TR Property Investment Trust plc

Financial Report for the half year ended 30 September 2012

Front Cover: Theatre and Castle Bridge, Schwerin, N.E. Germany

Overview

The objective of TR Property Investment Trust plc ("the Trust", "the Company" or "the Group") is to maximise shareholders' total returns via investment in the property sector.

The Trust offers investors two share classes:

Ordinary shares – a portfolio invested in the shares of property companies of all sizes on an international basis and also in investment property located in the UK.

Sigma shares – a portfolio invested in the shares of smaller property companies on an international basis. The Sigma share class does not hold property directly.

Introduction The Trust was formed in 1905 and has been a dedicated property investor through the Ordinary share class since 1982.

In July 2007 a second share class, the Sigma share class, was introduced. This was created mainly through the conversion of some of the existing Ordinary shares into Sigma shares. Each share class has a dedicated portfolio and is able to pursue independent investment and gearing strategies. However, they are share classes of one corporate entity, the Trust, with a single independent Board of Directors.

The Financial Report contains the group financial statements and as supplementary information separate statements of comprehensive income and balance sheets for each share class. There is a Manager's Report for each share class. The pages in the accounts have been marked in the top corner to highlight whether they refer specifically to one or other of the share classes or to the group as a whole.

The following three pages set out the objective and investment policies for each share class and key financial and performance data. The Manager's Report for each share class comments on how the actual investment activity through the period has followed the proposed policies and the resulting performance.

Independent Board The Directors are all independent of the management company and meet regularly to consider investment strategy, to monitor adherence to the stated objective and investment policies (set out on the following pages) and to review performance.

Further Information General shareholder information and details of how to invest in TR Property Investment Trust plc can be found on pages 32 and 33. This information can also be found on the Trust's website www.trproperty.co.uk.

Statement of Investment Objective and Policy

Ordinary Shares

Objective

The objective of the Ordinary share class is to maximise shareholders' total returns by investing in property shares and property on an international basis.

Benchmark

The benchmark is the FTSE EPRA/NAREIT Developed Europe Net Total Return Index in Sterling. This index, calculated by FTSE, is free-float based and currently has 84 constituent companies. The benchmark website www.epra.com contains further details about the index and performance.

Investment Policies

Although the investment objective allows for investment on an international basis, the benchmark is a Pan-European Index and the majority of the investments will be located in that geographical area. Direct property investments are located in the UK only.

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. Thames River Capital LLP ("the Manager") generally regards future growth and capital appreciation potential more highly than immediate initial yield or discount to asset value.

As a dedicated investor in the property sector the fund cannot offer diversification outside that sector, however within the portfolio there are limitations, as set out below, on the size of individual investments held to ensure diversification within the property sector.

Asset Allocation Guidelines

To deliver a spread of investment risk, the maximum holding in the stock of any one issuer or of a single asset is limited to 20% of the portfolio. In addition, any holdings in excess of 5% of the portfolio must not in aggregate exceed 50% of the portfolio. These limits are set at the point of acquisition, however if they were materially exceeded for a significant length of time through market movements, the Manager would seek to remedy the position.

The Manager currently applies the following guidelines for asset allocation:

UK listed equities	25 – 50%	Other listed equities	0 – 5%
European listed equities	45 – 75%	Listed bonds	0 – 5%
		Direct property – UK	5 – 20%

Gearing

The fund may utilise gearing with the purpose of enhancing shareholder returns. The maximum permitted indebtedness currently permitted under the Company's bank facilities is 25% of the portfolio value. Accordingly, the current guideline is 10% Net Cash to 25% Net Debt (as a percentage of portfolio value).

The Trust invests in the shares of property companies which themselves employ leverage. The total level of gearing the Trust is exposed to through the balance sheets of investee companies together with the borrowings of the Trust itself is referred to as the "see-through" gearing. The Manager comments on the level of see-through gearing in the Manager's Report.

Capital

Over ten years up to the end of September 2012, the share price has risen by 179% from 57.25p to 159.90p and the net asset value per share (capital only) has risen by 159% from 70.55p to 182.95p. Over the same period the benchmark price only index has risen by 76%.

Dividend

An interim dividend of 2.65p (2011: 2.40p) per Ordinary share has been declared payable on 8 January 2013 to shareholders on the register on 7 December 2012. The shares will be quoted ex-dividend on 5 December 2012.

Sigma Shares

Objective

The objective of the Sigma share class is to maximise shareholders' total returns by investing predominantly in the shares of smaller property companies on an international basis.

Benchmark

The benchmark is the FTSE EPRA/NAREIT Small Cap Developed Europe Net Total Return Index in Sterling. This benchmark, calculated by FTSE, is the FTSE EPRA/NAREIT Developed Europe Net Total Return Index in Sterling, adjusted to exclude large cap stocks. The large cap threshold and the constituents are adjusted annually. As at 1 April 2012 the threshold was £0.97bn.

Investment Policies

Although the investment objective allows for investment on an international basis, the benchmark is a Pan-European Index and the majority of the investments will be located in that geographical area.

The investment selection process seeks to identify well managed smaller property companies, especially those with a focus on a particular type of real estate business. The Manager generally regards future growth and capital appreciation potential more highly than immediate initial yield or discount to asset value.

As a dedicated investor in the property sector the fund cannot offer diversification outside that sector, however within the portfolio there are limitations on the size of individual investments held to ensure diversification within the property sector.

Asset Allocation Guidelines

To deliver a spread of investment risk, the maximum holding in the stock of any one issuer or of a single asset is limited to 15% of the portfolio. In addition, any holdings in excess of 5% of the portfolio must not in aggregate exceed 40% of the portfolio. These limits are set at the point of acquisition, however if they were materially exceeded for a significant length of time through market movements, the Manager would seek to remedy the position.

The Manager currently applies the following guidelines for asset allocation:

UK listed equities	25 – 50%	Other listed equities	0 – 10%
European listed equities	45 – 75%	Listed bonds	0 – 5%
		Unquoted investments	0 – 5%

Gearing

The fund may utilise gearing with the purpose of enhancing shareholder returns. The maximum permitted indebtedness currently permitted under the Company's bank facilities is 25% of the portfolio value. Accordingly, the current guideline is 10% Net Cash to 25% Net Debt (as a percentage of portfolio value).

The Trust invests in the shares of property companies which themselves are subject to gearing. The total level of gearing the Trust is exposed to through the balance sheets of investee companies together with the borrowings of the Trust itself is referred to as the "see-through" gearing. The level of see-through gearing is also monitored.

Capital

Since launch in July 2007, the share price has fallen by 26.0% from 106.25p to 78.65p and the net asset value per share (capital only) has fallen by 22.0% from 122.85p to 95.82p. Over the same period the benchmark price only index has fallen by 33%.

Dividend

Due to its focus on smaller market capitalisation companies, some of which are development companies, the dividend yield of the Sigma shares is likely to be lower than that of the Ordinary shares.

An interim dividend of 1.05p (2011: 0.95p) per Sigma share has been declared payable on 8 January 2013 to shareholders on the register on 7 December 2012. The shares will be quoted ex-dividend on 5 December 2012.

Financial Highlights and Performance

Ordinary Shares

	Half year ended 30 September 2012 (Unaudited)	Half year ended 30 September 2011 (Unaudited)	% Change
Revenue			
Revenue earnings per share	**5.54p**	5.63p	-1.6
Net interim dividend per share	**2.65p**	2.40p	+10.4
	As at 30 September 2012 (Unaudited)	As at 31 March 2012 (Audited)	% Change
Balance Sheet			
Net asset value per share	**188.49p**	183.62p	+2.7
Share price	**159.90p**	154.50p	+3.5
Net debt	**7%**	10%	
Shareholders' funds (£'000)	**482,947**	470,472	+2.7
Shares in issue at end of period (m)	**256.2**	256.2	+0.0
	Half year ended 30 September 2012	Year ended 31 March 2012	
Performance			
Benchmark performance (total return)	**+3.4%**	-8.9%	
NAV total return	**+4.7%**	-8.5%	
Share price total return	**+5.8%**	-9.5%	

Sigma Shares

	Half year ended 30 September 2012 (Unaudited)	Half year ended 30 September 2011 (Unaudited)	% Change
Revenue			
Revenue earnings per share	**2.50p**	1.89p	+32.3
Net interim dividend per share	**1.05p**	0.95p	+10.5
	As at 30 September 2012 (Unaudited)	As at 31 March 2012 (Audited)	% Change
Balance Sheet			
Net asset value per share	**98.32p**	94.62p	+3.9
Share price	**78.65p**	70.70p	+11.2
Net debt	**0%**	5%	
Shareholders' funds (£'000)	**121,884**	117,773	+3.5
Shares in issue at end of period (m)	**124.0**	124.5	-0.4
	Half year ended 30 September 2012	Year ended 31 March 2012	
Performance			
Benchmark performance (total return)	**+3.5%**	-12.1%	
NAV total return	**+5.7%**	-13.6%	
Share price total return	**+13.3%**	-12.7%	

Chairman's Statement

Peter Salsbury BSc **Chairman**
22 November 2012

Ordinary and Sigma Share proposal announced on 26 September 2012

The most important point of my Chairman's Statement is to ask you to take the time to consider and vote on the proposal to convert the Sigma shares into Ordinary shares and merge the two portfolios.

The Board strongly recommends that shareholders vote in favour of the resolution. Our proposals have been carefully developed so as to add value for both shareholder classes and the Company as a whole.

Complete details, including the benefits to holders of each share class, are given in the enclosed Shareholder Circular, but in addition I have set out a short summary below of what the Board is proposing and why we believe it is in the interests of the holders of both share classes to support this proposal.

The Proposal
On 26 September 2012 the Board announced that, following a strategic review, they were proposing a conversion of the entire share capital of the Sigma shares into Ordinary shares and a merger of the two portfolios. The proposed conversion will result in a single, larger Ordinary share class which will retain the objective of maximising shareholders' total returns by investing in property shares and investment property on an international basis. The benchmark for the enlarged Ordinary share class will remain the FTSE EPRA/NAREIT Developed Europe Net Total Return Index in Sterling. The physical property investments will continue to be located in the UK only.

Strategic Review
The Board of TR Property Investment Trust plc, who are responsible for the interests of both the Ordinary and the Sigma Shareholders, commissioned a strategic review of the share structure over the summer. The brief was to take account of shareholder interests in the light of external trends and investor views as well as management performance.

The analysis showed that the Sigma Net Asset Value Total Return had outperformed the Ordinary share class Net Asset Value Total Return in the period since its establishment and most notably in the period since March 2009. This is consistent with the rationale for the creation of a share class focused on smaller property companies as set out in the original prospectus in 2007.

The Ordinary share class has also continued to add value to shareholders relative to its benchmark over this period.

So why merge the Ordinary and Sigma share classes?
The investment world has changed hugely since Sigma was launched in July 2007.

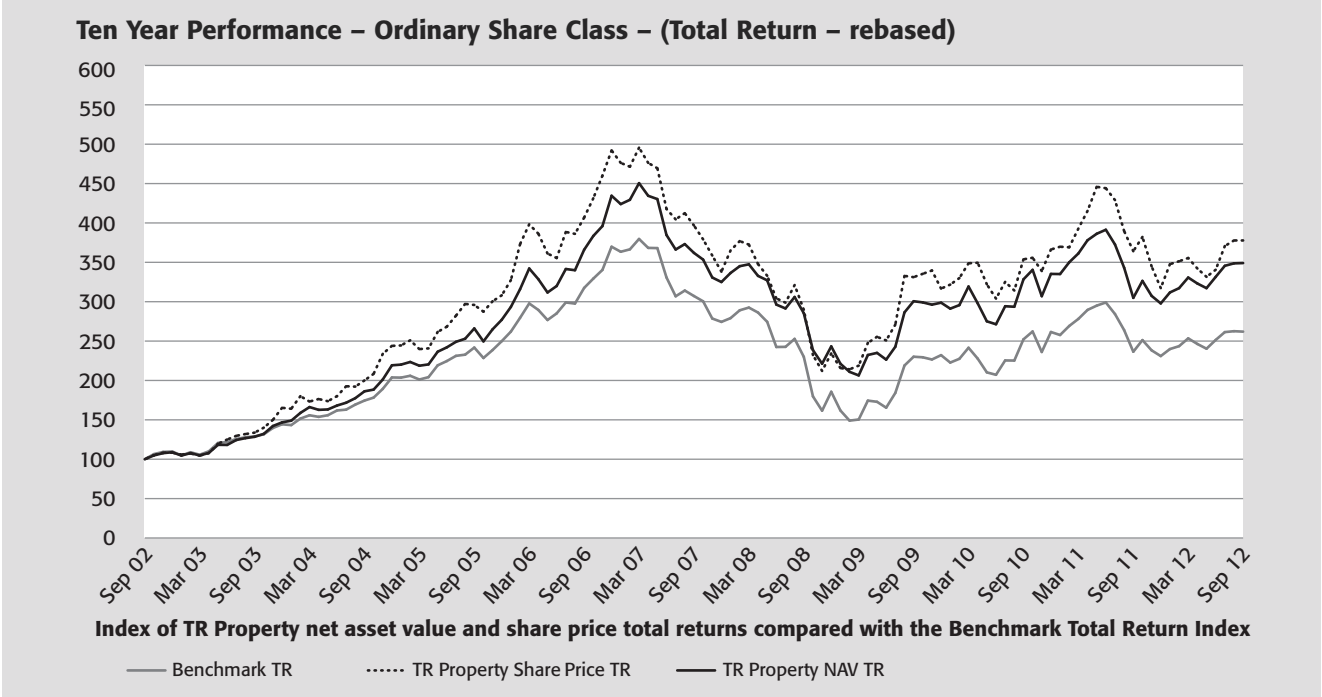
The consultation with major shareholders and other external experts confirmed that increasingly, large investors are demanding holdings with larger scale, greater liquidity and higher income. Their risk appetite is also lower than it has been in the past. Prospective investors are less – or not at all – interested in smaller funds focused on small companies with limited liquidity. We believe that these trends are not likely to reverse in the near future.

Despite good management performance and a sharply increased dividend, the Sigma shares have now traded at a significant discount to asset value for a prolonged period.

Through the review, the Board found that although there is recognition that smaller property companies do add to performance, investment vehicles of a limited size simply lack broad investor appeal. The Board concluded that investors would be better served by combining the two portfolios and providing access to these stocks, albeit in a less concentrated form, in a larger vehicle.

The EGM is due to take place on 14 December 2012 and I urge you to vote in favour of the proposal. Your votes can be registered now using the proxy forms and pre-paid envelopes enclosed with the Shareholder Circular.

Chairman's Statement *continued*



Moving on to the period under review in these Financial Statements:

NAV and Share Price Performance
Property shares fared well compared with European equities (including the UK). The benchmark return in the six months was more than double that of the FTSE 100 (+2%). The Euro Stoxx 600 (in Sterling) was up just 0.1% in the period. Volatility in the sector has also continued to fall throughout the year but dispersion of performance amongst the stocks in our universe has remained close to the long-run average. Your Managers have therefore been able to use their stock picking capabilities to generate outperformance in the period.

The revenue results are in line with expectations and the interim dividend in both share classes has been increased. This is despite the reduction in the value of our Eurozone dividend receipts when converted into Sterling. More detail is included in the revenue section.

The details of the absolute and relative returns are set out at the start of each share class report and commented on by the Managers. In summary the Ordinary share class showed NAV total return of +4.7% against the benchmark total return of +3.4%. The share price total return was +5.8%. For the Sigma share class, the NAV total return was +5.7% and the benchmark total return was +3.5%. The share price total return was +13.3% due to a significant tightening in the discount to NAV at which the shares traded following the announcement on 26 September 2012.

Revenue Results
At the half year stage the revenue results are broadly in line with expectations on the Ordinary share class and ahead of expectations on the Sigma share class. The Ordinary share class earnings at 5.54p per share are slightly lower at the half year stage than in the previous year (5.63p). Sigma earnings are significantly ahead at 2.50p (1.89p). The majority of our revenue is earned in the first six months of the year so the first half figures are not representative of the full year.

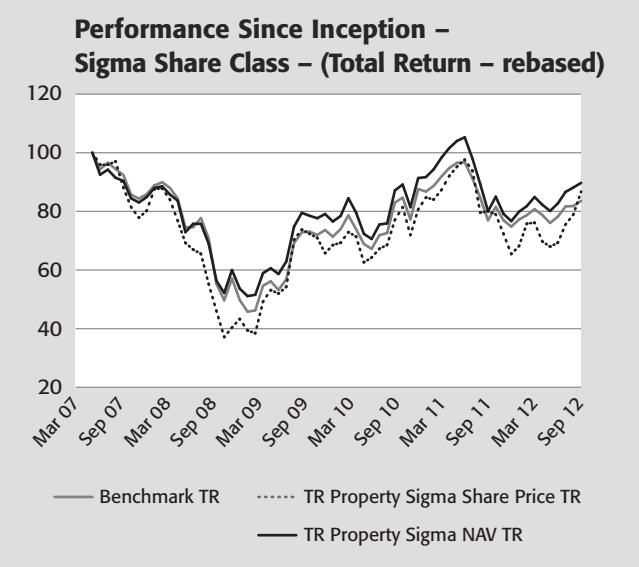
Ordinary Shares Dividend
The Board has announced an interim dividend of 2.65p per share, an increase of 10.4% on last year's interim dividend of 2.40p.

Sigma Shares Dividend
The Board has announced an interim dividend of 1.05p per share, an increase of 10.5% on last year's interim dividend of 0.95p.

The shares of both classes will go ex-dividend on 5 December ahead of the EGM on 14 December 2012. The dividend will be paid on 8 January 2013 to shareholders on the register as at 7 December 2012.

Revenue Outlook
Revenue earnings for the full year of 6.60p for the Ordinary share class and 2.80p for the Sigma share class were indicated in the year end report. At the half year stage our Manager's expectation is that the earnings of

Chairman's Statement *continued*



the two portfolios will be marginally ahead of these figures.

Historically, earnings and dividend ratios have been lower for the Sigma share class than for the Ordinary share class. However, Sigma earnings and dividends have increased significantly over the last year and in the Annual Report we commented that we expected that revenues would continue to grow for this share class in the medium term. This has been the case and, as a result, there would not be a notable dilution of earnings for the Ordinary share class should the two portfolios merge as proposed.

On the basis of these figures, the Board expects to be able to maintain a progressive dividend policy for the Ordinary share class for the full year.

Net Debt and Currencies

The Ordinary share class decreased its net borrowings from £45m to £36m whilst Sigma's reduced from £6m to close to zero towards the end of the period. The debt facilities continue to be a mixture of short and medium term facilities as detailed in the Annual Report. The higher gearing of 7.4% in the Ordinary share class reflects the 10.4% investment in direct property assets. The property assets also rose in value in the half year period.

As in previous years, the portfolios' exposure to foreign currencies were not hedged at the income level.

Discount and Share Repurchases

The Ordinary share price discount to net asset value was 15.6% at the half year, having been 14.3% at the start of the period. The Sigma share price discount to net asset value was 19.9% at the half year, having been 23.9% at the start of the period. The discount had widened to 25.9% at the end of August prior to the announcement of the Conversion Proposal by the Board on 26 September. A total of 500,000 Sigma shares were repurchased in the period at an average price of 67.7p. There were no repurchases after the date of the announcement of the proposal to convert the share capital of the Sigma shares into Ordinary shares.

Board Changes

We announced on 23 October that Paul Spencer CBE was resigning from the Company at the end of December. His role as Chairman of the Audit Committee will be taken by David Watson. On behalf of the Board, I thank Paul for his considerable contribution to the Company and wish him well for the future.

Outlook

Performance of European equity markets remains dominated by the issues within the Eurozone. Whilst there is no single solution it is heartening to see some recent evidence of coordinated thought between the politicians and the central banks. The markets' broad upwards trajectory, which commenced in mid June, has continued into the second half of the financial year. Pan European property share prices have risen 5.5% in October, again outperforming broader European equity markets. This rise has been fuelled by announcements of intended actions to improve the cost of sovereign debt and improve the solvency and lending capability of European banks. This is a painfully slow process compared with other regions, notably the U.S.A., and will have a limited impact on market confidence.

Our view is that the market's current optimism towards property equities is grounded in the sector's ability to offer stable earnings underpinned by quality Real Estate rather than great expectations of rental growth or capital gains. Most of our Continental companies' income is index-linked and this, coupled with steady declines in the marginal cost of debt, gives us confidence that underlying earnings will continue to grow in those businesses which can continue to attract both competitive financing and tenants. The caveat clearly surrounds the latter. A return to economic growth is not obviously imminent. The risk that austerity measures being applied in all European countries will make recession more likely than growth is an obvious danger. We expect that our Managers' ability to outperform by superior stock and market selection will be demonstrated in the months ahead.

Peter Salsbury
Chairman
22 November 2012

Directors' Responsibility Statement

The Directors acknowledge responsibility for the interim results and approve this Half-Yearly Financial Report. The principal risks facing the Company are substantially unchanged since the date of the Annual Report for the year ended 31 March 2012 and continue to be as set out in that report.

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

(a) the Half-Yearly Financial Statements have been prepared in accordance with IAS 34 as adopted by the European Union and give a true and fair view of the assets, liabilities, financial position and profit for the period of the Group as required by the Disclosure and Transparency Rules ("DTR") 4.2.4R;

(b) the Chairman's Statement together with the following Managers' Reports includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

(c) the report includes a fair review of the information required by DTR 4.2.8R.

On behalf of the Board

Peter Salsbury
Chairman

22 November 2012

The Board members are listed on page 31.

Managers' Statement

Ordinary Share Class & Sigma Share Class

Market Background and Outlook

Marcus Phayre-Mudge MRICS
Fund Manager –
Ordinary share class
22 November 2012

James Wilkinson MRICS
Fund Manager –
Sigma share class

Introduction

In our outlook section in the 2012 report and accounts we dwelt on the continuing economic problems facing Europe and in particular the Eurozone. However, we also highlighted that significant steps had been taken over the preceding year, even if the pace of change sometimes made that fact hard to recognise. Not much has changed in the intervening period. Further steps have been taken in the Eurozone, some of which may prove to be significant. However, progress remains slow. Furthermore, we believe that it is unrealistic to expect an outright resolution to the problem. The foundations on which politicians, the IMF and central bankers are attempting to build are constantly shifting. Solutions designed today may well turn out to be irrelevant tomorrow. We believe that the current slow, iterative process that politicians are engaged in is probably the best that can be hoped for in a pluralistic region such as Europe. We expect that progress will continue to be made, leading to further reduction in risk premia and an eventual resumption of economic growth across Europe but that this is a process that is likely to take years and not months.

The background against which we manage the Trust has therefore not changed significantly. Our expectation of dispersion of returns between different countries and sectors within the region has been borne out and it has been right to concentrate on identifying management teams who are able to manufacture returns through entrepreneurialism and creativity. We continue to make portfolio decisions based on the fundamentals of real estate: supply, demand, tenant and income quality, and

Market Background and Outlook *continued*

risk. By concentrating on these fundamentals we believe that we can generate attractive long term returns for shareholders.

Property Investment Markets
The amount of capital targeting real estate in Europe has increased marginally over the last six months, largely attributed to increases in equity capital rather than debt. Capital flows remain concentrated in a small number of target markets and on prime property let to good quality tenants on long leases. In order of attraction we see London, Paris, Hamburg, Munich, Berlin, Frankfurt and Stockholm as the key markets. We estimate that there is currently in excess of £30 billion of capital targeting in just London and Paris today, whilst there is less than £3 billion of suitable property available to buy. Consequently, prices have continued to increase and we see little prospect of this situation changing in the short term. Away from these markets demand is generally poor. The exception to this is the regional shopping centre market, which continues to be attractive to those investors with the balance sheet and expertise to support such large scale purchases of specialist assets.

Offices
Rents in most office markets have been flat over the last year. Agents describe the markets in most of Europe's capital cities as functioning but few see reason to expect significant rental value growth. Markets continue to benefit from the absence of material speculative development during the last market cycle, which resulted in vacancy rates mid-crisis that were low by historic standards. Vacancy rates remain relatively low across the core markets of London, Paris, the key German cities and Stockholm. Across most of Europe the development cycle remains dormant. The exception is London, where most of Europe's speculative development is currently focused, albeit in a small number of well-designed and well-located buildings that we feel are likely to let up well. Away from the core markets listed above, vacancy rates are higher and demand is lower. Rents are still falling across the Benelux countries, Spain, Italy, Greece and in regional markets practically everywhere. Occupiers continue to defer making decisions until they feel more confident about the prospects for the European economy. Whilst this makes for tough conditions today, it may lead to a supply crunch further down the line as Europe begins to recover.

Retail
Consumer confidence remains subdued in all markets except Germany and Sweden. This is holding back retailer investment in all but the most attractive locations, which for retailers equates to those with the greatest footfall and highest spend. These tend to be prime high streets in capital cities and super-regional shopping centres where vacancy levels are already low. This has enabled owners of such property to increase rental values marginally over the past year although this only serves to highlight the disparity between prime and secondary assets, which are still seeing rental values decline. Retail formats continue to evolve at a fast pace and this is providing landlords with opportunities to enhance values through restructuring of existing units. Often this entails merging smaller units that were in demand in the 1990s and early 2000s to create larger spaces of 1,000 to 2,000 square metres that are more suited to today's retail needs. Achieving these types of value enhancements depends on a number of factors, amongst them control of the physical environment, retailer relationships, financial capacity and possession of the necessary skills. These factors tend to be concentrated in large, specialist retail landlords and it is increasingly the case that casual owners of retail property or those without the necessary concentration of resources will lose out.

Distribution and Industrial
Occupational demand for logistics space across northern Europe remained robust in the first half of the year. Demand was particularly strong in Germany. There is a continuing focus on cost control amongst both end users and third party logistic operators and rents have therefore remained broadly flat. Growth in internet retailing, home delivery and the ever-increasing importance of just in time delivery is leading to changes in the structure of distribution networks. As with retail, this is a sector where specialists dominate.

Debt and Credit Markets
Little has changed since our last report to shareholders. Overall availability of debt is below the historic average but listed property companies are continuing to enjoy favourable access to capital throughout the sector. A long list of European listed property companies from all sectors has secured debt capital in the last six months; both large and small capitalisation stocks. Capital has been secured from a wide range of sources: traditional bilateral bank loans, bank syndicates, corporate bonds, convertible bonds, preference shares, non-traditional lenders such as insurance companies,

Market Background and Outlook *continued*

and specialist debt funds offering both mezzanine and senior debt. Margins have remained elevated but with interest and swap rates at low levels, overall debt costs for prime real estate are low by historic standards.

The large UK banks are continuing to dispose of loan portfolios, reducing their balance sheet exposure to real estate. We see this as encouraging for the sector. A healthy banking sector is a prerequisite for the property market to function well. As importantly, we expect liquidity in the investment market to improve as the buyers of loan portfolios begin to work through their acquisitions.

Property Shares

Property shares have had a good year so far. From the end of March until the end of September 2012 the sector has seen share prices increase by 5.1% compared to -0.5% from the wider European equity market. Volatility (daily annualised), which has plagued equity markets over the last five years, has fallen from 18.5% at the end of March 2012 to 13.1% at the Trust's half year point. This is significantly lower than the wider equity market volatility, which has increased marginally over the same time period, from 21.5% to 22.7%. The sector's equity beta has also continued to fall. This measures the way the sector moves in relation to the wider equity market and is important for investors in real estate, who have traditionally been attracted to the sector for its perceived diversification benefits. A beta of 1 implies that property shares will move absolutely in line with the wider equity market. At the half year the real estate equity sector beta was 0.6, having fallen steadily from 0.98 in September 2008.

Investment in listed property followed broadly similar themes to the direct markets with attention focused on the core markets of London, Paris, Germany and Sweden. German residential was a particularly strong performer, benefiting from investor demand for a well-diversified and growing income return and perceived capital protection. Over the half year German listed property companies returned 14.7% in local currency, well ahead of the average listed real estate return. Sweden, the UK and France were next in line with returns of 13.3%, 9% and 8.4% respectively. At the other end of the spectrum were Austria, Italy and the Netherlands with returns of -0.9%, -8.1% and -9.6% respectively.

Outlook

We expect continuing dispersion of returns within Europe. We anticipate that the core markets of London, Paris, Germany, Scandinanvia and Pan-European regional shopping centres will continue to attract the majority of capital – both equity and debt – and this will drive returns. Only in locations enjoying rental value growth due to occupational demand are underlying returns likely to reach double digits. Our expectations are that such markets will include the West End of London, prime buildings in the City of London and select German residential markets (Berlin, Munich, Hamburg). Elsewhere returns are likely to be limited to income return plus whatever return can be manufactured via active management and improvement of existing portfolios.

We expect listed property companies to generate an average earnings yield of over 6% in the coming year and for those earnings to grow by 2% to 3% per annum over the next two years. Our overall assessment of capital values is that they will remain broadly flat over the next year but with hotspots in the aforementioned target markets. We therefore expect average underlying returns of around 7% to 8%, which is in line with the long term average for real estate and is in our view a relatively attractive return given the level of risk within the sector.

Ordinary Shares

Financial Highlights

	Half year ended 30 September 2012 (Unaudited)	Half year ended 30 September 2011 (Unaudited)	% Change
Revenue			
Total revenue income (£'000)	**19,596**	19,212	+2.0
Income from operations before tax (£'000)	**16,031**	15,910	+0.8
Revenue earnings per share	**5.54p**	5.63p	-1.6
Net interim dividend per share	**2.65p**	2.40p	+10.4
Total return/(loss) per ordinary share#	**9.07p**	(32.80)p	

#Under IFRS, capital returns are included in "earnings"

	As at 30 September 2012 (Unaudited)	As at 31 March 2012 (Audited)	% Change
Balance Sheet			
Investments held at fair value (£'000)	**520,834**	516,241	+0.9
Shareholders' funds (£'000)	**482,947**	470,472	+2.7
Shares in issue at end of period (m)	**256.2**	256.2	–
Gearing[(1)]	**7%**	10%	
Net asset value per share	**188.49p**	183.62p	+2.7

Performance

	Half year ended 30 September 2012	Year ended 31 March 2012
Assets and Benchmark		
Benchmark performance (price only)	**+0.5%**	-12.8%
NAV change	**+2.7%**	-11.3%
Benchmark performance (total return)	**+3.4%**	-8.9%
NAV total return	**+4.7%**	-8.5%
IPD Monthly Index total return*	**+0.9%**	+6.6%
Total return from direct property	**+3.1%**	+12.0%

	Half year ended 30 September 2012	Year ended 31 March 2012	% Change
Share Price			
Share price	**159.90p**	154.50p	+3.5
Share price total return	**+5.8%**	-9.5%	
Market capitalisation (m)	**£410**	£396	+3.5

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

[(1)] Gearing is the total value of loans and debentures less cash as a proportion of the Net Asset Value.

Manager's Report

Ordinary Share Class

Marcus Phayre-Mudge MRICS **Fund Manager**
22 November 2012

Performance

The Ordinary share class total return at +4.7% was ahead of the benchmark total return of +3.4%. Whilst these figures are positive yet modest it is worthy of note that Pan European property shares and the broader European equity market were in a downward trend from mid March until mid June. During this period the NAV fell nearly 8%. The broad recovery in share prices from mid June onwards has been driven by macro events. Further European Central Bank measures together with slightly improving news from the US particularly around the housing market had a positive effect on asset prices. But as fundamental investors we have to wait and see whether the transmission mechanism into growth and jobs works.

The relative outperformance has been driven by our continued focus on quality – both of assets and balance sheets. The best performing stocks were exposed to those sub-markets experiencing rental growth or at the very least underlying stability whilst most also had the appropriate amount of debt exposure. As ever, the banks are happy to renew facilities and restructure loans (at competitive prices) with those companies who can afford to take their business elsewhere.

Exposure to the limited number of markets with real rental growth and the likelihood of continued occupier demand was once again a key ingredient for stock picking. Germany, London (Greater not just Central) and Scandinanvia were the outperforming geographical regions. Companies focused on 'alternative' sub markets including student accommodation, self storage, healthcare and residential land banking were also strong performers.

Manager's Report *continued*

However, it is worthwhile noting that businesses which were exposed to these better performing submarkets but which were also perceived as higher risk or over leveraged still underperformed. Even as markets recovered from June onwards investors focused on quality and safety.

Distribution of Assets

We reduced Continental European equity exposure from 55.1% to 52.5% in the six month period (it was 58.2% a year ago) and UK exposure rose from 34.0% to 38.3% of total investments. UK physical property exposure remained unchanged at just over 10%. The top 10 investments which include the four largest property assets account for 51.3% of the total investments.

Investment Activity

Over the period, turnover (purchases and sales divided by two) totalled £110.7m, which equates to 22.1% of the average net assets over the period. This is slightly higher than the longer term average. As noted earlier, this period was dominated by macro news (and noise) from central bankers and politicians across the Eurozone. As we have written in previous performance reviews, business and politics rarely mixes successfully. Such a backdrop, particularly the slide in markets from mid March to mid June meant that we felt no pressure to increase gearing from the modest level we have been running for a while. Please bear in mind that whilst we do have modest gearing, the physical assets (10% of the portfolio) are themselves ungeared. The consequence is that our 'see-through' leverage is not higher than the benchmark's. However even during the post Easter weakness in markets the portfolio remained fully invested throughout the six month period. Two reasons. Firstly we had a high conviction about the sub-markets which were going to outperform and maintained large overweight positions in our chosen stocks focused on London, Germany and Scandinanvia. Simultaneously we also had a substantial list of stocks and markets we wished to avoid. Even in such a short period as six months we have experienced dispersion of returns which has allowed us to generate relative outperformance through stockpicking rather than through leverage. Secondly, whilst we believe that resolution of the Eurozone crisis ultimately requires fundamental restructuring of its financial institutions, this goal was never going to be achieved swiftly. National interests and democratic processes mean that the solution will evolve through a long series of progressive steps. A number of these have already been initiated by the ECB. As we have seen since the initial Greek crisis in 2010, markets are capable of exuberance on receipt of good news, however modest. It has therefore been the right strategy to remain fully invested, focused on our chosen quality companies, ensuring that relative performance did not suffer when the market leapt forward as it did again in early September.

Investment activity within the first quarter of the year was against a backdrop of weakening prices. We increased exposure to non Euro markets principally Switzerland, the UK and Sweden. As I highlighted earlier, within these regions we were adding to quality companies. The focus was a combination of defensive businesses with strong, recurring income streams as well as those with exposure to alternative submarkets such as self storage (Big Yellow and Safestore), residential land banks (St Modwen) and healthcare (Primary Health Properties). Sales broadly matched purchases to ensure no increase in leverage. Fabege, a Swedish property company is a good example of our bottom up, defensive focus during this period. Whilst the company is primarily exposed to submarkets we like (Greater Stockholm region), the amount of leverage it carries combined with the threat of litigation from the Swedish tax authorities resulted in us avoiding it – even though it appeared cheaper than many within its peer group.

The market rally through July enabled us to take some profits in Continental Europe reducing the gearing from 9% to 6%. However, we maintained exposure in the UK switching our remaining holding in Capital Shopping Centres into Segro. Our retail exposure is through a combination of Hammerson, Land Securities and British Land. Whilst we have been heavily underweight to UK industrials for some time, Segro has made good progress in achieving its new strategic goals. Too many property company managements remain reactive rather than proactive in these choppy times.

The traditional summer holiday lull saw prices weaken again but September brought a further bout of investor enthusiasm and property shares rallied alongside broader equity markets. We have maintained our policy of 'quality first' adding modestly to gearing again as we crossed the half year mark. By way of illustration, at the end of the half year, UK equity exposure had increased to 38.3% from 34.0% at March 2012 with both St Modwen and Segro returning to the Top 20 list together with Deutsche Wohnen (German residential). Our favoured Swedish company, Hufvudstaden which has by far the lowest gearing across its Scandinanvian peer group, is now the 13th largest equity position (previously 20th).

Manager's Report *continued*

Revenue and Revenue Outlook

In the full year results, we highlighted that we expected revenue to drop slightly this year. The revenue earnings in the first half were 5.54p compared to 5.63p in the same period last year. This was not due to a reduction in underlying earnings (in local currency terms) from the companies we invest in; they have grown modestly as we expected but the Euro was significantly weaker than in the prior year comparative period. This translated into lower earnings in Sterling terms. The tax charge was higher in the first half of the current year (11.5% versus 10.1% at the year end) as fewer European dividends were received as capital distributions, which did not attract withholding tax. Also the proportion of income attracting UK corporation tax was higher. By the end of September the Trust has received over 75% of its total annual dividend income (but only 50% of its UK rental income), and has incurred around 50% of its annual expenses. Therefore the earnings for the first half do not represent half the anticipated full year earnings. However, we now expect that earnings for the full year will be slightly ahead of the 6.60p indicated in the year end report.

Gearing, Debt and Debentures

The overall net debt position in the portfolio fell over the year from £45m to £36m, which translates into gearing of 7.4%. The gearing levels in the two share classes are not truly comparable figures as the Ordinary share class also holds physical property. These assets have no underlying gearing, unlike the equity portfolio. This is well illustrated by the 'see through' gearing analysis where we add the property assets and debt of the companies in which we invest to the on-balance sheet direct property assets and debt of the share class. At the end of September the see-through gearing at 36.4% was slightly below the benchmark figure of 40.4%.

The Trust continues to have multi-currency facilities with both ING and RBS totalling £80m which together with the £15m 2016 debenture provides the Trust with additional balance sheet flexibility. The modest use of CFD's has also provided both competitively priced gearing flexibility as well as reducing transaction costs in some European stocks.

Direct Property Portfolio

The physical property portfolio produced a positive total return for the six months of 3.1% made up of a capital return of 0.7% and an income return of 2.4%. This compares to a total return from the IPD Monthly Index for the same six month period of 0.9% made up of a capital return of -2.4% and an income return of 3.3%.

In June we completed the letting of the remaining ground and first floor office space at Field House, Harlow to the existing tenant Teva. They have taken the space on leases expiring in June 2023 at rents between £11.00 per sq ft and £12.75 per sq ft. We have also agreed an extension to the Close Brothers lease of part of the 1st floor until December 2014 at the same rent. At that point Teva can exercise their option over this additional space; at which time they will occupy the entire property.

At the Colonnades in Bayswater, we have let a small 800 sq ft office to Bootcamp Pilates Ltd who are an existing tenant. Bootcamp run a successful and expanding Pilates studio and this space is adjacent to their current studio.

Absolute Taste Ltd who occupy 4 of the 16 units at Ferrier Street Industrial Estate, Wandsworth have renewed their 4 leases until September 2016 on broadly similar terms to the old leases. 14 of the 16 leases now expire in September 2016 and we are working to bring the final two in line. We continue to explore the medium term redevelopment potential of the site.

Following the lettings to Teva and Bootcamp the property portfolio is 99.7% occupied.

Marcus Phayre-Mudge
Fund Manager
Ordinary Share Class

Ordinary Share Class Portfolio

Largest Quoted Investments (Country of listing)

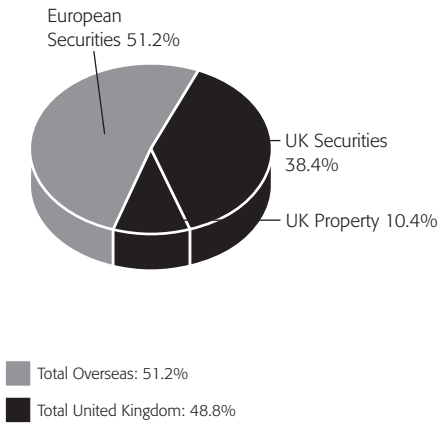
as at 30 September 2012

The 40 largest quoted investments amount to £432,180,000 or 83.0% 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
Unibail-Rodamco (France)	67,915	Icade (France)	8,381	Norwegian Property (Norway)	4,548
Land Securities (UK)	48,580	Swiss Prime Site (Switzerland)	8,198	Vastned Retail (Netherlands)	4,480
Hammerson (UK)	29,002	Gecina (France)	7,513	Alstria Office (Germany)	4,371
British Land (UK)	21,389	Deutsche Wohnen (Germany)	7,269	Max Property (UK)	3,949
Derwent London (UK)	17,500	Wihlborgs Fastigheter (Sweden)	7,243	CLS Holdings (UK)	3,890
Klépierre (France)	16,794	Beni Stabili (Italy)	7,167	Fabege (Sweden)	3,609
PSP Swiss Property (Switzerland)	16,333	Silic (France)	7,104	Eurocommercial (Netherlands)	3,469
Great Portland Estates (UK)	15,631	Shaftesbury (UK)	6,836	Unite (UK)	3,461
Corio (Netherlands)	12,291	Workspace (UK)	6,769	Wallenstam Byggnads (Sweden)	3,447
GSW (Germany)	11,214	Foncière des Régions (France)	6,252	Big Yellow (UK)	3,157
Castellum (Sweden)	11,062	Deutsche Euroshop (Germany)	6,190	Quintain Estates & Development (UK)	3,112
St Modwen (UK)	9,216	TAG (Germany)	5,141	Wereldhave (Netherlands)	3,066
Hufvudstaden (Sweden)	8,677	Mercialys (France)	4,854		
SEGRO (UK)	8,435	Safestore (UK)	4,665		

Distribution of Investments

as at 30 September 2012

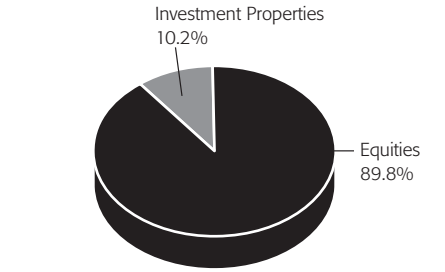


Distribution of Investments

as at 30 September 2012	**30 Sept 2012 £'000**	**30 Sept 2012 %**	31 Mar 2012 £'000	31 Mar 2012 %
UK Securities – quoted	**200,209**	**38.4**	175,806	34.0
UK Investment Properties	**54,231**	**10.4**	53,867	10.4
UK Total	**254,440**	**48.8**	229,673	44.4
European Securities				
– France	**125,272**	**24.1**	131,950	25.6
– Sweden	**36,373**	**7.0**	32,041	6.2
– Germany	**36,350**	**7.0**	37,750	7.3
– Switzerland	**25,240**	**4.8**	22,620	4.4
– Netherlands	**23,305**	**4.5**	42,739	8.3
– Other	**19,854**	**3.8**	19,468	3.7
Investments held at fair value	**520,834**	**100.0**	516,241	99.9
– CFD debtor	**119**	**0.0**	260	0.1
Total investments	**520,953**	**100.0**	**516,501**	**100.0**

Investment Exposure

as at 30 September 2012



Investment Exposure

as at 30 September 2012	**30 Sept 2012 £'000**	**30 Sept 2012 %**	31 Mar 2012 £'000	31 Mar 2012 %
UK Securities – quoted	**200,209**	**37.9**	175,806	33.8
– CFD exposure	**2,036**	**0.4**	3,972	0.8
UK Investment Properties	**54,231**	**10.2**	53,867	10.3
UK Total	**256,476**	**48.5**	233,645	44.9
European Securities				
– quoted	**266,394**	**50.4**	286,568	55.1
– CFD exposure	**5,889**	**1.1**	–	–
Total investments	**528,759**	**100.0**	**520,213**	**100.0**

Ordinary Portfolio Investment Properties *as at 30 September 2012*

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**	**Waitrose Ltd Velmore 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.

Value less than £10 million

Property	Sector	Tenure	Size (sq ft)	Principal tenants
Field House Station Approach Harlow	**Offices**	**Freehold**	**66,000**	**Teva UK Ltd Close Brothers Ltd**

Located next to Harlow Town railway station, the building was constructed in the late 1980s and comprises a 66,000 sq ft office building on a site of 3.5 acres. The building is multi-let to a variety of tenants with 50% of the property's income expiring in 2021.

Solstice House 251 Midsummer Boulevard Milton Keynes	**Offices**	**Freehold**	**31,550**	**Exel Europe Ltd**

This 31,550 sq ft office building is situated in the prime office pitch in Milton Keynes and is located between the shopping centre and the railway station. The building is occupied by Exel Europe Ltd (trading as DHL) who have a lease expiring January 2015 and a tenants break option in January 2013.

Ferrier Street Industrial Estate, Ferrier Street Wandsworth SW18 and adjacent plots	**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.

Park Place 10-12 Lawn Lane London SW8	**Offices**	**Freehold**	**25,600**	**Nacro Police Federation Feed the Minds**

Located on the edge of the Nine Elms regeneration area, 150m from the Vauxhall Cross transport hub, this converted Victorian warehouse provides affordable office space close to the West End and Victoria office markets. The property is split into small suites and is 100% let.

Spread of Direct Portfolio by Capital Value (%)
as at 30 September 2012

	Office	Retail	Industrial	Residential and Ground Rents	Other	Total
West End of London	8.5	20.0	–	11.9	5.0	45.4
Inner London*	14.4	1.7	16.8	–	–	32.9
Around M25	15.0	–	–	–	–	15.0
Other South East	6.7	–	–	–	–	6.7
Total	**44.6**	**21.7**	**16.8**	**11.9**	**5.0**	**100.0**

*Inner London defined as inside the North and South circular.

Lease Lengths within the Direct Property Portfolio (%)

as at 30 September 2012	Gross rental income
less than 1 year (including voids)	4.7
1 to 3 years	31.2
4 to 5 years	32.8
6 to 10 years	27.0
11 to 15 years	–
Over 15 years	4.3
	100.0

Ordinary Share Class Statement of Comprehensive Income

for the half year ended 30 September 2012

	(Unaudited) Half year ended 30 September 2012			(Unaudited) Half year ended 30 September 2011			(Audited) Year ended 31 March 2012		
	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	**16,544**	**–**	**16,544**	16,732	–	16,732	21,749	–	21,749
Other operating income	**152**	**–**	**152**	17	–	17	32	–	32
Gross rental income	**1,873**	**–**	**1,873**	1,650	–	1,650	3,257	–	3,257
Service charge income	**967**	**–**	**967**	813	–	813	1,249	–	1,249
Gains/(losses) on investments held at fair value	**–**	**10,022**	**10,022**	–	(97,866)	(97,866)	–	(61,405)	(61,405)
Net returns/(losses) on contracts for difference	**60**	**16**	**76**	–	(96)	(96)	52	202	254
Total income/(loss)	**19,596**	**10,038**	**29,634**	19,212	(97,962)	(78,750)	26,339	(61,203)	(34,864)
Expenses									
Management fees	**(1,221)**	**(611)**	**(1,832)**	(1,285)	(643)	(1,928)	(2,493)	(1,246)	(3,739)
Performance fee	**–**	**(468)**	**(468)**	–	–	–	–	–	–
Repayment of prior years' VAT	**–**	**–**	**–**	117	58	175	117	58	175
Direct property expenses, rent payable and service charge costs	**(1,220)**	**–**	**(1,220)**	(1,156)	–	(1,156)	(1,795)		(1,795)
Other administrative expenses	**(491)**	**–**	**(491)**	(362)	–	(362)	(720)	–	(720)
Total operating expenses	**(2,932)**	**(1,079)**	**(4,011)**	(2,686)	(585)	(3,271)	(4,891)	(1,188)	(6,079)
Operating profit/(loss)	**16,664**	**8,959**	**25,623**	16,526	(98,547)	(82,021)	21,448	(62,391)	(40,943)
Finance costs	**(633)**	**(633)**	**(1,266)**	(616)	(616)	(1,232)	(1,293)	(1,293)	(2,586)
Net profit/(loss) before tax	**16,031**	**8,326**	**24,357**	15,910	(99,163)	(83,253)	20,155	(63,684)	(43,529)
Taxation	**(1,839)**	**715**	**(1,124)**	(1,497)	720	(777)	(2,041)	1,070	(971)
Net profit/(loss)	**14,192**	**9,041**	**23,233**	14,413	(98,443)	(84,030)	18,114	(62,614)	(44,500)
Earnings/(loss) per Ordinary share (note 3a)	**5.54p**	**3.53p**	**9.07p**	5.63p	(38.43)p	(32.80)p	7.07p	(24.44)p	(17.37)p

Ordinary Share Class Balance Sheet

as at 30 September 2012

	30 September 2012 (Unaudited) £'000	30 September 2011 (Unaudited) £'000	31 March 2012 (Audited) £'000
Non-current assets			
Investments held at fair value	**520,834**	491,354	516,241
Current assets			
Other receivables	**4,946**	5,400	6,414
Cash and cash equivalents	**4,818**	531	2,944
	9,764	5,931	9,358
Current liabilities	**(32,602)**	(45,024)	(39,937)
Net current liabilities	**(22,838)**	(39,093)	(30,579)
Total assets less current liabilities	**497,996**	452,261	485,662
Non-current liabilities	**(15,049)**	(15,169)	(15,190)
Net assets	**482,947**	437,092	470,472
Net asset value per Ordinary share	**188.49p**	170.59p	183.62p

Sigma Shares

Financial Highlights

	Half year ended 30 September 2012 (Unaudited)	Half year ended 30 September 2011 (Unaudited)	% Change
Revenue			
Total revenue income (£'000)	**3,931**	3,148	+24.9
Income from operations before tax (£'000)	**3,359**	2,581	+30.1
Revenue earnings per share	**2.50p**	1.89p	+32.3
Net interim dividend per share	**1.05p**	0.95p	+10.5
Total return/(loss) per share*	**5.24p**	(20.50)p	

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

	As at 30 September 2012 (Unaudited)	As at 31 March 2012 (Audited)	% Change
Balance Sheet			
Investments held at fair value (£'000)	**121,236**	123,501	-1.8
Shareholders' funds (£'000)	**121,884**	117,773	+3.5
Shares in issue at end of period (m)	**124.0**	124.5	-0.4
Gearing[(1)]	**0%**	5%	
Net asset value per share	**98.32p**	94.62p	+3.9

Performance

	Half year ended 30 September 2012	Year ended 31 March 2012
Assets and Benchmark		
Benchmark performance (price only)	**+1.0%**	-15.3%
NAV change	**+3.9%**	-15.5%
Benchmark performance (total return)	**+3.5%**	-12.1%
NAV total return	**+5.7%**	-13.6%

	Half year ended 30 September 2012	Year ended 31 March 2012	% Change
Share Price			
Share price	**78.65p**	70.70p	+11.2
Share price total return	**+13.3%**	-12.7%	
Market capitalisation (m)	**£98**	£88	+11.4

Source: Thames River Capital.

[(1)] Gearing is the total value of loans and debentures less cash as a proportion of the Net Asset Value.

Manager's Report

Sigma Share Class

James Wilkinson MRICS **Fund Manager**
22 November 2012

Performance

Over the half year period to the end of September the Sigma share class NAV total return was 5.7%. The benchmark total return was 3.5%. As we highlighted in the Market Background and Outlook section, volatility has been reducing over the last year and this has allowed the performance characteristics of individual companies and markets to come to the fore. The Sigma share class has particularly benefitted from exposure to offices and business space in Central London and German office, retail and residential property. These markets, which on a see-through basis account for 25% of Sigma's net asset value, have been widely recognised as attracting the majority of investment capital for European real estate due to expectations of continuing rental growth and stable or growing capital values.

We continue to pick stocks based on a bottom up assessment of each company in our sector, focussing on the fundamentals of income security, asset quality and management capability. We believe this latter factor is key. Poor management decisions, whether buying or selling the wrong property or pursuing the wrong debt strategy, destroy value. The opposite is also true and we have consistently sought to identify what we call manufacturers of returns; those management teams who can create value through their own endeavours irrespective of what the underlying market is doing.

Investment Activity and Distribution of Assets

Turnover (purchases and sales divided by two) totalled 29% over the first half. This compares to 46% for the full year to March 2012. We reduced net gearing from 5% to zero after the Summer, taking profits on outperforming

Manager's Report *continued*

stocks such as Shaftesbury and Capital & Counties in the UK, GSW and Alstria in Germany. These stocks provide exposure to our most favoured markets in Central London and Germany. Whilst we continue to believe in the prospects for these markets, the stocks themselves no longer offered compelling value. Where possible we have sought alternative exposure in better value stocks. However, in the case of German residential the entire sector moved up in price sharply and attractive alternatives have been scarce. See-through exposure to German residential property has therefore fallen from 12% at the end of March 2012 to 7.9% at the end of September.

Outside London, UK exposure is limited to a handful of special cases. We have just over 6% of NAV invested in St Modwen Properties, Unite Group, Safestore and Big Yellow. These stocks all offer exposure to what might loosely be described as alternative assets: land, student housing and self-storage.

We maintained exposure to the Nordics, which on a see-through basis totalled 17.8% of net assets at the half year point. Our positive outlook on the Swedish property market is tempered, however, by a number of ongoing tax cases against Swedish property companies and leverage that we generally consider to be too high.

We have zero exposure to Greece, Ireland or Portugal and only 0.4% see-through exposure to Spain. Italian see-through exposure totals 7.9%, reflecting our holdings in Beni Stabili, IGD and Eurocommercial, which own high quality portfolios focussed on the wealthier areas of Northern Italy.

Debt, Gearing and Debenture

The overall debt position in the share class reduced from £7.40m to £2.85m over the first half. Debt is now entirely made up of the 2016 debenture loan. The share class held cash of £2.90m at the half year point, resulting in a net cash position of £0.05m.

The share class has significant financial flexibility. Its allocation of available debt facilities is £18.85m. Additionally it has the ability to gear through the use of CFDs.

Revenue and Revenue Outlook

Revenue earnings at 2.50p are ahead of the earnings of 1.89p per share for the same period in the prior year. In the 2012 year end report it was indicated that we expected earnings to move forward in the current year and we are pleased to report this has been the case. Earnings for the full year are expected to be slightly ahead of the 2.80p indicated in the Annual Report. As for the Ordinary share class, the earnings are skewed to the first half of the year whilst the majority of expenses are spread more evenly throughout the year, so earnings in the first half do not represent half the full year result.

The revenue tax charge of 7.7% is similar to the year end level and lower than for the first half in the previous year. The tax charge consists entirely of withholding tax on the non-UK holdings so the rate is determined by the withholding tax levels set in the various jurisdictions in which we invest.

James Wilkinson
Fund Manager
Sigma Share Class

Sigma Share Class Portfolio

Largest Quoted Investments (Country of listing)

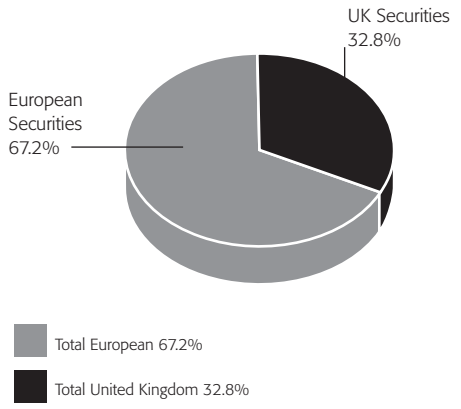
as at 30 September 2012

The 40 largest quoted investments amount to £108,329,000 or 89.4% 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
Great Portland Estates (UK)	8,019	Quintain Estates & Developments (UK)	2,586	ANF (France)	1,658
Deutsche Wohnen (Germany)	6,804	Argan (France)	2,464	Metric Property (UK)	1,586
GSW (Germany)	6,620	Tour Eiffel (France)	2,428	CFI Compagnie Foncière (France)	1,545
Deutsche Euroshop (Germany)	5,775	Sponda (Finland)	2,400	Safestore (UK)	1,508
Eurocommercial (Netherlands)	4,353	Unite (UK)	2,379	VIB Vermoegen (Germany)	1,453
Wihlborgs Fastigheter (Sweden)	4,197	CA Immobilien (Austria)	2,331	Shaftesbury (UK)	1,449
St Modwen (UK)	3,440	Hansteen (UK)	2,267	Immobiliare Grande Distribuzione (Italy)	1,343
Befimmo (Belgium)	3,388	Conwert Immobilien (Austria)	2,121	Max Property (UK)	1,318
Alstria Office (Germany)	3,383	Kungsleden (Sweden)	2,112	Nieuwe Steen (Netherlands)	1,141
Workspace (UK)	3,342	TAG (Germany)	2,070	Prime Office (Germany)	1,086
Fabege (Sweden)	3,283	Beni Stabili (Italy)	2,062	UK Commercial Property Trust (UK)	1,082
London & Stamford (UK)	3,217	Wallenstam Byggnads (Sweden)	1,960	Local Shopping REIT (UK)	1,057
Norwegian Property (Norway)	2,917	Vastned Retail (Netherlands)	1,848		
Foncière des Murs (France)	2,602	Terreis (France)	1,735		

Distribution of Investments

as at 30 September 2012

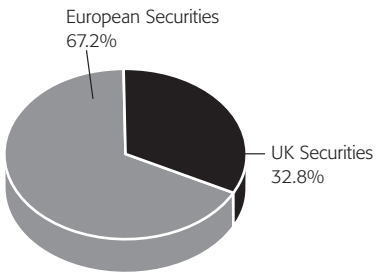


Distribution of Investments

as at 30 September 2012	**30 Sept 2012 £'000**	**30 Sept 2012 %**	31 Mar 2012 £'000	31 Mar 2012 %
UK Securities – quoted	**39,720**	**32.8**	41,653	33.7
European Securities				
– Germany	**28,899**	**23.8**	26,581	21.5
– Sweden	**13,110**	**10.8**	12,703	10.3
– France	**12,826**	**10.6**	13,359	10.8
– Netherlands	**7,342**	**6.1**	9,731	7.9
– Austria	**4,452**	**3.7**	4,898	4.0
– Other	**14,008**	**11.5**	13,811	11.2
– Fixed Interest	**879**	**0.7**	765	0.6
Investments held at fair value	**121,236**	**100.0**	123,501	100.0
– CFD debtor	**–**	**–**	28	0.0
Total investments	**121,236**	**100.0**	**123,529**	**100.0**

Investment Exposure

as at 30 September 2012



Investment Exposure

as at 30 September 2012	**30 Sept 2012 £'000**	**30 Sept 2012 %**	31 Mar 2012 £'000	31 Mar 2012 %
UK Securities – quoted	**39,720**	**32.8**	41,653	33.7
European Securities				
– quoted	**80,637**	**66.5**	81,083	65.6
– fixed interest	**879**	**0.7**	765	0.6
– CFD exposure	**–**	**–**	192	0.1
Total investments	**121,236**	**100.0**	**123,693**	**100.0**

Sigma Share Class Statement of Comprehensive Income

for the half year ended 30 September 2012

	(Unaudited) Half year ended 30 September 2012			(Unaudited) Half year ended 30 September 2011			(Audited) Year ended 31 March 2012		
	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	**3,917**	**–**	**3,917**	3,132	–	3,132	4,615	–	4,615
Other operating income	**13**	**–**	**13**	16	–	16	19	–	19
Gains/(losses) on investments held at fair value	**–**	**3,690**	**3,690**	–	(27,617)	(27,617)	–	(21,624)	(21,624)
Net returns on contracts for difference	**1**	**19**	**20**	–	4	4	–	28	28
Total income/(loss)	**3,931**	**3,709**	**7,640**	3,148	(27,613)	(24,465)	4,634	(21,596)	(16,962)
Expenses									
Management fees	**(338)**	**(169)**	**(507)**	(369)	(184)	(553)	(704)	(352)	(1,056)
Repayment of prior years' VAT	**–**	**–**	**–**	27	14	41	27	14	41
Other administrative expenses	**(98)**	**–**	**(98)**	(74)	–	(74)	(155)	–	(155)
Total operating expenses	**(436)**	**(169)**	**(605)**	(416)	(170)	(586)	(832)	(338)	(1,170)
Operating profit/(loss)	**3,495**	**3,540**	**7,035**	2,732	(27,783)	(25,051)	3,802	(21,934)	(18,132)
Finance costs	**(136)**	**(136)**	**(272)**	(151)	(151)	(302)	(299)	(299)	(598)
Net profit/(loss) before tax	**3,359**	**3,404**	**6,763**	2,581	(27,934)	(25,353)	3,503	(22,233)	(18,730)
Taxation	**(258)**	**–**	**(258)**	(227)	–	(227)	(261)	–	(261)
Net profit/(loss)	**3,101**	**3,404**	**6,505**	2,354	(27,934)	(25,580)	3,242	(22,233)	(18,991)
Earnings/(loss) per Sigma share (note 3b)	**2.50p**	**2.74p**	**5.24p**	1.89p	(22.39)p	(20.50)p	2.60p	(17.83)p	(15.23)p

Sigma Share Class Balance Sheet

as at 30 September 2012

	30 September 2012 (Unaudited) £'000	30 September 2011 (Unaudited) £'000	31 March 2012 (Audited) £'000
Non-current assets			
Investments held at fair value	**121,236**	120,048	123,501
Current assets			
Other receivables	**5,937**	1,100	5,105
Cash and cash equivalents	**2,917**	843	1,445
	8,854	1,943	6,550
Current liabilities	**(5,357)**	(6,620)	(9,429)
Net current assets/(liabilities)	**3,497**	(4,677)	(2,879)
Total assets less current liabilities	**124,733**	115,371	120,622
Non-current liabilities	**(2,849)**	(2,849)	(2,849)
Net assets	**121,884**	112,522	117,773
Net asset value per Sigma share	**98.32p**	90.22p	94.62p

Group Statement of Comprehensive Income

for the half year ended 30 September 2012

	(Unaudited) Half year ended 30 September 2012			(Unaudited) Half year ended 30 September 2011			(Audited) Year ended 31 March 2012		
	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	**20,461**	**–**	**20,461**	19,864	–	19,864	26,364	–	26,364
Other operating income	**165**	**–**	**165**	33	–	33	51	–	51
Gross rental income	**1,873**	**–**	**1,873**	1,650	–	1,650	3,257	–	3,257
Service charge income	**967**	**–**	**967**	813	–	813	1,249	–	1,249
Gains/(losses) on investments held at fair value	**–**	**13,712**	**13,712**	–	(125,483)	(125,483)	–	(83,029)	(83,029)
Net returns/(losses) on contracts for difference	**61**	**35**	**96**	–	(92)	(92)	52	230	282
Total income/(loss)	**23,527**	**13,747**	**37,274**	22,360	(125,575)	(103,215)	30,973	(82,799)	(51,826)
Expenses									
Management fees (note 2)	**(1,559)**	**(780)**	**(2,339)**	(1,654)	(827)	(2,481)	(3,197)	(1,598)	(4,795)
Performance fee (note 2)	**–**	**(468)**	**(468)**	–	–	–	–	–	–
Repayment of prior years' VAT (note 2)	**–**	**–**	**–**	144	72	216	144	72	216
Direct property expenses, rent payable and service charge costs	**(1,220)**	**–**	**(1,220)**	(1,156)	–	(1,156)	(1,795)	–	(1,795)
Other administrative expenses	**(589)**	**–**	**(589)**	(436)	–	(436)	(875)	–	(875)
Total operating expenses	**(3,368)**	**(1,248)**	**(4,616)**	(3,102)	(755)	(3,857)	(5,723)	(1,526)	(7,249)
Operating profit/(loss)	**20,159**	**12,499**	**32,658**	19,258	(126,330)	(107,072)	25,250	(84,325)	(59,075)
Finance costs	**(769)**	**(769)**	**(1,538)**	(767)	(767)	(1,534)	(1,592)	(1,592)	(3,184)
Profit/(loss) from operations before tax	**19,390**	**11,730**	**31,120**	18,491	(127,097)	(108,606)	23,658	(85,917)	(62,259)
Taxation	**(2,097)**	**715**	**(1,382)**	(1,724)	720	(1,004)	(2,302)	1,070	(1,232)
Net profit/(loss)	**17,293**	**12,445**	**29,738**	16,767	(126,377)	(109,610)	21,356	(84,847)	(63,491)
Earnings/(loss) per Ordinary share (note 3a)	**5.54p**	**3.53p**	**9.07p**	5.63p	(38.43)p	(32.80)p	7.07p	(24.44)p	(17.37)p
Earnings/(loss) per Sigma share (note 3b)	**2.50p**	**2.74p**	**5.24p**	1.89p	(22.39)p	(20.50)p	2.60p	(17.83)p	(15.23)p

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

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

The final Ordinary dividend of 4.20p in respect of the year ended 31 March 2012 was declared on 23 May 2012 and paid on 1 August 2012. The final Sigma dividend of 1.65p in respect of the year ended 31 March 2012 was declared on 23 May 2012 and paid on 1 August 2012. These can be found in the Group Statement of Changes in Equity for the half year ended 30 September 2012.

Group and Company Statement of Changes in Equity

for the half year ended 30 September 2012 (Unaudited)	Share Capital Ordinary £'000	Share Capital Sigma £'000	Share Premium Account £'000	Capital Redemption Reserve £'000	Retained Earnings Ordinary £'000	Retained Earnings Sigma £'000	Total £'000
At 31 March 2012	**64,056**	**15,559**	**43,162**	**43,694**	**333,613**	**88,161**	**588,245**
Total comprehensive income:							
Net profit for the half year	**–**	**–**	**–**	**–**	**23,233**	**6,505**	**29,738**
Transactions with owners, recorded directly to equity:							
Shares repurchased	**–**	**(62)**	**–**	**62**	**–**	**(341)**	**(341)**
Dividends paid	**–**	**–**	**–**	**–**	**(10,761)**	**(2,050)**	**(12,811)**
At 30 September 2012	**64,056**	**15,497**	**43,162**	**43,756**	**346,085**	**92,275**	**604,831**

for the half year ended 30 September 2011 (Unaudited)	Share Capital Ordinary £'000	Share Capital Sigma £'000	Share Premium Account £'000	Capital Redemption Reserve £'000	Retained Earnings Ordinary £'000	Retained Earnings Sigma £'000	Total £'000
At 31 March 2011	64,056	15,615	43,162	43,638	393,743	110,229	670,443
Total comprehensive income:							
Net loss for the half year	–	–	–	–	(84,030)	(25,580)	(109,610)
Transactions with owners, recorded directly to equity:							
Shares repurchased	–	(25)	–	25	–	(180)	(180)
Dividends paid	–	–	–	–	(9,480)	(1,559)	(11,039)
At 30 September 2011	64,056	15,590	43,162	43,663	300,233	82,910	549,614

for the year ended 31 March 2012 (Audited)	Share Capital Ordinary £'000	Share Capital Sigma £'000	Share Premium Account £'000	Capital Redemption Reserve £'000	Retained Earnings Ordinary £'000	Retained Earnings Sigma £'000	Total £'000
At 31 March 2011	64,056	15,615	43,162	43,638	393,743	110,229	670,443
Net loss for the year	–	–	–	–	(44,500)	(18,991)	(63,491)
Transactions with owners, recorded directly to equity:							
Shares repurchased	–	(56)	–	56	–	(333)	(333)
Dividends paid	–	–	–	–	(15,630)	(2,744)	(18,374)
At 31 March 2012	64,056	15,559	43,162	43,694	333,613	88,161	588,245

Group Balance Sheet

as at 30 September 2012

	30 September 2012 (Unaudited) £'000	30 September 2011 (Unaudited) £'000	31 March 2012 (Audited) £'000
Non-current assets			
Investments held at fair value	**642,070**	611,402	639,742
Current assets			
Other receivables	**6,416**	6,500	7,158
Cash and cash equivalents	**7,735**	1,374	4,389
	14,151	7,874	11,547
Current liabilities	**(33,492)**	(51,644)	(45,005)
Net current liabilities	**(19,341)**	(43,770)	(33,458)
Total assets less current liabilities	**622,729**	567,632	606,284
Non-current liabilities	**(17,898)**	(18,018)	(18,039)
Net assets	**604,831**	549,614	588,245
Capital and reserves			
Called up share capital	**79,553**	79,646	79,615
Share premium account	**43,162**	43,162	43,162
Capital redemption reserve	**43,756**	43,663	43,694
Retained earnings	**438,360**	383,143	421,774
Shareholders' funds	**604,831**	549,614	588,245
Net asset value per:			
Ordinary share	**188.49p**	170.59p	183.62p
Sigma share	**98.32p**	90.22p	94.62p

Group Cash Flow Statement

for the half year ended 30 September 2012

	Half year ended 30 September 2012 (Unaudited) £'000	Half year ended 30 September 2011 (Unaudited) £'000	Year ended 31 March 2012 (Audited) £'000
Reconciliation of operating revenue to net cash flow from operating activities			
Profit/(loss) from operations before tax	**31,120**	(108,606)	(62,259)
Financing activities	**1,538**	1,534	3,184
(Gains)/losses on investments held at fair value through profit or loss	**(13,712)**	125,575	83,029
Decrease in accrued income	**724**	3,805	453
Increase in other debtors	**(79)**	(2,332)	(426)
Increase/(decrease) in creditors	**44**	25	(66)
Net sales/(purchases) of investments	**14,751**	(16,141)	(2,106)
Decrease in sales settlement debtor	**97**	1,247	1,905
Decrease in purchase settlement creditor	**(235)**	(3,404)	(4,142)
Scrip dividends included in investment income	**(2,036)**	–	–
Net cash inflow from operating activities before interest and taxation	**32,212**	1,703	19,572
Interest paid	**(1,538)**	(1,534)	(3,184)
Taxation paid	**(1,995)**	(1,677)	(1,679)
Net cash inflow/(outflow) from operating activities	**28,679**	(1,508)	14,709
Financing activities			
Equity dividends paid	**(12,811)**	(11,039)	(18,374)
Repurchase of shares	**(341)**	(180)	(333)
(Repayment)/drawdown of loans	**(11,084)**	9,125	3,372
Net cash used in financing	**(24,236)**	(2,094)	(15,335)
Increase/(decrease) in cash	**4,443**	(3,602)	(626)
Cash and cash equivalents at start of the period	**4,389**	4,188	4,188
Exchange movements	**(1,097)**	788	827
Cash and cash equivalents at end of the period	**7,735**	1,374	4,389

Notes to the Financial Statements

1 Basis of accounting

The financial statements have been prepared on the basis of the accounting policies shown in the annual financial statements for the year ended 31 March 2012 and in accordance with International Accounting Standard (IAS) 34 'Interim Financial Reporting'.

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

2 Management fees

	(Unaudited) Half year ended 30 September 2012			(Unaudited) Half year ended 30 September 2011			(Audited) Year ended 31 March 2012		
	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	**1,559**	**780**	**2,339**	1,654	827	2,481	3,197	1,598	4,795
Performance fee	**–**	**468**	**468**	–	–	–	–	–	–
Repayment of prior years' VAT	**–**	**–**	**–**	(144)	(72)	(216)	(144)	(72)	(216)
	1,559	**1,248**	**2,807**	1,510	755	2,265	3,053	1,526	4,579

A provision has been made for a performance fee based on the net assets at 30 September 2012.

3 Earnings/(loss) per share

a Earnings/(loss) per Ordinary share

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

	Half year ended 30 September 2012 (Unaudited) £'000	Half year ended 30 September 2011 (Unaudited) £'000	Year ended 31 March 2012 (Audited) £'000
Net revenue profit	**14,192**	14,413	18,114
Net capital profit/(loss)	**9,041**	(98,443)	(62,614)
Net total profit/(loss)	**23,233**	(84,030)	(44,500)
Weighted average number of Ordinary shares in issue during the period	**256,225,000**	256,225,000	256,225,000
	pence	pence	pence
Revenue earnings per Ordinary share	**5.54**	5.63	7.07
Capital earnings/(loss) per Ordinary share	**3.53**	(38.43)	(24.44)
Earnings/(loss) per Ordinary share	**9.07**	(32.80)	(17.37)

Notes to the Financial Statements *continued*

3 Earnings/(loss) per share continued

b Earnings/(loss) per Sigma share

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

	Half year ended 30 September 2012 (Unaudited) £'000	Half year ended 30 September 2011 (Unaudited) £'000	Year ended 31 March 2012 (Audited) £'000
Net revenue profit	**3,101**	2,354	3,242
Net capital profit/(loss)	**3,404**	(27,934)	(22,233)
Net total profit/(loss)	**6,505**	(25,580)	(18,991)
Weighted average number of Sigma shares in issue during the period	**124,168,994**	124,789,760	124,697,820
	pence	pence	pence
Revenue earnings per Sigma share	**2.50**	1.89	2.60
Capital earnings/(loss) per Sigma share	**2.74**	(22.39)	(17.83)
Earnings/(loss) per Sigma share	**5.24**	(20.50)	(15.23)

4 Changes in share capital

During the half year the Company made market purchases for cancellation of 500,000 Sigma shares of 12.5p each, representing 0.40% of the number of Sigma shares in issue at 31 March 2012. The aggregate consideration paid by the Company for the shares was £341,000. Shares are repurchased in order to enhance shareholder value. As at 30 September 2012 there were 256,225,000 Ordinary shares of 25p and 123,972,000 Sigma shares of 12.5p in issue.

As noted in the Chairman's Statement, the Board announced on 26 September 2012 their intention to propose a conversion of the entire share capital of the Sigma shares into Ordinary shares and a merger of the underlying portfolios.

The proposals are set out in a Shareholder Circular to be posted to shareholders on 22 November 2012. The proposals will be put to shareholders at an Extraordinary General Meeting due to take place on 14 December 2012.

5 Going concern

The Directors believe that it is appropriate to adopt the going concern basis in preparing the financial statements. The assets of the Company consist mainly of securities that are readily realisable and, accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future.

6 Related party transactions

There are no material related party transactions during the half year.

7 Comparative information

The financial information contained in this Half-Yearly Financial 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 2011 and 30 September 2012 has not been audited. The figures and financial information for the year ended 31 March 2012 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 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.

Directors and Other Information

Directors
P L Salsbury (Chairman)
C M Burton
S Marrison
H Seaborn
P Spencer CBE
R A Stone (to 24 July 2012)
D K Watson

Registered Office
3rd Floor
11-12 Hanover Street
London W1S 1YQ

Registered Number
Registered as an investment company under Section 833 of the Companies Act 2006 in England and Wales No. 84492

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

3rd Floor
11-12 Hanover Street
London W1S 1YQ

Fund Manager: Ordinary Share Class
M A Phayre-Mudge MRICS
Fund Manager: Sigma Share Class
J F K Wilkinson MRICS (to 30 September 2012)
M A Phayre-Mudge MRICS (from 1 October 2012)
Finance Manager and Investor Relations:
J L Elliott ACA
Assistant Fund Manager:
A Lhonneur
Direct Property Manager:
G P Gay MRICS

Secretary
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Solicitors
Slaughter and May
One Bunhill Row
London EC1Y 8YY

Fund Administrator
BNP Paribas Securities Services
55 Moorgate
London
EC2R 6PA

Website
www.trproperty.co.uk

aic
The Association of Investment Companies

General Shareholder Information

Release of Results
The half year results are announced in late November. The full year results are announced in late May.

Annual General Meeting
The AGM is held in London in July.

Dividend Payment Dates
Dividends are usually paid on the Ordinary and Sigma shares as follows:

Interim	:	early January
Final	:	August

Dividend Payments
Dividends can be paid to Ordinary and Sigma shareholders by means of BACS (Bankers' Automated Clearing Services); mandate forms for this purpose are available from the Registrar. Alternatively, shareholders can write to the Registrar (the address is given on page 31 of this report) to give their instructions; these must include the bank account number, the bank account title and the sort code of the bank to which payments are to be made.

Share Price Listings
The market prices of the Company's Ordinary and Sigma shares are published daily in The Financial Times. Some of the information is published in other leading newspapers. The Financial Times also shows figures for the estimated Net Asset Values and the discounts applicable.

Share Price Information

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

Internet
Details of the market price and Net Asset Value of the Ordinary and Sigma shares can be found on the Company's website at **www.trproperty.co.uk**.

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.

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.

CGT Base Cost

Taxation of capital gains for shareholders who converted Ordinary shares to Sigma shares

Upon a disposal of all or part of a shareholder's holding of Ordinary shares or (as the case may be) Sigma shares, the shareholder's original capital gains tax base cost in his existing holding of Ordinary shares will have to be apportioned between that shareholder's Ordinary shares and Sigma shares.

We have now agreed with HM Revenue & Customs ("HMRC") to base this apportionment of the original capital gains tax base cost on the proportion of existing Ordinary shares that were converted by a shareholder into Sigma shares on 25 July 2007.

Therefore, if an Ordinary shareholder converted 20% of their existing Ordinary shares into Sigma shares on 25 July 2007, the capital gains tax base cost of the new Sigma shares acquired would be equal to 20% of the original capital gains tax base cost of the Ordinary shares that they held pre-conversion. The base cost of their remaining holding of Ordinary shares would then be 80% of the original capital gains tax base cost of their Ordinary shares held pre-conversion.

If in doubt as to the consequences of this agreement with HMRC, shareholders should consult with their own professional advisors.

Investing in TR Property Investment Trust plc

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

Saving Scheme and ISA
A number of banks and wealth management organisations provide Savings Schemes and ISAs through which UK clients can invest in TR Property Investment Trust.

One such provider is Alliance Trust Savings. Alliance Trust provide and administer a range of self-select investment plans, including tax-advantaged ISAs and SIPPs (Self-Invested Pension Plans) and also Investment Plans and First Steps, an Investment Plan for Children. For more information Alliance Trust can be contacted on 01382 573 737, or visit **www.alliancetrust.co.uk**

Investors in TR Property through the ATS Investment Plan and ISA receive all shareholder communications. A voting instruction form is provided to facilitate voting at general meetings of the Company.

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

Saving Schemes and ISAs transferred from BNP Paribas
Last year BNP Paribas informed us that they were closing down the part of their business which operated Savings Schemes and ISAs. Investors were given the choice of transferring their schemes to Alliance Trust Savings ("ATS") or a provider of their own choice or to close their accounts and sell the holdings.

For investors who elected to transfer their plans to ATS, any questions regarding their account should be directed to ATS on 01382 573 737.

For investors who did not respond to the letters from BNP Paribas, their accounts have automatically been transferred to ATS, please contact ATS on the above number with any questions.

Investors who opted to sell their shares or move to another account provider may contact BNP with any questions by post at the following address:

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

TR Property Investment Trust plc is managed by Thames River

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