

# 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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The Sigma share class total return for June was up only 13bps, slightly behind the benchmark return of 23bps.

Markets were choppy again with 10-day volatility moving from a low of 7.3% on the 14 June 2011 to 18% at the end of the month. The EPRA small cap benchmark was off 3.7% in the first three weeks of the month, recovering all the lost ground in the final week after the Greek parliament finally voted through further austerity measures.

Unsurprisingly, stocks with exposure to Southern European countries such as Greece, Spain and Italy suffered whilst the UK, France, Germany and Switzerland outperformed. Of greater note is the underperformance of the Swedish stocks, which fell by over 4% over the month on the back of concerns about the Swedish housing market, rising interest rates and slowing global demand for Swedish exports. The UK was the top performer (in local currency terms) powered by strong performance from the London focused stocks.

We participated in the IPO of Prime Office, the second German IPO of the year (the first being GSW). Prime Office owns a portfolio of 14 office buildings across Germany with a total gross asset value of €970 million and leverage of around 50% post IPO. The IPO process was difficult, with investors unwilling to give the benefit of the doubt to a company with significant

lease expiries in the next two years. The original price range of €7 to €9 had to be abandoned and replaced with a fixed price of €6.20, a discount of 30% to NAV and a prospective dividend yield of 5%+ in two years time. We judged that €6.20 was sufficiently attractive to take a position for the fund. Following the re-inclusion of IVG (Diversified property conglomerate) into the EPRA index Germany is now the second largest country in Sigma's benchmark after the UK. The fund currently holds a market weight exposure of 16.5% to Germany but this masks significant relative positions in individual stocks.

The gearing of the Fund remains modest at 6.3% and the shares go 'ex div' (of 1.25p) on 6<sup>th</sup> July, payable on 2<sup>nd</sup> August.

## Fund performance to 30.06.2011 (%)

	Current month	YTD	1 year	3 year	5 year	Since launch		
NAV (capital only)	-0.50	+11.09	+44.60	+30.48	-	-4.34	NAV per share (capital only)	115.62p
FTSE EPRA/NAREIT European Property Small Cap Index (capital only, GBP)	-0.34	+8.02	+39.17	+13.52	-	-14.95	Share price	92.10p
Share price	+1.21	+18.08	+48.31	+27.03	-	-13.52	Discount	20.34%
							Yield	2.17%

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	2.80
Belgium	2.40
Central Europe	3.00
Denmark	0.10
Finland	4.90
France	12.60
Germany	19.80
Greece	0.30
Italy	8.40
Netherlands	2.20
Norway	4.50
Other	0.10
Russia	0.20
Spain	0.40
Sweden	14.10
Switzerland	0.30
UK	24.20
<b>Total</b>	<b>100.30</b>

## Asset allocation (%)

Continental Shares	68.52
UK Shares	31.48
<b>Total</b>	<b>100.00</b>

## Fund performance 25.07.2007 to 30.06.2011



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

## Sector allocation (%)

	Fund
Industrial	13.50
Offices	40.50
Other	5.90
Residential	11.90
Retail	28.30
<b>Total</b>	<b>100.10</b>

figures above shown on a look-through basis.

## Top 10 holdings (%)

Eurocommercial	6.5
Great Portland	5.3
Shaftesbury	4.6
CA Immobilien	3.9
Norwegian Property	3.9
GSW Immobilien	3.5
Deutsche Euroshop	3.5
Kungsleden	3.2
Alstria	3.1
Faberge	3.0

## 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):** £144.2mn  
**Net gearing:** 6.44%  
**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:** Cenos Securities plc  
**Administrator:** BNP Paribas  
**Contact:** c/o Angelique Eilo, TRC  
**Email:** aello@thamesriver.co.uk  
**Registrar:** Computershare Investor Services plc

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