

# TR PROPERTY INVESTMENT Trust

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

LONG ONLY PAN EUROPEAN EQUITY AND UK DIRECT PROPERTY

## Adviser Commentary – by Chris Turner

Concerns over the outlook for inflation, base rates and bond yields continue to hit sentiment in property shares in UK and Europe. Over the month, the Trust's NAV (on a price only basis) fell 0.97% while, on the same basis, the benchmark fell 0.49%. The shares declined by 1.42% as the discount to NAV rose from 12.1% to 12.5%. Over the month 1.6 million shares were repurchased for cancellation. Final results from the two biggest UK companies, British Land and Land Securities, were in line with market expectations but were accompanied by management comments that concentrated on the negative aspects of the current market, and both stocks fell as a result. Hammerson saw renewed bid speculation and we sold more of the shares as a result. On the Continent, Fonciere des Regions paid their huge €12 dividend and the price dropped accordingly. Over the month, we continued to make sales across the whole range of the portfolio. The proceeds from these sales were spent on share buybacks (£3.88m) and the reduction in our debt, which stood at £86m at the month end compared with £105m at the end of March, leaving month end gearing at 9.4%. The Trust published its preliminary results for the year to end March 2007 on Wednesday 23 May and the announcement can be viewed on the Trust's website ([www.trproperty.co.uk](http://www.trproperty.co.uk)). The Board proposes a final dividend of 2.4p (2006: 1.9p) taking the full year distribution to 4.1p (2006: 3.4p). The Annual Report is due to be circulated to shareholders on 20 June together with details of the proposed Sigma share class.

### Fund Performance to 31 May 2007

	1 Month	YTD	1 Year	3 Year	5 Year	10 Year	NAV per share	Ordinary Share Price
Ord. Price (total return)	-1.42%	-5.26%	+30.13%	+171.45%	+279.14%	+642.08%	277.72	243.00
Ord. Price (capital only)	-1.42%	-5.26%	+27.89%	+155.12%	+234.02%	+473.38%		
NAV (price only)	-0.97%	-1.59%	+36.04%	+150.18%	+224.82%	+495.20%		
S&P Euro Property Index (price only)	-0.49%	-1.81%	+29.98%	+116.15%	+149.83%	+202.35%	Yield 1.48%	Discount 12.50%

Note: Price is month-end mid-price. Source: Datastream, Bloomberg. Refer to the monthly newsletter - Page 28 for monthly / annual return history vs benchmark.

### Geographic Allocation (See-Through)

Austria	0.2%
Belgium	1.3%
Central Europe	2.8%
Denmark	0.1%
Finland	0.8%
France	18.1%
Germany	5.1%
Greece	0.4%
Italy	3.3%
Netherlands	2.1%
Portugal	0.1%
Spain	1.0%
Sweden	6.8%
Switzerland	0.5%
UK	56.0%
USA	1.1%
Other	0.3%
<b>Total</b>	<b>100.0%</b>

### Asset Allocation

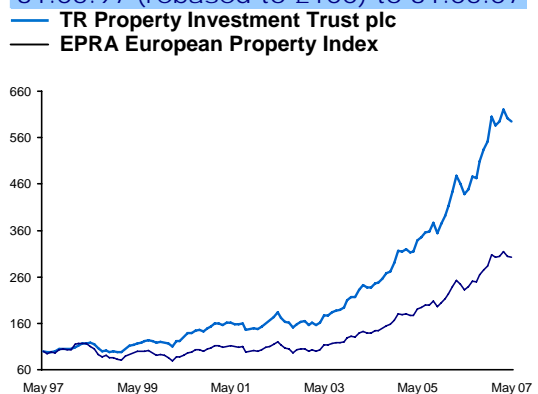
UK Shares	53.1%
Continental Shares	38.4%
UK Direct Property	8.5%
<b>Total</b>	<b>100.0%</b>

### Sector Allocation

Offices	37.4%
Retail	34.6%
Industrial	13.2%
Residential	9.5%
Other	5.3%
<b>Total</b>	<b>100.0%</b>

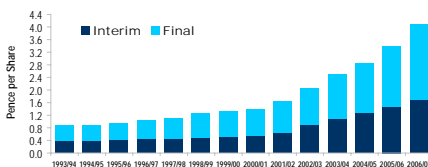
Note: figures above shown on a look-through basis.

### NAV per share Price Performance 31.05.97 (rebased to £100) to 31.05.07



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	11.8%
British Land	7.9%
Rodamco Europe	4.5%
Unibail	4.5%
Hammerson	4.1%
Slough Estates	4.1%
Big Yellow Group	3.9%
Castellum	3.0%
Fonciere De Regions	2.9%
Liberty	2.7%

\*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)	£1,021.7
Gearing	9.37%
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  
 Stockbroker  
 Cenkos Securities plc  
 Administrator  
 BNP Paribas  
 c/o Nicola Williamson, TRC  
 Tel: +44 (0) 207 360 1335  
 Email: [nwilliamson@thamesriver.co.uk](mailto:nwilliamson@thamesriver.co.uk)

### Registrar

Computershare Investor Services plc

Thames River Capital LLP is authorised and regulated by the Financial Services Authority



## IMPORTANT NOTICE – REGULATORY INFORMATION AND RISK WARNINGS

This document is issued for information only by Thames River Capital LLP (“Thames River”) in respect of the funds named below and their relevant sub-funds save for Nevsky Fund Limited and Traditional Funds plc - Eastern European Fund and Global Emerging Markets Funds which are issued by Nevsky Capital LLP (“Nevsky Capital”). Thames River and Nevsky Capital are both authorised and regulated by the Financial Services Authority (“FSA”). Content relating to unregulated collective investment schemes is only directed at investors meeting the FSA’s Annex 5 categories. It must not be relied upon by non-qualifying persons. It does not constitute an offer by Thames River or Nevsky Capital to enter into any contract/agreement nor is it a solicitation to buy or sell any investment. Nothing in this document should be deemed to constitute the provision of financial, investment or other professional advice in any way. The contents of this document are based upon sources of information believed to be reliable, however, save to the extent required by applicable law or regulations, no guarantee, warranty or representation (express or implied) is given as to its accuracy or completeness and, Thames River and Nevsky Capital, their members, officers and employees of the managing member do not accept any liability or responsibility in respect of the information or any views expressed herein. This document may include forward-looking statements that are based upon our current opinions, expectations and projections. We undertake no obligation to update or revise any forward-looking statements. Actual results could differ materially from those anticipated in the forward-looking statements. This document is not aimed at persons who are residents of any country, including the United States of America (“USA”) and South Africa, where the Funds referred to herein are not registered or approved for marketing and/or sale or in which the dissemination of information on the Funds or services is not permitted. This document should not be distributed to any third party without the express approval of Thames River and has been designed for a professional audience only.

Funds referred to herein are neither registered under the Securities Act 1933 of the USA, nor are they registered under the Investment Company Act of 1940. Consequently, they cannot be offered for sale or be sold in the USA, its territories, possessions or protectorates under its jurisdiction, nor to nationals, citizens or residents in any of those areas. This document should be read in conjunction with the Prospectus of the relevant fund that will exclusively form the basis of any application and an investment should not be contemplated until the risks of investment and tax implications have been considered fully. Thames River Hillside Apex Fund Segregated Portfolio, Thames River Kingsway Fund Segregated Portfolio, Nevsky Fund Limited, Thames River Edo Fund Limited, Thames River Sentinel Fund, Thames River Warrior Fund, Thames River Warrior II Fund, Thames River Equity Focus Fund, Thames River Distressed Focus Fund, Thames River Hedge Ventures Limited, Thames River 2X Currency Alpha Fund Limited, Thames River Property Growth & Income Fund Limited and Thames River Tybourne Fund Limited are unregulated collective investment schemes which are not recognised schemes under s.264 of the Financial Services and Markets Act 2000. Thames River Hedge+ is a cell of Thames River Multi Hedge PCC Limited, listed on the London and Channel Islands Stock Exchanges. The Thames River European Fund, Thames River High Income Fund, Eastern European Fund, Thames River Japan Fund, Global Emerging Markets Fund, Thames River Global Bond Fund (£), Thames River Global Bond Fund (€) and Thames River Global Bond Fund (\$) are sub-funds of Traditional Funds plc, an open-ended investment company with segregated liability incorporated in Ireland, authorised by the Irish Financial Services Regulatory Authority and listed on the Irish Stock Exchange. This company is a recognised collective investment scheme under s.264 of the Financial Services and Markets Act. TR Property Investment Trust plc is a UK investment trust listed on the London Stock Exchange.

Many of the protections provided by the United Kingdom regulatory structure may not apply to investments in these funds, including access to the Financial Services Compensation Scheme and the Financial Ombudsman Service. Past performance is not necessarily a guide to future performance. Values may fall as well as rise and you may not get back the amount you invested. Income from investments may fluctuate. Changes in rates of exchange may have an adverse effect on the value, price or income of investments. The unregulated schemes and TR Property Investment Trust plc are permitted to and use gearing as an investment strategy. The effect of such gearing is that movements in the price of the schemes will be more volatile than the movements in the prices of their underlying investments. You should obtain professional advice on taxation where appropriate before proceeding with any investment. You should be aware that investments in higher yielding bonds issued by borrowers with lower credit ratings may result in a greater risk of default and have a negative impact on income and capital value. Income payments may constitute a return of capital in whole or in part. Income may be achieved by foregoing future capital growth. Fund charges may be applied in whole or part to capital, which may result in capital erosion. You should be aware of the additional risks associated with investment in emerging and developing markets. The prices of some investments may be extremely volatile. With the exception of TR Property Investment Trust plc and Thames River Hedge+, the funds are not traded on an exchange or recognised market and in common with some of their investments may not be readily realisable. This factor can make it difficult to obtain independent verification of the investment value and the extent of the risks to which they are exposed. (070521)

Potential investors should follow the links below for information on any current side letters relating to the schemes.  
<http://www.thamesriver.co.uk/downloads/disclosures.htm> <http://www.nevskycapital.com/downloads/disclosures.htm>

### Notice to Investors:

Please note the following Paying Agents/Representatives have been appointed by Traditional Funds plc in accordance with local requirements. Local language versions of the prospectus and simplified prospectus are available from their offices:

BHF-BANK Aktiengesellschaft Bockenheimer Landstrasse 10 D-60323 Frankfurt am Main Germany	Bank Austria Creditanstalt AG Am Hof 2 A-1010 Wien Austria	First Independent Fund Services Klausstrasse 8088 Zurich Switzerland
NPB New Private Bank Ltd 33 Limmatquai 122 P.O. Box CH-8022 Zurich Switzerland	Charts Invst Mgt Services Ltd 18A Third Floor Europa Centre Floriana Malta	BNP Paribas Securities Services, Luxembourg Branch 33, rue de Gasperich Howald - Hesperange L-2085 Luxembourg

For further information please contact:  
Nicola Williamson on +44 (0)20 7360 1335 or [nwilliamson@thamesriver.co.uk](mailto:nwilliamson@thamesriver.co.uk)

Prices available from:

Bloomberg	TRY LN	Lipper	71000704
Datastream	TRY	Reuters (TRY.L)	TBC
FT (Mex ID)	TRPROP	Sedol	0906409
ISIN	GB0009064097	S&P	090640
		Telekurs	TBC

