

**SCHRODERS CAPITAL UK  
REAL ESTATE FUND**

**Interim Unaudited  
Consolidated  
Financial Statements**

**For the six months ended 30 September 2023**



**Schroders**

# The Schroders Capital UK Real Estate Fund ('SCREF' or 'the Fund') provides investors with diversified exposure to £1.9 billion of UK commercial real estate and is managed by our highly experienced team.

## Fund summary

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

Since the Fund's conversion to a PAIF in 2012, the investor base has become increasingly diversified across institutional types and geographies. The Fund is registered for marketing in Denmark, Germany, Finland, the Netherlands, Sweden, Japan and South Korea. This supports interest and investment from international institutions and enhances Fund liquidity.

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

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\* Collectively these comprise the Authorised Corporate Director's Report.

# REPORT OF THE AUTHORISED CORPORATE DIRECTOR AND STATEMENT OF RESPONSIBILITIES

## The financial statements

We are pleased to present the Interim Unaudited Consolidated Financial Statements of the Schroders Capital UK Real Estate Fund for the six months ended 30 September 2023.

## The Fund

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

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

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

## Authorised status

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

## Annual General Meetings

The Fund will not be holding any Annual General Meetings.

## Statement of responsibilities of the Authorised Corporate Director

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

In preparing the accounts, the ACD is required to:

- select suitable accounting policies and then apply them consistently;
- comply with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Agreement ('IMA') in June 2017;
- follow generally accepted accounting principles and applicable accounting standards;
- prepare the accounts on the basis that the Fund will continue in operation unless it is inappropriate to do so;
- keep proper accounting records which enable it to demonstrate that the accounts as prepared comply with the above requirements; and
- make judgements and estimates that are prudent and reasonable.

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

The ACD's Report and Accounts for the six month period ended 30 September 2023 were signed on 13 December 2023 on behalf of the ACD by:

**P. Truscott**



**P. Chislett**



**Schroder Unit Trusts Limited**  
13 December 2023

# INVESTMENT MANAGER'S STATEMENT OF RESPONSIBILITY

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

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

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

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

## Legal and product limits

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

The Investment Manager confirms that these limits have not been breached in the six months ended 30 September 2023.

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

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

Legal limits	Product limits
Minimum 60% assets (NAV) must form part of its Property Investment Business	Sector exposure: maximum absolute load difference +/- 50% vs benchmark. Maximum divergence of Central London +/- 10% Maximum divergence in alternatives +/- 10%
Minimum 60% income must come from the Property Investment Business	Investment in a single indirect vehicle: 15% NAV
Maximum aggregate investment in indirect vehicles: 40% NAV	Aggregate investment in indirect vehicles: 35% NAV
Maximum 15% of the NAV invested in a single asset	Aggregate investment in joint ventures: 35% NAV
Maximum 20% of the NAV committed to development (on and off balance sheet)	Investment in UK property related listed securities: aggregate 10% NAV – individual 2.5% NAV
Maximum borrowing (on and off balance sheet): 25% NAV	Maximum investment in undeveloped and non-income producing land: 10% NAV
Investment on and off balance sheet in shorter/medium-term leaseholds (less than 50 years): 20% NAV	Maximum on and off balance sheet percentage income from non-government tenant: 10%
Maximum speculative development: 15% NAV	Maximum on balance sheet uncommitted cash: 10% NAV
	Maximum on and off balance sheet debt: 25% NAV

# Consolidated and Fund Statement of Total Return

For the six months ended 30 September 2023 and for the six months ended 31 March 2023

	Consolidated 30 September 2023 £'000	Fund 30 September 2023 £'000	Consolidated 31 March 2023 £'000	Fund 31 March 2023 £'000
<b>Income</b>				
Net capital losses	(101,071)	(101,071)	(444,169)	(444,169)
Revenue	53,778	52,349	67,078	65,997
Developer profit	2,253	–	–	–
Gain attributable to non-controlling interest	21	–	12	–
Expenses	(17,706)	(14,003)	(27,887)	(26,794)
<b>Net revenue before taxation</b>	<b>38,346</b>	<b>38,346</b>	39,203	39,203
Taxation	–	–	–	–
Net revenue after taxation	38,346	38,346	39,203	39,203
<b>Total return before distribution</b>	<b>(62,725)</b>	<b>(62,725)</b>	(404,966)	(404,966)
Finance costs: distributions	(40,902)	(40,902)	(42,132)	(42,132)
<b>Change in net assets attributable to shareholders from investment activities</b>	<b>(103,627)</b>	<b>(103,627)</b>	(447,098)	(447,098)

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

As at 30 September 2023

	Consolidated 30 September 2023 £'000	Fund 30 September 2023 £'000	Consolidated 31 March 2023 £'000	Fund 31 March 2023 £'000
<b>Opening net assets attributable to shareholders</b>	<b>2,072,637</b>	<b>2,072,637</b>	2,569,089	2,569,089
Amounts receivable on creation of shares	10,326	10,326	11,263	11,263
Amounts payable on redemption of shares	(101,000)	(101,000)	(60,617)	(60,617)
<b>Net amounts paid on redemption of shares</b>	<b>(90,674)</b>	<b>(90,674)</b>	(49,354)	(49,354)
Change in net assets attributable to shareholders from investment activities	(103,627)	(103,627)	(447,098)	(447,098)
<b>Closing net assets attributable to shareholders</b>	<b>1,878,336</b>	<b>1,878,336</b>	2,072,637	2,072,637

# Consolidated and Fund Balance Sheets

As at 30 September 2023

	Consolidated 30 September 2023 £'000	Fund 30 September 2023 £'000	Consolidated 31 March 2023 £'000	Fund 31 March 2023 £'000
<b>ASSETS</b>				
Investment property and Development property	1,565,784	1,322,084	1,641,571	1,385,821
Building licence agreement	–	–	1,952	–
Investment in collective investment schemes	5,606	5,606	6,918	6,918
Investment in subsidiaries	–	251,785	–	471,762
Investment in joint ventures	250,093	249,837	272,722	272,425
<b>Total investment assets</b>	<b>1,821,483</b>	<b>1,829,312</b>	1,923,163	2,136,926
Debtors	81,642	75,038	71,606	70,620
Cash and bank	48,138	28,055	249,703	31,668
<b>Total other assets</b>	<b>129,780</b>	<b>103,093</b>	321,309	102,288
<b>Total assets</b>	<b>1,951,263</b>	<b>1,932,405</b>	2,244,472	2,239,214
<b>LIABILITIES</b>				
Creditors	40,640	22,418	33,038	29,191
Bank loan	22,950	22,950	131,000	131,000
Distribution payable	8,701	8,701	6,386	6,386
Net assets attributable to non-controlling interest	636	–	1,411	–
<b>Total liabilities</b>	<b>72,927</b>	<b>54,069</b>	171,835	166,577
<b>Net assets attributable to shareholders</b>	<b>1,878,336</b>	<b>1,878,336</b>	2,072,637	2,072,637



# Consolidated and Fund Cash Flow Statements

For the six months ended 30 September 2023 and for the six months ended 31 March 2023

	Consolidated 30 September 2023 £'000	Fund 30 September 2023 £'000	Consolidated 31 March 2023 £'000	Fund 31 March 2023 £'000
<b>Net cash inflow from operating activities</b>	<b>36,520</b>	<b>27,872</b>	50,852	52,250
Interest received	1,524	747	648	406
<b>Net cash generated from operating activities</b>	<b>38,044</b>	<b>28,619</b>	51,500	52,656
<b>Investing activities</b>				
Disposals/(purchases) in subsidiaries	–	202,208	–	(18,515)
Purchases in joint ventures	(50)	(50)	(1,236)	(1,236)
Cash received in respect of building licence agreement	1,268	–	311	–
Purchases of investment and development property	(3,815)	–	–	–
Sales of investment and development property	24,495	24,495	272,067	70,920
Capital expenditure	(22,551)	(19,929)	(66,066)	(34,019)
<b>Net cash (used in)/generated from investing activities</b>	<b>(653)</b>	<b>206,724</b>	205,076	17,150
<b>Financing activities</b>				
Amounts received on issue of units	10,326	10,326	11,264	11,264
Amounts paid out on disposal of units	(101,000)	(101,000)	(60,616)	(60,616)
Distributions paid	(38,577)	(38,577)	(42,773)	(42,773)
Debt (repaid)/drawn	(108,050)	(108,050)	18,000	18,000
Interest paid on debt	(1,126)	(1,126)	(2,750)	(2,750)
Debt refinancing fees	(529)	(529)	–	–
<b>Net cash used in financing activities</b>	<b>(238,956)</b>	<b>(238,956)</b>	(76,875)	(76,875)
<b>(Decrease)/increase in cash in the period</b>	<b>(201,565)</b>	<b>(3,613)</b>	179,701	(7,069)
<b>Net cash at the start of the six month period</b>	<b>249,703</b>	<b>31,668</b>	70,002	38,737
<b>Net cash at the end of the six month period</b>	<b>48,138</b>	<b>28,055</b>	249,703	31,668

NOTES TO  
**THE FINANCIAL  
STATEMENTS  
(UNAUDITED)**

## Accounting policies

### Basis of accounting

The accounts have been prepared under the historic cost basis, as modified by the revaluation of the investment asset, and in accordance with the Statement of Recommended Practice for UK Authorised Funds ('SORP') issued by the Investment Management Association ('IMA') in June 2017 and in accordance with the Scheme and the Collective Investment Scheme sourcebook for United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 (The Financial Reporting Standard Applicable in the UK and Republic of Ireland ('FRS 102')).

The accounting policies applied are consistent with those of the annual accounts for the year ended 31 March 2023 and are described in those annual accounts.



## UNAUDITED GENERAL INFORMATION

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

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

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

### Liquidity

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

### Purchase of shares

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

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

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

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

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

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

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

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

### Redemption of shares

As has been clearly communicated to existing SCREF investors, the level of redemption requests received by the Fund has been higher during the most recent 12-month period than in recent years. As at the 30 September 2023, the Fund has notified investors of its decision to make a partial redemption payment, with the remaining outstanding redemptions deferred, pending completion of further asset sales.

The Fund continues to adopt a prudent approach to liquidity management and in light of the increased level of redemption requests, has implemented a liquidity management strategy in order to manage capital in the best interest of all investors. The strategy is focused on meeting outstanding redemptions whilst also meeting capital expenditure commitments and managing our ongoing debt interest exposure. The strategy includes deferral of redemptions where necessary, selective disposal of assets, actively promoting the secondary market to enhance liquidity and continuously monitoring our revolving credit facility. Disposals are focused on assets where business plans are complete, where the asset is expected to underperform in the future and/or where the sale is in line with strategic portfolio allocation objectives.

Any decision to defer redemptions in line with the liquidity management strategy is taken to protect the best interests of all clients, including to preserve sufficient liquidity in order to progress asset management initiatives and performance enhancing business plans.

# UNAUDITED GENERAL INFORMATION

## Continued

### Redemption of shares continued

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

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

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

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

### Secondary market

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

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

Pursuant to section 2.9 of the Fund's Prospectus, the SMF, at its discretion, has the right to charge commission at a rate of 0.20% on secondary market trades. Commission is payable on the net consideration of the trade, subject to a minimum of £50 for each and every trade. Where applicable, stamp duty reserve tax is payable by the buyer on the net consideration at the prevailing rate.

Where the SMF is conducting matching of redemption orders on the secondary market, the seller will not be charged commission. Commission may be applicable for the buyer where secondary market trades are used to match redemption orders. The redeeming shareholder will be responsible for costs in connection with the transfer of its shares, such as the preparation and execution of relevant documentation and taxation.

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

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

Where there are multiple buyers looking to buy at the same price, for which relevant forms were received on the same date, matching will be allocated pro rata to the number of shares applied for. In all cases matching will be allocated subject to the minimum economic trading limit in accordance with section 2.14 of the Fund's Prospectus, and any minimum trade requirements stipulated by a party.

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

The SMF will arrange the exchange of shares between sellers and buyers prior to the cut off point for subscription, which is midday on the business day prior to the monthly dealing days for subscription. The SMF will contact the seller and buyer to obtain confirmation that the terms of the arrangement are acceptable before proceeding with the transaction.

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

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

	Value of shares (£) traded
2023 year to date	59,626,835
2022	89,023,357
2021	215,445,590
2020	48,587,749
2019	184,313,155
2018	138,945,234
2017	89,367,934
2016	128,219,895
2015	116,295,254
2014	66,192,801
2013	197,208,100
2012	66,285,624

## Distributions

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

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

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

## Schroders Capital UK Real Estate Fund Feeder Trust

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

## Management fees and other expenses

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

The annual management charge is 0.70% of NAV per annum.

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

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

The standing independent valuer will receive a fee of 0.011% of the valuation per annum.

The Registrar is paid a transaction-based fee subject to a minimum of £75,000 per annum.

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

## Bid/offer spreads

As at 30 September 2023, the offer spread was set at a 5.22% premium to NAV. The bid spread was set at a premium 1.46% discount to NAV. Our key principles when setting bid and offer prices are to review prices regularly, to treat shareholders equitably and to adopt a consistent approach.

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

## Fees payable to the Manager

During the period, Schroder Real Estate has been entitled to receive estimated fees of £19,000 in relation to its role as Secondary Market Facilitator. Schroder Real Estate has an agreement with GFI Brokers Limited to share all fees earned on secondary market transfers facilitated by either party.

Units valued at £25,428,900 were traded on the secondary market over the six month period to 30 September 2023. This represents 1.4% of the shares in issue at the end of the period under review.

## Expense ratios (as defined by AREF Code of Practice) at September 2023

Fees and expenses	% NAV
(A) Fund Management Fees	0.70%
(B) Fund Operating Fees	0.26%
(C) Total Expense Ratio (A+B)	0.96%
(D) Property Expense Ratio	0.95%
(E) Real Estate Expense Ratio (C+D)	1.91%
(F) Transaction Costs	0.58%
(G) Performance Fees	N/A

## Insurance and service charge rebates

The managing agents, as employed by the Investment Manager, receive service charge remuneration as part of their overall remuneration. Insurance commission rebates (if any) are calculated on an annual basis and distributed to tenants and shareholders as applicable.

## Valuation and pricing policy

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

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

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

## Co-investment

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

## Key persons

There are no named key individuals.

## Preferential terms and fee rebates

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

## PAIF ownership limit on single corporate investors

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

The FCA has also confirmed that this change will not affect SCREF's authorisation. SCREF's Prospectus can be found on SCREF's website: <https://www.schroders.com/en/uk/schroders-capital-uk-real-estate-fund/>.

## Reports and Accounts

This document is a short report for the Schroders Capital UK Real Estate Fund for the six months to 30 September 2023. Further information about the activities and performance of the Fund during this period can be found in SCREF's Quarterly Report.

## Capital gains tax

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

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

## US investors

In the first quarter of 2019, Schroders revised its US marketing strategy and decided to permit US investors to invest directly in SCREF, instead of via a US feeder fund. The launch of a US feeder fund was notified to shareholders in 2018 and incorporated into a revised Fund Prospectus which was issued on 24 December 2018. The potential benefits for existing investors of permitting US investors into SCREF include enhanced Fund liquidity and diversification of the investor base. Schroders may in the future launch a dedicated US feeder fund, but this will only be in response to a specific investor requirement and subject to any required notifications and approvals. A Fund Prospectus was issued on 21 December 2022 which confirms this further amendment. The latest Prospectus is available on SCREF's website: <https://www.schroders.com/en/uk/schroders-capital-uk-real-estate-fund/>.

# UNAUDITED GENERAL INFORMATION

## Continued

### Fund documentation

A copy of all Fund documentation including the Prospectus and regular reports is available at <https://www.schroders.com/en/uk/schroders-capital-uk-real-estate-fund/> or available from the Investment Manager upon request.

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

### Conflicts of interest

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

### Disaster recovery

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

### AREF Code of Practice

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

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



### Fund codes

#### Gross share class

Bloomberg: SCEXP LN  
ISIN: GBO0B8215Z66  
Sedol: B8215Z6

#### Net share class

ISIN: GBO0B8FPXR30  
Sedol: B8FPXR3

Prices for the Schroders Capital UK Real Estate Fund can be obtained from: <https://www.schroders.com/en/uk/schroders-capital-uk-real-estate-fund/>.

### Additional information

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

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

### Schroders Capital UK Real Estate Fund

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

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

### Manager contact

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

#### Carine Packer

Manager, Real Estate Capital  
carine.packer@schroders.com  
+44 (0)20 7658 7616

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

#### HSBC Bank Plc

Schroders Investor Services  
Schroders Capital UK Real Estate Fund  
PO Box 1402  
Sunderland  
SR43 4AF  
Tel: 0345 030 7277 (UK)  
+44 1397 436 966 (overseas)  
Fax: +44 333 207 4504  
Email: [scref@hsbc.com](mailto:scref@hsbc.com)

## KEY SERVICE PROVIDERS

### Authorised Corporate Director

#### Schroder Unit Trusts Limited

1 London Wall Place  
London  
EC2Y 5AU

### Investment Manager

#### Schroder Real Estate Investment Management Limited

1 London Wall Place  
London  
EC2Y 5AU

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

### Registrar

#### HSBC Bank Plc

Schroders Investor Services  
Schroders Capital UK Real Estate Fund  
PO Box 1402  
Sunderland  
SR43 4AF  
Tel: 0345 030 7277 (UK)  
+44 1397 436 966 (overseas)  
Fax: +44 333 207 4504  
Email: scref@hsbc.com

### Depository

#### NatWest Trustee and Depository Services Limited

250 Bishopsgate  
London  
EC2M 4AA

### Standing Independent Valuers

#### CBRE Limited

St Martin's Court  
10 Paternoster Row  
London  
EC4M 7HP

### Legal Adviser

#### Eversheds Sutherland (International) LLP

One Wood Street  
London  
EC2V 7WS

### Independent Auditors

#### PricewaterhouseCoopers LLP

7 More London Riverside  
London  
SE1 2RT

### Real Estate Managers

#### CBRE Limited

St Martin's Court  
10 Paternoster Row  
London  
EC4M 7HP

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

# Schroders

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 [schroderscapital.com](https://www.schroderscapital.com)

 [@schroders](https://twitter.com/schroders)