

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
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Pan-European real estate equities could not continue their December rally (+ 10.7%) into the New Year. In fact between 4th and 10th January, the index fell -5% and then recovered some of the way, the FTSE EPRA/NAREIT Developed Europe Net TR Index (in GBP) finished down -1.46% in the month. Once again small companies outperformed larger with the FTSE EPRA/NAREIT Developed Europe Small Cap Index (in GBP) - Sigma's benchmark falling -1.02%. Smaller property companies have consistently outperformed their larger competitors since early 2009.

Macro economic data continued to drive demand particularly for German property companies which are viewed as one of the few listed groups with pure domestic exposure. The Fund has a significant holding in Hansteen, a UK listed and managed company which has 70% of its assets in German industrial property. We participated in the placing of 17% of Deutsche Wohnen (German residential) by Oaktree, a private equity long-term holder. The stock now has 100% free float. The placing was at €9.25 per share and the stock ended the month at €10. The euro sovereign debt issues remain an unresolved cloud on the horizon but both Italian and Spanish spreads over their German equivalent narrowed later in the month. This helped both Beni Stabili (+9.9%) in Italy and Colonial (+14.5%) in Spain. We own the former but not the latter which fell -75% in 2010. There is an increasing consensus that the Eurozone central banks will construct a long-term stability pact. The single currency was also boosted by the public support from the Chinese with

the People's Bank of China purchasing up to one third of recent Eurobond issuance. The UK was down just -0.9% in the month which at first glance was a surprise given the weakness in the Q4 2010 GDP figures. However, perversely, in the near term this weakening in the broad economic recovery may lead to rates remaining lower for longer which will result in cheaper debt for this leveraged asset class.

Sigma's NAV fell 0.49% leading to 53bps of relative outperformance in the month. The share price however, responded even more favourably rising from 78p to 81p over the month. The discount to NAV narrowed from 25% to 22% and has continued to narrow into February as investors focus on not only the fact that smaller property companies have consistently outperformed their larger competitors since early 2009 but also Sigma's see-through portfolio which is currently just under 30% exposed to the UK.

Fund performance to 31.01.2011 (%)

	Current month	YTD	1 year	3 year		
NAV (capital only)	-0.49	-0.49	+18.24	+0.54	NAV per share (capital only)	103.57p
FTSE EPRA/NAREIT European Property Small Cap Index (capital only, GBP)	-1.02	-1.02	+17.10	-11.94	Share price	81.00p
Share price	+3.85	+3.85	+20.45	-3.57	Discount	21.79%
					Yield	2.47%

Price is month-end mid-price. Source: BNP Paribas, Bloomberg. Refer to 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 newsletter. 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	2.5
Belgium	2.7
Central Europe	2.4
Denmark	0.1
Finland	4.7
France	13.5
Germany	15.6
Greece	0.5
Italy	6.7
Netherlands	2.3
Norway	5.2
Russia	0.2
Spain	0.5
Sweden	18.3
Switzerland	0.3
UK	24.5
Total	100.0

Fund performance 25.07.2007 to 31.01.2011



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): £129.4mn
Net gearing: 9.89%
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 Eilo, TRC
Email: aello@thamesriver.co.uk
Registrar: Computershare Investor Services plc

Asset allocation (%)

Continental Shares	70.5
UK Shares	29.5
Total	100.0

Sector allocation (%)

	Fund
Industrial	13.9
Offices	39.8
Other	6.3
Residential	15.3
Retail	24.7
Total	100.0

figures above shown on a look-through basis.

Top 10 holdings (%)

Eurocommercial	7.4
Great Portland	6.0
Hufvudstaden	5.6
Castellum	4.9
Shaftesbury	4.0
Norwegian Property	3.7
Fabege	3.6
CA Immobilien	3.2
Conwert	2.7
Alstria	2.7

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