

# TR Property Investment Trust Ordinary Shares



April 2013

## Manager commentary

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Pan-European property shares had their first negative month since May 2012. The benchmark, FTSE EPRA/NAREIT Developed European Index Total Return (in GBP) fell 1.4% pulling back the Q1 2013 total return to +4.3%. The one year total return to the end of March stands at +17.8%. Whilst 2012 saw property shares as a group outstrip broader European equity markets, Q1 2013 has seen a reversal of this trend. We believe this is, at least partially, self inflicted by the sector particularly in the UK. Four UK companies raised capital in Q1 with Intu (£280m) and British Land (£493m) being by far the largest. None of them are trading above the price at which they raised equity and in fact the placing prices averaged 6% below the previous closing prices. Investors are clearly only prepared to allow capital to be raised if provided with a suitable discount and a strong rationale and even then are still prone to suffering a degree of indigestion.

The only Continental company to raise equity capital was Cofinimmo, which placed 0.9m treasury shares at €87.5 per share, 5.1% below the previous closing price.

The results season concluded with a rush of reporting in the last two weeks of the month. Company numbers have broadly been in line with expectations with modest earnings and dividend growth principally due to indexation (on Continental stocks) and further reductions in the cost of debt. The Central London focused businesses announced both asset value and rental growth for both the preceding period but also importantly forecasting into the new financial period. There was further tapping of bond markets with Fonciere des Regions completing a €180m 7-year bond with 330bps coupon. This follows their inaugural bond issue in October 2012.

At the stock level, there was an increased volatility in prices which is quite common around results. Unite, the student housing owner rose 10.6%, rebounding after some negative press commentary around student visa applications and backed up by good results. In Germany, Gagfah (+13.5%) and Patrizia (+11.2%) both bucked the trend of weakening pricing in the remaining German residential names (averaging a fall of

1.0%). Gagfah announced a significant reduction in their cost of debt following a comprehensive refinancing.

The Trust's financial year end is March and the full year NAV total return was +21.3% versus a benchmark return of +17.8% leading to 350bps of relative outperformance. The share price total return was +25.8%. Full year results will be published on 29th May accompanying the final dividend announcement. On 26 March, the Chairman of the Trust, Peter Salsbury announced his retirement from the Board. He will be succeeded by the Senior non-Executive Director, Caroline Burton.

## Fund performance to 28.03.2013 (%)

	Current month	YTD	1 year	3 year	5 year	NAV per share (capital only)	211.60p
NAV (capital only)	-1.44	+4.91	+17.37	+15.40	-2.36	Share price	186.30p
FTSE EPRA/NAREIT Developed European Index	-1.78	+3.78	+13.42	+8.92	-18.64	Discount (capital only)	-11.96%
Share price	+0.16	+7.69	+20.58	+16.88	-1.04	Yield	3.70%

Price is month-end mid price. Source: State Street.

## Standardised performance as at 28.03.2013 (%)

	2010/ 2011	2011/ 2012	2012/ 2013
TR Property Investment Trust Ordinary Shares	11.05%	-11.46%	17.37%
Benchmark	10.17%	-12.82%	13.42%

Figures are based on capital only NAVs. Source: State Street.

## Asset allocation (%)

UK Shares	36.4
UK Direct Property	7.4
Continental Shares	56.2
<b>Total</b>	<b>100.0</b>

## Key facts

**Fund objective:** The investment objective of the trust is to maximise total returns by investing in Pan European equities and UK direct property, focusing on long term capital and income growth.

**Net gearing:** 11.6%

**NAV frequency:** Daily

**Legal status:** UK Investment Trust

**Listing:** London Stock Exchange

**Dividends:** January, July

**Initial charge:** Nil

**Management fee:** £2.75m p.a plus 0.20% of net assets p.a

**Performance fee:** 15% of outperformance of benchmark plus 1% hurdle

**Investment manager:**

Thames River Capital LLP

**Stockbroker:** Cenkos Securities plc

**Administrator:** BNP Paribas

**Email:** www.trproperty.com

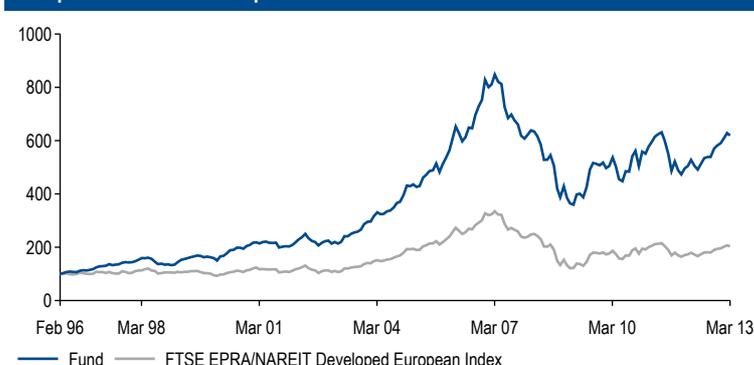
**Registrar:** Computershare Investor Services plc

## Sector allocation (%)

Industrial	8.3
Offices	36.3
Other	5.8
Residential	12.8
Retail	36.8
<b>TOTAL</b>	<b>100.0</b>

Figures above shown on a look-through basis.

## Fund performance since inception

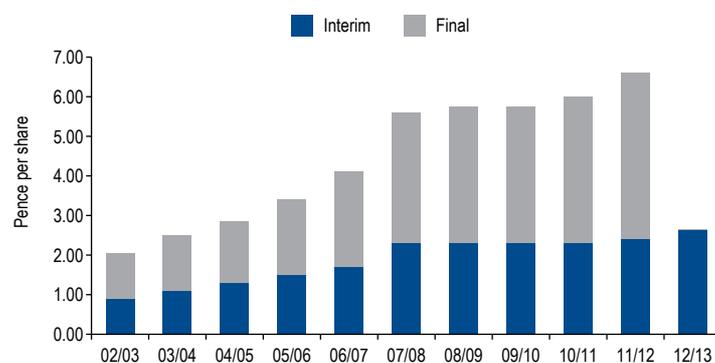


Past performance is not a guide to future performance. Values may fall as well as rise and investors may not get back the full amount invested. Income from investments may fluctuate. Income payments may constitute a return of capital in whole or in part. Income may be achieved by foregoing future capital growth. Changes in rates of exchange may have an adverse effect on the value, price or income of investments.

### See through geographical allocation (%)

Austria	2.5
Belgium	1.4
Central Europe	1.9
Denmark	0.1
Finland	1.6
France	19.6
Germany	12.9
Greece	0.0
Ireland	0.0
Italy	4.3
Netherlands	2.2
Norway	1.9
Other Overseas	0.3
Portugal	0.1
Russia	0.1
Spain	1.5
Sweden	10.5
Switzerland	3.7
UK	35.3
USA	0.1
<b>TOTAL</b>	<b>100.0</b>

### Dividend history



Source: State Street

### Top holdings (%)

UNIBAIL-RODAMCO	11.4
LAND SECURITIES	6.8
HAMMERSON	4.7
BRITISH LAND	4.4
GREAT PORTLAND ESTATES	3.8
KLEPIERRE	2.7
DERWENT LONDON	2.7
PSP SWISS PROPERTY	2.5
CORIO	2.5
ST MODWEN PROPERTIES	2.4

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