TR Property Investment Trust plc

Interim Statement for the half year ended 30 September 2003

The objective of TR Property Investment Trust plc is to maximise shareholders' total returns by investing in property shares and property on an international basis. Over 80% of the Company's assets are invested in Pan European listed property securities with the balance in directly owned UK real estate.

Investment Selection

Our investment selection process seeks to identify well managed companies of all sizes that have a focus on one type of real estate business or geographical area. We generally regard future growth and capital appreciation potential more highly than immediate initial yield or discount to asset value.

Benchmark

The benchmark is the Citigroup European Property Index in Sterling (the Citigroup Index). The benchmark was changed from the FTSE Real Estate Index to the Schroder Salomon Smith Barney European Property Index (the SSSB Index) at the end of September 2001. The SSSB Index was officially re-branded as the Citigroup Index on 7 April 2003. The Citigroup Index, against which the manager's performance is measured by the board, comprises 87 companies and is itself a sub-index of the Citigroup Global Property Index, a longstanding and widely used benchmark in the world of real estate securities. The Citigroup Index is freefloat based and calculated daily on a price only and total return basis. The benchmark website **www.equityindex.citigroup.com** contains further details.

Capital Growth

Over the past five years the net asset value per share has risen by 84%. Over the same period the benchmark indices rose by 30%.

Income Growth

Over the past five years the dividend per share has grown by 74%, equivalent to 11.7% p.a. compound.

Independent Board

The directors are all independent of the management company and meet regularly to consider investment strategy and to monitor performance.

Shares easy to buy

Details of how the shares can be bought through the Henderson Investment Trust Share Plan and the Henderson ISA are given on the inside back cover.

Website

Information about the Company can be found on the websites **www.itshenderson.com** or **www.trproperty.co.uk.**

Dividend

An interim dividend of 1.10p (2002: 0.90p) per ordinary share has been declared payable on 7 January 2004 to shareholders on the register on 12 December 2003. The shares will be quoted ex-dividend on 10 December 2003.

Financial Highlights

Revenue	(Unaudited) Half year ended 30 September 2003	(Unaudited) Half year ended 30 September 2002	% Change
Gross revenue (£'000)	10,711	9,850	+8.7
Net return pre-tax (£'000)	8,561	7,335	+16.7
Revenue return per share	1.78p	1.43p	+24.5
Net dividend per share	1.10p	0.90p	+22.2

Balance Sheet	(Unaudited) As at 30 September 2003	(Audited) As at 31 March 2003	% Change
Fixed asset investments (£'000)	427,416	358,178	+19.3
Shareholders' funds (£'000)	362,329	304,127	+19.1
Shares in issue at end of period (m)	410.2	416.5	-1.5
Gearing	16%	15%	
Net asset value per share	88.33p	73.02p	+21.0

Performance

Assets, Benchmarks and Share Price

	Half year ended 30 September 2003	Half year ended 30 September 2002
Benchmark performance (price only)	18.3%	(13.0)%
NAV change	21.0%	(9.6)%
Benchmark performance (total return)*	22.0%	(10.6)%
NAV total return	22.5%	(8.1)%
IPD Monthly Index total return**	5.6%	5.9%
Total return from direct property	2.8%	3.7%
Share price at 30 September	74.25p	57.25p
Share price total return*	28.1%	(10.1)%
Market capitalisation at 30 September	£304.6m	£245.9m

Sources: Henderson Global Investors/*Datastream/**IPD

Chairman's Statement

Alastair Ross Goobey CBE MA Hon. FIA Hon. RICS *Chairman*
27 November 2003

Introduction

The six month period has seen strong growth in global equity prices as investors have become more confident in the scale and certainty of the world economic recovery. Your Trust's asset value per share and share price have benefited accordingly and both have risen to new all-time high levels. The Trust's revenue returns have again risen markedly.

Since the half year end, the Trust has been able to take advantage of an opportunity to buy back a further 13% of the share capital. This transaction, on which I comment in more detail later in my report, has used up most of the repurchase powers granted to the board by shareholders at the last AGM. Therefore the board is calling an EGM to renew its buy-back powers and the notice of the meeting is enclosed with this interim report. I hope shareholders will support the motion.

Equity Market Background and Return Performance

Property company shares, which form the vast bulk of the Trust's assets, proved to be strongly defensive investments during the collapse of equity prices that ended in February 2003. It might therefore have been expected that they would underperform other sectors of the market as sentiment recovered. I am happy to report that this has not been the outcome to date. Indeed, over the six month period ending on 30 September 2003, your share price total return has been 28.1%. This compares with total returns of 22.0% from our benchmark index and of 18.9% shown by the FTSE All-Share Index.

In the UK we have seen a significant reduction in the discounts to net asset value at which property shares are trading. This has been spurred by strong investor demand, by actual and potential corporate activity and by the hope that the Government might give corporation tax-free status to property shares within the next two years. In Europe property share prices have risen, but with less speed. The total returns shown by our benchmark (for UK only of 28.4% and Europe ex UK of 16.5%) illustrate this differential. The Trust's continued overweight position in the UK relative to the benchmark has therefore worked to our benefit.

Revenue Results and Dividend

Revenue returns per share have risen by 24.5% to 1.78 pence per share. Gross revenue rose 9% reflecting higher dividends from investee companies and a change in the timing of our income receipts. This year our managers anticipate that some two thirds of the Trust's forecast dividend income has been received in the first half of the financial year compared with five eighths of the dividend income in the same period last year. Management costs and expenses have fallen and interest costs are lower due to the reduction in debt levels made during the autumn of 2002. Returns per share have also benefited from a reduction in the number of shares outstanding. While your board does not anticipate that this rate of growth in revenue returns per share will be maintained in the full year, it has raised the interim dividend by 22% from 0.90 pence per share to 1.10 pence per share.

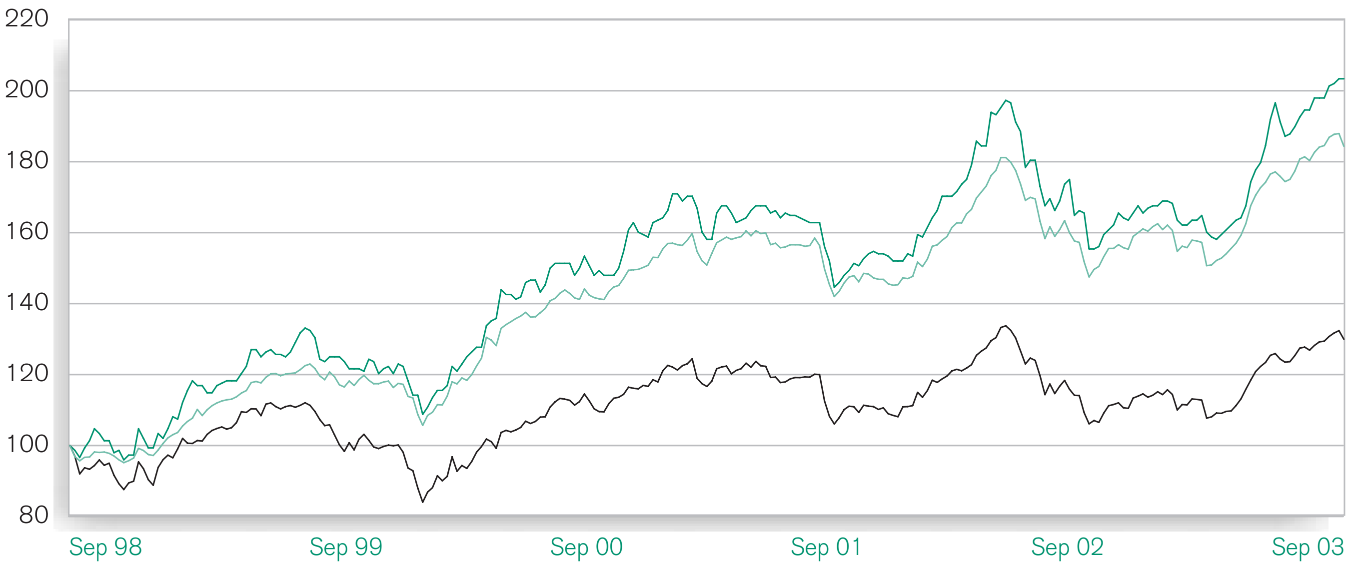
Discount and Share Repurchases

In my interim statement to shareholders last year I commented that, despite the outstanding record of the Trust over the past ten years, it was of concern to the board that the shares still sold at an appreciable discount to the underlying asset value. I am pleased to report that the discount has narrowed appreciably over the six month period – illustrated by the fact that the share price total return over that period has been 28.1% compared with the NAV total return of 22.5%.

During the half year 6.3m shares were bought for cancellation at a total cost of £4.4m giving an average cost of 70p per share. These repurchases served to increase net assets per share by some £0.85m equivalent to 0.2p per share. At the end of October the board took the opportunity to carry out a significant on-market share repurchase exercise at a 13% discount to asset value. As a result the Trust bought back 53.8m shares or 13% of the outstanding equity. The immediate tangible benefit to remaining shareholders has been a 1.9% increase in net assets per share. Longer term, the reduction in gross assets is also expected to have positive performance implications. The Trust operates in a small sector of the market that has been shrinking for some years due to takeovers and public-to-private transactions. Your board believes that adjusting the size of the Trust relative to the benchmark will enhance the managers' ability to manoeuvre net assets and gearing ratios more effectively within the Trust's investment

Chairman's Statement continued

Five Year Performance



Index of TR Property net asset value and share price compared with a composite index comprising the FTSE Real Estate Index (for the period 31 March 1998 to 30 September 2001) and the Citigroup European Property Index (for the period 1 October 2001 to 30 September 2003)

Composite Index (FTSE Real Estate Index to 30 September 2001; Citigroup European Property Index from 1 October 2001)
TR Property Share Price
TR Property Net Asset Value (fully diluted to 31 July 2002)

parameters. At the time of writing the Trust's net assets are £345m, compared with £362m at 30 September 2003.

Gearing and Currencies

Over the six month period the Trust's net debt rose from £47m to £60m, though the growth in the value of our assets was such that the gearing ratio rose only from 15% to 16%. The large scale share repurchase referred to in the previous paragraph was financed initially by additional short term variable rate debt. Some of this has now been repaid. The current debt level is close to £90m and gearing is currently around 26%. Subject to market conditions this higher level of gearing is likely to be maintained in the immediate future.

All of our debt continues to be denominated in Sterling and the exposure to foreign currency assets and income continues to be unhedged. During the six month period the Euro rose against Sterling by 1.5%.

Board

I reported to shareholders in the last Annual Report that it was my intention to retire as a director of the Trust after the AGM in 2004 when I will have served on the board for ten years. I am pleased to announce that the board has elected Peter Salsbury to be my successor.

The board hopes to announce the appointment of a new non-executive director in the New Year.

Outlook

Across Europe we are seeing strong and sustained levels of investor interest in commercial property. Much of this interest is coming, not from traditional buyers but from funds and individuals who have never before considered the sector as a home for their money. Furthermore it is also coming at a time when tenant demand is at best modest and often closer to anaemic, and when borrowing costs have already started to rise.

I have spent many years preaching the advantage that investors can gain by diversifying a proportion of their assets into commercial property – more often than not preaching to deaf ears. It is exciting for those of us who have believed in the asset class to find it now coming in from the cold. The timing of this surge in investor interest may not be entirely propitious given the very mixed economic and monetary background, but the driving force behind the demand does appear to be a growing fear of future inflation and a consequent desire to diversify out of bonds and into an asset class with proven inflation protection potential.

In the UK property share market, hopes are high that the Government will revise the taxation regime for UK quoted investment property companies. News on this may not come until at least the middle of 2004. In the meantime we continue to see a regular stream of actual and attempted take-overs for property companies both here and in Continental Europe. Major real estate buyers find it easier and more convenient to invest by buying an entire existing business than by piecing together a portfolio building by building and this is serving to place a floor under many property share prices.

Manager's Report

Chris Turner MRICS *Fund Manager*
27 November 2003

Performance

In absolute terms the first half total return of 22.5% was a good deal higher than I would have forecast last April. However in relative terms I am disappointed that the performance was only in line with the return from the benchmark. Our equity investments returned over 24%, and would have done better still if we had not been, as usual, seriously underweight in Canary Wharf shares which rose 86% in the period. The area of the portfolio that held back our overall performance was our direct property portfolio. This produced an ungeared return of only 2.8% after having strongly outperformed our equity investments through 2001 and 2002.

I am pleased to report that absolute and relative performance since September has been strong and I am optimistic that your managers can deliver a sixth consecutive year of relative outperformance for shareholders.

Distribution of Assets

There has been only a slight change in the general shape of the portfolio. UK property shares have risen from 45.8% to 48.4% of gross assets, European property shares have moved from 33.7% to 34.8% while UK directly held property has dropped from 20.5% to 16.8%, principally as a result of property value growth lagging equity price appreciation. The current target distribution of the portfolio remains unaltered at 35% to 55% in UK equities, 35% to 55% in Continental equities and 10% to 30% in UK direct property.

On a see-through basis the distribution of assets also shows only modest change. The see-through basis is calculated by analysing the underlying spread of the portfolios of each company in which we invest and attributing to the Trust the relevant percentage of the properties based on the percentage of the equity of each company owned. At March 2003, the Trust's see-through portfolio was 40% offices, 38% retail property, 12% industrial and warehousing and 10% residential and other uses. At September 2003 these percentages were 37%, 40%, 12% and 11% respectively.

Property Market Background

Commercial property markets across Europe are currently displaying great similarity. Almost everywhere there is a dearth of office tenant demand. Lettings are hard to negotiate, vacancy levels have doubled or trebled since 2001 and underlying rental values have generally fallen by 20% or more. By contrast retail tenant demand has been stable and so have retail rents. Vacancies in good centres are minimal. Tenant demand for industrial and distribution space has been better than we expected with smaller and medium sized businesses more active than big corporations. Rental values have generally weakened slightly but not as much as might have been expected given the state of manufacturing industry in Europe. The most unexpected and uniform trend across Europe this summer has been the great strength of the investment market. An enormous weight of money is trying to find a home in commercial property. So despite the very cautious occupational market, capital values of let retail and industrial buildings have increased while prices for office buildings have not fallen by even a quarter of the extent that might reasonably have been expected given the significant decline in office rental values.

Property Share Background

As the Chairman notes, property shares again outperformed the general equity market. In the UK they returned 28.4% while the FTSE All-Share Index produced a total return of 18.9%. On the Continent the picture was reversed with property shares returning 16.5% compared with 24.9% for the FTSE World Europe (ex UK) Index.

In the UK there were three factors driving property share prices forward. The first was the underlying strength of property investment demand, which has raised asset value expectations. The second was corporate activity and in particular the attempted privatisation of Canary Wharf and Chelsfield. The third and most important factor was the increasing optimism that the UK Government will change the tax law and create a corporation tax free structure for UK

Manager's Report continued

based property companies – the so called "UK REIT" structure (where REIT stands for Real Estate Investment Trust).

Under current tax law, rental income from buildings and capital gains on investment properties sold by property companies are taxed both at the company level and at the shareholder level. This double taxation makes it more tax efficient for large investors to own their own property portfolios and for small investors to own shares or units in property funds located off-shore. This is one of the main reasons why UK quoted property companies almost always stand at discounts to their net asset value. REITs have now been introduced in all the other G7 countries and most recently in France. The UK property industry has campaigned for a tax change before with no success. The difference today is that the French system was introduced by making the property companies buy their future tax freedom through a one-off capital payment of half their inherent capital gains. The UK Government, short of tax receipts, has spotted this fund raising potential and has now stated that it is investigating the creation of a UK REIT structure. No announcement is expected until 2004 and if the Government does act it is likely to be in 2005. Nevertheless the commentators are now seeing the chances of a tax change as probable rather than possible.

If UK REITs are introduced in a workable format, the major impact should be on the dividend yields of the leading property companies. REIT status is likely to demand high earnings payout ratios and I expect that the dividend yields from some of the bigger property companies could rise to over 6% assuming the shares stood at asset value. The result would be that shareholders would effectively collect a dividend return at the same level or close to the yield they might expect if they owned the portfolio outright and that discounts to net asset value would diminish or even disappear. In the USA, where there are over 150 quoted REITs, the sector stands at more than a 15% premium to asset value and yields 5.8%.

The Trust would clearly benefit from the arrival of UK REITs both in terms of increased dividend income and from the potential increased capital value of our shareholdings. A word of caution is valid. The Government investigation into REITs is just that, and not a guarantee that any workable system will be introduced. I think that legislation is only likely if the Treasury are satisfied that any potential diminution of the annual tax take from property companies will be more than compensated for by the value of the initial entry fee plus the ongoing additional revenue from higher dividend income paid to shareholders. This is by no means clear.

Largest Equity Investments

I made few changes to our major equity investments during the six months so the list of the top twenty equity investments at the end of September is very similar to the list six months earlier. (I hope shareholders won't see this lethargy as a symptom of idleness.) Though the Trust's long term investment policy tends to favour investment in small and medium sized businesses, the top twenty list is currently biased towards big companies – chiefly ones based in the UK and France. I put these holdings in place some time ago to improve the liquidity of the portfolio, and have stayed with this bias for two principal reasons. Larger property companies tend to outperform early in a bull phase of the market and big companies are seen as the major gainers from the actual introduction of REITs in France and the potential introduction of REITs in the UK. Amongst our top twenty, the best and worst performers in total return terms were St Modwen +52.1% and Cofinimmo +7.8%.

Gearing

Over the half year I increased the Trust's net debt level from £47m to £60m though the gearing ratio rose by only 1% to 16% because of the sharp increase in the value of our assets. As the Chairman noted, since the end of September we have borrowed to fund the majority of the £42m spent on the repurchase and cancellation of 53.8m shares at 77.5p per share. This extra debt combined with a reduction in net assets arising from the buy-back has taken gearing to a current level of 26%. Subject to market conditions this higher level of gearing is likely to be maintained in the immediate future.

The portfolio's see-through gearing, which takes account of our own debt and adds in the proportionate debt of all our equity investments, rose marginally from around 85% at March 2003 to 91% at the end of September. Following the major share buy-back at the end of October the see-through gearing has risen to 100%.

Direct Property Portfolio

The Trust's direct property portfolio produced a total return of only 2.8% over the half year, reflecting an income return of 2.7% and a capital value increase of 0.1%. This was a little disappointing given that the total return from the IPD Monthly Index was 5.6% (income return 3.6% and capital growth of 2.0%) during the same period, but understandable given that the portfolio is overweight in offices and holds no specialist retail buildings.

Our returns were adversely affected by lower income and valuations at Piccadilly and Battersea. These two properties – which together represent nearly 40% of the direct portfolio by

Manager's Report continued

value – have planning consents for redevelopment and are therefore let in suites on short leases. To keep the buildings as full as possible we have had to reduce asking rents over the summer. Both buildings showed modest falls in value at the half year end. I hope that these valuation trends will be reversed in the not too distant future when West End office and inner London residential site values start to improve.

Our strategy is to reduce the direct portfolio and switch capital into equities. The only sale completed in the half year was at Swanley, which was under offer in March. Since the half year end we have completed two further sales totalling £7.5m. At Southampton the price achieved was 29% ahead of the March valuation and 57% ahead of the valuation this time last year. The sale price for Tavern Quay was 10% ahead of the March valuation and 33% ahead of the valuation this time last year. Further sales are planned.

At Piccadilly, we are working on the outstanding conditions attached to our planning consent and have opened negotiations with our freeholder, the Crown Estate, for a new ground lease. At the Colonnades complex in Paddington we are converting 3,600 sq ft of surplus storage space to air-conditioned offices with a new access. We are focusing on minimising voids, even where we are only able to offer tenants relatively short occupancies. The rental value of our vacant space at the end of September was 10.6% of the rental value of the entire direct property portfolio. The equivalent figure at end March 2003 was 10.4%. Almost 100% of the vacant space is accounted for by voids at the redevelopment opportunities in Battersea and Piccadilly and by a 36,000 sq ft modern warehouse at Swindon.

Unquoted Investments

We have made no investments in unquoted companies during the period and Controlrun, the petrol filling station owner and operator, remains the Trust's only unquoted investment. Here our strategy is to sell the portfolio. We completed two sales in the first half at prices exceeding the most recent independent valuations. The remaining two properties, both in Milton Keynes, are currently being marketed.

Looking ahead to 2004

The recovery in the global economy will ensure some improvement in tenant demand for offices, however the timing and extent of this is keenly argued. The optimists (of which property markets have their fair share) believe that job growth in government, financial and service industries will be rapid through 2004 and 2005, vacancy rates will fall fast and rental values will start to rise again within the next year. The pessimists predict a much slower recovery in the demand for office space with fitful job growth following slowly in the wake of economic growth, and they point to the growing trend of moving service sector jobs to locations outside Europe. The office optimists also tend to be retail pessimists. They foresee retail sales volumes and retail tenant demand declining as base rates are increased to ward off a threatened rise in inflation. These base rate rises would hit the disposable incomes of those shoppers with high levels of credit card and mortgage debt. Such an outlook is possible, but I find it hard to visualise strong economic growth, sufficient to create a large number of new office jobs, in a period when consumer expenditure is seriously in decline.

Property investment demand looks set to remain strong well into 2004. Pessimists predict that the level of buying interest thereafter may decline if long bond yields rise and equity markets are strong. Optimists see the current level of investment demand being so strong and the supply of investments so static that the buying interest will only wane after yields have been driven down still further. If base rate and long bonds are to rise then this is likely to be caused by a general increase in inflationary expectations, which in turn will make commercial property a more attractive asset class.

My belief is that, while conditions will vary from location to location, office markets will generally take longer to recover than the optimists believe. Equally I foresee good quality retail property remaining attractive. I also expect property investment demand to remain strong through 2004.

The portfolio remains overweight in the UK, reflecting the better outlook for economic growth relative to the Eurozone. The major upside here will be the introduction of UK REITs. If the Government rejects the idea, share prices will have some downside protection from potential corporate activity, and we would expect that there would continue to be a steady stream of take-overs and attempted take-overs as the portfolios of the quoted companies were carved up and taken offshore to avoid the impact of double taxation.

Portfolio

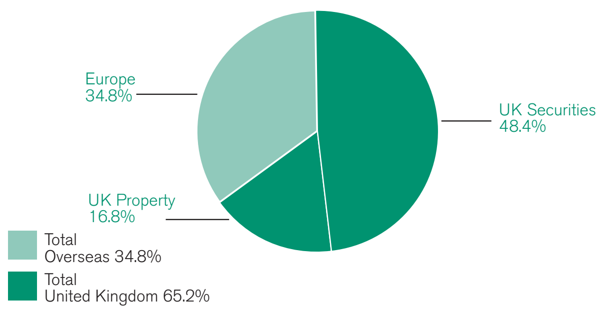
Largest Quoted Investments as at 30 September 2003

The 40 largest quoted investments amount to £330,736,000 or 77% of total investments (convertibles and all classes of equities in any one company being treated as one investment).

	Market Value £'000		Market Value £'000		Market Value £'000
Land Securities	34,987	Eurocommercial Properties (Netherlands)	7,838	Wereldhave (Netherlands)	3,817
Rodamco Europe (Netherlands)	22,433	Helical Bar	6,938	Quintain	3,678
Hammerson	18,530	Grainger Trust	6,825	Inmobiliaria Colonial (Spain)	3,452
British Land	18,260	Ashtenne	6,084	Rugby Estates	3,132
Unibail (France)	18,256	Silic (France)	6,035	Fonciere Lyonnaise (France)	3,085
Liberty International	16,867	Canary Wharf Group	4,995	Capital & Regional	3,052
Slough Estates	16,539	Cofinimmo (Belgium)	4,834	Beni Stabili (Italy)	2,836
St Modwen Properties	16,020	Development Securities	4,658	London Merchant	2,811
Castellum (Sweden)	14,551	Vastned Retail (Netherlands)	4,565	Pirelli Real Estates (Italy)	2,730
Big Yellow Group	10,958	Metrovacesa (Spain)	4,110	Derwent Valley	2,703
Corio (Netherlands)	10,868	Vallehermoso (Spain)	4,081	Bail Investissement (France)	2,463
Gecina (France)	9,065	Pillar Property Group	4,057	Sophia (France)	2,331
Klepierre (France)	8,311	Brixton	3,853	PSP Swiss Property (Switzerland)	2,225
Chelsfield	7,903				

Distribution of Investments

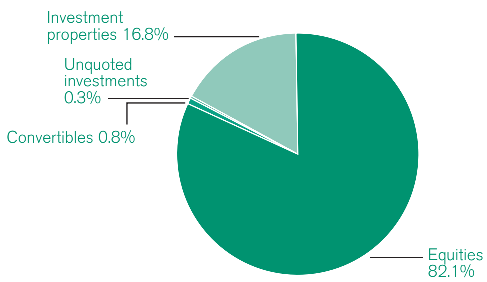
as at 30 September 2003



as at 30 September 2003	£'000	%
UK Securities – quoted	**205,514**	48.1
UK Securities – unquoted	**1,599**	0.3
UK Investment properties	**71,665**	16.8
UK Total	**278,778**	65.2
Europe	**148,638**	34.8
Total investments	**427,416**	100.0

Classification of Investments

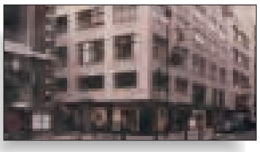
as at 30 September 2003



as at 30 September 2003	£'000	%
Equities	**350,946**	82.1
Convertibles	**3,183**	0.8
Fixed interest	**23**	–
Unquoted investments	**1,599**	0.3
Investment properties	**71,665**	16.8
Total investments	**427,416**	100.0

Principal Investment Properties as at 30 September 2003

Value in excess of £5 million



Property	Sector	Tenure	Size (sq ft)	Principal tenants
198/202 Piccadilly and 32/34 Jermyn Street London W1	**West End Offices and Retail**	**Leasehold 84 years from 1949**	**Offices 37,000 Retail 28,000**	**Daks Simpson Boots the Chemist**

The Trust's largest direct property investment is located on the south side of Piccadilly adjacent to the Waterstones bookstore. An application for the total redevelopment of the property to provide a mixed retail and office scheme of 10,500m^2 was approved by Westminster in the autumn of 2002. We have since commenced negotiations with the freeholder to extend the Trust's leasehold interest. In the meantime we are continuing to focus on maintaining the income return, currently running at approximately £1.4 million per annum.

Property	Sector	Tenure	Size (sq ft)	Principal tenants
Elizabeth House Duke Street Woking, Surrey	**Offices**	**Freehold**	**54,150**	**Gallaher**

Located in the centre of Woking, the building is let for 99 years from 1982 with five yearly upwards only rent reviews to approximately two-thirds of rental value. The property is sublet to Forbuoys Limited until 2024.

Property	Sector	Tenure	Size (sq ft)	Principal tenants
The Colonnades Bishops Bridge Road London W2	**Mixed Use**	**Freehold**	**44,000 200 space car park 242 residential units**	**NCP; Pizza Express Scottish & Newcastle Bishops Stores Ltd**

The property comprises a large mixed-use block in Bayswater, constructed in the mid-1970s. Our application for planning permission to refurbish and improve the commercial element of the property, including the conversion of the ex-Budgens storage space to offices was approved in early 2003 and we plan to commence work on site in the next few months. We continue to negotiate lease extensions with residential tenants, most of whose leases now have less than 70 years until expiry.

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

Acquired in February 2001, this property was built in 1989 and extensively refurbished in 2000. The tenant, Worldpay Limited, who occupy by way of a 15 year lease from December 2000, has recently been acquired by The Royal Bank of Scotland.

Property	Sector	Tenure	Size (sq ft)	Principal tenants
Southbank Commercial Centre Battersea Park Road London SW11	**Light Industrial and Offices**	**Freehold**	**49,000**	**Various**

Our application to redevelop this property for a mixed residential and commercial scheme gained approval at the end of 2002 following a protracted process, which culminated in a full Public Enquiry on behalf of the Secretary of State. The delay in gaining planning consent coincided with a deterioration in the Central London residential market and we have therefore deferred implementation of our strategy to exit the property. In the meantime, the majority of the property continues to be income producing and we are continuing to market the vacant space on flexible terms.

Principal Investment Properties as at 30 September 2003 continued

Value between £2 million and £5 million

Property	Sector	Tenure	Size (sq ft)	Principal tenants
The Quay Ocean Village Southampton	**Offices**	**Virtual Freehold**	**23,150**	**Pricewaterhouse-Coopers**

This office building, overlooking the principal marina in Southampton's regenerated docklands, was purchased in October 1997. Until recently, the tenant, PricewaterhouseCoopers, occupied the property by way of a lease containing an option to break effective in October 2003. We managed to retain PwC as a tenant and also increase rents by granting them a new 10 year lease of 3 of the 4 floors and taking back the remaining floor following a substantial refurbishment programme at their expense. This floor has subsequently been let to the Secretary of State (Insolvency Service) at an enhanced rent. Since the half year-end we have exchanged contracts to sell the property to a private investor for £5.165m which compares to a March 2003 valuation of £4.00m.

Property	Sector	Tenure	Size (sq ft)	Principal tenants
Unit 3 Interface Business Park Wootton Bassett	**Industrial**	**Freehold**	**38,249**	**Optical Micro Devices Ltd**

We bought this highly specified, modern industrial property in early 2001, shortly after it had been let to OMD Ltd, a 'high-tech' chip manufacturer, on a 20 year lease with a 2 year rent guarantee from a UK clearing bank. As a result of the downturn in the IT sector, OMD were put into administration in mid-2002. The administrator has been unable to secure a buyer for the company as a going concern and we are therefore marketing the property for sale or rent. In the meantime, the rent continues to be paid under the terms of the bank guarantee.

Property	Sector	Tenure	Size (sq ft)	Principal tenants
Ferrier Street Industrial Estate, Ferrier Street Wandsworth, London SW18	**Industrial**	**Freehold**	**38,500**	**Wandsworth Borough Council**

Let to Wandsworth Borough Council at 80% of open market value. The estate is fully sublet to 14 tenants. The Council has an option to take another 25 year lease in 2008. New sublettings on this estate have taken the rental values to new record highs and we anticipate capturing some of this uplift at the forthcoming headlease rent review.

Property	Sector	Tenure	Size (sq ft)	Principal tenants
Tavern Quay Commercial Centre Rope Street, London SE16	**Light Industrial and Offices**	**Freehold**	**20,500**	**Various**

The property comprises a purpose built multi-storey business centre let to 23 tenants on short term leases. The sale of part of the under-utilised car park for the development of 12 flats was completed in March this year and we have subsequently converted the double-height marine workshops on the ground floor to 7 new office suites, creating additional floor space. We commenced marketing the property shortly before the half year end and a sale was completed in October for £2.4m compared with a March 2003 valuation of £2.175m.

Value at under £2 million

At 30 September 2003 the Group owned 3 further properties with individual values of under £2 million. They are located in Addlestone, London W2 and Weybridge. Their aggregate value was £2.6 million.

Group Statement of Total Return

(Incorporating the Revenue Account) for the half year ended 30 September 2003

	(Unaudited) Half year ended 30 September 2003 Revenue £'000	Capital £'000	Total £'000	(Unaudited) Half year ended 30 September 2002 Revenue £'000	Capital £'000	Total £'000	(Audited) Year ended 31 March 2003 Revenue £'000	Capital £'000	Total £'000
Total capital gains/(losses) from investments	**–**	**60,162**	**60,162**	–	(36,887)	(36,887)	–	(25,633)	(25,633)
Repurchase of warrants	**–**	**–**	**–**	–	(8,885)	(8,885)	–	(8,885)	(8,885)
Investment income	**8,705**	**–**	**8,705**	7,195	–	7,195	11,529	–	11,529
Net rental income	**1,889**	**–**	**1,889**	2,514	–	2,514	4,938	–	4,938
	10,594	**60,162**	**70,756**	9,709	(45,772)	(36,063)	16,467	(34,518)	(18,051)
Interest receivable and similar income	**117**	**–**	**117**	141	–	141	209	–	209
Gross revenue and capital gains/(losses)	**10,711**	**60,162**	**70,873**	9,850	(45,772)	(35,922)	16,676	(34,518)	(17,842)
Management and performance fees	**(801)**	**(401)**	**(1,202)**	(906)	(453)	(1,359)	(1,702)	(851)	(2,553)
Other administrative expenses	**(276)**	**–**	**(276)**	(303)	–	(303)	(570)	–	(570)
Net return/(loss) on ordinary activities before interest payable and taxation	**9,634**	**59,761**	**69,395**	8,641	(46,225)	(37,584)	14,404	(35,369)	(20,965)
Interest payable and similar charges	**(1,073)**	**(1,073)**	**(2,146)**	(1,306)	(1,306)	(2,612)	(2,433)	(2,433)	(4,866)
Net return/(loss) on ordinary activities before taxation	**8,561**	**58,688**	**67,249**	7,335	(47,531)	(40,196)	11,971	(37,802)	(25,831)
Taxation on net return/(loss) on ordinary activities	**(1,194)**	**442**	**(752)**	(1,319)	347	(972)	(2,237)	696	(1,541)
Net return/(loss) on ordinary activities after taxation	**7,367**	**59,130**	**66,497**	6,016	(47,184)	(41,168)	9,734	(37,106)	(27,372)
Ordinary dividends									
Interim of 1.10p (2002: 0.90p)	**(3,899)**	**–**	**(3,899)**	(3,823)	–	(3,823)	(3,823)	–	(3,823)
Final (year ended 31 March 2003: 1.15p)	**–**	**–**	**–**	–	–	–	(4,774)	–	(4,774)
	(3,899)	**–**	**(3,899)**	(3,823)	–	(3,823)	(8,597)	–	(8,597)
Transfer to/(from) reserves	**3,468**	**59,130**	**62,598**	2,193	(47,184)	(44,991)	1,137	(37,106)	(35,969)
Return/(loss) per ordinary share (Note 1)	**1.78p**	**14.29p**	**16.07p**	1.43p	(11.19)p	(9.76)p	2.30p	(8.78)p	(6.48)p

The revenue columns of this statement represent the revenue accounts of the Group.

All revenue and capital items in the above statement derive from continuing operations.

No operations were acquired or discontinued during the period.

Group Balance Sheet

as at 30 September 2003

	(Unaudited) Half year ended 30 September 2003 £'000	(Unaudited) Half year ended 30 September 2002 £'000	(Audited) Year ended 31 March 2003 £'000
Fixed asset investments	**427,416**	356,420	358,178
Current assets			
Debtors	**574**	6,149	4,267
Cash at bank and short term deposits	**2,815**	1,180	1,790
	3,389	7,329	6,057
Creditors – amounts falling due within one year	**28,275**	20,550	19,914
Net current liabilities	**(24,886)**	(13,221)	(13,857)
Total assets less current liabilities	**402,530**	343,199	344,321
Creditors – amounts falling due after more than one year	**40,201**	40,193	40,194
Total net assets	**362,329**	303,006	304,127
Capital and reserves			
Called up share capital	**102,549**	107,367	104,124
Share premium	**37,063**	37,063	37,063
Other reserves	**202,306**	140,577	145,997
Revenue reserve	**20,411**	17,999	16,943
Equity shareholders' funds	**362,329**	303,006	304,127
Net asset value per share	**88.33p**	70.55p	73.02p

Group Cash Flow Statement
for the half year ended 30 September 2003

	(Unaudited) Half year ended 30 September 2003 £'000	(Unaudited) Half year ended 30 September 2002 £'000	(Audited) Year ended 31 March 2003 £'000
Net cash inflow from operating activities	**7,930**	5,849	12,483
Net cash outflow from servicing of finance	**(2,150)**	(2,500)	(4,806)
Net tax recovered	**313**	124	442
Net cash (outflow)/inflow from financial investment	**(9,325)**	34,386	46,360
Equity dividends paid	**(4,774)**	(4,166)	(7,989)
Net cash (outflow)/inflow before financing	**(8,006)**	33,693	46,490
Net cash outflow from financing*	**(4,396)**	(3,369)	(11,270)
(Decrease)/increase in cash	**(12,402)**	30,324	35,220

Reconciliation of operating revenue to net cash inflow from operating activities

Net revenue before interest payable and taxation	**9,634**	8,641	14,404
Decrease in operating debtors	**468**	614	1,244
(Decrease)/increase in operating creditors	**(646)**	(850)	3
Tax deducted at source	**(930)**	(793)	(1,007)
Scrip dividends included in investment income	**(195)**	–	–
Performance fees paid	**–**	(1,310)	(1,310)
Management fee charged to capital	**(401)**	(453)	(851)
	7,930	5,849	12,483

Reconciliation of net cash flow to movement in net debt

(Decrease)/increase in cash as above	**(12,402)**	30,324	35,220
Exchange differences	**(76)**	(52)	(96)
Other	**(7)**	(5)	(6)
Movement in net debt in the period	**(12,485)**	30,267	35,118
Net debt at the beginning of the period	**(47,101)**	(82,219)	(82,219)
Net debt at the end of the period	**(59,586)**	(51,952)	(47,101)

Represented by:

Bank balances, short term deposits and overdrafts	**2,599**	1,180	1,790
Debt falling due within one year	**(21,984)**	(12,939)	(8,697)
Debt falling due after more than one year	**(40,201)**	(40,193)	(40,194)
	(59,586)	(51,952)	(47,101)

*Financing includes cash outflows from share and warrant buy-backs and inflows from the issue of new shares on conversion of warrants.

Notes to the Accounts

1. Return per ordinary share

Revenue return per ordinary share is calculated by dividing the net revenue return available for ordinary shareholders of £7,367,000 (half year ended 30 September 2002: £6,016,000 and year ended 31 March 2003: £9,734,000) by 413,645,046 (half year ended 30 September 2002: 421,776,535 and year ended 31 March 2003: 422,633,986) being the weighted average number of ordinary shares in issue.

Capital return per ordinary share is calculated by dividing the net capital gain attributable to ordinary shareholders of £59,130,000 (half year ended 30 September 2002: £47,184,000 loss and year ended 31 March 2003: £37,106,000 loss) by the weighted average number of ordinary shares in issue, as shown above.

2. Changes in share capital

During the period the Company made authorised market purchases for cancellation of 6,300,000 of its own issued ordinary shares of 25p. As at 30 September 2003 there were 410,194,500 ordinary shares in issue. Since 30 September 2003 a further 55,778,214 ordinary shares of 25p have been repurchased for cancellation. As at 27 November 2003 there were 354,416,286 ordinary shares in issue.

3. Interim statement

The interim accounts were approved by the directors on 27 November 2003.

4. Comparative information

The financial information contained in this interim statement does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The financial information for the six months ended 30 September 2002 and 30 September 2003 have not been audited. The figures and financial information for the year ended 31 March 2003 are an extract from the latest published accounts and do not constitute statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included the report of the auditors which was unqualified and did not contain a statement under either section 237(2) or 237(3) of the Companies Act 1985.

General Shareholder Information

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

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

Dividend Payment Dates
Dividends are paid on the ordinary shares as follows:

Interim	:	early January
Final	:	late July

Dividend Payments
Dividends can be paid to ordinary shareholders by means of BACS (Bankers' Automated Clearing Services); mandate forms for this purpose are available from the Registrar. Alternatively, shareholders can write to the Registrar (the address is given on page 16 of this report) to give their instructions; these must include the bank account number, the bank account title and the sort code of the bank to which payments are to be made.

Share Price Listings
The market price of the Company's ordinary shares is published daily in the Financial Times and other leading newspapers. The Financial Times also shows figures for the estimated net asset values and the discounts applicable.

Share Price Information
The ISIN code/SEDOL (Stock Exchange Daily Official List) number of the Company's ordinary shares is GB0009064097/0906409. Other sources include Bloomberg (TRY.LN) and Reuters (TRY.L).

Internet
Details of the market price and net asset value of the shares can be found at both **www.itshenderson.com** and **www.trproperty.co.uk**.

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

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

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

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

For investors through the Henderson Investment Trust Share Plan, Henderson ISA or Henderson Transfer PEP, a textphone telephone service is available on 020 7850 5406. This service is available during normal business hours.

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.

Investors in the Henderson Investment Trust Share Plan, Henderson ISA and Henderson Transfer PEP receive all shareholder communications. A letter of direction is provided to facilitate voting at general meetings of the Company.

Capital Gains Tax

The Finance Act 1998 included provisions which made considerable changes to the way that chargeable gains are calculated for non-corporate shareholders in respect of disposals made on or after 6 April 1998. From that date pooling no longer applies and disposals are matched against shares acquired in the following order:

- same date acquisitions;
- acquisitions within the following 30 days;
- previous acquisitions on or after 6 April 1998 (using 'last in first out' basis);
- any shares held in the pool as at 5 April 1998;
- any shares held in the pool as at 5 April 1982;
- any shares acquired before 6 April 1965; and
- any shares acquired subsequent to the disposal.

For disposals on or after 6 April 1998 indexation is still allowed but only up to April 1998. The Finance Act changes apply a taper relief to the amount of the chargeable gains on these disposals. The taper is 5% for each complete year of ownership after the first two complete years, with a maximum reduction of 40% after ten complete years.

In calculating the taper relief, assets held before 17 March 1998 qualify for an extra year.

The way that chargeable gains are calculated for companies remains under review by the Inland Revenue and for the time being pooling remains.

The special rules that previously applied to shareholders disposing of shares, who had purchased their shares through the Henderson Investment Trust Share Plan on a monthly basis, was withdrawn by the Inland Revenue for savings commenced on or after 6 April 1998.

When savings commenced before 6 April 1998, the simplified basis will still apply for ***acquisitions*** during the investment trust's accounting period ended before 6 April 1999 which in the case of TR Property is 31 March 1999.

The calculation of the tax on chargeable gains will depend on personal circumstances. The above information is of a general nature and is not exhaustive. We regret that we are unable to give tax advice or assist with calculations for capital gains tax. If you are in any doubt about your personal tax position, you are recommended to contact your professional adviser.

Directors and other Information

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R A Stone

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Henderson Global Investors Limited authorised and regulated by the Financial Services Authority

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its investment trusts
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Henderson Investment Trust Share Plan

The Henderson Investment Trust Share Plan offers a simple and flexible way of investing in **TR Property Investment Trust plc**. The Share Plan offers the following:

- **Regular savings from £50 per month/quarter, or lump sum investments from £500 and additional 'top-up' from £100**
- **An income reinvestment facility. Alternatively, you can have dividends paid to your bank or building society account**
- **All paperwork and documentation is simplified and reduced to a minimum**
- **Half yearly valuations with consolidated tax certificate and complimentary market reviews**

Henderson ISA

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

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

Henderson Transfer PEP

Although you cannot subscribe new funds to any PEP, it is possible to transfer existing PEP funds in cash from other managers into a Henderson PEP. This offers you the opportunity to invest PEP funds in **TR Property Investment Trust plc**.

Further Information

Please consult our website **www.itshenderson.com** or write to Henderson Global Investors, FREEPOST, Newbury RG14 2ZZ. No stamp is required.

Alternatively, please contact your professional adviser for further information or call our Investor Services Department on freephone **0800 832 832** quoting the reference **REPORT**. Please call (44) 20 7818 1818 if you are telephoning from abroad. We may record telephone calls for our mutual protection and to improve customer service.

Please remember that the value of an investment and the income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the amount originally invested.

Tax assumptions may change if the law changes and the value of tax relief will depend upon individual circumstances.

Henderson Global Investors is the name under which Henderson Global Investors Limited, Henderson Investment Funds Limited, Henderson Fund Management plc and Henderson Administration Limited (all authorised and regulated by the Financial Services Authority) provide investment products and services.

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