TR Property Investment Trust plc
London Stock Exchange Announcement
Unaudited results for the six months ended 30 September 2022

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2 December 2022

"This has been a dramatically poor period of performance for property shares and the Company was no exception, delivering a six month net asset value total return of -33.6%. Nevertheless, our investments are focused on balance sheet strength and the security of income, much of which is index-linked, so I am pleased to report a 6.6% increase in the interim dividend." **David Watson, Chairman**

"Index-linked income remains a valuable part of any inflation proofing in a portfolio and we continue to focus on companies with assets which tenants both need and can afford." **Marcus Phayre-Mudge, Fund Manager**

Financial Highlights and Performance

	At 30 September 2022	At 31 March 2022	% Change
Balance Sheet			
Net asset value per share	319.37p	492.43p	-35.1
Shareholders' funds	£1,014m	£1,563m	-35.1
Shares in issue at the end of the period (m)	317.4	317.4	+0.0
Net debt[1,5]	12.0%	10.2%	
Share Price			
Share price	296.50p	456.50p	-35.0
Market capitalisation	£941m	£1,449m	-35.0

	Half year ended 30 September 2022	Half year ended 30 September 2021	% Change
Revenue and Dividends			
Revenue earnings per share	12.05p	10.31p	+16.9
Interim dividend per share	5.65p	5.30p	+6.6

	Half year ended 30 September 2022	Year ended 31 March 2022
Performance: Assets and Benchmark		
Net asset value total return[2,5]	-33.6%	+21.4%
Benchmark total return	-33.8%	+12.2%
Share price total return[3,5]	-33.4%	+19.9%
Ongoing Charges[4,5]		
Including performance fee	+0.59%	+2.19%
Excluding performance fee	+0.59%	+0.60%
Excluding performance fee and direct property costs	+0.55%	+0.58%

1 Net debt is the total value of loan notes and loans (including notional exposure to contracts for differences ('CFDs')) less cash as a proportion of Net asset value ('NAV').
2 The NAV Total Return is calculated by reinvesting the dividends in the assets of the Company from the relevant ex-dividend date. Dividends are deemed to be reinvested on the ex-dividend date as this is the protocol used by the Company's benchmark and other indices.
3 The Share Price Total Return is calculated by reinvesting the dividends in the shares of the Company from the relevant ex-dividend date.
4 Ongoing Charges are calculated in accordance with the AIC methodology. The ratio for 30 September 2022 is based on forecast expenses and charges for the year ending 31 March 2023. The performance fee provision at 30 September 2022 is nil and therefore the Ongoing Charges figure, including and excluding the Performance Fee, is the same.
5 Considered to be an Alternative Performance Measure.

Chairman's Statement

Market Backdrop
This has been a dramatically poor period of performance for property shares and the Company was no exception delivering a six months net asset value total return of -33.6%, little better than our benchmark of -33.8%. The share price total return was -33.4% and whilst this is no better than the performance of the underlying asset value, it is encouraging to see that, even after such a severe correction in property equity prices, the discount of the share price to the net asset value did not widen.

Macro-economic and political forces continue to dominate both markets and investors' perceptions of the future trajectory of the value of all risk assets. Inflation is everyone's focus as we all grapple with the consequences of the unwinding of the era of cheap capital engineered by the actions of central banks following the Global Financial Crisis. Real estate as a leveraged asset class has been hit hard. As with any market correction, property share prices move fast and take the brunt of this sentiment change, well ahead of the underlying physical transaction market.

Our Manager's report shows in more detail that whilst all our companies have seen dramatic price falls, there has also been a lack of divergence between the good and the bad. As in all bear markets, forced sellers who require immediate liquidity dictate the marginal price and careful stock selection is overwhelmed in the rush to cash.

As outlined in the Annual Report in May, our Managers continue to focus on those businesses which have worked hard to prepare their balance sheets for an era of higher interest rates. Those companies which have heavily utilised the corporate bond market for their debt needs are potentially most at risk. This issue is concentrated in the larger names, particularly those able to achieve a credit rating. Smaller companies are mainly financed through bank debt and so are less affected by the lack of bond market activity. Our portfolio continues to have the small and midcap bias where we find focused market specialisation, management alignment and strong underlying real estate attributes. However, we are acutely aware that smaller companies struggle to find cheerleaders in difficult times as illiquidity becomes another item on investors' list of negative indicators.

Revenue results and dividend
The earnings per share at the interim stage are 12.05p per share, almost 17% ahead of the prior year's comparable figure of 10.31p per share. As in previous years, our earnings are skewed towards the first half.

The Board is aware of the importance of a growing dividend to shareholders and is pleased to announce an increase of 6.6% in the interim dividend to 5.65p per share, up from the prior year interim dividend of 5.30p.

Revenue outlook
Although we anticipate that income for the full year will be considerably ahead of last year, we do not expect the growth in earnings seen in the first half to be repeated in the second half. This is partly due to the fact that our income is skewed to the first half whilst most expenses accrue evenly through the year. In addition we have, once again, seen some advantageous withholding tax rates on dividends paid in the first half which we do not expect to see repeated in the second.

As highlighted earlier, the portfolio is well positioned to benefit from the effects of indexation, although there are clear headwinds from rising debt costs alongside heightened economic uncertainty for underlying tenants.

Net Debt and Currencies
Whilst net gearing was slightly higher at 30 September (12.0%) than 31 March (10.2%), this was not the case across the whole period.

In absolute terms, £10m was repaid on our revolving loan facilities over the period. The weakening of sterling during September's political turmoil led to an increase (in sterling terms) in the valuation of Euro-denominated loan notes. This, together with the rapidly falling share prices towards the end of the month resulted in the reported gearing figure increasing in percentage terms.

Currently all our revolving credit facilities are undrawn.

Discount and Share Repurchases
The discount of the share price to the net asset value hardly moved over the period, starting at 7.4% and ending on 30 September at 7.2%. The discount as at 29 November was 5.4%. No share buy-backs or issues were made during the period.

Board changes
When recruiting to replace Simon Marrison we were delighted to welcome Andrew Vaughan who brings great experience of property investing both in the UK and in Continental Europe.

The Board is mindful that, whilst diverse as regards gender, it is presently entirely white and British. The Board has commenced an external search for a new Director who will broaden and strengthen the insights and challenge that the Board can bring to the Managers' strategic deliberations through their diversity of age and ethnicity. Embracing all our desired skills within a Board of just five Directors may prove challenging so the Board is actively considering the optimum size of the Board to allow us to operate effectively with the desirable range of experience and perspectives.

Outlook
Indexation continues to support revenue growth while rising debt costs pull in the opposite direction. Many of our companies have the vast majority of their debt costs fixed or hedged for several years and therefore can confidently look forward to indexation feeding through to the bottom line. Of course, the key issue then is how far vacancy rates and tenant retention will be impacted by the impending recession. Our Manager continues to focus on that risk but we do need to remember that for all our tenants rent is a principal business cost. Historically, mild recessions with low levels of corporate failure have resulted in minimal tenant delinquencies.

After such a bruising period of weak performance, our Managers have challenged their investment hypothesis and reasserted their focus on those businesses which will weather this storm and be able to take advantage of the opportunities which will no doubt arise from it. The quoted sector is in a strong place, relative to many private property enterprises with strong balance sheets, established credit facilities and high-quality portfolios.

Generalist investors are shunning the sector and that is reflected in all property share prices. Share prices still stand at large discounts to our adjusted, real time net asset value calculations. This Autumn's political events in the UK have been damaging to the UK's reputation for financial and fiscal prudence. We can only hope that the new Prime Minister is able to restore confidence and deliver the stability which markets crave. It is a tall order but the reduction in the cost of UK Government debt since the last week of October is not only encouraging but crucial for all asset values.

David Watson
Chairman
2 December 2022

Interim management report and Directors' responsibility statement

Interim management report

The Chairman's Statement on pages 3 to 5 and the Manager's Report on pages 7 to 12 of the half year report give details of the important events which have occurred during the period and their impact on the financial statements.

Principal and emerging risks and uncertainties

The principal risks and uncertainties facing the Company have not changed since the date of the Annual Report 2022 and continue to be as set out in that report.

The principal risks and uncertainties facing the Company include, but are not limited to, poor share price performance in comparison to the underlying NAV; poor investment performance of the portfolio relative to the benchmark; market risk; the Company is unable to maintain dividend growth; accounting and operational risks; financial risks; loss of Investment Trust Status; legal, regulatory and reporting risks; inappropriate use of gearing and personnel changes at Investment Manager. An explanation of these risks and how they are managed are set out on pages 26 to 29 of the Annual Report and Financial Statements for the year ended 31 March 2022 (which can be found on the Company's website www.trproperty.com).

Going concern

As stated in note 5 to the financial statements, the directors are satisfied that the Group has sufficient resources to continue in operation for a period of at least 12 months from the date of this report. Accordingly, the going concern basis is adopted in preparing the condensed financial statements.

Directors' responsibility statement

In accordance with Chapter 4 of the Disclosure Guidance and Transparency Rules, the Directors confirm that to the best of their knowledge:

1. the condensed set of financial statements has been prepared in accordance with applicable UK Accounting Standards on a going concern basis and gives a true and fair view of the assets, liabilities, financial position and net return of the Company;

2. the half year report includes a fair review of the important events that have occurred during the first six months of the financial year and their impact on the financial statements;

3. the statement of Principal and Emerging Risks and Uncertainties shown opposite is a fair review of the principal and emerging risks and uncertainties for the remainder of the financial year; and

4. the half year report includes a fair review of the related party transactions that have taken place in the first six months of the financial year.

On behalf of the Board

David Watson
Chairman
2 December 2022

Manager's report

as at 30 September 2022

Performance

The net asset value ('NAV') total return for the six months was -33.6%, the benchmark, FTSE EPRA Nareit Developed Europe TR (in GBP) fell -33.8%. These figures are clearly disappointing. Investors will no doubt be concerned that given the scale of the correction, the direction of travel was obvious and more protective action should have been taken. It all looks clear in hindsight but events on the ground were not so straightforward.

Whilst the financial year started poorly with April recording a -6.2% return, there followed a period of stability in May as investors hoped that the initial hawkish response from the central banks would have the required impact. This quickly turned out to be wishful thinking and June was a dramatic month, with the NAV falling 15%. July saw a strong reversal (+9.5%) as bond markets responded to the theme that rising rates were having the required deflationary impact. Writing this review in November, such market behaviour feels naively optimistic. Readers will have noticed the constant references to rates; essentially the entire market direction for real estate equities was driven by expectations of central banks and bond market behaviour. Real estate fundamentals have taken the proverbial back seat.

If the period under review (from 31st March) had ended in mid-August, the NAV total return would have been just -13% and the share price total return -8%. The real damage occurred as investors returned from their summer holidays and absorbed the US Federal Reserve's hawkish statements at Jackson Hole. Real estate equities were the worst performing GIC sector in September as inflation numbers and base rate expectations continued to rise. The perfect storm of supply driven cost increases meeting economies running at full employment has resulted in bond markets pricing in ever greater increases in the cost of money.

Our investment thesis through the Summer and up until September had been that whilst rates would rise, our portfolio was heavily focused on businesses with little near term refinancing, manageable LTVs and all importantly, the ability to grow their top line earnings through indexation, market rental reversions and even development. At the sector level markets such as logistics, student accommodation and private sector residential continue to experience supply/demand imbalances.

However, September was a glimpse of a new paradigm, investors are not interested in asset class fundamentals. It is all about leverage and yield expansion and this is best illustrated by the performance of German residential property companies. These businesses have incredibly resilient earnings, their tenants are, for the most part, paying rents c.20% below open market values and as a result their share prices reflect asset valuations well below replacement value. They have very low vacancy rates due to strong tenant demand. Even in recessions people need accommodation. Over the last decade they have grown through acquisition, improving operating efficiencies and crucially accessing bond markets for lower and lower debt costs. As their shares began to trade at a discount to asset value they could no longer make accretive acquisitions whilst simultaneously debt costs rose and bond market liquidity became an issue. The German element of our benchmark fell -44.6% in the period. The Company's largest overweight in this area is Phoenix Spree Deutschland (4% of NAV), an owner of high-quality Berlin units. This business has no refinancing requirements until 2025, it does not use listed bonds and crucially it has permission to sell 75% of its apartments as condominiums (i.e. vacant possession) as and when they become vacant. In the topsy turvy world of regulated rents, a flat which can be sold empty and not forced into being let at a restricted rent is 20% more valuable. However, these facts have not stopped the share price falling 24% in the first half. Far less than the larger German companies but still dramatic. We continue to believe that the gulf between demand and supply remains a valuable underpin of value in cities such as Berlin.

Performance attribution is straightforward. Any sub-sectors we were overweight in, regardless of company quality, balance sheet resilience or opportunities for growth delivered a negative alpha contribution. Industrials were hard hit as yields had been driven very low on the expectation of rental growth and now stand well below the cost of debt – an unsustainable position. Our underweight to Sweden proved to be an important positive contributor as investors shied away from the most leveraged businesses in our coverage. However, their share prices have been incredibly volatile with the Swedish sub-sector down 24% in June, only to rally +23% in July. Maintaining conviction in such turbulent times is challenging given our bottom-up focus on company quality.

Our physical property portfolio fared better with a like-for-like fall of 7.5% concentrated at our two industrial assets in Wandsworth and Gloucester. At the Colonnades in Bayswater, we sold the remaining residential interest for £5.05m. The asset is now a pure commercial play underpinned by a long lease to Waitrose with fixed rental increases.

Offices

Both occupiers and investors appear clear on one aspect of office property: they want buildings which are fit for purpose and will stand up to scrutiny on their environmental credentials. The jury remains out on the impact of remote working although certain tenets of corporate behaviour are becoming the new norm. The majority of Continental European cities (bar Paris) have seen a return to pre-pandemic occupancy levels, however the UK, and London in particular, remain well below those levels. Poor infrastructure and length of commute are the clear drivers. A pattern of tenant demand is appearing: the most central and best quality buildings continue to attract demand. Financial tenant focused markets such as the City of London, Canary Wharf and La Defense are suffering elevated void rates and falling rents. CBDs with multiple types of occupier such as London's West End and Central Paris are seeing rental tension and broad stability. Knight Frank reports that in Q2, Paris CBD saw vacancy fall to 3.3% (close to a record low) with prime rents close to €950 per m^2, again closing in on a previous peak. Take up is lower than Q4 2021 but so is the available space. We believe this trend is set to continue in these best placed assets.

Investors still appear attracted to trophy, new builds. The recent deals such as the sale of Deutsche Bank's new HQ at 21 Moorfields at an initial yield of 4.4% already looks a good deal for the vendor, Landsec, but the index-linked income and very long lease is understandably attractive to its new pension fund owner. Foreign capital is also visible with the German buyer at GPE's 50 Finsbury Square and the Chinese buyer of TikTok's HQ built by Helical Bar.

Elsewhere we see rents retrenching. Tenants are back in the 'wait and see' mode. Having spent the last 18 months working out what space they need in a hybrid world, they now need to assess the impact of the forthcoming recession (mild or otherwise) on their requirements. Shorter leases and flexibility (which may ultimately be more expensive) are becoming the norm. Landlords have to adapt and investors then need to price in the risk of rental volatility. Improving energy efficiency is now a central part of any office refurbishment and we believe landlords of suburban and regional properties with lower rents (and capital values) are underestimating the costs of these expanding regulatory requirements.

Retail

The structural shift to omni-channel continues. The helicopter view remains the same. Retailers will happily pay if the location delivers sales, but the number of such locations continues to fall. Collectively we have too much retail space and the UK remains the worst culprit (compared to Continental Europe). However, retail rents have effectively halved over the last decade and valuations have collapsed. We will therefore see smaller capital value falls in the MSCI/IPD data for shopping centres versus logistics as moving yields from 8% to 9% results in half the capital fall compared to moving from 3% to 4%. Simply put, retail has already been repriced. This statement applies to the UK. Europe is a different playing field where valuers react much more slowly and will remain comforted by rental stability. This stability will be delivered, in the short run, by substantial indexation compensating for rising tenant failures.

Two parts of the retail landscape which continue to outperform are outlet centres and retail warehousing. The former because it offers a more 'internet-proof' sales channel and the latter because rents are much lower and they have become an increasingly critical part of the omni-channel sale process. Click and collect from an edge of town, easy access location rather than a regional shopping centre with your car a 10-minute walk from the store. Consumers' discretionary spend is reducing as energy costs, mortgage rates and rental levels rise. We like the domination of value-focused retailers on the retail warehouse parks we partially own through Ediston Property. The company trades at a 30% discount to its asset value and has no major refinancing until late 2027. The dividend yield is 8.3%.

Supermarkets have been our other major retail exposure through both Supermarket REIT in the UK and Cibus in Finland. The fundamentals for food shopping margins remain very resilient when compared to more discretionary spending. Food sales in both countries are dominated by a small group of competitors across the complete value/price landscape. This quality of counterparties together with index-linked leases will prove to be a valuable provider of top line earnings growth. The problem for both these companies was the managerial failure to fix their cost of debt; both businesses had too much floating rate debt and both had their share prices pummelled as a result. Cibus saw its price fall 25% from the middle of August to the end of September even though its top line is growing with healthy indexation. Post the interim, Supermarket Income REIT entered into interest rate swaps that hedged all of its floating rate debt at an effective 2.6%. This cost 2.5% of net asset value. Expensive insurance against rising rates.

Industrial
The strong momentum in the logistics market has continued despite the news that Amazon was slowing its take up of space across the globe. Essentially, we see other operators taking advantage of the behemoth's space indigestion. Whilst European economic growth is going to slow or even enter a recession, the structural tailwinds for this sector persist, particularly the need to re-engineer complex supply chains which invariably result in the need to store more materials, ingredients and parts closer to their end market. Savills reported pan-European take up in H1 2022 of 20million m^2, up 12% on the same prior-year period, mainly driven by the UK and Germany. Vacancy rates across Europe have dropped to a record low of 2.9% and led to headline rents increasing by an average of 8% over the past 12 months.

It is no surprise that investors had continued to drive yields lower (and capital values higher) given the expectation of ongoing rental growth and development gains. However, the increases in the cost of borrowing have dramatically reversed this yield tightening cycle. As highlighted earlier, when yields are as low as 3.5%, a 100bps increase to 4.5% reduces the capital value by 22%. Whilst not all logistics property is valued at these historically low levels, the sector's pricing continues to reflect good rental growth prospects. We remain confident that the structural undersupply of logistics and industrial space in urban markets will continue to drive rents. Our experience at Ferrier Street, Wandsworth where we are offering short leases ahead of potential redevelopment bears this out.

Residential
The shortage of private sector rental accommodation remains acute. In Germany the regulation of rents (resulting in approx. 20% below market rents) results in tenant turnover being lower than in open market jurisdictions leading to very high occupancy levels with commensurately low payment delinquency. However, the impact of energy costs and the difficulty in forecasting the increased service charge recovery rates has led to a reduction in the expectation of the rate of rental growth.

In markets where the private rented sector is a smaller sector, such as the UK, regulation had already reduced the number of small landlords and this has now been compounded by rising mortgage rates. Large amounts of the private rental sector owned by 'amateur' landlords (owning less than 5 units) have been sold to the owner-occupier market. The consequence is inflation busting rental growth in any undersupplied city. London remains top of the list. As house prices begin to fall, we may well see more people choosing to temporarily rent, again adding to demand.

Finally, with historically high levels of employment leading to wage inflation, we see nominal increases in residential rents in open market jurisdictions such as the UK and Finland as sustainable.

Alternatives
Purpose built student accommodation continues to fare relatively well, with rising numbers of students competing for a limited (but growing) number of beds. Rents in the private rented sector also continue to rise, particularly as regulation of HMOs (Houses in Multiple Occupation) continues to squeeze margins for private landlords. According to Bonsard, rents have increased on average by 9.7% in the 2022 academic year. The survey looked at 140 operations across all European countries and the highest rates of growth were in the severely undersupplied Eastern European markets. We continue to own Unite (UK) and Xior (Belgium and Spain) who have recently completed a significant corporate acquisition raising €61m in a placing which we participated in.

Self-storage also continues to confound the sceptics with the Self-Storage Association UK reporting further occupancy growth across its members. We are fully aware that reduced housing transaction volumes should impact turnover but the growth of commercial customers and the growing awareness of the sector remain long-term, systemic trends.

Healthcare continues to be the poor performer in the 'alternatives' space whether it is primary or nursing care. Whilst the former has the benefit of direct or indirect NHS rental support, the latter has far greater exposure to private operators. These operators do receive large amounts of their revenue from the government but their operating margins continue to be squeezed through wage inflation and higher energy bills.

Debt and Equity Markets
Listed bond markets have been effectively closed, particularly during the second half of the period under review. Just €1.4bn was raised in the period, with only €450m after April. This compares to €12.3bn in the same period last year and €7.7bn in Q1 2022.

The central banks' hawkish rhetoric followed by action has driven spreads on existing bonds to historically wide levels. Equity owners are looking carefully at any likely moves by the credit rating agencies, particularly those companies with bonds trading just a notch or two above sub-investment grade. The vicious cycle of an earnings downgrade, leading to a credit downgrade, leading to a higher cost of debt and consequently further falls in earnings is clearly to be avoided at all costs.

It will come as no surprise that equity capital markets were virtually closed. However, we did see the first deeply discounted rights issue with TAG Immobilien, a German residential owner who had over stretched themselves with the purchase of a Polish developer. After an incredibly busy period of M&A activity in the previous 18 months (as detailed in the annual report) fuelled by cheap debt, the focus of activity in this latest six-month period was more merger than acquisition with Shaftesbury and CapCo finally agreeing terms. The transaction had been widely anticipated since CapCo acquired a 26% stake from Samuel Tak Lee in May 2020. Given that this was a friendly merger, we remain astonished at the estimated deal fees of over £15m. Also in May, LXI and Secure Income REIT agreed to merge on a NAV for NAV basis, creating a liquid, cost-efficient REIT with a £3.9bn of index-linked income. As a large holder in Secure Income, we were pleased with the transaction as the stock had been trading at a 12% discount to NAV prior to the deal.

In Germany, ECE, the external manager of Deutsche Euroshop, a shopping centre owner effectively completed a management buyout backed by Oaktree (US private equity). Alexander Otto already owned 20% of Deutsche Euroshop as well as controlling ECE.

Investment Activity - property shares

Turnover (purchases and sales divided by two) totalled £203m in the period, considerably ahead of the £150m for the same period last year, as a series of sharp bear market rallies resulted in more stock rotation. With average net assets over the period of £1.3bn, turnover was 15.5%.

With such a dramatic market correction and with each rally then trending down to a new low, virtually all buys look poor and all sells look clever. Throughout the period I have maintained the discipline of buying (or adding) to companies where I am confident that they have two crucial underpins to their respective businesses. Firstly, the balance sheet capability (in terms of quantum of leverage, cost and duration of debt) to withstand the near-term adjustment in their cost of capital. Secondly, the resilience of their top line earnings, measuring counterparty (tenant) strength and where they will benefit from indexation.

These criteria resulted in a marked reduction in our exposure to Swedish property companies and this has continued post the half year. The weakness in the share prices of German residential names has been highlighted earlier alongside the performance of our largest relative position, Phoenix Spree. In hindsight, the strength of the top line earnings (low vacancy and minimal tenant delinquency) was not enough of an attraction for investors. These are low yielding assets and even small outward yield shift has a large impact on valuation. With most of the German residential names now trading at +50% discounts to asset value and even greater discounts to replacement cost, we are no longer sellers.

Our industrial names, for several years the darlings of the market given the prospects for rental growth, suddenly looked expensive as structural tailwinds reshaped the demand for logistics. Trading on large premiums, implied yields had been driven too low. Recessionary fears reduced rental growth expectations and capitalisation rates rose. Segro's share price has almost halved from 1400p to below 750p (late October). I closed much of the underweight position as the stock price dropped below £10. This has clearly proved premature. Urban logistics and their pan-European development programme (mostly pre-let) remain drivers of returns. I did trim exposure to those industrial names heavily focused on development (VGP, Montea and Warehouses de Pauw) whilst holding our positions in Argan, Industrials REIT and LondonMetric Property.

Our retail exposure in the UK remains minimal. However, I have steadily added to the specialist retail warehouse owner, Ediston, where we now own [16%] of the company. It has successfully deleveraged with the sale of its remaining office buildings and is now a pure retail warehouse play. As a very small company in listed terms (market cap. £130m) it has failed to attract a broader range of investors even though its portfolio and balance sheet are sound. Its dividend yield is over 7% and its implied yield on current share price of over 10%. It has no refinancing requirements until late 2025 with 100% fixed priced debt.

European shopping centre names such as Eurocommercial Properties and Klepierre, our two preferred stocks, have performed relatively well with their higher earnings yield and secure balance sheets. They compare well to Unibail Rodamco which needs to secure asset sales in both Europe and the US and is a good example of where investors have punished stretched balance sheets.

Office stocks remain a difficult call. London developers such as Derwent London and GPE have very secure balance sheets with low leverage but also few short-term value drivers. Best in class, energy efficient (green) buildings are the future and rents will be driven higher by the lack of supply. These businesses have the experience and expertise to deliver this new product, however the near-term value correction in their standing portfolios remains a focal point for shareholders.

Many office occupiers are still deferring large property decisions as they wrestle with their post Covid-19 space requirements and new working practices alongside the growing risks of an economic slowdown. The result has been an increase in short-term letting and the use of serviced offices. All the listed players now have a 'serviced' offer as they respond to this demand but they are of course in competition with a multitude of branded offerings such as WeWork, Regus and The Office Group. My response has been to reduce our suburban exposure through the sale of CLS and McKay Securities. In the case of the latter, whilst I took the maximum cash in the takeover by Workspace, I have subsequently added to our initial holding (which came with the stock element of the deal). Across Europe, I have followed the same strategy, holding prime CBD exposure in the largest cities such as Gecina (Paris), Fabege (Stockholm) and Arima Real Estate (Madrid) but also city centre assets in smaller cities which have seen a high return to office such as Wihlborgs (Malmo).

Revenue and Revenue Outlook

Revenue at 12.05p per share was some 17% ahead of the prior year interim earnings. Once again, we are expecting the earnings to be skewed to the first half. We have always earned more income in the first half than the second. Ten years ago, this was in excess of 80% of full year earnings but in subsequent years it reduced as companies changed to smaller and more frequent dividends. In the year to March 2021 the interim earnings represented 62% of the full year earnings. Post Covid-19 we observed the pattern changing again. Some dividends were cancelled through the pandemic but when they resumed, companies seemed to be paying less frequently again. We commented at the last year end that this had changed quite dramatically for the year to 31 March 2022, with three-quarters of earnings being attributed to the first half, although there were also some one-off items which contributed to that. We expected a resumption of more frequent payments in due course, but this has generally not been the case to date and the pattern of earnings in the current year looks set to replicate the last.

Underlying income is still strong with indexation in part of the portfolio driving growth. Debt costs are rising but many of our companies have fixed debt for several years so this will take a while to impact.

We are focusing on tenant retention and the potential performance of companies through an impending recession to protect our income. We expect the current year dividend to be fully covered.

Gearing and Debt

All our revolving credit facilities are undrawn at the time of writing and gearing is 11.5%.

We have just renewed our loan facility with ICBC. Margins have increased but the revolving credit facilities (where we can repay and redraw debt as we wish) offer us maximum flexibility in terms of being able to vary our gearing level, so are attractive. We have a total of £130m of these revolving facilities available across three different banks.

We have a €50m loan note bearing an interest rate of 1.92% which is due to mature in 2026 and £15m at 3.59% due to mature in 2031. Holding positions through contracts for difference ('CFDs') can also create gearing. We pay a floating interest rate on these positions with a small margin. We can reduce the gearing impact by increasing the cash collateral held against them. For some shorter-term holdings there are additional benefits in holding the positions in this way, so CFDs will continue to be part of our portfolio even when we are aiming for modest gearing levels.

We believe this mixture of debt gives us a balance between flexibility and interest rate certainty.

At our current gearing level, approximately half the interest cost is at a fixed rate and half at a floating rate.

In assessing the appropriate gearing level, we also consider the profile of our investment portfolio. The direct property portfolio and some of our smaller equities do not react to market conditions in the same way, or at least in the same time horizons, as the medium size and larger holdings, therefore the impact of gearing is diluted to some extent across the entire portfolio. Our physical portfolio, which has no see-through leverage at the asset level also attracts far less volatility than the equity portfolio.

Physical Portfolio

The last six months have been a busy period for the physical property portfolio. However, the completion of a variety of successful asset management initiatives only partly protected the portfolio from the inevitable valuation declines driven by the universal rise in the cost of capital. The property portfolio produced a total return of -6.2%, made up of a capital return of -7.8% and an income return of 1.6%. During the period the Company sold its residential holdings at the Colonnades for £5.05m. This was done through the granting of a new 999-year lease over the residential element with the Company retaining the freehold and ownership of all the commercial elements. Over the last 20 years of ownership, the Company has completed lease extensions on over 70% of the flats, receiving in excess of £11m in lease premiums.

At our industrial estate in Wandsworth, we continue to build in flexibility to the lease expiry profile to allow the full-scale redevelopment in the medium term. To that end we have continued to renew leases based on an earliest redevelopment date of June 2024. Over the past 6 months we have renewed 5 leases increasing the total rent roll by 26% and completed one new lease. There are a further 4 lease renewals in solicitors' hands. Similarly, at our industrial estate in Gloucester we have completed the rent review on two units increasing the rent by 10%. We are working with the tenant to install photovoltaic (PV) cells on the roof with the aim of generating in excess of c.75% of their annual electricity onsite.

Outlook

Pan-European real estate equity prices are now reflecting very significant corrections in the value of the underlying real estate, across all sectors. These shifts in valuation have been primarily driven by the cost of borrowing and it has been the lowest yielding (and therefore the most highly rated) sectors of our universe which have been impacted the most. The worst performers were industrial/logistics and residential. These are also the two sub-markets with the strongest outlooks based on the ongoing mismatch between demand and supply. These market fundamentals will, at some point, reassert themselves in investors' decision making. However, in the near-term, markets will continue to be driven by central bank behaviour and equity markets will respond strongly to any indication that the tempo of rate rises is slowing. The question is therefore will the central banks need to see evidence of disinflation or even recession before adjusting their strategies. Clearly this is an unanswerable question and the behaviour of the Bank of England and the ECB may well differ. Either way, we will continue to focus on owning companies which can withstand both higher interest rates and a recessionary backdrop.

It is important to recognise that the downward leg of any property cycle has been driven by an increase in the cost of debt and/or a rental collapse caused by over development in a buoyant upswing. Outside of retail property's well-rehearsed structural changes we see very few signs of over supply. Our portfolio positioning does reflect our nervousness towards older, lower value (suburban) offices, many of which will fall foul of new energy efficiency requirements. In many markets we see demand for property as an affordable and necessary factor of production offering index-linked income. Above and beyond the ability to maintain income in their respective standing portfolios, many of our companies have the track record and required skills to drive development and asset re-positioning which will generate positive returns post this near-term correction in market pricing.

Marcus Phayre-Mudge
Fund Manager
2 December 2022

Distribution of Investments

	30 Sep 2022 £'000	30 Sep 2022 %	31 Mar 2022 £'000	31 Mar 2022 %
UK Securities[1]				
- quoted	335,729	34.6	518,417	33.2
UK Investment Properties	83,653	8.6	96,255	6.1
UK Total	419,382	43.2	614,672	39.3
Continental Europe Securities				
- quoted	566,358	58.2	940,744	60.2
Investments held at fair value	985,740	101.4	1,555,416	99.5
- CFD creditor[2]	(13,658)	(1.4)	7,657	0.5
Total Investment Positions	972,082	100.0	1,563,073	100.0

Investment Exposure

	30 Sep 2022 £'000	30 Sep 2022 %	31 Mar 2022 £'000	31 Mar 2022 %
UK Securities				
- quoted	335,729	29.5	518,417	30.5
- CFD exposure[3]	81,948	7.2	57,324	3.4
UK Investment Properties	83,653	7.3	96,255	5.7
UK Total	501,330	44.0	671,996	39.6
Continental Europe Securities				
- quoted	566,358	49.7	940,744	55.3
- CFD exposure[3]	72,317	6.3	87,318	5.1
Total Investment Exposure4	1,140,005	100.0	1,700,058	100.0

Portfolio Summary

	30 Sep 2022	31 Mar 2022	31 Mar 2021	31 Mar 2020	31 Mar 2019
Total investments	£986m	£1,555m	£1,401m	£1,155m	£1,291m
Net assets	£1,014m	£1,563m	£1,326m	£1,136m	£1,328m
UK quoted property shares	34%	33%	28%	31%	33%
Overseas quoted property shares	58%	60%	66%	61%	59%
Direct property (externally valued)	8%	6%	6%	8%	8%

Net Currency Exposures

	30 Sep 2022 Fund %	30 Sep 2022 Benchmark %	31 Mar 2022 Fund %	31 Mar 2022 Benchmark %
GBP	33.3	34.1	33.9	33.6
EUR	43.0	43.1	41.9	42.3
CHF	9.7	9.6	7.4	7.1
SEK	13.6	12.9	16.3	16.3
NOK	0.4	0.3	0.5	0.4

1 UK Securities includes one unlisted holding (0.01%) (31 March 2022: 0.01%)
2 Unrealised profit on CFD contract positions are held as a current asset and unrealised losses on CFD contracts held as balance sheet creditor.
3 Gross value of CFD positions.
4 Total investments illustrating market exposure including the gross value of CFD positions.

Investment portfolio by country

	£'000	Market value %
Belgium		
Aedifica	16,227	1.7
Warehouses De	10,080	1.0
Pau Cofinimmo	9,113	1.0
Xior Student Housing	6,045	0.6
VGP	4,600	0.5
Care Property Invest	2,346	0.2
Intervest Offices & Warehouses	2,304	0.2
Montea	2,129	0.2
	52,844	5.4
France		
Argan	57,439	5.9
Gecina	20,723	2.1
Klepierre	18,933	2.0
Covivio	9,405	1.0
Carmila	7,082	0.7
Altarea	1,314	0.1
	114,896	11.8
Germany		
Vonovia	90,796	9.3
LEG	35,835	3.7
Aroundtown	13,169	1.4
TAG	9,726	1.0
Adler Group	879	0.1
	150,405	15.5
Ireland		
Irish Residential Properties	1,358	0.1
	1,358	0.1
Netherlands		
Eurocommercial Properties	33,980	3.5
Unibail Rodamco	6,510	0.7
Westfield NSI	3,036	0.3
	43,526	4.5
Norway		
Entra	3,750	0.4
	3,750	0.4
Spain		
Merlin Properties	29,624	3.0
Arima Real Estate	20,169	2.1
	49,793	5.1

	£'000	Market value %
Sweden		
Castellum	17,845	1.8
Wihlborgs	15,547	1.6
Fastighets Balder B	13,945	1.4
Fabege.	13,735	1.4
Sagax	7,546	0.8
Catena	5,346	0.6
SBB	5,246	0.5
Cibus Nordic Real Estate	4,836	0.5
Platzer Fastigheter	2,334	0.2
Dios Fastigheter	1,728	0.2
Atrium Ljungberg	774	0.1
Klarabo Sverige	654	0.1
	89,536	9.2
Switzerland		
PSP Swiss Property	39,737	4.1
Swiss Prime Site	20,513	2.1
	60,250	6.2
United Kingdom		
Segro	51,869	5.3
Picton Property Income	37,278	3.8
Phoenix Spree Deutschland	35,646	3.7
Safestore Holdings	32,424	3.3
Industrials REIT	31,101	3.2
LandSec	23,687	2.4
Ediston Property	21,015	2.2
Londonmetric Property	19,945	2.0
Derwent London	17,314	1.8
Sirius Real Estate	14,451	1.5
Unite Group	13,617	1.4
CTPT	9,566	1.0
Workspace Group	9,227	1.0
Tritax Big Box REIT	5,260	0.5
Primary Health Properties	2,979	0.3
Atrato	2,573	0.3
Target Healthcare	1,835	0.2
Supermarket Income REIT	1,760	0.2
Helical.	1,670	0.2
CLS Holdings	1,546	0.2
Capital & Regional	966	0.1
	335,729	34.6
Direct Property	83,653	8.6
CFD Positions (included in current assets and current liabilities)	(13,658)	(1.4)
Total Investment Positions	972,082	100.0

Companies shown by country of listing.

Financial statements
Group statement of comprehensive income

	Half year ended 30 September 2022 (Unaudited)			Half year ended 30 September 2021 (Unaudited)			Year ended 31 March 2022 (Audited)		
	Revenue Return £'000	**Capital Return £'000**	**Total £'000**	Revenue Return £'000	Capital Return £'000	Total £'000	Revenue Return £'000	Capital Return £'000	Total £'000
Income									
Investment income	**36,589**	**-**	**36,589**	32,692	-	32,692	44,170	-	44,170
Other operating income	**69**	**-**	**69**	-	-	-	5	-	5
Gross rental income	**1,576**	**-**	**1,576**	1,501	-	1,501	2,773	-	2,773
Service charge income	**463**	**-**	**463**	533	-	533	1,103	-	1,103
(Losses)/gains on investments held at fair value	**-**	**(616,054)**	**(616,054)**	-	195,779	195,779	-	249,038	249,038
Net movement on foreign exchange; investments and loan notes	**-**	**(191)**	**(191)**	-	1,854	1,854	-	1,136	1,136
Net movement on foreign exchange; cash and cash equivalents	**-**	**2,508**	**2,508**	-	(147)	(147)	-	637	637
Net returns on contracts for difference	**5,825**	**58,420**	**64,245**	4,138	(11,040)	(6,902)	5,701	16,361	22,062
Total income	**44,522**	**(555,317)**	**(510,795)**	38,864	186,446	225,310	53,752	267,172	320,924
Expenses									
Management and performance fees (note 2)	**(824)**	**(2,473)**	**(3,297)**	(813)	(12,721)	(13,534)	(1,663)	(29,477)	(31,140)
Direct property expenses, rent payable and service charge costs	**(808)**	**-**	**(808)**	(726)	-	(726)	(1,435)	-	(1,435)
Other administrative expenses	**(598)**	**(253)**	**(851)**	(471)	(310)	(781)	(1,621)	(608)	(2,229)
Total operating expenses	**(2,230)**	**(2,726)**	**(4,956)**	(2,010)	(13,031)	(15,041)	(4,719)	(30,085)	(34,804)
Operating profit/(loss)	**42,292**	**(558,043)**	**(515,751)**	36,854	173,415	210,269	49,033	237,087	286,120
Finance costs	**(463)**	**(1,389)**	**(1,852)**	(315)	(945)	(1,260)	(629)	(1,886)	(2,515)
Profit/(loss) from operations before tax	**41,829**	**(559,432)**	**(517,603)**	36,539	172,470	209,009	48,404	235,201	283,605
Taxation	**(3,603)**	**1,190**	**(2,413)**	(3,809)	2,247	(1,562)	(4,967)	3,049	(1,918)
Total comprehensive income	**38,226**	**(558,242)**	**(520,016)**	32,730	174,717	207,447	43,437	238,250	281,687
Earnings per Ordinary share (note 3)	**12.05p**	**(175.91)p**	**(163.86)p**	10.31p	55.06p	65.37p	13.69p	75.07p	88.76p

The total column of this statement represents the Group's Statement of Comprehensive Income, prepared in accordance with UK-adopted international accounting standards. 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.

The Group does not have any other income or expense that is not included in the above statement therefore "Total comprehensive income" is also the profit or loss for the period.

All income is attributable to the shareholders of the parent Company.

The final dividend of 9.20p (2021: 9.00p) in respect of the year ended 31 March 2022 was declared on 31 May 2022 and was paid on 2 August 2022. This can be found in the Group Statement of Changes in Equity for the half year ended 30 September 2022.

The interim dividend of 5.65p (2021: 5.30p) in respect of the year ending 31 March 2023 was declared on 2 December 2022 and will be paid on 12 January 2023 to shareholders on the register on 16 December 2022. The shares will be quoted ex-dividend on 15 December 2022.

Group statement of changes in equity

For the half year ended 30 September 2022 (Unaudited)	**Share Capital £'000**	**Share Premium Account £'000**	**Capital Redemption Reserve £'000**	**Retained Earnings £'000**	**Total £'000**
At 31 March 2022	**79,338**	**43,162**	**43,971**	**1,396,268**	**1,562,739**
Net loss for the half year	**-**	**-**	**-**	**(520,016)**	**(520,016)**
Dividends paid	**-**	**-**	**-**	**(29,196)**	**(29,196)**
At 30 September 2022	**79,338**	**43,162**	**43,971**	**847,056**	**1,013,527**

For the half year ended 30 September 2021 (Unaudited)	Share Capital £'000	Share Premium Account £'000	Capital Redemption Reserve £'000	Retained Earnings £'000	Total £'000
At 31 March 2021	79,338	43,162	43,971	1,159,962	1,326,433
Net profit for the half year	-	-	-	207,447	207,447
Dividends paid	-	-	-	(28,562)	(28,562)
At 30 September 2021	79,338	43,162	43,971	1,338,847	1,505,318

For the year ended 31 March 2022 (Audited)	Share Capital £'000	Share Premium Account £'000	Capital Redemption Reserve £'000	Retained Earnings £'000	Total £'000
At 31 March 2021	79,338	43,162	43,971	1,159,962	1,326,433
Net profit for the year	-	-	-	281,687	281,687
Dividends paid	-	-	-	(45,381)	(45,381)
At 31 March 2022	79,338	43,162	43,971	1,396,268	1,562,739

Group balance sheet

	30 September 2022 (Unaudited) £'000	30 September 2021 (Unaudited) £'000	31 March 2022 (Audited) £'000
Non-current assets			
Investments held at fair value	**985,740**	1,581,562	1,506,436
Investments held at for sale	**-**	-	48,980
	985,740	1,581,562	1,555,416
Deferred taxation asset	**903**	-	903
	986,643	1,581,562	1,556,319
Current assets			
Debtors	**95,476**	71,604	97,673
Cash and cash equivalents	**30,442**	14,415	32,109
	125,918	86,019	129,782
Current liabilities	**(40,155)**	(104,287)	(66,109)
Net current assets/(liabilities)	**85,763**	(18,268)	63,673
Total assets plus net current assets	**1,072,406**	1,563,294	1,619,992
Non-current liabilities	**(58,879)**	(57,976)	(57,253)
Net assets	**1,013,527**	1,505,318	1,562,739
Capital and reserves			
Called up share capital	**79,338**	79,338	79,338
Share premium account	**43,162**	43,162	43,162
Capital redemption reserve	**43,971**	43,971	43,971
Retained earnings (note 7)	**847,056**	1,338,847	1,396,268
Equity shareholders' funds	**1,013,527**	1,505,318	1,562,739
Net asset value per:			
Ordinary share	**319.37p**	474.34p	492.43p

Group cash flow statement

	Half year ended 30 September 2022 (Unaudited) £'000	Half year ended 30 September 2021 (Unaudited) £'000	Year ended 31 March 2022 (Audited) £'000
Reconciliation of profit from operations before tax to net cash outflow from operating activities			
(Loss)/profit from operations before tax	**(517,603)**	209,009	283,605
Finance costs	**1,852**	1,260	2,515
Losses/(gains) on investments and derivatives held at fair value through profit or loss	**557,634**	(184,739)	(265,399)
Net movement on foreign exchange; cash and cash equivalents and loan notes	**(882)**	(3,239)	(977)
Scrip dividends included in investment income and net returns on contracts for difference	**(6,061)**	(10,722)	(10,839)
Sales of investments	**205,676**	156,192	544,370
Purchases of investments	**(166,258)**	(129,670)	(430,830)
Decrease in prepayments and accrued income	**1,554**	1,597	8
Decrease/(Increase) in sales settlement debtor	**26,887**	5,019	(32,871)
(Decrease)/Increase in purchase settlement creditor	**(5,364)**	(194)	5,170
(Increase)/decrease in other debtors	**(32,933)**	(12,451)	2,951
(Decrease)/increase in other creditors	**(24,411)**	860	13,809
Net cash inflow from operating activities before interest and taxation	**40,091**	32,922	111,512
Interest paid	**(1,852)**	(1,260)	(2,515)
Taxation paid	**(3,218)**	(2,652)	(1,258)
Net cash inflow from operating activities	**35,021**	29,010	107,739
Financing activities			
Equity dividends paid	**(29,196)**	(28,562)	(45,381)
Repayment of loans (note 6)	**(10,000)**	(15,000)	(60,000)
Net cash outflow from financing activities	**(39,196)**	(43,562)	(105,381)
(Decrease)/increase in cash	**(4,175)**	(14,552)	2,358
Cash and cash equivalents at start of period	**32,109**	29,114	29,114
Net movement on foreign exchange; cash and cash equivalents	**2,508**	(147)	637
Cash and cash equivalents at end of period	**30,442**	14,415	32,109

Notes to the financial statements

1 Basis of accounting

The accounting policies applied in these interim financial statements are consistent with those applied in the Company's most recent annual financial statements. The financial statements have been prepared on a going concern basis and in accordance with UK-adopted International Accounting Standards (IAS) 34 'Interim Financial Reporting'.

The financial statements have also been prepared in accordance with the Statement of Recommended Practice (SORP), "Financial Statements of Investment Trust Companies and Venture Capital Trusts", to the extent that it is consistent with UK-adopted International Accounting Standards.

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

In accordance with UK-adopted IAS, IFRS 10, the Company has been designated as an investment entity on the basis that:

- It obtains funds from investors and provides those investors with investment management services;
- It commits to its investors that its business purpose is to invest solely for returns from capital appreciation and investment income; and
- It measures and evaluates performance of substantially all of its investments on a fair value basis.

Each of the subsidiaries of the company was established for the sole purpose of operating or supporting the investment operations of the company (including raising additional financing), and is not itself an investment entity. UK-adopted IAS, IFRS 10, sets out that in the case of controlled entities that support the investment activity of the investment entity, those entities should be consolidated rather than presented as investments at fair value. Accordingly, the Company has consolidated the results and financial positions of those subsidiaries.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of subsidiaries used in the preparation of the consolidated financial statements are based on consistent accounting policies. All intra-group balances and transactions, including unrealised profits arising therefrom, are eliminated. This is consistent with the presentation in previous periods.

All the subsidiaries of the Company have been consolidated in these financial statements.

The accounting policies adopted are consistent with those of the previous consolidated annual financial statements.

The standards issued before the reporting date that become effective after 30 September 2022 are not expected to have a material effect on equity or profit for the subsequent period. The Group has not early adopted any new UK-adopted International Accounting Standards or Interpretation. Standards, amendments and interpretations issued but not yet effective up to the date of issuance of the Group's financial statements are listed below:

IAS 1 Amendments - Classification of Liabilities as Current or Non-Current (effective date 1 January 2023). The amendments specify the requirements for classifying liabilities as current or non-current. The amendments are not expected to have a material impact on the Group's financial statements.

IAS 1 Amendments - Disclosure of Accounting Policies (effective 1 January 2023). The amendments require an entity to disclose its material accounting policy information instead of its significant accounting policies. The amendments contain guidance and examples on identifying material accounting policy information. The amendments are not expected to have a material impact on the Group's financial statements.

IAS 1 Amendments - Non-current Liabilities with Covenants (effective date 1 January 2024). The amendments improved the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants. The amendments also responded to stakeholders' concerns about the classification of such a liability as current or non-current.

IAS 8 Amendments - Definition of Accounting Estimates (effective 1 January 2023) The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". The amendments also clarify the interaction between an accounting policy and an accounting estimate. The amendments are not expected to have a material impact on the Group's financial statements.

IAS 12 Amendments - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective 1 January 2023). The amendments require entities with certain assets to recognise deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

2 Management fees

	Half year ended 30 September 2022 (Unaudited)			Half year ended 30 September 2021 (Unaudited)			Year ended 31 March 2022 (Audited)		
	Revenue Return £'000	**Capital Return £'000**	**Total £'000**	Revenue Return £'000	Capital Return £'000	Total £'000	Revenue Return £'000	Capital Return £'000	Total £'000
Management fee	**824**	**2,473**	**3,297**	813	2,439	3,252	1,663	4,988	6,651
Performance fee	**-**	**-**	**-**	-	10,282	10,282	-	24,489	24,489
	824	**2,473**	**3,297**	813	12,721	13,534	1,663	29,477	31,140

No provision has been made for a performance fee based on the net assets at 30 September 2022. Any payments are not due until the full year performance fee is calculated at 31 March 2023.

3 Earnings per ordinary share

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

	Half year ended 30 September 2022 (Unaudited) £'000	Half year ended 30 September 2021 (Unaudited) £'000	Year ended 31 March 2022 (Audited) £'000
Net revenue profit	**38,226**	32,730	43,437
Net capital (loss)/profit	**(558,242)**	174,717	238,250
Net total (loss)/profit	**(520,016)**	207,447	281,687
Weighted average number of Ordinary shares in issue during the period	**317,350,980**	317,350,980	317,350,980

	pence	pence	pence
Revenue earnings per Ordinary share	**12.05**	10.31	13.69
Capital earnings per Ordinary share	**(175.91)**	55.06	75.07
Earnings per Ordinary share	**(163.86)**	65.37	88.76

4 Changes in share capital

During the half year and since 30 September 2022 no Ordinary shares have been purchased and cancelled.

As at 30 September 2022 there were 317,350,980 Ordinary shares (30 September 2021: 317,350,980; 31 March 2022: 317,350,980 Ordinary shares) of 25p in issue.

5 Going concern
In assessing the going concern basis of accounting the Directors have had regard to the guidance issued by the Financial Reporting Council. They have also considered the Company's objective, strategy and policy; current cash position; the availability of the loan facility and compliance with all financial loan covenants; and the operational resilience of the Company and its service providers.

At present the global economy is suffering considerable disruption due to the effects of the COVID-19 pandemic, inflationary concerns and the war in Ukraine and the Directors have given serious consideration to the consequences for this Company. A detailed assessment of the ability of the Company and Group to meet its liabilities as they fall due, including stress and liquidity tests which considered the effects of substantial falls in investment valuations, substantial reductions in revenue received and reductions in market liquidity as a result of these factors.

Based on this information, their knowledge and experience of the Company's portfolio and stockmarkets, the Directors believe that the Company has the ability to meet its financial obligations as they fall due for a period of at least twelve months from the date of approval of these financial statements. Accordingly, these financial statements have been prepared on a going concern basis.

6 Fair value of financial assets and financial liabilities
Financial assets and financial liabilities are carried in the Balance Sheet either at their fair value (investments) or the balance sheet amount is a reasonable approximation of fair value (due from brokers, dividends and interest receivable, due to brokers, accruals and cash at bank).

Fair value hierarchy disclosures
The table below sets out fair value measurements using UK-adopted IAS (IFRS 13) fair value hierarchy.

Financial assets/(liabilities) at fair value through profit or loss

At 30 September 2022 (Unaudited)	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Equity investments	**899,514**	**-**	**2,573**	**902,087**
Investment properties	**-**	**-**	**83,653**	**83,653**
Contracts for difference	**-**	**(13,658)**	**-**	**(13,658)**
Foreign exchange forward contracts	**-**	**442**	**-**	**442**
	899,514	**(13,216)**	**86,226**	**972,524**

At 30 September 2021 (Unaudited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	1,490,133	-	1,651	1,491,784
Investment properties	-	-	89,778	89,778
Contracts for difference	-	(12,185)	-	(12,185)
Foreign exchange forward contracts	-	1,028	-	1,028
	1,490,133	(11,157)	91,429	1,570,405

At 31 March 2022 (Audited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	1,456,820	-	2,341	1,459,161
Investment properties	-	-	96,255	96,255
Contracts for difference	-	7,657	-	7,657
Foreign exchange forward contracts	-	2,736	-	2,736
	1,456,820	10,393	98,596	1,565,809

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows:

Level 1 – valued using quoted prices in an active market for identical assets.
Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices within level 1.
Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.
Contracts for Difference are synthetic equities and are valued by reference to the investments' underlying market values.

Valuations of Investment Properties – Level 3
The Group carries its investment properties at fair value in accordance with UK-adopted IAS (IFRS 13), revalued twice a year, with changes in fair values being recognised in the Group Statement of Comprehensive Income. The Group engaged Knight Frank LLP as independent valuation specialists to determine fair value as at 30 September 2022.
Determination of the fair value of investment properties has been prepared on the basis defined by the RICS Valuation – Global Standards (The Red Book Global Standards) as follows:

"The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

The valuation takes into account future cash flow from assets (such as lettings, tenants' profiles, future revenue streams, capital values of fixtures and fittings, plant and machinery, any environmental matters and the overall repair and condition of the property) and discount rates applicable to those assets. These assumptions are based on local market conditions existing at the balance sheet date.

In arriving at their estimates of fair values as at 30 September 2022, the valuers have used their market knowledge and professional judgement and have not only relied solely on historical transactional comparables.

Reconciliation of movements in Financial assets categorised as level 3

At 30 September 2022	31 March 2022 £'000	Purchases £'000	Sales £'000	Appreciation/ (Depreciation) £'000	**30 September 2022 £'000**
Unlisted equity investments	2,341	-	-	232	**2,573**
Investment properties					
– Mixed use	48,187	97	(5,050)	(1,661)	**41,573**
– Office & Industrial	48,068	88	-	(6,076)	**42,080**
	96,255	185	(5,050)	(7,737)	**83,653**
	98,596	185	(5,050)	(7,505)	**86,226**

Transfers between hierarchy levels
There were no transfers between any levels during the period.

Sensitivity information
The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy of investment properties are:

- Estimated rental value: £6.5 – £65 per sq ft
- Capitalisation rates: 2.0% – 6.0%

Significant increases (decreases) in estimated rental value and rent growth in isolation would result in a significantly higher (lower) fair value measurement. A significant increase (decrease) in capitalisation rates in isolation would result in a significantly lower (higher) fair value measurement.

Loan Notes
On the 10 February 2016, the Company issued 1.92% Unsecured Euro 50,000,000 Loan Notes and 3.59% Unsecured GBP 15,000,000 Loan Notes which are due to be redeemed at par on the 10 February 2026 and 10 February 2031 respectively.

The fair value of the 1.92% Euro Loan Notes at 30 September 2022 was £43,930,000 (30 September 2021: £43,389,000; 31 March 2022: £42,340,000).

The fair value of the 3.59% GBP Loan Notes at 30 September 2022 was £14,084,000 (30 September 2021: £15,568,000; 31 March 2022: £14,879,000).

Using the UK-adopted IAS (IFRS 13) fair value hierarchy the Loan Notes are deemed to be categorised within Level 2.

The loan notes agreement requires compliance with a set of financial covenants, including:

- Total Borrowings shall not exceed 33% of Adjusted Net Asset Value;
- the Adjusted Total Assets shall at all times be equivalent to a minimum of 300% of Total Borrowings; and
- the Adjusted NAV shall not be less than £260,000,000.

The Company and Group complied with the terms of the loan notes agreement throughout the year.

Multi-currency revolving loan facilities
The Group also has unsecured, multi-currency, revolving short-term loan facilities totalling £130,000,000 (30 September 2021: £130,000,000; 31 March 2022: £130,000,000). At 30 September 2022, £25,000,000 was drawn on these facilities (30 September 2021: £80,000,000; 31 March 2022: £35,000,000). The fair value is considered to approximate the carrying value and the interest is paid at a margin over LIBOR.

7 Retained earnings

	30 September 2022 (Unaudited) £'000	30 September 2021 (Unaudited) £'000	31 March 2022 (Audited) £'000
Investment holding (losses)/gains	**(121,128)**	480,028	412,934
Realised capital reserves	**893,877**	786,858	918,057
	772,749	1,266,886	1,330,991
Revenue reserve	**74,307**	71,961	65,277
	847,056	1,338,847	1,396,268

8 Related party transactions
There have been no material related party transactions during the period and no changes to related parties.

During the period Thames River Capital charged management fees as detailed in Note 2.

The remuneration of the Directors has been determined in accordance with rates outlined in the Directors' Remuneration Report in the Annual Financial Statements.

9 Comparative information
The financial information contained in this Half-Year Report does not constitute statutory accounts as defined in section 435(1) of the Companies Act 2006. The financial information for the half year periods ended 30 September 2022 and 30 September 2021 has not been audited or reviewed by the Group auditors. The figures and financial information for the year ended 31 March 2022 are an extract from the latest published financial statements and do not constitute statutory financial statements for that year. Those financial statements have been delivered to the Registrar of Companies and include the report of the auditors, which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Companies Act 2006.

Disclaimer
The loan notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Act") and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Act. This notice is for information only, does not constitute an offer to sell or the solicitation of an offer to buy any security and shall not constitute an offer, solicitation or sale of any securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

This announcement and the information contained herein is not for publication, distribution or release in, or into, directly or indirectly, the United States, Canada, Australia or Japan and does not constitute, or form part of, an offer of securities for sale in or into the United States, Canada, Australia or Japan.

The securities referred to in this announcement have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") and may not be offered or sold in the United States unless they are registered under the Securities Act or pursuant to an available exemption therefrom. The Company does not intend to register any portion of securities in the United States or to conduct a public offering of the securities in the United States. The Company will not be registered under the U.S. Investment Companies Act of 1940, as amended, and investors will not be entitled to the benefits of that Act.

This announcement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the securities referred to herein in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, exemption from registration or qualification under the securities law of any such jurisdiction.

The contents of this announcement include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should". They include the statements regarding the target aggregate dividend. By their nature, forward-looking statements involve risks and uncertainties and readers are cautioned that any such forward-looking statements are not guarantees of future performance. The Company's actual results and performance may differ materially from the impression created by the forward-looking statements. The Company undertakes no obligation to publicly update or revise forward-looking statements, except as may be required by applicable law and regulation (including the Listing Rules). No statement in this announcement is intended to be a profit forecast.

By order of the Board
Columbia Threadneedle Investment Business Limited
Company Secretary,
2 December 2022

Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into, or forms part of, this announcement.

ENDS

A copy of the Half Year Report will be submitted to the National Storage Mechanism and will shortly be available for inspection at data.fca.org.uk/#/nsm/nationalstoragemechanism

The Half Year Report will also be available shortly on the Company's website at www.trproperty.com where up to date information on the Company, including daily NAV and share prices, factsheets and portfolio information can also be found.

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