TR Property Investment Trust Ordinary Shares

May 2013

Whilst March was the first negative month since May 2012, April made up that small loss and more, putting the trend firmly back in an upward direction. The benchmark, FTSE EPRA/NAREIT Developed Europe Capped Index Total Return (in GBP) rose 5.5% bringing the year-to-date total return to 10%. The fund outperformed modestly in the month. Most asset classes benefited from the Bank of Japan (BOJ) reflationary trade. Italian sovereign 10-year yields were down 85bp to 3.25%, not far off their all-time lows in 2005. European BBB corporate bond yields hit record lows of 2.7%. Property shares seen as secure, relatively high income opportunities clearly benefited and this fed through into demand. Real estate equity funds have recorded 10 straight weeks (to 25 April 13) of positive inflows ($0.7bn).

The BOJ reflationary trade also appears to have generated strong correlation between the strength of GBP/Yen and the UK REIT sector in April.

London remained the flavour of the month. Amongst the strongest performers was the flexible London office space provider Workspace up 9.3%, bringing its total year-to-date return to 25.5%. The stock also benefits from exposure to residential conversion opportunities within its portfolio. The fund remains overweight all of the London stocks except Capital & Counties, which was also a strong performer in the month (+13.1%) despite announcing that it has agreed to pay 5.5% of the residual land value of the entire Earls Court development to Network Rail in return for the use of airspace over the West London line which cuts across the site. Our other top performers in the UK were the self storage businesses where we own both Big Yellow (+13.7%) and Safestore (+15.6%). The Swiss property companies, often viewed as safe havens tend to perform poorly in strong markets and collectively they fell 1% in the month by far the weakest geographic region. The two largest European retail focused companies – Unibail and Klepierre performed surprisingly well (+9.3% and +10% respectively) but investors were clearly focused on the attractive forthcoming dividends.

A large number of stocks go 'ex' either annual or interim dividends in the month and this accounts for 1.3% of the total return in the period. It is interesting to note that in these momentum markets many of these stocks have made up most and in some cases more than their dividend in the last few weeks.

Whilst the share price return year-to-date has been 13.6%, the discount to NAV remains in the range 13-16% and we made our first buyback for over three years acquiring, for cancellation 175,000 shares at a 16.1% discount.

Cumulative performance as at 30.04.2013 (%)

	Current month	YTD	1 year	2 years
Fund (Total Return)	+5.55	+11.16	+31.77	+12.47
Benchmark	+5.47	+10.00	+27.79	+8.72

Benchmark : FTSE EPRA/NAREIT Capped Total Return GBP

Standardised performance as at 30.04.2013 (%)

	2010/ 2011	2011/ 2012	2012/ 2013
Fund (Total Return)	-	-14.65%	31.77%
Benchmark	-	-14.92%	27.79%

Figures are based on capital only NAVs. Source: State Street.

Sector allocation (%)

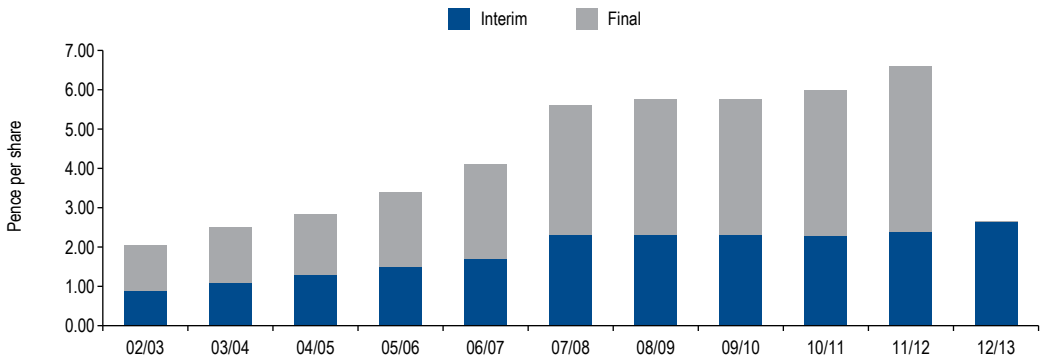
Industrial	8.4
Offices	36.1
Other	5.9
Residential	13.0
Retail	36.6
TOTAL	**100.0**

Asset allocation (%)

UK Shares	37.0
UK Direct Property	7.0
Continental Shares	56.0
Total	**100.0**

Figures above shown on a look-through basis.

Dividend history



Source: State Street

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): £725.0mn

Net gearing: 11.3%

NAV frequency: Daily

Legal status: UK Investment Trust

Listing: London Stock Exchange

Dividends: January, July

Initial charge: Nil

Management fee: £2.75m p.a plus 0.20% of net assets p.a

Performance fee: 15% of outperformance of benchmark plus 1% hurdle

Investment manager: Thames River Capital LLP

Stockbroker: Cenkos Securities plc, Oriel Securities

Administrator: BNP Paribas

Email: www.trproperty.com

Registrar: Computershare Investor Services plc

NAV per share (Total Return)	228.10p
Share price	196.50p
Discount	-13.85%
Yield	3.50%

Past performance is not a guide to future performance. Values may fall as well as rise and investors may not get back the full amount invested. Income from investments may fluctuate. Changes in rates of exchange may have an adverse effect on the value, price or income of investments. Investments are concentrated in companies which are focussed on property markets; these are limited to a narrow segment of the economy. Performance may, therefore, differ in direction and degree from the overall stock market. Where investments are made in emerging markets, unquoted securities or smaller companies their potential volatility may increase the risk to the value of, and the income form, the investment.
If markets fall, gearing can magnify the negative impact on performance.

See through geographical allocation (%)	
Austria	2.5
Belgium	2.0
Central Europe	1.8
Denmark	0.1
Finland	1.6
France	18.5
Germany	13.4
Greece	0.0
Ireland	0.0
Italy	4.3
Netherlands	2.1
Norway	1.9
Other Overseas	0.3
Portugal	0.1
Russia	0.1
Spain	1.4
Sweden	10.5
Switzerland	3.7
UK	35.6
USA	0.1
TOTAL	**100.0**

Top holdings (%)	
UNIBAIL-RODAMCO	10.6
LAND SECURITIES	6.9
HAMMERSON	4.9
BRITISH LAND	4.6
GREAT PORTLAND ESTATES	3.9
KLEPIERRE	2.8
DERWENT LONDON	2.8
PSP SWISS PROPERTY	2.5
LEG IMMOBILIEN	2.4
ST MODWEN PROPERTIES	2.4

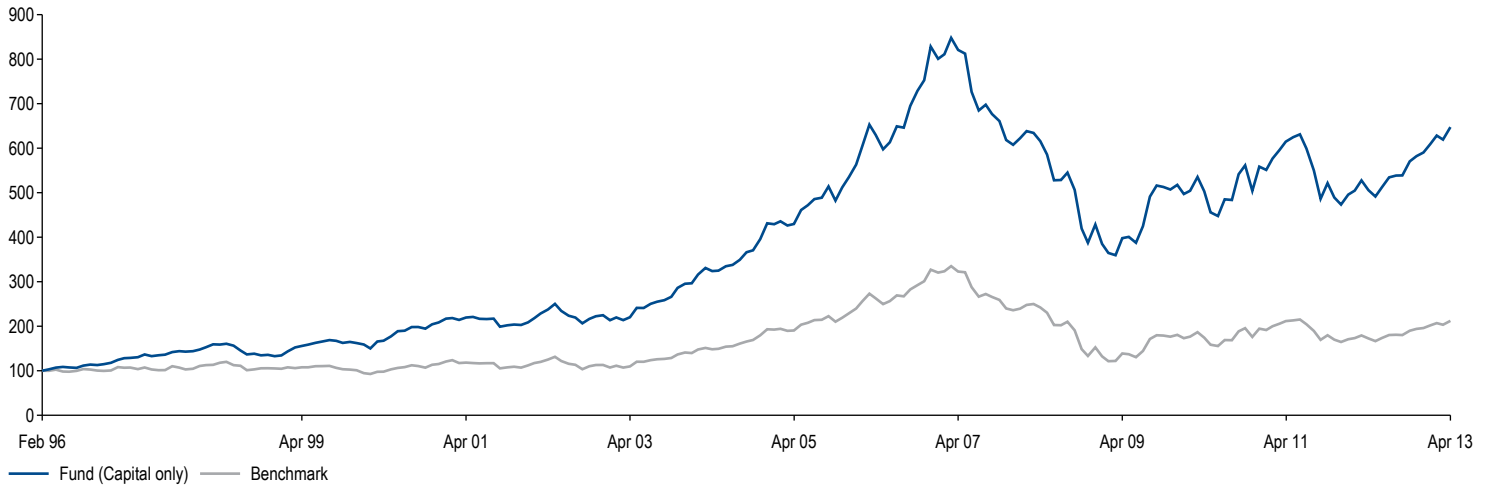
Fund performance to 30.04.2013 (%)

	Current month	YTD	1 year	3 years	5 years
Fund (Capital only)	+4.53	+9.66	+28.00	+28.70	+5.13
Benchmark	+4.31	+8.25	+22.92	+21.72	-12.41
Share price	+5.48	+13.58	+32.14	+23.04	+11.80

Benchmark : FTSE EPRA/NAREIT Developed Europe Capped NR

Price is month-end mid price. Source: State Street.

Fund performance



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