

INFORMATION MEMORANDUM

SCHRODERS RF REAL ESTATE DEBT FUND

February 2022

For wholesale clients only.
Not for distribution to retail clients.

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Important Information:

This Information Memorandum (**IM**) is a summary of significant information relating to the units in the Schroders RF Real Estate Debt Fund (ABN 45 587 839 853, APIR SCH1475AU) (the **Fund**). No other fund, trust or class of units is offered in this IM. You should read and consider all of the information in this IM before making a decision to invest in the Fund.

This IM is issued by Schroder Investment Management Australia Limited ABN 22 000 443 274 (**Schroders, Trustee, we, our, us**) as trustee of the Fund. The investment manager of the Fund is Schroders RF Limited ABN 54 089 265 270 (**Manager**). References to 'Schroders Group' are to Schroders plc and its subsidiaries. No Schroders Group company, other than Schroders and the Manager, makes any statement or representation in this document.

This IM is intended solely for wholesale clients and is not for distribution to retail clients (as those terms are defined in the Corporations Act). The Fund is not a registered scheme under the Corporations Act and investment in the Fund is open only to wholesale clients. This IM is not a product disclosure statement for the purposes of the Corporations Act and is not suitable for retail clients. This IM does not contain the information which would be required to be included in a product disclosure statement. The offer of units in the Fund is available to persons receiving a copy of this IM in Australia and is not open to US Persons (as that term is defined in any applicable law or regulation).

The information contained in this IM is general information only and does not take into account your objectives, financial situation or needs. Before acting on the information contained in this IM you should consider the appropriateness of the information in this IM, and consider seeking professional advice, having regard to your objectives, financial situation and needs.

An investment in the Fund is subject to investment and other risks, including possible delays in payment and loss of income and capital invested. Investments in the Fund are not deposits with or other liabilities of Schroders or any of its related bodies corporate, affiliates, associates or officers. None of the Fund, the Manager, Schroders, nor any of its related bodies corporate or associates, guarantees in any way the performance of the Fund, repayment of the capital from the Fund, any particular return from, or any increase in the value of, the Fund. For more details on the risks, please refer to section 3 of this IM, 'Risks of investing in the Fund.'

All references to Dollars are in Australian Dollars. Capitalised terms in this IM are defined terms and they are listed in the Glossary section in this IM or defined elsewhere in the IM. Days are calendar days unless otherwise specified as Business Days.

SECTION 1 AT A GLANCE

FUND DETAILS

FUND NAME	Schroders RF Real Estate Debt Fund	
TRUSTEE	Schroder Investment Management Australia Limited (Schroders) is the trustee of the Fund. Schroders is a wholly owned subsidiary of the Schroders Group, a global asset and wealth manager established in 1804 and headquartered in the United Kingdom.	
INVESTMENT MANAGER	Schroders RF Limited (Manager) has been appointed as the investment manager of the Fund under the Investment Management Agreement. The Manager is an experienced real estate debt manager which has operated unlisted mortgage schemes since 1999 and brings to its role many years of experience and expertise in origination, credit assessment and loan management with particular emphasis on its pedigree in real estate construction.	Further information is outlined in the 'Fund Description' section of this IM.
ABN	45 587 839 853	
APIR	SCH1475AU	
ISIN	AU60SCH14753	
BENEFICIARY LODGEMENT CODE¹	RFP	

INVESTMENT DETAILS

FUND OBJECTIVE	To provide investors with income by investing in a diversified portfolio of loans secured over Australian real property.	
INVESTMENT RETURN OBJECTIVE	To achieve income returns in excess of 5% above the RBA Cash Rate per annum (net of the management fee) in the medium to long term. There is no guarantee that the return objective will be achieved.	Further information is outlined in the 'Fund description' section of this IM.
INVESTMENT CATEGORY	Real estate debt	
MANAGEMENT STYLE²	Active	
TARGET DISTRIBUTION FREQUENCY	Monthly, subject to available cash.	
LIQUIDITY	Schroders will use reasonable endeavours to make liquidity available to investors on a quarterly basis, but cannot guarantee that there will be available liquidity at all times. Investors should be aware that the Fund may not hold sufficient cash at a particular time to satisfy all redemption requests in full or at all. Schroders will consider and process redemption requests quarterly. Schroders will determine, in consultation with the Manager, the amount of cash to be made available to satisfy redemption requests for each calendar quarter at the end of the quarter, having regard to the best interests of investors	Further information is outlined in the 'Withdrawing from the Fund' section of this IM.

as a whole and (among other factors) the maturity profile of existing investments and existing cash holdings within the Fund (**Quarterly Liquidity Cap**). As at the date of this IM, Schroders anticipates that the Quarterly Liquidity Cap will typically be approximately 5% of the NAV of the Fund, although this can vary from time to time, and in some situations may be significantly lower. The Quarterly Liquidity Cap is more likely to be lower (and may be 0) at the beginning of the Fund's life (for example, in the first 24 months after it commences operations).

Generally, redemption requests received by the last business day in the month preceding the end of quarter will be processed at the end of the quarter (for example, for a March quarter, redemption requests received by 28 February will be processed). Where redemption requests are received for a quarter that in aggregate exceed the Quarterly Liquidity Cap, those redemption requests will be scaled back on a pro-rata basis (or such other fair and reasonable basis determined by Schroders). Unmet redemptions are not carried forward to further periods automatically and instead will be cancelled. Investors will be notified of any scale-back. Investors whose redemption requests have been scaled back will need to submit a new redemption request for the following quarter if they still wish to redeem the units which were not redeemed due to the scale-back.

Schroders may also consider and process redemption requests outside of the usual quarterly cycle if it considers that to do so is in the best interests of investors, having regard to the composition of the Fund's assets, investor applications into the Fund and the amount of unsatisfied redemption requests received at a particular time. These 'out of cycle' redemption requests will be processed consistently with the usual quarterly procedure, including pro-rata scale-back of requests in excess of the available liquidity. Schroders will provide 10 Business Days' notice to investors if it decides to process redemption requests outside of the usual quarterly cycle.

Schroders will pay redemption proceeds within 21 days after the request has been processed.

Prospective investors must be aware of the potential limitations on their ability to withdraw from the Fund. Neither Schroders nor the Manager provides any guarantee concerning the liquidity of the Fund or the ability of an investor to withdraw their investment over any particular period.

APPLICATION PROCESS

Applications will typically be accepted and processed fortnightly, on or around the 15th calendar day of each month and the last day of each month (or, where those days are not business days, on the immediately preceding business day). Applications received prior to 3pm Sydney time on one of those dates will generally be processed for that fortnight. Subject to the Corporations Act, Schroders may determine to accept applications and issue Units at different times, in its absolute discretion.

Further information is outlined in the 'Investing in the Fund' section in this IM.

KEY RISKS	Market risk, interest rate risk, asset liquidity risk, withdrawal risk, capital commitments risk, borrower default risk, construction loan risk, reliance on investment manager risk, counterparty risk, regulatory and legal risk, conflicts of interest risk, cyber security risk and fund risk.	Further information is outlined in the 'Risks of investing in the Fund' section of this IM.
MINIMUM AMOUNTS³		
INITIAL INVESTMENT	\$20,000	
ADDITIONAL INVESTMENT	\$5,000	Further information is outlined in the 'Investing in the Fund' and 'Withdrawing from the Fund' sections in this IM.
WITHDRAWAL AMOUNT	\$5,000	
INVESTMENT BALANCE	\$20,000	
FEEES AND COSTS⁴		
FEEES WHEN YOUR MONEY MOVES IN OR OUT OF THE FUND	Nil	
MANAGEMENT FEEES AND COSTS⁵	<p>The management fees and costs are comprised of a management fee, indirect costs, and expense recoveries.</p> <p>Management fee: a management fee of 1.18% p.a. of the net asset value of the Fund (NAV).</p> <p>Indirect costs: indirect costs are amounts that reduce, whether directly or indirectly, the return of the Fund, or the income of or value of property attributable to the Fund or an interposed vehicle in which the Fund invests. Schroders estimates that the indirect costs of the Fund will be 0% p.a. of the NAV of the Fund.</p> <p>Expense recoveries: Schroders is entitled to recover expenses it properly incurs when acting as trustee of the Fund. Schroders has decided to pay any normal expenses incurred in the administration of the Fund and will only be reimbursed out of the assets of the Fund where such expenses are abnormal expenses. Schroders estimates that the expense recoveries for the Fund will be approximately 0% p.a. of the NAV of the Fund.</p>	Further information is outlined in the 'Fees and costs' section in this IM.
PERFORMANCE FEE⁶	<p>A performance fee calculated and accrued daily in accordance with the following formula, and paid quarterly in arrears:</p> $\text{Performance fee} = 20.5\% \times \text{Outperformance Rate} \times \text{NAV}$ <p>Where 'Outperformance Rate' means the amount by which the Fund's performance (after fees and expenses) for the relevant period exceeds the hurdle rate of RBA Cash Rate plus 5% p.a. (expressed as a percentage).</p>	
TRANSACTION COSTS^{5,7}	Transaction costs are the costs incurred when assets are bought or sold by the Fund and include settlement costs (including custody costs), property realisation costs and loan recovery and enforcement costs. Schroders estimates that the transaction costs for the Fund will be approximately 0% p.a. of the NAV of the Fund.	

ESTIMATED BUY/SELL SPREAD	The Fund does not currently charge a buy/sell spread on applications or withdrawals.
FEES PAID BY BORROWERS	As at the date of this IM, the Trustee has the right to determine that any fees paid by borrowers to the Trustee or its service providers in connection with the servicing or origination of loans made by the Fund (including loan establishment fees) are to be retained by those persons. Unlike some other private debt funds, the Trustee has determined that all such fees will be paid to the Fund, rather than being retained by the Trustee or the Manager. The Trustee reserves the right to retain such amounts in the future.

REPORTING AND CONTACT DETAILS

REPORTING	Confirmation of application/withdrawal, periodic transaction statements, annual tax statement or Attribution Managed Investment Trust Member Annual (AMMA) statement as applicable, fund and financial reports.	Further information is outlined in the 'Keeping you informed' section in this IM.
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APPLICATIONS AND WITHDRAWALS	Mail:	Schroders Unit Registry C/-Link Market Services PO Box 3721 Rhodes NSW 2138	
	Fax:	02 9287 0369	
	Email:	schroders@linkmarketservices.com.au	

CONTACT DETAILS	Website:	www.schroders.com.au	
	Address:	Level 20, 123 Pitt Street, Sydney NSW 2000	Further information is outlined in the section 'Contacting Schroders' section in this IM.
	Telephone:	Client Services (9am–5pm Sydney time): 1300 136 471 (within Australia) +61 2 9210 9421 (outside Australia)	
	Email:	info.au@schroders.com	

¹The beneficiary lodgement code should be referenced on any cheque accompanying an application to invest.

²Active: This means that the investment manager of the Fund regularly makes decisions about buying and selling investments of the Fund.

³Investment minimums: Schroders has absolute discretion to waive these minimums.

⁴Additional fees and costs may apply. See the 'Fees and costs' section of this IM for further details.

⁵Schroders has estimated the indirect costs, operating expenses and transaction costs based on the information available to it as at the date of this IM. All estimates reflect Schroders' reasonable estimates of the typical ongoing amounts for the current financial year. For further information about fees and costs categories, including details of how they are calculated, see the 'Fees and costs' section of this IM.

⁶As the Fund was first offered in the current financial year, and Schroders is unable to reasonably predict the Fund's future performance, Schroders is unable to make a reasonable estimate of the performance fees that may be incurred by the Fund for a particular year.

⁷Schroders has estimated the transaction costs of the Fund to be 0% p.a. based on the information available to it as at the date of this IM because the Fund is newly established, and it does not expect that the Fund will incur material transaction costs in the first year of its operation. The Fund may incur transaction costs in future years.

SECTION 2 FUND DESCRIPTION

OVERVIEW OF THE FUND

KEY FEATURES

The Fund is an unregistered managed investment scheme structured as a unit trust, with Schroders as trustee. The Fund invests in an actively managed private debt portfolio comprised primarily of Australian real estate loans. The Fund seeks to provide investors with regular income and capital stability by lending money to borrowers secured with registered first or second ranking mortgages over legal interests in Australian real property. It is expected that a second ranking mortgage will only be held as security if the first ranking mortgage over the relevant asset is also to be held by the Fund. The Fund may also hold cash and cash equivalents to meet withdrawal requests and operating expenses, and to respond to investment opportunities as they arise.

The Fund may obtain exposure to underlying investments either directly or indirectly, including by holding interests in other managed investment schemes operated by Schroders and/or the Manager. As at the date of this IM, the Fund intends to invest a significant proportion of its assets in the Schroder Real Estate Debt Fund ABN 61 683 285 189, another managed investment scheme for which Schroders is trustee and the Manager is investment manager.

In addition, unlike some other private debt funds, all fees paid by borrowers in connection with the servicing or origination of loans made by the Fund (including loan establishment fees) will be paid to the Fund, rather than being retained by the Trustee or the Manager.

The Fund is not required to be, and has not been, registered with the Australian Securities and Investments Commission. Interests in the Fund are available only to investors that qualify as 'wholesale clients' for the purposes of the Corporations Act.

INVESTMENT RETURN OBJECTIVE

To achieve income returns in excess of 5% above the RBA Cash Rate per annum (net of the management fee) in the medium to long term.

There is no guarantee that the return objective will be achieved.

ABOUT THE TRUSTEE

Schroders is the trustee of the Fund and the issuer of this IM. As trustee, Schroders is the operator of the Fund and is subject to a range of duties and responsibilities which are set out in the Fund's trust deed and the general law. Schroders holds an Australian financial services licence (AFSL) (No. 226473) which, among other things, authorises it to operate managed investment schemes such as the Fund.

Schroders has helped Australian investors achieve their objectives since 1964 through our diversified suite of actively managed investment products, which now spans both public and private markets. Our local expertise in equities, fixed income, multi-asset and alternatives, combined with our global resources facilitates a diversity of thought to assess each situation from every angle and consider the long-term impact on returns and the earth.

Schroders is part of the Schroders Group, an investment manager with over 200 years' experience which is headquartered in London and has a presence in 37 locations around the world. Schroders offers Australian investors the strength and stability of a global firm coupled with the long-term perspectives and independent thinking of a local manager.

ABOUT THE MANAGER

Schroders, as trustee of the Fund, has appointed the Manager to implement the Fund's investment strategy under the Investment Management Agreement. As investment manager, the Manager has discretionary authority to invest the assets of the Fund on behalf of the Trustee.

The Manager is an experienced real estate debt manager which has operated unlisted mortgage schemes since 1999. The Manager is currently also the responsible entity and investment manager of the Schroders RF Select Credit Fund ARSN 090 994 326 (formerly known as the RF Eclipse Select Credit Fund), a contributory mortgage scheme which has been operated continuously since 1999.

The Manager is jointly owned by the Schroders Group and the RF Group. RF Group is a specialist alternative asset manager with global capabilities in real estate, private equity and credit. RF Group was established by Andrew Roberts in 2007 following the sale of the Multiplex Group (of which he was a major shareholder and Chief Executive Officer) to Brookfield Asset Management. As at 30 September 2021 Schroders RF manages approximately \$371 million of commercial real estate loan assets.

POTENTIAL BENEFITS OF AN INVESTMENT IN THE FUND

The potential benefits of investing in the Fund include:

- The potential to receive a regular monthly income stream generated from loans secured against Australian real estate
 - Access to the Manager's highly experienced and capable management team, with considerable industry experience across property, funds management, debt financing and commercial lending, combined with the operational infrastructure provided by the Schroders Group
 - Exposure to a pool of assets (being private loans secured against real estate assets) which most individual investors are not able to access directly
 - Access to a pool of commercial real estate loans diverse in geography, relatively short in tenure, spread across 6 key loan types and at the lower dollar value of the loan spectrum in Australia
-

SUITABILITY AND RISK LEVEL

For investors seeking regular income returns but who do not require short term liquidity in their investment.

Investors should be aware that real estate debt is an illiquid asset class and the assets of the Fund are expected to be illiquid. While the Manager will seek to make liquidity available for investors on a quarterly basis, investors do not have a general right to redeem, and there is no guarantee that there will be sufficient liquidity in each quarter to meet all redemption requests as that will depend on the nature of the underlying assets.

Further information is outlined in the 'Withdrawing from the Fund' section of this IM.

MINIMUM SUGGESTED HOLDING PERIOD

At least 3 years. Please note this is a guide only, not a recommendation.

INDIVIDUAL ARRANGEMENTS

Subject to the Corporations Act, Schroders may enter into arrangements with one or more unitholders in connection with the exercise of its powers or discretions in respect of the Fund. These arrangements may take the form of side letters with individual investors. These arrangements may, without limitation, relate to fee rebates or other requirements of an individual investor.

THE MANAGER'S LENDING PROCESS

MORTGAGE INVESTMENTS

It is anticipated that the Fund will be exposed solely (including indirectly) to private credit loans secured with mortgages over Australian real estate.

The primary security for each loan is a charge against the underlying property in relation to which the loan was advanced (i.e. a mortgage, which is registered). Except in the case of mezzanine debt, this is a first ranking charge. If the borrower defaults on a loan, the mortgage grants the mortgagee certain rights in relation to the secured property, including redirection of rental income (if applicable) and the ability to force the sale of the property and the application of the sale proceeds to discharge the loan and recover costs incurred.

Loans may be advanced for a variety of purposes, including:

- **Investment Loans** for the borrower to purchase residential premises for investment purposes, or commercial premises either for investment or for occupation
- **Development Site Loans** for the borrower to purchase vacant land for future development (i.e. land banking)
- **Construction Loans** for short-term construction, development and resale
- **Residual Stock Loans** to refinance existing commercial debt, for example where existing development funding which is reaching maturity but not all of the developed property has been sold

In addition to the registered mortgage, additional collateral security may be obtained such as personal guarantees and general security agreements over the assets of the borrower. For construction loans, a tripartite agreement will normally be entered into with the borrower's builder.

LENDING PROCESS

The Fund may be exposed to loans to borrowers who are individuals, partnerships, companies or trusts. Prospective borrowers will generally submit an application to the Manager for a loan, which is then assessed by the Manager under its credit approval process. The Fund will not be exposed to loans to minors or where the Manager's credit committee (**Credit Committee**) considers that there may be legal or practical limitations to the enforcement of the security proposed to be granted under the loan. Each borrower must also demonstrate that adequate insurance has been taken out over the secured property.

The Manager's Credit Committee has the primary responsibility to review and approve all loan applications received by the Fund. The Credit Committee assesses each application by:

- Assessing the borrower's capacity to repay the loan, including a mandatory credit check for all borrowers
- Analysing the type, quality and value of the proposed secured property
- Reviewing the loan against the Manager's Credit Policy
- In the case of a construction loan, assessing the type, quality and value of the development proposal, the marketability of the proposed development once completed (including reviewing the design concept, costings, feasibility, projected sales figures and other material), and the experience, competence and the funding capacity of the builder and the borrower

Where loans are to be drawn down progressively, such as with a construction loan, the Manager is also responsible for ensuring that each milestone relevant to the loan is completed before advancing funds for the next milestone (for example, with a construction loan, that each stage of works is completed with all necessary approvals) and appoints quantity surveyors from its approved panel to confirm that milestones are complete.

VALUATION OF SECURED PROPERTY

The Manager requires secured property to be valued by an independent, qualified and registered valuer prior to advancing loan funds to any borrower, in accordance with its valuation policy. The Manager may also require additional valuations to be made. The valuation must meet the following criteria:

- The valuation must be not more than six months old at the date of the settlement of the loan
- The valuation must be performed by a member of the Manager's panel of approved valuers (which are selected by the Manager on the basis of their reputation and expertise)
- The valuer must be independent of the borrower and the Manager and free from any unmanageable conflicts of interest
- The valuer must be a member of an appropriate professional body in the state or territory where the secured property is situated
- The Manager must have the right to give directions to the valuer

A copy of the Manager's valuation policy is available on request by contacting the Manager using the details provided in this IM.

LOAN MONITORING AND ENFORCEMENT

The Manager actively and regularly monitors the performance of all loans to which the Fund is exposed to ensure timely payment of interest and adherence to loan covenants. In the event that a borrower fails to make an interest or principal payment on the due date, the Manager will generally take the following enforcement action (although it retains the discretion to take other enforcement action if it considers it to be appropriate and in the best interests of the Fund):

- Where a scheduled payment or repayment has not been received within seven days after the due date, the account is considered to be overdue and the borrower will be contacted to arrange collection of the arrears
- Where a scheduled payment has not been received for 30 days, the account is considered to be in default and enforcement steps will be taken. All legal enforcement proceedings will be handled by a solicitor appointed by the Trustee
- All recovery actions for loans in arrears more than 60 days are to be approved by the Credit Committee
- The Manager will monitor the progress of the enforcement proceedings and any other action taken in connection with the default
- As part of the enforcement proceedings, the Manager may consider appointing a receiver, insolvency practitioner or other professional

ASSET CLASSES AND INVESTMENT RANGES

The Fund will be exposed solely to private loans secured with mortgages over Australian real estate, but will seek diversification within the asset class through geographic location, loan type and interest rate type. The indicative investment guidelines for the Fund are set out below (with limits calculated at the time of investment). While the Manager will seek to manage the Fund in accordance with these guidelines, investors should be aware that the Fund may deviate from these guidelines from time to time.

As at the date of this IM, the Manager intends to invest a significant proportion of the Fund in the Schroder Real Estate Debt Fund ABN 61 683 285 189, another managed investment scheme for which Schroders is trustee and the Manager is investment manager.

The Fund may also invest in cash and cash equivalents.

PROPERTY SECTOR LIMITS	PROPERTY SECTOR	PORTFOLIO LIMIT
	Commercial property – Offices:	Up to 50% of the portfolio
	Commercial property – Retail:	Up to 50% of the portfolio
	Industrial property:	Up to 50% of the portfolio
	Residential property:	Up to 100% of the portfolio

LOAN TYPES	LOAN TYPE	PORTFOLIO LIMIT	MAXIMUM LVR*
	Development and land bank	Up to 50% of the portfolio	65%
	Construction	Up to 75% of the portfolio	65% of net realisable value and 80% of total development costs.
	Investment	Up to 75% of the portfolio	65%
	Residual stock	Up to 50% of the portfolio	65%
	Mezzanine**	Up to 10% of the portfolio	75% of net realisable value or 85% total development costs in a construction loan

*LVR refers to the loan-to-value ratio for the relevant loan and secured property

**The Fund, or another fund or mandate managed by the Manager, must hold the senior debt on a project for the Fund to hold the mezzanine debt

GEOGRAPHIC EXPOSURE LIMITS	STATE OR TERRITORY	PORTFOLIO LIMIT
	New South Wales	Up to 80% of the portfolio
	Victoria	Up to 80% of the portfolio
	Queensland	Up to 50% of the portfolio
	Western Australia	Up to 25% of the portfolio
	Australian Capital Territory	Up to 20% of the portfolio
	South Australia	Up to 10% of the portfolio
	Tasmania	Up to 10% of the portfolio

TARGET LOAN TERMS AND FEATURES	LOAN TERM OR FEATURE	TARGET
	Maximum single loan exposure	The greater of 10% of funds under management (FUM) or \$50 million (at time of investment)
	Maximum single borrower exposure	The greater of 15% of FUM or \$75 million (at time of investment)
	Loan term	From 4 months to 5 years (at time of investment)
	Loan size	At least \$250,000

CREDIT FACILITY

As at the date of this IM, the Underlying Fund has a credit facility which may be drawn down to assist the Underlying Fund with meeting its funding obligations related to its portfolio of loan assets. The facility may not be drawn down to meet redemption requests received by the Fund or the Underlying Fund. The lender under the credit facility is Schroders in its capacity as responsible entity of the Schroder Real Return Fund ARSN 132 446 103 and is made on arms' length market terms. Both the Fund and the Underlying Fund may, in future, enter into replacement or additional liquidity facilities (including warehousing facilities) with either related or third party lenders.

LABOUR STANDARDS AND ENVIRONMENTAL, SOCIAL AND ETHICAL CONSIDERATIONS

The Manager adheres to a set of Environmental, Social and Governance (**ESG**) guiding principles which outline key areas of concern and provide a robust framework for the assessment of ESG risk across the business. When assessing an application for a mortgage investment, the Manager will take into account labour standards or environmental, social or ethical considerations in line with its overarching ESG guiding principles where these matters may affect the value or performance of a mortgage investment.

CHANGES TO THE FUND

To meet the Fund's investment objectives, asset classes and investment ranges may be changed from time to time. We will give unitholders written notice of any material variation which we believe they would not have reasonably expected.

SECTION 3 RISKS OF INVESTING IN THE FUND

It is important to understand the risks associated with investing in the Fund. The nature of investment markets is such that the return on investment markets, as well as individual investments, can vary significantly and future returns are unpredictable. In the event that any of the risks including those described on the following pages eventuate then they may affect the value of the Fund's assets. Different types of investments perform differently at different times and have different risk characteristics and volatility.

The risks and therefore return on investments will be influenced by factors, including many outside the control of Schroders and the Manager, such as relevant markets, economic conditions, political climates, interest rates and inflation.

This section identifies and summarises certain key risks that generally apply to an investment in the Fund, categorised depending on whether they relate to: (i) the mortgage lending activities which the Manager will use to seek to achieve the investment objective; (ii) the risks associated with the structure of the Fund; and (iii) the risks generally applicable to an investment in a managed investment scheme such as the Fund. The risks set out below are not exhaustive and prospective investors should consider seeking professional advice prior to investing in the Fund.

FUND-SPECIFIC RISKS

WITHDRAWAL RISK

Investors in the Fund do not have a general right to withdraw any or all of their investment in the Fund and the processing of redemptions is at the discretion of the Trustee (having regard to its fiduciary duties as a trustee). While the Trustee will use reasonable endeavours to make liquidity available to satisfy redemption requests each quarter, the amount of available liquidity will vary based on a number of factors including the nature of the underlying portfolio of assets. As the Fund will invest in real estate loans, which is a relatively illiquid asset class, the Trustee will generally not be able to liquidate large portions of the portfolio on short notice to satisfy redemption requests. There is no assurance that there will be sufficient liquidity in a particular quarter, or series of quarters, to satisfy all redemption requests received in respect of that quarter, and as such there is no assurance that any redemption request can be satisfied in part or in full in a timely manner.

Prospective investors must be aware of the potential limitations on their ability to withdraw from the Fund. Neither Schroders nor the Manager provides any guarantee concerning the liquidity of the Fund or the ability of an investor to withdraw their investment over any particular period.

RELIANCE ON INVESTMENT MANAGER RISK

The Fund is exposed to real estate debt, an asset class requiring specialist expertise to manage. Schroders has appointed the Manager as investment manager of the Fund to oversee the implementation of the Fund's investment strategy. The Manager is an experienced real estate debt manager which has operated since 1999. The success of the Fund is dependent on the Manager's expertise in order to pursue its investment objectives but, notwithstanding the Manager's expertise, there is always a risk that the investment objectives may not be achieved despite Schroders' and the Manager's best efforts. In addition, if the Manager's appointment is terminated (by either Schroders or the Manager), the Manager otherwise ceases to act as investment manager of the Fund, or the Manager fails to meet its contractual obligations to Schroders under the investment management agreement relating to the Fund, Schroders may not be able to appoint an alternative investment manager to the Fund in a timely manner (or at all), which may have adverse consequences for the Fund.

CONFLICTS OF INTEREST RISK

A conflict of interest arises when two parties may have competing interests, and this may cause Schroders or one of its agents or service providers to not act in the best interests of investors or a conflict may arise between various unitholders. The structure of the Fund gives rise to a number of potential conflicts of interest, including that:

- The Schroders Group has a majority interest in both the Trustee and the Manager, meaning that the Trustee and the Manager are related bodies corporate

- The Fund may invest in underlying funds which are operated and/or managed by the Trustee, the Manager or other members of the Schroders Group (including, in particular, the Schroder Real Estate Debt Fund), including alongside other Schroders Group funds or entities

Schroders maintains a conflicts of interest policy to ensure that all conflicts of interest (actual or perceived) are identified and appropriately managed. This includes procedures to ensure that all agreements or arrangements which could give rise to a conflict of interest are negotiated and entered into on arms' length terms. However, despite this, there is a risk that the conflicts of interest arising due to the structure of the Fund are not adequately managed, which could lead to the Fund being placed in a less advantageous position than what would otherwise have been the case if those conflicts of interest did not exist. For further details please refer the section 'Other Fund Information' of this IM.

CREDIT FACILITY RISK

As at the date of this IM, the Underlying Fund has a credit facility which may be drawn down to assist the Underlying Fund with meeting its funding obligations related to its portfolio of loan assets. There is the risk that the Underlying Fund may not be able to meet its obligations under the credit facility, which would entitle the lender to terminate the facility, to require all amounts advanced under the facility to be repaid immediately, and to take legal action to recover any losses suffered as a result. Additionally, the credit facility is currently provided by Schroders as responsible entity of the Schroder Real Return Fund. Schroders is also the trustee of the Fund. While the facility has been entered into on arms' length terms, and Schroders has policies and procedures in place to manage the conflict of interest arising from this arrangement, there is the risk that these policies are not complied with, which could result in circumstances that unfairly benefit the Schroder Real Return Fund at the expense of the Fund.

The use of the credit facility (and the entry into additional credit facilities in the future) would cause the Fund and/or the Underlying Fund to be leveraged. The typical effect of leverage is that the investment gains or losses on capital invested is magnified by the extent of the leverage, and as such the use of leverage by the Fund and/or the Underlying Fund carries the associated risk of magnifying the volatility of an investment in the Fund. Additionally, the lenders under the credit facilities may have recourse to the assets of the Fund and/or the Underlying Fund in the event of default.

MORTGAGE LENDING RISKS

BORROWER DEFAULT RISK

Borrower default risk arises when a borrower does not meet its interest and/or principal payment obligations, which results in a loss of capital to the Fund. While the Manager will make an assessment of the risk associated with each borrower before entering into a loan, lending to creditworthy borrowers still carries risk and a borrower's creditworthiness could change over the life of the loan.

While this risk is mitigated to some extent by the grant of security over a loan, in the event of a default the Fund may still incur loss through the cost of enforcing security and of disposing of the secured property, and the proceeds of disposal of the secured property may not be sufficient to recoup all such costs together with the amount owing on the loan (for example, where the property was initially overvalued at the time the loan was made, or where the property price has fallen since that time through depreciation, market movements, natural disaster, or other events). Where a borrower contests the Fund's right to enforce security, the dispute may also need to be resolved through litigation, which can be expensive, time consuming and uncertain. Loans made to borrowers through the Fund are not covered by mortgage insurance.

ASSET LIQUIDITY RISK

Liquidity risk relates to the probability of loss arising from the difficulty of selling an investment due to insufficient buyers or sellers in the open market or other prevailing market conditions. The underlying assets of the Fund are real estate loans, which is a relatively illiquid asset class. There is no active secondary market for real estate loans, and the real estate loans held by the Fund can have a maturity of up to 5 years. As such, if it were required to do so (for example, to fund a significant liability) it would be difficult for the Fund to realise the loans immediately at fair market value (or at all). While the Manager may request that borrowers refinance their loans with other lenders in order for the Fund to recover the principal amounts of those loans, there is no assurance that the Fund will be able to do so in a timely way or at all.

In addition, the real estate loans held by the Fund are secured against real property, which is also an illiquid asset class. In the event of a loan default, there could be substantial delays in recovering the amount of any loan by the sale of the property over which the loan is secured

INTEREST RATE RISK

While the interest rate will generally be a fixed rate for the duration of each loan that forms part of the Fund's portfolio, an increase in market interest rates may still result in a borrower having difficulty or being unable to service the loans due to the borrower's other debt repayment obligations. It may also result in difficulty for borrowers in arranging refinancing at the end of the term of a particular loan. Loans with longer terms are more likely to be affected by interest rate changes than shorter term loans.

CONSTRUCTION LOAN RISK

The Fund may make construction loans where the use of funds by the borrower is to finance a construction project. Construction loans generally carry greater risk than other types of real estate loans due to factors outside of the control of the lender and the borrower that may arise during the construction process, which could lead to the timing and cost of completion of a project deviating from initial estimates. Construction loans also generally require a higher degree of expertise in both their assessment and ongoing management. Where construction loans are inefficiently managed, this could lead to losses for the Fund. In all cases, loan funds are advanced on a cost to complete basis, to ensure that there is always sufficient loan capital to complete the project.

BORROWER FRAUD RISK

There is a risk that borrowers may deliberately fabricate evidence to support their loan applications. Although the Manager has procedures in place to detect fraudulent applications when assessing borrowers, there is no assurance that those procedures will be sufficient to identify all fraudulent applications. Where a fraudulent loan application is accepted, that could lead to the Fund lending money to an uncreditworthy borrower, increasing the risk of default and loss.

GENERAL INVESTMENT RISKS

MARKET RISK

Market risk is the possibility that the market has negative returns over short or even extended periods. Different asset classes are exposed to different levels of market risk – for instance, cash investments have the lowest market risk whereas equities generally have higher market risks. The returns of individual investments in any asset sector would normally be determined by a combination of the market return and returns specific to each investment. Market risk also relates to the risk that the value of investments can be directly or indirectly affected by changes in legislation, economic policy, political events, technology change and changes in global economic conditions (e.g. growth and inflation) and pandemics or health crises.

The Fund invests in only one asset class (real estate debt). As such, the Fund may be affected by any significant events relating to the Australian debt market as a whole (for example, the Fund may be adversely affected if market conditions in Australia cause increased financial pressure on Australian borrowers as a whole). In addition, as the Fund's assets are typically secured against Australian real estate, the Fund may also be affected by significant events relating to the Australian real estate market (for example, disruptions in Australian housing prices).

COUNTERPARTY RISK

In addition to the Manager, the Fund is to a certain extent reliant on other external service providers, such as the registrar and the custodian, to provide services in connection with the operation and administration of the Fund (and the Underlying Fund). There is a risk that these counterparties fail to meet their contractual obligations resulting in loss of capital to the Fund. There is also a risk that external service providers may default on the performance of their obligations or seek to terminate these arrangements resulting in the Fund and/or the Underlying Fund having to seek an alternative service provider meaning that investment activities and other functions of the Fund and/or the Underlying Fund may be affected.

REGULATORY AND LEGAL RISK

Governments or regulators may pass laws, create policy, or implement regulation that affects the Fund or its underlying investments or the Manager's ability to execute its investment strategies. Such initiatives may impact either a specific transaction type or market and may be either country specific or global and may include the imposition or tightening of exchange controls or other limitations on repatriation of foreign capital. Such changes may result in the Fund failing to achieve its investment objectives.

REGISTRATION RISK

The Trustee may in the future determine to cause the Fund to be registered as a managed investment scheme under Chapter 5C of the Corporations Act. Under these circumstances the Fund will not always operate as set out in this IM where such would be contrary to the operation of registered managed investment schemes under the Corporations Act. In particular, the ability of the Trustee to pay redemptions may be restricted in certain circumstances. The Trustee is not required to seek unitholders' approval to register the Fund.

CYBER SECURITY RISK

Unitholder details as well as information relating to the Fund's holdings are held electronically. There is a risk of financial loss, disruption or damage from either internal or external, accidental or malicious conduct targeting either Schroders or any of Schroders' agents or service providers resulting in unauthorised access to digital systems, networks or devices for the purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption.

FUND RISK

The following risks are inherent in an investment in any kind of managed investment scheme such as the Fund:

- The staff responsible for making investment decisions may change, which may affect the Fund's future performance
- Your investment may be affected by the actions taken by the Fund to give effect to investments into and withdrawals out of the Fund by other investors
- The costs of your investment may increase through an increase in fees and costs. If this occurs, we will provide at least 30 days' prior written notice of any changes (see 'Changing the fees' in the 'More detailed information about fees and costs' section of this document)
- The Fund may be terminated
- Investing in a fund with a smaller number of investments may lead to more volatile returns than investing in a fund with a more diversified portfolio

As stated above, as a result of these risks, the value of an investment in the Fund may change.

SECTION 4 FEES AND COSTS

This document shows fees and costs that you may be charged in respect of an investment in the Fund. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the Fund as a whole.

SCHRODERS RF REAL ESTATE DEBT FUND		
TYPE OF FEE OR COST*	AMOUNT	HOW AND WHEN PAID
ONGOING ANNUAL FEES AND COSTS**		
<p>MANAGEMENT FEES AND COSTS</p> <p>The fees and costs of managing your investment¹</p>	<p>The management fees and costs are comprised of:</p> <ol style="list-style-type: none"> 1. A management fee of 1.18% p.a. of the NAV of the Fund 2. Estimated indirect costs of 0% p.a. of the NAV of the Fund 3. Estimated expense recoveries of 0% p.a. of the NAV of the Fund 	<ol style="list-style-type: none"> 1. The management fee is calculated and accrued daily and payable monthly in arrears as at the last Business Day of each month 2. Indirect costs are generally deducted from the assets of the Fund as and when incurred 3. Operating expenses are generally deducted from the assets of the Fund as and when incurred
<p>PERFORMANCE FEES***</p> <p>Amounts deducted from your investment in relation to the performance of the product</p>	<p>A performance fee calculated in accordance with the following formula:</p> $\text{Performance fee} = 20.5\% \times \text{Outperformance Rate} \times \text{NAV}$ <p>Where 'Outperformance Rate' means the amount by which the Fund's performance (after fees and expenses) for the relevant period exceeded the hurdle rate of RBA Cash Rate plus 5% p.a. (expressed as a percentage). For this purpose, the RBA Cash Rate refers to the official cash rate target published by the Reserve Bank of Australia from time to time.</p>	<p>The performance fee is calculated and accrued daily and paid quarterly in arrears.</p>
<p>TRANSACTION COSTS</p> <p>The costs incurred by the scheme when buying or selling assets</p>	<p>Estimated to be 0% p.a. of the NAV of the Fund.²</p>	<p>Transaction costs generally arise when the value of the assets of the Fund are affected by the day-to-day trading of the Fund, and are deducted from the assets of the Fund as and when incurred.</p>

MEMBER ACTIVITY RELATED FEES AND COSTS (FEES FOR SERVICES OR WHEN YOUR MONEY MOVES IN OR OUT OF THE SCHEME)

ESTABLISHMENT FEES

The fee to open your investment	Nil	Not applicable
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CONTRIBUTION FEE¹

The fee on each amount contributed to your investment	Nil	Not applicable
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BUY-SELL SPREAD

An amount deducted from your investment representing costs incurred in transactions by the scheme	Nil ³	Not applicable
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WITHDRAWAL FEE¹

The fee on each amount you take out of your investment	Nil	Not applicable
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EXIT FEE¹

The fee to close your investment	Nil	Not applicable
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SWITCHING FEE

The fee for changing investment options	Nil	Not applicable
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*Unless otherwise stated, all fees and costs are quoted inclusive of GST and net of any input tax credits ('ITCs') or reduced input tax credits ('RITCs') that are expected to be available to the Fund, and are shown without any other adjustment in relation to any tax deduction available to the responsible entity.

**All estimates of fees and costs in this section are based on information available as at the date of this IM and reflects Schroders' reasonable estimates of the typical ongoing amounts for the current financial year.

***As the Fund was first offered in the current financial year, and Schroders is unable to reasonably predict the Fund's future performance, Schroders is unable to make a reasonable estimate of the performance fees that may be incurred by the Fund.

¹This fee includes an amount payable to an adviser. Please refer to the 'Additional explanation of fees and costs' in this IM for further details.

²Schroders has estimated the transaction costs of the Fund to be 0% p.a. based on the information available to it as at the date of this IM because the Fund is newly established, and it does not expect that the Fund will incur material transaction costs in the first year of its operation. The Fund may incur transaction costs in future years.

³While Schroders is entitled under the Trust Deed to charge a buy/sell spread on applications and withdrawals, it does not currently intend to do so. Schroders may decide to charge a buy/sell spread in future. Please refer to the 'Additional explanation of fees and costs' in this IM for further details.

ADDITIONAL EXPLANATION OF FEES AND COSTS

The investment returns of the Fund will be impacted by the fees and costs incurred. The formula below broadly outlines the fees and costs associated with your investment in the Fund. Further information about how these fees and costs are calculated is set out below in this section 4.

Total fees and costs = management fees and costs (comprised of management fee, indirect costs and expense recoveries) + performance fees (if applicable) + transaction costs + buy/sell spread (if any)

All estimates of fees in this IM are based on information as at the date of this IM and reflect Schroders' reasonable estimate of the typical ongoing amounts for the current financial year unless stated otherwise.

Investors in the Fund typically will not bear any establishment costs, contribution fees, withdrawal fees, exit fees or switching fees.

MANAGEMENT FEES AND COSTS

Management fees and costs include the amounts payable for administering the Fund, amounts paid for investing in the assets of the Fund and other expenses and reimbursements in relation to the Fund and investments. The management fees and costs of the Fund are comprised of a management fee, indirect costs and any expense recoveries (if incurred).

MANAGEMENT FEE

This is the fee for Schroders' services as trustee in overseeing the operations of the Fund and/or for providing access to the Fund's underlying investments. Schroders is entitled to receive the management fee set out in the fees and costs table in this section in respect of the Fund.

INDIRECT COSTS

Indirect costs include any amount that we know or reasonably ought to know, or where this is not the case, may reasonably estimate has reduced or will reduce (as applicable), whether directly or indirectly, the return of the Fund, or the amount or value of the income of, or property attributable to the Fund, or an interposed vehicle (including an underlying fund) in which the Fund invests.

Where the Fund invests in an interposed vehicle which is managed or operated by Schroders or the Manager, Schroders will usually implement an arrangement to offset any fees payable to prevent the double-charging of fees.

The management fees and costs figure disclosed in the fees and costs summary of this IM includes the estimated indirect costs of the Fund, which reflect Schroders' reasonable estimate of the indirect costs for the current financial year. These indirect costs are reflected in the unit price of your investment in the Fund and include any underlying (indirect) management fees and costs and other indirect costs. The indirect costs may vary from year to year, including to the extent that they rely on estimates.

The Fund's estimated and/or historical indirect costs may not be an accurate indicator of the actual indirect costs you may pay in the future. Details of any future changes to indirect costs will be provided by Schroders' website at www.schroders.com.au where they are not otherwise required to be disclosed to investors under law.

EXPENSE RECOVERIES

Normal expense recoveries

Schroders is entitled to separately recover expenses (such as fund accounting, unit registry, audit costs, postage and preparation of tax returns etc) from the assets of the Fund. Provided that the expenses are properly incurred, there is no limit on the amount of these expenses that may be recovered by Schroders from the assets of the Fund.

As at the date of this IM, Schroders has decided to pay normal expenses (including those incurred in the administration of the Fund) out of its management fee.

Abnormal expense recoveries

Schroders may also recover abnormal expenses (such as costs of unitholder meetings, changes to the Trust Deed, and defending or pursuing legal proceedings) from the Fund.

Abnormal expenses are not generally incurred during the day-to-day operation of the Fund and are not necessarily incurred in any given year. In circumstances where such events do occur, we may decide not to recover these from the Fund.

PERFORMANCE FEES

Schroders charges a performance fee in respect of the Fund calculated and accrued daily, and paid quarterly in arrears, in accordance with the formula set out below.

$$\text{Performance fee} = 20.5\% \times \text{Outperformance Rate} \times \text{NAV}$$

Where ‘**Outperformance Rate**’ means the amount by which the Fund’s performance (after fees and expenses) for the day exceeded the hurdle rate of RBA Cash Rate plus 5% p.a. (expressed as a percentage). For this purpose, the RBA Cash Rate refers to the official cash rate target published by the Reserve Bank of Australia from time to time.

The performance fee for a quarter is the aggregate of the daily performance fees for that period. Where a performance fee accrual calculation results in a negative number (for example, because the Fund’s performance was below the hurdle rate), the value of the negative calculation will be subtracted from the ongoing performance fee accrual and will offset against any positive performance fee accrual or entitlement to future performance fees. Any negative aggregate performance fee accrual will not be included in the unit price.

At the end of each day where the aggregate performance fee accrued is a negative number, the total negative accrual will be adjusted on a pro-rata basis to reflect any net outflows during the day. Negative accruals will not be adjusted to reflect net inflows, and positive accruals will not be adjusted for either net inflows or net outflows.

If at the end of each quarter:

- The accrued performance fees for the quarter are positive, the performance fee will be payable to Schroders
- Otherwise, if the aggregate of the daily performance fees for the quarter is negative, no performance fee will be payable to Schroders and the negative performance fee will be carried over into the next quarter and subtracted from the first daily performance fee accrual calculated for the quarter. Schroders does not have to reimburse the Fund for negative performance fees

Generally, the greater the investment performance of the Fund, the greater the performance fee and therefore the greater the overall fees and costs for the Fund. For periods of high outperformance, the performance fee may be substantial.

A simplified worked example of the performance fee calculation is set out in the table below, for illustrative purposes.

DAILY PERFORMANCE FEE ACCRUAL EXAMPLE CALCULATED OVER 3 DAYS		
DAILY PERFORMANCE	PERFORMANCE FEE CALCULATION	
DAY 1	Outperformance Rate	= Fund performance – hurdle rate = -0.10%
The Fund underperforms the hurdle rate (of RBA Cash Rate + 5% per annum) by 0.10% for the day.	Performance fee accrual	= 20.5% x Outperformance Rate x NAV = 20.5% x -0.10% x \$100 million = -\$20,500
The NAV of the Fund is \$100 million.	A negative performance fee accrual of -\$20,500 is recorded.	
DAY 2	Outperformance Rate	= Fund performance – hurdle rate = -0.10%
The Fund underperforms the hurdle rate by 0.10% for the day.	Performance fee accrual	= 20.5% x Outperformance Rate x NAV = 20.5% x -0.10% x \$95 million = -\$19,475
The Fund experiences net outflows of 5% for the day, compared to the previous day, bringing NAV down to \$95 million.	Aggregate performance fee	= -\$20,500 + (-\$19,475) = -\$39,975
	Pro-rata adjustment (5% net outflows):	-\$39,975 x 0.95 = -\$37,976.25

	Outperformance Rate	= Fund performance – hurdle rate = 0.50%
DAY 3	Performance fee accrual	= 20.5% x Outperformance Rate x NAV = 20.5% x 0.50% x \$100 million = \$102,500
The Fund outperforms the hurdle rate by 0.50% for the day.		
The Fund experiences net inflows to bring NAV back to \$100 million.	Aggregate performance fee	= -\$37,976.25 + \$102,500 = \$64,523.75
	No pro-rata adjustment for net inflows, or for aggregate positive accruals.	

PAYMENT OF ACCRUED PERFORMANCE FEE AT THE END OF THE QUARTER

AGGREGATE DAILY PERFORMANCE AT THE END OF THE QUARTER

OUTCOME

If the aggregate daily performance fee at the end of the quarter is a positive amount.

The positive amount is payable to the Trustee.

If the aggregate daily performance fee at the end of the quarter is a negative amount.

No performance fee will be payable to the Trustee for the period.
The aggregate daily performance fee will be carried over to the next period and will reduce the daily performance fee for the first day of the next period.

Note: This is a simplified example provided for illustrative purposes only. It does not represent any actual or prospective performance of the Fund and the actual level of outperformance can be higher or lower. We do not provide any assurance that the Fund will achieve the performance used in the example and you should not rely on this in determining whether or not to invest in the Fund.

TRANSACTION COSTS

Transaction costs are the costs incurred when assets are bought or sold by the Fund and include settlement costs (including custody costs) and stamp duty. Transaction costs also include costs incurred by an interposed vehicle that would be transaction costs if they had been incurred by the Fund.

Transaction costs are reflected in the Fund's unit price. As these costs are factored into the value of the Fund's assets and reflected in the unit price, they are an additional cost to you and are not a fee paid to Schroders or the Manager. If applicable, the impact of transaction costs would be offset in part by the buy/sell spread charged by Schroders to transacting members.

The transaction costs disclosed in the fees and costs summary of this IM are shown net of any amount recovered by the buy-sell spread charged by Schroders.

The estimated transaction costs figure disclosed in the fees and costs summary of this IM reflects Schroders' reasonable estimate of transaction costs for the current financial year.

The Fund's estimated transaction costs may not be an accurate indicator of the actual transaction costs you may incur in the future. Details of any future changes to transaction costs will be provided by Schroders' website at www.schroders.com.au where they are not otherwise required to be disclosed to investors under law.

BUY-SELL SPREAD

A buy/sell spread is an amount deducted from the value of a unitholder's application money or redemption proceeds that represents the estimated costs incurred in transactions by the Fund as a result of the application or redemption. If charged, the buy/sell spread would be an additional cost to you and would be additional to other costs you incur, such as management fees and costs.

While Schroders is entitled to charge a buy/sell spread on applications and redemptions, we do not currently intend to do so. We may in future decide to charge a buy/sell spread if we determine that it is necessary to do

so to ensure that non-transacting investors are not adversely affected by applications or withdrawals made by other investors.

If we decide to charge a buy/sell spread in future, we will give investors 30 days' advance notice.

PAYMENT OF FEES TO THE MANAGER

Under the Investment Management Agreement, Schroders is required to pass on to the Manager a portion of the fees that it is entitled to receive under this IM and the Trust Deed (which, as at the date of this IM, is equal to a base fee of 1.025% p.a. of the NAV of the Fund plus all of the performance fees that Schroders is entitled to receive under this IM and the Trust Deed, unless otherwise agreed between Schroders and the Manager). Unless otherwise specified in this IM, the Manager is not entitled to separately charge fees to the Fund.

CHANGING THE FEES

Schroders may change the amount of any fees in this IM (including increase fees up to the maximum set out in the Trust Deed) without your consent. If we increase the fees we will give you 30 days' advance notice. In accordance with the Trust Deed and subject to law, Schroders may vary the amount of abnormal expense recoveries and the buy/sell spread at any time without your consent or notice.

Schroders may introduce and increase fees at its discretion, including where increased charges are due to Government changes to legislation, increased costs, significant changes to economic conditions and/or the imposition of increased processing charges by third parties.

MAXIMUM MANAGEMENT FEES

The maximum management fee that Schroders is entitled to charge to the Fund under the Trust Deed is 5.125% (inclusive of GST and less any RITCs) of the NAV of the Fund per annum. The current management fee is 1.18% (inclusive of GST and less any RITCs) of the NAV of the Fund per annum.

MAXIMUM PERFORMANCE FEES

The maximum performance fee that Schroders is entitled to charge to the Fund under the Trust Deed is 30.75% of the Fund's performance in excess of the RBA Cash Rate plus 3% per annum. The current performance fee is 20.5% of the Fund's performance in excess of the RBA Cash Rate plus 5% per annum.

ESTABLISHMENT FEE

The establishment fee refers to fees charged by the Fund to applicants in connection with the issue of units in the Fund. The Fund has a maximum establishment fee of 5.00% of each capital contribution resulting in the issue of units or the market value of the property or any amount as agreed between the applicant and their adviser and notified to Schroders. This fee is not subject to GST. No establishment fee is currently charged.

WITHDRAWAL FEE

The Fund has a maximum withdrawal fee of up to 5.00% of the withdrawal price or such other amount as agreed between Schroders and the relevant unitholder. This fee is not subject to GST. No withdrawal fee is currently charged.

DIFFERENTIAL FEES

We may charge, rebate or waive certain fees for wholesale clients (as defined under the Corporations Act) based on individual negotiation between us and that wholesale client. For further information wholesale clients can contact Schroders at the address specified in the 'Contacting Schroders' section.

TAXATION

Tax details are set out in the 'Taxation issues' section of this IM.

GST

All fees and costs outlined in this IM are inclusive of GST less any RITC entitlement where applicable.

SECTION 5 INVESTING IN THE FUND

This section of the IM describes the process for making an application for units in the Fund.

The Fund is only open to investment by persons who are wholesale clients as defined in section 761G of the Corporations Act. Accordingly, Schroders will require all applicants to demonstrate to Schroders' satisfaction that they are a wholesale client.

You can apply to invest in the Fund by completing an application and returning it to us together with the application money. You can obtain a copy of the application form by contacting Schroders (see the 'Contacting Schroders' section of this IM). By submitting an application, you are confirming that you have received and read this IM.

APPLICATION PRICE

In general, units are issued at the Net Asset Value plus any transaction costs.

INITIAL INVESTMENT

The minimum initial investment is \$20,000. Initial applicants must also provide supporting identification documents as part of the requirements of the AML/CTF Law. These identification and verification requirements are outlined in the customer identification forms which accompany the application form. Initial applications received by facsimile will not be accepted without prior agreement by Schroders. All initial applications will only be accepted if Schroders is satisfied with all details disclosed in the application form and associated client identification documents have been received.

Application requests will generally need to be funded in cash. Schroders may from time to time accept application requests by transfer of investments in-kind or by a switch of units into the Fund ('in-specie' transfers) in accordance with the Trust Deed. If agreed to by Schroders and a unitholder, investments the subject of 'in specie' transfers will be valued on the date units are created. All costs including any applicable stamp duty and other taxes incurred as a result of the transfer will be payable by the unitholder.

Advance notice is required for all transactions which are the subject of 'in specie' transfers.

ADDITIONAL INVESTMENTS

The minimum additional investment is \$5,000. Unitholders may make additional investments by forwarding payment in accordance with the 'Payment options' (refer below), together with written notification to Schroders.

You should be aware that any additional investments will be deemed to have been made on the terms of the IM as at the date the additional investment is made.

APPLICATION CUT-OFF TIMES

Applications will typically be accepted and processed fortnightly, on or around the 15th calendar day of each month and the last day of each month (or, where those days are not business days, on the immediately preceding business day). Applications received prior to 3pm Sydney time on one of those dates will generally be processed for that fortnight.

Subject to the Corporations Act, Schroders may determine to accept applications and issue Units at different times, in its absolute discretion. The 3pm Sydney time cut-off may be changed by Schroders at its absolute discretion without notice.

INVESTMENT OF APPLICATION MONIES

Schroders may invest the application monies (**Investment**) accompanying an application for units (**Application Amount**) immediately upon receipt and acceptance of the application, even though the payment for the units is not cleared.

If Schroders has invested the Application Amount and cleared funds are not received by Schroders within such period from receipt of the application as Schroders determines, then:

- Any units that have been allocated to the applicant will be voided and treated as though they were never issued
- Schroders may take such steps as it considers necessary or desirable to unwind the Investment
- The investor will be liable to Schroders on behalf of the Fund for all liability, loss, costs, charges and expenses arising from, or incurred by the Fund, as a result of:
 - i. Schroders making and unwinding the Investment
 - ii. Schroders not receiving the cleared funds from the investor on the date that Schroders made the Investment

PAYMENT OPTIONS

Application money can be deposited with Schroders by cheque or direct deposit. In the case of applications for amounts in excess of \$5 million, application funds should be made by direct deposit via Real Time Gross Settlement (**RTGS**) and released to Schroders before 12pm on the day of application to avoid any delays in processing the application. Any other payment method for such large applications may delay processing of the application.

Please quote the beneficiary lodgement code '**RFP**' on all payment methods. Please take care to quote the correct beneficiary lodgement code.

Investors should contact Schroders if they do not receive confirmation within 5 Business Days after payment of application money.

Physical cash will not be accepted at any time.

1. Cheque payments

Please make cheques payable to: '**Schroder Applications Trust Account No.1**' and crossed '**Not Negotiable**'. Schroders will only accept cheques drawn from an Australian Authorised Deposit-taking Institution (**ADI**).

Schroders will accept and process cheques received as cleared funds if received by the applicable application cut-off time.

2. Direct Deposit

Deposit application money directly into the following account:

Name of bank:	JPMorgan Chase Bank N.A.
Branch:	Sydney Australia
Name of bank account:	Schroder Applications Trust Account No.1
SWIFT:	CHASAU2X
BSB:	212 200
Account number:	01003 6955

Where funds are electronically transferred or deposited directly to the bank account, details of the deposit should accompany the application form. Schroders will accept notice of electronic transfer of funds as if deposited and cleared.

DISCRETION TO REJECT APPLICATIONS

Schroders may accept or reject applications for units in the Fund in whole or in part without giving reasons. Without limitation, considerations which Schroders may take into account in exercising such discretion include, but are not limited to:

- Ensuring the best interests of unitholders
- The ability to invest the application monies in an orderly fashion
- Market closures or jurisdictional holidays
- Prevailing market conditions
- Suitability for investment

OTHER THINGS YOU SHOULD KNOW

The money paid to acquire units, or additional units, in the Fund may be held by Schroders or its custodian in a trust account for the benefit of the applicant until Schroders issues units to the applicant. Any income (including interest) attributable to that application money will not be payable to the applicant on money held prior to the issue of units or if the application money is returned to the applicant.

DEALING WITH COMPLAINTS

Schroders has procedures in place for dealing with complaints. Unitholders with enquiries should contact Schroders. Notification of any complaint should be made in writing addressed to:

Client Services Manager
Schroder Investment Management Australia Limited
GPO Box 5059
Sydney NSW 2001

We will seek to acknowledge receipt of your complaint in writing as soon as reasonably practicable and in any event within 1 Business Day from receipt, and will seek to address your complaint within 30 days. If Schroders has not addressed your complaint, or if you are not satisfied, you can refer your complaint to the independent complaints resolution body, the Australian Financial Complaints Authority (**AFCA**). You may contact AFCA at info@afca.org.au or 1800 931 678. Claims determined by AFCA are subject to maximum limits on the total value of the remedy that can be awarded. Please see the terms of reference for AFCA found at www.afca.org.au.

SECTION 6 WITHDRAWING FROM THE FUND

Prospective investors must be aware of the potential limitations on their ability to withdraw from the Fund. Neither Schrodgers nor the Manager provides any guarantee concerning the liquidity of the Fund or the ability of an investor to withdraw their investment over the short term. The Fund should be viewed as an illiquid investment.

REDEMPTION PRICE

Units are redeemed at the Net Asset Value, less any transaction costs.

REDEMPTION OF UNITS

Schrodgers will use reasonable endeavours to make liquidity available to investors on a quarterly basis, but investors should be aware that there may not be liquidity available in the Fund at a particular time to satisfy all redemption requests in full or at all.

Investors may request the redemption of their units by making a written request to Schrodgers in the form prescribed by Schrodgers. Generally, redemption requests received by the last business day in the month preceding the end of quarter will be processed at the end of the quarter (for example, for a March quarter, redemption requests received by 28 February will be processed).

At the end of each calendar quarter, Schrodgers in consultation with the Manager will (having regard to the available liquidity within the Fund) determine the aggregate cash amount to be made available to satisfy all withdrawal requests applicable to that calendar quarter (**Quarterly Liquidity Cap**). Schrodgers anticipates that the Quarterly Liquidity Cap will typically be approximately 5% of the NAV of the Fund, although this can vary from time to time and at times Schrodgers may not make any amounts available for these purposes. The Quarterly Liquidity Cap is likely to be lower (and may be 0) at the beginning of the Fund's life (for example, in the first 24 months after it commences operations). If Schrodgers considers it appropriate, the Quarterly Liquidity Cap may include amounts funded by the application money received from the issue of new units to investors during the relevant period.

Generally, if:

- The Quarterly Liquidity Cap exceeds or is equal to the total aggregate redemption proceeds that would be required to be paid in order to satisfy all redemption requests applicable to that calendar quarter, Schrodgers will usually accept all such redemption requests
- The Quarterly Liquidity Cap is lower than the total aggregate redemption proceeds that would be required to be paid in order to satisfy all redemption requests applicable to that calendar quarter, Schrodgers will generally scale back all redemption requests on a pro-rata basis (or such other fair and reasonable basis determined by Schrodgers) to an amount equal to or lower than the Quarterly Liquidity Cap

However, Schrodgers may determine to accept or reject redemption requests in its absolute discretion.

Where redemption requests are scaled back, the unsatisfied portion of each redemption request will not be accepted. Schrodgers will notify the relevant investors if it decides to scale back redemption requests for a quarter. This means that if an investor's redemption request is scaled back, the portion of that request which was not redeemed due to the scale-back will not automatically be carried over to the next redemption period. Instead, investors whose redemption requests have been scaled back will need to submit a new redemption request for the following quarter if they still wish to redeem the units which were not redeemed due to the scale-back.

Where Schrodgers determines to satisfy a redemption request (in whole or in part), the units the subject of the redemption requests are redeemed and cancelled, and the redemption proceeds are payable to the investor in accordance with the process described below under 'Payment of redemption proceeds'.

Schrodgers may also consider and process redemption requests outside of the usual quarterly cycle if it considers that to do so is in the best interests of investors, having regard to the composition of the Fund's assets and the amount of unsatisfied redemption requests received at a particular time. These 'out of cycle' redemption requests will be processed consistently with the usual quarterly procedure, including the setting of

a liquidity cap and the scale-back of requests in excess of the cap. Schroders will provide 10 Business Days' notice to investors if it decides to process redemption requests outside of the usual quarterly cycle.

Schroders may accept or reject all (or any parts of any) redemption requests in its absolute discretion.

Please ensure that redemption requests are signed by the authorised signatories to the investment. In the case of a corporation, fund, trust, estate or where you are acting on behalf of another entity, written instructions must be signed by authorised signatories as previously advised to Schroders.

PAYMENT OF REDEMPTION PROCEEDS

Where a redemption request is accepted and can be satisfied in accordance with the process set out above, Schroders will normally process the redemption request and pay the redemption proceeds within 21 days after the date the redemption is processed.

The Fund's Trust Deed provides that where a redemption request is accepted by Schroders it must be processed within 365 days (subject to Schroders' power to suspend the processing of requests (for up to an additional 180 days) or stagger/gate redemption requests), and the redemption proceeds must be paid within 21 days after being processed.

However, it should be noted that, in accordance with the Trust Deed and our obligations under law, Schroders may in certain circumstances stagger the withdrawal of units. In addition, withdrawals from the Fund may be suspended, in a number of circumstances for up to 180 days, including where it is impractical to calculate the current unit value, due to, for instance, a national emergency or similar state of affairs in Australia or the location of the Trust or the assets, or as otherwise required by law.

Schroders does not accept instructions to pay to a third party and will not initiate payments to accounts with non-Australian ADIs unless otherwise agreed to by Schroders.

If your investment account balance falls below the minimum balance of \$20,000 as a result of transactions you have made or attempt to make on your investment account, Schroders may compulsorily redeem your units without receiving a withdrawal request from you.

The Trustee may determine to satisfy redemption requests by way of an 'in specie' transfer of the Fund's assets for the value of such redemption requests, in accordance with the Trust Deed.

COMPULSORY WITHDRAWALS

Schroders may, in its absolute discretion, cause a unitholder's units to be compulsorily redeemed by giving notice to the unitholder, including where units would otherwise be acquired or held in violation of the terms and conditions of this IM, the Trust Deed, in breach of law or requirements of any country or government or regulatory authority. It may also occur in circumstances which might cause adverse taxation or other pecuniary consequences for the Fund, including a requirement to register under the laws and regulations of any country or authority.

In addition, where Schroders or the Fund incurs a liability in respect of a specific unitholder (for example, where the attribution of income results in a withholding tax liability for the Fund in respect of a particular unitholder that cannot reasonably be met using cash distributions payable to the unitholder), the relevant unitholder agrees that they will be deemed to have made a withdrawal request in respect of such units as are necessary for the liability to be met out of the withdrawal proceeds, and to have instructed Schroders to apply the proceeds of the withdrawal to satisfy the liability on behalf of the unitholder.

SECTION 7 OTHER FUND INFORMATION

DISTRIBUTION POLICY

Distributions are normally determined monthly (at the end of each month) by Schroders. Cash distributions are calculated at the end of the distribution period as determined by Schroders in accordance with its distribution policy and the Trust Deed divided by the number of units on issue. All taxable income will be attributed to unitholders each year in accordance with the applicable tax laws. Distributions will be paid to the unitholder's pre-nominated bank account with an Australian ADI or a non-Australian ADI as agreed by Schroders.

RELATED PARTY TRANSACTIONS

Schroder Investment Management Australia Limited is a wholly owned subsidiary of Schroders plc and part of the Schroders Group. For these purposes, a related party includes certain entities and individuals that have a close relationship with Schroders including, but not limited to, Schroders plc itself, other subsidiaries of Schroders plc and other funds operated or managed by members of the Schroders Group.

We may from time to time use the services of related parties (including, but not limited to, investment management and administration) and we will pay commercial rates for these services. We may also enter into financial or other transactions with related parties in relation to the assets of the Fund and such arrangements will be based on arm's length commercial terms or as otherwise permissible under the law.

In the course of operating the Fund the Trustee may come across conflicts in relation to our duties to the Fund, related funds and our own interests. Schroders has a formal Conflicts of Interest Policy designed to ensure that we manage such all such conflicts of interest appropriately. In addition to complying with these policies and procedures, all conflicts will be resolved in a fair and reasonable manner, in accordance with the relevant law and ASIC requirements.

The related party arrangements specific to the structure of the Fund are summarised below:

1. Schroders and Manager are related bodies corporate

The Schroders Group has an interest in both Schroders and the Manager, and both Schroders and the Manager are related bodies corporate for the purposes of the Corporations Act. As a result, there is a risk that Schroders may not monitor the performance of the Manager, and the Manager may not perform, as well as would happen if the parties were not related. In accordance with their obligations under the Corporations Act, Schroders and the Manager have policies in place to ensure that they each perform their functions in the best interests of unitholders.

2. The Fund will invest in other funds managed by Schroders or the Manager

The Fund will invest in other funds managed by Schroders or the Manager, including the Schroder Real Estate Debt Fund. There is the risk that such investments are made on terms that favour those other funds to the detriment of the Fund. Schroders has policies to ensure that all such investments will be made strictly in accordance with the constitution and offering documents of the other relevant fund, and on the same terms as other investors.

3. The Manager also manages other funds which may compete with the Fund

The Manager will manage the portfolio of a number of funds, including the Schroder Real Estate Debt Fund and the Schroders RF Select Credit Fund. There is a risk that one or more of those funds will be treated preferentially to the potential detriment of the Fund. To manage this risk, the Manager has adopted a number of policies and procedures that are designed to ensure fair and equitable treatment of all funds by the Manager, including a formal allocation policy, and that the Manager will give priority to the interests of investors over its personal interests.

4. The Underlying Fund has a credit facility which is provided by a related party of the Fund and the Underlying Fund

Schroders, in its capacity as responsible entity of the Schroder Real Return Fund, is the lender under a credit facility provided to the Underlying Fund. The Underlying Fund may use the credit facility to meet its funding commitments under its loan assets, and cannot use the facility to fund investor redemptions. There is the risk that Schroders will exercise its rights as lender under the facility in a manner that unfairly disadvantages the

Fund and Underlying Fund. There is also the risk that the terms of the credit facility were entered into on terms that unfairly disadvantage the Underlying Fund. Schroders has sought to manage this risk by ensuring that the credit facility is entered into on arms' length terms consistent with the market, and also by placing an appropriate separation between the teams responsible for managing the Schroder Real Return Fund, the Fund and the Underlying Fund, to ensure independent decision-making by those teams.

SECTION 8 TAXATION ISSUES

The Australian taxation information below is of a general nature only and does not take into account the specific circumstances of any unitholder. Schroders does not purport to offer any taxation advice. Each unitholder should obtain independent professional tax advice on the tax implications of their investments in the units of the Fund based on their own circumstances. The taxation information provided is based on current Australian law and may be subject to change.

The information below is based on a unitholder holding their units on capital account. Non-resident investors should seek their own advice on the taxation law implications of their investment in the relevant jurisdictions.

GENERAL TAXATION

WHERE THE FUND IS AN AMIT

Under the taxation regime for managed investment trusts that qualify as an 'Attribution Managed Investment Trust' (the **AMIT Rules**) the Fund can make an election to apply the AMIT Rules subject to the Fund meeting the eligibility criteria. Schroders intends to make an election to apply the AMIT Rules to the Fund.

Under the AMIT Rules, the Fund will be deemed to be a 'fixed trust' for taxation law purposes and can rely on specific legislative provisions to carry forward prior year taxable income adjustments (known as unders or overs) to subsequent years. In addition, the Fund's taxable income will be 'attributed' to investors.

Australian resident investors will be subject to tax on the income of the Fund which is 'attributed' to them under the AMIT Rules. The amount attributed to investors (and where relevant, its components) will be advised in an AMIT Member Annual Statement (**AMMA Statement**), similar to the annual tax statement that is currently provided to investors.

Under the AMIT Rules, an investor is entitled to increase the cost base of their units in the Fund if the Fund attributes amounts to the investor which are taxable or which are of a nature that would not deplete the cost base of the unit under the current law (such as a capital gains tax (**CGT**) discount). Conversely, the payment of a cash distribution and attribution of tax offsets will reduce the cost base.

Investors who do not believe that the attribution of taxable income has been worked out on a fair and reasonable basis in accordance with the Fund's trust deed can substitute the Trustee's determination with their own. If you decide to take this course, it is important that you obtain professional tax and legal advice. You are required to contact Schroders in addition to notifying the Commissioner of Taxation.

WHERE THE FUND IS NOT AN AMIT

The following comments apply to the Fund only to the extent that is not an AMIT in a given year.

It is intended that Schroders, in its capacity as the trustee of the Fund, will not be liable to pay Australian income tax. Tax losses within the Fund cannot be claimed by unitholders and will be carried forward to be utilised by the Fund, subject to the tests for deductibility.

Unitholders will be presently entitled to all of the taxable income of the Fund each year. Under current tax law, unitholders will be liable to pay tax on their share of the taxable income of the Fund. The taxable income of the Fund may include capital gains. This will need to be taken into account by unitholders in calculating their net capital gain for a year. Unitholders may also be entitled to claim their share of any franking credits and foreign tax offset of the Fund.

A share of taxable income of the Fund will be included in a unitholder's assessable income for the relevant year, even if distributions are made in a subsequent year, reinvested in additional units or the actual distributions differ from the taxable amount.

Distributions to unitholders may include tax deferred amounts. These amounts are not immediately assessable when received by a unitholder but are applied to reduce the unitholder's CGT cost base in their units in the Fund which will affect the calculation of any gain or loss on the ultimate disposal of their units. If the CGT cost base of units in the Fund is reduced to nil, any further tax deferred amounts received are assessable as capital gains to the unitholder. If any CGT concession amounts are paid by the Fund, these amounts will not reduce the CGT cost base of the units held by investors.

On disposal of a unit in the Fund, income tax may be payable on any capital gain realised. Individuals, trusts, complying superannuation funds or life insurance companies may be entitled to discount their gain for tax purposes where the units have been held for more than 12 months. If units in the Fund are disposed of for a loss, a capital loss may arise which may be offset against capital gains in the current or subsequent income years.

GST

References to GST in this IM are to GST payable in Australia. No GST should be payable on the acquisition, disposal, withdrawal or transfer of units in the Fund, nor on any income distributed in respect of the units held by a unitholder in the Fund.

GST may apply to fees and expenses charged to the Fund, and those fees and expenses plus any applicable GST may be recoverable from the assets of the Fund. However, depending on the nature of the fees and expenses, the Fund may be entitled to reduced input tax credits (**RITCs**) in respect of that GST.

Under the GST regulation 'recognised trust schemes' (which includes the Fund) will be eligible for a RITC of 55% of the GST it pays on acquisition of certain services (e.g. audit fees), while the prevailing rate of 75% applies for all other services.

Schroders advises that all fees and costs disclosed in this IM inclusive of GST net of RITC have been calculated on a reasonable estimate of the RITC that the Fund is expected to be able to claim.

Accordingly, the actual costs and expenses inclusive of GST net of RITC may be subject to change without prior notice due to the Fund's ability to claim RITC on the expenses incurred.

NON-RESIDENT TAXATION

Deductions of Australian withholding tax and non-resident income tax may be made from distributions of Australian sourced taxable income for investors with an overseas address or for non-resident investors temporarily residing in Australia.

TAX FILE NUMBER

Australian resident investors may choose to provide a Tax File Number or an Australian Business Number (if investing in the course of an enterprise). If neither is quoted and no relevant exemption is provided, we are required to withhold tax from income distributions at the highest marginal tax rate plus the Medicare levy (currently 47%).

SECTION 9 KEEPING YOU INFORMED

Unitholders may receive the following reports:

- Confirmations for their initial investment and all subsequent transactions
- Periodic transaction statements
- Annual tax statements/AMMA Statements providing details required to complete Australian taxation returns. Investors who redeemed during any year and who have received a distribution during that period will also receive an annual tax statement

Potential investors may obtain copies of audited financial statements and/or details of the underlying investments or current unit prices for the Fund by contacting Schroders (see 'Contacting Schroders' section of this IM).

Under the Trust Deed of the Fund, Schroders or its nominee has certain discretions in calculating unit prices. A documented unit pricing policy is maintained relating to the exercise of these discretions. A copy of the policy and documents relating to it are available free of charge on our website, www.schroders.com.au or by contacting Schroders (see 'Contacting Schroders' section of this IM).

SECTION 10 MATERIAL AGREEMENTS

TRUST DEED

The Fund is governed by the Trust Deed. The Trust Deed sets out the terms on which the Fund must be operated. These terms include (without limitation) the powers of the Trustee, the fees payable to the Trustee and the terms of distribution of Fund assets. The following are certain key provisions of the Trust Deed but this summary is not exhaustive. Investors can obtain a copy of the Trust Deed free of charge by contacting Schroders.

TERM OF THE FUND

The Fund may be terminated by the Trustee at any time without unitholders' approval.

UNITS

Each unit represents an undivided beneficial interest in the property of the Fund. Units may only be transferred with Schroders' approval which it may withhold in its absolute discretion. The Trustee may issue units of different classes from time to time, with different rights and terms of issue attaching to those classes. As at the date of this IM, there is only one class of units on issue, however the Trustee may issue further classes in the future.

POWERS OF THE TRUSTEE

Subject to the Corporations Act, the Trustee has broad powers to operate the Fund, as though it were the absolute owner of the Fund's assets. The powers include the ability to incur liabilities and dispose of the Fund's assets.

INDEMNITY

The Trustee is entitled to be indemnified out of Fund assets for any liability it incurs (including through an agent, manager, advisor or delegate) in relation to the proper performance of its duties relating to the Fund.

FEES AND EXPENSES

The Trust Deed provides that the Trustee is entitled to fees, including the management fee and the performance fee. The Trust Deed provides that all costs, charges and outgoings reasonably and properly incurred by the Trustee in the proper performance of its duties in relation to the Fund, are reimbursable of out the Fund's assets.

RETIREMENT

Subject to the Corporations Act, Schroders may retire as trustee of the Fund on 30 days written notice to unitholders and appoint a new trustee (which may be an affiliate of Schroders).

AMENDING THE TRUST DEED

Other than where the Fund is registered as a managed investment scheme under Chapter 5C of the Corporations Act, the Trustee may modify, add to, delete from, or replace the Trust Deed without requiring the consent of unitholders.

INVESTMENT MANAGEMENT AGREEMENT

The Investment Management Agreement sets out the terms on which Schroders as trustee for the Fund has appointed the Manager to provide investment management services in respect of the Fund. The Investment Management Agreement provides that the Manager must:

- Invest the assets of the Fund with regard to an investment objective of achieving monthly income returns of 5% per annum above the cash rate, net of fees and expenses
- Only cause the Fund to invest in investments authorised under the Investment Management Agreement
- Keep the assets of the Fund under general review
- Exercise the care, skill and diligence that a professional investment manager would exercise in carrying out the functions, powers and duties of the Manager

The Trustee is required to terminate the Manager's appointment (by giving 90 days' notice or such lesser period of notice that the parties may agree) if the unitholders pass a special resolution at a unitholder meeting (that is, a resolution passed with at least 75% of votes cast in favour of the resolution) directing the Trustee to do so. The Trustee may also terminate the Manager's appointment immediately in certain circumstances, such as where the Manager is insolvent. In addition, if certain changes occur in the future to the relationship between the Trustee and the Manager, either party may terminate the Investment Management Agreement by giving notice to the other party.

The Manager is indemnified out of the Fund's assets for liabilities it reasonably incurs from acting under the Investment Management Agreement or on account of any good faith investment decisions it makes.

Under the Investment Management Agreement, Schroders must pass on to the Manager a portion of the fees it receives under the Trust Deed or this IM (which, as at the date of this IM, is equal to a base fee of 1.025% p.a. of the NAV of the Fund plus all of the performance fees that Schroders is entitled to receive under this IM and the Trust Deed, unless otherwise agreed between Schroders and the Manager).

The above is a non-exhaustive summary of the Investment Management Agreement.

OTHER SERVICE PROVIDERS

In addition to the Manager, Schroders has appointed or intends to appoint the following service providers on market standard terms to provide services incidental to the operation of the Fund:

PROVIDER	SERVICE
Link Market Services Limited	Registry services
J.P. Morgan Chase Bank N.A.	Administrator
PricewaterhouseCoopers	Auditor

Schroders may vary these service providers and may appoint additional service providers to the Fund from time to time.

SECTION 11 TERMS AND CONDITIONS

CONDITIONS AND ACKNOWLEDGMENTS

An investor agrees to be bound by the following terms and conditions:

1. Email and facsimile terms and conditions

By sending an email or facsimile the investor accepts the following terms and conditions.

- The investor authorises Schroders and any of its authorised agents to act upon instructions given by facsimile or email with respect to units subscribed for (and any further units purchased) or any matter in connection with them without any liability in respect of any transfer, payment or any other act done in accordance with such instructions, including payment of proceeds from sales of units
- The investor bears the risk that someone who knows their account details may send Schroders an instruction to apply or withdraw via email or facsimile. Any action taken by that person will be deemed to be taken by the investor. Schroders is not responsible to the investor for any fraudulently completed communications. Schroders will not compensate the investor for any losses
- The investor bears the risk that the use of this arrangement may result in the duplication of instructions received by Schroders. Schroders will not compensate investors for any losses arising from the processing of duplicate instructions
- The investor agrees to release, discharge and indemnify Schroders, and any other related or associated entities of Schroders, from and against any and all actions, proceedings, accounts, claims, costs, demands, charges and expenses, losses and liabilities, however arising out of the use of this arrangement
- Schroders will only act on a completed communication which has been received by Schroders. A facsimile transmission certificate from the investor's facsimile machine is not evidence that the investor's facsimile was received by Schroders. Similarly, a record on the investor's email software showing that an email has been sent is not evidence that the email was received by Schroders. Schroders is not liable for any loss or delay resulting from the non-receipt of any transmission
- Initial applications, instructions to change payment details or signatories received by facsimile or email by Schroders will not be accepted without prior agreement by Schroders
- The investor bears the risk of delays in processing instructions if a facsimile is not sent to the applications/withdrawals facsimile number or an email is sent to the wrong email address
- Schroders may cancel this arrangement or vary these conditions on 14 days' notice

2. Signatories terms and conditions

- If the application form is signed under power of attorney, the attorney declares that he/she has not received notice of revocation of that power. A certified copy of the power of attorney should be submitted unless it has already been provided previously to Schroders
- If investing as trustee on behalf of a superannuation fund or trust, the trustee confirms that they have the power and authority under the relevant trust deed to invest on behalf of the superannuation fund or trust
- If investing on behalf of an unincorporated entity, the officer confirms that they have the power and authority under the relevant Rules/Trust Deed to invest on behalf of the entity
- In the case of joint applications, the investors agree to hold the units as joint tenants and acknowledge that, unless otherwise stated, either investor is able to operate the account, including making withdrawal requests and additional applications
- If investing as a company/incorporated association, the investor confirms that they are officers of the company/incorporated association and that they have the authority to bind the company/incorporated association to the investment. If they are a sole signatory signing on behalf of a company, the investor confirms that they are signing as the sole director/secretary of the company
- Applicants must be 18 years of age or over (otherwise applications must be made in the name of parent/guardian and signed by parent/guardian)

- Where a document received by Schroders bears a signature of an investor that has been applied electronically, or includes a scanned or other form of electronic copy of a signature of an investor, and the signature appears to be authentic, Schroders will be entitled to assume (without making any further enquiries) that the investor has applied, or has authorised the application of, the signature and authorised Schroders to act on the document as if it had been signed by the investor, and the investor agrees to release, discharge and indemnify Schroders, and any other related or associated entities of Schroders, from and against any and all actions, proceedings, accounts, claims, costs, demands, charges and expenses, losses and liabilities, however arising as a result of the above
- By making an application for units in the Fund the investor:
 - Agrees to be bound by the provisions of the IM, the application form and the Fund’s Trust Deed (which may be amended from time to time)
 - Acknowledges that Schroders reserves the right to refuse an application for units at its discretion
 - Declares that the application was included in, or accompanied by, the current IM, which they have read
 - Acknowledges that neither Schroders nor any other person guarantees the return of capital, or the performance of the Fund
 - Acknowledges that telephone conversations with Schroders may be recorded
 - Authorises Schroders to apply the Tax File Number or Australian Business Number quoted to all investments in the name of the investor
 - Authorises Schroders to collect, hold, use and disclose personal information about the investor in accordance with Schroders’ Privacy Statement and the privacy statement in this IM, including direct marketing

3. Adviser/consultant and authorised signatories terms and conditions

If the adviser/consultant or authorised signatories section of the application form has been completed, the investor confirms that the following terms and conditions will apply to the appointment (subject to applicable legal requirements).

- Schroders will only pay the investor. Payment to third parties is not permitted
- Schroders may treat the exercise of any power by a person reasonably believed to be acting as an investor’s adviser/consultant or authorised signatory as if the investor had personally exercised those powers. An investor cannot claim that their adviser/consultant or authorised signatory was not acting on their behalf until the arrangement is discontinued by written notice being received by Schroders
- Schroders is authorised to disclose information about an investor’s investment in the Fund to the investor’s adviser/consultant or the authorised personnel of the adviser/consultant
- The investor’s adviser/consultant or authorised signatory does not have the power to appoint another adviser/consultant or authorised signatory for an investor’s investment. Only the investor has this power
- The investor agrees to release, discharge and indemnify Schroders and any other related or associated entities of Schroders from and against any and all actions, proceedings, accounts, claims, costs, demands, charges and expenses, losses and liabilities, however arising out of the use of this arrangement or the appointment or exercise of powers by the adviser/consultant or authorised signatory
- If the payment is made in accordance with the request or instructions of the adviser/consultant or authorised signatory, the investor shall have no claim against Schroders and any related or associated entities in relation to the payment
- Any document or information required to be provided to the investor under any law that is given by Schroders to the adviser/consultant or authorised signatory, in accordance with the requests or instructions of the adviser/consultant or authorised signatory, shall be to the complete satisfaction of the obligation of Schroders, notwithstanding any fact or circumstance including that the document or information was requested, made or received without the investor’s knowledge or authority
- The investor is bound by the actions of the adviser/consultant or authorised signatory in relation to the operation of their investment in the Fund

- A person who gives another person access to the application form must at the same time and by the same means give the other person access to the IM and any supplementary document. While the IM is current, Schroders will send paper copies of the IM, any supplementary document and the application form on request without charge
- Schroders may cancel this arrangement or vary these conditions on 14 days' notice

4. AML/CTF Acknowledgement

By applying to invest in the Fund you warrant that:

- You comply and will continue to comply with applicable anti-money laundering (**AML**) and counter-terrorism financing (**CTF**) laws and regulations, including but not limited to the law and regulations of Australia in force from time to time (**AML/CTF Law**)
- You are not aware and have no reason to suspect that:
 - The moneys used to fund your investment in the Fund have been or will be derived from or related to any money laundering, terrorism financing or similar activities illegal under applicable laws or regulations or otherwise prohibited under any international convention or agreement (**illegal activity**); or
 - The proceeds of your investment in the Fund will be used to finance any illegal activities
- You will provide us with all additional information and assistance that we may request in order for us to comply with any AML/CTF Law
- You will notify us if you are or become a 'politically exposed' person or organisation for the purposes of any AML/CTF Law

You acknowledge that Schroders may, in its sole and absolute discretion but otherwise in accordance with the law, vary the terms of this IM or alter the arrangements in respect of the Fund, where Schroders is required to do so due to changes in AML/CTF law.

By applying to invest in the Fund, you also acknowledge that we may decide to delay or refuse any request or transaction, including by suspending the issue or withdrawal of units in the Fund, if we are concerned that the request or transaction may breach any obligation of, or cause us to commit or participate in an offence under any AML/CTF Law, and we will incur no liability to you if we do so. You further acknowledge that Schroders is under no obligation to inform you of its intention to do any of the above, or the fact that it has done any of the above, nor is Schroders obliged to provide you with its reasons for any such actions.

5. Foreign Account Tax Compliance Act (FATCA) Acknowledgment

Certain 'foreign financial institutions' (**FFIs**) are required to comply with FATCA. To avoid withholding tax of 30% on payments of US income or gross proceeds of the sale of certain US investments, the Fund as an FFI must comply with certain reporting requirements. These include the collection and reporting of certain information about US and US-owned investors to the US tax authorities. The Fund may request certain information from investors in the Funds to comply with each Fund's obligations under FATCA.

Schroders may be required to deduct and withhold tax from payments made to non-US investors in the Funds if the investors are FFIs and they fail to comply with the reporting requirements imposed under FATCA.

You acknowledge that where Schroders becomes aware at any time that units in the Fund are beneficially owned by a US person, a US owned non-US entity, a non-participating FFI or a person who fails to provide the requisite documentation in relation to its US tax status, Schroders may at its sole discretion compulsorily redeem those units.

6. Common Reporting Standard (CRS)

Australian financial institutions (**AFIs**) are required to comply with the Common Reporting Standard (**CRS**). CRS provides a global standard for the collection of financial account information on account holders who are foreign tax residents. The Fund as an AFI must comply with the reporting requirements. As an investor in the Fund, you are required to certify certain information about your tax residency status before we accept your application. Under CRS, we will be required to report details of foreign tax residents together with details of their investments to the Australian Taxation Office (**ATO**). The ATO may exchange financial account information with participating foreign jurisdictions.

You agree to provide all the necessary information and certification required by Schroders to meet our obligations under CRS.

7. US Persons

Neither Schroders nor the units in the Fund have been registered under the *United States Investment Company Act of 1940*, the *United States Securities Act of 1933 (US Securities Act)* or any other US law or regulation. Schroders generally will not accept applications made by US Persons (as that term is defined in the US Securities Act), and will generally cause the compulsory withdrawal of any units held by a US Person, if to do otherwise may cause adverse consequences for the Fund, including requirements to register under or otherwise comply with US laws and regulations.

By making an application for units in the Fund, each investor:

- Confirms that they are not a US Person (or a person covered under any similar definition under any other applicable US law), unless otherwise notified to Schroders in writing
- Undertakes to inform Schroders in writing as soon as practicable if, after units are issued to them, they later become a US Person (or a person covered under any similar definition under any other applicable US law)

8. Privacy

Schroders must comply with the Privacy Act and the Australian Privacy Principles (APPs). The Privacy Act and APPs generally regulate the collection, storage, quality, use and disclosure of personal information. Schroders may collect personal information from investors to provide its products and services. The AML/CTF Act requires Schroders to collect some personal information about you. In accordance with Schroders' Privacy Statement, in most cases, investors have rights to access their personal information. Schroders can use your personal information to assess your application for the investment product and, if you obtain the product, to manage that product. If you do not want us to use your personal information for direct marketing purposes please contact the Privacy Officer at the address set out below.

Schroders may disclose your personal information to anyone you have authorised or any adviser, consultant or dealer group advising you or acting on your behalf, government departments or agencies as well as any related entities of Schroders and anyone acting on Schroders and/or the adviser/consultant/dealer group's behalf such as external service suppliers who supply administrative, financial or other services to assist Schroders and/or the adviser/consultant/broker/dealer group in providing financial services. If we are not able to collect all the personal information we require, we may not be able to assess your application for the investment product or manage the product. Schroders may be required to transfer your personal information to entities located outside of Australia including London, Luxembourg, India and Singapore where it may not receive the level of protection afforded under Australian law.

Please note that if you provide personal information to Schroders about another person, you warrant that you are authorised by that person to do so and that you have informed that person of the information in this Privacy section.

Enquiries regarding access to personal information must be in writing and addressed to:

The Privacy Officer
Schroder Investment Management Australia Limited
GPO Box 5059
Sydney NSW 2001

Further information on how Schroders handles personal and sensitive information can be found in the Privacy Statement that is available on the Schroders website www.schroders.com.au. The Privacy Statement also contains information about how you can access and correct the information about you held by Schroders as well as how complaints may be made and how they will be dealt with by Schroders.

SECTION 12 GLOSSARY

\$ OR AUD	means Australian dollars
ADI	means Authorised Deposit-taking Institution (as that term is defined in the <i>Banking Act 1959</i> (Cth))
AFSL	means an Australian financial services licence issued in accordance with the Corporations Act
AMIT	means Attribution Managed Investment Trust
AML/CTF LAW	means the <i>Anti-Money Laundering and Counter-Terrorism Financing Act 2006</i> (Cth).
AMMA STATEMENT	refers to an Attribution Managed Investment Trust Member Annual Statement
ASIC	means the Australian Securities and Investments Commission or if it ceases to exist, any regulatory body or authority as then serves substantially the same objects.
BUSINESS DAY	means any day excluding a Saturday or Sunday on which banks are open for business in Sydney, NSW Australia
CORPORATIONS ACT	means the <i>Corporations Act 2001</i> (Cth).
DEALING DAY	means a Business Day that has not been designated a 'non-dealing day' in accordance with section 7.
FATCA	means the Foreign Account Tax Compliance Act enacted by the United States that imposes obligations including the collection and reporting of certain information about US and US-owned investors to the US tax authorities.
FUND	means the Schroders RF Real Estate Debt Fund, which is an unregistered managed investment scheme.
GST	means any goods and services tax, consumption tax, value-added tax or similar impost or duty which is or may be levied or becomes payable in connection with the supply of goods or services.
IM	means this Information Memorandum.
INVESTMENT MANAGEMENT AGREEMENT	means the Investment Management Agreement between Schroders as trustee of the Fund and the Manager under which the Manager is appointed as the investment manager of the Fund.
NAV OR NET ASSET VALUE	means the total assets minus the total liabilities of the Fund, units or portfolio in question, as determined in accordance with the Trust Deed.
PRIVACY ACT	means the <i>Privacy Act 1988</i> (Cth).
RBA CASH RATE	means the official cash rate target published by the Reserve Bank of Australia from time to time.
RITC	means a 'reduced input tax credit' as defined in the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).
TRUST DEED	means the trust deed of the Fund, as amended or replaced from time to time.
TRUSTEE	the trustee of the Fund, which as at the date of this IM is Schroder Investment Management Australia Limited.
UNDERLYING FUND	means Schroder Real Estate Debt Fund ABN 61 683 285 189.

SECTION 13 CONTACTING SCHRODERS

TRUSTEE

Schroder Investment Management Australia Limited (ABN 22 000 443 274, AFSL No: 226 473)
Level 20, Angel Place
123 Pitt Street
Sydney NSW 2000

MANAGER

Schroders RF Limited (ABN 54 089 265 270, AFSL No: 238 546)
Level 9, 60 Castlereagh Street
Sydney NSW 2000

SCHRODERS UNIT REGISTRY

C/-Link Market Services
PO Box 3721
Rhodes NSW 2138

Website: www.schrodersrf.com

Email: info.au@schroders.com

Client services telephone: 1300 136 471

General enquiries telephone: (+612) 9210 9200

APPLICATIONS/WITHDRAWALS

Attention: Schroders Unit Registry

C/-Link Market Services

Fax: (+612) 9287 0369

Email: schroders@linkmarketservices.com.au