Schroder European Real Estate Investment Trust plc

Half Year Report and Condensed Consolidated Interim Financial Statements

For the six month period ended 31 March 2021

For professional advisers and employee benefits consultants only

Schroders

About us

Schroder European Real Estate Investment Trust plc 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.

Company summary

Schroder European Real Estate Investment Trust plc (the 'Company'/'SEREIT') invests in European growth cities and regions. It is a UK closed-ended real estate investment company incorporated on 9 January 2015. The Company has a premium listing on the Official List of the UK Listing Authority and its shares have been trading on the Main Market of the London Stock Exchange (ticker: SERE) since 9 December 2015. It also has a secondary listing on the Main Board of the Johannesburg Stock Exchange (ticker: SCD).

Rennes, France

Highlights[1]

For the six month period to 31 March 2021

1.85cps

Reinstatement of the quarterly dividend to pre-covid level

2.4%/13.9%

Underlying property portfolio total return of 2.4% over six months and 13.9% over the last 12 months

c.€13m/9.5cps

Board's intention to declare two further special dividends over the next 12 months

€(0.7)m/€0.8m

IFRS loss of €0.7m and pre-tax profit of €0.8m. Results driven by increases in the valuations of the industrial and DIY portions of the portfolio, offset by writing down the exposure to Seville to nil

€4.6m

Dividends declared of €4.6 million/ 3.42 cps for the six months of the financial year which are 61% covered by EPRA earnings

(0.4)%/12.6%

NAV total return of -0.4% over six months and of 12.6% over twelve months

94%/92%

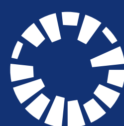
Actively dealing with the impact of Covid-19 on the portfolio. Rent collection has steadily increased, and over the three months to March 2021 stands at 94%

15% DIY and grocery

The portfolio's retail allocation is primarily exposed to the DIY and grocery sectors, both proving to be beneficiaries of the pandemic

11%

LTV net of cash of 11% including €57.0 million of investable cash/LTV gross of cash 29%



Global Real Estate Sustainability Benchmark ('GRESB') three green star rating achieved for 2020

Progress

- Reinstatement of quarterly dividend of 1.85 cents per share
- Paris Boulogne-Billancourt refurbishment on track to be delivered in Q2 2022
- Progressed key asset management initiatives:
  - Leased remaining floors at Hamburg at rents ahead of business target
  - Expanded Mercadona supermarket in Seville Metromar
  - Improved portfolio environmental characteristics
- Reviewing pipeline of potential acquisition opportunities

1 Calculated on a proportional basis. Includes the Group's 50% share in the Seville property.

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At a glance
Highlights

Investment strategy
The Company invests in European growth cities, specifically institutional quality, income-producing commercial real estate in major Continental European cities and regions. Target markets are mature and liquid and have growth prospects exceeding those of their domestic economy.

The strategy is focused on Winning Cities and Regions, being locations experiencing higher levels of GDP, employment and population growth, with diversified local economies, sustainable occupational demand and favourable supply and demand characteristics.

The Company targets office, retail, logistics/light industrial and assets which offer the potential for multiple uses. The risk profile of the investments will be focused on core/core plus real estate (c.70%) with the remaining 30% in value-add opportunities e.g. refurbishments, changes of use etc. The current portfolio is consistent with the strategy, generating strong income whilst also providing asset management opportunities which can be implemented through the experts in the local offices of the Investment Manager.

Investment policy
The Company owns a diversified portfolio of commercial real estate in Continental Europe with good property fundamentals. The Company may invest directly in real estate assets (both listed and unlisted) or through investment in special purpose vehicles, partnerships, trusts or other structures.

Diversification
The Company invests in a portfolio of institutional grade income-producing properties with low vacancy and creditworthy tenants. The portfolio is diversified by location, sector, size, lease duration and tenant concentration.

The value of any individual property at the date of its acquisition will not exceed 20% of the Company's gross assets.

A preference is given to multi-let properties over single-occupier properties to diversify exposure to underlying tenant risk.

Asset class and geographic restrictions
The Company has the ability to invest in any country in Continental Europe, although preference will be given to mature and liquid markets. The Company's primary focus is on the core cities in France and Germany where the Investment Manager believes there are positive growth prospects and real estate markets which are considered to be well established, mature and liquid.

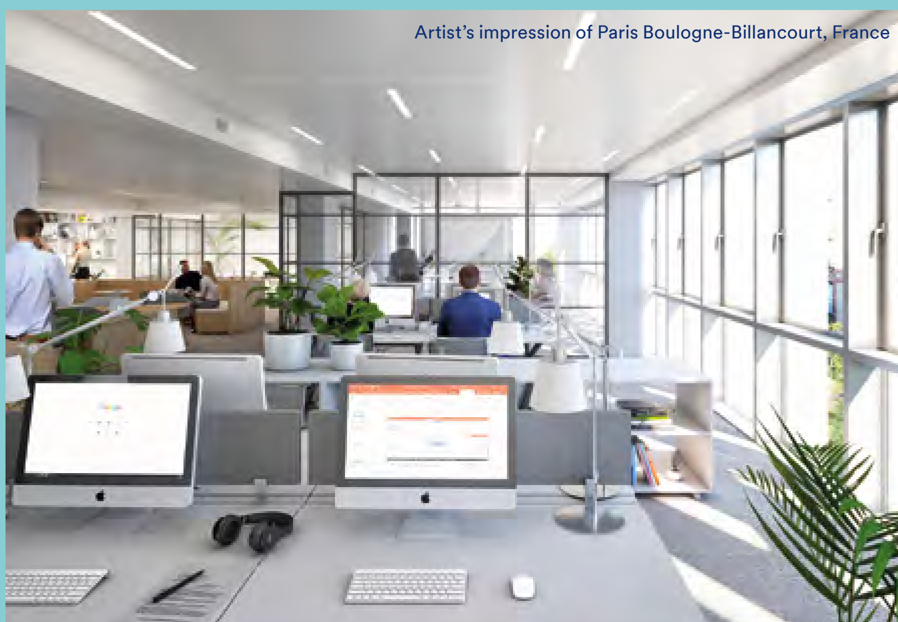
The Company invests principally in the office, retail, logistics and light industrial property sectors. It may also invest in other sectors including, but not limited to, leisure, residential, healthcare, hotels and student accommodation.

Other Restrictions
The Company will not undertake the development of new property. However, completed newly-developed properties may be acquired under forward commitments where such acquisitions do not expose the Company to underlying development risk.

The Company may also refurbish or improve existing properties with such refurbishments and improvements typically covering the replacing, improving or reconfiguring of a property that is already in existence and would typically be internal and within the existing envelope of that property.

Any more substantial refurbishment or improvement of an existing property exposing the Company to development risk would not exceed 20% of the Company's gross assets.

The Company intends to invest cash held in cash deposits and cash equivalents for cash management purposes.


Artist's impression of Paris Boulogne-Billancourt, France

Strategic highlights[1]

Portfolio by value located in higher-growth regions

100%

(2020: 100%)

Occupancy

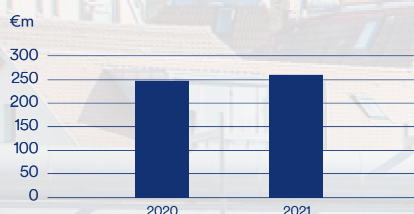
95%

(2020: 95%)

Portfolio value including cash[2]

€259.9m

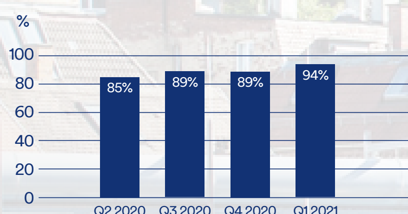
(2020: €247.3m)



Rent collection average over the past six months

92%

(Q2-Q3 2020: 87%)



Available cash

€57.7m

(2020: €18.5m)

Average unexpired lease term to expiry

5.8yrs

(2020: 6.0yrs)

Financial highlights

Net asset value ('NAV') total return

1 year	3 years
12.6%	**6.9%**
(2020: 5.2%)	(2020: 6.0%)

IFRS loss after tax

€(0.7)m

(2020: profit of €4.9m)[3]

IFRS NAV

€197.1m

(2020: €182.1m)

Loan to value (net of investible cash/ gross of cash)

11% / 29%

(2020: 27% / 30%)

Performance highlights

Portfolio total return

1 year	3 years
13.9%	**9.7%**
(2020: 8.3%)	(2020: 9.1%)

Portfolio income return

1 year	3 years
5.4%	**6.4%**
(2020: 6.6%)	(2020: 7.0%)

1 Relates to the Company's share only and excludes the non-controlling interests in the Company's subsidiaries. This refers to the Company's 50% share in the Seville property. Reference to 2020 numbers relate to the 31 March 2020 unless stated otherwise.

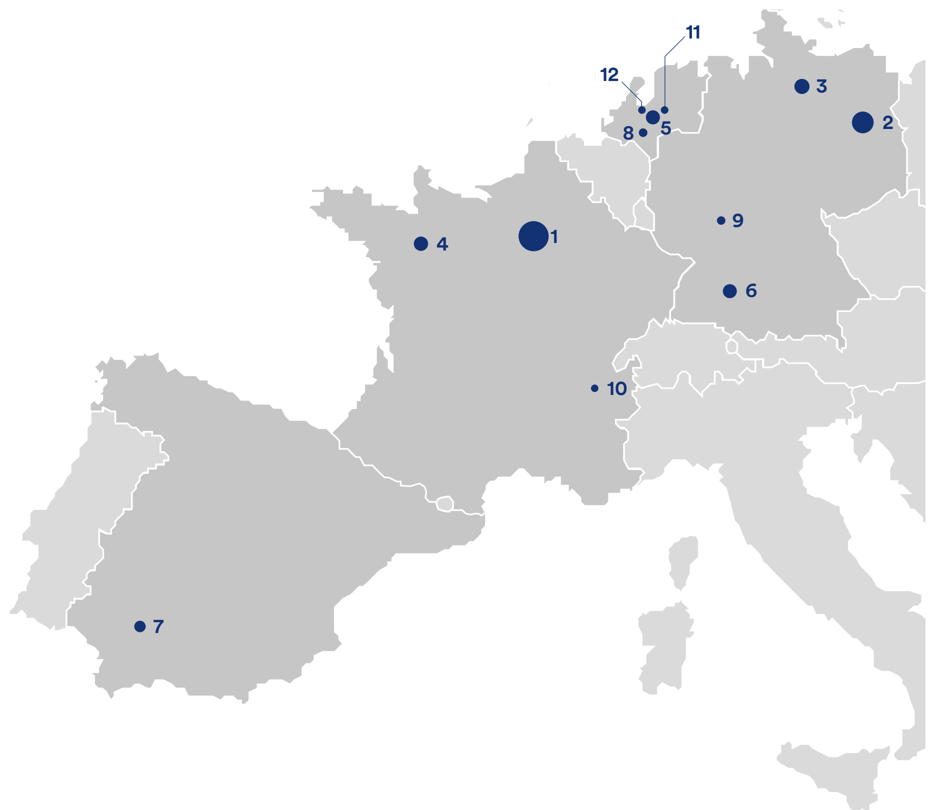
2 Current portfolio (Q1 2021) comprises investible cash of €57 million (internally calculated) and includes the first tranche of the proceeds from the sale of Paris, Boulogne-Billancourt. The comparable 2020 portfolio figure does not comprise investment cash amounts because these were relatively small.

3 Profit comparison to 2020 interim period reflects the six months to 31 March 2020.

Stuttgart, Germany

At a glance
Portfolio Overview

The Company owns a diversified portfolio of commercial real estate in Continental Europe with good property fundamentals. The Company has targeted assets located in Winning Cities and Regions and in high growth sectors. Winning Cities and Regions are those that 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 properties

12 (now excluding Paris Boulogne-Billancourt which is considered as sold)

Valued at[1,2]

€259.9m

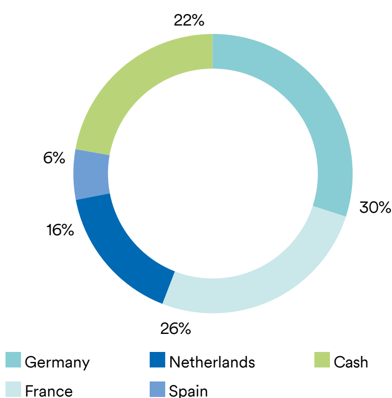
Number of tenants

83

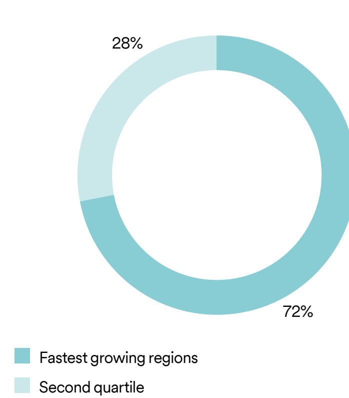
Occupancy[1]

95%

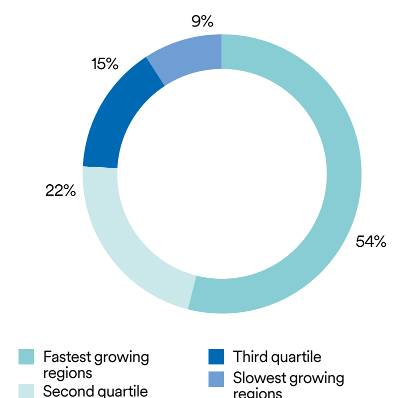
Portfolio country allocation



% SEREIT capital value



% Investment universe capital value



1 Includes the Company's 50% share in the Seville property.
2 Current portfolio value is including investable cash of €57 million in order to reflect the proceeds from the sale of Paris Boulogne-Billancourt.

Sectors[1,2]

Office
30% (2020: 47%)

Paris Saint-Cloud, France

The Company focuses on sub-markets that are: supply-constrained; benefiting from competing demands for uses; and where rents are modest and sustainable. Our office exposure is in the established sub-markets of Paris, Hamburg and Stuttgart, where vacancy rates are modest, providing for above-average rental growth.

Industrial warehousing
20% (2020: 20%)

Rennes, France

The Company's investments comprise both logistics and industrial warehousing, leased to a variety of tenants in manufacturing, services and third party logistics. All assets are in established warehouse locations such as Venray, Houten and Utrecht in the Netherlands and Rumilly and Rennes in France which benefit from supply constraints and rental growth prospects.

Retail
21% (2020: 25%)

Frankfurt, Germany

The Company's retail exposure consists of three urban retail assets (including one shopping centre) located in the following growth cities: Berlin, Frankfurt and Seville. The focus is on assets in the 'convenience' and 'experience' sectors. All assets are in strong residential growth areas, with our largest exposure (Berlin) comprising four hectares of land with multiple alternative use potential.

Mixed
7% (2020: 8%)

Apeldoorn, Netherlands

The Company owns a mixed-use data centre and office building located in Apeldoorn, one hour from Amsterdam. The asset provides stable income from a long-term lease let to a strong covenant and options to re-develop in to an alternative use.

1 Includes the Company's 50% share in the Seville property.
2 The March 2021 sector allocation is based on the portfolio including 22% cash which was mainly derived from the first receipt of the Paris Boulogne-Billancourt sale proceeds.

Top ten properties

	Property	Sector	Value (€m / % portfolio incl. cash)
1	France, Paris (Saint-Cloud)	Office	€39.8m / 15%
2	Germany, Berlin	Retail / DIY	€28.7m / 11%
3	Germany, Hamburg	Office	€20.0m / 8%
4	France, Rennes	Industrial	€18.9m / 7%
5	Netherlands, Apeldoorn	Mixed	€18.6m / 7%
6	Germany, Stuttgart	Office	€18.5m / 7%
7	Spain, Seville (50%)	Retail / Shopping Centre	€15.1m / 6%
8	Netherlands, Venray	Industrial	€11.4m / 4%
9	Germany, Frankfurt	Retail / Grocery	€11.2m / 4%
10	France, Rumilly	Industrial	€9.9m / 4%

Remaining two properties shown on the map are:
11 Houten, Netherlands, Industrial
12 Utrecht, Netherlands, Industrial

Sector allocation

Sector	Weighting
Office	**30%**
Industrial	**20%**
Retail	**21%**
Of which DIY and Grocery	15%
Of which a Shopping Centre	6%
Mixed/Data Centre	**7%**
Cash	**22%**

Performance Summary

Property performance[1]	31 March 2021	31 March 2020	30 September 2020
Value of property assets (excl. Paris Boulogne-Billancourt for 31 March 2021)	€202.9m	€247.3m	€268.6m
Annualised rental income (excl. Paris Boulogne-Billancourt for 31 March 2021)	€15.1m	€17.2m	€17.2m
Estimated market rental value (excl. Paris Boulogne-Billancourt for 31 March 2021)	€14.8m	€18.0m	€18.6m
Underlying portfolio total return in the reporting period	2.4%	4.0%	15.7%
Underlying portfolio income return in the reporting period	2.4%	3.1%	6.2%

Financial summary	31 March 2021	31 March 2020	30 September 2020
NAV	€197.1m	€182.1m	€201.8m
NAV per ordinary share (euro)	147.4c	136.2c	150.9c
NAV total return (euro)	(0.4)%	2.7%	16.2%
IFRS (loss)/profit after tax	€(0.7)m	€4.9m	€28.4m
EPRA earnings[1]	€2.8m	€4.3m	€8.6m
Dividend cover	61%	116%	112%

Capital values	31 March 2021	31 March 2020	30 September 2020
Share price[2]	97.8 pps/ZAR 20.6	71.0 pps/ZAR 16.0	62.0 pps/ZAR 13.9
IFRS NAV per share	125.4 pps/ZAR 25.6	121.0 pps/ZAR 26.8	136.9 pps/ZAR 29.7

Earnings and dividends[3]	31 March 2021	31 March 2020	30 September 2020
IFRS earnings	(0.6) cps	3.7 cps	21.2 cps
EPRA earnings	2.1 cps	3.2 cps	6.4 cps
Headline earnings	2.1 cps	3.2 cps	6.4 cps
Dividends declared	3.4 cps	2.8 cps	5.7 cps

Bank borrowings	31 March 2021	31 March 2020	30 September 2020
External bank debt (excluding costs)[1]	€80.7m	€80.7m	€80.7m
Loan to value ratio based on GAV net of cash (gross of cash)	11% (29%)	27% (30%)	24% (28%)

Ongoing charges[4]	31 March 2021	31 March 2020	30 September 2020
Ongoing charges (fund operating expenses only)	2.14%	2.16%	2.09%
Ongoing charges (fund and property operating expenses)	2.70%	2.95%	2.74%

1 Relates to the Company's share only and excludes the non-controlling interests in the Company's subsidiaries. This refers to the Company's 50% share in the Seville property.
2 pps refers to pence per share.
3 cps refers to Euro cents per share.
4 Ongoing charges are calculated in accordance with the AIC recommended methodology as a percentage of the average NAV over a given period.

Rent collection update

As at 31 March 2021	Office		Industrial		Retail[1]		Mixed		Total portfolio[1]	
	Q4 2020	Q1 2021	Q4 2020	Q1 2021	Q4 2020	Q1 2021	Q4 2020	Q1 2021	Q4 2020	Q1 2021
Paid	99.7%	99.7%	87.5%	99.4%	72.9%	78.2%	100.0%	100.0%	89.3%	93.8%
Deferred	0.0%	0.0%	11.8%	0.6%	0.6%	0.0%	0.0%	0.0%	2.9%	0.2%
Renegotiated/Outstanding[2]	0.3%	0.3%	0.7%	0.0%	26.5%	21.8%	0.0%	0.0%	7.8%	6.0%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

1 Calculated on a proportional basis. Includes the Company's 50% share in the Seville property.
2 Primarily relates to the Metromar shopping centre in Seville.

Apeldoorn, Netherlands

Investment Approach

A disciplined investment approach

We recognise that long-term returns from commercial real estate are driven principally by good quality income and income growth.

Our investment approach combines three principal factors:

(1) Integrated research to identify those regions, sectors and investment themes which are expected to generate attractive returns;
(2) A detailed business plan-led approach which aims to unlock value from each portfolio asset; and
(3) A sustainable investment approach which is beneficial to our tenants, local communities, and thereby portfolio performance.

Mega themes

1. Rapid urbanisation

2. Demographics

3. Technology

4. Resources and infrastructure

5. Shift from West to East

6. Impact investment

We expect that the long-term impact of Covid-19 for commercial real estate will be to accelerate certain structural changes which were already underway, including e-commerce, technology advances, operational importance, the review of supply chain management and the adoption of flexible office working. We believe the relevance of cities will continue to thrive in the longer term and achieve stronger growth.

Venray, Netherlands

Research

Research is focused on cyclical and structural trends in order to determine market strategy and exploit mispricing. Occupier demand is increasingly concentrated in 'Winning Cities and Regions' that offer a competitive advantage in terms of higher levels of Gross Domestic Product ('GDP') and should, therefore, generate higher real estate returns.

Business plan-led approach

Our starting point is our annual fund strategy statement which defines our activities over the coming three to five years and identifies key objectives at both fund and asset level. Our aim is to deliver incremental outperformance year-on-year.

We aim to generate the majority of the target outperformance through good stock selection and active asset management. Each asset is managed in accordance with its individual business plan. The business plan is the focal point for identifying and implementing the active management strategies that will maximise returns.

Sustainable investment

Schroder Real Estate is committed to acting in a responsible way for the good of clients, employees and the wider community in order to secure a long-term sustainable future. We believe that a sustainable investment programme should deliver enhanced returns to investors, improved business performance to tenants and tangible positive impacts to local communities and wider society.

ESG and sustainability are embedded within our investment process and applies to all aspects of real estate investment, including acquisition due diligence, asset management, property management provided by third parties, refurbishments and developments. Schroder Real Estate has developed its 'Sustainable Real Estate with Impact' investment programme. This programme links our key impact pillars to the UN Sustainable Development Goals. We use these pillars to consider impacts for funds and assets.

Chairman's Statement

Diversifying the portfolio through realising profits and reinvesting proceeds into new post-Covid-19 growth opportunities

Company well positioned to benefit from accelerated growth as European cities return to normal

Overview

The past twelve months have been like no other and the Covid-19 pandemic continues to have a dramatic and unprecedented global impact on society and economies. Encouragingly, the rollout of the vaccine looks to be gathering pace across Europe, which provides a beacon of light, and expectations are for a return to economic growth and confidence by late 2021, which will be a welcome boost for the real estate sector.

As at 31 March 2021, the Company's diversified property portfolio was valued at €202.9 million, reflecting that Paris Boulogne-Billancourt, which was the Company's largest asset, is now sold. The portfolio consists of 12 investments across four Western European countries. The majority of the portfolio is located in France and Germany, concentrated in the growth cities of Berlin, Frankfurt, Hamburg, Stuttgart and Paris.

Sir Julian Berney Bt.
Chairman

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, with 94% of rent due for the quarter ended 31 March 2021 received. Our 50% share in the Seville shopping centre is the sole shopping centre exposure and the one asset that has been materially affected by the pandemic. As at 31 March 2021 this asset is carried in our accounts at a nil value meaning there is no further exposure for the business.

The Board is particularly pleased that 50% from the agreed sale price of Paris Boulogne-Billancourt has been received and, despite local Paris restrictions, construction remains on budget and programme.

The remaining 50% will be received in instalments over the refurbishment period, expected to conclude in Q2 2022. As a result of the sale, the Company will have significant firepower of €60 million to invest in earnings enhancing initiatives. The Investment Manager is working hard to identify attractive income generating opportunities that meet our strict investment criteria, which will provide further diversification benefits to the portfolio.

Other key asset management activities during the period have been the implementation of several ESG initiatives, and the leasing of vacant space, totalling c. 1,100 sqm, in Hamburg, Saint-Cloud and Seville.

Strategy

The immediate focus remains on managing the portfolio in light of the Covid-19 pandemic. The safety and wellbeing of our tenants, suppliers and other stakeholders, together with the protection of shareholders' long-term interests, remains of paramount importance. The Investment Manager has worked with tenants and other stakeholders to implement a Covid-19 management plan to deal with tenant difficulties and requests in a proportionate and measured way. This has led to a strong level of positive tenant engagement and a high level of rent collection over the period.

The longer term strategy remains: a focus on assets with strong fundamentals in Winning Cities and Regions across Continental Europe; diversification across sectors, geography and tenants; investments that will remain relevant on a post pandemic basis; and leveraging off local management expertise to execute value-enhancing investment and asset management initiatives.

Our exposure to leading cities such as Berlin, Stuttgart, Frankfurt, Hamburg and Paris is expected to support outperformance, as these diversified and knowledge-based economies are forecast to witness stronger growth post the pandemic. These cities should benefit from an acceleration in the growth of technology, life sciences, tourism and professional services. We would also expect that these cities will see a disproportionate allocation of fiscal spending to further stimulate economic growth. Furthermore, despite the threat posed by the working from home ('WFH') phenomenon, we retain a conviction that high quality offices that provide a platform for collaboration will remain essential for successful businesses.

Financial results

NAV total return was -0.4% over the interim period based on IFRS loss for the six months of €0.7 million. Pre-tax, there was a profit of €0.8 million. Returns were driven primarily by an increase in the valuation of the industrial and DIY portions of the portfolio, offset by the write down of the Seville exposure to nil. Underlying EPRA earnings were €2.8 million, reflecting a temporary reduction of around €1.2 million while the Company looks to redeploy the Paris Boulogne-Billancourt sale proceeds.

The Company's NAV at 31 March 2021 decreased by €4.7 million to €197.1 million, or 147.4 euro cents per share ('cps'), over the period.

Balance sheet and debt

The Boulogne-Billancourt disposal has significantly strengthened the Company's balance sheet, providing significant operational and financial flexibility.

Total third-party debt was €80.7 million as at 31 March 2021, giving a loan to value ('LTV') net of cash of approximately 11% against the overall gross asset value of the Company (29% gross of cash). This compares to a net LTV cap of 35%. The Company has seven loans secured by individual assets or groups of assets, with no cross-collateralisation between loans. The average weighted total interest rate of the loans is 1.4% per annum. The weighted average duration of the loans is 3.4 years, with the earliest loan maturity in 2023. The bank which is financing the Seville property has indicated that it expects to instruct a new valuation to formally test the LTV covenant in the coming months which, based on the Company's 31 March 2021 value, is likely to show that the 60% LTV covenant has been breached. The loan is secured solely against the Seville investment, with no recourse back to the Company or any other entity within the Group. The Investment Manager continues to work proactively with the lending partner. The cash trap continues to be in operation for the Seville loan. More detail of the individual loans is provided in the Investment Manager's Report.

Dividend

The Company has continued to make distributions during the pandemic. The Board is confident in the future of the business, particularly giving the improving outlook, valuation resilience and return to healthy rent collection and has decided to reinstate the quarterly dividend to its pre-Covid level of 1.85 cent per share.

It is the board's intention to declare two further distributions with a target of approximately 4.75 cents per share each, to be declared at the same time as the 2021 annual results announcement (expected December 2021) and the 2022 interim year results announcement (expected June 2022). This allows shareholders to benefit from the exceptional profit associated with the successful execution of the Paris Boulogne-Billancourt business plan, and rewards our supportive shareholders who saw a reduction in distributions as we faced up to the unprecedented challenges posed by the pandemic.

The second interim dividend in respect of the year ending 30 September 2021 of 1.85 euro cents per share is payable on 16 August 2021 to shareholders on the register at 30 July 2021. The dividends for the six month period are 61% covered from the net income of the portfolio. As announced previously, whilst the refurbishment of Boulogne-Billancourt is being undertaken, the income cover will reduce. The Board is allocating some of the net sale proceeds from the forward funded sale of the asset towards covering the shortfall in income during the refurbishment and pending reinvestment of the remaining sale proceeds. The latest declared dividend represents an annualised rate of 5.1% based on the 31 March 2021 NAV per share of €1.47.

Share price

The Board is disappointed that the share price has not reflected the robust performance of the business during the pandemic or that an approximate 22% discount to NAV at 5 July 2021 properly reflects its future prospects. Given the healthy cash position, the Board will continue to review the discount and its discretion to execute a share buyback programme as well as new acquisitions consistent with its Continental European winning city and region strategy.

Responsible and impact investment

Responsible and impact investment sits alongside our traditional economic and financial considerations. The Investment Manager continues with plans to further enhance environmental, social and governance ('ESG') credentials going forward. The pandemic has increased the focus on climate change and the requirement to act on net zero commitments and to evidence positive social impact. In this regard, the Investment Manager continues to look at ways to improve each asset's impact, safety and relevance on a post-Covid basis and is currently undertaking impact and sustainability action plans ('ISAPs') to assess an understanding of net zero carbon analysis to enable target setting. These measures will also help to improve the Company's three green star Global Real Estate Sustainability Benchmark ('GRESB') rating.

Outlook

Whilst the recovery from the pandemic will continue to be unpredictable and disparate across industries and geographies, both the Board and the Investment Manager expect the Company to continue to be resilient due to its strong balance sheet, diversification characteristics, exposure to higher growth cities and ability to invest sale proceeds to improve income cover and diversification.

The Company continues to be a unique and compelling proposition for investors and is well placed to capitalise on the trends emerging from the pandemic, including responding to changes in occupier demand, delivering operational excellence and ensuring that sustainability priorities are instilled within the Company's investment process.

We are looking forward to the remainder of the year, focusing on tenant engagement, identifying and implementing asset management opportunities to improve the quality and longevity of the income and sourcing new acquisitions in high-growth sectors and cities, whilst our medium-term ambition to significantly scale the business remains undimmed.

Sir Julian Berney Bt
Chairman

6 July 2021

Investment Manager's Report

Results

The NAV as at 31 March 2021 stood at €197.1 million (£167.7 million), or 147.4 euro cents (125.4 pence) per share, resulting in a NAV total return of -0.4% over the six months to 31 March 2021.

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 cents per share.

NAV movement	€m[1]	cps[2]	% change per cps[3]
Brought forward as at 1 October 2020	**201.8**	**150.9**	**–**
Unrealised gain in the valuation of the real estate portfolio	10.3	7.7	5.1
Capital expenditure	(4.7)	(3.5)	(2.3)
Movement on the Seville JV investment	(8.2)	(6.1)	(4.0)
EPRA earnings[4]	2.8	2.1	1.4
Non-cash/capital items	(0.9)	(0.7)	(0.5)
Dividends paid	(4.0)	(3.0)	(2.0)
Carried forward as at 31 March 2021	**197.1**	**147.4**	**(2.3)**

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 Percentage change based on the starting NAV as at 1 October 2020.
4 EPRA earnings as reconciled on page 33 of the financial statements.

Strategy

The strategy over the period ended 31 March 2021 remained focused on the following key objectives:
- Mitigating the impact of the Covid-19 pandemic on the portfolio, tenants and wider stakeholders;
- Executing asset management initiatives to enhance both the income profile and individual asset values;
- Ensuring compliance with contractual obligations particularly in respect of the repositioning of Paris Boulogne-Billancourt;
- Improving the Company's net income profile to support a sustainable dividend;
- Increasing exposure to higher growth sectors in Winning Cities and Regions; and
- Managing portfolio risk in order to enhance the portfolio's defensive qualities.

Progress was made in executing the strategy and activity, which has delivered:
- High levels of positive tenant engagement and implementation, resulting in robust rent collection of 92% over the period;
- Management of the Paris Boulogne-Billancourt office refurbishment to ensure compliance with planning, construction, tenant and purchaser contractual requirements. The refurbishment remains on budget and to the programme with completion due Q2 2022;
- The conclusion of five new leases and re-gears, generating a 3.9% increase in annualised income relative to the previous rent at a weighted lease term of 4.1 years;
- Despite concerns around the future of the office, we have achieved full occupation at the Company's Hamburg office investment. Over the period and recent post-period end we leased the remaining two vacant floors at rents 11% above target. This success highlights the continued demand for well-located office investments in mixed-use locations that are accessible and affordable;
- Completion of the Mercadona supermarket expansion in the Seville shopping centre. Active management of this asset continues as we see continued occupancy risk, particularly in the fashion and leisure sectors. As a result of the market deterioration for shopping centres, the Group's 50% investment was written down to nil in the interim period and now comprises a no sum of the Company's NAV;
- Maintained a high occupancy level of 95%, with an average portfolio lease term to break of 4.7 years;
- Improved portfolio environmental characteristics via enhancement of the Berlin BREEAM rating, use of 100% renewable energy in Germany and improved tenant data collection across the portfolio;
- Issued SREIM's Sustainable Occupier Guide to all tenants across France, Netherlands and Spain to proactively advise occupiers on low cost initiatives to achieve reduced environmental footprints, operating costs and enhanced user wellbeing; and
- A modest LTV of 29% gross of cash and 11% net of cash, significantly below the target of 35%.

Covid-19 impact

During the period, Europe continued to battle with the Covid-19 pandemic. New, more transmissible, variants of the virus and a slower than anticipated rollout of vaccines left most governments with no choice but to re-enact tight restrictions and lockdowns to curb a strong increase in infections. These measures have delayed the economic recovery with Q1'21 Eurozone GDP falling by -0.6%. As at mid-May, conditions have however started to notably improve. The rollout of vaccines has significantly accelerated and most European countries have started to ease restrictions. This feeds hope that we are now on track for a sustained recovery boosted by the return of consumer spending in addition to the already stronger export trade.

The pandemic has accelerated many of those structural changes that we were already seeing. The temporary closure of much of non-essential retail has accelerated the move towards consumers shopping online and while some are returning to physical stores, some turnover has been permanently shifted online. This has also further fuelled demand for logistics space. At the same time, office occupiers are rethinking their workplace utilisation and policies for flexible working with future work patterns likely to be a much more hybrid mix of office and home working.

As a landlord, we have seen an increasing importance in understanding and working with our tenants and have taken on our responsibility to support them with the challenges they face. In some instances, tenants have not accepted our assistance and elected to close; for example in the fashion industry. The Company's diversification has proven indispensable in navigating the pandemic. Active tenant engagement coupled with exposure to resilient sectors such as logistics, DIY, grocery, data centre and accessible office locations has resulted in healthy rent collection and valuation resilience.

We continue to focus on the safety and wellbeing of our tenants, suppliers and other stakeholders, whilst also protecting shareholders' long-term interests.

Market overview

Economic outlook

The initially slow rollout of Covid-19 vaccines in the EU and the new surge in infections during March and April means that many countries are likely to remain in lockdown or under tight measures to control the spread of the virus. Accordingly, Schroders now expects the recovery in eurozone consumer spending once non-essential shops, bars and restaurants re-open to begin in the second half of 2021. Germany is likely to be the first of the big four countries to get back to its pre-virus level of GDP, thanks to the recent strength of its exports trade with Asia and the US. Italy and Spain, which are more reliant on tourism, may not fully recover until 2023. The rebound in energy and commodity prices means that inflation is likely to accelerate to 2% by the end of 2021, before easing to 1.2% next year. We expect the ECB to leave the refinancing rate at zero and continue with quantitative easing through to the end of 2022.

Offices

European office markets saw leasing volumes picking up in Q4'20 as a result of pent-up demand after very slow activity in the summer months. The news of a Brexit deal, and the start of vaccination campaigns, sparked some optimism at the start of this year. However, renewed measures to control infections have dented hopes for a speedy return to the office for most companies. Office leasing activity in Q1'21 remained subdued with leasing volumes down 10-15% on both, Q4'20 and Q1'20. With uncertainty remaining high, many tenants are preferring to stay put and look to renew their leases or seek short-term extensions while they analyse the impact of the crisis on their businesses and future space requirements, especially with regards to establishing hybrid workplace strategies. While demand remains muted, office schemes started before the pandemic continued to complete and together with more space offered for sub-letting led to an increase in vacancy in most major markets; albeit still from often low levels. These low levels of vacancy, particularly for quality space in key city centre locations, continue to support prime rents. We expect prime rents to remain robust, but effective rents to soften further while rents for secondary space should stabilise in 2022/23. It is also very noticeable that occupiers are looking carefully at the quality of offices for the rent paid.

Retail

The repeated opening and closing of non-essential shops has badly disrupted non-food retailing in continental Europe. While omni-channel retailers have been able to partially make up for lost store sales by selling online, many legacy brands have not and the sector has seen a series of bankruptcies in recent months. Fashion has been hit particularly hard and the average vacancy rate in shopping centres has jumped to 11% from 8% in 2019. We forecast prime shop and shopping centre rents in the eurozone to fall by 20% over the next three years. Pressure on rents and vacancy is further exacerbated by the planned shop closure and consolidation of traditional fashion anchors such as H&M and Zara in the coming months. By contrast, we expect food store rents to grow by 1.5% p.a. in line with food sales. The sector has proven highly resilient to online diversion in continental Europe and there is ongoing demand for new stores.

Logistics/industrial

Demand for warehouses in continental Europe has remained strong through the pandemic. The main driver has been the increase in online retail sales and while growth will slow once non-essential stores re-open it will not stop. Projections suggest that the internet's share of retail sales in Western Europe excluding the UK will increase from 11% in 2019 and 17% in 2020 to 24% in 2025. In addition, innovations in handling equipment including robots are creating demand for new, green and modern warehouses that can accommodate such technology. Although the flipside is the release of second-hand space as occupiers vacate older units. In general, logistics' vacancy rates remain low at around 5%. Supply has been increasing in recent months, but we expect industrial rental growth in most of continental Europe to average 2% p.a. over the next three years, with multi-let industrial estates seeing faster growth than big distribution sheds, because of more constraints on new development.

Real estate portfolio

Following the sale of Paris Boulogne-Billancourt, the Company owns a portfolio of 12 institutional grade properties valued at €202.9 million[1]. The portfolio is 95% let and located across those Winning Cities and Regions in France, Germany, Spain and Netherlands. All investments are 100% owned except for the Metromar shopping centre, Seville, where the Company holds a 50% interest.

The table below shows the top ten properties:

Rank	Property	Country	Sector	€m[1]	% of total[1]
1	Paris (Saint-Cloud)	France	Office	39.8	15
2	Berlin	Germany	Retail / DIY	28.7	11
3	Hamburg	Germany	Office	20.0	8
4	Rennes	France	Industrial	18.9	7
5	Apeldoorn	Netherlands	Mixed	18.6	7
6	Stuttgart	Germany	Office	18.5	7
7	Seville (50%)	Spain	Retail / Shopping Center	15.1	6
8	Venray	Netherlands	Industrial	11.4	4
9	Frankfurt	Germany	Retail / Grocery	11.2	4
10	Rumilly	France	Industrial	9.9	4
Top ten properties				**192.1**	**73**
11–12	Remaining two properties	Netherlands	Industrial	10.8	5
Total portfolio value				**202.9**	**78**
	Investible cash			57.0	22
Adjusted GAV				**259.9**	**100**

1 Reflects the Company's 50% share of the Seville property valued at €15.1 million as at 31 March 2021.

Investment Manager's Report continued

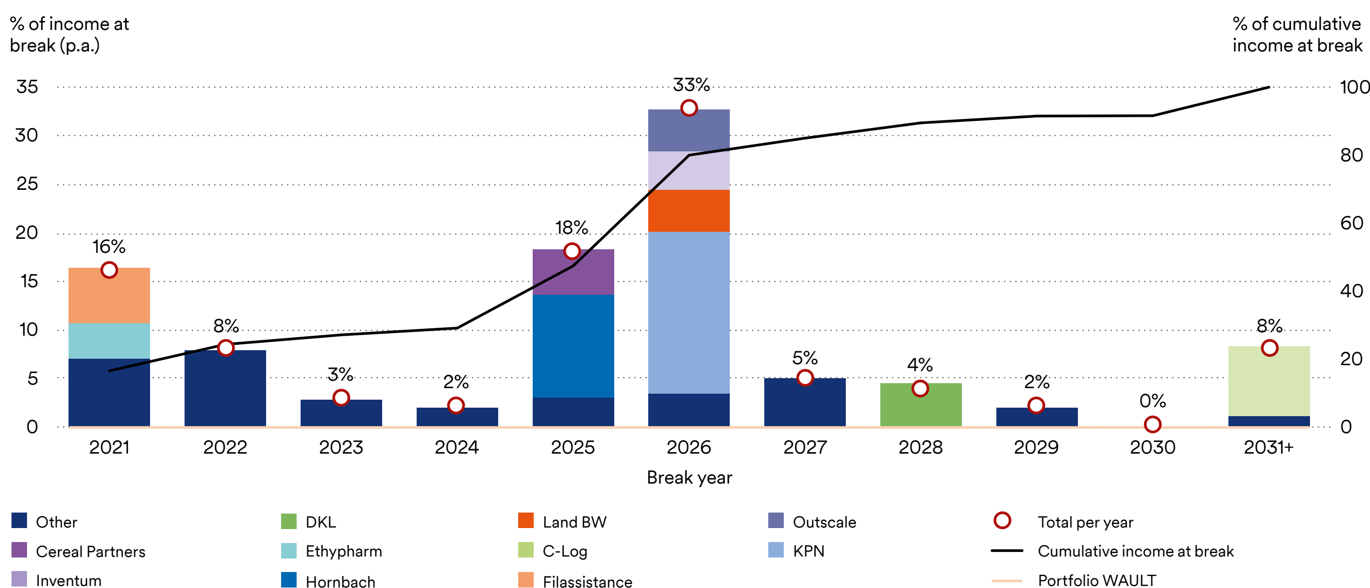
The table below sets out the top ten tenants, which are from a diverse range of industry segments and represent 66% of the portfolio:

Rank	Tenant	Industry	Property	Contracted rent €m	Contracted rent % of total	WAULT break (yrs)	WAULT expiry (yrs)
1	KPN	Telecom	Apeldoorn	2.5	16.7	5.8	5.8
2	Hornbach	DIY	Berlin	1.6	10.6	4.8	4.8
3	C-Log	Logistics	Rennes	1.1	7.2	9.9	9.9
4	Filassistance	Insurance	Paris (Saint-Cloud)	0.9	5.7	0.8	5.8
5	Cereal Partners	Consumer staples	Rumilly	0.7	4.7	4.1	5.1
6	DKL	Logistics	Venray	0.7	4.5	7.5	7.5
7	Land BW	Government	Stuttgart	0.7	4.3	5.3	5.3
8	Outscale	IT	Paris (Saint-Cloud)	0.6	4.3	5.0	8.0
9	Inventum Industrial	Manufacturing	Houten	0.6	4.0	5.2	5.2
10	Ethypharm	Pharmaceutical	Paris (Saint-Cloud)	0.6	3.7	0.2	5.8
Total top ten tenants				**10.0**	**65.7**	**5.2**	**6.2**
Remaining tenants				5.1	34.3	3.6	5.1
Total				**15.1**	**100.0**	**4.7**	**5.8**

The rent collection associated with the top ten tenants over the six month period stood at 98.5%.

The portfolio generated €15.1 million p.a. in contracted income. The average unexpired lease term is 4.7 years to first break and 5.8 years to expiry.

The lease expiry profile to earliest break is shown below. The near-term lease expiries provide asset management opportunities to: renegotiate leases; extend weighted average unexpired lease terms; improve income security and generate rental growth. In turn, this activity benefits NAV total return.



Transactions

A key target for the Company over the remainder of 2021/2022 is to redeploy the Paris Boulogne-Billancourt proceeds in line with the stated objective of targeting income producing commercial real estate in Winning Cities and Regions of Continental Europe. We have been seeking to further diversify the Company's portfolio by both number of assets and tenants, as well as increase its allocation to the high growth industrial sector. For example, the acquisition (post period end) of the Nantes logistics asset for €6.15 million, reflecting a net initial yield of 5.5%.

Portfolio performance

Over the last 12 months the underlying property portfolio generated a total property return of 13.9%. The portfolio income return amounted to 5.4% and the portfolio capital return to 8.1% net of capex.

During the first six months of the current financial year to 31 March, the underlying property portfolio generated total property returns of 2.4% which, in aggregation, were driven almost entirely by income. Property capital returns remained flat, despite a significant value decline in the Seville property, as valuation growth has been witnessed in the majority of other assets led by industrial and DIY.

The strongest contributors to portfolio performance during the six months period were:

- The Hamburg office property delivering a +10% total return: favourable leasing activity resulted in a valuation increase of €1.6 million;
- The Berlin DIY property delivering a +7% total return: valuation increase of €1.1 million mainly due to an improved yield re-rating;
- The industrial portfolio delivering an average 10% total return: improved yield re-rating across the industrial portfolio, delivering a valuation increase of €3.3 million over six months;

- The value of the Company's 50% interest in the Seville shopping centre declined by €6.2 million. The value of the Company's investment in the Seville shopping centre was written down to nil in the interim period. This reflects the recent increase in vacancy, declining ERVs and increase in the risk to trading at shopping centres from the pandemic in general, which increased the pressure on the yield of the asset. This is the only asset in the portfolio where the valuers continue to adopt a material valuation uncertainty clause; and
- Most of the strong positive performance impact from the Paris Boulogne-Billancourt lease re-gear and forward funded sale was taken into account in the previous year's financial returns and property returns for this asset were mostly flat during the current period.

Finance

As at 31 March 2021, the Company's total external debt was €80.7 million, across seven loan facilities. This represents a loan to value ('LTV') net of cash of 11% against the Company's gross asset value (gross of cash LTV is 29%). Cash levels are high, as the Company has received 50% from the agreed sale price of Paris Boulogne-Billancourt. 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 current blended all-in interest rate is 1.4% and the average remaining loan term is 3.4 years.

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)
BRED Banque Populaire	Paris (Saint Cloud)	15/12/2024	€17.00m	3M Eur +1.34%	-29%	-47%
Deutsche Pfandbriefbank AG	Berlin/Frankfurt	30/06/2026	€16.50m	1.31%	-33%	-40%
Deutsche Pfandbriefbank AG	Stuttgart/Hamburg	30/06/2023	€14.00m	0.85%	-37%	-29%
Münchener Hypothekenbank eG	Seville (50%)[1]	22/05/2024	€11.68m	1.76%	breach expected	cash trap
HSBC Bank Plc	Utrecht, Venray, Houten	27/09/2023	€9.25m	3M Eur +2.15%	-33%	-54%
Landesbank SAAR	Rennes	28/03/2024	€8.60m	3M Eur +1.40%	-24%	-75%
Landesbank SAAR	Rumilly	30/04/2023	€3.70m	3M Eur +1.30%	-28%	-86%
Total			**€80.73m**			

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

For the Seville shopping centre, a reduction in rental income has resulted in a requirement under the loan to retain all excess income generated by the Seville property in the property-owning special purpose vehicle. This position will continue until the rental income increases sufficiently to meet the level required under the loan. The bank which is financing the Seville property expects to instruct a new valuation to formally test the Loan-to-Value ('LTV') covenant which, based on the Company's revised asset value, is likely to show that the 60% LTV covenant has been breached. The loan is secured solely against the Seville investment, with no recourse back to the Company or any other entity within the Group. The Investment Manager continues to work proactively with its lending partner regarding next steps.

The German and Spanish loans are fixed rate for the duration of the loan term. The French and Netherlands loans are based on a margin above three-month Euribor. The Company has acquired interest rate caps to limit future potential interest costs if Euribor were to increase. The strike rates on the interest rate caps are between 0.25% p.a. and 1.25% p.a.

The Company entered into a revolving credit facility in relation to the Paris Boulogne-Billancourt refurbishment. The maximum amount that can be drawn down is €13.6 million. So far the revolving credit facility remains unused.

Outlook

Whilst uncertainty relating to the pandemic will continue, we are starting to see some positive signs of a return to growth over 2021 as lockdowns increasingly ease and confidence returns.

We expect performance between the sectors to remain polarised over the short term, with industrial the best performing and retail the weakest of the three main sectors. The pandemic has fast tracked certain structural changes. The Company's exposure to industrial, data centres, DIY, grocery and well-located offices in European Winning Cities and Regions positions it well to prosper post the pandemic.

Looking forward, the real estate sector is becoming increasingly operational, with technology arguably increasing a building's physical life whilst limiting its economic life. This could increase obsolescence and therefore favour buildings in mixed-use, densely populated urban areas that can be adapted to new technologies and changing occupier trends. Occupiers will also require more personalised service levels and increased engagement with landlords so that both can deliver their sustainability objectives.

Having agreed the transformational lease and the forward funded sale of the office in Boulogne-Billancourt, Paris in late 2020, the focus is now to ensure that we fulfil the contractual obligations with both the tenant and purchaser through to completion. In addition we are looking to maximise occupancy across the portfolio, shoring up existing leases and reducing vacancy in assets such as Saint-Cloud and Seville.

The proceeds from the sale of Boulogne-Billancourt strengthen the Company's balance sheet, providing significant operational and financial flexibility. We continue to review and are in various stages of the acquisition process regarding new investments that will diversify and strengthen our exposure to Winning Cities and Regions. Despite the pandemic there is little (if any) banking distress pushing landlords to sell. We are electing to be patient and expect the availability of product to improve as we move through 2021.

Implementation of the above should assist in maintaining an attractive dividend covered from sustainable rental income and maximising shareholder returns.

Jeff O'Dwyer
Fund Manager
Schroder Real Estate Investment Management Limited

6 July 2021

Strategy in Action

Disciplined asset management

Business plan-led approach

Identifying and implementing active management strategies to maximise returns

Berlin, Germany

Boulogne-Billancourt Paris (office)

1 Forward funded sale

- A freehold 7,500 sqm office building located in an established mixed-use sub-market in Paris's Southern Loop
- Transformational asset management initiative that endorses the Company's strategy to identify real estate where we create value through asset management
- New 10 year lease with Alten at a c.40% premium to the previous rent
- Currently managing the refurbishment that will dramatically improve the building quality and energy efficiency (targeting BREEAM Excellent). Cost and programme remain on track and completion is due Q2 2022
- In tandem with our commitment to refurbish we entered into a forward funding unconditional sale of the investment for c.€104 million (subject to cost and programme)
- New lease, improved building quality and unconditional sale result in a profit of approximately €28 million. The majority (€24 million) is within the existing NAV
- Asset management initiative has been implemented during the pandemic, highlighting both occupier and investor demand for well-located, quality offices leased off a sustainable rent
- The investment remains on target in relation to cost and programme

Boulogne-Billancourt Paris property returns last three years

21.3% p.a.

Expected sale and development profit

€28m

TriTowers Hamburg (office)

2 Asset management initiative

- TriTowers is a freehold c.7,000 sqm office building located in Hamburg's centre south office sub-market
- The area is one stop from the city centre and has been one of the stronger performing sub-markets given its mixed-use nature, accessibility and affordability
- Rents in the sub-market are at a c.50% discount to the CBD
- In 2018 terms were agreed with the main tenant, City BKK, to surrender its lease in return for a cash payment to the Company of €3.9 million
- Entering into the pandemic the investment had four vacant floors. All floors have now been leased to a diversified mix of tenants at a combined rent that is approx. 20% above target
- The leasing success highlights that well located assets that are accessible, either by foot, cycling, road or transport will continue to be in demand, particularly where rents are affordable
- Value has grown from an initial purchase price of €14.4 million to €20.0 million as at Q1 2021. This growth, coupled with the lease surrender payment, has made it one of the Company's best performing investments
- Looking forward there is scope to improve the asset's sustainability and building profile which will assist in driving rental growth and occupier demand

TriTowers Hamburg property returns last three years

10.2% p.a.

TriTowers Hamburg uplift against purchase price and surrender premium

€9.5m

Environmental, Social and Governance in focus

Houten, Netherlands

3 ESG initiatives

GRESB
- Improved GRESB rating to 3 green stars in 2020 in recognition of sustainability measures taken across the portfolio

BREEAM
- Achieved BREEAM In-Use certification for Berlin Hornbach (Good)
- Expected to achieve BREEAM Fit Out and Refurbishment Excellent for Paris Boulogne-Billancourt

Environmental
- Installation of smart meters and the continuation in the procurement of 100% green electricity and gas across the German sub-portfolio
- Exploring the use of renewable energy (e.g. solar panels at Houten and Venray)

Social
- Enhanced community support measures during Covid-19 including donation of PPE supplies and general health support to the local hospital of Metromar
- Supporting tenants with cash flow assistance during Covid-19

Governance
- Strong focus on sustainability throughout the investment process including in investment committee recommendations, annual fund strategy and asset business plans including via Impact and Sustainability Action Plans ('ISAPs')
- Implementation of social distancing measures across the managed portfolio during Covid-19. Awarded the SGS Disinfection Monitored Certificate at Metromar
- Issued SREIM's Sustainable Occupier Guide to proactively advise occupiers on low cost initiatives to achieve reduced environmental footprints, operating costs and enhanced user wellbeing across the assets

Directors' report

Principal risks and uncertainties

The principal risks and uncertainties with the Company's business relate to the following risk categories: investment policy and strategy; implementation of investment strategy, economic and property market; custody; gearing and leverage; accounting, legal and regulatory; valuation; service provider; and health and safety. A detailed explanation of the risks and uncertainties in each of these categories can be found on pages 29 to 31 of the Company's published Annual Report and Consolidated Financial Statements for the year ended 30 September 2020.

The ongoing Covid-19 pandemic continues to heighten some of these risks, in particular, economic and property market risk, valuation risk, and gearing and leverage risk.

Insofar as the pandemic has impacted the economic and property market, the Investment Manager has been in close contact with property managers and tenants since the start of the pandemic with an ongoing focus on rent collection, reducing risk and implementing new property management procedures to ensure tenants and consumers can return safely to properties. Rental collection rates across the portfolio have been high over the course of the pandemic: rent collection for the quarter ended 31 December 2020 stood at 89%, rising to 94% for the quarter ended 31 March 2021.

From the perspective of the refurbishment and forward funded sale of Boulogne-Billancourt, the pandemic has increased the risk associated with the fulfilment of the construction contract on time and to budget. This is being carefully monitored and, to date, the development remains on track to be handed over to the purchaser in Q2 2022. While the forward funded sale of Boulogne-Billancourt also carries with it the risk that the Company will not be able to reinvest the proceeds at a target yield required to achieve full dividend cover, the investment manager is actively pursuing opportunities as they arise, and has so far exchanged contracts on an asset in Nantes at a net initial yield of 5.5%.

In respect of the impact on valuations, while the portfolio value overall has remained resilient, there has been a decline in the value of the Seville Shopping Centre and a material uncertainty clause continues to apply to the valuation of that asset as at the date of this Report. As set out in more detail in the Investment Manager's Report on page 15, it is expected that the bank financing the Seville asset will instruct a new valuation to test the LTV covenant, and such valuation is likely to show that the 60% LTV covenant has been breached. There is already a cash trap in place in regard to the income covenant. The loan is secured solely against the Seville investment, with no recourse back to the Company or any other entity. There is currently headroom on all other default covenants. Gearing covenants are being monitored closely and an open dialogue with lenders is being maintained, in particular, in relation to the Seville asset.

Other than as outlined above, the principal risks and uncertainties have not materially changed during the six months ended 31 March 2021.

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 page 24.

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 2021. 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 IAS 34 Interim Financial Reporting as adopted by the European Union; 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

6 July 2021

Apeldoorn, Netherlands

Condensed Consolidated Interim Statement of Comprehensive Income

For the period ended 31 March 2021

	Notes	**Six months to 31 March 2021 €000 (unaudited)**	Six months to 31 March 2020 €000 (unaudited)	Year to 30 September 2020 €000 (audited)
Rental and service charge income	2	**8,198**	9,859	19,235
Property operating expenses		**(1,923)**	(2,794)	(5,690)
Net rental and related income		**6,275**	**7,065**	**13,545**
Net gain from fair value adjustment on investment property	3	**5,462**	2,907	25,505
Development revenue	4	**2,741**	–	–
Development expense	4	**(2,767)**	–	–
Realised loss on foreign exchange		**(1)**	(6)	–
Net change in fair value of financial instruments at fair value through profit or loss		**1**	6	(21)
Provision for loan made to Seville joint venture	5	**(8,248)**	(1,097)	(2,622)
Dividends received	6	**–**	–	67
Expenses				
Investment management fee	13	**(1,099)**	(969)	(1,945)
Valuers' and other professional fees		**(269)**	(481)	(1,004)
Administrator's and accounting fees		**(210)**	(178)	(362)
Auditors' remuneration		**(218)**	(205)	(367)
Directors' fees	13	**(90)**	(73)	(139)
Other expenses		**(394)**	(197)	(551)
Total expenses		**(2,280)**	**(2,103)**	**(4,368)**
Operating profit		**1,183**	**6,772**	**32,106**
Finance income		**223**	227	730
Finance costs		**(584)**	(570)	(1,131)
Net finance costs		**(361)**	**(343)**	**(401)**
Share of loss of joint venture	6	**–**	(684)	(2,378)
Profit before taxation		**822**	**5,745**	**29,327**
Taxation	7	**(1,563)**	(785)	(925)
(Loss)/profit for the period/year		**(741)**	**4,960**	**28,402**
Other comprehensive income:				
Other comprehensive loss items that may be reclassified to profit or loss:				
Currency translation differences		**18**	(21)	(4)
Total other comprehensive income/(expense)		**18**	**(21)**	**(4)**
Total comprehensive (expense)/income for the period/year		**(723)**	**4,939**	**28,398**
Basic and diluted earnings per share attributable to owners of the parent	8	**(0.6c)**	**3.7c**	**21.2c**

All items in the above statement are derived from continuing operations. The accompanying notes 1 to 15 form an integral part of the condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Financial Position

As at 31 March 2021

	Notes	Six months to 31 March 2021 €000 (unaudited)	Year to 30 September 2020 €000 (audited)	Six months to 31 March 2020 €000 (unaudited)
Assets				
Non-current assets				
Investment property	3	**186,848**	181,093	224,143
Investment in joint venture	6	**–**	–	1,694
Loan to joint venture	5	**–**	7,543	8,980
Non-current assets		**186,848**	**188,636**	**234,817**
Non-current assets held for sale	4	**–**	**65,200**	**–**
Current assets				
Trade and other receivables	4	**29,874**	6,967	8,172
Interest rate derivative contracts		**22**	20	48
Cash and cash equivalents		**57,724**	18,035	18,535
Current assets		**87,620**	**25,022**	**26,755**
Total assets		**274,468**	**278,858**	**261,572**
Equity				
Share capital		**17,966**	17,966	15,050
Share premium		**43,005**	43,005	29,984
Retained earnings		**19,473**	24,173	4,442
Other reserves		**116,700**	116,682	132,602
Total equity		**197,144**	**201,826**	**182,078**
Liabilities				
Non-current liabilities				
Interest-bearing loans and borrowings	9	**68,436**	68,372	68,293
Deferred tax liability	7	**2,836**	1,924	1,900
Non-current liabilities		**71,272**	**70,296**	**70,193**
Current liabilities				
Trade and other payables		**5,966**	6,736	8,994
Current tax liabilities	7	**86**	–	307
Current liabilities		**6,052**	**6,736**	**9,301**
Total liabilities		**77,324**	**77,032**	**79,494**
Total equity and liabilities		**274,468**	**278,858**	**261,572**
Net asset value per ordinary share	11	**147.4c**	150.9c	136.2c

The condensed consolidated interim financial statements on pages 20-32 were approved at a meeting of the Board of Directors held on 6 July 2021 and signed on its behalf by:

Sir Julian Berney Bt.
Chairman

The accompanying notes 1 to 15 form an integral part of the condensed consolidated interim financial statements.

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

Condensed Consolidated Interim Statement of Changes in Equity

For the period ended 31 March 2021

	Notes	Share capital €000	Share premium €000	Retained earnings €000	Other reserves €000	Total equity €000
Balance as at 1 October 2020		17,966	43,005	24,173	116,682	201,826
Loss for the period		–	–	(741)	–	(741)
Other comprehensive income for the period		–	–	–	18	18
Dividends paid	12	–	–	(3,959)	–	(3,959)
Balance as at 31 March 2021 (unaudited)		**17,966**	**43,005**	**19,473**	**116,700**	**197,144**

	Notes	Share capital €000	Share premium €000	Retained earnings €000	Other reserves €000	Total equity €000
Balance as at 1 October 2019		15,080	30,043	4,430	132,534	182,087
Profit for the year		–	–	28,402	–	28,402
Other comprehensive loss for the year		–	–	–	(4)	(4)
Dividends paid	12	–	–	(8,659)	–	(8,659)
Adjustment to reflect change in accounting policy		2,886	12,962	–	(15,848)	–
Balance as at 30 September 2020 (audited)		**17,966**	**43,005**	**24,173**	**116,682**	**201,826**

	Notes	Share capital €000	Share premium €000	Retained earnings €000	Other reserves €000	Total equity €000
Balance as at 1 October 2019		15,080	30,043	4,430	132,534	182,087
Profit for the period		–	–	4,960	–	4,960
Other comprehensive loss for the period		–	–	–	(21)	(21)
Dividends paid	12	–	–	(4,948)	–	(4,948)
Unrealised foreign exchange		(30)	(59)	–	89	–
Balance as at 31 March 2020 (unaudited)		**15,050**	**29,984**	**4,442**	**132,602**	**182,078**

The accompanying notes 1 to 15 form an integral part of the condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Cash Flows

For the period ended 31 March 2021

	Notes	**Six months to 31 March 2021 €000 (unaudited)**	Six months to 31 March 2020 €000 (unaudited)	Year to 30 September 2020 €000 (audited)
Operating activities				
Profit before tax for the period/year		**822**	5,745	29,327
Adjustments for:				
Net gain from fair value adjustment on investment property	3	**(5,462)**	(2,907)	(25,505)
Share of loss of joint venture	6	**–**	684	2,378
Realised foreign exchange loss		**1**	6	–
Finance income		**(223)**	(227)	(730)
Finance costs		**584**	570	1,131
Net change in fair value of financial instruments at fair value through profit or loss		**(1)**	(6)	21
Provision of loan made to Seville joint venture	5	**8,248**	1,097	2,622
Dividends received from joint venture	6	**–**	–	(67)
Operating cash generated before changes in working capital		**3,969**	**4,962**	**9,177**
Increase in trade and other receivables		**(6,492)**	(1,648)	(290)
Decrease in trade and other payables		**(829)**	(494)	(2,093)
Cash generated from operations		**(3,352)**	**2,820**	**6,794**
Finance costs paid		**(519)**	(813)	(1,153)
Finance income received		**1**	226	283
Tax paid	7	**(556)**	(552)	(984)
Net cash generated from operating activities		**(4,426)**	**1,681**	**4,940**
Investing activities				
Proceeds from sale of investment property	4	**52,929**	–	–
Additions to investment property		**(4,873)**	(1,900)	(1,970)
Net cash used in investing activities		**48,056**	**(1,900)**	**(1,970)**
Financing activities				
Proceeds from borrowings	9	**–**	7,700	7,700
Interest rate cap purchased		**–**	(25)	(25)
Dividends paid	12	**(3,959)**	(4,948)	(8,659)
Net cash generated from financing activities		**(3,959)**	**2,727**	**(984)**
Net increase in cash and cash equivalents for the period/year		**39,671**	**2,508**	**1,986**
Opening cash and cash equivalents		**18,035**	**16,053**	**16,053**
Effects of exchange rate change on cash		**18**	(26)	(4)
Closing cash and cash equivalents		**57,724**	**18,535**	**18,035**

The accompanying notes 1 to 15 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 2021 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 2020 were approved by the Board of Directors on 8 December 2020 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 the Disclosure Guidance and Transparency Rules of the United Kingdom Financial Conduct Authority and IAS 34 Interim Financial Reporting as adopted by the European Union ('EU'). 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 2020. 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 2020. The consolidated financial statements for the year ended 30 September 2020 have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the EU. The Group's annual financial statements refer to new Standards and Interpretations, none of which had a material impact on the financial statements.

The Company and consolidated year end financial statements as at 30 September 2021 will be prepared under 'international accounting standards in conformity with the Companies Act 2006' as opposed to EU-IFRS. This will have no impact on recognition, measurement or disclosure.

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.

Revenue from forward funded sale contracts
Performance obligations of such contracts with a counterparty are identified at source.

The transaction price for the sale of the asset is determined with regard to the deemed fair value of the asset at the date of the transfer of the legal title to the purchaser.

Where a development obligation includes variable revenue, consideration is given to the sum of any contractual penalties; the percentage of the total development cost incurred and the stage of completion; the milestones successfully achieved and the likelihood of meeting further future milestones; the timing of future contractual receipts; and the wider overall risks attributable to the development at the end of the reporting period. A percentage of the total development revenue is then calculated with regard to these factors and recognised in the financial statements.

For specific further details with regards to the Boulogne-Billancourt, Paris forward funded sale agreement, see note 4.

Going concern
The outbreak of Covid-19, declared by the World Health Organization as a 'Global Pandemic' on 11 March 2020, has and continues to impact many aspects of daily life and the global economy, with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel restrictions have been implemented by many countries and 'lockdowns' applied to varying degrees. Whilst restrictions have now been lifted in some cases, local lockdowns may continue to be deployed as necessary and the emergence of significant further outbreaks is possible.

The Directors have examined significant areas of possible risk including: the ability to successfully implement business continuity plans of both the Company and its key suppliers during the pandemic; the non-collection of rent and service charges, potential falls in valuations, the refurbishment of the Boulogne-Billancourt asset, the review of cash flow forecasts and have analysed forward-looking compliance with third party debt covenants, in particular the loan to value covenant and interest cover ratios.

Despite the ongoing pandemic, for the quarter to 31 December 2020, the portfolio rent collection was 89%, increasing to 94% in March 2021. Further details are provided under 'Covid-19 impact' in the Investment Manager's Review on page 15. Rent collection is being closely monitored by the Investment Manager.

Cash flow forecasts based on severe but 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 Company has seven loans secured by individual assets or groups of assets with no cross-collateralisation. All loans are in compliance with their default covenants, though there is a cash trap in operation for the external loan in the Seville joint venture and the bank, which is financing the Seville property, has indicated that it expects to instruct a new valuation to formally test the LTV covenant in Q3 2021 which, based on the Company's 31 March 2021 value, is likely to show that the 60% LTV covenant has been breached. The Seville loan is non-recourse and the breach will have no further impact to the financial position of the Group. 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 12.

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 consolidated and Company financial statements.

1. Significant accounting policies continued

Use of estimates and judgements

The preparation of financial statements in conformity with IFRS, as adopted by the EU, 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. 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, including those within joint ventures, 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.

Another key estimate is the impairment of receivables, inter-company loans and loan to joint venture under the IFRS 9 expected credit loss model. The Group assesses the impairment on a forward-looking basis. In determining the expected credit loss, the Group considers: the 'probability of default' which is the likelihood that the borrower would not be able to repay in a very short payment period and this forms the basis of the credit risk rating; the 'loss given default' which is the loss that occurs if the borrower is unable to repay in that very short payment period; and the 'exposure at default' which is the outstanding balance at the reporting date. Judgement is then used to assess the credit risk rating of the joint venture loan which are stated below.

The following are key areas of judgement:

- Accounting for the disposal price of Boulogne-Billancourt, Paris: Management have deemed that the fair value of the asset, which was sold in December 2020, was equal to the third party valuation of the asset which was undertaken in December 2020. The disposal price is deemed to be a fixed amount that the purchaser will pay for the asset and the remaining consideration under the sale agreement is judged to be development revenue (see below).
- Accounting for development revenue and variable consideration: 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 of further future cash receipts from the purchaser; and the overall general development risk to form a considered judgement of revenue to be appropriately recognised in the financial statements. See note 4 for further details of the estimated variable consideration.
- 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.
- IFRS 9 expected credit loss: IFRS 9 became effective for accounting periods of entities beginning on or after 1 January 2018 and requires an impairment review to be made for certain financial assets held on a Group's balance sheet using a forward-looking expected credit loss model. All receivables, inter-company and joint venture loans are considered to be such financial assets and must therefore be assessed at each reporting period for potential impairment. Where any impairment is required to be made, appropriate recognition is required in the Condensed Consolidated Interim Statement of Comprehensive Income together with appropriate disclosure and sensitivity analysis in the notes to the financial statements (see note 5).
  The Seville joint venture loan has been determined as a stage two loan and the lifetime expected credit loss has been calculated. 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; debt covenants, their headroom and that there is a cash trap in place; cash flow forecasts; the effects of the local lockdown measures in Spain on tenants and their trading; and rent collection rates. 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.

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.

Credit risk and market risk are the two that have been most affected by Covid-19.

Credit risk

The Directors have considered the impact of Covid-19 on the recoverability of its assets. With regard to trade and other receivables, 94% of the March quarter rents were collected and sufficient impairment provisions were made against aged tenant receivables where these were doubtful. Management will continue to monitor the ability of the tenants to pay in future.

With regard to the loan to the Seville joint venture, the Directors have assessed this for an expected credit loss under IFRS 9 and, consequently, have recognised an impairment against the receivable, see note 5 for further details.

Market risk

The pandemic and the measures taken to tackle Covid-19 continue to affect economies and real estate markets globally. Nevertheless, as at the interim period, some property markets have started to function again, with transaction volumes and other relevant evidence returning to levels where an adequate quantum of market evidence exists upon which to base opinions of market value. While it is possible to identify the real estate sectors most exposed to the outbreak of the Covid-19 pandemic, there is no clear way to identify how significant the downside risks will be and what the ultimate impact on real estate valuations will be and therefore the external valuer has included a 'materiality valuation uncertainty' clause for the Seville shopping centre as stated in note 6. The sensitivity of the market value of the investment properties to changes in the equivalent yield is also disclosed in note 3.

Notes to the Financial Statements continued

2. Rental and service charge income

	Six months to 31 March 2021 €000 (unaudited)	Six months to 31 March 2020 €000 (unaudited)	Year to 30 September 2020 €000 (audited)
Rental income	**6,502**	7,563	15,264
Service charge income	**1,696**	2,296	3,971
Total	**8,198**	**9,859**	**19,235**

3. Investment property

	€000
Fair value at 30 September 2019 (audited)	**218,896**
Additions	1,892
Net valuation gain on investment property	25,505
Transfer to non-current assets held for sale	(65,200)
Fair value as at 30 September 2020 (audited)	**181,093**
Additions	732
Net valuation gain on investment property	5,023[1]
Fair value as at 31 March 2021 (unaudited)	**186,848**

1 Excludes €439,000 of unrealised gain on asset held of sale.

The fair value of investment properties, as determined by the valuer, totals €187,835,000 (30 September 2020: €182,100,000) with the valuation amount relating to a 100% ownership share for all the assets in the portfolio.

None of this amount is attributable to trade or other receivables in connection with lease incentives. The fair value of investment properties per the condensed consolidated interim financial statements of €186,848,000 includes a tenant incentive adjustment of €987,000 (30 September 2020: €1,007,000).

As at 31 March 2021, the material valuation uncertainty clause has been removed from the valuation report for all directly held assets in the Group's investment property balance but still applies to the Seville shopping centre held in the joint venture investment. Please see note 6 for further details.

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 an 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 opposite.

3. Investment property continued

Quantitative information about fair value measurement using unobservable inputs (Level 3) as at 31 March 2021 (unaudited)

		Industrial	Retail (including retail warehouse)	Office	**Total**
Fair value (€000)[1]		51,025	70,100	96,910	**218,035[3]**
Area ('000 sq. m)		68.821	44.350	53.573	**166.744**
Net passing rent € per sq. m per annum	Range	40.39–93.56	73.81–141.26	101.64–199.66	**40.39–199.66**
	Weighted average[2]	48.46	93.15	148.81	**107.43**
Gross ERV € per sq. m per annum	Range	39.00–89.40	101.58–155.40	79.93–224.36	**39.00–224.36**
	Weighted average[2]	48.88	132.37	164.26	**127.00**
Net initial yield[3]	Range	5.16–7.18	4.75–5.11	3.08–12.60	**3.08–12.60**
	Weighted average[2]	5.78	4.93	6.81	**5.97**
Equivalent yield	Range	5.05–7.08	5.06–7.30	3.80–11.14	**3.80–11.40**
	Weighted average[2]	5.68	6.12	6.59	**6.23**

Notes:
1 This table includes the joint venture investment property valued at €30.2 million which is disclosed within the summarised information within note 6 as part of total assets.
2 Weighted by market value.
3 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 2020 (audited)

		Industrial	Retail (including retail warehouse)	Office	Total
Fair value (€000)[1]		47,700	81,500	160,700	289,900
Area ('000 sq. m)		68,821	44,365	61,110	174,296
Net passing rent € per sq. m per annum	Range	40.39–92.46	65.28–141.26	6.41–150.04	6.41–150.04
	Weighted average[2]	48.61	85.79	77.39	75.01
Gross ERV € per sq. m per annum	Range	38.00–89.40	101.58–180.25	79.93–462.87	38.00–462.87
	Weighted average[2]	48.98	150.17	285.23	208.39
Net initial yield[3]	Range	5.54–7.23	3.30–5.24	0.07–12.54	0.07–12.54
	Weighted average[2]	6.26	4.21	3.67	4.24
Equivalent yield	Range	5.38–6.58	5.15–7.45	4.06–9.86	4.06–9.86
	Weighted average[2]	6.08	6.49	6.04	6.18

Notes:
1 This table includes the joint venture investment property valued at €42.6 million which is disclosed within the summarised information within note 6 as part of total assets.
2 Weighted by market value.
3 Yields based on rents receivable after deduction of head rents and non-recoverables.

Sensitivity of measurement to variations in the significant 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. Whilst the property valuation reflects the external valuers assessment of the impact of Covid-19 at the valuation date, we consider +/-10% for ERV, and +/-50bps for NIY to capture the increased 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

Notes to the Financial Statements continued

3. Investment property continued

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 2021 (unaudited)	**Industrial €000**	**Retail €000**	**Office €000**	**Total €000**
Increase in ERV by 10%	**3,640**	**4,970**	**7,810**	**16,420**
Decrease in ERV by 10%	**(3,645)**	**(5,700)**	**(8,010)**	**(17,355)**
Increase in net initial yield by 0.5%	**(5,750)**	**(6,260)**	**(7,430)**	**(19,440)**
Decrease in net initial yield by 0.5%	**3,270**	**6,290**	**8,430**	**17,990**

Estimated movement in fair value of investment properties at 30 September 2020 (audited)	Industrial €000	Retail €000	Office €000	Total €000
Increase in ERV by 10%	3,050	6,450	14,050	23,550
Decrease in ERV by 10%	(3,050)	(7,000)	(14,500)	(24,550)
Increase in net initial yield by 0.5%	(5,050)	(9,200)	(22,700)	(36,950)
Decrease in net initial yield by 0.5%	2,200	4,000	15,000	21,200

4. Realised gain/loss on sale of investment property

During the period the Group transferred the legal title of its office asset in Boulogne-Billancourt, Paris to a purchaser. As at 30 September 2020 this asset had been recognised as being held for sale at its fair value of €65.2 million.

The forward funded sale agreement which the Group entered into is comprised of two key performance obligations: i) to sell the asset as referenced above; and ii) to undertake a comprehensive refurbishment of the asset on behalf of the purchaser.

On 16 December 2020 the Group transferred, as part of the sale, the legal title to the purchaser for a deemed sale price of €69.8 million. In return, the Group received on the completion date an initial €52.9 million cash receipt from the purchaser and €16.9 million will be paid upon completion of certain milestones.

The forward funded sale contract also includes a development element whereby the Group will undertake a comprehensive refurbishment of the asset on behalf of the purchaser over an approximate eighteen month period with completion expected in the second quarter of 2022.

When forming a judgement as to 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 of further future cash receipts from the purchaser; and the overall general development risk.

During the period €2.77 million of development cost, which is eleven per cent of the total project expenditure, had been incurred and a sum of €2.74 million of development revenue has been recognised following consideration of the factors identified above; this was also due from the purchaser at period end.

The total amount of the contract asset recognised by the Group that is due from the purchaser thereby totalled €19.6 million (September 2020: €nil) at the end of the interim period and is included in Trade and other receivables.

The Group has estimated that it will receive a total development revenue of €23.8 million, of which €2.74 million was recognised during the period, and it is anticipated that a further €8.2 million will be recognised by the end of the financial year together with associated further development expenditure. The remaining development revenue is expected to be predominantly recognised by 30 September 2022.

The table below sets out the total development revenue expected should the variable development revenue change by +/- 10%:

	-10%	**0%**	**+10%**
Fixed development revenue expected from the purchaser (€m)	16.9	16.9	16.9
Variable development revenue expected from the purchaser (€m)	6.2	6.9	7.6
Total development revenue expected from the purchaser (€m)	23.1	23.8	24.5

5. Provision for loan made to Seville joint venture

As at 31 March 2021 the Group owned 50% of the Metromar JV, which owns a shopping centre in Seville, and had advanced €10 million as a loan and was owed interest of €0.9 million. The loan carries a fixed interest rate of 4.37% per annum payable quarterly and matures in April 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; debt covenants and their headroom; cash flow forecasts; the effects of the local lockdown measures in Spain on tenants and their trading; and rent collection rates.

A default rate of 100% has been applied to the above loan and unpaid interest at the interim period end. The cumulative impairment thereby recognised to date is €10.9 million and the Group's investment with regard to Seville now stands at €nil.

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 2021 €000
Balance as at 1 October 2020 (audited)	**–**
Share of loss for the period	–
Balance as at 31 March 2021 (unaudited)	**–**

	31 March 2020 €000
Balance as at 1 October 2019 (audited)	**2,378**
Share of loss for the period	(684)
Balance as at 31 March 2020 (unaudited)	**1,694**

	30 September 2020 €000
Balance as at 1 October 2019 (audited)	**2,378**
Share of loss for the year	(2,311)
Dividends	(67)
Balance as at 30 September 2020 (audited)	**–**

Summarised joint venture financial information:	**31 March 2021 €000 (unaudited)**	31 March 2020 €000 (unaudited)	30 September 2020 €000 (audited)
Total assets	**33,226**	49,262	45,717
Total liabilities	**(46,434)**	(45,874)	(46,488)
Net assets	**(13,208)**	3,388	(771)
Net asset value attributable to the Group	**–**	1,694	–

	Six months to 31 March 2021 €000 (unaudited)	Six months to 31 March 2020 €000 (unaudited)	Year to 30 September 2020 €000 (audited)
Revenues	**2,286**	2,488	5,257
Total comprehensive loss	**(12,438)**	(1,369)	(4,622)
Total comprehensive loss attributable to the Group	**–**	(684)	(2,311)

As at 31 March 2021, the joint venture in Seville, of which SEREIT holds a 50% share, had total net liabilities of €13,208,000. 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.

Due to the spread of the novel coronavirus (Covid-19), the Group's valuer has included the following 'Material valuation uncertainty' clause with respect to the Seville shopping centre in its valuation report as at 31 March 2021:

The outbreak of Covid-19, declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has and continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel, movement and operational restrictions have been implemented by many countries. In some cases, "lockdowns" have been applied to varying degrees and to reflect further "waves" of Covid-19; although these may imply a new stage of the crisis, they are not unprecedented in the same way as the initial impact.

The pandemic and the measures taken to tackle Covid-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date property markets are mostly functioning again, with transaction volumes and other relevant evidence at levels where an adequate quantum of market evidence exists upon which to base opinions of value.

In respect of the Metromar Shopping Centre in Seville, Spain, as at the valuation date we continue to be faced with an unprecedented set of circumstances caused by Covid-19 and an absence of relevant/sufficient market evidence on which to base our judgements. Our valuation of this asset is therefore reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, in respect of this valuation less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case.

Notes to the Financial Statements continued

6. Investment in joint ventures continued

For the avoidance of doubt this explanatory note, including the 'material valuation uncertainty' declaration, does not mean that the valuation cannot be relied upon. Rather, this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of Covid-19 we highlight the importance of the valuation date.

Sensitivity analysis with respect to the estimated movement in fair value of investment properties, including the Group's share of the joint venture investment property, at 31 March 2021, can be found in note 3.

7. Taxation

	Six months to 31 March 2021 €000 (unaudited)	Six months to 31 March 2020 €000 (unaudited)	Year to 30 September 2020 €000 (audited)
Current tax charge	**651**	406	522
Deferred tax charge	**912**	379	403
Tax expense in period/year	**1,563**	785	925

	Current tax liability €000	Deferred tax liability €000
As at 1 October 2020 (audited)	**(9)**	**1,924**
Tax charge for the period	651	912
Tax paid during the period	(556)	–
Balance as at 31 March 2021 (unaudited)	**86**	**2,836**

	Current tax liability €000	Deferred tax liability €000
As at 1 October 2019 (audited)	**453**	**1,521**
Tax charge for the period	406	379
Tax paid during the period	(552)	–
Balance as at 31 March 2020 (unaudited)	**307**	**1,900**

	Current tax liability €000	Deferred tax liability €000
As at 1 October 2019 (audited)	**453**	**1,521**
Tax charge for the period	522	403
Tax paid during the period	(984)	–
Balance as at 30 September 2020 (audited)	**(9)**	**1,924**

In April 2019 the European Commission issued a ruling that a UK group financing exemption within the UK Controlled Foreign Company rules was partially incompatible with European Union State Aid rules, to the extent that profits derive from activities performed within the UK. The Group has benefited from this exemption in respect of SEREIT (Jersey) Limited which provides financing to other group companies. HM Revenue & Customs have confirmed that profits generated by SEREIT (Jersey) Limited were not derived from such activities performed within the UK and the Company is therefore not liable to pay tax on the profits.

8. Basic and diluted earnings per share

The basic and diluted earnings per share for the Group are based on the net (loss)/profit for the period, excluding currency translation differences, of (€723,000) (six months to 31 March 2020: €4,960,000, for the year ended 30 September 2020: €28,402,000) and the weighted average number of ordinary shares in issue during the period of 133,734,686 (six months to 31 March 2020: 133,734,686, for the year ended 30 September 2020: 133,734,686).

9. Interest-bearing loans and borrowings

	Six months to 31 March 2021 €000
As at 1 October 2020 (audited)	**68,372**
Drawdown of borrowings	–
Capitalisation of finance costs	–
Amortisation of finance costs	**64**
As at 31 March 2021 (unaudited)	**68,436**

	Year to 30 September 2020 €000
As at 1 October 2019 (audited)	**60,692**
Receipt of borrowings	7,700
Capitalisation of finance costs	(183)
Amortisation of finance costs	163
As at 30 September 2020 (audited)	**68,372**

	Six months to 31 March 2020 €000
As at 1 October 2019 (audited)	**60,692**
Drawdown of borrowings	7,700
Capitalisation of finance costs	(170)
Amortisation of finance costs	71
As at 31 March 2020 (unaudited)	**68,293**

10. Issued capital and reserves

As at 31 March 2021, the Company has 133,734,686 ordinary shares in issue with a par value of 10.00 pence (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 2021 of €197,144,000 (30 September 2020: €201,826,000, 31 March 2020: €182,078,000) and 133,734,686 ordinary shares in issue at 31 March 2021 (30 September 2020: 133,734,686, 31 March 2020: 133,734,686).

12. Dividends paid

Six months ended 31 March 2021 (unaudited)	**Number of ordinary shares**	**Rate (cents)**	**€000**
Interim dividend paid on 23 October 2020	133,734,686	1.39	1,859
Interim dividend paid on 25 January 2021	133,734,686	1.57	2,100
Total interim dividends paid			**3,959**

Six months ended 31 March 2020 (unaudited)	Number of ordinary shares	Rate (cents)	€000
Interim dividend paid on 21 October 2019	133,734,686	1.85	2,474
Interim dividend paid on 27 January 2020	133,734,686	1.85	2,474
Total interim dividends paid			**4,948**

Year ended 30 September 2020 (audited)	Number of ordinary shares	Rate (cents)	€000
Interim dividend paid on 21 October 2019	133,734,686	1.85	2,474
Interim dividend paid on 27 January 2020	133,734,686	1.85	2,474
Interim dividend paid on 14 April 2020	133,734,686	1.85	2,474
Interim dividend paid on 31 July 2020	133,734,686	0.925	1,237
Total interim dividends paid			**8,659**

Notes to the Financial Statements

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 €1,099,000 (year ended 30 September 2020: €1,945,000, six months ended 31 March 2020: €969,000). At 31 March 2021, €738,000 was outstanding (year ended 30 September 2020: €332,000, six months ended 31 March 2020: €143,000).

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 2021 was €89,969 (six months ended 31 March 2020: €64,251, year ended 30 September 2020: €125,637), equivalent to £77,000. 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 44 of the September 2020 Annual Report and Consolidated Financial Statements.

14. Capital commitments
At 31 March 2021, the Group had capital commitments of €126,000 (30 September 2020: €360,000, 31 March 2020: €2,791,000) with regards to its directly held portfolio.

The Group is expected to incur a further €17,485,000 of capital construction works with regards to the comprehensive refurbishment of the Boulogne-Billancourt, Paris asset. These costs will be fully funded by both existing cash holdings and further future cash receipts from the purchaser during the development programme.

15. Post balance sheet events
On 2 June 2021 the Group exchanged contracts to purchase a freehold logistics property in Nantes, western France, for €6.15 million. SEREIT France Invest SAS was established subsequently to hold this asset and completion is expected in August 2021.

There were no other significant events occurring after the balance sheet date.

EPRA and Headline Performance Measures

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 total IFRS comprehensive income excluding realised and unrealised gains/losses on investment property, share of capital profit on joint venture investments and changes in fair value of financial instruments, including the loan made to the joint venture, divided by the weighted average number of shares.

	Six months to 31 March 2021 €000 (unaudited)	Six months to 31 March 2020 €000 (unaudited)	Year to 30 September 2020 €000 (audited)
Total IFRS comprehensive income	**(723)**	4,939	28,398
Adjustments to calculate EPRA earnings:			
Net (gain)/loss from fair value adjustment on investment property	**(5,462)**	(2,907)	(25,505)
Exchange differences on monetary items (unrealised)	**(18)**	21	4
Net development expenditure	**26**	–	–
Share of joint venture loss on investment property	**–**	731	2,776
Deferred tax	**912**	379	403
Current tax – restructuring	**–**	93	–
Net change in fair value of financial instruments	**(1)**	(6)	21
Adjustment in respect of provision of internal loan made to Seville joint venture (excluding interest)	**8,065**	1,056	2,492
EPRA earnings	**2,799**	**4,306**	**8,589**
Weighted average number of ordinary shares	**133,734,686**	**133,734,686**	**133,734,686**
EPRA earnings per share (cents per share)	**2.1**	**3.2**	**6.4**
IFRS earnings per share (cents per share)	**(0.6)**	**3.7**	**21.2**

b. EPRA Net Reinstatement Value

	Six months to 31 March 2021 €000 (unaudited)
IFRS equity attributable to shareholders	**197,144**
Deferred tax	**2,835**
Adjustment in respect of joint venture deferred tax	**207**
Adjustment for fair value of financial instruments	**(22)**
Adjustment in respect of real estate transfer taxes	**15,130**
EPRA Net Reinstatement Value	**215,294**
Shares in issue at end of period	**133,734,686**
EPRA NRV per share (cents per share)	**161.0**

c. EPRA Net Tangible Assets

	Six months to 31 March 2021 €000 (unaudited)
IFRS equity attributable to shareholders	**197,144**
Deferred tax	**2,835**
Adjustment in respect of joint venture deferred tax	**207**
Adjustment for fair value of financial instruments	**(22)**
EPRA Net Tangible Assets	**200,164**
Shares in issue at end of period	**133,734,686**
EPRA NRV per share (cents per share)	**149.7**

EPRA and Headline Performance Measures continued

d. EPRA Net Disposal Value

	Six months to 31 March 2021 €000 (unaudited)
IFRS equity attributable to shareholders	**197,144**
Adjustment for the fair value of fixed interest rate debt	**315**
EPRA Net Disposal Value	**197,459**
Shares in issue at end of period	**133,734,686**
EPRA NRV per share (cents per share)	**1.48**

e. EPRA comparatives

	EPRA NAV (€m) – prior	EPRA NNNAV (€m) – prior	EPRA NRV (€m) – new	EPRA NTA (€m) – new	EPRA NDV (€m) – new
IFRS NAV in the period	197,144	197,144	197,144	197,144	197,144
Exclude: deferred tax	3,042	–	3,042	3,042	–
Exclude: the fair value of financial instruments	(22)	–	(22)	(22)	–
Include: the fair value of fixed interest rate debt	–	315	–	–	315
Include: Real estate transfer tax	N/a	N/a	15,130	–	–
EPRA NAV totals	**200,164**	**197,459**	**215,294**	**200,164**	**197,459**

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 2021 €000 (unaudited)	Six months to 31 March 2020 €000 (unaudited)	Year to 30 September 2020 €000 (audited)
Total IFRS comprehensive income	**(723)**	4,939	28,398
Adjustments to calculate headline earnings exclude:			
Net valuation (profit)/loss on investment property	**(5,462)**	(2,907)	(25,505)
Net development expenditure	**26**	–	–
Share of joint venture loss on investment property	**–**	731	2,776
Deferred tax	**912**	379	403
Current tax – restructuring	**–**	93	–
Net change in fair value of financial instruments	**(1)**	(6)	21
Adjustment in respect of provision of internal loan made to Seville joint venture (excluding interest)	**8,065**	1,056	2,492
Headline earnings	**2,817**	**4,285**	**8,585**
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)	**2.1**	**3.2**	**6.4**

AIFMD Disclosures

The Alternative Investment Fund Managers Directive ('AIFMD') remuneration and leverage disclosures are as follows:

Remuneration disclosures (excerpt from the Schroders Plc's Annual Report for the year ended 31 December 2020)
These disclosures should be read in conjunction with the Schroders plc Remuneration Report on pages 75 to 102 of the 2020 Annual Report & Accounts (available on the Group's website – https://www.schroders.com/en/investor-relations/results-and-reports/annual-report-and-accounts-2020/), which provides more information on the activities of our Remuneration Committee and our remuneration principles and policies.

The AIF Material Risk Takers ('AIF MRTs') of SREIM are individuals whose roles within the Schroders Group can materially affect the risk of SREIM or any AIF fund that it manages. These roles are identified in line with the requirements of the AIFM Directive and guidance issued by the European Securities and Markets Authority.

The Remuneration Committee of Schroders plc has established a remuneration policy to ensure the requirements of the AIFM Directive are met for all AIF MRTs. The Remuneration Committee and the Board of Schroders plc review remuneration strategy at least annually. The Directors of SREIM are responsible for the adoption of the remuneration policy, for reviewing its general principles at least annually, for overseeing its implementation and for ensuring compliance with relevant local legislation and regulation. During 2020 the Remuneration Policy was reviewed to ensure compliance with the UCITS/AIFMD remuneration requirements and no significant changes were made.

The implementation of the remuneration policy is, at least annually, subject to independent internal review for compliance with the policies and procedures for remuneration adopted by the Board of SREIM and the Remuneration Committee. The most recent review found no fundamental issues but resulted in a range of more minor recommendations, principally improvements to process and policy documentation.

The total spend on remuneration is determined based on a profit share ratio, measuring variable remuneration charge against pre-bonus profit, and from a total compensation ratio, measuring total remuneration expense against net income. This ensures that the interests of employees are aligned with Schroders' financial performance. In determining the remuneration spend each year, the underlying strength and sustainability of the business is taken into account, along with reports on risk, legal, compliance and internal audit matters from the heads of those areas.

The remuneration data that follows reflects amounts paid in respect of performance during 2020:
- The total amount of remuneration paid by SREIM to its staff is nil as SREIM has no employees. Employees of SREIM or other Schroders Group entities who serve as Directors of SREIM receive no additional fees in respect of their role on the Board of SREIM.
- The following disclosures relate to AIF MRTs of SREIM. Those AIF MRTs were employed by and provided services to other Schroders group companies and clients. In the interests of transparency, the aggregate remuneration figures that follow reflect the full remuneration for each SREIM AIF MRT. The aggregate total remuneration paid to the 76 AIF MRTs of SREIM in respect of the financial year ended 31 December 2020 is £56.3 million, of which £36.33 million was paid to senior management, £14.75 million was paid to MRTs deemed to be taking risk on behalf of SREIM or the AIF funds that it manages and £5.22 million was paid to other AIF MRTs including control function MRTs.

For additional qualitative information on remuneration policies and practices see www.schroders.com/rem-disclosures.

Leverage disclosure (for SEREIT Plc for the period ended 31 December 2020)
In accordance with AIFMD the Company is required to make available to investors information in relation to leverage. Under AIFMD, leverage is any method by which the exposure of the Company is increased through the borrowing of cash or securities, leverage embedded in derivative positions or by another means. It is expressed as a ratio between the total exposure of the Company and its net asset value and is calculated in accordance with the "Gross method" and the "Commitment method" as described in the AIFMD. The Gross method represents the aggregate of all the Company's exposures other than cash balances held in the base currency, while the Commitment method, which is calculated on a similar basis, may also take into account cash and cash equivalents, netting and hedging arrangements, as applicable.

The Investment Manager has set the expected maximum leverage percentages for the Company and calculated the actual leverages as at 31 December 2020 as shown below (the Company calculates and externally reports its leverage one quarter in arrears):

	Maximum limit set	Actual as at 31 December 2020
Gross leverage	200	137
Commitment leverage	240	149

There have been no changes to the maximum levels of leverage employed by the Company during the financial year nor any breaches of the maximum levels during the financial reporting period.

Independent review report to Schroder European Real Estate Investment Trust plc
Report on the condensed consolidated interim financial statements

Our conclusion
We have reviewed Schroder European Real Estate Investment Trust plc's condensed consolidated interim financial statements (the "interim financial statements") in the Half Year Report and Condensed Consolidated Interim Financial Statements of Schroder European Real Estate Investment Trust plc for the 6 month period ended 31 March 2021 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed
The interim financial statements comprise:
- the Condensed Consolidated Interim Statement of Financial Position as at 31 March 2021;
- the Condensed Consolidated Interim Statement of Comprehensive Income for the period then ended;
- the Condensed Consolidated Interim Statement of Cash Flows for the period then ended;
- the Condensed Consolidated Interim Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Half Year Report and Condensed Consolidated Interim Financial Statements of Schroder European Real Estate Investment Trust plc have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors
The Half Year Report and Condensed Consolidated Interim Financial Statements, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Half Year Report and Condensed Consolidated Interim Financial Statements in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the Half Year Report and Condensed Consolidated Interim Financial Statements based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. 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.

We have read the other information contained in the Half Year Report and Condensed Consolidated Interim Financial Statements and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
London
6 July 2021

Glossary

Term	Definition
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.
AIC	stands for the Association of Investment Companies and is the trade body for closed-ended investment companies. The association represents a broad range of closed-ended investment companies, incorporating investment trusts, offshore investment companies, Real Estate Investment Trusts ('REITs') and Venture Capital Trusts ('VCTs').
Articles	means the Company's articles of association, as amended from time to time.
BREEAM	stands for Building Research Establishment Environmental Assessment Method and is an international scheme that provides independent third party certification of the assessment of the sustainability performance of individual buildings, communities and infrastructure projects.
Companies Act	means the Companies Act 2006.
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.
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.
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.
EPRA Net Tangible Assets	IFRS equity attributable to shareholders adjusted to reflect a Company's tangible assets and assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax liability.
EPRA Net Disposal Value	IFRS equity attributable to shareholders adjusted to reflect the NAV under an orderly sale of business, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability.
Estimated rental value ('ERV')	is the Group's external valuers' 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.
FCA	is the UK Financial Conduct Authority.
Gearing	is the Group's net debt as a percentage of net assets.
GRESB	stands for Global Real Estate Sustainability Benchmark, which assesses and benchmarks the Environmental, Social and Governance ('ESG') performance of real estate assets, providing standardised and validated data to the capital markets.
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 ratio ('ICR')	is the number of times net interest payable is covered by net rental income.
IPO	is the initial placing and offer made pursuant to a prospectus dated 11 November 2015.
JSE	is the Johannesburg 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.
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.
NAV total return	is calculated taking into account the timing of dividends, share buybacks and issuance.
Net asset value ('NAV')	is the value of total assets minus total liabilities.
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.
WAULT	is the weighted average unexpired lease term. This is the average time remaining to the next lease break date or lease expiry date.

Corporate Information

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Elizabeth Edwards
Mark Patterson
Jonathan Thompson

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ISA
The Company's shares are eligible for Individual Savings Accounts ('ISAs').

Certain pre-sale, regular and periodic disclosures required by the AIFM Directive may be found on the website www.schroders.co.uk/sereit

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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 Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

Dealing Codes
ISIN Number: GB00BY7R8K77
SEDOL Number: BY7R8K7
Ticker (LSE): SERE
Ticker (JSE): SCD

Global Intermediary Identification Number (GIIN)
SU6VCJ.99999.SL.826

Legal Entity Identifier (LEI)
549300BHT1Z8NI4RLD52

1 Calls to this number are free of charge from UK landlines.

Sustainability-related Disclosures in the Financial Services Sector

This fund does not have the objective of sustainable investment or binding environmental or social characteristics as defined by Regulation (EU) 2019/2088 on Sustainability-related Disclosures in the Financial Services Sector (the 'SFDR'). Any references to the integration of sustainability considerations are made in relation to the processes of the investment manager or the Schroders Group and are not specific to the fund.

Notes

Notes

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Schroders

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