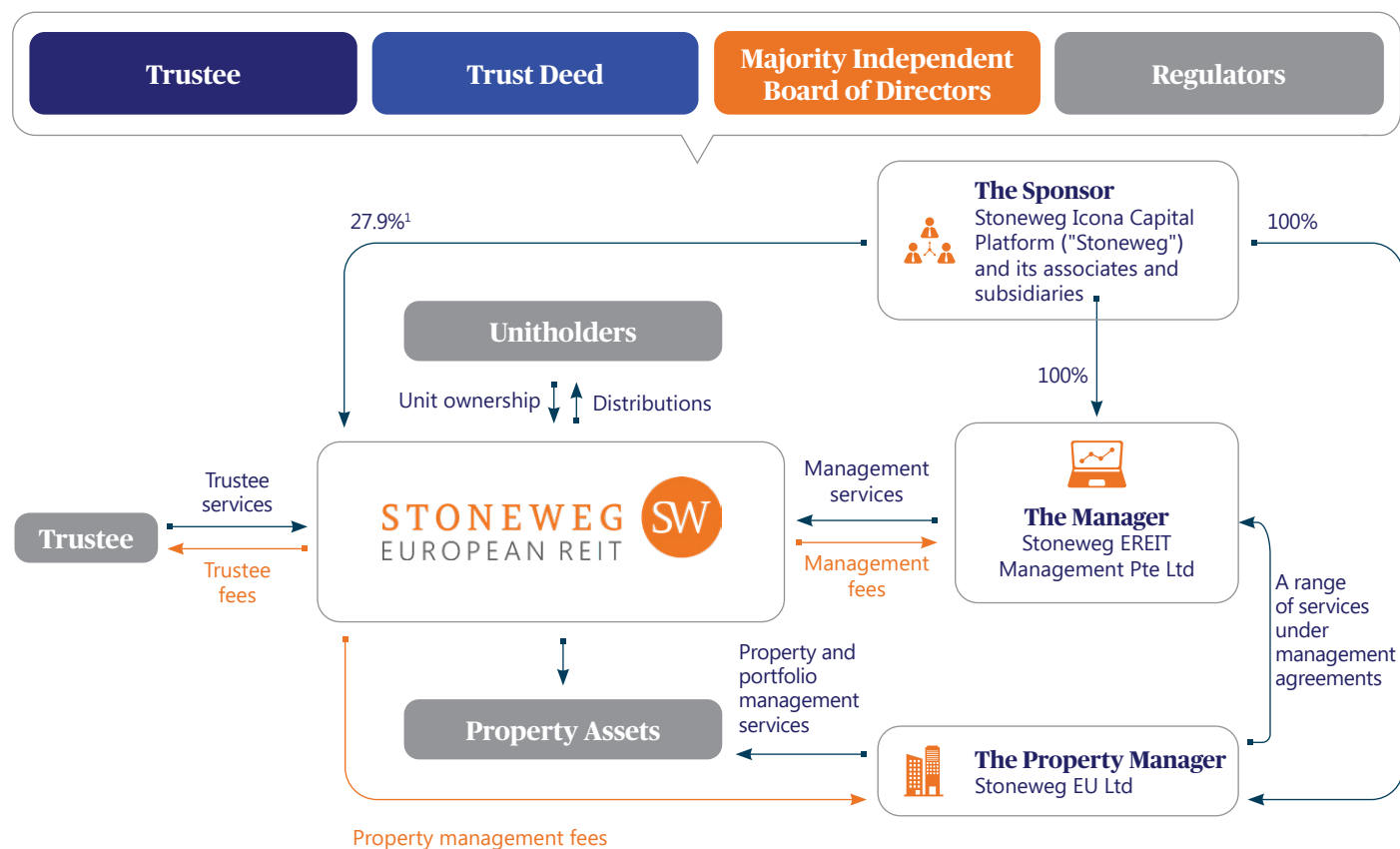
Stoneweg European Real Estate Investment Trust (“**Stoneweg European REIT**” or “**SERT**”) has a principal mandate to invest, directly or indirectly, in income-producing commercial real estate assets across Europe with a minimum portfolio weighting of at least 75% to Western Europe and at least 75%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

SERT’s €2.2 billion portfolio comprises 100+ predominantly freehold properties in or close to major gateway cities in The

Netherlands, Italy, France, Poland, Germany, Finland, Denmark, Slovakia, the Czech Republic and the United Kingdom, with an aggregate lettable area of approximately 1.7 million sqm and 800+ tenant-customers.

SERT is listed on the Singapore Exchange Limited and is managed by Stoneweg EREIT Management Pte. Ltd. Stoneweg Icona Capital Platform (“**Stoneweg**”), with its subsidiaries and associates, is the Sponsor and 28% substantial unitholder of SERT. The venture by alternative investment group Icona Capital and real estate investment group Stoneweg currently has ~€8.0 billion of assets under management, employs over 300 professionals and is present in 15 European countries, the US and Singapore.

SERT trust structure



1 As at January 2025

SERT's sustainability strategy

The Manager's sustainability framework ("Sustainability Framework") is aligned with Stoneweg's approach to sustainability, ensuring that SERT remains focused on improving performance through a structured, responsible and balanced pathway to sustained success. The Sustainability Framework continues to evolve, responding to emerging legislation and new challenges.

Under the Sustainability Framework, all material risks and opportunities are grouped under three main areas: Environment, Social (Stakeholders) and Governance.

The board of the Manager (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 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 Manager of SERT has also established a separate sustainability committee ("Management Sustainability Committee"), co-chaired by Head of Property and the COO (both key management personnel) and comprising dedicated officers of the Manager. The Management Sustainability Committee has been delegated specific responsibilities by the Board to guide the efforts of the Manager in identifying, setting and delivering the objectives and targets associated with material ESG topics. All members of the Management Sustainability Committee and all key management personnel of the Manager are also evaluated on specific key performance indicators that are tied to SERT's ESG targets, providing further motivation and commitment.

More details can be found in SERT's sustainability policy statement www.stonewegeuropeanreit.com.sg/sustainability





Materiality review

The Manager conducts a materiality review to identify and prioritise the most relevant ESG topics against an evolving landscape. The review considers each topic's impact on SERT and its stakeholders. The most recent comprehensive materiality review was in 2022, facilitated by an independent advisor EY, which comprised desktop reviews, external and internal stakeholder engagement, consolidation and prioritisation of topics, validation and reporting. The Manager reviews SERT's material topics yearly, demonstrating its commitment to staying current and relevant in the evolving sustainability landscape. This review considers the impact on SERT and its stakeholders and the evolving landscape. The Board's Sustainability Committee reaffirmed that the current framework and 15 material topics remain relevant for the 2023 Sustainability Report.



Environment

Aligned with Stoneweg's ESG philosophy, the Manager and the "Property Manager are committed to minimising the environmental impact of SERT's assets and adopting leading practices through various sustainability-related initiatives in asset management and property operations across SERT's portfolio. These initiatives include proper identification of enterprise risks and integration into the environmental risk management ("ERM") framework, enhancing collection of reliable and accurate performance data via robust systems and adopting meaningful global benchmarks. All these efforts allow the Manager to identify areas for further improvements and manage costs and environmental impact efficiently to provide stable and growing returns to SERT's Unitholders.

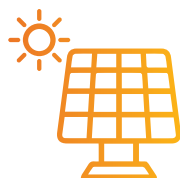
As mentioned earlier, the Manager has a formal sustainability policy which reiterates its commitments to a wide range of environmental issues ranging from the prevention of pollution, enhancing of biodiversity, climate change adaptation, reducing energy consumption, increasing renewable energy into the existing energy mix as well as improved water and waste management, amongst others.

Some examples of existing energy-efficient features identified across the portfolio are shown on the graphic below.



LED lighting

in common and tenant spaces



Solar panels



Smart meters

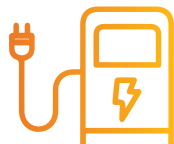
includes main meters and sub-meters



BMS control in buildings



Ground source - heating or cooling



Electric charging poles



District heating



Green clause in leases



Environment (continued)

The Manager aligns SERT's environmental data reporting with its annual GRESB submission. The GRESB submission is based on a full calendar year and submitted in the month of June of the following calendar year with results published in September. Consequently, unless otherwise stated, the data on energy, carbon, water and waste covered in this document is based on 108 properties that were under SERT's ownership as at the end of FY 2022 and were subject to submission for GRESB 2023 assessment in June 2023. All GRESB-related data is collected by the local property managers and verified by and with additional data from local asset managers, after which it is independently verified by a third-party assurer. Starting from 2022, all GRESB consumption data has been progressively uploaded into the Deepki software data management platform designed to digitalise the environmental management of large property portfolios. Deepki also supports target definitions in line with the new EU Taxonomy Regulation² and the Paris Agreement.

Throughout 2022, the Manager and the Property Manager of SERT completed energy level audits across SERT's portfolio in order to define tailored measures and capital investments into each asset to reduce energy consumption hence CO₂ emission. The consumption data for energy, water, waste, CO₂ is collected and stored within Deepki. This software tool has been used by SERT for the French portfolio to comply with *Décret Tertiaire*, a French law aimed to reduce energy consumption on commercial properties by 40% by 2030. Based on this successful trial, the Manager rolled out Deepki to all other nine SERT investment countries during 2022. By 1Q 2023, the Manager was able to set reduction targets on asset and portfolio level and include sustainability-related capex on asset level needed to achieve these targets and define a pathway to operational net zero carbon in line with the EU regulations. For acquisitions, the Manager and the Property Manager also use Deepki or alternatively the CRREM tool to model energy performance and required sustainability capex ahead of purchase.

Green leases are lease contracts with specific clauses which oblige tenant-customers to provide consumption data to the landlord, among other joint sustainability matters. SERT already has a large number of green leases in place in France and plans to roll out green lease clauses across its other investment countries. The Manager aims to further increase the share of consumption data collected from tenant-customers ("Scope 3") across SERT's portfolio for a more comprehensive reporting and as a basis for joint sustainability initiatives with tenant-customers, e.g. solar panels or tenant engagement / smart buildings apps.

The total GHG emissions for FY2022 were 57,829 tonnes of carbon dioxide equivalent, for 86% of SERT's portfolio by floor area. 27% of the GHG emissions (15,654 tonnes; Scope 3) were directly attributable to tenant-customers' daily activities³. Total GHG Emissions intensity recorded was 0.030 tCO₂ /sqm. Since the last GRESB reporting, energy and GHG emissions data is now collected from 102 properties, up from 89 in 2020. Additionally, there was also greater data coverage from the previously reported properties as well.

SERT's mid-term to long-term targets include defining and publishing a set of property and SERT-related targets based on the Science-Based Targets initiative "SBTi". The targets will align SERT with the EU commitment to transition to a climate-neutral society by 2050, in accordance with the Paris Agreement that aims to keep the global temperature increase to well below 2°C and pursue efforts to keep it to 1.5°C. The Manager aims for SERT to be compliant with the EU commitments to the Paris agreement for each European country in which it has operations, ahead of EU legislated timelines.

In February 2022 SERT announced its aspirational target to achieve Net Zero operational carbon emissions by 2040, further guided in its efforts by the Manager's recently established Board Sustainability Committee. The Manager remains dedicated to integrating environmental considerations and processes into various aspects of SERT's operations, from portfolio construction to asset management, stakeholder engagement and corporate governance.



² Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088

³ Grid emission factors have been obtained where possible by local utility suppliers and supplemented with data from European Environment Agency (EEA), where latest published data is available for FY 2016



SERT target
**to achieve net zero operational
carbon emissions by 2040**





Asset quality and sustainable building certifications

The Manager regularly evaluates existing assets for potential enhancement or redevelopment opportunities to improve on quality and add additional value to income streams, while considering a wide range of ESG factors. To enhance the tenant-customer experience, the management team stays updated on any emerging technological trends via active participation in key industry associations and committees. For instance, SERT's Head of Property is Chairman of EPRA's PropTech committee and a member of the Supervisory Board of the smart building PropTech Spaceti.

One specific target SERT has is to obtain more green building certifications for SERT's assets. The Manager is focused on obtaining globally-recognised green building certifications such as BREEAM and LEED for its assets. From a starting point of zero certifications at IPO, SERT has made substantial progress in the last three years. As at the end of FY 2023, SERT has obtained a total of 34 BREEAM certifications and one LEED certification. As at the third quarter of 2024, approximately 83% of SERT's office portfolio (by asset value) has been 'green' certified, with the aim to further increase the proportion of green-certified buildings within SERT's office portfolio to ~90% by end 2025.

BREEAM®

Building Research Establishment
Environmental Assessment
Method (BREEAM)



Leadership in Energy and
Environmental Design (LEED)





People

The Manager is committed to ensuring the health and safety of employees, visitors, tenant-customers, the general public and any others who have touch points with Stoneweg's operations. In FY 2020, in response to increased stakeholders' expectations and concerns around workplace safety in part due to COVID-19, the Manager adopted 'Keeping our people and communities safe' as a new material topic, with a focus on physical and emotional wellbeing.

Beyond its own employees, the Manager has an additional responsibility to ensure that tenant-customers, visitors and contractors are supported with a healthy and productive environment. The Manager aims to conduct periodic indoor air quality testing or air ventilation duct cleaning on all properties on an annual basis in accordance with local legislation where applicable. Contracted companies are also expected to comply with the safety requirements of the Manager and the Property Manager. Incident-reporting protocols are in place to escalate incidents to the relevant departments and facilitate the timely implementation of corrective actions to prevent similar occurrences.

The Manager recognises that a diverse, inclusive and safe culture promotes a sense of wellbeing, which increases engagement and in turn supports strong performance. The Manager maintains a zero-tolerance stance on any forms of workplace harassment and has adopted all applicable Stoneweg human resource ("HR") policies. Employees can reach out to their immediate supervisors or raise concerns on HR matters through a formal grievance procedure. In FY 2023, the Manager recorded no cases of HR-related concerns through the grievance channels.

The Manager also formalised its commitment to a diverse, inclusive and safe workplace by including a new material topic - 'Creating and embracing a diverse and inclusive workforce'. The Manager further set diversity targets and achieved at least 30% of each gender across leadership levels by the end of 2023.

Creating and
embracing a diverse
and inclusive
workforce



Community

Building on existing community partnerships, the Manager seeks to create a positive impact on the local communities in which it operates. In FY 2019, the Manager put in place its strategy for long-term community engagement, with the aim to deepen its engagement with charities, increase its financial donations and involve its employees in community and giving efforts. Due to the cessation of face-to-face volunteering and fundraising events as a result of COVID-19, the Manager explored alternative ways to continue its commitments. As an example, in support of its adopted community partner Child at Street 11, in FY 2020 the Manager helped set up a virtual fundraising campaign which raised over S\$140,000, well surpassing its target of S\$80,000.

The Manager is committed to supporting community development in meaningful ways and in areas where SERT is best able to contribute its expertise and skill set, consistent with its core business in real estate, asset and fund management and its corporate values focused on talent and skill development.

There are three categories through which the Manager looks to make a difference in local community.

- **The employee volunteer programme (EVP).** The programme grants two days of paid leave each year to encourage employees to engage in community activities and support causes that are important to them. The EVP is an important platform for employees to support community organisations with their professional knowledge, skills and experience. Due to COVID-19, this programme was temporarily suspended. The Manager is looking to restart as soon as social distancing restrictions ease.
- **Team effort in fundraising and community participation.** The Manager has an active Grassroots Social and Community Committee in place. The Committee is chaired on a rotational basis and is tasked to implement the long-term community strategy.
- **Corporate contributions.** These include sponsorships and events in partnership with various selected charity, community or industry bodies. In FY 2023, the Manager contributed S\$12,900 through fundraising, direct donations (channelled through Community Chest) and in-kind contributions for its long-term community partners – Child at Street 11.

SERT green finance framework

SERT’s Green Finance Framework (the “Framework”) is based on the Green Bond Principles⁴ (ICMA, 2021), the Green Loan Principles⁵ (LMA, 2020) and the ASEAN Green Bond Standards⁶ (ACMF, 2018). These voluntary process guidelines are developed in multi-stakeholder processes involving issuers, investors, financial institutions and NGOs, with a view to promoting the development and integrity of the green finance market. The Framework takes into account the core components of these principles and standards, including:

1.	Use of proceeds
2.	Process for project evaluation and selection
3.	Management of proceeds
4.	Reporting
5.	External review

This Framework defines assets which are eligible for financing or refinancing by proceeds of green bonds, loans or any other green finance instruments (the “Green Finance Instruments”) issued by SERT’s indirectly and wholly-owned securitisation vehicle. In addition, the Framework outlines the process used to select and report on eligible assets & projects and the organisation of the management of proceeds of Green Finance Instruments.

As these principles and standards, and the green financing market overall, are evolving rapidly, this Framework may be updated or expanded in the future. Any future updated versions of this Framework will either keep or improve the current levels of transparency and reporting disclosures.






Use of proceeds

An amount equivalent to the net proceeds from Green Finance Instruments issued pursuant to this Framework will be allocated to finance or refinance a selected pool of new and existing assets that promote the transition to low-carbon and climate resilient growth and which meet the criteria outlined on the following page (the “Green Portfolio”).

In addition, each category has been identified as aligning with the applicable United Nation’s Sustainable Development Goal(s) (“SDG”).



4 www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Green-Bond-Principles-June-2021-140621.pdf
5 www.lma.eu.com/application/files/6615/9799/7894/Green_Loan_Principles_5_May_2020.pdf
6 www.theacmf.org/images/downloads/pdf/AGBS2018.pdf

GBP Eligible Categories	Eligibility Criteria and Example Assets & Projects	SDG Targets
Green Buildings	<ul style="list-style-type: none"> Acquisition, or refurbishment of existing buildings which meet recognised standards, such as: <ul style="list-style-type: none"> BREEAM certification of at least “Very Good” LEED certification of at least “Gold” EPC A or B All new construction or redevelopment of buildings will target BREEAM “Very Good” and/or LEED “Gold” or above Existing assets eligible for inclusion include those with at least: <ul style="list-style-type: none"> BREEAM “Very Good” LEED Gold EPC A or B 	SDGs 11, 13  
Renewable Energy	<ul style="list-style-type: none"> Installation of photovoltaic solar or other renewable energy⁷ Dedicated support infrastructure for photovoltaic solar e.g. for the roof and enhancing the building management systems Purchase of renewable energy for electricity consumption under medium- and long-term power purchase agreements Installation, maintenance and repair of renewable energy technologies⁸ 	SDG 7 
Energy Efficiency	<ul style="list-style-type: none"> Renovations or refurbishment of existing buildings, delivering a minimum 30% reduction in carbon emissions intensity and reduction in primary energy demand of 30% Installation, maintenance and repair of energy efficiency equipment Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings 	SDGs 11, 13  

Collectively, the assets in the above categories will form the Green Portfolio. Assets will be recognised at their market value and shall qualify for refinancing without a specific look-back period. Expenditures [if any] shall qualify for refinancing with a maximum two-year look-back period before the issuance of, or entry into, the relevant Green Finance Instrument.

⁷ Any renewable energy source emitting less than 100gCO₂e/kWh

⁸ SERT's Deepki software tool will be used to track current consumption data and the associated impact achieved from these technologies



Process evaluation and selection

Climate change risk management

Physical impact from changing climate and extreme weather conditions is projected to have a growing impact on climate risk exposure across SERT's various locations of operation. In order to understand and prepare for associated impact, the Manager has committed to embedding risk management and resilience assessments into all relevant acquisitions and operational strategies. In FY 2020, the Manager has integrated environmental risks into SERT's ERM framework, allowing these risks to be considered and managed holistically along with other organisational risks. This will also support SERT in meeting the newly-introduced MAS Guidelines on Environmental Risk Management.

Managing social risks

The Manager firmly believes that anticipating, understanding and responding to stakeholder needs is key to SERT's successfully managing social risks. The Manager is proactive in engaging with various stakeholder groups through regular two-way communication. Five of the 14 material topics that the Manager currently tracks and reports against are focused on social risks – namely: "Strong Partnerships", "Tenant-customer satisfaction", "Talent attraction", "Retention and career development", "Keeping our people and communities safe" and "Creating and embracing a diverse and inclusive workforce".

The Manager mitigates social risk through a variety of initiatives under these material topics. Some examples include:

- Providing timely and relevant updates to the market as necessary, especially important in the context of the global COVID-19 outbreak
- Maintaining proactive investment and media community outreach
- Conducting yearly 'voice of customer' surveys for tenant-customers and developing and implementing adequate action plans to address feedback
- Prioritising employee health and safety, particularly considering the prolonged work-from-home period and striving to offer innovative solutions that encourage movement and healthy living
- Set diversity and inclusion targets, establishment of D&I committee to champion and support D&I
- Conducting regular performance reviews and creating meaningful training and development opportunities
- Conducting a yearly 'employee satisfaction' survey



SERT's Green Finance Committee (the "Committee") will oversee the project evaluation and selection process and ensure selected projects comply with the eligibility criteria defined in the Use of Proceeds section and with SERT's corporate responsibility strategy.

The Committee is chaired by the CEO and comprises the CFO, Head of Property and the COO (all Key Management Personnel). The Committee will meet two times per year. The Committee is responsible for:

- Reviewing and approving the selection of projects for the Green Portfolio based on the selection criteria defined in the Use of Proceeds;
- Monitoring the Green Portfolio, throughout the life of the Green Finance Instrument(s);
- Removing from the Green Portfolio any assets & projects that no longer meet the eligibility criteria, and replacing them with new assets & projects as soon as feasible;
- Reviewing and validating the Annual Report for investors and external verification.

Management of proceeds

The net proceeds from each Green Finance Instrument will be deposited to a general account in the name of SERT's securitisation vehicle and an amount equal to the net proceeds will be earmarked for allocation to the 'Eligible Green Projects' as selected by the Committee.

It is SERT's intention to maintain an aggregate amount of assets in the Green Portfolio that is at least equal to the aggregate net proceeds of all Green Finance Instruments that are concurrently outstanding. However, there may be periods when a sufficient aggregate amount of assets have not yet been allocated to fully cover an amount equal to the net proceeds of all outstanding Green Finance Instruments, either as the result of changes in the composition of the Green Portfolio or the issuance of additional Green Finance Instruments. Any such portion of the net proceeds that have not been allocated to the Green Portfolio will be maintained in cash and cash equivalents.

Payment of principal and interest on the Green Finance Instruments will be made from SERT's securitisation vehicle general funds and will not be directly linked to the performance of the Green Portfolio.

All relevant information regarding the issuance of Green Finance Instruments and the Eligible Green Assets & Projects (re)financed will be monitored and maintained in SERT's internal records.

SERT and its securitisation vehicle intend, to the best of their abilities, to fully allocate the proceeds within 12 months after the issuance date of each Green Finance Instrument and will strive to maintain full allocation until maturity by replacing any assets & projects that may have been divested or are no longer eligible due to other circumstances.



Reporting

For all issuances under this Framework, the Committee intends to produce an allocation report (the "Allocation Report") as well as an impact report (the "Impact Report") annually until full allocation of the Green Finance Instrument proceeds and on a timely basis in case of material developments. The information will be made available on SERT's corporate website and/or within its annual Sustainability Report.

Allocation reporting

To the extent practicable, the Committee will provide information on a portfolio level such as:

- The total amount of proceeds allocated;
- The share of financing vs refinancing;
- The number of projects and level of certification; and
- The balance of unallocated proceeds.

Impact reporting

To the extent possible, the Committee plans to report on the environmental impact in aggregate for the Eligible Green Projects categories, together with the aforementioned allocation status in future Allocation Reports. Examples of possible environmental indicators could include:

- Green buildings:
 - Level of certifications (BREEAM, LEED) by property
 - Percentage of total property portfolio which has achieved BREEAM 'Very Good' or above, LEED Gold or above
- Renewable energy:
 - Renewable energy usage as a percentage of total energy consumption
- Energy efficiency:
 - Annual GHG emissions per total property footprint
 - List of properties which have achieved EPC 'A' or 'B' certifications

In addition, SERT may provide qualitative descriptions of the outcomes and impacts of selected Eligible Green Assets & Projects funded. Where relevant, information will be provided on the impact assessment and data reporting methodologies applied by SERT.

External review

Second Party Opinion

Stoneweg EREIT Lux Finco S.à r.l., on behalf of its compartment 2, SERT's securitisation vehicle under which compartment 2 a euro medium term note programme has been set up, has appointed ISS-ESG to provide an independent Second Party Opinion report ("SPO") on this Framework. The SPO will be made publicly available on SERT's corporate website at: www.stoneweg-europeanreit.com.sg/sustainability.

Verification

An independent external party will verify the internal tracking method and allocation of funds, confirming that an amount equivalent to the net proceeds of the Green Finance Instrument has been allocated in compliance with all material respects of the eligibility criteria set forth in the Green Finance Framework. SERT's securitisation vehicle will seek external verification on the Allocation Report on an annual basis, until full allocation of the proceeds from any Green Finance Instrument issuance or entry into has been achieved.



SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Green Finance
Framework

Stoneweg European Real Estate Investment Trust

10 January 2025¹

VERIFICATION PARAMETERS

Type(s) of
instruments
contemplated

- Green Finance Instruments

Relevant standards

- Green Bond Principles (GBP), as administered by the International Capital Market Association (ICMA) (as of June 2021)
- Green Loan Principles (GLP), as administered by the Loan Market Association (LMA) (as of May 2020)
- Bond Standards (GBS), as administered by the ASEAN Capital Markets Forum's (ACMF) ASEAN Green (as of October 2018)

¹ Stoneweg European Real Estate Investment Trust (previously Cromwell European Real Estate Investment Trust) initially published its Green Finance Framework in April 2022. A new version of the Framework has been submitted to ISS-Corporate in January 2025, substituting the previous one. No modification occurred with regard to the core elements of the Framework (use of proceeds, processes for project evaluation and selection, management of proceeds, reporting) based on which ISS-Corporate performed its analysis in April 2022. It is noted that the Issuer changed its legal name and provided additional information related to its sustainability strategy (Part III).

SECOND PARTY OPINION

Sustainability Quality of the Issuer
and Green Finance Framework

ISS-CORPORATE 

Scope of verification	<ul style="list-style-type: none">▪ Stoneweg European Real Estate Investment Trust Green Finance Framework (as of January 10, 2025)²▪ Stoneweg European Real Estate Investment Trust Selection Criteria (as of January 10, 2025)
Lifecycle	<ul style="list-style-type: none">▪ Pre-issuance verification▪ 1st Update of SPO as of April 4, 2022 (https://www.iss-corporate.com/file/documents/spo/spo-20220404-CEREIT.pdf)
Validity	<ul style="list-style-type: none">▪ Valid as long as the cited Framework remains unchanged

² Ibid.



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SCOPE OF WORK

Stoneweg European Real Estate Investment Trust (“the Issuer,” “the Company” or “SERT”) commissioned ISS-Corporate to assist with its Green Finance Instruments by assessing three core elements to determine the sustainability quality of the instrument:

1. SERT’s Green Finance Framework (as of January 10, 2025), benchmarked against the International Capital Market Association’s (ICMA) GBPs, LMA’s GLP and ASEAN Capital Market Forum’s (ACMF) ASEAN GBS.
2. The Eligibility Criteria — whether the project categories contribute positively to the United Nations Sustainable Development Goals (U.N. SDGs) and how they perform against ISS-Corporate’s proprietary issuance-specific key performance indicators (KPIs) (see Annex 1).
3. Consistency of Green Finance Instruments with SERT’s sustainability strategy, drawing on the key sustainability objectives and priorities defined by the Issuer.

STONEWEG EUROPEAN REAL ESTATE INVESTMENT TRUST OVERVIEW

Stoneweg European Real Estate Investment Trust (SERT) is a real estate investment company focused on acquiring and managing a diversified portfolio of properties across various segments including residential, commercial, and industrial real estate. Founded in 2015, the company is headquartered in Geneva, Switzerland, and operates across key European markets. SERT aims to provide stable returns to its investors through active asset management and strategic acquisitions. SERT's portfolio comprises 113 predominantly freehold properties with an appraised value of approximately €2,467 million in or close to major gateway cities in the Netherlands, France, Italy, Germany, Poland, Denmark, Czech Republic, Slovakia, Finland and the United Kingdom, with an aggregate lettable area of approximately 1.8 million sqm and 800+ tenant-customers.


ESG risks associated with the Issuer's industry

SERT is classified in the Real estate industry, as per ISS ESG's sector classification. Key sustainability issues faced by companies³ in this industry are green building considerations, climate protection, energy efficiency and renewables, environmental and social aspects in site selection, health and well-being of occupants, occupational health and safety.

This report focuses on the sustainability credentials of the issuance. Part III of this report assesses the consistency between the issuance and the Issuer's overall sustainability strategy.

³ Please note that this is not a company-specific assessment but rather areas that are of particular relevance for companies within this industry.

ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ⁴
Part I: Alignment with GBP/GLP/ASEAN GBS	<p>The Issuer has defined a formal concept for its Green Finance Instruments regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the e ICMA's GBPs, LMA's GLP and ACMF's ASEAN GBS.</p> <p><i>* Certain criteria of Energy efficiency,⁵ are assessed as providing no clear environmental and/or social benefits according to our methodology (see Part II of this report). However, as there are currently several national and international initiatives and that the definition of green might vary depending on sector and geography, those categories might be considered as eligible green categories by investors.</i></p>	Aligned with exceptions*
Part II: Sustainability quality of the Eligibility Criteria	<p>The Green Finance Instruments will (re)finance the following eligible asset categories:</p> <p>Green categories: Renewable Energy, Green Buildings, and Energy efficiency</p> <p>Product and/or service-related use of proceeds categories⁶ individually contribute to one or more of the following SDGs:</p>  <p>Certain criteria of Energy Efficiency⁷ show no evidence of an environmental contribution or of an improvement on the Issuer and/or end users' potential negative externalities.</p>	Positive

⁴ The evaluation is based on the SERT's Green Finance Framework (January, 2025 version), on the analysed Selection Criteria as received on October 23, 2024.

⁵ Energy efficiency equipment and instruments and devices for energy performance of buildings

⁶ Renewable Energy, Green Buildings, and Energy efficiency

⁷ Energy efficiency equipment, and Instruments and devices for energy performance of buildings

SECOND PARTY OPINION

Sustainability Quality of the Issuer
and Green Finance Framework

	The environmental and social risks associated with those use of proceeds categories and the financial institution are managed.	
Part III: Consistency of Green Finance Instruments with SERT's sustainability strategy	The key sustainability objectives and the rationale for issuing Green Finance Instruments are clearly described by the Issuer. All the project categories considered are in line with the Issuer's sustainability objectives.	Consistent with Issuer's sustainability strategy

SPO ASSESSMENT

PART I: ALIGNMENT WITH THE GBP, GLP, AND ASEAN GBS ⁸



This section evaluates the alignment of the SERT's Green Finance Framework (as of January 10, 2025) with the GBP, GLP, ASEAN GBS.

GBP, GLP, ASEAN GBS	ALIGNMENT	OPINION
1. Use of Proceeds	✓ *	<p>The Use of Proceeds description provided by SERT's Green Finance Framework is aligned with exception* with the GBP, GLP, ASEAN GBS.</p> <p>The Issuer's green categories align with the project categories as proposed by the GBP, GLP, ASEAN GBS. Criteria are defined clearly and transparently and disclosure of an allocation period and commitment to report by project category has been provided and environmental benefits are described.</p> <p>The Issuer defines which projects will be refinanced.</p> <p><i>* Certain criteria of Energy efficiency,⁹ are assessed as providing no clear environmental and/or social benefits according to our methodology (see Part II of this report). However, as there are currently several national and international initiatives and that the definition of green might vary depending on sector and geography, those categories might be considered as eligible green categories by investors.</i></p>

⁸ The assessment remains unchanged and is based on the analysis that was delivered on April 4, 2022.

⁹ Energy efficiency equipment and instruments and devices for energy performance of buildings

<p>2. Process for Project Evaluation and Selection</p>	<p>✓</p>	<p>The Process for Project Evaluation and Selection description provided by SERT's Green Finance Framework is aligned with the GBP, GLP, ASEAN GBS.</p> <p>The project selection process is defined. ESG risks associated with the project categories are identified and managed appropriately. Moreover, the projects selected show alignment with the Issuer's sustainability strategy.</p> <p>The Issuer clearly defines responsibilities in the process for project evaluation and selection and is transparent about it. The Issuer also involves various stakeholders in this process and provides information on how the selection and evaluation process fits within the context of their overarching objectives, strategy, policy and/or processes relating to environmental/social sustainability. SERT also identifies the alignment of their green Bond framework and their green projects with official or market-wide taxonomies and to reference any green standards or certifications used, in line with best market practice.</p>
<p>3. Management of Proceeds</p>	<p>✓</p>	<p>The Management of Proceeds provided by SERT's Green Finance Framework is aligned with the GBP, GLP, ASEAN GBS.</p> <p>The net proceeds collected will equal the amount allocated to eligible projects. The net proceeds are tracked appropriately. The net proceeds are managed on an aggregated basis for multiple green bonds (portfolio approach). Moreover, the Issuer discloses the temporary investment instruments for unallocated proceeds.</p> <p>The Issuer defines intended types of temporary placement for the balance of unallocated proceeds and make known to the lenders. SERT has also defined an expected allocation period of 12 months, in line with best market practice.</p>

4. Reporting		<p>The allocation and impact reporting provided by SERT's Green Finance Framework is aligned with the GBP, GLP, ASEAN GBS.</p> <p>The Issuer commits to disclose the allocation of proceeds transparently and report with appropriate frequency. The reporting will be publicly available on the Issuer's website. SERT has disclosed the type of information that will be reported and explains that the level of expected reporting will be at the portfolio level. Moreover, the Issuer commits to report annually until the proceeds have been fully allocated.</p> <p>The Issuer discloses roles and responsibilities in the monitoring and reporting process. SERT is transparent on the level of impact reporting and the information reported and further defines the duration/scope/and frequency of the impact reporting, in line with best market practice.</p>
5. External review		<p>The Issuer has appointed ISS-Corporate to provide an independent Second Party Opinion report ("SPO") on this Framework. The SPO will be made publicly available on CEREIT's corporate website at:</p> <p>https://www.cromwelleuropeanreit.com.sg/sustainability</p> <p>An independent external party will verify the internal tracking method and allocation of funds, confirming that an amount equivalent to the net proceeds of the Green Finance Instrument have been allocated in compliance with all material respects of the eligibility criteria set forth in the Green Finance Framework. The Issuer will seek external verification on the Allocation Report on an annual basis, until full allocation of the proceeds from any Green Finance Instrument issuance or entry into has been achieved.</p>

PART II: SUSTAINABILITY QUALITY OF THE ELIGIBILITY CRITERIA

A. CONTRIBUTION OF THE GREEN FINANCE INSTRUMENTS TO THE U.N. SDGs^{10 11}


The Issuer can contribute to the achievement of the SDGs by providing specific services/products that help address global sustainability challenges, and by being responsible actors, working to minimize negative externalities in their operations along the entire value chain.

The assessment of UoP categories for (re)financing products and services is based on a variety of internal and external sources, such as the ISS ESG SDG Solutions Assessment (SDGA), a proprietary methodology designed to assess the impact of an Issuer's products or services on the U.N. SDGs, as well as other ESG benchmarks (the EU Taxonomy Climate Delegated Acts, the Green/Social Bond Principles and other regional taxonomies, standards and sustainability criteria).

The assessment of UoP categories for (re)financing specific products and services is displayed on a three-point scale:

Obstruction	No Net Impact	Contribution
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Each of the Green Finance Instruments' use of proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Green Buildings <i>Acquisition or refurbishment of existing buildings, or new construction or redevelopment with:</i> <ul style="list-style-type: none"> BREEAM certification "Very good" and/or above LEED certification "Gold" and/or above Acquisition or refurbishment of existing buildings with EPC A or B 	Contribution	

¹⁰ The impact of the UoP categories on U.N. Sustainable Development Goals is assessed with proprietary methodology and may therefore differ from the Issuer's description in the Framework.

¹¹ The assessment remains unchanged and is based on the analysis that was delivered on April 4, 2022.

Renewable Energy

- Installation and maintenance of on-site solar panels and related dedicated infrastructure
- Purchase of renewable electricity with medium- and long-term power purchase agreements

Contribution



Energy Efficiency

Refurbishments of buildings that achieve reduction in primary energy demand of 30% in comparison to the baseline performance (before the refurbishment)

Contribution



Energy Efficiency

- Energy efficiency equipment
- Instruments and devices for energy performance of buildings

No Net Impact

B. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE ELIGIBILITY CRITERIA¹²

Green Finance Instruments Use of Proceeds Categories

The table below evaluates the Eligibility Criteria against issuance-specific KPIs. All of the assets are located in the Netherlands, Italy, France, Poland, Germany, Finland, Denmark, Slovakia, the Czech Republic and the United Kingdom.

ASSESSMENT AGAINST KPIs

All Categories

Labor, Health, and Safety



100% of assets are located in the Netherlands, Italy, France, Poland, Germany, Finland, Denmark, Slovakia, the Czech Republic and the United Kingdom where high labour and health and safety standards are in place (e.g. ILO core conventions).

Additionally, the Group has specific Anti-Slavery and Human Trafficking Statements as well as a Human Rights policy published on its website. SERT's property managers have Operational Manuals, which are based on local legislation.

Green Buildings

Site selection



SERT utilizes an ESG checklist and Deepki Tool (e.g. on brownfield) that provide guidance for screening acquisitions. Furthermore, the share of plant cover of the targeted real estate assets and the use of the land will be assessed as part of the technical due diligence. SERT monitors the share of plant cover in its properties. SERT also confirms all of its properties are in compliance with relevant legislation and local regulation regarding protected areas and sites of high environmental value.



SERT does not have policies regarding whether its properties are within 1km from public transport access. However, SERT confirms that all assets are located predominantly in or near major gateway cities in Europe, which typically have good levels of public transport. Except for one asset, all of the other selected assets in the portfolio are within 1km from public transport access.

¹² The assessment remains unchanged and is based on the analysis that was delivered on April 4, 2022.

Construction standards



SERT commits to optimize the sustainability characteristics of any construction or major renovations related to its portfolio. It incorporates sustainability into its selection of contractors, suppliers and materials. The property managers are also committed to meeting relevant regulations relating to materials procurement. SERT is also committed to improving the embodied carbon footprint of its materials.

For assets that are BREEAM certified, the Certification includes sustainable procurement.

Water use minimization in buildings



SERT does not have a comprehensive policy or measures in place regarding water consumption reduction. SERT does measure the water consumption in the buildings, which is included in its GRESB reporting. For assets that are BREEAM and LEED certified, the certifications include measures to reduce water consumption.

Safety of building users



Operational safety procedures and measures such as fire alarms and plans is covered in the buildings' operational handbooks. They are also based on local legislation.

Renewable Energy Category

Environmental aspects of solar panels used



All the solar panels financed or refinanced under this framework comply with the European Waste Electrical and Electronic Equipment Directive (WEEE Directive) requiring the creation of collection schemes where consumers can return electronic equipment free of charge.



All the solar panels financed or refinanced under this framework comply with national law, including the requirements of the European Directive on the restriction of the use of certain hazardous substances in electrical and electronic equipment (RoHS Directive).

Energy Efficiency Category

Waste management



As part of SERT's SFDR disclosure under Article 4, "Description of principal adverse sustainability impacts, page 8, under Land Artificialization" SERT

explains that it has a policy in place to ensure end-of-life recycling to assets financed under this framework. SERT commits to optimize the sustainability characteristics of any construction or major renovations related to its portfolio. The property managers are also committed to meeting relevant regulations relating to waste management and also policies minimizing waste in any construction and renovations works.

PART III: CONSISTENCY OF GREEN FINANCE INSTRUMENTS WITH SERT'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the Issuer

TOPIC	ISSUER APPROACH
Strategic ESG topics	<p>The Issuer, focuses on three key strategic Environmental, Social, and Governance (ESG) topics:</p> <ul style="list-style-type: none"> ▪ Environment, ▪ Asset Quality & Sustainable Building Certifications, ▪ People & Community <p>These sustainability pillars have been defined through a materiality review process that is updated annually.</p> <p>SERT considers evolving market practices, such as GRESB (Global ESG Benchmark for Real Assets), and for its data collection aligns with internationally recognized frameworks like the Task Force on Climate-Related Financial Disclosures (TCFD) and the Sustainable Finance Disclosure Regulation (SFDR).</p>
ESG goals/targets	<p>To achieve its strategic ESG topics, SERT has set the following goals:</p> <ul style="list-style-type: none"> ▪ Net Zero Operational Carbon Emissions by 2040 ▪ 100% Renewable or Low Carbon Energy Use in landlord-controlled spaces within three years of asset purchase (new assets) or 2030 for existing assets ▪ Obtain globally recognized Sustainable Building Certifications <p>These goals are publicly disclosed, and SERT monitors progress on a yearly basis through its GRESB submissions and other internal reporting mechanisms.</p>

Action plan	<p>The Issuer has implemented several programs and initiatives to achieve its ESG goals and targets:</p> <ul style="list-style-type: none"> ▪ Net Zero Operational Carbon Emissions by 2040: SERT has implemented a data intelligence tool, Deepki, to collect and analyze GHG emissions across its properties. Additionally, SERT conducts regular energy audits to identify opportunities for carbon reduction and energy efficiency improvements, such as upgrading to LED lighting, installing building management systems (BMS), and introducing smart meters across its portfolio. ▪ 100% Renewable or Low Carbon Energy Use by 2030: SERT has adopted a renewable energy procurement program, where it already uses 100% renewable energy for managed connections in countries like Denmark, Germany, and the Netherlands. SERT plans to extend this renewable energy use to properties in Poland and Italy, with a goal to achieve 100% renewable or low-carbon energy use in all landlord-controlled spaces within three years of acquiring new assets or by 2030 for existing assets. ▪ Sustainable Building Certifications: SERT has implemented a continuous assessment program to pursue green building certifications such as BREEAM and LEED. This includes evaluating existing assets and implementing improvements that align with sustainability certification requirements, such as energy efficiency measures, use of sustainable materials, and other operational best market practices.
Climate transition strategy	<p>In 2023, SERT introduced the initial steps of a Net Zero Strategy focused on reducing carbon emissions across all scopes, including embodied carbon and starting from maintenance and</p>

	<p>refurbishment. The strategy is based on the use of marginal abatement cost curves to evaluate emission reduction activities by cost and effectiveness, and it follows the carbon management hierarchy (avoid, reduce, substitute, sequester, and offset). Energy audits and projections based on Deepki and Carbon Risk Real Estate Monitor (CRREM) tools enable the monitoring and management of the transition strategy.</p> <p>This materializes into the following series of initiatives:</p> <ul style="list-style-type: none"> ▪ Low carbon energy procurement for landlord and tenant-controlled area ▪ Procurement of EU-labelled equipment for new sanitary development ▪ Development of solar panel projects ▪ Promotion of recycling or waste recovery solution to tenants
ESG risk and sustainability strategy management	<p>SERT has implemented an Environmental risk management ERM framework allowing risks to be considered and managed holistically along with other organizational risks. The Issuer also looks to mitigate social risks via numerous initiatives such as conducting yearly 'voice of customer' surveys for tenant-customers and developing and implementing adequate action plans to address feedback or via setting diversity and inclusion (D&I) targets, establishment of regional D&I committee to champion and support D&I.</p> <p>The issuer has also implemented both an audit and risk committee and a sustainability committee under the supervision of the board. These are responsible for overseeing, assessing and monitoring risks, respectively the company's sustainability framework and strategy. The execution and implementation are then carried out by the executive leadership team.</p>
Sustainability reporting	<p>SERT aligns its sustainability reporting with global standards such as the Task Force on Climate-Related Financial Disclosures (TCFD), Sustainable Finance</p>

	Disclosure Regulation (SFDR), Global Reporting Initiative (GRI) and GRESB. ¹³
Industry associations, collective commitments	The issuer as member of the European Public Real Estate Association (EPRA), REIT Association of Singapore (REITAS), SGListCos, and of the Singapore Business Federation (SBF)
Previous sustainable/sustainability-linked issuances or transactions and publication of sustainable financing framework	The issuer has obtained a sustainability-linked currency swap on perpetual securities and four separate loan facilities with sustainability KPIs.

Rationale for issuance

The Green Finance Framework has been developed based on the ICMA Green Bond Principles, LMA Green Loan Principles, ACMF ASEAN Green Bond Standards and defines assets which are eligible for financing or refinancing by proceeds of Green Finance Instruments issued by SERT's indirectly and wholly-owned securitization vehicles. The Green Finance Instruments issued will finance and refinance eligible assets held in SERT's portfolio.

Opinion: *The key sustainability objectives and the rationale for issuing green bonds are clearly described by the Issuer. All of the project categories financed are in line with the Issuer's sustainability objectives.*

¹³2023 Annual Report: <https://www.cromwellpropertygroup.com/global/wp-content/uploads/sites/3/2023/10/Annual-Report-2023.pdf>

DISCLAIMER

1. Validity of the Second Party Opinion ("SPO"): Valid as long as the cited Framework remains unchanged.
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ANNEX 1: METHODOLOGY

The ISS-Corporate SPO provides an assessment of labeled transactions against international standards using ISS-Corporate's proprietary [methodology](#).

ANNEX 2: QUALITY MANAGEMENT PROCESSES

SCOPE

SERT commissioned ISS-Corporate to compile a Green Finance Instruments SPO. The second-party opinion process includes verifying whether the Green Finance Framework aligns with the GBP, GLP, ASEAN GBS and assessing the sustainability credentials of its Green Finance Instruments, as well as the Issuer's sustainability strategy.

CRITERIA

Relevant standards for this second-party-opinion:

- Green Bond Principles (GBP),
- Green Loan Principles (GLP), and
- ASEAN Green Bond Standards (GBS)

ISSUER'S RESPONSIBILITY

SERT's responsibility was to provide information and documentation on:

- Framework
- Eligibility criteria

ISS-CORPORATE'S VERIFICATION PROCESS

Since 2014, ISS Group, which ISS-Corporate is a part of, has built up a reputation as a highly reputed thought leader in the green and social bond market and has become one of the first CBI-approved verifiers.

This independent second-party opinion of the Green Finance Instruments to be issued by SERT has been conducted based on proprietary methodology and in line with the ICMA/LMA GBP, GLP, ASEAN GBS.

The engagement with SERT took place between October 2024 and January 2025.

ISS-CORPORATE'S BUSINESS PRACTICES

ISS-Corporate has conducted this verification in strict compliance with the ISS Group Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behavior and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About this SPO

Companies turn to ISS-Corporate for expertise in designing and managing governance, compensation, sustainability and cyber risk programs that align with company goals, reduce risk and manage the needs of a diverse shareholder base by delivering best-in-class data, tools and advisory services.

ISS-Corporate assesses alignment with external principles (e.g., the Green/Social Bond Principles), analyzes the sustainability quality of the assets and reviews the sustainability performance of the Issuer itself. Following these three steps, we draw up an independent SPO so investors are as well-informed as possible about the quality of the bond/loan from a sustainability perspective.

Learn more: <https://www.iss-corporate.com/solutions/sustainable-finance/bond-issuers/>.

For more information on SPO services, please contact: SPOsales@iss-corporate.com.

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