

# Threadneedle Property Unit Trust

## INVESTMENT POLICY AND OBJECTIVES

To invest in a diversified portfolio of property assets in the United Kingdom  
To outperform the MSCI/AREF All Balanced Property Fund Index (Weighted Average)

## INVESTOR CONSTITUENCY

Pension funds, charities, insurance companies and other corporate and institutional investors. Units may also be issued to wealthy individuals whom the manager considers have the appropriate experience to invest.

Fund details	
Type of fund	Unauthorised property unit trust
Residence	Jersey
Launch date	01-Jun-67
Open/closed-ended	Open-ended
Earliest date of winding up	Not applicable
Year-end	31-Mar
NAV (GBPm)	1441.7

Source : Threadneedle Investments (Channel Islands) Limited

Management/professional advisors	
Manager	Threadneedle Investments (Channel Islands) Limited
Investment Advisor	Threadneedle Portfolio Services Limited
Property advisor	Threadneedle Property Investments Limited
Property Fund Manager	Christopher Morrogh MA ARICS
Trustee	BNP Paribas Depositary Services (Jersey) Limited and BNP Paribas Depositary Services Limited
Auditors	PricewaterhouseCoopers CI LLP

Source : Threadneedle Investments (Channel Islands) Limited

Investment rates of return, %		MSCI/AREF UK Quarterly Property Fund Index		
	Threadneedle Property Unit Trust	Other balanced funds	All balanced funds	All funds
3 months	2.57	2.18	2.19	1.79
Year-to-date	2.57	2.18	2.19	1.79
12 months	1.99	2.46	2.46	0.69
3 years+	2.36	2.73	2.39	1.11
5 years+	4.09	4.60	4.14	3.19
10 years+	6.55	6.77	6.45	5.90

Source : MSCI/AREF UK Quarterly Property Fund Index

Property investment restrictions	
Maximum development exposure	10%
Maximum speculative development exposure	*
Maximum lot-size holding as a standing investment	*
Maximum lot-size holding permitted at purchase	*
Maximum exposure to limited partnerships	*
Maximum exposure to joint ventures	*
Maximum exposure to closed and open-ended property unit trusts	*

Source : Threadneedle Investments (Channel Islands) Limited

### Portfolio distribution %

	Threadneedle Property Unit Trust	MSCI/AREF UK Quarterly Property Fund Index**		
		Other balanced funds	All balanced funds	All funds
Standard retail – South East	2.4	5.98	5.19	4.86
Standard retail – Rest of UK	2.3	2.11	2.41	3.27
Shopping centres	0.0	0.67	1.15	3.54
Retail warehouses	12.3	10.91	10.51	8.97
<b>All UK retail</b>	<b>17.0</b>	<b>19.67</b>	<b>19.26</b>	<b>20.64</b>
City offices	3.3	3.93	3.61	3.37
West End offices	5.0	7.61	8.46	7.61
Rest of South East offices	15.5	10.80	10.24	7.35
Rest of UK offices	5.8	5.97	5.62	5.14
<b>All UK offices</b>	<b>29.6</b>	<b>28.31</b>	<b>27.92</b>	<b>23.47</b>
South East industrial	23.8	21.72	22.69	18.53
Rest of UK industrial	13.4	12.00	11.77	9.49
<b>All UK industrial</b>	<b>37.2</b>	<b>33.72</b>	<b>34.46</b>	<b>28.02</b>
Other UK properties	5.6	11.32	10.69	21.93
Cash***	10.6	6.97	7.67	5.94
<b>Overall</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source : Threadneedle Investments (Channel Islands) Limited

\*\* MSCI/AREF UK Quarterly Property Fund Index

### Property ownership structure

	Number of assets	Valuation (GBPm)	% of total portfolio
Direct holdings	190	1,266.6	98.2
Joint and indirect holdings	1	23.9	1.8
Listed investments	0	0	0.0
<b>Total</b>	<b>191</b>	<b>1,290.4</b>	<b>100.0</b>

Source : Threadneedle Investments (Channel Islands) Limited

### Largest direct investments by lot size & percentage of total portfolio

Property	Location	Sector	Valuation (GBPm)	% of total portfolio
Croydon, 19 Commerce Way	Croydon	Industrial / Warehouse	25-50	3.2
London W1, 46 Foley Street	London	Town Centre Offices	25-50	2.2
Trowbridge, Trowbridge & Spitfire Retail Park	Trowbridge	Retail Warehouse	20-25	1.8
St Albans, Abbey View	St Albans	Town Centre Offices	15-20	1.5
London SW1, Warwick House	London	Town Centre Offices	15-20	1.5
Redhill, Red Central	Redhill	Town Centre Offices	15-20	1.4
Hayes, Springfield Rd Ind Est.	Hayes	Industrial / Warehouse	15-20	1.4
London EC1, Parchment House	London	Town Centre Offices	15-20	1.3
Coventry, Skydome	Coventry	Miscellaneous	15-20	1.3
Hampton, Kempton Gate	Hampton	Industrial / Warehouse	15-20	1.3
<b>10 largest investments as % of portfolio</b>			<b>0.0</b>	<b>16.9</b>

Source : Threadneedle Investments (Channel Islands) Limited

### Direct portfolio structure by lot-size bands

Value band (GBPm)	Number of assets	Valuation (GBPm)	% of total portfolio
0 -2.5	45	57.1	4.4
2.5 - 5	39	150.8	11.7
5-10	69	496.7	38.5

10-25	35	491.7	38.1
25 - 50	2	70.3	5.4
50 - 100	0	0.0	0.0
100-150	0	0.0	0.0
Over 150	0	0.0	0.0
<b>Total</b>	<b>190</b>	<b>1266.6</b>	<b>98.2</b>
Average lot size		6.7	

Source : Threadneedle Investments (Channel Islands) Limited

Property Yield		Voids as % of ERV	
Net initial yield	5.80%	Investments	7.90%
Nominal equivalent yield	-	Developments	0.00%
True equivalent yield	6.90%	Total	7.90%
Net reversionary yield	6.20%		

Source : Threadneedle Investments (Channel Islands) Limited

#### Rental income & ERV by type of property

	Rental income %	Estimated rental value %
Standard retail	7.2	6.2
Retail warehousing	20.5	17.1
Shopping centres	0.0	0.0
Central London offices	6.3	6.3
Other offices	22.6	26.8
Industrial	34.6	36.2
Other	8.8	7.4
<b>Overall</b>	<b>100.0</b>	<b>100.0</b>

Source : Threadneedle Investments (Channel Islands) Limited

#### Over Renting and Reversionary Potential, % Rent Passing

Sector	Rent Passing, GBP Millions	Rent Free , % Rent Passing	Development vacancy, % Rent Passing	Investment vacancy, % Rent Passing	Over rented,% Rent Passing	Reversionary potential,% Rent Passing	Reversionary potential Net of Over renting,% Rent Passing	Market Value,% Rent Passing
Standard retail	5.6	-	-	0.5	-1.8	-	-	98.8
Retail warehousing	15.9	-	-	0.8	-3.5	-	-	96.5
Shopping centres	0.0	-	-	0.0	0.0	-	-	-
Central London offices	4.9	-	-	0.5	-0.2	-	-	114.8
Other offices	17.5	-	-	4.9	-0.5	-	-	137.6
Industrial	26.9	-	-	2.0	-0.4	-	-	121.1
Other	6.8	-	-	0.4	-1.0	-	-	98.2
<b>Overall</b>	<b>77.6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>115.8</b>

\*Comprising the ERV of developments in progress or contracted which have not been pre-let

Source : Threadneedle Investments (Channel Islands) Limited

#### Listed Investments

	% of Issue held	Valuation (GBPm)	Est. % of total portfolio
0	0.0	0.0	0.0
0	0.0	0.0	0.0
0	0.0	0.0	0.0
0	0.0	0.0	0.0
0	0.0	0.0	0.0
	0.0	0.0	0.0

#### The unexpired term of leases

Years	% of rent passing
20 years or greater	0.2
15 years or greater, but less than 20	1.4
10 years or greater, but less than 15	5.8
5 years or greater, but less than 10	24.9
Less than 5 years	67.7

Source : Threadneedle Investments (Channel Islands) Limited

Joint and Indirect property holdings						
Holdings	Sector	Joint/Indirect	Vehicle Type	Ownership %	Valuation	Est. % of total portfolio
Carbon Neutral RE Trust	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-

Source : Threadneedle Investments (Channel Islands) Limited

Debt analysis					
Fixed rate borrowings			Variable rate borrowings		
Amount drawn (GBPm)	Average rate (%)	Average unexpired term (years)	Amount drawn (GBPm)	Rate above LIBOR (incl expenses) (%)	Off balance sheet debt (GBPm)+
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0

Source : Threadneedle Investments (Channel Islands) Limited

Development exposure*				
Capital value of developments				Cost to complete schemes in progress+
	Not yet started	In progress+	All developments	
GBPm	0	0	0	0
% of all directly held properties*	0.00%	0.00%	0.00%	0.00%

\* Includes joint ventures in which the Fund has an interest of 50% or more

Source : Threadneedle Investments (Channel Islands) Limited

Valuations/performance monitors/affiliations	
Frequency of valuation	Monthly, as at the last business day in the month
Valuers	CBRE Limited
Portfolio performance monitored by MSCI	Yes
Constituent of MSCI/AREF UK Quarterly Property Fund Index	Yes
Member of the Association of Real Estate Funds	Full member

Source : Threadneedle Investments (Channel Islands) Limited

Restrictions on holdings of cash/borrowings	
Maximum total gearing permitted	20%
for investment purposed	*
for liquidity purposes	*
Cash holdings (maximum)	8%
Cash holdings (minimum)	*

Source : Threadneedle Investments (Channel Islands) Limited

## The contribution of major tenants to rental income

Tenant	%
EV Retail Limited	3.4
Tesco PLC	2.2
Dixons Carphone PLC	2.0
Travis Perkins PLC	1.9
AMC UK Holding Limited	1.4
Neuheim Lux Group Holding V	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
Three largest tenants' contribution to rental income	7.6
Five largest tenants' contribution to rental income	10.8
Ten largest tenants' contribution to rental income	16.6

Source : Threadneedle Investments (Channel Islands) Limited

## Balance sheet/gearing

	Direct holdings	Joint holdings	Indirect investments	Listed investments	Total
Balance sheet (GBPm)					
Properties at valuation	1266.6	0.0	23.9	0.0	1290.4
Listed investments	0.0	0.0	0.0	0.0	0.0
Debt	0.0	0.0	0.0	0.0	0.0
Cash	149.2	0.0	3.6	0.0	152.8
Other net assets/liabilities	-1.3	0.0	-0.2	0.0	-1.5
Total net assets	1414.5	0.0	27.2	0.0	1441.7
Gearing (%)					
Net debt (cash)/properties	-11.8	-	-15.1	-	-11.8
Net debt (cash)/equity	-10.5	-	-13.2	-	-10.6

Source : Threadneedle Investments (Channel Islands) Limited

## Quarterly data per unit

As at	31-Dec-19	31-Mar-20	30-Jun-20	30-Sep-20	31-Dec-20	31-Mar-21
Bid (GBP)	286.93	279.19	268.36	267.98	268.61	272.91
Offer (GBP)	307.59	299.23	287.50	286.53	287.44	291.66
Mid (GBP)	297.26	289.21	277.93	277.26	278.03	282.29
Bid/offer spread	6.72%	6.70%	6.66%	6.47%	6.55%	6.43%
Net asset value (GBP)	290.36	282.51	271.57	271.08	271.83	276.11
Quarterly distribution (GBP)	3.41	3.68	2.83	3.12	2.98	2.69
Yield	4.64%	4.92%	4.89%	4.81%	4.64%	4.21%

Source : Threadneedle Investments (Channel Islands) Limited

## Unit pricing

The unit price is calculated on the pricing day, following the monthly valuation of the portfolio. Net income is not included in the calculation. Redemptions are priced on a 'Bid Price basis'. The bid price quoted is based on the static bid/offer spread.

## Distributions

Distributions of income are made quarterly as soon as is practical following the last days of March, June, September and December.

### Minimum investment/disinvestment

The minimum initial subscription for units is GBP250,000. However, the manager may accept lesser amounts (with a minimum of GBP25,000) where the manager is satisfied that the investor has received financial advice, or the investment is made on the investor's behalf by a discretionary investment manager. The minimum amounts required for any subsequent investment is determined by the manager and is currently GBP10,000. Subscriptions may be accepted or rejected by the manager in its discretion.

### Creation, transfer and realisation of units

The Realisation Price is determined (under normal circumstances) on the fifth Pricing Day following receipt of notice, with settlement as soon as practicable following the realisation price being fixed. The Manager has the power to defer settlement of redemptions to protect continuing Unitholders, in which circumstances the Realisation Price will be determined on the first Pricing Day at which the Manager deems it appropriate to settle such redemption. (See "Redemption notices outstanding", overleaf.)

### Taxation

Capital gains tax: since it is registered in Jersey, the trust is not subject to UK capital gains tax. Those investors who are subject to tax may be liable to capital gains tax on the redemption or sale of their units in the trust.

Income tax: distributions to UK resident unitholders are paid gross of tax. Distributions to non-UK resident unitholders are paid net of tax.

Stamp duty reserve tax: the trust's registration in Jersey means that the surrender and issue of units does not attract SDRT.

### Charges

#### Management fees

For unitholders categorised as charities, UK pension funds or other tax exempt holders, the fee is 0.68% pa of gross assets up to GBP200m. For gross assets above GBP200m, the charge (in respect of the increment) reduces to 0.60% pa. For unitholders in all other categories of investor, the charge is 0.75% pa of gross assets.

Unit holder analysis		
	Number of unitholders	Total % held
Less than 1% of units in issue	137	29.2
1% or greater but less than 2%	18	24.4
2% or greater but less than 4%	10	26.5
4% or greater but less than 8%	4	20.0
Greater than 8.0%	0	0.0
<b>Total</b>	<b>169</b>	<b>100.0</b>
Major investors		
Largest holder	1	5.7
Three largest holders	3	15.6
Five largest holders	5	23.6
Ten largest holders	10	37.3
Internal/external investors		
Internal	1	4.9
External	168	95.1

Source : Threadneedle Investments (Channel Islands) Limited

Liquidity						
Period	Year to Dec 2016	Year to Dec 2017	Year to Dec 2018	Year to Dec 2019	Year to Dec 2020	Year to Dec 2021
<b>Issues and redemptions</b>						
Units in issue as at start of period	4,576,028	4,669,058	5,242,277	5,363,287	5,316,705	5,250,474
Units issued during period	108,490	583,211	146,107	85,981	56,658	10,821
Units redeemed during period	-15,460	-9,992	-25,097	-132,562	-122,889	-39,633
Units in issue at end of period	4,669,058	5,242,277	5,363,287	5,316,705	5,250,474	5,221,662
<b>Unit transfers</b>						
Matched bargains	-	-	0	0	0	0
Matched bargains %*	-	-	0	0.00%	0	0.00%

\* as % of units in issue at the end of the period

Source : Threadneedle Investments (Channel Islands) Limited

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