

# SCHRODERS RF REAL ESTATE DEBT FUND

ACCESS REGULAR INCOME THROUGH AUSTRALIAN REAL ESTATE DEBT

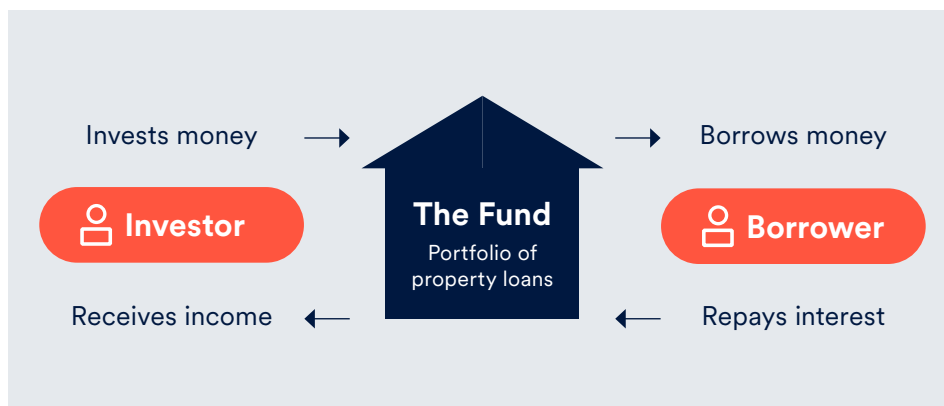
## AN ALTERNATIVE SOURCE OF INVESTMENT INCOME

In a period of sustained low interest rates, the options for investors seeking investment income are limited. Real estate debt is an asset class that offers the potential to achieve income returns significantly higher than inflation. The Schroders RF Real Estate Debt Fund offers a diversified portfolio of loans secured over Australian real property. The Fund is managed by an experienced, specialist team of real estate professionals and supported by one of the world's largest investment managers. This unique partnership offers the nimbleness of a local boutique firm and the balance sheet and scale of a large multi-national organisation - the perfect combination to successfully invest in this asset class and deliver better outcomes for both investors and borrowers.

## WHY INVEST IN A REAL ESTATE DEBT FUND?

The purpose of real estate debt funds is to connect borrowers who require funding for real estate developments with investors seeking to access the income derived from the interest paid on property loans.

With major banks withdrawing from certain types of commercial real estate lending, alternative lenders, such as Schroders RF, have strengthened their market share and are able to command attractive interest rates which flow through to investors in the Fund. Despite the persistent low rates that are challenging investors seeking income, the Fund aims to deliver income returns in excess of 5% above the RBA Cash Rate per annum (after fees) in the medium to long term.



## WHAT THE FUND INVESTS IN

The Schroders RF Real Estate Debt Fund invests in a diversified portfolio of loans secured over Australian real property.

Our local credit team possesses strong real estate pedigree and works closely with the borrowers to assess their needs and the associated risk enabling the team to price each individual deal accordingly.

## FUND FEATURES

### Minimum investment

\$20,000

### Target distribution frequency

Monthly, subject to available cash

### Management fees and costs (incl. GST)

1.18% p.a. of net asset value

### Performance fee (incl. GST)

20.5% of the Fund's performance in excess of the hurdle rate of RBA Cash Rate + 5% p.a.

### Inception date

30 November 2021

### Trustee

Schroder Investment Management Australia Limited (Schroders)

### Investment manager

Schroders RF Limited (Schroders RF)

## WHO SHOULD INVEST?

The Fund may be suitable for wholesale investors seeking regular income returns but who do not require short term liquidity in their investment. The minimum suggested holding period is at least three years.

Investors should be aware that real estate debt is an illiquid asset class and the assets of the Fund are expected to be illiquid.

## PORTFOLIO SUMMARY

### Investment return objective

To achieve income returns in excess of 5% above the RBA Cash Rate per annum after fees and expenses in the medium to long term. There is no guarantee that the return objective will be achieved.

### Access

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. See the Information Memorandum for further details.

### Strategy

The Fund invests in an actively managed private debt portfolio comprised primarily of Australian real estate loans.

### Liquidity

Schroders will consider and process redemption requests quarterly, subject to available liquidity within the Fund. Schroders anticipates that the liquidity available in each quarter 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.

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

## INVESTING FOR A SUSTAINABLE FUTURE

Schroders RF, as investment manager of the Fund, 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, Schroders RF will take into account labour standards and environmental, social and ethical considerations in line with our overarching ESG guiding principles where these matters may affect the value or performance of a mortgage investment.

## WHAT ARE THE RISKS?

It is important to understand the risks associated with investing in the Schroders RF Real Estate Debt Fund, including the illiquidity of real estate loans, which means that investors 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. 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.

Investors in the Fund are also exposed to other risks including market risk, interest rate risk, construction loan risk and borrower default risk. Further details are available in the Information Memorandum for the Fund.

## AN EXPERIENCED TEAM

Schroders RF brings a unique combination of lending and property skills which results in better assessment of potential loan opportunities. In addition to its extensive lending skills, Schroders RF and the RF Group more broadly boasts in-house insolvency experience, asset management, formal and informal recovery expertise and property development/management and construction skills, which brings a more rounded view to assessing the risk and helps in maximising the recovery from any loans that may go into default.

Having the property expertise gives a better understanding of the risks in a transaction allowing the loan to be structured to minimise those risks or simply declining the loan opportunity if the risk is considered too high. This is essential during periods of turbulence in the property market.

Additionally, having a nimble on-the-ground team of real estate experts allows the flexibility, reach and commitment to supporting borrowers even during market turbulence including the recent pandemic. In FY21 Schroders RF wrote loans to the value of \$247 million, with a further \$117 million in writings for the half year to December 2021. The team now manages loans to the value of approximately \$450 million.



*Regular income*



*Diversification against other asset classes*



*Diversified portfolio of loans over Australian property*



*Highly experienced management*

## ABOUT SCHRODERS RF

- Leading alternative lending platform to the real estate market.
- Joint venture between Schroders and the RF Group of Companies.
- Experienced Origination Team and Credit Committee team with over 175 years' real estate industry experience which includes lending through the full gamut of property cycles.
- Manages \$450 million in loans as at 31 December 2021.

Call Client Services on **1300 136 471**

Email us at **[info.au@schroders.com](mailto:info.au@schroders.com)**

Visit **[www.schroders.com.au](http://www.schroders.com.au)**

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