

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

("SREIT"/ "the Company")

HALF YEAR RESULTS FOR THE SIX- MONTH PERIOD ENDED 31 MARCH 2023

Schroder European Real Estate Investment Trust plc, a company investing in European growth cities and regions, today announces its half year results for the six months ended 31 March 2023.

Continental Europe occupier trends and portfolio indexation underpins valuation resilience; dividend to be rebased to reflect rising interest rate backdrop and capital deployment strategy.

SALIENT FEATURES

Key Financial highlights

- 50 basis points of outward yield movement, partially offset by asset management initiatives, supports portfolio valuation resilience
- Net Asset Value ("NAV") total return of -4.7% based on an IFRS loss of €8.7 million (31 March 2022: 5.5% total return / €10.9 million IFRS profit), predominantly driven by market wide outward yield shift as a result of interest rate increases
- Underlying EPRA earnings increased over 50% to €3.8 million (31 March 2022: €2.5 million)
- Strong balance sheet with cash reserves of €23 million and loan to value (LTV) of 32% gross of cash and 23% net of cash. Average cost of drawn debt (interest-only) of 2.5%
- In Q4 2022, the Company's management team completed the early refinancing of its largest debt facility at a modest 85bp margin with no covenants for five years. Loan principal was extended from €14m to €18m to provide additional balance sheet flexibility.

Decision to rebase dividend to provide full cover reflects refinancing cost uncertainty and patient capital deployment strategy:

- Announcement of a second interim dividend of 1.85 euro cents per share ("cps"), bringing the total dividends declared relating to the six months of the current financial year to 3.7 euro cps, c.80% covered by recurring earnings
- Reflecting the potential impact of higher interest costs on the Company's earnings and more patient capital deployment strategy, the quarterly target minimum dividend will be rebased to 1.48 euro cps per quarter (80% of the previous level), commencing with the third interim dividend payable in October 2023. This will allow management to be more patient deploying cash reserves into attractive investment opportunities that are likely to arise, as well as enabling the immediate payment of a fully covered dividend.

Attractive indexation characteristics and strong occupational demand to drive earnings growth:

- Direct property portfolio independently valued at €220.2 million, reflecting a -4.6%, or €9.7 million, like-for-like decrease over the period
- Increased portfolio exposure to high growth industrial sector with c.€11 million acquisition of an award winning property in Alkmaar, the Netherlands, with excellent sustainability credentials, including on site renewable energy and EPC rating of A+
- Concluded eight new leases and re-gears totalling c. 2,000 sqm generating €0.4 million of contracted rent, at a weighted lease term of three years
- Further improvement to the portfolio's sustainability credentials including:

- BREEAM certification for the Stuttgart office
- Advancement of on-site renewable energy at Houten industrial investment
- c. 80% of landlord-procured electricity on renewable energy and improved tenant data collection and education
- 100% of rent due collected
- 100% of the portfolio leases indexed to inflation, including 80% annually

Sir Julian Berney Bt., Chairman, commented:

"Notwithstanding the economic headwinds, the Board is pleased by the portfolio's sector and winning city allocations, strong rent collection and indexation characteristics, which together with management's asset management expertise has enhanced valuation resilience versus the UK-focused listed peer group. The Board, however, is clear in its intention to be prudent in deploying the remaining investment capacity, retaining capital in the short term and rebasing the dividend to a quarterly minimum dividend of 80% of the current level. Whilst the current wider market uncertainty persists, this is a proactive move that we are convinced will protect shareholder value over the long term, providing significant flexibility and enabling us to pay a covered dividend that can be grown over time."

Jeff O'Dwyer, Fund Manager for Schroder Real Estate Investment Management Limited, added:

"Whilst we continue to operate in an environment where the pricing of risk, value and liquidity is challenging, the Company is well positioned, with a strong balance sheet and an ability to refinance on the best available terms as and when required. Recognising evolving occupier trends, our near-term capital deployment will be focused on select sustainability-led capex initiatives in the current portfolio, which we believe will best optimise earnings growth and asset liquidity, thereby driving longer term returns."

A presentation for analysts and investors will be held at 9.00 a.m. BST/10.00 a.m. SAST today. Registration for which can be accessed via:

<https://registration.duuzra.com/form/SEREInterim>

If you would like to attend, please contact James Lowe at Schrodgers on james.lowe@schrodgers.com or +44 (0)20 7658 2083.

Dividend Declaration

A further announcement will be made shortly to confirm the full timetable of the second interim dividend.

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 Half Year Report and Condensed Consolidated Interim Financial Statements for the six-month period ended 31 March 2023 ("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/2023/JSE/ISSE/SCDE/SEREITHY23.pdf>

Copies of the Half Year Report are also available for viewing on the Company's website at www.schrodgers.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 Full Announcement, as a whole.

These half year results have been reviewed by the Company's auditors, Ernst & Young 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 primary listing on the London Stock Exchange and a secondary listing on the JSE Limited.

London
28 June 2023

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