

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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The word "inflation" was all over the financial headlines in February and included in almost every story about China, or Libya, or oil, or the Bank of England, or chocolate etc. Some generalist investors took the hint and with modest buying from them, European Real Estate equities had a strong month, both in absolute and relative terms. The EPRA benchmark rose 4.43% compared to a 2.05% rise in the FTSE All Share Index

and 2.29% rise in the SXXP Index. The Ordinary NAV per share rose 4.63%, but the share price declined 0.18% as the discount to NAV widened (a move reversed in early March).

UK property shares were notable strong rising by an average 8.2%, most of which was due to excellent share price rises by Land Securities (+13.6%) and British Land (+12.5%). These two stocks are, of course, the first port of call for big scale generalist investors entering the UK sector, but also they both have very long term fixed rate debt profiles, so that rising borrowing costs would have little future impact on their financing costs or revenue earnings. In France, Unibail, our largest investment, produced good final results and rose 4.52% in February. The dividend

was maintained at €8 per share even after the €20 per share capital return last autumn. For a change, the Euro/Sterling rate was almost unchanged in the month.

News flow from the direct property market remained slightly better than anticipated. Talk of a double dip in values has receded, but activity remains very two-tier, with strong investor demand for assets in capital cities, especially London, and low or nil activity in some provincial and regional markets. Debt remains difficult to source in any quantity. Through February the share class was, on balance, a net seller for around £1m. The largest single sale of was of Immofinanz shares

Fund performance to 28.02.2011 (%)

	Current month	YTD	1 year	3 year	5 year		
NAV (capital only)	+4.63	+3.25	+14.35	-9.66	-4.74	NAV per share (capital only)	197.05p
FTSE EPRA/NAREIT Developed European Index (capital only, GBP)	+4.43	+2.80	+13.21	-19.33	-20.95	Share price	166.40p
Share price	-0.18	-0.60	+7.98	-12.65	-15.21	Discount	15.55%
						Yield	3.46%

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	1.9
Belgium	1.8
Central Europe	2.7
Denmark	0.2
Finland	2.1
France	22.0
Germany	8.5
Greece	0.1
Italy	4.4
Netherlands	2.8
Norway	1.8
Other	0.5
Portugal	0.1
Russia	0.1
Spain	2.1
Sweden	9.5
Switzerland	4.0
UK	34.9
USA	0.5
Total	100.0

Asset allocation (%)

Continental Shares	56.5
UK Shares	35.7
UK Direct Property	7.8
Total	100.0

Sector allocation (%)

	Fund
Industrial	9.5
Offices	35.4
Other	4.9
Residential	9.9
Retail	40.3
Total	100.0

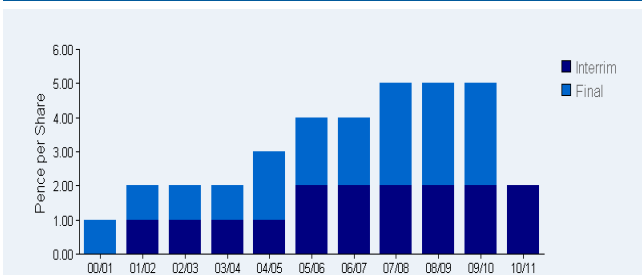
Figures above shown on a look-through basis.

Fund performance 30.12.1999 to 28.02.2011



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 28.02.2011



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	13.6
Land Securities	7.0
British Land	6.2
Corio	4.1
Klepierre	3.2
Fonciere Des Regions	2.8
Hammerson	2.8
Derwent	2.8
Great Portland	2.4
Segro	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): £514.1mn

Net gearing: 8.10%

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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