

TR PROPERTY INVESTMENT Trust

(TR Property Investment Trust plc) *Closed-ended investment trust*

LONG ONLY PAN EUROPEAN EQUITY AND UK DIRECT PROPERTY

Manager Commentary – by Chris Turner

December was never going to be an easy month given the low level of market turnover, the hazy economic background and continuing weak property industry news flow (which included more funds freezing redemptions and a record one month decline in the IPD monthly benchmark). In the event European real estate stocks performed better than we expected with a benchmark decline in Sterling limited to 1.66%, an outperformance against Global Real Estate stocks which suffered as a result of the disaster at the Australian company, Centro Property. The Ordinary share class NAV fell 1.74% and the share price declined 5.72%, the latter reflecting both a widening discount and the interim dividend payment. Overall 2007 has been mighty painful. The Ordinary share price has declined 32.5% and the Ordinary share NAV is down 26.4%. Our benchmark fell 27.9% over the year and the FTSE Real Estate Index was lower by 38.4%. What we hoped would be a soft landing for the Sector turned into a rout partly due to the credit crunch. 2008 has opened with property shares on seemingly vast discounts to asset value. However UK and Continental property investment markets are still very sore and pricing has yet to find a firm floor. Asset values will be hit by upcoming valuations in both December and March and discounts will narrow sharply as a result of these hits. The gradual restoration of an orderly direct investment market will depend on the emergence of normalised credit markets and on the outlook for consumer confidence and jobs running through 2008. Portfolio changes were modest and were mainly on the sell side – the largest disposal was in Quintain Estates. The largest purchase was 1.85m of the Trust's Ordinary shares, for cancellation. Cash on deposit rose from £37m to £41m and during the month we switched £17m of this into Euros. After deducting the £32m of debenture debt the Ordinary share portfolio held £10m of net cash at the end of the month.

Fund Performance to 31 Dec 2007

	1 Month	YTD	1 Year	3 Year	5 Year	10 Year	NAV per share	Ordinary Share Price
Ord. Price (total return)	-5.01%	-30.91%	-30.91%	+39.37%	+213.95%	+401.72%	207.61p	173.00p
Ord. Price (capital only)	-5.72%	-32.55%	-32.55%	+31.06%	+179.57%	+282.32%		
NAV (price only)	-1.74%	-26.43%	-26.43%	+40.90%	+170.36%	+322.23%		
EPRA European Property Index (price only)	-1.66%	-27.89%	-27.89%	+23.59%	+111.73%	+114.37%	Yield 2.37%	Discount 16.67%

Note: Price is month-end mid-price. Source: Datastream, Bloomberg. Refer to the monthly newsletter - Page 32 for monthly / annual return history vs benchmark.

Geographic Allocation (Look-Through)

Austria	0.2%
Belgium	1.2%
Central Europe	3.3%
Denmark	0.1%
Finland	1.0%
France	17.1%
Germany	4.5%
Greece	0.5%
Italy	2.8%
Netherlands	2.6%
Portugal	0.1%
Russia	0.4%
Spain	1.3%
Sweden	7.0%
Switzerland	0.5%
UK	56.9%
USA	0.1%
Other	0.2%
Total	100.0%

Asset Allocation

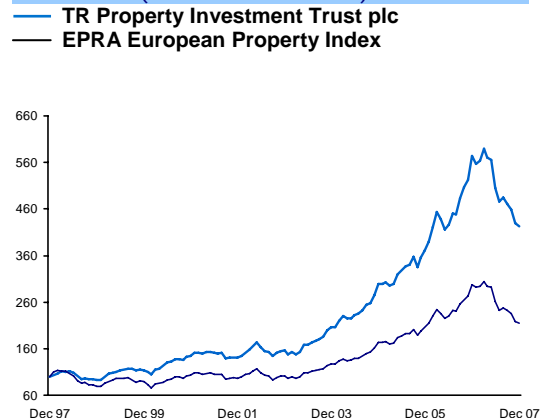
UK Shares	45.0%
Continental Shares	36.8%
UK Direct Property	13.1%
Cash	5.2%
Total	100.0%

Sector Allocation

Offices	39.1%
Retail	36.6%
Industrial	13.2%
Residential	7.5%
Other	3.6%
Total	100.0%

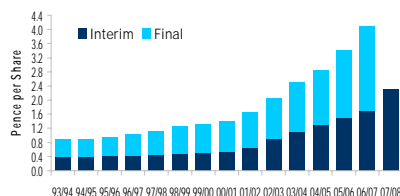
Note: figures above shown on a look-through basis.

NAV per share Price Performance 31.12.97 (rebased to £100) to 31.12.07



Note: Prior to September 2001 the benchmark index was FTSE Real Estate Index. Prior to 01/04/07: S&P Citigroup European Property Index Source: Bloomberg, S&P, EPRA.

Dividend History*



Top 10 Holdings % of net assets

Land Securities	12.1%
Unibail	10.6%
British Land	5.9%
Big Yellow Group	3.8%
Segro	3.4%
Fonciere De Regions	2.8%
Hammerson	2.7%
Castellum	2.6%
St Modwen	2.4%
Great Portland Estates	2.2%

*Dividends paid for March/Sep month ends are announced, November/May, paid January/July. Source = BNP Paribas.

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.

Gross Total Assets (Mn)

Assets (Mn)	£569.3
Gearing	5.50%
Established	1905
Managed at TRC	Since 1 October 2004
Dealing	Daily (Stockmarket)
NAV Frequency	Daily
Legal Status	UK Investment Trust
Listing	London Stock Exchange FTSE 250 Index
Dividends	January, July

Charges

Initial Charge	nil
Management Fee	0.70% of net assets p.a. - up to £450m and 0.4% thereafter
Performance Fee	15% of outperformance of benchmark plus 2% hurdle

Investment Manager

Thames River Capital LLP
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Cenkos Securities plc

Administrator

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Registrar

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<http://www.thamesriver.co.uk/downloads/disclosures.htm> <http://www.nevskycapital.com/downloads/disclosures.htm>

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For a full list of Paying Agents' details, please follow the following links: http://www.thamesriver.co.uk/pdf/paying_agents.pdf
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