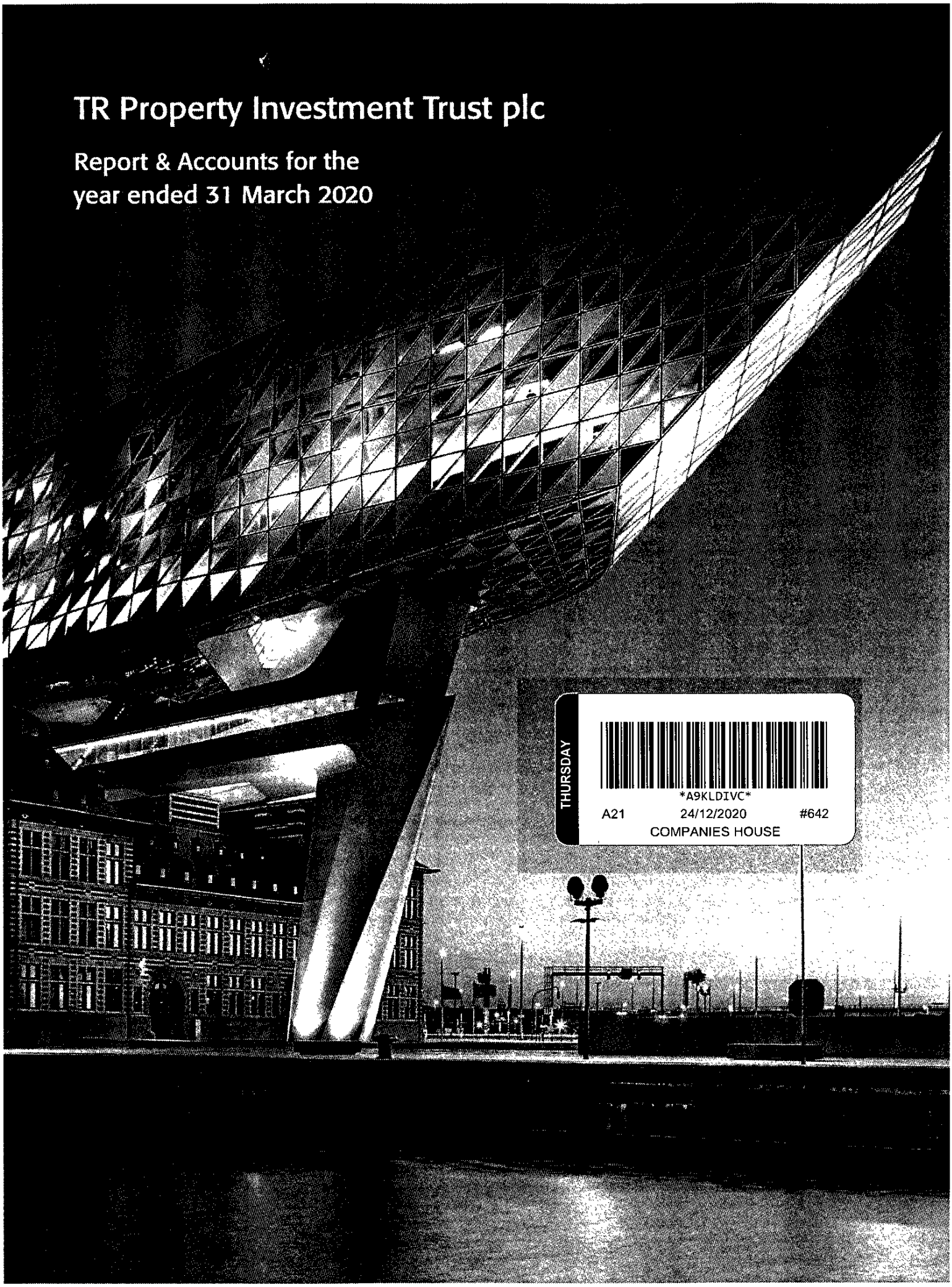
TR Property Investment Trust plc

Report & Accounts for the year ended 31 March 2020



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TR Property Investment Trust plc

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

Introduction

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

Benchmark

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

Investment Policy

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

Further details of the Investment Policies, the Asset Allocation Guidelines and policies regarding the use of gearing are set out in the Strategic Report on pages 24 and 25 and the entire portfolio is shown on page 17.

Investment Manager

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

Independent Board

The directors are all independent of the Manager and meet regularly to consider investment strategy, to monitor adherence to the stated objective and investment policies and to review performance. Details of how the Board operates and fulfils its responsibilities are set out in the Report of the Directors on page 44.

Performance

The Financial Highlights for the current year are set out opposite and Historical Performance can be found on page 2. Key Performance Indicators are set out in the Strategic Report on pages 26 and 27.

Retail Investors advised by IFAs

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

Further information

General shareholder information and details of how to invest in TR Property Investment Trust plc, including an investment through an ISA or saving scheme, can be found on pages 107 to 110. This information can also be found on the Trust's website www.trproperty.com

Financial Highlights and Performance

	Year ended 31 March 2020	Year ended 31 March 2019	% Change
Balance Sheet			
Net asset value per share	**358.11p**	418.54p	−14.4%
Shareholders' funds (£'000)	**1,136,453**	1,328,254	−14.4%
Shares in issue at the end of the year (m)	**317.4**	317.4	+0.0%
Net debt[1,6]	**7.6%**	10.0%	
Share Price			
Share price	**317.50p**	394.00p	−19.4%
Market capitalisation	**£1,008m**	£1,250m	−19.4%

	Year ended 31 March 2020	Year ended 31 March 2019	% Change
Revenue			
Revenue earnings per share	**14.62p**	14.58p	+0.3%
Dividends[2]			
Interim dividend per share	**5.20p**	4.90p	+6.1%
Final dividend per share	**8.80p**	8.60p	+2.3%
Total dividend per share	**14.00p**	13.50p	+3.7%
Performance: Assets and Benchmark			
Net Asset Value total return[3,6]	**−11.5%**	+9.1%	
Benchmark total return[6]	**−14.0%**	+5.6%	
Share price total return[4,6]	**−16.8%**	+6.2%	
Ongoing Charges (%)[5,6]			
Including performance fee	**+0.80%**	+1.10%	
Excluding performance fee	**+0.61%**	+0.63%	
Excluding performance fee and direct property costs	**+0.59%**	+0.61%	

1. Net debt is the total value of loan notes, loans (including notional exposure to CFDs and Total Return Swap) less cash as a proportion of net asset value.
2. Dividends per share are the dividends in respect of the financial year ended 31 March 2020. An interim dividend of 5.20p was paid in January 2020. A final dividend of 8.80p (2019: 8.60p) will be paid on be paid on 4 August 2020 to shareholders on the register on 19 June 2020.

   The shares will be quoted ex-dividend on 18 June 2020.
3. The NAV Total Return for the year is calculated by reinvesting the dividends in the assets of the Company from the relevant ex-dividend date. Dividends are deemed to be reinvested on the ex-dividend date as this is the protocol used by the Company's benchmark and other indices.
4. The Share Price Total Return is calculated by reinvesting the dividends in the shares of the Company from the relevant ex-dividend date.
5. Ongoing Charges are calculated in accordance with the AIC methodology. The Ongoing Charges ratios provided in the Company's Key Information Document are calculated in line with the PRIIPs regulation which is different to the AIC methodology.
6. Considered to be an Alternative Performance Measure as defined on page 97.

Historical Performance

For the years ended 31 March

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Performance for the year:											
Total Return (%)											
NAV[A]	52.6	15.4	–8.5	21.5	22.4	28.3	8.2	8.0	15.5	9.1	**–11.5**
Benchmark[B]	60.6	15.2	–8.9	17.8	14.9	23.3	5.4	6.5	10.2	5.6	**–14.0**
Share Price[C]	60.3	12.6	–9.5	25.8	37.7	29.5	–1.6	9.1	25.5	6.2	**–16.8**
Shareholders' funds (£'m)											
Total	598	670	588	684	809	1,010	1,065	1,118	1,256	1,328	**1,136**
Ordinary shares	476	531	470	684	809	1,010	1,065	1,118	1,256	1,328	**1,136**
Sigma shares[D]	122	139	118	–	–	–	–	–	–	–	**–**
Ordinary shares Net revenue (pence per share)											
Earnings	5.18	6.94	7.07	6.74	8.09	8.89	8.36	11.38	13.22	14.58	**14.62**
Dividends[E]	5.75	6.00	6.60	7.00	7.45	7.70	8.35	10.50	12.20	13.50	**14.00**
NAV per share (pence)	185.20	207.10	183.60	215.25	254.94	318.12	335.56	352.42	395.64	418.54	**358.11**
Share price (pence)	159.40	177.10	154.50	186.30	247.50	310.50	297.50	314.50	382.50	394.00	**317.50**
Indices of growth											
Share price[F]	100	111	97	117	155	195	187	197	240	247	**199**
Net Asset Value[G]	100	112	99	116	138	172	181	190	214	226	**193**
Dividend Net[E]	100	104	115	122	130	134	145	183	212	235	**244**
RPI	100	105	109	113	115	116	118	122	126	129	**133**
Benchmark[H]	100	110	96	109	116	139	143	148	159	163	**135**

Figures have been prepared in accordance with IFRS.

(A) The NAV Total Return for each year is calculated by reinvesting the dividends in the assets of the Company from the relevant ex-dividend date. Dividends are deemed to be reinvested at the ex-dividend date as this is the protocol used by the Company's benchmark and other indices. This is considered to be an Alternative Performance Measure as defined on page 97

(B) Benchmark Index: composite index comprising the FTSE EPRA/NAREIT Developed Europe TR Index up to March 2013, and thereafter the FTSE EPRA/NAREIT Developed Europe Capped Index. Source: Thames River Capital.

(C) The Share Price Total Return is calculated by reinvesting the dividends in the shares of the Company from the relevant ex-dividend date.

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

(E) Dividends per share in the year to which their declaration relates and not the year they were paid.

(F) Share prices only. These do not reflect dividends paid.

(G) Capital only values. These do not reflect dividends paid.

(H) Price only value of the indices set out in (B) above.

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Front cover: Port House, Antwerp, Belgium. Image used under license from Shutterstock.com.

Pages 4 to 34 comprise the Strategic Report. The signature on page 34 is determined to cover the entire Strategic Report.

Chairman's Statement

Hugh Seaborn
Chairman

Introduction

It was a punishing end to the year for the market and TR Property was no exception. For the year ended 31 March 2020, the Trust delivered a Net Asset Value (NAV) total return of –11.5% which although disappointing was ahead of the benchmark total return of –14.0%. The share price total return was lower at –16.8% as although the Trust's shares traded close to, and often at a premium to the Net Asset Value for a large part of the year, the discount widened as the sell-off in global equities began in mid-February. The share price ended the financial year at a discount to the Net Asset Value of 11.3%.

Rarely has any 12 month reporting period been so dominated by the events of the last six weeks of the financial year which moved the performance so considerably. For the first 10 months of the year, pan European real estate equities were enjoying a benign economic backdrop. Although the outlook for global (and European) growth had been slowing in 2019, central banks around the world were determined to offer support through further easing of monetary policy. This benefited income focused assets such as property. The autumn was dominated by the reversal of the previously negative sentiment towards the UK with strong performance from domestic focused businesses including many property companies. This gained further momentum following the large Conservative majority at the General Election in December. As the new year got under way, earnings from companies we were invested in continued to show steady growth and, outside of the retail sector (which continued to experience structural headwinds), management teams remained confident of the return prospects for their businesses. As a result, up until mid-February performance was strongly positive.

However, the unprecedented impact of COVID-19 has swept aside much of the relevance of previous market conditions, for the time being. The enormous state support provided by governments and central banks is of course crucial but the pace and scale of the recovery in demand will dictate which parts of the property sector rebound and to what extent. The crisis has reinforced many long running convictions particularly around the further degrading of retail property rents, the growth of logistics and the stability of income from rented residential assets.

This crisis, like many others which markets have endured, reinforces the importance of liquidity and solvency. It is worth reciting that TR Property was established in 1905 and, as an Investment Trust, is a closed ended company meaning that its capital is permanent. This long-term confidence means the Trust can invest in illiquid assets such as direct property and smaller companies, in the knowledge that we will not be subject to a call for capital from investors as might happen with an open-ended equivalent.

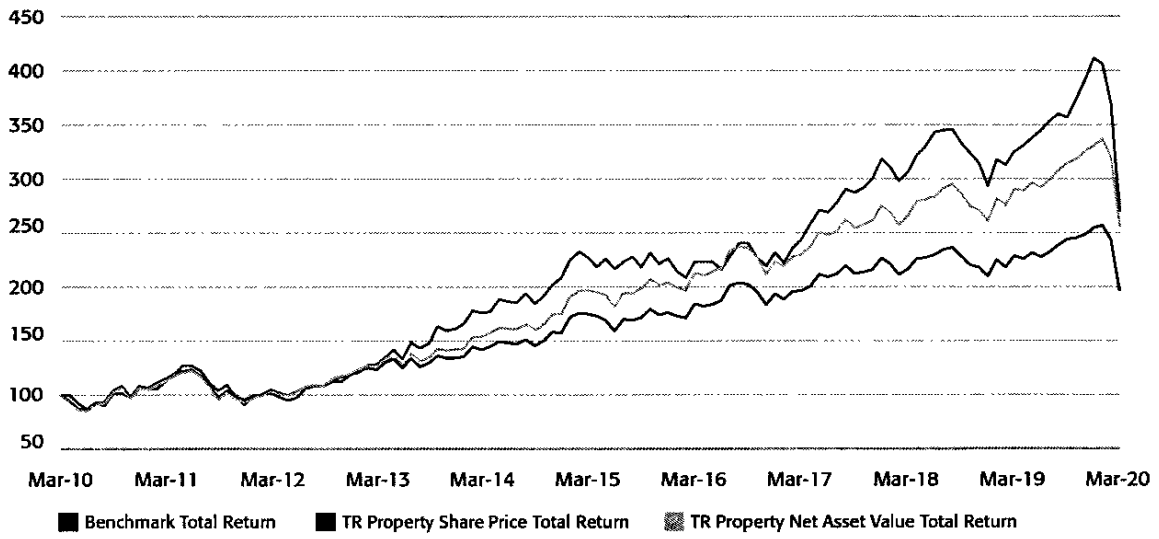
Our closed-ended structure means we can concentrate entirely on the portfolio construction without concerns about redemptions. In turbulent markets investors will allocate a premium for liquidity, and this can lead to investment opportunities, particularly amongst temporarily unloved smaller companies. The Trust has a strong track record of patiently building positions in good quality smaller companies and our experience is that these businesses either grow, merge or get taken private if the public markets persistently undervalue them. The manager's report, which follows, provides some examples of these types of successes this year. The Trust's structure also enables us to own physical property and again over the years this has added value as well as providing our team with direct market intelligence. This year our physical portfolio was a strong contributor to performance following several asset management successes. Therefore, these illiquid investments have often proved to be accretive to performance over time.

The longevity of permanent capital combined with an independent Board of directors whose responsibility and clear priority is to stakeholders, provides the foundation on which we are able to get the best from the manager. On the one hand, the manager is in no doubt that they are appointed, monitored and will be challenged as necessary,

Chairman's Statement

continued

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



by the Board. On the other hand, the long-term nature of the Trust instils in the Manager a very strong commitment to the success of the Company. Long-term investors and especially those who have heard them speak will be in no doubt about the strength of that commitment.

Looking back over the last decade, the Trust has delivered a share price total return of 171% and a NAV total return of 157% versus a benchmark figure of 97%. This performance compares well to the FTSE All Share total return of 53% and the STOXX Europe (in EUR) total return of 72%. Income remains a crucial element of property's total return and our dividend payments over the same 10 year period (and including the final dividend announced today) have recorded a compounded annual growth rate of 9.3%.

Revenue Results and Dividend

Revenue earnings of 14.62p per share were marginally ahead of the prior year earnings of 14.58p. Although the interim earnings were 7.7% ahead of the prior year's interim earnings, changes to the portfolio in the second half of the period, together with some dividend suspensions very close to the year end resulted in lower second half income.

The Board has announced a final dividend of 8.80p bringing full year dividend to 14.00p an overall increase of 3.7% over the prior year dividend.

Revenue Outlook

A number of companies we invest in have announced dividend suspensions or cuts and others may follow. Therefore, we predict a fall in earnings for the next financial year. As detailed in the Manager's Report, the portfolio continues to seek income resilience wherever possible.

One of the advantages of the Investment Trust structure is that the Board is able to look at the underlying sustainable level of dividend and adjust the pay-out level accordingly. The Board has been consistently cautious with pay-out levels in recent years as often there have been one-off factors boosting income. The Company has a healthy level of revenue reserves which have been accumulated over time to provide resilience in the event of a crisis. These will be used to supplement short to medium term falls in earnings until such a time as conditions settle and the Board can determine the long-term income capability of the portfolio.

Net Debt and Currencies

We have added to the borrowing capacity of the Company during the financial year. A new facility widened our banking relationships, and an existing facility was increased on renewal. These are all revolving annual facilities and provide flexibility to complement the longer-term private placement fixed term debt that we have in place.

Chairman's Statement

continued

The overall level of gearing began the year at 10.0% and closed at 7.6%. Over the year, gearing levels have fluctuated as market conditions and outlook have changed from a high of 14.5% in early December 2019 to a low of 5.2% in mid March 2020. With the year end gearing at 7.6% and UK investment property exposure of 7.8%, the Trust was marginally underweight equities against the benchmark.

Sterling ended the year around 3.5% weaker versus the Euro than at the beginning but traded through a 10% range. The average value of Sterling versus the Euro over the year was around 1% stronger than through the previous year. This had a small negative impact on earnings. Our currency strategy remains unchanged in that capital exposure is hedged to match that of the benchmark, but the income remains unhedged.

Discount and Share Repurchases

The discount of the share price to the Net Asset Value averaged just under 2%. However, for a large part of the year the share price stood close to or at a premium to the Net Asset Value. In common with the Investment Trust sector as a whole, the share price falls in late February and early March were ahead of the falls in the asset value and the discount widened sharply, ending the year at 11.3%.

There were no share repurchases in the year.

Board Changes

I have previously announced my intention to stand down from the Board at the forthcoming AGM, having served for a requisite period. I am succeeded as Chairman by David Watson who, as well as being extremely experienced and capable, has a thorough understanding of the Trust having been a director for over 8 years during which time he has served as Senior Independent Director and, until last year, as Chairman of the Audit Committee. I am also very grateful to Simon Marrison who continues to bring his considerable knowledge of the European property markets and will become the Senior Independent Director.

I have been particularly delighted to welcome two new appointments to the Board over the past year. As I mentioned in the Interim Report, Kate Bolsover joined the Board in October bringing a wealth of experience in Investment Trusts and at Board level. More recently, in January, I announced that Sarah-Jane Curtis had also joined bringing extensive experience in the London property sector, and particularly in retail.

These changes will help to ensure that this strong Board maintains a healthy balance of commercial experience, property and broader market skills, knowledge and expertise combined with fresh and independent thought.

Outlook

As we all know, the COVID-19 virus, exacerbated by the collapse in oil prices, has disrupted financial markets and undermined global economic growth prospects.

The period of the pandemic and whether it will re-escalate once containment measures are relaxed, is unpredictable. Therefore, it is very difficult to gauge the extent of the impact as the timing of this document coincides with the first tentative steps in the relaxation of the lockdown across much of Europe.

One of the strong characteristics of property as an investment has been its healthy income prospects. It is clear that rent receipts in the immediate future will be severely disrupted across many of the companies we are able to invest in and this will vary widely with consumption focused properties likely to face disruption for longer. However, it is pleasing to report high rates of rent collection from healthcare, logistics and rented residential; all sectors we favour.

There will be an increased polarisation between sectors; the acceleration of the structural decline of retail is an example of this. Those assets able to produce good quality income streams with potential for growth are likely to be defined more narrowly and be in greater demand. Consequently, the level of divergence between those businesses with growth prospects and those without has widened enormously due to the pandemic.

The low costs of borrowing and skinny yields on fixed income will remain a feature of the financial landscape, increasing the value of income particularly where it is index-linked. This will support the attractiveness of property as an asset class although not necessarily protect it against market fluctuations caused by macro events that move global equity markets, such as that which we have witnessed in the closing weeks of this financial year.

The delivery of performance in this environment requires *a meticulous and rigorous approach to evaluating* investment opportunities and this plays to the strengths of the strategic approach of the Trust and of the manager. TR Property has a long and successful track record of delivering solid performance by investing in strong management teams, in well-funded businesses with

Chairman's Statement

continued

strong cash flows and the potential for earnings growth. We will maintain this approach combined with the mitigation of risk through a diverse portfolio invested across numerous submarkets and geographies.

Finally, I leave the Board with a strong sense of pride that TR Property is in extremely good hands with an impressive and eminently capable Board overseeing a manager with immense experience and a strong track record.

Hugh Seaborn
Chairman
5 June 2020

Manager's Report

Marcus Phayre-Mudge MRICS
Fund Manager

Performance

The Net Asset Value total return for the year was −11.5%, the benchmark total return was a little poorer at −14.0%. Disappointingly, the share price total return was −16.8% as the discount to the net asset value widened in the period. Reviewing the performance of the Trust two months after the March year end always feels a little like appraising historical and sometimes outdated events. This time I can make that statement with absolute conviction. The first ten months of the financial year bear little resemblance to either of the last two (February and March) or indeed what has transpired even more recently.

The figures speak for themselves. From 31 March 2019 to 19 February 2020, the NAV rose +21.4%, the benchmark +17.1% and the share price total return reached +30.0% as the stock touched a record premium to asset value of 5%. February saw the peak and the beginning of the market correction which accelerated dramatically later in the month and on into March. The 20 February to 31 March 2020 performance was −27.2% for the NAV, −26.5% for the benchmark and −36.2% for the share price. The shares bore the additional impact moving from a 5% premium to a 11.3% discount.

Looking back, the steady march upwards in the asset value and the share price through 2019 reflected the dual drivers of sound property market fundamentals (in our preferred markets) coupled with, in the second half of the period, the positive effect of the removal of a crucial amount of Brexit uncertainty. Whether one was in favour of that outcome or not was not the issue; markets prefer certainty and aided by the landslide Conservative majority the UK (where we were overweight) performed strongly. The collective outperformance of the UK's listed property companies versus their Continental European cousins is a feature of the market we haven't seen for several years.

We entered the new year with some optimism that low inflation (and low rates) would underpin the hunt for income and support real estate values. In our preferred markets of logistics/industrial, offices in key major cities, rented residential and alternatives such as student accommodation and healthcare we saw steady demand and (in most cases) a lack of speculative supply leading to rising rental levels. This ambient environment was exemplified by the collective performance of the Swedish cohort of listed real estate companies. This group have traditionally operated not only with higher levels of gearing than the rest of the sector but also almost always focused on short term (and cheaper) finance. When future debt costs look stable (or falling) and the domestic economy is humming along these stocks do well. In 2019, they collectively returned 52.6% (in SEK). The proverbial canary was quite perky on its perch.

As highlighted in the Interim Report, I remained focused on those subsectors which I felt would continue to benefit from these fundamental market conditions. This meant that I stayed away from UK retail and increasingly that applied to European shopping centre landlords as well. I have in the past highlighted that the decline in the values of UK retail property companies was on a faster trajectory than their European counterparts given the higher rate of online penetration, less affordable rents, higher property taxes and broad management ineptitude (principally too much leverage). Over the year, I have grown increasingly pessimistic for this asset class in all markets. Our underweight to both UK and European retail helped relative performance.

The one corner of the retail landscape to which these macro factors are far less applicable remains food. The UK is dominated by a small group of national operators. The existing store network is crucial to their online businesses. Even before the current crisis we liked the long income, covenant quality and operational necessity of key stores. Supermarket Income REIT (1.8% of assets) returned +13.4% in the year.

Whilst the exposure to our preferred sectors generally aided relative performance I, once again, suffered from our underweight to the two traditionally defensive regions namely Switzerland and Belgium. Stocks in both markets screen poorly on relative fundamental value but Swiss property companies had a very strong year, driven (we think), by the seemingly perpetual negative rate

Manager's Report

continued

environment in Switzerland. Any stock yielding 3% seems to be a buy regardless of fundamentals. I shouldn't have been such a purist. However, they also perform well when investors are nervous and having outperformed in the first 9 months of the financial year they also did relatively well in February and March.

Once again the strongest performance came not only from our overweights to the best performing sectors but from key stocks within those sectors. The best example is Argan (4.1% of assets), the French logistics owner/developer. During the year, the company acquired a portfolio of big box logistics units let to Carrefour increasing the portfolio size by 40% to 2.8m sq metres. The stock's total return was a top performing +19.7% over the period.

The portfolio has some gearing although this was heavily reduced in late February and March. In a period of negative returns it is important to explain the rationale for having any at all. The Trust has often taken advantage of its closed ended structure and held a number of illiquid small cap stocks. These well run companies exposed to outperforming subsectors often suffered from investor oversight being deemed too small. As a consequence, in rising markets they often underperform their larger brethren (in market parlance their 'beta' is less than 1). Adding some gearing helps compensate for these lower beta names. Our experience is that over time the underlying property fundamentals would be recognised and, if not, then the market would take them private or merge them together. In the last 18 months we have seen the privatisation of Green REIT (Ireland) and Terreis (France) alongside the merger of AJ Mucklow with LondonMetric. All of these situations added value to the portfolio as has our physical property portfolio (7.8% of assets) and this exposure also sits outside of our benchmark.

Offices

The resilience of the London office market in terms of both rents and capital values in 2019 surprised us. Our concerns that the Brexit 'drag' would defer decision-making appears to have had only a marginal impact. The key feature of the market has been the strong performance of new and Grade A space as companies continue to focus on the best quality environment for their workforce. The strongest forward looking indicator was that 60% of all space under construction and due to complete by the end of 2023 (12.5m sq ft) was under offer or pre-let. The impact of COVID-19 will be a deferral of both physical completions and potential starts coupled with reduced demand due to fewer job creations. The first impact (reduced/deferred supply) is a positive and the second clearly a negative. The unknown is the scale of reduced demand. We expect the flexible office suppliers to bear the brunt of this short term impact. According to CBRE estimates, if 25% of all flex space was returned to the market, vacancy would rise to 6% overall. For context the 20 year average vacancy for Central London is 5%. Prime rents are currently £110 per ft in the West End and £73 per ft in the City with rent frees of c.20-24 months for a 10 year term certain. Incentives will rise and rents will come under pressure in the near term. However capital values may not fall significantly as London's prime office yields didn't tighten over 2019 as investors still priced in Brexit uncertainty. As a result it looks cheaper than many of the European alternatives.

Across Europe, 2019 was another busy year for many office markets with occupier momentum maintained even in the face of a broader economic slowdown. There were numerous instances of markets beating pre-GFC rent peaks – Brussels, Berlin, Milan, Barcelona and Lyon to name a few. Office vacancy across Europe reached a record low of 5.8% (according to BNP Paribas). This positive occupation momentum also drove investor demand with yields tightening by 26bps to an average of 4.2% for the 40 markets analysed by them. Geneva, Paris and Hamburg all saw transactions break through the 3% initial yield level. The same themes run across these Continental European markets, a lack of high quality new space and little sign of a supply surge with a handful of small exceptions. This market backdrop will be helpful in a post COVID-19 environment where demand will be deferred and/or reduced.

Paris, as the largest office market in our universe warrants more detail. Take up at 2.1 million sqm was 6% lower than 2018 due to a smaller number of the largest transactions (+10,000 sqm). As importantly, the lack of take up in the CBD was actually a function of reduced supply. Vacancy in Paris Inner City (the core of the CBD) was just 2.2%. However, not all sub-markets look that attractive La Defense, traditionally a volatile market, saw no large transactions (over 20,000m^2) in 2019 and where there is significant supply due in the next two years.

Manager's Report

continued

Investment volumes reached €20.5bn, an increase of 7% on 2018 with 57 separate transactions over €100m. South Korean capital invested over €4bn.

Retail

It will come as little surprise that UK shopping centre transaction volumes reached multi-decade lows, totalling just £0.7bn, of which local authorities (mainly buying in their own regions) comprised a third. The outlook for all retail continues to look bleak. I have written many times about the structural headwinds affecting the sector. Rents continue to fall as retailers trim their estates and rates (property taxes) don't correct in line with open market rents so becoming an ever greater burden for property owners who desperately try to reduce vacancies with more concessions to potential tenants. With future income streams so unstable it is not difficult to see why investors shy away and banks are nervous of lending.

Retail parks also continue to suffer significant value corrections. Income uncertainty, particularly in a post COVID-19 world, is a real issue. In April 2020, Orion Capital walked away from its £21m deposit having contracted to buy £400m of retail parks from Hammerson such were their concerns about the value of these assets looking forward.

Online penetration continues its inexorable rise and is close to reaching 25% of all retail sales (ex food and fuel) in the UK by 2023 (Forrester's research). Whilst this is a much higher level than any other European market, one feature of the lockdown has been the introduction of online purchasing to a whole new group of consumers particularly in markets with low levels of penetration such as Italy and Spain. Forrester's estimate that Western Europe's online sales will be 18% of total sales by 2024 up from 11.8% in 2018. Even prior to the current crisis investor appetite for European shopping centres was beginning to wane. Unibail had spent most of a year attempting to sell up to €5bn of French assets. With their year end results in February they were able to announce an agreement to sell a partial interest in a reduced portfolio of €3bn. Shopping habits have been evolving at varying paces across different cultural and demographic groups; this crisis has accelerated that evolution. Retailers and investors will all be responding to these changes in behaviour. However globally all retailers' business models will continue to require a lot less space and at a lower cost.

Distribution and Industrial

The supply response to sustained demand particularly in the UK 'big box' units did reduce the rate of rental growth over the last 18 months. This return to more sustainable levels of rental growth is healthy. However last mile logistics across Europe, particularly in dense conurbation and suburban markets, remain highly sought after. For this relatively new form of property usage there are literally not enough suitable sites and rent is a modest element of the business overhead. Being in the right place is far more important. We experienced this first hand in November with the lease renewal of our 50,000 sq ft 'last mile' logistics unit on the edge of Bristol. The new rent was agreed at 47% ahead of the previous passing.

European logistics take up also powered ahead reaching 26.5 million sqm, 5% ahead of the five year average (Savills data). Vacancy rates remain below long term averages which is a surprise given the contraction in Eurozone manufacturing PMI data over the year. Our view is that structural shifts in supply chains and business practice remain a powerful force. Despite the well flagged reduction in German automotive production, Poland – seen as a potential victim of that slowdown – recorded its second highest take up figure ever.

Investment levels remain elevated with transaction volumes reaching €36bn, 6% ahead of the 2018 figure. The weight of capital compressed yields by an average of 37bps. We don't expect this to be repeated in 2020 given the heightened uncertainty but two key drivers remain in place. Firstly, the continued structural demand for logistics space and, secondly, the acceptance by occupiers of long leases reflecting their capital spend on each site. These factors will maintain, if not fuel, investor demand for this asset class.

Residential

We have maintained our exposure to the private rented sector (PRS), with the bulk of our exposure in Germany but also Sweden, Finland and the UK. In Germany and Sweden rents are regulated (and below open market levels) and the value of these apartment buildings are below the cost of reconstruction. The rate of rental growth

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does bear some relation to open market growth rates and in sub-markets with rapidly rising private rental levels, such as Berlin, there has been a political drive to control the pace of growth even in regulated rents. Notwithstanding the Berlin situation we remain convinced that this sector offers both income security (close to 100% occupation rates) and rental growth.

In the UK, the number of households in PRS has more than doubled between 2000 and 2013 whilst the number of mortgaged occupiers fell by 1.5m (Savills). This reflected both increasing barriers to home ownership (higher deposits etc) but also the huge increase in 'buy to let' (BtL) amateur landlords. Over the last 4 years mainly due to changes in the tax regime the UK has seen a fall in the number of BtL units. Further regulatory changes which will reduce fees which can be charged to tenants, cap deposits and the abolition of no-fault evictions will further reduce this large, disparate group of private landlords. We expect a professional PRS to continue to grow rapidly and absorb tenant demand which is no longer catered for in the traditional 'mom and pop' operation. Compared to Germany and Sweden the professionalisation of the sector in the UK is embryonic. However it will grow and the underlying structural drivers of demand and lack of supply remain attractive.

Finland is a new market for us where we have invested through the recent capital raising in Kojamo. This long established (1969) business initially listed in 2018 and now has over 35,000 apartments primarily in the Helsinki region. Finland does not have rent controls and this business is at the forefront of digitising the residential management process driving up margins with occupancy of over 97%.

Alternatives

These sub-sectors are now a core element of the portfolio and include self storage, student accommodation, healthcare, supermarkets and leisure/hotels. Prior to the current crisis each of these subsectors was enjoying attractive (or at least ambient) market conditions. This was because they either offered long, often index-linked income (healthcare, supermarkets) or they were enjoying structural growth (self-storage, student accommodation).

During the year we saw heightened corporate activity with Unite, our student accommodation stock, purchasing Liberty Living (which we welcomed). Primary Health Properties acquiring Medicx was also a strongly accretive deal.

The COVID-19 crisis has driven huge divergence in the performance of this group with the healthcare and supermarket names being amongst the top performers in our universe whilst student accommodation and budget hotels have, as expected, suffered from a complete demand strike. In the case of student accommodation we expect recovery to be rapid once universities reopen but for hotels and leisure the process of growing occupancy will be much slower.

Debt and Equity Markets

The ongoing record low costs of debt meant that refinancing remains a popular activity for a broad range of property companies. EPRA recorded £14.4bn of debt raised in the period which was a lower run rate than previous years and reflects the fact that interest rates have been so low for so long that companies have, in most cases, completed all the debt cost reduction they can. The prize for this year's cheapest bond issuance goes, unsurprisingly given the negative rate environment, to a Swiss property company. Swiss Prime Site raised CHF 157m at 0.375% maturing in 2031.

There were no IPOs in the year but we did see £5.3bn of capital raisings. These were dominated by businesses raising capital to make corporate acquisitions. These included Vonovia raising €744m to aid its acquisition of Victoria Park in Sweden and Unite (£290m) to aid the purchase of Liberty Living. Healthcare names were also busy. Aedifica, raised €600m to acquire a UK portfolio (£450m). Primary Health Properties and Target Healthcare raised £675m between them to aid expansion.

Aroundtown, the aggressively expanding German commercial and residential investor was the most prolific issuer of debt, raising a total of €3.0bn in a mix of straight bonds, senior unsecured and perpetual subordinated notes.

Property Shares

Property equity markets moved broadly sideways until late July when the background (rumbling) noise of the Brexit debacle once again rose in volume and pitch, driving investors away from UK domestic stocks. Property companies are a disproportionately large component of

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UK domestic 'baskets' due to their high level of GBP earnings. UK property names which had been weakening over the summer fell –7.5% in the first two weeks of August. What was almost more surprising was the subsequent rally for UK property shares which then ran from mid August right up to the start of the COVID-19 crisis. Over the late summer and into the autumn, investors changed their views entirely with PM Johnson appearing to be more determined than ever to drive matters to a conclusion. The landslide Conservative victory in the December General Election under the slogan 'Get Brexit Done' gave them the mandate to do exactly that and a huge chapter of pan European history duly closed. UK property stocks continued to climb as the uncertainty dissipated recording +28% gains between mid August and mid February.

Continental stocks returned +22% over the same period which keeps the scale of the 'relief rally' in perspective. So, what drove property stocks upwards outside of the UK's particular political situation? Once again the central banks have played a leading role in investor behaviour. ECB President Draghi delivered his parting shot, another rate cut and a renewed bond buying programme. More QE saw the 10-year Bund yield fall to –0.6% at the end of September and then rally into 2020 reaching –0.2% in early January. Whilst a significant pricing rally for bondholders the nominal yield remained negative. Property income continued to offer a much higher yield than corporate bonds as well as an opportunity to participate in rental growth and development gains.

However this ambient economic environment came to a grinding halt in mid February as global equity markets began to price in the real threat from COVID-19. Between 19 February and 18 March, the pan European property equity benchmark fell –35.7% but then recovered somewhat to record a six week fall to the end of March of –26.5%. The last six weeks of the financial year drove the 12 month returns from the sector (and this Trust) from double digit positive to double digit negative.

The sell off was hugely dramatic and market conditions since then have been immensely volatile. However at the stock and sub-sector level there has been a clear pattern of investment sentiment. With risk premiums rising and income sustainability falling investors have focused on those businesses with the strongest income profiles whilst avoiding the most leveraged entities. Healthcare, PRS, supermarkets, logistics have all outperformed whilst those businesses let to consumer facing companies have fared much more poorly. Non-food retail, leisure, bars, restaurants, cinemas and gyms have all seen a collapse in income. As investors are well aware, all shopping centre names had underperformed the wider property equity market long before this crisis as they continued to grapple with the structural shifts in consumer behaviour. We believe that this ongoing evolution will accelerate as safety (avoiding a busy shopping centre) joins cost and convenience as drivers of online growth.

Whilst the sell off since mid February has been very dramatic, the performance at the subsector level has been rational with investors focused on owning those businesses with the strongest income streams, and avoiding those which will experience the greatest valuation falls which may evolve to balance sheet risk. It will come as little surprise that German and Swedish residential names have performed well, not only in this crisis but also prior to it. With rents controlled below open market levels and occupancy at close to 100% the defensive characteristics are clear. The one area of concern is the political risk of even more stringent rent controls as we have seen in Berlin (covered extensively in the Interim Report) but we now believe the likelihood of contagion to elsewhere in Germany is low.

Scandinavian property companies were strong relative performers this year. Almost all Nordic property companies operate with higher leverage and shorter duration debt structures than the average pan European property company. The ongoing dovish response of the Riksbank (mirroring the ECB) was to supercharge earnings expectations given the strong performance of the Swedish (in particular) economy. As the current crisis evolved, we have been surprised at how well many of these companies with elevated debt levels have performed. The 'light touch' approach to lockdown and high quality healthcare systems coupled with lower population densities across the region have all contributed to better investor expectations.

Logistics and light industrial were already the sub-sector outperformers (again) as we entered the last quarter of the financial year. Increased online purchasing as well as supply chain disruption will lead to greater demand for warehousing. Industrial based businesses will return to work before densely populated offices. The case for

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relative outperformance of companies such as Segro, LondonMetric, Tritax Bigbox, Argan, Warehouses de Pauw, VIB Vermoegen, Montea and Catena is clear. The issue is how far is this already reflected in pricing.

Investment Activity

Turnover (purchases and sales divided by two) totalled £440m, equating to 32% of the average net assets over the period. This compares to £262m (20% of average assets) in the previous 12 months. There were two major drivers of this increased turnover. Firstly, the Brexit debate in the first half of the year resulted in significant changes in our UK exposure. Added to this was the significant degearing in February and March, only for reinvestment to take place in late March. The other major factor was heightened corporate activity. This year we saw the privatisation of Green REIT which was acquired by a private equity investor group, Henderson Park. At our peak position the investment reached 4% of net assets. The shares had traded at between € 1.30 and € 1.60 per shares for much of the company's 4 year life. Management (large owners of equity) were, quite rightly, frustrated by the persistent discount to net asset value and put the business up for sale. The exit price was a very satisfactory € 1.94 per share. Much more real estate is owned privately than publicly and, if public capital markets won't value it fairly, then privatisation is inevitable. We are therefore drawn to businesses with family and management ownership where we see alignment. A&J Mucklow, the family run West Midlands industrial owner/developer was a case in point. The Trust owned 5% of the company and supported the agreed takeover by LondonMetric in May last year.

The residential sector remains a popular asset class and we saw multiple capital events. Kojamo in Finland raised capital after listing in 2018. Swedish neighbour, John Mattson was a small IPO of a Stockholm focused affordable housing landlord which rose 27% on its debut. Later in the year, another small Swedish residential business, Hembla was acquired by the German behemoth Vonovia. Back in Germany, ADO Properties which has a Berlin focused portfolio acquired Adler, the owner of lower quality residential units across Germany. We don't own these businesses.

Elsewhere in Germany, we saw a very convoluted series of transactions between Aroundtown and TLG, more akin to a soap opera. In series 1, we saw TLG acquire c.2/3 of Aroundtown's founder's holding at a significant premium to the undisturbed share price. Attached to this deal, TLG announced a potential merger with Aroundtown but that would require a large capital raise given that they were the much smaller cousin. In series 2, minority institutional investors (such as us) are astonished to hear that the deal has reversed with Aroundtown now acquiring TLG. Due to the Luxembourg listing the transaction doesn't require an EGM so minority shareholders couldn't reach for the red button on their remote controls.

In Spain, we were pleased to see Arima announce a € 150m raise with Ivanhoe Cambridge as a new cornerstone investor. We backed this business at IPO in 2018 which saw the return to the listed sector of the management team behind Axiara which was acquired by Colonial in 2018.

Revenue and Revenue Outlook

Earnings at 14.62p for the year were only marginally ahead of the prior year level of 14.58p. Although earnings at the interim stage were ahead of the prior year by some 6.7%, growth in the second half of the year had been expected to be slower than in the first half and this was compounded by market events as the impact of the COVID-19 pandemic became evident. Investment turnover has been greater than usual in the current year, particularly in the second half. Portfolio repositioning reduced gearing and saw further reductions in exposure to a range of high yielding names particularly European retail stocks many of whom previously paid dividends close to our year end. In addition, the cancellation of the Landsec interim dividend (after it had been declared) close to the year-end added to the reduction.

Although these changes sacrificed some income in the year under review, the portfolio rotation increases exposure to sectors where we believe income streams are both more secure and sustainable. However these invariably carry a lower dividend yield.

Since mid March we have seen a range of further company announcements of either dividend cancellations, reductions or deferrals which will impact upon the forthcoming year. Our view is that some of these were precautionary as the companies evaluate their income risk and ensure their balance sheets are as robust as possible. We are also encouraged by the large number of

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companies who have reconfirmed their dividend forecasts and payout ratios. For the more precautionary names, we don't expect the return to a clear picture of distributions until the path out of lockdowns across Europe has successfully materialised.

In our own direct property portfolio, we are well positioned, evidenced by a strong rent collection rate in April. Our non-food retail exposure is limited to two retail units and a gym, whilst our largest tenant is Waitrose. At Wandsworth we have some smaller occupiers exposed to the hospitality sector where we have negotiated rental deferrals or new lease terms. The overall expected drop in income from our direct portfolio is not material.

Although we expect the earnings to fall next year, as the Chairman has pointed out, as an Investment Trust we have the luxury of being able to call on income reserves to supplement dividends, until the longer term revenue pattern emerges.

Gearing and Debt

Over the first 10 months of the financial year, the levels of borrowing remained in a tight band of between 10% and 13% of assets. Through February and March, the absolute amount of borrowings fell by £50m through short term loan repayments and £20m (notional debt) through the reduction in exposure through CFDs, but due to the dramatic share price reductions the gearing ratio only fell from a high of 13.9% in early February to a low of 5.2% in late March. In the last few days of the year the gearing increased again to 7.6%. Given the increased levels of market risk it may surprise investors that we had any gearing in the Trust at the year end. The physical portfolio accounts for 7.8% of our investment exposure and adjusting for that, the Trust was ungeared to the equity market.

It is important that we have the ability to gear when the conditions are favourable and, as the Chairman has commented, we added to the short term debt facilities available during the year with a new relationship and loan facility of £20m with the ICBC and adding a further £25m to our facility with RBS. In addition, a new derivative instrument which commercially is very similar to a CFD was added which has widened the counterparties available to us for derivative transactions.

Direct Property Portfolio

The physical property portfolio produced a total return of +8.5%, a combination of +5.3% capital return and income return of +3.2%. The capital return was driven by a variety of asset management initiatives across the portfolio from refurbishments, lease renewals and planning gains set off by reductions in the value of our city centre non-food retail units.

The sale of our office building in Harlow, was reported at the interim. The property was sold for £10.5m which reflects a net profit over the book cost of 3%.

At the Colonnades in Bayswater, we completed the refurbishment of the old public house which included the separation of the 3 bed flat and the recladding of the pub. Towards the end of the year, we completed the sale of the flat for £2.02m which reflected a price of just over £1,500 per sq. ft. We were waiting for a sale of the flat before marketing the public house which is an interesting space and will allow an occupier some really exciting fit out possibilities.

As mentioned earlier, in February we completed the lease extension on our last mile logistics unit in north Bristol. The tenant has taken a new 5 year lease at a rent which reflects an increase of 47% on the previous rent.

The largest valuation gain was at our industrial estate in Wandsworth. We received, subject to a s.106 agreement, planning permission to redevelop the 35,000 sq. ft. industrial estate. The consent is for 106 residential units, 55,000 sq. ft of office space and 62,500 sq ft of light industrial. The development of this mixed-use scheme will significantly transform this dated 1970s industrial estate into a modern mixed-use destination adjacent to Wandsworth Town train station.

Outlook

At the time of writing much of the world is in the grip of the second phase of the COVID-19 dilemma. Infection and death rates have been brought under control through the strict discipline of lockdown and social distancing. However the huge economic cost of effectively furloughing vast swathes of the economy means that this strategy must now evolve quickly to restart business and consumption. The dilemma is over the pace, timing and focus of the relaxation of the lockdown across so many

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countries, each with their own set of particular issues. The lack of visibility makes forecasting extremely difficult. However there are several market features which look sustainable. Firstly the commitment of central banks and governments (to varying degrees) to support the recovery. This means that the challenge from this crisis is less about liquidity and more about solvency. Which brings me to my second point. We will remain focused on those businesses where we are confident of the underlying tenants' ability to pay. Borrowing will remain very cheap and banks will remain accommodative. At this stage we see the issue as one of tenant demand not leverage risk. At the sector level, some outcomes seem highly predictable while others are much more balanced. The structural shifts in consumer behaviour, particularly towards online retailing will, in our view, accelerate. Other behavioural adjustments such as increased home working would logically impact office demand but that may be offset by reduced desk densities. Decentralised offices may prove more attractive than skyscrapers but such questions will be answered in years not months.

In the near term we will continue to protect the Company from those business strategies most at risk whilst acknowledging that income has become an even more precious commodity. The right type of real estate will continue to deliver that income.

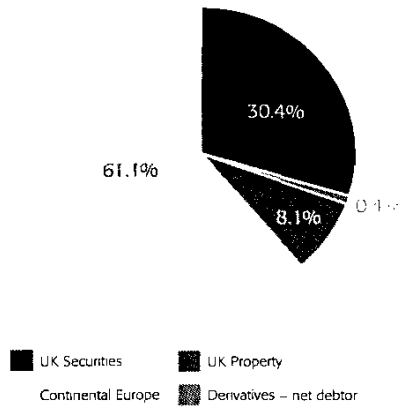
On a personal note, I would like to extend a huge thank you to Hugh Seaborn for all his unwavering support and wise counsel over a great many years. He joined the Board in July 2007 just as we entered an earlier crisis and then guided us through further choppy times after becoming Chairman in 2016. He has been instrumental in assembling the current Board and their collective experience will be hugely important to the Trust as we weather this current crisis.

Marcus Phayre-Mudge
Fund Manager
5 June 2020

Portfolio

Distribution of Investments

as at 31 March



Distribution of Investments

as at 31 March

	2020 £'000	2020 %	2019 £'000	2019 %
UK Securities				
– quoted	**352,188**	**30.4**	427,175	33.2
UK Investment Properties	**94,510**	**8.1**	101,929	7.9
UK Total	**446,698**	**38.5**	529,104	41.1
Continental Europe Securities				
– quoted	**708,597**	**61.1**	762,338	59.1
Investments held at fair value	**1,155,295**	**99.6**	1,291,442	100.2
– CFD debtor/(creditor)[1]	**8,698**	**0.7**	(3,210)	(0.2)
– TRS creditor[2]	**(3,808)**	**(0.3)**	–	–
Total Investment Positions	**1,160,185**	**100.0**	1,288,232	100.0

Investment Exposure

as at 31 March

Investment Exposure

as at 31 March

	2020 £'000	2020 %	2019 £'000	2019 %
UK Securities				
– quoted	**352,188**	**28.9**	427,175	29.3
– CFD exposure[3]	**32,257**	**2.6**	99,521	6.8
– TRS exposure[4]	**6,598**	**0.5**	–	–
UK Investment Properties	**94,510**	**7.8**	101,929	7.0
UK Total	**485,553**	**39.8**	628,625	43.1
Continental Europe Securities				
– quoted	**708,597**	**58.2**	762,338	52.3
– CFD exposure[3]	**24,471**	**2.0**	67,135	4.6
Total Investment Exposure[5]	**1,218,621**	**100.0**	1,458,098	100.0

Portfolio Summary

as at 31 March

	2020 £'000	2019 £'000	2018 £'000	2017 £'000	2016 £'000
Total investments	**£1,155m**	£1,291m	£1,316m	£1,145m	£1,099m
Net assets	**£1,136m**	£1,328m	£1,256m	£1,118m	£1,065m
UK quoted property shares	**31%**	33%	31%	29%	31%
Overseas quoted property shares	**61%**	59%	62%	63%	60%
Direct property (externally valued)	**8%**	8%	7%	8%	9%

Net Currency Exposures

as at 31 March

	Company %	Benchmark %
GBP	27.0	26.8
EUR	53.0	53.1
CHF	7.9	7.9
SEK	11.0	11.3
NOK	1.1	0.9

1 Net unrealised gain/(loss) on CFD contracts held as balance sheet debtor/(creditor).
2 Net unrealised loss on total return swap (TRS) contract held as balance sheet creditor.
3 Gross value of CFD positions.
4 Gross value of TRS position.
5 Total investments illustrating market exposure including the gross value of CFD and TRS positions.

Investment Portfolio by Country

as at 31 March 2020

	£'000	Market value %
Austria		
CA Immobilien	8,032	0.7
	8,032	**0.7**
Belgium		
Warehousing and Distribution de Pauw	25,231	2.2
Cofinimmo	6,414	0.6
Xior	3,544	0.3
Care Property	3,543	0.3
Intervest Offices & Warehouses	2,248	0.2
Montea	2,243	0.2
Aedifica	1,568	0.1
Wereldhave	302	–
	45,093	**3.9**
Finland		
Kojamo	22,964	2.0
	22,964	**2.0**
France		
Argan	46,823	4.0
Gecina	24,228	2.1
Covivio	8,936	0.8
Mercialys	1,736	0.1
Altarea	1,023	0.1
	82,746	**7.1**
Germany		
Vonovia	144,362	12.4
LEG	75,310	6.5
Deutsche Wohnen	36,374	3.1
VIB Vermoegen	22,970	2.0
TAG Immobilien	22,451	1.9
Aroundtown	20,273	1.8
Alstria	8,661	0.7
Grand City Properties	3,080	0.3
	333,481	**28.7**
Ireland		
Irish Residential Properties	2,323	0.2
Hibernia REIT	1,748	0.2
	4,071	**0.4**
Netherlands		
Unibail-Rodamco-Westfield	22,737	2.0
Eurocommercial Properties	11,073	1.0
NSI	3,893	0.3
	37,703	**3.3**
Norway		
Entra	28,527	2.4
	28,527	**2.4**

	£'000	Market value %
Spain		
Arima Real estate	17,486	1.5
	17,486	**1.5**
Sweden		
Fabege	34,961	3.0
Kungsleden	24,911	2.2
Wihlborgs	19,111	1.6
Cibus	8,482	0.7
Catena	6,575	0.6
Pandox	3,778	0.3
Nyfosa	2,166	0.2
John Mattson	852	0.1
	100,836	**8.7**
Switzerland		
PSP	27,658	2.4
	27,658	**2.4**
United Kingdom		
SEGRO	38,693	3.3
LondonMetric Property	38,460	3.3
Unite Group	33,026	2.8
Landsec	31,949	2.8
Assura	31,468	2.7
Safestore Holdings	25,920	2.2
CLS Holdings	21,616	1.9
Stenprop	20,691	1.8
Supermarket Income REIT	19,232	1.7
Secure Income REIT	12,763	1.1
Sirius	11,636	1.0
Workspace	11,516	1.0
Great Portland Estates	10,628	0.9
Phoenix	10,296	0.9
McKay Securities	9,958	0.9
PRS REIT	7,879	0.7
Picton	6,298	0.5
Target Healthcare	5,030	0.4
Shaftesbury	2,954	0.3
Capital & Regional	1,493	0.1
Atrato Capital	682	0.1
	352,188	**30.4**
Direct Property	**94,510**	**8.1**
CFD Positions (included in current assets)	**8,698**	**0.7**
TRS Positions (included in current liabilities)	**(3,808)**	**(0.3)**
Total Investment Positions	**1,160,185**	**100.0**

Companies shown by country of listing.

Twelve Largest Equity Investments

1 Vonovia (Germany)

	31 March 2020	31 March 2019
Shareholding value	£144.4m	£150.0m
% of investment portfolio†	11.8%	11.2%
% of equity owned	0.7%	0.7%
Share price	€44.86	€46.22

Vonovia is a German listed residential company managing a housing stock of around 355,700 of its own apartments across Germany. It also manages a portfolio of around 38,000 units in Sweden and approximately 22,500 in Austria. Over the last years, the company has been the consolidator of the listed residential sector, successively acquiring Gagfah in 2014, Sudewo in 2015, Conwert in 2016, Buwog in 2017 and Victoria Park in 2018. In 2019, the company continued to expand in Sweden via the acquisitions of Hembla (portfolio of around 21,000 units largely located in the Greater Stockholm region) and Akelius (2,340 units).

At the end of 2019, the company owned a portfolio of EUR51.5bn split between Germany (84%), Sweden (11%) and Austria (5%). These different phases of expansion have allowed Vonovia to become the real estate company with the largest market capitalisation in Europe despite having been floated only seven years ago. Although critical, the size effect (and economies of scales associated with it) was not the only contribution factor of this positive development. Vonovia has developed a large in-house craftsman organisation which allows the company to run an innovative strategy focusing on improving and modernizing its portfolio and creating sustainable value for all stakeholders. In addition, Vonovia is involved in the whole value chain of the residential sector via its rental business (82% of group EBITDA), its value-add branch (energy and multimedia related services, 8% of group EBITDA), its recurring sales program (5% of group EBITDA) and its third-party development business (5% of group EBITDA). This diversification will allow the company to benefit from further levers of growth in the future which is a strong competitive advantage against more traditional residential companies focusing mostly on the rental business. Finally, the residential sector is subject to strict regulations in Germany in particular. Vonovia management has been particularly pro-active with public authorities, complying with regulations and assuming a social role which should allow them to benefit from critical political goodwill in the future. This also constitutes an important differentiation element against other companies despite being more intangible. In 2019, Vonovia delivered again strong results in absolute and relative terms. The company delivered a +19% total accounting return over the year (computed as the growth in NAV + dividend paid over the year) against +17% on average for the main listed residential peers. The LfL rental growth at +3.9% (+4.4% in 2018) was particularly resilient and one of the highest in the residential sector. The total shareholder return since listing in July 2013 has been 223%.

2 LEG (Germany)

	31 March 2020	31 March 2019
Shareholding value	£75.3m	£78.7m
% of investment portfolio†	6.2%	5.9%
% of equity owned	1.2%	1.3%
Share price	€102.7	€109.45

LEG is a German residential company focused on the economically strong region of North Rhine-Westphalia. It is one of the largest real estate companies in Germany with more than 134,000 units under management with a combined value of €12bn. In addition to the strong focus on NRW, the company is exploring opportunities on B and C locations in adjacent states with the view to leverage their market access as well as their existing platform still within strict and conservative financial criteria. The company has a distinct advantage to be less exposed to regulatory risk than peers with a Berlin exposure and to benefit from a relatively high share of state subsidised tenants (25% of the total). The very low average rent per sqm at EUR5.82 as well as the relatively low value per sqm of EUR,1353 per sqm make the company particularly well suited to weather any potential macro-economic shock. In addition, the company has shown over the years a conservative management on the liabilities side which continued to be the case in 2019 with a LTV of 37.7% (maximum target set at 43% for 2020), an average debt maturity of 8.1 years (7.6 years in 2018) and a net debt to adjusted EBITDA of 10.7x which compares favourably with all its residential peers. In 2019, LEG delivered solid results with a total accounting return of 17% in line with the sector average illustrating the better risk/reward of the company. The five-year total shareholder return has been 62.6%.

3 Gecina (France)

	31 March 2020	31 March 2019
Shareholding value	£47.5m	£50.5m
% of investment portfolio†	3.9%	3.8%
% of equity owned	0.6%	0.6%
Share price	€120.7	€131.8

Gecina is the largest office landlord in Europe with a portfolio of more than €15bn focused almost exclusively on the Paris region (96% of the total office value) and with a high share in Paris city (close to 70% of the total office value). In addition, the company owns a portfolio of €3.4bn of residential assets (of which EUR355m in student housing) predominantly located in the Paris region. Finally, the company owns a portfolio of exclusive high street retail assets for a value of €1.6bn located in Paris city (LVMH flagship store on 101 Champs Elysees in particular). The management is capitalising on a large development pipeline of more than €3.5bn (17% of GAV) to be delivered in the next five years and of which EUR2.4bn have already been invested. Committed projects represent an investment of EUR1.7bn or close to half of the total pipeline investments and showed a pre-let level of around 25% at the end of 2019 while delivery dates range from 2020 to 2023. This is a continuation of the total return strategy which has been implemented by the company over the last couple of years: in essence, redeveloping assets where management sees value creation potential and disposing mature ones crystalising capital gains. In the last two years, the company has delivered 15 projects and generated around EUR780m of value creation since their launch. At the end of 2019, the company also completed or signed for EUR1.2bn of disposals at an average 12% premium to last appraised value. The management announced the creation of a dedicated subsidiary for its residential portfolio in order to further grow this segment and unlock its value potential (current average value per sqm of the portfolio stands at a conservative EUR7,049). In 2019, the company posted solid results with a total accounting return of +12% and LfL rental growth of its office portfolio at +2.5%. The financial position of the company is very solid with a LTV at 36% and an average debt maturity of 7.5 years. The five-year shareholder total return has been 21.8%.

†Notes

- The Percentage of Investment portfolio positions set out above include exposures through CFD for both the individual positions and the portfolio.
- The Investment Portfolio by Country positions set out on page 17 are the physical holdings only included in the Investments held at fair value in the Balance Sheet. The profit or loss positions on the CFD and TRS contracts (ie not the investment exposure) are also shown on page 17 and are included in the Balance Sheet as debtors or creditors in the Current assets.

Twelve Largest Equity Investments

continued

4 Argan (France)

	31 March 2020	31 March 2019
Shareholding value	£46.8m	£34.1m
% of investment portfolio†	3.8%	2.5%
% of equity owned	3.5%	3.0%
Share price	€67.6	€58.0

Argan is a French company, created in 2000 by Jean-Claude Le Lan, which has been listed since 2007. The objective of the company has been to build a portfolio of premium logistic assets which guarantee a stable and high occupancy rate at around 100%. The company is vertically integrated and has full control of the entire value chain by identifying future needs of prospective and current tenants and developing assets on their behalf. Therefore, Argan is able to capture the developer margin while having little to no risk on the letting side. In 2019, the company acquired the Cargo portfolio from Carrefour (22 premium assets for EUR900m). This transformational transaction (representing an equivalent of eight years of development) allowed Argan to reach a portfolio value of EUR2.7bn at the end of 2019 and a GLA of 2.9m sqm. The average age of the Argan portfolio is relatively recent at 8.4 years while the occupancy rate at the end of 2019 stand at 99%. The average residual lease term was 5.8 years at the end of 2019 while the company tends to start renewal discussions with tenants well ahead of expiry dates. 58% of the rents are derived from food retail with Carrefour being the first tenant of the company (36% of the total rents) and 57% of the portfolio are assets with a GLA above 50k sqm. The company has delivered a solid and sustainable financial growth since its creation: rents have increased annually by 23% between 2000 and 2019 while the EPRA NNNAV (excl duties) has grown annually by 23% between 2013 and 2019. The funding of the company is based on a conservative mix of 90% amortisable mortgage loans with an average maturity of 9 years and 10% of bonds. The relatively low dividend payout at below 50% allows the company to retain cash and reinvest in new development projects while repaying debts. The management of the company has been assumed by its founder Jean-Claude Le Lan who owns alongside family members 40% of the share capital which is a strong guarantee of alignment. The five-year total shareholder return has been 255%

5 Segro (UK)

	31 March 2020	31 March 2019
Shareholding value	£38.7m	£50.4m
% of investment portfolio†	3.2%	3.8%
% of equity owned	0.5%	0.7%
Share price	764p	673.0p

Segro has become the largest UK REIT by market cap, and is the largest operator of logistics and industrial property listed in the UK, with a total portfolio of £12.2bn including its share of JVs (55% in the UK, 45% in Continental Europe, with 67% urban warehouses, 31% big boxes and 2% other uses). In the UK, the group is exposed to Greater London industrial and logistics space and national logistics space. Rental growth in these markets has been extremely strong as there remains an acute supply-demand imbalance, fuelled by tenants' requirements to deal with the growth in e-commerce. In Europe, Germany and France are the group's largest markets with Poland third; these markets have a lower, but still positive, rental growth outlook (and are geographically less space-constrained) but continue to see yield compression as investors have paid keener yields for access to strong income. While it is early days the logistics sector appears one of the more resilient to any impacts from COVID-19. The group also has extensive development exposure that it manages to largely pre-let and develop at yields significantly in excess of investment values (c.7% yield on cost vs. an EPRA net initial yield of 3.8% at FY19). We expect this to drive both earnings and NAV growth over the short to medium term, as well as high shareholder total returns. In our view the LTV is relatively low risk at c.24%, and the development pipeline has been funded by fresh equity. The five-year total shareholder return has been 125%.

6 LondonMetric (UK)

	31 March 2020	31 March 2019
Shareholding value	£38.5m	£29.7m
% of investment portfolio†	3.2%	2.2%
% of equity owned	2.4%	1.8%
Share price	176.0p	200.0p

LondonMetric owns c.£2.3bn of assets, with the portfolio split 76% logistics, 24% "long income" – assets primarily in the food and convenience retail space, which carry long WAULTS (13 year average) and dependable income. We have been long-term supporters of CEO Andrew Jones (one of the few CEO's who both predicted and then executed a portfolio repositioning to counter the structural decline in the retail sector), and continue to believe he is well placed to navigate LondonMetric through the COVID-19 crisis. The company recently raised an additional £125m of equity in an upscaled deal to take advantage of pricing dislocations in the market at a time of turbulence. As with our wider overweight logistics positioning we think that the asset class is set to offer attractive returns over the medium term, and LondonMetric has pivoted its portfolio to focus particularly on last mile logistics, where rental growth is strongest. The LondonMetric equity valuation is rarely cheap, but we believe it is worth paying up for quality in this instance. The five-year total shareholder return has been 38%.

†**Notes**

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Twelve Largest Equity Investments

continued

7 Deutsche Wohnen (Germany)

	31 March 2020	31 March 2019
Shareholding value	£36.4m	£69.5m
% of investment portfolio†	3.0%	5.2%
% of equity owned	0.3%	0.5%
Share price	€34.7	€43.2

Deutsche Wohnen is Germany's second largest residential company with the bulk of its exposure to Greater Berlin (76% of the total portfolio FV). The company owns a high-quality portfolio consisting of more than 161,000 units with a combined value of €24bn. In addition to the rental business, the company is present in the Nursing and Assisted Living business which around represented 10% of the Group EBITDA in 2019. The company announced at their FY19 results the acquisition of a development business ("Isaria") for EUR600m which should result in a total investment of EUR1.8bn for around 2,700 residential units principally in the Munich region (more than 70% of the total area). The company showed a solid financial performance in 2019 with a total accounting return of 13% albeit lower than peers average at 17% while LfL rental growth was +3.4% ahead of the guidance at +3.0%. The Greater Berlin portfolio was valued at EUR2,584 per sqm on average which leaves significant upside potential in the future once the regulatory pressures alleviate. On this topic and more specifically on the Berlin rental freeze which will be implemented this year, management reiterated that in their view the likely impact would be around 4 to 5% of their total income (most of it materializing in 2021). The management also reiterated (in line with other residential peers) that this law is anti-constitutional and that a constitutional review will be submitted this year. The five-year total shareholder return has been 64%.

8 Fabege (Sweden)

	31 March 2020	31 March 2019
Shareholding value	£35.0m	£44.3m
% of investment portfolio†	2.9%	3.3%
% of equity owned	1.0%	1.2%
Share price	SEK127.30	SEK135.00

Fabege is an owner and developer of Stockholm offices, with a SEK 65bn portfolio. The Stockholm office market has seen, and in our view over the medium-term is set to continue to see, strong rental growth – prime rents in Stockholm reached c.SEK 8,000 psm, up from SEK 4,500 psm just 4 years ago. In addition to capturing this strong rental growth (rental growth in an identical portfolio over the course of the year was 14% in FY19) in its investment portfolio, Fabege undertakes a large amount of development (it is responsible for c.50% of all new office developments in Stockholm) and has enjoyed very strong returns on its project portfolio (the company targets >50% ROIC, but often exceeds this by a distance to achieve 100%+). Having executed large scale development in Arenastaden the company has now turned its focus to Flemingsberg to the South of the city, and has recently confirmed its first pre-let tenant in the area. We continue to back Fabege's development focused strategy under the stewardship of new CEO Stefan Dahlbo, and note that Sweden's COVID-19 strategy at a country-wide level has involved far fewer restrictions than other European cities – developments have not been postponed or cancelled for example. The five-year shareholder total return has been 135% in GBP terms.

9 Assura (UK)

	31 March 2020	31 March 2019
Shareholding value	£34.1m	£8.3m
% of investment portfolio†	2.8%	0.6%
% of equity owned	1.7%	0.6%
Share price	84.0p	57.0p

Assura holds c.£2bn of assets in a single asset class: 560 medical centres spread across the UK. While the outlook for rental growth in this asset class is relatively limited, income from these assets is extremely reliable (being effectively underwritten by the NHS), and the portfolio benefits from a long-dated WAULT, currently 11.6 years. The shares carry have a bond-like quality, and the company's dependability of income meant that it was one of the best performers during the COVID-19 crisis, and offered good downside protection when the market crashed. The company looks to enhance its existing portfolio through selective developments and acquisitions, and recently raised £185m to finance future growth opportunities in this pipeline, while maintaining leverage below management's 40% limit. The five-year total shareholder return has been 57%.

†Notes

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Twelve Largest Equity Investments

continued

10 Unite Group (UK)

	31 March 2020	31 March 2019
Shareholding value	£33.0m	£49.6m
% of investment portfolio†	2.7%	3.7%
% of equity owned	1.1%	2.1%
Share price	802.0p	918.0p

Unite is the UK's largest purpose-built student housing developer, owner and operator. The group manages just over 74,000 student beds either wholly-owned or within joint ventures, having increased its total beds by c.54% through the acquisition of Liberty Living, which it completed in late 2019. Unite offers a strong development pipeline of c.5,000 beds funded through retained resources and active portfolio recycling. Student accommodation was one of the sectors directly impacted by the COVID-19 pandemic, and universities were forced to close to protect students' health. Facing this, the company elected to help its customers and allow them to cancel contracts once universities closed, rather than enforcing lease agreements. We believe this was the right course of action, and expect that in a normalised environment, where UK higher education remains globally attractive with a large supply/demand imbalance in the *landlord's favour, UTG will return to its position as* sector leader and the partner of choice for UK universities, likely achieving consistent 3%+ rental growth as it did in the past. Leverage is running slightly ahead of normal levels with LTV at 37%, however this was due to the Liberty Living acquisition, and is expected to trend down over time. The five-year total shareholder return has been 57%.

11 McKay Securities (UK)

	31 March 2020	31 March 2019
Shareholding value	£32.1m	£34.8m
% of investment portfolio†	2.6%	2.6%
% of equity owned	19.5%	15.7%
Share price	175.0p	235.0p

McKay Securities' £492m portfolio is focused on markets where we believe the fundamentals remain attractive. The geographical split of its portfolio is 52% South East Offices, 25% London Offices, 18% South East Industrial and 5% in Other sectors. We continue to view the share price as a severe undervaluation of the strong fundamentals of its underlying assets, not least the significant (24%) reversion within the portfolio. The company successfully agreed the sale of 30 Lombard Street for £76.5m following its redevelopment in January 2019, and we believe the letting up of its recently completed, speculatively developed, Theale Logistics Park will trigger further upside in the company's earnings outlook. Leverage remains well controlled (LTV 35%) as does the company's approach to development risk, completing its only speculative development before the COVID-19 crisis struck. The five-year total shareholder return has *been -15%.*

12 Landsec (UK)

	31 March 2020	31 March 2019
Shareholding value	£31.9m	£74.9m
% of investment portfolio†	2.6%	5.6%
% of equity owned	0.8%	1.1%
Share price	557.0p	913.40p

Landsec is one of the UK's largest REITs by portfolio value, managing £13bn of assets (including its share of joint ventures and developments). The company is often thought of as "half retail, half London offices" but in reality the portfolio (by value) is 50% London offices, with 38% traditional retail (retail parks and shopping centres) and 12% leisure assets, while the geographical weighting is 67% London. We believe Landsec's retail assets are better placed than most to weather the structural storm facing the retail landscape, with its much smaller quantum of retail parks compared with peer British Land a case in point. With CEO Rob Noel stepping down in 2020 Mark Allan, the highly respected former CEO of Unite Group and St Modwen, is set to take the reins to lead Landsec through this next chapter in its history. The company's leverage is low (28%), and its development exposure is modest, so while the retail outlook is tough the company's balance sheet is in no *way stretched. We also believe that the current equity* valuation (c.50% discount to NAV and c.8.5% earnings yield) offers a level of downside protection for the shares, despite the retail exposure. The five-year total shareholder return has been -46%.

†Notes

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Investment Properties

as at 31 March 2020

Spread of Direct Portfolio by Capital Value (%)
as at 31 March 2020

	Retail	Industrial	Residential and Ground Rents	Other	Total
West End of London	43.9%	–	14.8%	0.6%	59.3%
Inner London*	1.6%	24.0%	–	–	25.6%
South West	–	15.1%	–	–	15.1%
Total	**45.5%**	**39.1%**	**14.8%**	**0.6%**	**100.0%**

*Inner London defined as inside the North and South Circular.

Lease Lengths within the Direct Property Portfolio

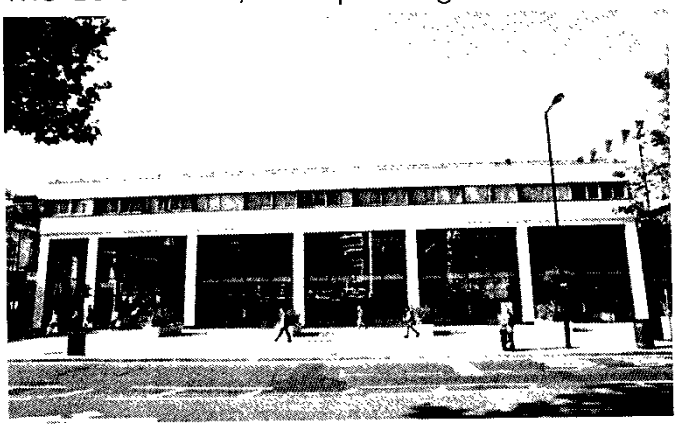
as at 31 March 2020	Gross rental income
0 to 5 years	40%
5 to 10 years	14%
10 to 15 years	6%
15 to 20 years	39%
20+ years	1%
	100%

Contracted Rent

Year 1	£2,950,000
Years 2-5	£10,100,000
Years 5+	£15,500,000

Value in excess of £10 million

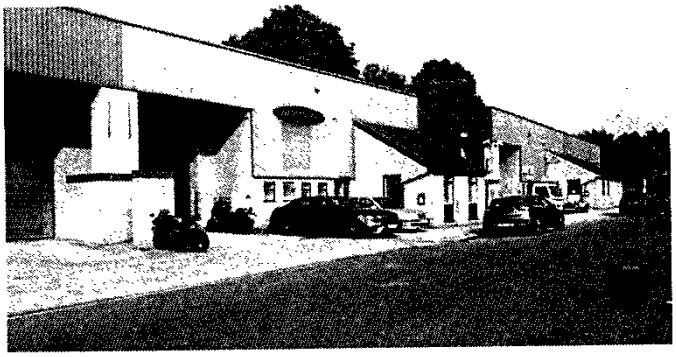
The Colonnades, Bishops Bridge Road, London W2



Sector	**Mixed Use**	
Tenure	**Freehold**	
Size (sq ft)	**64,000**	
Principal tenants	**Waitrose Ltd** **Graham & Green**	**1Rebel** **Specsavers**

The property comprises a large mixed-use block in Bayswater, constructed in the mid-1970s. The site extends to approximately 2 acres on the north east corner of the junction of Bishops Bridge Road and Porchester Road, close to Bayswater tube station and the Whiteleys Shopping Centre. The commercial element was extended and refurbished in 2015 with a new 20 year lease being agreed with Waitrose.

Ferrier Street Industrial Estate, Wandsworth, London SW18



Sector	**Industrial**	
Tenure	**Freehold**	
Size (sq ft)	**36,000**	
Principal tenants	**Mossimans** **Kougar Tool Hire Ltd**	**Page Lacquer**

Site of just over an acre, 50 metres from Wandsworth Town railway station in an area that is predominantly residential. The estate comprises 16 small industrial units generally let to a mix of small to medium-sized private companies. Planning permission granted in December 2019 for a mixed-use employment led redevelopment.

Investment Properties

as at 31 March 2020 – continued

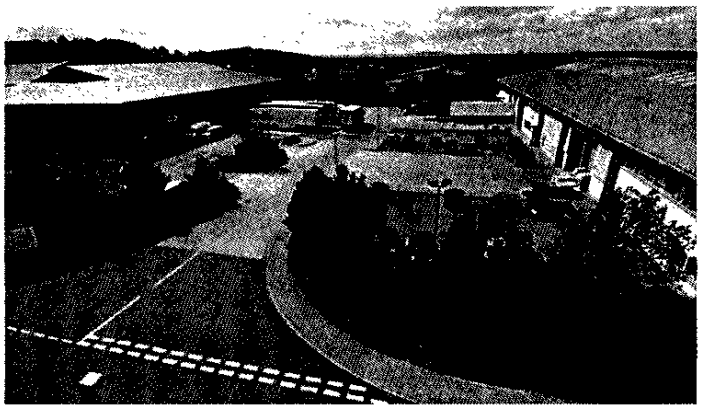
Value less than £10 million

Yodel Unit, Woodlands Park, Almondsbury, Bristol BS32

Sector	**Industrial**
Tenure	**Freehold**
Size (sq ft)	**53,000**
Principal tenants	**Yodel Delivery Network Ltd**

Located on the junction of the M4 and M5, this industrial building is let to Yodel, the parcel delivery company, on a lease expiring in 2025. The building sits on a 5.75-acre site giving a low site density and a large yard offering a variety of alternative uses for the site.

IO Centre, Gloucester Business Park, Gloucester GL3



Sector	**Industrial**
Tenure	**Freehold**
Size (sq ft)	**63,000**
Principal tenants	**Infusion GB**

The IO Centre comprises six industrial units occupied by two tenants and sits on a 4.5-acre site. Gloucester Business Park is located to the east of Junction 11A of the M5 and one mile to the east of Gloucester City Centre. The property also has easy access to the A417 providing good links to the M4 via junction 15.

Investment Objective and Benchmark

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

The benchmark is the FTSE EPRA/NAREIT Developed Europe Capped Net Total Return Index in Sterling. The index, calculated by FTSE, is free-float based and currently has 108 constituent companies. The index limits exposure to any one company to 10% and reweights the other constituents pro-rata. The benchmark website www.epra.com contains further details about the index and performance.

Business Model

The Company's business model follows that of an externally managed investment trust.

The Company has no employees. Its wholly non-executive Board of Directors retains responsibility for corporate strategy; corporate governance; risk and control assessment; the overall investment and dividend policies; setting limits on gearing and asset allocation and monitoring investment performance.

The Board has appointed BMO Investment Business Limited as the Alternative Investment Fund Manager with portfolio management delegated to Thames River Capital LLP. Marcus Phayre-Mudge acts as Fund Manager to the Company on behalf of Thames River Capital LLP and Alban Lhonneur is Deputy Fund Manager. George Gay is the Direct Property Manager and Joanne Elliott the Finance Manager. They are supported by a team of equity and portfolio analysts.

Further information in relation to the Board and the arrangements under the Investment Management Agreement can be found in the Report of the Directors on pages 35 and 53 to 54.

In accordance with the AIFMD, BNP Paribas has been appointed as Depositary to the Company. BNP Paribas also provide custodial and administration services to the Company. Company secretarial services are provided by Link Company Matters.

The specific terms of the Investment Management Agreement are set out on pages 53 and 54.

Strategy and Investment Policies

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

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

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

Asset allocation guidelines

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

The Manager currently applies the following guidelines for asset allocation:

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

Gearing

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

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

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

Property Valuation

Investment properties are valued every six months by an external independent valuer. Valuations of all the Group's properties as at 31 March 2020 have been carried out on a "Red Book" basis and these valuations have been adopted in the accounts.

Allocation of costs between Revenue & Capital

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

Holdings in Investment Companies

It is the Board's current intention to hold no more than 15% of the portfolio in listed closed-ended investment companies.

Some companies investing in commercial or residential property are structured as listed externally managed closed-ended investment companies and therefore form part of our investment universe. Although this is not a model usually favoured by our Fund Manager, some investments are made in these structures in order to access a particular sector of the market or where the management team is regarded as especially strong. If these companies grow and become a larger part of our investment universe and/or new companies come to the market in this format the Manager may wish to increase exposure to these vehicles. If the Manager wishes to increase investment to over 15%, the Company will make an announcement accordingly.

Key Performance Indicators

The Board assesses the performance of the Manager in meeting the Trust's objective against the following Key Performance Indicators ("KPIs"):

KPI	Board monitoring and outcome
Net Asset Value Total Return relative to the benchmark The Directors regard the out-performance of the Company's net asset value total return in comparison with the benchmark as being an overall measure of value delivered to the shareholders over the longer-term.	• The Board reviews the performance in detail at each meeting and discusses the results and outlook with the Manager.

	Outcome	
	1 Year	5 Years
NAV Total Return* (Annualised)	−11.5%	5.4%
Benchmark Total Return (Annualised)	−14.0%	2.4%

* NAV Total Return is calculated by re-investing the dividends in the assets of the Company from the relevant ex-dividend date. Dividends are deemed to be re-invested on the ex-dividend date for the benchmark.

Delivering a reliable dividend which is growing over the longer term

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

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

	Outcome	
	1 Year	5 Years
Compound Annual Dividend Growth*	3.7%	12.7%
Compound Annual RPI	2.6%	2.6%

* The final dividend in the time series divided by the initial dividend in the period raised to the power of 1 divided by the number of years in the series.

The Discount or Premium at which the Company's shares trade compared with Net Asset Value

Whilst expectation of investment performance is a key driver of the share price discount or premium to the Net Asset Value of an investment trust over the longer-term, there are periods when the discount can widen. The Board is aware of the vulnerability of a sector-specialist trust to a change of investor sentiment towards that sector, or periods of wider market uncertainty and the impact that can have on the discount.

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

	Outcome	
	1 Year	5 Years
Average discount*	2.0%	4.9%
Total number of shares repurchased	Nil	Nil

* Average daily discount throughout the period of share price to NAV, with income. Source: *Bloomberg*.

Key Performance Indicators

continued

KPI	Board monitoring and outcome
Level of Ongoing Charges The Board is conscious of expenses and aims to deliver a balance between excellent service and costs. The AIC definition of Ongoing Charges includes any direct property costs in addition to the management fees and all other expenses incurred in running a publicly listed company. As no other investment trusts hold part of their portfolio in direct property (they either hold 100% of their portfolio as property securities or as direct property), in addition to Ongoing Charges as defined by the AIC, this statistic is shown without direct property costs to allow a clearer comparison of overall administration costs with other funds investing in securities. The Board monitors the Ongoing Charges, in comparison to a range of other Investment Trusts of a similar size, both property sector specialists and other sector specialists.	• Expenses are budgeted for each financial year and the Board reviews regular reports on actual and forecast expenses throughout the year. • The ongoing charges are competitive when compared to the peer group.
Investment Trust Status The Company must continue to operate in order to meet the requirements for Section 1158 of the Corporation Tax Act 2010.	• The Board reviews financial information and forecasts at each meeting which set out the requirements outlined in Section 1158. • The Directors believe that the conditions and ongoing requirements have been met in respect of the year to 31 March 2020 and that the Company will continue to meet the requirements.

	Outcome	
	1 Year	5 Years
Ongoing charges excluding performance fees	0.61%	0.66%
Ongoing charges excluding Performance Fees and Direct Property Costs	0.59%	0.62%

The KPIs are considered to be Alternative Performance Measures as defined on page 97.

Principal Risks and Uncertainties

In delivering long-term returns to shareholders, the Board must also identify and monitor the risks that have been taken in order to achieve that return. The Board has included below details of the principal risks and uncertainties facing the Company and the appropriate measures taken in order to mitigate these risks as far as practicable.

The Board also considers new and emerging risks adding appropriate monitoring and mitigation measures accordingly.

The impact of the COVID-19 pandemic, the response of financial markets, ongoing impact on economies around the world and operational changes in response to government guidelines has increased some of the risks listed below in comparison with the prior year.

Risk Identified	Board monitoring and mitigation
Share price performs poorly in comparison to the underlying NAV The shares of the Company are listed on the London Stock Exchange and the share price is determined by supply and demand. The shares may trade at a discount or premium to the Company's underlying NAV and this discount or premium may fluctuate over time.	• The Board monitors the level of discount or premium at which the shares are trading over the short and longer-term. • The Board encourages engagement with the shareholders. The Board receives reports at each meeting on the activity of the Company's brokers, PR agent and meetings and events attended by the Fund Manager. • The Company's shares are available through the BMO share schemes and the Company participates in the active marketing of these schemes. The shares are also widely available on open architecture platforms and can be held directly through the Company's registrar. • The Board takes the powers to buy-back and to issue shares at each AGM.
Poor investment performance of the portfolio relative to the benchmark The Company's portfolio is actively managed. In addition to investment securities the Company also invests in commercial property and accordingly, the portfolio may not follow or outperform the return of the benchmark.	• The Manager's objective is to outperform the benchmark. The Board regularly reviews the Company's long-term strategy and investment guidelines and the Manager's relative positions against these. • The Management Engagement Committee reviews the Manager's performance annually. The Board has the powers to change the Manager if deemed appropriate.

Principal Risks and Uncertainties

continued

Risk Identified	Board monitoring and mitigation
Market risk Both share prices and exchange rates may move rapidly and adversely impact the value of the Company's portfolio. Although the portfolio is diversified across a number of geographical regions, the investment mandate is focused on a single sector and therefore the portfolio will be sensitive towards the property sector, as well as global equity markets more generally. Property companies are subject to many factors which can adversely affect their investment performance, these include the general economic and financial environment in which their tenants operate, interest rates, availability of investment and development finance and regulations issued by governments and authorities. As highlighted since the result of the UK referendum in June 2016, parts of the UK property market may be adversely affected by Brexit. Although we are now in the withdrawal period, the negotiations continue and until the structure of our future relationship with Continental Europe is clearer we cannot fully assess the likely final impact on occupation across each sector. The impact of Brexit has been dwarfed by the COVID-19 global pandemic. This has created unprecedented uncertainty regarding the impact on economies and property markets around the world both in the short and longer term. Any strengthening or weakening of Sterling in response to either COVID-19 or Brexit will have a direct impact as a proportion of our Balance Sheet is held in non-GBP denominated currencies. The currency exposure is maintained in line with the benchmark and will change over time. As at 31 March 2020, 73% of the Trust's exposure is to currencies other than GBP.	• The Board receives and considers a regular report from the Manager detailing asset allocation, investment decisions, currency exposures, gearing levels and rationale in relation to the prevailing market conditions. • The report considers the potential impact of Brexit and the Manager's response in positioning the portfolio. • The report considers the current and potential future impact of the COVID-19 pandemic and the ongoing implication for the property market and valuations overall and by each sector.

Principal Risks and Uncertainties

continued

Risk Identified	Board monitoring and mitigation
The Company is unable to maintain dividend growth Lower earnings in the underlying portfolio putting pressure on the Company's ability to grow the dividend could result from a number of factors: • lower earnings and distributions in investee companies. Companies are being negatively impacted by the COVID-19 pandemic. Lockdown and companies furloughing employees has had an immediate impact and companies in some sectors have already cancelled or reduced dividends as a precautionary measure to protect their balance sheets in the short term. We expect this to continue until the longer term implications are understood; • prolonged vacancies in the direct property portfolio and lease or rental renegotiations as a result of COVID-19; • strengthening Sterling reducing the value of overseas dividend receipts in Sterling terms. The Company has seen a material increase in the level of earnings in recent years. A significant factor in this was the weakening of Sterling following the Brexit decision. This may reverse in the near or medium term as the longer term implications of Brexit and the COVID-19 pandemic and the impact on the UK and European economies are understood, leading to a fall in earning; • adverse changes in the tax treatment of dividends or other income received by the Company; and • changes in the timing of dividend receipts from investee companies.	• The Board receives and considers regular income forecasts. • Income forecast sensitivity to changes in FX rates is also monitored. • The Company has revenue reserves which can be drawn upon when required. • The Board will continue to monitor the impact of COVID-19 and the long term implications for income generation.
Accounting and operational risks Disruption or failure of systems and processes underpinning the services provided by third parties and the risk that these suppliers provide a sub-standard service. The impact of the COVID-19 pandemic and the operational response from the Manager and service providers has been considered.	• Third party service providers produce periodic reports to the Board on their control environments and business continuation provisions on a regular basis. • The Management Engagement Committee considers the performance of each of the service providers on a regular basis and considers their ongoing appointment and terms and conditions. • The Custodian and Depositary are responsible for the safeguarding of assets. In the event of a loss of assets the Depositary must return assets of an identical type or corresponding amount unless able to demonstrate that the loss was the result of an event beyond their reasonable control. • Monitoring the quality and timeliness of services as service providers respond to COVID-19 regulations and guidelines, in particular with widespread home working, and consideration of the durability of the arrangements.

Risk Identified	Board monitoring and mitigation
Financial risks The Company's investment activities expose it to a variety of financial risks which include counterparty credit risk, liquidity risk and the valuation of financial instruments. Any impact of the COVID-19 pandemic has been considered.	• Details of these risks together with the policies for managing these risks are found in the Notes to the Financial Statements on pages 72 to 96.
Loss of Investment Trust Status The Company has been accepted by HM Revenue & Customs as an investment trust, subject to continuing to meet the relevant eligibility conditions. As such the Company is exempt from capital gains tax on the profits realised from the sale of investments. Any breach of the relevant eligibility conditions could lead to the Company losing investment trust status and being subject to corporation tax on capital gains realised within the Company's portfolio.	• The Investment Manager monitors the investment portfolio, income and proposed dividend levels to ensure that the provisions of CTA 2010 are not breached. The results are reported to the Board at each meeting. • The income forecasts are reviewed by the Company's tax advisor through the year who also reports to the Board on the year-end tax position and on CTA 2010 compliance.
Legal, regulatory and reporting risks Failure to comply with the London Stock Exchange Listing Rules and Disclosure Guidance and Transparency rules; failure to meet the requirements under the Alternative Investment Funds Directive, the provisions of the Companies Act 2006 and other UK, European and overseas legislation affecting UK companies. Failure to meet the required accounting standards or make appropriate disclosures in the Interim and Annual Reports.	• The Board receives regular regulatory updates from the Manager, Company Secretary, legal advisors and the Auditors. The Board considers these reports and recommendations and takes action accordingly. • The Board receives an annual report and update from the Depositary. • Internal checklists and review procedures are in place at service providers.
Inappropriate use of gearing Gearing, either through the use of bank debt or through the use of derivatives may be utilised from time to time. Whilst the use of gearing is intended to enhance the NAV total return, it will have the opposite effect when the return of the Company's investment portfolio is negative.	• The Board receives regular reports from the Manager on the levels of gearing in the portfolio. These are considered against the gearing limits set in the Investment Guidelines and also in the context of current market conditions and sentiment.
Personnel changes at Investment Manager Loss of portfolio manager or other key staff.	• The Chairman conducts regular meetings with the Fund Management team. • The fee basis protects the core infrastructure and depth and quality of resources. The fee structure incentivises good performance and is fundamental in the ability to retain key staff.

Viability Statement

In accordance with provision 31 of the UK Corporate Governance Code, which requires the Company to assess the prospects of the Company over the longer term, the Directors have assessed the prospects of the Company over the coming five years. This period is used by the Board during the strategic planning process and the Board consider this period of time appropriate for a business of our nature and size.

This assessment takes account of the Company's current position and the policies and processes for managing the principal and emerging risks set out on pages 28 to 31 and the Company's ability to continue in operation and meet its liabilities as they fall due over the period of assessment. In making this statement the Board carried out a robust assessment of the principal and emerging risks facing the Company, including those that might threaten its business model, future performance, solvency and liquidity.

In reaching their conclusions the Directors have reviewed five-year forecasts for the Company with sensitivity analysis to a number of assumptions; investee company dividend growth, interest rate, foreign exchange rate, tax rate and asset value growth.

In the assessment of the viability of the Company the Directors have noted that:

- The Company has a long-term investment strategy under which it invests mainly in readily realisable, publicly listed securities and which restricts the level of borrowings.
- Of the current portfolio, 69% could be liquidated within ten trading days.
- On a Group basis, Current assets exceed current liabilities at the Balance Sheet Date.
- The external valuation of the direct property portfolio as at 31 March 2020 contains a material uncertainty clause from Knight Frank which is in line with the current RICS guideline to valuers and reflects the increased difficulty in determining asset values when few, if any, comparable transaction have occurred in the current environment. Consequently less certainty can be attached to the valuation than would otherwise be the case. The direct property portfolio represents less than 8% of the Company's investment exposure.
- The Company invests in real estate related companies which hold real estate assets, and invests in commercial real estate directly. These investments provide cash receipts in the form of dividends and rental income.
- The Company is able to take advantage of its closed-ended Investment Trust structure and able to hold a proportion of its portfolio in less liquid direct property with a view to long-term outperformance.
- At the Balance Sheet Date the Company had £70 million undrawn on its revolving loan facilities.
- The structure has also enabled the Company to secure long-term financing. EUR 50m loan notes issued in 2016 are due to mature at par in 2026 and GBP15m loan notes issued on the same date are due to mature at par in 2031.
- The impact of COVID-19 and its impact on the UK and European commercial property markets has been considered. A reduction in dividend receipts from investee companies is anticipated for the forthcoming year. The longer term impact is harder to assess at this stage, but the long term capital of the Investment Trust structure is beneficial.
- The direct property portfolio is well positioned in respect of the COVID-19 crisis and rental collection to date has been robust. We have very limited exposure to retail and some smaller occupiers in the hospitality sector, however, overall the expected drop in income from the direct portfolio in 2020/21 is not material.
- The expenses of the Company are predictable and modest in comparison with the assets. Regular and robust monitoring of revenue and expenditure forecasts are undertaken throughout the year. The Company could suffer a reduction in earnings of 75% and still be able to meet its liabilities as they fell due.

- The Company has no employees and consequently does not have redundancy or other employment related liabilities or responsibilities.
- The Company retains title to its assets held by the Custodian which are subject to further safeguards imposed on the Depositary.
- The impact of Brexit and COVID-19 have been considered in terms of the potential effect on Sterling. 73% of the portfolio is exposed to currencies other than Sterling.

The following assumptions have been made in assessing the longer-term viability:

- Real Estate will continue to be an investable sector of international stock markets and investors will continue to wish to have exposure to that sector.
- Closed-ended Investment Trusts will continue to be wanted by investors and regulation or tax legislation will not change to an extent to make the structure unattractive in comparison to other investment products.
- The performance of the Company will continue to be satisfactory. Should the performance be less than the Board deems to be satisfactory, it has the appropriate powers to replace the Investment Manager.

The Board has concluded that the Company will be able to continue in operation and meet its liabilities as they fall due over the coming five years. The Company's business model, capital structure and strategy have enabled the Company to operate over many decades, and the Board expects this to continue into the future.

Corporate Responsibility

Exercise of voting power

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

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

Environmental policy & Socially Responsible Investment

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

The Company has adopted an environmental policy in respect of its investments in both physical property and listed property companies. Within the context of the overall aim of the Company to maximise shareholders' returns the Directors will seek to limit the Company's and its investee companies' impact on the environment and will comply with all relevant legislation relating to its operations and activities.

The environmental policies and behaviour of all the companies in which the Company invests are taken into account in decision making.

Good environmental management can play a role in overall risk management and also have a financial impact in terms of savings through energy and water efficiency. Where appropriate the Manager will engage with investee companies to raise concerns about environmental matters.

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

The Company has no greenhouse gas emissions to report from the operations of the Company, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013, including those within its underlying investment portfolio.

Diversity, Gender Reporting and Human Rights Policy

The Board recognises the requirement under Section 414 of the Companies Act 2006 to detail information about employee and human rights; including information about any policies it has in relation to these matters and effectiveness of these policies. As the Trust has no employees, this requirement does not apply. The Company is not within the scope of the UK Modern Slavery Act 2015 because it has not exceeded the turnover threshold and is therefore not obliged to make a slavery and human trafficking statement. The Directors are satisfied that, to the best of their knowledge, the Company's principal suppliers, which are listed on page 106, comply with the provisions of the UK Modern Slavery Act 2015.

The Board currently comprises four male Directors and two female Directors. The activities of the Nomination Committee in relation to the board changes are referred to in the Nomination Committee Report on pages 50 and 51. The Board's diversity policy is outlined in more detail in the Corporate Governance Report. The Manager has an equal opportunity policy which is set out on its website www.bmo.com.

By order of the Board
Hugh Seaborn
Chairman
5 June 2020

Directors

Hugh Seaborn

Chairman of the Board
Appointed: July 2007

Experience: Currently, Hugh is Chief Executive Officer of Cadogan, a £6bn property company with assets in central London. He was a member of the Council and Audit Committee of the Duchy of Lancaster until December 2013. From 2000 to 2009, he was Chief Executive Officer of the Portman Estate, which has extensive property holdings in Marylebone, London. He is past Chairman of the Estates Business Group and past Chairman of the Westminster Property Association. He is a Chartered Surveyor with considerable experience in the property sector.

Skills and Contribution to the Board: Hugh's long and successful career through senior leadership roles in the property sector equips him with the key skills and experience to lead the Trust and its investments in the property sector. He has considerable experience in real estate, leadership, implementing changes, and investor and shareholder engagement.

Other Appointments: Chairman of the Knightsbridge Business Group.

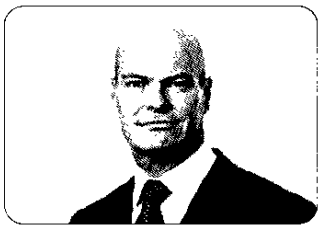
David Watson

Senior Independent Director
Appointed: April 2012

Experience: David became the Senior Independent Director on 30 September 2018 and simultaneously handed Chairmanship of the Audit Committee to Tim, a position he was appointed from 1 January 2013. He spent 9 years as Finance Director of M&G Group plc, where he was a director of four equity investment trusts, and more recently at Aviva plc as Chief Finance Officer of Aviva General Insurance. He is a Chartered Accountant and has had a distinguished career in the Financial Services Industry.

Skills and Contribution to the Board: Throughout his executive career, David has accumulated relevant skills in finance, audit and risk management and experience in the investment industry. In addition, his experience in a number of boards gives him the skills in investor and shareholder engagement, making him the most appropriate to be the Senior Independent Director.

Other Appointments: David is currently Deputy Chairman of Countrywide plc, Chairman of Kames Capital plc and a non-executive director of Hermes Fund Managers Limited, where he Chairs the Audit Committee.



Tim Gillbanks

Chairman of the Audit Committee
Appointed: January 2018

Experience: Tim is a Chartered Accountant, with 30 years' experience in the financial services and investment industry. Most recently he spent 13 years at Columbia Threadneedle Investments, initially as Chief Financial Officer, then Chief Operating Officer and finally as interim Chief Executive Officer.

Skills and Contribution to the Board: Tim brings a wide experience, particularly in financial services and investment management. His previous financial experience during his executive career informs him in his role as the Chairman of the Audit Committee.

Other Appointments: Tim is currently a Non-Executive Director for Henderson Global Investors Limited and Henderson Group Holdings Asset Management Limited. He is also Vice-Chair of the Board of Trustees of Blood Cancer UK.

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

Directors

continued

Simon Marrison

Non-Executive Director

Appointed: September 2011

Experience: Since July 2019 he has been Chairman of Europe at LaSalle Investment Management, having previously been European CEO for 12 years with responsibility for a portfolio of over €20 billion across Europe. Mr Marrison has been based in Paris since 1990 having started his career in London. Until 1997 he was a partner at Healey & Baker (now Cushman & Wakefield) and from 1997 to 2001 he was at Rodamco where he became Country Manager for France. He joined LaSalle in 2001 as Managing Director for Continental Europe.

Skills and Contribution to the Board: Simon brings in a wealth of experience, particularly in the European property market. He has gained leadership and management skills in his executive roles and relevant skills in investment management.

Other Appointments: Chairman of Europe at LaSalle Investment Management.

Kate Bolsover

Non-Executive Director

Appointed: October 2019

Experience: She previously worked for Cazenove Group and J.P. Morgan Cazenove between 1995 and 2005 where she was managing director of the mutual fund business, and latterly director of Corporate Communications. Prior to this, she worked extensively in the investment fund industry and was managing Director of Baring's mutual fund group. Kate was also previously a non-executive director of JP Morgan American Investment Trust PLC until 2016, Senior Independent Director of Montanaro UK Smaller Companies Trust until 2019 and Chairman and Trustee of Tomorrow's People until 2017.

Skills and Contribution to the Board: From her executive experience, Kate contributes significant and relevant skills of the investment industry to the Trust. Kate's role in various boards also gives her the relevant experience in investor and shareholder engagement.

Other Appointments: Kate is currently Chairman of Fidelity Asian Values Trust and of Invesco Enhanced Income Trust. She is also a non-executive Director of Baillie Gifford & Co Ltd.

Sarah-Jane Curtis

Non-Executive Director

Appointed: January 2020

Experience: Sarah-Jane is a Member of the Royal Institution of Chartered Surveyors. Sarah-Jane was previously Business Director at Bicester Village for Value Retail. Before this, Sarah-Jane was Director, Covent Garden for Capital and Counties PLC. She has also worked for Grosvenor for 24 years including as London Estate Director (retail/Residential) and Fund Manager for LiverpoolONE.

Skills and Contribution to the Board: Sarah-Jane has gained extensive experience during her varied career, particularly in the retail, and experience sectors and for Fund and Investment management activities.

Other Appointments: Sarah-Jane is currently Property Director of Bicester Motion as well as a consultant to Value Retail PLC.

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

Managers

Marcus Phayre-Mudge

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

Jo Elliott

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

George Gay

George Gay, Direct Property Fund Manager, has been the Direct Property Fund Manager since 2008. He joined Thames River Capital in 2005 as assistant direct property manager and qualified as a Chartered Surveyor in 2006. George was previously at niche City investment agent, Morgan Pepper where as an investment graduate he gained considerable industry experience. He has an MA in Property Valuation and Law from City University.

Alban Lhonneur

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

Report of the Directors

The Directors present the audited financial statements of the Group and the Company and their Strategic Report and Report of Directors for the year ended 31 March 2020. The Group comprises TR Property Investment Trust plc and its wholly owned subsidiaries. As permitted by legislation, some matters normally included in the Report of the Directors have been included in the Strategic Report because the Board considers them to be of strategic importance. Therefore, the review of the business of the Company, recent events and outlook can be found on pages 4 to 34.

Status

The Company is an investment company, as defined in Section 833 of the Companies Act 2006, and operates as an investment trust in accordance with Section 1158 of the Corporation Tax Act 2010.

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

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

The Directors are of the opinion that the Company has conducted and will continue to conduct its affairs so as to maintain investment trust status. The Company has also conducted its affairs, and will continue to conduct its affairs, in such a way as to comply with the Individual Savings Accounts Regulations. The Ordinary shares can be held in Individual Savings Accounts (ISAs).

Results and Dividends

At 31 March 2020 the net assets of the Company amounted to £1,136m (2019: £1,328m), on a per share basis 358.11p (2019: 418.54p) per share.

Revenue earnings per share for the year amounted to 14.62p (2019: 14.58p) and the Directors recommend the payment of a final dividend of 8.80p (2019: 8.60p) per share bringing the total dividend for the year to 14.00p (2019: 13.50p), an increase of 3.7% for the full year. In arriving at their dividend proposal, the Board also reviewed the income forecasts for the year to March 2021.

Performance details are set out in the Financial Highlights on page 1 and the outcome of what the Directors consider to be the Key Performance Indicators on pages 26 and 27. The Chairman's Statement and the Manager's Report give full details and analysis of the results for the year.

Share Capital and Buy-back Activity

At 1 April 2020 the Company had 317,350,980 (2019: 317,350,980) Ordinary shares in issue.

At the AGM in 2019 the Directors were given power to buy back 47,570,911 Ordinary shares. Since this AGM the Directors have not bought back any Ordinary shares at the nominal value of 25p each under this authority. The outstanding authority is therefore 47,570,911 shares.

This authority will expire at the 2020 AGM. The Company will seek to renew the power to make market purchases of Ordinary shares at this year's AGM.

Since 1 April 2020 to the date of this report, the Company has made no market purchases for cancellation. The Board has not set a specific discount at which shares will be repurchased.

Management Arrangements and Fees

Details of the management arrangements and fees are set out in the Report of the Management Engagement Committee beginning on page 53. Total fees paid to the Manager in any one year (Management and Performance Fees) may not exceed 4.99% of Group Equity Shareholders' Funds. Total fees payable for the year to 31 March 2020 amount to 0.8% (2019: 0.9%) of Group Equity Shareholders' Funds. Included in this were performance fees earned in the year ended 31 March 2020 of £2,683,000 (2019: £6,110,000).

Basis of Accounting and IFRS

The Group and Company financial statements for the year ended 31 March 2020 have been prepared on a going concern basis in accordance with International Financial Reporting Standards (IFRS), which comprise standards and interpretations approved by the International Accounting Standards Board (IASB), together with interpretations of the International Accounting Standards and Standing Interpretations Committee approved by the International Accounting Standards Committee (IASC) that remain in effect, to the extent that they have been adopted by the European Union and as regards the Group and Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

The accounting policies are set out in note 1 to the Financial Statements on pages 72 to 76.

Financial Instruments

The Company's Financial Instruments comprise its investment portfolio, cash balances, borrowings and debtors and creditors that arise directly from its operations such as sales and purchases awaiting settlement, profit or loss balances on derivative instruments and accrued income and expenses. The financial risk management objectives and policies arising from its financial instruments and exposure of the Company to risk are disclosed in note 11 to the financial statements.

Going Concern

The Directors' assessment of the longer-term viability of the Company is set out on pages 32 and 33.

In assessing Going Concern, the Board has made a detailed assessment of the ability of the Company and Group to meet its liabilities as they fall due, including stress and liquidity tests which considered the effects of substantial falls in investment valuations, substantial reductions in revenue received and reductions in market liquidity including the effects and potential effects of the current economic impact caused by the Coronavirus pandemic.

In light of testing carried out, the overall levels of the investment liquidity held by the Company and the significant net asset portfolio position, and despite the net current liability position of the Parent Company, the Directors are satisfied that the Company and the Group have adequate financial resources to continue in operation for at least the next 12 months following the signing of the financial statements and therefore it is appropriate to adopt the going concern basis of accounting.

Internal Controls

The Board has overall responsibility for the Group's systems of internal controls and for reviewing their effectiveness. The Portfolio Manager is responsible for the day to day investment management decisions on behalf of the Group. Accounting and company secretarial services have both been outsourced.

The internal controls aim to ensure that the assets of the Group are safeguarded, proper accounting records are maintained, and the financial information used within the business and for publication is reliable. Control of the risks identified, covering financial, operational, compliance and risk management, is embedded in the controls of the Group by a series of regular investment performance and attribution statements, financial and risk analyses, AIFM and Portfolio

Report of the Directors

continued

Manager reports and quarterly control reports. Key risks have been identified and controls put in place to mitigate them, including those not directly the responsibility of the AIFM or Portfolio Manager. The key risks are explained in more detail in the Strategic Report on pages 28 to 31.

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

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

The Board has established a process for identifying, evaluating and managing any major risks faced by the Group. The Board undertakes an annual review of the Group's system of internal controls in line with the Turnbull guidance. Business risks have also been analysed by the Board and recorded in a risk map that is reviewed regularly. Each quarter the Board receives a formal report from each of the AIFM, Portfolio Manager, the Administrator and the Company Secretary detailing the steps taken to monitor the areas of risk, including those that are not directly their responsibility, and which report the details of any known internal control failures.

The Board also considers the flow of information and the interaction between the third party service providers and the controls in place to ensure accuracy and completeness of the recording of assets and income. The Board receives a report from the Portfolio Manager setting out the key controls in operation.

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

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

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

Annual General Meeting (the "AGM")

The AGM will be held on 28 July 2020 at 2.30pm. In light of the current measures in place in the UK and in order to protect the health and safety of the Company's shareholders and directors, the AGM will be conducted as a closed meeting and will be held to complete the formal business only. The Notice of AGM is set out on pages 100 and 101. The full text of the resolutions and an explanation of each is contained in the Notice of AGM and explanatory notes on pages 104 and 105.

Material Interests

There were no contracts subsisting during or at the end of the year in which a director of the Company is or was materially interested and which is or was significant in relation to the Company's business. No Director has a contract of service with the Company. Further details regarding the appointment letters can be found on page 51.

Donations

The Company made no political or charitable donations during the year (2019: £nil).

Listing Rule Disclosure

The Company confirms that there are no items which require disclosure under Listing Rule 9.8.4R in respect of the year ended 31 March 2020.

Voting Interests

Rights and Obligations Attaching to Shares

Subject to applicable statutes and other shareholders' rights, shares may be issued with such rights and restrictions as the Company may by ordinary resolution decide, or (if there is no such resolution or so far as it does not make specific provision) as the Board may decide. Subject to the Articles, the Companies Act 2006 and other shareholders' rights, unissued shares are at the disposal of the Board.

Voting

At a general meeting of the Company, when voting is by a show of hands, each share affords its owner one vote.

Restrictions on Voting

No member shall be entitled to vote if he has been served with a restriction notice (as defined in the Articles) after failure to provide the Company with information concerning interests in those shares required to be provided under the Companies Act 2006.

Deadlines for Voting Rights

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

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

Transfer of Shares

Any shares in the Company may be held in uncertificated form and, subject to the Articles, title to uncertificated shares may be transferred by means of a relevant system. Subject to the Articles, any member may transfer all or any of his certificated shares by an instrument of transfer in any usual form or in any other form which the Board may approve.

Significant Voting Rights

At 31 March 2020, no shareholders held over 3% of voting rights on a discretionary basis. However, at 31 March 2020 the following shareholders held over 3% of the voting rights on a non-discretionary basis:

Shareholder	% of Ordinary share voting rights*
Brewin Dolphin Ltd	11.20%
Individuals & Private Trusts	9.54%
Interactive Investor Share Dealing Services	6.13%
Rathbone Investment Management Ltd	5.91%
Hargreaves Lansdown Asset Management Ltd	5.03%
Quilter Cheviot Investment Management Ltd	4.33%
Investec Wealth & Investment Ltd	4.27%
Charles Stanley Group plc	3.10%

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

Since 31 March 2020 to the date of this report, the Company has not been informed of any notifiable changes with respect to the Ordinary shares.

Corporate Governance Report

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

This statement describes how the principles of the 2018 edition of UK Corporate Governance Code ("the Code") issued by the Financial Reporting Council (the "FRC") in 2018 have been applied to the affairs of the Company. The Code can be viewed at www.frc.org.uk.

Application of the AIC Code's Principles

In applying the principle of the Code, the Directors have also taken account of the 2019 Code of Corporate Governance published by the AIC (the "AIC Code"), of which the Company is a member of. The AIC Code establishes the framework of best practice specifically for the Boards of investment trust companies. Furthermore, the AIC Code has full endorsement of the FRC, which means that AIC members who report against the AIC Code, on the whole, meet their obligations under the Code and the related disclosure requirements contained in the Listing Rules. The AIC Code can be viewed at www.theaic.co.uk.

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

Compliance Statement

The Directors note that the Company did not comply with the following provisions of the Code in the year ended 31 March 2020:

Provision 9. Due to the nature and structure of the Company the Board of non-executive directors does not feel it is appropriate to appoint a chief executive.

Provision 24. The Board believes that all Directors, including the Chairman, should sit on all of the Board's Committees.

Provision 26. As the Company has no employees and its operational functions are undertaken by third parties, the Audit Committee does not consider it appropriate for the Company to establish its own internal audit function. The Company's service providers provide assurance of their effective internal processes and controls.

Provision 32. The Board does not have a separate Remuneration Committee. The functions of a Remuneration Committee are carried out by the Management Engagement Committee.

Composition and Independence of the Board

The Board currently consists of six directors, all of whom are non-executive and are independent of the Manager. None of the Directors have any other links to the Manager. Mr Seaborn continues to qualify as independent, despite his length of service due to being independent of the Manager and from any other business that could materially interfere with his judgment. The Board believes that diversity of experience and approach, including gender diversity, amongst board members is of great importance and it is the Company's policy to give careful consideration to issues of board balance and diversity when making new appointments.

Powers of the Directors

Subject to the Company's Articles of Association, the Companies Act 2006 and any directions given by special resolution, the business of the Company is managed by the Board who may exercise all the powers of the Company, whether relating to the management of the business of the Company or not. In particular, the Board may exercise all the powers of the Company to borrow money and to mortgage or charge any of its undertakings, property, assets and uncalled capital and to issue debentures and other securities and to give security for any debt, liability or obligation of the Company to any third party.

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

Report of the Directors

continued

Directors

The Chairman is Mr Seaborn and the Senior Independent Director is Mr Watson. The Directors' biographies, on pages 35 and 36, demonstrate the breadth of investment, commercial and professional experience relevant to their positions as Directors of the Company.

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

Mr Gillbanks, Mr Marrison and Mr Watson will retire at the forthcoming AGM in accordance with the Code and, being eligible, will offer themselves for re-election. Ms Bolsover and Ms Curtis were appointed on to the Board with effect from October 2019 and January 2020 respectively and will offer themselves for election at the upcoming AGM. All Directors are regarded as being free of any conflicts of interest and no issues in respect of independence arise. The Board has concluded that all Directors continue to make valuable contributions and believe that they remain independent in character and judgement.

Mr Seaborn, who has served on the Board since 2007, will not be seeking re-election and he will retire from the Board of Directors following the AGM on 28 July 2020. He will be succeeded by Mr Watson, at which time Mr Marrison will become Senior Independent Director.

Directors are not compensated by the Company for loss of office in an event of a takeover bid.

Board Committees

The Board has established an Audit Committee, a Nomination Committee and a Management Engagement Committee, which also carries out the functions of a Remuneration Committee. All the Directors of the Company are non-executive and serve on each Committee of the Board. It has been the Company's policy to include all Directors on all Committees. This encourages unity, clear communication and prevents duplication of discussion between the Board and the Committees. The roles and responsibilities of each Committee are set out on the individual Committee reports which follow. Each Committee has written terms of reference which clearly defines its responsibilities and duties. These can be found on the Company's website, are available on request and will also be available for inspection at the AGM.

Board Meetings

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

	Board		**Audit**		**MEC**		**Nomination**	
	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible
Hugh Seaborn	6	6	2	2	1	1	2	2
David Watson	6	6	2	2	1	1	2	2
Tim Gillbanks	6	6	2	2	1	1	2	2
Simon Marrison	6	6	2	2	1	1	2	2
Kate Bolsover*	3**	4	0**	1	1	1	2	2
Sarah-Jane Curtis***	1	1	0	0	1	1	1	1

*Kate Bolsover was appointed to the Board on 1 October 2019.

**Kate Bolsover was unable to attend a scheduled Board and Audit meeting owing to a prior commitment which could not be changed.

***Sarah-Jane Curtis was appointed to the Board on 28 January 2020

In addition to formal Board and Committee meetings, the Directors also attend a number of informal meetings to represent the interests of the Company, and to discuss operational markets and succession planning.

Report of the Directors

continued

The Board

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

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

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

Conflicts of Interest

In line with the Companies Act 2006, the Board has the power to authorise any potential conflicts of interest that may arise and impose such limits or conditions as it thinks fit. A register of potential conflicts is maintained and is reviewed at every Board meeting to ensure all details are kept up-to-date. Appropriate authorisation will be sought prior to the appointment of any new Director or if any new conflicts arise.

Relations with Shareholders

Shareholder relations are given high priority by the Board, the AIFM and the Portfolio Manager. The prime medium by which the Company communicates with shareholders is through the Interim and Annual Reports which aim to provide shareholders with a clear understanding of the Company's activities and their results. This information is supplemented by the daily calculation of the Net Asset Value of the Company's Ordinary shares which is published on the London Stock Exchange.

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

Usually, at each AGM, a presentation is made by the Manager following the business of the meeting. Shareholders have the opportunity to address questions to the Chairman and the Chairman of the Audit Committee at the AGM.

However, at the date of this report, the UK Government has prohibited large public gatherings, save in certain limited circumstances. In light of these measures and in order to protect the health and safety of the Company's shareholders and directors, we hope that shareholders will understand that for 2020 the Company's Annual General Meeting will be run as a closed meeting and will be held to complete the formal business only. Shareholders will not be able to attend in person. Full details are provided at the end of this Annual Report in the Notice of Meeting.

The Board and the Manager are keen to encourage shareholder engagement. Due to the different arrangements for the Company's 2020 Annual General Meeting, the Investment Manager will post a webcast in the format of the usual presentation held at the AGM on the website www.trproperty.com on Wednesday, 1 July 2020. If shareholders would like

to ask questions for the Manager to respond to in the webcast then they should write to the Company Secretary or submit their questions by e-mail to Enquiries@trproperty.co.uk to arrive no later than noon on 30 June.

It is the intention of the Board that the Annual Report and Accounts and Notice of the AGM be issued to shareholders so as to provide at least twenty working days' notice of the AGM. Shareholders wishing to lodge questions in advance of the AGM, or to contact the Board at any other time, are invited to do so by writing to the Company Secretary at the registered address given on page 106.

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

s.172 Companies Act 2006

Section 172 of the Companies Act 2006 requires directors to act in good faith and in a way that is the most likely to promote the success of the Company. In accordance with the requirements of the Companies (Miscellaneous Reporting) Regulations 2018, below, the Company explains how the Directors have discharged their duty under section 172 during the reporting period. Fulfilling this duty naturally supports the Company in achieving its Investment Objective and helps to ensure that all decisions are made in a responsible and sustainable way.

Upon appointment, Directors' are provided with a detailed induction outlining their duties, legally and regulatory, as a Director of a UK public limited company and continue to regularly receive relevant technical updates and training. Under their letter of appointment, the Directors also have access to the advice and services of the Company Secretary, and when deemed necessary, the Directors have the opportunity to seek independent professional advice in the furtherance of their duties as a director, at the Company's expense. The Company has a schedule of Matters Reserved for the Board which clearly describes the Board's duties and responsibilities. In addition, there are also the Terms of References of the Board's Committees which outline the responsibilities that are delegated from the Board. The Terms of References are reviewed at least annually to consider any regulatory and best practice developments.

Decision Making

The importance of stakeholder considerations, in particular in the context of decision-making, is regularly brought to the Board's attention by the Company Secretary and taken into account at every Board meeting, and a paper reminding Directors of that is tabled at the start of every Board meeting. The Board considers the impact that any material decision will have on all relevant stakeholders to ensure that it is making a decision that promotes the long-term success of the Company, whether this be, for example, in relation to dividends, new investment opportunities or the Company's forward strategy, In addition, the Board, along with the Manager, hold a meeting focused on strategy on an annual basis to look ahead in the market and anticipate potential scenarios and how this may impact the Company's stakeholders.

Stakeholders

The Board recognises the needs and importance of the Company's stakeholders and ensures that they are considered during all its discussions and as part of its decision-making. Since the Company is an investment trust that is externally managed, the Company does not have any employees (the Directors have a Letter of Appointment and are not employees of the Company), nor does it have a direct impact on the community or environment in the conventional sense. The Board recognises its key stakeholders and explains below why these stakeholders are considered important to the Company and the actions taken to ensure that their interests are taken into account.

Report of the Directors

continued

Stakeholders	Why they are important	Board engagement
Shareholders	Shareholder support is essential to the existence of the Company and delivery of long term strategy of the business.	The Company has over 3,378 Shareholders, including institutional and retail investors. The Board is committed to maintaining open channels of communication and to engage with Shareholders in a manner they find most meaningful in order to gain an understanding of their views. These include the channels below: • Annual General Meeting – the Company welcomes and encourages attendance and participation from Shareholders at its AGM. Shareholders have the opportunity to meet the Directors and Manager and to address questions to them directly. The Manager attends the AGM and provides a presentation on the Company's performance and the future outlook. The Company values any feedback and questions it may receive from Shareholders ahead of and during the AGM and takes action or makes changes, when and as appropriate. • Publications – The annual and half year reports are made available on the website and sent to shareholders. These publications provide information on the Company and its portfolio of investments and a better understanding of the Trust's financial position. This is supplemented by daily publication of the NAV on the Stock Exchange and monthly factsheets on the Company's website. The Company is open to feedback from shareholders to improve its publications. • Shareholder meetings – The Manager meets with shareholders periodically and often and feedback is shared with the Board. • Working with the Brokers – The Manager and Brokers work together to maintain dialogue with shareholders and prospective investors at scheduled meetings. The Board is provided with regular updates at meetings and outside meetings if required. • Shareholder concerns - in the event that Shareholders wish to raise issues or concerns with the Board, they are welcome to do so at any time by writing to the Chairman at the registered office. The Senior Independent Director is also available to Shareholders if they have concerns that contact through the normal channel of the Chairman has failed to resolve or for which such contact is inappropriate.

Stakeholders	Why they are important	Board engagement
The Manager	Holding the Company's shares offers investors a liquid investment vehicle through which they can obtain exposure to the Company's diversified portfolio. The Investment Manager's performance is critical for the Company to successfully deliver its investment strategy and meet its objective.	Maintaining a close and constructive working relationship with the Manager is crucial, as the Board and the Manager both aim to continue to achieve consistent, long-term returns in line with the Company's investment objective. Important components in the collaboration with the Manager, representative of the Company's culture include those listed below. • Encouraging open, honest and collaborative discussions at all levels, allowing time and space for original and innovative thinking. • Ensuring that the impact on the Manager is fully considered and understood before any business decision is made. • Ensuring that any potential conflicts of interest are avoided or managed effectively. The Board holds detailed discussions with the Manager on all key strategic and operational topics on an ongoing basis. In addition, the Chairman regularly meets with the Manager to ensure a close dialogue is maintained.
External Service Providers, particularly the Company Secretary, the Administrator, the Registrar and the Depository and the Broker	A range of advisers enables the Company to function as an investment trust and a constituent of the FTSE 250 to ensure it meets its relevant obligations.	The Board maintains regular contact with its key external providers and receives regular reporting from them through the Board and committee meetings, as well as outside of the regular meeting cycle. Their advice, as well as their needs and views are routinely taken into account. The Management Engagement Committee formally assesses their performance, fees and continuing appointment at least annually to ensure that the key service providers continue to function at an acceptable level and are appropriately remunerated to deliver the expected level of service. The Audit Committee reviews and evaluates the control environments in place at each service provider as appropriate.
Lenders	Availability of funding and liquidity are crucial to the Company's ability to take advantage of investment opportunities as they arise.	The Board needs to demonstrate to lenders that it is a well-managed business, capable of consistently delivering long-term returns.
Regulators	The Company can only operate with the approval of its regulators who have a legitimate interest in how the Company operates in the market and treats its shareholders.	The Board regularly considers how it meets various regulatory and statutory obligations and follows voluntary and best-practice guidance, including how any governance decisions it makes can have an impact on its stakeholders, both in the shorter and in the longer-term.

Report of the Directors

continued

Culture and Business Conduct

The Board is in agreement that having a good corporate culture, particularly in its engagement with the Manager, shareholders and other key stakeholders will aid delivery of its long term strategy. The Board promotes a culture of openness, in line with this purpose through ongoing engagement with its service providers and the Manager.

The Directors agree that establishing and maintaining a healthy corporate culture within the Board and in its interaction with the Manager, Shareholders and other stakeholders will support the delivery of its purpose, values and strategy. The Board seeks to promote a culture of openness, debate and integrity through ongoing dialogue and engagement with its service providers, principally the Manager. The Board strives to ensure that its culture is in line with the Company's purpose, values and strategy.

The Company has a number of policies and procedures in place to assist with maintaining a culture of good governance including those relating to diversity, Directors' conflicts of interest and Directors' dealings in the Company's shares. The Board assesses and monitors compliance with these policies as well as the general culture of the Board regularly through Board meetings and in particular during the annual evaluation process which is undertaken by each Director (for more information see the performance evaluation section on page 50.

The Board seeks to appoint the best possible service providers and evaluates their service on a regular basis as described on page 52. The Board considers the culture of the Manager and other service providers, including their policies, practices and behaviour, through regular reporting from these stakeholders and in particular during the annual review of the performance and continuing appointment of all service providers.

Employee, Social Impact And Wider Community

The Board recognises the requirement under the Companies Act 2006 to detail information about human rights, employees and community issues, including information about any policies it has in relation to these matters and the effectiveness of these policies. These requirements, practically, are not applicable to the Company as it has no employees, all the Directors are non-executive and it has outsourced all operational functions to third-party service providers. Therefore, the Company has not reported further in respect of these provisions.

Directors' Indemnity

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

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

Directors' statement as to disclosure of information to auditors

The Directors who were members of the Board at the time of approving the Directors' report are listed on pages 35 and 36. Having made enquiries of fellow directors and of the Company's auditors, each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

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

By order of the Board

Hugh Seaborn
Chairman
5 June 2020

Report of the Nomination Committee

Nomination Committee

Chairman: Mr Seaborn

Key Responsibilities

- Review the Board and its Committees and make recommendations in relation to structure, size and composition, the balance of knowledge, experience and skill ranges;
- Consider succession planning and tenure policy and oversee the development of a diverse pipeline;
- Consider the re-election of Directors; and
- Review the outcome of the board evaluation process.

The Nomination Committee meets at least on an annual basis, and more frequently as and when required and last met in March 2020.

Activity during the year

The Committee discussed succession planning of the Board, in particular the roles of the Chairman and SID to ensure appropriate plans were in place.

In January 2020, Mr Seaborn announced his intention to retire from the Board as a Non-executive Director and Chair, with effect from the conclusion of the 2020 AGM. After careful consideration between Directors in the form of a committee of the Board and by reviewing the responsibilities of the Chairman, it was agreed that Mr Watson would succeed Mr Seaborn as Chairman. Mr Watson has been a director of the Board since July 2012 and have served as the Audit Committee Chair and Senior Independent Director since his appointment. Mr Watson's relevant skills and experience in the investment sector, as well has his tenure within the Company building corporate knowledge were considered to make him the most suitable candidate. Further to the discussions, it was agreed that Mr Marrison will succeed Mr Watson as the Senior Independent Director at the same time.

During the year, a key issue that the Committee considered was the appointment of a new Non-Executive Director, following the resignation of Suzie Procter in March 2019 and Mr Seaborn's intention to step down following the 2020 AGM. The Committee engaged Spencer Stuart, an independent recruitment agency, who did not have any connections with the Directors, in the extensive search for a new Non-Executive Director. A range of candidates from various backgrounds and industries were considered and a short list was compiled. Those on the shortlist were then formally interviewed by the Chairman and the Senior Independent Director, where they considered the balance of skills, knowledge and experience, including gender diversity, on the Board. The preferred candidates then met with the other Directors. Following this process the Committee concluded that Kate Bolsover was the best candidate for the role, due to her robust knowledge of fund management and her senior executive experience and Ms Bolsover joined the Board on 1 October 2019. In addition, the Committee followed a similar process to search for a further non-executive Director and, in January 2020, concluded that Sarah-Jane Curtis was the best candidate with her wealth of experience in the London property sector, specifically in retail, which was a key skill that the Committee considered would add value to the Board. On the recommendation of the Committee, the Board agreed both appointments.

The Committee annually reviews the size and structure of the Board and will continue to review succession planning and further recruitment and take into account the recommendations of external Board evaluations.

Board Evaluation

During the year the Board engaged Tim Stephenson of Stephenson & Co, an independent company which specialises in investment trust board evaluations, to facilitate an independent evaluation of the effectiveness of the Board, its committees and the performance of each director. In addition to the Directors, the most senior members of the Investment Management teams were interviewed. The report was presented and discussed by the Committee.

Report of the Nomination Committee

continued

The evaluation was provided by Tim Stephenson to the Chairman to discuss with the Board. The evaluation was considered by the Committee to be constructive in terms of identifying areas for improving the functioning and performance of the Board and the Committees, the contribution of individual directors, as well as building on and developing individual and collective strengths.

The Chairman confirms that, in light of the external performance evaluation, the performance of each director continues to be effective and demonstrates their commitment to their role. This includes extensive time for ad hoc communications throughout the year in addition to formal board and committee meetings. The directors' fulfilment of their s.172 duty is outlined in pages 45 to 47.

The Board believes it has a good balance of skills, experience and length of service to ensure it operates effectively. After careful consideration, particularly of the Board's Policy Governing Board Members' Tenure and Reappointment, all of the directors, with the exception of Mr Seaborn, are offering themselves for re-election at the Company's forthcoming AGM. Since this will be Ms Bolsover's and Ms Curtis' first AGM since their appointment, they will be offering themselves for election. It is considered that each of them merit election and re-election by shareholders. Further information on each directors' skills and their contribution to the Board are outlined in the directors' biographies on pages 35 and 36.

In accordance with the provisions of the Code, it is the intention of the Board to engage an external facilitator to assist with the performance evaluation every three years and the next external evaluation will be carried out for the year ended 31 March 2023. The Board will continue to complete an internal board evaluation annually within the intermittent years.

In accordance with the AIC Code Provision 9, the Directors are reminded at every meeting that additional external appointments require approval of the Board. During the year, no external appointment was proposed and approved.

Board's Policy on Tenure

In line with the update of the Code in 2018, the AIC has updated its Code of Corporate Governance in 2019. The AIC recommended, under Provision 24, a different approach to tenure in relation to investment companies, considering how they differ to chairs of operating companies, where the Board does not have a chief executive. The Board took into consideration the approach and introduced the 'Policy Governing Board Members' Tenure and Reappointment'. This policy outlines the Company's approach to tenure and reappointment of non-executive directors. It highlights the Board's belief that the value brought through continuity and experience of Directors with longer periods of service is not only desirable, but essential in an investment company. The Board did not feel that it would be appropriate to set a specific tenure limit for individual Directors or the Chairman of the Board or its committees. Instead, the Board will seek to recruit a new Director on average every 3-4 years so as regularly to bring the challenge of fresh thinking into the Board's discussions, ensuring that on each occasion that the Board enters into new investment commitments, at least half the Board members have direct personal experience of negotiating previous commitments with the Manager.

Directors' Training

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

Letters of Appointment

No Director has a contract of employment with the Company. Directors' terms and conditions for appointment are set out in letters of appointment which are available for inspection at the registered office of the Company and will be on display at the AGM.

Hugh Seaborn
Chairman of the Nomination Committee
5 June 2020

Report of the Management Engagement Committee

Management Engagement Committee

Chairman: Mr Seaborn

Key Responsibilities

- Monitor and review the performance of the AIFM and Portfolio Manager;
- Review the terms of the Investment Manager Agreement;
- Annually review the contract of terms and agreements of each external third party service provider; and
- Review, on an annual basis, the remuneration of the Directors.

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

The Management Engagement Committee (the "MEC") determines and approves Directors' fees following proper consideration, having regard to the level of fees payable to non-executive Directors in the industry generally, the role that individual directors fulfil in respect of Board and Committee responsibilities and the time committed to the Company's affairs. For further details please see the Directors' Remuneration Report on pages 55 to 57.

The MEC meets at least on an annual basis, towards the end of the financial year and last met in March 2020.

Activity during the year

At the MEC meeting in March 2020, the Committee reviewed the overall performance of the AIFM and Portfolio Manager and considered both the appropriateness of the Manager's appointment and the contractual arrangements (including the structure and level of remuneration) with the Manager. As noted in earlier in the report, Mr Seaborn will be resigning from the Board of the Trust at the conclusion of the 2020 AGM, where Mr Watson will succeed Chairmanship. Subsequently, Mr Watson will also succeed Chairmanship of the MEC.

In addition to the reviews by the MEC, the Board reviewed and considered performance reports from the Portfolio Manager at each Board meeting. The Board also received regular reports from the Administrator and Company Secretary.

The Board believe that the Manager's track record and performance remains outstanding. As a result, the MEC confirmed that the AIFM and Portfolio Manager should be retained for the financial year ending 31 March 2021 being in the best interests for all shareholders. A summary of the significant terms of the Investment Management Agreement and the third party service providers who support the Trust are set out below.

During the year the MEC also reviewed the performance of all their third party service providers including BNP Paribas, Link Company Matters, Computershare, both the Company's brokers and PwC (as tax advisors). The Portfolio Manager provides regular updates on the performance of all third party providers during the year and attended this part of the MEC Meeting. The MEC confirmed that they were satisfied with the level of services delivered by each third party provider.

Management Arrangements and Fees

On 11 July 2014, the Board appointed BMO Investment Business Limited as the Alternative Investment Fund Manager (in accordance with the Alternative Investment Fund Managers Directive) with portfolio management delegated to the Investment Manager, Thames River Capital LLP.

The significant terms of the Investment Management Agreement with the Manager are as follows:

Notice Period

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

Management Fees

The fee for the period under review was a fixed fee of £3,565,000 plus an ad valorem fee of 0.20% pa based on the net asset value (determined in accordance with the AIC method of valuation) on the last day of March, June, September and December, payable quarterly in advance.

The fee arrangements have been reviewed by the Board for the year to 31 March 2021 and the fixed element of the fee will increase to £3,745,000 with the ad valorem element unchanged.

The Board continues to consider that the fee structure aligns the interests of the shareholder and the Manager as well as being highly competitive.

The fee arrangements will continue to be reviewed on an annual basis.

Performance Fees

In addition to the management fees, the Board has agreed to pay the Manager performance related fees in respect of an accounting period if certain performance objectives are achieved.

A performance fee is payable if the total return of adjusted net assets (after deduction of all Base Management Fees and other expenses), as defined in the IMA, at 31 March each year outperforms the total return of the Company's benchmark plus 1% (the "hurdle rate"); this outperformance (expressed as a percentage) is known as the "percentage outperformance". Any fee payable will be the amount equivalent to the adjusted net assets at 31 March each year multiplied by the percentage outperformance, then multiplied by 15%. The maximum performance fee payable for a period is capped at 1.5% of the adjusted net assets. However, if the adjusted net assets at the end of any period are less than at the beginning of the period, the maximum performance fee payable will be limited to 1% of the adjusted net assets.

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

If any fee exceeds the cap, such excess performance (expressed as a percentage) will be carried forward and applied to offset any percentage underperformance in future performance periods. In the event that the benchmark is exceeded but the hurdle is not, that outperformance of the benchmark can be used to offset past or future underperformance. These amounts can be used for offset purposes only and therefore cannot have the effect of creating a fee in a year where a fee would not otherwise be payable or increasing the fee in that year. At 31 March 2020 there is a carry forward of outperformance of 1.8% (2019: 1.8%).

Report of the Management Engagement Committee

continued

No fee will be payable unless the adjusted net assets outperform the hurdle rate, after taking into account any accumulated percentage underperformance brought forward at the beginning of the financial year. Performance fees earned in the year ended 31 March 2020 were £2,683,000 (2019: £6,110,000). Total fees paid to the Manager in any one year (Management and Performance Fees) may not exceed 4.99% of Group Equity Shareholders' Funds. Total fees payable for the year to 31 March 2020 amount to 0.8% (2019: 0.9%) of Group Equity Shareholders' Funds.

Depositary Arrangements and Fees

BNP Paribas was appointed as Depositary on 14 July 2014 in accordance with the Alternative Investment Fund Managers Directive. The Depositary's responsibilities include: cash monitoring; segregation and safe keeping of the Company's financial instruments; and monitoring the Company's compliance with investment and leverage requirements. The Depositary receives for its services a fee of 2.0 basis points per annum on the first £150m of the Company's assets, 1.4 basis points per annum on assets above £150m and below £500m and 0.75 basis points on assets above £500m.

Review of Third Party Providers' Fees

Custody and Administration Services are provided by BNP Paribas and Company Secretarial Services by Link Company Matters. The fees for these services are charged directly to the Company and are contained within other administrative expenses disclosed in notes to the accounts.

Hugh Seaborn
Chairman of the Management Engagement Committee
5 June 2020

Directors' Remuneration Report

Introduction

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

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

Annual Statement from the Chairman of the Committee

The MEC met in March 2020 and considered the results and feedback from the externally facilitated board evaluation alongside other factors. The MEC considered the frequency of remuneration increases for the Trust, the external board evaluation, feedback from the market and investors on the level of frequency and the current impact of the outbreak of coronavirus (COVID-19). Following the MEC meeting in March 2020, it was agreed that the current level of remuneration for the Board of the Trust remained appropriate. It was also agreed that the Non-executive Director's fee would remain at £35,000 per annum with effect from 1 April 2020. It was further agreed that the Directors holding the role of the Audit Committee Chairman and Senior Independent Director would continue to receive an additional £5,000 to reflect the increase in their responsibilities. Moreover, it was agreed that the Chairman's remuneration would remain at £70,000.

Directors' Remuneration Policy

The Company's policy is that the fees payable to the Directors should reflect the time spent by the Board on the Company's affairs and the responsibilities borne by the Directors and should be sufficient to enable candidates of high calibre to be recruited. The policy is for the Chairman of the Board, the chairman of the Audit Committee and the Senior Independent Director to be paid higher fees than the other Directors in recognition of their more onerous roles. This policy was approved by the members at the 2017 AGM, and the Directors' intention is that this will continue for the year ending 31 March 2021. In accordance with the regulations, an ordinary resolution to approve the Directors' remuneration policy will be put to Shareholders at the upcoming AGM on 28 July 2020, as required every three years.

The Directors are remunerated in the form of fees, payable monthly in arrears, to the Director personally or to a third party specified by that Director. There are no long-term incentive schemes, share option schemes or pension arrangements and the fees are not specifically related to the Directors' performance, either individually or collectively.

The Board consists entirely of Non-executive Directors, who are appointed with the expectation that they will serve for a period of three years. Directors' appointments are reviewed formally every three years thereafter by the Board as a whole. None of the Directors have a contract of service and a Director may resign by notice in writing to the Board at any time; there are no notice periods. The terms of their appointment are detailed in a letter to them when they join the Board. As the Directors do not have service contracts, the Company does not have a policy on termination payments.

Directors' Remuneration Report

continued

There is no notice period and no payments for loss of office were made during the period. The Company's Articles of Association currently limit the total aggregate fees payable to the Board to £300,000 per annum.

Shareholders' views in respect of Directors' remuneration are communicated at the Company's AGM and are taken into account in formulating the Directors remuneration policy. At the last AGM, over 98.9% of shareholders voted for the resolution approving the Directors' Remuneration Report (1% against). At the 2017 AGM, over 98% voted for the resolution approving the Directors' Remuneration Policy (1.4% against), showing significant shareholder support.

The components of the remuneration package for Non-executive Directors, which are comprised in the Directors' remuneration policy of the Company are set out below, with a description and approach to determination.

Remuneration Type – Fixed Fees	Remuneration Type – Additional Fees	Remuneration Type – Expenses Fees	Remuneration Type – Other
The aggregate limit for the fees for the Board as a whole is £300,000 per annum, in accordance to the Articles of Association, which is divided between the Directors as they may deem appropriate. Annual fees are set to reflect the experience of each board member and time commitment required by Board members to carry out their duties and is determined with reference to the appointment of Directors of similar investment companies.	Additional fees may be paid to any Director who fulfils the role of the Chairman, who chairs any committee of the Board or who is appointed as the Senior Independent Director. These fees will be set at a competitive level to reflect experience and time commitment.	The Directors are entitled to be paid all reasonable expenses properly incurred by them attending meetings with shareholders or other Directors or otherwise in connection with the discharge of their duties as Directors.	Board members are not eligible for bonuses, pension benefits, share options, long-term incentive schemed or other non-cash benefits or taxable expenses.

Directors' Remuneration Report

continued

Annual Remuneration Report

For the year ended 31 March 2020, Directors' fees were paid at the annual rates of Chairman: £70,000 (2019: £70,000) and all other directors: £35,000 (2019: £34,000). An additional £5,000 is paid per annum for each of the roles of Audit Committee Chairman and Senior Independent Director. The actual amounts paid to the Directors during the financial year under review are as shown below.

Amount of each Director's emoluments (audited)

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

	31 March 2020 £	31 March 2019 £
Hugh Seaborn	**70,000**	70,000
Simon Marrison	**35,000**	34,000
David Watson	**40,000**	41,500
Tim Gillbanks	**40,000**	36,500
Kate Bolsover (joined 1 October 2019)	**17,500**	–
Sarah-Jane Curtis (joined 28 January 2020)	**6,372**	–
Suzie Proctor (retired 28 February 2019)	**–**	31,167
Total	**208,872**	213,167

Company Performance

The graph below compares, for the ten years ended 31 March 2020, the percentage change over each period in the share price total return to shareholders compared to the share price total return of benchmark, which the Board considers to be the most appropriate benchmark for investment performance measurement purposes. An explanation of the performance of the Company is given in the Chairman's Statement and Manager's Report.

Directors' Interests in Shares (audited)

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

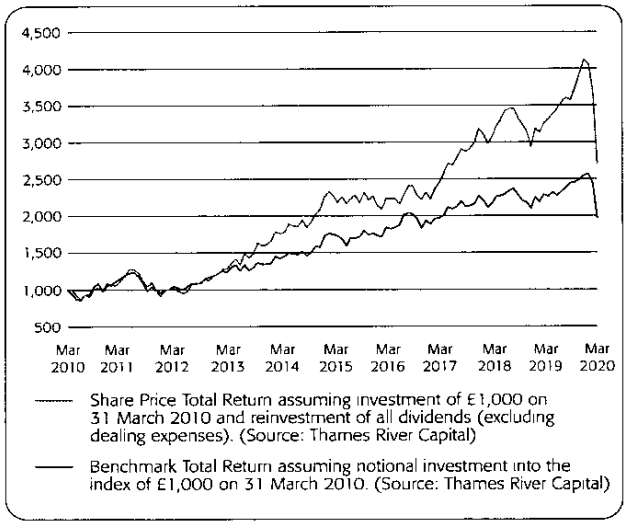
	31 March 2020 Ordinary shares of 25p	31 March 2019 Ordinary shares of 25p
S Marrison	**42,326**	26,547
H Seaborn	**66,168**	34,668
D Watson	**35,692**	10,370
T Gillbanks	**0**	0
Kate Bolsover	**2,360**	N/A
Sarah-Jane Curtis	**0**	N/A

Since 31 March 2020 to the date of this report, there have been no subsequent changes to the Directors' interests in the shares of the Company.

Relative Importance of Spend on Pay

	2020 £'000	2019 £'000	Percentage increase/ (decrease)
Dividends paid	**43,794**	39,510	10.8%
Directors' fees	**209**	213	–1.9%

Performance Graph – Share Price Total Return for Ordinary Share Class



For and on behalf of the Board

Hugh Seaborn

Chairman of the Management Engagement Committee

5 June 2020

Report of the Audit Committee

Audit Committee

Chairman: Mr Gillbanks

Key Responsibilities

- Review the internal financial and non-financial controls;
- Review reports from key third party service providers;
- Consider and recommend to the Board for approval the contents of the draft Interim and Annual Reports;
- Review accounting policies and significant financial reporting judgements;
- Monitor, together with the Manager, the Company's compliance with financial reporting and regulatory requirements;
- The review and subsequent proposal to the Board of the interim and final dividends; and
- Considering the impact of providing non-audit services on the external Auditor's independence and objectivity.

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

Representatives of the Company's Auditor attend the Committee meetings at which the draft Interim and Annual Report and Accounts are reviewed, and are given the opportunity to speak to the Committee members without the presence of the representatives of the Manager.

The Board recognises the requirement for the Audit Committee as a whole to have competence relevant to the sector and at least one member with recent and relevant financial experience. The Chairman and Mr Watson are Chartered Accountants with extensive and recent experience in the Financial Services Industry. The other members of the Committee have a combination of property, financial, investment and business experience through senior positions held throughout their careers.

Activity during the year

During the year the Committee met twice with all members at each meeting and considered the following:

- Consideration of the Risk Map, any changes to the likelihood or impact of risks and consequential changes required to Board Monitoring and mitigation procedures. Consideration of any new or emerging risks and inclusion in the Risk Map if appropriate. This has included consideration of the COVID-19 pandemic and impact across a range of risk categories;
- The Group's Internal Controls and consideration of the Reports thereon;
- The ISAE/AAF and SSAE16 reports or their equivalent from BMO and BNP Paribas;
- Whether the Company should have its own internal audit function;
- The External Auditor's Planning Memorandum setting out the scope of the annual audit and proposed key areas of focus;
- The reports from the Auditors concerning their audit of the Financial Statements of the Company and Consideration of Significant issues in relation to the Financial Statements;
- The appropriateness of, and any changes to, the accounting policies of the Company, including the reasonableness of any judgements required by such policies;

- The Viability Statement and consideration of the preparation of the Financial Statements on a Going Concern Basis taking account of forward looking income forecasts, the liquidity of the investment portfolio and debt profile;
- The financial and other disclosures in the Financial Statements;
- The information presented in the Interim and Annual Reports to assess whether, taken as a whole, the Reports are fair, balanced and understandable and the information presented will enable the shareholders to assess the Company's position, performance, business model and strategy;
- The performance of the external auditors, to approve their audit fees and consider the assessment of independence;
- The review and subsequent proposal to the Board of the interim and final dividends; and
- The reviewal of the Committee's Terms of Reference, ensuring they remain appropriate and compliant with the 2018 UK Corporate Governance Code.

Internal controls and management of risk

The Board has overall responsibility for the Group's system of Internal Controls and for reviewing their effectiveness. Key risks identified by the Auditors are considered by the Audit Committee to ensure that robust internal controls and monitoring procedures in respect of these are in place on an ongoing basis. Further details can be found on pages 28 to 31.

The Audit Committee received and considered reports on Internal Controls from the key service providers. No areas of concern were highlighted.

The Company's Risk Map was considered to identify any new risks and whether any adjustments were required to existing risks, and the controls and mitigation measures in place in respect of these risks. The impact of COVID-19, the response of financial markets, the ongoing impact on economies around the world and operational changes made by our service providers in response to government guidelines were considered and the risk map adjusted accordingly.

Based on the processes and controls in place within the BMO Group and other significant service providers, the Board has concurred that there is no current need for the Company to have a dedicated internal audit function.

Significant Issues in relation to the Financial Statements

The Committee has considered this report and financial statements and the Viability Statement on pages 32 and 33. The Committee considered the Auditor's assessment of risk of material misstatement and reviewed the internal controls in place in respect of the key areas identified and the process by which the Board monitors each of the procedures to give the Committee comfort on these risks on an ongoing basis. These risks are also highlighted in the Company's Risk Map.

- **Carrying amount of listed investments (Group and Parent Company)** – The Group's investments are priced for the daily NAV by BNP Paribas. The quoted assets are priced by the Administrator's Global Pricing Platform which uses independent external pricing sources. The control process surrounding this is set out in the BNP Paribas AAF 01/06 Internal Controls Report and testing by the reporting accountant for the period reported to 31 December 2019 did not reveal any significant exceptions. The quarterly control report to the Board from BNP Paribas covering the period up to 31 March 2020 had no significant issues to report. In addition the Manager estimates the NAV using an alternative pricing source on a daily basis as an independent check.
- **Valuation of Direct Property Investments (Group and Parent Company)** – The physical property portfolio is valued every six months by professional independent valuers.

Report of the Audit Committee

continued

Knight Frank LLP value the portfolio on the basis of Fair Value in accordance with the RICS Valuation – Professional Standards VPS4 (1.5) Fair Value and VPGA 1 Valuations for Inclusion in Financial Statements, which apply the definition of Fair Value adopted by the International Financial Reporting Standards. IFRS 13 defines Fair Value as:

"The amount for which an asset could be exchanged, a liability settled, or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm's length transaction".

In undertaking their valuation of each property, Knight Frank make their assessment on the basis of a collation and analysis of appropriate comparable investments, rental and sale transactions, together with evidence of demand within the vicinity of each property. This information is then applied to the properties, taking into account size, location, terms, covenant and other material factors. However, the external valuation of our portfolio at 31 March 2020 contains a material uncertainty clause from Knight Frank, which is in line with the RICS guidance to valuers and reflects the increased difficulty in determining asset values when few, if any, comparable transactions have occurred in the current environment.

The market uncertainty clause in the valuation is as follows:

"The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. In the UK, market activity is being impacted in all sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuation is therefore reported on the basis of 'material valuation uncertainty' per VPGA 10 of the RICS Valuation – Global Standards. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of these properties under frequent review."

Consequently, the Auditors have included an Emphasis of Matter clause in their Audit report drawing attention to this fact.

The board has reviewed reports from the Manager and the external valuer and determined the valuation to be reasonable.

The Auditors have set out their methodology and testing in respect of the Direct property valuation and concluded that they found the Company's calculation of investment properties to be acceptable.

There has been nothing brought to the Committee's attention in respect of the financial statements for the period ended 31 March 2020, other than the valuation of the investment properties detailed above which was material or significant or that the Committee felt should be brought to shareholders' attention.

Auditor assessment and independence

The Company's external auditor, KPMG LLP was appointed as the Company's auditors at the 2016 AGM. The Committee expects to repeat a tender process no later than 2026 in respect of the audit for the following 31 March year end, in line with the latest Corporate Governance provisions and EU Requirements.

During the year, KPMG presented their Audit Plan for the year end at the interim Committee meeting and the Committee considered the audit process and fee proposal. The Committee also reviewed KPMG's independence policies and

procedures including quality assurance procedures. It was considered that these policies are fit for purpose and the Directors are satisfied that KPMG are independent.

Total fees payable to the Auditor in respect of the audit for the year to 31 March 2020 were: £80,000 (2019: £70,000), which were approved by the Audit Committee.

The Committee has approved and implemented a policy on the engagement of the Auditor to supply non-audit services, taking into account the recommendations of the Accounting Practices Board with a view to ensuring that the external Auditor does not provide non-audit services that have the potential to impair or appear to impair the independence of their audit role. In addition, the Committee reviewed the actions put in place by the Auditor to ensure there was a clear separation between audit and advisory services. The Committee does not believe there to be any impediment to the Auditor's objectivity and independence.

The fees for non-audit services for the year to 31 March 2020 were nil (2019: nil).

Full details of the Auditor's fees are provided in note 6 to the accounts on page 78.

The Board noted that Mr Kelly, the current partner, was appointed for the 2017 year-end audit and will continue as partner only until the conclusion of the 2021 year-end audit.

Following each audit, the Committee reviews the audit process and considers its effectiveness and the quality of the services provided to the Company. Within this process, the Committee takes into consideration their own assessment, the self-evaluation of the auditor and the Audit Quality Review Report produced by the FRC in order to monitor the progress of the Auditor's performance comparable with its peer and the targets set by the FRC. The review following the completion of the 2020 Audit concluded that the Committee was satisfied with the Auditor's effectiveness and performance. The Committee felt that KPMG had run an effective and efficient audit process with appropriate challenge. Subsequently, a resolution to re-appoint KPMG LLP as the Company's Auditor will be put to shareholders at the forthcoming AGM.

Tim Gillbanks
Chairman of the Audit Committee
5 June 2020

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

The Directors are responsible for preparing the Annual Report, the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare both the group and the parent company financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

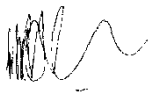
The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

Each of the Directors listed on pages 35 and 36 confirms that to the best of their knowledge:

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

By order of the Board



Hugh Seaborn
Chairman
5 June 2020

KPMG

Independent auditor's report

to the members of TR Property Investment Trust plc

1. Our opinion is unmodified

We have audited the financial statements of TR Property Investment Trust Plc ("the Company") for the year ended 31 March 2020 which comprise the Group Statement of Comprehensive Income, Group and Company Statement of Changes in Equity, Group and Company Balance Sheets, Group and Company Cash Flow Statements, and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

— give a true and fair view of the state of the Group's and of the Company's affairs as at 31 March 2020 and of the Group's return for the year then ended;

— have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU); and

— have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the shareholders on 2 November 2016. The period of total uninterrupted engagement is for the four financial years ended 31 March 2020. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Emphasis of matter – valuation of direct property investments

We draw attention to note 10 to the consolidated financial statements which states that the independent external valuations of investment properties at the reporting date are reported on the basis of 'material valuation uncertainty' due to the potential economic effect of the coronavirus pandemic. Consequently, more subjectivity is associated with the valuation of investment property than would normally be the case. Our opinion is not modified in respect of this matter.

Overview		
Materiality: group financial statements as a whole	£12.5m (2019: £13.9m) 1% (2019: 1%) of Total Assets	
Coverage:	100% of the Group's assets (2019: 100%)	
Key audit matters		**vs 2019**
Recurring risks	Valuation of direct property investments	▲
	Carrying value of listed investments	◀ ▶

2. *Key audit matters: our assessment of risks of material misstatement*

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. *We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion* above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
Valuation of direct property investments **(Group and Parent Company)** £94.5m (2019: £101.9m) *Refer to pages 59 - 60* (Audit Committee Report), page 74 (accounting policy) and pages 81 – 85 (financial disclosures).	***Subjective valuation*** 7.5% (2019: 7.3%) of the Group's total assets (by value) is held in investment properties. The fair value of each property requires significant estimation, in particular over the key assumptions of the estimated rental value and the yield. The key assumptions will be impacted by a number of factors including location, quality and condition of the building *and tenant credit rating.* The effect of these matters is that, as part of our risk assessment, we determined that the valuation of unquoted investments has a high *degree of estimation uncertainty, with a* potential range of reasonable outcomes greater than our materiality for the financial statements as a whole.	Our procedures included: — **Assessing valuer's credentials**: Using our own property valuation specialist, we evaluated the competence, experience and independence of the external valuer; — **Methodology choice:** We held discussions with the external valuer to understand the valuation methodology used; — **Benchmarking assumptions:** With the assistance of our own property valuation specialist, we held discussions with the Group's external property valuer to understand movements in property values. For a sample of properties where *the fair value movements were outside our* predetermined thresholds, we challenged the key assumptions used by the valuer upon which these valuations were based, including those relating to forecast rents and yields, by making a comparison to our own understanding of the market and to industry benchmarks; — **Assessing transparency:** We also considered the adequacy of the Group's disclosures about the degree of estimation and sensitivity to key assumptions made when valuing the investment properties, particularly as regards the material uncertainty reported by the external valuers. **Our results:** — We found the valuation of investment properties and the disclosure of the associated *level of uncertainty to be acceptable* (2019 *result:* acceptable). We have included an emphasis of matter in respect of the material uncertainty in the valuation in section 2 of this report (2019: no emphasis of matter).
Carrying amount of listed investments **(Group and Parent Company)** £1,060.1m (2019: £1,189.1m) Refer to page 59 (Audit Committee Report), page 75 *(accounting policy) and pages 81* – 85 (financial disclosures).	***Low risk, high value*** The Group's portfolio of listed investments makes up 84.4% (2019: 85.0%) of the Group's total assets by value and is considered to be one of the key drivers of results. We do not consider these investments to be at a high risk of significant misstatement, or to be subject to a significant level of judgement because they comprise liquid, quoted investments. However, due to their materiality in the context of the financial statements as a whole, they are considered to be one of the areas which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.	Our procedures included: — **Tests of detail:** Agreeing the valuation of 100% of listed investments in the portfolio to externally quoted prices; and — **Enquiry of custodians:** Agreeing 100% of investment holdings in the portfolio to independently received third party confirmations from investment custodians. **Our results:** — We found the carrying amount of listed investments to be acceptable (2019: acceptable).

We continue to perform procedures over the Impact of the UK exiting the European Union. However, following the fact that the UK has now left the European Union, we have not assessed this as one of the most significant risks in our current year audit and, therefore, it is not separately identified in our report this year.

3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £12.5m (2019: £13.9m), determined with reference to a benchmark of total assets, of which it represents 1% (2019: 1%).

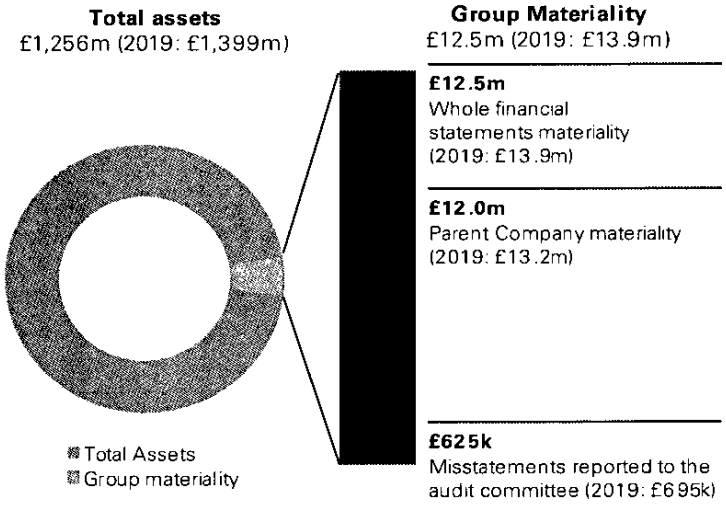
In addition, we applied materiality of £3.2m (2019: £3.3m) to investment income, other operating income, gross rental income, service charge income and net revenue returns on contracts for difference, for which we believe misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the company's members' assessment of the financial performance of the company.

Materiality for the Parent Company financial statements as a whole was set at £12.0m (2019: £13.2m), determined as 0.9% of the total assets of the Parent Company (2019: 0.9%).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £625,000 (2019: £695,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above and was performed by a single audit team.

The audit team performed the audit of the Group as if it was a single aggregated set of financial information. This approach is unchanged from the prior year. The audit of the Group was performed using the Group materiality level set out above.



4. We have nothing to report on going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or the Group or to cease their operations, and as they have concluded that the Company's and the Group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group and the Company will continue in operation.

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Group's and the Company's business model and analysed how those risks might affect the Group's and the Company's financial resources or ability to continue operations over the going concern period. We evaluated those risks and concluded that they were not significant enough to require us to perform additional audit procedures.

Based on this work, we are required to report to you if:

— we have anything material to add or draw attention to in relation to the Directors' statement in Note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group's and the Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements; or

— the related statement under the Listing Rules set out on page 39 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

5. We have nothing to report on the other information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and Directors' report

Based solely on our work on the other information:

— we have not identified material misstatements in the *strategic report and the Directors' report;*

— in our opinion the information given in those reports for the *financial year is consistent with the financial statements;* and

— *in our opinion those reports have been prepared in* accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited *has been properly prepared in accordance* with the Companies Act 2006.

Disclosures of *emerging and principal risks* and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

— the Directors' confirmation within the viability statement on pages 32 and 33 that they have carried out a robust *assessment of the emerging and principal risks facing the* Group, including those that would threaten its business model, future performance, solvency and liquidity;

— the Principal Risks and Uncertainties disclosures describing these risks and explaining how they are being managed and mitigated; and

— the Directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they *fall due over the period of their assessment, including any* related disclosures drawing attention to any necessary qualifications or assumptions.

Under the Listing Rules we are required to review the longer-term viability statement. We have nothing to report in this respect.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgments that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's longer-term viability.

Corporate governance disclosures

We are required to report to you if:

— we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the Directors' statement that they consider that *the annual report and financial statements taken as a whole* is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy; or

— the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We are required to report to you if the Corporate Governance Report does not properly disclose a departure from the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

6. We have nothing to report on the other matters on which we are required to report by exception

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

— adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or

— the Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or

— certain disclosures of Directors' remuneration specified by law are not made; or

— we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

7. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 62, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or other irregularities (see below), or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Irregularities – ability to detect

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Directors, the manager and the administrator (as required by auditing standards) the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation) and its qualification as an Investment Trust under UK taxation legislation, any breach of which could lead to the company losing various deductions and exemptions from UK corporation tax, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: the Listing Rules and certain aspects of company legislation recognising the financial and regulated nature of the Company's activities and its legal form.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors, the manager and the administrator and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify any actual or suspected non-compliance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

8. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the terms of our engagement by the company. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and the further matters we are required to state to them in accordance with the terms agreed with the company, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Richard Kelly (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
Canary Wharf
London
E14 5GL

5 June 2020

KPMG

Group Statement of Comprehensive Income

for the year ended 31 March 2020

	Notes	Year ended 31 March 2020 Revenue Return £'000	Capital Return £'000	Total £'000	Year ended 31 March 2019 Revenue Return £'000	Capital Return £'000	Total £'000
Income							
Investment income	2	**47,112**	**–**	**47,112**	44,771	–	44,771
Other operating income	4	**35**	**–**	**35**	674	–	674
Gross rental income	3	**3,415**	**–**	**3,415**	3,659	–	3,659
Service charge income	3	**1,786**	**–**	**1,786**	1,608	–	1,608
(Losses)/gains on investments held at fair value	10	**–**	**(153,614)**	**(153,614)**	–	96,594	96,594
Net movement on foreign exchange; investments and loan notes		**–**	**11,296**	**11,296**	–	(1,463)	(1,463)
Net movement on foreign exchange; cash and cash equivalents		**–**	**302**	**302**	–	(508)	(508)
Net returns on contracts for difference	10	**5,724**	**(41,276)**	**(35,552)**	6,469	(18,380)	(11,911)
Net return on total return swap	10	**–**	**(3,808)**	**(3,808)**	–	–	–
Total Income		**58,072**	**(187,100)**	**(129,028)**	57,181	76,243	133,424
Expenses							
Management and performance fees	5	**(1,570)**	**(7,392)**	**(8,962)**	(1,514)	(10,653)	(12,167)
Direct property expenses, rent payable and service charge costs	3	**(1,984)**	**–**	**(1,984)**	(1,940)	–	(1,940)
Other administrative expenses	6	**(1,398)**	**(615)**	**(2,013)**	(1,271)	(564)	(1,835)
Total operating expenses		**(4,952)**	**(8,007)**	**(12,959)**	(4,725)	(11,217)	(15,942)
Operating profit/(loss)		**53,120**	**(195,107)**	**(141,987)**	52,456	65,026	117,482
Finance costs	7	**(814)**	**(2,443)**	**(3,257)**	(851)	(2,554)	(3,405)
Profit/(loss) from operations before tax		**52,306**	**(197,550)**	**(145,244)**	51,605	62,472	114,077
Taxation	8	**(5,912)**	**3,149**	**(2,763)**	(5,351)	3,479	(1,872)
Total comprehensive income		**46,394**	**(194,401)**	**(148,007)**	46,254	65,951	112,205
Earnings/(loss) per *Ordinary share*	9	**14.62p**	**(61.26)p**	**(46.64)p**	14.58p	20.78p	35.36p

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

The Group does not have any other income or expense that is not included in the above statement therefore "Total comprehensive income" is also the profit for the year.

All income is attributable to the shareholders of the parent company.

The notes on pages 72 to 96 form part of these Financial Statements.

Group and Company Statement of Changes in Equity

Group

For the year ended 31 March 2020	Notes	Share Capital Ordinary £'000	Share Premium Account £'000	Capital Redemption Reserve £'000	Retained Earnings Ordinary £'000	Total £'000
At 31 March 2019		**79,338**	**43,162**	**43,971**	**1,161,783**	**1,328,254**
Total comprehensive income		**–**	**–**	**–**	**(148,007)**	**(148,007)**
Dividends paid	17	**–**	**–**	**–**	**(43,794)**	**(43,794)**
At 31 March 2020		**79,338**	**43,162**	**43,971**	**969,982**	**1,136,453**

Company

For the year ended 31 March 2020	Notes	Share Capital Ordinary £'000	Share Premium Account £'000	Capital Redemption Reserve £'000	Retained Earnings Ordinary £'000	Total £'000
At 31 March 2019		**79,338**	**43,162**	**43,971**	**1,161,783**	**1,328,254**
Total comprehensive income		**–**	**–**	**–**	**(148,007)**	**(148,007)**
Dividends paid	17	**–**	**–**	**–**	**(43,794)**	**(43,794)**
At 31 March 2020		**79,338**	**43,162**	**43,971**	**969,982**	**1,136,453**

Group

For the year ended 31 March 2019	Notes	Share Capital Ordinary £'000	Share Premium Account £'000	Capital Redemption Reserve £'000	Retained Earnings Ordinary £'000	Total £'000
At 31 March 2018		79,338	43,162	43,971	1,089,088	1,255,559
Total comprehensive income		–	–	–	112,205	112,205
Dividends paid	17	–	–	–	(39,510)	(39,510)
At 31 March 2019		79,338	43,162	43,971	1,161,783	1,328,254

Company

For the year ended 31 March 2019	Notes	Share Capital Ordinary £'000	Share Premium Account £'000	Capital Redemption Reserve £'000	Retained Earnings Ordinary £'000	Total £'000
At 31 March 2018		79,338	43,162	43,971	1,089,088	1,255,559
Total comprehensive income		–	–	–	112,205	112,205
Dividends paid	17	–	–	–	(39,510)	(39,510)
At 31 March 2019		79,338	43,162	43,971	1,161,783	1,328,254

The notes on pages 72 to 96 form part of these Financial Statements.

Group and Company Balance Sheets

as at 31 March 2020

	Notes	**Group 2020 £'000**	**Company 2020 £'000**	Group 2019 £'000	Company 2019 £'000
Non-current assets					
Investments held at fair value	10	**1,155,295**	**1,155,295**	1,291,442	1,291,442
Investments in subsidiaries	10	**–**	**50,429**	–	50,442
		1,155,295	**1,205,724**	1,291,442	1,341,884
Deferred taxation asset	12	**–**	**–**	243	243
		1,155,295	**1,205,724**	1,291,685	1,342,127
Current assets					
Debtors	12	**60,094**	**59,972**	54,892	54,770
Cash and cash equivalents		**40,129**	**40,127**	52,282	52,280
		100,223	**100,099**	107,174	107,050
Current liabilities	13	**(59,711)**	**(110,016)**	(12,520)	(62,838)
Net current assets/(liabilities)		**40,512**	**(9,917)**	94,654	44,212
Total assets less current liabilities		**1,195,807**	**1,195,807**	1,386,339	1,386,339
Non-current liabilities	13	**(59,354)**	**(59,354)**	(58,085)	(58,085)
Net assets		**1,136,453**	**1,136,453**	1,328,254	1,328,254
Capital and reserves					
Called up share capital	14	**79,338**	**79,338**	79,338	79,338
Share premium account	15	**43,162**	**43,162**	43,162	43,162
Capital redemption reserve	15	**43,971**	**43,971**	43,971	43,971
Retained earnings	16	**969,982**	**969,982**	1,161,783	1,161,783
Equity shareholders' funds		**1,136,453**	**1,136,453**	1,328,254	1,328,254
Net Asset Value per:					
Ordinary share	19	**358.11p**	**358.11p**	418.54p	418.54p

These financial statements were approved by the directors of TR Property Investment Trust plc (Company No:84492) and authorised for issue on 5 June 2020.

H Seaborn

Director

The notes on pages 72 to 96 form part of these Financial Statements.

Group and Company Cash Flow Statements

for the year ended 31 March 2020

	Group 2020 £'000	**Company 2020 £'000**	Group 2019 £'000	Company 2019 £'000
Reconciliation of (loss)/profit from operations before tax to net cash (outflow)/inflow from operating activities				
(Loss)/profit from operations before tax	**(145,244)**	**(145,244)**	114,077	114,077
Finance costs	**3,257**	**3,257**	3,405	3,405
Losses/(gains) on investments and derivatives held at fair value through profit or loss	**198,698**	**198,711**	(78,214)	(78,186)
Net movement on foreign exchange; cash and cash equivalents and loan notes	**859**	**859**	(292)	(292)
Decrease/(increase) in accrued income	**584**	**584**	(1,129)	(1,129)
Net (purchases)/sales of investments	**(66,833)**	**(66,833)**	115,685	115,685
Increase in sales settlement debtor	**(1,417)**	**(1,417)**	(3,334)	(3,334)
Increase in purchase settlement creditor	**4,501**	**4,501**	1,474	1,474
Decrease/(increase) in other debtors	**4,447**	**4,447**	(18,350)	(18,350)
Increase/(decrease) in other creditors	**2,047**	**2,034**	(3,711)	(3,737)
Scrip dividends included in investment income and net returns on contracts for difference	**(3,818)**	**(3,818)**	(9,162)	(9,162)
Net cash (outflow)/inflow from operating activities before interest and taxation	**(2,919)**	**(2,919)**	120,449	120,451
Interest paid	**(3,421)**	**(3,421)**	(3,391)	(3,391)
Taxation paid	**(2,321)**	**(2,321)**	(1,872)	(1,872)
Net cash (outflow)/inflow from operating activities	**(8,661)**	**(8,661)**	115,186	115,188
Financing activities				
Equity dividends paid	**(43,794)**	**(43,794)**	(39,510)	(39,510)
Drawdown/(repayment) of loans	**40,000**	**40,000**	(41,000)	(41,000)
Net cash used in financing activities	**(3,794)**	**(3,794)**	(80,510)	(80,510)
(Decrease)/increase in cash	**(12,455)**	**(12,455)**	34,676	34,678
Cash and cash equivalents at start of year	**52,282**	**52,280**	18,114	18,110
Net movement on foreign exchange; cash and cash equivalents	**302**	**302**	(508)	(508)
Cash and cash equivalents at end of year	**40,129**	**40,127**	52,282	52,280
Note				
Dividends received	**52,003**	**52,003**	46,249	46,249
Interest received	**37**	**37**	669	669

The notes on pages 72 to 96 form part of these Financial Statements.

Notes to the Financial Statements

continued

1 Accounting policies

The financial statements for the year ended 31 March 2020 have been prepared on a going concern basis, in accordance with International Financial Reporting Standards (IFRS), which comprise standards and interpretations approved by the International Accounting Standards Board (IASB), together with interpretations of the International Accounting Standards and Standing Interpretations Committee approved by the International Accounting Standards Committee (IASC) that remain in effect, to the extent that they have been adopted by the European Union and as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006. The financial statements have also been prepared in accordance with the Statement of Recommended Practice (SORP), "Financial Statements of Investment Trust Companies and Venture Capital Trusts" issued in October 2019, to the extent that it is consistent with IFRS.

In assessing Going Concern the Board has made a detailed assessment of the ability of the Company and Group to meet its liabilities as they fall due, including stress and liquidity tests which considered the effects of substantial falls in investment valuations, substantial reductions in revenue received and reductions in market liquidity including the effects and potential effects of the current economic impact caused by the Coronavirus pandemic.

In light of the testing carried out, the liquidity of the level 1 assets held by the Company and the significant net asset value position, and despite the net current liability position of the Parent Company, the Directors are satisfied that the Company and Group have adequate financial resources to continue in operation for at least the next 12 months following the signing of the financial statements and therefore it is appropriate to adopt the going concern basis of accounting.

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

Key estimates and judgements

The preparation of the financial statements necessarily requires the exercise of judgement, both in application of accounting policies, which are set out below, and in the selection of assumptions used in the calculation of estimates. These estimates and judgements are reviewed on an ongoing basis and are continually evaluated based on historical experience and other factors. However, actual results may differ from these estimates. The only key estimate is considered to be the valuation of investment properties. See section (f) of this note. There are not considered to be any key judgements.

a) Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiaries to 31 March 2020. All the subsidiaries of the Company have been consolidated in these financial statements.

In accordance with IFRS10 the Company has been designated as an investment entity on the basis that:

- It obtains funds from investors and provides those investors with investment management services;
- It commits to its investors that its business purpose is to invest solely for returns from capital appreciation and investment income; and
- It measures and evaluates performance of substantially all of its investments on a fair value basis.

Each of the subsidiaries of the Company was established for the sole purpose of operating or supporting the investment operations of the Company (including raising additional financing), and is not itself an investment entity. IFRS 10 sets out that in the case of controlled entities that support the investment activity of the investment entity, those entities should be consolidated rather than presented as investments at fair value. Accordingly the Company has consolidated the results and financial positions of those subsidiaries.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of subsidiaries used in the preparation of the consolidated financial statements are based on consistent accounting policies. All intra-group balances and transactions, including unrealised profits arising therefrom, are eliminated. This is consistent with the presentation in previous years.

1 Accounting policies *continued*

b) Income

Dividends receivable on equity shares are treated as revenue for the year on an ex-dividend basis. Where no ex-dividend date is available, dividends receivable on or before the year end are treated as revenue for the year. Provision is made for any dividends not expected to be received. Where the Group has elected to receive these dividends in the form of additional shares rather than cash the amount of cash dividend foregone is recognised as income. Differences between the value of shares received and the cash dividend foregone are recognised in the capital returns of the Group Statement of Comprehensive Income. The fixed returns on debt securities are recognised on a time apportionment basis so as to reflect the effective yield on each such security. Interest receivable from cash and short term deposits is accrued to the end of the year. Stock lending income is recognised on an accruals basis. Underwriting commission is taken to revenue, unless any shares underwritten are required to be taken up, in which case the proportionate commission received is deducted from the cost of the investment.

Recognition of property rental income is set out in section (f) of this note.

Recognition of income from contracts of difference is set out in section (g) of this note.

c) Expenses

All expenses and finance costs are accounted for on an accruals basis. An analysis of retained earnings broken down into revenue and capital items is given in note 16. In arriving at this breakdown, expenses have been presented as revenue items except as follows:

- Expenses which are incidental to the acquisition or disposal of an investment;
- Expenses are presented as capital where a connection with the maintenance or enhancement of the value of the investments can be demonstrated, this includes irrecoverable VAT incurred on costs relating to the extension of residential leases as premiums received for extending or terminating leases are recognised in the capital account;
- One quarter of the base management fee is charged to revenue, with three quarters allocated to capital return to reflect the Board's expectations of long term investment returns. All performance fees are charged to capital return;
- The fund administration, depositary, custody and company secretarial services are charged directly to the Company and are included within 'Other administrative expenses' in note 6. These expenses are charged on the same basis as the base management fee; one quarter to income and three quarters to capital.

d) Finance costs

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

e) Taxation

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

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

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

In accordance with the recommendations of the SORP, the allocation method used to calculate tax relief on expenses presented against capital returns in the supplementary information in the Statement of Comprehensive Income is the "marginal basis". Under this basis, if taxable income is capable of being offset entirely by expenses presented in the revenue return column of the Statement of Comprehensive Income, then no tax relief is transferred to the capital column.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Balance Sheet and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

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

1 Accounting policies *continued*

f) Investment property

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

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

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

Gains or losses on the disposal of investment property are determined as the difference between net disposal proceeds and the carrying value of the asset at the date of disposal.

Revaluation of investment properties

The *Group carries its investment properties at fair value in accordance with IFRS 13, revalued twice a year, with changes in fair* values being recognised in the Group Statement of Comprehensive Income. The Group engaged Knight Frank LLP as independent valuation specialists to determine fair value as at 31 March 2020.

Valuations of investment properties

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

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

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

In arriving at their estimates of fair values as at 31 March 2020, the valuers have used their market knowledge and professional judgement and have not only relied solely on historical transactional comparables. Examples of inputs to the valuation can be seen in the sensitivity analysis disclosed in note 10(e).

The external valuation of the portfolio at 31 March 2020 contains a material uncertainty clause from Knight Frank, which is in line with the RICS guidance to valuers and reflects the increased difficulty in determining asset values when few, if any, comparable transactions have occurred in the current environment. Consequently less certainty can be attached to the valuation than would otherwise be the case.

Rental income

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

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

Service charges and expenses recoverable from tenants

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

1 Accounting policies *continued*

g) Investments

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

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

All investments are designated upon initial recognition as held at fair value, and are measured at subsequent reporting dates at fair value, which, for quoted investments, is deemed to be closing prices for stocks sourced from European stock exchanges and for SETS stocks sourced from the London Stock Exchange. SETS is the London Stock Exchange electronic trading service covering most of the market including all the FTSE All -Share and the most liquid AIM constituents. Unquoted investments or investments for which there is only an inactive market are held at fair value which is based on valuations made by the directors in accordance with IPEVCA guidelines and using current market prices, trading conditions and the general economic climate.

In its financial statements the Company recognises its investments in subsidiaries at adjusted net asset value. The subsidiaries have historically been holding vehicles for direct property investment or financing vehicles. No assets are currently held through the subsidiary structure and all financing instruments are directly held by the company.

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

Derivatives

Derivatives are held at fair value based on traded prices. Gains and losses on derivative transactions are recognised in the Group Statement of Comprehensive Income. Gains and losses on CFDs and total return swaps resulting from movements in the price of the underlying stock are treated as capital. Dividends from the underlying investment and financing costs of CFDs and total return swaps are treated as revenue/capital expenses.

Gains and losses on forward currency contracts used for capital hedging purposes are treated as capital.

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

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

h) Borrowings, loan notes and debentures

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

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

i) Foreign currency translation

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

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

j) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits.

k) Dividends payable to shareholders

Interim dividends are recognised in the period in which they are paid and final dividends are recognised when approved by shareholders.

1 Accounting policies *continued*

I) Adoption of new and revised Standards

Standards and Interpretations effective in the current period

The accounting policies adopted are consistent with those of the previous consolidated financial statements except as noted below.

IFRS 16 – Leases. The objective of IFRS 16 is to specify the principles for recognition, measurement, presentation and disclosure of leases primarily for lessees. The Group has not entered into any leases as a lessee and acts only in its capacity as a lessor. The Group's commercial leases on its property portfolio continue to be classified as operating leases with the leased assets recognised in the balance sheet. The adoption of the Standard has not had any impact on equity or profit in the current period as the approach to lessor accounting under IFRS 16 is substantially unchanged from its predecessor, IAS 17.

IFRIC– 23 Uncertainty over Income Tax Treatments. The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. Companies must consider circumstances which give rise to uncertain tax treatment and whether it is probable the treatment adopted would be accepted by the tax authority. IFRIC – 23 has not had a material impact on the Group as it continued to ensure compliance with relevant tax legislation and consulted with its tax advisers throughout the period.

Early adoption of standards and interpretations

The standards issued before the reporting date that become effective after 31 March 2020 are not expected to have a material *effect on equity or profit for the subsequent period. The Group has not early adopted any new International Financial Reporting* Standard or Interpretation. Standards, amendments and interpretations issued but not yet effective up to the date of issuance of the Group's financial statements are listed below:

IFRS 3 amendments (effective 1 January 2020). The amendments provide more guidance on the definition of a business to assist in determining whether a transaction results in an asset or a business acquisition. The amendments are not expected to have a material impact on the Group's financial statements.

Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7 (effective 1 January 2020). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative risk free interest rate. The amendments are not expected to have a material impact on the Group's financial statements.

Amendments to IAS 1 and IAS 8 – Definition of Material (effective 1 January 2020) The International Accounting Standards Board has refined its definition of "material" and issued practical guidance on applying the concept of materiality. The amendments are not expected to have a material impact on the Group's financial statements.

The Conceptual Framework for Financial Reporting (effective 1 January 2020). The Conceptual Framework is not a standard however its purpose is to outline a set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in understanding and interpreting the standards.

IFRS 17 – Insurance Contracts (effective 1 January 2021) The IFRS introduces a comprehensive model for all insurance and re-insurance contracts, based on fulfilment objective, using current assumptions and discount rates. Given the nature of the Group's business, the IFRS is not expected to have a material impact on the financial statements.

Classification of Liabilities as Current or Non-Current – Amendments to IAS 1 (effective 1 January 2022). The amendments specify the requirements for classifying liabilities as current or non-current. The amendments are not expected to have a material impact on the Group's financial statements.

Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. (effective date postponed until completion of broader review) The amendments seek to resolve a conflict between existing guidance on consolidation and equity accounting when a parent company loses control of a subsidiary in a transaction with an associate or joint venture. The amendments are not expected to have a material impact on the Group's financial statements.

2 Investment income

	2020 £'000	2019 £'000
Dividends from UK listed investments	**4,911**	2,304
Dividends from overseas listed investments	**26,631**	23,085
Scrip dividends from listed investments	**3,370**	8,226
Property income distributions	**12,200**	11,156
	47,112	44,771

3 Net rental income

	2020 £'000	2019 £'000
Gross rental income	**3,415**	3,659
Service charge income	**1,786**	1,608
Direct property expenses, rent payable and service charge costs	**(1,984)**	(1,940)
	3,217	3,327

Operating leases

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

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

	2020 £'000	2019 £'000
Within 1 year	**2,950**	3,600
After 1 year but not more than 5 years	**10,100**	10,750
More than 5 years	**15,500**	16,725
	28,550	31,075

4 Other operating income

	2020 £'000	2019 £'000
Interest receivable	**32**	39
Interest on refund of overseas withholding tax	**3**	351
Underwriting commission	**—**	284
	35	674

Underwriting is part of the process of introducing new securities to the market. The Company may participate in the underwriting of investee companies' securities, as one of a number of participants, for which compensation in the form of commission is received. The Company only participates in underwriting having assessed the risks involved and in securities in which it is prepared to increase its holding should that be the outcome. The commission earned is taken to revenue unless any securities underwritten are required to be taken up in which case the proportionate commission is deducted from the cost of the investment. During the year the Company did not participate in any (2019: one) underwriting. In the prior year all commission earned was taken to revenue and shown under Other operating income.

Notes to the Financial Statements

continued

5 Management and performance fees

	2020 Revenue Return £'000	**2020 Capital Return £'000**	**2020 Total £'000**	2019 Revenue Return £'000	2019 Capital Return £'000	2019 Total £'000
Management fee	**1,570**	**4,709**	**6,279**	1,514	4,543	6,057
Performance fee	**–**	**2,683**	**2,683**	–	6,110	6,110
	1,570	**7,392**	**8,962**	1,514	10,653	12,167

A summary of the terms of the management agreement is given on pages 53 and 54.

6 Other administrative expenses

	2020 £'000	2019 £'000
Directors' fees (Directors' Remuneration Report on pages 55 to 57)	**209**	213
Auditor's remuneration:		
– for audit of the consolidated and parent company financial statements	**80**	70
Legal fees	**31**	–
Taxation fees	**103**	182
Other administrative expenses	**199**	185
Other expenses	**562**	490
Irrecoverable VAT	**214**	131
Expenses charged to Revenue	**1,398**	1,271
Expenses charged to Capital	**615**	564
	2,013	1,835

Other administrative expenses include depositary, custody and company secretarial services. These expenses are charged on the same basis as the base management fee; one quarter to income and three quarters to capital. Total other administrative expenses charged to both income and capital are £796,000 (2019: £740,000).

Other expenses include broker fees, marketing and PR costs, Directors' National Insurance and recruitment, Registrars and listing fees, and annual report and other publication printing and distribution costs. These expenses are charged solely to the revenue account.

VAT on costs incurred in connection with the extension of the residential leases on The Colonnades are charged to the capital account.

7 Finance costs

	2020 £'000	2019 £'000
Bank loans and overdrafts repayable within 1 year	**1,866**	2,017
Loan notes repayable after 5 years	**1,391**	1,388
	3,257	3,405
Amount allocated to capital return	**(2,443)**	(2,554)
Amount allocated to revenue return	**814**	851

8 Taxation

a) Analysis of charge in the year

	2020 Revenue Return £'000	**2020 Capital Return £'000**	**2020 Total £'000**	2019 Revenue Return £'000	2019 Capital Return £'000	2019 Total £'000
UK corporation tax at 19% (2019: 19%)	**3,362**	**(3,149)**	**213**	3,488	(3,484)	4
Overseas taxation	**2,606**	**–**	**2,606**	2,729	–	2,729
	5,968	**(3,149)**	**2,819**	6,217	(3,484)	2,733
(Over)/under provision in respect of prior years	**(406)**	**–**	**(406)**	(866)	5	(861)
	5,562	**(3,149)**	**2,413**	5,351	(3,479)	1,872
Deferred taxation	**350**	**–**	**350**	–	–	–
Current tax charge for the year	**5,912**	**(3,149)**	**2,763**	5,351	(3,479)	1,872

b) Factors affecting total tax charge for the year

The tax assessed for the year is lower (2019: lower) than the standard rate of corporate tax in the UK for a large company of 19% (2019: 19%).

The difference is explained below:

	2020 Revenue Return £'000	**2020 Capital Return £'000**	**2020 Total £'000**	2019 Revenue Return £'000	2019 Capital Return £'000	2019 Total £'000
Net profit/(loss) on ordinary activities before taxation	**52,306**	**(197,550)**	**(145,244)**	51,605	62,472	114,077
Corporation tax charge at 19% (2019:19%)	**9,938**	**(37,535)**	**(27,597)**	9,805	11,870	21,675
Effects of:						
Non taxable gains on investments	**–**	**29,187**	**29,187**	–	(18,353)	(18,353)
Currency movements not taxable	**–**	**(2,204)**	**(2,204)**	–	374	374
Tax relief on expenses charged to capital	**–**	**(1,038)**	**(1,038)**	–	(939)	(939)
Non-taxable returns	**–**	**8,566**	**8,566**	–	3,492	3,492
Non-taxable UK dividends	**(1,043)**	**–**	**(1,043)**	(841)	–	(841)
Non-taxable overseas dividends	**(5,540)**	**–**	**(5,540)**	(5,546)	–	(5,546)
Overseas withholding taxes	**2,606**	**–**	**2,606**	2,729	–	2,729
(Over)/under provision in respect of prior years	**(406)**	**5**	**(401)**	(866)	5	(861)
Disallowable expenses	**69**	**(43)**	**26**	64	(27)	37
Deferred tax not provided	**288**	**(87)**	**201**	6	99	105
	5,912	**(3,149)**	**2,763**	5,351	(3,479)	1,872

The Group has no deferred tax assets (2019: £1,106,000) arising as a result of losses carried forward.

Due to the Company's status as an Investment Trust, and the intention to continue meeting the conditions required to obtain approval for the forseeable future, the Company has not provided deferred tax on any capital gains arising on the revaluation or disposal of investments.

8 Taxation *continued*

c) Provision for deferred taxation

The amounts for deferred taxation provided at 19% (2019: 19%) comprise:

Group	**2020 Revenue Return £'000**	**2020 Capital Return £'000**	**2020 Total £'000**	2019 Revenue Return £'000	2019 Capital Return £'000	2019 Total £'000
Accelerated capital allowances	**108**	**–**	**108**	107	–	107
Unutilised losses carried forward	**–**	**–**	**–**	–	(350)	(350)
Shown as:						
Deferred tax liability/(asset)	**108**	**-**	**108**	107	(350)	(243)

Company	**2020 Revenue Return £'000**	**2020 Capital Return £'000**	**2020 Total £'000**	2019 Revenue Return £'000	2019 Capital Return £'000	2019 Total £'000
Accelerated capital allowances	**108**	**–**	**108**	107	–	107
Unutilised losses carried forward	**–**	**–**	**–**	–	(350)	(350)
Shown as:						
Deferred tax liability/(asset)	**108**	**–**	**108**	107	(350)	(243)

The movement in provision in the year is as follows:

Group	**2020 Revenue Return £'000**	**2020 Capital Return £'000**	**2020 Total £'000**	2019 Revenue Return £'000	2019 Capital Return £'000	2019 Total £'000
Provision at the start of the year	**107**	**(350)**	**(243)**	107	(350)	(243)
Accelerated capital allowances	**1**	**350**	**351**	–	–	–
Provision at the end of the year	**108**	**–**	**108**	107	(350)	(243)

Company	**2020 Revenue Return £'000**	**2020 Capital Return £'000**	**2020 Total £'000**	2019 Revenue Return £'000	2019 Capital Return £'000	2019 Total £'000
Provision at the start of the year	**107**	**(350)**	**(243)**	107	(350)	(243)
Accelerated capital allowances	**1**	**350**	**351**	–	–	–
Provision at the end of the year	**108**	**–**	**108**	107	(350)	(243)

9 Earnings/(loss) per share

Earnings/(loss) per Ordinary share

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

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Net revenue profit	**46,394**	46,254
Net capital (loss)/profit	**(194,401)**	65,951
Net total (loss)/profit	**(148,007)**	112,205
Weighted average number of shares in issue during the year	**317,350,980**	317,350,980

	pence	pence
Revenue earnings per share	**14.62**	14.58
Capital (loss)/earnings per share	**(61.26)**	20.78
(Loss)/earnings per Ordinary share	**(46.64)**	35.36

The Group has no securities in issue that could dilute the return per Ordinary share. Therefore the basic and diluted return per Ordinary share are the same.

10 Investments held at fair value

a) Analysis of investments

	Group 2020 £'000	**Company 2020 £'000**	Group 2019 £'000	Company 2019 £'000
Listed in the United Kingdom	**351,506**	**351,506**	426,798	426,798
Unlisted in the United Kingdom	**682**	**682**	377	377
Listed Overseas	**708,597**	**708,597**	762,338	762,338
Investment properties	**94,510**	**94,510**	101,929	101,929
Investments held at fair value	**1,155,295**	**1,155,295**	1,291,442	1,291,442
Investments in subsidiaries at fair value	**–**	**50,429**	–	50,442
	1,155,295	**1,205,724**	1,291,442	1,341,884

b) Business segment reporting

	Valuation 31 March 2019 £'000	Net additions/ (disposals) £'000	Net appreciation/ (depreciation) £'000	**Valuation 31 March 2020 £'000**	**Gross revenue 31 March 2020 £'000**	Gross revenue **31 March 2019 £'000**
Listed investments	1,189,136	30,388	(159,421)	**1,060,103**	**46,964**	44,682
Unlisted investments	377	–	305	**682**	**148**	89
Contracts for difference	(3,210)	53,184	(41,276)	**8,698**	**5,724**	6,469
Total return swap	–	–	(3,808)	**(3,808)**	**–**	–
Total investments segment	1,186,303	83,572	(204,200)	**1,065,675**	**52,836**	51,240
Direct property segment	101,929	(12,921)	5,502	**94,510**	**5,201**	5,267
	1,288,232	70,651	(198,698)	**1,160,185**	**58,037**	56,507

10 Investments held at fair value *continued*

b) Business segment reporting *continued*

In seeking to achieve its investment objective, the Company invests in the shares and securities of property companies and property related businesses internationally and also in investment property located in the UK. The Company therefore considers that there are two distinct reporting segments, investments and direct property, which are used for evaluating performance and allocation of resources. The Board, which is the principal decision maker, receives information on the two segments on a regular basis. Whilst revenue streams and direct property costs can be attributed to the reporting segments, general administrative expenses cannot be split to allow a profit for each segment to be determined. The assets and gross revenues for each segment are shown above.

The property costs included within note 3 are £1,984,000 (2019: £1,940,000) and deducting these costs from the direct property gross revenue above would result in net income of £3,217,000 (2019: £3,327,000) for the direct property reporting segment.

c) Geographical segment reporting

	Valuation 31 March 2019 £'000	Net additions/ (disposals) £'000	Net appreciation/ (depreciation) £'000	**Valuation 31 March 2020 £'000**	**Gross revenue 31 March 2020 £'000**	Gross revenue 31 March 2019 £'000
UK listed equities and convertibles	426,798	(36,934)	(38,358)	**351,506**	**16,963**	13,371
UK unlisted equities	377	–	305	**682**	**148**	89
UK direct property[1]	101,929	(12,921)	5,502	**94,510**	**5,201**	5,267
Continental European listed equities	762,338	67,322	(121,063)	**708,597**	**30,001**	31,311
	1,291,442	17,467	(153,614)	**1,155,295**	**52,313**	50,038
UK contracts for difference[2]	(2,924)	20,414	(12,419)	**5,071**	**2,714**	3,635
European contracts for difference[2]	(286)	32,770	(28,857)	**3,627**	**3,010**	2,834
UK total return swap[3]	–	–	(3,808)	**(3,808)**	**–**	–
	1,288,232	70,651	(198,698)	**1,160,185**	**58,037**	56,507

Included in the above figures are purchase costs of £460,000 (2019: £276,000) and sales costs of £199,000 (2019: £114,000). These comprise mainly stamp duty and commission.

The Company received £367,977,000 (2019: £259,469,000) from investments, including direct property, sold in the year. The book cost of these investments when they were purchased was £317,581,000 (2019: £164,177,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

[1] Net additions/(disposals) includes £981,000 (2019: £1,496,000) of capital expenditure. Net appreciation/(depreciation) includes amounts in respect of rent free periods.

[2] Gross revenue for contracts for difference relates to dividends receivable, on an ex dividend basis, on the underlying positions held. The appreciation/(depreciation) in CFDs relates to the movement in fair value in the year.

[3] The depreciation in the TRS relates to the movement in fair value since inception.

d) Substantial share interests

The Group held interests in 3% or more of any class of capital in 8 companies (2019: 12 companies) we invest in. None of these investments is considered significant in the context of these financial statements. See note 21 on pages 95 and 96 for further details of subsidiary investments.

10 Investments held at fair value *continued*

e) Fair value of financial assets and financial liabilities

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

Fair value hierarchy disclosures

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

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

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

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

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

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

Financial assets/(liabilities) at fair value through profit or loss

At 31 March 2020	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Equity investments	**1,060,103**	**–**	**682**	**1,060,785**
Investment properties	**–**	**–**	**94,510**	**94,510**
Contracts for difference	**–**	**8,698**	**–**	**8,698**
Total return swap	**–**	**(3,808)**	**–**	**(3,808)**
Foreign exchange forward contracts	**–**	**(5,609)**	**–**	**(5,609)**
	1,060,103	**(719)**	**95,192**	**1,154,576**

At 31 March 2019	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Equity investments	1,189,136	–	377	1,189,513
Investment properties	–	–	101,929	101,929
Contracts for difference	–	(3,210)	–	(3,210)
Foreign exchange forward contracts	–	1,969	–	1,969
	1,189,136	(1,241)	102,306	1,290,201

The table above represents the Group's fair value hierarchy. The Company's fair value hierarchy is identical except for the inclusion of the fair value of the investment in Subsidiaries which at 31 March 2020 was £50,429,000 (2019: £50,442,000). These have been categorised as level 3 in both years. The movement in the year of £13,000 (2019: £28,000) is the change in fair value in the year. The total financial assets at fair value for the Company at 31 March 2020 was £1,214,422,000 (2019: £1,343,853,000).

10 Investments held at fair value *continued*

e) Fair value of financial assets and financial liabilities *continued*

Reconciliation of movements in financial assets categorised as level 3

At 31 March 2020	31 March 2019 £'000	Purchases £'000	Sales £'000	Appreciation/ (Depreciation) £'000	**31 March 2020 £'000**
Unlisted equity investments	377	–	–	305	**682**
Investment Properties					
– Mixed use	54,962	545	(3,619)	735	**52,623**
– Office & Industrial	46,967	436	(10,283)	4,767	**41,887**
	101,929	981	(13,902)	5,502	**94,510**
	102,306	981	(13,902)	5,807	**95,192**

All appreciation/(depreciation) as stated above relates to movements in fair value of unlisted equity investments and investment properties held at 31 March 2020.

The Group held one unquoted investment at the year end (see 11.6 overleaf).

Transfers between hierarchy levels

There were no transfers during the year between any of the levels.

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

Sensitivity information for Investment Property Valuations

The fair values of the properties are derived from an open market (Red Book) valuation of the properties on the Balance Sheet date by an independent firm of valuers (Knight Frank). For the valuation as at 31 March 2020, the valuers included a market uncertainty clause in their valuation as follows:

"The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. In the UK, market activity is being impacted in all sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuation is therefore reported on the basis of 'material valuation uncertainty' per VPGA 10 of the RICS Valuation – Global Standards. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of these properties under frequent review."

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

- Estimated rental value: £6.5 – £65 per sq ft (2019: £5.0 – £50)
- Capitalisation rates: 2.0% – 6.0% (2019: 3.2% – 9.0%)

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

There are interrelationships between the yields and rental values as they are partially determined by market rate conditions.

The sensitivity of the valuation to changes in the most significant inputs per class of investment property are shown below:

10 Investments held at fair value *continued*

Estimated movement in fair value of investment properties at 31 March 2020 arising from	**Retail £'000**	**Office & Industrial £'000**	**Other £'000**	**Total £'000**
Increase in rental value by 5%	**1,300**	**1,780**	**–**	**3,080**
Decrease in rental value by 5%	**(1,225)**	**(1,720)**	**–**	**(2,945)**
Increase in yield by 0.5%	**(5,025)**	**(6,005)**	**(950)**	**(11,980)**
Decrease in yield by 0.5%	**6,750**	**9,355**	**1,365**	**17,470**

Estimated movement in fair value of investment properties at 31 March 2019 arising from	Retail £'000	Office & Industrial £'000	Other £'000	Total £'000
Increase in rental value by 5%	500	2,075	–	2,575
Decrease in rental value by 5%	(575)	(2,120)	–	(2,695)
Increase in yield by 0.5%	(5,425)	(5,550)	(960)	(11,935)
Decrease in yield by 0.5%	7,175	7,650	1,350	16,175

11 Financial Instruments

Risk management policies and procedures

The Group invests in equities and other instruments for the long term in the pursuit of the Investment Objective set out on page 24. The Group is exposed to a variety of risks that could result in either a reduction or an increase in the profits available for distribution by way of dividends.

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

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

The Manager's policies and processes for managing these risks are summarised on pages 28 to 31 and have been applied throughout the year.

11.1 Market price risk

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

Management of the risk

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

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

	2020 £'000	2019 £'000
Investments held at fair value	**1,155,295**	1,291,442
CFD long gross exposure	**56,728**	166,656
TRS long gross exposure	**6,598**	–

Concentration of exposure to price risks

As set out in the Investment Policies on page 25, there are guidelines to the amount of exposure to a single company, geographical region or direct property. These guidelines ensure an appropriate spread of exposure to individual or sector price risks. As an investment company dedicated to investment in the property sector, the Group is exposed to price movements across the property asset class as a whole.

11 Financial Instruments *continued*

11.1 Market price risk *continued*

Price risk sensitivity

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

	2020 Increase in fair value £'000	**2020 Decrease in fair value £'000**	2019 Increase in fair value £'000	2019 Decrease in fair value £'000
Statement of Comprehensive Income – profit after tax				
Revenue return	**(77)**	**77**	(87)	87
Capital return	**173,817**	**(173,817)**	193,000	(193,000)
Change to the profit after tax for the year/shareholders' funds	**173,740**	**(173,740)**	192,913	(192,913)
Change to total earnings per Ordinary share	**54.75p**	**(54.75)p**	60.79p	(60.79)p

11.2 Currency risk

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

Management of the risk

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

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

Foreign currency exposure

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

Currency	**2020**	2019
Sterling	**27.0%**	27.1%
Euro	**53.0%**	57.1%
Swedish Krona	**11.0%**	9.6%
Other	**9.0%**	6.2%

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

2020	**Sterling £'000**	**Euro £'000**	**Swedish Krona £'000**	**Other £'000**
Receivables (due from brokers, dividends and other income receivable)	**31,552**	**27,495**	**634**	**413**
Cash at bank and on deposit	**25,602**	**11,922**	**962**	**1,643**
Bank loans, loan notes and overdrafts	**(40,000)**	**–**	**–**	**–**
Payables (due to brokers, accruals and other creditors)	**(8,026)**	**(6,076)**	**–**	**–**
FX forwards	**(133,731)**	**62,014**	**22,525**	**43,583**
Total foreign currency exposure on net monetary items	**(124,603)**	**95,355**	**24,121**	**45,639**
Investments held at fair value	**446,698**	**551,576**	**100,836**	**56,185**
Non-current liabilities	**(15,108)**	**(44,246)**	**–**	**–**
Total currency exposure	**306,987**	**602,685**	**124,957**	**101,824**

11 Financial Instruments *continued*

11.2 Currency risk *continued*

***Foreign currency exposure** continued*

2019	Sterling £'000	Euro £'000	Swedish Krona £'000	Other £'000
Receivables (due from brokers, dividends and other income receivable)	6,033	46,556	–	334
Cash at bank and on deposit	8,060	34,212	8,498	1,512
Bank loans, loan notes and overdrafts	(15,000)	(43,085)	–	–
Payables (due to brokers, accruals and other creditors)	(10,867)	(274)	(1,379)	–
FX forwards	(157,239)	104,396	–	54,812
Total foreign currency exposure on net monetary items	(169,013)	141,805	7,119	56,658
Investments held at fair value	529,104	617,028	120,312	24,998
Non-current assets	243	–	–	–
Total currency exposure	360,334	758,833	127,431	81,656

Foreign currency sensitivity

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

It assumes the following changes in exchange rates:
Sterling/Euro +/–15% (2019:15%).
Sterling/Swedish Krona +/–15% (2019:15%).
Sterling/Other +/–15% (2019:15%).

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

	Year ended March 2020			Year ended March 2019		
	Euro £'000	**Swedish Krona £'000**	**Other £'000**	Euro £'000	Swedish Krona £'000	Other £'000
Statement of Comprehensive Income – profit after tax						
Revenue return	**(3,016)**	**(340)**	**(99)**	(2,776)	(328)	(177)
Capital return	**(71,091)**	**(13,132)**	**(7,317)**	(75,341)	(15,669)	(3,256)
Change to the profit after tax for the year/shareholders' funds	**(74,107)**	**(13,472)**	**(7,416)**	(78,117)	(15,997)	(3,433)

	2020	2019
Change to total earnings per Ordinary share	**(29.93)p**	(30.74)p

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

	Year ended March 2020			Year ended March 2019		
	Euro £'000	**Swedish Krona £'000**	**Other £'000**	Euro £'000	Swedish Krona £'000	Other £'000
Statement of Comprehensive Income – profit after tax						
Revenue return	**4,971**	**423**	**113**	4,596	401	233
Capital return	**97,685**	**17,780**	**9,909**	108,472	21,214	4,407
Change to the profit after tax for the year/shareholders' funds	**102,656**	**18,203**	**10,022**	113,068	21,615	4,640

	2020	2019
Change to total earnings per Ordinary share	**41.24p**	43.90p

11 Financial Instruments *continued*

11.3 Interest rate risk

Interest rate movements may affect:

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

Management of the risk

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

The Group has fixed and has had variable rate borrowings during the year. The interest rates on the loan notes is fixed, details are set out in note 13. In addition to the loan notes the Group has unsecured, multi-currency revolving loan facilities which carry variable rates of interest based on the currencies drawn, plus a margin. These facilities total £110,000,000 (2019: £65,000,000).

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

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

Interest rate exposure

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

- floating interest rates: when the interest rate is due to be re-set.
- fixed interest rates: when the financial instrument is due to be repaid.

The Group's exposure to floating interest rates on assets is £79,651,000 (2019: £92,415,000)

The Group's exposure to fixed interest rates on liabilities is £99,246,000 (2019: £58,085,000)

The Group's exposure to floating interest rates on liabilities is £nil (2019: nil)

Interest receivable and finance costs are at the following rates:

- Interest received on cash balances, or paid on bank overdrafts, is at a margin over LIBOR or its foreign currency equivalent (2019: same).
- Interest paid on borrowings under the multi-currency loan facilities, is at a margin over LIBOR or its foreign currency equivalent for the type of loan (2019: same).
- The finance charges on the €50m and £15m loan notes are at interest rates of 1.92% and 3.59% respectively.

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

Interest rate sensitivity

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

	2020 2% Increase £'000	**2020 2% Decrease £'000**	2019 2% Increase £'000	2019 2% Decrease £'000
Change to shareholders' funds	**(317)**	**317**	556	(556)
Change to total earnings per Ordinary share	**(0.10)p**	**0.10p**	0.18p	(0.18)p

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

11 Financial Instruments *continued*

11.4 Liquidity risk

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

In certain market conditions, the liquidity of direct property investments may be reduced. At 31 March 2020, 8% (2019: 7%) of the Group's investment portfolio was held in direct property investments.

At 31 March 2020, 92% (2019: 93%) of the Group's investment portfolio is held in listed securities which are predominantly readily realisable.

Bank loan facilities are short term revolving loans which it is intended are renewed or replaced but renewal cannot be certain.

The table shows the timing of cash outflows to settle the Group's current liabilities together with anticipated interest costs.

Debt and Financing maturity profile:

At 31 March 2020	**Within 1 year £'000**	**Within 1-2 years £'000**	**Within 2-3 years £'000**	**Within 3-4 years £'000**	**Within 4-5 years £'000**	**More than 5 years £'000**	**Total £'000**
Bank loans*	**40,000**	**–**	**–**	**–**	**–**	**–**	**40,000**
Loan notes	**–**	**–**	**–**	**–**	**–**	**59,246**	**59,246**
Projected interest cash flows on bank and loan notes	**1,388**	**1,388**	**1,388**	**1,388**	**1,388**	**4,081**	**11,021**
Accruals and deferred income	**3,812**	**–**	**–**	**–**	**–**	**–**	**3,812**
Other creditors	**294**	**–**	**–**	**–**	**–**	**–**	**294**
	45,494	**1,388**	**1,388**	**1,388**	**1,388**	**63,327**	**114,373**

At 31 March 2019	Within 1 year £'000	Within 1-2 years £'000	Within 2-3 years £'000	Within 3-4 years £'000	Within 4-5 years £'000	More than 5 years £'000	Total £'000
Bank loans	–	–	–	–	–	–	–
Loan notes	–	–	–	–	–	58,085	58,085
Projected interest cash flows on bank and loan notes	1,366	1,366	1,366	1,366	1,366	5,423	12,253
Accruals and deferred income	7,440	–	–	–	–	–	7,440
Other creditors	392	–	–	–	–	–	392
	9,198	1,366	1,366	1,366	1,366	63,508	78,170

* A £40m multicurrency facility with RBS was renewed for one year in January 2020 and extended to £60m in February 2020. £10m (2019: £nil) was drawn on this facility at the balance sheet date. A £30m one year facility with ING Luxembourg was renewed in July 2019. £30m (2019: £nil) was drawn on this facility at the balance sheet date. A new £20m facility was arranged with ICBC in November 2019. £nil was drawn on this facility at the balance sheet date.

Management of the risk

The Manager sets guidelines for the maximum exposure of the portfolio to unquoted and direct property investments. These are set out in the Investment Policies on page 25. All unquoted investments with a value over £1m and direct property investments with a value over £5m must be approved by the Board for purchase.

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

11.5 Credit risk

The failure of a counterparty to a transaction to discharge its obligations under that transaction could result in the Group suffering a loss. At the period end the largest counterparty risk, which the Group was exposed to was within Debtors and Cash and cash equivalents where the total bank balances held with two counterparties was £46,731,000 (2019: £41,620,000 one counterparty).

Management of the risk

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

11 Financial Instruments *continued*

11.5 Credit risk *continued*

Credit risk exposure

In summary, compared to the amounts in the Balance Sheet, the maximum exposure to credit risk at 31 March was as follows:

	2020 Balance Sheet £'000	**2020 Maximum exposure £'000**	2019 Balance Sheet £'000	2019 Maximum exposure £'000
Debtors	**60,094**	**60,094**	54,892	54,892
Cash and cash equivalents	**40,129**	**40,129**	52,282	52,282
	100,223	**100,223**	107,174	107,174

Offsetting disclosures

In order to better define its contractual rights and to secure rights that will help the Group mitigate its counterparty risk, the Group may enter into an ISDA Master Agreement or similar agreement with its OTC derivative contract counterparties. An ISDA Master Agreement is an agreement between the Group and the counterparty that governs OTC derivatives and foreign exchange contracts and typically contains, among other things, collateral posting terms and netting provisions in the event of a default and/or termination event. Under an ISDA Master Agreement, the Group has a contractual right to offset with the counterparty certain derivative financial instruments payables and/or receivables with collateral held and/or posted and create one single net payment in the event of default including the bankruptcy or insolvency of the counterparty. However, bankruptcy or insolvency laws of a particular jurisdiction may impose restrictions on or prohibitions against the right of offset in bankruptcy, insolvency or other events.

The disclosures set out in the following table include financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement.

At 31 March 2020 and 2019, the Group's derivative assets and liabilities (by type and counterparty) are as follows:

	Year ended 2020		Year ended 2019	
	Net amounts of financial assets/(liabilities) presented in the Balance Sheet £'000	**Cash collateral pledged £'000**	Net amounts of financial assets/(liabilities) presented in the Balance Sheet £'000	Cash collateral pledged £'000
CFD positions:				
Goldman Sachs	**8,698**	**31,525**	–	–
ING	**–**	**–**	(3,210)	40,133
	8,698	**31,525**	(3,210)	40,133
TRS position:				
ING	**(3,808)**	**7,997**	–	–
	(3,808)	**7,997**	–	–
FX forward contracts:				
Bank of Montreal	**(2,582)**	**–**	–	–
Barclays	**(2,398)**	**–**	1,440	–
BNP Paribas	**(620)**	**–**	(33)	–
CIBC	**–**	**–**	651	–
JP Morgan	**–**	**–**	(112)	–
Societe Generale	**–**	**–**	23	–
Westpac	**(9)**	**–**	–	–
	(5,609)	**–**	1,969	–

11 Financial Instruments *continued*

11.6 Fair values of financial assets and financial liabilities

Except for the loan notes which are measured at amortised cost (refer to Note 13), the fair values of the financial assets and financial liabilities are either carried in the balance sheet at their fair value (investments) or the balance sheet amount is a reasonable approximation of fair value (debtors, creditors, cash at bank and bank overdrafts, accruals and prepayments).

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

The fair value of contracts for difference are based on the underlying listed investment value as set out above and the amount due from or to the counterparty under the contract is recorded as an asset or liability accordingly, which is disclosed in Note 13 for the current year.

The fair values of the properties are derived from an open market (Red Book) valuation of the properties on the Balance Sheet date by an independent firm of valuers (Knight Frank). The external valuation of the portfolio at 31 March 2020 contains a material uncertainty clause from Knight Frank, which is in line with the RICS guidance to valuers and reflects the increased difficulty in determining asset values when few, if any, comparable transactions have occurred in the current environment. Consequently less certainty can be attached to the valuation than would otherwise be the case. Details are set out in note 10 e).

There was one unquoted investment at the Balance Sheet date, Atrato, with a total value of £682,000 (2019: Atrato, £377,000).

The amounts of change in fair value for investments including net returns on CFDs and TRS recognised in the profit or loss for the year was a loss of £198,698,000 (2019: profit of £78,214,000).

11.7 Capital management policies and procedures

The Group's capital management objectives are:

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

The equity capital of the Group at 31 March 2020 consisted of called up share capital, share premium, capital redemption and revenue reserves totalling £1,136,453,000 (2019: £1,328,254,000). The Group does not regard the loan notes and loans as permanent capital.

The loan notes agreement requires compliance with a set of financial covenants, including:

- Total Borrowings shall not exceed 33% of Adjusted Net Asset Value;
- the Adjusted Total Assets shall at all times be equivalent to a minimum of 300% of Total Borrowings; and
- the Adjusted NAV shall not be less than £260,000,000.

12 Debtors

	Group 2020 £'000	**Company 2020 £'000**	Group 2019 £'000	Company 2019 £'000
Amounts falling due within one year:				
Securities and properties sold for future settlement	**5,020**	**5,020**	3,603	3,603
Tax recoverable	**1,414**	**1,292**	1,296	1,174
Prepayments and accrued income[1]	**5,082**	**5,082**	5,666	5,666
Foreign exchange forward contracts for settlement	**–**	**–**	1,969	1,969
Amounts receivable in respect of Contracts for Difference	**8,698**	**8,698**	–	–
CFD margin cash	**31,525**	**31,525**	40,133	40,133
TRS margin cash	**7,997**	**7,997**	–	–
Other debtors	**358**	**358**	2,225	2,225
	60,094	**59,972**	54,892	54,770
Non-current assets				
Deferred taxation asset	**–**	**–**	243	243

[1] Includes amounts in respect of rent free periods.

13 Current and non-current liabilities

	Group 2020 £'000	**Company 2020 £'000**	Group 2019 £'000	Company 2019 £'000
Amounts falling due within one year:				
Bank loans and overdrafts	**40,000**	**40,000**	–	–
Securities and properties purchased for future settlement	**5,975**	**5,975**	1,474	1,474
Amounts due to subsidiaries	**–**	**50,342**	–	50,359
Amounts payable in respect of Contracts for Difference	**–**	**–**	3,210	3,210
Amounts payable in respect of Total Return Swap	**3,808**	**3,808**	–	–
Tax payable	**213**	**213**	4	4
Accruals and deferred income	**3,812**	**3,783**	7,359	7,324
Foreign exchange forward contracts for settlement	**5,609**	**5,609**	–	–
Other creditors	**294**	**286**	473	467
	59,711	**110,016**	12,520	62,838
Non-current liabilities				
1.92% Euro Loan Notes 2026	**44,246**	**44,246**	43,085	43,085
3.59% GBP Loan Notes 2031	**15,000**	**15,000**	15,000	15,000
Deferred taxation	**108**	**108**	–	–
	59,354	**59,354**	58,085	58,085

Loan Notes

On the 10 February 2016, the Company issued 1.92% Unsecured Euro 50,000,000 Loan Notes and 3.59% Unsecured GBP 15,000,000 Loan Notes which are due to be redeemed at par on the 10 February 2026 and 10 February 2031 respectively.

The fair value of the 1.92% Euro Loan Notes was £44,418,000 (2019: £43,255,000) and the 3.59% GBP Loan Notes was £15,553,000 (2019: £15,373,000) at 31 March 2020. Using the IFRS 13 fair value hierarchy the Loan Notes are deemed to be categorised within Level 2.

The loan notes agreement requires compliance with a set of financial covenants, including:

- Total Borrowings shall not exceed 33% of Adjusted Net Asset Value;
- the Adjusted Total Assets shall at all times be equivalent to a minimum of 300% of Total Borrowings; and
- the Adjusted NAV shall not be less than £260,000,000.

The Company and Group complied with the terms of the loan notes agreement throughout the year.

Multi-currency revolving loan facilities

The Group also had unsecured, multi-currency, revolving short-term loan facilities totalling £110,000,000 (2019: £65,000,000) at 31 March 2020. At 31 March 2020 £40,000,000 was drawn on these facilities (2019: £nil).

The maturity of these facilities is shown in notes 11.3 and 11.4.

Reconciliation of liabilities arising from financing activities

Group and Company	***Long term* debt £'000**	***Short term* debt £'000**	**Total £'000**
Opening liabilities from financing activities at 31 March 2019	**58,085**	**–**	**58,085**
Cash flows:			
Drawdown of bank loans	**–**	**40,000**	**40,000**
Movement on foreign exchange	**1,161**	**–**	**1,161**
Closing liabilities from financing activities at 31 March 2020	**59,246**	**40,000**	**99,246**

13 Current and non-current liabilities *continued*

Net debt

Net debt includes the value of the loan notes, loans, the notional exposure to CFDs and TRS, less cash (including cash collateral held by the CFD and TRS providers which are shown as debtors in the Financial Statements) as a proportion of equity shareholders' funds.

The net gearing has been calculated as follows:

	Group 2020 £'000	Group 2019 £'000
Loan notes	**59,246**	58,085
Loans	**40,000**	–
CFD positions (notional exposure)	**56,728**	166,656
TRS position (notional exposure)	**10,405**	–
Less: Cash	**(40,129)**	(52,282)
Less: Cash collateral (included within 'Other debtors' in Note 12)	**(39,522)**	(40,133)
	86,728	132,326
Equity shareholders' funds	**1,136,453**	1,328,254
Net gearing	**7.6%**	10.0%

14 Called up share capital

Ordinary share capital

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

	Number	Issued, allotted and fully paid £'000
Ordinary shares of 25p		
At 1 April 2019	317,350,980	79,338
At 31 March 2020	317,350,980	79,338

The voting rights are disclosed in the Report of the Directors on page 41.

During the year, the Company made no market purchases for cancellation of Ordinary shares of 25p each (2019: none).

Since 31 March 2020 no Ordinary shares have been purchased and cancelled.

15 Share premium account and capital redemption reserve

Share premium account

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

Capital redemption reserve

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

16 Retained earnings

	Group 2020 £'000	**Company 2020 £'000**	Group 2019 £'000	Company 2019 £'000
Investment holding gains	**206,072**	**238,531**	402,635	435,107
Realised capital reserves	**691,148**	**664,465**	688,986	662,303
	897,220	**902,996**	1,091,621	1,097,410
Revenue reserve	**72,762**	**66,986**	70,162	64,373
	969,982	**969,982**	1,161,783	1,161,783

Group investment holding gains at 31 March 2020 include a £643,000 loss (2019: £955,000 loss) relating to unlisted investments and gains of £51,882,000 (2019: £45,164,000) relating to investment properties.

Company investment holding gains at 31 March 2020 include gains of £83,697,000 (2019: £76,680,000) relating to unlisted and subsidiary investments with a £50,742,000 revaluation gain (2019: £44,024,000 gain) relating to investment properties. Dividends are only distributable from the revenue reserve.

17 Dividends

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 March 2019 of 8.60p (2018: 7.55p) per Ordinary share	**27,292**	23,960
Interim dividend for the year ended 31 March 2020 of 5.20p (2019: 4.90p) per Ordinary share	**16,502**	15,550
	43,794	39,510
Amounts not recognised as distributions to equity holders in the year:		
Proposed final dividend for the year ended 31 March 2020 of 8.80p (2019: 8.60p) per Ordinary share	**27,927**	27,292

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

Set out below is the total dividend to be paid in respect of the year. This is the basis on which the requirements of s.1158 of the Corporation Tax Act 2010 are considered.

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Interim dividend for the year ended 31 March 2020 of 5.20p (2019: 4.90p) per Ordinary share	**16,502**	15,550
Proposed final dividend for the year ended 31 March 2020 of 8.80p (2019: 8.60p) per Ordinary share	**27,927**	27,292
	44,429	42,842

18 Company Statement of Comprehensive Income

As permitted by Section 408 of the Companies Act 2006, the Company has not presented its own Statement of Comprehensive Income. The net loss after taxation of the Company dealt with in the accounts of the Group was £148,006,000 (2019: £112,205,000 profit)

19 Net asset value per Ordinary share

Net asset value per Ordinary share is based on the net assets attributable to Ordinary shares of £1,136,453,000 (2019: £1,328,254,000) and on 317,350,980 (2019: 317,350,980) Ordinary shares in issue at the year end.

20 Commitments and contingent liabilities

At 31 March 2020 the Group had capital commitments of £132,000 (2019: 337,000) but no contingent liabilities (2019: nil).

21 Subsidiaries

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

Name	Reg. Number	Principal activity
New England Properties Limited	788895	Non-trading company
The Colonnades Limited	2826672	Non-trading company
Showart Limited	2500726	Non-trading company
Trust Union Properties Residential Developments Limited	2365875	Non-trading company
The Property Investment Trust Ltd	2415846	Non-trading company
The Real Estate Investment Trust Limited	2416015	Non-trading company
The Terra Property Investment Trust Limited	2415843	Non-trading company
Trust Union Property Investment Trust Limited	2416017	Non-trading company
Trust Union Properties (Number Five) Limited	2415839	Non-trading company
Trust Union Properties (Number Six) Limited	2416018	Non-trading company
Trust Union Properties (Number Seven) Limited	2415836	Non-trading company
Trust Union Properties (Number Eight) Limited	2416019	Non-trading company
Trust Union Properties (Number Nine) Limited	2415833	Non-trading company
Trust Union Properties (Number Ten) Limited	2416021	Non-trading company
Trust Union Properties (Number Eleven) Limited	2415830	Non-trading company
Trust Union Properties (Number Twelve) Limited	2416022	Non-trading company
Trust Union Properties (Number Thirteen) Limited	2415818	Non-trading company
Trust Union Properties (Number Fourteen) Limited	2416024	Non-trading company
Trust Union Properties (Number Fifteen) Limited	2416026	Non-trading company
Trust Union Properties (Number Sixteen) Limited	2415806	Non-trading company
Trust Union Properties (Number Seventeen) Limited	2416027	Non-trading company
Trust Union Properties (Number Eighteen) Limited	2415768	Non-trading company
Trust Union Properties (Bayswater) Limited	2416030	Property investment
Trust Union Properties (Cardiff) Limited	2415772	Non-trading company
Trust Union Properties (Theale) Limited	2416031	Non-trading company
Trust Union Properties (Number Twenty-Two) Limited	2415765	Non-trading company
Trust Union Properties (Number Twenty-Three) Limited	2416036	Non-trading company
Skillion Finance Limited	2420758	Non-trading company
Trust Union Finance (1991) Plc	2663561	Investment financing
FGH Developments Limited	1481476	Non-trading company
FGH Developments (Aberdeen) Limited (E18030)	SC68799	Non-trading company
FGH (Newcastle) Limited	1466619	Non-trading company
NEP (1994) Limited	977481	Non-trading company

21 Subsidiaries *continued*

Name	Reg. Number	Principal activity
New England Developments Limited	1385909	Non-trading company
New England Investments Limited	2613905	Non-trading company
New England Retail Properties Limited	1447221	Non-trading company
New England (Southern) Limited	1787371	Non-trading company
Sapco One Limited	803940	Non-trading company
Trust Union Properties Limited	2134624	Non-trading company
Trust Union Finance Limited	1233998	Investment holding and finance company
TR Property Finance Limited	2415941	Investment holding and finance company
Trust Union Properties (South Bank) Limited	2420097	Non-trading company

The Company has provided a guarantee for each of these subsidiaries in order for them to take the exemption from the requirement of an audit, in line with the requirements of S.479A of the Companies Act 2006.

All the subsidiaries are fully owned and all the holdings are ordinary shares.

All companies have the registered office of 11-12 Hanover Street, London, W1S 1YQ with the exception of FGH Developments (Aberdeen) Limited which is registered to 50 Lothian Road, Festival Square, Edinburgh EH3 9BY.

22 Related party transactions disclosures

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation. The balances are interest free, unsecured and repayable on demand.

Amounts due by the Company to subsidiaries per note 13.

	2020 £'000	2019 £'000
The Colonnades Limited	**22,619**	22,619
TR Property Finance Limited	**27,743**	27,760
New England Properties Limited	**(20)**	(20)
	50,342	50,359

Remuneration of key management personnel

The remuneration of the directors, who are the key management personnel of the Company for each of the relevant categories specified in IAS 24: Related Party Disclosures is provided in the audited part of the Directors' Remuneration Report on pages 55 to 57.

Directors' transactions

Transactions in shares by directors are considered to be a related party transaction due to the nature of their role as directors. Movements in directors' shareholdings are disclosed within the Directors' Remuneration Report on page 57.

Dividends totalling £10,000 (2019: £11,000) were paid in the year in respect of shares held by the Company's directors.

Glossary and AIFMD disclosure

1.0 Alternative Performance Measures

Alternative Performance Measures are numerical measures of the Company's current or historical performance, financial position or cash flows, other than the financial measures defined or specified in the Financial Statements.

The measures defined below are considered to be Alternative Performance Measures. They are viewed as particularly relevant and are frequently quoted for closed ended investment companies.

Total Return

The NAV Total Return is calculated by reinvesting the dividends in the assets of the Company from the relevant ex-dividend date. Dividends are deemed to be reinvested on the ex-dividend date as this is the protocol used by the Company's benchmark and other indices. The Share Price Total Return is calculated by reinvesting the dividends in the shares of the Company from the relevant ex-dividend date.

Net Debt

Net debt is the total value of loan notes, loans (including notional exposure to CFDs and TRSs) less cash as a proportion of net asset value. The calculation is set out in note 13 to the Financial Statements.

Ongoing Charges

The Ongoing Charges ratio has been calculated in accordance with the guidance issued by the AIC as the total of investment management fees and administrative expenses expressed as a percentage of the average Net Asset Values throughout the year. The definition of administrative expenses does include property related expenses, the Ongoing Charges calculation is shown inclusive and exclusive of these expenses to allow comparison of the direct administrative and management charges with the majority of Investment Trusts which do not hold any direct property investments.

The Ongoing charges ratio provided in the Company's Key Information Document is calculated in line with the PRIIPs regulations which is different to the AIC methodology above.

Key Performance Indicators

The Board assesses the performance of the Manager in meeting the Trust's objective against a number of Key Performance Indicators, these are considered to be Alternative Performance Measures. These are set out on pages 26 and 27 of this report together with information about any calculations or the source of data.

Glossary and AIFMD disclosure

continued

2.0 Glossary of Terms and Definitions

AIFMD	The Alternative Fund Managers Directive is European legislation which created a European wide framework for regulating the managers of "alternative investment funds" (AIFs). It is designed to regulate any fund which is not a UCITS (Undertakings for Collective Investment in Transferable Securities) fund and which is managed or marketed in the EU.
AIC	The Association of Investment Companies – the AIC is the representative body for closed-ended investment companies.
Alternative Performance Measure	A financial measure of financial performance or financial position other than a financial measure defined or specified in the accounting statements.
Discount	The amount by which the market price of a share of an investment trust is lower than the Net Asset Value per share expressed as a percentage of the NAV per share.
Key Information Document	Under the PRIIPs Regulations a short, consumer friendly Key Information Document is required setting out the key features, risks, rewards and costs of the PRIIP and is intended to assist investors to better understand the Trust and make comparisons between Trusts. The document includes estimates of investment performance under a number of scenarios. These calculations are prescribed by the regulation and are based purely on recent historical data. It is important for investors to note that there is no judgement applied and these do not in any way reflect the Board or Manager's views.
Key Performance Indicator "KPI"	A "KPI" is a quantifiable measure that evaluates how successful the trust is in meeting its objectives. The Trust's KPIs are discussed on pages 26 and 27.
MiFID	The Markets in Financial Instruments Directive is the EU legislation that regulates firms who provide services to clients linked to "financial instruments" (shares, bonds, units in collective investment schemes and derivatives) and the venues where those instruments are traded.
Net Asset Value (NAV) per share	The value of total assets less liabilities (including borrowings) divided by the number of shares in issue.

3.0 Alternative Investment Fund Managers Directive ("AIFMD")

In accordance with the AIFMD, information in relation to the Company's leverage and remuneration of the Company's AIFM, F&C Investment Business Limited, is required to be made available to investors. Detailed regulatory disclosures including those on the AIFM's remuneration policy are available on the F&C website or from F&C on request. The numerical remuneration disclosures in relation to the AIFM's first relevant accounting period will be made available in due course.

Leverage

Under the AIFM Directive, it is necessary for AIFs to disclose their leverage in accordance with prescribed calculations.

Although leverage is often used as another term for gearing, under the AIFMD leverage is specifically defined. Two types of leverage calculations are defined; the gross and commitment methods. These methods summarily express leverage as a ratio of the exposure of the AIF against its net asset value. 'Exposure' typically includes debt, the value of any physical properties subject to mortgage, non-Sterling currency, equity or currency hedging at absolute notional values (even those held purely for risk reduction purposes, such as forward foreign exchange contracts held for currency hedging) and derivative exposure (converted into the equivalent underlying positions). The commitment method nets off derivative instruments, while the gross method aggregates them.

The table below sets out the current maximum permitted limit and the actual level of leverage for the Company as at 31 March 2020:

Leverage exposure	Gross method	Commitment method
Maximum permitted limit	200%	200%
Actual	122%	124%

The leverage limits are set by the AIFM and approved by the Board and are in line with the limits set out in the Company's Articles of Association.

This should not be confused with the gearing set out in the Financial Highlights which is calculated under the traditional method set out by the Association of Investment Companies. The AIFM is also required to comply with the gearing parameters set by the Board in relation to borrowings.

Notice of Annual General Meeting

THIS NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

IN ACCORDANCE WITH UK GOVERNMENT PUBLIC HEALTH *GUIDELINES RELATING TO COVID-19*, SHAREHOLDERS SHOULD NOT ATTEND THE AGM IN PERSON THIS YEAR.

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

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

COVID-19 PANDEMIC

As at the date of this document, the UK Government has prohibited large public gatherings, save in certain limited circumstances. In light of these measures and in order to protect the health and safety of the TR Property Investment Trust plc's (the "**Company**") shareholders and directors, we hope that shareholders will understand that **the Company's Annual General Meeting ("AGM") will be run as a closed meeting. Shareholders will not be able to attend in person**. Instead, the Company will make arrangements to ensure that the legal requirements to hold the meeting can be satisfied through the attendance of two shareholders constituting the minimum quorum for the AGM. The format of the AGM will be purely functional and will comprise only the formal votes of the AGM resolutions, without any business update or Q&A.

Shareholders are therefore strongly encouraged to submit a proxy vote in advance of the meeting. A form of proxy for use at the AGM is enclosed with this document. To be valid, the form of proxy should be completed, signed and returned in accordance with the instructions printed thereon, as soon as possible, and in any event, to reach the Company's registrars, Computershare Investor Services PLC, no later than 2.30 p.m. on Friday, 24 July 2020 or, in the event of an adjournment, not less than 48 hours (excluding non-working days) before the time fixed for the adjourned meeting.

Given the restrictions on attendance set out above, **shareholders are strongly encouraged to appoint the *"Chair of the meeting"* as their proxy**, rather than a named person who will not be permitted to attend the meeting. All resolutions will be decided by way of a poll so that the votes of shareholders who do not attend in person will be counted.

In light of the restrictions outlined above and to ensure shareholders still have an opportunity to engage with the Company's management, the Investment Manager will post a webcast in the format of the usual presentation held at the AGM, on the website www.trproperty.com on Wednesday 1 July. This will cover the results to 31 March 2020 and an update to the end of June. If shareholders would like to ask questions for the Manager to respond to in the webcast, then please write to the Company Secretary or submit questions by e-mail to Enquiries@trproperty.co.uk to arrive no later than noon on 30 June.

This situation is constantly evolving, and the UK Government may change current restrictions or implement further measures relating to the holding of general meetings during the affected period. Any changes to the arrangements for the AGM (including any change to the location of the AGM) will be communicated to shareholders before the meeting through the Company's website (www.trproperty.com) and, where appropriate, by RNS announcement.

Notice is hereby given that the Annual General Meeting of TR Property Investment Trust plc (the "Company") will be held at 2.30 pm on 28 July 2020 at Cadogan Estate Ltd, 10 Duke of York Square London SW3 4LY for the purpose of transacting the following business:

To consider and, if thought fit, pass the following Resolutions, of which Resolutions 1 to 12 will be proposed as Ordinary Resolutions and Resolutions 13 and 14 shall be proposed as Special Resolutions.

1 To receive the Report of the Directors and the Audited Accounts for the year ended 31 March 2020.

2 To approve the Directors' Remuneration Report for the year ended 31 March 2020.

3 To approve the Directors' Remuneration Policy.

4 To declare a final dividend of 8.80p per Ordinary share.

5 To re-elect Simon Marrison as a Director.

6 To re-elect David Watson as a Director.

7 To re-elect Tim Gillbanks as a Director.

8 To elect Kate Bolsover as a Director.

9 To elect Sarah-Jane Curtis as a Director.

10 To re-appoint KPMG LLP as auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company.

11 To authorise the Directors to determine the remuneration of the Auditor.

12 THAT, in substitution for all such existing authorities, the Directors be generally and unconditionally authorised pursuant to and in accordance with Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company up to a nominal value of £26,181,455 (being approximately 33% of the total issued share capital of the Company as at the latest practicable date prior to publication of this Notice) provided that this authority shall expire at the date of the next Annual General Meeting of the

Company (or, if earlier, at the close of business on 28 October 2021), save that the Company shall be entitled to make offers or agreements before the expiry of this authority which would or might require shares to be allotted or rights to be granted after such expiry and the Directors shall be entitled to allot shares and grant rights pursuant to any such offers or agreements as if this authority had not expired.

13 THAT

(a) (in substitution for all such existing authorities and subject to the passing of Resolution 12 set out above) the directors be empowered pursuant to Section 570 and Section 573 of the Act to allot equity securities (as defined in Section 560 of the Act) for cash pursuant to the authority conferred by Resolution 12 above and/or to sell shares held by the Company as treasury shares for cash as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:

(i) the allotment of equity securities and sale of treasury shares for cash in connection with an offer of, or invitation to apply for, equity securities:

(aa) to shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

(bb) to holders of other equity securities, as required by the rights of those securities, or as the Board otherwise considers necessary,

and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

(ii) in the case of the authority granted under Resolution 12 and/or in the case of any sale of treasury shares for cash, to the allotment (otherwise than under paragraph (i) above) of equity securities or sale of treasury shares up to a nominal amount of £3,966,887 (being approximately 5% of the total issued share capital of the Company as at the latest practicable date prior to publication of the notice of meeting),

(b) the power given by this resolution shall expire upon the expiry of the authority conferred by Resolution 12 above, save that the Company shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted after such expiry and the directors shall be entitled to allot equity securities pursuant to any such offer or agreement as if the power conferred hereby had not expired.

14 THAT the Company be and is hereby generally and unconditionally authorised in accordance with Section 701 of the Act to make market purchases (within the meaning of Section 693(4) of the Act) of Ordinary shares of 25p each in the capital of the Company on such terms and in such manner as the directors may from time to time determine provided that:

(a) the maximum number of Ordinary shares hereby authorised to be purchased shall be 14.99% of the Company's Ordinary shares in issue at the date of the Annual General Meeting (equivalent to 47,570,911 Ordinary shares of 25p each at 5 June 2020, the latest practicable date prior to publication of this Notice);

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

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

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

(c) the minimum price (exclusive of expenses) which may be paid for an Ordinary share shall be 25p, being the nominal value per Ordinary share; and

(d) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company in 2021 (or, if earlier, at the close of business on 28 October 2021), save that the Company shall be entitled to enter into a contract to purchase Ordinary shares which will, or may, be completed or executed wholly or partly after the power expires and the Company may purchase Ordinary shares pursuant to such contract as if the power conferred hereby had not expired.

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

By Order of the Board

For and on behalf of
Link Company Matters Limited
Secretary
5 June 2020

Notice of Annual General Meeting

continued

Notes to the Notice of Annual General Meeting

1 As explained above, shareholders will not be permitted to attend the AGM and are strongly encouraged to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the AGM. Shareholders are strongly encouraged to appoint the "Chair of the meeting" as their proxy, rather than a named person who will not be permitted to attend the meeting. A shareholder may appoint more than one proxy in relation to the Annual General Meeting ("AGM") provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. To appoint more than one proxy, the proxy form should be photocopied and the name of the proxy to be appointed indicated on each proxy form together with the number of shares that such proxy is appointed in respect of.

To be valid any proxy form or other instrument appointing a proxy must be returned by post, by courier or by hand to the Company's Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, or alternatively, by going to www.eproxyappointment.com and following the instructions provided. All proxies must be appointed by no later than 48 hours before the time of the AGM. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register in respect of the joint holding (the first named being deemed the most senior).

2 In order to be able to attend and vote at the AGM or any adjourned meeting (and also for the purpose of calculating how many votes a person may cast), a person must have his/her name entered on the Register of Members of the Company by 2.30 pm on 14 July 2020 (or 6.00 pm on the date two days before any adjourned meeting). Changes to entries on the Register of Members after this time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

3 Shareholders should note that it is possible that, pursuant to requests made by shareholders of the Company under Section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the Companies Act 2006.

The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.

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

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

6 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM to be held on 28 July 2020 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider should refer to their CREST sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf.

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

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

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

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

8 A copy of this notice, and other information required by section 311A of the Companies Act 2006, can be found at www.trproperty.com.

9 Members satisfying the thresholds in section 338 of the Companies Act 2006 may require the Company to give, to members of the Company entitled to receive notice of the AGM, notice of a resolution which those members intend to move (and which may properly be moved) at the AGM. A resolution may properly be moved at the AGM unless: (i) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the Company's constitution or otherwise); (ii) it is defamatory of any person; or (iii) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given, must be authenticated by the person(s) making it and must be received by the Company not later than six weeks before the date of the AGM.

10 Members satisfying the thresholds in section 338A of the Companies Act 2006 may request the Company to include in the business to be dealt with at the AGM any matter (other than a proposed resolution) which may properly be included in the business at the AGM. A matter may properly be included in the business at the AGM unless: (i) it is defamatory of any person; or (ii) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than six weeks before the date of the AGM.

11 Biographical details of the directors are shown on pages 35 and 36 of the Annual Report & Accounts.

12 As at 5 June 2020 (being the latest practicable day prior to publication of this Notice), the issued share capital of the Company is 317,350,980 Ordinary shares of 25p each. Therefore, the total number of voting rights in the Company at 5 June 2020 is 317,350,980.

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

14 You may not use any electronic address provided either in this Notice or any related documents to communicate for any purposes other than those expressly stated.

Explanation of Notice of Annual General Meeting

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

These are the resolutions which deal with the presentation of the audited accounts, the approval of the Directors' Remuneration Report and the declaration of the final dividend.

The vote to approve the Remuneration Report is advisory only and will not require the Company to alter any arrangements detailed in the report should the resolution not be passed.

All UK listed companies must seek shareholder approval of their remuneration policy every three years. Shareholders approved our current remuneration policy at the Company's 2017 AGM. We are proposing a revised Directors' Remuneration Policy, details of which are set out in the Directors' Remuneration Policy Report on pages 55 and 56. The vote to approve the remuneration policy is binding.

The Board is proposing a final dividend for the year ended 31 March 2020 of 8.80p per ordinary share. If approved at the AGM, the Company would pay the dividend on 4 August 2020 to those shareholders on the Company's register at the close of business on 19 June 2020.

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

These resolutions deal with the re-election of Simon Marrison, Tim Gillbanks and David Watson, and the election of Kate Bolsover and Sarah-Jane Curtis. In accordance with the UK Corporate Governance Code, all directors will retire on an annual basis and have confirmed that they will offer themselves for re-election.

An external performance evaluation has been completed and your Board has determined that each of the directors continues to be effective and demonstrates their commitment to their role. Their biographical details, which are set out on pages 35 and 36, demonstrate how the Board has the appropriate balance of skills, experience independence and knowledge to lead the Company's long-term sustainable success. Accordingly, the Board unanimously recommends their election or re-election (as applicable).

Resolutions 10 and 11: Auditor

These deal with the reappointment of the Auditor, KPMG LLP, and the authorisation for the directors to determine their remuneration.

Resolution 12: Allotment of share capital

Our Board considers it appropriate that an authority be granted to allot shares in the capital of the Company up to a maximum nominal amount of £26,445,915 (representing approximately one third of the Company's issued share capital as at 5 June 2020, being the latest practical date prior to publication of this Notice of the meeting). As at the date of this notice the Company does not hold any shares in treasury.

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

This authority will expire at the earlier of close of business on 28 October 2021 and the conclusion of the Annual General Meeting of the Company to be held in 2021.

Resolution 13: Disapplication of statutory pre-emption rights

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

This authority would be limited to allotments or sales in connection with pre-emptive offers and offers to holders of other equity securities if required by the rights of those shares or as the board otherwise considers necessary, or otherwise up to an aggregate nominal amount of £3,966,887. This aggregate nominal amount represents 5% of the total issued share capital of the Company as at 5 June 2020, the latest practicable date prior to publication of this Notice. In respect of this aggregate nominal amount, the directors confirm their intention to follow the provisions of the Pre-Emption Group's Statement of Principles regarding cumulative usage of authorities within a rolling 3-year period where the Principles provide that usage in excess of 7.5% should not take place without prior consultation with shareholders.

Explanation of Notice of Annual General Meeting

continued

The authority will expire at the earlier of close of business on 28 October 2021 and the conclusion of the Annual General Meeting of the Company to be held in 2021.

Resolution 14: Authority to make Market Purchases of the Company's Ordinary shares

At the AGM held on 23 July 2019, a special resolution was proposed and passed, giving the directors authority, until the conclusion of the AGM in 2020, to make market purchases of the Company's own issued shares up to a maximum of 14.99% of the issued share capital.

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

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

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

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

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

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

The minimum price to be paid will be 25p per Ordinary share (being the nominal value). The Listing Rules also limit a listed company to purchases of shares representing up to 15% of its issued share capital in the market pursuant to a general authority such as this. For this reason, the Company is limiting its authority to make such purchases to 14.99% of the Company's Ordinary shares in issue at the date of the AGM; this is equivalent to 47,570,911 Ordinary shares of 25p each (nominal value £11,892,727) at 5 June 2020, the latest practicable date prior to publication this Notice. The authority will last until the Annual General Meeting of the Company to be held in 2021.

Recommendation

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

Directors and Other Information

Directors

H Seaborn (Chairman)
K Bolsover[1]
S-J Curtis[2]
T Gillbanks
S Marrison
D Watson

[1] Appointed since 1 October 2019.
[2] Appointed since 28 January 2020.

Registered Office

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

Registered Number

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

AIFM

BMO Investment Business Limited
Exchange House
Primrose Street
London EC2A 2NY

Portfolio Manager

Thames River Capital LLP, authorised and regulated by the Financial Conduct Authority
3rd Floor
11–12 Hanover Street
London W1S 1YQ
Telephone: 020 7011 4100

Fund Manager

M A Phayre-Mudge MRICS

Finance Manager and Investor Relations

J L Elliott ACA

Deputy Fund Manager

A Lhonneur

aic
The Association of Investment Companies

Direct Property Manager

G P Gay MRICS

Secretary

Link Company Matters Limited
6th Floor, 65 Gresham Street
London EC2V 7NQ

Registrar

Computershare Investor Services PLC
The Pavilions, Bridgwater Road
Bristol BS99 6ZY
Telephone: 0370 707 1355

Auditor

KPMG LLP
15 Canada Square
London E14 5GL

Stockbrokers

Panmure Gordon (UK) Limited
One, New Change
London EC4M 9AF

Stifel Nicolaus Europe Limited
150 Cheapside
London EC2V 6ET

Solicitors

Slaughter and May
One Bunhill Row
London EC1Y 8YY

Depositary, Custodian and Fund Administrator

BNP Paribas Securities Services
10 Harewood Avenue
London NW1 6AA

Website

www.trproperty.com

Tax Advisers

PricewaterhouseCoopers LLP
Central Square South
Orchard Street
Newcastle upon Tyne NE1 3AZ

General Shareholder Information

Release of Results

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

Annual General Meeting

The AGM is held in London in July.

Dividend Payment Dates

Dividends are usually paid on the Ordinary shares as follows:

Interim: January
Final: August

Dividend Payments

Dividends can be paid to shareholders by means of BACS (Bankers' Automated Clearing Services); mandate forms for this purpose are available from the Registrar. Alternatively, shareholders can write to the Registrar (the address is given on page 106 of this report) to give their instructions; these must include the bank account number, the bank account title and the sort code of the bank to which payments are to be made.

Dividend Re-investment Plan ("DRIP")

TR Property Investment Trust plc now offers shareholders the opportunity to purchase further shares in the Company through the DRIP. DRIP forms may be obtained from Computershare Investor Services PLC through their secure website www.investorcentre.co.uk, or by phoning 0370 707 1694. Charges do apply; dealing commission of 0.75% (subject to a minimum of £2.50). Government stamp duty of 0.5% also applies.

Share Price Listings

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

Share Price Information

ISIN GB0009064097
SEDOL 0906409
Bloomberg TRY.LN
Reuters TRY.L
Datastream TRY

Benchmark

Details of the benchmark are given in the Strategic Report on page 24 of this Report and Accounts. The benchmark index is published daily and can be found on Bloomberg;

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

Internet

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

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

Disability Act

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

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

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

General Shareholder Information

continued

Nominee Share Code

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

CGT Base Cost

Taxation of capital gains for shareholders who formerly held Sigma shares

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

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

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

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

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

Investing in TR Property Investment Trust plc

Market Purchases

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

Holding shares in Certificated Form

Investors may hold their investment in certificated form. Our registrars, Computershare operate a dealing service which enables investors to buy and sell shares quickly and easily online without a broker or the need to open a trading account. Alternatively the Investor Centre allows investors to manage portfolios quickly and securely, update details and view balances without annual charges. Further details are available by contacting Computershare on 0370 707 1355 or visit www.computershare.com.

TR Property Investment Trust plc now offers shareholders the opportunity to purchase further shares in the company through the Dividend Re-investment Plan ("DRIP") through the registrar, Computershare. Shareholders can obtain further information on the DRIP through their secure website www.investorcentre.co.uk, or by phoning 0370 707 1694. Charges do apply. Please note that to gain access to your details or register for the DRIP on the Computershare site you will need the holder reference number stated on the top left hand corner of your share certificate.

Saving Schemes, ISAs and other plans

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

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

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

Alliance Trust Savings (ATS) & interactive investor (ii)

Following the acquisition of Alliance Trust Savings by interactive investor, ATS self-directed accounts were transferred to the interactive investor platform on 14 October 2019.

Interactive investor offer investors in TR Property and other investment trusts a free opt-in online shareholder voting and information service that enables investors to receive shareholder communications and, if they wish, to vote on the shareholdings held in their account.

Interactive investor provide and administer a range of self-select investment plans, including tax-advantaged ISAs and SIPPs (Self-Invested Personal Pension), and Trading Accounts. For more information, interactive investor can be contacted on 0345 607 6001, or by visiting https://www.ii.co.uk/

BMO Asset Management Limited ("BMO")

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

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

Saving Schemes and ISAs transferred from BNP Paribas

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

If investors did not respond to the letters from BNP Paribas, their accounts were transferred to ATS.

Following the acquisition of Alliance Trust Savings by interactive investor, ATS self-directed accounts were transferred to the interactive investor platform on 14 October 2019.

Investing in TR Property Investment Trust plc

continued

Share Fraud and boiler room scams

Shareholders in a number of Investment Trusts have been approached as part of a share fraud where they are informed of an opportunity to sell their shares as the company is subject to a takeover bid. This is not true and is an attempt to defraud shareholders. The share fraud also seeks payment of a "commission" by shareholders to the parties carrying out the fraud.

Shareholders should remain alert to this type of scam and treat with suspicion any contact by telephone offering an attractive investment opportunity, such as a premium price for your shares, or an attempt to convince you that payment is required in order to release a settlement for your shares. These frauds may also offer to sell your shares in companies which have little or no value or may offer you bonus shares. These so called "boiler room" scams can also involve an attempt to obtain your personal and/or banking information with which to commit identity fraud.

The caller may be friendly and reassuring or they may take a more urgent tone, encouraging you to act quickly otherwise you could lose money or miss out on a deal.

If you have been contacted by an unauthorised firm regarding your shares the FCA would like to hear from you. You can report an unauthorised firm using the FCA helpline on 0800 111 6768 or by visiting their website, which also has other useful information, at www.fca.org.uk.

If you receive any unsolicited investment advice make sure you get the correct name of the person and organisation. If the calls persist, hang up. If you deal with an unauthorised firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme.

Please be advised that the Board or the Manager would never make unsolicited telephone calls of such a nature to shareholders.

How to Invest

One of the most convenient ways to invest in TR Property Investment Trust plc is through one of the savings plans run by BMO.

BMO Investment Trust ISA
You can use your ISA allowance to make an annual tax-efficient investment of up to £20,000 for the 2020/21 tax year with a lump sum from £500 or regular savings from £50 a month per Trust. You can also transfer any existing ISAs to us whilst maintaining the tax benefits.

BMO Junior ISA (JISA)*
You can invest up to £9,000 for the tax year 2020/21 from £500 lump sum or £30 a month per Trust, or a combination of both. Please note, if your child already has a Child Trust Fund (CTF), then you cannot open a separate JISA, however you can transfer the existing CTF (held either with BMO or another provider) to a BMO JISA.

BMO Child Trust Fund (CTF)*
If your child has a CTF you can invest up to £9,000 for the 2020/21 tax year, from £100 lump sum or £25 a month per Trust, or a combination of both. You can also transfer a CTF from another provider to a BMO CTF. Please note, the CTF has been replaced by the JISA and is only available to investors who already hold a CTF.

BMO General Investment Account (GIA)
This is a flexible way to invest in our range of Investment Trusts. There are no maximum contributions, and investments can be made from £500 lump sum or £50 a month per Trust. You can also make additional lump sum top-ups at any time from £250 per Trust.

BMO Junior Investment Account (JIA)
This is a flexible way to save for a child in our range of Investment Trusts. There are no maximum contributions, and the plan can easily be set up under bare trust (where the child is noted as the beneficial owner) or kept in your name if you wish to retain control over the investment. Investments can be made from a £250 lump sum or £25 a month per Trust. You can also make additional lump sum top-ups at any time from £100 per Trust.

*The CTF and JISA accounts are opened in the child's name and they have access to the money at age 18. **Calls may be recorded or monitored for training and quality purposes.

Charges
Annual management charges and other charges apply according to the type of plan.

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

Dealing charges
ISA: 0.2%
GIA/JIA/JISA: postal instructions £12, online instructions £8 per Trust.

Dealing charges apply when shares are bought or sold but not on the reinvestment of dividends or the investment of monthly direct debits for the GIA, JIA and JISA.

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

Government stamp duty of 0.5% also applies on the purchase of shares (where applicable).

There may be additional charges made if you transfer a plan to another provider or transfer the shares from your plan.

The value of investments can go down as well as up and you may not get back your original investment. Tax benefits depend on your individual circumstances and tax allowances and rules may change. Please ensure you have read the full Terms and Conditions, Privacy Policy and relevant Key Features documents before investing. For regulatory purposes, please ensure you have read the Pre-sales cost disclosures related to the product you are applying for, and the relevant Key Information Documents (KIDs) for the investment trusts you are wanting to invest into.

How to Invest
To open a new BMO plan, apply online at **bmogam.com/apply**

Note, this is not available if you are transferring an existing plan with another provider to BMO, or if you are applying for a new plan in more than one name.

New Customers
Call: **0800 136 420**** (8.30am – 5.30pm, weekdays)
Email: **info@bmogam.com**

Existing Plan Holders
Call: **0345 600 3030**** (9.00am – 5.00pm, weekdays)
Email: **investor.enquiries@bmogam.com**
By post: BMO Administration Centre
PO Box 11114
Chelmsford
CM99 2DG

You can also invest in the trust through online dealing platforms for private investors that offer share dealing and ISAs. Companies include:
Barclays Stockbrokers, EQi, Halifax, Hargreaves Lansdown, HSBC, Interactive Investor, Lloyds Bank, The Share Centre

BMO

BMO Asset Management Limited
0345 600 3030, 9.00am – 5.00pm, weekdays, calls may be recorded or monitored for training and quality purposes.

BMO Asset Management Limited is authorised and regulated by the Financial Conduct Authority and is a member of BMO Global Asset Management EMEA of which the ultimate parent company is the Bank of Montreal. 737510_G19-1804_L56 04/20 UK

TR Property Investment Trust plc – Report & Accounts for the year ended 31 March 2020

TR Property Investment Trust plc is managed by

BMO | A part of BMO Financial Group