

30 September 2010

Schroder Exempt Property Unit Trust Interim Report and Unaudited Financial Statements



Schroders

Investment Objective and Policy

Schroder Exempt Property Unit Trust ('SEPUT' or the 'Trust') was established in 1971 as an open ended property unit trust under UK law.

The investment objective of the Trust is to achieve a blend of income and capital growth for investors through investment in UK property. Risk is diversified by the Trust holding a mixed portfolio of retail, office, industrial and other properties throughout the UK. The Trust may also hold land and undertake developments as well as use moderate levels of gearing from time to time.

The Trust incorporates a blend of direct and indirect investment strategies. Indirect investments provide further diversification by accessing distinct areas of the UK property market, such as fashion parks, some larger properties, and specialist management associated with the alternative sectors.

The Trust seeks to provide a return of 0.5% per annum (net of fees) above its benchmark (Investment Property Databank UK Pooled Property Fund Indices – All Balanced Funds Median) over rolling three year periods.

The Trust may be suitable for UK tax exempt pension funds and charities who wish to hold a direct property portfolio without the commitment of considerable trustee oversight and management expertise. The property in the Trust is professionally and actively managed by chartered surveyors employed by the Property Manager, Schroder Property Investment Management Limited.

The Manager welcomes the opportunity to meet unitholders, potential unitholders and their advisers to explain more fully the strategy and progress of the Trust. Please see Manager Contacts on page 36.

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Further information can be found on the website
www.schroders.com/seput



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Trust Analysis

Size

During the period the net asset value of the Trust increased by £55.4 million, to £1,207.2 million at 30 September 2010 from £1,151.8 million at 31 March 2010.

Distribution Yield

The Trust's distribution yield was 4.3% at 30 September 2010.

Net Asset Value per Unit

The Trust's net asset value per unit was £31.25 at 30 September 2010, compared to £30.30 at 31 March 2010, an increase of 3.1%.

Rent Reviews

Over the six months to the end of September 2010, 17 rent reviews were settled at an average of 7.5% above the passing rent, and above estimated rental value.

New Letting

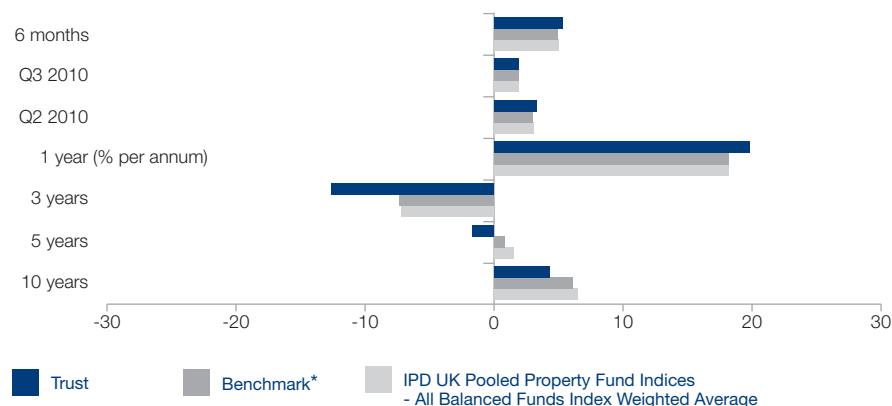
25 lettings were also completed over the last six months, contracting an additional £2.3 million of income.

Performance

The total return for the Trust for the six months to 30 September 2010 was 5.3% compared to 4.9% return for the benchmark.

Total Returns

Performance % to 30 September 2010



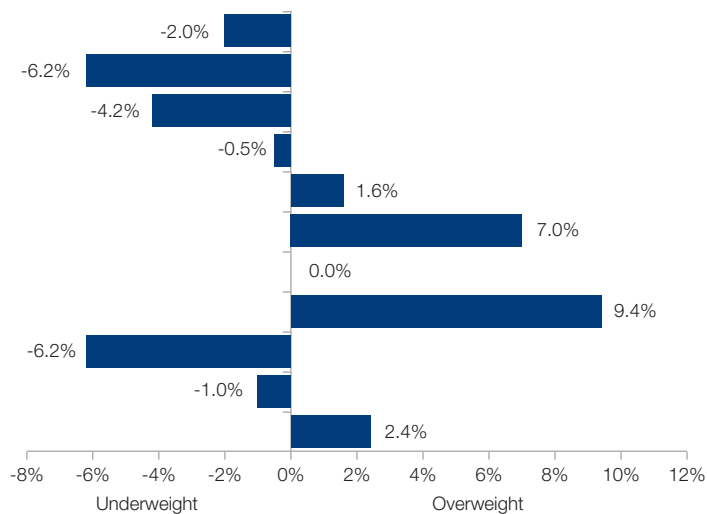
Source: Investment Property Databank (IPD) UK Pooled Property Fund Indices. Performance is calculated on a net asset value (NAV) to NAV price basis plus income distributions accrued for the relevant periods, compounded monthly, net of fees and based on an unrounded NAV per unit.

* Benchmark shown is the IPD UK Pooled Property Fund Indices – All Balanced Funds Index Median. The Trust benchmark has changed over time and a composite for 10 years is available upon request.

The Weighted Average is shown for illustration purposes and is used for detailed analysis of the Trust's property portfolio as the Median does not provide appropriate detail.

Portfolio by Sector at 30 September 2010

Overweight/underweight relative to benchmark*



Source: IPD and Schroders, 30 September 2010

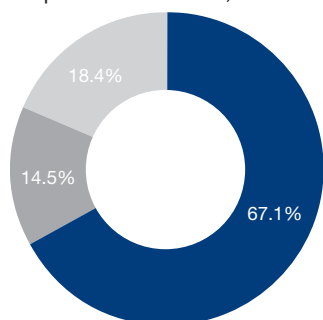
* Positions relative to IPD UK Pooled Property Fund Indices – All Balanced Funds Weighted Average. The weighted average has been used as this level of information is not available in the median. Relative positions are measured on a GAV (Gross Asset Value) basis.

Absolute Segment

	SEPUT	Benchmark*
Standard Retail – South East	4.5	6.5
Standard Retail – Rest of UK	2.1	8.3
Shopping Centres	2.0	6.2
Retail Warehouses	19.4	19.9
Offices – Central London	15.4	13.8
Offices – South East	15.8	8.8
Offices – Rest of UK	5.9	5.9
Industrial – South East	17.9	8.5
Industrial – Rest of UK	1.3	7.5
Other	7.0	8.0
Cash	8.8	6.4

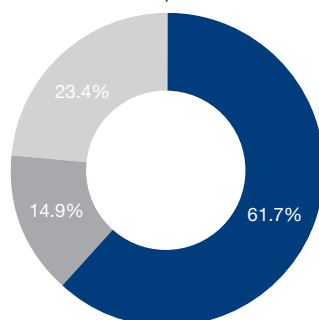
Portfolio Structure

September 2010, % NAV*



Portfolio Structure

March 2010, % NAV*



■ Directly owned assets and cash ■ Joint ventures ■ Indirect assets**

Source: Schroders, 30 September 2010

* NAV: net asset value.

** Indirects are those assets to which SEPUT does not have management control ie: WELPUT, HUT, SERPUT, ChisPUT HRWF, and UNITE (see pages 17 and 18 for more details).

	At 30 September 2010	At 31 March 2010
Gearing (% NAV)*	10.5%	16.3%
Average unexpired lease length	8.4 years	7.9 years
NAV*	£1,207.2m	£1,151.8m

Trust Analysis (continued)

Top Ten Holdings

30 September 2010

Holding	Sector	% of NAV
Monks Cross Shopping Park, York	Retail Warehouse	5.4
Bracknell	Retail and Office	4.9
Hercules Unit Trust ¹	Retail Warehouse	4.5*
Schroder Emerging Retail Property Unit Trust ¹	Standard Retail	4.1
Acorn Industrial Estate, Crayford	Industrial	3.9
Matrix, Park Royal, London NW10	Industrial	3.7
Chiswick Park Unit Trust ¹	Office	3.6
Fujitsu Office Complex, Central Park, Manchester	Office	3.4
Parker Tower, London, WC2	Office	3.3
Mermaid Quay, Cardiff	Leisure	3.2

Source: Schroders, 30 September 2010

¹ Schroder in-house funds.

* A further £10 million was sold at the beginning of October 2010 giving a revised % of NAV of 3.7 at the date of this report.

Top Ten Tenants

30 September 2010

Tenants	% Contracted Rent
Fujitsu Services Ltd	4.0
QVC	3.6
British Telecommunications PLC	3.4
Lloyds TSB Bank Plc	2.9
Exel Ltd	2.7
TBWA UK Group Ltd	2.0
Sportsdirect.com Retail Ltd	2.0
B&Q Plc	2.0
Tullow Oil Plc	1.6
DSG Retail	1.5

Source: Schroders, 30 September 2010

Void Profile

30 September 2010

Void rate as a % of estimated rental value of total portfolio excluding developments ¹	SEPUT (%)	IPD (%) ²
	6.6	7.7

31 March 2010

Void rate as a % of estimated rental value of total portfolio excluding developments	SEPUT (%)	IPD (%)
	8.5	8.2

Source: IPD, 30 September 2010

¹ Data in respect of UNITE is as at Q2 2010.

² IPD UK Pooled Property Fund Indices – All Balanced Funds weighted average, 30 September 2010.

Chairman's Statement

Overview

The end of the period under review marked the fifth consecutive quarter of positive returns for the UK property market since the trough of the market in June 2009. Capital values have now risen over 16% from the low, but remain over 30% below the peak of 2007 (Source: IPD). The Trust performed strongly during the market recovery and was ahead of its benchmark in the six months to 30 September 2010.

The challenges facing the UK should not be overlooked as the government spending cuts begin to take effect. The decline in property yields, which has lifted capital values since the trough in the market last year, have begun to flatten as investors wait for signs of a more sustainable recovery in the economy and tenant demand. In this environment it will be important for the Trust's experienced management team to implement the portfolio strategy and undertake asset management initiatives to keep void rates low, protect and grow the Trust's income stream, as well as seeking to enhance property values.

Performance

I am pleased to report that over the six months to 30 September 2010 the Net Asset Value of the Trust has increased by £55.4 million to £1,207.2 million from £1,151.8 million at 31 March 2010. Recent purchases and a reduction in the void rate have also increased the Trust's income and distribution to unitholders. The Trust outperformed its benchmark during the period under review, with a total return of 5.3% versus the benchmark median return of 4.9%. (Source: IPD).

Investment Strategy

The investment strategy for the Trust is to increase direct property assets and reduce indirect holdings. This has been done opportunistically as the UK property market recovers and has begun to bear fruit. As a result the gearing of the Trust has fallen to 10.5% of net asset value; and the indirect investments have been reduced over the period under review to 18.4% of the portfolio from 23.4% at 31 March 2010 and will continue to decline as further sales take place.

Summary

The Supervisory Board remains supportive of the management team and their continued repositioning of the Trust. Good progress has been made in implementing the Manager's portfolio strategy of reducing indirect holdings in favour of good quality direct property assets. The risk and income profile of the Trust has been enhanced while delivering outperformance relative to the Trust's benchmark. Recent purchases have increased both the average lease length of the Trust and covenant strength.

J A Scott
Chairman
Schroder Exempt
Property Unit Trust
Supervisory Board
9 December 2010

Manager's Statement

Performance

The Trust outperformed its benchmark over the last six months. The strongest performers were prime assets, with long unexpired lease terms and income backed by strong covenants. Indirect holdings also contributed to performance as they continued to benefit from gearing in a rising market. The strong performance provided us the opportunity to continue with our restructuring of the Trust, and we sold £54 million of indirect holdings, slightly dampening overall performance, but substantially reducing risk in the portfolio. In an uncertain market environment investors are placing a premium on income, leading to the underperformance of land and regeneration sites due to their lack of income.

UK Property Market Review & Outlook

The recovery in UK property market values looks to be levelling out as investors begin to take account of an occupier market that had failed to keep track with the recovery in capital values. Investors paused to consider the pending fiscal contraction pending the announcement of the government's spending review, and concerns over the sustainability of the global economic recovery. The market remains polarised between prime assets in central London and the South East as investors look for some possibility of rental growth, and lower quality assets in provincial cities which look set to be hit hardest by the government's spending cuts. As the reduction in public sector spending takes effect we can expect this divide to become even more pronounced.

While all property rental values now appear to have reached a trough 10-12% below their peak in September 2007 (Source: IPD Monthly Index), the sluggish outlook for the UK economy and the significant amount of vacant second-hand space in many markets suggests that rental values are unlikely to recover soon. The principal exception is central London offices which have already seen a modest increase in rental values of 3% since the start of the year (Source: IPD). To date, rents in the City have rebounded faster than the West End. In part, this reflects the continuing attractions of London as a global financial centre to foreign banks (e.g. China Construction Bank, Nomura, Standard Bank) and in part it reflects the fact that office rents are now relatively affordable by historical standards, following a 25% fall in estimated rental values in 2008-2009.

Given the likely inertia of both rental values and property yields over the next twelve months, we expect that capital values will be broadly stable or drift slightly lower, leaving total returns close to the rate of income return. The risk of any deviation from this is likely to be to the downside. In this environment, we continue to favour sectors where space is relatively affordable and which either provide a high rate of income return (e.g. industrials, South East offices), or where there is already evidence of a recovery in rental values (e.g. central London offices).

Strategy

Our strategy of repositioning the portfolio has continued over this period. Specifically our strategy is to:

- Reduce exposure to indirectly owned investments, particularly those with gearing. We have aimed to capture the performance benefit of indirectly owned assets since the market lows of June 2009 and recent sales have reduced the risk profile, rebalanced the portfolio towards direct assets and increased the yield of the portfolio.

- Improve the quality and duration of income. The purchase of the Building 8 in Chiswick Park, once occupied next year, builds upon purchases of 'bond type' investments in the first quarter this year. The average unexpired lease term at the end of September increased to 8.4 years, from 7.6 years eighteen months ago.
- Sell or manage out existing land holdings and development opportunities. The disposals of further development sites are expected to complete in the fourth quarter of 2010. The proceeds of any sale will be recycled into income producing assets.

We are working hard to generate value from our existing portfolio through focused asset management initiatives. While the occupational market remains challenging, we are working closely with existing and potential occupiers to retain a low level of voids. A number of new lettings during the quarter contributed to a reduction in the Trust's void rate to 6.6% at 30 September 2010 versus 8.5% at 31 March 2010.

Portfolio Activity

The volume of activity has been relatively muted over the last six months, but the impact on the positioning of the portfolio has been substantial. Important transactions are listed below. Indirect assets were sold into an improving market, reducing exposure to 18.4% from 23.4% at 31 March 2010. Perhaps more importantly, this resulted in a decline in gearing which stood at 10.5% of net asset value (NAV) at 30 September, half of its level at the start of the year. The Trust's cash weighting has increased to 8.8% from 3.3% at 31 March 2010 due to the issuance of new units and sales of indirect holdings. We are comfortable with this position as it enables us to invest opportunistically.

Purchases Included:

QVC Building, Chiswick Park, London

Building 8 was bought from Chiswick Park Unit Trust (ChisPUT)¹ as an office development for an initial £6.9 million and an expected valuation upon completion of £50 million. The 124,000 sq ft office building was bought with a pre-let signed with QVC for a term of 21 years and a construction contract in place. The QVC Building (as Building 8 will be known) is located in Chiswick Park in West London, one of the most prestigious business parks in the UK.

Tower Industrial Estate, Crayford

A parade of five industrial units, the estate was bought for £3.6 million. The estate was bought off an initial yield of 7.2%. The property is adjacent to the Trust's existing holding of Acorn Industrial Estate. In time, the enlarged site will provide the potential for better configuration of units and improved access.

Sales Included:

Maritime Industrial Estate, Charlton, London SE7 and 403-433 Woolwich Road/1 Gallions Road, Charlton, London SE7

The two properties are an old industrial estate with an adjacent retail warehouse unit currently let to Wickes. Maritime was largely vacant and we had been working up plans to redevelop out the site as a retail scheme. In the event we agreed terms with the owner of an adjacent retail warehouse site intending to develop a new scheme. The price paid was significantly above valuation reflecting the marriage value between the two ownerships. The sale is in line with our strategy of reducing exposure to non-income producing assets.

Hercules Unit Trust (HUT)¹

West End of London Property Unit Trust (WELPUT)¹

Since the market trough fifteen months ago, both funds have produced returns well in excess of the market through a combination of good quality underlying property and gearing. Having benefited from valuation uplifts, gains have been realised and will be recycled into direct property assets. Over the last 6 months the Trust has sold £54 million across both Trusts. The distribution yield on both funds is relatively low, so we expect this switch to be accretive to the Trust's distribution yield in time.

AH Medical Properties plc

The entire holding in AH Medical plc, a listed company investing in primary care premises, was sold for £6.1 million. The shares are traded on PLUS markets, a junior UK stock exchange. Although a small holding, the sale significantly reduces the Trust's indirect gearing exposure.

Summary

We have continued to make good progress on our stated strategy of reducing indirect holdings, particularly those with gearing, to improve the risk profile of the fund. Following the recovery in capital values, there may be some weakening in the market as banks, in particular, bring more distressed assets to the market. However, this could provide an opportunity for the Trust as we look to invest our cash balance. Over the longer term, the lack of new supply coming to the market should provide a floor to any market decline.

I D Mason
Fund Manager
9 December 2010

Responsibilities of the Manager, Trustee and Supervisory Board

Manager's and Trustee's Responsibilities for the Financial Statements

The Trust Deed requires the Manager to prepare Financial Statements for each financial year detailing the state of affairs of the Trust as at the end of the financial year and its income or loss for the financial year. The Manager is responsible for keeping proper accounting records and, along with the Property Manager, for taking reasonable steps to safeguard the assets of the Trust and to prevent and detect fraud and other irregularities. The Trustee is required to hold the underlying property of the Trust for the unitholders and is responsible for the safe custody of that property and any documentation relating to it.

The Manager confirms that suitable accounting policies and appropriate accounting standards have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the Financial Statements. The Manager also confirms that the Financial Statements have been prepared on the going concern basis.

Supervisory Board's Responsibilities for the Financial Statements

The Supervisory Board is responsible for approving, on the Audit Committee's recommendation, the Financial Statements prepared for each financial year and half year, including the content and the accounting policies adopted, and for reporting any corporate governance issues relating to the Trust or other matters in connection with the Financial Statements.

Financial Statements

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Statement of Net Assets

At	Notes	30 September 2010 £'000	31 March 2010 £'000
Fixed assets			
Investment property			
Freehold property		480,798	470,153
Leasehold property		107,938	102,973
	2(a)	588,736	573,126
Development property			
Sites in the course of development			
Freehold property		21,500	15,200
	2(b)	21,500	15,200
Total valuation of investment and development property	2	610,236	588,326
Investment in property equities	3	–	6,476
Investment in subordinated convertible notes	4	9,462	9,462
Property related investments	5(b)	468,435	506,350
Total fixed assets		1,088,133	1,110,614
Current assets			
Debtors	6	21,587	18,190
Cash at bank and on deposit:			
Current accounts	16	123,107	51,346
Total current assets		144,694	69,536
Total assets		1,232,827	1,180,150
Current liabilities			
Bank loans	7	–	–
Creditors	8	15,918	19,321
Taxation		6,366	6,371
Distributions payable	12	3,323	2,652
Total current liabilities		25,607	28,344
Net assets attributable to unitholders	9	1,207,220	1,151,806
Net asset value per unit		£31.25	£30.30

The Financial Statements on pages 10 to 31 were approved by the Manager, Schroder Property Investment Management Limited, and the Supervisory Board on 9 December 2010 and signed on their behalf by:

W A Hill, Director
On behalf of the Manager

J A Scott, Chairman
On behalf of the Supervisory Board

The notes on pages 14 to 31 form part of these Financial Statements.

Income and Expenditure Account

For the six months ended	Notes	30 September 2010 £'000	31 March 2010 £'000
Rents receivable	1(f)	19,034	16,873
Other income	1(f)	98	98
Service charge income		2,735	3,147
Less: property expenses	11	4,563	4,972
Net rental income		17,304	15,146
Income from property related investments		9,691	10,471
Income from subordinated convertible notes		474	275
Interest receivable on bank deposits	1(h)	404	233
Less: finance costs: interest payable	12(d)	99	107
Net interest income		305	126
Net income before tax		27,774	26,018
Less: income tax	13(a)(i)	(5,555)	(5,204)
Net income after tax		22,219	20,814
Less: Management expenses			
Supervisory Board remuneration		64	73
Trustee fee	18(a)	92	104
Management fees	18(b)	3,348	2,714
Valuation fee		114	71
Audit fee		45	46
Printing and stationery		5	43
Legal and professional fees and other charges		66	426
Total management expenses	12(b)	3,734	3,477
Net income available for distribution		18,485	17,337
Finance costs: distributions	12(a)	(20,159)	(18,694)
Retained deficit for the period	14	(1,674)	(1,357)

There is no difference between the net income available for distribution as stated above and its historical cost equivalent. All items dealt with in arriving at the net income available for distribution relate to continuing operations.

The notes on pages 14 to 31 form part of these Financial Statements.

Statement of Total Recognised Gains and Losses

For the six months ended	Notes	30 September 2010 £'000	31 March 2010 £'000
Realised profit/(loss) on:			
Investment property sold	14	951	107
Property related investments sold	14	409	1,691
Sites in the course of development sold	14	5,687	–
Property equities sold	14	(410)	–
Movement in revaluation reserve for retained:			
Investment property	14	18,279	51,080
Sites in the course of development	14	721	1,351
Property related investments	14	11,804	(58,427)
Property equities	14	–	2,667
Capital surplus/(deficit) for the period		37,441	(1,531)
Net income available for distribution		18,485	17,337
Total recognised gains		55,926	15,806

The notes on pages 14 to 31 form part of these Financial Statements.

Cash Flow Statement

For the six months ended		30 September 2010	31 March 2010
	Notes	£'000	£'000
Net cash inflow from operating activities	15	18,420	22,909
Returns on investment and servicing of finance			
Interest received		404	125
Interest paid		(99)	(107)
Distributions paid		(19,488)	(19,427)
		<u>(19,183)</u>	<u>(19,409)</u>
Tax paid		(5,467)	(61)
Capital expenditure and financial investment			
Sale of investment property:			
Freehold		8,303	55,917
Leasehold		10,960	9,185
Purchase of investment property:			
Freehold		(3,742)	(133,153)
Purchase of development property:			
Freehold		(6,985)	–
Property related investments:			
Purchases		(5,942)	(8,787)
Sales		56,073	18,330
Property Equities			
Sales		6,071	–
Subordinated convertible notes:			
Purchase		–	(9,462)
Other capital expenditure		(6,394)	(1,582)
		<u>58,344</u>	<u>(69,552)</u>
Cash inflow/(outflow) before financing		52,114	(66,113)
Financing			
Issue of units	10	19,647	105,133
Loans repaid	7	–	(5,000)
		<u>19,647</u>	<u>100,133</u>
Increase in cash	16	71,761	34,020

The notes on pages 14 to 31 form part of these Financial Statements.

Notes to the Financial Statements

1. Accounting policies

The Financial Statements have been prepared in accordance with the historical cost convention, as modified by the revaluation of property fixed assets, property related investments and property equities, as explained in notes 1(a), 1(b) and 1(c) below, and in accordance with applicable United Kingdom Accounting Standards and the Trust Deed. In accordance with Financial Reporting Standard (FRS) 18, the Trust's accounting policies are reviewed annually to confirm that they remain appropriate and are in accordance with the requirements of Accounting Standards, Urgent Issues Task Force (UITF) abstracts and the Trust Deed.

The principal accounting policies adopted in these Financial Statements, which have been applied consistently, are:

- (a)** Properties owned by the Trust, including investments in properties owned through partnerships and trusts for land, are independently valued on a market value basis having regard to whether they are let or unlet at the date of valuation. Development properties in the course of development are independently valued having regard to the stage reached in the construction and taking account of any agreed letting and of any contractual liabilities to advance further monies. Where legal completion of a purchase is not fully executed at the date of the Statement of Net Assets, but takes place subsequently, or in the case of development properties purchased for development where no work has yet taken place, the property is shown at cost unless, in the opinion of the Manager, there may be a material difference between cost and valuation on completion.
- (b)** Property related investments are valued at the net asset value as provided by the relevant managers, in accordance with industry practice.
- (c)** Investments in Subordinated Convertible Notes are held at cost until conversion.
- (d)** Property equities are valued at bid price, using the exchange price at the year end.
- (e)** Where the Trust makes advances to developers by reference to the stage of completion reached on developments, interest on these advances is rolled up during the period of development and is paid to the Trust on completion. This interest is credited to the Income and Expenditure Account during the period of the development.
- (f)** Rental income and other income are recognised in the Income and Expenditure Account on an accruals basis. Rental income includes the Manager's best estimates for unsettled rent reviews. Provisions are made where, in the opinion of the Manager, amounts are deemed likely to be irrecoverable. Income from property related investments comprises distributions receivable gross of any related tax withheld and is accounted for on a receivable basis.
- (g)** Fees are recognised on an accruals basis and are charged in full to the Income and Expenditure Account. The Manager has allocated 50% of the management fees to income and the remaining 50% to capital for the calculation of distributable income.
- (h)** Interest receivable and payable are accounted for on an accruals basis.
- (i)** Benefits to lessees in the form of rent free periods and other incentives are treated as a reduction in the overall return on the leases and, in accordance with UITF 28, 'Operating Lease Incentives', are recognised on a straight line basis over the shorter of the lease term or the period up to the initial rental review date. The valuation of investment property is reduced by all lease incentives.
- (j)** In accordance with FRS 25, income distributions are classified as finance costs and are accounted for on an accruals basis.
- (k)** Unrealised surpluses less unrealised deficits on valuation of property fixed assets, property related investments and property equities are credited directly to the revaluation reserve in accordance with SSAP 19. Realised profits, less realised losses, determined by reference to carrying value at the commencement of the accounting period, are credited to the realised profit/loss on sale reserve and disclosed in the Statement of Total Recognised Gains and Losses. Realised prior period revaluations are taken to the realised profit/loss on sale reserve, as a reserve transfer.
- (l)** In accordance with SSAP 19 no depreciation or amortisation is provided in respect of freehold properties or leasehold properties which have unexpired lease terms in excess of twenty years.
- (m)** Acquisitions and disposals of investment properties, property related investments and property equities are recognised where, by the end of the accounting period, there is a legally binding, unconditional and irrevocable contract. Investments in property equities are recognised on a trade date basis.
- (n)** Income tax is provided for on income taxable in the period at the basic rate of tax. Deferred tax is accounted for on an undiscounted basis at expected tax rates on all timing differences. A deferred tax asset is only recognised where it is more likely than not that the asset will be recoverable in the foreseeable future out of suitable taxable income from which the reversal of timing differences can be deducted.
- (o)** Profits or losses that arise on disposal of units in any property related investments or equities are calculated on a First In, First Out basis.

2. Fixed assets

	Freehold £'000	Leasehold £'000	Total £'000
(a) Investment property			
Valuation at 1 April 2010	470,153	102,973	573,126
Revaluation reserve at 1 April 2010	(24,570)	10,511	(14,059)
Cost as at 1 April 2010	445,583	113,484	559,067
Additions to existing properties at cost	546	294	840
Cost of properties purchased	3,741	–	3,741
Value of properties sold	(7,250)	–	(7,250)
Movement in revaluation reserve on investment property sold	3,668	–	3,668
Revaluation reserve at 30 September 2010	34,510	(5,840)	28,670
Valuation at 30 September 2010	480,798	107,938	588,736
(b) Development property			
Valuation at 1 April 2010	15,200	–	15,200
Revaluation reserve at 1 April 2010	12,999	–	12,999
Cost as at 1 April 2010	28,199	–	28,199
Additions at cost	3,594	–	3,594
Cost of properties purchased	6,985	–	6,985
Cost of development properties sold	(5,000)	–	(5,000)
Movement in revaluation reserve on development property sold	(1,065)	–	(1,065)
Movement in revaluation reserve at 30 September 2010	(11,213)	–	(11,213)
Valuation at 30 September 2010	21,500	–	21,500
Total valuation of investment and development property	502,298	107,938	610,236
Reconciliation to market valuation			
Market valuation at 30 September 2010	503,225	108,825	612,050
Unamortised tenant incentives	(927)	(887)	(1,814)
Valuation at 30 September 2010	502,298	107,938	610,236

Notes to the Financial Statements (continued)

2. Fixed assets (continued)

The following investments are included within the valuation of investment properties:

(c) Investments in trusts for land

Valuation at	30 September 2010 £'000	31 March 2010 £'000
The percentage ownerships below remain unchanged from the previous period end:		
(i) 50.0% interest in a trust investing in Cardiff Bay Retail Park	24,300	24,300
(ii) 33.3% interest in a trust investing in properties in York	65,000	63,250
	89,300	87,550

3. Investment in property equities

	Percentage holding at 30 September 2010 %	Valuation at 1 April 2010 £'000	Cost of property equities sold £'000	Movement in revaluation reserve for property equities sold £'000	Valuation at 30 September 2010 £'000
AH Medical Properties plc	–	6,476	(8,000)	(1,524)	–

The Trust disposed of its entire interest in AH Medical Properties plc, a PLUS listed property investment company on 31 July 2010 for a sale price of £6,070,857.45 (32p per share).

4. Investment in subordinated convertible notes

	Percentage holding at 30 September 2010 %	Valuation at 30 September 2010 £'000
Hercules Unit Trust	4.7	9,462

The Trust acquired £9.5 million of Subordinated Convertible Notes on 15 December 2009 from the Hercules Unit Trust (HUT) at a fixed coupon of 10%; conversion of the Notes is available at any time at the discretion of the noteholder. On conversion, the Notes will be converted into a variable number of units equivalent to the face value of the Notes. The conversion price will be set at the prevailing Net Asset Value of HUT, as adjusted for the mark to market value of any hedging arrangements of the senior debt; the issuer has the right to redeem any Notes in issue after 7 January 2012. Notes in issue will mature on 22 September 2020.

5. Property related investments

(a) Basis of valuation

The total value of property related investments at 30 September 2010 stood at £468.4 million (31 March 2010: £506.4 million).

Properties held directly or indirectly within property related investments are independently valued on a market value basis as follows:

			Valued by:
(i)	Bracknell Property Unit Trust*	(BPUT)	BNP Paribas Real Estate
(ii)	Croydon Gateway Property Unit Trust*	(CGPUT)	BNP Paribas Real Estate
(iii)	The Chiswick Park Unit Trust*	(ChisPUT)	BNP Paribas Real Estate
(iv)	City of London Office Unit Trust*	(CLOUT)	BNP Paribas Real Estate
(v)	Capital Point Slough Unit Trust	(CPSUT)	BNP Paribas Real Estate
(vi)	City Property Unit Trust*	(CPUT)	BNP Paribas Real Estate
(vii)	Gresham Property Partners, L.P.*	(Gresham)	BNP Paribas Real Estate
(viii)	Hackbridge Unit Trust*	(HackUT)	BNP Paribas Real Estate
(ix)	Henderson UK Retail Warehouse Fund	(HRWF)	CB Richard Ellis Limited
(x)	Hercules Unit Trust*	(HUT)	CB Richard Ellis Limited
(xi)	Lombard Street Unit Trust*	(LSUT)	BNP Paribas Real Estate
(xii)	Parker Tower Unit Trust*	(PTUT)	BNP Paribas Real Estate
(xiii)	Residential Property Unit Trust*	(ResPUT)	Allsop LLP
(xiv)	Schroder Emerging Retail Property Unit Trust*	(SERPUT)	Allsop LLP
(xv)	Teesland iDG Sutton Unit Trust	(TiDGSUT)	BNP Paribas Real Estate
(xvi)	UNITE UK Student Accommodation Fund	(UNITE)	CB Richard Ellis Limited
(xvii)	West End of London Property Unit Trust*	(WELPUT)	CB Richard Ellis Limited
(xviii)	West India Quay Unit Trust	(WIQUT)	Jones Lang LaSalle Limited
(xix)	Bracknell Eagle House Limited	(BEH)	BNP Paribas Real Estate

* Schroder Managed Property Funds

Notes to the Financial Statements (continued)

5. Property related investments (continued)

(b) Movements during the period

The Trust owned the following interests in property related investments:

	Percentage holding at 30 September 2010 %	Valuation at 1 April 2010 £'000	Additions at cost £'000	Cost of investments sold £'000	Movement in revaluation reserve for investments sold £'000	Movement in revaluation reserve for retained investments £'000	Valuation at 30 September 2010 £'000
BPUT	49.6%	59,262	1,083	–	–	(901)	59,444
CGPUT	97.3%	42,734	–	–	–	(680)	42,054
ChisPUT	19.6%	35,980	–	–	–	7,497	43,477
CLOUT	26.5%	526	–	(50)	(33)	82	525
CPSUT	100.0%	7,606	–	–	–	(399)	7,207
CPUT	95.9%	29,409	3,582	–	–	(1,759)	31,232
Gresham	19.5%	1,390	–	–	–	2	1,392
HackUT	100.0%	30,930	–	–	–	(53)	30,877
HRWF	3.3%	17,541	–	–	–	1,931	19,472
HUT	5.8%	71,734	–	(14,053)	(5,397)	1,654	53,938
LSUT	100.0%	18,345	1,277	–	–	(987)	18,635
PTUT	100.0%	39,901	–	–	–	(8)	39,893
ResPUT*	41.6%	1,874	–	(1,046)	(744)	72	156
SERPUT	68.4%	48,591	–	–	–	1,139	49,730
TiDGSUT	50.0%	2,999	–	–	–	505	3,504
UNITE	2.7%	13,484	–	–	–	901	14,385
WELPUT	6.6%	61,968	–	(33,295)	(1,043)	1,951	29,581
WIQUT	50.0%	21,300	–	–	–	1,500	22,800
AHUT	26.8%	294	–	–	–	–	294
BSUT	26.8%	115	–	–	–	–	115
BEH ¹	50.0%	367	–	–	–	(643)	(276)
		506,350	5,942	(48,444)	(7,217)	11,804	468,435

1 The negative valuation of Bracknell Eagle House has been assessed for impairment under FRS 11. In the Manager's opinion the negative valuation is temporary and therefore the balance has not been taken to the income and expenditure account. It is management's intention to enter into a debt for equity swap, which will see the Bracknell Eagle House debtor, as set out in note 6, converted to equity and a corresponding positive valuation.

5. Property related investments (continued)

(b) Movements during the period (continued)

The realisable value of the Trust's holding in property related investments may differ from the net asset value as provided by the relevant managers.

A provision has been made within the revaluation reserve, for the investment of HUT, for £0.4 million at 30 September 2010 (31 March 2010: £0.6 million). This reflects the dilution of ownership relating to the convertible price of bonds when converted to units. These bonds will convert at the adjusted NAV (to include the mark-to-market on any hedges in place at the conversion date).

At 30 September 2010, the Trust's holding in each of HackUT, LSUT and PTUT stood at 100.0% and the Trust's holdings in CGPUT and CPUT at 31 March 2010 stood at 97.3% and 95.9% respectively. Despite these holdings being in excess of 50.0%, the Trust does not have control as the relevant trust instruments state that unitholders cannot remove the Manager within the first five years of the date of appointment, unless the Manager's removal clause is extended by unitholder resolution. Therefore, as significant control cannot be exercised, these investments are not consolidated.

The Trust's holding in CPSUT at 30 September 2010 stood at 100.0%. There would be no material difference to the net asset value of the Trust if this investment, which is controlled by the Trust, had been consolidated at that date.

Although the Trust's holding in SERPUT is in excess of 50.0%, the Trust's voting rights are limited to 50.0% and therefore, because the Trust cannot control SERPUT's financial and operating policies, no controlling interest arises and the holding is not consolidated.

The Trust's investment in Gresham of £1.4 million at 30 September 2010 (31 March 2010: £1.4 million) included an accrual for carried interest payable of £0.8 million (31 March 2010: £0.8 million).

Notes to the Financial Statements (continued)

5. Property related investments (continued)

(c) Summary of financial information at 30 September 2010

The information detailed below contains information as provided by the relevant managers at 30 September 2010.

	Trust's holding at 30 September 2010 %	Property value £'000	Debt £'000	Other assets/ (liabilities) £'000	Net asset value £'000	Adjustment to fair value debt* £'000
BPUT	49.6%	119,863	–	1	119,864	–
CGPUT	97.3%	43,209	–	3	43,212	–
ChisPUT	19.6%	401,104	(192,500)	12,874	221,478	(5)
CLOUT	26.5%	675	–	1,298	1,973	–
CPSUT	100.0%	8,200	–	(993)	7,207	–
CPUT	95.9%	32,592	–	13	32,605	–
Gresham	19.5%	47	–	7,091	7,138	–
HackUT	100.0%	30,672	–	206	30,878	–
HRWF*	3.3%	977,570	(471,143)	88,146	594,573	(38,607)
HUT	5.8%	1,445,114	(694,146)	172,125	923,093	(40,923)
LSUT	100.0%	17,200	–	1,435	18,635	–
PTUT	100.0%	39,842	–	51	39,893	–
ResPUT	41.6%	131	–	250	381	–
SERPUT	68.4%	67,079	–	5,604	72,683	–
TiDGSUT	50.0%	12,000	(5,490)	496	7,006	–
UNITE*	2.7%	1,044,300	(480,600)	(30,922)	532,778	(47,800)
WELPUT	6.6%	650,539	(144,500)	(55,455)	450,584	(5,240)
WIQUT	50.0%	45,600	–	–	45,600	–
AHUT	26.8%	–	–	1,112	1,112	–
BSUT	26.8%	–	–	429	429	–
BEH	50.0%	7,050	(3,222)	(4,379)	(551)	–
		4,942,787	(1,991,601)	199,385	3,150,571	(132,575)
Total of Trust's share		572,632	(119,976)	15,779	468,435	(5,285)

* A number of the property related investments shown above have entered into interest rate swaps in order to hedge their interest rate exposure. The relevant information on interest rate swaps for HRWF is not available at the date of this report. Revaluation to fair value of the remaining swap agreements at 30 September 2010 would give rise to a combined total deficit of £5.3 million (31 March 2010: deficit £6.4 million). Neither the property related investments nor the Trust account for the deficit arising from these fair value adjustments.

6. Debtors

	30 September 2010 £'000	31 March 2010 £'000
Rents receivable	6,421	4,098
Distributions due from property related investments	3,379	3,918
Tenant deposits	4,940	4,894
UITF 28 accrued rents receivable	1,401	1,485
UITF 28 unamortised tenant incentives	413	489
VAT recoverable	861	481
Other debtors and prepayments	2,489	1,682
Accrued interest	198	–
Amounts due from Bracknell Eagle House Ltd	1,485	1,143
Total debtors	21,587	18,190

7. Bank loans

Counterparty	30 September 2010 £'000	31 March 2010 £'000
Lloyds TSB Bank plc	–	–

The Trust entered into an unsecured £100 million committed loan facility with Lloyds TSB Bank plc on 17 December 2007 (31 March 2010: £100 million uncommitted loan facility). Loans drawn under the facility are renewed and/or repayable on either a monthly or quarterly basis. Interest is charged at LIBOR plus a margin of 0.65% (31 March 2010: 0.65%) plus mandatory costs. The facility expires on 17 December 2010. The Manager is in discussions with a number of loan facility providers, and is intending to establish a revised facility once the current facility expires.

8. Creditors

	30 September 2010 £'000	31 March 2010 £'000
Rents received in advance	2,784	5,330
Provision for doubtful debts	4,090	3,095
Trade creditors	726	1,194
Tenant deposits	4,940	4,894
Other creditors and accruals	2,264	2,100
Amounts due on properties	1,114	2,708
Total creditors	15,918	19,321

Notes to the Financial Statements (continued)

9. Net assets attributable to unitholders

Net assets attributable to unitholders are represented as follows:

	Notes	30 September 2010 £'000	31 March 2010 £'000
Amounts paid to Trustee for investment	10	904,730	885,083
Revaluation reserve	14	(105,208)	(127,715)
Realised net profit on sale of investment property	14	285,008	275,767
Realised net profit on sale of property related investments	14	144,643	137,017
Realised net loss on sale of property equities	14	(1,933)	–
Deficit on Income and Expenditure Account	14	(20,020)	(18,346)
Total net assets attributable to unitholders		1,207,220	1,151,806

Under FRS 25 the above amounts are deemed to be repayable to unitholders and are therefore presented as liabilities of the Trust.

10. Amounts paid to Trustee for investment

	No. of Units	Value £'000
Opening balance at 1 April 2010	38,013,430	885,083
Units issued during the period	617,646	19,647
Closing balance at 30 September 2010	38,631,076	904,730

11. Property expenses

For the six months ended	30 September 2010 £'000	31 March 2010 £'000
Service charge expenses	2,903	3,525
Letting fees	198	169
Rates	464	182
Rent review fees	69	92
Other	929	1,004
Total property expenses	4,563	4,972

12. Finance costs: distributions

(a) Total distributions

Monthly distributions were payable in respect of the following periods:

	April 2010 £'000	May 2010 £'000	June 2010 £'000	July 2010 £'000	August 2010 £'000	September 2010 £'000
Net income before tax	4,368	4,788	4,725	4,618	4,597	4,678
Income tax	(874)	(958)	(945)	(924)	(919)	(935)
Net income after tax	3,494	3,830	3,780	3,694	3,678	3,743
Total management expenses	(341)	(327)	(296)	(329)	(350)	(417)
Net amount distributable	3,153	3,503	3,484	3,365	3,328	3,326
Gross return to unitholders after recovery of income tax	4,027	4,461	4,429	4,289	4,247	4,261

For the six months ended

	Notes	30 September 2010 £'000	31 March 2010 £'000
Net income before tax (excluding undistributed UITF 28 adjustment)		27,774	26,018
Income tax	13(a)(i)	(5,555)	(5,204)
Net income after tax		22,219	20,814
Total management expenses	12(b)	(2,060)	(2,120)
Net amount distributable		20,159	18,694
Gross return to unitholders after recovery of income tax		25,714	23,898

The balance of amounts accrued under UITF 28 for the year ended 30 September 2010 was a deficit of £1,840,000 (31 March 2010: deficit of £1,974,000). 80.0% of the overall rents accrued under UITF 28 and the taxation provision thereon are recognised in the Income and Expenditure Account for the year and distributed to unitholders.

Notes to the Financial Statements (continued)

12. Finance costs: distributions (continued)

(b) Reconciliation of management expenses between distributions and Income and Expenditure Account

	30 September 2010 Notes	£'000	31 March 2010 £'000
Total management expenses for the relevant 6 months deducted from distributions	12(a)	2,060	2,120
Deficit on Income and Expenditure Account	14	1,674	1,357
Total management expenses per Income and Expenditure Account		3,734	3,477

Management expenses allocated to capital and not deducted from distributions, in accordance with the accounting policy as stated in note 1(f), represent the deficit on the Income and Expenditure Account.

(c) Distributions per unit

	April 2010 pence	May 2010 pence	June 2010 pence	July 2010 pence	August 2010 pence	September 2010 pence
Net income before tax	11.3445	12.3995	12.2324	11.9553	11.9023	12.1110
Income tax	(2.2689)	(2.4799)	(2.4465)	(2.3911)	(2.3805)	(2.4222)
Net income after tax	9.0756	9.9196	9.7859	9.5642	9.5218	9.6888
Total management expenses	(0.8860)	(0.8500)	(0.7610)	(0.8510)	(0.9050)	(1.0800)
Net amount distributable	8.1896	9.0696	9.0249	8.7132	8.6168	8.6088
Gross return to unitholders after recovery of income tax	10.4585	11.5495	11.4714	11.1043	10.9973	11.0310

For the six months ended

	30 September 2010 pence	31 March 2010 pence
Net income before tax (excluding undistributed UITF 28 adjustment)	71.9450	70.8466
Income tax	(14.3891)	(14.1694)
Net income after tax	57.5559	56.6772
Total management expenses	(5.3330)	(5.7260)
Net amount distributable	52.2229	50.9512
Gross return to unitholders after recovery of income tax	66.6120	65.1206

(d) Interest payable

For the six months ended	30 September 2010 £'000	31 March 2010 £'000
Interest payable	99	107

13. Current and deferred taxation

The Trust is not liable for corporation tax or capital gains tax but is liable for income tax on its gross income at the basic rate of tax. Income tax deducted from distributions paid by the Trust is recoverable by unitholders.

The tax charged to the Income and Expenditure Account and information concerning the deferred taxation provision are detailed below:

(a) Taxation on net income before tax

(i) Analysis of charge for the six months ended

	Notes	30 September 2010 £'000	31 March 2010 £'000
Current tax:			
UK income tax on income for the period		5,555	5,204
Adjustments in respect of the previous period		–	(461)
Total current tax		5,555	4,743
Origination and reversal of timing difference	13(b)	–	461
Tax on net income	13(a)(ii)	5,555	5,204

(ii) Factors affecting tax charge for the period ended

	Notes	30 September 2010 £'000	31 March 2010 £'000
Net income before tax		27,774	26,018
Tax on net income at basic rate of 20%		5,555	5,204
Effects of:			
Adjustments in respect of previous period		–	(461)
Current tax charge for the year	13(a)(i)	5,555	4,743

(b) Provision for deferred tax

The amount of deferred taxation provided for in these Financial Statements is:

	Notes	30 September 2010 £'000	31 March 2010 £'000
Opening provision		(490)	(29)
Deferred tax credit/(charge) in Income and Expenditure Account	13(a)(i)	–	(461)
Closing provision		(490)	(490)

The deferred tax liability relates to a potential tax charge under Section 350 ICTA 1988 on the final distribution for the year.

S942 ITA 2007 (Income Tax Act 2007) provides for an additional tax liability to arise where the tax liability for any tax year would otherwise be lower than the basic rate of tax on the distributions paid in that year. Because the distributions are paid in arrears, provision must be made for the liability that would arise in the next tax year if there was no taxable income following the date of the Statement of Net Assets. Relief can be taken against this liability for amounts by which any previous period's taxable income have exceeded the distributions paid in that year.

Notes to the Financial Statements (continued)

14. Reserves

	Revaluation Reserve					Deficit on Income and Expenditure Account £'000	Realised net profit/ (loss) on investment property sold £'000	Realised net profit on property related investments sold £'000	Realised net profit on property equities sold £'000	Total reserves £'000
	Freehold property £'000	Leasehold property £'000	Property related investments £'000	Property equities £'000	Total revaluation reserve £'000					
Opening balance at 1 April 2010	11,247	(10,511)	(126,928)	(1,523)	(127,715)	(18,346)	275,767	137,017	–	266,723
Movement in revaluation reserve for retained:										
Investment property	13,608	4,671	–	–	18,279	–	–	–	–	18,279
Sites in the course of development	721	–	–	–	721	–	–	–	–	721
Property related investments	–	–	11,804	–	11,804	–	–	–	–	11,804
Property equities	–	–	–	–	–	–	–	–	–	–
Investment property sold	(3,668)	–	–	–	(3,668)	–	3,668	–	–	–
Property related investments sold	–	–	(7,217)	–	(7,217)	–	–	7,217	–	–
Sites in the course of development sold	1,065	–	–	–	1,065	–	(1,065)	–	–	–
Property equities sold	–	–	–	1,523	1,523	–	–	–	(1,523)	–
Deficit on Income and Expenditure Account	–	–	–	–	–	(1,674)	–	–	–	(1,674)
Realised net profit on:										
Investment property sold	–	–	–	–	–	–	951	–	–	951
Property related investments sold	–	–	–	–	–	–	–	409	–	409
Property equities sold	–	–	–	–	–	–	–	–	(410)	(410)
Sites in the course of development sold	–	–	–	–	–	–	5,687	–	–	5,687
Closing balance at 30 September 2010	22,973	(5,840)	(122,341)	–	(105,208)	(20,020)	285,008	144,643	(1,933)	302,490

15. Reconciliation of net property income to net cash inflow from operating activities

For the six months ended	30 September 2010 £'000	31 March 2010 £'000
Net property income	17,304	15,146
Income from property related investments	9,691	10,471
Income from convertible bonds	474	275
Total management expenses	(3,734)	(3,477)
Net income available for distribution before interest payable and receivable and tax	23,735	22,415
Net (decrease)/increase in debtors	(1,912)	3,135
Net (decrease)/increase in creditors	(3,403)	3,550
Net cash inflow from operating activities	18,420	29,100

16. Reconciliation of movement in net cash flow

	1 April 2010 £'000	Net cash flow £'000	30 September 2010 £'000
Cash at bank	51,346	71,761	123,107
Net cash	51,346	71,761	123,107

Notes to the Financial Statements (continued)

17. Capital commitments and contingent liabilities

At the period end the Trust had a commitment to invest £1.2 million in Teesland iDG Sutton Unit Trust (31 March 2010: £1.2 million); £4.7 million in Parker Tower Unit Trust (31 March 2010: nil). In addition, the Trust had a commitment to invest £26.4 million for the development of Chiswick Building 8 (31 March 2010: nil).

At 30 September 2010, the Trust is exposed to a dilution levy in relation to its holding in Bracknell Property Unit Trust (BPUT), which is estimated to be £7.3 million (31 March 2010: £7.3 million). This has no current impact on the Trust's holding in BPUT or these Financial Statements.

18. Related party disclosures and material contracts

(a) Fees receivable by the Trustee

As Trustee, The Royal Bank of Scotland plc is entitled to a fee equivalent to 0.0224% per annum on the first £500 million of the Trust's Net Asset Value (NAV) and 0.0125% per annum on any excess over £500 million of the Trust's NAV.

(b) Fees receivable by the Manager and the Property Manager

Investment management and property management fees

The remuneration of the Manager and the Property Manager is set by the Supervisory Board. The Manager is entitled to 0.3% of the total Net Asset Value of the Trust and the Property Manager is entitled to 0.4% on Gross Value of direct holdings and capital cash. The Property Manager does not receive a fee from the Trust on property held indirectly, unless specifically agreed by the Supervisory Board.

Where the Trust invests in property related investments which are managed by an associate of the Manager or the Property Manager, fees earned by the associate on the Trust's net investment, are not rebated to the Trust, with the exception of SERPUT, where the Trust receives a rebate of 0.3% on SERPUT's gross property value (based on the Trust's holding). These indirect managers levy their own fees which may include performance fees.

The Manager's and the Property Manager's fees are charged in full to the Income and Expenditure Account. 50% of such fees are allocated to capital and not deducted from distributions for the purpose of determining the value of such distributions (see notes 1(g) and 12(b)).

18. Related party disclosures and material contracts (continued)

(b) Fees receivable by the Manager and the Property Manager (continued)

Summary of fees receivable by the Manager, the Property Manager, and their associates

For the six months ended	Notes	30 September 2010 £'000	31 March 2010 £'000
Manager's and Property Manager's fees (gross of rebates)		3,347	2,701
Irrecoverable VAT incurred by the Trust*		1	13
Total management fees charged to the Income and Expenditure Account	1(g)	3,348	2,714
Management fees earned by associates of the Manager from the Trust's investments in property related investments		360	546
Performance fees earned by associates of the Manager from the Trust's investment in property related investments		–	–
Less irrecoverable VAT incurred by the Trust*		(1)	(13)
Total		3,707	3,247

* Irrecoverable VAT incurred by the Trust does not represent fees receivable by the Manager, the Property Manager, or their associates.

The total fees receivable by the Manager and the Property Manager and their associates from the Trust and its investments as a percentage of the average net asset value of the Trust over the six months to 30 September 2010 represented an annualised rate of approximately 0.6% (31 March 2010: 0.6%).

Secondary market commission

The Manager also earns commission from individual unitholders of the Trust which utilise its matched bargain service. Such commission is not included in these Financial Statements.

(c) Outstanding balances

Outstanding balances were due to the following which are considered to be related parties under FRS 8:

	30 September 2010 £'000	31 March 2010 £'000
The Royal Bank of Scotland plc (Trustee)	59	59
Supervisory Board	36	36
Schroder Property Investment Management Limited	614	569

Outstanding balances were due from Bracknell Eagle House Limited as set out within note 6, which is considered to be a related party under FRS 8.

Notes to the Financial Statements (continued)

18. Related party disclosures and material contracts (continued)

(d) Distributions

Gross distributions were receivable in the year from the following property related investments which are considered to be related parties under FRS 8, because they are managed or administered by the Manager or an associate of the Manager:

For the six months ended	30 September 2010 £'000	31 March 2010 £'000
BPUT	1,278	1,462
CGPUT	(55)	486
ChisPUT	1,380	2,220
CPUT	–	–
CLOUT	–	–
HackUT	1,023	979
AHUT	–	–
BSUT	–	–
Gresham	–	–
HUT	783	625
LSUT	518	592
PTUT	1,301	1,330
ResPUT	–	–
SERPUT	1,153	1,219
WELPUT	727	1,231

19. Financial instruments

The primary financial instruments held by the Trust at 30 September 2010 were property related investments, Subordinated Convertible Notes, cash, short term assets and liabilities to be settled in cash. The Trust did not hold, and was not a counterparty to, any derivative instruments either during the year or at the year end.

The Trust is not subject to currency risk since all of the financial instruments are denominated in sterling.

The disclosure below excludes short term assets and liabilities as permitted by United Kingdom Accounting Standards (FRS 13). All financial liabilities mature within one year of the date for the Statement of Net Assets and all financial assets, with the exception of property related investments, are held on demand.

(a) Borrowing facility

The Trust has the following revolving borrowing facility with Lloyds Bank plc. At 30 September 2010 £nil (31 March 2010: £nil) had been drawn down from the facility.

	30 September 2010 £'000	31 March 2010 £'000
Expiry date – 17 December 2010 (committed)	100,000	100,000

19. Financial instruments (continued)

(b) Interest rate profile

	30 September 2010	31 March 2010
	£'000	£'000
Floating rate financial assets	123,107	51,346
Non interest bearing financial assets	468,435	506,350
Subordinated Convertible Notes	9,462	9,462
Bank loan	–	–

Floating rate financial assets comprise cash at bank. Interest on floating rate bank deposits is based on relevant inter bank rates. Non interest bearing financial assets comprise property related investments and property equities. Fixed rate Subordinated Convertible Notes are held at a coupon rate of 10%. Financial assets and liabilities held at cost are not materially different to their fair value.

(c) Liquidity risk

Liquidity risk is the risk that the Trust faces in being unable to meet all liabilities as and when they fall due. The Trust is subject to liquidity risk insofar as unitholders may seek to redeem units held within the Trust. Dependent upon the value and timing of the redemptions and given the illiquid nature of the Trust's investments, liquidity risk may be present. The Manager's policy for managing this risk is to:

- (i) Operate a strict unit redemption policy, as shown in the Redemption of Units note on page 35, such that unitholders may only serve notice to redeem units at the end of each quarter.
- (ii) Raise sufficient cash resources within the Trust to finance a limited number of redemptions.
- (iii) Maintain an appropriate borrowing facility.
- (iv) Reserve the right to defer payment of redemptions for a maximum of two years, from the date of notice.

(d) Market price risk

The Trust's exposure to market price risk is comprised mainly of movements in the value of its investments in property related investments and property equities and the uncertainty surrounding future prices of such investments. The Trust's market price risk is managed through diversification and the Manager has no reason to believe that the valuations used in calculating the value of the Trust are unreasonable.

20. Subsequent Events

At 6 December 2010, The Trust acquired an additional £22.2 million of units in the Schroder Emerging Retail Park Unit Trust (SERPUT) to increase its holding to 98.3%.

Supervisory Board and Key Service Providers

Supervisory Board

J A Scott OBE FCA* (Chairman)

James Scott is a former National Managing Partner of Binder Hamlyn. He is currently a non-executive Director of the Vestey Group Limited. Joined the Supervisory Board in 1991.

Professor A E Baum PhD FRICS

Andrew Baum is Professor of Land Management at the Henley Business School, University of Reading, non-executive Chairman of the investment committee for CBRE Investors Global Multi-Manager and honorary Professor of Real Estate Investment at the University of Cambridge. Joined the Supervisory Board in 1999.

R R Foulkes

Richard Foulkes was Vice Chairman of Schroder Investment Management Limited until his retirement in October 2005. He is a non-executive Director of Credit Renaissance Structured Product Fund, Schroder Pension Trustee Limited and Schroder Credit Renaissance Fund; a member of the Investment Committee of the Royal Opera House Pension Scheme and of Queens' College, Cambridge. He is also the Chairman of the Investment Committee of St John Ambulance. Joined the Supervisory Board in 2003.

C J Hunter FRICS

Charles Hunter was Head of Property at Insight Investment (the investment management subsidiary of HBOS plc) until 2004. Prior to that he was Property Director of NM Fund Management. He is non-executive Chairman of AXA Property Trust plc, is a Council Member and Trustee of St Monica Trust and is Chairman of the Investment Advisory Committee of Spreys Property Development Fund. Joined the Supervisory Board in 2006.

R I Moore MBE FCSI*

Roger Moore was previously Head of Property Research at UBS Warburg. He was a founder member of the BDO Stoy Hayward Property Accounts Awards judging panel. Joined the Supervisory Board in 2004.

A F Sykes

Andrew Sykes was a Director of Schroders plc until March 2004. He is Chairman of Invista Foundation Property Trust Limited, Chairman of Absolute Return Trust Limited, a non-executive Director of JP Morgan Asian Investment Trust PLC, Smith and Williamson Holdings Limited, Record plc, MBIA UK Insurance Limited, Schroder Pension Trustee Limited, Gulf International Bank UK Limited and SVG Capital plc. Joined the Supervisory Board in 2004.

* R I Moore is the Chairman of the Audit Committee and R R Foulkes and J A Scott are members.

Key Service Providers

Manager and Property Manager

Schroder Property Investment Management Limited
31 Gresham Street
London EC2V 7QA

Authorised and regulated by the Financial Services Authority.

I D Mason MRICS

Ian Mason is Head of UK Property Fund Management for Schroders and is Fund Manager of the Trust. He has a BSc (Hons) in Land Management, is a Member of the Royal Institution of Chartered Surveyors, a board member of the Association of Real Estate Funds (AREF) and Chair of AREF's Regulation Sub-Committee. Ian joined Schroders in April 2008 after 23 years at BlackRock where he was manager of the BlackRock UK Property Fund.

N D Meredith MRICS

Neil Meredith is Head of UK Property Asset Management for Schroders and works principally on the Trust's portfolio. He has a BSc in Land Management and is a Member of the Royal Institution of Chartered Surveyors. Neil joined Schroders in October 2006. Before joining Schroders, he worked for English Welsh and Scottish Railways Limited as Head of Property Services Group from 2004 to 2006. From 2003 to 2004 he was a Director of GVA Connect at GVA Grimley. Prior to that he was a Partner at Cushman & Wakefield, where his property career started in 1982.

M J Callender BA (Economics)

Mark Callender is Head of Property Research. He joined Schroders in 2006. Before joining Schroders he was Research Director for sixteen years at IPD, the leading provider of property market research and indices. 1987-1990 he was Chief Economist at the House Builders Federation. He is a member of the Society of Property Researchers, the Investment Property Forum and the Pan-European Common Interest Group.

W A Hill MRICS C Dip AF

William Hill is Head of Property for Schroders. He has a BSc (Hons) in Land Management and a Certified Diploma in Accounting and Finance. He is a Member of the Royal Institution of Chartered Surveyors and past Chairman of the Association of Real Estate Funds (AREF). Prior to joining Schroders in 1989, William worked for seven years with Drivers Jonas. He is a member of Schroders Global Investment Executive Committee.

T A Frost MRICS

Tamsin Frost is Client Director for Schroders, a role she has had since 2000. She has over twenty years of multi asset investment and client service experience. Prior to joining the UK institutional business she was a UK equity manager and previously Deputy Head of Schroders UK Research Department. She has a BSc (Hons) in Land Management and is a Member of the Royal Institution of Chartered Surveyors (MRICS). She joined Schroders in 1986.

T J Dorey MBA, BSc (Hons)

Tom Dorey is Head of UK Property Product for Schroders. He has an MBA, BSc (Hons) in Economics and holds an Investment Management Certificate (IMC). He joined Schroders in 1997 as a portfolio manager. He is responsible for ensuring that selected property portfolios are structured and managed to meet clients' needs and is the product manager to the Trust.

Trustee

The Royal Bank of Scotland plc
The Broadstone
50 South Gyle Crescent
Edinburgh EH12 9UZ

Independent Auditor

PricewaterhouseCoopers LLP
Hay's Galleria
1 Hay's Lane
London SE1 2RD

Independent Valuer

BNP Paribas Real Estate
Advisory and Property
Management UK Limited
90 Chancery Lane
London WC2A 1EU

Additional Unitholder Information

Monthly Unit Prices

Date	Net Asset Value	Bid Price	Offer Price
30 September 2010	£31.25	£30.69	£32.74
31 August 2010	£31.02	£30.46	£32.50
31 July 2010	£30.99	£30.44	£32.47
30 June 2010	£30.99	£30.44	£32.47
31 May 2010	£30.71	£30.15	£32.17
30 April 2010	£30.58	£30.04	£32.04
31 March 2010	£30.30	£29.75	£31.74
28 February 2010	£29.87	£29.33	£31.29
31 January 2010	£29.59	£29.06	£31.00
31 December 2009	£29.29	£28.76	£30.68
30 November 2009	£28.49	£27.97	£29.84
31 October 2009	£27.67	£27.16	£28.98
30 September 2009	£27.09	£26.60	£28.38

Source: Schroders, 30 September 2010

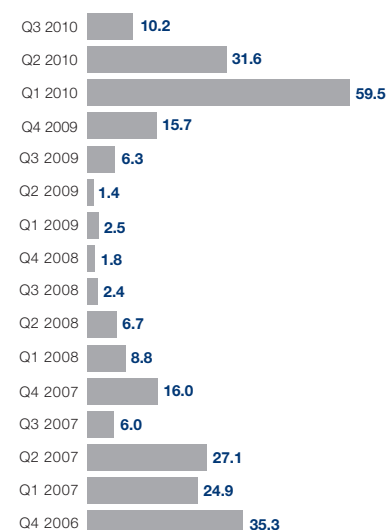
Unitholder Breakdown

	Number of Unitholders	Total % Holding by Units in Issue
Pension Funds	225	62.1
Local Authority Pension Funds	36	29.3
Charities	123	6.6
Common Investment Funds	3	1.9
SIPPs	7	0.1
Total	394	100.0

Largest Investor	–	3.5
Largest Three Investors	–	9.0
Largest Five Investors	–	12.4
Largest Ten Investors	–	20.2

Source: Schroders, 30 September 2010

Quarterly Volume of Secondary Market Trades (£ million)



Source: Schroders, 30 September 2010

General Information

General Information

Schroder Exempt Property Unit Trust (the "Trust") is a collective investment scheme within the meaning of the Financial Services and Markets Act ("FSMA"). However, the Trust is not an authorised unit trust scheme, OEIC or recognised scheme within the meaning of the FSMA and therefore constitutes an unregulated collective investment scheme. As an unregulated collective investment scheme, the distribution and promotion of Trust units are restricted, for the purposes of sections 21 and 238 of the FSMA, to persons who are themselves authorised under the FSMA or who otherwise fall within the categories or exceptions made under sections 21 and 238 of the FSMA.

Accordingly, the information in this document is directed at eligible counterparties, authorised persons, professional clients, existing investors in the Trust and clients and newly accepted clients of the Schroder Group, where reasonable steps have been taken to ensure that investment in the Trust is suitable. 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 Trust should consult an authorised person who specialises in investments of this nature.

The Trust's past performance is not a guide to the future. The Trust invests in real property, the value of which is generally a matter of a valuer's opinion. Reliable information about the value of units in the Trust or the extent of the risks to which they are exposed may not be available (see Chairman's Statement). There is no recognised market for units in the Trust and an investment in units is not readily realisable. It may be difficult to trade in the units or to sell them at a reasonable price. The price of units and the income from them may fluctuate upwards or downwards and cannot be guaranteed.

Socially Responsible Investment and Sustainability

A full copy of the Schroder Property policy on Responsible Property Investment is available on request.

Purchase of Units

Offers of new units are normally made on the first working day of each month. Payments for units issued must be received by the Trustee by the fifth working day of the same month. The offer price is fixed by the Manager on the basis of the valuation of the properties carried out at the last working day of the month prior to the offer date.

Units in the Trust are only available to UK tax exempt investors. In general terms, exempt investors are persons who are wholly exempt from capital gains tax or corporation tax on capital gains for reasons other than residence.

Redemption of Units

Redemption Notices must be received by the Manager before 17.00 (GMT/BST) on a Redemption Notice Date (the last working days of March, June, September and December). Notices must be in writing in the form provided by the Manager.

The first date that a redemption can be paid is the first Redemption Payment Date following the relevant Redemption Notice Date (i.e. three months after the Redemption Notice Date). If a Redemption Notice is deferred (in whole or part) the redemption may occur on one of the eight Redemption Payment Dates following the first Redemption Payment Date. Redemption payments will ordinarily be made within five Working Days of the relevant Redemption Payment Date.

The Manager, with the prior written approval of the Supervisory Board, may defer a redemption in whole or part by giving Retiring Holders notice

in writing no later than seven working days before an Applicable Redemption Payment Date. The Manager, subject to the Supervisory Board's written approval, has the right to adjust the Net Asset Value for the purposes of calculating the Redemption Price, in certain circumstances.

Secondary Market

Information relating to units available on the secondary market can be obtained from Schroder Property Investment Management Limited which seeks to introduce unitholders to potential investors. Please contact Tom Dorey for Secondary Market availability.

Please note that Schroders can only accept instructions to purchase or redeem units in line with the signatory mandate held. We recommend that clients provide regular updates of their authorised signatories to Lisa Emmerson, Fund Services, to avoid any delays in being able to purchase or redeem units in the Schroder Exempt Property Unit Trust.

General Information (continued)

Manager Contacts

For queries on secondary market availability:

Tom Dorey

Head of UK Property Product
tom.dorey@schroders.com

Direct Line

+44 (0)20 7658 3020

Switchboard

+44 (0)20 7658 6000

For valuations, to place trades, tax reclaims, dividend/distribution information:

Lisa Emmerson

Fund Services
SEPUT-clientadministration@schroders.com

Direct Line

+44 (0)20 7658 3889

Switchboard

+44 (0)20 7658 6000

For other related client queries (including performance, quarterly investment reports, audit requests):

Hanne Hooton

Client Executive
hanne.hooton@schroders.com

Direct Line

+44 (0)20 7658 6787

Switchboard

+44 (0)20 7658 6000

Katie Nicholson

Client Executive
katie.nicholson@schroders.com

Direct Line

+44 (0)20 7658 6562

Switchboard

+44 (0)20 7658 6000

Fund Codes

Code

Bloomberg	SCEXPUT LN
ISIN	000786612
Lipper Reuters	60011163
Sedol	0786612

Prices for the Schroder Exempt Property Unit Trust can be obtained from www.schroders.com/ukinstitutional/funds/fund-prices.

Distributions

The net income of the Trust, after deduction of all expenses and liabilities (actual, estimated or contingent) of the Trust including any deductions in respect of taxes, is distributed to unitholders in proportion to the number of units held by them. Distributions are calculated on a monthly basis, with the distributions paid to unitholders on the fifteenth working day of the following month. A tax voucher is sent with each distribution and unitholders may make individual claims for repayment of tax.

Bid/Offer Spread

The bid/offer spread, which at 30 September 2010 stood at 6.25%, reflects the cost per unit of buying and selling properties similar to those held by the Trust. The purchase and sale prices of indirect holdings may be adjusted according to market circumstances.

Additional Information

The Trust may be suitable for UK tax exempt pension funds and charities 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 Trust is professionally and actively managed by chartered surveyors employed by the Property Manager, Schroder Property Investment Management Limited.

The Manager, Schroder Property Investment Management Limited, welcomes the opportunity to meet unitholders, potential unitholders and their advisers to explain more fully the strategy and progress of the Trust. In this regard please contact Schroder Property Investment Management Limited who can also provide copies of the Trust Deed and supplemental deeds, application forms and latest unit prices, at the address below. Please note the Manager does not offer investment advice.

Further information can be found on the website www.schroders.com/seput

**Schroder Exempt Property Unit Trust
Schroder Property Investment
Management Limited
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**Schroder Property Investment
Management Limited is authorised and
regulated by the Financial Services Authority.**



