

# 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**



Whilst the month was positive for equities and small cap real estate equities in particular (with the EPRA Small Cap Index +3.12%) it was highly volatile intra month. The index fell -5.7% between 7<sup>th</sup> and 16<sup>th</sup> as investors reacted firstly to the consequences of the natural disasters in Japan and then the unfolding of the Libyan crisis. However from 16<sup>th</sup>, the market anticipated little contagion and the index rose +7.3% from there to the month end. Our investment views remain the same. Properties (and property equities) are offering high income yields, which have historically been growing faster than inflation. As we enter the dividend payment season (over 50% of our income is declared in the next quarter) we are confident that earnings announcements will continue to surprise on

the upside. This is clearly attracting investors to the sector.

Sigma's return over the month was +3.52%, exceeding the index by 40bps. The weakest markets were the UK and Germany. These had been the strongest performers in February. For the UK, the concerns continue to be the impact of the government's austerity package, employment levels and imported inflation (through weaker currency). In Germany the poor performance was very property company specific with Gagfah (residential owner/manager) falling nearly 30% in the month. The company is being sued by the City of Dresden for allegedly failing to fulfil obligations to some residential tenants. The Fund benefitted from its exposure to Scandinavia as well as good performance from our portfolio of French small cap stocks, such as Fonciere des Murs, FPF and Argan.

The Trust has a March year end and the NAV total return for the financial year for the Sigma share class was +16.4%. The shareholders' total return was

+19.8% reflecting the improvement in the discount over the year. The Fund's small cap benchmark is reviewed annually at the end of the financial year. The hurdle for inclusion/exclusion is adjusted to reflect the movement in the capital return of the index over the last 12 months. The hurdle has therefore increased from £1bn to £1.126bn. The adjustment mechanism also incorporates a 'smoothing band' of 20% either side of this figure to reduce constituent volatility. Two companies have been excluded, Hufvudstaden and Castellum. The strengthening of the SEK (+7.5% versus GBP) over the year contributed to this outperformance.

Whilst Marcus and James continue to manage this share class, from 1<sup>st</sup> April 2011 Marcus became lead manager of the Ordinary share class of TR Property Investment Trust (following Chris Turner's retirement) and James became lead manager of the Sigma share class.

## Fund performance to 31.03.2011 (%)

	Current month	YTD	1 year	3 year	Since launch
NAV (capital only)	+3.52	+6.08	+15.08	+2.70	-8.65
FTSE EPRA/NAREIT European Property Small Cap Index (capital only, GBP)	+3.12	+4.29	+13.06	-11.11	-17.89
Share price	+3.92	+6.99	+18.37	-9.29	-21.64

NAV per share (capital only)	110.41p
Share price	83.45p
Discount	24.41%
Yield	2.4%

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	2.7
Belgium	2.8
Central Europe	2.8
Denmark	0.1
Finland	6.0
France	13.4
Germany	15.7
Greece	0.3
Italy	7.7
Netherlands	2.2
Norway	5.2
Russia	0.2
Spain	0.4
Sweden	16.5
Switzerland	0.3
UK	23.7
<b>Total</b>	<b>100.0</b>

## Fund performance 25.07.2007 to 31.03.2011



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):** £137.9mn  
**Net gearing:** 7.54%  
**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 Angeliq Eilo, TRC  
**Email:** aello@thamesriver.co.uk  
**Registrar:** Computershare Investor Services plc

## Asset allocation (%)

Continental Shares	69.8
UK Shares	30.2
<b>Total</b>	<b>100.0</b>

## Sector allocation (%)

	Fund
Industrial	14.2
Offices	38.7
Other	7.0
Residential	13.8
Retail	26.3
<b>Total</b>	<b>100.0</b>

figures above shown on a look-through basis.

## Top 10 holdings (%)

Eurocommercial	7.4
Great Portland	5.5
Shaftesbury	4.3
CA Immobilien	3.8
Hufvudstaden	3.6
Norwegian Property	3.5
Fabege	3.4
Alstria	3.3
Sponda	3.0
Deutsche Euroshop	2.9

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