

SCHRODER REAL ESTATE INVESTMENT TRUST LIMITED

INVESTOR DISCLOSURE DOCUMENT

Chapter 3.2 of the Investment Funds sourcebook of the Financial Conduct Authority Handbook ("FUND 3.2") requires that AIFMs shall, for each AIF that they market in the UK, make available to AIF investors certain information before they invest in the AIF, as well as any material changes thereto.

Similarly, Articles 23(1) and (2) of the Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers (the "EU AIFMD") require that AIFMs shall, for each of the AIFs that they market in the EEA, make available to AIF investors certain information before they invest in the AIF, as well as any material changes thereto.

This document is issued by Schroder Real Estate Investment Management Limited (the "AIFM" or "SREIM") solely in order to make available the information required by Articles 23(1) and (2) of the EU AIFMD/FUND 3.2 to be made available to investors before they invest in Schroder Real Estate Investment Trust Limited (the "Company").

This document either contains that information or cross-refers to the relevant document available to investors that contains such information. The Company's latest Annual Report and Consolidated Financial Statements are available on the Company's website at www.srei.co.uk.

The AIFM shall inform investors of any material changes to the information contained in this document.

1. Investment Strategy and Objectives

Schroder Real Estate Investment Trust Limited (together with its subsidiaries the "Group") is a real estate investment company registered in Guernsey with a premium listing on the Official List of the Financial Conduct Authority and whose shares (the "Shares" or "Ordinary Shares") are traded on the premium segment of the Main Market of the London Stock Exchange. The Company is a Real Estate Investment Trust ("REIT") and benefits from the various tax advantages offered by the UK REIT regime.

The way in which the Company's portfolio of assets is managed by the AIFM is governed by its investment objective and policy and other rules set from time to time by the Company's board of directors (the "Board" or "Directors").

The investment objective of the Company is to provide Shareholders with an attractive level of income together with the potential for capital growth from owning and actively managing a diversified portfolio of real estate. Corporate social responsibility is deemed to be key to long-term business success together with overseeing positive stakeholder relationships.

The portfolio is principally invested in the three main UK commercial real estate sectors of office, industrial and retail, and will also invest in other sectors including mixed-use, residential, hotels, healthcare and leisure. Over the real estate market cycle the portfolio aims to generate an above average income return with a diverse spread of lease expiries.

The current investment strategy is to grow income and enhance Shareholder returns through proactive asset management by specialist teams, selective acquisitions and disposals of smaller properties on completion of the asset business plan.

The objective is to own a portfolio of larger properties in Winning Cities and Regions with high growth, diversified local economies, sustainable occupational demand and favourable supply and demand characteristics. These properties should offer good long-term fundamentals in terms of location and specification, be let at affordable rents with the potential for income and capital growth from good stock selection and asset management and offer a high standard of operational and

sustainability performance.

Investors should read the risk factors contained in the latest Annual Report and Consolidated Financial Statements for a description of the key risks relating to the Company's investment policy and strategy.

The investment policy of the Company may be amended from time to time by the Board in consultation with the AIFM. Material changes to the investment policy require Shareholder approval.

2. Investment Restrictions

The Board believes that in order to maximise the stability of the Group's income, the optimal strategy for the Group is to invest in a portfolio of assets diversified by location, sector, asset size and tenant exposure with low vacancy rates and creditworthy tenants. The value of any individual asset at the date of its acquisition may not exceed 15% of gross assets and the proportion of rental income deriving from a single tenant may not exceed 10%. From time to time the Board may also impose limits on sector, location and tenant types together with other activity such as development.

As the Company is a closed-ended investment fund for the purposes of the Listing Rules, the Company and, where relevant, its subsidiaries will observe the following restrictions applicable to closed-ended investment funds: neither the Company nor any subsidiary will conduct any trading activity which is significant in the context of the Group as a whole; and the Group will not invest in other listed investment companies.

3. Leverage

The Board has established a gearing guideline for the AIFM, which seeks to limit on-balance-sheet debt, net of cash, to 35 per cent. of on-balance-sheet assets while recognising that this may be exceeded in the short term from time to time. It should be noted that the Company's articles of incorporation (the "Articles") limit its borrowings to 65 per cent. of the Group's gross assets, calculated as at the time of borrowing. The Board keeps this guideline under review and the Directors may require the AIFM to manage the Group's assets with the objective of bringing borrowings within the appropriate limit while taking due account of the interests of Shareholders. Accordingly, corrective measures may not have to be taken immediately if this would be detrimental to Shareholder interests.

It is the Board's policy to minimise interest rate risk, either by ensuring that borrowings are on a fixed rate basis, or through the use of interest rate swaps/derivatives used solely for hedging purposes.

Leverage is expressed as a ratio ('leverage ratio') between the exposure of the Company and its net asset value ("NAV"). The leverage ratio is calculated in accordance with two methodologies for calculating the exposure of the Company, the gross method and the commitment method as summarised in the below table.

Leverage ratio

'Gross leverage ratio'

Exposure calculation methodology

The exposure calculated under the gross methodology consists of (i) the sum of the absolute values of all positions, (ii) the sum of the equivalent positions in the underlying assets of all financial derivative instruments entered into by the Company in accordance with the conversion methodologies for gross exposure calculation, (iii) the exposure resulting from the reinvestment of cash borrowings where applicable and (iv) the exposure resulting from the reinvestment of collateral in relation to efficient portfolio management transactions where applicable.

'Commitment leverage ratio'

The exposure calculated under the commitment methodology

consists of (i) the sum of the absolute values of all positions, (ii) the sum of the equivalent positions in the underlying assets of all financial derivative instruments entered into by the Company in accordance with the conversion methodologies for commitment exposure calculation, (iii) the exposure resulting from the reinvestment of cash borrowings where applicable and (iv) the exposure resulting from the reinvestment of collateral in relation to efficient portfolio management transactions where applicable. Under this method, netting and hedging arrangements can be taken into consideration under certain conditions.

The two ratios resulting from applying the gross or commitment methodology for calculating the exposure of the Company supplement each other and provide a distinct representation of leverage.

Gross leverage is a conservative way of representing leverage as it does not:

- make a distinction between financial derivative instruments that are used for investment or hedging purposes. As a result strategies that aim to reduce risk will contribute to an increased level of leverage for the Company.
- allow the netting of derivative positions. As a result, derivatives roll-overs and strategies relying on a combination of long and short positions may contribute to a large increase of the level of leverage when they do not increase or only cause a moderate increase of the overall Company risk.

As a result, a company that exhibits a high level of gross leverage is not necessarily riskier than a company that exhibits a low level of gross leverage.

Commitment leverage is a more accurate representation of the true leverage of the Company as it allows for hedging and netting arrangements under certain conditions.

By convention, the leverage ratio is expressed as a fraction. A leverage ratio of 1 or below means that the Company is unleveraged whereas a leverage ratio above 1 indicates that the Company is leveraged.

Leverage ratio	Maximum leverage ratio
'Gross leverage ratio'	1.95
'Commitment leverage ratio'	2.20

These maximum levels have been set by the AIFM in order to satisfy its obligations under EU AIFMD and the UK version of Commission delegated regulation (EU) No 231/2013, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018 (as amended). The AIFM expects that under normal market conditions the typical level of leverage to be substantially lower than the maximums stated above. In addition the gross leverage methodology does not allow for offsets of hedging transactions and other risk mitigation strategies involving derivatives, such as hedging and duration management.

The AIFM may change the maximum level of leverage from time to time. Any changes will be disclosed to Shareholders as described below under "Periodic and Regular Disclosure".

Investors should read the risk factors in the latest Annual Report and Consolidated Financial Statements for a description of the key risks relating to the use of gearing and leverage.

4. AIFM, Depositary, Auditor and Other Service Providers

AIFM

SREIM has been appointed as the Company's alternative investment fund manager and provides portfolio management and risk management services. SREIM is also appointed to act as Company Secretary.

To cover potential professional liability risks resulting from its activities, SREIM has an insurance policy in place in an amount and on terms that are standard for a business such as SREIM's and has additional own funds which are appropriate to cover potential liability risks arising from professional negligence in accordance with the applicable rules of the Financial Conduct Authority.

Depository

The Company has appointed Langham Hall UK Depository LLP as Depository with responsibility for the custody of financial instruments, asset verification, and cash monitoring. The Depository may delegate its safe-keeping functions in relation to financial instruments and other assets of the Company.

No arrangements have been made with the Depository to contractually discharge itself of liability in accordance with Article 21(13) of the EU AIFMD or Regulation 30 of the Alternative Investment Fund Managers Regulations 2013/1773. Should there be any changes with respect to depository liability, these will be notified through a regulatory news service without delay.

There are no provisions in the Depository Agreement for the transfer and reuse of Company assets.

Auditor

The Company has appointed Ernst & Young LLP to provide statutory audit services.

Registrar

The Company has appointed Computershare Investor Services (Guernsey) Limited to act as Registrar. The services provided in their capacity as Registrar include share register maintenance, share certificate services and certain meeting management services for company meetings, including registering of proxy votes as and when required.

Administrator

The Company has appointed Langham Hall (Guernsey) Limited to act as Administrator. The services provided in this capacity include compliance services in relation to the GFSC, assisting with Guernsey Registry filings and assisting with audit matters where required.

Absent a direct contractual relationship between a Shareholder and a service provider to the Company, Shareholders generally have no direct rights against the relevant service provider and there are only limited circumstances in which a Shareholder may potentially bring a claim against the relevant service provider. Instead, the proper plaintiff in an action in respect of which a wrongdoing is alleged to have been committed against the Company by the relevant service provider is, prima facie, the Company itself.

5. Fees

The management fee payable to the AIFM is: 0.9 per cent. of NAV up to £500 million; 0.8 per cent. of NAV between £500 million and £1 billion; and 0.7 per cent. of NAV over £1 billion. SREIM is also entitled to receive a fee of £50,000 per annum for its services as Company Secretary.

Details of all other expenses incurred in running the Company are provided in the Annual Report and Consolidated Financial Statements (including in the notes), but there is no formal cap on the level of these expenses.

The ongoing charges are provided in the KID and for each financial year in the Annual Report and Consolidated Financial Statements.

6. Valuation Procedure and Pricing Methodology

Properties are valued quarterly by two external valuers (Knight Frank LLP and BNP Paribas Real Estate UK for the two joint ventures, City Tower and Store Street) and the valuation is reviewed

quarterly by the Board. The NAV attributable to the Ordinary Shares is published quarterly based on the properties' most recent valuation and calculated under IFRS. The NAV is published through a regulatory information service provider to the London Stock Exchange as soon as practicable after the end of the relevant quarter. The publication of the NAV per Ordinary Share will only be suspended in circumstances where the underlying data necessary to value the Company's investments cannot readily, or without undue expenditure, be obtained having regard to the fact that, in such circumstances, the LSE may require the listing of the Ordinary Shares on its Official List to be suspended. Details of any suspension in publishing such calculations will be announced through an RNS.

Details of the pricing methodology applied to the Company's investments may be found in the Annual Report and Consolidated Financial Statements.

7. Liquidity Risk Management

The AIFM maintains a liquidity management policy to monitor the liquidity risk of the Company. Shareholders have no right to redeem their Shares from the Company but may trade their Shares on the secondary market. However, there is no guarantee that there will be a liquid market in the Shares.

8. Fair Treatment of Investors

The AIFM has procedures, arrangements and policies in place to ensure compliance with the principles relating to the fair treatment of investors. The AIFM maintains and operates organisational, procedural and administrative arrangements and implements policies and procedures designed to manage actual and potential conflicts of interest. As at the date of this document, no investor has obtained preferential treatment or the right to obtain preferential treatment.

9. Procedure and Conditions for the Issue and Sale of Shares

The issue of new Shares by the Company, either by way of a fresh issue of Shares or by way of the sale of Shares from treasury, is subject to the requisite Shareholder authorities being in place and all Listing Rule requirements having been met. Shares can also be bought in the open market through a stockbroker or other financial intermediary.

10. Implications of the contractual relationship entered into for the purpose of investment

While investors acquire an interest in the Company on subscribing for the Company's Shares, the Company is the sole legal and/or beneficial owner of its investments. Consequently, Shareholders have no direct legal or beneficial interest in those investments. The liability of Shareholders for the debts and other obligations of the Company is limited to the amount unpaid, if any, on the Shares held by them.

Shareholders' rights in respect of their investment in the Company are governed by the Articles and the Companies (Guernsey) Law, 2008 (as amended). The Articles set out the respective rights and restrictions attaching to the Company's Shares.

The agreement between Shareholders and the Company to subscribe for Shares is governed by English law. The Judgments (Reciprocal Enforcement) (Guernsey) Law 1957 shall apply and a final and conclusive judgment, capable of execution, obtained in the Supreme Court and the Senior Courts of England and Wales (excluding the Crown Court) would be recognised and enforced by the Royal Courts of Guernsey without re-examination of the merits of that case, but will be subject to compliance with procedural and other requirements of Guernsey's reciprocal enforcement legislation.

11. Historical Performance of the Company

Details of the Company's historical financial performance are provided in the Company's Annual Report and Consolidated Financial Statements and quarterly factsheets, which are available on the website.

Investors should note that past performance of the Company is not necessarily indicative of future performance. Investors may not get back the amount invested.

12. AIFM Remuneration Disclosures

Schroders' remuneration framework and SREIM's remuneration disclosure are available here:

<https://www.schroders.com/en/investor-relations/shareholders-and-governance/disclosures/remuneration-disclosures/>

13. Periodic and Regular Disclosure

The following information will be disclosed to Shareholders on a semi-annual basis by way of the Half-Year and Annual Report and Consolidated Financial Statements which are made available to Shareholders:

- a) the percentage of any of the Company's assets that are subject to special arrangements arising from their illiquid nature;
- b) any new arrangements for managing the liquidity of the Company;
- c) the current risk profile of the Company and the risk management systems employed by the AIFM to manage those risks; and
- d) the total amount of leverage employed by the Company.

Any changes to the following information will be provided through a regulatory news service without undue delay:

- a) the maximum level of leverage which the AIFM may employ on behalf of the Company; and
- b) any right of re-use of collateral or any guarantee granted under any leveraging arrangement.

Disclaimer

This document is not being issued for any purpose other than to make certain, required regulatory disclosures to investors and, to the fullest extent permitted under applicable law and regulations, the AIFM, the Company and its Directors will not be responsible to persons other than the Company's Shareholders for their use of this document, nor will they be responsible to any person (including the Company's Shareholders) for any use which they may make of this document other than to inform a decision to invest in Shares in the Company. This document does not form a prospectus and is not intended to be an invitation or inducement to any person to engage in any investment activity. This document may not include (and is not intended to include) all the information which investors and their professional advisers may require for the purpose of making an informed decision in relation to an investment in the Company and its Shares. Prospective investors should rely on their own professional advisers in relation to any investment they may make in the Company. Overseas investors should note that the distribution of this document in certain jurisdictions may be restricted and persons into whose possession this document comes are required to inform themselves about and observe such restrictions.