

# TR Property Investment Trust Ordinary Shares



April 2014

## Manager commentary

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European real estate stocks suffered their first collective negative month of 2014, with the Trust's benchmark, FTSE EPRA/NAREIT Developed Europe Capped Net Total Return (in GBP) falling -2%. This was greater than broader European equities which fell -0.7% as measured by the Stoxx 600 Index. The pullback was driven by the UK stocks which until this month had enjoyed outperformance of their 'Continental cousins', a situation which had persisted throughout 2013 and into the new year. Even after the fall of -3.5% in March, the UK property stocks had returned +6.6% YTD still ahead of the remainder of Europe (ex UK) which was +4.2%. The Trust's NAV was virtually flat in the month, falling just -0.1% and outperforming the benchmark by 189bps. The

majority of this performance (+160 bps) was from the revaluation of the property assets. The direct assets account for just under 8% of the net assets and are independently valued in September and March. The valuation increase of £14.8m was largely driven by valuation increases at The Colonnades, W2 (following the granting of planning permission to extend the supermarket and create new retail units) and Vauxhall, SW8 (now under offer for sale to a residential developer). However we also added relative performance in the equity portfolio through our nil holdings in Capital & Counties (-7% in the month) and Intu (-13.1%). Intu's performance reflected their announcement of a deeply discounted rights issue (raising £488m at a 53% discount to the December 2013 NAV), they have agreed to buy 2 shopping centres in the West Midlands and a retail park in Northern Ireland from Westfield for £868m. Equity investors were clearly spooked by Russia's involvement in the Ukraine and the subsequent annexation of the Crimea. The Stoxx 600 dropped -4.5% in the first two weeks of March only to recover almost all of that loss in the last two weeks as investors reflected on the damage to Russia's economy from the perceived land grab. Finnish property stocks with assets in Russia and the Baltic States

performed poorly with Sponda (-8.1%) and Technopolis (-7.1%).

Beyond the issues surrounding the eastern edges of Europe, the remainder of it continues to benefit from investor appetite for exposure just as other parts of the globe look less attractive with US equities looking expensive and many emerging markets looking vulnerable to a Chinese slowdown and rising US Treasury yields. Sovereign bond yields in peripheral Europe continue to fall with IGD, an Italian shopping centre owner +13.8% and Eurobank Properties in Greece +13.7% the top performers in the month. The appetite for assets in these perceived recovering economies remains undiminished and we have seen three 'cashbox' IPOs from Grupo Lar, Hispania and Kennedy Wilson Europe in the last 2 months with the first two focused on Spain and the latter on Ireland, the UK and Spain. We expect more, and early in April, Green REIT announced a further €400m raise to invest in Ireland.

## Cumulative performance as at 31.03.2014 (%)

	Current month	YTD	1 year	3 years
Fund (Total Return)	-0.04	8.05	21.97	36.00
Benchmark	-1.97	5.50	14.93	23.32

Benchmark: FTSE EPRA/NAREIT Capped Total Return GBP

## Standardised performance as at 31.03.2014 (%)

	2011/ 2012	2012/ 2013	2013/ 2014
Fund (Total Return)	-7.89%	21.06%	21.97%
Benchmark	-8.89%	17.78%	14.93%

Figures are based on capital only NAVs. Source: F&C Management Limited.

## Sector allocation (%)

Industrial	6.6
Offices	29.1
Other	7.6
Residential	17.1
Retail	39.6
<b>TOTAL</b>	<b>100.0</b>

Figures above shown on a look-through basis.

## Asset allocation (%)

UK Shares	42.8
UK Direct Property	7.6
Continental Shares	49.6
<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 Assets (Mn):** £822.0 mn

**Net gearing:** 15.2%

**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

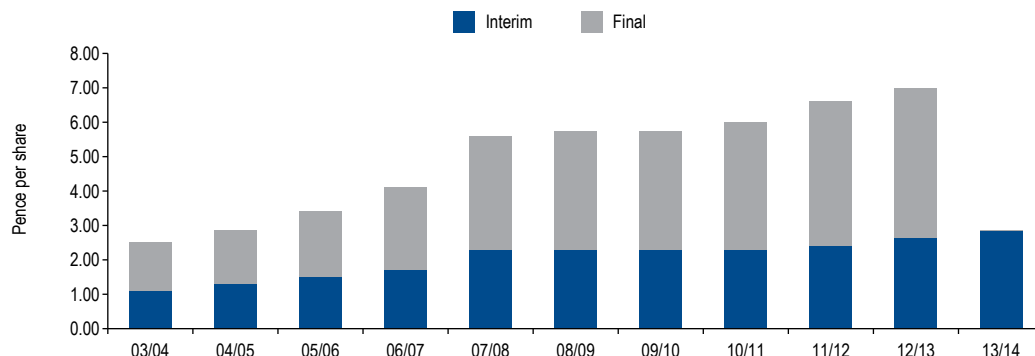
**Stockbroker:** Cenkos Securities plc, Oriel Securities

**Administrator:** BNP Paribas

**Email:** www.trproperty.com

**Registrar:** Computershare Investor Services plc

## Dividend history



Source: F&C Management Limited

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. The Company currently conducts its affairs so that the shares issued by the Company can be recommended by IFA's to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future. The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

NAV per share (Total Return)	255.10p
Share price	247.50p
Discount	-2.98%
Yield	2.90%

### See through geographical allocation (%)

Austria	0.7
Belgium	1.0
Central Europe	1.4
Denmark	0.1
Finland	2.3
France	18.4
Germany	14.9
Greece	0.0
Ireland	0.2
Italy	2.3
Netherlands	2.1
Norway	0.2
Other Overseas	0.3
Portugal	0.1
Russia	1.1
Spain	1.5
Sweden	8.5
Switzerland	1.7
UK	42.9
USA	0.2
<b>TOTAL</b>	<b>100.0</b>

### Top holdings (%)

LAND SECURITIES GROUP PLC	9.2
UNIBAIL-RODAMCO	8.5
BRITISH LAND CO PLC	4.7
HAMMERSON PLC	4.6
GREAT PORTLAND ESTATES PLC	3.7
DERWENT LONDON PLC	3.1
ST. MODWEN PROPERTIES PLC	3.1
LEG IMMOBILIEN AG	2.9
PSP SWISS PROPERTY AG-REG	2.7
DEUTSCHE WOHNEN (NON RANKING)	2.3

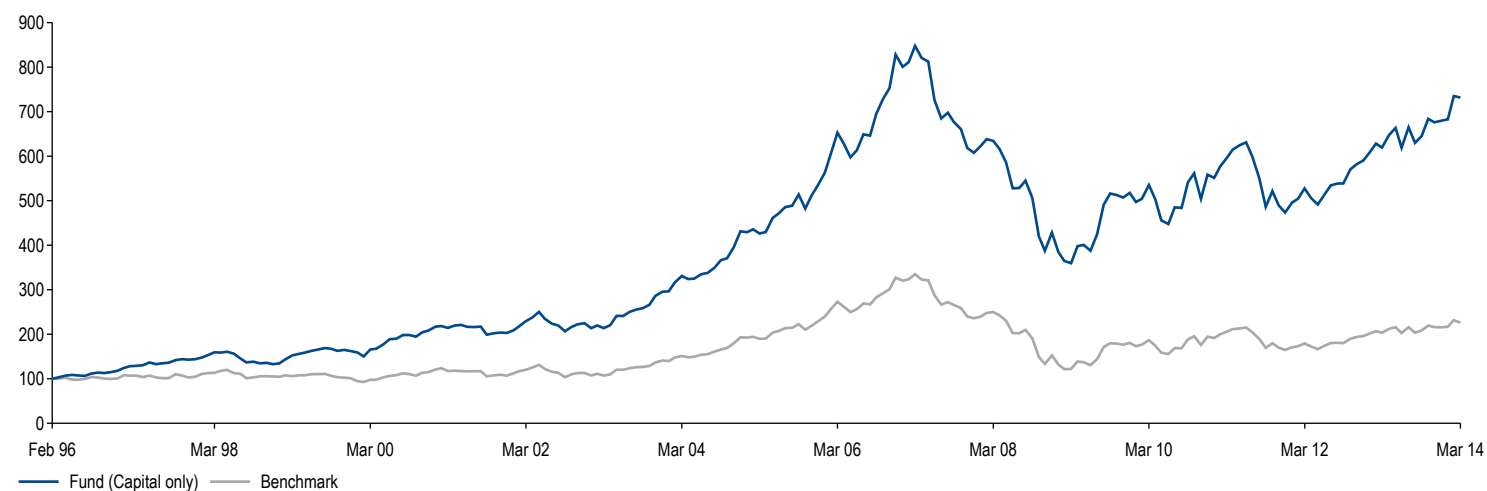
### Fund performance to 31.03.2014 (%)

	Current month	YTD	1 year	3 year	5 year
<b>Fund (Capital only)</b>	-0.48	7.67	18.15	22.78	103.52
<b>Benchmark</b>	-2.43	4.88	11.17	9.92	85.26
<b>Share price</b>	-1.04	9.27	32.85	39.75	133.49

Benchmark : FTSE EPRA/NAREIT Developed Europe Capped Index Net in GBP

Price is month-end mid price. Source: F&C Management Limited.

### Fund performance



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