



# 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 - by Marcus Phayre-Mudge

The last month of the year saw real estate equity markets fall again with EPRA Europe down -1.66% (in GBP) and down -4.3% (in EUR). The continuing strength of the Euro over the month (+3.2% against Sterling) impacted on performance. Global stock markets continue to shun financials; real estate stocks are perceived as a heavily indebted asset class. Investors continue to reprice risk and stock prices are now anticipating 100-150 bps upward movement in implied yields. Investment property transaction volumes have fallen dramatically as potential purchasers anticipate further falls in prices but vendors are still reluctant to reduce asking prices far enough. We anticipate that during H1 2008, the market will find a level of pricing equilibrium as independent valuers mark prices 'to market' and sellers needing to raise cash accept the reality of yield expansion and reduced prices. This in turn will feed into December and March year end NAVs in listed companies. The positive is that against this backdrop of weak sentiment we see little sign of either tenant delinquency or the oversupply of space. However, the poor Christmas sales data (excluding food) coupled with the expectation of hire freezes (and potentially layoffs) in the City is adding to the market's pessimism over the sustainability of rental growth. In summary, we feel that real estate equity prices have anticipated - and discounted - the yield expansion (which is still playing out in the physical markets as valuers continue to mark prices down during the first quarter). The critical issue remains whether occupier demand will be sustained in a wider economic slowdown. We have our concerns and the fund is defensively positioned with £7.6m net cash (6% of NAV). £7m of this has been switched into Euros. During the month we increased our holdings in Argan and Fonciere des Murs (Fr.), Hansteen and Local Shopping Reit (UK) and IFM (Gr.). Sales were in Shaftesbury, Quintain and Workspace (UK), Wallenstam and Kungsladen (Sweden) and Eurocommercial (Neth.). Over the month the benchmark fell 1.5% and Sigma's NAV fell 1.83% leading to relative underperformance of 35bps. The share price discount to NAV widened during the month enabling us to buyback 1.3m shares at an average discount of over 21%.

### Fund Performance to 31 Dec 2007

	1 Month	YTD	NAV per share	Ordinary Share Price
Ord. Price (total return)	-4.68%	-24.88%	100.81p	81.50p
NAV (price only)	-1.83%	-16.59%		
EPRA European Property Index (price only)	-1.66%	-16.49%		
				Discount 19.15%

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	0.1%
Belgium	0.7%
Central Europe	2.8%
Denmark	0.1%
Finland	1.0%
France	14.2%
Germany	4.1%
Greece	0.4%
Ireland	0.0%
Italy	2.5%
Netherlands	2.0%
Norway	0.0%
Portugal	0.1%
Russia	0.3%
Spain	1.0%
Sweden	7.1%
Switzerland	0.5%
UK	62.9%
Other	0.3%
<b>Total</b>	<b>100%</b>

### Asset Allocation

UK Shares	50.3%
Continental Shares	43.8%
Cash	5.9%
<b>Total</b>	<b>100.0%</b>

### Sector Allocation

Offices	43.9%
Retail	29.5%
Industrial	14.5%
Residential	8.1%
Other	4.0%
<b>Total</b>	<b>100.0%</b>

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

### Top 10 Holdings % of net assets

Land Securities	10.00%
Unibail	9.40%
British Land	6.80%
Big Yellow Group	4.30%
Slough Estates	3.60%
St Modwen	3.20%
Castellum	3.10%
Great Portland	2.80%
Hammerson	2.50%
Fonciere Des Regions	2.30%

### 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.

<b>Net Assets (Mn)</b>	£136.3
<b>Launch Date</b>	25 July 2007
<b>Dealing</b>	Daily (Stockmarket)
<b>NAV Frequency</b>	Daily
<b>Legal Status</b>	UK Investment Trust
<b>Listing</b>	London Stock Exchange FTSE 250 Index

**Dividends** January, July

### Charges

Initial Charge	nil
Management Fee	1.1% of net assets p.a.
Performance Fee	20% of total return over the benchmark plus 2% hurdle

**Investment Manager**  
Thames River Capital LLP

**Stockbroker**  
Cenkos Securities plc

**Administrator**  
BNP Paribas  
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