

TR Property Investment Trust Ordinary Shares



March 2013

Manager commentary

Marcus Phayre-Mudge
Alban Lhonneur



Pan European property shares continued their positive run through February with the benchmark index (FTSE EPRA/NAREIT Developed Europe Index Total Return in GBP) rising 2.5%, bringing the year-to-date figure to 5.8%. The Fund's NAV rose 3.0% in February and is up 6.4% since the beginning of the year, 60bps ahead of the index. The share price has risen 7.5% in that two month period.

There is an important currency caveat which must be highlighted. The benchmark and the NAV of the Fund have benefited significantly from the weakening of the base currency (GBP) against the other European currencies, principally EUR which is 47% of the index. In EUR terms, the index has actually fallen 0.4% since the beginning of the year. Whilst GBP has been falling against EUR since the mid summer, the decline accelerated in 2013 with a devaluation of 5.7%

over the last two months. The Fund's overweight exposure to UK property companies remains heavily weighted to London. We believe that this (temporary) weakness in GBP is attracting investment in both residential and commercial property. It is certainly helping tourism and other local GDP generators. We continue to avoid investment outside of the South East of the UK. This tight focus on investable regions is a strong theme across the portfolio. German residential property remains favoured long-term, but share prices have stalled. The €1.5bn IPO of LEG Immobilien at the end of January has, we feel, created some indigestion amongst investors. Whilst the metrics for these businesses remain valid, returns are likely to be 'single digit' unless they continue to expand.

The reporting season is well underway and, in the main, results confirmed our views of the underlying property markets across Europe. The Dutch and Belgium office markets were as weak as expected with Nieuwe Steen, Befimmo and Cofinimmo all reporting pressure on rental values and declines in rental income (on a like for like basis). Corio, which invests in retail property across Europe, highlighted the key areas of weakness, particularly Spain, Southern Italy and Turkey. London-based companies such as Derwent London, and Capital & Counties

produced great figures – exceeding even the most bullish expectations. St Modwen saw its share price move to a premium to asset value and promptly raised equity (10% placing) for its 2015 redevelopment of New Covent Garden Market in Vauxhall. Capital raisings by Citycon and Intu (previously called Capital Shopping Centres) ostensibly to fund acquisitions (Kista in Sweden and Midsummer Shopping Centre in Milton Keynes respectively) were both viewed as defensive moves to help strengthen the balance sheets.

Fund performance to 28.02.2013 (%)

	Current month	YTD	1 year	3 year	5 year	NAV per share (capital only)	214.70p
NAV (capital only)	+3.07	+6.45	+24.50	+24.59	-1.56	Share price	186.00p
FTSE EPRA/NAREIT Developed European Index	+2.49	+5.65	+19.43	+17.20	-16.49	Discount (capital only)	-13.37%
Share price	+5.44	+7.51	+21.81	+20.70	-2.36	Yield	3.70%

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

Standardised performance as at 28.02.2013 (%)

	2010/ 2011	2011/ 2012	2012/ 2013
TR Property Investment Trust Ordinary Shares	14.35%	-12.49%	24.50%
Benchmark	13.21%	-13.33%	19.43%

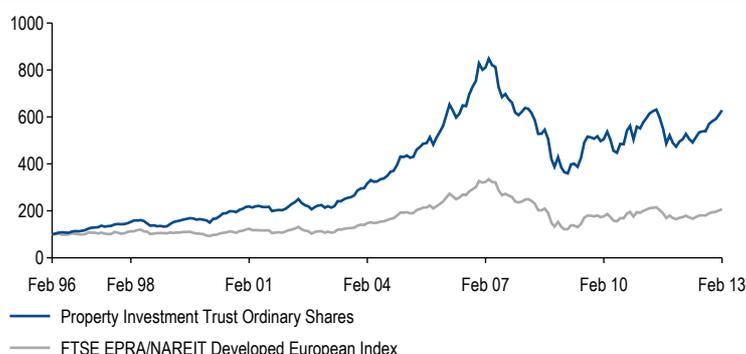
Figures are based on capital only NAVs. Source: State Street.

Sector allocation (%)

Industrial	8.8
Offices	35.5
Other	6.8
Residential	10.1
Retail	38.8
TOTAL	100.0

Figures above shown on a look-through basis.

Fund performance since inception



Source: State Street

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.

Asset allocation (%)

UK Shares	34.8
UK Direct Property	6.9
Continental Shares	58.3
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): £682.0mn

Net gearing: 11.4%

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

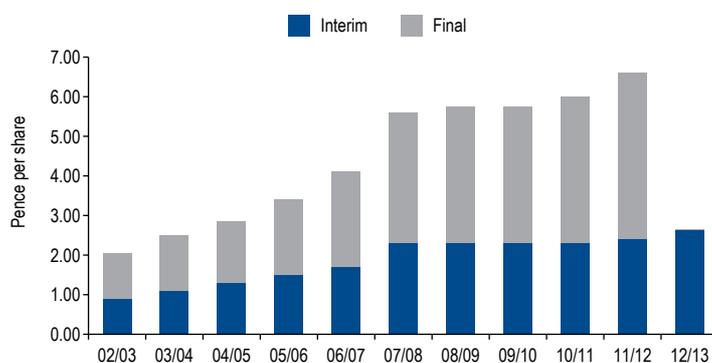
Email: www.trproperty.com

Registrar: Computershare Investor Services plc

See through geographical allocation (%)

Austria	1.2
Belgium	1.4
Central Europe	3.0
Denmark	0.1
Finland	1.5
France	22.2
Germany	10.8
Greece	0.0
Ireland	0.0
Italy	4.6
Netherlands	2.4
Norway	2.0
Other Overseas	0.3
Portugal	0.1
Russia	0.1
Spain	1.8
Sweden	9.3
Switzerland	3.7
UK	35.4
USA	0.1
TOTAL	100.0

Dividend history



Source: State Street

Top holdings (%)

UNIBAIL-RODAMCO	11.4
LAND SECURITIES	6.9
HAMMERSON	4.3
GREAT PORTLAND ESTATES	3.8
BRITISH LAND	3.4
KLEPIERRE	2.9
DERWENT LONDON	2.7
CORIO	2.5
PSP SWISS PROPERTY	2.4
GSW IMMOBILIEN	2.4

IMPORTANT NOTICE - REGULATORY INFORMATION AND RISK WARNINGS

This document is issued for information only by Thames River Capital LLP ("Thames River, the "Firm"). Thames River is authorised and regulated by the Financial Services Authority (FSA). This does not constitute an offer by Thames River to enter into any contract/agreement nor is it a solicitation to buy or sell any investment. The contents of this document are based upon sources of information believed to be reliable, however, save to the extent required by applicable law or regulations, no guarantee, warranty or representation (express or implied) is given to its accuracy or completeness and Thames River its members and officers do not accept any liability or responsibility in respect of the information or any views expressed herein. All data is sourced from the Firm unless otherwise indicated.