

TR Property Investment Trust Ordinary Shares



June 2014

Manager commentary

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European real estate stocks enjoyed another positive month with the Trust's benchmark, FTSE EPRA/NAREIT Developed Europe Capped Net Total Return (in GBP) rising 3.0% bringing the year to date figure to 11.2%. Once again property shares outperformed the broader European equity market which has returned YTD 7.6% (EuroStoxx 600 Index in EUR). The Eurozone property companies again outperformed the UK names rising 6.1% (in EUR) versus 3.0% for the UK. For the first time since 2009, the Eurozone has outperformed the UK over a 6 month period when viewed in local currency. At the time of writing (5th June) the ECB announced a package of measures designed to boost the credit transfer mechanism through further loosened monetary policy with some key interbank rates set an

negative rates and other incentives for banks to lend more to the private sector. The outperformance of Eurozone stocks over the last couple of month had been increasingly driven by the expectation of the ECB's plan of action. Mr Draghi did not disappoint. Whilst there was no large scale asset purchasing programme ('QE'), there was confirmation that the ultra low base rate would be extended further into the future ('lower for longer'). It is no surprise that a leveraged asset class such as property has continued to benefit from these historic central bank policy moves. Sovereign bond yields have continued to fall across the Eurozone with record lows in the core countries of Germany and France as well as dramatic improvement in the peripheral nations. The combination of lowering the risk free rate and the anticipation of cheaper borrowing is driving property equity values upwards. However occupational market fundamentals require real growth (and greater employment and /or spending power) and there remains precious little of that outside of Germany. Where fundamentals do continue to improve is the UK, particularly office and industrial rents in the South East. The lack of new development over the last 5 years is leading to a shortage of choice for businesses with larger requirements. In the

logistics space we continue to see more 'build to suit' as tenants can't find existing space. House prices across the UK, Germany and Sweden continue to rise and in the UK some lenders are endeavouring to cool demand by imposing stronger loan limits based on borrowers earnings. The UK's largest property companies, Land Securities and British Land both reported March full year results this month. Whilst both sets of results were broadly in line with market expectations there is now a growing difference in their respective balance sheet strategies. Land Securities is likely to reduce leverage through sales, even with a significant amount of capital expenditure in its ongoing year development pipeline whilst British Land not only raised capital in 2013 but has maintained higher leverage through acquisitions. The Trust also reported its March full year results with a 12 month NAV increase of 22.4% and announced a final dividend of 4.6p to be paid in August. This brings the full year dividend to 7.45p.

Cumulative performance as at 30.05.2014 (%)

	Current month	YTD	1 year	3 years
Fund (Total Return)	3.26	14.10	18.40	34.33
Benchmark	3.00	11.16	12.14	22.53

Benchmark : FTSE EPRA/NAREIT Capped Total Return GBP

Standardised performance as at 30.05.2014 (%)

	2011/ 2012	2012/ 2013	2013/ 2014
Fund (Total Return)	-17.99%	38.35%	18.40%
Benchmark	-18.54%	34.12%	12.14%

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

Sector allocation (%)

Industrial	6.6
Offices	31.9
Other	5.8
Residential	21.5
Retail	34.2
TOTAL	100.0

Figures above shown on a look-through basis.

Asset allocation (%)

UK Shares	41.9
UK Direct Property	7.4
Continental Shares	50.7
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 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

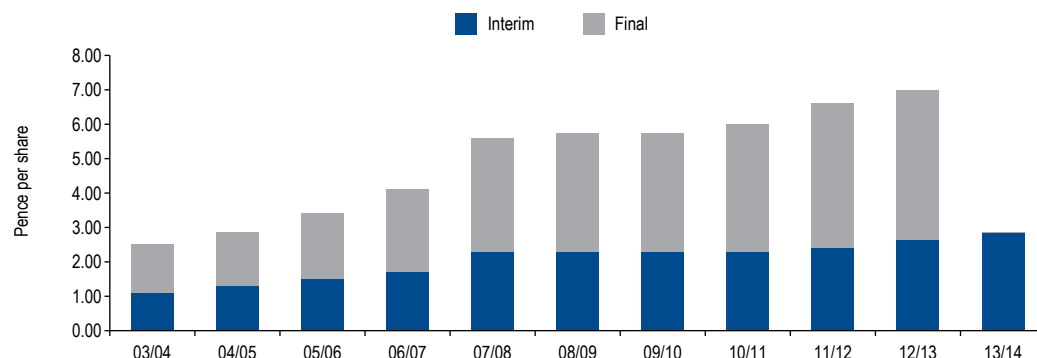
Administrator: BNP Paribas

Email: www.trproperty.com

Registrar: Computershare Investor Services plc

NAV per share (Total Return)	269.40p
Share price	265.00p
Discount	-1.63%
Yield	2.80%

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.

See through geographical allocation (%)

Austria	0.7
Belgium	1.0
Central Europe	1.9
Denmark	0.1
Finland	1.2
France	16.2
Germany	18.8
Greece	0.0
Ireland	0.1
Italy	2.0
Netherlands	1.9
Norway	1.4
Other Overseas	0.3
Portugal	0.1
Russia	0.1
Spain	1.3
Sweden	10.6
Switzerland	3.9
UK	38.1
USA	0.3
TOTAL	100.0

Top holdings (%)

LAND SECURITIES GROUP PLC	9.3
UNIBAIL-RODAMCO	8.9
BRITISH LAND CO PLC	4.9
HAMMERSON PLC	4.8
GREAT PORTLAND ESTATES PLC	3.8
LEG IMMOBILIEEN AG	3.1
DERWENT LONDON PLC	3.0
ST. MODWEN PROPERTIES PLC	2.7
PSP SWISS PROPERTY AG-REG	2.6
KLEPIERRE	2.4

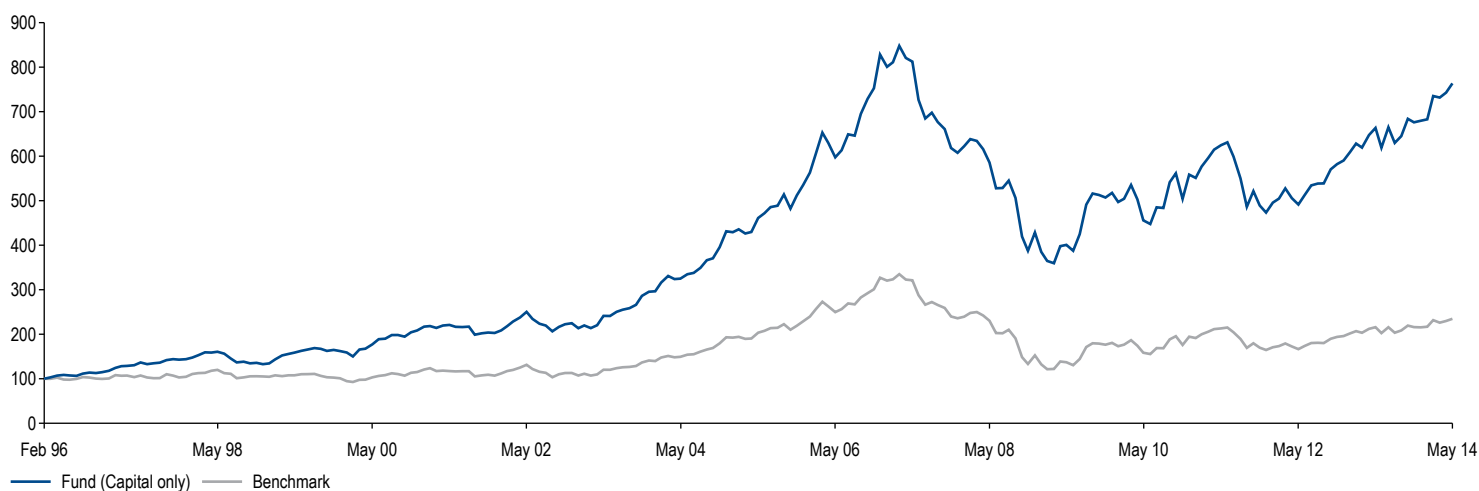
Fund performance to 30.05.2014 (%)

	Current month	YTD	1 year	3 year	5 year
Fund (Capital only)	2.80	12.36	15.09	22.22	90.54
Benchmark	2.14	8.90	8.72	10.13	71.21
Share price	6.38	17.00	28.39	31.84	114.14

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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