

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

After the record month of August (index +21.5%), the FTSE EPRA/NAREIT Europe Small Cap Index (in GBP) rose +5.2% in September. This is still a significant monthly move, if dwarfed by the previous figure. The index has risen +36.2% in the third quarter of this year alone. This is a quarterly record and reflects the continued strengthening of sentiment towards real estate and real estate equities. Looking back over the quarter, investors' appetite for well let physical property has changed beyond recognition. Transactional evidence is indicating 100bps tightening in yields for prime assets and anecdotally we hear that buyers are moving up the risk spectrum (considering shorter leases, older buildings). This improvement in underlying values has yet to translate into published asset values (it is such a recent phenomenon) but share prices have anticipated it. Given that the UK stocks suffered the greatest 'mark-to market' downward movement it is no surprise that the UK share prices have anticipated the fastest upward correction. Our concerns rest with earnings. In the UK, rents continue to fall and demand for space is at best fragile. In France (the second largest country exposure in the benchmark) the ICC (the rent index primarily used in industrial and office property) fell 4% year on year. However in the immediate future we expect investors to continue to focus on the improvement in capital values driven by adjustments in risk appetite. Leverage and (in some instances) development opportunities are once again seen as positives. Following such a strong period, companies continue to tap the market with a mixture of rights issues and placings. This month in the real estate small cap space we had Unite (student accommodation), Wichford (government let property), Primary Health (GP surgeries), Deutsche Wohnen (German residential) and Songbird (Canary Wharf estate). Sigma participated in each instance as well as providing sub-underwriting in certain cases for which it received fees. Demand for these issues was robust and our underwriting commitment was not called upon. Over the last six months, the cash position in the fund has consistently reduced and for the first time in Sigma's history (launch was July 2007) the fund is now fully invested and by the end of the first week of October was geared albeit modestly (2%). The Small Cap benchmark had its quarterly adjustment on 22nd September. Six companies left the index having become 'large caps' (ie with a market value of over £1bn). This was anticipated but also means that Sigma (temporarily) has an increased exposure to larger companies (albeit bought when they were smaller ones!) Sigma's capital only NAV rose 6.4% in the month whilst the benchmark (capital only) rose 5.2% leading to 120bps of outperformance. The discount to NAV has drifted out to 19.8% from 18.7% over the month which meant that the share price did not reflect all the underlying gain in the month rising 4.9% to 73.45p.

Fund Performance to 30 Sep 2009

	1 Month	YTD	1 Yr Fund	NAV per share	Sigma Share Price
Sigma Price (total return)	+4.93%	+79.15%	+28.30%	91.63p	73.45p
NAV (price only)	+6.45%	+31.37%	+13.05%		
EPRA European Property Small Cap Index (price only)	+5.21%	+21.38%	-2.94%		
					Discount 19.84%

*Small Cap benchmark adopted on 1 April 09 Prior to 01.04.09 benchmark was EPRA European Property Index

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

Geographic Allocation % (Look-Through)

Austria	2.8
Belgium	9.2
Central Europe	3.2
Finland	6.2
France	17.2
Germany	7.9
Greece	2.2
Italy	3.8
Netherlands	3.1
Portugal	0.0
Russia	1.8
Spain	1.3
Sweden	12.4
UK	28.0
USA	0.7
Other	0.3
Total	100.0

Asset Allocation %

Continental Shares	63.3
UK Shares	33.7
Cash	3.0
Total	100.0

Sector Allocation %

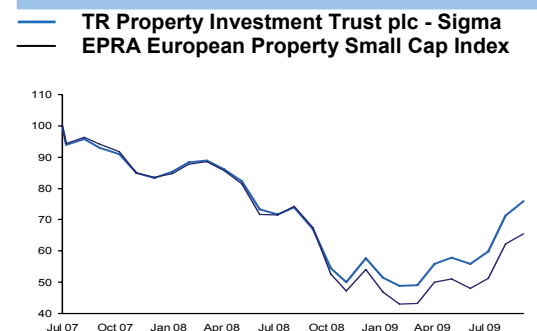
Offices	31.2
Retail	33.2
Industrial	15.0
Residential	16.1
Other	4.5
Total	100.0

Note: figures above shown on a look-through basis.

Top 10 Holdings % of net assets

Eurocommercial	6.9
Befimmo	4.2
Conwert	4.0
Hansteeen	3.8
Vastned Retail	3.7
Wereldhave	3.6
Citycon	3.5
Great Portland	3.5
Derwent	3.4
Cofinimmo	3.2

NAV per share Price Performance 01.07.08 (rebased to £100) to 30.09.09



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

Net Assets (Mn)	£116.5
Launch Date	25 July 2007
Dealing	Daily (Stockmarket)
NAV Frequency	Daily
Legal Status	UK Investment Trust
Listing	London Stock Exchange FTSE 250 Index
Dividends	January, July

Charges	
Initial Charge	Nil
Management Fee	£0.65mn per annum plus 0.30% of net assets p.a.
Performance Fee	20% of total return over the benchmark plus 2% hurdle

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Stockbroker
Cenkos Securities PLC

Administrator
BNP Paribas
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Potential investors should follow the links below for information on any current side letters relating to the schemes.
<http://www.thamesriver.co.uk/downloads/disclosures.htm> <http://www.nevskycapital.com/downloads/disclosures.htm>

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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 and France. 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/pdf/paying_agents.pdf
http://www.nevskycapital.com/pdf/paying_agents.pdf

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