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If you have sold or otherwise transferred all of your Ordinary Shares, you should pass this document (but not any accompanying personalised Form of Proxy) as soon as possible to the purchaser or transferee or to the person through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

SCHRODER REAL ESTATE INVESTMENT TRUST LIMITED

(incorporated and registered in Guernsey with registered number 41959)

Recommended amendments to the investment objective and policy, and to the Investment Management Agreement

and

Notice of Extraordinary General Meeting

Schroder Real Estate Investment Trust Limited (the "Company") continues to be declared as an authorised closed-ended investment scheme by the Guernsey Financial Services Commission under section 8 of the Protection of Investors (Bailiwick of Guernsey) Law 2020, as amended and the Authorised Closed-ended Investment Schemes Rules and Guidance, 2021.

Your attention is drawn to the "Letter from the Chair" set out in Part 1 of this document which contains a recommendation from the Board that Shareholders vote in favour of the Resolution to be proposed at the Extraordinary General Meeting referred to below.

Notice of the Extraordinary General Meeting to be held at 10.00 a.m. on 15 December 2023 at 1 London Wall Place, London EC2Y 5AU is set out at the end of this document. The accompanying Form of Proxy for use at the Extraordinary General Meeting should be completed and returned as soon as possible and, to be valid, must be received by the Company's registrars, Computershare Investor Services (Guernsey) Limited at The Pavilions, Bridgwater Road, Bristol BS99 6ZY no later than 10.00 a.m. on 13 December 2023.

The definitions used in this document are set out in Part 3.

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PART 1 – LETTER FROM THE CHAIR

SCHRODER REAL ESTATE INVESTMENT TRUST LIMITED

(incorporated and registered in Guernsey with registered number 41959)

Directors of the Board:	*Registered Office:*
Alastair Hughes (*Chair*)	North Suite 2
Stephen Bligh	Town Mills
Priscilla Davies	Rue Du Pré
Alexandra Innes	St Peter Port
	Guernsey GY1 1LT

21 November 2023

Dear Shareholder

Recommended amendments to the investment objective and policy, and to the Investment Management Agreement

1 Introduction

The Company's strategy is focused on delivering sustainable dividend growth by improving the quality of its underlying portfolio through a disciplined, research-led approach to transactions, capital investment, active asset management and operational excellence. This activity is complemented by maintaining a robust balance sheet and efficient management of costs. The Group's portfolio is diversified and weighted towards higher growth sectors with a diversified and granular tenant base.

Successful implementation of this strategy since inception means the Company is well placed against its peers, especially in current market circumstances, with a long-term, low-cost debt profile, a covered dividend above the pre-Covid level, and significant reversionary potential within the portfolio. This has also contributed to strong relative outperformance compared with the MSCI Benchmark over all time periods, underpinned by a consistently higher income return generated by the underlying portfolio.

Despite these strong fundamentals, the Company's shares, in common with the shares of other listed real estate funds, continue to trade at a discount to net asset value. Whilst the Company's share price rating compares favourably with other diversified real estate investment companies, the Board and Schroder Real Estate Investment Management Limited (the "Investment Manager"), believe there is an opportunity to further differentiate the strategy by declaring sustainability objectives and reporting on progress to achieve them. The formal integration of specific sustainability considerations into the investment process should enhance long term returns for Shareholders. In addition, this may attract new investors who have specific sustainability objectives and may also improve the liquidity and rating of the Company's shares.

Evolving corporate sustainability regulations and obligations mean that tenants are increasingly demanding more sustainable buildings to operate in, and investors are more focused on sustainability credentials of assets to secure long term investment performance.

There is now a broad and growing consensus that a meaningful rental and price premium exists for buildings with good sustainability characteristics supported by appropriate certification. This can be referred to as a "Green Premium" which is defined in more detail in paragraph 2 below. Given that the real estate industry accounts for approximately 40 per cent. of global energy related carbon emissions, and the majority of buildings are likely to still be in use in 2050, there is growing investor concern regarding the investment required to upgrade assets, which the Investment Manager believes can be reflected indiscriminately in market valuations of assets. The Investment Manager, however, also believes that it has the relevant expertise and experience to navigate this challenge and therefore sees a specific opportunity for the Company to clearly declare its focus on decarbonisation strategies that adapt existing buildings to achieve a Green Premium and capitalise on mispricing.

The Board believes that by implementing such a strategy, the Company should be able to differentiate itself in the market, leveraging the active asset management capabilities and specific sustainability resources the Investment Manager employs. This should drive long term sustainable income and capital growth in the Group's portfolio, thereby increasing total returns for Shareholders and the attractiveness of the Company.

The Board therefore proposes to formally include sustainability at the centre of the Company's investment proposition, with a sustainability improvement and decarbonisation strategy focused on adapting existing buildings into those that are both modern and fit for purpose, thereby taking a proactive position in response to the UK's Net Zero Carbon objectives whilst optimising portfolio performance to seek enhanced total returns for Shareholders.

The proposed change in the statement of the Company's investment objectives and strategy has been specifically developed with a view to enabling the Company to take on the "Sustainable Improver" label based on the FCA's Consultation Paper (CP22/20) on the proposed UK Sustainability Disclosure Requirements (SDR) and investment labels. It is expected that taking on the "Sustainable Improver" label when this regulatory regime is implemented would enable the Company to stand apart from its peers as well as highlight its specific expertise and achievements in sustainable investment.

Accordingly, the Board is proposing to make amendments to the Company's investment objective and policy.

To align the Investment Manager's compensation with the delivery of the specifically declared sustainability objectives, and to formalise the provision of certain services by the Investment Manager to the Company in connection with the revised strategy, the Board and the Investment Manager have agreed to make certain amendments to the Investment Management Agreement. The changes proposed to the Investment Management Agreement are conditional on the passing of the Resolution at the Extraordinary General Meeting.

The Board has agreed to align part of the management fee payable to the Investment Manager under the Investment Management Agreement with new Key Performance Indicators ("KPIs") associated with the revised strategy. There will be a 5 basis points increase in the management fee dependent on both (i) delivering the sustainability KPI targets in the revised investment policy to the Board's satisfaction, and (ii) the delivery of an income return ahead of the MSCI Benchmark, because the new strategy is designed to deliver more sustainable long-term income. Conversely, failure to deliver both (i) and (ii) above, will lead to a decrease of 5 basis points in the management fee payable by the Company to the Investment Manager. This change will take effect from 1 April 2024 and the assessment period will align with the Company’s financial year.

In recognition of the work undertaken by the Investment Manager in the design and implementation of this formalisation of the sustainability objectives , the Board has also agreed to amend the term of the Investment Management Agreement. At present, the Investment Management Agreement may be terminated by either party on not less than twelve months' notice. Under the proposed amended Investment Management Agreement, the Company or the Investment Manager may terminate the agreement on not less than twelve months' notice, such notice not to expire prior to the second anniversary of the passing of the Resolution. This change will take effect immediately on the passing of the Resolution.

The notice convening the Extraordinary General Meeting at which the Proposals will be put to Shareholders is set out at the end of this document. In addition to providing further details of the Proposals, this document also explains the reasons why the Board believes that the Proposals are in the best interests of Shareholders as a whole.

2 Rationale for, and details of, the proposed amendments to the Company's investment objective, policy and strategy

Rationale for a focus on improving the sustainability performance of assets

As noted above, with the real estate industry accounting for approximately 40 per cent. of global energy related carbon emissions, real estate owners have a responsibility to take a lead on tackling contributions to climate change. Given the majority of today’s stock will likely still be required and in use in 2050, it is only by transforming less sustainable buildings into modern, fit for purpose assets that the sector will reach Net Zero Carbon, and asset obsolescence resulting from enhanced regulations can be prevented.

Investor preferences and occupier dynamics lead the Board and Investment Manager to believe that the Investment Manager's specific expertise and experience are well positioned to support the Company in continuing to deliver an attractive and sustainable level of income, together with the potential for income and capital growth.

This is predicated on evidence that sustainable buildings, being buildings which demonstrate attributes which may include being energy efficient, with low water consumption, which allow for efficient waste management, which promote the health and well-being of people who work in them and which can withstand extreme weather events, will achieve higher prices than buildings in the same location and of a similar age which lack these attributes. The difference in price is referred to as the Green Premium. A Green Premium generally has two components which are explained below.

First, commercial occupiers are prepared to pay a higher rent for sustainable buildings, because it helps them to meet their own sustainability targets, attract and retain staff and cut their energy bills. Internationally, over 8,000 companies and nearly 600 financial institutions have signed the UN’s Race to Zero to halve greenhouse emissions by 2030.

Second, investors are prepared to pay higher prices for buildings with strong sustainability credentials, because these buildings tend to let more quickly, at higher rents, suffer lower vacancy rates, require less capital expenditure in the long term and are less likely to become obsolete as more stringent environmental regulation becomes effective.

An analysis published by Jones Lang LaSalle in 2020 on leasing velocity of 120 office schemes in central London, of which construction completed between 2013-2017, shows that the schemes that have a higher Building Research Establishment Environmental Assessment Methodology ("BREEAM") rating tend to let more quickly. In the sample which was analysed, offices rated BREEAM Outstanding were 100 per cent. let 12 months after construction completed, compared to 65 per cent. of offices with a lower BREEAM rating of Very Good. Research by the Investment Manager in collaboration with Property Market Analysis ("PMA") found a similar relationship in the regional office market based upon developments completed between 2015-2021. On average, office schemes with an Energy Performance Certificate ("EPC") rating of 'A' were fully let 1.2 years after completion, compared with 2.2 years for schemes with a lower rating of 'C-E'.

The Investment Manager expects that the demand for sustainable buildings will only increase, given increasing regulations affecting all industries and the likelihood that buildings which can no longer stay in compliance will be rendered practically obsolete. Analysis by Jones Lang LaSalle in 2023 showed that 19.2 million square feet of Net Zero Carbon office space will be required in central London by 2030 to accommodate 693 current office occupiers that have signed up to science-based targets. By comparison, Jones Lang LaSalle estimates that the current development pipeline of Net Zero Carbon buildings to 2026 is only 8.3 million square feet, suggesting that a lot of existing offices will need to be upgraded to meet this demand and the Green Premium is likely to persist over the long term.

Many studies suggest a London office Green Premium of approximately 20 per cent., which is the result of an even contribution from higher rent and a lower yield.

Research undertaken by the Investment Manager, in collaboration with PMA, suggests a Green Premium of 8 per cent. for regional offices. It is possible that the Green Premium will increase to the same level as in London, as sustainability becomes more of a priority and additional regulation becomes effective.

The Investment Manager believes there is a Green Premium of 5-10 per cent. for multi-let industrial estates, although this is based on anecdotal evidence because it is not possible using current data to statistically separate sustainability from the other factors such as age and location which influence industrial rents and capital values.

By way of illustration, in May 2023 the Company completed the development of an 80,000 square feet, operationally Net Zero Carbon warehouse scheme at Stanley Green Trading Estate in Cheadle, Manchester. This is comprised of 11 units, each of which achieved an EPC 'A+' rating and are on the same estate as 14 existing units which have EPC ratings of 'B-D'. An approximately 4,000 square feet unit on the existing estate with EPC 'C' was recently let at £14.50 per square foot, whereas the new operationally Net Zero Carbon units of similar size have been let at £17.50 per square foot, reflecting a 21 per cent. premium. In addition, the Company's independent valuer has applied a 5.50 per cent. equivalent yield to the operationally Net Zero Carbon units compared to 6.75 per cent. for the pre-existing asset.

The Investment Manager recognises that to achieve the Green Premium, capital expenditure must be incurred. Jones Lang LaSalle has applied market assumptions line by line into a discounted cash flow analysis to differentiate between a standard 20th-century refurbishment of a central London office building versus a 21st-century Net Zero Carbon compliant refurbishment. This differentiates on opening rent, rental growth, and assumes the Net Zero Carbon building would be leased more rapidly and would achieve a lower exit yield. Although both meet the minimum EPC standard, the standard refurbishment would require additional life cycle capital expenditure. This analysis posited an internal rate of return for the Net Zero Carbon building of 8.14 per cent., which was 106 basis points higher than the 7.08 per cent. achieved with the standard refurbishment.

Furthermore, the Company's experience with the development at Stanley Green Trading Estate was that attractive returns could be generated by increasing capital expenditure into the asset to achieve stronger sustainability performance. From acquisition of the asset in December 2020 to 31 March 2023 and including acquisition price, transaction costs and capital expenditure, the total return was 21.5 per cent. per annum compared to the MSCI Industrial benchmark of 7.8 per cent. per annum.

The Board appreciates that this sustainability improvement approach will not be profitable for all buildings and believes the Investment Manager's experience and expertise in this field will enable it to invest in assets where the building fundamentals support the investment thesis.

The Company's existing sustainability performance

Schroders Capital, and the wider Schroders Group, is a leader in sustainability and contributes to shaping regulation and best practice, including submitting responses to the FCA's recent Consultation Paper (CP22/20) on the proposed UK Sustainability Disclosure Requirements (SDR) and investment labels. Schroders became a Better Buildings Partnership Climate Commitment Signatory in 2019, committing to achieve Net Zero Carbon no later than 2050 for its real estate assets under management.

To improve the sustainability performance of assets in the Group's portfolio and deliver its commitments, the Investment Manager implements a range of policies and procedures and uses various toolkits as part of its investment process. Examples of the application of these to the Group's portfolio include:

- On an annual basis the Investment Manager sets sustainability objectives for the Company, which include a target Global Real Estate Sustainability Benchmark ("GRESB") score, with an action plan to achieve them. They are confirmed annually as part of the Investment Committee's approval of the Company's strategy.
- In June 2022 the Company published its own Net Zero Carbon commitments.
- Decarbonisation pathways have already been developed for 33 per cent. of the Company's assets (by gross property value ("GPV")). Assets in-scope of the portfolio's fund-level targets currently represent 28 per cent. by GPV. These forward-looking Net Zero Carbon pathways have been developed, using the industry accepted Carbon Risk Real Estate Monitor ('CRREM'), to present decarbonisation requirements aligned with a 'Paris Proof' decarbonisation trajectory to pursue efforts to limit global warming to 1.5°C.
- Annual business plans are prepared by the Investment Manager for each asset where sustainability commitments must be considered in capital expenditure requests. In the most recently completed business plans, there is the potential for up to £37 million of capital expenditure to be invested into income and value-enhancing initiatives over the next three years.

- Where capital expenditure is undertaken the Investment Manager follows its Sustainable Refurbishment and Development guide.

- Occupiers are provided with an Occupier guide and a Tenant Fit Out and Refurbishment guide to help them consider sustainability as part of their occupation.

- In April 2022 a project to implement metering for all landlord-controlled utilities was commenced. The Company now has 74 per cent. coverage of energy utilities and 65 per cent. of energy and water utilities, which means decisions to allocate capital to improve sustainability performance are informed by data.

- The Company is targeting 100 per cent. of landlord procured energy to come from renewable sources by 2025. As at 31 March 2023, 74 per cent. of the Company's landlord procured electricity was on a renewable tariff.

- The Investment Manager has already developed its Impact and Sustainability Action Plans for 22 of the Company's 40 assets.

- The Investment Manager is investing in additional specialised software to centralise, standardise and automate data collection, measurement and evaluation of sustainability credentials to better inform investment and asset management plans, including analysis of Net Zero Carbon pathways and climate risk, manage sustainability risk and enable reporting such as annual environmental reporting aligned to EPRA reporting requirements, TCFD and GRESB.

- Ten of the Company's assets already have sustainability certifications which include BREEAM In-Use and WiredScore.

- Four of the Company's assets have photovoltaic panels enabling electricity to be generated on-site, ten assets have electric vehicle charging infrastructure and the Investment Manager has implemented a programme to significantly increase coverage of both.

- In June 2023, sustainability-linked loan KPIs were implemented with Royal Bank of Scotland International in respect of the Company's revolving credit facility. This adds further financial incentive for the Company to improve the sustainability performance of its portfolio.

- The Company has retained its Gold level award with the EPRA Sustainability Best Practices Recommendations for the fifth successive year for the quality of the sustainability reporting within its annual report and consolidated financial statements.

- The Investment Manager is continuously monitoring the progress against commitments through monthly meetings between relevant staff from the Investment Manager, property manager and external consultants and regular reporting to the Board.

The Investment Manager continues to invest in its sustainability expertise to stay ahead of market trends and upcoming regulation, as well as to ensure best practice benchmarking and day to day execution of the above initiatives. The Investment Manager's sustainability team now comprises five subject matter experts, following the appointment of an Energy and Zero Carbon lead in September 2022 and a Climate lead in January 2023. This team is further supported by the Schroders Group's wider sustainability resources including an additional five sustainability and impact professionals in Schroders Capital and approximately 50 further such professionals across the Schroders Group. The sustainability teams set the real estate policy and implementation framework, ensure best practice, and support the delivery of the above mentioned initiatives and the enhanced strategy. This is overseen by the Investment Manager’s Investment Committee.

Progress made to enhance sustainability performance of the portfolio is demonstrated by continuous improvement in the Company's GRESB score - achieving 79 out of 100 in 2023 (2022: 77, 2021: 75). The Company’s GRESB score placed it first amongst a peer group comprising six UK diversified listed REITs (2022: first of seven, 2021: second of eight). The Company has participated in the annual GRESB process since 2016.

The Company is also making progress with its pathway to Net Zero Carbon commitments, with a 10 per cent. and 19 per cent. reduction in the Company's energy intensity and greenhouse gas intensity for the periods between 2019/2020 and 2021/2022, which compares to the reductions required to meet its 2030 targets of 18 per cent. and 21 per cent. respectively. As at 31 March 2023, 58 per cent. of the portfolio had an EPC rating of ‘A-C’, which reflects progress on the position as at 31 March 2017 of 33 per cent. 100 per cent. of the portfolio was MEES compliant as at 31 March 2023. The Company has recently received its first EPC 'A+' rating at the aforementioned Stanley Green Trading Estate operational Net Zero Carbon development.

Delivery of the investment objective

The Investment Manager has developed a proprietary "ESG Scorecard" which will be used to manage, measure and monitor the ESG performance and progress of assets in the portfolio against the Company's sustainability investment objectives. In addition, the Company has made Net Zero Carbon commitments which apply to the whole portfolio and complement the asset level monitoring. The Investment Manager has also invested in new software to increase the efficiency of collecting sustainability data which will support the ESG Scorecard and enhance the Investment Manager's ability to analyse and report on assets and their ESG performance, as well as achieve the Net Zero Carbon commitments.

How does the ESG Scorecard work?

Each asset in the portfolio will be measured against a broad range of pre-defined real estate sustainability metrics. These fall within the following four pillars:

1. Environmental;
2. Social;
3. Certification and Ratings; and
4. Tenant Profile.

Within each of these pillars, there are a number of sub-topics against which each asset will be assessed. For each of these sub-topics, the Investment Manager will assign each asset a rating from 1 (low – significant improvements needed) to 5 (high – best in class or best industry practice). Many of the sub-topics are assessed on a quantitative basis, with some assessed on a qualitative basis. The justification provided against each rating will also indicate the timeline for expected improvements.

The ESG Scorecard has been subject to third-party validation by Hilson Moran, an independent sustainability consultant specialising in the built environment, to ensure alignment with industry best practice.

The Investment Manager believes that measuring assets against its own proprietary scorecard in this manner will support consistent standardised portfolio-wide monitoring and enable it to define ambitious yet achievable asset-specific targets, ultimately helping to demonstrate the Company's ability to deliver the targeted positive change over time.

The Investment Manager recognises that the regulatory landscape for sustainable investing is fast evolving. Accordingly, the ESG Scorecard may be amended from time to time and evolve according to changes in UK regulation, market expectations and best practice and developments in sustainable real estate investment. In particular, the application of the ESG Scorecard may be adapted to align with the FCA's future regulatory requirements and expectations.

Sustainability consultant review

External sustainability consultants recently carried out a comprehensive audit of 11 key assets within the Group's portfolio against the ESG Scorecard to help the Investment Manager test the relevance and effectiveness of the scorecard and understand the current ESG performance of selected assets in the portfolio. The review covered the range of topics from the scorecard with each asset scored. The audit comprised a desktop analysis and site inspection, which identified the current condition of the assets and identified improvement opportunities for each asset and themes across the portfolio.

This audit exercise has informed the Investment Manager's approach in setting the level of ambition for asset sustainability performance.

Proposed amendments to the investment objective and policy

The full text of the proposed investment objective and policy, highlighting in blackline the changes proposed to be made, is set out in Part 2 of this document.

As explained in this letter, the changes do not represent a wholesale shift in the investment policy, which remains to invest in higher growth UK commercial real estate sectors. There are also no changes proposed to the current limits on investment in any single asset or exposure to any one tenant. However, the new investment policy aligns with the new sustainability element of the investment objective. This includes committing to assets (both in the current portfolio and assets that are acquired in the future) which have been selected due to their potential for a meaningful sustainability improvement over time, via a targeted capital expenditure programme delivered by a proven and market-leading sustainability-led real estate platform.

Progress against the new objective will be demonstrated by utilising the ESG Scorecard and additional KPIs. The Company will disclose to Shareholders on an annual basis the ESG performance of its portfolio against the Investment Manager's scorecard.

In conjunction with the changes being made to reflect the change of objective and strategy with a focus on sustainability-led investing, the Company is also making clarificatory changes to its borrowing policy so that it is consistent with disclosures made to investors in other documents relating to the Company. No changes are being proposed to the borrowing limits and guidelines established by the Board for the Investment Manager.

The proposed changes to the investment policy require Shareholder approval. An ordinary resolution to approve the amended investment policy, and the investment objective, is being proposed to Shareholders at the Extraordinary General Meeting.

3 Benefits of the Proposals

The Board, having been advised by the Investment Manager, believes that the Proposals offer the following benefits for Shareholders:

- there is increasing evidence that a meaningful rental and price premium exists for buildings across all real estate sub-sectors with strong sustainability performance and the Company intends to exploit this opportunity for the benefit of its Shareholders;
- the Company may be able to acquire assets that the Investment Manager believes have been mis-priced because they currently perform poorly from a sustainability perspective, with a view to delivering enhanced income and value improvements as the ESG-focused investment strategy is implemented;
- the proposed adoption of an investment objective and policy which formalises and enhances the Investment Manager's approach to sustainable investing may help to make the Company attractive to a wider and more diverse investor base;
- in implementing the updated investment objective, policy and strategy, the Company will be able to leverage the Investment Manager's active asset management capabilities and expertise in the area of sustainability. The Investment Manager has already invested heavily in its sustainability team, in the development of its proprietary ESG Scorecard and in new software to support enhanced building performance knowledge and data analytics that assist in the measurement of sustainability targets; and
- this approach may support the Company in continuing to deliver to Shareholders an attractive level of income and the potential for income and capital growth, building on the strong portfolio performance to date, which is ahead of Benchmark over all time periods, as shown in the table below:

To 30 September 2023	Portfolio			Benchmark[1]			Relative		
	One year	Three years (p.a.)	Since IPO[2] (p.a.)	One year	Three years (p.a.)	Since IPO[2] (p.a.)	One year	Three years (p.a.)	Since IPO[2] (p.a.)
Income return (%)	6.3	6.3	6.2	4.5	4.2	5.0	1.7	1.9	1.1
Capital return (%)	(13.3)	0.5	0.8	(16.7)	(2.0)	0.4	4.1	2.5	0.4
Total return (%)	(7.8)	6.7	7.1	(12.9)	2.2	5.4	5.9	4.5	1.6

[1]MSCI UK Balanced Portfolios Quarterly Property Index.

[2]IPO was in July 2004.

4 Risk factors associated with the Proposals

Shareholders should have regard to the following when considering the Proposals:

- there can be no guarantee that the adoption of a formalised approach to sustainable investing will enable the Company to achieve its investment objective, including the target of providing Shareholders with an attractive level of income with the potential for income and capital growth. Past performance cannot be relied upon as an indication of the future performance of the Company;

- there can be no guarantee that the adoption of a formalised approach to sustainable investing will enable the Company to improve its share price discount to net asset value;

- a requirement to follow prescribed criteria for sustainable investing utilising the Investment Manager's ESG Scorecard, or otherwise imposed by a regulator, for sustainable investment in real estate may increase costs payable by the Company for the auditing of assets against such criteria and may mean that the Company cannot invest in certain assets which are expected to be value enhancing if they do not meet certain criteria. Although there would be no minimum score for an asset that could be acquired, the Investment Manager must be confident of a pathway to a score that meets its sustainability improvement targets;

- the delivery of a sustainable improver investment strategy will require capital expenditure to deliver improvements against sustainability credentials;

- UK regulatory developments and changes, including as a result of the finalisation and implementation of the UK's Sustainability Disclosure Requirements, may require the Company to further revise its intended investment objective, policy and strategy in order to achieve its desired product label or may even prevent such a label being used in respect of overseas products (such as shares in the Company); and

- the revised investment policy requires the Company to use a scorecard developed by the Investment Manager to capture and measure the performance of the Company's assets against objective ESG metrics. The Investment Manager has granted the Company a licence at no extra cost beyond the management fee levied to use this scorecard for so long as it remains appointed as investment manager to the Company and for a period of six months following the termination of its appointment. If the appointment of the Investment Manager were to be terminated, the Company may be required to amend its investment policy.

5 Extraordinary General Meeting

You will find set out at the end of this document a notice convening the Extraordinary General Meeting of the Company to be held at 10.00 a.m. on 15 December 2023 at 1 London Wall Place, London EC2Y 5AU at which an ordinary resolution will be proposed to amend the investment objective and investment policy of the Company.

An ordinary resolution requires a simple majority of members entitled to vote and present in person or by proxy to vote in favour in order for it to be passed.

6 Action to be taken by Shareholders

You will find enclosed with this document a Form of Proxy for use at the Extraordinary General Meeting. Whether or not you intend to be present at the Extraordinary General Meeting, you are requested to complete the Form of Proxy in accordance with the instructions printed on it and return it to the Company's registrars, Computershare Investor Services (Guernsey) Limited at The Pavilions, Bridgwater Road, Bristol BS99 6ZY so as to be received as soon as possible and, in any event, by no later than 10.00 a.m. on 13 December 2023.

The completion and return of the Form of Proxy will not preclude you from attending and voting at the Extraordinary General Meeting.

7 Recommendation

The Board considers that the Resolution is in the best interests of Shareholders taken as a whole and accordingly unanimously recommends that Shareholders vote in favour of the Resolution to be proposed at the Extraordinary General Meeting. The Directors who hold Ordinary Shares intend to vote in favour of the Resolution in respect of their own beneficial holdings amounting, in aggregate, to 355,579 Ordinary Shares (representing approximately 0.07 per cent. of the Company's issued share capital as at the date of this document).

Yours faithfully

Alastair Hughes
Chair

PART 2 – PROPOSED AMENDMENTS TO THE INVESTMENT OBJECTIVE AND POLICY

Investment objective

The investment objective of the Company ~~aims~~ is to provide shareholders with an attractive level of income and the potential for income and capital growth ~~as a result of its investments in, and active management of,~~ from owning and actively managing a diversified portfolio of UK commercial real estate, while achieving meaningful and measurable improvements in the sustainability profile of the majority of the portfolio's assets (considered against a range of objective environmental, social and governance metrics).

Investment policy

The investment policy of the Company is to own a diversified portfolio of UK commercial real estate assets which are underpinned by good fundamental characteristics, and whose sustainability profiles can be improved while they are owned by the Company. The Company may invest across the full range of commercial real estate sectors.

Diversification and asset allocation

~~The portfolio is principally invested in the~~ In order to spread investment risk, th~~r~~e ~~e main UK commercial real estate sectors of industrial, office and retail, and the Company may also invest in other sectors including mixed-use, residential, hotels, healthcare and leisure. The Company believes that a diversified portfolio by location, sector, size and tenant will outperform specialist strategies over the long term. Over the duration of the property market cycle, the portfolio aims to generate an above-average income return with a diverse spread of lease expiries.The Board believes that in order to maximise the stability of the Group's income, the optimal strategy for the Group is~~ Company will seek to invest in a portfolio ~~of assets~~ that is diversified by location, sector, asset size ~~and~~ , tenant exposure ~~with low vacancy rates and creditworthy tenants~~and lease expiry, and will focus on assets where making sustainability improvements will enhance total return.

The value of any individual asset at the date of its acquisition may not exceed 15% of gross assets and the proportion of rental income deriving from a single tenant may not exceed 10%.~~From time to time the Board may also impose limits on sector, location and tenant types together with other activity such as development.~~

~~The Company's portfolio will be invested and managed in accordance with the Listing Rules and taking into account the Company's investment objectives, policies and restrictions.~~

More specifically in relation to sustainability related activity:

- The Company will focus on sustainability improvement in the selection and active management of real estate assets. Real estate assets will be selected and actively managed with a view to achieving a meaningful improvement in their sustainability profile, as measured against the Investment Manager's scorecard of environmental, social and governance ("ESG") metrics.

- Across the portfolio, the Company will focus on opportunities to improve the sustainability performance of buildings which may include improving their fabric, phasing out fossil fuel based heating systems, improving operational energy efficiency and installing means of on-site renewable energy generation such as photovoltaic panels.

- In addition to these energy and carbon efficiency related opportunities, wider ESG considerations will also be taken into account when looking for ways to achieve meaningful improvement in the sustainability profile of real estate assets, and when demonstrating that such improvement is being achieved, including exposure to physical climate risks, access to green space and community facilities, building certifications and tenant profile.

- The ESG scorecard used by the Company will therefore use objective metrics to capture the performance of assets (and the improvements in performance during ownership by the Company) in respect of a broad range of ESG factors.

Sustainability KPIs

- The Company’s assets will be managed with a view to ensuring that at any given time during the Company's ownership, at least 75% of the portfolio assets by value are being managed with a realistic and achievable plan to reach a score of at least 3 (out of a possible total score of 5), as measured on the ESG scorecard.

- For those 75% of the Company's assets (by value), in each case where leases permit prompt commencement of works to improve their sustainability profile, the aim will be to take the asset to an improved score of at least 3 (out of a possible total score of 5) within five years from: (i) 1 April 2024 or, if later: (ii) the date it was acquired by the Company.

- Further, the Company's assets will also continue to be managed in line with the Company's existing 'pathway to net zero' commitments, which in summary include seeking to attain the following:

    - operational whole buildings emissions to be aligned to a 1.5°C global warming pathway by 2030;

    - embodied emissions for all new developments and major renovations to be net zero by 2030;

    - operational scope 1 and 2 (landlord) emissions (as defined in the Greenhouse Gas Protocol) to be net zero by 2030; and

    - operational and embodied whole building (scope 1, 2 and 3 (landlord and tenant)) emissions to be net zero by 2040.

Borrowings

The Company’s Articles limit borrowings to 65% of the Group’s gross assets, calculated as at the time of borrowing.

The Board has established a gearing guideline for the Investment Manager, which seeks to maintain Group on-balance-sheet debt, net of cash, ~~to~~ of between 25% and 35% of ~~on-balance-sheet assets~~ Group portfolio value while recognising that this gearing may be exceeded in the short term from time to time. ~~It should be noted that the Company’s Articles limit borrowings to 65% of the Group’s gross assets, calculated as at the time of borrowing~~For these purposes, "Group" means the Company and its subsidiaries from time to time and "Group portfolio value" means the fair value of the Group's property portfolio as determined by the Company's independent valuer and does not include the value of other Group on-balance-sheet assets. The Board keeps this guideline under review and the Directors may require the Investment Manager to manage the Group's assets with the objective of bringing borrowings within the appropriate limit while taking due account of the interests of shareholders. Accordingly, corrective measures may not have to be taken immediately if this would be detrimental to shareholder interests.

Hedging

It is the Board's policy to minimise interest rate risk, to the extent commercially appropriate, either by ensuring that borrowings are on a fixed-rate basis, or through the use of interest rate swaps/derivatives used solely for hedging purposes.

Investment restrictions

As the Company is a closed-ended investment fund for the purposes of the Listing Rules, the Group will adhere to the Listing Rules applicable to closed-ended investment funds. The Company and, where relevant, its subsidiaries will observe the following restrictions applicable to closed-ended investment funds in compliance with the current Listing Rules:

- ~~•N~~neither the Company nor any subsidiary will conduct a trading activity which is significant in the context of the Group as a whole;
- ~~•T~~the Group will not invest in other listed investment companies; and
- ~~•W~~where amendments are made to the Listing Rules, the restrictions applying to the Company will be amended so as to reflect the new Listing Rules.

In addition, the Board will ensure compliance with the UK REIT regime requirements.

PART 3 – DEFINITIONS

Unless the context otherwise requires, the following words and expressions have the following meanings in this document:

Benchmark or MSCI Benchmark	MSCI UK Balanced Portfolios Quarterly Property Index
Board or **Directors**	the board of directors of the Company or any duly constituted committee thereof
BREEAM	Building Research Establishment Environmental Assessment Methodology
Company	Schroder Real Estate Investment Trust Limited
EPC	energy performance certificate
EPRA	European Real Estate Association
ESG	environmental, social and governance
ESG Scorecard	a proprietary sustainability measurement tool developed by the Investment Manager to objectively and transparently assess the relative environmental, social and governance performance of physical aspects of real estate assets as well as potential tenants
Extraordinary General Meeting	the extraordinary general meeting of the Company to be held at 10.00 a.m. on 15 December 2023, or any adjournment thereof, notice of which is set out at the end of this document
FCA	the UK Financial Conduct Authority
Form of Proxy	the form of proxy accompanying this document, for use by Shareholders in connection with the Extraordinary General Meeting
GPV	gross property value
Green Premium	the difference in price between buildings which are sustainable in aspects which may include energy efficiency, water consumption, waste management, which promote the health and well-being of people and can withstand extreme weather events and buildings in the same location and of a similar age which lack these attributes
GRESB	Global Real Estate Sustainability Benchmark
Group	the Company and its subsidiaries from time to time
Investment Management Agreement	the agreement dated 8 July 2021 between the Company and the Investment Manager

Investment Manager	Schroder Real Estate Investment Management Limited
KPI	key performance indicator
MEES	the Minimum Energy Efficiency Standard Regulations
Net Zero Carbon	as defined by the Better Buildings Partnership Net Zero Carbon Pathway Framework, a situation where the net carbon emissions emitted as a result of all activities associated with the development, ownership and servicing of a building are zero or negative
Ordinary Shares	ordinary shares of no par value in the capital of the Company
PMA	Property Market Analysis
Proposals	the recommended proposals described in Part 1 of this document to amend the Company's investment objective and policy
Registrar	Computershare Investor Services (Guernsey) Limited
Resolution	the resolution to be proposed at the Extraordinary General Meeting, as set out in the notice at the end of this document
Shareholder	a holder of Ordinary Shares
TCFD	Task Force on Climate-Related Financial Disclosures

NOTICE OF EXTRAORDINARY GENERAL MEETING

SCHRODER REAL ESTATE INVESTMENT TRUST LIMITED

(incorporated and registered in Guernsey with registered number 41959)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Schroder Real Estate Investment Trust Limited (the "**Company**") will be held at 1 London Wall Place, London EC2Y 5AU at 10.00 a.m. on 15 December 2023 to consider and, if thought fit, pass the following resolution, as an ordinary resolution:

ORDINARY RESOLUTION

THAT the proposed investment objective and policy of the Company set out in the circular to shareholders of the Company dated 21 November 2023, a copy of which has been produced to the meeting and signed by the Chair for the purposes of identification, be and is hereby adopted as the investment objective and policy of the Company.

By order of the Board

For and on behalf of
Schroder Investment Management Limited
Company Secretary

Registered office
North Suite 2
Town Mills
Rue Du Pré
St Peter Port
Guernsey GY1 1LT

21 November 2023

Notes:

1 Any Shareholder entitled to attend, speak and vote at the meeting is entitled to appoint one or more proxies to attend, speak and, on a poll, vote instead of him. A Shareholder may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by the Shareholder. A Shareholder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way. A proxy may be an individual or a body corporate who need not be a Shareholder of the Company.

2 Where there are joint registered holders of any Share such persons shall not have the right of voting individually in respect of such Share but shall elect one of their number to represent them and to vote whether in person or by proxy in their name. In default of such election the person whose name stands first on the register of members of the Company shall alone be entitled to vote.

3 The Form of Proxy, together with, if appropriate, any power of attorney or other authority or a notarially certified copy of any power of attorney or other authority (if any) under which it is signed, must be deposited with Computershare Investor Services (Guernsey) Limited at The Pavilions, Bridgwater Road, Bristol BS99 6ZY not later than forty-eight hours before the time appointed for holding the meeting.

4 To appoint more than one proxy to vote in relation to different shares within your holding you may photocopy the form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which in aggregate should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All Forms of Proxy must be signed and should be returned together in the same envelope.

5 Return of a completed Form of Proxy will not preclude a Shareholder from attending and voting personally at the meeting. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

6 Any corporation which is a Shareholder of the Company may, by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of any class of Shareholders of the Company and the person so authorised shall be entitled to exercise the same power on behalf of the corporation which he represents as that corporation could exercise if it were an individual Shareholder of the Company.

7 To change your proxy instructions, simply submit a new proxy appointment using the method set out above. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence. Please note that the cut-off time for receipt of proxy appointments also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

8 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) of it by using the procedures described in the CREST Manual (available from https://www.euroclear.com/site/public/EUI). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

9 In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & International Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The CREST Proxy Instruction, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by Computershare (ID 3RA50) no later than 48 hours before the time appointed for the meeting (excluding any part of a non-working day). No such CREST Proxy Instruction received through the CREST network after this time will be accepted. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the CREST Proxy Instruction by the CREST Applications Host) from which our registrar is able to retrieve the CREST Proxy Instruction by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

10 CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & International Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

11 Pursuant to Article 41 of the Uncertificated Securities (Guernsey) Regulations 2009, entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the register of members of the Company at close of business on 13 December 2023. Changes to entries in the register of members of the Company after that time shall be disregarded in determining the rights of any member to attend and vote at such meeting.

12 As at 5.00 p.m. on 20 November 2023, the Company's issued share capital comprised 565,664,749 Ordinary Shares carrying one vote each. 76,554,173 Ordinary Shares were held in treasury. Therefore, the total voting rights in the Company at 20 November 2023 were 489,110,576 votes.