

Schroders
capital



SCHRODER EUROPEAN REAL ESTATE INVESTMENT TRUST PLC

Interim Report and Condensed
Consolidated Financial Statements

For the period 1 October 2023 to 31 March 2024



GRESB
★★★★☆ 2023

Unique and compelling opportunity to invest in a diversified portfolio of commercial Continental European real estate.

Future returns supported by an allocation to higher-growth sectors, an experienced local management team, and a UK peer group leading debt profile.



Venray, Netherlands

Net asset value ('NAV')

We seek to deliver strong long-term NAV growth.

NAV

€165.3m

NAV per ordinary share

123.6c

[Read more](#) | Page 8

Assets

We actively manage assets to achieve optimal value, continuing to drive income and increase exposure to higher-growth cities and sectors.

Portfolio value

€234.5m¹

Number of tenants

48

[Read more](#) | Page 11

Balance sheet strength

Prudent retention of cash and low LTV providing flexibility to commit capital to improve the existing portfolio, and take advantage of attractive buying opportunities.

Available cash

€26.4m²

Loan to value ('LTV')

24%

net of cash

[Read more](#) | Page 15

Why invest

1

Sustainable quarterly dividend fully covered by EPRA earnings

2

Attractive dividend yield of c.8.0% on current share price³

3

Strong balance sheet with modest levels of gearing (24% net LTV) and significant investable firepower with available cash of €26.4m

4

Income considered to be a strong inflation hedge with all leases subject to indexation and c.80% annually indexed

5

95% of the portfolio by value located in higher-growth regions

6

A track record of successfully executing on asset management initiatives to generate strong shareholder returns

7

Local investment and asset management teams with specialist sector and country knowledge

8

Hospitality-led approach to asset management and tenant relationships enhancing returns

9

Opportunity to improve portfolio sustainability credentials and leverage Schroders' market leading expertise

10

Focus on stable western European markets

Past performance is not a guide to future performance and may not be repeated. The value of the investments and the income from them may go down as well as up and investors may not get back the amount originally invested.

1 Reflects the value of directly held property assets of €208.1m and available cash of €26.4m.

2 Available cash of €26.4m is internally calculated by deducting net assets and liabilities as well as yet to be paid dividends from the cash balance.

3 Reflects the annualised latest announced quarterly dividend of 1.48cps/1.27pps based on a share price of 63.0pps as at 31 May 2024.



Alkmaar, Netherlands

Dividends

We seek to deliver a growing, fully covered dividend. Dividend cover currently stands at 109%.¹

Dividends declared during the interim period

€4.0m

(H2 2023: €4.0m)

Dividends declared per share

2.96cps

(H2 2023: 2.96cps)

[Read more](#) | Page 33

IFRS result

Strong EPRA earnings partly compensate portfolio value decline.

IFRS result

-€2.2m

NAV total return

-1.3%

[Read more](#) | Page 8

Sustainability

Sustainability is integrated in our investment process, focusing on our three pillars of People, Planet and Place.

Number of assets with sustainability and net zero carbon audits in progress

12

GRESB 4-star rating²



GRESB
★★★★☆ 2023

Contents

Overview

02 Performance Summary

Interim Management Report

04 Chairman's Statement

08 Investment Manager's Report

17 Responsibility Statement of the Directors in respect of the Interim Report

18 Independent Review Report

Financial Statements

20 Condensed Consolidated Interim Statement of Comprehensive Income

21 Condensed Consolidated Interim Statement of Financial Position

22 Condensed Consolidated Interim Statement of Changes in Equity

23 Condensed Consolidated Interim Statement of Cash Flows

24 Notes to the Financial Statements

Other Information (unaudited)

36 EPRA and Headline Performance Measures (Unaudited)

38 Glossary

39 Alternative Performance Measures

40 Corporate Information

¹ Dividend cover stands at 109% for both the three and six months periods ended 31 March 2024.

² Please refer to the glossary for further information on GRESB.

Overview

Performance Summary

Property performance

	31 March 2024 (six months period)	31 March 2023 (six months period)	30 September 2023 (12 months period)
Value of property assets ¹	€208.1m	€220.2m	€214.1m
Annualised rental income ¹	€16.7m	€16.5m	€16.8m
Estimated market rental value ¹	€16.1m	€15.8m	€16.0m
Underlying portfolio total return in the reporting period ²	0.3%	(2.3%)	(2.1%)
Underlying portfolio income return in the reporting period ²	3.4%	3.0%	6.3%

Financial summary

	31 March 2024	31 March 2023	30 September 2023
NAV	€165.3m	€177.1m	€171.4m
NAV per ordinary share (euro)	123.6c	132.4c	128.2c
NAV total return (euro)	(1.3%)	(4.7%)	(5.0%)
IFRS loss after tax	(€2.2m)	(€8.7m)	(€9.4m)
EPRA earnings ²	€4.3m	€3.8m	€8.0m ³
Dividend cover	109%	76%	89%

Capital values⁴

	31 March 2024	31 March 2023	30 September 2023
Share price	62.0 pps/ZAR 15.5	82 pps/ZAR 18.8	69.0 pps/ZAR 16.1
IFRS NAV per share	105.6 pps/ZAR 25.2	116.2 pps/ZAR 25.6	111.0 pps/ZAR 25.6

Earnings and dividends⁵

	31 March 2024	31 March 2023	30 September 2023
IFRS earnings	(1.6cps)	(6.5 cps)	(7.0cps)
EPRA earnings ²	3.2cps	2.8 cps	6.0cps
Headline earnings ²	3.2cps	2.8 cps	6.0cps
Ordinary dividends declared	3.0cps	3.7 cps	6.7cps

Bank borrowings

	31 March 2024	31 March 2023	30 September 2023
External bank debt (excluding costs)	€82.5m	€84.7m	€85.5m
Loan to value ratio based on GAV net of cash/gross of cash	24%/33%	23%/32%	24%/33%

Ongoing charges⁶

	31 March 2024	31 March 2023	30 September 2023
Ongoing charges (fund operating expenses only)	2.57%	2.34%	2.46%
Ongoing charges (fund and property operating expenses)	3.60%	3.45%	3.60%

1 Excludes the Seville property for which the NAV exposure is nil.

2 These are Alternative Performance Measures ('APMs'). EPRA and Headline earnings are reconciled to IFRS earnings on pages 36 and 37.

3 EPRA earnings were €3.8m for the first six months of the financial year 2023 and €4.2m for the latter six months of the financial year 2023 (totalling €8.0m for the full 12 months).

4 Pps refers to pence per share. ZAR refers to South African Rand per share.

5 Cps refers to euro cents per share.

6 Ongoing charges are Alternative Performance Measures ('APMs') calculated in accordance with the AIC recommended methodology as a percentage of the average NAV over a given period. For a definition of this Alternative Performance Measure refer to page 39.

Interim Management Report

Contents

04	Chairman's Statement
08	Investment Manager's Report
17	Responsibility Statement of the Directors in respect of the Interim Report
18	Independent Review Report

Chairman's Statement



Sir Julian Berney Bt.
Chairman

Performance Summary:
Interim to March 2024

Value of directly held property assets and available cash

€234.5m

Net asset value ('NAV')

€165.3m

Share price as at 31 May 24

63.0pps

EPRA earnings

3.2cps

Loan to value (net of cash)

24%

IFRS loss

€2.2m

Overview

We are pleased to announce our unaudited interim results for the six-month period ended 31 March 2024. Despite ongoing economic and geopolitical uncertainty, the Company has achieved another robust set of financial results:

- **Strong and growing underlying EPRA earnings:** Underlying EPRA earnings increased to €4.3 million (H2 2023 €4.2 million). This was driven by strong occupancy, high rent collection, and the portfolio's indexation characteristics, which underpinned rental growth. These collectively have helped offset the impact of higher interest costs.
- **Fully covered dividends:** Quarterly dividends of 1.48 euro cents per share were paid, reflecting an attractive dividend yield of approximately 8% per annum based on the share price of 63.0 pence sterling as at 31 May 2024. The dividend is 109% covered by EPRA earnings, providing further comfort around dividend stability.
- **Emphasis on asset management:** While the impact of the macroeconomic volatility on listed vehicles is outside of our control, we have successfully concluded 11 new leases and re-gears across the portfolio¹, totalling ca 6,340 sqm and generating €1.2 million in annual rent, at a weighted lease term of eight years. When combined with the focus on operational excellence, this has helped to maximise shareholder returns, ensuring that our assets remain relevant to their marketplace. Our local investment and asset management teams, with specialist sector and country knowledge, will continue to be key in driving performance.
- **Strong balance sheet:** Successfully completed all near-term refinancings on attractive terms, placing the Company in a strong financial position. The Company has significant cash reserves of approximately €26 million, modest gearing of 24% net of cash, and no further debt expiries until June 2026². A resilient balance sheet provides us with significant flexibility and the option to review select sustainability-led capex initiatives in the portfolio, which should optimise earnings growth and asset liquidity.
- **Portfolio values:** The like-for-like portfolio value (net of capex) declined €6.6 million, or -3.1%, to €208.1 million, largely driven by continued outward yield movement. Combined with EPRA earnings, this resulted in an IFRS loss of €2.2 million and a NAV total return of -1.3%. Investment volumes, and evidence for valuers, are increasing across Europe, particularly for smaller lot sizes in winning cities, which provides reassurance about underlying carrying values.
- **Valuation yields:** Valuation yields across the portfolio declined between 0 and 70 basis points (bps) over the period, primarily driven by the availability and cost of debt, as well as the appeal of other asset classes such as fixed income. We believe we have found a floor for select retail and industrial assets, and the recovery in the portfolio's office values will be driven by affordability, accessibility, and sustainability attributes.
- **Focus on sustainability:** Advanced our sustainability audits by leveraging the Schroders Capital platform and third-party consultants to undertake net zero carbon and Schroders real estate ESG Scorecard analysis, with the aim of investing in, and improving, the quality of our existing portfolio. We intend to target higher sustainability credentials which are consistent with our aim to achieve an Article 8 classification under the Sustainability Finance Disclosure Regulation ('SFDR') and the 'Sustainability Improver' label under the Sustainability Disclosure Regulations ('SDR').

1 Including lettings in Seville.

2 Excluding Seville for which a standstill agreement has been agreed.

Despite these strong fundamentals, our shares, like those of many other UK-listed real estate funds, continue to trade at a deep discount to NAV. We believe there is an opportunity to further differentiate our strategy by placing greater emphasis on sustainability objectives and reporting on the progress made in achieving them. This will complement the existing key attributes underpinning the strategy, including winning cities, diversification, strong occupancy, indexation upside, strength of balance sheet, and high dividend yield with excess cover.

Overall, the Board is pleased with the resilience of the portfolio and the efforts of our Investment Manager in delivering on our asset management programme.

Strategy

Our differentiated strategy remains focused on delivering shareholders an attractive level of income, as well as the potential for income and capital growth, through investments in commercial real estate in Continental Europe. We have made the strategic decision to be prudent and retain capital and continue to strengthen our balance sheet, ensuring that we have the necessary resources to invest in sustainability initiatives, which should help drive earnings growth and improve asset quality and liquidity.

We have a high conviction in the transformation of less sustainable buildings into modern, fit-for-purpose assets with green certifications. This approach should not only deliver enhanced returns but also support the wider real estate industry in achieving its net zero carbon targets. It should benefit our tenants, local communities, and overall portfolio performance.

We are in the advanced stages of finalising our sustainability and net zero audits, which will play a crucial role in our goal of applying for the 'Sustainability Improver' label under the Sustainability Disclosure Regulations ('SDR') set by the FCA. Additionally, we aim to become an Article 8 vehicle under the Sustainability Finance Disclosure Regulation ('SFDR'). We plan to apply for FCA approval later this year and seek the required approvals.

The portfolio remains diversified, managed by local sector specialist teams known for their operational excellence and hospitality mindset. Approximately 33% of the portfolio by value consists of offices, all of which are situated in supply-constrained locations and leased at affordable rents. Office occupancy in Continental Europe has seen a much stronger recovery following the pandemic relative to the UK and USA, driven by factors including, amongst others, accessibility by public transport and overall commute times. This has helped to keep occupancy levels high, particularly for quality space.

Our industrial exposure, comprising distribution warehouses and light industrial, accounts for 30% of the portfolio and is concentrated in growth cities in France and the Netherlands. Of the retail exposure, 17% is in DIY and grocery investments in densely populated urban areas, which are performing strongly. Alternatives make up 9% of the portfolio, including a mixed-use data centre and a car showroom, with the remaining 11% in cash. Throughout the period, our portfolio maintained a strong occupancy level of 96%, with all assets fully leased except for the Saint-Cloud office investment, which averaged approximately 85% occupancy over the period.



The strength of our balance sheet, cash position and dividend stand out relative to UK peers”

We continue to provide a unique offering compared to the wider UK-listed real estate peer group, delivering sustainable income and capital growth for our shareholders, while actively managing risk and ensuring the relevance of our assets in their respective markets.

Financial results

The NAV total return for the interim period was -1.3%, primarily driven by market-wide outward yield movements as a result of the higher interest rate environment. We witnessed outward yield movement across all our assets except Frankfurt, due to higher discount rates, influenced by changes in the availability and cost of financing. Independent valuers have reduced capitalisation rates by an average of approximately 25 basis points (bps), with value declines partially offset by rental indexation and, at certain assets such as Rumilly, Rennes, Nantes and Venray industrial investments, and the Hamburg office, by ERV growth. Underlying EPRA earnings for the period increased to €4.3 million, compared to €4.2 million in the second half of 2023. The Company's NAV as of 31 March 2024 decreased by €6.1 million, or 3.6%, to €165.3 million, or 123.6 euro cents per share, over the period.

Chairman's Statement continued

Balance sheet and debt

Given the disparate and volatile credit markets, we continue to manage our balance sheet conservatively. At the end of the period, third-party debt totalled €82.5 million, representing a loan-to-value ('LTV') ratio net of cash of 24% against the overall gross asset value of the Company, which is significantly below the net LTV cap of 35%. The Company has six loans secured against individual assets or groups of assets, with no cross-collateralisation between loans. The average weighted total interest rate of the loans is 3.2% per annum, and the weighted average duration is 3.2 years.

During the period, we completed two French refinancings on highly competitive terms. In December 2023, we refinanced the Paris office investment early, reducing the loan principal from €17 million to €14 million, and securing a margin of 1.9% for four years. Furthermore, in March 2024, we refinanced an €8.6 million loan secured against our Rennes property with the existing lender for five years at a margin of 1.6%. The Seville loan remains in a cash trap and is being managed under a standstill agreement to facilitate a sale. A disposal of the Seville property would reduce portfolio gearing by approximately 3%, and we are actively pursuing this strategy. Further details on individual loans can be found in the Investment Manager's Report. The Company currently holds approximately €26 million in available cash and has further debt capacity, providing significant flexibility.

Dividends

During the current period, the Board has decided to continue with the quarterly dividend of 1.48 euro cents per share. The total dividends declared for the six months of the current financial year amount to 2.96 euro cents per share, which is fully covered at 109%. When annualised, the dividend provides a highly attractive dividend yield of c.8.0% based on the share price of 63.0 pence per share as of the close on 31 May 2024.

The Board will continue to monitor the dividend in consideration of factors such as tenant occupation, rent collection, interest expense, cash position, and dividend cover. The current level of dividend cover provides confidence in the sustainability of the dividend, despite increasing interest expense costs.

Board succession

As part of our comprehensive succession planning process, we appointed Mark Beddy as an independent Non-Executive Director, effective from 1 January 2024. Mark brings extensive finance and accounting experience, having served as a senior audit partner in Deloitte LLP, with a focus on real estate investment, development, and construction. He is a Chartered Accountant and holds various trustee and committee roles in organisations such as the British Council, London Symphony Orchestra, a private real estate portfolio, and a real estate income fund. Mark currently serves as the chair of the Audit, Valuation, and Risk committee, and is a member of the Nomination and Remuneration Committee and Management Engagement Committee. He replaced Jonathan Thompson, who retired at the recent AGM in March 2024.

The Board intends to review the composition of the Board in September 2024 with the view of reducing its size from four to three members.

Outlook

Despite geopolitical risks, economic sentiment is slowly improving and inflation is moderating across Continental Europe. As such, with the ECB reducing rates by 25 basis points in early June 2024, we anticipate the potential for a further rate cut towards the end of 2024. This should provide more certainty to capital markets, attracting investors back to real estate and investment trusts, given their attractive income and value characteristics. Our management team has successfully managed the

near-term refinancing challenges and given the strength of our balance sheet, cash position, and dividend, the Company provides a compelling investment proposition compared to our UK-listed peers.

Moving forward, we will continue to focus on the elements within our control including operational understanding, tenant relationships and sustainability enhancements, which will collectively improve our income and thereby earnings, enhance liquidity, and drive asset value. We anticipate that the investor pool will grow as we potentially seek to pivot towards becoming an Article 8 vehicle, and we expect the attractive discount currently available to narrow. Regardless, investors can have confidence in a viable company with diversified real estate exposure across key growth European cities, managed by local market specialists.

Sir Julian Berney Bt.

Chairman

18 June 2024



Investment Manager's Report



Jeff O'Dwyer
Fund Manager

Financial results

The net asset value ('NAV') as at 31 March 2024 stood at €165.3 million (£141.3 million), or 123.6 euro cents per share (105.7 pence per share), compared with €171.4 million, or 128.2 cps, as at 30 September 2023.

During the period, dividends totalling €4.0 million were paid, which resulted in a NAV total return of -1.3%.

The table below provides an analysis of the movement in NAV during the reporting period as well as a corresponding reconciliation in the movement in the NAV euro cents per share.

	€m ¹	cps ²
NAV as at 1 October 2023	171.4	128.2
Unrealised loss in the valuation of the real estate portfolio ³	(6.1)	(4.6)
Capital expenditure ³	(0.5)	(0.3)
Transaction costs ³	0.0	0.0
Paris, Boulogne-Billancourt post-tax development profit	0.0	0.0
Movement on the Seville JV investment	0.0	0.0
EPRA earnings ⁴	4.3	3.2
Non-cash/capital items	0.2	0.1
Dividends paid ⁵	(4.0)	(3.0)
NAV as at 31 March 2024	165.3	123.6

- 1 Management reviews the performance of the Company principally on a proportionally consolidated basis. As a result, figures quoted in this table include the Company's share of the Seville joint venture on a line-by-line basis.
- 2 Based on 133,734,686 shares.
- 3 The unrealised loss in the valuation of the real estate of the portfolio (€6.1m), net of capital expenditure (€0.5m), reconciles to the 'net gain/(loss) from fair value adjustment on investment property' of (€6.6m) on page 26 of the financial statements.
- 4 EPRA earnings as reconciled on page 36 of the financial statements.
- 5 Dividends of 2.96 cps were paid during the financial period. A dividend for the quarter ended 31 March 2024 of 1.48 Euro cents per share was approved and will be paid in August 2024. Total dividends declared relating to the six months' ended 31 March 2024 were 2.96 Euro cents per share. For more information, please refer to page 33.



We continue to have conviction that better quality, certified investments will outperform and that poorer quality assets will become increasingly obsolete and illiquid.”

The direct portfolio, net of capital expenditure, decreased in value by €6.6 million, mainly as a result of a yield re-rating of the underlying real estate.

Having previously crystallised the majority of the profit from the Paris BB sale, no further additional profit was released into the NAV this financial period. There remains approximately €1.0m of potential post-tax profit still to be recognised in the NAV. Further information is disclosed in note 4 on pages 28 to 29.

Non-cash items of €0.2 million mainly result from reduced deferred taxes due to lower real estate portfolio values.

EPRA earnings for the period totalled €4.3 million and this is an increase of 3% on the prior six months' EPRA earnings of €4.2 million. The positive contribution from higher rental income and lower vehicle costs during the most recent six month period is largely offset by a higher cost of debt as a result of the refinancings.

Our strategy

Investment objective

Schroder European Real Estate Investment Trust plc (the 'Company'/'SEREIT') aims to provide shareholders with a regular and attractive level of income, together with the potential for income and capital growth through investing in commercial real estate in Continental Europe.

Investment strategy

The strategy to deliver this, and progress made during the year and since year end, is set out below:

1

Maximising shareholder value through active asset management

2

Improving the defensive qualities of the portfolio in light of changing social, economic and geopolitical risks

3

Applying a research-led approach to determine attractive sectors and locations in which to invest in commercial real estate

4

Increasing exposure to higher growth Winning Cities and Regions

5

Actively managing the Company and its assets, drawing on the expertise of our sector specialists to maximise shareholder returns and evolve the Company's asset management approach that is focused on operational excellence

6

Advancement of sustainability and net zero carbon audits across the majority of the portfolio with a view to improving certifications, rental growth potential and liquidity

7

Applying our sustainable investment approach throughout the investment process and asset lifecycle¹

8

Prudent and efficient cost control and maintaining a strong balance sheet

¹ Schroders integrates ESG considerations into research and investment decisions across Investment teams and asset classes with the aim of maximising risk-adjusted returns for our clients. We confirm the adoption of ESG integration by our Investment teams using an internal accreditation framework. The Direct Real Estate team responsible for the Investment Management of the Company holds Schroders ESG Integrated accreditation. Please refer to [Schroders-Group-Sustainable-Investment-Policy.pdf](#) for more information.

Investment Manager's Report continued

Portfolio performance

During the six month period, total property returns for the underlying property portfolio were +0.3%. With the portfolio benefiting from indexation, high occupancy and high rent collection, property income returns were strong at +3.4%, thereby more than offsetting negative capital returns of -3.0%.

The strongest performance was seen in the industrial portfolio, with Venray delivering a total property return ('TR') of +4.9%, Nantes +4.1% and Rennes +3.6% over the six months. Values for these assets held up well and income returns were healthy.

The portfolio's data centre in Apeldoorn, and the office asset in Paris, also positively contributed to performance. Apeldoorn delivered +3.7% and Paris +2.0%, as their income returns were high and sufficient to compensate negative capital results.

The main detractors from portfolio performance were the car showroom in Cannes (-7.0% TR), the office assets in Stuttgart (-5.2% TR) and Hamburg (-1.2% TR), and the industrial assets in Houten (-1.5% TR), Alkmaar (-0.7%) and Rumilly (-0.4%) as

these assets witnessed the largest valuation declines.

The real estate portfolio delivered a total property return of 0.6% over a rolling 12 month period, 3.1% p.a. over three years and 6.2% p.a. over five years.

Real estate portfolio

As at 31 March 2024, the portfolio comprised 15 properties valued at €208.1 million. In addition, the Company has a 50% interest in a joint venture in Seville, Spain which continues to be recognised at nil interest and which is therefore excluded in all relevant statistics in the Chairman's Statement and the Investment Manager's Report.

The portfolio generated rental income of €16.7¹ million per annum, reflecting a net initial yield of 6.8%. The independent valuer's estimated rental value ('ERV') of the portfolio is €16.1 million per annum.

The real estate portfolio is diverse with income from a range of occupiers across different sectors and industries. The diversified nature and strength of underlying tenants, coupled with the fact the assets are typically leased off affordable and sustainable rents, should support relatively resilient portfolio income in a weaker economic environment and a more

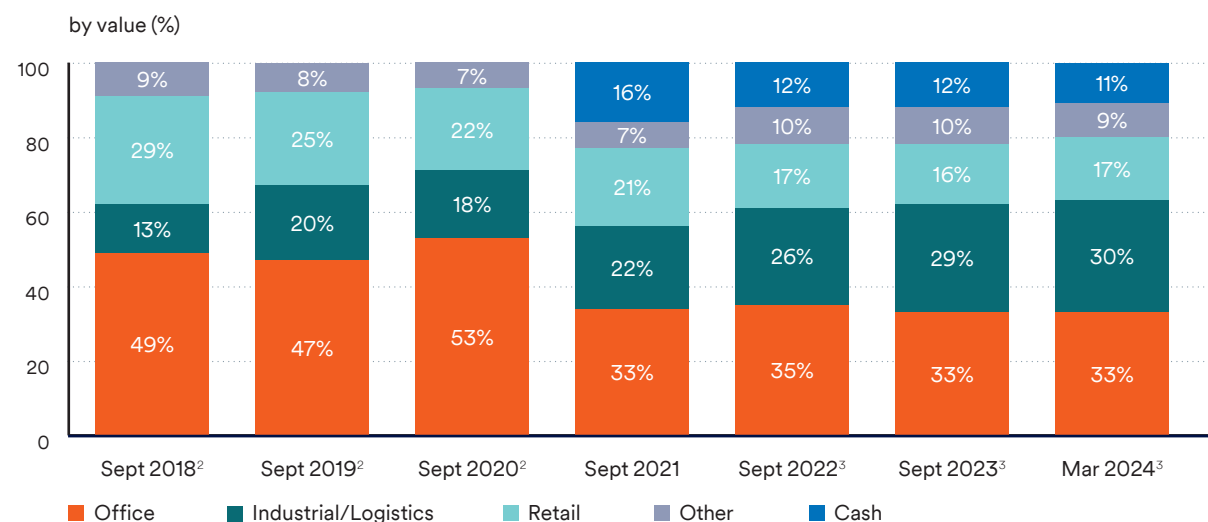
challenging period for consumers and businesses. Approximately 33% of the portfolio by value is offices, all of which are in supply-constrained locations and leased off affordable rents. Our industrial exposure of 30% is a mixture of distribution warehouses and light industrial accommodation in growth cities within France and The Netherlands. Our retail exposure of 17% comprises DIY and grocery investments in densely populated urban areas and sectors that are performing strongly. 9% of the portfolio is allocated to the alternatives sector, comprising a mixed-use data centre and a car showroom, with the remaining 11% in cash.

At the period end the portfolio void rate was 4%, calculated as a percentage of estimated rental value. The portfolio weighted average lease length, calculated to the earlier of lease expiry or break, is 3.7 years.

European leases typically provide for rents to be indexed to inflation. The majority (80%) of the Company's income is subject to annual indexation with the remaining 20% linked to a hurdle (typically 10%) and hence we expect nearly all the leases to directly benefit from inflation.

¹ Represents the annualised contracted rents as at 31 March 2024 of the direct portfolio.

Evolution of assets under management ('AuM')



² Available cash holdings per Sep 2018, 2019 and 2020 were low and were not separately reported as part of the asset allocation.

³ Portfolio allocations exclude the Seville property for which the NAV exposure is nil.

At a glance

Portfolio overview

The Company owns a diversified portfolio of commercial real estate in Continental Europe with favourable property fundamentals, targeting assets located within Winning Cities and Regions in high-growth sectors. These properties are expected to generate higher and more sustainable levels of economic growth, underpinned by themes such as urbanisation, demographics, technology and infrastructure improvements.

Number of properties¹

15

AuM^{1,2}

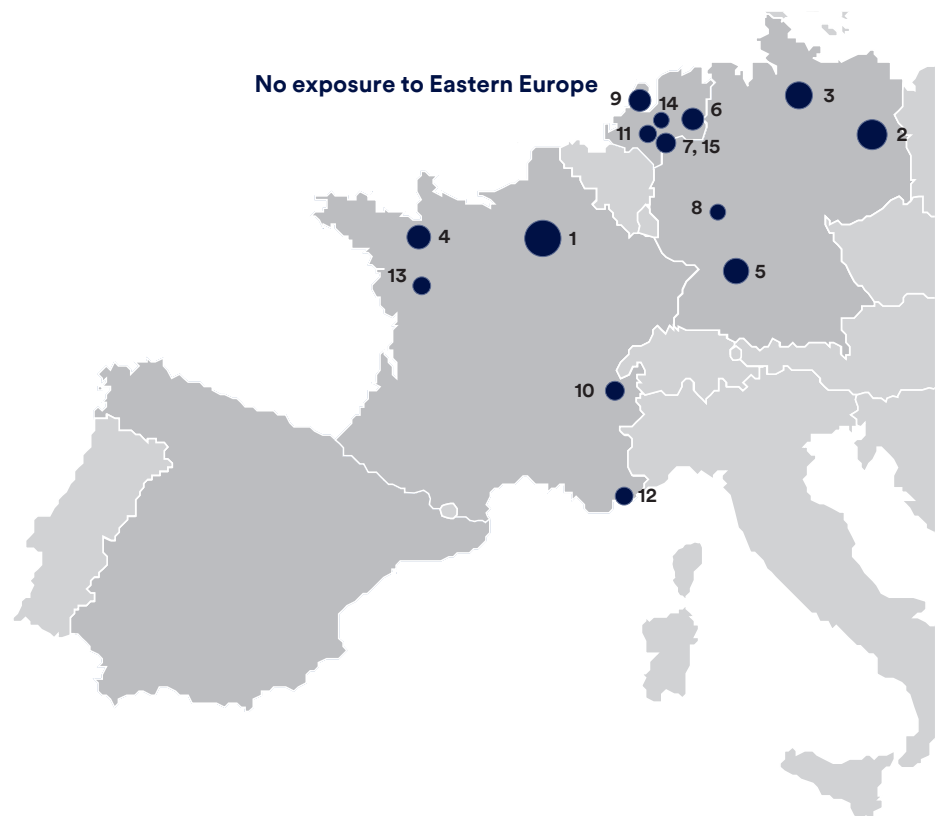
€234.5m

Number of tenants¹

48

Occupancy¹

96%



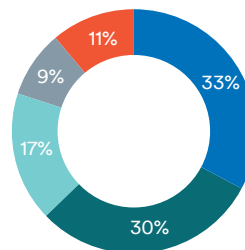
Top ten properties

Property	Sector	Value (€m/% portfolio) ^{1,2}
1 France, Paris (Saint-Cloud)	Office	€37.7m/16%
2 Germany, Berlin	Retail/DIY	€27.7m/12%
3 Germany, Hamburg	Office	€21.8m/9%
4 France, Rennes	Industrial	€18.9m/8%
5 Germany, Stuttgart	Office	€18.1m/8%
6 The Netherlands, Apeldoorn	Mixed	€14.5m/6%
7 The Netherlands, Venray	Industrial	€11.3m/5%
8 Germany, Frankfurt	Retail/Grocery	€11.1m/5%
9 The Netherlands, Alkmaar	Industrial	€11.1m/5%
10 France, Rumilly	Industrial	€9.9m/4%

Remaining five properties shown on the map are:

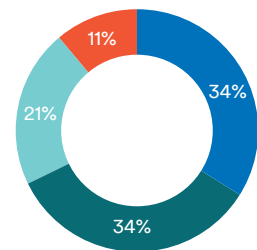
- 11 The Netherlands, Houten – Industrial
- 12 France, Cannes – Car showroom
- 13 France, Nantes – Industrial
- 14 The Netherlands, Utrecht – Industrial
- 15 The Netherlands, Venray II – Industrial

Sector allocation



- Office
- Industrial
- DIY and Grocery
- Other
- Cash

Country allocation



- Germany
- France
- The Netherlands
- Cash

1 Excludes the Seville property for which the NAV exposure is nil.

2 Reflects the value of directly held property assets of €208.1m and available cash of €26.4m.

Investment Manager’s Report continued

The table below sets out the portfolio’s top ten tenants by contracted rent, which are from a diverse range of industry segments and represent 70% of the portfolio by income¹.

Top Ten Tenants

Rank	Tenant	Industry	Property	Contracted rent		WAULT break (yrs)	WAULT expiry (yrs)
				€m	% of total		
1	KPN	Telecom	Apeldoorn	3.0	18%	2.8	2.8
2	Hornbach	DIY	Berlin	1.8	11%	1.8	1.8
3	C-log	Logistics	Rennes	1.3	8%	6.9	6.9
4	Outscale	IT	Paris	1.0	6%	5.2	8.2
5	DKL	Logistics	Venray	0.8	5%	4.5	4.5
6	Cereal Partners	Consumer staples	Rumilly	0.8	5%	1.1	2.1
7	LandBW	Government	Stuttgart	0.8	5%	2.3	2.3
8	Schuurman Beheer	Manufacturing	Alkmaar	0.7	4%	14.0	19.0
9	Inventum	Manufacturing	Houten	0.7	4%	5.8	5.8
10	Ethypharm	Pharmaceuticals	Paris	0.7	4%	0.8	2.8
Total top ten tenants				11.6	70%	4.0	4.8
Remaining tenants				5.1	30%	3.0	4.7
Total				16.7	100%	3.7	4.8

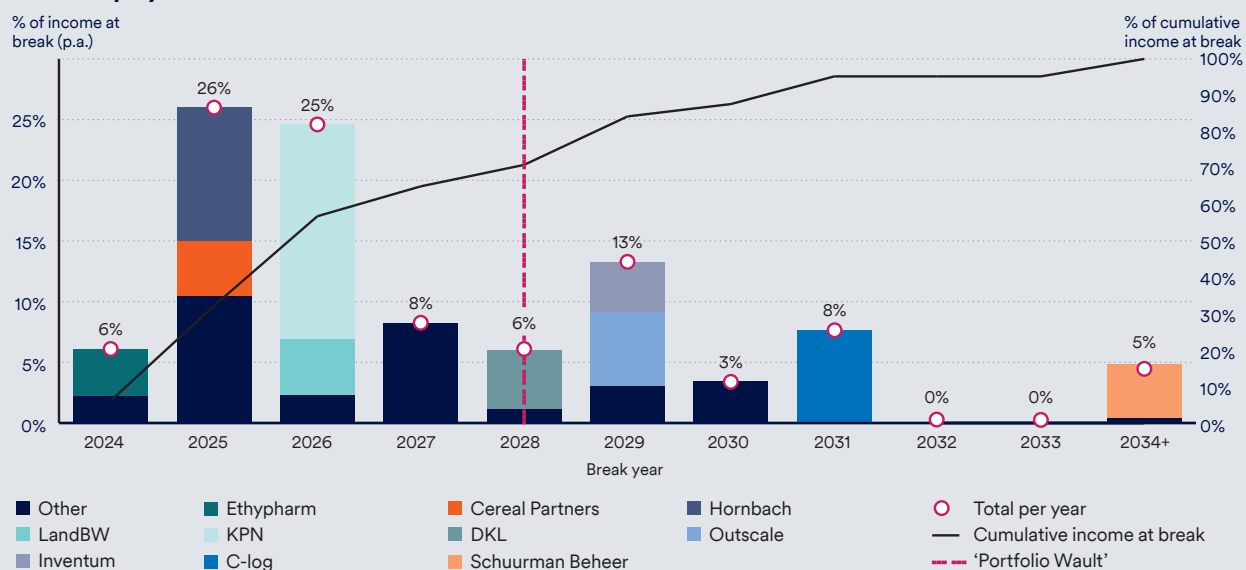
¹ Excludes the Seville property for which the NAV exposure is nil.

The largest tenant is KPN, representing 18% of the portfolio’s contracted rent. KPN is a leading telecommunications and IT provider and market leader in the Netherlands. It occupies our mixed-use Apeldoorn asset (data centre and office).

The second largest tenant is Hornbach, the sole occupier of our Berlin DIY asset, with a four-hectare site that benefits from alternative use potential. Hornbach (presenting 11% of contracted rents) is a leading Germany-based operator of Do-it-yourself (‘DIY’) stores and home centres with strong financials.

The remaining large tenants, with businesses across a diversified range of industries, each account for between 4%-8% of portfolio rents. These include C-log, Outscale, DKL, Cereal Partners, Land Badenwürttemberg, Schuurman Beheer, Inventum and Ethypharm.

Lease Expiry Chart



Rent collection update¹

The diversification, and granularity of the underlying rental income and ongoing occupier engagement, has again supported strong rent collection rates with c.100% of the contracted rents collected for the six-month period and previous financial year.

As at 31 March 2024	Office		Industrial		DIY and Grocery		Mixed		Total	
	H1 2024	FY 2023	H1 2024	FY 2023	H1 2024	FY 2023	H1 2024	FY 2023	H1 2024	FY 2023
Paid	99.3%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	99.8%	100.0%
Deferred	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Outstanding ²	0.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

1 Rent collection table excludes the Seville property for which the NAV exposure is nil. FY 2023 refers to the SEREIT 2023 full year period between Q4 2022 and Q3 2023. 2024 H1 refers to the SEREIT 2024 half year period between Q4 2023 and Q1 2024.

2 Partial unpaid rent relates to Stuttgart and Paris which is being claimed and payment is expected in due course.

Across the direct portfolio, almost all of the contracted rents are subject to indexation clauses and all tenants have complied with payments in accordance with their respective indexation clauses.



Investment Manager's Report continued



Frankfurt, Germany

Frankfurt, Germany

LEASING INITIATIVES

Asset overview and performance

The Frankfurt asset was acquired in April 2016 and comprises a 4,525 sqm grocery-anchored convenience retail investment in Rödelheim, an accessible, densely populated urban location situated 6 km north-west of the Frankfurt city centre. The sub-market benefits from a higher population density of 3,760 inhabitants per sq km compared to Frankfurt's average of 3,100.

Asset strategy

The strategy has been to drive income and value through ERV growth and re-gearing leases with strong covenants in order to improve the income profile, value and liquidity. This is expected to be reflected in June 2024 valuation. The grocery sector is currently witnessing strong investor demand and, as such, we are considering a disposal with a view to allocating proceeds to enhance shareholder returns.

Rationale

- We recently signed a new 15-year lease extension with anchor tenant LIDL that accounts for c.50% of total income
- Post period end, further lease extensions have been agreed with WEWO and NKD along with a new lease for the storage space; in total these three initiatives account for a further c.25% of total income
- There is further longer-term potential in using the site for residential use, subject to planning. Residential capital values for new construction in the region are approximately €7,500 per sqm, more than three times retail values
- Strength of location and income profile will be appealing to private investors, family offices and smaller institutions



Rennes, France

Debt management

REFINANCING INITIATIVES

Portfolio overview and strategy

We have successfully completed all near-term refinancings on attractive terms, placing the Company in a strong financial position. The Company has significant cash reserves of approximately €26 million, modest gearing of 24% net of cash and a resilient balance sheet providing significant flexibility.

Rationale

- The tightening of debt markets, particularly for non-prime office investments, prompted the early refinancing of the Saint-Cloud office in December 2023. This involved a part repayment, reducing the loan principal from €17m to €14m, and at a competitive margin of 1.9% for a further four years
- In March 2024, we refinanced the €8.6m loan secured against our Rennes property with the existing lender for five years at a margin of 1.6%
- The Seville loan has been extended post quarter end under a standstill agreement for a further six months expiring November 2024 to facilitate a sale. Under the standstill agreement, the cash trap remains in place. A disposal of this asset would reduce gearing by c.3%
- There are no further refinancings until June 2026

Balance sheet

Over the interim period, the Investment Manager successfully completed all remaining refinancings, excluding Seville, at attractive terms, placing the Company in a strong financial position with high cash levels of c.€26 million and no further debt expiries until June 2026.

Re-gears have extended the average loan maturity by 13 months. The average blended interest rate across the loan portfolio has increased approximately 30 basis points as a result of higher finance costs for the new loans.

In detail:

- The early refinancing of the Paris office investment concluded at a margin of 1.9% for four years, an increase from the existing margin of 1.3%. The loan principal was reduced from €17 million to €14 million. The rationale for the early refinancing is the expectation for a tighter and more expensive lending environment, particularly for secondary offices.
- The refinancing of a €8.6 million loan secured against the Rennes industrial asset completed with the existing lender for five years at a margin of 1.6%, a slight increase on the existing 1.4% margin.

The Company's third-party debt totals €82.5 million across six loan facilities as at 31 March 2024. The current blended all-in interest rate is 3.2% and the average remaining loan term is 3.2 years. The loan to value ('LTV') net of cash is 24% against the Company's gross asset value (gross of cash LTV is 33%).

There is a net of cash LTV cap of 35% that restricts concluding new external loans if the Company's net LTV is above 35%. An increase in leverage above 35% as a result of valuation decline is excluded from this cap.

The individual loans are detailed in the table below. Each loan is held at the property-owning level instead of the Group level and is secured by the individual properties noted in the table. There is no cross-collateralisation between loans. Each loan has specific LTV and income default covenants. We detail the headroom against those covenants in the latter two columns of the table below.

Lender	Property	Maturity date	Outstanding principal	Interest rate	Headroom LTV default covenant (% decline)	Headroom net income default covenant (% decline)
VR Bank Westerwald	Stuttgart/Hamburg	30/12/2027	€18.00m	3.80%	No covenant	No covenant
Deutsche Pfandbriefbank	Berlin / Frankfurt	30/06/2026	€16.50m	1.31%	33%	44%
BRED Banque Populaire	Paris (Saint-Cloud)	15/12/2027	€14.00m	3M Eur+1.9%	17%	>50%
ABN Amro	The Netherlands industrials ¹	27/09/2028	€13.76m	5.30%	30%	28%
Landesbank SAAR	Rennes	26/03/2029	€8.60m	4.3%	17%	40%
Münchener Hypothekenbank	Seville (50%) ²	22/05/2024	€11.68m	1.76%	In breach ³	In cash trap
Total			€82.54m			

¹ The ABN Amro loan is secured against five of the Netherlands industrial assets: Alkmaar, Venray, Houten, Utrecht and Venray II.

² Includes the Company's 50% share of external debt in the Seville joint venture of €11.7 million and excludes unamortised finance costs.

³ Temporary waiver for breach of LTV covenant in Seville agreed with the lender.

- At Seville, the loan continues to be in breach of its loan covenants. All excess income generated by Seville is pledged to the lender. The loan is secured solely against the Seville investment, with no recourse back to the Company or any other entity within the Group.
- The Seville loan has been extended post quarter end under a standstill agreement for a further six months expiring November 2024 to facilitate a sale. Under the standstill agreement, the cash trap remains in place.
- A disposal of the Seville property/entity would reduce portfolio gearing by approximately 3%.
- The German, Dutch, Spanish and the French Rennes loans are fixed-rate for the duration of the loan term.
- The Paris loan is based on a margin above three-month Euribor. The Company continues to benefit from an existing interest rate hedge, capped at 1.25%, expiring 15 December 2024. A further interest rate hedge (capped at 3.25%) has been acquired covering the remaining loan period to 15 December 2027. This allows the Company to benefit from a potential decline in interest rates. The combined fair value of the derivative contracts is €0.3 million as at 31 March 2024.

Investment Manager's Report continued

Outlook

The Eurozone is starting to see signs of cautious optimism. With inflation easing, the European Central Bank in early June has reduced rates by 25 basis points. The market is expecting a further decline towards the end of 2024 which will further help sentiment. Despite this, economic growth is forecast to remain moderate over the short term. Geopolitical risks in Ukraine and the Middle East continue to be the primary risk impacting broader capital markets.

The real estate occupational markets present a mixed picture. Select retail and industrial investments are seeing positive take-up and rental growth, while offices are increasingly characterised by a growing polarisation between highly accessible offices with favourable sustainability credentials witnessing better demand and rental growth over older, secondary-located office stock.

The investment market remains subdued with transactional activity biased to sub €30 million lot sizes, consistent with the Company's strategy. Pricing appears to have stabilised across select retail and industrial with secondary offices expected to see further valuation pressures, particularly as valuers price sustainability risks.

Sustainability is set to have a growing impact on decision-making across all sectors. Market participants are actively striving to align themselves with environmental, social, and governance ('ESG') agendas. Additionally, there is a heightened focus on obtaining improved data regarding the costs and benefits associated with sustainability choices.

This demonstrates a strong commitment to integrating sustainable practices and making informed decisions that consider the long-term environmental and social impacts. It is our intention, during Q4 2024, to seek FCA approval to evolve the Company's strategy to include sustainability improvement objectives and key performance indicators. We believe that improving sustainability credentials resonates with occupiers and investors and assists in long-term total return for shareholders.

Jeff O'Dwyer
Fund Manager
18 June 2024



Responsibility Statement of the Directors in respect of the Interim Report

Principal risks and uncertainties

The principal risks and uncertainties with the Company's business relate to the following risk categories: investment and strategy; economic and property market; sustainability; valuation; gearing and leverage; and regulatory compliance. A detailed explanation of the risks and uncertainties in each of these categories can be found on pages 33 to 34 of the Company's published Annual Report and Consolidated Financial Statements for the year ended 30 September 2023.

The successful debt refinancings of both the Saint-Cloud and Rennes loans in the interim period, with no further refinancings until June 2026 (excluding Seville for which a standstill agreement has been agreed to November 2024 to facilitate an orderly sale, and for which the Group's equity has been previously written down to nil), have been deemed to have reduced the refinancing risk of the Company significantly, and the sustainability of the portfolio has become a greater focus. The Board continues to be mindful of the changing global environment and the risks posed by volatile markets; inflation and corresponding interest rate increases; geopolitical uncertainty; structural changes; sustainability and occupier preferences which could affect the use and prospects of some real estate sectors. The Board keeps these matters under review, particularly in connection with its decision to redeploy investible cash.

The Company's portfolio remains resilient, as evidenced by rent collection levels over the half year. Covenant, interest rates, cost of debt and expiry profiles continue to be actively managed as part of cash flow forecasting and liquidity management. The Company has substantial cash available providing a robust position to manage the Company through current headwinds facing European economies.

Other than as outlined above, the principal risks and uncertainties have not materially changed during the six months ended 31 March 2024.

Going concern

The Board believes it is appropriate to adopt the going concern basis in preparing the financial statements.

A comprehensive going concern statement setting out the reasons the Board considers this to be the case is set out in note 1 on pages 24 to 25.

Related party transactions

There have been no transactions with related parties that have materially affected the financial position or the performance of the Company during the six months ended 31 March 2024. Related party transactions are disclosed in note 13 of the condensed consolidated interim financial statements.

Statement of Directors' responsibilities

The Directors confirm that to the best of their knowledge:

- The half year report and condensed consolidated interim financial statements have been prepared in accordance with the UK adopted International Accounting Standard IAS 34 Interim Financial Reporting; and
- The Interim Management Report includes a fair review of the information required by 4.2.7R and 4.2.8R of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules.

Sir Julian Berney Bt.

Chairman

18 June 2024

Independent Review Report to Schroder European Real Estate Investment Trust plc

Conclusion

We have been engaged by Schroder European Real Estate Investment Trust plc (the “Company”) and its subsidiaries (together the “Group”) to review the Half Year Report and Condensed Consolidated Interim Financial Statements for the six months ended 31 March 2024 (‘Interim financial statements’) which comprises the Condensed Consolidated Interim Statement of Comprehensive Income, Condensed Consolidated Interim Statement of Financial Position, Condensed Consolidated Interim Statement of Changes in Equity, Condensed Consolidated Interim Statement of Cash Flows, and the related Notes to the Financial Statements 1 – 16. We have read the other information contained in the Half Year Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the Interim financial statements in the Half Year Report.

Based on our review, nothing has come to our attention that causes us to believe that the Interim financial statements for the six months ended 31 March 2024 are not prepared, in all material respects, in accordance with UK-adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom’s Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements 2410 (UK) “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” (ISRE) issued by the Financial Reporting Council. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with

International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 1, the Interim financial statements included in this Half Year Report have been prepared in accordance with UK-adopted International Accounting Standard 34, “Interim Financial Reporting”.

Conclusions Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with this ISRE, however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the directors

The directors are responsible for preparing the Half Year Report and Interim financial statements in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom’s Financial Conduct Authority.

In preparing the Half Year Report and Interim financial statements, the directors are responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor’s Responsibilities for the review of the financial information

In reviewing the Half Year Report and Interim financial statements, we are responsible for expressing to the Company a conclusion on the Interim financial statements in the Half Year Report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK) “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Financial Reporting Council. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Ernst & Young LLP

London

18 June 2024

Financial Statements

Contents

20	Condensed Consolidated Interim Statement of Comprehensive Income
21	Condensed Consolidated Interim Statement of Financial Position
22	Condensed Consolidated Interim Statement of Changes in Equity
23	Condensed Consolidated Interim Statement of Cash Flows
24	Notes to the Financial Statements

Condensed Consolidated Interim Statement of Comprehensive Income

For the period ended 31 March 2024

	Notes	Six months to 31 March 2024 €000 (unaudited)	Six months to 31 March 2023 €000 (unaudited)	Year to 30 September 2023 €000 (audited)
Rental and service charge income	2	10,295	9,490	19,666
Property operating expenses		(2,767)	(2,613)	(5,398)
Net rental and related income		7,528	6,877	14,268
Net (loss)/gain from fair value adjustment on investment property	3	(6,617)	(12,958)	(19,726)
Development revenue	4	519	63	405
Development expense	4	(519)	(63)	1,133
Realised gain/(loss) on foreign exchange		(2)	(16)	(12)
Net change in fair value of financial instruments at fair value through profit or loss	9	(388)	107	(260)
Provision of loan made to Seville joint venture	5	–	–	–
Expenses				
Investment management fee	13	(972)	(1,028)	(1,981)
Valuers' and other professional fees		(285)	(378)	(788)
Administrator's and accounting fees		(328)	(211)	(566)
Auditors' remuneration		(173)	(201)	(335)
Directors' fees	13	(120)	(123)	(232)
Other expenses		(104)	(226)	(442)
Total expenses		(1,982)	(2,167)	(4,344)
Operating profit		(1,461)	(8,157)	(8,536)
Finance income		290	37	228
Finance costs		(1,271)	(809)	(1,714)
Net finance costs		(981)	(772)	(1,486)
Share of loss of joint venture	6	–	–	–
(Loss) before taxation		(2,442)	(8,929)	(10,022)
Taxation	7	259	266	640
(Loss) for the period/year		(2,183)	(8,663)	(9,382)
Other comprehensive income/(expense):				
Other comprehensive (loss)/income items that may be reclassified to profit or loss:				
Currency translation differences		–	–	–
Total other comprehensive (expense)/income		–	–	–
Total comprehensive (expense) for the period/year		(2,183)	(8,663)	(9,382)
Basic and diluted (loss)/earnings per share attributable to owners of the parent	8	(1.6)c	(6.5)c	(7.0)c

All items in the above statement are derived from continuing operations. The accompanying notes 1 to 16 form an integral part of the condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Financial Position

As at 31 March 2024

	Notes	Six months to 31 March 2024 €000 (unaudited)	Six months to 31 March 2023 €000 (unaudited)	Year to 30 September 2023 €000 (audited)
Assets				
Non-current assets				
Investment property	3	207,066	219,011	213,098
Investment in joint venture	6	–	–	–
Non-current assets		207,066	219,011	213,098
Current assets				
Trade and other receivables		9,307	7,822	8,897
Interest rate derivative contracts	9	342	1,041	674
Cash and cash equivalents		28,103	32,985	32,445
Current assets		37,752	41,848	42,016
Total assets		244,818	260,859	255,114
Equity				
Share capital	10	17,966	17,966	17,966
Share premium	10	43,005	43,005	43,005
Retained earnings		104,327	(475)	(6,142)
Other reserves		–	116,610	116,610
Total equity		165,298	177,106	171,439
Liabilities				
Non-current liabilities				
Interest-bearing loans and borrowings	9	70,409	51,283	65,023
Deferred tax liability	7	3,724	4,691	4,225
Non-current liabilities		74,133	55,974	69,248
Current liabilities				
Interest-bearing loans and borrowings		–	21,550	8,600
Trade and other payables		5,387	5,462	4,856
Current tax liabilities	7	–	767	971
Current liabilities		5,387	27,779	14,427
Total liabilities		79,520	83,753	83,675
Total equity and liabilities	11	244,818	260,859	255,114
Net asset value per ordinary share		123.6c	132.4c	128.2

The condensed consolidated interim financial statements on pages 20-33 were approved at a meeting of the Board of Directors held on 18 June 2024 and signed on its behalf by:

Sir Julian Berney Bt.
Chairman

The accompanying notes 1 to 16 form an integral part of the condensed consolidated interim financial statements.

Company number: 09382477
Registered office: 1 London Wall Place, London EC2Y 5AU

Financial Statements

Condensed Consolidated Interim Statement of Changes in Equity

For the period ended 31 March 2024

	Notes	Share capital €000	Share premium €000	Retained earnings ¹ €000	Other reserves ¹ €000	Total equity €000
Balance as at 1 October 2023		17,966	43,005	(6,142)	116,610	171,439
Transfers		–	–	116,610	(116,610)	–
Loss for the period		–	–	(2,183)	–	(2,183)
Dividends paid	12	–	–	(3,958)	–	(3,958)
Balance as at 31 March 2024 (unaudited)		17,966	43,005	104,327	–	165,298

	Notes	Share capital €000	Share premium €000	Retained earnings ¹ €000	Other reserves ¹ €000	Total equity €000
Balance as at 1 October 2022		17,966	43,005	10,662	116,610	188,243
Loss for the year		–	–	(9,382)	–	(9,382)
Dividends paid	12	–	–	(7,422)	–	(7,422)
Balance as at 30 September 2023 (audited)		17,966	43,005	(6,142)	116,610	171,439

	Notes	Share capital €000	Share premium €000	Retained earnings ¹ €000	Other reserves ¹ €000	Total equity €000
Balance as at 1 October 2022		17,966	43,005	10,662	116,610	188,243
Loss for the period		–	–	(8,663)	–	(8,663)
Dividends paid	12	–	–	(2,474)	–	(2,474)
Balance as at 31 March 2023 (unaudited)		17,966	43,005	(475)	116,610	177,106

1 These reserves form the distributable reserves of the Company and include a historic share premium reduction and may be used to fund distribution of profits to investors via dividend payments.

The accompanying notes 1 to 16 form an integral part of the condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Cash Flows

For the period ended 31 March 2024

		Six months to 31 March 2024 €000 (unaudited)	Six months to 31 March 2023 €000 (unaudited)	Year to 30 September 2023 €000 (audited)
	Notes			
Operating activities				
(Loss) before tax for the period/year		(2,442)	(8,929)	(10,022)
Adjustments for:				
Net loss from fair value adjustment on investment property	3	6,617	12,958	19,726
Share of loss of joint venture	6	–	–	–
Realised foreign exchange loss		2	16	12
Finance income		(290)	(37)	(228)
Finance costs		1,271	809	1,714
Net change in fair value of financial instruments at fair value through profit or loss	9	388	(107)	260
Provision of loan made to Seville joint venture	5	–	–	–
Operating cash generated before changes in working capital		5,546	4,710	11,462
(Decrease)/Increase in trade and other receivables		(84)	8,774	7,564
Increase/(decrease) in trade and other payables		313	(574)	(1,071)
Cash generated from operations		5,775	12,910	17,955
Finance costs paid		(964)	(734)	(1,573)
Finance income received		290	36	228
Tax paid	7	(1,580)	(826)	(714)
Net cash generated from operating activities		3,521	11,386	15,896
Investing activities				
Proceeds from sale of investment property		–	–	–
Acquisitions of investment property	3	–	(12,310)	(11,167)
Additions to investment property	3	(524)	(1,926)	(3,984)
Investment in joint venture	6	–	–	–
Net cash generated (used in) investing activities		(524)	(14,236)	(15,151)
Financing activities				
Proceeds from borrowings		–	18,000	31,760
Repayment of loan facilities		(3,000)	(14,000)	(26,950)
Interest rate derivative contracts purchased		(57)	–	–
Refinancing costs paid		(322)	–	–
Dividends paid	12	(3,958)	(2,474)	(7,422)
Net cash (used in)/provided by financing activities		(7,337)	1,526	(2,612)
Net decrease in cash and cash equivalents for the period/ year		(4,340)	(1,324)	(1,867)
Opening cash and cash equivalents		32,445	34,324	34,324
Effects of exchange rate change on cash		(2)	(15)	(12)
Closing cash and cash equivalents		28,103	32,985	32,445

The accompanying notes 1 to 16 form an integral part of the condensed consolidated interim financial statements.

Notes to the Financial Statements

1. Significant accounting policies

The Company is a closed-ended investment company incorporated in England and Wales. The condensed consolidated interim financial statements of the Company for the period ended 31 March 2024 comprise those of the Company and its subsidiaries (together referred to as the 'Group'). The shares of the Company are listed on the London Stock Exchange (Primary listing) and the Johannesburg Stock Exchange (Secondary listing). The registered office of the Company is 1 London Wall Place, London, EC2Y 5AU.

These condensed consolidated interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 30 September 2023 were approved by the Board of Directors on 5 December 2023 and were delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

These condensed consolidated interim financial statements have been reviewed and not audited.

Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. They do not include all of the information required for the full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 30 September 2023. The condensed consolidated interim financial statements have been prepared on the basis of the accounting policies set out in the Group's consolidated financial statements for the year ended 30 September 2023. The consolidated financial statements for the year ended 30 September 2023 have been prepared with UK-adopted International Accounting Standards in accordance with the Companies Act 2006. The Group's annual financial statements refer to new Standards and Interpretations, none of which had a material impact on the financial statements.

Basis of preparation

The condensed consolidated interim financial statements are presented in euros rounded to the nearest thousand. They are prepared on a going concern basis, applying the historical cost convention, except for the measurement of investment property and derivative financial instruments that have been measured at fair value. The accounting policies have been consistently applied to the results, assets, liabilities and cash flow of the entities included in the condensed consolidated interim financial statements and are consistent with those of the year-end financial report.

Going concern

The Directors have examined and considered significant areas of possible financial risk including: the non-collection of rent and service charges; potential falls in property valuations; the existing and future expected cash requirements of the Group; the refurbishment of Paris, BB and the receipt of further future funds from the purchaser; the successful refinancings in the reporting period, together with future debt expiries; and forward-looking compliance with third-party debt covenants, in particular the loan to value covenant and interest cover ratios.

The Board and Investment Manager also continue to closely monitor ongoing changing macroeconomic and geopolitical environments and their potential impact on the Group.

Cash flow forecasts based on plausible downside scenarios have led the Board to conclude that the Group will have sufficient cash reserves to continue in operation for the foreseeable future.

The Group has six loans secured by individual assets, with no cross-collateralisation. All loans are in compliance with their default covenants, though there is a cash trap in operation for the Seville loan. More detail of the individual loans, and headroom on the loan to value and net income default covenants, is provided in the Investment Manager's Report on page 15. Following the successful refinancing of two external loans in the six-month period, there are no external loans expiring within 12 months from the signing date of the interim financial statements, bar Seville for which a standstill agreement has been reached as set out on page 15.

After due consideration, the Directors have not identified any material uncertainties which would cast significant doubt on the Group's ability to continue as a going concern for a period of not less than 12 months from the date of the approval of the condensed consolidated interim financial statements. The Directors have satisfied themselves that the Group has adequate resources to continue in operational existence for the foreseeable future.

Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The use of estimates and judgements is consistent with the Group's consolidated financial statements for the year ended 30 September 2023. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The most significant estimates made in preparing these financial statements relate to the carrying value of investment properties, as disclosed in note 3 which are stated at fair value. The fair value of investment property is inherently subjective because the valuer makes assumptions which may not prove to be accurate. The Group uses an external professional valuer to determine the relevant amounts.

The following are key areas of judgement:

- Accounting for development revenue and variable consideration regarding Paris, BB: When estimating an appropriate level of development revenue to be recognised in the reporting period, the Group considered the contractual penalties of not meeting certain criteria within the agreement; the total development costs incurred; the stage of completion of the refurbishment; the milestones achieved and still to be achieved; the timing and likelihood of further future billed and unbilled cash receipts from the purchaser and therefore the appropriate recognition in the balance sheet; and the overall general development risk to form a considered judgement of revenue to be appropriately recognised in the financial statements. Further details of the estimated variable consideration are disclosed in note 4.
- Tax provisioning and disclosure: Management uses external tax advisers to monitor changes in tax laws in countries where the Group has operations. New tax laws that have been substantively enacted are recognised in the Group's financial statements. Where changes to tax laws give rise to a contingent liability, the Group discloses these appropriately within the notes to the financial statements (further details are disclosed in note 7).
- IFRS 9 expected credit losses: All receivables and joint venture loans are considered to be such financial assets and must therefore be assessed for an impairment using the forward-looking expected credit loss model. Where any impairment is required to be made, appropriate recognition is required in the consolidated statement of comprehensive income, together with appropriate disclosure and sensitivity analysis in the notes to the financial statements (further details are disclosed in note 6). The Seville joint venture loan has been Level 3 calculated on the lifetime expected credit loss method. The following factors were considered when determining the probability of default used for the impairment provision calculation for the Seville joint venture loan: the property valuation and future potential movements; that there is an LTV breach and a cash trap in place; cash flow forecasts; the longer-term effects of the prior lockdown measures in Spain on tenants and their trading; and rent collection rates. An evaluation of these factors has allowed management to determine that the loan is a Level 3 impairment and is deemed not recoverable.

Segmental reporting

The Directors are of the opinion that the Group is engaged in a single segment of business, being property investment, and in one geographical area, Continental Europe. The chief operating decision-maker is considered to be the Board of Directors who are provided with consolidated IFRS information on a quarterly basis.

Financial risk factors

The main risks arising from the Group's financial instruments and investment properties are: market price risk, currency risk, credit risk, liquidity risk and interest rate risk. The Board regularly reviews and agrees policies for managing each of these risks.

Notes to the Financial Statements continued

1. Significant accounting policies continued

Credit risk

The Directors have assessed the loan to the Seville joint venture for any expected credit loss under IFRS 9 and, consequently, a full impairment has been previously recognised and continues to be maintained.

Cash balances are maintained with major international financial institutions with strong credit ratings and the creditworthiness of the Group's tenants is monitored on an ongoing basis.

Market risk

The market values for properties are generally affected by overall conditions in local economies, such as changes in gross domestic product, employment trends, inflation and changes in interest rates. The Directors monitor the market value of investment properties by having independent valuations carried out quarterly by a firm of independent chartered surveyors. The sensitivity of the market value of the investment properties to changes in the equivalent yield is also disclosed in note 3 of the financial statements.

At the date of signing this report, global conflicts continue to have an ongoing societal and economic impact. The Group does not have any direct exposure in these areas, but continues to monitor the situation closely.

The Group's rental collection, excluding its joint venture in Seville and the investment of which has previously been written down to nil, has continued to remain very robust with a c.100% rent collection in the period.

Environmental, Social and Governance factors

The Group has incorporated Environmental, Social and Governance ('ESG') objectives into its core investment strategy and at every stage of the investment process. The Group continues to monitor individual assets and their conformity with sustainability requirements at every stage. The Group continues to review potential initiatives where sustainability credentials can be enhanced, ratings improved, value can be created and the liquidity of investments be improved.

2. Rental and service charge income

	Six months to 31 March 2024 €000 (unaudited)	Six months to 31 March 2023 €000 (unaudited)	Year to 30 September 2023 €000 (audited)
Rental income	8,236	7,454	15,555
Service charge income	2,059	2,036	4,111
Total	10,295	9,490	19,666

3. Investment property

	Freehold €000
Fair value at 30 September 2022 (audited)	217,456
Acquisitions and acquisition costs	12,368
Additions	3,000
Net valuation gain on investment property	(19,726)
Fair value as at 30 September 2023 (audited)	213,098
Acquisitions and acquisition costs	–
Additions	585
Net valuation loss on investment property	(6,617)
Fair value as at 31 March 2024 (unaudited)	207,066

The fair value of investment properties, as determined by the valuer, totals €208,050,000 (30 September 2023: €214,125,000) with the valuation amount relating to a 100% ownership share for all the assets in the portfolio.

The fair value of investment properties per the condensed consolidated interim financial statements of €207,066,000 includes a tenant incentive adjustment of €984,000 (30 September 2023: €1,027,000).

The fair value of investment property has been determined by Knight Frank LLP, a firm of independent chartered surveyors, who are registered independent appraisers. The valuations have been undertaken in accordance with the current edition of the RICS Valuation – Global Standards, which incorporate the International Valuation Standards. References to the ‘Red Book’ refer to either or both of these documents, as applicable.

The properties have been valued on the basis of ‘fair value’ in accordance with the RICS Valuation – Professional Standards VPS4 (1.5) Fair Value and VPGA1 Valuations for inclusion in financial statements which adopt the definition of fair value used by the International Accounting Standards Board.

The valuation has been undertaken using appropriate valuation methodology and the valuer’s professional judgement. The valuer’s opinion of fair value was primarily derived using recent comparable market transactions on arm’s length terms, where available, and appropriate valuation techniques (the ‘Investment Method’).

The properties have been valued individually and not as part of a portfolio.

All investment properties are categorised as Level 3 fair values as they use significant unobservable inputs. There have not been any transfers between levels during the period. Investment properties have been classed according to their real estate sector. Information on these significant unobservable inputs per class of investment property are disclosed below.

Quantitative information about fair value measurement using unobservable inputs (Level 3) as at 31 March 2024 (unaudited)

		Industrial	Retail (including retail warehouse)	Office	Total
Fair value (€000)		77,200	38,750	77,200	208,050
Area ('000 sqm)		95.071	21.325	54.579	170.975
Net passing rent € per sqm per annum	Range	33.23 – 125.05	108.12 – 154.66	118.63 – 162.23	33.23 – 162.23
	Weighted average ¹	63.84	121.39	132.21	104.38
Gross ERV € per sqm per annum	Range	44.00 – 110.30	101.58 – 162.27	79.93 – 234.59	44.0 – 234.59
	Weighted average ¹	63.61	118.89	183.82	127.12
Net initial yield ²	Range	5.63 – 10.27	5.76 – 5.80	4.30 – 17.09	4.30 – 17.09
	Weighted average ¹	6.55	5.77	6.40	6.34
Equivalent yield	Range	5.50 – 7.06	5.36 – 5.55	4.15 – 14.01	4.15 – 14.01
	Weighted average ¹	6.16	5.50	7.48	6.62

Notes:

1 Weighted by market value.

2 Yields based on rents receivable after deduction of head rents and non-recoverables.

Quantitative information about fair value measurement using unobservable inputs (Level 3) as at 30 September 2023 (audited)

		Industrial	Retail (including retail warehouse)	Office	Total
Fair value (€000)		78,575	39,650	95,900	214,125
Area ('000 sqm)		86.071	21.325	54.579	170.975
Net passing rent € per sqm per annum	Range	33.16 – 125.09	108.12 – 154.66	118.63 – 158.07	33.16 – 158.07
	Weighted average ¹	63.79	121.09	138.22	107.73
Gross ERV € per sqm per annum	Range	42.00 – 110.30	101.58 – 162.27	79.93 – 234.01	42.00 – 234.01
	Weighted average ¹	63.20	118.50	181.29	126.33
Net initial yield ²	Range	5.42 – 9.54	5.76 – 5.79	4.02 – 17.09	4.02 – 17.09
	Weighted average ¹	6.35	5.77	6.60	6.35
Equivalent yield	Range	5.57 – 9.76	5.36 – 5.40	3.87 – 13.38	3.87 – 13.38
	Weighted average ¹	5.94	5.39	7.17	6.39

Notes:

1 Weighted by market value.

2 Yields based on rents receivable after deduction of head rents and non-recoverables.

Notes to the Financial Statements continued

3. Investment property continued

Sensitivity of measurement to variations in the significant unobservable inputs

Given fair value measurement is an inherent judgement due to unobservable inputs, management have reviewed the ranges used in assessing the impact of changes in unobservable inputs on the fair value of the Group's property portfolio. We consider +/-10% for ERV, and +/-50bps for NIY to capture the uncertainty in these key valuation assumptions. The results of this analysis are detailed in the sensitivity table below.

The significant unobservable inputs used in the fair value measurement (categorised within Level 3 of the fair value hierarchy of the Group's property portfolio), together with the impact of significant movements in these inputs on the fair value measurement, are shown below:

Unobservable input	Impact on fair value measurement of significant increase in input	Impact on fair value measurement of significant decrease in input
Passing rent	Increase	Decrease
Gross ERV	Increase	Decrease
Net initial yield	Decrease	Increase
Equivalent yield	Decrease	Increase

There are interrelationships between the yields and rental values as they are partially determined by market rate conditions. The sensitivity of the valuation to changes in the most significant inputs per class of investment property is shown below:

Estimated movement in fair value of investment properties at 31 March 2024 (unaudited)	Industrial €000	Retail €000	Office €000	Total €000
Increase in ERV by 10%	5,100	2,700	7,200	15,000
Decrease in ERV by 10%	(5,100)	(2,700)	(7,200)	(15,000)
Increase in net initial yield by 0.5%	(5,900)	(3,300)	(7,400)	(16,600)
Decrease in net initial yield by 0.5%	7,000	4,000	8,900	19,900

Estimated movement in fair value of investment properties at 30 September 2023 (audited)	Industrial €000	Retail €000	Office €000	Total €000
Increase in ERV by 10%	4,900	2,600	7,100	14,600
Decrease in ERV by 10%	(4,900)	(2,600)	(7,100)	(14,600)
Increase in net initial yield by 0.5%	(6,200)	(3,400)	(9,000)	(18,600)
Decrease in net initial yield by 0.5%	7,400	4,100	9,800	21,300

4. Recognition of development revenue and profit

During the year ended 30 September 2021, the Group disposed of its office asset in Boulogne-Billancourt, Paris. This involved an initial transfer of the legal title to a purchaser on 16 December 2020 for €69.8m, followed by a development phase for which the Fund was able to receive a further €30.4m. The total cash proceeds to be received across the sale and development thereby totalled €100.2m.

As at 31 March 2024 a cash sum of €98.1m (30 September 2023: €96.0m) had been received by the Fund from the purchaser. Of the remaining €2.1m, a sum of €1.06m was invoiced to the purchaser in March 2024 and as at June 2024 is overdue, unpaid and discussions are ongoing with the purchaser regarding this sum. The Fund has not recognised this invoiced amount as revenue in the period due to the requirements of IFRS 15 which state that revenue should not be recognised if it is highly probable that a significant revenue reversal will occur. The remaining €1.06m, regarding a final-stage warranty, is anticipated to be invoiced to the purchaser in H2 2024.

Furthermore, during the interim period a sum of €0.5m (30 September 2023: €1.1m cost savings) was invested by the Fund as development expenditure, and as at the interim period end a final €0.1m (30 September 2023: €1.1m) of development expenditure remains to be invested.

When forming a judgement as to an appropriate level of development revenue to be recognised in the reporting period, the Group primarily considered the total development costs incurred; the stage of completion of the refurbishment; the milestones achieved and still to be achieved; the timing of future cash receipts from the purchaser; the overall general development risk; and the commercial discussions ongoing with the buyer.

5. Provision of internal loan made to Seville joint venture

As at 31 March 2024 the Group owned 50% of the Metromar joint venture, which owns a shopping centre in Seville, and had advanced €10.0 million as a loan and was owed interest of €1.7 million (30 September 2023: €1.5 million); (31 March 2023: €1.3 million). The loan carries a fixed interest rate of 4.37% per annum payable quarterly and matures in May 2024.

When considering an appropriate level of impairment, deemed to be a significant judgement, the Company primarily considered: the property valuation and future potential movements; the outstanding debt principal, together with the ongoing LTV breach and cash trap position of the loan; cash flow forecasts; tenants' trading positions and the existing ability to let vacant space, and the market liquidity for such an asset. An evaluation of these factors has allowed management to make a judgement on the probability of default which is considered to be the key input for the impairment calculation.

A default rate of 100% has been applied to the above loan and unpaid interest at year end. The impairment provision booked during the period was €nil as the loan and interest is now considered a stage 3 impairment (30 September 2023: €nil) bringing the cumulative impairment to €11.7 million (30 September 2023: €11.5 million, 31 March 2023: €11.3 million) and the Group's investment with regard to Seville stands at €nil.

No further interest income was recognised in the consolidated financial statements in the six months to 31 March 2024: (30 September 2023: nil) as the loan and interest is now considered a stage 3 impairment and therefore a Loss Given Default rate of 100% has been applied. Hence, cumulative interest receivable recognised in the consolidated financial statements previously and subsequently impaired amounts to €1,544,000.

Furthermore, Management have separately assessed that if a sale were to be achieved at the current fair value of the property of €24.6 million then, all else being equal, the Group could reverse c.€600,000 of the previously recognised impairment, noting that such an outcome is deemed to be highly unlikely as at the financial year end. The sensitivity of potential impairment reversals, based on potential exit prices, is shown in the table below:

	-10%	0%	+10%
Valuation of Metromar, Seville property	22,140,000	24,600,000	27,060,000
Potential future impairment reversal	–	600,000	1,850,000

Underlyingly, and as set out in the above, the Investment Manager does not believe at the current time that ultimately a sale price will be achieved above the carrying value of the third-party debt and thus there has been no reversal of prior impairments in the current financial period.

Notes to the Financial Statements continued

6. Investment in joint ventures

The Group has a 50% interest in a joint venture called Urban SEREIT Holdings Spain S.L. The principal place of business of the joint venture is Calle Velázquez 3, 4th Madrid 28001 Spain.

	31 March 2024 €000
Balance as at 1 October 2023	–
Share of loss for the period	–
Balance as at 31 March 2024 (unaudited)	–

	31 March 2023 €000
Balance as at 1 October 2022	–
Share of loss for the period	–
Balance as at 31 March 2023 (unaudited)	–

	31 Sept 2023 €000
Balance as at 1 October 2022	–
Investment in joint venture	–
Share of loss for the year	–
Balance as at 30 September 2023 (audited)	–

Summarised joint venture financial information:	31 March 2024 (unaudited) €000	31 March 2023 (unaudited) €000	30 September 2023 (audited) €000
Total assets	27,542	28,046	28,078
Total liabilities	(51,606)	(48,998)	(50,055)
Net liabilities	(24,064)	(20,952)	(21,977)
Net asset value attributable to the Group	–	–	–

	Six months to 31 March 2024 €000 (unaudited)	Six months to 31 March 2023 €000 (unaudited)	Year to 30 September 2023 €000 (audited)
Revenues	1,395	1,069	2,329
Total comprehensive loss	(2,087)	(1,807)	(2,832)
Total comprehensive loss attributable to the Group	–	–	–

As at 31 March 2024, the joint venture in Seville, of which SEREIT holds a 50% share, had total net liabilities of €24,064,000. The Group has therefore recognised a nil interest as its investment in the joint venture and would only recognise its share of net liabilities where certain legal or constructive obligations are in force. No such obligations exist with regard to the Seville joint venture.

7. Taxation

	Six months to 31 March 2024 €000 (unaudited)	Six months to 31 March 2023 €000 (unaudited)	Year to 30 September 2023 €000 (audited)
Current tax charge	242	167	739
Current tax adjustment in respect of prior periods	–	–	(480)
Deferred tax charge	(501)	(433)	(899)
Tax (credit) in period/year	(259)	(266)	(640)
		Current tax liability/(asset) €000	Deferred tax liability €000
As at 1 October 2023		971	4,225
Tax charge/(credit) for the period		242	(501)
Tax paid during the period		(1,580)	–
Balance as at 31 March 2024 (unaudited)		(367)	3,724
		Current tax liability €000	Deferred tax liability €000
As at 1 October 2022		1,426	5,124
Tax charge for the period		167	(433)
Tax paid during the period		(826)	–
Balance as at 31 March 2023 (unaudited)		767	4,691
		Current tax liability €000	Deferred tax liability €000
As at 1 October 2022		1,426	5,124
Tax charge for the period		739	(899)
Tax paid during the period		(1,194)	–
Balance as at 30 September 2023 (audited)		971	4,225

The Company has been approved by HM Revenue and Customs as an investment trust in accordance with section 1158 of the Corporation Tax Act 2010, by way of a one-off application, and it is intended that the Company will continue to conduct its affairs in a manner which will enable it to retain this status. The Company and certain subsidiary entities have also elected to be treated as a société d'investissement immobilier cotée ('SIIC') for French tax purposes. Provided that the Group meets certain requirements, the Group's French subsidiaries should be exempt from French corporate income tax on net rental income and gains arising from interests in property. Management intends that the Group will continue to comply with the SIIC regulations for the foreseeable future.

The Group operates in a number of jurisdictions and is subject to periodic challenges by local tax authorities on a range of tax matters during the normal course of business. The tax impact can be uncertain until a conclusion is reached with the relevant tax authority or through a legal process. The Group addresses this uncertainty by closely monitoring tax developments, seeking independent advice and maintaining transparency with the authorities it deals with as and when any enquiries are made. As a result of its monitoring, the Group has identified a potential tax exposure attributable to the ongoing applicability of tax treatments adopted in respect of the Group's tax structures. The range of potential outcomes is a possible outflow of minimum £nil and maximum £9.8 million (excluding possible interest and penalties). The Directors have not provided for this amount because they do not believe an outflow is probable.

Notes to the Financial Statements continued

8. Basic and diluted earnings per share

The basic and diluted earnings per share for the Group are based on the net profit/(loss) for the period of €(2,183,000) (six months to 31 March 2023: €(8,663,000); for the year ended 30 September 2023: €(9,382,000) and the weighted average number of ordinary shares in issue during the period of 133,734,686 (six months to 31 March 2023: 133,734,686; for the year ended 30 September 2023: 133,734,686).

9. Interest-bearing loans and borrowings

	Six months to 31 March 2024 €000
As at 1 October 2023	73,623
Repayment of loans	(3,000)
Capitalisation of finance costs	(322)
Amortisation of finance costs	108
As at 31 March 2024 (unaudited)	70,409

	Year to 30 September 2023 €000
As at 1 October 2022	68,744
Drawdown of new loans	31,760
Repayment of matured debt facilities	(26,950)
Capitalisation of finance costs	(84)
Amortisation of finance costs	153
As at 30 September 2023 (audited)	73,623

	Six months to 31 March 2023 €000
As at 1 October 2022	68,744
Repayment of loans	(14,000)
Proceeds from new loan facility	18,000
Amortisation of finance costs	89
As at 31 March 2023 (unaudited)	72,833

On 15 December 2023, the Group completed an early refinancing of its Saint-Cloud, Paris office loan, extending the term by three years from 15 December 2024 to 15 December 2027, with an option of a further year. The principal of the loan has reduced by €3 million from €17 million to €14 million.

On 26 March 2024, the Group refinanced its loan with Landesbank which was secured on the Rennes asset in France. The loan was refinanced for the same amount of €8,600,000, but now attracts interest at a fixed-rate of 4.3% and now matures on 26 March 2029.

As at 31 March 2024 the Group held interest rate caps as follows:

- Saint-Cloud loan with BRED Banque Populaire: a cap totalling the full €14.0m of the loan, and which expires on 15 December 2024 with a strike rate of 1.25%; and
- A further interest rate cap with BRED Banque Populaire was purchased in the period, expiring on 15 December 2027, with a strike rate of 3.25%.

10. Issued capital and reserves

As at 31 March 2024, the Company has 133,734,686 (30 September 2023: 133,734,686) ordinary shares in issue with a par value of 10.00p (no shares are held in Treasury). The total number of voting rights in the Company is 133,734,686.

11. NAV per ordinary share

The NAV per ordinary share is based on the net assets at 31 March 2024 of €165,298,000 (30 September 2023: €171,439,000; 31 March 2023: €177,106,000) and 133,734,686 ordinary shares in issue at 31 March 2024 (30 September 2023: 133,734,686; 31 March 2023: 133,734,686).

12. Dividends paid

Six months ended 31 March 2024 (unaudited) ¹	Number of ordinary shares	Rate (cents)	€000
Interim dividend paid on 17 November 2023	133,734,686	1.48	1,979
Interim dividend paid on 25 January 2024	133,734,686	1.48	1,979
Total interim dividends paid	133,734,686	2.96	3,958

1 A dividend for the quarter ended 31 December 2023 of 1.48 Euro cents per share was approved and was paid on 6 May 2024. Total dividends declared relating to the six months' ended 31 March 2024 were 2.96 Euro cents per share.

Six months ended 31 March 2023 (unaudited)	Number of ordinary shares	Rate (cents)	€000
Interim dividend paid on 13 January 2023	133,734,686	1.85	2,474
Total interim dividends paid	133,734,686	1.85	2,474

Year ended 30 September 2023 (audited)	Number of ordinary shares	Rate (cents)	€000
Interim dividend paid on 13 January 2023	133,734,686	1.85	2,474
Interim dividend paid on 5 May 2023	133,734,686	1.85	2,474
First special dividend paid on 11 August 2023	133,734,686	1.85	2,474
Total interim dividends paid			7,422

13. Related party transactions

Schroder Real Estate Investment Management Limited is the Group's Investment Manager.

The Investment Manager is entitled to a fee, together with reasonable expenses, incurred in the performance of its duties. The fee is payable monthly in arrears and shall be an amount equal to one-twelfth of the aggregate of 1.1% of the EPRA NAV of the Company. The Investment Management Agreement can be terminated by either party on not less than 12 months' written notice, such notice not to expire earlier than the third anniversary of admission, or on immediate notice in the event of certain breaches of its terms or the insolvency of either party. The total charge to profit and loss during the period was €972,000 (year ended 30 September 2023: €1,981,000; six months ended 31 March 2023: €1,028,000). At 31 March 2024, €599,000 was outstanding (year ended 30 September 2023: €626,000; six months ended 31 March 2023: €656,000).

The Directors are the only officers of the Company and there are no other key personnel. The Directors' remuneration for services to the Group for the six months ended 31 March 2024 was €120,000 (year ended 30 September 2023: €203,000; six months ended 31 March 2023: €123,000), equivalent to £107,000. Three of the four Directors hold shares in the Company and have not purchased or sold any shares in the financial period. Details of their holdings can be found on page 46 of the September 2023 Annual Report and Consolidated Financial Statements.

14. Capital commitments

At 31 March 2024, the Group had capital commitments of €nil (30 September 2023: €400,000; 31 March 2023: €nil).

The Group is expected to incur a further €130,000 (30 September 2023: €1,100,000) of development expenditure with regards to the comprehensive refurbishment of the Paris, BB asset.

15. Contingent liabilities

There are no contingent liabilities other than those disclosed in note 7.

16. Post balance sheet events

There are no post balance sheet events to be disclosed.

Other Information (unaudited)

Contents

- 36 EPRA and Headline Performance Measures (Unaudited)
- 38 Glossary
- 39 Alternative Performance Measures
- 40 Corporate Information



Overview

Interim Management Report

Financial Statements

Other Information

Other Information

EPRA and Headline Performance Measures (Unaudited)

As recommended by the European Public Real Estate Association ("EPRA"), performance measures are disclosed in the section below.

a. EPRA earnings and earnings per share

Represents the total IFRS comprehensive income excluding realised and unrealised gains/losses on investment property and changes in the fair value of financial instruments, divided by the weighted average number of shares.

	Six months to 31 March 2024 €000 (unaudited)	Six months to 31 March 2023 €000 (unaudited)	Year to 30 September 2023 €000 (unaudited)
Total IFRS comprehensive expense	(2,183)	(8,663)	(9,382)
Adjustments to calculate EPRA earnings:			
Net loss from fair value adjustment on investment property	6,617	12,958	19,726
Net development (revenue)/expenditure	–	–	(1,538)
Share of joint venture loss on investment property	–	–	(209)
Deferred tax	(501)	(433)	(899)
Tax on development profit	–	–	–
Net change in fair value of financial instruments	388	(107)	260
EPRA earnings	4,321	3,755	7,958
Weighted average number of ordinary shares	133,734,686	133,734,686	133,734,686
IFRS earnings and diluted earnings (cents per share)	(1.6)	(6.5)	(7.0)
EPRA earnings per share (cents per share)	3.2	2.8	6.0

b. EPRA Net Reinstatement Value

	Six months to 31 March 2024 €000 (unaudited)	Six months to 31 March 2023 €000 (unaudited)	Year to 30 September 2023 €000 (unaudited)
IFRS equity attributable to shareholders	165,298	177,106	171,439
Deferred tax and tax on development and trading properties	3,724	4,691	4,225
Adjustment for fair value of financial instruments	(342)	(1,041)	(674)
Adjustment in respect of real estate transfer taxes	18,658	19,428	18,477
EPRA Net Reinstatement Value	187,338	200,184	193,467
Shares in issue at end of year/period	133,734,686	133,734,686	133,734,686
IFRS Group NAV per share (cents per share)	123.6	132.4	128.2
EPRA NRV per share (cents per share)	140.1	149.7	144.7

c. EPRA Net Tangible Assets

	Six months to 31 March 2024 €000 (unaudited)	Six months to 31 March 2023 €000 (unaudited)	Year to 30 September 2023 €000 (unaudited)
IFRS equity attributable to shareholders	165,298	177,106	171,439
Deferred tax	3,724	4,691	4,225
Adjustment for fair value of financial instruments	(342)	(1,041)	(674)
EPRA Net Tangible Assets	168,680	180,756	174,990
Shares in issue at end of year/period	133,734,686	133,734,686	133,734,686
IFRS Group NAV per share (cents per share)	123.6	132.4	128.2
EPRA NTA per share (cents per share)	126.1	135.2	130.8

d. EPRA Net Disposal Value

	Six months to 31 March 2024 €000 (unaudited)	Six months to 31 March 2023 €000 (unaudited)	Year to 30 September 2023 €000 (unaudited)
IFRS equity attributable to shareholders	165,298	177,106	171,439
Adjustment for the fair value of fixed-interest rate debt	637	1,048	925
EPRA Net Disposal Value	165,935	178,154	172,364
Shares in issue at end of year/period	133,734,686	133,734,686	133,734,686
IFRS Group NAV per share (cents per share)	123.6	132.4	128.2
EPRA NDV per share (cents per share)	124.1	133.2	128.9

e. EPRA summary

	EPRA NRV €000	EPRA NTA €000	EPRA NDV €000
IFRS NAV in the period	165,298	165,298	165,298
Exclude: deferred tax	3,724	3,724	–
Exclude: the fair value of financial instruments	(342)	(342)	–
Include: the fair value of fixed-rate interest rate debt	–	–	637
Include: real estate transfer tax	18,658	–	–
EPRA NAV totals	187,338	168,680	165,935

f. Headline earnings reconciliation

Headline earnings per share reflect the underlying performance of the Company calculated in accordance with the Johannesburg Stock Exchange Listing requirements.

	Six months to 31 March 2024 €000 (unaudited)	Six months to 31 March 2023 €000 (unaudited)	Year to 30 September 2023 €000 (unaudited)
Total IFRS comprehensive income	(2,183)	(8,663)	(9,382)
Adjustments to calculate headline earnings exclude:			
Net valuation (profit)/loss on investment property	6,617	12,958	19,726
Net development (revenue)/expenditure	–	–	(1,538)
Share of joint venture loss on investment property	–	–	(209)
Deferred tax	(501)	(433)	(899)
Tax on development profit	–	–	–
Net change in fair value of financial instruments	388	(107)	260
Headline earnings	4,321	3,755	7,958
Weighted average number of ordinary shares	133,734,686	133,734,686	133,734,686
Headline and diluted headline earnings per share (cents per share)	3.2	2.8	6.0

Glossary

Admission	means the admission of the Company's ordinary shares to the premium segment of the Official List, to trading on the LSE's main market for listed securities, and to trading on the main board of the JSE on 9 December 2015.
AGM	means the Annual General Meeting of the Company.
Articles	means the Company's Articles of Association, as amended from time to time.
Companies Act	means the Companies Act 2006, as amended.
Company	is Schroder European Real Estate Investment Trust plc.
Directors	means the Directors of the Company as at the date of this document and their successors and 'Director' means any one of them.
Disclosure Guidance and Transparency Rules	means the disclosure guidance and transparency rules made by the FCA under Part VII of the UK Financial Services and Markets Act 2000, as amended.
Earnings per share ('EPS')	is the profit after taxation divided by the weighted average number of shares in issue during the period. Diluted and Adjusted EPS per share are derived as set out under NAV.
Estimated rental value ('ERV')	is the Group's external valuer's reasonable opinion as to the open market rent which, on the date of valuation, could reasonably be expected to be obtained on a new letting or rent review of a property.
EPRA	is the European Public Real Estate Association.
EPRA earnings	represents the net income generated from the operational activities of the Group. It excludes all capital components not relevant to the underlying net income performance of the portfolio, such as the realised and unrealised fair value gains or losses on investment properties, and debt instruments, and unrealised gains or losses on currency translation.
ESG Scorecard	Schroders Capital ESG Scorecard is a proprietary tool developed by the real estate sustainability team and has been externally validated by a third party. It scores assets between 1 to 5 (5 being best) based on 11 key thematic weighted areas. The weightings of topics addressed in the scorecard have been determined based on a combination of the perceived materiality of the relevant ESG factors to the Investment Manager's overall real estate investment portfolio and the Investment Manager's ability to influence the relevant aspects. The latter consideration is given less prominence as the goal is to score an asset as objectively as possible to develop a comprehensive understanding of overall ESG risks and opportunities. The ESG Scorecard therefore represents the Manager's assessment of sustainability-related risk and opportunity of physical real estate assets.
FCA	is the UK Financial Conduct Authority.
Gearing	is the Group's net debt as a percentage of net assets.
GRESB	means the Global Real Estate Sustainability Benchmark. All intellectual property rights to this data belong exclusively to GRESB B.V. All rights reserved. GRESB B.V. has no liability to any person (including a natural person, corporate or unincorporated body) for any losses, damages, costs, expenses or other liabilities suffered as a result of any use of or reliance on any of the information which may be attributed to it.
Group	is the Company and its subsidiaries.
Initial yield	is the annualised net rents generated by the portfolio expressed as a percentage of the portfolio valuation.
Interest cover	is the number of times Group net interest payable is covered by Group net rental income.
IPO	is the initial placing and offer made pursuant to a prospectus dated 11 November 2015.
JSE	is JSE Limited.
Loan to value ('LTV')	is a ratio which expresses the gearing on an asset or within a company or Group by dividing the outstanding loan amount by the value of the assets on which the loan is secured.
LSE	is the London Stock Exchange.
Listing rules	means the listing rules made by the FCA under Part VII of the UK Financial Services and Markets Act 2000, as amended.
Net Asset Value ('NAV')	is the total assets' value minus total liabilities.
NAV total return	is calculated taking into account the timing of dividends, share buybacks and issuance.
Net rental income	is the rental income receivable in the period after payment of ground rents and net property outgoings.
Passing rent	is the annual rental income currently receivable on a property as at the Balance Sheet date. This excludes rental income for rent free periods currently in operation and service charge income.
SDR	means the Sustainability Disclosure Regulations.
SFDR	means the Sustainability Finance Disclosure Regulation.
WAULT	is the weighted average unexpired lease term. This is the average time remaining to the next lease break date or lease expiry date.

Alternative Performance Measures (unaudited)

The Company uses the following Alternative Performance Measures ('APMs') in its Interim Report and Condensed Consolidated Financial Statements. The Board believes that each of the APMs provides additional useful information to the shareholders in order to assess the Company's performance.

Dividend Cover – the ratio of EPRA Earnings (page 36) to dividends paid (note 12) in the period. Earnings excludes capital items such as revaluation movements on investments and gains or losses on the disposal of investment properties.

Dividend Yield – the dividends paid, expressed as a percentage, relative to the share price.

EPRA Earnings – earnings excluding all capital components not relevant to the underlying net income performance of the Company, such as the unrealised fair value gains or losses on investment properties and any gains or losses from the sales of properties. See page 36 for a reconciliation of this figure.

EPRA Net Tangible Assets – the IFRS equity attributable to shareholders adjusted to reflect a Company's tangible assets and assumes that no selling of assets takes place.

EPRA Net Disposal Value – the IFRS equity attributable to shareholders adjusted to reflect the NAV under an orderly sale of business, where any deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability.

EPRA Net Reinstatement Value – IFRS equity attributable to shareholders adjusted to represent the value required to rebuild the entity and assumes that no selling of assets takes place.

Gross LTV – the value of the external loans unadjusted for unamortised arrangement costs (page 15) expressed as a percentage of the gross assets excluding cash as at the Balance Sheet date. The gross assets are calculated on a proportional basis and includes the Group's 50% share in the Seville joint venture.

LTV Net of Cash – the value of the external loans unadjusted for unamortised arrangement costs (page 32) less cash held (page 23) expressed as a percentage of the gross assets including cash as at the Balance Sheet date. The gross assets are calculated on a proportional basis and includes the Group's 50% share in the Seville joint venture.

Ongoing Charges (including fund only expenses) – all fund expenses (per the consolidated statement of comprehensive income) excluding any capital costs including capital expenditure or acquisitions/disposal fees or one-off items expressed as a percentage of the average quarterly IFRS NAVs of the Company for the financial period.

Ongoing Charges (including fund and property expenses) – all fund and property expenses (per the consolidated statement of comprehensive income) excluding any capital costs including capital expenditure or acquisitions/disposal fees or one-off items expressed as a percentage of the average quarterly IFRS NAVs of the Company for the financial period.

Share Discount/Premium – the share price of the Company is derived from buyers and sellers trading their shares on the stock market. This price is not identical to the NAV per share of the underlying assets less liabilities of the Company. If the share price is lower than the NAV per share, the shares are trading at a discount. Shares trading above the NAV per share are said to be at a premium. The discount/premium is calculated as the variance between the share price as at the Balance Sheet date and the NAV per share (page 2) expressed as a percentage.

NAV total return – the return to shareholders calculated on a per share basis by adding dividends paid (note 12) in the period on a time-weighted basis to the increase or decrease in the NAV per share (page 2).

Other Information

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Communications with shareholders are mailed to the address held on the register. Any notifications and enquiries relating to shareholdings, including a change of address or other amendment should be directed to Equiniti Limited at the address above.



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