TR Property Investment Trust plc is managed by

THAMES RIVER CAPITAL

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TR Property Investment Trust plc

Interim Statement for the half year ended 30 September 2005

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 90% of the Company's assets are invested in Pan European listed property securities with the balance in directly owned UK real estate.

Investment Selection

The investment selection process seeks to identify well managed companies of all sizes, especially those with a focus on a particular type of real estate business. 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 S&P/Citigroup European Property Index in Sterling (the Citigroup Index). The Citigroup Index, against which the manager's performance is measured by the Board, comprises 100 companies and is itself a sub-index of the S&P/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.globalindices.standardandpoors.com** contains further details.

Capital Growth

Over the past five years the net asset value per share has risen by 162.9%. Over the same period the benchmark index has risen by 102.8%.

Income Growth

Over the past five years the annual net dividend per share has grown by 126%, equivalent to 17.7% 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 TR Property Share Plan and the TR Property ISA are given on the inside back cover.

Website

Information about the Company can be found on the website **www.trproperty.co.uk.**

Dividend

An interim dividend of 1.50p (2004: 1.30p) per ordinary share has been declared payable on 6 January 2006 to shareholders on the register on 9 December 2005. The shares will be quoted ex-dividend on 7 December 2005.

Financial Highlights

Revenue	Half year ended 30 September 2005 (Unaudited)	Half year ended 30 September 2004 (Unaudited and restated)	% Change
Total revenue income (£'000)	15,036	13,423	+12.0
Income from operations before tax (£'000)	10,872	9,356	+16.2
Earnings per ordinary share	32.92p	13.08p	+151.7
Revenue earnings per ordinary share	2.66p	2.15p	+23.7
Net dividend per share	1.50p	1.30p	+15.4

Balance Sheet	As at 30 September 2005 (Unaudited)	As at 31 March 2005 (Audited and restated)	% Change
Investments held at fair value (£'000)	704,575	598,395	+17.7
Shareholders' funds (£'000)	612,360	507,650	+20.6
Shares in issue at end of period (m)	343.9	346.4	-0.7
Gearing	14%	16%	
Net asset value per share	178.09p	146.56p	+21.5

Performance
Assets and Benchmark

	Half year ended 30 September 2005	Half year ended 30 September 2004
Benchmark performance (price only)	+17.3%	+8.9%
NAV change	+21.5%	+10.7%
Benchmark performance (total return)	+20.2%	+12.0%
NAV total return	+22.7%	+12.3%
IPD Monthly Index total return*	+9.1%	+9.5%
Total return from direct property	+8.2%	+4.4%

Performance
Share price

	Half year ended 30 September 2005	Year ended 31 March 2005	% Change
Share price	157.0p	128.5p	+22.2
Share price total return	+23.5%	+38.5%	
Market capitalisation	£540m	£445m	+21.3

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

Chairman's Statement

Peter Salsbury BSc *Chairman*
23 November 2005

Introduction

Investor demand for commercial property and for property shares has remained extremely robust over the summer and this is well reflected in the Trust's results for the six months ended September 2005 – with both the net assets per share and the share price showing increases of over 20%. Revenue earnings have also increased by over 20%, and the total returns have again exceeded the benchmark. Meanwhile, at the EGM in July, shareholders substantially rejected the motion to change the name of the Trust.

New Accounting Standards (IFRS)

Before giving further details of the interim performance, I should like to draw shareholders' attention to changes in the format and preparation of the interim report. In common with all UK listed companies producing consolidated accounts, the Trust has adopted International Financial Reporting Standards ("IFRS"). The interim results are prepared under these standards, and the financial statements reflect the new formats. A detailed explanation of the changes can be found in the Finance Report (starting on page 11). Comparisons between the current and previous numbers are detailed in the notes to the financial statements. The two main numerical changes involve:

- the valuation of our share portfolio on bid prices rather than mid-market prices, as previously. This reduces shareholders' funds by around £0.5m;
- the recognition of the dividend as payable only after it has been declared. Thus, these interim results do not accrue the interim dividend, now announced, as it had not been declared at the end of September. This change adjusts shareholders' funds upwards by the amount of the dividend (some £5.2m) at the interim stage.

We are conscious that these changes make the accounts longer and more difficult to follow than before. We have therefore made our explanatory notes as full as possible. Overall the impact of IFRS on the substance of the numbers is not significant.

Asset and Share Price Performance

Over the six-month period the net asset value (calculated under IFRS) increased by 21.5% from 146.6p to 178.1p, while the share price rose by 22.2% from 128.5p to 157.0p. The total returns were +22.7% for the NAV and +23.5% for the share price. These gains outpaced those of our benchmark index which rose by 17.3% and showed a total return of +20.2%. They also outpaced the FTSE All Share Index which produced a total return of 13.7% over the period.

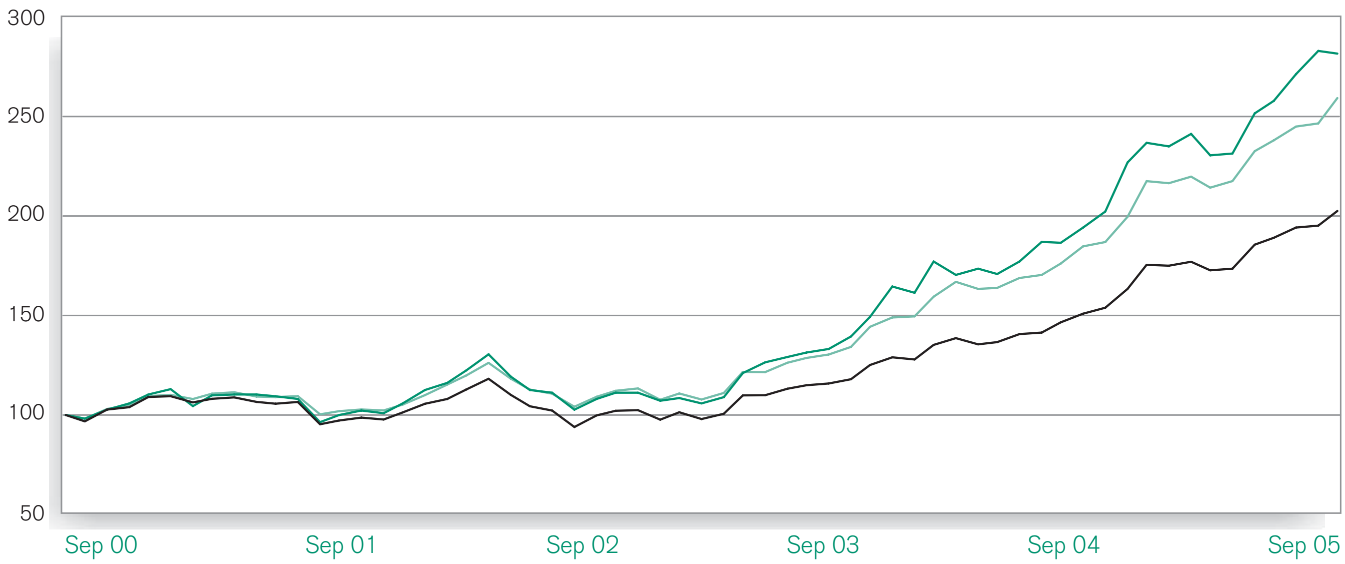
Across the whole of Europe, property shares rose, reflecting the very strong investor demand for physical real estate and the continued benign bond market outlook. Continental property share prices produced an average total return in Sterling of 24.9%, aided by an outstanding performance from Spain, where the total return was 59%. UK property shares were much more subdued, though their six months' total return of 15.4% was more than acceptable. Their relative underperformance was due, in part, to the lack of further positive news regarding the potential introduction of listed tax-transparent property vehicles (REITs) as well as to fears that weaker consumer demand will affect the future rental value of shop property.

Revenue Results

The revenue earnings in the six-month period were 2.66p per share compared with 2.15p in the first six months of last year: a percentage increase of 23.7%. Our investment income rose by an exceptional 21.0%, in part due to large dividend increases from some of our bigger investments,

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 30 September 2000 to 30 September 2001) and the S&P/Citigroup European Property Index (for the period 1 October 2001 to 30 September 2005)

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

and in part due to timing differences. Our rental income declined slightly, reflecting sales of income-producing property, so that, overall, total income increased by 12.1%. Management fees grew in line with the increase in net assets, and interest costs increased due to the higher level of borrowings and increased base rates. The pre-tax revenue gain is 16.2%. The percentage growth in earnings is higher than the pre-tax revenue growth because tax is estimated at 15.7% compared with 18.7% in the first half of last year, and because there are fewer shares in issue as a result of share repurchases.

The Trust continues to receive a growing percentage of its full year dividend income in the first half of the financial year. Our managers expect that, subject to unforeseen circumstances, gross revenue for the half year now reported will represent some 71% of our expected full year gross revenue, as against 68% last year. Shareholders should not expect the same rate of gross revenue or earnings growth in the full year.

Interim Dividend

Your Board has pleasure in raising the interim dividend by 15.4% from 1.30p per share to 1.50p per share. The dividend will be paid on 6 January 2006 to shareholders on the register on 9 December 2005.

Portfolio Distribution

The distribution of the portfolio shows only modest change since the end of March, with the decrease in UK equities from 54.2% to 51.2% and the commensurate increase in European equities. Under current circumstances this distribution is unlikely to alter significantly in the remainder of the financial year.

Gearing and Currencies

Over the six-month period, the Trust's net debt rose from £81m to £89m, but the growth in the value of our assets was such that the gearing ratio declined from 16% to 14%. In the current investment outlook, your Board anticipates that gearing will remain in the 10% to 25% range over the remainder of the current financial year. All of our debt continues to be denominated in Sterling and

Chairman's Statement continued

our portfolio exposure to foreign currency assets and income continues to be unhedged. In the six-month period, March to September, Sterling rose against the Euro by 0.9%.

Discount and Share Repurchases

The share price discount to NAV narrowed over the summer, averaging 9.4% over the six-month period (versus an average of 11.5% in the year to March 2005). As a result, opportunities to make worthwhile share repurchases were scarcer. In all, the Trust bought back a total of 2.516 million shares for cancellation during the first half, for a cost of £3.34m and at an average price of 132.75p. The average immediate discount for the repurchases was 13.25% and the enhancement to shareholders' funds from the buybacks was some £450,000.

Outlook

The upward path of commercial property value growth has continued across Europe over the summer, and the initial yields which investors are prepared to accept continue to decline. With hindsight, therefore, some of my comments on the outlook made in the 2005 Annual Report seem rather gloomy, or at least premature. I am not pessimistic but do recognise that, having had such an outstanding period of asset value growth over the last five years, we need to be vigilant and watch for signs and signals that may tell us when the long bull market in commercial property may be coming to an end. Your Fund Management team has been further strengthened to increase its capacity to identify suitable new areas of opportunity.

For the time being, we continue to find value in the shares of the larger UK property companies, and they also provide us with the comfort of lower gearing, longer leases and lower levels of variable debt than we can find in most listed property shares outside the UK. There also remains the upside potential if the Government does introduce workable REIT legislation in 2006, as I expect that this is likely to lead to an upward re-rating of the UK property share sector.

Manager's Report

Chris Turner MRICS *Fund Manager*
23 November 2005

Introduction

European commercial property markets and property share markets have had another very good summer. The fund remained geared throughout the period and, though our top down portfolio weightings were once more awry – overweight the underperforming UK property share market – stock selection and gearing came to the rescue and we were able to outperform the benchmark again.

As the Chairman comments, global investment mania for commercial property remains firmly in place. For those of us reared in earlier markets, when property was regularly shunned as an asset class, being flavour of the month for so long comes as a shock. As should be expected, many professional forecasters, property company executives and media pundits have already called the top of the market, only to see their expectations unfulfilled. Their siren voices will eventually be right, but timing is as important as directional sense in this investment game.

If we go back to first principles, it is about yield. The core of the investment demand for let property is the search by investors for assets capable of producing stable high yields, with some inflation protection. In the current decade, with its heightened concern for future pension provision, investors appear to be rewriting downwards the definition of "high" in high yield in property, bond and equity markets. Currently, UK inflation is around 2%, the FTSE All Share Index yields 3.5%, 10-year Government bonds yield 4.25% and the UK All Property average initial yield is 5.4%. This may not be quite the familiar yield pattern to which we are accustomed, but property's place in this yield line-up does not immediately suggest that the asset class is grossly overpriced.

European Commercial Property Market Background

The market trends we reported in the annual report (huge investment demand and a weak but generally improving tenant demand) have remained in place throughout the summer. Across the whole of Europe a flood of international capital is trying to find a home in the commercial property market. Market activity is at record levels. In the UK, investment market turnover is forecast to be a record £50 billion this year and the All Property average initial yield has fallen from just under 5.9% at December 2004 to a current level of 5.4%; low territory, never previously entered. Elsewhere in Europe, we have less accurate yield and turnover figures, but the pattern is exactly the same.

Tenant demand has improved – a little – but is still generally tentative and fickle. Office tenant demand has yet to improve to meet the long term average level and most markets have plenty of supply. Retail tenant demand has remained stable in most areas, though in the UK, the decline in the rate of growth of retail sales volumes has given rise to plenty of doom and gloom comment. Evidence from centre owners suggests that tenant demand remains positive, save in the bulky goods sector of the retail warehouse market.

Property Share Background

European property shares have continued to prosper, reflecting the hugely positive level of investor activity in the direct property markets. Country performance has been surprisingly diverse, given that the outlook for earnings and asset value growth is very similar across the region. The unexpected top performer has been Spain, where the six-month total return was 59%, caused principally by a major re-rating of the local companies from discounts to premiums to net asset value. German property shares also performed strongly, returning 28%, against our expectations. The German commercial property market remains in the doldrums and the gains were based on hopes that REITs will be introduced there in 2006. The major disappointment was the UK where there has been no discount-to-premium re-rating, and where the total return, at 15.4%, was worsened only by

Manager's Report continued

Greece, Austria and Belgium. UK property shares, particularly the shares of the larger companies, still stand at discounts to their net asset values of between 10% and 20%, whereas virtually every major continental property share is now priced at above net asset value, with premiums mainly in the 15% to 30% range. The immediate causes for the UK's underperformance over the period were the lack of news on the possible introduction of REITs, and the fear of weaker consumer demand with impact on future retail tenant demand, as – Slough Estates excepted – all the big UK property companies have substantial investments in shopping centres.

Another sign that UK shares are undervalued relative to non-UK stocks has been corporate activity. In the UK we have had three cash takeovers in the period (Ashtenne, Pillar and Tops) with very little share issuance from the mainstream property companies. In Europe, Gecina aside, there has been little takeover activity, but rights issuance has risen with calls coming with increasing frequency.

Investment Activity and Distribution of Assets

Our equity market turnover (purchases plus sales divided by two) in the six months was some £50m compared with £39m in the comparable period last year. We saw gains from 99.7% of our equity investments. The exceptions were two very small UK holdings, where the declines were both in single percentage figures. Our best gains were mainly on the Continent with the Spanish shares, Urbis (+61%) and Metrovacesa (+48%) leading the way. In the UK, Helical Bar rose 45%, and St Modwen and Big Yellow both rose 25%. The largest UK shares, in which we have significant overweight positions, all underperformed the benchmark. British Land (+17%) and Land Securities (+14%) did best, followed by Hammerson (+12%) and Slough (+9%), with Liberty International trailing with only a 3% price rise due to concern over the trend in UK retail expenditure.

The geographical distribution of the portfolio, shown on page 10, has shown little alteration over the period. We continue to favour the UK over the Continent on share price value grounds, retaining over half our equity investments here, as well as our entire direct property portfolio. It is also of comfort to note that the UK companies have more conservative balance sheets and greater future income visibility than European companies. The average leverage in the UK sector is under 40%, while on the Continent it is over 60%. The unexpired lease terms in company portfolios average six years in the UK, and three and a half years on the Continent, while the average terms of the UK companies' loan books is twice that of the Continental companies, and their exposure to variable rate debt is also lower.

The distribution of the portfolio by property use has shown some changes since March. Then we had 44% of our portfolio in retail property on a see-through basis, 35% in office property, 10% in industrial, 8% in residential and 3% in other uses (mainly hotels and leisure). At the end of September, the retail percentage had fallen to 38%, offices had risen slightly to 36%, industrial had climbed to 14%, residential remained at 8% and other uses had risen to 4%.

Largest Equity Investments

The list of our top forty investments is shown on page 10. Significant changes are few. Into the top ten, from twelfth place in March, has come Metrovacesa. Though it is quoted in Madrid, the company's portfolio is one-half invested in France. The share price rose by 48% over the interim period. Two of our top forty shareholdings at March left the list as a result of cash takeover bids – Ashtenne and Pillar in the UK. The largest new entries are Immoeast, an Austrian quoted company which is entirely invested in Eastern Europe, and Orchid Developments, a Bulgarian commercial and residential developer.

Direct Property Portfolio

The direct property portfolio totalled £69.333m at the half year, up from £56.371m at the March year end. This represented 9.8% of the total portfolio. During the period, the property in Wootton Bassett was sold for £2.026m and a property in Slough was purchased for £10.56m.

The direct portfolio total return was 8.16%. This is made up of capital growth of 5.74% and an income return of 2.42%. On a like-for-like basis, the portfolio return was 9.05%, split between capital growth of 6.11% and income

Manager's Report continued

of 2.94%. This is exactly in line with the performance of the Investment Property Databank monthly index.

We reported on May's purchase of the freehold interest in a vacant 64,000 sq ft office building in Slough in the March 2005 year-end report and accounts. Since purchasing the property, we have re-commissioned all of the mechanical, electrical and building systems and re-launched the building with a new name: Thames Central. Initial reaction to the launch has been encouraging and we are pleased to have agreed terms with a number of tenants at or above our target rent.

In June we completed the sale of the warehouse in Wootton Bassett for £2.026m, in line with the March year-end valuation and substantially ahead of the September 2004 valuation of £1.4m.

Since the end of September, we have taken advantage of continuing demand for City offices and completed the sale of the Trust's office property at 6 Lloyd's Avenue, London EC3. The price achieved was £10.25m, which compares to a price of £8.275m at purchase in June last year. In the intervening period we completed a refurbishment of the 3,900 sq ft lower ground floor, which was entirely vacant at the time of purchase, and completed lettings of all but 710 sq ft.

Unquoted Investments

The final sale of our investment in Controlrun was completed in April, and the Trust currently has no unquoted equity investments.

Looking Ahead to 2006

The momentum of demand for direct property investment shows little sign of abating, and this leads us to believe that UK property yields have still further to fall, albeit that the room for further decline is becoming more limited. Property market forecasters currently expect 2006 to bring only very modest capital value growth in the UK, and for total returns to drop back from mid to high teens to single figures. It has to be said that similar forecasts, in previous years, have undershot the eventual outcome significantly.

The big event for UK property shares in the next five months should be the announcement of the Government's intentions regarding REITs. Some comment is expected in the Chancellor's autumn statement. If that is positive, then we believe we can expect REITs to be introduced in the 2006 Budget. For property companies, much will depend on how REITs are to be organised and funded. It is by no means certain that the proposals, if announced, will be financially workable. If they are, then we should expect UK property shares to increase by a meaningful amount from their current levels. If the news is negative, shares will decline but, given that discounts to NAV are currently already present, the size of the decline should not be as great as the potential uplift, as widening discounts will re-awaken the potential gains to be made from taking companies private and selling their real estate portfolios into the investment market.

Investment Properties as at 30 September 2005

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**	**NCP** **Pizza Express** **Bishops Stores Ltd**

The property comprises a large mixed-use block in Bayswater, constructed in the mid-1970s. We completed the conversion of 7,000 sq ft of storage space into air-conditioned offices last year. Demand for office space is weak and the space remains vacant.

	Property	Sector	Tenure	Size (sq ft)	Principal tenants
	**Thames Central** **Hatfield Road** **Slough**	**Offices**	**Freehold**	**63,850**	**Vacant**

We acquired this new vacant grade A office building in the summer for less than the replacement cost. We have since commissioned all of the mechanical, electrical and building systems and re-launched the property with a new name and marketing strategy.

Value in excess of £5 million	Property	Sector	Tenure	Size (sq ft)	Principal tenants
	**6 Lloyd's Avenue** **London EC3**	**Offices**	**Freehold**	**34,410**	**Various**

We acquired this office building in July 2004. It is let to 21 tenants on short term leases and offers numerous opportunities to add value. We completed the refurbishment of the lower ground floor at the end of 2004 and have since let over 80% of the improved space. The property has been sold post the half-year-end.

	Property	Sector	Tenure	Size (sq ft)	Principal tenants
	**Elizabeth House** **Duke Street** **Woking**	**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 TM Group plc until 2023. TM Group have recently completed a refurbishment of the building and underlet two floors at improved rents.

Investment Properties as at 30 September 2005 continued

Value in excess of £5 million continued

	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 occupies by way of a 15 year lease from December 2000, is a wholly owned subsidiary of The Royal Bank of Scotland.

	Property	Sector	Tenure	Size (sq ft)	Principal tenants
	**Ferrier Street Industrial Estate, Ferrier Street** **Wandsworth SW18**	**Industrial**	**Freehold**	**35,800**	**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. Demand for industrial space in Central London (both from occupiers and investors) continues to outstrip supply.

Value below £5 million

	Property	Sector	Tenure	Size (sq ft)	Principal tenants
	**Exchange House** **Liphook**	**Offices**	**Freehold**	**9,641**	**Metoc PLC** **Bettamark (UK) Ltd**

We purchased this property in February, at which point it was 40% vacant. We have subsequently refurbished the vacant space and completed a letting of half of it to Bettamark. We are continuing to market the remaining vacant space.

	Property	Sector	Tenure	Size (sq ft)	Principal tenants
	**Locke King House** **Balfour Road** **Weybridge**	**Offices**	**Freehold**	**5,250**	**Junction 11 Advertising** **Lattice Semiconductor UK Ltd**

This converted cottage hospital is let to 2 tenants on leases which expire at the end of 2005. Both tenants intend to vacate. We have agreed dilapidations settlements with both tenants and intend to refurbish the building and re-let it.

Portfolio

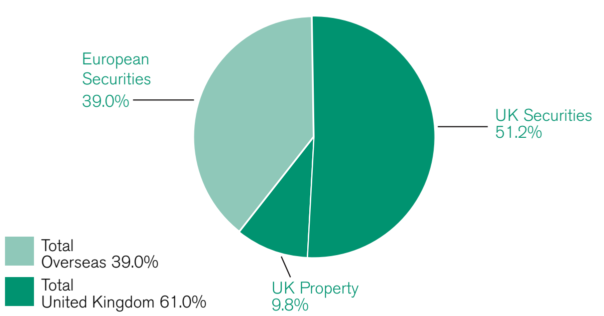
Largest Quoted Investments as at 30 September 2005

The 40 largest quoted investments amount to £596,620,000 or 85% 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	85,043	Immobilia Colonial (Spain)	10,669	Wereldhave (Netherlands)	6,007
British Land	51,728	Grainger Trust	10,374	Pirelli Real Estates (Italy)	5,889
Hammerson	38,192	Vastned Retail (Netherlands)	9,888	Brixton	5,854
Rodamco Europe (Netherlands)	31,850	Eurocommercial Properties (Netherlands)	9,446	IVG Immobilien (Germany)	5,244
Metrovacesa (Spain)	28,176	Quintain Estates & Developments	8,003	Urbis (Spain)	5,192
Big Yellow Group	27,720	Capital & Regional Properties	7,558	Rugby Estates	4,861
Slough Estates	27,158	Beni Stabili (Italy)	7,094	London Merchant Securities	4,746
Castellum (Sweden)	26,990	Bail Investissement (France)	6,951	Silic (France)	4,537
Liberty International	24,875	Derwent Valley	6,922	PSP Swiss Property (Switzerland)	4,188
St Modwen Properties	22,797	Gecina (France)	6,675	Orchid Developments	3,151
Unibail (France)	22,228	Kungsleden (Sweden)	6,572	Citycon (Finland)	3,120
Foncière des Régions (France)	17,130	Immoeast Immobilien Anlagen (Austria)	6,443	Risanamento (Italy)	3,028
Corio (Netherlands)	13,825	Helical Bar	6,367		
Klépierre (France)	12,903	Cofinimmo (Belgium)	6,226		

Distribution of Investments

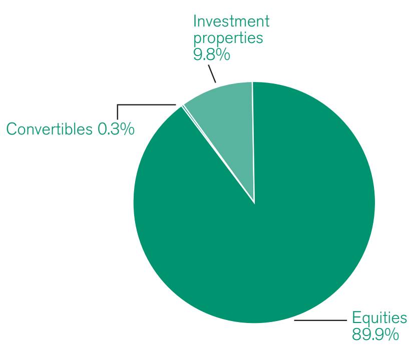
as at 30 September 2005



as at 30 September 2005	£'000	%
UK Securities	360,873	51.2
UK Investment properties	69,333	9.8
UK Total	430,206	61.0
European Securities:		
France	73,141	10.4
Netherlands	73,595	10.5
Spain	44,036	6.2
Sweden	36,637	5.2
Other	46,960	6.7
Total investments	704,575	100.0

Classification of Investments

as at 30 September 2005



as at 30 September 2005	£'000	%
Equities	633,199	89.9
Convertibles	2,043	0.3
Investment properties	69,333	9.8
Total investments	704,575	100.0

Finance Report – IFRS

TR Property Investment Trust plc produces consolidated accounts and therefore is obliged to adopt international accounting standards (“International Financial Reporting Standards” or “IFRS”) for the financial year ending March 2006. These interim financial statements have also been prepared under IFRS and on the basis of the accounting policies expected to be adopted in the full year financial statements to 31 March 2006.

It must be noted that the standards continue to evolve. Further standards may be issued before 31 March 2006 and/or guidance notes on the interpretation of the standards for Investment Trust Companies may be issued by the AITC (Association of Investment Trust Companies). This could result in the need to change the basis of accounting or presentation of certain financial information, from that applied in these interim accounts.

The financial statements on pages 13 to 25 are presented in the new formats. The accounting policies adopted are set out, together with reconciliations of restated opening balances detailing the differences between the figures as previously reported under UK GAAP and under IFRS.

The more important changes are explained below. This description is not intended to be comprehensive. The accounting policies are set out in full in the notes to the financial statements. However, we hope that this description helps the reader of the financial statements understand them in their new format.

Group Income Statement

The Group Statement of Total Return has been replaced by the Group Income Statement. Under IFRS there is no differentiation between capital and revenue gains and losses. However, as an Investment Company, only the revenue earnings of TR Property Investment Trust plc may be distributed. The three-column presentation setting out revenue and capital items has therefore been retained by Investment Trust Companies.

Dividends

The Group Income Statement shows the profit for the period before any distributions. Dividends are shown in a new statement: the Group Statement of Changes in Equity. Dividend distribution to the Company’s shareholders is recognised as a liability in the financial statements for the period in which the dividends are approved. The dividend shown in these interim accounts is the final dividend in respect of the year ended 31 March 2005, declared on 24 May 2005. The interim dividend in respect of the period reported in these financial statements, declared on 23 November 2005, will be shown in the final financial statements for the year. This differs from the previous treatment, where dividends were accrued against the earnings to which they related, even though they were not declared and paid until after the period end.

Fair Value of Investments

IFRS requires that quoted investments are valued at “bid” (selling) prices whereas previously they were shown at mid-market prices. The impact of this change is shown in each of the Opening Balance Reconciliations in notes 2-4 to the financial statements. On the Group Balance Sheet, they are now included as “non-current assets” instead of “fixed assets”.

Transaction Costs

Previously, the transaction costs relating to purchases were included in the book value of the holding and so were included within the gains on investments on the Group Statement of Total Return. Under IFRS these have to be separately identified and expensed, and so now form part of the expenses charged to capital. There is no effect on the portfolio value or profit for the period.

It must be emphasised that, although these expenses appear in the same part of the Group Income Statement as the management fees and operating costs of the Trust, they are not related to these in any way and should not be considered as part of the Total Expense Ratio of the Trust. Furthermore, these may appear to be high in relation to other investment trusts; this is because, as a specialist property trust, TRPIT holds direct property and the costs of purchase include stamp duty, agents’ fees, due diligence and legal costs which can amount to some 5.75%.

Finance Report – IFRS continued

Leasehold Investment Properties

In countries with a leasehold tradition, such as the UK, leasehold investment properties have not, in the past, been treated very differently from freeholds. The valuer makes allowances for the rent that the "owner" of the leasehold must pay to the superior landlord, and for the fact that the property will ultimately revert to the superior landlord at the end of the lease.

IAS 40 on investment properties and IAS 17 on leases allow leasehold investment properties to appear in the balance sheet as investment properties, but the accounting treatment of freehold and leasehold properties is very different.

As under the previous accounting convention, freehold properties are carried in the financial statements at fair value – i.e. valuation. Any leasehold property, however, must be treated as if it is held under a finance lease and the present value of the rental payments to be made to the superior landlord over the life of the lease must be shown as a liability in the balance sheet. The investment property is carried at fair value (i.e. valuation), with the present value of the rental payments made under the headlease added back (as these have been allowed for in the valuation). The net carrying value is therefore the same as under the previous convention. However, a balance sheet liability has been created where none was previously shown, thus introducing financial gearing where none existed before.

One property in our portfolio has been accounted for in this way: our long leasehold at Cambridge. The liability for the future ground rent payments of £1.4m is included in the Group Balance Sheet Current Liabilities.

Under IAS 40, any revaluation gains on investment properties must be taken directly to the Group Income Statement rather than the revaluation reserve. The presentation of this on the Group Income Statement does not differ from that shown previously on the Group Statement of Total Return. In the Group Balance Sheet, however, these gains form part of the retained earnings, rather than a revaluation reserve.

Gross Rental Income

Rental income includes all service charges and other costs recovered from the tenants. The amounts paid to third parties for the provision of all services are then deducted as an expense in the Group Income Statement. Previously, only the net rental was brought into the rental income line. The overall impact on net profit is therefore nil; however, the revenue and expense lines have been inflated by these service charge costs.

Valuation of Debt

In accordance with the recommendation made by the AITC, TR Property Investment Trust plc has chosen not to fair value the debt shown in the financial statements. Debt is shown at amortised cost. The fair value of the debt will continue to be disclosed in the notes to the financial statements in the full annual report.

Reported Daily NAVs

TR Property Investment Trust plc reports a daily NAV to the London Stock Exchange. It should be noted that this is reported in accordance with the AITC recommendations and is not on the same basis as the numbers reported in these financial statements.

The daily NAV is a capital only NAV and does not reflect retained earnings. Currently, quoted equities are valued at mid-market price, although it is anticipated that this will move to bid (in accordance with IFRS) from 1 January 2006. Two NAVs are released, one valuing the debt at amortised cost, as in the financial statements, and the second marking the debt to fair value.

Group Income Statement

for the half year ended 30 September 2005

	Half year ended 30 September 2005			Half year ended 30 September 2004			Year ended 31 March 2005		
	Revenue	Capital (Unaudited)	Total	Revenue	Capital (Unaudited and restated)	Total	Revenue	Capital (Audited and restated)	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Investment income									
Investment income	**12,688**	**–**	**12,688**	10,486	–	10,486	14,527	–	14,527
Other operating income	**48**	**–**	**48**	59	–	59	113	–	113
Gross rental income	**1,648**	**–**	**1,648**	2,134	–	2,134	3,870	–	3,870
Service charge income	**652**	**–**	**652**	744	–	744	1,231	–	1,231
Gains on investments held at fair value	**–**	**108,168**	**108,168**	–	40,404	40,404	–	116,791	116,791
Total income	**15,036**	**108,168**	**123,204**	13,423	40,404	53,827	19,741	116,791	136,532
Expenses									
Management and performance fees	**1,427**	**2,070**	**3,497**	1,066	533	1,599	2,343	2,595	4,938
Direct property expenses, rent payable and service charge costs	**861**	**–**	**861**	1,317	–	1,317	2,242	–	2,242
Other expenses (note 5)	**320**	**759**	**1,079**	293	598	891	459	822	1,281
Finance costs (note 6)	**1,556**	**1,559**	**3,115**	1,391	1,300	2,691	2,904	2,904	5,808
Total operating expenses	**4,164**	**4,388**	**8,552**	4,067	2,431	6,498	7,948	6,321	14,269
Income from operations before tax	**10,872**	**103,780**	**114,652**	9,356	37,973	47,329	11,793	110,470	122,263
Taxation	**(1,712)**	**439**	**(1,273)**	(1,752)	577	(1,175)	(1,795)	346	(1,449)
Net profit	**9,160**	**104,219**	**113,379**	7,604	38,550	46,154	9,998	110,816	120,814
Earnings per ordinary share (note 7)	**2.66p**	**30.26p**	**32.92p**	2.15p	10.93p	13.08p	2.85p	31.63p	34.48p

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

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

The final dividend of 1.55p in respect of the year ended 31 March 2005 was declared on 24 May 2005 and paid on 29 July 2005. This can be found in the Group Statement of Changes in Equity for the half year ended 30 September 2005.

Group Balance Sheet

as at 30 September 2005

	Half year ended 30 September 2005 (Unaudited) £'000	Half year ended 30 September 2004 (Unaudited and restated) £'000	Year ended 31 March 2005 (Audited and restated) £'000
Non-current assets			
Investments held at fair value (note 1(g))	**704,575**	514,581	598,395
Current assets			
Debtors	**2,648**	1,162	2,182
Cash and cash equivalents	**413**	4,887	123
	3,061	6,049	2,305
Current liabilities	**55,324**	39,274	53,098
Net current liabilities	**52,263**	33,225	50,793
Total assets less current liabilities	**652,312**	481,356	547,602
Non-current liabilities	**39,952**	39,958	39,952
Net assets	**612,360**	441,398	507,650
Capital and reserves			
Ordinary called up share capital	**85,963**	87,354	86,591
Share premium	**37,063**	37,063	37,063
Capital redemption reserve	**36,342**	34,951	35,714
Retained earnings	**452,992**	282,030	348,282
Equity shareholders' funds	**612,360**	441,398	507,650
Net asset value per share	**178.09p**	126.32p	146.56p

Group Statement of Changes in Equity

for the half year ended 30 September 2005 (Unaudited)	Share Capital £'000	Share Premium £'000	Capital Redemption Reserve £'000	Retained Earnings £'000	Total £'000
Net assets at 31 March 2005	86,591	37,063	35,714	348,282	**507,650**
Ordinary shares repurchased	(628)	–	628	(3,340)	**(3,340)**
Net gain for the period	–	–	–	113,379	**113,379**
Ordinary dividends paid	–	–	–	(5,329)	**(5,329)**
Net assets at 30 September 2005	**85,963**	**37,063**	**36,342**	**452,992**	**612,360**

for the half year ended 30 September 2004 (Unaudited and restated)	Share Capital £'000	Share Premium £'000	Capital Redemption Reserve £'000	Retained Earnings £'000	Total £'000
Net assets at 31 March 2004	88,604	37,063	33,701	245,978	405,346
Ordinary shares repurchased	(1,250)	–	1,250	(5,141)	(5,141)
Net gain for the period	–	–	–	46,154	46,154
Ordinary dividends paid	–	–	–	(4,961)	(4,961)
Net assets at 30 September 2004	87,354	37,063	34,951	282,030	441,398

for the year ended 31 March 2005 (Audited and restated)	Share Capital £'000	Share Premium £'000	Capital Redemption Reserve £'000	Retained Earnings £'000	Total £'000
Net assets at 31 March 2004	88,604	37,063	33,701	245,978	405,346
Ordinary shares repurchased	(2,013)	–	2,013	(9,006)	(9,006)
Net gain for the period	–	–	–	120,814	120,814
Ordinary dividends paid	–	–	–	(9,504)	(9,504)
Net assets at 31 March 2005	86,591	37,063	35,714	348,282	507,650

Group Cash Flow Statement

as at 30 September 2005

	Half year ended 30 September 2005 (Unaudited) £'000	Half year ended 30 September 2004 (Unaudited and restated) £'000	Year ended 31 March 2005 (Audited and restated) £'000
Net cash inflow from operating activities	**6,553**	6,734	5,191
Investing activities			
Purchase of investments	**(59,529)**	(41,933)	(88,778)
Sale of investments	**55,631**	60,664	102,024
Loan stock redeemed	**(1,000)**	(250)	(250)
Net cash (outflow)/inflow from investing activities	**(4,898)**	18,481	12,996
Net cash inflow before financing	**1,655**	25,215	18,187
Financing activities			
Purchase of own shares	**(3,340)**	(5,141)	(9,006)
Equity dividends paid	**(5,329)**	(4,961)	(9,504)
Net cash outflow from financing	**(8,669)**	(10,102)	(18,510)
(Decrease)/increase in cash	**(7,014)**	15,113	(323)
Effect of foreign exchange rate changes	**(65)**	(20)	27
Change in cash and cash equivalents	**(7,079)**	15,093	(296)
Net debt at start of period	**(81,460)**	(81,164)	(81,164)
Net debt at end of period	**(88,539)**	(66,071)	(81,460)

Reconciliation of income from operations before tax to net cash inflow from operating activities

	Half year ended 30 September 2005 (Unaudited) £'000	Half year ended 30 September 2004 (Unaudited and restated) £'000	Year ended 31 March 2005 (Audited and restated) £'000
Net income from operations before tax	**114,652**	47,329	122,263
Gains on investments including transaction costs	**(107,406)**	(39,897)	(115,969)
Decrease/(increase) in operating debtors	**819**	388	(571)
Increase in operating creditors	**582**	1,073	1,138
Net tax paid	**(670)**	(958)	(403)
Performance fees paid	**(1,424)**	(1,201)	(1,267)
Net cash inflow from operating activities	**6,553**	6,734	5,191

Notes to the Financial Statements

1. Accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (IFRIC).

These are the first financial statements prepared in accordance with IFRS. Previously the financial statements were prepared in accordance with UK Generally Accepted Accounting Principles (UK GAAP) including the Statement of Recommended Practice "Financial Statements of Investment Trust Companies". UK GAAP differs in certain respects from IFRS. When preparing the financial statements to 30 September 2005 the Directors have amended certain accounting and valuation methods applied in the UK GAAP financial statements to comply with IFRS.

Reconciliations of Group Balance Sheet, Group Statement of Total Return to the Group Income Statement and Group Cash Flow Statement at date of conversion (1 April 2004) are shown in note 2.

(a) Basis of preparation

The financial statements are prepared on an historical cost basis, except for the measurement at fair value of investments.

(b) Basis of consolidation

The Group accounts consolidate the financial statements of the Company and its subsidiary undertakings to 30 September 2005. Undertakings, other than subsidiary undertakings, 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 associated undertakings. The Group accounts include the appropriate share of the results and reserves of these undertakings based on the latest available accounts. Other undertakings, 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 associated undertakings and are accounted for as investments.

(c) Income

Dividends receivable on equity shares are treated as revenue for the period on an ex-dividend basis. Where no ex-dividend date is available, dividends receivable on or before the period end are treated as revenue for the period. Provision is made for any dividends not expected to be received. The fixed returns on debt securities and non-equity shares are recognised on a time apportionment basis and, if material, 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 period.

(d) Expenses

All expenses and interest payable are accounted for on an accruals basis. An analysis of retained earnings broken down into revenue (distributable) and capital (non-distributable) items is given in note 7. In arriving at this breakdown, expenses have been presented as revenue items except as follows:

– expenses which are incidental to the acquisition or disposal of an investment;

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

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.

(e) Taxation

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.

(f) Properties

The purchase and sale of properties is recognised to be effected on the date unconditional contracts are exchanged.

(g) Investments

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

All the Group's investments are defined under IFRS as investments designated as fair value through profit and 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. Fair values for unquoted investments, or for investments for which there is only an inactive market, are included at directors' valuation, which is based on current market prices, trading conditions and the general economic climate. Where no reliable fair value can be estimated for such instruments, they are carried at cost, subject to any provision for impairment.

(h) Movements in fair value

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

(i) Non-current liabilities

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

(j) Foreign currency translation

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

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

Notes to the Financial Statements continued

2. Restatement of opening balances as at 31 March 2004

At 1 April 2005 the Company adopted International Financial Reporting Standards.

In accordance with IFRS 1, First Time Adoption of Financial Reporting Standards, the following is a reconciliation of the figures at 31 March 2004 previously reported under the applicable UK Accounting Standards and with the Statement of Recommended Practice, to the restated IFRS results.

	Note	(Audited) Previously reported 31 March 2004 £'000	Effect of transition to IFRS £'000	Restated 31 March 2004 £'000
Fixed asset investments	1	486,266	1,052	487,318
Current assets		8,342	–	8,342
Creditors: amounts falling due within one year	2	(53,668)	3,555	(50,113)
Total assets less current liabilities		440,940	4,607	445,547
Creditors: amounts falling due after more than one year		(40,201)	–	(40,201)
		400,739	4,607	405,346
Capital and reserves				
Called up share capital		88,604	–	88,604
Share premium		37,063	–	37,063
Capital redemption reserve		33,701	–	33,701
Other reserves	3	223,524	(223,524)	–
Revenue reserve/retained earnings	1,2,3	17,847	228,131	245,978
		400,739	4,607	405,346

Notes to the reconciliation

1. Investments are all classified as held at fair value under IFRS and are carried at bid prices which equates to their fair value of £485,912,000. They were carried at mid prices previously. The resultant difference of £354,000 is included in retained earnings. The present value of the future lease payments on long leases in the investment property portfolio has been included both in the valuation and as a creditor. This is valued at £1,406,000.
2. No provision has been made for the final dividend on ordinary shares for the year ended 31 March 2004 of £4,961,000 as this was not declared until after the balance sheet date. Under IFRS the dividend is not recognised until declared. This is therefore added to retained earnings.
3. Under IFRS, there is no differentiation between capital and revenue gains/losses. The previous heading of Other reserves is now included under the heading Retained earnings.

3. (a) Restatement of balances as at 30 September 2004

At 1 April 2005 the Company adopted International Financial Reporting Standards. In accordance with IFRS 1, First Time Adoption of Financial Reporting Standards, the following is a reconciliation of the figures at 30 September 2004 previously reported under the applicable UK Accounting Standards and in accordance with the Statement of Recommended Practice, to the restated IFRS results.

	Note	Previously reported 30 September 2004 £'000	Effect of transition to IFRS £'000	Restated 30 September 2004 £'000
Fixed asset investments	1	513,663	918	514,581
Current assets		6,049	–	6,049
Creditors: amounts falling due within one year	2	(42,501)	3,227	(39,274)
Total assets less current liabilities		477,211	4,145	481,356
Creditors: amounts falling due after more than one year		(39,958)	–	(39,958)
		437,253	4,145	441,398
Capital and reserves				
Called up share capital		87,354	–	87,354
Share premium		37,063	–	37,063
Capital redemption reserve		34,951	–	34,951
Other reserves	3	256,976	(256,976)	–
Revenue reserve/retained earnings	1,2,3	20,909	261,121	282,030
		437,253	4,145	441,398

Notes to the reconciliation

1. Investments are all classified as held at fair value under IFRS and are carried at bid prices which equates to their fair value of £513,266,000. They were carried at mid prices previously. The resultant difference of £397,000 is included in retained earnings. The present value of the future lease payments on long leases in the investment property portfolio has been included both in the valuation and as a creditor. This is valued at £1,315,000.
2. No provision has been made for the interim dividend on ordinary shares for the half year ended 30 September 2004 of £4,542,000 as this was not declared until after the balance sheet date. Under IFRS the dividend is not recognised until declared. This is therefore added to retained earnings.
3. Under IFRS, there is no differentiation between capital and revenue gains/losses. The previous heading of Other reserves is now included under the heading Retained earnings.

(b) Reconciliation of the Group Statement of Total Return to the Group Income Statement for the six months ended 30 September 2004

Under IFRS the Group Income Statement is the equivalent of the Group Statement of Total Return as reported previously.

	Note	£'000	Per share p
Total transfer to reserve per Group Statement of Total Return		41,655	11.80
Add back dividends paid and proposed on ordinary shares	1	4,542	1.29
Change from mid to bid basis at 31 March 2004	2	354	0.10
Change from mid to bid basis at 30 September 2004	2	(397)	(0.11)
Net profit per Group Income Statement		46,154	13.08

Notes to the reconciliation

1. All dividends authorised and paid during the period are dealt with through the Group Statement of Changes in Equity.
2. The portfolio valuations at 31 March 2004 and 30 September 2004 are required to be valued at fair value under IFRS. These values differ from the previous valuations by £354,000 and £397,000 respectively.

(c) Reconciliation of the Group Cash Flow Statement for the six months ended 30 September 2004

	Note	Previously reported cash flows 2004 £'000	Effect of transition to IFRS £'000	Adjusted cash flows 2004 £'000
Net cash inflow from operating activities	1,2	9,291	(2,557)	6,734
Returns on investments and servicing of finance	1	(2,790)	2,790	–
Taxation	2	233	(233)	–
Net cash inflow from financial investment	3	18,481	(20)	18,461
Equity dividends paid	4	(4,961)	4,961	–
Net cash inflow before financing		20,254	4,941	25,195
Financing	4	(5,141)	(4,961)	(10,102)
Increase in cash		15,113	(20)	15,093
Transfer of foreign exchange movements to reconciliation of cash and cash equivalents		–	20	20
Total		15,113	–	15,113

Notes to the reconciliation

1. Bank and debenture interest paid are now shown under operating activities rather than servicing of finance.
2. Taxation recovered is now disclosed under operating activities.
3. Foreign exchange movements now appear at the foot of the Group Cash Flow Statement within the reconciliation of cash and cash equivalents.
4. Dividends paid are now disclosed under financing.

4. (a) Restatement of balances as at 31 March 2005

At 1 April 2005 the Company adopted International Financial Reporting Standards.

In accordance with IFRS 1, First Time Adoption of Financial Reporting Standards, the following is a reconciliation of the figures at 31 March 2005 previously reported under the applicable UK Accounting Standards and in accordance with the Statement of Recommended Practice, to the restated IFRS results.

	Note	Previously reported 31 March 2005 £'000	Effect of transition to IFRS £'000	Restated 31 March 2005 £'000
Fixed asset investments	1	597,348	1,047	598,395
Current assets		2,305	–	2,305
Creditors: amounts falling due within one year	2	(57,036)	3,938	(53,098)
Total assets less current liabilities		542,617	4,985	547,602
Creditors: amounts falling due after more than one year		(39,952)	–	(39,952)
		502,665	4,985	507,650
Capital and reserves				
Called up share capital		86,591	–	86,591
Share premium		37,063	–	37,063
Capital redemption reserve		35,714	–	35,714
Other reserves	3	325,339	(325,339)	–
Revenue reserve/retained earnings	1,2,3	17,958	330,324	348,282
		502,665	4,985	507,650

Notes to the reconciliation

1. Investments are all classified as held at fair value under IFRS and are carried at bid prices which equates to their fair value of £596,989,000. They were carried at mid prices previously. The resultant difference of £359,000 is included in retained earnings. The present value of the future lease payments on long leases in the investment property portfolio has been included both in the valuation and as a creditor. This is valued at £1,406,000.
2. No provision has been made for the final dividend on ordinary shares for the year ended 31 March 2005 of £5,344,000 as this was not declared until after the balance sheet date. Under IFRS the dividend is not recognised until declared. This is therefore added to retained earnings.
3. Under IFRS, there is no differentiation between capital and revenue gains/losses. The previous heading of Other reserves is now included under the heading Retained earnings.

Notes to the Financial Statements continued

(b) Reconciliation of the Group Statement of Total Return to the Group Income Statement for the year ended 31 March 2005

Under IFRS the Group Income Statement is the equivalent of the Group Statement of Total Return as reported previously.

	Note	£'000	Per share p
Total transfer to reserve per Group Statement of Total Return		110,932	31.66
Add back dividends paid and proposed on ordinary shares	1	9,887	2.82
Change from mid to bid basis at 31 March 2004	2	354	0.10
Change from mid to bid basis at 31 March 2005	2	(359)	(0.10)
Net profit per Group Income Statement		120,814	34.48

Notes to the reconciliation

1. All dividends authorised and paid during the period are dealt with through the Group Statement of Changes in Equity.
2. The portfolio valuations at 31 March 2004 and 31 March 2005 are required to be valued at fair value under IFRS. These values differ from the previous valuations by £354,000 and £359,000 respectively.

(c) Reconciliation of the Group Cash Flow Statement for the year ended 31 March 2005

	Note	Previously reported cash flows 2005 £'000	Effect of transition to IFRS £'000	Adjusted cash flows 2005 £'000
Net cash inflow from operating activities	1,2	10,337	(5,146)	5,191
Returns on investments and servicing of finance	1	(5,754)	5,754	–
Taxation	2	608	(608)	–
Net cash inflow from financial investment	3	12,996	27	13,023
Equity dividends paid	4	(9,504)	9,504	–
Net cash inflow before financing		8,683	9,531	18,214
Financing	4	(9,006)	(9,504)	(18,510)
Decrease in cash		(323)	27	(296)
Transfer of foreign exchange movements to reconciliation of cash and cash equivalents		–	(27)	(27)
Total		(323)	–	(323)

Notes to the reconciliation

1. Bank and debenture interest paid are now shown under operating activities rather than servicing of finance.
2. Taxation recovered is now disclosed under operating activities.
3. Foreign exchange movements now appear at the foot of the Group Cash Flow Statement within the reconciliation of cash and cash equivalents.
4. Dividends paid are now disclosed under financing.

Notes to the Financial Statements continued

5. Other expenses

	Half year ended 30 September 2005 Revenue £'000	Capital (Unaudited) £'000	Total £'000	Half year ended 30 September 2004 Revenue £'000	Capital (Unaudited and restated) £'000	Total £'000	Year ended 31 March 2005 Revenue £'000	Capital (Audited and restated) £'000	Total £'000
Costs on acquisition of investments	–	759	759	–	598	598	–	822	822
Other administrative expenses	320	–	320	293	–	293	459	–	459
	320	759	1,079	293	598	891	459	822	1,281

6. Finance costs

	Half year ended 30 September 2005 Revenue £'000	Capital (Unaudited) £'000	Total £'000	Half year ended 30 September 2004 Revenue £'000	Capital (Unaudited and restated) £'000	Total £'000	Year ended 31 March 2005 Revenue £'000	Capital (Audited and restated) £'000	Total £'000
Bank loan and overdraft interest	607	607	1,214	443	443	886	1,018	1,018	2,036
Debenture interest	949	949	1,898	948	948	1,896	1,886	1,886	3,772
Increase/(decrease) in present value of finance lease payments	–	3	3	–	(91)	(91)	–	–	–
	1,556	1,559	3,115	1,391	1,300	2,691	2,904	2,904	5,808

7. Earnings per ordinary share

The earnings per ordinary share figure is based on the net gain for the half year of £113,379,000 (half year ended 30 September 2004: £46,154,000; year ended 31 March 2005: £120,814,000) and on 344,375,372 (half year ended 30 September 2004: 352,828,854; year ended 31 March 2005: 350,376,971) ordinary shares, being the weighted average number of ordinary shares in issue during the period.

The earnings per ordinary share figure detailed above can be further analysed between revenue and capital, as below.

	Half year ended 30 September 2005 (Unaudited) £'000	Half year ended 30 September 2004 (Unaudited and restated) £'000	Year ended 31 March 2005 (Audited and restated) £'000
Net revenue profit	9,160	7,604	9,998
Net capital profit	104,219	38,550	110,816
Net total profit	113,379	46,154	120,814
Weighted average number of ordinary shares in issue during the period	344,375,372	352,828,854	350,376,971
	pence	pence	pence
Revenue earnings per ordinary share	2.66	2.15	2.85
Capital earnings per ordinary share	30.26	10.93	31.63
Total earnings per ordinary share	32.92	13.08	34.48

Notes to the Financial Statements continued

8. Changes in share capital

During the period the Company made authorised market purchases for cancellation of 2,516,286 of its own issued ordinary shares of 25p. As at 30 September 2005 there were 343,850,000 ordinary shares in issue.

9. 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 2004 and 30 September 2005 has not been audited. The figures and financial information for the year ended 31 March 2005 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. Adjustments made in arriving at restated amounts have not been audited.

General Shareholder Information

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

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

Dividend Payment Dates
Dividends are paid on the ordinary 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 28 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. 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
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 **www.trproperty.co.uk** on the Company's website.

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

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

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

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

For investors through the TR Property Share Plan, ISA or PEP, a textphone telephone service is available on 01733 285714. 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 TR Property Share Plan, ISA or PEP receive all shareholder communications. A voting instruction form is provided to facilitate voting at general meetings of the Company.

Directors and other Information

Directors
P L Salsbury (Chairman)
C M Burton
J H M Newsum
R A Stone
P H Wolton

Registered Office
4 Broadgate
London EC2M 2DA
Telephone: 020 7818 1818
Facsimile: 020 7818 1819

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

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

Fund Manager:
C M Turner MRICS
Deputy Manager:
M A Phayre-Mudge MRICS
Direct Property Portfolio Manager:
J F K Wilkinson MRICS
Assistant Direct Property Manager:
G P Gay MA

Finance Manager
J L Elliott ACA

Investor Relations Manager
N G Williamson

Secretary
Henderson Secretarial Services Limited,
represented by D J Trickett ACIS

Registrar
Computershare Investor Services PLC
PO Box 82
The Pavilions
Bridgwater Road
Bristol BS99 7NH
Telephone: 0870 702 0010

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

Stockbrokers
UBS Investment Bank
1 Finsbury Avenue
London EC2M 2PP

Solicitors
Slaughter and May
One Bunhill Row
London EC1Y 8YY

Share Plan, ISAs and PEPs
BNP Paribas Fund Services UK Limited
Block C, Western House
Lynchwood Business Park
Peterborough PE2 6BP

The Company is a member of
the Association of Investment Trust Companies

TR Property Share Plan

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

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

TR Property ISA

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

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

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

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

Further Information

Please consult our website **www.trproperty.co.uk** or write to BNP Paribas Fund Services UK Limited (TR Property Investment Trust plc Share Plan/ISA/PEP), Block C, Western House, Lynchwood Business Park, Peterborough PE2 6BP.

Alternatively, please contact your professional adviser for further information or call our Investor Services Department on **0845 358 1109**.

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