TR Property

TR PROPERTY INVESTMENT TRUST PLC

Annual Report

31-03-2024

The photograph on the front cover is of Isbjerget, known as "The Iceberg", a residential building in the Aarhus Docklands neighbourhood, Denmark.

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 page 31 and the entire portfolio is shown on page 24.

Investment manager

Columbia Threadneedle 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 investment 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 on page 2 and Historical Performance can be found on page 3. Key Performance Indicators are set out in the Strategic Report on pages 32 and 33.

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 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 company.

Further information

General shareholder information and details of how to invest in the Company, including investment through an ISA or savings scheme, can be found on pages 114 onwards. This information can also be found on the Company's website www.trproperty.com

Financial highlights and performance

	Year ended 31 March 2024	Year ended 31 March 2023	Change
Balance Sheet			
Net asset value per share	351.50p	305.13p	+15.2%
Shareholders' funds (£'000)	1,115,503	968,346	+15.2%
Shares in issue at the end of the year (m)	317.4	317.4	0.0%
Net debt[1,6]	10.8%	12.3%	
Share Price			
Share price	325.00p	279.00p	+16.5%
Market capitalisation	£1,031m	£885m	+16.5%

	Year ended 31 March 2024	Year ended 31 March 2023	Change
Revenue			
Revenue earnings per share	12.04p	17.22p	-30.1%
Dividends[2]			
Interim dividend per share	5.65p	5.65p	0.0%
Final dividend per share	10.05p	9.85p	2.0%
Total dividend per share	15.70p	15.50p	1.3%
Performance: Assets and Benchmark			
Net Asset Value total return[3,6]	+21.1%	-35.5%	
Benchmark total return[6]	+15.4%	-34.0%	
Share price total return[4,6]	+22.9%	-36.2%	
Ongoing Charges[5,6]			
Including performance fee	1.81%	0.73%	
Excluding performance fee	0.82%	0.73%	
Excluding performance fee and direct property costs	0.78%	0.67%	

1. Net debt is the total value of loan notes, loans (including notional exposure to contracts for difference ('CFDs')) 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 2024. An interim dividend of 5.65p was paid on 11 January 2024 (2023: 5.65p). A final dividend of 10.05p (2023: 9.85p) will be paid on 1 August 2024 to shareholders on the register on 28 June 2024. The shares will be quoted ex-dividend on 27 June 2024.
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 102.

Historical performance

for the year ended 31 March 2024

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Performance for the year:											
Total Return (%)											
NAV[A]	22.4	28.3	8.2	8.0	15.5	9.1	-11.5	20.7	21.4	-35.5	21.1
Benchmark[B]	14.9	23.3	5.4	6.5	10.2	5.6	-14.0	15.9	12.2	-34.0	15.4
Share Price[C]	37.7	29.5	-1.6	9.1	25.5	6.2	-16.8	28.3	19.9	-36.2	22.9
Shareholders' funds (£'m)											
Ordinary shares	809	1,010	1,065	1,118	1,256	1,328	1,136	1,326	1,563	968	1,116
Ordinary shares											
Net revenue (pence per share)											
Earnings	8.09	8.89	8.36	11.38	13.22	14.58	14.62	12.25	13.69	17.22	12.04
Dividends[D]	7.45	7.70	8.35	10.50	12.20	13.50	14.00	14.20	14.50	15.50	15.70
NAV per share (pence)	254.94	318.12	335.96	352.42	395.64	418.54	358.11	417.97	492.43	305.13	351.50
Share price (pence)	247.50	310.50	297.50	314.50	382.50	394.00	317.50	392.50	456.50	279.00	325.00
Indices of growth (rebased at 31 March 2014)											
Share price[E]	100	125	120	127	155	159	128	159	184	113	131
Net Asset Value[F]	100	125	132	138	155	164	140	164	193	120	138
Benchmark[G]	100	120	123	128	137	140	117	132	145	93	104
Net dividend[D]	100	103	112	141	164	181	188	191	195	208	211
RPI	100	101	102	106	109	112	115	117	127	144	150

Figures have been prepared in accordance with UK-adopted international accounting standards.

(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 standard methodology used by the Company's benchmark and other indices. This is considered to be an Alternative Performance Measure as defined on page 102.

(B) Benchmark Index: 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. This is considered to be an Alternative Performance Measure as defined on page 102.

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

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

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

(G) Price only value of the index set out in (B) above.

Chairman's statement

We are pleased to announce a modest increase in our dividend. There is no denying that commercial real estate became unfashionable when interest rates began to rise. But as TR Property's renewed outperformance shows, investors are beginning to differentiate between the less desirable elements of the sector and the companies that our Manager seeks out — that is, companies that own quality assets and have strong balance sheets.

Kate Bolsover
CHAIRMAN

Market backdrop

Investor behaviour continues to be governed by the trajectory of bond yields and inflation. This is particularly acute in leveraged asset classes such as real estate. Compared to the two previous years, when we witnessed seemingly relentless incremental increases in base rates, this period was marked by a more positive shift in sentiment, as investors began to sense a peak in the interest rate cycle. Nevertheless, our manager had to navigate a series of false dawns as markets rallied on expectations of more dovish central bank behaviour – before this more buoyant mood was proved to be premature. Whilst the second half of the year under review saw much greater volatility in share prices, we also sense increasing engagement from investors in our corner of the equity market, as the weakening of inflationary pressures becomes increasingly evident – particularly across Europe.

Given all that has happened in the last year, I am pleased to report the Company's net asset value ('NAV') total return was +21.1%, ahead of the benchmark total return of +15.4%. Of greater importance to shareholders is the share price total return. This, at +22.9%, exceeded the NAV total return given that the discount at which the shares traded was tighter at the end of the year than at the beginning. These encouraging results reflect a strong second half of the financial year, with the first half recording an NAV total return of just +3.3%. In the half year report I highlighted that the vast majority of our companies had made great strides to improve their balance sheets and debt books over the last two years. This was always going to be a key building block in the sector's recovery. We have subsequently seen a strong reporting season (February and March 2024) as improving market fundamentals overlaid on strengthened balance sheets resulted in healthy earnings growth. Those companies which suspended dividends to protect their cashflows have nearly all returned (or announced the return) to paying dividends. There remain a handful of businesses in financial intensive care, but our manager continues to avoid these, even where sentiment and rumour can lead to dramatic (but often temporary) share price performance.

Our sector continues to see heightened levels of merger and acquisition ('M&A') activity. Our involvement in three successful transactions (two privatisations and one merger) took place in the first half and were reviewed in the half year report. They were important valuation underpins. The second half of the year saw a lot of activity around more potential mergers. In the case of the all paper offer by Tritax Big Box for UK Commercial Property REIT ('UKCM'), our manager voted against the transaction on governance issues.

Revenue Results Outlook and Dividend

For the full year, earnings at 12.04p were just over 30% lower than the earnings recorded for the previous financial year. A fall in earnings for the year to March 2024 was flagged in the 2023 Annual Report. Interim earnings were 39% behind the prior year and whilst our expectations for the second half were slightly exceeded, the pattern did not change.

Whilst the prior year had been inflated by a number of one-off items (all highlighted in the previous annual report), the mix of dividend suspensions and reductions across our German residential, and to a lesser extent, Scandinavian holdings, has hit the income account hard. In addition, rising interest rates increased our own debt costs, despite the reduction in the absolute amount of debt. Added to these income headwinds, we also experienced an increase in the headline rate of UK corporation tax.

Over the year, significant progress has been made by those companies which had suspended or reduced dividends. Their balance sheets have strengthened through cash retention, asset sales and debt restructuring, with many announcing that they will resume distributions at some stage in the forthcoming year. Although their actions have been detrimental to our revenue account in the short term, their decisive and conservative action has been reflected positively in capital returns. Some will be a little slower than others to resume distributions, a handful still have to announce when their distributions will recommence.

We anticipate that underlying income will take some time to recover but with strong revenue reserves built up, the Board is able to support the Company's dividend. In determining our dividend, we always aim to balance investor appetite for income against the Company's cashflow in a given period. This approach entails the building up of reserves during fruitful years, allowing us to cover the dividend during dips in income. Against this background, we are pleased to announce a very modest increase in the final dividend to 10.05p, bringing the full year dividend to 15.70p, an increase of 1.3%.

Net Debt and Currencies

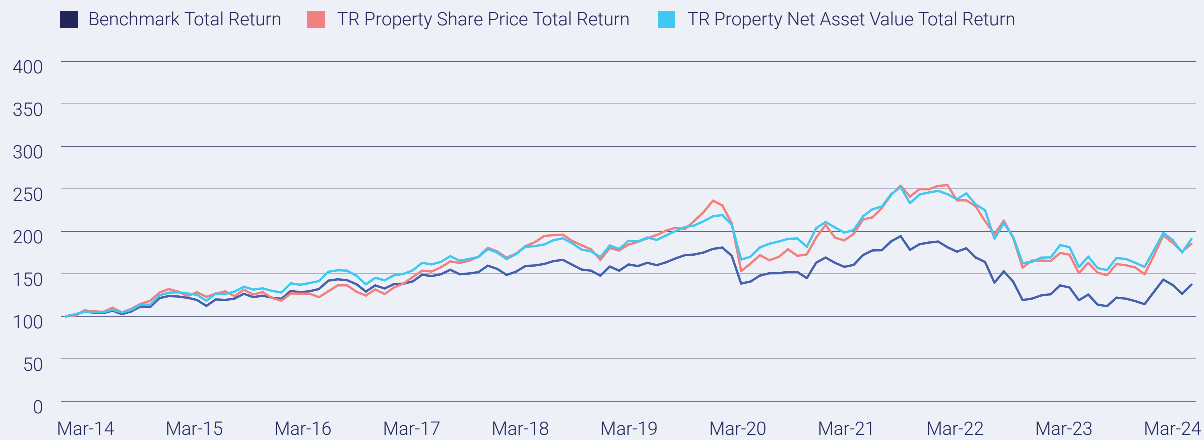
Gearing reduced in the second half and ended the year at 10.8%. The cost of our debt remains higher than for some time and the reduction seen at the year-end is more a reflection of this, than on the manager's outlook.

Sterling staged a couple of rallies through the year, over the summer period and then again in the first quarter of 2024. This had a small negative impact on our non-sterling earnings.

Discount and Share Repurchases

The discount improved by more than 1% over the year, closing at 7.5% (opening at 8.6%) enhancing the share price return over the NAV return for the year. The average discount for the year was 7.7%. A discount of over 10% was seen very briefly in July and again in October, when market sentiment was at its worst. It narrowed to 2.6% in late February as investors began to feel optimistic about an early interest rate cut. However, this proved premature and the Company's discount widened again into the year

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



end. The average discount for the year remained wider than the five year average (5.8%) which is not particularly surprising as for the most part, the sector remained unloved.

Environmental, Social and Governance

Our Responsible Investment Report is set out on pages 16 to 22. With the impending changes in disclosure regarding sustainability (SDR), we have worked with our manager to consider how best to set out our credentials and priorities in this area.

The Company has not set out to be an investment fund with any ESG or sustainability characteristics, however, as a long-term investor, governance and sustainability considerations are embedded in our Manager's investment process. Accordingly, we will continue to put strong corporate governance at the heart of our decision-making process. Many of the environmental targets which our investee companies follow are being driven by their regulatory framework and we expect our companies wholeheartedly to embrace these improvements through refurbishment and development. We also endeavour to "practice what we preach" in our direct property holdings, where we exercise direct control over these issues. Property is of course a socially important investment area. People live, work, and play in the properties which we or our investee companies manage and own. This means that we are adding value and engaging with all of society in all that we do.

Our Managers actively engage with management and regulators on matters of corporate governance and there is one recent situation highlighted below which demonstrates this. We consider this one of our key responsibilities in managing the assets which you have invested with us.

Our manager closely followed the all paper takeover of UKCM by Tritax Big Box. The Company owns shares in both companies. Throughout the process, he remained concerned about poor governance and the lack of transparency on certain commercial aspects of the transaction. He was not alone. The chairman of UKCM also dissented from recommending the transaction. A most unusual and noteworthy situation. Whilst the dominance of one shareholder (Phoenix Life owned 43% of UKCM) ultimately drove the transaction, we engaged extensively with all parties including the Takeover Panel before voting against. The Company has large positions in many smaller property companies and our manager engages extensively with boards. Holding boards to account, as guardians of the interests of all shareholders, is an important part of our governance regime.

Outlook

Our manager's central case is that we are now closer (than in previous reports) to the peak of this interest rate cycle in Europe. The multiple 'false dawns' (where shares prices rallied in anticipation of interest rate cuts, only to fall back) have weighed on sentiment and many investors remain on the sidelines awaiting hard evidence of base rates falling. Also importantly, the manager's positive viewpoint is not predicated on substantial reductions in interest rates. What is being looked for is stability in the monetary environment with lenders returning and margins normalising.

You will read in the manager's report of sound fundamentals in many real estate sub sectors particularly for high quality assets. I reiterate, the companies we are invested in have those two key ingredients – quality of assets and depth of balance sheet. The sector continues to trade at attractive discounts to asset value and the year in question brought more examples of good portfolios being taken private as public markets continued to undervalue them – again, covered in more detail in the following pages.

We expect the reduction in our physical property exposure to be temporary. The timing of the rotation of the capital released by the March sale of the Colonnades into equities has proved beneficial. Equity markets are a forward looking discounting mechanism and property share prices have responded to the expectation of a lowering in the cost of capital.

The team continues to hunt for the next property purchase. In the meantime, the outlook for well financed property equities remains encouraging.

Kate Bolsover
Chairman
7 June 2024

CITYWIRE
WINNER
INVESTMENT TRUST 2022
SPECIALIST EQUITY TRUST
TR PROPERTY INVESTMENT TRUST PLC

Manager's report

Our central case is that more benign European inflation is drawing closer. But crucially, our optimism is not dependent on near-term cuts to interest rates. The companies we own are positioned to prosper even if rates remain at current levels and the spike in M&A activity this past year is recognition of this. Acquirers have rushed in to take advantage where public markets have left quality assets languishing at significant discounts.

Marcus Phayre-Mudge
FUND MANAGER

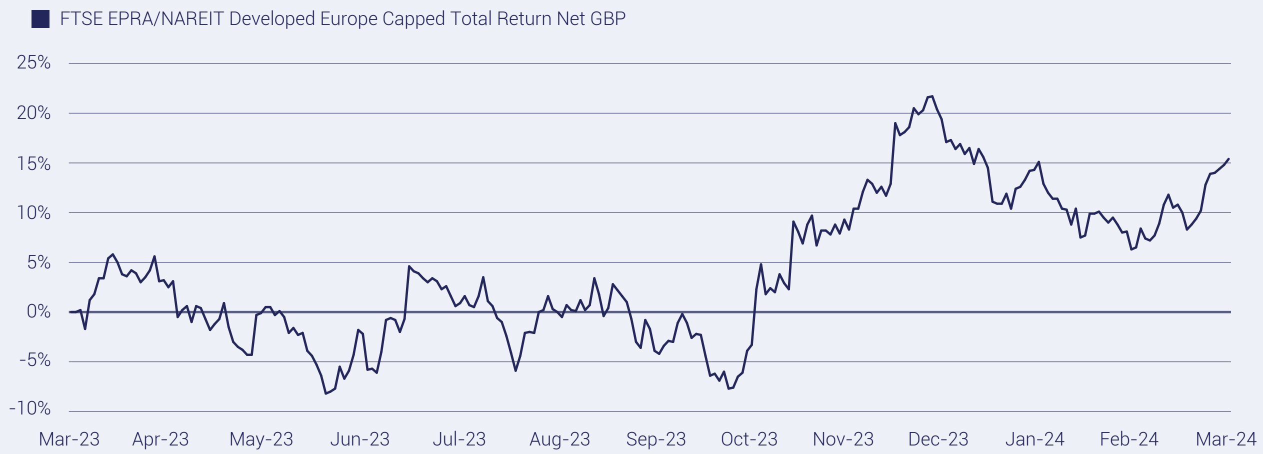
Performance

The Company's net asset value ('NAV') total return for the 12 months to 31 March 2024 was +21.1%, whilst the benchmark, the FTSE EPRA/NAREIT Developed Europe TR (in GBP) returned +15.4%. These are pleasing results – both in absolute terms and relative to the benchmark.

The chart overleaf illustrates three clear phases of market performance over the year under review. The first phase (April to October) saw pan European real estate equities travelling in a tight (12%) trading range; the market behaviour analogy is that of a ping pong ball in a horizontal tube. Equity pricing remains dominated by macroeconomic considerations and more expressly, the outlook for base rates, the shape of the interest rate curve and bond market yields. Over this first phase, we saw bulls and bears evenly matched. In late October, the outlook changed in response to central bankers' more positive comments about the success of monetary policy tightening and the deceleration of inflation. Markets began to price in an expectation of a large number of base rate cuts and this supercharged our sector. Between 27 October and the end of the calendar year, our benchmark gained 31%. This illustrated not only how far investors view our sector as a play on interest rates but also how 'under-owned' the sector was. As investors returned from the Christmas break, expectations about the speed of base rate cuts began to weaken. The number of anticipated cuts reduced and the expected commencement date drifted out of the short term. This led to a correction of over 12% between the beginning of January and the end of February. As we headed into the last month of the financial year, the dovish commentary from the central banks was reiterated. We saw the first interest rate cut from the Swiss National Bank whilst the Bank of England laid the groundwork for potential cuts, given the inflation data. Meanwhile, the ECB also highlighted the month-on-month slowing of inflation, helped by lower energy costs.

Though the financial year ended positively, it is abundantly clear that the performance of real estate equities remains – at least in the short term – heavily dependent on interest rate expectations. The renewed bout of nervousness (around the path of interest rate reductions) in January and February reminds us of the sector's sensitivity. However, and quite crucially, the underlying market fundamentals in so many of our sub-sectors are positive and the rest of this report will focus on why we look to the future with confidence.

Benchmark Performance



If investors focus solely on the macro then they will undoubtably miss out on the micro. Where market fundamentals are sound (i.e. rental growth is in evidence) we have seen value appearing in a large number of well-financed companies, particularly where share prices trade at deep discounts to asset values. We were not alone in seeing such opportunities and the year under review saw a large amount of M&A activity, particularly in the UK. The new financial year was only just underway when on 3 April 2023, Industrials REIT announced that it had received a cash offer from Blackstone at a 40% premium to the previous closing price. Importantly, this was also a 17% premium to the last published NAV. The Company was the largest shareholder (11.2% of the issued capital) and we had been long term supporters of the management team and their strategy. They had been at the forefront of bringing property management into the digital era. It is a textbook example of where the value-adding skills are not priced correctly by public markets. The sale was bittersweet: whilst the positive impact on the Company's valuation was welcome, it meant the loss of a well-run business, exposed to one of our most favoured sub-sectors -multi let industrial.

Alongside the sale of Industrials REIT to Blackstone, we saw another US behemoth, this time a $36bn market cap REIT, Realty Income, acquire all of Ediston Property's assets for cash. Ediston had switched from being a diversified investor to one focused entirely on retail warehousing. Alongside multi-let industrial and wider logistics property we are positive about value growth in this sector, hence our exposure. We had steadily built the position and owned over 16% of the company at the date of the announcement. This is another example of undervaluation by European public markets, with a more highly rated US REIT able to take advantage. Realty Income is valued on an earnings basis rather than a discount/premium to asset value – and it has successfully raised equity on multiple occasions to take advantage of depressed asset prices.

The next deal of note was a little different, with LondonMetric Property (market cap £4bn) using its more highly rated paper to acquire CT Property Trust ('CTPT'). We owned 10% of CTPT and have been a longstanding investor in LondonMetric so we were happy to support the deal which also saw a 25% gain in the CTPT share price on the announcement. Given this was an all-paper acquisition, this gain reflected the difference in the valuation of the respective companies. As we have seen on so many occasions, small companies continue to suffer wider discounting. I have written many times on the need for amalgamation and it remains a pressing requirement amongst our smaller companies. Ironically the latest tie-up to complete was not between two small caps but between two of the larger names, LondonMetric and LXI REIT. LXI was an externally managed REIT specialising in long income assets and itself was the product of the merger with Secure Income REIT in 2022. Like LondonMetric's deal for CTPT, this was also an all paper 'NAV for NAV' deal but with some adjustments to reflect the cancellation of an egregiously long management contract term for LXI (five years which resulted in a break payment of £30m to AITi, the departing manager). LondonMetric, our 5th largest holding, has performed well through both these mergers and with a market cap close to £4bn is now larger than British Land (where the former's CEO cut his teeth 20 years earlier).

Not all the year's corporate activity followed the expected path. An agreed merger between two small companies we did not own, Custodian REIT (market cap £330m) and Aberdeen Property Income (£185m), failed to get the necessary shareholder support. We think this is a shame as the alternative – a managed sale of the assets – rarely produces a satisfactory outcome, due to the time taken and the price achieved for a given portfolio's 'tail' of weakest assets.

Meanwhile, the recently completed takeover of UKCM by Tritax Big Box has been flagged in the Chairman's Statement and is further reviewed under the Responsible Investment section of this report. The all-paper offer valued UKCM at a 12% discount to its last published NAV based on the respective share prices at the date of conversion. Given the quality of the assets and the very attractive debt book (LTV of 25%, 3.2% fixed price debt) we remain disappointed that a more comprehensive strategic review and marketing exercise was not undertaken, given the last published NAV of 78.7p. However, our average UKCM entry price of 57.5p (purchases between August 2023 and January 2024) and the share price of 72.0p on 2 May (the EGM date) offers some comfort, in that it shows our prediction of M&A activity involving this company was correct.

Performance Attribution

Reviewing our performance attribution, it is no surprise that our exposure to much of this M&A activity was a key contributor to performance. Whilst the Industrials REIT transaction was the largest driver of relative performance, our general overweight to this sector was also key. Our exposure to a number of logistics focused names, particularly the more fleet of foot smaller Continental European names such as Argan (total return +26.4%) and Catena (total return +39.2%) which have significant, value-adding development pipelines relative to their size. Our overweight's towards European retail, such as Klepierre, were also important contributors. We remain positive about businesses with high earnings if we feel confident about the sustainability of that revenue. In the UK the performance of the diversified group (which includes LondonMetric and LXI) saw returns driven by these two names (now amalgamated). This group also included Regional REIT, not a stock which the Company has ever held, which was the poorest performer (total return -54.5%) across our universe. A poster child for too much leverage in a sector facing huge challenges (regional offices) and an imminent debt maturity which will result in some form of comprehensive refinancing. Given the general negativity towards offices, it may come as a surprise that amongst our top 10 performers was Sirius (total return 35.3%) which owns business space in Germany and the UK. It is a good example of investors staying loyal to a stock if management can show robust earnings and a path to growth. In this case strong capital recycling and generative acquisitions continue to drive returns. Similar to Industrials REIT, we think this is another case of asset management skills being undervalued by the market.

In the residential space, it was very much a case of one step forward and one step back from a relative valuation perspective. This highly interest rate sensitive sector had a terrible 2022 and first half of 2023 but enjoyed periods of strong returns thereafter, particularly the last quarter of the calendar year. In Scandinavia, our positioning was correct, owning Balder in Sweden (total return +85.1%) and not owning Kojamo in Finland (total return +1.2%). The bulk of the listed residential focused companies are still German. Whilst our largest absolute position, Vonovia, produced a total return of +65.7% we were generally at benchmark weight or slightly under. Large caps, such as Vonovia, are very much viewed as bund proxies and the much anticipated, potential rate cuts drove share prices upwards, particularly in the last quarter of the calendar year. However, our largest relative position was Phoenix Spree Deutschland, a micro-cap (market cap £133m) which produced a very disappointing -18.6% total return and entirely missed the rate driven rally. Berlin apartments are an attractive long-term store of value given the supply/demand disequilibrium. Ironically where these apartments have the right to be sold on a long leasehold basis (as opposed to short letting on a regulated rent basis) they are more valuable empty than let; 75% of Phoenix's portfolio has this valuable permit. This offers a crucial long-term valuation underpin. Phoenix's board have highlighted a reinvigorated sales process and we expect the company to continue to reduce its leverage through sales. It is externally managed and the contract has a continuation vote in July 2025. Management is therefore fully incentivised to deliver.

Healthcare was the largest sector underweight, both in Europe and the UK. The former is dominated by elderly care where a number of operators have experienced financial difficulties. In the UK, the largest names are in the primary care sector and here the issue is not one of covenant risk (the tenant is directly or indirectly the NHS) but the lack of rental growth. Assura delivered a total return of -6.8% and PHP slightly better at -0.5%.

Offices remain the most challenging sector and there is more detail later in the report. We had no exposure to the London developers (Derwent London, GPE and Helical) which all produced negative returns in the year. We preferred Workspace (total return 23.7%) which provides serviced offices and workspace across the capital and, following the 2021 acquisition of McKay Securities, further into the South East. The majority of our office exposure is to European cities particularly Paris (through Gecina), Madrid (through Arima) and Malmo/Gothenburg (through Wihlborgs). Paris CBD continues to benefit from a shortage of prime office space with lower levels of remote working than London. As I have commented on previously, smaller cities with shorter average commute times, have experienced much higher levels of office occupancy and this is reflected in rent stability. Arima (market cap €176m) develops and refurbishes prime offices in the Madrid CBD and has had a successful year in both selling (8% of the portfolio) and leasing (the largest refurbishment). However, the size of the company means that it is too small for institutional ownership. The total return of -21.4% made it our worst performer over the period. Arima has a modest buyback programme which it will need to accelerate or face shareholder activism. The shares trade at a 40% discount to the last published NAV.

Offices

Sentiment towards the office sector remains extremely negative. The subsector is caught in a perfect storm of weakening occupancy fundamentals (with the true impact of 'working from home' still filtering through many markets) and growing capital expenditure requirements (to meet the needs of an increasingly demanding occupier base and green agenda). Low transaction volumes had hampered pricing visibility which compounds the issue, as investors struggled to envisage the valuation inflection point.

Dramatically increased construction costs alongside an unstable rate outlook have resulted in both development and standing assets in the sector being viewed as simply uninvestable by large parts of the international investor base. The largest cohort of global real estate investors originate in the US and their home market has been particularly badly hit. Cushman & Wakefield reported that the vacancy rate in Manhattan hit an extraordinarily high 23% in March 2024.

Our view on European offices is more sanguine, though a level of pessimism is certainly warranted. Savills estimates that average vacancy across Europe is c.8.4% (+60bp year-on-year). Whilst all London office markets collectively report c.9% vacancy, averages are a dangerous metric, with large variations across the capital. The listed players are much more exposed to the West End where vacancies are c.4% than the City at c.12% and have little or no exposure to Docklands where vacancy has hit 17%.

Rental growth, which might be assumed to be weakening dramatically given softening occupier demand, has also in fact remained remarkably robust, as demonstrated by Great Portland Estate's (GPE's) upgrade of its prime office ERV guidance at its September 2023 interim results from a range of +3-6% to an increased top end of +3-8%. We put this unusual phenomenon down to the ongoing bifurcation in the sector – the growing separation between "the best and the rest". We are therefore selectively overweight certain office names, such as Gecina, where we believe the company has best in class assets and is exposed to strong submarkets. Given the wider risks to the sector this is not, however, enough to make a compelling equity case on its own; Gecina's balance sheet is also solid, while the outlook for its earnings is strong given indexation and reversion capture to come. Without these elements, and absent other catalysts, we struggle to see how some office players will close their discounts, which explains our underweights in Stockholm offices (at its fourth quarter 2023 results Fabege demonstrated negative lease renegotiations of -3%) and London offices. GPE's earnings are set to drop dramatically in the coming years as debt refinanced at market rates wipes out underlying rental growth.

In certain places we believe overly-bearish views of offices has led to mis-pricing and created opportunities, however these are rare. In each instance they require the wider equity case to have other attractive features. Once such stock is Picton where we believe the market's focus on its offices (29% of the portfolio) has led to the shares being materially oversold (c.30% discount to net tangible assets). Given our comfort with the very high quality of the remainder of the portfolio (59% industrial), the strong balance sheet (28% LTV with no near term refinancing needs) and management actions to extract maximum value from its offices (such as the sale of Angel Gate for £30m after securing residential planning consents on the asset) we believe it is only a matter of time before the market realises the attractions of the stock.

Retail

The difference in investor sentiment between offices and retail continues to feed through the IPD/MSCI data. For the 12 months to March 2024, London offices fell 13.5% and Inner South East fell 20.7%. UK wide retail was down just 6.8% with shopping centres just 4.7% similar to retail warehousing at 4.9%. Essentially, rental values in retail property have broadly completed their rebasing. Tenants have right-sized their portfolios for an omni-channel engagement with customers; and fewer (generally larger) stores but also an understanding that the physical presence is very much part of the customer experience.

Convenience remains critical for the consumer ('time is money') and the easy-to-access edge of town retail parks and shopping centres are seeing improving footfall data. They are beginning to show rental resilience and yield stabilisation. UK shopping centres collectively saw a positive total return of +4.2%. The last time we saw a positive capital return from this sub-sector was 2015. Whilst we have modest exposure to retail in the UK (following the sale of Ediston to Realty Income), we do have considerable exposure in Europe through Klepierre and Eurocommercial. These businesses offer not only high levels of occupancy but crucially stable occupancy cost ratios which combines all the tenant's overheads (rent, rates and service charge). Controlling an inflating service charge has been particularly difficult in the last year or so and these companies have done a good job at maintaining affordability for their tenants.

In the half year report I referenced outlet malls as a sub-sector seeing strong recovery and this has been illustrated by Hammerson's receipts from Bicester Village and its European malls where it owns minority positions in a complex ownership structure. The company has identified these assets as non-core but with only partial ownership its hard to see who the buyer will be. Elsewhere, owners such as Landsec at Gunwharf Quays (Portsmouth) have enjoyed robust sales growth. Despite the recent increases in the cost of living, UK retail sales (year on year to February 2024) have shown modest growth with grocery the top performer (4.4% annualised). Wage inflation has helped underpin consumer confidence, alongside job growth and stubbornly high numbers of job vacancies providing security to workers.

Industrial/Logistics

UK take up in 2023 was 21m sq ft, 36% lower than the record year of 2022. Whilst this looks worrying, it is still above the pre-pandemic trendline (2013-2019). Grade A availability in big box logistics is 30% higher than a year ago at 36m sq ft, pushing vacancy up to 7.1%. Encouragingly the fourth quarter of 2023 was the busiest quarter of the year. As always, the devil is in the detail with some markets in a better position than others: East Midlands, for example, has only 12 months' supply. This increase in vacancy has slowed rental growth. It remains healthy at 7.8% but is less than half the pandemic (2021) spike of 17.8%. Large regional variations persist with London recorded just 3% rental growth as the very high absolute rents point to an affordability ceiling.

According to JLL, Continental European take-up in 2023 was 24.5m sq metres, 26% down on the previous year and below the records of 2021/2. However, it is still the fourth highest volume on record and greater than the average across 2016-2019. The conclusion we have drawn is that the structural tailwinds (highlighted in many previous reports) are still supportive, but the supercharged pandemic induced period has reverted to more normal growth. Manufacturing driven take-up remains very robust as businesses continue to de-risk their global supply chains through diversification of sources and near-shoring. Vacancy has crept up to 4% from the 2.9% record low recorded in Q2 2022 but this figure remains a healthy one ensuring rental growth continues. Weighted European average prime rental softened to 7.8% in 2023, well below the record in 2022 but still above the 5.9% average (2018-2022). In addition, 70% of the existing stock is more than 10 years old and unlikely to comply with energy performance and ESG standards. This offers more opportunity for developers.

The sector continues to be the top of investors' buy lists but given the rental growth outlook, yields remain below the cost of borrowing. The rapid rise in interest rates has cooled demand and whilst turnover was a healthy €26.3bn it was down 40% on the previous year. The Nordics and Spain saw volumes decline significantly whilst Germany, somewhat surprisingly was a bright spot equalling the 2018-2022 average.

We remain confident that the adjustment to sellers' expectation is well underway as transaction volumes fall. Given the positive underlying market outlook we expect buyers to view those price adjustments as entry points rather than expecting the knife to drop further. At 4.9% the average European prime logistics yield has returned to late 2017 yield, an attractive entry point in our view.

Residential

Unlike the rest of Europe, the UK (ex Scotland) and Finland have no residential rent controls. This has led to dramatic rental increases particularly in locations with acute supply shortages. Both the 'build to rent' UK listed companies, Grainger (multi family housing) and PRS REIT (single family housing) have seen like-for-like rental growth of 8% and 11% respectively. Private landlords are discouraged through the loss of tax breaks, high regulation and stiffer eviction criteria. In addition, tenants prefer the certainty of an institutional/corporate landlord. Interesting analysis from Savills and Experian highlights that tenants will relocate further from their previous accommodation if moving into new 'build-to-rent' ('BTR') as opposed to another privately owned home.

Between 2011 and 2019, BTR investment averaged £2.5bn per annum. Since 2019 this has steadily increased and reached £4.5bn in 2022 and 2023. The total UK BTR stock is now over 100,000 units built with another 165,000 in construction or planning. This total of 265,000 has been growing at 4% per quarter for several years. However, that rate of growth is rapidly diminishing with a dramatic reduction (31%) in the detailed planning application stage versus a year ago.

Helsinki has been a textbook case of over development in one market. Lessons for investors can be observed, particularly for smaller regional cities (on a par with Helsinki) where BTR is focused on flats rather than suburban family housing. Temporary market saturation will occur.

In the remainder of Europe, we continue to see various forms of rent restrictions (Germany being the most draconian) which leads to disequilibrium driven by under development. With build costs mounting and rental increases based on historic inflation, returns from development remain less than appetising. Whilst regulated rents are an intended social good, they inexorably lead to their own inequality with long waiting lists and inefficient use of accommodation, with many under occupied units. Our own assessment of the value of Phoenix Spree's portfolio highlights the value-add opportunity of selling vacant apartments. Our investment thesis is also supported by the 6% increase in regulated rents.

Alternatives

The largest constituents of this group in our listed universe are purpose built student accommodation ('PBSA'), self storage and healthcare (generally split into primary and elderly/nursing). Over the last year, the clear winner was PBSA, followed by self storage and then healthcare. PBSA continues to benefit from growth, both domestic and foreign. The demographic dip (fewer students turning 18 years old) has now passed. Unite (the largest listed provider in Europe) reaffirmed their guidance of 7% rental growth for this year. We participated in their offensive capital raise in July. A large amount of PBSA is owned by private equity firms such as Blackstone and Brookfield. We would expect these types of investors to consider public markets as a potential exit route for their PBSA portfolios.

Self storage has had a poorer period of performance. Essentially the post pandemic slowdown on both occupancy and rate growth has materialised. Whilst this was foreseen (the pandemic rates of growth were unsustainable) and we reduced exposure (we owned Safestore but not Big Yellow or Shurgard in the year) the negative share price response has been greater than expected as the cost of living and inflationary pressures added to reduction in (discretionary) spend in this sector. The more positive point was that we were underweight the group relative to the benchmark. Last month, the UK's Self Storage Association (together with Cushman & Wakefield) reported a sector revenue milestone of +£1bn, however occupancy was at 77%, the lowest since 2019.

The poorest performer was healthcare. I have commented on this area earlier in the report, but the figures are quite stark particularly for the Continental European companies which have suffered from concerns around operator affordability and oversupply of beds in some submarkets. Ironically, whilst the listed companies have suffered poor returns given these operational headwinds coupled with balance sheet issues, the asset class has enjoyed high levels of investor interest as prices have corrected. Investors with longer time horizons see the demographic opportunity (e.g. the Netherlands will see the retired population increase by 25% by 2032). It is an important sector. The European care home market was worth €115bn in 2022 with 40% in the private sector. Highly fragmented, it offers higher yields than traditional residential or PBSA due to regulation and operator risk through thinner margins. Private equity backed operators dominate (half of the ten largest providers are private equity owned) and this has led to affordability issues where operators have taken on more debt whilst margins have been squeezed through higher wage bills.

Debt and Equity Markets

Unsurprisingly, debt and equity markets remained subdued throughout the year as margins continued to widen. EPRA analysis highlights the dramatic change in volume and pricing. In 2021, total debt issuance by pan European listed property companies was €20.9bn at a weighted coupon of 1.1%. In 2023, the volume had dropped to €6.7bn and the average rate was 5.1%. The better news is that across all real estate listed bonds only 10% require renewing in the next 12 months.

It is important to note that these figures relate to new debt issuance. There has of course been a large amount of restructuring, extending and renegotiation, often leading to borrower protection through caps and swaps.

Equity raisings have also been few and far between: just €3.3bn in the first nine months of the financial year. This was followed by an encouraging acceleration in Q1 2024 with €1.4bn. All the accelerated book builds ('ABB') were in businesses trading close (or at a premium) to NAV and were focused on just three sectors. In the logistics/industrial space it was Catena and Sagax in Sweden, Montea and WDP in Belgium, and Segro in the UK. At £900m (upscaled from the original £800m) the Segro raise was the largest ABB in listed property company history and the market took the raise very positively. Self storage, with raises from Shurgard and Big Yellow, totalled £400m and post the year end brought news that Shurgard had made an unexpected cash bid for Lok n'Store (market cap £370m). The final sector trading at a premium is PBSA and Unite raised £300m at a 2% discount to build out its development pipeline.

In addition, there were a number of discounted rights issues which were in most cases driven by a need to restructure the balance sheet. Much of this work took place in 2022 and the first quarter of 2023, so in the prior financial year. Sweden, as previously reported, has suffered greatly from too much leverage, particularly short duration debt. Most of these companies have had to suspend dividends and in some instances also raise capital to shore up their balance sheets. Castellum is one such culprit and had to carry out a SEK10 bn, deeply discounted, raise. I have already mentioned the problems that European healthcare is facing and it was the largest player Aedifica – whose share price had fallen from €100 per share in August 2022 to €60 per share by June 2023 – that also carried out a deeply discounted capital raise at an ex-rights price of €52 per share.

Investment Activity – property shares

Portfolio turnover (purchases and sales divided by two) totalled £460m in the year, in line with the previous year in absolute terms (£477m). With average net assets over the year of £1.0bn, turnover was 45% of net assets, higher than the previous year's figure of 40%. This was a function volatility in the year, the high level of M&A activity (where whole positions were liquidated) and the significant amount of capital raised by companies we own.

I commented at the half year that when comparing our 10 largest overweight and underweight positions (versus their respective positions in the benchmark) 15 out of 20 stocks were the same at the end of each reporting period. In addition, two of the others were Industrials REIT and Ediston which were taken private for cash. Given that our sector traded in a tight (12% peak to trough and back again) range between April and October it is little surprise that I did not reposition the portfolio aggressively. Stocks were not being rewarded for their fundamental positioning for rental growth or development opportunities. Instead, it was all about the direction of macro economics and more particularly interest rates. The one area, in the first half of the year, where we did make significant changes was Sweden. With stressed balance sheets this group of stocks had suffered badly in both the first and second quarter 2023 correction. From the February peak to June low point, the Swedish component of the benchmark had fallen 33%. We participated in the Castellum deeply discounted capital raise as well as adding to Sagax (diversified but with a focus on industrial), Pandox (hotels) and Catena (logistics). In the last quarter of 2023, as the market got behind the expectation of more interest rate cuts than previously forecast, we doubled our holding to the most interest sensitive name, Balder. We continue to avoid others that have impaired financial structures, such as SBB and Corem.

Alongside buying back into the more interest rate sensitive names in Sweden, we also added to some of our German residential names. Again, this sub group has a very high correlation to bond yields. Whilst we have a large position in Phoenix Spree Deutschland, this tiny company (market cap £134m) is too small to attract investors who are playing the change in the shape of the bund curve. As a result, we need to own larger names such as Vonovia to capture that sensitivity, hence maintaining the name as our largest absolute position.

I also highlighted in the half year report our continued increase in exposure to European shopping centres where our longstanding positions in Klepierre and Eurocommercial were augmented by buying Unibail. This subsector offers high earnings yields and diversified income streams operating in multiple European markets and in dominant locations.

Whilst our industrial exposure dropped with the sale of Industrials REIT, I continued to add to Argan, our preferred French logistics names. It is an illiquid name given that the founding family owns half the equity. Back in March 2023 the stock entered the FTSE EPRA Nareit Europe Index and we sold 50% of our position into that liquidity event. In the first half of the year, we slowly reacquired the stock at 10-15% lower prices. This process continued in the second half and the position has doubled over the year. Elsewhere we added substantially to three other small industrial / logistics names: Catena in Sweden (tripled exposure), Montea (75% increase) and Tritax Eurobox (doubled exposure). In the latter case, the investment thesis is different to the others. Eurobox is an externally managed portfolio of disparate logistics assets across Europe. The balance sheet is stretched but there are buyers for the individual assets. This should be a portfolio break up and is a very different proposition to our other positions which are much stronger entities with articulated growth paths. We aim to support the growth of all our companies but occasionally there are sound reasons to drive share price returns through M&A activity.

Within the office sector, as highlighted earlier we remain very nervous, particularly with the London developer names. We sold down most of the GPE position in the first half and in the fourth quarter rally, we completed the sale of the remainder alongside our holdings in Derwent London and Helical. Workspace remains the only pure office play and other prime London office exposure is through Landsec. The evolution of serviced and managed office space, where tenants outsource all (or most) of their occupational requirements, is certainly the market direction. Workspace is essentially a service provider and we are pleased with the announcement of a new CEO. In Europe, we have focused on the best quality assets through Gecina (Paris) and Arima (Madrid) alongside smaller cities such as Wihlborgs (Malmo). Alongside Workspace, the flexible office provider we maintained our holding in is Sirius, which owns regional business space in Germany and the UK.

The reduction in self storage exposure has already been covered. The reduction in European healthcare exposure was driven by perceived operator risk. In the UK, our concerns were not covenant focused as Assura and PHP are directly or indirectly funded by the NHS. The concern was the low level of topline growth with the Valuation Office (essentially the Government's rent negotiator) digging in its heels and holding rental growth below inflation, hence the reduction in our Assura position.

Physical Property Portfolio

The physical property portfolio produced a total return of -0.7% made up of an income return of +4.9% and a capital return of -5.6%. This compares to the total return from the MSCI Monthly physical property index of +0.8% and a capital return of -5.5%.

It was a busy year in the physical property portfolio with the sale of the commercial part of the Colonnades for £33.5m, reflecting a net initial yield of 6.6% and a capital value of £550psf. Shareholders will remember the residential element was sold in 2022 for £5m. The Company owned the Colonnades for 25 years, transforming it from an unloved, poorly configured parade of shops into an important local centre with a 44,000 sq ft Waitrose and 16,000 sq ft of ancillary retail including a restaurant, gym and soft furnishings store. The proceeds will be reinvested into direct property and we are actively sourcing new opportunities.

At our industrial estate in Wandsworth, southwest London, we have commenced a comprehensive refurbishment of the units on a phased basis. The aim is to produce best in class, light industrial units which will be net zero carbon 'in-use'. The units will be completely flexible and will provide a wide range of users with high quality, functional space with excellent sustainability credentials. The proximity to central London, alongside excellent road and rail communications, will hopefully enable us to achieve new market rental levels for this type of space in the capital London.

In Gloucester we have let two more units to Infusion who occupy the other three units on the estate. The tenant, a successful tea packaging business, won a new contract which required an extra 25,000 sq ft. Through good tenant communications we were able to surrender surplus space on the estate, relet to Infusion and secure a 15% increase in the rents, setting a new record level for the estate.

Revenue and Revenue Outlook

The fall in revenue for the year was anticipated when we reported last year and flagged in last years' annual report and commented upon further at the interim stage.

Progress has been made by companies reducing their debt and strengthening their balance sheets, as a result we are seeing the German and Scandinavian companies, which suspended their dividends, return to making distributions. Some of these are not commencing immediately and quantum's are still not certain. In many cases, initially at least, they will be at a lower level than pre-suspension.

The tax rate for our revenue account increased for a number of reasons. First and foremost, the headline rate of corporation tax increased from 19% to 25%. Secondly, our income mix changed, weighting more to income which is taxable in our revenue account. Finally, our average withholding tax rate also increased as some of the jurisdictions where we saw reduced income were ones where historically we had incurred lower rates of withholding tax.

It is prudent to assume this higher tax charge going forward and together with lower distribution rates from some of our companies, we expect it to take time for earnings to return to previous levels. We expect the recovery in earnings to accelerate when interest rates are lowered but obviously the timing of this is difficult to predict.

The Company has recorded excellent long-term growth in distributions to shareholders of almost 8% per annum over 10 years. The Company has significant revenue reserves. The Board is happy to supplement the dividend from revenue reserves although growth will be at a more subdued rate for a while.

Gearing and Debt

The gearing over the year reduced, although due to interest rate increases the overall cost of debt increased. We are seeing increased margins being quoted on some credit facility renewals and this has resulted in us reducing the number of debt providers for the moment. However, we have a number of ways to access gearing in addition to the traditional revolving credit facilities. Fixed rate loan notes were taken out in 2016, Eur 50m (at 1.92%) maturing in 2026 and £15m (at 3.59%) maturing in 2031 and the use of Contracts for Difference also introduces gearing. We are confident that we have access to adequate levels of gearing to service any portfolio management requirements whilst maintaining a high degree of flexibility.

Outlook

In the Half Year Report in November, I highlighted both the closure of many of the remaining open-ended, daily dealing, direct property PAIFs (property authorised investment funds) and the ongoing attraction of liquid exposure to real estate through equities. In January, the manager of the largest remaining PAIF announced conversion to a hybrid model, a mix of physical property and property equities. Further vindication that real estate equities are the solution to those seeking liquid exposure to the sector. However, liquidity comes with market size and we welcome further consolidation in the sector, creating fewer but larger companies which will hopefully lead to more investor appetite. This has begun to happen but there remains more opportunity in the sector.

The ebb and flow of investor sentiment towards our corner of the equity market remains a frustrating feature. The focus must now turn to the underlying demand and supply of good quality real estate which remains, in most sectors, in a state of positive disequilibrium. Our portfolio positioning reflects our strong belief in this rental growth. The number of sub-markets and geographies where we see this organic growth is broadening. Those businesses with the right capital structure are in a good place to take advantage of these opportunities.

Post the year end, there has been yet another piece of M&A activity. Arima (market cap €236m) is a specialist Madrid office investor /developer who has bucked the trend with a string of letting transactions on new and refurbished CBD buildings. The share price had failed to respond given the small market cap and its focus on an unloved sub-sector, regardless of how well the management team had performed. On May 16th the board announced a cash bid (from a local property fund backed by a large Brazilian bank) at a 39% premium to the previous closing price. We were the second largest shareholder (8.1% of issued equity). Yet another example of the equity market undervaluing a well managed, listed property company – a topic we have written about many times. We will continue try and identify these opportunities given the Company's ability to hold illiquid positions.

Marcus Phayre-Mudge
Fund Manager
7 June 2024

Responsible investment

Introduction

The Board recognises the importance of considering Environmental, Social and Governance ('ESG') factors when making investments and in acting as a responsible steward of capital. This covers the Company's own responsibilities on governance and reporting and through responsible ownership of the investments that are made on its behalf by its Portfolio Manager (the 'Manager').

1. The Company's own approach to Corporate Governance and Reporting

Maintaining a high level of governance and disclosure in the Company's own operations and reporting is extremely important. Our Manager is encouraging and supporting this from the companies in which we invest and we cannot fall short of these standards ourselves.

The Company's compliance with the AIC Code of Corporate Governance is detailed in the Corporate Governance Report on page 47.

Under Section 414 of the Companies Act 2006 there is a requirement to detail information about employee and human rights, including information about any policies in relation to these matters and the effectiveness of these policies. As the Company 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 114, comply with the provisions of the UK Modern Slavery Act 2015. These are principally professional advisers and service providers in the financial services industry, consequently the Board considers the Company to be low risk in relation to this matter.

The Board meets the FCA Listing Rules targets on diversity and inclusion. The Board's diversity policy is outlined in more detail in the Corporate Governance Report.

The activities of the Nomination & Remuneration Committee in relation to Board changes are referred to in the Nomination & Remuneration Committee Report on page 53.

The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports Regulations 2013). Investment trust companies are currently exempt from reporting against the Task Force on Climate-Related Financial Disclosures ('TCFD'), however, the Financial Conduct Authority ('FCA') has published regulations that require the Company's Manager, as its Alternative Investment Fund Manager ('AIFM'), to report against TCFD at both the AIFM and product level by June 2024. Therefore there will be a TCFD disclosure specific to the Company's portfolio available after 30 June 2024, which will be published on either the Company's or the Manager's website. The Manager has produced a report on its overall climate change approach, which is structured using the TCFD categories and is available on its website.

2. Our Portfolio Manager's Approach to ESG

Our Portfolio Manager's primary duty is to pursue the objective set out at the beginning of this annual report, which is to invest in property and property related companies with the objective of exceeding the returns of our benchmark.

The Company has not set out to be an investment fund with any ESG or sustainability characteristics, however, as a long-term investor, governance and sustainability considerations are embedded in our Manager's investment process. ESG risk assessments and considerations are factors which can feed into the investment decisions taken by the Manager. This reflects the belief of our Manager that investee companies that have strong governance combined with a responsible approach to social obligations and the commitment to protect the environment can help enhance shareholder returns in the long term.

In the part of the portfolio that is invested directly into commercial real estate we endeavour to "practice what we preach".

LISTED EQUITY PORTFOLIO

As a dedicated investor in the property sector our Manager does not have to consider some of the more controversial areas of what is ethical investment. However we are investing in buildings where construction and ongoing management have a direct impact on the environment. All property is in some way delivering a social purpose. Modern building practices are very much more focused on reducing energy consumption and efficiency than in the past. Properties have varying lifespans but are built for the long term. Older buildings which are less energy efficient than their modern counterparts are a fact of life, their replacement has wider environmental and social repercussions as well as huge cost implications. They are going to form part of the investible universe for the foreseeable future and their efficient improvement and management is just as important as ensuring new developments follow the highest possible environmental standards. Although older buildings will most likely show inferior "scores" to their more modern counterparts on a number of environmental measures, we are looking for demonstration of best efforts by issuers to improve these measures, recognising that there will be limitations on what can be achieved but wanting to see a positive direction of travel.

There are two fundamental considerations to investment in property companies: the assets themselves and their management. The Manager seeks to invest in long-term assets which are managed by quality teams in a well governed corporate structure. As a result, there has been a long-standing and strong culture of stewardship in the Manager's investment approach. The Manager believes that engaging with companies is best in the first instance, rather than simply divesting or excluding investment opportunities. However, there are instances where governance matters have driven a decision not to invest in a company. As one of the largest teams investing in pan-European real estate equities, our Manager meets with a significant number of management teams of investee and potential investee companies each year and has a robust record of engagement, with an agenda of reducing risk, improving performance and encouraging best practice. This is augmented by the strength of Columbia Threadneedle's Responsible Investment team and its broader engagement. Over the course of the year, our management team participated in 250 individual or group meetings with companies and their management teams.

The Manager continues to incorporate new procedures and ways in which information is gathered and used to support their engagement with companies on ESG matters.

Corporate Governance disclosure requirements have increased transparency enormously in recent years and enabled closer scrutiny and engagement on Governance issues for some years. Environmental measures are widely reported, with formal disclosure requirements being placed upon our investee companies, the Manager is more readily able to scrutinise other measures such as climate change and sustainability policies and outcomes.

However, the Board and Manager are still of the view that the ESG rating industry and its approach and processes has significant limitations, making it difficult to draw true comparisons and make fully informed decisions. The assessments from the various data providers reach different conclusions as they do not all score in a consistent way. Some of the assessments are subjective and different data providers have different definitions and criteria.

This may eventually converge into some form of consensus or standardisation but it still has a way to go. Conceptually, making ESG comparisons between companies and portfolios appears simple, but it is actually rather complex and it is important to ensure that valid comparisons are being made. As the shortcomings are being uncovered and the different approaches highlighted we hope that this will put pressure on the data providers to improve the quality and clarify the basis of their analysis. The data services are subscribed to so have to be fit for purpose.

Our manager's own company database covers financial and operational information together with extensive modelling. ESG data is being collated alongside this, having noted the shortfalls above allowing comparisons to be made between the various data sources for a single company and interrogated rather than relying on high level "scores". Interactions with companies on ESG matters are noted and progress, or otherwise, can be tracked more efficiently.

The Manager is dedicating direct resource to the analysis of the information available and also has the benefit of input from its Responsible Investment Team. This aims to improve the Manager's ability to engage with investee companies on environmental matters and assist in the consideration of ESG factors as part of overall investment analysis.

Governance

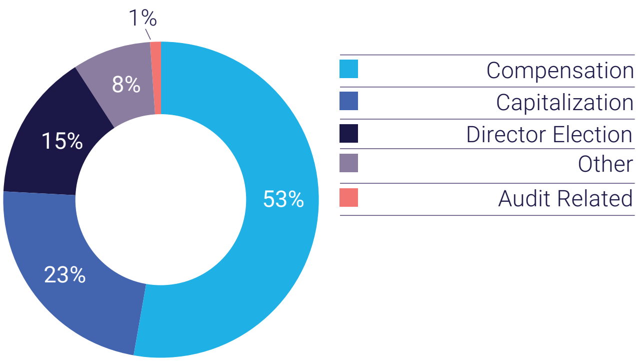
Governance covers matters such as board structure; effectiveness, diversity and independence, executive pay and criteria, shareholder rights and financial and governance reporting and standards.

Exercise of Voting Power and engagement

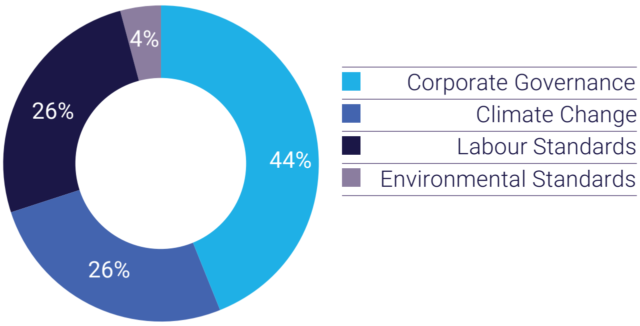
The Manager has a corporate governance voting policy which, in its opinion, accords with current best practice whilst maintaining a primary focus on financial returns. The exercise of voting rights attached to the portfolio has been delegated to the Manager. Where practicable, all shareholdings were voted at all company meetings in the financial year in accordance with Columbia Threadneedle's own corporate governance policies. This ensures that a strong, consistent approach is taken to proxy voting which backs up and reinforces engagement, takes a robust line on key governance issues such as executive pay and integrates consideration of environmental, social & diversity issues and sustainability practices into the voting process.

Columbia Threadneedle's Stewardship Report 2023 provides more information on its firm-level stewardship policies, as well as how these comply with the expectations of the UK Stewardship Code 2020 to which the Manager is a signatory. Its statement of compliance can be found on the website at https://www.columbiathreadneedle.com/en/.

During the financial year, the Manager voted against at least one management proposal at 55% of shareholder meetings. This represents 12% of total items voted. Of the items voted against, the proposals can be broadly categorised as follows:



For the year, the Manager engaged with 10 companies directly on a range of ESG related matters. These engagements were conducted at both the board and senior executive level as well as directly with investor relations. Topics of engagement were split as follows:



As highlighted in the Manager's Report we actively engaged not only with the boards of both Tritax Big Box and UK Commercial over their corporate transaction but also with the Takeover Panel. We explained in detail, our governance concerns centred on the commercial arrangement between the third party manager of both these vehicles and the largest shareholder of UK Commercial. We felt strongly that the board of UK Commercial had failed to complete a comprehensive strategic review. The Chairman of UK Commercial clearly also had reservations about the process and abstained from voting in favour of the transaction.

Social
All buildings have a social function, providing places to live, work, eat, shop, store etc. Management of buildings needs to ensure any social obligations to the occupants are met in terms of health & safety, employee management and wellbeing and commitment to communities. Most of these obligations are the responsibility of the tenant but our investee companies are obliged to report on matters affecting their own employees and such statements are considered.

Environmental
Environmental policies in the property sector focus largely on sustainability and climate change. Climate change is one of the defining challenges of modern times.

The management team have sourced data and research from several providers, including the Columbia Threadneedle Responsible Investment team, MSCI and Global ESG Benchmark for Real Assets ('GRESB').

The quantity and depth of data available in our sector varies greatly; the larger companies now have teams dedicated to providing environmental impact data and reporting. However many of our companies are small and do not currently have the resources to contribute data to the organisations providing analysis to the investor community. As a consequence, we see strong correlations between company size, maturity and overall scores. Since our investment strategy leads us to own focused mid-sized companies in preference to some of the larger diversified companies, the portfolio's overall ESG score might tend to be lower compared to the wider benchmark. We look at data from both GRESB and MSCI and provide data to GRESB on our own direct property portfolio. The rigour of our process ensures that these companies receive scrutiny by the team.

DIRECT PROPERTY PORTFOLIO

In the last Annual Report we set out our approach to ESG and our priority to improve our net zero carbon pathway, bringing it forward from 2050. Consequently, Net Zero Carbon has been fundamental to our ESG activity over the last year.

The key challenge has been ensuring that all net zero led initiatives strike a balance between being genuinely deliverable and also commercially viable. A lot of work has gone into identifying and exploring how this can be achieved and this report sets out the progress made.

Previous reports to date have been structured around three key pillars, namely Asset Energy Performance (Environment), Occupier Engagement (Social) and Operational Performance (Governance). These pillars are embedded into our Asset Management strategy and form our Core ESG Priorities. These core priorities are standard practice within both the asset and property management of the direct portfolio and will continue to evolve as we strengthen the ESG credentials of the direct property portfolio.

These priorities are captured through the integration of our assets into the wider community within which they are located and the maintenance of strong relationships with our local community stakeholders. We recognise that the built environment can only succeed with the support of a vibrant local community. By engaging with the local community both through our existing relationships, such as the Wandsworth Foodbank at Ferrier Street, and through new relationships we can continue to make a positive impact.

Governance continues to be structured through the Company's direct property portfolio's Sustainability and Social Responsibility Committee. By working in partnership with our property manager, energy consultant and other key partners we can define our overarching strategy and map out our approach to delivery. Quarterly meetings allow us to monitor our progress closely and identify any gaps whilst also ensuring full transparency on our proactive hands-on approach.

The progress over the last year has enabled us to declare with confidence that we can bring forward the current direct portfolio’s Net Zero Carbon priority from 2050 to 2040.

Core ESG Priorities

Core ESG Priorities have been fully embedded into the day-to-day management of the direct property portfolio. These feed into the business plans for each asset, shaping its strategy.

These core ESG Priorities detailed below will continue to evolve as progress is made.

Consumption Data Management

Having the ability to measure and monitor the utility consumption of each asset accurately is fundamental to gaining an understanding of the carbon intensity of the direct portfolio. It also means that we can work with our occupiers to set out how both Scope 1 and 2 emissions can be reduced.

Automatic meter readers ('AMRs') were installed on the landlord utility supplies at the Colonnades in June 2023. This means that 100% AMR coverage has been achieved on all landlord procured meters within the portfolio to monitor and mitigate excess energy usage. This has given visibility into consumption patterns and enabled informed adjustments to be made to cut carbon emissions and save on cost. Following the AMR installation at the Colonnades we were able to analyse the electricity usage. The installation of LED lights and timers within the common areas generated a 33% reduction in consumption over the year. This in turn has meant that prior to the sale, the asset was on track to be net zero and below the science-based priority (SBTI) by 2050.

At the IO Centre, Gloucester, analysis of the data collected from the AMRs flagged that there was unusual daytime electricity consumption. The energy management system on site flagged that the cause of this irregular consumption was the car park lighting which was on during the day. As a result of this timer sensors were adjusted, resulting in energy savings being achieved.

Whilst these interventions are small in scale they all make a positive impact on our carbon reduction priority and the cumulative effect of these interventions will strengthen our journey to net zero.

In addition to electricity data, over the last year the Company has started to collect water consumption data and now has coverage of 60% across the portfolio through water meters. This will help us get clarity on scope 3 emissions and, as a result of this data, opportunities to reduce water consumption and waste water have already been identified and implemented. At Gloucester water butts have been installed to harvest rainwater for the landscapers to utilise on the estate.

Site waste audits have also been completed across each asset enabling us to measure the amount of general waste and recycling being generated by each site across the portfolio. We are now working with our property management team to work in partnership with our occupiers to minimise waste generated from each asset, increase recycling and in turn reduce associated costs.

By evolving and improving the data across the portfolio we are strengthening the Company's ability to monitor and identify carbon saving opportunities and we will continue share the detail of our progress over the forthcoming year.

GRESB

At the time of writing the last report we were in the process of submitting the Company's inaugural GRESB submission. The results of this submission were published in October 2023 and we are pleased to share that the Company achieved a 1 Star rating. This was a strong start to our GRESB journey given the direct portfolio is predominantly characterised by industrial properties.

Since then, an extensive gap analysis has been undertaken to identify exactly how this rating can be improved. Consumption data management through the AMR's is critical to this submission and given we have a far wider dataset for the next submission we should be in a better position to improve our score. To further enhance data collection, our property management team have collaborated with EVORA and adopted the PERSE System which facilitates the consolidation of energy, carbon, and cost-related information for assets linked to the grid. This has streamlined the process by working closely with our occupiers to obtain energy consumption data directly from the grid through a simplified, one-time authorisation procedure and we look forward to reporting on the second submission in the forthcoming year.

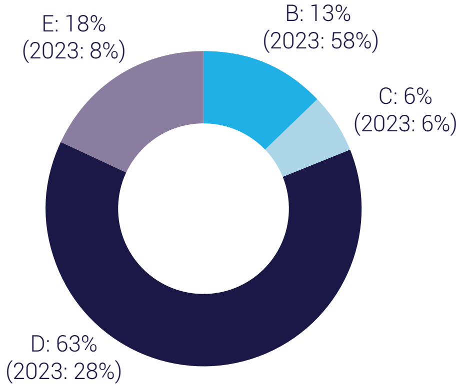
Renewable Energy Sources

It is very much standard practice that all energy across landlord areas for the whole portfolio is only procured from renewable sources. We are pleased to confirm that 100% of landlord electricity and gas supplies are contracted on certified green tariffs, backed by the Ofgem regulated Renewable Energy Guarantees of Origin (REGO) scheme.

Energy Performance Certificate ('EPC') and Minimum Energy Efficient Standards ('MEES')

The EPC profile for the direct property portfolio as at 31st March 2024 is detailed below. It continues to meet the current MEES and the drive now is to improve these ratings so that the majority fall above a B rating. This priority is reinforced by the fact that any refurbishment undertaken by the Company has to achieve a minimum of a B rating.

EPC Ratings 2024 (ERV)



Overall, the EPC profile has not improved over the last year with EPC B ratings within the direct portfolio falling from 58% to 13%. This is primarily due to the sale of the Colonnades where over 90% of the property was rated EPC B. Projects are underway on the current standing portfolio to improve this EPC profile significantly over the next 12 months.

The majority of the E and D ratings in the portfolio are at Wandsworth where a phased sustainability-led refurbishment of the estate is current underway. The refurbishment will include:

- PV solar panels installed on new insulated roofs
- high-efficiency lighting, heating and cooling
- EV charging points

We are committed to transforming the estate to deliver high quality, best in class, net zero in-use units with a minimum EPC A rating. In order to achieve this, we have been working closely with Carbon Plan Engineering who have carefully modelled and analysed every detail and specification within the project to ensure we can meet our objectives.

"The Ferrier Street refurbishment is the first project of its scale where we have been asked to pursue the UKGBC Net Zero process. TR Property Investment Trust were focused on minimising embodied carbon impacts and challenged Carbon Plan Engineering to achieve net zero operational emissions for the project. This project proves that Low Impact/Net Zero refurbishments can be delivered on this type of building and that these ESG credentials are becoming ever more critical to occupiers."
Alan Calcott, Director, Carbon Plan Engineering

Once this project is complete the EPC profile for the Company will improve significantly, with over 70% of the portfolio achieving an EPC A rating, further strengthening our ability to meet the forthcoming MEES requirements. Looking to the rest of the portfolio, work is also underway to improve the EPC profile at Gloucester. Following the success of our collaboration with Infusion GB to install PV on two of their units we are now exploring this opportunity led approach and planning to install PV on the remaining 3 units on the estate. This will raise the EPC profile for the estate up to at least a B rating, meaning any ratings below a C will be eliminated from the portfolio, further strengthening and future-proofing the portfolio against forthcoming statutory requirements.

Green Lease Clauses

The inclusion of these clauses in all new leases continues to be standard practice. 40% of the leases at Gloucester include green lease clauses and following the refurbishment all new leases at Wandsworth will also include this mutual agreement between landlord and occupier to collaborate on reducing the carbon emissions generated through their occupation.

Green lease clauses also assist the Company in streamlining the management of Scope 1 and 2 emissions by strengthening our ability to ensure the utility consumption of our occupiers meets our carbon intensity priorities.

Community and Social Engagement

Occupier engagement is fundamental, their inclusion and participation is pivotal to ensuring a shared journey and priorities. The close partnership of both our asset and property management teams aims to form strong relationships with our occupiers. Various communication channels have been utilised to maximise engagement, including a quarterly ESG newsletter, occupier events, ESG focused in-person meetings and an annual occupier satisfaction questionnaire.

The outcome of this collaborative approach must be mutually beneficial so all parties can meet their ESG priorities. For example, by working in partnership with our occupiers on data management, through the AMR infrastructure we have installed we can provide insight into how they can reduce their consumption and in turn their carbon emissions and energy bills.

We also know that the community and social impact of our direct property extends far beyond the physical boundaries of our ownership. Therefore, our approach to social responsibility and the impact of our assets on their surrounding communities is always carefully considered.

At Wandsworth we continue to support the Foodbank and were pleased to extend their occupation on the estate by relocating them to another unit when the refurbishment works commenced. From this unit they have continued to provide over 11,000 emergency food supplies to local people and families.

In addition to this we have established a relationship with the Wandsworth Town Business Improvement District to further enhance our stakeholder engagement with the local community in Wandsworth. By doing this we hope to further expand the community

At the Colonnades we worked with Clean Air Bayswater, a local community group, and London Hearts, the leading heart defibrillator charity in the UK, to supply and install a defibrillator. The provision of this life saving equipment was strongly supported by the local ward councillor Max Sullivan and means that more lives can be saved.

Governance

The Company's direct property portfolio's Sustainability and Social Responsibility Committee continues to meet on a quarterly basis to set our priorities, map out how and when they will be achieved and ensure we are on track. The Committee comprises of senior decision makers within the Company, the asset managers and the property management team. This ensures we maintain a robust and hand-on approach to tackling the environmental challenges faced by the portfolio.

Net Zero Carbon Pathway

Various workstreams have been undertaken over the last 12 months to help drive the priority of significantly and ambitiously improving our net zero pathway from 2050.

The first key step in achieving this priority was to carry out Net Zero Audits across the direct portfolio. These were commissioned for Gloucester and the Colonnades. Given the planned refurbishment for Wandsworth an audit was not commissioned for this site as the analysis carried out by Carbon Plan outlines exactly what is needed to meet net zero targets.

The objective of the Net Zero Audits commissioned were to identify how each asset can minimise energy demand and increase energy efficiency through low carbon technology. The key recommendations for Gloucester were to remove the dependency of natural gas as a primary heat source, upgrade the lighting to LED and expand the installation of solar PV across the estate. Following the successful solar PV install by Infusion GB on two of their units, a feasibility study was commissioned to undertake a solar PV installation across the final three units. This project is happening in collaboration with Infusion GB who have expanded their production in Gloucester and are fully engaged in optimising their utility consumption from solar PV across the estate.

For the Colonnades, the key recommendations were to remove the gas boilers, upgrade the heating to a VRF system and install solar PV. This report was shared with the buyer of the Colonnades so they can continue the asset's net zero journey.

The extensive refurbishment of Wandsworth will mean that the Company will have its first net zero in use asset. This will be a huge achievement and we are looking forward to showcasing this project over the next year.

The strong upside in adopting strong ESG practices is apparent. The environmental and social impact of the direct property portfolio is visible and everything we do influences this. The significant progress over the last 12 months has enabled us to bring forward our net zero carbon pathway to 2040 and we believe we are in a much stronger position to improve on our GRESB score. This gives a tangible gauge on how significantly our ESG priority is progressing.

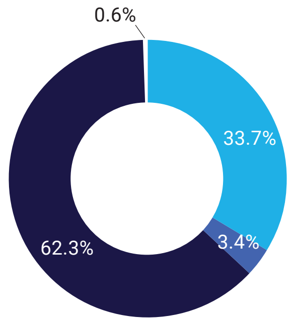
At the time of writing the proportion of direct property in the portfolio is at a long term low following the sale of the Colonnades. New assets will be brought into the portfolio, these may be assets with significant work to do from an ESG perspective and this may reduce our GRESB score, at least in the short term. We are happy to face the challenge of improving ESG credentials in older assets and believe that it is just as important to improve the credentials of the existing built environment as to create new buildings with leading environmental credentials.

Portfolio

Distribution of Investments

as at 31 March

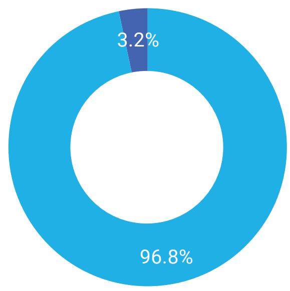
	2024 £'000	2024 %	2023 £'000	2023 %
UK Securities[1]				
- quoted & unlisted	**376,567**	**33.7**	385,876	40.5
UK Investment Properties	**38,388**	**3.4**	73,957	7.7
UK Total	**414,955**	**37.1**	459,833	48.2
Continental Europe Securities				
- quoted	**697,152**	**62.3**	488,839	51.3
Investments held at fair value	**1,112,107**	**99.4**	948,672	99.5
- CFD net debtor/(creditor)[2]	**6,098**	**0.6**	4,662	0.5
Total Investment Positions	**1,118,205**	**100.0**	953,334	100.0



Investment Exposure

as at 31 March

	2024 £'000	2024 %	2023 £'000	2023 %
UK Securities				
- quoted & unlisted	**376,567**	**30.5**	385,876	35.7
- CFD exposure[3]	**38,874**	**3.2**	75,963	7.0
UK Investment Properties	**38,388**	**3.2**	73,957	7.0
UK Total	**453,829**	**36.9**	535,796	49.7
Continental Europe Securities				
- quoted	**697,152**	**56.5**	488,839	45.2
- CFD exposure[3]	**81,675**	**6.6**	54,943	5.1
Total investment exposure[4]	**1,232,656**	**100.0**	1,079,578	100.0



Portfolio Summary

as at 31 March

	2024	2023	2022	2021	2020
Total investments	**£1,112m**	£949m	£1,555m	£1,401m	£1,155m
Net assets	**£1,116m**	£968m	£1,563m	£1,326m	£1,136m
UK quoted property shares	**34%**	41%	33%	28%	31%
Overseas quoted property shares	**63%**	51%	60%	66%	61%
Direct property (externally valued)	**3%**	8%	6%	6%	8%

Net Currency Exposure

as at 31 March

	2024 Company %	2024 Benchmark %	2023 Company %	2023 Benchmark %
GBP	**32.6**	**32.8**	33.6	35.1
EUR	**42.0**	**41.9**	42.3	41.3
CHF	**9.1**	**8.9**	9.9	9.5
SEK	**16.2**	**16.1**	13.8	13.8
NOK	**0.1**	**0.3**	0.4	0.3

[1] UK securities includes 2 unlisted holdings (0.2%).

[2] Net unrealised gain/(loss) on CFD contracts held as balance sheet debtor/(creditor).

[3] Gross value of CFD positions.

[4] Total investments illustrating market exposure including the gross value of CFD positions.

Investment portfolio by country

as at 31 March 2024

	Market value £'000	% of total investments
Belgium		
Warehouses De Pau	**19,387**	1.8
Montea	**19,379**	1.7
Aedifica	**11,418**	1.0
Xior Student Housing	**7,874**	0.7
Shugard Self Storage	**5,498**	0.5
Care Property Invest	**4,611**	0.4
Icade	**3,075**	0.3
VGP	**2,063**	0.2
	73,305	6.6
Finland		
Kojamo	**5,224**	0.5
	5,224	0.5
France		
Argan	**39,183**	3.5
Klepierre	**38,776**	3.5
Gecina	**35,173**	3.1
Covivio	**8,907**	0.8
Carmila	**6,516**	0.6
	128,555	11.5
Germany		
Vonovia	**83,606**	7.5
TAG Immobilien	**28,285**	2.5
LEG Immobilien	**25,581**	2.3
Aroundtown	**4,986**	0.4
Grand City Properties	**4,377**	0.4
	146,835	13.1
Netherlands		
Eurocommercial Properties	**19,485**	1.7
Unibail Rodamco Westfield	**3,097**	0.3
NSI	**1,745**	0.2
	24,327	2.2
Norway		
Entra	**164**	-
	164	-
Spain		
Merlin Properties	**22,910**	2.0
Arima Real Estate	**12,285**	1.1
	35,195	3.1

	Market value £'000	% of total investments
Sweden		
Fastighets Balder B	**52,887**	4.7
Castellum	**44,219**	4.0
Catena	**34,678**	3.1
Sagax	**28,246**	2.5
Wihlborgs	**20,257**	1.8
Pandox	**8,180**	0.7
Samhallsbyggnadsbolaget	**2,122**	0.2
Cibus Nordic Real Estate	**2,058**	0.2
	192,647	17.2
Switzerland		
Psp Swiss Property	**47,323**	4.2
Swiss Prime Site	**43,577**	3.9
	90,900	8.1
United Kingdom		
LondonMetric Property	**67,403**	6.0
Segro	**58,760**	5.3
UK Commercial Property	**31,227**	2.8
Picton Property Income	**31,087**	2.8
LandSec	**29,878**	2.7
Phoenix Spree Deutschland	**24,065**	2.1
Sirius Real Estate	**22,224**	2.0
Unite Group	**18,815**	1.7
Hammerson	**17,772**	1.6
Workspace	**15,653**	1.4
Tritax Big Box REIT	**11,837**	1.1
Safestore	**11,097**	1.0
Primary Healthcare	**8,360**	0.7
Tritax Eurobox	**7,816**	0.7
Assura	**6,795**	0.6
Supermarket Income REIT	**6,410**	0.6
Atrato(1)	**2,573**	0.2
PRS REIT	**1,373**	0.1
Cap & Regional	**1,320**	0.1
Empiric	**871**	0.1
Target Healthcare	**821**	0.1
Ediston Property(1)	**319**	-
abrdn European Logistics	**91**	-
	376,567	33.7
Direct Property	**38,388**	3.4
CFD Positions (included in current assets and liabilities)	**6,098**	0.6
Total Investment Positions	**1,118,205**	100.0

Notes

> Companies shown by country of listing.

> The above positions are the physical holdings included in the investments held at fair value in the Balance Sheet. The CFD positions is the net of the profit or loss on the CFD contracts (i.e. not the investment exposure) included in the Balance Sheet current assets and liabilities.

(1) Unlisted equities.

Twelve largest equity investments

as at 31 March 2024

1 VONOVIA

31 March	2024	2023
Shareholding value	£83.6m	£72.5m
% of investment portfolio†	6.8%	6.7%
% of equity owned	0.4%	0.6%
Share price	€27.40	€17.34

Vonovia is a German listed residential company and the largest real estate company in Continental Europe by market capitalisation. At the end of 2023, the company owned a portfolio of c.€85bn, primarily split between Germany (c.88% of value), Sweden (c.8%) and Austria (c.4%). The portfolio has increased dramatically stands at 546,000 units, following a string of acquisitions, mostly of listed peers, such as Deutsche Wohnen, Hembla, Victoria Park, and BUWOG.

Vonovia is involved in the whole value chain of the residential sector, via its rental business (c.93% of Adj. EBITDA), its value-add segment (energy, multimedia, and other services segment, c.4%), recurring sales segment (c.2%), and its third-party development segment (c.1%). The German residential sector remains heavily regulated, yet Vonovia has continually been able to generate solid and accelerating rental growth year-over-year (+3.3% in 2023), whilst also complying with regulations and assuming a social role, which permits them to benefit from critical political goodwill and partnerships (as observed by the 20,000-unit portfolio sale to the State of Berlin in 2021 and a string of other deals with public housing companies). Even though asset values have come under pressure, as seen with all real estate asset classes, the business continues to perform strong operationally as seen by a record low vacancy level and healthy rent growth. Moreover, market evidence points to further upward revisions to rent growth estimates, as the supply demand imbalance in Germany persists. The five-year total shareholder return has been -24.2%.

2 LONDONMETRIC PROPERTY PLC

31 March	2024	2023
Shareholding value	£67.4m	£17.1m
% of investment portfolio†	5.5%	1.6%
% of equity owned	1.6%	1.0%
Share price	203p	176p

In 2024 LondonMetric merged with LXI to transform itself from a REIT with a portfolio value of c.£3.2bn, into the 4th largest REIT in the UK with a portfolio value of £6.2bn. Post merger the company still has a large weighting to logistics assets (41% of new portfolio), however the bulk of portfolio exposure is now to diversified "triple net" subsectors including hotels, healthcare assets and bespoke leisure assets (such as Alton Towers, Thorpe Park etc.). These sectors generally carry both triple net leases (where in addition to paying the rent the tenant is responsible for all property costs) and long WAULTs, making them a stable and dependable source of income, and future income growth, for LondonMetric.

We were supportive of the deal which not only transforms the scale and opportunity set for LondonMetric, but was also strongly accretive to earnings without overstretching the balance sheet. Management has shown an astute ability to rotate its assets and crystallise value for shareholders, and we expect this to continue in the enlarged LondonMetric. LondonMetric is therefore set up, in our view, to deliver strong income growth over an extended period, and we believe the shares are likely to continue to command a rating premium vs. the peer group given these inherent qualities. The five-year total shareholder return has been +26.3%.

3 KLEPIERRE

31 March	2024	2023
Shareholding value	£61.1m	£59.6m
% of investment portfolio†	5.0%	5.5%
% of equity owned	1.0%	1.1%
Share price	€24.00	€20.85

Klépierre is a French REIT, which owns, operates, and manages a portfolio of European shopping, spanning twelve countries. At the end of 2023, the company owned a portfolio of c.€19.3bn, with major exposures in France (c.40% of value), Italy (c.22%), the Nordics (c.13%), Iberia (c.12%), Germany/Netherlands (c.8%), and CEE markets (c.5%). The company, like all shopping centre owners, has reaped the benefits of a return to normality as social gatherings are permitted and travel restrictions have been lifted demonstrated in its strong rebound in footfall and tenant sales. While the ongoing shift towards e-commerce as a retail channel has continued, it has at a slower rate, even retreating in certain markets, with digitally native retailers pivoting to physical by opening stores. On a relative basis, the company continues to benefit from its 100% focus on Continental Europe, without any exposure to weaker UK and US markets. Lastly, the company benefits from the experience of the Chairman, David Simon, also Chairman and CEO of Simon Property Group, which owns a c.22.3% stake in Klépierre.

In 2023, it observed rental growth of +8.8% year-over-year, benefitting from high indexation, positive reversion on releasing/relettings and occupancy improvements. Meanwhile, it's financial metrics remain conservative with a net debt to EBITDA of 7.4x and an EPRA LTV of c.44.1%. Its average cost of debt is low at just c.1.50%, and is expected to remain low, as evidenced by its high hedging ratio of c.86%, and weighted average loan maturity of 6.3 years. The five-year total shareholder return has been +13.6%.

† Notes:

> The percentage of investment portfolio positions set out above include exposures through CFD for both the individual positions and the portfolio.

> The five-year total shareholder returns are the returns in the local currency of the holding.

4 SEGRO

31 March	2024	2023
Shareholding value	£58.8m	£79.2m
% of investment portfolio†	4.8%	7.3%
% of equity owned	0.5%	0.9%
Share price	904p	768p

Segro is 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 c.£18bn as at December 2023. This is split c.61.0% in the UK, c.39.0% in Continental Europe, with c.66.0% urban warehouses, c.32.0% big boxes and c.2% other uses. In the UK, the group is mainly exposed to Greater London industrial and logistics. 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 Italy third; these markets have a lower, but still positive, rental growth outlook (and are geographically less space-constrained). As interest rates have continued to rise yield expansion has put property values under pressure, and Segro was not immune (the like-for-like portfolio valuation fell -4% through FY23); however values now appear to be stabilising. Segro has extensive development exposure that it manages largely to pre-let and develop at yields significantly in excess of investment values (c.6-7% yield on cost vs. an EPRA net initial yield of 4.0% at FY23). This has been a successful formula to drive both earnings and NAV growth, as well as high shareholder returns. The company also recently raised c.£900m of fresh equity to help fund the development pipeline and provide a war chest for future acquisitions, leaving the balance sheet in strong shape. The five-year total shareholder return has been +54.0%.

5 LandSecurities

31 March	2024	2023
Shareholding value	£54.4m	£59.3m
% of investment portfolio†	4.4%	5.5%
% of equity owned	1.1%	1.3%
Share price	658p	621p

Landsec is one of the UK's largest REITs, with a portfolio valued at c.£10bn as at September 2023. The company's assets are a mix of offices (c.51.0%), retail assets (c.37.0% split between shopping centres, London retail and outlets) and other uses (c.12.0% such as leisure assets, retail parks and hotels). Since joining the business in 2020 new CEO Mark Allen has sought to alter the company's strategy, selling down a number of 'dry' office assets and pledging to sell out of its non-core assets (i.e. hotels, leisure assets and retail parks), while increasing the size of the development pipeline to focus on large mixed-use schemes that others do not have the capabilities to deliver. As an example of this, the company recently confirmed the sale of its entire Hotel portfolio at book value for c.£400m.

In addition to the established office development pipeline the company now plans to spend an additional c.£2bn over ten years on mixed use developments, with a c.20% profit on cost target. Balance sheet management has been relatively conservative with a very long debt maturity of 9.3 years as at September 2023, net debt to EBITDA of 7.2x and LTV of 34%. The company intends to recycle capital to fund the development pipeline, avoiding gearing up despite capex spend, and has a medium-term target of LTV remaining in the mid-30s. The five-year total shareholder return has been -8.8%.

6 BALDER

31 March	2024	2023
Shareholding value	£52.9m	£19.8m
% of investment portfolio†	4.3%	1.8%
% of equity owned	0.8%	0.5%
Share price	SEK78.68	SEK42.51

Balder is a large Swedish property company, owning c.SEK 209bn of primarily residential assets (52% as at December 2023), along with a variety of commercial property (17% offices, 10% retail, 6% industrial, 12% other uses). The company has pan-Nordic exposure, including Finnish residential through its subsidiary Sato, Norwegian offices through its stake in listed property company ENTRA, as well as Copenhagen residential and Swedish commercial and residential. The company does not pay a dividend, preferring to reinvest into its own portfolio, a strategy which has been very rewarding historically, allowing the company to develop assets into under-supplied markets.

Like many Swedish property companies the shares were punished following the sharp rise in interest rates (given the company's high leverage and dependence on the bond market), however our view is that this sell-off was overdone and that the company would be able to take steps to protect its balance sheet (for example reducing development capex) and maintain it's investment grade rating. This, combined with the low operational risk of the underlying assets encouraged us to increase our holding in the name. The five-year total shareholder return has been +58.4%.

† Notes:
> The percentage of investment portfolio positions set out above include exposures through CFD for both the individual positions and the portfolio.
> The five-year total shareholder returns are the returns in the local currency of the holding.

7 Gecina

31 March	2024	2023
Shareholding value	£52.6m	£52.4m
% of investment portfolio†	4.3%	4.8%
% of equity owned	0.8%	0.8%
Share price	€94.65	€95.55

Gecina is the largest French REIT and is one of the largest real estate companies in Continental Europe by market capitalisation. At the end of 2023, its portfolio was valued at c.€17.1bn, comprising of offices (c.79% of value), residential (c.18%), and student accommodation (c.3%).

Gecina develops, manages, and owns the diversified portfolio, which is heavily skewed toward the Paris region (c.97.0%), and has been selling low-yielding, dry assets reducing debt and fundings its attractive development pipeline, which has been earnings accretive in recent years. In 2023, Gecina was a primary beneficiary of the much-debated, polarisation trend, helped by its centrally located and high-quality portfolio. As a result, Gecina saw solid rent increased driven by indexed-linked rents, positive reversion and a material increase in occupancy levels year-over-year, which all helped to drive 8.1% EPS growth year-over-year. The company remains one of a handful of European real estate companies with an A rating from Moody's & S&P, given its conservative financial profile, operating with an EPRA LTV of c.37.9%. The average cost of debt is low at just c.1.40%, alongside a high hedging ratio of 100%, and a long weighted average loan maturity at 7.4 years permitting it to benefit from relatively more attractive funding costs than peers. The five-year total shareholder return has been -8.7%.

8 PSP Swiss Property

31 March	2024	2023
Shareholding value	£47.3m	£40.6m
% of investment portfolio†	3.8%	3.7%
% of equity owned	1.0%	1.0%
Share price	CHF118.20	CHF104.00

PSP Swiss Property is one of Switzerland's leading real estate companies, owning a diversified portfolio of high-quality real estate assets in Switzerland. At the end of 2023, its portfolio was valued at CHF9.6bn, comprising of offices (c.64%), retail (c.15%), food (c.6%), parking (c.4%), and other (c.11%). The portfolio is skewed towards Switzerland's key economic centres, including Zurich (c.59%, Geneva (c.15%), Basel (c.7%), and other major cities (c.19%).

Underlying property markets in Switzerland appear to be holding up well. Transactional evidence is remains light, but from the handful transactions taking place it seems that property values for prime assets are broadly stable. Similarly, demand for office space in economic centres such as Geneva and Zurich are expected to remain strong. In 2023, it observed rental growth of +5.1% year-over-year, benefitting from high indexation, positive reversion on releasing/relettings and contribution from its development pipeline. All of this led helped it grow its dividend by +1.3% and was supported by its robust balance sheet noting that it's LTV remained low at just 35.7%; amongst the lowest levels for European property companies while its current cost of debt is fixed for 4.7 years. The five-year total shareholder return has been +28.6%.

9 Castellum

31 March	2024	2023
Shareholding value	£44.2m	–
% of investment portfolio†	3.6%	–
% of equity owned	0.9%	–
Share price	SEK140.90	SEK101.14

Castellum is a large diversified Swedish property company. The company owns c.SEK 138bn of assets across offices (77% as at December 2023, including 15% publicly funded tenants) light industrial (14%) and retail (6%), with 3% in land and other uses. The company has primarily Swedish exposure, but also owns assets in Finland and Copenhagen as well as gaining exposure to Norway through its stake in listed property company ENTRA.

In the face of a sharply rising interest rate environment Castellum chose to act ahead of a number of peers and raised SEK 10bn in an equity raise to shore up its balance sheet. This allowed the company to tackle an increasingly challenging environment from a position of strength rather than one of weakness, as the company paid down increasingly expensive debt and continued investment in its large development pipeline. The vast majority of the company's leases are inflation-linked, which meant that top line rental growth has been strong for the company (Swedish CPI in leases was +10.9% in 2023), helping to offset the increase in debt costs driven by higher rates. The five-year total shareholder return has been +6.7%.

† Notes:

> The percentage of investment portfolio positions set out above include exposures through CFD for both the individual positions and the portfolio.

> The five-year total shareholder returns are the returns in the local currency of the holding.

10 SWISS PRIME SITE

31 March	2024	2023
Shareholding value	£43.6m	£25.6m
% of investment portfolio†	3.5%	2.4%
% of equity owned	0.8%	0.5%
Share price	CHF85.05	CHF76.05

Swiss Prime Site is one largest real estate companies in Switzerland, with a diversified portfolio of real estate assets, coupled with a leading real estate investment (indirect) business. It owns a diversified real estate portfolio, which was valued at CHF13.1bn, comprising of offices (c.44% of value), retail (c.25%), logistics (9%), hotels (c.7%), with the residual c.15% of assets in land and other uses.

Despite a slowdown in transactions, underlying property markets in Switzerland appear to be holding up well, as the handful of transactions that did take place appeared broadly supportive of existing asset values. While tenant demand remains healthy with polarisation observed benefiting the high-quality portfolios, which tend to be owned by the listed companies. During 2023 and the early start of 2024 SPS has made significant strategic inroads (with the sale of Wincasa Group, a real estate services company), the exit the retail business (Jelmoli), and the acquisition of an asset manager (Fundamenta). Meanwhile, the underlying business continues to perform well, with like-for-like rent growth of +4.3%, helped by strong indexation prints and further vacancy reduction (-10bps to 3.5%). The reported LTV reduced by 100bps over the year to c.38.8% helped by some non-core disposals and a low cost of debt of just c.1.20%. The five-year total shareholder return has been +24.1%.

11 PICTON

31 March	2024	2023
Shareholding value	£39.4m	£37.3m
% of investment portfolio†	3.2%	3.4%
% of equity owned	11.0%	9.9%
Share price	65p	69p

Picton is a diversified UK REIT with a weighting towards UK industrial. The c.£760m portfolio, as at September 2023, was c.59.0% industrial, c.31.0% offices (with c.17.0% London and the South East) and c.10.0% retail (of which c.7.0% retail parks). Along with a high-quality portfolio (which we believe is under-appreciated by the stock market) where rental growth and capital value performance have repeatedly beaten relevant benchmarks, the company is run conservatively, taking very limited development risk as well as maintaining an impressively strong balance sheet. For example, the company's LTV as at September 2023 was c.28.0%, with long-dated debt maturity (c.8 years) and very limited near term refinancing requirements.

Management has repeatedly shown an ability to create value through both well executed asset management and skilful disposals, as in the case of Angel Gate (£30m sale at a 5% premium to December 2023 valuation), and our view is that there is more to come, for example through vacancy reduction in under-rented space. The five-year total shareholder return has been -9.7%.

12 ARGAN

31 March	2024	2023
Shareholding value	£39.2m	£22.4m
% of investment portfolio†	3.2%	2.1%
% of equity owned	2.4%	1.6%
Share price	€83.90	€68.90

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 can capture the developer margin utilising its asset managers local knowledge, while having little to no risk on the letting side, given the strong underlying demand for high-quality space in the mark.

In 2023, the portfolio value amounted to c.€3.7bn and is uniquely placed, with a 100% exposure to France (with a c.31% exposure to the Greater Paris region). The company delivered strong 2023 results with EPS per share growth of +5.2% year-over-year supporting dividend per share growth of +5.0% year-over-year. This was supported by accelerating rental growth of +4.8% year-over-year, benefitting from the positive evolution of indexation, positive reversion on relettings and some occupancy improvements over the course of the year. The relatively low dividend payout at c.50% of distributable profit allows the company to retain cash and reinvest in new development projects while repay debt. The management of the company has been assumed by its founder Jean Claude Le Lan who owns alongside family members c.36% of the share capital, which is a strong guarantee of alignment. The five-year total shareholder return has been +69.0%.

† Notes:
> The percentage of investment portfolio positions set out above include exposures through CFD for both the individual positions and the portfolio.
> The five-year total shareholder returns are the returns in the local currency of the holding.

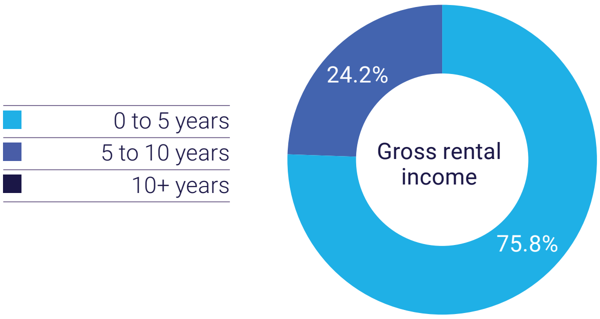
Investment properties

Spread of direct portfolio by location (%)
as at 31 March 2024

	Inner London*	South West	Total
Investment Property	78.6%	21.4%	100.0%

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

Lease lengths within the direct property portfolio
as at 31 March 2024



Contracted rent
as at 31 March 2024

Year 1	£1.1m
Year 2-5	£1.9m
Year 5+	£0.7m

Value in excess of £10 million

Ferrier Street Industrial Estate,
Wandsworth, London, SW18

Sector: Industrial*
Tenure: Freehold
Size (sq ft): 36,000
Principal tenants: Sweaty Betty, Lockdown Bakers

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. A phased refurbishment of the estate is ongoing.

* The site contains one small vacant ancillary retail unit.

Value less than £10 million

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

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 as at 31 March 2024 had 104 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

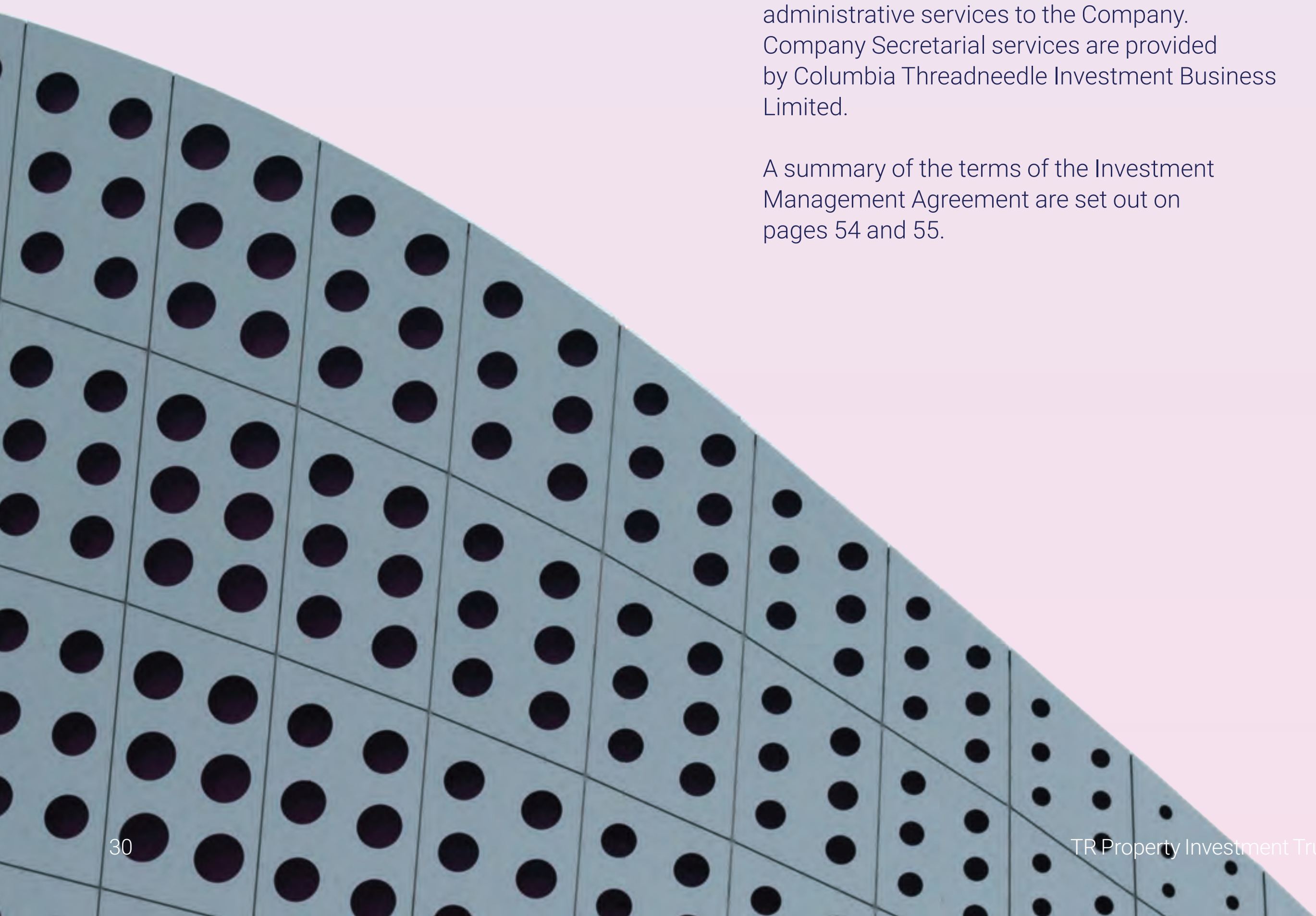
The Company's business model follows that of an externally managed investment trust company. The Company has no employees. Its wholly non-executive Board of Directors retains responsibility for corporate strategy; corporate governance; risk management and internal control; the overall investment and dividend policies; setting limits on gearing and asset allocation and monitoring investment performance.

The Board has appointed Columbia Threadneedle Investment Business Limited as the Company's Alternative Investment Fund Manager ('AIFM') 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 47 and 48.

In accordance with the Alternative Investment Fund Managers Directive ('AIFMD'), BNP Paribas has been appointed as Depositary to the Company. BNP Paribas also provides custodial and administrative services to the Company. Company Secretarial services are provided by Columbia Threadneedle Investment Business Limited.

A summary of the terms of the Investment Management Agreement are set out on pages 54 and 55.



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 Company's 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 that there is 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 – 60%
Continental European listed equities	45 – 75%
Direct Property – UK	5 – 15%
Other listed equities	0 – 5%
Listed bonds	0 – 5%
Unquoted investments	0 – 5%

The asset allocation guideline for Direct Property is 5-15%. This reflects the Board's view that the exposure should be greater than 5% of the total portfolio to be meaningful and that the optimal level is approximately 10%. Following the sale of the largest property asset, the Colonnades shortly before the year end, the allocation to direct property has fallen below the guideline level, however we do not expect this lower level to persist in the medium term.

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 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 2024 have been carried out on a 'RICS Red Book' basis and these valuations have been adopted in the accounts.

Allocation of costs between revenue & capital

The Group charges 75% of annual base management fees and finance costs to capital, in line with the Board's expected long-term split of returns in the form of capital gains and income. 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 those companies grow and become a larger part of our investment universe and/or new companies come to the market in this format the Fund Manager may wish to increase exposure to those 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 Company's objective against the following Key Performance Indicators ('KPIs'):

Net Asset Value Total Return relative to the benchmark

KPI
The Directors regard the out-performance of the Company's net asset value total return relative to the benchmark as being an overall measure of value delivered to the shareholders' over the longer term.

Board monitoring
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*	21.1%	1.2%
Benchmark Total Return	15.4%	-14.8%

* The NAV Total Return is calculated by assuming dividends paid by the Company are reinvested in the assets of the Company on the relevant ex-dividend date. The benchmark total return assumes dividends are re-invested on the relevant ex-dividend dates.

The NAV Total Return has exceeded the benchmark over both a one and five year period.

Delivering a reliable dividend which is growing over the longer term

KPI
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.

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

Outcome	1 year	5 years
Compound Annual Dividend Growth*	1.3%	3.1%
Compound Annual RPI	4.3%	6.1%

* 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 exceptional inflation levels through 2023 and 2024 led to the Dividend Annual Growth Rate falling behind RPI on both a one and a five year basis. However, a growing dividend has been delivered in the current and previous 13 years. Over the longer term, the dividend growth rate has comfortably exceeded RPI on an annualised basis (10 years: 7.8% vs 4.2% and 20 years: 9.6% vs 4.0%).

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

KPI
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 company over the longer term, there are periods when the discount can widen. The Board is aware of the vulnerability of a sector- specialist to a change of investor sentiment towards that sector, or to periods of wider market uncertainty and the impact that can have on the discount.

Board monitoring
The Board takes powers at each AGM to buy-back and issue shares. When considering the merits of share buy backs or issuance the Board looks at a number of factors, in addition to the short and longer-term discount or premium to NAV, to assess whether action would be beneficial to 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. Taking these factors into account, the Board did not buy back any shares in the financial year.

Outcome	1 year	5 years
Average discount*	-7.7%	-5.8%
Total number of shares repurchased	–	–

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

Over the financial year market sentiment towards the sector fluctuated in tandem with changing interest rate expectations. The discount has moved in line with that sentiment and has ranged between 11.5%, very briefly at its worst and narrowed to 2.6% in February on the expectation of falling interest rates. The average of 7.7% has been wider than the long-term average but this is not surprising given the market background.

Level of Ongoing Charges

KPI
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 trust companies 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 in order to allow a clearer comparison of overall administration costs with those of other funds investing in securities.

Board monitoring
The Board monitors the Company's Ongoing Charges, in comparison to a range of other investment trust companies of similar size, both property sector specialists and other sector specialists. The broker provides a list of companies it believes is a reasonable comparison. Note there is no other Investment Trust specialising in property related equities.

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

Outcome	1 year	5 years
Ongoing charges excluding performance fees	0.82%	0.68%
Ongoing charges excluding performance fees and direct property costs	0.78%	0.65%

The Company's Ongoing Charges are competitive when compared to the peer group.

Investment Trust Status

KPI
The Company must continue to meet the requirements of Section 1158 of the Corporation Tax Act 2010 ('Section 1158').

Board monitoring
The Board reviews financial information and forecasts at each meeting which set out the requirements outlined in Section 1158.

Outcome
The Directors believe that the conditions and ongoing requirements have been met in respect of the year to 31 March 2024 and that the Company will continue to meet the requirements.

The KPIs are considered to be Alternative Performance Measures as defined on pages 102 and 103.

Principal and emerging risks

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

In 2023 interest rates rose suddenly in response to inflationary pressures created by the impact of increasing energy and commodity prices. Inflation has been slow to reduce and therefore central banks have not yet been able to cut interest rates. This has been challenging for the property sector which is particularly sensitive to interest rates.

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 Columbia Threadneedle savings schemes and the Company participates in the active marketing of those 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 issue and to buy back 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 those. The Management Engagement Committee reviews the Manager's performance annually. The Board has the powers to change the Manager if deemed appropriate.

Risk identified	Board monitoring and mitigation
Market risk	
Both share prices and exchange rates may move rapidly and can 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. They 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. Rising interest rates have an impact on both capital values and distributions of property companies. Higher interest rates depress capital values as investors demand a margin over an increased risk-free rate of return. Conflict in the Ukraine and Middle East together with political uncertainty more widely could impact economic growth, commodity prices, inflation and interest rate stability. An element of working from home has become part of working life following the COVID-19 pandemic. However, this is more pronounced in cities with longer commuting times and there has been, for the majority of workers a return to the office for a substantial part of the working week so the impact on occupation rates is reducing. Any strengthening or weakening of sterling will have a direct impact as a proportion of our balance sheet is held in non-sterling denominated currencies. The currency exposure is maintained in line with the benchmark and will change over time. As at 31 March 2024, 67% of the Company's exposure was to currencies other than sterling.	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 impact of a range of current issues and sets out the Manager's response in positioning the portfolio and the ongoing implications for the property market, valuations overall and by each sector.

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: • Following interest rate increases through the year to 31 March 2023 some companies announced a reduction or suspension of dividends, in particular in Germany and Scandinavia. Although in many cases dividends have recommenced for some companies the timing and level is uncertain; • prolonged vacancies in the direct property portfolio and lease or rental renegotiations; • strengthening of sterling reducing the value of overseas dividend receipts in sterling terms. The Company saw a material increase in the level of earnings in the years leading up to the COVID-19 pandemic. A significant factor in this was the weakening of sterling following Brexit. Although this has now passed, the value of sterling may continue to fluctuate in the near or medium term due to a number of geopolitical and economic uncertainties. This could lead to currency volatility. Strengthening of sterling would lead to a fall in earnings; • adverse changes in the tax treatment of dividends or other income received by the Company; • changes in the timing of dividend receipts from investee companies; • legacy impact of COVID-19 on working practices and resulting changes in workspace demand; and • negative outlook leading to a reduction in gearing levels in order to protect capital has an adverse effect on earnings.	The Board receives and considers regular income forecasts. Income forecast sensitivity to changes in FX rates is also monitored. The Company has substantial revenue reserves which are drawn upon when required. The Board continues to monitor the impact of interest rates, and a wide range of economic and geopolitical factors 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 those suppliers provide a sub- standard service.	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 value unless it is able to demonstrate that the loss was the result of an event beyond its reasonable control.

Risk identified	Board monitoring and mitigation
Loss of Investment Trust status	
The Company has been accepted by HM Revenue & Customs as an investment trust company, 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. 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 of the Alternative Investment Fund Managers Regulations, 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 Half Year and Annual Reports.	The Board receives regular regulatory updates from the Manager, Company Secretary, legal advisers and the Auditor. The Board considers those 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 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 or where the cost of debt is higher than the return from the portfolio.	The Board receives regular reports from the Manager on the levels of gearing in the portfolio. These are considered against the gearing limits set out in the Board's Investment Guidelines and also in the context of current market conditions and sentiment. The cost of debt is monitored and a balance sought between term, cost and flexibility.
Other 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.	Details of these risks together with the policies for managing them are found in the Notes to the Financial Statements.
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 outperformance and is fundamental in the ability to retain key staff.

Long-term viability

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 three years. This period is used by the Board during the strategic planning process as it considers this period of time to be appropriate for a business of the Company's 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 34 to 37 and the Company's ability to continue in operation and to 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 three year forecasts for the Company with sensitivity analysis to a number of assumptions: investee company dividend growth, interest rates, foreign exchange rates, tax rates and asset value growth.

In assessing 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 equity portfolio, 57% could be liquidated within five trading days and 78% within 10 trading days.
- On a Group basis, current assets exceed current liabilities at the Balance Sheet Date.
- 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, property income distributions and rental income.
- The Company is able to take advantage of its closed-end investment trust company structure to hold a proportion of its portfolio in less liquid, direct property and the less liquid securities of smaller companies with a view to long-term outperformance.
- At the Balance Sheet date the Company had £90 million undrawn on its revolving loan facilities.
- The structure has also enabled the Company to secure long-term financing. EUR 50 million loan notes issued in 2016 are due to mature at par in 2026 and GBP 15 million loan notes issued on the same date are due to mature at par in 2031.
- The result of this is that of our own debt, 39% has fixed interest rates (assuming all loans are fully drawn). The flexible structure allows debt levels to be rapidly increased and reduced as needed.
- The impact of increasing interest rates through 2023 led to a number of companies suspending or reducing their dividends. The majority of companies have now returned to paying dividends, although some at lower levels than previously. Our earnings in the year under review were lower than the prior year but the Company's capital reserve can be utilised to support the dividend.
- The direct property portfolio is focused on the industrial sector where the supply and demand dynamics remain positive from an occupational standpoint.
- The expenses of the Company are largely predictable and modest in comparison with the assets. Regular and robust monitoring of revenue and expenditure forecasts are undertaken throughout the year. Analysis has shown that the Company could suffer a reduction in earnings of 80% and still be able to meet its liabilities from revenue cashflow as they fell due. Expenses could be met entirely from capital if required due to the liquid nature of the portfolio.

- Index linked income will benefit from the higher interest rates.

- Global interest rate increases have adversely affected the property sector and the resulting increase in the cost of debt has had an impact on earnings.

- Some companies' fixed debt for the medium term so, for these companies, the impact of current rates will not be felt for a while.

- 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 a range of factors have been considered in terms of the potential effect on sterling. 67% 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 investible sector of international stock markets and investors will continue to wish to have exposure to that sector.

- Closed-end investment trust companies will continue to be in demand 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 Board deem that performance is less than satisfactory, it has the appropriate powers to replace the Investment Manager.

The Company's business model, capital structure and strategy have enabled it to operate over many decades and the Board expects this to continue into the future. The Directors confirm therefore that they have a reasonable expectation that the Company will continue in operation and meet its liabilities in full over the coming three years to 31 March 2027.

By order of the Board
Kate Bolsover
Chairman
7 June 2024

Governance

Directors

Kate Bolsover
Chairman

Appointed:
October 2019

Experience:
Kate 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 that, she worked extensively in the investment fund industry and was Managing Director of Baring's mutual funds group. Kate was previously a non-executive director and chairman of a number of other investment trust companies and Chairman and Trustee of Tomorrow's People.

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

Other appointments:
Kate is currently a non-executive Director of Baillie Gifford & Co Ltd and of Bellevue Healthcare Trust.

Tim Gillbanks
Senior Independent Director

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.

Other appointments:
Tim is currently a Non-Executive Director of Brown Shipley & Co Limited, Janus Henderson (UK) Investors Limited and Janus Henderson Group Holdings Limited. He is also Vice-Chair of the Board of Trustees of Blood Cancer UK.

Busola Sodeinde
Chairman of the Audit Committee

Appointed:
January 2023

Experience:
Busola is a Chartered Management Accountant who has spent most of her executive career in Financial Services. Until 2019 she was a Managing Director/Chief Financial Officer at State Street Global Markets EMEA, prior to which she was Finance Director to the Corporate Finance team of Deutsche Bank Capital Markets. Busola is the founder of a digital publishing firm focused on literacy and is also a supporter of women-led ventures.

Skills and contribution to the Board:
Busola has considerable experience in the financial services sector and from her non-executive career has gained expertise in audit and risk. She also has experience in digital (social) media and consumer engagement.

Other appointments:
Busola is a non-executive director of Hargreave Hale AIM VCT PLC and a trustee of the Church Commissioners for England, where she sits on the Audit & Risk Committee.

Sarah-Jane Curtis
Non-Executive Director

Appointed:
January 2020

Experience:
Sarah-Jane is a Member of the Royal Institution of Chartered Surveyors. She was previously Business Director at Bicester Village for Value Retail. Prior to that, Sarah-Jane was a director of 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 in 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.

Andrew Vaughan
Non-Executive Director

Appointed:
August 2022

Experience:
Andrew joined Redevco UK in 2000 as Managing Director and was appointed CEO in 2011. He began his career at Friends Provident where he was a fund manager. Andrew spent three years at Moorfield Group as an Investment Specialist before joining Redevco. He has a BSc in Urban Estate Surveying.

Skills and contribution to the Board:
Andrew brings deep experience as a pan-European direct property investor.

Other appointments:
Andrew retired as Chief Executive Officer of Redevco B.V. in 2023.

Managers

Marcus Phayre-Mudge
Fund Manager

Marcus Phayre-Mudge 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
Finance Manager

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

George Gay
Direct Property Fund Manager

George Gay 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
Deputy Fund Manager

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 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 2024. 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 39.

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 it 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 2024 the net assets of the Company amounted to £1,116 million (2023: £968 million), equivalent on a per share basis to 351.50p (2023: 305.13p).

Revenue earnings per share for the year amounted to 12.04p (2023: 17.22p) and the Directors recommend the payment of a final dividend of 10.05p (2023: 9.85p) per share bringing the total dividend for the year to 15.70p (2023: 15.50p). In arriving at their dividend proposal, the Board also reviewed the income forecast for the year to March 2025.

Performance details are set out in the Financial Highlights on page 2 and the outcome of what the Directors consider to be the Key Performance Indicators on pages 32 and 33. 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 31 March 2024 the Company had 317,350,980 (2023: 317,350,980) ordinary shares in issue.

At the AGM in 2023 the Directors were given power to buy back up to 47,570,911 ordinary shares. Since that AGM the Directors have not bought back any ordinary shares under that authority, which will expire at the 2024 AGM. The Board will seek to renew the authority to make market purchases of the Company's ordinary shares at this year's AGM.

Since 1 April 2024 to the date of this report, the Company has made no market purchases of its ordinary shares for cancellation or to be held in treasury. 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 54. 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 2024 amount to 1.4% (2023: 0.6%) of Group Equity Shareholders' Funds. A performance fee of £10,082,000 was earned in the year ended 31 March 2024 (2023: £nil).

Basis of accounting and IFRS

The Group and Company financial statements for the year ended 31 March 2024 have been prepared on a going concern basis in accordance with UK-adopted international accounting standards and in conformity with the requirement of the Companies Act 2006. The financial statements have also been prepared in accordance with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' ('SORP') published by the Association of Investment Companies to the extent that it is consistent with UK adopted International accounting standards.

The accounting policies are set out in note 1 to the Financial Statements on pages 76 to 79.

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.

Risk management and internal control

The Board has overall responsibility for the Group's system of risk management and internal control and for reviewing its 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 system of risk management and internal control aims 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 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 34 to 37.

The effectiveness of each third-party provider's internal controls is assessed on an ongoing 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 risk management and internal control and the Board and Audit Committee receive regular reports from them. The risk management and internal control system is 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. It undertakes an annual review of the Group's system of risk management and internal control in line with relevant 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 any identified internal control failures or errors.

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 Columbia Threadneedle Investment Business Limited which, through its nominated representative, is responsible for ensuring that the Board and Committee procedures are followed and that applicable regulations are complied with.

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

Key risks identified by the Auditor 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 Company's AGM will be held at the Royal Automobile Club, 89/91 Pall Mall, London SW1Y 5HS on Thursday 18 July 2024 at 2.30pm. The Notice of AGM is set out on pages 106 to 110 and explanatory notes follow on pages 111 and 112.

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 Directors' appointment letters can be found on page 53.

Listing Rule 9.8.4R

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 2024.

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 of Association (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 undertaken by way of a poll, 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 a 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

As at 31 March 2024, the following shareholders had notified that they held over 3% of the voting rights in the Company on a non- discretionary basis:

Shareholder	% of voting rights*
Brewin Dolphin Ltd	9.8%
Interactive Investor Share Dealing Services	8.4%
Hargreaves Lansdown Asset Management Ltd	5.5%
Rathbone Investment Management Ltd	4.9%
Integrafin Holdings plc	4.0%
Quilter Cheviot Investment Management Ltd	3.7%
Investec Wealth & Investment Ltd	3.6%
Charles Stanley Group plc	3.2%
Smith & Williamson Investment Managers	3.0%

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

Since 31 March 2024 the Company has not received any further notifications.

Articles of Association

The Company's Articles of Association may only be amended by a special resolution at a General Meeting of the shareholders. They were amended at the 2021 AGM and are available to view on the Company's website.

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 UK Corporate Governance Code (the 'Code') issued by the Financial Reporting Council (the 'FRC') have been applied to the affairs of the Company. The Code can be viewed at www.frc.org.uk.

Application of the AIC Code's Principles

In applying the principles of the Code, the Directors have also taken account of the 2019 Code of Corporate Governance published by the AIC (the 'AIC Code'), of which the Company is a member. 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 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 year under review the Company has 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 2024:

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 officer.

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 system of risk management and internal and control.

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

Composition and Independence of the Board

The Board currently consists of five Directors, all of whom are non-executive. The Board's independence, including that of the Chairman, has been considered and all of the Directors are deemed to be independent in character and have no relationships or circumstances which are likely to affect their judgement.

The Board subscribes to the view expressed in the AIC Code that long-serving Directors should not be prevented from forming part of an independent majority. It does not consider that the length of a Director's tenure, in isolation, reduces their ability to act independently. The Board's policy on tenure is that continuity and experience add significantly to the strength of the Board, although it believes in the merits of an ongoing and progressive refreshment of its composition.

Diversity

The Board recognises the benefit of diversity and as at the date of this report it comprises two men and three women. Diversity is taken into account as part of the recruitment, appointment and succession planning process. The Board is committed to appointing the most appropriate candidate, regardless of gender or other forms of diversity and therefore no targets have been set against which to report.

In accordance with Listing Rule 9.8.6R (9), (10) and (11) the Board has provided the following information in relation to its diversity:

Board Gender as at 31 March 2024[1]

	Number of Board members	Percentage of the Board	Number of senior positions on the Board[2]
Men	2	40%	1
Women	3	60%[3]	2[4]

[1] The Company does not disclose the number of Directors in executive management as this is not applicable for an investment trust company.

[2] The three senior positions are: Chairman of the Board, Senior Independent Director and Chairman of the Audit Committee. Note: the position of the Chairman of the Audit Committee is not currently defined as a senior position under the Listing Rules, however the Board believes that, for an investment trust company, it should be regarded as such as it is broadly equivalent to the Chief Financial Officer of a trading company.

[3] This exceeds the Listing Rules target of 40%.

[4] This exceeds the Listing Rules target of 1.

Board Ethnic Background as at 31 March 2024[(1)]

	Number of Board members	Percentage of the Board	Number of senior positions on the Board[(2)]
White British or other White (including minority-white groups)	4	80%	2
Mixed/Multiple Ethnic Groups	1	20%	1

(1) The Company does not disclose the number of Directors in executive management as this is not applicable for an investment trust company.

(2) The three senior positions are: Chairman of the Board, Senior Independent Director and Chairman of the Audit Committee.

The information included in the above tables has been obtained through questionnaires completed by the individual Directors.

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.

Directors

David Watson retired from the Board at the conclusion of the 2023 AGM. The Directors' biographies are set out on pages 41 and 42. All Directors will stand for re-election by shareholders at the forthcoming AGM in accordance with the Code.

Board committees

The Board has established an Audit Committee, a Nomination & Remuneration Committee and a Management Engagement Committee. All the Directors of the Company are non-executive and serve on each Committee of the Board, as it is the Board's policy to include all Directors on all Committees. This encourages unity, clear communication and avoids duplication of discussion between the Board and its Committees.

The roles and responsibilities of each Committee are set out in the individual Committee reports which follow. Each Committee has written terms of reference which clearly define its responsibilities and duties. These can be found on the Company's website, are available on request and will also be available for inspection at the AGM.

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 & Remuneration	
	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible
David Watson[1]	2	2	1	1	0	0	0	0
Tim Gillbanks	6	6	2	2	1	1	1	1
Kate Bolsover	6	6	2	2	1	1	1	1
Sarah-Jane Curtis	6	6	2	2	1	1	1	1
Andrew Vaughan[2]	5	6	2	2	1	1	1	1
Busola Sodeinde	6	6	2	2	1	1	1	1

1 Retired from the Board on 20 July 2023.
2 Absent from one Board meeting due to illness.

In addition to formal Board and Committee meetings, the Directors attended a separate meeting devoted to the Company's strategy and also attend a number of ad hoc meetings which are convened as and when necessary.

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 Half Year 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.

The Annual Report and Accounts and Notice of the AGM are issued to shareholders so as to provide at least twenty working days' notice of the AGM, in accordance with corporate governance best practice. 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 114.

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. The Chairman is available to meet with shareholders and has had a number of such meetings since her appointment in July 2023.

Section 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 year. 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.

On 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 receive regular relevant technical updates and training. The Directors also have access to the advice and services of the Company Secretary and, when deemed necessary, they have the opportunity to seek independent professional advice in the furtherance of their duties as a Director, at the Company's expense.

Decision making

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 future strategy. In addition, the Board, together with the Manager, holds 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 company 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.

Stakeholder Group and why they are important	Board engagement
Shareholders	
Shareholder support is essential to the existence of the Company and delivery of the long-term strategy of the business.	The Company has over 3,000 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. The Manager gives a presentation at the AGM on the Company's performance and the future outlook. Shareholders have the opportunity to meet the Directors and Manager and to address questions to them directly. The Company values any feedback and questions it receives from shareholders ahead of and during the AGM and takes action or makes changes if and when 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 Company's financial position. This is supplemented by daily publication of the NAV on the London 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 regularly and their 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. • **Social media** – the Company uses social media – specifically LinkedIn – to engage with shareholders by providing timely updates on investment activity and Company news; sharing factsheets and financial reports; and highlighting key market developments. Through LinkedIn, the Company aims to ensure transparent and engaging communication with shareholders, while raising the profile of the TR Property brand.
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 considered fully 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 ongoing dialogue is maintained.

Stakeholder Group and why they are important	Board engagement
External Service Providers, particularly the Company Secretary, the Administrator, the Registrar, the Depository and the Broker	
A range of advisers enables the Company to function and ensure that it meets its relevant obligations as an investment trust company and a constituent of the FTSE 250.	The Board maintains regular contact with its key external providers and receives regular reporting from them through 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 the required level and are appropriately remunerated to deliver the expected level of service. The Audit Committee reviews and evaluates the control environment 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 delivering long-term returns consistently.
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 and the Company meet the 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.
Investee Companies	
Portfolio companies are ultimately shareholders' assets and the Board recognises the importance of good stewardship and communication with investee companies in meeting the Company's investment objective and strategy.	The Manager communicates regularly with portfolio companies and is an engaged shareholder (on behalf of the Company). The Board monitors the Manager's stewardship arrangements and receives regular feedback on meetings with the management of portfolio companies and voting at their general meetings.

The Board is always mindful of the requirement to act in the best interests of shareholders as a whole and to have regard to the other requirements of section 172 which form part of Board's decision-making process. The following key decisions taken by the Board during the year ended 31 March 2024 are examples of this:

Gearing

During the financial year, the Company continued to utilise its existing revolving loan facilities and undertook a review of the available options as renewals fell due throughout the year. The Board is keen to maintain a wide range of banking relationships to ensure that it has access to a diverse range of terms and is not reliant on any one provider, however it was decided not to renew the ICBC loan facility on the terms offered when it fell due for renewal in November 2023. The facilities provide flexibility and complement the longer-term private placement fixed term debt that is in place. In addition, the use of CFDs introduces gearing.

Dividends

Subject to shareholder approval of the proposed final dividend, the Company will pay a total dividend of 15.70p for the financial year, representing an increase of 1.3% on the previous year. Income fell in the year under review and, as a result, this year's dividend is not covered by earnings. Therefore the Company's revenue reserve has been utilised to support the dividend payment. Initial forecasts for the financial year to 31 March 2025 indicate that revenue may not be sufficient to cover fully the dividend in the forthcoming financial year and the revenue reserve may be utilised further. The Board recognises the importance of dividends to shareholders and, subject to careful review of the Company's revenue forecasts and reserves together with the investment outlook, it remains prepared to continue to use revenue reserves to support the dividends paid to shareholders over periods of income shortfall or volatility for identified reasons.

Portfolio management

During the year the Board continued to focus on the performance of the Manager in achieving the Company's investment objective within an appropriate risk framework. The Board continued to consider the impact on the Company (including portfolio activity, risks and opportunities, gearing, revenue forecasts and the operations of other third party providers) of a number of events through the financial year to ensure that the portfolio had sufficient resilience together with the Company's operational structure to meet the unprecedented circumstances.

Culture and business conduct

The Board believes that having a good corporate culture, particularly in its engagement with the Manager, shareholders and other key stakeholders, aids delivery of its long-term strategy. In line with this purpose, the Board promotes a culture of openness, debate and integrity through ongoing engagement with the Manager and with its other service providers. 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 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 (for more information see the Board evaluation section on page 53).

The Board seeks to appoint the best possible service providers and evaluates their service on a regular basis as described on page 54. The Board considers the culture of the Manager and other service providers, including their policies, practices and behaviour, through regular reporting from those 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 those matters and the effectiveness of those 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 allow it, to the extent permitted by the Companies Acts, to indemnify the Directors against any liability. 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 the Auditor

The Directors who were members of the Board at the time of approving the Directors' Report are listed on pages 41 and 42. Having made enquiries of fellow Directors and of the Company's Auditor, each of the Directors confirms that:

- so far as they are aware, there is no information of which the Company's Auditor is unaware; and
- each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's Auditor is 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,
Columbia Threadneedle Investment Business Limited,
Company Secretary
7 June 2024

Report of the Nomination & Remuneration Committee

Key responsibilities

- Review the Board and its Committees and make recommendations to the Board 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 & Remuneration Committee meets at least annually, and more frequently as and when required. It last met in March 2024.

Activity during the year

The Committee discussed succession planning of the Board, its tenure and diversity policies. It reviews annually the size and structure of the Board and will continue to review succession planning and further recruitment, taking into account the recommendations of Board evaluations.

Board evaluation

Following the engagement of Tim Stephenson of Stephenson & Co, to facilitate an independent, external evaluation of the effectiveness of the Board, its committees and the performance of each Director for the previous financial year, the annual evaluation for the year ended 31 March 2024 was carried out internally. This took the form of questionnaires followed by discussions to identify the effectiveness of the Board's activities, including its Committees. The Chairman also reviewed with each Director their individual performance, contribution and commitment. The appraisal of the Chairman followed the same format and was led by Tim Gillbanks.

The evaluation was considered by the Committee to be constructive in terms of analysing Board composition and providing recommendations on Board succession planning. There were no significant actions arising from the evaluation process and it was agreed that the current composition of the Board and its Committees reflected a suitable mix of skills and experience, and that the Board as a whole, the individual Directors and its Committees were functioning effectively.

In light of the performance evaluation, the Board confirms that the performance of each Director continues to be effective and that each Director demonstrates commitment to their role. Therefore all Directors will offer themselves for re-election at the forthcoming AGM.

Further information on each Director's skills, experience and their contribution to the Board are outlined in the biographies on pages 41 and 42.

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 during the year ending 31 March 2026. The Board will continue to complete an internal board evaluation annually in the intervening years.

Board's policy on tenure

Provision 24 of the AIC Code of Corporate Governance allows a different approach to tenure in relation to investment companies, reflecting how they differ to operating companies in not having a chief executive. The Board took into consideration the approach when it adopted its 'Policy Governing Board Members' Tenure and Reappointment'. This policy outlines the Board's approach to tenure and reappointment of non-executive directors. It states its 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 two to three years so as regularly to bring the stimulus 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

On appointment, new Directors are 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 at the AGM.

Kate Bolsover
Chairman of the Nomination & Remuneration Committee
7 June 2024

Report of the Management Engagement Committee (the 'MEC')

Key responsibilities

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

In addition to investment management, the Board has delegated to external third parties the depositary and custodial services functions (which include the safeguarding of assets), the day to day accounting, company secretarial, administration and share 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 MEC determines and approves Directors' fees, 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 59 to 61.

The MEC meets at least annually, towards the end of the financial year and last met in March 2024.

Activity during the year

At the meeting held in March 2024, the MEC reviewed the 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.

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 believes 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 2025, being in the best interests of all shareholders. A summary of the significant terms of the Investment Management Agreement and the third-party service providers who support the Company are set out below.

During the year, the MEC also reviewed the performance of all the Company's third party service providers, including BNP Paribas, Computershare, Columbia Threadneedle Investments acting as Company Secretary, both firms of corporate brokers (Panmure Gordon and Stifel) 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 it was satisfied with the level of services delivered by each third party provider.

Management arrangements and fees

Columbia Threadneedle Investment Business Limited acts as the Company's 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 £4,090,000 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 2025 and the fixed element of the fee will increase to £4,180,000, whilst the ad valorem rate will remain 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.

'Adjusted Net Assets' means the Net Asset Value after (i) excluding any increases or decreases in Net Asset Value attributable to the issue or repurchase of any Ordinary Shares; (ii) adding back the aggregate amount of any dividends paid or distributions made in respect of any Ordinary Shares; and (iii) excluding the amount of any Performance Fee accrued for the period.

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. The carry forward of outperformance at 31 March 2024 is 0.4% (2023: 0.4%).

Depositary arrangements and fees

BNP Paribas acts as the Company's Depositary, in accordance with the AIFMD. 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 £150 million of the Company's assets, 1.4 basis points per annum on assets above £150 million and below £500 million and 0.75 basis points on assets above £500 million.

Review of third party service providers fees

Custody and Administration Services are provided by BNP Paribas and Company Secretarial Services by Columbia Threadneedle Investment Business Limited. The fees for these services are charged directly to the Company and are disclosed within other administrative expenses disclosed in notes to the accounts.

Kate Bolsover
Chairman of the Management Engagement Committee
7 June 2024

Report of the Audit Committee

Key responsibilities

- Review accounting policies and significant financial reporting judgements;
- Consider and recommend to the Board for approval the contents of the draft Half year and Annual Reports;
- Review the findings of the audit with the external auditor;
- Monitor, together with the Manager, the Company's compliance with financial reporting, maintenance of Investment Trust status and regulatory requirements;
- Review the adequacy and effectiveness of the Company's system of risk management and internal control;
- Review reports from key third party service providers; and
- Consider 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 Committee meetings at the Committee Chairman's request.

Representatives of the Company's Auditor attend the Committee meetings at which the draft Half Year 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 at least one Committee member to have recent and relevant financial experience and for the Audit Committee as a whole to have competence relevant to the sector. The Committee Chairman, Ms Sodeinde and Mr Gillbanks are qualified 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 impact of inflationary and interest rate increases, and political unrest and military activity in various parts of the world across a range of risk categories,

- The Group's Internal Controls and consideration of the Reports thereon;
- The ISAE/AAF reports or their equivalent from Columbia Threadneedle 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 Auditor concerning its 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 Long-Term 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 Half Year and Annual Reports to assess whether, taken as a whole, they are fair, balanced and understandable and the information presented will enable shareholders to assess the Company's position, performance, business model and strategy;
- The performance of the external auditor, 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 UK Corporate Governance Code.

Going concern

In assessing whether it continues to be appropriate to prepare the Accounts on a Going Concern basis, the Committee 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.

In light of the testing carried out, the overall levels of the investment liquidity held by the Company and the significant net asset position, the Parent Company and Group, the Directors confirm that they 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 continue to adopt the Going Concern basis of accounting.

The long-term viability of the Company was also assessed as set out on pages 38 and 39.

Risk management and internal control

The Board has overall responsibility for the Group's system of Risk Management and Internal Control and for reviewing their effectiveness. Key risks identified by the Auditor 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 page 45.

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 emerging risks and whether any adjustments were required to existing risks, and the controls and mitigation measures in place in respect of those risks.

Elevated levels of inflation and interest rates and the associated risks were reflected in the risk map.

Political uncertainty and change, and military action in the Ukraine and Middle East, were considered with any potential impact reflected in the risk map.

Based on the processes and controls in place within Columbia Threadneedle Investments and other significant service providers, the Board has concurred that there is no current need for the Company to have its own internal audit function.

The audit Chairman and Mr Gillbanks met with the head of Internal Audit of Columbia Threadneedle to obtain feedback after a recent internal audit programme covering Thames River Capital. This was positive and no points of concern we raised.

Significant issues in relation to the financial statements

The Committee has considered this report and financial statements and the Long-Term Viability statement on pages 38 and 39. 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 those risks on an ongoing basis. Those risks are also highlighted in the Committee'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 30 September 2023 which did not reveal any significant exceptions. The quarterly control report to the Board from BNP Paribas covering the period up to 31 March 2024 disclosed no significant issues to report. In addition, on each business day, the Manager estimates the NAV using an alternative pricing source as an independent check.

The Auditor agreed 100% of the listed investments of the portfolio to externally quoted prices and independently received third-party confirmations from investment custodians and found the carrying value of listed investments to be acceptable.

- Valuation of Direct Property Investments (Group and Parent Company) – the physical property portfolio is valued every six months by professional independent valuers.

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.

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

The Auditor has set out their detailed testing and procedures in respect of the direct property valuation and concluded that they found the Company's valuation of investment properties to be acceptable.

There has been nothing brought to the Committee's attention in respect of the financial statements for the year ended 31 March 2024 that 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 ('KPMG') was appointed as the Company's auditor at the 2016 AGM. The Committee undertook a review during 2021 to ensure that shareholders were receiving the best services and value for money. A number of firms were invited to express interest and respond on a small number of key points. The decision was made for the audit to remain with KPMG. Their first Audit Partner rotated off the Company's account in 2021 and this is Mr Merchant's third year as the Company's Audit Partner.

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 current audit regulations.

At the half year meeting of the Committee, KPMG presented their audit plan for the year end 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 those policies are fit for purpose and the Directors are satisfied that KPMG is independent.

Total fees payable to the Auditor in respect of the audit for the year to 31 March 2024 were £114,000 (2023: £97,000), 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.

Full details of the Auditor's fees are provided in note 6 to the accounts on page 81. The fees for non-audit services for the year to 31 March 2024 were nil (2023: nil).

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 peers and the targets set by the FRC. The review following the completion of the 2024 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. A resolution to re-appoint KPMG LLP as the Company's Auditor will be put to shareholders at the forthcoming AGM.

Busola Sodeinde
Chairman of the Audit Committee
7 June 2024

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 Auditor, 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 Nomination & Remuneration Committee met in March 2024 and considered the results and feedback from the Board evaluation. It was agreed that the Directors' fees would be increased, with effect from 1 April 2024, to the following levels: Chairman £76,000; Audit Committee Chairman £45,500; Senior Independent Director £45,500; and other Directors £39,000.

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 2023 AGM, and the Directors' intention is that this will continue for the year ending 31 March 2025. In accordance with the regulations, an ordinary resolution to approve the Directors' remuneration policy will next be put to shareholders at the AGM on to be held in 2026.

The Directors are paid 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 comprises entirely of non-executive Directors, whose appointments are reviewed formally every year. 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 and no payments made for loss of office. The terms of their appointment are detailed in an appointment letter when they join the Board. As the Directors do not have service contracts, the Company does not have a policy on termination payments. The Company's Articles of Association currently limit the total aggregate fees payable to the Board to £300,000 per annum.

Any 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 2023 AGM, 99.6% of shareholders' votes cast were in favour of the resolution approving the Directors' Remuneration Report, with 0.4% against, showing very 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	Additional Fees	Expenses	Other
The aggregate limit for the fees for the Board as a whole is £300,000 per annum which, in accordance with the Articles of Association, is divided between the Directors as they deem appropriate. Fees are set to reflect the role of each Board member and the time commitment required to carry out their duties and are reviewed with reference to the fees paid to 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 are 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.

Annual remuneration report

For the year ended 31 March 2024, Directors' fees were paid at the annual rates of Chairman: £73,000 (2023: £72,000) and all other Directors: £37,000 (2023: £36,000). An additional £6,000 was 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.

Single total figure table (audited)

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

	31 March 2024 £	31 March 2023 £
David Watson(1)	22,000	72,000
Tim Gillbanks(2)	43,000	42,000
Kate Bolsover(3)	64,000	40,069
Sarah-Jane Curtis	37,000	36,000
Andrew Vaughan(4)	37,000	24,000
Busola Sodeinde(5)	40,000	6,831
Simon Marrison(6)	n/a	14,000
Total	243,000	234,900

All fees are at a fixed rate and there is no variable remuneration. Fees are pro-rated where a change takes place during a financial year There were no payments to third parties included in the fees referred to in the table above There are no further fees to disclose as the Company has no employees, chief executive or executive directors.

(1) resigned from the Board on 20 July 2023

(2) appointed Senior Independent Director on 1 October 2023

(3) appointed Chairman on 20 July 2023

(4) appointed to the Board on 1 August 2022

(5) appointed to the Board on 24 January 2023 and as Audit Committee Chairman on 1 October 2023

(6) resigned from the Board on 26 July 2022

Annual percentage change in Directors' Fees

The table below sets out the annual percentage change in fees for each Director who served in the year under review.

Director	% change from 2023 to 2024 (audited) %	% change from 2022 to 2023 (audited) %	% change from 2021 to 2022 (audited) %	% change from 2020 to 2021 (audited) %
David Watson[1]	n/a	+2.9	+15.8	+51.2
Tim Gillbanks	+2.4	+5.0	0.0	0.0
Kate Bolsover[2]	+59.7	+14.5	0.0	+100.0
Sarah-Jane Curtis[3]	+2.8	+2.9	0.0	+449.3
Andrew Vaughan[4]	+54.2	n/a	n/a	n/a
Busola Sodeinde[5]	+485.6	n/a	n/a	n/a

[1] Appointed as Chairman with effect from 28 July 2020, the increases reflect the initial part year and subsequent full year in the role. Retired on 20 July 2023.

[2] Appointed as a non-executive Director on 1 October 2019, as Senior Independent Director on 26 July 2022 and as Chairman on 20 July 2023, the increases reflect the first full year with the Company and subsequent changes in role.

[3] Appointed as a non-executive Director on 28 January 2020, the increase in 2021 reflects the first full year with the Company.

[4] Appointed as a non-executive Director on 1 August 2022, the increase in 2024 reflects the first full year with the Company.

[5] Appointed as a non-executive Director on 24 January 2023 and as Audit Committee Chairman on 1 October 2023, the increase in 2024 reflects the first full year with the Company.

The following table shows the total remuneration for the Chairman over the five years ended 31 December 2024:

Year ended 31 December	Fees £'000s
2024	73.0
2023	72.0
2022	70.0
2021	70.0
2020	70.0

The table below is shown to enable shareholders to assess the relative importance of spend on remuneration. It compares the remuneration, excluding taxable benefits, against the shareholder distribution of dividends.

Actual expenditure

	2024 £'000	2023 £'000	Change
Dividends paid	49,190	47,127	+4.38%
Directors' fees	243	228	+6.6%

Directors' shareholdings (audited)

The interests of the Directors who held office at the year end in the shares of the Company were as follows:

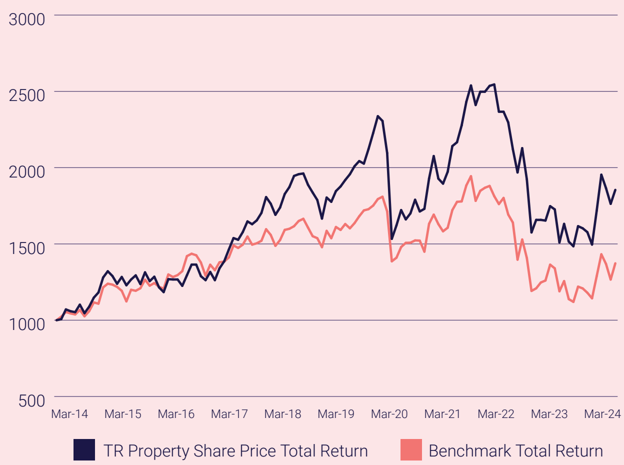
	Ordinary shares of 25 pence	
	31 March 2024 or as at date of appointment	31 March 2023 or as at date of appointment
Kate Bolsover	16,063	2,360
Sarah-Jane Curtis	16,787	10,009
Tim Gillbanks	5,000	-
Busola Sodeinde	-	-
Andrew Vaughan	52,819	11,071

Since 31 March 2024 to the date of this report, there have been no changes to the Directors' interests in the shares of the Company.

Company performance

The graph below compares, for the ten years ended 31 March 2024, 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.

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



Share Price Total Return assuming investment of £1,000 on 31 March 2014 and reinvestment of all dividends (excluding dealing expenses). (Source: Thames River Capital)

Benchmark Total Return assuming notional investment into the index of £1,000 on 31 March 2014. (Source: Thames River Capital)

For and on behalf of the Board
Kate Bolsover
Chairman
7 June 2024

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

The Directors are responsible for preparing the Annual Report and the Group and Parent Company 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. Directors are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the Parent Company financial statements on the same basis.

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 the Group's 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 apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK-adopted international accounting standards.
- 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.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

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.

In accordance with Disclosure Guidance and Transparency Rule ('DTR') 4.1.16R, the financial statements will form part of the annual financial report prepared under DTR 4.1.17R and 4.1.18R. The auditor's report on these financial statements provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

Responsibility statement of the Directors in respect of the annual financial report

Each of the Directors confirms that to the best of their knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and Parent Company and the undertakings included in the consolidation taken as a whole; and
- the strategic report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The Directors consider that the Annual Report and Accounts, 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.

By order of the Board
Kate Bolsover
Chairman
7 June 2024

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 2024 which comprise the Group Statement of Comprehensive Income, Group and Company Statements 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 Parent Company's affairs as at 31 March 2024 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

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 directors on 2 November 2016. The period of total uninterrupted engagement is for the eight financial years ended 31 March 2024. We have fulfilled our ethical responsibilities under, and we remain independent of the Group 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.

Overview		
Materiality: group financial statements as a whole		£11.9m (2023: £10.5m) 1% (2023: 1%) of Total Assets
Key audit matters		**vs 2023**
Recurring risks	Valuation of direct property investments	▼
	Carrying amount of listed investments	◄►

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

Key audit matters are those matters that, in our professional judgement, 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 (unchanged from 2023), in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and our findings from those procedures in order that the Company's members, as a body, may better understand the process by which we arrived at our audit opinion. These matters were addressed, and our findings 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.

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

	The risk	Our response
Valuation of direct property investments (Group and Parent) (£38.4 million; 2023: £74.0 million) Refer to pages 56 to 58 (Audit Committee Report), pages 77 and 78 (accounting policy),and note 10 on pages 84 to 88 (financial disclosures).	Subjective valuation: 3.2% (2023: 7%) of the Group's, and 3.1% (2023: 6.8%) of the Parent Company's, total assets (by value) are held in investment properties. The fair value of each property requires significant estimation using subjective assumptions such as the estimated rental value and yield assumptions. These assumptions are impacted by a number of factors including the quality and condition of the properties and tenant financial strength. The effect of these matters is that, as part of our risk assessment, we determined that the valuation of investment properties 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. The financial statements (note 10) disclose the sensitivity estimated by the Group. We considered the impact of direct property investment disposals during the year, which decreased the portfolio by 48.1% from £74.0 to £38.4m, on our assessment of the valuation of direct property investments as a key audit matter. We determined that, although the reduction in direct property investment portfolio value did reduce the inherent risk of material misstatement of valuation, there remained a high degree of estimation uncertainty and should remain as a key audit matter for the current year.	We performed the detailed tests below rather than seeking to rely on any of the Group's controls, because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. Our procedures included: • **Assessing valuer's credentials:** Using our own property valuation specialist, we evaluated the competence, experience and independence of the Group's external valuer; • **Tests of detail:** We compared the information provided by the Group to its external property valuer for a sample of properties, such as rental income and tenancy data against supporting documents including lease agreements; • **Methodology choice:** Using our own property valuation specialist, we critically assessed whether the valuation methodology adopted by the Group's external valuer was in accordance with the RICS Valuation Professional Standards 'the Red Book' and IFRS; • **Benchmarking assumptions:** Using our own property valuation specialist, we compared the key assumptions used by the Group's external valuer including the estimated rental value and yield for a sample of properties, against industry benchmarks; • **Assessing transparency:** We considered the adequacy of the Group's disclosures about the degree of estimation and sensitivity to key assumptions made when valuing the direct property investments. Our Findings • We found the Group's valuation of investment properties to be balanced (2023: balanced). We have considered the associated disclosures to be proportionate.

	The risk	Our response
Carrying amount of listed investments (Group and Parent) (£1,070.8 million; 2023: £872.1 million) Refer to pages 56 to 58 (Audit Committee Report), page 78 (accounting policy) and note 10 on pages 84 to 88 (financial disclosures).	**Low risk, high value:** The portfolio of listed level 1 investments makes up 90.0% (2023: 83.0%) of the Group's, and 87.3% (2023: 80.2%) of the Parent Company's, total assets (by value) and is one of the key drivers of results. We do not consider these investments to be at a high risk of material 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.	We performed the detailed tests below rather than seeking to rely on any of the Group's controls, because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. Our procedures included: • **Test of detail:** Agreeing the valuation of 100% of level 1 listed investments in the portfolio to externally quoted prices; and • **Enquiry of custodians:** Agreeing 100% of level 1 listed investment holdings in the portfolio to independently received third party confirmations from investment custodians. Our findings • We found no differences from third party holdings confirmations nor from the externally quoted prices of a size to require reporting to the Audit Committee (2023: no differences).

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 £11.9m (2023: £10.5m), determined with reference to a benchmark of total assets, of which it represents 1.0% (2023: 1.0%).

Materiality for the Parent Company financial statements as a whole was set at £11.3m (2023: £9.97m), which is the component materiality for the Parent Company determined by the Group audit engagement team. This is lower than the materiality we would otherwise have determined with reference to Parent Company total assets, of which it represents 0.92% (2023: 0.92%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole. Performance materiality was set at 75% (2023: 75%) of materiality for the financial statements as a whole, which equates to £8.93m (2023: £7.85m) for the Group and £8.48m (2023: £7.45m) for the Parent Company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

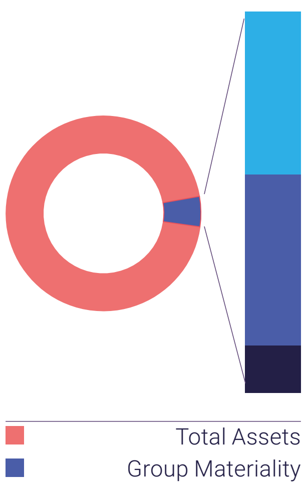
We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.60m (2023: £0.53m) for the Group and exceeding £0.57m (2023: £0.50m) for the Parent Company, in addition to other identified misstatements that warranted reporting on qualitative grounds.

The audit team performed the audit of the Group as a single aggregated set of financial information rather than scoping in individual components. This approach is unchanged from the prior year. The audit of the Group and Parent Company was performed using the materiality levels set out above and was performed by a single audit team.

The scope of the audit work performed was fully substantive as we did not rely upon the Group's internal controls over financial reporting.

Total Assets
£1,190m (2023: £1,051m)

Group materiality
£11.9m (2023: £10.5m)



£11.9m
Whole financial statements materiality (2023: £10.5m)

£11.3m
Parent Company Materiality (2023: £9.97m)

£8.93m
Whole financial statements performance materiality (2023: £7.85m)

£0.60m
Misstatements reported to the audit committee (2023: £0.53m)

4. The impact of climate change on our audit

We have performed a risk assessment of how the impact of climate change may affect the financial statements and our audit. Level 1 listed investments make up 90.0% of the Group's total assets, for which fair value is determined as the quoted market price. Therefore, we assessed that the financial statement estimate that is primarily exposed to climate risk is the investment property portfolio, for which the valuation assumptions and estimates may be impacted by physical and policy or legal climate risks, such as flooding or an increase in climate related compliance expenditure. We assessed that, whilst climate change posed a risk to the determination of investment property valuations in the current year, this risk was not significant when considering both the nature and domicile of the properties and the tenure of unexpired leases, along with the reduction in the Group's exposure to direct investment property from £74.0m to £38.4m in the current year. Therefore there was no significant impact of climate change on our key audit matters.

We have read the disclosure of climate related information in the front half of the financial statements and considered consistency with the financial statements and our audit knowledge.

5. Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and the Company'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').

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group or Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group or Company's available financial resources and its ability to operate over this period were:

- The impact of a significant reduction in the valuation of investments and the implications for the Group or Company's debt covenants;
- The liquidity of the investment portfolio and its ability to meet the liabilities of the Group as and when they fall due; and
- The operational resilience of key service organisations.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by assessing the degree of downside assumption that, individually and collectively, could result in a liquidity issue, taking into account the Group or Company's current and projected cash and liquid investment position (and the results of their reverse stress testing).

We considered whether the going concern disclosure in note 1 to the financial statements gives a full and accurate description of the Directors' assessment of going concern, including the identified risks and related sensitivities.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period;
- we have nothing 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 and Company's use of that basis for the going concern period, and we found the going concern disclosure in note 1 to be acceptable; and
- the related statement under the Listing Rules set out on page 57 is materially consistent with the financial statements and our audit knowledge.

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 above conclusions are not a guarantee that the Group or the Company will continue in operation.

6. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ('fraud risks') we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of Directors as to the Group's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Assessing the segregation of duties in place between the Directors, the Administrator and the Group's Investment Manager; and
- Reading Board and Audit Committee minutes.

We communicated identified fraud risk throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular to the risk that management may be in a position to make inappropriate accounting entries. On this audit we have rebutted the fraud risk related to revenue recognition because the revenue is non-judgemental and straightforward, with limited opportunity for manipulation. We did not identify any significant unusual transactions or additional fraud risks.

We evaluated the design and implementation of the controls over journal entries and other adjustments and made inquiries of the Administrator about inappropriate or unusual activity relating to the processing of journal entries and other adjustments.

We substantively tested all material post-closing entries and, based on the results of our risk assessment procedures and understanding of the process, including the segregation of duties between the Directors and the Administrator, no further high- risk journal entries or other adjustments were identified. We selected journal entries for testing, examining appropriate supporting documentation for the selected entries which included a haphazard selection of entries incorporating an element of unpredictability.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

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 Investment Manager and the Administrator (as required by auditing standards) and discussed with the Directors the policies and procedures regarding compliance with laws and regulations. As the Parent Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements 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 Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and its qualification as an Investment Trust under UK taxation legislation, any breach of which could lead to the Group 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.

We assessed the legality of the distributions made by the Company in the period based on comparing the dividends paid to the distributable reserves prior to each distribution.

Secondly, the Group 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: money laundering, data protection, bribery and corruption legislation and certain aspects of company legislation recognising the financial nature of the Group'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 and the Administrator and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

6. Fraud and breaches of laws and regulations – ability to detect continued

Context of the ability of the audit to detect fraud or breaches of law or regulation
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 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 fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non- compliance with all laws and regulations.

7. 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
We are required to perform procedures to identify whether there is a material inconsistency between the Directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation within the Long-Term Viability Statement on page 38 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 and emerging risks disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the Directors' explanation in the Long-Term 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.

We are also required to review the Long-Term Viability Statement, set out on pages 38 and 39 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

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 judgements 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 and Company's longer-term viability.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the Directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- 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;
- the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of the Corporate Governance Report relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect.

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

We have nothing to report in these respects.

9. 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 parent 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 parent 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 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 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.

The Company is required to include these financial statements in an annual financial report prepared under Disclosure Guidance and Transparency Rule 4.1.17R and 4.1.18R. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

10. 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.

Philip Merchant (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh EH1 2EG
7 June 2024

Financial statements

Group statement of comprehensive income

for the year ended 31 March 2024

	Notes	Year ended 31 March 2024 Revenue Return £'000	Year ended 31 March 2024 Capital Return £'000	Year ended 31 March 2024 Total £'000	Year ended 31 March 2023 Revenue Return £'000	Year ended 31 March 2023 Capital Return £'000	Year ended 31 March 2023 Total £'000
Income							
Investment income	2	**39,956**	**-**	**39,956**	52,077	-	52,077
Rental income	3	**3,471**	**-**	**3,471**	4,459	-	4,459
Other operating income	4	**877**	**-**	**877**	255	12	267
Gains/(losses) on Investments held at Fair Value	10	**-**	**160,791**	**160,791**	-	(549,430)	(549,430)
Net movement on foreign exchange; investments and loan notes		**-**	**(1,195)**	**(1,195)**	-	(2,780)	(2,780)
Net movement on foreign exchange; cash and cash equivalents		**-**	**(2,755)**	**(2,755)**	-	2,016	2,016
Net returns on contracts for difference	2,10	**6,522**	**16,719**	**23,241**	9,462	(45,556)	(36,094)
Total Income		**50,826**	**173,560**	**224,386**	66,253	(595,738)	(529,485)
Expenses							
Management and performance fees	5	**(1,513)**	**(14,622)**	**(16,135)**	(1,560)	(4,680)	(6,240)
Direct property expenses, rent payable and service charge costs	3	**(673)**	**-**	**(673)**	(1,660)	-	(1,660)
Other administrative expenses	6	**(1,336)**	**(575)**	**(1,911)**	(1,163)	(542)	(1,705)
Total operating expenses		**(3,522)**	**(15,197)**	**(18,719)**	(4,383)	(5,222)	(9,605)
Operating profit/(loss)		**47,304**	**158,363**	**205,667**	61,870	(600,960)	(539,090)
Finance costs	7	**(1,771)**	**(5,315)**	**(7,086)**	(1,146)	(3,438)	(4,584)
Profit/(loss) from operations before tax		**45,533**	**153,048**	**198,581**	60,724	(604,398)	(543,674)
Taxation	8	**(7,322)**	**5,088**	**(2,234)**	(6,087)	2,495	(3,592)
Total comprehensive income		**38,211**	**158,136**	**196,347**	54,637	(601,903)	(547,266)
Earnings/(loss) per Ordinary share	9	**12.04p**	**49.83p**	**61.87p**	17.22p	(189.67)p	(172.45)p

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 from pages 76 to 100 form part of these Financial Statements.

Group and Company statement of changes in equity

Group

For the year ended 31 March 2024	Notes	Share Capital £'000	Share Premium Account £'000	Capital Redemption Reserve £'000	Retained Earnings £'000	Total £'000
At 31 March 2023		**79,338**	**43,162**	**43,971**	**801,875**	**968,346**
Total comprehensive income		**-**	**-**	**-**	**196,347**	**196,347**
Dividends paid	17	**-**	**-**	**-**	**(49,190)**	**(49,190)**
At 31 March 2024		**79,338**	**43,162**	**43,971**	**949,032**	**1,115,503**

Company

For the year ended 31 March 2024	Notes	Share Capital £'000	Share Premium Account £'000	Capital Redemption Reserve £'000	Retained Earnings £'000	Total £'000
At 31 March 2023		**79,338**	**43,162**	**43,971**	**801,875**	**968,346**
Total comprehensive income		**-**	**-**	**-**	**196,347**	**196,347**
Dividends paid	17	**-**	**-**	**-**	**(49,190)**	**(49,190)**
At 31 March 2024		**79,338**	**43,162**	**43,971**	**949,032**	**1,115,503**

Group

For the year ended 31 March 2023	Notes	Share Capital £'000	Share Premium Account £'000	Capital Redemption Reserve £'000	Retained Earnings £'000	Total £'000
At 31 March 2022		79,338	43,162	43,971	1,396,268	1,562,739
Total comprehensive income		-	-	-	(547,266)	(547,266)
Dividends paid	17	-	-	-	(47,127)	(47,127)
At 31 March 2023		79,338	43,162	43,971	801,875	968,346

Company

For the year ended 31 March 2023	Notes	Share Capital £'000	Share Premium Account £'000	Capital Redemption Reserve £'000	Retained Earnings £'000	Total £'000
At 31 March 2022		79,338	43,162	43,971	1,396,268	1,562,739
Total comprehensive income		-	-	-	(547,266)	(547,266)
Dividends paid	17	-	-	-	(47,127)	(47,127)
At 31 March 2023		79,338	43,162	43,971	801,875	968,346

The notes from pages 76 to 100 form part of these Financial Statements.

Group and company balance sheets

as at 31 March 2024

	Notes	Group 2024 £'000	Company 2024 £'000	Group 2023 £'000	Company 2023 £'000
Non-current assets					
Investments held at fair value	10	**1,112,107**	**1,112,107**	948,672	948,672
Investments in subsidiaries	10	**-**	**36,276**	-	36,292
		1,112,107	**1,148,383**	948,672	984,964
Deferred taxation asset	12	**903**	**903**	903	903
		1,113,010	**1,149,286**	949,575	985,867
Current assets					
Debtors	12	**58,212**	**58,217**	65,287	65,293
Cash and cash equivalents		**19,145**	**19,143**	36,071	36,069
		77,357	**77,360**	101,358	101,362
Current liabilities	13	**(17,116)**	**(53,395)**	(23,654)	(59,950)
Net current assets		**60,241**	**23,965**	77,704	41,412
Total assets less current liabilities		**1,173,251**	**1,173,251**	1,027,279	1,027,279
Non-current liabilities	13	**(57,748)**	**(57,748)**	(58,933)	(58,933)
Net assets		**1,115,503**	**1,115,503**	968,346	968,346
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	**949,032**	**949,032**	801,875	801,875
Equity shareholders' funds		**1,115,503**	**1,115,503**	968,346	968,346
Net Asset Value per:					
Ordinary share	19	**351.50p**	**351.50p**	305.13p	305.13p

These financial statements were approved by the directors of TR Property Investment Trust plc (Company No:84492) and authorised for issue on 7 June 2024.

K Bolsover
Director

The notes from pages 76 to 100 form part of these Financial Statements.

Group and Company cash flow statements

for the year ended 31 March 2024

	Group 2024 £'000	Company 2024 £'000	Group 2023 £'000	Company 2023 £'000
Reconciliation of profit from operations before tax to net cash outflow from operating activities				
Profit/(loss) from operations before tax	**198,581**	**198,581**	(543,674)	(543,674)
Finance costs	**7,086**	**7,086**	4,584	4,584
(Gains)/losses on investments and derivatives held at fair value through profit or loss	**(177,510)**	**(177,494)**	594,986	594,990
Net movement on foreign exchange; cash and cash equivalents and loan notes	**1,570**	**1,570**	(336)	(336)
Scrip dividends included in investment income and net returns on contracts for difference	**(5,928)**	**(5,928)**	(6,325)	(6,325)
Accrued income in the prior year received as a scrip dividend	**(1,557)**	**(1,557)**	–	–
Sales of investments	**455,539**	**455,539**	448,587	448,587
Purchase of investments	**(435,415)**	**(435,415)**	(427,509)	(427,509)
Increase in prepayments and accrued income	**888**	**888**	(978)	(978)
(Increase)/decrease in sales settlement debtor	**(152)**	**(152)**	30,399	30,399
(Decrease)/increase in purchase settlement creditor	**(2,975)**	**(2,975)**	3,172	3,172
Decrease in other debtors	**7,379**	**7,380**	1,419	1,413
Increase/(decrease) in other creditors	**7,615**	**7,598**	(22,265)	(21,797)
Net cash inflow from operating activities before interest and taxation	**55,121**	**55,121**	82,060	82,526
Interest paid	**(7,086)**	**(7,086)**	(4,584)	(4,584)
Taxation paid	**(3,016)**	**(3,016)**	(3,403)	(3,869)
Net cash inflow from operating activities	**45,019**	**45,019**	74,073	74,073
Financing activities				
Equity dividends paid	**(49,190)**	**(49,190)**	(47,127)	(47,127)
Repayment of loans	**(10,000)**	**(10,000)**	(25,000)	(25,000)
Net cash outflow from financing activities	**(59,190)**	**(59,190)**	(72,127)	(72,127)
(Decrease)/increase in cash	**(14,171)**	**(14,171)**	1,946	1,946
Cash and cash equivalents at start of year	**36,071**	**36,069**	32,109	32,107
Net movement on foreign exchange; cash and cash equivalents	**(2,755)**	**(2,755)**	2,016	2,016
Cash and cash equivalents at end of year	**19,145**	**19,143**	36,071	36,069

The notes from pages 76 to 100 form part of these Financial Statements.

Notes to the financial statements

01 Accounting policies

The financial statements for the year ended 31 March 2024 have been prepared on a going concern basis, in accordance with UK-adopted International accounting standards and in conformity with the requirements of the Companies Act 2006. The financial statements have also been prepared in accordance with the Statement of Recommended Practice, "Financial Statements of Investment Trust Companies and Venture Capital Trusts," ('SORP'), to the extent that it is consistent with UK-adopted international accounting standards.

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.

Going concern

In assessing Going Concern the Board has made a detailed assessment of the ability of the Company and the Group to meet its liabilities as they fall due, including stress and liquidity tests which considered the effects of substantial falls in investment valuations, revenues received and market liquidity as the global economy continues to suffer disruption due to political and inflationary pressures, the war in Ukraine and the conflict in the Middle East.

In light of the testing carried out, the liquidity of the level 1 assets held by the Company and the significant net asset value, and the net current asset position of the Group and 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.

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 2024. 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 funds 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.

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 for difference is set out in section (g) of this note.

01 Accounting policies continued

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.

f) Investment property

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

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

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property are recognised in the Group Statement of Comprehensive Income in the year of 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 as independent valuation specialists to determine fair value as at 31 March 2024.

01 Accounting policies continued

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 2024, 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).

Held for sale investment are presented separately on the face of the Balance Sheet.

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 or other negotiated rent free periods agreed 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.

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 the fair value of its investments in subsidiaries as being the 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 contracts for difference ('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.

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.

01 Accounting policies continued

Derivatives continued

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 are measured at amortised cost and 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.

l) Adoption of new and revised Standards

Standards and Interpretations effective in the current period
The accounting policies applied throughout the year ended 31 March 2024 are consistent with previous financial statements except the following amended standards and interpretations adopted during the year, however the Board does not expect these changes to have an effect on the Group and Company accounts:

IAS 1 Amendments - Disclosure of Accounting Policies (effective 1 January 2023). The amendments require an entity to disclose its material accounting policy information instead of its significant accounting policies. The amendments contain guidance and examples on identifying material accounting policy information.

IAS 8 Amendments - Definition of Accounting Estimates (effective 1 January 2023). The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". The amendments also clarify the interaction between an accounting policy and an accounting estimate.

IAS 12 Amendments - Deferred Tax and OECD Pillar 2 Taxes (effective 1 January 2023). The amendments provide temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's international tax reform.

IAS 12 Amendments - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective 1 January 2023). The amendments require entities with certain assets to recognise deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

Standards and interpretations issued but not effective
The standards issued before the reporting date that become effective after 31 March 2024 are not expected to have a material effect on the Group's financial statements 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:

IAS 1 Amendments - Classification of Liabilities as Current or Non-Current (effective date amended to 1 January 2024). The amendments specify the requirements for classifying liabilities as current or non-current.

IAS 1 Amendments - Non-current Liabilities with Covenants (effective 1 January 2024). The amendments require disclose of information when there is a right to defer settlement of a liability for at least twelve months.

IFRS 16 Amendments - Lease Liability in a Sale and Leaseback (effective 1 January 2024). The amendment requires additional explanation of the accounting treatment in a sale and leaseback after the date of the transaction.

IAS 21 Amendments - Lack of Exchangeability (effective 1 January 2025). The amendment applies a consistent approach in assessing whether a currency can be exchanged into another currency and, when it cannot, in determining the exchange rate to use and the disclosures to provide.

IFRS 18 Presentation and Disclosure in Financial Statements and IAS 7 Amendments (effective 1 January 2027). The new Standard gives investors more transparent and comparable information about companies' financial performance, thereby enabling better investment decisions, together with minor changes to other Standards.

02 Investment income

The following tables present the Company's Investment and Rental income for the year split by income type and location for the purpose of Business and Geographical Segmental Reporting:

	2024 £'000	2023 £'000
Dividends from UK listed investments	**2,029**	2,457
Dividends from UK unlisted investments	**577**	627
Scrip dividends from UK listed investments	**914**	1,474
Property income distributions from UK listed investments	**13,031**	9,988
Dividends from overseas listed investments	**17,897**	30,891
Scrip dividends from overseas listed investments	**5,014**	4,851
Property income distributions from overseas listed investments	**494**	1,789
Total equity investment income	**39,956**	52,077

Contracts for difference

	2024 £'000	2023 £'000
Dividends from UK contracts for difference[1]	**3,980**	3,425
Dividends from overseas contracts for difference[1]	**2,542**	6,037
Total contracts for difference income	**6,522**	9,462

(1) Gross revenue for contracts for difference relates to dividends receivable, on an ex dividend basis, on the underlying positions held.

03 Rental income

	2024 £'000	2023 £'000
Gross rental income from UK property	**3,155**	3,513
Service charge income from UK property	**316**	946
Total rental income	**3,471**	4,459
Direct property expenses, rent payable and service charge costs	**(673)**	(1,660)
Total net rental income	**2,798**	2,799

Operating leases

The Group has entered into commercial leases on its property portfolio. Commercial property leases typically have lease terms between five 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:

	2024 £'000	2023 £'000
Within 1 year	**1,100**	2,900
After 1 year but not more than 5 years	**1,900**	9,900
More than 5 years	**700**	14,150
	3,700	26,950

04 Other operating income

	2024 Revenue £'000	2024 Capital £'000	2024 Total £'000	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000
Interest on cash and cash equivalents	**877**	**-**	**877**	255	-	255
Interest on Subsidiary withholding tax reclaims	**-**	**-**	**-**	-	12	12
	877	**-**	**877**	255	12	267

05 Management and performance fees

	2024 Revenue £'000	2024 Capital £'000	2024 Total £'000	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000
Management fee	**1,513**	**4,540**	**6,053**	1,560	4,680	6,240
Performance fee	**-**	**10,082**	**10,082**	-	-	-
	1,513	**14,622**	**16,135**	1,560	4,680	6,240

A summary of the terms of the management agreement is given in the Report of the Directors on pages 54 and 55.

Under the terms of this agreement the manager was entitled to a performance fee for the year to 31 March 2024 of £10,082,000 (2023: £nil).

06 Other administrative expenses

	2024 Revenue £'000	2024 Capital £'000	2024 Total £'000	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000
Directors' fees (Directors' Remuneration Report on pages 59 and 61)	**243**	**-**	**243**	228	-	228
Auditor's remuneration						
– for audit of the consolidated and parent company financial statements	**114**	**-**	**114**	97	-	97
Legal fees	**19**	**-**	**19**	1	-	1
Taxation fees	**98**	**-**	**98**	90	-	90
Other administrative expenses	**192**	**575**	**767**	187	542	729
Other expenses	**701**	**-**	**701**	532	-	532
Irrecoverable VAT	**(31)**	**-**	**(31)**	28	-	28
	1,336	**575**	**1,911**	1,163	542	1,705

Other administrative expenses include depositary, custody and company secretarial services. These expenses are charged on the same basis as the base management fee; 25% to income and 75% to capital.

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.

07 Finance costs

	2024 Revenue £'000	2024 Capital £'000	2024 Total £'000	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000
Loan notes, bank loans and overdrafts repayable within 1 year	**1,423**	**4,271**	**5,694**	797	2,392	3,189
Loan notes repayable between 1-5 years	**211**	**635**	**846**	209	628	837
Loan notes repayable after 5 years	**137**	**409**	**546**	140	418	558
	1,771	**5,315**	**7,086**	1,146	3,438	4,584

08 Taxation

a) Analysis of charge in the year

	2024 Revenue £'000	2024 Capital £'000	2024 Total £'000	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000
UK corporation tax at 25% (2023: 19%)	**5,268**	**(5,268)**	**-**	4,221	(3,521)	700
Overseas taxation	**2,006**	**180**	**2,186**	2,148	1,026	3,174
	7,274	**(5,088)**	**2,186**	6,369	(2,495)	3,874
Under/(over) provision in respect of prior years	**48**	**-**	**48**	(282)	-	(282)
Current tax charge for the year	**7,322**	**(5,088)**	**2,234**	6,087	(2,495)	3,592

b) Factors affecting total tax charge for the year

The tax assessed for the year is lower (2023: lower) than the standard rate of corporation tax in the UK for a large company of 25% (2023: 19%).

The difference is explained below:

	2024 Revenue £'000	2024 Capital £'000	2024 Total £'000	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000
Net profit/(loss) on ordinary activities before taxation	**45,533**	**153,048**	**198,581**	60,724	(604,398)	(543,674)
Corporation tax charge at 25% (2023:19%)	**11,383**	**38,262**	**49,645**	11,538	(114,836)	(103,298)
Effects of:						
Non taxable (gains)/losses on investments	**-**	**(40,198)**	**(40,198)**	-	104,392	104,392
Currency movements not taxable	**-**	**988**	**988**	-	145	145
Tax relief on expenses charged to capital	**-**	**(140)**	**(140)**	-	(1,878)	(1,878)
Non-taxable contracts for difference	**-**	**(4,180)**	**(4,180)**	-	8,656	8,656
Non-taxable UK dividends	**(652)**	**-**	**(652)**	(586)	-	(586)
Non-taxable overseas dividends	**(5,728)**	**-**	**(5,728)**	(6,791)	-	(6,791)
Overseas withholding taxes	**2,006**	**180**	**2,186**	2,148	1,026	3,174
Under/(over) provision in respect of prior years	**48**	**-**	**48**	(282)	-	(282)
Disallowable expenses	**-**	**-**	**-**	131	-	131
Deferred tax not provided	**265**	**-**	**265**	(71)	-	(71)
	7,322	**(5,088)**	**2,234**	6,087	(2,495)	3,592

08 Taxation continued

c) Provision for deferred taxation

The amounts for deferred taxation provided at 25% (2023: 25%) comprise:

Group

	2024 Revenue £'000	2024 Capital £'000	2024 Total £'000	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000
Unutilised losses carried forward	-	**(903)**	**(903)**	-	(903)	(903)
Shown as:						
Deferred tax asset	-	**(903)**	**(903)**	-	(903)	(903)

Company

	2024 Revenue £'000	2024 Capital £'000	2024 Total £'000	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000
Unutilised losses carried forward	-	**(903)**	**(903)**	-	(903)	(903)
Shown as:						
Deferred tax asset	-	**(903)**	**(903)**	-	(903)	(903)

The movement in provision in the year is as follows:

Group

	2024 Revenue £'000	2024 Capital £'000	2024 Total £'000	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000
Provision at the start of the year	-	**(903)**	**(903)**	-	(903)	(903)
Unutilised losses carried forward	-	-	-	-	-	-
Provision at the end of the year	-	**(903)**	**(903)**	-	(903)	(903)

Company

	2024 Revenue £'000	2024 Capital £'000	2024 Total £'000	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000
Provision at the start of the year	-	**(903)**	**(903)**	-	(903)	(903)
Unutilised losses carried forward	-	-	-	-	-	-
Provision at the end of the year	-	**(903)**	**(903)**	-	(903)	(903)

The Group has not recognised deferred tax assets of £5,810,489 (2023: £5,601,017) arising as a result of losses carried forward. It is considered too uncertain that the Group will generate profits in the relevant companies that the losses would be available to offset against and, on this basis, the deferred tax asset in respect of these expenses has not been recognised.

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

09 Earnings/(loss) per share

	2024 Revenue	2024 Capital	2024 Total	2023 Revenue	2023 Capital	2023 Total
Total comprehensive income (£'000)	**38,211**	**158,136**	**196,347**	54,637	(601,903)	(547,266)
Earnings per share - pence	**12.04**	**49.83**	**61.87**	17.22	(189.67)	(172.45)

Both revenue and capital earnings per share are based on a weighted average of 317,350,980 Ordinary shares in issue during the year (2023: 317,350,980).

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

10 Investments held at fair value

a) Analysis of investments

	Group 2024 £'000	Company 2024 £'000	Group 2023 £'000	Company 2023 £'000
Listed in the United Kingdom	**373,675**	**373,675**	383,303	383,303
Unlisted in the United Kingdom	**2,892**	**2,892**	2,573	2,573
Listed Overseas	**697,152**	**697,152**	488,839	488,839
Investment properties	**38,388**	**38,388**	73,957	73,957
Investments in subsidiaries held at fair value	**-**	**36,276**	-	36,292
Investments held at fair value	**1,112,107**	**1,148,383**	948,672	984,964
Contracts for difference[(1)]	**6,098**	**6,098**	4,662	4,662
	1,118,205	**1,154,481**	953,334	989,626

[(1)] Contracts for Difference net position

Amounts receivable and payable on CFD contracts are shown in Debtors (note 12) and Current Liabilities (note 13) respectively.

The Balance Sheet amounts do not represent the investment exposure of positions in contracts for difference, refer to Market Price Risk (note 11.1) for the exposure.

10 Investments held at fair value continued

b) Business segment reporting

	Valuation 31 March 2023 £'000	Additions(1) £'000	Disposals £'000	Transfer to unlisted equities(2) £'000	Realised (losses)/ gains in the year £'000	Movement in unrealised appreciation/ (depreciation) at year end £'000	Valuation 31 March 2024 £'000
Listed investments	872,142	442,233	(408,316)	(985)	(4,416)	170,169	1,070,827
Unlisted investments	2,573	-	-	985	-	(666)	2,892
Contracts for difference(3)	4,662	-	(15,283)	-	15,283	1,436	6,098
Total investments segment	879,377	442,233	(423,599)	-	10,867	170,939	1,079,817
Direct property segment	73,957	667	(31,940)	-	9,910	(14,206)	38,388
	953,334	442,900	(455,539)	-	20,777	156,733	1,118,205

Gains on investments and direct property	£'000
Realised gains on listed and unlisted investments and direct property sold in the year	5,494
Movement in unrealised gains on listed and unlisted investments and direct property held at the year end	155,297
Gains/(losses) on investments held at fair value	160,791
Realised gains on contracts for difference sold in the year	15,283
Movement in unrealised gains on contracts for difference held at the year end	1,436
Net returns on contracts for difference	16,719
Total gains on investments and direct property in the year	177,510

(1) The total additions above (£442,900,000) includes scrip dividends included in investment income of £5,928,000 and accrued income in the prior year received as scrip dividends of £1,557,000. The total additions net of scrip dividends is £435,415,000.

(2) Ediston Property transferred to unlisted investments as a result of voluntary liquidation.

(3) Disposals on the Contracts for Difference is the net amounts (received)/paid on the closure of the CFD contracts.

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.

Contracts for Difference are used to gain long exposure to listed property companies, the net debtor or creditor position is therefore regarded as part of the investments reporting segment.

To enable the board to monitor the performance of the portfolio, it receives information on the two segments on a regular basis. Whilst income 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 for each segment are shown above and revenues in notes 2 and 3.

The Company received £455,539,000 (2023: £427,033,000*) from physical investments, including direct property sold in the year. The book cost of these investments when they were purchased was £434,762,000 (2023: £509,563,000).

Included in the additions and disposals figures in the table above are transaction costs, including stamp duty and commission, of £881,000 (2023: £981,000) on the purchase of investments, transaction costs on the sale of investments of £245,000 (2023: £238,000), and capital expenditure of £667,000 (2023: £480,000).

Movement in unrealised appreciation/(depreciation) at the year end includes amounts in respect of rent free periods.

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.

Included within disposals are net amounts received of £15,283,000 (2023: paid £42,561,000†) on CFD positions closed during the year.

The appreciation/(depreciation) in contracts for difference relates to the movement in fair value in the year.

* The 2023 comparative amount received from disposals has been corrected as the net amount paid for Contracts for Difference (†) was included as a receipt within the disposal of investments footnote in the prior year in error. Following this correction, the residual difference of £21,554,000 between the restated disposals figure (£427,033,000) and the sales disclosed in the prior year cash flow statement (£448,587,000) relates to an equal and opposite non-cash transaction included within the purchases and sales cash flows.

10 Investments held at fair value continued

c) Geographical segment reporting

	Valuation 31 March 2023 £'000	Additions[1] £'000	Disposals £'000	Transfer to unlisted equities[2] £'000	Realised gains/ (losses) in the year £'000	Movement in unrealised appreciation/ (depreciation) at year end £'000	Valuation 31 March 2024 £'000
UK listed equities	383,303	201,025	(254,330)	(985)	26,757	17,905	**373,675**
UK unlisted equities	2,573	-	-	985	-	(666)	**2,892**
UK direct property	73,957	667	(31,940)	-	9,910	(14,206)	**38,388**
UK contracts for difference[3]	(936)	-	(5,293)	-	5,293	3,297	**2,361**
	458,897	201,692	(291,563)	-	41,960	6,330	**417,316**
Continental European listed equities	488,839	241,208	(153,986)	-	(31,173)	152,264	**697,152**
European contracts for difference[2]	5,598	-	(9,990)	-	9,990	(1,861)	**3,737**
	953,334	442,900	(455,539)	-	20,777	156,733	**1,118,205**

(1) The total additions above (£442,900,000) includes scrip dividends included in investment income of £5,928,000 and accrued income in the prior year received as scrip dividends of £1,557,000. The total additions net of scrip dividends is £435,415,000.

(2) Ediston Property transferred to unlisted investments as a result of voluntary liquidation.

(3) Disposals on the Contracts for Difference is the net amounts (received)/paid on the closure of the CFD contracts.

d) Substantial share interests

The Group held interests in 3% or more of any class of capital in 5 companies (2023: 6 companies) in which it invests. None of these investments is considered significant in the context of these financial statements. See note 21 on pages 99 and 100 for further details of subsidiary investments.

e) Fair value of financial assets and 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

Accounting standards recognise a hierarchy of fair value measurements for financial instruments which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The classification of financial instruments and investment properties depends on the lowest significant applicable input, as follows:

Level 1 – quoted (unadjusted) prices in active markets for identical assets or liabilities, including investments listed on recognised exchanges.

Level 2 – other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly, including forward foreign exchange trades, Contracts for Difference, and equity investments with no recent trading history.

Level 3 – techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data, including direct property and unlisted investments.

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

10 Investments held at fair value continued

e) Fair value of financial assets and liabilities continued

The table below sets out fair value measurements using IFRS 13 fair value hierarchy, including investment property to show the fair value of the complete investment portfolio.

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

At 31 March 2024	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	**1,070,827**	**-**	**2,892**	**1,073,719**
Investment properties	**-**	**-**	**38,388**	**38,388**
	1,070,827	**-**	**41,280**	**1,112,107**
Contracts for difference	**-**	**6,098**	**-**	**6,098**
	1,070,827	**6,098**	**41,280**	**1,118,205**
Foreign exchange forward contracts	**-**	**14**	**-**	**14**
	1,070,827	**6,112**	**41,280**	**1,118,219**

At 31 March 2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	861,611	10,531	2,573	874,715
Investment properties	-	-	73,957	73,957
	861,611	10,531	76,530	948,672
Contracts for difference	-	4,662	-	4,662
	861,611	15,193	76,530	953,334
Foreign exchange forward contracts	-	(386)	-	(386)
	861,611	14,807	76,530	952,948

The table above represents the Group's fair value hierarchy.

As at 31 March 2024, the Group held 2 unlisted investments (2023: 1) (see note 11.6).

As at 31 March 2024, there were no level 2 equity investments (2023: 1 - Arima Real Estate listed and priced on the BME Spanish Exchange with no recent trading history) (see note 11.6).

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 2024 was £36,276,000 (2023: £36,292,000). These have been categorised as level 3 in both years. The movement in the year of £16,000 (2023: £5,000) is the change in fair value in the year. The total financial assets at fair value for the Company at 31 March 2024 was £1,148,383,000 (2023: £984,964,000).

Reconciliation of movements in financial assets categorised as level 3

At 31 March 2024

	31 March 2023 £'000	Additions £'000	Disposals £'000	Transfer to level 3[1] £'000	Realised gains/ (losses) in the year £'000	Movement in unrealised appreciation/ (depreciation) at year end £'000	31 March 2024 £'000
Unlisted investments	2,573	**-**	**-**	**985**	**-**	**(666)**	**2,892**
Investment properties							
– Retail	36,625	**556**	**(31,940)**	**-**	**9,910**	**(15,151)**	**-**
– Industrial	37,332	**111**	**-**	**-**	**–**	**945**	**38,388**
	73,957	**667**	**(31,940)**	**-**	**9,910**	**(14,206)**	**38,388**
	76,530	**667**	**(31,940)**	**985**	**9,910**	**(14,872)**	**41,280**

[1] Ediston Property transferred to level 3 as a result of voluntary liquidation.

All appreciation/(depreciation) as stated above relates to movements in fair value of unlisted equity investments and investment properties held at 31 March 2024.

10 Investments held at fair value continued

Sensitivity information for Investment Property Valuations

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

	Weighted average estimated rental value (per square foot)		Weighted average capitalisation rates	
	2024	2023	2024	2023
Investment property	**£25.60**	£25.50	**5.4%**	5.1%

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

Estimated movement in fair value of investment properties arising from	2024 £'000	2023 £'000
Increase in rental value by 5%	**1,888**	2,001
Decrease in rental value by 5%	**(1,920)**	(2,001)
Increase in yield by 0.5%	**(3,534)**	(7,004)
Decrease in yield by 0.5%	**4,231**	8,604

Investment property has not been shown by sector. Following the sale of the Colonnades the remaining portfolio is industrial with one small vacant ancillary retail unit.

No impairment losses have been recognised as at 31 March 2024.

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 Objectives set out on page 30. 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 34 to 37 and have been applied throughout the year.

11 Financial instruments continued

11.1 Market price risk

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

Management of the risk

The Manager runs 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:

	2024 £'000	2023 £'000
Investments held at fair value	**1,112,107**	948,672
CFD long gross exposure	**120,549**	130,906
Total Investment Exposure	**1,232,656**	1,079,578

For further analysis of the investment exposure, see page 23.

Concentration of exposure to price risks

As set out in the Investment Policies on page 31, there are guidelines to the amount of exposure to a single company, geographical region or direct property. These guidelines ensure an appropriate spread of exposure to individual or sector price risks. As an investment company dedicated to investment in the property sector, the Group is exposed to price movements across the property asset class as a whole.

Price risk sensitivity

The following table illustrates the sensitivity of the profit after taxation for the year and the value of shareholders' funds to an increase or decrease of 15% in the fair values of the Group's equity, 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.

This level of change is considered to be reasonably possible based on observation of current market conditions.

	2024 Increase in fair value £'000	2024 Decrease in fair value £'000	2023 Increase in fair value £'000	2023 Decrease in fair value £'000
Revenue return	**(71)**	**71**	(71)	71
Capital return	**167,542**	**(167,542)**	142,826	(142,826)
Change to the profit after tax for the year/shareholders' funds	**167,471**	**(167,471)**	142,755	(142,755)
Change to total earnings per Ordinary share	**52.77p**	**(52.77)p**	44.99p	(44.99)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.

11 Financial instruments continued

Foreign currency exposure

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:

2024	Sterling £'000	Euro £'000	Swedish Krona £'000	Other £'000	Total £'000
Receivables (due from brokers, dividends and other income receivable)	**1,060**	**52,930**	**2,893**	**1,315**	**58,198**
Cash at bank and on deposit	**13,473**	**2,913**	**221**	**2,538**	**19,145**
Payables (due to brokers, accruals and other creditors)	**(11,442)**	**(4,430)**	**(1,244)**	**-**	**(17,116)**
FX forwards	**(40,154)**	**46,707**	**(14,358)**	**7,819**	**14**
Total foreign currency exposure on net monetary items	**(37,063)**	**98,120**	**(12,488)**	**11,672**	**60,241**
Investments held at fair value	**414,955**	**413,441**	**192,647**	**91,064**	**1,112,107**
Non-current assets	**903**	**-**	**-**	**-**	**903**
Non-current liabilities	**(15,000)**	**(42,748)**	**-**	**-**	**(57,748)**
Total currency exposure	**363,795**	**468,813**	**180,159**	**102,736**	**1,115,503**
Currency exposure (% terms)	**32.6%**	**42.0%**	**16.2%**	**9.2%**	**100.0%**

2023	Sterling £'000	Euro £'000	Swedish Krona £'000	Other £'000	Total £'000
Receivables (due from brokers, dividends and other income receivable)	10,534	51,105	2,811	837	65,287
Cash at bank and on deposit	8,226	20,620	4,299	2,926	36,071
Bank loans, loan notes and overdrafts	(10,000)	-	-	-	(10,000)
Payables (due to brokers, accruals and other creditors)	(10,573)	(1,221)	(1,474)	-	(13,268)
FX forwards	(118,592)	52,283	39,628	26,295	(386)
Total foreign currency exposure on net monetary items	(120,405)	122,787	45,264	30,058	77,704
Investments held at fair value	459,832	330,586	88,592	69,662	948,672
Non-current assets	903	-	-	-	903
Non-current liabilities	(15,000)	(43,933)	-	-	(58,933)
Total currency exposure	325,330	409,440	133,856	99,720	968,346
Currency exposure (% terms)	33.6%	42.3%	13.8%	10.3%	100.0%

11 Financial instruments continued

Foreign currency sensitivity

Based on the financial assets and liabilities held and the exchange rates applying at the Balance Sheet date, a weakening or strengthening of sterling against other currencies by 15% would have the following approximate effect on returns attributable to Shareholders and on the NAV per share:

This level of percentage change is deemed reasonable based on the average market volatility in exchange rates in recent years.

Strengthening of sterling	Year ended March 2024 Revenue Return £'000	Year ended March 2024 Capital Return £'000	Year ended March 2024 Total Return £'000	Year ended March 2023 Revenue Return £'000	Year ended March 2023 Capital Return £'000	Year ended March 2023 Total Return £'000
Euro	**(3,459)**	**(61,550)**	**(65,009)**	(4,080)	(53,496)	(57,576)
Swedish Krona	**(325)**	**(23,461)**	**(23,786)**	(354)	(17,442)	(17,796)
Other currencies	**(346)**	**(13,382)**	**(13,728)**	(370)	(12,993)	(13,363)
Net earnings attributable to Shareholders	**(4,130)**	**(98,393)**	**(102,523)**	(4,804)	(83,931)	(88,735)
Change to earnings per Ordinary share	**(1.30)p**	**(31.01)p**	**(32.31)p**	(1.51)p	(26.45)p	(27.96)p

Weakening of sterling	Year ended March 2024 Revenue Return £'000	Year ended March 2024 Capital Return £'000	Year ended March 2024 Total Return £'000	Year ended March 2023 Revenue Return £'000	Year ended March 2023 Capital Return £'000	Year ended March 2023 Total Return £'000
Euro	**4,523**	**83,307**	**87,830**	5,392	72,392	77,784
Swedish Krona	**371**	**31,767**	**32,138**	446	23,608	24,054
Other currencies	**435**	**18,115**	**18,550**	475	17,586	18,061
Net earnings attributable to Shareholders	**5,329**	**133,189**	**138,518**	6,313	113,586	119,899
Change to earnings per Ordinary share	**1.68p**	**41.97p**	**43.65p**	1.99p	35.79p	37.78p

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 floating, 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. At the balance sheet date the undrawn amount from these facilities totalled £90,000,000 (2023: £120,000,000).

11 Financial instruments continued

Management of the risk continued

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.

Financial assets/(liabilities)	Interest Rate Type	Interest Rate Basis	2024 £'000	2023 £'000
Assets:				
Collateral exposure	Floating	Margin plus SONIA or currency equivalent	**57,468**	81,170
Liabilities:				
Loan notes exposure	Fixed	€50m and £15m at 1.92% and 3.59% respectively	**(57,748)**	(58,933)
Multi-currency loan exposure	Floating	Margin plus SONIA or currency equivalent	**-**	(10,000)

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 and contracts for difference, borrowings are drawn down and repaid, and the mix of borrowings between floating and fixed interest rates changes.

Interest rate sensitivity

Based on the financial assets and liabilities held, and the interest rates pertaining, at each Balance Sheet date, a decrease or increase in interest rates by 2% would have the following approximate effects on the revenue and capital earnings after tax and on the NAV. This level of change is deemed reasonable based on interest rate movements in recent years.

	2024 2% Increase in fair value £'000	2024 2% Decrease in fair value £'000	2023 2% Increase in fair value £'000	2023 2% Decrease in fair value £'000
Revenue return	**645**	**(645)**	1,036	(1,036)
Capital return	**(650)**	**650**	(838)	838
Change to the earnings after tax for the year/shareholders' funds	**(5)**	**5**	198	(198)
Change to total earnings per Ordinary share	**(0.00)p**	**0.00p**	0.06p	(0.06)p

This assessment does not take into account the impact of interest rate changes on the market value of the investments the Group holds.

11.4 Liquidity risk

Unlisted investments in the portfolio are subject to liquidity risk. The Group held 2 unquoted investments at the year end (see note 11.6).

In certain market conditions, the liquidity of direct property investments may be reduced. At 31 March 2024, 3% (2023: 8%) of the Group's investment portfolio was held in direct property investments, with the remaining 97% (2023: 92%) held in listed securities which are predominantly readily realisable.

Bank loan facilities are short term revolving loans that are intended to be renewed or replaced but renewal cannot be certain. Loan notes of €50m and £15m are repayable in February 2026 and 2031 respectively.

11 Financial instruments continued

Debt and Financing maturity profile

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

At 31 March 2024	Less than 1 year £'000	Within 1-3 years £'000	Within 3-5 years £'000	More than 5 years £'000	Total £'000
Bank loans*	-	-	-	-	-
Loan notes	-	**42,748**	-	**15,000**	**57,748**
Projected interest cash flows on bank and loan notes	**1,359**	**1,898**	**1,077**	**1,077**	**5,411**
Securities and properties purchased for future settlement	**5,561**	-	-	-	**5,561**
Accruals and deferred income	**11,085**	-	-	-	**11,085**
Other creditors	**10**	-	-	-	**10**
	18,015	**44,646**	**1,077**	**16,077**	**79,815**

At 31 March 2023	Less than 1 year £'000	Within 1-3 years £'000	Within 3-5 years £'000	More than 5 years £'000	Total £'000
Bank loans*	10,000	-	-	-	10,000
Loan notes	-	43,933	-	15,000	58,933
Projected interest cash flows on bank and loan notes	1,382	2,623	1,078	1,585	6,668
Securities and properties purchased for future settlement	8,536	-	-	-	8,536
Accruals and deferred income	2,953	-	-	-	2,953
Other creditors	141	-	-	-	141
	23,012	46,556	1,078	16,585	87,231

* A £60m multicurrency facility with RBS was renewed for one year in February 2024, £nil was drawn on this facility at the balance sheet date (2023: £10m).

* A £30m one year facility with ING Luxembourg was renewed in July 2023, £nil was drawn on this facility at the balance sheet date (2023: £nil).

* A £40m facility with ICBC expired in November 2023 and was not renewed, £nil was drawn on this facility at 31 March 2023.

Management of the risk

The Company maintains regular contact with the banks providing revolving facilities and renewal discussions commence well ahead of facility renewal dates. In addition, new opportunities for the provision of debt are explored 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 one counterparty was £38,738,000 (2023: £56,326,000 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

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:

	2024 Balance Sheet £'000	2024 Maximum exposure £'000	2023 Balance Sheet £'000	2023 Maximum exposure £'000
Debtors	58,212	58,212	65,287	65,287
Cash and cash equivalents	19,145	19,145	36,071	36,071
	77,357	77,357	101,358	101,358

Where the receivables of the Group are exposed to credit risk, the requirement for impairment is assessed at each year end. For all receivables, in the table above, no impairment has been recognised in relation to expected credit losses as the impact of these losses is immaterial as at 31 March 2024 (31 March 2023: no impairment).

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 International Swaps and Derivatives Association ("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 includes financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement.

At the balance sheet date, the Group's derivative assets and liabilities (by type and counterparty) are as follows:

	2024		2023	
	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	6,098	38,323	4,662	45,099
FX forward contracts:				
HSBC	14	-	(386)	-

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 amounts of change in fair value for investments including net returns on CFDs recognised in the consolidated profit or loss for the year was a gain of £177,510,000 (2023: £594,986,000 loss).

There were 2 unlisted investments at the balance sheet date, Atrato and Ediston Property, with a total value of £2,892,000 (2023: Atrato, £2,573,000).

In the Parent Company accounts there are investments of £36,320,000 (2023: £36,336,000) in unlisted subsidiaries which are classified as level 3.

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 31. All unquoted investments with a value over £1m and direct property investments with a value over £5 million must be approved by the Board for purchase.

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 2024 consisted of called up share capital, share premium, capital redemption and revenue reserves totalling £1,115,503,000 (2023: £968,346,000). 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.

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

12 Debtors

	Group 2024	Company 2024	Group 2023	Company 2023
Amounts falling due within one year:				
Securities and properties sold for future settlement	**2,891**	**2,891**	2,739	2,739
Foreign exchange forward contracts for settlement	**14**	**14**	-	-
Tax recoverable	**4,396**	**4,396**	3,857	3,857
Prepayments and accrued income[1]	**5,258**	**5,258**	6,146	6,146
Amounts receivable in respect of Contracts for Difference	**6,099**	**6,099**	5,598	5,598
CFD margin cash	**38,323**	**38,323**	45,099	45,099
Other debtors	**1,231**	**1,236**	1,848	1,854
	58,212	**58,217**	65,287	65,293
Non-current assets:				
Deferred taxation asset	**903**	**903**	903	903
	903	**903**	903	903

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

13 Current and non-current liabilities

	Group 2024 £'000	Company 2024 £'000	Group 2023 £'000	Company 2023 £'000
Amounts falling due within one year:				
Bank loans and overdrafts	-	-	10,000	10,000
Securities and properties purchased for future settlement	**5,561**	**5,561**	8,536	8,536
Amounts due to subsidiaries	-	**36,320**	-	36,336
Amounts payable in respect of Contracts for Difference	**1**	**1**	936	936
Tax payable	**459**	**457**	702	700
Accruals and deferred income	**11,085**	**11,056**	2,953	2,925
Foreign exchange forward contracts for settlement	-	-	386	386
Other creditors	**10**	-	141	131
	17,116	**53,395**	23,654	59,950
Non-current liabilities:				
1.92% Euro Loan Notes 2026	**42,748**	**42,748**	43,933	43,933
3.59% GBP Loan Notes 2031	**15,000**	**15,000**	15,000	15,000
	57,748	**57,748**	58,933	58,933

Loan Notes

On the 10th 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 10th February 2026 and 10th February 2031 respectively.

At the balance sheet date the fair value of the 1.92% Euro Loan Notes was £42,806,000 (2023: £43,979,000) and the 3.59% GBP Loan Notes was £14,292,000 (2023: £14,338,000).

Using the IFRS 13 fair value hierarchy the Loan Notes are deemed to be categorised within Level 2.

Multi-currency revolving loan facilities

The Group also has unsecured, multi-currency, revolving short-term loan facilities totalling £90,000,000 (2023: £130,000,000). At the balance sheet date, £nil was drawn on these facilities (2023: £10,000,000). The covenants for these facilities have all been met during the year.

The maturity of these facilities is shown in note 11.4.

Reconciliation of liabilities arising from financing activities

Group and Company	Loan notes £'000	Bank loans £'000	Total £'000
Opening liabilities from financing activities at 31 March 2023	**58,933**	**10,000**	**68,933**
Cash flows:			
Repayment of bank loans	-	**(10,000)**	**(10,000)**
Non cash flows:			
Movement on foreign exchange	**(1,185)**	-	**(1,185)**
Closing liabilities from financing activities at 31 March 2024	**57,748**	-	**57,748**

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 2023	317,350,980	79,338
At 31 March 2024	317,350,980	79,338

The voting rights are disclosed in the Report of the Directors on page 46.

During the year, the Company made no market purchases of ordinary shares of 25p each for cancellation or to be held in treasury (2023: none).

Since 31 March 2024 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 ordinary shares in order to maintain the Company's capital.

16 Retained earnings

	Capital Reserve		Revenue reserve		Total retained earnings	
	Group £'000	Company £'000	Group £'000	Company £'000	Group £'000	Company £'000
Brought forward	**729,088**	**721,148**	**72,787**	**80,727**	**801,875**	**801,875**
Movements in the year:						
Realised gains on investments and direct property sold in the year (note 10)	**20,777**	**20,777**	**-**	**-**	**20,777**	**20,777**
Movement in unrealised gains / (losses) on investments and direct property held at the year end (note 10)	**156,733**	**156,717**	**-**	**-**	**156,733**	**156,717**
Net returns on contracts for difference (notes 2 and 10)	**-**	**-**	**6,522**	**6,522**	**6,522**	**6,522**
Gains / (losses) on subsidiary	**-**	**-**	**-**	**-**	**-**	**-**
Net movement in foreign exchange gains / (losses)	**(3,950)**	**(3,950)**	**-**	**-**	**(3,950)**	**(3,950)**
Total Income (notes 2, 3 and 4)	**-**	**-**	**43,631**	**43,631**	**43,631**	**43,631**
Total operating expenses (notes 5 and 6)	**(15,197)**	**(15,197)**	**(2,849)**	**(2,833)**	**(18,046)**	**(18,030)**
Finance costs (note 7)	**(5,315)**	**(5,315)**	**(1,771)**	**(1,771)**	**(7,086)**	**(7,086)**
Taxation (note 8)	**5,088**	**5,088**	**(7,322)**	**(7,322)**	**(2,234)**	**(2,234)**
Dividends paid during the year (note 17)	**-**	**-**	**(49,190)**	**(49,190)**	**(49,190)**	**(49,190)**
Total retained earnings	**887,224**	**879,268**	**61,808**	**69,764**	**949,032**	**949,032**

The Group and Company capital reserves include unrealised gains of £56,961,000 for the group and £75,268,000 for the Company (2023: loss of £99,772,000 for the Group and £81,449,000 for the Company) arising from investments held at year-end.

The realised capital reserves are distributable by way of a dividend to shareholders or utilised for the repurchase of share capital, net of any unrealised gains/(losses) on investments held. The revenue reserve represents accumulated revenue profits from which annual dividends are paid.

17 Dividends

Dividends paid in the year on Ordinary shares	Record date	Payment date	2024 £'000	2023 £'000
Final dividend for the year ended 31 March 2022 of 9.20p	24-Jun-22	02-Aug-22	-	29,196
Interim dividend for the year ended 31 March 2023 of 5.65p	16-Dec-22	12-Jan-23	-	17,931
Final dividend for the year ended 31 March 2023 of 9.85p	30-Jun-23	01-Aug-23	**31,259**	–
Interim dividend for the year ended 31 March 2024 of 5.65p	15-Dec-23	11-Jan-24	**17,931**	–
			49,190	47,127

Dividends paid/payable in the year on Ordinary shares	Record date	Payment date	2024 £'000	2023 £'000
Interim dividend for the year ended 31 March 2023 of 5.65p	16-Dec-22	12-Jan-23	-	17,931
Final dividend for the year ended 31 March 2023 of 9.85p	30-Jun-23	01-Aug-23	-	31,259
Interim dividend for the year ended 31 March 2024 of 5.65p	15-Dec-23	11-Jan-24	**17,931**	-
Final dividend for the year ended 31 March 2024 of 10.05p	28-Jun-24	01-Aug-24	**31,894**	-
			49,825	49,190

The Directors have proposed a final dividend in respect of the year ended 31 March 2024 of 10.05p payable on 1 August 2024 to all shareholders on the register at close of business on 28 June 2024.

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

The total dividends paid and payable in respect of the financial year for the purposes of the income retention test for Section 1159 of the Corporation Tax Act 2010 are shown in the table above.

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 profit after taxation of the Company dealt with in the accounts of the Group was £196,347,000 (2023: £547,266,000 loss).

19 Net asset value per ordinary share

Net asset value per Ordinary share is based on the net assets attributable to Ordinary shares of £1,115,503,000 (2023: £968,346,000) and on 317,350,980 (2023: 317,350,980) Ordinary shares in issue at the year end.

20 Commitments and contingent liabilities

At 31 March 2024 the Group had capital commitments of £190,000 (2023: £30,000) but no contingent liabilities (2023: nil).

21 Subsidiaries

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

Name	Reg. Number	Principal Activities
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 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	SC68799	Non-trading company
FGH (Newcastle) Limited	1466619	Non-trading company
NEP (1994) Limited	977481	Non-trading company
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

21 Subsidiaries continued

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 13 Woodstock Street, London, W1C 2AG 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 are:

	2024 £'000	2023 £'000
The Colonnades Limited	**23,101**	**23,101**
TR Property Finance Limited	**13,239**	**13,255**
New England Properties Limited	**(20)**	**(20)**
	36,320	**36,336**

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 59 to 61.

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 61.

23 Subsequent events

There are no events to report that have occurred subsequent to the financial year end.

Glossary and AIFMD disclosure

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.

Key Performance Indicators

The Board assesses the performance of the Manager in meeting the Company's objective against a number of Key Performance Indicators, which are considered to be Alternative Performance Measures. Details of these calculations are set out below.

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.

Year to 31 March 2024	NAV	Share Price
NAV/share price per share at 31 March 2023 (pence)	305.1	279.0
NAV/share price per share at 31 March 2024 (pence)	351.5	325.0
Change in year	15.2%	16.5%
Impact of dividends reinvested	5.9%	6.4%
Total Return for the year	21.1%	22.9%

Year to 31 March 2023	NAV	Share Price
NAV/share price per share at 31 March 2022 (pence)	492.43	456.5
NAV/share price per share at 31 March 2023 (pence)	305.13	279.0
Change in year	(38.0%)	(38.9%)
Impact of dividends reinvested	2.5%	2.7%
Total Return for the year	(35.5%)	(36.2%)

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.

Year to 31 March 2024	Including Performance Fees £'000	Excluding Performance Fees £'000	Excluding Performance Fees & Direct Property Costs £'000
Managers Fees (note 5)	16,135	6,053	6,053
Other Administrative expenses (note 6)	1,911	1,911	1,911
Property Costs	357	357	–
Less: Non recurring expenses	–	–	–
	18,403	8,321	7,964
Average Net Assets	1,016,888	1,016,888	1,016,888
Ongoing Charge 2024	1.81%	0.82%	0.78%

Year to 31 March 2023	Including Performance Fees £'000	Excluding Performance Fees £'000	Excluding Performance Fees & Direct Property Costs £'000
Management Fee (note 5)	6,240	6,240	6,240
Other Administrative expenses (note 6)	1,705	1,705	1,705
Property Costs	714	714	–
Less: Non recurring expenses	–	–	–
	8,659	8,659	7,945
Average Net Assets	1,184,462	1,184,462	1,184,462
Ongoing Charge 2023	0.73%	0.73%	0.67%

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.

Net Debt
Net debt is the total value of loan notes, loans (including notional exposure to CFDs) less cash as a proportion of net asset value.

The net gearing has been calculated as follows:

	Group 2024 £'000	Group 2023 £'000
Loan notes	57,748	58,933
Loans	–	10,000
CFD positions (notional exposure)	120,549	130,906
Less: Cash and cash equivalent	(19,145)	(36,071)
Less: Cash collateral (included within 'Other debtors' in Note 12)	(38,323)	(45,099)
	120,829	118,669
Equity shareholders' funds	1,115,503	968,346
Net gearing	10.8%	12.3%

Compound Annual Dividend Growth
This is calculated by taking the final dividend(a) in the time series, divided by the initial dividend(b) in the period, raised to the power of 1 divided by the number of years(c) in the series.
5 year period:

$$\left[\frac{a}{b}\right]^{c} \Rightarrow \left[\frac{15.70}{13.50}\right]^{5} = 3.1\%$$

Premium/(Discount)
The amount by which the market price of a share of an investment trust company is higher or lower than the Net Asset Value per share expressed as a percentage of the NAV per share. If the share price is lower than the NAV per share, the shares are trading at a discount and if the share price is higher than the NAV per share the shares are trading at a premium.

		2024 pence	2023 pence
Net Asset Value per share	(a)	351.50	305.13
Share price per share	(b)	325.00	279.00
Premium or (Discount) c= (b-a)/a	(c)	(7.5%)	(8.6%)

An average premium or discount is calculated by taking the sum of each daily premium and discount for the period under review, divided by the number of days in the given period.

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 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.

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 Company's KPIs are discussed on pages 32 and 33.

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, Columbia Threadneedle 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 Columbia Threadneedle website or from Columbia Threadneedle 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 2024:

Leverage exposure	Gross method	Commitment method
Maximum permitted limit	200%	200%
Actual	127%	126%

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 AGM

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of TR Property Investment Trust plc (the 'Company') will be held at the Royal Automobile Club, 89/91 Pall Mall, London SW1Y 5HS on Thursday 18 July 2024 at 2.30 pm for the purpose of transacting the following business:

To consider and, if thought fit, pass the following Resolutions, of which Resolutions 1 to 11 will be proposed as Ordinary Resolutions and Resolutions 12 and 13 shall be proposed as Special Resolutions:

1 To receive the Report of the Directors and the Audited Accounts for the year ended 31 March 2024.

2 To approve the Directors' Remuneration Report (excluding the Directors' Remuneration Policy) for the year ended 31 March 2024.

3 To declare a final dividend of 10.05p per Ordinary share.

4 To re-elect Kate Bolsover as a Director.

5 To re-elect Sarah-Jane Curtis as a Director.

6 To re-elect Tim Gillbanks as a Director.

7 To re-elect Busola Sodeinde as a Director.

8 To re-elect Andrew Vaughan as a Director.

9 To re-appoint KPMG LLP (the 'Auditor') as Auditor of the Company to hold office until the conclusion of the next Annual General Meeting of the Company.

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

Special business

Ordinary resolution

11 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 conclusion of the Annual General Meeting of the Company in 2025 (or, if earlier, at the close of business on 17 October 2025), 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.

Special resolutions

12 THAT, in substitution for all such existing authorities and subject to the passing of Resolution 11 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 11 above and/or to sell shares held by the Company as treasury shares for cash as if Section 561 of the Act did not apply to any such allotment or sale, provided that this power shall be limited:

(a) to 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:

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

(ii) 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

(b) in the case of the authority granted under Resolution 11 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),

the power given by this resolution shall expire upon the expiry of the authority conferred by Resolution 11 above, save that the Company shall be entitled to make offers or agreements before 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.

13 THAT the Company be and is hereby generally and unconditionally authorised in accordance with Section 701 of the Act to make one or more 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 in the Company 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 4 June 2024, 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 in the Company 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; and

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

the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company in 2025 (or, if earlier, at the close of business on 17 October 2025), save that the Company shall be entitled to enter into a contract to purchase Ordinary shares in the Company 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.

By Order of the Board
For and on behalf of
Columbia Threadneedle
Investment Business Limited
Company Secretary
14 June 2024

Registered Office:
Company registered in England and Wales.
Company number: 84492
13 Woodstock Street
London W1C 2AG

We will also be streaming the meeting live on the internet so that those shareholders who cannot attend in person will be able to view the proceedings. You are welcome to view the meeting online by following the broadcast link on our website at: https://www.trproperty.com/

This document is important and requires your immediate attention. If you are in any doubt as to the action you should take you should seek your own advice from a stockbroker, solicitor, accountant or other independent professional adviser who is authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial 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 the person who now holds the shares.

Notes

Shareholders intending to attend the AGM are asked to register their intention as soon as practicable by email to the following dedicated address: trpitagm@columbiathreadneedle.com.

Shareholders who are not able or do not wish to attend the meeting in person will be able to watch a live webcast of the meeting by following the broadcast link on our website at: https://www.trproperty.com/. This will include the formal business of the meeting, the Manager's presentation and questions and answers. The webcast will not enable shareholders to participate in the meeting or to vote. However, shareholders will be invited to submit questions through our website, by 12.00 noon on Tuesday 16 July 2024. Questions may be sent to the following email address: trpitagm@columbiathreadneedle.com. Questions of a very similar nature may be grouped together to ensure the orderly running of the AGM.

1 A member entitled to attend and vote at the meeting convened by the above Notice is entitled to appoint one or more proxies to exercise all or any of the rights of the member to attend, speak and vote in his or her place.

Shareholders are strongly encouraged to submit their proxy vote in advance of the meeting and to appoint the Chairman of the meeting as their proxy, rather than any other named person who may not be permitted to attend the AGM in the event of restrictions or limits on attendance. 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. Completion and submission of a proxy instruction will not preclude a member from attending and voting in person at the AGM (subject to any restrictions on physical attendance).

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 of Members 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 or her name entered on the Company's Register of Members by 2.30 pm on 16 July 2024 (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.

Voting will be conducted on a poll at the meeting. On a poll vote every shareholder will through their proxy have one vote for every Ordinary share in the Company of which he or she is the holder.

3 Shareholders should note that it is possible that, pursuant to requests made by shareholders of the Company under Section 527 of the Act, 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 Act. 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 of the Act. Where the Company is required to place a statement on a website under Section 527 of the Act, 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 Act 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 Act ('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 18 July 2024 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 or her 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 any restrictions in place at the time of the meeting) has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered. Questions of a very similar nature may be grouped together to ensure the orderly running of the AGM.

8 Unacceptable behaviour on the part of any shareholder attending the AGM will not be tolerated and the Chairman has the right to deal with such behaviour as appropriate.

9 Under section 338 and section 338A of the Act, members meeting the threshold requirements in those sections have the right to require the Company (i) to give, to members of the Company entitled to receive notice of the meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting and/or (ii) to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may be properly included in the business. A resolution may properly be moved or a matter may properly be included in the business unless (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the company's constitution or otherwise), (b) it is defamatory of any person, or (c) it is frivolous or vexatious. Such a request may be in hard copy form or in electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the company not later than six clear weeks before the meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

10 As at 4 June 2024 (being the latest practicable day prior to publication of this Notice), the issued share capital of the Company was 317,350,980 Ordinary shares of 25p each and no Ordinary shares were held in treasury. Therefore, the total number of voting rights in the Company at 4 June 2024 was 317,350,980.

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

12 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.

13 The Company may process personal data of attendees at the Annual General Meeting. This may include webcasts, photos, recording and audio and video links, as well as other forms of personal data. The Company shall process such personal data in accordance with its privacy policy, which can found at www.trproperty.com/legal.

14 A copy of this Notice, and other information required by Section 311A of the Act, can be found on the Company's website at: www.trproperty.com

Explanation of Notice of Annual General Meeting

Resolutions 1, 2 and 3: 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.

The Board is proposing a final dividend for the year ended 31 March 2024 of 10.05p per Ordinary share in the Company. If approved at the AGM, the Company will pay the dividend on 1 August 2024 to those shareholders on the Company's Register of Members at the close of business on 28 June 2024.

Resolutions 4 to 8: Re-election of Directors

These resolutions deal with the re-election of Kate Bolsover, Sarah-Jane Curtis, Tim Gillbanks, Busola Sodeinde and Andrew Vaughan. In accordance with the UK Corporate Governance Code, all Directors retire on an annual basis and have confirmed that they will offer themselves for re-election.

A performance evaluation has been completed and the 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 41 and 42, demonstrate that the Board has the appropriate balance of skills, experience, independence and knowledge to lead the Company. Accordingly, the Board unanimously recommends their re-election.

Resolutions 9 and 10: Auditor

These deal with the reappointment of the Auditor, KPMG LLP, and the authorisation for the Directors to determine their remuneration.

Resolution 11: Allotment of share capital

The 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 £26,181,455 is stated in the resolution (representing approximately one third of the Company's issued share capital as at 4 June 2024, being the latest practical date prior to publication of this Notice of the meeting). As at 4 June 2024 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 the conclusion of the Annual General Meeting of the Company to be held in 2025 and close of business on 17 October 2025.

Resolution 12: 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 4 June 2024, the latest practicable date prior to publication of this Notice. If the powers sought by Resolution 12 are used in relation to a non-pre-emptive offer, the Directors confirm their intention to follow the shareholder protections in paragraph 1 of Part 2B of the Pre-emption Group's Statement of Principles published in November 2022.

This authority will expire at the earlier of the conclusion of the Annual General Meeting of the Company to be held in 2025 and close of business on 17 October 2025.

Resolution 13: Authority to make market purchases of the Company's Ordinary shares

At the AGM held in 2023, a special resolution was passed which gave the Directors authority, until the conclusion of the AGM in 2024, to make market purchases of the Company's own issued shares up to a maximum of 14.99% of the issued share capital.

The Board is proposing that they should be given renewed authority to purchase the Company's Ordinary shares in the market. It 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. Therefore purchases would only be made at prices below Net Asset Value. The 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 be cancelled.

The Listing Rules of the Financial Conduct 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 in the Company 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.

The minimum price to be paid will be 25p per Ordinary share in the Company (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) as at 4 June 2024, the latest practicable date prior to publication of this Notice. The authority will last until the conclusion of the Annual General Meeting of the Company to be held in 2025 or, if earlier, the close of business on 17 October 2025.

Recommendation

The 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 own beneficial shareholdings.

Shareholder information

Directors and other information

Directors
K Bolsover (Chairman)
S-J Curtis
T Gillbanks
B Sodeinde
A Vaughan

Registered office
13 Woodstock Street
London W1C 2AG

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

AIFM and Company Secretary
Columbia Threadneedle Investment Business Limited
Cannon Place
78 Cannon Street
London EC4N 6AG

Please contact Jonathan Latter for Company Secretarial and administrative matters

Portfolio Manager
Thames River Capital LLP, authorised and regulated by the Financial Conduct Authority
13 Woodstock Street
London W1C 2AG
Telephone: 020 3530 6375

Fund Manager
M A Phayre-Mudge MRICS

Finance Manager and Investor Relations
J L Elliott ACA

Deputy Fund Manager
A Lhonneur

Direct Property Manager
G P Gay MRICS

Registrar
Computershare Investor Services PLC
The Pavilions, Bridgwater Road
Bristol BS99 6ZZ
Telephone: 0370 707 1355

Shareholders who hold their shares in certificated form can check their holdings with the Registrar, Computershare Investor Services PLC, via www.investorcentre.co.uk. 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.

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

aic
The Association of Investment Companies

General Shareholder information

Announcement 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 114 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 offers shareholders the opportunity to purchase further shares in the Company through the DRIP. Please note that following Brexit shareholders in the European Economic Area ('EEA') are no longer able to participate in the DRIP. DRIP forms may be obtained from Computershare Investor Services PLC through their secure website www.investorcentre.co.uk, or on 0370 707 1694. Charges apply; dealing commission of 0.75% (subject to a minimum of £2.50). Government stamp duty of 0.5% also applies. With effect from the Company's next interim dividend payment in January 2025, the commission rate will increase to 1.25%, subject to a minimum of £2.50.

Share price listings

The estimated Net Asset Value and market price of the Company's Ordinary shares, as well as the discount/premium, are published daily in The Financial Times. They can also be found on the Company's website at www.trproperty.com

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 30 of this Annual 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

Disability Act

Copies of this Annual 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.

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 Sig-ma 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 Company's shares 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.investorcentre.co.uk.

The Company 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 the Company.

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 the Company, but there are many other options.

Interactive investor ('ii')

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 www.ii.co.uk/

Interactive investor offer investors in the Company and other investment trusts a free 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.

The Company is also on the interactive super 60 rated list.

Columbia Threadneedle Management Limited ('CT')

Columbia Threadneedle offer a number of savings plans for adults and children, from general investment accounts to a range of investment ISAs and a Child Trust Fund. Each product gives you the ability to invest in a range of investment trust companies. For more information see inside the back cover. Columbia Threadneedle can be contacted on 0800 136 420, or visit ctinvest.co.uk.

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

Saving Schemes and ISAs transferred from Alliance Trust Savings ('ATS') BNP Paribas

Following the acquisition of Alliance Trust Savings by interactive investor, ATS self-directed accounts were transferred to the interactive investor platform on 14th October 2019.

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.

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 Columbia Threadneedle Investments.

CT Individual Savings Account (ISA)

You can use your ISA allowance to make an annual tax-efficient investment of up to £20,000 for the current tax year with a lump sum from £100 or regular savings from £25 a month. You can also transfer any existing ISAs to us whilst maintaining the tax benefits.

CT Junior Individual Savings Account (JISA)*

A tax efficient way to invest up to £9,000 per tax year for a child. Contributions start from £100 lump sum or £25 a month. JISAs with other providers can be transferred to Columbia Threadneedle Investments.

CT Lifetime Individual Savings Account (LISA)

For those aged 18-39, a LISA could help towards purchasing your first home or retirement in later life. Invest up to £4,000 for the current tax year and receive a 25% Government bonus up to £1,000 per year. Invest with a lump sum from £100 or regular savings from £25 a month.

CT 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 £100 lump sum or £25 a month.

CT 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 £100 lump sum or £25 a month per account. You can also make additional lump sum top-ups at any time from £100 per account.

CT Child Trust Fund (CTF)*

If your child already has a CTF, you can invest up to £9,000 per birthday year, from £100 lump sum or £25 a month. CTFs with other providers can be transferred to Columbia Threadneedle.

Charges

Annual management charges and other charges apply according to the type of Savings Plan, these can be found on the relevant product Pre-sales Cost & Charges disclosure on our website www.ctinvest.co.uk .

Annual account charge

ISA/LISA: £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

£12 per fund (reduced to £0 for deals placed through the online Columbia Threadneedle Investor Portal) for ISA/GIA/LISA/JIA and JISA. There are no dealing charges on a CTF.

Dealing charges apply when shares are bought or sold but not on the reinvestment of dividends or the investment of monthly direct debits. Government stamp duty of 0.5% also applies on the purchase of shares (where applicable).

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 & Charges disclosure related to the product you are applying for, and the relevant Key Information Documents (KIDs) for the investment trusts you want to invest in. These can be found at ctinvest.co.uk/documents.

How to invest

To open a new Columbia Threadneedle Investments savings plan, apply online at **ctinvest.co.uk**. Online applications are not available if you are transferring an existing Savings Plan with another provider to Columbia Threadneedle Investments, or if you are applying for a new Savings Plan in more than one name but paper applications are available at ctinvest.co.uk/documents or by contacting Columbia Threadneedle Investments.

New customers

Call: **0345 600 3030**** (9.00am – 5.30pm, weekdays)
Email: **invest@columbiathreadneedle.com**

Existing plan holders

Call: **0345 600 3030**** (9.00am – 5.00pm, weekdays)
Email: investor.enquiries@columbiathreadneedle.com
By post: Columbia Threadneedle Management Limited, PO Box 11114, Chelmsford CM99 2DG

investor.enquiries@columbiathreadneedle.com

You can also invest in the Company 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**

* The CTF and JISA accounts are opened in the child's name and they have access to the account at age 18.

** Calls may be recorded or monitored for training and quality purposes.

To find out more, visit **ctinvest.co.uk**

0345 600 3030, 9.00am – 5.00pm, weekdays, calls may be recorded or monitored for training and quality purposes.

Capital at risk.

This material relates to an investment trust and its Ordinary Shares that are traded on the main market of the London Stock Exchange.

The Investor Disclosure Document, Key Information Document (KID), latest annual or interim reports and the applicable terms & conditions are available from Columbia Threadneedle Investments Cannon Place, 78 Cannon Street, London EC4N 6AG, your financial advisor and/or on our website www.columbiathreadneedle.com. Please read the Investor Disclosure Document before taking any investment decision. This material should not be considered as an offer, solicitation, advice or an investment recommendation. This communication is valid at the date of publication and may be subject to change without notice. Information from external sources is considered reliable but there is no accuracy or completeness.

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