TR Property Investment Trust plc

Financial Report for the half year ended 30 September 2014

TR Property Investment Trust plc

TR Property Investment Trust plc's ("the Company" or "the Trust") investment objective is to maximise shareholders' total returns by investing in the shares and securities of property companies and property related businesses internationally and also in investment property located in the UK.

Introduction

The Company was formed in 1905 and has been a dedicated property investor since 1982. The Company is an Investment Trust and its shares are premium listed on the London Stock Exchange.

Benchmark

The benchmark is the FTSE EPRA/NAREIT Developed Europe Capped Net Total Return Index in Sterling.

Investment Policy

The Company seeks to achieve its objective by investing in shares and securities of property companies and property related businesses on an international basis, although, with a Pan-European benchmark, the majority of the investments will be located in that geographical area. The Company also invests in investment property located in the UK only.

Further details of the Investment Policies, the Asset Allocation Guidelines and policies regarding the use of gearing and derivatives are set out on page 25 of the Annual Report. The current portfolio is shown on page 13.

Investment Manager

F&C Investment Business Limited acts as the Company's alternative investment fund manager ("AIFM") with portfolio management delegated to Thames River Capital LLP ("the Portfolio Manager"). Marcus Phayre-Mudge has managed the portfolio since 1 April 2011 and been part of the Fund Management team since 1997.

Independent Board

The directors are independent of the Portfolio Manager and meet regularly to consider investment strategy, to monitor adherence to the stated objective and investment policies and to review performance. Details of how the Board operates and fulfils its responsibilities are set out in the Annual Report.

Performance

For the half-year to 30 September 2014 the net asset value total return was 4.5% against a benchmark total return of 2.6%. The share price total return was 4.7%.

Over the ten year period to 30 September 2014 the share price total return was 221.6% and the net asset value total return 175.5%. Over the same period the benchmark total return was 101.7%.

The Financial Highlights for the current year are set out opposite.

Dividend

An interim dividend of 2.95p (2014: 2.85p) will be paid on 6 January 2015 to shareholders on the register on 5 December 2014. The shares will be quoted ex-dividend on 4 December 2014.

Retail Investors advised by IFAs

The Company currently conducts its affairs so that its shares can be recommended by Independent Financial Advisers ("IFAs") in the UK to ordinary retail investors in accordance with the Financial Conduct Authority ("FCA") rules in relation to non-mainstream investment products and intends to continue to do so. The shares are excluded from the FCA's restrictions, which apply to non-mainstream investment products, because they are shares in an authorised investment trust.

Further information

General Shareholder information and details of how to invest in TR Property Investment Trust plc, including an investment through an ISA or saving scheme, can be found on pages 25 to 28. This information can be found on the Trust's website www.trproperty.com

Financial Highlights and Performance

	At 30 September 2014 (Unaudited)	At 31 March 2014 (Audited)	% Change
Balance Sheet			
Net asset value per share	**261.82p**	254.94p	+2.7
Shareholders' funds (£'000)	**831,274**	809,438	+2.7
Shares in issue at the end of the period (m)	**317.5**	317.5	+0.0
Net debt[1]	**15.9%**	14.0%	
Share Price			
Share price	**254.40p**	247.50p	+2.8
Market capitalisation	**£808m**	£786m	+2.8
Discount to NAV	**-2.8%**	-2.9%	

	Half year ended 30 September 2014 (Unaudited)	Half year ended 30 September 2013 (Unaudited)	% Change
Revenue			
Revenue earnings per share	**6.05p**	5.98p	+1.2
Net interim dividend per share	**2.95p**	2.85p	+3.5

	Half year ended 30 September 2014 (Unaudited)	Year ended 31 March 2014 (Audited)
Total Return Assets and Benchmark		
Benchmark performance (total return)	**+2.6%**	+14.9%
Net asset value total return	**+4.5%**	+22.4%
Share price total return	**+4.7%**	+37.7%
Ongoing Charges[2]		
Excluding performance fee	**N/A**	+0.80%
Excluding performance fee and direct property costs	**N/A**	+0.75%
Including performance fee	**N/A**	+2.08%

1. Net debt is the total value of loans (including notional exposure to CFDs) and debentures less cash as a proportion of net asset value.
2. Ongoing Charges is an annual calculation therefore does not apply to the half-year.

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Front Cover: The old market square Gamla Stan, Stockholm.

Chairman's Statement

Caroline Burton **Chairman**

Introduction

Pan European property equity values continued to appreciate in the first half of the financial year but at a more modest pace than we have seen in the previous two years. Property continues to offer investors a recurring income stream greater than most fixed income investments but with the added possibility of capitalising on economic growth through rising rents. However, the last six months has witnessed a growing consensus that much of Europe will continue to face the prospect of little or no economic growth for a considerable period. The stand out exception has been the UK and the demand for commercial property has been extremely robust as investors appreciate that rental growth is materialising rapidly. Our UK physical portfolio outperformed both Continental and UK property equities in the period and our managers continue to actively manage the assets. We intend to expand this part of the portfolio.

Despite the weakening economic outlook, Continental property stocks outperformed those in the UK in the last six months as investors anticipated further monetary stimulus from the European Central Bank ("ECB"). Our management team have maintained their strategic focus on markets likely to experience rental growth and hence maintained a strong UK bias in the portfolio. Relative outperformance in the period was therefore a consequence of careful stock selection despite the geographical bias working against them.

The Trust's earnings projections have increased in the period, partly due to a one off receipt (more details below) but also reflecting the ability of our investments to still lower their cost of debt. This is the other side of the low growth coin. Well capitalised public companies have accessed steadily lower cost of debt due to fierce competition amongst banks.

NAV and Share Price Performance

I am pleased to report that the NAV total return for the six months to the end of September was +4.5% whilst the benchmark total return was +2.6%. Encouragingly the share price total return was +4.7% as the discount between the NAV and the share price narrowed a little further.

More detail and commentary on performance is set out in the Manager's Report.

Revenue Results

Revenue earnings at 6.05p per share are marginally ahead of earnings at the same stage last year (5.98p). We had anticipated lower earnings for the current financial year, however, in the first half, Max Property unexpectedly paid a significant dividend representing the cumulative earnings of the company since inception. Max Property had not paid a dividend at all up to that point. Subsequently the company was acquired by a private equity fund and delisted.

Dividend

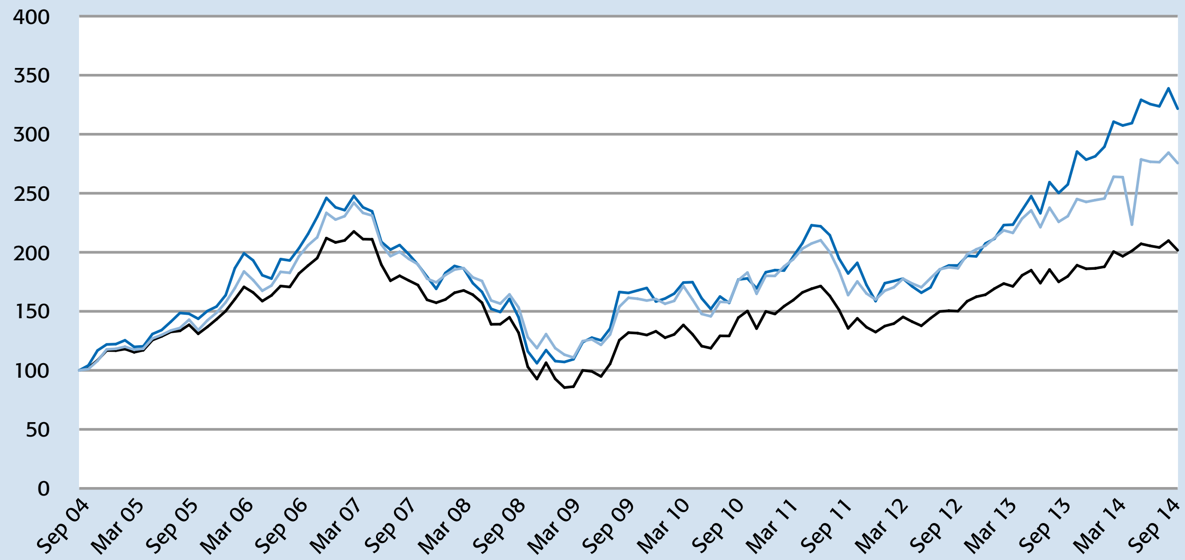
The Board has announced an interim dividend of 2.95p per share an increase of 3.5% over last year's interim of 2.85p.

Revenue Outlook

The dividend receipt from Max Property provided an unexpected boost to earnings in the first half. In addition, our largest investment, Unibail, has announced that it will return to paying an interim and final dividend, rather than the single distribution they have been making since 2009. The first interim payment will fall into the current financial year, increasing earnings in the second half. The overall result is that we now anticipate earnings for the full year will be ahead of the level seen for 2013/14. However, with some dividends due to us right on the cusp of our financial

Chairman's Statement *continued*

Ordinary Share Class Performance: Total Return over 10 years (rebased)



Index of TR Property net asset value and share price total returns compared with the Benchmark Total Return Index

year-end, there is still scope for some of these to slip back into the next financial year so it is impossible to predict the outcome with any degree of certainty, even at this stage.

Looking further forward, our development activity at the Colonnades, although expected to increase the capital value of the asset, will create some drag on the income generated for the next 12 months. The expectation of lower levels of indexation across Europe will also impact dividend growth rates.

Net Debt and Currencies

Net gearing has slightly increased over the period from 14.0% to 15.9%.

Sterling appreciated against all the European currencies over the period, although most of this strengthening occurred after a large part of our Euro denominated income had been received. The main dividend season for the Scandinavian companies is towards the end of our financial year. Further weakening in these currencies may have some impact, although these account for only 3% of our total income.

We maintain the strategy of hedging the capital exposure in line with the benchmark.

Discount and Share Repurchases

The discount (on Income NAV) ended the period at 2.8% slightly lower than 2.9% at March and averaged 2.5% through the period. There were no share repurchases in the period.

Our Portfolio Manager continues to be tasked with investor communication and our dedicated website (www.trproperty.com) provides current and extensive background data on the Trust.

The Trust is offered as part of the F&C savings plan and our Registrars, Computershare, offer dealing options for certificated holders and a Dividend Reinvestment Plan (DRIP) option for the reinvestment of dividend for holders on the main register. Further details can be found on page 25.

Alternative Investment Fund Managers Directive (AIFMD)

AIFMD came into effect on 22 July. Our AIFM is F&C Investment Business Limited with portfolio management delegated to the former Investment Manager, Thames River Capital LLP. Although this necessitated a raft of new documentation and some one-off legal costs and, going forward, additional internal reporting requirements, there is

Chairman's Statement

no change to the way in which the Fund is managed or of the management team. The arrangements in respect of the management fees are unchanged.

BNP Paribas has been appointed as Depositary in addition to their previous role as Custodian. The Depositary role is somewhat more onerous than that of Custodian alone and additional fees are incurred for this service. The fee is on a tiered basis, based on gross assets. At current levels this equates to around 1.3 basis points per annum.

Awards

The Board is pleased to report that TR Property has been named "Best Alternative Investment Trust" in the "*What Investment*" Investment Trust Awards 2014.

Outlook

While it is not difficult to cite issues which make the overall economic outlook in Europe less than comfortable, we continue to believe that investment in property retains its attractions. Investors continue to seek income producing assets and, as I mentioned earlier, the greater willingness of banks to lend to the property industry is at a lower cost of debt, supports their ability to pay out that income.

I mentioned in the Annual Report that a key to our optimism has been the very low level of new commercial development since the crisis and the genuine shortage of good quality business space in a number of key markets. It is encouraging to now report that where there is renewed tenant demand this is translating into rental growth as this supply/demand disequilibrium swings in the landlord's favour. Our Portfolio Managers' task continues to be identifying those markets and then selecting management teams and balance sheets capable of exploiting these, really, very exciting opportunities presented by such a subdued development cycle.

Caroline Burton
Chairman
26 November 2014

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 2014 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 Manager's Statement 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

Caroline Burton
Chairman

26 November 2014

The Board members are listed on page 24.

Manager's Report

Marcus Phayre-Mudge MRICS
Fund Manager
26 November 2014

Performance

The Net Asset Value total return for the six months was +4.5%, ahead of the benchmark total return of +2.6%. The share price total return (assuming dividend reinvestment) was +4.7%. Looking back, the start of the period was very much a moment in the midst of upwards momentum in property equity values across the globe. From the end of March to mid-May the pan-European real estate equity sector rose +8.2%, outperforming broader European equities (as measured by EuroStoxx 600) which rose +5.9%. The performance in the first quarter of the new financial year brought the run of consecutive positive quarters up to eight (the last negative one being March-June 2012). The macro environment still dominates with sentiment rising and waning on the anticipation of a change in direction/tempo of central banks' attitude to further monetary stimulus. The first quarter saw continental stocks outperform UK companies (when measured in local currencies) by an astonishing 916 bps. The key factor was the anticipation of the ECB announcing new measures to combat the perceived risk of disinflation through unorthodox monetary stimuli. In effect the markets expected the cost of borrowing money to fall further – a positive for leveraged assets. On this side of the Channel central bank policy appeared to be changing direction and Governor Carney's Mansion House speech in May hinted that the market's expectation of the timing of rate rises was too optimistic. Predictably this caused a downwards correction in UK property equities in June which compounded the gap in performance between Continental and UK property shares.

The direction of all central bank policies reflects the mandate set before them and Carney's comments merely reflected the signs of an improving business environment in the UK which has subsequently been verified in the more recent sets of economic data. The demand response (for commercial space) which London and increasingly the South East of the UK has been experiencing has resulted in resurgent rental growth. This has also now flowed out into certain regional markets such as the West Midlands industrial and logistics markets. We have faced one dominant quandary, either buy into the reality of rental growth in the UK but with the likelihood of an interest rate cycle that will highten more quickly or alternatively focus on further falls in the cost of capital (through falling debt costs) in the Eurozone courtesy of further ECB stimuli. The latter, of course, comes with the caveat of minimal inflation indexation and only a handful of markets with rental growth.

Eurozone stocks then underperformed in July even though Draghi announced a raft of measures including negative overnight rates (a stick to encourage banks to lend) and further cheaper longer term loans (a carrot to encourage them to lend). The market, which had risen on the back of expectation in Q1, was then underwhelmed with the reality. Renewed concerns over the lack of growth, rising unemployment and a reluctance by politicians to drive austerity packages and labour reforms (in some Eurozone countries) led to poor performance amongst most Eurozone stocks over the summer. UK stocks, on the other hand, enjoyed a stronger summer as investment in the underlying property market became frenzied with yields tightening across all asset classes both prime and secondary. In the second quarter UK stocks outperformed European names by 370bps.

Property Investment Markets

In the Annual Report I highlighted the fact that investment demand had clearly shifted beyond the early cycle recovery plays of focusing on the strongest dominant commercial centres such as London. This ripple effect has been most notable in the UK but is also visible in parts of Europe. In the UK, (primarily) domestic buyers have bought aggressively into virtually all regional markets across a broad range of sectors. The yield gap between prime and secondary which reached its widest in August 2013 (as measured by IPD) has been steadily tightening ever since. Investors are increasingly confident of UK rental growth and are prepared to pay sharper initial yields as a consequence. UK transactions of £22.8bn in H1 2014 were 40% ahead of H1 2013. Investors increasing focus on higher yielding regional investment is also visible in other countries which are experiencing economic recovery such as Sweden and Germany – both of which have a history of longstanding local institutional property ownership.

Continental Europe has also experienced much greater investor interest, although here the focus of investor attention has been on prime rather than secondary property. With little occupier demand buying shorter income streams or financially weaker tenants still requires a heightened level of yield compensation. The first half saw investment volumes across the Eurozone reach EUR 84bn, an increase of 26% on H1 2013. France and Germany were predictably the largest markets and their combined investment volume exceeded the UK. The ripple effect on the Continent is clearly seen at the national level with Spain, Ireland and the Netherlands all experiencing strong growth in activity. This ties in with the amount of capital raised in IPOs by opportunistic funds seeking to acquire assets particularly in Spain and Ireland. Prime assets in Madrid, Barcelona and Dublin have experienced the sharpest capital value growth since 2005/6 as global capital seeks to gain early entry into perceived recovery plays.

Dublin has returned to the ranks of the Top 10 largest European investment markets for the first time since H2 2006 with investment turnover of EUR 1.3bn. The fund participated in the IPO of Green REIT in July 2013 and the follow on raising in May 2014. Green REIT has now invested €800m and continues to seek further investment opportunities.

Drilling into the amount of cross border investment also reminds us that global capital movements are key to demand and pricing pressure. Most notable this year has been US interest with investment of EUR11.5bn in H1 2014, double that of the previous year. Whilst the UK had the largest share (36%), Germany (23%) and France (17%) were also important destinations of this capital.

Offices

London continues to confound the sceptics with H1 2014 rental growth in the West End running at 4.8%. Relatively new office submarkets such as Clerkenwell, Shoreditch or reinvigorated areas such as Kings Cross were expected to soak up demand from more traditional Midtown and fringe West End markets. In fact the evidence suggests that the evolution of these areas has sucked in demand which may not have previously considered central London. Jones Lang LaSalle estimate that London will create 270,000 new office jobs in the next 5 years and minimal supply in traditional locations will create demand in these newer submarkets.

The West End has 'lost' significant amounts of office space to residential conversions. In 2013, 795,000 sq. ft. converted and there is a further 1.5m ft in the pipeline. Since 2001 6m sq. ft. has switched uses. To put this number in perspective there is currently only 250,000 sq. ft. of grade A space available (in buildings of more than 25,000 sq. ft.). Vacancy is at a record low of 2.4%. We remain confident in the positive rental growth dynamics across London and have maintained our exposure through the nimble smaller players Great Portland Estates, Derwent London, Shaftesbury, Workspace, CLS and of course the larger names Land Securities and British Land.

City of London take up in Q3 2014 reached its highest level ever at 2.3m sq. ft. surpassing the previous record set in 2000. Whilst Amazon (430,000 ft) and M&G (323,000 ft) drove the record figure it is important to note that creative industries accounted for 29% of all deals whilst finance/banking only accounted for 22%. The City of London now attracts a much more diverse range of occupiers than historically.

Rental growth has spilled out into a number of regional markets, particularly the Thames Valley and the larger regional cities. In the Western Corridor broad vacancy stands at 13.1% only slightly lower than 12 months previously. However, prime office vacancy from Hammersmith to Reading stands at 4.2% with annualised rental growth at a healthy 6%. As occupier demand steps up the better quality vacant space is the first to be filled.

In Paris the divergence of performance within the office market (which is larger than Greater London) continued with the core 'Golden Triangle' experiencing growth whilst rents in La Defense and the inner western suburbs are now bottoming out. Take up in H1 2014 of 1.1m sq m was 23% ahead of the same period last year but dominated by a few large transactions. Incentives remain generous but encouragingly supply under construction is at its lowest level since 2012.

H1 2014 saw prime rental levels rise in Madrid for the first time since the crisis began in 2008. Whilst this is encouraging it is important to note that it is only for prime buildings within the core Central Business District ("CBD"). Across the city vacancy has not declined from over 17%. Meanwhile in Dublin rents are rising quickly (+14% in the last 12 months) and vacancy across the city has fallen by 3% to 14.2% in Q2 2014.

Despite these improvements, across Europe as a whole (as measured by CBRE's EU-28) the vacancy rate has remained stubbornly high at 11.3%. The Ukraine crisis has had a significant impact on the economies of Russia, Central Eastern Europe and Finland. Ironically it is these countries which also have the largest development pipelines, Moscow, St Petersburg, Warsaw and Prague. This will inevitably lead to further rental weakness.

Distribution and Industrial

In the UK, industrial and distribution property remain investors' preferred regional exposure outside of Greater London. The IPD Industrial sub-sector initial yield tightened by 67 bps in the first 9 months of 2014 bringing total return for the first 9 months to 17.4%. A high yielding asset class which has traditionally experienced a rapid rental growth response to rising GDP continues to prove attractive to investors, thus fuelling price rises and yield compression. Buyers have been forced to accept more risk (older buildings, shorter leases) as yields on prime stock have dropped below 6%. The UK accounted for 40% of all pan European transactions, the highest transaction volume since 2007.

On the Continent the demand from both occupiers and investors alike remains focused, in the main, on better quality, well located, modern premises. Given the broad lack of underlying economic growth the levels of take-up, particularly in distribution is slightly surprising. However, much of this is focused on a handful of strategic hubs in Northern Europe. Once again the most active occupiers were third party logistics and retailers. The rapid evolution in e-commerce and consumer's shopping habits is driving enormous structural change in this industry and much of their occupational property is not fit for purpose. The continued lack of core development has begun to put upward pressure on rents. CBRE's EMEA Industrial Rent Index rose 0.4% in Q2 2014. Whilst modest it is the fifth consecutive quarterly gain with Paris, Rotterdam and Dublin leading the way.

Retail

Our investment strategy continues to focus on the largest or the most local as we believe that the enormous structural shifts in how, when and where we all shop, driven by constant technological evolution, makes this sector the hardest asset class in which to identify the winners. Even though much of Continental

Europe is suffering from poor consumer statistics, CBRE's European Prime Rent Index rose at an annualised 4.1% in Q2 2014. However the data highlights the focus from retailers on the most dominant and established city centre markets such as London, Paris, and Milan together with the largest German cities. German workers continue to experience real wage growth and hence rising spending power, unlike much of the remainder of Continental Europe.

The UK is currently building less than half the amount of retail space that is under construction in either Spain, Italy or France. Once again, we find ourselves with a market backdrop where the locations experiencing the greatest (relative) demand are also benefiting from the lowest supply of new space. However even where there are signs of employment growth (such as the UK) real wage growth remains modest. Consumer behaviour is being buoyed by rising house prices – the trajectory of which is less certain in the short run.

Residential

The fund's exposure to the residential sector remains focused on the UK, Germany and Sweden. Over the last six months we have increased our exposure to German residential. We are confident that rents will continue to rise (albeit modestly c.2% per annum) and that wage inflation would ensure that tenants could afford to pay. Further falls in the cost of debt (German banks have been lending aggressively in their domestic market) also contribute to rising Earnings Per Share("EPS").

Our exposure in the UK was focused on regional housing and land banks (Grainger Trust, St. Modwen) and our London exposure was mid-market (Quintain at Wembley and CLS in Vauxhall). I also commented on our largest underweight being Capital & Counties, the owner of 70 acres at the Earls Court redevelopment site. This investment call reflected both our desire to avoid higher end London residential as well as the valuation reflected in the Capital & Counties share price. The share price has fallen 15% from its February high and the sharp eyed will notice that the fund now has a position.

As perverse as it sounds our short term bearish view on the London residential market has become more entrenched but our positive view on London retail (the other half of Capital & Counties business is its £1.3bn holdings in Covent Garden) has become more positive hence a holding was acquired in the period.

The Bank of England's mortgage lending review is impacting larger mortgages and higher loan-to-values and predominantly affecting housing in the South East (particularly Greater London) residential markets. The central bank has therefore managed to deflate the London market without using the blunter tool of raising short rates which would have threatened much of the nascent recovery elsewhere in the country. Nationwide house builders have been reporting excellent operating metrics and they continue to acquire more of their raw ingredient, land with planning permission, from suppliers such as St Modwen.

Debt and Equity Capital Markets

The era of ultra-low interest rates and the ever more Herculean efforts by central banks to encourage the banking sector to lend has resulted in a solid increase in the number of banks prepared to lend to real estate at a lower cost than a year ago. Competition amongst them has resulted in further reductions in the amount that they charge (the margin).

The bond markets have also continued to be an attractive place to raise (or refinance) debt at record-breaking low levels. In the last six months €10.1bn of listed debt has been raised. The equivalent figure last year was €4.1bn. Once again Europe's largest property company, Unibail utilised the public debt markets to continue to drive down its cost of finance. This is a critical part of any earnings per share growth story when 'top line' revenue growth (like-for-like) is hard to come by. Last year I highlighted their EUR 700m 10 year bond at an all in coupon of 2.5% as an example of large, high quality senior debt issuance. In the first half of this year, the company raised or refinanced €2.8bn of loans including a €500m zero coupon 2021 convertible.

Equity issuance has not been as large as in the last three half year periods although Spain continued to see activity with Colonial's rescue rights issue raising €1.3bn. In addition there were three IPOs which raised €2.8bn to buy distressed assets or loans. The majority of this was 'blind', ie the companies intend to buy assets after raising the capital. The fund has invested in two of these IPOs, Hispania and more recently Merlin Properties. We subsequently sold the majority of our exposure in the early summer.

In the UK a number of businesses took advantage of the low volatility and stable conditions to raise additional capital mainly from the UK in 10% overnight raisings. Picton (£43m), Capital & Counties (£316m) and Hammerson (£500m).

Property Shares

The most striking feature of our universe over the six months under review has been the outperformance of Continental Europe, EPRA Europe ex UK (in EUR) returned 8.5% whilst UK stocks (in GBP) returned 3.5%. Given the strength of the underlying commercial property market, the performance of UK property shares did disappoint over the period. However this performance should also be viewed in the context of the broader UK equity market where the domestically focused FTSE 250 fell -5.5% between March and September.

Distribution of Assets

UK equity exposure was reasonably stable at 42.6%. The exposure to the UK had increased earlier in the year only to be offset by the delisting of Max Property (2.4% of NAV) in August. Continental European exposure increased slightly reflecting our anticipation of asset value growth, even without rental growth, as a consequence of more central bank stimulus. The physical property exposure reduced slightly as the receipts from the sale of Vauxhall were larger than the subsequent acquisitions.

Investment Activity

Turnover (purchases and sales divided by two) totalled £136.1m and equates to 16.6% of the average net assets over the period. This compares to turnover of 15.2% of average assets in the same period last year. This amount of turnover suggests that the Trust has been slightly more actively traded than in previous half year periods. In fact the figures are skewed by two significant returns of capital from Max Property in the UK and CFI in France. Max Property listed in 2009 with the aim of acquiring distressed assets from motivated sellers in high yielding regional industrial and Central London. The intention was a five year investment period expiring in May 2014 followed by a two year wind up and return of capital. The management duo of Nick Leslau and Mike Brown were well known to us from their previous listed enterprises and we invested at launch and added significantly when the stock was less popular in 2011. In May they announced that in accordance with their stated objective they would not acquire any further assets and would begin returning cash. In July they surprised the market announcing that the entire company would be sold to Blackstone. The total return from IPO was 84.2% and our holding was 2.4% of NAV at liquidation.

The other delisting, CFI in France, was very similar in that the vehicle was set up in 2008 with the intention of also buying distressed assets across Europe. The sharp improvement in asset pricing in 2010 meant that it completed only one strategic investment, a sale and leaseback of 12 UGC cinemas in France. The sale of the portfolio to the operator in May 2014 resulted in the return of capital split between June and December 2014. The total return on the original investment was 53.9% and again we added to the position at lower prices in 2011 and 2012.

Strategically the fund has followed the course outlined in the Annual Report in June. If anything I have focused more on those submarkets where we believe that rental growth is either evident or the supply/demand dynamic implies that it is imminent hence the UK, Germany and Sweden remain geographically dominant. Within the UK we continue to broaden our regional involvement away from Central London. We participated in Capital & Regional's placing which enabled them to buyout Aviva's interest in the Mall Fund. Whilst the portfolio is mostly mid-market shopping centres (not our preferred asset choice) we believe that these valuations now fully reflect the correction in pricing which has been underway in this sector for some time. Our residential exposure continues to be regionally focused on long term land holdings which are then taken through the planning process, a business model we favour given the chronic undersupply of housing. In April we participated in the capital raising by Terrace Hill Group following its reverse takeover by Urban & Civic. Run by two seasoned development professionals, Urban & Civic had acquired two large potential residential land sites at Alconbury and Rugby.

In Germany, the fund participated in the secondary placings in Deutsche Annington and Gagfah. These substantial placings €1.3bn almost completes the evolution in ownership of the largest German residential businesses from private equity to institutional equity owners. At the sector level German residential is the fund's second largest exposure, our continued Central London investment being the largest.

Revenue and Revenue Outlook

In the Annual Report I highlighted that we anticipated a fall in earnings for the year to March 2015. As explained in the Chairman's Statement, an unexpected dividend from Max Properties in the first half significantly increased earnings, resulting in an earnings figure, at 6.05p per share, marginally ahead of the half-year earnings in the prior year. As this company has now been acquired and de-listed, this is a non-recurring item.

The revenue tax charge for the first half is lower than for the same period last year, or for the previous full financial year. This is due to a number of receipts in the first half that did not attract withholding tax. This is something over which we have no control and is difficult to predict.

Events now anticipated in the second half mean we now expect earnings to be ahead of the prior year, although with a number of significant dividends due in the last month of the final year, there is still scope for further surprises.

The following financial year will not have the benefit of these one-off changes, and the development activity on the Colonnades will continue into the next financial year, with the consequential short-term reduction in income from this asset.

Gearing, Debt and Debentures

Gearing increased over the period from 14.0% to 15.9%. This has been achieved through utilisation of our bank debt and through the Contracts for Difference ("CFDs") portfolio. Around 42% of the leverage at the balance sheet date was achieved through the use of CFDs.

Our bank facilities with RBS and ING remain in place and discussions are underway about the renewal of these two facilities due in January and May respectively. We are also in dialogue with other banks and possible longer-term debt providers. We will continue to aim to diversify the sources of our debt.

Direct Property Portfolio

The physical property portfolio produced a total return of 6.9% over the 6 months made up of an income return of 2.1% and a capital return of 4.8%. This compares to the IPD Monthly Index which produced a total return of 10.0% made up of an income return of 3.1% and a capital return of 6.8%. On a like for like basis (excluding purchases and sales) the portfolio produced a total return of 7.3% with an income return of 2.3% and a capital return of 5.0%. With a small number of individual properties and much ongoing asset management activity, capital growth is skewed towards individual project completions.

Manager's Report *continued*

In July we completed the sale of Park Place, Vauxhall to a residential developer for £14.47 million which reflects a capital value of £605 per sq. ft. Whilst no contract had been exchanged at the March year end the valuers did have sight of the offers that we had received for the property and were, quite correctly, cautious in applying a discount for the risk of completion. The sale was at a 4.2% premium to the March 2014 valuation after allowing for all sales costs. During the period the fund also completed the purchase of two industrial buildings in Plymouth and Bristol. Plymouth is let to Invensys plc until 2023 at a rent of £298,000 per annum (£4.50 per sq. ft.). A purchase price of £3.25 million reflects a net initial yield of 8.6% and a capital value of £52 per sq. ft. Bristol is let to Yodel Ltd until 2019 at a rent of £325,000 per annum (£5.00 per sq. ft.). A purchase price of £4.58 million reflects a net initial yield of 6.7% and a capital value of £91 per sq. ft. Both units are well located and offer good prospects for rental growth at the next lease event.

Preliminary site works have commenced at The Colonnades, Bayswater in construction of the ground floor retail units and Waitrose supermarket at first floor. Completion is expected in November 2015 with major works starting in January 2015. At Wandsworth we completed two leases which brings all tenancies in-line with the potential redevelopment date of September 2016. We have commenced the development of a master plan for the site.

Outlook

In the Annual Report in June the Outlook section focused on the disparity in the rates of growth between the Eurozone and the UK. The UK 2014 GDP growth rate consensus of 3% looks achievable. The contrast with the Eurozone has become even starker, particularly with recent manufacturing and export data from Germany showing a marked slowdown in what has been the only country with a real growth story in Europe. A clear consequence of this very low growth environment is that the cost of money within the Eurozone will remain at record low levels beyond 2015. Investors still seek income producing assets and whilst banks are clearly reluctant to lend to many enterprises, the perceived security of physical property and its steady income is succeeding in attracting bank finance. Our companies are still reducing their overall cost of debt.

With European CPI now running at less than 0.5% annualised, we expect further unorthodox monetary expansion policies from the ECB. The extent and focus of any asset purchase programme is difficult to predict given the range of national interests within the Eurozone.

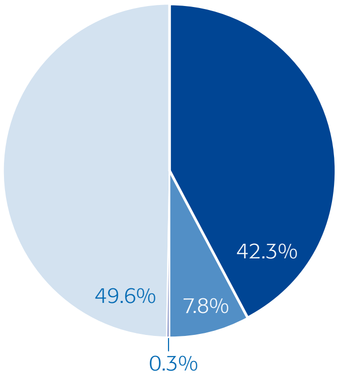
The positioning of the portfolio will continue to focus on those markets which are likely to experience rental growth in the near term. Increased exposure throughout the UK regions has been in addition, rather than as an alternative, to, our Central London exposure. We do however continue to be concerned, in the short term, with the Central London housing market which is undergoing a correction after a very strong run from the lows of 2009.

Our strategy will continue to focus on those regions and sectors where we anticipate the greatest likelihood of rental growth. Our concerns about the lack of rental growth across a broad swathe of European property is tempered by our understanding of the requirements of investors today. In a low growth environment where fixed income offers even less than it did 6 months ago, commercial property yielding 4-5% in markets in equilibrium continues to look attractive. If you can source that exposure through businesses which have sound balance sheets, a track record of further value addition through development and asset management and at a discount to near term asset value then we feel that is a compelling investment case today.

Marcus Phayre-Mudge
Fund Manager

Portfolio

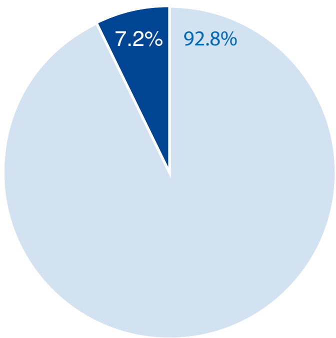
Distribution of Investments
as at 30 September 2014



Distribution of Investments
as at:

	30 Sept 2014 £'000	30 Sept 2014 %	31 Mar 2014 £'000	31 Mar 2014 %
UK Securities				
– quoted	**370,300**	**41.6**	365,242	41.3
– fixed interest	**5,935**	**0.7**	5,565	0.6
UK Investment Properties	**69,337**	**7.8**	71,115	8.0
UK Total	**445,572**	**50.1**	441,922	49.9
European Securities				
– quoted	**439,586**	**49.3**	435,929	49.4
– fixed interest	**2,493**	**0.3**	2,632	0.3
Total Investments	**887,651**	**99.7**	880,483	99.6
– CFD debtor[1]	**2,533**	**0.3**	3,351	0.4
Total investments	**890,184**	**100.0**	883,834	100.0

Investment Exposure
as at 30 September 2014



Investment Exposure
as at:

	30 Sept 2014 £'000	30 Sept 2014 %	31 Mar 2014 £'000	31 Mar 2014 %
UK Securities				
– quoted	**370,300**	**38.4**	365,242	39.4
– fixed interest	**5,935**	**0.6**	5,565	0.6
– CFD exposure[2]	**40,808**	**4.2**	30,532	3.3
UK Investment Properties	**69,337**	**7.2**	71,115	7.7
UK Total	**486,380**	**50.4**	472,454	51.0
European Securities				
– quoted	**439,586**	**45.5**	435,929	47.0
– fixed interest	**2,493**	**0.3**	2,632	0.3
– CFD exposure[2]	**37,078**	**3.8**	16,219	1.7
Total investment exposure[3]	**965,537**	**100.0**	927,234	100.0

Portfolio Summary
as at:

	30 Sept 2014	31 Mar 2014	31 Mar 2013	31 Mar 2012	31 Mar 2011
Total investments	**£888m**	£880m	£740m	£516m	£571m
Net assets	**£831m**	£809m	£684m	£470m	£531m
UK quoted property shares	**42%**	41%	37%	34%	34%
UK fixed interest	**1%**	1%	–	–	–
Overseas quoted property shares	**49%**	50%	56%	56%	58%
Overseas fixed interest	**–**	–	–	–	–
Direct property (externally valued)	**8%**	8%	7%	10%	8%

1 Net unrealised gain on CFD contract held as balance sheet debtor.
2 Gross value of CFD positions.
3 Total investments illustrating market exposure including the gross value of CFD positions.

Investment Portfolio by Country *as at 30 September 2014*

	£'000	Market value %
Austria		
CA Immobilien	8,175	0.9
Buwog Gemeinnuetzige Wohnung	3,345	0.4
	11,520	**1.3**
Belgium		
Befimmo	3,925	0.4
Wereldhave	433	0.1
Warehousing and Distribution de Pauw	395	–
	4,753	**0.5**
Finland		
Sponda	4,317	0.5
Citycon	1,448	0.2
Technopolis	367	–
	6,132	**0.7**
France		
Unibail-Rodamco	74,524	8.4
Klépierre	14,106	1.6
Terreis	11,793	1.3
Gecina	10,071	1.1
Foncière des Régions	6,808	0.8
Argan	5,032	0.6
Mercialys	4,289	0.5
Foncière des Murs	3,165	0.3
CFI	1,805	0.2
ANF Immobilier	1,455	0.2
	133,048	**15.0**
Germany		
LEG	28,996	3.3
Deutsche Wohnen	26,271	3.0
Gagfah	25,883	2.9
Deutsche Annington	15,091	1.7
Deutsche Euroshop	14,151	1.6
Alstria Office	9,222	1.0
VIB Vermoegen	5,709	0.6
Prime Office	2,320	0.3
Hahn	293	–
	127,936	**14.4**
Ireland		
Green Reit	5,002	0.6
	5,002	**0.6**
Italy		
Beni Stabili	1,269	0.1
	1,269	**0.1**
Netherlands		
Corio	16,011	1.8
Eurocommercial Properties	11,938	1.3
Vastned Retail	7,367	0.8
Wereldhave	6,125	0.7
	41,441	**4.6**
Norway		
Norwegian Property	4,915	0.6
	4,915	**0.6**
Spain		
Merlin	4,433	0.5
Hispania Activos	1,225	0.1
	5,658	**0.6**
Sweden		
Wihlborgs	11,242	1.3
Fabege	10,133	1.1
Atrium Ljungberg	9,432	1.1
Castellum	9,220	1.0
Hufvudstaden	9,105	1.0
Fastighets Balder	5,817	0.7
Wallenstam	5,269	0.6
Kungsleden	4,712	0.5
D Carnegie	1,602	0.2
Hemfosa	920	0.1
Fastighets Balder (Pref)	804	0.1
Klovern	304	–
Klovern (Pref)	297	–
Kungsleden	288	–
	69,145	**7.7**
Switzerland		
PSP Swiss Property	21,825	2.4
Swiss Prime Site	5,571	0.6
Mobimo	1,371	0.2
	28,767	**3.2**
United Kingdom		
Land Securities	64,091	7.2
Hammerson	45,437	5.1
British Land	37,813	4.3
Great Portland Estates	35,690	4.0
Derwent London	27,903	3.1
St Modwen	23,717	2.7
CLS Holdings	13,413	1.5
McKay Securities	13,358	1.5
Unite Group	13,254	1.5
Shaftesbury	10,627	1.2
Cap & Counties	8,234	0.9
Quintain Estates & Developments	7,698	0.9
Hansteen Holdings	7,025	0.8
Grainger	6,936	0.8
Capital & Regional	6,510	0.7
Urban & Civic	5,750	0.6
Picton	5,592	0.6
Workspace Group	5,375	0.6
Big Yellow Group	4,567	0.5
SEGRO	4,564	0.5
NewRiver	4,432	0.5
Safestore Holdings	4,361	0.5
Local Shopping REIT	3,222	0.4
Londonmetric Property	3,124	0.4
Secure Income	3,046	0.3
Conygar Investment	2,719	0.3
Helical Bar	1,445	0.2
Pactolus Hungarian	208	–
Nanette Real Estate	129	–
Rugby Estates	54	–
Max Property	6	–
	370,300	**41.6**
Direct Property	**69,337**	**7.8**
Fixed Interest		
NewRiver 5.85% 31/12/15 (United Kingdom)	5,935	0.7
VIB Vermoegen 4.5% 27/11/15 (Germany)	2,493	0.3
	8,428	**1.0**
CFD Positions (included in current assets)	**2,533**	**0.3**
Total Investment Positions	**890,184**	**100.0**

Investment Properties *as at 30 September 2014*

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.

Planning consent was granted for the extension and refurbishment of the commercial element in March 2014.

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

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**

Located next to Harlow Town railway station, the building was constructed in the late 1980s and comprises a 66,000 sq. ft. office building on a site of 3.5 acres. The building is let to Teva and Close Brothers on a variety of leases expiring in January 2023.

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

Investment Properties *as at 30 September 2014*

Value less than £10 million

	Property	Sector	Tenure	Size (sq. ft.)	Principal tenants
	**Yodel Unit Woodlands Park Almondsbury Bristol**	**Industrial**	**Freehold**	**53,115**	**Yodel Delivery Network Ltd**

Located on the junction of the M4 and M5 this 53,155 sq. ft. industrial building is let to Yodel, the parcel delivery company, on a lease expiring in 2019 at a low rent of £5 per sq. ft.. The building sits on a 5.75 acre site giving a low site density and a large yard offering a variety of alternative uses for the site.

	Property	Sector	Tenure	Size (sq. ft.)	Principal tenants
	**Unit H1 Parkway Industrial Estate St Modwen Plymouth**	**Industrial**	**Freehold**	**66,157**	**Invensys plc**

This 66,157sq. ft. industrial building is located on the main industrial estate in Plymouth beside the A38. It is let to Invensys until 2021 off a low rent of £4.50 per sq. ft. offering good potential for growth at the next rent review in 2016.

Spread of Direct Portfolio by Capital Value (%)
as at 30 September 2014

	Office	Retail	Industrial	Residential and Ground Rents	Other	Total
West End of London	9.8	23.2	–	13.9	5.8	52.7
Inner London*	–	1.7	15.0	–	–	16.7
Around M25	13.2	–	–	–	–	13.2
Other South East	5.5	–	–	–	–	5.5
South West	–	–	11.9	–	–	11.9
Total	**28.5**	**24.9**	**26.9**	**13.9**	**5.8**	**100%**

*Inner London defined as inside the North and South circular

Lease Lengths within the Direct Property Portfolio

as at 30 September 2014	Gross rental income
less than 1 year (including voids)	28.4
1 to 3 years	31.0
4 to 5 years	9.0
6 to 10 years	27.7
11 to 15 years	–
Over 15 years	3.9
	100%

Group Statement of Comprehensive Income

for the half year ended 30 September 2014

	(Unaudited) Half year ended 30 September 2014 Revenue Return £'000	Capital Return £'000	Total £'000	(Unaudited) Half year ended 30 September 2013 Revenue Return £'000	Capital Return £'000	Total £'000	(Audited) Year ended 31 March 2014 Revenue Return £'000	Capital Return £'000	Total £'000
Income									
Investment income	**19,808**	**–**	**19,808**	20,638	–	20,638	27,791	–	27,791
Other operating income	**277**	**–**	**277**	3	–	3	7	–	7
Gross rental income	**1,645**	**–**	**1,645**	1,673	–	1,673	3,384	–	3,384
Service charge income	**731**	**–**	**731**	721	–	721	1,448	–	1,448
Gains on investments held at fair value	**–**	**17,925**	**17,925**	–	29,635	29,635	–	129,473	129,473
Net returns on contracts for difference	**1,282**	**3,087**	**4,369**	860	1,023	1,883	1,303	6,150	7,453
Total income	**23,743**	**21,012**	**44,755**	23,895	30,658	54,553	33,933	135,623	169,556
Expenses									
Management fees (note 2)	**(617)**	**(1,852)**	**(2,469)**	(584)	(1,752)	(2,336)	(1,181)	(3,538)	(4,719)
Performance fee (note 2)	**–**	**(1,443)**	**(1,443)**	–	(1,278)	(1,278)	–	(9,669)	(9,669)
Direct property expenses, rent payable and service charge costs	**(948)**	**–**	**(948)**	(991)	–	(991)	(1,850)	–	(1,850)
Other administrative expenses	**(598)**	**(41)**	**(639)**	(459)	–	(459)	(890)	–	(890)
Total operating expenses	**(2,163)**	**(3,336)**	**(5,499)**	(2,034)	(3,030)	(5,064)	(3,921)	(13,207)	(17,128)
Operating profit	**21,580**	**17,676**	**39,256**	21,861	27,628	49,489	30,012	122,416	152,428
Finance costs	**(441)**	**(1,324)**	**(1,765)**	(382)	(1,146)	(1,528)	(792)	(2,376)	(3,168)
Income from operations before tax	**21,139**	**16,352**	**37,491**	21,479	26,482	47,961	29,220	120,040	149,260
Taxation	**(1,924)**	**874**	**(1,050)**	(2,487)	1,397	(1,090)	(3,540)	3,095	(445)
Net profit	**19,215**	**17,226**	**36,441**	18,992	27,879	46,871	25,680	123,135	148,815
Earnings per Ordinary share (note 3)	**6.05p**	**5.43p**	**11.48p**	5.98p	8.78p	14.76p	8.09p	38.78p	46.87p

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 4.60p (2013: 4.35p) in respect of the year ended 31 March 2014 was declared on 28 May 2014 (2013: 29 May 2013) and was paid on 5 August 2014 (2013: 6 August 2013). This can be found in the Group Statement of Changes in Equity for the half year ended 30 September 2014.

The interim Ordinary dividend of 2.95p (2014: 2.85p) in respect of the year ended 31 March 2015 was declared on 26 November 2014 (2014: 27 November 2013) and will be paid on 6 January 2015 (2014: 7 January 2014).

Group and Company Statement of Changes in Equity

For the half year ended 30 September 2014 (Unaudited)	**Share Capital Ordinary £'000**	**Share Premium Account £'000**	**Capital Redemption Reserve £'000**	**Retained Earnings Ordinary £'000**	**Total £'000**
At 31 March 2014					
Total comprehensive income:	**79,375**	**43,162**	**43,934**	**642,967**	**809,438**
Net profit for the half year	**–**	**–**	**–**	**36,441**	**36,441**
Transactions with owners, recorded directly to equity:					
Shares repurchased	**–**	**–**	**–**	**–**	**–**
Dividends paid	**–**	**–**	**–**	**(14,605)**	**(14,605)**
At 30 September 2014	**79,375**	**43,162**	**43,934**	**664,803**	**831,274**

For the half year ended 30 September 2013 (Unaudited)	Share Capital Ordinary £'000	Share Premium Account £'000	Capital Redemption Reserve £'000	Retained Earnings Ordinary £'000	Total £'000
At 31 March 2013	79,469	43,162	43,840	517,748	684,219
Total comprehensive income:					
Net profit for the half year	–	–	–	46,871	46,871
Transactions with owners, recorded directly to equity:					
Shares repurchased	(94)	–	94	(736)	(736)
Dividends paid	–	–	–	(13,811)	(13,811)
At 30 September 2013	79,375	43,162	43,934	550,072	716,543

For the year ended 31 March 2014 (Audited)	Share Capital Ordinary £'000	Share Premium Account £'000	Capital Redemption Reserve £'000	Retained Earnings Ordinary £'000	Total £'000
At 31 March 2013	79,469	43,162	43,840	517,748	684,219
Total comprehensive income:					
Net profit for the period	–	–	–	148,815	148,815
Transactions with owners, recorded directly to equity:					
Shares repurchased	(94)	–	94	(736)	(736)
Dividends paid	–	–	–	(22,860)	(22,860)
At 31 March 2014	79,375	43,162	43,934	642,967	809,438

Group Balance Sheet

as at 30 September 2014

	30 September 2014 (Unaudited) £'000	30 September 2013 (Unaudited) £'000	31 March 2014 (Audited) £'000
Non-current assets			
Investments held at fair value	**887,651**	778,348	880,483
Current assets			
Deferred taxation asset	**236**	–	200
Other receivables	**8,807**	7,008	11,405
Cash and cash equivalents	**19,529**	13,513	9,740
	28,572	20,521	21,345
Current liabilities	**(69,949)**	(64,901)	(77,390)
Net current liabilities	**(41,377)**	(44,380)	(56,045)
Total assets less current liabilities	**846,274**	733,968	824,438
Non-current liabilities	**(15,000)**	(17,425)	(15,000)
Net assets	**831,274**	716,543	809,438
Capital and reserves			
Called up share capital	**79,375**	79,375	79,375
Share premium account	**43,162**	43,162	43,162
Capital redemption reserve	**43,934**	43,934	43,934
Retained earnings	**664,803**	550,072	642,967
Shareholders' funds	**831,274**	716,543	809,438
Net asset value per:			
Ordinary share	**261.82p**	225.68p	254.94p

Group Cash Flow Statement

for the half year ended 30 September 2014

	Half year ended 30 September 2014 (Unaudited) £'000	Half year ended 30 September 2013 (Unaudited) £'000	Year ended 31 March 2014 (Audited) £'000
Reconciliation of operating revenue to net cash flow from operating activities			
Profit from operations before tax	**37,491**	47,961	149,260
Financing activities	**1,765**	1,528	3,168
Gains on investments held at fair value through profit or loss	**(22,679)**	(30,476)	(135,270)
Foreign exchange movements	**1,667**	(182)	(353)
Decrease/(increase) in accrued income	**1,129**	(681)	(284)
(Increase)/decrease in other debtors	**(108)**	824	(1,194)
(Decrease)/increase in creditors	**(4,995)**	(1,822)	6,663
Net sales/(purchases) of investments	**18,101**	(6,895)	(6,163)
Decrease in sales settlement debtor	**758**	499	386
Decrease in purchase settlement creditor	**(2,681)**	(6,214)	(6,749)
Scrip dividends included in investment income	**(1,203)**	(2,230)	(2,641)
Net cash inflow from operating activities before interest and taxation	**29,245**	2,312	6,823
Interest paid	**(1,765)**	(1,528)	(3,168)
Taxation paid	**(1,419)**	(2,072)	(3,338)
Net cash inflow/(outflow) from operating activities	**26,061**	(1,288)	317
Financing activities			
Equity dividends paid	**(14,605)**	(13,811)	(22,860)
Repurchase of shares	**–**	(736)	(736)
Drawdown of loans	**–**	15,500	19,000
Net cash used in financing	**(14,605)**	953	(4,596)
Increase/(decrease) in cash	**11,456**	(335)	(4,279)
Cash and cash equivalents at start of the period	**9,740**	13,666	13,666
Exchange movements	**(1,667)**	182	353
Cash and cash equivalents at end of the period	**19,529**	13,513	9,740

Notes to the Financial Statements

as at 30 September 2014

1 Basis of accounting

The accounting policies applied in these interim financial statements are consistent with those applied in the Company's most recent annual financial statements, except for the adoption of new standards and interpretations effective as of 1 January 2014. The financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 'Interim Financial Reporting'.

The adoption of the following standards has had no impact on the Financial Statements:

- IFRS 10 – Consolidated Finacial Statements
- IFRS 12 – Disclosure of Interests in Other Entities

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 2014			(Unaudited) Half year ended 30 September 2013			(Audited) Year ended 31 March 2014		
	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	**617**	**1,852**	**2,469**	584	1,752	2,336	1,181	3,538	4,719
Performance fee	**–**	**1,443**	**1,443**	–	1,278	1,278	–	9,669	9,669
	617	**3,295**	**3,912**	584	3,030	3,614	1,181	13,207	14,388

A provision has been made for a performance fee based on the net assets at 30 September 2014. No payment is due until the full year performance fee is calculated at 31 March 2015.

3 Earnings per Ordinary share

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

	Half year ended 30 September 2014 (Unaudited) £'000	Half year ended 30 September 2013 (Unaudited) £'000	Year ended 31 March 2014 (Audited) £'000
Net revenue profit	**19,215**	18,992	25,680
Net capital profit	**17,226**	27,879	123,135
Net total profit	**36,441**	46,871	148,815
Weighted average number of Ordinary shares in issue during the period	**317,500,980**	317,571,608	317,536,391

	pence	pence	pence
Revenue earnings per Ordinary share	**6.05**	5.98	8.09
Capital earnings per Ordinary share	**5.43**	8.78	38.78
Earnings per Ordinary share	**11.48**	14.76	46.87

4 Changes in share capital

During the half year no Ordinary shares have been purchased and cancelled.

As at 30 September 2014 there were 317,500,980 Ordinary shares (30 September 2013 and 31 March 2014: 317,500,980 Ordinary shares) of 25p in issue.

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 meet its liabilities as and when they fall due and continue in operational existence for the foreseeable future.

6 Fair value of financial assets and financial liabilities

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

Fair value hierarchy disclosures

The table below sets out fair value measurements using IFRS 13 fair value hierarchy

Financial assets at fair value through profit or loss

At 30 September 2014	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	809,703	–	183	809,886
Investment Properties	–	–	69,337	69,337
Fixed interest investments	2,493	5,935	–	8,428
Contracts for difference	–	2,533	–	2,533
	812,196	8,468	69,520	890,184

At 30 September 2013	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	717,408	–	204	717,612
Investment Properties	–	–	55,656	55,656
Fixed interest investments	–	5,080	–	5,080
Contracts for difference	–	1,012	–	1,012
	717,408	6,092	55,860	779,360

At 31 March 2014	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	800,967	–	204	801,171
Investment Properties	–	–	71,115	71,115
Fixed interest investments	2,632	5,565	–	8,197
Contracts for difference	–	3,351	–	3,351
	803,599	8,916	71,319	883,834

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

Level 1 – valued using quoted prices in an active market for identical assets.

Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices within level 1.

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

Contracts for Difference are synthetic equities and are valued by reference to the investments' underlying market values. Included within Level 2 is a holding in NewRiver 5.85% 31/12/15 Convertible Unsecured Loan Stock which is listed on the Guernsey stock exchange with a value of £5,935,000.

Valuations of Investment Properties – Level 3

The Group carries its investment properties at fair value in accordance with IFRS 13, revalued twice a year, with changes in fair values being recognised in the Group Statement of Comprehensive Income. The Group engaged Deloitte Real Estate LLP as independent valuation specialists to determine fair value as at 30 September 2014.

Determination of the fair value of investment properties has been prepared on the basis defined by the RICS Valuation Professional Standards, Global & UK Edition, January 2014 (The Red Book) as follows:

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

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

In arriving at their estimates of fair values as at 30 September 2014, the valuers have used their market knowledge and professional judgement and have not only relied solely on historical transactional comparables.

Reconciliation of movements in Financial assets categorised as level 3

At 30 September 2014	31 March 2014 £'000	Transfers from Level 1 to 3 £'000	Purchases £'000	Sales £'000	Appreciation/ Depreciation £'000	30 September 2014 £'000
Unlisted equity investments	204	–	–	–	(21)	183
Investment Properties						
– Mixed use	34,500	–	615	(185)	1,905	36,835
– Industrial	11,550	–	8,274	–	201	20,025
– Offices	25,065	–	402	(14,470)	1,480	12,477
	71,115	–	9,291	(14,655)	3,586	69,337
	71,319	–	9,291	(14,655)	3,565	69,520

Transfers between hierarchy levels

There were no transfers between any levels during the period.

Sensitivity information

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

- Estimated rental value
- Rent growth
- Long term vacancy rate

Significant increases (decreases) in estimated rental value and rent growth in isolation would result in a significantly higher (lower) fair value measurement. A significant increase (decrease) in long-term vacancy rate in isolation would result in a significantly lower (higher) fair value measurement.

Debenture loan

The debenture loan of £15,000,000 (30 September 2013 and 31 March 2014: £15,000,000) of 11.5% 2016 stock is issued by Trustco Finance plc and is guaranteed by the Company through a floating charge over its assets. The fair value of this debenture at 30 September 2014 was £16,851,000 (30 September 2013: £17,963,000) and (31 March 2014: £17,429,000). Using the IFRS 13 fair value hierarchy the debenture stock is deemed to be categorised within Level 1.

The Company and Group have complied with the terms of the debenture agreement throughout the period.

Multi-currency revolving loan facilities

The Group also has unsecured, multi-currency, revolving short-term loan facilities totalling £80,000,000 (30 September 2013: £80,000,000) and (31 March 2014: £80,000,000). At 30 September 2014 £61,000,000 was drawn on these facilities (30 September 2013: £57,500,000) and (31 March 2014: £61,000,000). The fair value is considered to approximate the carrying value and the interest is paid at a margin over LIBOR.

7 Subsidiaries

The Group has the following principal subsidiaries, all of which are registered and operating in England and Wales:

Name of Company	Principal Activities
TR Property Finance Ltd	Investment holding and finance
Trust Union Properties (Bayswater) Ltd	Property investment
The Colonnades Ltd*	Property investment
Trustco Finance plc	Debenture issuing vehicle

All the subsidiaries are fully owned and all the holdings are ordinary shares. The Group also has other subsidiaries which are considered not significant as they are either not trading or are immaterial.

*Indirectly held

8 Related party transactions

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

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

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

9 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 2014 and 30 September 2013 has not been audited or reviewed by the Group auditors. The figures and financial information for the year ended 31 March 2014 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

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J Glen
S Marrison
S Procter
H Seaborn
D Watson

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

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Telephone: 020 7011 4100

Fund Manager
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Finance Manager and Investor Relations
J L Elliott ACA

Assistant Fund Manager
A Lhonneur

aic
The Association of
Investment Companies

Direct Property Manager
G P Gay MRICS

Secretary
Capita Company Secretarial Services
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Registered Auditor
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Stockbrokers
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London
EC2R 7AS

Oriel Securities Ltd
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London
EC2V 6ET

Solicitors
Slaughter and May
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London
EC1Y 8YY

Depositary, Custodian & Fund Administrator
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London
EC2R 6PA

Website
www.trproperty.com

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 usually paid on the Ordinary shares as follows:

Interim: early January
Final: August

Dividend Payments
Dividends can be paid to 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 23 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.

Dividend Re-investment Plan ("DRIP")
TR Property Investment Trust plc now offers shareholders the opportunity to purchase further shares in the company through the DRIP. DRIP forms may be obtained from Computershare Investor Services PLC through their secure website www.investorcentre.co.uk, or by phoning 0870 707 1694. Charges do apply; dealing commission of 0.5% (subject to a minimum of £1.00). Government stamp duty of 0.5% also applies.

Share Price Listings
The market prices of the Company's 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
ISIN GB0009064097
SEDOL 0906409
Bloomberg TRY LN
Reuters TRY.L
Datastream TRY

Benchmark
Details of the benchmark is given in the Statement of Investment Objective and Policy on page 2 of this Report and Accounts. The benchmark index is published daily and can be found on Bloomberg;

FTSE EPRA/NAREIT Developed Europe Capped Net Total Return Index in Sterling
Bloomberg: TR0RAG Index

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

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.

General Shareholder Information *continued*

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 formerly held Sigma shares

Upon a disposal of all or part of a shareholder's holding of Ordinary shares, the impact on the shareholder's capital gains tax base cost of the conversion to Sigma shares in 2007 and the redesignation to Ordinary shares in 2012 should be considered.

In respect of the conversion to Sigma in 2007, agreement was reached with HM Revenue & Customs ("HMRC") to base the apportionment of the capital gains tax base cost on the proportion of 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.

As part of the re-designation of the Sigma shares into Ordinary shares in December 2012, a further agreement was reached with HMRC that a shareholders capital gains tax base cost in their new Ordinary shares should be equivalent to their capital gains base cost in the pre-existing Sigma shares (i.e. their capital gains base cost under the existing agreement if applicable).

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.

Holding shares in Certificated Form
Investors may hold their investment in certificated form. Our registrars, Computershare operate a dealing service which enables investors to buy and sell shares quickly and easily online without a broker or the need to open a trading account. Alternatively the Investor Centre allows investors to manage portfolios quickly and securely, update details and view balances without annual charges. Further details are available by contacting Computershare on 0870 702 0000 or visit www.computershare.com.

TR Property Investment Trust plc now offers shareholders the opportunity to purchase further shares in the company through the Dividend Re-investment Plan ("DRIP") through the registrar, Computershare. Shareholders can obtain further information on the DRIP through their secure website www.investorcentre.co.uk, or by phoning 0870 707 1694. Charges do apply. Please note that to gain access to your details or register for the DRIP on the Computershare site you will need the holder reference number stated on the top left hand corner of your share certificate.

Saving schemes, ISAs and other plans
A number of banks and wealth management organisations provide savings schemes and ISAs through which UK clients can invest in TR Property Investment Trust plc.

ISA and savings scheme providers do charge dealing and other fees for operating the accounts, and investors should read the Terms and Conditions provided by these companies and ensure that the charges best suit their planned investment profile. Most schemes carry annual charges but these vary between provider and product. Where dealing charges apply, in some cases these are applied as a percentage of funds invested and others as a flat charge. The optimum way to hold the shares will be different for each investor depending upon the frequency and size of investments to be made.

Details are given below of two providers offering shares in TR Property Investment Trust, but there are many other options.

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.

F&C Asset Management Limited ("F&C")
F&C offer a number of Private Investor Plans, Investment Trust and Junior ISAs and Children's Investment Plans. Investments can be made as lump sums or through regular savings. For more information see inside the back cover. F&C can be contacted on 0800 136 420, or visit www.fandc.com.

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
In 2012 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.

How to Invest

One of the most convenient ways to invest in TR Property Investment Trust plc is through one of the savings plans run by F&C Management Limited ('F&C').

F&C Private Investor Plan (PIP)
A flexible way to invest with a lump sum from £500 or regular savings from £50 a month. You can also make additional lump sum top-ups at any time from £250.

F&C Investment Trust ISA.
Use your ISA allowance to make an annual tax-efficient investment of up to £15,000 for the 2014/15 tax year with a lump sum from £500 or regular savings from £50 a month. You can also make additional lump sum top-ups at any time from £250 and transfer any existing ISAs to us whilst maintaining all the tax benefits.

F&C Child Trust Fund (CTF)
CTFs are closed to new investors; however, if your child has a CTF with another provider, it is easy to transfer it to F&C. Additional contributions can be made from as little as £25 per month or £100 lump sum – up to a maximum of £4,000 for birthdays in the 2014/15 tax year.

F&C Children's Investment Plan (CIP)
A flexible way to save for a child. With no maximum contributions, the plan can easily be written under trust to help reduce inheritance tax liability or kept in your name if you may need access to the funds before the child is 18. Investments can be made from a £250 lump sum or £25 a month. You can also make additional lump sum top-ups at any time from £100.

F&C Junior ISA (JISA)
This is a tax-efficient savings plan for children who did not qualify for a CTF. It allows you to invest up to £4,000 for the 2014/15 tax year with all the tax benefits of the CTF. You can invest from £30 a month, or £500 lump sum, or a combination of both.

Potential investors are reminded that the value of investments and the income from them may go down as well as up and you may not receive back the full amount originally invested. Tax rates and reliefs depend on the circumstances of the individual. The CTF and JISA accounts are opened in the child's name. Money cannot be withdrawn until the child turns 18.

Annual management charges and certain transaction costs apply according to the type of plan.

Annual account charge
ISA: £60+VAT
PIP: £40+VAT
JISA/CIP/CTF: £25+VAT
You can pay the annual charge from your account, or by direct debit (in addition to any annual subscription limits)

Dealing charge per holding
ISA: 0.2%
PIP/CIP/JISA: postal instructions £12, online instruction £8

The dealing charge applies when shares are bought or sold but the fixed rate charge does not apply to the reinvestment of dividends or the investment of regular monthly savings.

There is no dealing charge on a CTF but a switching charge of £25 applies if more than 2 switches are carried out in one year.

Government stamp duty of 0.5% also applies on purchases (where applicable).

There may be additional charges made if you transfer a plan to another provider or transfer the shares from your plan. For full details of charges, please read the Key Features and Terms and Conditions of the plan before investing.

How to Invest
You can invest in all our savings plans online.

New Customers
Contact our Investor Services Team
Call: **0800 136 420** (8:30am – 5:30pm, weekdays, calls may be recorded)
Email: **info@fandc.com**
Investing online: **www.fandc.com**

Existing Plan Holders
Contact our Investor Services Team
Call: **0845 600 3030** (*9:00am – 5:00pm, weekdays, calls may be recorded)
Email: **investor.enquiries@fandc.com**
By post: F&C Plan Administration Centre
PO Box 11114, Chelmsford CM99 2DG

A part of BMO Financial Group

F&C Investment Business Limited is authorised and regulated by the Financial Conduct Authority FRN : 119230 and is a member of the F&C Group. The ultimate parent company of the F&C Group is the Bank of Montreal.

Notes

TR Property Investment Trust plc is managed by

Thames River

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