



# Threadneedle

## Carbon Neutral RE Trust

Annual Report and Financial Statements for the year ended 31 March 2023



**Threadneedle Carbon Neutral RE Trust**  
Managed by Threadneedle Investments  
(Channel Islands) Limited

Threadneedle Investments (Channel Islands) Limited  
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### Important Information

Past performance is not a guide to future returns. The value of property is a matter of a valuer's opinion and the true value may not be recognised until the property is sold. The performance of the Trust would be adversely affected by a downturn in the property market.

This document is not an offer to invest in the Trust. An investment in the Trust can only be made on the basis of the Private Placement Memorandum which sets out more detailed information about the Trust, including risk factors and tax considerations for potential investors. Nothing in this document should be taken as a recommendation to acquire an interest in the Trust.

Distribution of this document and the offering of interests in the Trust in certain jurisdictions may be restricted. Persons into whose possession this document comes are required to inform themselves about and to observe any such restrictions.

Threadneedle Carbon Neutral RE Trust is an unregulated collective investment scheme. As such, units in the Trust may not be offered or sold in the UK except as permitted by the Financial Services and Markets Act 2000 and the regulations/FCA Rules made under it. This document may not be communicated to any person in the UK except in circumstances permitted by the Act or those regulations/rules. Investors are advised that the protections afforded by the UK regulatory system may not apply to an investment in the Trust and compensation will not be available under the UK Financial Services Compensation Scheme.

Threadneedle Investments (Channel Islands) Limited is the Manager of the Trust which is a Jersey Unclassified Expert Fund, a feeder into Carbon Neutral Real Estate LP. Both the Manager and the Trust have their Registered Office at IFC 1, The Esplanade, St Helier, Jersey, JE1 4BP and both are regulated by the Jersey Financial Services Commission.

Telephone calls may be recorded.

Please also read the Important Information section at the end of this report.

## Manager's Report

Threadneedle Investments (Channel Islands) Limited (the "Manager") is acting as an Alternative Investment Fund Manager ("AIFM") for Threadneedle Carbon Neutral RE Trust (the "Trust"). The Trust is an Alternative Investment Fund ("AIF") under the Alternative Investment Fund Managers Directive ("AIFMD").

The Manager presents the Annual Report and Financial Statements of the Trust for the year ended 31 March 2023.

### Overview of Investment Activities during the year to 31 March 2023

The Trust is a quasi-open-ended trust established in Jersey that provides an investment vehicle for investors wishing to gain exposure to Carbon Neutral Real Estate LP, a Scottish Limited Partnership (the "Partnership") which invests, via an English Limited Partnership (the "underlying Limited Partnership"), in properties which are refurbished to deliver high specification, low carbon office space to meet occupier demand across the UK. Refurbished properties are let on commercial terms.

In respect of investment activity, the Trust's total commitment to the Partnership was £131.3m as at 31 March 2023 (2022: £131.3m). During the year £nil was drawn by the Partnership from the Trust. £nil (2022: £5.0m) of commitment was repaid in the year ending 31 March 2023 (total drawn commitment by the Partnership from the Trust as at 31 March 2023 was £131.1m, total undrawn commitment was £0.2m).

The total value of the Trust's investment in the Partnership was £130.3m as at 31 March 2023, inclusive of £25.2m of redemption proceeds receivable from the Partnership treated as current assets (2022: £185.5m, nil redemption proceeds receivable).

Since February and March 2022, the European Union, United States and United Kingdom have maintained sanctions on certain Russian companies and persons in retaliation of the Russian invasion to Ukraine on 24 February 2022. The Trust does not have direct holdings on its balance sheet nor operations in Russia, Ukraine or Belarus. The Manager regularly screens the Trust's relationships with investors, tenants and suppliers and is not aware of any relationship with any sanctioned companies or persons. The Manager continues to monitor the potential risks as the situation continues to evolve.

During the year global growth slowed against a backdrop of business environment volatility. Notable challenges included the rapid increase of interest rates during the second half of 2022 and first quarter of 2023, persistent high inflation affecting consumer demand, the continued implementation of Covid-19 measures in some countries which affected global supply chains, and more recently increased uncertainty in the banking industry. The Manager does not believe there is a need to alter the investment strategy as a result of these uncertainties. The Trust is expected to remain solvent over the next 12 months.

With geo-political events and macro-economic challenges continuing to impact upon global economies, the Manager will continue to monitor the potential impact on the operations of the Trust and its financial performance closely.

### Independent Auditors

It is the intention of the Directors to reappoint the independent auditors, PricewaterhouseCoopers LLP, for the next financial year.

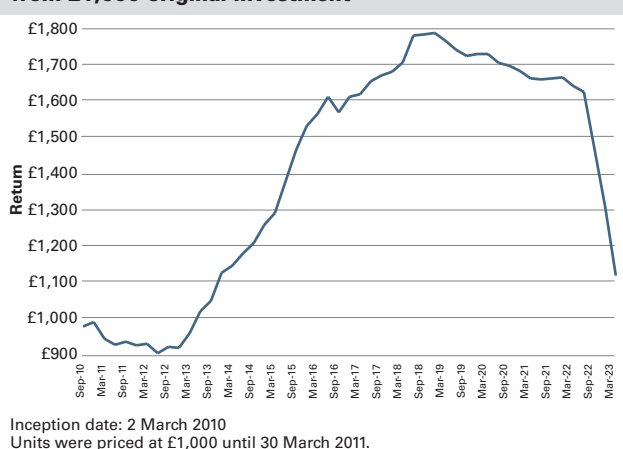
### Key Performance Indicators

The Manager considers the following to be the Trust's Financial Key Performance Indicators:

- Profitability;
- Growth of the Trust's NAV price; and
- Investment income.

The Manager believes that Non-Financial Key Performance Indicators are not applicable to the Trust's activities.

### Fund Performance – Capital Return to 31 March 2023 from £1,000 original investment



### Past performance is not a guide to future returns.

During the year to 31 March 2023, the Trust's NAV price (calculated in accordance with the Trust's pricing rules) decreased from £1,564.79 to £1,099.44. As at 31 March 2023, the Trust's NAV was £130.4m (2022: £185.7m). During the year, nil units were issued (2022: nil) and nil units were redeemed (2022: 3,341,940). There were 118,650,303 units in issue as at 31 March 2023 (2022: 118,650,303).

The Trust paid income distributions of £6.9m (2022: £7.3m) during the year, of which £1.8m related to distributions payable as at the prior year end (2022: £2.0m) and £5.1m accrued during the year (2022: £5.3m), therefore, income distributions of £1.7m (2022: £1.8m) were payable at year end (see Note 14).

The Trust generated total returns of -26.6% compared to -14.3% for the MSCI/AREF UK Other Property Fund (Weighted Average) index for the year to 31 March 2023. The Trust's performance was attributed to the downward valuation movements of properties held by the underlying Limited Partnership.

The portfolio of properties held by the underlying Limited Partnership consists of offices in London and this particular sector saw significant downward valuation movements across the year to 31 March 2023. The performance of the investment properties held within the Fund was impacted by the exposure to the Office sector which generated a capital return of -15.3% (MSCI Quarterly Index-Office Only Return) and, more specifically, the Outer London Office sector which generated a capital return of -21.0% (MSCI Quarterly Index-Office Outer London Only Return).

### Future Developments

The Trust has two outstanding redemption requests to settle, for a total of 45,418,128 units (equating to £49,515,161 based on 31 March 2023 redemption price of £1,090.207 per unit). These requests are due for settlement in October 2023 on standard settlement terms, with a default maximum of 10% of the Trust's NAV available for settlement at each quarter end. The underlying Limited Partnership is taking steps to dispose of a number of assets in order to meet its future liabilities resulting from the redemption. The Trust retains the ability to defer redemption settlement should there be insufficient liquidity, although this is not anticipated.

### Environmental impact

From the outset, the underlying Limited Partnership has monitored and measured detailed operational energy from both tenant and landlord areas, focusing on the management and reduction of the total emissions footprint. This has been developed further through the underlying Limited Partnership's long-term commitment to, and transition towards, net-zero emissions. Following the most up-to-date guidance and current best practice on net zero, such as that provided by the Science Based Targets Initiative (SBTi), the Limited

Partnership energy avoidance and efficiency first, implements on-site renewable energy systems and procures renewable energy. The underlying Limited Partnership's most recent footprint is in the process of being completed by Carbon Trust Advisory Limited (the "Carbon Adviser") alongside the emissions neutrality exercise, covering the 12-month period ending March 2023.

The underlying Limited Partnership then purchases independently verified emissions reduction credits (ERCs) equivalent to 110% of the remaining operational emissions, including those from refrigerant gas losses. These ERCs are carefully selected from greenhouse gas removal schemes that capture and store carbon over long term projects, certified to the most rigorous standards, Such as The Gold Standard.

### **Material Changes Disclosure**

The Manager confirms that there have been no material changes to the Trust's Prospectus, including the following terms:

- Liquidity of underlying assets or the Trust's Liquidity Management Policy;
- Special arrangements in relation to the Investor redemptions protocol;
- The Trust's Unit Valuation Policy.



**Natalie Sullivan, Advocate, LLB (Hons)**

**Director**

**Threadneedle Investments (Channel Islands) Limited**

**28 June 2023**

### **Statement of the Manager's Responsibilities in Respect of the Financial Statements of the Trust**

Under the terms of the Trust Deed, Threadneedle Investments (Channel Islands) Limited (the "Manager") is required to prepare financial statements for each annual accounting year which give a true and fair view of the financial position of the Trust and income and expenditure due to Unitholders for the year. In preparing those financial statements, the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards, comprising Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Trust will continue in business.

The Manager is responsible for keeping adequate accounting records which enables it to demonstrate that the financial statements as prepared comply with the aforementioned requirements. The Manager confirms that it has complied with the above requirements throughout the year and when preparing the financial statements.

The Manager is responsible for the management and administration of the underlying assets of the Trust in accordance with the Trust Deed dated 26 March 2020.

As far as the Manager is aware, there is no relevant audit information of which the Trust's auditors are unaware. The Manager has taken appropriate steps to ensure it is aware of such relevant information and that the Trust's auditors are aware of such information.



**Natalie Sullivan, Advocate, LLB (Hons)**  
**Director**  
**Threadneedle Investments (Channel Islands) Limited**  
**28 June 2023**

### **Statement of the Trustee's Responsibilities in Respect of the Trust**

BNP Paribas Depository Services Limited (the "Trustee") has a duty to take into custody and hold the underlying property of the Trust for the Unitholders and to ensure that in all material respects the Manager has managed the Trust in accordance with the provisions of the Trust Deed. The Trustee may enquire into the conduct of the Manager in the management of the Trust.

### **Report of the Trustee to the Unitholders of the Trust**

The Trustee has enquired into the conduct of the directors of the Manager of the Trust during the year to 31 March 2023.

In the Trustee's opinion, the directors of the Manager have managed the Trust in accordance with the limitations imposed on the investment and borrowing powers of the Trust by the Trust Deed, the current Prospectus of the Trust and all Orders for the time being in force under Article 10 of the Collective Investment Funds (Jersey) Law, 1988.



**BNP Paribas Depository Services Limited**  
**28 June 2023**

# Independent auditors' report to the unitholders of Threadneedle Carbon Neutral RE Trust

## Report on the audit of the financial statements

### Opinion

In our opinion, Threadneedle Carbon Neutral RE Trust's financial statements:

- give a true and fair view of the state of the trust's affairs as at 31 March 2023 and of its loss and cash flows for the year then ended; and
- have been properly prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 March 2023; the Statement of Comprehensive Income, the Statement of Changes in Net Assets Attributable to Unitholders, and the Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the trustees and the manager's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the trust's ability to continue as a going concern.

Our responsibilities and the responsibilities of the trustees and the manager with respect to going concern are described in the relevant sections of this report.

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The trustees and the manager are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

### Responsibilities for the financial statements and the audit

#### Responsibilities of the trustees and the manager for the financial statements

As explained more fully in the Statement of the Manager's Responsibilities in Respect of the Annual Report and Financial Statements of the Trust and the Statement of the Trustees' Responsibilities in Respect of the Trust, the trustees and the manager are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees and the manager are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees and the manager are responsible for assessing the trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees and the manager either intend to liquidate the trust or to cease operations, or have no realistic alternative but to do so.

#### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are

# Independent auditors' report to the unitholders of Threadneedle Carbon Neutral RE Trust

*(continued)*

considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the trust and industry, we identified that the principal risks of non-compliance with laws and regulations related to non-compliance with the Trust Deed, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates and judgement areas of the financial statements. Audit procedures performed by the engagement team included:

- Challenging assumptions and judgements made by management in their significant accounting estimates and judgements, in particular in relation to the valuation of investment properties;
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing relevant meeting minutes, including those of the manager and trustees;  
Validating the appropriateness of journal entries identified based on our fraud risk criteria; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

## Use of this report

This report, including the opinion, has been prepared for and only for the trust's unitholders as a body in accordance with the Trust Deed and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, including without limitation under any contractual obligations of the trust, save where expressly agreed by our prior consent in writing.



**PricewaterhouseCoopers LLP**  
**Chartered Accountants**  
**London**  
**28 June 2023**



## Statement of Comprehensive Income

for the year ended 31 March 2023

	Note	2023 £	2022 £
Net income from investment in Carbon Neutral Real Estate LP	5	6,995,385	7,214,515
<b>Total income</b>		<b>6,995,385</b>	<b>7,214,515</b>
<b>Trust level expenses:</b>			
Trustee fees	7	(40,036)	(47,887)
Administration fees	7	(74,499)	(77,977)
Audit fees		(17,388)	(14,904)
Other expenses		(3,510)	(2,299)
<b>Total expenses</b>		<b>(135,433)</b>	<b>(143,067)</b>
Interest income	9	688	11
<b>Total interest income</b>		<b>688</b>	<b>11</b>
Net loss on investment in Carbon Neutral Real Estate LP	6,10	(55,213,217)	(2,257,628)
<b>Total (loss)/profit before finance costs</b>		<b>(48,352,577)</b>	<b>4,813,831</b>
Finance costs - income distributions paid	13	(5,157,446)	(5,281,270)
Finance costs - income distributions payable	14	(1,703,194)	(1,790,189)
<b>Decrease in net assets attributable to Unitholders from investment activity</b>		<b>(55,213,217)</b>	<b>(2,257,628)</b>

All amounts above are in respect of continuing operations.

The notes and accounting policies on pages 10 to 13 form part of these financial statements.

## Statement of Changes in Net Assets Attributable to Unitholders

for the year ended 31 March 2023

	2023 £	2022 £
Opening net assets attributable to Unitholders at 1 April 2022 comprising 118,650.303 units (1 April 2021: 121,992.243 units)	185,662,372	193,166,899
Redemption of nil units (2022: 3,341.94 units)	–	(5,246,899)
Decrease in net assets attributable to Unitholders from investment activities	(55,213,217)	(2,257,628)
<b>Closing net assets attributable to Unitholders at 31 March 2023 comprising 118,650.303 units (31 March 2022: 118,650.303 units)</b>	<b>130,449,155</b>	<b>185,662,372</b>

The notes and accounting policies on pages 10 to 13 form part of these financial statements.

## Balance Sheet

as at 31 March 2023

	Note	2023 £	2022 £
<b>Fixed assets</b>			
Investment in Carbon Neutral Real Estate LP	10	105,093,066	185,515,861
<b>Current assets</b>			
Accrued net income from Investment in Carbon Neutral Real Estate LP		1,736,833	1,825,870
Redemption proceeds receivable from Carbon Neutral Real Estate LP	10	25,209,578	–
Cash and cash equivalents		157,431	164,623
		<u>27,103,842</u>	<u>1,990,493</u>
<b>Creditors: amounts falling due within one year</b>			
Creditors	11	44,559	53,793
Finance costs: amounts due to Unitholders	14	1,703,194	1,790,189
Redemption proceeds payable to Unitholders	15	24,785,339	–
		<u>26,533,092</u>	<u>1,843,982</u>
<b>Net current assets</b>		<u>570,750</u>	<u>146,511</u>
<b>Net assets attributable to Unitholders<sup>1</sup></b>		<u>130,449,155</u>	<u>185,662,372</u>

<sup>1</sup>The 2023 figure for Net assets attributable to Unitholders includes redemption proceeds payable presented within current liabilities.

The notes and accounting policies on pages 10 to 13 form part of these financial statements.

The financial statements on pages 7 to 13 were approved by the Manager on 28 June 2023 and signed on its behalf by:

**Natalie Sullivan, Advocate, LLB (Hons)**  
**Director**  
**Threadneedle Investments (Channel Islands) Limited**

## Statement of Cash flows

for the year ended 31 March 2023

	Note	2023 £	2022 £
<b>Net cash from operating activities</b>	16	<u>6,939,755</u>	<u>7,313,721</u>
<b>Cash flow from investing activities:</b>			
Redemption from the Partnership	10	–	5,248,791
Interest received		688	11
<b>Net cash from investing activities</b>		<u>688</u>	<u>5,248,802</u>
<b>Cash flow used in financing activities:</b>			
Redemption of units		–	(5,246,899)
Income distributions paid to Unitholders	13	(6,947,635)	(7,294,178)
<b>Net cash used in financing activities</b>		<u>(6,947,635)</u>	<u>(12,541,077)</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<u>(7,192)</u>	<u>21,446</u>
<b>Cash and cash equivalents at the beginning of the year</b>		<u>164,623</u>	<u>143,177</u>
<b>Cash and cash equivalents at the end of the year</b>		<u>157,431</u>	<u>164,623</u>
<b>Cash and cash equivalents consist of:</b>			
Cash at bank		157,431	164,623
<b>Cash and cash equivalents</b>		<u>157,431</u>	<u>164,623</u>

# Notes to the Financial Statements

for the year ended 31 March 2023

## 1. GENERAL INFORMATION

Threadneedle Carbon Neutral RE Trust ("The Trust") is a quasi-open ended Trust established in Jersey that provides an investment vehicle for investors wishing to gain exposure to Carbon Neutral Real Estate LP, a Scottish Limited Partnership (the "Partnership") which invests, via an English Limited Partnership (the "underlying Limited Partnership"), in properties which are refurbished in accordance with low carbon standards and let on commercial terms.

Threadneedle Carbon Neutral RE Trust has its offices at IFC 1, The Esplanade, St Helier, Jersey JE1 4BP.

## 2. STATEMENT OF COMPLIANCE

The financial statements of Threadneedle Carbon Neutral RE Trust have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and in accordance with the Trust Deed.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies which have been applied in the preparation of the financial statements consistently throughout the year are set out below.

### Basis of preparation

The financial statements of Threadneedle Carbon Neutral RE Trust have been prepared on a going concern basis under the historical costs convention as modified by the valuation of investments at fair value through profit and loss and in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and in accordance with the Trust Deed.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

The directors have a reasonable expectation that the entity has adequate resources to continue in operational existence for the foreseeable future. The Trust has two outstanding redemption requests to settle, for a total of 45,418.128 units (equating to £49,515,161 based on 31 March 2023 redemption price of £1,090.207). These requests are due for settlement in October 2023 on standard settlement terms, with a default maximum of 10% of the Trust's NAV available for settlement at each quarter end. An equivalent redemption request has been made to the Partnership to fund the redemption requests, with appropriate property disposals being considered by the underlying Limited Partnership. The Trust retains the ability to defer redemption settlement should there be insufficient liquidity, although this is not anticipated.

The Trust has a cash balance of £157k at year end and a creditor balance of £45k leaving an excess of £112k. If trust level expenses over the next 12 months were to continue at the same level as the year ended 31 March 2023 (£135k), and no further distributions were received from the Partnership, then the Trust would be left with a deficit of £23k of cash (subject to redemption funding as discussed above). The underlying Limited Partnership has continued to generate income throughout the year ended 31 March 2023 with the rent received from tenants within 28 days of the billing due date at 100% for the March 2023 quarter day so the underlying Limited Partnership should retain its ability to generate rental income, and subsequently make income distributions to the Partnership and onwards to the Trust, over the next 12 months.

The entity therefore continues to adopt the going concern basis in preparing financial statements.

### Revenue recognition

Income from investments relates to the distribution receivable from the Partnership and is shown as a debtor in the Balance

Sheet rather than being included in the valuation of investment in the Partnership. A net income deficit is offset with the value of investment in the Partnership as any income deficit will be recovered from capital proceeds. This presentation is considered a more accurate reflection of the Trust's investment in the Partnership. Income and expenditure are accounted for on an accruals basis.

### Change in presentation

During the year ended 31 March 2023, the presentation of the Statement of Comprehensive Income has been reviewed with one required amendment identified. The reference to "Total Operating Income" has been changed to "Total Income" to ensure compliance with FRS 102 5.9B. For both the years ended 31 March 2022 and 31 March 2023 this change in presentation has not affected the underlying numbers reported.

### Taxation

The Trust is resident in Jersey for tax purposes. The Trust is not resident in the UK for tax purposes. For the year ended 31 March 2021 and all preceding years, the Trust was outside the scope of the UK capital gains tax regime. From 5 April 2021, the Trust became subject to the UK non-resident capital gains tax regime but an application to HM Revenue & Customs for exemption from the scheme was granted. The income of the Trust belongs directly to Unitholders and is paid gross to Unitholders who are resident in the UK and other persons who have received authority from HM Revenue & Customs to receive rent gross. Tax is deducted at source (at the basic rate, currently 20%) from rental profit paid to Unitholders who are not resident in the UK and who have not received authority to receive rent gross.

For the year end 31 March 2023, the Trustee did not withhold income tax payments to Unitholders (2022: £nil). Exempt Unitholders are entitled to reclaim any income tax deducted at source. Other Unitholders may reclaim income tax deducted at source if and to the extent that it exceeds their UK tax liability on income.

### Investment in the Partnership

The Trust's investment in the Partnership is shown in the Balance Sheet at fair value. Initial recognition is measured at cost, based upon the cost of the original investment in the Partnership on the date of the acquisition. Any subsequent investment or divestment is measured at cost. After initial recognition, the Trust's investment in the Partnership is carried at fair value with revaluation gains and losses recognised in the Statement of Comprehensive Income.

The Trust does not consolidate its interest in the Partnership as it is not considered to control the Partnership and therefore is not required to consolidate as defined under Section 9 of FRS 102.

### Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities.

### Related party transactions

Other than set out in Note 7, no contract of significance existed at any time during the year in which a director or key manager was materially interested or which required disclosure as a related party transaction as defined under Section 33 of FRS 102.

### Distributions to unitholders

With respect to distributions, all income is distributed to Unitholders after expenses and payment of tax, where applicable. Distributions are classified as finance costs and are accounted for on an accruals basis.

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

### Critical accounting estimates and assumptions

Management makes estimates and assumptions concerning the future based on historical experience and adjusted for current market conditions and other factors. The estimates, assumptions and management judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below.

# Notes to the Financial Statements

for the year ended 31 March 2023 (continued)

## Fair value of investments

The principal assumptions underlying the estimation of fair value of the Trust's investment in the Partnership are those related to the fair value of investment properties held by the underlying Limited Partnership. In the underlying Limited Partnership, valuations are performed by Jones Lang La Salle ("JLL Limited") who are professional, third party, independent Chartered Surveyors, at the year-end in accordance with RICS Appraisal and Valuation Standards. The principal assumptions underlying the estimation of fair value of underlying Investment Properties are those related to the receipt of contractual rental, expected future market rentals, void periods lease incentives, maintenance requirements and appropriate yields/discount rates. These valuations are regularly compared to actual market yield data and actual transactions by the Trust and those reported by the market. The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

There are inter-relationships between these inputs as they are determined by market conditions. The existence of an increase in more than one input would be to magnify the impact on the valuation. The impact on the valuation will be mitigated by the inter-relationship of two inputs in opposite directions, e.g. an increase in rent may be offset by an increase in yield.

Capital value movements by asset class are a key driver of net assets attributable to partners. Management considers a +/-15% change in capital value to be reasonably possible based on market conditions. A sensitivity analysis showing the impact on valuations for changes in capital values on each asset class based on market conditions is shown below.

Property Sector	Independent valuation as at 31/03/2023 (£)	Valuation increased by 15%	Movement in valuation £	Valuation decreased by 15%	Movement in valuation £
Office	113,400,071	130,410,082	17,010,011	96,390,060	(17,010,011)
Cash & other debtors	16,902,573	16,902,573	-	16,902,573	-
<b>Total (£)</b>	<b>130,302,644</b>	<b>147,312,655</b>	<b>17,010,011</b>	<b>113,292,633</b>	<b>(17,010,011)</b>

## 5. NET INCOME FROM INVESTMENT IN CARBON NEUTRAL REAL ESTATE LP

	2023 £	2022 £
Income from investment in Carbon Neutral Real Estate LP	6,995,385	7,214,515
	<b>6,995,385</b>	<b>7,214,515</b>

## 6. NET LOSS ON INVESTMENT IN CARBON NEUTRAL REAL ESTATE LP

	2023 £	2022 £
Decrease in valuation in Carbon Neutral Real Estate LP (see Note 10)	(55,213,217)	(2,257,628)
	<b>(55,213,217)</b>	<b>(2,257,628)</b>

## 7. MANAGEMENT, TRUSTEE AND ADMINISTRATION FEES

Threadneedle Investments (Channel Islands) Limited ("The Manager") together with BNP Paribas Depositary Services Limited are regarded as the controlling parties by virtue of acting in concert in respect of the operations of the Trust.

Amounts paid to or received from the controlling parties are disclosed in the financial statements and detailed further within the notes.

### Management Fees – Underlying Partnership Level Charges

As the Trust invests in the Partnership it will bear its proportionate share of any costs and/or charges, which are ordinarily borne by the investors in the Partnership. Details of these underlying costs and charges are available from the Manager on request.

### Management Fees – Trust Level Charges

The Manager is entitled to a fee of £10,000 per annum for acting as registrar. For the year ended 31 March 2023, a total registrar fee of £10,000 (2022: £10,000) was charged to the Trust as part of the portfolio expenses. The amount due to the Manager at 31 March 2023 was £12,500 (2022: £5,000).

### Trustee Fees

The Trust will bear the fees of BNP Paribas Depositary Services Limited ("The Trustee") in respect of its role as Trustee. Fees charged by the Trustee for acting in its role as the corporate trustee are 0.0250% up to £250m, 0.0125% £250m to £750m, 0.0100% £750m to £1bn and 0.0055% greater than £1bn per annum on the Trust's net asset value, subject to a minimum yearly charge of £25,000. For the year ended 31 March 2023, the Trustee charged a total fee of £40,036 (2022: £47,887). The amount due to the Trustee at 31 March 2023 was £8,767 (2022: £11,693).

### Administration Fees

The Trust will bear the fees of BNP Paribas S.A., Jersey Branch in respect of its role as Administrator. Fees charged by the Administrator for accounting services to, and oversight of the Trust are 0.015% per annum based upon the Trust's net asset value and subject to a minimum annual charge of £20,000 and a maximum annual charge of £30,000. For transfer agency services the minimum fee is £15,000 per annum and a maximum annual charge of £60,000. For company secretarial services the minimum annual fee is £4,000 per annum. For compliance officer services, the minimum fees is £10,000 per annum. For the year ended 31 March 2023, the Administrator charged a total fee of £24,178 (2022: £27,108) in respect of fund accounting and oversight services, £15,894 (2022: £19,015) in respect of transfer agency fees, £4,000 (2022: £4,000) in respect of company secretarial services and £10,000 (2022: £10,000) in respect of compliance officer services. The amount due to BNP Paribas S.A., Jersey Branch as providers of fund accounting services and oversight, transfer agency services, company secretarial services and compliance officer services at 31 March 2023 was £12,303 (2022: £15,193).

Administration fees also includes other administrative Fund expenses not related to BNP Paribas S.A., Jersey Branch of £10,427 (2022: £13,920) and £10,000 paid to the Manager (as disclosed in the Management Fees - Trust Level Charges section) for the year ended 31 March 2023.

## 8. EMPLOYEES AND DIRECTORS

### Employees

The number of persons working for the Trust during the year was nil (2022: nil).

### Directors

The number of directors working for the Trust during the year was nil (2022: nil).

## 9. INTEREST INCOME

	2023 £	2022 £
Bank interest received	688	11
<b>Total</b>	<b>688</b>	<b>11</b>

## 10. INVESTMENT IN CARBON NEUTRAL REAL ESTATE LP

	2023 £	2022 £
Valuation at 1 April	185,515,861	193,022,280
Redemption from Carbon Neutral Real Estate LP	-	(5,248,791)
Decrease in valuation	(55,213,217)	(2,257,628)
Capital distribution receivable presented as current asset	(25,209,578)	-
<b>Valuation at 31 March</b>	<b>105,093,066</b>	<b>185,515,861</b>

Amounts receivable from the investment in the Limited Partnership includes a £25,209,578 capital distribution receivable which will be used to fund redemption payments due for settlement by the Trust during the year ending 31 March 2024.

# Notes to the Financial Statements

for the year ended 31 March 2023 (continued)

## 11. CREDITORS

	2023	2022
	£	£
Trade creditors	-	15,572
Administration fees	13,604	15,193
Trustee fees	8,767	11,693
Registrar fees	12,500	2,500
Audit services	9,688	8,120
Other creditors	-	715
<b>Total</b>	<b>44,559</b>	<b>53,793</b>

## 12. FINANCIAL INSTRUMENTS

In pursuing its investment objectives, the Trust creates its own financial instruments and invests in a number of financial instruments. These comprise:

Instruments of the Trust:

– Units

Instruments invested in by the Trust:

– Cash, other liquid resources and short-term debtors and creditors that arise from its operations

– Investment in the Partnership

– The Trust has not used derivative financial instruments during the financial year and under current investment guidelines is prevented from doing so.

The main risks are arising from the Trust's own financial instruments in which it invests are market risk, price risk, credit risk, interest rate risk, cash flow and fair value interest risk and liquidity risk.

### Price Risk

Price risk is the risk that the Trust's financial position and performance will be affected by a change of market prices.

The Trust's performance is determined by:

- the eventual selling price of the indirect investment properties held. As a consequence, it participates in the deficit when property values fall; and
- the rental income obtainable from the indirect investment properties held during the period they are held. The risk arises when there are adverse movements in the property rental market.

In order to mitigate the risk, the Trust had regard to the market price risk associated with particular industry and geographical sectors in formulation of its investment strategy.

### Cash Flow Risk

Liquidity and cash flow risk is the risk stemming from the lack of marketability of an investment.

The Trust's liquidity can be impacted by the following:

- The Trust's assets, comprising mainly of its investment in the Partnership, may not be readily saleable; and
- Decline in the rental market can lead to uncertainty of income received from its investment in the Partnership.

In order to limit the risk, the Manager actively monitored its liquidity and cash flow position to ensure it had sufficient finance in order to fund its activities.

### Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from cash and cash equivalents held at banks, trade receivables, including rental receivables from lessees.

Such risks are subject to a quarterly or more frequent review. In order to mitigate this risk, the Fund Manager of the Limited Partnership performs credit checks on potential customers before lease contracts are undertaken. Any overdue debts are chased on a regular basis.

Cash balances are held and are agreed only with financial instruments with a Moody's credit rating of Baa3 or better. The Manager limits the amount of credit exposure to any financial institution.

Revenues are derived solely from the Trust's investment in the Partnership and, subsequently, credit risk is dependent on that of the Partnership. As at 31 March 2023, amounts receivable from investment in the Partnership were £1,736,833 (2022: £1,825,870) and £nil (2022: £nil) was considered overdue.

### Fair Value Estimation

The Trust's investment in Carbon Neutral Real Estate Fund LP is level 3, as defined by FRS 102, in the fair value hierarchy as at 31 March 2023 and there were no transfers between levels during the year. Level 3 inputs used in valuing the investment in Carbon Neutral Real Estate Sub No.1 LP, which is entirely owned by Carbon Neutral Real Estate Fund LP, are those which are unobservable, as opposed to level 1 (inputs from quoted prices) and level 2 (observable inputs either directly, i.e. as prices, or indirectly, i.e. derived from prices).

Fair value is based on valuations provided by third party, independent chartered surveyors. These values were determined after having taken into consideration recent market transactions for similar properties in similar locations to the investment properties held by Carbon Neutral Real Estate Sub No.1 LP.

The significant unobservable inputs used in the fair value measurement of the Limited Partnership's investment properties are yield and expected future market rentals. An increase/decrease to expected future market rentals will increase/decrease valuations, while an increase/decrease to yield will decrease/increase valuations.

There are inter-relationships between these inputs as they are determined by market conditions. The existence of an increase in more than one input would be to magnify the impact on the valuation. The impact on the valuation will be mitigated by the inter-relationship of two inputs in opposite directions, e.g. an increase in rent may be offset by an increase in yield.

Management considers a +/-15% change in capital value to be reasonably possible based on market conditions. A sensitivity analysis showing the impact on valuations for changes in capital values on each asset class based on market conditions is shown in Note 4.

### Liquidity Risk

The amounts disclosed in the table below are the contractual undiscounted cash flows. Undiscounted cash flows in respect of balances due within 12 months generally equal their carrying amounts in the statement of financial position, as the impact of discounting is not significant.

The maturity analysis of financial instruments as at 31 March 2023 is as follows:

	Demand within 12 months	From 12 months to 2 years	From 2 to 5 years	Later than 5 years	Total
	£	£	£	£	£
<b>Assets</b>					
Investment in Carbon Neutral Real Estate LP	-	24,316,328	-	80,776,738	105,093,066
Redemption proceeds receivable from Carbon Neutral Real Estate LP	25,209,578	-	-	-	25,209,578
Cash and cash equivalents	157,431	-	-	-	157,431
Accrued net income due from Partnership	1,736,833	-	-	-	1,736,833
<b>Liabilities</b>					
Other creditors	44,559	-	-	-	44,559
Redemption proceeds payable to Unitholders	24,785,339	-	-	-	24,785,339
Amounts due to Unitholders	1,703,194	-	-	-	1,703,194

# Notes to the Financial Statements

for the year ended 31 March 2023 (continued)

The maturity analysis of financial instruments as at 31 March 2022 is as follows:

	Demand within 12 months	From 12 months to 2 years	From 2 to 5 years	Later than 5 years	Total
	£	£	£	£	£
<b>Assets</b>					
Investment in Carbon Neutral Real Estate LP	-	-	- 185,515,861	185,515,861	
Cash and cash equivalents	164,623	-	-	-	164,623
Accrued net income due from Partnership	1,825,870	-	-	-	1,825,870
<b>Liabilities</b>					
Other creditors	53,990	-	-	-	53,990
Amounts due to Unitholders	1,789,992	-	-	-	1,789,992

## 13. FINANCE COSTS: INCOME DISTRIBUTIONS PAID

The Trust's income belongs directly to Unitholders. Income is allocated quarterly up to, but not including, the Pricing Day (usually the last business day in the quarter). All Unitholders subscribing to the Trust on a Pricing Day receive income accruing with effect from that day. Distributions of income from the Partnership to the Trust are received one quarter in arrears. Distributions of income to Unitholders are paid within 10 business days following the receipt of the distributions from the Partnership. Under the terms of the Trust Deed, Unitholders bear certain expenses (including the Trustee fee) and these are deducted from distributions of income. Realised gains arising from the sale of properties in the underlying Limited Partnership will be paid to the Unitholders within 10 business days of the receipt of the gains by the Trust.

The following table gives a breakdown of distributions paid to Unitholders during the year ended 31 March 2023:

Year end	Period to which distributions relate	£
Expense:		
31 March 2022	1 January 2022 to 31 March 2022	1,790,189
Expense:		
31 March 2023	1 April 2022 to 31 December 2022	5,157,446
		<u>6,947,635</u>

The following table gives a breakdown of distributions paid to Unitholders during the year ended 31 March 2022:

Year end	Period to which distributions relate	£
Expense:		
31 March 2021	1 January 2021 to 31 March 2021	2,012,909
Expense:		
31 March 2022	1 April 2021 to 31 December 2021	5,281,270
		<u>7,294,179</u>

## 14. FINANCE COSTS: INCOME DISTRIBUTIONS PAYABLE

The following table gives a breakdown of distributions due to Unitholders as at 31 March 2023:

Year end	Period to which distributions relate	£
Income:		
31 March 2023	1 January 2023 to 31 March 2023	1,703,194
		<u>1,703,194</u>

Year end	Period to which distributions relate	£
Income:		
31 March 2022	1 January 2022 to 31 March 2022	1,790,189
		<u>1,790,189</u>

## 15. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

There were £nil (2022: £nil) capital commitments due to the Trust and no contingent liabilities as at 31 March 2023 (2022: nil). There were £150,000 (2022: £150,000) capital commitments due to the Partnership from the Trust.

As at 31 March 2023, two redemption requests for a total of 45,418.128 units (2022: nil units) had been received by the Trust and were due for settlement during the year ending 31 March 2024. This equates to £49,515,161 based on 31 March 2023 redemption price of £1,090.207. The minimum amount due within one year equates to £24,785,339 (2022: nil) based on 10% of NAV payable per quarter and has subsequently been shown as amounts due to Partners falling due within one year.

## 16. NOTES TO THE STATEMENT OF CASH FLOWS

	2023	2022
	£	£
<b>Decrease in net assets attributable to Unitholders from investment activity</b>	(55,213,217)	(2,257,628)
Net loss on investment in Carbon Neutral Real Estate LP	55,213,217	2,257,628
Net interest income	(688)	(11)
Finance costs – income distributions paid to Unitholders	5,157,446	5,281,270
Finance costs – income distributions payable to Unitholders	1,703,194	1,790,189
	<u>6,859,952</u>	<u>7,071,448</u>
<b>Working capital movements:</b>		
– decrease in debtors	89,037	226,822
– (decrease)/increase in creditors	(9,234)	15,451
<b>Net cash inflow from operating activities</b>	<u>6,939,755</u>	<u>7,313,721</u>

## 17. RELATED PARTY TRANSACTIONS

Other than set out in Note 7, no contract of significance existed at any time during the year in which a director or key manager was materially interested or which required disclosure as a related party transactions as defined under Section 33 of FRS 102.

## 18. UNITS IN ISSUE

	2023	2022
<b>Opening number of units as at 1 April</b>	<b>118,650,303</b>	<b>121,992,243</b>
Number of units redeemed during year	-	(3,341,940)
<b>Closing number of units as at 31 March</b>	<b>118,650,303</b>	<b>118,650,303</b>

## 19. POST BALANCE SHEET EVENTS

The Trust has received a further redemption request on 14 June 2023 of 6,901.996 units (equating to c.£75m based on 31 May pricing). On standard settlement terms, the redemption would be priced as at 31 March 2024 and paid in April 2024. The directors of the Manager of the Trust have considered the impacts of this potential redemption request on the ongoing business of the Trust and are satisfied that the Trust has adequate resources to continue in operational existence for at least twelve months from signing of the financial statements and accordingly, the Trust continues to adopt the going concern basis in preparing the financial statements.

## Additional Information (unaudited)

### Regulatory Disclosure

#### AIFMD Remuneration Disclosures

This disclosure is made in respect of the Group's Remuneration Policy as it applies to Threadneedle Investment (Channel Islands) Limited ("the Manager") in respect of the Alternative Investment Fund Managers Directive ("AIFMD") and other applicable rules and guidance.

The Remuneration Policy applies to all of the Company's subsidiary entities, to which the AIFMD requirements apply, and was last approved by the Remuneration Committee in June 2022.

#### 1. The Remuneration Committee

The Remuneration Committee of the UK HoldCo ("the Committee") is a sub-committee of the UK HoldCo Board with the responsibility to establish the philosophy and objectives that will govern the Group's compensation and benefit programmes; review and approve compensation and benefit plans, policies, and practices; and oversee and approve the Group's remuneration. It has been determined to be independent of the day-to-day executive management of the Group, its Members being Directors of the Group who are nominated by Ameriprise Financial, the Group's parent company.

Current Committee Members are Mr Walter Berman and Mr William Turner. Meetings are normally held in January, March, June, September and December. The Global Head of Reward acts as Secretary to the Committee. The Committee may invite the attendance of any Group employee or functional expert from the parent company as deemed appropriate, to allow it to fulfil its responsibilities including ensuring remuneration is consistent with effective risk management and does not encourage excessive risk taking.

#### 2. Determining Incentive Remuneration Pools

The Manager made its annual Total Incentive Award decisions from separate pools covering the Real Estate business and Support functions, ultimately aggregated for governance and oversight at the EMEA regional level. Those pools are determined at the final discretion of the Remuneration Committee.

For Real Estate, the pool is determined with reference to four un-weighted factors being a 'Top-Down' assessment of market practice, legal and regulatory requirements and any other internal or external contextual factors; a 'Bottom-Up' calculation based on business performance against Plan and Target Incentive level for the firm (see 'Pay for Performance' below); the overall financial and strategic performance of the Group; and the financial and strategic performance of Ameriprise Financial as the Group's parent company and shareholder.

For senior management and support functions, the pool is funded based on business performance metrics and an overall assessment of corporate performance. Individual awards from the pool are discretionary (see 'Pay for Performance' below).

The Committee also receives ongoing reports through the year from the Risk function regarding risk assessments and any themes or areas of note related to risk control or risk-related behavioural concerns.

The Committee takes all of these factors into account in order to make a balanced decision on the Total Incentive pool for the year in question.

#### 3. Determining Individual Total Incentive Awards

Individual reward decisions are wholly discretionary, although strongly informed by the annual performance appraisal and by known market remuneration levels for equivalent jobs as well as by the pool funding available. Risk and Compliance provide a critical input to final performance rating setting, ensuring that any risk and relevant behavioural concerns are reflected in performance appraisals and subsequently in remuneration recommendations. The Heads of Risk and Compliance also report directly to the final Remuneration Committee of the award process to ensure that the Committee receives a direct report on which to base its final risk adjustment decisions.

Base salaries are maintained at a market-competitive level in order to ensure that, if required, it is possible to award zero incentive.

#### *Pay for Performance*

The bottom-up element of the incentive pool determination process measures team and wider business performance against key business targets for each area of the Group, including longer-term investment performance for the Real Estate division. Investment performance is assessed against each fund's benchmarks and its risk profile. All such assessments' impacts on the bottom-up calculation are capped so as not to incentivise managers to take excessive risk in order to deliver higher incentive pools. While the Group and parent company financial and strategic results are important factors in pool determination, the model is set up to ensure that delivery of the business' core goals, including delivering investment performance to its customers, is an explicit and significant driver in pool determination for those divisions.

For senior management and support staff, an explicit, role-based incentive target is set as a percentage of base salary, that target being subject to leverage on delivery based on the performance of Ameriprise Financial overall as well as the holistic performance of the relevant business unit, and individual performance.

Individual discretionary awards from the available funding, in context of market-competitive reward levels for the job in question, are driven strongly by each individual's ratings against Goals (objectives) and the Group's Values, each of which is separately rated on a 5-point scale to ensure the Values assessment is given due prominence. Goals focus on the key deliverables for the role that year, in particular on the delivery of investment performance for the Real Estate division: all employees are also managed against a mandatory Risk Management Goal. Investment performance, where relevant to the role, is assessed against each fund's benchmark and its risk profile.

Ratings are consistency-checked across the business with the input of the Heads of Risk and Compliance to ensure balance and due reflection of risk management. For Real



## Additional Information (unaudited)

(continued)

Estate incentives, there is no pre-determined grid or formula driving awards, which are discretionary in order to be able to account for and reflect all relevant factors.

### *Delivery of Total Incentives*

Threadneedle believes that deferred awards for higher earners are a matter of good practice and an important part of aligning key staff's interests with the long-term interests of customers and shareholders. To that end, Total Incentive awards for all employees in the Group may be delivered partly in deferred awards through the Ameriprise Financial Long-Term Incentive Award ("LTIA") programme and, for those in the Investments division, through a fund deferral programme.

Staff qualifying as Code Staff/Identified employees and those of a comparable level of seniority are subject to a higher rate of deferral. 50% of the overall incentive award is delivered in fund-linked units subject to a holding period after delivery. The fund linked units are designed to reflect the performance of a cross section of products and asset classes within the region.

#### **4. Identified Staff**

The Manager defines its Code Staff/Identified Staff in line with the definitions provided by SYSC 19B and associated guidance. Those Identified Staff are the senior management, risk takers, control functions and other employees whose total remuneration takes them in to the same bracket as senior management and risk takers, whose professional activities have a material impact on the risk profiles of the Manager or of the funds it manages. In practice, that includes the named Fund Managers of the Manager's funds.

#### **5. Remuneration Payment Disclosure**

The AIFM's performance periods for remuneration operate on a calendar year basis.

Total Remuneration paid by the Group to 8 AIFM Remuneration Code Staff Senior Managers in respect of the AIFM's activities in the 2022 performance year was £0.51m, of which £0.33m was fixed and £0.18m was variable. Total Remuneration paid to other members of AIFM Remuneration Code Staff whose actions had a material impact on the risk profile of the AIFM in respect of AIFM activities was £0.57m, of which £0.15m was fixed and £0.42m was variable.

## Management and Administration of the Trust

### Manager

(regulated by the Jersey Financial Services Commission)  
Threadneedle Investments (Channel Islands) Limited  
IFC 1  
The Esplanade  
St Helier  
Jersey  
JE1 4BP

### Board of the Manager

#### Chair

N Sullivan LLB (Hons)

R Prosser BSc FCA Resigned 30 April 2022

K Mundy ACIS

I Robins MRICS

P Le Marquand BSc (Hons) MRICS

S Lauder ACMA CGMA

G Vullo MRICS

### Trustee

(regulated by the Jersey Financial Services Commission)  
BNP Paribas Depository Services Limited  
IFC 1  
The Esplanade  
St Helier  
Jersey  
JE1 4BP

### Administrator/Registrars

(regulated by the Jersey Financial Services Commission)  
BNP Paribas S.A., Jersey Branch  
IFC 1  
The Esplanade  
St Helier  
Jersey  
JE1 4BP

### Jersey Legal Advisors

Mourant  
22 Grenville Street  
St Helier  
Jersey  
JE4 8PX

### UK Legal Advisors

Hogan Lovells International LLP  
Atlantic House  
50 Holborn Viaduct  
London  
EC1A 2FG

### Independent Auditors

PricewaterhouseCoopers LLP  
7 More London Riverside  
London  
SE1 2RT

### Bankers (Capital)

(regulated by the Jersey Financial Services Commission)  
BNP Paribas S.A., Jersey Branch  
IFC 1  
The Esplanade  
St Helier  
Jersey  
JE1 4BP

### Bankers (Income)

Lloyds Bank plc  
City Office  
Gillingham  
Kent  
ME8 0LS

### Depository

BNP Paribas Trust Corporation UK Limited  
10 Harewood Avenue  
London  
NW1 6AA

To find out more visit [columbiathreadneedle.com](http://columbiathreadneedle.com)

#### **Important Information**

This document is not an offer to invest in the Threadneedle Carbon Neutral RE Trust (the "Trust"). An investment in the Trust can only be made on the basis of the Private Placement Memorandum which sets out more detailed information about the Trust, including risk factors and tax considerations for potential investors. Nothing in this document should be taken as a recommendation to acquire an interest in the Trust.

The information and opinions contained in this document are for background purposes only and do not purport to be full or complete. The research and analysis included in this document has been produced by Threadneedle for its own investment management activities, may have been acted upon prior to publication and is made available here incidentally. In some instances the information contained in this publication, other than statements of fact, was obtained from external sources believed to be reliable but its accuracy or completeness cannot be guaranteed. Any opinions expressed are made as at the date of publication but are subject to change without notice.

Investment in the Trust carries substantial risk. There can be no assurance that the Trust's investment objective will be achieved. The value of the Trust's investments and the income derived from those investments is not fixed and may fall as well as rise. There can be no guarantee that any appreciation in the value of the Trust's investments will occur. Exchange rate movements may also affect the value of an investment.

Past performance is not a guide to future returns. The value of property is a matter of a valuer's opinion and the true value may not be recognised until the property is sold. The performance of the Trust would be adversely affected by a downturn in the Property market.

Distribution of this document and the offering of interests in the Trust in certain jurisdictions may be restricted. Persons into whose possession this document comes are required to inform themselves about and to observe any such restrictions.

Threadneedle Carbon Neutral RE Trust has its offices at IFC 1, The Esplanade, St Helier, Jersey JE1 4BP and is a collective investment scheme in Jersey and regulated by the Jersey Financial Services Commission, but is an unregulated collective investment scheme in the UK. As such, the Trust may not be offered or sold in the UK except as permitted by the Financial Services and Markets Act 2000 and the regulations/FCA Rules made under it. This document may not be communicated to any person in the UK except in circumstances permitted by the Act or those regulations/rules. Investors are advised that the protections afforded by the UK regulatory system may not apply to an investment in the Trust and compensation will not be available under the UK Financial Services Compensation Scheme.

Threadneedle Investments (Channel Islands) Limited is the Manager of the Trust which is a Jersey Unclassified Expert Fund, a feeder into the Fund. Both have their Registered Office at IFC 1, The Esplanade, St Helier, Jersey JE1 4BP and both are regulated by the Jersey Financial Services Commission.