QUARTERLY INVESTOR REPORT

CARBON NEUTRAL REAL ESTATE FUND

31 MARCH 2021

Premier House, Twickenham

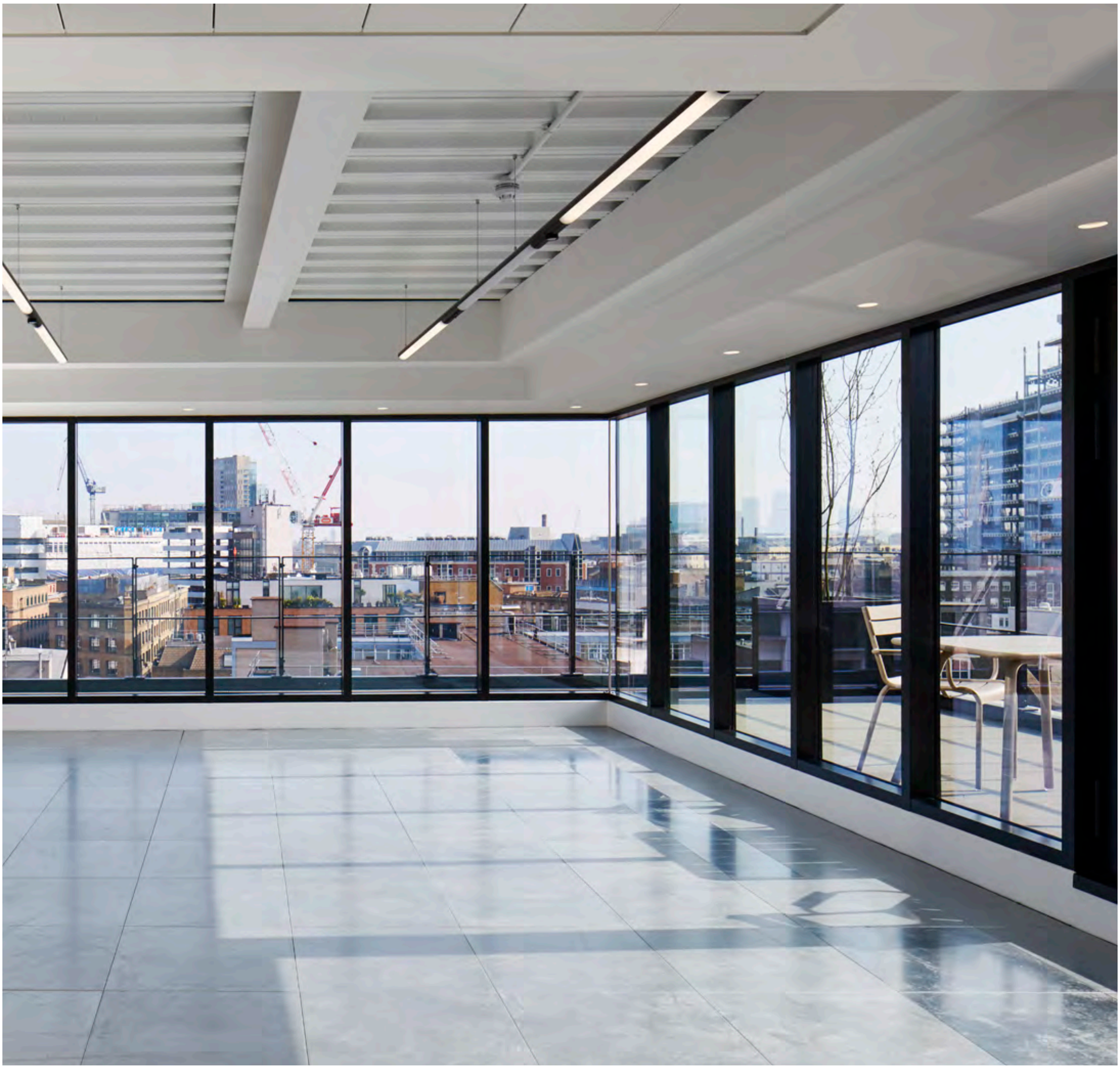
REAL ESTATE

QUARTERLY INVESTOR REPORT
CARBON NEUTRAL REAL ESTATE FUND

Contents:

INTRODUCTION AND KEY FACTS

Paul Street, London



Introduction

Carbon Neutral Real Estate LP (the "Partnership") is a Scottish Limited Partnership that invests via an English Limited Partnership (the "Limited Partnership") in real estate assets in the United Kingdom.

Threadneedle Carbon Neutral RE Trust (the "Trust"), a unit trust established in Jersey, invests in the Partnership. The Trust is an Alternative Investment Fund ("AIF") under the Alternative Investment Fund Managers Directive ("AIFMD"). The Trust is regulated by the Jersey Financial Services Commission and is treated as an unclassified fund for the purpose of the Collective Investment Funds (Jersey) Law 1998. The correspondence address for the Trust is that of its Manager, Threadneedle Investments (Channel Islands) Limited, IFC 1, The Esplanade, St Helier, Jersey, JE1 4BP.

The Partnership, Limited Partnership and Trust are together referred to in this report as the "Fund".

The Fund's investment objective is to compile a quality Investment Portfolio, comprising low carbon compliant real estate assets, primarily within the UK office sector. All of these assets will have been refurbished in whole or in part by the Fund, delivering high specification, low carbon workplaces to meet occupier demand across the UK in accordance with the investment policy and the investment restrictions set out in the Fund's Prospectus.

The Partnership was established in March 2010. The Manager of the Partnership is Threadneedle Portfolio Services Limited (the "Fund Manager"), an FCA authorised Alternative Investment Fund Manager. Other key advisory services are provided by Stanhope plc (the "Developer") and Carbon Trust Advisory Limited (the "Carbon Adviser").

The Fund Manager, Developer and Carbon Adviser are collectively referred to as the "Key Advisers".

The purpose of this report is to provide investors of the Trust and the Partnership with an overview of the activity and performance of their underlying property investments.

The Carbon Trust
Developing long term relationships

Background

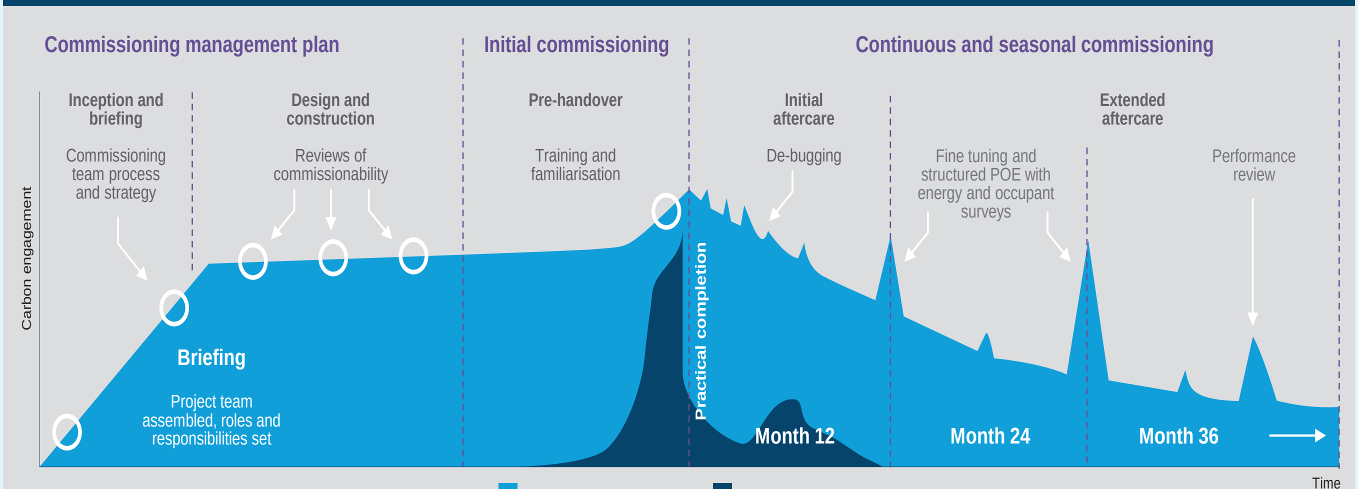
Founded in 2001, the Carbon Trust is an independent, expert partner of leading organisations around the world, helping them contribute to and benefit from a more sustainable future through carbon reductions, resource efficiency strategies and commercialising low carbon technologies.

The Carbon Trust helps reduce carbon emissions and increase resource efficiency through a range of specialist help, support and advice; they have over 220 experts from 30 different nationalities with offices across five continents.

Since 2001 the Carbon Trust has been trusted by 75% of FTSE 100 companies and over 3,000 public sector organisations. (Source: The Carbon Trust, 31 March 2021).

> "We ensure high levels of contact time throughout all phases, using a 'soft landings' philosophy to make real performance match design intent"
>
> **Source: The Carbon Trust**

Carbon Trust property life-cycle involvement



Source: The Carbon Trust

UK COMMERCIAL PROPERTY MARKET COMMENTARY

Kew Road, Richmond-Upon-Thames

UK Market Commentary

- The Covid-19 pandemic continues to impact on society and the wider global economy, as the UK entered its third national lockdown for the full duration of the Q1 2021.
- UK unemployment remains low at 5.0%, with the Job Retention Scheme continuing to support employees; however, the Office for Budget Responsibility has forecast an increase to 6.5% at the year end.
- Sentiment favouring a return to socio-economic normality has been boosted by the pace of the UK's vaccine rollout, alongside the Government roadmap for the easing of lockdown restrictions. Latest GDP figures give an early indication of a positive economic outlook for 2021: although GDP declined 3.0% m/m in January 2021, this is better than consensus expectations of a 4.9% fall and outperforms the 18.3% m/m contraction recorded during the first lockdown in April 2020.
- Forecasters seem increasingly hopeful GDP will regain its pre-pandemic level by early 2022, with the reopening of the economy well underway, supported by Government target to vaccinate all adults by the end of July.
- Total UK investment volumes stood at £7.5bn for Q1 2021, significantly below the five-yearly quarterly average of £14.2bn, ultimately a reflection of the impact of the third lockdown on investment activity. That being said, the total volume represents an improvement on the £5.0bn transacted during the first national lockdown, and investor sentiment / confidence remains robust.
- Total returns for UK commercial property remain positive, driven by a recovery in All Property capital values, reflecting the increased investor confidence. The UK property market (represented by the MSCI UK Monthly Property Index) generated a positive total return of 2.2% for Q1 2021, comprising income return of 1.4% and capital growth at 0.8%. The performance is largely driven by continued capital value growth in the industrial and logistics sector as a result of the on-going the global shift towards e-commerce and the impact on supply chains.
- Across sectors, valuation movements broadly reflected the perceived impact and resilience to the pandemic and the resultant acceleration of pre-existing trends. The industrial sector recorded capital value growth of 4.0% for Q1 2021, while offices and retail recorded capital value declines of -1.1% and -1.2% respectively. Whilst the acceleration of industrial capital growth is broadly expected, a salient point to note is the return to positive capital value growth in the retail warehousing sector of +0.4%, up from -0.6% the previous quarter, an indication of the rising popularity with investors who are increasingly viewing the sector as a segment of retail that is more defensive against e-commerce and better protected from the negative impacts of the pandemic.
- Capital value declines in the office sector reflect prevailing uncertainty in the occupational markets, as investors wait to see how the economy and its office workers emerge from lockdown prior to making investment decisions, with pricing cooling as a consequence of diminished investor appetite.
- Occupier activity across sectors remains subdued in light of the practical challenges of undertaking property inspections during lockdown and corporates delaying decision making until further clarify on the route out of restrictions is evident. In line with capital value trends, positive rental value growth was seen in the logistics sector (+1.0%) and more marginally in the office sector (+0.1%) offset by a decline in retail sector (-1.1%).
- The outlook for office activity in Q2 is positive with preliminary data and evidence from Q1 suggesting that the pause in decision making is showing signs of ending as the general improvement in the economic outlook continues. For example, London office take-up in Q1 2021 topped 1.6 million sq. ft, the highest total since Q1 2020.
- The 'All Property' Net Initial Yield at the end of March 2021 compressed to 4.9% from 5.0% at the previous quarter, reflecting the strong capital value growth in the industrial sector. With the Base Rate (0.1%) and 'risk free' rate of 10-year Gilts (0.7%) at historically low levels, commercial property continues to assert its highly attractive relative income attributes.
- As business confidence strengthens and the economic recovery continues, we remain confident in the long-term performance of UK property, underpinned by a strategy of quality stock picking providing high relative income yield and the potential to add value through pro-active asset management.

Central London Leasing

- Central London take-up totalled 1.3m sq ft for Q1 2021, the highest level of take-up since the beginning of the pandemic. Take-up increased by 55% quarter-on-quarter but was 56% lower than the 10-year quarterly average.
- Strong demand for Grade A space continued into 2021. Newly completed and early marketed space represented 38% of all take-up over the quarter. This was boosted by Latham & Watkins pre-let of almost 200,000 sq ft at 1 Leadenhall, EC3. A further four of the top ten transactions involved new or early marketed space.
- Availability in Central London has been continually increasing since the beginning of the pandemic. At the end of Q1 2021 availability totalled 25.3m sq ft, an increase of 12% quarter-on-quarter and up 81% on the corresponding period in 2020.
- Second hand availability, which has almost doubled over the last 12 months, increased by 12% on the previous quarter to reach 19.4m sq ft. This represents 77% of all supply, the highest on record and exceeding the long-term average of 9.2m sq ft by 111%.
- Growth in secondhand space can be explained by low take-up volumes resulting in space remaining on the market for longer as well as an increase in tenant release space. Of the 19.4m sq ft of secondhand space available for occupation, 44% is available for assignment or sub-let. The Central London vacancy rate rose to 8.9%, from 8.1% at the end of the previous quarter, the highest level since 2004.

Source: Colliers Property Snapshot, April 2021

Please note that past performance is not a guide to future performance.

- Under offers declined in Central London during the quarter as the lockdown constrained the origination of new deals. At the end of the quarter, a total of 1.8m sq ft was under offer, below the 10-year average by 42%. At the end of the quarter there were five units greater than 50,000 sq ft under offer across the market, one of which has completed since the end of the quarter. The largest under offer was for 148,000 sq ft at Stonecutter, 1 Stonecutter Street, EC4.
- At the end of Q1, 35% of all development under construction was already let or under offer. Of the space under offer, only 0.8m sq ft was newly placed under offer during Q1 2021. This is significantly lower than the five-year Q1 average of 2.1m. The subdued levels of new under offers indicate that take-up will remain below-average in Q2 2021.

Central London Investment

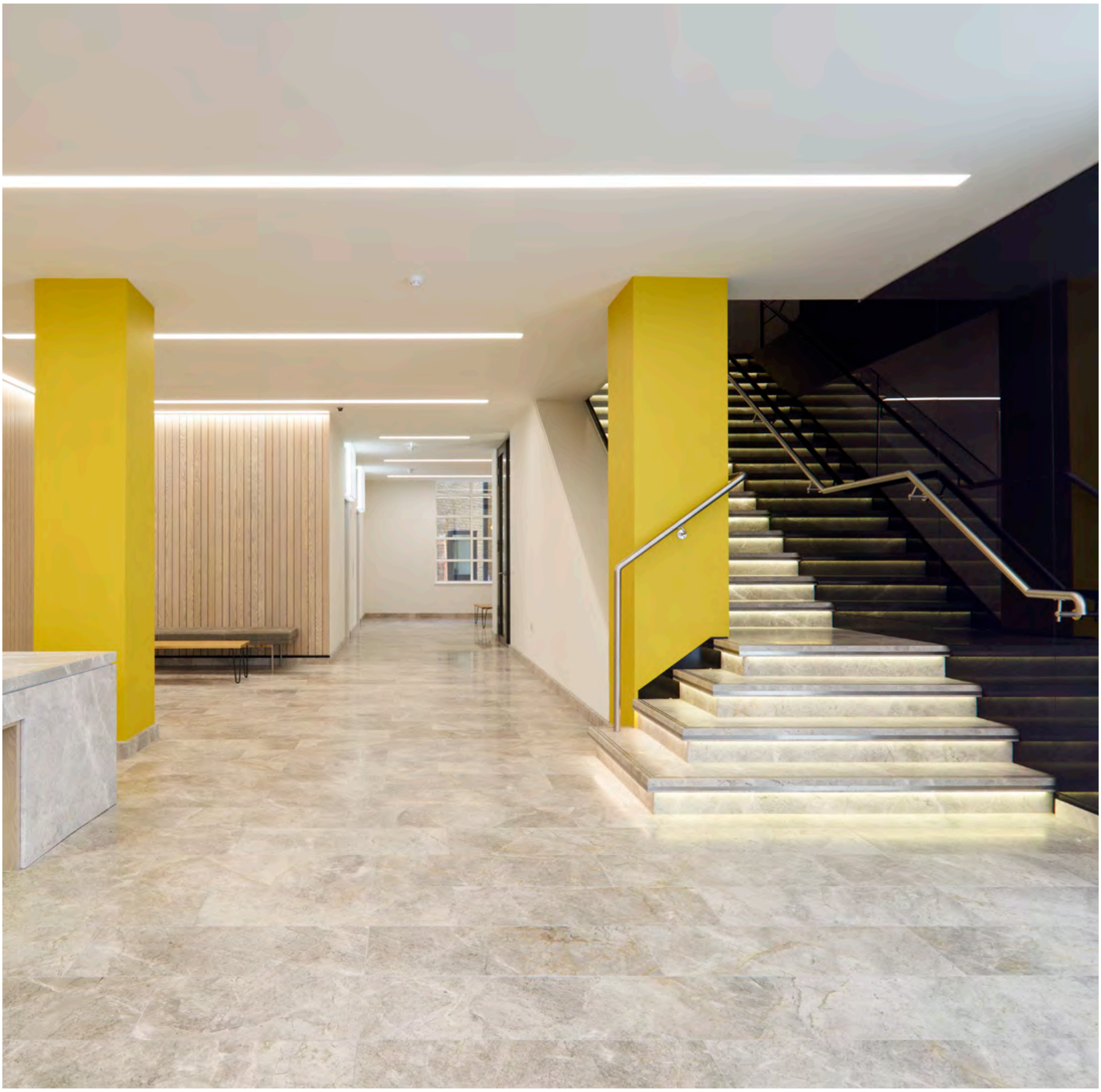
- Following a strong end to 2020, the investment activity was subdued, with volumes down by 70% quarter on quarter to £1.3bn. This was invested across 28 transactions in Central London offices Q1 2021, a quarter-on-quarter decline of 70% and 58% down on the 10-year average for a first quarter.
- In the largest transaction of the quarter, Wing Tai Properties Group with a Consortium of Hong Kong buyers purchased 66 Shoe Lane, EC4 for £255m.
- There were four transactions greater than £100m during the quarter, in line with the corresponding quarter in 2020. Activity from overseas investors in Central London has been limited since the beginning of the pandemic due to a series of restrictions limiting overseas travel.
- In Q1 2021, UK purchasers accounted for 38% of all investment activity while Asian investment accounted for 24% and European 20%.

Source data – CBRE Marketview – Central London Office Q1 2021

Please note that past performance is not a guide to future performance.

KEY ADVISERS' REPORT

69 Carter Lane London, EC4



Highlights

- **Appointment of new Fund Manager:** On 1st January 2021, Gerry Frewin, existing manager of the Threadneedle UK Property Authorised Investment Fund, was appointed Fund Manager of the Carbon Neutral Real Estate Fund. Gerry's expertise is in managing a diverse UK wide portfolio across all sectors whilst undertaking complex repositioning and refurbishment projects to enhance Fund performance and these are key attributes he will bring to the role.

- **Name change:** Reflecting the certification of its office investment portfolio to operational carbon neutrality in 2019, Columbia Threadneedle Investments is delighted to announce the Threadneedle Low Carbon Workplace Fund has changed its name to the Threadneedle Carbon Neutral Real Estate Fund ('the Fund') with effect from 14 May 2020. The name change reflects the status of the Fund as a pioneer of carbon reduction in commercial real estate assets through value-add refurbishment and continued operational carbon management.

- **Asset Management:** Terms have been agreed for a surrender of the Pro Recruitment Group Ltd lease at Carter Lane, subject to a simultaneous completion of a new letting which is now under offer. Pro Recruitment Group Ltd has suffered financial distress as result of the impact of the COVID-19 economic downturn. This proposal will ensure the Fund collect's the majority of outstanding arrears and maintains it's 100% let status across the portfolio. The transaction should complete early in Q2 2021. We continue to work with the all of our tenants to maintain a thorough understanding of their intentions in light of the impact of the COVID-19 pandemic. The fund remains 100% let and there are no active construction projects on site.

Source data – Threadneedle Portfolio Services Limited as at 31 March 2021.
Please note that past performance is not a guide to future performance.

Overview

Since the Fund's launch in March 2010, investor equity commitments of £218.6M have been fully drawn in order to fund the acquisition of nine low carbon projects (three properties having since been sold). The key purpose of the 2019 fund restructure was to position the Fund for a further capital raise program throughout 2020 and the Fund Manager's Investment Team continue to monitor the Investment Market with the objective of identifying and reviewing a pipeline of potential new refurbishment projects. In relation to the Investment Portfolio, all six standing properties remain fully let.

Investment Portfolio

As at 31 March 2021, the Fund's Investment Portfolio, represented by six properties, was independently valued at £170.1M. Currently, there are no properties under refurbishment.

The annual contracted rent roll of the Investment Portfolio as at 31 March 2021 is £9.9M, generated from 19 tenancies. Current passing rent has remained unchanged from previous quarter.

The net initial yield on the Investment Portfolio is 5.5% with the Investment Portfolio benefiting from a vacancy rate of 0% (MSCI benchmark of 4.8%) and with a weighted average lease length below the MSCI benchmark (2.6 years compared to MSCI benchmark of 6.4 years). Furthermore, liquidity is substantial with cash levels as at 31 March 2021 (after liabilities payable immediately post quarter end) equating to 13.3% of net asset value.

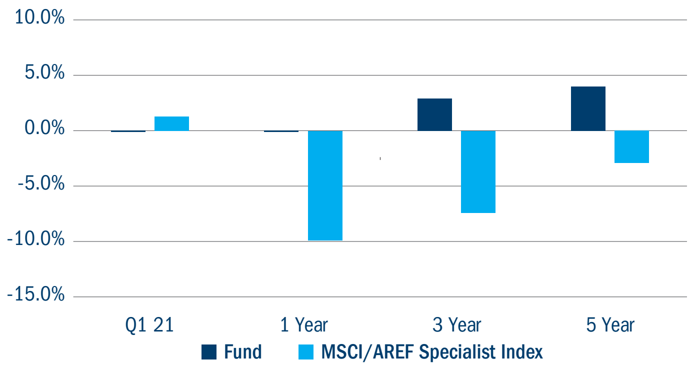
The Fund's annual distribution yield (on NAV) for the 12 months to 31 March 2021 was 3.5%. This is anticipated to increase in future quarters with cash levels having reduced. For example, annualising the quarterly distribution for Q1 2021 gives a distribution yield over 4%. In an investment landscape that continues to remain starved of income, the Key Advisers consider that the Investment Portfolio remains well placed with a distribution yield generated from a portfolio of high quality low-carbon compliant real estate assets that benefit from zero vacancy.

Fund Performance

The total property level return for Q1 2021 of 0.1% was below the MSCI All Office Quarterly Index ("MSCI Office Index") total return of 0.6%. Over medium/long term measures, the Fund performs favourably with total property returns of +0.4% over one year, a 3-year annualised return of +4.0% and a 5-year annualised return of +5.4%, compared to MSCI Office Index returns of -0.8%, 2.7% and 3.8% respectively.

NAV to NAV investment return to unitholders for Q1 2021 was -0.1%, in-line with the MSCI/ AREF UK Quarterly Specialist Property Fund (Weighted Average) Index ("MSCI/AREF Specialist Index") of -0.1%. During the twelve months to end March 2021, the Fund delivered a total return of -0.1%, 9.8 percentage points above the MSCI/AREF Specialist Index total return of -9.9%. Medium/long term Fund performance demonstrates a 3-year annualised return of +2.9% and a 5-year annualised return of +4.0%, in excess of the MSCI/AREF Specialist Index by 10.3 and 6.9 percentage points respectively.

Fund Performance – Total Return to 31 March 2021 versus MSCI/AREF Specialist Index



Past performance is not a guide to future returns.

Investment Strategy

The Fund's Investment Strategy is focused on the acquisition and subsequent refurbishment of UK real estate. In addition, subject to supportive investment and occupational market dynamics, the Fund Manager will look to raise further capital to further pursue this strategy.

Concurrently, the Key Advisers deploy an asset management strategy focused on maintaining high-level low carbon compliant rental income aimed at removing void risk and creating value for investors within both the Investment Portfolio and future Refurbishment Portfolios.

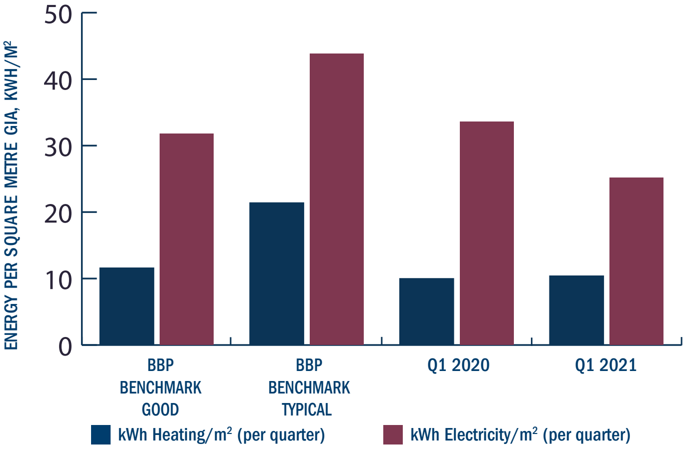
Fund Manager
May 2021

Source data – MSCI/AREF Specialist Index and Threadneedle Portfolio Services Limited as at 31 March 2021.
Past performance is not a guide to future performance.

CARBON TRUST UPDATE

Quarterly Summary

1. Q1 Energy Performance Comparison: 2020 against 2021



The beginning of 2021 was marked by a third lockdown of the UK to limit the spread of Covid-19, with significant restrictions in place throughout the quarter. The guidance to work from home where possible has once again had a significant impact on our occupiers and initially limited the number of workers in the building to an essential few. Overall occupancy was at an average of 9% compared to Q1 2020, while in the previous quarter average occupancy was 16%. The lockdown did however provide further opportunity to run the portfolio efficiently and reduce emissions in the low-occupancy or unoccupied offices.

Much more limited occupier activity across the portfolio does not necessarily translate to overall reductions in energy consumption. While the Fund plays an active part in helping to reduce energy consumption for all of the occupiers, fewer people working in the buildings means more heat needs to be added artificially to maintain temperatures compared to normal occupancy. Even an sedentary adult emits 115 W[1] of heat, which across a normally busy office adds up to a lot of energy. Coinciding with much colder temperatures than average for the period low occupancy has contributed to a rise in gas use (and electricity for heat pumps) by 4%.

In order to keep the portfolio operating as efficiently as possible, the Fund has been using the detailed energy monitoring systems in each building to identify where energy consumption is not sufficiently matching the sporadic occupancy patterns. Using this information interventions can be made on the control schedules in the multi-tenanted buildings or through engagement with the occupier in single-let buildings adaptations to their operation of the offices.

Overall for the portfolio, electricity consumption fell by 25% compared to the same period last year (which included a period of shutdown for the first lockdown). With the energy use avoided a further 36.3 tCO2e has been saved further reducing our operational emissions and offsets required for carbon neutrality.

[1]CIBSE Guide A Environmental Design 2015, Table 6.1.

ASSET & FUND ENVIRONMENTAL PERFORMANCE

Energy Efficiency

The Fund's buildings have been refurbished to be highly efficient and sustainable, each asset in the portfolio achieving a final EPC rating of 'B', which represents an average improvement of 67% compared to their original ratings. This environmentally and sustainability focused design places them in the top 11% of modern UK non- domestic buildings*.

With this excellent platform of energy efficiency, the environmental performance of the portfolio is ahead of the leading industry Real Estate Environmental Benchmark provided by the Better Buildings Partnership (BBP), which annually measures actual in-use energy and emissions of UK commercial buildings.

Considerate Constructors Scheme (CCS)

The Fund focuses on sustainability during the construction phase, as well after completion and in use, requiring the main contractor to achieve at least 4 out of 5 stars under the Considerate Constructors scheme independent assessments. Through this the Fund ensures that each project is meeting key criteria that affect the local environment:

- Generating less construction waste from site
- Diverting 85% of construction waste from landfill
- Minimising local disruption from noise, dust and pollution

All projects to date have achieved the required 4/5 stars.

Reducing Embodied Carbon Impact

All construction requires energy for manufacture of components and materials, delivery, fabrication and assembly, resulting in the associated carbon emissions from these processes being 'embedded' in the final building. Re-using the key building elements, the foundations and superstructure, and minimising demolition works, the Fund's refurbishments create new space at a fraction of the embodied carbon impact of new build construction. This was measured in the most recently completed buildings and embodied carbon levels were calculated to be 2.5 times to 4 times lower than that of a typical newly built office[†].

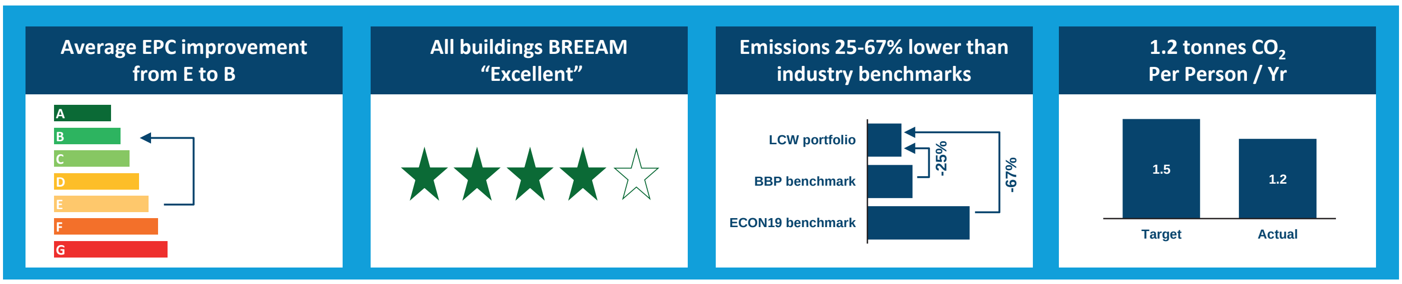
Wellbeing

Measuring wellbeing through building user feedback surveys provides the Fund with an insight into how sustainability and efficiency has an impact on the occupiers, allowing for adjustment and improvement in current building management as well as incorporating learnings into future sustainable building design. A key KPI for the Fund is to achieve 75% overall satisfaction levels, a target which has been met in all surveys undertaken to date.

Waste Reduction

Diverted from landfill where possible.
Recycled or reused.

Contractor accreditations and membership[1]



Source: Threadneedle Portfolio Services Limited, 31 March 2021.

[1]Accreditations include: BS ISO14001: 2015 Carbon Disclosure Project, UKGBC- Gold Member, CRC Energy Efficiency Scheme, CEMARS, Institute of Environmental Management and Assessment, SKA Technical Committee Members, Strategic Partnership with Delos, the organisation behind the WELL Building Standard.

*Source: UK Government live tables on energy certificates, Q3 2017 through Q2 2018.
https://www.gov.uk/government/statistical-data-sets/live-tables-on-energy-performance-of-buildings-certificates

[†] Embodied carbon calculations were undertaken by the same structural engineer on 3 projects, based on sub- and superstructure models of each building, compared to typical construction calculations they had completed. HTS, April 2018.

Grove House, Hammersmith

5-Star GRESB Performance Global ESG Benchmark

> “Certifying to the Low Carbon Workplace Standard has been a great experience. It helps us to communicate our commitment to lowering our carbon emissions and to demonstrate that our efforts have had a real impact”
>
> **Winton Capital Management**

Source: GRESB, 31 March 2021.

LOW CARBON WORKPLACE & SUSTAINABLE DEVELOPMENT GOALS

3 GOOD HEALTH AND WELL-BEING

Support health and wellbeing for occupants and communities

7 AFFORDABLE AND CLEAN ENERGY

Use efficiency and renewables to provide affordable, reliable, and clean energy

8 DECENT WORK AND ECONOMIC GROWTH

Create jobs in construction, refurbishment, and maintenance

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Spur industry innovation and creation of climate-resilient infrastructure

11 SUSTAINABLE CITIES AND COMMUNITIES

Form the fabric of sustainable cities and communities

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Reduce waste of resources to support responsible consumption and production

13 CLIMATE ACTION

Reduce GHG emissions to support climate action

15 LIFE ON LAND

Save water and resources to support life on land

17 PARTNERSHIPS FOR THE GOALS

Help to form partnerships for the goals

Source: http://www.worldgbc.org/green-building-sustainable-development-goals

CURRENT INVESTMENT PORTFOLIO

41 Luke Street, London EC2

£170.1m investment portfolio

Grove House, Hammersmith

£44psf average rent

<£760psf average capital value

Investor Distribution 3.5% pa

Modern portfolio providing protection against future environmental legislation

69 Carter Lane, London EC4

100% let

Mansel Court, Wimbledon

3.5% reversionary potential to current ERV

63 Kew Road, Richmond-Upon-Thames

£9.9M contracted rent

5.5% running yield

Premier House, Twickenham

WAULT to expiry 4.4 years

WAULT to break 2.6 years

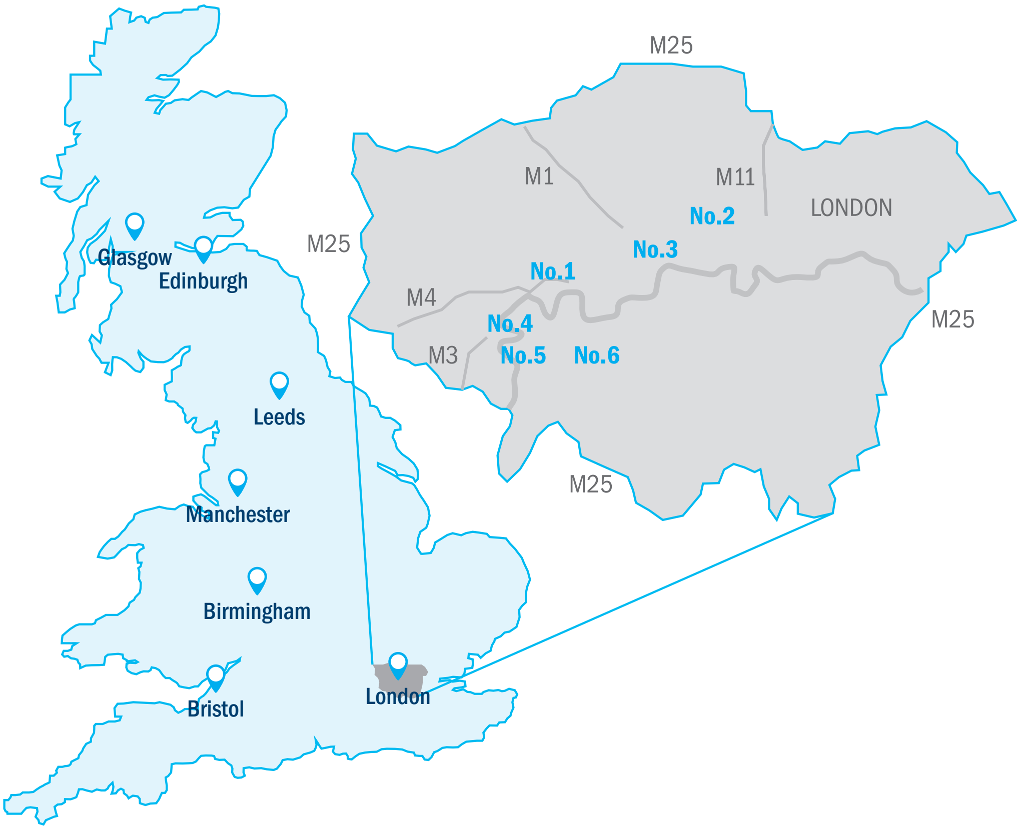
41 Luke Street, London EC2

Source: Threadneedle Portfolio Services Limited, 31 March 2021.

No.1 | Grove House, Hammersmith

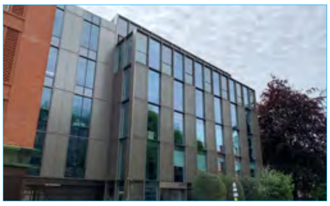
No.2 | 41 Luke Street, London EC2

No.3 | 69 Carter Lane, London EC4



No.4 | 63 Kew Road, Richmond-Upon-Thames

No.5 | Premier House, Twickenham



No.6 | Mansel Court, Wimbledon

Property Name	Region	Market Value	Rental Value
Grove House, Hammersmith	Greater London	£42,150,000	£2,645,100
41 Luke Street, London EC2	Central London	£35,430,000	£1,988,000
69 Carter Lane, London EC4	Central London	£34,100,000	£1,777,500
63 Kew Road, Richmond-upon-Thames	Greater London	£22,620,000	£1,500,600
Premier House, Twickenham	Greater London	£18,325,000	£1,239,100
Mansel Court, Wimbledon	Greater London	£17,440,000	£1,069,300

Source data – Threadneedle Portfolio Services Limited as at 31 March 2021.

ADDITIONAL INFORMATION

Grove House, Hammersmith

Material Changes

The Fund Manager confirms that there have been no material changes to the following terms set out within the Fund's Prospectus in the quarter ending 31 March 2021;

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

Gerry Frewin, May 2021

Risk Management Report

Threadneedle Portfolio Services Limited ("TPSL") was approved by the Financial Conduct Authority as an Alternative Investment Fund Manager on 4 July 2014 and as such, under the terms of the relevant European Directive is obliged to provide an independent report of risks faced by Funds under management.

The key areas of risk impacting this fund as at March 2021 are outlined below:

Key:
Low Risk   Medium Risk   High Risk

Risk Description	Sensitivity	Measures	Risk Comment (Limits exceeded/positive risks)
Liquidity	Low - minimum 5 year investment period	Maximum liquidity margin 10% of Net Asset Value (NAV)	Liquidity at quarter end: **14.72%**
Leverage	Low - non leveraged fund	Maximum Leverage – Gross Method: 1 Maximum Leverage – Commitment Method: 1	Gross level: **0.87** Commitment Level: **1**
Development Portfolio Exposure	High - Properties are purchased in order to be refurbished to the LCW standard	Percentage of total Portfolio by value under refurbishment	Percentage of refurbishment properties: **0.0%**
Development Portfolio Letting Risk	High - Properties under refurbishment are vacant	Percentage of property let 24 months after completion of refurbishment - target 80%	Property let 24 months after refurbishment: **100%**
Market	Medium - Fund exposed to impact of volatility within the market	5 year monthly total return volatility using the MSCI UK All Property Index	5 year monthly total return volatility as at 31 March 2021: **9.83%**
Tenancy Exposure	Medium - Diversity of tenants	Exposure to single tenant as percentage of total contracted rental income	Current contracted rental income from one tenant: **25.70%**
Asset Concentration	Low - Fund's exposure to single assets within the Investment Portfolio	Maximum value of any single property not to exceed 25% of GAV of the fund	Maximum single asset exposure: **20.38%** of GAV
Investment Portfolio Vacancy Rates	Low - Completed projects deliver substantial income and newly let properties to the investment portfolio	Up to 15% of total Expected Rental Value (ERV) would be regarded as tolerable	Total vacant ERV of available space at end of quarter: **0%**
Rental collection	Medium - Low rating dictated by tenant quality, however increased due to low diversification. Small number of properties with rental income focused on limited number of tenants currently	95% of Rental Income to be collected within 21 days of quarter day	Quarter ending March 2021: **93%** collected at day **21**.

Single Tenancy – The Fund is sensitive to single occupancy exposure because it owns several properties with relatively limited scope to spread the risk. The highest single tenancy exposure is to Winton Capital Management, who are responsible for 25.70% of the Fund's rental income.

Liquidity – The current level of cash in the Fund stands above the maximum liquidity margin of 10% following the disposal of 70 Wilson Street to meet investor redemptions.

Asset Concentration – Whilst the fund continues to meet its formal investment restriction, limiting asset concentration at the point of purchase, single asset concentration is currently at 20.38% of GAV.

Source data – Threadneedle Portfolio Services Limited as at 31 March 2021.

The Columbia Threadneedle Investments EMEA Property Risk Management System

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

The Risk Team:

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

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

The Risk Team oversees TPSL's regular monitoring of risk data associated with property funds. Each fund manager receives data relating to the funds within his control. Typically, this data comprises a combination of:

- Market Risk Data (see below)
- Leverage Risk
- Liquidity rates against desired ratios
- Tenant credit rating
- Tenant exposure
- Rental Income and Collection
- Vacancy rates within the fund

Data is monitored in conjunction with the investment rationale for the property funds and any investment management agreements in place to ensure that the risks faced by the fund are assessed adequately and controlled appropriately.

The remuneration of the Risk Team is entirely independent of TPSL and is not influenced by the TPSL Board.

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

TPSL purchases Professional Indemnity insurance in order to cover its perceived risks to a level in accordance with regulatory requirements and commensurate with its needs as a responsible asset manager. This insurance is purchased as part of the Threadneedle Asset Management Group insurance arrangements, is reviewed on an annual basis and is administered by the Property Governance and Insurance Team.

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

Management and Administration of the Partnership

General Partner
Sackville LCW (GP) Limited
Cannon Place
78 Cannon Street
London
EC4N 6AG

Developer
Stanhope Plc
2nd Floor
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London
WC1A 1HB

Carbon Adviser
Carbon Trust Advisory Ltd
Dorset House
27-45 Stamford Street
London
SE1 9NT

Independent Auditors
PricewaterhouseCoopers LLP
7 More London
Riverside
London
SE1 2RT

Managing Agents
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W1G 9EH

Banker
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Gillingham, Kent
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Cannon Place
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Standing Independent Valuers
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22 Hanover Square
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Management and Administration of the Trust

Manager
(regulated by the Jersey Financial Services Commission)
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IFC 1
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Jersey
JE1 4BP

Board of the Manager

Chairman	
R Prosser	BSc FCA
K Mundy	ACIS
G Vullo	
P Le Marquand	BSc (Hons) MRICS
S Lauder	ACMA CGMA

Trustee
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Jersey
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Administrator/Registrars
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St Helier
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