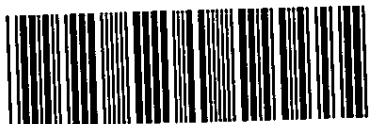


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TR Property Investment Trust plc

Report & Accounts for the
year ended 31 March 2014



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TR Property Investment Trust plc

The Company's investment objective is to maximise shareholders' total returns by investing in the shares and securities of property companies and property related businesses internationally and also in investment property located in the UK

Introduction

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

Benchmark

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

Investment Policy

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

Further details of the Investment Policies, the Asset Allocation Guidelines and policies regarding the use of gearing and derivatives are set out in the Strategic Report on pages 25 to 28 and the entire portfolio is shown on page 19.

Investment Manager

The Company is managed by Thames River Capital LLP ("the Manager"), part of the F&C Group. Marcus Phayre-Mudge has managed the portfolio since 1 April 2011 and been part of the Fund Management team since 1997.

Independent Board

The directors are independent of the Manager and meet regularly to consider investment strategy, to monitor adherence to the stated objective and investment policies and to review performance. Details of how the Board operates and fulfils its responsibilities are set out in the Directors' Report on page 39.

Performance

For the year to 31 March 2014 the net asset value total return was 22.4% against a benchmark total return of 14.9%. The share price total return was 37.7%.

Over the ten year period to 31 March 2014 the share price total return was 254.99% and the net asset value total return 195.35%. Over the same period the benchmark total return was 120.19%.

The Financial Highlights for the current year are set out opposite and Historical Performance can be found on page 2.

Dividend

An interim dividend of 2.85p (2013: 2.65p) per share was paid on 7 January 2014 to shareholders on the register on 16 December 2013.

A final dividend of 4.60p (2013: 4.35p) will be paid on 5 August 2014 to shareholders on the register on 27 June 2014. The shares will be quoted ex-dividend on 25 June 2014.

Income growth Over the past ten years the annual net dividend per share has grown by three times, equivalent to 11.5% per annum compounded.

Retail Investors advised by IFAs

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

Further information

General Shareholder information and details of how to invest in TR Property Investment Trust plc, including an investment through an ISA or saving scheme, can be found on pages 80 to 84. This information can be found on the Trust's website www.trproperty.com.

Financial Highlights and Performance

	At 31 March 2014	At 31 March 2013	% Change
Balance Sheet			
Net asset value per share	254.94p	215.25p	+18.4%
Shareholders' funds (£'000)	809,438	684,219	+18.3%
Shares in issue at the end of the period (m)	317.5	317.9	-0.1%
Net debt ¹	14.0%	9.6%	
Share Price			
Share price	247.50p	186.30p	+32.9%
Market capitalisation	£786m	£592m	+32.8%
Discount to NAV	-2.9%	-13.4%	
	Year ended 31 March 2014	Year ended 31 March 2013	% Change
Revenue			
Revenue earnings per share	8.09p	6.74p	+20.0%
Net dividend per share ²	7.45p	7.00p	+6.4%
Total Return Assets and Benchmark			
Benchmark performance (total return)	+14.9%	+17.8%	
Net asset value total return	+22.4%	+21.5%	
Share price total return	+37.7%	+25.8%	
IPD Monthly index total return ³	+14.0%	+2.5%	
Total return from direct property	+37.5%	+7.4%	
Ongoing Charges⁴			
Excluding performance fee	0.80%	0.93%	
Including performance fee	2.08%	1.41%	
Excluding performance fee and direct property costs	0.75%	0.86%	

1 Net debt is the total value of loans (including notional exposure to CFDs) and debentures less cash as a proportion of net asset value

2 Net dividends per share are the dividends in respect of the financial year ended 31 March 2014. An interim dividend of 2.85p was paid in January 2014 and a final dividend of 4.60p will be paid in August 2014.

3 IPD monthly, one year cumulative

4 Ongoing charges calculated in accordance with the AIC methodology

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Front Cover The old market square Gamla Stan, Stockholm

Historical Performance *for the years ended 31 March*

	2004	2005 ^(D) (Restated)	2006 ^(D)	2007 ^(D)	2008 ^(D)	2009 ^(D)	2010 ^(D)	2011 ^(D)	2012 ^(D)	2013 ^(D)	2014
Gross revenue ^(A)											
(£'000)	16,247	–	–	–	–	–	–	–	–	–	–
Total revenue ^(B)											
(£'000)	–	19,741	23,143	26,226	32,160	32,073	27,782	29,520	30,973	32,988	33,933
Total assets less current liabilities											
(£'m)	440.9	544.7	813.6	1,017.0	725.3	418.6	616.6	688.8	606.3	701.9	824.2
Shareholders' funds											
(£'m)											
Total	401	505	771	973	707	400	598	670	588	684	809
Ordinary shares	401	505	771	973	568	324	476	531	470	684	809
Sigma shares ^(E)	–	–	–	–	139	76	123	140	118	–	–
Ordinary shares											
Net revenue											
(pence per share)											
Earnings	2.51	2.85	3.44	4.09	5.79	6.49	5.18	6.94	7.07	6.74	8.09
Dividends	2.50	2.85	3.40	4.10	5.60	5.75	5.75	6.00	6.60	7.00	7.45
NAV per share											
(pence)	113.10	145.70	224.10	290.80	219.60	126.10	185.20	207.10	183.60	215.25	254.94
Share price											
(pence)	95.00	128.50	209.50	256.50	188.25	106.00	159.40	177.10	154.50	186.30	247.50
Indices of growth											
Share price	100	135	221	270	198	112	168	186	163	196	261
Net Asset value	100	129	198	257	194	112	164	183	162	190	225
Dividend Net	100	114	136	160	224	230	230	240	264	280	298
RPI	100	103	106	111	115	114	120	126	130	135	138
Benchmark ^(C)	100	125	178	222	166	81	124	136	119	135	144

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

(B) Total revenue – is as set out in the Group Statement of Comprehensive Income prepared in accordance with IFRS

(C) Benchmark Price only Index: composite index comprising the S&P/Citigroup European Property Index up to March 2007, the FTSE EPRA/NAREIT Developed Europe Index up to March 2012, the FTSE EPRA/NAREIT Developed Europe Net Index for the year to March 2013 and thereafter the FTSE EPRA/NAREIT Developed Europe Capped Net Index. Source: Thames River Capital

(D) Figures from 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.

(E) The Sigma share class was launched in 2007 and Sigma shares redesignated as Ordinary shares on 17 December 2012.

Chairman's Statement



Caroline Burton **Chairman**

Introduction

Property and property equities continue to attract investor attention offering a recurring income stream greater than the majority of fixed income products but with the advantage of the potential for underlying growth ahead of inflation. My closing remarks at the half year touched on the lack of new commercial property development begun over the last five years and this lack of supply remains a cornerstone of our manager's optimism as tenant demand steadily returns to a growing list of markets across Europe. His report will explore in more detail where this is translating into both rental and capital growth.

The attractions of the sector continue to be felt in the demand for the Trust's shares. Over the first 6 months of the financial year the discount to the with income NAV averaged -7.1% having started the year in April 2013 at -13.4%. Over the second half it averaged -3.8% and finished the year at -2.9%. As I mentioned in the Interim Report we have seen a modest, but evidently growing, self-directed investor group responding to the new found transparency in advisory fees. The fund remains the only Investment Trust with a mandate to invest in pan European property companies and this together with our size and liquidity continues to prove attractive to private investors.

Investors will no doubt notice not only the substantial increase in earnings this year but also the fact that the dividend has not grown by the same proportion. Although the underlying income has continued to grow on a like-for-like basis there were a number of timing differences of income receipts, compared to the previous year, which explain the greater than expected revenue result. Full

details are contained later in the report. Notwithstanding these timing differences the Board are pleased to announce the dividend increase which brings the Trust's record of annual increases to 20 out of the last 21 years (the dividend was held level in 2010).

I would also like to bring the performance of our physical assets this year to your attention, in particular two of our London holdings, The Colonnades in Bayswater and Park Place in Vauxhall which between them increased in value (after taking account of all costs) by a remarkable 56%. The IPD monthly index returned 14.0% in the same period. In both cases detailed asset management plans have come to fruition delivering strong valuation growth with the expectation of more to come. Again further detail is given in the Manager's report.

NAV and Share Price Performance

I am pleased to report that the NAV total return for the year was 22.4% whilst the benchmark total return was 14.9%. The share price total return was even greater at 37.7% reflecting both the growth in NAV and the narrowing of the discount.

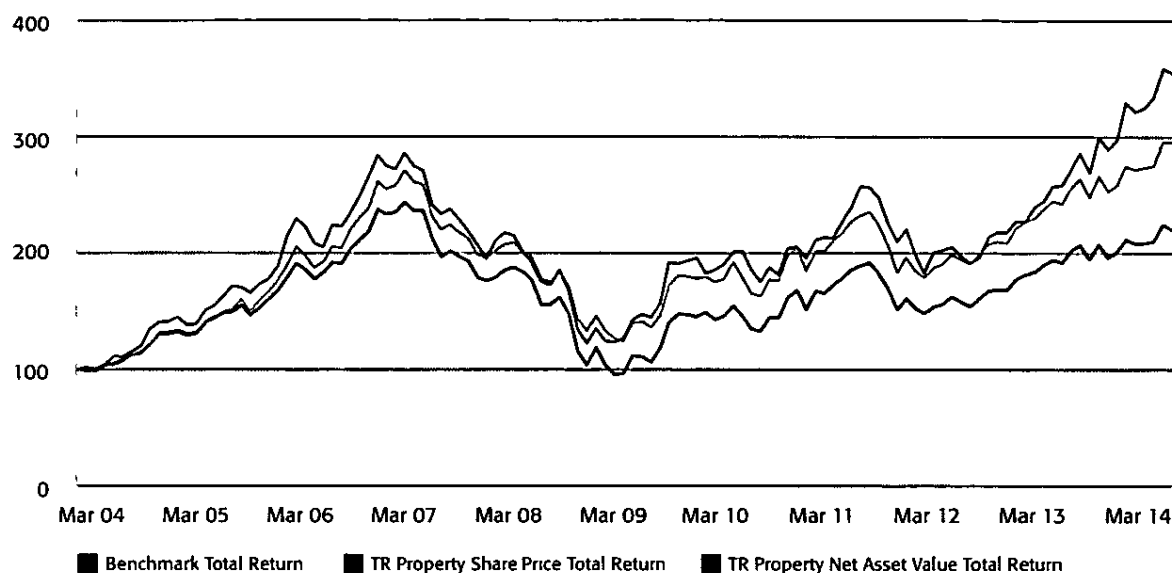
More detail and commentary on performance is set out in the Manager's Report.

Revenue Results

The year on year revenue growth is encouraging albeit that the 2014 result is affected by a number of one-offs and timing differences that will reverse or not be repeated in 2015. A more detailed analysis is given in the Manager's Report.

Chairman's Statement *continued*

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



Dividend

The Board is proposing a final dividend of 4 6p, 5 7% ahead of the final dividend for the prior year and bringing the total dividend for the year to 745p, an increase of 6 4% over the 700p paid last year

Revenue Outlook

Some of the timing changes that have led to an increase in the earnings for the year to March 2014, will not be repeated in the 2015 financial year. In addition, development activity at the Colonnades will lead to lower income from the property portfolio for a short while. Therefore, we expect lower earnings for the year to March 2015

The fall in rental income is expected to be temporary, so although earnings may fall in the short term, providing the Board is able to see earnings support in the longer term, we will be prepared to utilise some of the reserves the Company has, therefore we anticipate being able to maintain a small progression in the dividend

Net Debt and Gearing

Gearing increased over the period, beginning the year at 9 6% and ending at 14 0%. Our revolving facility with RBS was renewed in January and as previously reported the ING facility was renewed for a further two years in May. We are looking at other potential providers with the repayment of the debenture loan coming into view in 2016

In the current low interest environment, gearing through the CFD portfolio remains an attractive option

Currencies

In last year's Annual Report my predecessor commented on European currency volatility throughout 2012. I am pleased to report that we have not experienced the same levels of volatility this year. Over the last 12 months Sterling strengthened against the Euro by approximately 2%. As in previous years the fund has not hedged the income account but has continued to hedge the capital currency exposure in line with the benchmark.

Discount and Share Repurchases

I have already commented on the discount in my opening remarks. Whilst the gap between the NAV and the share price has narrowed over the year our manager was still able to buy back (and cancel) a small number of shares (375,000) at a discount of 15% from April to June 2013

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

We have increased the number of ways of investing in our shares. The Trust is offered as part of the F&C savings plans and our Registrars, Computershare, offer dealing options for certificated holders and a Dividend

Chairman's Statement *continued*

Reinvestment Plan (DRIP) option for the reinvestment of dividends for holders on the main register. Further details can be found on pages 80 to 84.

Board Changes

Hugh Seaborn became the Senior Independent Director in July 2013 following my appointment as Chairman. John Glen joined the Board in February 2014 and his biography is detailed on page 29.

Broker Appointment

In April 2013 the Trust announced the appointment of Onel Securities as joint broker alongside Cenkos Securities plc.

Alternative Investment Fund Managers Directive (AIFMD)

With AIFMD due to come into force in July, the Board is preparing for the legislative changes. The company has agreed in principle to appoint F&C Asset Management as the Alternative Investment Fund Manager, with the Investment Management function sub-delegated to the existing Manager, Thames River Capital LLP. BNP Paribas is expected to be appointed as the Depository. These appointments are subject to final documentation and Board Approval but the formalities are expected to be completed very shortly.

Awards

At the annual Investment Week Awards 2013, the Trust won Property Investment Trust of the Year. The judging panel commented on both the performance and the successful re-merger of the two share classes as contributing factors.

Outlook

The economic fundamentals across Europe are now more favourable for real estate than at any time in the last six years. The return to growth experienced in the UK, Scandinavia and Germany is now feeding into tenant demand and rental growth. Real wage inflation and rising house prices are key drivers of renewed consumer demand, a fundamental building block of growth. Sources of debt finance, both traditional banking and non-traditional (private equity, insurance companies and private placements), have broadened and become increasingly competitive, to the benefit of companies we invest in. Simultaneously many listed property companies have been able to take advantage of the capital markets (both debt and equity) to further reduce their cost of

finance. Elsewhere in Europe, even though rental values have not begun to increase, property investment markets are thawing fast as capital seeks to buy into these perceived recovery plays, particularly in the peripheral nations.

Whilst this is good news for asset values our managers remain focused on the real estate fundamentals. This means that they remain positive towards those markets where rents are responding to tenant demand even though many share prices are standing at, or in excess of, historic asset values and they remain confident about the inherent growth in these well managed businesses. They remain positive on the economic outlook in the UK and alongside the activity in the existing UK physical portfolio they have been seeking to selectively increase the physical exposure focusing, as they have done in the past, on office and industrial property in the South of England. Shortly after the year end the Trust exchanged contracts to purchase an industrial unit in Plymouth let to Invensys for a further 8 years at a net initial yield of 8.6%. They are actively considering other opportunities.

Our concern rests with the exuberance of investors where underlying tenant demand remains fragile. With fixed income returns looking increasingly unappealing capital is seeking alternatives such as commercial property. However rapid asset value inflation may lead to poorer than expected returns in the medium term if the anticipated economic improvement does not translate into growth and jobs.

Caroline Burton

Chairman

9 June 2014

Manager's Report



Marcus Phayre-Mudge MRICS
Fund Manager

9 June 2014

Performance

The Net Asset Value total return of +22.4% was ahead of the benchmark total return of +14.9%. This is the second year in a row in which the NAV has risen more than 20%. The benchmark slightly outperformed the broader European equity markets where the EuroStoxx 600 Net Index (in GBP) rose by 14.5% illustrating how property shares have kept up with the renewed demand for European equities in general. This broad demand for European equities has been an important backdrop for the company over the period under review. Unlike the previous three years (which started with the first Greek crisis in Spring 2010) European equities have outperformed Emerging Markets equities with European property shares outperforming both their US and Asian rivals. The UK stocks drove much of the superior returns but, as we will expand on later in the report, Continental European property stocks have experienced renewed strength since the beginning of 2014.

Looking back over previous bull markets, this year was unusual in that every quarterly period produced a positive performance figure. That brings the total number of consecutive quarterly positive figures to seven (the last negative period was March-June 2012). Whilst this confirms a steady underlying upward trend we continue to experience significant levels of volatility with intra-quarter spikes and pullbacks. We have been travelling through an environment where macro economic forces coupled with geo-political upheaval drove short term volatility but where the underlying property markets registered renewed demand from both tenants (in selected regions and cities) and investors (in the vast majority of markets).

The first quarter saw global equity markets worry about the impact of 'tapering' the popular euphemism for reductions in the pace of the bond buying programme currently being undertaken by the Federal Reserve. Property shares as a levered asset class clearly benefit from central bank

driven monetary stimuli and suffer when markets believe such assistance may reduce or be removed. The 10% sell off from 21 May to the end of June provided an investment opportunity (and we wrote as much in the June monthly commentary – these notes are available on the Trust's website www.trproperty.com). The Summer saw a recovery in sentiment as the first half reporting season generally delivered individual company performance in line with the improving fundamental market conditions. The holiday period in August saw a dent in the rally as investors began to fret again not only about the US interest rate timetable but also the early actions of the new Governor of the Bank of England. The BoE reiterated that improving employment data might encourage them to bring forward the timing of short term rate hikes.

In fact the closing months of 2013 and into early 2014 saw markets receive a series of positive boosts with either overt or more subtle indications from central bankers that they collectively remain 'dovish' (i.e. leaning towards maintaining lower rates for longer). In the case of the ECB, President Mario Draghi has been clear that it is a priority to fight off deflationary forces – GDP growth remains weak at best with five Eurozone countries reporting negative growth in 2013. In the UK, Mark Carney quietly shelved his earlier suggestions that the unemployment rate was the key determinant as to when rates would rise. In the US, the new Fed Chair Janet Yellen's comments have made it clear that she wants to see very clear justification for any rate rises. We are under no illusion, they will come initially in the US and UK and much later in the Eurozone but it is encouraging that the central banks want to see solid progress in their respective economies before increasing short term rates.

The sector's performance in the first half of the year was +5.0%, the majority of returns came through in the second half of the financial year. Not only were investors

Manager's Report *continued*

getting increasingly comfortable with the expected maintenance of the virtual zero interest rate environment but the demand for property assets was steadily accelerating and broadening

As though we needed reminding, the crisis in the Ukraine which gathered pace in March is testimony of the geo-political concerns which all risk assets suffer from. Whilst the fund has no exposure to Russian or Ukrainian property, a serious trade war with the resultant energy supply/price volatility would be clearly damaging to European economic growth and valuations

Property Investment Markets

At every reporting point in the last 2 years I have commented on the amount of money trying to gain exposure to what we refer to as the major 'city states'. This is the well trodden path of global capital flows initially buying into the strongest, dominant commercial centres in the earlier stages of a recovery cycle. London has consistently topped the league table by some margin. At the interim stage I made the point that we had begun to see increasing domestic institutional investment into regional property. This has now accelerated significantly, competition has increased and prices have been driven upwards, drawing in yet more inflows particularly into mutual (retail) funds. The asset class is very much back in vogue. Buyers are not only looking further afield as international capital prices them out of the prime, CBD markets but broadening their requirements both geographically and in terms of asset quality (the ripple effect). The UK remains the best example of this phenomenon. Not only has it experienced the sharpest recovery but it also benefits from being the most transparent investment market with numerous data points provided by the longstanding Investment Property Databank (IPD).

UK commercial property transactional volumes reached £44.9bn in 2013. This compares with £56.0bn in the record year of 2007. The IPD Monthly Index (the most recently available data for the period) has returned 14% on a total return basis in the year to March 2014. The equivalent yield for this index has dropped from 7.5% to 7.0%. The strong (unlevered) capital growth of 6.8% in the UK cannot be immediately transposed across Continental Europe for a number of reasons. The most obvious is the speed of the economic recovery. The UK is clearly ahead of the rest of Europe but there are other, more technical, property valuation specific issues. Valuation movements across Europe tend to be more

muted. In the dark days of 2008 and 2009, the IPD Index (UK only) fell 44%, over the same period German commercial values remained broadly flat according to their valuation bodies. The difference was that the German valuers' approach is to 'mark to model' rather than 'mark to market', in effect they argued that the discount rate applied had not changed over the period as the drop in interest rates compensated for the increase in the premiums required. This is greater detail than many readers require but I think helps explain some of our caution on capital value movements in parts of Continental Europe. It is also important to note that the rental cycle in the UK is also more volatile. With rents set by open market reviews on ever shortening leases (in 1999 the average lease was 9.6yrs and is now 5.8yrs) readjustment to market rents is faster than ever before. In Continental Europe rents are index-linked to various indices across sector and country. With the spectre of disinflation, falling or at best stagnant rents are likely to remain a feature of the property landscape. Whilst this may paint a scene slightly at odds with the current euphoria towards the asset class it is important to bear in mind that the listed property companies invariably own better quality assets and have refurbishment and redevelopment agendas which will enable them to tap into the genuine demand for new space. Reigniting inflation is a priority of the ECB and this will feed into the indexation statistics. Whilst it is impossible to know if, when and how further stimulus will be invoked, it is important to note that large numbers of institutional and supra-national investment bodies across the globe continue to seek property assets in all sectors and within an increasing numbers of European cities. They are not restricting their search to London and Paris.

Offices

London does continue to dominate the rankings, not only for transaction levels but also tenant activity. Rental growth has accelerated in the last 12 months and has been strongest not in the core markets of the West End and City but in the emerging markets such as Southbank and the 'Tech Belt'. The Tech Belt is the marketing term given to the broad swathe of property running from Kings Cross and Islington, round north of Midtown and down to Whitechapel and Hoxton to the east of the City with the Old Street roundabout as its self-styled epicentre. I have written on this subject before and it is now interesting to note how landlords are increasingly tailoring their product

Manager's Report *continued*

to this new breed of occupiers. The resurgence and reclamation of these inner city neighbourhoods is a trend we have heavily subscribed to with our exposure to Derwent London (12 month total return +278%) and Workspace (12 month total return +76.3%). The good news is that the Telecommunications, Media and Technology (TMT) companies are not the only tenants seeking new space. 20 Fenchurch Street (better known as the Walkie Talkie) is now 87% pre-let ahead of completion next month. It is a joint venture between Land Securities (our largest holding) and Canary Wharf Group. Situated in the heart of the insurance district of EC3 it has been able to command record rents for the area. The key resource of all financial services companies are its personnel and the best working environment optimises productivity. With the benefit of new environmental and construction technology, tenants are able to comfortably increase the density of occupation which enables them to pay higher rents (per ft) whilst still managing their occupational overhead.

Elsewhere in Europe the broad picture is one of further improvement in core CBDs as outlined in the Interims six months ago. However decentralised and peripheral sub-markets continue to suffer from higher levels of vacancy. According to BNP Paribas, whilst the inner core of Paris has rents stabilising, in La Defense vacancy has increased from 5.9% to 11.3% in the last 12 months. It is interesting to note that in second tier cities where there has been very limited development over the last 5 years rents have begun to move. CBRE's European Cities Report notes rents in Lyon are up 5% and in Lille by 10% in the last year. In Germany, whilst rents were flat in Frankfurt, Dusseldorf saw 5.8% increase and Munich 3.2%. At the half year I reported our investment in the first IPO of an Irish REIT, Green REIT. It has now successfully deployed the majority of the capital raised primarily buying offices in central and suburban Dublin. Rents in Dublin have responded strongly to the improvement in business confidence and according to CBRE have increased 27% year on year. Such was the enthusiasm for Irish assets that Green have recently raised a further €100m in addition to the €300m IPO proceeds.

Headline rents continue to fall in Madrid, Barcelona, Milan and the capital cities of Central Europe. However investor sentiment has certainly begun to change. The huge improvement in the pricing of sovereign debt of Spain, Portugal and Italy has begun to feed through into demand

for high quality CBD office investments, the first port of call for global investors as explained earlier. We would expect demand to ripple outwards over the next 12 to 18 months as asset prices respond to the sustained improvement in bond yields.

Distribution and Industrial

This sector according to the IPD Monthly data returned +18.2% in the last 12 months, virtually as much as the office sector (which itself has been dominated by London's sustained multi-year double digit returns). UK multi-let industrial estates are once again trading at yields below 7%, a statistic last encountered in 2008. With so much structural evolution underway in the retail sector, the industrial market has become the sector of choice particularly for domestic institutional investors. Industrial investment volumes increased by 150% in 2013 compared to 2012. Particular hot spots include the aerospace and automotive industries with Jaguar Land Rover, Airbus and Nissan adding jobs throughout the supply chain across the West Midlands and the North East. Our largest industrial holding is St Modwen which returned 57.1% in the year. It is important to note that St Modwen's business is split between its industrial assets and commercial development and residential land banking.

The logistics markets across Europe continue to undergo dramatic evolution as retailers wrestle with optimising their distribution networks in the new world of omni-channel retailing (see retail section below). Markets such as Amsterdam, Utrecht and the Hague, which all suffer from a long running oversupply of office space, are actually experiencing a shortage of logistics and industrial space with rents rising. However for many other markets, rents remain at best stable and in the periphery are still falling. A theme running through this report is neatly illustrated here. With rental growth limited to a handful of submarkets it is interesting to note that there has been some yield compression (ie rising prices) in the majority of markets covered by CBRE's European Industrial Indices. This poses the question – are investors banking on rental growth which may turn out to be further away than they think? This is the unanswerable question but we have made sure that our exposure is to those businesses which are capable of capturing that growth and are able to add development as appropriate into this improving rent cycle. It is interesting to note that Segro, Europe's largest listed industrial owner stated in its first quarter

Manager's Report *continued*

2014 Interim Management Statement that it is seeing increasing demand for new build in the UK whilst vacancy has risen amongst their older European logistics portfolio

Retail

Retailing continues to undergo such structural seismic shifts that I make no apology for once again reinforcing comments made in previous reports. Quite simply we believe that the majority of retailers continue to grapple with the speed of change within the evolving multi-channel sales environment. How best to capture market share and extract margin with the right sized physical portfolio and a fit for purpose distribution network remains work in progress for most of them. For retail landlords predicting what retailers want as they try to balance their online and physical presence is very difficult and a significant risk to their basic business model. The UK, alongside Scandinavia, has the highest level of internet penetration. Online sales were 11.8% higher in December 2013 when compared with December 2012 according to the Office of National Statistics data.

We remain thoroughly convinced that polarisation between the very best centres and the convenience of the very local will shape the retail landscape. In as short a time frame as the last 12 months, the UK supermarket sector has proved to be a case in point with the largest players announcing reduced or cancelled large store development programmes, a turf war for convenience store sites and a tie up between a major retailer (struggling with no online presence) and an independent internet-based food distributor.

CBRE's European prime shopping centre rental index rose 4.8% in 2013 and its city centre high street index was up 6.2%, dominated by growth in London, Paris, the major German cities, Milan and Rome. Premium international retailers are expanding even where the average consumer is under pressure. In the case of all these cities, international visitors help sustain retail. We remain convinced that the shopping of tomorrow will focus on several key characteristics found in both these city centres and the largest out-of-town centres. The retail offer is comprehensive, the food and entertainment content is broad and transport links are excellent. Effectively the best are going to win market share as customers travel further, dwell for longer but make fewer trips. Hammerson's newest centre Terrasse du Port in Marseille opened in May and is over 97% let bringing a large number of new

retailers to France's second largest conurbation. Building the right product for an undersupplied market is rewarding even in these difficult times.

Prime and super prime shopping centres remain in demand. Gecina (a French REIT which we own) sold Beaugrenelle, a new shopping centre outside Paris for €700m, an initial yield rumoured to be sharper than 4.5%. Unibail acquired CentrO in Oberhausen for €480m, also at an initial yield of 4.4%. We are pleased to see Unibail consolidate its foothold in Germany where we are confident that real wage inflation is positive for consumer behaviour.

In the interim report I discussed our investment in NewRiver Retail (NRR) which focuses on very local shopping in the UK – the other end of the spectrum from the super prime centres of Terrasse du Port or CentrO. In November, NRR announced that they had acquired 202 pubs from Marstons for £90m. Marstons will rent the pubs for a minimum of four years paying £12.2m per year, a yield of 12.8%. Within 4 months, NRR had agreed to lease 54 of these locations to the Co-op Group for new convenience stores. Amazingly, some 60% of these stores will be built on the car parks adjacent to the pubs leaving the existing building for other uses. We expect not only further conversions to convenience but also changes to other uses such as residential. It is this type of deal where management has vision and execution capability which we are constantly searching for. NRR's 12 month total return was +55.9% and we participated in their most recent capital raise (£85m) in February 2014.

Residential

This area has continued to be a growing part of our portfolio exposure and now accounts for over 6% of our equity portfolio whilst the Vauxhall office building (1.5% of NAV) is a residential proxy following our planning consent to convert it to flats. Within the equity portfolio our investment in relevant stocks is focused on Germany, Sweden and the UK. Our view remains the same as it did 12 months ago with one marked exception, prime Central London. In Germany we remain confident that the book values of the underlying apartments are below rebuild cost in the majority of sub-markets. Germany has been experiencing rising wage inflation. Whilst residential rental growth at 1.6% average across the country would appear modest, that includes regions which are suffering depopulation. Meanwhile in Berlin open market rents rose 9.6% in the most sought after districts.

Manager's Report *continued*

The Swedish market remains robust and in the largest cities there are structural shortages of housing. The Riksbank, as with other central banks, continue to fight deflation and they have more room than others. We think the repo rate could fall from 0.75% to 0.5% in the summer months. I last commented on Balder as our newest small cap acquisition in the Swedish residential space. Since then, and shortly after the year end, we participated in the IPO of D. Carnegie a small Stockholm focused residential refurbishment specialist. The stock has risen 20% since its IPO in April such was the demand in this SEK 600m (£58m) raising.

In the UK we have continued with our strategy of targeting capital value growth particularly through owners of landbanks (St Modwen and Quintain) or regional housing (Grainger). Our most recent investment in this area occurred after the year end. We have backed Urban & Civic's (U&C) takeover of the Terrace Hill Group. U&C own two large landbanks at RAF Alconbury outside Huntingdon and a 50% interest in a 1,170 acre site outside Rugby. Combined they have the consent to build 11,200 new homes over the next 20 years with an average current land plot value of c. £15k. Our increased exposure has been regional rather than London. According to Knight Frank research, Central London prices rose 75% in the year. Whilst this is strong growth, the annualised rate has slowed from a peak of 11.3% in March 2012. Back in November I commented on the supply side response with JLL recording 20% increases in the number of units under construction. Our largest underweight position remains Capital & Counties the owner of the 70 acre Earls Court redevelopment site. Previously our bear case was based entirely on the land value expectations implied by the share price as we were positive on the underlying market fundamentals. Over the last few months we have become increasingly concerned not only about the increase in supply, but also potential short term international demand headwinds notably the strengthening of GBP versus USD and the increasing likelihood of further property taxation (at thresholds which will mainly affect London property) under the next government. Given our view it is interesting to note the recent statements from two large London landlords, Land Securities and the Grosvenor Estate, postponing certain high value residential developments within their portfolios.

Debt and Equity Capital Markets

Capital markets continue to be open, indeed welcoming, to listed property companies across Europe. The ability to

tap public debt markets for funding is a huge advantage for listed property companies in helping them to minimise their cost of capital. In the last 12 months 25 companies have issued £5.6bn in a variety of bond instruments (senior, convertible and even mandatory convertible which locks in cash from shareholders at a fixed date and price in the future). Highlights in this area must include Unibail's €700m 10 year bond issued in June 2013 at an all in coupon of 2.5%. However, almost more important than that was the €350m raised by Benı Stabili in February 2014 due to its indication of the return of positive sentiment towards Southern Europe. It is Italy's largest property company with most of its assets in either the key northern cities or Rome but its shares still trade at a discount of over 30% to its December 2013 asset value. Bond investors did not seem disturbed in the slightest by equity investors apparent concerns and the company raised €350m of senior unsecured bonds at 4.125%, a perfect illustration of the recovery in corporate bond markets in peripheral European countries. Closer to home, St Modwen (one of our largest investments) raised £100m of unsecured bonds at 2.87% which was an excellent result for this company given its business model of combining office/industrial development and residential land bank repositioning.

Traditional bank lending to property companies is under margin pressure not only from the corporate bond market but also from other sources of debt finance including insurance companies, private placements and private equity groups. The latter have been very active in buying up existing residual debt books from banks keen to shed their legacy loan books. All of this activity is adding to the depth of liquidity in property debt markets.

The era of ultra low short term interest rates is now in its fifth year and property companies across Europe continue to steadily reduce their cost of capital through the expiry of longer dated fixed or swapped loans as they come up for maturity. The competition amongst lenders is ensuring that alongside lower rates, the additional cost ('margin') is also reducing.

With so many companies' share prices standing at a premium to their last published net asset values it is no surprise that we have seen a steady stream of both IPOs (mostly in the UK and Sweden) and secondary issuance. In Germany we have also seen a large amount of secondary placings in residential companies. These

Manager's Report *continued*

companies which together form 9.0% of our benchmark were listed by the private equity groups who at the time retained controlling stakes in the newly listed companies. Over the past year, four of these companies have placed stakes totalling €2.3bn which has significantly increased the liquidity in these large companies. Over the past 3 years the total placed was €4.9bn which illustrates how much of this was completed in the last 12 months.

In the UK there was a total of £2.5bn raised through four IPOs and 12 secondary issuances. The Swedish property companies enjoyed a strong period of performance last year handsomely outperforming the remainder of Continental Europe. The demand for Swedish property companies encouraged several IPOs (Platzar, Hemfosa and just after the year end, D. Carnegie) with more expected imminently.

I comment in more detail under Investment Activity where we were active in these names.

Property shares

At the interim I commented that the outstanding statistic over the first half was the outperformance of the UK (+9.4%) when compared with the rest of Europe (+3.9%). This gulf in returns persisted in the second half even as share prices rose in all markets. Over the 12 month period, Europe ex UK rose 6.4% in GBP and 8.8% in EUR whilst the UK stocks rose 28.0% over the year. When we dissect Continental Europe the performance differentials are quite startling. The core northern Eurozone nations of Germany, France, Belgium and the Netherlands (which account for 43.4% of the benchmark) all failed at the national level to exceed the Europe ex UK return of +8.8%. The astonishing returns (outside of Sweden) were in the Southern European nations, Italy (+44.9%), Greece (+88.1%) and Austria (+24.4%) whose property companies have a heavy exposure to Central Europe. Given the huge improvement in sovereign bond spreads (versus German bunds) particularly in Italy, Spain, Greece and Portugal it is no surprise that property stocks should feel some of that warmth. For us though, this burst of enthusiasm and reduction in the price of 'risk' does not alter the fact that all of these markets continue to suffer from over rented commercial property markets, high unemployment, consumer indebtedness and anaemic domestic growth (if any). Whilst the percentage returns of these stocks is quite eye-watering collectively they remain a modest part

of our universe (less than 2%). The majority are illiquid and therefore any significant increase in exposure would need to be backed with conviction of a sustained recovery in property and company specific fundamentals. With the improvement in investor attitude towards the Eurozone and risks within Europe (regardless of the lack of underlying tenant demand) we increased our underweight to the traditional insurance policy – Switzerland. Swiss companies and in particular Swiss property companies embodied the safe haven status through the Eurozone crisis. There is an oversupply of office space in Zurich and retailing in both Zurich and Geneva is almost entirely without tourist demand due to the strength of the currency. Shopping centres in easy reach of any border suffer leakage to their Euro denominated competitors. The property companies are undermanaged and some over capitalised. Their total return in the period was -4.0% in Sterling and -1.7% in Swiss Francs. Geographically it remains our largest underweight and our exposure is effectively limited to one company, PSP Swiss which we consider to be the best in the group.

Within Scandinavia, Sweden was the top performer returning +25.7% in SEK and +14.8% in GBP significantly ahead of the rest of the Eurozone. Finland and Norway were very lacklustre. Norway is not a fair comparison as it only has one listed property company in our benchmark (although we are hopeful that Entra, a currently government controlled office owner and developer will float later this year). In our view the Oslo market is stable but the company's development programme has had severe cost overruns and its exposure to Stavanger is a weakness due to weak planning restrictions for new construction. We have an overweight position in Sweden and it was those businesses with the highest gearing which performed strongly in the year. As a consequence our longstanding holding in Hufvudstaden, which is the least leveraged but owns the highest quality city centre assets returned 'just' 15% (in SEK). The stand out performance came from Balder. It is a relatively new small cap holding which I mentioned in the Interim Report, and it returned a staggering 71% driven by acquisitions and more investors seeking exposure to the Swedish residential markets. This company is increasingly focused on its residential portfolio and has a strong entrepreneurial management team where the CEO still owns 39% of the company.

Manager's Report *continued*

Distribution of assets

The largest contributor to performance was our overweight to the UK where the equity portfolio averaged an overweight of 8% versus the benchmark. The physical property portfolio increased the UK exposure by a further 7%. The UK equity exposure was 43.3% by the end of March 2014 (41.5% at the half year) whilst the Continental exposure reduced slightly to 49.0%. This compares to 58.3% in March 2011. Given the expectation of further monetary easing in the Eurozone I expect the Continental exposure to increase from this point.

The physical property portfolio was 6.8% of exposure at the interim stage but ended the year at 7.7% as the performance of the property portfolio exceeded the growth of the equity portfolio, even as equity values ploughed on upwards in H2. This was due to us reaching some significant milestones in the asset management of the physical portfolio.

Investment Activity

Over the period, turnover (purchases and sales divided by two) totalled £207.4m and equates to 27.8% of the average net assets over the period. This level of activity reflects two particular features of the market over the period, the swings in macro driven market sentiment and the increased amount of capital issuance (both primary and secondary) particularly in the second half of the year. Given our positive conviction regarding the underlying market and investors renewed enthusiasm for property we viewed the market sell offs in May/June and again in August as opportunities. Turnover therefore increased as did gearing. Whilst we didn't participate in all the capital raisings in the period, there was plenty of noteworthy activity. In the Interim Report I discussed our investment in the IPO of Green REIT (Ireland's first REIT) as well as secondary raisings by Unite (student housing provider), NewRiver Retail (discussed earlier in detail) and St Modwen (principally residential land and industrial property). Ireland has continued to be a focus for investors, particularly from the US, and Green REIT has been followed by IPOs from Hibernia (€306m) and Kennedy Wilson Europe (€910m). These are both so called 'cashboxes' meaning that they start life with no assets and just the cash from the IPO. They then promise investors that they will invest the capital raised as quickly as they can in appropriate properties or other suitable investments listed in their respective prospectuses. In the case of Kennedy Wilson Europe they are targeting Ireland, the UK and Spain. We did not participate in either of

these vehicles. We did however invest in one 'cashbox' IPO focused on Spanish property, Hispania Activos, which benefits from a highly experienced management team who are not only significant shareholders in the company but who have also answered our key concerns regarding alignment with investors. The management team is only rewarded following the cash exit from all investments made. This is a strict prerequisite when investing in Spain, one of several countries where we have little faith in the independency of third party valuations. The business plan is to take advantage of the needs of a large number of property companies, banks and other financial institutions who are seeking to dispose of legacy assets acquired or lent against in the heady days pre 2008. Whilst Northern European banks have broadly cleaned up their balance sheets there is a view that their Southern European equivalents are behind in the process.

Our largest single investment event was the participation in the capital raising by McKay Securities. The company effectively doubled its equity base raising £86.7m at 189p per share. We were already modest investors in this business which has a longstanding CEO with an excellent track record of investing in South East UK office and industrial property, a market which we believe is ripe for rental growth as renewed business confidence meets a lack of new space for occupiers. The Trust now owns 6.5% of the company and the share price total return has been 54.7% over 12 months and 10% since the capital raising at the end of January. This share price performance reflects the market view that by raising this capital the business not only provides itself with the resources to complete its development programme but also goes some way to resolving a longstanding issue around its debt (which is fixed for a long period at a very high interest rate). Safestore, one of the two self storage businesses we own, also took the opportunity to raise capital to resolve investors' concerns around its balance sheet following the successful change of CEO and CFO. Aided not only by the capital raise but also the sale of a major asset (for conversion to residential) as well as improving fundamentals in the sector (as housing transactions increase) the 12 month share price total return was a tremendous 105%. Investors love a turnaround story.

Under the Residential section I commented on the number of secondary placings (as opposed to issuance of new shares) in the large German residential businesses whereby the original cornerstone investors, invariably large

Manager's Report *continued*

private equity firms, were selling down their controlling stakes. We participated in the largest of these, the €500m placing in Deutsche Annington as well as smaller ones in LEG and Gagfah. This group of companies did not perform that well last year with an average return slightly below the Eurozone average. Given that these are businesses that are well financed, with predictable and growing earnings streams, these returns should surprise investors. We are confident that this lack of performance was technical rather than fundamental and there was a simple explanation. It was well telegraphed that the private equity owners in these businesses were likely to want to sell down and this created a stock overhang as investors just waited for the

placings rather than buying shares in the market. We have already increased our exposure to this group of companies following the removal of most of this overhang.

Unibail remains our largest single investment with a holding valued at £74.73m which is 8.5% of the portfolio. I wrote in last year's annual report that it had been the top performing French listed stock over 1, 3, 5, 10 and 20 years. In this financial year, it was the second poorest performer with a total return of 8.4%. I reduced our overweight position selling 11% of the holding back in April 2013 as the share price reflected a 30% premium to its net asset value. It is still the best run large property

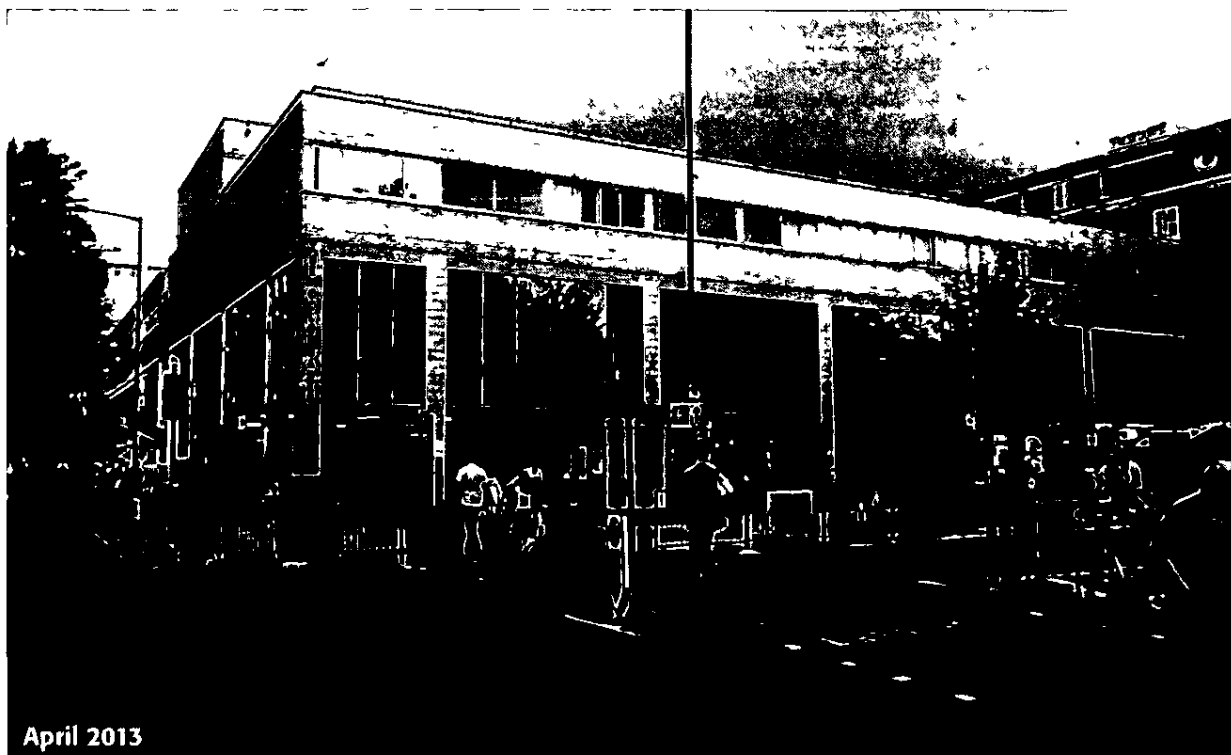
See-Through Portfolio by Market

		Ordinary Share Class Portfolio	Benchmark 31 March 2014
UK	City Offices	2.9%	2.5%
	West End Offices	5.5%	4.1%
	West End Retail	3.6%	2.6%
	Docklands	0.7%	0.0%
	GLC/SE Offices	5.2%	2.2%
	Provincial Offices	0.7%	0.5%
	In town Retail	6.7%	5.3%
	Supermarkets	0.9%	1.0%
	Retail Warehouses	3.5%	3.9%
	Out of town Retail	1.2%	3.2%
	SE Industrials	1.8%	1.5%
	Self Storage	0.7%	0.9%
	Leisure	1.2%	1.1%
	Residential	4.8%	3.1%
	Other Industrials	1.4%	0.7%
	Other	1.9%	1.2%
	Total UK	42.9%	33.8%
Austria	Retail	0.5%	0.5%
	Offices	0.2%	0.2%
	Residential	0.0%	0.6%
		0.7%	1.3%
Belgium	Retail	0.4%	0.6%
	Offices	0.6%	2.0%
	Residential	0.0%	0.6%
	Logistics	0.0%	0.4%
		1.0%	3.6%
Central Europe	Retail	0.9%	1.0%
	Offices	0.2%	0.2%
	Residential	0.2%	0.1%
	Industrial	0.0%	0.2%
	Other	0.0%	0.1%
		1.4%	1.6%
Denmark	Retail	0.1%	0.1%
Finland	Retail	1.2%	2.1%
	Offices	0.0%	0.1%
	Other	1.1%	1.4%
		2.3%	3.6%
France	Retail	9.4%	7.7%
	Offices	5.2%	5.8%
	Residential	1.2%	1.1%
	Logistics	1.0%	0.9%
	Other	1.5%	1.4%
		18.4%	16.9%

		Ordinary Share Class Portfolio	Benchmark 31 March 2014
Germany	Retail	2.5%	1.6%
	Offices	1.0%	1.2%
	Residential	10.7%	11.2%
	Logistics	0.6%	0.8%
	Other	0.0%	0.1%
		14.9%	14.8%
Greece	Offices	0.0%	0.1%
Italy	Retail	1.6%	1.9%
	Offices	0.7%	1.6%
		2.3%	3.5%
Netherlands	Retail	2.0%	2.3%
	Offices	0.1%	0.4%
	Industrial	0.1%	0.2%
		2.1%	2.8%
Norway	Retail	0.2%	0.2%
	Offices	0.0%	0.0%
		0.2%	0.2%
Portugal	Retail	0.1%	0.2%
Russia	Offices	1.1%	1.5%
Spain	Retail	1.5%	1.6%
	Offices	0.0%	0.6%
	Residential	0.0%	0.5%
		1.5%	2.7%
Sweden	Retail	2.7%	2.1%
	Offices	3.7%	2.5%
	Logistics	0.8%	0.8%
	Residential	0.1%	0.1%
	Other	1.1%	1.5%
		8.5%	7.1%
Switzerland	Retail	0.6%	1.5%
	Offices	0.7%	2.2%
	Residential	0.1%	0.4%
	Other	0.4%	1.2%
		1.7%	5.3%
USA		0.2%	0.4%
Other		0.5%	0.5%
		100.0%	100.0%

Manager's Report *continued*

The Colonnades



Manager's Report *continued*

The Colonnades *continued*

The Trust purchased the leasehold element of The Colonnades in 1998 and the freehold in 2002 for a book cost of £8.4m. The property was built in 1976 and is a mixed use scheme with a car park, 45,000 sq ft of retail and office space at ground and 1st floors (including a supermarket) and 242 residential flats.

In March 2014 we secured planning consent for the refurbishment and extension of the commercial element and simultaneously signed a new 20 year lease agreement with the current supermarket operator, Waitrose Ltd. The property has a current book value of £34.5m.

This was the culmination of a detailed business plan over a long period of time. It involved building a strong relationship with Waitrose following their acquisition of the Budgens supermarket lease in 2008. In Waitrose we found an operator who could see the potential of The Colonnades and share our vision. This enabled us to set out a business plan to move from our 2008 vision to a 2015 completion and involved a number of key steps.

Lease Harmonisation – Secondary to the supermarket was a parade of substandard, undersized, poorly configured retail units with offices above. These units were let on a variety of lease lengths which needed to be brought in line. We committed to Waitrose that we would provide vacant possession of these units by December 2014 to facilitate the start of the development.

Car Park Regeneration – The car park was poorly managed, in dire need of reinvigoration and a victim of anti-social behaviour. The operator surrendered the lease by paying us a premium and we installed our own proactive operator. Anti-social behaviour and crime ceased and residents started to use the car park again.

This improvement in the operation of the car park signified to Waitrose and the local authority that we were serious about taking our vision forward.

Scheme Design & Planning – We convinced Waitrose to trade at first floor with access provided by escalators and lifts, replicating their Sevenoaks store. This drove the rest of the scheme design along with a brief to upgrade the old tired façade and provide ground floor restaurant and retail space configured for the demands of quality occupiers. Consultation with local stakeholders, local councillors and the City of Westminster planning team also contributed to the design development. Planning was secured in March 2014 following an extensive application process.

Implementation – We have now entered the construction phase and are in the process of appointing the main contractor and completing the detailed design process.

Residential estate management – Above the commercial space are 242 flats that were sold off on individual long leases. 60% of the leases have less than 60 years remaining and long leaseholders have the legal right to extend their leases. Leaseholders are required to pay a premium to the landlord based on the value of the flat and the number of years remaining on the lease. The Trust has been granting 99 year extensions and has now completed lease extensions on 40% of these flats receiving a net £5.8m in extension premiums. We expect to continue to negotiate further lease extensions as requested by tenants safe in the knowledge that the shorter the outstanding lease, the greater the share of the value of the extension resides with the landlord. We are therefore happy to be patient.

Manager's Report *continued*

company in Europe and exceeds its retail landlord peer group on all important metrics. However the global sell off in property stocks in May and June hit this highly liquid, highly rated company hard with the stock dropping 20% in the four weeks from 21 May. It recovered quickly but was range bound over the remainder of the year providing us with the opportunity to rebuild our market weight position. We remain confident that it will once again produce rental growth, earnings and dividends in excess of its peer group.

Revenue

The revenue earnings at 8.09p per share were significantly ahead of the prior year reported earnings.

As explained in the last annual report, due to the reorganisation of the Sigma share class at the end of 2012, the earnings reported for the year to March 2013 were distorted. The full year dividend paid of 700p was really a more accurate reflection of the income earned, so the increase in earnings was actually closer to 15%, rather than the 20% reported.

A significant increase was expected. When looking forward and estimating earnings for the year ended 31 March 2014 of 750p (indicated in the 2013 annual report) we took account of the impact of the change in timing of some dividends which had occurred over the 2013 year end and anticipated some growth in the underlying earnings from the companies in which we invest. The change in the allocation of expenses between revenue and capital would also lead to an increase in earnings as a one off change, although the lower revenue expense charge would be partly offset by a higher revenue tax charge (no overall impact on the tax payable).

All of this came to pass, plus other events which increased the earnings even further. Earnings growth reported across the sector was a little higher than anticipated and, once again, there were changes in expected dividend ex-dates over our year end with some dividends being brought forward into 2014. Corporate restructurings resulted in special income (and capital) dividends being paid. The revenue tax charge was also a little lower than anticipated as some dividends were received free of withholding tax. These all amounted to an increase in the reported earnings to 8.09p.

Revenue Outlook

As the Chairman stated, we do anticipate a fall in earnings for the year to March 2015 as the one-off items described above will not be repeated. In addition, the development activity on The Colonnades will suppress our rental income for a while. The sale of the property at Vauxhall will also have an impact, although we are actively seeking to add to the direct property portfolio.

Gearing, Debt and Debentures

As set out in the Chairman's Statement gearing increased throughout the year. We were pleased to renew loans with both our providers on improved terms. We continue to explore other sources of debt, particularly as the £15m debenture will be repaid in February 2016. Although this is a small loan, at an interest rate of 11.5% it accounts for over half our interest expense.

Direct Property Portfolio

The physical property portfolio had a strong year with two large asset management initiatives coming to fruition at Park Place, Vauxhall and The Colonnades, Bayswater. The portfolio produced a total return for the year of 37.5% comprising a capital return of 32.1% and an income return of 5.4%. This compares to a return from the IPD Monthly Index of 14.0% made up of a capital return of 6.8% and an income return of 6.7%.

The Colonnades produced a 12 month total return of 50%. The vast majority of this was capital growth (47.4%), a consequence of the granting of planning permission for an extended supermarket and revitalised retail space. This is the culmination of a detailed business plan for this significant asset and a detailed synopsis is on the previous page.

Park Place, Vauxhall is an asset that the Trust acquired in June 2011. Originally a Victorian laundry the property was converted to offices in the 1980s. The Trust acquired the building for £8.25m (£330 per sq ft). The original business plan was to upgrade the office space and grow the rental level. In May 2013 the government introduced permitted development for the conversion of offices into residential. We saw this as an opportunity as residential space in the vicinity was achieving in excess of £850 per sq ft. However our opportunity to extract value was constrained by the length of time permitted development was allowed which expires in May 2016. In October 2013 we received confirmation from Lambeth Borough Council that the building qualified for permitted development.

Manager's Report *continued*

The property was marketed for sale in March 2014 and bidding was extremely competitive. We exchanged contracts in late April post the year end, at a sum ahead of the March 2014 independent valuation. The 12 month total return to the year end was 74% for this asset. It remains our intention to add to the physical portfolio but when an opportunity arises such as this we will move to extract maximum value for shareholders.

We continue to pursue other asset management initiatives across the portfolio with potential to add value at Wandsworth through redevelopment and at Milton Keynes with the extension of the DHL lease which expires in January 2015.

Outlook

The difference in the broad economic outlook between the UK and much of the Eurozone has never been so stark. The UK is experiencing one of the fastest economic recoveries amongst the world's advanced economies and growth of 3% is predicted for 2014. We remain confident that the increase in business activity and consumer confidence will translate into more demand for commercial property from tenants and investors. It remains our largest geographical overweight although the concentration towards Central London is less than it was 12 months ago, and in particular our residential exposure where we see the strength of Sterling and political intervention (through greater taxation) as headwinds for overseas investors. All investors are aware that it is more than highly likely that the UK will be the first European country to raise rates. The key for us is to continue to position the portfolio to take advantage of rental growth – the fruit of the increase in economic activity which may lead to the rate tightening cycle (whenever it begins). We expect to position the UK component of the portfolio towards the development cycle, this will mean more operationally geared businesses but the corollary is that these businesses generally have less financial gearing. This is a natural outturn of well run businesses in a vibrant economic environment but one anticipating rising interest rates.

Scandinavia, and in particular Sweden remains of great interest. The outperformance of the Swedish property companies over the last 12 months confirms that we are not alone in this view. It benefits from a better

economic outlook than much of the Eurozone and the Riksbank have been determined in their efforts to keep the currency from strengthening too much. The housing market is steady (if a little hot in key cities) but real wages are rising. The commercial property market is liquid and valuation is transparent. We expect to remain overweight.

Eurozone CPI (a measure of inflation) has been below 1% year on year in each of the last six months, averaging just 0.7% since October 2013, even with Germany as the positive outlier. The consensus is for some form of unorthodox monetary stimulation by the ECB during H2 2014 following the reduction of the base rate to zero. It is this expectation of major policy adjustment which is driving both equity markets upwards (even as many European corporates fail to meet earnings expectations) and bond yields further down. The short term result is that a number of Continental European property companies which have a weak outlook for earnings growth are enjoying unexpected, and in our view unwarranted, share price appreciation. However the message is clear, 'don't fight the ECB'. Peripheral European bonds have also benefited from this stimulus expectation and this will continue to feed into local asset prices. It's always an uncomfortable position for fundamentally driven investors like ourselves when such extraordinary credit liquidity coupled with the elimination of sovereign tail risk (through central bank promises – Draghi's key July 2012 comment 'we will do whatever it takes') drives down both yields and bond spreads as investors use the policymakers backstop as an open ended insurance policy.

This discomfort doesn't stop us from understanding the market's appreciation for property assets and we continue to position ourselves accordingly but as always we remain focused on those businesses and markets likely to enjoy a genuine supply/demand disequilibrium. I would remind shareholders it is the serious lack of new construction over the last five years which really emboldens our medium term positive prognosis.

Marcus Phayre-Mudge

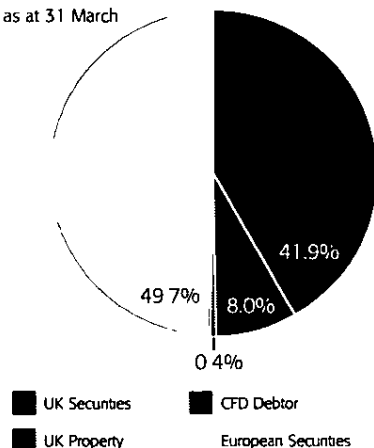
Fund Manager

9 June 2014

Portfolio

Distribution of Investments

as at 31 March



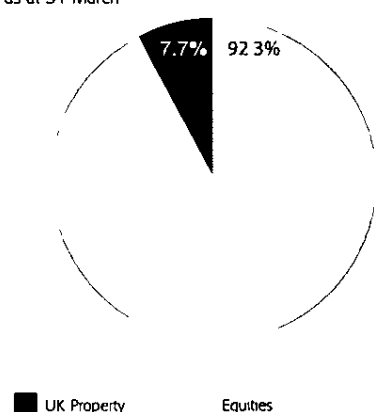
Distribution of Investments

as at 31 March

	2014 £'000	2014 %	2013 £'000	2013 %
UK Securities – quoted	365,242	41.3	270,539	36.7
– fixed interest	5,565	0.6	–	–
UK Investment Properties	71,115	8.0	54,972	7.4
UK Total	441,922	49.9	325,511	44.1
European Securities				
– quoted	435,929	49.4	413,033	55.8
– fixed interest	2,632	0.3	942	0.1
Investments held at fair value	880,483	99.6	739,486	100.0
– CFD debtor ¹	3,351	0.4	274	–
Total investments	883,834	100.0	739,760	100.0

Investment Exposure

as at 31 March



Investment Exposure

as at 31 March

	2014 £'000	2014 %	2013 £'000	2013 %
UK Securities				
– quoted	365,242	39.4	270,539	35.5
– fixed interest	5,565	0.6	–	–
– CFD exposure ²	30,532	3.3	16,471	2.2
UK Investment Properties	71,115	7.7	54,972	7.2
UK Total	472,454	51.0	341,982	44.9
European Securities				
– quoted	435,929	47.0	413,033	54.2
– fixed interest	2,632	0.3	942	0.1
– CFD exposure ²	16,219	1.7	5,908	0.8
Total investment exposure³	927,234	100.0	761,865	100.0

Portfolio Summary

as at 31 March

	2014 £'000	2013 £'000	2012 £'000	2011 £'000	2010 £'000
Total investments	£880m	£740m	£516m	£571m	£513m
Net assets	£809m	£684m	£470m	£531m	£476m
UK quoted property shares	41%	37%	34%	34%	33%
UK Fixed Interest	1%	0%	0%	0%	0%
Overseas quoted property shares	50%	56%	56%	58%	56%
Overseas fixed interest	0%	0%	0%	0%	1%
Direct property (externally valued)	8%	7%	10%	8%	10%

¹ Net unrealised gain on CFD contract held as balance sheet debtor

² Gross value of CFD positions.

³ Total investments illustrating market exposure including the gross value of CFD positions

Investment Portfolio by Country *as at 31 March 2014*

	Market value			Market value	
	£'000	%		£'000	%
Austria			Sweden		
CA Immobilien	7,992	0.9	Wihlborgs	12,401	1.4
	7,992	0.9	Hufvudstaden	11,223	1.3
Belgium			Castellum	10,163	1.2
Befimmo	4,070	0.5	Fabege	9,993	1.1
Wereldhave	425	0.1	Atnum Ljungberg	8,507	1.0
Warehousing and Distribution de Pauw	397	–	Fastighets Balder	6,284	0.7
	4,892	0.6	Kungsleden	5,566	0.6
Finland			Wallenstam	5,519	0.6
Sponda	4,400	0.5	Fastighets Balder (Pref)	859	0.1
Technopolis	407	–	Kloven (Pref)	301	–
	4,807	0.5	Kloven	167	–
France				70,983	8.0
Unibail-Rodamco	74,726	8.5	Switzerland		
Klépierre	15,751	1.8	PSP Swiss Property	25,050	2.8
Terreis	11,472	1.3	Swiss Prime Site	9,958	1.2
Gecina	11,257	1.3	Mobimo	1,704	0.2
CFI	6,546	0.7		36,712	4.2
Foncière des Régions	5,236	0.6	United Kingdom		
Mercialys	5,044	0.6	Land Securities	62,981	7.1
Argan	4,983	0.5	Hammerson	40,347	4.6
Tour Eiffel	3,299	0.4	British Land	40,315	4.6
Foncière des Murs	3,234	0.4	Great Portland Estates	34,900	3.9
ANF Immobilier	1,930	0.2	St Modwen	25,702	2.9
Icade	1,264	0.1	Derwent London	25,341	2.9
	144,742	16.4	Max Property	17,907	2.0
Germany			CLS Holdings	15,852	1.8
LEG	26,111	3.0	Unite Group	15,685	1.8
Deutsche Wohnen	18,844	2.1	Shaftesbury	12,136	1.4
Deutsche Wohnen (New)	18,294	2.1	McKay Securities	12,007	1.3
Deutsche Euroshop	17,634	2.0	Quintain Estates & Developments	8,965	1.0
Gagfah	10,954	1.2	Grainger	8,134	0.9
Alstria Office	9,676	1.1	Workspace Group	5,035	0.6
Deutsche Annington	5,633	0.7	Picton	4,959	0.6
VIB Vermoegen	4,745	0.5	Hansteen Holdings	4,736	0.5
Prime Office	1,153	0.1	SEGRO	4,568	0.5
Hahn	300	–	Big Yellow Group	4,207	0.5
	113,344	12.8	Safestore Holdings	4,119	0.5
Ireland			NewRiver	4,077	0.5
Green Reit	2,416	0.3	Capital & Regional	3,729	0.4
	2,416	0.3	Londonmetric Property	2,848	0.3
Italy			Conygar Investment	2,703	0.3
Beni Stabili	1,205	0.1	Local Shopping REIT	2,564	0.3
	1,205	0.1	Helical Bar	1,037	0.1
Netherlands			Pactolus Hunganan	184	–
Cono	17,848	2.0	Nanette Real Estate	150	–
Eurocommercial Properties	11,581	1.3	Rugby Estates	54	–
Vastned Retail	6,891	0.8		365,242	41.3
Wereldhave	6,193	0.7	Direct Property	71,115	8.0
	42,513	4.8	Fixed Interest		
Norway			NewRiver 5.85% 31/12/15 (United Kingdom)	5,565	0.6
Norwegian Property	5,028	0.6	VIB Vermoegen 4.5% 27/11/15 (Germany)	2,632	0.3
	5,028	0.6		8,197	0.9
Spain			CFD Positions (included in current assets)	3,351	0.4
Hispania Activos	1,295	0.2	Total Investment Positions	883,834	100.0
	1,295	0.2			

Twenty Largest Equity Investments

		Shareholding Value % of investment portfolio [†] % of equity owned Share price at 31 March 2014 (2013)	Comment Note Market caps, yields and share price returns all at end March 2014
1	Land Securities (UK)	£84 53m (£50 31m) 9.7% (6.8%) 1.0% (0.9%) 1,021 Op (829 Op)	The UK's largest real estate investment trust (REIT) by market cap and portfolio value, with a portfolio of £11.7bn including share of joint ventures and developments. The company is exposed to Central London Offices and Retail (48%), Shopping Centres (27%), Retail Warehouses & Supermarkets (11%) and other investments (predominantly Accor hotels and leisure-focused assets) (12%). The group has continued its exit from mature ex-growth regional retail assets and reinvestment into leisure-focused assets. Development exposure remains strong with 20 Fenchurch Street 87% pre-let, 1&2 New Ludgate a speculative office scheme and the Victoria area redevelopments, The Zig Zag Building, Kings Gate, and Nova all commenced. Last reported loan to value was a low 35% and the group remains committed to a strict capital allocation process. The five year total shareholder return has been 185.0%.
2	Unibail-Rodamco (France)	£76 46m (£83 99m) 8.76% (11.35%) 0.5% (0.6%) €188.50 (€181.65)	Europe's largest quoted property company by both market cap and gross assets, following the June 2007 merger with Rodamco. Its €29bn portfolio is located in France (60%), Central Europe (10%), Scandinavia (9%), Spain (9%), Austria (7%) and the Netherlands (6%). The asset focus rests on very large dominant shopping centres in the main European cities (which generate higher sales density/footfall and lower structural vacancy). The group also runs exhibition/convention centres (7%) and pursues an opportunistic strategy (buy/build and sell) on offices (12%) mostly located in Paris CBD and La Défense. The chief executive succession has been well received by market participants together with the 8% annual growth in EPS targeted by the management over the next 5 years. The current loan to value is 37%. The five year total shareholder return has been 157.5%.
3	British Land (UK)	£42 64m (£32 61m) 4.9% (4.4%) 0.6% (0.7%) 654 Op (544 Op)	With a £11.5bn portfolio (including developments) covering Central London Offices (32%), Retail (53%), Supermarkets (13%) and European Retail (2%), British Land is the UK's second largest REIT. The portfolio is generally of a high-quality with an above-average lease profile (Weighted Average Lease Length to first break of 10.7 years). The group's developments are progressing well with many office and retail projects due to completing this year. The exposure shifts to prime central London residential schemes and Paddington for the next phase. Although the last reported loan to value ratio was reduced to 42%, management has indicated a desire to re-gear to c. 45% through investment in acquisitions and the development programme. The five year total shareholder return has been 133.8%.
4	Hammerson (UK)	£41 34m (£34 89m) 4.7% (4.7%) 1.0% (1.1%) 554 Op (492 Op)	This UK-based REIT is active in both the UK and France as an investor and developer. The £5.4bn portfolio is split 48% UK Shopping Centres, 28% UK Retail Parks and 24% French Shopping Centres. A focus on income growth through development completions, acquisitions, Value Retail and operational delivery drove a 10% increase in recurring EPS in FY13. Despite the tough economic environment and threat from the internet the portfolio continues to be well managed with strong lettings and low vacancy, and the group is at the forefront of multi-channel and click-and-collect initiatives. While the development pipeline has been focused Les Terrasses du Port Shopping Centre in Marseille, the group has started to bring forward other schemes (Victoria Gate (Leeds), Le Jeu de Paume) and is exposed to very large future projects (Croydon, Brent Cross and Bishopsgate Goods Yard). The balance sheet remains strong with an LTV of 37%. The five year total shareholder return has been 163.2%.
5	Great Portland Estates (UK)	£34 90m (£28 14m) 4.0% (3.8%) 1.6% (1.7%) 631 Op (496 Op)	This Central London office investor and developer manages £2.1bn of property with exposure to West End and City Offices and Retail (85% and 15% respectively). The group has had another strong year with significant lettings signed at its developments schemes and an un-gear LFL portfolio growth of c. 12% in the nine months of its financial year to December 2013. Great Portland is a total return investment with the majority of returns generated from management's ability to manufacture product in its key markets to drive rental growth and capital appreciation. In total, the group has 2.5m sqft of short and medium term developments compared to a current portfolio of 3.4m sqft. Alongside management's commitment to capital recycling, the strong balance sheet (38% LTV) provides capacity to deliver these developments and future acquisitions. The five year total shareholder return has been 290.2%.

[†]Investment portfolio excluding cash on deposit

Twenty Largest Equity Investments *continued*

		Shareholding Value % of investment portfolio [†] % of equity owned Share price at 31 March 2014 (2013)	Comment Note Market caps, yields and share price returns all at end March 2014
6	Derwent London (UK)	£28 00m (£19 68m) 3.2% (2.7%) 1.0% (0.9%) 2,710 Op (2,152 Op)	Derwent London is a specialist London REIT (97% of portfolio) operating a £3.2bn portfolio with a specific focus on Offices in the West End and areas bordering the City of London. Demand for the group's high-quality space remains at record levels (largely driven by the TMT sector) with rents forecast to increase by 5%-7%. The strategy of low leverage coupled with a sector-leading operational platform and acquisition capability enables management to continually restock the development pipeline and deliver profitably through the cycle. Over the last financial year to December 2013 LFL un-gear'd valuations were up 12%. The group is a total return business with a long track record of delivering returns in excess of its cost of capital. Following net disposals in the year, the balance sheet remains strong with a loan-to-value ratio of only 28%. The five year total shareholder return has been 348.0%.
7	St Modwen Properties (UK)	£26.62m (£17.38m) 3.1% (2.4%) 3.0% (3.1%) 400 Op (258 Op)	St Modwen focusses on land remediation whereby it acquires brown field land which it progresses through the planning process to create oven-ready land for future development. The majority of this land is for residential uses and is primarily sold to Housebuilders, although it is growing its internal house building business. The group also remediates land for in-house commercial development an area that is finally showing signs of a strong recovery post the financial crisis. To support the cost of its development activities the group owns a variety of secondary offices, retail and industrial assets. The group will continue to benefit from a growing housing market and from exposure to three key development opportunities – New Covent Garden Market, Swansea University's Second Campus and Longbridge. The strong balance sheet (LTV 34%) provides a sound base from which to benefit from the continued strength of the UK's economy. The five year total shareholder return has been 424.5%.
8	LEG (Germany)	£26.17m (£14.29m) 3.0% (1.9%) 1.3% (0.8%) €47.61 (€41.68)	LEG is a German residential company focused on the economically strong region of North Rhine-Westphalia. The company is one of the largest real estate companies in Germany with just under 95,000 units and a value of €5.2bn. LEG is particularly characterized by its strong balance sheet with an LTV of just under 48%, an average debt maturity of 11yrs and an average cost of debt of 3.2%. The company has a well maintained portfolio with 97% occupancy and a strong platform from which to grow further. The total shareholder return since listing in February 2013 has been 9.4%.
9	PSP Swiss Property (Switzerland)	£25.05m (£18.8m) 2.9% (2.5%) 1.0% (0.7%) CHF 83.10 (CHF 86.50)	Based in Zurich, PSP is a real estate investment company owning a portfolio valued at over CHF 6.5bn at the end of 2013. 60% of assets by value are located in Zurich, with the remaining properties split mainly between Geneva (14%), Basel (6%), Lausanne (5%) and Bern (4%). Two thirds of rent comes from offices with the remainder coming from retail and parking operations. PSP has a solid balance sheet with a 28.1% LTV, 1.85% average cost of debt and 7.2x interest cover ratio. The five year total shareholder return has been 110.9%.
10	Klépierre (France)	£19.12m (£19.94m) 2.2% (2.7%) 0.4% (0.4%) €32.48 (€30.52)	Klépierre owns a Pan European shopping centre portfolio valued at €16.4bn located in France (43%), Scandinavia (25%), Italy (11%), Iberia (8%) and Central Europe (7%). The acquisition of the Steen & Strom €2.7bn portfolio in 2008 together (JV with pension fund ABP) has increased diversification in a strong retail property market. Indeed over the course of 2012 the Scandinavian portfolio posted a 3.0% LFL rental growth thanks to 96% occupancy, tenants sales up +1.7% and uplift on re-lettings and renewals reaching 6%. Klépierre has an attractive €2.2bn development pipeline (of which €0.2bn committed). Klépierre has long been a subsidiary of BNP Paribas. Simon Property Group, the largest global shopping centre REIT acquired a 29% stake in March 2011 at a 20% premium to last price and 10% discount to NAV. David Simon has become the board chairman and Klépierre has since benefited from Simon's financial and operational experience. The five year total shareholder return has been 223.6%.

[†]Investment portfolio excluding cash on deposit

Twenty Largest Equity Investments *continued*

	Shareholding Value % of investment portfolio % of equity owned Share price at 31 March 2014 (2013)	Comment Note: Market caps, yields and share price returns all at end March 2014
11 Deutsche Wohnen (Germany)	£18.87m (£13.51m) 2.2% (1.8%) 0.5% (0.7%) €15.56 (€14.12)	Deutsche Wohnen is a German residential company. Its core regions are located in Greater Berlin, Rhine-Main and the Rhineland as well as in medium-sized German cities like Hanover/Brunswick/Magdeburg. The company has just over 150,000 units with a value of €8.9bn having acquired competitor, GSW in 2013 increasing the number of units by ~70,000. The company is characterized by a high quality portfolio with strong growth dynamics due to its exposure to Berlin. The five year total shareholder return has been 161.0%.
12 Max Property Group (UK)	£17.91 (£9.32m) 2.1% (1.3%) 5.3% (3.6%) 152.9p (118.0p)	Max Property is a fixed life, externally managed vehicle created by industry stalwarts Nick Leslau and Mike Brown of Prestbury. It was set-up with a target life of seven and a half years in May 2009. The company invests opportunistically in a diversified portfolio of assets to deliver a strong total return. The current portfolio split is 41% regional Industrial, 46% Offices (of which the majority is St Katharine Dock and Holborn in London), 10% Leisure (London Pubs and regional Nightclubs) and 3% in Private Hospitals. The balance sheet is strong with an LTV of 35% and the total shareholder return since its IPO in May 2009 has been 52.9%.
13 Cono (Netherlands)	£17.84m (£18.42m) 2.1% (2.5%) 0.7% (0.6%) €33.17 (€36.34)	Cono is the 11th largest Pan-European property company (weighted by market cap within the EPRA benchmark) with a €7bn portfolio concentrated on the retail sector (97%). The portfolio split is Netherlands (25%), France (20%), Italy (25%), Iberia (10%), Germany (12%) and Turkey (8%). The company Cono announced in December 2012 its intention to sell its non-core "Traditional Retail Centre" portfolio of €1.4bn in the coming 3 to 4 years. In addition its €1.2bn development pipeline (64% committed) with a 7.6% yield on cost, should drive earnings and NAV growth going forward. Leverage is at 43.7%. The five year total shareholder return has been 51.1%.
14 Deutsche Euroshop (Germany)	£17.66m (£15.51m) 2.0% (2.1%) 1.2% (1.1%) €33.02 (€31.50)	Deutsche EuroShop owns a €3.7bn portfolio of prime shopping centres. Its portfolio includes sixteen centres in Germany, two in Poland and one each in Austria and Hungary. Deutsche EuroShop's centre management, development and acquisition sourcing is undertaken by third party ECE, the largest developer/manager of shopping centres in Germany. The portfolio is characterized by well positioned prime assets, that have long CPI linked leases (~6.6 years), low vacancy (1%) and a strong tenant mix. The company has a solid balance sheet with a 43% LTV and a 10yr weighted average debt maturity. The five year total shareholder return has been 98.0%.
15 Unite Group (UK)	£16.77 (£77.5m) 1.9% (1.1%) 1.9% (1.3%) 434.0p (321.0p)	Unite is the largest listed company in the UK focused on the development and ownership of purpose built student accommodation. The group manages c. 41,000 student beds either wholly-owned or on behalf of joint ventures. Unite has a 47% economic interest in the portfolio and its share of assets is worth £1.2bn. To enhance returns the group has a strong development exposure and it recently raised equity on two separate occasions to invest in the regional pipeline. Over recent years the strategic direction of the group has reversed to have a greater focus on income supported by developments. The recently improved balance sheet (pro-forma LTV 44%) enables this development and should reduce volatility. The five year total shareholder return has been 571.9%.
16 CLS Holdings (UK)	£15.85 (£6.66m) 1.8% (1.0%) 2.8% (1.8%) 1,328.0p (865.0p)	CLS Holdings is a pan-European office owner with a £1.1bn portfolio split 44% London, 21% France, 19% Germany, 11% UK regional and 5% Sweden. The group targets higher yielding assets with a preference for leases which include fixed annual rental growth and it finances these with a very low cost of debt. It supplements this income return with selective developments, primarily focused on a £500m mixed-use development in Vauxhall, and an investment of excess cash in high-yielding corporate bonds. The group also chooses to buy-back shares annually rather than pay a conventional dividend. While the balance sheet gearing is relatively high (LTV 53%) we believe the group's assets are conservatively valued. The five year total shareholder return has been 465.1%.

†Investment portfolio excluding cash on deposit

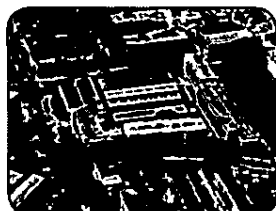
Twenty Largest Equity Investments *continued*

	Shareholding Value % of investment portfolio [†] % of equity owned Share price at 31 March 2014 (2013)	Comment Note: Market caps, yields and share price returns all at end March 2014
17 Gecina (France)	£15.28m (£9.44m) 1.8% (1.3%) 0.3% (0.2%) €96.50 (€90.47)	Gecina has a €11bn French high-quality portfolio of offices (64%), prime residential (27%), healthcare and hotels (9%) and 85% of these assets are concentrated in Paris and the Paris Region. Despite the low yielding nature of the residential assets (c4.4% net yield) it provides a very resilient cash flow thanks to high occupancy rate (stubbornly above 98% over the past 10 years) and above inflation LFL rental growth (above 2% p.a. since 2005). The struggle for power between the controlling Spanish shareholders has now come to an end. The corporate governance has improved dramatically with a board reshuffle, a new CEO and CFO in 2013 and the arrival of Blackstone and Caisse des Dépôts du Québec (Ivanhoe Cambridge) as new key shareholders. These changes coupled with an LTV down to 35% from 47% in 2009 have been well received by the investment community as well as credit rating agencies. The five year shareholder total return has been 341.1%.
18 Shaftesbury (UK)	£14.78m (£9.63m) 1.7% (1.3%) 0.8% (0.7%) 658 Op (582 Op)	Shaftesbury is a West End focused REIT with a £2.1bn portfolio offering exposure to retail (38%), restaurants (32%), offices (18%) and residential (12%) assets. The group primarily invests in 6 core villages which offer investors a unique portfolio of assets that is practically impossible to replicate. Management is very highly regarded and the group consistently delivers returns in excess of its low cost of capital. Although development exposure is limited relative to the other West End REITs, this is largely due to a focus on smaller refurbishments and the small size of the group's individual assets. Development exposure has been increasing in recent periods and the recent equity issue has so far been spent on two large redevelopment opportunities. The group has consistently maintained a conservative balance sheet and pro-forma LTV is a very low 25%. The five year total shareholder return has been 227.5%.
19 Wihlborgs Fastigheter (Sweden)	£12.45m (£14.44m) 1.4% (2.0%) 1.4% (1.7%) SEK 126.0 (SEK 106.75)	Wihlborg's is a commercial property company focused in the Öresund region of Sweden (Malmö, Lund, Helsingborg) and Copenhagen. The company has 252 properties with a value of SEK 22.1bn (excluding projects), consisting of 22% warehouses/logistics and 78% office/retail. Wihlborg's continues to deliver some of the strongest total returns in the sector due to its strong management, geographic focus, efficient portfolio and significant development capabilities. The five year shareholder total return has been 240.5%.
20 McKay Securities (UK)	£12.01m (£0.0m) 1.4% (0.0%) 6.3% (0.0%) 208 Op (141.7p)	McKay Securities owns and manages a £240m South East focused portfolio split 42% Thames Valley Offices, 13% City Offices, 21% West End Offices, 21% Thames Valley Industrial and 3% Retail. The group recently doubled its market cap to increase share liquidity and provide capital to invest in its existing developments and attractive acquisition opportunities. The long-term swap book is being resolved, and the pro-forma LTV post investment of the recently issued equity will be c. 40%. The five year total shareholder return has been 215.5%.

[†]Investment portfolio excluding cash on deposit

Investment Properties *as at 31 March 2014*

Value in excess of £10 million



Property	Sector	Tenure	Size (sq ft)	Principal tenants
The Colonnades Bishops Bridge Road London W2	Mixed Use	Freehold	44,000 200 space car park 242 residential units	Wartrose Ltd Velmore Ltd

The property comprises a large mixed-use block in Bayswater, constructed in the mid-1970s. The site extends to approximately 2 acres on the north east corner of the junction of Bishops Bridge Road and Porchester Road, close to Bayswater tube station and the Whiteleys Shopping Centre.

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



Ferner Street Industrial Estate, Ferner Street Wandsworth SW18 and adjacent plots	Industrial	Freehold	35,800	Absolute Taste Kougar Tool Hire Ltd Mossimans Page Lacquer
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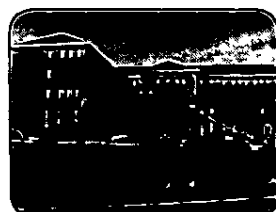
The Ferner Street Industrial Estate occupies a site of just over an acre, 50 metres from Wandsworth Town railway station in an area that is predominantly residential. The estate comprises 16 small industrial units generally let to a mix of small to medium sized private companies.



Park Place 10-12 Lawn Lane London SW8	Offices	Freehold	25,600	Nacro Police Federation Feed the Minds
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Located on the edge of the Nine Elms regeneration area, 150m from the Vauxhall Cross transport hub, this converted Victorian warehouse provides affordable office space close to the West End and Victoria office markets. The property is split into small suites, is 70% let and the vacant space has been comprehensively refurbished. Permitted development approval for conversion to residential granted in October 2013.

Value less than £10 million



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

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



Solstice House 251 Midsummer Boulevard Milton Keynes	Offices	Freehold	31,550	Exel Europe Ltd
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This 31,550 sq ft office building is situated in the prime office pitch in Milton Keynes and is located between the shopping centre and the railway station. The building is occupied by Exel Europe Ltd (trading as DHL) who have a lease expiring January 2015.

Spread of Direct Portfolio by Capital Value (%)

as at 31 March 2014

	Office	Retail	Industrial	Residential and Ground Rents	Other	Total
West End of London	9.0	21.2		12.6	5.3	48.1
Inner London*	18.8	1.7	14.4			34.9
Around M25	12.1					12.1
Other South East	4.9					4.9
Total	44.8	22.9	14.4	12.6	5.3	100%

*Inner London defined as inside the North and South circular

Lease Lengths within the Direct Property Portfolio

as at 31 March 2014

	Gross rental income
less than 1 year (including voids)	42.2
1 to 3 years	33.1
4 to 5 years	0.0
6 to 10 years	20.8
11 to 15 years	0.0
Over 15 years	3.9
	100%

Overview of strategy, performance measurement and risk management

Investment Objective and Policy

The Company's Objective is to maximise shareholders' total returns by investing in the shares and securities of property companies and property related businesses internationally and also in investment property located in the UK

Benchmark

The benchmark is the FTSE EPRA/NAREIT Developed Europe Capped Net Total Return Index in Sterling. The index, calculated by FTSE, is free-float based and currently has 87 constituent companies. The index limits exposure to any one company to 10% and reweights the other constituents pro-rata. The benchmark website www.epra.com contains further details about the index and performance.

Policy

The investment selection process seeks to identify well managed companies of all sizes. The Manager generally regards future growth and capital appreciation potential more highly than immediate yield or discount to asset value.

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

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

Asset allocation guidelines

The maximum holding in the stock of any one issuer or of a single asset is limited to 15% of the portfolio at the point of acquisition. In addition, any holdings in excess of 5% of the portfolio must not in aggregate exceed 40% of the portfolio.

The Manager currently applies the following guidelines for asset allocation,

UK listed equities	25 – 50%
Continental European listed equities	45 – 75%
Direct Property – UK	5 – 20%
Other listed equities	0 – 5 %
Listed bonds	0 – 5 %
Unquoted investments	0 - 5 %

Gearing

The company may employ levels of gearing from time to time with the aim of enhancing returns, subject to an overall maximum of 25% of the portfolio value.

In certain market conditions the Manager may consider it prudent not to employ gearing on the balance sheet at all, and to hold part of the portfolio in cash.

The current guideline is 10% net cash to 25% net gearing (as a percentage of portfolio value).

Property Valuation

Investment properties are valued every 6 months by an external independent valuer. If a material event occurs in the intervening period, then an interim valuation will be instructed on the property in question. Valuations of all the Group's properties as at 31 March 2014 have been carried out on a "Red Book" basis and these valuations have been adopted in the accounts.

Allocation of costs between Revenue & Capital

On the basis of the Board's expected long term split of returns in the form of capital gains and income, the Group charges 75% of annual base management fees and finance costs to capital. All performance fees are charged to capital.

Overview of strategy, performance measurement and risk management *continued*

Performance and Key Performance Indicators

The Board appraises the performance of the Company and the Manager as a key supplier of services to the company against Key Performance Indicators (KPIs). The objectives comprise both specific financial and shareholder related measures. These are listed below together with a brief description of how the Board monitors the KPIs and the outcome.

Net Asset Value Total Return relative to the Benchmark Total Return

The Directors regard the Company's net asset value total return performance in comparison with the benchmark as being the overall measure of value delivered to shareholders' over the long term.

The Board reviews the performance in detail at each meeting and discusses the results and outlook with the Manager.

For the year to 31 March 2014 the Company delivered a total return of 22.4% compared with a benchmark return of 14.9%, an outperformance of 7.5%. This continues a long term track record where over a ten year period the NAV total return has outperformed the benchmark by 75.15%.

Delivering a reliable dividend which is growing over the long term

The principal objective of the company is a total return objective, however, the Manager aims to deliver a reliable dividend with growth over the longer term.

The Board reviews statements on income received to date and income forecasts at each meeting.

The full year dividend declared for the year to 31 March 2014 is 7.45p, an increase of 6.4% over the prior year dividend. The dividend has grown by 300% in 10 years, equivalent to 11.5% per annum compounded. The dividend has increased in each of 9 of the last 10 years, with just one year where the dividend was flat in 2010.

The discount or premium at which the Company's shares trade compared with Net Asset Value

Whilst investment performance is expected to be a key driver of the share price discount or premium to the net asset value of an investment trust over the longer term, there are periods of volatility when the discount can widen. The Board is aware of the vulnerability of a sector specialist trust to the change of investor sentiment towards that sector.

The Board takes powers at each AGM to buy-back and issue shares. When considering the merits of share buy-backs or issuance, the Board looks at a number of factors in addition to the short and longer-term discount or premium to NAV to assess whether action would be beneficial to the shareholders overall. Particular attention is paid to the impact of activity on the liquidity of the shares and the possible impact on ongoing charges in the longer term.

During the year under review, 375,000 shares were repurchased at an average discount of 15% to NAV.

The discount to NAV started the year at 13.4% and ended at just under 3%. It is impossible to attribute a single cause for this, a major factor has undoubtedly been the favour of the sector with investors, however, the Directors believe this has been aided by strong relative performance and an active PR programme by the Managers who have worked hard to increase the profile for the Company.

Level of Ongoing Charges

The Board is conscious of expenses and aims to deliver a balance between strong service and costs.

The AIC definition of Ongoing Charges includes any direct property costs in addition to the management fees and all the other expenses incurred in running a publicly listed company. As no other Investment Trusts hold part of their portfolio in direct property, they either hold their portfolios as 100% listed (and unlisted) securities or 100% direct property, we show this statistic with and without the direct property costs to allow a comparison with other funds investing in securities.

Expenses are budgeted for each financial year and the Board reviews regular reports on actual and forecast expenses throughout the year.

For the year to March 2014, the ongoing charges (without direct property costs) decreased from 0.86% to 0.75%. One factor in this is the construction of the base management fee, which is largely a fixed sum, so in a rising market the increase in management fee is modest.

Investment Trust Status

The Company must continue to operate in order to meet the requirements for Sections 1158 and 1159 of the Corporation Tax Act 2010.

Overview of strategy, performance measurement and risk management *continued*

The Board reviews financial information and forecasts at each meeting which set out each of the tests set out in Sections 1158 and 1159

The Directors believe that the conditions and ongoing requirements have been met in respect of the year to 31 March 2014 and that the Company will continue to meet the requirements

Principal Risks and Uncertainties

In delivering long-term returns to shareholders, the Board must also identify and monitor the risk that has been taken in order to achieve that return

The first group of risks relate primarily to the risks of investing in worldwide stock markets in general and then the geographical and sector focus of the portfolio and the construction of the portfolio in particular,

- The Company's assets comprise mainly listed equities so a principal risk is the performance of equity markets and exchange rates. Both share prices and exchange rates may move rapidly and adversely impact the value of the Company's portfolio
- Although the portfolio is diversified across a number of geographical regions, the investment mandate is focused on a single sector and therefore the portfolio will be sensitive not only to general sentiments towards global equity markets but also sentiment towards the property sector
- Property companies are subject to many factors which can adversely affect their performance, these include the general economic and financial environment in which their tenants operate, interest rates, availability of investment and development finance and regulations issued by governments and authorities
- The Company's portfolio is actively managed. In addition to investment securities the Company also invests in commercial property and accordingly, the portfolio may not follow the return of the benchmark
- The shares of the Company are listed on the London Stock Exchange and the share price is determined by supply and demand. The shares may trade at a discount or at a premium to the Company's underlying NAV and this discount or premium may fluctuate over time

The Board mitigates these risks through the regular monitoring of investment performance and analytical data provided by the Manager at board meetings. The composition of the portfolio, analysis in comparison with the benchmark, details of sales and purchases, foreign currency exposures, tracking error data and the views of the Manager are discussed in detail

The second group of risks relate to the financial, accounting, operational, taxation, legal and regulatory requirements of the Company itself,

- The financial risks that the Company is exposed to include market price risk, credit risk, liquidity, exchange rate and interest rate risks. Details of how those risks are managed are set out in note 11 to the accounts on page 63
- The accounting and operational risks that the Company is exposed to include disruption to or failure of the systems and processes provided by the third party service providers and the risk that these service providers provide a sub-standard service
- The taxation risks are that the Company may fail to obtain qualification as an investment trust and the Company may fail to recover withholding taxes levied on overseas investment income
- Legal and regulatory risks include failure to comply with the London Stock Exchange listing rules and Transparency and Disclosure rules, meeting the provisions of the Companies Act 2006 and other UK, European and overseas legislation affecting UK companies and compliance with accounting standards
- Gearing, either through the use of bank debt or the use of derivatives may be utilised from time to time according to the Board and the Manager's assessment of risk and reward. Whilst the use of gearing is intended to enhance the NAV total return, it will have the opposite effect when the return of the Company's investment portfolio is negative

Other risks are monitored by reports to the Board on the control environments and business continuation provisions by the Manager on both the Manager's own processes and those of third party service providers. The Board also receives regular regulatory updates from the Manager, Company Secretary, legal advisers and the Auditors. The Board considers these reports and recommendations and takes action accordingly

Overview of strategy, performance measurement and risk management *continued*

Management Arrangements and business model

Throughout the period investment management services have been provided by Thames River Capital LLP. Accounting, custodial and administrative services have been provided by BNP Paribas Securities Services and company secretarial services by Capita Company Secretarial Services.

The specific terms of the investment management agreement with Thames River are set out in the Directors' Report on page 32.

Corporate Responsibility

Exercise of voting power

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.

The exercise of voting rights attached to the Company's portfolio has been delegated to the Manager who take a global approach to engagement with issuers and their management in all of the jurisdictions in which it invests. The Manager is required to include disclosure about the nature of their commitment to the Financial Reporting Committee's Stewardship Code and details may be found at www.fandc.com.

Environmental policy & Socially Responsible Investment

The Company considers that good corporate governance extends to policies on the environment, employment, human rights and community relationships. Corporates 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.

The Company has 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 the directors will seek to limit the Company's and its investee companies' impact on the environment and will comply with all relevant legislation relating to its operations and activities.

The environmental policies and behaviour of all the companies in which the Company invests are taken into account in decision-making. Good environmental management can play a role in overall risk management and also have a financial impact in terms of savings through energy and water efficiency. Where appropriate the Manager will engage with investee companies to raise concerns about environmental matters.

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

Diversity, Gender Reporting and Human Rights Policy

The Board recognises the requirement under Section 414 of the Companies Act 2006 to detail information about employee and human rights, including information about any policies it has in relation to these matters and effectiveness of these policies. As the Trust has no employees, this requirement does not apply.

The Board currently comprises 4 male and 2 female directors. The Board's diversity policy is outlined in more detail in the Corporate Governance Report. The Manager has an equal opportunity policy which is set out on its website www.fandc.com.

By order of the Board

Caroline Burton 
Chairman

9 June 2014

Directors



Caroline Burton

Caroline Burton, joined the Board of the Company 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. She is a non-executive director of Blackrock Smaller Companies Trust plc, Liverpool Victoria Friendly Society Ltd and a member of the Appointments Committee of Hermes Property Unit Trust. She advises a number of pension funds.



Simon Marrison

Simon Marrison, joined the Board of the Company on 28th September 2011. Mr Marrison is the European CEO and Chief Investment Officer at LaSalle Investment Management and has responsibility for a portfolio of over \$20 billion across Europe. Mr Marrison has been based in Paris since 1990, having started his career in London. Until 1997 he was a partner at Healey & Baker (now Cushman & Wakefield) and from 1997 to 2001 he was at Rodamco where he became Country Manager for France. He joined LaSalle in 2001 as Managing Director for Continental Europe.



Hugh Seaborn

Hugh Seaborn, joined the Board of the Company on 24 July 2007. He is a Chartered Surveyor and has considerable experience in the property arena; he is currently the Chief Executive Officer of the Cadogan Estate. He was a member of the Council and Audit Committee of the Duchy of Lancaster until December 2013. From 2000 to 2009, he was Chief Executive Officer of the Portman Estate and he is Chairman of the Estates Business Group and is a past Chairman of the Westminster Property Owners Association.



Suzie Procter

Suzie Procter, joined the Board of the Company on 1 March 2013. She is presently Executive Head of Institutional Client Service at Cantillon Capital Management. She has been Director of Fixed Income Business at Pictet International Management, Head of Institutional Sales at Invesco and Managing Director, Head of Consultant Relations and Client Director at Lazard Asset Management. She brings asset management experience and expertise in strategic business development and distribution.



John Glen

John Glen, joined the Board of the Company on 17 February 2014 and is presently the Chief Executive of Budgeuch. Previously, John was based in Paris as CFO of Air Liquide and also served as the Vice Chairman of the European Financial Reporting Group (EFRAG). John is also a non-executive director for BIC, chairman of the Board at Alba Trees and a member of the Board for Project Scotland. John is also a member of the 2020 Climate Change Group and Chairman of one of the subcommittees, which focuses on land use and forestry in Scotland.

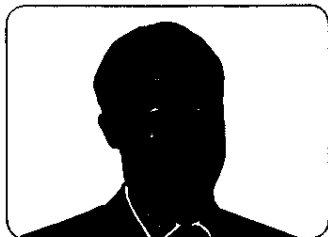


David Watson

David Watson, joined the Board of the Company on 1 April 2012. He is a Chartered Accountant and has had a distinguished career in the Financial Services Industry. He spent 9 years as Finance Director of M&G Group plc, where he was a director of four equity investment trusts, and most recently at Aviva plc as Chief Finance Officer of Aviva General Insurance. He is currently Interim Chairman of Countrywide plc and a non-executive director of Charles Taylor plc, Kames Capital plc and Hermes Fund Managers Limited, where he is Chairman of the Audit Committee. He became Chairman of the Audit Committee on 1 January 2013.

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

Managers



Marcus Phayre-Mudge

Marcus Phayre-Mudge, Fund Manager Ordinary Share Class from 1 April 2011 and Fund Manager Sigma Share Class from September 2007 to December 2012. He joined the Management team for the Company at Henderson Global Investors in January 1997, initially managing the Company's direct property portfolio and latterly focusing on real estate equities, managing a number of UK and Pan European real estate equity funds in addition to activities in the Trust. Marcus moved to Thames River Capital in October 2004 where he is also fund manager of Thames River Property Growth & Income Fund Limited. Prior to joining Henderson, Marcus was an investment surveyor at Knight Frank (1990) and was made an Associate Partner in the fund management division (1995). He qualified as a Chartered Surveyor in 1992 and has a BSc (Hons) in Land Management from Reading University.



Jo Elliott

Jo Elliott, Finance Manager, has been Finance Manager since 1995, first at Henderson Global Investors then, since January 2005, at Thames River Capital, when she joined as CFO for the property team. She joined Henderson Global Investors in 1995, where she most recently held the position of Director of Property, Finance & Operations, Europe. Previously she was Corporate Finance Manager with London and Edinburgh Trust plc and prior to that was an investment/treasury analyst with Heron Corporation plc. Jo has a BSc (Hons) in Zoology from the University of Nottingham and qualified as a Chartered Accountant with Ernst & Young in 1988.



George Gay

George Gay, Direct Property Fund Manager, has been the Direct Property Fund Manager since 2008. He 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 where as an investment graduate he gained considerable industry experience. He has an MA in Property Valuation and Law from City University.



Alban Lhonneur

Alban Lhonneur, Assistant Fund Manager, joined Thames River Capital in August 2008. He was previously at Citigroup Global Markets as an Equity Research analyst focusing on Continental European Real Estate. Prior to that he was at Societe Generale Securities, where he focused on transport equity research. He has a BSc in Business and Management from the ESC Toulouse including one year at the Brunel University, London. He also attended CERAM Nice High Business School. In 2005 he obtained a post-graduate Specialised Master in Finance in 2005 from ESCP-EAP.

Report of the Directors

The directors present the audited financial statements of the Group and the Company and their Strategic and Directors' Reports for the year ended 31 March 2014. The Group comprises TR Property Investment Trust plc and its direct and indirect subsidiaries. The review of the business of the Company, recent events and outlook are contained within the Strategic Report on pages 3 to 28.

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 1158 of the Corporation Tax Act 2010.

The company has a single share class, Ordinary shares with a nominal value of 25 pence each, which are premium listed on the London Stock Exchange.

The Company has applied for and received confirmation from HM Revenue & Customs that on the basis of the information provided, the Company has been accepted as an approved investment trust for accounting periods commencing on or after 1 April 2012 subject to the Company continuing to meet the eligibility conditions of Section 1158 Corporation Tax Act 2010 and the ongoing requirements for approved companies in Chapter 3 of Part 2 Investment Trust (Approved Company) (Tax) Regulations 2011 (Statutory Instrument 2011/2999).

The Directors are of the opinion that the Company has conducted and will continue to conduct its affairs so as to maintain investment trust status.

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. Ordinary shares can be held in Individual Savings Accounts (ISAs).

Financial Review

The Company's performance against the benchmark for the year ended 31 March 2014 is set out on page 1.

At 31 March 2014 the net assets of the company amounted to £809,438,000 (2013: £684,219,000), on a per share basis 254.94p (2013: 215.25p) per share.

Revenue earnings for the year amounted to 8.09p (2013: 6.74p) and the directors recommend the payment of a final dividend of 4.6p (2013: 4.35p) per share bringing the total dividend for the year to 7.45p (2013: 7.00p), an increase of 6.4% for the full year. In arriving at their dividend proposal, the Board also reviewed the income forecasts for the year to March 2015.

Full details and analysis of the earnings and capital performance for the year are set out in the Chairman's Statement and Manager's Statement starting on page 3 of the Annual Report.

Share capital and Buy-back Activity

At 1 April 2014 the Company had 317,500,980 (2013: 317,875,980) Ordinary shares in issue.

At the AGM in 2013 the directors were given power to buy back 47,608,386 Ordinary shares. Since this AGM the directors have bought back 375,000 Ordinary shares under this authority. The outstanding authority is therefore 47,233,386 shares. This authority will expire at the 2014 AGM. The Company will seek to renew the power to make market purchases of Ordinary shares at this year's AGM.

Since 1 April 2014 to the date of this report, the Company has made no market purchases for cancellation.

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 171 million Ordinary shares have been repurchased since the Board first took the decision to buy back shares in 1999.

Report of the Directors *continued*

Management Arrangements and Fees

Throughout the period investment management services have been provided by Thames River Capital LLP

The significant terms of the investment management agreement with the Manager are as follows

- Notice Period

The investment management agreement ("IMA") provides for termination of the agreement by either party without compensation on the provision of not less than 12 months' written notice

- Management Fees

The fee for the period under review was a fixed fee of £3,325,000 plus an ad valorem fee of 0.20% pa based on the net asset value (determined in accordance with the AIC method of valuation) on the last day of March, June, September and December, payable quarterly in advance

The fee arrangements were reviewed by the Board at the end of the financial year, and will be unchanged for the year to March 2015. The fee arrangements will be reviewed once again at the end of the financial year

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 the Manager. 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 Manager performance related fees in respect of an accounting period if certain performance objectives are achieved. For the year under review the arrangements were

A performance fee is payable if the total return of adjusted net assets, as defined in the IMA with Thames River, at 31 March each year outperforms the total return of the Company's benchmark plus 1% (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 at 31 March each year multiplied by the percentage outperformance, then multiplied by 15%

The maximum performance fee payable for the period is capped at 2% of the adjusted net assets. 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 to 1% of the adjusted net assets

If the total return of shareholders' funds for any performance period is less than the hurdle rate for the relevant performance period, such underperformance (expressed as a percentage) will be carried forward to future performance periods

If any fee exceeds the cap, such excess performance (expressed as a percentage) will be carried forward and applied to offset any percentage underperformance in future performance periods

In the event that the benchmark is exceeded but the hurdle is not, that outperformance of the benchmark can be used to offset past or future underperformance. These amounts can be used for offset purposes only and therefore cannot have the effect of creating a fee in a year where a fee would not otherwise be payable or increasing the fee in that year. At 31 March 2014 there is a carry forward of outperformance of 1.8% (2013: 1.8%)

No fee will be payable unless the adjusted net assets outperform 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

Performance fees earned in the year ended 31 March 2014 were £9,669,000 (2013: £3,122,000)

Report of the Directors *continued*

In addition total fees paid to the Manager in any one year (Management and Performance Fees) may not exceed 4.99% of Group Equity Shareholders' Funds

Total fees payable (management and performance fees) for the year to 31 March 2014 amount to 1.8% (2013: 1.1%) of closing NAV

Basis of accounting and IFRS

The Group and Company financial statements for the year ended 31 March 2014 have been prepared on a going concern basis 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 and as regards the Group and Company financial statements, as applied in accordance with the provisions of the Companies Act 2006

The accounting policies are set out in note 1 to the Financial Statements on pages 51 to 54

Going Concern

The Manager has prepared forecasts which have been reviewed by the Board which demonstrate that the Company will be able to continue to meet its liabilities as and when they fall due. In addition to its cash and remaining uncalled debt facilities, the assets of the Company consist mainly of securities which are readily realisable and, accordingly, the Board considers that the Company has adequate resources to meet its business needs and it is therefore appropriate to adopt the going concern basis in preparing these financial statements

Annual General Meeting (the "AGM")

The Annual General Meeting will be held on 22 July 2014 at 12.00 noon. The Notice of Annual General Meeting is set out on pages 73 to 74. This notice contains resolutions to receive the Report of the Directors and audited financial statements, approve the directors' remuneration policy, re-appoint the auditors and empower the Directors to set their fees. The Directors are also seeking powers to allot ordinary shares, dis-apply statutory pre-emption rights, buy back ordinary shares for cancellation and increase the aggregate director's fees outlined in the Articles of Association. The full text of the resolutions and an explanation of each is contained in the Notice of Annual General Meeting and explanatory notes on pages 73 to 78.

Material Interests

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. Further details regarding the appointment letters can be found on page 38.

Donations

The Company made no political or charitable donations during the year (2013: nil).

Voting Interests

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 Act 2006 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 share affords its owner one vote.

Report of the Directors *continued*

Restrictions on voting

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 Act 2006

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).

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.

The Board may 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 Act 2006, 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

At 31 March 2014, no shareholders held over 3% of voting rights on a discretionary basis. However, at 31 March 2014 the following shareholders held over 3% of the voting rights on a non-discretionary basis:

Shareholder	% of Ordinary share voting rights*
Investec Limited	7.28
Alliance Trust PLC	6.95
Rathbone Investment Management Ltd	5.92
Brewin Dolphin Limited	5.55
HSBC Holdings plc	5.43
Quilter Cheviot Limited	4.94

*See page 33 for further information on the voting rights of Ordinary shares.

Since 31 March 2014 to the date of this report, the Company has not been informed of any notifiable changes with respect to the Ordinary shares.

Report of the Directors *continued*

Corporate Governance Report

The Board of directors is accountable to shareholders for the governance of the Company's affairs

This statement describes how the principles of the UK Corporate Governance Code ("the Code") issued by the Financial Reporting Council (the "FRC") in 2012 have been applied to the affairs of the Company. The Code can be viewed at www.frc.org.uk

Application of the AIC Code's Principles

In applying the principles of the Code, the directors have also taken account of the Code of Corporate Governance published by the AIC ('the AIC Code'), 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 AIC Code can be viewed at www.theaic.co.uk

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

Compliance Statement

The directors acknowledge that the Company did not comply with the following provisions of the Code in the year ended 31 March 2014

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

B 2.1 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

C 3.5 & C 3.6 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

D 2.1 The Board does not have a separate Remuneration Committee. The functions of a Remuneration Committee are carried out by the Management Engagement Committee

Composition and Independence of the Board

The Board currently consists of six directors, all of whom are non-executive and are independent of the Manager. None of the directors have any other links to the Manager. The Board believes that diversity of experience and approach, including gender diversity, amongst board members is of great importance and it is the Company's policy to give careful consideration to issues of board balance and diversity when making new appointments

Powers of the directors

Subject to the Company's Articles of Association, the Companies Act 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 undertakings, 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

There are no contracts or arrangements with third parties which effect, alter or terminate upon a change of control of the Company

Report of the Directors *continued*

Directors

The Chairman is Ms Burton and the Senior Independent Director is Mr Seaborn. The directors' biographies, on page 29, demonstrate the breadth of investment, commercial and professional experience relevant to their positions as directors of the Company.

Directors' retirement by rotation and re-election is subject to the Articles of Association. In accordance with the Code, all directors will be subject to annual re-election.

Ms Burton, Mr Morrison, Mr Seaborn, Miss Procter and Mr Watson will retire at the forthcoming AGM in accordance with the Code and, being eligible, will offer themselves for re-election. The Board has concluded that all directors continue to make valuable contributions and believe that they remain independent in character and judgement.

Mr Glen was appointed to the Board with effect from 17 February 2014. In accordance with the Articles of Association, a resolution to elect Mr Glen will be proposed at the forthcoming AGM.

Accordingly, all directors are regarded as being free of any conflicts of interest and no issues in respect of independence arise.

Board Committees

The Board has established an Audit Committee and a Management Engagement Committee, which also carries out the functions of a Remuneration Committee. 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. It has been the Company's policy, to include all directors on all committees. This encourages unity, clear communication and prevents duplication of discussion between the Board and the Committee. The Committee Chairman is Mr Watson. 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 Company's 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 and to review reports thereon from the key third party service providers, 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, and, together with the Manager, reviews the Company's compliance with financial reporting and regulatory requirements.

The Committee considers the information and statements included in the Annual and Interim Reports to ensure that, taken as a whole, the Reports are fair, balanced and understandable and the information presented enables the shareholders to assess the company's performance, business model and strategy.

Representatives of the Manager's internal audit and compliance departments may attend these committee meetings at the Committee Chairman's request.

Representatives of the Company's Auditor attend the Committee meetings at which the draft Interim and 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 Manager.

Significant Issues in Relation to the Financial Statements

The Committee has considered this report and financial statements and the Statement of Going Concern on page 33.

Report of the Directors *continued*

The Committee considered the Auditor's assessment of risk of material misstatement and reviewed the internal controls and monitoring procedures in place in respect of the key areas identified to give the Committee comfort on these risks on an ongoing basis,

- Valuation of the Group's investments – The Group's investments are priced for the daily NAV by BNP Paribas. The quoted assets are priced by the Administrators Global Pricing Platform which uses independent external pricing sources. The Control process surrounding this is set out in the BNP Paribas AAF 01/06 Report and audit testing for the period reported to 31 December 2013 did not reveal any significant exceptions. The Quarterly control report from BNP Paribas covering the period up to 31 March had no issues to report. The Company's Investment Property portfolio is valued every six months on an open market basis by a professional external independent valuer.

In addition the Manager estimates the NAV using an alternative pricing source on a daily basis as an independent check.

- Calculation of Management and Performance Fees – These are calculated independently of the Manager by the Administrator. The calculations are reviewed by the Auditor as part of the Audit Engagement and specifically reported on to the Board in the Independent Auditors' Report.
- Existence and ownership of investments – The Custodian, BNP Paribas, is responsible for the custody of the Company's investments. Lists of investments held are reconciled to the Company's records on a regular basis and a report on controls, which is audited by BNP Paribas' independent reporting accountants, is produced annually for consideration by the Manager and the Audit Committee.

There has been nothing brought to the Committee's attention in respect of the financial statements for the period ended 31 March 2014, which was material or significant or that the Committee felt should be brought to shareholders' attention.

Auditor assessment and independence

The Company's external auditor is Ernst & Young LLP. In 2007, the Company conducted a full review of the services provided by the Auditor and invited the incumbent and three other firms to submit proposals for the audit of the Company. A full tender process was undertaken with each of the four firms presenting their proposals in full to the Board. The conclusion of this process was that Ernst & Young LLP should be reappointed.

The Committee expects to repeat this process in 2017 in line with the latest Corporate Governance provisions.

Ernst & Young presented their Audit Plan for the year end at the interim Committee meeting and the Committee considered the audit process and fee proposal. The Committee also reviewed Ernst & Young's independence policies and procedures including quality assurance procedures, it was considered that these policies remained fit for purpose and the Board is satisfied that Ernst & Young remain independent.

Total fees payable to the Auditor for the year to 31 March 2014 were £91,000 (2013: £102,000).

The Committee has approved and implemented a policy on the engagement of the Auditor to supply non-audit services, taking into account the recommendations of the Accounting Practices Board with a view to ensuring that the external Auditor does not provide non-audit services that have the potential to impair or appear to impair the independence of their audit role. The Committee does not believe there to be any impediment to the Auditor's objectivity and independence.

The fees for non-audit services for the year to 31 March 2014 were £nil (2013: £15,000).

Full details of the Auditor's fees are provided in note 6 to the accounts on page 56.

Following each audit, the Committee reviews the audit process and considers its effectiveness and the quality of the services provided to the Company. The review following the completion of the 2014 Audit concluded that the Committee was satisfied with the Auditors effectiveness and performance and therefore a resolution to re-appoint Ernst & Young as the Company's Auditor will be put to shareholders at the forthcoming AGM.

Report of the Directors *continued*

Management Engagement Committee

The Management Engagement Committee ("MEC") comprises all directors of the Company and is chaired by Ms Burton. The MEC meets at least on an annual basis, towards the end of the financial year. The MEC met in March 2014.

The MEC reviews, on an annual basis, the performance of the Manager 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 2014, the MEC confirmed that the Manager, should be retained for the financial year ending 31 March 2015. 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 Manager at each Board meeting. The Board also receives regular reports from the Administrator and Company Secretary and the Manager also reports to the Board on the performance of all other third party service providers.

Directors' Remuneration

Directors' remuneration is reviewed by the MEC on an annual basis. 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. The Company's Articles of Association currently limit the total aggregate fees payable to the Board of £250,000 per annum. The results of the most recent review are set out in the Directors' Remuneration Report on pages 42 and 43.

Letters of Appointment

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 on display at the AGM.

Board Evaluation

During the year an independent evaluation of the effectiveness of the Board, its committees and the performance of each director was undertaken by Tim Stephenson of Stephenson & Co, an independent party who specialises in investment trust board evaluations. In addition to the Directors, the most Senior members of the Investment Management teams were interviewed. The report was presented and discussed by the Board. The Chairman received feedback from both the Senior Independent Director and Tim Stephenson. The process was 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 and the Senior Independent Director confirm that, in light of the formal performance evaluation, the performance of each director continues to be effective and demonstrates their commitment to their role. This includes extensive time for ad hoc communications throughout the year in addition to formal board and committee meetings.

The Board believes it has a good balance of skills, experience and length of service to ensure it operates effectively.

All directors are offering themselves for election or re-election at the Company's forthcoming AGM. It is considered that each of them merit re-election by shareholders. In accordance with the provisions of the Code, it is the intention of the Board to engage an external facilitator to assist with the performance evaluation every three years.

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 appoints external recruitment consultants to ensure best practice.

Directors' Training

When a new director is appointed, he/she is offered training to suit their needs. Directors are also provided with key information on the Company's activities on a regular basis, 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.

	Board	Audit	MEC
No. of meetings in the year			
Peter Salisbury*	2/2	1/1	0/0
Caroline Burton	6	2	1
Simon Marnson	6	2	1
Suzie Procter	6	2	1
Hugh Seaborn	6	2	1
John Glen**	1/1	0/0	1/1
David Watson	6	2	1

*Peter Salisbury retired from the Board on 23 July 2013.

**John Glen was appointed to the Board on 17 February 2014.

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

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 Manager. 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 Manager.

The Board has responsibility for the approval of investments in unquoted investments and any investments in in-house funds managed or advised by the 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.

Report of the Directors *continued*

Conflicts of Interest

In line with the Companies Act 2006, the Board has the power to authorise any potential conflicts of interest that may arise and impose such limits or conditions as it thinks fit. A register of potential conflicts is maintained and is reviewed at every Board meeting to ensure all details are kept up-to-date. 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 Manager is responsible for the day to day investment management decisions on 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 Manager. The key risks are explained in more detail in the Strategic Report on page 27.

The effectiveness of each third party provider's internal controls is assessed on a continuing basis by the Compliance and Risk departments of the 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 received from its principal service providers 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 Board undertakes an annual review of the Group's system of internal controls in line with the Turnbull guidance. Business risks have also been analysed by the Board and recorded in a risk map that is reviewed regularly. Each quarter the Board receives a formal report from each of the 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 considers the flow of information and the interaction between the third party service providers and the controls in place to ensure accuracy and completeness of the recording of assets and income. The Board receives a report from the Manager setting out the key controls and the results of the audit testing of these.

The Board also has direct access to company secretarial advice and services provided by Capita Company Secretarial Services, which, through its nominated representative, is responsible for ensuring that the Board and Committee procedures are followed and that applicable regulations are complied with.

These controls have been in place throughout the period under review and up to the date of signing the accounts.

Key risks identified by the Auditors are considered by the Audit Committee to ensure robust internal controls and monitoring procedures are in place in respect of these risks on an ongoing basis.

Report of the Directors *continued*

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 of the Net Asset Value of the Company's Ordinary shares which is published on the London Stock Exchange, and interim management statements.

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

At each AGM a presentation is made by the Manager 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 79.

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

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.

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 directors' report are listed on page 79. Having made enquiries of fellow directors and of the Company's auditors, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information (that is, information needed by the group's auditors in connection with preparing 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.

This information is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

By order of the Board

Caroline Burton

Chairman

9 June 2014

Directors' Remuneration Report

Introduction

The Board has prepared this report and the Directors Remuneration Policy, in accordance with the requirements of Schedule 8 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2013. Ordinary resolutions for the approval of this report and the directors' remuneration policy will be put to the members at the forthcoming Annual General Meeting.

The law requires the Company's Auditors, Ernst & Young LLP, to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditor's opinion is included in the 'Independent Auditor's Report'.

Annual Statement from the Chairman of the Committee

Directors' remuneration is reviewed annually by the Management Engagement Committee (MEC) comprising the Chairman and all directors of the Company. The MEC met in March and considered the feedback received as part of the external board evaluation alongside other factors. Non-executive fees of listed companies continue to rise, and the regulatory burden continues ever upwards, particularly given the implementation of AIFMD. However, at the MEC meeting in March 2014 it was agreed that there would be no change to directors' remuneration for 2014/15.

While the Board agreed not to increase director fees for the next financial year, the Board felt it appropriate to seek shareholder approval to increase the aggregate director fees limit in the Articles of Association from £250,000 to £300,000 to ensure the Board has sufficient flexibility to adhere to their remuneration policy in the future.

Directors' Remuneration Policy

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, the Chairman of the Audit Committee and the Senior Independent Director to be paid higher fees than the other directors in recognition of their more onerous roles.

Assuming this policy is approved by the members at the forthcoming AGM, it is intended that this policy will continue for the year ending 31 March 2015 and subsequent years. In accordance with the regulations, an ordinary resolution to approve the directors' remuneration policy will be put to Shareholders at least once every three years.

The directors are remunerated in the form of fees, payable monthly 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 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 have 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 terms of their appointment are detailed in a letter to them when they join the Board. As the Directors do not have service contracts, the Company does not have a policy on termination payments. There is no notice period and no payments for loss of office were made during the period.

Shareholders' views in respect of Directors' remuneration are communicated at the Company's AGM and are taken into account in formulating the Directors remuneration policy. At the last AGM, over 97 per cent of Shareholders voted for the resolution approving the Directors' Remuneration Report, showing significant shareholder support.

Annual Remuneration Report

The MEC comprises all the Directors of the Company. The Chairman of the Committee is Caroline Burton. As the Company has no executive Directors, the MEC meets, at least annually, to review the remuneration and terms of appointment of the Investment Manager, and the level of the Board's fees, in accordance with the UK Corporate Governance Code.

For the year ended 31 March 2014, directors' fees were paid at the annual rates of Chairman £70,000 (2013 £70,000), Audit Committee Chairman and Senior Independent Director £35,000 (2013 £35,000) and all other directors £30,000 (2013 £30,000). The actual amounts paid to the directors during the financial year under review are as shown overleaf.

Directors' Remuneration Report *continued*

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 2014 £	31 March 2013 £
C M Burton	59,063	33,438
J Glen (appointed on 17 February 2014)	3,486	–
S Marrison	30,000	30,000
S Procter (appointed on 1 March 2013)	30,000	2,500
P L Salsbury (retired on 23 July 2013)	21,875	70,000
H Seaborn	33,438	30,000
P Spencer (retired on 31 December 2012)	–	26,250
R A Stone (retired on 24 July 2012)	–	11,033
D Watson	35,000	31,250
Total	212,862	234,471

No other remuneration or compensation were paid or payable by the Trust during the year to any of the current or former directors

Company Performance

The graph below compares, for the six years ended 31 March 2014, the percentage change over each period in the share price total return to shareholders compared to the share price total return of benchmark, which the Board considers to be the most appropriate benchmark for investment performance measurement purposes. An explanation of the performance of the Company is given in the Chairman's Statement and Manager's Report.

Directors' Interests in Shares (audited)

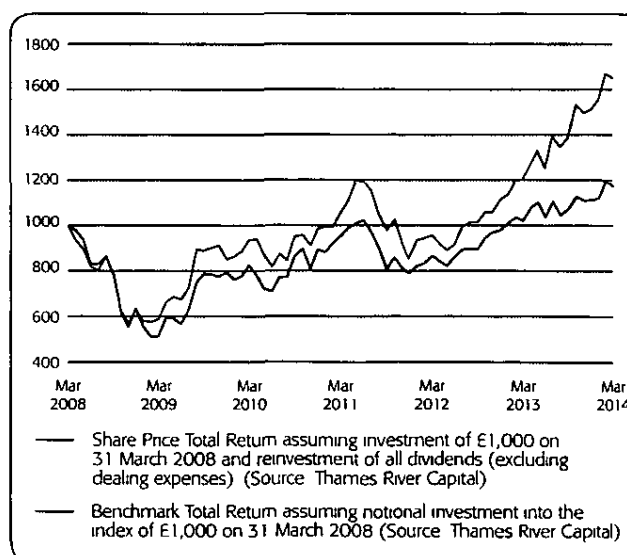
The interests of the Directors in the shares of the Company, at the beginning and at the end of the year, or date of appointment, if later, were as follows

	31 March 2014 Ordinary shares of 25p	31 March 2013 Ordinary shares of 25p
C M Burton	21,982	21,982
S Marrison	25,000	25,000
S E Procter	–	–
H Seaborn	34,668	34,668
D Watson	8,983	8,704
J Glen	–	–

Relative Importance of Spend on Pay

	2014 £'000	2013 £'000	Percentage increase %
Dividend	22,860	20,903	9.4
Directors Fees	230	230	–

Performance Graph – Share Price Total Return for Ordinary Share Class



For and on behalf of the Board

Caroline Burton

Chairman of the Management Engagement Committee
9 June 2014

Statement of directors' responsibilities in relation to the Group financial statements

The directors are responsible for preparing the Report and Accounts in accordance with applicable United Kingdom law and International Financial Reporting Standards as adopted by the European Union

Under Company Law the directors must not approve the Group and Company financial statements unless they are satisfied that they present fairly the financial position, financial performance and cash flows of the Group and Company for that period

In preparing the Group and Company 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 and Company's financial position and financial performance,
- state that the Group and Company has complied with IFRS, subject to any material departures disclosed and explained in the financial statements, and
- make judgements and estimates that are reasonable and prudent

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the Group and Company financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Responsibility statement

Each of the directors listed on page 29 confirm that to the best of their knowledge

- the financial statements, prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group and Company and the undertakings included in the consolidation taken as a whole, and
- the Annual Report, includes a fair review of the development and performance of the business and the position of the Trust, together with a description of the principal risks and uncertainties that it faces, and
- the accounting records have been properly maintained, and
- the Annual Report, taken as a whole, is fair, balanced and understandable and provides the necessary information for shareholders to assess the company's performance, business model and strategy

By order of the Board

Caroline Burton 
Chairman

9 June 2014

Independent Auditors' Report

to the Members of TR Property Investment Trust plc

We have audited the financial statements of TR Property Investment Trust plc for the year ended 31 March 2014 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statement of Changes in Equity, the Consolidated and Company Balance Sheets, the Consolidated and Company Statement of Cash Flows and the related notes 1 to 23

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 44, the directors are responsible for the preparation of the Group and Company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Group and Company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group's and Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is

apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion

- the financial statements give a true and fair view of the state of the Group's and Parent Company's affairs as at 31 March 2014 and of the Group's profit for the year then ended,
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union,
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation

Our assessment of risks of material misstatement

We identified the following risks of material misstatement that had the greatest effect on the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team

- the valuation of the Group's investments,
- management and performance fees are not calculated correctly in accordance with the methodology agreed with the Board, and
- the existence and ownership of investments

Our application of materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming our audit opinion in the Auditors' Report. When establishing our overall audit strategy, we determined materiality for the Group to be £8.1 million, which is 1% of net asset value. This provided a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

Independent Auditors' Report *continued*

On the basis of our risk assessment, together with our assessment of the Group's overall control environment, our judgment was that overall performance materiality (i.e. our tolerance for misstatement in an individual account or balance) for the Group should be 75% of materiality, namely £6.1 million. Our objective in adopting this approach was to ensure that total uncorrected and undetected audit differences in the financial statements did not exceed our materiality level.

We agreed that all audit differences in excess of £0.4 million would be reported to the Audit Committee as well as differences below that threshold that in our view warranted reporting on qualitative grounds.

An overview of the scope of our audit

The Group consists of the Company, its subsidiaries, which are all subject to a full scope audit by the Group audit team.

Following our assessment of the risk of material misstatement to the Group's consolidated financial statements, our response was as follows:

- we agreed year end prices for quoted securities within the Company's investment portfolio to an independent source,
- with the assistance of our valuation experts, we considered the appropriateness of the valuation techniques applied to direct property investments, the appropriateness of the valuation model used by the Company's independent property valuation expert and obtained evidence to corroborate the inputs into the valuation model,
- we have independently recalculated the management and performance fee calculations for the year with reference to contractual arrangements and agreed the calculation inputs to audited source data, and
- we have obtained independent confirmation of the Company's quoted security holdings and agreed them to the books and records of the Company.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and
- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements, or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group and Company acquired in the course of performing our audit, or
- is otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us, or
- the Parent Company financial statements and the part of the Directors Remuneration Report to be audited are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 33, in relation to going concern,
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review, and

Ashley Coups

(Senior statutory auditor)

For and on behalf of Ernst & Young LLP, Statutory Auditor
London

10 June 2014

Group Consolidated Statement of Comprehensive Income

for the year ended 31 March 2014

	Notes	Year ended 31 March 2014			Year ended 31 March 2013		
		Revenue Return £'000	Capital Return £'000	Total £'000	Revenue Return £'000	Capital Return £'000	Total £'000
Investment Income							
Investment income	2	27,791	–	27,791	27,332	–	27,332
Other operating income	4	7	–	7	186	–	186
Gross rental income	3	3,384	–	3,384	3,505	–	3,505
Service charge income	3	1,448	–	1,448	1,759	–	1,759
Gains on investments held at fair value	10	–	129,120	129,120	–	98,734	98,734
Net movement on foreign exchange		–	353	353	–	372	372
Net returns on contracts for difference	10	1,303	6,150	7,453	206	1,851	2,057
Total Income		33,933	135,623	169,556	32,988	100,957	133,945
Expenses							
Management and performance fees	5	(1,181)	(13,207)	(14,388)	(3,127)	(4,686)	(7,813)
Direct property expenses, rent payable and service charge costs	3	(1,850)	–	(1,850)	(2,191)	–	(2,191)
Other administrative expenses	6	(890)	–	(890)	(1,094)	(513)	(1,607)
Total operating expenses		(3,921)	(13,207)	(17,128)	(6,412)	(5,199)	(11,611)
Operating profit		30,012	122,416	152,428	26,576	95,758	122,334
Finance costs	7	(792)	(2,376)	(3,168)	(1,517)	(1,517)	(3,034)
Profit from operations before tax		29,220	120,040	149,260	25,059	94,241	119,300
Taxation	8	(3,540)	3,095	(445)	(2,707)	625	(2,082)
Total comprehensive income		25,680	123,135	148,815	22,352	94,866	117,218
Earnings per Ordinary share	9a	8.09p	38.78p	46.87p	6.74p	31.10p	37.84p
Earnings per Sigma share	9b	n/a	n/a	n/a	3.11p	772p	10.83p

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

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

The notes on pages 51 to 71 form part of these accounts.

Group and Company Statement of Changes in Equity

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

	Share Capital		Share Premium Account £'000	Capital Redemption Reserve £'000	Retained Earnings*		Total £'000
For the year ended 31 March 2013	Ordinary £'000	Sigma £'000			Ordinary £'000	Sigma £'000	
At 31 March 2012	64,056	15,559	43,162	43,694	333,613	88,161	588,245
Net profit for the period	–	–	–	–	103,790	13,428	117,218
Shares repurchased	(83)	(63)	–	146	–	(341)	(341)
Dividends paid	–	–	–	–	(17,551)	(3,352)	(20,903)
Redesignation of Sigma shares (A)	15,496	(15,496)	–	–	97,896	(97,896)	–
At 31 March 2013	79,469	–	43,162	43,840	517,748	–	684,219

* The Ordinary/Sigma split is for information only and has not been audited

(A) On 14th December 2012 the shareholders of both share classes voted to redesignate Sigma shares into Ordinary shares

The notes on pages 51 to 71 form part of these accounts

Group and Company Balance Sheets

as at 31 March 2014

	Notes	Group 2014 £'000	Company 2014 £'000	Group 2013 £'000	Company 2013 £'000
Non-current assets					
Investments held at fair value	10	880,483	880,483	739,486	716,986
Investments in subsidiaries	10	–	53,305	–	49,916
		880,483	933,788	739,486	766,902
Current assets					
Deferred taxation asset	12	200	235	–	219
Debtors	12	11,405	11,385	6,673	6,618
Cash and cash equivalents		9,740	9,599	13,666	13,024
		21,345	21,219	20,339	19,861
Current liabilities	13	(77,390)	(145,569)	(57,883)	(102,544)
Net current liabilities		(56,045)	(124,350)	(37,544)	(82,683)
Total assets less current liabilities		824,438	809,438	701,942	684,219
Non-current liabilities	13	(15,000)	–	(17,723)	–
Net assets		809,438	809,438	684,219	684,219
Capital and reserves					
Called up share capital	14	79,375	79,375	79,469	79,469
Share premium account	15	43,162	43,162	43,162	43,162
Capital redemption reserve	15	43,934	43,934	43,840	43,840
Retained earnings	16	642,967	642,967	517,748	517,748
Equity shareholders' funds		809,438	809,438	684,219	684,219
Net Asset Value per:					
Ordinary share	19	254.94p	254.94p	215.25p	215.25p

These accounts were approved by the directors of TR Property Investment Trust plc (Company No 84492) and authorised for issue on 9 June 2014

C Burton 
Director

The notes on pages 51 to 71 form part of these accounts

Group and Company Cash Flow Statements

as at 31 March 2014

	Group 2014 £'000	Company 2014 £'000	Group 2013 £'000	Company 2013 £'000
Reconciliation of operating revenue to net cash inflow from operating activities				
Profit from operations before tax	149,260	150,400	119,300	119,262
Financing activities	3,168	3,124	3,034	3,116
Gains on investments and derivatives held at fair value through profit or loss	(135,270)	(136,940)	(100,585)	(101,260)
Foreign exchange movements	(353)	(353)	(372)	(372)
Increase in accrued income	(284)	(323)	(715)	(752)
Net (purchases)/sales of investments	(6,163)	(30,381)	2,995	2,706
Decrease in sales settlement debtor	386	386	1,146	1,146
(Decrease)/increase in purchase settlement creditor	(6,749)	(6,749)	8,134	8,134
(Increase)/decrease in other debtors	(1,194)	(1,190)	280	290
Increase in other creditors	6,663	30,993	2,542	3,190
Scrip dividends included in investment income	(2,641)	(2,641)	(2,140)	(2,140)
Net cash inflow from operating activities before interest and taxation	6,823	6,326	33,619	33,320
Interest paid	(3,168)	(3,124)	(3,034)	(3,116)
Taxation paid	(3,338)	(2,384)	(2,352)	(2,352)
Net cash inflow from operating activities	317	818	28,233	27,852
Financing activities				
Equity dividends paid	(22,860)	(22,860)	(20,903)	(20,903)
Repurchase of shares	(736)	(736)	(341)	(341)
Drawdown of loans	19,000	19,000	1,916	1,916
Net cash used in financing activities	(4,596)	(4,596)	(19,328)	(19,328)
(Decrease)/increase in cash	(4,279)	(3,778)	8,905	8,524
Cash and cash equivalents at start of year	13,666	13,024	4,389	4,128
Foreign exchange movements	353	353	372	372
Cash and cash equivalents at end of year	9,740	9,599	13,666	13,024

The notes on pages 51 to 71 form part of these accounts

Notes to the Financial Statements

as at 31 March 2014

1 Accounting policies

The financial statements for the year ended 31 March 2014 have been prepared on a going concern basis 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 and as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006

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 2014. 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

Dividend 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. Where the Group has elected to receive these dividends in the form of additional shares rather than cash the amount of cash dividend foregone is recognised as income. Differences between the value of shares received and the cash dividend foregone are recognised in the capital returns of the Group Statement of Comprehensive Income. 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.

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 16. 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. One quarter of the base management fee is charged to revenue, with three quarters allocated to capital return to reflect the Board's expectations of long term investment returns. All performance fees are charged to capital return.

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 quarter of the finance costs is charged to revenue and three quarters to capital return.

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 Statement of Comprehensive Income.

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

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

The Company is an investment trust under s 1158 of the Corporation Tax Act 2010 and, as such, is not liable for tax on capital gains. Capital gains arising in subsidiary companies are subject to capital gains tax.

Notes to the Financial Statements *continued*

1 **Accounting policies** *continued*

f) Investment property

Investment property is measured initially at cost including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met. The purchase and sale of properties is recognised to be effected on the date unconditional contracts are exchanged.

Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in the fair values are included in the Group Statement of Comprehensive Income in the year in which they arise.

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property are recognised in the Group Statement of Comprehensive Income in the year of retirement or disposal.

Gains or losses on the disposal of investment property are determined as the difference between net disposal proceeds and the carrying value of the asset in the previous full period financial statements.

Revaluation of Investment Properties

The Group carries its investment properties at fair value in accordance with IFRS 13, revalued twice a year, with changes in fair values being recognised in the Group Statement of Comprehensive Income. The Group engaged Drivers Jonas Deloitte as independent valuation specialists to determine fair value as at 31 March 2014.

Valuations of Investment Properties

Determination of the fair value of investment properties has been prepared on the basis defined by the RICS Valuation Standards 6th Edition (The Red Book) as follows:

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

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

In arriving at their estimates of fair values as at 31 March 2014, the valuers have used their market knowledge and professional judgement and have not only relied solely on historical transactional comparables.

Rental income

Rental income receivable under operating leases is recognised on a straight-line basis over the term of the lease, except for contingent rental income which is recognised when it arises.

Incentives for lessees to enter into lease agreements are spread evenly over the lease term, even if the payments are not made on such a basis. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the directors are reasonably certain that the tenant will exercise that option. Premiums received to terminate or extend leases are recognised in the capital account of the Group Statement of Comprehensive Income when they arise.

Service charges and expenses recoverable from tenants

Income arising from expenses recharged to tenants is recognised in the period in which the expense can be contractually recovered. Service charges and other such receipts are included gross of the related costs in revenue as the directors consider that the Group acts as principal in this respect.

Notes to the Financial Statements *continued*

1 Accounting policies *continued*

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 the net asset value of each subsidiary

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

Derivatives

Derivatives are held at fair value based either on traded prices or directors' fair valuation to the extent that traded prices are unavailable. Gains and losses on derivative transactions are recognised in the Group Statement of Comprehensive Income. They are recognised as capital and are shown in the capital column of the Group Statement of Comprehensive Income if they are of a capital nature and are recognised as revenue and shown in the revenue column of the Group Statement of Comprehensive Income if they are of a revenue nature. To the extent that any gains or losses are of a mixed revenue and capital nature, they are apportioned between revenue and capital accordingly

Contracts for Difference ("CFDs") are synthetic equities and are valued by reference to the investments' underlying market values

The sources of the returns under the derivative contract (e.g. notional dividends, financing costs, interest returns and capital changes) are allocated to the revenue and capital accounts in alignment with the nature of the underlying source of income and in accordance with the guidance given in the AIC SORP. Notional dividend income or expenses arising on long or short positions are apportioned wholly to the revenue account. Notional interest expense on long positions is apportioned between revenue and capital in accordance with the Board's long term expected returns of the Company (currently determined to be 25% to the revenue account and 75% to capital reserves). Changes in value relating to underlying price movements of securities in relation to CFD exposures are allocated wholly to capital reserves

h) Non-current liabilities

All loans and debentures are initially recognised at cost, being the fair value of the consideration received, less issue costs where applicable. After initial recognition, all interest bearing loans and borrowings are subsequently measured at amortised cost.

Amortised cost is calculated by taking into account any discount or premium on settlement. The costs of arranging any interest bearing loans are capitalised and amortised over the life of the loan on an effective interest rate basis

i) Foreign currency translation

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

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

j) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits

Notes to the Financial Statements *continued*

1 Accounting policies *continued*

k) Adoption of new and revised Standards

Standards and Interpretations effective in the current period

The accounting policies adopted are consistent with those of the previous consolidated financial statements except as follows. The Group has adopted the following new and amended IAS, IFRS and IFRIC Interpretations as of 1 April 2013:

- IAS 1 Amendments to the presentation and classification of other Comprehensive Income
- IFRS 7 Amendments to financial instruments disclosure in relation to offsetting of financial assets and liabilities
- IFRS 13 Amendments to fair value measurement and disclosure

Early adoption of standards and interpretations

The standards issued before the reporting date that become effective after 31 March 2014 will not have a material effect on equity or profit for the subsequent period. The Group has not early adopted any new International Financial Reporting Standard or Interpretation.

Standards, amendments and interpretations issued but not yet effective up to the date of issuance of the Group financial statements are listed below:

IFRS 9 Financial Instruments

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but *Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures*, issued in December 2011, moved the effective date to January 2018. In subsequent phases, the IASB is addressing hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on the classification and measurement of the Group's financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments which are effective for annual periods beginning on or after 1 January 2014 provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. It is not expected that this amendment would be relevant to the Group, since none of the entities in the Group would qualify to be an investment entity under IFRS 10.

IAS 32 Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32

These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These are effective for annual periods beginning on or after 1 January 2014. These amendments are not expected to be relevant to the Group.

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after 1 January 2014. The Group has not novated its derivatives during the current period. However, these amendments would be considered for future novations.

IFRIC Interpretation 21 Levies (IFRIC 21)

IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. IFRIC 21 is effective for annual periods beginning on or after 1 January 2014. The Group does not expect that IFRIC 21 will have a material financial impact in future financial statements.

Notes to the Financial Statements *continued*

2 Investment income

	2014 £'000	2013 £'000
Dividends from UK listed investments	2,001	1,998
Dividends from overseas listed investments	16,995	17,754
Scrip dividends from listed investments	2,641	2,140
Interest from listed investments	236	67
Property income distributions	5,918	5,373
	27,791	27,332

3 Net rental income

	2014 £'000	2013 £'000
Gross rental income	3,384	3,505
Service charge income	1,448	1,759
Direct property expenses, rent payable and service charge costs	(1,850)	(2,191)
	2,982	3,073

Operating leases

The Group has entered into commercial leases on its property portfolio. Commercial property leases typically have lease terms between 5 and 15 years and include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions. Some leases contain options to break before the end of the lease term.

Future minimum rentals under non-cancellable operating leases as at 31 March are as follows

	2014 £'000	2013 £'000
Within 1 year	2,800	3,000
After 1 year but not more than 5 years	4,800	6,600
More than 5 years	2,100	2,600
	9,700	12,200

4 Other operating income

	2014 £'000	2013 £'000
Interest receivable	7	12
Stock lending income	–	174
	7	186

Stock lending is the temporary transfer of securities by a lender to a borrower, with an agreement by the borrower to return equivalent securities to the lender at an agreed date. Fee income is received for making the investments available to the borrower. The principal risks and rewards, namely the market movements in share prices and associated dividend income are retained by the lender. During the period in which the securities are on loan the lender is restricted from trading in the securities on loan. In all cases the securities lent continue to be recognised on the balance sheet.

All securities lent under these arrangements were fully secured against collateral. At 31 March 2014, there were no securities on loan. The maximum aggregate value of securities on loan during the year was nil (2013: £21,361,000).

Notes to the Financial Statements *continued***5 Management and performance fees**

	2014 Revenue Return £'000	2014 Capital Return £'000	2014 Total £'000	2013 Revenue Return £'000	2013 Capital Return £'000	2013 Total £'000
Management fee	1,181	3,538	4,719	3,127	1,564	4,691
Performance fee	–	9,669	9,669	–	3,122	3,122
	1,181	13,207	14,388	3,127	4,686	7,813

A summary of the terms of the management agreement is given in the Report of the Directors on pages 32 to 33

6 Other administrative expenses

	2014 £'000	2013 £'000
Directors' fees (Directors' Remuneration Report on pages 42 to 43)	213	234
Auditors' remuneration		
– for audit of the consolidated and parent company financial statements	70	67
– for audit of the financial statements of subsidiaries pursuant to legislation	16	15
– for other assurance services	5	5
Legal fees	12	84
Taxation fees	65	88
Other expenses	445	458
Irrecoverable VAT	64	143
Expenses charged to Revenue	890	1,094
Expenses charged to Capital	–	513
	890	1,607

The capital expenses incurred in 2013 relate to the conversion of Sigma shares to Ordinary shares and include fees to the auditors of £15,000 for assurance work on the conversion NAV and conversion ratio calculation

7 Finance costs

	2014 £'000	2013 £'000
Bank loans and overdrafts repayable within 1 year	1,395	1,261
Debentures repayable between 1 and 5 years	1,773	1,773
	3,168	3,034
Amount allocated to capital return	(2,376)	(1,517)
	792	1,517

Notes to the Financial Statements *continued***8 Taxation****a) Analysis of charge in the year**

	2014 Revenue Return £'000	2014 Capital Return £'000	2014 Total £'000	2013 Revenue Return £'000	2013 Capital Return £'000	2013 Total £'000
UK corporation tax at 23% (2013 24%)	1,760	(212)	1,548	675	(675)	–
Overseas taxation	1,789	32	1,821	2,061	100	2,161
	3,549	(180)	3,369	2,736	(575)	2,161
Under/(over) provision in respect of prior years	8	(8)	–	(25)	262	237
Current tax charge for the year	3,557	(188)	3,369	2,711	(313)	2,398
Deferred taxation	(17)	(2,907)	(2,924)	(4)	(312)	(316)
	3,540	(3,095)	445	2,707	(625)	2,082

b) Factors affecting current tax charge for the year

The tax assessed for the period is lower than the standard rate of corporation tax in the UK for a large company of 23% (2013 24%)

The difference is explained below

	2014 Revenue Return £'000	2014 Capital Return £'000	2014 Total £'000	2013 Revenue Return £'000	2013 Capital Return £'000	2013 Total £'000
Net profit on ordinary activities before taxation	29,220	120,040	149,260	25,059	94,241	119,300
Corporation tax charge at 23% (2013 24%)	6,721	27,609	34,330	6,014	22,618	28,632
Effects of						
Non taxable gains on investments	–	(29,698)	(29,698)	–	(23,696)	(23,696)
Currency movements not taxable	–	(81)	(81)	–	(89)	(89)
Tax relief on expenses charged to capital	–	1,821	1,821	–	302	302
Non-taxable income	–	(1,415)	(1,415)	–	(443)	(443)
Non-taxable UK dividends	(605)	–	(605)	(480)	–	(480)
Non-taxable overseas dividends	(4,371)	–	(4,371)	(4,775)	–	(4,775)
Overseas withholding taxes	1,789	32	1,821	2,061	100	2,161
Under/(over) provision in respect of prior years	8	(8)	–	(25)	262	237
Losses utilised not charged for	–	–	–	(101)	–	(101)
Disallowable expenses	15	–	15	23	–	23
Deferred tax not provided	–	–	–	(6)	283	277
Rate change on deferred tax	(17)	–	(17)	(4)	38	34
Capital gain on The Colonnades	–	(1,355)	(1,355)	–	–	–
	3,540	(3,095)	445	2,707	(625)	2,082

The Group has not recognised deferred tax assets of £396,000 (2013 £830,000) arising as a result of losses carried forward. It is considered too uncertain that the Group will generate profits in the relevant companies that the losses would be available to offset against 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 for the foreseeable future, the Company has not provided deferred tax on any capital gains 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.

Notes to the Financial Statements *continued***8 Taxation** *continued***c) Provision for deferred taxation**

The amounts for deferred taxation provided at 21% (2013: 23%) comprise

Group	2014 Revenue Return £'000	2014 Capital Return £'000	2014 Total £'000	2013 Revenue Return £'000	2013 Capital Return £'000	2013 Total £'000
Capital gains	–	35	35	–	2,942	2,942
Accelerated capital allowances	115	–	115	131	–	131
Unutilised losses carried forward	–	(350)	(350)	–	(350)	(350)

Shown as						
Deferred tax liability/(asset)	115	(315)	(200)	131	2,592	2,723

Company	2014 Revenue Return £'000	2014 Capital Return £'000	2014 Total £'000	2013 Revenue Return £'000	2013 Capital Return £'000	2013 Total £'000
Accelerated capital allowances	115	–	115	131	–	131
Unutilised losses carried forward	–	(350)	(350)	–	(350)	(350)

Shown as						
Deferred tax liability/(asset)	115	(350)	(235)	131	(350)	(219)

The movement in provision in the year is as follows

Group	2014 Revenue Return £'000	2014 Capital Return £'000	2014 Total £'000	2013 Revenue Return £'000	2013 Capital Return £'000	2013 Total £'000
Provision at the start of the year	131	2,592	2,723	135	2,904	3,039
Accelerated capital allowances	(16)	–	(16)	(4)	–	(4)
Unutilised losses carried forward	–	–	–	–	(350)	(350)
Capital gains	–	(2,907)	(2,907)	–	38	38
Provision at the end of the year	115	(315)	(200)	131	2,592	2,723

Company	2014 Revenue Return £'000	2014 Capital Return £'000	2014 Total £'000	2013 Revenue Return £'000	2013 Capital Return £'000	2013 Total £'000
Provision at the start of the year	131	(350)	(219)	135	–	135
Accelerated capital allowances	(16)	–	(16)	(4)	–	(4)
Unutilised losses carried forward	–	–	–	–	(350)	(350)
Provision at the end of the year	115	(350)	(235)	131	(350)	(219)

Notes to the Financial Statements *continued***9 Earnings per share****a) Earnings per Ordinary share**

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

	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
Net revenue profit	25,680	18,497
Net capital profit	123,135	85,293
Net total profit	148,815	103,790
Weighted average number of shares in issue during the year	317,536,391	274,298,027
	pence	pence
Revenue earnings per share	8 09	6 74
Capital earnings per share	38 78	31 10
Earnings per Ordinary share	46 87	37 84

b) Reconciliation of Group Earnings

	2014 Revenue Return £'000	2014 Capital Return £'000	2014 Total £'000
Net profit per Group Statement of Comprehensive Income	25,680	123,135	148,815
Net profit per Ordinary share class Statement of Comprehensive Income	25,680	123,135	148,815
	25,680	123,135	148,815
Weighted average number of Ordinary shares in issue during the year	317,536,391	317,536,391	317,536,391
Net earnings per Ordinary share	8.09p	38 78p	46 87p
At 31 March 2013	2013 Revenue Return £'000	2013 Capital Return £'000	2013 Total £'000
Net profit per Group Statement of Comprehensive Income	22,352	94,866	117,218
Net profit per Ordinary share class Statement of Comprehensive Income	18,497	85,293	103,790
Net profit per Sigma share class Statement of Comprehensive Income	3,855	9,573	13,428
	22,352	94,866	117,218
Weighted average number of Ordinary shares in issue during the year	274,298,027	274,298,027	274,298,027
Weighted average number of Sigma shares in issue during the period	123,972,000	123,972,000	123,972,000
Net earnings per Ordinary share	6 74p	31 10p	37 84p
Net earnings per Sigma share	3 11p	7 72p	10 83p

Notes to the Financial Statements *continued*

10 Investments held at fair value

a) Analysis of investments

	Group 2014 £'000	Company 2014 £'000	Group 2013 £'000	Company 2013 £'000
Listed in the United Kingdom	370,807	370,807	270,539	270,539
Listed Overseas	438,561	438,561	413,975	413,975
Investment Properties	71,115	71,115	54,972	32,472
Investments held at fair value	880,483	880,483	739,486	716,986
Investments in subsidiaries at fair value	–	53,305	–	49,916
	880,483	933,788	739,486	766,902

b) Gains on investments held at fair value

	31 March 2014 £'000	31 March 2013 £'000
Gains on sale of investments	32,576	15,509
Movement in investment holding gains	96,544	83,225
Gains on investments held at fair value	129,120	98,734
Net movement on foreign exchange	353	372
	129,473	99,106

c) Business segment reporting

	Valuation 31 March 2013 £'000	Net additions/ (disposals) £'000	Net appreciation/ (depreciation) £'000	Valuation 31 March 2014 £'000	Gross revenue 31 March 2014 £'000
Listed investments	684,514	12,792	112,062	809,368	27,791
Direct property ²	54,972	(915)	17,058	71,115	3,384
	739,486	11,877	129,120	880,483	31,175
Contracts for difference	274	(3,073)	6,150	3,351	1,303
	739,760	8,804	135,270	883,834	32,478

Notes to the Financial Statements *continued*10 Investments held at fair value *continued*

d) Geographical segment reporting

	Valuation 31 March 2013 £'000	Net additions/ (disposals) £'000	Net appreciation/ (depreciation) £'000	Valuation 31 March 2014 £'000	Gross revenue 31 March 2014 £'000
UK listed equities and convertibles ¹	270,539	10,457	84,246	365,242	7,919
UK direct property ²	54,972	(915)	17,058	71,115	3,384
UK fixed interest ³	–	5,050	515	5,565	170
Continental European listed equities	413,033	(4,356)	27,252	435,929	19,636
European fixed interest	942	1,641	49	2,632	66
	739,486	11,877	129,120	880,483	31,175
UK contracts for difference	165	(2,869)	5,879	3,175	881
European contracts for difference	109	(204)	271	176	422
	739,760	8,804	135,270	883,834	32,478

Included in the above figures are purchase costs of £252,000 (2013 £290,000) and sales costs of £158,000 (2013 £126,000). These comprise mainly stamp duty and commission.

¹ Included within UK listed equities and convertibles is a holding in NewRiver which is listed on the Alternative Investment Market (AIM) with a fair value of £4,077,000 (2013 nil).

² Net appreciation/(depreciation) includes amounts in respect of rent free periods.

³ Included within UK fixed interest is a holding in NewRiver 5.85% 31/12/15 Convertible Unsecured Loan Stock which is listed on the Guernsey stock exchange with a value of £5,565,000 (2013 nil).

e) Substantial share interests

The Group held interests in 3% or more of any class of capital in a total of 8 companies within the investment portfolio. None of these investments is considered significant in the context of these financial statements. See note 21 on page 71 for further details of subsidiary investments.

f) Fair value of financial assets and financial liabilities

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

Fair value hierarchy disclosures

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

Financial assets at fair value through profit or loss

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

Notes to the Financial Statements *continued***10 Investments held at fair value** *continued***f) Fair value of financial assets and financial liabilities** *continued*

At 31 March 2013	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	683,422	–	150	683,572
Investment Properties	–	–	54,972	54,972
Fixed interest investments	942	–	–	942
Contracts for difference	–	274	–	274
	684,364	274	55,122	739,760

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

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

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

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

The valuation techniques used by the Group are explained in the accounting policies in notes 1 (f) and 1 (g)

Reconciliation of movements in Financial assets categorised as Level 3

At 31 March 2014	31 March 2013 £'000	Transfers from Level 1 to 3* £'000	Purchases £'000	Sales £'000	Appreciation / (Depreciation) £'000	31 March 2014 £'000
Unlisted equity investments	150	54	–	–	–	204
Investment Properties						
– Mixed use	25,650	–	110	(1,729)	10,469	34,500
– Industrial	10,625	–	–	–	925	11,550
– Offices	18,697	–	704	–	5,664	25,065
Total Investment Properties	54,972	–	814	(1,729)	17,058	71,115
	55,122	54	814	(1,729)	17,058	71,319

Transfers between hierarchy levels

There were no transfers during the year between Level 1 and Level 2

*A transfer from Level 1 to Level 3 amounting to £54,000 occurred during the reporting period. This was in relation to Rugby Estates whose shares ceased to trade during June 2013. The company re-registered as a private company in August 2013.

Key assumptions used in value in use calculations are explained in the accounting policies in note 1 (f)

Sensitivity information

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

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

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

Notes to the Financial Statements *continued*

11 Financial Instruments

Risk management policies and procedures

The Group invests in equities and other instruments for the long term in the pursuit of the Investment Objective set out on page 25. 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 Manager's policies and processes for managing these risks are summarised on pages 27 to 28 and have been applied throughout the year.

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 a diversified portfolio 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.

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

	2014 £'000	2013 £'000
Investments held at fair value	880,483	739,486

Concentration of exposure to price risks

As set out in the Investment Policies on page 25, there are guidelines to the amount of exposure to a single company, geographical region or direct property. These guidelines 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, CFD and direct property investments. The level of change is consistent with the illustration shown in the previous year. The sensitivity is based on the Group's equity, CFD and direct property exposure at each balance sheet date, with all other variables held constant.

	2014 Increase in fair value £'000	2014 Decrease in fair value £'000	2013 Increase in fair value £'000	2013 Decrease in fair value £'000
Statement of Comprehensive Income – profit after tax	(58)	58	(132)	132
Revenue return				
Capital return	132,422	(132,422)	110,908	(110,908)
Change to the profit after tax for the year/shareholders' funds	132,364	(132,364)	110,776	(110,776)
Change to total earnings per Ordinary share	41.68p	(41.68)p	40.39p	(40.39)p

Notes to the Financial Statements *continued***11 Financial Instruments** *continued***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 may sometimes hedge foreign currency movements outside the Eurozone by funding investments in overseas securities with unsecured loans denominated in the same currency or through forward currency contracts.

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

Foreign currency exposure

At the reporting date the Group had the following exposure (Sterling has been shown for reference)

Currency	2014	2013
Sterling	44.3%	37.2%
Euro	41.2%	47.4%
Swedish Krona	7.1%	6.9%
Other	7.4%	8.5%

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

2014	Sterling £'000	Euro £'000	Swedish Krona £'000	Other £'000
Receivables (due from brokers, dividends and other income receivable)	9,422	1,338	349	97
Cash at bank and on deposit	6,018	2,712	703	307
Bank loans and overdrafts	(61,000)	–	–	–
Payables (due to brokers, accruals and other creditors)	(16,390)	–	–	–
FX forwards	(16,854)	11,492	(10,841)	16,402
CFD positions (Gross exposure)	30,532	16,219	–	–
Deferred taxation asset	200	–	–	–
Total foreign currency exposure on net monetary items	(48,072)	31,761	(9,789)	16,806
Investments held at fair value	441,922	321,031	70,983	46,547
Non-current liabilities	(15,000)	–	–	–
Total currency exposure	378,850	352,792	61,194	63,353

2013	Sterling £'000	Euro £'000	Swedish Krona £'000	Other £'000
Receivables (due from brokers, dividends and other income receivable)	4,430	1,063	1,180	–
Cash at bank and on deposit	8,584	5,059	14	9
Bank loans and overdrafts	(42,000)	–	–	–
Payables (due to brokers, accruals and other creditors)	(9,543)	(4,589)	(679)	(1,053)
FX forwards	(23,161)	12,336	(7,955)	18,761
CFD positions (Gross exposure)	16,471	5,908	–	–
Total foreign currency exposure on net monetary items	(45,219)	19,777	(7,440)	17,717
Investments held at fair value	325,511	315,207	56,349	42,419
Non-current liabilities	(17,723)	–	–	–
Total currency exposure	262,569	334,984	48,909	60,136

Notes to the Financial Statements *continued*

11 Financial Instruments *continued*

11.2 Currency Risk *continued*

Foreign currency sensitivity

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

It assumes the following changes in exchange rates

Sterling/Euro +/- 15% (2013 15%)

Sterling/Swedish Krona +/- 15% (2013 15%)

Sterling/Other +/- 15% (2013 15%)

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

	Year ended March 2014			Year ended March 2013		
	Euro £'000	Swedish Krona £'000	Other £'000	Euro £'000	Swedish Krona £'000	Other £'000
Statement of Comprehensive Income – profit after tax						
Revenue return	(1,718)	(318)	(183)	(1,901)	(279)	(138)
Capital return	(42,457)	(9,244)	(5,437)	(41,100)	(7,345)	(5,529)
Change to the profit after tax for the year/shareholders' funds	(44,175)	(9,562)	(5,620)	(43,001)	(7,624)	(5,667)

	2014	2013
Change to total earnings per Ordinary share	(18.69)p	(20.52)p

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

	Year ended March 2014			Year ended March 2013		
	Euro £'000	Swedish Krona £'000	Other £'000	Euro £'000	Swedish Krona £'000	Other £'000
Statement of Comprehensive Income – profit after tax						
Revenue return	2,205	404	232	2,571	377	186
Capital return	57,461	12,515	7,357	55,615	9,937	7,480
Change to the profit after tax for the year/shareholders' funds	59,666	12,919	7,589	58,186	10,314	7,666

	2014	2013
Change to total earnings per Ordinary share	25.25p	27.77p

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 loan
- 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

Notes to the Financial Statements *continued*

11 Financial Instruments *continued*

11.3 Interest Rate Risk *continued*

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 13. In addition to the debenture the Group has unsecured, multi-currency revolving loan facilities which carry variable rates of interest based on the currencies drawn, plus a margin. These facilities total £80,000,000 (2013 £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 Group's investment portfolio is non-interest bearing. As a result the Group's financial assets are not directly subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

Interest rate 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 £9,740,000 (2013 £13,666,000)

The Group's exposure to fixed interest rates on assets is £8,197,000 (2013 £942,000)

The Group's exposure to fixed interest rates on liabilities is £15,000,000 (2013 £15,000,000)

The Group's exposure to floating interest rates on liabilities is £61,000,000 (2013 £42,000,000)

Interest receivable and finance costs are at the following rates

- Interest received on cash balances, or paid on bank overdrafts, is at a margin over LIBOR or its foreign currency equivalent (2013 same)
- Interest paid on borrowings under the multi-currency loan facilities, is at a margin over LIBOR or its foreign currency equivalent for the type of loan
- The finance charge on the debenture stock was at an interest rate of 11.83% (2013 11.82%)

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.

The exposure at 31 March of financial assets and financial liabilities to interest rate risk is shown by reference to

Interest rate sensitivity

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

	2014 2% Increase £'000	2014 2% Decrease £'000	2013 2% Increase £'000	2013 2% Decrease £'000
Change to shareholders' funds	(789)	789	(431)	431
Change to total earnings per Ordinary share	(0.25)p	0.25p	(0.14)p	0.14p

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 Financial Instruments *continued*

11.4 Liquidity Risk

Unquoted investments in the portfolio are subject to liquidity risk. The Group held two unquoted investments at the year end (see 11.6 below)

In certain market conditions, the liquidity of direct property investments may be reduced. At 31 March 2014, 8% of the Group's investment portfolio was held in direct property investments

At March 2014, 92% of the Group's investment portfolio is held in listed securities which are predominantly readily realisable

The debenture loan of £15m is repayable in 2016. Bank loan facilities are short term revolving loans which it is intended are renewed or replaced but renewal cannot be certain

The table below shows the timing of cash outflows to settle the Group's current drawn debt facilities together with anticipated interest costs

Debt and Financing maturity profile

	Within 1 year £'000	Within 1-2 years £'000	Within 2-3 years £'000	Within 3-4 years £'000	Within 4-5 years £'000	More than 5 years £'000	Total £'000
At 31 March 2014							
Bank loans*	61,000	-	-	-	-	-	61,000
Debenture loan	-	15,000	-	-	-	-	15,000
Projected interest cash flows on bank and debenture loans	2,900	1,773	-	-	-	-	4,673
Cashflow on forward currency contracts	(199)	-	-	-	-	-	(199)
	63,701	16,773	-	-	-	-	80,474
At 31 March 2013							
Bank loans	42,000	-	-	-	-	-	42,000
Debenture loan	-	-	15,000	-	-	-	15,000
Projected interest cash flows on bank and debenture loans	2,556	1,773	1,773	-	-	-	6,102
Cashflow on forward currency contracts	19	-	-	-	-	-	19
	44,575	1,773	16,773	-	-	-	63,121

* A £50m one year facility which expired in January 2014 has been renewed until January 2015. £48m was drawn on this facility at the balance sheet date

Management of the risk

The Manager sets guidelines for the maximum exposure of the portfolio to unquoted and direct property investments. These are set out in the Investment Policies on page 25. All unquoted investments and direct property investments with a value over £1 million must be approved by the Board for purchase.

The Company maintains regular contact with the banks providing revolving facilities and renewal discussions commence well ahead of facility renewal dates. In addition the Company is exploring new opportunities for the provision of debt on an ongoing basis.

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. At the period end the largest counterparty risk, which the Group was exposed to was within Securities and properties sold for future settlement, where the largest single brokers balance was £921,000.

Notes to the Financial Statements *continued*

11 Financial Instruments *continued*

11.5 Credit Risk *continued*

Management of the risk

Investment transactions are carried out with a number of brokers, whose credit standing is reviewed periodically by the Manager, 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 value of Contracts for Difference are based on the underlying listed investment value as set out above and the amount due from or to the counterparty under the contract is recorded as an asset or liability accordingly.

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 Deloitte).

There were two unquoted investments at the Balance Sheet date, Nanette Real Estate and Rugby Estates, with a total value of £204,000.

The amounts of change in fair value for such investments recognised in the profit or loss for the year was a profit of £135,270,000 (2013: profit of £100,585,000).

11.7 Capital management policies and procedures

The Group's capital management objectives are:

- to ensure that it will be able to continue as a going concern, and
- to maximise the total return to its equity shareholders through an appropriate balance of equity capital and debt.

The equity capital of the Group at 31 March 2014 consisted of called up share capital, share premium, capital redemption and revenue reserves totalling £809,438,000 (2013: £684,219,000). The Group does not regard the debenture and loans as permanent capital.

12 Debtors

	Group 2014 £'000	Company 2014 £'000	Group 2013 £'000	Company 2013 £'000
Amounts falling due within one year				
Securities and properties sold for future settlement	929	929	1,315	1,315
Tax recoverable	1,391	1,391	828	828
Prepayments and accrued income*	4,388	4,380	4,104	4,057
Amounts receivable in respect of contracts for difference	3,351	3,351	274	274
Other debtors	1,346	1,334	152	144
	11,405	11,385	6,673	6,618
Deferred taxation asset	200	235	–	219

* Includes amounts in respect of rent free periods

Notes to the Financial Statements *continued*

13 Current and non-current liabilities

	Group 2014 £'000	Company 2014 £'000	Group 2013 £'000	Company 2013 £'000
Amounts falling due within one year				
Bank loans and overdrafts	61,000	61,000	42,000	42,000
Securities and properties purchased for future settlement	3,114	3,114	9,863	9,863
Amounts due to subsidiaries	–	68,976	–	44,949
Tax payable	2,247	1,662	1,654	1,654
Accruals and deferred income	10,401	10,189	3,806	3,665
Other creditors	628	628	560	413
	77,390	145,569	57,883	102,544
Non-current liabilities				
Debenture loan	15,000	–	15,000	–
Deferred taxation	–	–	2,723	–
	15,000	–	17,723	–

The total amount of secured creditors is £15,000,000 (2013 £15,000,000)

Debenture loan

The debenture loan of £15,000,000 (2013 £15,000,000) of 11.5% 2016 stock is issued by Trustco Finance plc and is guaranteed by the Company through a floating charge over its assets. The fair value of this debenture at 31 March 2014 was £17,429,000 (2013 £18,762,000). Using the IFRS 13 fair value hierarchy the debenture stock is deemed to be categorised within Level 1.

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

Multi-currency revolving loan facilities

The Group also has unsecured, multi-currency, revolving short-term loan facilities totalling £80,000,000 (2013 £80,000,000). At 31 March 2014 £61,000,000 was drawn on these facilities (2013 £42,000,000).

14 Called up share capital

Ordinary share capital

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

	Number	Issued, allotted and fully paid £'000
Ordinary shares of 25p		
At 1 April 2013	317,875,980	79,469
Shares repurchased	(375,000)	(94)
At 31 March 2014	317,500,980	79,375

The voting rights are disclosed in the Report of the Directors on pages 33 and 34. Since 31 March 2014 no Ordinary shares have been purchased and cancelled.

15 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.

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***16 Retained earnings**

	Group 2014 £'000	Company 2014 £'000	Group 2013 £'000	Company 2013 £'000
Investment holding gains	273,412	287,430	170,873	183,220
Realised capital reserves	325,326	319,124	305,466	300,494
	598,738	606,554	476,339	483,714
Revenue reserve	44,229	36,413	41,409	34,034
	642,967	642,967	517,748	517,748

Group investment holding gains at 31 March 2014 include a £1,373,000 loss (2013 £1,346,000) relating to unlisted investments and gains of £32,645,000 (2013 £14,783,000) relating to investment properties

Company investment holding gains at 31 March 2014 include gains of £45,290,000 (2013 £25,784,000) relating to unlisted subsidiary investments and a £10,189,000 revaluation gain (2013 £5,955,000 loss) relating to investment properties. Dividends are only distributable from the revenue reserve

17 Dividends

	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
Amounts recognised as distributions to equity holders in the year		
Final dividend for the year ended 31 March 2013 of 4.35p (2012 4.20p second interim dividend) per Ordinary share	13,811	10,761
(2012 1.65p second interim dividend) per Sigma share	-	2,050
Interim dividend for the year ended 31 March 2014 of 2.85p (2013 2.65p) per Ordinary share	9,049	6,790
(2013 1.05p) per Sigma share	-	1,302
	22,860	20,903
Amounts not recognised as distributions to equity holders in the year		
Proposed final dividend for the year ended 31 March 2014 of 4.60p (2013 4.35p) per Ordinary share	14,605	13,816

The 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 s 1158 of the Corporation Tax Act 2010 are considered

	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
Interim dividend for the year ended 31 March 2014 of 2.85p (2013 2.65p) per Ordinary share	9,049	6,790
(2013 1.05p) per Sigma share	-	1,302
Proposed final dividend for the year ended 31 March 2014 of 4.60p (2013 4.35p) per Ordinary share	14,605	13,816
	23,654	21,908

Notes to the Financial Statements *continued*

18 Company revenue account

As permitted by Section 408 of the Companies Act 2006, the Company has not presented its own Income Statement. The net profit after taxation of the Company dealt with in the accounts of the Group was £25,154,000 (2013 £21,622,000)

19 Net asset value per Ordinary share

Net asset value per Ordinary share is based on the net assets attributable to Ordinary shares of £809,438,000 (2013 £684,219,000) and on 317,500,980 (2013 317,875,980) Ordinary shares in issue at the year end

20 Commitments and contingent liabilities

At 31 March 2014 and 31 March 2013 the Group had no capital commitments or contingent liabilities

The Company has guaranteed, through a floating charge over its assets a £15,000,000 (2013 £15,000,000) participation in 11 5% 2016 several debenture stock (see note 13)

21 Subsidiaries

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

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

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

* Indirectly held

22 Related party transactions disclosures

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note

Remuneration of key management personnel

The remuneration of the directors, who are the key management personnel of the Company for each of the relevant categories specified in IAS 24 Related Party Disclosures is provided in the audited part of the Directors' Remuneration Report on pages 42 and 43

Directors' transactions

Transactions in shares by directors are considered to be a related party transaction due to the nature of their role as directors. Movements in directors' shareholdings are disclosed within the Directors' Remuneration Report on page 43. Dividends totalling £13,000 were paid in the year in respect of shares held by the Company's directors

Investment Manager's fees

During the year ended 31 March 2014 Thames River Capital charged management fees totalling £4,719,000 (2013 £4,691,000) to the Group in the normal course of business. The balance of management fees outstanding at 31 March 2014 was £125,000 (2013 £93,000). In addition a performance fee of £9,669,000 was outstanding at 31 March 2014 (2013 £3,122,000)

23 Subsequent events

Following the year end the Company exchanged contracts on 2 April 2014 to purchase an industrial unit in Plymouth. The purchase was completed on 27 May 2014.

In addition, the Company exchanged contracts on 22 April 2014 to dispose of the freehold property at Park Place, Vauxhall. The disposal was completed on 3 June 2014.

Appendix 1 – Supplementary Information

Ordinary Share Class Statement of Comprehensive Income (unaudited)

for the year ended 31 March 2014

	Year ended 31 March 2014			Year ended 31 March 2013		
	Revenue Return £'000	Capital Return £'000	Total £'000	Revenue Return £'000	Capital Return £'000	Total £'000
Investment income						
Investment income	27,791	–	27,791	22,267	–	22,267
Other operating income	7	–	7	172	–	172
Gross rental income	3,384	–	3,384	3,505	–	3,505
Service charge income	1,448	–	1,448	1,759	–	1,759
Gains on investments held at fair value	–	129,120	129,120	–	88,265	88,265
Net movement on foreign exchange	–	353	353	–	368	368
Net returns on contracts for difference	1,303	6,150	7,453	205	1,805	2,010
Total income	33,933	135,623	169,556	27,908	90,438	118,346
Expenses						
Management and performance fees	(1,181)	(13,207)	(14,388)	(2,653)	(4,449)	(7,102)
Direct property expenses, rent payable and service charge costs	(1,850)	–	(1,850)	(2,191)	–	(2,191)
Other administrative expenses	(890)	–	(890)	(906)	13	(893)
Total operating expenses	(3,921)	(13,207)	(17,128)	(5,750)	(4,436)	(10,186)
Operating profit	30,012	122,416	152,428	22,158	86,002	108,160
Finance costs	(792)	(2,376)	(3,168)	(1,334)	(1,334)	(2,668)
Profit from operations before tax	29,220	120,040	149,260	20,824	84,668	105,492
Taxation	(3,540)	3,095	(445)	(2,327)	625	(1,702)
Total comprehensive income	25,680	123,135	148,815	18,497	85,293	103,790
Earnings per Ordinary share	8.09p	38.78p	46.87p	6.74p	31.10p	37.84p

Notice of Annual General Meeting

THIS NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the action you should take you should seek your own advice from a stockbroker, solicitor, accountant or other independent professional adviser

If you have sold or otherwise transferred all of your shares, please pass this document, together with the accompanying documents to the purchaser, or transferee, or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares

Notice is hereby given that the Annual General Meeting of TR Property Investment Trust plc will be held at 12 noon on Tuesday 22 July 2014 at the Royal Automobile Club, 89/91 Pall Mall, London SW1Y 5HS for the purpose of transacting the following business

To consider and, if thought fit, pass the following Resolutions, of which Resolutions 1 to 13 and 16 will be proposed as Ordinary Resolutions and Resolutions 14 and 15 shall be proposed as Special Resolutions

- 1 To receive the Report of the Directors and the Audited Accounts for the year ended 31 March 2014
- 2 To approve the Directors' Remuneration Report for the year ended 31 March 2014
- 3 To approve the Directors Remuneration Policy
- 4 To declare a final dividend of 4 60 pence per Ordinary share
- 5 To re-elect Simon Marnson as a director
- 6 To re-elect David Watson as a director
- 7 To re-elect Hugh Seaborn as a director
- 8 To re-elect Caroline Burton as a director
- 9 To re-elect Suzie Procter as a director
- 10 To elect John Glen as a director
- 11 To re-appoint Ernst & Young LLP as auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company
- 12 To authorise the directors to determine the remuneration of the auditors
- 13 THAT the directors be generally and unconditionally authorised pursuant to and in accordance to Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company up to a nominal value of £26,193,830 (being approximately 33% of the total issued share capital of the Company as at the latest practicable date prior to publication of the notice of the meeting) provided that this authority shall expire at the date of the next Annual General Meeting of the Company (or, if earlier, at the close of business on 22 October 2015), save that the Company shall be

entitled to make offers or agreements before the expiry of this authority which would or might require shares to be allotted or rights to be granted after such expiry and the directors shall be entitled to allot shares and grant rights pursuant to any such offers or agreements as if this authority had not expired

14 THAT

- (a) (subject to the passing of Resolution 13 set out above) the directors be empowered pursuant to Section 570 and Section 573 of the Act to allot equity securities (as defined in Section 560 of the Act) for cash pursuant to the authority conferred by Resolution 13 above and/or to sell shares held by the Company as treasury shares for cash as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to
 - (i) the allotment of equity securities and sale of treasury shares for cash in connection with an offer of, or invitation to apply for, equity securities
 - (aa) to shareholders in proportion (as nearly as may be practicable) to their existing holdings, and
 - (bb) to holders of other equity securities, as required by the rights of those securities, or as the Board otherwise considers necessary, and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter, and
 - (ii) in the case of the authority granted under Resolution 13 and/or in the case of any sale of treasury shares for cash, to the allotment (otherwise than under paragraph (i) above) of equity securities or sale of treasury shares up to a nominal amount of £3,968,762 (being approximately 5% of the total issued share capital of the Company as at the latest practicable date prior to publication of the notice of meeting),
- (b) the power given by this resolution shall expire upon the expiry of the authority conferred by Resolution 13 above, save that the Company shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted after such

Notice of Annual General Meeting *continued*

expiry and the directors shall be entitled to allot equity securities pursuant to any such offer or agreement as if the power conferred hereby had not expired

15 THAT the Company be and is hereby generally and unconditionally authorised in accordance with Section 701 of the Act to make market purchases (within the meaning of Section 693(4) of the Act) of Ordinary shares of 25 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 47,593,396 Ordinary shares of 25 pence each at 9 June 2014, the date of this Notice of Annual General Meeting),
- (b) 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 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 the shares concerned, and
 - (ii) the higher of the price of the last independent trade and the highest current independent bid for an Ordinary share in the Company on the trading venue where the purchase is carried out at the relevant time

(c) 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,

(d) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company in 2015, save that the Company shall be entitled to enter into a contract to purchase Ordinary shares which will, or may, be completed or executed wholly or partly after the power expires and the Company may purchase Ordinary shares pursuant to such contract as if the power conferred hereby had not expired

16 THAT the maximum aggregate fees permitted to be paid to directors of the Company, pursuant to Article 92 of the Company's Articles of Association, be increased from £250,000 to £300,000

Registered Office
Registered in England No 84492
11-12 Hanover Street
London
W1S 1YQ

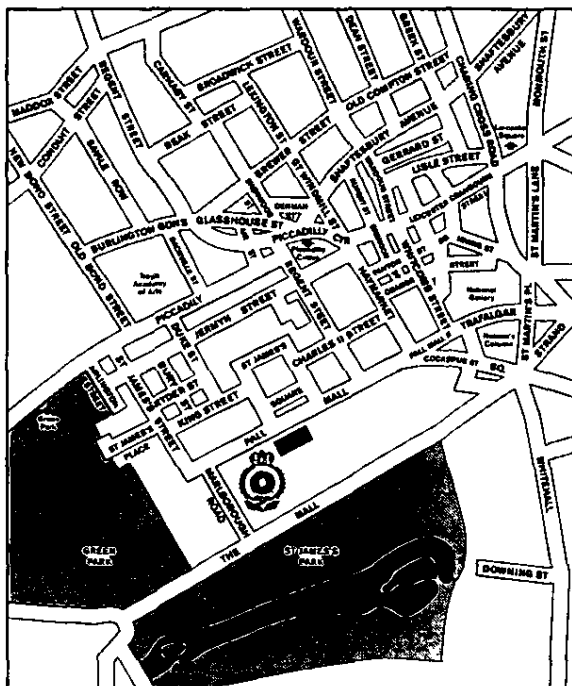
By Order of the Board

For and on behalf of
Capita Company Secretarial Services
Secretary
9 June 2014

Nicola Sayers

Notice of Annual General Meeting *continued*

Directions Pall Mall Clubhouse



The Royal Automobile Club has a dress code
Jacket and Tie

Notes to the Notice of Annual General Meeting

- Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the Annual General Meeting ("AGM") provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. To appoint more than one proxy, the proxy form should be photocopied and the name of the proxy to be appointed indicated on each proxy form together with the number of shares that such proxy is appointed in respect of.

To be valid any proxy form or other instrument appointing a proxy must be returned by post, by courier or by hand to the Company's Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, or alternatively, by going to www.eproxyappointment.com and following the instructions provided. All proxies must be appointed by no later than 48 hours before the time of the AGM. The return of a completed proxy form or other such instrument will not prevent a shareholder attending the AGM and voting in person if he/she wishes to do so.

- 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 6.00 pm on 20 July 2014 (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.
- 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.

- Any corporation which is a member of the Company can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
- 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 give instructions to the person holding the shares as to the exercise of voting rights.

Notice of Annual General Meeting *continued*

- 6 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM to be held on 22 July 2014 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider should refer to their CREST sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Eurodear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Company's agent, Computershare Investor Services PLC (CREST Participant ID 3RA50), no later than 48 hours before the time appointed for the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsor or voting service provider should note that Eurodear UK & Ireland Limited does not make available special procedures in CREST for any particular messages.

Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsor or voting service provider are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

- 7 Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

- 8 A copy of this notice, and other information required by section 311A of the Companies Act 2006, can be found at www.trproperty.com.
- 9 Members satisfying the thresholds in section 338 of the Companies Act 2006 may require the Company to give, to members of the Company entitled to receive notice of the Annual General Meeting, notice of a resolution which those members intend to move (and which may properly be moved) at the Annual General Meeting. A resolution may properly be moved at the Annual General Meeting unless (i) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the Company's constitution or otherwise), (ii) it is defamatory of any person, or (iii) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given, must be authenticated by the person(s) making it and must be received by the Company not later than six weeks before the date of the Annual General Meeting.
- 10 Members satisfying the thresholds in section 338A of the Companies Act 2006 may request the Company to include in the business to be dealt with at the Annual General Meeting any matter (other than a proposed resolution) which may properly be included in the business at the Annual General Meeting. A matter may properly be included in the business at the Annual General Meeting unless (i) it is defamatory of any person or (ii) it is frivolous or vexatious. A request made pursuant of this right may be in hard copy or electronic form, must identify the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than six weeks before the date of the Annual General Meeting.
- 11 Biographical details of the directors are shown on page 29 of the Annual Report & Accounts.
- 12 As at 9 June 2014 (being the latest practicable day prior to publication of the notice of the meeting), the issued share capital of the Company is 317,500,980 Ordinary shares of 25p each. Therefore, the total number of voting rights in the Company at 9 June 2014 is 317,500,980.
- 13 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.
- 14 You may not use any electronic address provided either in this Notice or any related documents to communicate for any purposes other than those expressly stated.

Explanation of Notice of Annual General Meeting

Resolutions 1, 2, 3 and 4: Accounts, Directors' Remuneration Report, Remuneration Policy and Dividend

These are the resolutions which deal with the presentation of the audited accounts, the approval of the Directors' Remuneration Report and Remuneration Policy and the declaration of the final dividend. 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. The vote to approve the remuneration policy is binding.

Resolutions 5, 6, 7, 8 and 9: Re-election of directors

These resolutions deal with the re-election of Simon Mamson, David Watson, Hugh Seaborn, Caroline Burton and Suzie Procter. In accordance with the UK Corporate Governance Code, all directors will retire on an annual basis and have confirmed that they will offer themselves for re-election.

A formal performance evaluation has been completed and your Board has determined that each of the directors continues to be effective and demonstrates their commitment to their role.

Resolution 10: Election of director

Resolution 10 deals with the election of John Glen as director. Under the Articles of Association, John Glen is required to submit himself for election at the first AGM after his appointment; he hereby offers himself for election.

Resolutions 11 and 12: Auditors

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

Resolution 13: Allotment of share capital

Our Board considers it appropriate that an authority be granted to allot shares in the capital of the Company up to a maximum nominal amount of £26,193,830 (representing approximately 33% of the Company's issued share capital as at 9 June 2014, being the latest practical date prior to publication). As at the date of this notice the Company does not hold any shares in treasury.

The directors have no present intention of exercising this authority and would only expect to use the authority if shares could be issued at, or at a premium to, the NAV per share.

This authority will expire at the earlier of close of business on 22 October 2015 and the conclusion of the annual general meeting of the Company held in 2015.

Resolution 14: Disapplication of statutory pre-emption rights

This resolution would give the directors the authority to allot shares (or sell any shares which the Company elects to hold in treasury) for cash without first offering them to existing shareholders in proportion to their existing shareholdings.

This authority would be limited to allotments or sales in connection with pre-emptive offers and offers to holders of other equity securities if required by the rights of those shares or as the board otherwise considers necessary, or otherwise up to an aggregate nominal amount of £3,968,762. This aggregate nominal amount represents approximately 5% of the total issued share capital of the Company as at 9 June 2014, the latest practicable date prior to publication of this Notice. In respect of this aggregate nominal amount, the directors confirm their intention to follow the provisions of the Pre-Emption Group's Statement of Principles regarding cumulative usage of authorities within a rolling 3-year period where the Principles provide that usage in excess of 75% should not take place without prior consultation with shareholders.

The authority will expire at the earlier of close of business on 22 October 2015 and the conclusion of the annual general meeting of the Company held in 2015.

Resolution 15: Authority to make Market Purchases of the Company's Ordinary shares

At the AGM held on 23 July 2013, a special resolution was proposed and passed, giving the directors authority, until the conclusion of the AGM in 2014, to make market purchases of the Company's own issued shares up to a maximum of 14.99% of the issued share capital.

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.

Explanation of Notice of Annual General Meeting *continued*

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 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 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 (being the nominal value). The Listing Rules also limit a listed company to purchases of shares representing up to 15% of its issued share capital in 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 shares in issue at the date of the AGM, this is equivalent to 47,593,396 Ordinary shares of 25p each (nominal value £11,898,348) at 9 June 2014, the date of the Notice of the AGM. The authority will last until the AGM of the Company to be held in 2015 or at any other general meeting.

Resolution 16: Increase in aggregate director fees

While the Board agreed not to increase director fees for the next financial year, the Board felt it appropriate to seek shareholder approval to increase the aggregate director fees limit in the Articles of Association from £250,000 to £300,000 to ensure the Board had sufficient flexibility to adhere to their remuneration policy in the future. The Board has no current intention to increase the directors' fees but feels it appropriate to increase the aggregate fee level to ensure directors could adhere to their remuneration policy in the future.

Recommendation

Your Board believes that the resolutions contained in this Notice of Annual General Meeting are in the best interests of the Company and shareholders as a whole and recommends that you vote in favour of them as your Directors intend to do in respect of their beneficial shareholdings.

Directors and Other Information

Directors

C M Burton (Chairman)
S Marrison
H Seaborn
S Procter
D Watson
J Glen

Registered Office

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

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 Conduct Authority
3rd Floor
11–12 Hanover Street
London
W1S 1YQ
Telephone 020 7011 4100

Fund Manager

M A Phayre-Mudge MRICS

Finance Manager and Investor Relations

J L Elliott ACA

Assistant Fund Manager

A Lhonneur

Direct Property Manager

G P Gay MRICS

Secretary

Capita Company Secretarial Services
40 Dukes Place
London
EC3A 7NH

Registrar

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS99 6ZY
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

Oriel Securities Ltd
150 Cheapside
London
EC2V 6ET

Solicitors

Slaughter and May
One Bunhill Row
London
EC1Y 8YY

Fund Administrator

BNP Paribas Securities Services
55 Moorgate
London
EC2R 6PA

aic

The Association of
Investment Companies

General Shareholder Information

Release of Results

The half year results are announced in late November

The full year results are announced in late May

Annual General Meeting

The AGM is held in London in July

Dividend Payment Dates

Dividends are usually paid on the Ordinary shares as follows

Interim January

Final August

Dividend Payments

Dividends can be paid to shareholders by means of BACS (Bankers' Automated Clearing Services), mandate forms for this purpose are available from the Registrar

Alternatively, shareholders can write to the Registrar (the address is given on page 79 of this report) to give their instructions, these must include the bank account number, the bank account title and the sort code of the bank to which payments are to be made

Dividend Re-investment Plan ("DRIP")

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

Share Price Listings

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

Share Price Information

ISIN GB0009064097

SEDOL 0906409

Bloomberg TRYLN

Reuters TRYL

Datastream TRY

Benchmark

Details of the benchmark is given in the Strategic Report on page 25 of this Report and Accounts. The benchmark index is published daily and can be found on Bloomberg,

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

Bloomberg TRORAG Index

Internet

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

Shareholders who hold their shares in certificated form can check their holdings with the Registrar, Computershare Investor Services PLC, via www.investorcentre.co.uk. Shareholders can also sign up to the DRIP through the investor centre. Please note that to gain access to your details on the Computershare site you will need the holder reference number stated on the top left hand corner of your share certificate.

Disability Act

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

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

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

General Shareholder Information *continued*

Nominee Share Code

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

CGT Base Cost

Taxation of capital gains for shareholders who formerly held Sigma shares

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

In respect of the conversion to Sigma in 2007, agreement was reached with HM Revenue & Customs ("HMRC") to base the apportionment of the capital gains tax base cost on the proportion of Ordinary shares that were converted by a shareholder into Sigma shares on 25 July 2007.

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

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

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

Investing in TR Property Investment Trust plc

Market Purchases

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

Holding shares in Certificated Form

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

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

Saving Schemes, ISAs and other plans

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

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

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

Alliance Trust Savings

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

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

F&C Asset Management Limited ("F&C")

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

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

Saving Schemes and ISAs transferred from BNP Paribas

In 2012 BNP Paribas informed us that they were closing down the part of their business which operated Savings Schemes and ISAs. Investors were given the choice of transferring their schemes to Alliance Trust Savings ("ATS") or a provider of their own choice or to close their accounts and sell the holdings.

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

Investing in TR Property Investment Trust plc *continued*

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

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

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

How to Invest

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

F&C Private Investor Plan (PIP)

A flexible way to invest with a lump sum from £500 or regular savings from £50 a month. You can also make additional lump sum top-ups at any time from £250.

F&C Investment Trust ISA

Use your ISA allowance to make an annual tax-efficient investment of up to £11,880 for the 2014/15 tax year (due to increase to £15,000 from 1st July 2014) with a lump sum from £500 or regular savings from £50 a month. You can also make additional lump sum top-ups at any time from £250 and transfer any existing ISAs to us whilst maintaining all the tax benefits.

F&C Child Trust Fund (CTF)

CTFs are closed to new investors, however, if your child has a CTF with another provider, it is easy to transfer it to F&C. Additional contributions can be made from as little as £25 per month or £100 lump sum – up to a maximum of £3,840 for birthdays in the 2014/15 tax year (due to increase to £4,000 from 1st July 2014).

F&C Children's Investment Plan (CIP)

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

F&C Junior ISA (JISA)

This is a tax-efficient savings plan for children who did not qualify for a CTF. It allows you to invest up to £3,840 for the 2014/15 tax year (due to increase to £4,000 from 1st July 2014) with all the tax benefits of the CTF. You can invest from £30 a month, or £500 lump sum, or a combination of both.

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

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

Annual account charge

ISA: £60+VAT

PIP: £40+VAT

JISA/CIP/CTF: £25+VAT

You can pay the annual charge from your account, or by direct debit (in addition to any annual subscription limits).

Dealing charge per holding

ISA: 0.2%

PIP/CIP/JISA: postal instructions £12, online instruction £8

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

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

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

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

How to Invest

You can invest in all our savings plans online.

New Customers

Contact our Investor Services Team

Call **0800 136 420** (8.30am – 5.30pm, weekdays, calls may be recorded)

Email **info@fandc.com**

Investing online **www.fandc.com**

Existing Plan Holders


Contact our Investor Services Team

Call **0845 600 3030** (*9.00am – 5.00pm, weekdays, calls may be recorded)

Email **investor.enquiries@fandc.com**

By post
F&C Plan Administration Centre
PO Box 11114, Chelmsford CM99 2DG

If you have trouble reading small print, please let us know. We can provide literature in alternative formats, for example large print or on audiotape. Please call 0845 600 3030*.


BMO  A part of BMO Financial Group

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



TR Property Investment
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TR PROPERTY INVESTMENT TRUST PLC

Full list of subsidiaries

Registered Number	Company Name	Incorporated
788895	New England Properties Limited	England & Wales
2826672	The Colonnades Limited	England & Wales
2500726	Showart Limited	England & Wales
84492	TR Property Investment Trust PLC	England & Wales
2365875	Trust Union Properties Residential Developments Limited	England & Wales
2415846	The Property Investment Trust Ltd	England & Wales
2416015	The Real Estate Investment Trust Limited	England & Wales
2415843	The Terra Property Investment Trust Limited	England & Wales
2416017	Trust Union Property Investment Trust Limited	England & Wales
2415839	Trust Union Properties (Number Five) Limited	England & Wales
2416018	Trust Union Properties (Number Six) Limited	England & Wales
2415836	Trust Union Properties (Number Seven) Limited	England & Wales
2416019	Trust Union Properties (Number Eight) Limited	England & Wales
2415833	Trust Union Properties (Number Nine) Limited	England & Wales
2416021	Trust Union Properties (Number Ten) Limited	England & Wales
2415830	Trust Union Properties (Number Eleven) Limited	England & Wales
2416022	Trust Union Properties (Number Twelve) Limited	England & Wales
2415818	Trust Union Properties (Number Thirteen) Limited	England & Wales
2416024	Trust Union Properties (Number Fourteen) Limited	England & Wales
2416026	Trust Union Properties (Number Fifteen) Limited	England & Wales
2415806	Trust Union Properties (Number Sixteen) Limited	England & Wales
2416027	Trust Union Properties (Number Seventeen) Limited	England & Wales
2415768	Trust Union Properties (Number Eighteen) Limited	England & Wales
2416030	Trust Union Properties (Bayswater) Limited	England & Wales
2415772	Trust Union Properties (Cardiff) Limited	England & Wales
2416031	Trust Union Properties (Theale) Limited	England & Wales
2415765	Trust Union Properties (Number Twenty-Two) Limited	England & Wales
2416036	Trust Union Properties (Number Twenty-Three) Limited	England & Wales
2420758	Skillon Finance Limited	England & Wales
2663561	Trust Union Finance (1991) PLC	England & Wales
1481476	FGH Developments Limited	England & Wales
SC68799	FGH Developments (Aberdeen) Limited (E18030)	Scotland
1466619	FGH (Newcastle) Limited	England & Wales
977481	NEP (1994) Limited	England & Wales
1385909	New England Developments Limited	England & Wales
2613905	New England Investments Limited	England & Wales
1447221	New England Retail Properties Limited	England & Wales
1787371	New England (Southern) Limited	England & Wales
803940	Sapco One Limited	England & Wales
2134624	Trust Union Properties Limited	England & Wales
1233998	Trust Union Finance Limited	England & Wales
2415941	TR Property Finance Limited	England & Wales
2420097	Trust Union Properties (South Bank) Limited	England & Wales