

Thames River Property Investment Trust Ordinary Shares



September 2012

Manager commentary

Marcus Phayre-Mudge
James Wilkinson



As if to prove that markets remain driven by macro based sentiment, the announcement by the ECB on 6 September of their 'unlimited' bond buying (for those sovereigns willing to sign up to the attached conditions) ignited markets which had been drifting downwards for the previous three weeks. Our view is that such commitment by the central bank is clearly a positive, the real test will be whether there is the political will to subscribe to the required fiscal budgeting.

(+10.5%) all overweight positions in the Fund. Our underweight to the Swiss stocks, on valuation grounds, also helped with SPS falling -3.9% in the month. If the ECB's strategy bears fruit we would expect to see these overpriced 'defensive' stocks weaken further.

Fund Overview

Pan-European property shares rose modestly over what is traditionally the quietest month of the year. However, the shape of the month's performance was more telling. The first week saw the continuation of the positive reaction (from 23 July) of investors to comments from Mario Draghi that the ECB would take steps to help peripheral sovereign bond markets. There then followed the lull in news through the rest of the month with share prices deflating on inactivity resulting in a total return of +0.44%. The Fund's NAV rose +0.77% in the month and the share price rose 1.9%. Performance was driven by our overweights in the UK and France. These two countries, along with Norway (just one stock) were the only parts of Europe to register a positive return in the month.

We remain focused on companies with high quality assets and appropriate gearing. Listed property companies, particularly the better resourced, continue to enjoy access to capital markets. British Land raised £400m of 2017 convertible bonds at a rate of 1.5%. The conversion premium was 31%. A great deal for the company and reflects their long duration income streams on quality assets. The marginal cost of debt continues to fall as property companies lock into lower rates.

Central London remains a rarity in European real estate, showing good rental growth across all subsectors. Derwent London's results produced 2.8% rental growth in the first half and values rose 3.3%. Outstanding performances also came from Unite, the student housing specialist (+15.5%), St Modwen (+11.9%) and Quintain

Fund performance to 31.08.2012 (%)

	Current month	YTD	1 year	3 year	5 year		
NAV (capital only)	+0.77	+13.77	-2.08	+9.64	-22.81	NAV per share (capital only)	184.00p
FTSE EPRA/NAREIT Developed European Index	+0.31	+9.86	-4.54	+5.56	-33.62	Share price	159.90p
Share price	+1.91	+15.95	-7.20	+1.40	-24.22	Discount (capital only)	-13.10%
						Yield	4.13%

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

Standardised performance as at 31.08.2012 (%)

	2009/ 2010	2010/ 2011	2011/ 2012
TR Property Investment Trust Ordinary Shares	-1.53%	13.72%	-2.08%
Benchmark	-1.59%	12.36%	-4.54%

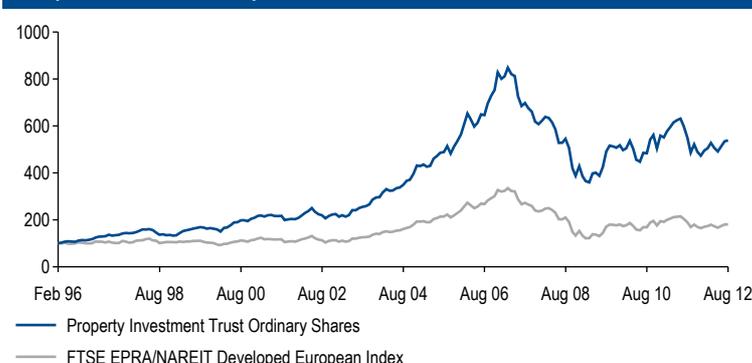
Figures are based on capital only NAVs. Source: State Street.

Sector allocation (%)

Industrial	9.1
Offices	37.7
Other	5.7
Residential	8.4
Retail	39.1
TOTAL	100.0

Figures above shown on a look-through basis.

Fund performance since inception



Source: State Street

Asset allocation (%)

UK Shares	37.6
UK Direct Property	10.0
Continental Shares	52.4
Total	100.0

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 Assets (Mn): £471.6mn

Net gearing: 7.9%

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% net of 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

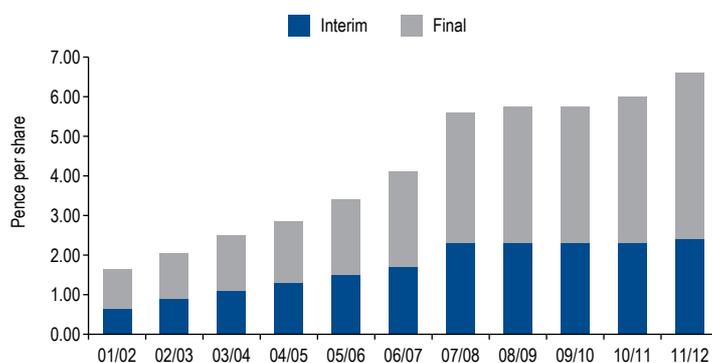
Registrar: Computershare Investor Services plc

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	0.7
Belgium	1.1
Central Europe	2.1
Denmark	0.2
Finland	0.8
France	21.1
Germany	7.2
Greece	0.0
Ireland	0.0
Italy	6.6
Netherlands	2.3
Norway	1.8
Other Overseas	0.4
Portugal	0.1
Russia	0.0
Spain	1.8
Sweden	8.9
Switzerland	3.8
UK	40.9
USA	0.2
TOTAL	100.0

Dividend history



Source: State Street

Top holdings (%)

UNIBAIL-RODAMCO	13.3
LAND SECURITIES	9.6
HAMMERSON	5.4
BRITISH LAND	4.2
DERWENT LONDON	3.3
PSP SWISS PROPERTY	3.3
KLEPIERRE	3.0
GREAT PORTLAND ESTATES	2.9
CORIO	2.4
CASTELLUM	2.1

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