TR Property Investment Trust Ordinary Shares

November 2013

Manager commentary
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Real estate stocks enjoyed a strong October with the (FTSE EPRA/NAREIT Developed Europe Capped Net Total Return in GBP) rising +5.4% in the month. Once again performance was dominated by the UK (+6.6% in GBP) whilst the rest of Europe rose +3.4% (in EUR). On a global view, Europe was the strongest performing region with the US returning +4.5% (in USD). Concerns over the possibility of near term (earlier than Q2 2014) reduction in QE by the Fed have now diminished and 10 year US Treasury yields have moved back down towards 2.6% (from over 3%). The result has been a return of risk appetite for leveraged assets. The month also witnessed a renewed demand for European equities and the Euro (which gained 2% against GBP and USD intra month) particularly Southern Europe. IGD and Beni Stabili both returned more than 10% in the month and the fund sold stock into this buying interest. The only Greek stock in the index, Eurobank rose +21%. It is now up 84% YTD and that huge increase brings its 3 year performance just back into positive territory.

Our concern is that investors are getting ahead of themselves in believing that all parts of Europe can grow their way out of their deficits. The region is still suffering from a huge range of issues including rising unemployment (Spain and Italy) and falling house prices (where state intervention is on its way – the Netherlands). The weakening inflation numbers towards the end of the month (<1% pa) served as a strong reminder of the difficulties.

The Trust's NAV rose 6.0% in the month, outperforming the benchmark by 60bps. Performance versus the benchmark was particularly driven by the long positions in the UK and our underweight in Switzerland. The Swiss companies (-0.9%) have continued to suffer as rental growth remains negative in the Zurich office markets and investors do not feel the need for the traditional safe haven of Swiss Franc backed assets. In the UK, stocks associated with the residential market (both directly and indirectly) did well. St Modwen (+15.9%) combines a residential land bank with a high yielding industrial portfolio whilst Safestore (+10.6%) is one of the two leading self storage operators and will benefit from rising turnover in the housing market. Grainger (+11.3%) is the only pure owner of standing residential stock.

In Scandinavia, the Swedish stocks collectively had a strong month rising +6.4% as investors priced in no move in the Riksbank base rate. It was the industrial players, Castellum (+8.5%), Wihlborgs (+8.5%) and Kungsladen (+11%) which performed the strongest. In Norway, we were once again disappointed by the management of NPRO and the stock slid -4.2% on numbers, bringing the YTD to -8%, the worst performer in the index year to date.

Cumulative performance as at 31.10.2013 (%)

	Current month	YTD	1 year	2 years
Fund (Total Return)	5.96	19.30	23.70	39.90
Benchmark	5.38	15.40	19.44	31.45

Benchmark : FTSE EPRA/NAREIT Capped Total Return GBP

Standardised performance as at 31.10.2013 (%)

	2010/ 2011	2011/ 2012	2012/ 2013
Fund (Total Return)	-	13.10%	23.70%
Benchmark	-	10.05%	19.44%

Figures are based on capital only NAVs. Source: F&C Management Limited.

Sector allocation (%)

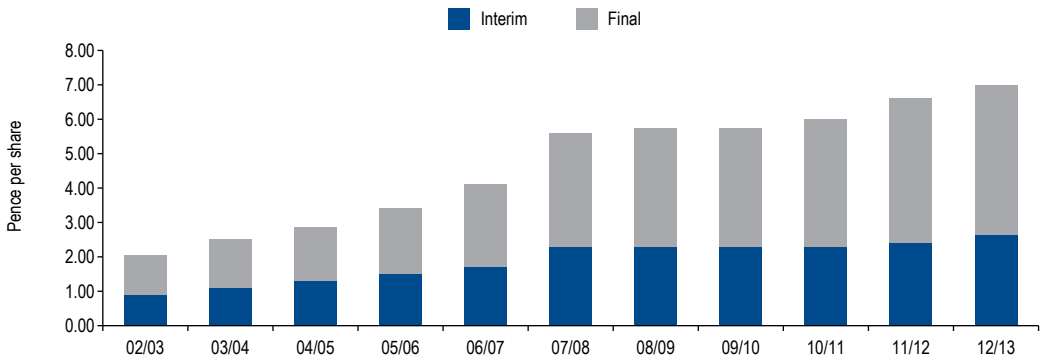
Industrial	6.7
Offices	33.3
Other	5.6
Residential	17.3
Retail	37.2
TOTAL	**100.0**

Asset allocation (%)

UK Shares	41.7
UK Direct Property	6.4
Continental Shares	51.9
Total	**100.0**

Figures above shown on a look-through basis.

Dividend history



Source: F&C Management Limited

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): £761.0mn

Net gearing: 15.3%

NAV frequency: Daily

Legal status: UK Investment Trust

Listing: London Stock Exchange

Dividends: January, July

Initial charge: Nil

Management fee: £3.325m 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)	239.90p
Share price	232.60p
Discount	-3.04%
Yield	3.00%

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	2.7
Belgium	1.0
Central Europe	1.7
Denmark	0.1
Finland	0.1
France	17.6
Germany	16.8
Greece	0.0
Ireland	0.2
Italy	2.3
Netherlands	1.9
Norway	1.6
Other Overseas	0.3
Portugal	0.1
Russia	0.0
Spain	1.4
Sweden	9.8
Switzerland	4.0
UK	38.3
USA	0.1
TOTAL	**100.0**

Top holdings (%)	
UNIBAIL-RODAMCO	10.8
LAND SECURITIES GROUP PLC	10.0
HAMMERSON PLC	5.9
BRITISH LAND CO PLC	5.8
GREAT PORTLAND ESTATES PLC	4.3
DERWENT LONDON PLC	3.4
ST. MODWEN PROPERTIES PLC	3.1
PSP SWISS PROPERTY AG-REG	2.7
LEG IMMOBILIEN AG	2.6
KLEPIERRE	2.5

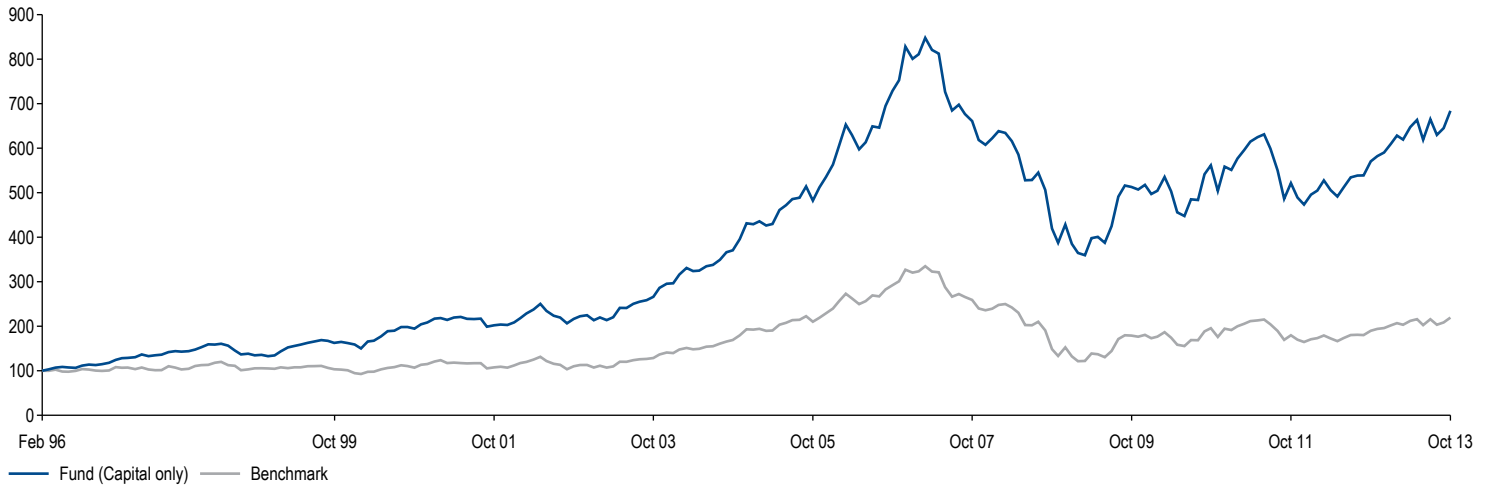
Fund performance to 31.10.2013 (%)

	Current month	YTD	1 year	3 year	5 year
Fund (Capital only)	6.03	15.87	19.91	21.82	63.05
Benchmark	5.22	12.00	15.58	12.18	47.74
Share price	10.81	34.45	39.45	43.05	102.26

Benchmark : 100.0% FTSE EPRA Europe Cap GBP

Price is month-end mid price. Source: F&C Management Limited.

Fund performance



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