

## Investment Rationale

### 1. Key Investment Risk & Return Considerations

The table below describes the key Investment Risk and Investment Return characteristics that Financial Brokers should consider when recommending this Bond to retail investor clients:

Feature	Description
<b>Investment Theme</b>	Eurozone Real Estate Index: EuroStoxx Real Estate Index (SX86E Index)
<b>Rationale for Theme</b>	EuroStoxx Real Estate Index is one of the most recognised Indices of Eurozone Real Estate shares  Indices provide a broad, passive exposure to the largest companies in a particular region (the Eurozone in this case)
<b>Potential Return</b>	<b>Option A:</b> Investors will receive 160% Participation in any positive performance of the Index or 100% Participation in any negative performance of the Index on the Final Valuation Date  <b>Option B:</b> Investors will receive a Fixed Annual Return of 4.8% paid out at the end of each year regardless to the investment performance of the Index  Maximum Return: Option A is unlimited and Option B is 24%
<b>Investment Risk Level</b>	Option A: Medium to High Option B: Medium
<b>SRI</b>	Option A: 5 Option B: 4
<b>Capital Protection</b>	None This Bond is Full Capital at Risk  If the Index has fallen at the Final Valuation Date, investors will lose 1% for every 1% decline in the value of the Index on the Final Valuation Date
<b>Investment Term</b>	Option A: 3 Years (Medium) Option B: 5 Years (Medium)
<b>Unique Features</b>	Option A: Higher Participation rate in any positive performance of the Index (160%) than in any negative performance of the Index (100%) Option B: 4.8% Fixed Annual Return paid out each year regardless to performance
<b>Product Compromises</b>	<b>No Capital Protection:</b> Investors can lose some or all of the amount invested  <b>Opportunity Cost:</b> Capital Returns or Investment Income could be higher if invested in a concentrated portfolio of shares or risky assets rather than an Index

	Option B returns capped at 4.8% per year and Bond return is capped at 24%. Returns could be higher if invested with a Capital Growth rather than an Investment Income focus.
<b>Liquidity</b>	Yes
<b>Taxation</b>	Option A: Capital Gains Tax (CGT) in the case of Personal and Company Investors Exempt for Pension & Post Retirement Schemes  Option B: Income Tax in the case of Personal and Company Investors Exempt for Pension & Post Retirement Schemes

## **2. Investment Rationale in more detail**

The investment rationale for investing in the Bond and in this Index can be summarised as follows:-

- Investing in Real Estate as a Long Term Investment
- Investing in a Real Estate Index
- Investing in the EuroStoxx Real Estate Index (SX86E Index)
- The Potential Investment Return:
  - **Option A:** Investors will receive **160% Participation** in any **positive performance** of the Index and **100% Participation** in any **negative performance** of the Index
  - **Option B:** Investors will receive a **Fixed Annual Return of 4.8% paid out at the end of each year regardless to the investment performance** of the Index

### **Why invest in Real Estate?**

The benefits of investing in real estate are numerous. With property assets, investors can enjoy predictable cash flow, excellent returns, tax advantages, and diversification.

- Real estate investors can make gains through rental income, appreciation, and profits generated by business activities that depend on the property
- The benefits of investing in real estate include passive income, stable cash flow, tax advantages, diversification, and sometimes leverage
- Real estate investment trusts (REITs) or listed property companies offer a way to invest in real estate without having to own, operate, or finance properties

Real estate returns vary, depending on factors such as location, asset class, and management but many investors expect returns comparable with the equity market.

### **Inflation Hedge**

The inflation-hedging capability of real estate stems from the positive relationship between GDP growth and the demand for real estate. As economies expand, the demand for real estate drives rents higher. This, in turn, translates into higher capital values. Therefore, real estate tends to maintain the buying power of capital by passing some of the inflationary pressure on to tenants and by incorporating some of the inflationary pressure in the form of capital appreciation.

### **Real Estate Drawback**

In addition to the benefits of investing in real estate, there are drawbacks. One of the main ones is the lack of liquidity (or the relative difficulty in converting an asset into cash and cash into an asset). Unlike

equities or bonds, which can be transacted in seconds, a real estate transaction can take months or longer to close.

Source: <https://www.investopedia.com/articles/mortgages-real-estate/11/key-reasons-invest-real-estate.asp>

### ***Investing in a Real Estate Index***

Although investing in Real Estate or Property involves a degree of illiquidity and investment risk and there will be volatile periods along the way, in the long term, Property tends to perform favourably relative to other assets like bonds and cash etc. By adopting a medium term approach, Property investors can mitigate the risks and short term volatility associated with Property investment while benefiting from the long term capital growth potential or investment income that Property investments can provide.

Property also increases the diversification of well structured portfolios invested in other asset classes such as cash, equities, bonds etc.

Indices provide a broad representative portfolio of investments in multiple companies or shares. Indexes are often used as benchmarks to gauge the movement and performance of market segments or geographic regions. Investors generally use indexes as a basis for diverse or passive investing.

The EuroStoxx Real Estate Index is an Index of Eurozone Property company shares.

### ***The EuroStoxx Real Estate Index***

The Stoxx Supersector indices track supersectors of the relevant benchmark index. There are 20 supersectors according to the Industry Classification Benchmark (ICB). Companies are categorised according to their primary source of revenue. The following supersectors are available: Technology, Telecommunications, Health Care, Banks, Financial Services, Insurance, **Real Estate**, Automobiles and Parts, Consumer Products and Services, Media, Retail, Travel and Leisure, Food, Beverage and Tobacco, Personal Care, Drug and Grocery Stores, Construction and Materials, Industrial Goods and Services, Basic Resources, Chemicals, Energy, Utilities.

### ***Index Statistics***

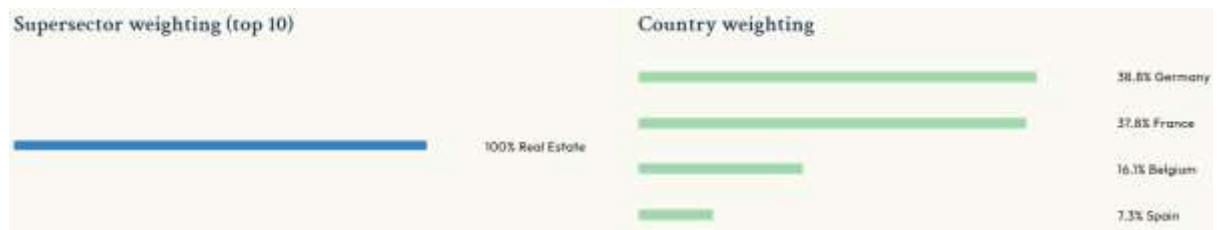
Index	Market Cap (EUR bn)			Components (EUR bn)			Component weight (%)		Turnover (%)
	Full	Free-float	Mean	Median	Largest	Smallest	Largest	Smallest	Last 12 months
EURO STOXX Real Estate	62.0	64.6	5.9	4.2	17.8	2.5	27.6	3.9	1.4

Source: <https://stoxx.com/index/sx86e/>

Index Fact Sheet: <https://stoxx.com/index/sx86e/?factsheet=true> (31 December 2025)

**Warning: The Index is a Price Return Index. Dividends or income distributed by the Index constituents will not be re-invested in this Index nor distributed to investors.**

## Index Sector and Country Weightings



Source: <https://stoxx.com/index/sx86e/?factsheet=true> (31 December 2025)

## Index Top 10 Holdings

Company	Supersector	Country	Weight
Vanovia SE	Real Estate	Germany	27.597%
UNIBAIL-RODAMCO-WESTFIELD	Real Estate	France	15.429%
KLEPIERRE	Real Estate	France	11.640%
MERLIN PROPERTIES SOCIMI	Real Estate	Spain	7.283%
LEG IMMOBILIEN	Real Estate	Germany	7.280%
WDP	Real Estate	Belgium	6.505%
GECINA	Real Estate	France	5.963%
AEDIFICA	Real Estate	Belgium	4.967%
COVIVIO	Real Estate	France	4.797%
COFINIMMO	Real Estate	Belgium	4.669%

Source: <https://stoxx.com/index/sx86e/?factsheet=true> (31 December 2025)

## Index Past Performance

The Index has had an annualised return of 4.1% over the last 3 years and -7.7% over the last 5 years. This table outlines the Index's annualised returns over the last 1, 3 and 5 years:

1Y	3Y	5Y
2.1	4.1	-7.7

Source: <https://stoxx.com/index/sx86e/?factsheet=true> (31 December 2025)

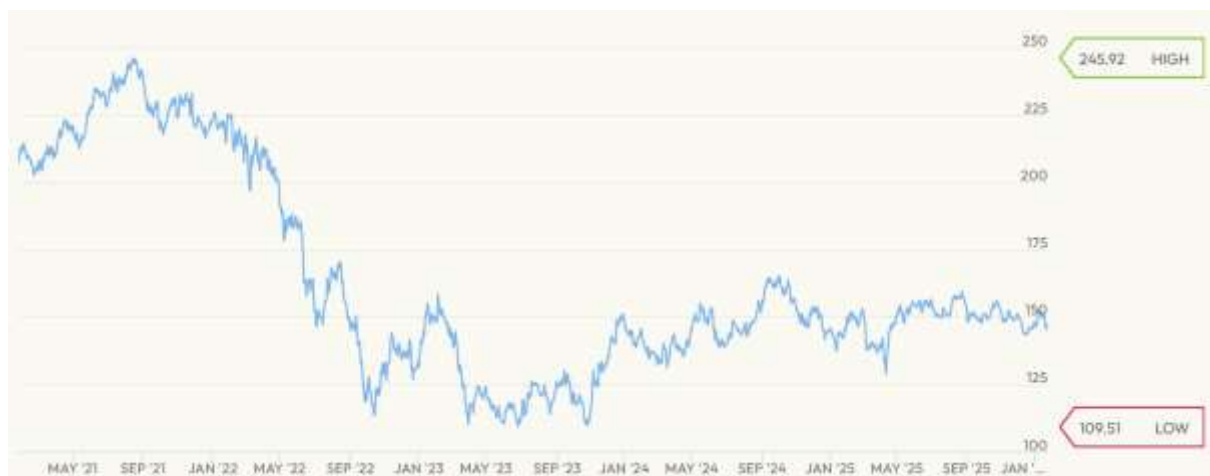
### ***Index Past Performance Charts***

This chart illustrates the performance of the Index over the past 3 years:



Source: <https://stoxx.com/index/sx86e/> (23 January 2023 to 23 January 2026)

This chart illustrates the performance of the Index over the past 5 years:



Source: <https://stoxx.com/index/sx86e/> (25 January 2021 and 23 January 2026)

**Warning: Past Performance is not a reliable guide to future performance.**

### 3. Warnings

**Warning: If you invest in the Bond you may lose some or all of the money you invest.**

**Warning: The value of your investment may go down as well as up.**

**Warning: This document is intended for Financial Broker firms only and is not suitable for potential Investors. This document should be read in conjunction with the product Brochure where a full list of warnings is provided.**