

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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May was a month of heightened concern across the world and a particularly glum period for the Eurozone. The Ordinary share class capital only NAV fell 9.18% while Ordinary share price declined 7.83%. The Ordinary share Benchmark fell 9.06% and the share class and benchmark total returns were equal at -7.81%.

As the month progressed the fiscal fears that enveloped Greece in April, fanned out across the Eurozone. The Euro was hammered and the old arguments about the currency's long term existence

re-emerged. The inevitable reaction across the Continent has been a series of austerity proposals which it is hoped will assuage bond investors but which certainly slow economic growth and damage business and consumer confidence. The new UK coalition government was greeted with greater enthusiasm than we expected and its task of cutting the deficit will make more digestible by these European events.

This change in the economic outlook over the next two years, and the renewed threat of a double dip in GDP, has been the major factor behind the decline in all share prices. In addition the real estate industry has to worry that commercial banks will have to make room for sovereign debt losses by cutting back on new property lending and by speeding up on foreclosure of breached loans. If there is less to borrow and more stock coming to market, buyers, it is argued will wait and see leaving and capital value

growth will go into reverse. Aside from fiscal affairs there is also concern that proposed new regulations may adversely impact the giant German open-ended property fund industry, whose members have been important players in the recent investment market revival in both Central London and Paris. The silver lining to recent events is that interest rates hikes are even less likely in the next twelve months and that a cheaper Euro will stimulate Eurozone exports and help offset the weakness in labour markets.

It was quiet month for transactions. Overall net spend was some £3m. Net debt shrank from £40m to £36m as dividend receipts in May totaled some £7m. The final results for the financial year to end March 2010, published on June 2, are available on the web site. The annual report is due to be posted to shareholders in the third week of June.

Fund performance to 28.05.2010 (%)

	Current month	YTD	1 year	3 year	5 year		
NAV (capital only)	-9.18	-11.73	+14.00	-43.77	-0.92	NAV per share (capital only)	156.10p
FTSE EPRA/NAREIT Developed European Index (capital only, GBP)	-9.06	-12.27	+15.59	-50.67	-21.51	Share price	147.20p
Share price	-7.83	-1.93	+18.95	-39.42	+4.96	Discount	5.70%
Share price (total return)	-7.81	-1.92	+18.97	-39.41	+4.97	Yield	3.91%

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	1.8
Belgium	2.1
Central Europe	2.4
Denmark	0.2
Finland	2.3
France	23.6
Germany	6.9
Greece	0.6
Italy	4.1
Netherlands	3.5
Norway	1.7
Other	0.3
Portugal	0.1
Russia	0.5
Spain	2.3
Sweden	9.4
Switzerland	3.9
UK	34.0
USA	0.3
Total	100.0

Asset allocation (%)

Continental Shares	53.7
UK Shares	35.1
UK Direct Property	11.2
Total	100.0

Sector allocation (%)

Industrial	10.5
Offices	36.0
Other	5.3
Residential	11.1
Retail	37.1
Total	100.0

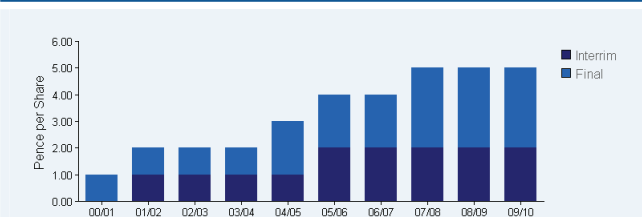
Figures above shown on a look-through basis.

Fund performance 31.01.2000 to 28.05.2010



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 29.02.1996 to 28.05.2010



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	14.6
Land Securities	6.8
British Land	5.3
Corio	4.2
Fonciere Des Regions	3.1
Segro	2.9
Hammerson	2.7
Derwent	2.6
Klepierre	2.6
Swiss Prime Site	2.5

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): £400.7mn

Net gearing: 9.88%

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

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