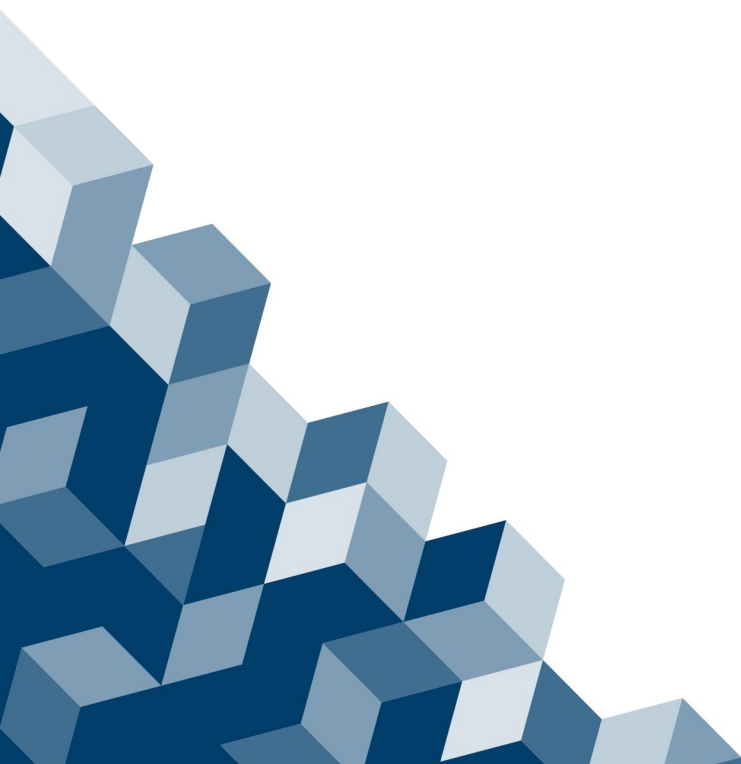


Threadneedle Property Unit Trust

Quarterly Report as at 31 December 2022

Confidential



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Responsible Investment update

Important announcement regarding Net Zero Carbon and SFDR:

As communicated in the Fund's Annual Report to 31 March 2022, the Manager and the Investment Advisor have been working to enshrine ESG Key Performance Indicators within the Fund Prospectus, including a commitment to achieve net zero operational carbon emissions by 2040, alongside disclosures under Article 8 of the EU Sustainable Finance Disclosure Regulations ("SFDR").

We are delighted to share that this process is now complete, and the Fund, and its Luxembourg Feeder SA SICAV-SIF ('Feeder Fund'), have made formal commitments to promote Environmental Characteristics as defined under the SFDR, which can be summarised as follows:

- In order to achieve net zero operational carbon emissions from its property portfolio by 2040 or sooner, the Fund aims to create sustainable property assets that are environmentally optimized by promoting environmental characteristics through asset selection and active asset management.
- In particular, the Fund has and will continue to (1) improve the environmental performance potential of its property assets, and (2) lower the energy use and carbon intensity of its property assets.

These changes reflect the property fund management activities already being undertaken by the Investment Advisor, and they do not constitute a material change to the Fund's stated objective *to provide Unitholders with an indirect investment exposure to a diversified portfolio of property assets in the United Kingdom*. Instead, in seeking to achieve this objective, the Prospectus now clarifies that the Manager and the Investment Advisor adopt an investment approach which aims to deliver positive financial, environmental and social outcomes.

This is reflected in the key performance indicators which the Manager intends to monitor as part of its role:

- **Financial** – financial outcomes are measured with reference to total return and income distribution performance in relation to the Fund's financial benchmark (currently the MSCI/AREF UK All Balanced Open-Ended Property Fund Index).
- **Environmental** – environmental outcomes are measured with reference to climate impact. The Fund aims to improve the environmental performance potential and lower the energy use and carbon intensity of its assets.
- **Social** – social outcomes may be measured with reference to the qualitative impact that (i) major refurbishment projects may have on tenants and (ii) any other relevant property management initiatives. The Fund aims to record the social value of these initiatives at asset level. The Fund may continue to seek other measures to assess improvements in social outcomes.

This responsible investment approach has now been formalised within the Fund and the Feeder Fund Prospectus' (subject to approval by the CSSF in Luxembourg) and reporting against these metrics is already included within the standard investor reports. These changes are consistent with the core roles Columbia Threadneedle plays as responsible partner, investor, employer and citizen, and ensure the Fund and the Feeder Fund are best placed to continue to deliver for investors over the long term.

Mandate Summary

Contact Information



Fund Manager	James Coke
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











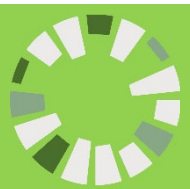

Threadneedle Property Unit Trust is an unclassified open-ended unit trust originally established in 1967. The Threadneedle Property Unit Trust has been domiciled in Jersey since 2002. The objective of the Fund is to provide indirect investment exposure to a diversified portfolio of property assets in the United Kingdom. Unitholders have a right to the income of the Fund, which is allocated monthly and paid at the end of each quarter. As Investment Advisor to the Fund, Columbia Threadneedle Investments follows a longstanding consistent investment approach to deliver long term outperformance against the Fund's MSCI/AREF UK All Balanced Property Fund Index benchmark.

Fund Information

■ Total Assets	GBP 1,257 million
■ Benchmark	MSCI/AREF UK All Balanced Property Funds
■ Base currency	GBP
■ Reporting currency	GBP
■ Bid	267.20
■ Offer	286.25
■ NAV	270.44
■ Jersey domiciled property unit trust.	
■ Income distributed quarterly (can be reinvested)	
■ Prices and deals at month ends.	
■ Bid/offer spread maximum of 7.0%	

Source: Columbia Threadneedle Investments

Portfolio Highlights

	NAV £1.26 billion		146 properties		Average lot size £7.8 million
	650 tenancies		Gross rent roll £69.8 million p.a.		WAULT 4.6 years (6.6 years)
	Vacancy rate 8.5% (9.8%)		Net Initial Yield 5.7% (5.0%)		Equivalent Yield 7.5% (6.5%)
	Cash 7.5% (5.4%)*		GRESB Rating 75/100		Total return -10.1% (-9.5%)* (12 months)

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 12-month net fund NAV to NAV return. All as at 31 December 2022

Market Context

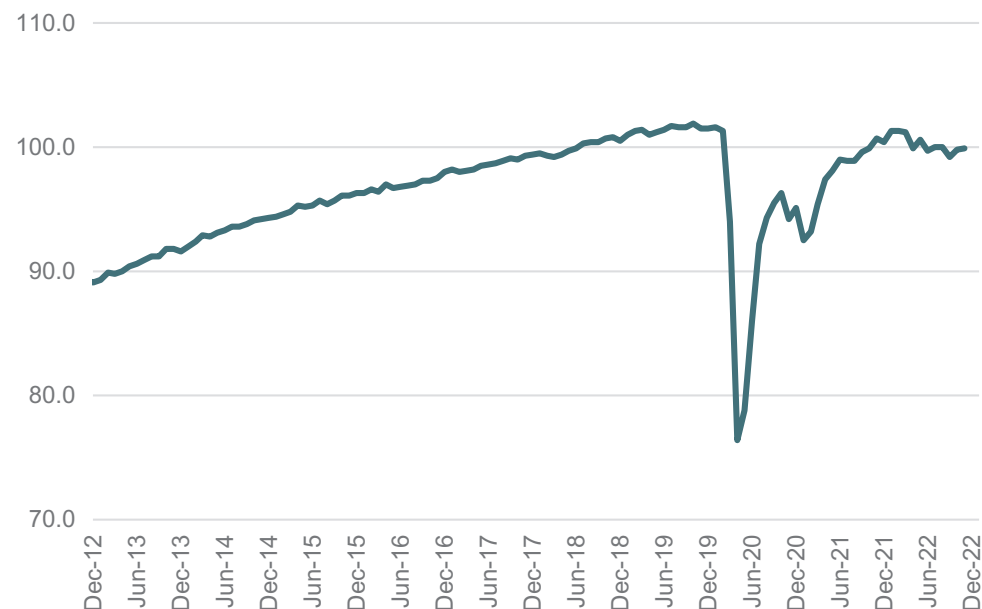
Market Commentary

UK Macroeconomy

The UK economy appears for now to have averted the technical recession economists expected in Q4 22 as a result of macro/global headwinds, rising inflation and domestic political volatility. UK GDP is estimated to have grown by 0.5% m/m in October and 0.1% m/m November, driven by increased retail and leisure consumer activity during the FIFA World Cup and run-up to Christmas. Whilst the m/m GDP is encouraging, recessionary concerns remain, and the three-month average GDP growth for September-November 2022 at -0.3% perhaps provides a more insightful indication of economic trajectory. The Sunak administration's return to fiscal orthodoxy had a calming influence on both Gilt and currency exchange rates: 10-year Gilt pricing moderated to c.3.5% in December from a peak of c.4.5% in October, and Sterling rebounded from a low of \$1.07 to recover to \$1.21 by 31 December.

Inflationary pressures persist, however the modest contraction in annual CPI from October (11.1%) to December (10.5%) suggests that peak inflation may be behind us. Labour markets remain constrained, with the unemployment rate unchanged at 3.7% in November, and wage growth remains strong, with the 3-month rate of average earnings growth increasing from 6.1% in October to 6.4% in November. The Bank of England raised the base rate to 3.5% in December, and financial markets now appear to be pricing peak rates of c.4.5%, as the economy proves more resilient than consensus expectations.

10-year UK GDP (Indexed)



Source: Columbia Threadneedle Investments, MSCI UK Monthly Property Index, ONS GDP Monthly Estimate November 22, and LSH UKIT Q4 2022 report as at 31 December 2022.

Market Context

Market Commentary (continued)

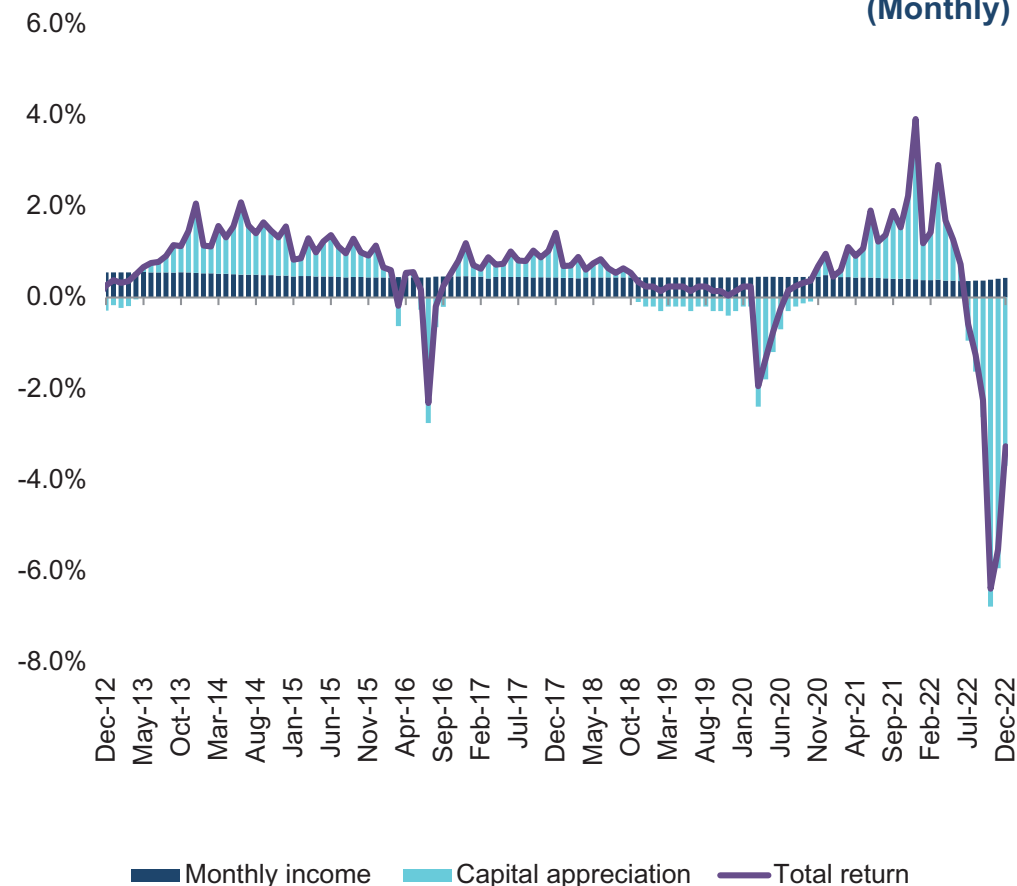
Investment volumes

Total UK commercial property investment volumes reached £7.3bn for Q4 2022, which is c.44% down on the 5-yearly quarterly average. As with Q3, this is perhaps to be expected, given the social and macro-economic events which shaped H2 2022, which provoked a cautious response from property investors. Negative sentiment prevailed through the quarter, and investor caution is likely to persist until visibility improves on interest rate trajectories, and finance costs become clearer. Anecdotally however, we are aware that significant capital remains available for investment, subject to pricing fully reflecting interest rate / funding cost expectations. High volatility in gilt yields following the 'Mini-budget' on 23 September forced a large number of UK Defined Benefit Pension Schemes to significantly increase liquidity, and caused a sudden increase in redemption requests from open-ended property funds, some of which subsequently deferred or suspended redemptions. This position remains under review by most Managers.

Returns

Q4 2022 saw an acceleration in capital declines, with capital growth as represented by the MSCI UK Monthly Property Index decreasing by -15.6% across all sectors. Total returns were -14.5% for Q4, being partially offset by an income return of +1.3%. While the speed of direct property capital value declines is unprecedented in recent times, it is a natural reaction to the changing opportunity cost of capital which was reflected across asset classes through 2022. In response to yields retreating from record low levels in the first half of 2022, the industrial sector recorded the largest fall in quarterly capital returns of -20.3%; however, it continues to be the sub-sector driving rental growth overall, given the robust underlying occupational dynamics.

10-year UK Commercial property total returns (Monthly)



Source: Columbia Threadneedle Investments, MSCI UK Monthly Property Index and LSH UKIT Q4 2022 report as at 31 December 2022.

Market Context

Market Commentary (continued)

Retail capital values decreased -12.3% in the quarter and -9.4% year-on-year. Retail warehouses was the standout performing retail sub-sector for the year, recording -5.9% capital growth. The office sector saw capital declines of -12.7% for Q4 and -14.1% year-on-year. London offices proved to be more resilient than other UK regional markets, recording quarterly capital growth of -12.6% and -9.5% in the City and West End respectively.

Occupational trends

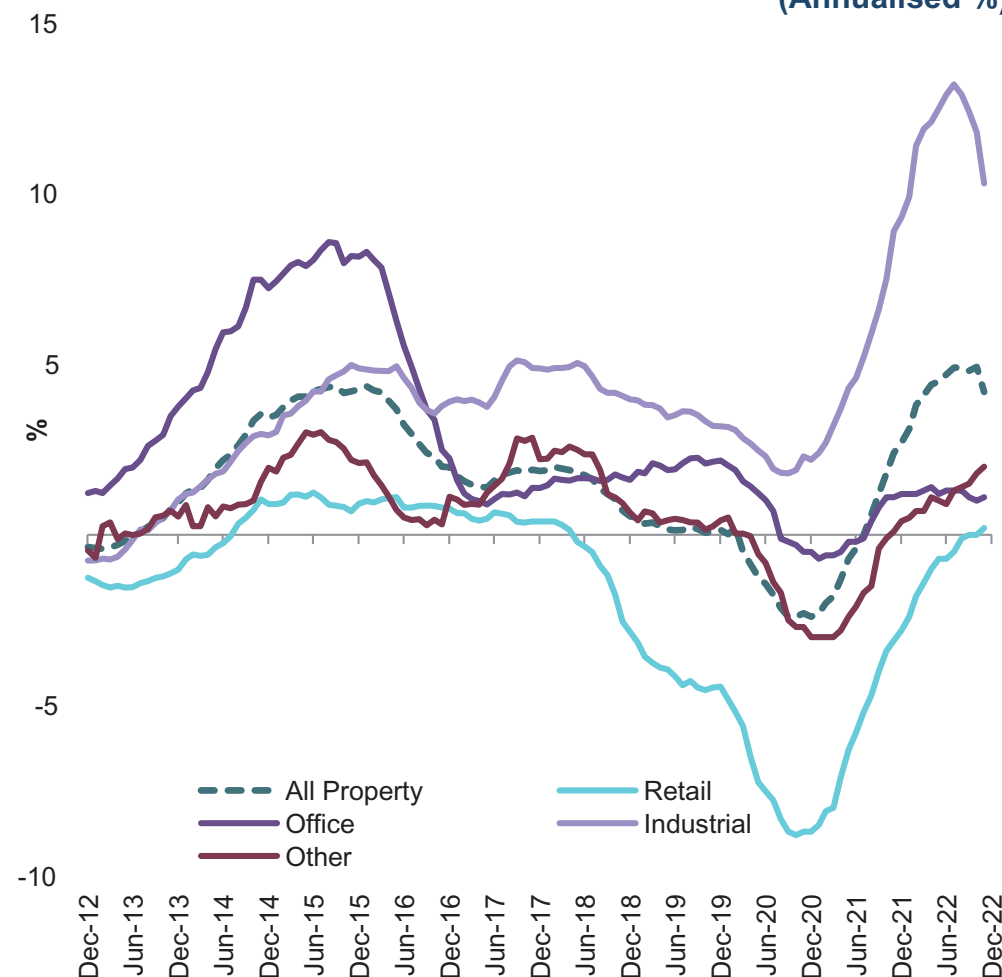
Despite the macro-economic challenges, core occupier markets have continued to demonstrate resilience. The industrial sector continued to record positive rental growth of +1.6% for the quarter and +10.3% year-on-year, in recognition of the continued strong occupier demand and severely constrained supply. The retail sector saw rental values slide into negative growth of -0.2% across the quarter (+0.2%/y/y); however retail warehouse rents remain stable at 0% for Q4. Despite the structural impact of a change in working behaviours post-pandemic, offices delivered rental growth of +0.3% for Q4 and +1.0% year-on-year, predominantly driven by Central London rental performance.

Outlook

The “All Property” Net Initial Yield at the end of December 2022 increased by 70bps over the quarter to 5.1%, which highlights the capital declines explained above. Whilst the monthly rate of capital decline has moderated from October 2022, further capital value falls may reasonably be anticipated in the first half of 2023 as Valuer’s react to pricing evidence. While the asset class will not be immune to persistent inflationary pressure and subsequent monetary policy responses, 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.

Source: Columbia Threadneedle Investments, MSCI UK Monthly Property Index and LSH UKIT Q4 2022 report as at 31 December 2022.

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



Fund Overview – Q4 2022

Material Changes

- As communicated last quarter, the Fund's Prospectus was updated effective 30 September to clarify its management approach with regard to Responsible Investment, resulting in a formal commitment to achieve operational Net Zero carbon emissions from the portfolio by 2040.
- 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 £88.2m equivalent to 7.0% of NAV (7.2% on the AREF net debt methodology).
- Liquidity continues to be closely monitored as a means to meet anticipated redemptions, to protect the Fund against anticipated market volatility, and to exploit buying opportunities should they arise.

Portfolio Activity

- Following investor reaction to the 'Mini-budget' on 23 September, the Fund has accelerated its sale programme in order to meet notified redemptions in a prudent and timely manner. Consistent with previous themes, sales typically comprise assets deemed sub-scale and/or where expenditure is uneconomic.
- The Fund sold 17 assets during the quarter, delivering total sales of £55.5m. Highlights included the disposal of 65 High Street, Egham which comprised a 11,569 sq ft multi-let office with 16% vacancy. A sale price of £4.36m was achieved in December 22 which reflects a headline net initial yield of 8% and a 19% premium to valuation prior to agreement of Heads of Terms.
- Consistent with its ongoing strategy to reduce High Street retail exposure, the Fund sold a portfolio of 4 high street properties, generating total sales of £5.3m and a 10.6% premium to valuation.
- Despite buyer uncertainty and capital market volatility, the Fund's proactive management and focus on smaller lot sizes has continued to deliver investment liquidity, with total sales for the 2022 calendar year totalling c.£111m and generating an average premium to valuation of 1.2%.

Rent Collection

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

Source: Columbia Threadneedle Investments, MSCI UK Monthly Property Index and AREF UK Quarterly 'All Balanced Open-Ended' Property Fund Index, 31 December 2022

Performance

- The Fund delivered a total return of -13.9% for Q4, outperforming its benchmark by +0.2%. The annualised total return at the end of December stands at -10.1%. The Fund's total returns continue to be supported by a high relative distribution yield of 4.5%, 32% above the benchmark level of 3.4% as of 31 December 2022.
- The Fund completed 16 refurbishment projects over the calendar year 2022, investing £13.15M and delivering EPC 'A' or 'B' ratings. Like-for-like energy consumption on the landlord-managed investment portfolio was -9.2% for the 12-months ending 30 September 2022 against the FY 2019 baseline.
- In Q4 2022 the Fund also undertook a Social Value pilot on 30 of its assets.

Attribution

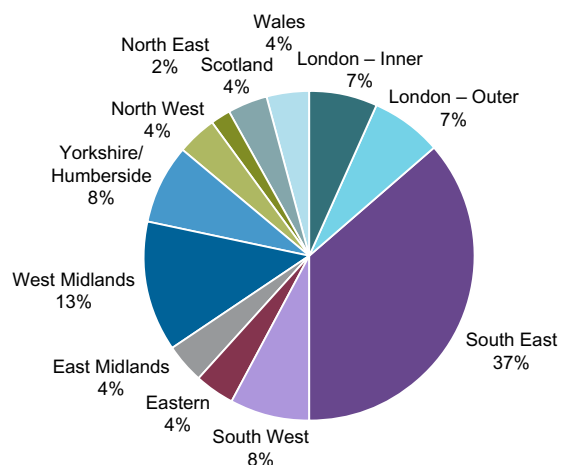
- Over 12 months ending 31 December 2022, the fund's directly held property assets generated relative total returns +0.8% against the broader property market. This was achieved through a positive relative income return of +0.7% and positive capital value growth of +0.05%. The fund's retail assets performed better than the wider market by +4.4%, delivering a total return of +0.3%. Offices, however, underperformed by -5.9% relative to market, producing a total return of -15.5%. The Fund continues to take a pro-active approach to capital expenditure required to retain and enhance the long term value and ESG objectives of its office portfolio which is reflected in these figures. The Fund's Industrial assets, delivered total returns of -12.4%, which outperformed the market by +3.3%. (Source: MSCI, TPUT directly held assets compared to the MSCI UK Monthly Property index).

Outlook

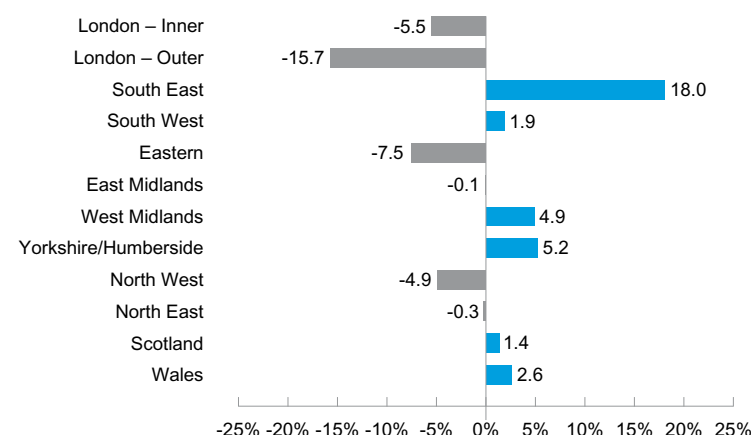
- While pressure on capital values is likely to continue due to macroeconomic headwinds, UK Real Estate continues to offer attractive relative performance. We continue to believe the Fund is well placed to capture long-term sustainable growth prospects through its enduring focus on actively and responsibly 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 5.7% 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.

Property Portfolio Sector and Geographical Positioning

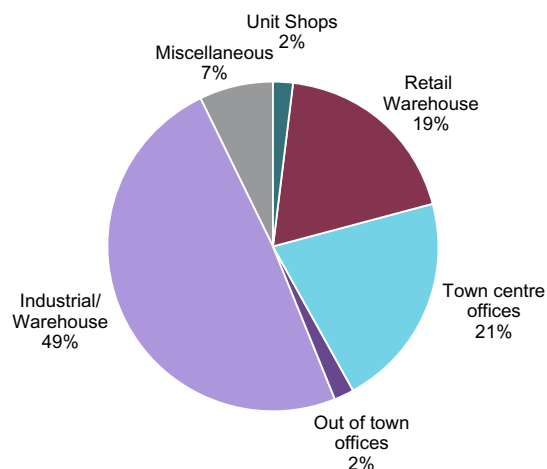
Property portfolio weighting – geographical split



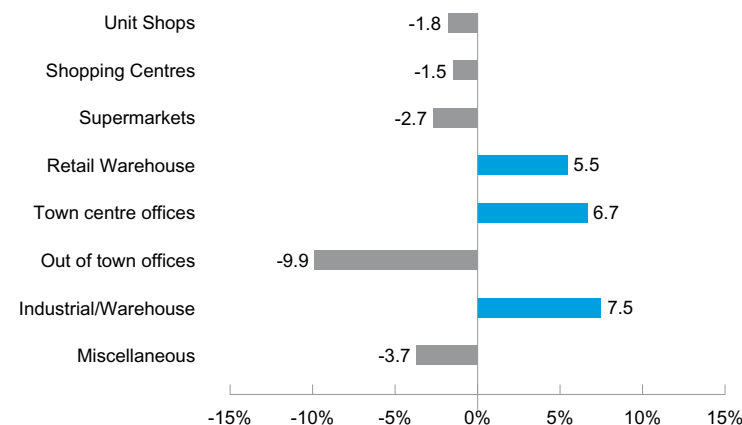
Relative portfolio weighting (%) versus MSCI Monthly Index



Property portfolio weighting – sector distribution



Relative portfolio weighting (%) versus MSCI Monthly Index

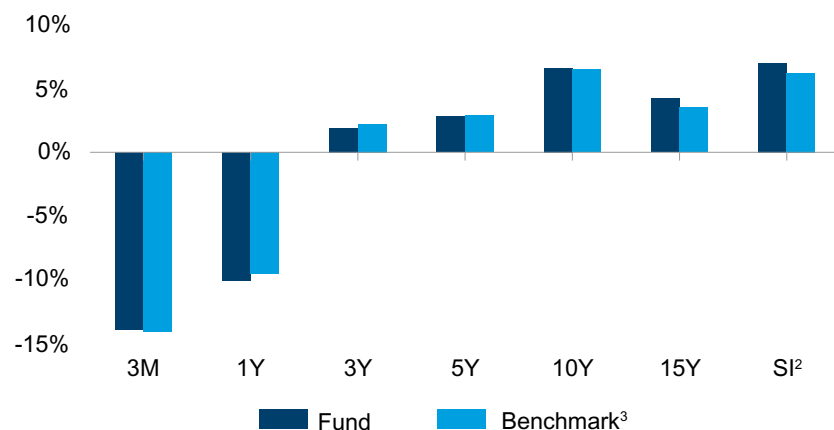


Source: Columbia Threadneedle Investments and MSCI UK Monthly Property Index as at 31 December 2022

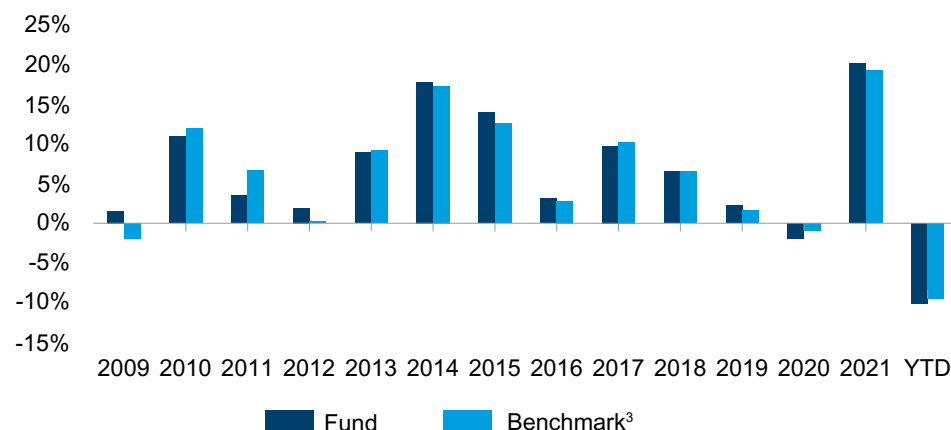
Fund Performance

Long Term Performance

Discrete periods¹



Calendar Years



Fund Performance

Annualised Performance

	3M %	YTD %	1Y %	3Y %	5Y %	10Y %	15Y %	SI* %
Fund	-13.9	-10.1	-10.1	1.9	2.8	6.6	4.2	7.0
Benchmark**	-14.1	-9.5	-9.5	2.2	2.9	6.5	3.5	6.2
Relative (Arithmetic)	0.2	-0.6	-0.6	-0.3	-0.1	0.1	0.6	0.8

Source: AREF/MSCI 31 March 1999

* Since Inception – January 1999

** 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. 31 March 1999 Columbia Threadneedle Investments was appointed investment advisor to the Trust in November 1998.

3. Benchmark shown is the benchmark of the fund, as detailed on page 3.

Source: Portfolio – Columbia Threadneedle Investments. Based on NAV to NAV (net of fees).

Benchmark – 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 informational purposes only.

Top 10 Direct Holdings and Tenants

Property

Location	Name	Sector	Lot size (£m)
Croydon	19 Commerce Way	Industrial / Warehouse	25-50
Trowbridge	Spitfire Retail Park	Retail Warehouse	25-50
London W1	46 Foley Street	Town Centre Offices	25-50
York	Foss Islands Retail Park	Retail Warehouse	10-25
Hampton	Kempton Gate	Industrial / Warehouse	10-25
Coventry	Skydome	Miscellaneous	10-25
London SW1	Warwick House	Town Centre Offices	10-25
Rugby	Swift Point	Industrial / Warehouse	10-25
Cardiff	Newport Road	Retail Warehouse	10-25
Wokingham	Ashville Park	Industrial / Warehouse	10-25

Tenant

	% of rents passing
B&M European Value Retail S.A.	3.4
Tesco PLC	2.5
Travis Perkins PLC	2.1
Currys PLC	2.1
Norton Group Holdings Limited	1.6
AMC Entertainment Holdings Inc.	1.5
Tempur Sealy International Inc.	1.5
ACI Worldwide Inc.	1.5
Envy Post Production Limited	1.3
Missouri Topco Limited	1.2

Source: Columbia Threadneedle Investments as at 31 December 2022

Investment Activity – Key Purchases and Sales Over Q4 2022







Property	Quarter	Sector	Price (£m)	Net Initial Yield
Purchases				
None				
Sales				
Bristol – Sainsburys	Q4 2022	Unit Shop	0-2.5	5.5
Low Row, Sunderland	Q4 2022	Miscellaneous	2.5-5	7.2
Bristol – 97 Gloucester Road	Q4 2022	Miscellaneous	0-2.5	7.7
Chase House, 16 The Parks, Haydock	Q4 2022	Out of Town Offices	0-2.5	10.6
Unit 2 Sadler Road, Lincoln LN6 3RS	Q4 2022	Industrial / Warehouse	0-2.5	6.5
Unit C1 Telford Way, Wakefield, WF2 0XE	Q4 2022	Industrial / Warehouse	0-2.5	5
42 Bull Street, Birmingham	Q4 2022	Town Centre Offices	2.5-5	6.3
Chichester, 34 East Street	Q4 2022	Unit Shop	0-2.5	13.8
Swindon, 10-17 & 19a Regent St	Q4 2022	Unit Shop	0-2.5	
Andover, 11-19 High Street	Q4 2022	Unit Shop	0-2.5	
Southampton, 179-180 High St	Q4 2022	Unit Shop	0-2.5	
Whitehaven, Bridges Retail Pk	Q4 2022	Retail Warehouse	2.5-5	7.3
Cardinal Point, Rickmansworth	Q4 2022	Town Centre Offices	5-10	8.2
Bramley House, Guildford	Q4 2022	Out of Town Offices	2.5-5	5.8
22/30 High Street, Salisbury	Q4 2022	Unit Shop	2.5-5	5.3
8 Lloyds Avenue, London EC3N 3EL	Q4 2022	Town Centre Offices	10-25	4.7
65 High Street, Egham	Q4 2022	Town Centre Offices	2.5-5	5.7

Source: Columbia Threadneedle Investments as at 31 December 2022

Figures reflect headline prices and topped up rents where rental top ups provided by vendor.

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 2011 (TPUT) ■ 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 Q1 22 ■ Asset level Net Zero Carbon audits and Sustainability reports to be completed through 2022 ■ Fund targets to be set during 2022 	<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 31 March 2022. *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

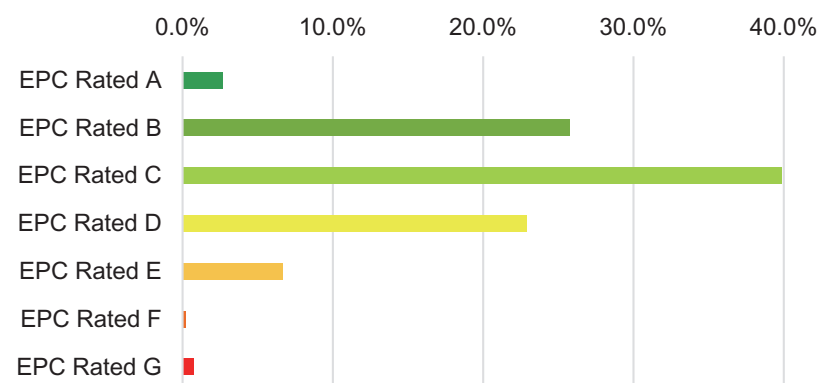
Target EPC 'B' by 2030



Key performance metrics

Portfolio coverage (whole portfolio, % ERV)	99.5%
Works projects completed (past 12 months)	22
Refurbishments delivering 'B' or better	97.5%

Property Portfolio EPC Ratings by ERV



Property performance: Energy use

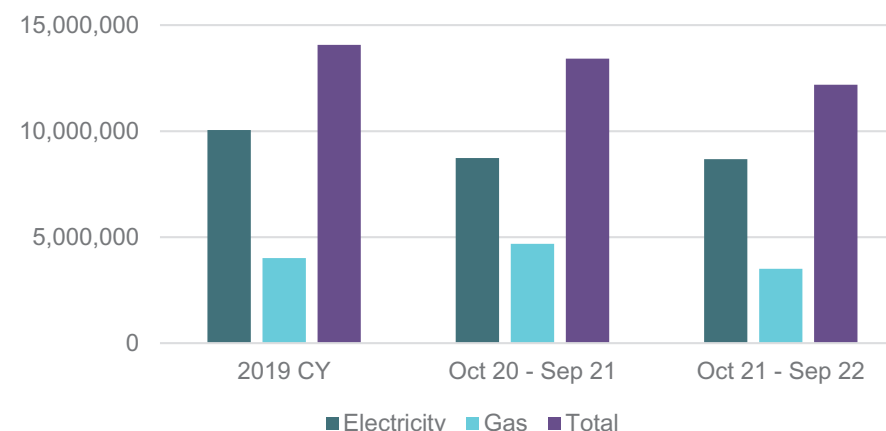
*Target 20% reduction by 2030**



Key performance metrics

Portfolio coverage (LL managed portfolio, % floor area)	79.8%
Energy consumption change L-f-L Y-on-Y	-9.2%
Energy consumption change vs baseline*	-13.4%

Landlord Portfolio Like-for-Like Energy Consumption



Source: Columbia Threadneedle Investments. EPC portfolio coverage as % ERV, as at 31 December 2022. 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 30 September 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 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

Threadneedle Property Unit Trust 2022 GRESB results



G R E S B

★ ★ ★ ☆ ☆ 2022

Global Real Estate Sustainability Benchmark

Key takeaways

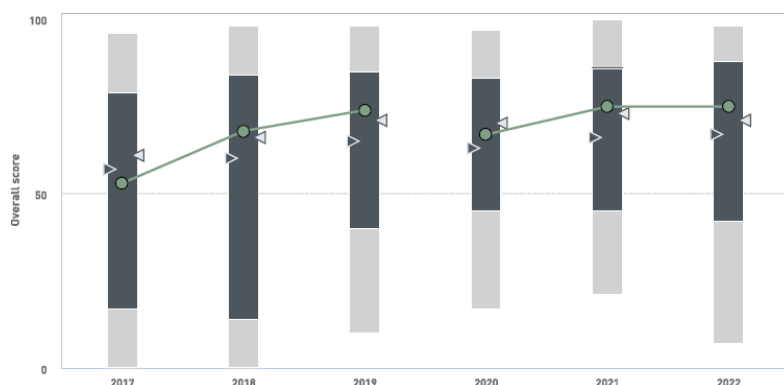
- Eleventh year of the Fund's submission to GRESB
- Scored 75 out of 100 (Peer Average = 70)
- Ranked 26th within its peer group of 93 funds

Strengths

- Management scored 30/30
- Targets, data monitoring and data review all score well
- Tenant and community engagement improvement

Areas of improvement

- Building certification (minor improvement on 2021)
- Water data coverage requires improvement
- Scope for further improvement on energy and GHG data coverage – consistent engagement with tenants required to improve data coverage on FRI buildings



Source: Columbia Threadneedle Investments, as at 30 September 2022. 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 carbon

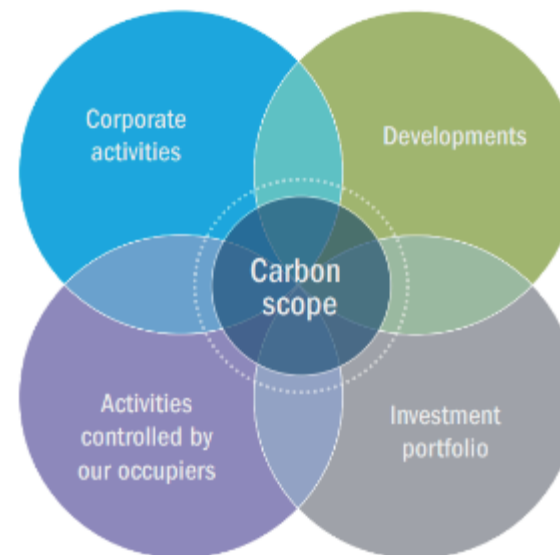
UK Real Estate commitment to decarbonise our portfolios

Our commitment is to achieve Net Zero carbon across all commercial real estate assets managed for our clients by 2050 or sooner.

- Each fund will set interim targets to measure and drive progression towards the ultimate 2050 target
- This commitment covers whole building emissions including our occupiers
- Driving change through the supply chain requires effective occupier and supplier engagement
- Initiatives underway include our Stewardship Code for contractors, and Green Lease clauses which we encourage our occupiers to adopt

All operational energy and water consumption, all waste produced and all travel associated with our business activities

All embodied carbon within developments, refurbishments and the fit-outs that we manage



All occupier-controlled energy, water and waste consumed and produced through our managed portfolio

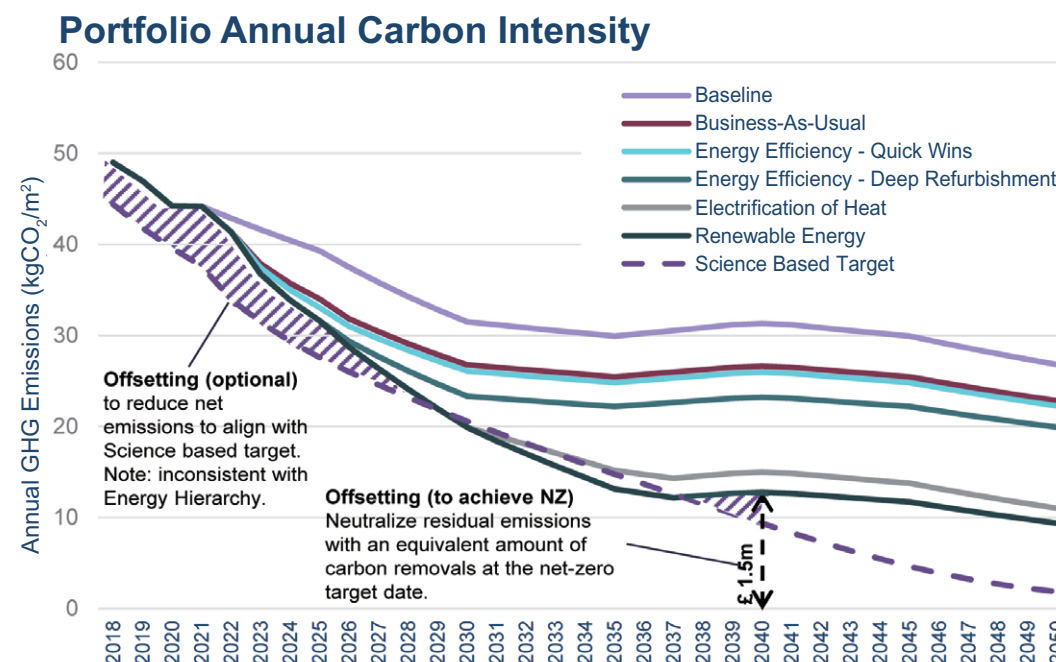
All landlord-controlled emissions, water and waste consumed and produced through our managed portfolio

Source: Columbia Threadneedle Investments UK Real Estate Net Zero Strategy & Pathway, as at August 2021. 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 carbon

Formally committed to operational Net Zero by 2040

Action	EVORA Modelled time	EVORA Modelled cost	Est. Energy consumption saving
Quick wins	2022-25	£2.2m	<10%
Major asset refurbishment	2022-30	£30.0m	c30%
Use of renewables	2025-37	£15.9m	c27%
Electrification of heat	2030-35	£48.6m	
Cumulative cost & saving impact		£96.7m / £5.4m p.a.	c67%
Offsetting	2040	£1.5m p.a.	Residual



- Net Zero pathway completed in October 2021 and sensitivity analysis completed in February 2022
- Between 2017-2021 Threadneedle Property Unit Trust completed **128** capital projects investing an average **£8.7 million** per annum in building improvements
- Cap ex invested during 2022 was **£13.15 million** (+51%) with **97.5%** of projects by value delivered EPC 'A' or 'B' ratings
- Yield impact would be offset by rental increase of **+2.0%** based on current passing rent

Source: EVORA Net Zero Target & Sensitivity Analysis, Threadneedle Property Unit Trust, as at 31 December 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.

Asset management activity

Refurbishments: Wolverhampton & Sheffield – EPC ‘A’

- **Air 50, Wolverhampton** – 51,000 sq. ft. industrial warehouse
- The unit was previously used as a trampoline centre, requiring conversion back to its original industrial use
- A comprehensive refurbishment focused on ESG enhancements including Solar Panels, EVC charging points and the removal of gas – total project cost £1.52m
- **President Way, Sheffield** – 31,000 sq. ft. industrial warehouse
- The building was previously a data centre, requiring refurbishment to maximise tenant demand
- A comprehensive refurbishment focused on ESG enhancements including Solar Panels, EVC charging points and the removal of gas – total project cost £1.25m
- Pre-let to Transglobal secured for a 10 year lease with a 5th year break with a rent roll of £260,000 per annum (£8.25 psf) reflecting a **48%** increase on the previous passing rent



Outcomes:



Financial



Environmental



Social

Air 50 achieved a 32% capital value uplift and President Way secured a 65% capital uplift and secured a rent of £260,000 per annum

Both assets incorporate solar panels and EV charging points, achieving EPC ‘A’

Both projects used local contractors which directly supported local employment

ESG Reporting: EPC Data

Target: MEES Regulations require minimum EPC 'C' by 2027 and 'B' by 2030

	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Property assets	184	173	168	167	165	163	145
Rateable units	841	804	775	755	749	735	681
EPC coverage (% rateable units)	96.8%	97.8%	98.8%	97.6%	98.9%	99.3%	99.3%
EPC rated A (% rateable units)	0.4%	0.5%	0.6%	0.7%	0.7%	1.6%	1.8%
EPC rated B (% rateable units)	16.3%	16.9%	16.9%	17.7%	20.0%	21.8%	21.7%
EPC rated C (% rateable units)	37.1%	38.7%	39.5%	38.4%	39.3%	39.7%	38.5%
EPC rated D (% rateable units)	31.9%	30.3%	29.9%	28.7%	28.3%	26.7%	28.0%
EPC rated E (% rateable units)	10.0%	10.2%	11.0%	11.1%	9.7%	8.8%	7.6%
EPC rated F (% rateable units)	0.6%	0.5%	0.4%*	0.3%*	0.4%*	0.4%*	0.4%*
EPC rated G (% rateable units)	0.6%	0.6%	0.5%**	0.5%**	0.5%*	0.3%**	0.6%**

Source: Columbia Threadneedle Investments, based on % rateable units, as at 30 September 2022. * three properties have units rated EPC 'F'; two are located in Scotland which is subject to differing rating systems and regulations, and one is being refurbished to EPC 'A' specification (TBC) ** two properties have units rated EPC 'G' and both are subject to planned refurbishment concluding in 2023. Targets are indicative and are in no way a guarantee of performance

ESG Reporting: Energy Consumption

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

	2018	2019	2020	2021
Property assets	242	218	198	168
Landlord managed assets (S/C)	98	92	90	84
Data coverage: landlord-managed assets (gross floor area)	84%	79%	77%	83.6%
Total Landlord-Managed portfolio energy consumption – absolute	<i>Not measured explicitly prior to 2021</i>			20,555,492 kWh
Tenant managed assets (FRI)	144	126	108	84
Data coverage: tenant-managed assets (gross floor area)	20.5%	23.0%	29.0%	62.6%
Total Tenant-Managed portfolio energy consumption – absolute	<i>Not measured explicitly prior to 2021</i>			19,841,073 kWh
Data coverage: whole portfolio (gross floor area)	53.4%	55.7%	61.7%	78.4%
Total portfolio energy consumption – absolute	26,921,092 kWh (12.2%)	25,489,785 kWh (-5.3%)	21,701,092 kWh (-15.0%)	40,396,565 kWh (86.2%)
Total portfolio electricity consumption – absolute	16,444,766 kWh (21.4%)	17,842,685 kWh (8.5%)	13,773,889 kWh (-30.5%)	27,353,014 kWh (98.6%)
Total portfolio gas consumption – absolute	10,476,323 kWh (20.9%)	7,577,826 kWh (-27.7%)	6,554,657 kWh (-15.6%)	13,043,551 kWh (99.0%)

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 2021 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

ESG Reporting: Greenhouse Gas (GHG) Emissions

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

	2018	2019	2020	2021
Property assets	242	218	198	168
Landlord managed assets (S/C)	98	92	90	84
Data coverage: landlord-managed assets (gross floor area)	84%	79%	77%	83.6%
Tenant managed assets (FRI)	144	126	108	84
Data coverage: tenant-managed assets (gross floor area)	17.0%	17.6%	29.0%	62.6%
Data coverage: whole portfolio (gross floor area)	48.8%	50.0%	61.7%	78.4%
GHG emissions – absolute (year on year % difference)	7,615 tonnes (7.6%)	5,993 tonnes (-21.3%)	3,966.0 tonnes (-33.8%)	8,194 tonnes (106.61%)

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

ESG Reporting: Water and Waste Consumption

Target: 100% data coverage, 100% diversion of waste to landfill and 75% recycling rate, where landlord has ops. control

		2018	2019	2020	2021
Property assets		242	218	198	168
Landlord managed assets (S/C)		98	92	90	84
Data coverage: landlord-managed assets (gross floor area)	Water	39%	39%	31%	30.1%
	Waste	14%	27%	27%	22.9%
Tenant managed assets (FRI)		144	126	108	84
Data coverage: tenant-managed assets (gross floor area)	Water	0	8.0%	8.7%	39.2%
	Waste	0	13.2%	14.07%	32.3%
Data coverage: whole portfolio (gross floor area)	Water	15.7%	23.2%	24.0%	38.8%
	Waste	7.0%	20.0%	21.1%	27.0%
Total water consumption – absolute		130,373 m ³	279,902 m ³	271,535 m ³	79,332 m ³
Total waste consumption – absolute		399.00 tonnes	788.72 tonnes	8,795.74 tonnes	2,516 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

ESG Reporting: Flood Risk

Target: to monitor and report flood risk for every asset on an annual basis

Portfolio risk exposure by value	2019	2020	2021	2022
Property assets	206	199	168	145
Low	164 (74.9%)	158 (75.1%)	135 (74.5%)	115 (74.2%)
Medium	33 (21.6%)	32 (21.3%)	27 (22.3%)	24 (22.1%)
High	5 (2.2%)	5 (2.1%)	3 (1.7%)	5 (3.1%)
Extreme	4 (1.4%)	4 (1.5%)	3 (1.5%)	1 (0.6%)
Extreme risk assets	High risk assets			
Sheffield, The Square	Bristol, 786 Fishponds (exchanged to sell – Q1 2023)			
	Redhill, Red Central			
	Galashiels, Gala Water Park			
	London E10, Lea Bridge Road			
	Crucible Business Park, Worcester			

Source: Columbia Threadneedle Investments, as at 31 December 2022. All data as at 31 December.

Notes: Two assets rated 'High Risk' sold in Q4 2021: Derby, 20-25 Albert Street and Bristol, 2 Zetland Road. Flood Risk Assessments commissioned on High / Extreme risk assets.

Physical Risk Screening Analysis undertaken November 2021 to compliment the above flood risk statistics and is available on request.

Risk Management Report – Threadneedle Property Unit Trust (TPUT) – December 2022

The key areas of risk impacting this fund as at the end of December 2022 are outlined below:

Key: Low Risk Medium Risk High Risk

RISK DESCRIPTION	SENSITIVITY	MEASURES	RISK COMMENT (Limits exceeded/ positive risks)
Liquidity	Medium – Open ended Fund but Trust Deed provides the manager with the power to control inflows and outflows if in the interests of remaining Unit Holders.	Current target liquidity of 6.5% of GAV with temporary ceiling of 8.5% under Trust inflow protocol.	Liquidity at quarter end: 7.0%
Leverage	Low – Scheme restricts allowable leverage limits	Trust deed permits leverage up to 35% of NAV. Investment Guidelines strategic aim of borrowing at maximum 10% of GAV	Current leverage: Nil
Development	Low – significant spread of property with no current speculative development.	Trust deed sets a maximum 20% of NAV (not let or pre-let). Investment Guidelines restrict to maximum 10% of NAV (not let or pre-let) to be in course of substantial development.	Total Current Development as % NAV: Nil
Market	Medium – Fund exposed to impact of volatility within the market	5 year monthly total return volatility using the MSCI UK Monthly Property Index	5 year monthly total return volatility as at end-December 2022: 16.01%¹
Single Occupancy Risk Exposure	Low – good spread and diversity of tenants	Trust Deed: Exposure to single tenant as percentage of total rental income not to exceed 20%. Investment Guidelines: restricted to 10% of total rental income.	Current highest rental income from one tenant: 3.41% of total rental income.
High Value Property	Low – Pre-purchase due diligence and diversity of portfolio.	Trust Deed: Maximum allowable value of any one purchase: 15% of NAV. Investment Guidelines: Maximum 10% of GAV on an ongoing basis.	Largest current property asset as % of GAV: 3.2%
Single Investor	Medium – Monthly dealt fund with no restriction on maximum investment	Optimum maximum exposure of no more than 10% total investment from one single investor	Highest single investment at quarter end: 10.34%²
Vacancy Rates	Low – good spread and diversity of tenants	No specific tolerance in Trust Deed but up to 15% of total Estimated Rental Value (ERV) excluding property under redevelopment would be regarded as tolerable.	Total Estimated Rental Value of vacant space at end of quarter: 8.5%
Rental collection	Medium – Large number of properties with rental income focused on wide number of tenants.	Target: 95% of Rental Income to be collected within 21 days of quarter day	Quarter ending December 2022: 96.97% collected at day 21¹
Counterparty	Low – Minimal Counterparty Exposure	No Maximum restriction within scheme.	Deposits with single bank at end of quarter: 7.1% of GAV.
Leasehold interest	Low – Low incidence of short leasehold interest	Trust Deed: not more than 15% of NAV to comprise leasehold interests with less than 60 years unexpired.	Value of leasehold properties with less than 60 years unexpired: Less than 1% of NAV

¹ **Market Risk** – The property market suffered material valuation volatility in Q4 2022 driven by significant macroeconomic uncertainty and accompanying UK interest rate rises, with overall market valuation falls of c5-7% per month across October/November 2022. Market valuation movements have reduced since, and this lower volatility is forecast to continue in the near-term, assuming no further unforeseen economic or market shocks.

² **Single Investor** – Increase in largest investor (up from c6% at Sept) due to investor purchasing additional units in the Fund. Exposure level is not a concern, but longer-term aim will be to bring this position back into compliance.

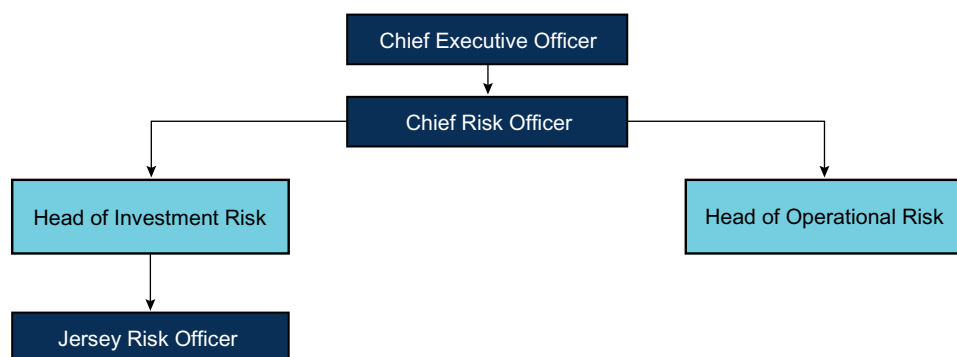
The Columbia Threadneedle Investments EMEA Property Risk Management System

The Columbia Threadneedle Investments EMEA Property Risk Management Team (the “Risk Team”), collectively provides risk management services to all Columbia Threadneedle Investments entities. The Risk Team function is led by the Head of Investment Risk and the Head of Operational Risk reporting to the Chief Executive Officer of Columbia Threadneedle Investments.

The Risk Team:

- Oversees implementation of the risk management policy and procedures;
- Oversees compliance with risk limits within each property fund;
- Provides advice regarding the identification of the risk profile of a Fund;
- Provides regular reports to various Boards and relevant committees on:
 - the consistency between the current level of risk incurred by each Fund and the risk profile agreed for that Fund;
 - the compliance of the Funds with risk limits identified in fund prospectus or investment management agreements; and
 - the adequacy and effectiveness of the risk management process, indicating in particular whether appropriate remedial measures have been taken in the event of any deficiencies;
- Ensures regular reports are provided outlining the current level of risk incurred by the relevant fund and any actual or foreseeable breaches to their limits, so as to ensure that prompt and appropriate remedial action can be taken.

A structure chart of the Risk Team as it relates to property risk is provided below. The Risk Team has an independent reporting line to the CEO of Columbia Threadneedle Investments:



Threadneedle Investments (Channel Islands) Limited as Manager of the Fund have appointed an independent Jersey Risk Officer.

The Jersey Risk Officer oversees regular monitoring of risk data associated with the Fund. Typically, this data comprises a combination of:

- Market price risk data
- Leverage and interest rate risk
- Liquidity and cash flow risk
- Tenant credit rating
- Tenant exposure
- Rental income and collection
- Vacancy rates within the fund

Data is monitored in conjunction with the investment rationale for the property Funds and any Investment Management agreements in place to ensure that the risks faced by the Fund are assessed adequately and controlled appropriately.

The Risk Team is responsible for overseeing the provision of data, risk analysis and recommendations that are reliable, timely and accurate and its performance is the subject of regular periodic reviews by the Columbia Threadneedle Investments (Group level) internal audit function.

Columbia Threadneedle Investments purchases Professional Indemnity insurance in order to cover its perceived risks to a level in accordance with regulatory requirements and commensurate with its needs as a responsible asset manager.

This insurance is purchased as part of the Columbia Threadneedle Investments Group insurance arrangements, is reviewed on an annual basis and is administered by the Property Governance and Insurance Team.

Columbia Threadneedle Investments' fund managers and support staff collectively meet on a monthly basis to discuss all funds and potential impacts/strategy in an open forum, which is attended by the Property Governance and Insurance Team.

Material Changes

Rental collection – The risk rating changed from Green to Red as only 57.55% of rent was collected within 21 days of quarter day due to the current exceptional market environment.

Kevin Mundy
Jersey Risk Officer
December 2022

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 Prospectus.

■ **Bid/Offer Spread:** The bid/offer spread on units reflects the costs of buying and selling investments.

■ **Initial yield:** The rent passing net of ground rent, NR, as a percentage of the gross capital value, GCV, at the same date.

NR / GCV

■ **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.

$NOMRV / GCV$

■ **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:** The MSCI/AREF UK All Balanced Property Funds Weighted Average 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.

■ **Portfolio turnover ratio:** Defined as the total value of the quarterly purchases and sales minus the total value of the funds’ new issues and redemptions expressed as a percentage of the average NAV over the proceeding four quarters.

Important Information

For investment professionals use only (not for onward distribution to, or to be relied upon by private investors).

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.

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

Threadneedle Property Unit Trust is an unclassified open-ended unit trust domiciled in Jersey, governed by a fourth amended and restated trust instrument under Jersey law dated 4 December 2014 (as may be amended from time to time) made between the Manager and the Trustees (the "Trust Instrument"). This Trust is not registered for sale outside the United Kingdom and may not be offered to the public in any other country.

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 must not be communicated to retail persons in the UK but may only be communicated 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 FCA's Conduct of Business rules. Approved for UK purposes by Threadneedle Asset

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In Jersey, the Trust, which is regulated by the Jersey Financial Services Commission, is treated as an unclassified fund for the purposes of the Collective Investment Funds (Jersey) Law 1998. Units in the Trust may only be promoted in accordance with the aforementioned legislation.

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