

TR Property Investment Trust Ordinary Shares

TR Property Investment Trust plc ■ Closed-ended investment trust - long only pan-European and UK direct property

Manager commentary
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Performance in May was almost identical to April with the FTSE EPRA/NAREIT Europe Index Total Return (in GBP) falling -2.45%. As with April the index fell in the first half of the month, only to recover slightly in the second half. Real estate share prices have now returned to their end of January levels but are still up +4% year to date. Whilst the multi-layered and interwoven issues affecting the entire Eurozone continue to dominate market sentiment, property shares have continued to outperform the broader equity market with Stoxx Europe 600 down -6.8% in the month and down -2% year to date. We believe that the quality of income and the high dividend yield

offered by the sector continues to attract investors. In all this turmoil the opportunity to buy exposure to high quality physical assets in core markets is driving demand. The fund continues to increase its exposure to key cities and regions including London, Paris, Germany and Scandinavia. German property shares were the only national group to have a positive return in May and the residential stocks were particularly strong with GSW +12.2%, Deutsche Wohnen +12.6% and Gagfah +7.3%.

Whilst investors continue to worry about property companies' ability to refinance loans it is encouraging to report that a number of businesses continue to diversify their sources of debt. Great Portland announced that it raised \$200m in a US private placement and Unite raised £121m in a 10yr deal with L&G borrowing at 5% at 60% loan to value. This is another example of an insurance group participating in commercial property lending - we are confident that they will continue to compete with traditional bank finance in certain subsectors of the commercial

property market. Primary Health Properties raised 10% of their equity in an overnight placing to institutions at 305p raising £19m. The fund participated and the price was at a 6% discount to the previous closing price.

Whilst German property companies performed, the peripheral eurozone continued to suffer with Italian stocks falling -19.3% and Greek (just one stock) -38.2%. Year to date, Spanish property shares are down -49.7% whilst Norway is +12.3% and Sweden +1.2% (in local currency). There continues to be huge regional performance disparity which is not unexpected and the portfolio is positioned accordingly.

Preliminary annual results were published on 23rd May including the announcement of the final dividend of 4.2p, a 10% increase on the previous year. Combined with the interim of 2.4p, the trailing dividend yield at the end of May was 4.5%.

Fund performance to 31.05.2012 (%)

	Current month	YTD	1 year	3 year	5 year		
NAV (capital only)	-2.82	+3.81	-21.35	+22.62	-39.51	NAV per share (capital only)	167.90p
FTSE EPRA/NAREIT Developed European Index (capital only, GBP)	-3.51	+1.16	-21.87	+21.46	-48.17	Share price	144.10p
Share price	-3.09	+4.50	-28.31	+16.44	-40.69	Discount	14.20%
						Yield	4.60%

Price is month-end mid-price. Source: BNP Paribas, Bloomberg. Refer to back of the monthly newsletter for monthly/annual return history and dividends.

Geographic allocation (%)

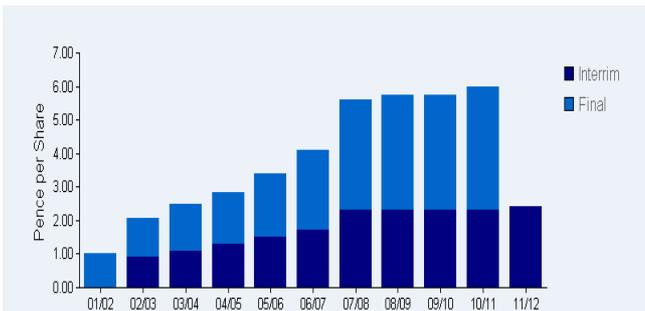
Austria	0.8
Belgium	1.1
Central Europe	2.2
Denmark	0.2
Finland	0.3
France	21.1
Germany	8.4
Italy	6.4
Netherlands	2.4
Norway	1.7
Other Overseas	0.4
Portugal	0.2
Spain	1.9
Sweden	8.8
Switzerland	3.8
UK	39.9
USA	0.4
Total	100.0

Fund performance 28.02.1996 to 31.05.2012



Prior to 01.09.01 the benchmark was FTSE Real Estate index and prior to 01.04.07 it was the S&P Citigroup European Property Index. Source: BNP Paribas, EPRA.

Dividend history 28.02.2001 to 31.05.2012



Prior to 01.09.2001 the benchmark was FTSE Real Estate Index and prior to 01.04.2007 it was the S&P Citigroup European Property Index. Source: BNP Paribas.

Asset allocation (%)

Continental Shares	52.9
UK Shares	36.3
UK Direct Property	10.8
Total	100.0

Sector allocation (%)

	Fund
Industrial	8.2
Offices	36.8
Other	5.9
Residential	9.1
Retail	40.0
Total	100.0

Figures above shown on a look-through basis.

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Top 10 holdings (%)

UNIBAIL-RODAMCO	13.0
LAND SECURITIES	9.0
HAMMERSON	5.3
BRITISH LAND	4.7
GSW IMMOBILIEN	3.4
DERWENT LONDON	3.3
KLEPIERRE	3.2
CORIO	3.1
PSP SWISS PROPERTY	2.9
GREAT PORTLAND ESTATES	2.4

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): £430.2mn

Net gearing: 9.0%

NAV frequency: Daily

Dealing: Daily (stockmarket)

Legal status: UK Investment Trust

Listing: London Stock Exchange

Dividends: January, July

Initial charge: Nil

Management fee: £2.65m p.a plus 0.20% net of assets p. a.

Performance fee: 15% of outperformance of benchmark plus 2% hurdle

Investment manager: Thames River Capital LLP

Stockbroker: Cenos Securities plc

Administrator: BNP Paribas

Contact: c/o Joanne Elliott, TRC

Email: jelliott@thamesriver.co.uk

Registrar: Computershare Investor Services plc

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