

Supplementary Responsible Investment Information

Article 10 – SFDR Website Disclosure

THREADNEEDLE PROPERTY UNIT TRUST

September 2024¹

Summary

The disclosures set out below relate to the Sustainable Financial Disclosure Regulation (“**SFDR**”), a European regulation that applies to alternative investment fund managers and the alternative investment funds (“**AIF**”) that they manage and/or market into the EU in accordance with the Alternative Investment Fund Managers Directive. Threadneedle Property Unit Trust (the “**Fund**”) is not an EU-AIF and to the extent that it is not marketed into the EU, it does not fall within the scope of the SFDR. However, the Fund is the underlying master fund to the Threadneedle Property Unit Trust Luxembourg Feeder SA SICAV-SIF (“**TPUT Feeder**”) which was established for the sole purpose of allowing investors to invest indirectly in the Fund. The TPUT Feeder falls within the scope of the SFDR as it is domiciled in Luxembourg and is therefore an EU AIF. As a result of the structure between the Fund and TPUT Feeder, and in order to facilitate any future marketing into the EU, Threadneedle Portfolio Services Limited as the investment advisor (the “**Investment Advisor**”) has sought to align the Fund with certain best practices and key aspects of the SFDR. The Fund has therefore made certain website disclosures regarding its investment strategy, methodology and the promotion of certain environmental characteristics, in compliance with Article 10 of the SFDR.

The Fund promotes Environmental Characteristics (defined in the “Environmental or social characteristics of the financial product” section below), but does not have as its objective sustainable investment. The Environmental Characteristics of the Fund have been selected by the Investment Advisor for the purpose of achieving Net Zero operational carbon emissions from the Fund’s property portfolio by 2040 or sooner. In accordance with the Fund’s Responsible Investment Approach, the Investment Advisor has adopted the systematic and explicit inclusion of specific Environmental Characteristics into the investment decision-making process. The Investment Advisor typically operates a cash liquidity corridor between 3-10% and therefore the Fund is typically invested 90-97% in property assets, 100% of which contribute to attaining the Fund’s Environmental Characteristics. A reference benchmark has not been designated for the purpose of attaining the Environmental Characteristics promoted by the Fund.

The Investment Advisor uses the following sustainability key performance indicators (the “**Sustainability Indicators**”) to measure the attainment of the Environmental Characteristics that the Fund promotes:

- Environmental Performance Certificates (EPCs);
- Energy consumption / intensity; and
- GHG emissions / carbon footprint.

The Investment Advisor uses its own internal processes, and those of its environmental consultant, to calculate the investments’ performance against the Sustainability Indicators (which is reported annually). These figures are determined on a best estimates basis where actual data is unavailable (for example in the case of data being controlled by occupiers). Data relating to the Sustainability Indicators is sourced from a number of resources, as applicable to the nature of the data. While estimation can lead to a risk of inaccuracy, the Investment Advisor employs best practices in relation to the recording of its Sustainability Indicators.

The Fund’s investment strategy seeks to deliver the Environmental Characteristics through active asset management. As such, the Investment Advisor will assess each asset individually to determine where there is potential to achieve the Environmental Characteristics, rather than selecting investments that already demonstrate these at the pre-investment stage. When assessing any new property investment on behalf of the Fund, the Investment Advisor’s standard due diligence protocol requires all buildings to be comprehensively surveyed from a structural, mechanical and environmental perspective prior to purchase.

The Fund’s investment strategy is focused on delivering improvements to the environmental performance potential and reduction of the energy use and carbon intensity of its assets. To deliver these outcomes, the Investment Advisor adopts a longstanding consistent investment approach. Specifically, its active management bias, enshrined within its Responsible Investment Policy Statement and Refurbishment Guide (both of which are available on request), seeks to deliver positive

environmental outcomes alongside financial performance, while its traditional focus on smaller lot sizes ensures a high degree of asset diversification which achieves these outcomes throughout the United Kingdom. The Responsible Investment Policy and the Refreshment Guide commit to best practice in the following core areas across real estate operations:

- **Property Investment** – When assessing any new property investment, the Investment Advisor’s standard due diligence protocol requires all buildings to be comprehensively surveyed from a structural, mechanical and environmental perspective prior to purchase. Consideration is given to a wide range of factors including energy performance (energy or sustainability audits) / minimum energy standards, environmental risks / impact (including flood risk), and areas for potential improvement in terms of sustainability performance. The contents of each report inform the financial modelling undertaken on the property (as appropriate) and form part of the property risk matrix which is handed over to the property management team on completion of each acquisition.
- **Asset Management** – When developing and implementing building specific asset management strategies, the Investment Advisor’s activities should promote environmental, sustainability and health and wellbeing best practices, and energy, water and waste efficiencies. As the Fund invests into real estate assets rather than investee companies, engagement is not directly applicable and therefore does not form part of the Fund’s formal investment strategy. However, building strategies should encourage both occupier engagement and community engagement opportunities, where appropriate, and introduce data sharing and co-operation clauses into new leases, to enable the monitoring of operational energy, water and waste consumption, again where appropriate. Consideration must be given to the cost and timing of undertaking any physical improvements to buildings at lease events, where financially viable to do so.
- **Refurbishment** – The Investment Advisor’s Refurbishment Guide promotes the use of high sustainability standards within any new refurbishment, subject to balancing the specification of works against the return on capital invested. The Refurbishment Guide is provided to project managers and contractors as part of a project brief to minimise environmental and social impacts on site and to maximise the creation of economic opportunities in the local community, where applicable. All construction projects incorporate a set of minimum requirements relating to environmental management, building quality and flexibility, health and well-being, energy efficiency, transport, water, building materials, waste management, ecology and pollution. In addition, all major projects should incorporate the additional requirements set out in the Refurbishment Guide, as long as it is economically viable to do so.
- **Property Management** – The Investment Advisor supports its external managing agents in delivering against property manager key performance indicators which include carbon emissions reductions, energy and water usage improvement, prevention of pollution and/or minimisation of waste. These KPIs are used to actively manage and continually improve the environmental impact of buildings, whilst maintaining tenant satisfaction.
- **Health and Safety, Risk and Governance** – The Investment Advisor ensures health and safety risks for all properties are correctly identified and managed. In order to meet the Fund’s responsibilities and protect the wider community, inspections are conducted regularly and oversight is ensured through monthly reporting, meetings with the agents and independent annual audits. The Investment Advisor manages compliance with the Corporate Responsibility policy (which addresses diversity, inclusion and the Modern Slavery Act), and the Anti-Bribery and Corruption policy. In addition, to identify and monitor climate change risks, the Investment Advisor works with insurers to obtain enhanced flood data on every asset and obtaining a flood risk rating, which is reviewed on an annual basis in order to monitor any change.



No sustainable investment objective

The Fund promotes Environmental Characteristics (as defined in the section below), but does not have as its objective sustainable investment.



Environmental or social characteristics of the financial product

The Fund promotes Environmental Characteristics through asset selection and active asset management in order to support the creation of sustainable property assets that are environmentally optimised. In particular, the Fund has and will continue to:

- improve the environmental performance potential of its property assets, and
- lower the energy use and carbon intensity of its property assets,

in order to achieve Net Zero operational carbon emissions from its property portfolio by 2040 or sooner (the “**Environmental Characteristics**”).

In order to deliver these Environmental Characteristics, the Investment Advisor adheres to the Investment Advisor’s Responsible Investment Policy Statement and Refurbishment Guide. This ensures that the relevant assets are transitioned during the property hold period. In accordance with the Fund’s Responsible Investment Approach, the Investment Advisor has adopted the systematic and explicit inclusion of specific Environmental Characteristics into the investment decision-making process. The Investment Advisor also uses the following Sustainability Indicators to measure the attainment of the Environmental Characteristics that the Fund promotes:

- Environmental Performance Certificates (EPCs);
- Energy consumption / intensity; and
- GHG emissions / carbon footprint.

The Investment Advisor has and will continue to consider the principle adverse impact (“**PAIs**”) on sustainability factors throughout the lifecycle of the Fund’s investments. Both mandatory and voluntary PAIs applicable to investments in real estate assets are considered by the Investment Advisor by linking them to the Fund’s Sustainability Indicators, as detailed in the table below.

PAI	Sustainability Indicators
Exposure to energy inefficient real estate assets	Linked to Environmental Performance Certificates (EPCs) and energy consumption / intensity Sustainability Indicators
Greenhouse gas emissions	Linked to GHG emissions / carbon footprint Sustainability Indicator
Energy consumption intensity	Linked to the energy consumption / intensity Sustainability Indicator

The Investment Advisor takes into account the PAI on exposure to fossil fuels through real estate assets as part of its pre-investment due diligence and ongoing monitoring of assets held in the Fund.

Further information regarding how the Investment Advisor considers the principal adverse impacts on sustainability factors will be available in the Fund's annual report.

A reference benchmark has not been designated for the purpose of attaining the Environmental Characteristics promoted by the Fund.



Investment strategy

The Investment Advisor will adopt an investment strategy which includes achievement of positive environmental outcomes that are consistent with the Environmental Characteristics that the Fund promotes. This is in accordance with the Investment Advisor's Responsible Investment Approach.

With regard to the Environmental Characteristics, outcomes are measured with reference to climate impact. Therefore, the Fund's investment strategy is focused on delivering improvements to the environmental performance potential and reduction of the energy use and carbon intensity of its assets. To deliver these outcomes, the Investment Advisor adopts a longstanding consistent investment approach. Specifically, its active management bias, seeks to deliver positive environmental outcomes alongside financial performance, while its traditional focus on smaller lot sizes ensures a high degree of asset diversification which achieves these outcomes throughout the United Kingdom.

While social outcomes form part of the Responsible Investment Approach and Refurbishment Guide, they are a secondary consideration to the investment decision making process of the Fund. Instead, the Fund seeks to deliver positive social outcomes, measured with reference to the qualitative impact of investment, refurbishment and property management initiatives as part of the active asset management phase. The Fund aims to record the social value of these initiatives at asset level.

As the Fund invests into real estate assets, the assessment of good governance practices in relation to investee companies is not directly applicable.



Proportion of investments

The Fund promotes Environmental Characteristics, but will not make any sustainable investments.

The Investment Advisor typically operates a cash liquidity corridor between 3% and 10% and therefore the Fund is typically invested 90% and 97% directly in property assets, 100% of which contribute to attaining the Fund's Environmental Characteristics.



Monitoring of environmental or social characteristics

The Investment Advisor uses certain Sustainability Indicators (as defined above) to measure the attainment of the Environmental Characteristics that the Fund promotes.

While not a formal indicator, the Fund has participated in Global Real Estate Sustainability Benchmark (GRESB) on an annual basis since 2011. GRESB's annual Real Estate Assessment assesses scores and ranks each fund against a comprehensive set of criteria, including environmental, social and governance criteria in comparison to other funds and assets in the peer group and the wider GRESB Real Estate universe. The GRESB assessment covers the key ESG considerations relative to the real estate industry and is well aligned to the principal adverse sustainability impacts under the SFDR.

The Sustainability Indicators will be applied and monitored at a whole building level irrespective of the specific circumstances surrounding operational control at individual property assets. The Investment Advisor monitors portfolio distribution to different energy performance certificate ratings at demise level and by floor area and rental value.



Methodologies

As set out in the section above, the Investment Advisor uses the Sustainability Indicators to measure the attainment of the Environmental Characteristics.



Data sources and processing

<p>Environmental Performance Certificates (EPCs)</p>	<p>EPCs record the theoretical energy efficiency potential of a building or unit (demise). They are produced by appropriately qualified professionals using recognised standard software, and the certificates are lodged on a public database. EPC assessors have to adopt appropriate default values where actual building component efficiency characteristics are unknown (e.g. insulation). The degree to which default values are adopted by third-party assessors is very difficult to determine particularly given the intricacies and complexities of individual buildings and for this reason is not routinely disclosed. The Investment Advisor also considers the degree of estimation relating to the extent of coverage i.e. the presence of actual certification across all units (demises). Typically, the number of units that do not have certification is very small given the long-standing legal obligations to provide such documentation in order to transact.</p>
<p>Energy consumption / intensity and GHG emissions / carbon footprint</p>	<p>Data sources used to attain the characteristics promoted by the Fund include both internal (asset managers) and external third-party sources (utility providers, property managers, environmental consultants, external data collection portals, and tenants).</p> <p>The Investment Advisor will implement appropriate risk-based procedures to reasonably ensure continued alignment where feasible with each characteristic, while also acknowledging any dependencies between the Fund and the external third-party sources (utility providers, property managers, environmental consultants, external data collection portals, and tenants) in regard to regular access to accurate information and data.</p> <p>To the extent feasible, the data will be processed using a preferred external software platform and/or internal data housing solutions. Where available and possible, the Investment Advisor will use actual data sources; however, where actual data sources may not be available due to any limitations (see section “Limitations to methodologies and data”) the Investment Advisor will apply reasonable estimation methodologies. The Fund discloses the proportion of data that is estimated for each reference period in its annual report.</p>

	<p>The Investment Advisor will, where possible, seek to improve data and disclosure provision in relation to the Fund, by regularly reviewing the performance of each characteristic and indicators.</p>
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Limitations to methodologies and data

<p>Environmental Performance Certificates (EPCs)</p>	<p>There are no limitations to the EPC itself given industry-wide acceptance of the use of default values where actual underlying technical information is not available. However, procurement of the EPC can be challenging given demands linked to regulatory compliance dates and market capacity of qualified assessors to deliver to such timescales. The Investment Advisor has developed good relationships with EPC providers to better protect itself from market/supplier constraints. For reasons provided in the description above, it is difficult to predict an actual rating, but where certification is not in place, the Investment Advisor will typically adopt proxy assumption based on property type and characteristics or adopt worst case scenarios. The presence of a proxy estimated ratings presents no material limitation given the Fund's ambition to drive optimum efficiency improvements in the longer-term and to provide actual certification to validate that position once achieved.</p>
<p>Energy consumption / intensity and GHG emissions / carbon footprint</p>	<p>The Investment Advisor aims to measure and reassess the characteristics for each investment on at least an annual basis, using information obtained from internal sources and data from external third-party sources including, but not limited to, utility providers, property managers, environmental consultants, external data collection portals, and tenants. During operational management, the Investment Advisor may not be able to extract exact updated information on an annual basis from external third-party sources for the entire portfolio, owing to limited control over property managers, tenants and other parties in relation to real estate assets and portfolio companies. The Investment Advisor expects that some common limitations seen in commercial real estate will impact the data quality and information access during each investment's term. Such limitations include, but are not limited to, utility industry data lags, i.e., such as delays to landlord, tenant or portfolio company access to actual utility data from source providers and data access limitations during periods of asset redevelopment.</p> <p>Despite these limitations, the Investment Advisor will take reasonable steps to mitigate the risk of these limitations hindering the Fund's ability to meet its promoted characteristics – these include (as appropriate), assessing external third-party sources data availability, quality and methodologies, comparing data points between third parties or against its own internal analysis and using appropriate estimations to manage data gaps.</p>



Due diligence

The Fund's investment strategy seeks to deliver the Environmental Characteristics through active asset management. As such, the Investment Advisor will assess each potential investment individually to determine where there is potential to achieve the Environmental Characteristics, rather than selecting investments that already demonstrate these at the pre-investment stage.

Performance will therefore be measured by improvement against the Sustainability Indicators referred to above, and which are reported annually.

Notwithstanding the above, with specific regard to Property Investment, when assessing any new property investment on behalf of the Fund, the Investment Advisor's standard due diligence protocol requires all buildings to be comprehensively surveyed from a structural, mechanical and environmental perspective prior to purchase. Consideration is given to a wide range of factors including:

- energy performance (energy or sustainability audits) and minimum energy standards;
- environmental risks (including flood risk); and
- areas for potential improvement in terms of sustainability performance.

The contents of each report inform the financial modelling undertaken on the property (as appropriate) and form part of the property risk matrix which is handed over to the property management team on completion of each acquisition.



Engagement policies

As the Fund invests into real estate assets rather than investee companies, engagement is not directly applicable and therefore does not form part of the Fund's formal investment strategy.

However, when developing and implementing building specific asset management strategies, the Investment Advisor ensures its activities will promote environmental, sustainability and health and wellbeing best practices, and energy, water and waste efficiencies. Building strategies should encourage both occupier engagement and community engagement opportunities, where appropriate, and introduce data sharing and co-operation clauses into new leases, to enable the monitoring of operational energy, water and waste consumption, again where appropriate.



Designated reference benchmark

No reference benchmark has been designated for the purpose of meeting the environmental or social characteristics promoted by the financial product.



Important Information. Information is provided in reference to Sustainable Finance Disclosure Regulation (Regulation (EU) 2019/2088) and may be subject to change, following new or updated Regulatory guidance or other changes. Please refer to the current fund prospectus or Investment management agreement for further details and all risks applicable to investing. The information provided in this document may not be reproduced in any form or passed on to any third party without the express written permission of Columbia Threadneedle Investments. This material should not be considered as an offer, solicitation, advice or an investment recommendation. This communication is valid at the date of publication and may be subject to change without notice.

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