Schroder European Real Estate Investment Trust plc
(Incorporated in England and Wales)
Registration number: 09382477
JSE Share Code: SCD
LSE Ticker: SERE
ISIN number: GB00BY7R8K77
("SEREIT"/ the "Company" / "Group")

HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2021

Schroder European Real Estate Investment Trust plc, the company investing in European growth cities and regions, today announces its half year results for the six months ended 31 March 2021.

- Continued resilience of portfolio income through the Covid-19 pandemic, with rent collection remaining strong at approximately 92% for the six month period. Includes 94% of rent collected for the quarter ended 31 March 2021
- Following the successful execution of the Paris, Boulogne-Billancourt sale, there is €60 million of investment firepower for earnings enhancing initiatives
- Portfolio value, including cash, of €259.9 million (HY 2020: €247.3 million). Directly held properties delivered like-for-like valuation growth of €5.6 million, or 2.3%, reflecting the Company's exposure to the high growth industrial, data centre, DIY and grocery sectors
- Dividends declared of €4.6 million / 3.42 cps for the six months to 31 March 2021, with a reinstatement of the pre-Covid dividend of 1.85 cps due to an improving outlook, strong rent collection, cash position and valuation resilience
- Intention to declare two further distributions with a target of approximately 4.75 cents per share each by way of special dividend over the next 12 months, allowing shareholders to benefit from the exceptional profit associated with the successful execution of the Paris, Boulogne-Billancourt business plan

Key Financial highlights

- Net Asset Value ('NAV') of €197.1 million or 147.4 cps (30 September 2020: €201.8 million), a decrease of €4.7 million over the six month period, primarily driven by the write down of the Group's Seville exposure to nil which in part was offset by an increase in the valuation of the industrial and DIY portions of the portfolio
- Loss of €0.7 million (six months ended 31 March 2020: profit of €4.9 million), resulted in a NAV total return of -0.4%. Pre-tax the Company made a profit of €0.8 million (six months ended 31 March 2020: €5.7 million) which was primarily driven by an increase in the valuation of the industrial and DIY portion of the portfolio, partly offset by the write-down of the Seville exposure to nil.
- Underlying EPRA earnings of €2.8 million (six months ended 31 March 2020: €4.3 million), reflecting a temporary reduction in income until the re-deployment of the Paris sale proceeds
- Low loan to value ('LTV') of 11% net of €57.0 million of available cash (29% gross of cash), with a low weighted average total interest rate of 1.4%

Operational highlights

- SEREIT secured three green stars in its 2020 GRESB rating in recognition of the continued progress of sustainability measures taken across the portfolio

- Concluded five new leases and re-gears in Hamburg, Paris Saint-Cloud and Seville, totalling 1,100 sqm, at a weighted lease term of 4.1 years, generating a 3.9% increase in annualised income relative to the previous rent
- Paris Boulogne-Billancourt refurbishment remains on track to be delivered in Q2 2022
- Expanded Mercadona supermarket in Metromar, Seville
- Maintained high portfolio occupancy of 95%, with a 5.8 years average lease term to expiry
- Underlying property portfolio total return of 2.4% over six months (six months ended 31 March 2020: 4.0%)
- Post period end an acquisition exchanged for a logistics property in Nantes, western France, for €6.15 million, reflecting a net initial yield of 5.5%. After this new acquisition completes the portfolio will total 13 investments across four Western European countries with approximately 90 tenants.

Sir Julian Berney, Chairman of the Board, commented:
"Despite operating against a backdrop of local and national lockdowns, the portfolio valuation has remained resilient over the period, underpinned by uplifts across the industrial portfolio, a number of asset management successes and improving and strong rent collection. As a result, we are pleased to be able to reinstate the dividend to the pre-pandemic level, whilst paying two special dividends to reflect the highly successful execution of the Paris sale and reward shareholders who continue to support the Company."

"The Board remains frustrated that the share price has not reflected the robust performance of the business during the pandemic or that the current discount properly reflects its future prospects. Given the healthy cash position, the Board will continue to review the discount and use its discretion to execute measures that it believes should support income and total returns, including new acquisitions."

Jeff O'Dwyer, Fund Manager for Schroder Real Estate Investment Management Limited, added:
"Whilst uncertainty relating to the pandemic will continue, we are starting to see some positive signs of growth over 2021 as lockdowns ease and consumer and investor confidence returns. The proceeds from the sale of Boulogne-Billancourt substantially strengthen the Company's balance sheet and provide significant operational and financial flexibility. We are focused on identifying attractive income-generating opportunities in future proof assets that meet our strict investment criteria. These will provide further diversification benefits to the portfolio and assist in maintaining an attractive dividend covered from sustainable rental income, as we seek to maximise shareholder returns."

Salient features

- IFRS profit decreased by 114% to -€0.7 million, from €4.9 million in the prior corresponding period.
- Earnings per share ("EPS") decreased by 116% to -0.6 euro cents per share, from 3.7 euro cents per share in the prior corresponding period.
- Headline earnings per share ("HEPS") decreased by 34% to 2.1 euro cents per share, from 3.2 euro cents per share in the prior corresponding period.
- Dividends per share ("DPS") increased by 22% to 3.42 euro cents per share, from 2.8 euro cents per share in the prior corresponding period.
- Net asset value per share ("NAVPS") decreased by 2% to 147.4 euro cents per share, from 150.9 euro cents per share as at 30 September 2020.

Dividend declaration

For dividend details, please see separate announcement.

Short-form announcement

This short-form announcement is the responsibility of the directors of the Company. It contains only a summary of the information in the contained in the Half Year Report and Condensed Consolidated Interim Financial Statements for the six month period ended 31 March 2021 ("Half Year Report") and does not contain full or complete details. The Half Year Report can be found at:

https://senspdf.jse.co.za/documents/2021/JSE/ISSE/SCDE/SEREITHY21.pdf

Copies of the Half Year Report is also available for viewing on the Company's website at www.schroders.co.uk/sereit or may be requested in person, at the Company's registered office or the office of the sponsor, at no charge, during office hours.

Any investment decisions by investors and/or shareholders should be based on consideration of the Half Year Report, as a whole.

These half year results have been reviewed by the Company's auditors, PricewaterhouseCoopers LLP, who expressed an unmodified review opinion thereon. This auditor's report is included in the Half Year report which can be found on the Company's website at www.schroders.co.uk/sereit.

The Company has a premium listing on the Official List of the UK Listing Authority and its shares trade on the Main Market of the London Stock Exchange (ticker: SERE). It also has a secondary listing on the Main Board of the Johannesburg Stock Exchange (ticker: SCD).

7 July 2021

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