

**SCHRODERS CAPITAL  
UK REAL ESTATE FUND  
FEEDER TRUST**

**Annual Report  
and Consolidated  
Financial Statements**

For the year ended 31 March 2022



For professional advisers and  
employee benefits consultants only

**Schroders**

## About us

# The Schroders Capital UK Real Estate Fund Feeder Trust (“the Trust”) invests solely in the Schroders Capital UK Real Estate Fund (“SCREF”).

## Fund summary

SCREF (“the Fund”) 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 conversion of the Fund to a PAIF in 2012, the investor base has become increasingly diversified across institutional types and geographies. 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.

## The Trust

The Schroders Capital UK Real Estate Fund Feeder Trust is an authorised unit trust in umbrella form and is authorised by the Financial Conduct Authority (“FCA”) with effect from 31 July 2012. The Trust has unlimited duration.

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\* Collectively these comprise the Authorised Fund Manager’s Report.

# Trust Information

## Performance

	As at/for the year to 31 March 2022	As at/for the year to 31 March 2021	As at/for the year to 31 March 2020
Net asset value per unit	£53.85	£46.73	£46.02
Total gross distribution per unit payable	£1.56	£1.79	£1.40
Number of units in issue	3,519,208.765	3,359,774.164	3,602,929.336
Net asset value	189,512,449	157,002,427	165,806,808
Gross asset value	190,591,504	157,832,173	166,447,229
Gross yield on year	3.1%	2.8%	310.0%
Total return during year	18.8%	4.5%	-0.6%
Total net asset value of scheme property	189,513,113	157,002,427	165,806,808
Highest price per unit	£53.85	£46.73	£47.70
Lowest price per unit	£46.89	£45.23	£46.02
Net income distributed	4,393,196.60	3,809,331.00	4,596,124.00

The performance of the Trust, which mirrors the performance of the Schroders Capital UK Real Estate Fund, is summarised in the below table. The performance summary of the three and five-year p.a. figures is included within the Schroders Capital UK Real Estate Fund Annual Report and Consolidated Financial Statements for the year ended 31 March 2022.

	For the year to 31 March 2022	As at/for the year to 31 March 2021
<b>Investments</b>		
Annual total return	18.8%	4.5%
Benchmark total return	23.1%	2.5%

<sup>1</sup> Returns are quoted net of fees but gross of tax. Investors in the Trust receive all distributable income as dividend distributions, net of income tax withheld on property income distributions at 20%.

## Portfolio Statement as at 31 March 2022

	Market value 2022 £'000	Market value 2021 £'000	Total net asset %
<b>Investments</b>			
Schroders Capital UK Real Estate Fund	189,512	157,002	100%
<b>Total investments</b>	189,512	157,002	100%
<b>Total net assets</b>	189,512	157,002	100%
<b>Number of units held by the Trust in SCREF</b>	3,519,208.765	3,359,774.164	

# Report of the Authorised Fund Manager and Statement of Responsibilities

## The Financial Statements

We are pleased to present the Annual Report and Audited Financial Statements of the Trust for the year ended 31 March 2022.

### The Trust

The investment objective of the Trust is to achieve a blend of income and capital growth by investing solely in the Schroders Capital UK Real Estate Fund.

The policy for achieving these objectives is that the Trust will invest indirectly in real estate through its investment asset in SCREF. Through its investment asset in SCREF the Trust 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

The Trust was authorised from 31 July 2012 and is an umbrella scheme structured as a Qualified Investor Scheme ('QIS').

### Statement of the Authorised Fund Manager's Responsibilities

The Collective Investment Schemes Sourcebook of the FCA requires the Authorised Fund Manager to prepare financial statements for each accounting period which give a true and fair view of the financial position of the Trust at the period end and of the net income and net gains or losses on the scheme property of the Trust for the period then ended. In preparing the financial statements the Manager is required to:

- follow applicable accounting standards;
- make judgements and estimates that are reasonable and prudent;
- select suitable accounting policies and then apply them consistently;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Trust will continue in operation for the foreseeable future; and
- comply with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association ('IMA') in May 2014.

The Manager is required to keep proper accounting records and to manage the Trust in accordance with the Regulations and the Instrument of Incorporation. The Manager is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as the Manager is aware, there is no relevant audit information of which the Trust's auditors are unaware, and the Manager has taken all the steps that he or she ought to have taken as a Manager in order to make himself or herself aware of any relevant audit information and to establish that the Trust's auditors are aware of that information.

We hereby approve the Annual Report and Financial Statements of the Schroders Capital UK Real Estate Fund Feeder Trust for the year to 31 March 2022 in accordance with the requirements of the Collective Investment Schemes Sourcebook of the FCA.

*P. Chislett*

*P. Truscott*

*Schroder Unit Trusts Limited*  
25 July 2022

# AIFMD Remuneration Disclosures for Schroder Unit Trusts Limited (SUTL) (Unaudited)

For the year to 31 December 2021

These disclosures form part of the non-audited section of this annual report and accounts and should be read in conjunction with the Schroders plc Remuneration Report on pages 77 to 99 of the 2021 Annual Report & Accounts (available on the Group's website – <https://www.schroders.com/en/investor-relations/results-and-reports/annual-report-and-accounts-2021/>), which provides more information on the activities of our Remuneration Committee and our remuneration principles and policies.

The AIF Material Risk Takers ('AIF MRTs') of SUTL are individuals whose roles within the Schroders Group can materially affect the risk of SUTL or any AIF fund that it manages. These roles are identified in line with the requirements of the AIFM Directive and guidance issued by the European Securities and Markets Authority.

The Remuneration Committee of Schroders plc has established a remuneration policy to ensure the requirements of the AIFM Directive are met for all AIF MRTs. The Remuneration Committee and the Board of Schroders plc review remuneration strategy at least annually. The directors of SUTL are responsible for the adoption of the remuneration policy, for reviewing its general principles at least annually, for overseeing its implementation and for ensuring compliance with relevant local legislation and regulation. During 2021 the Remuneration Policy was reviewed to ensure compliance with the UCITS/AIFMD remuneration requirements and no significant changes were made.

The implementation of the remuneration policy is, at least annually, subject to independent internal review for compliance with the policies and procedures for remuneration adopted by the Board of SUTL and the Remuneration Committee. The most recent review found no fundamental issues but resulted in a range of more minor recommendations, principally improvements to process and policy documentation.

The total spend on remuneration is determined by reference to a total compensation ratio, measuring total remuneration expense against net income. This ensures that the interests of employees are aligned with Schroders financial performance. In determining the remuneration spend each year, the underlying strength and sustainability of the business is taken into account, along with reports on risk, legal, compliance and internal audit matters from the heads of those areas.

The remuneration data that follows reflects amounts paid in respect of performance during 2021.

- The total amount of remuneration paid by SUTL to its staff was nil as SUTL has no employees. SUTL has two independent Non Executive Directors who receive fees in respect of their role on the Board of SUTL. Employees of other Schroders Group entities who serve as Directors of SUTL receive no additional fees in respect of their role on the Board of SUTL.
- The following disclosures relate to AIF MRTs of SUTL. Most of those AIF MRTs were employed by and provided services to other Schroders group companies and clients. In the interests of transparency, the aggregate remuneration figures that follow reflect the full remuneration for each SUTL AIF MRT. The aggregate total remuneration paid to the 152 AIF MRTs of SUTL in respect of the financial year ended 31 December 2021 is £117.47 million, of which £49.03 million was paid to senior management, £62.75 million was paid to MRTs deemed to be taking risk on behalf of SUTL or the AIF funds that it manages and £5.69 million was paid to Control Function MRTs.

For additional qualitative information on remuneration policies and practices see [www.schroders.com/rem-disclosures](https://www.schroders.com/rem-disclosures).

## Trustee's Report

### Statement of Responsibilities

#### Statement of the Trustee's Responsibilities and Report of the Trustee to the Unitholders of Schrodgers Capital UK Real Estate Fund Feeder Trust ('the Scheme') for the year ended 31 March 2022.

The Trustee must ensure that the Scheme is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Investment Funds Sourcebook, the Financial Services and Markets Act 2000, as amended, (together 'the Regulations'), the Trust Deed and Prospectus (together 'the Scheme documents') as detailed below.

The Trustee must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Scheme and its investors.

The Trustee is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Scheme in accordance with the Regulations.

The Trustee must ensure that:

- the Scheme's cash flows are properly monitored and that cash of the Scheme is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, redemption and cancellation of units are carried out in accordance with the Regulations;
- the value of units in the Scheme is calculated in accordance with the Regulations;
- any consideration relating to transactions in the Scheme's assets is remitted to the Scheme within the usual time limits;
- the Scheme's income is applied in accordance with the Regulations; and
- the instructions of the Alternative Investment Fund Manager ('the AIFM') are carried out (unless they conflict with the Regulations).

The Trustee also has a duty to take reasonable care to ensure that the Scheme is managed in accordance with the Regulations and the Scheme documents in relation to the investment and borrowing powers applicable to the Scheme.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Trustee of the Scheme, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Scheme, acting through the AIFM:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Scheme's units and the application of the Scheme's income in accordance with the Regulations and the Scheme documents; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Scheme.

*NotWest PLC – 1 April 2022*

# Independent auditors' report to the Unitholders of Schrodgers Capital UK Real Estate Fund Feeder Trust

## Report on the audit of the financial statements

### Opinion

In our opinion, the financial statements of Schrodgers Capital UK Real Estate Fund Feeder Trust (the 'Trust'):

- give a true and fair view of the financial position of the Trust as at 31 March 2022 and of the net revenue and the net capital gains on the scheme investment of the Authorised Unit Trust for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Trust Deed.

Schrodgers Capital UK Real Estate Fund Feeder Trust is an Authorised Unit Trust. We have audited the financial statements, included within the Annual Report and Financial Statements (the 'Annual Report'), which comprise: the Balance Sheet as at 31 March 2022; the Statement of Total Return, the Statements of Changes in Net Assets Attributable to Unitholders and the Cash Flows Statement for the year then ended; the distribution table; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Trust's ability to continue as a going concern for a period of at least 12 months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Authorised Fund Manager's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Trust's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Authorised Fund Manager with respect to going concern are described in the relevant sections of this report.

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Authorised Fund Manager is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

### Report of the Authorised Fund

In our opinion, the information given in the Report of the Authorised Fund Manager for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Responsibilities for the financial statements and the audit

#### Responsibilities of the Authorised Fund Manager for the financial statements

As explained more fully in the Statement of the Authorised Fund Manager's Responsibilities, the Authorised Fund Manager is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Authorised Fund Manager is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Fund Manager is responsible for assessing the Trust's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Authorised Fund Manager either intends to wind up or terminate the Trust, or has no realistic alternative but to do so.

# Independent auditors' report to the Unitholders of Schroders Capital UK Real Estate Fund Feeder Trust continued

## Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Trust and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of the Collective Investment Schemes sourcebook, and we considered the extent to which non-compliance might have a material effect on the financial statements, in particular those parts of the sourcebook which may directly impact on the determination of amounts and disclosures in the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to manipulation of the financial data or intentional bias in estimation with respect to carrying value of the investment asset and inappropriate journal entries to increase revenue or to increase the net asset value of the Trust. Audit procedures performed included:

- Discussions with management and the Authorised Fund Manager, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Understanding and evaluating management's internal controls designed to prevent and detect irregularities;
- Reviewing relevant meeting minutes, including those of the Authorised Fund Manager's board of directors;
- Identifying and testing journal entries, including those journals posted with unusual account combinations;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and
- Obtaining management information and third party supporting information where relevant to assess and challenge the carrying value of the investment asset.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

## Use of this report

This report, including the opinions, has been prepared for and only for the Trust's unitholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

### Opinion on matter required by the Collective Investment Schemes sourcebook

In our opinion, we have obtained all the information and explanations we consider necessary for the purposes of the audit.

### Collective Investment Schemes sourcebook exception reporting

Under the Collective Investment Schemes sourcebook we are also required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

**PricewaterhouseCoopers LLP**

**Chartered Accountants and Statutory Auditors**

London

25 July 2022

# Statement of Total Return

For the year ended 31 March 2022

	Notes	Year to 31 March 2022 £'000	Year to 31 March 2021 £'000
<b>Income</b>			
Net capital gains	5	24,110	2,178
Revenue	6	5,296	4,624
<b>Net revenue before taxation</b>		<b>5,296</b>	<b>4,624</b>
Taxation	12	(902)	(815)
Net revenue after taxation		4,394	3,809
<b>Total return before distribution</b>		<b>28,504</b>	<b>5,987</b>
Finance costs: distributions	7	(4,394)	(3,809)
<b>Change in net assets attributable to unitholders from investment activities</b>		<b>24,110</b>	<b>2,178</b>

# Statement of Changes in Net Assets Attributable to Unitholders

For the year ended 31 March 2022

	Year to 31 March 2022 £'000	Year to 31 March 2021 £'000
<b>Opening net assets attributable to unitholders</b>	<b>157,002</b>	165,807
Amounts receivable on creation of units	22,303	47
Amounts payable on redemption of units	(13,903)	(11,030)
Change in net assets attributable to unitholders from investment activities	24,110	2,178
<b>Closing net assets attributable to unitholders</b>	<b>189,512</b>	<b>157,002</b>

## Balance Sheet

As at 31 March 2022

	Notes	Year to 31 March 2022 £'000	Year to 31 March 2021 £'000
<b>Assets</b>			
Investment asset	1(b)	189,512	157,002
Debtors	8	589	382
Cash and bank balances	9	489	448
<b>Total other assets</b>		<b>1,078</b>	<b>830</b>
<b>Total assets</b>		<b>190,590</b>	<b>157,832</b>
<b>Liabilities</b>			
Creditors	10	634	514
Distribution payable		444	316
<b>Total liabilities</b>		<b>1,078</b>	<b>830</b>
<b>Net assets attributable to unitholders</b>		<b>189,512</b>	<b>157,002</b>

## Cash Flow Statement

For the year ended 31 March 2022

	Notes	Year to 31 March 2022 £'000	Year to 31 March 2021 £'000
<b>Net cash inflow from operating activities</b>	15	<b>5,089</b>	<b>4,605</b>
Tax paid in the year		(783)	(640)
<b>Net cash generated from operating activities</b>		<b>4,306</b>	<b>3,965</b>
<b>Investing activities</b>			
(Purchase)/sale of investment asset		(8,400)	10,983
<b>Net cash (used in)/generated from investing activities</b>		<b>(8,400)</b>	<b>10,983</b>
<b>Financing activities</b>			
Amounts received on issue of units		22,303	47
Amount paid on transfer of units		(13,903)	(11,030)
Distributions paid		(4,265)	(3,794)
<b>Net cash generated from/(used in) financing activities</b>		<b>4,135</b>	<b>(14,777)</b>
Increase in cash in the year		41	171
Net cash at the start of the year		448	277
Net cash at the end of the year		489	448

# Notes to the Financial Statements

## 1. Accounting policies

### (a) Basis of preparation

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 Schroders Capital UK Real Estate Fund Feeder Trust (the 'Trust') was authorised on 31 July 2012 and is an umbrella scheme structured as a QIS.

### Going concern

The financial statements have been prepared on a going concern basis in accordance with the historical cost convention, as modified by the revaluation of investment asset, and in accordance with applicable United Kingdom accounting standards and the Prospectus.

The Authorised Fund Manager ('AFM') has examined significant areas of possible financial risk, including risks attached to Covid-19 such as the increased challenges faced with the collection of rent and service charge and possible impact on cash flow forecasts within the Fund. Despite the ongoing pandemic, for the March quarter rent collection was at 92% and service collection at 83% (as at 23 June 2022). Rent collection is being closely monitored by the managing agents and asset managers with a number of bespoke solutions having been agreed with tenants including monthly rents, rent deferrals and re-gear opportunities. Cash flow forecasts based on severe but plausible downside scenarios has led the AFM to conclude that the Trust will have sufficient cash reserves to continue in operation for the foreseeable future.

The AFM has also considered the impact of redemptions on the cash flow forecasts and, where possible, has worked to offset redemptions with subscriptions for the same quarter to minimise impact on cash reserves. As at the date of the financial statements, £4.4 million, £65.4 million and £17.8 million impact has been identified for the quarters ending July 2022, October 2022 and January 2023, and shareholder movements will continue to be closely monitored.

After due consideration, the AFM has not identified any material uncertainties which would cast significant doubt on the Trust's ability to continue as a going concern for a period of not less than 12 months from the date of the approval of the financial statements.

### Use of estimates and judgements

The preparation of financial statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

The most significant estimates made in preparing these financial statements relate to the carrying value of the investment asset. The investment asset is valued at the Net Asset Value ('NAV') price as provided by the relevant manager. Judgements made by management in the application of FRS 102 that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are disclosed in note 17 under the heading 'Fair value measurement'.

Sensitivity analysis has been disclosed in note 1 (b).

The principal accounting policies, which have been applied consistently throughout the year, are set out below.

### (b) Basis of valuation of the investment asset

The investment asset is valued at the NAV price as provided by the relevant manager, in accordance with industry practice and the SORP. Please refer to note 17 for a breakdown of the movement.

The Manager has performed a sensitivity analysis to illustrate the impact on the net asset value of a change in the fair value of the Trust's investment asset. Based on the valuation at the year ended 31 March 2022, a decrease of between 10% and 20% in the value of the investment asset would have resulted in a decrease of between £19.0 million and £37.9 million (31 March 2021: £15.7 million and £31.4 million).

### (c) Recognition of revenue

Revenue from units is recognised when the distributions from the investment asset is declared.

### (d) Expenses

Expenses of the Trust are borne in full by the Schroders Capital UK Real Estate Fund.

### (e) Cash flow statement

In accordance with the requirements of FRS 102 (Revised) and the IMA SORP 2017, a cash flow statement has been provided.

### (f) Taxation

Provision is made for taxation at current rates on the excess of investment revenue over allowable expenses, with relief for overseas taxation where appropriate.

Income received from investment in the Schroders Capital UK Real Estate Fund is taxed depending on the income stream. Property income is taxed at 20%, interest income taxed at 20% and dividend income at 0%.

Deferred tax is provided on all timing differences that have originated but have not been reversed by the balance sheet date.

Deferred tax is not recognised on permanent differences.

# Notes to the Financial Statements

## continued

### 1. Accounting policies continued

#### (f) Taxation continued

Deferred tax assets are recognised only to the extent that it is more likely than not that there will be taxable profits from which the future reversal of the underlying timing differences can be deducted.

#### (g) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

#### (h) Redemptions

All units issued to unitholders are classified as a debt as unitholders have a right to redeem units in the Trust by giving notice of redemption and the Trust is obligated to make distributions of income.

### 2. Distribution policies

#### Basis of distribution

Revenue is generated by the Trust's investment asset during each accounting year. Where revenue exceeds expenses, the net income of the Trust is available to be distributed to unitholders. All income is distributed, at unit class level, to the unitholders in accordance with the Trust's Prospectus on a monthly basis. Income equalisation will not apply to the Trust.

### 3. Risk management policies

#### (a) Market risk and valuations of property

The exposure to of the Fund to market risk arising from the prevailing general economic conditions and market sentiment may affect the balance sheet and total return of the Trust. Valuations are subject to uncertainty and there is no assurance that the estimates resulting from the valuation process will reflect the actual sales price even where a sale occurs shortly after the valuation date.

Market risk is reduced through holding investments that have a geographically diversified portfolio that invests across various property sectors. The Manager adheres to the investment guidelines and investment and borrowing powers established in the Prospectus, Scheme particulars and in the rules governing the operation of the Trust.

For sensitivity analysis refer to note 1 (b).

#### (b) Credit and liquidity risk

The Trust can be exposed to credit risk arising from the possibility that another party fails to fulfil its obligations and liquidity risk surrounding its capacity to meet its liabilities.

Receivables for the year to 31 March 2022 amounted to £0.59 million (31 March 2021: £0.38 million) and the provision for doubtful debts for the year ended 31 March 2022 amounted to nil (31 March 2021: nil). As at the year end 31 March 2022 there were nil receivables that were past due but not impaired (31 March 2021: nil).

The Trust has also considered the impact of Covid-19 on the recoverability of its assets including debtors and other receivables and consider these not to have been impaired due to Covid-19 at the balance sheet date as the full receivables balance was paid subsequent to the year end. Management will continue to monitor the ability of the Trust to pay its income distributions. With the Fund well placed to continue to make its income distribution payments management consider there to be minimal credit risk in the Fund's ability to pay out its income distribution.

At the date of signing this report, the conflict in Ukraine continues to have significant societal and economic impact. The Trust does not have a material direct exposure to Russia or Ukraine, but continues to monitor the situation closely.

The Trust's liquidity can be affected by unexpected or high levels of unit redemptions. The Trust's underlying investment asset is in the Fund which invests in real estate investments, immovable property is relatively illiquid and more difficult to realise than most equities or bonds. If an asset cannot be liquidated in a timely manner then it may be harder to attain a reasonable price. The liquidity risk, derived from the liability to unitholders, is minimised through holding cash which can meet the usual requirements of unit redemptions. The robust liquidity position held by the Fund and the ability to match outstanding redemption requests on the secondary market leaves the Fund well placed to meet all outstanding redemptions on behalf of the Trust.

The Manager's policy for managing this risk is to:

1. Operate a strict unit redemption policy such that unitholders need to serve notice prior to the end of each quarter for payment of redemptions to be made three months subsequent to the quarter's end.
2. Raise sufficient cash resources within the Trust to finance a limited number of redemptions.
3. Review the need for and maintain as appropriate a borrowing facility.
4. Reserve the right to defer payment of redemptions.

#### (c) Currency risk

All financial assets and financial liabilities of the Trust are in sterling, thus the Trust has no exposure to currency risk at the balance sheet date.

#### (d) Interest rate risk

The Trust has the ability to access debt facilities, but did not have any debt facilities during the year (31 March 2021: nil). There were no changes to the risk management policies during the year to 31 March 2022.

#### 4. Portfolio transaction costs

There were nil transaction costs during the year to 31 March 2022 (2021: nil).

	Year to 31 March 2022 £'000	Year to 31 March 2021 £'000
Analysis of total purchase costs		
Purchase in year before transaction costs	8,400	–
<b>Gross purchase total</b>	<b>8,400</b>	<b>–</b>
Analysis of total sales costs		
Gross sales in year before transaction costs	–	10,983
<b>Total (purchase)/sales net of transaction costs</b>	<b>–</b>	<b>10,983</b>

As at the balance sheet date the average portfolio dealing spread was 5.77% (2021: 5.18%).

#### 5. Net capital gains

	Year to 31 March 2022 £'000	Year to 31 March 2021 £'000
Gains in the year on investment	24,110	2,178
<b>Net capital gains</b>	<b>24,110</b>	<b>2,178</b>

All gains during the year to 31 March 2022 are unrealised (2021: all gains unrealised).

#### 6. Revenue

	Year to 31 March 2022 £'000	Year to 31 March 2021 £'000
Franked investment income	783	549
Unfranked investment income	4,513	4,075
<b>Total revenue</b>	<b>5,296</b>	<b>4,624</b>

#### 7. Finance costs: distributions

	Year to 31 March 2022 £'000	Year to 31 March 2021 £'000
April	309	320
May	331	307
June	327	352
July	305	352
August	326	328
September	369	312
October	366	318
November	404	294
December	397	285
January	406	323
February	410	302
March	444	316
<b>Gross distribution for the year</b>	<b>4,394</b>	<b>3,809</b>

#### 8. Debtors

	Year to 31 March 2022 £'000	Year to 31 March 2021 £'000
Distributions due from investment	589	382
<b>Total debtors</b>	<b>589</b>	<b>382</b>

# Notes to the Financial Statements

## continued

### 9. Cash and bank balances

	Year to 31 March 2022 £'000	Year to 31 March 2021 £'000
Cash and bank balances	489	448
<b>Total cash and bank balances</b>	<b>489</b>	<b>448</b>

### 10. Creditors

	Year to 31 March 2022 £'000	Year to 31 March 2021 £'000
Taxes payable	634	514
<b>Total creditors</b>	<b>634</b>	<b>514</b>

### 11. Contingent liabilities, commitments and redemptions

There were no contingent liabilities or commitments as at 31 March 2022 (2021: nil).

As at 31 March 2022, the Trust had received £0.3 million of redemption requests. These were paid directly by the Fund on behalf of the Trust in July 2022 (2021: the Trust had received redemption requests of £7.2 million, these were paid directly by the Fund on behalf of the Trust in April 2021).

### 12. Taxation

The Trust is exempt from United Kingdom tax on capital gains realised on the disposal of its investment in the Schroders Capital UK Real Estate Fund.

The Trust will pay all distributable income as dividend distributions net of income tax withheld on property income distributions at 20% (2021: 20%).

	Year to 31 March 2022 £'000	Year to 31 March 2021 £'000
<b>(a) Analysis of charge in year</b>		
Corporation tax at 20%		
Current tax charge (note 12b)	902	815
<b>(b) Factors affecting the current tax charge for the year</b>		
Net revenue before taxation (note 6)	5,296	4,624
Corporation tax at 20%	1,059	925
Effects of:		
Revenue not subject to taxation	(157)	(110)
Current tax charge for the year (note 12a)	902	815

### (c) Provision for deferred tax

There was no provision required for deferred tax at the balance sheet date (31 March 2021: nil).

### 13. Expenses

All fees and expenses of the Trust will be paid by the Schroders Capital UK Real Estate Fund to ensure parity in unit price between the Trust and the relevant share classes of the Schroders Capital UK Real Estate Fund. As a result of this arrangement, unitholders will bear their proportionate share of the fees and expenses of the Trust through their indirect investment in the Schroders Capital UK Real Estate Fund. No charges or expenses for their establishment and ongoing administration will be payable by the Trust. In the event that this arrangement changes, the applicable fees will be set out in the Prospectus.

The audit fee for the Trust for the year to 31 March 2022 is £28,376 (2021: £27,630) which is borne in full by the Schroders Capital UK Real Estate Fund.

### 14. Reconciliation of movement in net cash

	Year to 31 March 2022 £'000	Year to 31 March 2021 £'000
Cash and cash equivalents		
Opening cash	448	277
Cashflows	41	171
<b>Ending cash</b>	<b>489</b>	<b>448</b>

**15. Reconciliation of net revenue before tax to net cash inflow from operating activities**

	Year to 31 March 2022 £'000	Year to 31 March 2021 £'000
Net revenue before taxation	5,296	4,624
Increase in debtors	(207)	(19)
<b>Net cash inflow from operating activities</b>	<b>5,089</b>	<b>4,605</b>

**16. Financial instruments**

The primary financial instruments held by the Trust at 31 March 2022 were its investment asset, cash, short-term assets and liabilities to be settled in cash. The Trust did not hold, and was not a counterparty to, any derivative instruments either during the year or at the year end.

The policies applied to the management of the financial instruments are set out in note 3. The fair values of the Trust's assets and liabilities are represented by the values shown in the balance sheet on page 8. There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

**17. Fair value measurement**

The fair values of financial assets and liabilities are not materially different from their carrying values in the financial statements. The fair value hierarchy levels are as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets and liabilities;

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). The only financial asset of the Trust is the investment in the Schroders Capital UK Real Estate Fund which has been classified as Level 3, as it has been valued at the NAV provided by the Manager.

	Year to 31 March 2022 £'000	Year to 31 March 2021 £'000
Opening investment asset	157,002	165,807
Additions	22,303	47
Transfers	(13,903)	(11,030)
Unrealised gains	24,110	2,178
<b>Closing investment asset</b>	<b>189,512</b>	<b>157,002</b>

**18. Related parties****(a) Fees receivable by the Trustee**

The Trustee acts as the depository to the Schroders Capital UK Real Estate Fund. It is not making a separate charge in relation to the Trust.

**(b) Fees receivable by the Registrar**

The Registrar acts as the registrar to the Schroders Capital UK Real Estate Fund. It is not making a separate charge in relation to the Trust.

**(c) Fees receivable by the Authorised Fund Manager**

The Manager's annual fees (and any VAT) are charged within its authorised corporate director fee in the Schroders Capital UK Real Estate Fund (which is based on the NAV of the Schroders Capital UK Real Estate Fund); there is no additional management fee charged to the Trust.

**(d) Schroders Capital UK Real Estate Fund**

The Manager of the Schroders Capital UK Real Estate Fund Feeder Trust, which invests solely into the Schroders Capital UK Real Estate Fund, is part of the same group as the Authorised Corporate Director of the Schroders Capital UK Real Estate Fund. During the year to 31 March 2022, the Schroders Capital UK Real Estate Fund Feeder Trust was paid gross distributions totalling £5.1 million (2021: £4.6 million); as at year end £0.4 million was receivable (2021: £0.3 million).

## Distribution Table

Monthly distributions payable for the year to 31 March 2022 in pence per unit. There is a single net unit class within the Trust for the year to 31 March 2022.

	Year to 31 March 2022						Year to 31 March 2021
Final distribution payable	<b>129.723922</b>						107.7939979
	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	
Final distribution payable	8.876216	8.518330	9.831139	9.759137	9.098261	8.661244	
	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	
Final distribution payable	8.884463	8.205306	8.025963	9.555943	8.984225	9.393772	
	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	
Final distribution payable	9.559023	10.234477	10.033392	9.295137	9.842770	11.291482	
	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	
Final distribution payable	11.131585	12.297769	10.930885	11.206468	11.294625	12.606309	

## Leverage Disclosure (unaudited)

In accordance with AIFMD, the Trust is required to make available to investors information in relation to leverage. Under AIFMD, leverage is any method by which the exposure of the Trust is increased through borrowing of cash or securities, leverage embedded in derivative positions or by another means. It is expressed as a ratio between the total exposure of the Trust and its net asset value and is calculated in accordance with the 'Gross method' and the 'Commitment method' as described in the AIFMD. The Gross method represents the aggregate of all the Trust's exposures other than cash balances held in the base currency, while the Commitment method, which is calculated on a similar basis, may also take into account cash and cash equivalents, netting and hedging arrangements, as applicable.

The Investment Manager has set the expected maximum leverage percentages for the Trust and calculated the actual leverages as at 31 March 2022 as shown below:

	Maximum limit set	Actual as at 31 March 2022
<b>Gross leverage</b>	120%	<b>100%</b>
<b>Commitment leverage</b>	120%	<b>101%</b>

# Unaudited Additional Information

## Comparative Tables

	As at/for the year to 31 March 2022	As at/for the year to 31 March 2021	As at/for the year to 31 March 2020
<b>Change in net assets per unit</b>			
Opening net asset value per unit	<b>£46.73</b>	£46.02	£47.71
Return before operating charges*	<b>£8.42</b>	£1.79	(£0.54)
Operating charges	<b>£0.00</b>	£0.00	£0.00
Return after operating charges*	<b>£8.42</b>	£1.79	(£0.54)
Distribution on income units	<b>(£1.30)</b>	(£1.08)	(£1.15)
Closing net asset value per unit	<b>£53.85</b>	£46.73	£46.02
* After direct transaction costs of (£'000)	<b>£0.00</b>	£0.00	£0.00
<b>Performance</b>			
Return after charges	<b>18.8%</b>	4.5%	(0.6)%
<b>Other information</b>			
Closing net asset value (£'000)	<b>£189,512,112</b>	£157,002,247	£165,806,808
Closing number of units	<b>3,519,208.77</b>	3,359,774.16	3,602,929.34
Operating charges	<b>0.00%</b>	0.00%	0.00%
Direct transaction costs	<b>0.00%</b>	0.00%	0.00%
<b>Prices</b>			
Highest unit price	<b>£53.85</b>	£46.73	£47.70
Lowest unit price	<b>£47.17</b>	£45.23	£46.02

### General information

Schroders Capital UK Real Estate Fund Feeder Trust (the 'Trust') is an authorised unit trust in umbrella form and authorised by the FCA with effect from 31 July 2012. The Trust has an unlimited duration. Unitholders are not liable for the debts of the Trust.

Accordingly, the information in this document is directed at eligible counterparties, authorised persons, professional clients, existing investors in the Trust and clients and newly accepted clients of the Schroder Group, where reasonable steps have been taken to ensure that investment in the Trust is suitable. 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 Trust should consult an authorised person who specialises in investments of this nature.

The Trust's past performance is not a guide to the future. The Trust invests via the Schroders Capital UK Real Estate Fund in real property, the value of which is generally a matter of a valuer's opinion. There is no recognised market for units in the Trust and an investment is not readily realisable. It may be difficult to trade in the units or to sell them at a reasonable price. The price of units and the income from them may fluctuate upwards or downwards and cannot be guaranteed.

# Key Service Providers

## Manager Contacts

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

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

### HSBC Bank Plc

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### Authorised Fund Manager

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Schroder Unit Trusts Limited is authorised and regulated by the FCA.

## Registrar

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## Trustee

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## Independent Auditors

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