

# TR Property Investment Trust Ordinary Shares



December 2013

## Manager commentary

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European real estate stocks pulled back slightly in the month, in line with broader pan European equities. The Fund's benchmark, FTSE EPRA/NAREIT Developed Europe Capped Net Total Return in GBP fell -1.74% whilst the NAV fell less at -0.96%, leading to relative performance of 78bps. The share price fell -2.4% in the month. There was little differential between the performance of the UK and Continental Europe in the month and the YTD performance gap between the two remains at, an astonishing 1300bps (21.8% v 8.6%). Pan European property stocks have now pulled back 5% from the October recovery point and 6.1% from the 2013 peak in mid May. However US Reits have fallen over 16% from their May highs and are down 8% from the more recent October recovery. We think that US stocks

are being (overly) penalised for the continuing expectation of near term tighter monetary policy. Europe is in a very different position and whilst all risk assets ultimately price off the risk free rate (US long dated Treasuries generally) and are therefore exposed if Treasury yields rise – the impact is much more muted this side of the Atlantic. The ECB has cut inflation forecasts for the Eurozone and ultra loose monetary policy remains in place.

At the stock level, CA Immo, the Austrian developer / investor rose 9.4% in the month as investors responded to the partial sale of Tower 185 in Frankfurt. There are only two Austrian companies and the gulf in performance YTD could not be starker. CA Immo has returned 20.8% whilst Conwert (which the fund does not hold) has fallen -2.8% YTD. In Germany, Deutsche Wohnen rose 6.7% in the month as the acquisition of GSW went unconditional. The GSW shares have now converted into Wohnen stock but remain a separate class of share until after 28th May (when the original Wohnen shares receive the final dividend.

The worst performers in the month were Nieuwe Steen (-16.9%), the Dutch owner of mainly secondary offices and

DIC Asset (-12.5%) in Germany. Both carried out what were effectively deeply discounted capital raisings (in order to de-gear their balance sheets) but veiled behind more complex corporate activity. The fund doesn't hold Nieuwe Steen and has a de minimis holding in DIC.

We are also pleased to report that the Trust has won an award – the Investment Week Awards 2013, Investment Trust of the Year – Property. The judging panel commented on both performance and the successful re-merger of the two share classes as contributing factors. The Trust went 'ex' its interim dividend of 2.85p on 4th December.

## Cumulative performance as at 29.11.2013 (%)

	Current month	YTD	1 year	2 years
Fund (Total Return)	-0.96	18.15	19.94	47.12
Benchmark	-1.74	13.40	14.61	36.21

Benchmark : FTSE EPRA/NAREIT Capped Total Return GBP

## Standardised performance as at 29.11.2013 (%)

	2010/ 2011	2011/ 2012	2012/ 2013
Fund (Total Return)	-	22.66%	19.94%
Benchmark	-	18.85%	14.61%

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

## Sector allocation (%)

Industrial	6.5
Offices	34.6
Other	6.2
Residential	16.4
Retail	36.3
<b>TOTAL</b>	<b>100.0</b>

Figures above shown on a look-through basis.

## Asset allocation (%)

UK Shares	42.8
UK Direct Property	6.4
Continental Shares	50.8
<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 gearing:** 15.3%

**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

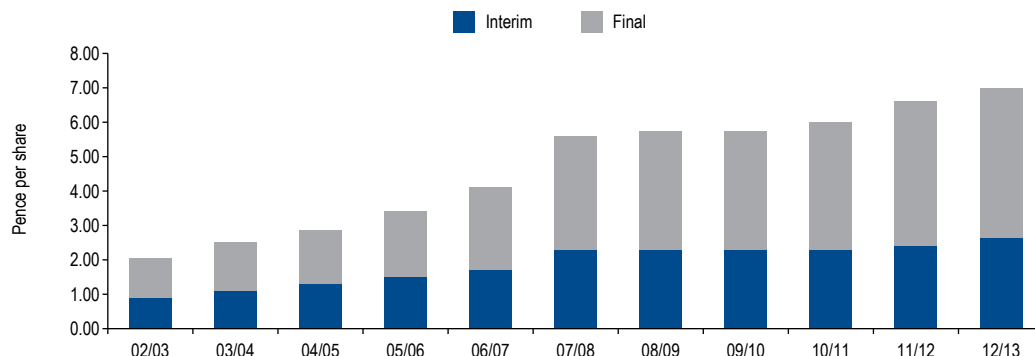
**Administrator:** BNP Paribas

**Email:** www.trproperty.com

**Registrar:** Computershare Investor Services plc

NAV per share (Total Return)	237.60p
Share price	227.00p
Discount	-4.46%
Yield	3.10%

## 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. 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.

### See through geographical allocation (%)

Austria	2.6
Belgium	1.0
Central Europe	1.6
Denmark	0.1
Finland	1.5
France	16.9
Germany	15.5
Greece	0.0
Ireland	0.2
Italy	1.9
Netherlands	1.9
Norway	1.5
Other Overseas	0.3
Portugal	0.1
Russia	0.1
Spain	1.4
Sweden	10.9
Switzerland	4.2
UK	38.2
USA	0.1
<b>TOTAL</b>	<b>100.0</b>

### Top holdings (%)

UNIBAIL-RODAMCO	10.7
LAND SECURITIES GROUP PLC	9.9
BRITISH LAND CO PLC	5.9
HAMMERSON PLC	5.8
GREAT PORTLAND ESTATES PLC	4.4
DERWENT LONDON PLC	3.4
ST. MODWEN PROPERTIES PLC	3.4
PSP SWISS PROPERTY AG-REG	2.7
LEG IMMOBILIEN AG	2.6
KLEPIERRE	2.6

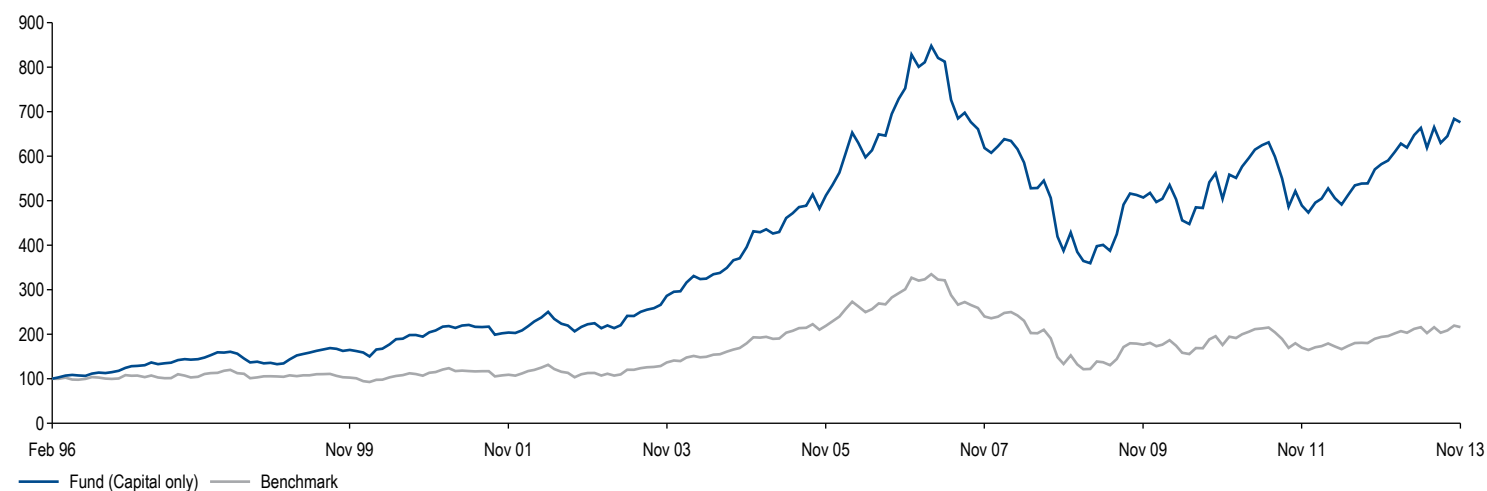
### Fund performance to 29.11.2013 (%)

	Current month	YTD	1 year	3 year	5 year
<b>Fund (Capital only)</b>	-1.16	14.53	16.14	34.11	74.46
<b>Benchmark</b>	-1.56	10.26	11.34	22.78	62.16
<b>Share price</b>	-2.41	31.21	36.42	46.55	116.19

Benchmark : 100.0% FTSE EPRA Europe Cap GBP

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

### Fund performance



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