Schroders capital

Capital Access Group – 15 May 2024

SCHRODER REAL ESTATE INVESTMENT TRUST LIMITED

Thematic focus on sustainability aiming to enhance shareholder returns

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Marketing material.

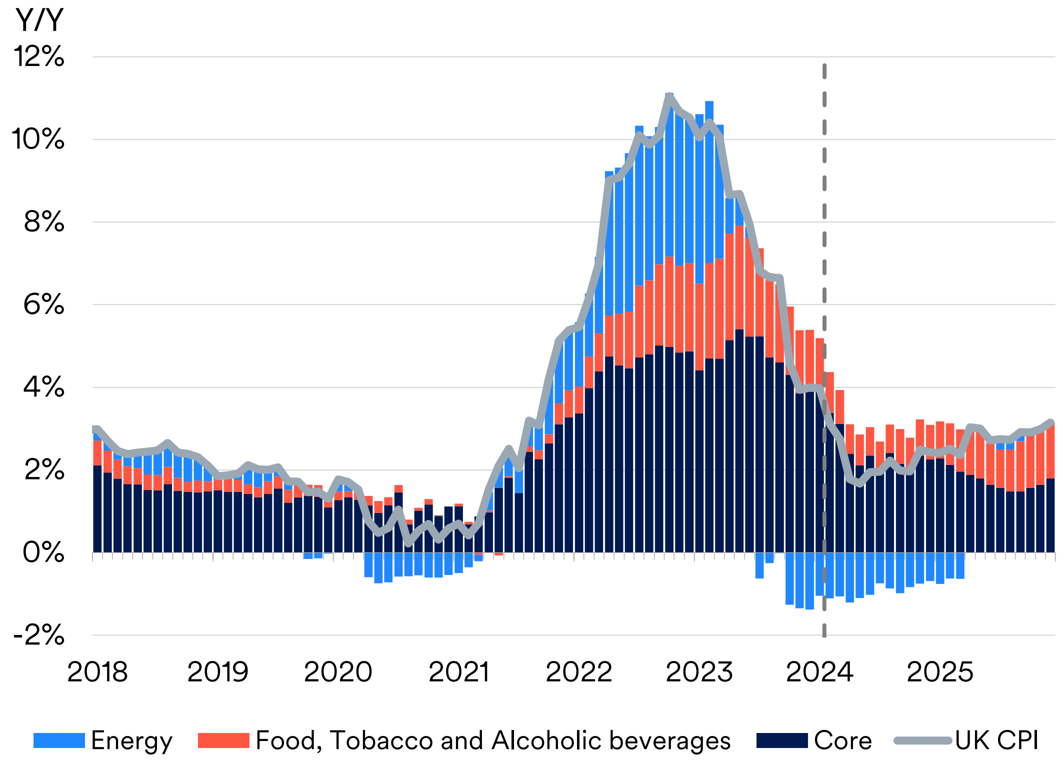
Contents

MARKET CONTEXT

Market context: Inflation and interest rates

Inflation forecast to meet 2% target but rebound, slowing rate reduction

Inflation



Interest rate implied probabilities (%) from options

Bank of England Rate (%)

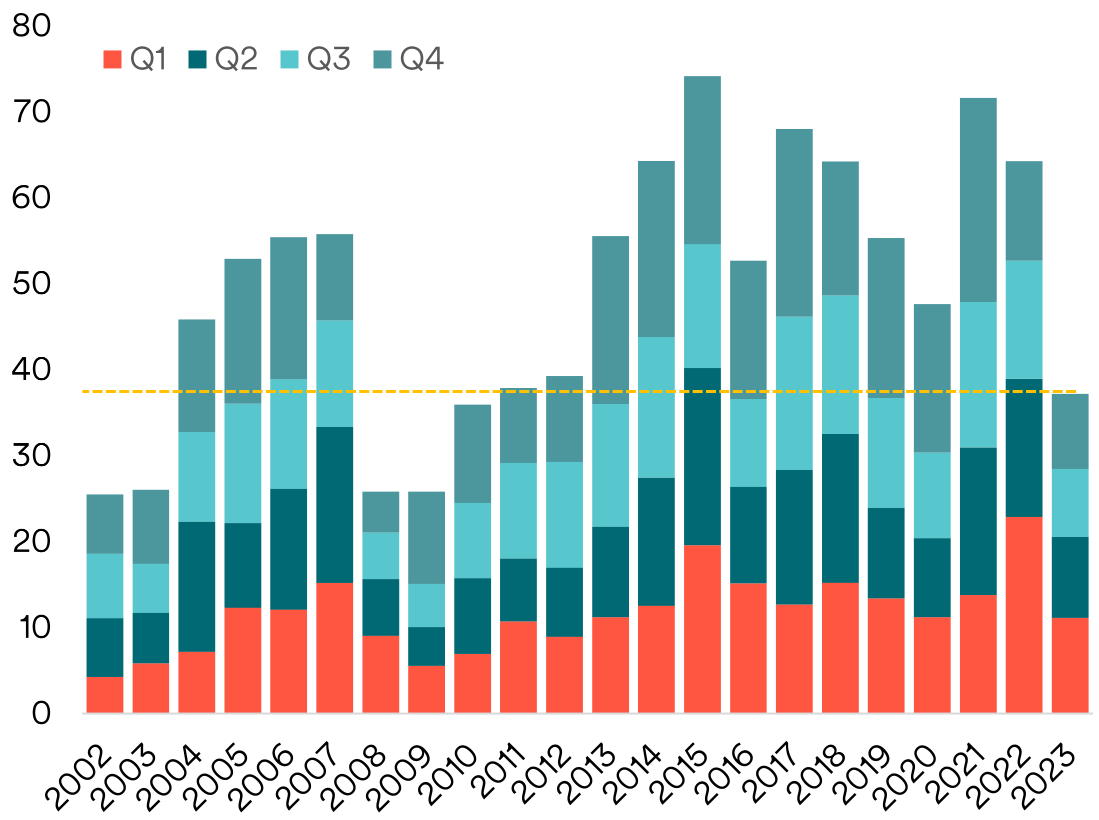
	3.50	3.75	4.00	4.25	4.50	4.75	5.00	5.25	5.50	5.75
09-May-24	0	0	0	0	0	0	8.2	91.8	0	0
20-Jun-24	0	0	0	0	0	3.2	40.3	56.5	0	0
01-Aug-24	0	0	0	0	1.6	21.7	48.4	28.4	0	0
19-Sep-24	0	0	0	0.7	10.2	33.1	39.8	16.2	0	0
07-Nov-24	0	0	0.2	4.0	18.2	35.5	31.6	10.6	0	0
19-Dec-24	0	0.1	1.6	9.1	24.4	34.1	24.0	6.7	0	0

Source: LSEG, Schroders Economics, April 2024. - Interest rate probabilities as at April 23 , 2024. The forecasts should be regarded as illustrative of trends. Actual figures will differ from forecasts.

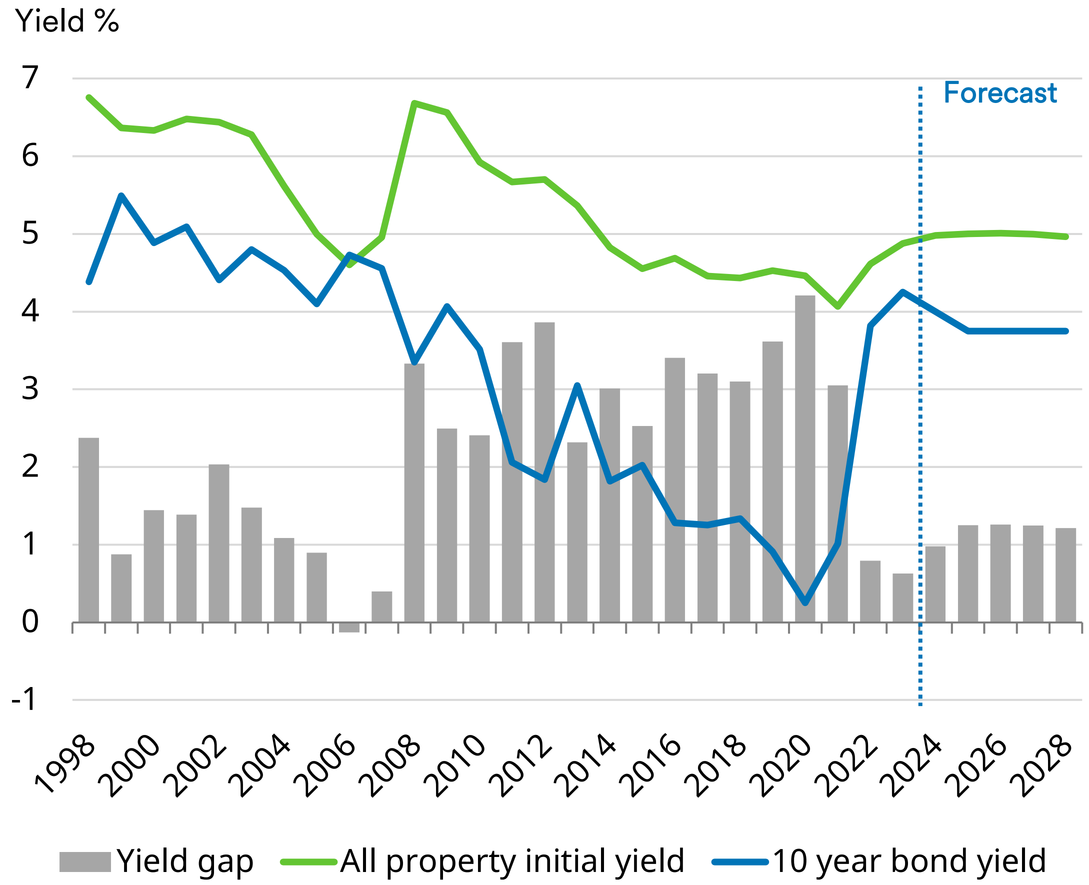
Market context: Investment volumes and yield spread

Lower interest rate expectations likely trigger to sector rerating

Quarterly UK all property investment: Volume (£bn)



All Property Initial Yield vs 10 Year Bond Yields



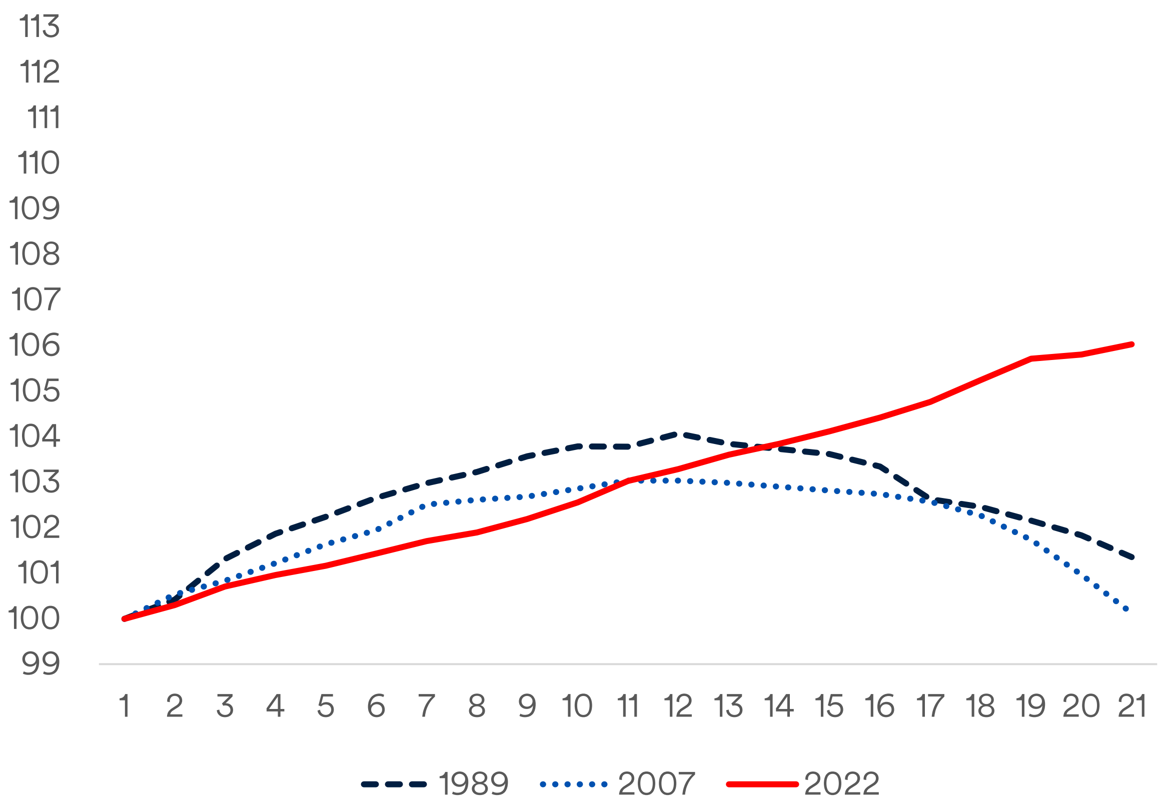
Source: RCA January 2024; PMA, Refinitiv, Schroders. April 2024. The forecasts should be regarded as illustrative of trends. Actual figures will differ from forecasts.

Market context: Rental growth

Rental growth recovering vs. past market corrections, with structural tailwinds and lower supply

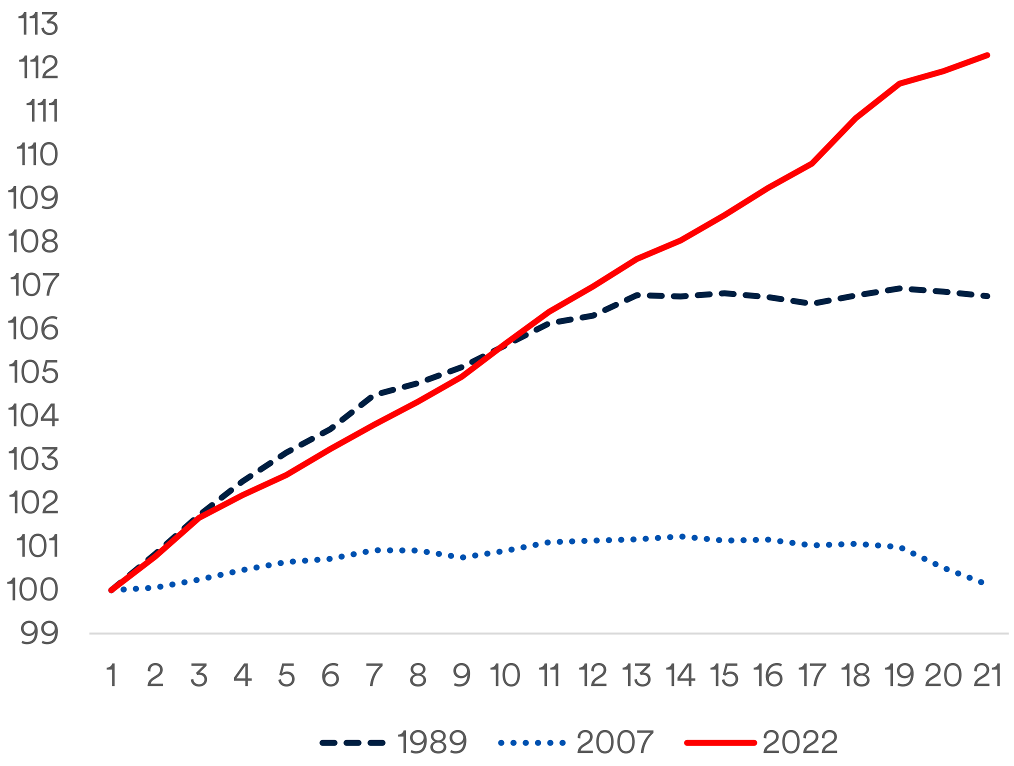
All UK Property

Rental Growth Index vs. prior downturn



All UK Industrial

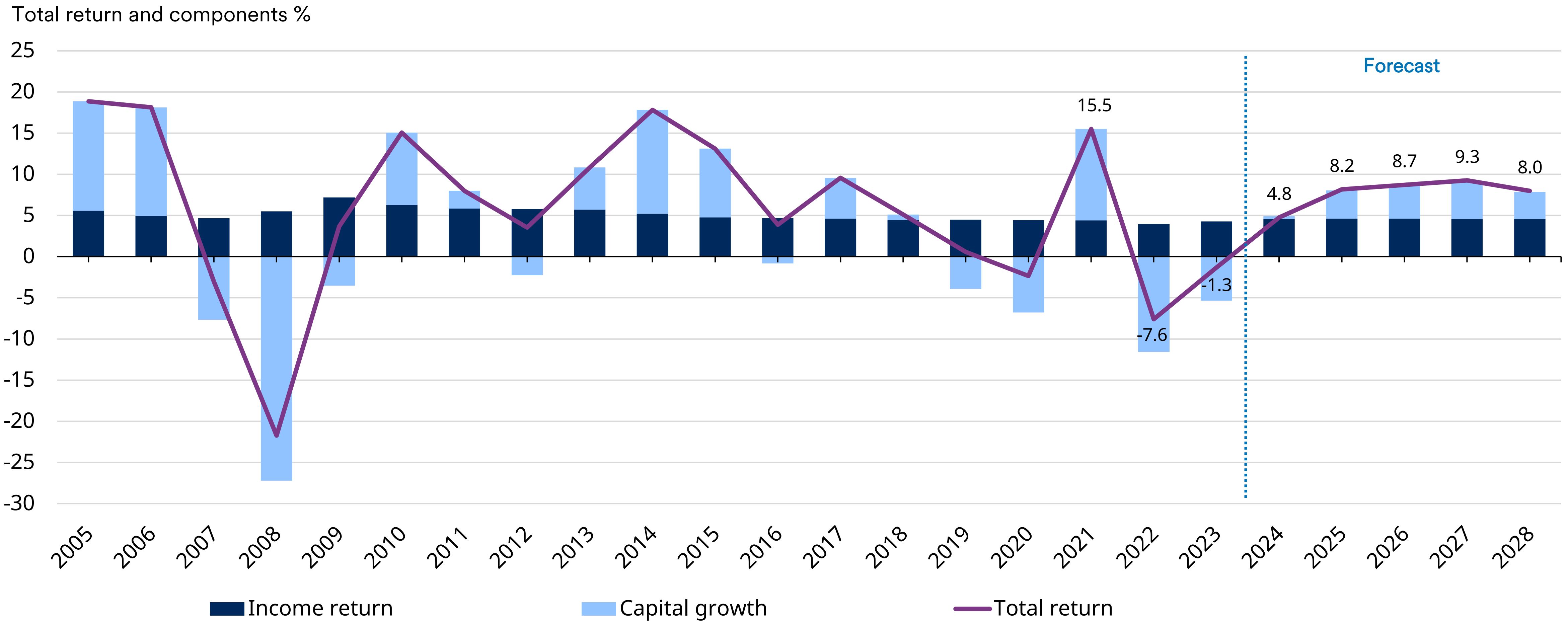
Rental Growth Index vs. prior downturn



Source: MSCI UK Monthly Index February 2024, Schroders. March 2024.

Market context: Prospective UK real estate performance

Positive returns returning in 2024 with attractive & above recent average returns from 2025 onwards



Source: MSCI, Schroders. January 2024. Note the forecasts are for average grade buildings, not prime. The forecasts should be regarded as illustrative of trends. Actual figures will differ from forecasts. Please note that forecasts are not a reliable indicator of future results and your capital is at risk with investing.

SREIT OVERVIEW

Schroder Real Estate Investment Trust (‘SREIT’)

Thematic focus on sustainability with active management to enhance returns

Listed on the main market of the London Stock Exchange with REIT status (Ticker: SREI)

39 properties, **300** tenants

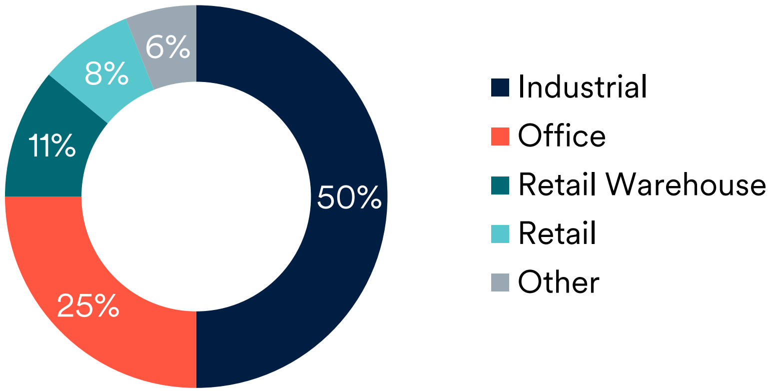
£458 million portfolio value

£287 million Net Asset Value (‘NAV’)

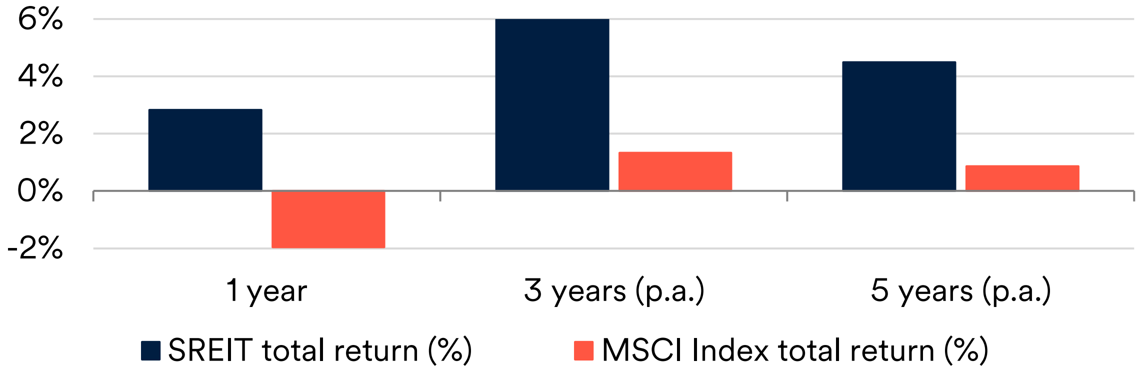
Net LTV **36.6%**

Continuous improvement in the GRESB score, leading our peer group (2023: **79/100** and **1st of 6** peers)

Sector allocation



Long term outperformance of the portfolio vs. MSCI Benchmark[1]



Past Performance is not a guide to future performance and may not be repeated. The value of investments and the income from them may go down as well as up and investors may not get back the amounts originally invested. References to these assets are for illustrative purposes only and are not a recommendation to buy and/or sell.

Source: Schroders. Company data as at 31 December 2023.

[1]MSCI Benchmark is the MSCI UK Balanced Portfolios Quarterly Property Index.

Good quality portfolio positioned to capitalise on structural trends

Weighted towards higher growth sectors with an above average income profile

Multi-let Industrials

Stacey Bushes, Milton Keynes (£51.2m)

Millshaw Industrial Estate, Leeds (£44.7m)

Higher Growth Office locations

University of Law, Bloomsbury (£38.4m; 50% share)

City Tower, Manchester (£30.2m; 25% share)

Value and Convenience Retail

St John's Retail Park, Bedford (£29.2m)

Headingley Central, Leeds (£20.5m)

Note: Portfolio data as at 31 December 2023.

SREIT well positioned with high income and low debt cost

01 Good quality, diversified portfolio with a reversionary yield of 8.4% (MSCI Benchmark: 6.1%)

02 7.6%[1] dividend yield 98% covered by earnings[2]

03 Robust balance sheet provides dividend protection: 3.5% current average interest cost of which 91% is fixed rate or capped with 10.0 years average maturity

04 Share price at a 25% discount to NAV offers compelling value[3]

05 Thematic focus on sustainability – manufacture green premium[4], address carbon

Notes: Past Performance is not a guide to future performance and may not be repeated. The value of investments and the income from them may go down as well as up and investors may not get back the amounts originally invested. References to these assets are for illustrative purposes only and are not a recommendation to buy and/or sell.

Source: Schroders. Company data as at 31 December 2023. MSCI Benchmark is MSCI UK Balanced Portfolios Quarterly Property Index.

[1]Based on share price of 44.0p as at close 10 April 2024 and an annualised dividend of 3.344pps.

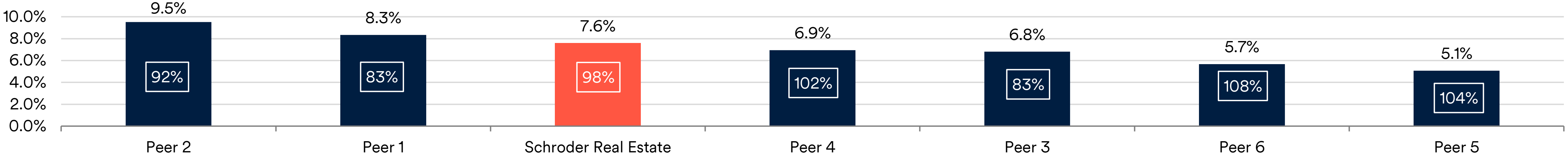
[2]Based on EPRA earnings and dividends paid for the nine-months ended 31 December 2023.

[3]Based on share price of 44.0p as at close 10 April 2024 and unaudited NAV of 58.7pps as at 31 December 2023.

[4]The Green Premium refers to the additional rental income and capital value that can be realised by environmentally efficient buildings compared to traditional 'brown' properties that have a much larger carbon footprint.

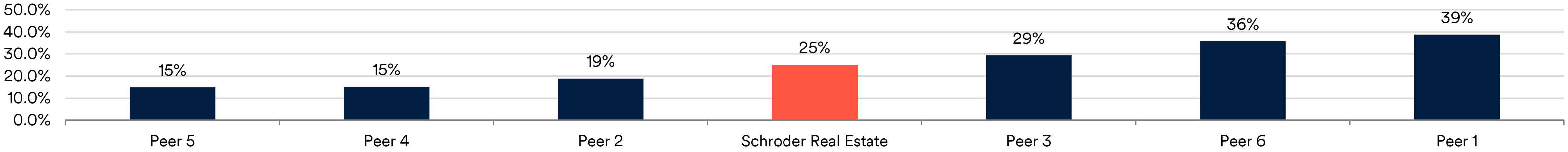
SREIT offers high income supported by low cost, long duration debt

High dividend yield[1]

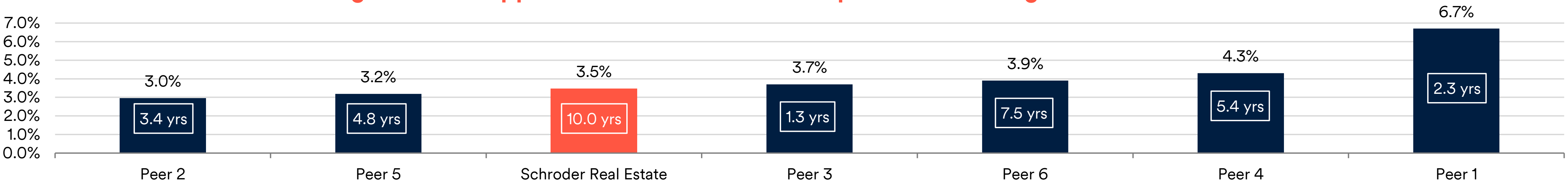


* Figures in white boxes represent latest disclosed dividend cover

Share price discount to NAV is compelling[2]



Attractive cost of debt and long duration supports future dividend – competitive advantage[3]

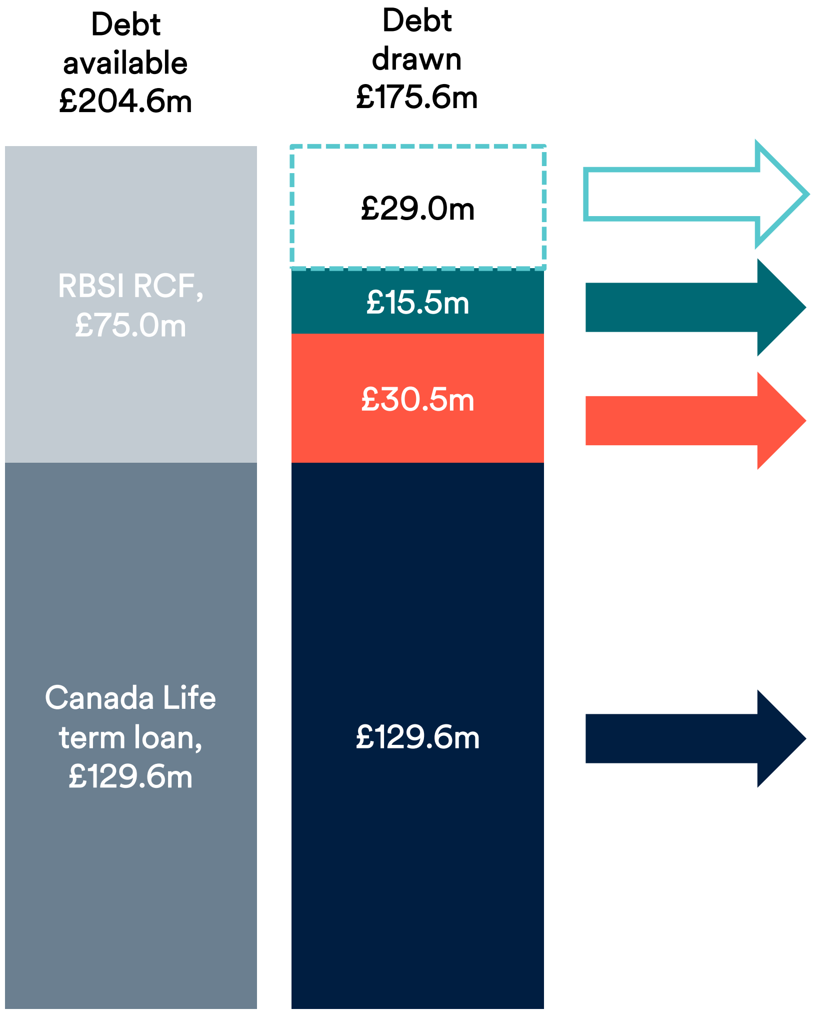


* Figures in white boxes represent weighted average debt maturity

Notes: Peers are AEW, API, BCPT, CREI, PCTN, UKCM. [1]Based on the most recent dividend announced as at 10 April 2024. Share price as at close 10 April 2024. Dividend cover based on earnings and dividend paid for quarter to 31 December 2023 except for Schroder Real Estate which is based on earnings and dividends paid for the nine-months to 31 December 2023. [2]Based on share price as at close 10 April 2024 and NAV reported by the Company as at 31 December 2023. [3]As at 1 March 2024 based on the most recent available Company data, weighted average maturity as at 31 December 2023.

Balance sheet as at 31 December 2023

Fixed or capped interest rates for 91% of drawn debt



Undrawn RCF
Non-utilisation cost of 0.62%

Drawn RCF – no interest rate hedge
Floating interest cost of Sonia + 1.65%[1]

Drawn RCF – with interest rate collar
Capped interest cost of 4.25% + 1.65%

Canada Life term loan
Average fixed interest cost of 2.5%
Average maturity of 12.3 years

Overall loan to value, net of cash

36.6%

Average interest rate on drawn debt

3.5%

Average maturity of drawn debt

10.0 years

Term loan average maturity 12.3 years
RCF maturity 3.4 years

Note: [1]As at 31 December 2023 the applicable Sonia rate was 5.19%, therefore the interest rate for the unhedged RCF at the period end was 6.84%.

STRATEGIC EVOLUTION

Transforming the built environment – contributing to the decarbonisation of real estate

The built environment accounts for approximately 40%[1] of global energy related carbon emissions, therefore decarbonising the Real Estate sector will be a key contributor to reducing global warming

Given the majority of today's stock will still be in use in 2050[2], it is only by transforming less sustainable buildings into modern, fit for purpose assets, that the sector will reach Net Zero Carbon

Evolving corporate sustainability regulations and obligations mean that tenants are increasingly demanding more sustainable buildings to operate in

Investors are more focused on sustainability credentials of assets to secure long term investment performance

Source: [1]According to the World Green Building Council (WGBC) buildings are responsible for 39% of global energy related carbon emissions, 28% of which is from operational emissions, i.e. energy to provide heating, cooling and power, and the remaining 11% from materials and construction. According to the International Energy Agency (IEA), 36% of global energy use is attributed to buildings. [2]C40 Cities Climate Leadership Group.

Sustainability at the centre of SREIT's investment proposition

We have enhanced SREIT's strategy:

1. Investment policy includes sustainability objectives and KPIs
2. Clear governance and proprietary ESG scorecard

We believe this strategy could:

- Enhance long term total returns for shareholders
- Differentiate the Company from peers
- Attract new investors who have specific sustainability objectives
- Improve the liquidity and share price rating of the Company's shares

Source: Schroders, April 2024.
Please note that the strategy is to achieve meaningful and measurable improvements in the sustainability profile of the majority of the portfolio's assets. The strategy has not yet been applied to all intended assets in the portfolio.

Enhancing total return for SREIT shareholders

Adapt existing buildings with attractive fundamentals, targeting the following sustainable attributes, to achieve the Green Premium:

- Enhanced health and well-being of occupants
- Access to high-quality green space and community facilities
- Improved natural resource management
- Progressing towards energy efficiency and Net Zero Carbon
- Ability to withstand physical climate risks

What is the Green Premium?[1]

The pricing differential that exists between buildings with some, or all, of the above attributes and those buildings in the same location and of a similar age which lack such attributes

- c. 20% valuation premium for London offices
- c. 8% valuation premium for regional offices
- c. 5–10% valuation premium for multi-let industrials

Higher value

Higher rent

Faster leasing

Higher occupancy

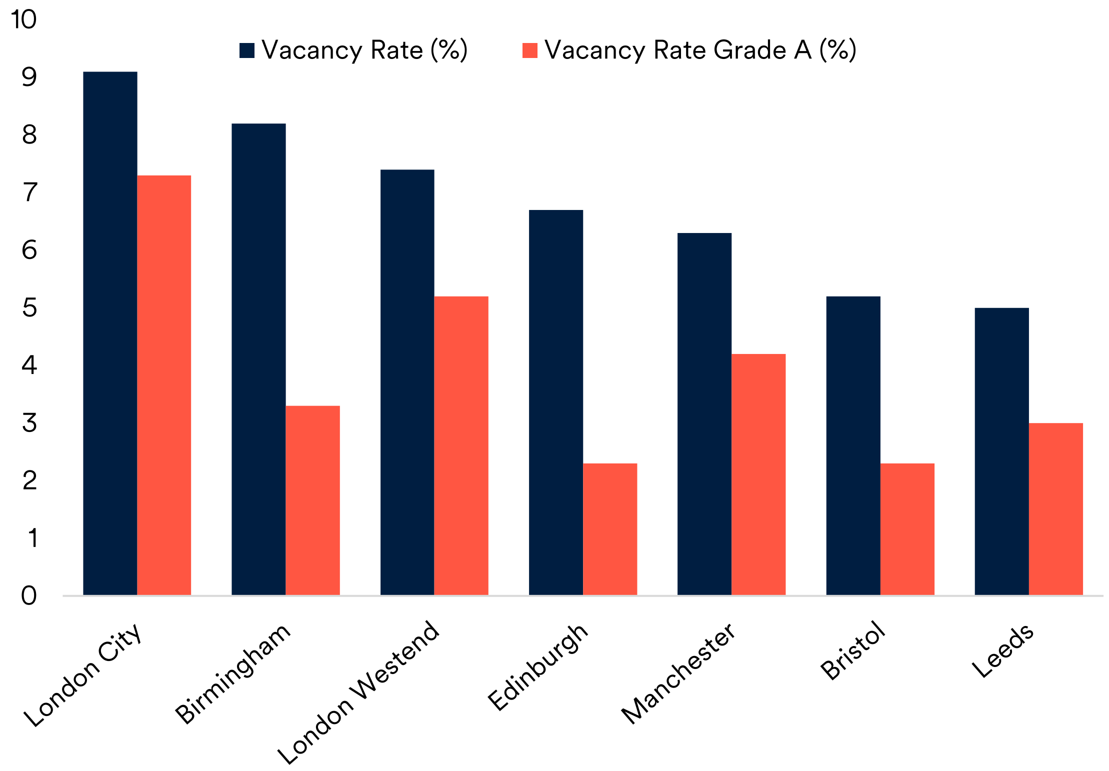
Notes: Past Performance is not a guide to future performance and may not be repeated. The value of investments and the income from them may go down as well as up and investors may not get back the amounts originally invested.

Source: Schroders, PMA, JLL, MSCI. [1]Estimated premium for asset types displayed based on historical transactional evidence. Multi-let industrial data based on anecdotal evidence.

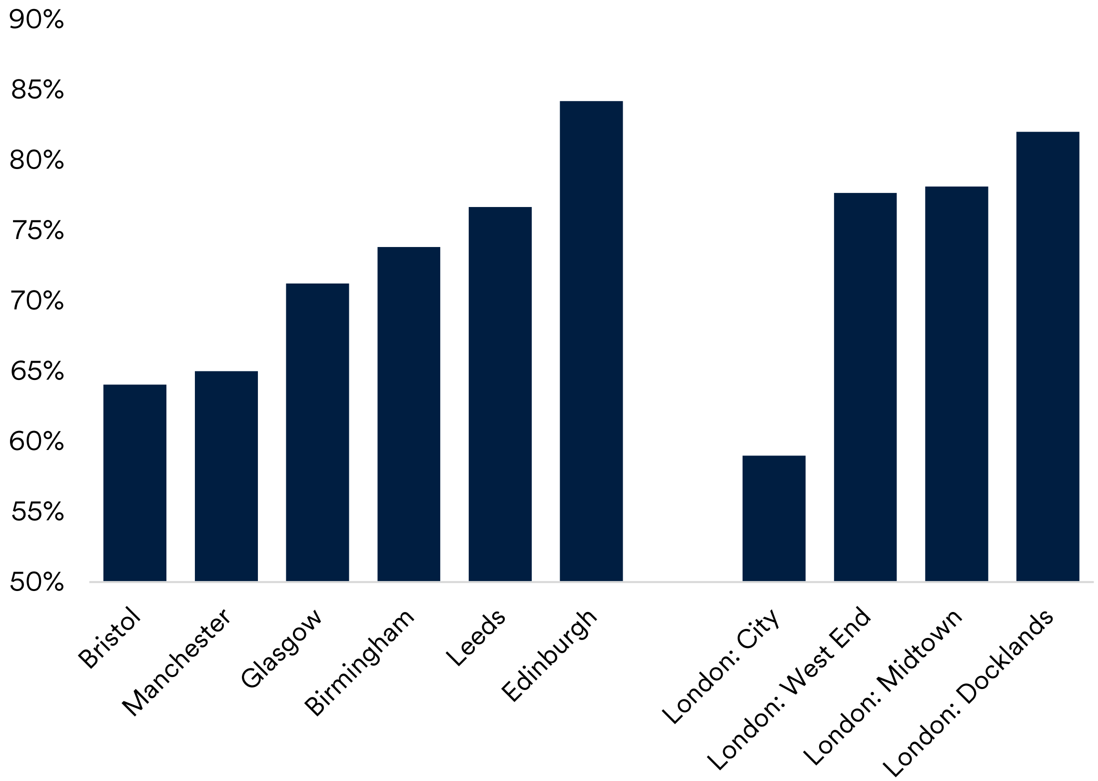
Lack of high quality, ESG compliant space likely to emerge

Modern space already scarce and aging stock will become a challenge

Vacancy rates Q4'23 (%) – Overall and Grade A



% of office stock at end-2022 older then 15 years

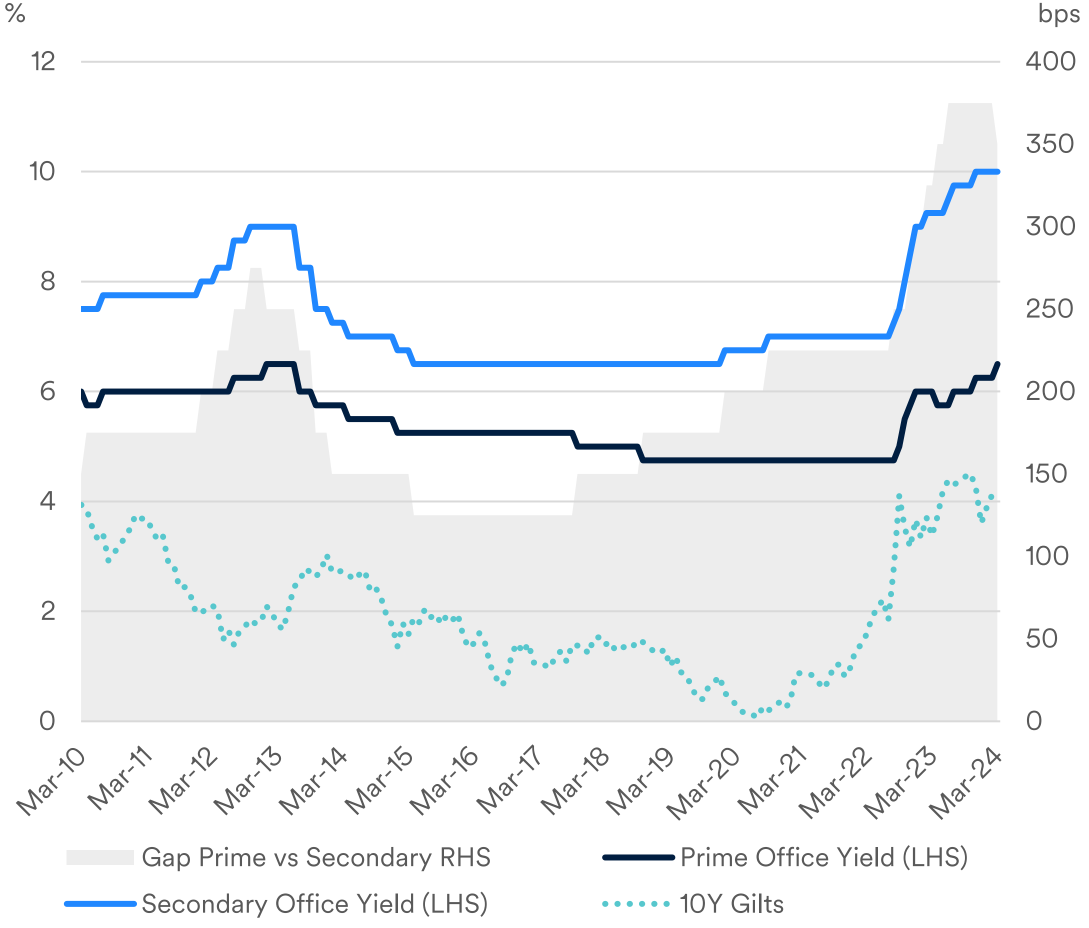


Source: JLL, PMA, Schroders. January 2024.

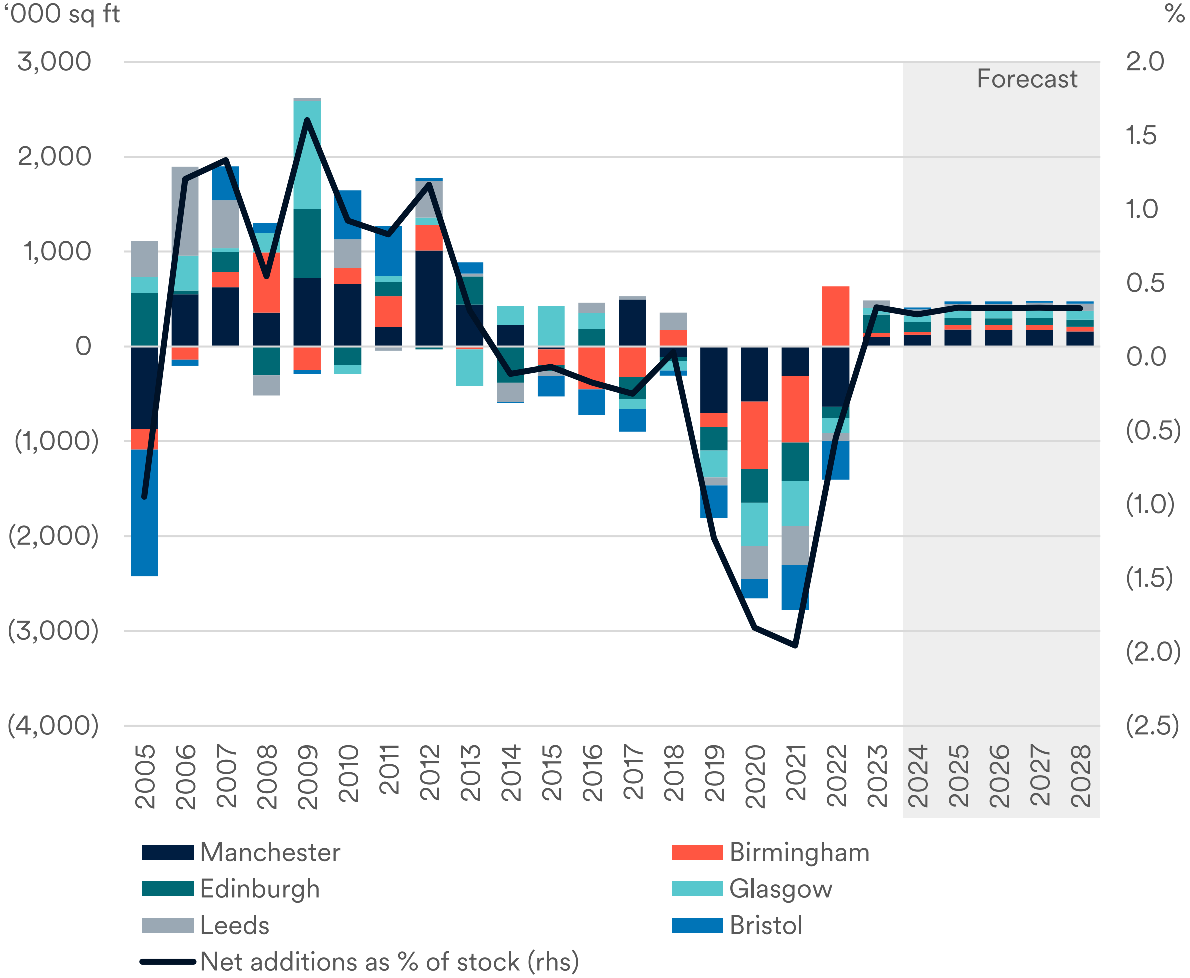
Market context: 'Big 6' regional office pricing and supply

Structural changes in demand hit secondary assets, which could create mispricing opportunities

Big 6 office yields and gap between prime and secondary



Big 6 office net additions



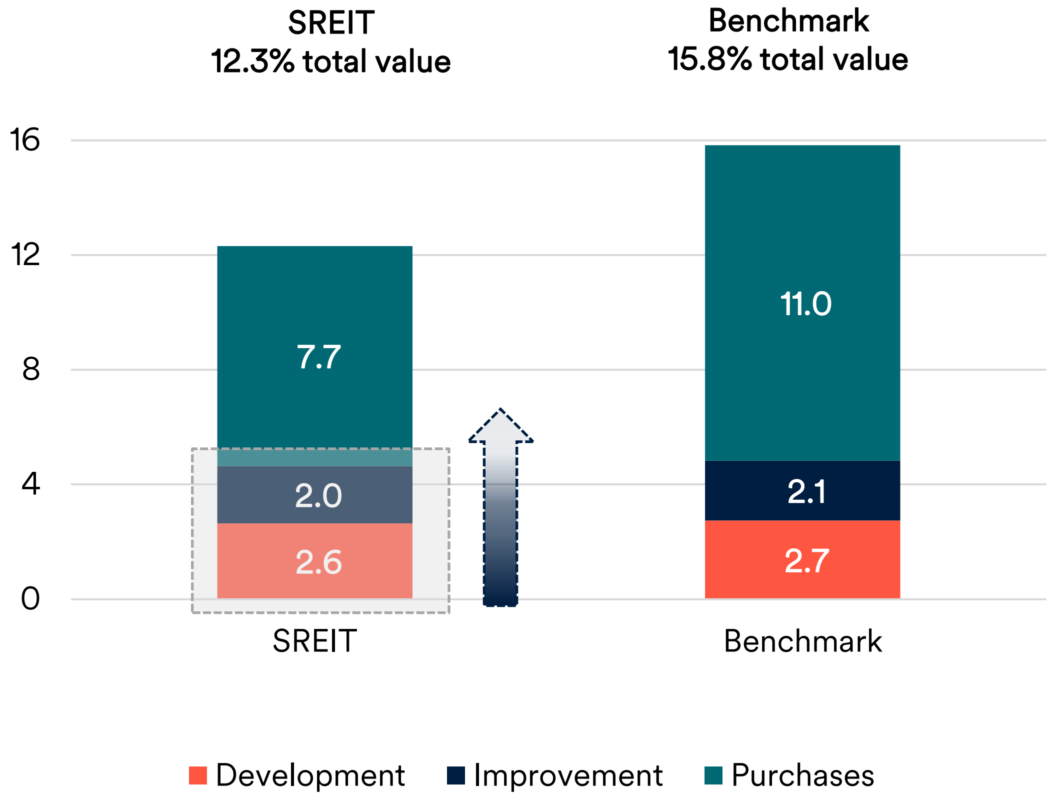
Source: CBRE, LSEG, PMA, Schroders. March 2024.

SREIT portfolio level returns – three years to 31 December 2023

Strategic evolution will increase investment in portfolio, expected to drive higher income growth

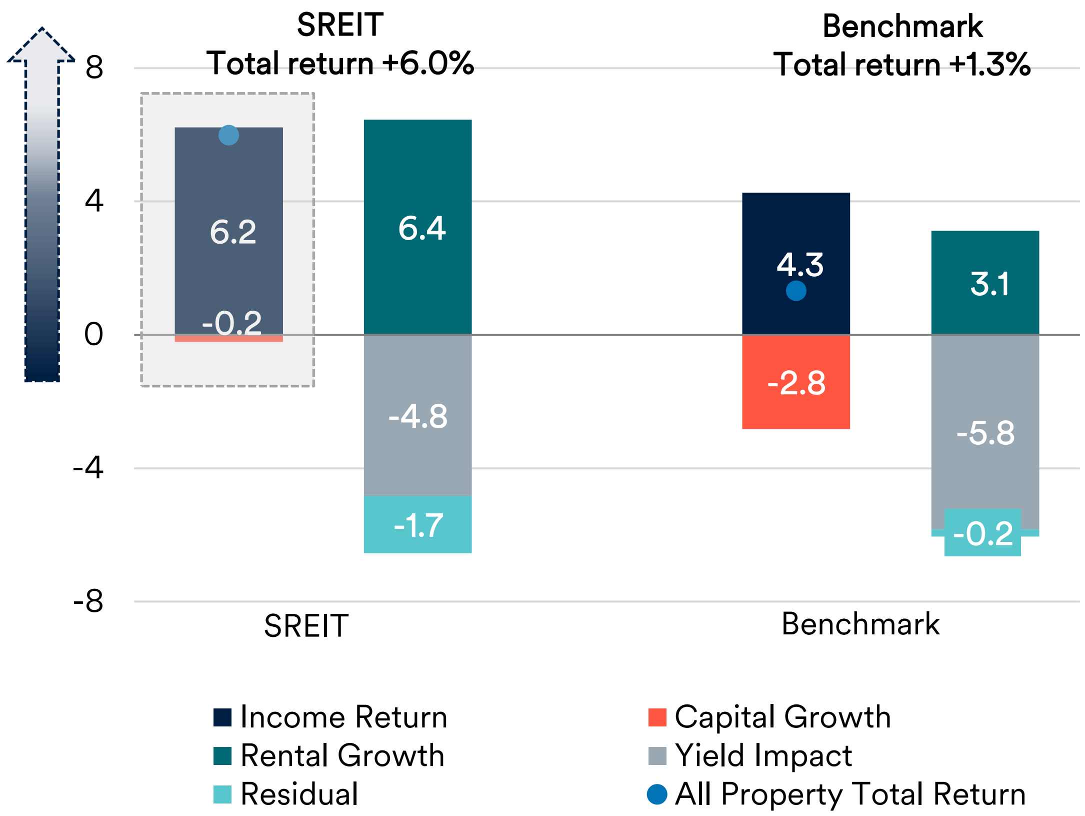
Last three years (% of portfolio value)

Expenditure - SREIT vs. MSCI Benchmark



Last three years (% per annum)

Performance components



Source: MSCI Balanced Monthly and Quarterly Index Funds, December 2023.

PORTFOLIO OVERVIEW

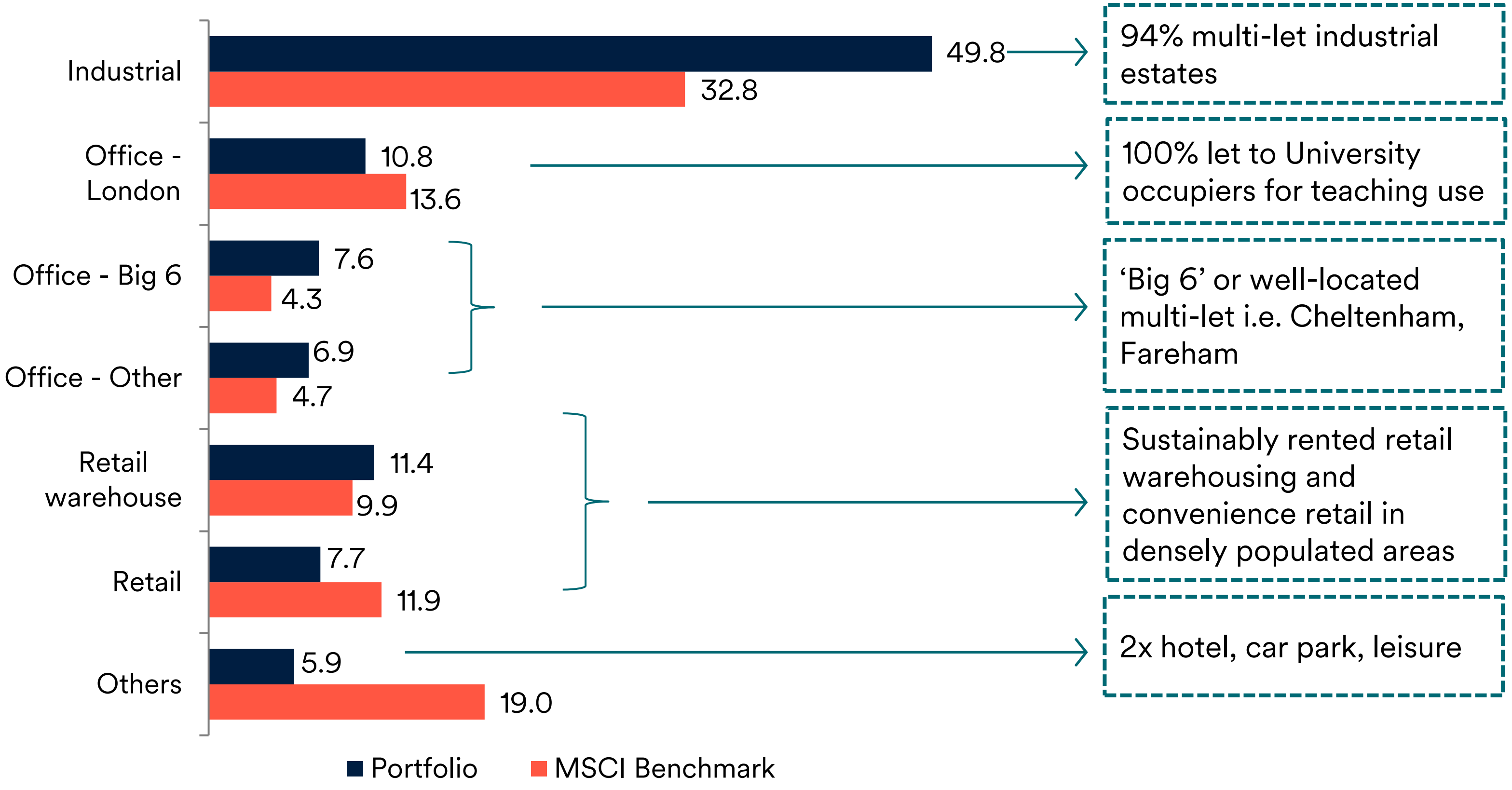
Portfolio analysis

Granular portfolio with high income return profile

Diversified portfolio

SREIT	Dec 2023 (MSCI Dec 2023)
Portfolio value (£m)	457.8
Number of properties	39
Number of tenants	326
Average lot size (£m)	11.7
Net initial yield (%)	6.0 (5.2)
Reversionary yield (%)[1]	8.4 (6.1)
Annual rent (£m)	29.2
Estimated rental value (£m)	38.5
WAULT (years)[2]	5.3 (11.2)
Void rate (%)[3]	12.0 (8.1)

Structure as a % of value[1]



Notes: [1]MSCI Benchmark as at 31 December 2023, unattributed indirects of 3.8% not shown. Benchmark figures do not sum due to rounding [2]Weighted average unexpired lease term assuming earlier of lease break and expiry. [3]Void estimated rental value as a percentage of portfolio estimated rental value. 'Office – London' includes Central and Greater London.

Generating strong returns through value-add investment

Stanley Green Trading Estate, Cheadle, Manchester – Phase I development

Valuation	
Acquisition date:	17 Dec 2020
Acquisition price:	£17.25m
Capex spent to 31 December 2023:	£9.0m
31 December 2023 valuation:	£39.9m
Increase in valuation:	2.3x

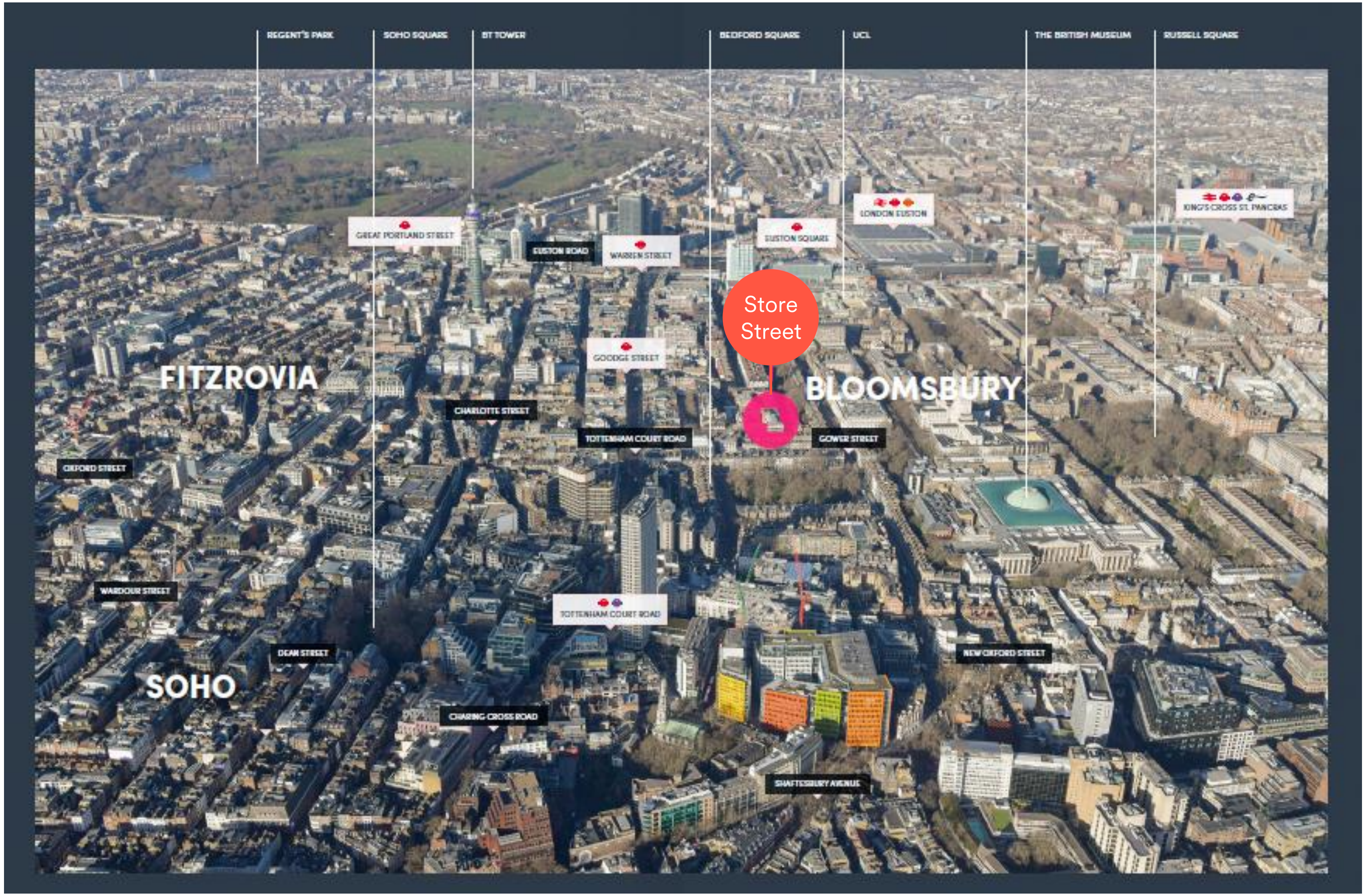
Value add	
New Phase I development:	11 warehouse and trade units across 80,275 sq ft
Target rent:	£1.3m pa, £16.41 per sq ft
Letting:	56% let with a further 25% under offer / negotiation
Sustainability:	A+ EPC, BREEAM Excellent

Total return to 31 December 2023	Asset	MSCI All Industrial
1 year:	36.4%	3.7%
Since acquisition (annualised):	20.1%	7.1%

Past Performance is not a guide to future performance and may not be repeated. The value of investments and the income from them may go down as well as up and investors may not get back the amounts originally invested. BREEAM Excellent rating is for the new construction. BREEAM is a leading sustainability assessment method for the built environment and infrastructure

University of Law Campus, Store Street, Bloomsbury

Regear completed in December 2023 adding £2.8 million to SREITs valuation



Previous lease (shows SREITs 50% share)	
Passing rent	£1.85m p.a. £43.12 per sq ft
Rent review 16 Dec 2024	£50-55 per sq ft (estimate)
Expiry	16 Dec 2026

Enhanced terms
+39% to rent
Expiry Dec 2029

New deal (50%)	
Passing rent	£1.85m p.a. £43.12 per sq ft
Rent review 16 Dec 2024	£2.36m p.a. £55.00 per sq ft
Rent increase Dec 2026	£2.43m p.a. £56.65 per sq ft
Further rent increases	Fixed uplifts of 3% pa from Dec 2026
Rent at Dec 2028	£2.58m p.a. £60.10 per sq ft

Source: CBRE, Schroders.

Key ongoing asset management initiatives

Potential to generate c. £1 million+ p.a. of new rent following high quality refurbishments

	St John's Retail Park, Bedford and Watling Street, Bletchley – Starbucks lettings	The Tun, Edinburgh – new lettings
Asset		
Incremental rent (p.a.)	£260,000	£220,000
Estimated end value	£4 million (estimate) (Value £1.9 million at 31 December 2023)	£12 million (estimate) (Value £10.1 million at 31 December 2023)
Cost to build / capex	£1.7 million remaining (Of £1.7 million total budget)	Nil remaining (Of £2.0 million total budget)
Description	– Well located retail warehouse assets in densely populated urban areas with growing local catchments, combined total value £38.2 million – 15-year leases without breaks, with rent reviews every fifth year linked to RPI, with a collar of 1% p.a. and a cap of 3% p.a. – Starbucks constructed the restaurants to a minimum BREEAM rating of 'Very Good', with PV and EV – Capex paid on completion, expected shortly	– 42,000 sq ft office, valued at £10.1 million, reflecting a net initial yield of 5.9% and a reversionary yield of 9.0% – Sustainability-driven asset management initiatives included refurbishing vacant space to achieve EPC A with improved natural light and fresh air, and plans to increase building's end of journey provision – Subsequent leisure and office lettings completed at £87,000 p.a., increasing total occupancy to 80%, with remaining offices under offer above the ERV

Source: Schroders Capital, data as at 31 December 2023.

Key ongoing asset management initiatives

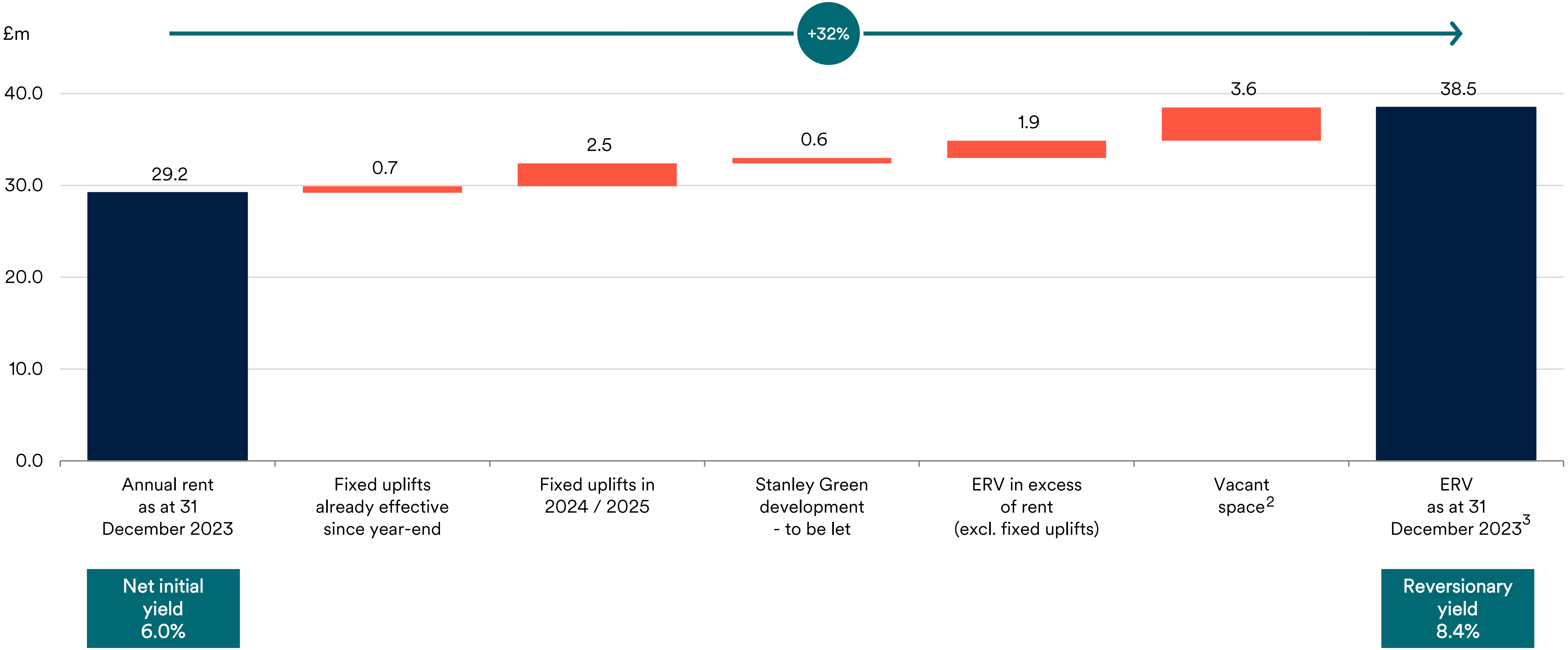
Potential to generate c. £1 million+ p.a. of new rent following high quality refurbishments

	Stirling Court, Swindon – new lettings	Churchill Way West, Salisbury – potential supermarket interest
Asset		
Incremental rent (p.a.)	£450,000	£170,000
Estimated end value	£9 million (estimate) (Value £7.4 million at 31 December 2023)	£11.5 million (estimate) (Value £8.4 million at 31 December 2023)
Cost to build / capex	£0.2 million remaining (Of £1.4 million total budget)	£1.2 million (Of £1.2 million total budget)
Description	– Three industrial units totalling 85,300 sq ft in an established location, valued at £6.7 million, reflecting a reversionary yield of 9.25% – Refurbishing to achieve EPC B, including rooftop PV panels – First letting completed at £186,500 p.a. (£7.26 per sq ft) with a target rent for remaining two units c. £450,000 p.a. (£7.50 per sq ft) – One under offer at £8.00 per sq ft, with good interest in the remaining unit	– Three unit, 50,000 sq ft, retail warehouse terrace located close to Salisbury city centre, adjoining a large format Waitrose supermarket – Currently let to Sportsdirect, TK Maxx (t/a Homesense) and Smyths Toys producing £700,000 p.a. or an average rent of £14 per sq ft. – TK Maxx and Homesense vacating in Q1 2025, and terms agreed to lease three quarters of the returned space to a supermarket on a new 25-year lease at £20 per sq ft. Deal subject to planning and energy efficient refurbishment including PV installation

Source: Schroders Capital, data as at 31 December 2023.

Operational excellence in asset management

Attractive reversionary income yield of 8.4% (Benchmark[1] 6.1%)



Past performance is not a guide to future performance and may not be repeated. The value of investments and the income from them may go down as well as up and investors may not get back the amounts originally invested. Notes: [1]The MSCI UK Balanced Portfolios Quarterly Property Index as at 31 December 2023. [2]Excluding Stanley Green Trading Estate development which is shown separately in this analysis, and lettings of void space that have occurred with the uplift in annual rent shown in fixed uplifts. [3]Assumes no acquisitions or disposals are made.

CLOSING SUMMARY

Closing summary

- UK real estate market correction now stabilising, supported by limited development, positive rental value growth, slowing inflation and expectation of falling interest rates
- Underlying portfolio continues to deliver strong relative outperformance vs. peers, driven by a higher income return
- Significant potential to drive earnings growth through a high portfolio reversion, ongoing asset management and long-term, low-cost debt
- Formalising sustainability at the centre of the investment proposition could enhance returns and differentiate the Company

Source: Schroders, March 2024.

APPENDIX

Diversified portfolio of assets with good fundamentals

Offering significant asset management potential

#	Property	Sector	Value (£m)[1]	% Portfolio[1]
1	Milton Keynes, Stacey Bushes Industrial Estate	Industrial	51.2	11.2
2	Leeds, Millshaw Park Industrial Estate	Industrial	44.7	9.8
3	Cheadle, Stanley Green Trading Estate	Industrial	39.9	8.7
4	London, University of Law Campus (50% share)	Office/university	38.4	8.4
5	Manchester, City Tower (25% share)	Office/hotel/retail	30.2	6.6
6	Bedford, St. John's Retail Park	Retail warehouse	29.2	6.4
7	Chippenham, Langley Park Industrial Estate	Industrial	25.5	5.6
8	Norwich, Union Park Industrial Estate	Industrial	22.1	4.8
9	Leeds, Headingley Central	Hotel/retail	20.5	4.5
10	Birkenhead, Valley Park Industrial Estate	Industrial	12.3	2.7
11	Telford, Horton Park Industrial Estate	Industrial	12.3	2.7
12	Manchester, St Ann's House	Office/retail	12.0	2.6
13	Uxbridge, 106 Oxford Road	Office/university	11.1	2.4
14	Edinburgh, The Tun	Office	10.1	2.2
15	Milton Keynes, Matalan	Retail warehouse	9.0	2.0
	Sub-total top 15 properties		368.3	80.5

Cheadle, Stanley Green Trading Estate

Stacey Bushes Ind Est – 19 Hollin Lane

Notes: Portfolio data as at 31 December 2023. [1]Column does not sum due to rounding.

Attractive and granular tenant base increases resilience

Focused on operational excellence to attract occupiers on better terms

#	Tenant	Annual rent (£m)	% of portfolio[1]
1	University of Law Limited	2.00	6.85
2	Siemens Mobility Limited*	1.23	4.21
3	Express Bi Folding Doors Limited	1.15	3.94
4	Jupiter Hotels Limited	0.65	2.23
5	Buckinghamshire New University**	0.57	1.95
6	Matalan Retail Limited	0.51	1.75
7	The Secretary of State	0.47	1.61
8	Cineworld Cinema Properties Ltd	0.47	1.61
9	TK Maxx HomeSense	0.46	1.58
10	Premier Inn Hotels Limited	0.42	1.44
11	IXYS UK Westcode Limited	0.41	1.40
12	Lidl Great Britain Limited	0.40	1.37
13	Ingeus UK Limited	0.40	1.37
14	Wickes Limited	0.39	1.34
15	Balfour Beatty Group Limited	0.37	1.27
Total for the top 15 tenants by annual rent		9.90	33.90

Analysis of lease structures

Lease type	% of annual rent
Inflation linked	13%
Fixed uplifts	10%
OMV RRs or flat rent to expiry	77%
Total	100%

Notes: Portfolio data as at 31 December 2023. [1]Column does not sum due to rounding. *Rent to increase to £1.44 million from September 2024 due to new lease at Stanley Green Trading Estate. **Rent to increase to £1.3 million from January 2024.

Void analysis

12.0% within ten-year range of 5-13% (9.7% excluding the vacant new units at Stanley Green)

Asset	Void ERV as at 31 Dec 2023	Void ERV as a % of portfolio ERV	Under refurb	Let or under offer	Comment
Cheadle, Stanley Green Trading Est (Industrial)	£964,637	2.5%	-	1.9%	Vacant new units - target to be let in full by the end of the financial year
Manchester, City Tower (Mixed-use)	£752,168	1.9%	0.2%	0.1%	Capex to be spent on improvements to vacant workspace and circulation space
Milton Keynes, Stacey Bushes (Industrial)	£545,260	1.4%	-	0.4%	19 Hollin Lane refurbishment now complete. Marketing other units to be relet
Swindon, 21/27 Stirling (Industrial)	£444,680	1.2%	-	-	Two of three units recently refurbished with one under offer ahead of ERV
Marlow, Pacific House (Office)	£386,075	1.0%	-	-	Unit recently vacated, pursuing VP sale
Northampton, Century House & Peterbridge House (Office)	£210,549	0.5%	0.5%	-	Under refurb to relet at a higher rental tone
Edinburgh, The Tun (Office)	£199,152	0.5%	-	0.5%	Works complete with one remaining unit to let which is under offer ahead of ERV
York, Clifton Park (Office)	£185,600	0.5%	-	-	Ongoing refurbishment to improve communal spaces. Marketing units to be relet
Leeds, Headingley Central (Mixed-use)	£185,250	0.5%	-	0.1%	Mainly former office space, working up interest from leisure operators
Norwich, Union Park (Industrial)	£147,192	0.4%	-	-	Marketing units to be let
Aggregate other void	£593,341	1.5%	0.0%	0.0%	
Total	£4,613,903	12.0%	0.7%	3.0%	

Impact of refinancing charge in October 2019

This is no longer in the three-year NAV performance

Discrete yearly performance (%)	12 months to Dec-2023	12 months to Dec-2022	12 months to Dec-2021	12 months to Dec-2020	12 months to Dec-2019
Share Price[1]	13.3	-16.0	45.3	-26.5	1.3
SREIT NAV Total Returns[2]	0.0	-8.1	24.9	-2.4	-6.9
SREIT Real Estate Total Returns[3]	2.8	-2.9	19.2	0.7	3.9
MSCI Balanced Monthly and Quarterly Index funds[3]	-2.0	-9.1	16.7	-1.4	1.7

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

Schroder Real Estate Investment Trust – Risk Considerations:

Investments in real estate are relatively illiquid and more difficult to realise than equities or bonds. Yields may vary and are not guaranteed. The use of gearing is likely to lead to volatility in the Net Asset Value ('NAV') meaning that a relatively small movement either down or up in the value of the Company's total assets will result in a magnified movement in the same direction of that NAV. There is no guarantee that the market price of shares in Investment Companies such as SREIT will fully reflect their underlying NAV. The value of real estate is a matter of a valuer's opinion rather than fact.

The trust may be concentrated in a limited number of geographic regions, industry sectors, markets and/or individual positions. This may result in large changes in the value of the fund, both up or down, which may adversely impact the performance of the funds.

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.

Source: [1]Schroders, LSEG, bid to bid price with net income reinvested in GBP. [2]The Company completed the refinancing of its £129.6 million loan with Canada Life in October 2019. This extended the average maturity from 8.5 to 16.5 years and reduced the interest rate from 4.4% to 2.5% per annum. The refinancing generated an immediate interest saving of £2.5 million per annum. The refinancing incurred a one-off cost of £27.4 million. [3]MSCI Balanced Monthly and Quarterly Index funds (including indirect investments on a like-for-like basis).

Like-for-like capital growth net of capex

	Qtr to Mar 23	Qtr to Jun 23	Qtr to Sept 23	Qtr to Dec 23	6 months to Dec 2023	12 months to Dec 2023	3 years to Dec 2023	5 years to Dec 2023
Portfolio								
Industrial	1.3%	1.8%	0.9%	-1.5%	-0.6%	2.5%	7.1%	5.3%
Offices	-2.5%	-4.2%	-2.7%	-1.6%	-4.3%	-10.6%	-7.2%	-5.0%
Retail warehouse	2.1%	0.0%	-3.0%	-3.4%	-6.3%	-4.3%	1.4%	-3.8%
Standard retail	-6.0%	2.4%	-1.4%	-0.3%	-1.7%	-5.3%	-7.4%	-10.0%
Other	0.0%	0.0%	-4.4%	-1.2%	-5.6%	-5.6%	0.4%	-7.8%
All property	**-0.5%**	**-0.3%**	**-0.9%**	**-1.6%**	**-2.6%**	**-3.3%**	**-0.2%**	**-1.6%**
Benchmark								
Industrial	-0.6%	1.0%	0.1%	-1.2%	-1.0%	-0.7%	2.5%	3.0%
Offices	-2.7%	-4.3%	-4.4%	-4.2%	-8.3%	-14.6%	-8.6%	-6.2%
Retail warehouse	0.6%	0.7%	-2.2%	-3.2%	-5.4%	-4.2%	1.1%	-5.4%
Standard retail	-1.5%	-1.3%	-2.1%	-3.0%	-5.0%	-7.7%	-6.2%	-7.5%
Other	-1.2%	-1.1%	-1.7%	-1.6%	-3.3%	-5.5%	-3.1%	-2.9%
All property	**-1.3%**	**-1.1%**	**-1.8%**	**-2.3%**	**-4.1%**	**-6.3%**	**-2.8%**	**-3.3%**
Relative								
Industrial	1.9%	0.8%	0.7%	-0.3%	0.4%	3.2%	4.5%	2.3%
Offices	0.2%	0.1%	1.6%	2.5%	4.0%	4.0%	1.4%	1.2%
Retail warehouse	1.5%	-0.6%	-0.7%	-0.2%	-0.9%	-0.1%	0.3%	1.6%
Standard retail	-4.5%	3.7%	0.7%	2.7%	3.3%	2.3%	-1.2%	-2.5%
Other	1.2%	1.1%	-2.7%	0.4%	-2.3%	-0.1%	3.4%	-4.9%
All property	**0.8%**	**0.8%**	**0.9%**	**0.7%**	**1.6%**	**3.0%**	**2.6%**	**1.7%**

Source: Schroders, MSCI, 2024
Reference to 'Benchmark' is the MSCI UK Balanced Portfolios Quarterly Property Index.

Debt details as at 31 December 2023

Consolidated net LTV is 36.6% versus target long-term strategic range of 25–35%

- The Company has two debt facilities – a £129.6 million long term fixed loan and a £75.0 million revolving credit facility – providing operational flexibility
- The covenants as at 31 December 2023 in the table below are based on:
  - Total debt of £175.6 million (which includes a drawn balance of £46.0 million in relation to the RCF)
  - Portfolio value of £457.8 million and cash of £8.2 million (including cash held in Joint Ventures)

Lender		Loan (£m)	Maturity	Total interest rate (%)	Assets value (£m)	Cash (£m)	Net loan to value ratio (%)[1]	LTV ratio covenant (%)[1]	ICR (%)[2]	ICR covenant (%)[2]	Forward ICR (%)[2]	Forward ICR covenant (%)[2]	Maximum valuation decline to breach (%)[3]	Maximum net rent decline to breach (%)[4]
Canada Life		129.6	50%: 15/10/2032 50%: 15/10/2039	2.5[5]	261.3	2.4	48.7	65	621	185	468	185	-25	-60
RBSI	Uncapped	15.5	06/06/2027	6.8[6]	157.1	0.0	29.3	65[7]	328	N/A	237	200	-55	-16
RBSI	Capped	30.5	06/06/2027	5.9[8]										
Uncharged assets					39.4	5.8								
Total		175.6		3.5[9]	457.8	8.2	36.6							

Source: Schroders, December 2023. [1]Loan to Value ('LTV') is the loan balance divided by the property value as at 31 December 2023. [2]Calculated by dividing the rental income received for the quarter preceding the Interest Payment Date ('IPD'), less void rates, void service charge and void insurance, by the interest paid in the same quarter. In addition, there is a projected Interest Cover Ratio ('ICR') covenant for the four quarters following the IPD calculated by dividing the forecast contracted rent for the four quarters following the period end, less forecast void rates, void service charge and void insurance, by forecast interest paid. [3]Maximum valuation decline is based on the existing security pool. If uncharged assets were added to the security pool, and after utilising available cash, the maximum decline on the Canada Life portfolio prior to a covenant breach would be -38% (RBS: -70%). [4]Maximum rental decline is based on the existing security pool. If uncharged assets were added to the security pool, the maximum decline on the Canada Life portfolio prior to a covenant breach would be -64% (RBS: -31%). [5]Blended fixed interest rate. [6]Total interest rate as at 31 December 2023 comprising SONIA of 5.19% and the margin of 1.65% at an LTV below 60% and a margin of 1.95% above 60% LTV. Interest rate of 0.62% on unutilised RCF. [7]Covenant 65% for Y1-3 and 60% for Y4-5. [8]The cost of debt with SONIA capped at 4.25%. [9]The fully drawn cost of debt would be 3.9% per annum.

Risk Considerations

Prospective Investors should be aware of the associated risks and special factors of the Real Estate asset class which are not related to investments in traditional listed instruments. Attention is drawn to the following specific risks:

Credit risk	A decline in the financial health of an issuer could cause the value of its bonds, loans or other debt instruments to fall or become worthless.
Currency risk	The fund may lose value as a result of movements in foreign exchange rates.
Interest rate risk	The fund may lose value as a direct result of interest rate changes.
Liquidity risk	The fund is investing in illiquid instruments. Illiquidity increases the risks that the fund will be unable to sell its holdings in a timely manner in order to meet his financial obligations at a given point in time. It may also mean that there could be delays in investing committed capital into the asset class.
Market risk	The value of investments can go up and down and an investor may not get back the amount initially invested.
Operational risk	Operational processes, including those related to the safekeeping of assets, may fail. This may result in losses to the fund.
Performance Risk	Investment objectives express an intended result but there is no guarantee that such a result will be achieved. Depending on market conditions and the macro economic environment, investment objectives may become more difficult to achieve.
Property development risk	The Fund may invest in property development which may be subject to risks including, risks relating to planning and other regulatory approvals, the cost and timely completion of construction, general market and letting risk, and the availability of both construction and permanent financing on favourable terms.
Real estate and property risk	Real estate investments are subject to a variety of risk conditions such as economic conditions, changes in laws (e.g. environmental and zoning) and other influences on the market.
Concentration risk	The company may be concentrated in a limited number of geographical regions, industry sectors, markets and/or individual positions. This may result in large changes in the value of the company, both up or down, which may adversely impact the performance of the company.
Gearing risk	The company may borrow money to make further investments, this is known as gearing. Gearing will increase returns if the value of the investments purchased increase by more than the cost of borrowing, or reduce returns if they fail to do so. In falling markets, the whole of the value in that investment could be lost, which would result in losses to the fund.

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Marketing material.

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