

# 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

Pan European real estate finished a dismal year with a positive month when returns are viewed in local currency. EPRA Europe ex UK rose +5.5% (in EUR) and the UK +0.71% (in GBP). However, the month was dominated by unprecedented currency movements with Sterling's weakness against all European currencies accelerating dramatically in the month. As a consequence the fund's benchmark, FTSE EPRA/NAREIT Europe (in GBP) rose +14.88% with Europe ex UK up +22.04%, a record breaking month. This end of year recovery sadly doesn't cover the industry's blushes. The calendar year return of the benchmark totalled a fall of -32.34%. In Euro terms it was -48.59%. Sigma's portfolio remained highly defensive through December. Although December saw a relief rally across many sectors, which touched on real estate, we view such optimism as premature. Central banks must continue to do all they can to encourage the banking sector to once again lend to each other and to corporates. This credit drought headwind has been with us for some time and much commented on. It is now joined by the self-fulfilling recessionary spiral of declining consumer confidence, reduced spending and deflationary pressure. Further sales of £1.9m lifted net cash close to 18.3% of NAV at the year end. The fund outperformed the benchmark during December by 100bps reflecting the fact that virtually all of Sigma's cash was held in Euros. The fund is underweight Continental European stocks and holding cash in Euros effectively enabled the fund to have a Euro overweight. This long Euro position was neutralised during the month. The general pattern over the last 18 months of this bear market has been for smaller caps to underperform larger caps. This was not the case in December. Indeed 17 companies (of which 16 had a market cap of less than £1bn – our definition of small cap) made intra-month gains of over 20%. Any acquisitions have been focused on stocks which have little or no refinancing in 2009 as well as debt structuring which we view as appropriate.

### Fund Performance to 31 Dec 2008

	1 Month	YTD	1 Yr Fund	NAV per share	Sigma Share Price
<b>Sigma Price (total return)</b>	+6.49%	-49.69%	-49.69%	69.75p	41.00p
<b>NAV (price only)</b>	+15.29%	-30.81%	-30.81%		
<b>EPRA European Property Index (price only)</b>	+14.50%	-35.34%	-35.34%		
					<b>Discount</b> 42.60%

Note: Price is month-end mid-price. Source: Datastream, Bloomberg. Refer to the monthly newsletter - Page 34 for monthly / annual return history vs benchmark.

### Geographic Allocation % (Look-Through)

Austria	2.2
Belgium	2.3
Central Europe	5.1
Denmark	0.2
Finland	1.7
France	16.7
Germany	5.5
Greece	1.1
Ireland	-
Italy	4.9
Netherlands	4.6
Norway	-
Portugal	0.1
Russia	2.0
Spain	1.6
Sweden	11.0
Switzerland	-
UK	40.3
USA	0.2
Other	0.5
<b>Total</b>	<b>100.0</b>

### Asset Allocation %

Cash	20.0
UK Shares	33.7
Continental Shares	46.3
<b>Total</b>	<b>100.0</b>

### Sector Allocation % (Look-Through)

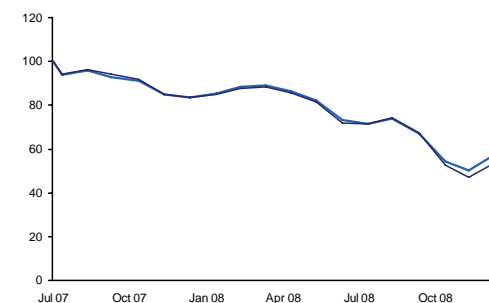
Offices	33.8
Retail	36.5
Industrial	18.5
Residential	7.7
Other	3.5
<b>Total</b>	<b>100.0</b>

### Top 10 Holdings % of net assets

Unibail	11.5
Land Securities	8.7
Castellum	5.4
Eurocommercial	5.3
Great Portland	4.9
Hansteeen	4.6
British Land	4.0
Silic	3.7
Big Yellow Group	3.3
Vastned Retail	2.8

### NAV per share Price Performance 01.07.98 (rebased to £100) to 31.12.08

— TR Property Investment Trust plc - Sigma  
— EPRA European Property Index



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

### 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>	£89.2
<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

<b>Dividends</b>	January, July
<b>Charges</b>	
Initial Charge	Nil
Management Fee	1.1% of net assets p.a.
Performance Fee	20% of total return over the benchmark plus 2% hurdle

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