

THREADNEEDLE PROPERTY UNIT TRUST QUARTERLY FACTSHEET
AS AT 31 DECEMBER 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)*
 £961.0m

Cash Holding (of Net Fund Value)
 8.1%

Bid/Offer Spread
 7.1%

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
 5.63% 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:** 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 £78.1m equivalent to 8.1% of NAV (8.1% 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:** Following significant sales volumes to meet redemptions on standard terms during H1 23, disposal activity through H2 23 reverted to more normal levels, with just two sales completed in Q4 23 delivering £9.7m.

The Fund sold 1-5 Millen Road, Sittingbourne for a net sale price of £6.5m. The property comprised two adjoining industrial warehouse units fully let to Barclay and Mathieson Ltd with 9.7 years unexpired. The property holds poor ESG prospects and is EPC D rated which reflects the relatively dated specification. The Fund agreed a sale with a private investor reflecting a net initial yield of 6.5% and in line with the latest independent valuation.

The Fund sold its last remaining high street retail property, 49 George Street, Edinburgh, for a sale price of £3.2m reflecting a net initial yield of 6.5%. Prior to the sale, the Fund agreed a new letting to the White Stuff Limited on a 10-year lease (break in year 5). The letting and subsequent sale crystallised a 0.5% premium to the latest independent valuation.

Realisation requests stabilised into Q4 23, and sales have consolidated the portfolio around core assets anticipated to deliver strong relative performance on a forward-looking basis.

Asset management highlights include the rent review at Unit 2001, Ravens Park, Leeds which has been agreed at £233,755p.a. (£7.75psf), representing a c.26% increase on the previous passing rent and 11% above valuation ERV.

The Fund continues to take a pro-active approach to capital expenditure required to retain and enhance long term value and deliver environmental improvements from its portfolio.

- **Rent Collection:** Rent collection for the forthcoming quarter stands at 94.8% (as at Day 21).
- **Key Performance Indicators: Financial:** The Fund delivered a total return of -1.4% for Q4 23, marginally underperforming its benchmark by -0.2%. The annualised total return at the end of December 23 stands at -0.1%, which is +1.3% over benchmark. The Fund's total returns continue to be supported by a high relative distribution yield of 5.7%, 39% above the benchmark level of 4.1% as of 31 December 2023.

Environmental: The Fund completed 20 projects over the 12 months ending 31 December 2023, with 80.6% delivering EPC A/B. This percentage represents an improvement on the previous quarter.

Social: The Fund continues to undertake social value projects associated with project work, in accordance with its refurbishment guide.

- **Attribution:** Over the 12 months ending 31 December 2023, the fund's directly held property assets generated relative total returns +1.6% against the broader property market. This was achieved through a positive relative income return of +1.2% and positive capital value growth of +0.4%. The fund's retail assets performed better than the wider market by +2.8%. Outperformance was also delivered in the office and alternative ("other") sectors relative to market, producing relative total returns of +4.3% and +5.8% respectively. The Fund's industrial portfolio underperformed against the broader market, producing a relative total return of -2.0%, 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 6.1% against 5.3% 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	-1.4	-0.1	2.5	1.5	5.7
Weight Average	-1.2	-1.4	2.1	1.3	5.4

Performance returns reflect income accrued on a quarterly basis only.

As at 31.12.2023 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	0.1
Shopping Centres	0.0
Supermarkets	0.0
Retail Warehouse	24.0
Total Retail	24.1
Town Centre Offices	18.8
Out of Town Offices	0.5
Total Offices	19.3
Industrial / Warehouse	47.5
Miscellaneous	9.1
Total	100.0

Geographical distribution %

	Fund
London – Inner	7.0
London – Outer	6.9
South East	32.6
South West	9.6
Eastern	4.3
East Midlands	4.0
West Midlands	12.3
Yorkshire / Humberside	9.0
North West	3.7
North East	2.1
Scotland	3.7
Wales	4.8
Northern Ireland	0.0
Total	100.0

Top ten direct holdings %

Description of individual properties	(% of fund value)
Croydon, 19 Commerce Way	4.6
Spitfire Retail Park	3.0
London W1, 46 Foley Street	2.6
Hampton, Kempton Gate	2.2
York, Foss Islands Retail Park	2.0
High Wycombe, Stirling Road	2.0
Cardiff, Newport Road	1.9
Rugby, Swift Point	1.9
Coventry, Skydome	1.8
Selby, Three Lakes Retail Park	1.8

Risk & volatility statistics %

	3 years	5 years
Absolute Volatility	10.79	8.56
Tracking Error	1.34	1.23
Information Ratio	0.33	0.15
Beta	0.99	0.99

Data is based on quarterly observations. Benchmark is the MSCI/AREF All Balanced Property Fund Index as at 31.12.2023.

Number of properties held: 105

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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Threadneedle Investments (Channel Islands) Limited

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Regulated by the Jersey Financial Services Commission.

Telephone calls may be recorded.