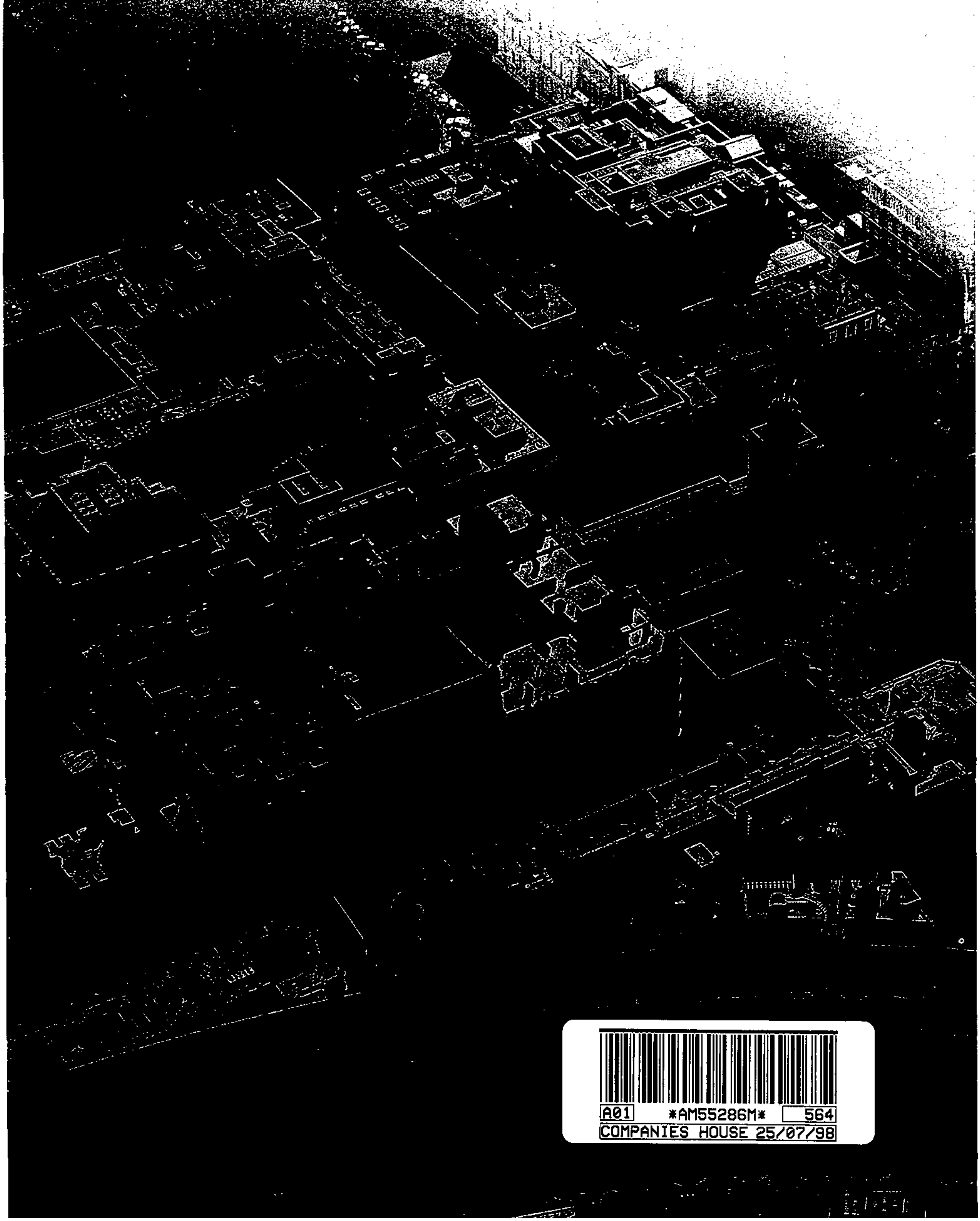
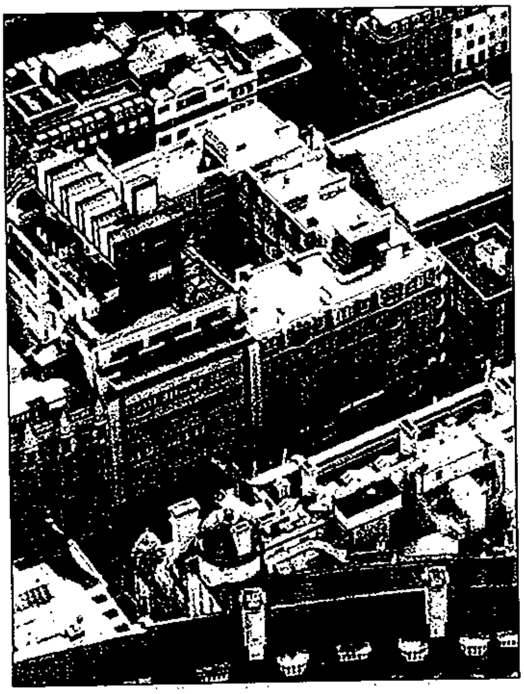
REGISTERED NUMBER
84492

TR Property Investment Trust plc

Report & Accounts for the year ended
31 March 1998





The head leasehold interest over 198/202 Piccadilly was purchased by the Trust in April 1998. Further details can be found on page 8.

Contents

TR Property Investment Trust plc

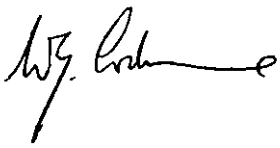
Our objective is to maximise shareholders' total return by investing in property shares and property on an international basis.

- Gross assets exceed £300m and net assets £250m
- NAV total return up by 31%
- Dividend up by over 8%
- Share price up by 35%

Financial Highlights

as at 31 March	1998 In pence per share	1997 In pence per share	% Change
Group revenue return	1.34	1.42	-5.6
Group capital return	11.48	8.36	+37.3
Total return	12.82	9.78	+31.1
Dividends (net)	1.12	1.03	+8.7
Net asset value – fully diluted	54.36	n/a	
– basic	55.73	44.03	+26.6
Share price at 31 March	48.25	35.75	+35.0
	%	%	
Total return from quoted securities[1]	33.0	35.7	
FTSE Property Sector Index total return[1]	31.3	33.3	
Total return from direct property[1]	16.7	14.3	
IPD Monthly Index total return[1]	15.8	10.7	
[1]Source: WM Company/Datastream			

Chairman's Statement

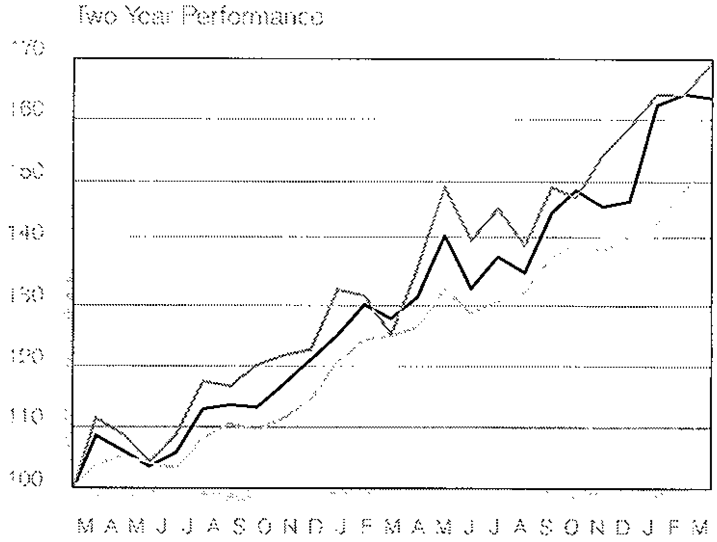


Grant Cochrane CA *Chairman*
18 June 1998

Our performance over the year to the end of March 1998 reflects the buoyant conditions in UK property markets. The fall in long bond yields over the period has been significant and service sector employment growth has continued to assist tenant demand. The UK property share sector produced a total return of 31.3% slightly lagging the gross total return of 36.5% produced by the FTSE All Share Index, but nearly double the 15.8% gross total return from direct property.

The Trust's total return per share over the period was 29.0% fully diluted and the gross share price total return was 38.9%. Throughout the year the balance of our assets has broadly been maintained at 75% quoted securities and 25% direct property. Our quoted securities showed a 33.0% total return and our direct property showed a 16.7% total return, both slightly outperforming their relative indices. The fully diluted net asset value at the year end was 54.36p, an increase of 10.3p per share compared to the basic asset value of 44.03p at the previous year end. At the revenue level, this year's return of 1.34p per share fell slightly from the 1.42p per share reported last year, reflecting again the policy of placing more emphasis on capital growth.

Your Board proposes to pay a final dividend of 0.65p per share making a total of 1.12p per share for the year compared to a



Index of TR Property fully diluted net asset value and share price compared with FTSE Property Sector for the period 31 March 1996 to 31 March 1998

TR Property Share Price   TR Property net asset value   FTSE Property Sector Index

total dividend of 1.03p per share last year. This is an increase of 8.7% which compares well with the weighted average dividend growth from the property sector of some 5.5%.

Two significant events have occurred since our year end. The first has been the agreed bid for our largest equity investment, Edge Properties, by Grantchester Holdings, another quoted retail warehouse investor and developer. Edge has proved an outstanding investment for the Trust since our first involvement in the business in 1989, and I should like to commend the Edge management for their successful efforts over the intervening years. The second event is our purchase, during April 1998, for close to £15m, of the leasehold interest over three adjoining buildings in Piccadilly and Jermyn Street in the heart of the West End of London. This property, of which there is an aerial view on the front cover, is now the Trust's largest individual direct property investment. We think it offers considerable potential for income enhancement over the medium term.

Our investment manager, Henderson plc, has recently been acquired by AMP, the leading Australian insurance company, which already owns Pearl Assurance and London Life in the UK. The Henderson Investors brand is to be retained and the team responsible for the management of the Trust's portfolio will remain the same. AMP is a major investor in UK property and the deal will add to the property resources available within Henderson. We wish Henderson well under its new ownership and are pleased that the continuity of its business has been secured by this event.

Current UK property share ratings reflect confidence that asset value growth will continue at a healthy pace over the next two years. So far as it is possible to gauge, investor sentiment towards the sector over the coming year will be driven primarily by the perceived outlook for UK long bond yields. If long term rates fall further, property should continue to look excellent relative value. Although UK economic growth is expected to slow later this year there is a widespread expectation that rental value growth can continue to advance thanks to the lack of any general over supply of floor space.

I look forward to welcoming shareholders to our AGM, to be held on the 23rd July 1998 at 12 noon. After the meeting there will be a presentation by the manager followed by light refreshments. In conclusion I should like to thank the managers and administration staff on behalf of the shareholders and Board for their dedicated hard work throughout the year.

Manager's Report

Chris Turner *Fund Manager*
18 June 1998

UK Property Market Background

For the third year in a row UK property shares healthily outperformed directly held UK Property. In number terms the FTSE Property Sector Index produced a total return of 31.3% compared to an average return of 15.8% from the UK property market, as measured by the IPD Monthly Index. Over the past three years the total return from property shares has been 93.3%, while the total return from the property market over the same period has been 33.5%.

The principal driving forces for both property shares and the direct market values have been the sharp fall in UK long bond yields from 7.6% to 6.0% over the last twelve months and the return of general rental value growth at the rate of about 6% per annum. Though the nationwide picture is still patchy, vacancy rates, particularly in London and the South East, are at their lowest level since 1990, while new construction work is still running at a relatively modest level. These factors suggest that rental values can continue to show steady growth in the absence of any serious downturn in the economy. Budget changes both helped and hindered the market. The abolition of ACT effectively enhanced the value of rental income for gross funds, but the rise in stamp duty from 1% to 3% created an increase in transaction costs and an effective reduction of 2% in values. On the planning front the Government appears to be maintaining a tough stance against most types of greenfield

Top Ten Investments

	% of Investments 31 March 1998
Edge Properties	5.0
Helical Bar	3.8
30 St James's Street, SW1 (direct property)	3.5
Chelsfield Properties	2.8
Beddington Lane, Croydon (direct property)	2.8
Derwent Valley Holdings	2.8
West Reading Retail Park (direct property)	2.3
Freeport Leisure	2.3
Slough Estates	2.3
The British Land Co.	2.2

Portfolio Summary

as at 31 March	1996	1997	1998
Total investments	£185m	£235m	£306m
Net assets	£166m	£207m	£262m
UK quoted property shares	58%	65%	69%
Overseas quoted property stocks	13%	9%	5%
Direct property (externally valued)	26%	23%	24%
Unquoteds and associate loans	3%	3%	2%

site development, a policy which serves to enhance the value of existing out of town space particularly in the South East.

UK Property Shares Background

The current rating of property shares remains high by historic standards. Throughout the year, on a weighted average basis, the Sector stood at a premium of between 8% and 16% to current asset value. Analysts' forecasts for future net asset value levels rose throughout the year, while results generally met or exceeded expectations. Corporate activity increased as the year progressed with a number of agreed bids and mergers. Most deals are still vendor led and hostile bids are rare. Unexpected management changes and departures produced a number of significant share price movements illustrating that a property company needs always to be viewed as a combination of people and assets, rather than just a collection of assets alone. The fall in long bond yields significantly increased the current market value of long term fixed rate debt, and the share prices of the companies most heavily affected generally underperformed the market.

Excellent share price rises came from some of the largest companies in the Sector, particularly Land Securities, British Land and Slough Estates - performances at least partly due to the greater liquidity these shares offer. Aside from the leading shares, the best total return performances came from focused businesses and conversely smaller companies with diversified portfolios tended to underperform.

Portfolio Assets Spread

Throughout the year our UK and overseas quoted securities represented close to 75% of our total investments and direct property around 25%, as shown in the above table. This spread was maintained by increasing the size of our direct property holdings by some £14m net using proceeds from our £15m debenture issue in February 1997. Our fresh property purchases are concentrated in our favoured areas of the West End and around the M25 and our decision to add to the direct property portfolio reflected both our wish to increase our exposure to these locations and our view of the current ratings of some UK property shares. Last year also saw a further reduction of our overseas property share holdings. Our general policy target remains to hold between 60% and 80% of gross assets in UK property shares, with direct property forming 15% to 30% of the total and overseas holdings forming between nil and 10%. However these targets remain subject to review in the light of the future relative value between property shares and the physical property market.

UK Portfolio Strategy

Our top down view of the UK property market has shifted only slightly in the last twelve months. We have continued to favour

UK Property Share Holdings by Market Capitalisation

as at 31 March	1996	1997	1998
Over £1,000m	2.3%	12.2%	13.7%
£250m to £1,000m	17.0%	22.6%	31.3%
£100m to £250m	21.9%	19.0%	26.6%
£50m to £100m	18.8%	22.5%	15.9%
Under £50m	40.0%	23.7%	12.5%
Number of investments	83	88	82
Average size of investment	£1.28m	£1.74m	£2.45m

the West End of London market, the edge and out of town retailing markets and the office and business space markets around the M25. The Sector of the Market table on page 7 shows the approximate spread of our whole portfolio on a see through basis in comparison to the FTSE Property Sector Index constituents.

UK Quoted Share Holdings

Our UK property share holdings performed well and produced a gross total return of 35.1% compared to a 31.3% return from the FTSE Property Sector Index. Details of the top forty shareholdings are shown on page 9 and at the year end these represented 58% of our total investments, an increase over the 54% figure at March 1997. Overall the top forty list shows relatively little change over the twelve months reflecting both our top down market strategy and our perception of the current potential of our major shareholdings.

The most important feature of our quoted portfolio is that, compared to the FTSE Property Sector Index, it continues, for the time being, to be substantially underweight in the largest five companies. Most notably, Land Securities, which makes up some 23% of the FTSE Property Sector Index, represented under 1% of our portfolio at the year end reflecting our view that the shares of the largest companies have been fully valued relative to the Sector in general. The table above shows the spread of our UK shareholdings by market capitalisation. There has been another sharp reduction, from 23.7% to 12.5% in the portfolio weighting towards companies capitalised at under £50m. This fall occurred partly because rising share prices have pushed up capitalisations, but also because we continue to treat very small companies with caution.

Specific comments on the largest holdings.

Edge Properties, the specialist retail warehouse owner and developer, remained our largest investment throughout the year. We invested a further £1.5m in May 1997 and the shares performed well, rising 30% over the year. As the Chairman notes, since the year end, the Edge board has recommended an all equity offer, at a good premium to the previous share price, from Grantchester Holdings, the other quoted retail warehouse specialist. The Trust has accepted this offer with the result that our Grantchester shares are now our largest equity investment.

Helical Bar, which has a strong development and trading business centred on retail warehousing and London and SE office ownership and development, has long featured as a major investment of the Trust. Last year we saw another good total return of about 36%. **Chelsfield,** with its portfolio concentrated on out of town retail and West End of London property, fits well into our top down strategy for the UK market. It remains our third largest holding. **Derwent Valley,** the

Lease Lengths within Direct Property Portfolio

	gross rental income 31 March 1998
1 year	11.5%
2 to 5 years	12.0%
6 to 10 years	12.9%
11 to 15 years	31.5%
Over 15 years	32.0%

Sector of the Market (Approximate spread of)

	FTSE [illegible] by Sector Index	TR Property Group portfolio 31 March 1997	31 March 1998
City of London offices	16.4%	3.9%	5.2%
West End of London	16.7%	15.4%	17.7%
Other GLC and SE offices	5.6%	7.5%	7.9%
Other UK offices	3.9%	5.6%	3.9%
In town retail	20.8%	15.4%	13.5%
Other retail	15.0%	16.6%	17.8%
Industrial	12.2%	18.1%	20.1%
Residential	2.8%	3.0%	4.6%
Other	2.5%	2.2%	2.7%
Overseas	4.1%	12.3%	6.6%
Total	100.0%	100.0%	100.0%

West End office owner underperformed rising only 14% over the year, partly due to the substantial rights issue in February 1998 at 520p, in which we took up our rights at a cost of £1.75m. **Freeport Leisure** became our fifth biggest holding at the year end after an outstanding 142% share price rise over the year. Since the year end this specialist developer and owner of factory and designer outlet centres has had a very successful 1 for 1 rights issue, but the Trust did not take up the majority of its allocation and so allowed its ownership percentage to fall from 9% to 4.8%.

Other significant changes at the top of the list have involved increased investment in **Benchmark,** another West End of London investment business, and a 53% share price rise from **Compco,** an investment and trading business, in which we have a 9% equity stake.

Overseas Quoted Investments

For the third year running we have reduced the percentage of the portfolio invested overseas, influenced primarily by the excellent returns available in the UK. Having withdrawn from Far Eastern markets in 1996/97 the portfolio was not exposed to the mayhem that occurred there last autumn. We substantially reduced our REIT holdings in the USA in the latter part of the year. The huge levels of equity issuance have satiated investor demand for these stocks, and falling property yields are eroding the arbitrage margins on which the majority of earnings growth has depended. The one overseas area where we increased our investment last year was Continental Europe with purchases in France and Portugal.

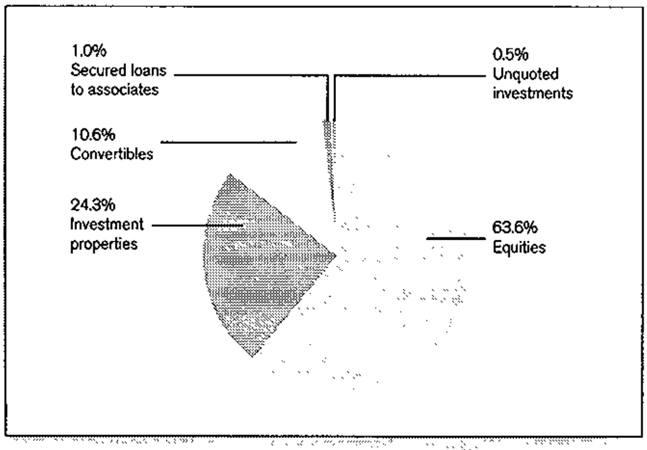
Direct Property Investments

Our direct property portfolio produced a total return of 16.7% for the period under review, slightly exceeding the IPD Monthly Index total return of 15.8%. During the course of the year we invested a net sum of close to £14m in direct property, and since the year end we have invested a further £15m buying a major property in Piccadilly. The spread of our direct portfolio by location and property type is shown on page 11. The concentration of the assets to complement and reinforce our overall UK market strategy has continued and weightings towards property in the West End of London, outer London and around the M25 have increased from 78% last year end to 83% at March 1998.

Purchases last year involved ten buildings and totalled some £23m. In the West End we acquired the long leasehold interest over the Colonnades complex in the Bishops Bridge Road W2, close to Paddington Station and a freehold building in Dean Street in Soho. In outer London and around the M25 we bought distribution space at Addlestone, Tolworth and Swanley and office buildings in Wallington and Weybridge, and in

Manager's Report continued

Classification of Investments



As at 31 March	1997 £'000	1997 %	1998 £'000	1998 %
Tangible fixed assets	62	-	76	-
Equities	144,052	61.4	194,772	63.6
Convertibles	30,367	12.9	32,299	10.6
Fixed interest	18	-	22	-
Unquoted investments	1,687	0.7	1,607	0.5
Investment properties	54,902	23.4	74,388	24.3
Total market value of fixed assets	231,088	98.4	303,164	99.0
Secured loans to associates	3,760	1.6	3,067	1.0
Total investments	234,808	100.0	306,231	100.0

Southampton we acquired an office building by the marina. Sales totalled some £8m and involved the disposal of our Cardiff retail warehouse held as a joint venture with Edge and the sale of the upper parts of our Dover Street, London W1 building to a residential developer. Details of the larger buildings are set out on pages 10 and 11.

198/202, Piccadilly and 33/34, Jermyn Street, London SW1
Since the year end we have announced the purchase, for just under £15m, of the head leasehold interest over this 65,000 sq. ft. office and retail property which lies on the south side of Piccadilly, between Simpsons department store and St James's Church. Major tenants in the property include Boots and Daks Simpson. The age and layout of the buildings are expected to offer opportunities for refurbishment and improvement in the medium term. This will be managed by Bellhouse Joseph who also have a participation in the project.

Unquoted Investments

The percentage of our gross assets invested in unquoted equity and associate loans continues to shrink. No investments were made during the year and there were no disposals. Our 90% subsidiary **Chaco,** which specialises in agency broking and management of residential properties let to housing associations, had a busy year and reported a 20% increase in fee income. We are hoping that this year's figures will show a further advance.

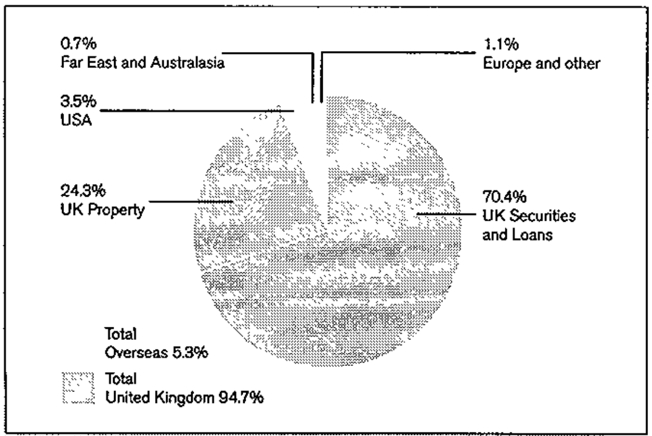
Finance Report

During the course of the year investments exceeded disposals by £16.9m. This increase was financed principally by the £15m tranche of our 8.125% debenture drawn down in February 1997. During the year we drew down a £6m short term LIBOR related loan, which is partially capped, to finance the purchase of the Colonnades and two smaller properties. The recent purchase of the Piccadilly property has initially been financed by the draw down of funds on our unsecured loan facility. The interest rate swap from fixed to floating rate against the £15m 11.5% debenture expired during the year.

Gearing

On balance sheet gearing, of 15.4% at the year end showed little change from last year's level of 11.9%. Since the year end this figure has risen to some 20% with the £15m purchase of the Piccadilly property. On a 'see through' basis, taking account of the levels of borrowings in our quoted equity investments the underlying gearing of the portfolio was approximately 66% compared with 80% at the previous year end.

Distribution of Investments



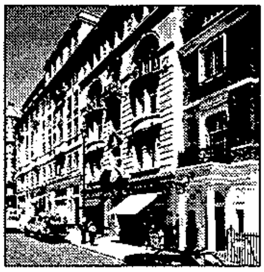
as at 31 March	1997 £'000	1997 %	1998 £'000	1998 %
UK Tangible fixed assets	62	-	76	-
UK Securities - quoted	152,897	65.1	211,063	68.9
UK Securities - unquoted	1,687	0.7	1,607	0.5
UK Investment properties	54,902	23.4	74,388	24.3
UK Total	209,548	89.2	287,134	93.7
USA	14,359	6.1	10,718	3.5
Europe	3,625	1.6	3,219	1.1
Far East and Australasia	3,553	1.5	2,089	0.7
Other areas	3	-	4	-
Market value of fixed assets	231,088	98.4	303,164	99.0
Secured loans to associates	3,760	1.6	3,067	1.0
Total investments	234,848	100.0	306,231	100.0

Largest Quoted Investments as at 31 March 1998

The 40 largest quoted investments amount to £177,849,000 or 58% of total investments (convertibles and all classes of equities in any one company are treated as one investment).

	Market Value £'000		Market Value £'000
Edge Properties	15,428	Quintain Estates and Development	3,645
Helical Bar	11,690	MEPC	3,567
Chelsfield Properties	8,648	Rugby Estates	3,348
Derwent Valley Holdings	8,508	Hemingway Properties	2,970
Freeport Leisure	7,095	Tops Estates	2,837
Slough Estates	6,962	Brixton Estate	2,826
The British Land Co.	6,750	Safeland	2,746
Benchmark Group	5,940	Taylor Woodrow	2,536
Compco Holdings	5,764	Shaftesbury	2,508
Capital Shopping Centres	5,496	London Merchant	2,408
Dencora	5,366	Minerva	2,210
Frogmore Estates	5,073	Jermyn	2,116
St Modwen Properties	4,910	Pillar	2,068
Burford Holdings	4,866	Great Portland Estates	2,063
Peel Holdings	4,661	Milner	2,024
Development Securities	4,467	Greycoat	1,998
Capital and Regional Properties	4,405	Redrow Group	1,920
Ashtenne	4,315	Land Securities	1,899
Bilton	4,169	Grainger Trust	1,800
Asda Property Holdings	3,874	Fonciere Lyonnaise (France)	1,766

Principal Investment Properties as at 31 March 1998



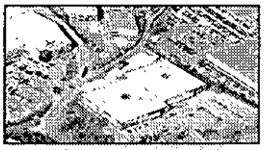
Value in excess of £5 million

Property	Sector	Tenure	Size (sq ft)	Principal tenants
29/30 St James's Street and 25/27 Bury Street London SW1	**West End Offices and Retail**	**Leasehold 100 years from 1982**	**Offices 21,197 Retail 8,012**	**Kingston Communications France Telecom**

Located on the east side of St James's Street, the Group's largest investment at the year end comprises 13 suites of offices on five floors over four shops on ground and basement. The reception and ground floor common parts were refurbished during Autumn 1997.

Property	Sector	Tenure	Size (sq ft)	Principal tenants
40 Beddington Lane Croydon	**Warehouse with ancillary offices**	**Freehold**	**137,250**	**Superdrug**

Located just to the west of Purley Way, the building is a major distribution depot. It was built about 1980 and the main portion has 30ft eaves. It is let to Superdrug for 99 years from 1982 with 5 yearly upwards only rent reviews to 74.4% of rental value.

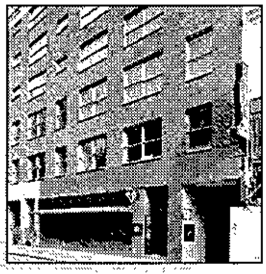


Property	Sector	Tenure	Size (sq ft)	Principal tenants
West Reading Retail Park, Theale	**Retail Warehousing**	**Freehold**	**56,430**	

This property is held as a joint venture with Edge Properties. The two units are located just to the north of the Theale interchange on the M4 and close to a Savacentre store. During the year we accepted the surrender of the leases on both units. These are to be sub-divided and refurbished prior to re-letting.

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

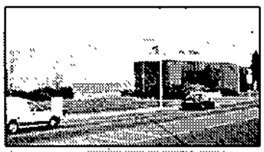
Located in the centre of Woking, the building is let for 99 years from 1982 with five yearly upwards only rent reviews to approximately two-thirds of rental value.



Value between £2 million and £5 million

Property	Sector	Tenure	Size (sq ft)	Principal tenants
22/25 Dean Street London W1	**Mixed use**	**Freehold**	**5,300 12 space car park 12 residential units**	**Whitbread plc Noel Gay Ltd**

Bought in July 1997, this property is in one of the most popular restaurant streets in Soho. This residential, restaurant and office property has 62% of the income well secured until 2012 and beyond. The residential units are let at groundrents until 2058 thus offering regearing potential.



Property	Sector	Tenure	Size (sq ft)	Principal tenants
Ferry Lane Industrial Estate Blackhorse Lane London E4	**Warehousing**	**Freehold**	**82,811**	**TDI Advertising Hanson White Autoglass**

An estate of nine units built in the early 1980s and located opposite Blackhorse Road Tube Station. The units are let on leases with approximately 13 years unexpired. During February we received a premium for accepting the surrender of a 12,600 sq ft unit and have relet the unit to Balfour Beatty after the year end.

Property	Sector	Tenure	Size (sq ft)	Principal tenants
The Colonnades Bishops Bridge Road London W2	**Mixed use**	**Leasehold 99 years from 1974**	**44,000 200 space car park 240 residential units**	**NCP Scottish & Newcastle Pizza Express Bishops Stores Ltd**

This long leasehold property comprises a mixed use development constructed in 1974 on an island site of 2.7 acres. The commercial element includes a 22,000 sq ft supermarket, a public house, 8 retail units and 10,000 sq ft of offices. Net income has risen 10% since purchase in July 1997, following rent reviews.

Value between £2 million and £5 million (continued)

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

Purchased in October 1997 this high quality office building has good parking and overlooks the principal marina in Southampton's regenerated docklands. Price Waterhouse have a lease until 2013 with a tenant's only break in October 2003.

Property	Sector	Tenure	Size (sq ft)	Principal tenants
HQ3, Hookrise, Tolworth, Surrey	**Warehousing**	**Freehold**	**56,100**	**Mitre Textiles Zebra Pens Ltd**

Acquired in February 1998 and located adjacent to the A3 trunk road, these three units were constructed in 1985, and have better than average office contents.

Property	Sector	Tenure	Size (sq ft)	Principal tenants
Holland Road Oxted, Surrey	**Industrial**	**Virtual Freehold**	**78,000**	**International Rectifer Ltd Rex Bousfield Ltd**

Six units constructed in the early 1970s, arranged in two terraces behind an older industrial estate. Recent improvements include new signage and resurfacing of the estate roads.

Property	Sector	Tenure	Size (sq ft)	Principal tenants
Aldcliffe Road Lancaster	**Retail Warehousing**	**Freehold**	**22,000**	**B&Q Retail Ltd**

Acquired in July 1997, this solus, first generation unit is situated close to the city centre and is let to B&Q until 2019. Since the year end this property has been sold.

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

This is one of three mixed use business centres managed, on our behalf, by Skillion. The centre provides light industrial space in a converted Victorian laundry together with more standard office accommodation in two 1960s 4 storey blocks. Battersea's proximity to central London has resulted in strong demand from both commercial and residential occupiers.

Value at under £2 million

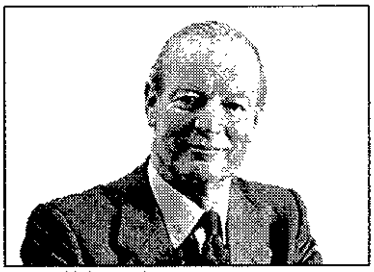
At 31 March 1998 the Group owned eleven further properties with individual values of under £2 million. They are located in Addlestone, Bolton, Cambridge, London W1, London SE7, London SE16, Ossett near Leeds, Preston, Swanley, Wallington and Weybridge. Five of them were purchased during the year. Their aggregate value was £14.125 million.

Spread of Direct Portfolio by Capital Value

as at 31 March 1998	Office and mixed use	In town retail	Out of town retail	Industrial & business space	Residential	Total
West End London	26.5%	-	-	-	-	26.5%
City of London	-	-	-	-	-	-
Other London	-	-	-	12.1%	-	12.1%
Around M25	9.7%	-	10.6%	23.5%	-	43.8%
Remainder of UK	4.7%	-	6.9%	3.2%	2.8%	17.6%
Total	40.9%	-	17.5%	38.8%	2.8%	100.0%

Directors

W G Cochrane CA
Chairman



R R St J Barkshire CBE TD JP DL ACIB

R W Carey FRICS

A Ross Goobey MA

P L Salsbury BSc

Managers

C M Turner ARICS

J L Elliott ACA

M A Phayre-Mudge ARICS

N P Taylor FCIS

Grant Cochrane, age 62, joined the board in 1989 and became Chairman at the Annual General Meeting in 1997. He was formerly chairman of Dunedin Fund Managers Ltd. He is a director of City Merchants High Yield Trust plc and recently retired from the board of LASMO plc.

John Barkshire, age 62, is a non-executive director of Sun Life and Provincial Holdings PLC and other companies. He is Chairman of Chaco Investments Limited, a subsidiary of TR Property Investment Trust PLC. He was Chairman and Chief Executive of Mercantile House Holdings plc from 1972 to 1987 and Chairman of LIFFE from 1982 to 1985. He is also Chairman of the committee on the market in single properties (The Barkshire Committee). He joined the Board in 1993.

Roger Carey, age 53, is Chief Executive of Saville Gordon Estates plc and a former Group Managing Director of Slough Estates plc. He is a past President of the British Property Federation and a member of the board of management of the British Council of Offices. He joined the Board in 1993.

Alastair Ross Goobey, age 52, is Chief Executive of Hermes Pensions Management Limited and President of the Investment Property Forum. He joined the Board in 1994.

Peter Salsbury, age 48, is a Joint Managing Director of Marks and Spencer p.l.c. where his responsibilities include general merchandise, group international procurement and Continental Europe. He joined the Board in 1997.

All directors are independent of the manager and are members of the Audit and Management Engagement Committees.

Chris Turner
has been the Fund Manager since 1995, when he joined Henderson following a career in the City as a property share analyst. He qualified as a Chartered Surveyor in 1970 and is a director of Henderson Investors Ltd.

Jo Elliott
qualified with Ernst & Young, became an investment analyst with Heron Corporation plc and then Corporate Finance Manager with SPP. LET prior to joining Henderson in 1995. She is finance manager for the TR Property Group.

Marcus Phayre-Mudge
qualified as a chartered surveyor in 1992. He joined Henderson in January 1997 from Knight Frank where he was an Associate Partner in Fund Management. He specialises in direct property investment.

Neil Taylor
is the appointed representative of Henderson Secretarial Services Ltd, the Corporate Secretary.

Report of the Directors

The Directors present their report and the audited accounts for the year ended 31 March 1998.

Status, Principal Activities and Business Review

The Company is an investment company as defined in Section 266 of the Companies Act 1985 and operates as an investment trust in accordance with Section 842 of the Income and Corporation Taxes Act 1988. Inland Revenue approval of the Company's status as an investment trust has been received in respect of the year ended 31 March 1997. The Directors are of the opinion that the Company has subsequently conducted its affairs in a manner which will enable it to continue to gain such approval. The Company has no employees and the 'close company' provisions do not apply.

The Group comprises an approved investment trust and a number of subsidiaries. A review of the business is given in the Chairman's Statement on pages 2 and 3 and the Manager's Report on pages 4 to 11.

Dividends

An interim dividend of 0.47p per share was paid on 8 January 1998.

The Directors recommend the payment of a final dividend of 0.65p per share on 27 July 1998, to shareholders on the register at 10 July 1998. The total dividend for the year is, therefore, 1.12p per share.

Directors' Interests in Shares and Warrants

	Ordinary Shares of 25p		Warrants
	31 March 1997	31 March 1998	31 March 1998
W G Cochrane	53,203	53,203	5,171
R R St J Barkshire	35,000	35,000	5,936
R W Carey	5,000	5,000	1,000
A Ross Goobey	-	-	-
P L Salsbury	-	10,000	-

Investments

The fully diluted net asset value per share, after deducting prior charges at par, was 54.36p compared with the basic net asset value per share of 44.03p on 31 March 1997, an increase of 23.5%. Details of the investments are shown within the Manager's Report on pages 4 to 11.

Property Valuation

Valuations of all the Group's properties as at 31 March 1998 have been carried out by external independent valuers. These valuations have been adopted in the accounts. Details of the valuers and changes in fixed assets are shown in notes 12 and 13 to the accounts.

Directors

The names and biographies of the Directors holding office at the year end are listed on page 13.

All the Directors have served throughout the year except for Mr P L Salsbury who was appointed a Director on 29 May 1997 and was re-appointed at the Annual General Meeting in 1997, and Mr P C Hyde-Thomson who retired at the AGM on 24 July 1997.

In accordance with the Articles of Association the Director due to retire by rotation is Mr W G Cochrane who, being eligible, offers himself for re-election.

The interests of the Directors in the share capital of the Company at the beginning of the year or, in the case of Mr P L Salsbury at 29 May 1997 being the date of his appointment and at the end of the year, together with their interests in warrants at the year end are shown in the table above. The Directors' interests in the warrants have been unchanged throughout the year. There have been no changes in the Directors' interests in shares or warrants between the end of the financial year and 18 June 1998.

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 had a service contract with the Company. All the Directors are independent of the management company.

Donations

During the year no political donations were made and donations of £1,489 were made to charities.

Payment of Suppliers

It is the Company's payment policy for the financial year to 31 March 1999 to obtain the best possible terms for all business. The Company agrees with its suppliers the terms on which business will take place and it abides by these terms. There were no trade creditors at 31 March 1998.

Report of the Directors continued

Manager and Company Secretary

Investment management, accounting, secretarial, administrative and UK custodial services are provided to the Group by subsidiary companies of Henderson plc trading as Henderson Investors.

The management contract provides for a notice period of one year. The management fee is 0.85% which is calculated on the average of the Group Equity Shareholders' funds, on the last day of March in each of the two years preceding the year of calculation. On the basis of the Board's expected long-term split of returns, in the form of capital gains and income in equal proportions, the Group charges 50% of its interest payable and management fee (as far as it relates to the maintenance or enhancement of the value of investments) to capital.
The investment manager uses certain services which are paid for or provided by various brokers. In return it places business, which may include transactions relating to the Company, with these brokers.

Year 2000

Henderson plc and its subsidiaries ("Henderson"), which provides investment management, UK custodial, accounting, administrative and company secretarial services to TR Property Investment Trust plc, has instigated a corporate action programme, under Henderson board supervision, to establish the precise scope of the risks posed to TR Property Investment Trust plc by the consequences of the Year 2000 date change and to address those risks. Henderson's strategy is to validate that its computer systems achieve Year 2000 conformity (as defined by the British Standards Institute in its paper DISC PD2000-1), and to require both its suppliers and the suppliers to TR Property Investment Trust plc to ensure that their computer systems achieve the same or an equivalent standard. Costs relating to the Year 2000 project are to be borne by Henderson.

Substantial Share Interests

Declarations of notifiable interests in the issued share capital of the Company at 18 June 1998, are set out on page 17.

Personal Equity Plan

The Company has conducted its affairs and will continue to conduct its affairs, in such a way as to comply with the Personal Equity Plan Regulations as a fully qualifying investment trust.

Auditors

A resolution to re-appoint Ernst & Young as auditors of the Company and to authorise the Directors to determine their remuneration is included in the Notice of Meeting.

Substantial Share Interests

Shareholder	% of issued shares
BT Pension Scheme	10.13
Post Office Staff Superannuation Scheme	7.40
Scottish Widows Investment Management Ltd	6.89
Legal & General Investment Management Ltd	4.97
Prudential Assurance Co Ltd	3.40

Annual General Meeting

The Annual General Meeting will be held on Thursday, 23 July 1998 at 12 noon. The Notice of Meeting is set out on page 39.

Authority to Allot Shares (resolution 5)

At last year's Annual General Meeting the Directors were authorised to allot authorised but unissued shares in the Company, equivalent to up to one third of the Company's issued shares. This power lapses at the 1998 AGM and resolution 5 seeks to renew this power.

Disapplication of Pre-emption Rights (resolution 6)

Power was also given to the Directors to issue shares equivalent to up to 5% of the Company's issued shares for cash without first offering them to existing shareholders in accordance with statutory pre-emption procedures. Again this power lapses at the AGM and resolution 6 seeks to renew this power.

Neither of the above existing powers have been used.

Authority to make Market Purchases of the Company's own Shares (resolution 7)

At the 1997 Annual General Meeting a special resolution was passed giving the Directors general authority to make market purchases of up to a maximum of 5% of the Company's shares for cancellation. This authority expires at the forthcoming AGM.

Resolution 7 which is proposed as a special resolution seeks to renew this authority which will subsist until the next AGM in 1999. The Directors have no immediate plans to make such purchases but would like to be able to act quickly should the share price discount to the net asset value per share be at such a level that the purchase of the shares would lead to an enhancement of shareholder value.

The maximum purchase price which may be paid for an ordinary share shall not be more than 5% above the average middle market price for the shares as taken from the Stock Exchange Daily Official List for the five business days preceding the date of purchase and the minimum price will be 25p, being the nominal value per ordinary share. Shareholders should note that, because any shares purchased by the Company will be cancelled, the number of shares in issue will be reduced accordingly.

This power has not been exercised since the last AGM.

Neil Taylor

By order of the Board
N P Taylor FCIS
For and on behalf of
Henderson Secretarial Services Limited
Secretary
18 June 1998

Directors' Statement on Corporate Governance

The Directors consider that during the year the Company has complied fully with the Code of Best Practice ("the Code") issued by the Cadbury Committee on the Financial Aspects of Corporate Governance.

The Board and Committees

The Board comprises wholly non-executive Directors and meets regularly throughout the year. All Directors are independent of the Company's investment manager. The Board has established audit and management engagement committees with specific terms of reference and membership of these committees comprises all the non-executive Directors. Matters specifically reserved for decision by the full Board have been defined and a procedure adopted for Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company.

Internal Financial Controls

The Directors are responsible for the internal financial control systems of the Group and for reviewing their effectiveness. These aim to ensure the maintenance of proper accounting records, the reliability of the financial information upon which business decisions are made and which is used for publication and that the assets of the Group are safeguarded. The internal financial controls operated by the Board include the authorisation of the investment strategy and regular reviews of the financial results and investment performance. The Board has contractually delegated to external agencies, including the investment manager, the management of the investment portfolio, the custodial services, (which includes the safeguarding of the assets), the registration services and the day to day accounting and company secretarial requirements. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of services offered including the financial control systems in operation in so far as they relate to the affairs of the Group. The investment manager has established an internal control framework to provide reasonable assurance on the effectiveness of internal financial controls operated on behalf of its clients. The effectiveness of the internal financial controls is assessed by the investment manager's compliance and internal audit departments on an ongoing basis.

The Company's audit committee meets with representatives of the investment manager and receives reports upon the quality and effectiveness of the accounting records and management information maintained on behalf of the Group. It reviews the half year and annual accounts and reviews the nature and scope of the statutory audit and the findings therefrom.

These internal financial control systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. By the procedures set out above the Directors have kept under review the effectiveness of the internal financial controls throughout the year.

Going Concern

The Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the accounts as the assets of the Company consist mainly of securities which are readily realisable and, accordingly, has adequate financial resources to continue in operational existence for the foreseeable future.

Report of the Auditors on Corporate Governance Matters

In addition to our audit of the accounts we have reviewed the Directors' statements on pages 18 and 19 concerning the Company's compliance with the paragraphs of the Cadbury Code of Best Practice specified for our review by the London Stock Exchange and their adoption of the going concern basis in preparing the accounts. The objective of our review is to draw attention to any non-compliance with Listing Rules 12.43(j) and 12.43(v).

We carried out our review in accordance with guidance issued by the Auditing Practices Board, and assessed whether the Directors' statements on going concern and internal financial control are consistent with the information of which we are aware from our audit. That guidance does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of either the Company's system of internal financial control or its corporate governance procedures nor on the ability of the Company to continue in operational existence.

Opinion

With respect to the Directors' statements on internal financial control and going concern on pages 18 and 19, in our opinion the Directors have provided the disclosures required by the Listing Rules referred to above and such statements are consistent with the information of which we are aware from our audit work on the accounts.

Based on enquiry of certain Directors and officers of the Company, and examination of relevant documents, in our opinion the Directors' statement on pages 18 and 19 appropriately reflects the Company's compliance with the other paragraphs of the Code specified for our review by Listing Rule 12.43(j).

Ernst & Young
Chartered Accountants and Registered Auditor
London
18 June 1998

Statement of Directors' Responsibilities in Respect of the Accounts

Company law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of the Group and of the net revenue of the Group for that period. In preparing those accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis, unless it is inappropriate to presume that the Group will continue in business.

The Directors confirm that the accounts comply with the above requirements.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the Auditors

to the members of TR Property Investment Trust plc

We have audited the accounts on pages 22 to 36 which have been prepared under the historical cost convention as modified by the revaluation of investment properties and fixed asset investments and on the basis of the accounting policies set out on pages 25 and 26.

Respective Responsibilities of Directors and Auditors

As described above the Company's Directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with the Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion, the accounts give a true and fair view of the state of the affairs of the Company and of the Group as at 31 March 1998 and of the total return of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young Ernst & Young
Chartered Accountants and Registered Auditor
London
18 June 1998

Group Statement of Total Return

(Incorporating the Revenue Account) for the year ended 31 March 1998

Notes		Year ended 31 March 1998 Revenue £'000	Capital £'000	Total £'000	Year ended 31 March 1997 Revenue £'000	Capital £'000	Total £'000
2	Total capital gains on investments	–	55,873	55,873	–	40,755	40,755
3	Franked and unfranked investment income	6,737	–	6,737	6,269	–	6,269
4	Net rental income	4,947	–	4,947	4,714	–	4,714
		11,684	55,873	67,557	10,983	40,755	51,738
	Property dealing profits less provisions	–	–	–	2	–	2
5	Interest receivable and similar income	1,184	–	1,184	1,001	–	1,001
	Gross revenue and capital gains	12,868	55,873	68,741	11,986	40,755	52,741
6	Management fee	(1,191)	(579)	(1,770)	(1,165)	(566)	(1,731)
7, 8	Other administrative expenses	(943)	–	(943)	(844)	–	(844)
	Net return on ordinary activities before interest payable and taxation	10,734	55,294	66,028	9,977	40,189	50,166
9	Interest payable and similar charges	(2,056)	(2,056)	(4,112)	(1,221)	(1,221)	(2,442)
	Net return on ordinary activities before taxation	8,678	53,238	61,916	8,756	38,968	47,724
10	Taxation on net return on ordinary activities	(2,313)	817	(1,496)	(2,014)	359	(1,655)
	Net return on ordinary activities after taxation	6,365	54,055	60,420	6,742	39,327	46,069
	Equity minority interests	(51)	(12)	(63)	(43)	(15)	(58)
	Net return attributable to ordinary shares	6,314	54,043	60,357	6,699	39,312	46,011
	Ordinary dividends						
	1st Interim of 0.47p (1997: 0.44p)	(2,212)	–	(2,212)	(2,071)	–	(2,071)
	Final of 0.65p (1997: 2nd interim: 0.59p)	(3,059)	–	(3,059)	(2,776)	–	(2,776)
		(5,271)	–	(5,271)	(4,847)	–	(4,847)
	Transfer to reserves	1,043	54,043	55,086	1,852	39,312	41,164
11	Return per ordinary share						
	Basic	1.34p	11.48p	12.82p	1.42p	8.36p	9.78p
	Fully diluted		n/a	n/a		7.38p	9.01p

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

The notes on pages 25 to 36 form part of these accounts.

Balance Sheets

as at 31 March 1998

Notes		Group 1998 £'000	Group 1997 £'000	Company 1998 £'000	Company 1997 £'000
	Fixed assets				
	Tangible assets	76	62	–	–
12, 13, 14	Investments	303,088	231,026	284,056	228,314
		303,164	231,088	284,056	228,314
	Current assets				
15	Debtors	8,432	9,374	8,255	5,965
	Cash at bank and short term deposits	9,082	16,388	5,969	14,747
		17,514	25,762	14,224	20,712
16	Creditors - amounts falling due within one year	11,790	8,536	36,011	41,846
	Net current assets/(liabilities)	5,724	17,226	(21,787)	(21,134)
	Total assets less current liabilities	308,888	248,314	262,269	207,180
16	Creditors - amounts falling due after more than one year	46,451	41,029	–	–
	Total net assets	262,437	207,285	262,269	207,180
	Capital and reserves				
17	Called up share capital	117,649	117,647	117,649	117,647
18	Share premium account	27,798	27,797	27,798	27,797
18	Warrant reserve	5,074	5,074	5,074	5,074
19	Other non-distributable reserves	100,975	46,932	105,641	51,455
19	Revenue reserve	10,773	9,730	6,107	5,207
21	Equity shareholders' funds	262,269	207,180	262,269	207,180
	Equity minority interests	168	105	–	–
		262,437	207,285	262,269	207,180
21	Net asset value per share - basic	55.73p	44.03p	55.73p	44.03p
	- fully diluted	54.36p	n/a	54.36p	n/a

These accounts were approved by the Directors on 18 June 1998

W G Cochrane – Director

The notes on pages 25 to 36 form part of these accounts.

Group Cash Flow Statement

for the year ended 31 March 1998

Notes		1998 £'000	1998 £'000	1997 £'000	1997 £'000
22	Net cash inflow from operating activities		8,830		8,005
	Servicing of finance				
	Interest paid	(3,914)		(1,999)	
	Debenture issue costs	–		(232)	
	Net cash outflow from servicing of finance		(3,914)		(2,231)
	Taxation (paid)/recovered		(484)		1,531
	Financial investment				
	Purchase of investments	(82,405)		(55,582)	
	Sale of investments	68,501		44,562	
	Deposit payment on property acquisition	(1,485)		–	
	Loans repaid by associated undertakings	676		158	
	Net cash outflow from financial investment		(14,713)		(10,862)
	Equity dividends paid		(4,988)		(4,706)
	Cash outflow before use of liquid resources and financing		(15,292)		(8,263)
23	Management of liquid resources				
	Decrease/(increase) in short term deposits		6,500		(4,989)
	Net cash outflow before financing		(8,769)		(13,252)
	Financing				
	Issue of shares	3		–	
	Issue of loan notes and debentures	50		16,000	
	Repayment of debentures	(650)		–	
	Bank loans drawn down	6,000		–	
	Bank loans repaid	(22)		–	
	Net cash inflow from financing		5,381		16,000
23	(Decrease)/increase in cash		(3,388)		2,748

The notes on pages 25 to 36 form part of these accounts

Notes to the Accounts

1 Accounting policies

(a) Basis of preparation

The accounts are prepared on the historical cost basis of accounting, modified to include the revaluation of investment properties and fixed asset investments. The accounts have been prepared in accordance with applicable accounting standards and with the Statement of Recommended Practice – "Financial Statements of Investment Trust Companies" (the "SORP"). All of the Group's operations are of a continuing nature.

(b) Basis of consolidation

The Group accounts consolidate the accounts of the Company and its subsidiary undertakings to 31 March.

The Group's interests in property joint ventures are consolidated as subsidiary undertakings where that interest is not less than 50%.

Undertakings, other than subsidiary undertakings, in which the Group has an investment representing 20% or more of the voting rights and over which it exerts significant influence, are treated as associated undertakings. The Group accounts include the appropriate share of the results and reserves of these undertakings based on the latest available accounts (see note 14). Other undertakings, in which the Group has an investment representing 20% or more of the voting rights but where the Directors consider that the Group does not exert significant influence, are not treated as associated undertakings and are accounted for as investments.

(c) Properties

Properties held by subsidiary undertakings for dealing are treated as current assets and are included in the balance sheet at the lower of cost and market value.

Properties held for long term investment are treated as follows:

(i) they are revalued annually and the aggregate surplus or deficit is transferred to/from non-distributable reserves; and

(ii) no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties where the unexpired lease term is 20 years or more. The Directors consider that this accounting policy is necessary for the accounts to give a true and fair view. Depreciation is only one of the factors reflected in the valuation, and the amount which might otherwise have been shown cannot be separately identified or quantified.

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

(d) Fixed asset investments

Fixed asset investments are valued at middle market prices. Unlisted investments are included at Directors' valuation, which is based on current market prices, trading conditions and the general economic climate. Where no active market exists for shares listed on inactive exchanges the Directors' valuation policy is used.

The Company's investments in subsidiary and associated undertakings are revalued annually to the Company's share of the net asset value of those undertakings.

(e) Capital gains and losses

Realised and unrealised capital gains and losses on investments, together with exchange differences arising on the translation of foreign currency assets and liabilities, are dealt with in the non-distributable reserves.

(f) Income

Dividend income from equity shares is recognised on an ex-dividend basis and income from fixed interest debt securities and preference shares is recognised on a time apportionment basis and, if material, so as to reflect the effective yield on each such security. Interest receivable is accounted for on an accruals basis.

(g) Expenses and interest payable

On the basis of the Board's expected long-term split of returns in the form of capital gains and income in equal proportions, the Group charges 50% of its interest payable and management fee (as far as it relates to the maintenance or enhancement of the value of investments) to capital. The finance cost in respect of capital instruments other than equity shares is calculated so as to give a constant rate of return on the outstanding balance.

(h) Interest rate swap contracts

Interest rate swap contracts are accounted for on an accruals basis and are not revalued. The net interest receivable/payable is credited against/added to the interest payable on debentures.

(i) Taxation

The tax effect of different items of expenditure is allocated between capital and revenue using the Group's effective rate of tax for the year. Advance corporation tax (ACT) payable on dividends paid or provided for in the year is written off, except when recoverability is considered to be reasonably certain or foreseeable. Irrecoverable ACT is charged to the revenue account, except to the extent that it arises because of the allocation of expenses to capital, leading to a higher distribution. Deferred taxation is provided for at the anticipated tax rate on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the accounts. A deferred tax asset or provision is established to the extent that it is probable that an asset or liability will crystallise in the future.

(j) Foreign currency

Transactions denominated in overseas currencies during the year are translated into sterling at the appropriate daily exchange rate. Assets and liabilities denominated in overseas currencies at the balance sheet date are translated into sterling at the exchange rates ruling at that date.

2 Total capital gains from investments

	1998 £'000	1997 £'000
Realised gains/(losses) based on historical cost	11,204	(1,874)
Amounts recognised as unrealised in previous years	(3,178)	5,805
Realised gains based on carrying value at previous balance sheet date	8,026	3,931
Net movement in unrealised appreciation	47,689	36,822
Net gain on foreign exchange	158	2
Total	55,873	40,755

3 Franked and unfranked investment income

	1998 £'000	1997 £'000
Franked:		
Listed investments	4,545	4,135
Unfranked:		
Dividends from listed investments	1,166	1,068
Interest from listed investments	821	921
Interest from unlisted investments	205	145
	2,192	2,134
Total	6,737	6,269

4 Net rental income

	1998 £'000	1997 £'000
Gross rent	6,298	5,445
Direct property expenses including ground rent	(1,351)	(731)
	4,947	4,714

5 Interest receivable and similar income

	1998 £'000	1997 £'000
Interest receivable	771	639
Other income	413	362
	1,184	1,001

6 Management fee

	1998 Revenue £'000	1998 Capital £'000	1998 Total £'000	1997 Revenue £'000	1997 Capital £'000	1997 Total £'000
Management fee	1,088	528	1,616	1,040	505	1,545
Irrecoverable VAT thereon	103	51	154	125	61	186
	1,191	579	1,770	1,165	566	1,731

A summary of the terms of the management agreement is given in the Report of the Directors on page16.

Notes to the Accounts continued

7 Other administrative expenses

(including irrecoverable VAT)

	1998 £'000	1997 £'000
Directors' fees (note 8)	87	90
Auditors' remuneration:		
for audit services (note 7a)	43	42
for non-audit services (note 7b)	6	6
Other expenses payable to the management company (note 7c)	8	21
Other expenses	799	685
	943	844

a) Includes £25,000 (1997: £24,000) relating to the parent undertaking.

b) Relates to taxation services and consultancy. In addition to the auditors' remuneration for non-audit services shown above, in the year ended 31 March 1997, £11,000 was deducted from the proceeds of the £15 million 8.125% debenture issue.

c) Other expenses payable to the management company relate to share plan administration services.

8 Directors' emoluments

	1998 £'000	1997 £'000
Paid by the Group:		
Aggregate fees	75	78
Sums paid to third parties for Directors' services	12	12
	87	90

All Directors are non-executive. Directors receive an annual fee of £12,500 each and the Chairman £22,500. Mr Barkshire also receives a fee as Chairman of Chaco Investments Ltd. The fee for Mr Ross Goobey is paid to Hermes Pensions Management Ltd.

9 Interest payable and similar charges

	1998 £'000	1997 £'000
Bank loans and overdrafts repayable within 1 year	46	29
Bank loans repayable after more than 5 years	384	–
Debentures repayable after more than 5 years	3,682	2,413
	4,112	2,442
Amount allocated to capital	(2,056)	(1,221)
Total allocated to revenue	2,056	1,221

10 Taxation

	1998 Revenue £'000	1998 Capital £'000	1998 Total £'000	1997 Revenue £'000	1997 Capital £'000	1997 Total £'000
UK Corporation tax at 31% (1997: 33%)	1,066	(817)	249	1,229	(588)	641
Overseas taxation	129	–	129	147	–	147
Tax attributable to franked investment income	909	–	909	827	–	827
Irrecoverable ACT written off	398	–	398	917	229	1,146
Deferred taxation	–	–	–	(37)	–	(37)
	2,502	(817)	1,685	3,083	(359)	2,724
Relief for overseas taxation	(129)	–	(129)	(147)	–	(147)
(Over)/under provision in respect of prior years						
– current	(60)	–	(60)	(939)	–	(939)
– deferred	–	–	–	17	–	17
	2,313	(817)	1,496	2,014	(359)	1,655

The potential liability to deferred taxation not provided in the accounts is as follows:

	1998 £'000	1997 £'000
Accelerated capital allowances	847	851
Losses	(509)	(618)
Other short term timing differences	4	(3)
	342	230

11 Return per ordinary share

Basic revenue return per ordinary share is based on the net revenue return on ordinary activities after taxation and minority interests of £6,314,000 (1997: £6,699,000) and on the weighted average number of ordinary shares in issue during the year, being 470,592,531 (1997: 470,588,845). Basic capital return per ordinary share is based on net capital gains of £54,043,000 (1997: £39,312,000) and on the same weighted average number of ordinary shares in issue.

The calculation of the fully diluted revenue and capital returns per ordinary share are carried out in accordance with the SORP. The assumption is made that all the warrants outstanding at the year end were exercised on the first day of the financial year. This would result in the weighted average number of shares in issue for calculation purposes being 564,706,614 shares in respect of both years. As required by the SORP the deemed proceeds of the exercise of the warrants of £44,703,000 (1997: £44,706,000) are then assumed to have been invested in 2.5% Consolidated Stock during the entire financial year. The revenue and capital returns from this assumed stock are included in the fully diluted returns per ordinary share. This results in no dilution of revenue return and a fully diluted capital return per ordinary share of 7.38p in 1997 and no dilution of revenue and capital returns for 1998.

The fully diluted capital return per ordinary share of 7.38p in 1997 is based on an assumed capital return of £41,682,000.

12 Fixed asset investments

	Group 1998 £'000	Group 1997 £'000	Company 1998 £'000	Company 1997 £'000
Listed at market value:				
United Kingdom	211,063	152,897	211,041	152,878
Overseas	16,030	21,540	16,030	21,540
Unlisted at Directors' valuation	487	567	487	567
Subsidiary undertakings (note 27)	–	–	30,920	28,051
Associated undertakings (note 28)	1,120	1,120	1,120	1,120
Investment properties	74,388	54,902	24,458	24,158
	303,088	231,026	284,056	228,314

The Company's investments in subsidiary and associated undertakings are stated at the Company's share of the net asset value of those undertakings.

Investment properties were independently valued on the basis of open market value in accordance with the definition set out in the appraisal and valuation manual published by the Royal Institution of Chartered Surveyors ("the new Red Book"). The valuations were carried out as at 31 March 1998 by Drivers Jonas save for residential properties held in Chaco Investments Limited which were valued by DTZ Pieda Consulting at the same date at £2,087,000.

The historical cost to the Group of the investment properties shown above was £72,065,000 (1997: £55,792,000).

13 Changes in fixed asset investments

	Group £'000	Company £'000
Valuation at 1 April 1997	231,026	228,314
Unrealised appreciation	(18,899)	(14,184)
Share of retained profit in associated undertakings	(980)	–
Cost at 1 April 1997	211,147	214,130
Additions at cost	82,416	58,980
Disposals at cost	(54,865)	(50,058)
Cost at 31 March 1998	238,698	223,052
Unrealised appreciation	63,410	61,004
Share of retained profit in associated undertakings	980	–
Valuation at 31 March 1998	303,088	284,056

14 Associated undertakings

The Group's associated undertakings are included in the Group accounts under the equity method of accounting as follows:

	£'000
Share of net assets at 1 April 1997 and 31 March 1998	1,120

Where the accounting dates of the associated undertakings are not co-terminous with that of the Group, balances include amounts extracted from the management accounts of the associated undertakings.

15 Debtors

	Group 1998 £'000	Group 1997 £'000	Company 1998 £'000	Company 1997 £'000
Securities and properties sold for future settlement	14	2,281	14	–
Amounts due from Group undertakings	–	–	1,028	–
Amounts due from associated undertakings	3,067	3,760	3,067	3,760
Advance corporation tax recoverable	574	398	574	398
Tax recoverable	1,035	1,032	818	567
Prepayments and accrued income	1,113	1,195	799	887
Other debtors	2,629	708	1,955	353
	8,432	9,374	8,255	5,965
Amounts falling due after more than one year included above are:				
Amounts due from associated undertakings	1,835	1,835	1,835	1,835

16 Creditors

Amounts falling due within one year:	Group 1998 £'000	Group 1997 £'000	Company 1998 £'000	Company 1997 £'000
Bank loans and overdrafts	3,039	615	3,039	615
Securities purchased for future settlement	1,204	1,134	1,204	1,134
Amounts due to Group undertakings	–	–	26,868	35,446
Advance corporation tax payable	937	1,084	937	1,084
Taxation payable	181	138	–	–
Proposed ordinary dividend	3,059	2,776	3,059	2,776
Accruals and deferred income	1,817	1,710	560	595
Other creditors	1,553	1,079	344	196
	11,790	8,536	36,011	41,846
Amounts falling due after more than one year:				
Debenture loans (a), (b), (c), (d) and (e) below	40,440	41,022	–	–
Bank loans	5,978	-	–	–
Other creditors	33	7	–	–
	46,451	41,029	–	–

16 Creditors continued

(a) £15,000,000 (1997: £15,000,000) participation by TR Property Finance Limited, a subsidiary undertaking, in 11.5% 2016 several debenture stock issued by TRUSTCO Finance plc, which is guaranteed by the Company by a floating charge over its assets.

(b) £25,000,000 (1997: £25,000,000) 8.125% 2008 debenture stock in the name of Trust Union Finance (1991) PLC, a subsidiary undertaking, which is guaranteed by the Company by a floating charge over its assets.

(c) £480,000 (1997: £480,000) 7.75% loan notes, issued by Trust Union Properties (Theale) Ltd, a subsidiary undertaking, for the financing of an investment property. The ultimate repayment of the loan notes is secured against that property. These notes were novated to Trust Union Properties (South Bank) Ltd, a fellow subsidiary undertaking, on 12 March 1997.

(d) £650,000 (at 31 March1997 only) 7.7% loan notes issued by Trust Union Properties (Cardiff) Ltd, a subsidiary undertaking, for the financing of an investment property. The notes were novated to Trust Union Properties Ltd, a fellow subsidiary undertaking, on 23 May 1997 and repaid on the sale of the property on 23 May 1997.

(e) £50,000 10.0% loan notes issued on 1 July 1997 by Trust Union Properties (Lathe) Ltd, a subsidiary undertaking, for the financing of a portfolio of investment properties.

17 Called up share capital

	1998 Number	1998 £'000	1997 Number	1997 £'000
Authorised:				
Ordinary shares of 25p	779,170,350	194,793	779,170,350	194,793
Issued, allotted and fully paid:				
Ordinary shares of 25p	470,594,382	117,649	470,588,845	117,647

On 1 August 1997, 5,537 ordinary shares were issued as the result of the exercise of 5,537 warrants at 47.5p per ordinary share.

18 Share premium account and warrant reserve

	Share premium		Warrant reserve	
	Group £'000	Company £'000	Group £'000	Company £'000
At 1 April 1997	27,797	27,797	5,074	5,074
Warrants exercised	1	1	–	–
At 31 March 1998	27,798	27,798	5,074	5,074

At 31 March 1998 there were 94,112,232 (1997: 94,117,769) warrants outstanding. The warrants give holders the right to subscribe for shares at a subscription price of 47.5p per share on 31 July in each of the years 1998 to 2002 inclusive.

19 Reserves

a) Group	Other non-distributable reserves Unrealised appreciation £'000	Realised reserves £'000	Total £'000	Revenue reserve £'000
At 1 April 1997	18,899	28,033	46,932	9,730
Transfer on disposal of assets	(3,178)	3,178	–	–
Net gains from fixed asset investments	47,689	8,026	55,715	–
Net gain on foreign exchange	–	158	158	–
Expenses and interest payable charged to capital	–	(2,635)	(2,635)	–
Tax relief on expenses and interest payable charged to capital	–	817	817	–
Minority interests on revaluations	–	(12)	(12)	–
Retained revenue for the year	–	–	–	1,043
At 31 March 1998	63,410	37,565	100,975	10,773

Unrealised appreciation at 31 March 1998 includes depreciation of £7,135,000 (1997: £7,135,000) relating to unlisted fixed asset investments and unrealised appreciation of £2,323,000 (1997: £890,000 depreciation) relating to investment properties.

b) Company	Other non-distributable reserves Unrealised appreciation £'000	Realised reserves £'000	Total £'000	Revenue reserve £'000
At 1 April 1997	14,184	37,271	51,455	5,207
Transfer on disposal of assets	(2,240)	2,240	–	–
Net gains from fixed asset investments	49,060	6,186	55,246	–
Net gain on foreign exchange	–	158	158	–
Expenses and interest payable charged to capital	–	(1,765)	(1,765)	–
Tax relief on expenses and interest payable charged to capital	–	547	547	–
Retained revenue for the year	–	–	–	900
At 31 March 1998	61,004	44,637	105,641	6,107

Unrealised appreciation at 31 March 1998 includes depreciation of £9,142,000 (1997: £12,008,000) relating to unlisted fixed asset investments and unrealised appreciation of £1,971,000 (1997: £350,000) relating to investment properties.

20 Company revenue account

As permitted by Section 230 of the Companies Act 1985, the Company has not presented its own revenue account. The net revenue after taxation of the Company dealt with in the accounts of the Group was £6,171,000 (1997: £5,159,000).

21 Net asset value per ordinary share

Basic net asset value per ordinary share is based on net assets attributable to ordinary shares of £262,269,000 (1997: £207,180,000) and on 470,594,382 (1997: 470,588,845) ordinary shares in issue at the year end. The fully diluted net asset value per ordinary share has been calculated on the assumption that the 94,112,232 warrants in issue at 31 March 1998 (1997: 94,117,769) were fully converted into ordinary shares at 47.5p per share.

Notes to the Accounts continued

Warrants are assumed to have been exercised when dilution would occur (when the net asset value is greater than or equal to the warrant exercise price of 47.5p). There was no dilution at 31 March 1997.

The movements during the year of the Group assets attributable to the ordinary shares were as follows:

	£'000
Total net assets at 1 April 1997	207,180
Proceeds on exercise of warrants	3
Total net return on ordinary activities after taxation	55,086
Total net assets at 31 March 1998	262,269

22 Reconciliation of Group operating revenue to net cash inflow from operating activities

	1998 £'000	1997 £'000
Net revenue before interest payable and taxation	10,734	9,977
Net sales of property dealing stock	–	85
Decrease in operating debtors	379	390
Decrease in operating creditors	(432)	(651)
Tax credits on franked investment income	(903)	(827)
UK income tax deducted at source	(262)	(274)
Overseas withholding tax suffered	(129)	(147)
Depreciation of tangible fixed assets	22	20
Property dealing profits	–	(2)
Management fee charged to capital	(579)	(566)
Net cash inflow from operating activities	8,830	8,005

23 Analysis of changes in net funds/(debt)

	At 1 April 1997 £'000	Cash flow £'000	Other non-cash changes £'000	At 31 March 1998 £'000
Cash at bank and overdrafts	15,773	(9,888)	158	6,043
Less deposits treated as liquid resources	(8,000)	6,500	–	(1,500)
	7,773	(3,388)	158	4,543
Liquid resources:				
Deposits included in cash	8,000	(6,500)	–	1,500
Debt:				
Debts falling due after more than one year	(41,022)	(5,378)	(18)	(46,418)
Finance leases	(7)	–	(26)	(33)
	(41,029)	(5,378)	(44)	(46,451)
Net debt	(25,256)	(15,266)	114	(40,408)

24 Commitments and contingent liabilities

At 31 March 1998 the Company had contingent liabilities and commitments relating to calls on investments, property purchases and underwriting commitments of £16,132,000 (1997: £3,996,000).

The Company has guaranteed the borrowings of one of its subsidiary undertakings to the extent of £10,000,000 (1997: £10,000,000), none of which had been drawn down at 31 March 1998 (1997: £nil). The Company has guaranteed a £15,000,000 (1997: £15,000,000) participation in 11.5% 2016 secured debenture stock and a £25,000,000 (1997: £25,000,000) 8.125% 2008 debenture stock (see note 16).

A subsidiary undertaking entered into an interest rate swap, for a nominal amount of £15,000,000, which matched the £15,000,000 debenture referred to above. Under the terms of the contract the Group received interest at a fixed rate of 11.5% p.a. and paid interest at a floating rate of 3.29% p.a. over 6 month LIBOR. The contract terminated on 22 August 1997.

25 Group reconciliation of movement in shareholders' funds

	1998 £'000	1997 £'000
Net revenue on ordinary activities after taxation and minority interests	6,314	6,699
Dividends	(5,271)	(4,847)
	1,043	1,852
Proceeds on exercise of warrants	3	–
Increase in non-distributable reserves	54,043	39,312
Net increase in shareholders' funds	55,089	41,164
Shareholders' funds at 1 April	207,180	166,016
Shareholders' funds at 31 March	**262,269**	**207,180**

26 Related party transactions

Under the terms of an agreement dated 15 March 1995 the Company has appointed wholly owned subsidiaries of Henderson plc ("Henderson") to provide investment management, accounting, secretarial, administrative and UK custody services. Details of the fee arrangements for these services are given in the Report of the Directors on page 16. The total of the fees paid or payable to Henderson under these agreements in respect of the year ended 31 March 1998 was £1,616,000 (excluding VAT) (1996: £1,545,000) of which none was outstanding at 31 March 1998 (1997: none).

In addition to the above services Henderson has provided the Company with share plan administration services. The total fees paid or payable for these services for the year ended 31 March 1998 amounted to £7,000 (excluding VAT) (1997: £19,000), of which £6,000 (1997: £8,000) was outstanding at 31 March 1998.

Notes to the Accounts continued

27 Subsidiary undertakings

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

Name of Company	Principal Activities
Trust Union Properties Ltd	Property investment and dealing
Trust Union Finance Ltd	Property finance
TR Property Finance Ltd	Investment holding and finance
* Trust Union Finance (1991) PLC	Investment holding and finance
Trust Union Properties (South Bank) Ltd	Property investment
Trust Union Properties (Theale) Ltd	Property investment
Trust Union Properties (Cardiff) Ltd	Property investment
Trust Union Properties (Lathe) Ltd	Property investment
The Colonnades Ltd	Property investment
Trust Union Properties (Number Twenty-Three) Ltd (90%)	Property investment
* New England Properties PLC	Property investment, development, dealing and management services
* New England Investments Ltd	Property investment
* New England Developments Ltd	Management services
Chaco Investments Ltd (90%)	Property investment and agency broking

* Indirectly held

Except as noted above all the subsidiary undertakings are wholly owned and all the holdings are ordinary shares. The Group also has other subsidiary undertakings which are either not trading or not significant.

28 Associated undertakings and substantial interests

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

Name of Company	Class of Shares held	Percentage Holding of Class	Principal Activities
Culverin Holdings Limited	Preferred Ordinary 1p	36.0%	Property investment
	Ordinary 10p	49.0%	and leisure
Controlrun Limited	B Ordinary £1	100.0%	Property investment
	Cumulative Redeemable		in petrol stations
	Preference 10p	100.0%	
Retirement Care Limited	Ordinary £1	24%	Property management

In addition to the above interests, at 31 March 1998 the Group held 33.1% of the 6.25% Convertible Cumulative Redeemable Preference Shares of Dencora PLC which is registered and operating in England and Wales and whose principal activities are property investment and development.

The Group also held interests in 3% or more of any class of capital in 26 investee companies. Other than Edge Properties PLC, in which the Group held 14.4% of the Ordinary 50p shares, none of these investments is considered significant in the context of these accounts.

Shareholder Information

Historical Performance for years ended 31 March

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Gross revenue (£'000)	5,417	9,228	10,151	7,618	4,817	8,247	10,275	15,591	14,643	11,986	12,868
Earnings and dividends (per share)											
(adjusted to present capital)											
Earned net	1.03	1.67	1.65	1.04	0.28	0.95	1.43	1.33	1.54	1.42	1.34
Paid net	0.80	1.20	1.45	1.45	1.45	0.90	0.90	0.94	0.98	1.03	1.12
Imputed tax	0.28	0.40	0.48	0.48	0.48	0.30	0.24	0.24	0.25	0.26	0.28
Gross dividend	1.08	1.60	1.93	1.93	1.93	1.20	1.14	1.18	1.23	1.29	1.40
Total assets less current liabilities (£'000)	144,489	171,940	145,637	125,190	110,459	96,473	146,847	190,991	191,404	248,314	308,888
NAV per share (pence)	54.0	65.8	54.5	40.6	30.7	28.8	42.0	34.0	35.3	44.0	54.4*
Indices of growth per share											
Share price	100	125	105	76	48	44	76	64	61	76	103
Net asset value	100	122	101	75	57	53	78	63	65	82	101
Dividend (net)	100	150	181	181	181	113	113	118	123	129	140
Dividend (gross)	100	148	179	179	179	111	106	109	114	119	130
FTSE Property Sector Index	100	120	100	91	59	71	92	81	86	110	140

*Fully diluted for warrant conversion.

Results

Half year announced: late November
Full year announced: late May/early June
Annual General Meeting: late July

Dividends

Interim paid: early January
Final paid: late July

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 by the Chairman.

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

Share Capital and Warrants

There were 470,594,382 ordinary shares in issue at the year end. This is an increase of 5,537 ordinary shares over the number in issue at the the beginning of the year following the exercise of 5,537 warrants on 31 July 1997. There are 94,112,232 warrants in issue. These give the holders the right to subscribe for ordinary shares at a subscription price of 47.5p per share on 31 July in each of the years 1998 to 2002 inclusive.

Share Price

Share and warrant prices are shown daily in the Financial Times, Daily Telegraph and other leading newspapers.

Share price information is also available from Bloomberg (TRY.LN), Reuters (TRY.L), and SEDOL No. 096409.

Website

Information on the Company can be accessed on the Trustnet and Interactive Web sites.
The addresses are **www.trustnet.co.uk** and **www.iii.co.uk**

Investment Manager

Henderson Investors Limited
3 Finsbury Avenue
London EC2M 2PA
Telephone: BT: 0171-638 5757
Mercury: 0171-410 4100
Fax: 0171-377 5742
Regulated by IMRO and the Personal Investment Authority.

Secretary

Henderson Secretarial Services Limited,
represented by N P Taylor FCIS

Registered Number

Registered as an investment company in England No. 84492

Registered Office

3 Finsbury Avenue
London EC2M 2PA
Telephone: BT: 0171-638 5757
Mercury: 0171-410 4100
Fax: 0171-377 5742

Registrar

Computershare Services PLC
PO Box No. 435
8 Bankhead Crossway North
Edinburgh EH11 4BR
Telephone: 0131-556 8555

Registered Auditor

Ernst & Young
Rolls House
7 Rolls Buildings
Fetter Lane
London EC4A 1NH

Capital Gains Tax

The value for CGT purposes of the Company's shares on 31 March 1982, the start of indexation allowance for inflation, is shown below.

Ordinary shares of 25p each	11.828p*†
Warrants issued 1994	3.775p†

For shareholders who acquired ordinary shares through the conversion of C Shares on 7 July 1994 the adjusted cost of the new shares for CGT purposes is 40.143†p per share.

Warrants issued to C shareholders have a base cost for CGT purposes of 12.811†p per warrant.

* Adjusted for share issues † Source: Dun & Bradstreet

The Finance Bill 1998 includes provisions, which if enacted in their present form, will make considerable changes to the way that chargeable gains are calculated for non-corporate shareholders in respect of disposals made on or after 6 April 1998. From that date pooling no longer applies and disposals are matched against shares previously acquired in the following order:

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

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

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

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

The special rules that apply to shareholders who are members of the Share Plan disposing of shares on or after 6 April 1998, are currently under review by the Inland Revenue, and the rules may not continue in their present form. The present rules are set out below.

For those shareholders who have purchased shares through the Henderson Investors Investment Trust Share Plan on a monthly basis, the Inland Revenue has rules for calculating the CGT liability (if any) on the sale of such shares. In addition to the normal statutory basis for calculating the CGT liability, an optional basis allows taxpayers to aggregate the cost of the shares purchased through the Henderson Investors monthly Share Plan during the Company's accounting year and treat them as if they were a single investment made in the seventh month of that year, which in your Company's case would be October. In this respect you are advised to keep a separate note of purchases made through the Share Plan since other purchases will not be eligible for the optional basis. Guidance notes prepared by the Association of Investment Trust Companies, which include a question and answer brief, should be read before you make a decision as to whether to opt for the optional basis and these are available free of charge from the Company Secretary at the Registered Office.

The calculation of the tax on chargeable gains will depend on personal circumstances. The above information is of a general nature and is not exhaustive. If you are in any doubt about your personal tax position, you are recommended to contact your professional advisor.

Analysis of Shareholders at 31 March 1998

	Number of holders	%	Number of shares held	%
Individual holders*	4,518	79.7	38,364,454	8.2
Banks and nominees	911	16.1	386,581,077	82.1
Insurance companies	9	0.2	5,784,116	1.2
Investment trusts	52	0.9	1,491,364	0.3
Pension funds	7	0.1	16,343,455	3.5
Other bodies corporate	170	3.0	22,029,916	4.7
	5,668	100.0	470,594,382	100.0

*Includes 1,538 shareholders who have invested through the Henderson Investors Investment Trust Share Plan.

Notice of Meeting

Shareholders' attention is drawn to the Report of the Directors on page 17 where an explanation of resolutions 5, 6 and 7 is given.

Notice is hereby given that the Ninety-Fourth Annual General Meeting of TR Property Investment Trust plc will be held at 3 Finsbury Avenue, London, EC2M 2PA on Thursday, 23 July 1998 at 12 noon for the following purposes:

1 To receive the report of the Directors and the audited accounts for the year ended 31 March 1998.

2 To declare a final dividend of 0.65p per ordinary share.

3 To re-elect Mr W G Cochrane as a director, being a director retiring by rotation.

4 To re-appoint Ernst & Young as auditors of the Company and to authorise the Directors to determine their remuneration.

To consider and, if thought fit, to pass resolution 5 as an ordinary resolution and resolutions numbered 6 and 7 as special resolutions:

5 THAT, the Board be and is hereby generally and unconditionally authorised to exercise all powers of the Company to allot relevant securities (within the meaning of Section 80 of the Companies Act 1985) up to an aggregate nominal amount of £39,000,000 and this authority shall expire at the conclusion of the next Annual General Meeting of the Company save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Board may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

6 THAT, subject to the passing of the previous resolution, the Board be and is hereby empowered pursuant to Section 95 of the Companies Act 1985 to allot equity securities (within the meaning of Section 94 of the said Act) for cash pursuant to the authority conferred by the previous resolution as if sub-section (1) of Section 89 of the said Act did not apply to any such allotment, provided that this power shall be limited:

(a) to the allotment of equity securities whether by way of a rights issue, open offer or otherwise to ordinary shareholders and/or holders of any other securities in accordance with the rights of those securities where the equity securities respectively attributable to the interests of all ordinary shareholders and/or such holders are proportionate to the respective numbers of ordinary shares and such securities held by them (or are otherwise allotted in accordance with the rights attaching to such securities) subject in either case to such exclusions or other arrangements as the Board may deem necessary or expedient in relation to fractional entitlements or local or practical problems under the laws of, or the requirements of, any regulatory body or stock exchange in any territory or otherwise howsoever;

(b) to the allotment (otherwise than pursuant to sub paragraph (a) above) of equity securities up to an aggregate nominal value of £5,882,000; and

(c) to the allotment of equity securities at a price of not less than Net Asset Value per share;

and shall expire at the conclusion of the next Annual General Meeting of the Company save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Board may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

7 THAT, the Company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of Section 163(3) of the Companies Act 1985) of Ordinary shares of 25 pence each in the capital of the Company ('Ordinary shares') upon and subject to the following conditions:

(a) the maximum number of Ordinary shares which may be purchased is 23,529,719 Ordinary shares;

(b) the maximum price at which Ordinary shares may be purchased shall not exceed 105 per cent of the average of the middle market quotations for the Ordinary shares as taken from the London Stock Exchange Daily Official List for the five business days preceding the date of purchase, and the minimum price is 25 pence, being the nominal value per Ordinary share, in both cases exclusive of expenses; and

(c) this authority shall expire at the conclusion of the next Annual General Meeting of the Company save that the Company may before such expiry enter into a contract to purchase Ordinary shares under which such purchases will or may be completed or executed wholly or partly after the expiration of this authority and may make a purchase of Ordinary shares in pursuance of any such contract.

By order of the Board
N P Taylor
Henderson Secretarial Services Limited
Secretary
18 June 1998

Notes

1. Pursuant to Section 34 of the Uncertified Securities Regulations 1995, only those shareholders registered in the register of members of the Company at 7.00pm on 21 July 1998 shall be entitled to attend and/or vote at the Annual General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of securities after 7.00pm on 21 July 1998 shall be disregarded in determining the rights of any person to attend or vote at the Meeting.
2. A shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and on a poll, to vote on his/her behalf. A proxy need not be a member of the Company.
3. A form of proxy is enclosed and to be valid must be lodged with the Registrar of the Company not less than 48 hours before the time fixed for the meeting.
4. This notice is sent for information only to warrant holders and holders of debentures issued by Trust Union Finance (1991) PLC.
5. The Register of Directors' Interests kept by the Company in accordance with Section 325 of the Companies Act 1985 will be open for inspection at the Annual General Meeting.

AI TC A member of the Association of Investment Trust Companies

Henderson Investors

Henderson Investors Investment Trust Share Plan offers:

- regular monthly savings from £50 per month or per quarter;
- lump sum investments from £500;
- a share exchange service whereby investors can sell existing UK company shares, unit trusts or gilts and reinvest the proceeds in the Company;
- an income reinvestment facility. Alternatively, dividends can be paid to a bank or building society account;
- all paperwork and documentation is simplified and reduced to a minimum; and
- half-yearly valuations and complimentary newsletter.

Henderson Investors Selection PEP offers:

- tax free income and tax free capital growth;
- no initial PEP charges;
- fixed annual management charge of £30 (+VAT)
- regular savings from £100 per month, or lump sum investments from £2,000;
- quarterly income withdrawal facility; and
- half-yearly valuations, reports and complimentary newsletter.

Both the Henderson Investors Investment Trust Share Plan and the Henderson Investors Selection PEP offer simple and flexible ways of investing in TR Property Investment Trust plc.

For a full information pack on the Henderson Investors Share Plan or Selection PEP, please write to:

Henderson Investors
FREEPOST
Newbury RG14 2ZZ

No stamp is required. Alternatively, please contact your Professional Adviser for further information or call the Investor Services Department at local rate on **0345 212 256** quoting the reference REPORT. Please call (44) 171 452 1315 if you are telephoning from abroad.

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

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

Please note that the Government has authorised plans for Individual Savings Accounts (ISAs), a new vehicle, to replace PEPs in April 1999. It appears certain, however, that existing PEPs will retain their tax advantage until April 1999.

Issued by Henderson Investors which is the name under which Henderson Investors Limited and Henderson Investment Funds Limited (both regulated by IMRO and the Personal Investment Authority) and Henderson Administration Limited (regulated by IMRO) provide investment products and services. The above companies have their registered offices at 3 Finsbury Avenue, London EC2M 2PA.

TR Property Investment Trust plc
is managed by

Henderson
Investors

An AMP Company