

THREADNEEDLE PROPERTY UNIT TRUST QUARTERLY FACTSHEET

AS AT 31 MARCH 2024 (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)*

£910.9m

Cash Holding (of Net Fund Value)

10.6%

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

5.65% 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.

Fund Overview

- **Material Changes:** There are no material changes relating to the management or operation of the Fund.
- **Liquidity:** The fund continues to maintain a robust liquidity position with gross cash of £96.7m equivalent to 10.6% of NAV (10.7% on the AREF net debt methodology). This reduces to circa 7.4% following settlement of end-March redemptions.

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:** The Fund completed £61.7m of sales in Q1 24 across five transactions, including a portfolio sale of three assets. Two of the sales (c.£8m) were offices, continuing the long-term strategy of eliminating exposure to non-core offices which present a high void and obsolescence risk. The remaining sales consisted of five industrial assets, capitalising on a depth of market liquidity to assist the Fund's endeavours to increase its cash position to meet notified redemptions, whilst also balancing sector weightings.

Premus, Aylesbury was the highlight sale of the quarter at a sale price of £12.5m reflecting a net initial yield of 5.5% and premium to valuation of 1.6%. The property comprised a multi-let industrial estate of seven units with poor sustainability credentials (EPCs of C-D) and average rents of circa £8.50 psf. Three occupiers had indicated an intention to vacate at the next lease event, with two of such events falling in the next 18 months, requiring landlord capex to upgrade the unit specifications to monetise rental uplifts.

The Fund made two office sales during the quarter, reducing its office weighting from 21.9% in Q4 23 down to 19.4%. The highlight sale was Magna House, Staines which comprised a 26,810 sq ft office with a 40% vacancy rate within a challenging local occupational market. The sale price of £3.77m reflected a triple net initial yield of 2.6%. Whilst the sale price represented a headline 12.5% discount to the latest independent valuation, the sale assists with the Fund's efforts to increase its cash liquidity position and reduces exposure to the structurally challenged Southeast office sector.

Asset management highlights include an Agreement for Lease signed with M&S at Three Lakes Retail Park, Selby which will be their flagship food-hall in the town. M&S are considered a significant draw for other occupiers and in anticipation of M&S committing to the park, the Fund secured proposed terms with two other operations, which, taken together, will generate an anticipated profit on capital invested of c.33%.

The Fund continues to take a proactive approach to capital expenditure to retain and enhance long term value, and to deliver environmental improvements from its portfolio.

Rent collection for the forthcoming quarter stands at 96.9% (as at Day 21).

- **Key Performance Indicators: Financial:** Fund performance returned to positive territory in Q1 2024, delivering a total return of 0.5% for the quarter, in line with its benchmark. The annualised total return at the end of March 2024 stands at 0.5%, which is +1.2% over benchmark. The Fund's total returns continue to be supported by a high relative distribution yield of 5.7%, 35% above the benchmark level of 4.2%, as of 31 March 2024.

Environmental: The Fund completed 19 works projects over the 12 months ending 31 March 2024, with 79.4% by value delivering EPC A/B. The Fund's refurbishment of Thomas Road High Wycombe, incorporating a high coverage of PV panels, delivered the first EPC A+ rating.

Social: On four major projects (>£1m) completed over the 12 months ending 31 March 2024, the Fund delivered in excess of £1.5m social value, according to the TOMs methodology, through a combination of investments in local labour and supply chains.

- **Attribution:** Over the 12 months ending 31 March 2024, the fund's directly held property assets generated relative total returns +1.8% against the broader property market. This was achieved through a positive relative income return of +1.5% and capital value growth of +0.4%. The fund's retail assets continued to outperform the wider market by +0.8%. Outperformance was also delivered in the office and alternative ("other") sectors relative to market, producing relative total returns of +5.1% and +9.7% respectively. The Fund's industrial portfolio underperformed against the broader market, producing a relative total return of -1.7%, as a result of disproportionate capital appreciation for London and Southeast industrials versus the regional markets where the Fund maintains an over-weight position to (due to the higher income yield advantage). (Source: MSCI, TPUT directly held assets compared to the MSCI UK Monthly Property index).

- **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. 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 6.2% against 5.4% offered by the MSCI UK Monthly Index. The Fund's strategic sector weighting is dynamically weighted towards Landlord-favourable occupational markets which 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	0.5	0.5	1.8	1.5	5.4
Weight Average	0.5	-0.7	1.5	1.4	5.2

Performance returns reflect income accrued on a quarterly basis only.

As at 31.03.2024 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.

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

Portfolio distribution %

Property Portfolio	Fund
Unit Shops	0.0
Shopping Centres	0.0
Supermarkets	0.0
Retail Warehouse	26.0
Total Retail	26.0
Town Centre Offices	18.9
Out of Town Offices	0.5
Total Offices	19.4
Industrial / Warehouse	44.2
Miscellaneous	10.4
Total	100.0

Geographical distribution %

	Fund
London – Inner	6.9
London – Outer	7.4
South East	28.5
South West	10.6
Eastern	4.6
East Midlands	4.4
West Midlands	13.4
Yorkshire / Humberside	9.0
North West	4.0
North East	2.3
Scotland	3.9
Wales	5.1
Northern Ireland	0.0
Total	100.0

Top ten direct holdings %

Description of individual properties	(% of fund value)
Croydon, 19 Commerce Way	5.0
Spitfire Retail Park	3.3
London W1, 46 Foley Street	2.8
Hampton, Kempton Gate	2.3
York, Foss Islands Retail Park	2.2
High Wycombe, Stirling Road	2.1
Cardiff, Newport Road	2.1
Coventry, Skydome	2.0
Selby, Three Lakes Retail Park	2.0
Rugby, Swift Point	2.0

Risk & volatility statistics %

	3 years	5 years
Absolute Volatility	10.74	8.56
Tracking Error	1.33	1.23
Information Ratio	0.23	0.11
Beta	0.98	0.99

Data is based on quarterly observations. Benchmark is the MSCI/AREF All Balanced Property Fund Index as at 31.03.2024.

Number of properties held: 98

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.

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