

Thames River Property Investment Trust Ordinary Shares



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Manager commentary

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Fund Overview

Pan-European property shares rose 4% in the month and the Total Return of the Ordinary share class NAV was 4.4%. Markets rose sharply at the end of June following the EU summit's decision to allow the injection of aid directly into stricken banks from next year and to create a single banking supervisor for Eurozone banks. Subsequently, share prices largely moved sideways until Mario Draghi began what appeared to be a concerted effort by politicians and central bankers to persuade markets that the ECB would (with the blessing of national governments) take steps to shore up peripheral sovereign bond markets following the 2 August rates meeting. Share prices reacted positively to these comments, adding nearly 4% from the 23 July to the month end.

With dominated by the impact of comments from Europe's central bankers and politicians it is not surprising that the UK (+5.3%) and Sweden (+8.9% in SEK) outperformed. With the markets taking Draghi comments positively at the beginning and end of the month, it was Switzerland (-0.5%), the traditional defensive play which underperformed. The Fund's performance was driven by the overweight to UK stocks, particularly London, as well as Unibail, our largest holding which rose 7.8%. Towards the end of the month our Italian stocks performed strongly in reaction to potential ECB support.

We remain sceptical that the ECB is currently in a position to take decisive action. It strikes us that all roads lead to Berlin. Germany has not yet ratified the ESM and remains concerned about plans that appear to mutualise national debts. Whilst the ECB can use the securities markets programme (SMP) to buy bonds, it is unlikely to do so in size without support from the Bundesbank. Similarly, it will look for a nod from Berlin before it purchases bonds issued by the EFSF, another source of potential support for sovereign bond markets.

Meanwhile, listed property companies continue to punch above their weight in terms of performance relative to the wider market and the physical

property market. They are attracting good support from lenders relative to the wider corporate world and non-listed property companies. Stock selection remains critical and we have had a number of reminders on the importance of management trust and credibility. Management is an important factor in our bottom-up screening process and we are confident that backing the right teams will generate superior returns over time.

The Ordinary share class went 'ex' its 4.2p final dividend on 4 July. Based on the month end share price of 156.9p, the current dividend yield is 4.2%.

Fund performance to 31.07.2012 (%)

	Current month	YTD	1 year	3 year	5 year		
NAV (capital only)	+4.34	+12.90	-10.79	+25.81	-21.96	NAV per share (capital only)	182.60p
FTSE EPRA/NAREIT Developed European Index	+3.87	+9.52	-11.80	+24.83	-32.35	Share price	156.90p
Share price	+6.01	+13.78	-17.29	+19.54	-24.20	Discount (capital only)	-14.07%
						Yield	4.20%

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

Standardised performance as at 31.07.2012 (%)

	2009/ 2010	2010/ 2011	2011/ 2012
TR Property Investment Trust Ordinary Shares	14.20%	23.50%	-10.79%
Benchmark	17.00%	20.97%	-11.80%

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

Sector allocation (%)

Industrial	8.7
Offices	37.6
Other	5.9
Residential	8.8
Retail	39.0
Total	100.0

Figures above shown on a look-through basis.

Fund performance



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	37.8
UK Direct Property	10.2
Continental Shares	52.0
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): £467.8mn

Net gearing: 9.4%

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

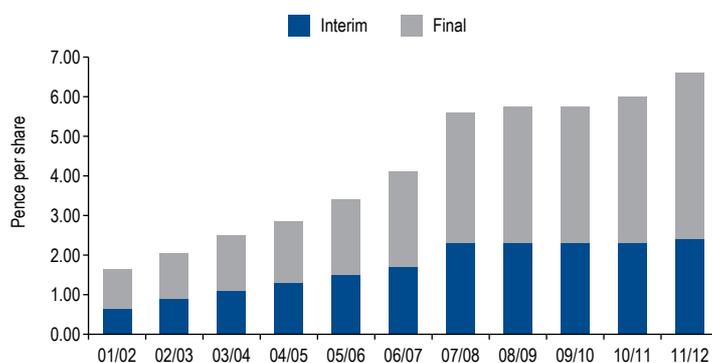
Administrator: BNP Paribas

Registrar: Computershare Investor Services plc

See through geographical allocation (%)

Austria	0.8
Belgium	1.1
Central Europe	2.1
Denmark	0.2
Finland	0.8
France	20.8
Germany	7.7
Greece	0.0
Ireland	0.0
Italy	6.5
Netherlands	2.3
Norway	1.7
Other Overseas	0.4
Portugal	0.1
Russia	0.0
Spain	1.8
Sweden	9.0
Switzerland	3.8
UK	40.6
USA	0.3
Total	100.0

Dividend history



Source: State Street

Top holdings (%)

UNIBAIL-RODAMCO	13.5
LAND SECURITIES	9.5
HAMMERSON	5.5
BRITISH LAND	4.4
DERWENT LONDON	3.3
PSP SWISS PROPERTY	3.2
KLEPIERRE	3.1
GSW IMMOBILIEN	2.7
GREAT PORTLAND ESTATES	2.7
CORIO	2.5

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