

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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Looking at last month's factsheet, the use of the word 'torrid' to describe the -7.2% decline in pan-European share prices was premature. I can therefore merely add the preface 'very' to describe this month's -10.4% fall in the Fund's benchmark index, FTSE EPRA / NAREIT Europe Index (total return, GBP). Unlike August which experienced a strong rally in the last week of the month, September was a series of negative responses to virtually every piece of news flow and data. Investors progressed from 'risk-off' to real fear. Even gold proved not to be a safe haven in the month. Last month, I wrote about the 'safe haven' aspects / overvaluation of Swiss property companies and the market continued to ignore the fundamentals

of that particular commercial property sub-market. Swiss property companies returned +1.7% in local currency in the month and our underweight to those companies was the primary cause of the relative underperformance within our equity portfolio.

Quite rightly, investors continue to question whether European politicians (voted in by their local electorates) can be brave enough to look beyond local politics to the bigger issues of potential fiscal unity (or at least a collective responsibility within the single currency area). None of these issues are new. What has compounded matters this month has been the steady round of GDP forecast reductions. The expectation of zero growth or worse is becoming the consensus. Whilst pan-European property equities have outperformed so far this year (EPRA has returned 4.5% more than Stoxx 600 year-to-date), the sector has underperformed since the end of July.

However, as fear increases so does correlation and we believe that a significant number of high quality companies are becoming undervalued. Asset values

remain a long way from their peaks of the first quarter of 2007 (even in markets such as central London which have recovered significantly), whilst the majority of companies have loan-to-value figures in the comfortable mid 40% ranges. Earnings are benefitting from the twin boosts of indexation (on the Continent) coupled with ultra-low short-term rates. Development risk is either non-existent or modest. As prices fall, earnings yields push up to 7% and dividend yields approach 6%. There are great selective buying opportunities.

The property portfolio within the Ordinary share class is independently revalued at the half year. The gain was £1.1m (2.5% increase) and valuation improvements reflected not only our Central London focus (78% of the portfolio) but also the successful asset management work of re-letting our building in Harlow. Whilst gearing in the share class is currently 12%, the physical assets account for 12.5% of the net assets.

Fund performance to 30.09.2011 (%)

	Current month	YTD	1 year	3 year	5 year		
NAV (capital only)	-11.58	-12.94	-10.19	-3.95	-30.03	NAV per share (capital only)	166.15p
FTSE EPRA/NAREIT Developed European Index (capital only, GBP)	-10.56	-12.92	-10.12	-11.20	-39.89	Share price	161.00p
Share price	-6.56	-3.82	-0.43	+12.20	-24.06	Discount	3.10%
						Yield	3.7%

Price is month-end mid-price. Source: BNP Paribas, Bloomberg. Refer to back of the monthly newsletter for monthly/annual return history and dividends.

Geographic allocation (%)

Austria	1.40
Belgium	1.70
Central Europe	3.50
Denmark	0.20
Finland	1.80
France	21.20
Germany	7.30
Italy	5.50
Netherlands	3.30
Norway	2.00
Other Overseas	0.50
Portugal	0.20
Russia	0.10
Spain	2.20
Sweden	9.30
Switzerland	2.90
UK	36.60
USA	0.30
Total	100.00

Asset allocation (%)

Continental Shares	55.30
UK Shares	33.90
UK Direct Property	10.80
Total	100.00

Sector allocation (%)

	Fund
Industrial	9.50
Offices	36.30
Other	5.80
Residential	6.70
Retail	41.70
Total	100.00

Figures above shown on a look-through basis.

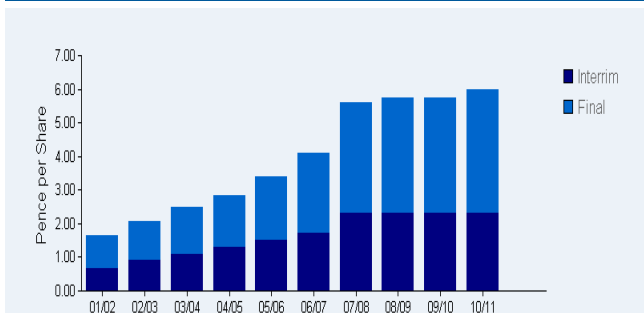
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Fund performance 30.12.1999 to 30.09.2011



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 28.02.2001 to 30.09.2011



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-RODAMCO	14.3
LAND SEC GRP	7.7
BRITISH LAND	4.6
CORIO	4.3
HAMMERSON	4.2
KLEPIERRE	3.0
DERWENT LONDON	2.6
SEGRO	2.5
CASTELLUM	2.2
FONCIERE DES REGIONS	2.1

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): £425.7mn

Net gearing: 11.7%

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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