



TR PROPERTY INVESTMENT Trust

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

LONG ONLY PAN EUROPEAN EQUITY AND UK DIRECT PROPERTY

Manager Commentary - by Chris Turner

After rising 4% in August, UK property stocks entered September steadily, but the Northern Rock debacle thumped the sector producing a 12% decline at worst and a 7.7% fall over the month. On the Continent prices declined by less than 1% in Euros (and rose 2.2% in Sterling terms). The Benchmark declined 2.4% and the Trust's NAV fell 3.0% over the month - a result that was better than we might have expected given our UK overweight and the fact that the month-end NAV included the result of the revaluation of the Trust's directly held properties at the month end. This showed a decline of £1.1m or 1.2% versus the valuation done in mid July. Our relative performance did benefit by having virtually no exposure to the leading decliners on the Continent - Denmark (-17.5% in euro) and Spain (-9.3% in euro). Gloom continues to pervade UK media comments on everything connected with residential and commercial property markets. Against the background of buoyant general equity markets in both Europe and the US, it is hard to visualise the predicted imminent collapse of house prices, consumer demand, commercial tenant demand, and of all reasonable property lending facilities which some UK share prices are now starting to discount. The trust's September investment activity was modest. We continued to sell down stocks with UK residential exposure, notably Grainger and Minerva and lightened holdings in retail investors, Hammerson and Corio. On the buy side, we bought back 1.42m shares at an average of 202.17p and added to holdings in Derwent Valley, the West End office specialist, and in Unibail. Net debt fell modestly and gearing is now down slightly to around 5%. The Trust is a dedicated investor and will remain so. I can only repeat what we said last month, that we have taken a decision to bed down the portfolio in what we think are low risk assets. The events of September and the general market's reaction to them indicate that we may have more surprises in store before the year end.

Fund Performance to 28 Sep 2007

| | 1 Month | YTD | 1 Year | 3 Year | 5 Year | 10 Year | NAV per share 231.23p | Ordinary Share Price 203.00p |
|---|---------|---------|--------|---------|----------|----------|--------------------------|---------------------------------|
| Ord. Price (total return) | -3.79% | -19.97% | -2.50% | +98.96% | +300.27% | +526.90% | | |
| Ord. Price (capital only) | -3.79% | -20.86% | -4.25% | +84.13% | +255.33% | +377.65% | | |
| NAV (price only) | -3.00% | -18.06% | -2.62% | +84.78% | +227.75% | +376.96% | | |
| EPRA European Property Index (price only) | -2.43% | -18.76% | -5.69% | +61.90% | +160.00% | +143.68% | Yield 2.02% | Discount 12.21% |

Note: Price is month-end mid-price. Source: Datastream, Bloomberg. Refer to the monthly newsletter - Page 33 for monthly / annual return history vs benchmark.

Geographic Allocation (Look-Through)

| | |
|----------------|---------------|
| Austria | 0.2% |
| Belgium | 1.3% |
| Central Europe | 3.2% |
| Denmark | 0.1% |
| Finland | 0.9% |
| France | 16.7% |
| Germany | 4.4% |
| Greece | 0.4% |
| Italy | 2.9% |
| Netherlands | 2.6% |
| Portugal | 0.1% |
| Spain | 1.4% |
| Sweden | 6.6% |
| Switzerland | 0.5% |
| UK | 58.4% |
| USA | 0.1% |
| Other | 0.2% |
| Total | 100.0% |

Asset Allocation

| | |
|--------------------|---------------|
| UK Shares | 47.6% |
| Continental Shares | 37.8% |
| UK Direct Property | 14.6% |
| Total | 100.0% |

Sector Allocation

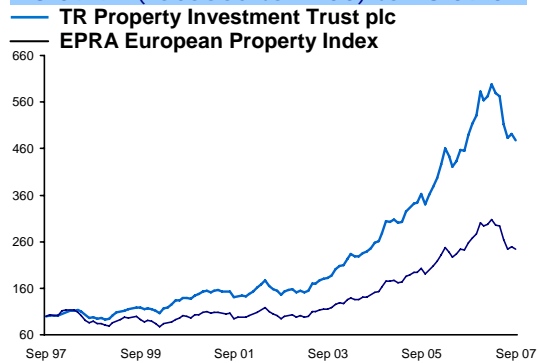
| | |
|--------------|---------------|
| Offices | 40.0% |
| Retail | 35.8% |
| Industrial | 13.1% |
| Residential | 7.7% |
| Other | 3.4% |
| Total | 100.0% |

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

Top 10 Holdings % of net assets

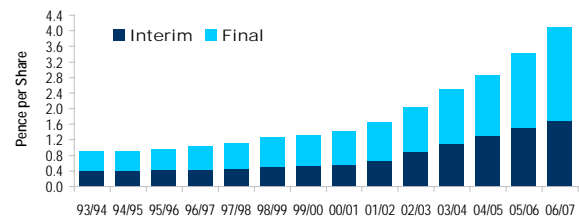
| | |
|------------------------|-------|
| Land Securities | 11.5% |
| Unibail | 9.7% |
| British Land | 6.8% |
| Big Yellow Group | 3.9% |
| Segro | 3.2% |
| Hammerson | 2.8% |
| Fonciere De Regions | 2.6% |
| Castellum | 2.6% |
| Liberty | 2.5% |
| Great Portland Estates | 2.5% |

NAV per share Price Performance 28.09.97 (rebased to £100) to 28.09.07



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*



*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) | £640.4 |
| Gearing | 5.34% |
| 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
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Email: nwilliamson@thamesriver.co.uk

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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For a full list of Paying Agents’ details, please follow the following links: http://www.thamesriver.co.uk/pdf/paying_agents.pdf
http://www.nevskycapital.com/pdf/paying_agents.pdf

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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 |

