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TR Property Investment Trust plc

Report & Accounts for the
year ended 31 March 2009

TR Property Investment Trust plc

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Overview

The objective of TR Property Investment Trust plc is to maximise shareholders' total returns by 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 Investment Trust has been in existence since 1905 and 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 with a single independent Board of Directors.

The Report & Accounts contain the group financial statements and as supplementary information separate income statements and balance sheets for each share class. There is a separate 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 four 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. Details of how the board operates and fulfils its responsibilities are set out in the Directors' Report on pages 48 to 61.

Further Information General shareholder information and details of how to invest in TR Property Investment Trust plc, including investment through an ISA or shareplan, can be found on page 93 and 94. This information can also be found on the Company'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 Europe Index in Sterling. This index, calculated by FTSE, is free-float based and currently has 80 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 will be 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. 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 portfolio.

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.

Asset Allocation Guidelines The Fund Manager currently applies the following guidelines for asset allocation:

UK listed equities	30 – 55%	Other listed equities	0 – 5%
European listed equities	30 – 55%	Listed bonds	0 – 5%
		Direct property – UK	10 – 30%

Gearing The fund may utilise gearing with the purpose of enhancing shareholder returns. The maximum gearing level permitted is 40%, however, the current guideline is 10% net cash to 25% gearing.

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 March 2009, the share price has risen by 145% from 43.25p to 106.00p and the net asset value per share has risen by 143% from 52.00p to 126.07p. Over the same period the benchmark price only index has risen by 24%.

Income Growth Over the past ten years the annual net dividend per share has grown by 4.5 times, equivalent to 16.3% pa compound.

Dividend An interim dividend of 2.30p (2008: 2.30p) per Ordinary share was paid on 13 January 2009 to shareholders on the register on 12 December 2008.

Subject to shareholder approval at the Annual General Meeting on 28 July 2009, a final dividend of 3.45p per Ordinary share (2008: 3.30p) has been declared payable on 4 August 2009 to shareholders on the register on 3 July 2009. The shares will be quoted ex-dividend on 1 July 2009.

Sigma Shares

Objective

The objective of the Sigma share class is to maximise shareholders' total returns by investing predominantly in the shares of property companies with a market capitalisation of less than £1 billion on an international basis.

Benchmark

The Benchmark up to 31 March 2009 was the FTSE EPRA/NAREIT Europe Index in Sterling. This Index, calculated by FTSE, is free-float based and currently has 80 constituent companies. From 1 April 2009 the Benchmark will be FTSE EPRA/NAREIT Small Cap Europe Index in Sterling. This Benchmark, also provided by FTSE, is FTSE EPRA/NAREIT Europe Index in Sterling, adjusted to exclude those stocks with a market capitalisation exceeding £1bn. The constituents are adjusted quarterly.

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 portfolio.

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.

Asset Allocation Guidelines

The Fund Manager currently applies the following guidelines for asset allocation:

UK listed equities	35 – 60%	Other listed equities	0 – 10%
European listed equities	35 – 60%	Listed bonds	0 – 5%
		Unquoted investments	0 – 5%

Gearing

The fund may utilise gearing with the purpose of enhancing shareholder returns. The maximum gearing level permitted is 40%, however, the current guideline is 10% net cash to 25% gearing.

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 Manager comments on the level of see-through gearing in the Manager's Report.

Capital

Since launch in July 2007, the share price has fallen by 63.3% from 106.25p to 39.00p and the net asset value per share has fallen by 50.1% from 122.85p to 61.34p. Over the same period the benchmark price only index has fallen by 56.8%.

Dividend

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

An interim dividend of 0.90p (2008: 0.20p) per Sigma share was paid on 13 January 2009 to shareholders on the register on 12 December 2008.

Subject to shareholder approval at the AGM on 28 July 2009, a final dividend of 1.10p per Sigma share (2008: 0.65p) has been declared payable on 4 August 2009 to shareholders on the register on 3 July 2009. The shares will be quoted ex-dividend on 1 July 2009.

Financial Highlights and Performance

Ordinary Shares

	Year ended 31 March 2009	Year ended 31 March 2008	% Change
Revenue			
Revenue earnings per Ordinary share	**6.49p**	5.79p	+12.1
Net dividend per Ordinary share	**5.75p**	5.60p	+2.7
	At 31 March 2009	At 31 March 2008	% Change
Balance Sheet			
Net asset value per share	**126.07p**	219.61p	-42.6
Share price	**106.00p**	188.25p	-43.7
Net cash/(debt)	**15%**	1%	
Shareholders' funds (£'000)	**323,666**	567,899	-43.0
Shares in issue at end of period (m)	**256.7**	258.6	-0.7
	Year ended 31 March 2009	Year ended 31 March 2008	
Performance			
Benchmark performance (total return)	**-48.6%**	-23.0%	
NAV total return	**-40.5%**	-22.9%	
Share price total return	**-41.2%**	-24.8%	

Sigma Shares

	Year ended 31 March 2009	Period ended 31 March 2008	% Change
Revenue			
Revenue earnings per Sigma share	**2.91p**	0.85p	+242.4
Net dividend per Sigma share	**2.00p**	0.85p	+135.3
Net special dividend per Sigma share	**-**	1.10p	N/A
Total dividends per Sigma share	**2.00p**	1.95p	+2.6
	At 31 March 2009	At 31 March 2008	% Change
Balance Sheet			
Net asset value per share	**61.34p**	108.64p	-43.5
Share price	**39.00p**	92.00p	-57.6
Net cash/(debt)	**17%**	5%	
Shareholders' funds (£'000)	**76,623**	138,710	-44.8
Shares in issue at end of period (m)	**124.9**	127.7	-2.2
	Year ended 31 March 2009	Period ended 31 March 2008	
Performance			
Benchmark performance (total return)	**-48.6%**	-10.1%	
NAV total return	**-42.3%**	-10.5%	
Share price total return	**-56.2%**	-12.2%	

Historical Performance *for years ended 31 March*

	1999	2000	2001	2002	2003	2004	2005(D)	2006(D) (Restated)	2007(D)	2008(D)	2009(D)
Gross revenue(A) (£'000)	15,182	12,693	13,307	13,751	16,676	16,247	–	–	–	–	**–**
Total income(B) (£'000)	–	–	–	–	–	–	19,741	23,143	26,226	32,160	**31,446**
Total assets less current liabilities (£'m)	292.5	305.8	382.7	382.7	344.3	440.9	544.7	813.6	1,017.0	725.3	**418.6**
Shareholders' funds (£'m)											
Total	249	266	343	342	304	401	505	771	973	707	**400**
Ordinary shares	249	266	343	342	304	401	505	771	973	568	**324**
Sigma shares	–	–	–	–	–	–	–	–	–	139	**77**
Net revenue (pence per share)											
Earnings – Ords	1.97	1.41	1.58	1.86	2.30	2.51	2.85	3.44	4.09	5.79	**6.49**
Earnings – Sigma	–	–	–	–	–	–	–	–	–	0.85	**2.91**
Dividends – Ords	1.27	1.32	1.40	1.65	2.05	2.50	2.85	3.40	4.10	5.60	**5.75**
Dividends – Sigma	–	–	–	–	–	–	–	–	–	1.95**	**2.00**
NAV per share (pence)											
Ords	52.0*	56.5*	73.2*	78.1*	73.0	113.1	145.7	224.1	290.8	219.6	**126.1**
Sigma	–	–	–	–	–	–	–	–	–	108.6	**61.3**
Share price (pence)											
Ords	43.25	45.25	58.25	64.75	59.00	95.00	128.50	209.50	286.50	188.25	**106.00**
Sigma	–	–	–	–	–	–	–	–	–	92.00	**39.00**
Indices of growth											
Per Ordinary share											
Share price	100	105	135	150	136	220	297	484	593	435	**245**
Net Asset Value	100	109	141	150	140	217	280	430	559	422	**243**
Dividend Net	100	104	110	130	161	197	224	268	322	441	**453**
RPI	100	103	105	106	110	112	116	119	125	129	**129**
Benchmark(C)	100	94	118	120	109	154	191	274	341	255	**124**

(A) Gross revenue – is as set out in the Statement of Total Return prepared under UK GAAP.

(B) Total income – is as set out in the Group Income Statement prepared in accordance with IFRS.

(C) A composite index comprising the FTSE Real Estate Index up to the end of September 2001, the S&P/Citigroup European Property Index thereafter up to March 2007 and FTSE EPRA/NAREIT Europe Index thereafter. Source: Thames River Capital.

(D) Figures for 2006 onwards have been prepared in accordance with IFRS. Figures for 2005 have been restated in accordance with IFRS. All previous figures were prepared under UK GAAP.

*fully diluted for warrant conversion.

**Includes a special dividend of 1.10p.

Chairman's Statement

Peter Salsbury BSc **Chairman**
4 June 2009

Introduction

This time last year I opened my introduction by saying that it was "a brute of a year for property shares". This year it seems appropriate to start with "ditto". Indeed it has been the most nerve-wracking period in financial markets that most of us can ever recall. Given the horrendous background, I am pleased to report that both share classes have survived the ordeal with their portfolios in decent shape. Both NAVs have outperformed the benchmark by considerable margins and both have record levels of earnings per share. This is enabling the Board to recommend a dividend increase for both share classes at a time when many shareholders will be suffering income declines from cash holdings.

Our managers expect a decline in net revenue per share for both share classes in the current year. However the Trust has built up substantial revenue reserves over previous years, and the Board has agreed that, subject to unforeseen circumstances, it will use some of these reserves to recommend to shareholders that the dividend in the year to end March 2010 will not be less than the dividend now recommended for the year to end March 2009.

I would draw shareholders' attention to the new management fee arrangements set out later in my statement. I believe these are innovative and will be of long term benefit to shareholders. Sigma shareholders should also note that the Board approved a change of benchmark for that share class as from the start of the current financial year.

Chairman's Statement *continued*

NAV and Share Price Performance

The details of the absolute and relative net asset value returns are set out on page 4 and again, in more detail, at the start of each share class report. Both share classes had the same benchmark last year and this produced a negative total return of -48.6%, its poorest ever recorded performance. Both asset values outperformed thanks chiefly to the substantial cash holdings built up during 2008 from the sale of shares in more heavily leveraged companies. The Ordinary share class share price performed in line with the NAV, but the Sigma share price discount widened significantly during the year. I will comment on this further under the discount heading.

Revenue Results

The revenue outcome in both share classes was higher than earlier guidance. This was largely due to the exceptional receipt, in March 2009, of a large and welcome refund of VAT that had been incorrectly charged in previous years. The majority of this refund must be allocated to the capital accounts of each share class, but the remainder, together with backdated interest, is treated as revenue. Further details of the revenue in each share class appear in the respective Managers' Reports. In summary the results were as follows:

Ordinary Shares

The net revenue per Ordinary share was 6.49p, an increase of 12.1% over the 5.79p reported in the year to end March 2008. The post tax benefit of the VAT repayment and backdated interest thereon was some 0.56p per share.

Sigma Shares

The net revenue per Sigma share was 2.91p for the full year. Given that the share class was launched in July 2007, a like for like comparison with the previous year is not possible. However, the net revenue was greater than your managers had anticipated, even after allowing for the element of VAT recovery and reflects not only absolute growth in earnings but also the slower exit from large cap stocks together with the accretive impact of share repurchases made last year.

Revenue Outlook 2009/10

Ordinary Shares

Our managers are advising the Board that, subject to unforeseen circumstances, they expect that revenue per share for the Ordinary share class will be in the order of 4.70p per share – a decline of around 28% relative to revenue in the year to March 2009. UK dividends are being cut, the VAT repayment will not recur and cash is earning virtually nothing. However, we will receive some underwriting income.

Sigma Shares

The Sigma share class revenue estimate for the coming year is harder to judge not only because of market conditions (unquestionably leading to lower dividend income) but also because of the continued portfolio

Chairman's Statement *continued*

rotation. Our managers expect that, subject to unforeseen circumstances, net revenue per share will be in the order of 1.80p per share.

Dividends

Ordinary Shares

The Board is recommending to Ordinary shareholders a final dividend of 3.45p for the year ending 31 March 2009, an increase of 4.5% over the final dividend of 3.30p paid last year. This, together with the interim dividend of 2.30p already paid, will take the total payment for the year to 5.75p, a 2.7% increase over the total of 5.60p paid last year.

Sigma Shares

The Board is recommending to Sigma shareholders a final dividend of 1.10p per share for the year ending 31 March 2009. This together with the interim dividend of 0.90p already paid will take the total payment for the year to 2.00p per share. This is a 2.6% increase over the total paid last year of 1.95p per share.

Cash, Net Debt, Gearing and Currencies

The gross cash holdings in both share classes increased over the year from £51.9m to £77.6m, having peaked at over £110m last December. Net cash has risen by a greater amount from £11.9m to £62.6m as the Trust repaid the £25m 8.125% debenture loan at par at the end of November 2008, leaving, as outstanding debt, only the £15m 11.5% 2016 debenture. The current £50m one year bank loan facility was not utilised in the year.

As in previous years the portfolios' exposure to foreign currencies was not hedged either at the asset or income level. Over the year Sterling declined against the Euro by 16.3%. As the majority of the assets and cash in the Trust are currently held in Euros, there was a significant foreign exchange gain to shareholders over the year.

Discount and Share Repurchases

The Ordinary share discount to net asset value averaged 17.4% over the year with a range of 10.5% to 24.5%. Over the year 1.875m Ordinary shares were repurchased and cancelled for £2.992m – an average total cost of 159.6p per share. Sales of assets were made to cover these repurchases which were made at an average discount of just over 18%. The surplus generated to shareholders' funds was £0.7m, equivalent to 0.26p per share on the outstanding Ordinary share capital at the year end.

The Sigma share discount to net asset value was volatile over the year. It rose from 14.8% at 31 March 2008 to 34.2% at 31 March 2009, peaking at over 40% in January. This dramatic increase reflects not only the general widening of property share and investment trust discounts to asset value but also investors' lack of appetite for small cap stocks. At the point of writing the discount has narrowed to less than 25%. Over the year 2.76m Sigma shares were repurchased and cancelled for £1.45m – an average cost of 52.5p. These shares were repurchased at an average discount of over 30% and investments were sold to cover these purchases. The surplus generated to the shareholders' funds was £0.55m, equivalent to 0.44p per share on the outstanding Sigma share capital at the year end.

Management Fee

The management and performance fees were due for renegotiation with the investment manager, Thames River Capital, for the period beginning 1 April 2009 and the Board is pleased to announce that a new fee structure has been agreed. The Board's objectives, on behalf of shareholders, were to ensure that our investment in a high quality fund management team would be maintained throughout volatile market conditions, and that their variable rewards would be concentrated on their ability to significantly outperform the benchmark.

The Board concluded that the industry practice of charging a management fee based wholly on a percentage of net asset value was not the best way to

Chairman's Statement *continued*

achieve these objectives. We have therefore decided to take a fresh approach. We have negotiated a charging structure for the management fee consisting largely of a fixed fee with a small ad valorem element.

The result of this is that as the net asset value of the share class rises, the fee only increases by a small amount, therefore increases in net asset value do not result in proportionate increases in management fees. The fund manager gets the real "reward" through outperformance of the benchmark and attainment of performance fees. We believe this structure better aligns the interests of the fund manager with that of the shareholders and further enhances our team's competitive advantage. In terms of percentage of net asset value, the fee becomes variable rather than a fixed percentage, with the fee percentage to net asset value increasing if the net asset value falls and decreasing as the net asset value rises.

Following the JP Morgan Claverhouse decision, VAT is no longer chargeable on the management fees, a saving for shareholders of around 16% on all management fees since the majority of VAT incurred is irrecoverable. However, this has meant that the fund manager is not able to recover VAT incurred on any of the costs of managing the fund thereby increasing the manager's costs. The management fees set out below also cover administration for the fund, ISA and shareplans, company secretarial and custody services which are all provided by third parties.

The new management fee for the Ordinary share class is a fixed annual fee of £2.65m plus an ad valorem fee of 0.20% per annum on net asset value, and for the Sigma share class a fixed annual fee of £0.65m plus an ad valorem fee of 0.30% per annum of net assets. The cap on the maximum performance fee payable for the Ordinary share class has been increased from 1% to 2% of adjusted net assets, although this is restricted to 1% if the net asset value is lower at the end of the 12 month period than at the beginning of such period. The performance fee arrangements for the Sigma share class are unchanged.

The tables below illustrate the new fee arrangements and the result in absolute and percentage of NAV terms at various (higher and lower) NAV levels for each share class. The central case is the estimated NAV as at 26 May 2009.

Ordinary Share Class

Net Asset Value £'m	Increase/ Decrease In NAV	New Annual Fee £'000	New Fee as % NAV	Fee at 0.70% £'000
244.3	-30%	3,139	1.28%	1,710
279.2	-20%	3,208	1.15%	1,954
314.1	-10%	3,278	1.04%	2,199
349.0	**0%**	**3,348**	**0.96%**	**2,443**
383.9	+10%	3,418	0.89%	2,687
418.8	+20%	3,488	0.83%	2,932
453.7	+30%	3,557	0.78%	3,176

Sigma Share Class

Net Asset Value £'m	Increase/ Decrease In NAV	New Annual Fee £'000	New Fee as % NAV	Fee at 1.10% £'000
60.6	-30%	832	1.37%	666
69.2	-20%	858	1.24%	761
77.9	-10%	884	1.13%	856
86.5	**0%**	**910**	**1.05%**	**952**
95.2	+10%	935	0.98%	1,047
103.8	+20%	961	0.93%	1,142
112.5	+30%	987	0.88%	1,237

The Board will review these arrangements after one year. Further details are set out in the Directors' Report on pages 48 to 61.

Sigma Share Class Benchmark

The Sigma share class was launched on 24 July 2007. Its objective is to invest in smaller property companies across Europe. Since launch it has used (and outperformed) the same benchmark as the Ordinary share class. The Board now considers that, going forward, the relative performance of the share class will be more appropriately judged by using a benchmark which is more aligned to its objective.

The Board announced on 31 March, that with effect from 1 April 2009, the Sigma share class benchmark will be FTSE EPRA/NAREIT Europe Index in Sterling, adjusted to exclude those stocks with a market capitalisation exceeding £1bn. The benchmark will be provided by FTSE, who produce the existing benchmark and the constituents will be adjusted quarterly to reflect capitalisation movements.

Outlook

Between mid March and mid May global bond and equity markets have rallied sharply, particularly for higher risk assets. This surge in optimism, which has included an

Chairman's Statement *continued*

element of panic buying, centres on hopes that the massive assistance now available from Governments is very likely to ensure a return to economic growth over the next twelve months. Certainly the speed of decline in activity has slowed markedly.

Nevertheless, as the Governor of the Bank of England has noted these are extraordinary and uncertain times. The economic patient is being treated with untested drugs and we simply cannot know what the state of the economy will be in twelve months time. We do know that unemployment is a lagging indicator, and that occupational demand for commercial property lags well behind unemployment. We know that the banks have very substantial books of commercial property debt which they will need to sort out over the next few years.

The Trust is in a sound financial condition. Since the year end we have reduced, but not eliminated, the net cash position. If the surge in share prices continues over the summer, this stance will lead to short term relative underperformance. I am happy for the managers to take a cautious stance.

Peter Salsbury
Chairman

Managers' Report

Ordinary Share Class & Sigma Share Class

Market Background and Outlook

Chris Turner MRICS
Fund Manager –
Ordinary share class

Marcus Phayre-Mudge MRICS
Fund Manager –
Sigma share class

Managers' Report

We have tried to make this section rather stronger on outlook than history. In doing so we assume that shareholders will be pretty familiar with the chain of events that has brought the world economy and stock markets to their current state, and, in any case, tackling the section this way also allows us to avoid too much use of tedious negative superlatives. Nevertheless we do need to sketch a picture of where we have been in order to provide a context for expressing our views on the potential trend in events over 2009 and 2010.

The first core unknown is the extent and depth of the current international recession. Since early March global equity markets generally have made a strong recovery, led by financial stocks including property shares. Current thinking among buyers suggests that recovery is close at hand, though recessions accompanied by financial crises generally last twice as long as normal recessions. There have been so many twists and turns in 2008 that we can only be sure that it is impossible to predict with any certainty what lies ahead. The current extreme volatility in global share prices only reflects extreme swings in investor sentiment.

For commercial property the second core unknown is the speed and impact of the de-gearing exercise that is required across Europe. The debt mountain is the industry's "elephant in the room". It is impossible to ignore but nobody talks about it because nobody knows what to do about it.

Property Investment Markets

Pan-European commercial property investment markets saw a sharp fall in both values and turnover over the past twelve months. The twin problems have been the onset of the recession and the scarcity of credit. On the basis of published indices UK values fell very rapidly – an average decline, March to March of some 30%, a more rapid and more severe decline than that recorded in other European real estate markets. In part this reflected the greater speed of decline of the UK economy relative to the rest of the Europe, the higher levels of leverage in the UK and the widespread application of index linked rents on the Continent. Valuation techniques have also had an impact. In the absence of transaction evidence, UK valuers have been urged to use their judgement and to take into account evidence of what property is not selling at a given price. Continental valuers are generally happier to stay with the last transaction evidence even when this may be somewhat historic. We need to be careful in placing too much emphasis on monthly value movements in making any long term judgement about the relative performance of various markets in such a volatile period.

Certainly across both the UK and Europe there has been no really safe place to hide. Everywhere the best relative performance has come from properties with bond like characteristics, let on ground leases or to Governments or blue chip companies on long unbreakable leases. Conversely, empty buildings or properties let on short leases to small businesses are suffering the most severe value declines.

In the UK, investment turnover has dropped very sharply, but the market has not ground to a halt and recently there has been a growing queue of cash buyers, seeking longer term bond like income from investment grade tenants – the new definition of a prime property. Bank finance is still quite scarce, with a modest maximum per property and per bank. Loan rates and terms will be tough relative to the recent past. The sellers of high quality income streams have generally been exactly those who, a year ago, might have been predicted to be today's buyers – open ended funds facing redemptions, life insurance companies, and major property companies. Well let prime buildings comprise maybe 10% of total

Market Background and Outlook *continued*

stock. Buildings not let to investment grade tenants or let on leases with less than five years to run, that is to say, the bulk of UK commercial property, are still hard to sell at yields below 10%, and, where the passing rent is above rental value, yields can be into the teens. Empty buildings and development sites are rarely offered for lack of any potential buyers. In short, a supermarket let to Tesco for another 25 years will bring in multiple offers, probably at above asking price, while a nearby row of part empty sheds will attract no interest whatever.

Very little debt distressed real estate has so far been brought to the block. If, when and how this property finds its way back into circulation is the big unknown for UK and European property markets over the next three years. With cash earning virtually no income it is of no surprise that the prime market has reactivated. Will those who don't buy today have missed the boat? We think not, in the sense that this is a huge boat which is stuck fast in the mud. It will require a sustained return to economic growth combined with huge amounts of capital to get the entire commercial property market moving again. The big gains should lie further ahead, when empty or half empty buildings can be bought from distressed owners for well below construction costs, filled with occupiers and turned into investments again.

So what might be the trend in average UK commercial property values over the next two years? We noted in our last interim comments that pricing in the IPD Index derivative market was proving a more reliable guide to events than agents' research. Current pricing offers two important signposts. Firstly that average capital values will fall by 24% in calendar 2009, by a further 6% over 2010. Secondly, and more controversially, pricing implies that the recovery in values in 2011-2013 will be just 1% to 3% pa, that is to say, very anaemic, suggesting, possibly that values will be pinned down while mess in the debt market is mopped up. Interestingly Halifax House Price Index derivative pricing also points to a nadir in 2010, then prices in a quite rapid rebound in values in the subsequent three years. Maybe a house will be a better investment over the next five years than a commercial property.

Debt

The quantum of bank, corporate and mortgage debt outstanding against commercial property appears to have changed very little since last November. At that time, in the interim report, we noted that it was estimated that around €1,000 billion was then owed across Europe of which close to £300 billion is in the UK. UK banks alone account for about £225 billion of this amount. To put this into context, the same figure was £41 billion ten years ago and in those ten years UK average commercial property values have actually fallen by 5% according to the IPD Monthly Index. For the long term health of the banking industry those numbers ought to be halved over the coming years. What has changed since we commented last November, is the value of the real estate against which this debt is secured. In both the UK and Europe, values will have fallen by 10% or more and may have another 10% to 15% to fall from April 2009. As a result, loan to value ratios are being squeezed. To put this into context, the total value of the UK commercial property market was estimated at £750-£850 billion at its peak in mid 2007. The 40% decline seen since will have reduced this figure to £450-£510 billion, and another 10% to 15% decline from here implies a nadir value of £400m-£450 billion, against which to set the £300 billion of debt. Hopefully these figures exaggerate the problem, but they lend some weight to those who believe that many leveraged investors or unquoted funds may now be in or close to negative equity and have little immediate chance of refinancing without very substantial fresh equity capital.

Few banks yet appear to have taken any significant write-downs on their commercial property exposure. Almost every bank is taking steps to avoid foreclosures where interest continues to be paid, and is using LTV breaches as an opportunity to widen spreads and change loan terms subject, usually, to substantial upfront fees. Loan extensions and the provision of some short term flexibility to distressed owners is currently the order of the day. As a result the pipeline of distressed commercial property being offered into investment markets remains very modest. In truth, the banks have little incentive to act differently given the mayhem that assertive action might cause both to their own precarious balance sheets and to the market in distressed assets.

So can the policy of doing nothing succeed in making the problem go away? It is possible, but it seems unlikely. We would need a scenario in which an early and sustained recovery in economic growth might, if combined with renewed fears of significant future inflation, result in a sudden positive step change in both tenant and investor demand for commercial real estate. The result could be an early renewal of value growth which could restore LTV covenants or allow the banks to foreclose on assets knowing there was a ready market for them assisted by a renewed desire from the banking industry to offer new commercial loans.

Market Background and Outlook *continued*

We have no special insight into the speed of the economic recovery, but the events of the past year make it unlikely that most businesses will start to hire staff and lease floorspace until a recovery is very well in trend. Inflation worries must be considered more likely. The concept of printing money through "quantitative easing" causes many people unease. While the velocity of money remains so weak and there is so much slack in the economy, inflation may not be a danger, but the defence mechanisms of many investors are tuned into the thought that hard assets might not be so undesirable at some time in the not too distant future.

If playing for time is not the answer, then the commercial property market does face a long drawn out and hard refinancing road lasting perhaps five to seven years. We think that €1,000 billion of debt probably needs to be halved over time. Many European banks will be under pressure to prioritise fresh lending to the business and residential sectors. All banks will be keen to avoid lending more than 70% loan to value, so, unless values leap from just their current levels, the banks will have to get their capital back from fresh equity lured into the property market by bargains. If we cannot find this equity then distressed asset sales accompanied by substantial and permanent write-downs for the banks, will be the order of the day. In the UK a substantial number of commercial property loans may now be covered by the Government's asset protection scheme, and here, and in Eire, it may well be unhappy tax payers who finally pick up the tab for this mess.

Rental Values and Tenant Demand

Rental values are now in decline for almost all types of commercial property both here and on the Continent. Through 2008 they showed remarkably little change. In the UK the IPD benchmark recorded falls of only 1% over the year in headline rental values. Most locations have started the recession with lower vacancy rates than seen in the early 1990s, thanks to the absence of a general development boom in the period 2004-2007.

Into 2009 the situation has markedly worsened with average declines of over 1% per month now being recorded. On the Continent rents payable are generally indexed annually to prices so that they actually rose in 2008, though rental values did not. The unemployment numbers are, and will be, the key statistic to watch. Redundancies go hand in hand with lower requirements for workspace, and lower disposable income. UK industry forecasts have recently been aggressively downgraded to suggest that a much sharper rate of rental value decline is in prospect over the remainder of 2009 and through 2010. Projected falls over this period now range between 10% and 30% depending on the type of property and the existing vacancy rate in the locality. The average UK vacancy rate is now 12% with industrial and storage space showing an average of 16%.

In recent recessions average headline rental values have never fallen very far in statistical terms. Landlords generally prefer to maintain their headline asking rents to avoid affecting the value of their neighbouring property and to lease on terms that offer rent free periods and other incentives to mask the true underlying or effective rent level. What is different now is both the speed and severity of this recession and the presence of extra factors at work in the market. The first factor is the level of leverage across the industry. Almost all loans have income cover covenants. This means that indebted owners are less able to afford the luxury, in time and income loss, of holding out for their required rent, but rather need to replace as much of their lost income as they can with as great a speed as possible. The second factor, applicable in the UK, is the sharp increase in the empty rates charges introduced recently by the Government. Empty rates are now a severe tax on vacant space, and thus add further to the desire of owners to take whatever rent they can for space as quickly as possible.

How far can rental values fall? And will a sharp fall in rental values of itself increase the demand for space? Property is a very inelastic commodity, you can't build it without considerable bureaucracy, you can't move it about like oil or gold and pulling it down is a last and rather extreme resort. The City of London office market is an interesting example. Here a wave of new construction completions are coinciding with the banking crisis. The vacancy rate has doubled from 6% to 12% in 12 months and headline rental values for Class A space have probably dropped by 25% from £60 to £45 per square foot in the same period. Rent free periods are now around 1 year for every 5 on the lease, so underlying rents are commensurately lower. With 5% by total volume still under speculative construction and City net employment growth unlikely to re-occur for some while, the outlook is not good. If rents continue to tumble new occupiers can be attracted in by price, but only at the cost of demand and increasing supply elsewhere in London. Aside from retailers, business tenants have no normal incentive to take more space than they need merely on cost grounds.

We are assured by the Government that we don't have enough houses in the UK, but do we have enough

Market Background and Outlook *continued*

commercial real estate? With full employment and strong net immigration during 2005-2007, real rental growth was still limited to a few choice locations. Now, with rising unemployment and net emigration, the property industry may need to adjust to the idea that there is no permanent shortage of space and rental values can move both up and down, and that some tenants will have to be accommodated on shorter leases with break clauses and that not all rent reviews must be upwards only. The implications of these adjustments may affect investors' attitude to the yield structure of the market over the next decade.

Property Share Background

Pan-European property shares fell by 51.2% in Sterling in the year to end March 2009. This was by far the worst annual performance in the Sector's recorded history. Share price movements were dominated by capital structures. As a rule of thumb, the more leveraged the business the greater the share price decline. High dividend yield was no defence. Indeed once a dividend yield had passed into double figures, investors merely assumed that a substantial dividend cut must be coming soon.

With property values in rapid decline, all net asset value (NAV) results became too historic to be of immediate value. Investors and brokers moved quickly to calculate future, or bottom of the cycle, NAVs, using indications of future value movements from derivative pricing and other sources. When the resulting future shareholders' funds were stress tested into the current balance sheets the result was often alarming in terms of potential breaches of loan covenants. The precipitous decline of many property share prices across Europe to stand on apparently enormous discounts to asset value, was based on far more logic than was apparent to many outsider commentators or indeed to the managements of many of the companies themselves.

Debt profiles and loan covenants and headroom became more important than asset profiles. There has been a scramble for greater disclosure of the terms and covenants involved in property company debt. Over the year, it became apparent that many companies had faced (and will face) serious refinancing issues in the comparatively near future. Those companies whose debt is entirely from banks have the advantage that their lenders may be anxious to avoid confrontation. Those with quoted bonds are not so fortunate as the bond holders are likely to push for repayment if the loan terms are breached. Almost all the recent rights and other equity issues have come from companies with quoted bonds.

Liquidity remained reasonable in the larger stocks, but for smaller companies, particularly those on AIM, the marketability has often became non-existent for weeks on end with the eventual effect that large scale transactions in these stocks were either impossible or had to take place at prices way below the official spread.

With few honourable exceptions, the managements of the more geared UK and European property companies remained far too optimistic for far too long. As a result those with leverage, which in 2007 would have been classed as no more than modest, have found themselves forced to be sellers of their most defensive assets or issuers of fresh equity at distressed price levels. A long term lesson from the present events is that the mere having and holding of leveraged real estate on a long term basis is not a perfect self contained business plan. There is an urgent need in some property company board rooms for little more strategic thinking and worldly wisdom than evidenced in 2008.

Earnings were broadly in line with expectations and without the adjustments for value movements, showed little of the stress that affected balance sheets. The outlook for earnings has deteriorated. Over the next three years rising vacancy rates will hurt top line income as will lease renewals at lower rents. Meanwhile the savings from lower interest costs will chiefly benefit Continental property companies, while most of their UK counterparts have fixed the bulk of their debt costs for some years ahead. Those companies now selling assets on 8%+ yields to repay debt costing less than 6% may be saving their balance sheets, but they will be hurting their earnings.

Until Q1 2009, dividend cuts or omissions were barely on the agenda. In the UK they are commonplace just four months later. Heavily leveraged companies have cut from expediency, the lighter leveraged to preserve cash. In Europe the heavily leveraged have also cut or omitted, but the lighter leveraged companies have maintained or even slightly increased their 2009 payouts often with share alternatives priced to encourage shareholders to take the stock to boost the equity capital. Sadly, despite representations, the UK Government has not, so far, allowed UK REITs to offer scrip alternatives to property income distributions.

In the seven weeks from the second week of March, UK property shares rose as much as 65% while European stocks gained as much as 40% in Sterling terms since when pricing has retreated somewhat. The fastest risers have been the most endangered companies, whose

Market Background and Outlook *continued*

share prices often represented option money ahead of perceived bankruptcy or which were seen as unable to refinance save on terms that would leave the existing shareholders with little of the equity. These are the sector's zombies, and the list unfortunately includes some well known names whose boards might have been more alert when times were good. The surge in their share prices represents a re-pricing of the risk of total wipe-out, and the increased belief that some, at least, of these businesses will find enough external capital to restore their balance sheets.

Outlook

We are in uncharted territory. The past recessions within living memory offer only partial clues as to what may happen next. The range of potential outcomes, for both the local and global economies, is extremely wide in terms of the timing, strength and speed of the recovery. Powerful swings in sentiment will continue to produce substantial volatility in stock pricing. The speed of the decline in economic activity has now slowed markedly. The innate desire to be optimistic has fashioned a very sharp and very welcome rally in equity markets on the basis that less bad is a certain harbinger of good. Cash has also been burning a hole in some investors' pockets. The bulls have chewed their finger nails for 2 years, now it is the turn of the bears. Certain economic forecasts (and particularly those linked to Governments) are predicting a speedy revival of economic growth. If this is correct we may have passed the nadir in equity pricing even if we have not passed the nadir of the recession. However there are those wiser than ourselves who warn that any recovery will take much longer to occur and will be slow, bumpy and unstable.

In terms of UK and European economies there are a number of major hurdles still to be jumped. A credible plan to 'fix' the banks remains elusive particularly in relation to their lending on commercial property. If deflation continues then the bank's loan problems may worsen. Paltry deposit and bond rates may not be maintainable if inflation returns. Any rise in consumer confidence risks being choked off by both higher interest rates and higher taxation. From several angles the return of inflation now looks not only inevitable, but also the only way that the enormous pile of government and personal debt can be belittled back to relative normality.

Indeed the first argument in favour of commercial property investment today rests on the need for investors to position their portfolios away from fixed interest and into hard assets to better withstand the return of sustained inflation. It may well be wiser to borrow long term at current interest rates than to lend, especially before bond markets are to be swamped with Government debt. The problem for property investors is little debt is available, the margins required are historically extreme and banks remain unwilling to lend against short or low quality income streams.

Is commercial property cheap today? Well it is when compared to prices two or three years ago, but those prices were set in a debt fuelled boom. The rapid fall in UK property values and the decline of Sterling have made London real estate a popular destination for overseas capital. This has helped stabilise pricing for good quality assets in both the residential and commercial markets, but risk premiums and yields are likely to remain very high by historic standards until we have worked our way back to increasing employment and rising tenant demand.

For most equity sectors the return of economic growth is expected to herald a sharp improvement in earnings per share. However for the quoted property sector the earnings growth outlook over the next five years is not good. The impact of rising vacancy and falling rental values will hit top line income slowly but steadily for several years to come. Cost lines will receive relatively little benefit from lower interest rates. Current average debt costs for the quoted sector are around 5.5% in the UK and 4.3% in the Continent – slightly below the current marginal cost of debt for good quality borrowers, so refinancing brings no earnings benefit. Meanwhile sales of property at 7% and 8% yields to repay debt costing less will repair a balance sheet but reduce earnings.

In short we have no clear conviction yet. We are very aware that our principal task is to take great care of your capital and, so far as possible, maintain your income. We have made modest investments over the last two months which have reduced our exposure to cash in both share classes. We have stuck with high quality balance sheets and companies with positive cash flow and avoided buying back into zombie stocks. This has been at the cost of some short term relative performance, and reflects the fact that we view the risk and reward rationale behind the rerating of some stocks as questionable.

Ordinary Shares

Financial Highlights

	Year ended 31 March 2009	Year ended 31 March 2008	% Change
Revenue			
Total revenue income (£'000)	**25,708**	29,795	-13.7
Income from operations before tax (£'000)	**22,414**	21,553	+4.0
Revenue earnings per share	**6.49p**	5.79p	+12.1
Net dividend per share	**5.75p**	5.60p	+2.7

	At 31 March 2009	At 31 March 2008	% Change
Balance Sheet			
Investments held at fair value (£'000)	**278,150**	564,798	-50.8
Shareholders' funds (£'000)	**323,666**	567,899	-43.0
Shares in issue at end of period (m)	**256.7**	258.6	-0.7
Net cash/(debt)	**15%**	1%	
Net asset value per share	**126.07p**	219.61p	-42.6

Performance

	Year ended 31 March 2009	Year ended 31 March 2008
Assets and Benchmark		
Benchmark performance (price only)	**-51.2%**	-25.4%
NAV change	**-42.6%**	-24.5%
Benchmark performance (total return)	**-48.6%**	-23.0%
NAV total return	**-40.5%**	-22.9%
IPD Monthly Index total return*	**-25.5%**	-10.7%
Total return from direct property	**-14.9%**	-1.2%

	At 31 March 2009	At 31 March 2008	% Change
Share Price			
Share price	**106.00p**	188.25p	-43.7
Share price total return	**-41.2%**	-24.8%	
Market capitalisation	**£272m**	£487m	-44.1

Sources: Thames River Capital/*IPD monthly, one year cumulative

Manager's Report
Ordinary Share Class

Chris Turner MRICS **Fund Manager**
4 June 2009

Performance
In the year ended March 2009 the Ordinary share class IFRS NAV fell by 42.6%. This sad regression compares with an even larger decline of 51.2% in the benchmark index. In total return terms the figures are -40.5% for the NAV and -48.6% for the benchmark. On a simple difference basis the total return outperformance was therefore 8.1%. The main contributor to outperformance was the substantial net cash holdings which were maintained in the share class throughout the year, mainly in Euros. Stock selection, which emphasised companies with below average leverage, also assisted as did the relative outperformance of our direct property portfolio. Errors of judgement were multiple. At the country level, I kept too much money in UK stocks, which fell by 62.5% and remained underweight in the outperforming Belgian and Swiss markets. We did, however avoid Norway altogether and were very substantially underweight in Austria, the two worst performers at the country level.

At the stock level, the range of performance was as wide as I can recall in any year and hinged almost entirely on gearing. Those companies that entered the downturn with modest leverage, or took early action to sell assets and repay debt, all outperformed. The many businesses which did neither saw their share prices decimated. Our largest investment, Unibail, fell into the former camp, our second and third largest, Land Securities and British Land fell eventually into the latter. Our currency positions were close to neutral in terms of relative performance and strongly positive in terms of absolute returns. Our direct property portfolio contributed outperformance showing a negative return of -14.9%.

Manager's Report *continued*

Distribution of Assets

The table on page 22 shows the percentages held in UK and European securities and UK direct property at the start and end of the year. UK securities fell from 46.2% of gross assets to 31.7% as a result of sales and their underperformance relative to European equities. European equities rose to 50.9%, while the direct properties rose to 17.4% of the invested assets despite the disposal of buildings over the year. For reference the benchmark weighting at the end of March 2009 was 33.9% UK equities, 66.1% European equities.

The table on page 20 shows that, outside the UK, the portfolio is dominated by holdings of equities listed in France, indeed these totalled more than the value of our UK equities at the year end. This is not quite the burst of blatant francophilia it might appear. The holding in Unibail represents over 60% of our French equities exposure, and the company owns a portfolio of shopping centres spread right across the Continent. Aside from Unibail we now have substantial holdings in a number of the larger French companies, which we think offer a combination of stable cash flows, below average leverage and we hope, a capacity to maintain dividends. More details of these holdings are given on page 23. Our 33% exposure to France compares with the benchmark weighting of around 31%.

Investment Activity

The table on page 20 showing the changes in our investments over the year presents a dismal picture of value loss. The way the table is arranged does perhaps suggest that we bought first and then sold, but this was not the case. Looking back over my transaction sheets for any year makes me shudder at my lack of foresight. The sheets for the year ended March are particularly embarrassing in terms of opportunities lost. I got the general direction right but failed to realise just how dire the market would become. Investment turnover (sales and purchases divided by two), was just under £71m or roughly 17% of the average gross assets over the year of £421m.

In the UK, and share repurchases aside, our total equity purchases were just £3.3m in the nine months ended December and £14.4m in January to March 2009 quarter of which £11m was in March. UK sales were more evenly spread with just over 50% occurring before the end of September 2008. Looking back I certainly sold too slowly in that period. On the Continent the pattern was similar though less extreme. In the first half I sold for £27.7m

See-Through Portfolio by Market* at end March 2009

	EPRA Index 31 March 2009 %	Ordinary Share Class Portfolio %
UK		
City Offices	3.19%	3.47%
West End Offices	5.29%	8.45%
West End Retail	2.10%	3.82%
Docklands	0.12%	0.14%
GLC/SE Offices	0.91%	3.47%
Provincial Offices	0.44%	0.33%
In town Retail	6.61%	6.54%
Supermarkets	0.80%	0.84%
Retail Warehouses	3.12%	3.36%
Out of Town Retail	1.76%	1.17%
SE Industrials	3.09%	4.02%
Other Industrials	0.83%	0.85%
Self Storage	0.41%	2.61%
Leisure	0.46%	0.48%
Residential	2.45%	1.45%
Other	0.73%	0.75%
Total UK	**32.31%**	**41.75%**
Austria Offices	0.46%	0.01%
Austria Retail	0.46%	0.33%
Austria Residential	0.58%	0.06%
Belgium Offices	2.84%	1.43%
Belgium Retail	0.65%	0.89%
Belgium Logistics	0.43%	0.20%
Central Europe Offices	0.24%	0.14%
Central Europe Retail	1.55%	1.72%
Central Europe Logistics	0.57%	0.82%
Central Europe Residential	0.18%	0.32%
Central Europe Other	0.02%	0.17%
Denmark Retail	0.36%	0.43%
Finland Offices	0.87%	0.11%
Finland Retail	1.15%	0.93%
Finnish Other	0.22%	0.00%
French Retail	10.12%	10.93%
French Offices	7.54%	10.21%
French Logistics	1.23%	1.82%
French Residential	1.38%	2.14%
French Other	1.48%	1.91%
German Offices	2.70%	0.39%
German Retail	1.17%	0.07%
German Logistics	0.84%	1.04%
German Residential	4.71%	0.48%
German Other	0.11%	0.02%
Greek Offices	0.44%	0.68%
Greek Retail	0.15%	0.17%
Italian Offices	1.62%	2.20%
Italian Retail	1.94%	1.92%
Italian Logistics	0.05%	0.00%
Italian Residential	0.09%	0.10%
Netherlands Offices	0.67%	0.07%
Netherlands Retail	3.37%	3.61%
Netherlands Industrial	0.32%	0.52%
Netherlands Residential	0.18%	0.20%
Norway Retail	0.36%	0.43%
Norway Offices	1.56%	0.00%
Portuguese Retail	0.09%	0.10%
Russia	0.26%	0.78%
Spain Offices	0.10%	0.10%
Spain Retail	2.08%	2.50%
Spain Residential	0.00%	0.00%
Spain Industrial	0.09%	0.13%
Spain Other	0.00%	0.00%
Sweden Offices	4.09%	3.02%
Sweden Retail	1.85%	2.00%
Sweden Industrial	1.37%	1.16%
Sweden Residential	0.05%	0.03%
Sweden Other	0.99%	0.25%
Swiss Offices	2.10%	0.61%
Swiss Retail	0.54%	0.16%
Swiss Other	0.38%	0.04%
Swiss Residential	0.21%	0.05%
USA Offices	0.40%	0.38%
USA Retail	0.20%	0.11%
USA Industrial	0.02%	0.01%
Other Overseas	0.26%	0.35%
Total	**67.69%**	**58.25%**

*Combines the underlying property from the Ordinary Portfolio shareholdings and direct property holdings

Manager's Report *continued*

and bought for £6.9m. In the second half the movements were reversed with purchases for £29.8m and sales raising £13.2m.

Sales were concentrated in the stocks with above average leverage and/or poor liquidity. In the UK a number of our long standing mid-cap holdings were substantially reduced or sold entirely, as falling property values threatened to leave those companies in breach of their banking or bond covenants, or even wipe out their shareholder funds entirely. On the Continent the pattern followed the same line. On the buy side I felt that there was no safe place to hide save cash. Those purchases that were made in the first ten months of the financial year were concentrated in the opposite direction to sales; that is to say on larger companies with modest leverage, modest development exposure, good rental cash flow and decent and, I hope, sustainable, dividend yields. This led me to increase the portfolio exposure to stocks listed in France and the Netherlands such as Unibail, Icade, Silic, Corio and Wereldhave. Further details of these businesses are set out on pages 24 and 25.

Largest Equity Investments

The composition of our top ten investments changed more markedly than in the previous four years. Together they made up 45.6% of gross assets (49% last year), however, stripping out the cash, they were 55.6% of our invested assets.

Unibail dominates the list and represented 17% of gross assets and 20.7% of invested assets. Following the all equity take-over of Rodamco in 2007 Unibail entered the downturn with a lowly geared portfolio of very high quality shopping centres spread across Europe, with exclusion of the UK, Germany and Italy. It is also the largest company in the benchmark, with a weight of 20.06% at the end of March. Under the tax legislation which govern investment trusts, the limit for investment in any one issuer is 15% of gross assets, above which level further investment is not permitted. For the purposes of this legislation the entire Trust is one entity. Sigma still retains some Unibail shares and the combined share class investment in the stock was above the permitted ceiling at the end of March 2009. The most recent purchase of Unibail shares was made before this limit was reached.

Land Securities and British Land remain in second and third places, but with much reduced holdings. These holdings were even smaller until March 2009 when we took up the new shares in their rights issues. We added to the Corio holding to raise the stock from 14th to 4th. Last autumn Corio sold a Dutch office and industrial portfolio for some €600m cash and this left its balance sheet in a much stronger state. I added substantially to the Icade holding influenced by its low leverage and by the French Government's indirect 60% shareholding. The additional investment in Icade, made at a 60% discount to NAV, was one of my very rare purchases made last autumn which still showed a surplus on cost at March 2009. Further down the top ten the stocks are closely bunched by value, indeed the 14th largest holding is only £1m smaller than the 8th largest holding.

Stocks that have dropped out of the top twenty include Segro. After the excellent sale of their US business in 2007, the company went on an ill timed investment and development spree which has ended in a very dilutive rights issue. Since the year end we have taken up our rights and the shares are back in the top twenty. St Modwen, a long time favourite, has also left the top twenty as we sold virtually the entire holding, mainly last summer. The other absentees are IVG where the entire holding was sold last summer and Kungsleden where we reduced the holding on leverage concerns. The new entrants are Wereldhave, the lowly geared and high yielding Dutch based international investor, PSP Swiss which outperformed strongly in the year and Vastned Retail.

Revenue

Revenue per Ordinary share rose 12.09% from 5.79p to 6.49p, a percentage gain well above the nil to 5% gain which I forecast at the interim stage. The principle reason for the discrepancy was the receipt, just before the end of the financial year, of sums due in our outstanding claim for overpaid VAT. The majority of these payments have been credited to the capital account, but the revenue account has benefitted by some £1.9m. In the income statement on page 28 the amount of the VAT repayment attributable to the revenue account of £1.386m is shown as a credit against expenses while the backdated accrued interest of £0.530m is included in other operating income. Together these exceptional receipts were equivalent to post tax revenue of 0.56p per share. The other abnormal feature of the Ordinary share class revenue account is that the pre-tax income has declined relative to the comparable numbers for the previous year. This reflects the creation of the Sigma share class in July 2007 at which point the Sigma shareholders took away

Manager's Report *continued*

their share of the accrued income. The adjustment is shown on the second to last line of the income statement for the year ended March 2008.

VAT and the Sigma adjustment aside, the Ordinary revenue for the year was roughly as anticipated. There were very few dividend increases of any substance but the bulk of our larger equity holdings paid in line with expectations save for Big Yellow and St Modwen, which passed their dividends. Last year the Continental income at £10.57m exceeded the UK equity income at £7.88m. Most of this (predominantly) Euro income is paid in April, May and June, so that the sharp fall in Sterling relative to the Euro over the autumn had only a modestly beneficial impact on the Sterling value of dividends received last year. Income from cash on deposit totalled some £2.2m and is included in other operating income. Despite the sale of the Woking property in October 2008, gross rental income rose reflecting the substantial rent review increase on the Waitrose unit at the Colonnades and the absence of vacancies in the remainder of the portfolio. The management fee declined in line with the reduction of the value of assets under management. Interest costs fell reflecting the absence of bank borrowings and the repayment of the 8.125% debenture in November 2008. The tax charge shown against revenue, at £5.715m is just over 25% compared with 18.9% last year. There are a number of reasons for this. Firstly we now receive most of our UK equity income as property income distributions from REITs. We receive these gross and treat them like rental income whereas in previous years this income came in the form of dividends taxed at source and not subject to further taxation in our accounts. Secondly as the cash balances have increased, so too has interest income, which again is subject to corporation tax in the Trust. To date we have had sufficient excess expenses brought forward to be able to shelter this income from tax so this has not led to an increase in the quantum of tax actually paid, however, accounting convention requires that as the brought forward expenses are utilised the full tax charge is applied to the income account, reflecting the level of taxation which would be applied if the relief was not available. The contra-entry is within the £4.90m tax credit in the capital account tax line. In cash flow terms our actual tax paid is £812,000 which is effectively just withholding tax on our foreign income that we are unable to recover.

Revenue Outlook

Our revenue in the year to March 2010 looks likely to decline. My current advice to the Board is that post tax revenue earnings will be in the order of 4.70p per Ordinary share. We will not have the exceptional benefit of the VAT repayments. Dividend income is under pressure. In the UK, Land Securities, Liberty and Segro have already announced or indicated sharp reductions in their payments for the current year. We expect other companies will follow this trend. Our returns from any cash we choose to hold

Ordinary Share Class
Changes in Investments

	Valuation 2008 £'000	Purchases £'000	Sales £'000	Depreciation £'000	**Valuation 2009 £'000**	%
Austria	3,954	814	(797)	(3,737)	**234**	0.1
Belgium	6,219	2,208	(2,499)	(1,408)	**4,520**	1.6
Finland	3,589	316	(609)	(2,012)	**1,284**	0.5
France	131,174	16,931	(10,246)	(45,163)	**92,696**	33.3
Germany	12,323	–	(7,451)	(4,430)	**442**	0.2
Greece	3,560	76	(15)	(2,980)	**641**	0.2
Italy	6,042	–	(2,205)	(1,980)	**1,857**	0.7
Luxembourg	5,392	1,470	(1,217)	(4,773)	**872**	0.3
Netherlands	27,967	13,089	(3,490)	(11,273)	**26,293**	9.5
Sweden	28,108	1,558	(11,850)	(9,068)	**8,748**	3.1
Switzerland	4,862	245	(598)	(533)	**3,976**	1.4
Continental Europe	233,190	36,707	(40,977)	(87,357)	**141,563**	50.9
UK	261,056	17,712	(38,138)	(152,515)	**88,115**	31.7
Direct Property	70,552	40	(7,860)	(14,260)	**48,472**	17.4
	564,798	54,459	(86,975)	(254,132)	**278,150**	100.0

Manager's Report *continued*

will be minimal. Our direct property income should remain relatively stable but as the recession bites we are bound to lose some rental revenue.

It is not all doom and gloom. On the Continent we have seen some modest dividend growth in the past two months, notably from our largest equity investment, Unibail. Our Euro, Krona and Swiss Franc dividend income, which is already greater than our UK equity income, should be worth about 12% more in Sterling terms at current exchange rates when compared with the equivalent receipts twelve months ago. Interest outgoings will fall again reflecting the extra benefit of the debenture repayment last year. We have already earned some underwriting fees and hope that more income will come from this source. Hopefully my best estimate can be improved upon, but shareholders should bear in mind that the Trust has a total return objective. We normally avoid buying any asset purely for the sake of its high initial income and some non income producing assets can offer high future total returns.

Cash, Gearing and Debentures.

The Ordinary share class started the year with gross cash of £37.3m which reduced to net cash of just over £5m after taking account of the attributable debenture debt of £32.4m. At the end of September after sales of equities made throughout the summer, gross cash had risen to £78m and net cash was £46m. The 8.125% debenture was repaid at par at the end of November at a cost to the share class of £20.25m. With further sales before the year end, gross cash peaked at £81m at the end of December. In the first three months of 2009, particularly in March, we re-invested some £20m in stock, notably in the UK REIT rights issues and the year end gross cash was £61.8m. Deducting the remaining debenture debt of £12.2m, the cost of the final dividend of £8.9m and the outstanding rights issue commitments, cash available for reinvestment was some £36.2m or 11.2% of net assets.

As already noted, the increase in cash holding was implemented chiefly from sales of equities with above average leverage. As a result the portfolio's see-through leverage (which adds the proportionate debt of all our equity investments to our on balance sheet net cash) fell from 46% to 33% over the year. In the same period the benchmark's see through leverage has risen from 42% to 47%, and would have been over 50% without the series of rights issues this spring.

Currencies

There were no formal hedging arrangements in place. Through most of the year we kept the majority of the cash in Euros and the Sterling cash balance was often below £10m. Looking forward there are multiple reasons to dislike almost every currency. The Eurozone has well known monetary problems as does the UK. The current overall portfolio balance between Sterling and Non-Sterling assets is closely in line with the benchmark.

Direct Property Portfolio

The direct property holdings strongly outperformed our equity portfolio. The total return was -14.9%, made up of 5.6% income and a 20.5% revaluation deficit. By comparison the IPD Monthly Index showed a total return of minus 25.5% over the year to end March 2009, made up of a 30.3% value decline and 6.6% income return. We started the year with £70.55m of property. We sold a small shop in Wandsworth in the summer for £0.54m and an office building in Woking for £7.5m in October 2008. We also received some £0.4m cash from residential ground lease extensions at the Colonnades in Bayswater. We bought nothing. On the valuation at March 2009 the initial yield on the property portfolio is 7.75% and net equivalent yield is 7.7%. The Colonnades complex in Bayswater, valued at some £22m in March, makes up 46.4% of the property portfolio and is the third largest asset of the Ordinary share class portfolio. The initial and equivalent yields for this property were 5.78% and 6.52% reflecting that this Central London freehold has Waitrose and NCP as the major tenants and also the potential in the residential ground rents.

The strong relative performance from the portfolio is due in part at least to the success of the team in keeping the portfolio fully let throughout the year.

We have no lease expiries due in the current financial year and only one tenant's option to break. Our vacant space is currently limited to two small industrial units at Wandsworth with asking rents equivalent to 1.8% of total rental income. One of these is currently under offer.

Chris Turner
Fund Manager – Ordinary share class

Ordinary Share Class Portfolio

as at 31 March	**2009 £'000**	**2009 %**	2008 £'000	2008 %
UK Securities – quoted	**88,115**	**31.7**	261,055	46.2
UK Investment Properties	**48,472**	**17.4**	70,552	12.5
UK Total	**136,587**	**49.1**	331,607	58.7
European Securities – quoted	**141,563**	**50.9**	233,191	41.3
Total investments	**278,150**	**100.0**	**564,798**	**100.0**

as at 31 March 2009	**£'000**	**%**
Quoted investments	**228,189**	**82.1**
Fixed interest	**1,489**	**0.5**
Investment properties	**48,472**	**17.4**
Total investments	**278,150**	**100.0**

Spread of Direct Portfolio by Capital Value (%)
as at 31 March 2009

	Office and mixed use	Retail	Industrial and business space	Residential Ground Rents	Total
West End of London	18.5%	17.6%	17.2%	10.2%	63.5%
Around the M25	14.9%	–	–	–	14.9%
Other South East	8.8%	–	–	–	8.8%
Remainder of UK	12.8%	–	–	–	12.8%
Total	**55.0%**	**17.6%**	**17.2%**	**10.2%**	**100%**

Note: Mixed use has been split into component parts and so is not comparable with prior year.

Portfolio Summary (excluding cash on deposit)
as at 31 March

	2009	2008	2007
Total Investments	**£278m**	£565m	£1,082m
Net assets	**£324m**	£568m	£973m
UK quoted property shares	**32%**	46%	55%
Overseas quoted property shares	**51%**	41%	38%
Direct Property (externally valued)	**17%**	13%	7%

Lease Lengths within the Direct Property Portfolio

as at 31 March	Gross rental income
less than 1 year (including voids)	15.8%
1 to 3 years	5.7%
4 to 5 years	33.7%
6 to 10 years	43.1%
11 to 15 years	–
Over 15 years	1.7%
	100.0%

Ordinary Share Class Investment Portfolio by country

	£'000	Market value %
Austria		
Conwert Immobilien Invest	234	0.1
	234	**0.1**
Belgium		
Cofinimmo	3,711	1.3
Retail Estates	809	0.3
	4,520	**1.6**
Finland		
Citycon	1,150	0.4
Sponda Oyj	134	0.1
	1,284	**0.5**
France		
Unibail-Rodamco	57,668	20.7
Icade	10,069	3.6
Klépierre	6,552	2.4
Silic	5,646	2.0
Foncière des Regions	5,545	2.0
Gecina	3,334	1.2
Foncière Lyonnaise	1,459	0.5
Foncière International	1,371	0.5
Societe Foncière Paris Ile de France	327	0.1
Zueblin Immobiliere	293	0.1
Foncière Europe Logistique	238	0.1
Affine	194	0.1
	92,696	**33.3**
Germany		
Alstria Office	243	0.1
Hahn-Immobilien	199	0.1
	442	**0.2**
Greece		
Babis Vovos International	409	0.1
Lamda Development	232	0.1
	641	**0.2**
Italy		
Beni Stabili Spa	1,857	0.7
	1,857	**0.7**
Luxembourg		
Prologis European Properties	616	0.2
Gagfah	256	0.1
	872	**0.3**
Netherlands		
Corio	11,821	4.3
Wereldhave	5,592	2.0
Eurocommercial Properties	4,637	1.7
Vastned Retail	3,688	1.3
Kardan	555	0.2
	26,293	**9.5**

	£'000	Market value %
Sweden		
Castellum	6,599	2.4
Fabege	1,199	0.4
Hufvudstaden	501	0.2
Kungsleden	449	0.1
	8,748	**3.1**
Switzerland		
PSP Swiss Property	3,976	1.4
	3,976	**1.4**
United Kingdom		
Land Securities	24,923	9.0
British Land	17,496	6.3
Hammerson	6,617	2.4
Great Portland Estates	5,850	2.1
Derwent London	5,652	2.0
Big Yellow Group	5,605	2.0
Liberty International	3,892	1.4
Helical Bar	3,271	1.2
Segro	3,053	1.1
Shaftesbury	2,184	0.8
Rugby Estates	1,379	0.5
Hansteen Holdings	1,143	0.4
Development Securities	916	0.3
McKay Securities	860	0.3
CLS Holdings	813	0.3
Orchid Developments	737	0.3
St Modwen Props	561	0.2
Unite Group	324	0.1
The Local Shopping REIT	320	0.1
Nanette Real Estate Group	252	0.1
Trinity Capital	238	0.1
Town Centre Securities	187	0.1
Unitech Corporate Parks	133	0.1
RGI International	102	0.0
Brixton	62	0.0
London & Associated Properties	52	0.0
Trustco Finance	4	0.0
	86,626	**31.2**
United Kingdom Fixed Interest		
Hammerson 4.875% 19/06/2015	1,489	0.5
	1,489	**0.5**
Direct Property	**48,472**	**17.4**
Total portfolio	**278,150**	**100.0**

Twenty Largest Equity Investments – Ordinary Portfolio

	Shareholding Value % of investment portfolio† % of equity owned Share price at 31 March 2009 (2008)	**Comment** Note: Market caps, yields and share price returns all at end March 2009.
1 Unibail-Rodamco (France)	£57.7m (£68.4m) 20.7% (12.1%) 0.7% (0.7%) €106.42 (€162.65)	Europe's largest quoted property company by both market cap and gross assets, following the June 2007 merger with Rodamco. Its €25 billion portfolio is located mainly in France (61%) and the Netherlands (12%) but the group also has exposure to Central Europe (10%), Spain (9%) and Scandinavia (8%). The portfolio is split between shopping centres (73%), offices and industrials (18%) and exhibition/convention centres (9%). Loan to value is 30%. The five year total shareholder return has been 94.2%.
2 Land Securities (UK)	£24.9m (£66.4m) 9.0% (11.7%) 0.7% (1.0%) 437p (1509p)	The UK's largest tax-efficient real estate investment company (REIT) by market cap and portfolio value, with a portfolio of £9.4 billion including share of joint ventures. Now divested of outsourcing business Trillium, the company is focused on offices (mainly in Central London) and shopping centres in the UK. Post its £750 million rights issue, the loan to value is 52%, significantly ahead of the historic average and the company's own long term target range. The five year total shareholder return has been -44.5%.
3 British Land (UK)	£17.5m (£33.0m) 6.3% (5.8%) 0.5% (0.7%) 361p (918p)	With an £8.6 billion portfolio largely made up of offices (39%) and retail (59%) in the UK, British Land is the UK's second largest REIT. The company has recently appointed a new CEO, Chris Grigg, to replace Stephen Hester, who took over at RBS, and successfully completed a £740 million rights issue to shore up the balance sheet and release firepower for future acquisitions. In spite of the rights issue and a raft of recent sales, leverage remains high at 57%. The five year total shareholder return has been -21.9%.
4 Corio (Netherlands)	£11.8m (£11.3m) 4.3% (2.0%) 0.6% (0.4%) €31.13 (€55.5)	Corio's €6 billion portfolio of assets is concentrated on the retail sector (92%) and split between the Netherlands (33%), France (34%), Italy (19%), Spain (8%), and Turkey (6%). With 38% floating rate debt, falling interest rates have benefited Corio's P&L. Leverage is relatively low at 41% although the company has so far seen only minimal asset value declines compared to its UK peers and there are likely to be further write downs. The five year total shareholder return has been 11.5%.
5 Icade (France)	£10.1m (£8.0m) 3.6% (1.4%) 0.4% (0.2%) €53.03 (€94.26)	Icade is a diversified real estate company with a €7.4 billion portfolio split between residential (42%), offices (28%), business parks (24%), healthcare (5%) and shopping centres (1%). Caisse des Depots (effectively the French government) is the largest shareholder. The company is considering a wholesale disposal of its residential assets, which would transform the company in terms of future strategy and leave the company cash positive. Current leverage is low at 35% and the five year total shareholder return has been 77.4%.
6 Hammerson (UK)	£8.1m (£17.3m) 2.4% (3.1%) 0.4% (0.5%) 255p (1114p)	This UK based REIT is active in both the UK and France as investor and developer. The £6 billion portfolio is 77% retail and 23% offices. Post a nearly £600 million rights issue balance sheet leverage stands at 42%. The company is continuing to market a number of large assets in London and Paris. Successful sales would remove investor concern over the possibility of further equity issuance, which has hampered the share price. The five year total shareholder return has been -35.7%.
7 Castellum (Sweden)	£6.6m (£15.9m) 2.4% (2.8%) 0.9% (1.5%) SEK 46.00 (SEK 72.25)	Based in Gothenburg, Castellum owns a SKr30 billion mixed portfolio of higher yielding assets located in Central and Southern Sweden. The business is run through a network of local offices. At 50%, leverage is relatively low by Swedish standards and the high level of floating rate debt (50%) has benefited the P&L as interest rates have fallen. The five year shareholder total return has been 26.3%.
8 Klépierre (France)	£6.6m (£13.6m) 2.4% (2.4%) 0.2% (0.3%) €13.22 (€38.87)	Klépierre owns a Pan European shopping centre portfolio valued at approximately €12 billion located in France, Spain, Italy, Scandinavia and Central Europe. The recent acquisition of the Steen & Strom portfolio has increased diversification at the cost of higher leverage, which now totals nearly 50%. Klépierre is a subsidiary of BNP Paribas, which owns 52% of the equity. Five year total shareholder return has been -15.5%.
9 Great Portland Estates (UK)	£5.9m (£14.2m) 2.1% (2.5%) 1.1% (1.5%) 244p (529.5p)	Central London office investor and developer, which operates on its own account and through a number of joint ventures with institutions. In May 2009 the company has raised £175 million of new equity through a rights issue to provide it with firepower to make acquisitions over the coming years. Leverage, which was already amongst the lowest in the UK, will be reduced to 27%, providing the company with nearly £500 million of balance sheet capacity. The five year total shareholder return has been -18.4%.
10 Derwent London (UK)	£5.7m (£13.7m) 2.0% (2.4%) 0.7% (0.9%) 665p (1339p)	This specialist London REIT with a £2.1 billion portfolio concentrated on West End offices acquired London Merchant Securities in 2007. It has a highly diversified tenant base and an average unexpired lease length of 8 years. The loan to value ratio is relatively low at just over 40% and the five year total shareholder return has been -10%.

†Investment portfolio excluding cash on deposit

Twenty Largest Equity Investments – Ordinary Portfolio *continued*

	Shareholding Value % of investment portfolio† % of equity owned Share price at 31 March 2009 (2008)	**Comment** Note: Market caps, yields and share price returns all at end March 2009.
11 Silic (France)	£5.7m (£4.0m) 2.0% (0.7%) 0.6% (0.3%) €56.44 (€96.06)	Silic is an investor in and developer of office and industrial space in the Paris region of France. The company owns a portfolio of over 1.1 million m², valued at over €3 billion at the end of 2008. The loan to value rate of 32% is relative to the sector as a whole. The five year share price total return has been 19.1%.
12 Big Yellow Group (UK)	£5.6m (£21.7m) 2.0% (3.8%) 1.4% (4.3%) 190p (435p)	The UK's largest quoted self storage company, operating primarily in London and the South East with 49 directly owned stores and two further stores within a joint venture with Pramerica. There are 20 sites in the development pipeline, of which 14 have planning permission. The company has successfully restructured its debt portfolio to leave it with a weighted average interest cost of only 3.7% – amongst the lowest in the sector – and post a placing of 10% new equity is in a strong position to take advantage of opportunities that might arise over the coming months. Five year total shareholder return has been 55.2%.
13 Wereldhave NV (Netherlands)	£5.6 (£nil) 2.0% (–) 0.5% (–) €52.49 (€78.14)	Wereldhave is a diversified real estate investor, listed in Amsterdam, with holdings throughout Europe (73%) and the United States (27%). Its €2.6 billion portfolio is dominated by the office and retail sectors, which represents over 90% of assets. Leverage is low, with a loan to value ratio of only 27% at the end of 2008. The five year share price total return has been -2.25%.
14 Foncière des Régions (France)	£5.6m (17.6m) 2.0% (3.1%) 0.3% (0.6%) €35.22 (€93.25)	Based in Paris, this mini-conglomerate owns significant stakes in a number of other listed property companies in France, Germany and Italy in addition to owning a portfolio of higher yielding offices and residential property in Paris and regional France. Leverage is relatively high at 59%. The five year total shareholder return has been 4.9%.
15 Eurocommercial Properties (Netherlands)	£4.6m (£7.6m) 1.7% (1.4%) 0.7% (0.8%) €20.43 (€35.39)	Based in London and listed in Amsterdam, with Dutch REIT status, the company is a specialist shopping centre investor operating in Italy (42%), France (34%), Sweden (18%) and the Netherlands (6%). The company is focused on active management of its assets. The loan to value ratio is 40% and the five year total shareholder return has been 7.5%.
16 PSP Swiss Property (Switzerland)	£4.0m (£4.3m) 1.4% (0.8%) 0.3% (0.3%) CHF 48.00 (CHF 67.00)	Based in Zurich, PSP is Switzerland's largest listed real estate company, owning a portfolio valued at over €5 billion at the end of 2008. 61% of assets by value are located in Zurich, with the remaining properties split mainly between Geneva (14%), Basel (6%) and Bern (3%). Two thirds of rent comes from offices with the majority of the rest from retail and parking. The five year share price total return has been 27.2%.
17 Liberty International (UK)	£3.9m (£12.7m) 1.4% (2.2%) 0.2% (0.4%) 389p (97.5p)	The UK's largest specialist retail investment company owning a number of the UK's major out of town shopping centres including Lakeside at Thurrock, Metrocentre at Gateshead and Braehead at Glasgow. The portfolio also includes town centre schemes in Watford, Bromley, Nottingham, Manchester and Norwich and the Piazza at Covent Garden. The company has recently raised £600 million through a placing and open offer, providing it with headroom to manage relatively high leverage of nearly 60% loan to value. The five year total shareholder return has been -41%.
18 Cofinimmo (Belgium)	£3.7m (£5.1m) 1.3% (0.9%) 0.4% (0.4%) €80.12 (€136.94)	Based in Brussels, the company's €3.2 billion portfolio is heavily weighted towards Belgian offices (62%) but there has been significant diversification into nursing homes in France (22%) and leisure (13%). The loan to value ration is 54% and the five year total shareholder return has been -9.9%.
19 Vastned Retail (Netherlands)	£3.7m (£2.9m) 1.3% (0.5%) 0.8% (0.3%) €30.39 (€67.36)	Amsterdam listed retail real estate investor with a €2 billion portfolio concentrated in Holland (38%), Spain (24%), France (21%) and Belgium (15%). The company also has exposure to Turkey and Portugal. The loan to value rate is 41% and the five year share price total return has been -9.9%.
20 Gecina (France)	£3.3m (£8.7m) 1.2% (1.5%) 0.1% (0.2%) €28.80 (€94.38)	Gecina has an €11.7 billion French portfolio of offices (57%), residential (33%), logistics (5%) and healthcare/hotels (5%). The dispute between the controlling shareholders continues and could be a drag on the company for the next few years in spite of a relatively low loan to value ratio of 41% and a compelling valuation. The five year total shareholder return has been -34.8%.

Five year share price total returns are from Bloomberg using the period ended 31 March 2009, are expressed in local currency and assume the reinvestment of net dividends.

Ordinary Portfolio Investment Properties *as at 31 March 2009*

Value in excess of £10 million		
Property	**The Colonnades** **Bishops Bridge Road** **London W2**	**Field House** **Station Approach** **Harlow**
Sector	**Mixed Use**	**Offices**
Tenure	**Freehold**	**Freehold**
Size (sq ft)	**44,000** **200 space car park** **242 residential units**	**66,000**
Principal tenants	**NCP** **Waitrose Ltd**	**Life Assurance Holding Corporation 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.	Located next to Harlow Town railway station, the building was constructed in the late 1980s and comprises a 66,000 sq ft office building on a site of 3.5 acres. The building is let to Life Assurance Holding Corporation Ltd until December 2012.

Ordinary Portfolio Investment Properties *as at 31 March 2009 continued*

			Value less than £10 million
Solstice House 251 Midsummer Boulevard Milton Keynes	**Cambridge Science Park Cambridge**	**Ferrier Street Industrial Estate, Ferrier Street Wandsworth SW18 and adjacent plots**	Property
Offices	**Offices**	**Industrial**	Sector
Freehold	**Leasehold 125 years from 1987**	**Freehold**	Tenure
31,550	**38,500**	**35,800**	Size (sq ft)
Exel Europe Ltd	**Worldpay Ltd**	**Absolute Taste Kougar Tool Hire Ltd Mossimans Page Lacquer**	Principal tenants
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 2012.	This office building occupies a prime site on Cambridge's foremost out of town office park. It was built in 1989 and extensively refurbished in 2000, prior to being let to Worldpay Limited, a leading internet payment systems company wholly owned by the Royal Bank of Scotland.	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.	

Ordinary Share Class Income Statement

for the year ended 31 March 2009

	Year ended 31 March 2009			Year ended 31 March 2008		
	Revenue Return £'000	Capital Return £'000	Total £'000	Revenue Return £'000	Capital Return £'000	Total £'000
Investment income						
Investment income	**18,447**	**-**	**18,447**	22,941	–	22,941
Other operating income	**2,722**	**-**	**2,722**	886	–	886
Gross rental income	**4,240**	**-**	**4,240**	4,025	–	4,025
Service charge income	**299**	**-**	**299**	1,943	–	1,943
Losses on investments held at fair value	**-**	**(246,226)**	**(246,226)**	–	(222,109)	(222,109)
Total income	**25,708**	**(246,226)**	**(220,518)**	29,795	(222,109)	(192,314)
Expenses						
Management and performance fees	**(2,095)**	**(4,288)**	**(6,383)**	(3,025)	(1,728)	(4,753)
Repayment of prior years' VAT	**1,386**	**3,439**	**4,825**	–	–	–
Direct property expenses, rent payable and service charge costs	**(549)**	**-**	**(549)**	(2,450)	–	(2,450)
Other expenses	**(664)**	**-**	**(664)**	(593)	–	(593)
Total operating expenses	**(1,922)**	**(849)**	**(2,771)**	(6,068)	(1,728)	(7,796)
Operating profit/(loss)	**23,786**	**(247,075)**	**(223,289)**	23,727	(223,837)	(200,110)
Finance costs	**(1,372)**	**(1,372)**	**(2,744)**	(2,174)	(2,174)	(4,348)
Net profit/(loss) before tax	**22,414**	**(248,447)**	**(226,033)**	21,553	(226,011)	(204,458)
Taxation	**(5,715)**	**4,903**	**(812)**	(4,066)	2,750	(1,316)
Net profit/(loss) after tax	**16,699**	**(243,544)**	**(226,845)**	17,487	(223,261)	(205,774)
Transfer to Sigma shares	**-**	**-**	**-**	(2,203)	26,806	24,603
Net profit/(loss)	**16,699**	**(243,544)**	**(226,845)**	15,284	(196,455)	(181,171)
Earnings/(loss) per Ordinary share (note 9 on pages 73 and 74)	**6.49p**	**(94.71)p**	**(88.22)p**	5.79p	(74.41)p	(68.62)p

The final dividend of 3.30p in respect of the year ended 31 March 2008 was declared on 27 May 2008 and paid on 5 August 2008. This can be found in the Group Statement of Changes in Equity for the year ended 31 March 2009 on page 65.

The notes on pages 68 to 85 form part of these accounts.

Ordinary Share Class Balance Sheet

as at 31 March 2009

	2009 £'000	2008 £'000
Non-current assets		
Investments held at fair value	**278,150**	564,798
Current assets		
Debtors	**3,940**	5,196
Cash and cash equivalents	**61,776**	37,329
	65,716	42,525
Current liabilities	**(4,766)**	(23,578)
Net current assets	**60,950**	18,947
Total assets less current liabilities	**339,100**	583,745
Non-current liabilities	**(15,434)**	(15,846)
Net assets	**323,666**	567,899
Net asset value per Ordinary share (note 20a on page 85)	**126.07p**	219.61p

The notes on pages 68 to 85 form part of these accounts.

Sigma Shares

Financial Highlights

	Year ended 31 March 2009	Period ended 31 March 2008	% Change
Revenue			
Total revenue income (£'000)	**5,738**	2,365	+142.6
Income from operations before tax (£'000)	**4,786**	1,231	+288.8
Revenue earnings per Sigma share	**2.91p**	0.85p	+242.4
Net dividend per share	**2.00p**	0.85p	+135.3
Net special dividend per share	**-**	1.10p	N/A
Total dividends per share	**2.00p**	1.95p	+2.6%

	At 31 March 2009	At 31 March 2008	% Change
Balance Sheet			
Investments held at fair value (£'000)	**65,755**	132,952	-50.5
Shareholders' funds (£'000)	**76,623**	138,710	-44.8
Shares in issue at end of period (m)	**124.9**	127.7	-2.2
Net cash/(debt)	**17%**	5%	
Net asset value per share	**61.34p**	108.64p	-43.5

Performance

	Year ended 31 March 2009	Period ended 31 March 2008
Assets and Benchmark		
Benchmark performance (price only)	**-51.2%**	-11.5%
NAV change	**-43.5%**	-11.6%
Benchmark performance (total return)	**-48.6%**	-10.1%
NAV total return	**-42.3%**	-10.5%

	At 31 March 2009	Period ended 31 March 2008	% Change
Share Price			
Share price	**39.0p**	92.0p	-57.6
Share price total return	**-56.2%**	-12.2%	
Market capitalisation	**£49m**	£117m	-58.1

Source: Thames River Capital.

Manager's Report
Sigma Share Class

Marcus Phayre-Mudge MRICS **Fund Manager**
4 June 2009

Introduction

In the year to March 2009, smaller property companies underperformed larger ones. This is to be expected when one considers that in equity bear markets investors' aversion to illiquidity increases. The real estate sector has a long 'tail' of smaller companies, in fact as at the end of March 2009 there were 67 companies out of 80 in the FTSE EPRA/NAREIT Index with a market capitalisation of less than £1bn. However, they accounted for only 38.6% of the total index capitalisation. Another overriding feature of this bear market has been the increased levels of volatility and the activity within the fund reflects this.

I highlighted in the Interim report that the process of transition from a portfolio dominated by large cap stocks (64% of the portfolio at its creation in July 2007) towards its intended portfolio of smaller companies, had been much slower than envisaged. Maintaining this slow pace of conversion proved to be the correct top down strategy as large cap stocks have outperformed their smaller brethren. That said, the pace of conversion did accelerate in the last quarter of the financial year and by March 2009 more than 75% of the portfolio comprised small cap stocks.

I adopted a defensive position throughout the year holding significant levels of net cash. Sigma's cash position started the financial year at 5% of net assets, rose to 16% at the half year and was 17.0% at 31 March. The maximum amount of net cash held at any point in the year was 21%. This strategy has been a critical part of the relative outperformance and reflects our concerns over the year.

Manager's Report *continued*

Performance

In the year to March 2009, the Sigma share class NAV fell by 43.5%. This compares with an even larger decline of 51.2% in the benchmark. In total return terms, the figures are -42.3% for the NAV and -48.6% for the benchmark. At the interim stage in September the equivalent figures were -22.8% for the fund and -21.4% for the benchmark. Relative outperformance therefore occurred in the second half of the year, a period characterised by the acceleration of the deteriorating sentiment, asset values and share prices.

For the second year in a row, I have to report that holding a significant cash position was the right strategy. There were only short periods in the year when cash underperformed property share prices (broadly mid July, late October, and December) in quite aggressive yet brief, bear rallies. However, the financial year ended with the commencement of a more robust rally from mid March. Our own analysis shows that the small cap stocks within the benchmark underperformed large caps producing a price only return of -56% versus -51.2% for the large cap dominated full benchmark (price only return). The exception to this statement was the very weak performance of the UK's five largest companies in November and December. Quite correctly (in hindsight) investors were concerned that these companies would require fresh capital to reinforce their balance sheets. Four out of five did subsequently undertake 'rescue' rights issues in January and February resulting in significant dilution for those existing holders unable or unwilling to take up their rights. The fifth, Liberty International waited until the end of April and was able to take advantage of the improvement in investor sentiment from mid March.

The dramatic weakness of Sterling versus the Euro and the Swiss Franc had a significant bearing on the performance of the fund's NAV and its benchmark (both of which are denominated in Sterling). By way of illustration, the Eurozone constituents of the benchmark had a total return of -48.8% for the year when measured in Euros. The same stocks returned -40.5% in Sterling, such was the impact of the currency movement. We undertook a deliberate policy of retaining the majority of the increasing net cash in Euros. This was beneficial.

Looking 'top down' from the country level, our overweight positions in France and the Netherlands, coupled with our

See-Through Portfolio by Market (%)

UK	31 March 2008 SIGMA	**31 March 2009 Index**	**31 March 2009 SIGMA**
City Offices	2.9%	3.21%	1.37%
West End Offices	7.2%	5.33%	6.23%
West End Retail	4.3%	2.12%	2.58%
Docklands	1.1%	0.12%	0.08%
GLC/SE Offices	9.6%	0.92%	0.92%
Provincial Offices	0.5%	0.45%	0.33%
In town Retail	6.6%	6.67%	7.31%
Supermarkets	0.9%	0.81%	0.05%
Retail Warehouses	2.7%	3.15%	1.91%
Out of Town Retail	0.8%	1.77%	0.11%
SE Industrials	4.3%	3.12%	1.26%
Other Industrials	1.5%	0.84%	0.34%
Self Storage	2.7%	0.41%	2.72%
Leisure	0.6%	0.46%	0.58%
Residential	2.7%	2.46%	1.61%
Other	1.0%	0.73%	0.10%
Total UK	49.3%	32.57%	27.50%
Austria Offices	0.1%	1.51%	1.09%
Belgium Offices	0.4%	2.87%	3.72%
Belgium Retail	0.2%	0.66%	1.49%
Belgium Logistics	–	0.43%	0.42%
Central Europe Offices	0.9%	0.24%	0.21%
Central Europe Retail	0.8%	1.56%	2.35%
Central Europe Logistics	0.2%	0.58%	0.13%
Central Europe Residential	1.0%	0.18%	0.77%
Central Europe Other	0.6%	0.02%	0.28%
Denmark	0.1%	0.36%	0.71%
Finland Offices	0.6%	2.26%	1.52%
French Retail	7.4%	10.21%	12.12%
French Offices	5.7%	7.60%	9.03%
French Logistics	1.3%	1.24%	2.02%
French Residential	1.0%	1.39%	0.74%
French Other	2.0%	1.49%	0.81%
German Offices	3.3%	2.72%	0.71%
German Retail	0.8%	1.18%	2.11%
German Logisitics	1.1%	0.85%	2.26%
German Residential	0.4%	4.74%	0.70%
German Other	0.5%	0.10%	0.06%
Greece	0.8%	0.59%	1.17%
Italian Offices	1.4%	1.63%	1.60%
Italian Retail	4.8%	1.96%	3.85%
Italian Logistics	–	0.05%	0.00%
Italian Residential	0.2%	0.09%	0.18%
Netherlands Offices & Industrial	1.4%	1.00%	2.76%
Netherlands Retail	1.2%	3.39%	2.24%
Netherlands Residential	–	0.18%	0.09%
Norway	0.0%	1.78%	1.19%
Portugese Retail	–	0.09%	0.26%
Russian Offices	0.5%	0.07%	0.39%
Russian Retail	0.3%	0.16%	0.26%
Russian Industrial	–	0.02%	0.26%
Russian Residential	0.6%	0.00%	1.13%
Russian Other	0.1%	0.00%	0.03%
Spain	0.7%	2.29%	2.57%
Swedish Offices	3.0%	3.57%	4.48%
Swedish Retail	3.7%	1.83%	2.97%
Swedish Industrial	2.0%	1.24%	1.81%
Swedish Residential	0.5%	0.04%	0.02%
Swedish Other	0.7%	1.00%	0.79%
Switzerland	0.0%	3.37%	0.00%
USA	–	0.63%	0.88%
Other Overseas	0.5%	0.26%	0.32%
Total	**100.0%**	**67.43%**	**72.50%**

Manager's Report *continued*

underweight exposure to Austrian stocks, were beneficial. Whilst our exposure to Central and Eastern Europe (significant underperformers), albeit heavily reduced over the year and our lack of significant positions in Belgium and Switzerland (relative outperformers) were detrimental to relative performance.

Investment Activity

Sales exceeded purchases over the year and activity was greater than in the previous year both in absolute terms and as a percentage of the portfolio.

Including share buybacks, the investment turnover (purchases and sales divided by two) was £54m equivalent to almost 50% of average shareholders' funds in the period. Once again, this level of investment activity reflects not only the continued rotation from large cap to smaller cap but also quite deliberate efforts, particularly in the second half of the year, to move away from businesses that I felt would struggle in the current credit starved conditions. The focus was on capital structures and cashflow. I needed to feel comfortable that the businesses we invested in were not inappropriately leveraged, that their debt structures gave them flexibility (to both dispose of property and take advantage of the drop in short term rates) and that their income streams were sustainable.

The economic outlook changed dramatically in the period and likewise my views on what type of property business could survive and subsequently thrive. As a result, the expectation that most of our investment activity would comprise further rotation of large cap stocks into smaller companies was only partially correct. In fact over 60% of the sales in the year were of smaller companies. This reflects the volatility of prices with increased turnover of core holdings but also sales of smaller companies which I judged unlikely to perform. These companies fall broadly into three categories: those with too much debt, weaker business models (development focus or overly operationally leveraged) and those exposed to non-core European markets.

I was acutely conscious of the deteriorating market conditions and varied both the cash position and the weightings to defensive stocks accordingly. The cash position (net of all outstanding settlements and accrued income to be distributed as dividends) increased significantly in the first five months of the year (through to the end of last summer) and was over 15% of net assets by the end of August. It is hard to imagine, given the dismal performance of the sector over the year, that pan European real estate equities actually trended sideways (albeit with enhanced volatility) for most of the second quarter from June to late September. The dramatic weakness in share prices in September and October offered us an opportunity to buy into a number of oversold stocks and by early November net cash had reduced to 11.5% of net assets. December's bear rally offered a renewed selling opportunity and by Christmas the cash position was back over 18% of net assets. The further deterioration in share prices in January and February again offered buying opportunities and at the year end net cash was down to 11.2%. As the financial year ended and as highlighted in our Outlook the market had begun a significant rally.

At the year end the fund was 76.4% small cap stocks. Alongside selling the large cap stocks and buying small caps, two other factors have assisted in the transition process. Firstly the market correction has led to a number of companies' capitalisations falling below £1bn and thus entering our universe and secondly, the 'rescue' rights issues carried out by four of the five largest UK property companies. Sigma sold both the ordinary shares and the 'nil paid' rights attached to the holdings of Land Securities and British Land, which significantly reduced exposure to these large caps.

Largest Equity Investments

The table on pages 40 and 41 shows the top 20 holdings at the year end. Given the activity described above it is useful to compare these positions with the situation back in March 2008. Large cap stocks in the top 20 holdings now number just four: Unibail and Corio on the Continent, Land Securities and Hammerson in the UK. Together these holdings account for less than 20% of the assets. Post the year end, Segro successfully completed its rights issue and is now once again a large cap stock.

At the half year I commented that our largest positions had to have strong defensive characteristics to cope with the economic environment we found ourselves in. Such characteristics include lower than average leverage, high quality portfolios focused on the core Western European markets and low development or commited capital investment requirements. Eurocommercial, which owns shopping centres in France, Italy and Sweden, and was

Manager's Report *continued*

just in the largest ten holdings at the half year, has now grown to become our second largest position. This company exhibits all of these characteristics. Our filtering process became even tighter as markets deteriorated and additions to my list of concerns included those businesses with high operational gearing as the downturn looked set to erode topline earnings. In addition I became concerned about a number of stocks which were becoming (temporarily we hope) just too small and risked being seen as 'beneath the radar' by many investors. This group will undoubtably prove a rich hunting ground of value in due course but in the latter part of 2008 they were unpopular and overlooked.

Exposure to Central and Eastern Europe was significantly reduced in the second half of the year, selling out of NR Nordic & Russia Properties, Plaza Centres, Orco, Mirland and Bulgarian Land Development. Not only were these businesses focused on the emerging eastern economies, but their core businesses were invariably development focused.

Other companies which I had invested in over 2007 and had performed well on a relative basis but which I felt were unlikely to do so well in 2009 included Foncière des Murs (focused on investing in mid range hotels mostly operated by Accor in France), DIC Asset (a well run but leveraged office investor in Germany) and IFM (German office developer). A key common denominator for the core holdings is our belief in managements' capabilities and their ability to execute their chosen strategies. However last year the judgement I needed to make was whether these business plans could be met in the deteriorating economic conditions. St Modwen and Big Yellow Self Storage are two clear examples of this. Both businesses have sound management teams. The former I commented on at the half year stage and as effectively manufacturers of 'oven ready' housing land for residential developers, the demand backdrop has not improved and hence the holding was reduced by 90%. For any self storage business such as Big Yellow, investors remain concerned that consumers will pull back from this type of discretionary spend. In the face of the slowdown, management have successfully renegotiated terms on their entire debt burden as well as placing their north of England properties in a joint venture (with a longstanding private equity partner). The position was reduced by a third but the stock remains in our top 20 holdings.

Comparing this year's holdings with last year's, investors will note five Continental stocks which have become important holdings, namely Wereldhave, Silic, Befimmo, Deutsche Euroshop and Vastned Retail. These businesses operate in a range of geographic and sectoral markets but they all share a number of characteristics, namely lower than average gearing, greater security of income, high levels of occupancy and little or no development expenditure.

In the UK, Helical Bar successfully raised an additional 10% of equity in a placing in February this year. This highly entrepreneurial business does not 'buy and hold' but 'buys and sells', usually with a joint venture partner providing the majority of the equity. As a consequence I believe that these extraordinary market conditions are likely to reveal opportunities for businesses such as Helical.

Although I continue to reduce our overall UK exposure, I have increased our holdings focused exclusively on London and more particularly the West End. Our positions in Great Portland, Derwent London and Shaftesbury reflect this. All three of these businesses have successfully managed the timing of their development exposure and have funded their limited capital commitments. Central London also remains the one market which has begun to attract international investors and is the first sub-market where we are beginning to see price stabilisation for high quality assets let on long leases. The weakness of Sterling is not only attracting investors but the majority of all tourist 'dollars' are spent in London.

The two small cap stocks in the top 20 which I have not yet mentioned are CFI and Argan. The latter was highlighted in last year's report as a new holding. This conservatively run logistics business has weathered the storm remarkably well. With 60% of the equity owned by management, they have been appropriately cautious, not undertaking speculative development, and have stuck rigidly to their geographic and market niche in France. CFI is our newest investment. It is a French SIIC which is controlled by a well regarded private equity house where the former Chief Executive of Unibail (Europe's largest listed property company) is a senior partner. The investment opportunity arose with the private placing of 40% of CFI. Under SIIC rules no single investor can hold more than 60% of the equity and the capital raised will be used to acquire assets opportunistically. The first purchase was a portfolio of cinemas in France. We expect

Manager's Report *continued*

this business to source further value opportunities in this part of the investment cycle.

Distribution of Assets

The table on page 32 explains the 'see-through' by country and sub-market and is set against the equivalent for the benchmark. For reference I have included the data for the previous year as there have been marked changes over the year. The most striking adjustment has been the reduction in the exposure to the UK. This reduction has been focused on offices outside Greater London and industrials. Central London office exposure has decreased only marginally over the year although the City of London sub-market remain less than 3% of total exposure.

The increased geographical exposure has principally been to Belgium, France and the Netherlands. In all three countries the exposure to retail property has increased significantly, whilst I have gravitated to higher office exposure in Paris and Brussels. The latter in particular has proved appropriately defensive given its bias towards tenants involved in the European political apparatus. Continental retail property has the twin benefits of generally lower rents as a percentage of retailers' turnover and a less indebted customer base than the UK.

As noted earlier, Central Europe is a far less important region than last year and our exposure is primarily limited to residential rather than commercial property. In central Moscow we have exposure to high-end developments and in Budapest a portfolio of apartments rented by international corporates. Whilst in Poland, we have maintained our investment in a mid-market housebuilder. Although our residential investment in the UK is very limited, we have maintained our position in high quality Paris apartments and more recently invested in Austrian residential. We continue to have virtually no commercial property exposure in Austria.

Revenue

It is not possible to make an exact like-for-like comparison with last year's revenue earnings because the previous period to March 2008 was less than 12 months (Sigma's launch was in July 2007). I also stated in the Interim that Sigma's revenue will be less predictable than the Ordinary share class as the portfolio composition continues to change. In reality a number of factors led to earnings being greater than expected for the period to March 2009. Firstly, the deceleration of the rotation away from larger stocks certainly helped as these larger companies all paid greater than average dividends which matched or exceeded our expectations (at least for the year to March 2009). Allied to this was the smaller than expected investment in non-income producing companies such as developers who tend to recycle cash rather than pay dividends. The increase in the cash position also flattered the revenue account although the impact of this was largely in the first half, when overnight and short dated rates were considerably higher than in late 2008 and 2009 following interest rate cuts by the Bank of England and the European Central Bank. Set against these positive factors, two of our important small cap holdings, Big Yellow and St Modwen cut out their dividends. Although these two companies announced cuts early they have, subsequent to the year end, been joined by others.

One important but ad hoc revenue item merits a full explanation. As per the Ordinary share class, Sigma benefited from the receipt, shortly before the year end, of all the sums due in our outstanding claim for overpaid VAT. Whilst the majority of this (£0.807m) has been credited to the capital account, the remaining receipt of £0.445m has been taken to revenue. This revenue item is shown on the income statement on page 42 as split between £0.325m of write back of prior years' VAT and as £0.120m of accrued interest which is included in interest receivable and similar income. These exceptional receipts equate to post tax revenue of 0.27p per share.

When looking at the finance cost and taxation numbers, once again comparison cannot be made with the previous period. In fact, on an annualised basis, finance costs have fallen reflecting the complete absence of bank borrowings and the repayment of Sigma's share of the 8.125% debenture in November 2008. The tax charge on the other hand, has risen significantly from 10.2% to 23.2%. There are a number of reasons for this. Firstly we now receive most of our UK equity income as property income distributions from REITs. We receive these gross and treat them like rental income whereas in previous years this income came in the form of dividends taxed at source and not subject to further taxation in our accounts.

Manager's Report *continued*

Secondly as the cash balances have increased, so too has interest income, which again is subject to corporation tax in the Trust. To date we have had sufficient excess expenses brought forward to be able to shelter this income from tax so this has not led to an increase in the quantum of tax actually paid, however, accounting convention requires that as the brought forward expenses are utilised the full tax charge is applied to the income account, reflecting the level of taxation which would be applied if the relief was not available. The contra-entry is within the £0.77m tax credit in the capital account tax line. In reality the tax paid of £0.34m is largely the withholding tax on our foreign income which cannot be recovered. This is a relatively larger amount than the Ordinary share class due to the larger exposure to Continental stocks.

Revenue Outlook

The expectations for 2010 and beyond are tempered by several factors. A number of companies have now announced reduced or zero dividends as the risk to earnings and the need to retain cash within their businesses became increasingly apparent. In addition, although the cash holding has been beneficial in preserving capital we expect interest income to remain modest. The portfolio is now dominated by smaller companies and as already stated these have historically been lower dividend payers.

At the same time, the rotation of the portfolio has led to increased exposure to Euro denominated stocks. In the year to March 2009, 66% of income was from Continental stocks whilst 34% was from UK companies and this is positive from a revenue perspective. The strength of the Euro in the first quarter of the new financial year has led to approximately a 15% increase in the Sterling value of Euro dividends received. In the near term, we expect any cash we hold to continue to yield very little, however, once this capital is reinvested it is almost certain to yield more than cash.

Although the revenue outlook remains difficult to predict with any great certainty the timing of the receipt of dividends does give some assistance. Broadly 40% of all dividends are received in the first quarter. Our current expectation is in the region of 1.80p per share however we must be prepared for earnings disappointment from some quarters.

Cash, Gearing and Debentures

The changes in the cash position are well documented within Investment Activity such was its importance this year. Sigma had nil net debt throughout the year and the net cash position fluctuated with my outlook for the sector. At the start of the year it was £6.9m (5% of NAV) and peaked over the summer months at £24m (21% of NAV). By the year end the net cash was £8m (11.2% of NAV). All these figures are adjusted for the debenture debt, the cost of the final dividend and any outstanding rights issues commitments. In November, the 8.125% debenture was repaid. Sigma's share was £4.74m. The remaining debenture is repayable in 2016 and Sigma's share is £2.85m.

The 'see-through' leverage (which adds the proportionate debt of all our equities to the on balance sheet cash – or debt as in previous years) fell steadily through the year. This was not only due to the increase in our own cash position but also reflects the increasingly defensive positioning of the portfolio over the course of the year. The 'see-through' figure fell from 38.4% to 34.6% whilst the benchmark's equivalent number rose from 42% to 47% as asset values declined.

The Trust maintains a £50m credit facility, of which Sigma's share is £10m. This facility is currently unutilised.

Marcus Phayre-Mudge
Fund Manager – Sigma share class

Sigma Share Class Portfolio

as at 31 March 2009	£'000	%
UK – equities	**22,379**	**34.2**
European Securities:		
France	**17,907**	**27.2**
Netherlands	**10,762**	**16.5**
Sweden	**4,899**	**7.5**
Belgium	**4,104**	**6.1**
Other	**5,704**	**8.5**
Total Investments	**65,755**	**100.0**

Changes in Investments	Valuation 2008 £'000	Purchases £'000	Sales £'000	(Depreciation)/ Appreciation £'000	**Valuation 2009 £'000**	%
Austria	–	2,296	(851)	(753)	**692**	1.1
Belgium	371	4,985	(972)	(280)	**4,104**	6.2
Denmark	326	–	–	257	**583**	0.9
Finland	1,213	1,102	(880)	(1,009)	**426**	0.6
France	29,257	6,449	(10,354)	(7,445)	**17,907**	27.2
Germany	7,839	4,129	(6,509)	(3,366)	**2,093**	3.2
Greece	2,040	862	(453)	(1,603)	**846**	1.3
Italy	1,610	1,080	(1,044)	(674)	**972**	1.5
Luxembourg	1,471	921	(646)	(1,654)	**92**	0.1
Netherlands	8,904	9,979	(3,254)	(4,867)	**10,762**	16.4
Norway	176	–	(120)	(56)	**–**	–
Sweden	9,465	3,468	(5,469)	(2,565)	**4,899**	7.5
Switzerland	152	–	(123)	(29)	**–**	–
Continental Europe	62,824	35,271	(30,675)	(24,044)	**43,376**	66.0
UK – equities	70,128	16,798	(23,388)	(41,159)	**22,379**	34.0
	132,952	52,069	(54,063)	(65,203)	**65,755**	100.0

Sigma Share Class

Top 20 Holdings at 31 March 2008

Security	No. of shares held	Holding value in £'000	% of total equity portfolio value
Land Securities	740,000	11,167	8.40%
Unibail-Rodamco	85,000	11,022	8.29%
British Land	700,000	6,423	4.83%
Big Yellow Group	1,468,751	6,385	4.80%
Great Portland Estates	1,200,000	6,354	4.78%
Castellum	857,250	5,255	3.95%
St Modwen Properties	1,025,000	5,025	3.78%
Hansteen	4,017,269	4,610	3.47%
Local Shopping REIT	3,071,000	3,255	2.45%
Kardan	557,010	3,162	2.38%
Foncière des Murs	162,639	3,089	2.32%
DIC Asset	179,963	3,020	2.27%
Foncière Paris France	29,825	2,877	2.16%
Eurocommercial Properties	83,198	2,347	1.77%
Segro	450,000	2,286	1.72%
NR Nordic & Russia Properties	3,521,000	2,260	1.70%
Shaftesbury Estates	388,108	2,241	1.69%
Gecina	29,775	2,240	1.69%
Corio	50,000	2,212	1.66%
RGI International	508,792	2,182	1.64%

The value of the largest twenty holdings at 31 March 2008 totalled £87m and represented 66% of the portfolio.

Top 20 Holdings at 31 March 2009

Security	No. of shares held	Holding value in £'000	% of total equity portfolio value
Unibail-Rodamco	75,250	7,418	11.2%
Eurocommercial Properties	228,221	4,319	6.6%
Wereldhave	77,901	3,788	5.8%
Silic	65,100	3,403	5.2%
Castellum	783,094	3,040	4.6%
Great Portland Estates	1,143,380	2,787	4.2%
Befimmo	50,569	2,767	4.1%
Hansteen Holdings	4,796,799	2,758	4.2%
Hammerson	950,922	2,420	3.7%
Land Securities	490,000	2,143	3.3%
Helical Bar	671,327	1,930	2.9%
Big Yellow	878,727	1,670	2.5%
Derwent London	242,002	1,610	2.4%
Segro	77,053	1,564	2.4%
Deutsche Euroshop	29,945,417	1,559	2.4%
Foncière International	39,694	1,379	2.1%
The Local Shopping REIT	3,335,286	1,334	2.0%
Vastned Retail	46,541	1,310	2.0%
Argan	163,332	1,123	1.7%
Corio	38,400	1,107	1.7%

The value of the largest twenty holdings at 31 March 2009 totalled £49m and represented 75% of the portfolio.

Sigma Share Class Investment portfolio by country

	Market value £'000	Market value %
Austria		
Conwert Immobilien	692	1.1
	692	**1.1**
Belgium		
Befimmo	2,767	4.2
Cofinimmo	718	1.1
Retail Estates	619	0.9
	4,104	**6.2**
Denmark		
TK Development	102	0.2
	102	**0.2**
Finland		
Citycon	426	0.6
	426	**0.6**
France		
Unibail-Rodamco	7,418	11.3
Silic	3,403	5.2
Foncière International	1,379	2.1
Argan	1,123	1.7
Foncière Lyonnaise	905	1.4
Icade	806	1.2
Foncière Paris	648	1.0
Foncière 6 et 7	570	0.8
Klépierre	507	0.8
Gecina	407	0.6
Foncière Europe Logistique	323	0.5
Foncière des Regions	277	0.4
Zueblin Immobiliere	141	0.2
	17,907	**27.2**
Germany		
Deutsche Euroshop	1,559	2.4
Alstria Office	315	0.5
Hahn-Immobilien	219	0.3
	2,093	**3.2**
Greece		
Lamda Development	685	1.0
Babis Vovos International	161	0.3
	846	**1.3**
Italy		
Beni Stabili	972	1.5
	972	**1.5**

	Market value £'000	Market value %
Luxembourg		
Prologis European Properties	92	0.1
	92	**0.1**
Netherlands		
Eurocommercial Properties	4,319	6.6
Wereldhave	3,788	5.8
Vastned Retail	1,310	2.0
Corio	1,107	1.7
Kardan	238	0.3
	10,762	**16.4**
Sweden		
Castellum	3,040	4.6
Hufvudstaden	701	1.1
Kungsleden	434	0.7
Fabege	369	0.6
Wihlborgs Fastigheter	355	0.5
	4,899	**7.5**
United Kingdom		
Great Portland Estates	2,787	4.2
Hansteen Holdings	2,758	4.2
Hammerson	2,420	3.7
Land Securities	2,143	3.3
Helical Bar	1,930	2.9
Big Yellow	1,670	2.5
Derwent London	1,610	2.4
Segro	1,564	2.4
The Local Shopping REIT	1,334	2.0
Shaftesbury	1,028	1.6
Rugby Estates	802	1.2
Orchid Developments	481	0.7
British Land	325	0.5
Development Securities	255	0.4
McKay Securities	251	0.4
Pactolus Hungarian	250	0.4
CLS Holdings	244	0.4
Trinity Capital	219	0.3
Unite Group	219	0.3
Nanette Real Estate	178	0.3
RGI International	104	0.1
St Modwen Props	84	0.1
London & Associated Properties	67	0.1
Town Centre Securities	50	0.1
Advantage Properties Income Trust	46	0.1
Capital & Regional	41	0.1
	22,860	**34.7**
Total portfolio	**65,755**	**100**

Twenty Largest Equity Investments – Sigma Portfolio

		Shareholding Value (£m) % of investment portfolio % of equity owned Share price at 31 March 2009 (2008)	**Comment** Note: Market caps, yields and share price returns all at end March 2009.
1	Unibail-Rodamco (France)	£7.4m (£11.0m) 11.3% (8.3%) 0.1% (0.1%) €106.42 (€162.65)	Europe's largest quoted property company by both market cap and gross assets, following the June 2007 merger with Rodamco. Its €25 billion portfolio is located mainly in France (61%) and the Netherlands (12%) but the group also has exposure to Central Europe (10%), Spain (9%) and Scandinavia (8%). The portfolio is split between shopping centres (73%), offices and industrials (18%) and exhibition/convention centres (9%). Loan to value is 30%. The five year total shareholder return has been 94.2%.
2	Eurocommercial Properties (Netherlands)	£4.3m (£2.3m) 6.6% (1.8%) 0.6% (0.2%) €20.43 (€35.39)	Based in London and listed in Amsterdam, with Dutch REIT status, the company is a specialist shopping centre investor operating in Italy (42%), France (34%), Sweden (18%) and the Netherlands (6%). The company is focused on active management of its assets. The loan to value ratio is 40% and the five year total shareholder return has been 7.5%.
3	Wereldhave (Netherlands)	£3.8m (£nil) 5.8% (–) 0.4% (–) €52.49 (€78.14)	Wereldhave is a diversified real estate investor, listed in Amsterdam, with holdings throughout Europe (73%) and the United States (27%). Its €2.6 billion portfolio is dominated by the office and retail sectors, which represents over 90% of assets. Leverage is low, with a loan to value ratio of only 27% at the end of 2008. The five year share price total return has been -2.25%.
4	Silic (France)	£3.4m (£0.8m) 5.2% (0.6%) 0.4% (0.1%) €56.44 (€96.06)	Silic is an investor in and developer of office and industrial space in the Paris region of France. The company owns a portfolio of over 1.1 million m², valued at over €3 billion at the end of 2008. The loan to value rate of 32% is relative to the sector as a whole. The five year share price total return has been 19.1%.
5	Castellum (Sweden)	£3.0m (£5.3m) 4.6% (4.0%) 0.4% (0.5%) SEK 46.00 (SEK 72.25)	Based in Gothenburg, Castellum owns a SKr30bn mixed portfolio of higher yielding assets located in Central and Southern Sweden. The business is run through a network of local offices. At 50%, leverage is relatively low by Swedish standards and the high level of floating rate debt (50%) has benefited the P&L as interest rates have fallen. The five year shareholder total return has been 26.3%.
6	Great Portland Estates (UK)	£2.8m (£6.4m) 4.2% (4.8%) 0.5% (0.7%) 244p (530p)	Central London office investor and developer, which operates on its own account and through a number of joint ventures with institutions. In May 2009 the company has raised £175m of new equity through a rights issue to provide it with firepower to make acquisitions over the coming years. Leverage, which was already amongst the lowest in the UK, will be reduced to 27%, providing the company with nearly £500m of balance sheet capacity. The five year total shareholder return has been -18.4%.
7	Befimmo (Belgium)	£2.8m (£nil) 4.2% (–) 0.4% (–) €59.06 (€77.0)	Specialist Belgian office investor structured as a tax free Sicafi. €1.85 billion portfolio located mainly around Brussels and with 64% of rent paid by government tenants and nearly 50% of leases over 10 years in length. 50% loan to value ratio. Five year total shareholder return of 15.68%.
8	Hansteen Holdings (UK)	£2.8m (£4.6m) 4.2% (3.5%) 2.0% (2.3%) 58p (115p)	UK-based European industrial investor with a £495 million portfolio located mainly in the Netherlands (39%), Germany (45%), Belgium (9%) and France (5%). The company has recently taken on a UK team with a view to exploiting opportunities in its home market. Loan to value is 51% and the three year total shareholder return (IPO in late 2005) has been -50.1%.
9	Hammerson (UK)	£2.4m (£2.0m) 3.7% (1.5%) 0.1% (<0.1%) 255p (111.4p)	This UK based REIT is active in both the UK and France as investor and developer. The £6 billion portfolio is 77% retail and 23% offices. Post a nearly £600m rights issue balance sheet leverage stands at 42%. The company is continuing to market a number of large assets in London and Paris. Successful sales would remove investor concern over the possibility of further equity issuance, which has hampered the share price. The five year total shareholder return has been -35.7%.
10	Land Securities (UK)	£2.1m (£11.2m) 3.3% (8.4%) 0.1% (0.2%) 437p (1509p)	The UK's largest tax-efficient real estate investment company (REIT) by market cap and portfolio value, with a portfolio of £9.4 billion including share of joint ventures. Now divested of outsourcing business Trillium, the company is focused on offices (mainly in Central London) and shopping centres in the UK. Post its £750 million rights issue, the loan to value is 52%, significantly ahead of the historic average and the company's own long term target range. The five year total shareholder return has been -44.5%.

Twenty Largest Equity Investments – Sigma Portfolio *continued*

	Shareholding Value (£m) % of investment portfolio % of equity owned Share price at 31 March 2009 (2008)	**Comment** Note: Market caps, yields and share price returns all at end March 2009.
11 Helical Bar (UK)	£1.9m (£1.3m) 2.9% (0.9%) 0.5% (0.3%) 288p (376p)	Entrepreneurial development and investment company with a loyal following and a track record of successful investment followed by returns of capital to shareholders. Interests range from retirement homes to office development. The on-balance sheet loan to value ratio is around 40% and the five year total shareholder return has been 77.1%.
12 Big Yellow Group (UK)	£1.7m (£6.4m) 2.5% (4.8%) 0.4% (1.3%) 190p (435p)	The UK's largest quoted self storage company, operating primarily in London and the South East with 49 directly owned stores and two further stores within a joint venture with Pramerica. There are 20 sites in the development pipeline, of which 14 have planning permission. The company has successfully restructured its debt portfolio to leave it with a weighted average interest cost of only 3.7% – amongst the lowest in the sector – and post a placing of 10% new equity is in a strong position to take advantage of opportunities that might arise over the coming months. Five year total shareholder return has been 55.2%.
13 Derwent London (UK)	£1.6m (£0.8m) 2.4% (0.6%) 0.2% (0.1%) 665p (1518p)	Specialist London REIT with a £2.1 billion portfolio concentrated on West End offices. Acquired London Merchant Securities in 2007. Highly diversified tenant base and an average unexpired lease length of 8 years. The loan to value ratio is relatively low at just over 40% and the five year total shareholder return has been -10%.
14 Deutsche Euroshop (Germany)	£1.6m (£nil) 2.4% (–) 0.3% (–) €21.84 (€26.58)	Deutsche Euroshop is a specialist shopping centre investor and developer. Its 16 centres are focused on Germany (12) but the company also has 2 centres in Poland and 1 each in Austria and Hungary. Debt is 100% hedged and secured for an average of 7 years. The overall loan to value ratio is 47% and the five year total shareholder return is 54%.
15 Segro (UK)	£1.6m (£2.3m) 2.4% (1.7%) 0.1% (0.1%) 228p (508p)	Previously named Slough Estates, the company develops and invests in offices and industrial property in the UK, France, Belgium, Germany and Central Europe. The total portfolio value is £4.8 billion. The company has recently completed a £500m rights issue to provide headroom against its debt covenants. Following the rights issue the loan to value ratio is 43%. The five year total shareholder return is -65.7%.
16 CFI Compagnie Fonciere (France)	£1.4m (£nil) 2.1% (–) 5.0% (–) €37.50 (€45.00)	Compagnie Fonciere International is a French SIIC majority owned by Perella Weinberg Real Estate Fund, a private equity fund headed by Leon Bressler, the ex-CEO of Unibail. CFI has been established to take advantage of commercial real estate investment opportunities in France. Its first acquisition was a portfolio of 12 cinemas let to UGC on 12 year leases subject to minimum indexation of 2% per annum. The loan to value ratio is 64%.
17 Local Shopping REIT (UK)	£1.3m (£3.3m) 2.0% (2.5%) 4.0% (3.3%) 40p (106p)	A specialist investor in neighbourhood shopping in the UK with a £164 million portfolio of over 500 properties located throughout the UK. The loan to value ratio is high at 68% but the company has no LTV covenants and is continuing to make sales in order to pay down debt. Since listing in May 2007 the total shareholder return has been -73%.
18 Vastned Retail (Netherlands)	£1.3m (£0.6m) 2.0% (0.4%) 0.3% (0.1%) €30.39 (€67.36)	Amsterdam listed retail real estate investor with a €2 billion portfolio concentrated in Holland (38%), Spain (24%), France (21%) and Belgium (15%). The company also has exposure to Turkey and Portugal. The loan to value rate is 41% and the five year share price total return has been -9.9%.
19 Argan (France)	£1.1m (£1.1m) 1.7% (0.8%) 1.6%(<0.12%) €7.42 (€12.50)	A French SIIC focused entirely on the development and ownership of logistics properties in France. Establised in 1993, the company remains majority owned (59.9%) by the CEO, Mr Le Lan. The portfolio is currently valued at €384 million, with a loan to value ratio of 57.5%. The five year share price total return has been -15.2%.
20 Corio (Netherlands)	£1.1m (£2.2m) 1.7% (1.7%) 0.1% (0.1%) €31.13 (€55.5)	Corio's €6 billion portfolio of assets is concentrated on the retail sector (92%) and split between the Netherlands (33%), France (34%), Italy (19%), Spain (8%), and Turkey (6%). With nearly 40% floating rate debt, falling interest rates have benefited Corio's P&L. Leverage is relatively low at 41% although the company has so far seen only minimal asset value declines compared to its UK peers and there are likely to be further write downs to come. The five year total shareholder return has been 11.5%.

Five year share price total returns are from Bloomberg using the period ended 31 March 2009 and are expressed in local currency and assume the reinvestment of net dividends.

Sigma Share Class Income Statement

for the year ended 31 March 2009

	Year ended 31 March 2009			Period from inception to 31 March 2008		
	Revenue Return £'000	Capital Return £'000	Total £'000	Revenue Return £'000	Capital Return £'000	Total £'000
Investment income						
Investment income	**4,902**	**-**	**4,902**	1,894	-	1,894
Interest receivable and similar income	**836**	**-**	**836**	471	-	471
Losses on investments held at fair value	**-**	**(62,769)**	**(62,769)**	-	(18,501)	(18,501)
Total income	**5,738**	**(62,769)**	**(57,031)**	2,365	(18,501)	(16,136)
Expenses						
Management and performance fees	**(807)**	**(836)**	**(1,643)**	(775)	(388)	(1,163)
Repayment of prior years' VAT	**325**	**807**	**1,132**	-	-	-
Other expenses	**(139)**	**-**	**(139)**	(94)	-	(94)
Total operating expenses	**(621)**	**(29)**	**(650)**	(869)	(388)	(1,257)
Operating profit/(loss)	**5,117**	**(62,798)**	**(57,681)**	1,496	(18,889)	(17,393)
Finance costs	**(331)**	**(331)**	**(662)**	(265)	(265)	(530)
Profit/(loss) from operations before tax	**4,786**	**(63,129)**	**(58,343)**	1,231	(19,154)	(17,923)
Taxation	**(1,109)**	**768**	**(341)**	(126)	60	(66)
Net profit/(loss)	**3,677**	**(62,361)**	**(58,684)**	1,105	(19,094)	(17,989)
Earnings/(loss) per Sigma share (note 9 on pages 73 and 74)	**2.91p**	**(49.35)p**	**(46.44)p**	0.85p	(14.73)p	(13.88)p

The notes on pages 68 to 85 form part of these accounts.

Sigma Share Class Balance Sheet

as at 31 March 2009

	2009 £'000	2008 £'000
Non-current assets		
Investments held at fair value	**65,755**	132,952
Current assets		
Debtors	**5,964**	1,987
Cash and cash equivalents	**15,792**	14,552
	21,756	16,539
Current liabilities	**(8,039)**	(7,932)
Net current assets	**13,717**	8,607
Total assets less current liabilities	**79,472**	141,559
Non-current liabilities	**(2,849)**	(2,849)
Net assets	**76,623**	138,710
Net asset value per Sigma share (see note 20b on page 85)	**61.34p**	108.64p

The notes on pages 68 to 85 form part of these accounts.

Directors

Peter Salsbury
Chairman

Caroline Burton

Hugh Seaborn

Paul Spencer

Richard Stone

Peter Wolton

Managers

Chris Turner

Marcus Phayre-Mudge

Jo Elliott

Angelique Ello

George Gay

Alban Lhonneur

Christian Roos

James Wilkinson

Nikki Williamson

Directors

Peter Salsbury, age 59, retired in 2000 as Chief Executive of Marks and Spencer plc ("M&S"). He now has a Management Consultancy practice specialising in Executive Coaching and Strategy. During his 10 years on the Board at M&S his responsibilities included Commercial Estates, Retail Operations, HR, as well as Sales and Marketing. He also served on the Board of M&S Financial Services for 5 years. From 1992 until 1995 he was a Director of NORWEB plc. He joined the Board of TRPIT in 1997, and succeeded as Chairman on 26 July 2004.

Caroline Burton, age 59, joined the Board of TRPIT in June 2002. She joined Guardian Royal Exchange plc's Investment Department in 1973 and remained with the group until 1999. From 1987 she was Managing Director of Guardian Asset Management, and, from 1990 to 1999, Executive Director – Investments of the parent company. She is a non-executive director of Rathbone Brothers plc and The Advantage Property Income Trust Limited. She is also a Member of the Management Committee of Hermes Property Unit Trust. She advises a number of pension funds and charities.

Hugh Seaborn, age 47, joined the Board of TRPIT on 24 July 2007. Mr Seaborn is a Chartered Surveyor and has considerable experience in the property arena; he is currently the Chief Executive Officer of the Cadogan Estate and a member of the Council and Audit Committee of the Duchy of Lancaster. From 2000 to 2008, Mr Seaborn was Chief Executive Officer of the Portman Estate and he is immediate past Chairman of the Westminster Property Owners Association.

Paul Spencer, age 59, joined the Board of TRPIT on 1 August 2007. Mr Spencer is the Chairman of National Savings & Investment (a Government funded body), Managed Pension Funds Ltd and Sovereign Reversions plc. He also sits on the Boards of Nipponkoa Insurance Company (Europe) Ltd, WPP Group Plc (where he chairs the Audit Committee) and is the Independent Trustee of the Rolls-Royce and BAT Pension Funds.

Richard Stone, age 66, was Deputy Chairman of Coopers and Lybrand ("C&L") and in 1998 became a member of the Global Board of PricewaterhouseCoopers until he joined the TRPIT Board in 2000. He headed up C&L's Corporate Finance Practice in the UK and Europe, and was also an Insolvency Practitioner. He brings a broad base of business, financial and property experience to the TRPIT Board. He is now Chairman of Drambuie Limited, a senior independent director of Halma plc, a non-executive director of Candover Investments plc and a non-executive director of Gartmore Global Trust plc. He is Chairman of the TRPIT Audit Committee.

Peter Wolton, age 52, joined the Board of TRPIT in January 2005. He qualified as a Chartered Surveyor in 1980 with Savills and joined Schroders in 1983 to manage UK equities for institutional clients. He ran Schroders' asset management activities in Japan from 1994 to 1998 and their global retail business from 1998 to 2001. From 2002 to 2003 he was Chief Executive of Baring Asset Management Ltd. He is a consultant to Oxford Investment Partners, a member of the Council of Queen Mary, University of London and a Trustee of the Charities Aid Foundation ("CAF"). He is a director of Dunedin Income Growth Investment Trust plc and a former director of Schroder Japan Growth Fund plc.

All directors are independent of the manager and are members of the Audit Committee.

Managers

Chris Turner, age 63, has been the Fund Manager since 1995, first at Henderson Global Investors then, since October 2004, at Thames River Capital. Prior to joining Henderson, Chris was a property share analyst. He qualified as a Chartered Surveyor in 1970.

Marcus Phayre-Mudge, age 41, qualified as a Chartered Surveyor in 1992. He joined Thames River Capital in October 2004, having spent the previous 7 years at Henderson Global Investors, where he also worked on the Trust, first as the Direct Property Manager and, since 2002, as Deputy Fund Manager.

Jo Elliott, age 47, has been Finance Manager since 1995, first at Henderson Global Investors then, since January 2005, at Thames River Capital. She qualified with Ernst & Young as a Chartered Accountant in 1988.

Angelique Ello, age 26, joined Thames River Capital in November 2007 as an administration assistant. She graduated from Middlesex University in 2004 with a BA (Hons) in Political and International Studies with German.

George Gay, age 28, joined Thames River Capital in 2005 as Assistant Direct Property Manager and qualified as a Chartered Surveyor in 2006. George was previously at niche City investment agent, Morgan Pepper, and has an MA in Property Valuation and Law from City University.

Alban Lhonneur, age 28, joined Thames River Capital in 2008 as an assistant Fund Manager. He was previously at Citigroup Global Markets as an Equity Research analyst focusing on Continental European Real Estate.

Christian Roos, age 37, joined Thames River Capital in September 2007 from Pramerica real estate investors where he managed European and Asian real estate securities since 2005. Prior to that he was a sell side analyst and has been covering real estate securities for 7 years.

James Wilkinson, age 36, qualified as a Chartered Surveyor in 1998. He joined Thames River Capital in October 2004, from Henderson Global Investors, where he worked as the Direct Property Manager for the Trust. Since the end of 2006 James has focused on the equities portfolio, assisting Chris and Marcus.

Nikki Williamson, age 32, joined Thames River Capital in 2003. She graduated from Manchester University in 1999 with a BSc (Hons) in Mathematics and Philosophy. She joined the TRPIT team in April 2005 as Investor Relations Manager.

Directors' Remuneration Report

Introduction

This report is submitted in accordance with Schedule 7A to the Companies Act 1985 ("the Act") in respect of the year ended 31 March 2009. The report also meets the relevant Listing Rules of the Financial Services Authority and describes how the Board has applied the principles relating to directors' remuneration. As required by the Act, a resolution to approve the report will be proposed at the AGM.

Consideration by the Directors of Matters relating to Directors' Remuneration

Directors' remuneration is reviewed annually by the Management Engagement Committee which was formed in November 2006 and comprises the Chairman and all directors of the Company. The Management Engagement Committee last met in March 2009.

Statement of the Company's Policy on Directors' Remuneration

The Board consists entirely of non-executive directors, who are appointed with the expectation that they will serve for a period of three years. Directors' appointments are reviewed formally every three years thereafter by the Board as a whole. None of the directors has a contract of service and a director may resign by notice in writing to the Board at any time; there are no notice periods. The Company's policy is for the directors to be remunerated in the form of fees, payable quarterly in arrears, to the director personally or to a third party specified by that director. There are no long term incentive schemes, share option schemes or pension arrangements and the fees are not specifically related to the directors' performance, either individually or collectively.

The Company's policy is that the fees payable to the directors should reflect the time spent by the Board on the Company's affairs and the responsibilities borne by the directors and should be sufficient to enable candidates of high calibre to be recruited. The policy is for the Chairman of the Board and the Chairman of the Audit Committee to be paid higher fees than the other directors in recognition of their more onerous roles. It is intended that this policy will continue for the forthcoming year.

In 2007 a review of directors' fees was carried out by Stephenson and Co alongside the usual annual Board evaluation process. Its conclusion was that the fees should be raised to reflect the increased demands of the role of all directors, and the roles of Chairman and Audit Committee Chairman in particular. In addition the scale of the Trust and external trends were taken into account. As a result from June 2007 directors' fees were paid at the annual rates of Chairman: £65,000, Audit Committee Chairman: £30,000 and Directors £25,000. The actual amounts paid to the directors during the financial year under review are as shown in the box below.

Amount of each Director's emoluments (audited)

The fees payable in respect of each of the directors who served during the financial year were as follows:

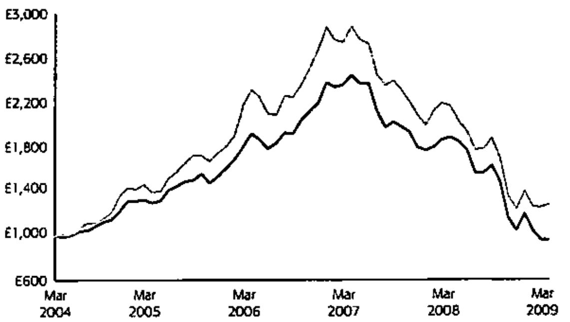
	31 March 2009 £	31 March 2008 £
C M Burton	**25,000**	24,329
J H M Newsum[1]	**-**	5,250
P L Salsbury	**65,000**	59,966
R A Stone	**30,000**	29,161
P H Wolton	**25,000**	24,329
H Seaborn[2]	**25,000**	17,120
P Spencer	**25,000**	16,644
TOTAL	**195,000**	176,799

Notes:
[1] Mr Newsum retired from the Board after the 2007 AGM.
[2] Mr Seaborn's fees up to 30 September 2008 were paid to Portman Settled Estate Ltd. The amount paid was £12,500 + VAT.

No other remuneration, compensation or expenses were paid or payable by the Company during the year to any of the current or former directors.

Directors' Remuneration Report *continued*

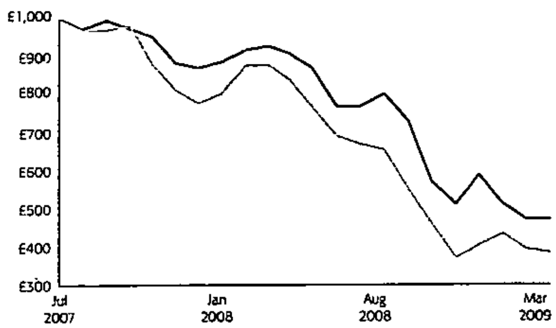
Performance Graph (total return) for Ordinary Share Class



— TR Property Ordinary share price total return, assuming the investment of £1,000 on 31 March 2003 and the reinvestment of all dividends (excluding dealing expenses). (Source: Thames River Capital.)

— S&P/Citigroup European Property Index total return until March 2007 then an EPRA Europe Index Total Return (in sterling) thereafter, assuming the notional investment of £1,000 into the Index on 31 March 2003 and the reinvestment of all income (excluding dealing expenses). (Source: Thames River Capital.)

Performance Graph (total return) for Sigma Share Class



— TR Property Sigma share price total return, assuming investment of £1,000 on launch date, 24 July 2007 and the reinvestment of all dividends (excluding dealing expenses). (Source: Thames River Capital.)

— EPRA Europe Index Total Return (in sterling), assuming the notional investment of £1,000 into the Index on 24 July 2007 and the reinvestment of all income (excluding dealing expenses). (Source: Thames River Capital.)

By order of the Board
For and on behalf of
Capita Company Secretarial Services Limited
Secretary
4 June 2009

Report of the Directors

The directors present the audited accounts of the Group and their report for the year ended 31 March 2009. The Group comprises TR Property Investment Trust plc ("the Company") and its subsidiaries. In July 2007 a second share class was introduced. The Company therefore had two share classes at 31 March 2009, the Ordinary share class and the Sigma share class. The review of the business of the Company, recent events and outlook are contained within the Chairman's Statement, on pages 6 to 10, which forms part of this Report of the Directors by reference.

Status

The Company is an investment company, as defined in Section 833 of the Companies Act 2006, and operates as an investment trust in accordance with Section 842 of the Income and Corporation Taxes Act 1988. It is required to seek HM Revenue & Customs' approval of its status as an investment trust under the above-mentioned Section 842 every year, and this approval will continue to be sought. HM Revenue & Customs' approval of the Company's status as an investment trust has been received in respect of the year ended 31 March 2008. The directors are of the opinion that the Company has subsequently conducted its affairs in a manner which will enable it to continue to gain such approval. The Company has no employees and the 'close company' provisions do not apply.

Share capital

At 31 March 2009, the Company has two classes of share: Ordinary shares of 25 pence each and Sigma shares of 12.5 pence each. The Ordinary shares represent 80.5% and the Sigma shares represent 19.5% of the total issued share capital. The shares are in registered form.

Business Review

The following review is designed to provide information primarily about the Company's business and results for the year ended 31 March 2009 and covers:

- Objective and Strategy
- Revenue and Dividends
- Capital Return
- Property Valuation
- Performance Measurement (KPI)
- Share Buy-back Activity
- Financial Instruments and Management of Risk
- Management Arrangements and Fees
- Basis of Accounting and IFRS
- Environmental Policy

The results and performance of the two share classes are reviewed separately. Full details of each portfolio and the Manager's views on the outlook for the coming financial year for each share class are covered in the Manager's Report for the Ordinary share class on pages 17 to 21 and for the Sigma share class on pages 31 to 36.

Ordinary share class

Objective and Strategy

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

As at 31 March 2009, 70.1% of the Ordinary share class net assets were invested in Pan-European listed property securities, 14.8% in directly owned UK real estate and the balance in cash.

The Ordinary share class portfolio is total return focused and future growth and capital appreciation potential is generally regarded more highly than immediate initial yield or discount to asset value. The investment selection process seeks to identify well managed companies of all sizes, especially those with a focus on a particular type of real estate business. The investment policies are described on page 2.

The Ordinary share class is a dedicated investor in real estate and real estate securities and will continue to adhere to this strategy.

Revenue and Dividends

	2009	2008	Change
Revenue earnings per share	**6.49p**	5.79p	+12.1%
Dividends per share	**5.75p**	5.60p	+2.7%

Total losses per share, which include capital losses on investments, amounted to -88.22p per share.

The capital loss of 94.71p per share was reflective of the performance of the property equity market through the period which is covered in detail in the Manager's Report.

Revenue earnings have increased by 12.1%. A significant contributor to this was the one-off refund of VAT incorrectly charged on prior year management fees, full details of this are given in note 13 to the accounts on pages 80 and 81.

Report of the Directors *continued*

The directors recommend the payment of a final dividend of 3.45p per Ordinary share. Subject to approval at the AGM, the dividend will be paid on 4 August 2009 to shareholders on the register at 3 July 2009. The Ordinary shares will be quoted ex-dividend from 1 July 2009.

An interim dividend of 2.30p per Ordinary share was paid on 13 January 2009. The total dividend in respect of the year is, therefore, 5.75p per Ordinary share.

The dividends shown in the Group Statement of Changes in Equity for the year are those dividends which have actually been approved in the period, i.e. the final dividend relating to the financial year ended 31 March 2008 (3.30p per share) and the interim dividend for this period (2.30p per share).

Capital Return

	2009	2008	Change
NAV per share	**126.07p**	219.61p	-42.6%
Share price	**106.00p**	188.25p	-43.7%

Falls in property equity share prices resulted in a reduction of shareholders' funds by 43.0%. The Benchmark returned -51.2% on a price only basis.

Details of the investments are shown within the Manager's Report on pages 22 to 27.

Property Valuation
Valuations of all the Group's properties as at 31 March 2009 have been carried out by external independent valuers. These valuations have been adopted in the accounts. Details of the values and changes in fixed assets are shown in note 10 to the financial statements.

Performance Measurement
The directors consider performance measured against the Benchmark to be the key performance indicator for the share class.

For the year to 31 March 2009 the Benchmark was the FTSE EPRA/NAREIT Europe Index in Sterling. This index, calculated by FTSE, is free float based and currently has 80 constituent companies.

On a total return basis the share class returned -40.5% against the Benchmark total return of -48.6%.

The performance for the financial year just ended and the outlook for the forthcoming financial year are covered in detail in the Chairman's Statement, Market Background and Outlook and Ordinary Class Managers' Report on pages 6 to 21.

Share Buy-back Activity
The Board has not set a specific discount at which shares will be repurchased. However, there has been considerable activity in recent years and around 189 million Ordinary shares have been repurchased since the Board first took the decision to buy back shares in 1999. During the year to 31 March 2009, the Company repurchased 1,875,000 Ordinary shares at an average cost of 159.59p per share.

Sigma Share Class

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

As at 31 March 2009 the portfolio was invested in Pan European property shares. The original portfolio was "inherited" from the Ordinary share class on creation at 24 July 2007 and 64% of this was large cap stocks. By 31 March 2009 this had reduced to 25% and the repositioning of the portfolio is continuing as described in more detail in the Manager's Report on pages 31 to 36.

As with the Ordinary share class, the Sigma share class is a dedicated investor in the real estate sector and will continue to adhere to this strategy.

Revenue and Dividends

	2009	2008	Change
Revenue earnings per Sigma share	**2.91p**	0.85p	242.4%
Dividends per Sigma share	**2.00p**	0.85p	135.3%
Special dividend per Sigma share	**-**	1.10p	N/A
Total dividends per Sigma share	**2.00p**	1.95p	+2.6%

Total earnings per Sigma share, which include capital losses on investments amounted to -46.44p per share.

Revenue earnings for the period amounted to 2.91p per Sigma share.

The directors recommend the payment of a final dividend of 1.10p per Sigma share. Subject to approval at the AGM, the dividend will be paid on 4 August 2009 to Sigma shareholders on the register at 3 July 2009. The shares will be quoted ex-dividend from 1 July 2009.

Report of the Directors *continued*

An interim dividend of 0.90p per Sigma share was paid on 13 January 2009 to shareholders on the register at 12 December 2008.

Capital Return

	2009	2008	Change
NAV per Sigma share	**61.34p**	108.64p	-43.5%
Sigma Share Price	**39.00p**	92.00p	-57.6%

Falls in property equity prices resulted in a reduction in shareholders funds of 44.8% per Sigma share. Over the same period the price only element of the benchmark fell by 51.2%.

Details of the investments held in the Sigma portfolio are shown in the Manager's Report on pages 37 to 41.

Performance Measurement
The directors consider performance measured against the benchmark to be the key performance indicator for the share class. The Benchmark for the share class for the period to 31 March 2009 was the FTSE EPRA/NAREIT Europe Index in Sterling.

From 1 April 2009, the Benchmark for the share class is FTSE EPRA/NAREIT Small Cap Europe Index in Sterling. This benchmark, provided by FTSE, is FTSE EPRA/NAREIT Europe Index in Sterling, adjusted to exclude those stocks with a market capitalisation exceeding £1bn. The constituents are adjusted quarterly. Further details and the rationale for this change are set out in the Chairman's Statement.

On a total return basis the Sigma share class returned -42.3% against a Benchmark total return of -48.6%.

The performance for the financial year just ended and the outlook for the forthcoming financial year are covered in detail in the Chairman's Statement, Market Background and Outlook and Sigma Class Manager's Report on pages 6 to 15 and 31 to 36.

Share Buy-back Activity
During the year to 31 March 2009, the Company repurchased 2,758,000 Sigma shares at an average cost of 52.59p per share.

Financial Instruments and the Management of Risk
By its nature as an investment trust, the portfolios of both share classes are exposed to market price risk, foreign currency risk and interest rate risk. The Company's policies for managing these risks are outlined in note 11 to the financial statements. Further information on the management of risk and internal controls is contained in the Corporate Governance Report on pages 56 to 61.

Management Arrangements and Fees
Throughout the period investment management arrangements have been provided by Thames River Capital LLP ("Thames River"), accounting and administrative services by BNP Paribas Fund Services UK Limited, custodial services by JP Morgan Chase and company secretarial services by Capita Company Secretarial Services Limited.

The significant terms of the investment management agreement with Thames River are as follows:

- Notice Period
  The investment management agreements ("IMAs") provide for termination of the agreements by either party without compensation on the provision of not less than 12 months' written notice.
- Management Fees
  Ordinary share class
  For the period under review, a base management fee of 0.70% pa on the net asset value of the Ordinary share class was paid quarterly in advance to the Investment Manager. For the period up to 31 March 2009 a rebate applied to reduce the management fee to 0.40% pa on any portion of the share class net asset value exceeding £450m.

  The fee is based on the share class net asset value (determined in accordance with the Association of Investment Companies ("AIC") method of valuation) on the last day of March, June, September and December respectively.

  Management fee arrangements for the period commencing 1 April 2009 were due for review. The board decided that the usual industry practice of charging management fees based totally on the value of the underlying assets under management did not fully align the manager and shareholder interests. Although some elements of costs covered by the fee clearly do increase or decrease as assets under management increase or decrease, there is a substantial overhead of employing and accommodating a quality fund management team which is effectively a fixed cost. The Board have therefore agreed a revised management fee of which a substantial proportion is fixed with a small ad valorem element.

  The fee for the Ordinary share class for the period from 1 April 2009 to 31 March 2010 is a fixed fee for the

Report of the Directors *continued*

period of £2.65m plus an ad valorem fee of 0.20% pa based on the net asset value (determined in accordance with the Association of Investment Companies ("AIC") method of valuation) of the Ordinary share class on the last day of March, June, September and December, payable quarterly in advance.

The result of this fee arrangement is that the total management fee as a percentage of net asset value will become variable. The percentage fee will increase as net asset value falls and decrease as net asset value rises.

The fee arrangements will be reviewed for the following financial year.

Sigma share class
For the period under review, a base management fee of 1.10% pa on the net asset value of the Sigma share class was paid quarterly in advance to the Investment Manager. The fee is based on the share class net asset value (determined in accordance with the AIC method of valuation) on the last day of March, June, September and December respectively.

With the same rationale as described for the Ordinary share class fee review described above, the fee for the Sigma share class for the period from 1 April 2009 to 31 March 2010 is a fixed fee for the period of £0.65m plus an ad valorem fee of 0.30% pa based on the net asset value (determined in accordance with the AIC method of valuation) of the Sigma share class on the last day of March, June September and December, payable quarterly in advance.

The fee arrangements will be reviewed for the following financial year.

For both share classes the management fee includes fund accounting and administrative services, safe custody and company secretarial services which are all provided by third parties. The Company has a direct contractual relationship with the parties providing these services and the fees incurred are deducted from the gross fees due to Thames River. This affords the Company a high degree of transparency and control in respect of these services.

- Performance Fees
  In addition to the management fees, the Board has agreed to pay the Investment Manager performance related fees in respect of a performance period if certain performance objectives are achieved.

Ordinary share class
A performance fee is payable if the total return of adjusted net assets attributable to Ordinary shareholders, as defined in the IMA with Thames River, at 31 March each year outperforms the total return of the Company's Benchmark plus 2% (the "hurdle rate"); this outperformance (expressed as a percentage) is known as the "percentage outperformance". Any fee payable will be the amount equivalent to the adjusted net assets attributable to Ordinary shareholders at 31 March each year multiplied by the percentage outperformance, then multiplied by 15%.

For the period ended 31 March 2009 the maximum performance fee payable for the period was capped at 1% of the adjusted net assets attributable to Ordinary shareholders.

From 1 April 2009 the cap on this fee will be increased from 1% to 2%, however if the adjusted net assets at the end of the period are less than at the beginning of the period, the maximum performance fee payable will be limited to1% of the adjusted net assets attributable to the Ordinary shareholders.

If any fee exceeds the relevant cap (2% or 1% as applicable), such excess will be carried forward and applied to reduce any percentage underperformance in future periods. At 31 March 2009, an excess of £3.1m is being carried forward.

Sigma share class
A performance fee is payable if the total return of adjusted net assets attributable to Sigma shareholders, as defined in the IMA with Thames River, at 31 March each year outperforms the total return of the Company's Benchmark plus 2% (the "hurdle rate"); this outperformance (expressed as a percentage) is known as the "percentage outperformance". Any fee payable is the amount equivalent to the adjusted net assets attributable to Sigma shareholders at 31 March each year multiplied by the percentage outperformance, then multiplied by 20%.

The maximum performance fee payable in any period is capped at 5% of the adjusted net assets attributable to Sigma shareholders unless the adjusted net assets at the end of the period are less than at the beginning of the period when the maximum performance fee payable will be limited to 1% of the adjusted net assets attributable to the Sigma shareholders. If any fee exceeds the relevant cap (5% or 1% as applicable), such excess will

Report of the Directors *continued*

be carried forward and applied to reduce any percentage underperformance in future periods.

If the total return of Sigma equity shareholders' funds for any performance period is less than the hurdle rate for the relevant performance periods, such underperformance (expressed as a percentage) will be carried forward. No fee will be payable unless the Group equity shareholders' funds for the particular share class outperforms the hurdle rate, after taking into account any accumulated percentage underperformance for previous periods to the extent it is not offset by the overperformance offsets described above.

Basis of Accounting and IFRS

On the basis of the Board's expected long term split of returns, in the form of capital gains and income in equal proportions, the Group charges 50% of finance costs to capital. One-third of the management fee is deemed to relate to the administration of the Company and is charged to revenue. The remainder is split on the same basis as finance costs and 50% charged to capital. The overall result is that two-thirds of the management fee is charged to revenue and one-third to capital. All performance fees are charged to capital.

Allocation of Costs between share classes

Each share class has its own management fee structure and is invoiced directly for management fees which are allocated between capital and revenue accounts on the basis of accounting described above.

Administration costs incurred specifically by a single share class are charged to that share class.

The remaining corporate expenses are allocated to the share class in the proportion to their relative Net Asset Values at the end of the previous accounting period.

Environmental Policy

The Company considers that good corporate governance extends to policies on the environment and has therefore adopted an environmental policy in respect of its investments in both physical property and listed property companies. Within the context of the overall aim of the Company to maximise shareholders' returns, we will seek to limit our own and our investee companies' impact on the environment. We will comply with all relevant legislation relating to our operations and activities.

We review the environmental statements and behaviour of all the companies in which we invest and take these into account in decision-making. We recognise that good environmental management can play a part in overall risk management and also have a financial impact in terms of savings through energy and water efficiency. Where appropriate, our managers will engage with investee companies to raise concerns about environmental matters.

So far as direct property investments in the Ordinary share class portfolio are concerned, the Company conducts environmental audits prior to purchase to identify possible contamination or materials considered environmentally harmful. We will take remedial action or enforce tenant obligations to do so wherever appropriate. We and our advisers assess the environmental impact of our properties on an ongoing basis and will take all necessary action to comply with our environmental responsibilities.

Annual General Meeting

The AGM will be held on Tuesday, 28 July 2009 at 12 noon. The Notice of Meeting is set out on pages 86 to 88, and an explanation of the business to be conducted is given on pages 89 and 90.

Two items of special business are to be proposed at the AGM.

Resolution 10 will be proposed as a special resolution and resolution 11 will be proposed as an ordinary resolution.

Resolution 10 – Authority to Purchase Own Shares

The Company's Articles permit the Company to purchase its own shares out of capital profits. Under the Listing Rules of the Financial Services Authority a company is permitted to purchase up to 14.99% of its issued equity share capital through market purchases pursuant to a general authority granted by shareholders in general meeting.

The current authority which permits the Company to purchase up to 14.99% of its issued Ordinary and Sigma shares expires at the conclusion of the forthcoming AGM. The Board believes that the Company should continue to have authority to make market purchases of its own Ordinary and Sigma shares for cancellation. The Board is therefore seeking to renew its power to make market purchases of Ordinary and Sigma shares. Accordingly, a special resolution to authorise the Company to make market purchases of up to 14.99% of the Company's

Report of the Directors *continued*

issued Ordinary and Sigma share capital at the date of the AGM is proposed, with the shares purchased to be cancelled. Based on the number of shares in issue at the date of this Report, 14.99% of the Company's issued Ordinary share capital is equivalent to 38,483,078 Ordinary shares and 14.99% of the Company's issued Sigma share capital is equivalent to 18,725,808 Sigma shares. These figures have been calculated on the basis that there is no change in the issued share capital between the date of this Report and the AGM to be held on 28 July 2009.

Any purchase of shares would be made at a discount to the prevailing Net Asset Value, thus enhancing the Net Asset Value of the remaining shares. The terms of the resolution will restrict the price payable to the effect that it could not be less than 25p per share for Ordinary shares and 12.5p per share for Sigma shares (being the nominal values) and not more than 5% above the average of the closing mid-market quotations for the five business days immediately preceding the date on which the Company agrees to buy the shares concerned.

Resolution 11 – Electronic Communications

At the AGM held on 29 July 2008, the Company's Articles of Association were updated to permit communication to members in electronic form and to take advantage of new provisions relating to website communications. At the AGM on 28 July 2009, the Company will seek shareholder approval to allow the Company to supply documents and make information to members available on a website. Before the Company can communicate with a member by means of website communication, however, the relevant member must be asked individually to agree that the Company may send or supply documents or information to him by means of a website. A member can always request a hard copy version of the document or information. Further information is set out in the Explanation of Notice of Meeting on page 90.

Recommendation
The directors consider that the resolutions are in the interests of the Company and shareholders taken as a whole and recommend that all shareholders vote in favour of the resolution, as the directors intend to, in respect of their own beneficial holdings of Ordinary and Sigma shares amounting, in aggregate, to 421,964 shares.

Ordinary share class	**31 March 2009** **Ordinary shares of 25p**	31 March 2008 Ordinary shares of 25p
With beneficial interest:		
C M Burton	**18,700**	18,700
P L Salsbury	**32,500**	32,500
R A Stone	**115,000**	70,000
P H Wolton	**10,104**	10,104
H Seaborn	**15,486**	5,885
P Spencer	**15,000**	–

There have been no changes in the directors' interests between the end of the financial year and the date of this report.

Sigma share class	**31 March 2009** **Sigma shares of 12.5p**	31 March 2008 Sigma shares of 25p
With beneficial interest:		
C M Burton	**6,600**	18,700
P L Salsbury	**65,000**	65,000
R A Stone	**60,000**	50,000
P H Wolton	**20,000**	20,000
H Seaborn	**38,574**	12,045
P Spencer	**25,000**	–

There have been no changes in the directors' interests between the end of the financial year and the date of this report.

Other Statutory Information

Directors' Interests in Shares
The directors' interests in the share capital of the Company are shown in the tables above.

There were no contracts subsisting during or at the end of the year in which a director of the Company is or was materially interested and which is or was significant in relation to the Company's business. No director has a contract of service with the Company.

Payment of Suppliers
It is the Company's payment policy for the current financial year to obtain the best possible terms for all business. The Company agrees with its suppliers the

Report of the Directors *continued*

terms on which business will take place and it abides by these terms. There were no trade creditors at 31 March 2009 (2008: same).

Share Capital Changes
At 1 April 2008 the Company had 258,600,000 Ordinary shares and 127,680,000 Sigma shares in issue.

Between 1 April 2008 and 31 March 2009 the Company made market purchases for cancellation of 1,875,000 Ordinary shares for an aggregate consideration of £2,992,000 and 2,758,000 Sigma shares for an aggregate consideration of £1,450,000. This represents a further 0.73% of the Ordinary share capital and 2.16% of the Sigma share capital in issue at 31 March 2008. At 31 March 2009 256,725,000 Ordinary shares and 124,922,000 Sigma shares were in issue.

Since 1 April 2009, and up to the date of this document, the Company has made no further market purchases for cancellation of Ordinary shares of 25 pence each or of Sigma shares of 12.5 pence each.

At the AGM in 2008 the directors were given power to buy back 38,599,250 Ordinary shares of 25 pence each. Since the AGM the directors have bought back 1,875,000 shares under this authority. The outstanding authority is therefore 36,724,250 shares. This authority will expire at the 2009 AGM. Also at the AGM in 2008, the directors were given power to buy back 19,124,242 Sigma shares of 12.5 pence each. Since the AGM the directors have bought back 2,758,000 Sigma shares under this authority. The outstanding authority is therefore 16,366,242 Sigma shares. This authority will also expire at the 2009 AGM. The Company will seek to renew the power to make market purchases of Ordinary and Sigma shares at this year's AGM.

Rights and obligations attaching to shares
Subject to applicable statutes and other shareholders' rights, shares may be issued with such rights and restrictions as the Company may by ordinary resolution decide, or (if there is no such resolution or so far as it does not make specific provision) as the Board may decide. Subject to the Articles, the Companies Acts and other shareholders' rights, unissued shares are at the disposal of the Board.

Voting
At a general meeting of the Company, when voting is by a show of hands, each holder of Ordinary shares and each holder of Sigma shares has one vote. If a poll vote is called for then each holder of Ordinary shares has a weighted vote in accordance with the underlying Net Asset Value of each Ordinary share and similarly each Sigma shareholder has a weighted vote in accordance with the underlying Net Asset Value of each Sigma share. The procedure used to determine the relevant weighting of each share is outlined in the Articles. The number of votes given to each shareholder on a poll is determined by multiplying the 'Share Voting Number' by the number of shares held by each shareholder. For each class of share the 'Share Voting Number' is a number equal to the Net Asset Value of the assets attributable to that class, divided by the number of shares in that class in issue on the Voting Calculation Date (a date six weeks before the general meeting is convened). The Net Asset Values of the assets attributable to each class of shares is calculated every day by the Administrator.

Restrictions on voting
Holders of Sigma shares do not have the right to vote, at general meetings of the Company, on resolutions which relate only to the Ordinary shares, other than where the Board determines that such a resolution will have a substantial adverse impact on the holders of Sigma shares and/or where it is a requirement of the Listing Rules that all shareholders are entitled to vote. The same restrictions on voting apply to the holders of Ordinary shares in relation to the Sigma shares.

No member shall be entitled to vote at any general meeting or class meeting in respect of any shares held by them if any call or other sum then payable by them in respect of that share remains unpaid. Currently, all issued shares are fully paid. In addition, no member shall be entitled to vote if he has been served with a restriction notice (as defined in the Articles) after failure to provide the Company with information concerning interests in those shares required to be provided under the Companies Acts.

Deadlines for voting rights
Votes are exercisable at the general meeting of the Company in respect of which the business being voted upon is being heard. Votes may be exercised in person, by proxy, or in relation to corporate members, by corporate representatives.

The Articles provide a deadline for submission of proxy forms of not less than 48 hours (or such shorter time as the Board may determine) before the meeting (not excluding non-working days).

Report of the Directors *continued*

Transfer of shares

Any shares in the Company may be held in uncertificated form and, subject to the Articles, title to uncertificated shares may be transferred by means of a relevant system. Subject to the Articles, any member may transfer all or any of his certificated shares by an instrument of transfer in any usual form or in any other form which the Board may approve. The instrument of transfer must be executed by or on behalf of the transferor and (in the case of a partly-paid share) the transferee.

The Board may, in its absolute discretion and without giving any reason, decline to register any transfer of any share which is not a fully paid share. The Board may also decline to register a transfer of a certificated share unless the instrument of transfer: (i) is duly stamped or certified or otherwise shown to the satisfaction of the Board to be exempt from stamp duty and is accompanied by the relevant share certificate and such other evidence of the right to transfer as the Board may reasonably require; (ii) is in respect of only one class of share; and (iii) if joint transferees, are in favour of not more than four such transferees.

The Board may decline to register a transfer of any of the Company's certificated shares by a person with a 0.25% interest (as defined in the Articles) if such a person has been served with a restriction notice (as defined in the Articles) after failure to provide the Company with information concerning interests in those shares required to be provided under the Companies Acts, unless the transfer is shown to the Board to be pursuant to an arm's length sale (as defined in the Articles).

Significant Voting Rights – Ordinary shares

Shareholder	% of Ordinary share voting rights*
Legal & General Investment Management Limited (UK)	**4.29**

Declarations of interests in voting rights of the Company, at 30 April 2009, are set out above.

In addition, at 30 April 2009 the following shareholders held over 3% of the voting rights on a non-discretionary basis:

Shareholder	% of Ordinary share voting rights*
Rensburg Sheppards Investment Management Limited	6.91
TR Property ISA/PEP and Shareplan Schemes	6.50
Brewin Dolphin Securities Limited	5.24
F&C Investment Management Limited	3.21
Alliance Trust plc	3.20

Significant Voting Rights – Sigma shares

Shareholder	% of Sigma share voting rights*
Legal & General Investment Management Ltd. (UK)	**4.88**
M&G Investment Management Ltd	**4.05**

Declarations of interests in voting rights of the Company at 30 April 2009, are set out above.

In addition at 30 April 2009 the following shareholders held over 3% of the voting rights on a non-discretionary basis:

Shareholder	% of Sigma share voting rights*
Heartwood Wealth Management Limited	8.85
Reliance Mutual Insurance Society Ltd.	8.17
Insight Investment Management (Global) Limited	7.02
JPMorgan Asset Management (UK) Limited	5.48
Goldman Sachs Asset Management International	4.55
Derbyshire County Council Pension Fund	3.40
Merseyside Pension Fund	3.23
F&C Asset Management plc	3.06

*See page 54 for further information on the voting rights of Ordinary and Sigma shares.

ISAs

The Company has conducted its affairs, and will continue to conduct its affairs, in such a way as to comply with the Individual Savings Accounts Regulations. Both Ordinary shares and Sigma shares can be held in Individual Savings Accounts.

Directors' Indemnity

Directors' and Officers' liability insurance cover is in place in respect of the directors. The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for directors in respect of costs which they may incur relating to the defence of any proceedings brought against them arising out of their positions as directors, in which they are acquitted or judgement is given in their favour by the court.

Report of the Directors *continued*

To the extent permitted by law and by the Company's Articles of Association, the Company has entered into deeds of indemnity for the benefit of each director of the Company in respect of liabilities which may attach to them in their capacity as directors of the Company. These provisions, which are qualifying third party indemnity provisions as defined by section 234 of the Companies Act 2006, were introduced in January 2007 and currently remain in force.

Directors' Statement as to Disclosure of Information to Auditors
The directors who were members of the Board at the time of approving the Report of the Directors are listed on page 45 of these financial statements. Each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

Shareholder Information
Further information on the Company can be found on pages 92 to 94.

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

Registered Auditor
A resolution to re-appoint Ernst & Young LLP as the Company's Auditor will be put to shareholders at the forthcoming AGM.

Corporate Governance

Corporate Governance Report
The Board of Directors is accountable to shareholders for the governance of the Company's affairs.

Application of the AIC Code's Principles
This statement describes how the principles of the Combined Code on Corporate Governance ("the Code") issued by the Financial Reporting Council in June 2006 have been applied to the affairs of the Company.

In applying the principles of the Code, the directors have also taken account of the Code of Corporate Governance published by the AIC, which established the framework of best practice specifically for the Boards of investment trust companies. There is some overlap in the principles laid down by the two Codes and there are some areas where the AIC Code is more flexible for investment trust companies.

The directors believe that during the period under review they have complied with the provisions of the Code, insofar as they apply to the Company's business, and with the provisions of the AIC Code.

Composition and Independence of the Board
The Board currently consists of six directors, all of whom are non-executive and are independent of the Investment Manager. None of the directors have any other links to the Investment Manager: they all have other professional employment.

Powers of the Directors
Subject to the Company's Memorandum of Association, the Articles, the Companies Acts and any directions given by special resolution, the business of the Company is managed by the Board who may exercise all the powers of the Company, whether relating to the management of the business of the Company or not. In particular, the Board may exercise all the powers of the Company to borrow money and to mortgage or charge any of its undertaking, property, assets and uncalled capital and to issue debentures and other securities and to give security for any debt, liability or obligation of the Company to any third party.

Directors
Directors' retirement by rotation and re-election is subject to the Articles of Association, the Combined Code published in June 2006 and the AIC Code of Corporate Governance.

The Articles of Association require that up to one-third of the directors must retire every year and that every director must retire by rotation at least every three years. They

Report of the Directors *continued*

may then offer themselves for re-election. The terms of the directors' appointments also provide that a director shall be subject to election at the first AGM after appointment and to re-election at least every third year thereafter.

The directors retiring by rotation at the forthcoming AGM are Mr Seaborn and Mr Stone who, being eligible, offer themselves for re-election. Mr Salsbury has served on the Board for more than nine years. In accordance with the Combined Code on Corporate Governance, he will stand for annual re-election by shareholders and offers himself for re-election at the forthcoming AGM.

The Board has considered the continued appointment of Mr Salsbury, who has served on the Board for twelve years. He has no other links to the Investment Manager. The Board subscribes to the AIC Code view that length of tenure is not in itself felt to be an issue, rather the directors' contribution. The Board is conscious of the need to maintain continuity on the Board and believes that retaining directors with sufficient experience of both the Company and the markets is of great benefit to shareholders. Moreover, long-serving directors are less likely to take a short-term view. The Board has concluded that Mr Salsbury continues to make a valuable contribution and, notwithstanding his length of service, believes that he remains independent in character and judgement. Accordingly, all six directors are regarded as being free of any conflicts of interest and no issues in respect of independence arise.

The Chairman is Mr Salsbury. The directors' biographies, on page 45, demonstrate the breadth of investment, commercial and professional experience relevant to their positions as directors of the Company.

Board Committees
The Board has established an Audit Committee as set out below. The Management Engagement Committee, which also carries out the functions of a Remuneration Committee, was formed in November 2006. Further details are set out below. The Board does not have a Nominations Committee. This function is carried out by the Board as part of the agenda of regular Board meetings when required.

Audit Committee
The Audit Committee ("the Committee") comprises all the members of the Board. The Committee Chairman is Mr Stone. The Board has satisfied itself that at least one Committee member has recent and relevant financial experience.

The Committee has written terms of reference, which clearly define its responsibilities and duties. These can be found on the website, are available on request and will also be available for inspection at the AGM.

The Committee meets at least twice a year to review the internal financial and non-financial controls, to consider and recommend to the Board for approval the contents of the draft Interim and Annual Reports to shareholders, and to review the accounting policies and significant financial reporting judgements. In addition, the Committee reviews the Auditors' independence, objectivity, effectiveness, appointment, remuneration, the quality of the services of the service providers to the Company, and, together with the Investment Manager, reviews the Company's compliance with financial reporting and regulatory requirements. Representatives of the Investment Manager's, Administrator's and Company Secretary's internal audit and compliance departments may attend these meetings at the Chairman's request.

The provision of non-audit services by the Company's Auditors is considered and approved by the Audit Committee on a case-by-case basis.

Representatives of Ernst & Young LLP, the Company's Auditors, attend the Committee meetings at which the draft Annual Report and Accounts are reviewed, and are given the opportunity to speak to the Committee members without the presence of the representatives of the Investment Manager.

The Audit Committee is satisfied that Ernst & Young LLP is independent of the Company.

The Board recommend the reappointment of Ernst & Young LLP as Auditors at the forthcoming AGM.

The Chairman of the Audit Committee will be present at the AGM to deal with questions relating to the Accounts.

Management Engagement Committee
The Management Engagement Committee ("MEC") was formed in November 2006 comprising the Chairman and all directors of the Company.

Report of the Directors *continued*

The MEC meets at least on an annual basis, towards the end of the financial year. The MEC met in March 2009.

The MEC reviews, on an annual basis, the performance of Thames River and its continued suitability to manage the Company's portfolio. It also reviews the terms of the Investment Management Agreement, to ensure they are competitive and fair and in the best interests of the shareholders, and to negotiate terms where appropriate. At the MEC meeting in March 2009, the MEC confirmed that Thames River should be retained as the Investment Manager for the financial year ending 31 March 2010.

In addition to the Investment Management role, the Board has delegated to external third parties the custodial services (which include the safeguarding of assets), the day to day accounting, company secretarial services, administration and registration services. Each of these contracts was entered into after full and proper consideration of the quality of the services offered, including the control systems in operation insofar as they relate to the affairs of the Company. These contracts are reviewed annually by the MEC.

In addition to the reviews by the MEC the Board reviews and considers performance reports from the Investment Manager at each Board meeting. The Board also receives regular reports from the Administrator and Company Secretary and the Investment Manager also reports to the Board on the performance of all other third party service providers.

The MEC also reviews, on an annual basis, the directors' fees. The results of the most recent review are set out in the Directors' Remuneration Report on pages 46 and 47.

At the MEC meeting in March 2009 it was decided that Paul Spencer will become Chairman of the Audit Committee with effect from 1 August 2009. His remuneration will be increased from £25,000 to £30,000 per annum to reflect his increased responsibility. Richard Stone will resign as Chairman of the Audit Committee and become the Senior Independent Director. His remuneration will remain at £30,000 per annum. The remuneration of all other Directors will remain unchanged for 2009/10.

Tenure Policy
No director has a contract of employment with the Company. Directors' terms and conditions for appointment are set out in letters of appointment which are available for inspection at the Registered Office of the Company and will be available at the AGM.

Performance Evaluation
In order to review the effectiveness of the Board and its Committees and of the individual directors, the Chairman has put in place, and carried out, an appraisal process. This was implemented by way of a questionnaire and interviews with the Chairman. In respect of the Chairman, the interview was conducted by the Chairman of the Audit Committee. The process is considered by the Board to be constructive in terms of identifying areas for improving the functioning and performance of the Board and the Committees, the contribution of individual directors, as well as building on and developing individual and collective strengths.

The Chairman confirms that, in the light of the formal performance evaluation, the performance of each of the directors continues to be effective and to demonstrate commitment to his or her role, including commitment of time for Board and Committee meetings and any other duties. The Board believes it has a good balance of skills, experience, ages and length of service to ensure it operates effectively.

The performance of the Company is considered in detail at each Board meeting.

In particular, it is considered that each of the directors makes a significant contribution to the affairs of the Company and that directors seeking re-appointment at the Company's forthcoming AGM merit re-appointment by shareholders.

Directors' Remuneration
Directors' remuneration is considered by the MEC. The MEC determines and approves directors' fees following proper consideration, having regard to the level of fees payable to non-executive directors in the industry generally, the role that individual directors fulfil in respect of Board and Committee responsibilities and the time committed to the Company's affairs. In the recent review external advice was also taken.

The Company's Articles of Association limit the aggregate fees payable to the Board to a total of £250,000 per annum. Detailed information on the remuneration arrangements for the directors of the Company can be found in the Directors' Remuneration Report.

Report of the Directors *continued*

Appointment of New Directors
The directors have determined that, due to the size of the Board and the independence of each of its members, there is no requirement for a separate Nominations Committee.

The Board annually reviews its size and structure, and is responsible for succession planning. The Board has an open mind regarding the use of external recruitment consultants or internal process, and has, in the past, chosen to combine both routes to ensure best practice.

Directors' Training
When a new director is appointed, he/she is offered training by the Investment Manager. Directors are also provided on a regular basis with key information on the Company's activities, including regulatory and statutory requirements and internal controls. Changes affecting directors' responsibilities are advised to the Board as they arise. Directors ensure that they are updated on regulatory, statutory and industry matters.

Board Meetings
The number of meetings of the Board and Committees held during the year under review, and the attendance of individual directors, are shown below:

Meetings

	Board	Audit	MEC
No. of meetings in the year	**6**	**2**	**1**
Peter Salsbury	6	2	1
Caroline Burton	6	2	1
Richard Stone	5	2	1
Peter Wolton	6	2	1
Hugh Seaborn	6	2	1
Paul Spencer	5	1	1

In addition to formal Board and Committee meetings, directors also attend a number of informal meetings to represent the interests of the Group.

The Board
The Board is responsible for the effective stewardship of the Company's affairs. Certain strategic issues are monitored by the Board at meetings against a framework which has been agreed with the Managers. Additional meetings may be arranged as required. The Board has a formal schedule of matters specifically reserved for its decision, which are categorised under various headings, including strategy, management, structure, capital, financial reporting, internal controls, gearing, asset allocation, share price discount, contracts, investment policy, finance, risk, investment restrictions, performance, corporate governance and Board membership and appointments.

In order to enable them to discharge their responsibilities, all directors have full and timely access to relevant information. At each meeting, the Board reviews the Company's investment performance and considers financial analyses and other reports of an operational nature. The Board monitors compliance with the Company's objectives and is responsible for setting asset allocation, investment and gearing limits within which the Fund Manager has discretion to act and thus supervises the management of the investment portfolio, which is contractually delegated to the Investment Manager.

The Board has responsibility for the approval of unquoted investments and any investments in in-house funds managed or advised by the Investment Manager. It has also adopted a procedure for directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company.

Further details of the Board's consideration of key operational matters is contained in the Business Review section of the Report of the Directors on pages 48 to 52.

Conflicts of Interest
The Company's Articles of Association were altered at the 2008 Annual General Meeting, in line with the Companies Act 2006. The Board now has the power to authorise any potential conflicts of interest that may arise and impose such limits or conditions as it thinks fit. A comprehensive exercise was undertaken to identify the potential and actual conflicts of interest of the Directors and their connected persons. The Board then reviewed these conflicts and approved them (excluding the Director to whom the potential conflict related). A register of conflicts is maintained and will be reviewed at least annually to ensure all details are kept up-to-date. In the future, appropriate authorisation will be sought prior to the appointment of any new director or if any new conflicts arise.

Internal Controls
The Board has overall responsibility for the Group's systems of internal controls and for reviewing their effectiveness. The Investment Manager is responsible for the day to day investment management decisions on

Report of the Directors *continued*

behalf of the Group. Accounting and company secretarial services have both been outsourced.

The internal controls aim to ensure that assets of the Group are safeguarded, proper accounting records are maintained, and the financial information used within the business and for publication is reliable. Control of the risks identified, covering financial, operational, compliance and risk management, is embedded in the controls of the Group by a series of regular investment performance and attribution statements, financial and risk analyses, fund manager reports and quarterly control reports. Key risks have been identified and controls put in place to mitigate them, including those not directly the responsibility of the Investment Manager.

The effectiveness of the internal controls is assessed on a continuing basis by the Compliance and Risk departments of the Investment Manager, the Administrator and the Company Secretary. Each maintains its own system of internal controls, and the Board and Audit Committee receive regular reports from them. The control systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage, rather than eliminate, risk of failure to achieve objectives.

As the Company has no employees and its operational functions are undertaken by third parties, the Audit Committee does not consider it necessary for the Company to establish its own internal audit function. Instead, the Audit Committee relies on internal control reports and other internal control reports received from its principal service providers, particularly the Investment Manager, to satisfy itself as to the controls in place.

The Board has established a process for identifying, evaluating and managing any major risks faced by the Group. The process is subject to regular review by the Board and accords with the Internal Control Guidance for Directors on the Combined Code published in September 1999 ("the Turnbull Guidance").

The Board undertakes an annual review of the Group's system of internal controls, and the business risks have been analysed and recorded in a risk map that is reviewed regularly. The Board receives each quarter a formal report from each of the Investment Manager, the Administrator and the Company Secretary detailing the steps taken to monitor the areas of risk, including those that are not directly their responsibility, and which report the details of any known internal control failures. The Board also has direct access to company secretarial advice and services provided by Capita Company Secretarial Services Limited, which, through its nominated representative, is responsible for ensuring that the Board and Committee procedures are followed and that applicable regulations are complied with.

Voting Policy

The Board has approved a corporate governance voting policy which, in its opinion, accords with current best practice whilst maintaining a primary focus on financial returns.

Relations with Shareholders

Shareholder relations are given high priority by both the Board and the Investment Manager. The prime medium by which the Company communicates with shareholders is through the Interim and Annual Reports which aim to provide shareholders with a clear understanding of the Company's activities and their results. This information is supplemented by the daily calculation and by the publication at the London Stock Exchange of the Net Asset Value of the Company's Ordinary and Sigma shares and interim management statements.

This information is also available on the Company's website, www.trproperty.co.uk together with a monthly factsheet and Manager commentary.

At each AGM a presentation is made by the Fund Managers following the business of the meeting. Shareholders have the opportunity to address questions to the Chairman and the Chairman of the Audit Committee at the AGM. All shareholders are encouraged to attend the AGM.

It is the intention of the Board that the Annual Report and Accounts and Notice of the AGM be issued to shareholders so as to provide at least twenty working days' notice of the AGM. Shareholders wishing to lodge questions in advance of the AGM, or to contact the Board at any other time, are invited to do so by writing to the Company Secretary at the registered address given on page 91.

Report of the Directors *continued*

General presentations are given to both shareholders and analysts following the publication of the annual results. All meetings between the Fund Manager and shareholders are reported to the Board.

Socially Responsible Investment
Good corporate governance extends to a company's policies on the environment, employment, human rights and community relationships. Corporations are playing an increasingly important role in global economic activity and the adoption of good corporate governance enhances a company's economic prospects by reducing the risk of government and regulatory intervention and any ensuing damage to its business or reputation.

Policies relating to physical property either held directly or by the companies in which the Trust invests, is described in the Directors' Report under Environmental Policy on page 52.

The Company's objective remains the long-term maximisation of shareholders' total return.

Compliance Statement
The directors acknowledge that the Company did not comply with the following provisions of the Combined Code in the year ended 31 March 2009.

A.2.1 Due to the nature and structure of the Company the Board of non-executive directors do not feel it is necessary to appoint a chief executive.

A.3.3 A senior independent director has not been identified as the Board considers that all the directors have different qualities and areas of expertise on which they may lead when issues arise and to whom concerns can be conveyed.

A senior independent director will be appointed with effect from 1 August 2009.

A.4.1 The Board does not have a separate Nominations Committee. This function is carried out by the Board as part of the agenda of regular Board meetings when required.

B.2.1 The Board does not have a separate Remuneration Committee. The functions of a Remuneration Committee are carried out by the MEC.

C.3.5 As the Company has no employees and its operational functions are undertaken by third parties, the Audit Committee does not consider it necessary for the Company to establish its own internal audit function.

By order of the Board

For and on behalf of
Capita Company Secretarial Services Limited
Secretary

4 June 2009

Directors' Responsiblities Statement

The directors are responsible for preparing in respect of each financial year, the Report of the Directors, a Remuneration Report and the Company and Group financial statements in accordance with applicable UK law and IFRS as adopted by the European Union.

The Report of the Directors (including the Chairman's Statement on pages 6 to 10 and the Directors' Remuneration Report) have been drawn up and prepared in accordance with and in reliance upon English company law and the liabilities of the directors in connection with these reports shall be subject to the limitations and restrictions provided by such law.

In particular, directors would be liable to the Company (but not to any third party) if the Directors' Report contains errors as a result of recklessness or knowing misstatement or dishonest concealment of a material fact, but would not otherwise be liable.

The directors are required to prepare Company and Group financial statements for each financial year which present fairly the financial position of the Company and of the Group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance;
- state that the Group has complied with IFRS, subject to any material departures disclosed and explained in the financial statements; and
- ensure the Directors' Report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties they face.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and of the Group and enable them to ensure that the financial statements comply with the Companies Act 1985 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board
Peter Salsbury
Chairman

4 June 2009

The Board members are listed on page 45.

Independent Auditors' Report

to the member of TR Property Investment Trust plc

We have audited the Group and Parent Company financial statements (the "financial statements") of TR Property Investment Trust plc for the year ended 31 March 2009 which comprise the Group Income Statement, the Group and Company Statement of Changes in Equity, the Group and Company Balance Sheets, the Group and Company Cash Flow Statements, and the related notes 1 to 22. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable United Kingdom law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial information, Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Statement of Investment Objective and Policy, Financial Highlights and Performance, Historical Performance for years ended 31 March, the Chairman's Statement, the Managers' Report – Market Background and Outlook, the Financial Highlights and Performance for each share class, each share class Manager's Report, each share class Portfolio information, each share class Investment Portfolio by country, each share class Twenty Largest Equity Investments, the Investment Properties, each share class Income Statement, each share class Balance Sheet, the unaudited sections of the Directors Remuneration Report and the Directors' Responsibilities Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 31 March 2009 and of its loss for the year then ended;
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation;
- the Company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Company's affairs as at 31 March 2009;
- the information given in the Directors' Report is consistent with the financial statements.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

4 June 2009

Group Income Statement

for the year ended 31 March 2009

Notes		Year ended 31 March 2009 Revenue Return £'000	Year ended 31 March 2009 Capital Return £'000	Year ended 31 March 2009 Total £'000	Year ended 31 March 2008 Revenue Return £'000	Year ended 31 March 2008 Capital Return £'000	Year ended 31 March 2008 Total £'000
	Investment income						
2	Investment income	**23,349**	**-**	**23,349**	24,835	-	24,835
4	Other operating income	**3,558**	**-**	**3,558**	1,357	-	1,357
3	Gross rental income	**4,240**	**-**	**4,240**	4,025	-	4,025
3	Service charge income	**299**	**-**	**299**	1,943	-	1,943
10	Losses on investments held at fair value	**-**	**(308,995)**	**(308,995)**	-	(240,610)	(240,610)
	Total income	**31,446**	**(308,995)**	**(277,549)**	32,160	(240,610)	(208,450)
	Expenses						
5	Management and performance fees	**(2,902)**	**(5,124)**	**(8,026)**	(3,800)	(2,116)	(5,916)
5	Repayment of prior years' VAT	**1,711**	**4,246**	**5,957**	-	-	-
3	Direct property expenses, rent payable and service charge costs	**(549)**	**-**	**(549)**	(2,450)	-	(2,450)
6	Other expenses	**(803)**	**-**	**(803)**	(687)	-	(687)
	Total operating expenses	**(2,543)**	**(878)**	**(3,421)**	(6,937)	(2,116)	(9,053)
	Operating profit/(loss)	**28,903**	**(309,873)**	**(280,970)**	25,223	(242,726)	(217,503)
7	Finance costs	**(1,703)**	**(1,703)**	**(3,406)**	(2,439)	(2,439)	(4,878)
	Profit/(loss) from operations before tax	**27,200**	**(311,576)**	**(284,376)**	22,784	(245,165)	(222,381)
8	**Taxation**	**(6,824)**	**5,671**	**(1,153)**	(4,192)	2,810	(1,382)
	Net profit/(loss)	**20,376**	**(305,905)**	**(285,529)**	18,592	(242,355)	(223,763)
9a	**Earnings/(loss) per Ordinary share**	**6.49p**	**(94.71)p**	**(88.22)p**	5.79p	(74.41)p	(68.62)p
9b	**Earnings/(loss) per Sigma share**	**2.91p**	**(49.35)p**	**(46.44)p**	0.85p	(14.73)p	(13.88)p

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

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

The final dividend of 3.30p in respect of the year ended 31 March 2008 was declared on 27 May 2008 and paid on 5 August 2008. This can be found in the Group Statement of Changes in Equity for the year ended 31 March 2009 on page 65.

The notes on pages 68 to 85 form part of these accounts.

Group and Company Statement of Changes in Equity

for the year ended 31 March 2009	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 2008	64,650	15,960	43,162	42,699	431,040	109,098	706,609
Net loss for the period	–	–	–	–	(226,845)	(58,684)	(285,529)
Ordinary shares repurchased	(469)	–	–	469	(2,992)	–	(2,992)
Sigma shares repurchased	–	(345)	–	345	–	(1,450)	(1,450)
Ordinary dividends paid	–	–	–	–	(14,396)	(1,953)	(16,349)
At 31 March 2009	**64,181**	**15,615**	**43,162**	**43,513**	**186,807**	**47,011**	**400,289**

for the year ended 31 March 2008	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 2007	83,650	–	37,063	38,655	813,576	–	972,944
Net loss for the period	–	–	–	–	(205,774)	(17,989)	(223,763)
Ordinary shares repurchased	(3,530)	–	–	3,530	(30,583)	–	(30,583)
Sigma shares repurchased	–	(514)	–	514	–	(3,507)	(3,507)
Ordinary shares converted to Sigma shares	(15,470)	15,470	–	–	(132,302)	132,302	–
Sigma shares issued (net of costs)	–	1,004	6,099	–	–	–	7,103
Ordinary and special dividends paid	–	–	–	–	(13,877)	(1,708)	(15,585)
At 31 March 2008	**64,650**	**15,960**	**43,162**	**42,699**	**431,040**	**109,098**	**706,609**

The notes on pages 68 to 85 form part of these accounts.

Group and Company Balance Sheets

as at 31 March 2009

Notes		Group 2009 £'000	Company 2009 £'000	Group 2008 £'000	Company 2008 £'000
	Non-current assets				
10	Investments held at fair value	**343,905**	**324,930**	697,750	677,250
	Investments in subsidiaries	**–**	**55,133**	–	55,872
		343,905	**380,063**	697,750	733,122
	Current assets				
12	Debtors	**5,970**	**5,123**	7,183	6,415
	Cash and cash equivalents	**77,568**	**77,517**	51,881	51,767
		83,538	**82,640**	59,064	58,182
14	**Current liabilities**	**(8,871)**	**(62,414)**	(31,510)	(84,695)
	Net current assets/(liabilities)	**74,667**	**20,226**	27,554	(26,513)
	Total assets less current liabilities	**418,572**	**400,289**	725,304	706,609
14	**Non-current liabilities**	**(18,283)**	**–**	(18,695)	–
	Net assets	**400,289**	**400,289**	706,609	706,609
	Capital and reserves				
15	Called up share capital	**79,796**	**79,796**	80,610	80,610
16	Share premium account	**43,162**	**43,162**	43,162	43,162
16	Capital redemption reserve	**43,513**	**43,513**	42,699	42,699
17	Retained earnings	**233,818**	**233,818**	540,138	540,138
	Equity shareholders' funds	**400,289**	**400,289**	706,609	706,609
	Net asset value per:				
20a	Ordinary share	**126.07p**	**126.07p**	219.61p	219.61p
20b	Sigma share	**61.34p**	**61.34p**	108.64p	108.64p

These accounts were approved by the directors and authorised for issue on 4 June 2009.

P. Salsbury

P Salsbury – Director

The notes on pages 68 to 85 form part of these accounts.

Group and Company Cash Flow Statements

as at 31 March 2009

	Group 2009 £'000	Company 2009 £'000	Group 2008 £'000	Company 2008 £'000
Reconciliation of operating revenue to net cash inflow from operating activities				
Net loss before tax	**(284,376)**	**(283,740)**	(222,381)	(222,189)
Financing activities	**3,406**	**3,465**	4,878	6,557
Losses on investments held at fair value through profit or loss	**308,995**	**307,976**	240,610	239,526
(Increase)/decrease in accrued income	**(41)**	**194**	(1,576)	(1,960)
Decrease/(increase) in other debtors	**1,869**	**(11,788)**	(363)	64
Increase/(decrease) in creditors	**2,113**	**(9,278)**	(7,246)	(5,754)
Net sales of investments	**34,514**	**34,094**	141,653	141,161
Decrease/(increase) in sales settlement debtor	**607**	**607**	(1,548)	(1,548)
(Decrease)/increase in purchase settlement creditor	**(173)**	**(173)**	(5,072)	(5,072)
Net cash inflow from operating activities before interest and taxation	**66,914**	**41,357**	148,955	150,785
Interest paid	**(4,085)**	**(3,465)**	(4,881)	(6,557)
Taxation paid	**(1,691)**	**(1,691)**	(1,571)	(1,571)
Net cash inflow from operating activities	**61,138**	**36,201**	142,503	142,657
Financing activities				
Equity dividends paid	**(16,349)**	**(16,349)**	(15,585)	(15,585)
Issue of Sigma shares	**-**	**-**	7,196	7,196
Purchase of Ordinary and Sigma shares	**(4,442)**	**(4,442)**	(34,090)	(34,090)
Repayment of debentures	**(25,000)**	**-**	-	-
Repayment of loans	**-**	**-**	(50,860)	(50,860)
Net cash used in financing	**(45,791)**	**(20,791)**	(93,339)	(93,339)
Increase in cash	**15,347**	**15,410**	49,164	49,318
Cash and cash equivalents at start of the year	**51,881**	**51,767**	535	267
Exchange movements	**10,340**	**10,340**	2,182	2,182
Cash and cash equivalents at end of the year	**77,568**	**77,517**	51,881	51,767

The notes on pages 68 to 85 form part of these accounts.

Notes to the Financial Statements

1 Accounting policies

The financial statements for the year ended 31 March 2009 have been prepared in accordance with International Financial Reporting Standards (IFRS), which comprise standards and interpretations approved by the International Accounting Standards Board (IASB), together with interpretations of the International Accounting Standards and Standing Interpretations Committee approved by the International Accounting Standards Committee (IASC) that remain in effect, to the extent that they have been adopted by the European Union.

The Group and Company financial statements are expressed in Sterling, which is their functional and presentational currency. Sterling is the functional currency because it is the currency of the primary economic environment in which the Group operates. Values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

a Basis of consolidation

The Group accounts consolidate the financial statements of the Company and its subsidiaries to 31 March 2009. Companies, other than subsidiaries, in which the Group has an investment representing 20% or more of the voting rights and over which it exerts significant influence, are treated as associates. The Group accounts include the appropriate share of the results and reserves of these companies based on the latest available accounts. Other companies, in which the Group has an investment representing 20% or more of the voting rights but where the directors consider that the Group does not exert significant influence, are not treated as associates and are accounted for as investments.

b Income

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

Rental income and direct property costs are recognised on an accruals basis.

c Expenses

All expenses and finance costs are accounted for on an accruals basis. An analysis of retained earnings broken down into revenue and capital items is given in note 17. In arriving at this breakdown, expenses have been presented as revenue items except as follows:

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

Expenses are allocated between the share classes as follows:

- management fees are charged separately to each share class;
- administration costs incurred specifically by a single share class are charged to that class;
- other corporate expenses are allocated to the share class in proportion to the share classes' relative net asset values at the end of the previous accounting period.

d Finance costs

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

Finance costs are allocated to the share class utilising the capital instrument.

Notes to the Financial Statements *continued*

1 **Accounting policies** continued

e Taxation

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

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

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

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

The brought forward tax losses held within TR Property Investment Trust plc prior to the introduction of the new Sigma share class have been split between the Ordinary shares and the Sigma shares based on the proportion of ordinary shares converted to Sigma shares on 24 July 2007 (18.9943%). Tax losses will in the future only be transferred from one share class to another to the extent that there are insufficient current year losses available to the share class claiming the losses to cover the taxable income arising.

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

f Properties

Investment properties are revalued six-monthly by independent valuers. The purchase and sale of properties is recognised to be effected on the date unconditional contracts are exchanged.

g Investments

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

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

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

In its financial statements the Company recognises its investments in subsidiaries at fair value, being their respective net asset values.

h Movements in fair value

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

i Non-current liabilities

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

Notes to the Financial Statements *continued*

1 Accounting policies continued

j Foreign currency translation

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

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

k Cash and cash equivalents

Cash comprises cash in hand and demand deposits.

2 Investment income

	2009 £'000	2008 £'000
Dividends from UK listed investments	**3,092**	8,294
Dividends from overseas listed investments	**13,703**	12,035
Interest from listed investments	**113**	8
Property income distributions	**6,441**	4,498
	23,349	24,835

3 Net rental income

	2009 £'000	2008 £'000
Gross rental income	**4,240**	4,025
Service charge income	**299**	1,943
Direct property expenses, rent payable and service charge costs	**(549)**	(2,450)
	3,990	3,518

4 Other operating income

	2009 £'000	2008 £'000
Interest receivable	**2,904**	1,168
Interest on VAT repayments	**654**	–
Other income	**-**	189
	3,558	1,357

5 Management and performance fees

	2009 Revenue Return £'000	**2009 Capital Return £'000**	**2009 Total £'000**	2008 Revenue Return £'000	2008 Capital Return £'000	2008 Total £'000
Management fee	**2,902**	**1,450**	**4,352**	3,503	1,751	5,254
Repayment of prior years' VAT	**(1,711)**	**(4,246)**	**(5,957)**	–	–	-
Performance fee	**-**	**3,674**	**3,674**	–	184	184
Irrecoverable VAT thereon	**-**	**–**	**-**	297	181	478
	1,191	**878**	**2,069**	3,800	2,116	5,916

A summary of the terms of the management agreement is given in the Report of the Directors on pages 50 to 52.

Notes to the Financial Statements *continued*

6 Other administrative expenses
(including irrecoverable VAT)

	2009 £'000	2008 £'000
Directors' fees (Directors' Remuneration Report on pages 46 to 47)	**197**	177
Auditors' remuneration:		
– for audit of the financial statements	**81**	54
– for audit of the financial statements of subsidiaries	**17**	31
– for other services	**5**	2
Other expenses	**503**	423
	803	687

7 Finance costs

	2009 £'000	2008 £'000
Bank loans and overdrafts repayable within 1 year	**274**	1,072
Debentures repayable within 1 year	**1,359**	2,047
Debentures repayable after more than 5 years	**1,773**	1,759
	3,406	4,878
Amount allocated to capital return	**(1,703)**	(2,439)
Total allocated to revenue return	**1,703**	2,439

8 Taxation

a Analysis of charge in the year

	2009 Revenue Return £'000	2009 Capital Return £'000	2009 Total £'000	2008 Revenue Return £'000	2008 Capital Return £'000	2008 Total £'000
UK corporation tax at 28%	**6,952**	**(5,259)**	**1,693**	4,105	(2,411)	1,694
Overseas taxation	**8**	**–**	**8**	87	–	87
	6,960	**(5,259)**	**1,701**	4,192	(2,411)	1,781
Overprovision in respect of prior years	**(136)**	**–**	**(136)**	(3)	–	(3)
Current tax charge for the year	**6,824**	**(5,259)**	**1,565**	4,189	(2,411)	1,778
Deferred taxation	**–**	**(412)**	**(412)**	3	(399)	(396)
	6,824	**(5,671)**	**1,153**	4,192	(2,810)	1,382

Notes to the Financial Statements *continued*

8 Taxation continued

b Factors affecting current tax charge for the year

The tax assessed for the period is higher than the standard rate of corporate tax in the UK for a large company (28% (2008: 30%)). The difference is explained below:

	2009 £'000	2008 £'000
Net loss	**(284,376)**	(222,381)
Corporation tax credit at 28% (2008: 30%)	**(79,625)**	(66,714)
Effects of:		
Non-taxable losses on investments	**86,519**	72,183
Tax relief on expenses charged to capital	**(4,543)**	(1,045)
Non-taxable UK dividends	**(866)**	(2,488)
Overseas withholding taxes	**8**	87
Overprovision in respect of prior years	**(136)**	(3)
Disallowable expenses	**18**	(23)
Other short term timing differences	**190**	(219)
Current tax charge for the year	**1,565**	1,778

The Group has not recognised deferred tax assets of £995,000 (2008: £5,197,000) arising as a result of excess management expenses and excess non-trade debits. These expenses will only be utilised if the Group has profits chargeable to corporation tax in future accounting periods. It is considered too uncertain that the Group will generate such profits and, on this basis, the deferred tax asset in respect of these expenses has not been recognised.

Due to the Company's status as an Investment Trust, and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments. In respect of properties held in subsidiaries, provision for capital gains tax has been made for revaluation surpluses not sheltered by brought forward capital losses or non-trade debits.

c Provision for deferred taxation

The amounts of deferred taxation provided at 28% (2008: 28%) comprise:

	2009 Revenue Return £'000	**2009 Capital Return £'000**	**2009 Total £'000**	2008 Revenue Return £'000	2008 Capital Return £'000	2008 Total £'000
Capital gains	**–**	**3,283**	**3,283**	–	3,695	3,695
Shown as:						
Deferred tax liability	**–**	**3,283**	**3,283**	–	3,695	3,695

Notes to the Financial Statements *continued*

8 Taxation continued

The movement in provision in the year is as follows:

	2009 Revenue Return £'000	2009 Capital Return £'000	2009 Total £'000	2008 Revenue Return £'000	2008 Capital Return £'000	2008 Total £'000
Provision at the start of the year	-	3,695	3,695	-	4,094	4,094
Deferred tax credit	-	(412)	(412)	-	(399)	(399)
Provision at the end of the year	-	3,283	3,283	-	3,695	3,695

9 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.

	Year ended 31 March 2009 £'000	Year ended 31 March 2008 £'000
Net revenue profit	16,699	15,284
Net capital loss	(243,544)	(196,455)
Net total loss	(226,845)	(181,171)
Weighted average number of Ordinary shares in issue during the year	257,124,930	264,026,681

	pence	pence
Revenue earnings per Ordinary share	6.49	5.79
Capital loss per Ordinary share	(94.71)	(74.41)
Loss per Ordinary share	(88.22)	(68.62)

b Earnings/(loss) per Sigma share

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

	Year ended 31 March 2009 £'000	Period ended 31 March 2008 £'000
Net revenue profit	3,677	1,105
Net capital loss	(62,361)	(19,094)
Net total loss	(58,684)	(17,989)
Weighted average number of Sigma shares in issue during the period	126,373,055	129,568,877

	pence	pence
Revenue earnings per Sigma share	2.91	0.85
Capital loss per Sigma share	(49.35)	(14.73)
Loss per Sigma share	(46.44)	(13.88)

Notes to the Financial Statements *continued*

9 Earnings/(loss) per share continued

c Reconciliation of Group and Share Class Earnings

	2009 Revenue Return £'000	2009 Capital Return £'000	2009 Total £'000
Net profit/(loss) per Group Income Statement	**20,376**	**(305,905)**	**(285,529)**
Net profit/(loss) per Ordinary Share Class Income Statement	**16,699**	**(243,544)**	**(226,845)**
Net profit/(loss) per Sigma Share Class Income Statement	**3,677**	**(62,361)**	**(58,684)**
	20,376	**(305,905)**	**(285,529)**
Weighted average number of Ordinary shares in issue during the year	**257,124,930**	**257,124,930**	**257,124,930**
Weighted average number of Sigma shares in issue during the year	**126,373,055**	**126,373,055**	**126,373,055**
Net earnings/(loss) per Ordinary share	**6.49p**	**(94.71)p**	**(88.22)p**
Net earnings/(loss) per Sigma share	**2.91p**	**(49.35)p**	**(46.44)p**

10 Investments held at fair value

(i) Analysis of investments

	Group 2009 £'000	Company 2009 £'000	Group 2008 £'000	Company 2008 £'000
Listed in the United Kingdom	**110,494**	**110,494**	331,183	331,183
Listed overseas	**184,939**	**184,939**	296,015	296,015
Investment properties	**48,472**	**29,497**	70,552	50,052
Investments held at fair value	**343,905**	**324,930**	697,750	677,250
Investments in subsidiaries at fair value	**–**	**55,133**	–	55,872
	343,905	**380,063**	697,750	733,122

Notes to the Financial Statements *continued*

10 Investments held at fair value continued

(ii) Gains on investments held at fair value

	31 March 2009 £'000	31 March 2008 £'000
Realised (losses)/gains on sale of investments	**(5,608)**	102,382
Movement in unrealised appreciation	**(313,727)**	(345,174)
Net movement on foreign exchange	**10,340**	2,182
	(308,995)	(240,610)

(iii) Business segment reporting

	Valuation 31 March 2008 £'000	Net disposals £'000	Net depreciation £'000	Valuation 31 March 2009 £'000	Gross revenue 31 March 2009 £'000
Listed investments	627,198	(26,645)	(305,120)	**295,433**	**23,349**
Direct property	70,552	(7,865)	(14,215)	**48,472**	**4,539**
	697,750	(34,510)	(319,335)	**343,905**	**27,888**

(iv) Geographical segment reporting

	Valuation 31 March 2008 £'000	Net (disposals)/ additions £'000	Net appreciation/ (depreciation) £'000	Valuation 31 March 2009 £'000	Gross revenue 31 March 2009 £'000
UK listed equities and convertibles	331,184	(28,436)	(193,743)	**109,005**	**9,533**
UK direct property	70,552	(7,865)	(14,215)	**48,472**	**4,539**
Continental European listed equities	296,014	315	(111,390)	**184,939**	**13,703**
Fixed interest	–	1,476	13	**1,489**	**113**
	697,750	(34,510)	(319,335)	**343,905**	**27,888**

Included in the above figures are purchase costs of £225,000 (2008: £284,000) and sales costs of £181,000 (2008: £322,000). These comprise mainly stamp duty and commission.

(v) Substantial share interests

The Group held interests in 3% or more of any class of capital in seven investee companies. None of these investments is considered significant in the context of these financial statements. See note 22 on page 85 for further details of subsidiary investments.

11 Financial Instruments

Risk management policies and procedures

The Group invests in equities and other investments for the long term in pursuit of the Investment Objectives set out for each share class on pages 2 and 3. The Group is exposed to a variety of risks that could result in either a reduction or an increase in the profits available for distribution by way of dividends.

The principal risks the Group faces in its portfolio management activities are:

- Market risk (comprising price risk, currency risk and interest rate risk)
- Liquidity risk
- Credit risk

The Investment Manager's policies and processes for managing these risks are summarised below and have been applied throughout the year.

Notes to the Financial Statements *continued*

11.1 Market Price Risk

By the very nature of its activities, the Group's investments are exposed to market price fluctuations.

Management of the risk

The Manager runs diversified portfolios for each share class and reports to the Board on the portfolio activity and performance at each board meeting. The Board monitors the investment activity and strategy to ensure it is compatible with the stated objectives for each share class.

The Group's exposure to changes in market prices on its quoted equity investments and investment property portfolio, was as follows:

	2009 £'000	2008 £'000
Investments held at fair value	**343,905**	697,750

Concentration of exposure to price risks

As set out in the Investment Policies for each share class on pages 2 and 3, there are limitations on the amount of exposure to a single company, geographical region or direct property. These limitations ensure an appropriate spread of exposure to individual or sector price risks. As an investment company dedicated to investment in the property sector, the Group is exposed to price movements across the property asset class as a whole.

Price risk sensitivity

The following table illustrates the sensitivity of the profit after taxation for the year and the value of shareholders' funds to an increase or decrease of 15% in the fair values of the Group's equity and direct property investments. This level of change is consistent with the example shown in the previous year. The sensitivity analysis is based on the Group's equities and direct property exposure at each balance sheet date, with all other variables held constant.

	2009 Increase in fair value £'000	**2009 Decrease in fair value £'000**	2008 Increase in fair value £'000	2008 Decrease in fair value £'000
Income statement – profit after tax				
Revenue return	**(200)**	**200**	(663)	663
Capital return	**51,486**	**(51,486)**	104,663	(104,663)
Change to the profit after tax for the year	**51,286**	**(51,286)**	104,000	(104,000)
Change to the shareholders' funds	**51,286**	**(51,286)**	104,000	(104,000)
Change to total earnings/(loss):				
per Ordinary share	**16.17p**	**(16.17)p**	32.57p	(32.57)p
per Sigma share	**7.83p**	**(7.83)p**	15.48p	(15.48)p

11.2 Currency Risk

A proportion of the Group's portfolio is invested in overseas securities and their Sterling value can be significantly affected by movements in foreign exchange rates.

Management of the risk

The Board receives a report at each board meeting on the proportion of the investment portfolio held in Sterling, Euros or other currencies. The Group sometimes hedges foreign currency movements outside the Eurozone by funding investments in overseas securities with unsecured loans denominated in the same currency.

Income denominated in foreign currencies is converted into Sterling upon receipt.

Cash deposits are held in Sterling and/or Euro denominated accounts.

Notes to the Financial Statements *continued*

11.2 Currency Risk continued

Foreign currency exposure

At the reporting date the Group had the following exposure:

Currency	**2009**	2008
Sterling	**38.6%**	53.1%
Euro	**56.8%**	40.2%
Swedish Krona	**3.5%**	5.3%
Other	**1.1%**	1.4%

The following table sets out the Group's total exposure to foreign currency risk and the net exposure to foreign currencies of the monetary assets and liabilities:

2009	**Sterling £'000**	**Euro £'000**	**Swedish Krona £'000**	**Other £'000**
Receivables (due from brokers, dividends and other income receivable)	**5,331**	**165**	**474**	**–**
Cash at bank and on deposit	**15,434**	**62,094**	**40**	**–**
Payables (due to brokers, accruals and other creditors)	**(7,340)**	**(1,531)**	**–**	**–**
Total foreign currency exposure on net monetary items	**13,425**	**60,728**	**514**	**–**
Investments held at fair value	**159,240**	**166,733**	**13,647**	**4,285**
Non-current liabilities	**(18,283)**	**–**	**–**	**–**
Total net currency exposure	**154,382**	**227,461**	**14,161**	**4,285**

2008	Sterling £'000	Euro £'000	Swedish Krona £'000	Other £'000
Receivables (due from brokers, dividends and other income receivable)	6,719	464	–	–
Cash at bank and on deposit	24,864	26,997	–	20
Payables (due to brokers, accruals and other creditors)	(30,306)	(1,204)	–	–
Total foreign currency exposure on net monetary items	1,277	26,257	–	20
Investments held at fair value	392,494	257,751	37,573	9,932
Non-current liabilities	(18,695)	–	–	–
Total net currency exposure	375,076	284,008	37,573	9,952

Notes to the Financial Statements *continued*

11.2 Currency Risk continued

Foreign currency sensitivity

The following table illustrates the sensitivity of the profit after tax for the year of the Group's equity in regard to the exchange rates for Sterling/Euro and Sterling/Swedish Krona.

It assumes the following changes in exchange rates:
Sterling/Euro +/- 15% (2008: 15%)
Sterling/Swedish Krona +/- 15% (2008: 15%)

These percentages are consistent with those used in the preceding financial year.

If Sterling had strengthened against the currencies shown, this would have had the following effect:

	2009 Euro £'000	2009 Swedish Krona £'000	2009 Other £'000	2008 Euro £'000	2008 Swedish Krona £'000	2008 Other £'000
Income statement – profit after tax						
Revenue return	**(1,074)**	**(187)**	**2**	(1,009)	(109)	(20)
Capital return	**(30,737)**	**(1,782)**	**(558)**	(37,141)	(4,901)	(1,298)
Change to the profit after tax for the year	**(31,811)**	**(1,969)**	**(556)**	(38,150)	(5,010)	(1,318)
Change to the shareholders' funds	**(31,811)**	**(1,969)**	**(556)**	(38,150)	(5,010)	(1,318)

	2009	2008
Change to total earnings:		
per Ordinary share	**(10.36)p**	(13.19)p
per Sigma share	**(6.19)p**	(8.13)p

If Sterling had weakened against the currencies shown, this would have had the following effect:

	2009 Euro £'000	2009 Swedish Krona £'000	2009 Other £'000	2008 Euro £'000	2008 Swedish Krona £'000	2008 Other £'000
Income statement – profit after tax						
Revenue return	**1,461**	**253**	**(3)**	1,332	147	27
Capital return	**39,560**	**2,411**	**755**	60,962	6,630	1,757
Change to the profit after tax for the year	**41,021**	**2,664**	**752**	62,294	6,777	1,784
Change to the shareholders' funds	**41,021**	**2,664**	**752**	62,294	6,777	1,784

	2009	2008
Change to total earnings:		
per Ordinary share	**13.79p**	19.44p
per Sigma share	**7.22p**	14.94p

Notes to the Financial Statements *continued*

11.3 Interest rate risk

Interest rate movements may affect:

- the fair value of any investments in fixed interest securities
- the fair value of the debenture loans
- the level of income receivable from cash at bank and on deposit
- the level of interest expense on any variable rate bank loans
- the prices of the underlying securities held in the portfolios

Management of the risk

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions. Property companies usually have borrowings themselves and the level of gearing and structure of its debt portfolio is a key factor when assessing the investment in a property company.

The Group has fixed and variable rate borrowings. The interest rate on the debenture loan is fixed, details are set out in note 14. In addition to the debentures the Group has an unsecured, multi-currency revolving loan facility which carries a variable rate of interest based on the currency drawn, plus a margin. This facility totals £50,000,000 (2008: £80,000,000).

The Manager considers both the level of debt on the balance sheet of the Group (i.e. the debenture and any bank loans drawn) and the "see-through" gearing, taking into account the assets and liabilities of the underlying investments, when considering the investment portfolio. These gearing levels are reported regularly to the Board.

The majority of the Company's investment portfolio is non-interest bearing. As a result the Company's financial assets are not directly subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

At the year end the Group was holding significant cash balances; part of these cash balances were held to offset the long term borrowings it has in place.

Interest rate risk exposure

The exposure at 31 March of financial assets and financial liabilities to interest rate risk is shown by reference to:
– floating interest rates: when the interest rate is due to be re-set
– fixed interest rates: when the financial instrument is due to be repaid.

The Group's exposure to floating interest rates on assets is £77,568,000 (2008: £51,881,000).
The Group's exposure to fixed interest rates on assets is £1,489,000 (2008: Nil).
The Group's exposure to fixed interest rates on liabilities is £15,000,000 (2008: £39,994,000).

Interest receivable and finance costs are at the following rates:
– Interest received on cash balances, or paid on bank overdrafts, is at margin over LIBOR or its foreign currency equivalent (2008: same)
– Interest paid on borrowings under the multi-currency loan facility is at a margin over LIBOR or its foreign currency equivalent for the type of loan
– The finance charge on the debenture stocks was at a weighted average interest rate of 9.891% (2008: 9.625%).

The year end amounts are not representative of the exposure to interest rates during the year as the level of exposure changes as investments are made in fixed interest securities, borrowings are drawn down and repaid, and the mix of borrowings between floating and fixed interest rates changes.

Interest rate sensitivity

A change of 2% on interest rates at the reporting date would have had the following direct impact:

	2009 2% Increase £'000	**2009 2% Decrease £'000**	2008 2% Increase £'000	2008 2% Decrease £'000
Change to shareholders' funds	**1,551**	**(1,551)**	1,038	(1,038)
Change to total earnings/(loss):				
per Ordinary share	**0.48p**	**(0.48)p**	0.29p	(0.29)p
per Sigma share	**0.25p**	**(0.25)p**	0.23p	(0.23)p

This level of change is not representative of the year as a whole, since the exposure changes throughout the period.
This assessment does not take into account the impact of interest rate changes on the market value of the investments the Group holds.

Notes to the Financial Statements *continued*

11.4 Liquidity risk

Unquoted investments in the portfolio are subject to liquidity risk. The Group did not hold any unquoted investments throughout the financial year.

In certain market conditions, the liquidity of direct property investments may be reduced. At 31 March 2009 14% of the Group's investment portfolio was held in direct property investments.

At 31 March 2009 86% of the Group's investment portfolio is held in listed securities which are predominantly readily realisable.

Management of the risk

The Manager sets limits for the maximum exposure of the portfolio to unquoted and direct property investments. These are set out in the Investment Policies on pages 2 and 3. All unquoted investments and direct property investments with a value over £1 million must be approved by the Board for purchase.

11.5 Credit risk

The failure of a counterparty to a transaction to discharge its obligations under that transaction could result in the Group suffering a loss.

Management of the risk

Investment transactions are carried out with a number of brokers, whose credit standing is reviewed periodically by the investment managers, and limits are set on the amount that may be due from any one broker. Cash at bank is only held with banks with high quality external credit ratings.

11.6 Fair values of financial assets and financial liabilities

Except for the debenture loans which are measured at amortised cost, the fair values of the financial assets and financial liabilities are either carried in the balance sheet at their fair value (investments) or the balance sheet amount is a reasonable approximation of fair value (debtors, creditors, cash at bank and bank overdrafts, accruals and prepayments).

The fair values of the listed investments are derived from the bid price or last traded price at which the securities are quoted on the London Stock Exchange and other recognised exchanges.

The fair values of the properties are derived from an open market (Red Book) valuation of the properties on the Balance Sheet date by an independent firm of valuers (Drivers Jonas).

There were no unquoted investments at the Balance Sheet date.

The amounts of change in fair value for such investments recognised in the profit or loss for the year was a loss of £308,995,000 (2008: loss of £240,610,000).

12 Debtors

	Group 2009 £'000	**Company 2009 £'000**	Group 2008 £'000	Company 2008 £'000
Amounts falling due within one year:				
Securities and properties sold for future settlement	**1,520**	**1,520**	2,127	2,127
Tax recoverable	**163**	**163**	37	37
Prepayments and accrued income	**3,319**	**3,273**	3,278	3,115
Other debtors	**968**	**167**	1,741	1,136
	5,970	**5,123**	7,183	6,415

13 Contingent asset re VAT

The Company's previous Manager, Henderson Global Investors had filed a protective claim for the period between 1 February 2001 and 30 September 2004 and the company's current Manager had filed a claim for the period from 1 October 2004 to 30 September 2007.

Furthermore a decision in the Court of Appeal opened the possibility for additional VAT recovery from HMRC for the period from 1 January 1990 to 4 December 1996. Henderson Global Investors filed a second claim for this period.

Notes to the Financial Statements *continued*

13 Contingent asset re VAT continued

In February 2009, the Company received a reimbursement of £1.86m in respect of the first claim by Henderson Global Investors, which represented the total irrecoverable VAT suffered for this period and in March 2009 received a further £4.10m through Thames River Capital for the period from 1 October 2004 to 31 May 2007. The Company also received £0.65m interest in respect of these two claims.

The claims by Henderson Global Investors for the period from 1 January 1990 to 4 December 1996 and Thames River Capital for the period from 1 June 2007 to 30 September 2007 are outstanding. We anticipate that these claims will amount to a further £0.50m to £0.85m, however the timing and exact amount is not certain therefore these amounts have not been provided for.

18.9943% of the refunds were allocated to the Sigma share class and 81.0057% to the Ordinary share class in accordance with the ratio of Ordinary shares which converted to Sigma shares when the Sigma share class was created in July 2007.

The allocation of the total refunds received to date between the two share classes across the income and capital accounts is summarised below.

Ordinary share class:

	Income £'000	Capital £'000	Total £'000
VAT refund received to date	1,386	3,439	4,825
Interest thereon	530	–	530
	1,916	3,439	5,355

Sigma share class:

	Income £'000	Capital £'000	Total £'000
VAT refund received to date	325	807	1,132
Interest thereon	120	–	120
	445	807	1,252

Notes to the Financial Statements *continued*

14 Current and non-current liabilities

	Group 2009 £'000	Company 2009 £'000	Group 2008 £'000	Company 2008 £'000
Amounts falling due within one year:				
Debenture loan (b) below	–	–	24,994	–
	–	–	24,994	–
Securities and properties purchased for future settlement	1,877	1,877	2,050	2,050
Amounts due to subsidiaries	–	53,968	–	79,282
Managers' performance fees payable	3,674	3,674	–	–
Accruals and deferred income	1,399	1,039	2,301	1,265
Other creditors	1,921	1,856	2,165	2,098
	8,871	62,414	6,516	84,695
Total current liabilities	8,871	62,414	31,510	84,695
Non-current liabilities:				
Debenture loans (a) and (b) below	15,000	–	15,000	–
Deferred taxation	3,283	–	3,695	–
	18,283	–	18,695	–

The total amount of secured creditors is £15,000,000 (2008: £40,000,000).

Debenture Loans

(a) £15,000,000 (2008: £15,000,000) participation by TR Property Finance Limited, a subsidiary, in 11.5% 2016 several debenture stock issued by Trustco Finance plc, which is guaranteed by the Company by a floating charge over its assets. The fair value of this debenture at 31 March 2009 was £20,673,000 (2008: £20,922,000).

(b) The 8.125% 2008 debenture stock (2008: £25,000,000) in the name of Trust Union Finance (1991) PLC, a subsidiary, was guaranteed by the Company by a floating charge over its assets and was redeemed on 30 November 2008.

The Company and Group have complied with the terms of the debenture agreements throughout the year.

Multi-currency revolving loan facilities

The Group also has unsecured, multi-currency, revolving loan facilities totalling £50,000,000 (2008: £80,000,000). At the year end these facilities were undrawn. £40,000,000 of this loan may be drawn by the Ordinary share class and £10,000,000 by the Sigma share class.

Notes to the Financial Statements *continued*

15 Called up share capital

a Ordinary share capital

The balance classified as Ordinary share capital includes the nominal value proceeds on issue of the Ordinary equity share capital comprising Ordinary shares of 25p.

	Authorised Number	Authorised £'000	Issued, allotted and fully paid Number	Issued, allotted and fully paid £'000
Ordinary shares of 25p				
At 1 April 2008	542,287,064	135,572	258,600,000	64,650
Shares repurchased	–	–	(1,875,000)	(469)
At 31 March 2009	542,287,064	135,572	256,725,000	64,181

During the year, the Company made market purchases for cancellation of 1,875,000 Ordinary shares of 25p each, representing 0.7% of the number of shares in issue at 31 March 2008. The aggregate consideration paid by the Company for the shares was £2,992,000. Shares are repurchased in order to enhance shareholder value.

b Sigma share capital

The balance classified as Sigma share capital includes the nominal value proceeds on issue of the Sigma equity share capital comprising Sigma shares of 12.5p.

	Authorised Number	Authorised £'000	Issued, allotted and fully paid Number	Issued, allotted and fully paid £'000
Sigma shares of 12.5p				
At 1 April 2008	473,766,572	59,221	127,680,000	15,960
Shares repurchased	–	–	(2,758,000)	(345)
At 31 March 2009	473,766,572	59,221	124,922,000	15,615

During the year, the Company made market purchases for cancellation of 2,758,000 Sigma shares of 12.5p each, representing 2.2% of the number of shares in issue at 31 March 2008. The aggregate consideration paid by the Company for the shares was £1,450,000. Shares are repurchased in order to enhance shareholder value.

16 Share premium account and capital redemption reserve

Share premium account

The balance classified as share premium includes the premium above nominal value from the proceeds on issue of the equity share capital, comprising Ordinary shares of 25p and Sigma shares of 12.5p.

Capital redemption reserve

The capital redemption reserve is used to record the amount equivalent to the nominal value of purchases of the Company's own shares in order to maintain the Company's capital.

Notes to the Financial Statements *continued*

17 Retained earnings

	Group 2009 £'000	Company 2009 £'000	Group 2008 £'000	Company 2008 £'000
Investment holding gains	**(45,319)**	**(33,931)**	268,408	276,815
Realised capital reserves	**245,774**	**242,018**	242,394	241,954
	200,455	**208,087**	510,802	518,769
Revenue reserve	**33,363**	**25,731**	29,336	21,369
	233,818	**233,818**	540,138	540,138

Group investment holding gains at 31 March 2009 includes £nil (2008: £nil) relating to unlisted investments and £4,122,000 (2008: £17,435,000) relating to investment properties.

Company investment holding gains at 31 March 2009 includes £15,510,000 (2008: £26,039,000) relating to unlisted investments and £9,793,000 depreciation (2008: £3,472,000 appreciation) relating to investment properties.

18 Dividends

	Year ended 31 March 2009 £'000	Year ended 31 March 2008 £'000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 March 2008 of 3.30p (2007: 2.40p) per Ordinary share	**8,489**	7,887
Final dividend for the year ended 31 March 2008 of 0.65p per Sigma share (2007: nil)	**829**	-
Interim dividend for the year ended 31 March 2009 of 2.30p (2008: 2.30p) per Ordinary share	**5,907**	5,990
Interim dividend for the year ended 31 March 2009 of 0.90p (2008: 0.20p) per Sigma share	**1,124**	258
Special dividend for the year ended 31 March 2008 of 1.10p per Sigma share	**-**	1,450
	16,349	15,585
Proposed final dividend for the year ended 31 March 2009 of 3.45p (2008: 3.30p) per Ordinary share	**8,857**	8,498
Proposed final dividend for the year ended 31 March 2009 of 1.10p (2008: 0.65p) per Sigma share	**1,374**	829

The proposed final dividend has not been included as a liability in these financial statements in accordance with IAS 10 "Events after the Balance Sheet date".

Set out below is the total dividend to be paid in respect of the year. This is the basis on which the requirements of S842 of the Income and Corporation Taxes Act 1988 are considered.

Notes to the Financial Statements *continued*

18 Dividends continued

	Year ended 31 March 2009 £'000	Year ended 31 March 2008 £'000
Interim dividend for the year ended 31 March 2009 of 2.30p (2008: 2.30p) per Ordinary share	**5,907**	5,990
Interim dividend for the year ended 31 March 2009 of 0.90p (2008: 0.20p) per Sigma share	**1,124**	258
Special dividend for the year ended 31 March 2008 of 1.10p per Sigma share	**-**	1,450
Proposed final dividend for the year ended 31 March 2009 of 3.45p (2008: 3.30p) per Ordinary share	**8,857**	8,498
Proposed final dividend for the year ended 31 March 2009 of 1.10p (2008: 0.65p) per Sigma share	**1,374**	829
	17,262	17,025

19 Company revenue account

As permitted by Section 230 of the Companies Act 1985, the Company has not presented its own revenue account. The net revenue after taxation of the Company dealt with in the accounts of the Group was £20,711,000 (2008: £18,541,000).

20 Net asset value per share

a *Net asset value per Ordinary share*

Net asset value per Ordinary share is based on net assets attributable to Ordinary shares of £323,666,000 (2008: £567,899,000) and on 256,725,000 (2008: 258,600,000) Ordinary shares in issue at the year end.

b Net asset value per Sigma share

Net asset value per Sigma share is based on net assets attributable to Sigma shares of £76,623,000 (2008: £138,710,000) and on 124,922,000 (2008: 127,680,000) Sigma shares in issue at the year end.

21 Commitments and contingent liabilities

At 31 March 2009 and 31 March 2008 the Group had no capital commitments or contingent liabilities.

The Company has guaranteed a £15,000,000 (2008: £15,000,000) participation in 11.5% 2016 secured debenture stock (see note 14).

22 Subsidiaries

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

Name of Company	**Principal Activities**
Trust Union Properties Ltd	Property investment and dealing
TR Property Finance Ltd	Investment holding and finance
Trust Union Properties (Bayswater) Ltd	Property investment
* The Colonnades Ltd	Property investment
* Trust Union Finance (1991) PLC	Debenture issuing vehicle
Trustco Finance plc	Debenture issuing vehicle

All the subsidiaries are wholly owned and all the holdings are ordinary shares. The Group also has other subsidiaries which are either not trading or not significant.

* Indirectly held

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of TR Property Investment Trust plc will be held at 12 noon on Tuesday 28 July 2009 at the Royal Automobile Club, 89/91 Pall Mall, London SW1Y 5HS for the purpose of transacting the following business:

Ordinary Business

1 To receive the Report of the Directors and the Audited Accounts for the year ended 31 March 2009.

2 To approve the Directors' Remuneration Report for the year ended 31 March 2009.

3* To declare a final dividend of 3.45 pence per Ordinary share.

4** To declare a final dividend of 1.10 pence per Sigma share.

5 To re-elect Richard Stone as a Director.

6 To re-elect Hugh Seaborn as a Director.

7 To re-elect Peter Salsbury as a Director.

8 To re-appoint Ernst & Young LLP as auditors of the Company.

9 To authorise the directors to determine the remuneration of the auditors.

Special Business

To consider and, if thought fit, to pass the following resolutions as to which resolution 10 shall be proposed as a special resolution and resolution 11 shall be proposed as an ordinary resolution:

Special Resolution

10*** THAT the Company be and is hereby generally and unconditionally authorised in accordance with section 166 of the Companies Act 1985 ("the Act") to make market purchases (within the meaning of section 163 of the Act) of Ordinary shares of 25 pence each and Sigma shares of 12.5 pence each in the capital of the Company on such terms and in such manner as the Directors may from time to time determine provided that:

(a) the maximum number of Ordinary shares hereby authorised to be purchased shall be 14.99% of the Company's Ordinary shares in issue at the date of the Annual General Meeting (equivalent to 38,483,078 Ordinary shares of 25 pence each at 4 June 2009, the date of this Notice of Annual General Meeting);

(b) the maximum number of Sigma shares hereby authorised to be purchased shall be 14.99% of the Company's Sigma shares in issue at the date of the Annual General Meeting (equivalent to 18,725,808 Sigma shares of 12.5 pence each at 4 June 2009, the date of this Notice of Annual General Meeting);

(c) the maximum price (exclusive of expenses) which may be paid for any such share shall not be more than the higher of:

(i) 105% of the average of the middle market quotations for an Ordinary share (if an Ordinary share is being purchased) or of a Sigma share (if a Sigma share is being purchased) as taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which the Company agrees to buy shares concerned; and

(ii) the higher of the price of the last independent trade and the highest current independent bid for an Ordinary share or Sigma share in the Company on the trading venue where the purchase is carried out.

(d) the minimum price (exclusive of expenses) which may be paid for an Ordinary share shall be 25 pence, being the nominal value per Ordinary share and for Sigma shares the minimum price shall be 12.5 pence, being the nominal value per Sigma share;

(e) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company in 2010 or at any other general meeting prior to such time.

Ordinary Resolution

11 THAT subject to and in accordance with the Companies Act 2006, as in force or as amended and re-enacted from time to time:

(a) the Company may supply documents or information to members, or persons nominated by members, by making them available on a website;

(b) a person in relation to whom the following conditions are met is taken to have agreed that the Company may supply documents or information in that manner:

Notice of Annual General Meeting *continued*

(i) the person has been asked individually by the Company to agree that the Company may supply documents or information generally, or the documents or information in question, by means of a website;

(ii) the Company has not received a response within the period of 28 days beginning with the date on which the Company's request was sent.

*** In accordance with the Articles of Association holders of Sigma shares do not have the right to vote on a declaration of a dividend in respect of the Ordinary shares.**

**** In accordance with the Articles of Association holders of Ordinary shares do not have the right to vote on a declaration of a dividend in respect of the Sigma shares.**

***** Holders of Ordinary shares will vote on resolution 10 only in respect of market purchases of Ordinary shares and holders of Sigma shares will vote on resolution 10 only in respect of market purchases of Sigma shares.**

Registered Office:
51 Berkeley Square
London
W1J 5BB

Registered in England No: 84492

By Order of the Board
Capita Company Secretarial Services Limited
Secretary
4 June 2009

Notes to the Notice of Annual General Meeting

1 A member entitled to attend and vote at the Annual General Meeting ("AGM") may appoint one or more proxies (who need not be a member of the Company) to attend and, on a poll, to vote on his or her behalf. In order to be valid an appointment of proxy must be returned in hard copy form by post, by courier or by hand to the Company's Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8FB not less than 48 hours before the time of the AGM. Appointment of a proxy does not preclude a shareholder from attending the AGM and voting in person.

2 Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, in order to be able to attend and vote at the AGM or any adjourned meeting, (and also for the purpose of calculating how many votes a person may cast) a person must have his/her name entered on the Register of Members of the Company by 12 noon on 26 July 2009 (or 6.00 pm on the date 2 days before any adjourned meeting). Changes to entries on the Register of Members after this time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

3 Shareholders should note that it is possible that, pursuant to requests made by shareholders of the Company under section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

4 In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative with instructions to vote on a poll in

Notice of Annual General Meeting *continued*

accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives – www.icsa.org.uk – for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in (i) above.

5 The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communication from the Company in accordance with section 146 of the Companies Act 2006 ("nominated persons"). Nominated persons may have a right under an agreement with the registered shareholder who holds shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to given instructions to the person holding the shares as to the exercise of voting rights.

6 Biographical details of the Directors are shown on page 45 of the Annual Report & Accounts.

7 The issued share capital of the Company is 256,725,000 Ordinary shares of 25p each and 124,922,000 Sigma shares of 12.5p each. The total number of voting rights in the Company is 381,647,000. Shareholders are reminded that on a poll vote, the total number of votes cast is calculated according to the NAV per Ordinary share and the NAV per Sigma share.

8 The terms of reference of the Audit Committee, the Management Engagement Committee and the Letters of Appointment for Directors will be available for inspection for at least 15 minutes prior to and during the Company's AGM.

Directions Pall Mall Clubhouse

The Royal Automobile Club has a dress code: Jacket and Tie.

Explanation of Notice of Annual General Meeting

Resolutions 1, 2, 3 and 4: Accounts, Directors' Remuneration Report & Dividends
These are the resolutions which deal with the presentation of the audited accounts, the approval of the directors' remuneration report and the declaration of the final dividends. The vote to approve the remuneration report is advisory only and will not require the Company to alter any arrangements detailed in the report should the resolution not be passed.

Resolution 5: Re-election of Director
Resolution 5 deals with the re-election of Richard Stone as director. Under the Articles of Association, Richard Stone is required to retire by rotation at the AGM; he has confirmed he will offer himself for re-election.

Resolution 6: Re-election of Director
Resolution 6 deals with the re-election of Hugh Seaborn as director. Under the Articles of Association, Hugh Seaborn is required to retire by rotation at the AGM; he has confirmed he will offer himself for re-election.

Resolution 7: Re-election of Director
Resolution 7 is for the re-election of Peter Salsbury, who has served on the Board for more than nine years. In accordance with the Combined Code on Corporate Governance, which requires directors who have served for more than nine years to seek annual re-election, Peter Salsbury will retire at the forthcoming AGM and he has confirmed he will offer himself for re-election.

Resolutions 8 and 9: Auditors
These deal with the re-appointment of the auditors, Ernst & Young LLP, and the authorisation for the directors to determine their remuneration.

Resolution 10: Authority to make Market Purchases of the Company's Ordinary and Sigma shares
At the AGM held on 29 July 2008, a special resolution was proposed and passed, giving the directors authority, until the conclusion of the Annual General Meeting in 2009, to make market purchases of the Company's own issued Ordinary shares up to a maximum of 38,599,250 (representing approximately 14.99% of the issued share capital as at 5 June 2008, the date of the Notice of the AGM) for cancellation. This authority will expire at this year's AGM.

Your Board is proposing that they should be given renewed authority to purchase Ordinary shares in the market. Your Board believes that to make such purchases in the market at appropriate times and prices is a suitable method of enhancing shareholder value. The Company would, within guidelines set from time to time by the Board, make either a single purchase or a series of purchases, when market conditions are suitable, with the aim of maximising the benefits to shareholders.

Where purchases are made at prices below the prevailing Net Asset Value per share, this will enhance the Net Asset Value for the remaining shareholders. It is therefore intended that purchases would only be made at prices below Net Asset Value. Your Board considers that it will be most advantageous to shareholders for the Company to be able to make such purchases as and when it considers the timing to be favourable and therefore does not propose to set a timetable for making any such purchases.

The Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 (the "Regulations") came into force on 1 December 2003. The Regulations enable companies in the United Kingdom to hold in treasury any of their own shares they have purchased with a view to possible resale at a future date, rather than cancelling them. If the Company does re-purchase any of its shares, the directors do not currently intend to hold any of the shares re-purchased in treasury. The shares so re-purchased will continue to be cancelled.

The Listing Rules of the UK Listing Authority limit the maximum price (exclusive of expenses) which may be paid for any such share. It shall not be more than the higher of:

(i) 105% of the average of the middle market quotations for an Ordinary share (if an Ordinary share is being purchased) or of a Sigma share (if a Sigma share is being purchased) as taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which the Company agrees to buy shares concerned: and

(ii) the higher of the price of the last independent trade and the highest current independent bid for an Ordinary share or Sigma share in the Company on the trading venue where the purchase is carried out.

The minimum price to be paid will be 25p per Ordinary share and 12.5p per Sigma share (being the nominal values). The Listing Rules also limit a listed company to purchases of shares representing up to 15% of its issued share capital through the market pursuant to a general authority such as this. For this reason, the Company is limiting its authority to make such purchases to 14.99% of the Company's Ordinary and Sigma shares in issue at the date of the AGM; this is equivalent to 38,483,078 Ordinary shares of 25p each (nominal value £9,620,770) and 18,725,808 Sigma shares of 12.5p each (nominal value £2,340,726) at 4 June 2009, the date of the Notice of the AGM. The authority will last until the AGM of the Company to be held in 2010 or at any other general meeting.

A special resolution is one that requires a majority of at least 75% of those present and voting to be passed.

Explanation of Notice of Annual General Meeting *continued*

Resolution 11: Electronic Communications

At the AGM held on 29 July 2008, the Company's Articles of Association were updated to permit communication to members in electronic form and to take advantage of new provisions relating to website communications. In accordance with the Disclosure and Transparency Rules this resolution must now be passed to allow the Company to use these electronic forms of communication.

Your Board is proposing that they should be given authority to supply documents and make information to members available on a website. Before the Company can communicate with a member by means of website communication, the relevant member must be asked individually to agree that the Company may send or supply documents or information to him by means of a website. The Company must either have received a positive response or have received no response within the period of 28 days beginning with the date on which the request was sent. The Company will notify the member (either in writing, or by other permitted means) when a relevant document or information is placed on the website and a member can always request a hard copy version of the document or information.

Glossary of Terms

Discount

The amount by which the market price per share of an Investment Trust Company is lower than the Net Asset Value per share. The discount is normally expressed as a percentage of the Net Asset Value per share.

Dividend Yield

The annual dividend expressed as a percentage of the share price.

Gearing

Total debt comprising debentures, loan stock, bank loans and overdrafts less cash at bank and short term deposits divided by shareholders' funds.

Net Asset Value

The value of the total assets less the liabilities. Liabilities for this purpose include both current and long-term liabilities. To calculate the Net Asset Value per Ordinary share, divide the Net Asset Value by the number of Ordinary shares in issue. To calculate the Net Asset Value per Sigma share, divide the Net Asset Value by the number of Sigma shares in issue.

Ordinary shares

Confer certain rights to the holder as laid down in the Articles of Association.

Premium

The amount by which the market price per share of an Investment Trust Company exceeds the Net Asset Value per share. The premium is normally expressed as a percentage of the Net Asset Value per share.

Sigma shares

Confer certain rights to the holder as laid down in the Articles of Association.

Directors and Other Information

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

Registered Office
51 Berkeley Square
London W1J 5BB

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

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

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

Fund Manager: Ordinary Share Class
C M Turner MRICS
Fund Manager: Sigma Share Class
M A Phayre-Mudge MRICS
Finance Manager:
J L Elliott ACA
Assistant Fund Manager:
J F K Wilkinson MRICS
Direct Property Manager:
G P Gay MRICS
Investor Relations:
N G Williamson
A M Ello

Secretary
Capita Company Secretarial Services Limited
17-19 Rochester Row
London SW1P 1QT

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

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

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

Solicitors
Slaughter and May
One Bunhill Row
London EC1Y 8YY

Share Plan and ISAs
BNP Paribas Security Services
Block C, Western House
Lynch Wood Business Park
Peterborough PE2 6BP

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

General Shareholder Information

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

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

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

Interim : early January
Final : 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 91 of this report) to give their instructions; these must include the bank account number, the bank account title and the sort code of the bank to which payments are to be made.

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

Share Price Information

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

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

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

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

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

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

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

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

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

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

BNP Paribas Security Services (BNP Paribas) operates and administers both a share savings scheme and an ISA scheme (the Schemes) dedicated to the shares of the Company. BNP Paribas made these Schemes available at the request of the Company and they have operated since 2005. Both the share savings scheme and the ISA are subject to the Key Features document, which should be read before entering into the investment. These Schemes are subject to commission, stamp duty and administration charges, which are detailed in the Key Features document. Contact details are given on page 94.

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

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

TR Property Share Plan

BNP Paribas Security Services offers a Share Plan providing a simple and flexible way of investing in **TR Property Investment Trust plc**. The Share Plan offers the following:

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

TR Property ISA

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

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

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

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

Further Information

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

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

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

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

TR Property Investment Trust plc is managed by

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