

Schroders

Schroder UK
Real Estate Fund
Interim Unaudited Consolidated
Financial Statements
30 September 2019



For professional investors
and advisers only

About Us

The Schroder UK Real Estate Fund (SREF or the Fund), is an award-winning fund. It provides investors with diversified exposure to £2.5 billion of UK commercial real estate and is managed by our highly experienced team.

Fund summary

SREF is an open ended investment company which is structured as a Property Authorised Investment Fund (PAIF). It is available to Eligible Investors as a Qualified Investor Scheme (QIS). The Fund is an Alternative Investment Fund for the purposes of the Alternative Investment Fund Managers Directive (AIFMD).

The Fund is available to a broad range of domestic and international professional investors seeking to benefit from Schroders' real estate expertise.

Since the Fund's conversion to a PAIF in 2012, the investor base has become increasingly diversified across institutional types and geographies. From 2015, the Fund has held an international marketing passport to 11 European countries: Belgium, Denmark, Finland, France, Germany, Ireland, Netherlands, Norway, Spain, Sweden and Switzerland. This supports interest and investment from international institutions and enhances Fund liquidity.

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Report of the Authorised Corporate Director and Statement of Responsibilities

The Financial Statements

We are pleased to present the Interim Unaudited Consolidated Financial Statements of the Schroder UK Real Estate Fund for the period ended 30 September 2019.

The Fund

Schroder UK Real Estate Fund (the 'Fund') is an investment fund with variable capital incorporated in England and Wales under registered number IC000945 and authorised by the Financial Conduct Authority (FCA) with effect from 31 July 2012. The Fund has an unlimited duration. The shareholders are not liable for any debts of the Fund.

The investment objective of the Fund is to undertake real estate investment business and to manage cash raised from investors for investment in the real estate investment business, with the intention of achieving a blend of income and capital growth. The Fund's target return is to achieve 0.5% per annum (net of all fees and expenses) above the benchmark (the MSCI/AREF UK Quarterly Property Fund Index – All Balanced Property Fund Index Weighted Average) over rolling three-year periods. The Fund will seek to diversify risk by holding a mixed portfolio of retail, office, industrial and other real estate throughout the UK.

The policy for achieving these objectives is that the Fund will invest in UK real estate. The Fund may also invest in transferable securities (including REITs, government bonds and unquoted companies), units in collective investment schemes, units in unregulated collective investment schemes (which may include unauthorised property unit trusts and limited partnerships), money market instruments, deposits, cash and cash equivalents.

Authorised status

From 31 July 2012 the Fund was authorised as an Open-Ended Investment Fund under Regulation 12 of the Open-Ended Investment Companies Regulations 2001.

Annual General Meetings

The Fund will not be holding any Annual General Meetings.

Statement of Responsibilities of the Authorised Corporate Director

The FCA's Collective Investment Schemes sourcebook (COLL) requires the Authorised Corporate Director (ACD) to prepare accounts for each annual and half-yearly accounting period, in accordance with United Kingdom Generally Accepted Accounting Practice, which give a true and fair view of the financial position of the Fund and of its net revenue and the net capital gains on the property of the Fund for the year.

In preparing the accounts the ACD is required to:

- select suitable accounting policies and then apply them consistently;
- comply with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds issued by the IMA in May 2014;
- follow generally accepted accounting principles and applicable accounting standards;
- prepare the accounts on the basis that the Fund will continue in operation unless it is inappropriate to do so;
- keep proper accounting records which enable it to demonstrate that the accounts as prepared comply with the above requirements; and
- make judgements and estimates that are prudent and reasonable.

The ACD is responsible for the management of the Fund in accordance with its Instrument of Incorporation, Prospectus and COLL and for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law or regulations.

The ACD's Report and Accounts for the period ended 30 September 2019 were signed on 16 December 2019 on behalf of the ACD by:

P. Truscott

P. Chislett

Schroder Unit Trusts Limited
16 December 2019

Investment Manager's Statement of Responsibility

The ACD has delegated to the Investment Manager the function of managing the investment and reinvestment of the assets of the Fund.

On 31 July 2012, the ACD appointed Schroder Real Estate Investment Management Limited to provide investment management, property management and advisory services to the ACD. Schroder Real Estate is a member of the same Group (Schroders plc) as the ACD.

The Investment Manager has discretionary responsibility for implementing investment policy and is responsible to investors for the performance of the Fund. Adherence to such policies is monitored quarterly through reporting by the Investment Manager to the Real Estate Investment Risk Committee, which is an integral part of the Schroders Investment Risk Framework (SIRF). The Investment Manager is also responsible for marketing the Fund, pricing and accounting for the Fund, providing all relevant information to valuers, managing agents and for providing performance information to MSCI. All delegated appointments by the Investment Manager are on an advisory basis.

Subject to the investment objectives and restrictions contained in the OEIC Regulations and COLL (Collective Investment Schemes Sourcebook) and the investment and borrowing guidelines contained in the Prospectus, the Investment Manager has discretion to take decisions in relation to the management of the Fund, without prior reference to the ACD. As required by COLL, the Investment Manager must obtain the consent of the Depositary for the acquisition or disposal of immovable property.

Legal and product limits

The prospectus, which has been approved by the FCA, sets out the nature of permitted investments and the broad parameters within which the Fund must be managed. If one of these is breached, depending on the nature of the breach, they are reportable to the FCA and subject to agreed remedies. These are shown as legal limits in the table below.

The Investment Manager confirms that these limits have not been breached in the period to 30 September 2019.

Other risk controls, such as product limits shown in the table below, are also monitored as part of SIRF, which is a Group-wide control process designed to ensure that products and portfolios are managed in a manner that is consistent with their performance objectives and corresponding risk profiles.

From time to time the Investment Manager may propose revisions to the product limits in order to better control the risks which may impact the Fund's ability to achieve its objectives. Any changes will require the approval of SIRF and the ACD.

Legal limits

Minimum 60% assets (NAV) must form part of its Property Investment Business

Minimum 60% income must come from the Property Investment Business

Maximum aggregate investment in indirect vehicles: 40% NAV

Maximum 15% of the NAV invested in a single asset

Maximum 20% of the NAV committed to development (on/off balance sheet)

Maximum borrowing (on/off balance sheet): 25% NAV

Investment on and off balance sheet in shorter/medium-term leaseholds (less than 50 years): 20% NAV

Maximum speculative development: 15% NAV

Product limits

Sector exposure: Maximum absolute load difference +/- 50% vs benchmark. Maximum divergence of Central London +/- 10% Maximum divergence in alternatives +/- 10%

Investment in a single indirect vehicle: 15% NAV

Aggregate investment in indirect vehicles: 35% NAV

Aggregate investment in joint ventures: 35% NAV

Investment in UK property related listed securities: aggregate 10% NAV – individual 2.5% NAV

Maximum investment in undeveloped and non-income producing land: 10% NAV

Maximum on and off balance sheet percentage income from non-government tenant: 10%

Maximum on balance sheet uncommitted cash: 10% NAV

Maximum on and off balance sheet debt: 25% NAV

Consolidated and Fund Statements of Total Return

For the six month period ending 30 September 2019

	Consolidated 30 September 2019 £'000	Fund 30 September 2019 £'000	Consolidated 31 March 2019 £'000	Fund 31 March 2019 £'000
Income				
Net capital losses	(3,834)	(3,834)	(490)	(490)
Revenue	50,899	47,027	59,244	49,885
Expenses	(17,071)	(13,173)	(23,260)	(13,877)
Gain attributable to non-controlling interest	26	0	24	0
Net revenue before taxation	33,854	33,854	36,008	36,008
Taxation	0	0	0	0
Net revenue after taxation	33,854	33,854	36,008	36,008
Total return before distribution	30,020	30,020	35,518	35,518
Finance costs: distributions	(37,208)	(37,208)	(39,463)	(39,463)
Change in net assets attributable to shareholders from investment activities	(7,188)	(7,188)	(3,945)	(3,945)

Consolidated and Fund Statements of Changes in Net Assets Attributable to Shareholders

As at 30 September 2019

	Consolidated 30 September 2019 £'000	Fund 30 September 2019 £'000	Consolidated 31 March 2019 £'000	Fund 31 March 2019 £'000
Opening net assets attributable to shareholders	2,595,596	2,595,596	2,588,151	2,588,151
Amounts receivable on creation of shares	7,973	7,973	11,390	11,390
Amounts payable on cancellation of shares	(125,391)	(125,391)	0	0
Net amounts (payable)/receivable on (cancellation)/creation of shares	(117,418)	(117,418)	11,390	11,390
Change in net assets attributable to shareholders from investment activities	(7,188)	(7,188)	(3,945)	(3,945)
Closing net assets attributable to shareholders	2,470,990	2,470,990	2,595,596	2,595,596

Consolidated and Fund Balance Sheets

As at 30 September 2019

	Consolidated 30 September 2019 £'000	Fund 30 September 2019 £'000	Consolidated 31 March 2019 £'000	Fund 31 March 2019 £'000
ASSETS				
Investment property and Development property	1,953,139	1,457,432	2,068,913	1,575,495
Building licence agreement	26,344	0	34,574	0
Investment in collective investment schemes	10,921	10,921	12,550	12,550
Investment in subsidiaries	0	455,620	0	466,018
Investment in joint ventures	335,263	334,729	367,019	364,968
Total investment assets	2,325,667	2,258,702	2,483,056	2,419,031
Debtors	60,336	145,806	40,386	131,749
Bank deposits	7	7	64,313	30,764
Cash and bank balances	134,225	106,225	50,072	50,072
Total other assets	194,568	252,038	154,771	212,585
Total assets	2,520,235	2,510,740	2,637,827	2,631,616
LIABILITIES				
Creditors	41,660	33,535	34,708	29,870
Distribution payable	6,215	6,215	6,150	6,150
Net assets attributable to non-controlling interest	1,370	0	1,373	0
Total liabilities	49,245	39,750	42,231	36,020
Net assets attributable to shareholders	2,470,990	2,470,990	2,595,596	2,595,596
Number of shares	51,894,687.238	51,894,687.238	54,406,454.458	54,406,454.458
Net asset value per share	47.62	47.62	47.71	47.71

Consolidated and Fund Cash Flow Statements

For the six month period ending 30 September 2019

	Consolidated 30 September 2019 £'000	Fund 30 September 2019 £'000	Consolidated 31 March 2019 £'000	Fund 31 March 2019 £'000
Net cash inflow from operating activities	20,856	23,462	43,115	47,232
Servicing of finance				
Interest received	4,086	4,086	3,808	3,808
Distributions paid	(37,230)	(37,230)	(39,778)	(39,778)
Net cash outflow from servicing of finance	(33,144)	(33,144)	(35,970)	(35,970)
Financial investments				
Purchase in joint ventures	(766)	(766)	(4,055)	(12,305)
Sale of investment property	185,235	185,235	8,153	8,153
Capital expenditure	(34,916)	(31,972)	(23,889)	(28,200)
Net cash inflow/(outflow) from financial investments	149,553	152,497	(19,791)	(32,352)
Financing activities				
Amounts (payable)/receivable on (cancellation)/creation of shares	(117,418)	(117,418)	11,390	11,390
Net cash (outflow)/inflow from financing	(117,418)	(117,418)	11,390	11,390
Increase/(decrease) in cash in the period	19,847	25,396	(1,256)	(9,700)
Net cash at the start of the period	114,385	80,836	115,641	90,536
Net cash at the end of the period	134,232	106,232	114,385	80,836

Notes to the Financial Statements (unaudited)

Accounting policies

Basis of accounting

The accounts have been prepared under the historic cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice ('SORP') for UK Authorised Funds issued by the IMA in May 2014.

The accounting policies applied are consistent with those of the annual accounts for the year ended 31 March 2019 and are described in those annual accounts.

Unaudited General Information

Schroder UK Real Estate Fund (the 'Fund') is an investment company with variable capital incorporated in England and Wales under registered number IC000945 and authorised by the FCA with effect from 31 July 2012. The Fund has an unlimited duration. Shareholders are not liable for the debts of the Fund.

Accordingly, the information in this document is directed at eligible counterparties, authorised persons, professional clients, existing investors in the Fund and clients and newly accepted clients of other firms within the Schroder Group, where appropriate steps have been taken to ensure that investment in the Fund is suitable, where necessary. This material should not be relied upon by persons of any other description. In any case, a recipient who is in any doubt about investment in the Fund should consult an authorised person who specialises in investments of this nature.

The Fund's past performance is not a guide to the future.

Liquidity

The Fund invests in real estate, the value of which is generally a matter of a valuer's opinion. There is no recognised market for shares in the Fund and an investment is not readily realisable. It may be difficult to trade in the shares or to sell them at a reasonable price. The price of shares and the income from them may fluctuate upwards or downwards and cannot be guaranteed.

Purchase of shares

Shares can be purchased in the Fund through the primary or secondary market. Depending on the type of investor, the purchase of shares will be through either the Schroder UK Real Estate Fund or the Schroder UK Real Estate Fund Feeder Trust. Corporate bodies (excluding nominees acquiring shares) may only invest in the Schroder UK Real Estate Fund indirectly through the Feeder Fund. Shares in the Schroder UK Real Estate Fund can be transferred between corporate and non-corporate bodies through the Feeder Fund on the secondary market.

The Dealing Day for subscription for shares is the first business day of each month. Application forms, top-up forms and cleared funds must be received by the Registrar before the cut-off point for subscriptions.

Forms received after this time will be carried forward to the following dealing day for subscription. Applicants may amend or withdraw an application form or a top-up form at any time up until the cut-off point for subscriptions. Thereafter, applicants have no right to amend or withdraw their application. Settlement is due by midday on the business day before the relevant dealing day for subscription.

Applicants are required to transfer funds via CHAPS or another form of electronic payment unless the Registrar agrees to an alternative method of payment. The Investment Manager has the power to limit the creation of new shares having regard to the amount of unallocated cash being held in the Fund from time to time.

Details of the investors' waiting list is to be found in the SREF prospectus in section 2.1 and has been summarised below:

Applicants may be placed on a waiting list prior to the issue of shares. The ACD may elect to limit the number of shares issued on any dealing day for subscription, and if so, shares will be allocated to valid applicants pro rata to the number of shares applied for. Where applicants do not receive shares to satisfy their full application, the unallocated application will be carried forward to the next dealing day for subscription at which shares are issued.

Where the issue of shares is limited at any dealing day for subscriptions applicants may instruct the ACD to seek to arrange for the shortfall in the application to be met on the secondary market for such time until the next dealing day for subscription.

If the shortfall in shares applied for is not met on the secondary market, shares will be issued in line with the allocation made at the dealing day for subscription on which shares are issued, with orders carried over from previous dealing days taking priority.

Redemption of shares

Redemption forms must be received by the Registrar before the relevant cut-off point for redemptions, that is midday on the date falling three months prior to the business day before the relevant dealing day for redemption. Once a redemption form has been received, this can be settled either by cancelling shares or placing on the secondary market. Either way, redeeming shareholders will receive the prevailing bid price. Valid instructions will be processed by the Registrar at the bid price on the relevant dealing day for redemption (that falls three months after the relevant cut-off point for redemption), except in the case where dealing has been suspended as set out in section 2.21 of the Prospectus.

Where the ACD considers it to be in the best interests of the shareholders, the ACD may defer redemptions on a dealing day to any one or more of the subsequent eight dealing days for redemption i.e. the deferral period is a maximum of 24 months from the original dealing day for redemption. A redemption will be deferred within this timeline to a dealing day for redemption when the Fund has sufficient liquidity to enable it to meet the redemption, providing it is in the best interests of the shareholders to do so.

The ACD can, in extreme market circumstances, as set out within section 6.5 of the Prospectus, fair value any assets within the Fund to a realisable value.

The management of SREF's liquidity will at all times comply with the binding terms included in the Fund's prospectus and Instrument of Incorporation.

Secondary market

The ACD has appointed the Secondary Market Facilitator, (SMF) (Schroder Real Estate Investment Management Limited) to facilitate transfers of shares on the secondary market in accordance with the following:

- shareholders or potential investors wishing to buy shares on the secondary market should complete an application form (potential investors) or top-up form (existing shareholders), detailing their secondary market requirement in the investment details section;
- shareholders wishing to sell shares should complete a redemption form specifying they wish to sell via the secondary market. All completed forms should be provided to the SMF via the Registrar; and
- potential investors should also provide the Registrar with any documents required for anti-money laundering purposes. The forms are available from www.schroders.com/sref or from the Investment Manager.

The SMF will not charge a redeeming shareholder commission, but the redeeming shareholder will be responsible for costs in connection with the transfer of its shares such as the preparation and execution of relevant documentation and any taxation.

Unaudited General Information continued

The SMF, at its discretion, has the right to charge the buyer commission at a rate of 0.20% applied to the net consideration, subject to a minimum of £50 for each and every trade. Where applicable, stamp duty reserve tax is payable by the buyer on the net consideration at the prevailing rate.

The SMF operates a share matching service between sellers and buyers of shares. A waiting list of sellers and buyers is kept and matching operated on the following basis:

- a. First, price: Shares available from sellers seeking the lowest price per share will be offered to buyers by order of the date of receipt of the relevant form.
- b. Secondly, notification date: Where there are multiple sellers looking to sell for any given price, preference will be given to sellers by order of the date of receipt of the relevant form.

Where there are multiple buyers looking to buy at the same price, for which relevant forms were received on the same date, matching will be allocated pro rata to the number of shares applied for. In all cases matching will be allocated subject to any minimum trade requirements stipulated by a party.

The SMF, when matching shares, may apply a minimum economic trade at its discretion, which is shares to the value of £50,000 or such other amount as the SMF determines from time to time.

The SMF will arrange the exchange of shares between sellers and buyers in the first 12 business days of every month. The SMF will contact the seller and buyer to obtain confirmation that the terms of the arrangement are acceptable before proceeding with the transaction.

The seller and buyer are required to confirm acceptance of the terms by return email within 24 hours.

Investors may wish to note that other matching services are provided by third party brokers. All trades are however subject to registration on the terms set out above.

	Value of shares (£) traded
2019 year to date	104,224,360
2018	138,945,234
2017	89,367,934
2016	128,219,895
2015	116,295,254
2014	66,192,801
2013	197,208,100
2012	66,285,624
2011	53,562,615
2010	109,426,925

Distributions

The income of the Fund, after deduction of all expenses and liabilities (actual, estimated or contingent) of the Fund including any deductions in respect of taxes, is distributed to shareholders in proportion to the number of shares held by them. Distributions are calculated on a monthly basis, with the distributions paid to shareholders on the last working day of the following month.

During the period all distributions were paid gross of UK tax to investors in the gross share class and net of the applicable UK basic rate income tax to investors in the net share class.

The Prospectus does not provide the ability for either the ACD or Investment Manager to defer or suspend distributions.

Schroder UK Real Estate Fund Feeder Trust

The Schroder UK Real Estate Fund Feeder Trust is an umbrella unit Trust whose objective is to achieve a blend of income and capital growth by investing solely in the Schroder UK Real Estate Fund. Investors into the Feeder Trust receive monthly distributions. The Feeder Trust is subject to corporation tax on property and interest distributions it receives from the Schroder UK Real Estate Fund at the prevailing rate.

Management fees and other expenses

Details of fees and expenses incurred by the Fund are set out within Section 5 of the Fund Prospectus and further in notes 6 and 18 of the audited Annual Report and Financial Statements. In summary:

The annual management charge is 0.70% NAV per annum.

The annual management charge is allocated 50% to income and 50% to capital.

The Depositary receives 0.0224% per annum of the first £500 million of NAV and 0.0125% of the balance.

The Standing Independent Valuer will receive an initial fee of 0.03% of the first valuation of a property on purchase, capped at £20,000, and thereafter a fee of 0.03% of the valuation per annum.

The Registrar is paid a transaction-based fee subject to a minimum of £200,000 per annum.

The Investment Manager bears the cost of employing managing agents to collect rents and perform the usual property manager's duties as delegated by the Investment Manager.

Bid/offer spreads

As at 30 September 2019, the offer spread was set at a premium 3.80% premium to NAV. The bid spread was set at a premium 1.66% discount to NAV. Our key principles when setting bid and offer prices are to review prices regularly, to treat shareholders equitably and to adopt a consistent approach.

Our assumption, when calculating the offer price, is that new money will be invested in line with strategy, principally into direct property at full purchase cost. An allowance is made for capital expenditure to maintain the existing portfolio. Capital expenditure may vary from time to time. The bid price assumes full sale costs are incurred on direct assets, while indirect assets are marked to market. Cash is priced at a zero spread.

Fees payable to the Manager

During the past year, Schroder Real Estate has been entitled to receive fees of £139,368 in relation to its role as Secondary Market Facilitator. Schroder Real Estate has an agreement with GFI Brokers Limited to share all fees earned on secondary market transfers facilitated by either party.

Units valued at £104.2 million were traded on the secondary market over the six-month period. This represents 4.2% of the shares in issue at the end of the period under review.

Expense ratios (as defined by AREF Code of Practice) at September 2019

Fees and expenses	% NAV
(A) Fund Management Fees	0.70%
(B) Fund Operating Fees	0.11%
(C) Total Expense Ratio (A+B)	0.81%
(D) Property Expense Ratio	0.59%
(E) Real Estate Expense Ratio (C+D)	1.39%
(F) Transaction Costs	0.09%
(G) Performance Fees	N/A

Insurance and service charge rebates

The managing agents, as employed by the Investment Manager, receive service charge remuneration as part of their overall remuneration.

Insurance commission rebates (if any) are calculated on an annual basis and distributed to tenants and shareholders as applicable.

Valuation and pricing policy

A detailed explanation of our pricing methodology is contained within the Prospectus and further information is available upon request from the Investment Manager. The Fund Prospectus, along with the notes to the financial statements, sets out:

- the methodology used to value the properties and other investments of the Fund; and
- the valuation of direct properties having to be undertaken monthly.

It should further be noted that the Fund's investment in the Nuveen Real Estate UK Retail Warehouse Fund is held at a stale price one month in arrears on account of the receipt of the NAV of this investment being received after the valuation date of the Fund.

Co-investment

There are no express terms in the Fund's Prospectus concerning shareholders' rights over co-investments. However, the Manager's policy is to treat all investors fairly and, at its discretion, it may offer shareholders the opportunity to participate in co-investments.

Key persons

There are no named key individuals.

Preferential terms and fee rebates

The management fee is applied at the same rate to all shareholders and no rebates of this fee have been agreed with any investor.

PAIF ownership limit on single corporate investors

Under the PAIF regime, tax penalties may be imposed if there is direct investment in SREF of 10% or more by any single corporate investor. In 2018 the Fund's Prospectus was amended to limit the maximum holding of a corporate investor in SREF to 9%. The use of a 'soft limit' is in line with market practice and should help ensure that the statutory 10% threshold is not breached.

Reports & Accounts

This document is a short report for the Schroder UK Real Estate Fund for the period to 30 September 2019. Further information about the activities and performance of the Fund during this period can be found in SREF's Quarterly Report which is available at: <http://www.schroders.com/en/uk/schroder-uk-real-estate-fund>

Capital gains tax

Royal Assent was granted for the Finance Act 2019 on 12 February 2019, confirming the introduction of capital gains tax for non-resident investors in UK real estate. This came into effect on 6 April 2019. We have reviewed the implications of the legislation and guidance, and do not expect the tax status or the structure of SREF to materially change, and there should be no material impact on capital returns or distributions whether in respect of property held directly or indirectly.

As SREF is considered a 'UK property rich' entity and a 'collective investment vehicle', the new Schedule 5AAA of the Taxation of Chargeable Gains Act 1992 provides that overseas investors in SREF, depending on their tax status, may be liable to capital gains tax (or corporation tax) upon disposal of their holding after 6 April 2019, based on gains accruing after that date. This will include a requirement for such investors to file tax returns and make payment. Investors who qualify as exempt (including overseas qualifying pension funds, charities and sovereign wealth funds) will benefit from full exemption. Please note that investors should seek their own tax advice on this matter.

US investors

In the first quarter of 2019, Schroders revised its US marketing strategy and decided to permit US investors to invest directly in SREF, instead of via a US Feeder Fund. The launch of a US Feeder Fund was notified to shareholders in 2018 and incorporated into a revised Fund Prospectus which was issued on 24 December 2018. The potential benefits for existing investors of permitting US investors into SREF include enhanced Fund liquidity and diversification of the investor base. Schroders may in the future launch a dedicated US Feeder Fund, but this will only be in response to a specific investor requirement and subject to any required notifications and approvals. A new Fund Prospectus was issued on 4 November 2019 which confirms this further amendment. The latest Prospectus is available on the Fund's website, www.schroders.com/sref

Unaudited General Information continued

Fund documentation

A copy of all Fund documentation including the Prospectus and regular reports is available at www.schroders.com/sref or available from the Investment Manager upon request.

A copy of Schroders AAF controls report which has been externally audited is available from the Investment Manager upon request.

Conflicts of interest

The Investment Manager is responsible for identifying all conflicts of interest and for referring such matters to Schroder Group Compliance or such other parties in accordance with the Group's conflict of interest policy.

Disaster recovery

Schroder Group has a disaster recovery plan which is audited, externally, on an annual basis as part of the AAF controls report.

AREF Code of Practice

The Fund is a member of the Association of Real Estate Funds (AREF). The aim of the Code of Practice is to achieve high standards of transparency across the unlisted sector and promote consistency of reporting to allow investors to compare different funds. The Fund completes the MSCI/AREF Pooled Property Questionnaire each quarter, which is made available to all investors and which forms the basis of its entry in MSCI/AREF Property Fund Vision handbook. SREF's page on the AREF website can be found at <http://www.aref.org.uk/funds/schroder-uk-real-estate-fund>

SREF has been awarded AREF's Corporate Governance Quality Mark recognising its high levels of transparency and corporate governance. The Mark is awarded to funds that are compliant with the AREF Code of Practice across three categories: fund governance, fund operation, and unit dealing and performance reporting. For more information please visit www.aref.org.uk



Fund codes

Gross share class

Bloomberg: SCEXPOT LN
ISIN: GB00B8215Z66
Sedol: B8215Z6

Net share class

ISIN: GB00B8FPXR30
Sedol: B8FPXR3

Prices for the Schroder UK Real Estate Fund can be obtained from <http://www.schroders.com/sref>

Additional information

The Fund may be suitable for professional investors who wish to hold a direct property portfolio but do not want to commit the considerable executive time and expertise necessary to organise and supervise such a portfolio and/or are not of a sufficient size to obtain a viable property portfolio with an appropriate spread of risk. The property in the Fund is professionally and actively managed by chartered surveyors employed by the Investment Manager, Schroder Real Estate Investment Management Limited.

We welcome the opportunity to meet shareholders, potential shareholders and their advisers to explain more fully the strategy and progress of the Fund. Please contact the Investment Manager who can also provide copies of the Prospectus, application forms and latest share prices, at the address below.

Schroder UK Real Estate Fund

Schroder Real Estate Investment Management Limited
1 London Wall Place
London EC2Y 5AU
Tel: +44 (0)20 7658 6000

Schroder Real Estate Investment Management Limited is authorised and regulated by the Financial Services Authority.

Manager contacts

For general information and queries on secondary market availability, please contact:

Tom Dorey

Head of Real Estate Product
tom.dorey@schroders.com
+44 (0)20 7658 3020

Jessica Berney

Fund Manager
jessica.berney@schroders.com
+44 (0)20 7658 3728

For valuations, to place trades, tax reclaims, dividend/distribution information, please contact the Registrar:

Northern Trust Global Services SE

Schroder Unit Trusts Limited

Schroder UK Real Estate Fund

PO BOX 3733
Wootton Bassett
Swindon
SN4 4BG
Tel: +44 (0) 870 870 8059
Fax: +44 (0) 20 7643 3892
Email: schrodersenquiries@ntrs.com

Key Service Providers

Authorised Corporate Director

Schroder Unit Trusts Limited

1 London Wall Place
London
EC2Y 5AU

Investment Manager

Schroder Real Estate Investment Management Limited

1 London Wall Place
London
EC2Y 5AU

Schroder Unit Trusts Limited and Schroder Real Estate Investment Management are authorised and regulated by the FCA.

Registrar

Northern Trust Global Services SE

50 Bank Street
Canary Wharf
London
E14 5NT

Depositary

NatWest Trustee and Depositary Services Limited

250 Bishopsgate
London
EC2M 4AA

Standing Independent Valuers

BNP Paribas Real Estate UK

5 Aldermanbury Square
London
EC2V 7BP

Knight Frank LLP

55 Baker Street
London
W1U 8AN

Legal Adviser

Eversheds LLP

One Wood Street
London
EC2V 7WS

Independent Auditors

PricewaterhouseCoopers LLP

7 More London Riverside
London
SE1 2RT

Real Estate Managers

Jones Lang LaSalle

Austin House
St Crispins Road
Norwich
NR3 1YF

Knight Frank LLP

55 Baker Street
London
W1U 8AN

The terms of all appointments, including remuneration and termination provisions, can be made available upon request.

Schroders

Schroder Investment Management Limited

1 London Wall Place, London EC2Y 5AU, United Kingdom

Tel: +44 (0)20 7658 6000

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