TR Property Investment Trust plc

Interim Statement for the half year ended 30 September 2006

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. Over 90% of the Company's assets are invested in Pan European listed property securities with the balance in directly owned UK real estate.**

Investment Selection

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. We generally regard future growth and capital appreciation potential more highly than immediate initial yield or discount to asset value.

Benchmark

The benchmark is the S&P/Citigroup European Property Index in Sterling (the Citigroup Index). The Citigroup Index, against which the manager's performance is measured by the Board, comprises 113 companies and is itself a sub-index of the S&P/Citigroup Global Property Index, a longstanding and widely used benchmark in the world of real estate securities. The Citigroup Index is freefloat based and calculated daily on a price only and total return basis. The benchmark website **www.globalindices.standardandpoors.com** contains further details.

Capital Growth

Over the five years to the end of September 2006, the share price has risen by 294% from 53.75p to 212p and the net asset value has risen by 252% from 67.97p to 239.33p. Over the same period the benchmark index has risen by 172% (see graph on page 3).

Income Growth

Over the past five years the annual net dividend per share has grown by 140%, equivalent to 19.14% p.a. compound.

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**

Dividend

An interim dividend of 1.70p (2005: 1.50p) per ordinary share has been declared payable on 8 January 2007 to shareholders on the register on 8 December 2006. The shares will be quoted ex-dividend on 6 December 2006.

Financial Highlights

Revenue	Half year ended 30 September 2006 (Unaudited)	Half year ended 30 September 2005 (Unaudited)	% Change
Total revenue income (£'000)	**16,536**	15,036	+10.0
Income from operations before tax (£'000)	**11,611**	10,872	+6.8
Revenue earnings per ordinary share	**2.84p**	2.66p	+6.8
Net dividend per share	**1.70p**	1.50p	+13.3
IFRS Earnings per ordinary share#	**17.12p**	32.92p	-48.0

#Under IFRS capital returns are included in "Earnings"

Balance Sheet	At 30 September 2006 (Unaudited)	At 31 March 2006 (Audited)	% Change
Investments held at fair value (£'000)	**905,218**	881,943	+2.6
Shareholders' funds (£'000)	**822,921**	770,593	+6.8
Shares in issue at end of period (m)	**343.9**	343.9	–
Gearing	**9%**	12%	
Net asset value per share	**239.33p**	224.11p	+6.8

Performance
Assets and Benchmark

	Half year ended 30 September 2006	Half year ended 30 September 2005
Benchmark performance (price only)	**+4.7%**	+17.3%
NAV change	**+6.8%**	+21.5%
Benchmark performance (total return)	**+6.6%**	+20.2%
NAV total return	**+7.8%**	+22.7%
IPD Monthly Index total return*	**+9.0%**	+9.1%
Total return from direct property	**+10.7%**	+8.2%

Performance
Share price

	Half year ended 30 September 2006	Year ended 31 March 2006	% Change
Share price	**212.0p**	209.5p	+1.2
Share price total return	**+2.2%**	+66.3%	
Market capitalisation	**£729m**	£720m	+1.2

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

Chairman's Statement

Peter Salsbury BSc *Chairman*
21 November 2006

Introduction

In the six months to the end of September 2006 physical property markets in the UK and Europe have continued to see rising values reflecting sustained and strong investment demand. Rental growth has made a contribution to value growth in certain favoured locations, but the primary driver for higher pricing remains the compression in the yields which investors are prepared to accept on their investments.

By contrast equity markets passed through a nervous period of heightened volatility caused by global concerns about inflation and growth. In May, in particular, property share prices across Europe fell by around 10% within a brief three week period. However, since June, and despite further base rate increases, equity markets have recovered their poise, and property shares have regained, and then exceeded, their previous high price levels. UK property shares outperformed Continental stocks in Sterling terms over the period, aiding the Trust's outperformance, and for the first six month period since 2002, the return from our directly held property was higher than the return from our shareholdings. Revenue per share has risen more slowly than in recent reporting periods, but the increase is still a healthy one and your Board is able to raise the interim dividend once again by more than 10%.

Asset and Share Price Performance

Over the six month period the net asset value (NAV) per share calculated under IFRS rose by 6.8% from 224.11p to 239.33p while the share price rose by 1.2% to 212.0p. In the same period, the benchmark index rose by 4.7%. The shortfall in the performance of the share price relative to the asset value per share reflects the change in the discount to NAV at which the shares traded and this rose from 6.5% to 11.4% over the period.

Revenue Results and Interim Dividend

I commented in my annual statement that the growth in the current year's revenue per share was expected to be at a lower percentage level than the exceptional increase of 20.7% seen in the year to March 2006. In the event, the revenue earnings in the six month period now reported were 2.84p per share compared with 2.66p in the first six months of last year: a percentage increase of 6.8%. This reflects the general trend in the underlying dividend increases from our equity investments as well as a temporary decline in our rental income while we let space in our office property at Slough. The Board has pleasure in raising the interim dividend by 13.3% from 1.50p per share to 1.70p per share. The dividend will be paid on 8 January 2007 to shareholders on the register on 8 December 2006.

Total Returns

Taking into account the value of the final dividend paid in July 2006, the total returns in the period were 7.8% for the NAV and 2.2% for the share price. In the same period, the benchmark gave a total return of 6.6%.

Portfolio Distribution

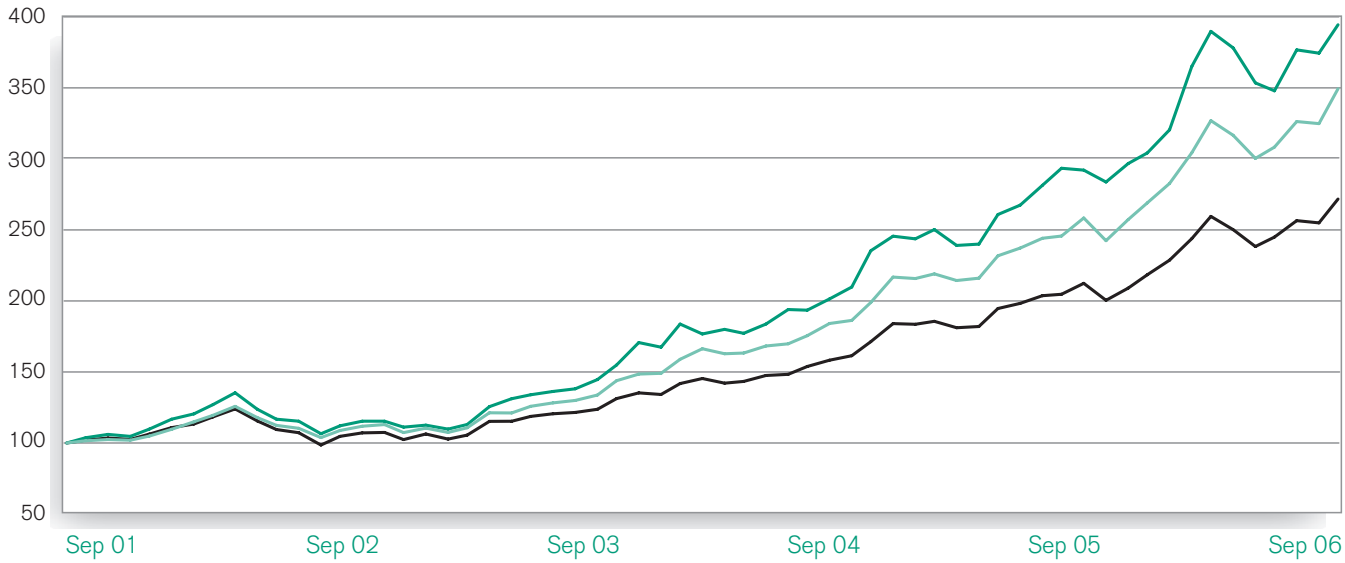
The distribution of the portfolio shows only modest change since the end of March. Our UK equities increased by 1.7% to 55.7% of our gross assets, while our UK direct property increased slightly to 7.5%, reflecting good performance. Under current circumstances, this distribution is unlikely to alter significantly in the remainder of the financial year.

Gearing and Currencies

The Trust's net debt fell from £98m to £75m over the period and the on-balance sheet gearing ratio from 12.0% to 9.2%. For most of the six months, net debt was slightly over £100m and the decline to £75m occurred close to

Chairman's Statement continued

Five Year Performance



Index of TR Property net asset value and share price compared with the S&P/Citigroup European Property Index

S&P/Citigroup European Property Index
TR Property Share Price
TR Property Net Asset Value

the half year end as a result of substantial capital remittances from takeover bids and tender offers in Spain. Net debt has increased again since the start of October and the gearing level is expected to remain between 5% and 20% for the remainder of the financial year. Almost all of our debt continues to be denominated in Sterling and our portfolio exposure to foreign currency assets and income continues to be virtually unhedged. In the six month period, March to September, Sterling rose against the Euro by 2.9%.

Discount and Share Repurchases

The average discount over the period was 7.8% compared to 9.4% in the same period in 2005, and to 8.25% for the whole of the last financial year. We continue to watch for pricing opportunities to buy back shares but none were repurchased in the half year.

Revenue Outlook

At the revenue level, our managers expect that, subject to unforeseen circumstances, gross revenue for the half year now reported will represent some 70% of our expected full year gross revenue, as against 71% last year. On this basis, the Board expects earnings growth in the full year to be in the range of 5% to 10%. Nearly 50% of the Trust's gross assets are invested in UK companies that have declared an intention to become UK REITs. Those companies which fulfil their intention are generally expected to make substantial one-off dividend increases at some stage during 2007 or 2008, and though the timing and extent of these increases are yet to be revealed, the Trust is likely, if these investments are retained, to see a very positive increase in its own income over the next two years.

Market Outlook

Demand for real estate investment and for property securities continues to be extremely strong across Europe – irrationally so in the minds of many market professionals. Hunting for the catalyst that will reverse the strong capital flows and drive prices lower is, however, proving very frustrating for the pessimists, partly because the acceptable return expectations from all investment classes appear to have fallen.

Chairman's Statement continued

In the UK the consensus view amongst property professionals is that 2007 will see a soft landing in the commercial investment market. Property yields are expected to stabilise at around current levels and, as a fall in yields has been the main driver of higher values, this implies that next year's UK property average total return will be in the 7% to 8% range rather than the high teens percentage returns seen in the last three years. This expectation assumes that the current imbalance between buyers and sellers in the market will shortly vanish either because the abundance of liquidity chasing property will subside or large scale fresh supplies of property will come on offer. Perversely neither of these events appears about to occur.

The Trust continues to be modestly geared and the portfolio remains overweight in the UK where share prices are still close to or below underlying asset values. The new REITs regime starts in January and if present pricing persists there is a chance that we will find that merger and acquisition activity will benefit our returns in 2007. We continue to be positive for the growth in value of real estate in Europe outside the UK, but many European property shares are trading at substantial premiums to asset value, and we find such ratings harder to justify.

Manager's Report

Chris Turner MRICS *Fund Manager*
21 November 2006

Introduction

I apologise that this report reads like a reiteration of my last three reports. This is because property market movements, our investment strategies, the shape of the portfolio and our outlook have all remained fairly constant over the last two years. This summer there have been only a few minor changes to the portfolio, a slight reduction in gearing and modest outperformance of the benchmark. The UK overweight has been retained and the bias in stock selection has continued to be towards value – a bias which I hope will give us potential for further gains from corporate activity. There is also a liquidity bias which I see as possibly offering protection to the very substantial gains we have made in the last ten years. For sure, one day property values and property share prices will have become so overheated that the inevitable occurs.

We had a short rehearsal for a future bear market during May. Against the background of uncertainty in the US bond market regarding the trends in inflation, global equity markets fell sharply and trading conditions became very volatile to the extent that the net asset value of the Trust moved by more than 4% a day, twice in a week. Overall, the Trust suffered only a superficial scratch which has now healed completely, but we were grateful that, had we wished to make major disposals, we were not too widely exposed to shares with low or nil marketability.

European Commercial Property Market Background

Direct markets have been blazing. Indeed, 2006 is likely to see Pan European investment property turnover exceed €200 billion and so break all previous records. Average total returns across Europe are expected to be in low to mid teens, with the UK well up the field in the 17% to 19% range. While domestic investors have been busy, the major driving force has been cross border activity. Germany has been the focus for foreign capital, particularly from the US, due to its constant underperformance in recent years. Huge volumes of property have been available as German private and public bodies seek to restore their finances by rushing to sell real estate that had, until recently, been virtually unsaleable. In the frantic rush to spend, new markets and sectors have been opened up. Eastern European property yields have now fallen almost to Western European levels as buyers assume that the political and economic risk in these new economies has all but been eliminated. Property types previously considered as beyond the definition of acceptable institutional investments, such as hotels, hospitals, nursing homes and self storage centres, are now entering the mainstream market. Maybe we shall have REITs for golf courses, caravan parks and prisons before long.

Office buildings remain the largest investment area by type of building. They have the highest availability, are relatively easy to manage, and there are positive signs of rental growth in the financial capitals in Europe due to rising service sector employment and a lack of fresh development. Retail property incites the greatest divergence of opinion due to concerns over consumer expenditure, but the very few high quality centres offered this summer have found ready buyers.

Property Share Background

Over the past few years, property shares have been behaving more like property and less like equities, so that the correlation between direct and indirect property investment has been improving consistently. Not so in the half year to the end of September, when, in contrast to direct markets, European property share markets had an anxious summer and produced a half year total return that was the lowest for any six month period since 2003. As noted above, May saw prices tumble by 7%, in line with the retreat by global equity markets generally. The weak performance relative to direct markets was partly a

reaction to the exuberant outperformance in the first quarter of the year, partly a reflection of short selling by absolute return funds, and partly a reaction to the wave of new issues and rights issues thrown at investors during the spring.

Property shares started to recover from the third week of May, slightly earlier than general equity markets, the nadir in the UK being marked by Land Securities moving to buy back shares. The recovery since has gained momentum aided by continued strong money flows into indirect funds, by a sharp slowdown in new and rights issues, by the imminent arrival of new REIT regimes in both the UK and Germany, by cash takeover bids in Spain, and lastly by good trading results from all quarters of Europe.

Performance across the region was somewhat diverse. Our benchmark total return of 6.6% was bettered in only four countries – Spain up 22% thanks to takeover activity, France +11% thanks to improved rental growth potential in 2007, Germany +7.7% and the UK +7.5% both due to the potential for REITs. At the bottom of the table, Danish property shares (of which we held none) produced a total return of -22%, Italy -8% on scares that stamp duty would be raised to 10%, and Sweden -3% on concern about tax on property trading profits.

Investment Activity and Distribution of Assets

Our equity market turnover has again been at a low level and the distribution of the assets (see table on page 10) was little changed over the period. We continue to hold over half the assets in UK property shares. There are five basic reasons for this. The first is value – UK property shares are still trading at small discounts or modest premiums to their net asset values, while there is an average premium to asset value of around 30% on property shares in other European markets. This divergence is caused primarily by two factors – the higher income from Continental stocks and the belief that Continental yields still have further to compress than UK yields. Our second reason for the UK overweight is our belief that London is the region which will see the best rental growth across Europe in the next two years. On a see-through basis, and retail assets aside, the portfolios of our UK property shares are heavily biased towards property inside the M25. Thirdly, UK companies have more conservative balance sheets and greater future income visibility than European companies. Fourthly, REITs are to be introduced to the UK at the start of 2007, increasing dividend yields and removing inherent capital gains tax liabilities. If discount pricing persists after companies have entered REIT status, then we believe that there will be more room for corporate activity in the UK sector than elsewhere in Europe. Finally, we have a UK bias because we are based here. In a period when, as now, markets are being driven primarily by momentum, we think it wise to keep the majority of the Trust's assets fairly close to a market we can best feel and see, due to the fact that we have a direct property element in our portfolio.

New issues have been a feature of the market throughout 2006. We have stood back from most of the offerings, particularly the many externally managed companies. Those we have bought have performed well: our two largest IPO investments, Icade in France and Riofisa in Spain, have risen in value by 41% and 58% respectively since their launches in May and July this year.

Largest Equity Investments

The list of our top forty investments is shown on page 10. The top ten are the same group as at the year end, though the order has changed slightly, and their aggregate value at £477m was 53% of total investments. There were only three departures from the top forty – Immobiliaria Colonial and BAA were taken over for cash, and PSP Swiss Property slipped from 38th to 42nd place. The three new entries are Shaftesbury, a UK investment company specialist in London's Soho and Covent Garden, Silic, the Paris office and warehouse owner and developer, and Kardan, a Dutch listed conglomerate active in Eastern European real estate, financial services, water treatment and with a house building arm in China. Aside from the bids mentioned above, we sold down a significant part of our Metrovacesa holding in Spain into a cash tender offer and our holding dropped in value accordingly. Several of the top forty shares are currently involved in merger or takeover talks. Foncière des Régions (11th) is merging with Bail Investissement (18th) and the resulting group will enter the top ten in the second half. Grainger Trust

Manager's Report continued

(14th) has received an approach that may lead to a bid, London Merchant Securities (35th) has agreed to a share offer from Derwent Valley (17th), and a cash bid has been tabled for Urbis (33rd).

The best performance amongst the top ten holdings came from Big Yellow with a 33% total return, far outpacing the second best performer, Unibail, with a 12% return. The other top ten stocks also all showed positive total returns. Within the rest of the top forty, the best performances came in Spain with 36% and 34% returns from Metrovacesa and Urbis. The best top forty return in the UK (after Big Yellow) was Great Portland with 25%. On the negative side, we had only one top forty share with a total return worse than minus 10% – Pirelli Real Estate in Italy, the shares of which were badly affected by the changes in Italian transfer taxes.

Gearing

We started the half year with net debt of £98m and through most of the period net debt was in the £100m to £110m range and gearing at between 12% and 14%. The period ended with net debt of £75m and gearing of 9.2% because, at the end of September, we received the £28m proceeds from the takeover bid for Colonial and the tender offer for Metrovacesa. Since the end of September, these funds have been reinvested and net debt has returned to over £100m.

Direct Property Portfolio

We failed to buy any more property over the summer despite making offers on a number of buildings. The revaluation at September showed a gain of just under 9% and, with the income, the total return was 10.7% for the half year, which compares with the Investment Property Databank total return for the same period of 9%.

Activity in the portfolio was focused on letting the vacant space at Thames Central, our grade A office building in central Slough. Shareholders will recall that we bought this property entirely vacant in May 2005. At March 2006 vacancy stood at 43,000 sq ft (69% of total space), since when we have let a further 21,000 sq ft and put 2,000 sq ft under offer. The property is now 65% let and, following completion of rent free periods, the space let to date generates annual rent of £700,000 per annum. Elsewhere, we have re-geared 6 of the 15 leases at the industrial property in Wandsworth, increasing the total rent by over 10% to just over £500,000 per annum.

Unquoted Investments

The Trust currently has no unquoted equity investments.

Looking Ahead to 2007

We have a positive view for real estate securities in 2007, albeit the need for vigilance increases constantly as yields decline and premiums to asset value grow. The money flows we mentioned in the last Annual Report show no sign of diminishing. New large global real estate funds are being announced almost daily across the globe and this capital has to find a home in markets where supply is extremely inelastic compared with equity or bond markets. Over-development, which has been a feature of the last two major European property share bear markets, is not yet worrying, save in a few locations in Eastern Europe. Indeed, in parts of London, Paris and Madrid, conversion of office space to residential use is draining property out of the commercial market nearly as fast as new development is adding floorspace, and residential value growth provides an important backstop to commercial values in many locations.

January sees the arrival of the REIT regime in the UK, and most of the major UK property companies are expected to convert. Those managements who have pronounced on the subject have sought to play down investor expectations, and to stress that life will be much the same for their shareholders after conversion. We think they may be underestimating the potential desire for change. In particular, we foresee the diversified companies coming under pressure to split their businesses into smaller focused companies, which we would expect to enjoy higher share price ratings. If the UK property market stays in its current mood, and if discount pricing conditions continue in the UK property share market, then we would not be surprised to see some of the enormous capital tied up in global private equity funds unleashed to chase a number of quoted UK companies.

Investment Properties as at 30 September 2006

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. We re-launched the property with a new name and marketing strategy in November 2005 and have since let 65% of the space. The flow of enquiries from potential tenants is encouraging and we expect to agree further lettings in the second half.				

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 2006 continued

Value in excess of £5 million continued

Property	Sector	Tenure	Size (sq ft)	Principal tenants
Cambridge Science Park, Cambridge	**Offices**	**Leasehold 125 years from 1987**	**38,500**	**Worldpay Ltd**

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.

Property	Sector	Tenure	Size (sq ft)	Principal tenants
Ferrier Street Industrial Estate, Ferrier Street Wandsworth SW18	**Industrial**	**Freehold**	**35,800**	**Absolute Taste Kougar Tool Hire Ltd Mossimans Page Lacquer**

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.

Value below £5 million

Property	Sector	Tenure	Size (sq ft)	Principal tenants
Exchange House Liphook	**Offices**	**Freehold**	**9,641**	**Metoc PLC Bettamark (UK) Ltd**

We purchased this small office building in February 2005. It is situated opposite the railway station in Liphook, an affluent Hampshire town south west of Guildford. We have let half of the space vacant on purchase and are continuing to market the remaining space.

Portfolio

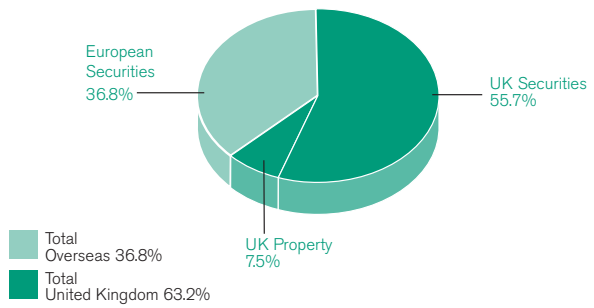
Largest Quoted Investments as at 30 September 2006

The 40 largest quoted investments amount to £738,917,000 or 82% 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	115,128	Vastned Retail (Netherlands)	12,724	Great Portland Estates	6,867
British Land	73,656	Eurocommercial Properties (Netherlands)	11,797	Deutsche Wohnen (Germany)	6,321
Hammerson	51,824	Derwent Valley	10,512	Helical Bar	6,150
Big Yellow Group	43,210	Bail Investissement Foncière (France)	9,706	Gecina (France)	6,052
Rodamco Europe (Netherlands)	40,487	Quintain Estates & Developments	9,625	Urbis (Spain)	5,963
Slough Estates	39,734	Capital & Regional	8,776	Wereldhave (Netherlands)	5,839
Unibail (France)	34,231	IVG Immobilien (Germany)	8,709	London Merchant Securities	5,807
Liberty International	28,175	Metrovacesa (Spain)	8,362	Shaftesbury	5,741
Castellum (Sweden)	26,136	Immoeast Immobilien Anlagen (Austria)	8,259	Pirelli Real Estate (Italy)	5,574
St Modwen Properties	24,960	Kungsleden (Sweden)	7,807	Silic (France)	5,254
Foncière des Régions (France)	20,090	Brixton	7,723	Kardan (Netherlands)	4,667
Klépierre (France)	17,190	Rugby Estates	7,149	Risanamento (Italy)	4,472
Corio (Netherlands)	15,779	Beni Stabili (Italy)	7,091		
Grainger Trust	14,287	Cofinimmo (Belgium)	7,083		

Distribution of Investments

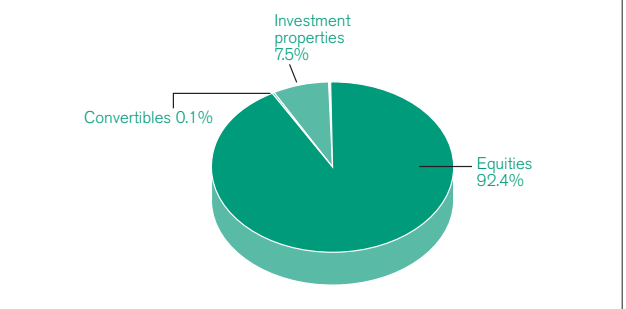
as at 30 September 2006



as at 30 September 2006	£'000	%
UK Securities	**503,747**	55.7
UK Investment properties	**68,103**	7.5
UK Total	**571,850**	63.2
European Securities:		
France	**108,156**	11.9
Netherlands	**92,031**	10.2
Sweden	**41,226**	4.6
Germany	**20,122**	2.2
Other	**71,833**	7.9
Total investments	**905,218**	100.0

Classification of Investments

as at 30 September 2006



as at 30 September 2006	£'000	%
Equities	**835,815**	92.4
Convertibles	**1,300**	0.1
Investment properties	**68,103**	7.5
Total investments	**905,218**	100.0

Group Income Statement

for the half year ended 30 September 2006

	Half year ended 30 September 2006			Half year ended 30 September 2005			Year ended 31 March 2006		
	Revenue	Capital (Unaudited)	Total	Revenue	Capital (Unaudited and restated*)	Total	Revenue	Capital (Audited)	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Investment income									
Investment income	**14,313**	**–**	**14,313**	12,688	–	12,688	18,249	–	18,249
Other operating income	**40**	**–**	**40**	48	–	48	104	–	104
Gross rental income	**1,454**	**–**	**1,454**	1,648	–	1,648	3,044	–	3,044
Service charge income	**729**	**–**	**729**	652	–	652	1,746	–	1,746
Gains on investments held at fair value	**–**	**50,925**	**50,925**	–	107,406	107,406	–	280,820	280,820
Total income	**16,536**	**50,925**	**67,461**	15,036	107,406	122,442	23,143	280,820	303,963
Expenses									
Management and performance fees	**1,630**	**815**	**2,445**	1,427	2,070	3,497	2,812	10,826	13,638
Direct property expenses, rent payable and service charge costs	**1,147**	**–**	**1,147**	861	–	861	2,685	–	2,685
Other expenses	**356**	**–**	**356**	320	–	320	580	–	580
Finance costs (note 2)	**1,792**	**1,792**	**3,584**	1,556	1,556	3,112	3,192	3,192	6,384
Total operating expenses	**4,925**	**2,607**	**7,532**	4,164	3,626	7,790	9,269	14,018	23,287
Income from operations before tax	**11,611**	**48,318**	**59,929**	10,872	103,780	114,652	13,874	266,802	280,676
Taxation	**(1,850)**	**782**	**(1,068)**	(1,712)	439	(1,273)	(2,036)	1,075	(961)
Net profit	**9,761**	**49,100**	**58,861**	9,160	104,219	113,379	11,838	267,877	279,715
Earnings per ordinary share (note 3)	**2.84p**	**14.28p**	**17.12p**	2.66p	30.26p	32.92p	3.44p	77.85p	81.29p

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 equity shareholders of the parent company. There are no minority interests.

The final dividend of 1.90p in respect of the year ended 31 March 2006 was declared on 24 May 2006 and paid on 28 July 2006. This can be found in the Group Statement of Changes in Equity for the half year ended 30 September 2006.

*See note 4.

Group Statement of Changes in Equity

for the half year ended 30 September 2006 (Unaudited)	Share Capital £'000	Share Premium £'000	Capital Redemption Reserve £'000	Retained Earnings £'000	Total £'000
Net assets at 31 March 2006	**85,962**	**37,063**	**36,343**	**611,225**	**770,593**
Net gain for the period	**–**	**–**	**–**	**58,861**	**58,861**
Ordinary dividends paid	**–**	**–**	**–**	**(6,533)**	**(6,533)**
Net assets at 30 September 2006	**85,962**	**37,063**	**36,343**	**663,553**	**822,921**

for the half year ended 30 September 2005 (Unaudited)	Share Capital £'000	Share Premium £'000	Capital Redemption Reserve £'000	Retained Earnings £'000	Total £'000
Net assets at 31 March 2005	86,591	37,063	35,714	348,282	507,650
Ordinary shares repurchased	(629)	–	629	(3,340)	(3,340)
Net gain for the period	–	–	–	113,379	113,379
Ordinary dividends paid	–	–	–	(5,329)	(5,329)
Net assets at 30 September 2005	**85,962**	**37,063**	**36,343**	**452,992**	**612,360**

for the year ended 31 March 2006 (Audited)	Share Capital £'000	Share Premium £'000	Capital Redemption Reserve £'000	Retained Earnings £'000	Total £'000
Net assets at 31 March 2005 (as restated)	86,591	37,063	35,714	345,337	504,705
Ordinary shares repurchased	(629)	–	629	(3,340)	(3,340)
Net gain for the period	–	–	–	279,715	279,715
Ordinary dividends paid	–	–	–	(10,487)	(10,487)
Net assets at 31 March 2006	**85,962**	**37,063**	**36,343**	**611,225**	**770,593**

Group Balance Sheet

as at 30 September 2006

	Half year ended 30 September 2006 (Unaudited) £'000	Half year ended 30 September 2005 (Unaudited) £'000	Year ended 31 March 2006 (Audited) £'000
Non-current assets			
Investments held at fair value	**905,218**	704,575	881,943
Current assets			
Debtors	**3,524**	2,648	1,431
Cash and cash equivalents	**64**	413	2,701
	3,588	3,061	4,132
Current liabilities	**42,160**	55,324	72,521
Net current liabilities	**38,572**	52,263	68,389
Total assets less current liabilities	**866,646**	652,312	813,554
Non-current liabilities	**43,725**	39,952	42,961
Net assets	**822,921**	612,360	770,593
Capital and reserves			
Ordinary called up share capital	**85,962**	85,962	85,962
Share premium	**37,063**	37,063	37,063
Capital redemption reserve	**36,343**	36,343	36,343
Retained earnings	**663,553**	452,992	611,225
Equity shareholders' funds	**822,921**	612,360	770,593
Net asset value per share	**239.33p**	178.09p	224.11p

Group Cash Flow Statement

as at 30 September 2006

	Half year ended 30 September 2006 (Unaudited) £'000	Half year ended 30 September 2005 (Unaudited) £'000	Year ended 31 March 2006 (Audited) £'000
Net cash (outflow)/inflow from operating activities	**(1,623)**	6,553	5,415
Investing activities			
Purchase of investments	**(36,494)**	(60,529)	(125,257)
Sale of investments	**62,925**	55,631	120,156
Net cash inflow/(outflow) from investing activities	**26,431**	(4,898)	(5,101)
Net cash inflow before financing	**24,808**	1,655	314
Financing activities			
Purchase of own shares	**–**	(3,340)	(3,340)
Equity dividends paid	**(6,533)**	(5,329)	(10,487)
Net cash outflow from financing	**(6,533)**	(8,669)	(13,827)
Increase/(decrease) in cash	**18,275**	(7,014)	(13,513)
Effect of foreign exchange rate changes	**97**	(65)	(119)
Change in cash and cash equivalents	**18,372**	(7,079)	(13,632)
Net debt at start of period	**(95,092)**	(81,460)	(81,460)
Net debt at end of period	**(76,720)**	(88,539)	(95,092)

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

	Half year ended 30 September 2006 (Unaudited) £'000	Half year ended 30 September 2005 (Unaudited) £'000	Year ended 31 March 2006 (Audited) £'000
Net income from operations before tax	**59,929**	114,652	280,676
Gains on investments including transaction costs	**(50,925)**	(107,406)	(280,820)
(Increase)/decrease in operating debtors	**(489)**	819	325
(Decrease)/increase in operating creditors	**(423)**	582	7,399
Net tax paid	**(281)**	(670)	(741)
Performance fees paid	**(9,434)**	(1,424)	(1,424)
Net cash (outflow)/inflow from operating activities	**(1,623)**	6,553	5,415

Notes to the Financial Statements

1. Accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB), 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.

(a) Basis of consolidation

The Group accounts consolidate the financial statements of the Company and its subsidiaries to 30 September 2006. Companies, other than subsidiaries, in which the Group has an investment representing 20% or more of the voting rights and over which it exerts significant influence, are treated as associates. The Group accounts include the appropriate share of the results and reserves of these companies based on the latest available accounts. Other companies, in which the Group has an investment representing 20% or more of the voting rights but where the directors consider that the Group does not exert significant influence, are not treated as associates and are accounted for as investments.

(b) Income

Dividends receivable on equity shares are treated as revenue for the period on an ex-dividend basis. Where no ex-dividend date is available, dividends receivable on or before the period end are treated as revenue for the period. Provision is made for any dividends not expected to be received. The fixed returns on debt securities and non-equity shares are recognised on a time apportionment basis and, if material, so as to reflect the effective yield on each such security. Interest receivable from cash and short term deposits is accrued to the end of the period.

(c) Expenses

All expenses and finance costs payable are accounted for on an accruals basis. An analysis of retained earnings broken down into revenue (distributable) and capital (non-distributable) items is given in note 3. In arriving at this breakdown, expenses have been presented as revenue items except as follows:

– expenses which are incidental to the acquisition or disposal of an investment;

– expenses are presented as capital where a connection with the maintenance or enhancement of the value of the investments can be demonstrated. In this respect, the investment management fees and finance costs are allocated 50% to revenue and 50% to capital to reflect the Board's expectations of long term investment returns. One third of the management fees is deemed to relate to the administration of the Trust and charged to revenue. The remainder is split on the same basis as finance costs and 50% charged to capital. The overall result is that two thirds of management fees are charged to revenue and one third to capital. All performance fees are charged to capital.

– the finance cost in respect of capital instruments other than equity shares is calculated so as to give a constant rate of return on the outstanding balance.

(d) Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the Group Income Statement.

The tax effect of different items of expenditure is allocated between capital and revenue using the Group's effective rate of tax for the year. The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred taxation is provided using the liability method on all timing differences, calculated at the rate at which it is anticipated the timing differences will reverse. Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in the future against which the deferred tax asset can be offset.

The Company is an investment trust under section 842 Income and Corporation Taxes Act 1988 and, as such, is not liable for tax on capital gains. Capital gains arising in subsidiaries are subject to capital gains tax.

(e) Properties

The purchase and sale of properties is recognised to be effected on the date unconditional contracts are exchanged.

(f) Investments

When a purchase or sale is made under contract, the terms of which require delivery within the timeframe of the relevant market, the investments concerned are recognised or derecognised on the trade date.

All the Group's investments are defined under IFRS as investments designated as fair value through profit or loss but are also described in these financial statements as investments held at fair value.

All investments are designated upon initial recognition as held at fair value, and are measured at subsequent reporting dates at fair value, which, for quoted investments, is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted. Unquoted investments or investments for which there is only an inactive market are held at fair value which is based on valuations made by the directors in accordance with IPEVCA guidelines and using current market prices, trading conditions and the general economic climate.

In its financial statements, the Company recognises its investments in subsidiaries at fair value.

(g) Movements in fair value

Changes in the fair value of all investments held at fair value are recognised in the Group Income Statement. On disposal, realised gains and losses are also recognised in the Group Income Statement.

(h) Non-current liabilities

All loans and debentures are initially recognised at cost, being the fair value of the consideration received, less issue costs where applicable. After initial recognition, all interest-bearing loans and borrowings are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on settlement. The costs of arranging any interest-bearing loans are capitalised and amortised over the life of the loan.

(i) Foreign currency translation

Transactions involving foreign currencies are converted at the rate ruling at the date of the transaction.

Foreign currency monetary assets and liabilities are translated into Sterling at the rate ruling on the balance sheet date. Foreign exchange differences are recognised in the Group Income Statement.

(j) Cash and cash equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to insignificant risks of changes in value.

2. Finance costs

	Half year ended 30 September 2006 (Unaudited)			Half year ended 30 September 2005 (Unaudited and restated – note 4)			Year ended 31 March 2006 (Audited and restated – note 4)		
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Bank loan and overdraft interest	**828**	**828**	**1,656**	607	607	1,214	1,288	1,288	2,576
Debenture interest	**964**	**964**	**1,928**	949	949	1,898	1,904	1,904	3,808
	1,792	**1,792**	**3,584**	1,556	1,556	3,112	3,192	3,192	6,384

Notes to the Financial Statements continued

3. Earnings per ordinary share

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

	Half year ended 30 September 2006 (Unaudited) £'000	Half year ended 30 September 2005 (Unaudited) £'000	Year ended 31 March 2006 (Audited) £'000
Net revenue profit	**9,761**	9,160	11,838
Net capital profit	**49,100**	104,219	267,877
Net total profit	**58,861**	113,379	279,715
Weighted average number of ordinary shares in issue during the period	**343,850,000**	344,375,372	344,113,406
	pence	pence	pence
Revenue earnings per ordinary share	**2.84**	2.66	3.44
Capital earnings per ordinary share	**14.28**	30.26	77.85
Earnings per ordinary share	**17.12**	32.92	81.29

4. Prior Period Restatements

	Gains on investments held at fair value £'000	Other expenses £'000	Finance costs £'000
As previously stated at 30 September 2005	108,168	759	1,559
Adjustments	(762)	(759)	(3)
Restated amount	107,406	–	1,556

In line with the treatments at 31 March 2006, £759,000 of transaction costs and a £3,000 increase in the present value of future lease payments on investment properties are now included in "Gains on investments held at fair value".

5. Changes in share capital

There were no changes made to the issued share capital during the period. As at 30 September 2006 there were 343,850,000 ordinary shares of 25p in issue.

6. 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 2005 and 30 September 2006 has not been audited. The figures and financial information for the year ended 31 March 2006 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.

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 shares as follows:

Interim : early January
Final : late July

Dividend Payments
Dividends can be paid to ordinary 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 19 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 price of the Company's ordinary shares is 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
The ISIN code/SEDOL (Stock Exchange Daily Official List) number of the Company's ordinary shares is GB0009064097/0906409. Other sources include Bloomberg (TRY.LN) and Reuters (TRY.L).

Internet
Details of the market price and net asset value of the 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.

Directors and other Information

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J H M Newsum
R A Stone
P H Wolton

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aic
The Association of Investment Companies

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**. 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**

TR Property ISA

You can invest directly in **TR Property Investment Trust plc** 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**

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
Lynchwood Business Park
Peterborough
PE2 6BP

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

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