TR Property

TR PROPERTY INVESTMENT TRUST PLC

Annual Report

31-03-2022

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TR Property Investment Trust plc

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

Introduction

TR Property Investment Trust plc (the 'Company' or the 'Trust') 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 23 and the entire portfolio is shown on page 16.

Investment manager

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

Independent board

The Directors are all independent of the Manager and meet regularly to consider investment strategy, to monitor adherence to the stated objective and investment policies and to review investment performance. Details of how the Board operates and fulfils its responsibilities are set out in the Report of the Directors on page 43.

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 24 and 25.

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 an investment through an ISA or saving 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 2022	Year ended 31 March 2021	Change
Balance Sheet			
Net asset value per share	**492.43p**	417.97p	+17.8%
Shareholders' funds (£'000)	**1,562,739**	1,326,433	+17.8%
Shares in issue at the end of the year (m)	**317.4**	317.4	0.0%
Net debt[1,6]	**10.2%**	16.5%	
Share Price			
Share price	**456.50p**	392.50p	+16.3%
Market capitalisation	**£1,449m**	£1,246m	+16.3%

	Year ended 31 March 2022	Year ended 31 March 2021	Change
Revenue			
Revenue earnings per share	**13.69p**	12.25p	+11.8%
Dividends[2]			
Interim dividend per share	**5.30p**	5.20p	+1.9%
Final dividend per share	**9.20p**	9.00p	+2.2%
Total dividend per share	**14.50p**	14.20p	+2.1%
Performance: Assets and Benchmark			
Net Asset Value total return[3,6]	**+21.4%**	+20.7%	
Benchmark total return[6]	**+12.2%**	+15.9%	
Share price total return[4,6]	**+19.9%**	+28.3%	
Ongoing Charges[5,6]			
Including performance fee	**+2.19%**	1.40%	
Excluding performance fee	**+0.60%**	0.65%	
Excluding performance fee and direct property costs	**+0.58%**	0.63%	

1. Net debt is the total value of loan notes, loans (including notional exposure to 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 2022. An interim dividend of 5.30p was paid on 14 January 2022. A final dividend of 9.20p (2021: 9.00p) will be paid on 2 August 2022 to shareholders on the register on 24 June 2022. The shares will be quoted ex-dividend on 23 June 2022.
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 pages 102 and 103.

Historical performance

for the year ended 31 March 2022

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Performance for the year:											
Total Return (%)											
NAV[(A)]	-8.5	21.5	22.4	28.3	8.2	8.0	15.5	9.1	-11.5	20.7	**21.4**
Benchmark[(B)]	-8.9	17.8	14.9	23.3	5.4	6.5	10.2	5.6	-14.0	15.9	**12.2**
Share Price[(C)]	-9.5	25.8	37.7	29.5	-1.6	9.1	25.5	6.2	-16.8	28.3	**19.9**
Shareholders' funds (£'m)											
Total	588	684	809	1,010	1,065	1,118	1,256	1,328	1,136	1,326	**1,563**
Ordinary shares	470	684	809	1,010	1,065	1,118	1,256	1,328	1,136	1,326	**1,563**
Sigma shares[(D)]	118	-	-	-	-	-	-	-	-	-	**-**
Ordinary shares											
Net revenue (pence per share)											
Earnings	7.07	6.74	8.09	8.89	8.36	11.38	13.22	14.58	14.62	12.25	**13.69**
Dividends[(E)]	6.60	7.00	7.45	7.70	8.35	10.50	12.20	13.50	14.00	14.20	**14.50**
NAV per share (pence)	183.60	215.25	254.94	318.12	335.96	352.42	395.64	418.54	358.11	417.97	**492.43**
Share price (pence)	154.50	186.30	247.50	310.50	297.50	314.50	382.50	394.00	317.50	392.50	**456.50**
Indices of growth (rebased at 31 March 2012)											
Share price[(F)]	100	121	160	201	193	204	248	255	206	254	**295**
Net Asset Value[(G)]	100	117	139	173	183	192	215	228	195	228	**268**
Dividend Net[(E)]	100	106	113	117	127	159	185	205	212	215	**218**
RPI	100	103	106	107	108	112	116	118	122	123	**134**
Benchmark[(H)]	100	113	121	145	149	154	165	169	141	160	**176**

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 protocol used by the Company's benchmark and other indices. This is considered to be an Alternative Performance Measure as defined on pages 102 and 103.

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

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

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

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

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

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

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

Chairman's statement

> In a year dominated by volatility and powerful global macroeconomic and political themes, I'm pleased to report a year of healthy performance. Our NAV total return for the year was 21.4% against a benchmark of 12.2%

David Watson
CHAIRMAN

Introduction

The year was again dominated by powerful global macro-economic and political themes, propelling the market in the first half and depressing it in the second. Spring 2021 saw broadly-based market optimism through the continuation of broad post vaccine recovery across all economies, aided by the sustained dovish response from central banks. As inflationary pressures built towards the second half, particularly due to supply chain disruption and increasingly tight labour markets, investors began to build in expectation of increases in base rates and consequently, credit spreads as expectations of global growth moderated or evaporated. The central investment theme became inflationary concerns, with the key questions being its degree of permanence and the various key central banks' responses. Towards the end of the financial year, risk was elevated further by the tragic events and unfolding humanitarian disaster in Ukraine. For global equity markets the cold-hearted financial repercussions are manifold, evidenced through the rising prices of energy and the supply and price of a range of other hard and soft commodities which were mined, refined or grown in abundance in Ukraine. The longer-term impact of Russian aggression on commodity prices and global trade and energy flows are only now starting to be understood.

It may therefore seem somewhat surprising that against that back drop I am able to report a year of healthy performance for the Company. Our net asset value total return was +21.4%, well ahead of the benchmark return of +12.2%. The share price total return at +19.9% was slightly behind the underlying asset growth, as the discount between the share price and the NAV widened just before the year end.

At the half year, I highlighted that our Manager continued to focus on the most sustainable income and had further tilted the portfolio towards index-linked income. This continued to be the case in the second half and helped drive relative performance. Real estate has good inflation protecting attributes, not least that the vast majority of our income is, to varying degrees, explicitly linked to national inflation indices. Inevitably, it is not just public market investors who have realised the attraction of steady real income growth. Private equity investment into real estate continues to be elevated and there has been much merger and acquisition activity which is detailed later in the report. The consequences for the Company are twofold. In the short term, we have made sizeable gains from our stakes in those companies which have been taken private or merged. Secondly, investors have responded, recognising that if listed property companies share prices are left to drift well below asset value then the private market will swoop in. This remains a critical and valuable underpin.

Revenue results and dividend

Earnings for the year were 13.69p per share, 12% higher than the previous year (12.25p) but still almost 6% behind pre COVID-19 levels.

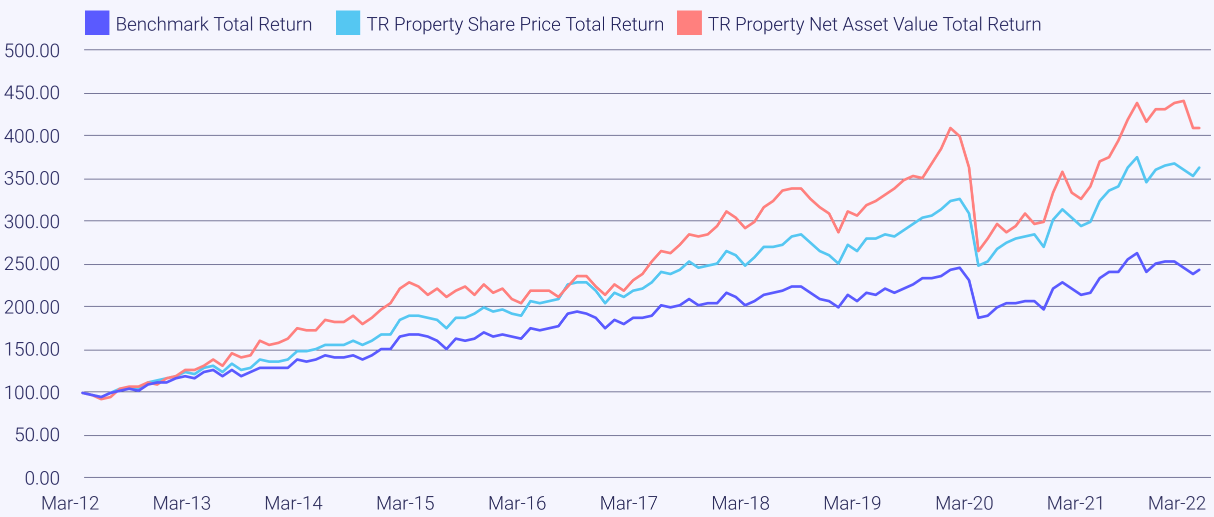
As anticipated in the Half Year Report, earnings for the second half were lower than in the previous year. This was partly because of one-off items in the second half of the year to March 2021 which did not recur and partly because of the significant changes in dividend timetables seen through the year but which largely impacted the second half. Many companies moved to more frequent and smaller distributions, which reduced income in comparison to the prior year due simply to timing. More details are set out in the Manager's Report.

These factors mask a positive underlying trend and, as described above, our Manager has focused the portfolio on sources of sustainable income. The Board is therefore pleased to announce an increase in the final dividend to 9.20p (2021: 9.00p) bringing the full year dividend to 14.50p, an increase of just over 2%. This will require a small contribution from the Company's revenue reserve. We highlighted in the last Annual Report that we expected that this would be the case and that the Board was happy to employ some of the revenue reserve, providing a return to pre COVID-19 income levels could be expected in the medium term.

Revenue outlook

Our Manager is feeling comfortable about the Company's revenue outlook. Dividends announced for the first quarter are showing increases on the prior year. Many of our investee companies have medium term debt arrangements secured when interest rates were at historic lows and so will not immediately feel the impact of higher interest rates. Further ahead, this will become more of an issue if higher rates persist. Our own income tax rate will also increase for the 2022/23 financial year. As always, the Board will keep an eye to the longer term, but having built up the revenue reserve over many years, we feel it is appropriate to maintain dividend levels where we can easily do so provided a longer term fall in income is not expected. After the final dividend set out above, the revenue reserve will be 11.37p per share.

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



Net Debt and Currencies

The opening gearing position was 16.5% and closed at 10.2%. It fluctuated over the year between these levels as the gearing was actively managed. Our debt portfolio gives us considerable flexibility to increase and decrease gearing levels quickly and this has proved beneficial yet again.

Sterling has traded in a narrow range against the Euro throughout the year and it closed only fractionally stronger at the end of the year, so currencies have not been a significant factor in this year's results.

Discount and Share Repurchases

From the starting point of 6.1% the discount, for the most part, gradually narrowed in the period up to the beginning of 2022 and then traded at a small premium through January. With the invasion of Ukraine and a general worsening of sentiment, the shares moved back to a discount, its widest at 9.9% and closing the year at 7.4%. The discount average for the year was 3.4%. This meant that the share price return was slightly behind the NAV return.

No share buy-backs or issues were made during the year.

Awards

The Company was the winner of in the Specialist Equities category of the Citywire Investment Trust Awards for the second year running. It has also been awarded ratings with a number of platforms and publications and these are included in the shareholder information section later in this report.

Outlook

The era of cheap money is coming to an end. Inflation is surging and central banks are reversing their balance sheet expansion that has defined the period following the Global Financial Crisis. Consequently, bond markets are volatile and real (as opposed to nominal) yields on duration debt are getting even more negative. Inflation protected income is becoming harder to find so index-linked property income should remain attractive. However, rising interest costs are clearly a headwind for any leveraged asset class.

Our strategy remains the same, identifying asset classes and sub-markets where demand outstrips supply and where rents are capable of rising. Build cost inflation and the regulatory/social pressure to build more sustainably (higher upfront cost, but lower long-term maintenance and running costs) has squeezed development margins. Our Manager expects a subdued development cycle in many markets and a reduction in risk of oversupply must be a positive in the medium term. We continue to seek more exposure to asset classes where rebuild costs are well above the current prescribed asset values. Equity market volatility is providing us with some of these opportunities in the listed space and we hope to enlarge our physical property portfolio based on the same investment thesis.

David Watson
Chairman
13 June 2022

Manager's report

> Although the economic outlook remains unsettled, property assets, particularly where the income is index-linked, should remain relatively attractive despite rising interest costs.
>
> **Marcus Phayre-Mudge**
> FUND MANAGER

Performance

The Net Asset Value total return for the year to the end of March 2022 was +21.4%, ahead of the benchmark total return of +12.2%.

The Spring and Summer of 2021 saw a benign backdrop of continuing monetary policy largesse from central banks coupled with an improving outlook for all economies and this bode well for many parts of the real estate landscape. Share prices across our universe responded accordingly and our NAV grew by 14% from April to August. Post the summer holidays investors increasingly fretted over the themes of a global slowdown (breakdown in supply chains, COVID-19 impacted manufacturing capabilities in Asia) coupled with rising wage and energy costs. All of which heightened the risk of stagflation. Share price volatility increased hugely and we experienced 20% swings in the value of the benchmark between the beginning of September and the end of November. Such large swings in sentiment reflected the changes in expectation of central banks' behaviour. In simple terms – would they turn hawkish (and at what pace) to help control these renewed inflationary pressures. The last phase of the financial year (December to March) was marked by a steady decline in real estate equity prices as the expectation of multiple rate rises by the US Federal Reserve and the Bank of England alongside more hawkish rhetoric from the European Central Bank was priced in. The last month of the financial year was, of course, overshadowed by the terrible events in Ukraine immediately adding to energy and other raw material inflation expectations.

What I have summarised here is the performance of pan-European real estate equities over the 12 months to the end of March rather than underlying property values. Share prices are volatile and react quickly to macro driven sentiment. Underlying real estate values tend to adjust when the price of capital changes, as opposed to the expectation of future price changes. They are also anchored much more locally being dependent on the expectation of local rental growth or contraction. Spreads have widened and debt costs are increasing but they remain historically low and crucially, at the moment, debt is still readily available. As I warned in last year's Annual Report, if equity markets allow listed companies to trade on large discounts to their implicit asset value then private vehicles (who can operate with higher leverage and hence a lower cost of capital) will take them private. This has been a key theme this year and the Company's performance has benefited from a number of transactions. Expectation of capital growth amongst private owners (be it institutional or retail investors) is much more important to underlying pricing than the gyrations of publicly listed share prices. It is encouraging to see transaction volumes and private market optimism normalise in many of our sub-markets and this is examined in more detail later in the report.

The portfolio positioning had been heavily adjusted in the immediate 'post vaccine' period (Q4 2020, Q1 2021) essentially closing the underweight to European shopping centres and renewing exposure to office markets with shorter commute times (i.e. a focus on the smaller cities, not London and Paris). The year under review saw that process extended, with the portfolio further concentrating on capturing the impact of three key trends. Firstly, those sectors likely to experience the greatest rental growth in a recovering economic environment such as logistics, industrial, self-storage and prime office development continue to be heavily represented in the portfolio. Secondly, security of income is crucial. Private rented residential property continues to enjoy virtually full occupancy, particularly in Germany and Sweden where rents remain heavily regulated (and at sub-market levels). The final theme was inflation protection and seeking to own explicitly index-linked, high quality income across a broad range of sectors. This latter theme overlaps with the residential focus given the highly defensive nature of the earnings.

All of these themes were drivers of relative outperformance alongside the positive impact of numerous merger and acquisition ('M&A') situations over the year (that activity will be detailed later in the report). However, it is important to clarify that the listed German residential names have - with one exception - performed relatively poorly this year. The sector saw the largest piece of M&A activity with the cash takeover of Deutsche Wohnen by Vonovia and this was extensively reviewed in the Half Year Report. We have remained loyal to our central view that Berlin residential property values will continue to outperform the rest of Germany with a continued supply/demand imbalance. Phoenix Spree Deutschland (total return +18%) was the performance outlier over the year and ensured that our German residential portfolio contributed positively to our relative outperformance of the benchmark.

Offices

The vast majority of office workers have now returned to the office, at least part of the time. The longer term consequences of the dramatic increase in remote working since 2020 are still evolving. However, we are increasingly confident of a number of key features which either pre-existed or have emerged. The first is all around optionality. Most office workers to a greater or lesser extent can work remotely. This optionality means that the office environment must become more attractive and/or more efficient than the alternative for workers. This need for a better quality workplace coincides with businesses becoming increasingly focused on their environmental footprint. At the same time government regulation across the developed world is driving energy efficiency improvements. The net result will be an increase in demand (and the rent achieved) for 'green' buildings, in the right locations offering state of the art amenities. There is already a clear polarisation in favour of CBD (central business districts) over decentralised or suburban markets. Central Paris saw take up of +49% year on year, a drop in immediate supply of 17% over 2020 with vacancy at 3% driving rents up, whilst the Western Crescent and La Defense saw rents fall and incentives increase. London experienced a very similar picture with the West End, Midtown and the City seeing Q4 2021 take up of 3.8m sq ft, a 7 year quarterly high. The total take up for 2021 was 10m sq ft, 65% ahead of 2020. Docklands and other suburban markets did not experience this level of improving statistics. Investors remain bullish, Knight Frank ('KF') reported a fourfold increase in Q1, 2022 on the corresponding quarter of 2021 with £5.8bn of transactions (versus £1.2bn).

Savills produced a detailed research note in March 2022, predicting reductions in office space demand across all European cities to varying degrees. We have sympathy with the overall expectation but the crucial point is the other side of the equation. If this demand is very focused on quality, where is that supply coming from? If we look at the UK's six regional markets (to avoid only discussing London) we see all six cities as having less than two years' supply. Cost inflation and the inability to tie down risk pricing with contractors results in reduced speculative construction which will exacerbate the problem.

KF's M25 report for Q4 2021 highlights technology, media and telecom (TMT) and Life Science tenant demand but generally subdued take up levels versus pre-pandemic levels. Oxford and Cambridge continue to experience strong rental growth but Reading, Uxbridge and St Albans saw little, given greater supply of new buildings. The traditional occupiers of these strong satellite towns are in the throes of assessing their office needs. One would have expected the investment market to also reflect this 'pause for thought' but this has not been the case. According to KF, South East office volumes reached £4bn in 2021, a record for the region and 45% ahead of the long term average. International buyers dominated but they generally have a longer investment horizon than local buyers. The build cost inflation we are now seeing may well prove that buying high quality existing assets was a very sensible strategy.

Retail

Negative sentiment towards this sector had begun to soften as the post pandemic retail environment experienced the predicted recovery in sales and footfall. Across Europe, consumers had rebuilt savings (or reduced debt) over the last two years and the re-opening statistics didn't disappoint the optimists. However, looking forward the investment community is trying to establish the likely sales volumes post this initial re-opening surge. All the major firms of valuers are reporting stability in yields over the last few quarters across both shopping centres and high streets for both prime and secondary assets. This may well appear optimistic as it is based on low volumes but the number of deals is increasing and we are confident of much higher transaction volumes in 2022 than 2021.

The one area of real valuation recovery has been retail warehousing. The last year has seen an extraordinarily competitive landscape in this sub-sector with yields compressing over 1% at the prime end and even more amongst secondary assets. What is understandable is that where tenant demand/affordability has been proven then investors are happy to own. As retailing evolves into a seamless 'clicks and bricks' omnichannel experience, retail parks are a key part of the value chain for the retailers. If the retailer can offer a fast and efficient 'click and collect' service which the customer is happy to use, then the sales margins from selling online improve materially. It is the 'last mile' delivery which is so cost inefficient.

The outlook for large, regional shopping centres remains uncertain. The vast majority are too big for their market in an omnichannel world. Owners are seeking to demolish part or repurpose to non-traditional uses, in many cases trying to redefine themselves as a community hub as opposed to just a covered retailing arena. The strategy feels correct but the costs of conversion and the inability of new users to pay anything like the previous rents will lead to subdued returns. However, there has been some price discovery with high profile examples such as Hammerson's sale of Silverburn in Glasgow and a wide range of smaller transactions across Europe from Eurocommercial, Klepierre and Unibail providing evidence that buyers believe that rents are stabilising.

Industrial and Logistics

2021 was yet another record year in terms of take up, capital value growth and, all importantly, further shrinkage in the amount of vacancy. The UK market saw take up exceed 50 million sq ft and vacancy is now below 3% across the whole range of 'big box' unit sizes. Like for like rental growth for Segro's portfolio was in excess of 5% and this has driven yields nationwide down 75-100 bps leading to huge capital growth. Yet urban logistics has been even hotter, with investors focused on the supply inelasticity of infill markets. Greater London prime industrial transactional evidence now regularly sees equivalent yields (i.e. based off market rents which are higher than passing rents) of less than 3%. This price inflation has been fuelled by evidence of another year of rental growth exceeding 10%. Segro reported rental growth averaging 13.1% in its UK portfolio during 2021. Savills estimate that inner London rents have moved 25% in the last year alone.

UK industrial transaction volumes reached £16.7bn in 2021, 113% growth on 2020 and 152% growth on the five year average. Given such an acceleration we must closely watch the fundamentals, there may well be capital seeking deployment without due consideration. However, for now, the demand/supply imbalance at the occupier level is driving rental growth. The entire UK industrial market recorded a drop in available space to 18.1million sq ft, a contraction of one third over the year. No wonder rents are rising.

On the Continent, we have also seen market rental growth outstrip annual indexation. This is set to continue even with the printing of record high annualised inflation of 5.1%. Segro are the only fully pan-European listed player and they reported 4.1% like for like rental growth across Continental Europe for 2021. We remain confident that in many key markets this level of growth will be exceeded in 2022. Across Continental Europe, online sales penetration now averages 15-18%, still a long way behind the UK at c.28%. Shortening supply chains and reshoring has driven demand in cheaper markets such as Poland. Savills European Logistics Survey 2021 showed that 46% of all occupiers canvassed expected to increase their warehouse requirements over the next year.

Availability continues to shrink, with vacancy down from 5.1% to 3.5%, with record low levels in Dublin (1.1%), the Netherlands (3.3%), Czech Republic (1.7%) and take up levels well ahead of decade averages with Madrid (+9%), Poland (+13%) and the Netherlands (+10%). For the best space, rents are responding very rapidly and we expect average rental growth to exceed 5% across the Continent. However, in early May this year (post the year end) Amazon announced a dramatic pause in its expansion programme. Whilst we believe that these comments were focused on their domestic US market, it has caused reverberations across all logistics/ecommerce real estate markets. Major owners and developers such as Segro and Tritax point to full orderbooks and strong transactional evidence, forward looking equity markets took fright. Share prices of these two names are down 22% and 17% respectively, calendar year to date.

Residential

This sector remains a strong store of value. In the short-term capital values should be impacted by rising interest rate expectations. For PRS (private rental sector) this uncertainty (along with the broader geo-political backdrop) has probably encouraged would be buyers to remain renters in the near term. Occupancy rates remain at record levels across both open-market rental markets (UK, Finland) and regulated rental markets (Germany and Sweden). In the latter group of companies, we expect below market rents to assist in maintaining affordability even as energy costs rise and consumption is squeezed. Rent is not a bill which can be reduced particularly when it is below market. We are not predicting greater vacancy (the structural issues of demand/supply disequilibrium are still there) but we are mindful of the potential for slower rental growth.

This cost of energy crisis will accelerate the need to improve the energy efficiency of all residential stock. This is particularly an issue in Germany where so much of the housing stock owned by the listed companies requires upgrading, coupled with the need to find alternatives to Russian gas (the major domestic energy source). The cost of these improvements will ultimately be split between the state, the landlord and the tenant. The outstanding question is in what proportions. There is certainly no 'one size fits all' solution but if the bulk of this energy efficiency expenditure is subsidised by the state and the landlord can, in addition, gain a return on their share of the investment via higher rents (and reduced energy bills), this doesn't have to be a bear investment case for this sector.

Although these potential headwinds are well flagged, underlying house (and apartment) prices continue to rise driven by affordability. Mortgage rates, whilst rising, are still very low by historical standards and wage inflation is feeding through, which drives affordability. Major cities such as Berlin and Stockholm where there is very little new supply continue to see values rising at c.1% per month. According to JLL, there was an 11.6% year on year increase in Berlin condominium prices.

Alternatives

The record occupancy increases and rate growth in self storage recorded through the pandemic will undoubtably slow. However, we are confident that growth will continue, fuelled by the structural drivers of commercial usage (last mile, business to consumer, supply chain resilience) and increasing awareness of the product from residential customers. The Self Storage Association UK reported further occupancy growth across all its members. This remains a highly fragmented sector with over 1,900 separate sites and only 30% are operated by 'large' operators (defined as those with 10 or more stores). The marketing advantage for the largest operators (the listed companies) is very valuable, ensuring that almost all potential customers searching via the internet (the vast majority) will see an offer from one or more of the largest operators.

Healthcare property had a tougher year. Those focused on primary healthcare have the benefit of rental underpin (directly or indirectly) from the state however, in the case of the UK, rental growth risks being at sub-inflation levels due to its deferred reference point (historic build cost). In Continental Europe, the exposure of poor care and financial irregularities at Orpea, a large listed nursing home operator has highlighted (amongst many things) the meagre margins which these businesses are run off. A state investigation is underway by the French authorities and we maintain very minimal exposure to this underlying operator. The vast majority of our Continental European healthcare exposure is in the Netherlands and Belgium rather than France.

Purpose built student accommodation (PBSA) has fared better as students clearly want the campus experience and value for money. The structural fundamentals remain sound underpinned by the combination of the growing numbers of students (post the recent demographic dip) coupled with the desire to live in better quality accommodation than previous student generations. According to UCAS, 30% of first year students live in PBSA and this has increased from 22% five years ago. An encouraging growth rate. Another 40% start their university life in halls of residence but that percentage has remained static over the same period, reflecting the lack of capacity or capability for universities to add to their own residential real estate portfolios. Cushman Wakefield have identified 681,000 student accommodation beds across the UK with a net increase of just 21,000 over 2020/21. Q1 2022 data has also revealed a marked slowdown in planning applications for new PBSA units. Importantly, quality is a key priority with prices up by 17% since 2019/20 for those with en suite bathrooms.

We continue to hold Unite (UK) and Xior (Belgium, Spain) and note the recent takeover of American Campus Communities, an $8bn market cap US student accommodation REIT by Blackstone. Yet another privatisation.

Debt and Equity Markets

Debt markets continued to be supportive for real estate companies throughout the year under review, with central banks continuing to provide support through quantitative easing and bond purchases as well as maintaining very low rates. The start of 2022 brought a change in investor attitude with a marked shift in expectation of more hawkish behaviour from central banks, led by the US Federal Reserve. Reviewing listed European real estate debt issuance, we may well look back on the €20.9bn raised in 2021 (alongside the €23bn in 2017) as record years unlikely to be seen again as the cycle of rising rates evolves during 2022 and beyond. German residential businesses were again busy customers of the bond market with Vonovia's cheapest deal raising €1,250m at 0.25% for a 7 year bond; whilst they also raised 30 year money (€750m) at 1.625%. LEG, their smaller competitor, managed 0.875% for 12 years raising €500m.

Equity markets were also very busy with the 'deal sheet' highlight being the record breaking €8bn rights issue by Vonovia, required to fund the acquisition of Deutsche Wohnen. Logistics businesses were once again avid raisers of capital, given their premium rated paper. Tritax Bigbox raised £350m, Eurobox £215m, VGP €300m and Aberdeen European Logistics £45m. Elsewhere equity raisings were focused on stocks with strong underlying income with LXI raising twice in the year (totalling £225m) alongside fellow index linked income play Supermarket Income Reit raising £200m. The latter name has already come back to the market shortly after the year end. Healthcare falls into this secure income camp with the UK's Target Healthcare (£125m) and Assura (£182m) seizing the moment alongside Belgium listed Aedifica (€285m).

Whilst considerable primary issuance added to the size of the listed real estate sector, this capital inflow was dwarfed by the record breaking amount of M&A activity which in the majority of cases led to privatisation and shrinkage in the sector's market capitalisation.

Investment Activity – property shares

Turnover (purchases and sales divided by two) totalled £549m equating to 36% of the average net assets over the year. This is, coincidentally, the same as last year's equivalent figure (36%) which itself was slightly ahead of the year to March 2020 (32%). It has therefore now been three years of elevated portfolio rotation due to a combination of market volatility, sector rotation and, importantly, M&A activity.

Last year, this section of the report highlighted several moves by private equity ('PE') into the listed space with PE firms such as Brookfield buying into British Land and KKR into Great Portland Estates (now called GPE). Starwood had taken RDI (market cap £325m) private in February 2021and this turned out to be a precursor to the elevated levels of activity seen thereafter.

In June, Blackstone was required to increase its initial bid for St Modwen Properties, paying a 21% premium to the net asset value of 463p. Once again, private equity was able to look beyond the immediate development pipeline and value the high quality land bank more aggressively than public markets. In the same month, ABG (alongside Blackstone again) announced the acquisition of GCP Student Living (market cap £960m). Blackstone and ABG were also co-investors in several UK and European student funds.

Brookfield, another giant private equity firm struck three times in the year. Firstly, in November in Germany, they acquired 91% of Alstria (market cap €3bn), the only pure German only office investor. In Belgium in February this year, they announced an agreed bid for Befimmo, an unloved owner of primarily Brussels offices. As if that was not enough, just before our year end they announced the agreed take private of Hibernia, Dublin's only listed office developer. In each of these deals, Brookfield paid substantial premiums (+20%) to the undisturbed share price but still acquired at close to or even below net asset value. Offices remain out of favour with stock market investors and therefore these businesses were – in the eyes of private equity – undervalued in the public domain. The Company held both Alstria and Hibernia. In the case of the latter, our holding was 4% of the issued capital. The transaction is bittersweet: whilst we saw a significant valuation gain we have lost a well managed company with strong technical expertise in developing prime office space. Not easy to replace.

Corporate activity between listed companies was also much in evidence. In November, Landsec acquired U+I (previously called Development Securities) for £170m, at an eyewatering 70% premium to the undisturbed share price. This small urban regeneration stock's performance had been lacklustre as investors worried about its balance sheet and inability to fund its long dated development pipeline. For Landsec, this was a precursor to announcing a strategic initiative in regional regeneration with the acquisition of 75% of MediaCity in Manchester (£426m).

CTP, the newly listed Eastern European logistics developer agreed to buy Deutsche Industrie, a small listed German property company owning secondary industrial assets and development land across Germany. Whilst the acquisition currency was shares in CTP, the price reflected a 48% premium to the undisturbed price. At the time we felt this transaction was a positive read across to our other German holdings, Sirius and VIB Vermoegen. A couple of months later, DIC, a listed manager of property funds, surprised the market with a partial tender for 51% of VIB Vermoegen at €51 per share. This well run Bavarian logistics owner /developer is listed on a local exchange and not the main market. DIC were therefore able to acquire over 10% before announcing their intentions and they quickly reached 25% of the share capital (ahead of the tender). At this point I chose to sell our holding (3% of the Company's net assets) at a 'block premium' of €54 per share. I was fearful that DIC's control would result in the loss of the highly regarded management team and this has come to pass with CEO and CFO departing. However, we have been handsomely rewarded through the corporate activity. The share price at the beginning of the financial year was just under €30 per share. This company has been a key component of our logistics exposure over more than a decade and warranted more examination, hence the attached case study.

In Sweden, SBB the highly acquisitive social infrastructure company, announced control of a small residential business, Amasten. We had recently completed our own research on this business and we had begun to build a holding. The bid price was a 20% premium to where we were buying shares a month earlier.

Finally, in March we saw the final act in the McKay Securities saga. Longstanding shareholders will have been aware of our view that this well run owner of South East office and industrial property was being materially undervalued by the equity market. Essentially the company was too small and the shares too illiquid for today's stock market. This company is absolutely not alone in this regard, there are many companies which are just too small and need to join forces with fellow minnows. The key with this business was the high quality of the portfolio. We were pleased to read that Rothschild had undertaken a competitive sales process which culminated in an agreed bid from Workspace, a listed owner of flexible office space in London. Owning 9% of the issued capital we were invited to provide an irrevocable undertaking (subject to no higher offer) which we provided. The bid was two thirds cash (209p) and one third shares and reflected a premium of 30% to the undisturbed price. We will open a holding in Workspace in May on completion of the transaction.

Investment Activity – direct property portfolio

The physical property portfolio produced a total return for the 12 months of 18.1% made up of a capital return of 15.4% and an income return of 2.7%. This can be compared to the return from the MSCI All Property Index which produced a total return of 23.9% made up of a capital return of 18.0% and an income return of 5.0%.

The core driver of returns was rental growth at the two industrial properties in Wandsworth and Gloucester. At Gloucester, we let the largest unit at a new headline rent on the estate following a short marketing period to an online health food business. This will allow us to move rents forward with other lease events on the estate scheduled for 2022 and 2023. In Wandsworth we completed a number of new lettings including a letting to the online leisure fashion brand Sweaty Betty. They plan to use the premises as a photographic studio for their online offering. We are delighted to add them to the tenant line-up and this not only reflects the diversity of tenants on the estate but also exemplifies the versatility of uses in a standard steel portal industrial building.

At the Colonnades our restaurant operator, Happy Lamb Hot Pot, completed their fit out and opened for trading as soon as COVID-19 restrictions were lifted in May 2021. They have become a successful and vibrant addition to the local area. We are currently exploring opportunities to sell this asset.

Revenue and Revenue Outlook

Revenue earnings for the current year have increased by almost 12% over the prior year.

The increase in earnings was attributable to the first half. At the half year stage we announced earnings some 34% ahead of the prior year. It was flagged at the time that this increase would not be repeated in the second half.

The comparison of the first half (April to September 2021) was being made against April to September 2020, which had suffered an extreme fall in income. As a reaction to the COVID-19 pandemic many companies suspended dividends and, in some cases even cancelling ones which had already been announced. Distributions were very cautious against such an uncertain backdrop. In the current year, the vaccination programme was well underway and confidence began to return in the first half.

Comparing second half earnings year to year in isolation, they fell by around 27%, although this is not a fair comparison. Just before March 2021 we finally received a tax refund as a result of a long running reclaim. This enhanced the earnings for the year to March 2021 so a more realistic comparison of the second half of the year shows a fall of around 12% rather than the 27% highlighted above. The explanation for this 12% fall is explained largely by the fact that many companies changed their dividend schedules, not only in timing but also the frequency, annual payers moved to paying half yearly, half-yearly to quarterly etc. so the amounts being paid in each distribution were proportionately lower. The new payment schedules will have been established for the forthcoming year so we don't expect this to have an ongoing impact.

The overall trend for earnings is positive, the majority of companies have resumed distributions although there are some exceptions, mainly in the retail sector where we are significantly underweight.

Whilst the year to 31 March 2022 earnings result is still some 6% behind pre COVID-19 levels, we do expect some further recovery in the year to March 2023. There are some new clouds on the horizon though, the era of cheap money is over, inflation is reaching levels not seen for many years and a cost of living crisis looms for a number of well documented reasons. However, many of our companies secured debt at historically low levels and will enjoy the benefit of this for a while. Changing market outlook and sentiment is likely to lead to lower gearing levels from time to time and that in turn reduces income levels.

As previously documented, providing the Board is comfortable with longer term income prospects, it is prepared to supplement distributions from the revenue reserve to cover shorter term fluctuations.

Gearing and Debt

The Chairman has already commented on gearing levels and highlighted the benefits of our flexible borrowing structure.

This flexibility has been crucial in such a volatile year. Our gearing oscillated in a 10 - 16% range as we responded to the dramatic changes in market sentiment through the year. Over the year we utilised both our revolving loan facilities and our CFD capability in addition to our longer-term debt. Although the shorter-term debt is linked to market rates and therefore the cost will increase, the flexibility this affords in adjusting gearing levels is more of an advantage than the lower cost of fixed term debt. We aim to achieve a balance between pricing and flexibility which is why our debt is sourced from a number of providers.

Outlook

As recently as this January, central bankers across the world were indicating that they believed that inflationary pressures were transitory. The rise in energy costs seen in Q4, 2021 were then supercharged by events in Ukraine in February and March. Supply chain disruption, particularly around Chinese shutdowns and post COVID-19 workforce shortages, have compounded these pressures. The result has been a period of sustained inflation, Euroland CPI reached 7.5% in April, its sixth consecutive new monthly high. The UK's March figure was 7%. We now expect these elevated figures to continue into 2023 and for the central banks to be forced to react quickly with interest rate rises. The unanswered question is whether raising mortgage costs, which will cool consumer demand and house price growth, will do much to assist in reducing the supply driven pressures. Build cost inflation is equally strong and we expect much potential development to be mothballed as the required return on capital employed evaporates. However, this drop in potential supply will form an underpin for rental growth where demand is stable or growing. Our strategy remains twin-tracked. We will continue to own long and strong income which offers genuine index-linked income whilst simultaneously maintaining exposure to markets where we see tenant demand remaining robust even in the face of an economic slowdown. Renewed focus on balance sheet strength, debt structures and flexibility will help us ensure that we steer the Company carefully through the terrain of rising rates.

Writing this outlook in the middle of May, pan-European real estate equities have already collectively corrected 14% from the start of the new financial year (1st April). This fall is greater than the FTSE 100, 250 or the EuroStoxx 600. The most leveraged businesses have, predictably, been hit hardest but previously highly rated businesses with strong growth prospects have also been hit hard and we expect to find value amongst those with the most secure balance sheets. Much of our world offers solid earnings from real assets; buildings which are often crucial to a company's operation or a basic necessity for domestic users.

Marcus Phayre-Mudge
Fund Manager
13 June 2022

Case study

VIB Vermögen AG

We began investing in this Bavarian based property company in 2011 when the share price was €8.50 per share (market cap of €235m). The founder and CEO (until 2018) initially focused on a tight geographical area around the company's hometown of Ingolstadt. We were attracted to the deep local knowledge and excellent links to local banks enabling the company to secure high quality secured lending. Over the next decade, the business expanded to a portfolio of €1.4bn focused on logistics/light industrial (70%) alongside some roadside retail (mostly garden centres). The value delivery came primarily from the very astute purchases of land and industrial assets requiring refurbishment in the heartland of the booming automotive industries of Southern Germany. The company always maintained a conservative balance sheet and whilst dividends grew consistently the pay-out ratio never exceeded 50% enabling organic reinvestment into the development pipeline.

Our holding grew consistently over the next decade (we only sold shares modestly on 8 separate occasions) and by the end of 2021 it had reached over 1.5m shares with a value of €74m. By this time the market cap exceeded €1.2bn and the longstanding management team continued to deliver year on year.

In February 2022 DIC Asset AG, a listed property asset manager announced that they had acquired 10% of the issued capital and intended to make a partial tender for up to 50% at €51.5 per share. We did not want to find ourselves owning equity in a business which was controlled by a third party. At the same time, DIC were happy to buy ahead of the tender date and we extracted an exit price of €54 per share. This turned out to be the highest price at which the stock traded in its corporate history. Whilst we were disappointed to lose such a well-managed and successful business, the returns generated over a long period of time warranted closer examination.

Over the 11 years of ownership, the return from this investment had been an astonishing 984% or a compound return of 26.6% per annum (assuming dividends reinvested).

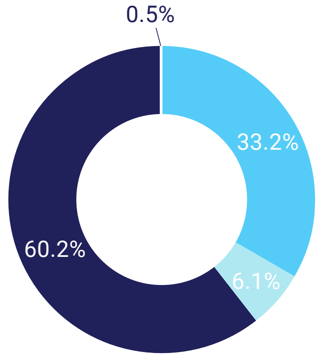
Share Price 2011 to 2022

Portfolio

Distribution of Investments

as at 31 March

	2022 £'000	2022 %	2021 £'000	2021 %
UK Securities[1]				
- quoted	**518,417**	**33.2**	395,644	28.3
UK Investment Properties	**96,255**	**6.1**	83,071	5.9
UK Total	**614,672**	**39.3**	478,715	34.2
Continental Europe Securities				
- quoted	**940,744**	**60.2**	921,801	65.8
Investments held at fair value	**1,555,416**	**99.5**	1,400,516	100.0
- CFD (creditor)/debtor[2]	**7,657**	**0.5**	(141)	-
Total Investment Positions	**1,563,073**	**100.0**	1,400,375	100.0

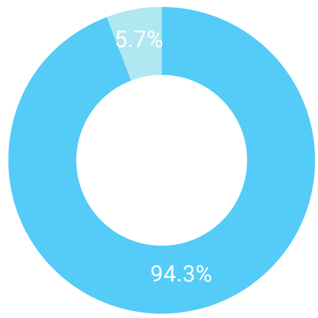


UK Securities
UK Property
Continental Europe Securities
CFD Debtors

Investment Exposure

as at 31 March

	2022 £'000	2022 %	2021 £'000	2021 %
UK Securities				
- quoted	**518,417**	**30.5**	395,644	25.6
- CFD exposure[3]	**57,324**	**3.4**	45,441	2.9
UK Investment Properties	**96,255**	**5.7**	83,071	5.5
UK Total	**671,996**	**39.6**	524,156	34.0
Continental Europe Securities				
- quoted	**940,744**	**55.3**	921,801	59.5
- CFD exposure[3]	**87,318**	**5.1**	100,560	6.5
Total investment exposure[4]	**1,700,058**	**100.0**	1,546,517	100.0



Securities
UK Property

Portfolio Summary

as at 31 March

	2022	2021	2020	2019	2018
Total investments	**£1,555m**	£1,401m	£1,155m	£1,291m	£1,316m
Net assets	**£1,563m**	£1,326m	£1,136m	£1,328m	£1,256m
UK quoted property shares	**33%**	28%	31%	33%	31%
Overseas quoted property shares	**60%**	66%	61%	59%	62%
Direct property (externally valued)	**6%**	6%	8%	8%	7%

Net Currency Exposure

as at 31 March

	2022 Company %	2022 Benchmark %	2021 Company %	2021 Benchmark %
GBP	**33.9**	33.6	27.9	28.3
EUR	**41.9**	42.3	51.2	50.9
CHF	**7.4**	7.1	6.7	6.6
SEK	**16.3**	16.3	12.9	12.9
NOK	**0.5**	0.4	1.3	1.3

1 UK securities includes one unlisted holding (0.01%)

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

3 Gross value of CFD positions.

4 Total investments illustrating market exposure including the gross value of CFD and TRS positions.

Investment portfolio by country

	£'000	Market value %
Austria		
CA Immobilien	7,008	0.4
	7,008	0.4
Belgium		
Warehouses De Pau	28,661	1.8
VGP	28,569	1.8
Cofinimmo	18,609	1.2
Aedifica	11,976	0.8
Xior Student Housing	9,233	0.6
Care Property Invest	7,106	0.5
Montea	3,134	0.2
Intervest Offices & Warehouses	2,604	0.2
	109,892	7.1
Finland		
Kojamo	14,783	0.9
	14,783	0.9
France		
Argan	79,107	5.1
Gecina	23,214	1.5
Klepierre	21,712	1.4
Covivio	13,193	0.8
Carmila	7,097	0.5
Altarea	1,606	0.1
	145,929	9.4
Germany		
Vonovia	149,893	9.6
LEG Immobilien	55,529	3.6
Aroundtown	32,740	2.1
TAG Immobilien	19,557	1.3
Adler Group	5,394	0.3
Deutsche Euroshop	4,934	0.3
	268,047	17.2
Ireland		
Irish Residential Properties	1,981	0.1
	1,981	0.1
Netherlands		
Eurocommercial Properties	43,104	2.8
Unibail Rodamco Westfield	14,349	0.9
NSI	4,783	0.3
	62,236	4.0
Norway		
Entra	6,898	0.4
	6,898	0.4
Spain		
Merlin Properties	47,799	3.1
Arima Real Estate	23,081	1.5
	70,880	4.6

	£'000	Market value %
Sweden		
Fastighets Balder B	42,934	2.7
Castellum	25,690	1.6
Cibus Nordic Real Estate	23,553	1.5
Samhallsbyggnadsbolaget	23,424	1.5
Fabege	20,824	1.3
Wihlborgs	14,533	0.9
Sagax	11,870	0.8
Catena	9,279	0.6
Platzer Fastigheter	3,723	0.2
Dios Fastigheter	2,818	0.2
Klarabo Sverige	1,713	0.1
Atrium Ljungberg	1,094	0.1
	181,455	11.5
Switzerland		
Psp Swiss Property	44,260	2.8
Swiss Prime Site	27,375	1.8
	71,635	4.6
United Kingdom		
Segro	77,334	4.9
Safestore Holdings	54,228	3.5
Industrials REIT	49,892	3.2
Phoenix Spree Deutschland	43,129	2.9
Derwent London	38,242	2.4
Picton Property Income	35,864	2.3
LandSec	35,662	2.3
Londonmetric Property	31,524	2.0
McKay Securities	22,343	1.4
Ediston Property	22,097	1.4
Secure Income REIT	19,574	1.3
Unite Group	18,368	1.2
Sirius Real Estate	17,854	1.1
Supermarket Income REIT	13,125	0.8
CLS Holdings	9,897	0.6
Tritax Big Box REIT	9,365	0.6
LXI REIT	5,321	0.3
Target Health Care	5,310	0.3
Primary Health Properties	3,850	0.3
Atrato Cap	2,341	0.1
Helical	1,928	0.1
Cap & Regional	1,169	0.1
	518,417	33.1
Direct Property	96,255	6.2
CFD Positions (included in current liabilities)	7,657	0.5
Total Investment Positions	1,563,073	100.0

Companies shown by country of listing.

Twelve largest equity investments

1 Vonovia

31 March	2022	2021
Shareholding value	**£149.9m**	£146.0m
% of investment portfolio†	**8.8%**	9.4%
% of equity owned	**0.5%**	0.5%
Share price	**€42.31**	€55.70

Vonovia (Germany)

Vonovia is a German listed residential company and the largest real estate company in Continental Europe by market capitalisation. At the end of 2021, the company owned a portfolio of €98bn split between Germany (90%), Sweden (8%) and Austria (2%); the portfolio increased by c.28% following the acquisition of peer Deutsche Wohnen, which completed in October 2021. Vonovia has developed a large in-house craftsman organization which allows the company to run a strategy focusing on modernizing its portfolio. The company is involved in the whole value chain of the residential sector via its rental business (79% of group EBITDA), its value-add branch (energy and multimedia related services, 7%), its third-party development business (6%) and its recurring sales program (8%). Vonovia's management has been particularly pro-active with public authorities, complying with regulations and assuming a social role which should allow them to benefit from critical political goodwill in the future given the strict regulatory environment of the German residential sector. In 2021, Vonovia delivered strong results in absolute and relative terms. The company delivered EPRA NTA growth of +14% YoY on a per share basis, and like for like rental growth at was resilient at +3.2%. The five-year total shareholder return to 31/03/22 has been +59%.

2 Argan

31 March	2022	2021
Shareholding value	**£79.5m**	£54.0m
% of investment portfolio†	**4.7%**	3.5%
% of equity owned	**3.6%**	3.5%
Share price	**€115.6**	€80.4

Argan (France)

Argan is a French company, created in 2000 by Jean-Claude Le Lan, which has been listed since 2007. The objective of the company has been to build a portfolio of premium logistic assets which guarantee a stable and high occupancy rate at around 100%. The company is vertically integrated and has full control of the entire value chain by identifying future needs of prospective and current tenants and developing assets on their behalf. Therefore, Argan is able to capture the developer margin while having little to no risk on the letting side. In 2021, the portfolio value amounted to €4bn (100% exposed to France, with 33% exposed to the Greater Paris region). The company delivered strong 2021 results with an EPRA NRV per share up 40% YoY achieved with a relatively conservative LTV of 43%. The relatively low dividend payout at below 50% of distributable profit allows the company to retain cash and reinvest in new development projects while repaying debts. The management of the company has been assumed by its founder Jean-Claude Le Lan who owns alongside family members 40% of the share capital which is a strong guarantee of alignment. The five-year total shareholder return has been +353%.

3 Segro

31 March	2022	2021
Shareholding value	**£77.3m**	£67.8m
% of investment portfolio†	**4.5%**	4.4%
% of equity owned	**0.5%**	0.6%
Share price	**1346.0p**	938.0p

Segro (UK)

Segro has become the largest UK REIT by market cap, and is the largest operator of logistics and industrial property listed in the UK, with a total portfolio of £18bn (split 66% in the UK, 34% in Continental Europe, with 67% urban warehouses, 29% big boxes and 4% 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) but like the UK have seen yield compression as investors have paid keener yields for access to strong income. 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 3.0% at FY21). This has been a successful formula to drive both earnings and NAV growth, as well as high shareholder returns. The five-year total shareholder return has been +236%.

† Notes:

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

> The Investment Portfolio by Country positions set out on page 16 are the physical holdings only included in the investments held at fair value in the Balance Sheet. The profit or loss positions on the CFD contracts (i.e. not the investment exposure) are also shown on page 16 and are included in the Balance Sheet as debtors or creditors in the Current assets.

Twelve largest equity investments
continued

4

31 March	2022	2021
Shareholding value	**£61.5m**	£51.3m
% of investment portfolio†	**3.6%**	3.3%
% of equity owned	**1.0%**	1.0%
Share price	**€24.18**	€19.89

Klepierre (France)

Klepierre is a European shopping centre operator, managing around 140 centres with a total portfolio valuation of EUR21bn. The main exposures are in France/Belgium (40% of total), Italy (19%), Scandinavia (15%) and Iberia (10%). The company, like all shopping centre owners, has been impacted by the COVID crisis and ongoing shift towards e-commerce as a growing retail channel, which have hurt underlying operations. However in 2021 the company was able to post EPS growth of +4.9% YoY, with EPRA NTA broadly flat YoY. On a relative basis, the company benefits from its focus on Continental Europe where shopping centres are anchored by food retailers contrary to most UK or US centers anchored by department stores, which have been undergoing significant challenges. The financial position of the company is also more solid than some of its direct peers with an LTV of 39% and a net debt to EBITDA ratio of 8.8x. The board benefits from the experience of David Simon (Chairman of the Supervisory Board), Chairman and CEO of Simon Property Group which owns a 22% stake in Klepierre. The five-year total shareholder return has been -7%.

5

31 March	2022	2021
Shareholding value	**£60.4m**	£44.0m
% of investment portfolio†	**3.6%**	2.8%
% of equity owned	**2.1%**	2.6%
Share price	**1340p**	796p

Safestore (UK)

Safestore is the UK's largest self-storage operator, owning c.160 stores, primarily in the UK (and weighted towards London and the South East with c.44% of total group stores). In addition the company has a large footprint in the Paris market and has recently been expanding into new European cities (through both JV structures and outright ownership) taking footholds in Holland, Spain and Belgium. Safestore has a best in class operating platform which, along with peer Big Yellow, allows it to dominate the UK storage market, particularly in terms of online search.

The company has driven consistent earnings growth both organically (through like-for-like occupancy and rate growth, opening new developments) and through acquisitions. The self- storage market also proved remarkably resilient during the COVID-19 pandemic. The five-year total shareholder return has been +301%.

6

31 March	2022	2021
Shareholding value	**£55.5m**	£63.9m
% of investment portfolio†	**3.3%**	4.1%
% of equity owned	**0.9%**	0.9%
Share price	**€103.25**	€112.2

LEG (Germany)

LEG is a German residential company focused on the economically strong region of North Rhine-Westphalia. It is one of the largest real estate companies in Germany with more than 166,000 units under management and a combined value of €19bn. In addition to the strong focus on NRW, the company looks for opportunities on B and C locations in adjacent states with the view to leverage their market access as well as their existing platform still within strict and conservative financial criteria. The company has a distinct advantage to be less exposed to regulatory risk than peers with a Berlin exposure and to benefit from a relatively high share of state subsidised tenants. The very low average rent per sqm at EUR6.1 as well as the relatively low value per sqm of EUR1,706 make the company particularly well suited to weather any potential macro-economic shock. In addition, the company has shown over the years a relatively conservative management on the liabilities side which continued to be the case in 2021 with a LTV of 43%, an average debt maturity of 7.5 years and a net debt to adjusted EBITDA of 12.6x. In 2021, LEG delivered EPRA NTA growth of +19% YoY. The five-year total shareholder return has been +57%.

† Notes:

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

> The Investment Portfolio by Country positions set out on page 16 are the physical holdings only included in the investments held at fair value in the Balance Sheet. The profit or loss positions on the CFD contracts (i.e. not the investment exposure) are also shown on page 16 and are included in the Balance Sheet as debtors or creditors in the Current assets.

7

31 March	2022	2021
Shareholding value	**£53.3m**	-
% of investment portfolio†	**3.1%**	-
% of equity owned	**9.2%**	-
Share price	**198p**	

Industrials Reit (UK)

Industrials REIT (formerly known as Stenprop) is a UK focused multi-let industrial business. The portfolio has been transformed over a number of years to focus solely on the UK MLI sector, and the £570m portfolio is now c.90% MLI (as at September 2021), and moving towards 100% in the near term. The UK MLI asset class has seen strong capital value growth, driven by both yield compression and ongoing ERV growth (to March 2022 Industrials REIT has seen like-for-like ERV growth of +4.3%), with rents coming from a low base (average passing rent in the portfolio was £5.72 at March 2022) In addition to its strong underlying property fundamentals the company's Hive operating platform gives the company access to data on enquiry levels and demand, as well as allowing for innovative operational approaches such as the use of digital short-form smart leases, speeding the letting process and reducing any negative drag from portfolio vacancy. Total shareholder return since IPO in June 2018 has been +98%.

8

31 March	2022	2021
Shareholding value	**£51.9m**	£32.8m
% of investment portfolio†	**3.1%**	2.1%
% of equity owned	**14.7%**	10.4%
Share price	**382p**	330p

Phoenix Spree (UK)

Phoenix Spree is a UK listed company with assets in Germany, specifically Berlin residential assets. The total valuation of the company's property assets was €802m at FY21, and the company continues to benefit from the ongoing supply demand imbalance in Berlin residential, which has led to a housing shortage. The Mietendeckel (German rent restriction regulation) was repealed in 2021, improving the outlook for free market rental growth as well as increasing prices of condominiums, both of which placed Phoenix Spree in a good position. In 2021 the company achieved a total return (EPRA NTA growth + dividends) of 8%, which was aided by the like-for-like annual valuation uplift of 6.3%. In addition to strong property fundamentals the company initiated a share buyback in 2021 at an average discount to 2020 year end NAV of 17.8%), using the strategy to improve both its earnings and NAV metrics on a per share basis. The five-year total shareholder return has been +80%.

9

31 March	2022	2021
Shareholding value	**£47.8m**	£19.9m
% of investment portfolio†	**2.8%**	1.3%
% of equity owned	**1.1%**	0.6%
Share price	**€10.59**	€8.72

Merlin Properties (Spain)

Merlin is a Spanish diversified REIT with a €13bn portfolio. The majority of the company's assets are offices (49%), and the company focusses its exposure on major cities, primarily Madrid and Barcelona. In addition to the office portfolio the company owns shopping centres (17%), logistics (10%), net lease assets (14%), with 10% of assets in other uses. In 2021 the logistics assets were the strongest contributor to valuation growth, increasing in value by +14% like-for-like, offsetting a negative move in the shopping centres of -2%; total portfolio like-for-like growth was +2%. This helped drive the company's EPRA NTA +4% YoY, and the company was also able to drive FFO per share growth at a rate of +4%. The company ensures that growth does not require excessive financial risk, and LTV for the year was maintained at 39%. Given the current rising interest rate environment the company also looks to protect its earnings with 100% of its debt at fixed rates, and an average debt maturity of 5.3 years. The five-year total shareholder return has been +21%.

† Notes:

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10 LandSecurities

31 March	2022	2021
Shareholding value	**£45.2m**	£32.8m
% of investment portfolio†	**2.7%**	2.1%
% of equity owned	**0.8%**	0.7%
Share price	**786p**	690p

Land Securities (UK)

Landsec is one of the UK's largest REITs, with a portfolio valued at £11bn. The company's assets are a mix of offices (c.60%), retail assets (c.30% split between shopping centres, outlets, and retail parks) and other uses (c.10% such as leisure assets and hotels); 69% of the assets are in central London. Since joining the business in 2020 new CEO Mark Allen has sought to alter the company's strategy, pledging to sell out of its non-core assets (e.g. 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. In addition to the established office development pipeline the company now plans to spend an additional £1.5bn over five years on mixed use developments, with a 20% profit on cost target. Balance sheet management has been relatively conservative with a very long debt maturity of 10.9 years, net debt to EBITDA of 8.1x and LTV at September 2021 of 32%. 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 -9%.

11 PSP Swiss Property

31 March	2022	2021
Shareholding value	**£44.6m**	£42.0m
% of investment portfolio†	**2.6%**	2.7%
% of equity owned	**1.0%**	1.0%
Share price	**CHF121.5**	CHF115.2

PSP (Switzerland)

PSP Swiss Property is one of Switzerland's leading real estate companies owning properties valued at c.CHF9.1bn. These are mainly office and business premises in prime locations in Switzerland's key economic centers. Zurich represents 57% of the company's exposure, with Geneva the other major city at 14%. The portfolio vacancy rate has moved downward from a level at 8.5% in 2018 to 3.8% at FY21. The company reported good results in 2021 with EPRA EPS increasing +8% YoY, while EPRA NRV increased +10% YoY. The company will benefit from a development pipeline with the potential to add €22m of rent in the next three years, with a capex requirement of €123m. The financial profile of the company remains conservative, and the company operates with a LTV of 35%. The cost of debt is very low at an average of 0.4%, and the a weighted average loan maturity remains long at 5.0 years. The five-year total shareholder return has been +58%.

12 gecina

31 March	2022	2021
Shareholding value	**£44.0m**	£53.9m
% of investment portfolio†	**2.6%**	3.5%
% of equity owned	**0.6%**	0.7%
Share price	**€114.3**	€117.4

Gecina (France)

Gecina is the largest office landlord in Europe with a portfolio of more than €20bn focused almost exclusively on the Paris region. It owns also a portfolio of €3.9bn of residential assets (of which €380m is student housing), again predominantly located in the Paris region. The company develops assets to enhance returns, with the current management is capitalizing on a development pipeline of c.€4bn to be delivered in the coming years. This is a continuation of the total return strategy the company has historically implemented. The company looks to redevelop assets where there are value creating opportunities, disposing of mature assets to crystalise capital gains; €132m of value was created on assets delivered in 2020 and 2021. In 2021, the company achieved like-for-like valuation growth of +3%, with EPRA NTA increasing +3.7% YoY. The financial position of the company is very stable with an LTV at 34% (LTV has been declining consistently since 2017) and an average debt maturity of 7.4 years. The five-year total shareholder return has been +13%.

† Notes:

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Investment properties

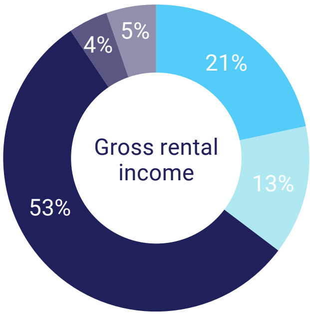
Spread of direct portfolio by capital value (%)
as at 31 March 2022

	Retail	Industrial	Residential and ground rents	Other	Total
West End of London	37.3%	-	12.6%	0.5%	**50.4%**
Inner London*	1.4%	37.1%	-	-	**38.5%**
South West	-	11.1%	-	-	**11.1%**
Total	38.7%	48.2%	12.6%	0.5%	**100.0%**

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

Lease lengths within the direct property portfolio
as at 31 March 2022

- 0 to 5 years
- 5 to 10 years
- 10 to 15 years
- 15 to 20 years
- 20+ years



Contracted rent
as at 31 March 2022

Year 1 **£2.8m**

Year 2-5 **£10.25m**

Year 5+ **£17.5m**

Value in excess of £10 million

The Colonnades, Bishops Bridge Road, London, W2

Sector: Mixed use
Tenure: Freehold
Size (sq ft): 64,000
Principal tenants: Waitrose Ltd, Graham & Green, Happy Lamb Hot Pot, 1Rebel, Specsavers

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

Ferrier Street Industrial Estate, Wandsworth, London, SW18

Sector: Industrial
Tenure: Freehold
Size (sq ft): 36,000
Principal tenants: Sweaty Betty, Richard Dawes Fine Wines, 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. Planning permission granted in December 2019 for a mixed-use employment led redevelopment.

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, Pulsin Ltd

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

Investment objective and benchmark

The Company's 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 2022 had 105 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 BMO 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 43 to 45.

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

Gearing

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

In certain market conditions the Manager may consider it prudent not to employ gearing 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 2022 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* (Annualised)	21.4%	10.3%
Benchmark Total Return (Annualised)	12.2%	5.4%

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

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.

Although dividend growth in the current year has not matched the change in RPI, over 5 years it has been comfortably exceeded.

Outcome	1 year	5 years
Compound Annual Dividend Growth*	2.1%	6.7%
Compound Annual RPI	9.0%	3.7%

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

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

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

Outcome	1 year	5 years
Average discount*	3.3%	4.6%
Total number of shares repurchased	NIL	NIL

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

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.

The Board monitors the Ongoing Charges, in comparison to a range of other investment trust companies of similar size, both property sector specialists and other sector specialists.

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

Outcome

	1 year	5 years
Ongoing charges excluding performance fees	0.60%	0.63%
Ongoing charges excluding performance fees and Direct Property Costs	0.58%	0.60%

The ongoing charges are competitive when compared to the peer group.

Investment Trust Status

KPI
The Company must continue to operate in order to meet the requirements of Section 1158 of the Corporation Tax Act 2010.

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 2022 and that the Company will continue to meet the requirements.

The KPIs are considered to be Alternative Performance Measures as defined later in the Annual Report.

Principal and emerging risks and uncertainties

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

The ongoing impact of COVID-19 on economies around the world has been recovering throughout this financial year however the invasion of Ukraine by Russia in February had a significant effect on global markets and market uncertainty remains. In addition rising inflation and interest rates bring challenges not seen for many years.

Risk identified	Board monitoring and mitigation
Share price performs poorly in comparison to the underlying NAV The shares of the Company are listed on the London Stock Exchange and the share price is determined by supply and demand. The shares may trade at a discount or premium to the Company's underlying NAV and this discount or premium may fluctuate over time.	The Board monitors the level of discount or premium at which the shares are trading over the short and longer-term. The Board encourages engagement with the shareholders. The Board receives reports at each meeting on the activity of the Company's brokers, PR agent and meetings and events attended by the Fund Manager. The Company's shares are available through the BMO share schemes and the Company participates in the active marketing of these schemes. The shares are also widely available on open architecture platforms and can be held directly through the Company's registrar. The Board takes the powers to 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 these. 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 adversely impact the value of the Company's portfolio. Although the portfolio is diversified across a number of geographical regions, the investment mandate is focused on a single sector and therefore the portfolio will be sensitive towards the property sector, as well as global equity markets more generally. Property companies are subject to many factors which can adversely affect their investment performance, these include the general economic and financial environment in which their tenants operate, interest rates, availability of investment and development finance and regulations issued by governments and authorities. Although we have now exited the European Union, the structure of our relationship with Continental Europe continues to evolve and there could be an impact on occupation across each sector. The COVID-19 global pandemic continued for much of the financial year. It has changed the way we live and work, uncertainty remains regarding the impact on economies and property markets around the world both in the short and longer term. The invasion of Ukraine by Russia in February 2022 created further market volatility and uncertainty which remains. Inflation and interest rates are rising globally to levels not seen in over 10 years. Any strengthening or weakening of Sterling will have a direct impact as a proportion of our Balance Sheet is held in non-GBP denominated currencies. The currency exposure is maintained in line with the benchmark and will change over time. As at 31 March 2022, 66% 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.
The Company is unable to maintain dividend growth Lower earnings in the underlying portfolio putting pressure on the Company's ability to grow the dividend could result from a number of factors: • lower earnings and distributions in investee companies. Companies in some property sectors continue to be negatively impacted by the COVID-19 pandemic although most have returned to paying dividends, some are at a lower level than previously and a few are continuing to withhold dividends; • prolonged vacancies in the direct property portfolio and lease or rental renegotiations as a result of longer term changes anticipated following COVID-19; • strengthening of Sterling reducing the value of overseas dividend receipts in Sterling terms. The Company did see 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 the Brexit decision. Although this has now passed, the value of Sterling may continue to fluctuate in the near or medium term as the longer term implications of Brexit and COVID-19 and the impact on the UK and European economies become clearer. The invasion of Ukraine by Russia has also increased market uncertainty. The longer term implications will differ across the European economies. 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; and • changes in the timing of dividend receipts from investee companies. • impact of higher interest rates on distributions from investee companies. • 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 Brexit and COVID-19 and the long term implications for income generation.

Risk identified	Board monitoring and mitigation
Accounting and operational risks	
Disruption or failure of systems and processes underpinning the services provided by third parties and the risk that these suppliers provide a sub-standard service. The impact of the COVID-19 pandemic and the longer term changes in working practices at the administrator and other service providers.	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 their reasonable control. Monitoring the quality and timeliness of service as service providers adopt widespread home working following the COVID-19 pandemic and consideration of the durability of the arrangements. Many organisations have now incorporated home working into their operational structure as a permanent feature.
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 in the full Annual Report and Accounts.
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. The income forecasts are reviewed by the Company's tax advisor through the year who also reports to the Board on the year-end tax position and on CTA 2010 compliance.

Risk identified	Board monitoring and mitigation
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 Interim and Annual Reports.	The Board receives regular regulatory updates from the Manager, Company Secretary, legal advisors and the Auditor. The Board considers these reports and recommendations and takes action accordingly. The Board receives an annual report and update from the Depositary. Internal checklists and review procedures are in place at service providers.
Inappropriate use of gearing	
Gearing, either through the use of bank debt or 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 in the 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.
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 five 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 26 to 29 and the Company's ability to continue in operation and meet its liabilities as they fall due over the period of assessment.

In making this statement the Board carried out a robust assessment of the principal and emerging risks facing the Company, including those that might threaten its business model, future performance, solvency and liquidity.

In reaching their conclusions the Directors have reviewed five-year forecasts for the Company with sensitivity analysis to a number of assumptions: investee company dividend growth, interest 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 portfolio, 63% could be liquidated within five trading days and 76% 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- ended investment trust company structure and able to hold a proportion of its portfolio in less liquid, direct property and the less liquid securities of smaller comapies with a view to long-term outperformance.
- At the Balance Sheet date the Company had £85 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 impact of COVID-19 on the UK and European commercial property markets has steadily diminished through the year. This resulted in dividend receipts from investee companies in the current year significantly stronger than the prior year as the majority of companies have now returned to paying dividends, although some at lower levels than before the pandemic. There was an improvement in income in the year under review, although changes in dividend timetables delayed receipt of some income and we expect further recovery in the forthcoming year.
- The invasion of Ukraine in February created further market volatility and uncertainty. However the portfolio remains highly liquid.
- The direct property portfolio was well positioned in respect of the COVID-19 crisis and rental collection was robust. We have very limited exposure to retail and some smaller occupiers in the hospitality sector, however, overall the drop in income from the direct portfolio throough the COVID-19 crisis was not material.
- 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.

- 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. 66% of the portfolio is exposed to currencies other than Sterling.

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

- Real Estate will continue to be an investable sector of international stock markets and investors will continue to wish to have exposure to that sector.
- Closed-ended investment 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 the Company 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 five years to 31 March 2027.

Responsible investment

Approach
Environmental, Social and Governance ('ESG') factors can present both opportunities and threats to the performance we aim to deliver to our shareholders. The Board is therefore committed to taking a responsible approach on ESG matters. This covers the Company's own responsibilities on governance and reporting and, the most material way in which the Company can have an impact, through responsible ownership of the investments that are made on its behalf by its Manager.

As a long-term investor, governance and sustainability considerations have always been embedded in our Manager's investment process. ESG risk assessments and considerations are integrated into the detailed fundamental investment research and analysis that takes place on any potential investment before it is considered for inclusion in the portfolio and continues on an ongoing basis for all investments held.

This approach is in line with the definition of an Article 6 Fund under the EU's Sustainable Finance Disclosure Regulations. Whilst this is currently European not UK regulation it is nonetheless a widely utilised definition.

There are two fundamental considerations to investment in property companies: the assets themselves and their management. The Manager seeks to invest in sustainable 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 the 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. Over the course of the year, our management team participated in 269 individual or group meetings with companies and their management teams.

Corporate Governance disclosure requirements have increased transparency enormously in recent years and enabled informed engagement, with social and employment practices also gaining increased focus and disclosure. Environmental measures are now rapidly coming to the fore and with wider disclosure requirements being placed upon our investee companies, the Manager is able to scrutinise more easily other measures such as climate change and sustainability policies and outcomes.

Company Corporate Governance and Reporting
The Board also recognises the importance of the Company's own Governance and disclosures. The Company's compliance with the AIC Code of Corporate Governance is detailed in the Corporate Governance Statement on page 46 of this Annual Report.

Under Section 414 of the Companies Act 2006 there is the requirement to detail information about employee and human rights, including information about any policies it has in relation to these matters and effectiveness of these policies. As the 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 currently comprises three male Directors and two female Directors. The activities of the Nomination Committee in relation to Board changes are referred to in the Nomination Committee Report on pages 52 and 53. The Board's diversity policy is outlined in more detail in the Corporate Governance Report. The Manager has an equal opportunity policy which is set out on its website at www.bmogam.com

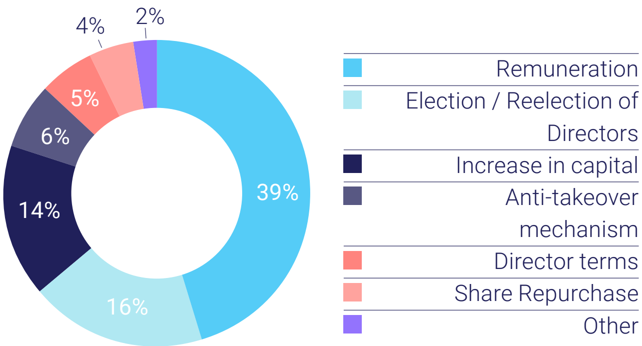
The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports Regulations 2013). Investment trust companies are currently exempt from reporting against the Task Force on Climate-Related Financial Disclosures ('TCFD'), but the Board will continue to monitor the situation.

Governance of Investee Companies and Exercise of Voting Power

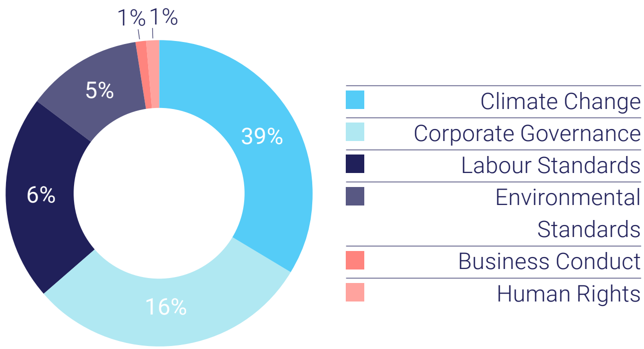
The Manager has a corporate governance voting policy which, in its opinion, accords with current best practice whilst maintaining a primary focus on financial returns. The exercise of voting rights attached to the portfolio has been delegated to the Manager. Where practicable, all shareholdings were voted at all company meetings in the financial year in accordance with BMO GAM'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 environmental, social & diversity issues and sustainability practices into the voting process. The Manager regularly engages with companies on governance matters, supported by our significant stakes in large property companies. Our size in this specialist area of the equity market has helped ensure our views are heard, augmented by the strength of BMO's Responsible Investment team and their broader engagement.

BMO's Responsible Investment Annual Review provides more information on its firm-level stewardship policies, as well as how these comply with the expectations of the UK Stewardship Code 2020. The Manager is a signatory of the UK Stewardship Code. Its statement of compliance can be found on the Managers' website at bmogam.com.

During the financial year, the Manager voted against 86 items, resulting in at least one vote against management proposals at 47% of shareholder meetings. Of the items voted against, the proposals can be broadly categorised as follows:



For the year, the Manager engaged with 28 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:



The Manager tracks the milestone of the engagement strategy and has seen progress this year on a number of matters. Examples include the publication of net-zero carbon targets, the publication of sustainability reports, companies becoming a living wage employer and improvements in corporate governance, incorporating changes to remuneration policies.

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 BMO 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 ones, the portfolios overall ESG score might tend to be unflattering compared to the wider benchmark.

With environmental issues coming to the fore and inevitable increased legislation we expect to see quite rapid improvements and standardisation in data provision, increasing our ability to engage with companies on these matters.

GRESB

GRESB is a mission driven and investor led organization providing standardised and validated ESG data to the capital markets. Established in 2009, GRESB now covers over USD 5 trillion in real estate assets, publishing i) an annual real estate assessment score for participating companies, and ii) a public disclosure score for all listed real estate companies. The real estate assessment score ranks Environment, Social and Governance metrics based on data contributed directly from participating companies, whilst the public disclosure score evaluates the level of ESG disclosure by listed property companies and REITS.

Further detail on GRESB can be found at www.gresb.com

For 2022 there is reduced GRESB Real Estate Assessment coverage of the Company's equity portfolio (50% from 54%). We have provided feedback to GRESB and a request to identify and prioritise those companies in the portfolio which are not covered under the Real Estate Assessment.

A number of the listed German Residential companies did not participate in the Real Estate Assessment due to GRESB requiring data to be submitted at the asset or building level and concerns around fair comparisons of data aggregation. We accept that this is a reasonable position to take for large apartment portfolios and have discussed changes to the Real Estate Assessment with GRESB to better reflect this asset class and encourage participation.

MSCI

MSCI ESG research covers a wide range of environmental impact measures including CO2 and greenhouse gas emissions, energy and water usage, in addition to wider corporate governance scores. Further detail can be found at www.msci.com/our-solutions/esg-investing/esg-ratings

Coverage of our sector increased from 98% to 99% and the Fund's portfolio from 83% to 89%. Where coverage is based on public data, a significant proportion is included, whereas where specific data has to be submitted by companies the coverage is currently much thinner.

The table below compares coverage by both data providers year on year.

Data coverage as % of weight of the invested equity portfolio

2022	GRESB				MSCI	
	Real Estate Assessment		Public Disclosure		Company Rating	
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
Rated	50%	54%	97%	97%	89%	99%
Unrated	50%	46%	3%	3%	11%	1%
Total	100%	100%	100%	100%	100%	100%

Source: GRESB, MSCI, BMO Global Asset Management. Data as at 31.03.2022. Fund exposure calculated as the % weight of the invested equity portfolio.

2021	GRESB				MSCI	
	Real Estate Assessment		Public Disclosure		Company Rating	
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
Rated	54%	55%	96%	99%	83%	98%
Unrated	46%	45%	4%	1%	17%	2%
Total	100%	100%	100%	100%	100%	100%

Source: GRESB, MSCI, BMO Global Asset Management. Data as at 31.03.2021. Fund exposure calculated as the % weight of the invested equity portfolio.

One area where we are starting to see more data is in emissions reporting so we have tentatively begun to map out some data below with the emphasis being more on direction of travel than the absolute measures themselves. This is also an area where we expect to see change which is also explained.

Portfolio-weighted carbon intensity

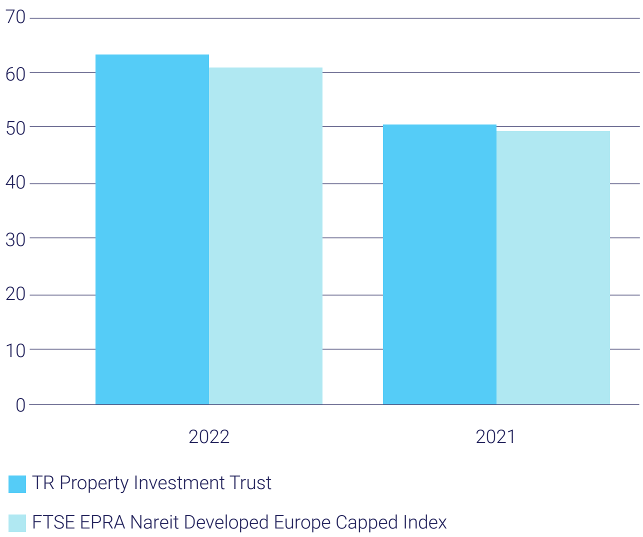
Last year, for the first time, we disclosed, as best we were able to, the portfolio-weighted carbon intensity of the total portfolio.

Carbon Risk measures exposure to carbon intensive companies. MSCI's definition and calculation, with data based on MSCI CarbonMetrics, is the portfolio weighted average of issuer carbon intensity. At the issuer level, Carbon Intensity is the ratio of annual scope 1 and 2 carbon emissions to annual revenue. Carbon Risk is categorized as Very Low (0 to <15), Low (15 to<70), Moderate (70 to <250), High (250 to <525), and VeryHigh (>=525).

The Carbon Risk of the equity portfolio, measured at the financial year end, was 63.3 T CO2E/$M Sales, falling within the low risk MSCI category. The fund's portfolio weighted carbon intensity was broadly in line with that of the benchmark of 60.6.

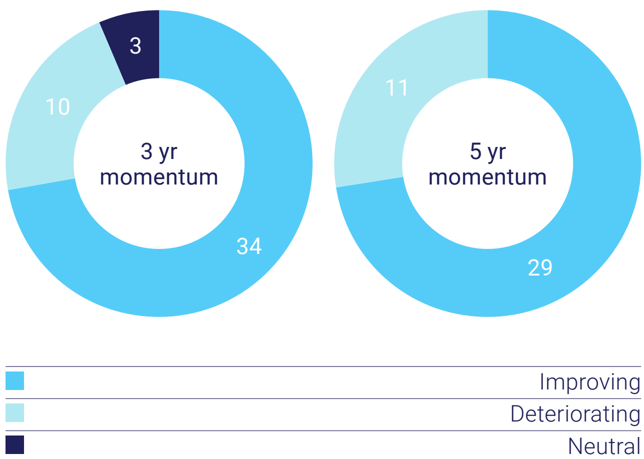
Comparing against the results from last year shows a headline c.25% increase in carbon intensity for both our own equity portfolio and the index. There are a number of reasons for this. Whilst the ratio is a snapshot taken at each financial year end reflecting the change in equity holdings over the period, there is also wider coverage of data at the 2022 financial year end (89% for the current year fund holdings versus 82% for the prior year). The latest emissions data for each company is captured by MSCI on publication of their data; each company is not releasing their data at the same point so timing differences will arise. The ratio will also be impacted by the changing value of $ Sales, including the impact of FX rates. However, within these limitations, we can be reasonably confident that the Carbon Risk of the fund is in line with the wider benchmark.

T CO2E/$M Sales



In order to attempt to give a picture of the direction of travel, we have looked at the individual companies the fund holds to assess which have improving or deteriorating carbon intensity metrics over 3 and 5 year periods.

This analysis depends upon the integrity of the underlying data and breadth of data coverage, so we would flag that this is a work in progress, but it indicates a positive trend as awareness improves and companies are obliged to disclose data.



By number of companies. Improving where end of period value is less than start of period. Deteriorating where end of period value is greater. 3yrs : Data for 47 of 66 stocks. 5yrs : Data for 40 of 66 stocks.

Source: MSCI, BMO Global Asset Management. Data as at 31.03.2022.

For the property sector, the focus is currently on the energy efficiency of buildings once they are occupied, but we expect in time more attention will be paid to the carbon emitted in getting them built and eventually dismantled which accounts for a large proportion of a building's emissions over its lifespan.

The Company is committed to ESG as a core principle and we expect to increase the visibility of the various ESG initiatives over time.

We are of the view that the ESG rating industry and its approach and processes is still immature with 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 provides have different definitions and criteria.

We expect this to 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. Asset Managers, Wealth Managers and the industry Gatekeepers are investing a great deal of resource in this area and scrutinising the data provided more rigorously. A lot of shortcomings are being uncovered and the different approaches highlighted. This in turn will put pressure on the data providers to improve the quality and clarify the basis of their analysis.

The Manager is dedicating resource to the analysis of the information available and also has the benefit of the knowledge of its award winning Responsible Investment Team.

As data coverage improves, our Manager will in turn be able to engage with our investee companies on environmental matters and report to our shareholders in more depth.

Direct Property Portfolio
The Management team recognise the importance of sustainability in our business and in the direct property assets which we invest in, hold and manage on behalf of our investors. Property impacts upon the environment, the health and wellbeing of occupiers, and the communities in which they are situated. Specific issues relevant to the physical property investment portfolio include, for example, responsible and sustainable refurbishment practices, efficient use of resources throughout their operation, and design and services to support the health and wellbeing of occupiers and local communities.

The Trust aims to integrate ESG into all elements of its business practice through our investments in our assets directly and through our partnership with our Managing agents and tenants.

Occupiers are increasingly considering employee wellbeing when selecting workspace. Natural light, biophilia, fitness facilities and other occupier amenities all provide a competitive edge. Through our occupier focused, opportunity led approach, this means being a responsible owner of commercial real estate, helping our occupiers succeed and being valued by all our stakeholders.

To deliver on our purpose, we have in place three distinct strategic pillars: Asset Energy Performance (Environmental), Occupier Engagement (Social) and Operational Performance (Governance). These pillars include a range of strategic priorities which guide the direction of our ESG Strategy and we regularly review this together with our managing agents.

(Environmental) - Asset Energy Performance
During the year our managing agents joined the Better Buildings Partnership, a collaboration of the UK's leading commercial property owners to support our mutual focus for the coming year on establishing our pathway to achieving carbon neutrality by 2050. Part of this is establishing an energy data baseline through Automatic Meter Readers (AMRs) across all assets to set targets against a recognised framework and our business peers in REEB via the BBP.

Data Management
The Company is implementing software enabled data management alongside changes in the data collection processes to obtain greater visibility of our utility consumption. Having access to good quality data and the ability to monitor consumption patterns, supported by more granular reporting at meter level, will enable us to have a better understanding as to where to focus in establishing our energy targets.

The groundwork being undertaken to further develop the data management processes and improve data quality will underpin the creation of asset sustainability action plans.

Energy Performance Certificate ('EPC')

As part of our continuing asset management strategy we review the EPC ratings of all our assets to identify opportunities to improve the EPC rating on re-letting of units or engagement with occupiers to undertake works. TRPITs exposure to EPC risk has been well managed, with every applicable UK property having a valid EPC rating. To future-proof the portfolio, the Managers Sustainability and Social Responsibility Committee has established a target to achieve a minimum EPC rating of D for all planned refurbishments and upgrade works to the portfolio. We acknowledges the shift towards a minimum EPC grade of B by 2030.

GRESB

GRESB and our use of data from GRESB has been described on page 34. For 2022/23 the Company will be submitting fund data to GRESB for benchmarking against its peers. 2022/23 will be the first benchmarking year for the Trust's property portfolio and we are targeting annual improvements in the GRESB score on our direct portfolio.

(Social) Occupier Engagement

The Trust recognises that despite many sustainability related activities being devolved to tenants, it still has a duty to influence their behaviour. Through our hands on management approach we seek to pro-actively engage with occupiers and explore ways in which we can support, encourage and potentially invest in their ESG-related objectives.

(Governance) Operational Performance

Building Refurbishment

We are, in partnership with our building advisers establishing an ESG-focused refurbishment checklist. This will provide a set of guidelines to ensure our refurbishment process and refurbished buildings meet the appropriate environmental, social and governance standards based on the scope and type of refurbishment works being undertaken. The Trust has already committed to all major refurbishment projects being grounded in Performance by Design at developed by the Better Buildings Partnership.

Green Leases

Our occupiers account for the majority of the energy consumption of our buildings. In recognition that we need to partner with our occupiers, in 2021 we developed a Green Lease toolkit for all new leases. This involves tenant education into the benefit to working together to reduce energy and water consumption as well waste generation.

Sustainable Supply Chain

We are aware of the impact via our supply chain and have formed our ESG strategy way in which we engage in business with 3rd party suppliers to complement our Net Carbon Zero goals whilst also making positive contribution to society, minimizing any negative impact on people and the environment and to promote safe and fair working conditions and the responsible management of social, ethical, and environmental issues in our supply chain.

Net zero carbon pathway

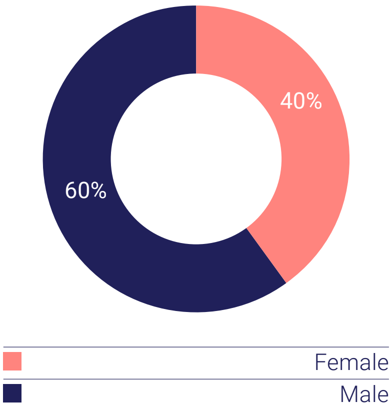
This year we have completed the review of our sustainability priorities and material issues. A key recommendation regarding one of those material issues, Climate Change Adaptation and Mitigation, was to start the journey towards net zero carbon and assess its feasibility. This is a key challenge facing the real estate sector, with many companies beginning to publish their own net zero carbon pathways. A related issue is to develop our reporting under the Task Force on Climate-related Financial Disclosures recommendations. We have recognised that to develop our net zero carbon pathway we will need to partner with a third party specialist, and are currently working through the selection process. We intend to define our net zero carbon pathway and targets in line with the Better Buildings Partnership framework during the course of this year.

By order of the Board
David Watson
Chairman
13 June 2022

Governance

Directors

Board diversity



David Watson

Chairman

Appointed:
April 2012

Experience:
David became Chairman in July 2020, prior to which he served as the Board's Senior Independent Director ('SID') and Chairman of the Audit Committee. David spent 9 years as Finance Director of M&G Group plc, where he was a director of four equity investment trusts, and more recently at Aviva plc as Chief Finance Officer of Aviva General Insurance. He is a Chartered Accountant and has had a distinguished career in the financial services industry.

Skills and contribution to the Board:
Throughout his executive career, David has accumulated relevant skills in finance, audit and risk management and experience in the investment industry. His experience as SID and Chair on a number of boards have built significant experience in shareholder and investor engagement.

Other appointments:
David is currently Chairman of Aegon Asset Management UK plc and a Director of the Prudential Assurance Company, where he Chairs the Audit Committee.

Kate Bolsover

Non-Executive Director

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 of JPMorgan American Investment Trust plc, Senior Independent Director of Montanaro UK Smaller Companies Trust 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 Chairman of Fidelity Asian Values PLC and Senior Independent Director of Invesco Bond Income Plus Limited. She is also a non-executive Director of Baillie Gifford & Co Ltd and of Bellevue Healthcare Trust.

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.

Simon Marrison
Senior Independent Director

Appointed:
September 2011

Experience:
Simon joined the Board in September 2011 and became Senior Independent Director in July 2020. He has over 30 years' experience in the European property investment industry. He is currently senior advisor for European Real Estate at Kohlberg Kravis Roberts ('KKR'). Prior to that he spent 19 years at LaSalle Investment Management where he was European CEO for 12 years with responsibility for a portfolio of over €20 billion across Europe.

Simon has been based in Paris since 1990 having started his career in London. Until 1997 he was a partner at Healey & Baker (now Cushman & Wakefield) and from 1997 to 2001 he was at Rodamco where he became Country Manager for France. He joined LaSalle in 2001 as Managing Director for Continental Europe.

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

Other appointments:
Senior advisor for European Real Estate at KKR.

Tim Gillbanks
Chairman of the Audit Committee

Appointed:
January 2018

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

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

Other appointments:
Tim is currently a Non-Executive Director 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.

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 2022. 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 37.

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 2022 the net assets of the Company amounted to £1,563 million (2021: £1,326 million), on a per share basis 492.43p (2021: 417.97p) per share.

Revenue earnings per share for the year amounted to 13.69p (2021: 12.25p) and the Directors recommend the payment of a final dividend of 9.20p (2021: 9.00p) per share bringing the total dividend for the year to 14.50p (2021: 14.20p). In arriving at their dividend proposal, the Board also reviewed the income forecasts for the year to March 2023.

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 24 and 25. 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 2022 the Company had 317,350,980 (2021: 317,350,980) Ordinary shares in issue.

At the AGM in 2021 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 2022 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 2022 to the date of this report, the Company has made no market purchases for cancellation. The Board has not set a specific discount at which shares will be repurchased.

Management arrangements and fees

Details of the management arrangements and fees are set out in the Report of the Management Engagement Committee beginning on page 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 2022 amount to 2.0% (2021: 1.2%) of Group Equity Shareholders' Funds. Included in this were performance fees earned in the year ended 31 March 2022 of £24,489,000 (2021: £9,659,000).

Basis of accounting

The Group and Company financial statements for the year ended 31 March 2022 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') to the extent that 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 26 to 29.

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 the Turnbull guidance. Business risks have also been analysed by the Board and recorded in a risk map that is reviewed regularly. Each quarter the Board receives a formal report from each of the AIFM, Portfolio Manager, the Administrator and the Company Secretary detailing 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 BMO 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 Tuesday 26 July 2022 at 2.30pm. The Notice of AGM is set out on pages 106 and 110. The full text of the resolutions and an explanation of each is contained in the Notice of AGM and explanatory notes on pages 106 to 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 2022.

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

At 31 March 2022, no shareholders held over 3% of voting rights on a discretionary basis. However, the following shareholders held over 3% of the voting rights on a non-discretionary basis:

Shareholder	% of voting rights*
Brewin Dolphin Ltd	10.5%
Retail Investors – UK	9.3%
Interactive Investor Share Dealing Services	8.4%
Rathbone Investment Management Ltd	5.8%
Hargreaves Lansdown Asset Management Ltd	5.5%
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 2022 to the date of this report, the Company has not been informed of any notifiable changes with respect to the Ordinary shares.

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 our website.

Corporate Governance

Full details are given in the Corporate Governance Report on pages 46 to 51. The Corporate Governance Report forms part of this Directors' Report.

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') in 2018 have been applied to the affairs of the Company. The Code can be viewed at www.frc.org.uk.

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

The Directors believe that during the 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 2022:

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

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

Provision 26. As the Company has no employees and its operational functions are undertaken by third parties, the Audit Committee does not consider it appropriate for the Company to establish its own internal audit function. The Company's service providers provide assurance of their effective 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 Management Engagement 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 his or her ability to act independently. The Board's policy on tenure is that continuity and experience add significantly to the strength of the Board although the Board 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 three men and two women. Diversity is taken into account as part of the recruitment, appointment and succession planning process and the Board is also aware of the developing corporate governance with regard to ethnicity of individual Directors. 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.

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

There were no changes to the Board of Directors in the year under review. The Directors' biographies are set out on pages 40 and 41. In accordance with the Code, all Directors are subject to annual re-election. Therefore all Directors will retire at the forthcoming AGM in accordance with the Code and, being eligible, with the exception of Mr Marrison, will offer themselves for re-election. Mr Marrison will stand down from the Board at the conclusion of the AGM and the Board has announced that Andrew Vaughan will be appointed with effect from 1 August 2022 to succeed him.

Board committees

The Board has established an Audit Committee, a Nomination Committee and a Management Engagement Committee, which also carries out the functions of a Remuneration Committee. All the Directors of the Company are non-executive and serve on each Committee of the Board. It has been the Company's policy to include all Directors on all Committees. This encourages unity, clear communication and avoids duplication of discussion between the Board and the 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	
	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible
David Watson	6	6	2	2	1	1	1	1
Tim Gillbanks	6	6	2	2	1	1	1	1
Simon Marrison	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

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

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.

It is the intention of the Board that the Annual Report and Accounts and Notice of the AGM be issued to shareholders so as to provide at least twenty working days' notice of the AGM. Shareholders wishing to lodge questions in advance of the AGM, or to contact the Board at any other time, are invited to do so by writing to the Company Secretary at the registered address given on page 107.

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.

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.

Upon appointment, Directors' are provided with a detailed induction outlining their duties, legally and regulatory, as a Director of a UK public limited company and continue to receive regular relevant technical updates and training. Under their letter of appointment, the Directors also have access to the advice and services of the Company Secretary, and when deemed necessary, the Directors have the opportunity to seek independent professional advice in the furtherance of their duties as a director, at the Company's expense.

Decision making

The importance of stakeholder considerations, in particular in the context of decision-making, is regularly brought to the Board's attention by the Company Secretary and taken into account at every Board meeting. 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 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. Shareholders have the opportunity to meet the Directors and Manager and to address questions to them directly. The Manager attends the AGM and provides a presentation on the Company's performance and the future outlook. The Company values any feedback and questions it may receive from Shareholders ahead of and during the AGM and takes action or makes changes, when and as appropriate. • **Publications** – The annual and half year reports are made available on the website and sent to shareholders. These publications provide information on the Company and its portfolio of investments and a better understanding of the Trust's financial position. This is supplemented by daily publication of the NAV on the Stock Exchange and monthly factsheets on the Company's website. The Company is open to feedback from shareholders to improve its publications. • **Shareholder meetings** – The Manager meets with shareholders periodically and often and feedback is shared with the Board. • **Working with the Brokers** – The Manager and Brokers work together to maintain dialogue with shareholders and prospective investors at scheduled meetings. The Board is provided with regular updates at meetings and outside meetings if required. • **Shareholder concerns** – In the event that Shareholders wish to raise issues or concerns with the Board, they are welcome to do so at any time by writing to the Chairman at the registered office. The Senior Independent Director is also available to Shareholders if they have concerns that contact through the normal channel of the Chairman has failed to resolve or for which such contact is inappropriate.
The Manager	
Holding the Company's shares offers investors a liquid investment vehicle through which they can obtain exposure to the Company's diversified portfolio. The Investment Manager's performance is critical for the Company to successfully deliver its investment strategy and meet its objective.	Maintaining a close and constructive working relationship with the Manager is crucial, as the Board and the Manager both aim to continue to achieve consistent, long-term returns in line with the Company's investment objective. Important components in the collaboration with the Manager, representative of the Company's culture include those listed below. • Encouraging open, honest and collaborative discussions at all levels, allowing time and space for original and innovative thinking. • Ensuring that the impact on the Manager is fully considered and understood before any business decision is made. • Ensuring that any potential conflicts of interest are avoided or managed effectively. The Board holds detailed discussions with the Manager on all key strategic and operational topics on an ongoing basis. In addition, the Chairman regularly meets with the Manager to ensure a close dialogue is maintained.
External Service Providers, particularly the Company Secretary, the Administrator, the Registrar and the Depository and the Broker	
A range of advisers enables the Company to function as an investment trust and a constituent of the FTSE 250 to ensure it meets its relevant obligations.	The Board maintains regular contact with its key external providers and receives regular reporting from them through the Board and committee meetings, as well as outside of the regular meeting cycle. Their advice, as well as their needs and views are routinely taken into account. The Management Engagement Committee formally assesses their performance, fees and continuing appointment at least annually to ensure that the key service providers continue to function at an acceptable level and are appropriately remunerated to deliver the expected level of service. The Audit Committee reviews and evaluates the control environments in place at each service provider as appropriate.

Stakeholder Group and why they are important	Board engagement
Lenders	
Availability of funding and liquidity are crucial to the Company's ability to take advantage of investment opportunities as they arise.	The Board needs to demonstrate to lenders that it is a well-managed business, capable of consistently delivering long-term returns.
Regulators	
The Company can only operate with the approval of its regulators who have a legitimate interest in how the Company operates in the market and treats its shareholders.	The Board regularly considers how it meets various regulatory and statutory obligations and follows voluntary and best-practice guidance, including how any governance decisions it makes can have an impact on its stakeholders, both in the shorter and in the longer-term.
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 2022 are examples of this:

Gearing

During the financial year, the Company continued to utilise its existing revolving annual loan facilities and following a review of the available options each were renewed on broadly similar terms as the 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. The facilities provide flexibility and complement the longer-term private placement fixed term debt that is in place.

Dividends

Subject to shareholder approval of the proposed final dividend, the Company paid a total dividend of 14.50p for the financial year, representing an increase of 2.1% compared to the previous year. Uncertainty related to the COVID-19 pandemic continued through the 2021-22 financial year. Income levels improved as companies resumed paying dividends although still not at pre COVID-19 levels. The Board recognises the importance of dividends to shareholders and after careful review of the Company's revenue forecasts and reserves together with the investment outlook with the Manager, the Board decided that, it would once again draw on the revenue reserve to support the dividend.

The board is prepared to use revenue reserves to support the dividends paid to shareholders over short term 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.

Directorate

The Board's policy on tenure was reviewed during the year. The stability of the Board during one of the most challenging periods was considered important particularly as appointments had been made to the Board in October 2019 and January 2020. Therefore, no changes were made to the Board composition during the financial year. However, the Board is mindful of the importance of having a suitable succession plan. Simon Marrison will stand down from the Board at the conclusion of the 2022 AGM and will be replaced by Andrew Vaughan with effect from 1 August 2022.

Culture and business conduct

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

The Company has a number of policies and procedures in place to assist with maintaining a culture of good governance including those relating to diversity, Directors' conflicts of interest and Directors' dealings in the Company's shares. The Board assesses and monitors compliance with these policies as well as the general culture of the Board regularly through Board meetings and in particular during the annual evaluation process which is undertaken by each Director (for more information see the Board evaluation section on page 52).

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 these stakeholders and in particular during the annual review of the performance and continuing appointment of all service providers.

Employee, social impact and wider community

The Board recognises the requirement under the Companies Act 2006 to detail information about human rights, employees and community issues, including information about any policies it has in relation to 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 provide, subject to the provisions of UK legislation, an indemnity for Directors in respect of costs which they may incur relating to the defence of any proceedings brought against them arising out of their positions as Directors, in which they are acquitted or judgement is given in their favour by the court.

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

Directors' statement as to disclosure of information to the Auditor

The Directors who were members of the Board at the time of approving the Directors' Report are listed on pages 40 and 41. 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
BMO Investment Business Limited
Company Secretary
13 June 2022

Report of the Nomination Committee

Nomination Committee

Chairman: David Watson

Key responsibilities

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

The Nomination Committee meets at least annually, and more frequently as and when required and last met in March 2022.

Activity during the year

The Committee discussed succession planning of the Board, its tenure and diversity policies. The Committee 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 year ended 31 March 2020, the annual evaluation for the year ended 31 March 2022 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 Simon Marrison. The results of the evaluation process were presented to and considered by the Board. 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.

After careful consideration, particularly of the Board's policy governing Directors' tenure and reappointment, all Directors, with the exception of Simon Marrison, will offer themselves for re-election at the forthcoming AGM. It is considered that each of them merit re-election by shareholders. Further information on each Director's skills, experience and their contribution to the Board are outlined in the biographies on pages 40 and 41.

In accordance with the provisions of the Code, it is the intention of the Board to engage an external facilitator to assist with the performance evaluation every three years and the next external evaluation will be carried out for the year ending 31 March 2023. 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, it allows a different approach to tenure in relation to investment companies, reflecting how they differ to chairs of operating companies, where the Board does not have a chief executive. The Board took into consideration the approach and introduced 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 three years so as regularly to bring the challenge of fresh thinking into the Board's discussions, ensuring that on each occasion that the Board enters into new investment commitments, at least half the Board members have direct personal experience of negotiating previous commitments with the Manager.

Board Succession

Having served as a Director since 2011, Mr Marrison will stand down from the Board at the conclusion of the forthcoming AGM. He will be succeeded by Andrew Vaughan, who joins the Board on 1 August 2022. An independent third party agency, Egon Zehnder, was engaged for the recruitment process which resulted in Andrew's appointment. Egon Zehnder have no other connection with the Company.

Directors' training

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

Letters of appointment

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

David Watson
Chairman of the Nomination Committee
13 June 2022

Report of the Management Engagement Committee

Management engagement committee (the 'MEC')

Chairman: David Watson

Key responsibilities

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

In addition to investment management, the Board has delegated to external third parties the depositary and custodial services (which include the safeguarding of assets), the day to day accounting, company secretarial services, administration and 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 56 to 58.

The MEC meets at least annually, towards the end of the financial year and last met in March 2022.

Activity during the year

At the meeting held in March 2022, 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 believe that the Manager's track record and performance remains outstanding. As a result, the MEC confirmed that the AIFM and Portfolio Manager should be retained for the financial year ending 31 March 2023, 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 their third party service providers including BNP Paribas, Computershare, BMO acting as Company Secretary, both firms of corporate brokers and PwC (as tax advisors). The Portfolio Manager provides regular updates on the performance of all third party providers during the year and attended this part of the MEC Meeting. The MEC confirmed that it was satisfied with the level of services delivered by each third party provider.

Management arrangements and fees

On 11 July 2014, the Board appointed BMO Investment Business Limited as the 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 £3,745,000 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 2023 and the fixed element of the fee will increase to £3,895,000 and 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.

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

If any fee exceeds the cap, such excess performance (expressed as a percentage) will be carried forward and applied to offset any percentage underperformance in future performance periods. In the event that the benchmark is exceeded but the hurdle is not, that outperformance of the benchmark can be used to offset past or future underperformance. These amounts can be used for offset purposes only and therefore cannot have the effect of creating a fee in a year where a fee would not otherwise be payable or increasing the fee in that year. At 31 March 2022 there is a carry forward of outperformance of 1.9% (2021: 1.8%).

Management company

On 8 November 2021 BMO's asset management business in Europe, the Middle East and Africa became part of Columbia Threadneedle Investments, the global asset management business of Ameriprise Financial, Inc. The process of integrating the two firms is progressing and both companies have confirmed the importance of maintaining the stability and continuity of the teams which support the Company.

Depositary arrangements and fees

BNP Paribas was appointed as Depositary on 14 July 2014 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 BMO Investment Business Limited. The fees for these services are charged directly to the Company and are contained within other administrative expenses disclosed in notes to the accounts.

David Watson
Chairman of the Management Engagement Committee
13 June 2022

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 MEC met in March 2022 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 2022, to the following levels: Chairman £72,000; Audit Committee Chairman £42,000; Senior Independent Director £42,000; and other Directors £36,000.

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 2020 AGM, and the Directors' intention is that this will continue for the year ending 31 March 2023.

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

The Board consists entirely of non-executive Directors, 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.

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 2021 AGM, over 99.6% of shareholders' votes cast were in favour of the resolution approving the Directors' Remuneration Report (0.3% against), showing significant shareholder support.

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

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

Annual remuneration report

For the year ended 31 March 2022, Directors' fees were paid at the annual rates of Chairman: £70,000 (2021: £70,000) and all other Directors: £35,000 (2021: £35,000). An additional £5,000 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.

Amount of each Director's emoluments (audited)

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

	31 March 2022 £	31 March 2021 £
David Watson[(1)]	70,000	60,461
Simon Marrison[(2)]	40,000	38,410
Tim Gillbanks	40,000	40,000
Kate Bolsover	35,000	35,000
Sarah-Jane Curtis	35,000	35,000
Hugh-Seaborn[(3)]	-	23,333
Total	220,000	232,204

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) appointed as Chairman on 28 July 2020

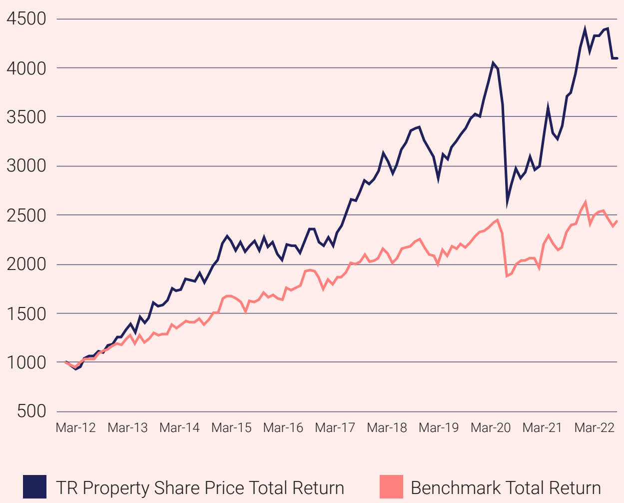
(2) appointed as Senior Independent Director on 28 July 2020

(3) retired as Chairman on 28 July 2020

Company performance

The graph below compares, for the ten years ended 31 March 2022, 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 2012 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 2012. (Source: Thames River Capital)

Directors' shareholdings (audited)

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

	Ordinary shares of 25 pence	
	31 March 2022	31 March 2021
David Watson	36,407	36,083
Simon Marrison	43,991	43,367
Tim Gillbanks	-	-
Kate Bolsover	2,360	2,360
Sarah-Jane Curtis	5,237	-

On 9 June 2022, Sarah-Jane Curtis acquired a further 4,772 shares of the Company.

Relative Importance of Spend on Pay

	2022 £'000	2021 £'000	Change
Dividends paid	45,381	44,129	+2.8%
Directors' fees	220	232	-5.2%

Five year change comparison

Over the last five years, Directors' pay has increased as set out in the table below:

	2022 £'000	2017 £'000	Change over 5 years	Annualised Change
Chairman	70,000	70,000	0%	0%
Audit Committee Chairman	40,000	37,000	8.1%	1.6%
Senior Independent Director	40,000	37,020	8.1%	1.6%
Director	35,000	32,000	9.4%	1.8%

For and on behalf of the Board
David Watson
Chairman of the Management Engagement Committee
13 June 2022

Report of the Audit Committee

Audit committee

Chairman: Tim Gillbanks

Key responsibilities

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

Representatives of the Manager's internal audit and compliance departments may attend 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 the Audit Committee as a whole to have competence relevant to the sector and at least one member with recent and relevant financial experience. The Chairman and Mr Watson are Chartered Accountants with extensive and recent experience in the Financial Services Industry. The other members of the Committee have a combination of property, financial, investment and business experience through senior positions held throughout their careers.

Activity during the year

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

- Consideration of the Risk Map, any changes to the likelihood or impact of risks and consequential changes required to Board Monitoring and mitigation procedures. Consideration of any new or emerging risks and inclusion in the Risk Map if appropriate.

This has included consideration of the ongoing COVID-19 pandemic and towards the end of the year the invasion of Ukraine, inflationary and interest rate increases and impact 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 BMO and BNP Paribas;
- Whether the Company should have its own internal audit function;
- The External Auditor's Planning Memorandum setting out the scope of the annual audit and proposed key areas of focus;
- The reports from the Auditor concerning their audit of the Financial Statements of the Company and Consideration of Significant issues in relation to the Financial Statements;
- The appropriateness of, and any changes to, the accounting policies of the Company, including the reasonableness of any judgements required by such policies;
- The 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, the Reports are fair, balanced and understandable and the information presented will enable the shareholders to assess the Company's position, performance, business model and strategy;
- The performance of the external 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 2018 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 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 are satisfied that the Company and the Group have adequate financial resources to continue in operation for at least the next 12 months following the signing of the financial statements and therefore it is appropriate to adopt the Going Concern basis of accounting.

The long-term viability of the Company was also assessed as set out on pages 30 and 31.

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 44.

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. The impact of COVID-19, the response of financial markets, the ongoing impact on economies around the world and operational changes made by our service providers in response to government guidelines were considered and the risk map adjusted accordingly.

Rising inflation in the latter half of the year, the invasion of Ukraine in February and the increasing interest rates were also considered and the risks associated with these events reflected in the risk map.

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

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 30 and 31. The Committee considered the Auditor's assessment of risk of material misstatement and reviewed the internal controls in place in respect of the key areas identified and the process by which the Board monitors each of the procedures to give the Committee comfort on these risks on an ongoing basis. These risks are also highlighted in the Company's Risk Map.

- Carrying amount of listed investments (Group and Parent Company) – The Group's investments are priced for the daily NAV by BNP Paribas.

The quoted assets are priced by the Administrator's Global Pricing Platform which uses independent external pricing sources. The control process surrounding this is set out in the BNP Paribas AAF 01/06 Internal Controls Report and testing by the reporting accountant for the period reported to 30 September 2021 which did not reveal any significant exceptions. The quarterly control report to the Board from BNP Paribas covering the period up to 31 March 2022 had no significant issues to report. In addition, the Manager estimates the NAV using an alternative pricing source on a daily basis as an independent check.

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 2022 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 tender process during 2021 to ensure that shareholders were getting 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. 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 these 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 2022 were: £82,000 (2021: £80,000), which were approved by the Audit Committee.

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

The fees for non-audit services for the year to 31 March 2022 were nil (2021: nil).

Full details of the Auditor's fees are provided in note 6 to the accounts on page 81.

Mr Merchant, was appointed audit partner for the 2022 year-end audit succeeding Mr Kelly, who was required to rotate off the Company's account, having served as audit partner for five years.

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 2021 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.

Tim Gillbanks
Chairman of the Audit Committee
13 June 2022

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

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

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. 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 international accounting standards in conformity with the requirements of 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 maintaining 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.

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

Responsibility statement 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.

In accordance with Disclosure Guidance and Transparency Rule 4.1.14R, the financial statements willform part of the annual financial report prepared using the single electronic reporting format under the TD ESEF Regulation. The auditor's report on these financial statements provides no assurance over the ESEF format.

The Directors consider 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
David Watson
Chairman
13 June 2022

KPMG

Independent auditor's report

to the members of TR Property Investment Trust plc

01 Our opinion is unmodified

We have audited the financial statements of TR Property Investment Trust plc (the 'Company') for the year ended 31 March 2022 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 2022 and of the Group's profit for the year then ended;
- The financial statements have been properly prepared in accordance with UK adopted international accounting standards
- 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 six financial years ended 31 March 2022. 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	£16.8m (2021:£14.9m) 1% (2021: 1%) of Total Assets	
Key audit matters vs 2021		**vs 2021**
Recurring risks	Valuation of direct property investments	◀▶
	Carrying amount of listed investments	◀▶

02 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 2021), 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 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.

	The risk	Our response
Valuation of direct property investments (Group and Parent Company) (£96.3 million; 2021: £83.1 million) Refer to pages 59 to 61 (Audit Committee Report), pages 77 and 78 (accounting policy), and note 10 on pages 85 to 88 (financial disclosures).	Subjective valuation: 5.7% (2021: 5.6%) of the Group's, and 5.6% (2021: 5.4%) of the Parent Company's, total assets (by value) are held in investment properties. The fair value of each property requires significant estimation, in particular with regard to the key estimated rental value and yield assumptions. The assumptions will be impacted by a number of factors including quality and condition of the building and tenant covenant 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 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 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 to supporting documents including lease agreements; • **Methodology choice:** We held discussions with the Group's external property valuer to determine the valuation methodology used is appropriate. We included our own property valuation specialist to assist us in critically assessing the results of the valuer's report by checking that the valuations were in accordance with the RICS Valuation Professional Standards 'the Red Book' and IFRS and that the methodology adopted was appropriate by reference to acceptable valuation practice; • **Benchmarking assumptions:** With the assistance of our own property valuation specialist, we held discussions with the Group's external property valuer to understand movements in property values. For a sample of properties, we assessed the key assumptions used by the valuer upon which the valuations are based, including those relating to estimated rental value and yield, by making a comparison to our own understanding of the market and to industry benchmarks; • **Assessing transparency:** We also considered the adequacy of the Group's disclosures about the degree of estimation and sensitivity to key assumptions made when valuing the direct property investments. Our findings We found the Group's valuation of investment properties to be balanced (2021: balanced).

02 Key audit matters: our assessment of risks of material misstatement continued

	The risk	Our response
Carrying amount of listed investments (Group and Parent) (£1,456.8 million; 2021: £1,316.0 million) Refer to pages 59 to 61 (Audit Committee Report), page 78 (accounting policy) and note 10 on pages 85 to 88 (financial disclosures).	**Low risk, high value:** The Group's portfolio of listed level 1 investments makes up 86.4% (2021: 88.2%) of the Group's, and 84.6% (2021: 85.8%) 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 (2021: no differences).

03 Our application of materiality and an overview of the scope of our audit

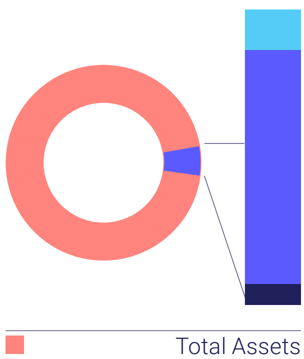
Materiality for the Group financial statements as a whole was set at £16.8m (2021 : £14.9m), determined with reference to a benchmark of total assets, of which it represents 1.0% (2021: 1.0%).

Materiality for the parent company financial statements as a whole was set at £16.0m (2021: £14.1m), 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 0.95% (2021: 0.95%).

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% (2021: 75%) of materiality for the financial statements as a whole, which equates to £ 12.6m (2021: £11.1m) for the Group and £12.0m (2021 : £10.5m) 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. In addition, we applied materiality of £2.0m (2021: £2.0m) and performance materiality of £1.5m (2021: £1.5m) to investment income, other operating income , gross rental income, service charge income and net returns on contracts for difference for which we believe misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the Company's members' assessment of the financial performance of the Group.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.84m (2021: £0.75m) in addition to other identified misstatements that warranted reporting on qualitative thresholds.

Total Assets
£1,686m (2021: £14.9m)



Group Materiality
£16.8m (2021: £14.9m)

£16.8m
Whole financial statements materiality (2021: £14.9m)

£16.0m
Parent Company Materiality (2021: £14.1m)

£0.84m
Misstatements reported to the audit committee (2021: £0.75m)

03 Our application of materiality and an overview of the scope of our audit continued

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

04 The impact of climate risk on our audit report

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 86.4% 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 held discussions with our own climate change professionals to challenge our risk assessment. 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. Therefore there was no significant impact of this on our key audit matters.

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

05 Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or 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's and 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's and Company's available financial resources and metrics relevant to debt covenants over this period were:

- The impact of a significant reduction in the valuation of investments and the implications for the Group's and 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, on which the Group is dependent to continue.

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's or Company's current and projected cash and liquid investment position (a reverse stress test). 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's or 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 60 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 Company will continue in operation.

06 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.

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. 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.

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.

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.

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

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), 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.

06 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.

07 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 Long-Term 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 pages 30 and 31 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks and Uncertainties disclosures describing these risks and 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 30 and 31 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 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 Corporate Governance Statement 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.

08 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, 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.

09 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.

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 using the single electronic reporting format specified in the TD ESEF Regulation. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with that format.

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, 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
13 June 2022

Financial statements

Group statement of comprehensive income

for the year ended 31 March 2022

	Notes	Year ended 31 March 2022 Revenue Return £'000	Year ended 31 March 2022 Capital Return £'000	Year ended 31 March 2022 Total £'000	Year ended 31 March 2021 Revenue Return £'000	Year ended 31 March 2021 Capital Return £'000	Year ended 31 March 2021 Total £'000
Income							
Investment income	2	**44,170**	**-**	**44,170**	36,557	-	36,557
Other operating income	4	**5**	**-**	**5**	67	-	67
Gross rental income	3	**2,773**	**-**	**2,773**	3,185	-	3,185
Service charge income	3	**1,103**	**-**	**1,103**	1,051	-	1,051
Gains on investments held at fair value	10	**-**	**249,038**	**249,038**	-	196,582	196,582
Net movement on foreign exchange; investments and loan notes		**-**	**1,136**	**1,136**	-	(3,144)	(3,144)
Net movement on foreign exchange; cash and cash equivalents		**-**	**637**	**637**	-	(1,474)	(1,474)
Net returns on contracts for difference	10	**5,701**	**16,361**	**22,062**	3,320	17,978	21,298
Net return on total return swap	10	**-**	**-**	**-**	-	(188)	(188)
Total Income		**53,752**	**267,172**	**320,924**	44,180	209,754	253,934
Expenses							
Management and performance fees	5	**(1,663)**	**(29,477)**	**(31,140)**	(1,556)	(14,328)	(15,884)
Direct property expenses, rent payable and service charge costs	3	**(1,435)**	**-**	**(1,435)**	(1,321)	-	(1,321)
Other administrative expenses	6	**(1,621)**	**(608)**	**(2,229)**	(1,231)	(604)	(1,835)
Total operating expenses		**(4,719)**	**(30,085)**	**(34,804)**	(4,108)	(14,932)	(19,040)
Operating profit/(loss)		**49,033**	**237,087**	**286,120**	40,072	194,822	234,894
Finance costs	7	**(629)**	**(1,886)**	**(2,515)**	(416)	(1,969)	(2,385)
Profit/(loss) from operations before tax		**48,404**	**235,201**	**283,605**	39,656	192,853	232,509
Taxation	8	**(4,967)**	**3,049**	**(1,918)**	(767)	2,667	1,900
Total comprehensive income		**43,437**	**238,250**	**281,687**	38,889	195,520	234,409
Earnings/(loss) per Ordinary share	9	**13.69p**	**75.07p**	**88.76p**	12.25p	61.61p	73.86p

The Total column of this statement represents the Group's Statement of Comprehensive Income, prepared in accordance with UK-adopted international accounting standards. 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 2022	Notes	Share Capital £'000	Share Premium Account £'000	Capital Redemption Reserve £'000	Retained Earnings £'000	Total £'000
At 31 March 2021		**79,338**	**43,162**	**43,971**	**1,159,962**	**1,326,433**
Total comprehensive income		**-**	**-**	**-**	**281,687**	**281,687**
Dividends paid	17	**-**	**-**	**-**	**(45,381)**	**(45,381)**
At 31 March 2022		**79,338**	**43,162**	**43,971**	**1,396,268**	**1,562,739**

Company

For the year ended 31 March 2022	Notes	Share Capital £'000	Share Premium Account £'000	Capital Redemption Reserve £'000	Retained Earnings £'000	Total £'000
At 31 March 2021		**79,338**	**43,162**	**43,971**	**1,159,962**	**1,326,433**
Total comprehensive income		**-**	**-**	**-**	**281,687**	**281,687**
Dividends paid	17	**-**	**-**	**-**	**(45,381)**	**(45,381)**
At 31 March 2022		**79,338**	**43,162**	**43,971**	**1,396,268**	**1,562,739**

Group

For the year ended 31 March 2021	Notes	Share Capital £'000	Share Premium Account £'000	Capital Redemption Reserve £'000	Retained Earnings £'000	Total £'000
At 31 March 2020		79,338	43,162	43,971	969,982	1,136,453
Total comprehensive income		-	-	-	234,409	234,409
Dividends paid	17	-	-	-	(44,429)	(44,429)
At 31 March 2021		79,338	43,162	43,971	1,159,962	1,326,433

Company

For the year ended 31 March 2021	Notes	Share Capital £'000	Share Premium Account £'000	Capital Redemption Reserve £'000	Retained Earnings £'000	Total £'000
At 31 March 2020		79,338	43,162	43,971	969,982	1,136,453
Total comprehensive income		-	-	-	234,409	234,409
Dividends paid	17	-	-	-	(44,429)	(44,429)
At 31 March 2021		79,338	43,162	43,971	1,159,962	1,326,433

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

Group and Company balance sheets

as at 31 March 2022

	Notes	Group 2022 £'000	Company 2022 £'000	Group 2021 £'000	Company 2021 £'000
Non-current assets					
Investments held at fair value	10	**1,506,436**	**1,506,436**	1,400,516	1,400,516
Investments in subsidiaries	10	**-**	**36,297**	-	43,312
Investments held for sale	10	**48,980**	**48,980**	-	-
		1,555,416	**1,591,713**	1,400,516	1,443,828
Deferred taxation asset	12	**903**	**903**	686	686
		1,556,319	**1,592,616**	1,401,202	1,444,514
Current assets					
Debtors	12	**97,673**	**97,208**	60,990	60,520
Cash and cash equivalents		**32,109**	**32,107**	29,114	29,112
		129,782	**129,315**	90,104	89,632
Current liabilities	13	**(66,109)**	**(101,939)**	(107,280)	(150,120)
Net current assets/(liabilities)		**63,673**	**27,376**	(17,176)	(60,488)
Total assets plus net current assets/(liabilities)		**1,619,992**	**1,619,992**	1,384,026	1,384,026
Non-current liabilities	13	**(57,253)**	**(57,253)**	(57,593)	(57,593)
Net assets		**1,562,739**	**1,562,739**	1,326,433	1,326,433
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	**1,396,268**	**1,396,268**	1,159,962	1,159,962
Equity shareholders' funds		**1,562,739**	**1,562,739**	1,326,433	1,326,433
Net Asset Value per:					
Ordinary share	19	**492.43p**	**492.43p**	417.97p	417.97p

These financial statements were approved by the directors of TR Property Investment Trust plc (Company No:84492) and authorised for issue on 13 June 2022.

D Watson
Director

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

Group and Company cash flow statements

as at 31 March 2022

	Group 2022 £'000	Company 2022 £'000	Group 2021 £'000	Company 2021 £'000
Reconciliation of profit from operations before tax to net cash outflow from operating activities				
Profit from operations before tax	**283,605**	**283,605**	232,509	231,844
Finance costs	**2,515**	**2,515**	2,385	2,385
Gains on investments and derivatives held at fair value through profit or loss	**(265,399)**	**(258,387)**	(214,372)	(207,255)
Net movement on foreign exchange; cash and cash equivalents and loan notes	**(977)**	**(977)**	(179)	(179)
Scrip dividends included in investment income and net returns on contracts for difference	**(10,839)**	**(10,839)**	(8,489)	(8,489)
Sales of investments	**544,370**	**544,370**	353,167	353,167
Purchases of investments	**(430,830)**	**(430,831)**	(370,496)	(370,496)
Decrease / (increase) in prepayments and accrued income	**8**	**8**	(102)	(102)
(Increase) / decrease in sales settlement debtor	**(32,871)**	**(32,871)**	4,753	4,753
Increase / (decrease) in purchase settlement creditor	**5,170**	**5,170**	(5,781)	(5,781)
Decrease / (increase) in other debtors	**2,951**	**2,951**	(11,436)	(11,436)
Increase / (decrease) in other creditors	**13,809**	**6,798**	2,451	(4,001)
Net cash (flow/outflow) from operating activities before interest and taxation	**111,512**	**111,512**	(15,590)	(15,590)
Interest paid	**(2,515)**	**(2,515)**	(2,607)	(2,607)
Taxation paid	**(1,258)**	**(1,258)**	(1,915)	(1,915)
Net cash (flow/outflow) from operating activities	**107,739**	**107,739**	(20,112)	(20,112)
Financing activities				
Equity dividends paid	**(45,381)**	**(45,381)**	(44,429)	(44,429)
(Repayment)/Drawdown of loans	**(60,000)**	**(60,000)**	55,000	55,000
Net cashflow from financing activities	**(105,381)**	**(105,381)**	10,571	10,571
Increase/(decrease) in cash	**2,358**	**2,358**	(9,541)	(9,541)
Cash and cash equivalents at start of year	**29,114**	**29,112**	40,129	40,127
Net movement on foreign exchange; cash and cash equivalents	**637**	**637**	(1,474)	(1,474)
Cash and cash equivalents at end of year	**32,109**	**32,107**	29,114	29,112

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 2022 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.

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, substantial reductions in revenues received and reductions in market liquidity including the effects of the likely ongoing economic impact of the war in Ukraine. The Board is satisfied with the operational resilience of the Company's third party service providers as working practices change following the COVID-19 pandemic, but continues to monitor their performance.

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.

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

Key estimates and judgements

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

a) Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiaries to 31 March 2022. 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 2022.

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 2022, 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.

Held for sale

Investment property classified as held for sale is measured fair value.

This condition is regarded as met only when the investment property is available for immediate sale in its present condition and the sale is highly probable.

Management must be committed to a plan for sale with an active programme to identify a buyer at a reasonable price in relation to its fair value which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

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 adjusted net asset value. The subsidiaries have historically been holding vehicles for direct property investment or financing vehicles. No assets are currently held through the subsidiary structure and all financing instruments are directly held by the Company.

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

Derivatives

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

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

01 Accounting policies continued

Derivatives continued

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

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

h) Borrowings, loan notes and debentures

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

i) Foreign currency translation

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

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

j) Cash and cash equivalents

Cash and cash equivalents 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 adopted are consistent with those of the previous consolidated financial statements except as noted below.

IAS 39, IFRS 4, 7, 9 and 16 Amendments - Interest Rate Benchmark Reform (Phase 2) (effective 1 January 2021) IBOR reform refers to the global reform of interest rate benchmarks which includes the replacement of some interbank offered rates (IBOR) with alternative benchmark rates. To ensure users of financial statements can understand the effect of the reform on a company's financial instruments and risk management strategy, additional information on the nature and extent of risks to which the company is exposed arising from financial instruments subject to IBOR reform is required. In addition, details of the company's progress in completing its transitions to alternative benchmark rates is required.

IFRS 16 Amendments -Covid-19 Related Rent Concessions (effective 1 April 2021) the May 2020 amendments, which introduced an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of Covid-19, have been extended to lease payments originally due on or before 30 June 2022.

Early adoption of standards and interpretations

The standards issued before the reporting date that become effective after 31 March 2022 are not expected to have a material effect on equity or profit for the subsequent period. The Group has not early adopted any new International Financial Reporting Standard or Interpretation. Standards, amendments and interpretations issued but not yet effective up to the date of issuance of the Group's financial statements are listed below:

IAS 1 Amendments - Classification of Liabilities as Current or Non-Current (effective date amended to 1 January 2023). The amendments specify the requirements for classifying liabilities as current or non-current. The amendments are not expected to have a material impact on the Group's financial statements.

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. The amendments are not expected to have a material impact on the Group's financial statements.

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. The amendments are not expected to have a material impact on the Group's financial statements.

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.

02 Investment income

	2022 £'000	2021 £'000
Dividends from UK listed investments	**3,101**	3,753
Dividends from overseas listed investments	**21,349**	18,656
Scrip dividends from listed investments	**10,693**	7,482
Property income distributions	**9,027**	6,666
	44,170	36,557

03 Net rental income

	2022 £'000	2021 £'000
Gross rental income	**2,773**	3,185
Service charge income	**1,103**	1,051
Direct property expenses, rent payable and service charge costs	**(1,435)**	(1,321)
	2,441	2,915

Operating leases

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

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

	2022 £'000	2021 £'000
Within 1 year	**2,800**	3,000
After 1 year but not more than 5 years	**10,250**	10,000
More than 5 years	**17,500**	19,000
	30,550	32,000

04 Other operating income

	2022 £'000	2021 £'000
Interest receivable	**-**	1
Interest on refund of overseas withholding tax	**5**	44
Underwriting commission	**-**	22
	5	67

Underwriting is part of the process of introducing new securities to the market. The Company may participate in the underwriting of investee companies' securities, as one of a number of participants, for which compensation in the form of commission is received. The Company only participates in underwriting having assessed the risks involved and in securities in which it is prepared to increase its holding should that be the outcome. The commission earned is taken to revenue unless any securities underwritten are required to be taken up in which case the proportionate commission is deducted from the cost of the investment. During the year the company participated in no underwriting (2021 - one underwriting agreement).

05 Management and performance fees

	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000
Management fee	**1,663**	**4,988**	**6,651**	1,556	4,669	6,225
Performance fee	**-**	**24,489**	**24,489**	-	9,659	9,659
	1,663	**29,477**	**31,140**	1,556	14,328	15,884

A summary of the terms of the management agreement is given in the Report of the Directors on page 43.

06 Other administrative expenses

	2022 £'000	2021 £'000
Directors' fees (Directors' Remuneration Report on pages 56 to 58)	**220**	232
Auditor's remuneration:		
– for audit of the consolidated and parent company financial statements	**82**	80
Legal fees	**21**	15
Taxation fees	**77**	69
Other administrative expenses	**199**	199
Other expenses	**869**	454
Irrecoverable VAT	**153**	182
Expenses charged to Revenue	**1,621**	1,231
Expenses charged to Capital	**608**	604
	2,229	1,835

Other administrative expenses include depositary, custody and company secretarial services. These expenses are charged on the same basis as the base management fee; 25% to income and 75% to capital. Total other administrative expenses charged to both income and capital are £807,000 (2021: £797,000).

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

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

07 Finance costs

	2022 £'000	2021 £'000
Loan notes, bank loans and overdrafts repayable within 1 year	**1,162**	1,241
Loan notes repayable between 2 - 5 years	**814**	-
Loan notes repayable after 5 years	**539**	1,384
HMRC interest: release of FII GLO provision	**-**	(240)
	2,515	2,385
Amount allocated to Capital	**(1,886)**	(1,969)
Amount allocated to Revenue	**629**	416

08 Taxation

a) Analysis of charge in the year

	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000
UK corporation tax at 19% (2021: 19%)	**2,832**	**(2,832)**	**-**	1,989	(1,989)	-
Overseas taxation	**2,135**	**-**	**2,135**	866	8	874
	4,967	**(2,832)**	**2,135**	2,855	(1,981)	874
(Over)/under provision in respect of prior years	**-**	**-**	**-**	(1,980)	-	(1,980)
	4,967	**(2,832)**	**2,135**	875	(1,981)	(1,106)
Deferred taxation	**-**	**(217)**	**(217)**	(108)	(686)	(794)
Current tax charge for the year	**4,967**	**(3,049)**	**1,918**	767	(2,667)	(1,900)

08 Taxation continued

b) Factors affecting total tax charge for the year

The tax assessed for the year is lower (2021: lower) than the standard rate of corporation tax in the UK for a large company of 19% (2021: 19%).

The difference is explained below:

	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000
Net profit/(loss) on ordinary activities before taxation	**48,404**	**235,201**	**283,605**	39,656	192,853	232,509
Corporation tax charge at 19% (2021:19%)	**9,197**	**44,688**	**53,885**	7,535	36,642	44,177
Effects of:						
Non taxable gains on investments	**-**	**(47,317)**	**(47,317)**	-	(37,351)	(37,351)
Currency movements not taxable	**-**	**(337)**	**(337)**	-	877	877
Tax relief on expenses charged to capital	**-**	**3,243**	**3,243**	-	139	139
Non-taxable returns	**-**	**(3,109)**	**(3,109)**	(23)	(3,380)	(3,403)
Non-taxable UK dividends	**(603)**	**-**	**(603)**	(972)	-	(972)
Non-taxable overseas dividends	**(5,810)**	**-**	**(5,810)**	(4,573)	-	(4,573)
Overseas withholding taxes	**2,135**	**-**	**2,135**	866	8	874
Deferred tax movement	**-**	**(217)**	**(217)**	(108)	(686)	(794)
(Over)/under provision in respect of prior years	**-**	**-**	**-**	(1,980)	-	(1,980)
Disallowable expenses	**26**	**-**	**26**	19	-	19
Deferred tax not provided	**22**	**-**	**22**	3	1,084	1,087
	4,967	**(3,049)**	**1,918**	767	(2,667)	(1,900)

c) Provision for deferred taxation

The amounts for deferred taxation provided at 25% (2021: 19%) comprise:

Group

	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000
Accelerated capital allowances	**-**	**-**	**-**	-	-	-
Unutilised losses carried forward	**-**	**(903)**	**(903)**	-	(686)	(686)
Shown as:						
Deferred tax asset	**-**	**(903)**	**(903)**	-	(686)	(686)

08 Taxation continued

c) Provision for deferred taxation continued

Company	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000
Unutilised losses carried forward	-	**(903)**	**(903)**	-	(686)	(686)
Shown as:						
Deferred tax asset	-	**(903)**	**(903)**	-	(686)	(686)

The movement in provision in the year is as follows:

Group	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000
Provision at the start of the year	-	**(686)**	**(686)**	108	-	108
Accelerated capital allowances	-	-	-	(108)	-	(108)
Unutilised losses carried forward	-	**(217)**	**(217)**	-	(686)	(686)
Provision at the end of the year	-	**(903)**	**(903)**	-	(686)	(686)

Company	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000
Provision at the start of the year	-	**(686)**	**(686)**	108	-	108
Accelerated capital allowances	-	-	-	(108)	-	(108)
Unutilised losses carried forward	-	**(217)**	**(217)**	-	(686)	(686)
Provision at the end of the year	-	**(903)**	**(903)**	-	(686)	(686)

The Group has not recognised deferred tax assets of £8,007,769 (2021: £2,703,000) arising as a result of losses carried forward. It is considered too uncertain that the Group will generate profits in the relevant companies that the losses would be available to offset against and, on this basis, the deferred tax asset in respect of these expenses has not been recognised.

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

09 Earning per share

Earnings/(loss) per Ordinary share

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

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Net revenue profit	**43,437**	38,889
Net capital profit	**238,250**	195,520
Net total profit	**281,687**	234,409
Weighted average number of shares in issue during the year	**317,350,980**	317,350,980

	pence	pence
Revenue earnings per share	**13.69**	12.25
Capital earnings per share	**75.07**	61.61
Earnings per Ordinary share	**88.76**	73.86

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

10 Investments held at fair value

a) Analysis of investments

	Group 2022 £'000	Company 2022 £'000	Group 2021 £'000	Company 2021 £'000
Listed in the United Kingdom	**516,076**	**516,076**	394,176	394,176
Unlisted in the United Kingdom	**2,341**	**2,341**	1,468	1,468
Listed Overseas	**940,744**	**940,744**	921,801	921,801
Investment properties	**47,275**	**47,275**	83,071	83,071
Investments held for sale	**48,980**	**48,980**	-	-
Investments held at fair value	**1,555,416**	**1,555,416**	1,400,516	1,400,516
Investments in subsidiaries at fair value	**-**	**36,297**	-	43,312
	1,555,416	**1,591,713**	1,400,516	1,443,828

Investments held for sale: Mixed used property, the Colonnades, London, W2, is currently under offer with a sale expected to complete by the end of June 2022. No impairment losses or reversals are anticipated.

b) Business segment reporting

	Valuation 31 March 2021 £'000	Net additions/ (disposals) £'000	Net appreciation/ (depreciation) £'000	Valuation 31 March 2022 £'000	Gross revenue 31 March 2022 £'000	Gross revenue 31 March 2021 £'000
Listed investments	1,315,977	(94,224)	235,067	**1,456,820**	**43,775**	36,403
Unlisted investments	1,468	(42)	915	**2,341**	**395**	154
Contracts for difference	(141)	(8,563)	16,361	**7,657**	**5,701**	3,320
Total investments segment	1,317,304	(102,829)	252,343	**1,466,818**	**49,871**	39,877
Direct property segment	83,071	128	13,056	**96,255**	**3,876**	4,236
	1,400,375	(102,701)	265,399	**1,563,073**	**53,747**	44,113

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

The property costs included within note 3 are £1,435,000 (2021: £1,321,000) and deducting these costs from the direct property gross revenue above would result in net income of £2,441,000 (2021: £2,915,000) for the direct property reporting segment.

10 Investments held at fair value continued

c) Geographical segment reporting

	Valuation 31 March 2021 £'000	Net additions/ (disposals) £'000	Net appreciation/ (depreciation) £'000	Valuation 31 March 2022 £'000	Gross revenue 31 March 2022 £'000	Gross revenue 31 March 2021 £'000
UK listed equities and convertibles	394,176	30,844	91,056	**516,076**	**11,731**	10,265
UK unlisted equities	1,468	-	873	**2,341**	**395**	154
UK direct property[1]	83,071	128	13,056	**96,255**	**3,876**	4,236
Continental European listed equities	921,801	(125,110)	144,053	**940,744**	**32,044**	26,138
	1,400,516	(94,138)	249,038	**1,555,416**	**48,046**	40,793
UK contracts for difference[2]	584	(9,227)	10,270	**1,627**	**1,616**	1,242
European contracts for difference[2]	(725)	664	6,091	**6,030**	**4,085**	2,078
	1,400,375	(102,701)	265,399	**1,563,073**	**53,747**	44,113

Included in the above figures are purchase costs of £489,000 (2021: £741,000) and sales costs of £259,000 (2021: £184,000).

These comprise mainly stamp duty and commission.

The Company received £544,225,000 (2021: £329,018,000) from investments, including direct property, sold in the year. The book cost of these investments when they were purchased was £356,438,000 (2021: £266,450,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

1 Net additions/(disposals) includes £366,000 (2021: £465,000) of capital expenditure. Net appreciation/(depreciation) includes amounts in respect of rent free periods.

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

3 The depreciation in the TRS relates to the movement in fair value in the year until maturity.

d) Substantial share interests

The Group held interests in 3% or more of any class of capital in 8 companies (2021: 10 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 financial liabilities

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

Fair value hierarchy disclosures

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

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

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

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

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

10 Investments held at fair value continued

e) Fair value of financial assets and financial liabilities

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

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

At 31 March 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	**1,456,820**	**-**	**2,341**	**1,459,161**
Investment properties	**-**	**-**	**96,255**	**96,255**
Contracts for difference	**-**	**7,657**	**-**	**7,657**
Foreign exchange forward contracts	**-**	**2,736**	**-**	**2,736**
	1,456,820	**10,393**	**98,596**	**1,565,809**

At 31 March 2021	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	1,315,977	-	1,468	1,317,445
Investment properties	-	-	83,071	83,071
Contracts for difference	-	(141)	-	(141)
Foreign exchange forward contracts	-	(1,107)	-	(1,107)
	1,315,977	(1,248)	84,539	1,399,268

The table above represents the Group's fair value hierarchy. The Company's fair value hierarchy is identical except for the inclusion of the fair value of the investment in subsidiaries which at 31 March 2022 was £36,297,000 (2021: £43,312,000). These have been categorised as level 3 in both years. The movement in the year of £7,015,000 (2021: £7,117,000) is the change in fair value in the year, which includes a distribution from a subsidiary company of £7,000,000. The total financial assets at fair value for the Company at 31 March 2022 was £1,591,713,000 (2021: £1,443,828,000).

Reconciliation of movements in financial assets categorised as level 3

At 31 March 2022	31 March 2021 £'000	Purchases £'000	Sales £'000	Appreciation / (Depreciation) £'000	31 March 2022 £'000
Unlisted equity investments	1,468	-	-	873	**2,341**
Investment properties					
– Mixed use	47,977	372	-	(162)	**48,187**
– Office & Industrial	35,094	-	(244)	13,218	**48,068**
	83,071	372	(244)	13,056	**96,255**
	84,539	372	(244)	13,929	**98,596**

All appreciation/(depreciation) as stated above relates to movements in fair value of unlisted equity investments and investment properties held at 31 March 2022.

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

Transfers between hierarchy levels

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

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:

• Estimated rental value: £6.5 - £65 per sq ft (2021: £6.5- £65)

• Capitalisation rates: 2.0% - 6.0% (2021: 2.0% - 6.0%)

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

There are interrelationships between the yields and rental values as they are partially determined by market rate condition. The sensitivity of the valuation to changes in the most significant inputs per class of investment property are shown below:

Estimated movement in fair value of investment properties at 31 March 2022 arising from	Retail £'000	Office & Industrial £'000	Other £'000	Total £'000
Increase in rental value by 5%	**306**	**2,266**	**145**	**2,717**
Decrease in rental value by 5%	**(294)**	**(2,266)**	**(1)**	**(2,561)**
Increase in yield by 0.5%	**(3,865)**	**(6,343)**	**(832)**	**(11,040)**
Decrease in yield by 0.5%	**4,841**	**8,711**	**1,101**	**14,653**

Estimated movement in fair value of investment properties at 31 March 2021 arising from	Retail £'000	Office & Industrial £'000	Other £'000	Total £'000
Increase in rental value by 5%	310	1,585	50	1,945
Decrease in rental value by 5%	(250)	(1,610)	(25)	(1,885)
Increase in yield by 0.5%	(4,040)	(5,835)	(925)	(10,800)
Decrease in yield by 0.5%	5,155	9,505	1,325	15,985

The Group agreed to sell freehold and leasehold interests in The Colannades investment property after a strategic review of the Direct Property portfolio which has a fair value after costs to sell of £48,187,437 as at 31 March 2022.

The property is currently being marketed for sale and is anticipated to be sold within the next 12 months, therefore it is being classified as a held for sale. Any changes to the marketing for sale occurring after the year end will be disclosed in Note 23 Subsequent Events.

No impairment losses have been recognised as at 31 March 2022.

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 22. 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 page 23 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:

	2022 £'000	2021 £'000
Investments held at fair value	**1,555,416**	1,400,516
CFD long gross exposure	**144,642**	146,001

Concentration of exposure to price risks

As set out in the Investment Policies on page 23, 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.

	2022 Increase in fair value £'000	2022 Decrease in fair value £'000	2021 Increase in fair value £'000	2021 Decrease in fair value £'000
Statement of Comprehensive Income – profit after tax				
Revenue return	**(115)**	**115**	(103)	103
Capital return	**234,176**	**(234,176)**	209,801	(209,801)
Change to the profit after tax for the year/shareholders' funds	**234,061**	**(234,061)**	209,698	(209,698)
Change to total earnings per Ordinary Share	**73.75p**	**(73.75)p**	66.08p	(66.08)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

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

Currency	2022	2021
Sterling	**34.0%**	28.0%
Euro	**42.0%**	51.0%
Swedish Krona	**16.0%**	13.0%
Other	**8.0%**	8.0%

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:

2022	Sterling £'000	Euro £'000	Swedish Krona £'000	Other £'000
Receivables (due from brokers, dividends and other income receivable)	**53,912**	**27,758**	**12,659**	**608**
Cash at bank and on deposit	**20,341**	**3,247**	**2,883**	**5,638**
Bank loans, loan notes and overdrafts	**(35,000)**	**-**	**-**	**-**
Payables (due to brokers, accruals and other creditors)	**(25,642)**	**(111)**	**(1,634)**	**(3,722)**
FX forwards	**(88,280)**	**(10,996)**	**59,877**	**42,135**
Total foreign currency exposure on net monetary items	**(74,669)**	**19,898**	**73,785**	**44,659**
Investments held at fair value	**614,672**	**680,755**	**181,455**	**78,534**
Non-current assets	**903**	**-**	**-**	**-**
Non-current liabilities	**(15,000)**	**(42,253)**	**-**	**-**
Total currency exposure	**525,906**	**658,400**	**255,240**	**123,193**

2021	Sterling £'000	Euro £'000	Swedish Krona £'000	Other £'000
Receivables (due from brokers, dividends and other income receivable)	49,462	10,668	561	299
Cash at bank and on deposit	22,853	4,339	650	1,272
Bank loans, loan notes and overdrafts	(95,000)	-	-	-
Payables (due to brokers, accruals and other creditors)	(10,142)	(1,031)	-	-
FX forwards	(61,209)	-	13,848	46,254
Total foreign currency exposure on net monetary items	(94,036)	13,976	15,059	47,825
Investments held at fair value	478,715	707,968	155,635	58,198
Non-current assets	686	-	-	-
Non-current liabilities	(15,000)	(42,593)	-	-
Total currency exposure	370,365	679,351	170,694	106,023

Foreign currency sensitivity

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

It assumes the following changes in exchange rates:

- Sterling/Euro +/- 15% (2021: 15%)
- Sterling/Swedish Krona +/- 15% (2021: 15%)
- Sterling/Other +/- 15% (2021: 15%)

11 Financial instruments continued

Foreign currency sensitivity continued

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

	Year ended March 2022			Year ended March 2021		
	Euro £'000	Swedish Krona £'000	Other £'000	Euro £'000	Swedish Krona £'000	Other £'000
Statement of Comprehensive Income – profit after tax						
Revenue return	**(3,500)**	**(436)**	**(276)**	(2,726)	(589)	(250)
Capital return	**(89,441)**	**(23,632)**	**(10,228)**	(83,243)	(20,269)	(7,579)
Change to the profit after tax for the year/shareholders' funds	**(92,941)**	**(24,068)**	**(10,504)**	(85,969)	(20,858)	(7,829)

	2022	2021
Change to total earnings per Ordinary share	(40.18)p	(36.13)p

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

	Year ended March 2022			Year ended March 2021		
	Euro £'000	Swedish Krona £'000	Other £'000	Euro £'000	Swedish Krona £'000	Other £'000
Statement of Comprehensive Income – profit after tax						
Revenue return	**4,896**	**525**	**345**	3,411	732	318
Capital return	**121,078**	**31,996**	**13,847**	124,633	27,440	10,262
Change to the profit after tax for the year/shareholders' funds	**125,974**	**32,521**	**14,192**	128,044	28,172	10,580

	2022	2021
Change to total earnings per Ordinary share	**54.42p**	52.56p

11.3 Interest rate risk

Interest rate movements may affect:

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

Management of the risk

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

The Group has fixed and has had variable rate borrowings during the year. The interest rates on the loan notes is fixed, details are set out in note 13.In addition to the loan notes the Group has unsecured, multi-currency revolving loan facilities which carry variable rates of interest based on the currencies drawn, plus a margin. These facilities total £92,253,000 (2021: £130,000,000)

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.

The Group's exposure to floating interest rates on assets is £77,242,000 (2021: £80,027,000)

The Group's exposure to fixed interest rates on liabilities is £57,253,000 (2021: £152,593,000)

The Group's exposure to floating interest rates on liabilities is £35,000,000 (2021: £nil)

Interest receivable and finance costs are at the following rates:

- Interest received on cash balances, or paid on bank overdrafts, is at a margin over SONIA or its foreign currency equivalent (2021: same)
- Interest paid on borrowings under the multi-currency loan facilities, is at a margin over SONIA or its foreign currency equivalent for the type of loan (2021: same).
- The finance charges on the €50m and £15m loan notes are at interest rates of 1.92% and 3.59% respectively.

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

Interest rate sensitivity

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

	2022 Increase £'000	2022 Decrease £'000	2021 Increase £'000	2021 Decrease £'000
Change to shareholders' funds	**(243)**	**243**	(1,176)	1,176
Change to total earnings per Ordinary share	**(0.08)p**	**0.08p**	(0.37)p	0.37p

This level of change is not representative of the year as a whole, since the exposure changes throughout the period.

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

11.4 Liquidity risk

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

In certain market conditions, the liquidity of direct property investments may be reduced. At 31 March 2022, 6% (2021: 6%) of the Group's investment portfolio was held in direct property investments.

At 31 March 2022, 94% (2021: 94%) of the Group's investment portfolio is held in listed securities which are predominantly readily realisable.

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

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

11 Financial instruments continued

Debt and Financing maturity profile

At 31 March 2022	Within 1 year £'000	Within 1-2 year £'000	Within 2-3 year £'000	Within 3-4 year £'000	Within 4-5 year £'000	More than 5 year £'000	Total £'000
Bank loans*	35,000	-	-	-	-	-	35,000
Loan notes	-	-	-	42,253	-	15,000	57,253
Projected interest cash flows on bank and loan notes	1,350	1,350	1,350	1,241	539	2,124	7,954
Securities and properties purchased for future settlement	5,364	-	-	-	-	-	5,364
Accruals and deferred income	25,523	-	-	-	-	-	25,523
Other creditors	222	-	-	-	-	-	222
	67,459	1,350	1,350	43,494	539	17,124	131,316

At 31 March 2021	Within 1 year £'000	Within 1-2 year £'000	Within 2-3 year £'000	Within 3-4 year £'000	Within 4-5 year £'000	More than 5 year £'000	Total £'000
Bank loans	95,000	-	-	-	-	-	95,000
Loan notes	-	-	-	-	-	57,593	57,593
Projected interest cash flows on bank and loan notes	2,178	1,356	1,356	1,356	1,356	2,693	10,295
Accruals and deferred income	10,719	-	-	-	-	-	10,719
Other creditors	110	-	-	-	-	-	110
	108,007	1,356	1,356	1,356	1,356	60,286	173,717

* A £60m multicurrency facility with RBS was renewed for one year in February 2022. £35m (2021: £50m) was drawn on this facility at the balance sheet date.

* A £30m one year facility with ING Luxembourg was renewed in July 2021. Nil (2021: 30m) was drawn on this facility at the balance sheet date.

* A £40m facility with ICBC was renewed in November 2021. Nil (2021: 15m) was drawn on this facility at the balance sheet date.

Management of the risk

The Manager sets guidelines for the maximum exposure of the portfolio to unquoted and direct property investments. These are set out in the Investment Policies on page 23. 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.

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

11.5 Credit risk

The failure of a counterparty to a transaction to discharge its obligations under that transaction could result in the Group suffering a loss. At the period end the largest counterparty risk, which the Group was exposed to was within Debtors and Cash and cash equivalents where the total bank balances held with one counterparty was £50,101,017 (2021: £53,134,000).

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.

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:

11 Financial instruments continued

	2022 Balance Sheet £'000	2022 Maximum exposure £'000	2021 Balance Sheet £'000	2021 Maximum exposure £'000
Debtors	**97,673**	**97,673**	60,990	60,990
Cash and cash equivalents	**32,109**	**32,109**	29,114	29,114
	129,782	**129,782**	90,104	90,104

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 2022 (31 March 2021: 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 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 tables include financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement.

At 31 March 2022 and 2021, the Group's derivative assets and liabilities (by type and counterparty) were as follows:

	Year ended 31 March 2022		Year ended 31 March 2021	
	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	**7,657**	**45,133**	(141)	50,913
	7,657	**45,133**	(141)	50,913
FX forward contracts:				
HSBC	**2,736**	**-**	(1,107)	-
	2,736	**-**	(1,107)	-

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).

There was one unquoted investment at the Balance Sheet date, Atrato, with a total value of £2,341,000 (2021: Atrato, £1,468,000).

In the Parent Company accounts there are investments of £36,297,000 (2021: £43,312,000) in unlisted subsidiaries which are classified as level 3.

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 £265,399,000 (2021: £214,372,000 gain).

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 2022 consisted of called up share capital, share premium, capital redemption and revenue reserves totalling £1,562,739,000 (2021: £1,326,433,000). The Group does not regard the loan notes and loans as permanent capital.

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

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

12 Debtors

	Group 2022 £'000	Company 2022 £'000	Group 2021 £'000	Company 2021 £'000
Amounts falling due within one year:				
Securities and properties sold for future settlement	**33,138**	**33,138**	267	267
Foreign exchange forward contracts for settlement	**2,736**	**2,736**	-	-
Tax recoverable	**3,344**	**2,879**	4,231	3,761
Prepayments and accrued income[1]	**5,168**	**5,168**	5,176	5,176
Amounts receivable in respect of Contracts for Difference	**7,657**	**7,657**	-	-
CFD margin cash	**45,133**	**45,133**	50,913	50,913
Other debtors	**497**	**497**	403	403
	97,673	**97,208**	60,990	60,520
Non-current assets				
Deferred taxation asset	**903**	**903**	686	686

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

13 Current and non-current liabilities

	Group 2022 £'000	Company 2022 £'000	Group 2021 £'000	Company 2021 £'000
Amounts falling due within one year:				
Bank loans and overdrafts	**35,000**	**35,000**	95,000	95,000
Securities and properties purchased for future settlement	**5,364**	**5,364**	194	194
Amounts due to subsidiaries	**-**	**35,869**	-	42,880
Amounts payable in respect of Contracts for Difference	**-**	**-**	141	141
Tax payable	**-**	**-**	9	9
Accruals and deferred income	**25,523**	**25,523**	10,719	10,685
Foreign exchange forward contracts for settlement	**-**	**-**	1,107	1,107
Other creditors	**222**	**183**	110	104
	66,109	**101,939**	107,280	150,120
Non-current liabilities:				
1.92% Euro Loan Notes 2026	**42,253**	**42,253**	42,593	42,593
3.59% GBP Loan Notes 2031	**15,000**	**15,000**	15,000	15,000
	57,253	**57,253**	57,593	57,593

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.

The fair value of the 1.92% Euro Loan Notes was £42,340,000 (2021: £42,732,000) and the 3.59% GBP Loan Notes was £14,879,000 (2021: £15,219,000) at 31 March 2022.

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

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

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

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

Multi-currency revolving loan facilities

The Group also had unsecured, multi-currency, revolving short-term loan facilities totalling £130,000,000 (2021: £130,000,000) at 31 March 2022. At 31 March 2022 £35,000,000 was drawn on these facilities (2021: £95,000,000).

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

13 Current and non-current liabilities continued

Reconciliation of liabilities arising from financing activities

Group and Company	Long term debt £'000	Short term debt £'000	Total £'000
Opening liabilities from financing activities at 31 March 2021	**57,593**	**95,000**	**152,593**
Cash flows:			
Repayment of bank loans	-	(60,000)	(60,000)
Non cash-flows:			
Movement on foreign exchange	(340)	-	(340)
Closing liabilities from financing activities at 31 March 2022	**57,253**	**35,000**	**92,253**

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 2021	317,350,980	79,338
At 31 March 2022	317,350,980	79,338

The voting rights are disclosed in the Report of the Directors on page 45.

During the year, the Company made no market purchases for cancellation of Ordinary shares of 25p each (2021: none).

Since 31 March 2022 no Ordinary shares have been purchased and cancelled.

15 Share premium account and capital redemption reserve

Share premium account

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

Capital redemption reserve

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

16 Retained earnings

	Group 2022 £'000	Company 2022 £'000	Group 2021 £'000	Company 2021 £'000
Investment holding gains	**412,934**	**431,260**	335,322	360,663
Realised capital reserves	**918,057**	**891,806**	757,418	731,167
	1,330,991	**1,323,066**	1,092,740	1,091,830
Revenue reserve	**65,277**	**73,202**	67,222	68,132
	1,396,268	**1,396,268**	1,159,962	1,159,962

Group investment holding gains at 31 March 2022 include a £1,015,650 gain (2021: £143,000 gain) relating to unlisted investments and a gain of £58,386,000 (2021: £45,201,000 gain) relating to investment properties.

Company investment holding gains at 31 March 2022 include a gain of £77,728,000 (2021: £70,685,000 gain) relating to unlisted and subsidiary investments with a £57,246,000 revaluation gain (2021: £44,061,000 revaluation gain) relating to investment properties. Dividends are only distributable from the revenue reserve.

17 Dividends

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 March 2021 of 9.00p (2020: 8.80p) per Ordinary share	**28,562**	27,927
Interim dividend for the year ended 31 March 2022 of 5.30p (2021: 5.20p) per Ordinary share	**16,819**	16,502
	45,381	44,429
Amounts not recognised as distributions to equity holders in the year:		
Proposed final dividend for the year ended 31 March 2022 of 9.20p (2021: 9.00p) per Ordinary share	**29,196**	28,562

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

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

	2022 £'000	2021 £'000
Interim dividend for the year ended 31 March 2022 of 5.30p (2021: 5.20p) per Ordinary share	**16,819**	16,502
Proposed final dividend for the year ended 31 March 2022 of 9.20p (2021: 9.00) per Ordinary share	**29,196**	28,562
	46,015	45,064

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 £281,687,000 (2021: £234,409,000 profit).

19 Net asset value per ordinary share

Net asset value per Ordinary share is based on the net assets attributable to Ordinary shares of £1,562,739,000 (2021: £1,326,433,000) and on 317,350,980 (2021: 317,350,980) Ordinary shares in issue at the year end.

20 Commitments and contingent liabilities

At 31 March 2022 the Group had capital commitments of £74,000 (2021: £144,000) but no contingent liabilities (2021: 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 Sixteen) Limited	2415806	Non-trading company
Trust Union Properties (Number Seventeen) Limited	2416027	Non-trading company
Trust Union Properties (Number Eighteen) Limited	2415768	Non-trading company
* Trust Union Properties (Bayswater) Limited	2416030	Property investment
* Trust Union Properties (Cardiff) Limited	2415772	Non-trading company
* Trust Union Properties (Theale) Limited	2416031	Non-trading company
* Trust Union Properties (Number Twenty-Two) Limited	2415765	Non-trading company
* Trust Union Properties (Number Twenty-Three) Limited	2416036	Non-trading company
* Skillion Finance Limited	2420758	Non-trading company
* Trust Union Finance (1991) Plc	2663561	Investment financing
* FGH Developments Limited	1481476	Non-trading company
* FGH Developments (Aberdeen) Limited	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

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

All companies have the registered office of Exchange House, Primrose Street, London EC2A 2HS with the exception of FGH Developments (Aberdeen) Limited which is registered to 50 Lothian Road, Festival Square, Edinburgh EH3 9BY.

* 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.

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

	2022 £'000	2021 £'000
The Colonnades Limited	**22,619**	22,619
TR Property Finance Limited	**13,270**	20,281
New England Properties Limited	**(20)**	(20)
	35,869	42,880

Remuneration of key management personnel

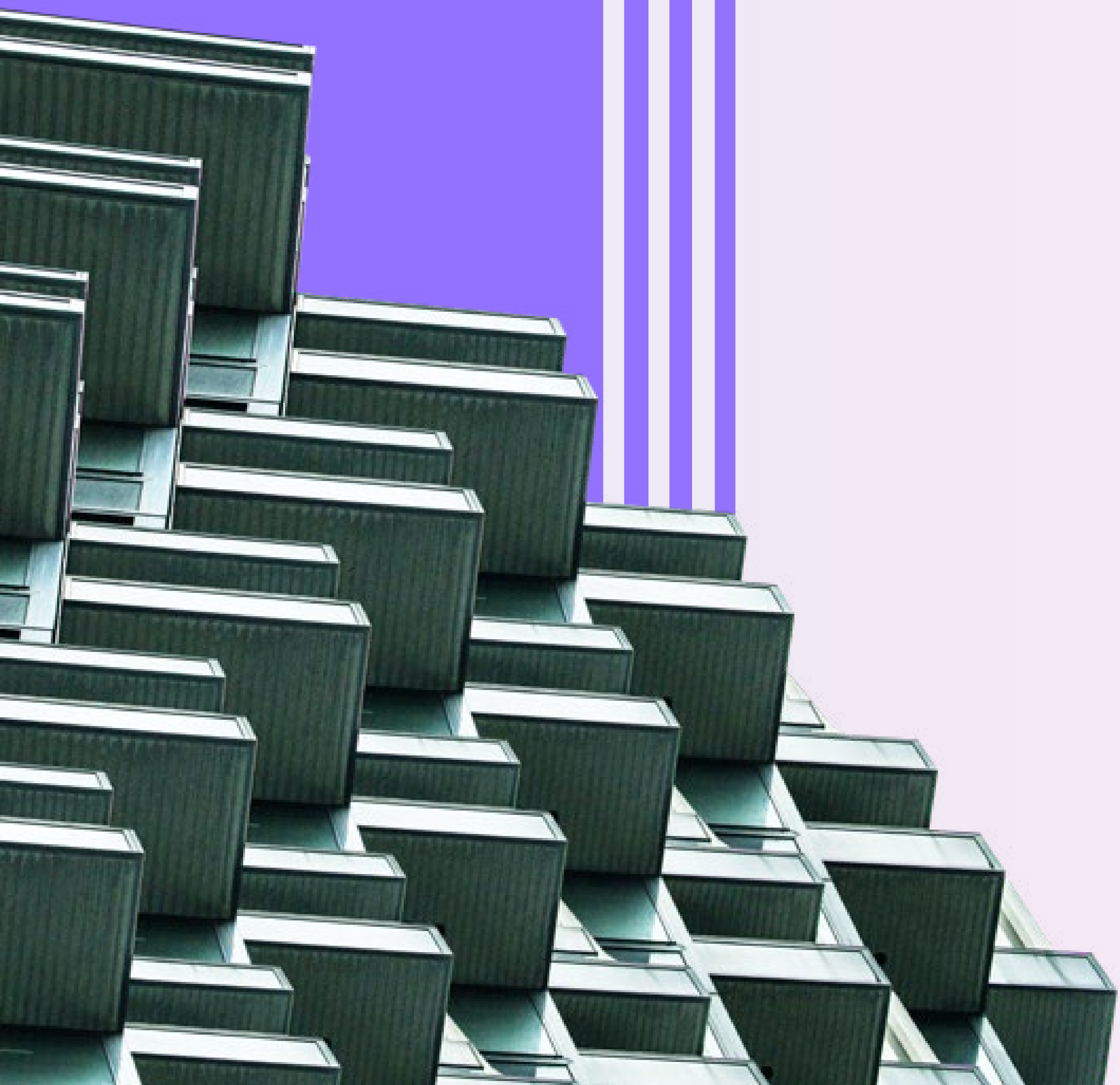
The remuneration of the Directors, who are the key management personnel of the Company for each of the relevant categories specified in IAS 24: Related Party Disclosures is provided in the audited part of the Directors' Remuneration Report on page 57.

Directors' transactions

Transactions in shares by Directors are considered to be a related party transaction due to the nature of their role as Directors.

Movements in directors' shareholdings are disclosed within the Directors' Remuneration Report on page 58.

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.

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 2022	NAV	Share Price
NAV/share price per share at 31 March 2021 (pence)	417.97	392.50
NAV/share price per share at 31 March 2022 (pence)	492.43	456.50
Change in year	17.8%	16.3%
Impact of dividends reinvested	3.6%	3.6%
Total Return for the year	21.4%	19.9%

Year to 31 March 2021	NAV	Share Price
NAV/share price per share at 31 March 2020 (pence)	358.11	317.5
NAV/share price per share at 31 March 2021 (pence)	417.97	392.5
Change in year	16.7%	23.6%
Impact of dividends reinvested	4.0%	4.7%
Total Return for the year	20.7%	28.3%

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 omparison 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 2022	Including Performance Fees £'000	Excluding Performance Fees £'000	Excluding Performance Fees & Direct Property Costs £'000
Management Fee (note 5)	31,140	6,651	6,651
Other Administrative expenses (note 6)	2,220	2,220	2,220
Property Costs	332	332	
Less: Non recurring expenses			
	33,692	9,203	8,871
Average Net Assets	1,536,825	1,536,825	1,536,825
Ongoing Charge 2022	2.19%	0.60%	0.58%

Year to 31 March 2021	Including Performance Fees £'000	Including Performance Fees £'000	Excluding Performance Fees & Direct Property Costs £'000
Management Fee (note 5)	15,884	6,225	6,225
Other Administrative expenses (note 6)	1,835	1,835	1,835
Property Costs	270	270	-
Less: Non recurring expenses	-	-	-
	17,989	8,330	8,060
Average Net Assets	1,283,051	1,283,051	1,283,051
Ongoing Charge 2021	1.40%	0.65%	0.63%

Net Debt

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

The net gearing has been calculated as follows:

	Group 2022 £'000	Group 2021 £'000
Loan notes	57,253	57,593
Loans	35,000	95,000
CFD positions (notional exposure)	144,642	146,001
Less: Cash	(32,109)	(29,114)
Less: Cash collateral (included within 'Other debtors' in Note 12)	(45,133)	(50,913)
	159,653	218,567
Equity shareholders' funds	1,562,739	1,326,433
Net gearing	10.2%	16.5%

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.

Compound Annual Dividend Growth

This is calculated by taking 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.

Average Discount

The sum of each daily discount (the discount of the closing share price to the published AIC NAV with income) divided by the number of days in the given time period.

Key Performance Indicators

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

2.0 Glossary of terms and definitions AIFMD

The Alternative Fund Managers Directive is European legislation which created a European wide framework for regulating the managers of "alternative investment funds" (AIFs). It is designed to regulate any fund which is not a UCITS (Undertakings for Collective Investment in Transferable Securities) fund and which is managed or marketed in the EU.

AIC

The Association of Investment Companies – the AIC is the representative body for closed-ended investment companies.

Alternative Performance Measure

A financial measure of financial performance or financial position other than a financial measure defined or specified in the accounting statements.

Discount

The amount by which the market price of a share of an investment trust is lower than the Net Asset Value per share expressed as a percentage of the NAV per share.

Key Information Document

Under the PRIIPs Regulations a short, consumer friendly Key Information Document is required setting out the key features, risks, rewards and costs of the PRIIP and is intended to assist investors to better understand the Trust and make comparisons between Trusts.

The document includes estimates of investment performance under a number of scenarios. These calculations are prescribed by the regulation and are based purely on recent historical data. It is important for investors to note that there is no judgement applied and these do not in any way reflect the Board or Manager's views.

Key Performance Indicator ('KPI')

A KPI is a quantifiable measure that evaluates how successful the trust is in meeting its objectives. The Trust's KPIs are discussed on pages 24 and 25.

MiFID

The Markets in Financial Instruments Directive is the EU legislation that regulates firms who provide services to clients linked to "financial instruments" (shares, bonds, units in collective investment schemes and derivatives) and the venues where those instruments are traded.

Net Asset Value (NAV) per share

The value of total assets less liabilities (including borrowings) divided by the number of shares in issue.

3.0 Alternative investment fund managers directive ('AIFMD')

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

Leverage

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

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

The table below sets out the current maximum permitted limit and the actual level of leverage for the Company as at 31 March 2022:

Leverage exposure	Gross method	Commitment method
Maximum permitted limit	200%	200%
Actual	136%	128%

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

This notice is important and requires your immediate attention

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

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 Tuesday 26 July 2022 at 2.30pm for the purpose of transacting the following business:

To consider and, if thought fit, pass the following Resolutions, of which Resolutions 1 to 10 will be proposed as Ordinary Resolutions and Resolutions 11 and 12 shall be proposed as Special Resolutions:

1 To receive the Report of the Directors and the Audited Accounts for the year ended 31 March 2022.

2 To approve the Directors' Remuneration Report (other than the part containing the Directors' Remuneration Policy) for the year ended 31 March 2022.

3 To declare a final dividend of 9.20p 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 David Watson as a Director.

8 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.

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

Special business

Ordinary resolution

10 THAT, in substitution for all such existing authorities, the Directors be generally and unconditionally authorised pursuant to and in accordance with Section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company up to a nominal value of £26,181,455 (being approximately 33% of the total issued share capital of the Company as at the latest practicable date prior to publication of this Notice) provided that this authority shall expire at the date of the next Annual General Meeting of the Company (or, if earlier, at the close of business on 25 October 2023), 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

11 THAT in substitution for all such existing authorities and subject to the passing of Resolution 10 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 10 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.

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 10 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 10 above, save that the Company shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted after such expiry and the Directors shall be entitled to allot equity securities pursuant to any such offer or agreement as if the power conferred hereby had not expired.

12 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 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 13 June 2022, the latest practicable date prior to publication of this Notice);

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

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

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

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

The authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company in 2023 (or, if earlier, at the close of business on 25 October 2023), save that the Company shall be entitled to enter into a contract to purchase Ordinary shares which will, or may, be completed or executed wholly or partly after the power expires and the Company may purchase Ordinary shares pursuant to such contract as if the power conferred hereby had not expired.

By Order of the Board
For and on behalf of
BMO Investment Business Limited
Company Secretary
20 June 2022

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

Notes

Whilst COVID-19 restrictions have been lifted as at the date of this Notice of AGM and it is currently anticipated that shareholders will be permitted to attend and vote in person at the meeting, the COVID-19 situation continues to evolve and the UK Government may introduce new restrictions or implement measures relating to the holding of shareholder meetings which may mean this is no longer possible. Therefore, shareholders are encouraged to appoint the Chairman of the meeting as their proxy for the AGM. If any other person is appointed as proxy and COVID-19 restrictions are introduced which affect the holding of the meeting, that proxy may not be permitted to attend the AGM. Any changes to the arrangements for the AGM will be communicated to shareholders prior to the meeting, including through the Company's website, at www.trproperty.com and by announcement through a regulatory information service.

Shareholders intending to attend the AGM are asked to register their intention as soon as practicable by email to the following dedicated address: trpitagm@bmogam.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. 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 22 July 2022. 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 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 Register of Members of the Company by 2.30 pm on 22 July 2022 (or 6.00 pm on the date two business 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 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 Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the Auditor's Report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the 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 26 July 2022 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 A copy of this notice, and other information required by section 311A of the Act, can be found at www.trproperty.com.

9 Members satisfying the thresholds in section 338 of the Act may require the Company to give, to members of the Company entitled to receive notice of the AGM, notice of a resolution which those members intend to move (and which may properly be moved) at the AGM. A resolution may properly be moved at the AGM unless:

(i) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the Company's constitution or otherwise);

(ii) it is defamatory of any person; or

(iii) it is frivolous or vexatious.

A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given, must be authenticated by the person(s) making it and must be received by the Company not later than six weeks before the date of the AGM.

10 Members satisfying the thresholds in section 338A of the Act may request the Company to include in the business to be dealt with at the AGM any matter (other than a proposed resolution) which may properly be included in the business at the AGM. A matter may properly be included in the business at the AGM unless:

(i) it is defamatory of any person; or

(ii) it is frivolous or vexatious.

A request made pursuant to this right may be in hard copy or electronic form, must identify the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than six weeks before the date of the AGM.

11 Biographical details of the Directors are shown on pages 40 and 41 of this Annual Report & Accounts.

12 As at 13 June 2022 (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. No ordinary shares were held in treasury.

Therefore, the total number of voting rights in the Company at 13 June 2022 was 317,350,980.

13 The terms of reference of the Audit Committee, the Management Engagement Committee, the Nomination 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.

14 You may not use any electronic address provided either in this Notice or any related documents to communicate for any purposes other than those expressly stated.

15 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.

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 2022 of 9.20p per Ordinary share. If approved at the AGM, the Company will pay the dividend on 2 August 2022 to those shareholders on the Company's Register of members at the close of business on 24 June 2022.

Resolutions 4 to 7: Re-election of Directors

These resolutions deal with the re-election of Kate Bolsover, Sarah-Jane Curtis, Tim Gillbanks and David Watson. 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 your Board has determined that each of the Directors continues to be effective and demonstrates their commitment to their role.

Their biographical details, which are set out on pages 40 and 41, 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 8 and 9: Auditor

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

Resolution 10: Allotment of share capital

Our Board considers it appropriate that an authority be granted to allot shares in the capital of the Company up to a maximum nominal amount of £26,181,445 is stated in the resolution (representing approximately one third of the Company's issued share capital as at 13 June 2022, being the latest practical date prior to publication of this Notice of the meeting). As at the date of this notice the Company does not hold any shares in treasury.

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

This authority will expire at the earlier of close of business on 25 October 2023 and the conclusion of the Annual General Meeting of the Company to be held in 2023.

Resolution 11: 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 13 June 2022, the latest practicable date prior to publication of this Notice. In respect of this aggregate nominal amount, the Directors confirm their intention to follow the provisions of the Pre-Emption Group's Statement of 'Principles' regarding cumulative usage of authorities within a rolling 3-year period where the Principles provide that usage in excess of 7.5% should not take place without prior consultation with shareholders.

The authority will expire at the earlier of close of business on 25 October 2023 and the conclusion of the Annual General Meeting of the Company to be held in 2023.

Resolution 12: Authority to make market purchases of the Company's Ordinary shares

At the AGM held in 2021, a special resolution was passed which gave the Directors authority, until the conclusion of the AGM in 2022, to make market purchases of the Company's own issued shares up to a maximum of 14.99% of the issued share capital.

Your Board is proposing that they should be given renewed authority to purchase the Company's Ordinary shares in the market. Your Board believes that to make such purchases in the market at appropriate times and prices is a suitable method of enhancing shareholder value. The Company would, within guidelines set from time to time by the Board, make either a single purchase or a series of purchases, when market conditions are suitable, with the aim of maximising the benefits to shareholders.

Where purchases are made at prices below the prevailing Net Asset Value per share, this will enhance the Net Asset Value for the remaining shareholders. Therefore purchases would only be made at prices below Net Asset Value. Your Board considers that it will be most advantageous to shareholders for the Company to be able to make such purchases as and when it considers the timing to be favourable and therefore does not propose to set a timetable for making any such purchases.

The Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 enable companies in the United Kingdom to hold in treasury any of their own shares they have purchased with a view to possible resale at a future date, rather than cancelling them. If the Company does re-purchase any of its shares, the Directors do not currently intend to hold any of the shares re-purchased in treasury. The shares so re-purchased will continue to be cancelled.

The Listing Rules of the 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 as taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which the Company agrees to buy shares concerned; and

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

The minimum price to be paid will be 25p per Ordinary share (being the nominal value). The Listing Rules also limit a listed company to purchases of shares representing up to 15% of its issued share capital in the market pursuant to a general authority such as this. For this reason, the Company is limiting its authority to make such purchases to 14.99% of the Company's Ordinary shares in issue at the date of the AGM; this is equivalent to 47,570,911 Ordinary shares of 25p each (nominal value £11,892,727) at 13 June 2022, the latest practicable date prior to publication this Notice. The authority will last until the Annual General Meeting of the Company to be held in 2023 or, if earlier, at the close of business on 25 October 2023.

Recommendation

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

Shareholder information

Directors and other information

Directors
D Watson (Chairman)
K Bolsover
S-J Curtis
T Gillbanks
S Marrison

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
BMO Investment Business Limited
Exchange House
Primrose Street
London
EC2A 2NY

Portfolio Manager
Thames River Capital LLP, authorised and regulated by the Financial Conduct Authority
13 Woodstock Street
London
W1C 2AG
Telephone: 020 7011 4100

Fund Manager
M A Phayre-Mudge MRICS

Finance Manager and Investor Relations
J L Elliott ACA

Deputy Fund Manager
A Lhonneur

Direct Property Manager
G P Gay MRICS

Registrar
Computershare Investor Services PLC
The Pavilions, Bridgwater Road
Bristol
BS99 6ZY
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 Europe 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.

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 22 of this Report and Accounts. The benchmark index is published daily and can be found on Bloomberg;

FTSE EPRA/NAREIT Developed Europe Capped Net Total Return Index in Sterling
Bloomberg: TR0RAG Index

Disability Act

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

You can contact the Registrar, Computershare Investor Services PLC, which has installed textphones to allow speech and hearing impaired people who have their own textphone to contact them directly, without the need for an intermediate operator, by dialling 0870 702 0005. Specially trained operators are available during normal business hours to answer queries via this service. Alternatively, if you prefer to go through a 'typetalk' operator (provided by the Royal National Institute for Deaf People) you should dial 18001 followed by the number you wish to dial.

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

Holding shares in certificated form

Investors may hold their investment in certificated form. Our registrars, Computershare operate a dealing service which enables investors to buy and sell shares quickly and easily online without a broker or the need to open a trading account. Alternatively the Investor Centre allows investors to manage portfolios quickly and securely, update details and view balances without annual charges. Further details are available by contacting Computershare on 0370 707 1355 or visit www.computershare.com.

TR Property Investment Trust plc now offers shareholders the opportunity to purchase further shares in the company through the Dividend Re-investment Plan ('DRIP') through the registrar, Computershare. Shareholders can obtain further information on the DRIP through their secure website www.investorcentre.co.uk, or by phoning 0370 707 1694. Charges do apply. Please note that to gain access to your details or register for the DRIP on the Computershare site you will need the holder reference number stated on the top left hand corner of your share certificate.

Saving schemes, ISAs and other plans

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

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

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

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 TR Property and other investment trusts a free opt-in online shareholder voting and information service that enables investors to receive shareholder communications and, if they wish, to vote on the shareholdings held in their account.

TR Property is also on the interactive super 60 rated list.

BMO Asset Management Limited ('BMO')

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

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

Saving Schemes and ISAs transferred from 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 BMO.

BMO 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.

BMO Junior ISA (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 or CTFs with other providers can be transferred to BMO.

BMO Lifetime ISA (LISA)
For those aged 18-39, a Lifetime ISA 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.

BMO 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 BMO.

BMO General Investment Account (GIA)
This is a flexible way to invest in our range of Investment Trusts. There are no maximum contributions, and investments can be made from £100 lump sum or £25 a month.

BMO Junior Investment Account (JIA)
This is a flexible way to save for a child in our range of Investment Trusts. There are no maximum contributions, and the plan can easily be set up under bare trust (where the child is noted as the beneficial owner) or kept in your name if you wish to retain control over the investment. Investments can be made from a £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.

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

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

BMO Part of COLUMBIA THREADNEEDLE INVESTMENTS

Charges
Annual management charges and other charges apply according to the type of plan.

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 BMO 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 into.

How to invest
To open a new BMO plan, apply online at **bmogam.com/apply** Online applications are not available if you are transferring an existing plan with another provider to BMO, or if you are applying for a new plan in more than one name but paper applications are available at bmoinvestments.co.uk/documents or by contacting BMO.

New customers
Call: **0800 136 420**** (8.30am – 5.30pm, weekdays)
Email: **info@bmogam.com**

Existing plan holders
Call: **0345 600 3030**** (9.00am – 5.00pm, weekdays)
Email: **investor.enquiries@bmogam.com**
By post: BMO Administration Centre PO Box 11114 Chelmsford CM99 2DG

You can also invest in the trust through online dealing platforms for private investors that offer share dealing and ISAs. Companies include: **Barclays Stockbrokers, EQi, Halifax, Hargreaves Lansdown, HSBC, Interactive Investor, Lloyds Bank, The Share Centre**

bmoinvestments.co.uk
bmoinvestmentsuk

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

TR Property Investment
Trust plc is managed by

Thames River

BMO Global Asset Management   Part of   COLUMBIA THREADNEEDLE INVESTMENTS