SCHRODER EUROPEAN REAL ESTATE INVESTMENT TRUST PLC

DISCLOSURE OF INFORMATION UNDER THE ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE

This document is issued in order to comply with the provisions of the Financial Conduct Authority's Rules implementing the EU Alternative Investment Fund Managers Directive (Directive 2011/61/EU) in the UK (the "Directive"), which require that certain information be disclosed to investors before investment in the Company. In the event that there is a material change to the information contained in this document, it will be updated and re-published. Information that is required under the Directive to be disclosed to investors without delay will also be disclosed through a regulatory news service as appropriate.

1. Investment Strategy and Objectives

Full details of the investment objective of the Company and its investment policy may be found in the Prospectus, the Key Information Document (the "KID") and in the Annual Report and Consolidated Financial Statements. Details of the investment techniques employed by the Company and assets in which the Company may invest are contained within the investment policy.

Material changes to the investment objective or policy require shareholder approval, which would be sought at either an Annual General Meeting or at a separate General Meeting convened for that purpose.

2. Investment Restrictions

Full details of the key investment restrictions imposed on the Alternative Investment Fund Manager, Schroder Real Estate Investment Management Limited ("SREIM" or the "AIFM") may be found in the Prospectus, the KID and in the Annual Report and Consolidated Financial Statements.

3. Integration of Sustainability Risks

The manner in which Sustainability Risks are integrated into investment decisions

The AIFM's overall risk management processes include the consideration of Sustainability Risks (as defined below) alongside other factors in its capacity as the AIFM of the Company.

A sustainability risk is an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment and the returns of the Company (a "Sustainability Risk").

Sustainability Risks could arise at any stage of the real estate investment lifecycle including acquisition, ownership, renovation and construction. Sustainability Risks that could negatively affect the value of a particular real estate asset or portfolio of real estate investments that form part of the Company's portfolio of assets (an "Investment") might include:

- Environmental: extreme weather events and physical climate risks such as flooding, production of waste and greenhouse gas emissions, pollution incidents, damage to biodiversity;
- Social: materials and construction safety issues, health and safety incidents such as injuries or fatalities;
- Governance: failure to identify and understand new regulations, taxes or industry standards, including related transition risks, to protect or encourage sustainable real estate lifecycle activities and practices such as minimum energy efficiency and energy reduction requirements which may be introduced.

The AIFM is required to consider such potential Sustainability Risks as part of its mandatory pre-acquisition due diligence review process. Sustainability Risks continue to be considered by the AIFM through the lifecycle of an Investment, who is further supported by external property manager(s) and sustainability adviser(s).

In addition, the AIFM operates an Environmental Management System (EMS), externally certified to

ISO14001[1], which provides the framework for managing its environmental responsibilities.

Independent oversight of Sustainability Risks is also provided by the Schroders Group Investment Risk function across the Schroders Group investment range more generally, with reporting and escalation to Real Estate Risk and Performance Committee and Investment Manager boards as appropriate.

More details on the management of Sustainability Risks and the AIFM's approach to sustainability are available on the internet site:

https://www.schroders.com/en/uk/realestate/products--services/sustainability/

Any references to the integration of sustainability considerations therein are made in relation to the processes of the investment manager or the Schroders Group and are not specific to the Company.

The results of the assessment of the likely impacts of Sustainability Risks on the returns of the financial products they make available

The impact of Sustainability Risks associated with any Investment may have a value or cost that can be estimated through analysis, the use of proprietary or external tools and/or advice from external professional service providers.

These impacts could have a direct effect on returns such as costs of upgrade works or be implicitly priced into the valuation of an Investment. Alternatively, investment upgrade works could generate positive benefit to on-going operational costs and may also support value protection through a more resilient asset.

4. Leverage

Leverage is a way for the Company to increase its exposure through borrowing of cash or securities and/or the use of financial derivative instruments.

The Company intends to use gearing with the objective of improving shareholder returns. Borrowings will be non-recourse and secured against individual assets or groups of assets and, at the time of borrowing, gross debt (net of cash) shall not exceed 35 per cent. of the Company's gross assets. Where borrowings are secured against a group of assets, such group of assets shall not exceed 25 per cent of the Company's gross assets in order to ensure that investment risk remains suitably spread.

The Board will determine the appropriate level and structure of gearing for individual assets or groups of assets on a deal by deal basis and gearing against individual assets or groups of assets may exceed 35 per cent. LTV at the time of borrowing, provided total gearing of the Company does not exceed 35 per cent. LTV overall. Higher gearing will only be considered against individual assets or groups of assets if the Board considers the particular characteristics of those assets would be suitable for higher gearing.

The Company does not currently intend to take any currency hedging in respect of the capital value of its portfolio of investments but may choose to do so if the Board considers this to be appropriate in the future. Further, the Company will actively seek to hedge some or all dividend distributions made in currencies other than Euro where the Board considers that the costs of such currency hedging are appropriate.

The Company does intend to hedge the majority of interest rate exposure associated with the gearing it uses. This will either be done by borrowing on a fixed rate basis or through the use of interest rate swaps or caps. Any hedging will be used solely for efficient portfolio management and risk management rather than investment purposes.

Leverage is expressed as a ratio ('leverage ratio') between the exposure of the Company and its net asset value. 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 summarized in the below table.

[1] ISO 14001 is an internationally agreed standard that sets out the requirements for an environmental management system.

Leverage ratio	Exposure calculation methodology
'Gross leverage ratio'	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'	2.0
'Commitment leverage ratio'	2.4

These maximum levels have been set by the AIFM in order to satisfy its obligations under the Directive. 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 in accordance with the Directive.

5. Appointment of AIFM and Delegations

SREIM provides portfolio management and risk management services and has been appointed as the Company's alternative investment fund manager in accordance with an Investment Management Agreement.

Details of the appointment of the AIFM, including fees charged to the Company and termination provisions are provided in the Prospectus and in due course will be provided in the Directors' Report in the Annual Report and Consolidated Financial Statements and, in the Half-Year Report in circumstances where such fees have changed during the reporting period.

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.

6. Appointment of Depositary

The Company has appointed Langham Hall UK Depositary LLP as Depositary.

Under the Depositary Agreement, Langham Hall UK Depositary LLP is responsible*, inter alia*, for the custody of financial instruments and cash monitoring.

No arrangements have been made with the Depositary to contractually discharge itself of liability in accordance with Article 21(13) of the Directive. Should there be any changes with respect to depositary liability, these will be notified through a regulatory news service without delay.

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

7. Auditor

The Company has appointed PricewaterhouseCoopers LLP to provide statutory audit services.

8. Registrar

The Company has appointed Equiniti Limited to act as Registrar. The services provided in their capacity as Registrar include share register maintenance, including the cancellation and allotment of shares as required; arranging for the payment of dividends; and meeting management for company meetings including registering of proxy votes as and when required.

9. Fees

Full details of the fees paid to the AIFM may be found in the Prospectus, the KID and in the Annual Report and Consolidated Financial Statements in the Directors' Report. Details of all other expenses incurred in running the Company are provided in the notes to the Accounts in the Annual Report and Consolidated Financial Statements.

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

10. Pricing Methodology

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

11. Valuation Procedure

The Company's net asset value will be calculated on a quarterly basis in accordance with the procedures described in the Prospectus. The net asset value will be published through a regulatory news service.

12. Procedures and Conditions for the Issue and Sale of shares

Details of the initial placing, offer for subscription and placing programme are all included in the Prospectus.

13. Preferential Treatment of Investors

The Company will endeavour to ensure fair treatment of investors. An investment in the Company will not automatically grant investors any rights against third parties engaged by the Company to provide services to the Company. No investor receives preferential treatment.

14. Liquidity Risk Management

There are no rights to redemption. The Company is a closed-ended fund.

15. AIFM Remuneration Disclosures

Schroders' remuneration framework can be found here:
https://www.schroders.com/en/sysglobalassets/digital/about/ucits-and-aifm-remuneration-framework-july-2019.pdf

SREIM's Remuneration disclosure in respect of the performance-year 2019 is available here:

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

16. Periodic and Regular Disclosure under the Directive

The following information will be disclosed to shareholders on a semi-annual basis by way of the Half-Year and Annual Reports 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 including, but not limited to, any material changes to the liquidity management systems and procedures employed by the AIFM; provided that shareholders will be notified immediately where the issue, cancellation, sale and redemption of shares is suspended, when redemptions are suspended or where other similar special arrangements are activated;

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 and in accordance with the Directive:

a) the maximum level of leverage which the AIFM may employ on behalf of the Company; and

b) the right of re-use of collateral or any changes to any guarantee granted under any leveraging arrangement.