Threadneedle Pensions Limited, Property Fund

Quarterly Report as at 30 June 2021

Confidential

Contents

Mandate Summary

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Mandate

To invest directly in UK commercial real estate including retail, office buildings and industrial properties.

Fund Information

Total Assets	GBP 2,037 million
Benchmark	MSCI/AREF UK All Balanced Property Funds
Base currency	GBP
Reporting currency	GBP
Quoted price* (Currently Bid)	6.4243
NAV	6.5029

- UK pooled pension property fund
- Accumulation Units
- Prices and deals every UK business day

Source: Columbia Threadneedle Investments
*Semi-swinging single price.
Quoted price and NAV are based on share class C (AMC of 0.75%) as at 30 June 2021

Portfolio Highlights

NAV £2.037BN
6th largest Fund in Benchmark

Diversification at asset level
268 properties

Diversified income with
1,292 tenancies

Highly liquid portfolio with
Average lot size £6.9M

WAULT 4.8 years*
(to lease break)

Vacancy rate
12.3%

Cash 7.8%

Gross rent roll
£112.5M pa

GRESB Rating
2020 - 71/100

%NIY

Significant income advantage
Net Initial Yield
5.5%* (vs 4.8%[†])

%EY

Equivalent Yield
6.3%* (vs 6.0%[†])

Total return +4.3%[1]
(3 months net Nav to Nav)

Source: Columbia Threadneedle Investments, *CBRE Independent Valuation, [1]MSCI/AREF UK Quarterly Property Fund Index and [†]MSCI UK Monthly Property Index, as at 30 June 2021.

Market Context

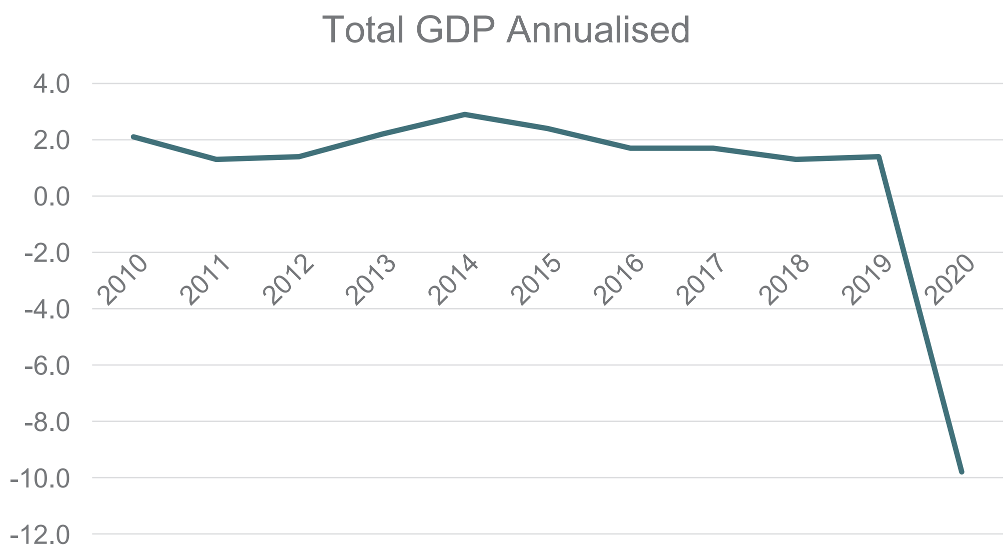
Market Commentary

Macroeconomy

Following the positive start to the UK's vaccination rollout in Q1, the second quarter has seen a turning point in the battle to suppress COVID-19 with the vaccination programme achieving world-leading critical mass, resulting in the easing of the pandemic restrictions. The UK's economic recovery continues to gather momentum, with unemployment remaining low at 4.8%, reflecting an increase of 25,000 people employed versus the previous quarter. As at the start of July, the Office of National Statistics (ONS) estimated that between 1.3 and 1.9 million people were still on furlough/flexi-furlough, down from the peak of nearly 9 million at the height of the pandemic in May last year.

In terms of GDP growth, the UK economy expanded by 0.8% during May 2021, representing a fourth consecutive month of growth. The economy is now only 3.1% below its pre-pandemic level. June 2021 saw a spike in inflation to 2.5% (CPI). However, as the economy continues to expand, the Bank of England may tolerate a temporary rise in inflation above its 2% target and keep interest rates at the current level of 0.1%. The macro-economic outlook is characterised by positive investor sentiment as the UK abandons social distancing restrictions, which economists forecast will add additional GDP growth through the second half of the year.

10-year UK GDP (Annualised)



Source: Columbia Threadneedle Investments, MSCI UK Monthly Property Index and LSH UKIT Q2 2021 report as at 30 June 2021.`

Market Context

Market Commentary (continued)

Investment volumes

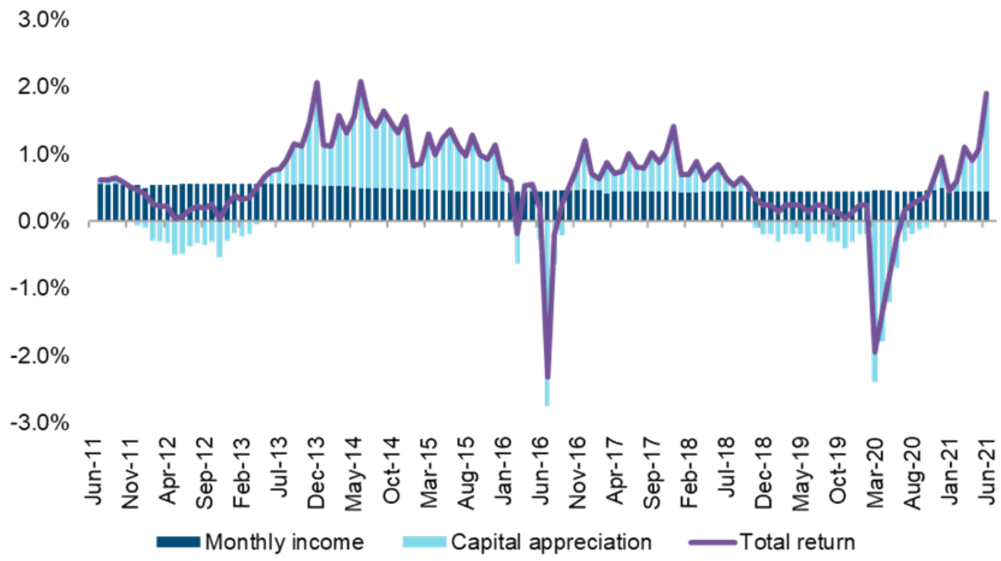
Total UK commercial property investment volumes reached £13.9bn for Q2 2021, representing a c.24% increase on Q1 2021 volumes as the lockdown measures were eased, and c.7% above the five-year quarterly average of £13.0bn as pent-up capital was deployed into the market.

Returns

Total returns for the UK property market continue to be positive, driven by a recovery in "All Property" capital values reflecting increased confidence. As represented by the MSCI UK Monthly Property Index, the market generated total returns of 3.9% for Q2, comprising an income return of 1.3% and capital growth at 2.6%. The performance is largely driven by the continued capital value growth in the industrial and logistics sector, but also by a resurgence of the retail warehousing sector, which has benefited from growing investor recognition given its resilience to e-commerce and relevance to future shopping habits.

Valuation movements reflected the acceleration of pre-existing trends and the recovery of the wider economy. The industrial sector recorded capital value growth of 6.6%, while retail returned to positive capital value growth of 0.7% (driven by the retail warehousing sub-sector recording a 2.5% gain). Offices recorded a capital value decline of -0.3%, reflecting the uncertainty prevailing in the occupational markets as result of a structural change in working habits. Sentiment is expected to improve in Q3 following the withdrawal of guidance on 19 July that required people to work from home.

10-year UK Commercial property total returns (Monthly)



Source: Columbia Threadneedle Investments, MSCI UK Monthly Property Index and LSH UKIT Q2 2021 report as at 30 June 2021.

Market Context

Market Commentary (continued)

Occupational trends

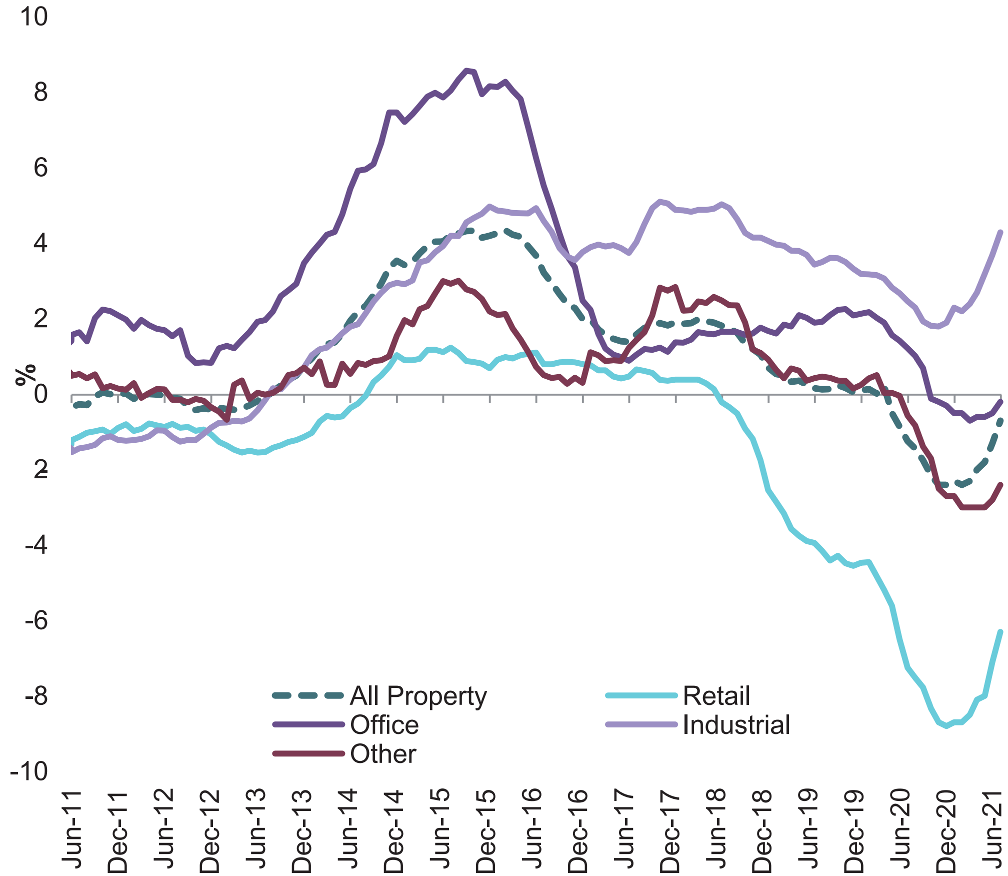
In line with capital trends, the occupier markets have been boosted by the increase in consumer and business confidence. The industrial sector has seen continued consecutive performance largely as a result of diminishing availability causing inflationary pressure on rents. The sector recorded rental value growth of 1.8% and quarterly record take-up of 16.1 million sq. ft. in Q2. The retail sector saw rental declines of -1.0%, whilst the office market returned to growth of 0.1%, despite the structural headwinds of future working behaviours.

Outlook

The “All Property” Net Initial Yield at the end of June 2021 contracted 20 bps to 4.8%, reflecting the strong capital gain evidenced above. With the base rate (0.1%) and ‘risk free’ rate of 10-year gilts (0.6%) at close to historic low levels, the commercial property market continues to assert its highly attractive relative income attributes.

With the successful vaccine rollout weakening the link between COVID-19 infections and hospitalisations, we expect business and investor confidence to strengthen and the economic recovery to continue. We remain confident in the performance potential of UK property in this macroeconomic environment.

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



Source: Columbia Threadneedle Investments, MSCI UK Monthly Property Index and LSH UKIT Q2 2021 report as at 30 June 2021.

Fund Overview – Q2 2021

Material Changes

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

Liquidity Management

- The value of the Threadneedle Pension Property Fund (TPEN PF) portfolio as at 30 June 2021 was £2.037bn, with an uninvested cash balance of £158.1m, reflecting 7.8% of funds under management (FUM). Q2 2021 liquidity was above the target level, however, this defensive position is considered prudent given the unprecedented macroeconomic uncertainties that continue to face all UK investment markets, principally due to the seismic effects of the Covid-19 global pandemic.

Source: Columbia Threadneedle Investments as at 30 June 2021.

Investment Activity

- During Q2 2021, TPEN PF made two strategic acquisitions and two disposals. Further details on transactions above £5.0m in the quarter are as follows:
  - The acquisition of a multi-let industrial estate comprising 12 units totalling c.118,350 sq ft in Dudley, which benefits from excellent motorway access, enabling 90% of the UK's population to be reached within a roughly four-hour drivetime. Nearly 50% of the floor area was subject to comprehensive refurbishment between 2019 and 2021 at a total cost of c.£2m. The asset is let at a passing rent of £538,167 pa, reflecting a modest £4.69 per sq ft (PSF) compared with an estimated rental value (ERV) of c.£5.50 PSF, and attractive WAULT to break of roughly eight years. Approximately 66% of the income is secured to highly robust covenants, and c.51% of the income is subject to RPI-linked RRs. The asset was acquired for £8.05m, reflecting c.6.3% NIY (6.6% RY) and a low capital value of £71 PSF. The acquisition strategically increases the fund's exposure to highly liquid industrial assets capable of delivering a high sustainable income yield while offering potential to add value through proactive asset management.
  - The acquisition of a modern, 2018/2019-constructed food-led retail warehouse park in the core retailing area of Glenrothes in a prominent position fronting a dominant A-road. The asset comprises four purpose-built units totalling c.32,150 sq ft: a solus c.11,670 sq ft M&S Foodhall and a separate three-unit terrace occupied by The Food Warehouse, Farmfoods and Indigo Sun. The asset is 100% let at a passing rent of £525,500 pa (£16.35 PSF) for a WAULT of c.12 years to expiry (no break options). 92% of the income is secured against food retailers deemed as 'essential retail'. The asset was acquired for £7.3m, reflecting c.6.75% NIY on the topped-up income (7.0% RY), which represents a significant discount to recent comparable solus food-store investment transactions in the UK. The acquisition strategically increases the fund's exposure to assets that benefit from a sustainable, high relative income yield that offers 'mispriced' risk from an investment perspective due to modest rental levels and good occupier trading profiles.
  - The disposal of a c.39,600 sq ft office headquarters building situated on the periphery of Egham town centre which is let in its entirety to Enterprise Rent-A-Car UK for a term certain of 7.5 years at a rental level of c.15% ahead of market ERV. The occupier owns the freehold of the adjacent office building and, given the impact of Covid-19 on increased flexible/home working, the majority of the building could become surplus to their requirements, resulting in a void risk and significant non-recoverable landlord capital expenditure for the fund. The asset was sold for £18.0m reflecting c.6.5% NIY, in line with the fund's independent valuation. The disposal strategically reduces the fund's exposure to the secondary-office market.

Source: Columbia Threadneedle Investments as at 30 June 2021.

Asset Management Overview

- Extracting latent value through proactive asset management initiatives remains a critical focus for TPEN PF management team. A total of 183 new lettings/lease renewals were successfully completed in the 12 months to Q2 2021, with a combined rental value of c.£16.8m pa. Importantly, TPEN PF continues to maintain high levels of tenant retention at 'tenant break option', with just 25 of 164 options exercised (c.85% retention rate). As a direct result of new letting activity (expiry of rent-free periods) and fixed rental value increases, TPEN PF's property portfolio rent roll is set to increase by a further c.£7.3m pa over the next 12 months.

Source: Columbia Threadneedle Investments as at 30 June 2021.

Fund Overview – Q2 2021

- Asset Management Highlights for Q2 2021 included:
  - Surrender of two leases and the simultaneous letting of two new straight 10-year leases to Shop Direct Home Shopping Limited across 715,000 sq ft of industrial/distribution units in Wrexham on a combined starting rent of £1.6m rising to £2.6m by the end of the lease via 3-7% fixed annual increases, resulting in a capital value gain for the fund of c.36%/£6.575m.
  - Letting and agreement for lease documented on two floors of a newly refurbished multi-let office building in Bromley across 18,500 sq ft of accommodation, at rental levels of £30.00 PSF and a stepped rent rising to £35.00 PSF, both significantly ahead of the independent valuers' ERV of £28.00 PSF, representing a capital value gain for the fund of c.32%/c.£3.950m.
  - Letting of a 7,800 sq ft office suite at the fund's largest holding in London W1 to a strong covenant on a new 10-year lease at £79.00 PSF headline rent and the re-letting of a ground-floor retail unit to an Asian food store on a new 10-year lease at £80,000 pa.
  - Reversionary lease due to complete, securing a further eight-year term to Marks & Spencer at a district shopping centre in Sunbury, increasing the passing rent by £246,250 pa in 2023 and a potential capital value gain for the fund of c.£3m in Q3 2021.
  - Agreement for lease exchanged on a letting of a 5,840 sq ft floor of a multi-let office building in London EC1 which secures a headline rent equating to £65.00 PSF, in line with the independent valuers' ERV. This letting will reduce the void within the building by 50% and reflects the growing recovery in the occupational market in Farringdon.
  - Letting of a 10,700 sq ft unit on a recently acquired multi-let industrial estate in Dudley to a robust 5A1 covenant for a new five-year lease with tenant-break option in year three at £5.75 PSF, c.15% ahead of independent valuers' ERV of £5.00 PSF with no incentive, establishing a new rental tone across the estate.

Source: Columbia Threadneedle Property Investments as at 30 June 2021.

Covid-19 – Rent Collection Strategy

- The Covid-19 pandemic is having a materially negative impact on the revenue of many UK businesses, and short-term cashflow issues have the very real potential to drive some businesses into insolvency. A number of businesses are seeking to reduce their cost base as a result, including rent.
- As responsible investors in real estate, Columbia Threadneedle Investments (CTI) has taken the opportunity to proactively engage with tenants in order to ensure the best outcome for all parties in difficult circumstances. The UK government introduced a moratorium on landlords' abilities to evict tenants for the non-payment of rent in April 2020. This legislation has subsequently been extended to 31 March 2022.
- Given the strategically diverse nature of the TPEN PF occupier base (1,292 tenancies), the manager has not adopted a uniform approach and is proactively managing the tenant base to achieve the best results for underlying investors and occupiers alike.
- The CTI approach to rent collection across funds is designed to be fair and reasonable. Where a tenant has requested a rent concession, this is assessed on a case-by-case basis and an appropriate response is provided following approval by the property manager, oversight manager and asset manager. The final recommendation for any concession needs to be signed off by the appropriate fund manager prior to implementation.

Rent-Collection Statistics

	Rent Demanded per Quarter £	Day 0	Day 7	Day 14	Day 21	Day 28	Last day of quarter
December 2019	£32,229,727	79%	85%	95%	97%	98%	99%
March 2020	£30,108,846	54%	60%	64%	65%	67%	88%
June 2020	£30,817,067	39%	50%	58%	63%	67%	82%
September 2020	£30,166,273	50%	61%	68%	74%	78%	88%
December 2020	£29,312,897	58%	62%	67%	71%	74%	87%
March 2021	£29,515,907	53%	70%	74%	78%	81%	91%
June 2021	£28,007,357	54%	73%	81%	86%	TBC	TBC

Source: Columbia Threadneedle Property Investments, as at July 2021.

Fund Overview – Q2 2021

Fund Sector Exposure Q2 2021

- The fund is structured to provide highly diversified and defensive total returns, with a focus on high relative income yield and proactive asset management. The portfolio is strategically positioned relative to CTI analysis of prevailing market conditions at both property and sub-sector levels. Relative to the MSCI/AREF UK Quarterly 'All Balanced' Property Fund index's weighted average (inclusive of cash holdings), the fund has the following strategic sub-sector key themes:
  - Overweight industrial with 40.3% of portfolio exposure versus the benchmark's 36.4% in this key growth sector. Excluding cash, the fund has c.49% exposure to industrial at direct portfolio level, with a focus on smaller 'last mile' distribution assets situated in strategic urban logistics locations. The TPEN PF investment team will continue to strategically increase exposure to the industrial market.
  - Overweight office (30.2% versus 27.2%), with the fund's exposure strategically weighted to the most dynamic central London (14.7% versus 12.1%) and south-east (11.1% versus 9.7%) occupational markets.
  - Underweight retail warehousing (9.7% versus 10.4%). This has been a long-term underweight position, as sector pricing has historically been driven by investors paying a premium for lease length and quantum (large lot sizes) at the expense of property fundamentals. Providing consideration to the continued CVA threat (magnified by the effects of Covid-19) facing tenants in this sector and the accelerated capital value decline witnessed in 2020, the TPEN PF investment team considers that the sub-sector for strong tenant trading, convenience-led schemes at mid-teen rental levels now offers an attractive, sustainable income yield advantage to the market. The fund, subject to robust stock selection, considers the market dynamics favourable to increase its exposure to the sub-sector in 2021.
  - Underweight in-town retail (7.1% versus 8.4%). Excluding Greater London, TPEN PF has just £46m (c.2.5% of direct portfolio) of regional retail exposure, with a highly liquid average lot size of c.£1.8m (ensuring maximum diversity at both the property and tenant levels).

Source: Columbia Threadneedle Property Investments & MSCI/AREF UK Quarterly 'All Balanced' Property Fund Index as at 30 June 2021.

Fund Performance – MSCI/AREF UK Quarterly 'All Balanced' Property Fund Index – Q2 2021

MSCI/AREF UK Quarterly 'All Balanced' Property Fund Index weighted average return statistics are measured at fund level (NAV to NAV, net of fees) and take into account cash holdings.

- In Q2 2021, TPEN PF generated a total return of 4.3%, outperforming the MSCI/AREF UK 'All Balanced' Property Fund index's (the benchmark) weighted average total return of 3.8%.
- For the year ending 30 June 2021, TPEN PF generated a total return of 8.3%, marginally underperforming the benchmark's return of 8.5%.
- Over the medium to long term, the fund has delivered annualised total returns against the benchmark of 2.8% versus 3.0% over three years, 4.3% versus 4.9% over five years and flat with the index at 6.7% over 10 years.
- Over 15 years, the fund has outperformed, returning 4.3% versus the benchmark's 3.5%.

With reference to performance attribution, the following factors should be considered:

- With £2.037bn of AUM, TPEN PF is the sixth-largest fund in the MSCI/AREF UK Quarterly 'All Balanced' Property Fund index (the benchmark). The fund's size and significant diversification offer the investor base a sustainable, defensive, income-focused total return; however, performance has the potential to fractionally lag smaller, less-diversified, more-nimble funds in periods of low total returns.
- As an open-ended, daily dealt unit-linked life fund, the manager considers it prudent to adopt a cautious approach to liquidity management, especially in periods of sustained macroeconomic volatility. Since the announcement in February 2016 that the UK was to hold a referendum on EU membership to present day with the unquantifiable impact of the Covid-19 global pandemic, the economic backcloth has proved to be a prolonged period of unprecedented volatility. As such, the TPEN PF has maintained a defensively high relative cash position during this time, albeit operating within the fund's long-term liquidity targets. The defensive liquidity position adopted over the last three to five years has served to moderately dilute TPEN PF's relative returns.

Fund Overview – Q2 2021

- From a real-estate perspective, as can be expected in a sustained ‘risk off’ investment climate, well-let, prime assets delivered relative outperformance over 2016-20. Consistent with the long-term investment strategy, TPEN PF is not overweight in this type of asset. However, over the medium to longer term where income forms the core component of total returns supported by proactive asset management-led capital value gains, funds such as TPEN PF should be well positioned to deliver relative outperformance.
- Further to the above, the relative underperformance of TPEN PF can be attributed to the fund’s underweight position in south-east industrial (which includes Greater London) versus that of the benchmark (14.0% versus 23.8%). Over the 12 months to June 2021, the south-east industrial market saw significant outperformance, recording capital growth of 20% versus the rest of the UK industrial market at 15.6%. The largest five funds within the index comprise c.46% of the total benchmark (c.£14.07bn versus c.£30.5bn), all of which have major (>£50m) south-east and Greater London industrial holdings, with a combined average weighting of c.25.1%, ahead of the index’s 23.8%. The nine months to June 2021 evidenced Greater London industrial transactions at record-low yields of c.2.5%, as investors underwrote the potential for future rental growth at c.10% pa over the next five years despite the current recession and any lasting detrimental business impacts of Covid-19. The record-low yields achieved on London industrial pricing has resulted in a disproportionate capital return for the south-east industrial market. Over the last decade south east industrial has generated a low yielding income return compared to the rest of the UK industrial market. Given the CTI philosophy and investment approach of a high-income yield contributing the greatest constituent to total returns, TPEN PF has invested in industrial assets that have robust property fundamentals and offer an income yield advantage to the market that has been proven to outperform in the long term.
- Over the last three to five years, the TPEN PF investment team has been strategically repositioning portfolio sub-sector weightings in order to ensure that the fund is well positioned to capitalise on market conditions over the next three to five years. Indeed, from a direct real-estate perspective, the fund now has a c.74% weighting to Greater London (all sectors) and industrial markets, and a structurally underweight position in the retail sector. This strategic repositioning is anticipated to set a solid foundation for the delivery of TPEN PF relative out-performance over the medium to long term.

The TPEN PF on a long-term basis delivers material relative outperformance versus the more directly comparable range of UK property funds in the MSCI/AREF UK Quarterly ‘Managed’ Property Fund index peer group (£8.507bn index comprising five open-ended, daily dealt pension funds) in generating returns of:

- 4.3% versus 3.7% over one year
- 8.3% versus 8.4% over three years
- 2.8% versus 2.3% over five years;
- 4.3% versus 4.4% over 10 years; and
- 4.3% versus 3.5% over 15 years

Source: Columbia Threadneedle Property Investments & MSCI/AREF UK Quarterly ‘All Balanced’ and ‘Managed’ Property Fund Index as at 30 June 2021.

Fund Overview – Q2 2021

Asset Contributions

Top three asset contributions (12 months weighted)	Sector	Commentary
Spade Lane, Sittingbourne	Industrial/warehouse	South-east c.150,000 sq ft distribution warehouse. South-east industrial has seen significant capital value gains and income growth, outperforming the retail and office sub-sectors which have been adversely impacted by Covid-19.
Deeside Industrial Estate, Deeside	Industrial/warehouse	North-west c.885,000 sq ft multi-let industrial estate that has witnessed significant rental and capital value gains through proactive asset management, driving the rental tone across the estate from c.£5.25 PSF to c.£6.50 PSF.
Bryn Lane, Wrexham Industrial Estate	Industrial/warehouse	Located on a highly accessible, established industrial estate, the asset comprises well-configured distribution units totalling c.715,000 sq ft. It has witnessed significant rental and capital value gains through proactive asset management, securing a new 10-year lease to a 5A2 covenant.

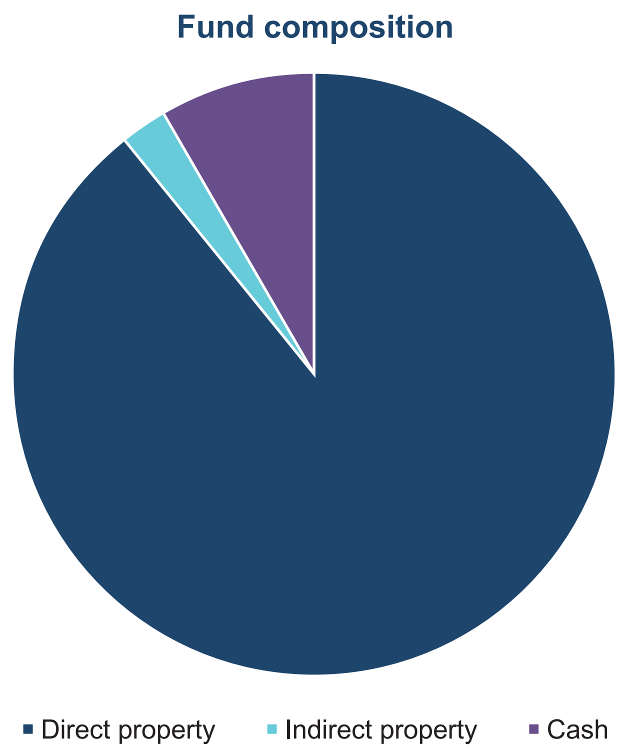
Bottom three Asset contributions (12 months weighted)	Sector	Commentary
The Heals Building, London W1	Central London offices/retail	A prime 185,000 sq ft mixed-use retail/office building, which is forecast to significantly benefit from the enhanced connectivity and vibrance generated when the key Crossrail node at Tottenham Court Road station opens.
Mercury Park, High Wycombe	Out-of-town offices	Asset repositioning in progress to refurbish vacant accommodation and improve amenities at the park through developing communal space and a café. An on-site amenity/café opened in Q2 2021.
8 Park Row, Leeds	In-town offices	A prime 43,660 sq ft office building in the heart of Leeds' Central Business District in close proximity to railway station and city centre amenities. The office element of the asset comprising 26,760 sq ft is due to be comprehensively refurbished to Grade A with PC estimated Q4 2021. Target rent: £28.00 PSF.

Source: Columbia Threadneedle Investments and MSCI UK Monthly Property Index 'Unfrozen', as at 30 June 2021.

Portfolio Characteristics

Net Fund Value	£2,037 million
Asset exposure	Property, Cash, Indirect
Cash	7.8%
Indirect	2.2%
Number of properties excl indirect	268
Average lot size	£6.9 million
Total gross passing rent	£112.5 million p.a.
Number of tenancies	1,634
Key tenants	Top 10 tenants form 18.7% of total rent roll.

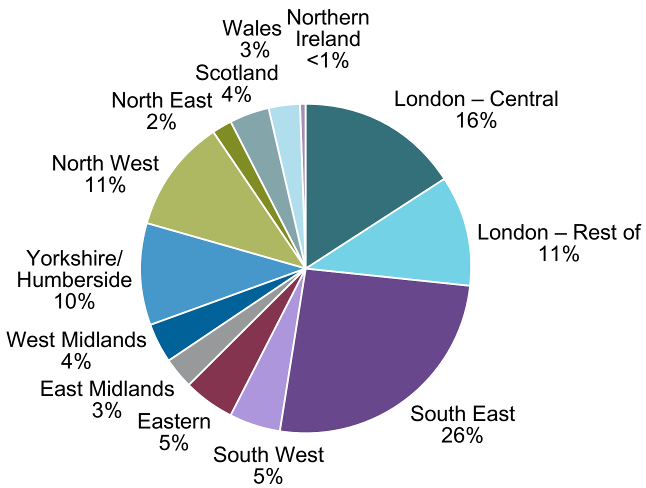
	TPEN	MSCI Monthly Index
Net Initial yield	5.5*	4.7
Equivalent yield	7.1	6.0
Average term to break	4.9	6.5
Vacancy rate	12.3**	10.1



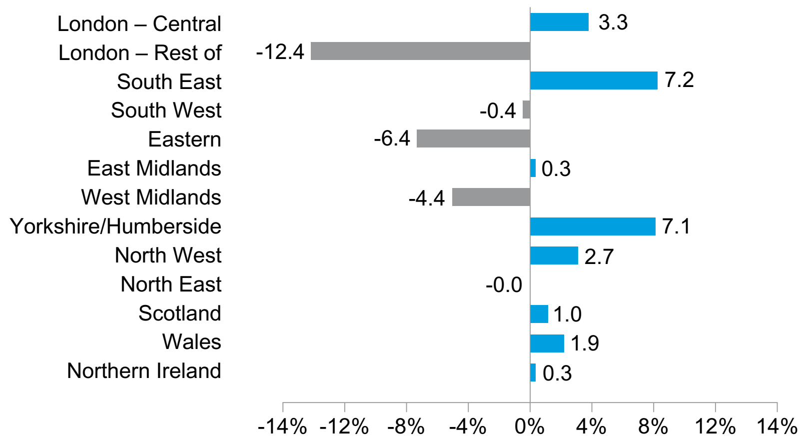
Source: Columbia Threadneedle Investments and MSCI UK Monthly Property Index as at 30 June 2021
*Source: CBRE independent valuation as at 30 June 2021
**Source: MSCI UK Monthly Property Index as at 30 June 2021

Portfolio Sector and Geographical Positioning

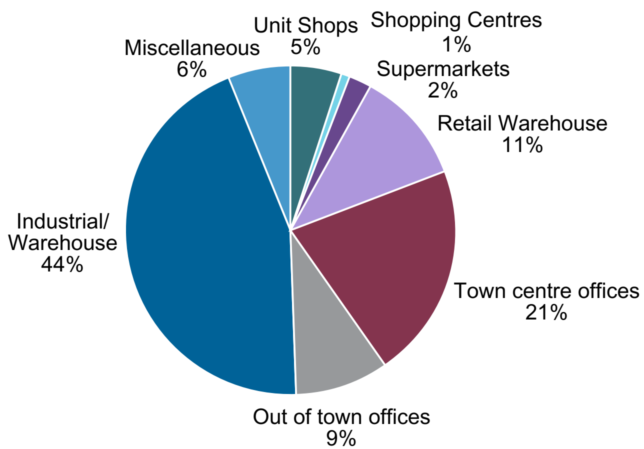
Portfolio weighting – geographical split



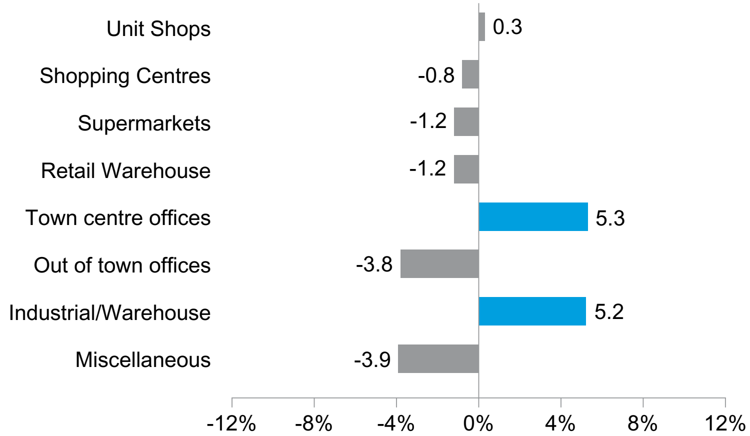
Relative portfolio weighting (%) versus MSCI Monthly Index



Property weighting – sector distribution



Relative portfolio weighting (%) versus MSCI Monthly Index

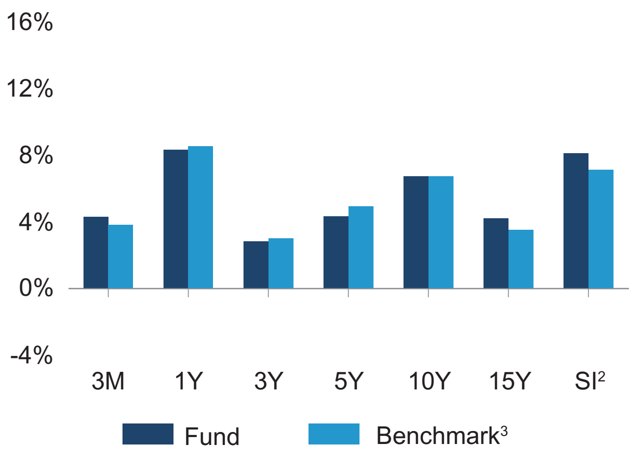


Source: Columbia Threadneedle Investments and MSCI UK Monthly Property Index as at 30 June 2021
*Source: Retail (Unit Shops) overweight skewed by significant London retail/office holdings (including Heals Building & South Molton Street).

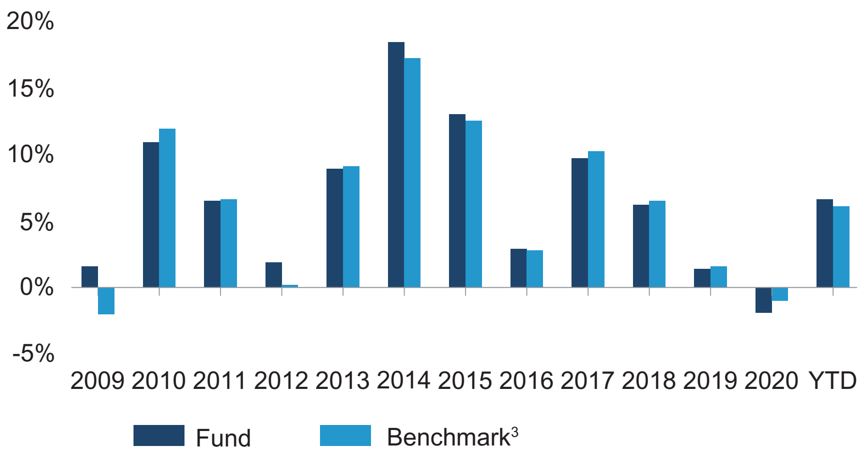
Performance

Long Term Performance

Discrete periods[1]



Calendar Years



Fund Performance **Annualised Performance**

	3M %	YTD %	1Y %	3Y %	5Y %	10Y %	15Y %	SI* %
Fund	4.3	6.6	8.3	2.8	4.3	6.7	4.2	8.1
Benchmark**	3.8	6.1	8.5	3.0	4.9	6.7	3.5	7.1
Relative (Arithmetic)	0.5	0.5	-0.2	-0.2	-0.6	0.0	0.7	1.0

Source: AREF/IPD
* Since Inception – March 1995
** 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.
3. Benchmark is MSCI/AREF UK All Balanced Property Funds Weighted Average. Based on NAV to NAV (net of fees). Historical returns are for information purposes only.
Columbia Threadneedle Investments was appointed investment advisor to the Trust in November 1998.

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

Top 10 Holdings and Tenants

Property

Location	Name	Sector	Lot size (£m)
London W1	The Heals Building	Town Centre Offices	50-100
Chelmsford	Boreham Airfield	Miscellaneous	50-100
Deeside	Deeside Industrial Park	Industrial / Warehouse	50-100
Sittingbourne	Spade Lane D/Cen	Industrial / Warehouse	25-50
Watford	Penfold Works	Industrial / Warehouse	25-50
London EC1	Banner Street	Town Centre Offices	25-50
London EC1	29-35 Farringdon Road	Town Centre Offices	25-50
Bristol	Next Distribution Warehouse	Industrial / Warehouse	25-50
Wimbledon	Wellington	Out of Town Office	25-50
South Ockendon	Arisdale Avenue	Industrial / Warehouse	25-50

Tenant

	% of rents passing
Next PLC	3.2
Liberty global (Virgin Media)	3.0
Heidelberg Cement AG	2.2
Magnet Limited (NOBIA AB)	2.0
Travis Perkins PLC	1.7
John Lewis PLC	1.5
Wittington Investments Limited	1.3
Co-operative Group Ltd	1.3
Dixons Carphone PLC	1.2
Invesco LTD	1.2

Source: Columbia Threadneedle Investments as at 30 June 2021

Investment Activity – Key Purchases and Sales Over Q2 2021

Property	Quarter	Sector	Price (£m)	Net Initial Yield
Purchases				
The Hedge Retail Park, Glenrothes	Q2 2021	Retail Warehouse	5-10	6.3
Castle Mill Industrial Estate, Dudley	Q2 2021	Industrial / Warehouse	5-10	6.3
Sales				
Milton Keynes, Drakes Mews	Q2 2021	Industrial / Warehouse	0-5	5.6
Enterprise Rent a Car, Egham (aka Assurance House)	Q2 2021	Town Centre Offices	15-20	6.5

Source: Columbia Threadneedle Investments as at 30 June 2021

Responsible Investment: approach & resource

ESG principles and performance metrics are embedded throughout the core areas of our operations

FUND MANAGERS: responsible for all aspects of fund performance, including ESG performance

INVESTMENT ACTIVITY

- Environmental and Sustainability factors are core components of pre-acquisition due diligence
- Standing assets constantly reviewed and sales considered where performance likely to be impacted by ESG factors

ASSET MANAGEMENT

- Building improvements align landlord and tenant interests: better buildings maximise potential to deliver a 'green premium' while passively managed assets risk becoming environmentally obsolete ('stranded')

REFURBISHMENT

- Refurbishment offers the greatest potential to deliver environmental efficiencies and improvements, while retaining embedded carbon
- Refurbishment Guide enshrines clear ESG principles which our contractors adhere to

PROPERTY MANAGEMENT

- Responsible for day-to-day monitoring and improvement of key performance metrics, including:
  - Energy performance (EPCs) and consumption
  - GHG emissions
  - Water & waste

All operations undertaken within the framework of our robust Risk and Governance structures

Source: Columbia Threadneedle Investments, as at 30 June 2021.

Responsible Investment
Portfolio highlights

Global Real Estate Sustainability Benchmark

- Fifth year of the Fund's submission to GRESB
- Scored 71 out of 100 (Peer Average = 65)
- Ranked 19th within its peer group of 84 funds
- Benchmark re-weighted for 2020 submission – TPEN score reduced marginally as a consequence (73/100 in 2019)
- Full analysis set out in Section 6

Energy consumption & GHG emissions

- Sustainability audits on top 20 energy consuming assets
- Absolute landlord procured total energy consumption decreased c.42% Apr20-Mar21 compared to Apr19-Mar20, associated carbon emissions reduced by 42%
- L-f-L total energy (top 20 assets) reduced by 22% Apr20-Mar21 compared to Apr19-Mar20 associated carbon emissions reduced by 23%
- Absolute electricity consumption (top 20 assets) reduced by 23% and gas consumption reduced by 7% 1Q21-on-1Q20 (Covid-impact)

Improving asset energy performance

- c.45% of the portfolio rated EPC A-C (July 2021)
- Building refurbishments undertaken in line with our Refurbishment Guide seeking to improve the energy efficiency of the Fund's assets
- 25 refurbishments completed in 2020, deploying capital totalling c.£17 million

Source: Columbia Threadneedle Investments, as at 30 June 2021 unless otherwise stated.

Columbia Threadneedle Investments – UK Real Estate

Responsible investment update

ENVIRONMENTAL

- Net Zero pathway will be published in Q3 2021
- SECR reporting shows continual improvements in energy consumption and GHG emissions
- Sustainability audits completed for top 20 assets
- Flood Risk monitored 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

Source: Columbia Threadneedle Investments, as at 30 June 2021.

Responsible Investment: responding to the regulatory environment

2019: Columbia Threadneedle UKRE Responsible Investment Policy Statement

2021: Columbia Threadneedle UKRE 'Pathway to Net Zero'

PRA Supervisory Statement: (SS3/19) Insurers Managing the Financial Risks from Climate Change

SECR: April 2019 Energy Use and Scope 1&2 emissions report requirements introduced

TCFD – 2023-25: recommends disclosure on how organisations are addressing climate related risks and opportunities covering:

- Governance,
- Risk Management,
- Metrics and Targets

EU Taxonomy statements from 2022 (UK to follow – TBC)

EU SFDR: Sustainability risk integrated into investment and risk management processes by March 2021. Adverse impacts to sustainability factors to be made from January 2022

MEES/EPCs: energy White Paper includes improvements to EPCs and requirement for EPCs to be B by 2030. Operational Rating to be developed in 2023

Net Zero: Target to neutralise carbon emissions within portfolios by 2050

2018 2020 2022 2025 2030 2040 2050

Source: Columbia Threadneedle Investments, as at 30 June 2021.

Responsible Investment: governance

Permanent project groups are empowered to effect change.
ESG Steering Group provides oversight and conduit to Leadership

UK Real Estate Leadership

ESG STEERING GROUP

Strategy & Oversight

- Oversees ESG strategy & approves overall framework targets and output
- Monitor performance and make recommendations to the PBMT/PC
- Clear reporting lines to and from three standing project groups

PROJECT INNOVATION GROUP

Technical

- Promote best practice in refurbishment and redevelopment, with a focus on incorporating smart technologies, health and wellbeing best practice and producing an agreed net zero carbon pathway document

Building Consultants

ESG ADVISORY GROUP

Thought Leadership

- Forum for discussion of ESG best practice
- Representation from across the real estate team, wider business (including regulatory, compliance and Responsible Investments) and external advisors

External advisors

ESG FUND PERFORMANCE GROUP

Implementation

- Drive ESG performance at Fund level – set targets and track progress
- ESG Lead (asset manager) appointed to each fund / co-ordinates fund efforts
- Quarterly management meetings

Managing Agents & EVORA

Source: Columbia Threadneedle Investments, as at 30 June 2021.

Responsible Investment: Implementation

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

Policy Statement SDG	Portfolio implementation	Verification
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE — **Build resilient infrastructure**	Improve build quality and reduce environmental impact by ensuring refurbishments are undertaken in accordance with Refurbishment Guide	Ensure buildings comply with MEES. Monitor number and impact of refurbishments via EPC ratings.
7 AFFORDABLE AND CLEAN ENERGY — **Energy**	Monitor energy consumption and target y-on-y reduction. Reduce gas consumption over time. Install smart meters on landlord controlled assets	SIERA database tracks energy (electricity and gas) consumption, and % smart meters on landlord-controlled assets.
13 CLIMATE ACTION — **Carbon & Climate**	Monitor GHG emissions and target y-on-y reduction. Monitor and report flood risk annually.	SIERA database tracks GHG emissions on landlord-controlled assets. Zurich provides flood risk data which is reviewed via Horizon
6 CLEAN WATER AND SANITATION; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION — **Water & Waste**	Monitor water & waste consumption and target y-on-year reduction and increase recycling rates. Install smart meters on landlord controlled assets	SIERA database monitors waste & water consumption and % smart meters on landlord-controlled assets.

Source: Columbia Threadneedle Investments, as at 30 June 2021.
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Responsible Investment: implementation

Bespoke Fund targets

All Funds operate within the overarching principles enshrined by the ESG Policy Statement. Fund Managers are responsible for all aspects of Fund performance, including ESG performance. ESG Leads liaise with Fund Managers to determine targets and monitor performance appropriate to each Fund's investment strategy.

Key considerations:

- What targets are appropriate to the fund strategy?
- What is the appropriate timeframe to deliver against fund targets (within the overarching regulatory framework overseen by the ESG Steering Group)?
- What level of data coverage is achievable on the fund's assets? (how much space is tenant / landlord?)
- GRESB – does the fund participate? What are its GRESB rating ambitions?
- Achieving Net Zero – does the Fund have ambitions to achieve this before 2050?

Once fund targets are set, the ESG Fund Performance Group monitors implementation and delivery:

- Targeted EPC improvement strategy on asset-by-asset basis
- Energy Consumption & GHG Emissions – monitoring progress in conjunction with managing agents and Evora
- Water and Waste Data – monitoring progress in conjunction with the managing agents and Evora
- Sustainability Audits – monitoring output and implementing recommendations
- Climate Change – Portfolio Flood Risk Analysis / Fund climate screening analysis

Threadneedle Pensions Limited Pooled Property Fund

Responsible investment highlights

Energy performance potential

EPCs

- Portfolio coverage: c.93%
- Rated E or above represent c.91% of the portfolio
- Rated C or above represent c.45% of the portfolio
- 27 works projects completed (past 12 months)

Note: As at 15 July 2021

Carbon and climate

GHG emissions / flood risk

- Total GHG portfolio coverage (% area): 61.7%
- L-f-L Greenhouse Gas Emissions -22.7%
- Flood risk portfolio coverage: 100%
- High / extreme risk: 9 assets / 3% value

Note: L-f-L = top 20 assets year-on-year change to 31 Mar 2021
Note: % area coverage whole building area assumed in calculations

Energy consumption

- Total Portfolio coverage (% area): 61.7%
- L-f-L total energy consumption: -22.2%
- L-f-L electricity consumption: -28.5%
- L-f-L gas consumption: -11.2%

Note: L-f-L = top 20 assets year-on-year change to 31 Mar 2021
Note: % area coverage whole building area assumed in calculations

Water and waste

- Total Water portfolio coverage (% area): 25.6%
- L-f-L water consumption: -63.0%
- Total Waste portfolio coverage (% area): 26.2%
- L-f-L waste consumption: -59.6%

Note: L-f-L = top 20 assets year-on-year change to 31 Mar 2021
Note: % area coverage whole building area assumed in calculations

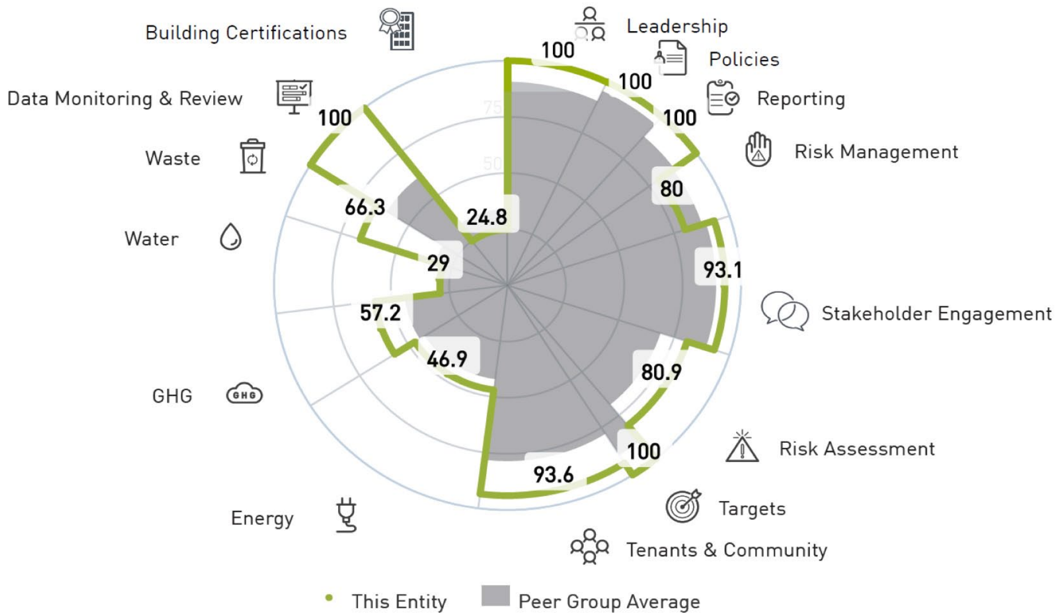
Source: Columbia Threadneedle Investments, as at 31 March 2021 unless stated otherwise. All intellectual property rights in the brands and logos set out in this slide are reserved by respective owners.

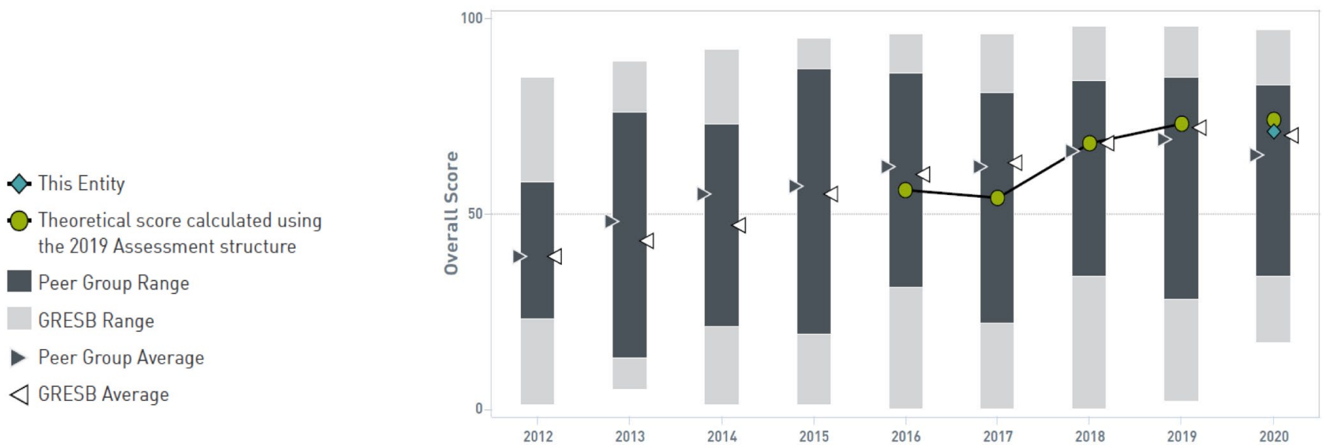
Threadneedle Pensions Limited Pooled Property Fund

Responsible investment GRESB – 3 stars

Global Real Estate Sustainability Benchmark

- 2020 is the fifth year of the Fund's submission to GRESB
- Three stars and a score of 71/100 (Peer average = 65)
- Ranked 19th within its peer group of 84 funds
- Benchmark reweighted for 2020: TPEN score reduced in consequence
- TPEN achieved higher scores than the peer group in; leadership, policies, reporting, stakeholder engagement, aspects of the Management component and in all but one of the Performance component aspects (risk assessments, targets, tenants & community, energy, GHG, water, waste, data monitoring & review).





Source: GRESB Benchmark Report 2020. All intellectual property rights in the brands and logos set out in this slide are reserved by respective owners.

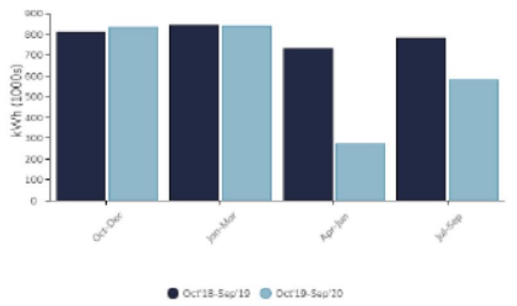
Threadneedle Pensions Limited Pooled Property Fund

EVORA example report – The Heal's Building

- On a quarterly basis EVORA produce a Energy Performance and Greenhouse Gas emissions report which identifies energy consumption at the "Top 20" energy consuming assets (multi-let only).
- The total energy consumption is compared over the last 12 months and on a year-on-year basis against the CTI annual target showcasing performance.
- A detailed Sustainability Audit is then produced identifying recommendations / works which are a combination of service charge, non-recoverable and capex items which will assist in reducing energy consumption and the likely cost.
- This audit is then presented to the asset manager and managing agents who review each recommendation and action where financially viable.

M8247 London W1, The Heals Building

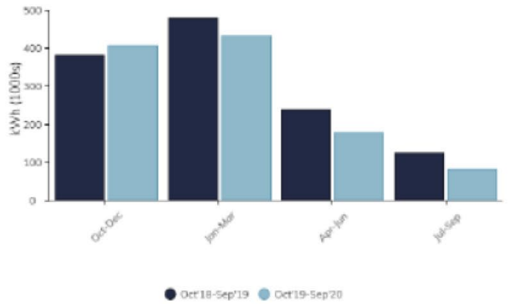
Electricity Chart Quarterly - Heals Building



Asset Target Table - Heals Building

Ending Sep '20	Annual Target	Year To Date	Last 3 months	Last 12 months
Energy	-2%	-40.44% 1,117,342 kWh	-26.59% 663,664 kWh	-17.36% 3,626,636 kWh
Electricity	-2%	-43.42% 856,235 kWh	-25.4% 581,776 kWh	-20.16% 2,526,189 kWh
Fuels & Thermals	-2%	-28.01% 261,107 kWh	-34.04% 81,888 kWh	-10.12% 1,100,448 kWh

Gas Chart Quarterly - Heals Building



Asset Commentary - Heals Building

Year/Qtr	Comment

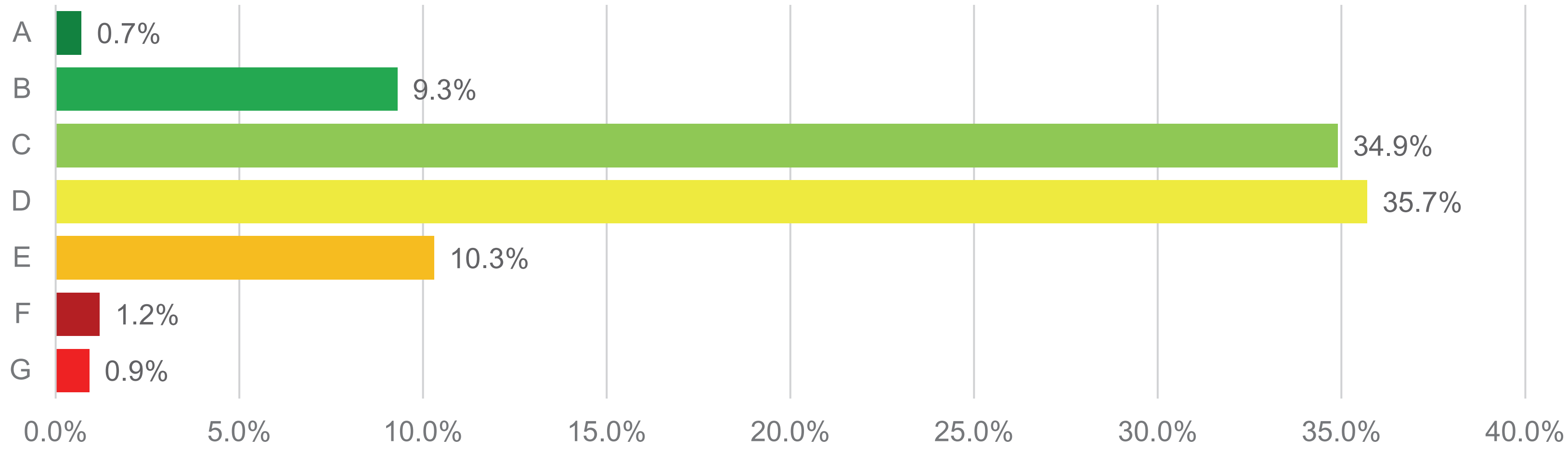
- *Reduced consumption due to measures put in place during the pandemic. BMS timings revised due to low occupancy rates*

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

Threadneedle Pensions Limited Pooled Property Fund

Energy Performance Certificates – portfolio overview

- The energy efficiency rating of a building is a measure of how efficiently energy has been used, the value is for comparative purposes and does not represent actual units. Buildings are graded from A (more energy efficient), to G (less energy efficient).
- The Minimum Energy Efficiency Standards places restrictions on properties which are considered 'sub-standard' i.e. below rating of E. For properties which have a rating of F or G (unless covered by an exemption) the landlord cannot:
  - grant a new tenancy (to include the renewal or extension of an existing tenancy) – this has been in force since 1st April 2018; or
  - allow an existing tenancy to continue after 31st March 2023.
- The graph below gives an overview of the EPC ratings for the property portfolio in TPEN, the majority of which are rated E or above (c.91% of the portfolio) and when considering those rated C or above represent c.45% of the portfolio.
- Those that are classified as not assessed within the portfolio comprise assets which are long let or where the EPC has expired but a tenant remains in occupation. The Fund procures a valid up to date EPC on properties when the unit becomes vacant, at lease renewal / extension or when the asset is to be sold in line with MEES requirements.



Source: Columbia Threadneedle Investments, 15 July 2021.

ESG framework

TPEN case study – environmental

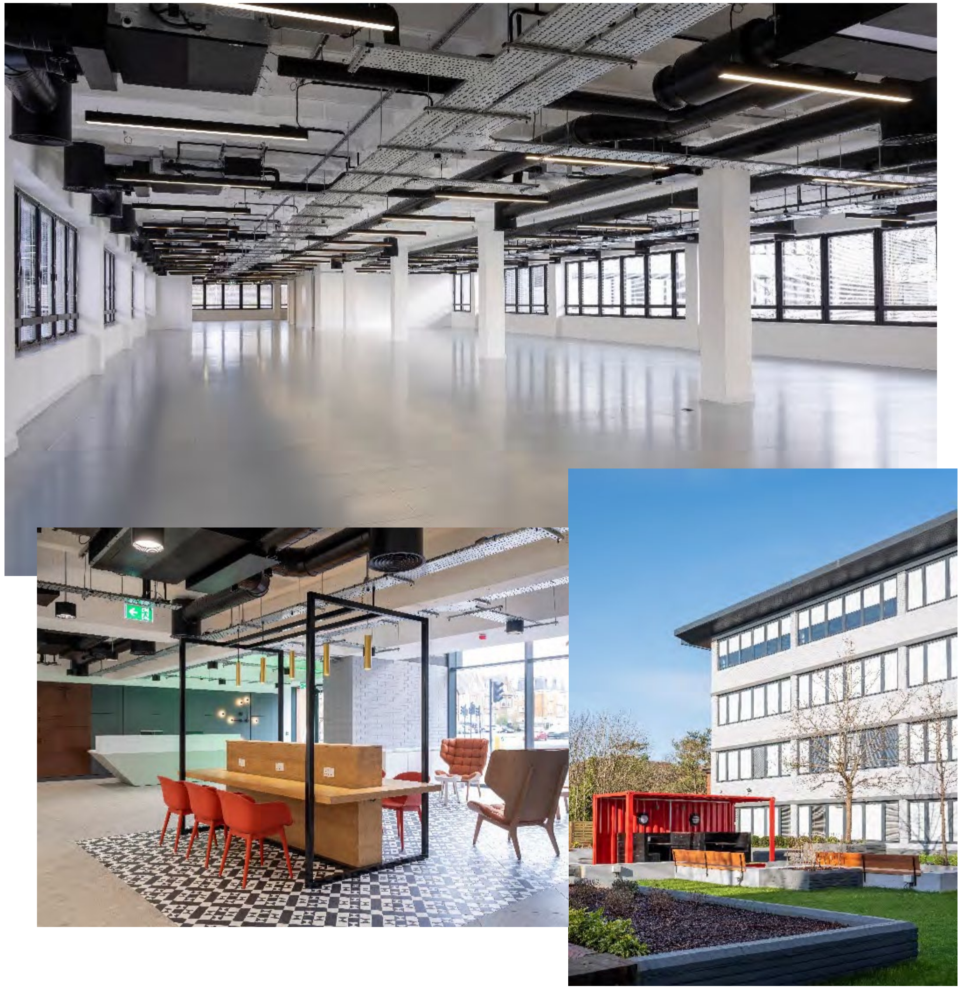
Mill Road, Rugby

- This 173,639 sq ft industrial/warehouse in Rugby was acquired by the Fund in June 2016 and was originally let to a tenant for mainly packaging and redistribution.
- Following the tenant departure last year, the Fund undertook a comprehensive refurbishment of the premises in order to re-market at enhanced rent.
- Substantially improved the energy performance of the asset from and EPC rating of D to B.
- New specification included:
  - Replacement of old sodium lighting to new LED lighting with perimeter daylight dimming fittings.
  - Removal of wet heating system and replacement with heating/ cooling VRF systems with heat recovery.
  - New double glazed window to main office section.
  - Electric panel heaters where required.
  - Water heating by localised water boilers rather than central boiler.
  - Installation of shower facilities for enhanced staff amenity.
  - Installation of x4 electric vehicle charging points.
- Extensive refurbishment completed January 2021.

ESG framework
TPEN case study – environmental

T Bromley, Bromley

- This 52,550 sqft multi-let office building in Bromley has undergone a comprehensive Grade A refurbishment by the Fund significantly improving it’s ESG credentials and on-site amenity.
- The asset offers occupiers best in class office accommodation and upon re-letting the Fund anticipates to achieve market leading rental levels.
- Significantly improved the energy performance of the asset from and EPC rating of E/F to B.
- New specification included:
  - New LED lighting with perimeter daylight dimming fittings
  - Removal of wet heating system and replacement with new heating/cooling systems with heat recovery
  - Electric panels heaters where required
  - Removal of gas supplies
  - Water heating by localised water boilers, rather than a central boiler
  - Provision of new cycle storage, shower and changing facilities
  - Electric vehicle charging points fitted in car park
  - New landscaping to courtyard garden
  - New garden meeting pod and seating for occupiers
- Extensive refurbishment completed July 2020.



ESG framework

TPEN case study – social

Wellington, Wimbledon Hill Road, Wimbledon SW19

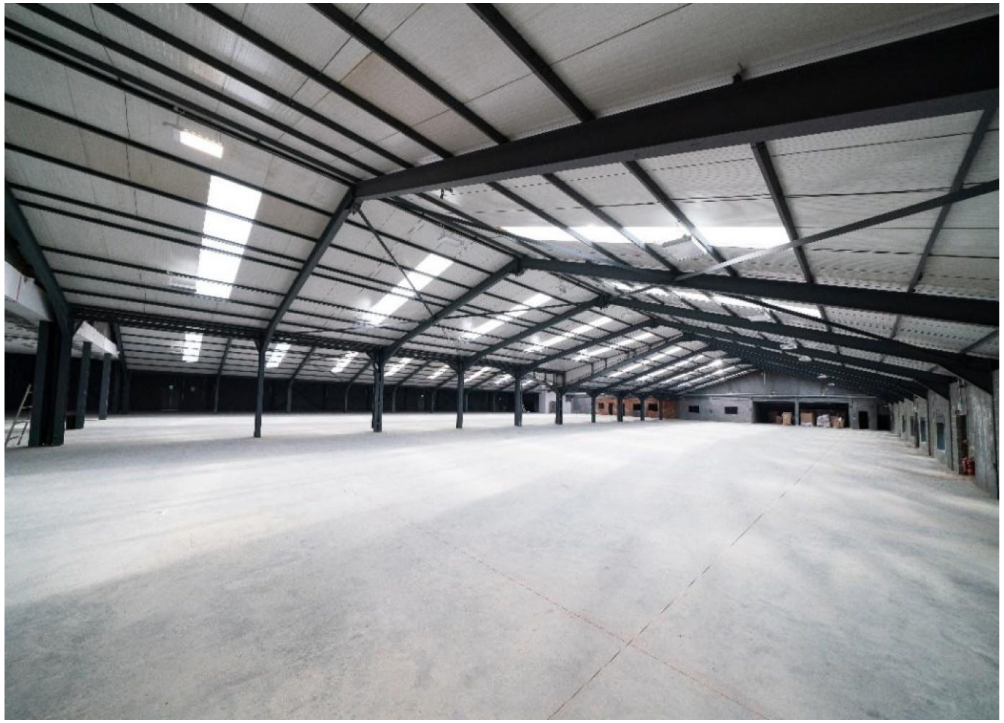
- Consultation with the local community during the pre-application process raised concerns over the ground floor use due to the school opposite the premises, which resulted in a voluntary exclusion of fast food users from the scheme.
- As part of the planning application the Fund offered to incorporate a public amenity square at the corner of the site.
- The team held regular meetings with local community groups to listen and react to concerns, and organised site visits for pupils of the neighbouring school, teaching the students about property development in complex urban environments.
- Working with Community and Planning departments, the original designs were amended to remove the proposed fifth floor and reduce the number of car parking spaces from 24 to eight, reducing car usage and associated carbon emissions in Wimbledon town centre.
- The scheme has been rated BREEAM ‘Very Good’ and delivered a significantly improved EPC rating of B (from a previous rating of E) demonstrating improvements in energy and water use, health and wellbeing, pollution, transport, materials, waste, ecology and management processes.
- Refurbishment/extension completed June 2019.

ESG framework

TPEN case study – environmental

3 Spilsby Road, Harold Wood Industrial Estate, Romford

- The 57,700 sq ft industrial/warehouse in Romford was acquired by the Fund in September 2017, let on a short-term basis to a tenant which used the building for heavy a manufacturing use.
- Following the tenants departure the Fund undertook a comprehensive refurbishment of the unit and returned the premises into a lettable state.
- Substantially improved the energy performance of the asset in the process enhancing EPC rating from an E104 to B33.
- New specification included:
  - New LED lighting with perimeter daylight dimming fittings
  - Removal of wet heating system and replacement with heating/cooling VRF systems with heat recovery
  - Electric panels heaters where required
  - Removal of gas supplies
  - Water heating by localised water boilers, rather than a central boiler.
- Extensive refurbishment completed June 2019.



ESG framework
TPEN case study – social

Unit B Loampit Vale, Lewisham, London SE13

- Planning permission was attain in February 2018 for a 30 storey, 242 unit residential apartment scheme on the site of a solus 11,750 sq ft retail warehouse unit let to Carpetright.
- The consented scheme incorporates a ‘public realm square’ that will provide the gateway entrance for the new Bakerloo line extension Lewisham station. The landscaping of the square was designed following public/local community consultation to include seating and garden features.
- During the planning process the Fund attended 3 public consultations/community events to review the design of the scheme. The asset management team incorporated the detailed feedback received in these sessions into the design of the scheme.
- In addition, the asset management team attended a number of question and answer sessions with Councillors and the wider local community.
- Newsletters detailing the proposed scheme were distributed to the local community and feedback was actioned where appropriate.
- The proposed development is forecast to be a positive improvement for the local community and has been well received.
- Asset sold in September 2018 capitalising on the planning permission to a reputable contractor/developer.

Threadneedle Pensions Limited Pooled Property Fund

Portfolio EPC data

	2020	2021 (as at July)	Indicative Target
Property assets	268	268	–
Rateable units	1,379	1,370	–
EPC coverage (% rateable units)	89.8%	93.2%	100%
EPC rated A (% rateable units)	0.5%	0.7%	>25%
EPC rated B (% rateable units)	7.5%	9.3%	>50%
EPC rated C (% rateable units)	33.4%	34.9%	<25%
EPC rated D (% rateable units)	35.6%	35.7%	0% by end 2030
EPC rated E (% rateable units)	9.6%	10.3%	0% by end 2030
EPC rated F (% rateable units)	1.5%	1.2%	0% by end 2022
EPC rated G (% rateable units)	1.0%	0.9%	0% by end 2021

Source: Columbia Threadneedle Investments. TPEN direct property portfolio. All data as at July 2021 unless otherwise stated.

Threadneedle Pensions Limited Pooled Property Fund

Portfolio energy consumption data

	2017	2018	2019	2020	Target
Property assets	295	287	282	274	n/a
Landlord managed assets (S/C)	119	117	117	114	n/a
Data coverage: landlord-managed assets (gross floor area)	87%	86%	85.5%	89.3%	100%
Tenant managed assets (FRI)	176	170	165	160	n/a
Data coverage: tenant-managed assets (gross floor area)	12.3%	13%	18.5%	19.9%	TBA
Data coverage: whole portfolio (gross floor area)	43.3%	52%	54.5%	58.2%	TBA
Total portfolio energy consumption – absolute	48,753,549 kWh	46,035,566 kWh (-1.43%)	52,388,890 kWh (14.24%)	32,900,067 kWh (-28.61%)	TBA
Total portfolio electricity consumption – absolute	36,174,505 kWh	33,461,837 kWh (-7.50%)	36,182,812 kWh (8.13%)	20,102,857 kWh (-44.44%)	TBA
Total portfolio gas consumption – absolute	12,579,044 kWh	12,573,729 kWh (0.34%)	16,206,078 kWh (28.39%)	12,797,210 kWh (-21.03%)	TBA

Source: Columbia Threadneedle Investments. TPEN 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.

Threadneedle Pensions Limited Pooled Property Fund

Portfolio greenhouse gas (GHG) emission data

	2017	2018	2019	2020	Target
Property assets	295	287	282	274	n/a
Landlord managed assets (S/C)	119	117	117	114	n/a
Data coverage: landlord-managed assets (gross floor area)	87%	86%	85.5%	89.3%	100%
Tenant managed assets (FRI)	176	170	165	160	n/a
Data coverage: tenant-managed assets (gross floor area)	12.3%	13%	18.5%	19.9%	TBA
Data coverage: whole portfolio (gross floor area)	43.3%	52%	54.5%	58.2%	TBA
GHG emissions – absolute (year on year % difference)	48,753,549 kWh	46,035,566 kWh (-1.43%)	52,388,890 kWh (14.24%)	32,900,067 kWh (-28.61%)	TBA

Source: Columbia Threadneedle Investments. TPEN 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.

Threadneedle Pensions Limited Pooled Property Fund

Portfolio water and waste consumption data

		2017	2018	2019	2020	Target
Property assets		295	287	282	274	n/a
Landlord managed assets (S/C)		119	117	117	114	n/a
Data coverage: landlord-managed assets (gross floor area)	Water	29%	39.4%	32%	34.6%	100%
	Waste	25%	86.1%	33%	40.8%	100%
Tenant managed assets (FRI)		176	170	165	160	n/a
Data coverage: tenant-managed assets (gross floor area)	Water	0	0	4%	14.3%	TBA
	Waste	0	0	4%	11.4%	TBA
Data coverage: whole portfolio (gross floor area)	Water	12.5%	21.6%	22.0%	25.1%	TBA
	Waste	6.5%	13.5%	26.8%	27.1%	TBA
Total water consumption – absolute		51,1151 m^3	88,180 m^3	232,058 m^3	192,443 m^3	TBC
Total waste consumption – absolute		935 tonnes	1,634 tonnes	3,247 tonnes	3,321 tonnes	TBC

Source: Columbia Threadneedle Investments. TPEN 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.

Threadneedle Pensions Limited Pooled Property Fund

Portfolio flood risk data (proxy climate change risk)

Portfolio risk exposure by value	2020 (July)	2021 (July)	Target
Property assets	253	267	n/a
Low	192 78.8%	205 80.2%	TBA
Medium	52 17.8%	53 16.8%	TBA
High	6 2.4%	6 2.1%	TBA
Extreme	3 1.0%	3 0.9%	TBA

Extreme risk assets	High risk assets
Unit B, Wyld Road, Bridgwater	1-6 Broadway, Wood Green, London N22
7 Farrell Street, Warrington	RiverbridgeHouse, Dartford
World of Golf, New Malden	Unit 2&3, Christopher Court, Mona Close, Swansea
	The Priory Centre, Worksop
	261-309 High Road, Loughton
	Trade Point, Sheffield

Source: Columbia Threadneedle Investments. TPEN direct property portfolio. All data as at July 2021 unless otherwise stated

Fund Prospects

All investment markets continue to face unprecedented volatility as the world comes to terms with the effects of the global Covid-19 pandemic. The UK commercial real estate market is forecast to experience challenges until the economy returns to some form of normality following the debilitating effects of a prolonged lockdown period.

We believe that defensively positioned funds with high relative income yields, significant levels of portfolio diversification and the potential to add value thorough proactive asset management are best positioned to deliver relative outperformance over the long term. The TPEN PF continues to be well positioned against this uncertain backdrop, as evidenced by the following factors:

- The TPEN PF is a major open-ended product with £2.037bn in FUM and benefits from a well-diversified underlying client base.
- Time-proven liquidity protocols have historically ensured disciplined control of investor inflows and outflows when necessary to protect the interests of existing investors.
- The rental income generated from the TPEN PF (c.£112.5m pa) is reinvested in the fund, further enhancing underlying fund liquidity.
- Fund features include:
    - Significant income yield advantage versus the MSCI UK Monthly Property index (5.5%* versus 4.8%[1]).
    - Maximum diversification at the portfolio level with 268 properties and 1,292 tenancies.
    - Highly liquid average lot size of c.£6.9m.
    - Strategic portfolio positioning, with a focus on the strongest underlying sub-sectors (c.49%* of direct property exposure to the buoyant industrial market, with a 'last mile' focus).
    - Significant unrealised potential to add value through proactive asset management across the portfolio.
    - Defensive fund positioning with zero property-level debt, no exposure to property company shares and selective speculative property development in compelling sub-markets.

Source: Columbia Threadneedle Investments, *CBRE independent valuation and [1]MSCI UK Monthly Property Index as at 30 June 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 Key Features Document.
- **Bid/Offer Spread:** The bid/offer spread on units reflects the costs of buying and selling investments.
- **Semi-swinging single price:** Prices of units in the Funds are calculated on a semi-swinging single pricing basis and valued daily at midday. The price of a unit will be based on the value of the underlying investments of the relevant Fund subject to the charges applicable to the relevant Class and, normally, it will be at this price that units are allocated (purchased) or realised (surrendered). In certain circumstances, however, the price may be subject to further adjustment, as explained below. The actual cost of purchasing and selling a Fund's underlying investments may be higher or lower than the mid-market price used in calculating the semi-swinging single unit price. In such circumstance (e.g. as a result of large volumes of transactions), this may have a materially adverse effect on existing investors in the Fund. In order to prevent this effect (called 'dilution'), TPL may need to make a 'dilution adjustment' that will be incorporated in the price. Such an adjustment is paid into or maintained within the Fund for the protection of investors and is only applied when the interest of investors requires it. For the Property Fund a dilution adjustment will usually be applied and included in the unit price.
- **Pricing basis:** Dependent on the general trend of flows in or out of the fund, the pricing basis of the Property Fund will either be at Offer (Inflow) or Bid (Outflow). This means that units in the fund are either priced on a Net Asset Value (NAV) less circa 1.2% or a NAV plus circa 5.8%.
- **Initial yield:** The rent passing net of ground rent, NR, as a percentage of the gross capital value, GCV, at the same date.

  GCV / NR
- **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.

  GCV / NOMRV
- **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:** This 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.

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