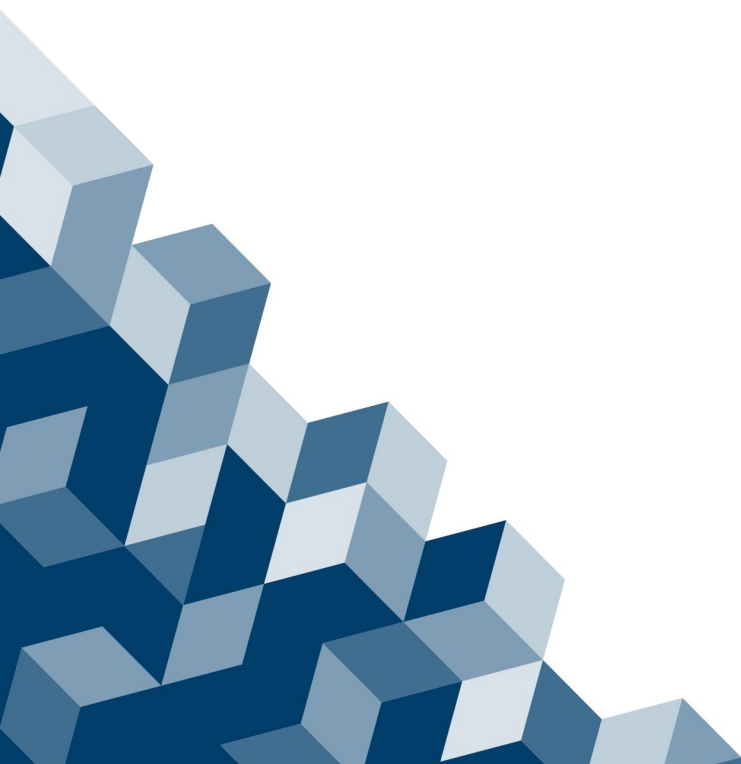


Threadneedle Pensions Limited, Property Fund

Quarterly Report as at 30 June 2023

For Existing Investors only



Contents

3	Mandate summary
4	Portfolio highlights
5	Market context
8	State of the market
9	Fund overview
10	Property portfolio sector and geographical positioning
11	Fund performance
12	Top 10 holdings and tenants
13	Investment activity
14	Responsible investment: key business initiatives
15	Responsible investment: environmental
16	Responsible investment: GRESB
17	Net Zero: Fund pathways
18	Asset management activity
19	ESG reporting: EPC data
20	ESG reporting: Energy consumption
21	ESG reporting: Greenhouse gas (GHG) emissions
22	ESG reporting: Water and waste consumption
23	ESG reporting: Flood risk
24	Glossary of terms
26	Important information

Mandate Summary

Contact Information



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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 1,560 million
■ Benchmark	MSCI/AREF UK All Balanced Property Funds
■ Base currency	GBP
■ Reporting currency	GBP
■ Quoted price* (Currently Bid)	6.6512
■ NAV	6.7349
■ 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 2023



Portfolio Highlights

	NAV £1.560bn ¹ 6 th largest Fund in Benchmark		Diversification at asset level 172 properties		Diversified income with 961 tenancies
	Highly liquid portfolio with Average lot size £8.5m		Gross rent roll £92.9m pa		WAULT to break 4.6 years (vs 6.6 years ²)
	Cash 3.6% ¹ (vs 5.7% ¹)		Vacancy rate 10.4% (vs 10.4% ²)		GRESB Rating 2022 – 78/100
	Income advantage Net Initial Yield 5.9% (vs 5.2% ²)		Equivalent Yield 7.5% (vs 6.7% ²)		Total return +0.9% ¹ (3 months net Nav to Nav)

Source: Columbia Threadneedle Investments, ¹MSCI/AREF UK Quarterly Property Fund Index and ²MSCI UK Monthly Property Index at 30 June 2023. Cash is net debt % NAV (AREF methodology).

Market Context

Market Commentary

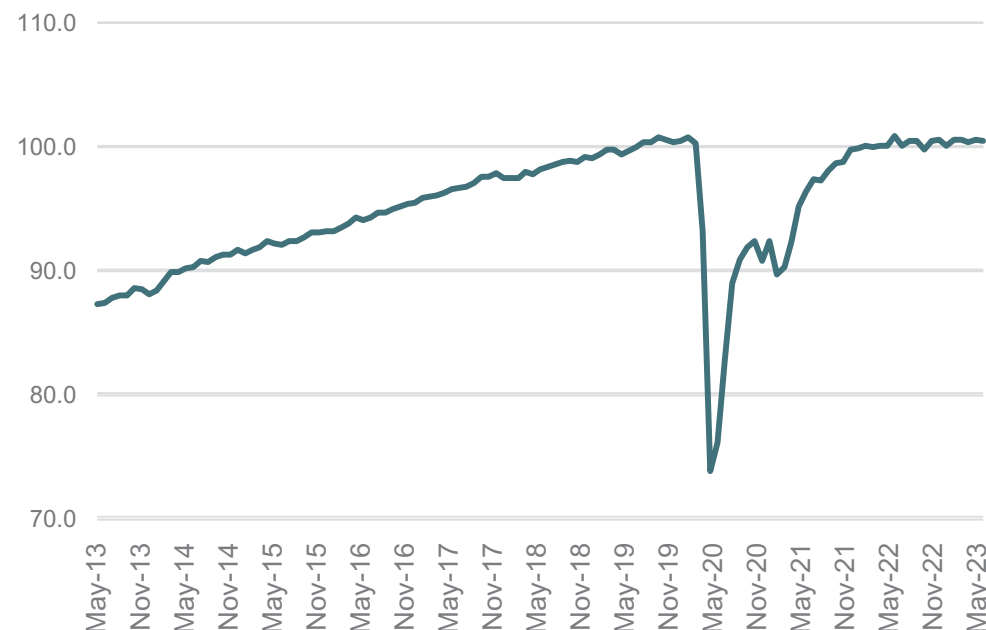
UK Macroeconomy

After averting the technical recession economists expected in both Q4 22 and Q1 23, UK GDP saw no growth in the three months to May 2023, reflecting the ongoing global and domestic inflationary headwinds and recent tensions in the international banking system. With high inflation proving more persistent than anticipated, the Bank of England has continued its programme of interest rate rises, increasing the base rate 50bps to 5.0%, to reduce inflation towards the 2% target.

The consumer economy continues to outperform consensus expectations, with total retail sales volumes in June up by 0.7% month on month. The labour markets remain constrained; however, unemployment has increased marginally from 3.8% to 4.0% on the quarter. Average total pay excluding bonuses grew at a record high annual rate of 7.3%, which continues to fuel embedded inflationary concerns. Markets will be encouraged by a fall in headline CPI inflation, which was recorded at 7.9% in the 12 months to June 2023, down from the 8.7% recorded in May 2023. Core inflation decreased to 6.9% in the 12 months to June 2023, from 7.1% in May 2023, which was the highest rate for over 30 years.

An additional interest rate rise is anticipated at the next MPC meeting in August as the BoE seeks to lower the rate of core inflation. As the drag from higher interest rates filters through the economy, GDP growth is expected to be limited over the second half of the year.

10-year UK GDP (Indexed)



Source: Columbia Threadneedle Investments, MSCI UK Monthly Property Index, ONS GDP Monthly Estimate May 23 as at 30 June 2023.

Market Context

Market Commentary (continued)

Investment volumes

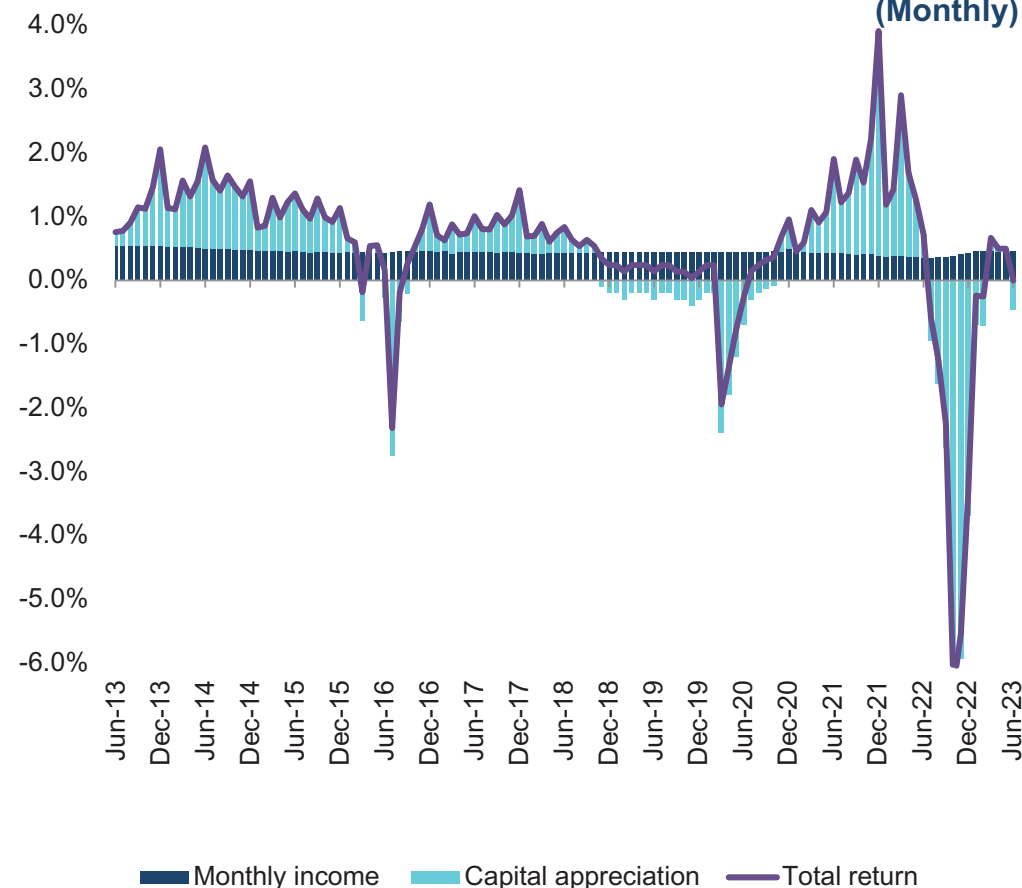
Total UK commercial property investment volumes reached £7.4bn for Q2 2023, which is 41% down on the 5-yearly quarterly average and an 11% decline on Q1 2023. As with Q1 23, reduced transactional volumes are to be expected, given prevailing pricing volatility through the period. Negative sentiment prevailed through the quarter, but confidence began to return through March, as pricing levels stabilised. We are aware that significant capital remains available for investment, particularly for high conviction growth sectors of industrial, retail warehousing and alternatives, subject to pricing fully reflecting interest rate / funding cost expectations.

Returns

Total returns for UK Real Estate remained positive in Q2 23, delivering 1.0% as represented by the MSCI UK Monthly Property Index. All-property capital values saw a decline of -0.4% q/q, however this was an improvement on the -1.2% q/q seen in Q1 23, as valuation pressures begun to ease. The market delivered an income return of 1.4% q/q which highlights the assertive positive income potential of UK Real Estate.

The market has seen a divergence in sector performance, with capital values increasing in the industrial, retail warehousing and some alternatives sectors, but continuing to fall for offices. Retail warehousing was the best performing sub-sector, delivering capital growth of 0.9% q/q, as investors recognise the robust occupational resilience of the sector. Following a quarterly decline of -0.8% in Q1 23, capital growth in the industrial sector turned positive in June 2023, with a total return of 1.2% for Q2 23, emphasising the robust occupational dynamics which underpins the sector.

10-year UK Commercial property total returns (Monthly)



Source: Columbia Threadneedle Investments, MSCI UK Monthly Property Index and LSH UKIT Q2 2023 report as at 30 June 2023.

Market Context

Market Commentary (continued)

The office sector continued a negative trajectory with capital value declines of -4.1% q/q, down from the -3.1% q/q in March 2023. This accelerated decline highlights the challenges faced by the continuing trends of hybrid working and heightened risks of obsolescence. “Other” assets, such as residential and student housing, recorded positive capital growth of 0.4% q/q, avoiding much of the capital volatility experienced in the traditional core sectors.

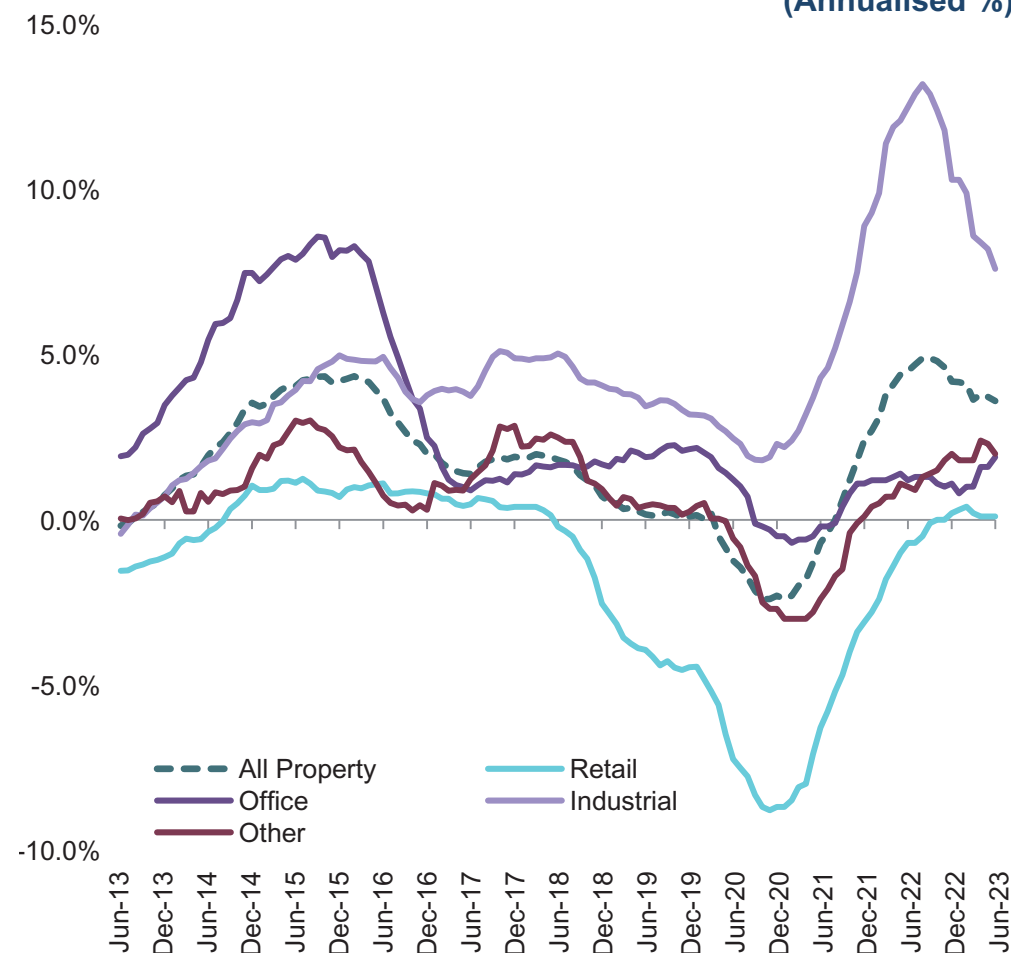
Occupational trends

Despite the macro-economic challenges, core occupier markets have continued to demonstrate underlying resilience, with positive rental value growth of 1.0% q/q across all sectors, up from 0.8% q/q in March 2023. This increase was led by the industrial sector which recorded 1.8% rental growth in Q2 2023 and 7.6% annualised. Whilst rental growth remains robust, the market has seen a slowdown in take-up in accordance with the weakening GDP outlook, which has resulted in reduced levels of annualised rental growth; currently at 7.6%, down from 8.6% at the end of March 23. Conviction towards the sector, however, remains high when considering the fundamental shortage of supply and tight labour market. The retail sector saw rental values settle at 0.0% q/q, a decline on the 0.2% q/q of Q1 2023. Despite the structural impact of a change in working behaviours post-pandemic, offices rents remain positive, delivering rental growth of +1.0% q/q up from the modest +0.3% q/q in Q1 2023, predominantly driven by low levels of supply.

Outlook

The “All Property” Net Initial Yield at the end of June 2023 increased by just 0.1% over the quarter to 5.3%. While primitive indications of a capital value recovery are evident, the asset class will not be immune to persistent inflationary pressure and subsequent monetary policy responses. High conviction sectors such as industrials and retail warehousing will continue to benefit from structural societal trends. A stable occupational market characterised by sustainable rental income and low vacancy rates, and very modest levels of debt by historic standards, should enable performance to remain positive on a relative basis. The extensive re-basing of capital values witnessed through H2 2022 arguably provides an attractive entry point for investors considering allocations to the sector.

10-year UK Commercial property rental value growth (Annualised %)



Source: Columbia Threadneedle Investments, MSCI UK Monthly Property Index and LSH UKIT Q2 2023 report as at 30 June 2023.

State of the market

Key sector metrics as at end June 2023

<div><div></div><div>Trending key:</div></div> <div><div></div><div>Strengthening</div></div> <div><div></div><div>Stable</div></div> <div><div></div><div>Weakening</div></div>		<div><div></div><div>Industrials</div></div>	<div><div></div><div>Offices</div></div>	<div><div></div><div>Retail</div></div>	<div><div></div><div>Alternatives</div></div>
Headlines		Supply/demand imbalance continues to favour landlords	Occupier demand selective, ESG agenda increasing build/refurbishment costs	Occupiers favour out-of-town (omni-channel, lower costs)	Favourable supply/demand for 'Beds' and 'Meds'. Leisure remains challenged
Vacancy* (By Market Rent)		6.8% <div></div>	21.0% <div></div>	7.1% <div></div>	3.0% <div></div>
Rental Growth* (Annualised)		7.6% <div></div>	1.9% <div></div>	0.1% <div></div>	2.7% <div></div>
Prime Yield Pricing** (Net Initial Yield, rack rented)		Distribution Multi-let 5.25% <div></div> 5.25%	London (City) Regions 5.00% <div></div> 5.75%	High Street Warehouse 6.75% <div></div> 5.50%	Student Leisure 5.00% <div></div> 7.50%
Allocation		Favour multi-let estates and mid-box logistics. Neutral big-box distribution	Highly selective, favour urban and city centres Underweight out-of-town	Favour out-of-town / parks Underweight in-town / malls	Favour student (diversifier / inflation hedge), strategic land / 'meds' (capital growth)
Financial Metrics		<div><div></div> Leverage to commercial real estate averaged 48% in H1 2022, below 2007 peak (72%) and 2020 (61%) (CBRE Research)</div> <div><div></div> SONIA 5-year Swap rate 4.95% and 5-year Gilts yield 4.83% (30th June 2023) – trending up from February 2023</div>			

Source: *MSCI UK Monthly Property Index Vacancy rate and Market Value Rental Growth (Alternatives data is unweighted average Hotels, Residential, Other), as at 30 June 2023. Trends against average of prior 6-months. **CBRE Prime Yields and trends, June 2023.

Fund Overview – Q2 2023

Portfolio Activity

- During Q2 2023, the Threadneedle Pensions Limited Pooled Property Fund (TPEN PF) made 1 strategic asset sale with an achieved total sales receipt of c.£23.9m. 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 200 new lettings/lease renewals were successfully completed in the 12 months to the end of Q2 2023, with a combined rental value of c.£15.5m per annum. Importantly, the TPEN PF continues to maintain high levels of occupier retention at 'tenant break options', with just 9 out of these 125 options being exercised (c.93% 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 the TPEN PF's property portfolio is set to increase by a further c.£5.2m per annum over the next 12 months.

Rent Collection

- 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. As a result of the work undertaken by the Fund's asset and property managers, rent collection for the forthcoming quarter stands at c.97.0% (as at Day 21). It is forecasted that rent collection rates as at the last day of the quarter will recover to pre-pandemic levels of c.99% as the backlog of rent arrears as a result of the pandemic is cleared.

Liquidity Management

- At the end of Q2 2023, the TPEN PF's liquidity position was c.£83.7m, equivalent to c.5.4% of net asset value (NAV), excluding debtors and creditors and increasing as a result of sale completions. Market volatility increased substantially as a result of the UK Government's mini-budget on 23 September which led to a rapid increase in UK gilt yields. This caused UK Defined Benefit (DB) pension funds to significantly increase redemptions to meet margin calls on Liability Driven Investment (LDI) products, prompting a liquidity crisis and an acceleration in the decline of property capital value as sales progressed to meet client demands.
- 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 23 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 2023, TPEN PF generated a total return of 0.9%, outperforming the MSCI/AREF UK 'All Balanced Open-Ended' Property Fund index (the benchmark) weighted average total return of 0.4%. For the year ending 30 March 2023, the TPEN PF generated a total return of -16.9%, outperforming the benchmark return of -17.4%. Over the medium to long term, the TPEN PF has delivered annualised total returns against the benchmark of 3.8% versus 3.4% over three years; 2.3% versus 2.2% over five years; 6.5% versus 6.3% over 10 years.

Source: MSCI/AREF UK Quarterly 'All Balanced Open-Ended' Property Fund index, as at 30 June 2023. 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 2023, TPEN PF's directly held property assets (excluding property hold costs and cash) generated a total return of -15.8%, outperforming the broader property market on a relative basis by +1.7% (as represented by the MSCI UK Monthly index unfrozen). This was achieved through a positive relative income return of +0.7% and relative capital value performance of +1.0%. TPEN PF's retail assets outperformed the wider market by +2.1%, delivering a total return of -7.9% with a relative capital value of +0.7%. Offices underperformed by -1.9% relative to the market, producing a total return of -18.6% 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 reflected in these figures. TPEN PF's industrial assets delivered a total return of -19.6%, outperforming the market by +5.0%, with relative capital value performance to the market of +4.5% over the previous 12 months.

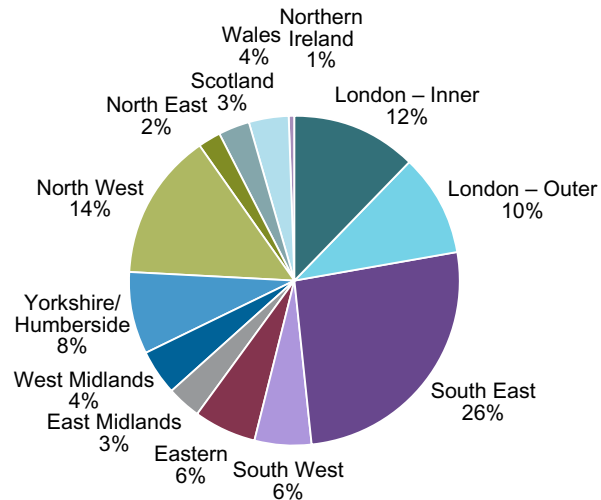
Source: MSCI UK Monthly Property index (unfrozen) and TPEN PF's directly held assets compared to the MSCI UK Monthly Property index – June 2023).

Outlook

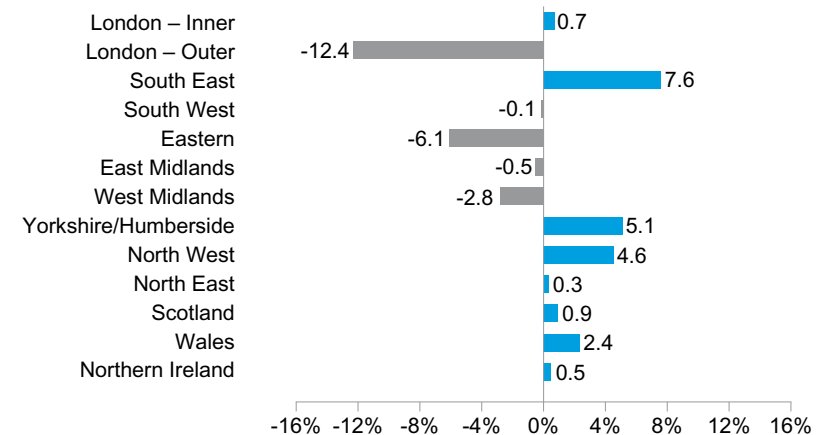
- The "All Property" Net Initial Yield at the end of June 2023 increased by just 0.1% over the quarter to 5.2%. While primitive indications of a capital value recovery are evident, the asset class will not be immune to persistent inflationary pressure and subsequent monetary policy responses. High conviction sectors such as industrials and retail warehousing will continue to benefit from structural societal trends. A stable occupational market characterised by sustainable rental income and low vacancy rates, and very modest levels of debt by historic standards, should enable performance to remain positive on a relative basis. The extensive re-basing of capital values witnessed through Q3 22 and Q1 23 arguably provides an attractive entry point for investors considering allocations to the sector.
- Columbia Threadneedle Investments believes TPEN PF is well placed to capture a 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. TPEN PF's property assets currently offer a net initial yield of 5.9% against 5.2% recorded by the MSCI UK Monthly Property index (frozen) as at end June 2023. TPEN PF's overweight positions in industrials and retail warehouses should continue to provide a solid foundation for performance over the course of 2023.

Property Portfolio Sector and Geographical Positioning

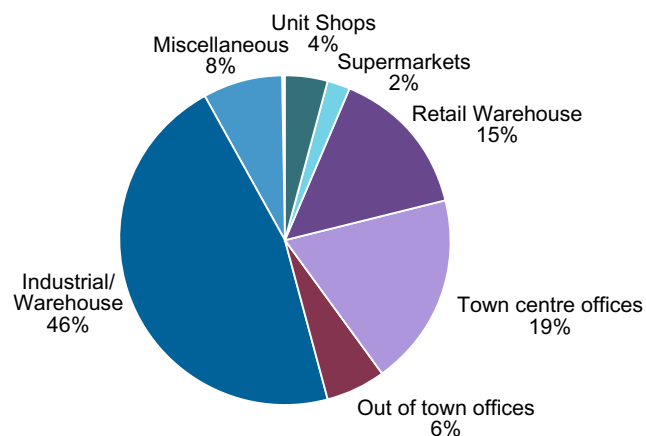
Property portfolio weighting – geographical split



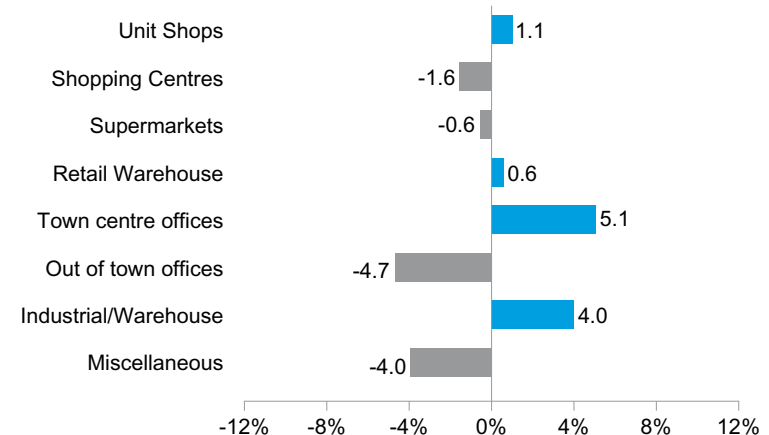
Relative portfolio weighting (%) versus MSCI Monthly Index



Property property weighting – sector distribution



Relative portfolio weighting (%) versus MSCI Monthly Index

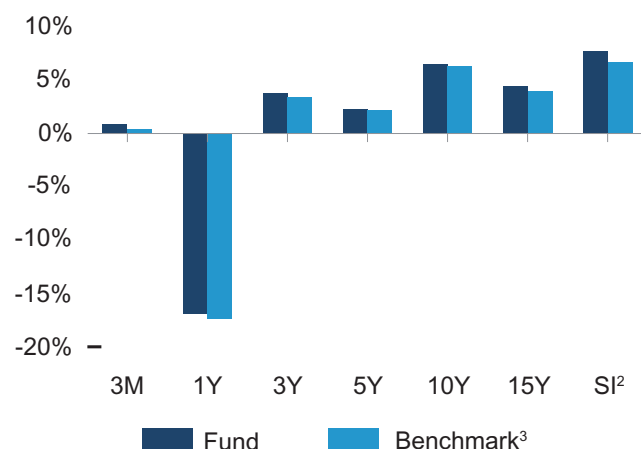


Source: Columbia Threadneedle Investments and MSCI UK Monthly Property Index as at 30 June 2023

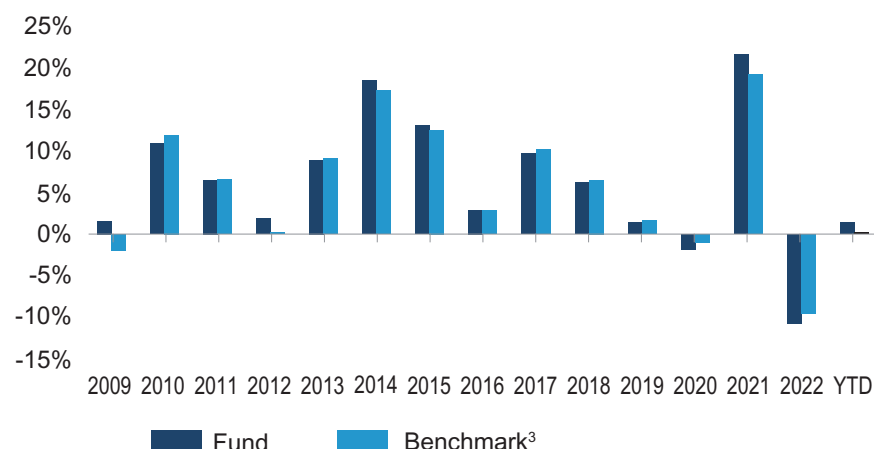
Fund Performance

Long Term Performance

Discrete periods¹



Calendar Years



Fund Performance

Annualised Performance

	3M %	YTD %	1Y %	3Y %	5Y %	10Y %	15Y %	SI* %
Fund	0.9	1.4	-16.9	3.8	2.3	6.5	4.5	7.7
Benchmark**	0.4	0.2	-17.4	3.4	2.2	6.3	4.0	6.7
Relative (Arithmetic)	0.5	1.2	0.6	0.4	0.1	0.1	0.5	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	50-75
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	28-42 Banner Street	Town Centre Office	25-50
London EC1	29-35 Farringdon Rd	Town Centre Office	25-50
Bristol	G Park, Next DC	Industrial / Warehouse	25-50
Wimbledon	Wellington	Town Centre Office	10-25

Tenant

	% of rents passing
Next Group Plc	4.1
Magnet Limited (NOBIA AB)	2.2
John Lewis Partnership Plc (Waitrose)	1.7
Norton Group Holdings (The Range)	1.7
Heidelberg Cement AG (Hanson)	1.6
Currys Plc	1.5
Invesco Ltd	1.5
Howard Tenens (North West) Limited	1.5
Missouri Topco Limited (Matalan Retail)	1.4
Associated British Foods Plc (Primark Stores)	1.3

Source: Columbia Threadneedle Investments as at 30 June 2023







Investment Activity – Key Purchases and Sales Over Q2 2023

Property	Quarter	Sector	Price (£m)	Net Initial Yield
Purchases				
None				
Sales				
Woodford Green, Woodford	Q2 2023	Industrial / Warehouse	10-25	–

Source: Columbia Threadneedle Investments, 30 June 2023

Responsible Investment: key business initiatives

Delivering positive outcomes

 Policy Statement	 Governance	 Environmental	 Net Zero	 Social	 Reporting
<ul style="list-style-type: none"> • ESG Working Group set up in 2018 to draw together existing workstreams and formalise existing longstanding working practices • ESG Policy Statement and Refurbishment Guide enshrined 2019 • ESG incorporated within Managing Agent KPIs since 2021 • Personal ESG Goals introduced from 2021 	<ul style="list-style-type: none"> • UKRE business benefits from established robust UK and offshore governance framework • Internally and externally audited • Latest ISAE report released January 2022 • ESG governance and oversight framework improved 2021 by introduction of ESG Steering Group 	<ul style="list-style-type: none"> • GRESB participation since 2016 (TPEN PF) • SDGs provide framework to independently monitor environmental performance • On-going engagement with largest tenants to improve FRI data sharing • Physical Risk Screening Assessments completed in November 2021, complementing prior workstreams 	<ul style="list-style-type: none"> • UKRE Net Zero Pathway published August 2021 • Fund Net Zero pathways published October 2021 • Fund Net Zero sensitivity analysis completed Q2 2022 • Asset level Net Zero Carbon audits and Sustainability reports to be completed through 2022 and 2023 	<ul style="list-style-type: none"> • Annual tenant engagement surveys • Social Value Framework embedded within Refurbishment Guide and being trialled on largest service charges • Community Spaces trial in vacant property • Active Management provides ad-hoc engagement opportunities • Wider social engagement via the Columbia Threadneedle Foundation 	<ul style="list-style-type: none"> • ESG introduced into standard reporting from 2017 • Responsible Investment Paper in 2019 updated investors on our approach and commitments • Reporting suite has evolved over time taking into account prevailing regulations, including: <ul style="list-style-type: none"> ■ SECR* ■ SFDR* ■ TCFD*

Source: Columbia Threadneedle Investments, as at 30 June 2023. *Note, not all regulations are applicable to all UK Real Estate strategies. Material is illustrative only. 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: environmental

Sustainability Dashboard – quarterly performance metrics

Property infrastructure: EPCs

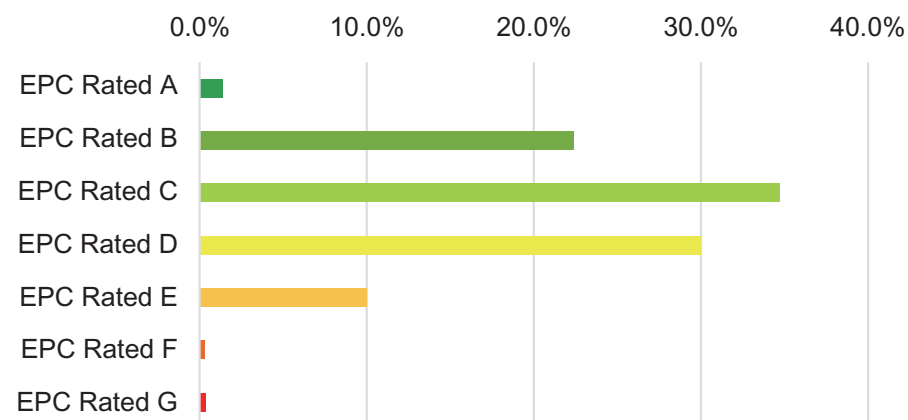
Target EPC 'B' by 2030



Key performance metrics

Portfolio coverage (whole portfolio, % ERV)	99.1%
Works projects completed (past 12 months)	28
Refurbishments delivering 'B' or better	90.2%

EPC Distribution by ERV



Property performance: Energy use

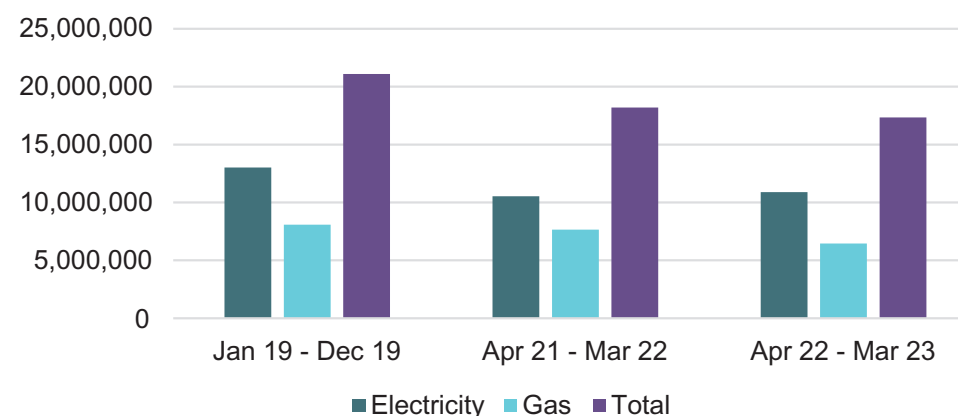
*Target 20% reduction by 2030**



Key performance metrics

Portfolio coverage (LL managed portfolio, % floor area)	92.6%
Energy consumption change L-f-L, Y-on-Y	-4.7%
Energy consumption change vs baseline*	-17.8%

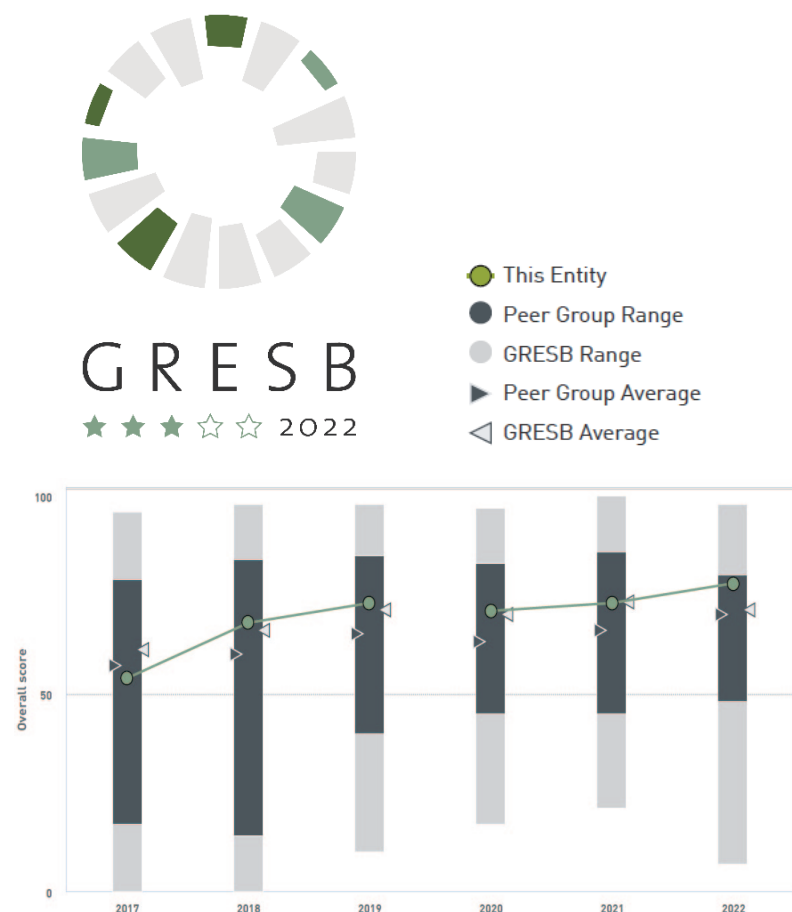
Landlord portfolio Like-for-Like Energy Consumption (kWh)



Source: Columbia Threadneedle Investments. EPC portfolio coverage as % ERV, as at 30 June 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 2022. 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 quarterly as assets are removed 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 2022 results

Threadneedle Pensions Limited Pooled Property Fund



Global Real Estate Sustainability Benchmark

Key takeaways

- Seventh year of the Fund's submission to GRESB
- Scored 78 out of 100 (Peer Average = 73)
- Improved score by +5 from 73/100 in 2021 submission

Strengths

- Management scored 30/30 vs Benchmark 27/30
- Improvements recognised in data monitoring and coverage across energy, GHG, water and waste consistently score ahead of Benchmark
- ESG breakdown
 - Environmental 41/62 vs Benchmark 37/62
 - Social 18/18 vs Benchmark 17/18
 - Governance 20/20 vs Benchmark 19/20

Areas of improvement

- Building certification (note: inconsistent with Fund strategy) and technical building risk assessments for utilities

Source: Columbia Threadneedle Investments. 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.

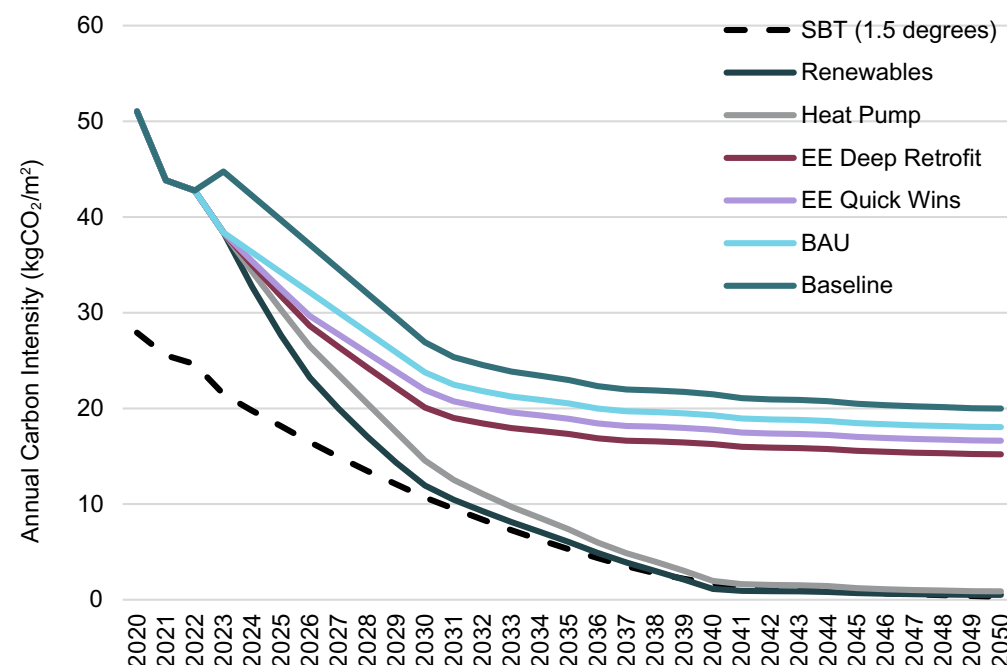
Responsible Investment: Net Zero fund pathway

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	–	15%
Quick wins	2023-26	£6.7m	6%
Major asset refurbishment	2023-30	£21.5m	6%
Renewables (PV)	2023-30	£54.6m	22%
Electrification of heat	2023-45	£73.4m	21%
Cumulative cost & saving impact		£156.1m / £8.7m pa	70%
Offsetting	2040	£0.6m pa	Residual

Portfolio annual carbon intensity



- Net Zero pathway completed in October 2021 and updated February 2022 and February 2023
- Between 2017-2022 the Fund completed **221** capital projects investing an average **£19.6 million** per annum in building improvements
- Capital expenditure incurred in 12 months to 31 December 2022 is approximately **£18.7 million**




Source: EVORA Net Zero Target & Sensitivity Analysis, TPEN as at May 2022. 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 and budgeted for remained of 2022 as at 25 October 2022. 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 +90% 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 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
Property assets	224	234	181	174	172
Rateable units	1,100	1,170	1,058	1,009	980
EPC coverage (% rateable units)	94.3%	98.5%	98.4%	98.9%	99.1%
EPC rated A (% rateable units)	0.6%	0.6%	0.9%	1.5%	1.4%
EPC rated B (% rateable units)	13.7%	16.7%	18.4%	20.1%	21.5%
EPC rated C (% rateable units)	35.5%	35.1%	35.3%	36.3%	34.5%
EPC rated D (% rateable units)	32.6%	34.4%	31.7%	29.3%	30.2%
EPC rated E (% rateable units)	10.5%	11.0%	10.6%	9.9%	10.0%
EPC rated F (% rateable units)	0.3%	0.5%	0.7*	0.4*	0.3%
EPC rated G (% rateable units)	0.3%	0.1%	0.2%**	0.4%**	0.4%

Source: Columbia Threadneedle Investments, based on % rateable units, as at 30 June 2023. * six 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 energy consumption data (whole portfolio)

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

	2018	2019	2020	2021	2022
Property assets	287	282	274	259	169
Landlord managed assets (S/C)	117	117	114	112	87
Data coverage: landlord-managed assets (gross floor area)	86%	85.5%	89.3%	86.0%	92.7
Total Landlord-Managed portfolio energy consumption – absolute	<i>Not measured explicitly prior to 2021</i>			23,884,957 kWh	37,130,189 kWh
Tenant managed assets (FRI)	170	165	160	147	82
Data coverage: tenant-managed assets (gross floor area)	13%	18.5%	19.9%	61.5%	85.7%
Total Tenant-Managed portfolio energy consumption – absolute	<i>Not measured explicitly prior to 2021</i>			31,223,040 kWh	26,878,953 kWh
Data coverage: whole portfolio (gross floor area)	52%	54.5%	58.2%	78.3%	90.0%
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%)
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%)
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%)

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.

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

greenhouse gas (GHG) emission data (whole portfolio)

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

	2018	2019	2020	2021	2022
Property assets	287	282	274	259	169
Landlord managed assets (S/C)	117	117	114	112	87
Data coverage: landlord-managed assets (gross floor area)	86%	85.5%	89.3%	86.0%	92.7%
Tenant managed assets (FRI)	170	165	160	147	82
Data coverage: tenant-managed assets (gross floor area)	13%	18.5%	19.9%	61.5%	85.7%
Data coverage: whole portfolio (gross floor area)	52%	54.5%	58.2%	78.3%	90.0%
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%)

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. 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 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
Property assets		287	282	274	259	169
Landlord managed assets (S/C)		117	117	114	112	87
Data coverage: landlord-managed assets (gross floor area)	Water	39.4%	32%	34.6%	32.1	60.4%
	Waste	86.1%	33%	40.8%	26.9	53.3%
Tenant managed assets (FRI)		170	165	160	147	82
Data coverage: tenant-managed assets (gross floor area)	Water	0	4%	14.3%	26.5	54.3%
	Waste	0	4%	11.4%	15.6	50.3%
Data coverage: whole portfolio (gross floor area)	Water	21.6%	22.0%	25.1%	36.5	58.0%
	Waste	13.5%	26.8%	27.1%	21.8	52.1%
Total water consumption – absolute		88,180 m ³	232,058 m ³	192,443 m ³	71,530 m ³	183,540 m ³
Total waste consumption – absolute		1,634 tonnes	3,247 tonnes	3,321 tonnes	1,740 tonnes	6,017 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. 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 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	30 June 2023
Property assets	262	178	170
Low	200 (79.1%)	129 (77.1%)	123 (75.5%)
Medium	52 (17.7%)	45 (21.1%)	44 (22.0%)
High	6 (2.0%)	3 (0.8%)	2 (1.5%)
Extreme	4 (1.3%)	1 (0.9%)	1 (0.9%)
Extreme risk assets	High risk assets		
World of Golf, New Malden (small element of site)	7 Farrell Street, Warrington		
	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. 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.

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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