

# TR PROPERTY INVESTMENT Trust

## Ordinary Shares

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

LONG ONLY PAN EUROPEAN EQUITY AND UK DIRECT PROPERTY

### Manager Commentary – by Chris Turner

It was another historic month which saw extraordinary efforts by policy makers to avert the seizure of the Global economy. Very aggressive base rates reductions were accompanied by spectacular currency movements. Having rallied in late November, UK property shares bobbed about over the month but ended virtually unchanged having little immediate revenue advantages from official interest rate declines. European stocks (in Euros) rose 5%. On average they have greater exposure to variable rate and short term debt and therefore more potential benefit from lower rates. In Sweden, where base rates almost halved to 2%, property stocks rose 23% in Kroner terms. A relief rally in the very volatile German property share market saw pricing up 40% in Euro terms, but still down 55% on the year. Sterling had a torrid month, falling 16% against the Euro. Thus the 5% gain by European property shares in Euros terms became a 22% gain in Sterling and the benchmark return of -2% in Euros became plus 14.50% in Sterling. Compared with this latter figure the Ordinary share NAV rose 11.83% and the share price rose 10.48%. The underperformance came chiefly from the lack of holdings in a number of very highly geared stocks some of which doubled over the month. The performance was aided by having most of the cash in share class in Euros. We started December with gross cash of £70m of which only £8m was in Sterling. Over the month we were modest net sellers for £1m net across a broad range of equities, mostly mid or small cap stocks. By the month end gross cash was £81m thanks to currencies movements. We enter 2009 with the increased likelihood of rights issues. The cut in base rates combined with improvements in debt pricing ought to help stabilise the property yield structure, but bank debt for commercial property investment is still both scarce and expensive and likely to remain so for the time being. Meanwhile the very sharp decline in economic activity is clearly now putting rental values under pressure and vacancy rates are starting to grow. We remain cautious of this market.

### Fund Performance to 31 Dec 2008

	1 Month	YTD	1 Year	3 Year	5 Year	10 Year	NAV per share	Ordinary Share Price
Ord. Price (total return)	+12.87%	-29.92%	-29.92%	-22.72%	+44.02%	+326.86%	148.08p	116.00p
Ord. Price (capital only)	+10.48%	-32.95%	-32.95%	-29.05%	+26.78%	+223.30%		
NAV (price only)	+11.83%	-28.67%	-28.67%	-19.02%	+46.70%	+226.60%		
EPRA European Property Index (price only)	+14.50%	-35.34%	-35.34%	-32.67%	+8.71%	+75.27%	Yield 4.83%	Discount 23.34%

Note: Price is month-end mid-price. Source: Datastream, Bloomberg. Refer to the monthly newsletter – Page 34 for monthly / annual return history vs benchmark.

### Geographic Allocation % (Look-Through)

Austria	0.4
Belgium	1.5
Central Europe	2.3
Denmark	0.3
Finland	1.0
France	24.3
Germany	1.4
Greece	0.8
Italy	3.9
Netherlands	3.3
Portugal	0.1
Russia	0.3
Spain	2.1
Sweden	5.8
Switzerland	0.7
UK	51.3
USA	0.3
Other	0.2
<b>Total</b>	<b>100.0</b>

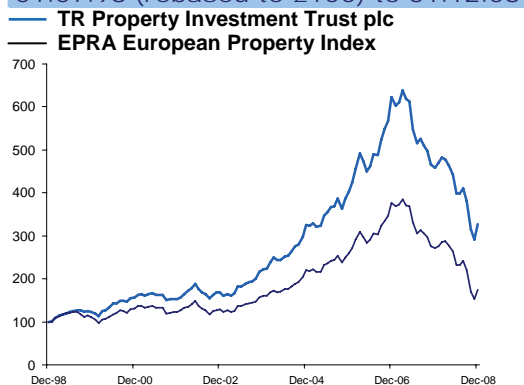
### Asset Allocation %

UK Shares	31.4
UK Direct Property	14.4
Continental Shares	38.6
Cash	15.6
<b>Total</b>	<b>100.0</b>

### Sector Allocation % (Look-Through)

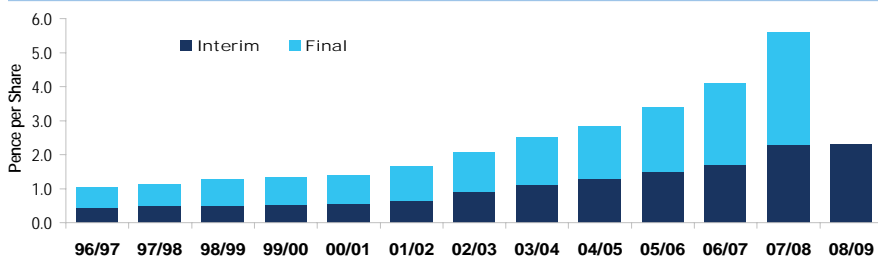
Offices	37.3
Retail	42.8
Industrial	12.9
Residential	4.2
Other	2.8
<b>Total</b>	<b>100.0</b>

### NAV per share Price Performance 01.07.98 (rebased to £100) to 31.12.08



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: Northern Trust IFAS (Ireland) Ltd, Bloomberg, S&P, EPRA.

### Dividend History\*



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

### Top 10 Holdings % of net assets

Unibail	17.6
Land Securities	12.2
British Land	5.6
Icade	3.5
Segro	2.8
Castellum	2.7
Big Yellow Group	2.6
Corio	2.6
Hammerson	2.5
Fonciere Des Regions	2.4

### 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)

Net Assets (Mn)	£388.0
Net Gearing	-12.2%
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	Nil
Initial Charge	0.70% of net assets p.a. - up to £450m and 0.4% thereafter
Management Fee	15% of outperformance of benchmark plus 2% hurdle
Performance Fee	

### Investment Manager

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 Cenkos Securities plc  
 Administrator  
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<http://www.thamesriver.co.uk/downloads/disclosures.htm> <http://www.nevskycapital.com/downloads/disclosures.htm>

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