

# 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  
**Marcus Phayre-Mudge**  
**James Wilkinson**



As the results season got underway, pan-European property companies' share prices responded to the steady stream of mildly (at the minimum) through to quite positive statements from company managements as well as better than expected dividend announcements. This strengthening of the 'bottom-up' picture from companies coupled with the increasing focus on safe havens of recurring income and inflation protection placed European real estate shares in the top decile of equity sector performance in the month. With the exception of Norway (a single company country) every country in the index had positive

performance in the month. The EPRA Developed Europe TR Index (in GBP) rose 4.4% whilst Sigma's benchmark the EPRA Europe Small Cap Index rose +2.17%; the first month in which the large cap index has outperformed the small cap in over a year. The difference in performance was driven by the greater exposure of the larger index to UK stocks and within that the largest companies. The UK was up +8.3%, whilst Land Securities and British Land rose +13.6% and 12.5% respectively. The message is clear - generalist investors (who primarily focus only on the largest stocks in the sector) were back buying the asset class. We are not surprised by this. Listed property companies across Europe are in good shape. They have repaired their balance sheets and in many instances have cash to use on accretive acquisitions. Within the UK, most of the companies have higher levels of fixed rate debt (which was a handicap to earnings growth as rates fell) but now look protectionist as the swap curves drift ever upwards. The EPRA

Index has a 'loan to value' ratio of 54% - the quoted sector is not over indebted. Rental growth remains an elusive commodity but it is up to us to identify those management teams and those portfolios which will harness that growth as it appears. Sigma is now benefiting from its increased exposure to markets such as Central London, Paris, Stockholm, and Milan as well as early cyclical plays such as self-storage and hotels.

The Fund's return for the month was +2.97% whilst the EPRA Small Cap index rose +2.17% leading to 80bps of outperformance in the month. The euro weakened against sterling in the month. Currency exposure of the Fund is matched to that of the benchmark but we remain vigilant as our income is predominately earned in the second quarter of the year and over 50% is denominated in euros.

## Fund performance to 28.02.2011 (%)

	Current month	YTD	1 year	3 year	Since launch		
NAV (capital only)	+2.97	+2.47	+18.77	-0.18	-11.76	NAV per share (capital only)	106.65p
FTSE EPRA/NAREIT European Property Small Cap Index (capital only, GBP)	+2.17	+1.13	+15.57	-13.09	-20.38	Share price	80.30p
Share price	-0.86	+2.95	+18.09	-12.48	-24.60	Discount	24.67%
						Yield	2.49%

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. NAV per share monthly return calculated net of fees. Source: BNP Paribas, Bloomberg. Refer to the back of the monthly newsletter for monthly/annual return history vs benchmark. Historical performances for distribution share classes may vary from previous issues of the Thames River newsletters. This follows an improvement in the performance calculation methodology (from monthly to daily cumulative), in order to be in line with Global Investment Performance Standards.

## Geographic allocation (%)

Austria	2.6
Belgium	2.7
Central Europe	2.6
Denmark	0.1
Finland	5.1
France	13.5
Germany	15.0
Greece	0.3
Italy	6.7
Netherlands	2.0
Norway	5.0
Russia	0.2
Spain	0.4
Sweden	19.0
Switzerland	0.3
UK	24.5
<b>Total</b>	<b>100.0</b>

## Fund performance 25.07.2007 to 28.02.2011



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

## 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):** £134.2mn  
**Net gearing:** 9.26%  
**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

## Sector allocation (%)

	Fund
Industrial	14.2
Offices	39.4
Other	6.6
Residential	14.4
Retail	25.4
<b>Total</b>	<b>100.0</b>

figures above shown on a look-through basis.

## Top 10 holdings (%)

Eurocommercial	7.4
Great Portland	6.3
Hufvudstaden	5.6
Castellum	4.7
Shaffesbury	4.2
CA Immonilien	3.6
Fabege	3.5
Norwegian Property	3.4
Kungsleden	2.9
Conwert	2.8

## IMPORTANT NOTICE - REGULATORY INFORMATION AND RISK WARNINGS

This document is issued for information only by Thames River Capital LLP ("Thames River, the "Firm"), part 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, Nevsky Fund Limited, Thames River Longstone Fund Limited, Thames River Sentinel Fund, Thames River Warrior Fund, Thames River Warrior II Fund, Thames River Distressed Focus 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. Thames River Multi-Select Fund, Thames River Global Boutiques 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 Dynamic Growth Fund, Thames River High Income Fund, Thames River Global Credit Fund, Thames River Credit Select Fund, Eastern European Fund, Global Emerging Markets Fund, Thames River Global Bond Fund (£), Thames River Global Bond Fund (€), Thames River Global Bond Fund (\$), 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. (101112)

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>