

### Investment Objective

The investment objective of the Company is to provide Shareholders with an attractive level of income together with the potential for income and capital growth through investing predominantly in UK commercial real estate.

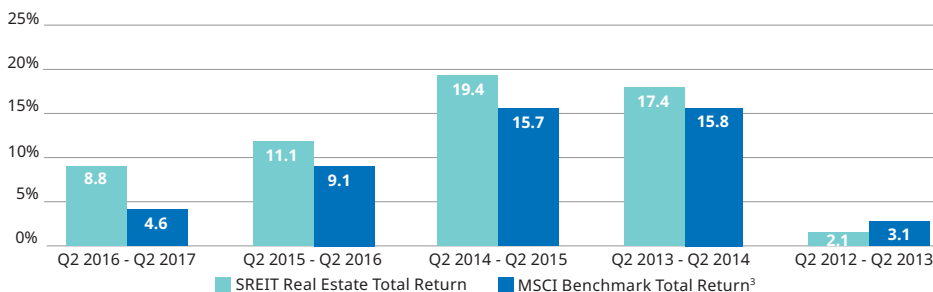
The portfolio is principally invested in the three main UK commercial real estate sectors of office, industrial and retail, and may also invest in other sectors including, but not limited to, residential, leisure, healthcare and student accommodation. Over the real estate market cycle the portfolio aims to generate an above average income return with a diverse spread of lease expiries.

### Risk Considerations

Companies which invest in a smaller number of assets carry more risk than those spread across a larger number of assets. The Company will invest solely in property located in one country or region. This can carry more risk than investments spread over a number of countries or regions. The Company may borrow money to invest in further investments, this is known as gearing. Gearing will increase returns if the value of the assets purchased increase in value by more than the cost of borrowing, or reduce returns if they fail to do so.

### Performance Analysis – Real Estate Portfolio

Discrete yearly total return performance



Performance (%)	3 months	6 months	1 year
Share Price <sup>1</sup>	4.2	14.1	32.9
Net Asset Value Total Return <sup>2</sup>	2.1	6.9	7.2
SREIT Real Estate Total Return <sup>3</sup>	2.6	6.9	8.8
MSCI Quarterly Version of Balanced Monthly Index Funds <sup>3</sup>	2.4	4.7	4.6

Performance (%)	3 years p.a.	5 years p.a.	Since launch	Average p.a. since launch
Share Price <sup>1</sup>	11.5	20.8	55.4	3.5
Net Asset Value Total Return <sup>2</sup>	13.1	11.1	42.4	2.8
SREIT Real Estate Total Return <sup>3</sup>	13.0	11.6	156.9	7.5
MSCI Quarterly Version of Balanced Monthly Index Funds <sup>3</sup>	9.7	9.5	113.6	6.0

Discrete Yearly Performance (%)	Q2 2016 Q2 2017	Q2 2015 Q2 2016	Q2 2014 Q2 2015	Q2 2013 Q2 2014	Q2 2012 Q2 2013
Share Price <sup>1</sup>	32.9	-10.8	16.9	29.2	43.8
Net Asset Value Total Return <sup>2</sup>	7.2	10.8	21.9	20.6	-2.9
SREIT Real Estate Total Return <sup>3</sup>	8.8	11.1	19.4	17.4	2.1
MSCI Quarterly Version of Balanced Monthly Index Funds <sup>3</sup>	4.6	9.1	15.7	15.8	3.1

### Fund Managers

Nick Montgomery/Duncan Owen

### Managed fund since

16 July 2004

### Fund launch date

16 July 2004

### Net asset value

£335.7 million

### Net initial yield

5.6%\*

### Net loan to value

26.3%\*\*

### NAV per share

64.8p

### Share price

64.0p\*\*\*

### Premium/(discount) to NAV

(1.2%)

### Ongoing charges

0.3%\*\*\*\*

Source: Schroders unless otherwise stated.

\* Based on Knight Frank and BNP Paribas valuations.

\*\* Approximate net of cash loan to value on the basis of the Knight Frank and BNP Paribas portfolio valuations.

\*\*\* Source: Factset, price at close.

\*\*\*\* Ongoing charges are total expenses (excluding direct property expenses) as a percentage of average net assets.

### REIT Status

On 1 May 2015 the Company converted to a real estate investment trust ('REIT') in order to benefit from the various tax advantages offered by the UK REIT regime as well as the potential for improved liquidity as a result of being able to access a wider shareholder base. 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, 1987, as amended and the Authorised Closed-ended Collective Investment Schemes Rules 2008.

**Past performance is not a guide to future performance and may not be repeated. The value of investments and the income from them can go down as well as up and you may not get back the amount originally invested.**

- 1 Source: Schroders, Datastream, bid to bid price with net income reinvested in GBP.
- 2 Source: Schroders, NAV to NAV (per share) plus dividends paid.
- 3 Source: MSCI Quarterly Version of Balanced Monthly Index Funds (including indirect investments on a like-for-like basis).

## Top 10 Holdings

Holdings	Value (£m)	%*
1. Manchester, City Tower (25% interest)	41.7	9.1
2. London, Bloomsbury, Store Street (50% interest)	35.7	7.8
3. Bedford, St. John's Retail Park	35.4	7.7
4. Brighton, Victory House	31.0	6.8
5. Leeds, Millshaw Industrial Estate	27.2	5.9
6. Leeds, Headingley, The Arndale Centre	24.8	5.4
7. Milton Keynes, Stacey Bushes Industrial Estate	24.8	5.4
8. Uxbridge, 106 Oxford Road	18.3	4.0
9. Salisbury, Churchill Way West	14.5	3.2
10. Norwich, Union Park Industrial Estate	14.3	3.1
<b>Total number of holdings: 45</b>		

Source: Knight Frank and BNP Paribas. \*Percentage of total real estate portfolio.

## Top 10 Tenants

Tenants	Rent p.a (£'000)	%*
1. University of Law Limited	1,583	5.9
2. Wickes Building Supplies Limited	1,092	4.0
3. Norwich Union Life and Pensions Limited	1,039	3.8
4. The Buckinghamshire New University	1,018	3.8
5. BUPA Insurance Services Limited	961	3.6
6. Mott MacDonald Limited	790	2.9
7. Recticel SA	731	2.7
8. The Secretary of State	717	2.7
9. Booker Limited	700	2.6
10. Matalan Retail Limited	676	2.5

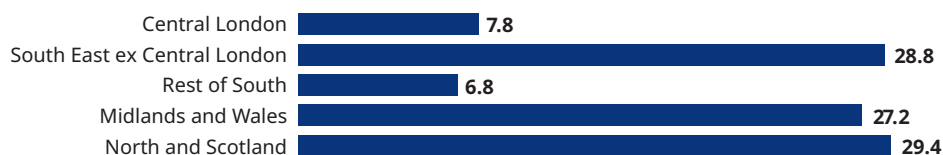
Source: Schroders. \*Percentage of total portfolio rent.

## Sector Weightings



Source: Schroders.

## Regional Weightings



Source: Schroders.

## Information

Schroder Real Estate  
Investment Management Limited  
31 Gresham Street,  
London EC2V 7QA

Tax Status	UK Real Estate Investment Trust
LSE Ticker	SREI
SEDOL	B01HM14
Bloomberg	SREI:LN
Reuters	SREI.L
ISIN	GB00B01HM147
Fund Base Currency	GBP
Ex Dividend Date (2017)	09 Feb 2017, 04 May 2017, 10 Aug 2017, 23 Nov 2017
Dealing	Ordinary shares can be purchased on the London Stock Exchange
Dividend Payment Date (2017)	28 Feb 2017, 31 May 2017, 31 Aug 2017, 06 Dec 2017
Investment Management Fee	1.1% per annum of Company's NAV
ISA Eligible	Yes

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