Threadneedle Pensions Limited, Property Fund

Quarterly Report as at 30 September 2024

For Existing Investors only

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Mandate Summary

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Mandate

To invest primarily in direct UK commercial property. It aims to generate total returns (from income and capital appreciation) and outperform its benchmark, over rolling 3-year periods, after the deduction of charges. It also aims to deliver positive environmental or social outcomes in accordance with the Real Estate Responsible Investment Policy Statement. Reporting TPEN publishes reports regularly on the Fund's financial and responsible investment performance. These reports allow policyholders to track the progress of the Fund against its investment objectives. These reports are published on the Columbia Threadneedle Investments website.

Fund Information

Total Assets	GBP 1,384 million
Benchmark	MSCI/AREF UK All Balanced Property Funds
Base currency	GBP
Reporting currency	GBP
Quoted price *(Currently Bid)	6.7727
NAV	6.8600
UK pooled pension property fund	
Accumulation Units	
Prices and deals every UK business day	

Source: Columbia Threadneedle Investments

*Semi-swinging single price.

Quoted price and NAV are based on share class C (AMC of 0.75%) as at 30 September 2024

Portfolio highlights

NAV
£1.383 billion

Properties
153

Average lot size
£8.8 million

Gross rent roll
£88.0 million p.a.

Tenancies
866

Cash
2.2% (5.8%)*

Vacancy rate
£12.0m / 11.0% (10.6%)

WAULT
4.4 years (6.5 years)

GRESB Rating
77/100

%NIY

Net Initial Yield
6.0% (5.2%)

%EY

Equivalent Yield
8.2% (7.1%)

Total Return
+1.7% (+1.7%)*
(12 months)

Past performance is not a guide to future returns. Source: Columbia Threadneedle Investments, MSCI UK Monthly Property Index (figures in brackets) and *MSCI/AREF All Balanced Property Fund Index. Cash is net debt % NAV. Total return is 3-month net fund NAV to NAV return. All as of 30 September 2024. WAULT is an abbreviation of weighted average unexpired lease term. It is used by property companies as an indicator of the average remaining life of the leases within their portfolios.

Market Context

Economy

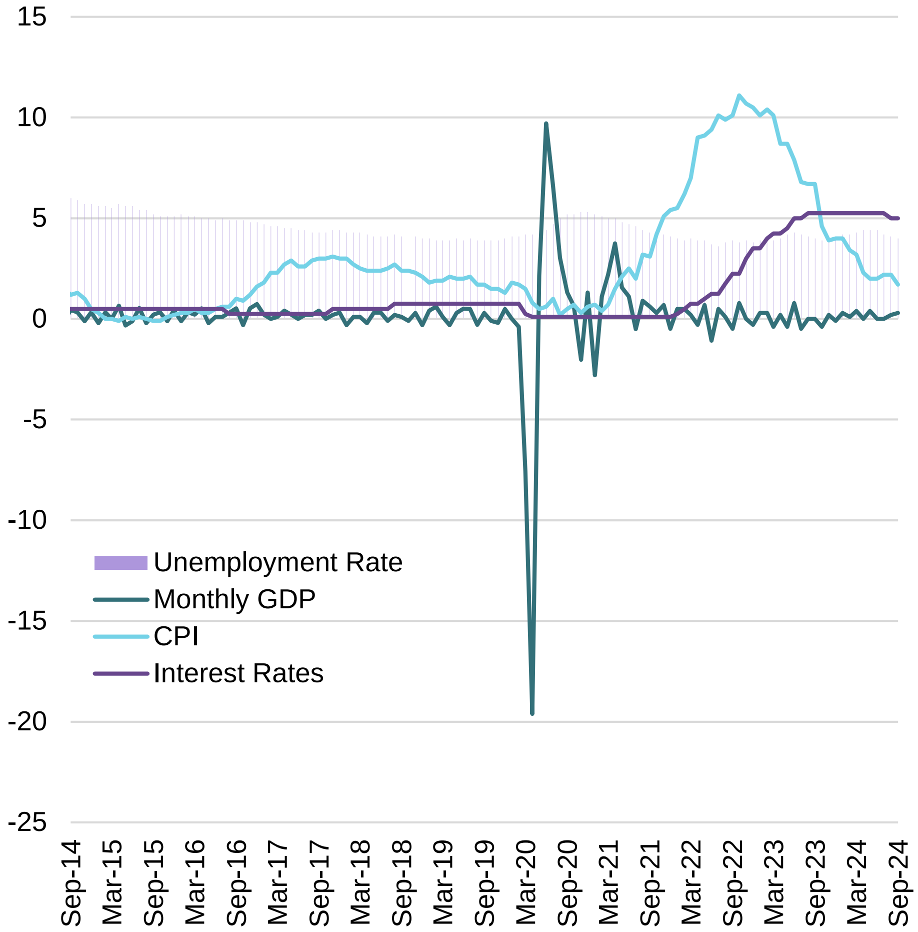
The UK economy is expected to expand by 1.1% this year boosted by more normal levels of inflation, interest rate cuts, real income growth and increasing business and consumer confidence. However, progress will be slow and while final GDP growth figures for Q3 have not yet been released, it is thought to be around 0.3% - 0.4% due to the impact of tighter fiscal policy and the lagged effects of past interest rate rises. The new Chancellor, Rachel Reeves, presents her first Budget on 30 October which the real estate community will be watching closely. The new government has a clear desire to boost growth which is undoubtedly welcome, but investors will be keen for more clarity on the direction of fiscal policy and any potential changes to capital taxes.

UK inflation fell more than expected to a three-year low of 1.7% in September and is now under the Bank of England's 2% target for the first time since April 2021. The expectation is that inflation will not fall much further in the near term as the drag from falling energy prices has now started to fade and could result in another step up in Q4, when the energy price cap increases by 10% on 1 October. Services inflation, which fell to 4.9% (from 5.6%) will likely remain somewhat sticky given the strength of pay growth despite it having cooled recently to 4.9% (in the three months to August).

September saw the Monetary Policy Committee (MPC) vote 8-1 to keep the Bank Rate at 5.00% due to a combination of stubborn wage growth and stronger than expected economic growth. The downward trend in inflation prompted sterling to fall and traders to increase bets on further interest rate cuts of 25bps at both the November and December MPC meetings. But the Bank of England is likely to take a more cautious approach to easing monetary policy compared to the Federal Reserve in the US and the European Central Bank, with a series of gradual rate cuts taking the UK base rate to around 3.5% by the end of 2025.

The unemployment rate decreased to 4.0% in August 2024 down from 4.1% in the previous three-month period and is at the lowest level since January**.** The annual growth for regular earnings (excluding bonuses) was 4.9% in the three months to August 2024. Robust wage growth and easing inflation have bolstered real household incomes over the past year and is coming through in recent spending data. September delivered a third successive rise in retail sales of 0.3% m/m with a surge in non-food sales more than offsetting a sharp drop in food sales.

UK GDP, interest rates, CPI and unemployment (monthly, %)



Source: Columbia Threadneedle Investments, Oxford Economics (forecast economic data), MSCI UK Monthly Property Index, as at 30 September 2024. ONS data as at date stated.

Market Context

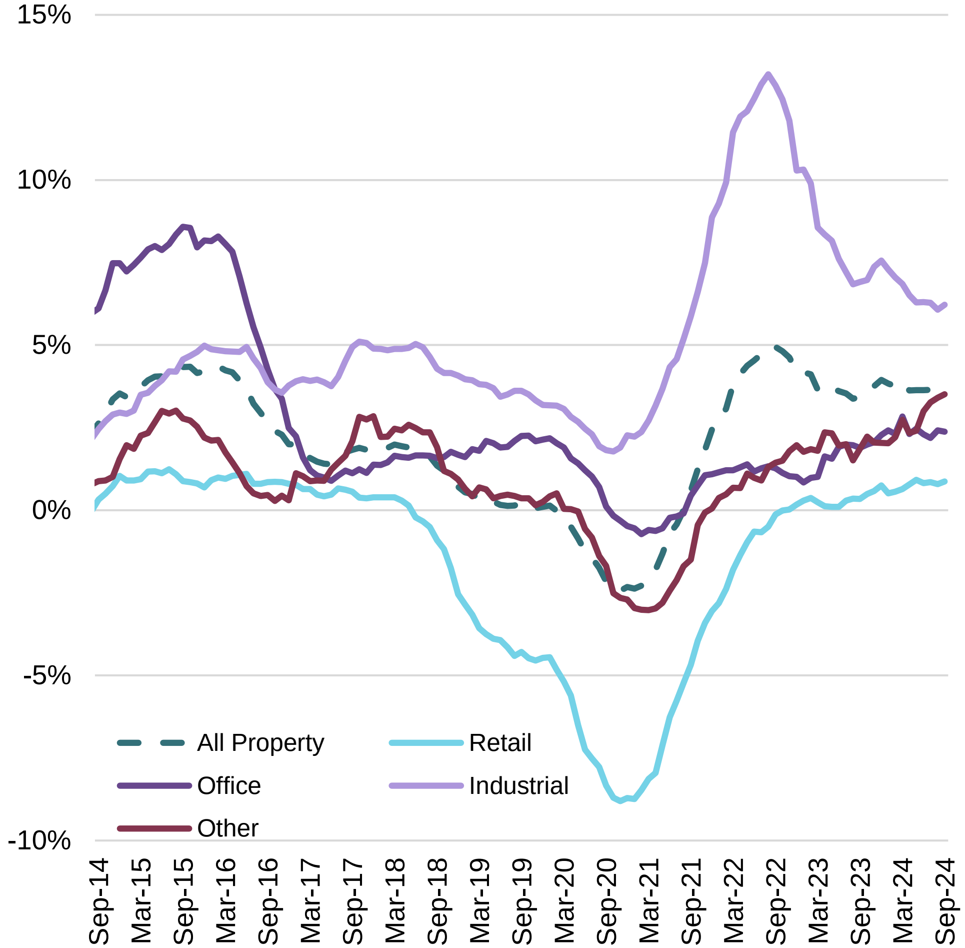
Occupier Market

All-property rental value growth increased over the quarter, recording an uplift of 0.9%, following growth of 0.8% in Q2 and was primarily driven by increases across the industrial and residential sectors. Rental growth in the UK industrial sector is still positive but has moderated somewhat over the past six to twelve months. In the third quarter nationwide rental growth was 1.4% and continues to reflect good levels of occupational demand. Vacancy rates are trending up, albeit from historical lows, but given the constrained development pipeline positive rental growth is anticipated going forward. The limited supply of high-quality stock is expected to drive further market polarisation, widening the gap between prime and secondary rents as occupiers are increasingly focused on securing best-in-class space, particularly those schemes with strong ESG credentials.

The retail warehouse sector continues to draw strong occupier interest, with significantly lower vacancy rates compared to shopping centres and high street shops. Rental growth for retail warehouses increased in Q3 24 reaching 0.6%, up from 0.3% in Q2. Footfall within the sub-sector continues to be more resilient than in other retail areas, especially for those schemes offering a discount-focused tenant mix. Occupier demand is expected to remain strong which will help to push rents on further. The shopping centre sector also saw rental growth. Q3 saw rental growth of 0.8% which is a notable rise from the 0.3% in the previous quarter, but performance is focused on large catchment dominant schemes. Prior to Q2 rental growth for shopping centres had been negative for a considerable period. The all-retail rental growth of 0.4% was brought down by declines for shop units, in particular outside of the South East region.

Office rental growth in the three months to September was 0.4% in the quarter, on par with the level reported in Q2. Sentiment towards offices remains weak as businesses continue to reassess their space requirements and seek more flexible lease arrangements. This trend is expected to continue, putting pressure on rental growth within the sector, particularly across secondary quality assets with the sector characterised by further polarisation on a quality and location basis. The City of London was the main submarket to register rental value declines where, over the quarter, rental growth was -0.4%. Conversely positive growth was recorded in the Central London's West End & Midtown submarket, rising 0.9% in Q3 24 from 0.6% in Q2 24.

UK property market rental value growth (year-on-year, %)



Source: Columbia Threadneedle Investments, MSCI UK Monthly Property Index, as at 30 September 2024

Market Context

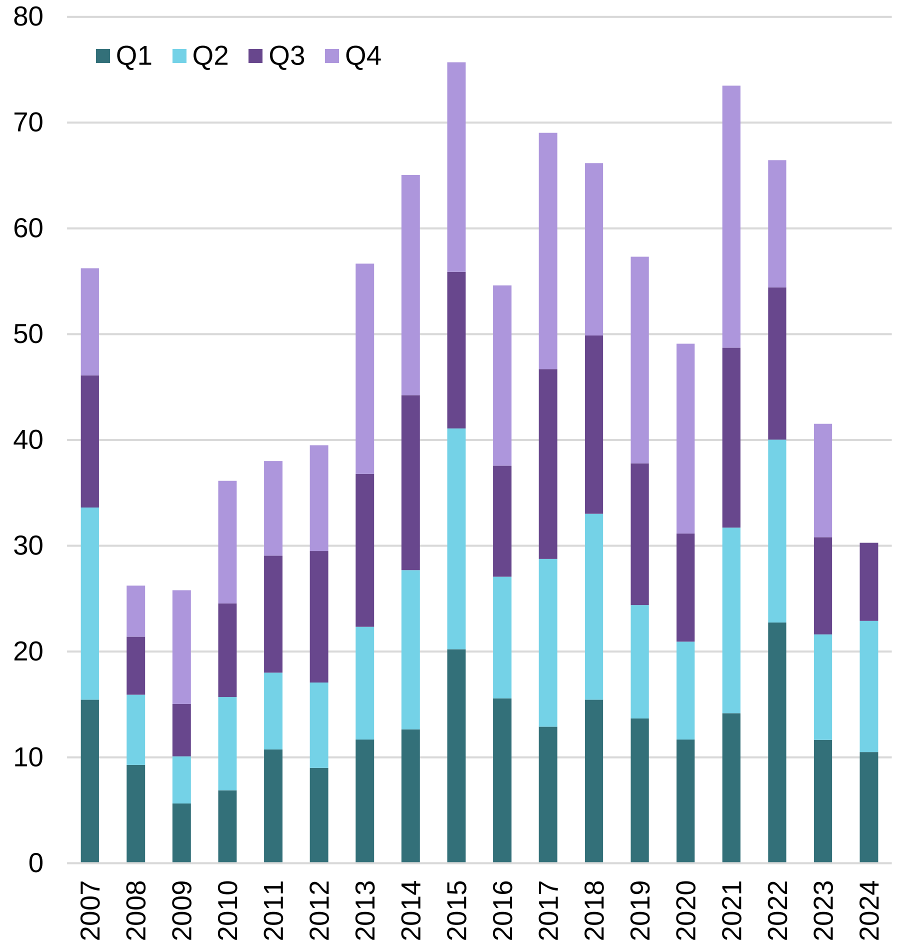
Investment Market

The third quarter of 2024 saw GBP 7.4 billion invested into UK commercial property – this is a preliminary figure, and the final volume is expected to be higher. The new cycle is slowly emerging as investors grapple with refinancing issues and higher cost of debt despite some early cuts in interest rates. The summer period was, as a consequence, characterised by muted investment activity and a noted discount between quoting and closing pricing.

UK real estate does, however, seem to be turning a corner. More economic and political certainty is filtering into the market resulting in slowing declines in capital values, increasing signs of stabilisation and improved performance. Since the beginning of the year, capital value declines across the more favoured sectors have slowed substantially and further policy rate reductions will ease some of the pressure on these segments. There is however an Autumn Budget which the real estate community will be watching closely. The new government has a clear desire to boost growth which is undoubtedly welcome, but investors will be keen for more clarity on the direction of fiscal policy and any potential changes to capital taxes.

Regardless of the detail, the better economic growth forecast, falling interest rates, improving investor confidence and fundraising activity, all indicate a more active investment market with volumes for 2024 potentially 10%% higher than last year. There will however be continued bifurcation with the industrial and living sectors most likely to outperform all-property, along with retail warehousing. Offices, albeit on a very selective basis, could see relatively robust rental growth. Indeed, income remains a central story to real estate especially as the development pipeline has slowed significantly across all sectors over the past two years. This has exacerbated the availability of, in particular, good quality supply. Construction inflation has moderated from its peak, but restrictive financing costs will make development difficult in the near term.

UK investment volumes (GBP bn)



Source: Columbia Threadneedle Investments, MSCI UK Monthly Property Index, as at 30 September 2024, MSCI Real Capital Analytics Q3 2024 Preliminary Data.

Market Context

Returns

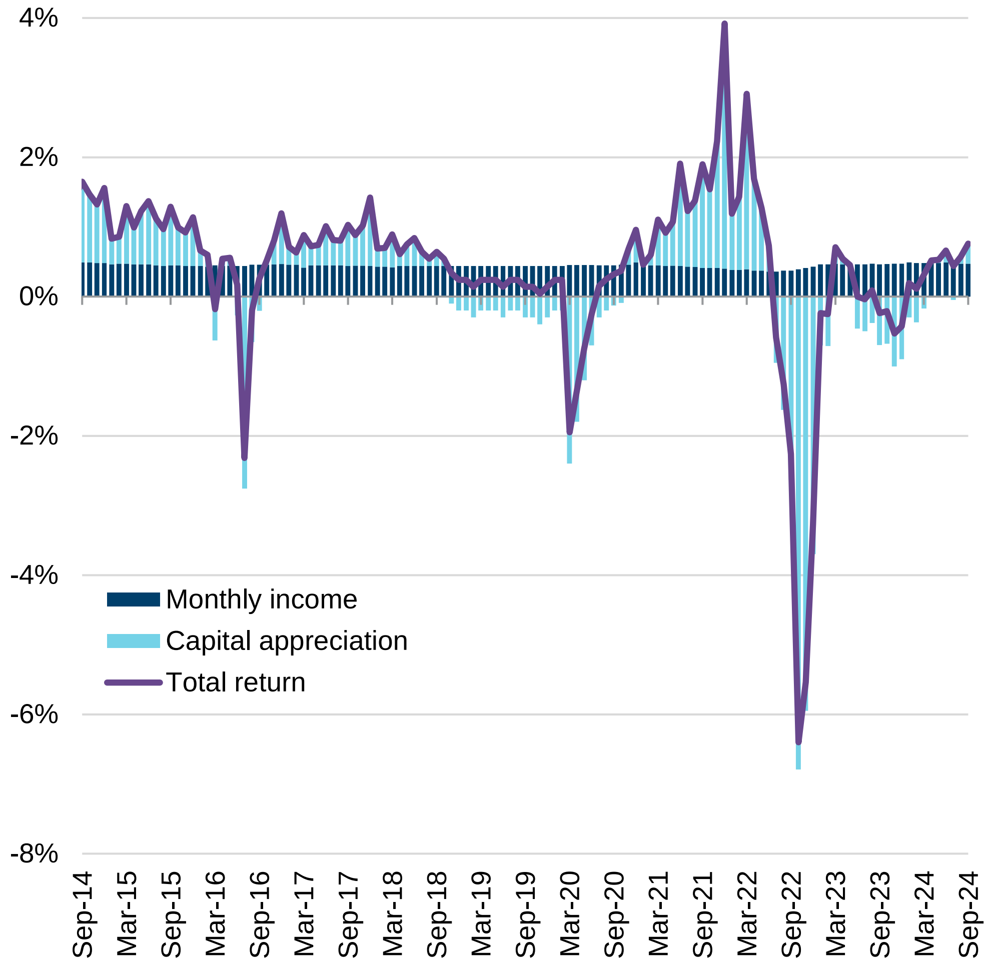
Total returns for the UK commercial property market remained positive in Q3 24, recording 1.8%, up from the 1.7% recorded in Q2. At an all-property capital value growth and the income return were similar to the second quarter's performance.

Income return saw a slight decline, recording 1.4% in Q3 24 compared to 1.5% in Q2, however it is expected to remain the main driver of total returns moving forward whilst yield-driven capital growth is likely to be limited, at least in the short to medium term. The overall all-sector capital growth for Q3 was 0.3%, marginally up from the 0.2% in Q2. Divergence in capital values at a sector level is evident, with industrials recording the greatest rate of capital value growth of 1.1% through the quarter followed by the retail sector which slowed from 1.0% in Q2 to 0.5% in Q3. The office sector is still seeing capital values decline but the falls have moderated. The third quarter saw a fall of 1.0% which slowed from the -1.6% decline in Q2.

Industrials emerged as the top-performing sector in Q3 posting a total return of 2.3%, up from 1.9% in Q2 24. The income return remained positive at 1.2% although marginally down om the 1.3% in Q2. Capital value growth also stayed positive, increasing to 1.1% in Q3 from 0.6% in Q2 and reflects continued investor demand for the sector. This performance is supported by strong occupational fundamentals, low, albeit rising, vacancy rates, and the potential for further rental growth.

The retail sector delivered a total return of 2.2% in Q3, down from 2.8% in Q2 24. Income return remained unchanged over the quarter at 1.8%, while capital value growth softened, decreasing from 1.0% in Q2 to 0.5% in Q3 24. Amongst the retail sub-sectors, shopping centres showed the strongest performance, delivering a robust total return of 3.0% in Q3, largely driven by capital value growth. Retail warehousing followed closely, with a total return of 2.6%, split between 0.9% capital value growth and a 1.7% income return, underscoring the robust income fundamentals that continue to support the sector.

UK commercial property monthly total returns



Source: Columbia Threadneedle Investments, MSCI UK Monthly Property Index, as at 30 September 2024.

Market Context

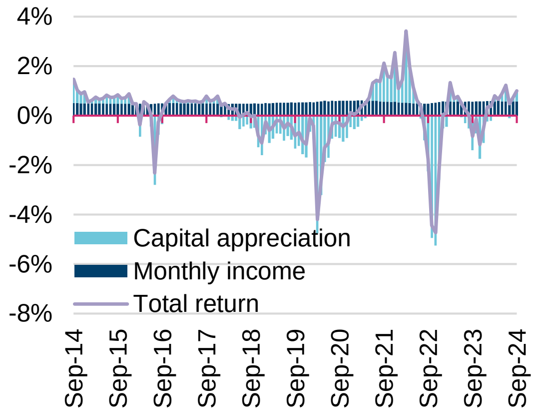
Total returns in the office sector turned positive in the third quarter, recording 0.4%, up from -0.2% in Q2 24. Despite this improvement, offices remained the weakest-performing sector during the quarter, largely due to ongoing structural headwinds brought about by the pandemic, the legacy of which corporates are still dealing with as they assess, adopt and change their hybrid working models, reducing long-term demand for traditional office space.

The improvement in total returns was driven by a modest recovery in capital values with Q3 recording a fall of -1.0% from -1.6% in Q2 24. The sustained demand for high-quality office spaces that are well-located, feature high specifications, and meet ESG standards has helped buoy capital values and rental growth for best-in-class assets, even as broader market conditions remain challenging.

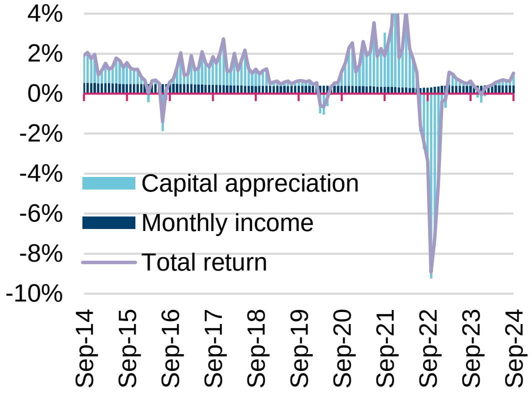
The 'Other' sector, which includes residential, student housing, healthcare, and hotels, achieved a total return of 1.4% in Q3. This consisted of a 1.7% income return, while capital values recorded -0.3%. The driving sectors were residential with a total return through the quarter of 2.1%, followed by hotels posting a total return of 1.5%. The 'Other' sector has become an increasingly significant component of the Index, growing from approximately 3% to around 10% over the past decade, as investors aim to leverage structural demographic changes within the UK.

The all-property net initial yield at the end of September 2024 was 5.5% - this is a marginal tightening from the 5.6% in June. The equivalent yield remained stable at 7.1% throughout the same period. Further stabilisation in yields in the coming months is expected as interest rates are cut further, and lending conditions improve. Any meaningful inward movement in yields is expected to come from the retail warehousing and logistic sectors in the first instance.

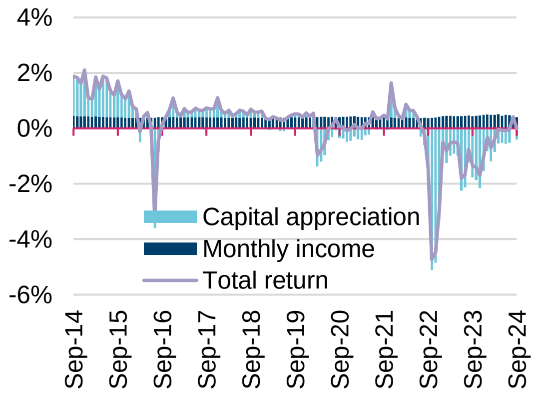
Retail total returns



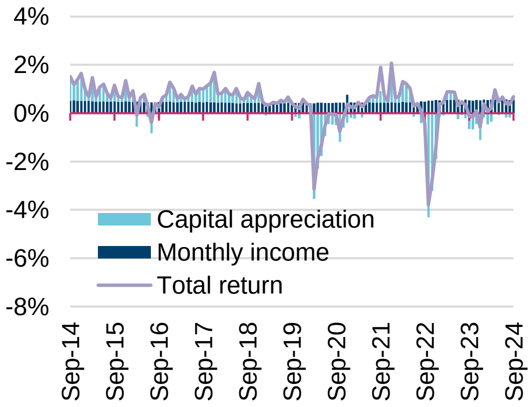
Industrial total returns



Office total returns



'Other' total returns



Source: Columbia Threadneedle Investments, MSCI UK Monthly Property Index, as at 30 September 2024.

Market Context

Outlook

There is a feeling that the market has reached a turning point. Inflation is trending down, providing for more clarity on the path of interest rates which are beginning to ease, albeit at a slower pace than many initially anticipated. Property prices have, by and large, stabilised, and buyer and seller expectations are moving towards each other. There is of course, divergence by sector and geography, but generally speaking we move into 2025 with a renewed, albeit cautious sense of optimism for investors, occupiers and developers of real estate.

Activity in the investment market has been muted this year so far. And as yet, we have not seen any meaningful rebound despite generally more positive sentiment. But the cut to interest rates and the anticipation of more to come should stimulate liquidity over the remainder of the year, with momentum picking up in 2025. And with the new government in place, a more certain political environment should reassure international investors and improve liquidity, but the real estate sector will be closely watching the Autumn Budget due on 30 October 2024.

Logistics and the living sectors continue in favour. The growth of e-commerce and re-engineering of supply chains will support logistics whilst the dearth of quality residential stock will drive demand for the sector. Pricing may not have adjusted enough for some investors, but the long-term fundamentals of migration and population growth in specific areas are expected to feed investment performance over time. Retail is also back on the agenda of many investors, led by occupational trends which favour retail warehousing at the value end of the pricing spectrum (in many cases supporting omni-channel profitability). Offices are on the watch-list with the opportunity to buy targeted quality assets as the bottom, or close to the bottom, of the market, but careful assessment is needed to ensure that the rental tone exceeds, currently expensive, replacement costs. The UK has seen a flight-to-quality which has left behind a shortage of quality stock which has been additionally impacted by the slowdown in the development pipeline.

The polarised recovery pattern, whereby favoured sectors recover faster than others, is expected to continue to play out creating opportunities for specialised investors to capitalise on these market dynamics. Investors with deep sector knowledge and contra-cyclical strategies are well-positioned to navigate these disparities and seize opportunities as the market moves toward stabilisation. But, while sentiment is improving towards certain sectors and opportunities, maximising returns will require creativity and careful stock selection within real estate sectors. Examples include strategic land acquisitions that are then readied for development by securing planning, or repositioning of standing assets through refurbishment or change of use.

We are expecting a recovery to entrench over the course of 2025 as the economic backdrop improves although interest rates will remain elevated, weighing on growth, and making fundraising challenging, although not impossible. The higher interest rate environment also highlights the importance of active asset management programmes. Gone are the days of simply taking the income. Each asset must work harder to maintain its relevance to investors, whether that is through diversification of income streams, for example installing electric vehicle (EV) charging and/or photovoltaic (PV) panels on sites, or through measured capex programmes to increase value and return profit to investors. Asset managers need to invest in real estate sectors that offer the best prospects for growth and then strategically implement asset management programmes to protect and create value.

Source: Columbia Threadneedle Investments, MSCI UK Monthly Property Index, as at 30 September 2024.

Market Context

Global perspectives into practice

Key sector metrics as at end June 2024

Trending key:

- Strengthening
- Stable
- Weakening

	Industrials	Offices	Retail	Alternatives
Headlines	New developments setting new headline rents despite rise in nationwide vacancy rate	Demand for quality supply is driving take-up and eroding availability as development slows	Strong occupier demand continues for out-of-town schemes, but choices are limited	Hotels, multifamily and increasingly single family BtR lead the way under the Alts banner
Vacancy* (By Market Rent)	8.1%	22.4%	5.9%	1.4%
Rental Growth* (Annualised)	6.2%	2.4%	0.9%	4.5%
Prime Yield Pricing** (Net Initial Yield, rack rented)	Distribution 5.25%	London (City) 5.75%	Warehouse 5.75%	Student 5.00%
	Multi-let 5.25%	Regions 6.50%	High Street 6.75%	Leisure 8.00%
Allocation	Favour multi-let and mid-box logistics. Neutral big-box distribution	Highly selective: favour urban centres with good amenity and accessibility	Favour out-of-town warehouses / parks with repositioning potential	Favour, strategic land, 'meds' and residential including student housing

£ **Finance*****:
5-year Gilt: 3.8%
5-year Swap: 3.6%

% **Real estate*:**
NIY: 5.5%
EQV: 7.1%

Spread: 3.3%
(5-year Gilt to EQV)

Source: *MSCI UK Monthly Property Index (Alternatives data is unweighted average Hotels, Residential, Other), as at 30 September 2024. **CBRE Prime Yields and trends, September 2024.Trends against average of prior 6-months (+/-<0.25% denotes stable). *** JLL, as at 25 September 2024.

Fund Overview – Q3 2024

Portfolio Activity

During Q3 2024, the Threadneedle Pensions Limited Pooled Property Fund (TPEN PF) made 5 strategic asset sales with an achieved total sales receipt of c.£13.7m. No asset acquisitions were concluded during the quarter.

Extracting latent value through active asset management initiatives remains a critical focus for TPEN. A total of 149 new lettings/lease renewals were successfully completed in the 12 months to the end of Q3 2024, with a combined rental value of c.£10.3m per annum. Importantly, TPEN PF continues to maintain high levels of occupier retention at 'tenant break options', with just 15 out of 110 options being exercised (c.86% retention rate). As a direct result of new letting activity (expiry of rent-free periods) and fixed rental value increases, the total rent generated by TPEN PF's property portfolio is set to increase by a further c.£1.2m per annum over the next 12 months.

Rent Collection

As a result of the work undertaken by the Fund's asset and property managers, rent collection for Q3 2024 (as at Day 14) stands at 94.48%. For the previous quarter (Q2 2024) rent collection was c.99.05%. TPEN PF continues to work with occupiers on a case-by-case basis to agree appropriate strategies for rent collection, having regard both to UK government legislation, industry guidance, and the cash flow position of occupiers' businesses.

Liquidity Management

As at end of Q3 2024, TPEN PF's liquidity position was c.£53.7m, equivalent to c.3.9% of net asset value (NAV), excluding debtors and creditors. The fund is currently targeting a number of strategic sales which will increase its liquidity in line with target (10%).

A Redemption Deferral Policy (the Policy) for TPEN PF was enacted, effective for investor dealings from 3 October 2022 to protect all investors' interests as a result of the volatility in the investment market since September 2022. The Policy takes into account the differing liquidity requirements of the fund's Defined Contribution (DC) and DB investor base and will be operated in a way that is appropriate and fair to each type of investor. The aim of the Policy is to defer investor redemptions, pricing and settling monthly, on a "first come, first served" basis but permitting "regular" (i.e. normal course of business) DC redemptions to be priced and settled on a daily basis in accordance with standard terms. The manager continues to monitor liquidity closely as a means of protecting the fund against the prevailing market volatility.

Performance

In Q3 2024 TPEN PF generated a total return of 1.1%, marginally under the MSCI/AREF UK 'All Balanced Open-Ended' Property Fund index (the benchmark) weighted average total return of 1.2%. For the year ending 30 September 2024, the TPEN PF generated a total return of +1.7%, in line with the benchmark return of +1.7%. Over the medium to long term, the TPEN PF has delivered annualised total returns against the benchmark of 0.2% versus -0.4% over three years; 2.0% versus 1.5% over five years and 4.7% versus 4.5% over 10 years.

Source: MSCI/AREF UK Quarterly 'All Balanced Open-Ended' Property Fund index, as at 30 September 2024. Weighted average return statistics are measured at fund level (NAV to NAV, net of fees) and take into account cash holdings.

Attribution

During the 12 months ending 30 September 2024, TPEN PF's directly held property assets (excluding property hold costs and cash) generated a total return of 3.6%, outperforming the broader property market on a relative basis by +1.3% (as represented by the MSCI UK Monthly index – unfrozen). This was achieved through a positive relative income return of +1.0% and relative capital value performance of +0.2%. TPEN PF's retail assets outperformed the wider market by +0.5%, delivering a total return of 5.0% with a relative capital value of -0.6%. Offices outperformed by +6.9% relative to the market, producing a total return of +0.1% over the previous 12 months. TPEN PF's proactive approach to the capital expenditure, required to retain and enhance the long-term value of its office portfolio, is evidenced by these figures. TPEN PF's industrial assets delivered a total return of 5.0%, marginally underperforming the market by -0.8%, with relative capital value performance to the market of -1.8% over the previous 12 months.

Source: MSCI UK Monthly Property index (unfrozen) and TPEN PF's directly held assets compared to the MSCI UK Monthly Property index – September 2024.

Outlook

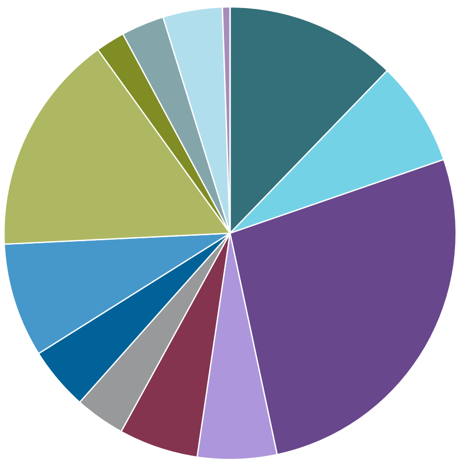
Following a sustained period of downward pressure on capital values as the market adjusts to inflation and interest rate expectations, UK Real Estate is well placed for a cyclical capital recovery, taking advantage of a more positive macro-economic outlook, whilst continuing to offer attractive income characteristics, including resilient rental growth.

Columbia Threadneedle Investments believes TPEN PF is well placed to continue its positive total return over the long run through its enduring focus on actively managing property assets to generate a high and sustainable income yield advantage from a diverse asset and occupier base. High conviction sectors such as industrials and retail warehousing will continue to benefit from structural societal trends. A strong occupational market characterised by sustainable rental income and low vacancy rates will continue to support returns on a relative basis.

TPEN PF's property assets currently offer a net initial yield of 6.0% against 5.2% offered by the MSCI UK Monthly Property index as at end September 2024. The Fund's strategic overweight positions in industrials and retail warehouses should continue to provide a solid foundation for outperformance over the remainder of 2024 and into 2025.

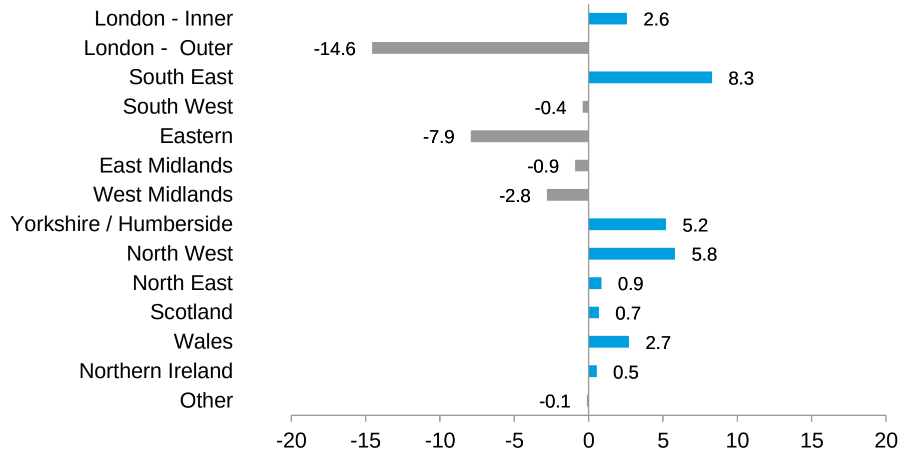
Property portfolio sector and geographical positioning

Property portfolio weighting – geographical split

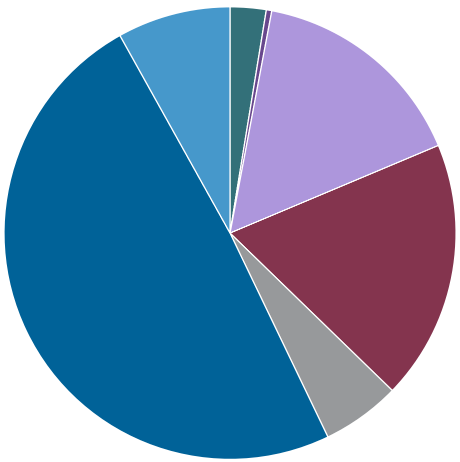


London - Inner	12%
London - Outer	7%
South East	27%
South West	6%
Eastern	6%
East Midlands	4%
West Midlands	5%
Yorkshire / Humberside	8%
North West	16%
North East	2%
Scotland	3%
Wales	4%
Northern Ireland	1%
Other	0%

Relative portfolio weighting (%) versus MSCI Monthly Index

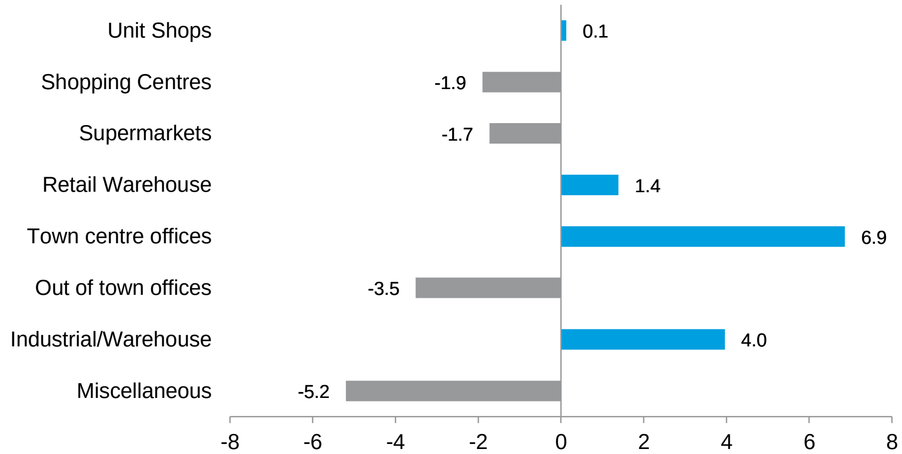


Property portfolio weighting – sector distribution



Unit Shops	3%
Shopping Centres	0%
Supermarkets	0%
Retail Warehouse	16%
Town centre offices	19%
Out of town offices	6%
Industrial/Warehouse	49%
Miscellaneous	8%

Relative portfolio weighting (%) versus MSCI Monthly Index

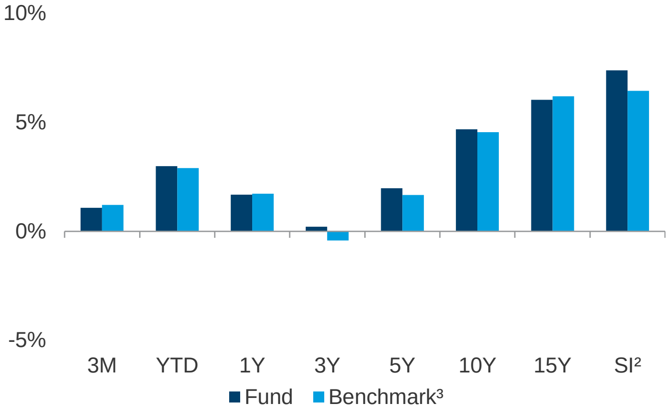


Source: Columbia Threadneedle Investments and MSCI UK Monthly Property Index as at 30 September 2024

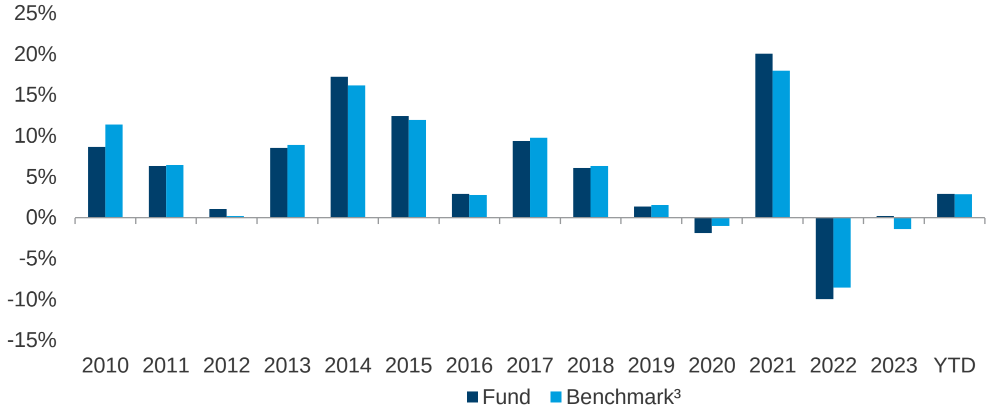
Fund Performance

Long Term Performance

Discrete periods[1]



Calendar Years



Fund Performance **Annualised Performance**

	3M %	YTD %	1Y %	3Y %	5Y %	10Y %	15Y %	SI* %
Fund	1.1	3.0	1.7	0.2	2.0	4.7	6.0	7.4
Benchmark	1.2	2.9	1.7	-0.4	1.7	4.5	6.2	6.4
Relative	-0.1	0.1	0.0	0.6	0.3	0.1	-0.1	0.9

Source: AREF/MSCI

* Since Inception – March 1995

** MSCI/AREF UK All Balanced Property Funds Weighted Average. Based on NAV to NAV (net of fees) from 1/01/2014. Historical returns are for information purposes only.

Notes: 1. Periods > one year are annualised.

2. SI = Since Inception.

3. Benchmark is MSCI/AREF UK All Balanced Property Funds Weighted Average. Based on NAV to NAV (net of fees). Historical returns are for information purposes only.

Columbia Threadneedle Investments was appointed investment advisor to the Trust in November 1998.

Source: Portfolio – Columbia Threadneedle Investments. Based on NAV to NAV (net of fees).

Top 10 Holdings and Tenants

Property

Location	Name	Sector	Lot size (£m)
Deeside	Deeside Industrial Park	Industrial / Warehouse	75-100
Chelmsford	Boreham Airfield	Miscellaneous	50-75
Watford	Penfold Works	Industrial / Warehouse	25-50
Sittingbourne	Spade Lane DC	Industrial / Warehouse	25-50
South Ockendon	Arisdale Ave	Industrial / Warehouse	25-50
Cambridge	Compass Hse, Vision	Out of Town Office	25-50
London EC1	29-35 Farringdon Rd	Town Centre Office	10-25
London EC1	Banner Street	Town Centre Office	10-25
Bristol	G Park, Next DC	Industrial / Warehouse	10-25
London W1	6 Cavendish Square	Town Centre Office	10-25

Tenants

	% of rents passing
Next Group Plc	4.4%
Norton Group Holdings (The Range)	1.8%
Heidelberg Cement AG (Hanson)	1.7%
Currys Plc	1.6%
Howard Tenens (North West) Ltd (TENENS PTC)	1.6%
Maryland Midco Limited (Matalan Retail)	1.6%
Magnet Limited (NOBIA AB)	1.5%
Wittington Investments Ltd (Primark Stores)	1.4%
GXO Logistics Inc.	1.4%
Integrated Third Party Logistis Limited	1.3%

Source: Columbia Threadneedle Investments, 30 September 2024

Investment Activity – Key Purchases and Sales Over Q3 2024

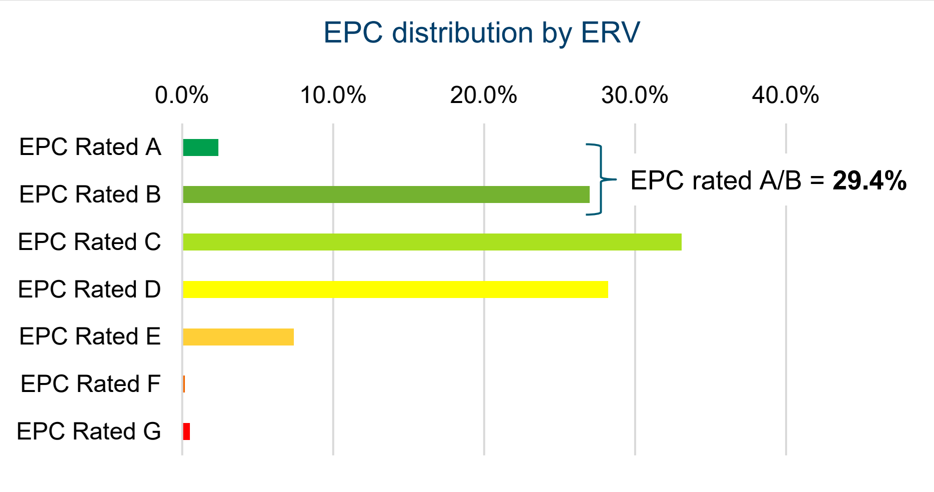
Property	Quarter	Sector	Price (£m)	Net Initial Yield
Purchases				
None				
Sales				
Wembley, 502 High Street	Q3 2024	Unit Shop	0-2.5	4
Harrogate, 46-48 Parliament Street	Q3 2024	Unit Shop	0-2.5	11.3
Ilford, 148-170 High Road	Q3 2024	Unit Shop	5-10	5.9
Gateshead, Lobley Hill Road	Q3 2024	Miscellaneous	0-2.5	16.9
London N22, Broadway,Wood Green	Q3 2024	Unit Shop	2.5-5	6.5

Source: Columbia Threadneedle Investments, 30 September 2024

Responsible Investment: environmental
Sustainability Dashboard – key performance indicators

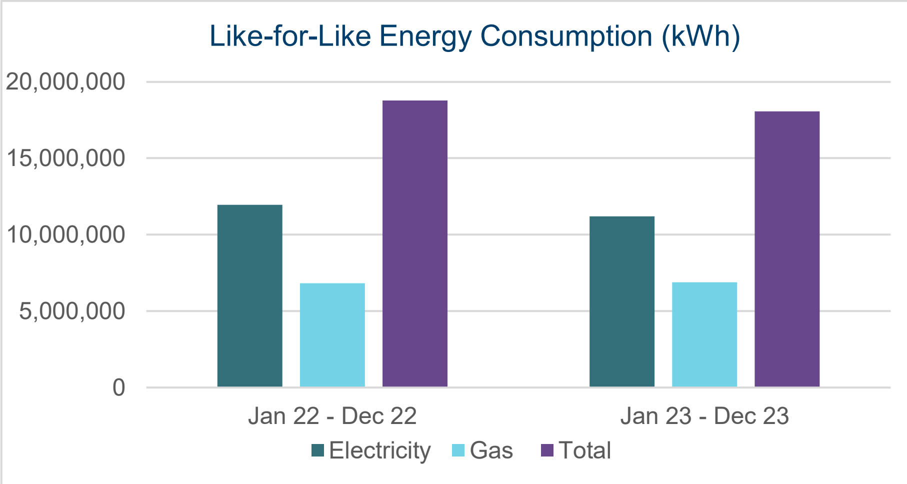
Property infrastructure: EPCs
Target EPC 'B' by 2030

Key performance metrics	
Portfolio coverage (whole portfolio, % ERV)	98.8%
Works projects completed (past 12 months)	16
Refurbishments delivering 'B' or better	79%



Property performance: Energy use
Target 20% reduction by 2030*

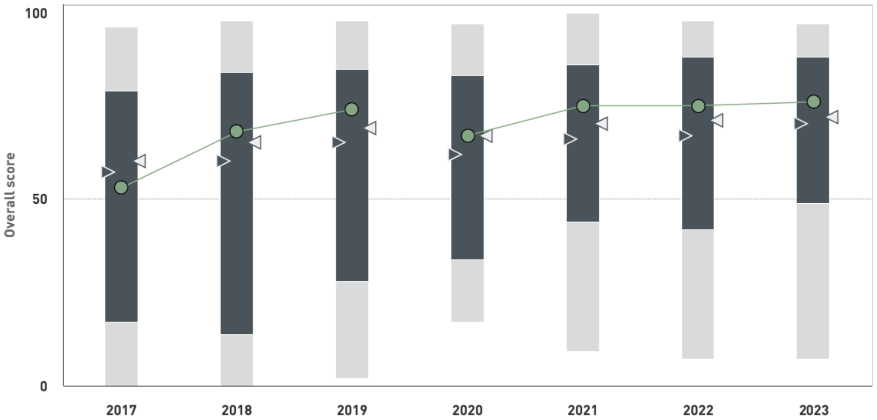
Key performance metrics	
Portfolio coverage (LL managed portfolio, % floor area)	97.7%
Energy consumption change L-f-L Y-on-Y	-3.9%
Energy consumption change vs baseline*	-13.5%



Source: Columbia Threadneedle Investments. EPC portfolio coverage as % ERV, as at 30 September 2024. Refurbishments delivering EPC B or better expressed as % contract value excluding works which have no impact on EPC (e.g. redecoration). Energy data as at 31 December 2023. Portfolio coverage as % floor area. *Energy target and consumption change vs baseline expressed against 12-months to 31 December 2019 baseline, based on assets where we have operational control (the 'landlord managed portfolio'). Baseline subject to change as assets are sold from the portfolio and can no longer be included in the baseline calculation. Targets are indicative and are in no way a guarantee of performance. Sustainability risks are integrated into the fund's investment decisions making process for financial Risk Management purposes only.

Responsible Investment: GRESB

Threadneedle Pensions Limited Pooled Property Fund 2023 GRESB results



Global Real Estate Sustainability Benchmark

Key takeaways

- Seventh year of the Fund's submission to GRESB
- Scored 77 out of 100 (Peer Average = 73)
- Score Breakdown (vs Benchmark) – Environmental 39(36), Social 18(17), Governance 20(19).

Strengths

- Management scored 30/30 vs Benchmark 28/30
- Performance scored 47/70 vs Benchmark 43/70

Opportunities for improvement

- Increase energy, water and waste data coverage
- Building certification (note: inconsistent with Fund strategy) and technical building risk assessments for utilities

Source: Columbia Threadneedle Investments, as at September 2024. All intellectual property rights in the brands and logos set out in this slide are reserved by respective owners. Sustainability risks are integrated into the fund's investment decisions making process for financial Risk Management purposes only. The decision to invest in the promoted fund should also take into account all the characteristics or objectives of the promoted fund as described in its prospectus.

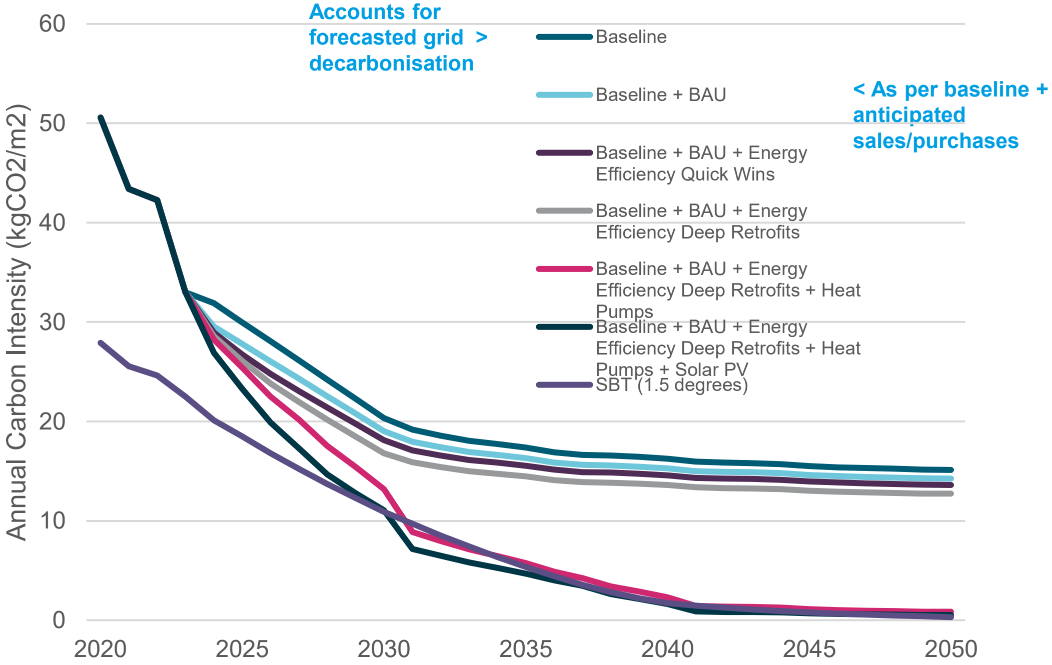
Responsible Investment: Net Zero carbon

Formally committed to operational Net Zero by 2040

Impact of interventions on energy use

Interventions	EVORA Modelled timeframe	EVORA Modelled cost	EVORA Modelled energy use change
Business as usual	2022-40	-	8%
Quick wins	2023-26	£0.9m	5%
Major asset refurbishment	2023-30	£19.1m	7%
Renewables (PV)	2023-30	£45.5m	23%
Electrification of heat	2023-45	£78.8m	24%
Cumulative cost & saving impact		**£144.3m / £9.0m p.a.**	**68%**
Offsetting	2040	N/A	N/A

Portfolio annual carbon intensity



- Net Zero pathway completed in October 2021 and updated February 2022 and February 2023 and April 2024
- Between 1Q18-3Q24 the Fund completed **138** capital projects investing over **£81 million** in building improvements
- Capital expenditure incurred in 12 months to 30 September 2024 is approximately **£11.5 million**

Source: EVORA – TPEN Fund Decarbonisation Pathway, updated April 2024. Figures are based on modelled data subject to multiple assumptions which are subject to review and change. The Manager's environmental KPIs are to improve the environmental performance potential (EPCs) and lower the energy use and carbon intensity of its assets. Performance indicators are indicative and are in no way a guarantee of performance. The decision to invest in the promoted fund should also take into account all the characteristics or objectives of the promoted fund as described in its prospectus.

Asset management activity

Refurbishment: Clarence House, Manchester

- 17,500 sq ft core city centre office
- 'Best in Class' office building with superior fit out
- New specification includes:
  - Specialist interior design to maximise leasing appeal
  - Smart building technology to minimise energy use
  - Energy efficient LED lighting
  - Improved water efficiency measures
  - Electric vehicle charging
  - Upgraded wi-fi connection
  - Installed shower facilities and cycle spaces

Outcomes:	**Financial**	Rental uplift **+80%** on pre-refurbishment office ERV (£25 per sq ft to £45 per sq ft)
	Environmental	EPC improved to a 'B' rating (previous rating 'C'), new LED lighting with sensor control, new VRF heating/cooling systems with heat recovery
	Social	Enhanced shower/bicycle facilities on-site for staff

Source: Columbia Threadneedle Investments. *Rent achieved is headline rent on expiry of tenant incentive periods

Threadneedle Pensions Limited Pooled Property Fund

Portfolio EPC data (whole portfolio)

Target: MEES Regulations require minimum EPC ‘C’ by 2027 and ‘B’ by 2030

	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024
Property assets	171	162	159	158	152
Rateable units	975	889	886	887	848
EPC coverage (% rateable units)	99.3%	98.9%	99.0%	96.4%	98.8%
EPC rated A (% rateable units)	1.3%	1.6%	1.7%	2.1%	2.4%
EPC rated B (% rateable units)	23.3%	24.2%	25.3%	24.9%	27.0%
EPC rated C (% rateable units)	34.6%	33.7%	33.9%	32.7%	33.1%
EPC rated D (% rateable units)	29.5%	30.3%	29.6%	28.3%	28.2%
EPC rated E (% rateable units)	9.1%	8.4%	7.9%	7.6%	7.4%
EPC rated F (% rateable units)	0.3%*	0.2%*	0.2%	0.2%	0.2%
EPC rated G (% rateable units)	0.4%**	0.4%**	0.5%	0.6%	0.5%

Source: Columbia Threadneedle Investments, based on % rateable units, as at 30 September 2024. * two units rated EPC ‘F’ and ** four units rated EPC ‘G’ are all located in Scotland which is subject to differing rating systems and regulations. Targets are indicative and are in no way a guarantee of performance. Sustainability risks are integrated into the fund’s investment decisions making process for financial Risk Management purposes only. The decision to invest in the promoted fund should also take into account all the characteristics or objectives of the promoted fund as described in its KFD

Threadneedle Pensions Limited Pooled Property Fund

Portfolio annual energy consumption data (whole portfolio)

Target: 20% reduction in energy consumption by 2030, where the landlord has operational control

	2018	2019	2020	2021	2022	2023
Property assets	287	282	274	259	169	158
Landlord managed assets (S/C)	117	117	114	112	87	83
Data coverage: landlord-managed assets (gross floor area)	86%	85.5%	89.3%	86.0%	92.7	97.7%
Total Landlord-Managed portfolio energy consumption – absolute	*Not measured explicitly prior to 2021*			23,884,957 kWh	37,130,189 kWh	60,608,168 kWh
Tenant managed assets (FRI)	170	165	160	147	82	75
Data coverage: tenant-managed assets (gross floor area)	13%	18.5%	19.9%	61.5%	85.7%	67.1%
Total Tenant-Managed portfolio energy consumption – absolute	*Not measured explicitly prior to 2021*			31,223,040 kWh	26,878,953 kWh	21,798,030 kWh
Data coverage: whole portfolio (gross floor area)	52%	54.5%	58.2%	78.3%	90.0%	84.8%
Total portfolio energy consumption – absolute	46,035,566 kWh (-1.43%)	52,388,890 kWh (14,24%)	32,900,067 kWh (-28.61%)	55,107,997 kWh (67.50%)	60,009,843 kWh (16.15%)	82,406,198 kWh (28.7%)
Total portfolio electricity consumption – absolute	33,461,837 kWh (-7.50%)	36,182,812 kWh (8.13%)	20,102,857 kWh (-44.44%)	37,083,099 kWh (84.46%)	39,540,481 kWh (6.6%)	51,557,369 kWh (30.4%)
Total portfolio gas consumption – absolute	12,573,729 kWh (0.34%)	16,206,078 kWh (28.39%)	12,797,210 kWh (-21.03%)	18,024,898 kWh (40.85%)	24,469,262 kWh (35.8%)	30,848,829 kWh (26.1%)

EVORA Notes:

- Increased total energy consumption is partly attributable to increased tenant data coverage across the portfolio
- Property Assets can transition between Landlord-Managed and Tenant-Managed between reporting years, contributing to changes in consumption between these asset classes in the portfolio

Source: Columbia Threadneedle Investments. All data as at 31 December unless otherwise stated. Please note whole portfolio coverage data mobilised annually and will show as static in intervening periods. All targets relate to assets where we have operational control (the 'landlord managed portfolio'). Targets are indicative and are in no way a guarantee of performance

Threadneedle Pensions Limited Pooled Property Fund

Portfolio greenhouse gas emission data (whole portfolio)

Target: 30% reduction in GHG emissions by 2030, where the landlord has operational control

	2018	2019	2020	2021	2022	2023
Property assets	287	282	274	259	169	158
Landlord managed assets (S/C)	117	117	114	112	87	83
Data coverage: landlord-managed assets (gross floor area)	86%	85.5%	89.3%	86.0%	92.7%	97.7%
Tenant managed assets (FRI)	170	165	160	147	82	75
Data coverage: tenant-managed assets (gross floor area)	13%	18.5%	19.9%	61.5%	85.7%	67.1%
Data coverage: whole portfolio (gross floor area)	52%	54.5%	58.2%	78.3%	90.0%	84.8%
GHG emissions – absolute (year on year % difference)	11,783 tonnes (-21.70%)	12,245 tonnes (3.92%)	7,041 tonnes (-42.50%)	11,171 tonnes (58.66%)	12,113 tonnes (8.4%)	16,320 tonnes (34.7%)

Source: Columbia Threadneedle Investments. All data as at 31 December unless otherwise stated. Please note whole portfolio coverage data mobilised annually and will show as static in intervening periods. All targets relate to assets where we have operational control (the 'landlord managed portfolio'). Targets are indicative and are in no way a guarantee of performance

Threadneedle Pensions Limited Pooled Property Fund

Portfolio water and waste consumption data (whole portfolio)

Target: 100% data coverage, 100% diversion of waste to landfill and 75% recycling rate, where landlord has ops. control

		2018	2019	2020	2021	2022	2023
Property assets		287	282	274	259	169	158
Landlord managed assets (S/C)		117	117	114	112	87	83
Data coverage: landlord-managed assets (gross floor area)	Water	39.4%	32%	34.6%	32.1	60.4%	42.0%
	Waste	86.1%	33%	40.8%	26.9	53.3%	31.4%
Tenant managed assets (FRI)		170	165	160	147	82	75
Data coverage: tenant-managed assets (gross floor area)	Water	0	4%	14.3%	26.5	54.3%	36.8%
	Waste	0	4%	11.4%	15.6	50.3%	23.7%
Data coverage: whole portfolio (gross floor area)	Water	21.6%	22.0%	25.1%	36.5	58.0%	39.8%
	Waste	13.5%	26.8%	27.1%	21.8	52.1%	28.2%
Total water consumption – absolute		88,180 m3	232,058 m3	192,443 m3	71,530 m3	183,540 m^3	124,345 m^3
Total waste consumption – absolute		1,634 tonnes	3,247 tonnes	3,321 tonnes	1,740 tonnes	6,017 tonnes	25,860 tonnes

Source: Columbia Threadneedle Investments. All data as at 31 December unless otherwise stated. Please note whole portfolio coverage data mobilised annually and will show as static in intervening periods. All targets relate to assets where we have operational control (the 'landlord managed portfolio'). Targets are indicative and are in no way a guarantee of performance

Threadneedle Pensions Limited Pooled Property Fund
Portfolio flood risk data (proxy climate change risk)

Target: to monitor and report flood risk for every asset on an annual basis

Portfolio risk exposure by value	2021	2022	2023
Property assets	262	178	160
Low	200 (79.1%)	129 (77.1%)	115 (74.9%)
Medium	52 (17.7%)	45 (21.1%)	42 (22.6%)
High	6 (2.0%)	3 (0.8%)	2 (1.5%)
Extreme	4 (1.3%)	1 (0.9%)	1 (1.0%)

Extreme risk assets	High risk assets
World of Golf, New Malden (small element of site)	Darlington, Feethams
	261-309 High Road, Loughton

Source: Columbia Threadneedle Investments. All data as at 31 December unless otherwise stated. Notes: Flood Risk Assessments have been commissioned on residual two High / one Extreme risk assets – assessments have been reviewed by Fund's insurer. Physical Risk Screening Analysis undertaken November 2021 to compliment the above flood risk statistics and is available on request

Glossary of Terms

- **NAV:** The net asset value of the Fund will be calculated as at the last Business Day of each month (a "Pricing Day"). More details are available in the Key Features Document.

- **Bid/Offer Spread:** The bid/offer spread on units reflects the costs of buying and selling investments.

- **Semi-swinging single price:** Prices of units in the Funds are calculated on a semi-swinging single pricing basis and valued daily at midday. The price of a unit will be based on the value of the underlying investments of the relevant Fund subject to the charges applicable to the relevant Class and, normally, it will be at this price that units are allocated (purchased) or realised (surrendered). In certain circumstances, however, the price may be subject to further adjustment, as explained below. The actual cost of purchasing and selling a Fund's underlying investments may be higher or lower than the mid-market price used in calculating the semi-swinging single unit price. In such circumstance (e.g. as a result of large volumes of transactions), this may have a materially adverse effect on existing investors in the Fund. In order to prevent this effect (called 'dilution'), TPL may need to make a 'dilution adjustment' that will be incorporated in the price. Such an adjustment is paid into or maintained within the Fund for the protection of investors and is only applied when the interest of investors requires it. For the Property Fund a dilution adjustment will usually be applied and included in the unit price.

- **Pricing basis:** Dependent on the general trend of flows in or out of the fund, the pricing basis of the Property Fund will either be at Offer (Inflow) or Bid (Outflow). This means that units in the fund are either priced on a Net Asset Value (NAV) less circa 1.2% or a NAV plus circa 5.8%.

- **Initial yield:** The rent passing net of ground rent, NR, as a percentage of the gross capital value, GCV, at the same date.

  GCV / NR

- **Reversionary yield:** The open market rental value net of ground rent, NOMRV, as a percentage of the gross capital value, GCV, at the same date.

  GCV / NOMRV

- **Equivalent yield:** The estimate of the discount rate which equates the future income flows relative to gross capital value. The equivalent yield discounts the current rental value in perpetuity beyond the last review date recorded for the tenancies in the subset. MSCI projected cash flows are estimated from records of current tenant rents, ground rents, open market rental values, rent review and lease expiry dates, and tenant options to break, assuming upward only rent reviews to expiry of the lease and that tenant options to break are exercised when the tenant rent exceeds the market rent.

- **Distribution yield:** Except where indicated, a fund's distribution yield is the sum of its distributions per unit over 12 months as a percentage of its net asset value per unit at the end of that period. The distributions used in the calculation are those earned/accrued, rather than paid, during the twelve months, and are gross of tax, net of fees.

- **MSCI UK Monthly Property Index:** The MSCI UK Monthly Property Index measures returns to direct investment in commercial property. It is compiled from valuation and management records for individual buildings in complete portfolios, collected direct from investors by MSCI. All valuations used in the Monthly Index are conducted by qualified valuers, independent of the property owners or managers, working to RICS guidelines. The Monthly Index shows total return on capital employed in market standing investments. Standing investments are properties held from one monthly valuation to the next. The market results exclude any properties bought, sold, under development, or subject to major refurbishment in the course of the month. The monthly results are chain-linked into a continuous, time-weighted, index series.

- **MSCI/AREF UK All Balanced Property Funds Weighted Average:** This Index measures Net Asset Value total returns on a quarterly basis. NAV in Index is the NAV of the index after the elimination of cross-holdings and deduction of management fees. Returns to the MSCI UK Monthly Property Index and to the MSCI/AREF UK All Balanced Property Funds Weighted Average Index are not directly comparable. This is largely because the UK Monthly Index measures the performance only of direct property market investments and because it excludes the impact on returns of developments and transactions. In contrast, returns to the MSCI/AREF UK All Balanced Property Funds Weighted Average Index include the impact of both developments and transactions as well as the returns from other assets (such as cash and indirect property investments), and the impact of leverage, fund-level management fees and other non-property outgoings.

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The funds invest in assets that are not always readily saleable without suffering a discount to fair value. The portfolio may have to lower the selling price, sell other investments or forego another, more appealing investment opportunity. Where investments are made in assets that are denominated in foreign currency, changes in exchange rates may affect the value of the investments.

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is available on the institutional site of www.columbiathreadneeedle.co.uk. The KFD gives a summary of information about TPENS pooled pensions in order to help you decide if you want to invest in funds, as well as a full list of risk factors applying to the funds.

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TCFD information for the funds covered by this Report has been made available on the relevant Fund Details or Document Library pages of our website and can be found at www.columbiathreadneedle.com.