

# 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  
**Marcus Phayre-Mudge**  
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The share class total return for May was +2.2% versus the index, FTSE EPRA/NAREIT Developed Europe Index (TR in GBP) of +1.9%. When viewed at the capital level, the monthly return was +1.6%, such was the weight of dividend 'ex' dates (23 companies in the month) and the total return figure includes these. This steady return from the sector brings the quarter-to-date to +6.1% and year-to-date to +12.8%, significantly outperforming the FTSE All-Share and Euro Stoxx 600, both up less than 2% YTD. In fact, broader equity markets had a weak month and investors sought out not only gilts but also perceived 'safe' stocks. Real estate equities offer exposure to a

real asset class (as inflation fears persist), prudent leverage and the prospect of recurring earnings (with Continental income streams index-linked). With share prices close to current NAVs this is an attractive proposition.

May is always a busy month. This year we had 25 companies reporting full year (March year ends are common in the real estate sector) or first half 2011 figures. The UK outperformed Continental Europe for the third month in a row bringing the quarterly returns to +8.8% (UK) and +5.1% (CE). Results were generally in line or slightly ahead of consensus. However, Land Securities produced stunning results, driven primarily by improved valuations of their London assets - both standing investments and developments. This helped propel the performance of other stocks with a London focus and continued the outperformance of real estate shares compared to the wider market.

Looking forward, the Fund's gearing is modest at 6% and even the effect of this is dampened by virtue of our

7% of assets in unencumbered physical property. With the holiday season approaching we feel now is not the time to make a significant directional call. But rather to continue focusing on our bottom-up approach and seeking out the dispersion of returns we believe these market conditions will continue to reveal. The abrupt flattening of the yield curve and the expectation of further slowing in global growth will, in the short term, help leveraged assets such as real estate. The Ordinary class share price rose 7.4% in May further reducing the discount between the share price and the NAV.

Following the publication of the preliminary results on 25 May, the Board declared a final dividend of 3.70p (FY 6.0p). The shares will go 'ex' on 6 July with the dividend payable on 2 August.

## Fund performance to 31.05.2011 (%)

	Current month	YTD	1 year	3 year	5 year		
NAV (capital only)	+1.63	+11.85	+37.05	+6.66	+4.56	NAV per share (capital only)	213.45p
FTSE EPRA/NAREIT Developed European Index (capital only, GBP)	+0.48	+9.27	+34.14	-7.70	-14.00	Share price	201.00p
Share price	+7.37	+20.07	+36.55	+19.47	+5.79	Discount	5.84%
						Yield	2.86%

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	1.70
Belgium	1.90
Central Europe	2.50
Denmark	0.20
Finland	1.90
France	21.40
Germany	8.90
Greece	0.10
Italy	5.10
Netherlands	2.90
Norway	1.70
Other	0.50
Portugal	0.10
Russia	0.10
Spain	2.00
Sweden	10.20
Switzerland	4.10
UK	34.40
USA	0.30
<b>Total</b>	<b>100.00</b>

## Asset allocation (%)

UK Direct Property	7.38
Continental Shares	57.00
UK Shares	35.62
<b>Total</b>	<b>100.00</b>

## Sector allocation (%)

	Fund
Industrial	9.40
Offices	36.00
Other	4.70
Residential	9.10
Retail	40.80
<b>Total</b>	<b>100.00</b>

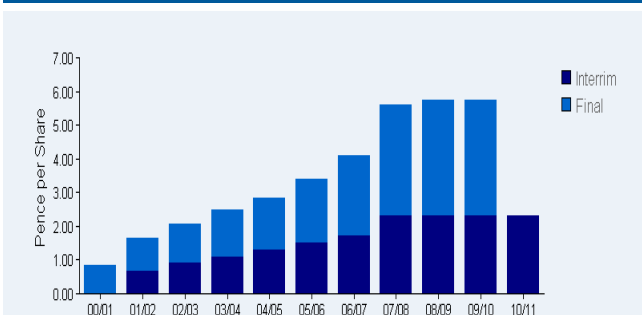
Figures above shown on a look-through basis.

## Fund performance 30.12.1999 to 31.05.2011



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 31.05.2011



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	14.0
Land Securities	7.2
British Land	6.0
Corio	3.6
Klepierre	3.5
Derwent	2.7
Great Portland	2.6
Hammerson	2.6
Fonciere Des Regions	2.5
Castellum	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):** £546.9mn

**Net gearing:** 6.0%

**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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