

# TR Property Investment Trust Ordinary Shares

TR Property Investment Trust plc ■ Closed-ended investment trust - long only pan-European and UK direct property

Manager commentary  
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Writing the monthly commentary in the second week of August, the data feels very historic. For the record the NAV (with income) fell 4.8% and the benchmark fell 4.9% giving slight relative outperformance. The same benchmark denominated in EUR rather than GBP fell 'only' 1.9% as EUR weakened by 3% versus GBP over the month. Looking back, the resurgence of Eurozone sovereign debt issues began to boil up again during July but sentiment briefly improved following the decision to expand the European Financial Stability Fund (EFSF) as well as a new support package for Greece. However this improvement in outlook was short lived and as the month ended the risk of

contagion to Italy and beyond was becoming a central theme. Investors voted with their feet and the price movements (and intra day volatility) of early August have been dramatic.

Whilst real estate equities fell in July, the falls were modest when viewed in local currency. Whilst early August has seen significant weakness, the sector has outperformed the broader market on a relative basis. Often viewed as an adjunct to the Financials group its performance versus BBG European Financials index is impressive. Between 1st July and 12th August that index is down 19.9% whilst EPRA (in EUR) is down 11.3%. Investors may well consider that the vast majority of listed property companies have balance sheets and access to debt far improved from the dark days of 2008. The recapitalizations and restructuring of 2009 have resulted in an average LTV of only 41%. Earnings are highly visible and relatively secure (with lease lengths of 7 years on average). Forecast earnings

yields for 2001 are 6.5% whilst dividend yields are in excess of 5%.

Within the fund the overweight to the UK was beneficial as it fell 2.9% outperformed only by Norway and Switzerland. The other large components of the index, France and the Netherlands fell 3.8% and 6.1% when viewed in EUR (but -6.7% and -8.9% in GBP).

Whilst the fund had gearing of 8.5% by the month end, it also held 9% of its assets in physical property, hence it had no geared exposure to its underlying equity portfolio. The fund has made its first property acquisition since 2006, buying a multi-let office building in Vauxhall for £7.83m with a net initial yield of 6.75%. This increased the exposure of the fund to physical property from 8% to 9.2%.

The final dividend of 3.7p is payable on 2nd August.

## Fund performance to 29.07.2011 (%)

	Current month	YTD	1 year	3 year	5 year		
NAV (capital only)	-5.08	+7.25	+23.50	+13.35	-7.70	NAV per share (capital only)	204.70p
FTSE EPRA/NAREIT Developed European Index (capital only, GBP)	-5.00	+5.06	+20.96	+1.065	-24.10	Share price	189.70p
Share price	-5.24	+13.32	+27.66	+25.63	-6.32	Discount	7.33%
						Yield	3.20%

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

## Geographic allocation (%)

Austria	1.50
Belgium	1.60
Central Europe	2.40
Denmark	0.18
Finland	1.82
France	20.10
Germany	8.15
Greece	0.20
Italy	4.91
Netherlands	2.94
Norway	1.50
Other	0.54
Portugal	0.19
Russia	0.70
Spain	1.99
Sweden	9.99
Switzerland	3.70
UK	37.30
USA	0.29
<b>Total</b>	<b>100.00</b>

## Asset allocation (%)

UK Direct Property	8.97
Continental Shares	56.35
UK Shares	34.68
<b>Total</b>	<b>100.00</b>

## Sector allocation (%)

	Fund
Industrial	10.19
Offices	38.78
Other	4.98
Residential	7.08
Retail	38.97
<b>Total</b>	<b>100.00</b>

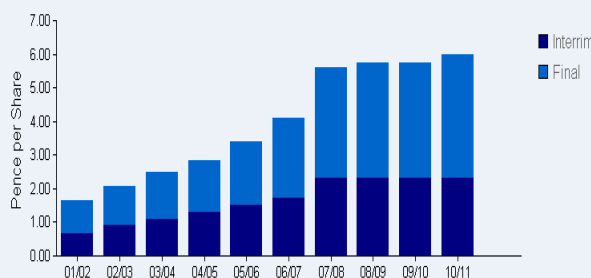
Figures above shown on a look-through basis.

## Fund performance 30.12.1999 to 29.07.2011



Prior to 01.09.01 the benchmark was FTSE Real Estate index and prior to 01.04.07 it was the S&P Citigroup European Property Index. Source: BNP Paribas, EPRA.

## Dividend history 28.02.2001 to 29.07.2011



Prior to 01.09.2001 the benchmark was FTSE Real Estate Index and prior to 01.04.2007 it was the S&P Citigroup European Property Index. Source: BNP Paribas.

## Top 10 holdings (%)

Unibail	14.2
Land Securities	8.2
British Land	5.5
Corio	4.5
Hammerson	3.9
Kleppierre	3.2
Derwent	2.8
Castellum	2.3
Segro	2.2
Fonciere Des Regions	2.2

## Key facts

**Fund objective:** The investment objective of the trust is to maximise total returns by investing in Pan European equities and UK direct property, focusing on long term capital and income growth.

**Net Assets (Mn):** £524.5mn

**Net gearing:** 8.56%

**NAV frequency:** Daily

**Dealing:** Daily (stockmarket)

**Legal status:** UK Investment Trust

**Listing:** London Stock Exchange

**Dividends:** January, July

**Initial charge:** Nil

**Management fee:** £2.65m p.a plus 0.20% net of 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

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**Registrar:** Computershare Investor Services plc

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