Threadneedle Pensions Limited, Property Fund

Quarterly Report as at 30 June 2024

For Existing Investors only

Contents

Mandate Summary

Contact Information

Fund Manager	**Robin Jones**
Client Director Property	**James Allum**
Institutional Client Director	**Moira Gorman**
Institutional Client Director	**Andrew Brown**
Central Contacts:	
Client Services Team	**clientservices@ columbiathreadneedle.com**
Consultant Relations Team	**consultantteam@ columbiathreadneedle.com**

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 1,472 million
■ Benchmark	MSCI/AREF UK All Balanced Property Funds
■ Base currency	GBP
■ Reporting currency	GBP
■ Quoted price* (Currently Bid)	6.7007
■ NAV	6.7821

- 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 June 2024

Portfolio Highlights

NAV
£1.472 billion

Properties
158

Average lot size
£8.6 million

Gross rent roll
£92.4 million p.a.

Tenancies
886

Cash
7.2 (6.0%)*

Vacancy rate
9.5%
(10.4%)

WAULT
4.4 years (6.6 years)

GRESB Rating
77/100

%NIY

Net Initial Yield
6.3% (5.4%)

%EY

Equivalent Yield
8.1% (7.1%)

Total Return
+0.8% (+0.1%)*
(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 June 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

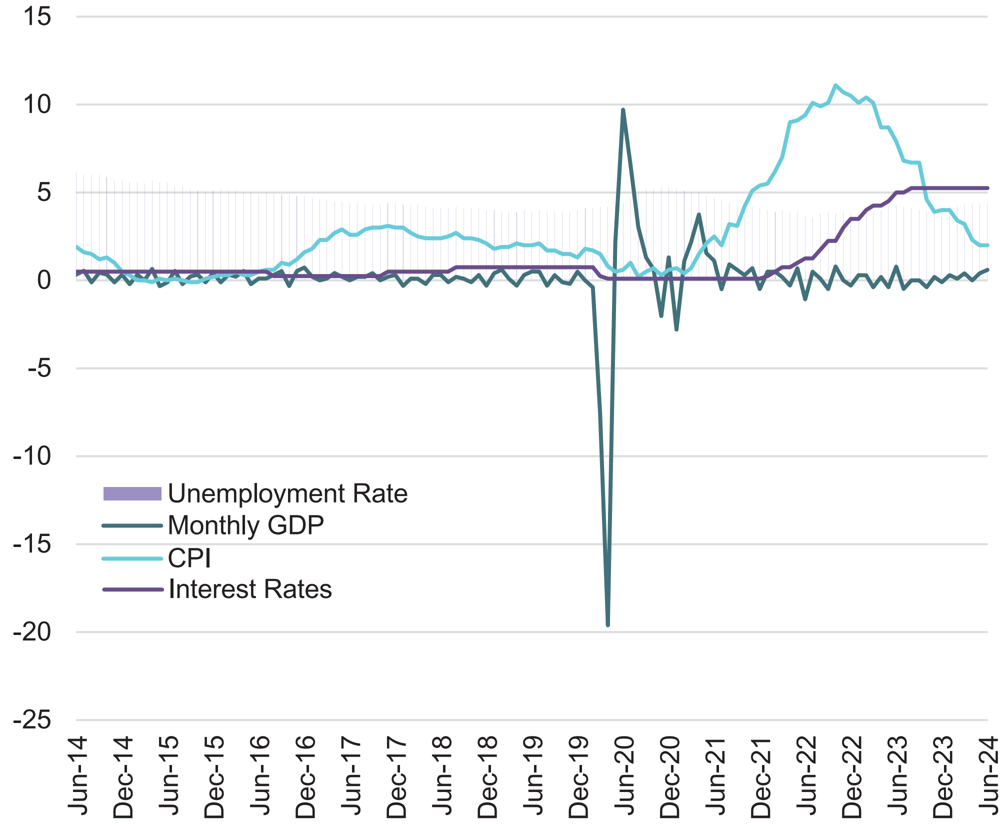
Preliminary estimates suggest the UK economy has outperformed expectations and recorded strong growth throughout 2Q24, with UK GDP estimated to have grown by 0.6% in the 3-months to June, primarily led by growth in the services sector. GDP is estimated to have grown by 0.4% in May, following no growth in April. Recovery of the UK economy has gained momentum throughout the quarter and should support positive, albeit modest, growth over the remainder of 2024.

Headline inflation remained unchanged at 2.0% year-on-year ('y-o-y') to June, down from 3.2% recorded in the 12-months to March. As the effects of lower energy prices are set to fade from July, inflation is expected to stabilise around the Bank of England's ('BoE') 2.0% target over 2H24.

The BoE voted to hold the base rate at 5.25% at its latest meeting in June however, the recent downward trajectory of inflation (from the high of 11.1% recorded in October 2022) this raises the probability that a rate cut will take place soon. Financial markets are anticipating that the BoE will make the first rate cut in August by 25 bps. An upside risk is services inflation which remained at 5.7% in June and its persistence is likely to reinforce the concern of the hawkish members of the Monetary Policy Committee (MPC).

The labour market remains constrained by historical standards with unemployment at 4.4% in May whilst average total pay (excl. bonuses) grew by 5.7% in the 12-months to May. Retail sales volumes fell by 0.1% in the 3-months to June and recorded a fall of 1.2% m-o-m in June. Rising real household incomes and persistent wage growth should continue to support consumer activity as the year progresses.

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 June 2024. ONS data as at date stated.

Market Context

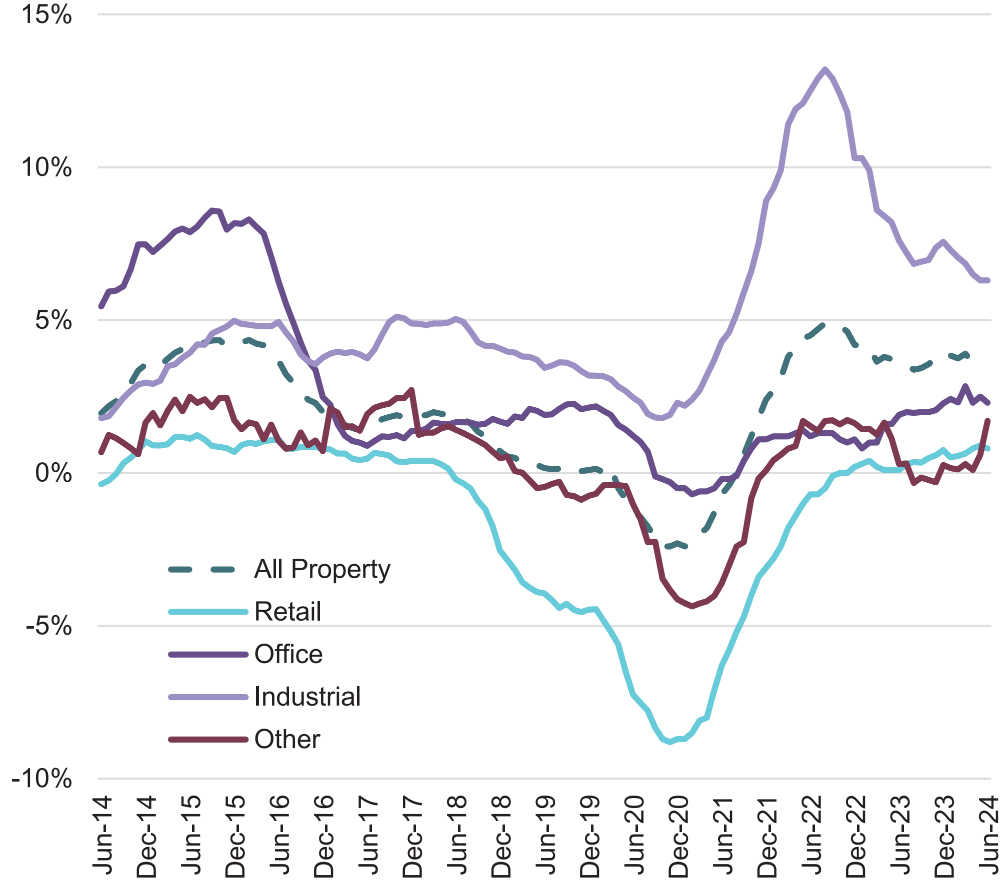
Occupier Market

All-property rental growth continued its positive trend in 2Q24, recording 0.8% growth, unchanged from the 0.8% recorded in 1Q24. Industrials saw the strongest rental growth of any sector over 2Q24 of 1.3%, and whilst levels have moderated from the record-breaking highs seen the years during the pandemic (4.0% recorded in 4Q21) occupational demand is evident and will most likely support further positive growth. This is supported by solid fundamentals underpinning the leasing market and even though vacancy has been ticking up, this is from an historic low base and appears to have plateaued over the past quarter. New supply will be hindered by a slowing of the development pipeline due to increased construction and financing costs.

Strong occupational demand and historically low vacancy rates in retail warehousing supported the positive rental growth of 0.3% in 2Q24. Shopping centres, for the first time in six months, also reported positive rental growth of 0.3%. The all-retail rental growth of 0.2% was brought down by rental decline in shop units outside of the South East region.

The structural impact of hybrid working patterns continues to be reflected in lower levels of office leasing. Despite this, office rental values recorded growth of 0.4% in 2Q24, although this was a decrease from the 0.8% recorded in 1Q24. Rental value growth in the office sector throughout 2Q24 was predominately attributable to the Central London West End & Mid Town sub-sector (0.6% in 2Q24) where strong rental performance was achieved on ‘Best-in-Class’ accommodation which is in short supply but where occupier demand is most focused.

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



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

Market Context

Investment Market

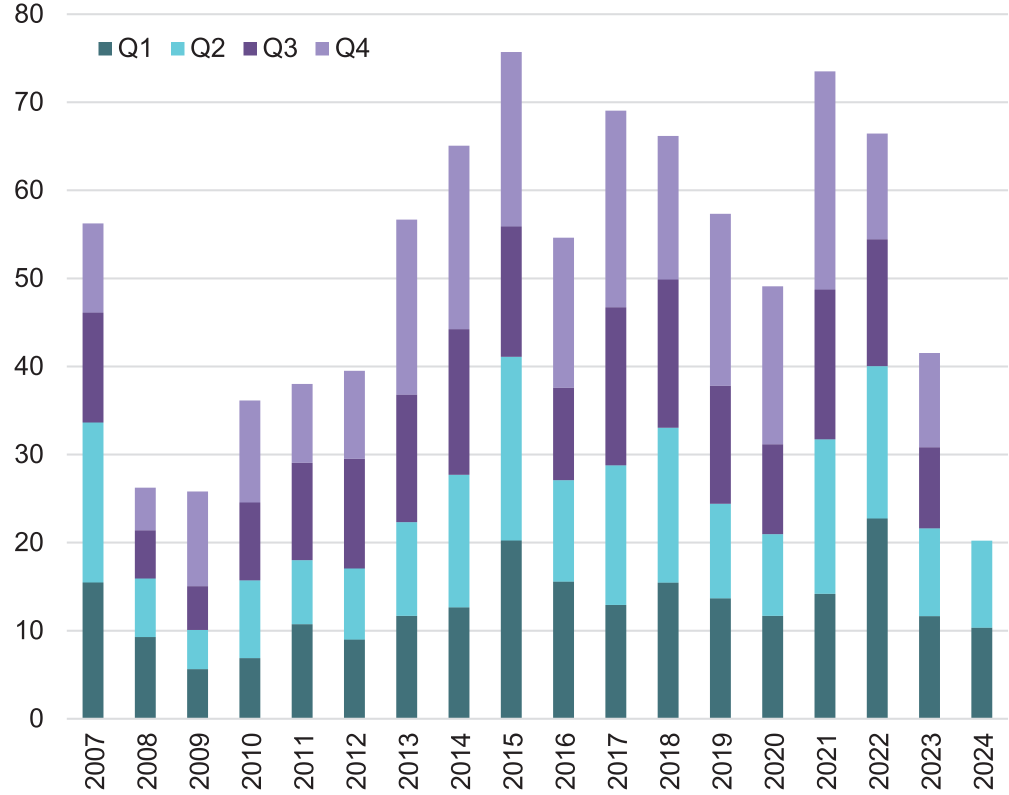
Preliminary estimates for 2Q24 investment activity showed a volume of c.£9.9BN, just 4.5% lower than the 1Q24 volumes. Transaction activity has been slow to improve, with investment volumes below their 10-year average. There are, however, signs that investor interest is returning, but this has not yet crystalised into a notable increase in deals.

Real estate debt markets remained relatively liquid and, while higher interest rates have weighed on market activity, the cost of debt has eased over the last six months. Loan originations continue to be dominated by refinancing rather than new investments, but there is competition among lenders to refinance high quality assets.

The market has been notably short of investment stock by historic terms owing to costly leverage and the anticipated cut in interest rates delaying investor decisions. The situation is beginning to ease, for example with competitive bidding in the out-of-town retail sector which has encouraged more stock to the market. Distressed sales to resolve more difficult situations are still relatively uncommon and a deluge of distress is not anticipated.

Capital values for favoured sectors has turned a corner with positive growth in 2Q24 for the retail and industrial sectors. Consensus is shifting towards the view that pricing is bottoming-out, especially for favoured sectors such as retailer warehousing, logistics and residential. Some further asset repricing is anticipated in non-favoured sectors, for example offices, where limited prime stock is available and vacancy continues to rise, particularly for larger lot sizes over c.£50MM

UK investment volumes (GBP bn)



Source: Columbia Threadneedle Investments, MSCI UK Monthly Property Index, as at 30 June 2024, MSCI Real Capital Analytics Q2 2024

Market Context

Returns

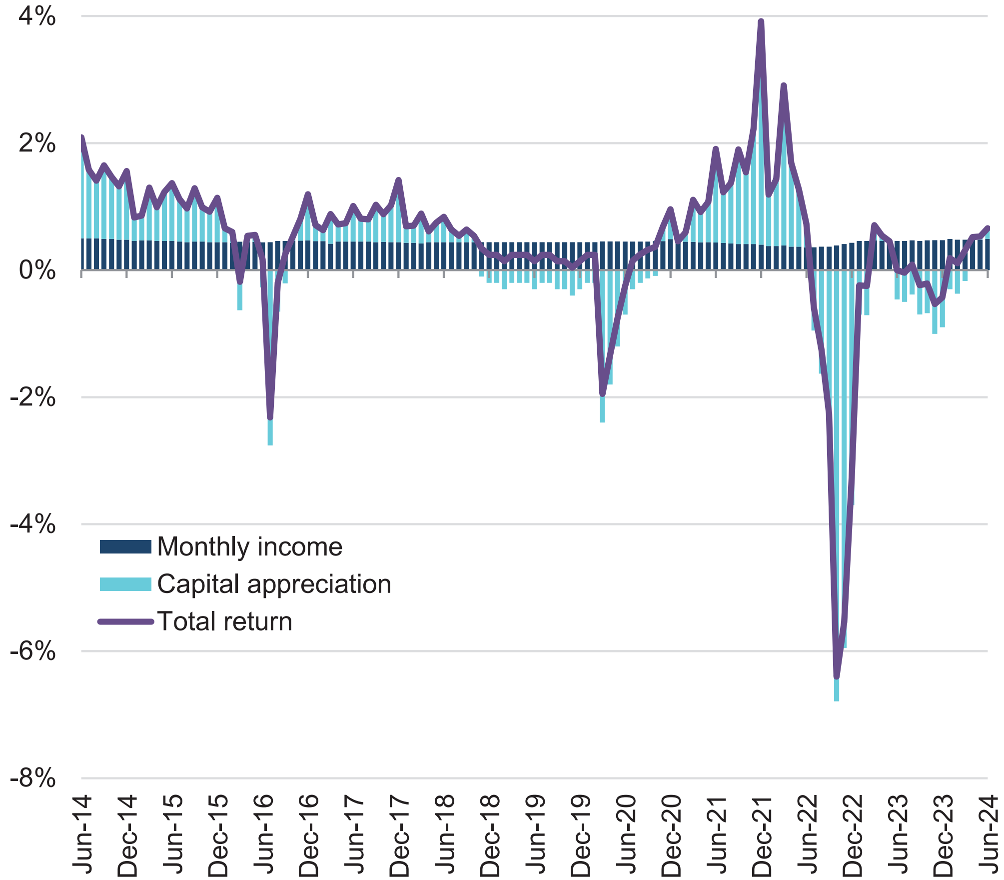
Total returns for the UK commercial property market remained positive in 2Q24 and strengthened significantly over the performance of 1Q24. The total return for 2Q was 1.7%, up from the 0.6% recorded in 1Q24. Capital value growth was the main driver, at the all-property level, turning positive for the first time since May 2023 and is a significant improvement on the 0.8% decline in 1Q24. Income return remained positive at 1.5%, unchanged from 1Q24 demonstrating the resilient income credentials that are helping to underpin market activity.

Divergence in capital values at a sector level is evident, with retail warehousing leading the way in terms of the recovery, followed by industrials (the latter driven more by rental growth than yield compression). The preference for quality stock in prime locations or those assets that can be repositioned to higher value uses has not diminished either.

Retail was the best performing sector in 2Q24, delivering a total return of 2.8%, bolstered by a healthy income return of 1.8% and capital value growth of 1.0% in 2Q24. Retail warehousing was the standout sub-sector of retail with a total return in 2Q24 of 3.4% split equally between 1.7% capital value growth as strong investor demand fed through to market pricing and an income return of 1.7%.

The industrial sector recorded a total return of 1.9% in 2Q24 with an income return of 1.3%. Capital value growth turned positive in 2Q24 0.6% versus -0.2% 1Q24, indicating that there is continued investor appetite for the sector, underpinned by strong occupational fundamentals, low vacancy and the potential for positive rental growth.

UK commercial property monthly total returns



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

Market Context

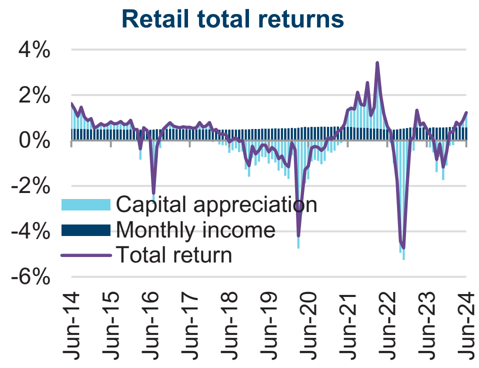
Returns cont.

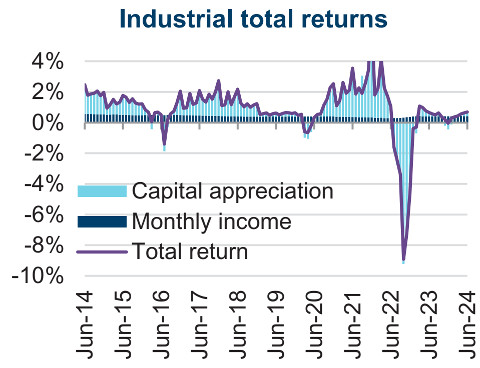
The office sector recorded a total return of -0.2% in 2Q24, the weakest performing sector over the quarter owing to the impact of continued structural headwinds as corporates adopt hybrid working patterns. Capital values declined by 1.6%, although an improvement on the 2.8% decline recorded in 1Q24. Demand for the best quality office space within well located, high specification, and sustainable buildings remains strong but at the expense of more secondary location and quality buildings.

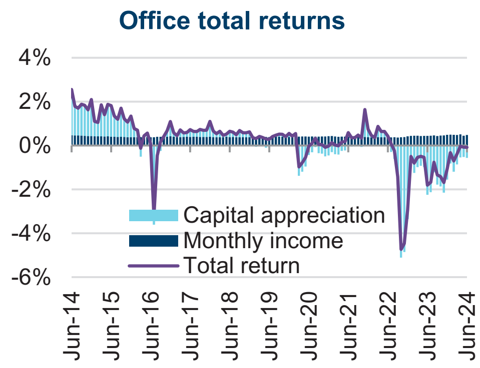
The ‘Other’ sector, comprising of residential, student housing, healthcare, and hotels, recorded a total return of 2.1% in 2Q24. This was made up of a 1.7% income return and capital value growth of 0.4%. The ‘Other’ sector is a growing element of the Index, increasing from c.3% to c.10% over the last 10 years as investors seek to capitalise on structural changes in the UK’s demographics.

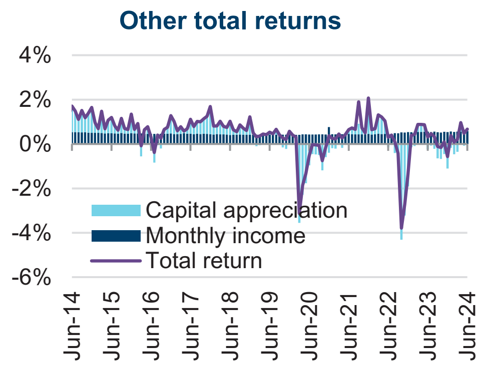
The all-property net initial yield as at the end of June 2024 was 5.6%, unchanged from 1Q24.The equivalent yield rose by 8 bps over 2Q, the outward movement is the mildest since the current repricing cycle began. Some modest outward yield shifts over the coming months could occur, but with the distinct possibility of stabilisation later in the year. Any inward movement will be for selective sectors and linked to when, and how quickly, interest rates and gilt rates come down.

Additional opportunities could come from some further market dislocation created by more conservative LTVs, increased margin costs and potentially elevated rates of under and non-performing loans could see increased instances of bank-forced sales.









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

Market Context

Outlook

Political stability, rebased pricing, falling inflation and the expectation of rate cutting are collectively expected to provide a more supportive environment for UK real estate. Together with resilient rental growth across favoured sectors, this has the potential to deliver elevated forward-looking returns.

The expectation is for rental growth to remain positive indicating that capital values have now reached a trough. Having said that, yields are unlikely to decline over the next few years, as the spread against risk-free rates is re-established. And so, capital value growth is likely to be modest and limited to rental growth, with total returns driven by income.

As the market adjusts to the macroeconomic environment this should be beneficial for those investors with capacity to act. Asset selection and location decisions will be key, as structural changes continue to affect occupier and investor demand in different sectors.

Transaction activity should also improve, but this will be gradual over the remainder of the year. Despite uncertainty around pricing, an improving outlook for interest rates, coupled with 18 months of relative inactivity, will lead some investors to deploy capital once more as they look to refresh and reposition their real estate portfolios.

This should facilitate the sale of properties by investors that need to meet redemption or debt obligations. Further disposals of real estate by UK defined benefit pension funds are likely as more schemes transition towards buyouts.

Although refinancing challenges remain, the risks appear modest and wider systemic stress in unlikely. Sentiment is improving in debt markets and both bank and non-bank lenders are looking to increase originations in the second half of the year. Industrial and logistics, data centres, and the living sectors are currently most favoured while for assets with structural challenges, such as secondary offices, stricter lender behaviour will continue to result in further asset bifurcation and performance.

The expectation is that liquidity across all sectors for financing high-quality, well-located assets will continue to improve, although any new lending will need to be balanced with the management of risks in existing loan books as the market recovers.

The fall in inflation and anticipated cut in interest rates should however improve debt financing opportunities for investors and continue to boost investment activity throughout the remainder of 2024. This market environment creates a significant buying opportunity for well capitalised UK focused specialist real estate managers with a proven track record in executing contra-cyclical strategies, that are able to take advantage of in-depth knowledge of the key sectors which benefit from structural tailwinds.

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

Market Context

Global perspectives into practice

Key sector metrics as at end June 2024

Trending key: Strengthening (green) / Stable (grey) / Weakening (red)

	Industrials	Offices	Retail	Alternatives
Headlines	Reduced speculative development will underpin rents with vacancy trending downwards	Polarisation between good quality, well-located offices and the rest of the market persists	Out-of-town schemes attracting the bulk of interest, but options limited due to slim pipeline	Appetite for 'Beds' and 'Meds' persists, supported by demographic and structural changes
Vacancy* (By Market Rent)	7.5% (Strengthening)	23.1% (Weakening)	6.0% (Stable)	1.6% (Strengthening)
Rental Growth* (Annualised)	6.3% (Weakening)	2.3% (Strengthening)	0.8% (Strengthening)	3.9% (Strengthening)
Prime Yield Pricing** (Net Initial Yield, rack rented)	Distribution 5.25% (Stable)	London (City) 5.75% (Stable)	Warehouse 5.75% (Strengthening)	Student 5.00% (Stable)
	Multi-let 5.25% (Stable)	Regions 6.50% (Stable)	High Street 7.00% (Stable)	Leisure 8.00% (Stable)
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 Underweight in-town	Favour, strategic land, 'meds' and residential including student housing

£ **Finance:**
5-year Gilt: 4.0%
5-year Swap: 4.0%

% **Real estate*:**
NIY: 5.6%
EQV: 7.1%

Spread: 3.1%
(5-year Gilt to EQV)

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

Fund Overview – Q2 2024

Portfolio Activity

- During Q2 2024, the Threadneedle Pensions Limited Pooled Property Fund (TPEN PF) made 1 strategic asset sale with an achieved total sales receipt of c.£7.3m. 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 139 new lettings/lease renewals were successfully completed in the 12 months to the end of Q2 2024, with a combined rental value of c.£10.8m per annum. Importantly, TPEN PF continues to maintain high levels of occupier retention at 'tenant break options', with just 15 out of 118 options being exercised (c.87% 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.£0.62m 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 Q2 2024 (as at Day 14) stands at 94%. For the previous quarter (Q1 2024) rent collection is c.93%, in line with pre pandemic levels. 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 Q2 2024, TPEN PF's liquidity position was c.£128.7m, equivalent to c.8.7% of net asset value (NAV), excluding debtors and creditors. 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 Q2 2024, TPEN PF generated a total return of 1.1%, in line with the MSCI/AREF UK 'All Balanced Open-Ended' Property Fund index (the benchmark) weighted average total return of 1.1%. For the year ending 30 June 2024, the TPEN PF generated a total return of +0.8%, outperforming the benchmark return of +0.1%. Over the medium to long term, the TPEN PF has delivered annualised total returns against the benchmark of 1.3% versus 0.6% over three years; 1.8% versus 1.5% over five years; 5.0% versus 4.8% over 10 years.

Source: MSCI/AREF UK Quarterly 'All Balanced Open-Ended' Property Fund index, as at 30 June 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 June 2024, TPEN PF's directly held property assets (excluding property hold costs and cash) generated a total return of 2.9%, outperforming the broader property market on a relative basis by +2.3% (as represented by the MSCI UK Monthly index – unfrozen). This was achieved through a positive relative income return of +1.1% and relative capital value performance of +1.2%. TPEN PF's retail assets outperformed the wider market by +2.9%, delivering a total return of 4.7% with a relative capital value of +1.7%. Offices outperformed by +8.6% relative to the market, producing a total return of -1.9% 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 4.6%, marginally underperforming the market by -0.5%, with relative capital value performance to the market of -1.4% over the previous 12 months.

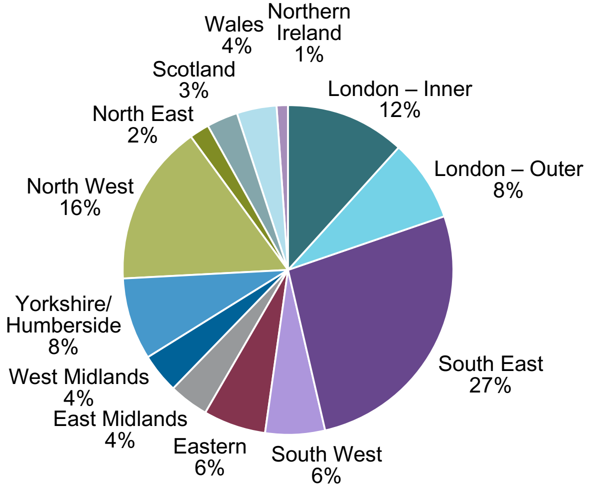
Source: MSCI UK Monthly Property index (unfrozen) and TPEN PF's directly held assets compared to the MSCI UK Monthly Property index – June 2024).

Outlook

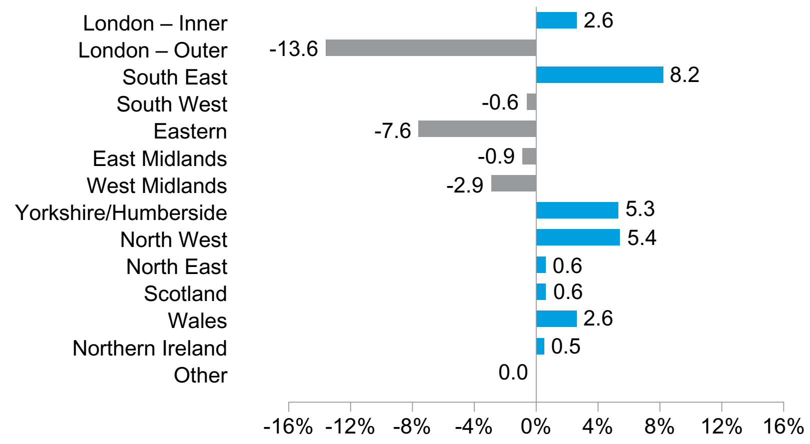
- Following a sustained period of downward pressure on capital values as the market adjusts to inflation and interest rate expectations, UK Real Estate is well placed for a cyclical capital recovery, taking advantage of an improved macro-economic outlook, whilst continuing to offer attractive income 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 6.3% against 5.4% offered by the MSCI UK Monthly Property index as at end June 2024. The Fund's strategic overweight positions in industrials and retail warehouses should continue to provide a solid foundation for outperformance over the course of 2024.

Property Portfolio Sector and Geographical Positioning

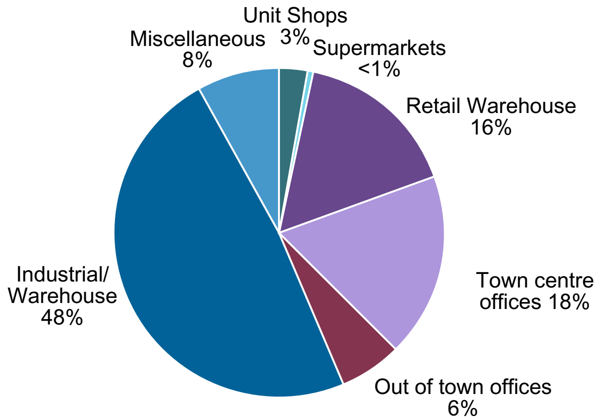
Property portfolio weighting – geographical split



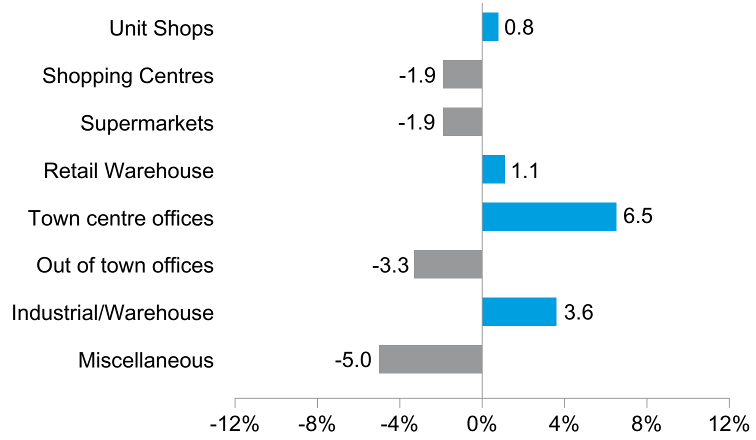
Relative portfolio weighting (%) versus MSCI Monthly Index



Property property weighting – sector distribution



Relative portfolio weighting (%) versus MSCI Monthly Index

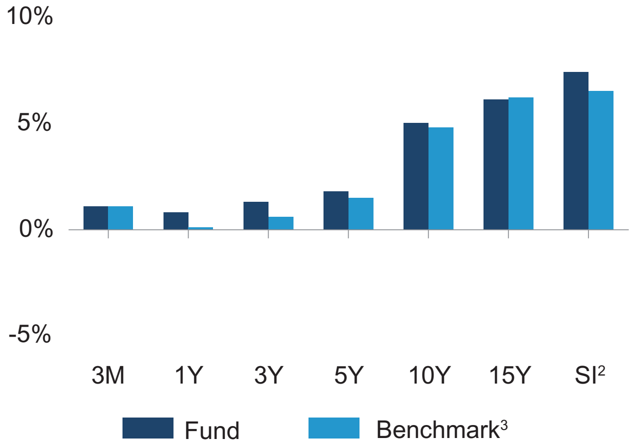


Source: Columbia Threadneedle Investments and MSCI UK Monthly Property Index as at 30 June 2024

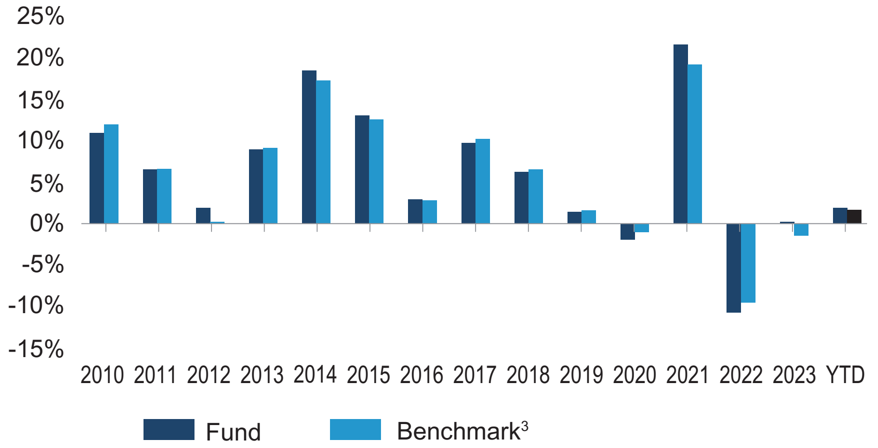
Fund Performance

Long Term Performance

Discrete periods[1]



Calendar Years



Fund Performance **Annualised Performance**

	3M %	YTD %	1Y %	3Y %	5Y %	10Y %	15Y %	SI* %
Fund	1.1	1.9	0.8	1.3	1.8	5.0	6.1	7.4
Benchmark**	1.1	1.7	0.1	0.6	1.5	4.8	6.2	6.5
Relative (Arithmetic)	0.0	0.2	0.7	0.7	0.3	0.2	-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

COLUMBIA THREADNEEDLE ALTERNATIVES REAL ESTATE

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
Cambridge	Compass Hse, Vision	Out of Town Office	25-50
South Ockendon	Arisdale Ave	Industrial / Warehouse	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

Tenant

	% of rents passing
Next Group Plc	4.1
Norton Group Holdings (The Range)	1.7
Heidelberg Cement AG (Hanson)	1.6
Magnet Limited (NOBIA AB)	1.6
Currys Plc	1.5
Invesco Ltd	1.5
Howard Tenens (North West) Ltd (TENENS PTC)	1.5
Maryland Midco Limited (Matalan Retail)	1.5
Wittington Investments Ltd (Primark Stores)	1.3
GXO Logistics Inc.	1.3

Source: Columbia Threadneedle Investments as at 30 June 2024

Investment Activity – Key Purchases and Sales Over Q2 2024

Property	Quarter	Sector	Price (£m)	Net Initial Yield
Purchases				
None				
Sales				
Loughton, 261-309 High Road	Q2 2024	Unit Shop	5-10	7.2

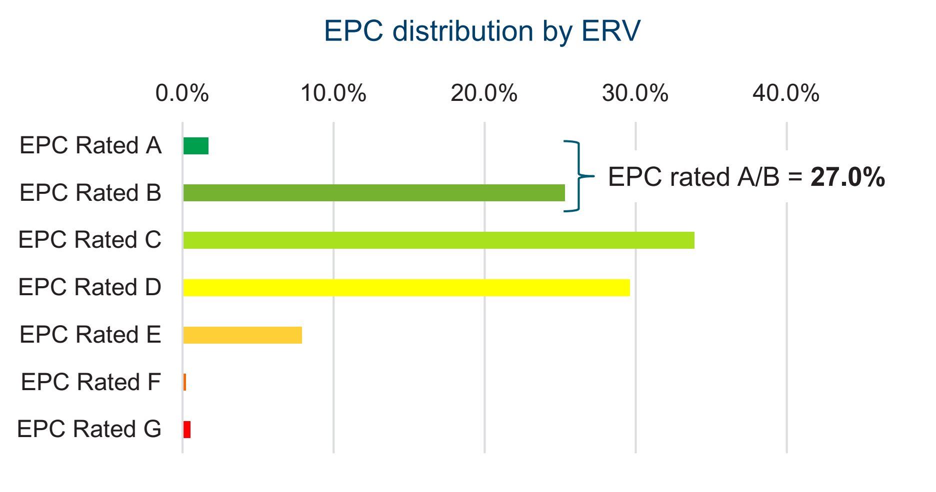
Source: Columbia Threadneedle Investments, 30 June 2024

Responsible Investment: environmental

Sustainability Dashboard – key performance indicators

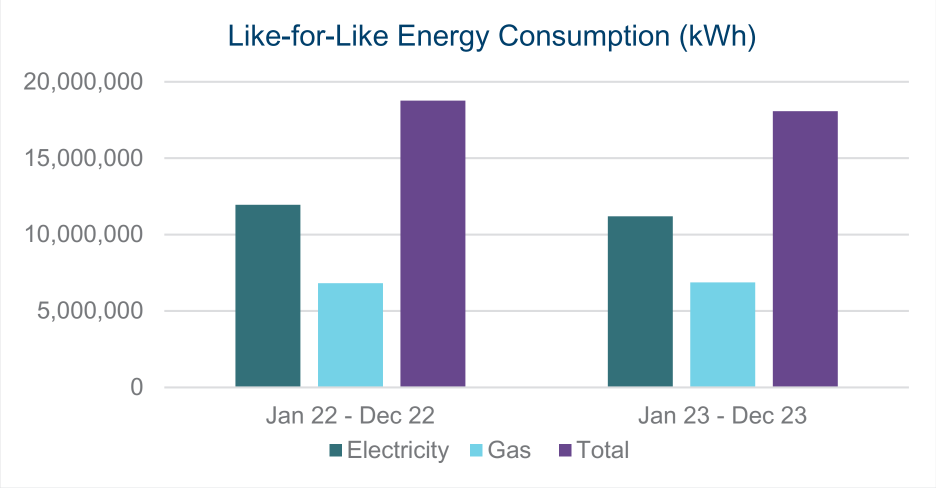
Property infrastructure: EPCs
Target EPC 'B' by 2030

Key performance metrics	
Portfolio coverage (whole portfolio, % ERV)	99.3%
Works projects completed (past 12 months)	28
Refurbishments delivering 'B' or better	78%



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

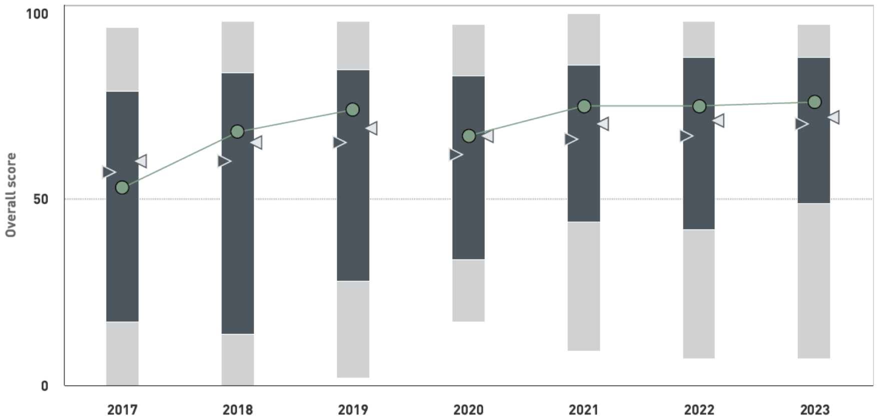
Key performance metrics	
Portfolio coverage (LL managed portfolio, % floor area)	97.7%
Energy consumption change L-f-L Y-on-Y	-3.9%
Energy consumption change vs baseline*	-13.5%



Source: Columbia Threadneedle Investments. EPC portfolio coverage as % ERV, as at 31 December 2023. 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 2023

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 June 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.

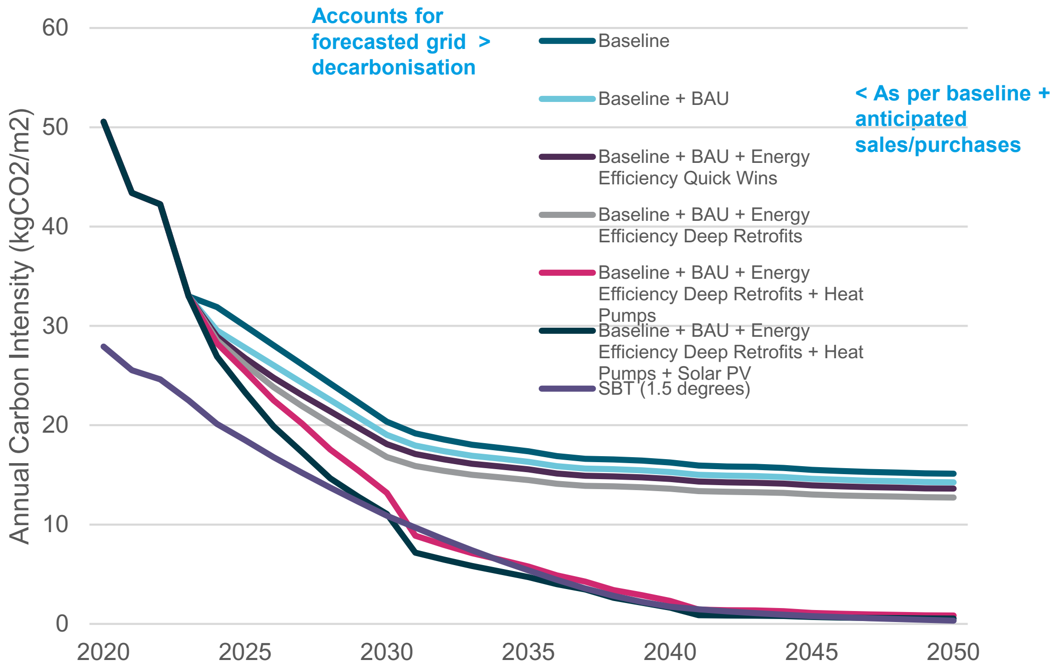
Responsible Investment: Net Zero fund pathway

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 pa**	**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 1Q18-1Q23 the Fund completed **117** capital projects investing over **£58 million** in building improvements
- Capital expenditure incurred in 12 months to 31 March 2023 is approximately **£17.3 million**

Source: EVORA Net Zero Target & Sensitivity Analysis, TPEN as at March 2024. 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. Capital expenditure incurred to 31st March 24. Sustainability risks are integrated into the fund's investment decision making process for financial Risk Management purposes only

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

	Q2 2023	Q3 2023	Q4 2023	Q1 2024
Property assets	172	171	162	159
Rateable units	980	975	889	886
EPC coverage (% rateable units)	99.1%	99.3%	98.9%	99.0%
EPC rated A (% rateable units)	1.4%	1.3%	1.6%	1.7%
EPC rated B (% rateable units)	21.5%	23.3%	24.2%	25.3%
EPC rated C (% rateable units)	34.5%	34.6%	33.7%	33.9%
EPC rated D (% rateable units)	30.2%	29.5%	30.3%	29.6%
EPC rated E (% rateable units)	10.0%	9.1%	8.4%	7.9%
EPC rated F (% rateable units)	0.3%	0.3%*	0.2%*	0.2%
EPC rated G (% rateable units)	0.4%	0.4%**	0.4%**	0.5%

Source: Columbia Threadneedle Investments, based on % rateable units, as at 30 June 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 m^3	232,058 m^3	192,443 m^3	71,530 m^3	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.

Important Information

For your sole use as existing investor only.

Past performance is not a guide to future performance. The value of investments and any income from them can go down as well as up. This material is for information only and does not constitute an offer or solicitation of an order to buy or sell any securities or other financial instruments, or to provide investment advice or services.

The research and analysis included in this document has been produced by Threadneedle Investments for its own investment management activities, may have been acted upon prior to publication and is made available here incidentally. Any opinions expressed are made as at the date of publication but are subject to change without notice. Information obtained from external sources is believed to be reliable but its accuracy or completeness cannot be guaranteed.

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.

Information for holder of units of the Threadneedle Pension Property Fund: Threadneedle Pensions Limited provides insurance policies that entitle to holder to the value determined with reference to the underlying investment in a pooled pension fund. The holder of a policy does not own the units in the selected fund. Columbia Threadneedle Investments does not give investment advice.

Threadneedle Pensions Limited (TPEN) provides insurance policies that entitle to holder to the value determined with reference to the underlying investment in a pooled pension fund. The holder of a policy does not own the units in the selected fund. This Fund is not registered for sale outside the United Kingdom and may not be offered to the public in any other country. This material should not be considered as an offer, solicitation, advice or an investment recommendation. This communication is valid at the date of publication and may be subject to change without notice. Information from external sources is considered reliable but there is no guarantee as to its accuracy or completeness. TPENs Pooled Pooled Pension Funds Key Features Document (KFD) 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.

The information of the Threadneedle Pension Property Fund is issued by Threadneedle Pensions Limited. Registered in England and Wales, No. 984167. Registered Office: Cannon Place, 78 Cannon Street, London EC4N 6AG. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Columbia Threadneedle Investments is the global brand name of the Columbia and Threadneedle group of companies.

Task Force on Climate-related Disclosures (TCFD)

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.