

# Schroders Capital UK Real Estate Fund

## INVESTMENT POLICY AND OBJECTIVES

The investment objective of the Fund is to achieve a blend of income and capital growth for investors through investment in UK property. Risk is diversified holding a mixed portfolio of retail, office, industrial and other property (including leisure) throughout the UK. The Fund seeks to provide a return of 0.5% per fees) above its benchmark (MSCI/AREF UK Quarterly Property Fund Index – All Balanced Fund Weighted Average) over rolling three year periods.

## INVESTOR CONSTITUENCY

The Fund, previously named Schroder Exempt Property Unit Trust, converted on 31 July 2012 into a Property Authorised Investment Fund ('PAIF'). As a result, it is available for investment not only to exempt funds, but to a wider range of UK and foreign professional investors including insurance companies, diversified financial institutions, discretionary asset managers. It is not suitable for retail investors. For full details see the Prospectus on the Fund's web-site [www.schroders.com](http://www.schroders.com)

### Fund details

Type of fund	Property Authorised
Residence	
Launch date	June 1971 (See 'Investment')
Open/closed-ended	
Earliest date of winding up	
Year-end	
NAV (GBPm)	

Source: Schroders

### Management/professional advisors

Authorised Corporate Director ('ACD')	Schroder
Investment Manager	Schroder Real Estate Investment
Fund Manager	
Depository	Natwest Trustee & Depo
Auditors	P

Source: Schroders

### Fund Level Total Return, %

	Schroders Capital UK Real Estate Fund	MSCI/AREF UK Quarterly Property Fund Index	
		Other balanced open-ended funds	All balanced open-ended funds
3 months	0.2	1.2	1.1
Year-to-date	0.7	1.7	1.7
12 months	-2.6	-0.4	0.1
3 years+	-2.8	0.4	0.6
5 years+	-0.5	1.4	1.5
10 years+	4.3	5.1	4.8

Source: MSCI/AREF UK Quarterly Property Fund Index

### Fund Restraints

#### Property investment restrictions

- Maximum development exposure
- Maximum speculative development exposure
- Maximum lot-size holding as a standing investment
- Maximum lot-size holding permitted at purchase
- Maximum exposure to limited partnerships/joint ventures
- Maximum exposure to closed and open-ended property unit trusts

#### Restrictions on holdings of cash/borrowings

- Maximum total gearing permitted
- Cash holdings (maximum)
- Cash holdings (minimum)

Source: Schroders

### Portfolio distribution %

	Schroders Capital UK Real Estate Fund	**MSCI/AREF UK Quarterly Property Fund Index	
		Other balanced open-ended funds	All balanced open-ended funds
Standard retail – South East	3.3	4.2	3.7

Standard retail – Rest of UK	2.1	1.1	1.1
Supermarkets	0.3	0.7	1.1
Shopping centres	0.5	0.6	0.9
Retail warehouses	10.3	12.3	12.0
<b>All UK retail</b>	<b>16.6</b>	<b>19.0</b>	<b>18.8</b>
City offices	6.2	3.0	3.1
West End offices	5.2	7.5	6.6
Rest of South East offices	19.5	6.3	6.3
Rest of UK offices	3.4	4.6	4.0
<b>All UK offices</b>	<b>34.3</b>	<b>21.4</b>	<b>20.0</b>
South East industrial	20.1	19.2	20.1
Rest of UK industrial	9.6	7.7	7.2
South East Distribution Warehouse	3.3	5.1	5.4
Rest of UK Distribution Warehouse	2.0	6.4	6.3
<b>All UK industrial</b>	<b>35.0</b>	<b>38.3</b>	<b>39.1</b>
Residential excl Student Accomodation	1.2	0.5	1.3
Student Accomodation	0.0	2.8	3.3
Hotel	2.6	3.7	3.2
Leisure	4.4	1.8	2.2
Healthcare	0.0	1.8	1.3
Other UK properties	4.2	3.8	3.2
Cash	1.8	6.8	7.7
<b>Overall</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Sources: \* Schroders \*\* MSCI/AREF UK Quarterly Property Fund Index

Note: Schroder UK Real Estate portfolio distribution is based on total property valuation plus cash held in direct vehicles but excludes cash held in indirect vehicles

#### Property ownership structure

	Number of assets	Valuation (GBPm)
Direct holdings	40	1,393.6
Joint and indirect holdings	8	274.6
Listed investments	0	0.0
<b>Total</b>	<b>48</b>	<b>1,668.2</b>

Source: Schroders

#### Largest direct investments by lot size & percentage of total portfolio

Property	Location	Sector	Valuation (GBPm)
WENLOCK WORKS (SHEPHERDESS WALK)	LONDON	Office	100-150m
HARTLEBURY TRADING ESTATE	KIDDERMINSTER	Industrial	100-150m
CRAYFORD ACORN INDUSTRIAL ESTATE	DARTFORD	Industrial	50-100m
X2,HATTON CROSS,EASTERN PERIMETER ROAD	HATTON CROSS	Industrial	50-100m
THE BREWERY, ROMFORD,ROMFORD,	ROMFORD	Retail Park	50-100m
WOKING BUSINESS PARK	WOKING	Industrial	50-100m
ONE LYRIC	LONDON	Office	50-100m
STEEL PARK	WOLVERHAMPTON	Industrial Other	50-100m
CITY TOWER	MANCHESTER	Office	50-100m
ONE CAMBRIDGE SQUARE	CAMBRIDGE	Office	50-100m

#### 10 largest investments as % of portfolio

Source: Schroders

#### Direct portfolio structure by lot-size bands

Value band (GBPm)	Number of assets	Valuation (GBPm)
0 -2.5	2	2.4
2.5 - 5	1	4.6
5-10	3	20.7
10-25	12	201.6
25 - 50	13	478.5
50 - 100	7	479.5
100-150	2	206.4
Over 150	0	0.0
<b>Total</b>	<b>40</b>	<b>1393.6</b>
Average lot size		34.8

Source: Schroders

Property Yield		Voids as % of ERV	
Net initial yield	5.70%	Investments	
Nominal equivalent yield	-	Developments	
True equivalent yield	6.50%	Total	
Net reversionary yield	7.00%		

Source: Schroders

### Rental income & ERV by type of property

	Rental income %
Standard retail	8.6
Retail warehousing	13.9
Shopping centres	0.9
Central London offices	9.2
Other offices	25.0
Industrial	29.2
Other	13.2
<b>Overall</b>	<b>100.0</b>

Source: Schroders

### Over Renting and Reversionary Potential, % Rent Passing

Sector	Rent Passing, GBP Millions	Rent Free, % Rent Passing	Development vacancy, % Rent Passing	Investment vacancy, % Rent Passing	Over rented, % Rent Passing	Reversionary potential, % Rent Passing	Reversionary potential Net of Over renting, % Rent Passing
Standard retail	8.9	4.8	-	12.0	-16.3	14.5	-1.8
Retail warehousing	14.3	2.0	-	-	-19.1	9.2	-9.9
Shopping centres	0.9	-	-	-	-19.5	42.0	22.6
Central London offices	9.5	-	51.6	11.5	0.0	6.8	6.8
Other offices	25.6	9.9	-	30.8	-2.0	14.2	12.2
Industrial	30.0	1.9	1.2	8.3	-2.5	23.3	20.8
Other	13.5	1.7	-	1.8	-10.0	14.7	4.7
<b>Overall</b>	<b>102.7</b>	<b>4.0</b>	<b>5.1</b>	<b>12.5</b>	<b>-6.8</b>	<b>15.8</b>	<b>9.0</b>

\*Comprising the % rent passing of developments in progress or contracted which have not been pre-let

Source: Schroders

### The unexpired term of leases % of rent passing

Years	Including breaks
20 years or greater	3.4
15 years or greater, but less than 20	3.2
10 years or greater, but less than 15	14.4
5 years or greater, but less than 10	27.3
Less than 5 years	51.7

Source: Schroders

### Joint and Indirect property holdings

Holdings	Sector	Joint/Indirect	Vehicle Type	Ownership %	Valuation
CITY TOWER, MANCHESTER	Retail and Office	JO	CEPUT	50.0	-
BRACKNELL	Retail and Office	JO	CEPUT	49.1	-
MONKS CROSS RETAIL PARK, YORK	Retail Warehouse	JO	Trust for Land	25.0	-
WEST INDIA QUAY, LONDON E14	Other	JO	CEPUT	50.0	-
STORE UNIT TRUST, LONDON	Office	JO	CEPUT	50.0	-
ROMFORD PROPERTY UNIT TRUST	Retail Warehouse	JO	CEPUT	50.0	-
NUVEEN REAL ESTATE UK RETAIL WAREHOUSE FUND	Retail Warehouse	IND	CEPUT	2.0	-
CITY OF LONDON OFFICE UNIT TRUST (CLOUT)	Office	JO	CEPUT	26.8	-

Source: Schroders

### Development exposure\*

	Capital value of developments		
	Not yet started	In progress+	All developments
GBPm	0	0.0	0.0
% of all directly held properties*	0.00%	0.00%	0.00%

\* Includes joint ventures in which the Fund has an interest of 50% or more

Source: Schroders

### Valuations/performance monitors/affiliations

Valuation point Monthly at 8am on the first business day  
 Valuer  
 Portfolio performance monitored by MSCI  
 Constituent of the MSCI/AREF UK Quarterly Property Fund Index

**The contribution of major tenants to rental income****Tenant**

THE OFFICE GROUP  
CHECKOUT LIMITED  
TATA STEEL UK LIMITED  
ARRIVAL  
THE SELF STORAGE COMPANY  
LLOYDS TSB BANK PLC  
MARKETING VF LIMITED  
QUEEN MARY UNIVERSITY OF LONDON  
UNIVERSITY OF LAW  
SAINSBURYS SUPERMARKETS LIMITED

Three largest tenants' contribution to rental income

Five largest tenants' contribution to rental income

Ten largest tenants' contribution to rental income

Source: Schroders

**Balance sheet/gearing**

	Direct holdings	Joint holdings	Indirect investments	Listed investments
Balance sheet (GBPm)				
Properties at valuation	1393.6	268.4	6.1	0.0
Listed investments	0.0	0.0	0.0	0.0
Debt	-31.8	-24.3	-2.5	0.0
Cash	28.6	1.4	0.0	0.0
Other net assets/liabilities	7.5	-0.4	0.5	0.0
Total net assets	1397.9	245.1	4.1	0.0
Gearing (%)				
Net debt (cash)/properties	0.2	8.5	41.2	-
Net debt (cash)/equity	0.2	9.3	61.5	-

Sources: ~Schroders; +MSCI

**Quarterly data per unit**

As at	31-Mar-23	30-Jun-23	30-Sep-23	31-Dec-23	31-Mar-24
Bid (GBP)	42.84	41.44	40.63	39.18	38.88
Offer (GBP)	45.72	44.27	43.40	41.83	41.51
Bid/offer spread	6.3%	6.4%	6.4%	6.3%	6.3%
Net asset value (GBP)	43.48	42.06	41.24	39.76	39.46
Quarterly distribution (GBP)	0.46	0.40	0.45	0.52	0.49
Yield	4.0%	4.1%	4.2%	4.6%	4.7%

Source: Schroders/The MSCI/AREF UK Pooled Property Fund Index

**Share pricing**

The price at which shares in the Fund may be issued or redeemed is calculated as at 8am on the first business day of each calendar month.

**Minimum investment/disinvestment**

The minimum initial investment in the Fund is GBP100,000 and the minimum holding following a redemption of shares is also GBP100,000.

The minimum subsequent investment in the Fund is GBP20,000.

**Subscriptions for shares**

The Fund is open to subscriptions on a monthly basis. Subscription day is the first working day of the month but Application Forms and cleared funds must be received by midday on the preceding working day.

**Redemptions of shares**

The Dealing Day for redemptions is the first business day of each quarter, but requests to redeem shares must be received by the Registrar by midday on the third business day before the relevant Dealing Day.

**Transfers of shares**

The Fund's Secondary Market Facilitator operates a Share matching service between sellers and buyers of shares. A waiting list is maintained and matching following basis:-

- a) First price: shares available from sellers seeking the lowest price per share will be offered to buyers by order of date of receipt of the relevant form
- b) Secondly, notification date: where multiple sellers are looking to sell at a given price, preference will be given to sellers by order of date of receipt of the form. Where multiple buyers are looking to buy shares for which the relevant forms were received on the same day, matching will be allocated pro-rata to the number of shares applied for (subject to any minimum trade requirements specified by a party).

### Tax and Distributions

Distributions are paid monthly in arrears on the last business day of each calendar month.

Tax exempt investors are eligible to invest in the PAIF and will receive income gross. They may elect to automatically reinvest income. Corporate investors who invest through the Feeder Fund will receive income net of corporation tax (currently at the rate of 20%).

### Management Fees

The standard annual management charge is 0.70% of NAV per annum. A Shareholder may be eligible for a volume-based discount depending on the Net Asset Value of the Fund that is attributable to the Shareholder, including any aggregation of holdings in accordance with Section 3.5 of the Fund Prospectus. 50% of the Annual Management Charge is allocated to capital and 50% to income.

### Unit holder analysis

	Number of unitholders
Less than 1% of units in issue	138
1% or greater but less than 2%	22
	10
2% or greater but less than 4%	
4% or greater but less than 8%	2
Greater than 8.0%	0
<b>Total</b>	<b>172</b>
<b>Major investors</b>	
Largest holder	1
Three largest holders	3
Five largest holders	5
Ten largest holders	10
<b>Internal/external investors</b>	
Internal	33
External	139

Source: Schroders

### Liquidity

Period	Year to Dec 2019	Year to Dec 2020	Year to Dec 2021	Year to Dec 2022	Year to Dec 2023
<b>Issues and redemptions</b>					
Units in issue as at start of period	54,283,191	50,183,398	48,350,682	48,568,223	48,746,918
Units issued during period	361,159	74,122	860,334	411,256	490,571
Units redeemed during period	-4,460,952	-1,906,838	-642,793	-232,560	-3,927,173
Units in issue at end of period	50,183,398	48,350,682	48,568,223	48,746,918	45,310,317
<b>Unit transfers</b>					
Matched bargains	2,663,264	1,056,225	5,692,448	1,699,020	638,067
Matched bargains %*	5.3%	2.2%	11.7%	3.5%	1.4%

\* as % of units in issue at the end of the period

Source: Schroders

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**Investment Fund (PAIF)**  
**United Kingdom**  
tor constituency' above)  
Open-ended  
n/a  
31 March  
**1647.1**

**der Unit Trusts Limited**  
nt Management Limited  
Rob Cosslett  
pository Services Limited  
ricewaterhouseCoopers

**All funds**

1.4
1.7
0.0
0.0
0.6
4.0

20% of NAV  
15% of NAV  
15% of NAV  
15% of NAV  
35% of NAV  
n/a

25% of NAV  
10.0%  
n/a

**All funds**

3.4
-----

1.2
1.7
0.6
7.4
<b>14.4</b>
2.6
4.8
5.2
4.4
<b>17.0</b>
18.0
6.5
4.1
5.3
<b>33.8</b>
2.4
10.7
6.1
4.1
1.4
4.1
6.0
<b>100.0</b>

<b>% of total portfolio</b>
83.5
16.5
0.0
<b>100.0</b>

<b>% of total portfolio</b>
*
*
*
*
*
*
*
*
*
*

<b>% of total portfolio</b>
0.1
0.3
1.2
12.1
28.7
28.7
12.4
0.0
<b>83.5</b>

9.40%
0.00%
9.40%

Estimated rental value %
7.6
9.8
0.8
12.0
29.2
29.6
10.9
<b>100.0</b>

Market Value,% Rent Passing
115.0
92.2
122.6
169.9
152.9
132.2
108.3
<b>130.6</b>

Excluding breaks
4.1
4.5
22.8
28.3
40.3

Est. % of total portfolio
-
-
-
-
-
-
-
-
-
-

Cost to complete schemes in progress+
0
0.00%

of each calendar month
BNP Paribas Real Estate
Yes
Yes



Full Member

	%
	5.0
	4.0
	3.7
	3.5
	2.7
	2.6
	2.4
	2.3
	2.1
	2.0
	12.7
	18.9
	30.3

	1668.2
	0.0
	-58.6
	30.0
	7.5
	1647.1
	1.7
	1.7

	38.55
	41.16
	6.3%
	39.12
	0.41
	4.8%

re received by the

e last business day

is operated on the

relevant form.  
number of shares

Net Value of the  
Share Management

Total % held	
35.7	
30.9	
23.4	
10.0	
0.0	
<b>100.0</b>	
5.4	
13.1	
18.6	
29.4	
20.6	
79.4	

Year to Dec 2024	
45,310,317	
223,806	
-3,435,078	
42,099,044	
617,161	
1.5%	