

TR Property Investment Trust plc
Interim Statement for the half year ended
30 September 2007



Introduction

The objective of TR Property Investment Trust plc is to maximise shareholders' total returns by investing in property shares and property on an international basis.

The investment trust has been in existence since 1905 and a dedicated property investor since 1982.

In July 2007 a second share class was introduced, the Sigma Share Class. This was created mainly through the conversion of some of the existing Ordinary shares into Sigma shares. The objectives and strategies of each share class are set out on the following page. They each have a dedicated portfolio and can pursue independent gearing strategies. They are, however, share classes within the same company and therefore part of one corporate entity with a single Independent Board of Directors.

Benchmark

The Benchmark is the FTSE EPRA/NAREIT Europe index in Sterling. This index, calculated by FTSE, is free float based and currently has 97 constituent companies. The Benchmark website www.epra.com contains further details about the index and performance.

Independent Board

The directors are all independent of the management company and meet regularly to consider investment strategy and to monitor performance.

Shareplan and ISA

Details of how the shares can be bought through the TR Property Share Plan and the TR Property ISA are given on the inside back cover.

Website

Information about the Company can be found on the website www.trproperty.co.uk

Ordinary Shares

Objective	The objective of the Ordinary Share Class is to maximise shareholders' total returns by investing in property shares and property on an international basis.
Investment Selection	<p>The investment selection process seeks to identify well managed companies of all sizes, especially those with a focus on a particular type of real estate business. The Manager generally regards future growth and capital appreciation potential more highly than immediate initial yield or discount to asset value.</p> <p>Over 85% of the Ordinary Portfolio is currently invested in Pan-European listed property securities with the balance in directly owned UK real estate.</p>
Capital Growth	Over the five years to the end of September 2007, the share price has risen by 255% from 57.25p to 203p and the net asset value has risen by 231% from 70.6p to 233.79p. Over the same period the benchmark index has risen by 160%.
Income Growth	Over the past five years the annual net dividend per share has grown by 147%, equivalent to 19.85% pa compound.
Dividend	An interim dividend of 2.30p (2007: 1.70p) per Ordinary share has been declared payable on 09 January 2008 to shareholders on the register on 07 December 2007. The shares will be quoted ex-dividend on 05 December 2007.

Sigma Shares

Objective	The objective of the Sigma Share Class is to maximise shareholders' total returns by investing predominantly in the shares of property companies with a market capitalisation of less than £1 billion on an international basis.
Investment Selection	The investment selection process seeks to identify well managed smaller property companies, especially those with a focus on a particular type of real estate business. The Manager generally regards future growth and capital appreciation potential more highly than immediate initial yield or discount to asset value. The focus is on companies with property assets located within the Pan-European geographical area, although investments are permitted on a global basis.
Capital Growth	Since launch in July 2007, the net asset value has fallen by 7.1% from 122.85p to 114.17p, as at the end of September 2007. The share price at 30 September 2007 was 104.25p.
Dividend	An interim dividend of 0.20p per Sigma share has been declared payable on 09 January 2008 to shareholders on the register on 07 December 2007. The shares will be quoted ex-dividend on 05 December 2007. A special dividend of 1.10p per share was paid on 12 October 2007 to Sigma shareholders on the register at 05 October 2007. The special dividend arose as a result of accrued earnings included in the Calculation Date NAV for the conversion of Ordinary shares into Sigma shares on creation of the Sigma share class. The special dividend was a non-recurring payment.

Financial Highlights and Performance

Ordinary Shares

	Half year ended 30 September 2007 (Unaudited)	Half year ended 30 September 2006 (Unaudited)	% Change
Revenue			
(Loss)/earnings per Ordinary share	(55.67)p	17.12p	-425.2
Revenue earnings per Ordinary share	3.94p	2.84p	+38.7
Net interim dividend per Ordinary share	2.30p	1.70p	+35.3

	At 30 September 2007 (Unaudited)	At 31 March 2007 (Audited)	% Change
Balance Sheet			
Net asset value per share	233.79p	290.78p	-19.6
Share price	203.0p	256.5p	-20.9
Gearing	3%	9%	
Shareholders' funds (£'000)	613,706	972,944	-36.9
Shares in issue at end of period (m)	262.5	334.6	-21.5

Note: At 24 July 2007 19.0% of the Ordinary share capital (and corresponding assets and liabilities) converted to Sigma shares.

	Half year ended 30 September 2007	Half year ended 30 September 2006
Performance		
Benchmark performance (total return)	-19.1%	+6.6%
NAV total return	-18.8%	+7.8%
Share price total return	-20.0%	+24.4%

Sigma Shares

	Period ended 30 September 2007 (Unaudited)
Revenue	
(Loss)/earnings per Sigma share	(8.69)p
Revenue earnings per Sigma share	0.06p
Net interim dividend per Sigma share	0.20p

	As at 30 September 2007 (Unaudited)	As at inception 24 July 2007 (Unaudited)	% Change
Balance Sheet			
Net asset value per share	114.17p	122.85p	-7.1
Share price	104.3p	106.3p	-1.9
Gearing	Nil	3%	
Shareholders' funds (£'000)	150,466	161,914	-7.1
Shares in issue at end of period (m)	131.8	131.8	

Note: 24 July share price at close.

	Period ended 30 September 2007 (Unaudited)
Performance	
Benchmark performance (total return)	-5.6%
NAV total return	-7.1%
Share price total return	-1.9%

Chairman's Statement



Peter Salsbury BSc *Chairman*
20 November 2007

Introduction

The six month period to the end of September 2007 has been one of increasing uncertainty in global debt and equity markets. Commercial and residential property assets have been the particular recipients of adverse investor sentiment caused by fears of rising investment yields and higher borrowing costs. Against this background Pan-European property shares fell by over 20% in the six months anticipating that a sharp fall in property values will occur in 2008. As a dedicated investor in property shares the Trust could never be immune from such a decline. In the event the Ordinary share portfolio modestly outperformed its benchmark and, on a brighter note, revenue per share is sharply higher and the Board is able to make a substantial increase in the interim dividend.

The major event of the period for the Trust has been the creation of the Sigma share class. Shareholders were circulated in June with details of the proposals, and these were approved at the EGM on 24 July. I am pleased to report that just under 19% of the equity elected to convert and together with £10m of new capital raised, Sigma began life with net assets of £162m. Marcus Phayre-Mudge, who has been the deputy manager of the Trust for over five years and has worked with Chris Turner since 1997, is managing this share class. The report & accounts now contain the usual group financial statements together with separate income statements and balance sheets for each share class. There is a separate Manager's report for each share class. These pages in the

accounts have been marked down the side of the page to highlight whether they refer specifically to one or the other of the share classes or the group as a whole.

Asset and Share Price Performance

Ordinary Shares

Over the six month period the net asset value (NAV) per share calculated under IFRS declined by 19.6% from 290.8p to 233.8p while the share price fell by 20.9% from 256.5p to 203.0p. In the same period, the benchmark index declined by 20.7%. The total returns for the Ordinary share class were -18.8% for the NAV, -20.0% for the share price and -19.1% for the benchmark, an out-performance of 0.3%.

Sigma Shares

Over the short period from their introduction to the end of September, the net asset value declined by 7.1% from 122.85p to 114.17p while the share price fell by 1.9% from 106.25p to 104.25p. In the same period the benchmark index declined by 5.9%. The total returns for the Sigma share class were -7.1% for the NAV, -1.9% for the share price and -5.6% for the benchmark, an under-performance of 1.5% which occurred during the first week after the creation of the new share class. The position has since improved and at the time of writing Sigma is progressively ahead of its benchmark.

Revenue Results and Dividends

Ordinary Shares

The Ordinary share revenue return has risen sharply in the period. In my statement in the last annual report I commented that our managers were advising the Board that increase in revenue per share in the current year would be in the order of 20% to 30%. In this interim period the revenue per Ordinary share was 3.94p, a 38.7% increase on the 2.84p earned in the first half of last year. Income benefited from a good level of dividend growth from our shareholdings both in the UK and on the Continent, two special dividends from our Swedish shareholdings and from higher rental income from our direct property portfolio. Finance costs declined due to lower borrowings and share repurchases meant that the higher income was divided by fewer shares. The Board

Chairman's Statement continued

has pleasure in raising the interim Ordinary share dividend by 35.3% from 1.70p per share to 2.30p per share. The dividend will be paid on 9 January 2008 to Ordinary shareholders on the register on 7 December 2007.

Sigma Shares

The Sigma shares inherited 1.67p per share of revenue accrued by the converting shares up to the date of the Sigma share class creation in July 2007, and part of this revenue was paid in a special dividend of 1.10p per share to Sigma shareholders on 12 October 2007. In its short period of independence since July the Sigma share class has earned 0.06p per share. Our managers' forecasts for the Sigma share class revenue in the remaining six months of the financial year are for earnings in the order of 0.4p to 0.5p per share and on this basis the Board is paying an interim dividend per Sigma share of 0.2p per share. The dividend will be paid on 9 January 2008 to Sigma shareholders on the register on 7 December 2007.

Portfolio Distribution

The distribution of the portfolio shows only modest change since the end of March. Further details are given in the managers' reports.

Gearing and Currencies

Borrowings have been reduced further over the period. At the end of March the Trust's net debt was £98m (gearing of 9.2%), comprising £40m in debentures and £58m in short term bank debt. The debentures were split between the Ordinary and Sigma share classes in July (£32m to the Ordinary and £8m to Sigma). At the end of September the Ordinary share portfolio had repaid all the bank debt and held £11m in cash giving net debt of £21m (gearing of 3.5%). At the same date the Sigma share class held cash of £20m giving net cash of £12m. In the absence of unforeseen circumstances, gearing levels are expected to remain between 0% and 10% for the remainder of the financial year. All of our debt continues to be denominated in Sterling and our portfolio exposure to foreign currency assets and overseas income is unhedged. In the six month period, March to September, the Euro rose against Sterling by 2.7% increasing the value of our Continental assets and Euro income.

Discount and Share Repurchases

The average discount over the period was 12.2% for the Ordinary shares and 11.5% for the Sigma share class. These figures compare with an average discount of 9.9% in the period from September 2006 to March 2007. During the half year the Trust repurchased 10.217m Ordinary shares for cancellation at a total cost of £23.36m (228.7p per share). Sales of assets were made to cover these repurchases which added some £3.48m to shareholders' funds.

VAT on Management Fees

Fund management fees (including performance fees) charged by third party fund managers to Investment Trust Companies have been treated as subject to VAT since 1990. Similar fees charged to Unit Trusts and OEICs are exempt from VAT. A group of Investment Trust Companies took a case to the VAT Tribunal claiming that Investment Trust Companies should be exempt from VAT; the case eventually ended up in the European Court of Justice ("ECJ").

In June of this year the ECJ delivered its judgment and supported the view that management fees charged to Investment Trusts should be exempt. Earlier this month HM Revenue & Customs confirmed that it has withdrawn from defending the appeal of this case and that UK law will be amended to include Investment Trusts within the scope of VAT exemption.

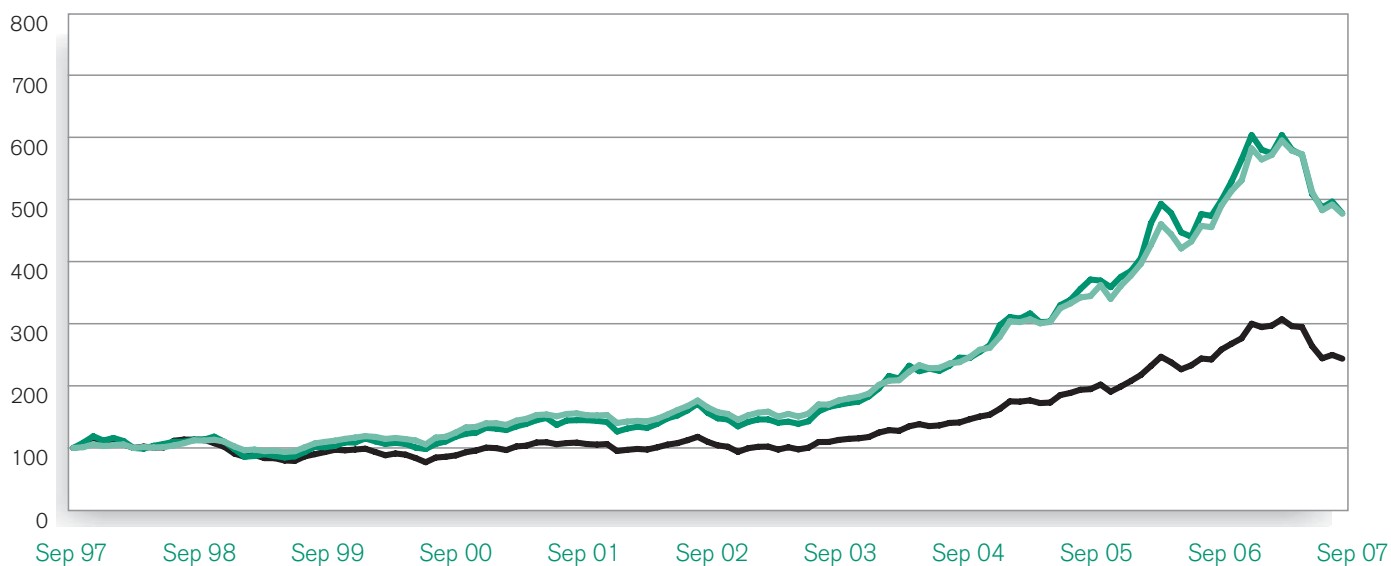
VAT will therefore not apply to any future management fee invoices. In addition the Investment Trust is able to reclaim some of the VAT paid over to managers in the past and we are in discussion with Thames River Capital and Henderson Global Investors on this matter.

Board Appointments

I am delighted to report the appointment of Paul Spencer to the Board with effect from 1 August 2007. Paul is the Chairman of National Savings & Investments (a Government funded Agency), Managed Pension Funds Ltd and Sovereign Reversions plc. He also sits on the boards of WPP Group plc (where he chairs the Audit Committee), Nipponkoa Insurance Company (Europe) Ltd, and Resolution plc.

Chairman's Statement continued

Ten Year Performance – (Price Only)



Index of TR Property net asset value and share price compared with the Benchmark

Benchmark
 TR Property Share Price
 TR Property Net Asset Value

Note: As the Sigma share class was only created in July 2007 it is not included in this graph.

Market Outlook

The Trust now has minimal on balance sheet gearing and the portfolios' see-through gearing has been sharply reduced to below that of the benchmark. Our equity portfolio is dominated by holdings in large liquid stocks with an emphasis on those with below average gearing, fixed-rate long term debt and high quality tenants and leases. We have no derivative positions or exposure to debt instruments and our direct property portfolio is virtually fully leased.

The turmoil in credit markets has created a heightened level of uncertainty for all asset pricing. If the turmoil develops into a full blown credit squeeze it may yet threaten world economic activity. In these uneasy circumstances the managers are concentrating on risk avoidance, holding assets with secure cash flows and dividend profiles and husbanding resources against the future prospects of recovery and growth.

My view is that the problem is about financial companies expecting Central banks to bale them out when their lack of confidence in each other causes illiquidity in each others' credit positions. Meanwhile the operational world carries on quite well – including property, retail and manufacturing. Chris Turner addresses this issue of market fundamentals at the end of his report.

Directors' Responsibility Statement

The Directors of TR Property Investment Trust plc confirm that to the best of their knowledge:

- (a) the condensed set of financial statements have been prepared in accordance with IAS34 as adopted by the European Union;
- (b) the Chairman's Statement together with the following Managers' Reports includes a fair review of the information required by the Disclosure and Transparency Rules 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- (c) in accordance with DTR 4.2.8R (disclosure of related party transactions and changes therein) the Company discloses that it entered into a new Sigma Management Agreement with Thames River Capital LLP on 20 June 2007 in relation to the management of the Sigma share class, and an Amendment and Restatement Agreement whereby the existing Management Agreement has been amended to reflect the creation of the Sigma share class and various consequential changes. The full terms of the new agreement and changes were set out in the Prospectus dated 20 June 2007 issued by the Company for the Proposed Creation of the Sigma Shares.

By order of the Board

Peter Salsbury
Chairman

20 November 2007

The Board members are listed on page 30.

Ordinary Shares

Financial Highlights

	Half year ended 30 September 2007 (Unaudited)	Half year ended 30 September 2006 (Unaudited)	% Change
Revenue			
Total revenue income (£'000)	20,030	16,536	+21.1
Income from operations before tax (£'000)	15,193	11,611	+30.9
Revenue earnings per ordinary share	3.94p	2.84p	+38.7
Net interim dividend per share	2.30p	1.70p	+35.3
(Loss)/earnings per ordinary share [#]	(55.67)p	17.12p	-425.2

[#] Under IFRS, capital returns are included in "earnings".

	At 30 September 2007 (Unaudited)	At 31 March 2007 (Audited)	% Change
Balance Sheet			
Investments held at fair value (£'000)	642,063	1,082,398	-40.7
Shareholders' funds (£'000)	613,706	972,944	-36.9
Shares in issue at end of period (m)	262.5	334.6	-21.5
Gearing	3%	9%	
Net asset value per share	233.79p	290.78p	-19.6

Note: At 24 July 2007 19.0% of the Ordinary share capital (and corresponding assets and liabilities) converted to Sigma shares.

Performance

Assets and Benchmark

	Half year ended 30 September 2007	Half year ended 30 September 2006
Benchmark performance (price only)	-20.7%	+4.7%
NAV change	-19.6%	+6.8%
Benchmark performance (total return)	-19.1%	+6.6%
NAV total return	-18.8%	+7.8%
IPD Monthly Index total return*	+1.1%	+9.0%
Total return from direct property	+1.9%	+10.7%

Share price

	Half year ended 30 September 2007	Year ended 31 March 2007	% Change
Share price	203.0p	256.5p	-20.9
Share price total return	-20.0%	+24.4%	
Market capitalisation	£533m	£858m	-37.9

Sources: Thames River Capital/IPD monthly, six months cumulative

Manager's Report



Chris Turner MRICS *Fund Manager*
20 November 2007

Introduction

Re-reading my previous manager's statement in the 2007 Annual Report is not a happy experience in the light of subsequent events. Though I was somewhat cautious, I was, with hindsight, seriously over-confident in believing that property shares and the commercial property investment markets were likely to have a soft landing after such an extended bull market. As early as mid-April the threat of rising interest rates was causing persistent daily share price weakness in the Sector and, almost without respite, these conditions lasted throughout the entire half year. The credit crisis in August and September only added to the weakness, resulting in an eventual decline of over 20% in share prices. These credit problems, which I did not foresee, have added a new layer of uncertainty in asset pricing. The crisis may have put an end to base rate rises, but debt has become harder and more expensive to borrow and this liquidity squeeze could now threaten to infect the wider economy.

I have taken action on the Ordinary share portfolio to virtually eliminate gearing. All our bank debt has been repaid and we are holding cash against our debenture debt. Many of our share sales have been of stocks with higher levels of gearing so that our see-through gearing is, for the first time in my stewardship of the Trust, below the equivalent benchmark gearing level. We have reduced or sold entirely many of our shareholdings with significant exposure to speculative development and further reduced the portfolio exposure to residential and retail property. We

have been conscious to retain liquidity in the portfolio. We have bought very little since May except the Trust's own shares, and these share repurchases have been made with the proceeds of specific asset sales and not with borrowed money. Since September we have completed the sale of our property at Slough for £18.5m – ahead of the March 2007 valuation. Meanwhile the remainder of our direct property portfolio is 99% occupied by a diverse range of tenants.

Performance

Over the half year period the net asset value total return was -18.8% and this figure compares with a total return from the EPRA benchmark of -19.1%. The benchmark was changed at the start of the period from the S&P/Citigroup European Property Index. That index showed a total return of -20.7% over the six months. The EPRA benchmark total returns were -22.5% for the UK and -16.3% for Europe ex UK, so our UK overweight hurt our performance. It hardly requires mentioning that performance would have improved if I had taken action earlier to eliminate gearing. As it is, the modest outperformance is due almost entirely to the benefit of share buybacks and the returns from our direct property portfolio.

Share price falls were relatively uniform across the UK and Europe and were often exacerbated by the high redemption levels in open ended funds. The best performer in our top ten investments was Liberty International (-8%) and the worst was Segro, formerly Slough Estates (why must companies choose silly names?) which fell 35%. Our best performances came from cash takeover bids for Keops and Norgani, Nanette, a Polish housebuilder which rose 25% and Kardan the Eastern European financial and property stock which rose 6%. Our worst performer overall was Capital and Regional which fell 52% over the half year, though part of the holding was sold before the major price decline.

Property Investment Market Background

As the summer progressed strong UK inflation numbers led to actual and anticipated base rate increases. Leveraged buyers withdrew from the market as did some

Manager's Report continued

overseas investors and transaction volumes declined. By July it was clear that the market had stalled. Meanwhile the credit crisis spread its effects from the US into the UK, and by August it became clear that commercial property prices were starting to fall. Since July market activity has been at a very low level so that valuers have little immediate evidence on which to rely. Over the third quarter, the valuation based IPD Index of all UK commercial property capital values fell by 2%, but there is a consensus among market participants that this figure understates the fall and that the true average value decline may be closer to 10%, taking the IPD initial yield from 4.6% to 5.1% and the equivalent yield from 5.1% to 5.6%. In the context of the heightened economic uncertainty this is a logical decline. However the market is not dead as our recent sale of the Slough property proves.

On the Continent, there has been greater value growth so far in 2007, due in part to high levels of activity from leveraged buyers. With loan criteria now tightening, deals are being pulled. There has been a 25 basis point outward yield shift in prime office yields in Germany and similar moves are likely to be seen shortly in other Continental investment markets.

The question is what happens next? Inactivity in the market is confusing the pundits, but we are missing two of the normal ingredients for a full blown property bear market – sky high interest rates and overdevelopment. Consensus forecasts and IPD Index derivative pricing suggest a 10% to 12% value declining in the next twelve months. UK property share pricing is generally discounting all this and more and points to portfolio value declines of closer to 20% over the next twelve months. Much will eventually depend on the state of tenant demand in 2008, which in turn will depend on the state of the economy and housing markets.

Tenant Demand

In the UK the best tenant demand remains for offices. UK average office rental growth continues to run at around 8% per annum, more in Central London and less in the provinces. The West End has been the outstanding

performer with rental growth close to 25% in the last twelve months. The City has also done well, but here there is now concern that the credit crisis will lead to a decline in demand in 2008. In contrast to offices, UK retail and industrial rental growth is crawling along at between 1% and 2% per annum. On the Continent the picture is broadly similar with offices again leading with average growth of about 5% per annum and retail and industrial rental values growing at around 3% to 4% per annum.

Property Share Background

European property shares had a dismal summer. At the end of March UK stocks were on an average premium to asset value of 4% and Continental stocks had an average premium of 30%. Over the six months, stated net asset values have risen by around 1% in the UK and 6% on the Continent. UK property shares have fallen 24% in the period and Continental shares are down by 18%, with the result that, at the end of September, average UK discounts to asset value were around 22% and average premiums on the Continent were 6%. At the end of September the average historic dividend yields were 2.45% for the UK and 3.22% for the Continental stocks.

Share prices declined steadily over the period with the benchmark index falling in five of the six monthly periods. There were very few earnings shocks, in fact results in the period were generally at or above expectations. The persistent driver of price declines was the fear of future property value declines. REIT status was no defence. Large scale redemptions in open ended property securities funds made them forced sellers and the declines became almost self feeding. Shorting was also well in evidence. A few companies made share buybacks into Treasury but these were generally desultory and of no real consequence. Some smaller stocks, notably many of those issued on AIM over 2005 and 2006, have virtually ceased to be marketable. The Trust's exposure to these stocks is mercifully very light (around 1% of the gross assets). We are watching this area, however, in the hope of finding some major bargains if sellers decide that they are prepared to take any price to offload the shares. In the larger stocks liquidity has been generally good.

Manager's Report continued

Currently the market is in that mood where almost all news is bad news. If a company produces a better than expected valuation result then it must have dozy valuers. Property share prices are clearly discounting substantial NAV declines over the coming months, but that is no guarantee that the stocks will not react downwards again when the NAV declines are announced. Meanwhile we welcome the decision by the board of our largest investment, Land Securities, to explore a three-way split of the business and we think that this move will enhance the company's long term returns.

Investment Distribution and Activity

We were more active than usual in the period, though the actual turnover figures are not fully comparable due to the effects of the creation of the Sigma share class in July. Buybacks formed almost half of our purchase activity and direct property much of the remainder. The major change in the spread of investments has been the increase in the direct property from 6.9% in March to 14.8% in September. We bought two buildings (Harlow and Milton Keynes), the equities declined by 22% and the properties by 1% over the period and lastly the Sigma share class took 21% of our equity portfolio but none of the properties. As a result of this we saw a reduction in the UK quoted shares from 55% to 47.5% while our Continental holdings remained at around the 38% level. For reference the UK component of the EPRA benchmark is 43%.

Revenue

The one bright area in our results has been the sharp increase in our revenue per share. The arrival of the UK REIT regime has pushed the major UK companies into dividend increases of between 15% and 90%. On the Continent dividend growth has been strong in France as a result of sharp increases in the French cost of construction index to which rents are generally indexed. We had two special dividends from Sweden which have been taken as income. Rental income also grew thanks to letting and purchases. On the cost side lower debt levels reduced our finance charges and other expenses declined. Though the notional tax charge rose slightly in percentage terms, share buybacks meant that the increased income was shared by fewer shares.

I provided guidance in March that our revenue per share would grow by 20% to 30% in the current year. The growth in the first half has been 35%. One variable which is outside our control is the timing of dividends in the March and April period, but on the assumption that the timing of payments is similar to last year my guidance for the full year is now for revenue growth per share of 25% to 35% for the full year.

Debt, Gearing and Debentures

Reflecting the worsening market conditions, I reduced the Trust's borrowings sharply from April 2007 onwards, with effect that the Ordinary share class net debt fell from £90m at the end of March 2007 to £21m at the end of September. At the end of March our debt consisted of £40m in two debentures with coupons of 8.125% and 11.5% repayable in 2008 and 2016 respectively and £50m of short term variable rate bank debt. All this bank debt has been repaid and some £8m of the debentures have been allocated to the Sigma share class. Against this remaining £32m of debenture debt we held £11m of cash at the end of September. As a result of these changes to our debt, and despite the fall in the asset value, on balance sheet gearing has fallen from 9% at March to 3% at the end of September. Since September we have completed the sale of our Slough office building for £18.5m and we are now holding cash equal to our debenture debt. As in previous reports I would draw shareholders' attention to the fact that our debenture debt had a market value higher than its nominal value. If we were to repay the debenture debt today, the cost to the Trust would be in the order of £45.5m compared with the face value of £40m. The difference represents a negative value of some 2.1p per Ordinary share, which is not deducted from the balance sheet asset value. This figure represents only 0.9% of the asset value per share.

The amount of money borrowed by the Trust and invested in shares or property is one measure of our gearing, the other is the extent of the debt owed by the companies in which we hold shares. This figure – the Trust's "see-through leverage" which adds the proportionate net debt of all our equity investments to our on balance sheet debt – was 36.5% of our gross see-through assets at the end

Manager's Report continued

of September. This figure compares with 39.4% for our Benchmark at the same date, and a figure of 42.5% for our portfolio at March 2007. This is the first time this decade that the Trust's see-through gearing has been less than that of the benchmark, a fact which reflects not only the on balance sheet debt reductions, but also the deliberate sale of shares with above average leverage.

Direct Property Portfolio

The direct property portfolio was the best performing area of the portfolio over the six months, producing an un-gear'd total return of 1.91% for the period, ahead of the Investment Property Databank Monthly Index return of 1.1%. The Trust's return was made up of income return of 2.2% and a negative capital return of 0.29% compared to IPD's 2.4% income return and negative capital return of 1.3%.

In April we paid £13.2m including costs for Field House in Harlow, Essex, which occupies a large site which may be suitable for long term redevelopment. The building is let until 2012 at a low rent. In May we bought a modern freehold office building in Milton Keynes' central business district for an all-in cost of £6.85 million. The current rent of £420,000 per annum is under review as part of ongoing lease renewal negotiations with the tenant, Exel Europe Ltd. Further details of both buildings together with photographs are shown on pages 14 and 15.

Elsewhere, activity was focused on letting the last remaining space at Thames Central, the Trust's 62,000 sq ft office building in Slough. This was achieved during the summer. Since the half year we have completed the sale of the building for £18.5 million, a sum equal to the July and September 2007 valuations, ahead of the March 2007 valuation and significantly ahead of the original purchase price of £11 million (including acquisition costs), which the Trust paid in June 2005. The exit income yield is 5.5%.

At the half-year (prior to the sale of Thames Central) the direct portfolio made up 14.8% of the gross assets of the Ordinary share class. Excluding Thames Central, the direct portfolio comprised 11.6%. Shareholders may be aware that the Trust has often been prepared to buy vacant

property or to hold buildings let on very short leases. Given the current uncertain outlook, I am happy to report that, at the end of September, the portfolio vacancy rate was down to only 1%.

Unquoted Investments

The Trust currently has no unquoted investments.

Outlook

Significant movements in property share values tend to presage similar movements in underlying property values. So the savage decline seen in property share prices since March is based on the assumption that there will be a very sharp fall in property values over the next twelve to eighteen months. Transaction turnover has already dropped by 75% and yields have started to rise, but only modestly. Lacking a central market place, property valuers are reluctant to make large scale write-downs purely on the basis of opinion.

So we have to wait, and while we wait we are increasingly vulnerable to alarm and despondency. As investors, we feel akin to the residents of a City threatened by a hurricane. We know that there is a storm out there offshore, and the media is getting increasingly excited about all the dreadful damage that could occur. They may be right but dire predictions are good copy, and storms sometimes moderate or veer off in another direction. We batten down the hatches and, if we can, leave town, only to sneak back after the storm has passed to see that well protected property is still there and damage is generally less than predicted.

The two really dreadful property share markets in my lifetime have been 1973-75 and 1989-92. Both came against the background of sky high interest rates, large scale overdevelopment and a sharp rise in unemployment which drove down rental values. We do not have overdevelopment today, no-one forecasts sky high interest rates or a doubling of unemployment. So the fall in property values is a pricing issue.

So why are property shares discounting? This is easier to ask than to answer. We have to start from what we think "normal" pricing should be within a REIT regime. Let's assume around a 5% discount. If the discount is currently

Manager's Report continued

35% then, simplistically, the share price is assuming a 30% decline in the NAV. Adjusting for leverage that will mean a 15% to 25% decline in the value of the properties. Now the current average initial yield on the UK IPD Property Index is 4.71% and the equivalent yield (which takes account of full rental values) is 5.67%. Two years ago these figures were 5.35% and 6.23% and, if the pricing stabilised at these levels then, allowing for a little rental growth, it would need a decline of roughly 10% in property values from current levels. But if we take yields back to their highest level this decade, at the end of 2001, they were 7.19% initial and 8.53% equivalent. To get back to these yields, property values would need to fall by around 33%. If we look the other way round, and use the average property value decline of 20% implied by share prices, then the required yields are 5.7% initial and 6.8%. We can only guess that the yield levels at transaction volumes will return to a normal level, but these yields of 5.7% and 6.8% look sensible. Events, such as the recent credit crisis, can change our guesswork, bringing tighter financing and the prospect of some forced selling. A very sharp fall in residential pricing would be another negative should it occur.

For the moment uncertainty prevails and markets don't like it. All news is taken as bad news. What we can say is that, short of Armageddon, we have seen the worst of the share price falls in the well run well financed property companies. I think that the point of maximum pessimism is still to be reached. An event may mark that point, but what event I cannot tell. That event could conceivably occur anytime now or it may still be twelve months away.

So we wait with our hatches battened down – trying not to be too brave or too pessimistic, and looking forward to the day when we can report a return to decent growth.

Portfolio

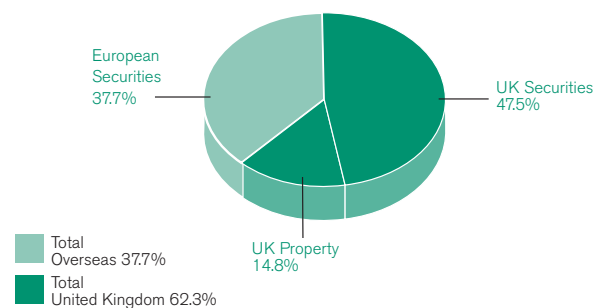
Largest Quoted Investments as at 30 September 2007

The 40 largest quoted investments amount to £485,295,000 or 76% of total investments (convertibles and all classes of equity in any one company being treated as one investment).

	Market Value £'000		Market Value £'000		Market Value £'000
Land Securities	73,167	Gecina (France)	9,773	Shaftesbury	3,964
Unibail-Rodamco (France)	61,970	Eurocommercial Properties (Netherlands)	8,711	Foncière Lyonnaise (France)	3,783
British Land	43,364	Quintain Estates & Developments	7,215	Rugby Estates	3,780
Big Yellow	24,987	Kardan (Netherlands)	6,820	DIC Asset (Germany)	3,447
Segro	20,230	IVG Immobilien (Germany)	6,481	Brixton	3,441
Hammerson	17,580	Vastned Retail (Netherlands)	6,056	Babis Vovos International (Greece)	3,317
Foncière des Régions (France)	16,814	Kungsliden (Sweden)	5,808	PSP Swiss Property (Switzerland)	3,274
Castellum (Sweden)	16,744	Helical Bar	5,220	McKay Securities	3,244
St Modwen Properties	16,301	Beni Stabili (Italy)	4,864	Capital & Regional	3,183
Liberty International	16,088	Immoeast Immobilien Anlagen (Austria)	4,800	Sponda (Finland)	3,071
Great Portland Estates	15,776	Cofinimmo (Belgium)	4,778	Deutsche Wohnen (Germany)	2,856
Derwent London	15,084	Icade (France)	4,319	Wallenstam Byggnads (Sweden)	2,800
Klépierre (France)	12,855	Silic (France)	4,319		
Corio (Netherlands)	10,871	Orco Property (France)	4,140		

Distribution of Investments

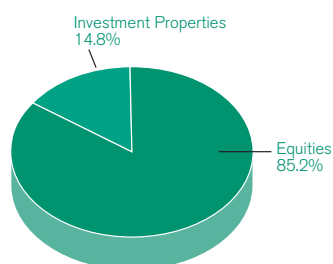
as at 30 September 2007



as at 30 September 2007	£'000	%
UK Securities	305,228	47.5
UK Investment properties	94,879	14.8
UK Total	400,107	62.3
European Securities:		
France	123,139	19.2
Netherlands	33,327	5.2
Sweden	29,404	4.6
Germany	15,708	2.4
Other	40,378	6.3
Total investments	642,063	100.0

Classification of Investments

as at 30 September 2007



as at 30 September 2007	£'000	%
Equities	547,184	85.2
Investment properties	94,879	14.8
Total investments	642,063	100.0

Investment Properties as at 30 September 2007

Value in excess of £10 million

Property	Sector	Tenure	Size (sq ft)	Principal tenants
----------	--------	--------	--------------	-------------------



The Colonnades Bishops Bridge Road London W2	Mixed Use	Freehold	44,000 200 space car park 242 residential units	NCP Pizza Express Bishops Stores Ltd
---	------------------	-----------------	--	---

The property comprises a large mixed-use block in Bayswater, constructed in the mid-1970s. The site extends to approximately 2 acres on the north east corner of the junction of Bishops Bridge Road and Porchester Road, close to Bayswater tube station and the Whiteleys Shopping Centre.



Thames Central Hatfield Road Slough	Offices	Freehold	62,645	Guidance Software, Inc HTC International, Inc
--	----------------	-----------------	---------------	--

We bought this grade A office building empty in the Summer of 2005. It is located just off the High Street, close to Slough's main shopping area. Having fully let the space from a standing start, since the 30 September we have sold the investment for £18.5 million, some £7 million over the purchase price.



Field House Station Approach Harlow	Offices	Freehold	66,000	Life Assurance Holding Corporation Limited
--	----------------	-----------------	---------------	---

Located next to Harlow Town railway station, the building was constructed in the late 1980s and comprises a 66,000 sq ft office building on a site of 3.5 acres. The building is let to Life Assurance Holding Corporation Limited until 2012.

Value in excess of £5 million

Property	Sector	Tenure	Size (sq ft)	Principal tenants
----------	--------	--------	--------------	-------------------






Elizabeth House Duke Street Woking	Offices	Freehold	54,150	Gallaher
---	----------------	-----------------	---------------	-----------------

This 1980s office building is located in central Woking, close to the train station and the main shopping area. It is let to Gallaher for 99 years from 1982 at approximately two-thirds of rental value and sub-let to the TM Group until 2023. TM Group do not occupy and have been upgrading the building over the last few years with a view to attracting new occupiers.

Investment Properties as at 30 September 2007 continued

Value in excess of £5 million continued

Property	Sector	Tenure	Size (sq ft)	Principal tenants
 <p>Solstice House 251 Midsummer Boulevard Milton Keynes</p> <p>We acquired this 31,550 sq ft office building in Central Milton Keynes in June 2007. It is situated in the prime office pitch in Milton Keynes and is located between the shopping centre and the railway station. The building is occupied by Exel Europe Ltd who are holding over on their lease which expired in January 2007. Lease renewal negotiations are ongoing.</p>	Offices	Freehold	31,550	Exel Europe Ltd
 <p>Cambridge Science Park, Cambridge</p> <p>This office building occupies a prime site on Cambridge's foremost out of town office park. It was built in 1989 and extensively refurbished in 2000, prior to being let to Worldpay Limited, a leading internet payment systems company wholly owned by the Royal Bank of Scotland.</p>	Offices	Leasehold 125 years from 1987	38,500	Worldpay Ltd
 <p>Ferrier Street Industrial Estate, Ferrier Street Wandsworth SW18</p> <p>The Ferrier Street Industrial Estate occupies a site of just over an acre, 50 metres from Wandsworth Town railway station in an area that is predominantly residential. The estate comprises 16 small industrial units generally let to a mix of small to medium sized private companies.</p>	Industrial	Freehold	35,800	Absolute Taste Kougar Tool Hire Ltd Mossimans Page Lacquer

Income Statement

for the half year ended 30 September 2007

	(Unaudited)			(Unaudited)			(Audited)		
	Half year ended 30 September 2007	Half year ended 30 September 2007	Half year ended 30 September 2007	Half year ended 30 September 2006	Half year ended 30 September 2006	Half year ended 30 September 2006	Year ended 31 March 2007	Year ended 31 March 2007	Year ended 31 March 2007
	Revenue Return	Capital Return	Total	Revenue Return	Capital Return	Total	Revenue Return	Capital Return	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Investment income									
Investment income	16,702	-	16,702	14,313	-	14,313	21,264	-	21,264
Other operating income	260	-	260	40	-	40	66	-	66
Gross rental income	1,973	-	1,973	1,454	-	1,454	3,201	-	3,201
Service charge income	1,095	-	1,095	729	-	729	1,695	-	1,695
(Losses)/gains on investments held at fair value	-	(184,337)	(184,337)	-	50,925	50,925	-	236,669	236,669
Total income	20,030	(184,337)	(164,307)	16,536	50,925	67,461	26,226	236,669	262,895
Expenses									
Management and performance fees	1,818	1,125	2,943	1,630	815	2,445	3,602	9,050	12,652
Direct property expenses, rent payable and service charge costs	1,457	-	1,457	1,147	-	1,147	2,327	-	2,327
Other expenses	178	-	178	356	-	356	561	-	561
Total operating expenses	3,453	1,125	4,578	3,133	815	3,948	6,490	9,050	15,540
Operating profit/(loss)	16,577	(185,462)	(168,885)	13,403	50,110	63,513	19,736	227,619	247,355
Finance costs	1,384	1,384	2,768	1,792	1,792	3,584	3,669	3,669	7,338
Income from operations before tax	15,193	(186,846)	(171,653)	11,611	48,318	59,929	16,067	223,950	240,017
Taxation	(2,469)	940	(1,529)	(1,850)	782	(1,068)	(2,013)	(206)	(2,219)
Net profit/(loss) before reorganisation	12,724	(185,906)	(173,182)	9,761	49,100	58,861	14,054	223,744	237,798
Transfer to Sigma shares	(2,203)	26,806	24,603	-	-	-	-	-	-
Net profit/(loss)	10,521	(159,100)	(148,579)	9,761	49,100	58,861	14,054	223,744	237,798
Earnings/(loss) per Ordinary share (note 2)	3.94p	(59.61)p	(55.67)p	2.84p	14.28p	17.12p	4.09p	65.16p	69.25p

The total column of this statement represents the Income Statement, prepared in accordance with IFRS. The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies. All items in the above statement derive from continuing operations.

All income is attributable to the Ordinary shareholders of the parent company. There are no minority interests.

The final dividend of 2.40p in respect of the year ended 31 March 2007 was declared on 23 May 2007 and paid on 31 July 2007. This can be found in the Group Statement of Changes in Equity for the half year ended 30 September 2007.

Balance Sheet

as at 30 September 2007

	30 September 2007 (Unaudited) £'000	30 September 2006 (Unaudited) £'000	31 March 2007 (Audited) £'000
Non-current assets			
Investments held at fair value	642,063	905,218	1,082,398
Current assets			
Debtors	13,546	3,524	4,239
Cash and cash equivalents	11,022	64	535
	<u>24,568</u>	<u>3,588</u>	<u>4,774</u>
Current liabilities	(16,069)	(42,160)	(70,156)
Net current assets/(liabilities)	8,499	(38,572)	(65,382)
Total assets less current liabilities	650,562	866,646	1,017,016
Non-current liabilities	(36,856)	(43,725)	(44,072)
Net assets	613,706	822,921	972,944
Capital and reserves			
Ordinary called up share capital	65,625	85,962	83,650
Share premium account	30,023	37,063	37,063
Capital redemption reserve	41,209	36,343	38,655
Retained earnings	476,849	663,553	813,576
Equity shareholders' funds	613,706	822,921	972,944
Net asset value per Ordinary share	233.79p	239.33p	290.78p

Sigma Shares

Financial Highlights

	Period ended 30 September 2007 (Unaudited)
Revenue	
Total revenue income (£'000)	456
Income from operations before tax (£'000)	96
Revenue earnings per Sigma share	0.06p
Net interim dividend per share	0.20p
Net special dividend per share	1.10p
(Loss)/earnings per Sigma share*	(8.69)p

A special dividend of 1.10p per share was paid on 12 October 2007 to Sigma Shareholders on the register at 5 October 2007. The special dividend arose as a result of accrued earnings of 1.67p per share included in the Calculation Date NAV for the Conversion of Ordinary shares into Sigma shares on creation of the Sigma Share class. The special dividend was a non-recurring payment.

*Under IFRS, capital returns are included in "earnings".

	At 30 September 2007 (Unaudited)	At Inception 24 July 2007 (Unaudited)	%
Balance Sheet			Change
Investments held at fair value (£'000)	138,694	165,809	-16.4
Shareholders' funds (£'000)	150,466	161,914	-7.1
Shares in issue at end of period (m)	131.8	131.8	-
Gearing*	0%	3.2%	
Net asset value per share	114.17p	122.85p	-7.1

*taking into account cash held against debentures.

Performance

Assets and Benchmark

	Period ended 30 September 2007
Benchmark performance (price only)	-5.9%
NAV change	-7.1%
Benchmark performance (total return)	-5.6%
NAV total return	-7.1%

Share price

	Period ended 30 September 2007
Share price	104.3p
Share price total return	-1.9%
Market capitalisation	£137m

Source: Thames River Capital.

Manager's Report



Marcus Phayre-Mudge MRICS *Fund Manager*
20 November 2007

Introduction

The Chairman's statement comments on the creation of the Sigma share class and the results of the EGM and the conversion offer and placing.

The Sigma share class was created for dedicated investment in smaller sized property companies across Europe. As it was largely created through the conversion of Ordinary shares, Sigma's initial portfolio comprised a pro rata share of the listed equities within the Ordinary share class portfolio (but excluding the direct property investments) together with £9.96m of cash raised in the Placing. Sigma also took a pro rata share of all the debt (which included both floating rate short term debt and the debentures) totalling £10.26m. The initial net assets were £161.9m.

Investment Activity & Distribution of Assets

On the day of conversion, the portfolio comprised over 64% large capitalisation stocks (defined as those with a market cap of over £1bn). As set out in the prospectus, the Sigma portfolio will be repositioned over time, however, against the backdrop of difficult market conditions, the pace of reinvestment has been slower than originally anticipated. Larger cap stocks have suffered from a liquidity 'discount', whereby in falling markets, the more liquid stocks tend to be hit harder and faster, consequently, the pace of sale and reinvestment has been deliberately cautious.

The distribution of assets is shown on the table on page 21. At the end of September, large cap stocks accounted for 57% of the portfolio and cash for reinvestment (after netting off the debenture debt) stood at 6%.

As a result, at the end of September there is still a strong resemblance to the Ordinary share portfolio. This reflects the youthfulness of Sigma's portfolio evolution; 9 weeks is not long! Given the downward trend of the market over the period, sales (£22.4m) have dominated purchases (£6.7m). We are comfortable holding cash and seeking out opportunities as they appear.

As stated earlier, caution has been the watchword and purchases have been spread between adding to existing 'inherited' holdings and investing in a number of new companies. In the former category are St. Modwen and Shaftesbury (in the UK), Eurocommercial and Kardan (Netherlands listings) and Kungsleden (Sweden), which are all long term significant holdings in the Ordinary share portfolio top 40. Although these businesses operate in very different markets, a common theme is the strength and continuity of longstanding management.

The next group are companies which we have, over a period of time, investigated, liked and subsequently made initial modest investments within the Ordinary portfolio. However, prior to the creation of Sigma, it had been difficult to build significant positions in these stocks, relative to the size of the portfolio. This was a significant driver in the rationale for the creation of the smaller Sigma class, which will enable more meaningful positions to be constructed. This group includes Local Shopping REIT and CLS (UK), Foncière Paris, Zueblin and Foncière des Murs (France), Plaza Centres (listed in the Netherlands), Wallenstam Byggnads (Sweden), Alstria and Hahn (Germany), and Sponda (Finland). Following further investment these stocks are now important components of the Sigma portfolio.

The third and final group is new companies not previously held by the Trust. So far these have been relatively modest investments and were principally into two companies, a German office redevelopment business, IFM, and a family run logistics developer in France, Argan.

Manager's Report continued

The sales have been primarily, but not exclusively, from large caps. Two of the three non European focused stocks, one in India and one in Japan, have been sold. In addition, the portfolio is increasingly defensively positioned with the reduction in exposure to the most leveraged companies.

Gearing

At launch, Sigma acquired a pro rata proportion not only of the equity portfolio, but also the debt. This included a share of the two debentures (repayable in 2008 and 2016). Given current market conditions, the strategy is to have no leverage. The short term floating rate debt was repaid almost immediately on the creation of the new share class and cash is held against the debentures, neutralising the capital effect of the debentures. Sigma therefore effectively has no gearing.

Sigma's see-through debt as a proportion of see-through asset exposure was 39.0% at the end of September, in line with the benchmark figure of 39.4%.

Outlook

Chris has commented in his report on our market outlook. The immediate effect of our view has been a change in the pace of the repositioning of the portfolio towards smaller cap stocks. We will continue to take this cautious approach. My primary concern is to protect value for shareholders, and I remain reluctant to switch shareholders' funds from the large cap stocks, which due to their liquidity have borne the brunt of the selling pressure and (particularly in the UK) are standing at significant discounts to their underlying asset values, into the less liquid smaller cap stocks standing at lower discount levels. This differential will narrow at some point, until then we ask shareholders to share our patience. On a brighter note, these conditions are revealing opportunities for the long term investor. We are very pleased with the acquisitions we have made so far and look forward to reporting on many more in due course.

Portfolio

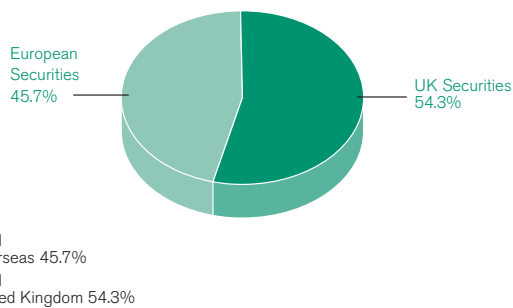
Largest Quoted Investments as at 30 September 2007

The 40 largest quoted investments amount to £119,447,000 or 86% of total investments (convertibles and all classes of equity in any one company being treated as one investment).

	Market Value £'000		Market Value £'000		Market Value £'000
Land Securities	15,306	Eurocommercial Properties (Netherlands)	2,536	Foncière Lyonnaise (France)	1,017
Unibail-Rodamco (France)	13,967	Corio (Netherlands)	2,509	Wallenstam Byggnads (Sweden)	998
British Land	11,038	Kardan (Netherlands)	2,264	Sponda (Finland)	961
Big Yellow	6,712	Quintain Estates & Developments	1,999	DIC Asset (Germany)	952
Segro	5,009	IVG Immobilien (Germany)	1,742	Local Shopping REIT	933
St Modwen Properties	4,753	Kungsliden (Sweden)	1,727	Immoeast Immobilien Anlagen (Austria)	933
Castellum (Sweden)	4,573	Shaftesbury	1,675	McKay Securities	912
Great Portland Estates	4,240	Vastned Retail (Netherlands)	1,628	Société Foncière Paris (France)	911
Hammerson	3,793	Helical Bar	1,403	Babis Vovos International (Greece)	892
Derwent London	3,426	Icade (France)	1,161	PSP Swiss Property (Switzerland)	880
Klépierre (France)	3,369	Beni Stabili (Italy)	1,154	Brixton	869
Foncière des Régions (France)	3,291	Rugby Estates	1,144	Silic (France)	823
Liberty International	3,081	Cofinimmo (Belgium)	1,126		
Gecina (France)	2,627	Orco Property (France)	1,113		

Distribution of Investments

as at 30 September 2007



as at 30 September 2007	£'000	%
UK Securities	75,321	54.3
UK Total	75,321	54.3
European Securities:		
France	29,927	21.6
Netherlands	9,326	6.7
Sweden	8,387	6.1
Germany	5,270	3.8
Other	10,463	7.5
Total investments	138,694	100.0

Income Statement

period from inception to 30 September 2007

	(Unaudited)		
	Period from inception to 30 September 2007		
	Revenue Return £'000	Capital Return £'000	Total £'000
Investment income			
Investment income	324	–	324
Interest receivable and similar income	132	–	132
Losses on investments held at fair value	–	(11,337)	(11,337)
Total income	<u>456</u>	<u>(11,337)</u>	<u>(10,881)</u>
Expenses			
Management and performance fees	268	134	402
Other expenses	21	–	21
Total operating expenses	<u>289</u>	<u>134</u>	<u>423</u>
Operating profit/(loss)	167	(11,471)	(11,304)
Finance costs	71	71	142
Income from operations before tax	<u>96</u>	<u>(11,542)</u>	<u>(11,446)</u>
Taxation	<u>(16)</u>	<u>14</u>	<u>(2)</u>
Net profit/(loss)	<u>80</u>	<u>(11,528)</u>	<u>(11,448)</u>
Earnings/(loss) per Sigma share (note 2)	<u>0.06p</u>	<u>(8.75)p</u>	<u>(8.69)p</u>

The total column of this statement represents the Income Statement, prepared in accordance with IFRS. The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies. All items in the above statement derive from continuing operations. All income is attributable to the Sigma shareholders of the parent company. There are no minority interests.

Balance Sheet

as at 30 September 2007

	30 September 2007 (Unaudited) £'000	At inception 24 July 2007 (Unaudited) £'000
Non-current assets		
Investments held at fair value	138,694	165,809
Current assets		
Debtors	999	–
Cash and cash equivalents	20,651	7,127
	<u>21,650</u>	<u>7,127</u>
Current liabilities	(2,284)	(3,428)
	<u>19,366</u>	<u>3,699</u>
Net current assets		
	19,366	3,699
Total assets less current liabilities	158,060	169,508
Non-current liabilities	(7,594)	(7,594)
	<u>150,466</u>	<u>161,914</u>
Net assets		
	150,466	161,914
Capital and reserves		
Called up share capital	16,474	16,474
Share premium account	13,142	13,142
Retained earnings	120,850	132,298
	<u>150,466</u>	<u>161,914</u>
Equity shareholders' funds		
	150,466	161,914
Net asset value per Sigma share	114.17p	122.85p

Group Income Statement

for the half year ended 30 September 2007

	(Unaudited)			(Unaudited)			(Audited)		
	Half year ended 30 September 2007			Half year ended 30 September 2006			Year ended 31 March 2007		
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
	Return	Return		Return	Return		Return	Return	
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Investment income									
Investment income	17,026	–	17,026	14,313	–	14,313	21,264	–	21,264
Other operating income	392	–	392	40	–	40	66	–	66
Gross rental income	1,973	–	1,973	1,454	–	1,454	3,201	–	3,201
Service charge income	1,095	–	1,095	729	–	729	1,695	–	1,695
(Losses)/gains on investments held at fair value	–	(195,674)	(195,674)	–	50,925	50,925	–	236,669	236,669
Total income	20,486	(195,674)	(175,188)	16,536	50,925	67,461	26,226	236,669	262,895
Expenses									
Management and performance fees	2,086	1,259	3,345	1,630	815	2,445	3,602	9,050	12,652
Direct property expenses, rent payable and service charge costs	1,457	–	1,457	1,147	–	1,147	2,327	–	2,327
Other expenses	199	–	199	356	–	356	561	–	561
Total operating expenses	3,742	1,259	5,001	3,133	815	3,948	6,490	9,050	15,540
Operating profit/(loss)	16,744	(196,933)	(180,189)	13,403	50,110	63,513	19,736	227,619	247,355
Finance costs	1,455	1,455	2,910	1,792	1,792	3,584	3,669	3,669	7,338
Income from operations before tax	15,289	(198,388)	(183,099)	11,611	48,318	59,929	16,067	223,950	240,017
Taxation	(2,485)	954	(1,531)	(1,850)	782	(1,068)	(2,013)	(206)	(2,219)
Net profit/(loss)	12,804	(197,434)	(184,630)	9,761	49,100	58,861	14,054	223,744	237,798
Earnings/(loss) per Ordinary share (note 2)	3.94p	(59.61)p	(55.67)p	2.84p	14.28p	17.12p	4.09p	65.16p	69.25p
Earnings/(loss) per Sigma share (note 2)	0.06p	(8.75)p	(8.69)p	N/A	N/A	N/A	N/A	N/A	N/A
Transfer earnings/(loss) per Sigma share*	1.67p	(20.34)p	(18.67)p	N/A	N/A	N/A	N/A	N/A	N/A

The total column of this statement represents the Group's Income Statement, prepared in accordance with IFRS. The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies. All items in the above statement derive from continuing operations.

All income is attributable to the shareholders of the parent company. There are no minority interests.

The final dividend of 2.40p in respect of the year ended 31 March 2007 was declared on 23 May 2007 and paid on 31 July 2007. This can be found in the Group Statement of Changes in Equity for the half year ended 30 September 2007.

*Transfer earnings/(losses) per Sigma share are earnings/(losses) included in the Calculation Date NAV for Ordinary shares converted into Sigma shares on creation of the Sigma share class. These earnings/(losses) form part of the opening reserves in the Sigma Balance Sheet at inception.

Group Statement of Changes in Equity

	Share Capital £'000	Share Premium Account £'000	Capital Redemption Reserve £'000	Retained Earnings £'000	Total £'000
for the half year ended 30 September 2007 (Unaudited)					
At 31 March 2007	83,650	37,063	38,655	813,576	972,944
Net loss for the period	–	–	–	(184,630)	(184,630)
Ordinary shares repurchased	(2,554)	–	2,554	(23,360)	(23,360)
Sigma shares issued (net of costs)	1,003	6,102	–	–	7,105
Ordinary dividends paid	–	–	–	(7,887)	(7,887)
At 30 September 2007	82,099	43,165	41,209	597,699	764,172
for the half year ended 30 September 2006 (Unaudited)					
At 31 March 2006	85,962	37,063	36,343	611,225	770,593
Net profit for the period	–	–	–	58,861	58,861
Ordinary dividends paid	–	–	–	(6,533)	(6,533)
At 30 September 2006	85,962	37,063	36,343	663,553	822,921
for the year ended 31 March 2007 (Audited)					
At 31 March 2006	85,962	37,063	36,343	611,225	770,593
Ordinary shares repurchased	(2,312)	–	2,312	(23,069)	(23,069)
Net profit for the year	–	–	–	237,798	237,798
Ordinary dividends paid	–	–	–	(12,378)	(12,378)
At 31 March 2007	83,650	37,063	38,655	813,576	972,944

Group Balance Sheet

as at 30 September 2007

	30 September 2007 (Unaudited) £'000	30 September 2006 (Unaudited) £'000	31 March 2007 (Audited) £'000
Non-current assets			
Investments held at fair value	780,757	905,218	1,082,398
Current assets			
Debtors	5,690	3,524	4,239
Cash and cash equivalents	31,673	64	535
	37,363	3,588	4,774
Current liabilities	(9,498)	(42,160)	(70,156)
Net current assets/(liabilities)	27,865	(38,572)	(65,382)
Total assets less current liabilities	808,622	866,646	1,017,016
Non-current liabilities	(44,450)	(43,725)	(44,072)
Net assets	764,172	822,921	972,944
Capital and reserves			
Ordinary called up share capital	65,625	85,962	83,650
Sigma called up share capital	16,474	–	–
Share premium account	43,165	37,063	37,063
Capital redemption reserve	41,209	36,343	38,655
Retained earnings	597,699	663,553	813,576
Equity shareholders' funds	764,172	822,921	972,944
Net asset value per:			
Ordinary share	233.79p	239.33p	290.78p
Sigma share	114.17p	N/A	N/A

Group Cash Flow Statement

half year ended 30 September 2007

	Half year ended 30 September 2007 (Unaudited) £'000	Half year ended 30 September 2006 (Unaudited) £'000	Year ended 31 March 2007 (Audited) £'000
Net cash inflow/(outflow) from operating activities	4,102	(1,623)	(1,526)
Investing activities			
Purchase of investments	(46,223)	(36,494)	(123,269)
Sale of investments	150,835	62,925	159,290
Net cash inflow from investing activities	104,612	26,431	36,021
Net cash inflow before financing	108,714	24,808	34,495
Financing activities			
Issue of Sigma shares	7,105	–	–
Purchase of Ordinary shares	(26,212)	–	(17,350)
Equity dividends paid	(7,887)	(6,533)	(12,378)
Net cash outflow from financing	(26,994)	(6,533)	(29,728)
Increase in cash	81,720	18,275	4,767
Effect of foreign exchange rate changes	275	97	22
Change in cash and cash equivalents	81,995	18,372	4,789
Net debt at start of period	(90,303)	(95,092)	(95,092)
Net debt at end of period	(8,308)	(76,720)	(90,303)

Reconciliation of income from operations before tax to net cash flow from operating activities

	Half year ended 30 September 2007 (Unaudited) £'000	Half year ended 30 September 2006 (Unaudited) £'000	Year ended 31 March 2007 (Audited) £'000
Net income from operations before tax	(183,099)	59,929	240,017
Losses/(gains) on investments including transaction costs	195,674	(50,925)	(236,669)
Increase in operating debtors	(1,372)	(489)	(2,609)
Increase/(decrease) in operating creditors	1,258	(423)	8,273
Net tax paid	(1,110)	(281)	(1,104)
Performance fees paid	(7,249)	(9,434)	(9,434)
Net cash inflow/(outflow) from operating activities	4,102	(1,623)	(1,526)

Notes to the Financial Statements

1. Basis of accounting

The financial statements have been prepared on the basis of the accounting policies shown in the annual financial statements for the year ended 31 March 2007 and in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (IFRIC).

The financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

2. Earnings per share

(a) (Loss)/earnings per Ordinary share

The earnings/(loss) per Ordinary share can be analysed between revenue and capital, as below.

	Half year ended 30 September 2007 (Unaudited) £'000	Half year ended 30 September 2006 (Unaudited) £'000	Year ended 31 March 2007 (Audited) £'000
Net revenue profit	10,521	9,761	14,054
Net capital (loss)/profit	<u>(159,100)</u>	<u>49,100</u>	<u>223,744</u>
Net total (loss)/profit	<u>(148,579)</u>	<u>58,861</u>	<u>237,798</u>
Weighted average number of Ordinary shares in issue during the period	266,902,670	343,850,000	343,385,123
	pence	pence	pence
Revenue earnings per Ordinary share	3.94	2.84	4.09
Capital (loss)/earnings per Ordinary share	<u>(59.61)</u>	<u>14.28</u>	<u>65.16</u>
(Loss)/earnings per Ordinary share	<u>(55.67)</u>	<u>17.12</u>	<u>69.25</u>

Notes to the Financial Statements continued

2. Earnings per share continued

(b) Earnings/(loss) per Sigma share

The earnings/(loss) per Sigma share can be analysed between revenue and capital, as below.

	Period from inception to 30 September 2007 (Unaudited) £'000
Net revenue profit	80
Net capital loss	(11,528)
Net total loss	(11,448)
Weighted average number of Sigma shares in issue during the period	131,795,747
	pence
Revenue earnings per Sigma share	0.06
Capital loss per Sigma share	(8.75)
Loss per Sigma share	(8.69)

3. Changes in share capital

During the half year, the Company made market purchases for cancellation of 10,216,714 Ordinary shares of 25p each. In July 2007 a second share class was introduced, mainly through the conversion of 61,883,286 of the existing Ordinary shares into 123,766,572 Sigma shares and the issue of 8,029,175 new Sigma shares. As at 30 September 2007 there were 262,500,000 Ordinary shares of 25p and 131,795,747 Sigma shares of 12.5p in issue.

4. Comparative information

The financial information contained in this interim statement does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The financial information for the half year ended 30 September 2006 and 30 September 2007 has not been audited. The figures and financial information for the year ended 31 March 2007 are an extract from the latest published accounts and do not constitute statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included the report of the auditors, which was unqualified and did not contain a statement under either section 237(2) or 237(3) of the Companies Act 1985.

Directors and other Information

Directors

P L Salsbury (Chairman)
C M Burton
H R Seaborn
P Spencer
R A Stone
P H Wolton

Registered Office

51 Berkeley Square
London W1J 5BB
Telephone: 020 7360 1200
Facsimile: 020 7360 1300

Registered Number

Registered as an investment company in England and Wales No. 84492

Investment Manager

Thames River Capital LLP, authorised and regulated by the Financial Services Authority

51 Berkeley Square
London W1J 5BB
Telephone: 020 7360 1200
Facsimile: 020 7360 1300

Fund Manager:

C M Turner MRICS

Deputy Manager:

M A Phayre-Mudge MRICS

Finance Manager:

J L Elliott ACA

Assistant Fund Manager:

J F K Wilkinson MRICS

Direct Property Manager:

K Pabani MRICS

Assistant Direct Property Manager

G P Gay MRICS

Investor Relations Manager:

N G Williamson

Secretary

Capita Company Secretarial Services Ltd
7th Floor, Phoenix House
18 King William Street
London EC4N 7HE

Registrar

Computershare Investor Services PLC
PO Box 82
The Pavilions
Bridgwater Road
Bristol BS99 7NH
Telephone: 0870 707 1363

Registered Auditor

Ernst & Young LLP
1 More London Place
London SE1 2AF

Stockbrokers

Cenkos Securities plc
6, 7, 8 Tokenhouse Yard
London EC2R 7AS

Solicitors

Slaughter and May
One Bunhill Row
London EC1Y 8YY

Share Plan, ISAs and PEPs

BNP Paribas Fund Services UK Limited
Block C, Western House
Lynch Wood Business Park
Peterborough PE2 6BP

General Shareholder Information

Release of Results

The half year results are announced in late November. The full year results are announced in early June.

Annual General Meeting

The AGM is held in London in July.

Dividend Payment Dates

Dividends are paid on the Ordinary and Sigma shares as follows:

- Interim : early January
- Final : late July

Dividend Payments

Dividends can be paid to Ordinary and Sigma shareholders by means of BACS (Bankers' Automated Clearing Services); mandate forms for this purpose are available from the Registrar. Alternatively, shareholders can write to the Registrar (the address is given on page 30 of this report) to give their instructions; these must include the bank account number, the bank account title and the sort code of the bank to which payments are to be made.

Share Price Listings

The market prices of the Company's Ordinary and Sigma shares are published daily in The Financial Times. Some of the information is published in other leading newspapers. The Financial Times also shows figures for the estimated net asset values and the discounts applicable.

Share Price Information

	Ordinary Shares	Sigma Shares
ISIN	GB0009064097	GB00B1YW2J11
SEDOL	0906409	B1YW2J1
Bloomberg	TRY.LN	TRYS.LN
Reuters	TRY.L	TRYx.L
Datastream	TRY	TRYS

Internet

Details of the market price and net asset value of the Ordinary and Sigma shares can be found at www.trproperty.co.uk on the Company's website.

Shareholders who hold their shares in certificated form can check their holdings with the Registrar, Computershare Investor Services PLC, via www.computershare.com. Please note that to gain access to your details on the Computershare site you will need the holder reference number stated on the top left hand corner of your share certificate.

Disability Act

Copies of this Report and Accounts and other documents issued by the Company are available from the Company Secretary. If needed, copies can be made available in a variety of formats, including Braille, audio tape or larger type as appropriate.

You can contact the Registrar, Computershare Investor Services PLC, which has installed textphones to allow speech and hearing impaired people who have their own textphone to contact them directly, without the need for an intermediate operator, by dialling 0870 702 0005. Specially trained operators are available during normal business hours to answer queries via this service.

Alternatively, if you prefer to go through a 'typetalk' operator (provided by the Royal National Institute for Deaf People) you should dial 18001 followed by the number you wish to dial.

For investors through the TR Property Share Plan, ISA or PEP, a textphone telephone service is available on 01733 285714. This service is available during normal business hours.

Nominee Share Code

Where notification has been provided in advance, the Company will arrange for copies of shareholder communications to be provided to the operators of nominee accounts. Nominee investors may attend general meetings and speak at meetings when invited to do so by the Chairman.

Investors in the TR Property Share Plan, ISA or PEP receive all shareholder communications. A voting instruction form is provided to facilitate voting at general meetings of the Company.

Investing in TR Property Investment Trust plc

Market Purchases

The Ordinary and the Sigma shares of TR Property Investment Trust plc are listed and traded on the London Stock Exchange. Investors may purchase shares through their stockbroker, bank or other financial intermediary.

Savings Scheme and ISA

BNP Paribas Fund Services UK Limited (BNP Paribas) operates and administers both a share savings scheme and an ISA scheme (the Schemes) dedicated to the shares (both classes) of the Company. BNP Paribas made these Schemes available at the request of the Company and they have operated since 2005. Both the share savings scheme and the ISA are subject to the Key Features document, which should be read before entering into an investment. These Schemes are subject to commission, stamp duty and administration charges, which are detailed in the Key Features document. Contact details are given on the facing page.

We are pleased to inform you that there is now an on-line system making it easier to access your scheme account. BNP Paribas will be sending scheme members a letter detailing the facility shortly. Online registration forms are available on the website www.trproperty.co.uk

Alternatively, UK residents can invest through the Alliance Trust. Alliance Trust provide and administer a range of self-select investment plans, including tax-advantaged PEPs, ISAs and SIPPs (Self-Invested Pension Plans) and also Investment Plans and First Steps, an Investment Plan for Children. For more information Alliance Trust can be contacted on 08000 326 323, or visit www.alliancetrust.co.uk

Please remember that the value of your investments and any income from them may go down as well as up. Past performance is not a guide to future performance. You may not get back the amount that you invest. If you are in any doubt as to the suitability of a plan or any investment available within a plan, please take professional advice.

TR Property Share Plan

BNP Paribas Fund Services UK Limited offers a Share Plan providing a simple and flexible way of investing in **TR Property Investment Trust plc** Ordinary Shares and Sigma Shares. The Share Plan offers the following:

- **Regular savings from £50 per month/quarter, or lump sum investments from £500**
- **An income reinvestment facility. Alternatively, you can have dividends paid to your bank or building society account**
- **All paperwork and documentation is simplified and reduced to a minimum**
- **Half yearly valuations with consolidated tax certificate**
- **On-line account access**

TR Property ISA

You can invest directly in **TR Property Investment Trust plc** Ordinary Shares and Sigma Shares through the TR Property ISA. The ISA offers the following:

- **Tax free income and tax free growth**
- **Regular savings from £100 per month or an initial lump sum investment from £2,000, and further lump sums of £500**
- **An income reinvestment facility. Alternatively, you can have dividends paid to your bank or building society account**
- **Half yearly valuations and reports**
- **Both Mini and Maxi ISAs available for investment by lump sum or regular savings**
- **On-line account access**

Under the TR Property PEP and ISA, you are permitted to transfer your existing PEP or ISA funds into the Trust. Investments retain their tax-efficient status during and after transfer.

Please remember that the value of your investment can fall as well as rise and you may not get back the amount originally invested. Tax assumptions may change if the law changes and the value of tax relief will depend upon your individual circumstances.

Further Information

Please consult our website www.trproperty.co.uk or write to:

BNP Paribas Fund Services UK Limited
(TR Property Investment Trust plc Share Plan/ISA/PEP)
Block C, Western House
Lynch Wood Business Park
Peterborough
PE2 6BP

Alternatively, please contact your professional advisor for further information or call our Investor Services Department on 0845 358 1113.

BNP Paribas Fund Services UK Limited is authorised and regulated by the Financial Services Authority. We may record telephone calls for our mutual protection and to improve customer service.



TR Property Investment
Trust plc is managed by



This document is printed on Revive Silk of which 75% of the furnish is made from 100% de-inked post consumer waste. The remaining 25% being mill broke and virgin fibres. This paper is bleached using a combination of Totally Chlorine Free (TCF) and Elemental Chlorine Free (ECF). The manufacturing mill is accredited with the ISO 14001 standard for environmental management.