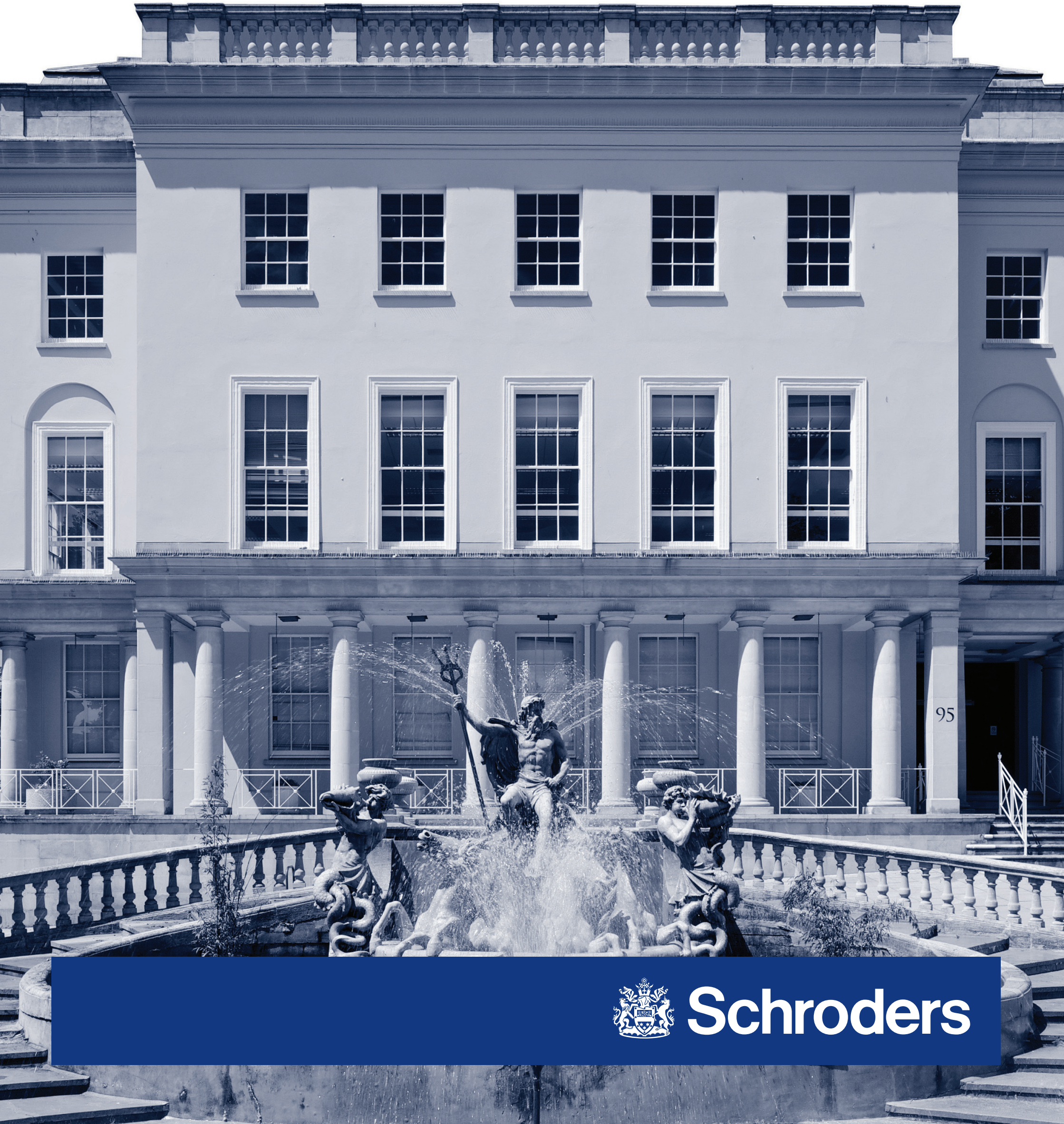
Schroder
Real Estate Investment Trust Limited

Interim Report as at 30 September 2013



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Schroder Real Estate Investment Trust Limited aims to provide Shareholders with an attractive level of income together with the potential for income and capital growth from investing in UK commercial property.

Schroder Real Estate Investment Trust Limited (the 'Company') together with its subsidiaries (the 'Group') hold a diversified portfolio of UK commercial properties, which is mainly invested in three commercial property sectors: office, retail and industrial. The Group may also invest in other sectors from time to time. The Group will not invest in other listed investment companies. In pursuing the investment objective, the Investment Manager concentrates on assets with good fundamental characteristics, a diverse spread of occupational tenants and with opportunities to enhance value through active management.

Financial Summary

	30 September 2013	31 March 2013	% Change
Net Asset Value ('NAV')[1]	**£161.6m**	£160.5m	0.7
NAV per ordinary share[1] (pence)	**45.4**	45.1	0.7
Share price (pence)	**46.5**	42.5	9.4
Share price premium/(discount) to NAV	**2.4%**	(5.8%)	
FTSE All Share Index	**3,443.9**	3,380.6	1.9
FTSE EPRA/NAREIT UK Real Estate Index	**1,422.7**	1,290.6	10.2
Total Group assets less current liabilities	**£288.9m**	£300.8m	(4.0)
Loan-to-value ratio, net of all cash[2]	**40.0%**	32.3%[3]	7.7[4]

Earnings and Dividends

	Six months to 30 September 2013	Six months to 30 September 2012	Twelve months to 31 March 2013
NAV total return[5]	**4.1%**	(0.9%)	(4.0%)
Earnings/ (Loss) per share (pence)	**1.2**	(1.0)	(3.0)
EPRA earnings per share (pence) [6]	**1.0**	1.0	2.1
Dividends paid per share (pence)	**1.5**	1.8	3.5

Sources: Schroder Property Investment Management Limited and Datastream based on returns during the period from 1 April 2013 to 30 September 2013.

[1] NAV is calculated using International Financial Reporting Standards.
[2] Loan-to-value ratio is total borrowings less total cash as a percentage of investment property.
[3] At the refinancing date of 16 April 2013, the net loan to value stood at 39%.
[4] Percentage point change.
[5] NAV total return calculated by Schroder Property Investment Management Limited.
[6] European Public Real Estate Association ('EPRA') earnings per share reflects the underlying performance of the company. Profit/loss after taxation is adjusted to exclude investment property revaluations, gains and losses on disposals and swap mark to market movement to provide true underlying operational performance. The calculation is set out in Note 3.

Chairman's Statement

Overview

The six month period to 30 September 2013 has seen a pronounced improvement in sentiment towards the UK commercial property market leading to increased capital flows into the sector. This has been driven by improving economic data, continued loose monetary policy and an above average yield compared with other asset classes. At the same time, a broader based recovery outside Central London has led to increasing investment demand for good quality secondary property in parts of the regions supported by economic growth and occupier demand.

Against this backdrop the Company has completed a successful long-term refinancing, increased net income and made further progress on accretive asset management initiatives. This activity contributed to a total shareholder return over the period of 13.2%, with the Company's share price moving from a discount to Net Asset value to a modest premium.

Results

The Company's NAV as at 30 September 2013 was £161.6 million, or 45.4 pence per share ('pps'), which compares with £160.5 million or 45.1 pps as at 31 March 2013. This represents an increase of 0.3 pps or 0.7%. Over the same period Shareholders received total dividends of £5.3 million or 1.5 pps resulting in a NAV total return of 4.1%.

Over the period the Company's underlying property portfolio increased in value by 1.6% compared with an increase in the Investment Property Databank ('IPD') Benchmark Index of 1.1%. This improvement in value was diluted by dividends exceeding net revenue and costs associated with the Company's refinancing.

The increased capital growth of the underlying portfolio compared with the IPD Index, combined with an above average income return of 3.5%, led to a total return over the period of 5.2% compared with the IPD Index of 4.2%. This supported long term outperformance with the Company's portfolio producing total return of 5.0% per annum since inception in July 2004 compared with the IPD Index of 4.0%.

Refinancing

In April 2013, and as previously reported, the Company completed the refinancing of its securitised loan facility that was due to mature in July 2014. The new loan from Canada Life totals £129.58 million and is for a weighted duration of 14 years at a fixed rate of 4.77% per annum. This refinancing was the culmination of an extensive due diligence process and was timed both to reduce refinancing risk and to take advantage of historically low interest rates. It has provided the Company with the certainty of a long-term maturity, the benefit of lower interest costs and sufficient operational flexibility to permit continued asset management of the portfolio.

As at 30 September 2013 the Company's loan-to-value ratio, net of cash totalling £24.2 million, is 40% against a covenant of 65%. The Company also has significant headroom on its interest cover ratio of 260% compared with a covenant of 185%.

Dividend Policy

Following the completion of the refinancing the Board was in a position to complete its review of the longer term sustainability of the Company's dividend, taking account of market conditions, future capital requirements and property specific factors. Following this review the Board rebased the level of dividend to 0.62 pps per quarter, a reduction of 30%, which took effect from the quarter ending June. This meant that over the period the Company paid two quarterly dividends of 0.88 pps and 0.62 pps respectively. Dividend cover over the period was 68%.

Chairman's Statement

Strategy

Against the back-drop of improving market conditions, and with the benefit of our strong balance sheet, the Board and Investment Manager now believe that there is the potential to enhance future returns to shareholders through a gradual increase in the size of the Company. It is anticipated that this growth would generate the following potential benefits:

- Ability to acquire larger properties offering improved scope for value-enhancing asset management;
- Efficient re-positioning of the portfolio towards market sectors with the potential for higher rental growth;
- Access to opportunities for investment in 'alternative' property sectors which offer longer lease terms and inflation linked uplifts;
- Improved liquidity and economies of scale; and
- Reduction in gearing, to the extent that growth may be financed by equity issuance rather than debt.

Board composition and Governance

The Board stated its intention earlier this year to identify successors for two members of the Board in the course of the coming twelve months, in order to bring the benefit of fresh perspectives and to complement the experience of the continuing Directors.

Having chaired the Company for nine years, I have agreed with my colleagues that I will step down from the Board during the first quarter of 2014. We have made excellent progress in a search for a well qualified successor, and a further announcement will be made in the next few weeks. At the same time, we will be announcing the appointment of a new Guernsey based Director to succeed Peter Atkinson, who will be stepping down at the same time as myself.

The Board has also given detailed consideration to the requirements of the Alternative Investment Fund Managers Directive, which is due to take effect in the course of 2014. We have concluded that it would be appropriate for our Investment Manager to fulfil the role of Alternative Investment Fund Manager for the purposes of this Directive, rather than for the Board to assume this function. We are therefore reviewing the existing agreements between the Company and the Manager with a view to incorporating such amendments as may be required by the Directive.

Outlook

The Company's portfolio is well positioned to benefit from the recovery in the UK property sector and, in the immediate future, the Board expects the Investment Manager to maintain its focus on asset management initiatives, new investments and the redeployment of proceeds from disposals of lower yielding assets.

Looking further ahead, we expect a more buoyant market to offer opportunities to enhance shareholders returns through a judicious growth strategy. The Board will only pursue growth options which are not dilutive to shareholders. If the Company seeks to raise equity, it will do so within a disciplined framework, where proceeds can be efficiently deployed into assets which offer an attractive level of income and the potential for income and capital growth, continuing to support the Company's strategy to improve dividend cover.

Andrew Sykes
Chairman
Schroder Real Estate Investment Trust Limited

18 November 2013

Investment Manager's Report

During the period to 30 September 2013, the Company successfully completed the long-term refinancing, increased net income, improved dividend cover, and concluded a number of asset management activities that have had a positive impact on NAV and net future income.

This progress has been made against the backdrop of a broader recovery in the UK commercial property sector particularly over the second half of the period. The recent market recovery supported both a valuation uplift in the property portfolio and an increase in the Company's Net Asset Value ('NAV') from 45.1 pence per share ('pps') to 45.4 pps, an increase of 0.3 pps or 0.7%. The table below provides a detailed breakdown of the movement in NAV in the period:

	Pence
NAV as at 31 March 2013	**45.1**
Unrealised change in valuation of direct portfolio	1.2
Capital expenditure during the period	(0.3)
Refinance costs	(0.1)
Net Earnings	1.0
Dividends paid	(1.5)
NAV as at 30 September 2013	**45.4**

A 1.9% increase in the value of the underlying direct property portfolio achieved during the six months to 30 September 2013 contributed 1.2 pps to the movement in NAV over the period.

The Company incurred capital expenditure of £1.2 million during the period, comprising refurbishment expenditure and planning fees. This reduced the like-for-like increase in the capital value of the underlying portfolio to 1.6% and reduced the NAV by 0.3 pps.

As reported in the Company's 2013 Annual Report, the refinancing with Canada Life led to writing off unamortised finance costs relating to the previous securitised loan which had a small negative impact on the NAV.

Over the period the Company paid total dividends of 1.5 pps which, based on net earnings of 1.0 pps, resulted in dividend cover of 68%. The dividend was rebased during the period leading to a payment of 0.88 pps in the quarter to June 2013 and 0.62 pps in the quarter to September 2013.

Market overview

The UK commercial property market recovery follows improving GDP growth (0.8% during the quarter to September 2013) and is accompanied by more positive economic data in relation to employment growth, retail sales and the housing market. Whilst the origins of the recovery have been in the housing, construction and consumer sectors, increased exports and business investment have also supported the economy as it continues its resurgence.

This positive shift in investor sentiment towards UK commercial property has been partly reflected in the latest Investment Property Databank ('IPD') Monthly Index. Since June 2013 the IPD Monthly Index reported an average increase in capital values of 1.4%. The total return during the six month period to September 2013 was therefore higher standing at 4.8% for the overall market.

Higher interest rates have been highlighted as a risk to the real estate market's recovery and the lack of growth in average real wages and continuing high levels of household debt do lead us to remain vigilant. However given that the current 3.4% gap between ten year gilts (i.e. the 'risk-free' rate) and that average property income yields remain above the long run average of 2.1%, there is scope for the market to be resilient should interest rates rise. Also, future rental growth could also successfully mitigate the negative impact of higher rates and borrowings costs across the market.

In these market conditions, the Company continued to benefit from its strategically low weighting to retail during the period as the sector produced the lowest total return in the index of 2% compared with the other two key sectors, offices and industrial, which produced 6.2% and 6.4% respectively. During the remainder of 2013 and into 2014 we expect values to

Investment Manager's Report

continue to increase across the market because of some rental growth but primarily with strong investor demand driving values upwards.

Whilst Central London markets have continued to outperform the rest of the UK, the broader economic recovery is enabling increased activity and competition for both prime and good quality secondary property in stronger regional markets. This is partly due to the yield premium compared with Central London but also reflects an improving occupational market in the regions, as a result of economic growth.

In contrast with parts of London, regional markets have very limited new supply in the provincial office, retail warehouse and shopping centre markets, having less than a third of the development pipeline compared with 2007. These factors could lead to good quality secondary property outperforming prime assets over the medium term from this point in the cycle.

Strategy

Over the short-term we will continue to focus on maximising shareholder total returns and on net income in order to achieve full dividend cover. This can be achieved through:

- Further new lettings of current vacant space

Over the period the Company completed 17 new lease agreements, reducing the portfolio void rate as a percentage of rental value from 14.4% to 13% as at 30 September 2013. These lettings and the resultant reduction in non-recoverable expenses served to increase net income and dividend cover.

- Investing existing cash

As at 30 September 2013 Company currently had cash totalling £24.2 million which, after allowing for projected capital expenditure requirements and maintaining a buffer for operational flexibility, provides approximately £10 million for new investment.

New acquisitions will focus on properties offering good underlying fundamentals in terms of location and specification, affordable rents and sustainable tenant demand. Future acquisitions are likely to target the following markets:

- Offices:
  - London sub-markets with robust demand and areas known as the London 'villages' which benefit from multiple alternative uses including commercial as well as residential occupiers; and
  - Cities and towns outside of London with a 'knowledge-based' economy offering creativity and innovation i.e. Cambridge, Oxford, Thames Valley and Brighton.
- Industrial:
  - Medium sized warehouses around big cities to support e-tailing – specification is key; and
  - Greater London industrial offering long-term change of use.
- Retail:
  - Convenience retailing in affluent areas;
  - 'Value' retailing where overall cost to retailer is low; and
  - Higher yielding retail in strong cathedral towns and regional centres.
- Alternatives:
  - Target operators with pricing power who pass on rising costs to end users;

Investment Manager's Report

– Fixed or inflation linked rental uplifts where underlying rents will keep pace; and

– Sectors including healthcare, student accommodation, affordable housing or serviced apartments.

We are considering a number of accretive acquisitions in these target markets and aim to report progress as soon as these initiatives complete.

- Completing major asset management initiatives

Continued progress has been made with the asset management initiatives at Reynards Trading Estate, the Olympic Office Centre in Wembley and at Hinckley. In each case the objective is to secure higher value planning consent and sell. The properties have a combined value as at 30 September 2013 of £25 million and are low or non-income producing. Successful completion of these initiatives could have a materially positive impact on both NAV and dividend cover if proceeds are redeployed into higher yielding investments. In addition to the initiatives above, there are a number of refurbishment projects on-going or planned that require capital expenditure to generate additional income and enhance shareholder returns.

Property portfolio

As at 30 September 2013 the Company's direct property portfolio comprised 51 properties independently valued at £263.4 million. As at the same date the direct portfolio produced rental income of £18.2 million per annum, reflecting a net initial yield of 6.5%. The independent valuer has estimated that the current market rental value of the portfolio is £21 million per annum, reflecting a reversionary yield of 7.5%. In addition to the current rental income the portfolio benefits from further fixed annual rental uplifts due by September 2015 of £1.9 million.

The Company continues to own a diversified portfolio of UK commercial property with the tables below highlighting the above average weighting to the South East of England and the office sector, with a low weighting to the retail sector. Although the Company has a nil weighting to Central London, it has a 25% exposure to Greater London, with properties in Brentford, Uxbridge, Wembley, Acton, New Malden, Harrow and Bromley.

	Weighting %	
Sector weightings by value	**SREIT**	**IPD**
Retail	25.2	44.2
Offices	43.4	28.6
Industrial	24.8	17.6
Other	6.6	9.6

	Weighting %	
Regional weightings by value	**SREIT**	**IPD**
Central London	0	20.7
South East excluding Central London	55.2	40.5
Rest of the South	12.7	6.1
Midlands and Wales	13.8	12.1
North and Scotland	18.3	20.6

Investment Manager's Report

Top ten properties by value

The Company's top ten properties set out below comprise 52.9% of the portfolio value and provide core income with a South East focus.

Top ten properties		Value (£)	(%)
1	Brighton, Victory House	24,900,000	9.5
2	Wembley, Olympic Office Centre and site	21,000,000	8.0
3	Brentford, Reynards Business Park	16,000,000	6.1
4	Uxbridge, 106 Oxford Road	15,350,000	5.8
5	Salisbury, Churchill Way West	13,000,000	4.9
6	Luton, The Galaxy	11,750,000	4.5
7	Basingstoke, Churchill Way	10,900,000	4.1
8	Alfreton, Recticel Unit	9,000,000	3.4
9	Norwich, Union Park	8,850,000	3.4
10	London, Acton, Allied Way, Booker Unit	8,150,000	3.2
	Total as at 30 September 2013	**138,900,000**	**52.9**

The table below sets out the Company's top ten tenants that generally comprise large businesses and represent 41.8% of the portfolio and have an average lease term, assuming all tenants break at the earliest opportunity, of nine years.

Top ten tenants by rent per annum

Top ten tenants		Rent p.a. (£)	% of portfolio
1	Wickes Building Supplies Limited	1,092,250	5.6
2	Norwich Union Life and Pensions Ltd	1,039,191	5.3
3	Lloyds TSB Bank PLC	1,028,900	5.3
4	BUPA Insurance Services Limited	960,755	4.9
5	The Buckinghamshire New University[1]	900,000	4.6
6	Mott MacDonald Ltd[2]	790,000	4.0
7	Recticel SA[3]	731,038	3.7
8	Irwin Mitchell LLP	555,000	2.8
9	Booker Limited	550,000	2.8
10	Network Housing Group Limited	539,386	2.8
	Total as at 30 September 2013	**8,186,520**	**41.8**

[1] Fixed uplift to £1.02 million per annum in January 2014.
[2] Mott MacDonald Group Limited are Guarantor.
[3] The tenant is currently benefiting from a half rent period equating to £365,519 per annum which will increase to £731,038 per annum in January 2014.

The Company receives independent quarterly reports from the IPD Rental Information Service ('IRIS'), which compares the quality of the Company's rental income with the IPD Index. This results in a weighted risk score that takes into account credit ratings, lease length, tenant concentration, reversionary potential and vacancy. As at 30 September 2013 the Company's weighted risk score puts it on the 4th percentile of the IPD Index which is a strong rating compared with the IPD Index.

Investment Manager's Report

The main positive contributor to the IRIS rating is tenant covenant strength where IRIS compares the percentage of rental income generated by the portfolio graded by risk band, using credit ratings provided by Experian:

Experian rating	Maximum	High	Medium to High	Low to Medium	Low	Negligible	Unscored or Ineligible
SREIT	4.2	2.9	1.4	8.6	24.0	57.2	1.7
IPD Index	9.3	4.3	2.8	8.8	18.7	52.3	3.8

Over the period the Company's average unexpired lease term, assuming all tenants break at the earliest opportunity, increased from seven years to 7.3 years. Over the same period the IPD Index decreased from 8.6 years to 8.2 years. The table below shows the expiry profile of Company's portfolio as at 30 September 2013 in five year increments assuming all tenants leave at the earliest opportunity. This is compared against the IPD Index and ignores the potential for future rental uplifts at rent review.

	% of rent passing	
	SREIT earliest termination / IPD Index earliest termination	SREIT assuming no tenant breaks / IPD Index assuming no tenant breaks
Up to five	43.7 / 43.9	34.1 / 32.7
Five to 10	31.6 / 26.4	34.0 / 33.2
10 to 15	15.8 / 17.0	15.0 / 19.2
15 to 20	6.0 / 5.8	11.6 / 6.3
Over 20	2.8 / 6.3	5.3 / 7.9

Property portfolio performance

The performance of the Company's underlying property portfolio compared with its IPD Index for the period to 30 September 2013 is shown below:

	SREIT total return p.a. (%)			IPD Index total return p.a. (%)			Relative p.a. (%)		
Period	Six Months	Three years	Since inception	Six Months	Three years	Since inception	Six Months	Three years	Since inception
Retail	2.6	1.7	4.3	3.0	4.0	3.3	(0.4)	(2.2)	0.9
Offices	8.2	8.6	5.0	5.4	6.5	4.5	2.6	2.0	0.5
Industrial	3.9	8.4	4.8	5.3	6.2	4.3	(1.3)	2.1	0.5
Other	(0.2)	2.6	(0.7)	3.4	7.2	4.0	(3.5)	(4.3)	(4.5)
Total	5.2	6.7	5.0	4.2	5.3	4.0	1.0	1.3	1.0

Investment Manager's Report

Transactions and asset management

Brentford, Reynards Trading Estate

In September the Company exchanged conditional contracts to sell Reynards Trading Estate in Brentford to Notting Hill Home Ownership ('Notting Hill') for a base price of approximately £20 million, with completion subject to Notting Hill securing a residential planning permission at their own cost. This compares to a value of £16 million as at 30 September 2013. Notting Hill is obliged to make a pre-planning application and carry out local community consultation during 2013 and early 2014, with the planning application submitted shortly thereafter. Whilst this is an important step forward to realising value from a substantially non-income producing asset, there continues to be uncertainty regarding the timing and prospects for achieving a residential planning permission.

Wembley, Olympic Office Centre

As at 31 March 2013, the Company held two properties in Wembley and during the period exchanged contracts to sell part of one property. The site being sold was included in the Olympic Office Centre valuation as at 31 March 2013 of £12.5 million and provides one acre of the car park adjoining the office. It is being sold to The UNITE Group plc ('UNITE') for £7.4 million. The disposal is subject to UNITE securing detailed planning consent for 200,000 sq ft of student accommodation comprising approximately 684 rooms and ancillary retail.

At the same time as exchanging contracts with UNITE, the Company secured a resolution to grant outline planning consent for a development of both the site being sold as well as the adjoining site which is held separately. The consent is for a total development of 400,000 sq ft which includes 200,000 sq ft of student accommodation, supporting UNITE's detailed application.

On the assumption that the UNITE disposal completes as planned in the second half of 2014, the Company will still retain the benefit of having an outline consent for 200,000 sq ft of mixed use development including residential use, on the remaining additional one acre site immediately adjacent to Wembley Stadium. As a result of this activity the combined value of the Company's interests at the Olympic Office centre increased from £16.5 million to £21 million over the period.

Finance

The refinancing with Canada Life Investments ('Canada Life') completed on 16 April 2013 with the new £129.58 million loan facility used to repay the £114.5 million securitised loan in full. As set out in the Chairman's Statement, the new loan satisfies the Company's strategic objectives of achieving a long-term debt maturity, a reduction in the cost of debt and sufficient operational flexibility to permit continued active management of the portfolio. Details of the loan and compliance with the principal covenants as at 30 September 2013 are set out below:

Canada Life loan	Maturity	Interest rate (%)	Loan to Value ('LTV') ratio* (%)*	LTV ratio covenant (%)*	Interest cover ratio (%)**	ICR ratio covenant (%)**	Forward looking ICR ratio (%)***	Forward looking ICR ratio covenant (%)***
103.7	16/04/2028	4.77	49.2	65	260	185	261	185
25.9	16/04/2023							

* Loan balance divided by property value as at 30 September 2013.

** For the quarter preceding the Interest Payment Date ('IPD'), ((rental income received – void rates, void service charge and void insurance) / interest paid).

*** For the quarter preceding the IPD, ((rental income received – void rates, void service charge and void insurance)/interest paid)

Investment Manager's Report

As at 30 September 2013 the Company held cash outside the Canada Life security totalling £24.2 million, resulting in a loan to value ratio, net of cash, of 40%.

The Company has the ability to make a limited number of voluntary prepayments and fixed rate break costs are payable on any prepayment. No break costs are payable when the ten year tranche of debt matures.

Outlook

The new long term debt position created by the successful refinancing in April and the subsequent rebasing of the dividend to a more sustainable level were significant milestones for the Company. Coupled with a high level of asset management activity during the period, the Company now has a strong and stable platform from which to deliver future growth and enhanced recurring net income. During the remainder of the year and into 2014, we will continue to build upon the progress that has been made to date.

Over the next 24 months we expect the property market recovery to gain momentum providing good opportunities to create additional value. As such, our property strategy will continue to focus on growth markets including London and other parts of the market offering sustainable income as well as potential for alternative uses by occupiers. To be able to capitalise fully on the improved sentiment in the sector, it may be appropriate to supplement the Company's current limited cash resources. As the Chairman's Statement highlights, there is a clear rationale to support a gradual increase in the size of the portfolio which would provide further benefits in terms of more flexible portfolio management, improved liquidity and economies of scale.

Duncan Owen
Schroder Property Investment Management Limited

18 November 2013

Statement of the Directors' Responsibility in respect of the interim report

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 *Interim Financial Reporting*; and
- the interim management report (comprising the Chairman's and the Investment Managers report) includes a fair review of the information required by:
  - (a) DTR 4.2.7R of the *Disclosure and Transparency Rules*, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - (b) DTR 4.2.8R of the *Disclosure and Transparency Rules*, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the Board

Director

18 November 2013

Condensed Statement of Profit or Loss and Other Comprehensive Income

for the period from 1 April 2013 to 30 September 2013

	Note	**Six months to 30 September 2013 £'000 (Unaudited)**	Six months to 30 September 2012 £'000 (Unaudited)	Year to 31 March 2013 £'000 (Audited)
Rental income		**9,762**	11,781	22,598
Other income		**538**	235	652
Property operating expenses		**(1,541)**	(1,215)	(2,998)
Net rental and related income		**8,759**	10,801	20,252
Profit on disposal of investment property		**–**	1,372	3,066
Net valuation gain/(loss) on investment property	**5**	**3,190**	(6,973)	(20,797)
Expenses				
Investment management fee	**2**	**(851)**	(1,007)	(1,937)
Valuers' and other professional fees		**(579)**	(642)	(903)
Administrators fee	**2**	**(60)**	(60)	(120)
Auditor's remuneration		**(65)**	(72)	(139)
Directors' fees		**(85)**	(85)	(170)
Other expenses		**(133)**	(106)	(291)
Total expenses		**(1,773)**	(1,972)	(3,560)
Net operating profit/(loss) before net finance costs		**10,176**	3,228	(1,039)
Interest receivable		**12**	16	9
Finance costs payable		**(3,351)**	(5,146)	(9,436)
Write off of loan arrangement fees	**8**	**(658)**	–	–
Swap break costs: portion of swap previously recognised in profit or loss	**8**	**(12,967)**	(2,380)	(6,107)
Swap break costs: portion of swap previously recognised in equity	**8**	**(2,121)**	(512)	(2,138)
Finance costs: Ineffective portion of changes in fair value of swap		**13,039**	1,278	7,561
Net finance costs		**(6,046)**	(6,744)	(10,111)
Share of profit in associates and joint ventures	**6**	**92**	256	376
Profit/(loss) before tax		**4,222**	(3,260)	(10,774)
Taxation		**–**	(164)	207
Profit/(loss) for the period/year attributable to the equity holders of the parent		**4,222**	(3,424)	(10,567)
Other comprehensive income				
Items that are or may be reclassified to profit or loss:				
Effective portion of changes in fair value of swap		**57**	1,341	1,491
Net change in fair value of swap reclassified to profit or loss		**2,121**	512	2,138
Total comprehensive profit/(loss) for the period/year attributable to the equity holders of the parent		**6,400**	(1,571)	(6,938)
Basic and diluted earnings/(loss) per share	**3**	**(1.2)p**	(1.0)p	3.0p

All items in the above statement are derived from continuing operations.
The accompanying notes 1 to 9 form an integral part of the interim report.

Condensed Statement of Financial Position

as at 30 September 2013

	Note	30 September 2013 £'000 (Unaudited)	30 September 2012 £'000 (Unaudited)	31 March 2013 £'000 (Audited)
Investment in associates and joint ventures	6	3,295	3,275	3,480
Loans to associates and joint ventures	6	1,500	1,308	1,223
Total investment and loans in associates and joint ventures		4,795	4,583	4,703
Investment property	5	255,678	291,691	251,306
Non-current assets		260,473	296,274	256,009
Trade and other receivables		10,252	10,161	8,639
Taxation receivable		–	–	117
Cash and cash equivalents	7	25,278	61,172	42,914
Current assets		35,530	71,333	51,670
Total assets		296,003	367,607	307,679
Issued capital and reserves		161,574	172,144	160,513
Equity		161,574	172,144	160,513
Interest-bearing loans and borrowings	8	127,317	161,567	125,042
Interest rate swap		–	23,274	15,218
Non-current liabilities		127,317	184,841	140,260
Trade and other payables		7,031	9,714	6,906
Taxation payable		81	908	–
Current liabilities		7,112	10,622	6,906
Total liabilities		134,429	195,463	147,166
Total equity and liabilities		296,003	367,607	307,679
Net Asset Value per Ordinary Share	9	45.4p	48.4p	45.1p

The financial statements were approved at a meeting of the Board of Directors held on 18 November 2013 and signed on its behalf by:

Harry Dick-Cleland
Director

The accompanying notes 1 to 9 form an integral part of the interim report.

Condensed Statement of Changes in Equity

For the period from 1 April 2012 to 30 September 2012 (unaudited)

	Note	Share premium £000	Hedge reserve £000	Revenue reserve £000	Total £000
Balance as at 31 March 2012		110,305	(5,807)	75,481	179,979
Loss for the period		–	–	(3,424)	(3,424)
Change in fair value of swap taken to equity		–	1,341	–	1,341
Net change in fair value of swap reclassified to profit or loss		–	512	–	512
Dividends paid	4	–	–	(6,264)	(6,264)
Balance as at 30 September 2012		110,305	(3,954)	65,793	172,144

Total comprehensive loss for the period was £1,571,000.

For the year ended 31 March 2013 (audited) and for the period from 1 April 2013 to 30 September 2013 (unaudited)

	Note	Share premium £000	Hedge reserve £000	Revenue reserve £000	Total £000
Balance as at 31 March 2012		110,305	(5,807)	75,481	179,979
Loss for the year		–		(10,567)	(10,567)
Change of fair value of swap taken to equity		–	1,491	–	1,491
Net change in fair value of swap reclassified to profit or loss		–	2,138	–	2,138
Dividends paid	4	–	–	(12,528)	(12,528)
Balance as at 31 March 2013		110,305	(2,178)	52,386	160,513
Profit for the period		–	–	4,222	4,222
Change of fair value of swap taken to equity		–	57	–	57
Net change in fair value of swap reclassified to profit or loss		–	2,121	–	2,121
Dividends paid	4	–	–	(5,339)	(5,339)
Balance as at 30 September 2013		**110,305**	**–**	**51,269**	**161,574**

Total comprehensive loss for the period was £6,400,000 (year ended 31 March 2013: income of £6,938,000).

The accompanying notes 1 to 9 form an integral part of the interim report.

Condensed Statement of Cash Flows

for the period from 1 April 2013 to 30 September 2013

	Note	**Six months to 30 September 2013 £'000 (Unaudited)**	Six months to 30 September 2012 £'000 (Unaudited)	Year to 31 March 2013 £'000 (Audited)
Operating activities				
Profit/(loss) for the period/year		**4,222**	(3,424)	(10,567)
Adjustments for:				
Profit on disposal of investment property		**–**	(1,372)	(3,066)
Net valuation (gain)/loss on investment property		**(3,190)**	6,973	20,797
Share of profit in associates and joint ventures		**(92)**	(256)	(376)
Net finance cost		**6,046**	6,745	10,111
Taxation		**–**	164	(207)
Cash flows before changes in working capital and provisions		**6,986**	8,830	16,692
(Increase)/decrease in trade and other receivables		**(1,613)**	(581)	941
Increase/(decrease) in trade and other payables		**247**	1,225	(986)
Cash generated from operations		**5,620**	9,474	16,647
Finance costs paid		**(3,395)**	(4,932)	(9,329)
Swap break costs		**(15,088)**	(2,892)	(8,245)
Interest received		**12**	16	9
Tax received/(paid)		**198**	–	(653)
Net cash from operating activities		**(12,653)**	1,666	(1,571)
Investing Activities				
Proceeds from sale of investment property		**–**	24,493	53,567
Proceeds from sale of investment in associate		**–**	11,700	11,700
Additions to investment property		**(1,182)**	(885)	(1,716)
Net cash from investing activities		**(1,182)**	35,308	63,551
Financing Activities				
Repayment of loan		**(125,700)**	(22,000)	(59,000)
Drawdown of loan		**129,585**	–	–
Loan arrangement fees		**(2,347)**	–	–
Dividends paid	**4**	**(5,339)**	(6,264)	(12,528)
Net cash from financing activities		**(3,801)**	(28,264)	(71,528)
Net (decrease)/increase in cash and cash equivalents for the period/year		**(17,636)**	8,710	(9,548)
Opening cash and cash equivalents		**42,914**	52,462	52,462
Closing cash and cash equivalents		**25,278**	61,172	42,914

The accompanying notes 1 to 9 form an integral part of the interim report.

Notes to the Interim Report

1. Significant accounting policies

Schroder Real Estate Investment Trust Limited ('the Company') is a closed-ended investment company incorporated in Guernsey. The condensed interim financial statements of the Company for the period ended 30 September 2013 comprise the Company, its subsidiaries and its interests in associates and joint ventures (together referred to as the 'Group').

Statement of compliance

The condensed interim financial statements have been prepared in accordance with the Disclosure and Transparency Rules of the United Kingdom Financial Conduct Authority and IAS 34 Interim Financial Reporting. They do not include all of the information required for the full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 March 2013. The condensed interim financial statements have been prepared on the basis of the accounting policies set out in the Group's annual financial statements for the year ended 31 March 2013. The Group's annual financial statements refer to new Standards and Interpretations none of which had a material impact on the financial statements other than the presentational changes required by IAS 1 Revised.

Going concern

The Directors have examined significant areas of possible financial risk including cash and cash requirements and the debt covenants, in particular the loan to value covenant and interest cover ratio on the newly refinanced loan with Canada Life that has 80% of the loan maturing in 15 years and 20% maturing in 10 years. They have not identified any material uncertainties which would cast significant doubt on the Group's ability to continue as a going concern for a period of not less than twelve months from the date of the approval of the financial statements. The Directors have satisfied themselves that the Group has adequate resources to continue in operational existence for the foreseeable future. After due consideration, the Board believes it is appropriate to adopt the going concern basis in preparing the condensed interim financial statements.

Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. There have been no changes in the judgements and estimates used by management as disclosed in the last annual report and financial statements for the year ended 31 March 2013.

New accounting standards

The Group has adopted the requirements of IFRS 10, 11, 12 and 13 as of 1 April 2013, and has concluded that it has no impact on the measurements of the Group's assets and liabilities.

2. Material agreements

Schroder Property Investment Management Limited is the Investment Manager to the Company.

The Investment Manager is entitled to a fee together with reasonable expenses incurred in the performance of its duties. The fee is payable monthly in arrears and shall be an amount equal to one twelfth of the aggregate of 1.1% of the NAV of the Company. The Investment Management Agreement can be terminated by either party on not less than twelve months written notice or on immediate notice in the event of certain breaches of its terms or the insolvency of either party. The total charge to profit or loss during the period was £851,000 (year to 31 March 2013: £1,937,000) (6 months to 30 September 2012: £1,007,000). At the period end £296,000 (31 March 2013: £152,000) (30 September 2012: £469,800) was outstanding.

The Board appointed Northern Trust International Fund Administration Services (Guernsey) Limited as the Administrator to the Company with effect from 25 July 2007. The Administrator is entitled to an annual fee equal to £120,000 of which £30,000 (31 March 2013: £30,000) (30 September 2012: £30,000) was outstanding at the period end.

Notes to the Interim Report

3. Basic and Diluted Earnings/(Loss) per Share

The basic and diluted earnings per share for the Group is based on the net profit for the period of £4,222,000 (31 March 2013 loss: £10,567,000) (30 September 2012 loss: £3,424,000) and the weighted average number of Ordinary Shares in issue during the period/year of 355,921,281 (31 March 2013: 355,921,281 and 30 September 2012: 355,921,281).

EPRA earnings reconciliation

	Six months to 30 September 2013 £000	Six months to 30 September 2012 £000	Year 31 March 2013 £000
Profit/(loss) after tax	**4,222**	(3,424)	(10,567)
Adjustments to calculate EPRA Earnings exclude:			
Profit on disposal of investment property	**–**	(1,372)	(3,066)
Net valuation (gain)/loss on investment property	**(3,190)**	6,973	20,797
Share of profit on associates and joint ventures	**(92)**	(256)	(376)
Movement in fair value of swaps	**(13,039)**	(1,278)	(7,561)
Swap break costs	**15,088**	2,892	8,245
Write-off of loan arrangement fees	**658**	–	–
EPRA earnings	**3,647**	3,535	7,472
Weighted average number of Ordinary shares	**355,921,281**	355,921,281	355,921,281
EPRA earnings per share (pence per share)	**1.0**	1.0	2.1

European Public Real Estate Association ('EPRA') earnings per share reflect the underlying performance of the company calculated in accordance with the EPRA guidelines.

4. Dividends paid

In respect of	Number of Ordinary Shares	Rate (pence)	**1 April 2013 to 30 September 2013 £000**
Quarter 31 March 2013 dividend paid 24 May 2013	355.92 million	0.8800	**3,132**
Quarter 30 June 2013 dividend paid 23 August 2013	355.92 million	0.6200	**2,207**
		1.5000	**5,339**

In respect of	Number of Ordinary Shares	Rate (pence)	1 April 2012 to 30 September 2012 £000
Quarter 31 March 2012 dividend paid 18 May 2012	355.92 million	0.8800	3,132
Quarter 30 June 2012 dividend paid 15 August 2012	355.92 million	0.8800	3,132
	1.7600	6,264	

In respect of	Number of Ordinary Shares	Rate (pence)	1 April 2012 to 31 March 2013 £000
Quarter 31 March 2012 dividend paid 18 May 2012	355.92 million	0.8800	3,132
Quarter 30 June 2012 dividend paid 15 August 2012	355.92 million	0.8800	3,132
Quarter 30 September 2012 dividend paid 16 November 2012	355.92 million	0.8800	3,132
Quarter 31 December 2012 dividend paid 22 February 2013	355.92 million	0.8800	3,132
		3.5200	12,528

A dividend for the quarter ended 30 September 2013 of 0.62p (£2,206,712) was declared on 22 October 2013 and will be paid on 22 November 2013.

Notes to the Interim Report

5. Investment property

For the period 1 April 2012 to 30 September 2012 (unaudited)

	Leasehold £000	Freehold £000	Total £000
Amounts recognised as investment property at 1 April 2012	47,454	273,434	320,888
Additions	122	763	885
Disposals	–	(23,109)	(23,109)
Net valuation loss on investment property	(888)	(6,085)	(6,973)
Amounts recognised as investment property at 30 September 2012	46,688	245,003	291,691

For the year 1 April 2012 to 31 March 2013 (audited)

	Leasehold £000	Freehold £000	Total £000
Amounts recognised as investment property at 1 April 2012	47,454	273,434	320,888
Additions	126	1,590	1,716
Disposals	–	(50,501)	(50,501)
Net valuation loss on investment property	(8,187)	(12,610)	(20,797)
Amounts recognised as investment property at 31 March 2013	39,393	211,913	251,306

For the period 1 April 2013 to 30 September 2013 (unaudited)

	Leasehold £000	Freehold £000	Total £000
Amounts recognised as investment property at 1 April 2013	39,393	211,913	251,306
Additions	2	1,180	1,182
Net valuation (loss)/gains on investment property	(874)	4,064	3,190
Amounts recognised as investment property at 30 September 2013	**38,521**	**217,157**	**255,678**

Fair value of investment property as determined by the valuers excluding lease incentives totals £263,440,000 (31 March 2013: £258,580,000) (30 September 2012: £299,655,000).

Notes to the Interim Report

6. Investment in associates and joint ventures

For the period 1 April 2012 to 30 September 2012 (unaudited)

		£000
Opening balance as at 1 April 2012		16,027
Share of profits in period	188	
Write back of loans to associates and joint ventures previously impaired *	68	
Total share of profits from associates and joint ventures		256
Disposal in period		(11,700)
Amounts recognised as associates and joint ventures at 30 September 2012		4,583

For the year 1 April 2012 to 31 March 2013 (audited)

	£000
Opening balance as at 1 April 2012	16,027
Sale of Plantation Place	(11,700)
Share of profit in year	376
Amounts recognised as associates and joint ventures at 31 March 2013	4,703

For the period 1 April 2013 to 30 September 2013 (unaudited)

		£000
Opening balance as at 1 April 2013		4,703
Share of loss in period	(185)	
Write back of loans to associates and joint ventures previously impaired *	277	
Total share of profits from associates and joint ventures		92
Amounts recognised as associates and joint ventures at 30 September 2013		**4,795**

Total loans to associates and joint ventures as at 30 September 2013 were £1,500,000 (31 March 2013: £1,223,000).

7. Cash and cash equivalents

As at 30 September 2013 the group had £25.3 million in cash with no amounts held under the previous security facility (see note 8). (31 March 2013: £42.9 million, 30 September 2012: £61.2 million, of which £11.2 million included in both balances related to cash held under the liquidity facility with Lloyds TSB).

8. Interest-bearing loans and borrowings

In April 2013 the Group repaid its existing loan of £114.5 million and the £11.2 million liquidity facility, incurring a total of £15.1 million in swap break costs. The group also wrote off unamortised arrangement fees totalling £0.7 million due to the early repayment of the loan.

The Group entered into a new £129.6 million loan facility with Canada Life on 16 April 2013 that has 80% of the loan maturing in 15 years and 20% maturing in 10 years. As at 30 September 2013 the group has a loan balance of £129.6 million and £2.3 million of unamortised arrangement fees.

9. NAV per Ordinary Share

The NAV per Ordinary Share is based on the net assets of £161,574,000 (31 March 2013: £160,513,000) (30 September 2012: £172,144,000) and 355,921,281 (31 March 2013 and 30 September 2012: 355,921,281) Ordinary Shares in issue at the Statement of Financial Position reporting date.

Independent review report to Schroder Real Estate Investment Trust Limited

Introduction

We have been engaged by the company to review the condensed set of financial statements in the interim financial report for the six months ended 30 September 2013 which comprises the Condensed Statement of Profit or Loss and Other Comprehensive Income, Condensed Statement of Financial Position, Condensed Statement of Changes in Equity, Condensed Statement of Cash Flows and the related explanatory notes. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA"). Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The interim report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 1, the annual financial statements of the Company are prepared in accordance with IFRSs. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 *Interim Financial Reporting*.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the interim report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim report for the six months ended 30 September 2013 is not prepared, in all material respects, in accordance with IAS 34 and the DTR of the UK FCA.

KPMG Channel Islands Limited
Chartered Accountants
18 November 2013

Corporate information

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Directors
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Keith Goulborn
John Frederiksen
Harry Dick-Cleland
David Warr
Peter Atkinson
(All Non-Executive Directors)

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Secretary and Administrator
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ISA/PEP status
The Company's shares are eligible for individual Savings Accounts (ISAs) and PEP transfers and can continue to be held in existing PEP's

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