

# 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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Concerns about the financial state of the Eurozone continued to take centre stage throughout the month, with Iberia in the frame in place of Ireland. However, the currency recovered most of the ground lost against Sterling in October, and also rallied against the US Dollar. European property equities rallied strongly and UK stocks rose as the Simon Property considered

launching a bid for Capital Shopping. Bonds were out of favour as further short-term inflationary pressures became evident. The EPRA Benchmark in Sterling rose 10.56% more or less erasing its fall in November. The Ordinary share class NAV rose by 10.80% and the share price improved by 8.07% over the month during which it went ex the interim dividend of 2.3p.

Over the month, UK property shares rose by 7.4% with exceptional movements limited to small caps. Simon Property laid siege to Capital Shopping in PR terms but never came to the table with a firm bid. In Europe every county's index was in positive territory, but Germany has been the clear winner in the over the whole of Q4. Industry background news remains positive, though

growth in tenant demand continues to be extremely patchy. Brokers forecast total returns for pan-European property stocks in 2011 are all positive - but in the 5% to 15% range - a range that is, commonly, slightly below the forecasts for the general equity market.

Through December the share class was a net investor for just under £4m of which over half went into German stocks - Deutsche Euroshop and TAG. The largest disposal was of part of the Capital Shopping holding. Net debt at the month end was £41.6m.

## Fund performance to 31.12.2010 (%)

	Current month	YTD	1 year	3 year	5 year		
NAV (capital only)	+10.80	+7.92	+7.92	-8.07	+4.36	NAV per share (capital only)	190.85p
FTSE EPRA/NAREIT Developed European Index (capital only, GBP)	+10.56	+7.70	+7.70	-17.55	-14.14	Share price	167.40p
Share price	+8.07	+11.53	+11.53	-3.24	+2.39	Discount	12.29%
						Yield	2.06%

Price is month-end mid-price. Source: BNP Paribas, Bloomberg. Refer to back of the monthly newsletter for monthly/annual return history vs benchmark. Historical performances for distribution share classes may vary from previous issues of the Thames River newsletter. This follows an improvement in the performance calculation methodology (from monthly to daily cumulative), in order to be in line with Global Investment Performance Standards.

## Geographic allocation (%)

Austria	2.0
Belgium	1.8
Central Europe	2.7
Denmark	0.2
Finland	2.1
France	22.1
Germany	8.2
Greece	0.6
Italy	4.4
Netherlands	3.2
Norway	1.8
Other	0.4
Portugal	0.1
Russia	0.4
Spain	2.1
Sweden	9.1
Switzerland	3.9
UK	34.6
USA	0.3
<b>Total</b>	<b>100.0</b>

## Asset allocation (%)

Continental Shares	58.3
UK Shares	33.6
UK Direct Property	8.1
<b>Total</b>	<b>100.0</b>

## Sector allocation (%)

	Fund
Industrial	9.7
Offices	36.0
Other	5.0
Residential	10.1
Retail	39.2
<b>Total</b>	<b>100.0</b>

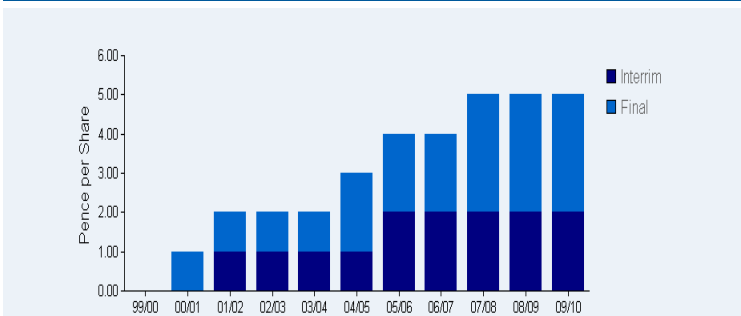
Figures above shown on a look-through basis.

## Fund performance 30.12.1999 to 31.12.2010



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 28.02.1996 to 31.12.2010



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.

## Top 10 holdings (%)

Unibail	14.3
Land Securities	6.4
British Land	5.7
Corio	4.2
Klepierre	3.3
Fonciere Des Regions	2.7
Hammerson	2.6
Derwent	2.6
Castellum	2.4
Swiss Prime Site	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):** £489.0mn

**Net gearing:** 8.5%

**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:** Cenkos Securities plc

**Administrator:** BNP Paribas

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**Registrar:** Computershare Investor Services plc

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