

## 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

### ANNOUNCEMENT OF NAV AND DIVIDEND

Schroder European Real Estate Investment Trust Plc (the "**Company**"), the company investing in European growth cities, provides a business update and announces its unaudited net asset value ("**NAV**") as at 31 December 2022, together with its first interim dividend for the year ending 30 September 2023:

- Unaudited NAV as at 31 December 2022 decreased by (3.4%) to €181.8 million, or 136.0 euro cents per share, driven primarily by a fall in the valuation of the investment property portfolio;
- NAV total return decreased by (3.4%) over the quarter and by (1.5%) for the twelve months to 31 December 2022;
- A first interim dividend of 1.85 euro cents per share to be paid for the year ending 30 September 2023, in line with target;
- Underlying adjusted earnings from operational activities ("**EPRA earnings**") increased to €1.9 million (€1.8 million for the quarter ended 30 September 2022), which will grow with the redeployment of the Paris Boulogne-Billancourt sale proceeds and rental indexation;
- The direct property portfolio was independently valued at €211.5 million, reflecting a like-for-like decrease over the quarter of (3.3%), or €7.2 million;
- Post period end, the Company acquired, via a sale and leaseback, a freehold industrial warehouse in Alkmaar, the Netherlands, for approximately €11 million, reflecting a net initial yield of 5.6%;
- The Company has a strong balance sheet and maintained a prudent gearing approach with an investable cash balance of approximately €37 million and a loan to value ratio ("**LTV**") of approximately 18% net of cash and 30% gross of cash.

#### Net Asset Value

The table below provides a breakdown of the movement in NAV during the reporting period:

	€m <sup>(1)</sup>	Cps <sup>(2)</sup>	% <sup>(3)</sup>
Brought forward NAV as at 1 October 2022	188.2	140.8	
Unrealised loss in the valuation of the property portfolio	(7.2)	(5.4)	(3.8)
Transaction costs of investments made in the quarter	-	-	-
Capital expenditure	(1.6)	(1.2)	(0.9)
EPRA earnings	1.9	1.4	1.0
Non-cash items	0.5	0.4	0.3
Dividend paid	-	-	-
NAV as at 31 December 2022	181.8	136.0	(3.4)

(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 joint ventures on a line-by-line basis and exclude non-controlling interests in the Company's subsidiaries.

(2) Based on 133,734,686 shares.

(3) Percentage (%) change based on starting NAV as at 1 October 2022.

#### Interim dividend

The Company continues to pay a full dividend. The first interim dividend of 1.85 euro cents per share for the year ending 30 September 2023 represents an annualised rate of circa 8% based on the 13 March share price (c. 81 pence sterling).

The quarterly dividend is 75% covered by EPRA earnings. Underlying adjusted EPRA earnings of €1.9 million (€1.8 million for the quarter ended 30 September 2022), which will increase with the redeployment of available investment cash and rental indexation.

The interim dividend payment will be made on Friday, 5 May 2023 to shareholders on the register on the record date of Friday, 14 April 2023. In South Africa, the last day to trade will be Tuesday, 11 April 2023 and the ex-dividend date will be Wednesday, 12 April 2023. In the UK, the last day to trade will be Wednesday, 12 April 2023 and the ex-dividend date will be Thursday, 13 April 2023.

The interim dividend will be paid in British pound sterling (“**GBP**”) to shareholders on the UK register and Rand to shareholders on the South African register. The exchange rate for determining the interim dividend paid in South African Rand (“**Rand**”) will be confirmed by way of an announcement on Monday, 27 March 2023. UK shareholders are able to make an election to receive dividends in Euro rather than GBP should that be preferred. The form for applying for such election can be obtained from the Company's UK registrars (Equiniti Limited) and any such election must be received by the Company no later than Wednesday, 14 April 2023. The exchange rate for determining the interim dividend paid in GBP will be confirmed following the election cut-off date by way of an announcement on Monday, 17 April 2023.

Shares cannot be moved between the South African register and the UK register between Monday, 27 March 2023 and Friday, 14 April 2023, both days inclusive. Shares may not be dematerialised or rematerialised in South Africa between Wednesday, 12 April 2023 and Friday, 14 April 2023, both days inclusive.

The Company has a total of 133,734,686 shares in issue on the date of this announcement. The dividend will be distributed by the Company (UK tax registration number 21696 04839) and is regarded as a foreign dividend for shareholders on the South African register. In respect of South African shareholders, dividend tax will be withheld from the amount of the dividend noted above at the rate of 20% unless the shareholder qualifies for the exemption. Further dividend tax information for South African shareholders will be included in the exchange rate announcement to be made on Monday, 27 March 2023.

### **Property portfolio**

As at 31 December 2022, the direct property portfolio was independently valued at €211.5 million, reflecting a net initial yield of 6.0%. In addition, the Company also has a 50% interest in a joint venture in Seville which continues to be recognised at nil interest.

Over the quarter, the portfolio value decreased by (3.3%), or €7.2 million. This change was primarily driven by circa 25 basis points of outward yield movement, increasing the portfolio net initial yield to 6.0%, which more than offset the positive impact of rental growth. The portfolio value (net of capex and tenant incentives) reduced by around (4.0%), or €8.7 million.

Post quarter end, the Company acquired, via a sale and leaseback, a freehold industrial warehouse in Alkmaar, the Netherlands, for approximately €11 million, reflecting a net initial yield of 5.6%. The asset has been constructed to a high standard with excellent sustainability credentials and is leased for a 20-year term, with a break at 15 years. In addition, it benefits from annual indexation.

For this quarter again, 100% of the rent has been collected and full rent collection has now been maintained since Q1 2021 (excluding Seville).

### **Balance sheet and debt**

As at 31 December 2022, the Company has an investable cash balance of approximately €37 million, excluding the recently acquired industrial warehouse in Alkmaar. This capital is available for new earnings-enhancing initiatives including acquisitions.

At quarter end, the LTV was approximately 30% gross of cash and 18% net of cash. Gross LTV levels will remain broadly at current levels, taking into account the new acquisition as well as two bank financing activities planned for the end of March 2023. These relate to a loan drawdown of an additional €4 million associated with the recent refinancing of the Hamburg/Stuttgart loan and relating to a repayment of the expiring €3.7 million loan secured against the Rumilly asset. Net of cash, the LTV will slightly increase to approximately 23% with the cash deployment for the new investment.

