



# 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

Two weeks into October the remarkable events of September seem an age away. For the record, real estate stocks declined across the globe in the month dragged down by fears of the future drought in credit and by the implications for tenant demand of the upcoming recession. UK property companies outperformed falling only 4.97%. Their long term debt and long lease profiles provide a degree of balance sheet and revenue stability currently missing from other UK financial sectors. European (ex UK) stocks fell 11.46% in Sterling terms. French and Dutch stocks performed well but there were huge falls in Austria, Germany and Sweden where the returns were minus 48%, minus 15% and minus 17% respectively, caused in part by concerns over high leverage and short leases profiles. The benchmark price return was minus 9.21%. The Ordinary share NAV fell 7.21% and the share price declined by 9.75%. The directly held property in the Ordinary share portfolio was revalued at the end of September and showed an average decline of 7.7% (£5.3m) from the March 2008 figures. The impact of this decline is included in the NAV result for the month. The comparable IPD monthly index capital decline for the six months was -10%. Equity portfolio turnover was modest at £7.5m with £4m of sales with a UK bias and £3m of purchases mainly on the Continent. Gross cash was around £77m at the month end. I continue to remain cautious of the market. The Ordinary Share portfolio now has 10% net cash and its equity investments are concentrated in liquid stocks with below average leverage supporting high quality portfolios. A lot of stocks are looking very cheap on historic numbers, but the effects of the world liquidity crisis will change many economic fundamentals to an extent that is very unclear at present.

## Fund Performance to 30 Sep 2008

	1 Month	YTD	1 Year	3 Year	5 Year	10 Year	NAV per share	Ordinary Share Price
Ord. Price (total return)	-9.75%	-15.15%	-26.75%	-1.64%	+118.49%	+411.73%	172.98p	143.50p
Ord. Price (capital only)	-9.75%	-17.05%	-29.31%	-8.60%	+93.58%	+287.84%		
NAV (price only)	-7.12%	-16.68%	-25.19%	-1.51%	+95.83%	+266.10%		
EPRA European Property Index (price only)	-9.21%	-19.14%	-28.23%	-13.41%	+51.39%	+97.14%	Yield 3.90%	Discount 19.06%

Note: Price is month-end mid-price. Source: Datastream, Bloomberg. Refer to the monthly newsletter – Page 35 for monthly / annual return history vs benchmark.

## Geographic Allocation % (Look-Through)

Austria	0.5
Belgium	1.7
Central Europe	2.3
Denmark	0.3
Finland	0.8
France	21.6
Germany	2.1
Greece	0.6
Italy	3.8
Netherlands	3.0
Portugal	0.1
Russia	0.3
Spain	1.9
Sweden	6.3
Switzerland	0.7
UK	53.8
USA	0.1
Other	0.1
<b>Total</b>	<b>100.0</b>

## Asset Allocation %

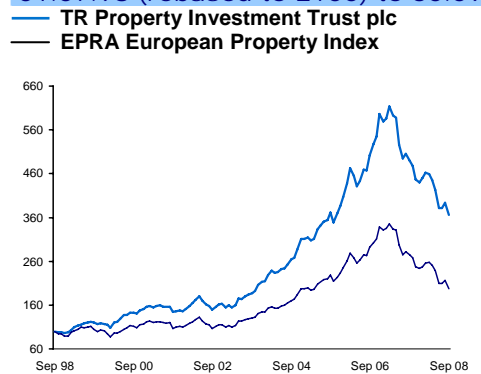
UK Shares	40.6
Continental Shares	35.8
UK Property	13.9
Cash	9.7
<b>Total</b>	<b>100.0</b>

## Sector Allocation %

Retail	41.5
Offices	38.3
Industrial	13.9
Residential	3.5
Other	2.8
<b>Total</b>	<b>100.0</b>

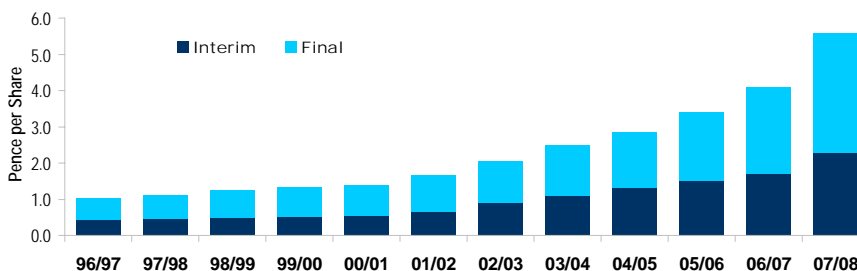
Note: figures above shown on a look-through basis.

## NAV per share Price Performance 01.07.98 (rebased to £100) to 30.09.08



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: Northern Trust IFAS (Ireland) Ltd, Bloomberg, S&P, EPRA.

## Dividend History\*



\*Dividends paid for March/Sep month ends are announced, November/May, paid January/July. Source = BNP Paribas.

## Top 10 Holdings % of net assets

Unibail	14.9
Land Securities	13.4
British Land	6.2
Segro	3.8
Big Yellow Group	3.8
Hammerson	3.7
Fonciere de Regions	2.7
Liberty	2.5
Castellum	2.4
Klepierre	2.4

## 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)** £488.0  
**Net Gearing** -9.7%  
**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)20 7360 1335  
 Email: 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"), Nevsky Capital LLP ("Nevsky") and Thames River Multi-Capital LLP ("TRM-C"), together the Firms as indicated in the information section at the bottom of each Fund page. The firms are authorised and regulated by the Financial Services Authority ("FSA"). Content relating to unregulated collective investment schemes is only directed at Eligible Counterparties, Professional Clients or investors meeting the FSA's COBS 4.12 categories. For Dubai, this document is issued by Thames River, which is regulated by the Dubai Financial Services Authority ("DFSA") and is only made available to wholesale investors or other qualifying persons who are clients of Thames River as defined by the DFSA. It must not be relied upon by non-qualifying persons. It does not constitute an offer by the firms 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, the Firms, their members, officers and employees of the corporate 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 the managers' current opinions, expectations and projections. The firms 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 the Firms 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 SPC, Thames River Kingsway Fund Limited, Thames River Kingsway Plus Fund Limited, Nevsky Fund Limited, Thames River Edo Fund Limited, Thames River Longstone 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 1X Currency Alpha Fund, Thames River Hedge Ventures Limited, Thames River 2X Currency Alpha Fund Limited, Thames River Property Growth & Income Fund Limited, Thames River Argentum Fund Limited, Thames River Multi-Select Fund and Thames River Global Boutiques Fund 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 (€), Thames River Global Bond Fund (\$), Emerging Asia Fund and European Select Fund are sub-funds of Traditional Funds plc, an open-ended investment company with segregated liability between sub-funds 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 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. Investors should obtain professional advice on taxation where appropriate before proceeding with any investment. Investors 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. (080903)

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 Paying Agents/Representatives for the following countries have been appointed by Traditional Funds plc in accordance with local requirements: **Germany, Austria, Switzerland, Malta, Luxembourg, Netherlands, Belgium, Sweden and Norway**. Local language versions of the Traditional Funds plc prospectus and simplified prospectus are available from their offices.

For a full list of Paying Agents' details, please follow the following links: [http://www.thamesriver.co.uk/pdf/paying\\_agents.pdf](http://www.thamesriver.co.uk/pdf/paying_agents.pdf)

[http://www.nevskycapital.com/pdf/paying\\_agents.pdf](http://www.nevskycapital.com/pdf/paying_agents.pdf)

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
Datastream	TRY
FT (Mex ID)	TRPROP
ISIN	GB0009064097
Lipper	71000704

Tass	-
Reuters page	TRY.L
Sedol	0906409
S&P/Morningstar	090640
Telekurs	CH2719343
WKN	

