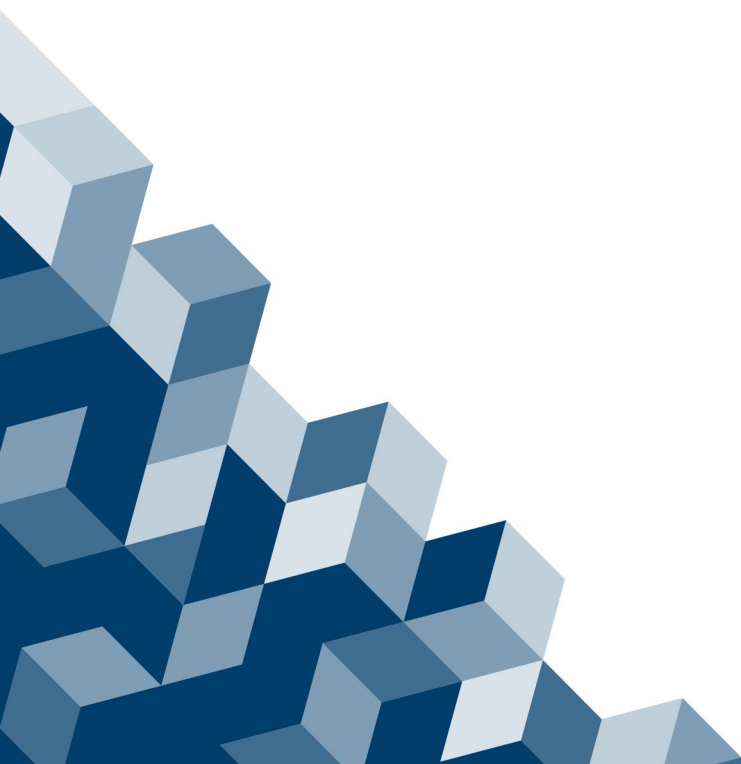


Threadneedle Property Unit Trust

Quarterly Report as at 31 March 2021

Confidential



Contents

3	Mandate summary
4	Portfolio highlights
5	Market context
8	Fund overview
9	Portfolio characteristics
10	Portfolio sector and geographical positioning
11	Performance
12	Top 10 direct holdings and tenants
13	Investment activity
14	UK real estate responsible investment update
15	Responsible investment: implementation
16	Responsible investment: portfolio monitoring
17	Responsible investment: GRESB
18	Responsible investment: case studies
19	ESG reporting: EPC data
20	ESG reporting: Energy consumption
21	ESG reporting: Greenhouse gas (GHG) emissions
22	ESG reporting: Water and waste consumption
23	ESG reporting: Flood risk
24	Risk management report
27	Glossary of terms
28	Important information

Mandate Summary

Contact Information



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Client Director Property	James Allum
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Mandate

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

Fund Information

■ Total Assets	GBP 1,442 million
■ Benchmark	MSCI/AREF UK All Balanced Property Funds
■ Base currency	GBP
■ Reporting currency	GBP
■ Bid	272.91
■ Offer	291.66
■ NAV	276.11
■ Jersey domiciled property unit trust.	
■ Income distributed quarterly (can be reinvested)	
■ Prices and deals at month ends.	
■ Bid/offer spread maximum of 6.8%	

Portfolio Highlights



NAV £1.44 billion



190 properties



Average lot size
£6.7 million



788 tenancies



Gross rent roll
£77.8 million p.a.



WAULT 4.7 years
(to lease expiry)



Cash 10.3%



Vacancy rate 7.9%



GRESB Rating
67/100



Net Initial Yield
5.8%



Equivalent Yield
6.9%



Total return 2.0%
(12 months net Nav to Nav)

Market Context

Market Commentary

Macroeconomy

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 quarter.

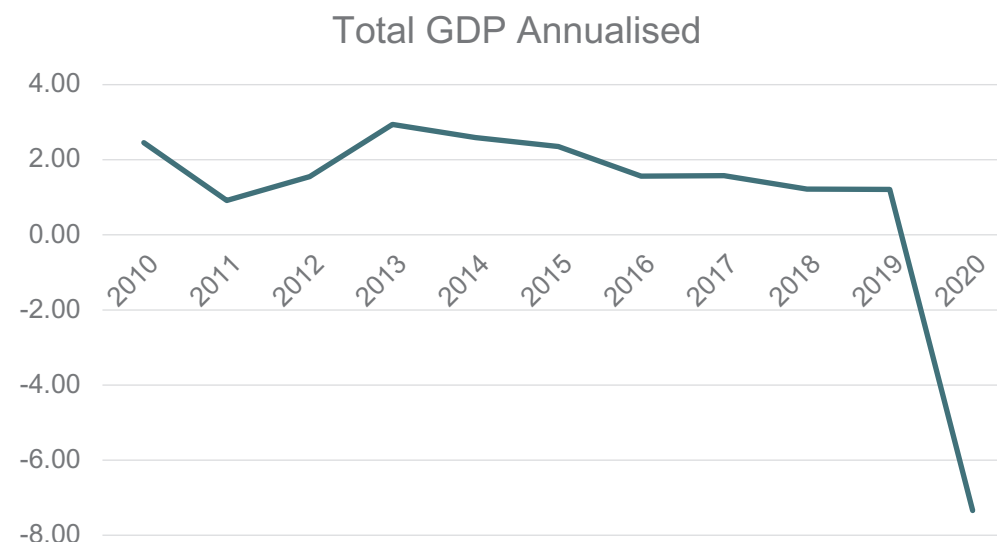
UK unemployment remains low at 5.0%, with the Job Retention Scheme continuing to support employees; however, the Office for Budget Responsibility has forecast an increase to 6.5% at the year end.

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, 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.

Investment volumes

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.

10-year UK GDP (Annualised)



Source: Columbia Threadneedle Investments and MSCI UK Monthly Index, as at 31 March 2021

Market Commentary (continued)

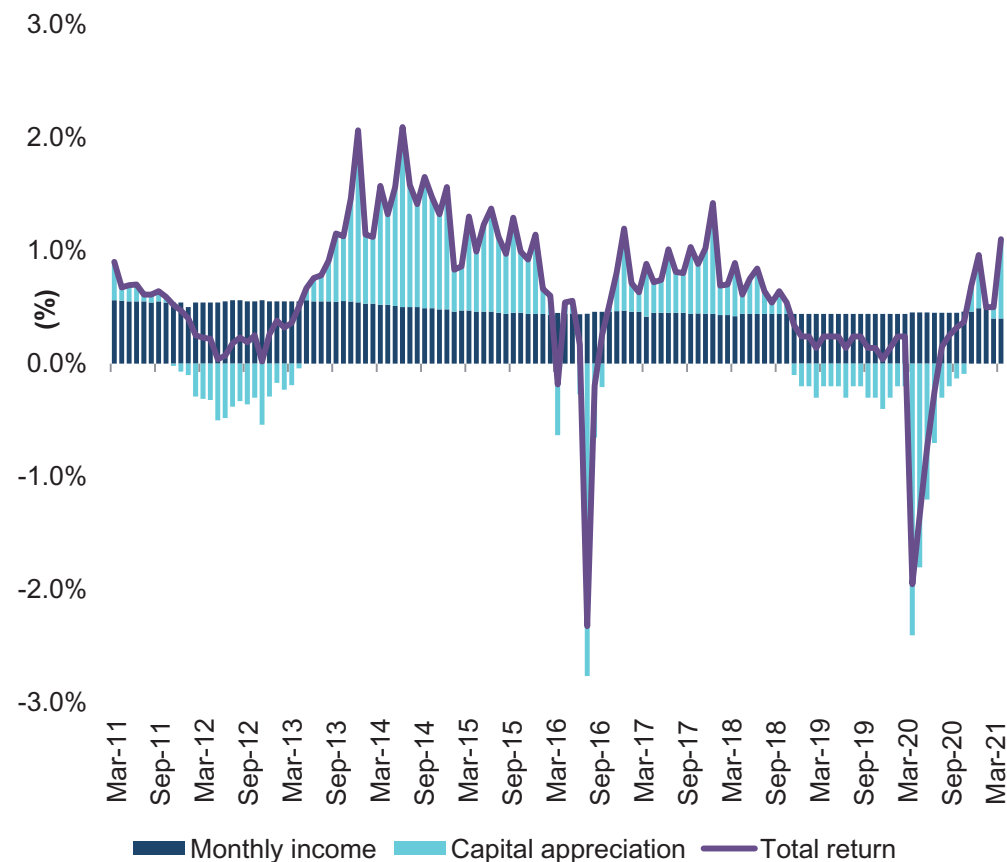
Returns

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, 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, 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.

10-year UK Commercial property total returns (Monthly)



Source: Columbia Threadneedle Investments and MSCI UK Monthly Index, as at 31 March 2021

Market Context

Market Commentary (continued)

Occupational trends

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 clarity 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%).

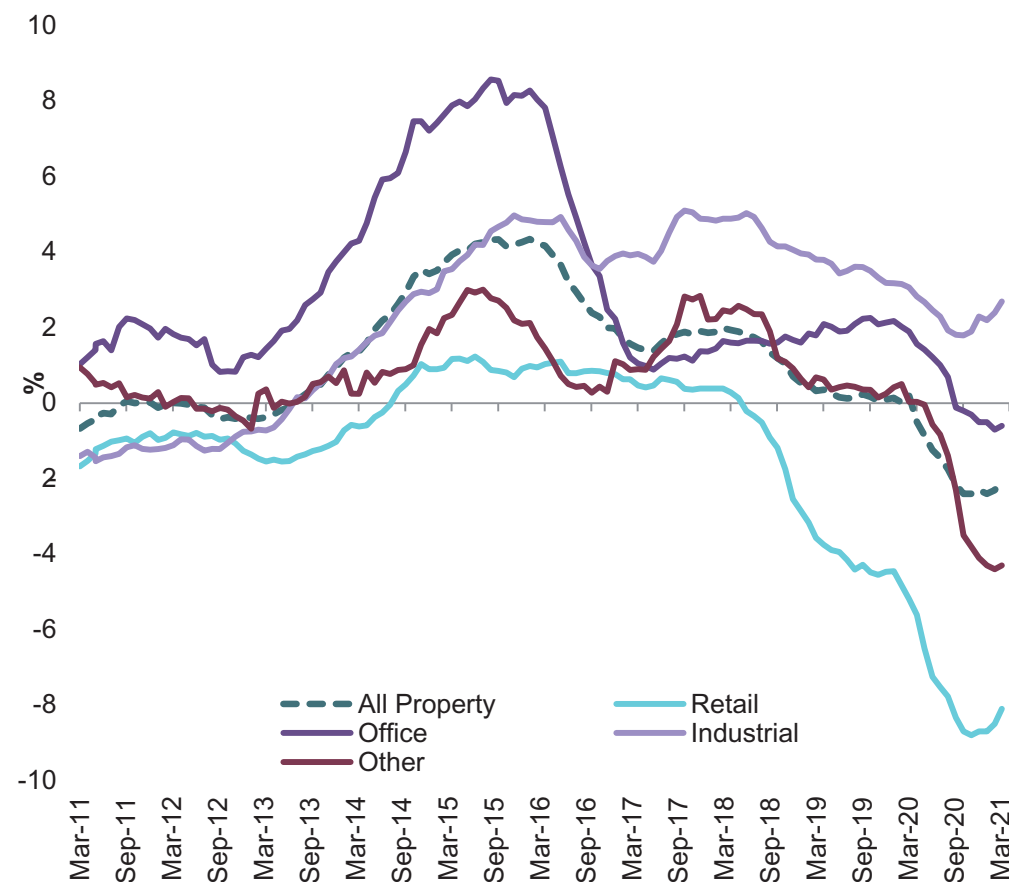
The outlook for office activity in Q2 is positive with preliminary data and evidence from Q1 suggesting that the pause in decision making is showing signs of ending as the general improvement in the economic outlook continues. For example, London office take-up in Q1 2021 topped 1.6 million sq ft, the highest total since Q1 2020.

Outlook

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 yields, significant levels of portfolio diversification and the potential to add value through pro-active asset management.

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



Source: Columbia Threadneedle Investments and MSCI UK Monthly Index, as at 31 March 2021

Fund Overview – Q1 2021

Material Changes

- There are no material changes relating to arrangements for managing the liquidity of the Fund.

Portfolio Activity

- The fund continues its longstanding successful sales programme of high street retail assets. We have been targeting private investors seeking the attractive gross yields offered by the high street retail sector, as a means of generating liquidity and maximising the fund's future performance potential. During the quarter the fund sold a further six high street assets, generating gross sales receipts of £16.5m. This represented an average premium of 3.1% above prevailing property valuations immediately prior to agreement of the sale terms across the six assets. The highlight of the quarter was the sale of a former Homebase unit in Exeter, which was sold to the NHS for £5.4m, reflecting a 36.2% premium to the prevailing independent valuation.

Rent collection

- The fund continues to work with its tenants on a case-by-case basis to agree appropriate strategies for rent collection, having regard to government legislation, industry guidance and the cash flow position of its occupiers' businesses. As a result of the work undertaken by its asset and property managers, rent collection for the quarter stands at 87.8%, with rent collection following the end-March demands already at 74% (as at 20 April 2021).

Liquidity

- The fund continues to maintain a robust liquidity position with cash of £149.2m, equivalent to 10.5% of NAV (6.6% post-dealing). We continue to monitor liquidity closely as a means to protect the fund against any residual market volatility and to exploit buying opportunities should they arise.

Performance

- Despite further market volatility, the fund returned to positive performance in Q1, delivering a total return of 2.6%, which was 0.4% above the benchmark performance of 2.2%. Following the significant capital appreciation of Greater London industrials

(where the fund is underweight) in Q4 2020, we are now seeing early signs of yield compression filtering out to the regional markets where the fund has a higher exposure. The fund's total returns continue to be supported by a generous distribution yield of 4.2%, 27% above the benchmark level of 3.3% as at 31 March 2021.

Attribution

- During the 12 months ending 31 March 2021, the fund's directly held property assets generated relative total returns of 1.1% against the broader property market (as represented by the MSCI UK Monthly index). This was achieved through a positive relative income return of 1.1%, while capital value movements were in line with the market. The fund's retail and office assets performed better than the wider market, delivering total returns of 0.6% and 3.1% respectively. As noted above, with the industrial performance of Greater London filtering throughout the UK regional markets, the fund's relative total returns for industrials are now in line with the market, at 0.1%. The fund's 'other' assets underperformed the market as a result of exaggerated capital value declines during the period. As noted last quarter, the fund's 'other' assets are concentrated in the leisure sector, which has suffered from the impact of Covid-19 to a greater extent than other sub-sectors (Source: MSCI, TPOT directly held assets compared to the MSCI UK Monthly Property index).

Outlook

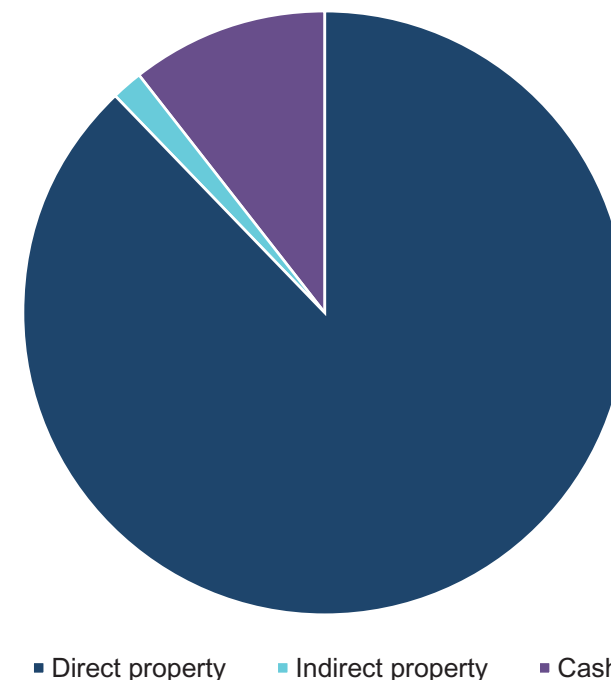
- As the macro economy recovers from the headwinds created by the third national lockdown, we continue to believe the fund offers positive relative performance potential through its enduring focus on actively managing property assets to generate a high and sustainable income-yield advantage from a diverse asset and tenant base. The fund is defensively positioned (underweight Central London offices and high street retail, with no exposure to shopping centres) and we continue to actively manage liquidity to mitigate any residual market volatility and position the portfolio for long-term outperformance. The fund's overweight positions in regional industrials and retail warehouses should provide positive performance prospects over the course of 2021, on a relative basis. The fund's property assets currently offer a net initial yield of 5.8% against 4.7% offered by the MSCI UK Monthly index.

Portfolio Characteristics

Net Fund Value	£1,442 million
Asset exposure	Property, Cash, Indirect
Cash	10.3%
Indirect	1.9%
Number of properties excluding indirect	190
Average lot size	£6.7 million
Total gross passing rent	£77.8 million p.a.
Number of occupied tenancies	788
Key tenants	Top 10 tenants form 16.6% of total rent roll.
Portfolio turnover ratio	3.30%

	TPUT	MSCI Monthly Index
Net Initial yield	5.8%	4.7%
Equivalent yield	6.9%	6.1%
Distribution yield*	4.2%	3.3%
Average term to break	4.7 years	6.5 years
Vacancy rate	7.9%	9.8%

Fund composition



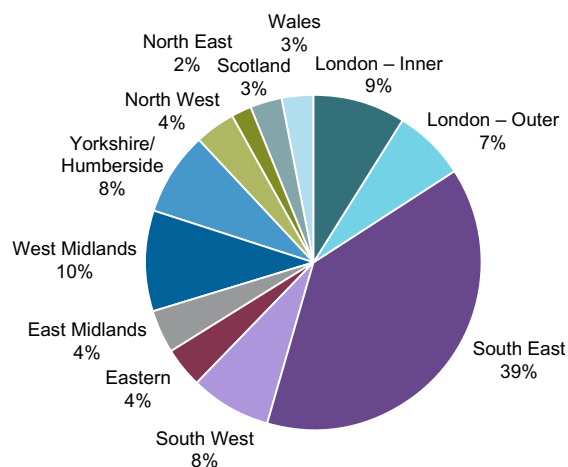
Source: Columbia Threadneedle Investments and MSCI UK Monthly Property Index as at 31 March 2021.

*Source: Columbia Threadneedle Investments as at 31 March 2021 compared to MSCI/AREF UK All Balanced Property Funds Weighted Average.

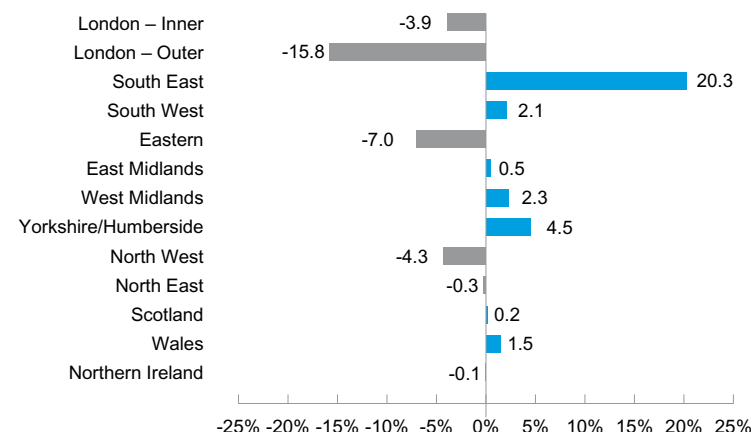
Distribution yield as at 31 March 2021

Portfolio Sector and Geographical Positioning

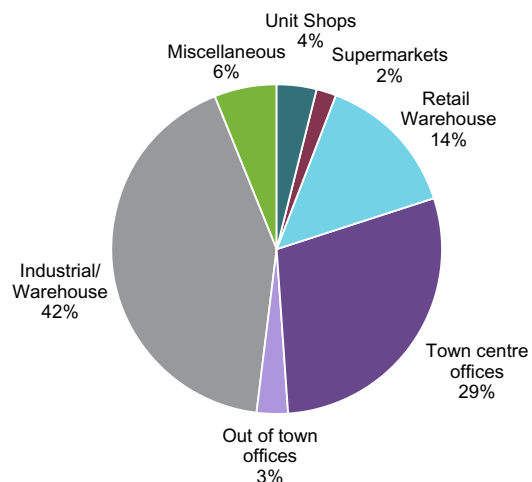
Portfolio weighting – geographical split



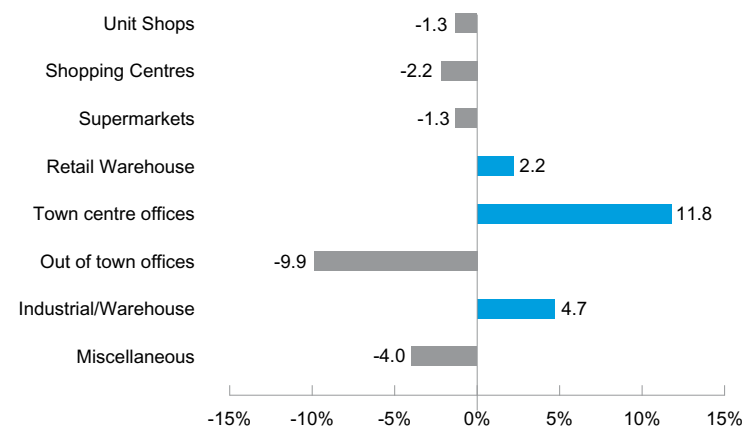
Relative portfolio weighting (%) versus MSCI Monthly Index



Portfolio weighting – sector distribution



Relative portfolio weighting (%) versus MSCI Monthly Index

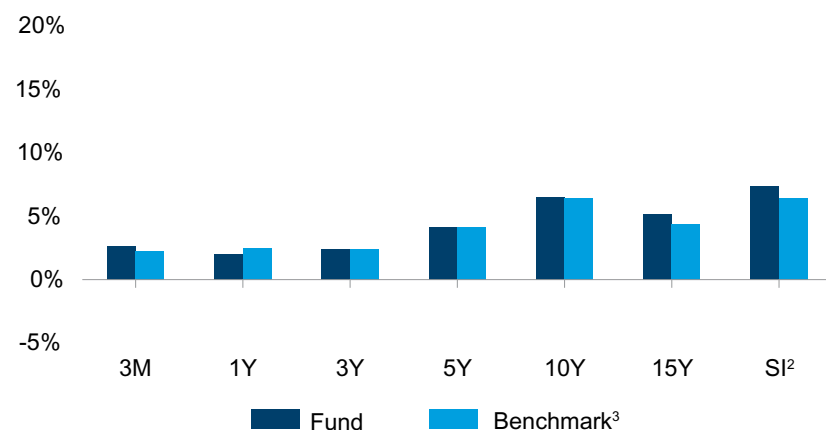


Source: Columbia Threadneedle Investments and MSCI UK Monthly Property Index as at 31 March 2021

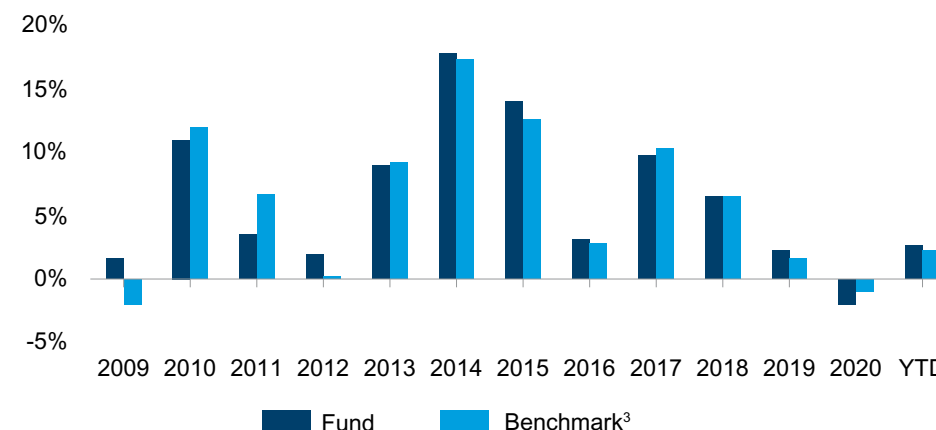
Performance

Long Term Performance

Discrete periods¹



Calendar Years



Fund Performance

Annualised Performance

	3M %	YTD %	1Y %	3Y %	5Y %	10Y %	15Y %	SI* %
Fund	2.6	2.6	2.0	2.4	4.1	6.5	4.5	7.4
Benchmark**	2.2	2.2	2.5	2.4	4.1	6.4	3.6	6.5
Relative (Arithmetic)	0.4	0.4	-0.5	0.0	0.0	0.1	0.9	0.9

Source: AREF/IPD 31 March 1999

* Since Inception – January 1999

** MSCI/AREF UK All Balanced Property Funds Weighted Average. Based on NAV to NAV (net of fees) from 1/01/2014. Historical returns are for information purposes only.

Notes: 1. Periods > one year are annualised.

2. SI = Since Inception. 31 March 1999 Columbia Threadneedle Investments was appointed investment advisor to the Trust in November 1998.

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

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

Benchmark – MSCI/AREF UK All Balanced Property Funds Weighted Average. Based on NAV to NAV (net of fees) from 1/01/2014. Historical returns are for informational purposes only.

Top 10 Direct Holdings and Tenants

Property

Location	Name	Sector	Lot size (£m)
Croydon	19 Commerce Way	Industrial / Warehouse	25-50
London W1	46 Foley Street	Town Centre Offices	25-50
Trowbridge	Trowbridge & Spitfire Retail Park	Retail Warehouse	10-25
St Albans	Abbey View	Town Centre Offices	10-25
London SW1	Warwick House	Town Centre Offices	10-25
Redhill	Red Central	Town Centre Offices	10-25
Hayes	Springfield Rd Ind Est.	Industrial / Warehouse	10-25
London EC1	Parchment House	Town Centre Offices	10-25
Coventry	Skydome	Miscellaneous	10-25
Hampton	Kempton Gate	Industrial / Warehouse	10-25

Tenant

	% of rents passing
EV Retail Limited	3.4
Tesco PLC	2.2
Dixons Carphone PLC	2.0
Travis Perkins PLC	1.9
AMC UK Holdings Limited	1.4
Neuheim Lux Group Holding V SARL	1.3
Walgreens Boots Alliance Scottish LP	1.2
Missouri Topco Limited	1.1
Pets At Home Holdings Limited	1.1
Xpediator PLC	1.1

Source: Columbia Threadneedle Investments as at 31 March 2021

Investment Activity – Key Purchases and Sales Over Q1 2021

Property	Quarter	Sector	Price (£m)	Net Initial Yield
Purchases				
None				
Sales				
197 Commercial Road, Portsmouth	Q1 2021	Unit Shop	0-2.5	–
94-104 High Street, Weston-S-Mare	Q1 2021	Unit Shop	0-2.5	–
Linthorpe Road, Middlesborough	Q1 2021	Unit Shop	0-2.5	15.1
65-71 Princes Street, Stockport	Q1 2021	Industrial / Warehouse	0-2.5	–
146-152 Clarence Street, Kingston Upon Thames	Q1 2021	Unit Shop	5-10	6.0
21/25 London Road, Kingston Upon Thames	Q1 2021	Unit Shop	0-2.5	
44/46 Montague Street, Worthing	Q1 2021	Unit Shop	2.5-5	11.7
Sowton Trading Estate, Exeter	Q1 2021	Retail Warehouse	5-10	–
The Stamp Office, Edinburgh	Q1 2021	Town Centre Offices	10-25	4.7

Source: Columbia Threadneedle Investments as at 31 March 2021
 Figures reflect headline prices and topped up rents where rental top ups provided by vendor.

UK Real Estate Responsible Investment update

ENVIRONMENTAL



- Net Zero pathway will be published 2021
- Quarterly and annual SECR reporting – shows continual improvement in energy and GHG emissions
- Sustainability audits completed for top 20 assets
- Monitor Flood Risk annually

SOCIAL



- Annual tenant engagement surveys
- Social Value Assessments
- Developing a Social Value Framework incorporating refurbishment and management (e.g. by utilising the Columbia Threadneedle Foundation)

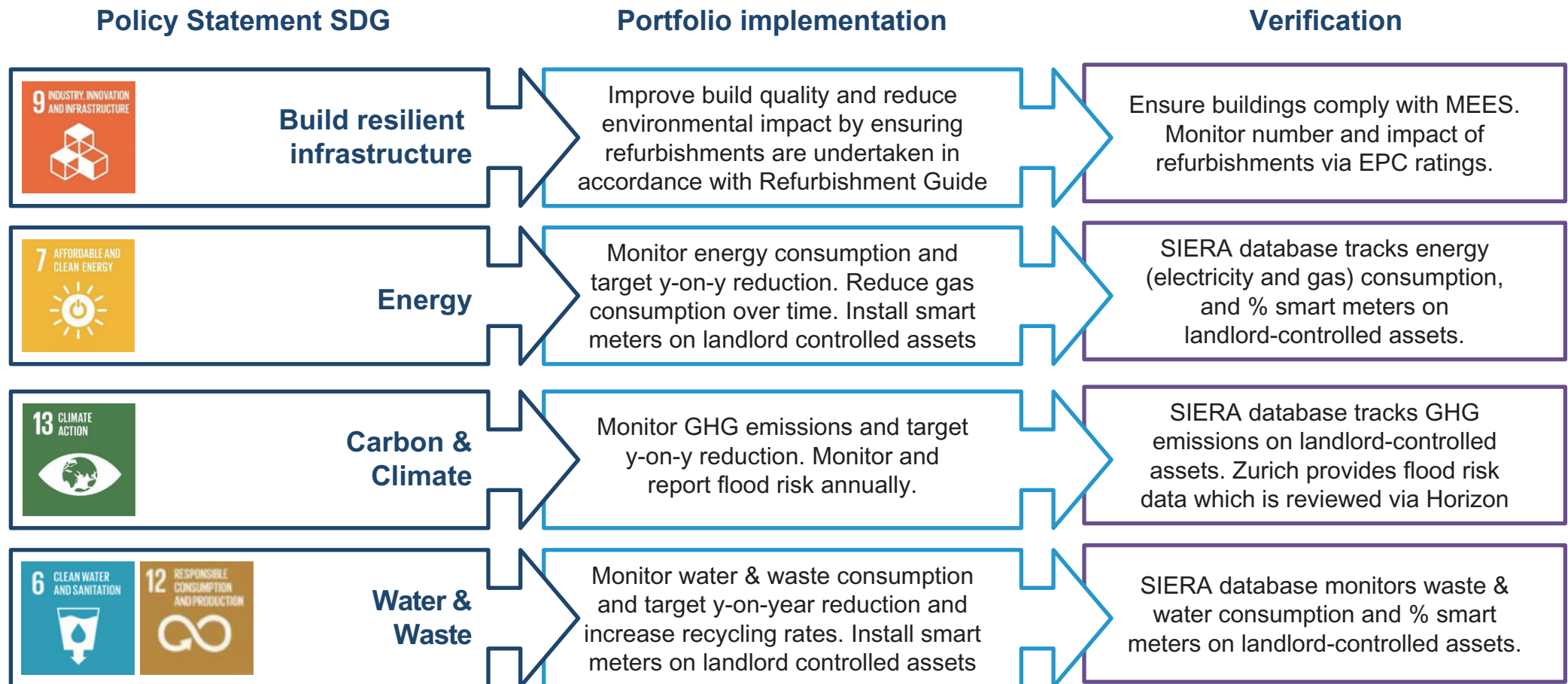
GOVERNANCE



- Robust established governance structures
- ESG governance and oversight framework improved 2021
- Consistently highly scoring in GRESB
- ISAE enhancements to capture ESG

Responsible Investment: Implementation

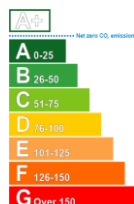
ESG Policy Statement sets a clearly defined Road Map to achieve corporate Sustainable Development Goals



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

Responsible Investment: Portfolio Monitoring

Energy performance potential EPCs



- Portfolio coverage: 93.8%
- Average EPC rating: C
- 19 works projects completed (past 12 months)
- 79.3% of refurbishments delivered 'B rating'

Carbon and climate GHG emissions / flood risk



- GHG portfolio coverage: 45.9%
- L-f-L Greenhouse Gas Emissions -27.8%
- Flood risk portfolio coverage: 100%
- High / extreme risk: 10 assets / 3.4% value

Note: L-f-L = top 20 assets year-on-year change to 31 Dec 2020

Energy consumption



- Portfolio coverage: 52.3%
- L-f-L total energy consumption: -21.9%
- L-f-L electricity consumption: -33.0%
- L-f-L gas consumption: -18.0%

Note: L-f-L = top 20 assets year-on-year change to 31 Dec 2020

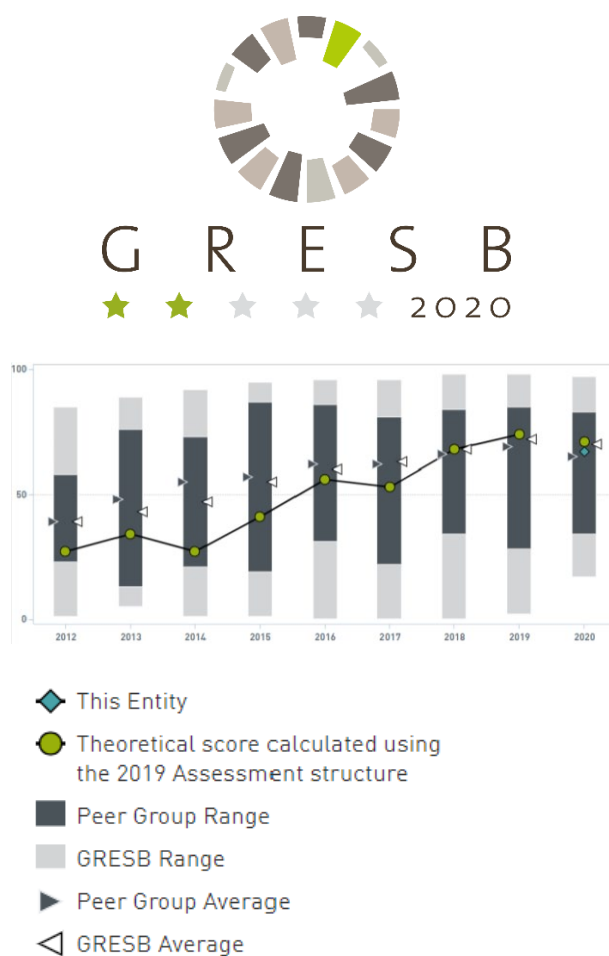
Water and waste



- Water portfolio coverage: 15.0%
- L-f-L water consumption: N/A
- Waste portfolio coverage: 12.1%
- L-f-L waste consumption: N/A

Note: L-f-L = top 20 assets year-on-year change to 31 Dec 2020

Responsible Investment: GRESB



Global Real Estate Sustainability Benchmark

Key takeaways

- Ninth year of the Fund's submission to GRESB
- Scored 67 out of 100 (Peer Average = 65)
- Ranked 31st within its peer group of 84 funds
- Benchmark reweighted for 2020: TPUT score reduced in consequence

Strengths

- Governance consistently above average (19/20)
- Data monitoring (especially energy and GHG) consistently score well

Areas of improvement

- Building certification (note: inconsistent with Fund strategy)
- Water / waste landlord data coverage currently incomplete
- Engagement with tenants required to improve data coverage on FRI buildings

Responsible Investment: Case Studies



Skydome, Coventry

- 161,900 sq. ft. leisure complex
- Fund's highest energy consuming asset
- Sustainability audits undertaken since 2018, resulting in y-on-y reductions in consumption and GHG emissions
- Cap ex of £1.4 million allocated in 2021 (S/C recoverable) to replace legacy boilers, upgrade and improve the BMC, and replace the roof
- New 359kWp photovoltaic (PV) system using high wattage panels will be installed on the roof
- Forecast to generate approx. 302,404 kWh, meeting approx. 10% of the electricity consumption at the site.



Unit 9, Leeds 27 Ind. Estate

- 80,654 sq. ft. industrial warehouse
- Full refurbishment: cost £1.0 million (£12psf)
- Previous tenant vacated in March-2019
- 8-month works project completed Nov-2019
- Refurbishment resulted in EPC B rating
- New 10 year lease commenced 1st Oct-2020
- Achieved headline rent at £5.25 per sq. ft. represents an uplift of +31.0% on previous passing rent
- Capital uplift +26.0%

Source: Columbia Threadneedle Investments

ESG Reporting: EPC Data

	2019	2020	April 2021	Indicative Target
Property assets	–	199	190	–
Rateable units	–	861	849	–
EPC coverage (% rateable units)	–	88.6%	93.6%	100%
EPC rated A (% rateable units)	–	0.2%	0.4%	>25%
EPC rated B (% rateable units)	–	11.3%	15.3%	>50%
EPC rated C (% rateable units)	–	34.7%	36.4%	<25%
EPC rated D (% rateable units)	–	30.0%	30.0%	0% by end 2030
EPC rated E (% rateable units)	–	10.0%	9.7%	0% by end 2030
EPC rated F (% rateable units)	–	0.9%	1.1%	0% by end 2022
EPC rated G (% rateable units)	–	0.8%	0.9%	0% by end 2021

Source: Columbia Threadneedle Investments. TPUT direct property portfolio. All data as at 31 December 2020 unless otherwise stated.

ESG Reporting: Energy Consumption

	2017	2018	2019	2020	Target
Property assets	244	242	240	198	n/a
Landlord managed assets (S/C)	98	98	97	90	n/a
Data coverage: landlord-managed assets (gross floor area)	86%	89%	79%	77%	100%
Tenant managed assets (FRI)	146	144	143	108	n/a
Data coverage: tenant-managed assets (gross floor area)	15.7%	20.5%	23.0%	29.0%	TBA
Data coverage: whole portfolio (gross floor area)	46.2%	53.4%	55.7%	61.7%	TBA
Total portfolio energy consumption – absolute	22,214,508 kWh	26,921,092 kWh (12.2%)	25,489,785 kWh (-5.3%)	21,701,092 kWh (-15.0%)	TBA
Total portfolio electricity consumption – absolute	13,550,513 kWh	16,444,766 kWh (21.4%)	17,842,685 kWh (8.5%)	13,773,889 kWh (-30.5%)	TBA
Total portfolio gas consumption – absolute	8,663,996 kWh	10,476,323 kWh (20.9%)	7,577,826 kWh (-27.7%)	6,554,657 kWh (-15.6%)	TBA

Source: Columbia Threadneedle Investments. TPUT direct property portfolio. All data as at 31 December 2020 unless otherwise stated. Targets to be advised following publication of Columbia Threadneedle Investments' UK Real Estate Net Zero Pathway in 2021

ESG Reporting: Greenhouse Gas (GHG) Emissions

	2017	2018	2019	2020	Target
Property assets	244	242	218	198	n/a
Landlord managed assets (S/C)	98	98	92	90	n/a
Data coverage: landlord-managed assets (gross floor area)	86%	86%	86%	86%	100%
Tenant managed assets (FRI)	146	144	143	108	n/a
Data coverage: tenant-managed assets (gross floor area)	14.0%	17.0%	17.6%	29.0%	TBA
Data coverage: whole portfolio (gross floor area)	39.3%	48.8%	50.0%	61.7%	TBA
GHG emissions – absolute (year on year % difference)	7,094 tonnes	7,615 tonnes (7.6%)	5,993 tonnes (-21.3%)	3,966.0 tonnes (-33.8%)	TBA

Source: Columbia Threadneedle Investments. TPUT direct property portfolio. All data as at 31 December 2020 unless otherwise stated. Targets to be advised following publication of Columbia Threadneedle Investments' UK Real Estate Net Zero Pathway in 2021

ESG Reporting: Water and Waste Consumption

		2017	2018	2019	2020	Target
Property assets		244	242	218	196	n/a
Landlord managed assets (S/C)		98	98	92	90	n/a
Data coverage: landlord-managed assets (gross floor area)	Water	39%	39%	39%	31%	100%
	Waste	8%	14%	27%	27%	100%
Tenant managed assets (FRI)		146	144	143	124	n/a
Data coverage: tenant-managed assets (gross floor area)	Water	0	0	8.0%	8.7%	TBA
	Waste	0	0	13.2%	14.07%	TBA
Data coverage: whole portfolio (gross floor area)	Water	12.3%	15.7%	23.2%	24.0%	TBA
	Waste	5.0%	7.0%	20.0%	21.1%	TBA
Total water consumption – absolute		56,305 m ³	130,373 m ³	279,902 m ³	271,535 m ³	TBC
Total waste consumption – absolute		58.09 tonnes	399.00 tonnes	788.72 tonnes	8,795.74 tonnes	TBC

Source: Columbia Threadneedle Investments. TPUT direct property portfolio. All data as at 31 December 2020 unless otherwise stated. Targets to be advised following publication of Columbia Threadneedle Investments' UK Real Estate Net Zero Pathway in 2021

ESG Reporting: Flood Risk

Portfolio risk exposure by value	2020 (April)	2021 (April)	Target
Property assets	200	190	n/a
Low	159 75.4%	152 74.8%	TBA
Medium	31 20.7%	30 21.7%	TBA
High	5 2.3%	5 2.0%	TBA
Extreme	5 1.5%	3 1.5%	TBA

Extreme risk assets	High risk assets
Sheffield, The Square	Derby, 20-25 Albert Street
Bristol, 11-13 Gloucester Road	Bristol, 2 Zetland Road
London E10, Lea Bridge Road	Bristol, 786 Fishponds
	Redhill, Red Central
	Galashiels, Gala Water Park

Source: Columbia Threadneedle Investments. TPUT direct property portfolio. All data as at 31 December 2020 unless otherwise stated

Risk Management Report – Threadneedle Property Unit Trust (TPUT) – March 2021

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

Key: Low Risk Medium Risk High Risk

RISK DESCRIPTION	SENSITIVITY	MEASURES	RISK COMMENT (Limits exceeded/ positive risks)
Liquidity	Medium – Open ended Fund but Trust Deed provides the manager with the power to control inflows and outflows if in the interests of remaining Unit Holders.	Current target liquidity of 10% of GAV with temporary ceiling of 8.5% under Trust inflow protocol.	Liquidity at quarter end: 6.7%
Leverage	Low – Scheme restricts allowable leverage limits	Trust deed permits leverage up to 35% of NAV. Investment Guidelines strategic aim of borrowing at maximum 10% of GAV	Current leverage: Nil
Development	Low – significant spread of property with no current speculative development.	Trust deed sets a maximum 20% of NAV (not let or pre-let). Investment Guidelines restrict to maximum 10% of NAV (not let or pre-let) to be in course of substantial development.	Total Current Development as % NAV: Nil
Market	Medium – Fund exposed to impact of volatility within the market	5 year monthly total return volatility using the IPD all property index	5 year monthly total return volatility as at March 2021: 9.83%
Single Occupancy Risk Exposure	Low – good spread and diversity of tenants	Trust Deed: Exposure to single tenant as percentage of total rental income not to exceed 20%. Investment Guidelines: restricted to 10% of total rental income.	Current highest rental income from one tenant: 3.36% of total rental income.
High Value Property	Low – Pre-purchase due diligence and diversity of portfolio.	Trust Deed: Maximum allowable value of any one purchase: 15% of NAV. Investment Guidelines: Maximum 10% of GAV on an ongoing basis.	Largest current property asset as % of GAV: 2.9%
Single Investor	Medium – Monthly dealt fund with no restriction on maximum investment	Optimum maximum exposure of no more than 10% total investment from one single investor	Highest single investment at quarter end: 5.91%
Vacancy Rates	Low – good spread and diversity of tenants	No specific tolerance in Trust Deed but up to 15% of total Estimated Rental Value (ERV) excluding property under redevelopment would be regarded as tolerable.	Total Estimated Rental Value of vacant space at end of quarter: 7.9%
Rental collection	Medium – Large number of properties with rental income focused on wide number of tenants.	Target: 95% of Rental Income to be collected within 21 days of quarter day	Quarter ending March 2021: 73.23% collected at day 21.¹
Counterparty	Low – Minimal Counterparty Exposure	No Maximum restriction within scheme.	Deposits with single bank at end of quarter: 2.77% of GAV.
Leasehold interest	Low – Low incidence of short leasehold interest	Trust Deed: not more than 15% of NAV to comprise leasehold interests with less than 60 years unexpired.	Value of leasehold properties with less than 60 years unexpired: Less than 1% of NAV

¹ Collection of rent significantly impacted by COVID-19 pandemic.

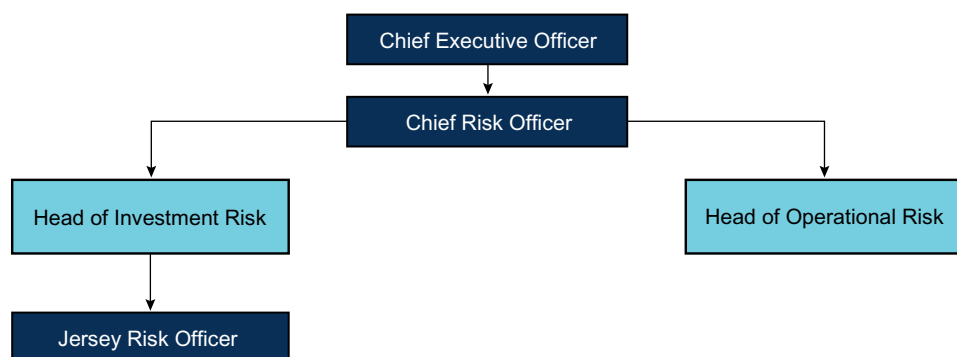
The Columbia Threadneedle Investments EMEA Property Risk Management System

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

The Risk Team:

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

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



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

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

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

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

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

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

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

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

Material Changes

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

Kevin Mundy
Jersey Risk Officer
March 2021

Glossary of Terms

■ **NAV:** The net asset value of the Fund will be calculated as at the last Business Day of each month (a “Pricing Day”). More details are available in the Prospectus.

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

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

NR / GCV

■ **Reversionary yield:** The open market rental value net of ground rent, NOMRV, as a percentage of the gross capital value, GCV, at the same date.

$NOMRV / GCV$

■ **Equivalent yield:** The estimate of the discount rate which equates the future income flows relative to gross capital value. The equivalent yield discounts the current rental value in perpetuity beyond the last review date recorded for the tenancies in the subset. IPD projected cash flows are estimated from records of current tenant rents, ground rents, open market rental values, rent review and lease expiry dates, and tenant options to break, assuming upward only rent reviews to expiry of the lease and that tenant options to break are exercised when the tenant rent exceeds the market rent.

■ **Distribution yield:** Except where indicated, a fund’s distribution yield is the sum of its distributions per unit over 12 months as a percentage of its net asset value per unit at the end of that period. The distributions used in the calculation are those earned/accrued, rather than paid, during the twelve months, and are gross of tax, net of fees.

■ **MSCI UK Monthly Property Index:** The MSCI UK Monthly Property Index measures returns to direct investment in commercial property. It is compiled from valuation and management records for individual buildings in complete portfolios, collected direct from investors by IPD. All valuations used in the Monthly Index are conducted by qualified valuers, independent of the property owners or managers, working to RICS guidelines. The Monthly Index shows total return on capital employed in market standing investments. Standing investments are properties held from one monthly valuation to the next. The market results exclude any properties bought, sold, under development, or subject to major refurbishment in the course of the month. The monthly results are chain-linked into a continuous, time-weighted, index series.

■ **MSCI/AREF UK All Balanced Property Funds Weighted Average:** The MSCI/AREF UK All Balanced Property Funds Weighted Average Index measures Net Asset Value total returns on a quarterly basis. NAV in Index is the NAV of the index after the elimination of cross-holdings and deduction of management fees. Returns to the MSCI UK Monthly Property Index and to the MSCI/AREF UK All Balanced Property Funds Weighted Average Index are not directly comparable. This is largely because the UK Monthly Index measures the performance only of direct property market investments and because it excludes the impact on returns of developments and transactions. In contrast, returns to the MSCI/AREF UK All Balanced Property Funds Weighted Average Index include the impact of both developments and transactions as well as the returns from other assets (such as cash and indirect property investments), and the impact of leverage, fund-level management fees and other non-property outgoings.

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

Important Information

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

Past performance is not a guide to future performance. The value of investments and any income from them can go down as well as up. This material is for information only and does not constitute an offer or solicitation of an order to buy or sell any securities or other financial instruments, or to provide investment advice or services.

The research and analysis included in this document has been produced by Columbia Threadneedle Investments for its own investment management activities, may have been acted upon prior to publication and is made available here incidentally. Any opinions expressed are made as at the date of publication but are subject to change without notice. Information obtained from external sources is believed to be reliable but its accuracy or completeness cannot be guaranteed.

The funds invest in assets that are not always readily saleable without suffering a discount to fair value. The portfolio may have to lower the selling price, sell other investments or forego another, more appealing investment opportunity. Where investments are made in assets that are denominated in foreign currency, changes in exchange rates may affect the value of the investments.

Information for holder of units of the Threadneedle Pension Property Fund: Threadneedle Pensions Limited provides insurance policies that entitle to holder to the value determined with reference to the underlying investment in a pooled pension fund. The holder of a policy does not own the units in the selected fund. Columbia Threadneedle Investments does not give investment advice.

In the UK, the Trust is an unregulated collective investment scheme for the purposes of Section 238 of the Financial Services and Markets Act 2000. Accordingly, this document must not be communicated to retail persons in the UK but may only be communicated to persons described in the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions Order) 2001 and to persons whom units are permitted to be promoted in accordance with the FCA's

Conduct of Business rules. Approved for UK purposes by Threadneedle Asset Management Limited and Threadneedle Portfolio Services Limited. Authorised and regulated by the Financial Conduct Authority. Investors are advised that the protections afforded by the UK regulatory system may not apply to an investment in the Fund and compensation will not be available under the UK Financial Services Compensation Scheme.

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

This document should not be circulated to private investors.

This document does not constitute or form any part of any offer to issue or sell, or any solicitation of any offer to subscribe or purchase, any units nor shall it or the fact of its distribution form the basis of, or be relied on in connection with any contract therefore. Recipients of this document who intend to apply for units are reminded that any such application may be made solely on the basis of the information and opinions contained in the prospectus and seek independent taxation advice.

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The information of the Threadneedle Pension Property Fund is issued by Threadneedle Pensions Limited. Registered in England and Wales, No. 984167. Registered Office: Cannon Place, 78 Cannon Street, London EC4N 6AG. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Columbia Threadneedle Investments is the global brand name of the Columbia and Threadneedle group of companies.