

THREADNEEDLE PROPERTY UNIT TRUST QUARTERLY FACTSHEET

AS AT 31 MARCH 2023 (UNLESS OTHERWISE STATED)

SOURCE: COLUMBIA THREADNEEDLE INVESTMENTS (UNLESS OTHERWISE STATED)



Fund Facts



Fund Manager

James Coke

Since: 01/2021

Fund aim

The objective of the Fund is to provide investors with an indirect investment exposure to a diversified, multi sector portfolio of commercial property assets throughout the UK. The Fund seeks to achieve investment returns from the sector by placing particular emphasis on relatively high income returns, strong stock selection and active management of assets.

Launch date (of original fund)

1967

Benchmark¹

MSCI/AREF UK All Balanced Quarterly Property Fund Index

Fund size (Net Fund Value)*

£1,084.4m

Cash Holding (of Net Fund Value)

5.4%

Bid/Offer Spread

7.2%

Annual management charge

0.68% p.a. up to £200m; 0.60% p.a. thereafter

Stated AMC for Unit Class A, based on gross assets of the Fund. Alternative unit classes are available which may attract different fees.

Pay dates

Income is allocated to Unitholders monthly and is paid out at the end of each calendar quarter, or as soon as practical thereafter.

Gross distribution yield

4.83% per annum

ISA

No

Fund Codes:

Sedol Income: 0508667

ISIN Income: GB0005086672

¹ The Benchmark was Russell/Mellon CAPS Pooled Pension Fund Property Median until 31/12/2013, AREF/IPD UK Quarterly Property Fund Index – All Balanced Property Fund Index Weighted Average until 08/12/2018 and MSCI AREF UK All Balanced Quarterly Property Fund Index thereafter.

For more information about this and the Threadneedle Property Unit Trust, speak to your usual Columbia Threadneedle Investments contact.

All information expressed in UK Sterling.

Information for Investment Professionals
(not for onward distribution to, or to be relied upon by, private investors)

Fund Overview

- **Material Changes:** The Fund's Prospectus was updated effective 31 January 2023 to reflect the introduction of a new Strategic Partner unit class.

The Fund's Prospectus was updated effective 30 September 2022 to clarify its management approach with regard to operational Net Zero carbon emissions and environmental characteristics.

There are no material changes relating to arrangements for managing the liquidity of the Fund.

- **Liquidity:** The fund continues to maintain a robust liquidity position with gross cash of £58.6m equivalent to 5.4% of NAV (5.8% on the AREF net debt methodology).

Liquidity continues to be closely monitored as a means to protect the Fund against anticipated market volatility, to meet anticipated redemptions and to exploit buying opportunities should they arise.

- **Portfolio Activity:** In response to an increase in realisation requests received in Q422, the Fund accelerated its disposal programme of non-core assets, deemed sub-scale and/or where capital expenditure is deemed uneconomic. The Fund also took the opportunity to capitalise on residual market liquidity for logistics, via disposal of non-core regional industrial assets.

The Fund sold 23 assets during the quarter, delivering total sales of £127.1m, capitalising on liquidity for smaller lot sizes.

Highlights included the disposal vacant offices in Weybridge and Epsom for a combined sales value of £5.95m, achieving average valuation premiums of c.15%. The Fund also disposed of The Millennium Centre, Farnham for £6.5m reflecting a net initial yield 9.6%. The property comprises a multi-let office with a short WAULT to break of 3.2 years, presenting void and capex risk. The sale price reflected a 4.8% premium the latest independent valuation.

Realisation requests stabilised into Q1 2023, and sales have consolidated the portfolio around core assets anticipated to deliver strong relative performance on a forward looking basis.

- **Rent Collection:** Rent collection for the forthcoming quarter stands at 97.7% (as at Day 28).
- **Key Performance Indicators: Financial:** The Fund delivered a total return of -0.2% for Q1 23, performing in line with its benchmark. The annualised total return at the end of March stands at -13.8%, which is +0.7% over benchmark. The Fund's total returns continue to be supported by a high relative distribution yield of 4.8%, 37% above the benchmark level of 3.5% as of 31 March 2023.

Environmental: The Fund completed 25 refurbishment projects over the 12-months ending 31 March 2023, 91.4% of which (by value) delivered EPC 'B' or better. Like-for-like energy consumption on the landlord-managed portfolio for the period ending 31 December 2022 was -18.0% below full year 2019.

Social: In Q4 2022 the Fund undertook a Social Value pilot on 30 of its assets.

- **Attribution:** Over 12 months ending 31 March 2023, the fund's directly held property assets generated relative total returns +1.0% against the broader property market. This was achieved through a positive relative income return of +0.9% and positive capital value growth of +0.1%. The fund's retail assets performed better than the wider market by +3.8%, delivering a total return of -4.6%. Offices, however, underperformed by -3.8% relative to market, producing a total return of -16.5%. The Fund continues to take a pro-active approach to capital expenditure required to retain and enhance the long term value and deliver environmental improvements from its office portfolio, which is reflected in these figures. The Fund's Industrial assets delivered total returns of -18.7%, which outperformed the market by +3.5%. (Source: MSCI, TPUT directly held assets compared to the MSCI UK Monthly Property Index).
- **Outlook:** With the downward pressure on capital values beginning to stabilise, UK Real Estate continues to offer attractive relative performance against other asset classes. We continue to believe the Fund is well placed to capture long-term sustainable growth through its focus on actively and responsibly managing property assets to generate a high and durable-income yield advantage from a diverse asset and tenant base. The Fund's property assets currently offer a Net Initial Yield of 5.9% against 5.1% offered by the MSCI UK Monthly Index. The Fund's strategic sector weighting positions towards Landlord favourable core occupational markets should continue to provide a solid foundation for long-term out-performance.

Investment performance %[#]

	Last 3 Months %*	Last 12 Months %*	Last 3 Years %*	Last 5 Years %*	Last 10 Years %*
Threadneedle Property Unit Trust	-0.2	-13.8	2.3	2.4	6.5
Weight Average	-0.2	-14.5	2.6	2.5	6.4

Performance returns reflect income accrued on a quarterly basis only.

As at 31.03.2023 Annualised returns, NAV to NAV, income reinvested at offer, net of fees.

Key Risks

Please note that past performance is no guarantee of future returns. The value of investments can go down as well as up and the investor may not get back the amount originally invested. It may be difficult or impossible to realise an investment in the Trust because the underlying property concerned may not be readily saleable. The value of the property in the Trust is a matter of a valuer's opinion.

Please note that the use of gearing creates additional risk by raising the Trust's exposure to capital risk and interest costs. In some circumstances the use of gearing can also affect the eligibility of the Trust for certain investors.

Where investments are made in assets that are denominated in foreign currency, changes in exchange rates may affect the value of the investments.

The fund invests 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.

Portfolio distribution %

Property Portfolio	Fund
Unit Shops	1.0
Shopping Centres	0.0
Supermarkets	0.0
Retail Warehouse	21.8
Total Retail	22.7
Town Centre Offices	21.6
Out of Town Offices	0.5
Total Offices	22.1
Industrial / Warehouse	47.4
Miscellaneous	7.8
Total	100

Geographical distribution %

	Fund
London – Inner	7.3
London – Outer	7.3
South East	35.1
South West	8.3
Eastern	4.7
East Midlands	3.6
West Midlands	11.4
Yorkshire / Humberside	8.0
North West	3.7
North East	1.8
Scotland	4.5
Wales	4.4
Northern Ireland	0.0
Total	100.0

Top ten direct holdings %

Description of individual properties	(% of fund value)
Croydon, 19 Commerce Way	3.5
Spitfire Retail Park	2.6
London W1, 46 Foley Street	2.3
York, Foss Islands Retail Park	1.7
Hampton, Kempton Gate	1.7
Cardiff, Newport Road	1.6
Coventry, Skydome	1.6
London SW1, Warwick House	1.6
High Wycombe, Stirling Road	1.6
Rugby, Swift Point	1.5

Risk & volatility statistics %

	3 years	5 years
Absolute Volatility	10.91	8.53
Tracking Error	1.40	1.11
Information Ratio	-0.19	-0.07
Beta	0.99	0.99

Data is based on quarterly observations. Benchmark is the MSCI/AREF All Balanced Property Fund Index as at 31.03.2023.

Number of properties held: 123

Additional comments

Source of Index information: IPD Monthly Index.

Important information

In the UK, the Trust is an unregulated collective investment scheme for the purposes of Section 238 of the Financial Services and Markets Act 2000. Accordingly, this document may only be communicated in the UK to persons described in the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) Exemptions Order 2001 and to persons whom units are permitted to be promoted in accordance with the FSA's Conduct of Business rules. Approved for UK purposes by Threadneedle Asset Management Limited and Threadneedle Portfolio Services Limited. Authorised and regulated by the Financial Conduct Authority.

In Jersey, the Trust is treated as an unclassified fund for the purposes of the Collective Investment Funds (Jersey) Law 1988 and regulated by the Jersey Financial Services Commission.

Units in the Trust may only be promoted in accordance with the aforementioned legislation.

This document should not be circulated to private investors.

This document does not constitute or form any part of any offer to issue or sell, or any solicitation of any offer to subscribe or purchase, any units nor shall it or the fact of its distribution form the basis of, or be relied on in connection with any contract therefore. Recipients of this document who intend to apply for units are reminded that any such application may be made solely on the basis of the information and opinions contained in the prospectus which may be different from the information and opinions contained in this document and seek independent taxation advice.

Threadneedle Investments (Channel Islands) Limited
Registered No. 82489. Registered in Jersey.
Registered Office: IFC 1, The Esplanade, St Helier, Jersey, JE1 4BP
Regulated by the Jersey Financial Services Commission.

Telephone calls may be recorded.