Thames River

TR Property Investment Trust Sigma Shares

TR Property Investment Trust plc ■ Closed-ended investment trust - long only pan-European small cap property equities

Manager commentary

James Wilkinson

Marcus Phayre-Mudge

August was a torrid month for equities globally and Pan European real estate shares were no exception with the Fund's benchmark falling -7.2% (total return, GBP), amid fears about banks liquidity, the release of soft patch economic data and the political vacuum in response to the Euro sovereign debt crisis. The brutal 18% correction in the first week of the month was indiscriminate with strong correlation across asset classes and, similarly to July, an under-performance of small caps due to lower liquidity and inferior access to debt and equity sources.

The European real estate EPRA stock index posted intra-day movements greater than 1.5% in 22 out of 23 trading sessions.

This heightened volatility lead to pricing anomalies appearing and disappearing very rapidly which, in turn, translated into an above-average turnover of 7.7% for the Fund. The gearing was kept broadly unchanged at 5.6%.

Against this background we did not attempt to make directional calls but focused our trading activity on pair trades within the office and retail segments (e.g. switching out of Eurocommercial Properties into Vastned Retail based on relative valuation).

We also decreased the level of risk in the the portfolio by adding to our holdings in German residential companies as well as reducing our exposure to highly leveraged companies (DIC Asset, Citycon and Klovern).

The relative underperformance in the month was a result of our bottom up fundamental approach which highlighted the relative overvaluation of both Swiss and Belgian property companies. In the former, we were well aware of the 'safe haven' credentials of Swiss companies but earnings yields of sub 5% and vacancy rate of 8% in the Zurich office market were unattractive relative to the wider sector. It is worth noting that the Fund does not take currency risk (versus the benchmark) and whilst we held underweight positions in the stocks we held benchmark equivalent currency exposure (in cash or forwards). The Swiss companies, which make up 6.4% of Sigma small cap benchmark, fell just 0.2% in CHF in the month and now stand on a 17% premium to their last stated net asset value versus a sector average discount of -15%). We expect the fundamentals to reassert themselves over the coming months.

Of note we made our first purchase through a Contract for Difference (CFD) for the Fund. Investment trusts tax status makes it less beneficial to use CFDs for high-dividend paying stocks. The decision to invest in Capital & Counties through CFD rather than ordinary shares was motivated by the non-REIT status of the company, its ultra low dividend yield (0.9%) and the cheaper funding of CFDs in comparison to bank debt.

Fund performance to 31.08.2011 (%)

	Current month	YTD	1 year	3 year	5 year	Since launch
NAV (capital only)	-9.15	-5.31	+14.57	+10.27	-	-18.46
FTSE EPRA/NAREIT European Property Small Cap Index (capital only, GBP)	-7.42	-5.85	+12.72	-4.52	-	-25.86
Share price	-11.86	0	+17.74	+14.71	-	-26.59

NAV per share (capital only)	98.55p
Share price	78.00p
Discount	20.85%
Yield	2.56%

Small Cap benchmark adopted on 1 April 09 prior to 01.04.09 benchmark was EPRA European Property Index. Price is month-end mid price. Source: BNP Paribas, Bloomberg. Refer to the back of the monthly newsletter for monthly/ annual return history and dividends.

Geographic allocation (%)

Austria	2.60
Belgium	1.70
Central Europe	5.60
Finland	5.10
France	12.60
Germany	18.80
Italy	8.10
Netherlands	3.90
Norway	2.50
Other	0.30
Russia	0.30
Spain	0.90
Sweden	13.40
Switzerland	0.40
UK	23.80
Total	**100.00**

Fund performance 25.07.2007 to 31.08.2011

Prior to 01.04.09 the benchmark was EPRA European Property Index. Source: BNP Paribas, Bloomberg.

Asset allocation (%)

Continental Shares	67.68
UK Shares	32.32
Total	**100.00**

Sector allocation (%)

	Fund
Industrial	11.40
Offices	38.21
Other	6.39
Residential	13.70
Retail	30.30
Total	**100.00**

figures above shown on a look-through basis.

Top 10 holdings (%)

Great Portland	5.3
Deutsche Euroshop	5.2
Shaftesbury	4.9
Eurocommercial	4.5
Fabege	4.1
GSW Immobilien	4.1
Vastned Retail	3.9
CA Immobilien	3.5
Kungsleden	3.3
Sponda	3.1

Key facts

Fund objective: The investment objective of the Sigma shares is to maximise total returns by investing in small cap Pan European equities, focusing on long term capital and income growth.

Net Assets (Mn): £122.9mn

Net gearing: 5.59%

Launch date: 25.07.2007

NAV frequency: Daily

Dealing: Daily (stockmarket)

Legal status: UK Investment Trust

Listing: London Stock Exchange

Dividends: January, July

Initial charge: Nil

Management fee: £0.65mn per annum plus 0.30% of net 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

Contact: c/o Angelique Ello, TRC

Email: aello@thamesriver.co.uk

Registrar: Computershare Investor Services plc

IMPORTANT NOTICE – REGULATORY INFORMATION AND RISK WARNINGS

This document is issued for information only by Thames River Capital LLP ("Thames River, the "Firm"), the Funds Business of the F&C Group. The Firm is 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. 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. All data is sourced from the Firm unless otherwise indicated. 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 Isis Fund Limited, Thames River Longstone Fund Limited, Thames River Sentinel Fund, Thames River Warrior Fund, Thames River Warrior II Fund, Thames River Africa Focus Fund, Thames River Property Growth & Income Fund Limited are unregulated collective investment schemes which are not recognised schemes under s.264 of the Financial Services and Markets Act 2000. The Nevsky Fund plc is an unregulated open-ended investment company with variable capital and incorporated with limited liability in Ireland. The fund is a Dublin domiciled Qualifying Investment Fund (QIF) listed on Irish Stock Exchange. Thames River Multi-Select Fund and Thames River Absolute Return Fund are sub funds of Thames River Traditional Multi Funds plc, an open-ended investment company with segregated liability between sub-funds incorporated in Ireland, authorised by the Central Bank of Ireland 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. 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 Absolute Return Fund, Thames River High Income Fund, Thames River Global Credit Fund, Thames River Credit Select Fund, Thames River Global High Yield Fund, Eastern European Fund, Thames River Global Emerging Markets Fund, Thames River Global Bond Fund (£), Thames River Global Bond Fund (€), Thames River Global Bond Fund ($), Thames River Emerging Asia Fund, Thames River World Government Bond Fund, Thames River Water and Agriculture Absolute Return Fund, Thames River Real Estate Securities Fund, Thames River Global Emerging Markets Absolute Return Fund and Thames River – BSI Bond Opportunity 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 Central Bank of Ireland 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 a guide to future performance. Values may fall as well as rise and investors may not get back the amount 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 unregulated collective investment 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. Investors 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. (110825)

Potential investors should refer to the "Funds" page on **http://www.thamesriver.co.uk** to view current side letters relating to the schemes.

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, Norway, France, Spain and Italy.** 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/Downloads/PayingAgents/UCITSIII-ClosedEnded.aspx**