For professional investors and advisers only

Schroder Real Estate Investment Trust Limited

Interim Report and Consolidated Financial Statements

As at 30 September 2015

Schroders

Front cover: City Tower, Manchester

CONTENTS

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 through investing predominantly in UK commercial property.

Company Summary

Schroder Real Estate Investment Trust (the 'Company'/'Group') is a real estate investment company with a premium listing on the Official List of the UK Listing Authority and whose shares are traded on the Main Market of the London Stock Exchange (ticker: SREI).

On 1 May 2015 the Company converted to a Real Estate Investment Trust ('REIT') in order to benefit from the various tax advantages offered by the UK REIT regime as well as the potential for improved liquidity as a result of being able to access a wider shareholder base. The Company continues to be an authorised closed ended investment scheme registered in Guernsey.

Objective

The Company aims to provide shareholders with an attractive level of income with the potential for income and capital growth from owning and actively managing a diversified portfolio of UK commercial real estate. The current annualised level of dividend is 2.48 pence per share ('pps') and it is intended that successful execution of the investment strategy will enable a progressive dividend policy to be adopted over time.

The portfolio is principally invested in the three main UK commercial property sectors of office, industrial and retail, and will also invest in other sectors including, but not limited to, residential, leisure, healthcare and student accommodation. Over the property market cycle the portfolio aims to generate an above average income return with a diverse spread of lease expiries.

Relatively low level gearing is used to enhance income and total returns for shareholders with the level dependent on the property cycle and the outlook for future returns. The current target gearing level reflects a net loan-to-value ('LTV') ratio of between 25% and 35%.

Investment strategy

The current investment strategy is to grow income and enhance shareholder returns through selective acquisitions, pro-active asset management and selling smaller, lower yielding properties on completion of asset business plans. The issuance of new shares will also be considered if it is consistent with the strategy.

Our objective is to own a portfolio of larger properties in cities and towns with diversified local economies, sustainable occupational demand and favourable supply and demand characteristics. These properties should offer good long-term fundamentals in terms of location and specification and be let at affordable rents with the potential for income and capital growth from good stock selection and asset management.

PERFORMANCE SUMMARY

Financial summary

	30 September 2015	30 September 2014	31 March 2015
NAV[1]	**£315.8m**	£260.0m	£299.2m
NAV per Ordinary Share[1] (pence)	**60.9**	55.1	57.7
EPRA NAV	**£315.8m**	£260.0m	£299.2m

	Six months to 30 September 2015	Six months to 30 September 2014	Year to 31 March 2015
NAV total return	**7.8%**	16.2%	24.4%
Profit for the period	**£23.0m**	£36.0m	£54.8m
EPRA earnings	**£6.2m**	£5.1m	£12.1m
Equity raised	**–**	£40.2m	£67.2m

[1]Net Asset Value is calculated using International Financial Reporting Standards.

Share price and index

	30 September 2015	30 September 2014	31 March 2015
Share price (pence)	**58.0**	57.0	62.3
Share price (discount)/premium to NAV	**(4.8%)**	3.4%	8.0%
FTSE All Share Index	**3,335.9**	3,533.9	3,663.6
FTSE EPRA/NAREIT UK Real Estate Index	**1,983.2**	1,629.0	1,942.5

Earnings and dividends

	Six months to 30 September 2015	Six months to 30 September 2014	Year to 31 March 2015
Earnings per share (pence)	**4.4**	7.7	11.3
EPRA earnings per share (pence)	**1.2**	1.1	2.5
Dividends paid per share (pence)	**1.24**	1.24	2.48
Annualised dividend yield on 30 September/31 March share price	**4.3%**	4.4%	4.0%

Bank borrowings

	30 September 2015	30 September 2014	31 March 2015
On-balance sheet borrowings[2]	**£150.1m**	£129.6m	£129.6m
Loan to value ratio, net of all cash[3]	**30.0%**	26.8%	22.4%

[2]On balance sheet borrowings reflects the loan facility with Canada Life and RBS, without deduction of finance costs
[3]Cash excludes rent deposits and floats held with managing agents

Ongoing charges[4]

	Six months to 30 September 2015	Six months to 30 September 2014	Year to 31 March 2015
Ongoing charges (including fund only expenses[5])	**0.59%**	0.55%	1.30%
Ongoing charges (including fund and property expenses)	**1.19%**	1.40%	2.80%

[4]Ongoing charges calculated in accordance with AIC recommended methodology issued in May 2012, as a percentage of average NAV during the period/year. The ongoing charges exclude all exceptional costs incurred during the period/year.
[5]Fund only expenses excludes all property operating expenses, valuers' and professional fees in relation to properties.

CHAIRMAN'S STATEMENT

Overview

The Company has benefited from a high level of activity over the period encompassing transactions, asset management, tactical new borrowings and the conversion to UK Real Estate Investment Trust ('REIT') status. This activity has enabled the Company to effectively progress its key strategic objectives of increasing net income and generating attractive total returns.

Average UK commercial property capital values increased by 4.2% over the period (source: IPD), supported by annualised Gross Domestic Product ('GDP') growth of 2.3% and low interest rates. Economic recovery is being driven by the service sector, notably TMT (telecommunications, media and technology), professional services and, to a lesser extent, financial services. This is leading to strong demand for office space in Central London and larger regional centres which, combined with lower levels of new development, is resulting in higher rental growth. Rising real earnings and cheap credit are also leading to rental growth in areas of high discretionary spending, such as the leisure sector. Whilst these factors and a strong housing market have also supported robust retail sales, increased on-line sales are contributing to stronger growth in the industrial and warehouse sector compared with the traditional high street retail.

Successful execution of our stated strategy has enabled the Company to acquire larger properties in strong local economies. These offer the potential to invest capital expenditure in order to capture higher levels of rental growth and enhance the portfolio's defensive qualities in terms of reduced vacancy, tenant covenant and lease term.

Results

The Company's Net Asset Value ('NAV') as at 30 September 2015 was £315.8 million or 60.9 pence per share ('pps') compared with £299.2 million or 57.7 pps as at 31 March 2015. This reflected an increase over the period of 5.6%. Shareholders received total dividends over the period of £6.4 million or 1.24 pps, resulting in a total NAV return of 7.8%.

The portfolio benefited from a higher income return of 3.2% compared with the IPD Index of 2.5%, resulting in a total return of 7.5% compared with the Index of 6.8%.

REIT conversion

On 28 April 2015 shareholders voted in favour of converting to UK REIT status, leading to the Company entering the UK REIT regime on 1 May 2015. The Board recommended conversion to REIT status in order to reduce the overall burden of UK taxation and increase net income and overall profitability. The recommendation also considered the potential benefit of improved liquidity in the Company's shares as a result of greater access to a wider investor base. Whilst this is likely to be a longer term benefit, there has been encouraging early interest from specialist REIT investors. The Company incurred costs of approximately £0.4 million in relation to the REIT conversion.

CHAIRMAN'S STATEMENT (continued)

Strategy

The strategic focus over the period has been to grow income through a combination of selective acquisitions and disposals, completion of key asset management initiatives and efficient management of the balance sheet.

Two significant acquisitions satisfying the Company's investment criteria were completed over the period totalling £54.5 million at an average net initial yield of 6.8%. These acquisitions were funded by a combination of equity raised at the end of the last financial period and a £20.5 million revolving credit facility.

During the period key asset management initiatives have been progressed that should contribute positively to returns as well as to the portfolio's defensive characteristics. Positive letting activity across the portfolio has also led to a reduction in the portfolio void rate from 9.2% to 8.1%, calculated as a percentage of rental value, which will fall further on completion of contracted lettings. This activity contributed to recurring dividend cover of 104% over the period, having adjusted for one-off expenses relating to the conversion to UK REIT status.

Improving occupational demand is creating more opportunities to generate attractive returns from investing into the existing portfolio. These initiatives may require up to £25 million of capital expenditure, which could be funded from lower yielding disposals or new equity issuance. There is also the potential for equity issuance to fund further opportunistic acquisitions that contribute positively to income or may form part of on-going asset management initiatives. This could involve acquiring adjoining ownerships.

Successful execution of the strategy outlined above should enable the Board to review its dividend policy in light of what is sustainable and the prevailing market conditions.

Debt

As at 30 September 2015, the Company had a loan to value, net of cash, of 30%, within the long term target range of 25% to 35%. Putting in place the aforementioned revolving credit facility in August resulted in the Company having total debt of £150.1 million with an average duration of 10.5 years and an average interest cost of 4.4%.

Risks and Uncertainties

There have been no significant changes to the risks and uncertainties as described on pages 23 to 24 of the Annual Report and Consolidated Financial Statements for the year ended 31 March 2015.

CHAIRMAN'S STATEMENT (continued)

Outlook

Total returns from UK commercial property are more likely to be driven by income and rental growth. Consequently, we expect markets with sustainable tenant demand and a significant supply and demand imbalance to offer more attractive returns.

Whilst the prospects for the UK economy as a whole remain positive, there are likely to be headwinds arising from cuts in public spending and the planned referendum on the UK's membership of the European Union. A forecast rise in consumer price inflation also means that capital markets are likely to have to adjust to a gradual rise in interest rates over 2016.

Against this backdrop the strategy will continue to focus on growing net income and generating attractive total returns by investing in the portfolio and, where compelling, making acquisitions, funded via further disciplined growth.

Lorraine Baldry
Chairman
Schroder Real Estate Investment Trust Limited

13 November 2015

INVESTMENT MANAGER'S REPORT

Over the period to 30 September 2015 the Company's Net Asset Value ('NAV') increased to £315.8 million or 60.9 pence per share ('pps'), compared with £299.2 million or 57.7 pps as at 31 March 2015. This reflects a 5.6% increase and a total NAV return, including dividends of 7.8%. The table below provides a detailed breakdown of the growth in NAV over the period:

	Pence
NAV as at 31 March 2015	57.7
Unrealised change in valuation of direct investment property portfolio	2.8
Unrealised gain in the value of joint ventures	0.9
Capital expenditure during the period	(0.2)
Property acquisition costs during the period	(0.3)
Realised gain on sold properties	0.1
Post tax net revenue	1.1
Dividends paid	(1.2)
NAV as at 30 September 2015	60.9

Performance was driven by a 4.1% increase in the value of the held portfolio over the six month period which, adjusting for capital expenditure, contributed 3.6 pps to the NAV. This includes strong performance from the joint venture investments at City Tower in Manchester and the University of Law Campus on Store Street in London.

Acquisition costs of £1.6 million were incurred over the period, reducing the NAV by 0.3 pps, which represented 3% of the aggregate price paid for two assets totalling £54.5 million. They have subsequently been revalued to £58 million at 30 September 2015.

Dividends of £6.4 million or 1.24 pps were paid during the period which, based on post tax net revenue of £6.2 million, resulted in a dividend cover of 98%. The underlying cover for the period was 104%, having adjusted for one-off expenses relating to the conversion to UK REIT status.

Market overview

According to the IPD Index, average UK commercial property produced a total return of 6.8% over the six months to 30 September 2015, comprising an income return of 2.5% and capital growth of 4.2%. This resulted in the average net initial income yield falling from 5.4% to 5.2%. The occupational market recovery, particularly to capital growth in stronger regional markets, meant that increasing rental values contributed 2.5% compared with 1.9% over the six months to 31 March 2015. Falling yields as a result of investor demand contributed 2.6% to capital growth which compared with 3.7% over the previous six month period.

Offices were the best performing sector over the period with a total return of 8.9%, driven by capital growth of 6.7%, despite having the lowest net initial income yield of 4.5%. Central London and the South East outperformed the UK as a whole with total returns of 10.2% and 10.4% respectively (Source: IPD key city digest). Stronger regional centres such as Cambridge and Manchester also saw improving

INVESTMENT MANAGER'S REPORT (continued)

performance with total returns of 11.7% and 8.4% respectively over the period. We expect this trend to continue with regards to larger cities and towns with diversified local economies and sustainable occupational demand offering higher levels of rental growth.

The retail sector was the poorest performing sector over the six month period with a total return of 4.1%. The underperformance was principally due to lower rental growth of 0.8%, with the traditional high street and supermarkets experiencing rental falls due to the increase in on-line sales and the impact of discounters such as Aldi and Lidl.

Central London retail continued to deliver strong returns due to international investors increasing prices and as a consequence income yields have reduced to below 3%. The market outside of Central London remains polarised with larger units in dominant cities and towns benefiting from increased tenant demand due to retailers' expanding multi-channel retail formats. The convenience retail and leisure sectors are also benefiting from changing consumer behaviour.

The industrial sector produced a total return of 8.7% over the period, supported by a high net initial income yield of 5.6% with accelerating rental growth. Although London and the South East generated higher total returns of approximately 10% over the period, falling regional unemployment resulted in average rental growth doubling compared with 2014. The industrial sector is also benefiting from the growth in on-line sales with strong demand for distribution warehouses.

Strategy

Efficient execution of the growth strategy since January 2014 and a focused asset management approach has contributed positively to the three central objectives of maximising income, enhancing the NAV and improving the portfolio's defensive qualities. This has delivered the following benefits over the period to 30 September 2015:

- Above average income return of 3.2% compared with the IPD Index of 2.5% – Higher yielding acquisitions increased the portfolio's rental income to £28.5 million per annum compared with £27.5 million as at 31 March 2015.
- Increased exposure to investments offering good fundamentals – The portfolio's reversionary rental income increased to £34.2 million compared with £29.1 million as at 31 March 2015.
- Reduction in the portfolio void rate – A combination of lettings and disposals has reduced the void rate to 8.1%, calculated as a percentage of rental value, compared with 9.2% as at 31 March 2015.
- Economies of scale – Acquiring larger properties has enabled more value to be added from asset management initiatives and further reduced expenses by 15% as a percentage of NAV.

The strategy remains focussed on further sustainable net income growth in order to support a progressive dividend policy over time. As noted above, improving market conditions, particularly in the stronger regional centres where exposure has been increased, are reducing vacancy rates and creating opportunities to invest into the portfolio, improving rental values and generating attractive income and total returns.

INVESTMENT MANAGER'S REPORT (continued)

Net income levels have also been enhanced by disposing lower yielding assets post active management and redeploying proceeds into higher yielding assets.

There are potentially up to £25 million of capital expenditure initiatives that would make a positive contribution to performance over the next 12 to 24 months. Efficient management of the balance sheet means that existing current cash resources are low at approximately £12 million. Therefore, in order to fund this activity, proceeds from lower yielding disposals are likely to be reinvested into the portfolio rather than for new acquisitions. A selective and opportunistic approach has been separately applied to acquisitions. Recent experience illustrates that these can still make a positive contribution to returns but potential acquisitions of adjoining interests could generate better returns, for example, by improving longer term strategic holdings.

In order to fund these opportunities we and the Board will continue to review the potential for further equity issuance but only in a cautious and disciplined manner and where new investment will enhance income and total returns.

Property portfolio

As at 30 September 2015, the underlying portfolio comprised 54 properties independently valued at £453.7 million. This included the share of joint venture properties as well as St. George's Court in New Malden where an unconditional sale contract has been exchanged with completion due in April 2016. The portfolio produced a rental income of £28.5 million per annum, reflecting a net initial yield of 5.9%. The independent valuer has estimated that the current market rental value of the portfolio is £34.2 million per annum, reflecting a reversionary yield of 7.1%. The portfolio benefits from additional fixed annual rental uplifts of £2.1 million per annum due by September 2017. The data below summarises the portfolio information as at 30 September 2015 compared with the IPD index:

	Weighting (%)	
Sector weightings by value	SREIT	IPD Index
Retail	34.3	37.7
Offices	39.5	33.6
Industrial	21.7	20.1
Other	4.5	8.6

	Weighting (%)	
Regional weightings by value	SREIT	IPD Index
Central London	7.9	16.0
South East excluding Central London	28.9	36.8
Rest of the South	9.6	14.2
Midlands and Wales	26.4	14.0
North and Scotland	27.2	19.0

INVESTMENT MANAGER'S REPORT (continued)

The Company's top ten properties set out below comprise 55.3% of the portfolio value:

Top ten properties		Value (£m)	% of portfolio
1	Manchester, City Tower*	41.2	9.1
2	London, University of Law*	35.6	7.9
3	Bedford, St. John's Retail Park	35.0	7.7
4	Brighton, Victory House	30.7	6.8
5	Leeds, Millshaw Industrial Estate	23.0	5.1
6	Leeds, The Arndale Centre	20.0	4.4
7	Uxbridge, 106 Oxford Road	18.7	4.1
8	Milton Keynes, Stacey Bushes Industrial Estate	17.4	3.8
9	Salisbury, Churchill Way West	15.9	3.5
10	Norwich, Union Park Industrial Estate	13.2	2.9
	Total as at 30 September 2015	250.7	55.3

*Group share of joint venture properties

The table below sets out the Company's top ten tenants that generally comprise large businesses and represent 33.3% of the portfolio:

Top ten tenants		Rent p.a. (£'000)	% of portfolio
1	University of Law Limited*	1,583	5.6
2	Wickes Building Supplies Limited	1,092	3.8
3	Norwich Union Life and Pensions Limited	1,039	3.6
4	The Buckinghamshire New University	1,018	3.6
5	BUPA Insurance Services Limited	961	3.4
6	Secretary of State	916	3.2
7	Mott MacDonald Limited	790	2.8
8	Recticel SA	731	2.6
9	Matalan Retail Limited	676	2.4
10	Sports Direct.com Retail Limited	657	2.3
	Total as at 30 September 2015	9,463	33.3

*Group share of joint venture properties

INVESTMENT MANAGER'S REPORT (continued)

As at 30 September 2015 the average unexpired lease term, assuming all tenants break at the earliest opportunity, is 6.9 years, compared with the IPD Index at 7.9 years. This increases to 7.1 years on completion of the Premier Inn lease at the Arndale Centre, assuming completion in December 2016. The table below shows the portfolio lease expiry profile in five year increments compared against the IPD Index, updated for transactions since the period end.

	% of rent passing	
	SREIT earliest termination/IPD Index earliest termination	SREIT assuming no tenant breaks /IPD Index assuming no tenant breaks
Up to five	49.5/45.5	34.6/33.0
Five to 10	31.1/29.5	36.9/36.9
10 to 15	11.0/13.8	17.8/16.8
15 to 20	5.4/5.6	7.6/6.0
Over 20	3.0/5.6	3.1/7.4

Property portfolio performance

The annualised performance of the Company's underlying property portfolio compared with the IPD Index to 30 September 2015 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	6.4	10.1	6.0	4.1	8.6	4.7	2.2	1.4	1.3
Office	7.8	16.3	8.2	8.9	16.0	7.2	(1.0)	0.3	0.9
Industrial	8.1	14.4	7.1	8.7	16.0	7.1	(0.6)	(1.4)	0.0
Other	6.1	4.1	1.3	5.5	10.6	6.1	0.6	(5.9)	(4.5)
Total	7.5	13.6	7.3	6.8	12.5	6.0	0.7	1.0	1.2

*Inception was July 2004

INVESTMENT MANAGER'S REPORT (continued)

Acquisitions

Bedford, St. John's Retail Park

On 15 May 2015 St. John's Retail Park in Bedford was acquired for £31.8 million which reflected a net initial yield of approximately 6.5%, based on a rent of £2.07 million per annum. The asset comprises a well located and prominent 130,000 sq ft retail warehouse park with an adjoining office building. The acquisition rationale was underpinned by a low average retail rent on acquisition of £16 per sq ft combined with good property fundamentals due to tenant demand, low retail warehouse vacancy in Bedford and above average population growth. The property was acquired via the acquisition of shares in a UK company that had developed the property and therefore had significant latent capital gains tax liabilities. The Company's UK-REIT status enabled these capital gains tax liabilities to be extinguished and provided a competitive advantage when bidding.

Early progress has been made with the business plan to increase the rental level, extend leases and improve tenant mix. The only vacant retail warehouse unit has been let, producing £121,550 per annum or £25 per sq ft, 11% ahead of the estimated rental value. Since acquisition the lease to Maplin, who on acquisition were paying £81,576 per annum on a lease until March 2018, has been extended by five years. This activity has increased the contracted rent to £2.22 million per annum, reflecting a yield on the gross acquisition cost of approximately 7%.

Leeds, Millshaw Industrial Estate

On 17 July 2015 Millshaw Industrial Estate in Leeds was acquired for £22.7 million, reflecting an average capital value of £49 per sq ft and a net initial yield of 7.25%. Millshaw Industrial Estate comprises a freehold, 463,400 sq ft multi-let industrial estate constructed in the 1990's on a 28.3 acre site with 27 units ranging in size from 2,683 sq ft to 56,440 sq ft. On acquisition the property was let to 20 tenants producing a rental income of £1.73 million per annum, reflecting a low average rent of £3.77 per sq ft. The estate is strategically located within three miles of junction 27 of the M62 motorway and has frontage to Leeds' inner ring road. Millshaw Industrial Estate is also close to alternative uses properties such as the White Rose Office Park, the White Rose Shopping Centre, car showrooms and residential.

The Company's business plan for the property is to take advantage of restricted supply of new industrial and warehouse development in Leeds and re-position the estate by refurbishing units as leases expire in order to achieve higher rents. The rental value of the estate at acquisition was assumed to be £2.2 million per annum or £4.80 per sq ft, resulting in a reversionary yield of 8.4%. Early progress is being made on the business plan with good interest in the vacant units that represent approximately 4% of the rental value.

The acquisition was funded via a four year, £20.5 million, revolving credit facility from Royal Bank of Scotland.

INVESTMENT MANAGER'S REPORT (continued)

Asset management

Leeds, Arndale Centre

The Arndale Centre in Leeds, a multi-let retail and office centre, was acquired in January 2014 for £16.2 million reflecting a net initial income yield of 9.2%. The business plan for the property was to generate income growth from asset management and explore the change of use of Arndale House, a substantially vacant office building comprising 32,000 sq ft.

During the period an Agreement for Lease has been exchanged with Premier Inn Hotels Limited ('Premier Inn') for a letting of a new 96 bedroom hotel. The agreement is conditional on securing planning consent and converting Arndale House to hotel use, at a cost of approximately £6.7 million. Subject to these conditions being satisfied, Premier Inn will enter into a new 30 year lease, with a tenant only break option after 20 years, at a rent of £412,800 per annum. The lease will benefit from five yearly upwards only rent reviews linked to the Consumer Price Index ('CPI'), subject to a cap of 4% per annum compound. The lease will be guaranteed by Premier Inn's parent company, Whitbread Group PLC. A planning application has been made and the target date for completion of the lease is December 2016. The transaction is expected to generate a yield on cost of approximately 6.5%.

In parallel with the pre-letting to Premier Inn, good progress has been made with the strategy to increase the existing retail rents from an average rent of £45 per sq ft. Recent retail lettings at rentals have achieved rents at over £65 per sq ft. The evidence created by these lettings has increased the rental value from £1.65 million per annum upon acquisition to £1.9 million per annum as at 30 September 2015 and creates further scope to increase income and value.

Manchester, City Tower (25% interest)

A 25% interest of City Tower in Manchester was acquired in June 2014 for £33 million, reflecting a net initial yield of 7% and a reversionary yield of 8.7%. City Tower is situated in a prime location in the centre of Manchester. It provides 615,429 square feet of office, retail, leisure and hotel accommodation on a three acre island site including car parking with 456 spaces. The property provides significant diversification with 115 tenants with an average unexpired lease term, to the earlier of lease expiry or break, of 10 years. The acquisition rationale was to invest in a fundamentally good asset with potential for growth from active management. The low average office rent of £17 per sq ft was attractive with an improving occupational market and low levels of competing supply. This presented the opportunity to refurbish and re-position the offices to capture rental growth.

There has been a high level of activity since acquisition with a refurbishment scheme on-going to improve the reception and vacant office floors at a total cost to the Company of £800,000. This, combined with recent lettings at between £20 and £25 per sq ft, has increased the rental value from £3 million per annum upon acquisition to £3.15 million per annum as at 30 September 2015. In addition to office lettings good progress has been made with re-positioning the retail and leisure offering.

INVESTMENT MANAGER'S REPORT (continued)

Milton Keynes, Stacey Bushes and Heathfield Industrial Estates

Stacey Bushes and Heathfield Industrial Estates were acquired in two separate transactions in 2014 for £14.3 million, reflecting a net initial yield of 7.7% and an average capital value of £45 per sq ft, materially below replacement cost. The combined estates provide 54 units of varying sizes totalling 317,000 sq ft, and at acquisition produced a rent of £1.17 million per annum.

Over the period, five units have been refurbished, eight lettings completed and three lease renewals completed. Increased occupier demand and restricted supply in Milton Keynes has led to headline rents being achieved at over 20% ahead of the estimated rental value. The void rate has reduced from 20% on acquisition to the current void of 7%. This activity has increased the yield on the gross acquisition cost to approximately 9.3%

Finance

As at 30 September 2015 the Company had a loan to value, net of cash, of 30%, within the long-term target range of 25% to 35%.

On 15 May 2015 a four year, £20.5 million, revolving credit facility ('RCF') was agreed with Royal Bank of Scotland ('RBS') to fund the acquisition of Millshaw Industrial Estate. The RCF is an efficient and flexible source of funding due to the low margin of 1.6% and the ability to be repaid and redrawn as often as required. £10.25 million of the RCF has been hedged with an interest rate cap of 1.5% at a cost of £209,500.

Drawing down the RCF results in total debt of £150.1 million at an average total cost of 4.4% with a weighted duration of 10.5 years. Details of the loans and compliance with the principal covenants as at 30 September 2015 are set out below:

Lender	Loan (£m)	Maturity	Interest rate (%)	Security/ Loan to Value ('LTV') ratio (%)	LTV ratio covenant (%)*	Interest cover ratio (%)**	ICR ratio covenant (%)**	Forward looking ICR ratio (%)***	Forward looking ICR ratio covenant (%)***
Canada Life	25.9	15/04/2023	4.77[$]	339.2/38.2	65	320	185	309	185
	103.7	15/04/2028							
RBS	20.5	17/07/2019	2.18[α]	37.7/54.5	65	393	185	521	250

*Loan balance divided by property value as at 30 September 2015
**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 following the IPD, ((rental income received – void rates, void service charge and void insurance)/interest paid)
[$]Fixed total interest rate for the loan term
[α]Total interest rate as at 30 September 2015 comprising 3 month LIBOR of 0.58% and the margin of 1.6%

INVESTMENT MANAGER'S REPORT (continued)

Outlook

The UK commercial real estate market has continued to benefit from strong investor demand driving values upwards. Whilst interest rates are expected to remain low over the near term, we believe future returns are now more likely to be driven by above average income returns and rental growth rather than falling yields.

The properties acquired as part of the growth strategy should continue to support attractive returns due to the level of income and the potential to enhance returns by actively managing and investing in the portfolio. Successful execution of the initiatives outlined should therefore increase the prospects for an increase in the level of net income as well as protect values in a rising interest rate environment.

Duncan Owen
Schroder Real Estate Investment Management Limited

13 November 2015

RESPONSIBILITY STATEMENT OF THE DIRECTORS 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

Lorraine Baldry
Chairman

13 November 2015

FINANCIAL STATEMENTS

Condensed Consolidated Statement of Comprehensive Income

	Notes	Six months to 30/09/2015 £'000 (unaudited)	Six months to 30/09/2014 £'000 (unaudited)	Year to 31/03/2015 £'000 (audited)
Rental income		11,817	11,294	22,124
Other income		284	578	2,067
Property operating expenses		(1,330)	(1,460)	(2,812)
Net rental and related income, excluding joint ventures		**10,771**	**10,412**	**21,379**
Share of net rental income in joint ventures		*1,581*	*813*	*2,273*
Net rental and related income, including joint ventures		*12,352*	*11,225*	*23,652*
Profit on disposal of investment property	6	**419**	**15,117**	**20,696**
Net valuation gain on investment property	6	**11,795**	**13,879**	**20,144**
Expenses				
Investment management fee	2	(1,540)	(1,094)	(2,752)
Valuers' and other professional fees		(537)	(668)	(1,277)
Administrators fee	2	(60)	(60)	(120)
Auditor's remuneration		(57)	(62)	(112)
Directors' fees		(108)	(93)	(185)
Other expenses	3	(489)	(63)	(388)
Total expenses		**(2,791)**	**(2,040)**	**(4,834)**
Net operating profit before net finance costs		**20,194**	**37,368**	**57,385**
Interest receivable		–	–	21
Finance costs payable		(3,487)	(3,177)	(6,344)
Net finance costs		**(3,487)**	**(3,177)**	**(6,323)**
Share of net rental income in joint ventures	7	1,581	813	2,273
Share of net valuation gain in joint ventures	7	4,797	1,015	1,792
Profit before tax		**23,085**	**36,019**	**55,127**
Taxation		(74)	(62)	(353)
Total comprehensive income for the period/year attributable to the equity holders of the parent		**23,011**	**35,957**	**54,774**
Basic and diluted earnings per share	4	**4.4p**	**7.7p**	**11.3p**

All items in the above statement are derived from continuing operations. The accompanying notes 1 to 11 form an integral part of the interim report.

FINANCIAL STATEMENTS (continued)

Condensed Consolidated Statement of Financial Position

	Notes	30/09/2015 £'000 (unaudited)	30/09/2014 £'000 (unaudited)	31/03/2015 £'000 (audited)
Investment in joint ventures	7	77,589	35,840	72,792
Investment property	6	363,665	301,368	298,684
Non-current assets		**441,254**	**337,208**	**371,476**
Trade and other receivables		18,867	30,400	16,187
Cash and cash equivalents	8	12,330	33,984	46,591
Current assets		**31,197**	**64,384**	**62,778**
Total assets		**472,451**	**401,592**	**434,254**
Issued capital and reserves		342,245	259,967	325,666
Treasury shares		(26,452)	–	(26,452)
Equity		**315,793**	**259,967**	**299,214**
Interest-bearing loans and borrowings	9	147,918	127,490	127,562
Non-current liabilities		**147,918**	**127,490**	**127,562**
Trade and other payables		8,528	14,020	7,266
Taxation payable		212	115	212
Current liabilities		**8,740**	**14,135**	**7,478**
Total liabilities		**156,658**	**141,625**	**135,040**
Total equity and liabilities		**472,451**	**401,592**	**434,254**
Net Asset Value per ordinary share	10	60.9p	55.1p	57.7p

The financial statements on pages 17-28 were approved at a meeting of the Board of Directors held on 13 November 2015 and signed on its behalf by:

Lorraine Baldry
Chairman

The accompanying notes 1 to 11 form an integral part of the interim report.

FINANCIAL STATEMENTS (continued)

Condensed Consolidated Statement of Changes in Equity

For the period from 1 April 2014 to 30 September 2014 (unaudited)

	Notes	Share premium	Treasure share reserve	Revenue reserve	Total
		£'000	£'000	£'000	£'000
Balance as at 31 March 2014		**127,152**	**–**	**63,291**	**190,443**
Profit for the period		–	–	35,957	35,957
New Equity Issuance (net of issue costs)		38,918	–	–	38,918
Dividends paid	5	–	–	(5,351)	(5,351)
Balance as at 30 September 2014		**166,070**	**–**	**93,897**	**259,967**

For the year ended 31 March 2015 (audited) and for the period from 1 April 2015 to 30 September 2015 (unaudited)

	Notes	Share premium	Treasure share reserve	Revenue reserve	Total
		£'000	£'000	£'000	£'000
Balance as at 31 March 2014		**127,152**	**–**	**63,291**	**190,443**
Profit for the year		–	–	54,774	54,774
New Equity Issuance (net of issue costs)		91,938	(26,452)	–	65,486
Dividends paid	5	–	–	(11,489)	(11,489)
Balance as at 31 March 2015		**219,090**	**(26,452)**	**106,576**	**299,214**
Profit for the period		–	–	23,011	23,011
Dividends paid	5	–	–	(6,432)	(6,432)
Balance as at 30 September 2015		**219,090**	**(26,452)**	**123,155**	**315,793**

The accompanying notes 1 to 11 form an integral part of the interim report.

FINANCIAL STATEMENTS (continued)

Condensed Consolidated Statement of Cash Flows

	Six months to 30/09/2015	Six months to 30/09/2014	Year to 31/03/2015
	£'000 (unaudited)	£'000 (unaudited)	£'000 (audited)
Operating activities			
Profit for the period/year	**23,011**	**35,957**	**54,774**
Adjustments for:			
Profit on disposal of investment property	(419)	(15,117)	(20,696)
Net valuation gain on investment property	(11,795)	(13,879)	(20,144)
Share of profit of joint ventures	(6,378)	(1,015)	(4,065)
Net finance cost	3,487	3,177	6,323
Taxation	74	62	353
Operating cash generated before changes in working capital	**7,980**	**9,185**	**16,545**
Decrease/(increase) in trade and other receivables	1,320	(18,369)	(4,157)
Increase in trade and other payables	1,262	7,038	112
Cash generated from operations	**10,562**	**(2,146)**	**12,500**
Finance costs paid	(3,389)	(3,091)	(6,188)
Interest received	–	–	21
Tax	(74)	(17)	(211)
Net cash from operating activities	**7,099**	**(5,254)**	**(6,122)**
Investing Activities			
Proceeds from sale of investment property	–	37,712	86,548
Acquisition of investment property	(55,630)	(12,010)	(45,470)
Additions to investment property	(1,137)	–	(848)
Acquisition of joint ventures	–	(35,000)	(71,000)
Net income distributed from joint ventures	1,581	–	2,273
Net cash from investing activities	**(55,186)**	**(9,298)**	**(28,497)**
Financing Activities			
Share issue net proceeds	–	38,918	65,486
New Loan	20,500	–	–
Loan arrangement fees	(242)	–	–
Dividends paid	(6,432)	(5,351)	(11,489)
Net cash from financing activities	**13,826**	**33,567**	**53,997**
Net (decrease)/increase in cash and cash equivalents for the period/year	**(34,261)**	**19,015**	**31,622**
Opening cash and cash equivalents	**46,591**	**14,969**	**14,969**
Closing cash and cash equivalents	**12,330**	**33,984**	**46,591**

The accompanying notes 1 to 11 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 2015 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 2015. 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 2015. The financial statements for the year ended 31 March 2015 have been prepared in accordance with IFRS as issued by the IASB. The Group's annual financial statements refer to new Standards and Interpretations none of which had a material impact on the financial statements.

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 covenants and interest cover ratios on the loans with Canada Life and Royal Bank of Scotland. 80% of the Canada Life loan matures on 15 April 2028 and 20% matures on 15 April 2023. The Royal Bank of Scotland loan matures on 17 July 2019. The Directors 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 judgments

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 2015.

Segmental reporting

The Directors are of the opinion that the Group is engaged in a single segment of business, being property investment and in one geographical area, the United Kingdom. There is no one tenant that represents more than 10% of group revenues. The chief operating decision maker is considered to be the Board of Directors who are provided with consolidated IFRS information on a quarterly basis.

2. Material agreements

Schroder Real Estate 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

NOTES TO THE INTERIM REPORT (continued)

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 during the period was £1,540,000 (year to 31 March 2015: £2,752,000) (6 months to 30 September 2014: £1,094,000). At the period end £712,000 (31 March 2015: £471,000) (30 September 2014: £667,000) was outstanding.

During the period, Schroder Real Estate Investment Management Limited was also paid £200,000 for additional services in relation to the Group's conversion to a REIT in May 2015.

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 2015: £30,000) (30 September 2014: £30,000) was outstanding at the period end.

3. Other expenses

	Six months to 30/09/2015 £'000	Six months to 30/09/2014 £'000	Year to 31/03/2015 £'000
Directors' and officers' insurance premium	7	7	21
Regulatory costs	22	10	60
Marketing	19	11	15
Professional fees	34	31	79
Other expenses *	407	4	213
	489	**63**	**388**

*Six month to 30 September 2015 include REIT conversation cost of circa £400,000

4. Basic and Diluted Earnings per share

The basic and diluted earnings per share for the Group is based on the net profit for the period of £23,011,000 (31 March 2015: £54,744,000), (30 September 2014: £35,957,000) and the weighted average number of ordinary shares in issue during the period of 518,513,409 (31 March 2015: 485,661,354 and 30 September 2014: 465,799,123).

EPRA earnings reconciliation

	Six months to 30/09/2015 £'000	Six months to 30/09/2014 £'000	Year to 31/03/2015 £'000
Profit after tax	23,011	35,957	54,774
Adjustments to calculate EPRA Earnings exclude:			
Profit on disposal of investment property	(419)	(15,117)	(20,696)
Net valuation gain on investment property	(11,795)	(13,879)	(20,144)
Finance cost: interest rate cap	209	–	–
Share of valuation gain in joint ventures	(4,797)	(1,828)	(1,792)
EPRA earnings	**6,209**	**5,133**	**12,142**
Weighted average number of ordinary shares	518,513,409	465,799,123	485,661,354
EPRA earnings per share (pence per share)	**1.2**	**1.1**	**2.5**

NOTES TO THE INTERIM REPORT (continued)

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

5. Dividends paid

In respect of	Number of ordinary shares	Rate (pence)	01/04/2015 to 30/09/2015 £'000
Quarter 31 March 2015 dividend paid 28 May 2015	518.51 million	0.62	3,216
Quarter 30 June 2015 dividend paid 28 August 2015	518.51 million	0.62	3,216
		1.24	**6,432**

In respect of	Number of ordinary shares	Rate (pence)	01/04/2014 to 30/09/2014 £'000
Quarter 31 March 2014 dividend paid 25 April 2014	391.51 million	0.62	2,427
Quarter 30 June 2014 dividend paid 15 August 2014	471.51 million	0.62	2,924
		1.24	**5,351**

In respect of	Number of ordinary shares	Rate (pence)	01/04/2014 to 31/03/2015 £'000
Quarter 31 March 2014 dividend paid 25 April 2014	391.51 million	0.62	2,427
Quarter 30 June 2014 dividend paid 15 August 2014	471.51 million	0.62	2,923
Quarter 30 September 2014 dividend paid 28 November 2014	471.51 million	0.62	2,923
Quarter 31 December 2014 dividend paid 27 February 2015	518.51 million	0.62	3,216
		2.48	**11,489**

A dividend for the quarter ended 30 September 2015 of 0.62p (£3.2 million) was declared on 4 November 2015 and will be paid on 30 November 2015.

6. Investment property

For the period 1 April 2014 to 30 September 2014 (unaudited)

	Leasehold £'000	Freehold £'000	Total £'000
Fair value as at 1 April 2014	39,361	258,713	298,074
Additions	215	11,795	12,010
Disposals	–	(22,595)	(22,595)
Net valuation gain on investment property	2,030	11,849	13,879
Fair value as at 30 September 2014	**41,606**	**259,762**	**301,368**

NOTES TO THE INTERIM REPORT (continued)

For the year 1 April 2014 to 31 March 2015 (audited)

	Leasehold £'000	Freehold £'000	Total £'000
Fair value as at 1 April 2014	39,361	258,713	298,074
Additions	232	46,086	46,318
Gross proceeds on disposals	(2,295)	(84,253)	(86,548)
Realised (loss)/gain on disposals	(1,209)	21,905	20,696
Net valuation gain on investment property	3,138	17,006	20,144
Fair value as at 31 March 2015	**39,227**	**259,457**	**298,684**

For the period 1 April 2015 to 30 September 2015 (unaudited)

	Leasehold £'000	Freehold £'000	Total £'000
Fair value as at 1 April 2015	39,227	259,457	298,684
Additions	28	56,658	56,686
Gross proceeds on disposals	–	(3,919)	(3,919)
Realised gain on disposals	–	419	419
Net valuation gain on investment property	636	11,159	11,795
Fair value as at 30 September 2015	**39,891**	**323,774**	**363,665**

Fair value of investment property as determined by the valuer's totals £376,875,000 (31 March 2015: £310,205,000) (30 September 2014: £325,755,000). Of this amount £3,750,000 (31 March 2015: £2,305,000) in relation to the unconditional exchange of contracts for the sale of New Malden and £9,460,000 (31 March 2015: £9,216,000) (30 September 2014: £8,987,000) in connection with lease incentives is included within trade and other receivables.

The fair value of investment property has been determined by Knight Frank LLP, a firm of independent chartered surveyors, who are registered independent appraisers. The valuation has been undertaken in accordance with the RICS Valuation – Professional Standards January 2014 Global and UK Edition, issued by the Royal Institution of Chartered Surveyors (the "Red Book") including the International Valuation Standards.

The properties have been valued on the basis of "Fair Value" in accordance with the RICS Valuation – Professional Standards VPS4(1.5) Fair Value and VPGA1 Valuations for Inclusion in Financial Statements which adopt the definition of Fair Value used by the International Accounting Standards Board.

The valuation has been undertaken using appropriate valuation methodology and the valuer's professional judgement. The valuer's opinion of Fair Value was primarily derived using recent comparable market transactions on arm's length terms, where available, and appropriate valuation techniques (The Investment Method).

The properties have been valued individually and not as part of a portfolio.

NOTES TO THE INTERIM REPORT (continued)

All investment properties are categorised as Level 3 fair values as they use significant unobservable inputs. There have not been any transfers between Levels during the period. Investment properties have been classed according to their real estate sector. Information on these significant unobservable inputs per class of investment property is disclosed below:

Quantitative information about fair value measurement using unobservable inputs (Level 3) as at 30 September 2015

		Industrial[1]	Retail (incl retail warehouse)	Office	Other	Total
Fair value (£'000)		98,275	150,950	115,800	11,850	376,875
Area ('000 sq ft)		1,711	636	647	145	3,139
Net passing rent psf per annum	Range Weighted average	£0 – £8.82 £3.88	£0 – £38.50 £14.40	£0 – £25.72 £13.33	£6.97 N/A	£0 – £38.50 £8.10
Gross ERV psf per annum	Range Weighted average	£3.25 – £9.50 £4.65	£7.40 – £49.50 £16.48	£9.00 – £27.50 £14.73	£8.69 N/A	£3.25 – £49.50 £9.32
Net initial yield[1]	Range Weighted average	0% – 7.50% 6.44%	0% – 8.60% 5.74%	0.00% – 14.57% 7.04%	8.07% N/A	0% – 14.57% 6.38%
Equivalent yield	Range Weighted average	5.67% – 8.58% 7.29%	4.50% – 9.80% 6.07%	5.49% – 11.60% 7.13%	8.49% N/A	4.50% – 11.60% 6.79%

Notes:
[1]Yields based on rents receivable after deduction of head rents, but gross of non-recoverables

Quantitative information about fair value measurement using unobservable inputs (Level 3) as at 31 March 2015

		Industrial	Retail (incl retail warehouse)	Office	Leisure	Total
Fair value (£'000)		70,850	113,105	114,550	11,700	310,205
Area ('000 sq ft)		1,248	505	657	145	2,555
Net passing rent per sq ft per annum	Range Weighted average	£0 – £8.82 £4.03	£0 – £38.50 £13.44	£0 – £25.72 £12.92	£6.97 N/A	£0 – £38.50 £8.34
Gross ERV per sq ft per annum	Range Weighted average	£3.00 – £9.25 £4.59	£7.40 – £49.50 £16.31	£9.00 – £26.00 £14.26	£8.72 N/A	£3.00 – £49.50 £9.62
Net initial yield[1]	Range Weighted average	0% – 8.31% 6.71%	0% – 9.20% 5.67%	1.00% – 13.99% 7.00%	8.17% N/A	0% – 13.99% 6.49%
Equivalent yield	Range Weighted average	5.74% – 8.53% 7.43%	4.50% – 9.84% 6.45%	5.39% – 9.67% 7.24%	8.49% N/A	4.50% – 9.84% 7.04%

Notes:
[1]Yields based on rents receivable after deduction of head rents, but gross of non-recoverables

NOTES TO THE INTERIM REPORT (continued)

Sensitivity of measurement to variations in the significant unobservable inputs

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy of the Group's property portfolio, together with the impact of significant movements in these inputs on the fair value measurement, are shown below:

Unobservable input	Impact on fair value measurement of significant increase in input	Impact on fair value measurement of significant decrease in input
Passing rent	Increase	Decrease
Gross ERV	Increase	Decrease
Net initial yield	Decrease	Increase
Equivalent yield	Decrease	Increase

There are interrelationships between the yields and rental values as they are partially determined by market rate conditions.

The sensitivity of the valuation to changes in the most significant inputs per class of investment property are shown below:

Estimated movement in fair value of investment properties at 30 September 2015	Industrial £000	Retail £000	Office £000	Other £000	Total £000
Increase in ERV by 5%	4,260	6,280	3,715	250	14,505
Decrease in ERV by 5%	(3,995)	(5,805)	(4,005)	(150)	(13,955)
Increase in net initial yield by 0.25%	(3,825)	(7,150)	(4,650)	(550)	(16,075)
Decrease in net initial yield by 0.25%	4,050	7,850	5,100	600	17,525

Estimated movement in fair value of investment properties at 31 March 2015	Industrial £000	Retail £000	Office £000	Other £000	Total £000
Increase in ERV by 5%	3,050	4,300	4,150	300	11,800
Decrease in ERV by 5%	(2,750)	(4,300)	(3,655)	(200)	(10,905)
Increase in net initial yield by 0.25%	(2,550)	(4,850)	(3,900)	(350)	(11,650)
Decrease in net initial yield by 0.25%	2,750	5,150	4,300	400	12,600

7. Investment in joint ventures

For the period 1 April 2014 to 30 September 2014 (unaudited)

	£000
Opening balance as at 1 April 2014	**1,800**
Distributions received	(1,975)
Addition to investment in joint ventures	35,000
Share of net valuation gain in period	1,015
Amounts recognised as joint ventures at 30 September 2014	**35,840**

NOTES TO THE INTERIM REPORT (continued)

For the year 1 April 2014 to 31 March 2015 (audited)

	£000
Opening balance as at 1 April 2014	**1,800**
Sale of Crendon*	(1,800)
Purchase of interest in City Tower Unit Trust	35,000
Purchase of interest in Store Unit Trust	36,000
Share of profit for the period	4,065
Distribution received	(2,273)
Closing balance as at 31 March 2015	**72,792**

* Crendon Industrial Partnership sold Crendon Industrial Park during the year ended 31 March 2014 giving rise to net proceeds to SREIT of £1.8m, which were received in April 2014.

For the period 1 April 2015 to 30 September 2015 (unaudited)

	£000
Opening balance as at 1 April 2015	**72,792**
Share of net valuation gain in period	6,378
Distributions received	(1,581)
Amounts recognised as joint ventures at 30 September 2015	**77,589**

8. Cash and cash equivalents

As at 30 September 2015 the group had £12.3 million in cash (31 March 2015:£46.6 million, 30 September 2014:£33.9 million). There is currently no cash held within the Canada Life security pool.

9. Interest-bearing loans and borrowings

The Group entered into a £129.6 million loan facility with Canada Life on 16 April 2013 that has 20% of the loan maturing on 15 April 2023 and with the balance of 80% maturing on 15 April 2028, with a fixed interest rate of 4.77%.

On 17 July 2015 the Company entered into a four year, £20.5 million revolving credit facility with the Royal Bank of Scotland, for the purpose of acquiring, Millshaw Industrial Estate. Since this loan has variable interest, at the same date an interest rate cap for 50% of the loan was entered into, which comes into effect if GPB 3 month LIBOR reaches 1.5%.

As at 30 September 2015 the group has a loan balance of £150.1 million and £2.2 million of unamortised arrangement fees. (31 March 2015: £129.6 million and £2 million of unamortised arrangement fees, September 2014: £129.6 million and £2.1 million of unamortised arrangement fees).

10. NAV per ordinary share

The NAV per ordinary share is based on the net assets of £315,793,000 (31 March 2015: £299,214,000, 30 September 2014: £259,967,000) and 518,513,409 ordinary shares in issue at the Statement of Financial Position reporting date (31 March 2015: 518,513,409 and 30 September 2014: 471,513,409).

NOTES TO THE INTERIM REPORT (continued)

11. Financial risk factors

The Directors are of the opinion that there have been no significant changes to the financial risk profile of the Group since the end of the last annual financial reporting period ended 31 March 2015 of which it is aware.

The main risks arising from the Group's financial instruments and properties are market price risk, credit risk, liquidity risk and interest rate risk. The Group is only directly exposed to sterling and hence is not exposed to currency risks. The Board regularly reviews and agrees policies for managing each of these risks.

INDEPENDENT REVIEW REPORT TO SCHRODER REAL ESTATE INVESTMENT TRUST LIMITED

Introduction

We have been engaged by Schroder Real Estate Investment Trust Limited (the "Company") to review the condensed set of financial statements in the Interim Report for the six months ended 30 September 2015 which comprises Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Statement of Financial Position, Condensed Consolidated Statement of Changes in Equity, Condensed Consolidated Statement of Cash Flows and the related notes. We have read the other information contained in the Interim 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 Interim 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 IFRS. The condensed set of financial statements included in this Interim 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.

INDEPENDENT REVIEW REPORT TO SCHRODER REAL ESTATE INVESTMENT TRUST LIMITED (continued)

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 2015 is not prepared, in all material respects, in accordance with IAS 34 and the DTR of the UK FCA.

Deborah J Smith
For and on behalf of
KPMG Channel Islands Limited
Chartered Accountants

13 November 2015

CORPORATE INFORMATION

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Les Banques
St. Peter Port
Guernsey GY1 3QL

Directors
Lorraine Baldry (Chairman)
Keith Goulborn
John Frederiksen
Stephen Bligh (appointed on 28 April 2015)
Graham Basham (appointed 11 September 2015)
Harry Dick-Cleland (retired 11 September 2015)
David Warr (retired 11 September 2015)
(All Non-Executive Directors)

Investment Manager and Accounting Agent
Schroder Real Estate Investment Management Limited
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Secretary and Administrator
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as to Guernsey Law:
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ISA
The Company's shares are eligible for Individual Savings Accounts (ISAs).

FATCA GIIN
5BM7YG.99999.SL.831

Auditor
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