



UK Real Estate

A clear and consistent approach,
whatever the outlook



**COLUMBIA
THREADNEEDLE**
INVESTMENTS

FOR PROFESSIONAL INVESTORS ONLY

Your success. Our priority.

About Columbia Threadneedle Investments

Millions of people rely on Columbia Threadneedle Investments to manage their money, including individual investors, financial advisers and wealth managers.

Our reach is expansive, with more than 450 investment professionals around the world, a robust Responsible Investment framework and an independent oversight team.

Your success is our priority.

The UK Real Estate Marketplace

Whether included within growth or matching portfolios, UK real estate offers the potential for tangible, strong and lowly-correlated returns derived principally from asset-backed rental income.

The benefits of investing

UK real estate remains an attractive asset class for investors, currently providing a gross annual yield of c5%, reflecting a historically high illiquidity premium over UK gilts.¹ Returns from the asset class are traditionally dominated by income, which in a 'lower-for-longer' interest rate environment presents an appealing investment proposition.

Current market dynamics present opportunities for active managers. While changing spending patterns adversely affect our high streets, industrial, office and other non-retail sectors remain in good health, with low vacancy rates, modest development activity, resilient take-up and ongoing rental value growth. These sectors make up c70% of the total UK commercial property market and offer ample opportunity for outperformance.²

However, driving value from such a dynamic asset class requires an active approach. Stock selection, combined with rigorous asset management, remains the key to long-term outperformance. Portfolios should also ensure income is sustainable, exposure to sectors and geographies appropriate, and liquidity is suitable for the investor demographic.

Asset allocators should also be mindful that UK real estate offers the potential for tangible, strong and lowly-correlated returns derived principally from asset-backed rental income.

Reasons to invest in UK real estate

1. Attractive relative yield over UK gilts
2. Supportive macroeconomic environment
3. Strong long-term performance and low correlation with other asset classes

¹Source: MSCI UK Monthly Property Index, gross income yield was 4.9%, as at 31 December 2020.

²Source: MSCI UK Monthly Property Index, as at 31 December 2020.

Why Columbia Threadneedle Investments for UK Real Estate

Columbia Threadneedle Investments is a significant and experienced manager of UK commercial real estate, investing across the full risk/return spectrum of the market and delivering strong, consistent returns for clients.

ESTABLISHED IN
1994



£7.5bn
AUM



MANAGING
c37%
OF THE MARKET*



70+
PROPERTY EXPERTS



£1.3bn
AVERAGE 3-YEAR
INVESTMENT TURNOVER**



Source: Columbia Threadneedle Investments, as at 31 December 2020.

*By number of properties, as measured by the MSCI UK Monthly Property Index, as at 31 December 2020.

**By sales and purchases across the UK real estate strategy range.

Built for success

In uncertain times, a team of investment professionals who have weathered all seasons together comes into its own. With a leadership team that has over 20 years' experience, our UK Real Estate team includes dedicated investment, asset management, property management oversight and risk / governance experts working closely together to maximize performance from our portfolios.

Our UK Real Estate team is active in all market conditions across the full risk/return spectrum. This gives us visibility on the whole market, with a network of advisers covering all disciplines and locations providing a unique insight into occupational demand patterns, enabling us to track rental trends and identify value.

Long-term returns from real estate are traditionally dominated by income. Our approach has been built on buying assets that offer high, sustainable income yields, and actively asset managing those properties to maintain and grow rental income.



“Our team is tried and tested through multiple market cycles”



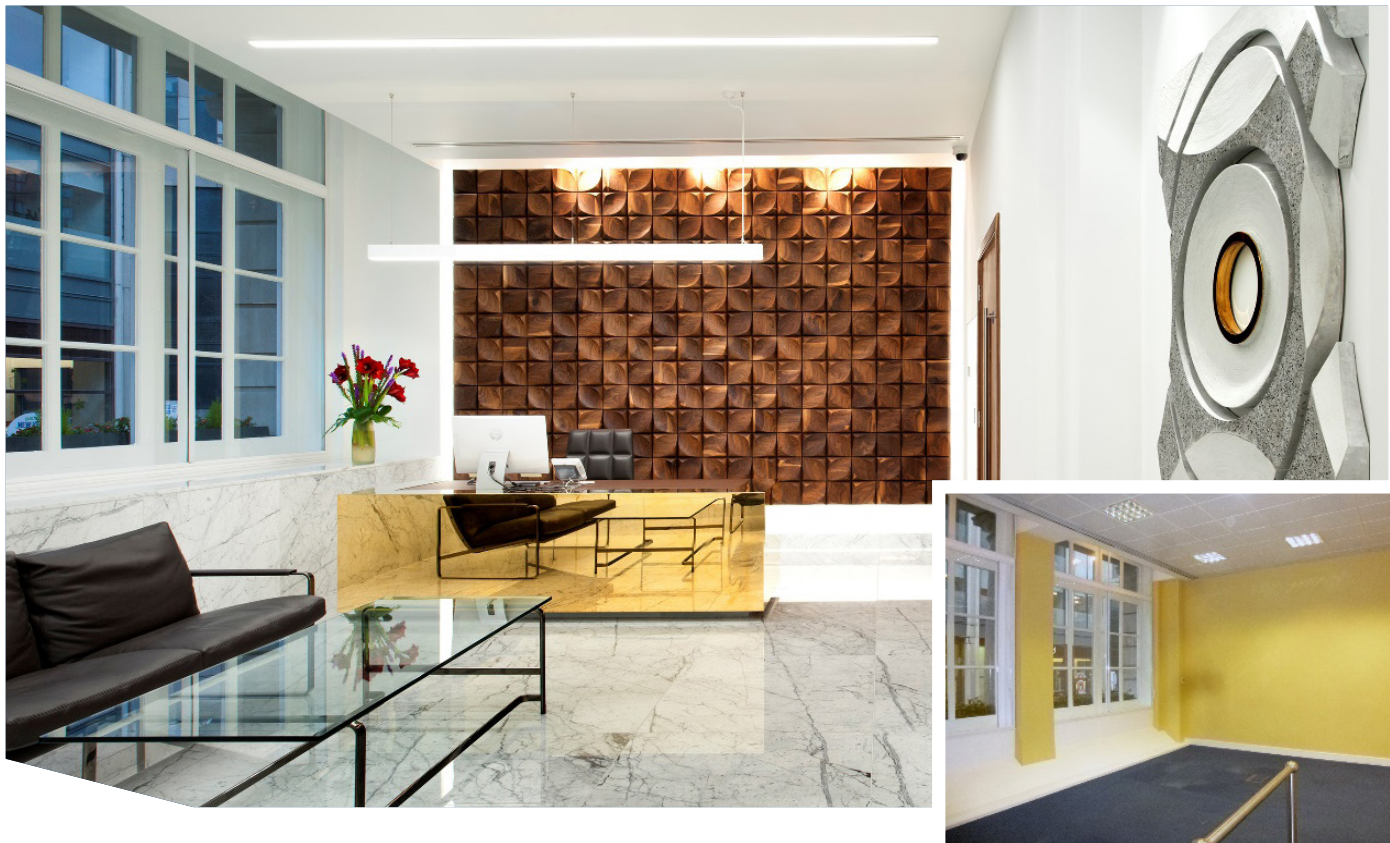
– JOSEPH VULLO
Head of UK Real Estate



WINNER

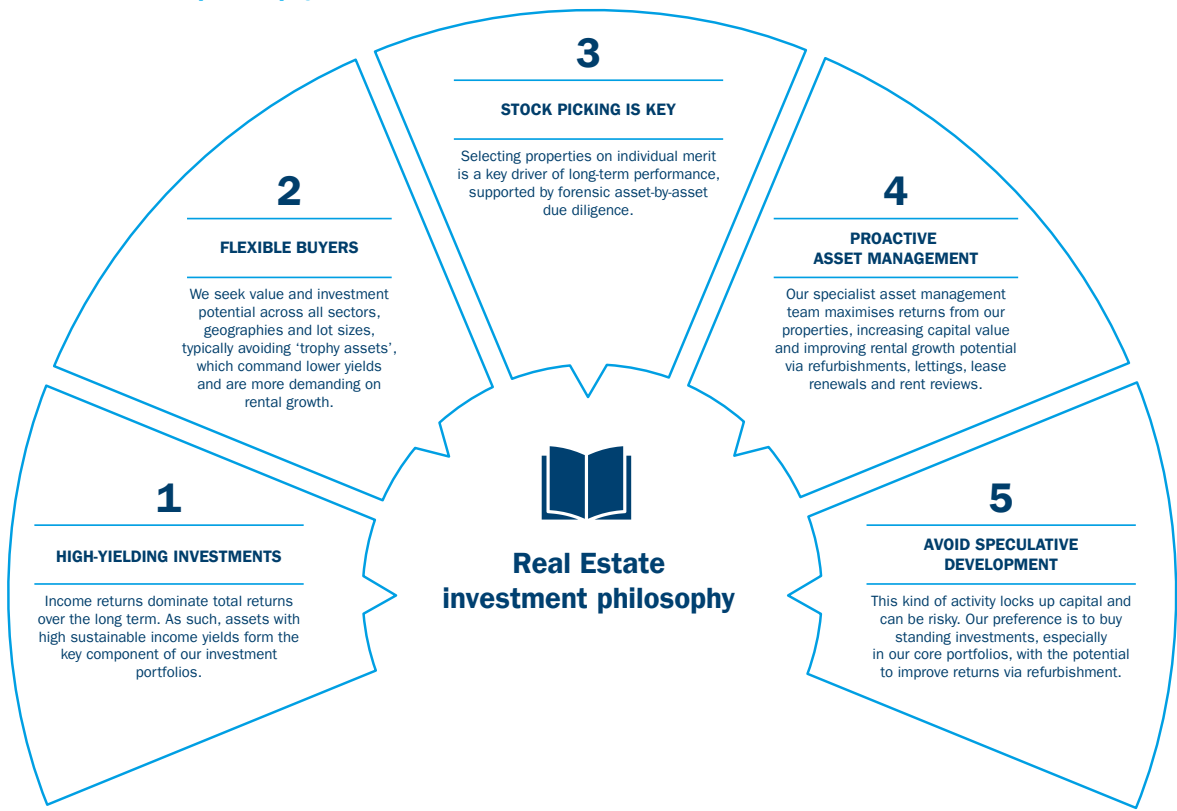
UK Core Property Manager
of the Year

Columbia Threadneedle Investments



Completed refurbishment project ('before and after'), Threadneedle Property Unit Trust, London EC3

At the heart of our capability is a clear and consistent investment philosophy



Our capabilities have evolved to meet our clients' needs

Our visibility of, and access to, properties across the whole UK market allows us to offer an extensive range of real estate solutions, working with clients to meet their income, diversification and risk/return requirements.



1

Secure Income
asset-backed,
long lease
portfolio with
inflation protection



2

Diversified Balanced
our core institutional
and retail strategies –
TPEN Property, TPUT
and TUKPAIF*



3

Specialist
includes our unique
carbon neutral real
estate strategy



4

Opportunity-led
cyclical portfolios to
take advantage of
market or asset
mispricing

Strategic partnerships (bespoke portfolios driven by specific client requirements)

*TPEN – Threadneedle Pensions Property Fund; TPUT – Threadneedle Property Unit Trust; TUKPAIF – Threadneedle UK Property Authorised Investment Fund.



Managing real estate assets responsibly

Investing in real estate responsibly is complementary to our core objective of delivering strong, sustainable returns for our clients.

Key to our approach is an understanding of the environmental and social risks posed by real estate assets. We focus on mitigating those risks and seeking continuous improvement by assessing the environmental and social impacts throughout the lifecycle of our property assets. This approach is ingrained within the day-to-day activities of our business.

Our Environmental, Social Governance ('ESG') Working Group comprises representatives from across our UK Real Estate and Responsible Investment teams, drawing on expertise from the wider firm to continually improve our processes.

In recognition of our on-going ESG strategy implementation, we achieved a Principles for Responsible Investment 'A' rating in 2019, against an industry average of 'B'.*



* Source: PRI Assessment Report, 2019.



Completed planning project – Threadneedle Pension Fund, London SW13

We increased our participation in the Global Real Estate Sustainability Benchmark ('GRESB') in 2019, adding the Threadneedle UK Property Authorised Investment Fund and our third-party segregated mandates.

Our strategies are independently assessed against GRESB criteria and all our funds received green star ratings, with the Threadneedle Carbon Neutral Real Estate Fund* achieving the highest 5-star rating.

Our sustainability road map targets

- > **Energy management & reduction:** target a 10% reduction in energy use by 2024
- > **Green House Gas reduction:** target a 15% reduction in GHG use by 2024
- > **Energy procurement:** target 95% of directly managed property to have green energy tariffs by end 2021
- > **Waste management:** target 95% of directly managed property to have zero waste to landfill by end 2021
- > **Community:** identify opportunities to positively impact communities and stakeholders (eg, supporting and hosting charity groups, monitoring 'walkability' to properties)
- > **Tenant engagement:** undertake regular occupier engagement and satisfaction surveys

Source: GRESB 2019 Annual Report.

* The Fund changed its name to Threadneedle Carbon Neutral Real Estate Fund in May 2020. The fund was previously called Threadneedle Low Carbon Workplace Fund.

To find out more visit columbiathreadneedle.co.uk

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Threadneedle Pooled Pension Funds (TPEN) Property Fund: The Threadneedle Pooled Pension Funds Key Features Document (KFD) is available on the institutional site of www.columbiathreadneedle.co.uk. The KFD gives a summary of information about Threadneedle Pension Limited's pooled pensions in order to help you decide if you want to invest in funds, as well as a full list of risk factors applying to the funds.

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Threadneedle UK Property Authorised Investment Fund ("PAIF") is an open-ended investment company with variable capital incorporated in England and Wales, authorised by the Financial Conduct Authority. It is a "non-UCITS retail scheme" for the purposes of the Financial Conduct Authority's Collective Investment Scheme Sourcebook.

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Issued 02.21 | Valid to 02.22 | J30467 | 3456784