

# Lewisham Borough Council

## Schroder Real Estate Capital Partners

Representing Schroders:



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**2 September 2015**



**Schroders**

# Contents

- Business overview
- Market overview
- Portfolio
  - Overview
  - Performance to Q2 2015
  - Investment activity
- Strategy
- Appendices

# Business overview

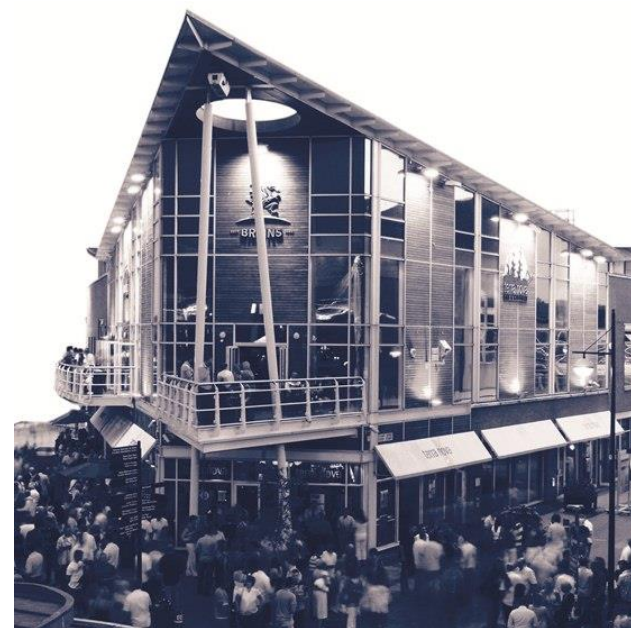


**Schroders**

# Business overview

## Schroder Real Estate Capital Partners

- Managed indirect real estate mandates since 1997
- £3.4 billion under management as at 30 June 2015
- £512 million traded in 2014, c. 2/3 via the secondary market
- Average purchase cost over five years +1.4% (to December 2014)
- 23 segregated clients
- Two closed-ended continental European funds
- Two open-ended UK funds
- Six Schroder RECaP Partnerships



Source: Schroders, June 2015.

# Business overview

APPENDIX I: SCHRODERS PRESENTATION

Stable, dedicated and experienced team

## Schroder Real Estate Capital Partners Team

Team	Position	Responsibility
Graeme Rutter (20 years)	Head of RECaP	Business management, portfolio management & strategy
Tony Doherty (15 years)	Portfolio Manager	Portfolio management & strategy, product sourcing & creation
Keeran Kang (8 years)	Portfolio Manager	Portfolio management & strategy, fund monitoring
Patrick Bone (8 years)	Fund Analyst	Fund monitoring & analysis, portfolio modelling, risk analysis
Gianlorenzo Paoletta (7 years)	Fund Analyst	Fund monitoring & analysis, portfolio modelling, risk analysis
Marsha Reid (24 years)*	Fund Manager Assistant	Trade processing and risk monitoring
Jagjeet Saini (4 years)*	Fund Manager Assistant	Trade processing and risk monitoring
Ekaterina Drake (9 years)	Executive Assistant	Team support

Source: Schroders, June 2015. Numbers in brackets indicate years of experience

\* Property Investment Support

# Market overview



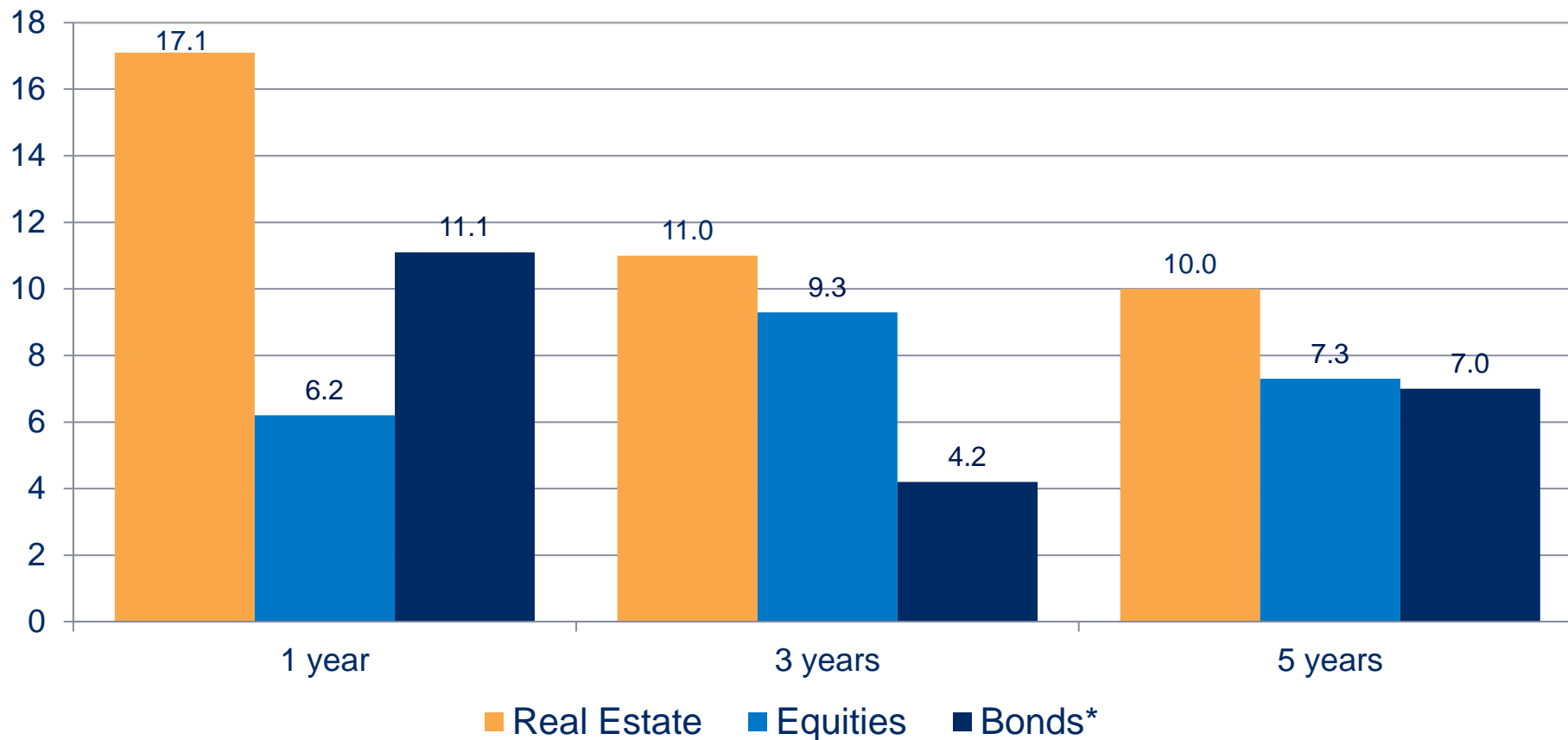
**Schroders**

# UK market overview

APPENDIX I: SCHRODERS PRESENTATION

## Strong returns from UK commercial real estate

Total returns % (pa)



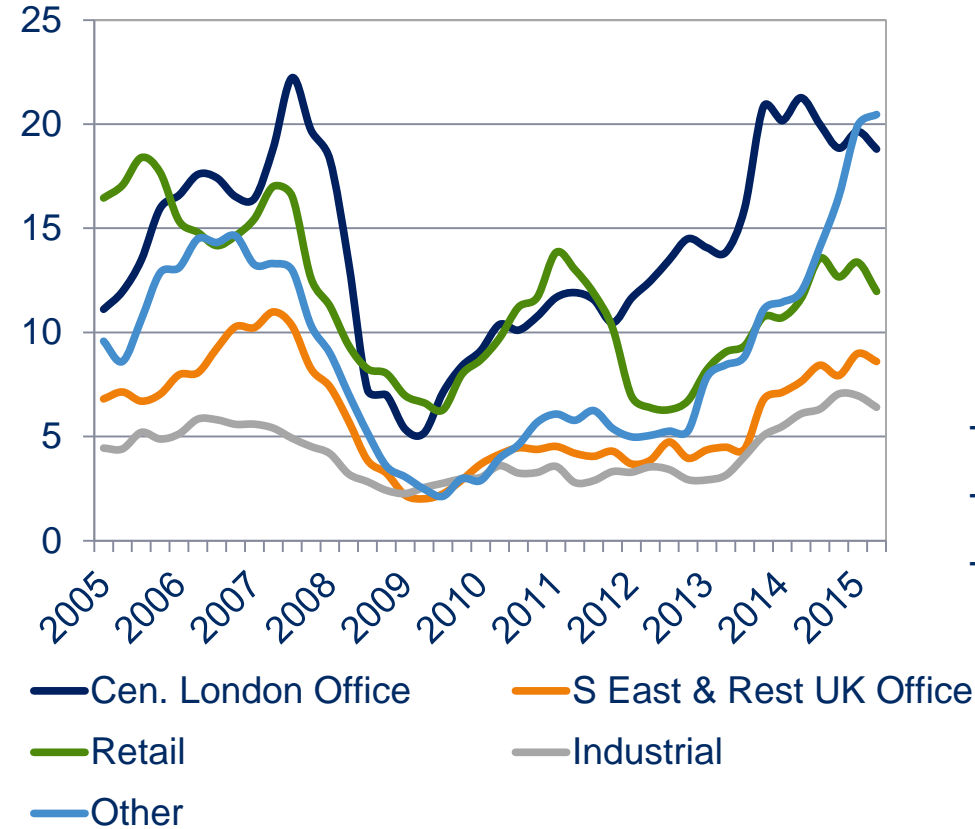
Source: IPD, JPMorgan 30 June 2015 \*7-10 yrs

# UK real estate investment market

Broad recovery in liquidity, driven by institutions and foreign investors

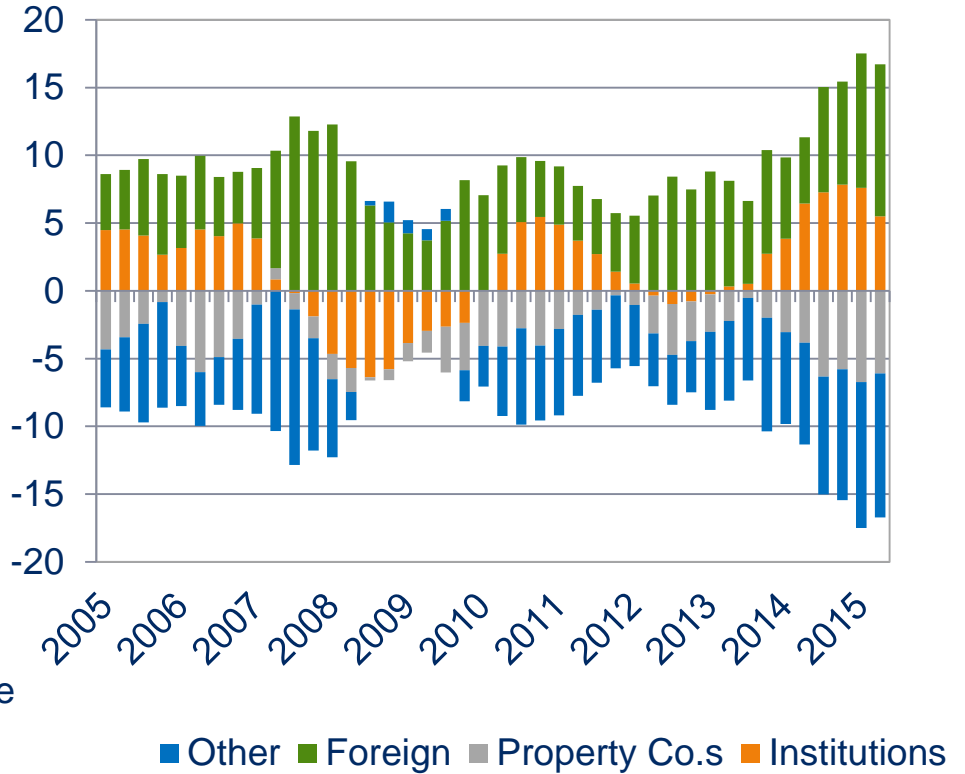
## Transactions by broad sector

£ billion, 4 quarter moving total



## Net trading by investor

£ billion, 4 quarter moving total



Source: Investment Property Databank, June 2015. Net trading = purchases – sales.

Other investors included occupiers and banks. Note that late reporting means that figures for the last two quarters are often subsequently revised up.

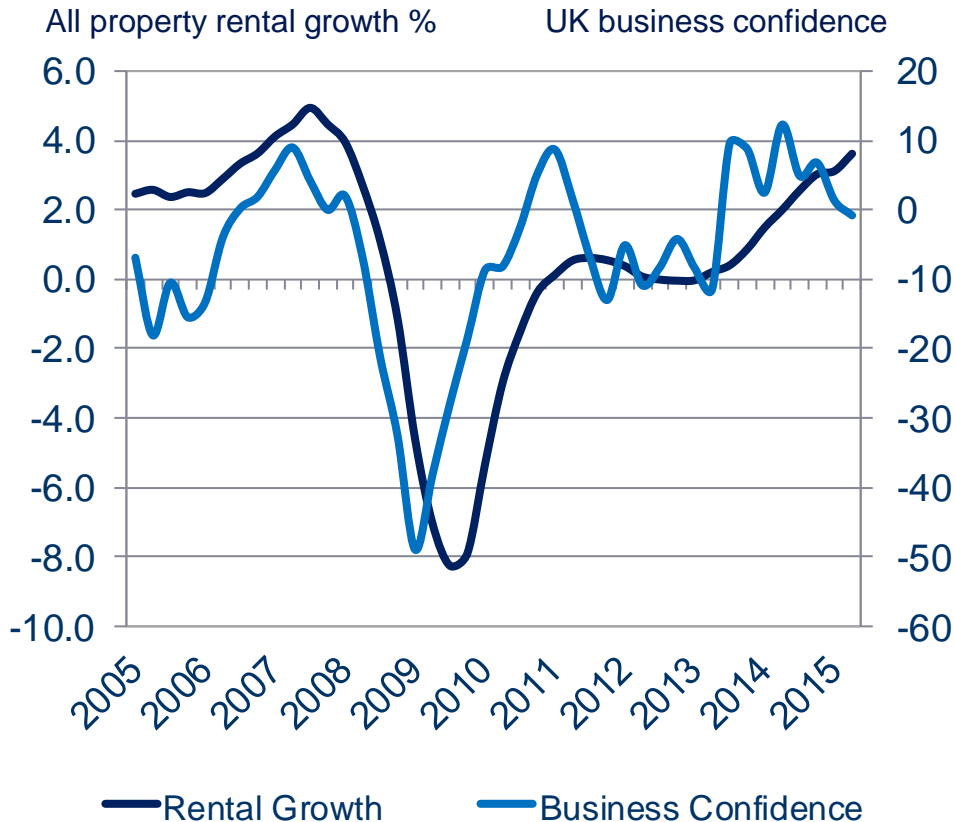


# Rental value growth

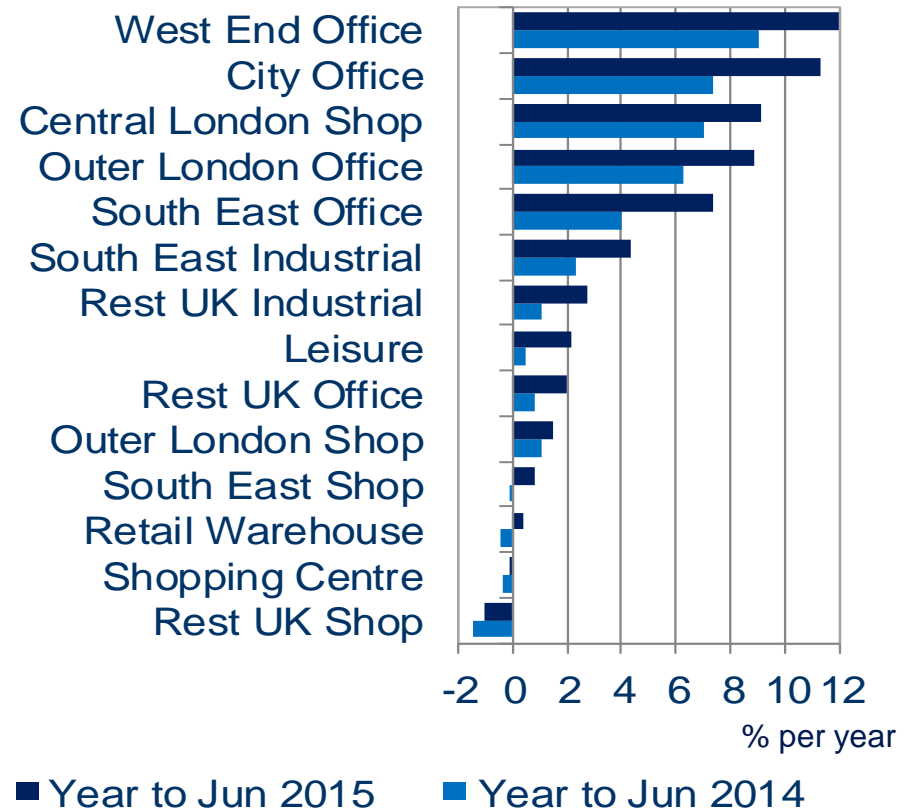
APPENDIX I: SCHRODERS PRESENTATION

Stronger tenant demand is now lifting rental values outside London

## Business confidence and rental growth



## Rental value growth by segment



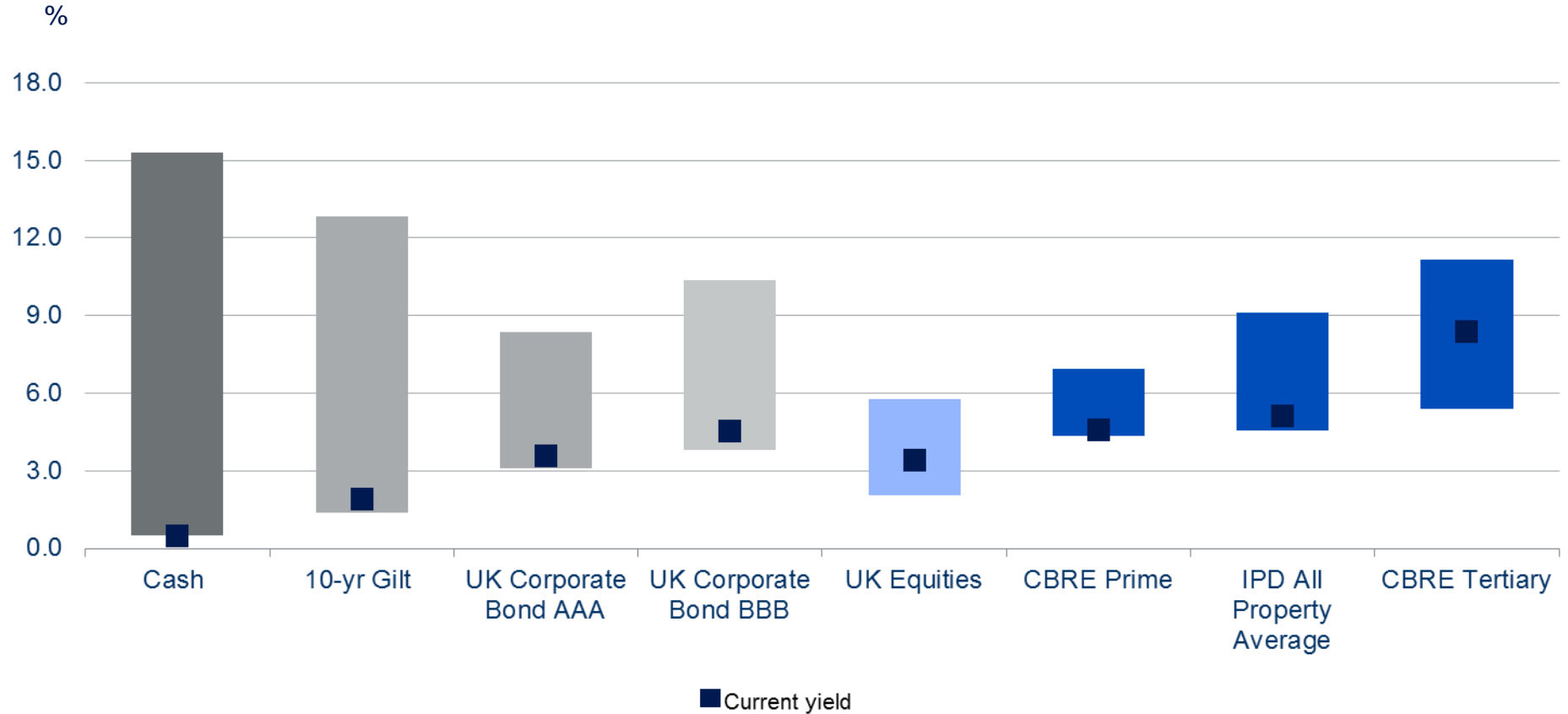
Source: MSCI, ONS. June 2015.

# Current asset pricing

APPENDIX I: SCHRODERS PRESENTATION

## Relative to historical ranges in yields

### Current yield versus long term ranges\*



\*Longest time period selected for each data series, based on availability of data, so 'long term' covers varying time periods. Shortest time period relates to prime and tertiary UK real estate (15 years). Other data covers 19 year periods or longer.

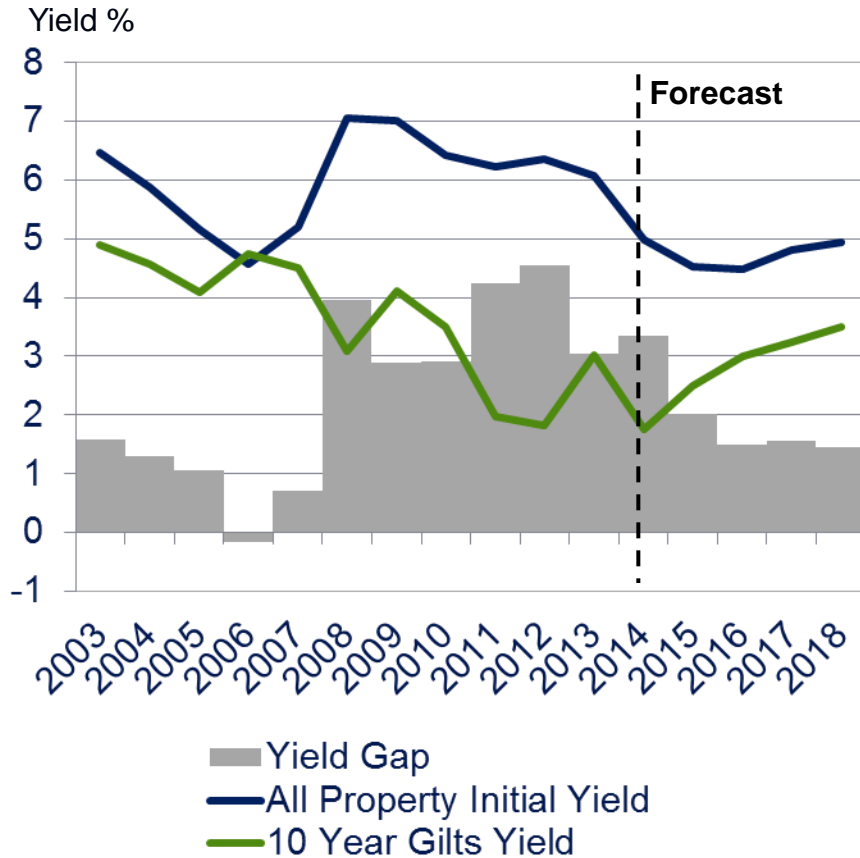
Source: Schroders, Datastream, August 2015

# Property & gilts yields

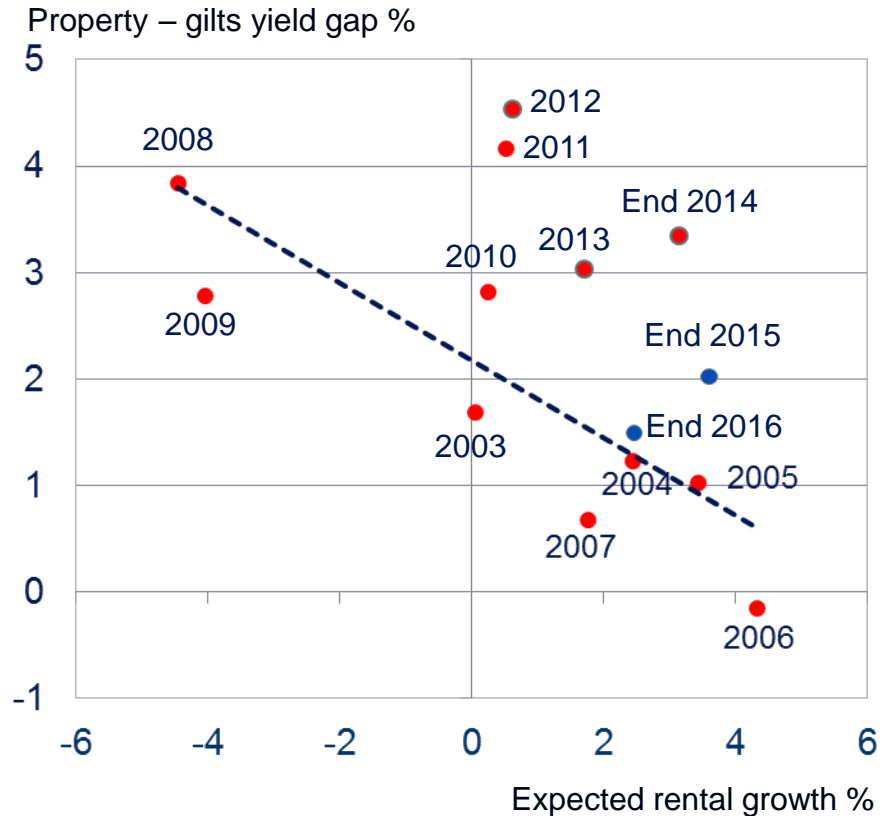
APPENDIX I: SCHRODERS PRESENTATION

## Yield gap could cease to look generous by end-2016

### All Property Initial Yield vs 10 Year Gilts



### Yield Gap and Rental Expectations

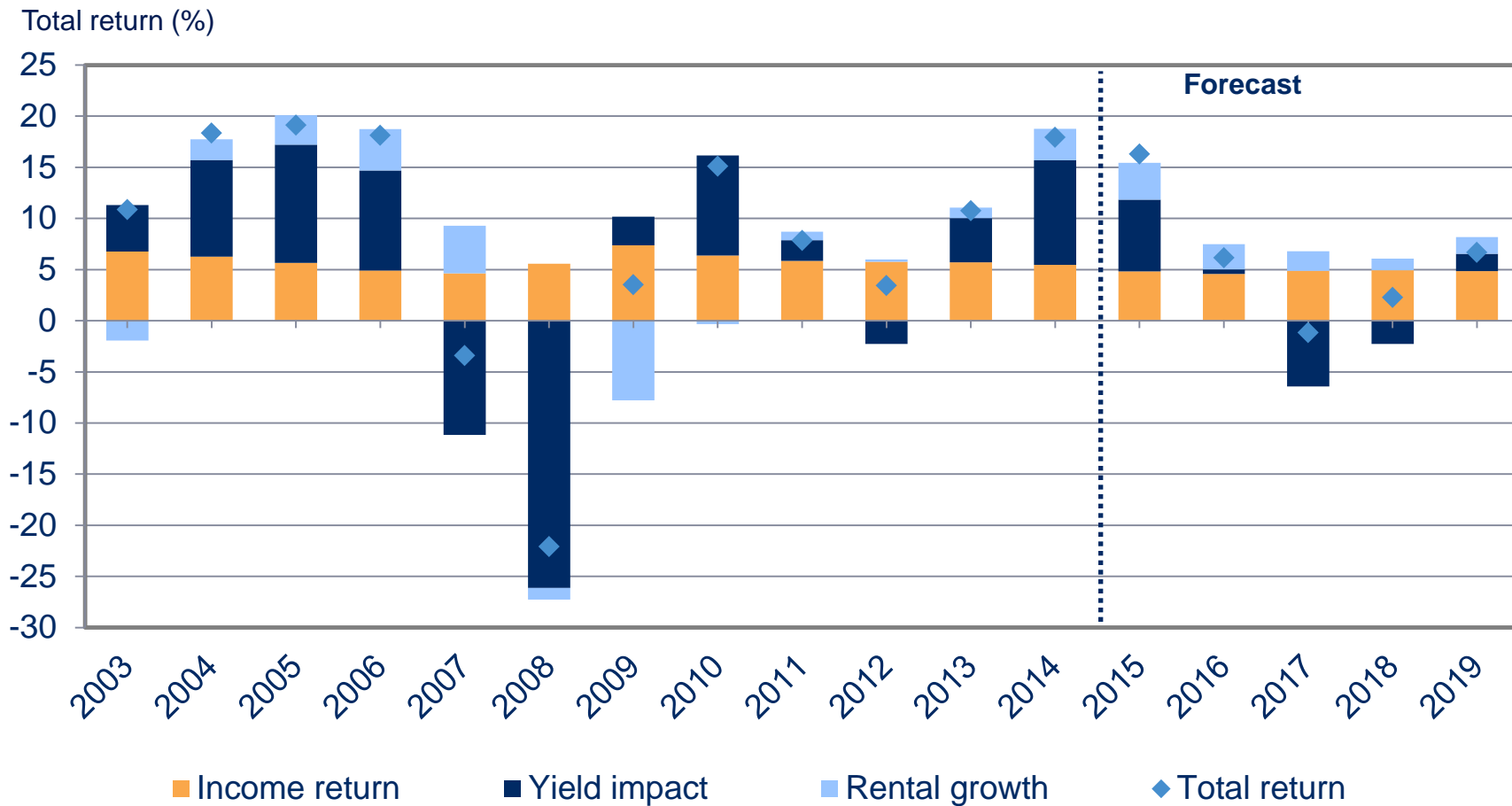


Source: Datastream, IPD, IPF Consensus Forecasts, Schroders. June 2015.

Note. Expected rental growth is the average of the last 12 months and forecast rental growth over for the next 12 months. Regression based on 2003-2011.

# UK total return forecasts

Strong 2015, but possibility of a limited correction in values in 2-3 years time



Source: IPD, Schroders. July 2015.

Note. The forecasts should be regarded as illustrative of trends. Actual figures will differ from forecasts. Please see Important Information regarding forecasts.

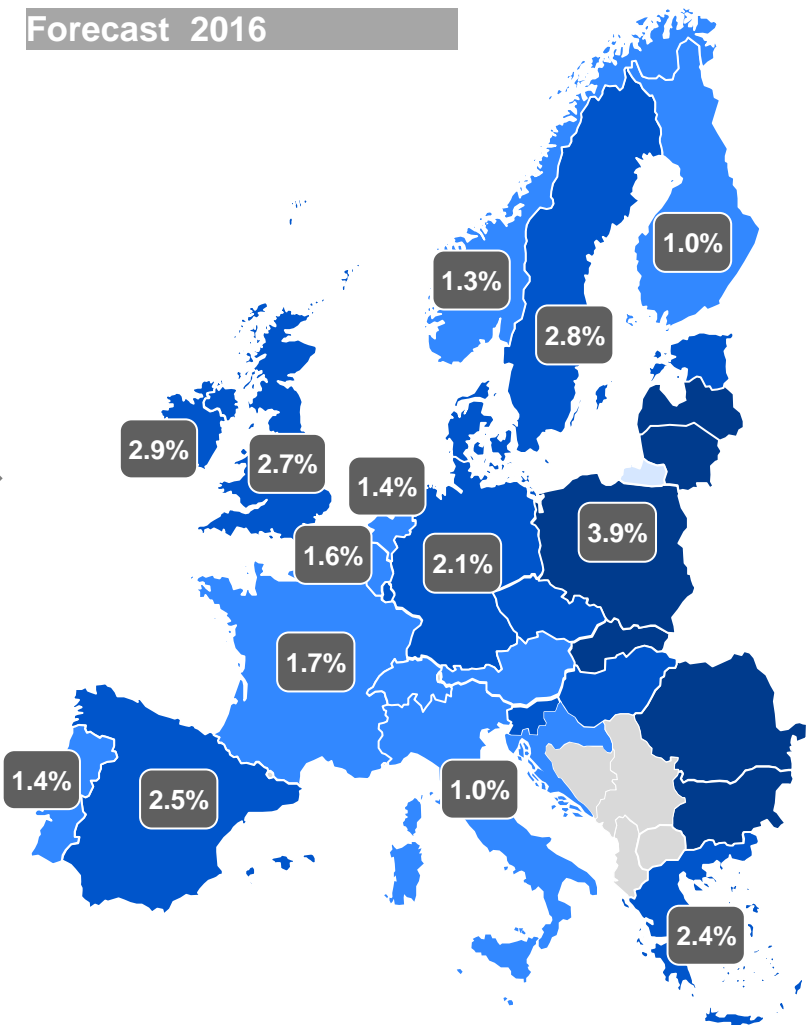
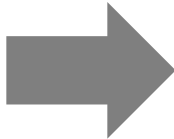
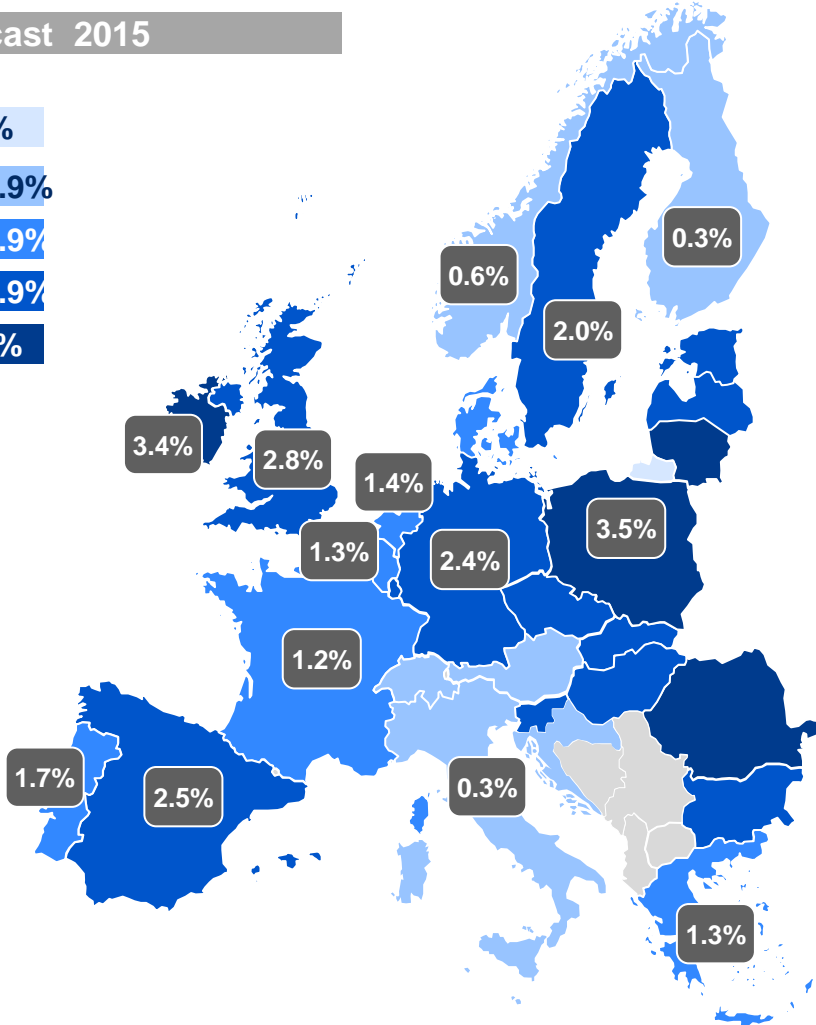
# European economy is finally recovering

## Real GDP Growth forecast (%pa)

Forecast 2015

Forecast 2016

- < 0%
- 0.0 – 0.9%
- 1.0 – 1.9%
- 2.0 – 2.9%
- > 3.0%

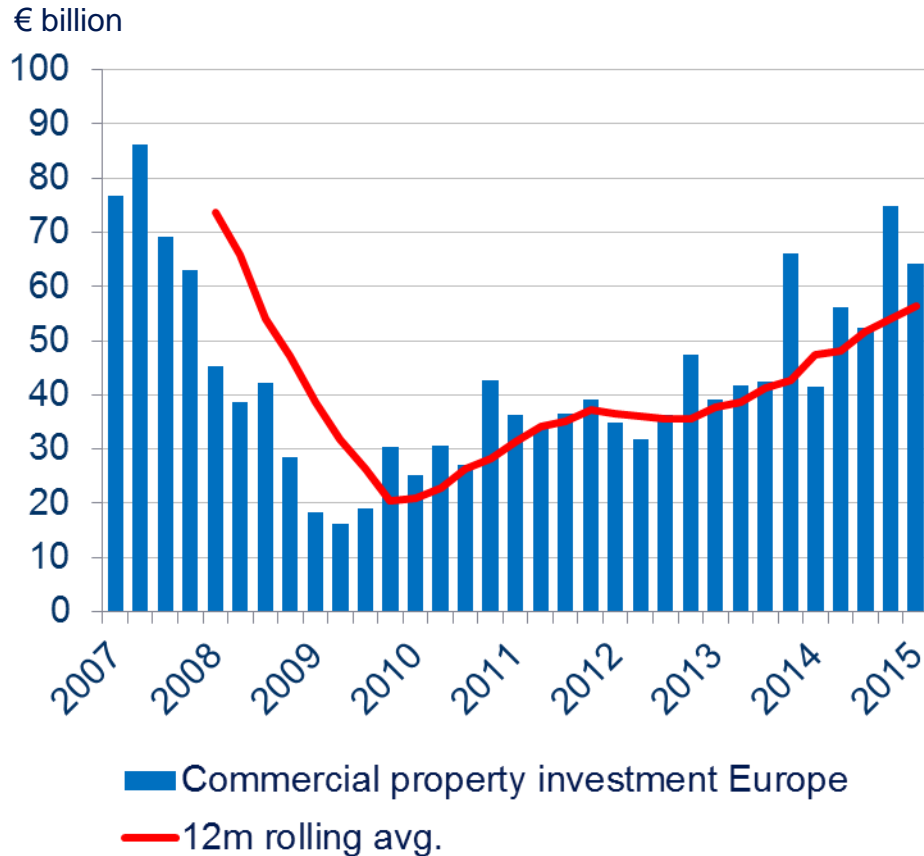


Source: Oxford Economics, Schroders, April 2015

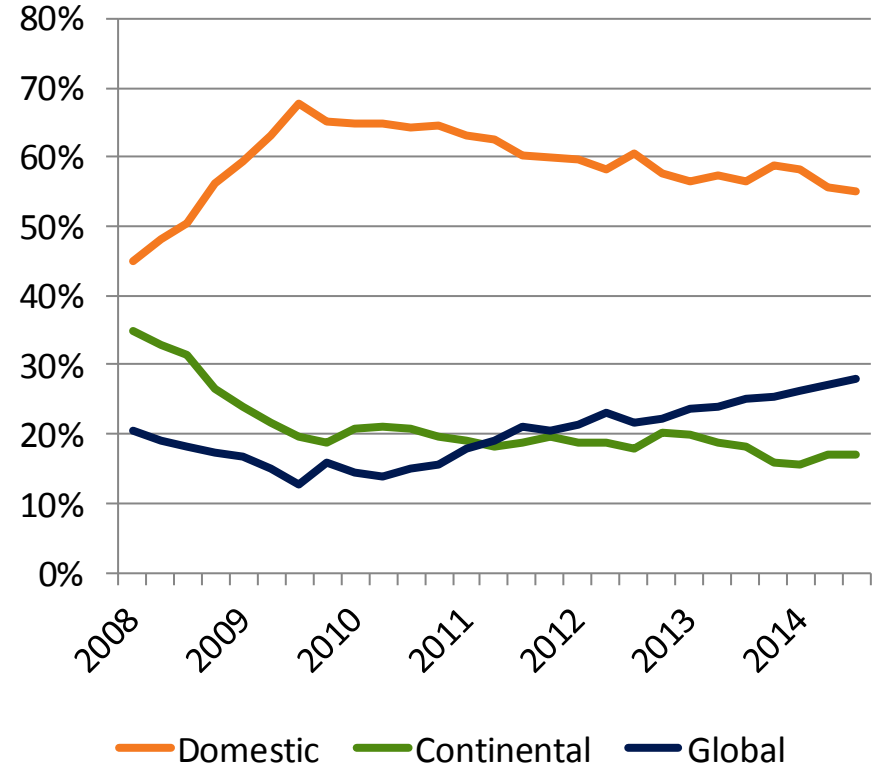
# European investment transactions

APPENDIX I: SCHROEDERS PRESENTATION

Liquidity has returned, with growing demand from North America & Asia



## Sources of Capital, % of Total



Source: Real Capital Analytics, Schroders. April 2015.

Note that late reporting means figures for last two quarters are often subsequently revised up. Transaction activity is also to some extent seasonal.

# Portfolio

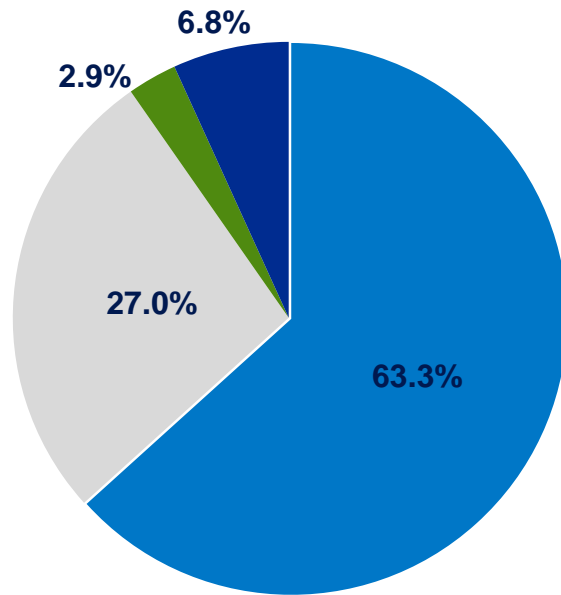


**Schroders**

# Portfolio

## Lewisham Pension Fund, June 2015

### Breakdown by style and region



- Balanced - UK
- Specialist - UK
- Specialist - Europe
- Cash

Source: Schroders, 30 June 2015

\* As at 17<sup>th</sup> August 2015 the funding for these commitments is fully covered following receipt of further investment income and capital returned from TSTRAT IV

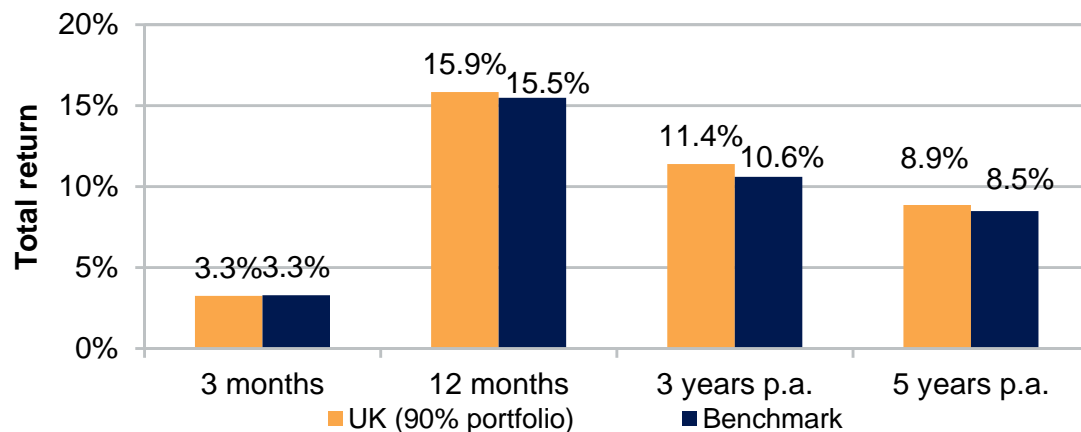
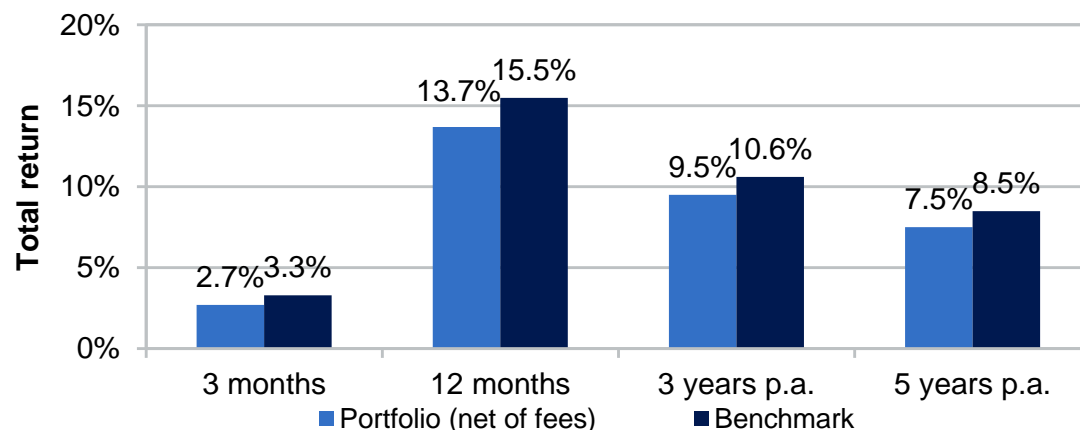
### Portfolio statistics

Portfolio valuation	£92,756,403
Number of investments	14 UK 1 Europe
Portfolio cash	£6,268,492
Portfolio undrawn commitments	£7,500,000*
Portfolio cash net of all commitments	Nil



# Portfolio

## Portfolio total returns net of fees versus benchmark, June 2015



### Objective

To outperform the Benchmark<sup>1</sup> by 0.75% net of fees over three year rolling periods

### Key messages

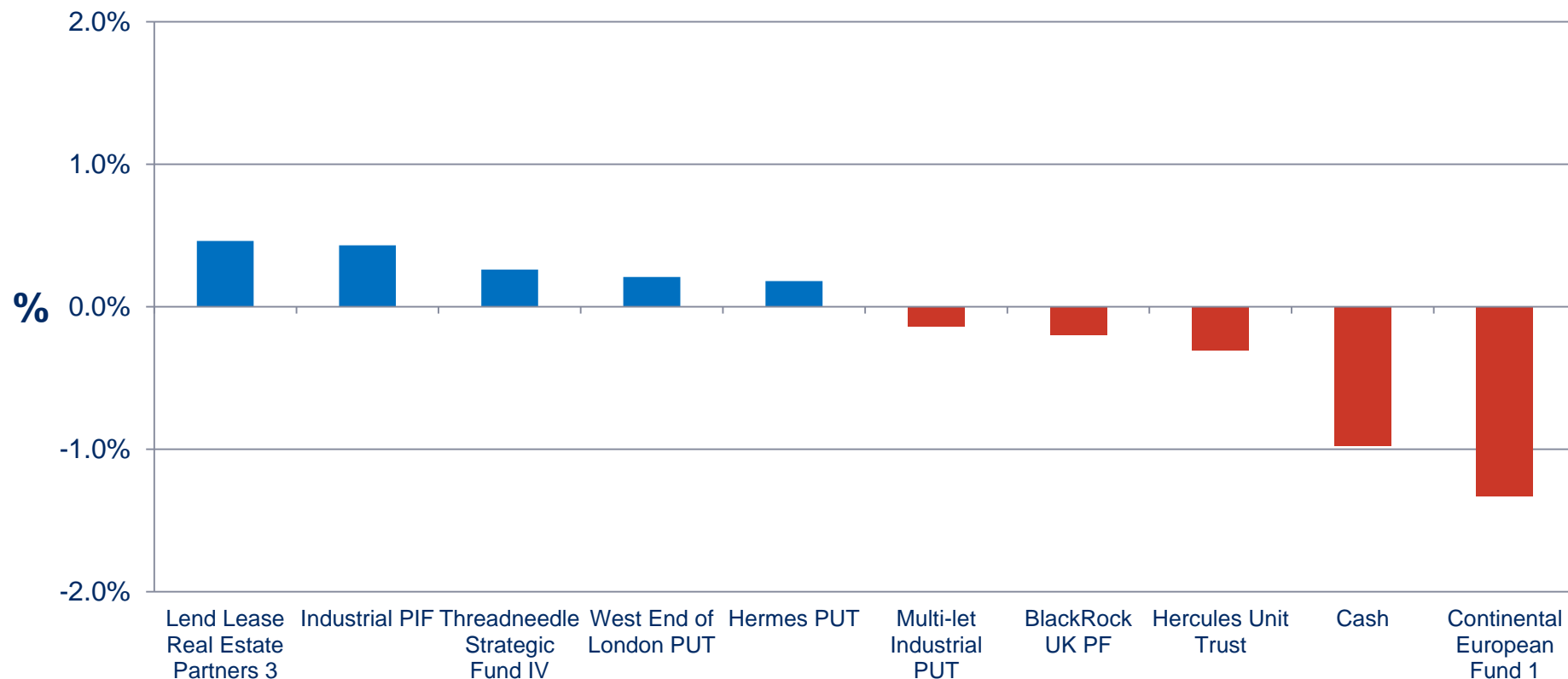
- Absolute returns are strong.
- The UK portfolio (90% by value) is outperforming target over three years and the benchmark over one, three and five years net of fees.
- The European allocation (3% by value) has diluted aggregate portfolio returns relative to the UK-only benchmark.

Source: Schroders, 30 June 2015. <sup>1</sup> Benchmark is AREF/IPD Quarterly Property Fund Indices - All Balanced Funds (Weighted Average).

# Portfolio

## Performance attribution, twelve months to 30 June 2015

### Total return attribution relative to benchmark\* by top and bottom five contributors



\*Benchmark is AREF/IPD UK Pooled Property Fund Indices All Balanced Funds Weighted Average. Attribution is presented gross of fees.

Source: Schroders and AREF/IPD UK Pooled Property Fund Indices, 30 June 2015. Past Performance is not a guide to future performance and may not be repeated.

Please refer to the Important Information at the back of this document regarding past performance.

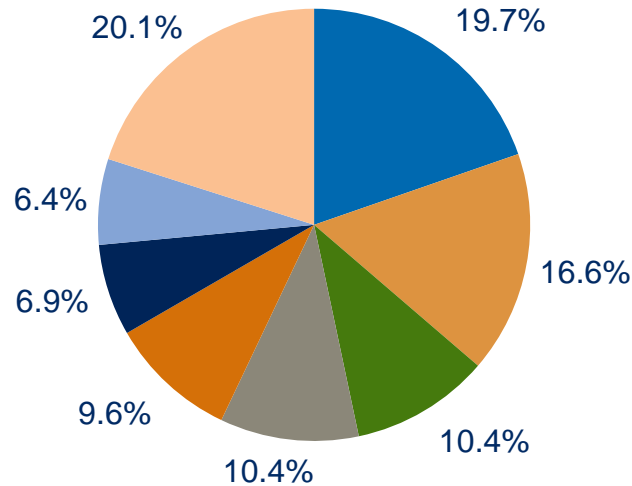
# Schroder Real Estate Fund of Funds – CEF I

Actively managed, diversified Continental European property fund

## Overview

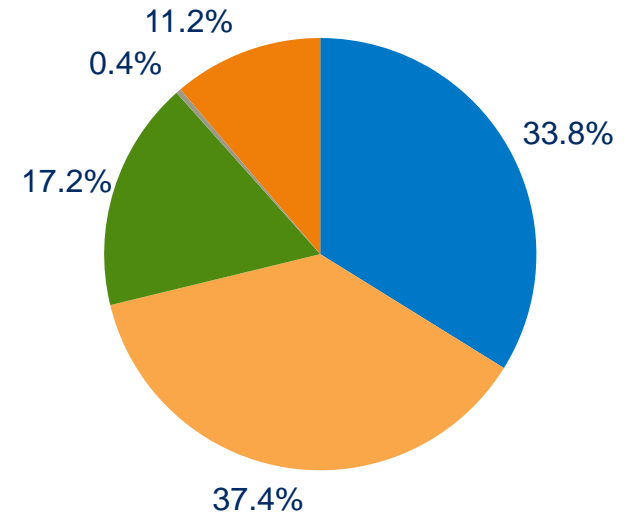
- Closed ended fund valued at €101.3 million
- Twelve year life fund to 2018
- Exposure to 12 real estate funds and 1 REIT with total assets of c€8 billion
- Undrawn commitments cancelled and capital being returned to investors
- Diversified by country and sector

Country weightings, % NAV



- Denmark
- United Kingdom
- Spain
- Portugal
- Sweden
- France
- Poland
- Other

Sector weightings, % NAV



- Office
- Industrial
- Other
- Retail
- Residential

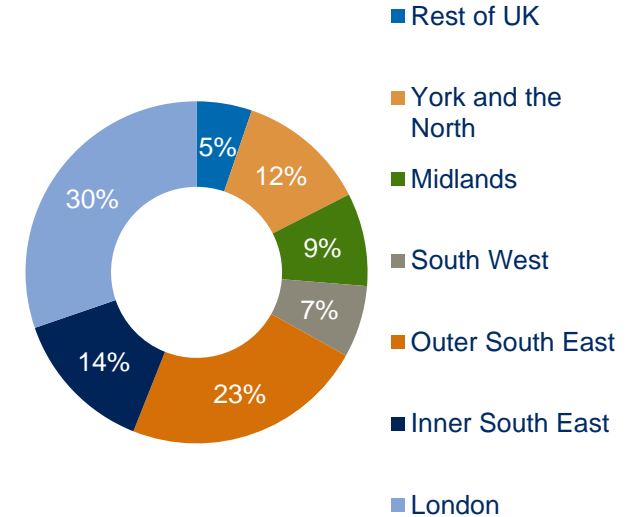
Source: Schroders, 30 June 2015

# Industrial Property Investment Fund

4.3% of NAV

- Sector specialist industrial fund
- Managed by L&G with Jones Lang LaSalle
- Fund targets multi-let industrial estates with a South-East bias
- Very strong performance track record, outperforming both its peer group benchmark and the portfolio's benchmark

## Regional exposure (%)



Walthamstow

Performance to Q2 2015	Q2 2015	12m	3 yrs	5 yrs	10 yrs
Fund return	3.9	27.1	18.2	13.0	7.4
Benchmark*	3.3	15.5	10.6	8.5	4.2

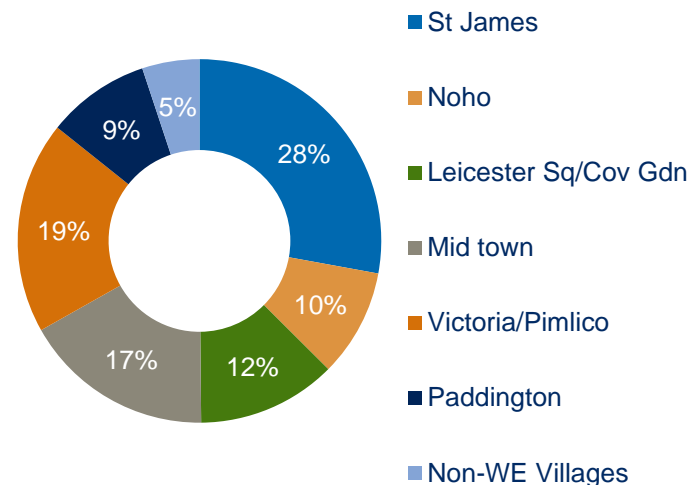
Source: Schroders, IPD, 30 June 2015. \*Benchmark is AREF/IPD UK Quarterly Property Fund Indices All Balanced Funds Weighted Average

# West End of London Property Unit Trust<sup>1</sup>

3.2% of NAV

- Sector specialist Central London office fund
- Very strong performance track record, outperforming the AREF/IPD ABFWA over one, three, five and ten years
- In 2014 investors voted to extend the life of the fund and approve the following resolutions:
  - Extend the investible area
  - Introduce regular liquidity
  - Changes to the fee basis

## London sub-sector weightings %



7 Bishopsgate,  
London EC2

Performance to Q2 2015	Q2 2015	12m	3 yrs	5 yrs	10 yrs
Fund return	7.7	23.5	23.5	20.2	13.7
Benchmark*	5.5	22.7	18.1	15.7	10.2

Source: Schroders, IPD, 30 June 2015. \* Benchmark is AREF/IPD UK Quarterly Property Fund Indices All Balanced Fund Weighted Average

<sup>1</sup> Schroder managed fund

# Metro PUT<sup>1</sup>

## £2.2m commitment

- Identified a strong fund manager at Hermes
- Structured best market terms for a new fund, exclusively for our clients
- Set clear investment guidelines and parameters
- Initial investments predominantly in south east business space

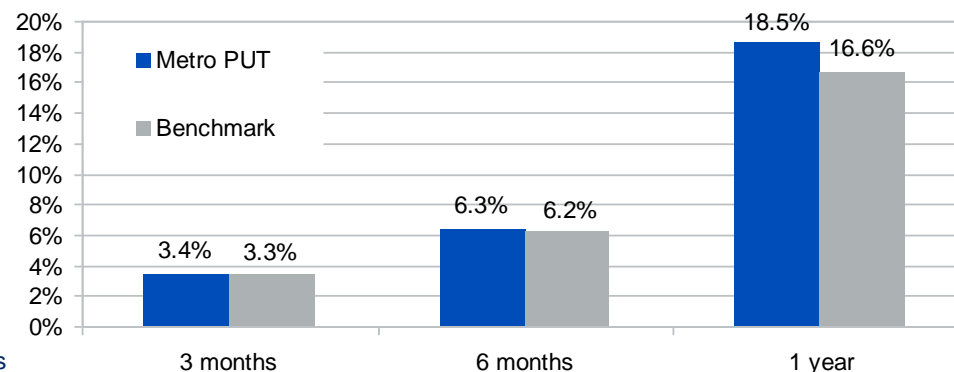


Bursom Industrial Estate, Leicester



Northside House, Bromley

### Metro Property Unit Trust – performance



<sup>1</sup> Schroder managed fund

Source: Schroders, June 2015. Benchmark is AREF/IPD Quarterly Property Fund Indices – All Balanced Funds Weighted Average

# Portfolio

## Investment activity, end Q2 2014 – end Q2 2015

Capital returned	£9.2m	
Lend Lease Real Estate Partners 3	£3.1m	Asia
Hansteen UK Industrial Property Fund	£2.3m	Specialist
Threadneedle Strategic Property Fund IV	£1.8m	Opportunity
Continental European Fund I	£1.3m	Europe
Gresham Real Estate Fund II	£0.6m	Opportunity
Ashtenne Industrial Fund	£0.1m	Specialist
Palmer Capital Development Fund	£0.03m	Opportunity

Sales	£6.8m	
BlackRock UK Property Fund	£2.5m	Balanced
Hansteen UK Industrial Property Unit Trust	£2.3m	Specialist
West End of London Property Unit Trust	£2.0m	Specialist

Acquisitions	£12.4m	
Real Income Fund	£2.8m	Alternatives
BlackRock UK Property Fund	£2.7m	Balanced fund
Multi-let Industrial Property Unit Trust	£1.9m	Partnership
Schroder UK Real Estate Fund	£1.6m	Balanced fund
Ashtenne Industrial Fund	£1.5m	Specialist
Hermes PUT	£1.1m	Balanced fund
Legal and General Managed Property Fund	£0.8m	Balanced fund

- Equity returned from 2009/10 vintage funds, Asia and continental Europe
- Central London exposure reduced
- Reinvestment has focussed on industrials, balanced funds and alternatives
- Cash has increased as a result of capital returns but is fully committed to investment

Source: Schroders, 30 June 2015

# Strategy

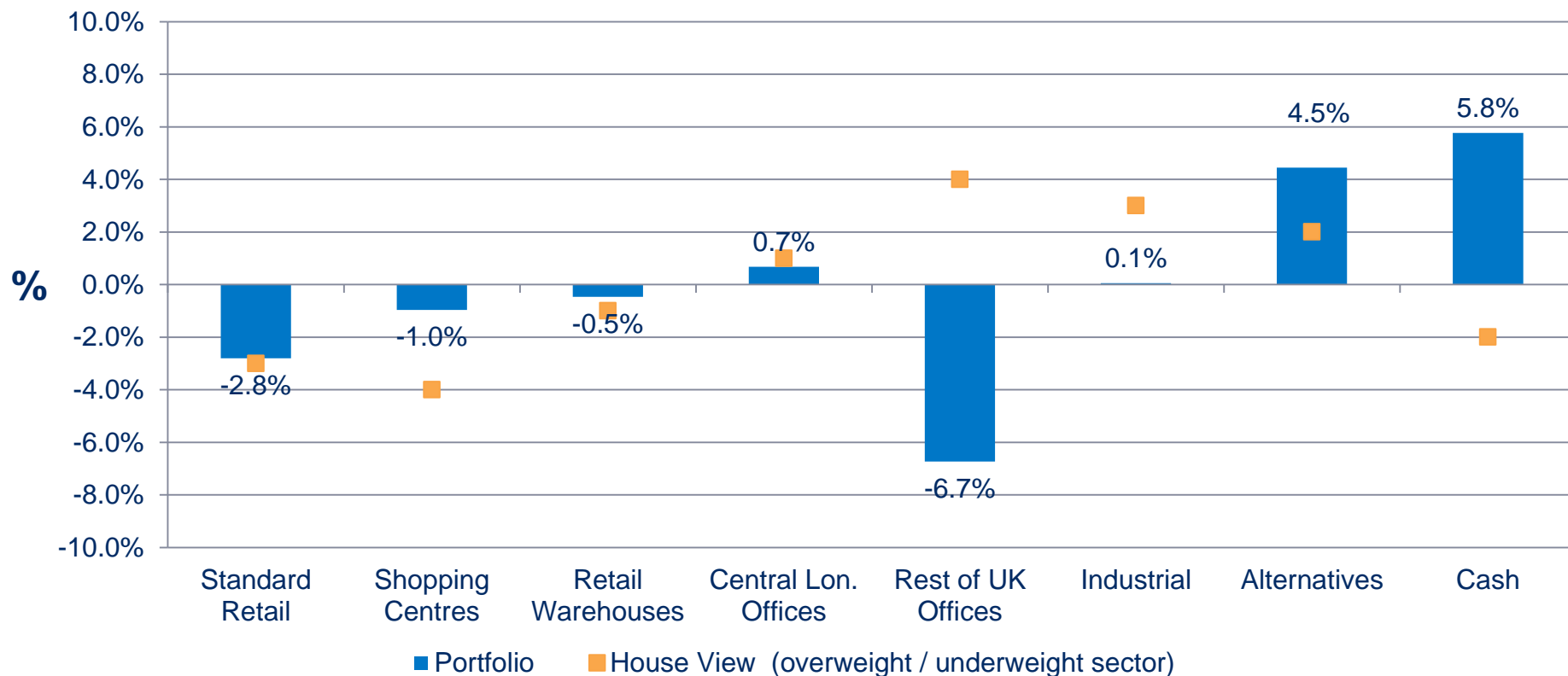


**Schroders**



## UK sector weightings

### UK sector weightings relative to benchmark\*



Data subject to rounding. \*Benchmark AREF/IPD UK Quarterly Property Fund Indices – All Balanced Funds Weighted Average.  
Source: Schroders, IPD, 30 June 2015

# Strategy

## Summary

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- Equity has been returned from 2009/10 vintage funds, Asia and Continental Europe
- We have also reduced the portfolio's Central London office position
- These proceeds have been allocated predominantly to industrials and existing balanced fund holdings
- The current cash position is high but temporary as cash is fully committed to investment
- We aim to increase exposure to regional opportunities
- We continue to favour alternatives where rental growth is less correlated with the business cycle, income yields are attractive and total returns are relatively resilient

# Appendices

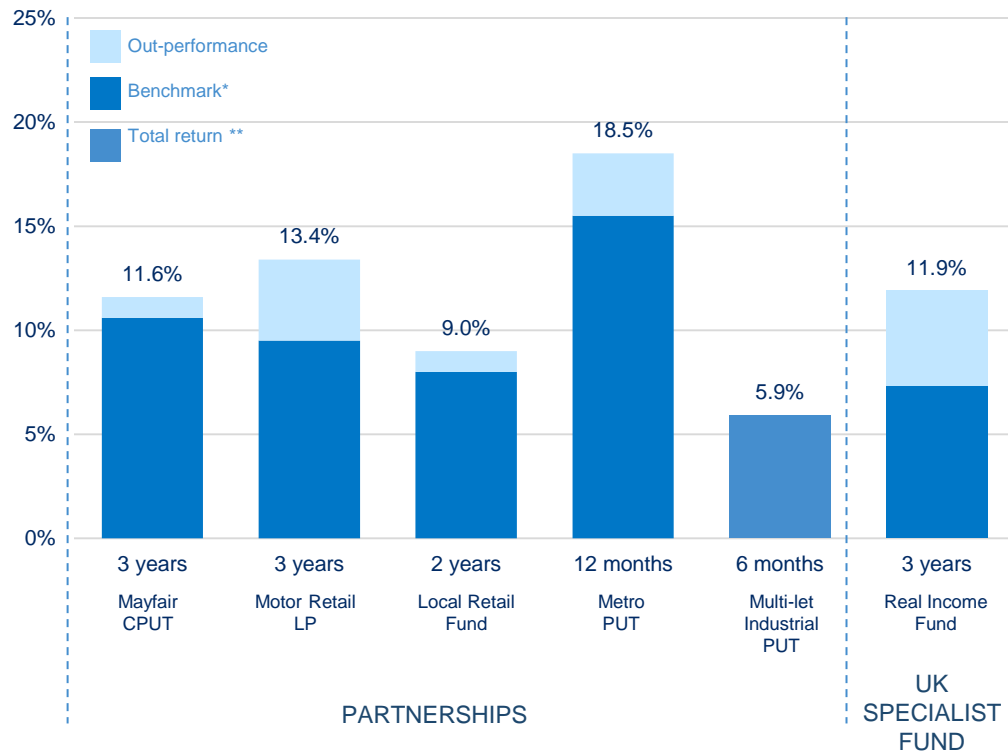


**Schroders**

# Summary of existing partnerships

## Consistent out-performance across strategies

Total return of existing partnerships  
Out-performed respective benchmarks\*



Summary of existing partnerships  
As of June 2015

Partnership	Sector	Strategy	Partner	Total GAV	# of assets	Average lot size
Mayfair Capital PUT	Commercial	UK recovery play/ target high yielding, income producing assets in the UK	Mayfair Capital	£209.6m	41	£4m-£15m
Motor Retail LP	Retail/ Motor retail	Undervalued niche market sector/ achieve a diversity and good balance of assets, tenants, manufacturers and locations in the UK	Automotive Property Consultancy Ltd	£59.8m	29	£3m-£7m
Local Retail Fund	Retail	Convenience retail assets in neighbourhood locations in the UK	Waypoint asset management	£81.0m	37	£1m-£7m
Metro PUT	Commercial	Small lot size aggregation across UK	Hermes REIM	£115.9m	27	Sub £10m
Multi-let Industrial PUT	Industrial	Multi-let industrial across UK/ active asset management	JLL	£21.6m	5	Sub £10m
<b>Total</b>	-	-	-	<b>£487.9m</b>	<b>139</b>	-

Source: Schroders, June 2015

Note: Performance data compares Partnership total return over three years or longest available time period (excluding investment period) versus equivalent benchmark return. All data to 30 June 2015.

Benchmarks\*: Mayfair Capital PUT and Metro PUT: AREF/IPD UK Quarterly Property Fund Index – All Balanced Funds weighted average, Motor Retail LP: Absolute return of 9.5% per annum, Local Retail Fund: Absolute return of 8.0% per annum, Multi-Let Industrial PUT: UK IPD Industrials + 0.5% per annum (no benchmark is presented as the portfolio has been established for less than one year), Real Income Fund: Real return, RPI + 5.0% per annum

\*\* This fund is still in its investment phase and there is no comparable benchmark

# Investment case studies

## Partnership funds

### Mayfair Capital Property Unit Trust




**Investment rationale (2010)**

Take advantage of recovery in UK commercial real estate following the 2007-2009 market correction

Target higher yielding, income producing assets in the UK

Access to an experienced fund manager with a strong balanced fund management pedigree

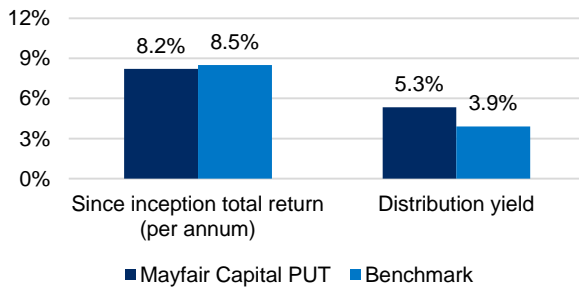
**Current value**  
**£209.6m**

**Outcome**

A portfolio of low risk assets with a high distribution yield

**Performance**

Total Return: 8.2%  
IRR: 8.1%  
Equity Multiple: 1.5x



### Motor Retail Limited Partnership




**Investment rationale (2011)**

14 car dealerships acquired at a 7.1% NIY with WAULT of 19.3 years and annual RPI /fixed uplifts.

Perceived to be mis-priced given 'double cover', improved b/s of operator and insulation from e-tail.

50/50 JV with Schroder direct UK fund, advised by Automotive PC Ltd.

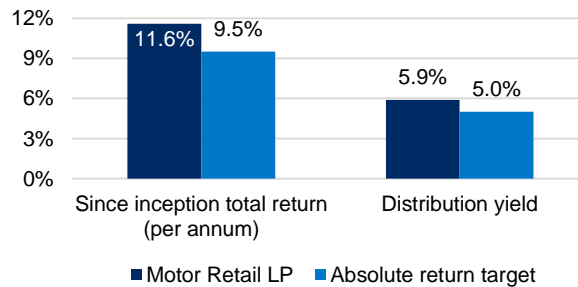
**Current value**  
**£59.8m**

**Outcome**


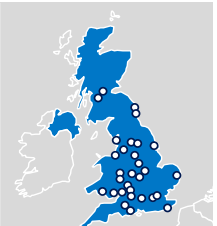
Portfolio is held with a view to crystallising in 2016

**Performance**

Total Return: 11.6%  
IRR: 11.4%  
Equity Multiple: 1.6x



### Local Retail Property Unit Trust

**Investment rationale (2012)**

Target sectors of the UK real estate market where total returns are expected to be less dependent on wider economic growth, such as convenience retail

Access to a specialist advisor, Waypoint Asset Management, with a long history and track record in the convenience retail sector

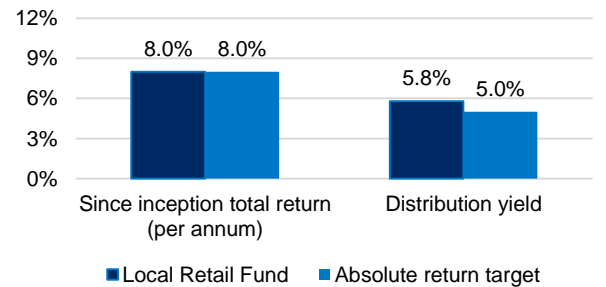
**Current value**  
**£81.0m**

**Outcome**

A portfolio of convenience retail assets generating a high distribution yield

**Performance**

Total Return: 8.0%  
IRR: 8.0%  
Equity Multiple: 1.3x



Source: Schroders June 2015. Performance is shown against each fund's respective benchmark; Mayfair Capital PUT: AREF/IPD UK Quarterly Property Fund Index – All Balanced Funds weighted average, Motor Retail LP: Absolute return of 9.5% per annum, Local Retail Fund: Absolute return of 8.0% per annum. Note: Distribution yield for Mayfair Capital PUT is the AREF/IPD UK Quarterly Property Fund Index – Other Balanced Funds weighted average which is more representative as the All Balanced Funds include an element of non-distributing funds.

# Investment case studies

## Partnership funds

### Metro Property Unit Trust



Hammersmith, London

#### Investment rationale (2013)

Target small lot size bands in all UK sectors positioned to offer better value than larger assets in current cycle

Strong occupational demand for small lot size assets, driving rental growth in certain locations

Access to a top UK real estate fund manager, Hermes Real Estate, with strong asset sourcing capabilities

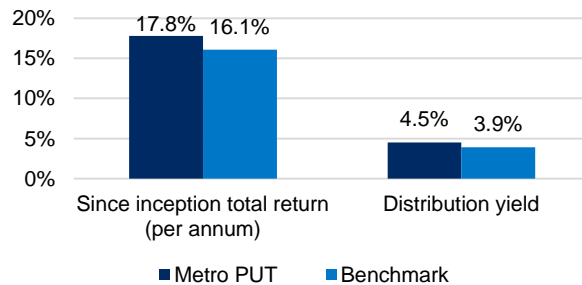
#### Outcome

A portfolio of low risk assets in the small lot size range with a high distribution yield

#### Performance

Total Return: 17.8%  
IRR: 17.8%  
Equity Multiple: 1.3x

Current value  
**£115.9m**



### Multi-Let Property Unit Trust



Knighton Heath Industrial Estate, Bournemouth

#### Investment rationale (2014)

Target sub £10m lot size multi-let industrial assets across the UK

Manage the estates extensively to grow the income through lettings, re-gears and good estate management

Access to a leading industrial advisor, Jones Lang La Salle, with a strong performance track record in the sector

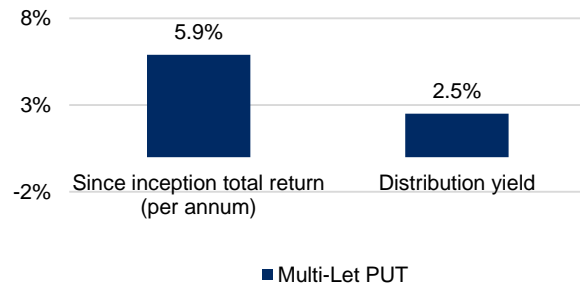
#### Outcome

Portfolio is held with a view to crystallising in 2016

#### Performance

Total Return: 5.9%  
IRR: -0.3%  
Equity Multiple: 1.0x

Current value  
**£21.6m**



### Real Income Fund



Elm Bank Care Home, Kettering

#### Investment rationale (2011)

Unique, income-focussed and thematic investment approach targeting real estate investments with low correlation to GDP growth

Typical lease structures are longer than average with fixed or inflation linked uplifts

Access to alternative areas of the real estate market with specialist partners

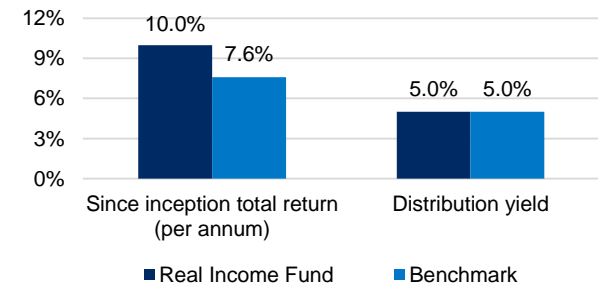
#### Outcome

Five strategies including healthcare, leisure and student accommodation

#### Performance

Total Return: 10.0%  
IRR: 10.3%  
Equity Multiple: 1.5x

Current value  
**£228.1m**



Source: Schroders June 2015. Performance is shown against each fund's respective benchmark; Mayfair Capital PUT: AREF/IPD UK Quarterly Property Fund Index – All Balanced Funds weighted average, Motor Retail LP: Absolute return of 9.5% per annum, Local Retail Fund: Absolute return of 8.0% per annum. Note: Distribution yield for Mayfair Capital PUT is the AREF/IPD UK Quarterly Property Fund Index – Other Balanced Funds weighted average which is more representative as the All Balanced Funds include an element of non-distributing funds.

# Strategy

## Regional office fund

- No credible specialist regional office funds are available for investment.
- SRECaP has shortlisted seven expert managers to advise on a new partnership fund.
- Two parties have been selected to present to the SRECaP Investment Committee.
- Partner to be selected in early September.
- New fund is likely to be:
  - Jersey based property unit trust
  - Open-ended
  - Ungeared
  - Well diversified by location
  - Exclusive to SRECaP clients



Abbey View, St. Albans (illustrative example from Threadneedle PUT)

Source: Schroders, 30 June 2015.

# CEF I portfolio

31 March 2015

APPENDIX I: SCHRODERS PRESENTATION

Fund Style	Fund	Target holding market	% total NAV	GAV (€mn)	Gearing % LTV	No of properties
Core	Sierra Portugal Fund	Portugal, retail	6.1	368.6	61.0	9
	Henderson Herald	Europe, retail	4.8	697.2	45.3	12
Value add	NREP Logistics AB	Nordic, logistics	12.5	496.5	48.4	28
	Axa European Value Add Fund	Europe all sectors	2.7	112.3	56.9	29
	Valad V+ Nordic Fund	Nordic, all sectors	1.0	269.1	91.6	43
	Pradera Central & Eastern Europe	Central Europe, retail	10.3	234.2	56.0	6
	API Property Fund Denmark	Denmark, all sectors	17.0	840.7	60.6	51
	Corestate German Residential	Germany, residential	0.4	84.9	76.0	134
	Cornerstone Nordic Retail Fund	Nordic Retail	9.2	667.0	53.8	16
	Rynda en Primeur	France, office / industrial	8.6	134.2	56.2	29
Opportunity	AXA European Real Estate Opportunity Fund II	Europe, all sectors	17.7	166.4	58.0	2
	FREO Germany II Partners	Germany, all sectors	1.3	58.6	0.5	2
Listed	IGD Siiq	Europe, retail	3.2	1,951.2	48.3	71
	Net cash and other assets		5.1			
	Total (€m) / Weighted Average (%)		100.0	4,129.6	50.9%*	227**

Data may be subject to rounding errors. \*Calculated on a look through basis to underlying real estate funds divided by CEF I net asset value excluding listed securities; \*\*Total number excludes Corestate and ANF Immobilier due to their large exposure to residential properties.

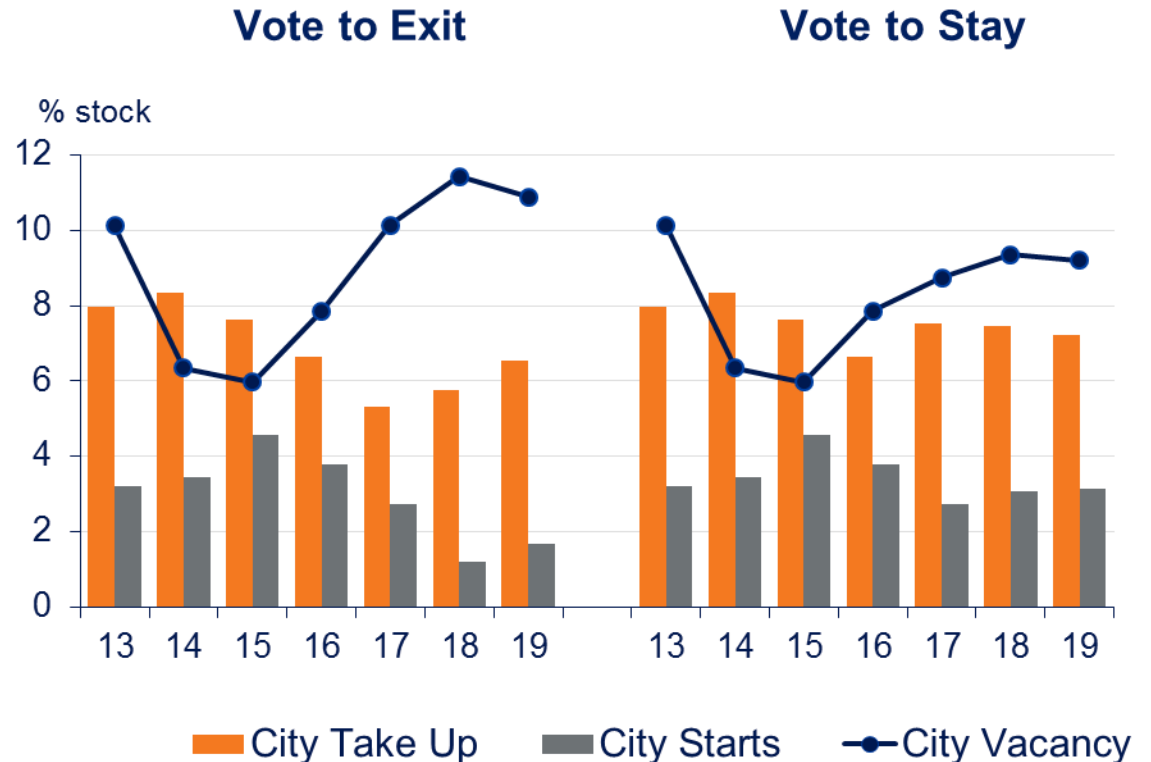
Source: Schroders and fund documentation, 30 June 2015



# EU referendum – risks to City of London

## Uncertainty could restrain demand up to 2017

- Pre-referendum:
  - Occupier demand and development activity weaken as referendum approaches
  - Availability levels start to rise
- Vote to Exit EU:
  - Occupier demand sees minor rebound but remains weak
  - Availability continues to increase
  - Rental values fall significantly and development activity stalls
- Vote to Stay in EU:
  - Occupier demand and development levels return to trend
  - Medium term rental values resume growth. Longer term, less certain



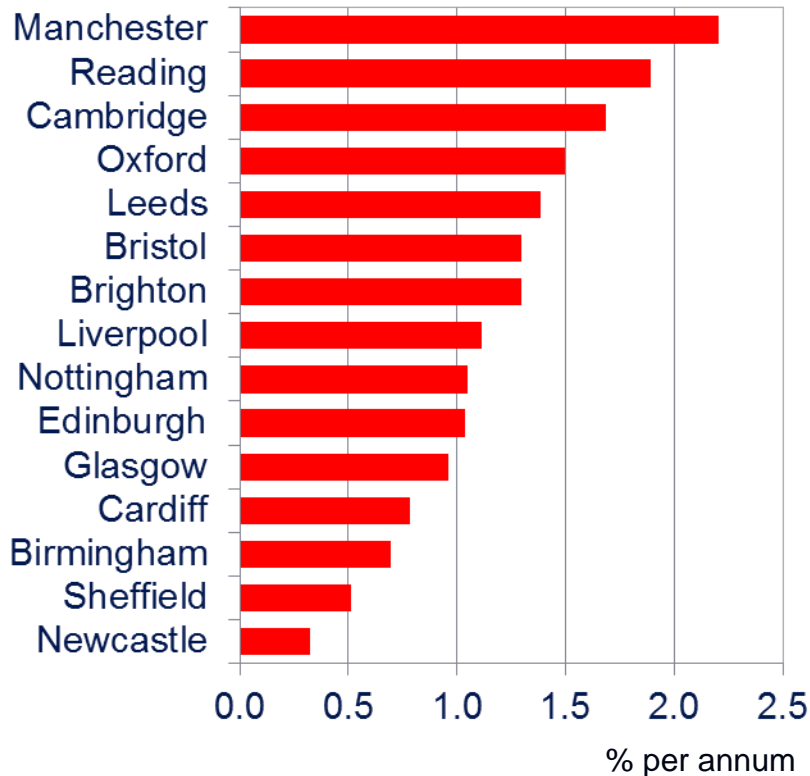
Source: PMA, Schrodgers, July 2015.

Note. The forecasts should be regarded as illustrative of trends. Actual figures will differ from forecasts. Please see Important Information regarding forecasts

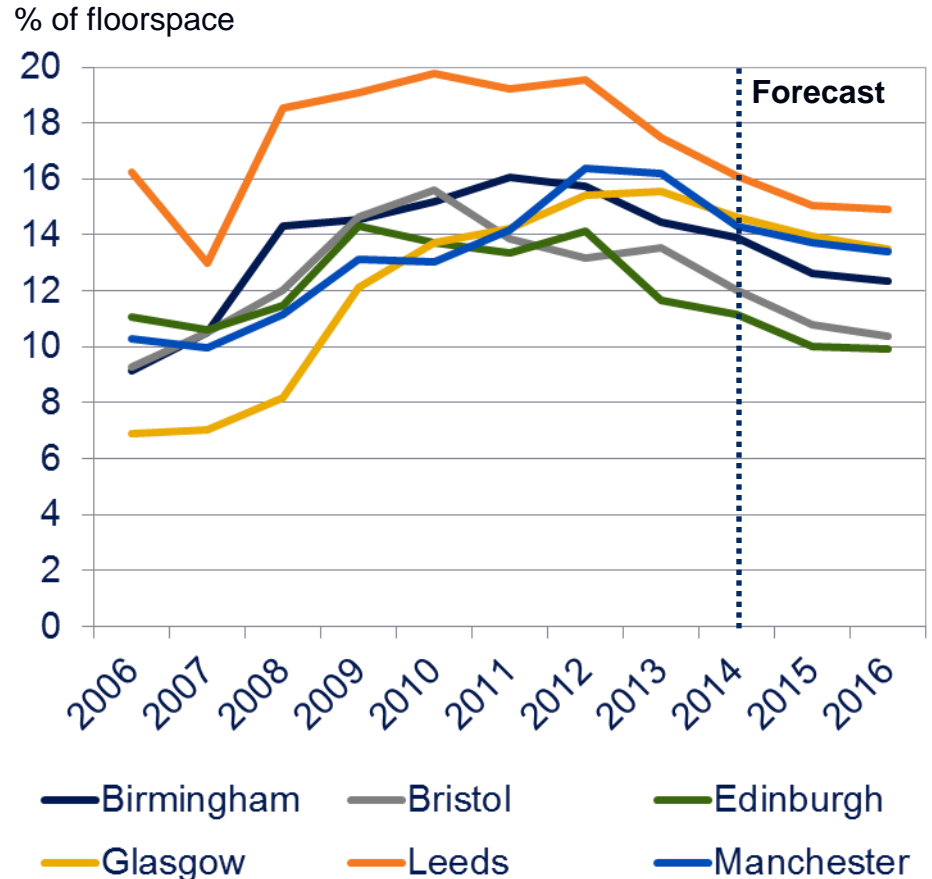
# Major regional office markets

Private sector demand is recovering, but high vacancy persists in several cities

## Growth in office employment Forecast 2014-2019



## Vacancy rates



Source: Oxford Economics, PMA. June 2015. Data include city centres and out of town office parks.

Note. The forecasts should be regarded as illustrative of trends. Actual figures will differ from forecasts. Please see Important Information regarding forecasts.

# Forecast office rental growth

The speed and timing of the upswing will vary across cities

## Group Composition

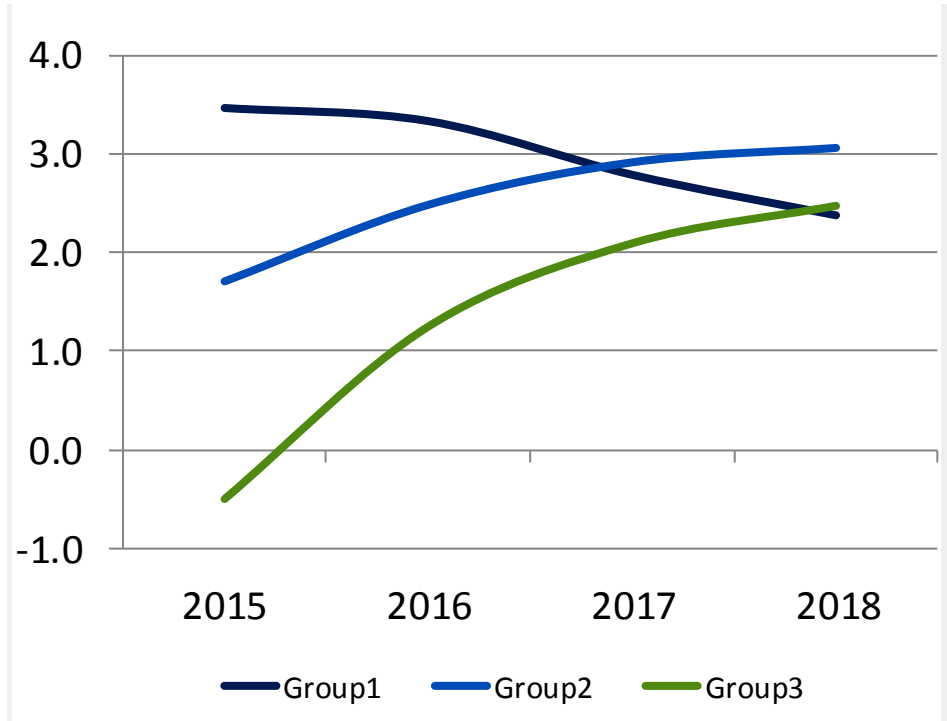
(Within groups, markets are ranked by avg. growth 2014-2018)

Group 1
London
Stockholm
Munich
Frankfurt
Berlin
Hamburg
Cologne
Vienna
Stuttgart

Group 2
Paris: CBD
Paris: La Défense
Lyon
Madrid
Barcelona
Brussels
Copenhagen
Amsterdam
Dusseldorf
Budapest
Marseille
Lisbon
Lille

Group 3
Prague
Rotterdam
Helsinki
Milan
Warsaw
Rome
Geneva
Zurich

Average rental growth patterns (group averages, %)



Source: Schroders, December 2014. Note forecasts are for average investment grade offices, not prime.

## Graeme Rutter, MRICS – Head of Real Estate Capital Partners

- Twenty one years investment experience
- Joined Schroders in 2007
- Previously Fund Manager responsible for Morley (now Aviva) Fund Management's property multi-manager team
- 1998 – 2004 Director, Investment Agency, Savills
- Commenced his career at Weatherall Green & Smith specialising in valuation
- Member of the Royal Institution of Chartered Surveyors (MRICS), holder of the IMC and a corporate finance representative under the SFA
- Chairman of the Association of Real Estate Funds (AREF) Investor Committee; Chairman of the Investment Property Forum (IPF) Indirects Working Group; member of the AREF / IPD UK Property Funds Index Consultative Group
- BSc (Hons) Geography University of Bristol, Diploma in Land Economy (Commendation) University of Aberdeen



## Anthony Doherty, MRICS – Property Fund Manager

- Real Estate Fund Manager, based in London
- Responsible for portfolio management, client servicing, portfolio analysis and strategy. Promoted to Manager in the capital partners team in 2005, which he joined as a fund analyst in 2004. In 2001 he joined Schroder Real Estate as a research analyst. Investment career started upon joining Schroders as a research assistant in the Economics team in 2000
- BSc (Hons) in Economics and Business
- Member of the Royal Institution of Chartered Surveyors (MRICS)
- Holder of the IMC and a corporate finance representative under the SFA



# Important information

APPENDIX I: SCHRODERS PRESENTATION

Participation in the Schroder Real Estate Capital Partners service may involve investment in various asset classes including property equity and collective investment schemes ("Funds") within the meaning of Section 235 of the Financial Services and Markets Act 2000 ("FSMA"). Most of these Funds are not authorised unit trust schemes, OEICs or recognised schemes within the meaning of the FSMA and therefore constitute unregulated collective investment schemes. The Schroder UK Property Fund is authorised by the Financial Conduct Authority (the "FCA") as a Qualified Investor Scheme ("QIS"). Only investors that meet the requirements for eligibility to invest in a QIS, as specified in COLL 8, Annex 1, of the FCA's Handbook may invest in Schroder UK Property Fund

Investors and potential investors should be aware that past performance is not a guide to future returns. No warranty is given, in whole or in part, regarding performance of the portfolio and there is no guarantee that the investment objectives will be achieved. The value of units and other investments and the income from them may fluctuate upwards or downwards and cannot be guaranteed. Property-based pooled vehicles such as property unit trusts, invest in real property, the value of which is generally a matter of a valuer's opinion. It may be difficult to deal in the units or to sell them at a reasonable price, thus creating a liquidity risk. There may be no recognised market for units in the Funds and, as a result, reliable information about the value of units in the Funds or the extent of the risks to which they are exposed may not be readily available. A potential conflict with the Manager's duty to the client may arise where the Manager invests in units in a Fund(s) managed by itself or an Associate. However the Manager will ensure that such transactions are effected on terms which are not materially less favourable than if the potential conflict had not existed.

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