

TR Property Investment Trust Ordinary Shares



August 2013

Manager commentary

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European equity markets continued their bounce from the June low (24th) virtually uninterrupted throughout July. Property stocks were no exception and as a leveraged asset class they were destined to perform well when markets were calmed by further protestations from central bankers that short-term rates were not scheduled to rise until there was firm evidence of improvement in economic fundamentals. Those signs have begun to appear in UK data and coupled with the government's (possibly ill considered) stimuli to the housing market UK stocks saw strong outperformance. The Fund's NAV rose 7.44% whilst the benchmark rose +6.62%.

The top five performers were all UK smaller companies, particularly industrial and residential backed businesses,

gaining between 16% (Hansteen) and 20.3% (Grainger) in the month. St. Modwen – principally a mixture of industrial property and residential land, rose 17%. The best performer amongst the large caps was Segro (+11.3%), the only industrial large cap. Performance was driven by the improvement in GDP forecasts. This has already fed through in both the services and manufacturing segments of the PMIs.

Elsewhere in Europe it was a mixed month for property stocks. In local currencies France was the strongest performer (+6.8%) with Klepierre and Gecina both +13.5% on the back of good half-year numbers and the promise of further internal improvement. The Netherlands was amongst the weakest (+2.6%) as investors' concerns regarding consumer numbers and falling house prices found little comfort in domestic data. The same concerns could be felt in Italy where the political situation continues to add risk to a shrinking economy. The German residential names were relatively weak in the month but here it was stock specific rather than more fundamental economic issues. Sentiment was driven down by a combination of the reduced size of the Deutsche Annington IPO coupled with the stock overhangs

in Gagfah and LEG where lock-ups from previous private equity holders and their banks weighed heavily.

The Fund's relative outperformance in the month was driven by the broad overweight to the UK and in particular to smaller companies coupled with our participation in the Green REIT IPO and the primary issuance in New River Retail. Green REIT is the first Irish REIT and raised €310 million to invest principally in Dublin. The issue was heavily oversubscribed and the stock rose to a 15% premium to the issue price. New River raised £67 million for acquisitions at 205p (currently 243p). The combined investment was £8m.

Cumulative performance as at 31.07.2013 (%)

	Current month	YTD	1 year	2 years
Fund (Total Return)	7.44	15.67	28.11	18.84
Benchmark	6.62	12.99	23.71	13.73

Benchmark: FTSE EPRA/NAREIT Capped Total Return GBP

Standardised performance as at 31.07.2013 (%)

	2010/ 2011	2011/ 2012	2012/ 2013
Fund (Total Return)	-	-7.24%	28.11%
Benchmark	-	-8.07%	23.71%

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

Sector allocation (%)

Industrial	7.4
Offices	35.0
Other	5.8
Residential	15.5
Retail	36.2
TOTAL	100.0

Figures above shown on a look-through basis.

Asset allocation (%)

UK Shares	39.6
UK Direct Property	7.0
Continental Shares	53.4
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): £740.0mn

Net gearing: 11.6%

NAV frequency: Daily

Legal status: UK Investment Trust

Listing: London Stock Exchange

Dividends: January, July

Initial charge: Nil

Management fee: £3.325m plus 0.20% of net assets p.a.

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

Investment manager:
Thames River Capital LLP

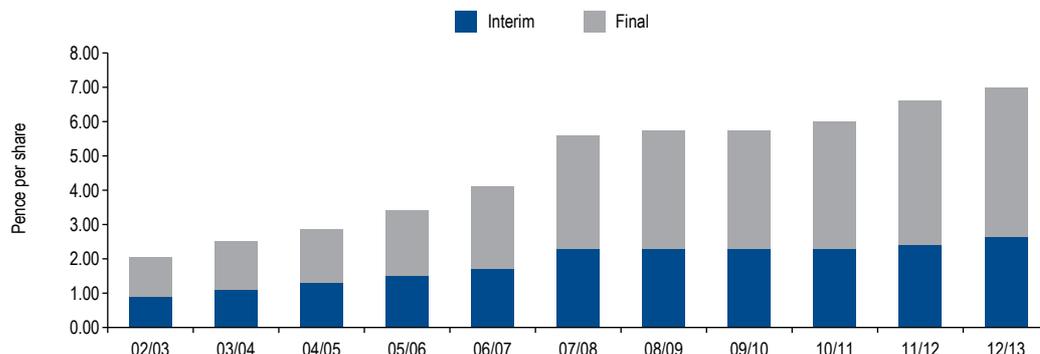
Stockbroker: Cenkos Securities plc, Oriel Securities

Administrator: BNP Paribas

Email: www.trproperty.com

Registrar: Computershare Investor Services plc

Dividend history



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. Changes in rates of exchange may have an adverse effect on the value, price or income of investments. Investments are concentrated in companies which are focussed on property markets; these are limited to a narrow segment of the economy. Performance may, therefore, differ in direction and degree from the overall stock market. Where investments are made in emerging markets, unquoted securities or smaller companies their potential volatility may increase the risk to the value of, and the income from, the investment.

If markets fall, gearing can magnify the negative impact on performance.

NAV per share (Total Return)	232.60p
Share price	211.50p
Discount	-9.07%
Yield	3.30%

See through geographical allocation (%)

Austria	2.6
Belgium	1.1
Central Europe	1.8
Denmark	0.1
Finland	1.6
France	17.4
Germany	15.7
Greece	0.0
Ireland	0.0
Italy	3.5
Netherlands	1.9
Norway	1.8
Other Overseas	0.3
Portugal	0.1
Russia	0.1
Spain	1.3
Sweden	10.8
Switzerland	3.7
UK	36.2
USA	0.1
TOTAL	100.0

Top holdings (%)

UNIBAIL-RODAMCO	9.9
LAND SECURITIES	7.3
HAMMERSON	5.0
BRITISH LAND	4.5
GREAT PORTLAND ESTATES	4.0
DERWENT LONDON	2.8
ST MODWEN PROPERTIES	2.7
LEG IMMOBILIEN	2.5
DEUTSCHE EUROSHOP	2.5
PSP SWISS PROPERTY	2.4

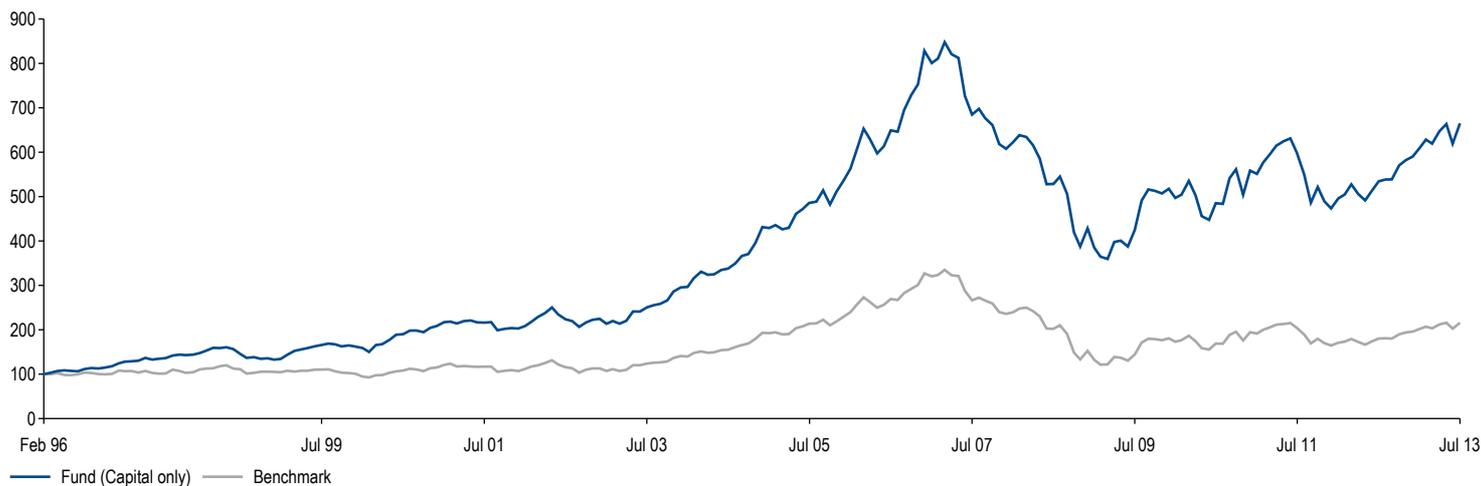
Fund performance to 31.07.2013 (%)

	Current month	YTD	1 year	3 year	5 year
Fund (Capital only)	7.42	12.64	24.42	37.08	25.82
Benchmark	6.50	10.12	19.69	27.71	6.69
Share price	11.32	22.25	34.80	42.33	40.07

Benchmark : 100.0% FTSE EPRA Europe Cap GBP

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

Fund performance



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