

Schroder European Real Estate (SERE)

09/12/2025

Results analysis from Kepler Trust Intelligence

Schroder European Real Estate's (SERE) final results to 30/09/2025 show an NAV total return of 2.0%. The NAV was 119.2 cps (2024: 122.7 cps, -2.8%). Dividends of 5.92 cps (2024: 5.92 cps) were declared during the year. SERE currently yields c. 8.2%. SERE trades at a c. 37% discount. During the year 2.3m shares were bought back, enhancing NAV by 0.5 cps. The board notes that alongside broader market factors, specific challenges include SERE's largest tenant's anticipated departure and the French Tax claim (both noted below).

Largest tenant, Dutch telecoms company KPN, which occupies the Apeldoorn asset accounting for c. 6% of the portfolio value and 19% of contracted rent, has a lease due to expire in December 2026. KPN have verbally advised that they will issue their termination notice and leave at the end of December 2026. The manager continues to work on solutions including re-letting to a replacement tenant or obtaining planning approval for alternative uses and sale.

Tax disclosure update. As previously disclosed, SERE received a notice of adjustment from the French Tax Authority amounting to c. €14.2 million, including interest and penalties. SERE maintains its position that this amount is not payable and has formally appealed the decision. This is now expected to be reviewed within a six-month period. If the claim is dismissed, SERE would escalate the matter to a formal court process, which could take up to two years to resolve. Based on professional advice, SERE's board has decided not to make a provision, as they do not believe that an outflow is probable.

Sir Julian Berney Bt., chair, said: "The period has been characterised by a cautious recovery in economic sentiment across key European markets, with inflation pressures gradually abating and the outlook for interest rates remaining broadly stable, creating a more favourable borrowing backdrop. There are some encouraging signs that liquidity within the European real estate market is improving."

Kepler View

As the board notes, alongside broader market factors, two specific factors play a role in Schroder European Real Estate's (SERE) persistent discount. The largest tenant, KPN, has already provided verbal confirmation and is expected to formally confirm shortly its intention not to renew its lease, which expires in December 2026. We note that this is a large site that, aside from its current use, could be repositioned for residential development. But it's current mixed use, particularly as a datacentre, are in an area which is seeing strong tenant demand across Europe.

We understand from the manager that there is a strong case to believe that the French tax claim will not be paid, and the board confirms that it has received professional advice on the same basis. Alongside this change, there is now a timetable for when we might expect a resolution, and as the board notes, there is an appeal process should the initial assessment go against SERE.

SERE's significantly wider than average discount, c. 36%, says to us that the market is taking a wait and see approach on the above issues and while that's frustrating given that there has been an improvement in sentiment to REITs more generally, with some of SERE's UK-listed peers turning in very good share price performances over the last year, taking this approach is understandable given the binary nature of both issues. Once the outcome of either or both is known, then SERE's remaining portfolio, which has maintained a relatively stable valuation and income, could be significantly undervalued by the share price.

[CLICK HERE TO READ THE FULL REPORT](#)

Visit [Kepler Trust Intelligence](#) for more high quality independent investment trust research.

Important information

This report has been issued by Kepler Partners LLP. **The analyst who has prepared this report is aware that Kepler Partners LLP has a relationship with the company covered in this report and/or a conflict of interest which may impair the objectivity of the research.**

Past performance is not a reliable indicator of future results. The value of investments can fall as well as rise and you may get back less than you invested when you decide to sell your investments. It is strongly recommended that if you are a private investor independent financial advice should be taken before making any investment or financial decision.

Kepler Partners is not authorised to make recommendations to retail clients. This report has been issued by Kepler Partners LLP, is based on factual information only, is solely for information purposes only and any views contained in it must not be construed as investment or tax advice or a recommendation to buy, sell or take any action in relation to any investment.

The information provided on this website is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation or which would subject Kepler Partners LLP to any registration requirement within such jurisdiction or country. In particular, this website is exclusively for non-US Persons. Persons who access this information are required to inform themselves and to comply with any such restrictions.

comply with any such restrictions.

The information contained in this website is not intended to constitute, and should not be construed as, investment advice. No representation or warranty, express or implied, is given by any person as to the accuracy or completeness of the information and no responsibility or liability is accepted for the accuracy or sufficiency of any of the information, for any errors, omissions or misstatements, negligent or otherwise. Any views and opinions, whilst given in good faith, are subject to change without notice.

This is not an official confirmation of terms and is not a recommendation, offer or solicitation to buy or sell or take any action in relation to any investment mentioned herein. Any prices or quotations contained herein are indicative only.

Kepler Partners LLP (including its partners, employees and representatives) or a connected person may have positions in or options on the securities detailed in this report, and may buy, sell or offer to purchase or sell such securities from time to time, but will at all times be subject to restrictions imposed by the firm's internal rules. A copy of the firm's Conflict of Interest policy is available on request.

[PLEASE SEE ALSO OUR TERMS AND CONDITIONS](#)

Kepler Partners LLP is authorised and regulated by the Financial Conduct Authority (FRN 480590), registered in England and Wales at 70 Conduit Street, London W1S 2GF with registered number OC334771.

This information is provided by Reach, the non-regulatory press release distribution service of RNS, part of the London Stock Exchange. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact ms@seg.com or visit www.ms.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

NRABKLFBELFFBE