

Schroder Real Estate  
Investment Trust  
Limited

Interim Report and Condensed  
Consolidated Financial  
Statements

For the period 1 April 2024 to 30  
September 2024

# Performance Summary

## Property portfolio

	As at 30 September 2024	As at 30 September 2023	As at 31 March 2024
Value of Property Assets and the share of Joint Venture Assets	<b>£465.5m</b>	£466.0m	£459.3m
Annualised rental income	<b>£30.1m</b>	£28.8m	£29.8m
Estimated open market rental value	<b>£39.4m</b>	£37.9m	£38.8m

## Company and property performance

	Six months to 30 September 2024	Six months to 30 September 2023	Year to 31 March 2024
NAV total return	<b>4.0%</b>	1.1%	1.1%
Underlying portfolio total return	<b>3.8%</b>	1.9%	3.2%
MSCI Benchmark total return	<b>2.6%</b>	(0.6%)	(1.3%)
Underlying portfolio income return	<b>2.9%</b>	3.1%	6.2%
MSCI Benchmark income return	<b>2.4%</b>	2.3%	4.7%

## Financial summary

	Six months to 30 September 2024	Six months to 30 September 2023	Year to 31 March 2024
Net Asset Value ("NAV")	<b>£290.7m</b>	£296.0m	£287.4m
NAV per Ordinary Share	<b>59.4p</b>	60.5p	58.8p
EPRA Net Tangible Assets <sup>1</sup>	<b>£290.7m</b>	£296.0m	£287.1m
EPRA Net Reinstatement Value <sup>1</sup>	<b>£322.4m</b>	£327.1m	£318.4m
EPRA Net Disposal Value <sup>1</sup>	<b>£308.1m</b>	£316.8m	£305.8m
IFRS profit for the period	<b>£11.7m</b>	£3.5m	£3.0m
EPRA earnings <sup>1</sup>	<b>£8.5m</b>	£8.4m	£16.3m

## Capital values

	As at 30 September 2024	As at 30 September 2023	As at 31 March 2024
Share price	<b>51.8p</b>	41.1p	41.9p
Share price discount to NAV <sup>2</sup>	<b>(12.8%)</b>	(32.1%)	(28.7%)

<sup>1</sup> This is an Alternative Performance Measure ("APM"). Details of the calculation are included in the APM section on page 38.

<sup>2</sup> Based on the share price as at 30 September 2024 of 51.8p and the NAV per ordinary share of 59.4p.

## Performance Summary (continued)

### Earnings and dividends

	Six months to 30 September 2024	Six months to 30 September 2023	Year to 31 March 2024
IFRS earnings (pps)	2.4	0.7	0.6
EPRA earnings (pps) <sup>4</sup>	1.7	1.7	3.3
Dividends paid (pps)	1.7	1.7	3.3
Annualised dividend yield on 30 September/31 March share price <sup>4</sup>	6.6%	8.1%	8.0%

### Bank borrowings

	As at 30 September 2024	As at 30 September 2023	As at 31 March 2024
On-balance sheet borrowings <sup>3</sup>	£179.59m	£175.59m	£176.59m
Loan to Value ratio ("LTV"), net of all cash <sup>4</sup>	37.3%	36.6%	37.1%

### Ongoing charges

	Six months to September 2024	Six months to 30 Sept 2023	Year to 31 March 2024
Ongoing charges (including fund and property expenses) <sup>4</sup>	2.60%	2.38%	2.53%
Ongoing charges (including fund only expenses) <sup>4</sup>	1.20%	1.19%	1.19%

<sup>3</sup> On-balance sheet borrowings reflect the loan facilities with Canada Life and RBSI without the deduction of unamortised finance costs of £0.6m.

<sup>4</sup> This is an APM. Details of the calculation are included on page 38.

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## Chair's Statement

We are today announcing our unaudited financial results for the six-month period ended 30 September 2024, with the highlights below:

- Recovery in UK real estate values and fully covered dividend contributed to a Net Asset Value ('NAV') total return of 4%
- 62% of the portfolio value allocated to the higher growth multi-let industrial and retail warehouse sectors
- Long-term outperformance of the underlying portfolio recognised by winning 'Highest 10-year risk adjusted relative return' for all MSCI UK and Continental European funds, with a total return of 8.45% per annum to 31 December 2023
- Sector leading debt profile, with long duration of 9.1 years and a low average interest cost of 3.5%
- Strong shareholder support for strategic evolution in December 2023 combined with continuing active shareholder engagement has driven an improvement in demand for the shares
- Attractive income profile and asset management activity supported a further 3% increase in the quarterly dividend payable in December

There are encouraging signs of improving sentiment and increasing transactional activity across the UK real estate market. Although the fiscal measures announced within the recent Labour budget led to an adjustment in the expectation of medium-term interest rates, a loosening in monetary policy is still anticipated, which should support real estate yields. Low levels of commercial real estate development leading to a lack of supply and resilient tenant demand should also lead to sustained rental growth.

The improving sentiment and our higher allocation to sectors benefitting from positive structural trends, such as multi-let industrial (50% of the portfolio) and retail warehousing (12%) contributed to a 0.9% increase in the value of our underlying portfolio, which compared with the peer group MSCI Benchmark (the 'Benchmark') at 0.3%. This resulted in a NAV of £290.7 million, or 59.4 pence per share ('pps'), an increase of 0.6 pps, or 1.0%, over the period.

The favourable portfolio allocations also contributed to healthy estimated rental value ('ERV') growth of 1.7% over the period. This supported an income return from the underlying portfolio of 2.9%, compared to the Benchmark of 2.4%. This resulted in a positive total return from the underlying portfolio of 3.8%, compared with the Benchmark at 2.6%.

Leasing activity driving higher income, combined with tight management of costs and a sector-leading debt profile, boosted earnings and enabled the Company to pay dividends over the period of £8.3 million, or 1.71 pps. Dividends were 102% covered by earnings, which combined with the increase in the NAV, resulted in a NAV total return for the period of 4.0%.

Our strong financial position is a key differentiator. As at the period end, the average interest rate for our drawn debt was 3.5%, with an average term of 9.1 years, and 89% of total drawn debt was either fixed or hedged against movements in interest rates. Most of our debt comprises a long-term loan which is the longest dated, lowest cost, debt in the peer group, with a positive fair value not reflected in the Company's NAV. The Company intends to partly repay its more expensive revolving credit facility through planned disposals, including a small sale completing post period end, with the objective to bring the net loan to value in line with our long-term target range of 25% to 35%.

Continued leasing momentum since the period end has enabled the Company to announce a further 3% increase in the quarterly dividend to 0.879 pps, to be paid in December 2024. This reflects an annualised yield of 6.9% based on the share price of 51.0 pps at close on 25 November 2024 and, with the portfolio reversionary income yield increasing to 8.5%, we are well positioned to continue growing earnings.

We have consistently outperformed our MSCI peer group, with, for example, a three-year underlying portfolio total return of 3.8% per annum (Benchmark -0.8% per annum). The Board and Manager were delighted with the long-term outperformance of the underlying portfolio being recognised in the 'MSCI UK and European Property Investment Awards 2023', winning the 'Highest 10-year risk adjusted relative return' for all UK and Continental European funds, with a total return of 8.45% per annum to 31 December 2023.

The strong support for the strategic evolution in December 2023, accompanied by extensive engagement and marketing, has enabled us to attract new shareholders on to the register. This includes a material increase in retail platform shareholders, with the aggregate shares held via Hargreaves Lansdown, Interactive Investor and AJ Bell increasing by 24% over the interim period. We also welcomed the FCA's recent announcement that the misleading cost disclosure regime via the Key Information Document ('KID') will be changed to more fairly reflect ongoing costs, which could lead to further demand for the Company's shares.

Good progress is being made on implementing our strategy, which includes sustainability-related objectives linked to driving returns by adapting existing buildings to extract the 'green premium' and delivering on the Company's net zero carbon commitments. Encouragingly, we are increasingly seeing evidence across the portfolio of the impact of superior sustainability credentials on rents, notably at our operational net zero warehouse developments in Manchester and Milton Keynes, which serve as a proof of concept of the enhanced strategy. We were also pleased to retain a Gold award for reporting under the EPRA Sustainability Best Practice Recommendations, for the seventh year running.

Looking forward, the expected recovery in real estate values and successful execution of our strategy should lead to increased returns and continued improvement in the share price rating. Furthermore, whilst the Company is small compared with the wider REIT universe, this does allow for a forensic concentration on asset management which has been a key driver of the attractive dividend yield premium over the sector average, with significant earnings growth potential. The Company's low-cost long-term debt and efficient cost structure also means that future growth has the potential to further enhance earnings.

I look forward to working with my fellow Board members and the Manager in delivering our strategy and thank shareholders for their continued support.

**Alastair Hughes**

Chair

Schroder Real Estate Investment Trust Limited

25 November 2024

# Investment Manager's Report

## Overview

Schroder Real Estate Investment Trust Limited's ('SREIT', or 'the Company') Net Asset Value ('NAV') as at 30 September 2024 was £290.7 million or 59.4 pence per share ('pps'), an increase of 0.6 pps or 1.0% compared with £287.4 million, or 58.8 pps, as at 31 March 2024. Dividends totalling £8.3 million were paid during the period, which resulted in a NAV total return of 4.0%. A detailed analysis of the NAV movement is set out in the table below:

	£m	PPS
<b>NAV as at 31 March 2024<sup>1</sup></b>	<b>287.4</b>	<b>58.8</b>
Unrealised net increase in the valuations of the direct real estate portfolio and joint ventures <sup>2</sup>	6.3	1.2
Capital expenditure <sup>3</sup>	(2.3)	(0.5)
EPRA earnings <sup>4</sup>	8.5	1.7
Dividends paid	(8.3)	(1.7)
Unrealised loss from interest rate hedging derivatives	(0.2)	(0.0)
Others	(0.7)	(0.1)
<b>NAV as at 30 September 2024<sup>5</sup></b>	<b>290.7</b>	<b>59.4</b>

1. The calculation of pence per share is based on shares in issue as at 31 March 2024 of 489,110,576.

2. Prior to all capital expenditure, acquisition costs and movement in IFRS 16 lease incentives.

3. Comprises capital expenditure of £1.9 million on the directly held portfolio and £0.4 million invested for the joint ventures.

4. EPRA earnings as per the reconciliation on page 35.

5. The calculation of pence per share is based on shares in issue as at 30 September 2024 of 489,110,576.

The underlying portfolio, including joint ventures, increased in value by 0.9% on a like-for-like, net of capex, basis over the six month period. This compared with 0.3% for the MSCI Benchmark (the 'Benchmark').

£2.3 million of capital expenditure was invested in asset management and refurbishment projects, including joint ventures. In line with our strategy, we have undertaken significant works to enhance the sustainability performance of our assets, particularly at our office assets Clifton Park in York and The Tun in Edinburgh. This will help to drive capital growth and future rental increases over the medium to longer term.

EPRA earnings for the period totalled £8.5 million, or 1.7 pps, which, based on total dividends paid, resulted in cover of 102%.

The decrease from 'Other' of £0.7 million was mainly driven by lease incentive adjustments of £0.4 million relating to active asset management initiatives to drive higher rental income.

## UK market context

The UK economy has avoided a prolonged downturn, with the Bank of England noting that the recent UK budget measures will increase GDP growth to 1.7% in calendar year 2025 and consumer price inflation ('CPI') to 2.7% in a year's time (0.9% and 2.2% respectively pre-budget). The main driver of this change is large increases in government consumption and investment, which will increase demand in the near term, with improvements in the supply capacity of the economy taking longer to materialise. This, combined with volatility following the US election result, increased the 10-year gilt yield from 3.8% in July, to 4.3% as at 25 November 2024.

Following the 25% decline in values between the cycle high at 30 June 2022 and 30 September 2024, the average initial yield on UK real estate is 5.45%, which reflects a premium over the 10-year gilt yield of approximately 0.9%. Although this is below the long run average premium of between 1.5% and 2%, and higher inflation expectations

may slow the easing of monetary policy, markets still expect UK interest rates to decline to 4.0% by the end of 2025. More importantly, rental growth remains healthy, with average rents increasing by 8% between June 2022 and the period end, reflecting both resilient occupier demand and restricted supply resulting from the lack of development due to higher construction and debt finance costs.

As a result, whilst investment activity remains subdued, sentiment is improving, with average capital values increasing by 0.3% over the quarter to 30 September 2024, driven by valuation improvements in higher growth sectors including industrial, retail warehousing, and residential. Office values remain under pressure, but there is a wide variation across this sector, with a notable improvement in sentiment towards central London and stronger regional cities in the UK. With these early signs of positive value momentum, we believe there is a cyclical buying opportunity, and we are observing more sources of capital, such as private equity real estate groups, showing firm interest in repriced UK opportunities.

## Our strategy

A core tenet of our strategy is to make meaningful and measurable sustainability-led improvements to the majority of the portfolio's assets, leveraging Schroders' specialist resources and capabilities in this area. We believe, and are already seeing across our portfolio, that this will enable us to capture the 'Green Premium' and attract a wider shareholder base by delivering sustainable dividend growth and enhancing risk-adjusted returns for our shareholders over the long term.

Effective 1 April 2024, the Company's investment policy includes specific sustainability key performance indicators ('KPIs') linked to the proportion of the portfolio where relevant activity is ongoing, including asset level improvement targets based on Schroders' proprietary ESG Scorecard-based approach, as well as progress delivering the Company's 'pathway to net zero' commitments. Full details on the Company's sustainability-related objectives and the Manager's capabilities can be found in the Company circular dated 21 November 2023, published on the Company's website: <https://schro.link/sreitb2gpcircular>.

Good progress has been made through the period as set out below:

- Apply a research-led approach to determine attractive sectors and locations in which to invest
  - *Increased allocation to higher growth sectors, with industrial, predominately multi-let estates, and retail warehousing, now comprising 62% of the portfolio by value, up from 61% at the start of the period*
- Increase exposure to larger assets with strong fundamentals and inherent opportunities for active management and development
  - *Progressing high quality office refurbishments that improve sustainability performance, and ongoing pre-let developments on retail warehouse parks, top 15 assets now represent 80.6% by value*
- Sell smaller, secondary assets with higher sustainability performance risk
  - *Sold a small office asset 23% ahead of the 30 September 2024 book value post period end, with further disposals of smaller non-core assets planned and in progress*
- Drive income and value growth through a hospitality approach in tenant management (optimising tenant services and lease terms) and operational excellence in all sectors (optimising operations in the assets, minimising use of scarce resources and waste)
  - *Asset management delivered an income return and total return from the underlying portfolio ahead of the Benchmark*
  - *Increase in the average unexpired lease term, assuming earlier of lease expiry and tenant break, from 5.3 to 5.5 years*



- Apply our integrated sustainability and ESG approach at all stages of the investment process and asset life cycle, targeting improvement in the sustainability performance of assets to manufacture the green premium for shareholders
  - *Maintained the Company's GRESB score of 79 out of 100 in 2024 (2023: 79)<sup>5</sup>, placing the Company second amongst the immediate peer group of seven UK diversified listed REITs*
  - *Progressed several refurbishments achieving enhanced EPC ratings and quoting higher rents with further details in the sustainability report and asset case studies*
- Control costs
  - *Ongoing charges (fund only expenses) of 1.20%, in line with 1.19% as at the prior financial year end*
- Maintain a strong balance sheet with a long-term strategic target loan to value, net of cash, within the range of 25% to 35%
  - *The Company has a peer group leading debt profile. As at the period end, the average interest rate for drawn debt was 3.5%, with an average term of 9.1 years and a clear strategy to reduce the net LTV from 37.3% at the period end to within the strategic range*

## Portfolio performance

The underlying portfolio continues to deliver strong relative outperformance, with a total return for the period of 3.8% compared to 2.6% for the Benchmark. This relative outperformance was driven in part by a higher income return from the portfolio of 2.9% compared to 2.4% for the Benchmark.

Investment in higher growth sectors benefiting from supportive structural trends, such as multi-let industrial estates and retail warehouses, was a key driver of the portfolio's 0.9% capital growth, which compared to 0.3% for the Benchmark.

The table below shows performance to 30 September 2024:

Period to 30 September 2024	SREIT Total Return			MSCI Benchmark Total Return			Relative		
	Six months (%)	Three years (% p.a.)	Five years (% p.a.)	Six months (%)	Three years (% p.a.)	Five years (% p.a.)	Six months (%)	Three years (% p.a.)	Five Years (% p.a.)
Retail	6.0	4.3	1.5	4.0	1.5	(0.6)	2.0	2.8	2.1
Office	1.7	(1.2)	0.7	0.1	(6.6)	(3.4)	1.6	5.8	4.2
Industrial	4.3	7.0	10.8	3.8	1.4	7.0	0.5	5.5	3.5
Other	(0.5)	5.7	2.5	2.3	0.4	1.0	(2.7)	5.3	1.4
<b>All sectors</b>	<b>3.8</b>	<b>3.8</b>	<b>4.8</b>	<b>2.6</b>	<b>(0.8)</b>	<b>1.2</b>	<b>1.1</b>	<b>4.7</b>	<b>3.6</b>

## Real estate portfolio

As at 30 September 2024, the portfolio comprised 39 properties valued at £465.5 million. This includes the share of joint venture properties at City Tower in Manchester and the University of Law in Bloomsbury, London. The portfolio generated rental income of £30.1 million per annum, reflecting a net initial yield of 6.1%, which compared with the Benchmark of 5.1%. The portfolio also benefits from fixed contractual annualised rental income uplifts of £2.9 million over the next 24 months. The independent valuer's estimated rental value ('ERV') of the portfolio is £39.4 million per annum, reflecting a reversionary income yield of 8.5%, which compares favourably with the Benchmark at 6.1%.

<sup>5</sup> GRESB 2023, All intellectual property rights to this data belong exclusively to GRESB B.V. All rights reserved. GRESB B.V. has no liability to any person (including a natural person, corporate or unincorporated body) for any losses, damages, costs, expenses or other liabilities suffered as a result of any use of or reliance on any of the information which may be attributed to it. GRESB is a mission-driven and investor-led organisation that provides actionable and transparent Environmental, Social and Governance (ESG) data to financial markets. GRESB provides a consistent framework to measure the ESG performance of real estate companies and funds.

At the period end the portfolio void rate was 11.2%, calculated as a percentage of estimated rental value, which reduces to 8.2% including space now let or under offer. This falls within the Company's ten-year range of 5% to 13% and compares with the Benchmark void rate of 8.8%. The portfolio weighted average lease length, calculated to the earlier of lease expiry or break, is 5.5 years, an increase from 5.3 years at the start of the period.

Approximately 11% of the portfolio by contracted rent is inflation linked, typically structured as five-yearly reviews to either the Retail Price Index ('RPI') or the Consumer Price Index ('CPI'). In some cases, these inflation-linked leases can also be reviewed to open market value, if higher, or include fixed guaranteed increases. A further 14% of rent benefits from fixed uplifts without an inflation link. The proportion of the portfolio with inflation-linked leases should increase with ongoing asset management activity such as the lease to Lidl in Salisbury.

The tables below summarise the portfolio information as at 30 September 2024. The property values and weightings reflect the valuations as determined by the independent valuers as at 30 September 2024 and 31 March 2024 respectively:

Portfolio metric	30 September 2024 (MSCI Benchmark <sup>1</sup> )	31 March 2024 (MSCI Benchmark <sup>1</sup> )
Portfolio value (£m)	465.5	459.3
Number of properties	39	39
Number of tenants	318	314
Average lot size (£m)	11.9	11.8
Net initial yield (%)	6.1 (5.1)	6.1 (5.2)
Reversionary yield (%)	8.5 (6.1)	8.4 (6.1)
Annual rent (£m)	30.1	29.8
Estimated rental value (£m)	39.4	38.8
Annual rent with inflation-linked uplifts (%)	11	11
Annual rent with fixed uplifts (%)	14	14
WAULT (years to earliest of break or expiry)	5.5 (11.2)	5.3 (11.1)
Void rate (%)	11.2 (8.8)	10.9 (8.1)

<sup>1</sup> MSCI UK Balanced Portfolios Quarterly Property Index.

Top 15 properties by value		Sector	Value (£m) <sup>1</sup>	% of portfolio value <sup>2</sup>
1	Milton Keynes, Stacey Bushes Industrial Estate	Industrial	51.8	11.1
2	Leeds, Millshaw Park Industrial Estate	Industrial	45.8	9.8
3	Cheadle, Stanley Green Trading Estate	Industrial	41.3	8.9
4	London, Bloomsbury, The University of Law Campus (50% share)	Office/university	38.4	8.2
5	Bedford, St. John's Retail Park	Retail warehouse	31.6	6.8
6	Manchester, City Tower (25% share)	Office/hotel/retail/car park	28.5	6.1
7	Chippenham, Langley Park Industrial Estate	Industrial	25.2	5.4
8	Norwich, Union Park Industrial Estate	Industrial	22.9	4.9
9	Leeds, Headingley Central	Retail/hotel/leisure	20.9	4.5
10	Telford, Horton Park Industrial Estate	Industrial	14.0	3.0
11	Birkenhead, Valley Park Industrial Estate	Industrial	12.7	2.7
12	Manchester, St Ann's House	Office/retail	12.0	2.6
13	Edinburgh, The Tun	Office	10.8	2.3
14	Uxbridge, 106 Oxford Road	Office/university	9.7	2.1
15	Milton Keynes, Matalan	Retail warehouse	9.7	2.1
<b>Total as at 30 September 2024</b>			<b>375.3</b>	<b>80.6</b>

<sup>1</sup> As per third party valuation reports unadjusted for IFRS lease incentive amounts.

<sup>2</sup> Column does not sum due to rounding.

	Sector weighting by value as at 30 September 2024		Like-for-like capital growth, net of capital expenditure, for the six month period ended 30 September 2024	
	SREIT <sup>1</sup>	Benchmark	SREIT	Benchmark
South East	11.1%	20.4%		
Rest of UK	39.1%	12.0%		
<b>Industrial</b>	<b>50.3%</b>	<b>32.4%</b>	<b>1.6%</b>	<b>1.5%</b>
City	0.0%	3.4%		
Mid-town and West End	8.2%	7.0%		
Rest of South East	3.7%	5.6%		
Rest of UK	12.4%	6.4%		
<b>Offices</b>	<b>24.4%</b>	<b>22.4%</b>	<b>-1.4%</b>	<b>-1.9%</b>
<b>Retail warehouse</b>	<b>11.9%</b>	<b>9.3%</b>	<b>5.4%</b>	<b>2.6%</b>
South East	0.0%	7.1%		
Rest of UK	7.7%	2.7%		
<b>Standard retail</b>	<b>7.7%</b>	<b>9.8%</b>	<b>-0.5%</b>	<b>-0.3%</b>
Standard retail by ancillary/single use				
- Retail ancillary to main use	5.0%	-		
- Retail single use	2.7%	-		
<b>Other</b>	<b>5.8%</b>	<b>20.2%</b>	<b>-3.1%</b>	<b>-0.2%</b>
Shopping centres	-	<b>2.1%</b>		
Unattributed indirects	-	<b>3.8%</b>		

<sup>1</sup> Column does not sum due to rounding.

	Regional weighting by value as at 30 September 2024	
	SREIT	Benchmark
Central London	8.2%	17.5%
South East excluding Central London	16.9%	34.4%
Rest of South	10.8%	6.6%
Midlands, Wales and Eastern	21.7%	23.3%
North	40.0%	13.8%
Scotland	2.3%	4.1%
Northern Ireland	0.0%	0.2%

Rental income is diverse and comprised 318 tenants as at 30 September 2024, including the tenants of properties held by joint ventures. The largest single tenant and top 15 tenants represent 6.78% and 35.61% of the portfolio

respectively, calculated as a percentage of annual rent. There are only three tenants which represent more than 3% of the total annual rent.

<b>Top 15 tenants by annual rent</b>	<b>Annual rent (£m)</b>	<b>% of total annual rent<sup>1</sup></b>
The University of Law Limited	2.04	6.78
Buckinghamshire New University	1.30	4.32
Siemens Mobility Ltd	1.23	4.09
Express Bi Folding Doors Limited	0.72	2.39
Public Sector Income	0.66	2.19
Jupiter Hotels Limited	0.65	2.16
Matalan Retail Ltd	0.57	1.89
TJX UK Limited (Homesense)	0.51	1.69
Premier Inn Hotels Ltd	0.47	1.56
IXYS UK Westcode Ltd	0.47	1.56
Trioworld UK Ltd	0.46	1.53
Lidl Great Britain Limited	0.42	1.40
Jaguar Land Rover	0.41	1.36
Ingeus UK Limited	0.41	1.36
Wickes Building Supplies Ltd	0.40	1.33
<b>Total as at 30 September 2024</b>	<b>10.72</b>	<b>35.61</b>

### Rent collection

The diversification and granularity of the underlying rental income, and a high level of occupier engagement, has supported rent collection rates with 98% of the contracted rents collected for the six month period ended 30 September 2024 (year ended 31 March 2024: 99%). The breakdown between sectors is 99% of industrial rent collected, 98% of retail and leisure rent collected, 98% of office rent collected, and 99% of other rent collected.

Rent receivable totalled £2.1 million, net of VAT, at the period end, of which £370,000 is categorised as a bad debt. This compares to £2.3 million and £360,000 respectively as at 31 March 2024.

### Disposals

The Company continues to progress disposals of smaller assets on the completion of asset management, proceeds will initially be used to re-pay the unhedged element of the Company's revolving credit facility which incurred an interest rate of 6.6% at the period end. This is part of the strategy to reduce the Company's net loan to value to within the long-term strategic target range of 25% to 35%.

### Bedford, Howard House (Office)

In November 2024, contracts were exchanged to sell Howard House, an 11,603 sq ft multi-let office asset in Bedford for £1,475,000. The sale is due to complete on 20 December 2024. The price was 23% ahead of the 30 September 2024 period-end independent valuation.

### Active asset management

45 new lettings, rent reviews and renewals, across 476,000 sq ft, have completed since the start of the period totalling £4.8 million in annualised rental income.

Set out below are examples of ongoing active asset management initiatives that should support continued outperformance of the underlying portfolio from both a financial and sustainability perspective. Initiatives undertaken support the ESG Scorecard target scores and progress will be reported in the Annual Report and Consolidated Financial Statements for the year ended 31 March 2025.

## **Manchester, Cheadle, Stanley Green Trading Estate (Industrial)**

### *Asset overview and performance*

Stanley Green Trading Estate in Cheadle, Manchester was acquired in December 2020 for £17.3 million. At acquisition the asset comprised 150,000 sq ft of trade counter, self-storage and warehouse accommodation across 14 units on a nine-acre site, together with an adjoining 3.4-acre development site. We subsequently completed a new, 11-unit, warehouse scheme on the development site at a cost of £9.0 million. The asset now comprises 241,366 sq ft of trade counter, self-storage and warehouse accommodation across 25 units.

As at 30 September 2024 the valuation was £41.25 million, reflecting a reversionary yield, assuming the new development is fully let, of 6.2%. The asset has been a strong performer since acquisition, generating a total return of 17.4% per annum to 30 September 2024 compared to the MSCI All Industrial over the same period of 6.9%. Over the six-month period to 30 September 2024, the asset delivered a total return of 4.6% which compared with the MSCI All Industrial over the same period of 3.7%.

### *Key activity*

- The speculative development of 11 warehouse and trade units completed in May 2023. The new units achieved an 'A+' EPC rating and BREEAM New Construction 'Excellent' accreditation. The specification includes a photovoltaic system that we expect to generate more than 250 MWh of energy per annum, 24 electric vehicle charging points and an 800kVA substation to support the on-site renewables in powering the fully electric site.
- At the period end seven units were let with a total contracted rent of £746,846 per annum, this is an aggregate 23% above the underwritten assumptions and represents 56% of the development by estimated rental value. Progress has continued since the period end with a further two units being let adding £210,796 of rent, a third unit being under offer at £120,559 per annum, which, on completion, will mean 81% of the development will be let by estimated rental value.
- A 4,000 sq ft unit on the existing estate with EPC 'C' was recently let at £14.00 per sq ft, whereas the comparable operationally Net Zero Carbon (in design) units with EPC 'A+' have been let at around £19.50 per sq ft, reflecting a 39% premium. In addition, the Company's independent valuer has applied a 5.35% yield to the occupied operationally Net Zero Carbon units compared to 6.5% to 7.0% for the pre-existing asset. We believe these outcomes are largely driven by the superior sustainability credentials of the new units which serve as a proof of concept of the sustainability strategy adopted by the Company.

### *Strategy looking forward*

- The objective is for the new development to be fully let during 2024 which, combined with the three units let or under offer referred to above, would increase the net income from Stanley Green Trading Estate by approximately £600,000 per annum compared with 30 September 2024.
- The strategy for the pre-existing 150,000 sq ft of trade counter, self-storage and warehouse accommodation is to begin phased refurbishments to enhance the aesthetic and sustainability credentials of the units, with the aim of enabling us to attract and retain high quality tenants and increase the rental tone to more closely align with the rents achieved on the new estate. The first phase of the works is expected to complete in the first half of 2025.

## **Swindon, Stirling Court (Industrial)**

### *Asset overview and performance*

Stirling Court is comprised of three industrial units on an established industrial estate in Swindon. One of the units is let at £7.26 per sq ft until March 2033, with a break in March 2028, and the other two units have recently been refurbished at a total cost of £1.5 million.

As at 30 September 2024, the asset was valued at £8.0 million, reflecting a reversionary yield, assuming the two refurbished units are let, of 8.0%. Over the six-month period to 30 September 2024, the asset delivered a total return of 0.3% which compared with the MSCI All Industrial over the same period of 3.7%.

#### *Key activity*

- The comprehensive, sustainability improvement-led refurbishment of two units reached practical completion on 8 December 2023. The units now benefit from LED lighting throughout, rooftop photovoltaic panels and EV charging points. The EPC rating for both units improved to a 'B' from a 'D' and a 'C' respectively.
- Post period end, a new lease completed for one of the units at a rent 3% ahead of the 30 September 2024 ERV. The tenant will pay a rent of £8.25 per sq ft or £281,342 per annum on a 10-year term. The tenant will benefit from six months of rent free and has a break option in year five with a further four months of rent free if it is not exercised.

#### *Strategy looking forward*

- Let the remaining refurbished unit targeting a rent of £8.25 per sq ft or total rent of £210,194 per annum, reflecting the enhanced specification. These lettings at £8.25 per sq ft would reflect a 32% increase on the previous average passing rent for the two units of £6.26 per sq ft.

### **Manchester, St Ann's House (Office / Retail)**

#### *Asset overview and performance*

St Ann's House is a mixed-use office and retail building in Manchester city centre, prominently located on St Ann's Square, near to the prime retail core. St Ann's Square features a listed church, the Royal Exchange Theatre, a mix of office occupiers and high-quality luxury retail as well as leisure operators. The building benefits from its proximity to two tram stations. It was acquired in May 2022 for £14.7 million.

As at 30 September 2024, the asset was valued at £12.0 million, reflecting a net initial yield of 7.6% and a reversionary yield of 11.6%. Over the six-month period to 30 September 2024, the asset delivered a total return of 6.7% which compared with the MSCI All Offices over the same period of -0.2%.

#### *Key activity*

- Relocated Watt Utilities Limited from the 5,077 sq ft fifth-floor office to the 8,269 sq ft third-floor office which was vacated during the period. Under the new lease the tenant will pay a rent of £25.50 per sq ft or £210,859 per annum on a 10-year term. This is a 53% uplift on the previous passing rent on the third floor. The tenant will benefit from three months of rent free, in the form of six months at half rent, and has a break option in year five.

#### *Strategy looking forward*

- Completed a NZC audit which provided a detailed plan to decarbonise the asset and plan for resilience against regulatory requirements and market expectations. This report informed the enhancements implemented as part of the works described below.

- Undertake a Cat A refurbishment of the fifth floor (top floor) with a view to securing a rent of £28 per sq ft given the sustainability and amenity improvements from the broader works, which would reflect a 74% uplift on the previous passing rent on the floor.
- At the same time, undertake an extensive refurbishment of the ground floor, basement and common areas with a focus on enhancing sustainability performance of the asset. Works will begin imminently and include an expansion of the reception having now secured ground floor space from a current tenant. We will create a new entrance, together with a new cycle storage area, shower facilities and lounge in the basement linked to the new reception with modern furniture. The external facade will be refreshed with new glazing to the rear, and an upgrade to lighting and signage. Photovoltaic panels will be installed on the roof to enable on-site renewable energy generation. We are targeting an EPC rating of 'A'.

## Salisbury, Churchill Way West (Retail Warehouse)

### *Asset overview and performance*

50,000 sq ft, three-unit, retail warehouse terrace in a prominent location on Salisbury's northern ring road. The property adjoins a strongly performing Waitrose food and home store. The property is currently let to Smyths Toys (unit 1), Homesense (unit 2), and Sports Direct (unit 3) paying a topped-up rent of £645,000 per annum, or an average rent of £12.90 per sq ft. The former two tenants are on short-term leases that expire in early 2025.

As at 30 September 2024, the asset was valued at £8.575 million, reflecting a net initial yield of 3.9% and a reversionary yield of 8.1%. Over the six-month period to 30 September 2024, the asset delivered a total return of 4.2% which compared with the MSCI All Retail Warehousing over the same period of 6.0%.

### *Key activity*

- Agreement exchanged with Lidl Great Britain Limited ('Lidl') to occupy unit 1 and part of unit 2, totalling 22,206 sq ft, on a new 25-year lease (break at year 20) at £440,000 per annum or £19.81 per sq ft. Lidl will receive nine months of rent free and the lease will be subject to five yearly, inflation-linked reviews with a collar of 1% per annum and a cap of 3% per annum. Lease completion is subject to planning and the Company delivering a unit split and refurbishment at a cost of £1.5 million inclusive of consultant and legal fees. Lidl is required to install photovoltaic panels to the roof in order that the overall project can achieve an EPC 'A'.
- A planning application for the unit split has been submitted, with a view to works commencing in February 2025, when Smyths Toys and Homesense will have vacated. Assuming there are no delays to planning, we expect works to complete in summer 2025.
- Completed a new five-year lease to Sports Direct at £290,000 per annum or £14.50 per sq ft, in return for the tenant receiving 12 months of rent free.

### *Strategy looking forward*

- The remaining vacant unit comprising the balance of unit 2, totalling 7,500 sq ft, will be marketed at a rent of £135,000 per annum or £18 per sq ft.
- Assuming the activity proceeds as planned, the combined new rent at Churchill Way West, Salisbury will be approximately £865,000 per annum or £17.30 per sq ft, a 34% increase on the current topped-up level.

## Sustainability and Responsible Investment



As communicated in the latest Annual Report and Consolidated Financial Statements for the year ended 31 March 2024, in December 2023 Shareholders voted to formally include sustainability at the centre of the Company's investment proposition. This incorporates a sustainability improvement and decarbonisation strategy focused on adapting existing buildings into those that are both modern and fit for purpose, thereby taking a proactive position in response to the UK's Net Zero Carbon objectives, whilst optimising portfolio performance to seek enhanced total returns for Shareholders.

Progress against the new objective will be demonstrated annually, through reporting in the Annual Report and Consolidated Financial Statements, by utilising the ESG Scorecard and Net Zero Carbon performance Key Performance Indicators ('KPIs') outlined below.

#### *KPI 1 - ESG Scorecard<sup>6</sup> (asset level)*

The Company's assets will be managed with a view to ensuring that at any given time during the Company's ownership, at least 75% of the portfolio assets by value are being managed with a realistic and achievable plan to reach a score of at least 3 (out of a possible total score of 5), as measured on the ESG scorecard. For those 75% of the Company's assets (by value), in each case where leases permit prompt commencement of works to improve their sustainability profile, the aim will be to take the asset to an improved score of at least 3 (out of a possible total score of 5) within five years from: (i) 1 April 2024 or, if later: (ii) the date it was acquired by the Company.

Through the period, key activity which has supported progress against KPI 1 has included:

- The findings of the four latest (completed early 2024) asset-level sustainability audits continue to be discussed with asset managers for consideration in the next round of asset business planning. Sustainability audits provide an appraisal of the current condition of an asset, identify opportunities for improvement, and support completion of the ESG Scorecard. A total of 15 asset-level sustainability audits have now been completed.
- Initiatives identified in sustainability audits have been implemented in refurbishments during the period, this should lead to improved scores in the ESG Scorecard for these assets, which will be reported in the Annual Report and Consolidated Financial Statements for the year ended 31 March 2025.
- The Manager commissioned Syzygy to coordinate an electric vehicle charging project across the retail portfolio. Following review of supplier proposals, we are in the process of implementing a solution and will provide an update in the near future.

#### *KPI 2 - Net Zero Carbon commitments (portfolio level)*

The Company's assets will be managed in line with the Company's 'pathway to net zero'<sup>7</sup> commitments, which in summary include seeking to attain the following:

- Operational whole buildings emissions to be aligned to a 1.5°C global warming pathway by 2030;
- Embodied emissions for all new developments and major renovations to be net zero by 2030;
- Operational scope 1 and 2 (landlord) emissions (as defined in the Greenhouse Gas Protocol) to be net zero by 2030; and

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<sup>6</sup> Schroders Capital ESG Scorecard is a proprietary tool developed by the real estate sustainability team and has been externally validated by a third party. It scores assets between 1 to 5 (5 being best) based on 11 key thematic weighted areas. The weightings of topics addressed in the scorecard have been determined based on a combination of the perceived materiality of the relevant ESG factors to the Investment Manager's overall real estate investment portfolio and the Investment Manager's ability to influence the relevant aspects. The latter consideration is given less prominence as the goal is to score an asset as objectively as possible to develop a comprehensive understanding of overall ESG risks and opportunities. The ESG Scorecard therefore represents the Manager's assessment of sustainability related risk and opportunity of physical real estate assets.

<sup>7</sup> Further detail on Schroders Real Estate 'Pathway to Net Zero' can be found [here](#).

- Operational and embodied whole building (scope 1, 2 and 3 (landlord and tenant)) emissions to be net zero by 2040.

Through the period, key activity which has supported progress against KPI 2 has included:

- Desktop Net Zero Carbon (NZC) analysis was undertaken for the whole portfolio by third-party sustainability consultant Verco Global in early 2024, the Manager has continued to assimilate the findings of this analysis which will support the 2025 annual asset business planning exercise.
- The Company's first four asset-level detailed NZC audits have been completed. NZC audits provide a comprehensive assessment of the energy and carbon performance of an asset, utilising digital energy modelling. Costed interventions are identified and included in forward-looking NZC pathways to provide a detailed plan to decarbonise each asset and ensure resilience against regulatory requirements and market expectations. The audits complement the findings from the desktop NZC analysis undertaken earlier this year by Verco Global for all real estate assets held by the Company.
- Air-source heat pumps have been installed as part of multiple office refurbishments to provide more energy efficient, low carbon heating and cooling (relative to previous installations).
- A 20kWp solar photovoltaic (PV) rooftop array has been installed at The Lakes, an office in Northampton, for the on-site generation of renewable energy, which has the potential to lower occupier utility costs and reduce reliance on the national electricity grid.

Activity which supports the Net Zero Carbon commitment of the Company (KPI 2) will also contribute towards the delivery of KPI 1 within the relevant ESG Scorecard sections, including 'fabric, services, and utilities' and 'energy and carbon'.

#### *GRESB and EPRA*

In October, the Company received the results for the 2024 Global Real Estate Sustainability Benchmark ('GRESB') survey which, in recognition of the Board and Manager's approach and commitment to sustainability, saw the Company retain a score of 79 (out of 100), and achieve three stars out of five. This result was particularly pleasing because the GRESB Foundation updated the Real Estate Benchmark for 2024 to reflect evolving sustainability expectations from investors and managers. These changes include new criteria and analytical methods, which have resulted in an average score decrease of 2-3 points for fund scores.

The Company was placed second amongst a peer group comprising seven UK diversified listed REITs (2023: first of six)<sup>8</sup>.

The Company also retained its Gold award for reporting under the EPRA Sustainability Best Practice Recommendations, for the seventh year running<sup>9</sup>.

#### **Balance sheet**

As at 30 September 2024, the average interest rate for drawn debt was 3.5%, with an average loan term of 9.1 years, and 89% of total drawn debt was either fixed or hedged against movements in interest rates. As at 30 September 2024, the Company had cash, including cash held in joint ventures, of £6.1 million and a net loan to

<sup>8</sup> GRESB 2024, All intellectual property rights to this data belong exclusively to GRESB B.V. All rights reserved. GRESB B.V. has no liability to any person (including a natural person, corporate or unincorporated body) for any losses, damages, costs, expenses or other liabilities suffered as a result of any use of or reliance on any of the information which may be attributed to it. GRESB is a mission-driven and investor-led organization that provides actionable and transparent Environmental, Social and Governance (ESG) data to financial markets. GRESB provides a consistent framework to measure the ESG performance of real estate companies and funds.

<sup>9</sup> The European Public Real Estate Association ('EPRA') is a not-for-profit association registered in Belgium with registered number 0811738560 and VAT registration number BE 0811.738.560. EPRA accepts no liability for damage suffered as a consequence of our published research, policies or guidance being used to mislead a third party - find out more on [www.EPRA.com](http://www.EPRA.com).

EPRA - The European Real Estate Association.

value ('LTV') ratio of 37.3%, which is slightly above the long-term strategic target range of 25% to 35%. Details of the loans are set out below, together with cover against covenants.

### Canada Life term loan

The debt refinancing with Canada Life in October 2019 provides a significant benefit in a higher interest rate environment. This long-term loan, which represented £129.6 million of the £179.6 million total borrowings at the period end, has an average loan maturity of 11.5 years, with a fixed average interest rate of 2.5%. At the period end, the incremental positive fair value benefit of this fixed-rate loan was £17.4 million, which is not reflected in the Company's NAV.

Lender	Loan (£m)	Maturity	Total interest rate (%)	Asset value (£m)	Cash (£m)	LTV ratio (%) <sup>2</sup>	LTV ratio covenant (%) <sup>2</sup>	ICR (%) <sup>3</sup>	ICR covenant (%) <sup>3</sup>	Projected ICR (%) <sup>4</sup>	Projected ICR covenant (%) <sup>4</sup>
Facility A	64.8	15/10/2032	2.4 <sup>1</sup>	267.2	-	48.5	65	563	185	463	185
Facility B	64.8	15/10/2039	2.6 <sup>1</sup>								
Canada Life Term Loan	129.6	Average loan maturity of 11.5 years	2.5 <sup>1</sup>								

### RBSI revolving credit facility

The balance of borrowings at the period end, totalling £50.0 million, comprised a revolving credit facility ('RCF') from RBSI. This facility totals £75 million and can be drawn and repaid at any time up to maturity on 6 June 2027. The RCF is a 'Sustainability-Linked Loan', with performance measured on an annual basis against KPIs.

Lender	Loan / amount drawn (£m)	Maturity	Total interest rate (%)	Asset value (£m)	LTV ratio (%) <sup>2</sup>	LTV ratio covenant (%) <sup>2</sup>	Projected ICR (%) <sup>4</sup>	Projected ICR covenant (%) <sup>4</sup>
RBSI RCF	75.0 / Capped 30.5 <sup>5</sup> Uncapped 19.5 <sup>5</sup>	06/06/2027	Capped 5.9 <sup>6</sup> Uncapped 6.6 <sup>6</sup>	158.9	31.5	65 <sup>7</sup>	249	200

1. Fixed total interest rate for the loan term.
2. Loan balance less the amounts standing to the credit of the Sales Proceed Account and Remedy Account divided by the property values as at 30 September 2024.
3. This covenant is calculated by dividing the rental income received for the quarter preceding the Interest Payment Date ('IPD'), less void rates, void service charge and void insurance, by the interest paid in the same quarter.
4. This covenant is calculated by dividing the forecast contracted rent for the year following the period end less forecast void rates, void service charge and void insurance, by forecast interest paid.
5. Facility drawn as at 30 September 2024 from a total available facility of £75.0 million.
6. Total interest rate as at 30 September 2024 comprising an applicable SONIA rate of 4.95% and the margin of 1.65% at a LTV below 60%. Should the LTV be above 60%, the margin increases to 1.95%. The capped element of the RCF has an interest rate of 4.25% which, combined with the margin of 1.65%, results in a total interest rate of 5.90%.
7. For the first three years from commencement on 6 June 2022 the LTV ratio covenant is 65%, it is then 60% for years four and five.

### Outlook

Our programme of sustainability-led, value enhancing investments into the existing portfolio, and an active approach to asset management, is leading to further income growth, with a pipeline of new asset management opportunities under active consideration.

Against this backdrop, our clear and differentiated strategy with an increased emphasis on sustainability, a diversified portfolio and a sector-leading debt profile will enable us to maintain relative outperformance compared with our peers and continue delivering attractive income and risk-adjusted returns for shareholders.

**Nick Montgomery**

Fund Manager

25 November 2024

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

The Board is responsible for preparing the Interim Report and Consolidated Financial Statements. The Board is also responsible for the Company's system of risk management and internal controls, and for reviewing its effectiveness.

## Principal risks and uncertainties

The principal risks and uncertainties with the Company's business relate to the following risk categories: investment and strategy; economic and property market; sustainability; valuation/liquidity; gearing/leverage; service provider; and regulatory compliance. A detailed explanation of the risks and uncertainties in each of these categories can be found on pages 55 to 58 of the Company's published Annual Report and Consolidated Financial Statements for the year ended 31 March 2024.

The Board considers that the principal risks and uncertainties have not materially changed during the six months ended 30 September 2024.

## Going concern

The Board believes it is appropriate to adopt the going concern basis in preparing the financial statements. A comprehensive going concern statement setting out the reasons the Board considers this to be the case is set out in note 1 on page 25.

## Related party transactions

There have been no transactions with related parties that have materially affected the financial position or the performance of the Company during the six months ended 30 September 2024. Related party transactions are disclosed in note 15 of the condensed consolidated interim financial statements.

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 *Interim Financial Reporting*; and
- the interim management report (comprising the Chair's and the Investment Manager's report) includes a fair review of the information required by:

(a) DTR 4.2.7R of the *Disclosure Guidance and Transparency Rules*, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

(b) DTR 4.2.8R of the *Disclosure Guidance and Transparency Rules*, related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last Annual Report that could do so.

We are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website, and for the preparation and dissemination of financial statements. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

## Alastair Hughes

Chair

25 November 2024

## Condensed Consolidated Statement of Comprehensive Income

	Notes	Six months to 30/09/2024 £000 (unaudited)	Six months to 30/09/2023 £000 (unaudited)	Year to 31/03/2024 £000 (audited)
Rental income		13,186	12,670	25,638
Other income		244	1,012	1,504
Property operating expenses		(1,079)	(1,025)	(2,154)
<b>Net rental and related income, excluding joint ventures</b>		<b>12,351</b>	<b>12,657</b>	<b>24,988</b>
<hr/>				
<i>Share of total net income in joint ventures</i>		<b>1,820</b>	1,392	3,057
<i>Net rental and related income, including joint ventures</i>		<b>14,171</b>	14,049	28,045
<hr/>				
<b>Gain on the disposal of investment property</b>		-	5	199
<b>Gain on the disposal of financial instruments</b>	11	-	189	189
<b>Net unrealised valuation gain/(loss) on investment property</b>	6	4,885	(636)	(8,044)
<b>Net (loss)/gain in the fair value of financial instruments</b>		(191)	54	(547)
<hr/>				
<b>Expenses</b>				
Investment management fee	2	(1,098)	(1,181)	(2,350)
Valuers' and other professional fees		(1,253)	(1,018)	(2,347)
Administrator's fee	2	(34)	(31)	(64)
Auditor's remuneration		(98)	(94)	(197)
Directors' fees		(110)	(116)	(184)
Other expenses		(114)	(39)	(276)
<b>Total expenses</b>		<b>(2,707)</b>	<b>(2,479)</b>	<b>(5,418)</b>
<hr/>				
<b>Net operating profit before net finance costs</b>		<b>14,338</b>	<b>9,790</b>	<b>11,367</b>
<hr/>				
Interest receivable		240	54	-
Finance costs		(3,227)	(3,240)	(6,349)
<b>Net finance costs</b>		<b>(2,987)</b>	<b>(3,186)</b>	<b>(6,349)</b>
Share of total net income in joint ventures	7	1,820	1,392	3,057
Share of net valuation loss in joint ventures	7	(1,453)	(4,516)	(5,058)
<b>Profit before taxation</b>		<b>11,718</b>	<b>3,480</b>	<b>3,017</b>
<hr/>				
Taxation	4	-	-	-
<b>Profit and total comprehensive income for the period attributable to the equity holders of the parent</b>		<b>11,718</b>	<b>3,480</b>	<b>3,017</b>
<hr/>				
<b>Basic and diluted earnings per share</b>	3	<b>2.4p</b>	<b>0.7p</b>	<b>0.6p</b>

All items in the above statement are derived from continuing operations. The accompanying notes 1 to 17 form an integral part of the condensed interim financial statements.

## Condensed Consolidated Statement of Financial Position

	Notes	30/09/2024 £000 (unaudited)	30/09/2023 £000 (unaudited)	31/03/2024 £000 (audited)
Investment property	6	391,207	391,443	384,606
Investment in joint ventures	7	66,138	67,721	67,366
Interest rate derivative contracts	11	28	820	219
<b>Non-current assets</b>		<b>457,373</b>	<b>459,984</b>	<b>452,191</b>
Trade and other receivables	8	19,096	18,462	19,837
Cash and cash equivalents	9	6,037	4,903	6,005
<b>Current assets</b>		<b>25,133</b>	<b>23,365</b>	<b>25,842</b>
<b>Total assets</b>		<b>482,506</b>	<b>483,349</b>	<b>478,033</b>
Issued capital and reserves		327,825	333,092	324,451
Treasury shares		(37,101)	(37,101)	(37,101)
<b>Equity</b>		<b>290,724</b>	<b>295,991</b>	<b>287,350</b>
Interest-bearing loans and borrowings	10	178,989	174,744	175,866
Lease liability	6	1,373	1,285	1,562
<b>Non-current liabilities</b>		<b>180,362</b>	<b>176,029</b>	<b>177,428</b>
Trade and other payables	12	11,420	11,329	13,255
<b>Current liabilities</b>		<b>11,420</b>	<b>11,329</b>	<b>13,255</b>
<b>Total liabilities</b>		<b>191,782</b>	<b>187,358</b>	<b>190,683</b>
<b>Total equity and liabilities</b>		<b>482,506</b>	<b>483,349</b>	<b>478,033</b>
Net Asset Value per ordinary share	13	59.4p	60.5p	58.8p

The financial statements on pages 21-24 were approved at a meeting of the Board of Directors held on 25 November 2024 and signed on its behalf by:

**Alastair Hughes**  
Chair

The accompanying notes 1 to 17 form an integral part of the condensed interim financial statements.

## Condensed Consolidated Statement of Changes in Equity

For the period from 1 April 2023 to 30 September 2023 (unaudited)

	Notes	Share premium	Treasury share reserve	Revenue reserve	Total
		£000	£000	£000	£000
<b>Balance as at 31 March 2023</b>		<b>219,090</b>	<b>(37,101)</b>	<b>118,700</b>	<b>300,689</b>
Profit for the period		-	-	3,480	3,480
Dividends paid	5	-	-	(8,178)	(8,178)
<b>Balance as at 30 September 2023</b>		<b>219,090</b>	<b>(37,101)</b>	<b>114,002</b>	<b>295,991</b>

For the year ended 31 March 2024 (audited) and for the period from 1 April 2024 to 30 September 2024 (unaudited)

	Notes	Share premium	Treasury share reserve	Revenue reserve	Total
		£000	£000	£000	£000
<b>Balance as at 31 March 2023</b>		<b>219,090</b>	<b>(37,101)</b>	<b>118,700</b>	<b>300,689</b>
Profit for the year		-	-	3,017	3,017
Dividends paid	5	-	-	(16,356)	(16,356)
<b>Balance as at 31 March 2024</b>		<b>219,090</b>	<b>(37,101)</b>	<b>105,361</b>	<b>287,350</b>
Profit for the period		-	-	11,718	11,718
Dividends paid	5	-	-	(8,344)	(8,344)
<b>Balance as at 30 September 2024</b>		<b>219,090</b>	<b>(37,101)</b>	<b>108,735</b>	<b>290,724</b>

The accompanying notes 1 to 17 form an integral part of the condensed interim financial statements.



## Condensed Consolidated Statement of Cash Flows

	Notes	Six months to 30/09/2024 £000 (unaudited)	Six months to 30/09/2023 £000 (unaudited)	Year to 31/03/2024 £000 (audited)
<b>Operating activities</b>				
Profit for the period/year		11,718	3,480	3,017
Adjustments for:				
Profit on disposal of investment property		-	(5)	(199)
Profit on disposal of financial instruments		-	(189)	(189)
Net valuation (gain)/loss on investment property	6	(4,885)	636	8,044
Share of (profit)/loss of joint ventures	7	(367)	3,124	2,001
Net finance cost		2,987	3,186	6,349
Net loss/(gain) in fair value of financial instruments		191	(54)	547
<b>Operating cash generated before changes in working Capital</b>		<b>9,644</b>	<b>10,178</b>	<b>19,570</b>
Decrease in trade and other receivables		741	3,164	2,022
(Decrease)/increase in trade and other payables		(1,811)	296	2,283
<b>Cash generated from operations</b>		<b>8,574</b>	<b>13,638</b>	<b>23,875</b>
Interest received		240	54	-
<b>Net cash from operating activities</b>		<b>8,814</b>	<b>13,692</b>	<b>23,875</b>
<b>Investing activities</b>				
Net proceeds from the sale of investment property		-	-	3,763
Additions to investment property	6	(1,905)	(4,432)	(8,290)
Additions to joint ventures	7	(225)	(50)	(237)
Net income distributed from joint ventures		1,771	1,241	2,761
<b>Net cash used in investing activities</b>		<b>(359)</b>	<b>(3,241)</b>	<b>(2,003)</b>
<b>Financing activities</b>				
Additions to external debt	10	3,000	-	1,000
Repayment of external debt		-	(2,300)	(2,300)
Disposal of financial instrument		-	189	189
Purchase of financial instrument		-	(766)	(766)
Finance costs paid		(3,079)	(2,898)	(6,035)
Loan arrangement fees paid		-	(14)	-
Dividends paid	5	(8,344)	(8,178)	(16,356)
<b>Net cash used in financing activities</b>		<b>(8,423)</b>	<b>(13,967)</b>	<b>(24,286)</b>
<b>Net increase/(decrease) in cash and cash equivalents for the period/year</b>		<b>32</b>	<b>(3,516)</b>	<b>(2,414)</b>
<b>Opening cash and cash equivalents</b>	9	<b>6,005</b>	<b>8,419</b>	<b>8,419</b>
<b>Closing cash and cash equivalents</b>		<b>6,037</b>	<b>4,903</b>	<b>6,005</b>

The accompanying notes 1 to 17 form an integral part of the condensed interim financial statements.

# Notes to the Interim Report

## 1. Significant accounting policies

Schroder Real Estate Investment Trust Limited (the “Company”) is a closed-ended investment company registered in Guernsey. The condensed interim financial statements of the Company for the period ended 30 September 2024 comprise the Company and its subsidiaries (together referred to as the “Group”).

### Statement of compliance

The condensed 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. They do not include all 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 31 March 2024. The condensed interim financial statements have been prepared on the basis of the accounting policies set out in the Group’s annual financial statements for the year ended 31 March 2024. The financial statements for the year ended 31 March 2024 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (the “IASB”), and interpretations issued by the International Financial Reporting Interpretations Committee.

### Going concern

The Directors have examined significant areas of possible financial risk including liquidity (with a view to both cash held and undrawn debt facilities); the rates of both rent and service charge collections from tenants; have considered potential falls in property valuations; have reviewed cash flow forecasts; have analysed forward-looking compliance with third party debt covenants and in particular the Loan to Value covenant and interest cover ratios; and have considered the Group’s ongoing tax compliance with the REIT regime.

Overall, after utilising available cash, excluding the cash undrawn against the RBSI facility, and uncharged properties and units in Joint Ventures, and based on the reporting period to 30 September 2024, property valuations would have to fall by 25% before the relevant Canada Life Loan to Value covenants were breached, and actual net rental income would need to fall by 67% before the interest cover covenants were breached.

Furthermore, the properties charged to RBSI could fall in value by 52% prior to the 65% LTV covenant being breached and based on projected net rents for the quarter to 30 September 2024, a 20% fall in net income could be sustained prior to the RBSI projected interest loan cover covenant of 200% being breached.

As at the period end the undrawn capacity of the RBSI facility was £25.0 million. This £75.0 million facility, which matures in June 2027, is an efficient and flexible source of funding due to its ability to be repaid and redrawn as often as required.

Regarding the Canada Life loan of £129.6 million, 50% matures in 2032 and 50% matures in 2039 respectively.

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

The Board and Investment Manager have considered the impact of sustainability risk as a principal risk. In line with IFRS, investment properties are valued at fair value based on open market conditions. The assessment of the open market valuation includes consideration of environmental matters and the condition of each property. The investment properties continue to be monitored by the Investment Manager and key considerations include EPC ratings and their impact on the properties’ forecast compliance with forthcoming minimum energy efficiency standard regulation. Having assessed the impact of climate change on the Group, the Directors concluded that it is not expected to have a significant impact on the Group’s going concern assessment.

The Directors have not identified any matters which would cast significant doubt on the Group’s ability to continue as a going concern for the period to 31 December 2025 and have satisfied themselves that the Group has adequate resources to continue in operational existence for this period to 31 December 2025.

After due consideration, the Board believes that it is appropriate to adopt the going concern basis in preparing the financial statements.

# Notes to the Interim Report (continued)

## 1. Significant accounting policies (continued)

The Directors have satisfied themselves that the Group has adequate resources to continue in operational existence for at least the next twelve months from the date of approval of the financial statements. After due consideration, the Board believes it is appropriate to adopt the going concern basis in preparing the interim financial statements.

### Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. 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. There have been no changes in the key judgements and estimates used by management as disclosed in the last Annual Report and financial statements for the year ended 31 March 2024.

### 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, the United Kingdom. There is no one tenant that represents more than 10% of the Group's revenue. The chief operating decision-maker is considered to be the Board of Directors who are provided with consolidated IFRS information on a quarterly basis.

## 2. Material agreements

Schroder Real Estate Investment Management Limited is the Investment Manager to the Company. The Investment Manager is entitled to a fee, together with reasonable expenses incurred in the performance of its duties. The current fee is payable monthly in arrears at one twelfth of the aggregate of 0.9% of the Net Asset Value ("NAV") of the Company (where NAV is less than £500 million). The Investment Management Agreement can be terminated by either party on not less than twelve months' written notice or on immediate notice in the event of certain breaches of its terms or the insolvency of either party.

The tiered fee structure is as follows:

NAV	Management fee percentage per annum of NAV
<£500 million	0.9%
£500 million - £1 billion	0.8%
£1 billion+	0.7%

The fee covers all of the appointed services of the Investment Manager and there are standard provisions for the reimbursement of expenses. Additional fees can be agreed for out-of-scope services on an ad hoc basis.

With effect from the financial year ending 31 March 2025, the Company shall pay to the Investment Manager an additional management fee equal to 0.05 per cent of Net Asset Value per annum if:

- the Manager has delivered the sustainability-related key performance indicators contained within the Investment Policy, as may amended from time to time, to the satisfaction of the Board (acting reasonably); and
- the 12-month income return from the underlying Property Portfolio, to be calculated by MSCI, is ahead of the MSCI Benchmark.

The total charge to the Consolidated Statement of Comprehensive Income during the period was £1,098,000 (year to 31 March 2024: £2,350,000; six months to 30 September 2023: £1,181,000). At the period end an amount of £586,474 remained outstanding (31 March 2024: £500,000; 30 September 2023: £533,196).

# Notes to the Interim Report (continued)

## 2. Material agreements (continued)

Langham Hall (Guernsey) Limited and Langham Hall UK Depository LLP provided Administration, Designated Manager and Depository services to the Group. The Administrator was entitled to an annual fee equal to £57,000 of which no sum (31 March 2024: £nil; 30 September 2023: £nil) was outstanding at the period end.

Schroder Investment Management Limited provides company secretarial services to the Company with an annual fee equal to £50,000. Company secretarial fees for the period were £25,000 (year to 31 March 2024: £50,000; six months to 30 September 2023: £25,000). At the period end £15,000 was outstanding (31 March 2024: £40,000; 30 September 2023: £25,000).

## 3. Basic and diluted earnings per share

The basic and diluted earnings per share for the Group is based on the profit for the period of £11,718,000 (31 March 2024: profit of £3,017,000; 30 September 2023: profit of £3,480,000) and the weighted average number of ordinary shares in issue during the period of 489,110,576 (31 March 2024: 489,110,576 and 30 September 2023: 489,110,576).

## 4. Taxation

	Six months to 30/09/2024 £000	Six months to 30/09/2023 £000	Year to 31/03/2024 £000
Tax expense in the period/year	-	-	-
<b>Reconciliation of effective tax rate:</b>			
Profit before tax	11,718	3,480	3,017
Effect of:			
Tax using the UK corporation tax rate of 25%	2,930	870	754
Revaluation (gain)/loss of investment properties not taxable	(1,221)	159	2,011
Revaluation (gain)/loss of financial instruments not taxable	48	(14)	137
Share of revaluation (profit)/loss of joint ventures not taxable	363	1,129	1,265
Profit on disposal of investment property not taxable	-	(1)	(50)
Profit on disposal of financial instruments not taxable	-	(47)	(47)
UK REIT exemption on non-capital income	(2,120)	(2,097)	(4,070)
<b>Current tax expense in the period/year</b>	<b>-</b>	<b>-</b>	<b>-</b>

SREIT elected to be treated as a UK real estate investment trust ("REIT"). The UK REIT rules exempt the profits of SREIT and its subsidiaries' (the "Group") UK property rental business from corporation tax. Gains on UK properties are also exempt from tax, provided they are not held for trading or sold in the three years after completion of development. The Group is otherwise subject to corporation tax.

As a REIT, SREIT is required to pay Property Income Distributions equal to at least 90% of the Group's exempted net income. To retain UK REIT status there are a number of conditions to be met in respect of the principal company of the Group, the Group's qualifying activity and its balance of business. The Group continues to meet these conditions.

## Notes to the Interim Report (continued)

### 5. Dividends paid

In respect of	Number of ordinary shares	Rate (pence)	01/04/2024 to 30/09/2024 £000
Q/e 31 March 2024 (dividend paid 28 June 2024)	489.11 million	0.853	4,172
Q/e 30 June 2024 (dividend paid 30 August 2024)	489.11 million	0.853	4,172
		<b>1.706</b>	<b>8,344</b>

In respect of	Number of ordinary shares	Rate (pence)	01/04/2023 to 30/09/2023 £000
Q/e 31 March 2023 (dividend paid 30 June 2023)	489.11 million	0.836	4,089
Q/e 30 June 2023 (dividend paid 25 August 2023)	489.11 million	0.836	4,089
		<b>1.672</b>	<b>8,178</b>

In respect of	Number of ordinary shares	Rate (pence)	01/04/2023 to 31/03/2024 £000
Q/e 31 March 2023 (dividend paid 30 June 2023)	489.11 million	0.836	4,089
Q/e 30 June 2023 (dividend paid 25 August 2023)	489.11 million	0.836	4,089
Q/e 30 September 2023 (dividend paid 22 December 2023)	489.11 million	0.836	4,089
Q/e 31 December 2023 (dividend paid 28 March 2024)	489.11 million	0.836	4,089
		<b>3.344</b>	<b>16,356</b>

A dividend for the quarter ended 30 September 2024 of 0.879 pence per share (totalling £4.30 million) was approved on 25 November 2024 and will be paid on 20 December 2024.

### 6. Investment property

For the period 1 April 2023 to 30 September 2023 (unaudited)

	Leasehold £000	Freehold £000	Total £000
Fair value as at 1 April 2023	35,413	352,617	388,030
Additions	7	4,425	4,432
Fair value leasehold adjustment	(383)	-	(383)
Net valuation (loss)/gain on investment property	(1,853)	1,217	(636)
<b>Fair value as at 30 September 2023</b>	<b>33,184</b>	<b>358,259</b>	<b>391,443</b>

# Notes to the Interim Report (continued)

## 6. Investment property (continued)

For the year 1 April 2023 to 31 March 2024 (audited)

	Leasehold £000	Freehold £000	Total £000
Fair value as at 1 April 2023	35,413	352,617	388,030
Additions	720	7,570	8,290
Disposal of asset held at fair value	-	(3,763)	(3,763)
Gain on the sale of assets	-	199	199
Fair value leasehold adjustment	(106)	-	(106)
Net unrealised valuation loss on investment property	(2,949)	(5,095)	(8,044)
<b>Fair value as at 31 March 2024</b>	<b>33,078</b>	<b>351,528</b>	<b>384,606</b>

For the period 1 April 2024 to 30 September 2024 (unaudited)

	Leasehold £000	Freehold £000	Total £000
Fair value as at 1 April 2024	33,078	351,528	384,606
Additions	73	1,832	1,905
Fair value leasehold adjustment	(189)	-	(189)
Net valuation (loss)/gain on investment property	(158)	5,043	4,885
<b>Fair value as at 30 September 2024</b>	<b>32,804</b>	<b>358,403</b>	<b>391,207</b>

The fair value of investment property, as determined by the valuer, totals £398,675,000 (31 March 2024: £391,475,000; 30 September 2023: £398,425,000). None of this sum was in relation to any unconditional exchange of contracts prior to the respective period end (31 March 2024: £nil; 30 September 2023: £nil).

As at 30 September 2024, £8,841,000 (31 March 2024: £8,431,000; 30 September 2023: £8,267,000) in connection with lease incentives is included within trade and other receivables. Furthermore, included in non-current liabilities is a sum of £1,373,000 (31 March 2024: £1,562,000; 30 September 2023: £1,285,000) relating to the fair value of the leasehold element of The Galaxy, Luton.

The fair value of investment property has been determined by CBRE Limited, a firm of independent chartered surveyors, who are registered independent appraisers. The valuation has been undertaken in accordance with the current RICS Valuation – Global Standards, which incorporate the International Valuation Standards, issued by the Royal Institution of Chartered Surveyors (the “Red Book”).

The properties have been valued on the basis of “Fair Value” in accordance with the RICS Valuation - Professional Standards VPS4(7.1) Fair Value and VPGA1 Valuations for Inclusion in Financial Statements which adopt the definition of Fair Value used by the International Accounting Standards Board.

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

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

## Notes to the Interim Report (continued)

### 6. Investment property (continued)

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 year. Investment properties have been classed according to their real estate sector. Information on these significant unobservable inputs per class of investment property is below:

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

		Industrial	Retail (including retail warehouse)	Office	Other	Total
Fair value (£000)		229,750	83,775	59,225	18,725	391,475
Area ('000 sq ft)		2,400	446	358	198	3,402
Net passing rent per sq ft per annum	Range	£2.36 - £19.46	£2.99 - £76.75	£6.99 - £32.93	£1.05 - £26.70	£1.05 - £76.75
	Weighted average (2)	£5.22	£13.86	£15.37	£7.95	£7.58
Gross ERV per sq ft per annum	Range	£2.50 - £19.25	£4.00 - £80.50	£8.47 - £34.00	£2.00 - £25.00	£2.00 - £80.50
	Weighted average (2)	£7.25	£15.66	£20.58	£8.51	£9.83
Net initial yield <sup>(1)</sup>	Range	0.00% - 8.18%	0.00% - 11.87%	0.00% - 13.19%	6.55% - 9.45%	0.00% - 13.19%
	Weighted average (2)	4.99%	6.73%	7.71%	7.68%	5.93%
Equivalent yield	Range	5.98% - 9.35%	6.43% - 12.24%	8.03% - 14.00%	6.80% - 9.94%	5.95% - 14.00%
	Weighted average (2)	6.93%	7.73%	10.19%	8.78%	7.75%

Notes:

- (1) Yields based on rents receivable after deduction of head rents, but gross of non-recoverables  
(2) The Weighted average is a weighting of the specific input in proportion to the size of the total portfolio

#### Quantitative information about fair value measurement using unobservable inputs (Level 3) as at 30 September 2024 (unaudited)

		Industrial	Retail (including retail warehouse)	Office	Other	Total
Fair value (£'000)		234,000	86,650	59,550	18,475	398,675
Area ('000 sq ft)		2,376	422	358	198	3,354
Net passing rent psf per annum	Range	£2.36 - £19.46	£2.99 - £76.75	£6.99 - £32.93	£1.05 - £21.66	£1.05 - £76.75
	Weighted average (2)	£5.68	£13.78	£13.67	£8.62	£7.73
Gross ERV per sq ft per annum	Range	£2.50 - £19.25	£4.00 - £80.50	£8.47 - £34.00	£2.00 - £21.50	£2.00 - £80.50
	Weighted average (2)	£7.45	£16.96	£21.10	£8.48	£10.16
Net initial yield <sup>(1)</sup>	Range	2.19% - 8.60%	2.84% - 12.54%	0.00% - 13.19%	6.55% - 9.69%	0.00% - 13.19%
	Weighted average (2)	5.34%	6.03	6.85%	7.75%	5.84%
Equivalent yield	Range	5.98% - 9.43%	6.35% - 12.23%	7.99% - 13.97%	6.81% - 10.12%	5.98% - 13.97%
	Weighted average (2)	6.97%	7.61%	10.38%	8.84%	7.75%

Notes:

- (1) Yields based on rents receivable after deduction of head rents, but gross of non-recoverables  
(2) The Weighted average is a weighting of the specific input in proportion to the size of the total portfolio

## Notes to the Interim Report (continued)

### 6. Investment property (continued)

#### Sensitivity of measurement to variations in the significant unobservable inputs

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

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

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

Estimated movement in fair value of investment properties at 31 September 2023 (unaudited)	Industrial £000	Retail £000	Office £000	Other £000	Total £000
Increase in ERV by 5%	10,269	3,178	2,869	183	16,499
Decrease in ERV by 5%	(10,253)	(3,010)	(2,870)	(183)	(16,316)
Increase in net initial yield by 0.25%	(9,089)	(3,100)	(2,001)	(604)	(14,794)
Decrease in net initial yield by 0.25%	9,995	3,339	2,463	647	16,444

Estimated movement in fair value of investment properties at 31 March 2024 (audited)	Industrial £000	Retail £000	Office £000	Other £000	Total £000
Increase in ERV by 5%	10,122	2,788	2,726	183	15,819
Decrease in ERV by 5%	(10,101)	(2,603)	(2,720)	(189)	(15,613)
Increase in net initial yield by 0.25%	(8,886)	(2,950)	(1,828)	(604)	(14,268)
Decrease in net initial yield by 0.25%	9,773	3,209	2,367	645	15,994

Estimated movement in fair value of investment properties at 30 September 2024 (unaudited)	Industrial £000	Retail £000	Office £000	Other £000	Total £000
Increase in ERV by 5%	10,188	3,245	2,688	388	16,509
Decrease in ERV by 5%	(10,145)	(3,123)	(2,691)	(388)	(16,347)
Increase in net initial yield by 0.25%	(9,007)	(3,081)	(1,817)	(551)	(14,456)
Decrease in net initial yield by 0.25%	10,015	3,311	2,181	587	16,094



# Notes to the Interim Report (continued)

## 7. Investment in joint ventures

### For the period 1 April 2023 to 30 September 2023 (unaudited)

	£000
Opening balance as at 1 April 2023	72,187
Purchase of further units in Store Unit Trust	50
Share of net rental income	1,392
Distributions received/receivable	(1,392)
Share of valuation loss	(4,516)
<b>Closing balance as at 30 September 2023</b>	<b>67,721</b>

### For the year 1 April 2023 to 31 March 2024 (audited)

	£000
Opening balance as at 1 April 2023	72,187
Purchase of units in City Tower Unit Trust	187
Purchase of units in Store Unit Trust	50
Share of net rental income	3,057
Distributions received/receivable	(3,057)
Share of valuation loss	(5,058)
<b>Closing balance as at 31 March 2024</b>	<b>67,366</b>

### For the period 1 April 2024 to 30 September 2024 (unaudited)

	£000
Opening balance as at 1 April 2024	67,366
Purchase of further units in Store Unit Trust	225
Share of net rental income	1,820
Distributions received/receivable	(1,820)
Share of valuation loss	(1,453)
<b>Closing balance as at 30 September 2024</b>	<b>66,138</b>

## 8. Trade and other receivables

	Six months to 30/09/2024 £000	Six months to 30/09/2023 £000	Year to 31/03/2024 £000
Rent receivable	2,507	4,391	3,172
Sundry debtors and prepayments	7,748	5,804	8,234
Lease incentives	8,841	8,267	8,431
	<b>19,096</b>	18,462	19,837

£2.9 million (gross of VAT) was owed by tenants as at the period end and a net bad debt provision of £0.4 million was made with regard to expected credit losses (31 March 2024: £0.4 million; 30 September 2023: £0.3 million).

When determining an appropriate bad debt provision, the following key factors were considered: the tenants' rent deposits held; the tenants' covenants; financial strength and rent and service charge-paying histories; and the current trading situation of the tenants.

# Notes to the Interim Report (continued)

## 9. Cash and cash equivalents

As at 30 September 2024 the Group had £6.0 million in cash (31 March 2024: £6.0 million; 30 September 2023: £4.9 million).

## 10. Interest-bearing loans and borrowings

The Group has in place a £129.6 million loan facility with Canada Life. This has been in place since 16 April 2013 and has been refinanced several times, most recently in October 2019.

The loan is split into two equal tranches of £64.8 million as follows:

- Facility A matures in October 2032 and attracts an interest rate of 2.36%; and
- Facility B matures in October 2039 and attracts an interest rate of 2.62%.

As at the October 2024 Interest Payment Date, the Canada Life interest cover ratio was 563% (31 March 2024: 497%; 30 September 2023: 611%) against a covenant of 185%; the forecast interest cover ratio was 463% (31 March 2024: 482%; 30 September 2023: 469%) against a covenant of 185%; and the Loan to Value ratio was 48.5% (31 March 2024: 49.4%; 30 September 2023: 48.1%) against a covenant of 65%.

The Canada Life facility has a first charge of security over all the property assets in the ring-fenced security pool which at 30 September 2024 contained properties valued at £267.16 million (31 March 2024: £262.24 million; 30 September 2023: £269.63 million). Various restraints apply during the term of the loan although the facility has been designed to provide significant operational flexibility.

The Group also has a revolving credit facility ("RCF") with RBSI, most recently refinanced in June 2022, with a five-year term which runs to June 2027, and the maximum amount able to be drawn is £75.0m. The facility carries an interest rate of a 1.65% margin, plus three-month SONIA rate, with a 0.62% non-utilisation fee.

At the period end, the draw down amount was £50.0 million (31 March 2024: £47.0 million; 30 September 2023: £46.0 million).

As at the period end, the forecast interest cover ratio was 249% (31 March 2024: 231%; 30 September 2023: 245%) against a covenant of 200%; and the Loan to Value ratio was 31.5% (31 March 2024: 29.8%; 30 September 2023: 28.9%) against a covenant of 65%.

The RBSI facility has a first charge security over all the assets held in SREIT No.2 Limited which at 30 September 2024 contained properties valued at £158.9 million (31 March 2024: £157.6 million; 30 September 2023: £159.4 million).

As at 30 September 2024, the Group has total loan balances drawn of £179.59 million and £0.6 million of unamortised arrangement fees (31 March 2024: £176.59 million and £0.7 million of unamortised arrangement fees; 30 September 2023: £175.59 million and £0.8 million of unamortised arrangement fees).

The fair value of the fixed-interest Canada Life debt is based on the present value of future cash flows discounted at a market rate of interest. As at 30 September 2024, the fair value of the Group's £129.6 million loan with Canada Life was £112.2 million (31 March 2024: £111.1 million; 30 September 2023: £108.8 million).

	Six months to 30/09/2024 £000	Six months to 30/09/2023 £000	Year to 31/03/2024 £000
<b>Non-current liabilities</b>			
Loan facilities	<b>179,585</b>	175,585	176,585
Unamortised arrangement fees	<b>(596)</b>	(841)	(719)
	<b>178,989</b>	174,744	175,866

# Notes to the Interim Report (continued)

## 11. Interest rate derivative contracts

In June 2023 the Group disposed of its interest cap, which had been due to expire in July 2023, and which was attributable to £30.5 million of the drawn loan sum of the RBSI revolving credit facility, for a sum of £0.19 million. This had previously been carried at a nil fair value and thus there was a gain on disposal of £0.19 million recognised in the respective financial period.

In June 2023 the Group completed on the acquisition of an interest rate collar which has a floor of 3.25% and a cap of 4.25%; which will expire on 6 June 2027; and which is attributable to £30.5 million of the drawn loan sum of the RBSI revolving credit facility. The original cost to acquire this financial instrument was £0.77 million, including fees, and as at the 30 September 2024 it had a deemed fair value of £0.03 million with an unrealised loss of £0.19 million being recognised in the financial period (year ended 31 March 2024: loss of £0.55m; six months ended 30 September 2023: gain of £0.05m).

## 12. Trade and other payables

	Six months to 30/09/2024 £000	Six months to 30/09/2023 £000	Year to 31/03/2024 £000
Deferred income	4,067	5,057	4,952
Rental deposits	2,500	1,949	2,442
Interest payable	1,353	1,318	1,328
Other payables and accruals	3,500	3,005	4,533
	<b>11,420</b>	<b>11,329</b>	<b>13,255</b>

## 13. NAV per ordinary share

The NAV per ordinary share is based on the net assets of £290,724,000 (31 March 2024: £287,350,000; 30 September 2023: £295,991,000) and 489,110,576 ordinary shares in issue at the Statement of Financial Position reporting date (31 March 2024: 489,110,576 and 30 September 2023: 489,110,576).

## 14. Financial risk factors

Since the Company's Annual Report and Consolidated Financial Statements was published in June 2024, the Board has noted that global geopolitical risk has increased. Other than this, and as outlined on page 20, the principal risks and uncertainties are deemed to not have materially changed during the six months ended 30 September 2024. The Board regularly reviews and agrees policies for managing all key risks.

## 15. Related party transactions

Material agreements are disclosed in note 2. The Directors' remuneration for the six months to 30 September 2024 for services to the Group was £110,469 (31 March 2024: £184,000; 30 September 2023: £95,810) of which £17,717 was outstanding at period end (31 March 2024: £26,327; 30 September 2023: £nil). Transactions with joint ventures are disclosed in note 7.

## 16. Capital commitments

At 30 September 2024 the Group had capital commitments for capital expenditure of £6.6 million (31 March 2024: £8.4 million; 30 September 2023: £6.8 million).

## 17. Post balance sheet events

On 22 November 2024 the Group exchanged contracts to dispose of Howard House, Bedford for a gross sale price of £1.475m. Completion of the transaction will take place on 20 December 2024.

## EPRA Performance Measures

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

### a. EPRA earnings and EPRA earnings per share

Represents total IFRS comprehensive income excluding realised and unrealised gains/(losses) on investment property and the share of net valuation profit/(loss) in joint ventures, divided by the weighted average number of shares.

	<b>Six months to 30 September 2024 £000</b>	Six months to 30 September 2023 £000	Year to 31 March 2024 £000
Earnings per IFRS income statement	<b>11,718</b>	3,480	3,017
<b>Adjustments to calculate EPRA earnings:</b>			
Profit on the disposal of investment property	-	(5)	(199)
Profit on the disposal of financial instruments	-	(189)	(189)
Net unrealised valuation (gain)/loss on investment property	<b>(4,885)</b>	636	8,044
Net change in fair value of financial instruments	<b>191</b>	(54)	547
Share of valuation loss in joint ventures	<b>1,453</b>	4,516	5,058
<b>EPRA earnings</b>	<b>8,477</b>	8,384	16,278
Weighted average number of Ordinary Shares	<b>489,110,576</b>	489,110,576	489,110,576
<b>EPRA earnings per share (pence)</b>	<b>1.7</b>	1.7	3.3

### b. EPRA Net Reinstatement Value

	<b>Six months to 30 September 2024 £000</b>
IFRS equity attributable to shareholders	290,724
Adjustment in respect of real estate transfer taxes and costs	31,654
Fair value of financial instruments	(28)
<b>EPRA Net Reinstatement Value</b>	<b>322,350</b>
Shares in issue at the end of the period	489,110,576
<b>EPRA Net Reinstatement Value per share (pence)</b>	<b>65.9</b>

### c. EPRA Net Tangible Assets

	<b>Six months to 30 September 2024 £000</b>
IFRS equity attributable to shareholders	290,724
Fair value of financial instruments	(28)
<b>EPRA Net Tangible Assets</b>	<b>290,696</b>
Shares in issue at the end of the period	489,110,576
<b>EPRA Net Tangible Assets per share (pence)</b>	<b>59.4</b>

## EPRA Performance Measures (continued)

### d. EPRA Net Disposal Value

	<b>Six months to 30 September 2024 £000</b>
IFRS equity attributable to shareholders	290,724
Adjustment for the fair value of fixed interest rate debt	17,400
<b>EPRA Net Disposal Value</b>	<b>308,124</b>
Shares in issue at the end of the period	489,110,576
<b>EPRA Net Disposal Value per share (pence)</b>	<b>63.0</b>

## Glossary

<b>Alternative performance measure (“APM”)</b>	please see page 38 for full details of the key APMs used by the Company.
<b>Annualised dividend yield</b>	being the dividend paid during the period annualised and expressed as a percentage of the period end share price.
<b>Articles</b>	means the Company's articles of incorporation, as amended from time to time.
<b>Companies Law</b>	means the Companies (Guernsey) Law, 2008.
<b>Company</b>	is Schroder Real Estate Investment Trust Limited.
<b>Disclosure Guidance and Transparency Rules</b>	means the disclosure guidance and transparency rules contained within the FCA's Handbook of Rules and Guidance.
<b>Earnings per share (“EPS”)</b>	is the profit after taxation divided by the weighted average number of shares in issue during the period.
<b>Estimated rental value (“ERV”)</b>	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 at a property.
<b>EPRA</b>	is the European Public Real Estate Association.
<b>EPRA Earnings per share</b>	is the EPRA earnings divided by the weighted average number of shares in issue during the period.
<b>EPRA Net Tangible Assets</b>	is the IFRS equity attributable to shareholders adjusted for items including deferred tax, the fair value of financial instruments and intangible assets.
<b>EPRA Net Disposal Value</b>	is the IFRS equity attributable to shareholders adjusted for items including goodwill as a result of deferred tax and the fair value of interest rate debt.
<b>EPRA Net Reinstatement Value</b>	is the IFRS equity attributable to shareholders adjusted to represent the value required to rebuild the entity and assumes that no selling of assets takes place.
<b>FCA</b>	is the UK Financial Conduct Authority.
<b>Gearing</b>	is the Group's net debt as a percentage of adjusted net assets.
<b>Group</b>	is the Company and its subsidiaries.
<b>Initial yield</b>	is the annualised net rents generated by the portfolio expressed as a percentage of the portfolio valuation.
<b>Interest cover</b>	is the number of times Group net interest payable is covered by Group net rental income.
<b>Listing Rules</b>	means the listing rules made by the FCA under Part VII of the UK Financial Services and Markets Act 2000, as amended.
<b>MSCI</b>	(formerly Investment Property Databank or “IPD”) is a Company that produces an independent benchmark of property returns.
<b>Net Asset Value (“NAV”) and NAV per share</b>	is the IFRS equity attributable to shareholders divided by the number of shares in issue at the period end.
<b>NAV total return</b>	is calculated taking into account both capital returns and income returns in the form of dividends paid to shareholders.
<b>Net rental income</b>	is the rental income receivable in the period after payment of ground rents and net property outgoings.
<b>REIT</b>	is a Real Estate Investment Trust.
<b>Reversionary yield</b>	is the anticipated yield which the initial yield will rise to once the rent reaches the estimated rental value.

## Alternative Performance Measures

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

**Dividend Cover** – the ratio of EPRA Earnings (page 35) to dividends paid (note 5) in the period. Earnings excludes capital items such as revaluation movements on investments and gains or losses on the disposal of investment properties.

**Dividend Yield** - the dividends paid, expressed as a percentage, relative to the share price. To note that for six-monthly interim periods this is annualised.

**EPRA Earnings** - earnings excluding all capital components not relevant to the underlying net income performance of the Company, such as the unrealised fair value gains or losses on investment properties and any gains or losses from the sales of properties. See page 35 for a reconciliation of this figure.

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

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

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

**Gross LTV** - the value of the external loans unadjusted for unamortised arrangement costs (note 10) expressed as a percentage of the market value of property investments as at the Balance Sheet date. The market value of property investments includes joint venture investments as per external valuations and have not been adjusted for IFRS lease incentive balances or the fair value of the head lease at Luton.

**LTV Net of Cash** – the value of the external loans unadjusted for unamortised arrangement costs (note 10) less cash held (note 9) expressed as a percentage of the market value of the property investments as at the Balance Sheet date. The market value of property investments includes joint venture investments as per external valuations and have not been adjusted for IFRS lease incentive balances or the fair value of the head lease at Luton.

**Ongoing Charges (including fund only expenses)** – all fund costs expected to be regularly incurred and that are payable by the Company expressed as a percentage of the average quarterly NAVs of the Company for the financial period. Any capital costs, including capital expenditure or acquisition/disposal fees, are excluded.

**Ongoing Charges (including fund and property expenses)** - all fund and property costs expected to be regularly incurred and that are payable by the Company expressed as a percentage of the average quarterly NAVs of the Company for the financial period. Any capital costs, including capital expenditure and acquisition/disposal fees, are excluded.

**Share Discount/Premium** – the share price of the Company is derived from buyers and sellers trading their shares on the stock market. This price is not identical to the NAV per share of the underlying assets less liabilities of the Company. If the share price is lower than the NAV per share, the shares are trading at a discount. Shares trading above the NAV per share are said to be at a premium. The discount/premium is calculated as the variance between the share price as at the Balance Sheet date and the NAV per share (page 22) expressed as a percentage.

**NAV total return** – the return to shareholders calculated on a per share basis by adding dividends paid (note 5) in the period on a time-weighted basis to the increase or decrease in the NAV per share (page 22).

## Corporate information

### **Registered Address**

Town Mills  
North Suite 2  
Rue Du Pre  
St. Peter Port  
Guernsey GY1 1LT

### **Directors (All Non-Executive)**

Alastair Hughes (Chair)  
Sanjay Patel  
Priscilla Davies  
Alexandra Innes

### **Investment Manager and Accounting Agent**

#### **Schroder Real Estate Investment Management Limited**

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### **Administrator**

#### **Langham Hall (Guernsey) Limited**

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St. Peter Port  
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### **Company Secretary**

#### **Schroder Investment Management Limited**

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### **Solicitors to the Company**

as to English Law:

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as to Guernsey Law:

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### **Independent Auditor**

#### **Ernst & Young LLP**

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St. Peter Port  
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### **Property Valuers**

#### **CBRE Limited**

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W1G 0NB

### **Sponsor and Broker**

#### **J.P. Morgan Securities plc**

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Canary Wharf  
London E14 5JP

### **Tax Advisers**

#### **Deloitte LLP**

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London  
EC4A 3BZ

### **Receiving Agent and UK**

#### **Transfer/Paying Agent**

#### **Computershare Investor Services (Guernsey) Limited**

13 Castle Street  
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Jersey  
JE1 1ES

### **Depository**

#### **Langham Hall UK Depository LLP**

8th Floor  
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### **ISA**

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

### **FATCA GIIN**

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