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Schroder Eur Real Est Inv Trust PLC
06 December 2024

6 December 2024

SCHRODER EUROPEAN REAL ESTATE INVESTMENT TRUST PLC

("SEREIT"/ the "Company" / "Group")

FULL YEAR RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

Positive NAV total return with portfolio indexation underpinning earnings growth and fully covered dividend, supported by low LTV

Schroder European Real Estate Investment Trust plc, the company investing in European growth cities and regions, announces its full year results for the year ended 30 September 2024.

- Underlying EPRA earnings increased 3% to €8.2 million (2023: €8.0 million), primarily due to rental growth offsetting the impact of higher interest costs
- Total dividends declared for the year totalled 5.92 euro cps, 103% covered by EPRA earnings, offering an attractive dividend yield of c.7.1% based on the closing share price of 69.2pps as at 29 November 2024
- Net Asset Value ("NAV") of €164.1 million, or 122.7 cps, (30 September 2023: €171.4 million or 128.2 cps), primarily driven by outward yield movement in the first half
- IFRS profit of €0.6 million contributing to a positive NAV total return of 0.4% (30 September 2023: -5.0% total return / €9.4 million IFRS loss)
- Strengthened balance sheet with completion of all near-term refinancings on attractive terms, with no further debt expiries until June 2026 and a low average interest cost of 3.2%
- Low Loan to Value ("LTV") of 25% (net of cash) and c.€25 million of available cash, providing significant flexibility
- As previously announced, the French tax authorities are proceeding with a tax audit. The potential exposure is up to €12.6 million (excluding penalties). Based on professional advice, the Board continue to believe that an outflow is not probable, and therefore no provision is recognised. The Group will continue to monitor the situation and provide further updates as required.

Operational expertise and exposure to winning sectors supporting rental growth and recovery in capital values

- Direct property portfolio independent valuation declined 3.6% to €208.1 million (or €7.6 million net of capex), entirely weighted towards the first half of the year, due to outward yield movement as investor sentiment was negatively impacted by higher interest rates
- Concluded 16 new leases and re-gears, totalling c.8,000 sqm, which generated €1.4 million of contracted rent, at a weighted lease term of eight years
- Portfolio benefits from high occupancy level of 96% with an average portfolio lease term of 4.7 years
- 100% of rent due collected
- Progressed the Company's sustainability strategy, including the completion of third-party sustainability and Net Zero Carbon ("NZC") audits for 12 assets.

Sir Julian Berney Bt., Chairman, commented:
"Despite the broader challenges facing smaller REITs, the Company is well positioned, with a differentiated and compelling investment thesis focused on assets with robust property fundamentals in higher growth European cities.

"We have a high conviction, shared by our shareholders and supported by the stabilisation in values that we have seen in more recent quarters, that the current strategy and pipeline of value-enhancing asset management initiatives will continue to drive earnings, support a covered and ultimately growing dividend, and deliver risk-adjusted returns for shareholders."

Jeff O'Dwyer, Fund Manager for Schroder Real Estate Investment Management Limited, added:
"The portfolio has demonstrated notable resilience, which is testament to the quality of our assets and local teams, as well as the focus on high performing sub-markets. Although further short term macroeconomic volatility is expected, the medium term outlook is supportive of real estate investment. Our focus moving forward is to maintain our balance sheet strength whilst capturing the portfolio reversion to boost earnings and asset liquidity, with the aim of reducing the current share price discount."

The Annual Report and Accounts are also being published in hard copy format and an electronic copy of that document will shortly be available to download from the Company's webpage www.schroders.co.uk/sereit.

The Company's annual report and financial statements, including the Notice of Annual General Meeting, will shortly be uploaded to the Financial Conduct Authority's National Storage Mechanism and will be available for inspection at: https://data.fca.org.uk/#/nsm/nationalstoragemechanism. A separate announcement will be released once this has taken place.
A further announcement will be made shortly to confirm the full timetable of the fourth interim dividend.

A presentation for analysts and investors will be held at 9 a.m. GMT/11 a.m. SAST today. Registration for which can be accessed via: https://www.schroders.events/SEREFY24

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Chairman's Statement

Overview

We are pleased to announce our audited results for the financial year ended 30 September 2024.

Reflecting on the past year, I am proud to report that the Schroder European Real Estate Investment Trust has shown significant resilience in a fluctuating economic environment. Despite ongoing macroeconomic challenges, including weak economic growth, varying debt availability and cost, and geopolitical uncertainties, our strategic focus on assets with strong property fundamentals in expanding European markets - supported by substantial cash reserves and modest leverage - means the Company is well placed as we move into 2025 and what should be a more supportive backdrop for REITs.

2024 has been characterised by stabilising inflation and the easing of monetary policy by the European Central Bank. These developments will revitalise investor confidence and enhance market liquidity. Our proactive asset management approach, prioritising local expertise and operational excellence, has delivered robust results and ensured stable income returns for our stakeholders. Encouragingly, we have seen a slowdown in the rate of capital value decline across the portfolio, with the anticipation that we will start to see yield compression in the coming quarters.

Growing Underlying EPRA Earnings: Underlying EPRA earnings increased to €8.2 million (FY 2023: €8.0 million), driven by high occupancy, a diversified tenant base, excellent rent collection and the indexation features of our portfolio delivering income growth. Collectively, these factors have helped mitigate the impact of rising interest costs.

Fully Covered Dividends: In the current quarter, the Board has decided to maintain the quarterly dividend of 1.48 euro cents per share. The total dividends declared and paid for the year amounted to €7.9 million, equating to 5.92 euro cents per share, which offers an attractive dividend yield of approximately 7% per annum based on the share price of 69.2 pence sterling as of 29 November 2024. This dividend is 103% covered by EPRA earnings.

Emphasis on Asset Management: Our focus on lease management has resulted in 16 new leases and re-gears being concluded across the portfolio, totalling approximately 8,000 sqm and generating €1.4 million in annual rent, with a weighted lease term of eight years. This commitment to operational excellence maximises shareholder returns, ensuring our assets remain competitive. Our local investment and asset management teams, equipped with specialised sector and country knowledge, will continue to drive performance.

Strong Balance Sheet: We have successfully completed all near-term refinancings on favourable terms, ensuring the Company is in a robust financial position. Our significant available cash balance stands at €25 million, with modest gearing of 25% net of cash and no debt maturities until June 2026. This resilient balance sheet grants us considerable operational flexibility. Further balance sheet upside is foreseeable with the planned disposal of Seville reducing portfolio gearing by 3%.

Portfolio Value: The uncertain macroeconomic climate has resulted in a decrease in the valuation of our underlying portfolio (net of capex) by €7.6 million, or -3.6%, to €208.1 million, primarily driven by continued outward yield movement. Positively, the decline was almost entirely weighted towards the first half of the year and recent observations indicate a stabilisation in valuations.

Alongside EPRA earnings, this has resulted in an IFRS profit of €0.6 million and a NAV total return of 0.4%. We are noticing an increase in investment volumes and evidence for valuers across Europe, particularly for smaller lot sizes in desirable cities, which reassures us about underlying carrying values. Further European interest rate cuts should bolster confidence and the potential for yield contraction, positively impacting values and liquidity.

Energy and Carbon: We completed third-party sustainability and Net Zero Carbon ('NZC') audits for 12 assets during the period with further third-party specialist net zero carbon analysis ongoing at the fund level. By leveraging the Investment Manager's platform and proprietary ESG Scorecard, these audits support our ongoing commitment to enhance our understanding of the quality of our existing portfolio through informed investment decisions. During the period, the Company also issued a TCFD Product report and maintained its Global Real Estate Sustainability Benchmark ('GRESB') 4-star status.

Tax disclosure: The French tax authorities are proceeding with their tax audit and have requested additional disclosures regarding previous tax filings related to the structure. The range of potential outcomes indicates a possible outflow of between €nil and €12.6 million, excluding potential penalties. Based on professional advice, the Board has decided not to make a provision, as they do not believe that an outflow is probable. The Group will continue monitoring the situation and will provide further updates as necessary.

Outlook: European occupational markets remain resilient, with most of our sub-markets benefitting from supply constraints and modest vacancy levels. We are witnessing a bifurcation in office demand; there is a growing investor and occupier appetite for centrally located offices that meet building sustainability certifications1, while poorer quality offices are struggling to maintain occupancy, income levels and investor demand. More broadly, office occupancy rates across Europe continue to tick up, passing 60% for the first time since the pandemic in October, which is boosting take up, which increased 6% year-on-year in the first half of 2024.

E-commerce and evolving supply chain management practices are driving robust demand for logistics, particularly in urban locations, where stronger rental growth is anticipated. Retail demand continues to favour open air retail parks, urban 'big box' units and convenience grocery offerings. Despite a resurgence in physical retail, shopping centres are facing ongoing challenges, as consumers increasingly prefer dominant shopping centres that offer a diverse mix of fashion and leisure options.

Looking ahead, we expect to continue reaping benefits from a high-quality portfolio with strong occupancy rates located in key European cities. As inflation eases and interest rates fall, we expect sentiment to continue to improve and larger economies and cities are poised for enhanced growth.

The Board and Investment Manager are acutely aware that the Company continues to trade at a significant discount, alongside the broader challenges facing smaller REITs in attracting new investors in the current market environment. Nevertheless, we firmly believe - alongside our shareholders - that the Company's strategic emphasis on the right cities and sectors, coupled with targeted asset management initiatives from our local specialist teams, will lead to positive returns in the future. With this supportive backdrop, the Investment Manager is focused on capitalising on portfolio reversion to enhance earnings. The successful regearing of leases over the next 18 months, particularly with KPN, Hornbach, and Nestlé, is expected to strengthen the income profile and facilitate potentially transformative asset management initiatives. We believe these actions will support a re-rating and place us in a more advantageous position.

Lastly, I would like to extend a warm welcome to Mark Beddy, who joined us on 1 January 2024 as a new Non-Executive Director and Chair of the Audit, Valuation and Risk Committee, succeeding Jonathan Thompson. On behalf of my fellow Directors and the Manager, I extend our thanks to Jonathan for his dedication and service over the past nine years. The Board continues to review succession planning particularly in relation to the Chair role.

Sir Julian Berney Bt.
Chairman

5 December 2024

Investment Manager's Report

Financial results

The net asset value ('NAV') as at 30 September 2024 stood at €164.1 million (£136.5 million), or 122.7 euro cents per share (102.0 pence per share), compared with €171.4 million, or 128.2 cps, as at 30 September 2023[1]. During the period, dividends totalling €7.9 million were paid, which resulted in a NAV total return of 0.4%.

The table below provides an analysis of the movement in NAV during the reporting period as well as a corresponding reconciliation in the movement in the NAV euro cents per share.

	€m	cps[2]
NAV as at 1 October 2023	**171.4**	**128.2**
Unrealised change in the valuations of the real estate portfolio[3]	(6.1)	(4.5)
Capital expenditure[3]	(1.5)	(1.1)
Transaction costs[3]	0.0	0.0
Paris, Boulogne-Billancourt post-tax development profit	0.6	0.4
Movement on the Seville JV investment	-	-
EPRA earnings[4]	8.2	6.2
Non-cash/capital items	(0.6)	(0.6)
Dividends paid[5]	(7.9)	(5.9)

NAV as at 30 September 2024	164.1	122.7

1 Exchange rate as at 30 September 2024 GBP:EUR 1.20.
2 Based on 133,734,686 shares.
3 The unrealised loss in the valuation of the real estate of the portfolio (€6.1m), net of capital expenditure (€1.5m), reconciles to the 'net gain/(loss) from fair value adjustment on investment property' of (€7.6m) on page 66 of the financial statements.
4 EPRA earnings as reconciled on page 96 of the financial statements.
5 Dividends of 5.92 cps were paid during the financial period. A dividend for the quarter ended 30 September 2024 of 1.48 Euro cents per share was approved and will be paid in November 2024. Total dividends declared relating to the 12 months' ended 30 September 2024 were 5.92 Euro cents per share.

The direct portfolio, after accounting for capital expenditure, declined in value by €7.6 million due to a re-rating of market yields for the underlying real estate. The correction appears to have largely concluded in the first half of the year, while the second half suggests a stabilisation in valuations.

An additional profit from the Paris BB sale was released into the NAV this financial period. The majority of the profit has now been crystallised and there remains approximately €0.6m of potential post-tax profit still to be recognised in the NAV. Further information is disclosed in note 14 on pages 83 and 84.

Non-cash items of -€0.6 million mainly result from derivative movements.

EPRA earnings for the period totalled €8.2 million.

Our strategy

Investment objective

Schroder European Real Estate Investment Trust plc (the 'Company'/'SEREIT') aims to provide shareholders with a regular and attractive level of income together with the potential for income and capital growth through investing in commercial real estate in Continental Europe.

Investment strategy

The strategy to deliver this, and progress made during the year and since year end, is set out below:

1 Maximising shareholder value through active asset management
2 Increasing exposure to higher growth Winning Cities and Regions
3 Applying a research-led approach to determine attractive sectors and locations in which to invest in commercial real estate
4 Managing the Company prudently and efficiently by controlling costs and maintaining a strong balance sheet
5 Actively managing the Company and its assets, drawing on the expertise of our sector specialists to maximise shareholder returns and evolve the Company's asset management approach that is focused on operational excellence
6 Managing assets as individual businesses, ensuring the services and contract terms meet changing tenant demands and that assets are operated efficiently to minimise the use of scarce resources

Real estate portfolio

As at 30 September 2024, the portfolio comprised 15 institutional grade properties valued at €208.1 million. In addition, the Company has a 50% interest in a joint venture in Seville, Spain which continues to be recognised at nil interest and which is therefore excluded in all relevant statistics in the Chairman's Statement and the Investment Manager's Report.

The portfolio generated rental income of €16.91 million per annum, reflecting a net initial yield of 6.9%. The independent valuers' portfolio estimated rental value ('ERV) is €16.3 million per annum.

Key asset management highlights included:

- 16 new leases / re-gears generating €1.4m of annual income at a weighted unexpired lease term of 8 years;
- 15-year lease extension of anchor tenant, Lidl, at the Frankfurt investment;
- Capital expenditure improvements including LED lighting at the Stuttgart office and roof insulation enhancements to the Rumilly industrial investment;
- Completed sustainability audits by leveraging the Investment Manager's investment process and third-party consultants to undertake net zero carbon analysis. These efforts have been made with the aim of investing in, and improving the quality of our existing portfolio.

The diversified nature and strength of underlying tenants, along with the assets being generally leased off affordable and sustainable rents, are expected to sustain relatively resilient portfolio income in a weaker economic climate and a more challenging period for consumers and businesses. Approximately 33% of the portfolio by value is offices, all of which are in supply-constrained locations and leased off affordable rents. Our industrial exposure of 30% is a mixture of distribution warehouses and light industrial accommodation in growth cities within France and The Netherlands. Our retail exposure of 17% comprises DIY and grocery investments in densely populated urban areas and sectors that are performing strongly. 9% of the portfolio is allocated to the alternatives sector, comprising a mixed-use data centre and a car showroom, with the remaining 11% in cash.

At the period end the portfolio void rate was 4%, calculated as a percentage of estimated rental value. The portfolio weighted average lease length, calculated to the earlier of lease expiry or break, is 3.7 years.

European leases typically provide for rents to be indexed to inflation. The majority (80%) of the Company's income is subject to annual indexation with the remaining 20% linked to a hurdle (typically 10%) and hence we expect nearly all the leases to directly benefit from inflation.

1 Represents the annualised contracted rents as at 30 September 2024 of the direct portfolio.

Portfolio Overview

The Company owns a diversified portfolio of commercial real estate in Continental Europe with favourable property fundamentals. The Company has targeted assets located in Winning Cities and Regions and in high-growth sectors. Winning Cities and Regions are those that are expected to generate higher and more sustainable levels of economic growth, underpinned by themes such as urbanisation, demographics, technology and infrastructure improvements.

Number of properties[1]
15

Portfolio value[1,2]
€233.2m

Number of tenants[1]
51

Occupancy[1]
96%

Top ten properties

	Property	Sector	Value (€m/% portfolio)[1,2]
1	France, Paris (Saint-Cloud)	Office	€37.4m / 16%
2	Germany, Berlin	Retail/DIY	€27.7m / 12%
3	Germany, Hamburg	Office	€21.6m / 9%
4	France, Rennes	Industrial	€18.9m / 8%

5	Germany, Stuttgart	Office	€18.0m / 8%
6	The Netherlands, Apeldoorn	Mixed	€13.6m / 6%
7	Germany, Frankfurt	Retail/Grocery	€11.8m / 5%
8	The Netherlands, Venray	Industrial	€11.3m / 5%
9	The Netherlands, Alkmaar	Industrial	€11.1m / 5%
10	France, Rumilly	Industrial	€9.9m / 4%

Remaining five properties shown on the map are:
11 The Netherlands, Houten - Industrial
12 France, Cannes - Car showroom
13 France, Nantes - Industrial
14 The Netherlands, Utrecht - Industrial
15 The Netherlands, Venray II - Industrial

1 Excludes the Seville property for which the NAV exposure is nil.
2 Reflects the value of directly held property assets of €208.1m and available cash of €25.1m (internally calculated).

The table below sets out the portfolio's top ten tenants by contracted rent, which are from a diverse range of industry segments and represent 69% of the portfolio[1].

Top ten tenants

				Contracted rent			
Rank	**Tenant**	**Industry**	**Property**	**€m**	**% of total**	**WAULT break (yrs)**	**WAULT expiry (yrs)**
1	KPN	Telecom	Apeldoorn	3.0	18%	2.3	2.3
2	Hornbach	DIY	Berlin	1.8	11%	1.3	1.3
3	C-log	Logistics	Rennes	1.3	7%	6.4	6.4
4	Outscale	IT	Paris	1.1	6%	4.7	7.7
5	Cereal Partners	Consumer staples	Rumilly	0.8	5%	0.6	1.6
6	DKL	Logistics	Venray	0.8	5%	4.0	4.0
7	LandBW	Government	Stuttgart	0.8	5%	1.8	1.8
8	Schuurman Beheer	Manufacturing	Alkmaar	0.7	4%	13.5	18.5
9	Inventum	Manufacturing	Houten	0.7	4%	5.3	5.3
10	Filassistance	Insurance	Paris	0.7	4%	3.2	8.3
Total top ten tenants				**11.7**	**69%**	**3.7**	**4.6**
Remaining tenants				5.2	31%	3.9	4.9
Total				**16.9**	**100%**	**3.7**	**4.7**

1 Excludes the Seville property for which the NAV exposure is nil.

The largest tenant is KPN, representing 18% of the portfolio's contracted rent. KPN are a leading telecommunications and IT provider and market leader in the Netherlands which occupies our mixed-use Apeldoorn asset (data centre and office).

The second largest tenant is Hornbach, a leading German-based operator of do-it-yourself ('DIY') stores and home centres. It is representing 11% the portfolio rents and is the sole occupier of our Berlin DIY asset, comprising a four-hectare site that has the potential to benefit from alternative uses. Hornbach's lease expires December 2025 with 3x5 year options.

The remaining large tenants, with businesses across a diversified range of industries, each account for between 4-7% of portfolio rents. These include C-log, Outscale, Cereal Partners (Nestlé), DKL, Land Baden-Württemberg, Schuurman Beheer, Inventum and Filassistance.

Rent collection update[1]

The diversification and granularity of the underlying rental income and ongoing occupier engagement, has again supported full rent collection rates with 100% of the contracted rents collected for the financial year.

	Office		Industrial		Retail		Mixed		Total portfolio	
As at 30 September 2024	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Paid	99.8%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Deferred	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renegotiated/Outstanding[2]	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

1 Rent collection table excludes the Seville property for which the NAV exposure is nil. 2023 and 2024 refer to 12 months ending 30 September.
2 Outstanding amount relates to indexation for two tenants at Hamburg in Q3 2024 which is expected to be paid.

Portfolio performance

During the period, total property returns ('TPRs') for the underlying property portfolio were 3.1%. With the portfolio benefitting from indexation, strong occupancy and high rent collection, property income returns were strong at +6.9%, thereby more than offsetting negative capital returns of -3.6%.

Strong performance was seen in the industrial portfolio, with Venray delivering a TPR of +8%, Venray II +11%, Nantes +10%, Rennes +7% and Houten +5%. Values for these assets held up well and income returns were healthy.

The Frankfurt grocery asset delivered a robust total return of 9%, largely attributable to the successful completion of a new 15-year lease extension with anchor tenant, Lidl.

The portfolio's mixed-use data centre in Apeldoorn contributed to performance delivering a total return of +7% due to high income return compensating capital value decline as a result of outward yield movement.

The main detractors from portfolio performance were the office assets in Stuttgart (-4% TPR), the car showroom in Cannes (-1% TPR) and Hamburg (0% TPR) which witnessed relatively strong valuation declines.

In summary, the real estate portfolio has delivered ungeared property returns of 3.1%, 2.6% and 3.9% over one, three and five years respectively.

Balance sheet

Over the period, the Investment Manager successfully completed all remaining refinancings, excluding Seville, at attractive terms, placing the Company in a strong financial position with high cash levels of c.€25 million and no further debt expiries until June 2026.

Re-gears have extended the average loan maturity by 13 months. The average blended interest rate across the loan portfolio has increased approximately 30 basis points as a result of higher finance costs for the new loans.

In detail:

- The early refinancing of the Paris office investment concluded at a margin of 1.9% for four years, an increase from the existing margin of 1.3%. The loan principal was reduced from €17 million to €14 million. The rationale for the early refinancing is the expectation for a tighter and more expensive lending environment, particularly for secondary offices.
- The refinancing of a €8.6 million loan secured against the Rennes industrial asset completed with the existing lender for five years at a margin of 1.6%, a slight increase on the existing 1.4% margin.

The Company's third-party debt totals €82.5 million across six loan facilities as at 30 September 2024. The current blended all-in interest rate is 3.2% and the average remaining loan term is 2.8 years. The loan to value ('LTV') net of cash is 25% against the Company's gross asset value (gross of cash LTV is 33%).

There is a net of cash LTV cap of 35% that restricts concluding new external loans if the Company's net LTV is above 35%. An increase in leverage above 35% as a result of valuation decline is excluded from this cap.

The individual loans are detailed in the table below. Each loan is held at the property-owning level instead of the Group level and is secured by the individual properties noted in the table. There is no cross-collateralisation between loans. Each loan has specific LTV and income default covenants. We detail the headroom against those covenants in the latter two columns of the table below.

Lender	Property	Maturity date	Outstanding principal	Interest rate	Headroom LTV default covenant (% decline)	Headroom net income default covenant (% decline)
VR Bank Westerwald	Stuttgart / Hamburg	31/12/2027	€18.00m	3.80%	No covenant	No covenant
Deutsche Pfandbriefbank	Berlin / Frankfurt	30/06/2026	€16.50m	1.31%	33%	44%]
BRED Banque Populaire	Paris (Saint-Cloud)	15/12/2027	€14.00m	3M Eur+1.9%	17%	>50%
ABN Amro	The Netherlands industrials[1]	27/09/2028	€13.76m	5.30%	39%	25%
Landesbank SAAR	Rennes	26/03/2029	€8.60m	4.3%	17%	41%
Münchener Hypothekenbank	Seville (50%)[2]	31/12/2024	€11.68m	2.01%	In breach[3]	In cash trap
Total			**€82.54m**			

1 The ABN Amro loan is secured against five of the Netherlands industrial assets: Alkmaar, Houten, Utrecht, Venray and Venray II.
2 Includes the Company's 50% share of external debt in the Seville joint venture of €11.7 million and excludes unamortised finance costs.
3 Operated under a standstill agreement with the lender.

- At Seville, the loan continues to be in breach of its loan covenants. All excess income generated by Seville is pledged to the lender. The loan is secured solely against the Seville investment, with no recourse back to the Company or any other entity within the Group.
- The Seville loan is being operated under a standstill agreement expiring 31 December 2024 to facilitate a sale.
- A disposal of the Seville property /entity would reduce portfolio gearing by approximately 3%.
- The German and Dutch loans are fixed rate for the duration of the loan term.
- The Paris loan is based on a margin above three-month Euribor. The Company continues to benefit from an existing interest rate hedge, capped at 1.25%, expiring 15 December 2024.
- A further interest rate hedge (capped at 3.25%) has been acquired covering the remaining loan period to 15 December 2027. This allows the Company to benefit from a potential decline in interest rates.
- The combined fair value of the derivative contracts is €0.7 million as at 30 September 2024.

Outlook

We have reached a pivotal moment in various real estate sectors, with growing confidence in occupier demand, liquidity and property values. This optimism is supported by favourable developments concerning inflation, recent interest rate cuts and the expected further easing of monetary policy over the next 18 to 24 months. Such factors are anticipated to positively impact commercial real estate and boost business confidence.

Occupation markets have demonstrated resilience, particularly within the sub-markets where we operate. Our strategic focus on growth cities and locations that benefit from infrastructure improvements, supply constraints and alternative use investments leased at competitive rents, positions the Company favourably.

In addition to these immediate factors, our strategy continues to reflect the influence of long-term structural trends, including urbanisation, technological advancements, demographic shifts, and decarbonisation.

The successful conclusion of pending lease expiries, particularly for KPN and Hornbach, will be crucial in strengthening our income profile and ensuring dividend stability.

Jeff O'Dwyer
Fund Manager

5 December 2024

Principal risks and uncertainties

The Board is responsible for the Company's system of risk management and internal control, and for reviewing its effectiveness. The Board has adopted a detailed matrix of principal risks affecting the Company's business as an investment trust and has established associated policies and processes designed to manage and, where possible, mitigate those risks, which are monitored by the Audit, Valuation and Risk Committee on an ongoing basis. This system assists the Board in determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives. Both the principal risks and the monitoring system are also subject to robust review at least annually. The last review took place in November 2024.

Although the Board believes that it has a robust framework of internal control in place, this can provide only reasonable, and not absolute, assurance against material financial misstatement or loss and is designed to manage, not eliminate, risk.

Currently the French tax authorities are proceeding with a tax audit and have requested additional disclosures and information regarding previous tax filings related to the structure.

The range of potential outcomes indicate a possible outflow of between €nil and €12.6 million, excluding potential penalties, together with a potential impact on the level of future post-tax profits from the Group's investment properties in France. Based on professional advice, the Board has decided not to make a provision, as they do not believe that an outflow is probable. The Group will continue monitoring the situation and will provide further updates as necessary.

The successful debt refinancings of both the Saint-Cloud and Rennes loans in the financial year, with no further refinancings until June 2026

The successful debt refinancings of both the Saint-Cloud and Rennes loans in the financial year, with no further refinancings until June 2026 (excluding Seville for which a standstill agreement has been agreed to 31 December 2024 to facilitate an orderly sale, and for which the Group's equity has been previously written down to nil), have been deemed to have reduced the refinancing risk of the Company significantly, and the sustainability of the portfolio has become a greater focus.

From an emerging risks and uncertainties perspective, the Board recognises and continues to be mindful of the changing global environment and the potential risks posed by volatile markets; inflation and corresponding interest rate changes; geopolitical uncertainty; structural changes; and occupier preferences which could affect the use and prospects of some real estate sectors. The Board receives regular updates on those macro risks from the Investment Manager. Overall, the diversification of the Company's portfolio, and its evolving strategy to place greater emphasis on sustainability-led asset improvements, is expected to help minimise the impact of these factors. The Board keeps these matters under review, particularly in connection with its decisions to redeploy investable cash.

The Company's property portfolio remains resilient, as evidenced by rent collection levels over the financial year. Loan covenants, interest rates, cost of debt and expiry profiles continue to be actively managed as part of cash flow forecasting and liquidity management. The Company has substantial cash available providing a robust position to manage the Company through current headwinds facing European economies.

During the year, the Board has reviewed the principal risks to ensure that identified risk and mitigating actions remain appropriate.

A summary of the principal risks and uncertainties faced by the Company, and the actions taken by the Board to manage and mitigate these risks and uncertainties, are set out below:

Principal risks	Mitigation of risk
Investment and strategy An inappropriate investment strategy, or failure to implement the strategy, could lead to underperformance in the property portfolio compared to the property market generally by incorrect sector or geographic weightings or a loss of income through tenant failure, both of which could lead to a fall in the value of the underlying portfolio.	The Board seeks to mitigate these risks by: • Diversification of its property portfolio through its investment restrictions and guidelines which are monitored and reported on by the Investment Manager. • Receiving from the Investment Manager timely and accurate management information including performance data, attribution analysis, property level business plans and financial projections. • Monitoring the implementation and results of the investment process with the Investment Manager with a separate meeting devoted to strategy each year. • Determining a borrowing policy, and ensuring the Investment Manager operates within its borrowing restrictions and guidelines. • Reviewing marketing and distribution activity, and considering the use of a discount control mechanism as necessary. • Undertaking an annual review of the ongoing suitability of the Investment Manager.
Regulatory and tax compliance The Company has to comply with a wide range of legislation and regulations, covering tax, planning, building regulations, health and safety, Company law, accounting, reporting and UK Listing Rules.	The Board has appointed the Investment Manager as its Alternative Investment Fund Manager ("AIFM") in accordance with the Alternative Investment Fund Managers Directive ("AIFMD"). The Investment Manager monitors legal requirements to ensure that adequate procedures and reminders are in place to meet the Company's legal requirements and obligations. The Investment Manager undertakes full legal due diligence with advisors when transacting and managing the Company's assets. All contracts entered into by the Company are reviewed by the Company's legal and other advisors. The Board is satisfied that the Investment Manager has adequate procedures in place to ensure continued compliance with the regulatory requirements of the Financial Conduct Authority, the UK Listing Rules of the London Stock Exchange and any other required authority. The Investment Manager has retained external tax advisers, who are overseen by the Schroders tax team, to ensure compliance with relevant local tax regulations. With regard to tax, the Group operates in a number of jurisdictions and is subject to periodic challenges by local tax authorities on a range of tax matters during the normal course of business. The tax impact can be uncertain until a conclusion is reached with the relevant tax authority. The Group addresses this uncertainty by closely monitoring tax developments, seeking independent advice, and maintaining transparency with the authorities it deals with as and when any enquiries are made. The French tax authorities have recently commenced a tax audit requesting information on tax filings made in relation to the Group's SIIC structure. The potential exposure is up to €12.6 million, excluding interest and penalties. Having taken professional advice, the Board remains of the view that a provision for this tax is not required as they do not consider that the tax will ultimately be found due. However, the position will remain uncertain until a conclusion is reached. This is set out in further detail in note 10 of this Annual Report on page 79.
Economic and property market The performance of the Company could be affected by economic, currency and property market risk. In the wider economy this could include inflation, stagflation or deflation (including in respect of costs such as construction costs and operating expenses), economic recessions, movements in foreign exchange and interest rates or other external shocks. The performance of the underlying property portfolio could also be affected by structural or cyclical factors impacting particular sectors (for example, retail) or regions of the property market and counterparty solvency.	The Board considers economic conditions and the uncertainty around political events when considering investment decisions. The Board mitigates property market risk through the review of the Company's strategy on a regular basis and discussions are held to ensure the strategy is still appropriate or if it needs updating. Diversification of the majority of the portfolio across the office and industrial/logistics sectors in growth cities, and a focus on functional and affordable space, provides defensive characteristics. The portfolio also benefits from a high percentage (approximately 100%) of inflation-linked leases which contributes to rental growth and mitigates value declines. The assets of the Company are almost all denominated in non-sterling currencies, predominantly the euro. No currency hedging is planned, but the Board continues to consider the hedging of dividend payments having regard to availability and cost.
Valuation Property valuations are inherently subjective and uncertain, due to the individual nature of each property and its liquidity, particularly under stressed market conditions. Valuations also include annual reinstatement costs for insurance	An external valuer provides an independent valuation of all assets at least quarterly. The Audit, Valuation and Risk Committee includes two experienced chartered surveyors. Members of the Audit, Valuation and Risk Committee meet with the external valuers to discuss the basis of their valuations, and their quality control processes, on a quarterly basis.

Principal risks	Mitigation of risk
purposes. Inflation and availability of goods and services, could heighten the risk around correct reinstatement values and completion programs.	
Gearing and leverage The Company utilises credit facilities. These arrangements increase the funds available for investment through borrowing. While this has the potential to enhance investment returns in rising markets, in falling markets the impact and availability of financing could be detrimental to performance, and may also result in potential non-compliance with loan covenants or refinancing risk.	Gearing, including loan covenant compliance, is monitored at quarterly Board meetings, and ad hoc as required, and strict restrictions on borrowings are imposed both internally and by lenders. The overall cost of debt is regularly reviewed with any new debt or refinancing presented to the Schroders Real Estate Investment Committee and Board for approval. All loans which had been due to expire in the 2024 financial year were successfully refinanced in good time. All remaining refinancings, excluding Seville, are now completed at attractive terms, placing the Company in a strong financial position. Future loan refinancings are monitored closely and proactive discussions with third-party lenders commence well in advance of existing loan maturity dates to reduce refinancing risk. Furthermore, the Group's strong cash position continues to provide viable future alternatives should the Group deem that loan repayments, in part or in full, would be beneficial. In relation to the Seville asset, the Company is working closely with the lender to manage the asset under an LTV covenant breach waiver to facilitate a sale. The loan is secured only by the asset and there is no recourse to the Company, or any other entity in the Group.

Risk assessment and internal controls

Risk assessment includes consideration of the scope and quality of the systems of internal control operating within key service providers, and ensures regular communication of the results of monitoring by such providers to the Audit, Valuation and Risk Committee, including the incidence of significant control failings or weaknesses that have been identified at any time and the extent to which they have resulted in unforeseen outcomes or contingencies that may have a material impact on the Company's performance or condition.

No significant control failings or weaknesses were identified from the Audit, Valuation and Risk Committee's ongoing risk assessment which has been in place throughout the financial year and up to the date of this report. The Board is satisfied that it has undertaken a detailed review of the risks facing the Company.

A full analysis of the financial risks facing the Company and its subsidiaries is set out in note 22 on pages 89 to 93.

Viability statement

The Board is required to give a statement on the Company's viability which considers the Company's current position and principal risks and uncertainties together with an assessment of future prospects.

The Board conducted this review over a five-year time horizon commencing from the date of this report which is selected to match the period over which the Board monitors and reviews its financial performance and forecasting. The Investment Manager prepares five-year total return forecasts for the Continental European commercial real estate market. The Investment Manager uses these forecasts as part of analysing acquisition opportunities as well as for its annual asset level business planning process. The Board receives an overview of the asset level business plans which the Investment Manager uses to assess the performance of the underlying portfolio and therefore make investment decisions such as disposals and investing capital expenditure. The Company's principal borrowings are for a weighted duration of 2.6 years and the average unexpired lease term, assuming all tenants vacate at the earliest opportunity, is 3.9 years.

The Board's assessment of viability considers the principal risks and uncertainties faced by the Company, as detailed in the Strategic Review on pages 31 to 33, which could negatively impact its ability to deliver the investment objective, strategy, liquidity and solvency. This includes consideration of scenario stress testing and a cash flow model prepared by the Investment Manager that analyses the sustainability of the Company's cash flows, dividend cover, compliance with bank covenants, general liquidity requirements and potential legal and regulatory change for a five-year period.

These metrics are subject to a sensitivity analysis which involves flexing a number of the main assumptions including macroeconomic scenarios, delivery of specific asset management initiatives, rental growth and void/reletting assumptions. The Board also reviews assumptions regarding capital recycling and the Company's ability to refinance or extend financing facilities. Steps which are taken to mitigate these risks as set out in the Strategic Review on pages 31 to 33 are also taken into account.

Based on the assessment, and having considered in detail base and downside scenarios modelling, the Directors have concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five-year period of their assessment.

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 70.

By order of the Board

Sir Julian Berney Bt.
Chairman

5 December 2024

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and the Company financial statements in accordance with UK-adopted international accounting standards and applicable law. Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the Group financial statements and the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions, and disclose with reasonable accuracy at any time the financial position of the Group and Company, and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Investment Manager is responsible for the maintenance and integrity of the Company's web pages. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Directors' Report, confirm that, to the best of their knowledge:

- the Group and Company financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group and the Company, together with a description of the principal risks and uncertainties that it faces.

On behalf of the Board

Sir Julian Berney Bt.
Chairman

5 December 2024

Consolidated and Company Statements of Comprehensive Income
For the year ended 30 September 2024

	Note	Group year to 30/09/24 €'000	Group year to 30/09/23 €'000	Company year to 30/09/24 €'000	Company year to 30/09/23 €'000
Rental and service charge income	3	20,647	19,666	-	-
Property operating expenses	4	(5,602)	(5,398)	-	-
Net rental and related income		**15,045**	**14,268**	**-**	**-**
Net loss from fair value adjustment on investment property	13	(7,740)	(19,726)	-	-
Development revenue	14	1,500	405	-	-
Development expense	14	(695)	1,133	-	-
Realised gain/(loss) on foreign exchange		4	(12)	4	(12)
Net change in fair value of financial instruments at fair value through profit or loss		(494)	(260)	-	-
Management fee income	5	-	-	1,410	1,503
Provision on loan receivable from joint venture	6	-	-	-	-
Provision of investment made in subsidiaries	15	-	-	(50)	-
Dividends received	8,16	-	-	2,322	509
Expenses					
Investment management fee	5	(1,899)	(1,981)	(1,899)	(1,981)
Valuer's and other professional fees		(719)	(788)	(217)	(347)
Administrator's and accounting fees		(586)	(566)	(120)	(120)
Auditor's remuneration and assurance fees	7	(347)	(335)	(306)	(324)
Directors' fees	9	(239)	(232)	(239)	(232)
Other expenses	9	(540)	(442)	(418)	(313)
Total expenses		**(4,330)**	**(4,344)**	**(3,199)**	**(3,317)**
Operating profit/(loss)		**3,290**	**(8,536)**	**487**	**(1,317)**
Finance income		654	228	2,407	2,086
Finance costs		(2,596)	(1,714)	-	-
Net finance (costs)/income		**(1,942)**	**(1,486)**	**2,407**	**2,086**
Share of loss from joint venture	16	-	-	-	-
Profit/(Loss) before taxation		**1,348**	**(10,022)**	**2,894**	**769**
Taxation	10	(773)	640	-	-
Profit/(Loss) for the year		**575**	**(9,382)**	**2,894**	**769**
Other comprehensive income/(loss):					
Other comprehensive income/(loss) items that may be reclassified to profit or loss		-	-	-	-
Total other comprehensive profit/(loss)		**-**	**-**	**-**	**-**
Total comprehensive income/(loss) for the year		**575**	**(9,382)**	**2,894**	**769**
Basic and diluted earnings per share attributable to owners of the parent	11	**0.4c**	**(7.0)c**	**-**	**-**

All items in the above statement are derived from continuing operations. The accompanying notes 1 to 28 form an integral part of the financial statements.

Consolidated and Company Statements of Financial Position
As at 30 September 2024

	Note	Group 30/09/24 €'000	Group 30/09/23 €'000	Company 30/09/24 €'000	Company 30/09/23 €'000
Assets					
Non-current assets					
Investment property	13	206,522	213,098	-	-
Investment in subsidiaries	15	-	-	69,921	69,921
Investment in joint venture	16	-	-	-	-
Receivables from subsidiaries	1	-	-	55,507	65,174
Loans to joint ventures	6,16	-	-	-	-
Non-current assets		**206,522**	**213,098**	**125,428**	**135,095**
Current assets					
Trade and other receivables	17	10,026	8,897	909	1,285
Interest rate derivative contracts		236	674	-	-
Cash and cash equivalents		27,362	32,445	18,165	13,548
Current assets		**37,624**	**42,016**	**19,074**	**14,833**
Total assets		**244,146**	**255,114**	**144,502**	**149,928**
Equity					
Share capital	18	17,966	17,966	17,966	17,966
Share premium	18	43,005	43,005	43,005	43,005
Retained earnings/(accumulated losses)		103,126	(6,142)	83,002	(28,818)
Other reserves		-	116,610	-	116,843
Total equity		**164,097**	**171,439**	**143,973**	**148,996**
Liabilities					
Non-current liabilities					
Interest-bearing loans and borrowings	19	70,471	65,023	-	-
Deferred tax liability	10	4,163	4,225	-	-
Non-current liabilities		**74,634**	**69,248**	**-**	**-**
Current liabilities					
Interest-bearing loans and borrowings	19	-	8,600	-	-
Trade and other payables	20	4,955	4,856	529	932
Current tax liabilities	10	460	971	-	-
Current liabilities		**5,415**	**14,427**	**529**	**932**
Total liabilities		**80,049**	**83,675**	**529**	**932**
Total equity and liabilities		**244,146**	**255,114**	**144,502**	**149,928**
Net asset value per ordinary share	21	**122.7**	**128.2**	**107.7**	**111.4**

The financial statements on pages 66 to 69 were approved at a meeting of the Board of Directors held on 5 December 2024 and signed on its behalf by:

Sir Julian Berney Bt.
Chairman

The accompanying notes 1 to 28 form an integral part of the financial statements.

Registered in England and Wales as a public company limited by shares.

Company registration number: 09382477

Consolidated and Company Statements of Changes in Equity
For the year ended 30 September 2024

Group	Note	Share capital €'000	Share premium €'000	(Accumulated losses)/Retained earnings €'000	Other reserves €'000	Total equity €'000
Balance as at 1 October 2022		**17,966**	**43,005**	**10,662**	**116,610**	**188,243**
Loss for the year		-	-	(9,382)	-	**(9,382)**
Other comprehensive income/(loss) for the year		-	-	-	-	**-**
Dividends paid	12	-	-	(7,422)	-	**(7,422)**
Balance as at 30 September 2023		**17,966**	**43,005**	**(6,142)**	**116,610**	**171,439**
Transfers		-	-	116,610	(116,610)	**-**
Profit for the year		-	-	575	-	**575**

Other comprehensive income/(loss) for the year		-	-	-	-	-
Dividends paid	12	-	-	(7,917)	-	**(7,917)**
Balance as at 30 September 2024		**17,966**	**43,005**	**103,126**	**-**	**164,097**

Company	**Note**	**Share capital €'000**	**Share premium €'000**	**(Accumulated losses)/Retained earnings[1] €'000**	**Other reserves[1] €'000**	**Total equity €'000**
Balance as at 1 October 2022		**17,966**	**43,005**	**(22,165)**	**116,843**	**155,649**
Profit for the year		-	-	769	-	**769**
Other comprehensive income/(loss) for the year		-	-	-	-	-
Dividends paid	12	-	-	(7,422)	-	**(7,422)**
Balance as at 30 September 2023		**17,966**	**43,005**	**(28,818)**	**116,843**	**148,996**
Transfers		-	-	116,843	(116,843)	-
Profit for the year		-	-	2,894	-	**2,894**
Other comprehensive income/(loss) for the year		-	-	-	-	-
Dividends paid	12	-	-	(7,917)	-	**(7,917)**
Balance as at 30 September 2024		**17,966**	**43,005**	**83,002**	**-**	**143,973**

1 These reserves form the distributable reserves of the Company and include a historic share premium reduction and may be used to fund distribution of profits to investors via dividend payments.

The accompanying notes 1 to 28 form an integral part of the financial statements.

Consolidated and Company Statements of Cash Flows
For the year ended 30 September 2024

	Note	**Group 30/09/24 €'000**	**Group 30/09/23 €'000**	**Company 30/09/24 €'000**	**Company 30/09/23 €'000**
Operating activities					
Profit/(Loss) before tax for the year		1,348	(10,022)	2,894	769
Adjustments for:					
Net loss/(gain) from fair value adjustment on investment property	13	7,740	19,726	-	-
Realised foreign exchange (gain)/loss		(4)	12	(4)	12
Provision of loan made to Seville joint venture	6	-	-	-	-
Provision of investment made in subsidiaries	15	-	-	50	-
Finance income		(654)	(228)	(2,407)	(2,087)
Finance costs		2,596	1,714	-	-
Net change in fair value of financial instruments through profit or loss		494	260	-	-
Dividend income classified as investing cash flows		-	-	(2,322)	(509)
Operating cash generated from/(used in) before changes in working capital		**11,520**	**11,462**	**(1,789)**	**(1,815)**
(Increase)/decrease in trade and other receivables		(627)	7,564	276	370
(Decrease)/increase in trade and other payables		(167)	(1,071)	(497)	(450)
Cash generated from/(used in) operations		**10,726**	**17,955**	**(2,010)**	**(1,895)**
Finance costs paid		(2,145)	(1,573)	-	-
Finance income received		654	228	4,598	397
Tax (paid)/received		(1,345)	(714)	-	-
Net cash generated from/(used in) operating activities		**7,890**	**15,896**	**2,588**	**(1,498)**
Investing activities					
Acquisition of investment property	13	-	(11,167)	-	-
Additions to investment property	13	(1,682)	(3,984)	-	-
Loans to subsidiary companies		-	-	(2,200)	(1,459)
Loan repayment from subsidiary company		-	-	9,820	19,000
Investment in subsidiary	16	-	-	-	(5,400)
Dividends received		-	-	2,322	300

Net cash generated (used in)/from investing activities		**(1,682)**	**(15,151)**	**9,942**	**12,441**
Financing activities					
Proceeds from borrowings	19,20	-	31,760	-	-
Repayment of borrowings	19,20	(3,000)	(26,950)	-	-
Interest rate derivative contracts purchased		(56)	-	-	-
Refinancing costs paid		(322)	-	-	-
Dividends paid	12	(7,917)	(7,422)	(7,917)	(7,422)
Net cash used in financing activities		**(11,295)**	**(2,612)**	**(7,917)**	**(7,422)**
Net (decrease)/increase in cash and cash equivalents for the year		**(5,087)**	**(1,867)**	**4,613**	**3,521**
Opening cash and cash equivalents		32,445	34,324	13,548	10,039
Effects of exchange rate change on cash		4	(12)	4	(12)
Closing cash and cash equivalents		**27,362**	**32,445**	**18,165**	**13,548**

The accompanying notes 1 to 28 form an integral part of the financial statements.

Notes to the Financial Statements

1. Significant accounting policies

Schroder European Real Estate Investment Trust plc (the 'Company') is a closed-ended investment company incorporated in the United Kingdom. The consolidated financial statements of the Company for the year ended 30 September 2024 comprise those of the Company and its subsidiaries (together referred to as the 'Group'). The Group holds a portfolio of investment properties in continental Europe. The shares of the Company are listed on the London Stock Exchange (primary listing) and Johannesburg Stock Exchange Limited (secondary listing). The registered office of the Company is 1 London Wall Place, London, England EC2Y 5AU.

Statement of compliance

The consolidated financial statements of the Group and Company financial statements have been prepared under the UK-adopted 'International Accounting Standards in accordance with the Companies Act 2006'.

The financial statements give a true and fair view and are in compliance with applicable legal and regulatory requirements and the UK Listing Rules and JSE Listing Authority.

Basis of preparation

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and the Company financial statements in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006.

The financial statements are presented in euros, rounded to the nearest thousand. They are prepared on a going concern basis, applying the historical cost convention, except for the measurement of investment property and derivative financial instruments that have been measured at fair value.

The accounting policies have been consistently applied to the results, assets, liabilities and cash flows of the entities included in the consolidated financial statements.

Going concern

The Directors have examined significant areas of possible financial risk including: cash held and the liquidity of the Group's assets; forward-looking compliance with third-party debt covenants, in particular the loan to value ('LTV') covenant and interest cover ratios; the likelihood of any payment of contingent tax liabilities; potential falls in property valuations; the non-collection of rent and service charges; and the existing, and future, anticipated cash requirements of the Group.

Furthermore, ongoing geopolitical developments, and macroeconomic variables such as projected interest rates and inflation, have also been considered regarding the Group's property investments in France, Germany, Spain and the Netherlands.

Cash flow forecasts, based on deemed plausible downside scenarios, have led the Board to conclude that the Group will have sufficient cash reserves to continue in operation for twelve months from the date of the signing of the annual report.

The Group has six loans secured by individual assets, with no cross-collateralisation. Other than Seville, whereby there is a cash trap in operation and a LTV breach, all loans are in compliance with their debt covenants. More details of the individual loans, and headroom on the LTV and net income default covenants, is provided on page 19.

Excluding Seville, for which the Group has already written its investment fully down to nil, there are no further loans maturing within the going concern period.

After due consideration, the Directors have not identified any material uncertainties which would cast significant doubt on the Group's ability to continue as a going concern for a period of not less than 12 months from the date of the approval of the consolidated annual report and financial statements, which would be 31 December 2025. The Directors have satisfied themselves that the Group has adequate resources to continue in operational existence for the foreseeable future.

Use of estimates and judgements

The preparation of financial statements under the UK adopted international accounting standards, in conformity with the Companies Act 2006, requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The most significant estimates made in preparing these financial statements relate to the carrying value of investment properties, as disclosed in note 13, including those investment properties within joint ventures, which are stated at fair value. The fair value of investment property is inherently subjective because, in the absence of readily-observable market data, the valuer has to make professional judgements on valuation inputs. The Group uses an external professional valuer to determine the relevant amounts.

The following are other key areas of estimates and judgements:

- Accounting for development revenue and variable consideration regarding Paris, Boulogne-Billancourt: When determining an appropriate level of development revenue to be recognised in the reporting period, the Group considered the contractual penalties of not meeting certain criteria within the agreement; the total development costs incurred; the stage of completion of the refurbishment; the milestones achieved and still to be achieved; the timing of further future cash receipts from the purchaser; and the overall general development risk to form a considered judgement of revenue to be appropriately recognised in the financial statements. Further details of the judgement are disclosed in note 14.
- Tax provisioning and disclosure: Management uses external tax advisers to monitor changes in tax laws in countries where the Group has operations. New tax laws that have been substantively enacted are recognised in the Group's and Company's financial statements. The

Group is also subject to periodic challenges by local tax authorities on a range of tax matters during the normal course of business. Where changes to tax laws or challenges by local tax authorities give rise to a provision or potential contingent liability, the Group discloses the estimated amounts appropriately within the notes to the financial statements (further details are disclosed in note 10).

- IFRS 9 expected credit losses: All receivables, inter-company and joint venture loans are financial assets and must therefore be assessed for impairment and application of forward-looking expected credit loss model. For impairments identified including those applied using the expected credit loss model, appropriate recognition is required in the consolidated statement of comprehensive income, together with appropriate disclosure and sensitivity analysis in the notes to the financial statements (further details are disclosed in note 6). The Seville joint venture loan has been Level 3 calculated on the lifetime expected credit loss method. The following factors were considered when determining the probability of default used for the impairment provision calculation for the Seville joint venture loan: the property valuation and future potential movements; that there is an LTV breach and a cash trap in place; cash flow forecasts; the longer-term effects of the prior lockdown measures in Spain on tenants and their trading; and rent collection rates. An evaluation of these factors has allowed management to determine that the loan is a Level 3 impairment and is deemed not recoverable. These judgements were also considered within the impairment in the investments held in subsidiaries for the Parent Company.

Basis of consolidation

Subsidiaries

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries drawn up to 30 September each year. Subsidiaries are those entities, including special purpose entities, controlled by the Company. Control exists when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Where properties are acquired by the Group through corporate acquisitions, but the acquisition does not meet the definition of a business combination, the acquisition is treated as an asset acquisition.

Transactions eliminated on consolidation

Intra-group balances, and any gains and losses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Gains arising from transactions with joint ventures are eliminated to the extent of the Group's interest in the entity. Losses are eliminated in the same way as gains but only to the extent that there is no evidence of impairment. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet respectively.

Joint arrangements

Under IFRS 11 Joint Arrangements, the Group's investments in joint arrangements are classified as joint ventures. Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost, in the consolidated statement of financial position.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity. Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Investment property

Investment property comprises land and buildings held to earn rental income together with the potential for capital growth.

Acquisitions and disposals are recognised on an unconditional exchange of contracts. Acquisitions are initially recognised at cost, being the fair value of the consideration including any transaction costs associated with the investment property.

After initial recognition, investment properties are measured at fair value with unrealised gains and losses recognised in profit or loss. Realised gains and losses on the disposal of properties are recognised in profit and loss in relation to the carrying value at the beginning of the accounting period. Fair value is based on the market valuations of the properties as provided by a firm of independent chartered surveyors at the reporting date. Market valuations are carried out on a quarterly basis.

As disclosed in note 23, the Group leases out all owned properties on operating leases which are classified and accounted for as an investment property where the Group holds it to earn rentals, capital appreciation, or both. Any such property leased under an operating lease is classified as an investment property and carried at fair value.

Please refer to note 13 for disclosure of key inputs, assumptions and sensitivities with respect to the fair valuation of investment properties.

Prepayments

Prepayments are carried at cost and released to the statement of comprehensive income on a straight-line basis.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Rental income, including prepayments, received under operating leases (net of any incentives granted by the lessor) are recognised in the statement of comprehensive income on a straight-line basis over the period of the lease. Properties leased out under operating leases are included as investment properties in the consolidated statement of financial position (note 13).

Financial assets and liabilities

Non-derivative financial assets and liabilities

Non-derivative financial assets are measured at amortised cost less impairment whereas financial liabilities are measured at amortised cost. The Group calculates impairment provisions for non-derivative financial assets based on lifetime expected credit losses under IFRS 9.

Cash and cash equivalents

Cash at bank, and short-term deposits that are held to maturity, are carried at amortised cost. Cash and cash equivalents are defined as cash in hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash in hand and short-term deposits at banks with a term of no more than three months.

Loans and borrowings

Borrowings are recognised initially at the fair value of the consideration received less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the profit and loss over the period of the borrowings on an effective interest basis.

Borrowing costs such as arrangement fees are capitalised and amortised over the loan term.

Derivative financial assets and liabilities

Derivative financial assets and liabilities comprise interest rate caps for hedging purposes (economic hedge). These are recognised at fair value, with the revaluation gains or losses immediately recorded in the statement of comprehensive income.

Share capital

Ordinary shares, including treasury shares, are classified as equity when there is no obligation to transfer cash or other assets. The Company's accounting policy is to fix the share capital at the spot rate at the date of issue. The Company does not retranslate its share capital at the end of each reporting period.

Share premium

Share premium represents the excess of proceeds received over the nominal value of new shares issued. The Company's accounting policy is to fix the share premium at the spot rate at the date of issue. The Company does not retranslate its share premium at the end of each reporting period.

Other reserves

Other reserves mainly consist of a share premium reduction reserve arising from the conversion of share premium into a distributable reserve.

Dividends

Final dividends to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when paid.

Impairment

Investments

The carrying amounts of the Group's and Company's investments, other than investment property but including joint ventures and investments held in subsidiaries, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to that asset.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the profit and loss.

Revenue

Rental income

Rental income from operating leases is recognised on a straight-line basis over the lease term. When the Group provides incentives to its tenants, the cost of incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income.

Where a rent incentive fits the definition of a lease modification under IFRS 16, the cost of incentives is recognised over the remaining lease term starting from the effective date of the lease modification, on a straight-line basis, as a reduction of rental income.

Service charges

These include income in relation to service charges, directly recoverable expenditure and management fees. Revenue from services is recognised over time, as services are rendered as there is a transfer of control of these services over time when services are rendered by third party service providers.

Finance income and costs

Finance income comprises interest income on funds invested that are recognised in the statement of comprehensive income. Finance income is recognised on an accruals basis.

Finance costs comprise interest expenses on borrowings that are recognised in the statement of comprehensive income. Attributable transaction costs incurred in establishing the Group's credit facilities are deducted from the fair value of borrowings on initial recognition and are amortised over the lifetime of the facilities through profit and loss. Finance expenses are accounted for on an effective interest basis.

Expenses

All expenses are accounted for on an accruals basis. They are recognised in the statement of comprehensive income in the year in which they are incurred on an accruals basis.

Taxation

The Company and its subsidiaries are subject to income tax on any income arising on investment properties after deduction of debt financing costs and other allowable expenses.

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted, or substantially enacted, by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Segmental reporting

The Directors are of the opinion that the Group is engaged in a single segment of business, being property investment and in one geographical area, continental Europe. The chief operating decision-maker is considered to be the Board of Directors who are provided with consolidated IFRS information on a quarterly basis.

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency').

The functional currency of all the entities in the Group is the euro, as this is the currency in which the majority of investment takes place and in which the majority of income and expenses are incurred. The financial statements are also presented in euros.

Foreign currency transactions are translated into euros using the exchange rate prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the statement of comprehensive income.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into the presentational currency using the exchange rate prevailing at that date. Foreign exchange differences arising on translation to the presentation currency are taken to the consolidated statement of comprehensive income.

2. New standards and interpretations

New standards and interpretations adopted by the Group

In the current year, the Group has applied a number of new standards and amendments to IFRS Accounting Standards issued by the International Accounting Standards Board ('IASB') that are mandatorily effective for an accounting period that begins on or after 1 October 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

These new standards and amendments are listed below:

- Amendments to IAS 7 and IFRS 7 - Disclosures titled supplier finance arrangements
- Amendments to IAS 1 - Classification of liabilities as current or non-current
- Amendments to IFRS 16 - Lease liability in a sale and leaseback

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective:

- Amendments to IAS 21 - Lack of exchangeability
- IFRS 18 - Presentation and Disclosures in the Financial Statements
- IFRS 19 - Subsidiaries without Public Accountability disclosures

The Directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Group in future periods.

3. Rental and service charge income

	Group 30/09/2024 €'000	Group 30/09/2023 €'000	Company 30/09/2024 €'000	Company 30/09/2023 €'000
Rental income	16,385	15,555	-	-
Service charge income	4,262	4,111	-	-
	20,647	**19,666**	**-**	**-**

Service charge income is charged in addition to rent payments to cover the landlord's costs. Factors such as the size of the asset, number of occupants, occupancy rates and purpose of the asset can affect the amount and timing of revenue and cash flows.

The Group has concluded that it transfers control of these services over time, as services are rendered by the third party service providers, because this is when tenants receive and, at the same time, consume the benefits from these services.

The service charge receivable amounts to €3,972,000 (2023: €3,086,000). Payment of service charge income from tenants is impacted by the timing of service charge reconciliations by property managers.

4. Property operating expenses

	Group 30/09/2024 €'000	Group 30/09/2023 €'000	Company 30/09/2024 €'000	Company 30/09/2023 €'000
Repairs and maintenance	2,750	2,932	-	-
Service charge, insurance and utilities on vacant units	670	456	-	-
Real estate taxes	1,474	1,410	-	-
Property management fees	375	376	-	-
Other	333	224	-	-
	5,602	**5,398**	**-**	**-**

All the above amounts relate to either service charge or property operating expenses which are recoverable from tenants, except for €1,340,000 (2023: €1,382,000) which relates to non-recoverable landlord expenses.

5. Material agreements

Schroder Real Estate Investment Management Limited ('SREIM') 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 fee is payable monthly in arrears and shall be an amount equal to one 12th of the aggregate of 1.1% of the EPRA NAV of the Group. The Investment Management Agreement can be terminated by either party on not less than 12 months' written notice, such notice not to expire earlier than the third anniversary of admission, or on immediate notice in the event of certain breaches of its terms or the insolvency of either party. The total charge to profit and loss during the year was €1,899,000 (2023: €1,981,000). At the year end €140,000 (2023: €626,000) was outstanding.

SREIM charges accounting services to the Company with a minimum contracted annual charge of €81,000 (£70,000). The total charge to the Company was €102,000 (2023: €104,000). At the year end €8,000 (2023: €35,000) was outstanding. SREIM also charged accounting services to the subsidiaries registered in Luxembourg at a contracted annual charge of €135,000 up until 10 March 2024. The total charge to the Luxembourg subsidiaries was €60,000 (2023: €Nil). At the year end €Nil (2023: €Nil) was outstanding. These fees are included in administrator's and accounting fees in the consolidated statement of comprehensive income. From 11 March 2024, CBRE's Investment Accounting & Reporting Solutions (IA&R) group charged accounting services to the Luxembourg subsidiaries.

SREIM provides administrative and company secretarial services to the Group with a contracted annual charge of €58,000 (£50,000). The total charge to the Group was €58,000 (2023: €58,000). These are included in administrator's and accounting fees in the consolidated statement of comprehensive income. At the year end €5,000 (2023: €19,000) was outstanding.

Details of Directors' fees are disclosed in note 9.

Details of loans to Urban SEREIT Holdings Spain S.L., a related party, are disclosed in note 16.

The Company received management fees of €1,410,000 (2023: €1,503,000) from subsidiary companies during the year. The amounts recharged to subsidiaries and outstanding are provided in the following table.

	Fees recharged in the year to 30 September €'000		Fees outstanding as at 30 September €'000	
Subsidiary	**2024**	**2023**	**2024**	**2023**
SCI SEREIT Rumilly	48	53	12	24
SAS Clarity Developpement	375	386	189	187
SEREIT Berlin DIY Sàrl	134	153	34	74
SEREIT Hamburg Sàrl	109	120	55	57
SEREIT Stuttgart Sàrl	89	104	22	48
SEREIT Frankfurt Sàrl	56	58	14	27
SCI SEREIT Directoire	182	194	46	141
SEREIT Apeldoorn Sàrl	70	79	17	38
SEREIT UV Sàrl	121	125	31	62
SEREIT Alkmaar Sàrl	54	42	13	28
SCI SEREIT Pleudihen	91	100	46	72
SCI SEREIT Nantes	29	31	15	15
SCI LC Invest	34	38	17	18

SEREIT Holdings S.a.r.l	18	20	5	10
Total	**1,410**	**1,503**	**516**	**801**

6. Provision of loan made to Seville joint venture

As at 30 September 2024, the Group owned 50% of the Metromar Joint Venture, which owns a shopping centre in Seville, and had advanced €10,000,000 as a loan and was owed interest of €2,391,000 (2023: €1,941,000). The loan carries a fixed interest rate of 4.37% per annum payable quarterly and matures on a date as agreed with the lender.

When considering an appropriate level of impairment, the Group primarily considered: the current market liquidity, and achievable market price, for such an asset; the property valuation and future potential movements; debt covenant breaches; cash flow forecasts; the tenants' trading levels; vacancy rates; and the rent collection rates of the asset.

The impairment provision booked during the year was €Nil as the loan and interest is now considered a stage 3 impairment (2023: €Nil) bringing the cumulative impairment to €11,537,000 and the Group's investment with regard to Seville now stands at €Nil (2023: €Nil).

No further interest income was recognised in the consolidated financial statements in the year to 30 September 2024 as the loan and interest is now considered a stage 3 impairment and therefore a Loss Given Default rate of 100% has been applied. Hence, cumulative interest receivable recognised in the consolidated financial statements previously and subsequently impaired amounts to €1,544,000.

Furthermore, Management has separately assessed that if a sale were to be achieved at the current fair value of the property of €24,000,000 then, all else being equal, the Group could reverse €Nil of the previously recognised impairment. The sensitivity of potential impairment reversals, based on potential exit prices, is shown in the table below:

	-10%	0%	+10%
Valuation of Metromar, Seville property	21,600,000	24,000,000	26,400,000
Potential future impairment reversal	-	-	800,000

Underlyingly, and as set out in the above, the Investment Manager does not believe at the current time that ultimately a sale price will be achieved above the carrying value of the third-party debt and thus there has been no reversal of prior impairments in the current financial year.

7. Auditor's remuneration and assurance fees

The Group's total audit fees for the year are €347,000 (2023: €330,000) which includes the Group audit and the individual statutory audits. The Company's total audit fees for the year were €244,000 (2023: €239,000) which only covers the Group audit.

The interim review fee was €52,100 (2023: €51,000) which is an assurance related non-audit service and is included in the total auditor's remuneration for the year. The auditor did not perform any other non-audit services for the Group during the year (2023: €Nil).

8. Dividends received

During the year, the Group did not receive any dividends from its joint venture operation Urban SEREIT Holdings Spain S.L. (2023: €Nil) (see note 15).

During the year, the Company received dividends from its subsidiary undertakings. €722,000 (2023: €300,000) was received from OPPCI SEREIT France, €Nil (2023: €209,000) was received from SEREIT Holdings France and €1,600,000 (2023: €Nil) was received from SAS Clarity Development.

9. Other expenses

	Group 30/09/2024 €'000	**Group 30/09/2023 €'000**	**Company 30/09/2024 €'000**	**Company 30/09/2023 €'000**
Directors' and officers' insurance premium	14	14	14	14
Bank charges	71	114	9	27
Regulatory costs	73	89	51	66
Marketing	83	57	83	60
Other expenses	299	168	261	147
	540	**442**	**418**	**314**

Directors are the only officers of the Company and there are no other key personnel. The Group has one employee; for further details see note 27. The Directors' annual remuneration for services to the Group was €215,000 (2023: €203,000), as set out in the Directors' Remuneration Report on pages 50 to 52. The total charge for Directors' fees was €239,000 (2023: €232,000), which included employer's National Insurance contributions. Other expenses include items such as domiciliation fees and registrar fees.

10. Taxation

	30/09/2024 €'000	**30/09/2023 €'000**
Current tax charge	1,017	739
Current tax adjustment in respect of prior periods	(182)	(480)
Deferred tax (credit)/charge	(62)	(899)
Tax expense/(credit) in year	**773**	**(640)**
Reconciliation of effective tax rate		
Profit/(Loss) before taxation	1,348	(10,022)
Effect of:		
Tax charge at weighted average corporation tax rate of 23.40% (2023: 22.65%)	468	(2,210)
Tax exempt income or non-deductible losses	185	840
Tax adjustment on net revaluation loss	543	625
Tax adjustment of share of joint venture loss	-	691
Minimum Luxembourg tax charges	84	88

Tax effect of property depreciation	(468)	(418)
Tax adjustment in respect of prior periods	(182)	(480)
Other permanent differences	143	224
Total tax expense/(credit) in the year	**773**	**(640)**

The effective tax rate is a weighted average of the applicable tax rates in the countries the Group has operations. The opening deferred tax liability was €4,225,000, which after a debit of €62,000 leads to a closing liability of €4,163,000. A potential deferred tax asset of €1,741,000 (2023: €1,306,000) arose on tax losses which has not been provided for.

SEREIT plc has elected to be treated as a société d'investissement immobilier cotée ('SIIC') for French tax purposes. Provided that SEREIT plc meets certain requirements, the SIIC should be exempt from French CIT on net rental income and gains arising from interests in property. Management intends that the Group will continue to comply with the SIIC regulations for the foreseeable future.

The Group operates in a number of jurisdictions and is subject to periodic challenges by local tax authorities on a range of tax matters during the normal course of business. The tax impact can be uncertain until a conclusion is reached with the relevant tax authority. The Group addresses this uncertainty by closely monitoring tax developments, seeking independent advice and maintaining transparency with the authorities it deals with as and when any enquiries are made.

The French tax authorities have recently commenced a tax audit requesting information on tax filings made in relation to the Group's SIIC structure. The potential exposure is up to €12.6 million excluding possible penalties (2023: €9.5 million). Having taken professional advice, the Board remains of the view that a provision for this tax is not required as they do not consider that the tax will ultimately be found due. However, the position will remain uncertain until a conclusion is reached.

11. Earnings per share

Basic earnings per share

The basic earnings per share for the Group is calculated by dividing the net profit after tax attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

	30/09/2024	**30/09/2023**
Total comprehensive income/(loss) for the year	**€575,000**	**€(9,382,000)**
Weighted average number of ordinary shares in issue	133,734,686	133,734,686
Basic IFRS earnings per share (cents per share)	0.4	(7.0)

Diluted earnings per share

The Group has no dilutive potential ordinary shares and hence the diluted earnings per share is the same as the basic earnings per share in both 2023 and 2024.

Headline earnings per share

The headline earnings and diluted headline earnings for the Group is 6.1 euro cents per share (2023: 6.0 euro cents per share) as detailed on page 97.

12. Dividends paid

Interim dividends of €7,917,000 (2023: €7,422,000) were paid to the shareholders of the Company during the year as follows:

In respect of	**Ordinary shares**	**Rate (cents)**	**30/09/2024 €'000**
Interim dividend paid on 17 November 2023	133,734,686	1.48	1,980
Interim dividend paid on 25 January 2024	133,734,686	1.48	1,979
Interim dividend paid on 10 May 2024	133,734,686	1.48	1,979
Interim dividend paid on 12 August 2024	133,734,686	1.48	1,979
Total interim dividends paid	**133,734,686**		**7,917**

In respect of	**Ordinary shares**	**Rate (cents)**	**30/09/2023 €'000**
Interim dividend paid on 13 January 2023	133,734,686	1.85	2,474
Interim dividend paid on 5 May 2023	133,734,686	1.85	2,474
Interim dividend paid on 11 August 2023	133,734,686	1.85	2,474
Total interim dividends paid	**133,734,686**		**7,422**

13. Investment property

Group	**€'000**
Fair value as at 1 October 2022	**217,456**
Acquisitions	11,150
Acquisition costs	1,218
Additions	3,000
Net loss from fair value adjustment on investment property	(19,726)
Fair value as at 30 September 2023	**213,098**
Acquisitions	-
Acquisition costs	-
Additions	1,164
Net loss from fair value adjustment on investment property	(7,740)

Fair value as at 30 September 2024	206,522

In 2023 and 2024, the Group held one leasehold property.

The value of the respective sectors held were as follows:

Sector	2024 €'000	2023 €'000
Industrial	77,921	78,537
Retail (including retail warehousing)	39,328	39,650
Offices	89,273	94,911
Total	**206,522**	**213,098**

The fair value of investment properties, as determined by the valuer, totals €208,050,000 (2023: €214,125,000) with the valuation amount relating to a 100% ownership share for all the assets in the portfolio.

None of this amount is attributable to trade or other receivables in connection with lease incentives. The fair value of investment properties per the consolidated financial statements of €206,522,000 (2023: €213,098,000) includes a tenant incentive adjustment of €1,528,000 (2023: €1,027,000).

The net valuation loss on investment property of €7,740,000 (2023: loss of €19,726,000) consists of net property revaluation losses of €7,239,000 (2023: losses of €19,509,000) and a movement of the above-mentioned tenant incentive adjustment of €501,000 (2023: €217,000).

The fair value of investment property has been determined by Knight Frank LLP, a firm of independent chartered surveyors, who are registered independent appraisers. The valuation has been undertaken in accordance with the RICS Valuation - Global Standards November 2021, incorporating the International Valuations Standards, and RICS Professional Standards UK, November 2018 (effective January 2019).

The properties have been valued on the basis of 'fair value' in accordance with the RICS Valuation - Professional Standards VPS4(1.5) Fair Value and VPGA1 Valuations for Inclusion in Financial Statements which adopt the definition of fair value used by the International Accounting Standards Board.

The valuation has been undertaken using an appropriate valuation methodology and the valuer's professional judgement. The valuer's opinion of fair value was primarily derived using recent comparable market transactions on arm's length terms, where available, and appropriate valuation techniques (The Investment Method).

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

The Group has incorporated Environmental, Social and Governance ('ESG') objectives into its core investment strategy and at every stage of the investment process. It has clearly defined its social and environmental targets into distinct categories, for which each has clear and measurable impact objectives. The valuers take into account environmental considerations in their assessment of ERV, discount rate and capital expenditure assumptions for each asset. Some examples include: Hamburg office (c.€800k) for future BMS, HVAC and tenant wellbeing measures in order to continue to keep the asset relevant for occupiers; Stuttgart (c.€500k) and Venray (c.€500k) primarily ESG related capital expenditure; and Paris Saint-Cloud (c.€2.2 million) relating to fire security enhancements and co-ownership works which will improve ESG ratings in line with Tertiary Decree requirements.

A provision or contingent liability would only be recognised in the consolidated financial statements if the ESG factors led to a constructive or legal obligation for the Group. None of the above amounts have been provided for in the 30 September 2024 annual accounts as there is no legal or constructive obligation to perform these works at the reporting date.

The Group's total valuation fees for the year are €73,000 (2023: €67,000). The fee payable to Knight Frank LLP is less than 5% of its total revenue in any year.

All investment properties are categorised within Level 3 of the fair value hierarchy, 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 disclosed below:

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

2024		Industrial	Retail (incl. retail warehouse)	Office	Total
Fair value (€'000)		77,950	39,500	90,600	208,050
Area ('000 sqm)		95.030	21.326	54.580	170.936
Net passing rent € per sqm per annum	Range	33.23-118.05	56.85-108.12	120.65-163.59	33.23-163.59
	Weighted average[1]	64.98	92.80	138.14	102.12
Gross ERV € per sqm per annum	Range	44.00-115.36	101.58-163.33	79.93-233.70	44.00-233.70
	Weighted average[1]	64.78	120.03	185.21	127.71
Net initial yield[2] (%)	Range	5.43-9.61	1.99-5.94	4.39-19.94	1.99-19.94
	Weighted average[1]	6.62	6.15	7.02	6.44
Equivalent yield (%)	Range	5.50-6.98	5.13-5.55	4.20-14.89	4.20-14.89
	Weighted average[1]	6.17	5.42	7.59	6.65

1 Weighted by market value.
2 Yields based on rents receivable after deduction of head rents and non-recoverables.

2023		Industrial	Retail (incl. retail warehouse)	Office	Total
Fair value (€'000)		78,575	39,650	95,900	214,125
Area ('000 sqm)		95.071	21.325	54.579	170.975
Net passing rent € per sqm per annum	Range	33.16-125.09	108.12-154.66	118.63-158.07	33.16-158.07
	Weighted average[1]	63.79	121.09	138.22	107.73
Gross ERV € per sqm per annum	Range	42.00-110.30	101.58-162.27	79.93-234.01	42.00-234.01
	Weighted average[1]	63.20	118.50	181.29	126.33
Net initial yield[2] (%)	Range	5.42-9.54	5.76-5.79	4.02-17.09	4.02-17.09
	Weighted average[1]	6.35	5.77	6.60	6.35

	Range	5.57-9.76	5.36-5.40	3.87-13.38	3.87-13.38
Equivalent yield (%)	Weighted average[1]	5.94	5.39	7.17	6.39

1 Weighted by market value.
2 Yields based on rents receivable after deduction of head rents and non-recoverables.

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 are shown below:

Estimated movement in fair value of investment properties at 30 September 2024	Industrial €'000	Retail €'000	Office €'000	Total €'000
Increase in ERV by 10%	1,500	3,350	6,350	11,200
Decrease in ERV by 10%	(1,500)	(3,350)	(6,300)	(11,150)
Increase in net initial yield by 0.5%	(2,300)	(3,400)	(6,750)	(12,450)
Decrease in net initial yield by 0.5%	2,600	4,150	8,200	14,950

Estimated movement in fair value of investment properties at 30 September 2023	Industrial €'000	Retail €'000	Office €'000	Total €'000
Increase in ERV by 10%	4,900	2,600	7,100	14,600
Decrease in ERV by 10%	(4,900)	(2,600)	(7,100)	(14,600)
Increase in net initial yield by 0.5%	(6,200)	(3,400)	(9,000)	(18,600)
Decrease in net initial yield by 0.5%	7,400	4,100	9,800	21,300

14. Recognition of development revenue and profit

During the financial year ended 30 September 2021, the Group transferred the legal title of its office asset in Paris, Boulogne-Billancourt to a purchaser.

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

The transaction price for the sale of the asset is determined with regard to the deemed fair value of the asset at the date of the transfer of the legal title to the purchaser. On 16 December 2020 the Group transferred, as part of the sale, the legal title to the purchaser for a deemed sale price of €69.8 million. In return, the Group received on the completion date an initial €52.9 million cash receipt from the purchaser and €16.9 million was paid in the year to 30 September 2022 upon the completion of certain milestones.

The forward funded sale contract also included a development element whereby the Group would undertake a comprehensive refurbishment of the asset on behalf of the purchaser over an approximate 18 month period with practical completion occurring in the second quarter of 2022. The amount of revenue the Group will receive for the development of the asset is variable as it is based on the Group achieving certain milestones.

When forming a judgement as to an appropriate level of development revenue to be recognised in the reporting period, the Group considered the contractual penalties of not meeting certain criteria within the agreement; the total development costs incurred; the stage of completion of the refurbishment; the milestones achieved and still to be achieved; the timing of further future cash receipts from the purchaser; and the overall general development risk.

The Group has estimated that it will receive total development revenue of €30.4 million (2023: €30.4 million).

During the year, the Group incurred costs of €0.7 million (2023: cost savings €1.1 million), which cumulatively to date, represents 99.6% of the total project expenditure and a sum of €1.5 million (2023: €0.4 million) of development revenue has been recognised following consideration of the factors identified above. Total development revenue from this contract recognised since inception is €29.6 million, which represents 97% of total development revenue. The cash received in the year was €2.1 million. The remaining development revenue is expected to be recognised in the year ending 30 September 2025. The lag between development revenue and development cost represents the inherent development risk that is still evident in the project.

The total amount of the contract asset recognised by the Group that is due from the purchaser thereby totalled €1.3 million (2023: €1.9 million) at the end of the financial year and is included in trade and other receivables.

The below sensitivity table presents the change in the total development revenue expected from the purchaser if the variable consideration increases or decreases by 10%. Note that the maximum amount of variable revenue remaining that could be recognised is €0.8 million. This is also the expected amount of revenue to be received, therefore no +10% analysis is performed.

2024	-10%	0%	+10%
Variable development revenue expected from the purchaser (€m)	0.7	0.8	0.8

2023	-10%	0%	+10%
Variable development revenue expected from the purchaser (€m)	1.9	2.2	2.2

15. Investment in subsidiaries

Company	Company 2024 €'000	Company 2023 €'000
Balance as at 1 October	**69,921**	**61,386**
Additions	50	8,535

Provision of investment made in subsidiaries	(50)	-
Balance as at 30 September	**69,921**	**69,921**

During the year to 30 September 2024, SEREIT plc invested €50,000 into SEREIT (Jersey) Limited. This investment was impaired in full.

During the year to 30 September 2023, SEREIT plc invested €5,400,000 into SEREIT Holdings Sàrl as part of the acquisition of the Alkmaar property and the creation of the SPV SEREIT Alkmaar Sàrl.

During the year to 30 September 2023, the Group made the decision that a dividend of €3,135,000 previously paid to SEREIT plc from SEREIT Holdings Sàrl was to be reclassified as a partial repayment of an interest free loan.

The subsidiary companies listed below are those which were part of the Group as at 30 September 2024. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group and the proportion of ownership of interests held equals the voting rights held by the Group.

Undertaking	Country of incorporation	Group ownership	Registered office address
SEREIT (Jersey) Limited	Jersey	100%	22 Grenville Street, Jersey, JE4 8PX
SEREIT Finance Sàrl	Luxembourg	100%	404, Route d'Esch, Luxembourg, 1471[1]
SEREIT Holdings Sàrl	Luxembourg	100%	404, Route d'Esch, Luxembourg, 1471[1]
OPPCI SEREIT France	France	100%	153 Rue Saint Honoré, 75001 Paris
SCI SEREIT Rumilly	France	100%	8-10 Rue Lamennais, 75008 Paris
SEREIT Berlin DIY Sàrl	Luxembourg	100%	404, Route d'Esch, Luxembourg, 1471[1]
SEREIT Hamburg Sàrl	Luxembourg	100%	404, Route d'Esch, Luxembourg, 1471[1]
SEREIT Stuttgart Sàrl	Luxembourg	100%	404, Route d'Esch, Luxembourg, 1471[1]
SEREIT Frankfurt Sàrl	Luxembourg	100%	404, Route d'Esch, Luxembourg, 1471[1]
SCI SEREIT Directoire	France	100%	8-10 Rue Lamennais, 75008 Paris
SEREIT Apeldoorn Sàrl	Luxembourg	100%	404, Route d'Esch, Luxembourg, 1471[1]
SEREIT UV Sàrl	Luxembourg	100%	404, Route d'Esch, Luxembourg, 1471[1]
SEREIT Alkmaar Sàrl	Luxembourg	100%	404, Route d'Esch, Luxembourg, 1471[1]
SEREIT Holdings France SAS	France	100%	8-10 Rue Lamennais, 75008 Paris
SCI SEREIT Pleudihen	France	100%	8-10 Rue Lamennais, 75008 Paris
SAS Clarity Developpment	France	100%	8-10 Rue Lamennais, 75008 Paris
SEREIT France Invest SAS	France	100%	8-10 Rue Lamennais, 75008 Paris
SCI SEREIT Nantes	France	100%	8-10 Rue Lamennais, 75008 Paris
SCI LC Invest	France	100%	8-10 Rue Lamennais, 75008 Paris

1 Up until 10 March 2024, the registered office was 15, Boulevard F.W. Raiffeisen, 2411. From 11 March 2024 to 31 October 2024 the registered office was 4, Rue Fort Wallis, Luxembourg, 2714.

16. Investment in joint venture

The Group has a 50% interest in a joint venture called Urban SEREIT Holdings Spain S.L. The principal place of business of the joint venture is Calle Velazquez 3, 4th Madrid 28001, Spain.

Group	2024 €'000	2023 €'000
Balance as at 1 October	**-**	**-**
Investment in joint venture	-	-
Share of loss for the year	-	-
Balance as at 30 September	**-**	**-**

Summarised joint venture financial information:	2024 €'000	2023 €'000
Total assets	26,548	28,078
Total liabilities	(51,259)	(50,055)
Net liabilities	**(24,711)**	**(21,977)**
Net asset value attributable to the Group	-	-
Revenues for the year	2,756	2,329
Total comprehensive loss	**(2,734)**	**(2,832)**
Total comprehensive loss attributable to the Group	**-**	**-**

As at 30 September 2024, the joint venture in Seville, of which SEREIT holds a 50% share, had total net liabilities of €24,711,000 (2023: €21,977,000). The Group has therefore recognised a nil interest as its investment in the joint venture and would only recognise its share of net liabilities where certain legal or constructive obligations are in force. No such obligations exist with regard to the Seville joint venture.

A reduction in rental income has resulted in a requirement under the minimum net rental income covenant in the loan agreement for the lender to retain all excess rental income generated by the Seville property in the property-owning special purpose vehicle ('SPV'). This position will continue until the rental income increases sufficiently to meet the level required under the loan. A significant fall in valuation over the last few years has resulted in a 'Hard LTV' covenant breach which leads to an automatic increase in the interest margin. The bank has agreed a waiver until the maturity date of the additional interest margin expiring on 31 December 2024.

In 2024 and 2023, within total liabilities of the joint venture, there is also a loan amount of €10,000,000 owed to the Group. The Group has fully impaired the loan and interest receivable from the joint venture and further details are provided in note 6. The loan is expected to mature at the same time as the above-mentioned bank loan and carries a fixed interest rate of 4.37% per annum payable quarterly.

17. Trade and other receivables

	Group 2024 €'000	Group 2023 €'000	Company 2024 €'000	Company 2023 €'000
Rent and service charges receivable	5,091	4,467	-	-
Amounts due from subsidiary undertakings	-	-	836	1,221
VAT receivable	322	297	11	4
Rental and security deposits	1,401	1,067	-	-
Proceeds receivable from development[1]	1,338	1,898	-	-
Other debtors and prepayments	1,874	1,168	62	60
	10,026	**8,897**	**909**	**1,285**

1 Refer to note 14 for proceeds due from the development of Boulogne-Billancourt in Paris.

Other debtors and prepayments includes tenant incentives of €1,528,000 (2023: €1,027,000). Rent and service charge receivables includes a provision of €51,000 (2023: €Nil).

18. Share capital and share premium

	Group 30/09/2024 €'000	Group 30/09/2023 €'000	Company 30/09/2024 €'000	Company 30/09/2023 €'000
Ordinary share capital	17,966	17,966	17,966	17,966
Share premium	43,005	43,005	43,005	43,005

As at 30 September 2024, the share capital of the Company was represented by 133,734,686 ordinary shares (2023: 133,734,686 ordinary shares) with a par value of 10.00 pence.

Issued share capital

As at 30 September 2024, the Company had 133,734,686 ordinary shares in issue (2023: 133,734,686) (no shares were held in treasury). The total number of voting rights of the Company at 30 September 2024 was 133,734,686 (2023: 133,734,686).

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

19. Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate risk, see note 22.

	Group 2024 €'000	Group 2023 €'000	Company 2024 €'000	Company 2023 €'000
As at 1 October	**73,623**	**68,744**	**-**	**-**
Drawdown of new loans	-	31,760	-	-
Repayment of loans	(3,000)	(26,950)	-	-
Capitalisation of finance costs	(322)	(84)	-	-
Amortisation of finance costs	170	153	-	-
As at 30 September	**70,471**	**73,623**	**-**	**-**

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Bank loan - HSBC Bank plc

The Group had a loan facility of €9.25 million with HSBC Bank plc which was entered into during the year ended 30 September 2018.

The total amount had been fully drawn and matured on 27 September 2023. It carried an interest rate which is the aggregate of the applicable Euribor three-month rate and a margin of 2.15% per annum, payable quarterly. The facility was subject to a 1% arrangement fee which is being amortised over the period of the loan. The debt had a LTV covenant of 62.5% and the interest cover should be above 275%.

The lender had a charge over properties owned by the Group with a value of €25,050,000. A pledge of all shares in the borrowing Group company is in place.

This loan was fully repaid in September 2023.

Bank loan - ABN AMRO

The Group entered into a facility of €13.76 million with ABN AMRO during the year ended 30 September 2023. The loan was fully drawn down on 28 September 2023 and matures on 27 September 2028.

It carries an interest rate of 5.3% which is payable quarterly. The debt has an LTV covenant of 62.5%, with a cash trap of 55% which reduces by 1% each year from 1 September 2024 and the debt to yield ratio should be above 12.5%.

The lender has a charge over property owned by the Group with a value of €36,200,000. A pledge of all shares in the borrowing Group company is in place.

Bank loan - BRED Banque Populaire

The Group entered into a loan facility totalling €13.0 million with BRED Banque Populaire during the year ended 30 September 2018.

The total amount was fully drawn and was initially due to mature on 15 December 2024. The loan carries an interest rate which is the aggregate of the applicable Euribor three-month rate and a margin of 1.30% per annum, payable quarterly. The facility was subject to an arrangement fee of the applicable Euribor three-month rate and a margin of 1.30% per annum, payable quarterly. The facility was subject to an arrangement fee of €70,000 which is being amortised over the period of the loan. The debt has an LTV covenant of 60% and the interest cover ratio ('ICR') should be above 400%. The Group has purchased an interest rate cap to have risk coverage on the variation of the interest rate.

During the year ended 30 September 2020, the Group received a further €4.0 million of debt into SCI Directoire under its existing loan facility with BRED Banque Populaire. The additional loan amount carries an interest rate of 1.45% and was subject to a €30,000 arrangement fee which will be amortised over the period of the loan.

On 15 December 2023, the Group completed an early refinancing of the loan, extending the term by three years from 15 December 2024 to 15 December 2027, with an option of a further year. The principal of the loan was also reduced by €3.0 million from €17.0 million to €14.0 million. Following the refinancing, the loan now carries an interest rate which is the aggregate of the applicable Euribor 3 months rate and a margin of 1.90% per annum, payable quarterly.

The lender has a charge over property owned by the Group with a value of €37,400,000. A pledge of all shares in the borrowing Group company is in place.

Bank loan - Deutsche Pfandbriefbank AG

The Group had two loan facilities totalling €30.50 million with Deutsche Pfandbriefbank AG which were entered into during the year ended 30 September 2016.

One of the loan facilities totalling €14.0 million was repaid in March 2023 and carried a fixed interest rate of 0.85% per annum payable quarterly.

The remaining loan totalling €16.5 million matures on 30 June 2026 and carries a fixed interest rate of 1.31% per annum. An additional fixed fee of 0.30% per annum was payable until certain conditions relating to the Frankfurt property were fulfilled on 30 December 2016. The facility was subject to a 0.35% arrangement fee which is being amortised over the period of the loan. The debt has a LTV covenant of 65% and the debt yield must be at least 8%.

The lender has a charge over property owned by the Group with a value of €39,500,000. A pledge of all shares in the borrowing Group companies is in place.

Bank loan - Westerwald Bank eG

The Group entered into a facility of €18.0 million with Westerwald bank on 31 March 2023. The loan has been fully drawn and matures on 31 December 2027. It carries an interest rate of 3.8% which is payable quarterly.

The lender has a charge over property owned by the Group with a value of €39,600,000.

Bank loan - Landesbank Saar

The Group entered into a loan facility of €8.6 million with Landesbank Saar on 27 March 2019.

The loan was initially due to mature on 28 March 2024 and carried an interest rate of 1.40% plus Euribor three-month per annum, payable quarterly. An additional 25bps was applied to the margin if the LTV was between 56% and 60%, or 50bps if the LTV was above 60%. The facility was subject to a €56,000 arrangement fee which was amortised over the period of the loan. The debt had an LTV covenant of 64% and the interest cover was required to be above 220%. A pledge of all shares in the borrowing Group company is in place.

This loan was classified as a current liability for the year ended 30 September 2023.

On 26 March 2024, the Group refinanced the loan, the loan now matures on 26 March 2029 and attracts interest at a fixed rate of 4.3%. As a result of the refinancing, the covenants were amended. An additional 25bps is now applied to the interest rate if the LTV is between 50% and 53%, or 50bps if the LTV is between 53% and 55%. The debt now has an LTV covenant of 55% and the interest cover should be above 200%.

Bank loan - Landesbank Saar

On 25 November 2019, SCI Rumilly entered into a new loan facility with Landesbank Saar for €3.7 million.

The loan carried an interest rate of 1.30% plus Euribor three-month per annum payable quarterly. An additional 25bps was applied to the margin if the LTV was between 52% and 56%, or 50bps if the LTV was equal to or above 56%. The facility was subject to a €46,000 arrangement fee which was amortised over the period of the loan. The debt had a maximum LTV covenant of 60% and a minimum ICR covenant of 200%. A pledge of all shares in the borrowing Group company was in place. The loan was fully repaid in April 2023.

20. Trade and other payables

	Group 30/09/2024 €'000	Group 30/09/2023 €'000	Company 30/09/2024 €'000	Company 30/09/2023 €'000
Rent received in advance	1,001	880	-	-
Rental deposits	1,411	1,393	-	-
Interest payable	486	206	-	-
Retention payable	-	85	-	-
Amounts due to subsidiary undertakings	-	-	58	-
Accruals	1,699	2,194	424	893
Trade payables	358	98	47	39
	4,955	**4,856**	**529**	**932**

All trade and other payables are interest free and payable within one year. Included within the Group's accruals are amounts relating to management fees of €140,000 (2023: €626,000) and property expenses of €626,000 (2023: €505,000).

21. Net asset value per ordinary share

The NAV per ordinary share of 122.7 euro cents per share (2023: 128.2 euro cents per share) is based on the net assets attributable to ordinary shareholders of the Group of €164,097,000 (2023: €171,439,000), and 133,734,686 ordinary shares in issue at 30 September 2024 (2023: 133,734,686 ordinary shares).

22. Financial instruments, properties and associated risks

Financial risk factors

The Group holds cash and liquid resources as well as having debtors and creditors that arise directly from its operations. The Group uses interest rate caps when required to limit exposure to interest rate risks, but does not have any other derivative instruments. The financial risk profile of the Group has been heightened, in part due to ongoing geopolitical developments, together with macroeconomic uncertainty.

The main risks arising from the Group's financial instruments and properties are market price risk, currency risk, credit risk, liquidity risk and interest rate risk. The Board regularly reviews and agrees policies for managing each of these risks and these are summarised below:

Market price risk

Rental income and the market value for properties are generally affected by overall conditions in the economy, such as changes in gross domestic product, employment trends, inflation and changes in interest rates. Changes in gross domestic product may also impact employment levels, which in turn may impact the demand for premises. Furthermore, movements in interest rates may also affect the cost of financing for real estate companies.

The Group's investments comprise of continental European commercial property. Property and property-related assets are inherently difficult to value due to the individual nature of each property. As a result, valuations are subject to substantial uncertainty. There is no assurance that the estimates resulting from the valuation process will reflect the actual sale's price even where such sales occur shortly after the valuation date.

Both rental income and property values may also be affected by other factors specific to the real estate market, such as competition from other property owners; the perceptions of prospective tenants of the attractiveness, convenience and safety of properties; the inability to collect rents because of bankruptcy or the insolvency of tenants; the periodic need to renovate, repair and re-lease space and the costs thereof; the costs of maintenance and insurance, and increased operating costs.

The Board monitors the market value of investment properties by having independent valuations carried out quarterly by a firm of independent chartered surveyors. See note 13.

At the date of signing this report, the conflict in Ukraine continues to have significant societal and economic impact. The Group does not have a material direct exposure to Russia or Ukraine, but continues to monitor the situation closely.

Currency risk

The Group's policy is for Group entities to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. Where Group entities have liabilities in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already in that currency will, where possible, be transferred from elsewhere within the Group. The functional currency of all entities in the Group is the euro. Currency risk sensitivity has not been shown due to the small values of non-euro transactions. The table below details the Group's exposure to foreign currencies at the year end:

Net assets	**Group 30/09/2024 €'000**	**Group 30/09/2023 €'000**	**Company 30/09/2024 €'000**	**Company 30/09/2023 €'000**
Euros	163,912	171,346	143,788	148,903
Sterling	28	13	28	13
Rand	157	80	157	80
	164,097	**171,439**	**143,973**	**148,996**

Interest rate risk

Exposure to market risk for changes in interest rates relates primarily to the Group's long-term debt obligations and to interest earned on cash balances. As interest on the Group's long-term debt obligations is payable on a fixed-rate basis, or is capped, the Group has limited exposure to downside interest rate risk, but is exposed to changes in fair value of long-term debt obligations such as derivatives which are driven by interest rate movements. As at 30 September 2024, the total carrying value of the Group's loans was €70.9 million (2023: €73.9 million). Although held at carrying value in the financial statements, the Group has its fixed-rate debt fair valued, and as at 30 September 2024, the fair value of the Group's fixed rate debt was €56.51 million (2023: €47.3 million). The carrying value for the fixed-rate debt was €56.86 million (2023: €48.3 million). The Group does not fair value variable rate debt. The carrying value of the variable rate debt, which is €14.0 million (2023: €25.6 million), is deemed to approximate the fair value. A 1% increase or decrease in short-term interest rates would decrease or increase the annual income and equity by €0.1 million (2023: €0.1 million) based on the net of cash and variable debt balances as at 30 September 2024. 1% has been chosen as the sensitivity rate to demonstrate the linear relationship to interest rate changes.

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Group. In the event of default by an occupational tenant, the Group will suffer a rental income shortfall and incur additional costs, including legal expenses, in maintaining, insuring and re-letting the property.

The Group calculates the expected credit loss for rent and service charge receivables based on the lifetime expected credit losses under the IFRS 9 simplified approach.

With regard to the loan to the Seville joint venture, the Directors have assessed this for an expected credit loss under IFRS 9 and, consequently, have recognised an impairment against the receivable; see note 6 for further details.

The Investment Manager reviews reports prepared by Dun & Bradstreet or other sources, to assess the credit quality of the Group's tenants and aims to ensure there is no excessive concentration of risk and that the impact of any default by a tenant is minimised.

In respect of credit risk arising from other financial assets, which comprises of cash and cash equivalents and a loan to a joint venture, exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amounts of these instruments. In order to mitigate such risks, cash is maintained with major international financial institutions with high-quality credit ratings.

The table below shows the balance of cash and cash equivalents held with various financial institutions at the end of the reporting year.

Bank	**Ratings as at 30/09/2024**	**Group balance at 30/09/2024 €'000**	**Company balance at 30/09/2024 €'000**
HSBC Bank plc	AA-	5,907	5,707
ING Bank N.V.	AA-	2,876	-
BNP Paribas	A+	883	-
BRED Banque Populaire	A	278	-
Santander	A-	529	496
Societe Generale SA	A-	4,594	1,935
Commerzbank AG	A	1,466	-
FirstRand Bank Limited	BB-	157	157
Royal Bank of Scotland International	A	9,870	9,870
ABN AMRO Bank	A	802	-
		27,362	**18,165**

Bank	**Ratings as at 30/09/2023**	**Group balance at 30/09/2023 €'000**	**Company balance at 30/09/2023 €'000**
HSBC Bank plc	A-	7,222	1,450
ING Bank N.V.	A-	5,123	-
BNP Paribas	A-	1,274	-

BRED Banque Populaire	A	1,664	-
Santander	A-	7,096	7,089
Societe Generale SA	A-	3,773	871
Commerzbank AG	BBB	2,155	-
FirstRand Bank Limited	BBB-	80	80
Royal Bank of Scotland International	BBB+	4,058	4,058
		32,445	**13,548**

The maximum exposure to credit risk for rent and service charge receivables at the reporting date by type of sector was:

	30/09/2024 Carrying amount €'000	30/09/2023 Carrying amount €'000
Office	4,157	3,357
Retail (including retail warehousing)	239	561
Industrial	695	550
	5,091	**4,468**

Rent and service charges receivables which are past their due date, but which were not impaired at the reporting date, were:

	30/09/2024 Carrying amount €'000	30/09/2023 Carrying amount €'000
0-30 days	276	65
31-60 days	61	59
61-90 days	2	8
91 days plus	346	712
	685	**844**

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting its financial obligations.

Investments in property are relatively illiquid. However, the Group has tried to mitigate this risk by investing in properties that it considers to be good quality.

In certain circumstances, the terms of the Group's debt facilities entitle the lender to require early repayment and in such circumstances the Group's ability to maintain dividend levels and the net asset value could be adversely affected. The Investment Manager prepares cash flows on a rolling basis to ensure the Group can meet future liabilities as and when they fall due.

The following table indicates the undiscounted maturity analysis of the financial liabilities.

As at 30 September 2024	**Carrying amount €'000**	**Expected cash flows €'000**	**6 months or less €'000**	**6 months to 2 years €'000**	**2-5 years €'000**	**More than 5 years €'000**
Financial liabilities						
Interest-bearing loans and borrowings and interest	70,860	80,368	1,358	20,536	58,474	-
Trade and other payables	4,955	3,954	3,954	-	-	-
Total financial liabilities	**75,815**	**84,322**	**5,312**	**20,536**	**58,474**	**-**

As at 30 September 2023	**Carrying amount €'000**	**Expected cash flows €'000**	**6 months or less €'000**	**6 months to 2 years €'000**	**2-5 years €'000**	**More than 5 years €'000**
Financial liabilities						
Interest-bearing loans and borrowings and interest	73,860	81,289	9,587	19,604	52,098	-
Trade and other payables	4,856	4,856	4,856	-	-	-
Total financial liabilities	**78,716**	**86,145**	**14,443**	**19,604**	**52,098**	**-**

Fair values

The fair values of financial assets and liabilities approximate their carrying values in the financial statements.

The fair value hierarchy levels are as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical assets and liabilities;

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There have been no transfers between Levels 1, 2 and 3 during the year (2023: none).

The following summarises the main methods and assumptions used in estimating the fair values of financial instruments and investment property (which is a non-financial asset).

Investment property - Level 3

Fair value is based on valuations provided by an independent firm of chartered surveyors and registered appraisers. These values were determined after having taken into consideration recent market transactions for similar properties in similar locations to the investment properties held by the Group. The fair value hierarchy of investment property is Level 3. See note 13 for further details.

Interest-bearing loans and borrowings - Level 2

Fair values are based on the present value of future cash flows discounted at a market rate of interest. Issue costs are amortised over the period of the borrowings.

Trade and other receivables/payables

All receivables and payables are deemed to be due within one year and as such the carrying value approximates the fair value.

Derivatives - Level 2

Fair values of derivatives are based on current market conditions such as the current EURIBOR rate compared to the terms of the derivative agreements.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence, and to sustain future development of the business. The objective is to ensure that it will continue as a going concern and to maximise return to its equity shareholders through an appropriate level of gearing.

The Group's debt and capital structure comprises the following:

	30/09/2024 €'000	30/09/2023 €'000
Debt		
Loan facilities and accrued interest	70,806	73,828
Equity		
Called-up share capital and share premium	60,971	60,971
Retained earnings and other reserves	103,126	110,468
Total equity	**164,097**	**171,439**
Total debt and equity	**234,903**	**245,267**

There were no changes in the Group's approach to capital management during the year.

The Company's capital structure is comprised of equity only.

23. Operating leases

The Group leases out its investment property under operating leases. At 30 September 2024, the future minimum lease receipts under non-cancellable leases are as follows:

The Group as a lessor	30/09/2024 €'000	30/09/2023 €'000
Less than one year	16,023	16,511
Between one and two years	12,675	15,617
Between two and three years	8,610	12,768
Between three and four years	6,445	7,858
Between four and five years	5,061	5,695
More than five years	14,463	13,189
	63,277	**71,638**

The total above comprises the total contracted rent as at 30 September 2024.

24. Related party transactions

Material agreements are disclosed in note 5 and Directors' emoluments are disclosed in note 9. Loans to related parties are disclosed in the consolidated and company statements of financial position and other amounts due from related parties are disclosed in note 17.

Details of dividends received from the joint venture are disclosed in note 16.

Interest receivable from the joint venture was impaired during the year; refer to note 6 for further details.

25. Contingent liability

There are no contingent liabilities other than those disclosed in note 10.

26. Capital commitments

At 30 September 2024, the Group had capital commitments of €131,000 (2023: €400,000) with regard to its directly held portfolio. This relates to various small projects across the portfolio.

In addition, the Group is expected to incur a further €0.1 million (2023: €1.0 million) of development expenditure with regards to the comprehensive refurbishment of the Paris, Boulogne Billancourt asset.

27. Employees

The Group has one employee who is appointed by the French branch of the Company. The total charge for the employee during the year was €22,000 (2023: €22,000).

28. Post balance sheet events

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

END

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