



# Schroders Capital Semi-Liquid Global Real Estate Total Return (GRETR)

Marketing material for professional clients only.

## Investment objective

The fund aims to provide capital growth over five to seven years by investing directly or indirectly in a diversified range of private and public real estate investments worldwide.

## Fund features

- Strong case for selected real estate strategies under evolving market conditions
- Access to the best of Schroders' institutional real estate platform
- Private market exposure with enhanced liquidity mechanics

## Why invest in private real estate now?

The global real estate market has undergone a period of repricing over the past 18-24 months.

The unevenness of price adjustments across geographies, sectors, and investment structures meanwhile continues to create a window of opportunity to access rebased markets in a sequential manner.

Our preferred strategies continue to be led by four conviction themes that broadly align with the '3D reset' – deglobalisation, demographics and decarbonisation – trends that are structurally influencing the market environment:

1

### Technology & the Knowledge Economy

The interface for "work" has shifted, consolidating value in those buildings which address specific needs and evolving tenant preferences, as the industry sectors continue to evolve.

- Select Office
- Life Sciences/R&D

2

### Individualism & Deglobalisation

Individual preferences with regards to "work, live and play" have shifted in an also changed geopolitical landscape, deepening disparities in demand between and within related sectors.

- Hospitality
- Micro-Living
- Urban Logistics
- Self-Storage

3

### Demographic Shifts

Rapidly changing demographics, including ageing populations, further altering relative demand for various types of (affordable) living formats.

- Multifamily
- Single Family
- Student Housing
- Senior Housing/Care

4

### People, Places and Planet

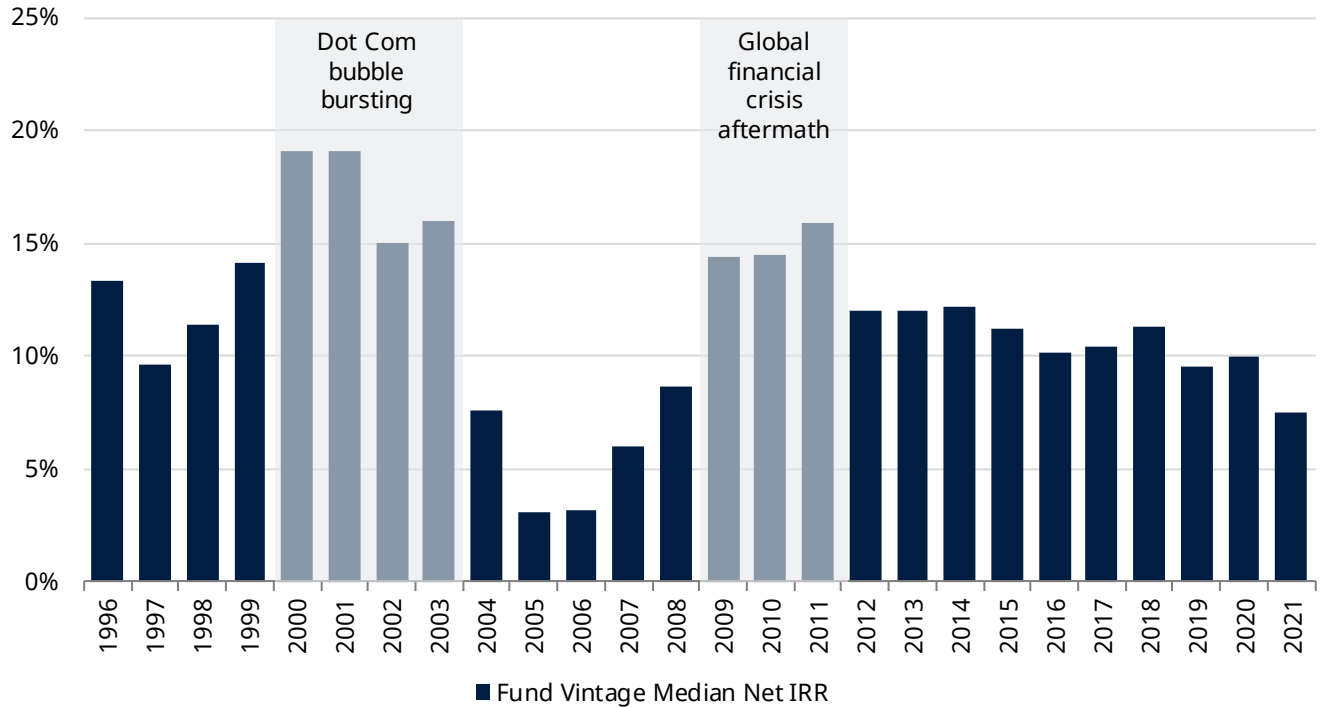
Increased regulatory and industry standards demand a holistic approach to the creation of value for all stakeholders, including investors and communities.

- Sustainability Upgrading
- Regeneration
- Social Housing
- Medical Office

## Cyclical buying opportunity

Investment windows following periods of volatility have historically delivered above average performance in aggregate. Underlying commercial real estate leases are typically long-term contracts and may feature contractual uplifts in income that are key to the potential for asset owners to generate above inflation returns.

## Global private equity real estate fund performance by vintage

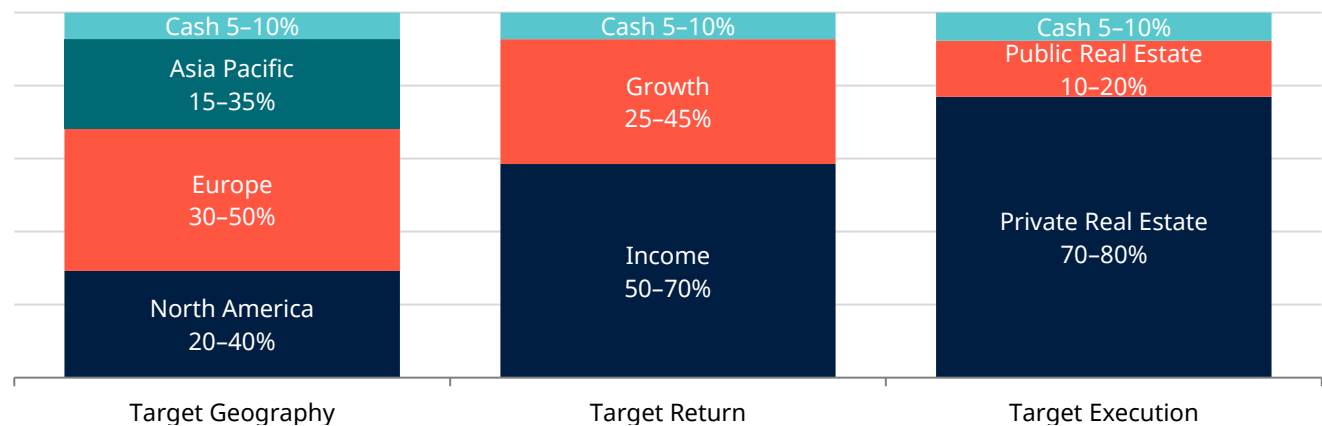


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## What does the portfolio look like?

Target allocations to create diversified exposure to selectively curated strategies and prevailing best ideas:

- Primary focus on outperforming private real estate equity opportunities in institutional programmes and direct co-investments
- Ability to invest in public equities for more efficient access to some property sectors, capitalising on mispricing and providing liquidity management while reducing cash drag on performance



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## Case studies

### Portfolio Investment: Tokyo Serviced Living

Direct co-investment alongside operator with a strong track record in the serviced apartment sector

#### Transaction details

Type	Direct Co-investment
Sector	Residential
Geography	Tokyo, Japan
Size	US\$11m
Target GRETR commit	US\$2m
Target investment date	Q4 2023

#### Investment thesis

- Direct asset-level partnership alongside an experienced serviced living operator – currently operating over 2,500 units with 95% occupancy across Asia Pacific<sup>1</sup>
- Operator closely aligned – with a 60% equity commitment to the investment and a desire to foster a longer-term multi project relationship
- Tried and tested income maximizing strategy – rolling conversion of existing leased residential units on lease expiry to serviced apartments to create improved amenities on shorter lease terms suitable for higher yielding Air BnB style tourism market



Source: Schroders Capital, June 2024. <sup>1</sup>Figures for full year 2022 average. The value of investments and the income from them may go down as well as up and investors may not get back the amounts originally invested. There can be no guarantee that a Schroders managed vehicle will acquire this project or that the terms outlined would be achieved. Nothing in this document should be construed as advice and is therefore not a recommendation to buy or sell shares.

### Portfolio Investment: UK Social Supported Housing Secondary

Capital market dysfunction presenting compelling real estate investment opportunities

#### Transaction details

Type	Secondary Trade
Sector	Social Housing
Geography	UK
Size	£200m
Target GRETR commit	US\$3.2m
Target investment date	Q2 2024

#### Investment thesis

- Structural undersupply – modern purpose-built accommodation is highly constrained while strong demand growth forecasts are supported by long-term demographic trends
- Robust fundamentals – £200m portfolio of built assets and identified pipeline offering 10-20+ years inflation linked leases backed by central government funding
- Attractive entry price- Motivated defined-benefit pension fund seller with short time horizon providing >30% discount to the December 2023 ex-div NAV, underwriting to 20%+ unlevered IRR over a two-year hold



Source: Schroders Capital, June 2024.

## What are Schroders Capital's real estate credentials?

**850+**

properties under management<sup>1</sup>

**14**

operational real estate offices<sup>1</sup>

**270+**

dedicated real estate professionals<sup>1</sup>

<sup>1</sup>Schroders Capital as of 30th December 2023

- **Sustainability:** Use of proprietary sustainability tools and impact frameworks
- **Operational Excellence:** Managing each building as if it is a business by itself, creating sustainable income and value.
- **Solutions:** Offering best investment strategies and execution. Matching specific clients' risk/return, liquidity and governance requirements

### Fund information

<b>Legal structure</b>	Luxembourg SICAV part II
<b>EU SFDR</b>	Binding commitment to Article 8 under SFDR <sup>1</sup>
<b>Dealing frequency</b>	<p>Monthly subscriptions: Last Business Day of each month with the cut off of T-5 business days applicable to all share classes.</p> <p>Quarterly redemptions: Last Business Day in March, June, September and December with 90 calendar days notice period.</p> <p>Up to 5% net redemptions (at fund level) per quarter. If exceeded, redemptions dealt with on a prorata basis.</p>
<b>ISIN</b>	LU2523339757
<b>Bloomberg</b>	SCGRETC LX
<b>SEDOL</b>	BMYSG05

Data for C Accumulation USD share class.

Source: Schroders Capital, May 2024. All terms described above are subject to change. The Fund may be suitable for Investors with a longer term investment horizon and who are more concerned with long-term returns than short-term losses. The Fund is not intended for retail Investors; it is intended for institutional Investors, Investors who are advised by a professional investment adviser and sophisticated Investors. A sophisticated Investor means an Investor who understands the Fund's strategy, characteristics and risks in order to make an informed investment decision; and understands the liquidity profile of this Fund and understands and is comfortable with the potential for periods of illiquidity. <sup>1</sup>The fund has environmental and/or social characteristics within the meaning of Article 8 of Regulation (EU) 2019/2088 on Sustainability-related Disclosures in the Financial Services Sector (the "SFDR"). For information on sustainability-related aspects of this fund please go to [www.schroders.com](http://www.schroders.com)

## Risk considerations

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

**Market risk** – The value of investments can go up and down and an investor may not get back the amount initially invested.

**Private market valuations** – In times of stress it may be difficult to find appropriate prices for private asset investments and they may be valued on the basis of proxies or estimates. This may lead to significant changes in the valuation of the fund, or the inability to determine a reliable net asset value which may lead to a suspension of the fund.

**Property development risk** – The Fund may invest in property development which may be subject to risks including, risks relating to planning and other regulatory approvals, the cost and timely completion of construction, general market and letting risk, and the availability of both construction and permanent financing on favourable terms.

**Tax risk** – The Fund and its returns may rely on certain available tax efficiencies at the inception of the Fund which may be subject to changes in tax treatment or interpretations. Any change in the actual or perceived tax status or exposure of the Fund or its investments as well as in tax legislation, practice or in accounting standards could adversely affect the anticipated level of taxation.

**Tenant risk** – The distributions payable by the Fund are dependent on the income from the underlying property owned and is subject to the risk that tenants may default on their rental obligations.

**Credit risk** – If a borrower of debt provided by the Fund or a bond issuer experiences a decline in financial health, their ability to make payments of interest and principal may be affected, which may cause a decline in the value of the Fund.

**Currency risk** – The fund may lose value as a result of movements in foreign exchange rates, otherwise known as currency rates.

**Interest rate risk** – The fund may lose value as a direct result of interest rate changes.

**Liquidity risk** – The fund invests in illiquid instruments, which are harder to sell. Illiquidity increases the risks that the fund will be unable to sell its holdings in a timely manner in order to meet its financial obligations at a given point in time. It may also mean that there could be delays in investing committed capital into the asset class.

**Operational risk** – Operational processes, including those related to the safekeeping of assets, may fail. This may result in losses to the fund.

**Performance risk** – Investment objectives express an intended result but there is no guarantee that such a result will be achieved. Depending on market conditions and the macroeconomic environment, investment objectives may become more difficult to achieve.

**Real estate and property risk** – Real estate investments are subject to a variety of risk conditions such as economic conditions, changes in laws (e.g. environmental and zoning) and other influences on the market.

**Sustainability risk** – The fund has environmental and/or social characteristics. This means it may have limited exposure to some companies, industries or sectors and may forego certain investment opportunities, or dispose of certain holdings, that do not align with its sustainability criteria chosen by the investment manager. The fund may invest in companies that do not reflect the beliefs and values of any particular investor.

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The Companies qualify as a Société d'Investissement à Capital Variable ("SICAV") and as an alternative investment fund within the meaning of article 1(39) of the 2013 Law.

Subscriptions for shares of the Company can only be made on the basis of its latest Key Information Document (where available) and prospectus together with the latest audited annual report (and subsequent unaudited semi-annual report, if published), copies of which can be obtained, free of charge, from Schroder Investment Management (Europe) S.A.

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