# CT UK Property Authorised Investment Fund

Interim Report and Unaudited Financial Statements

CT UK Property Authorised Investment Fund

November 2023

COLUMBIA THREADNEEDLE INVESTMENTS

# Contents



**These pages comprise the Authorised Corporate Director's Report.*

# Introduction

This Interim Report reviews the performance of the CT UK Property Authorised Investment Fund and the market background over the 6 months to 15 November 2023.

Columbia Threadneedle Investments has a dynamic, award winning approach to property investment. Our experienced investment team has been investing since 1994, and the focus on maintaining high yields has distinguished us from the market.

**Stock picking is key**
We believe that specific stock selection within sectors is the primary driver of long-term performance. Our experience, resources and contacts allow us to select the most appropriate and attractively valued properties for our funds while avoiding exposure to property shares.

**A preference for high yielding investments**
We believe that over the long term, income is the dominant component of property total returns. As such, yield is a key focus of our stock selection process.

**Flexible buyers**
We do not populate our portfolios with trophy assets, as these frequently offer unappealing yields. Instead, we seek good value and investment potential across all sectors, geographies and lot sizes.

**Avoid speculative development**
This kind of activity locks up capital for long periods of time and can be risky. We prefer to buy standing investments with the potential to improve returns.

**Active asset management unlocks value**
We work hard to maximise the returns from the properties we own, refurbishing and updating buildings regularly in order to increase capital value and improve rental growth potential.

We hope that you find this Interim Report informative. If you have any further queries regarding any aspect of your investment or about other Columbia Threadneedle Investments products, please contact us directly on 0800 068 3000 (8am – 6pm Monday to Friday) or speak to your financial adviser. Alternatively, please visit **columbiathreadneedle.com**.

# Company Information

**Company**
CT UK Property Authorised Investment Fund Registered Number IC000976.

**Registered Office**
Cannon Place, 78 Cannon Street, London EC4N 6AG

**Director**
There is a sole director, the Authorised Corporate Director (the ACD), which is Threadneedle Investment Services Limited.

**Board of Directors of the ACD**
R Bajaj (Appointed to the board as a non-executive on 1 January 2024)
K Cates (non-executive)
J Griffiths (resigned from the board on 28 September 2023)
J Perrin
A Roughead (non-executive)
R Vincent
L Weatherup

# Authorised Corporate Director's Report

The ACD, Threadneedle Investment Services Limited, has pleasure in presenting the Interim Report and Unaudited Financial Statements for CT UK Property Authorised Investment Fund for the 6 months to 15 November 2023.

We hope that you find the report informative. Should you require any further information regarding any aspect of your investment, or about other Columbia Threadneedle products, we would be pleased to help. Alternatively, you may find it helpful to visit columbiathreadneedle.com for further information about Columbia Threadneedle.

Thank you for your continued support.

**DIRECTORS' STATEMENTS**

In accordance with the requirements of the Financial Conduct Authority's Collective Investment Schemes (COLL) Sourcebook, we hereby approve the Interim Report and Unaudited Financial Statements on behalf of the Company.

**L Weatherup**
**Director of the ACD**

**R Vincent**
**Director of the ACD**
12 January 2024

**J Perrin**
**Director of the ACD**

# Investment Report

### Investment Objective

It is intended that the CT UK Property Authorised Investment Fund (the "Company" or "Fund") be a Property Authorised Investment Fund (PAIF) at all times and so its investment objective is to carry on Property Investment Business and to manage cash raised from investors for investment in the Property Investment Business as further described below. HM Revenue & Customs has confirmed to the ACD that the Company meets the requirements to qualify as a PAIF under regulation 69O of the PAIF Tax Regulations.

The objective of the Company is to obtain a total return based on income and capital appreciation predominantly through investment in certain kinds of real estate, property related securities, government and public securities and units in collective investment schemes.

### Investment Policy

Where the investment policy of the Company contains the word 'primarily' in the description of its investment policy, the Company will invest not less than two-thirds of the value of the property in the specified kind of assets.

The Company will invest primarily in UK commercial real estate. It may also invest in US or Continental European real estate, property-related securities, property investment companies, collective investment schemes (including other collective investment schemes managed, advised or operated by the ACD or its associates), cash and near cash, warrants, deposits and money market instruments. Derivatives may be used for investment purposes on the giving of 60 days' notice to Shareholders. At the date of this Report derivatives are used for efficient portfolio management purposes only.

### Review

This report covers the period from 16 May 2023 to 15 November 2023 however where data is not available for 15 November 2023 the end of October and the end of September data is used as appropriate for comparative purposes.

### Status of the Company

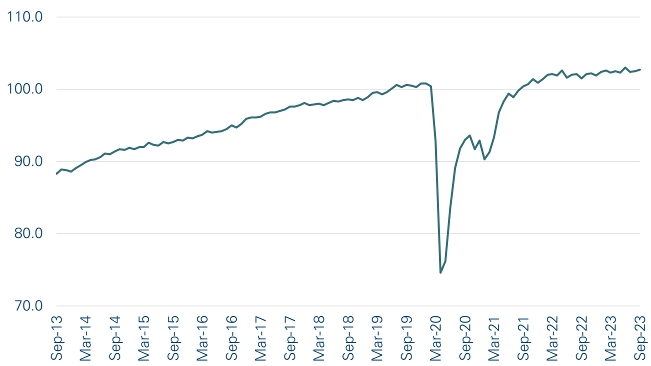
The Company is a non-UCITS retail scheme for the purpose of the Financial Conduct Authority's Collective Investment Schemes Sourcebook (COLL) an alternative investment fund for the purpose of the Alternative Investment Fund Managers Directive (AIFMD), and a standalone company for the purposes of OEIC Regulations, each as amended from time to time.

## Property Market Commentary

### UK Macroeconomy

The UK economy recorded neutral GDP growth in the third quarter (3Q23), slowing from 0.2% recorded in the second quarter (2Q23) as the higher interest rate environment, stubborn inflation and stagnant productivity hampered growth. Consumer spending and retail sale volumes both declined by 0.8% in 3Q23 as increased pressures dampened UK households discretionary spending. Whilst the labour market remains constrained by historical standards, early indications of economic weakness have appeared with unemployment recording 4.2% in 3Q23, above the recent low of 3.6% recorded in 2Q22. Average total pay (excl. bonuses) grew at an annual rate of 7.7% to September which continues to fuel embedded inflationary concerns.

**10 Year UK GDP (Indexed)**




Source: Office for National Statistics ('ONS')

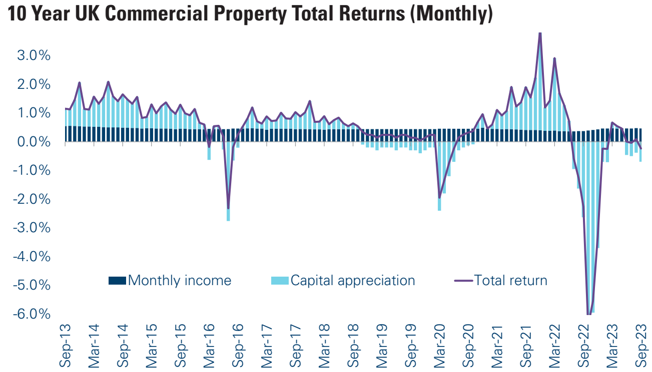
In the 12 months to September, UK headline CPI inflation recorded 6.7%, down from 7.9% recorded in the 12 months to June. This decline was primarily driven by falling prices of food and non-alcoholic beverages. However, due to the continued momentum of wage growth, Core CPI inflation which is considered a better measure of domestic inflationary pressures as it excludes the impact of volatile food and energy prices, recorded 6.1% in the 12 months to September, down from the near-historic high of 6.9% recorded in the 12 months to June 2023.

With high inflation proving persistent, the Bank of England ('BoE') increased the base rate by 25 basis points (bps) over 3Q23 (to 5.25%) in a continued effort to reduce inflation towards its 2.0% target. However, the notable decline in inflation throughout the quarter saw BoE voting to maintain the base rate of 5.25% at the September Monetary Policy Committee ('MPC'), thus ending the 14 consecutive rate rises experienced since the end of 2021 and raising the prospect of a peak in interest rates. Many experts have commented that the BoE will maintain rates at these elevated levels until 2024 as they look to bring inflation under control. The BoE will continue to review this notion with the balance being increased risk of UK recession with leading indicators of GDP already suggesting falls in economic activity.

### UK Commercial Property Market

Total returns for the UK commercial property market turned negative in 3Q23 with the MSCI UK monthly index recording a return of -0.2%. All property capital values declined by -1.6% in the quarter, accelerating the downward pace from 2Q23 (-0.4%). Despite the ongoing economic headwinds, income returns remained stable in 3Q23 at 1.4%, demonstrating the resilient income credentials that underpin the UK commercial property market.

**10 Year UK Commercial Property Total Returns (Monthly)**




Source: MSCI UK Monthly Index

# Investment Report

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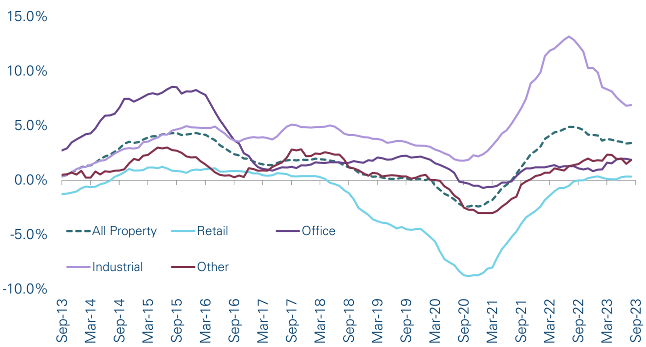
The market continues to evidence a divergence in investment performance across UK commercial property sub-sectors. In 3Q23, capital value growth continued across the warehouse and residential sectors, with negative capital growth recorded in the retail and office sectors which continue to remain structurally challenged. The warehouse sector was the highest performing sub-sector and delivered positive capital growth of 0.5% for 3Q23, highlighting sustained investor demand for the sector which remains underpinned by strong occupational fundamentals. Following a quarterly increase of 0.9% in 2Q23, capital growth turned negative in the retail warehousing sector which recorded -2.4% in 3Q23 as yields adjust to higher borrowing costs. However, the corresponding income return remained positive at 1.7% for 3Q23 in recognition of the high levels of occupancy and limited development pipeline.

The office sector continued its negative trajectory, with capital values declining -5.0% in 3Q23, a further deterioration from the -4.1% recorded in 2Q23. This accelerated decline highlights weakening investor sentiment towards offices as widespread adoption of hybrid working undermines occupational demand at a time when increased environmental standards are resulting in a heightened risk of obsolescence across the sub-sector. The “Other” sub-sector, which comprises the likes of residential, student housing, hotels and leisure, recorded a capital decline of -0.9% in 3Q23, unable to avoid the capital volatility experienced across the traditional commercial property sub-sectors.

**10 Year UK Commercial Property Rental Value Growth (Annualised %)**




Source: MSCI UK Monthly Index

Despite the current macro-economic challenges, all property rental values continued to record growth of 0.8% in 3Q23, marginally below 1.0% in 2Q23. Rental growth again varied dramatically by sub-sector in 3Q23, with the increase mostly driven by the warehouse sector which recorded growth of 1.5% as confidence remains high due to the fundamental shortage of supply and elevated construction costs which continues to limit the new development pipeline. Positive rental growth returned in the retail warehousing sector, increasing by 0.4% in 3Q23 after being flat in 2Q23. Despite the structural impact of a change in working behaviours post-pandemic, office rents remained positive, delivering rental growth of 0.3% in 3Q23, slowing from 1.0% growth recorded in 2Q23. Rental growth in the office sector was predominately attributable to the Central London West End & Mid Town sub-sector (1.0% in 3Q23) where strong rental performance was achieved on ‘Best-in-Class’ accommodation which remains in short supply.

**UK Property Investment Market**

Total UK commercial property investment volumes reached circa(c.) £7.9billion (BN) in 3Q23, c.35% below the 5 year quarterly average and c.8% below 2Q23 volumes. The section of the market most affected was the £20million (MM) to £50MM lot size which saw the number of transactions in 3Q23 down by c.50% on 2Q23 and reflects the lowest number of transactions in this lot size range since 2009. Nevertheless, Columbia Threadneedle Investments is aware of significant capital remaining available for investment into key sectors which benefit from structural tailwinds, subject to market pricing reflecting the changed interest rate environment and debt cost expectations.

The underlying investor base for the UK commercial property market continues to evolve as UK Pension Funds, estimated to account for c.£70BN of assets, gradually disinvesting from the sector. Allocation of private equity into closed ended real estate funds is expected to replace this disinvestment with estimated aggregate dry powder amounting to c.$381BN globally, which will seek to deploy once market conditions and advantageous asset pricing allows. Global private equity closed ended funds generally focus on thematic strategies and seek to capitalise on the changing structural occupational trends that are causing functional obsolescence across certain sectors. This strategy diminishes the investable universe for the more favoured sectors which possess potential to deliver sustained rental growth and capital outperformance. With the era of ultra-low interest rates having ended and a continuous outflow of investment from UK Pension Fund property funds, value correction in UK commercial property is anticipated throughout 4Q23 and first half (1H24) in order to become more appealing for investors relative to competing global asset classes.

**Industrial / Warehouse**

The industrial / warehouse market includes the logistics sub-sector and is defined as warehouse property >50,000 sq ft designed to facilitate large scale distribution or manufacturing. The sector continues to evidence landlord favourable dynamics due to low levels of supply and robust levels of occupier demand from retailers and distributors adjusting to the growth of online retailing, and manufacturers seeking to nearshore operations.

In 3Q23, industrial / warehouse leasing for take-up of >50,000 sq ft units recorded c.11.1MM sq ft, c.12% above 2Q23 and c.17% below the 10 year quarterly average. This recorded the first quarterly increase in leasing take-up over the last 12 months, ending the downward trend recorded since the post-pandemic market peak in 4Q21 (c.26.3MM sq ft). The largest industrial / warehouse leasing transactions in 3Q23 included Encirc’s (glass manufacturer) c.657,000 sq ft pre-let at Ellesmere Port and Space4 Timber’s (timber frame manufacturer) c.493,000 sq ft pre-let at Garendon Park, Loughborough. Occupational demand continues to be focused on ‘Best-in-Class’ quality space, with c.63% of leasing take-up in 3Q23 accounting for new-build and refurbished secondary space. Manufacturing represented the largest proportion of occupational demand at c.47%, followed by Logistics at c.25% and Retail & Wholesale at c.17%. Increased activity witnessed in the manufacturing sector (notably the house building/construction, food and automotive sectors) is attributed to the nearshoring of operations to improve supply chain resilience. However, the structural shift in the UK’s migration from physical to online retailing continues to be a key driver of the market over the medium to long term.

Industrial / warehouse leasing availability rate for units >50,000 sq ft recorded c.5.9% in 3Q23 (totalling c.55MM sq ft), increasing from c.5.4% recorded in 2Q23 but remaining below the 10 year quarterly average (c.6.4%). The increase in space over the quarter is largely attributed to the completion of new-build speculative development totalling c.5.5MM sq ft. Given this, the overall quality of available space is high, with c.60% of all marketed space in 3Q23 either new-build or refurbished. There was c.6.2MM

# Investment Report

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sq ft under construction across the industrial / warehouse market at the end of 3Q23, of which c.60% is already pre-let. In 3Q23, c.2.5MM sq ft of speculative development commenced, the lowest since the onset of the Covid-19 pandemic. The slowdown in construction is reflective of the high cost of debt and construction, set against the slow down in occupational activity.

Industrial property below c.50,000 sq ft is typically grouped in a terraced formation on multi-let industrial estates. In the 1970's and 1980's, the UK witnessed multi-let estate industrial development at the edge of urban conurbations when the UK economy was more biased toward a manufacturing output and alternative use site values were lower. However, with sharply escalating residential site values and the development of the UK as a service-based economy, the development of multi-let industrial estates has decreased.

More recently, the limited supply of small to mid-size industrial units resulted in meaningful rental growth and significant investor demand for multi-let industrial estates due to the nationwide lack of investment supply. Multi-let industrial estates act as a useful proxy for the general health of the UK economy due to business confidence and the output of small to medium enterprises. Furthermore, this style of warehouse accommodation may pivot towards supporting the online retail industry as retailers require warehouses in urban locations in an effort to reduce delivery times. This has caused strong growth in occupier demand for multi-let industrial estates, thereby generating rental and capital value growth.

**Offices**

Widespread adoption of remote working during Lockdown in compliance with UK Government guidelines has led many occupiers to review office requirements and consider rationalisation of office space and adoption of flexible, hybrid models which combine office and home working. Across the UK, occupiers are now focusing on 'Best-in-Class', amenity rich Grade A office accommodation in order to attract a highly skilled workforce in a competitive labour market that was evidencing record levels of employment in the period immediately prior to the Covid-19 pandemic.

This is resulting in a lower quantum of demand being concentrated on 'Best-in-Class' buildings where a lack in high quality available leasing supply is commanding record rental values. With construction start dates being postponed by developers due to outward yield movements, increased void risk, rising debt and construction costs, it is anticipated additional pressure will be placed on prime rents. However, despite occupiers reviewing their requirements, many occupational decisions are being postponed until further clarity can be obtained on the working patterns that have accelerated following the Covid-19 pandemic.

**Central London Market**

Central London office leasing take-up recorded c.2.6MM sq ft in 3Q23, c.27% above 2Q23 but c.14% below the 10 year quarterly average. Take-up is expected to increase over the coming quarters, with the volume of 'under offer' leasing transactions in 3Q23 (c.3.8MM sq ft) remaining high relative to long term trends. The two largest leasing transactions in 3Q23 were pre-lets of >100,000 sq ft, demonstrating the continued flight to quality in the market. The largest of these being Kirkland & Ellis's (Legal Services) c.173,800 sq ft expansion at 40 Leadenhall Street, EC3. Banking and finance services continued to dominate 3Q23 accounting for c.25% of leasing take-up, followed by business services c.19% and customer services & leisure sector c.16%.

Central London office leasing availability recorded c.25.5MM sq ft in 3Q23, c.2% above 2Q23 and c.53% above the 10 year quarterly average. The availability of second-hand office accommodation dominated supply in 3Q23, accounting for c.68% (c.17.3MM sq ft) of space across the market, as older and lower quality space continues to take longer to lease. The availability of newly completed space declined by c.7% in 3Q23 to c.4.0MM sq ft and early marketed space (not ready to occupy but will become so within 12months) remained broadly unchanged. In total, there was c.13.7MM sq ft under construction across Central London at the end of 3Q23, of which c.39% is already pre-let or under offer. The Central London office vacancy rate recorded c.8.8% in 3Q23, which remains c.280bps above the 30 year quarterly average vacancy rate of c.6.0%.

**South East Market**

Leasing take-up in the South East office market recorded c.0.87MM sq ft in 3Q23, c.30% above 2Q23 and c.3% above the 10 year quarterly average. This was principally due to strong leasing activity in the Cambridge and Oxford Life Sciences market which together accounted for c.26% of leasing activity. Total year-to-date take-up in South East recorded c.2.0MM sq ft to end September 2023, c.17% below the 10 year average over the same period. The largest South East office leasing transactions in 3Q23 included Nuclear Decommissioning Authority's c.53,000 sq ft lease at The Dexter Building, Oxford and Oxford Business College's c.49,870 sq ft acquisition of Edridge Place, Croydon. Occupier requirements in the South East office market increased to c.5.5MM sq ft in 3Q23 (c.5.0MM sq ft in 2Q23), with Technology, Media, and Telecom sector representing the largest proportion of occupational demand at c.39%, followed by Financial & Business Services at c.17% and Construction and Engineering sectors at c.11%.

M25 office leasing availability remained unchanged in 3Q23 at c.8.6MM sq ft and remains c.14% above the 10 year quarterly average. Accordingly, the vacancy rate remained stable at c.7.1% in 3Q23. When considering Grade A quality space, the vacancy rate recorded c.5.0% in 3Q23, in line with 2Q23. As at end 3Q23, speculative South East office development completions scheduled prior to end 2025 totalled c.1.7MM sq ft, evidencing that the current occupier demand of c.5.5MM sq ft outstrips the development pipeline, should occupier demand translate into lease transactions.

**Regional Market**

Regional office leasing take-up recorded c.1.9MM sq ft in 3Q23, c.15% above 2Q23 but c.14% below the 10 year quarterly average. Leasing activity remains focused on city centres recording c.58% of all leasing activity versus the out-of-town markets. The largest regional office leasing transactions in 3Q23 included Lloyds Bank's c.59,900 sq ft lease at 6 Brindley Place, Birmingham and Arden University's c.42,950 sq ft lease at 2 Hardman Street, Manchester.

3Q23 regional office leasing availability increased from the previous quarter to c.13.4MM sq ft, reflecting a vacancy rate of c.8.7%. Of the total regional office leasing supply, Edinburgh and Liverpool remained the most restricted markets for total and grade A supply, whilst Glasgow and Manchester had the highest rates of vacancy.

In 3Q23 office space under construction across the UK regional office market recorded c.4.6MM sq ft due for completion by end 2026, of which c.27% is currently pre-leased as occupiers demand remains focused on new or Grade A accommodation. Development is focused on the major city centres with Bristol accounting for c.25% of total regional office space under construction, whilst Manchester and Glasgow stand at c.20% and c.18%, respectively. Despite this, Newcastle and Edinburgh have the highest pre-letting rates at c.94% and c.51%, respectively.

# Investment Report

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**Retail**

The Covid-19 pandemic transformed UK consumer buying habits, accelerating the growth of online shopping as the population was forced to shop using the internet as opposed to physical stores. However, as the UK emerged from the pandemic this trend has normalised from a peak of c.37.8% (online spending as a proportion of total UK retail sales) to c.26.7% in September 2023, albeit remaining far above its pre-pandemic level of c.19.1% (February 2020).

Retail warehousing has emerged from the pandemic as the most functionally relevant retail sub-sector, highly aligned to evolving consumer trends and complimentary to the growth in online retailing. Retail warehousing is well-aligned to the consumer's ever-increasing preference for convenience, being easily accessible and benefitting from ample free car parking, and often providing amenities such as gym facilities and food & beverage outlets which further boost consumer dwell-time. Accordingly, the post-pandemic recovery in consumer footfall has been stronger in retail warehousing than any other retail sub-sector. The retail warehousing sub-sector continues to outperform the rest of the retail sector when considering footfall levels despite being marginally down.

The fundamentals of the retail warehousing sub-sector also appeal to retailers given the ease of 'Click & Collect' fulfilment, low rents, low service charge, regular unit configuration and sustained levels of consumer footfall/demand. These are all factors that have resulted in increased occupational demand for the sub-sector in recent years which is reflected in analysis by market leading UK retail warehousing advisor Savills recorded new store openings amounted to c.510 in 1H23, c.18% above the same period in 2022 and nearly half the number of store openings in 2022 which was a record year (c.1,045 in total versus the 10 year average of c.843). As a result, vacancy continues to fall, recording c.4.6% in 3Q23, down from c.4.8% at end 2022.

With Planning Authorities focused on addressing the UK's lack of residential accommodation and a high cost of construction making new-build development financially unviable, the retail warehouse supply pipeline will remain highly restricted in the short to medium term. Accordingly, supply will continue to tighten which is likely to support modest rental growth into 2024.

Throughout periods of economic distress, consumer spending on discretionary items (leisure), non-essential goods (clothing and footwear) and bigger ticket items (household items such as carpets, furniture, and white goods) reduces whilst consumer staples and discount brands often outperform as consumers with reduced disposable incomes 'trade down' to lower cost items/products. In response to this, value-oriented retailers such as Lidl, Aldi, Home Bargains and B&M continue to be the most acquisitive brands in the retail warehouse sub-sector. According to The Deloitte Consumer Tracker report, released in 3Q23, c.36% of UK consumers reported opting for cheaper brands in response to rising prices and declining household budgets and c.31% reported buying more goods on promotion. This limitation on household incomes was reflected in the GfK Consumer Confidence Index which despite increasing to -21 in September 2023 from -24 in June 2023, still represents extremely low UK consumer confidence relative to pre-pandemic levels.

**Outlook**

The underlying UK commercial property market investor base continues to evolve following the financial market turmoil of September 2022 which accelerated disinvestment by UK Pension Funds from the property fund universe. In contrast, aggregate dry powder in closed ended real estate funds amounting to c.$381BN is expected to replace this disinvestment in key sectors. Global private equity closed ended funds are generally focused on thematic strategies seeking to capitalise on changing structural occupational trends which is causing functional obsolescence in certain sectors and diminishing the investable universe to focus on favoured sectors which have the potential to deliver sustained rental and capital outperformance. With the era of ultra-low interest rates having ended and a continuous outflow of investment from UK Pension Fund property funds, further value correction in UK commercial property is anticipated in 4Q23 and 1H24 in order to become more appealing for investors relative to competing global asset classes. Further, more conservative LTVs, increased margin costs and potentially elevated rates of under-performing loans could increase instances of bank-forced sales, creating further opportunity for market dislocation.

Typically, occupational markets exhibit a lagged response to a weakening economic backdrop with an anticipated increase in corporate occupier failure leading to decreased levels of occupational demand. However, opportunity exists to capitalise on the changing nature of occupational demand that will persist at a landlord-favourable rate in key sectors benefitting from structural trends, namely 'Best-in-Class' offices, life science facilities, multi-let/urban logistics warehousing, and convenience and discount-led retail warehousing.

This creates a significant buying opportunity for well capitalised, UK focused specialist real estate managers with high engagement in the winning structural sector trends, and experienced contra-cyclical investors with a proven track record.

**Financial Conduct Authority (FCA) Review of Open Ended Property Funds**

The feedback statement explains that the FCA are:

- Aligning the work with that of the Long Term Asset Fund (LTAF)
- Continuing to consider next steps in view of the feedback received together with requirements for ISA investors
- Aware of the operational difficulties that mandatory notice periods would create and will be actively working with the Productive Finance Working Group, bank of England, HM Treasury and the industry to overcome these
- If the FCA do proceed with notice periods they will allow for an 18 month to two-year implementation period before the rules come into effect

The FCA has recognised that any changes will require significant platform development.

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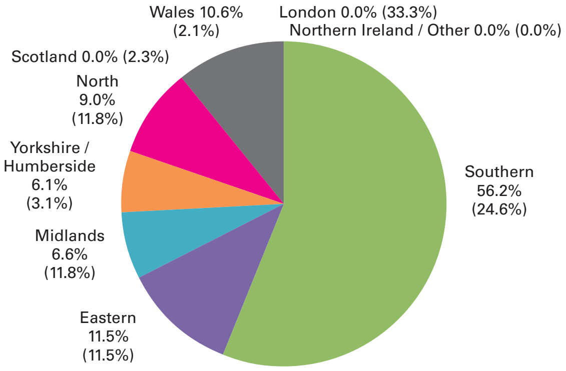
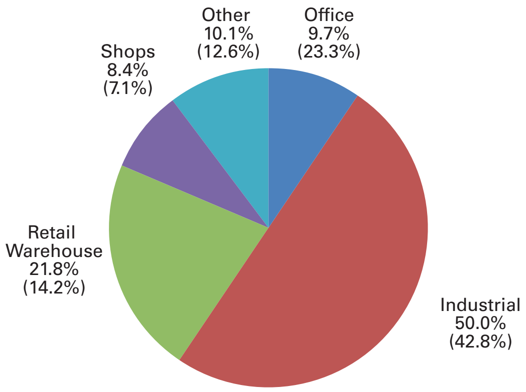
**Performance**

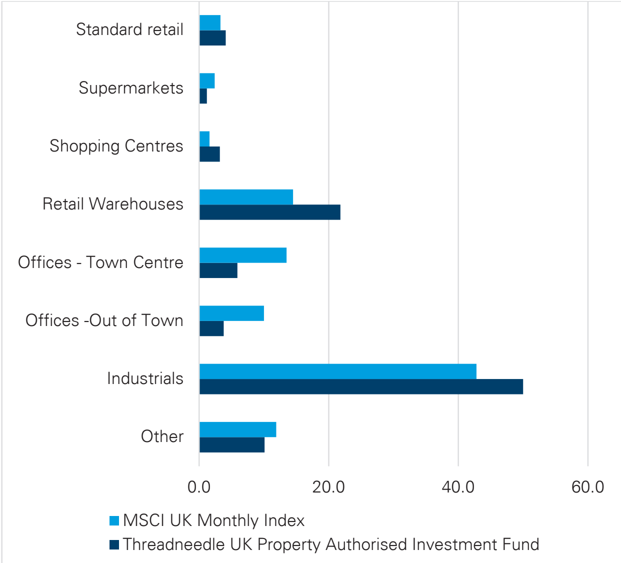
**Portfolio weighting – geographical**




Source: Columbia Threadneedle Investments /(MSCI, 31 October 2023).

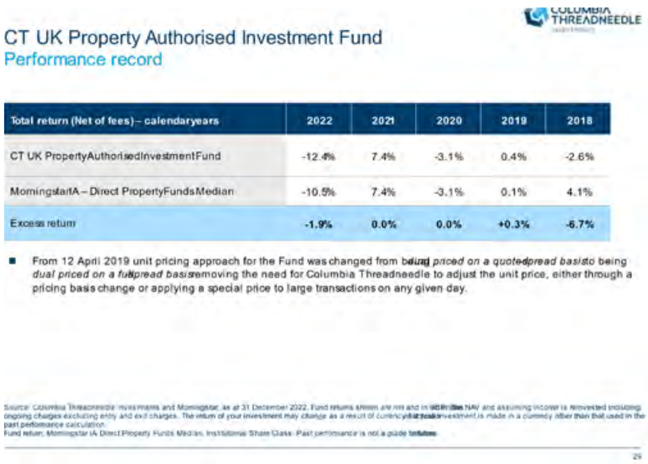
**Portfolio Sector Weightings**




Source: Columbia Threadneedle Investments, 31 October 2023.

The Fund was ranked in the second quartile for the 3 months to end October 2023; in the fourth quartile over 1, 3, 5 and years;(versus the IA Direct Property Median. Performance based on 12pm bid to bid prices, net income reinvested, net of fees. Source Morningstar).



CT UK Property Authorised Investment Fund

Performance record

| Total return (Net of fees) – calendar years | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| CT UK Property Authorised Investment Fund | -12.4% | 7.4% | -3.1% | 0.4% | -2.6% |
| Morningstar IA – Direct Property Funds Median | -10.5% | 7.4% | -3.1% | 0.1% | 4.1% |
| Excess return | -1.9% | 0.0% | 0.0% | +0.3% | -6.7% |

- From 12 April 2019 unit pricing approach for the Fund was changed from being *priced on a quoted spread basis* to being *dual priced on a full spread basis* removing the need for Columbia Threadneedle to adjust the unit price, either through a pricing basis change or applying a special price to large transactions on any given day.

Following the Managers strategic sales programme and sector reweighting in favour of the 'warehouse' sectors the improvement in Fund performance is immediately visible when considering from a different perspective. With consideration to the MSCI UK Monthly Property Index (UK Direct Property) for the 12 months to the end of October 2023, 'Standing Investments' (disregards Fund costs associated with buying and selling and major capital expenditure projects) and illustrates monthly outperformance of at least 30bps for 6 of the last 7 months as illustrated below:

| Standing Investments | | Nov-2022 | Dec-2022 | Jan-2023 | Feb-2023 | Mar-2023 | Apr-2023 | May-2023 | Jun-2023 | Jul-2023 | Aug-2023 | Sep-2023 | Oct-2023 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total Return | Portfolio | -5.95 | -4.33 | -2.09 | -1.22 | -0.04 | 1.09 | 0.81 | 0.31 | 0.38 | 0.05 | 0.43 | 0.46 |
| (% m-o-m) | Benchmark | -5.55 | -3.27 | -0.24 | -0.26 | 0.70 | 0.54 | 0.46 | 0.00 | -0.05 | 0.08 | -0.23 | -0.21 |
| | Relative | -0.42 | -1.10 | -1.86 | -0.96 | -0.73 | 0.55 | 0.35 | 0.31 | 0.43 | -0.02 | 0.66 | 0.67 |
| Income Return | Portfolio | 0.57 | 0.63 | 0.61 | 0.64 | 0.67 | 0.67 | 0.64 | 0.62 | 0.62 | 0.63 | 0.61 | 0.65 |
| (% m-o-m) | Benchmark | 0.41 | 0.43 | 0.46 | 0.46 | 0.46 | 0.46 | 0.46 | 0.46 | 0.45 | 0.47 | 0.45 | 0.47 |
| | Relative | 0.16 | 0.20 | 0.16 | 0.18 | 0.20 | 0.22 | 0.18 | 0.16 | 0.16 | 0.16 | 0.15 | 0.18 |

Source: MSCI UK Monthly Property Index (Unfrozen) (UK Direct Property)

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**Vacancy Rate Attribution:**

Vacancy Rate: Fund 19.1 versus 10.0% MSCI UK Monthly Property Index

* Source of Index information: MSCI Monthly Benchmark - October 2023

**Asset Management Initiatives**

| Fund Vacancy Attribution | | | | |
|---|---|---|---|---|
| **Total Fund Vacancy** | | 19.1% | | |
| Top 5 Vacancy (Rental Value) | | | | |
| **Property** | **Sector** | **ERV** | **Void Contribution** | **Comments** |
| 1. Hemel One | Office | £1,015,250 | 4.2% | Tenants Decanted Potential ESG Redevelopment Oppportunity |
| 2. Birmingham International | Office | £776,937 | 3.2% | Sold Subject to Contract |
| 3. Waterlooville | Industrial | £496,386 | 2.0% | Comprehensive Refurbishment and repositioning / pre-let interest |
| 4. Knottingly | Induistrial | £328,462 | 1.4% | Comprehensive Refurbishment and repositioning / pre-let interest |
| 5. Crawley, Forest Gate | Office | £274,872 | 1.1% | Light Refurbishment Potential Change of Use |

**Portfolio strategy:**

The Fund continues to be well positioned against wider economic volatility, as evidenced by the following factors:

- The exposure to industrial and retail warehouses accounts for 71.8% of the Fund's real estate exposure, with both sectors delivering relatively strong performance.
- A significant income yield advantage versus the MSCI UK Monthly benchmark (6.5% versus 5.1%).
- The Fund continues to generate the highest dividend in its peer group over the short, medium and long term. (Source: UK Property AIF Institutional Net Income – Class 2 INI, MSCI, Morningstar IA Direct Property.
- Highly liquid average lot size of circa £6.0m.
- Significant unrealised potential to add value through proactive asset management across the portfolio.
- The top ten void properties account for 63% of the overall fund vacancy (i.e. 12% out of the overall 19% vacancy rate) and provide an opportunity for significant outperformance via active asset management initiatives already underway.
- Proven track record of delivering relative outperformance in periods of significant macroeconomic volatility.

**Activity:**

In the six months to 15th November the Fund sold a total of 6 assets for a total of £28.6M. Four assets were a portfolio of office properties valued at £24.9M. Two were located in the south west, one in the west midlands and one in the south east. A further office property in the west midlands has conditionally exchanged and is expected to complete in early 2024.

Of the two remaining disposals, one was a property comprising two high street retail units located in Stevenage that was sold for £1.35M and the other a Freehold industrial unit located in Jarrow. The Jarrow property was sold for £2.4M.

In Q3 2023, the Fund concluded six property acquisitions, all in the industrial and retail warehouse sectors totalling £43.0m; and five property sales, which reduced the Fund's office and high street retail weighting, totalling £26.2m. This brought total purchases and sales in the 12 months to 30 September 2023 to £43.0m and £152.3m respectively.

The capital value decline in the office sector is continuing and is widely anticipated to accelerate considerably over coming months as sales volumes increase. This thesis adds further credibility to the managers' decision to reduce the Fund's exposure to the office sector via strategic sales.

The fund's recent disposal programme created a significant overweight cash position, providing an opportunity to take advantage of recent price dislocation. Approximately £45m of surplus cash has subsequently been reinvested into assets underpinned by strong underlying investment credentials in the industrial and retail warehouse sectors, delivering an attractive headline net income return of circa 7.9%. Cash on deposit is now being managed at around 20% on the Fund and is considered by the manager to be sufficient in context with current market conditions.

The vacancy rate on the Fund continues to fall with circa 4% of the current 19.1% Fund vacancy rate provided courtesy of a 'sold' office (i.e. the sale contract has exchanged subject to completion of insurance works, anticipated February 2024). This leaves just two further offices in the portfolio – one will undergo a light refurbishment and relet (all that is required now the tenant has vacated) and the other will be repurposed as a logistics unit, or sold, and the decanting of occupiers to facilitate this is well underway. Other significant void contributors are provided by industrial units undergoing refurbishment and could pave the way for material outperformance once completed, as we are already experiencing significant occupier engagement.

As at 31st October 2023, the Fund completed 35 lettings and lease renewals, securing rent of £2.6M p.a. and settled 14 rent reviews achieving an uplift of £0.10M p.a.

Note: All figures reported to the end of the latest quarter (September 2023) unless otherwise stated.

# Property Portfolio of the CT UK Property Authorised Investment Fund

## Retail

| Less than £1 million in Value | % ot Total Assets 0.29 (0.29) | Total Market Value £0.92m | Principal Tenants | Rental Income per annum | Next Rent Review |
|---|---|---|---|---|---|
| **Ipswich**<br>**30-36 Tavern Street**<br>Freehold. Four retail units arranged over basement ground and two upper floors. Grade II listed. Property totals 7,736 sq ft. | | | Various | £94,000 | 06/05/2025 |

| Between £1 million and £2.5 million in Value | % ot Total Assets 1.89 (2.15) | Total Market Value £5.77m | Principal Tenants | Rental Income per annum | Next Rent Review |
|---|---|---|---|---|---|
| **Accrington**<br>**Broadway & Market Walk**<br>Freehold, two terraced retail parades with a total of eleven purpose built retail units. Property totals 70,523 sq ft. | | | Various | £100,122 | 25/07/2021 (o/s) |
| **Carmarthen**<br>**Units 2-12 Red Street**<br>Freehold parade of seven retail units which are arranged over ground and first floors. Property totals 19,134 sq ft. | | | Various | £248,000 | N/A |
| **Carmarthen**<br>**15-23 Red Street & Units 1-4, 15 John Street**<br>Leasehold, parade of nine retail units constructed in the 1970s. Predominantly arranged over ground and two upper floors. Property totals 39,465 sq ft. | | | Various | £185,000 | 08/08/2021 (o/s) |

o/s = Rent review has not been finalised.

# Property Portfolio of the CT UK Property Authorised Investment Fund *(continued)*

## Retail *(continued)*

| Between £1 million and £2.5 million in Value | % ot Total Assets 1.89 (2.15) | Total Market Value £5.77m | Principal Tenants | Rental Income per annum | Next Rent Review |
|---|---|---|---|---|---|
| **Ipswich**<br>**24/28 Tavern Street and 4/8 Dial Lane**<br>Freehold, block of six retail units arranged over basement ground and three upper floors. Property totals 16,594 sq ft. | | | Various | £132,700 | 02/12/2022 (o/s) |


**Ipswich**
**4/8 Dial Lane**

o/s = Rent review has not been finalised.

# Property Portfolio of the CT UK Property Authorised Investment Fund *(continued)*

## Retail *(continued)*

| Between £2.5 million and £5 million in Value | % ot Total Assets 1.13 (1.03) | Total Market Value £3.45m | Principal Tenants | Rental Income per annum | Next Rent Review |
|---|---|---|---|---|---|
| **Brighton**<br>**Units 1-4, The Abacus**<br>Long Leasehold, terrace of four retail units over ground and basement totalling 30,882 sq ft. | | | Various | £480,900 | N/A |

## Retail Warehouse

| Between £2.5 million and £5 million in Value | % ot Total Assets 1.15 (1.11) | Total Market Value £3.50m | Principal Tenants | Rental Income per annum | Next Rent Review |
|---|---|---|---|---|---|
| **Coventry**<br>**Matalan Wheler Road**<br>Leasehold. Two bay retail warehouse built in 1986. Ground floor sales with tenant fitted mezzanine used for storage. Property totals 36,323 sq ft with 203 car parking spaces. | | | Matalan Retail Ltd | £327,510 | 25/12/2026 |

o/s = Rent review has not been finalised.

# Property Portfolio of the CT UK Property Authorised Investment Fund *(continued)*

## Retail Warehouse *(continued)*

| Over £5 million in Value | % ot Total Assets 16.55 (13.04) | Total Market Value £50.57m | Principal Tenants | Rental Income per annum | Next Rent Review |
|---|---|---|---|---|---|
| **Fareham**<br>**Collingwood Retail Park**<br>Freehold purpose built retail warehouse park of four units and a restaurant 'pod' totalling 76,520 sq ft. with 372 car parking spaces. | | | Various | £908,582 | 06/05/2026 |
| **Holyhead**<br>**Holyhead Retail Park**<br>Freehold retail warehouse park, built in 2005. The park is configured as a retail terrace of five units with a stand-alone Wilkinsons store and a fast food unit. Externally, there are 206 parking spaces. Property totals 65,330 sq ft. | | | Various | £215,500 | 25/03/2026 |
| **Reading**<br>**Reading Retail Park**<br>Freehold retail warehouse park of eight units totalling 118,352 sq ft with 430 car parking spaces. | | | Various | £1,767,141 | 16/01/2024 |
| **Reading**<br>**Units 1& 2 Bath Road**<br>Long leasehold. Two purpose built retail warehouse units totalling 19,951 sq ft. | | | Boots UK Ltd<br>Sports Direct | £375,000<br>£250,000 | 26/05/2027 |


**Reading Retail Park**

o/s = Rent review has not been finalised.

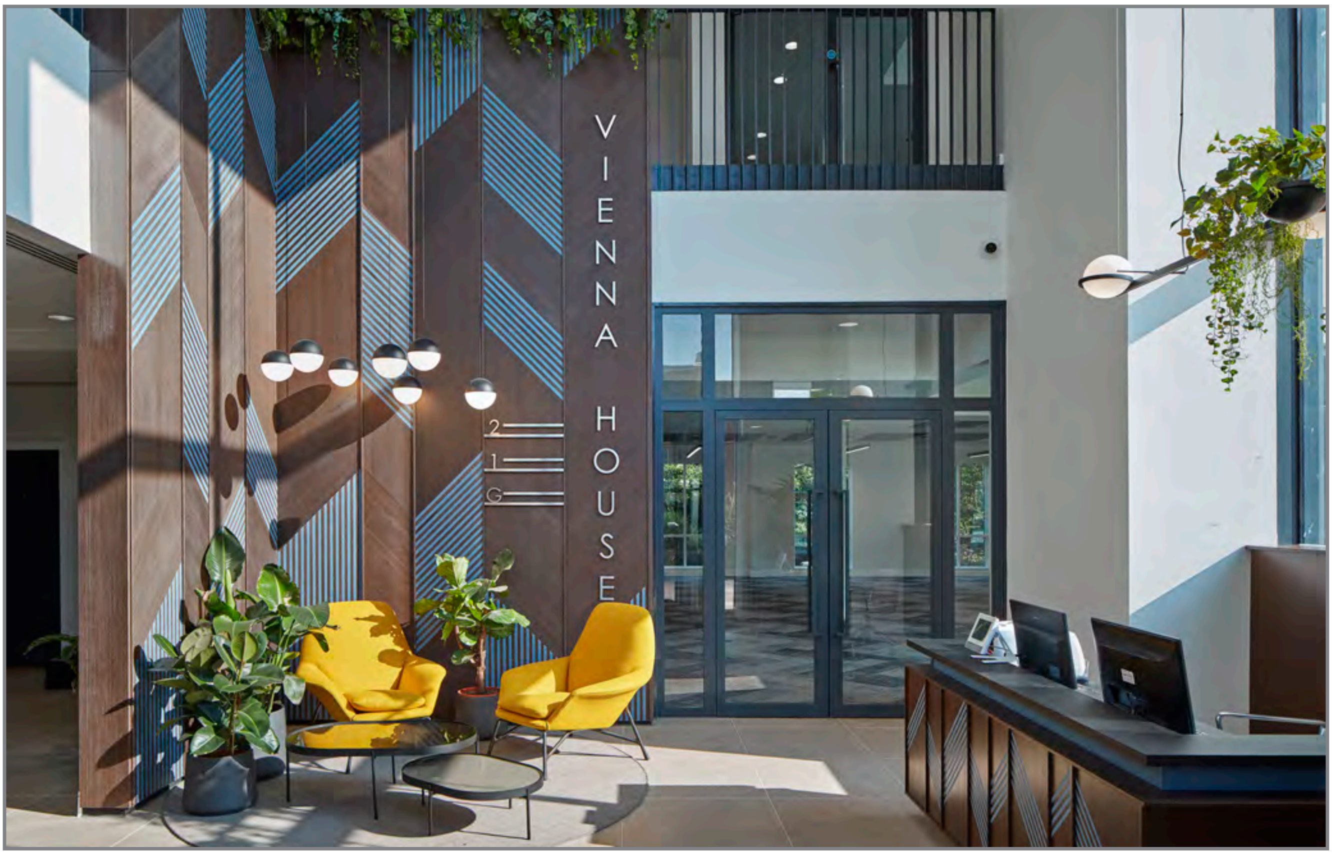
# Property Portfolio of the CT UK Property Authorised Investment Fund *(continued)*

## Offices

| Between £1 million and £2.5 million in Value | % ot Total Assets 0.00 (0.60) | Total Market Value £0.00m | Principal Tenants | Rental Income per annum | Next Rent Review |
|---|---|---|---|---|---|
| **N/A** | | | | | |

| Between £2.5 million and £5 million in Value | % ot Total Assets 1.31 (2.49) | Total Market Value £4.00m | Principal Tenants | Rental Income per annum | Next Rent Review |
|---|---|---|---|---|---|
| **Crawley**<br>**1 Forest Gate**<br>Freehold, detached office building constructed in 1993. Arranged over ground and two upper floors. There are external car parking totalling 126 spaces. Property totals 23,090 sq ft. | | | Instant Managed Offices | £349,360 | N/A |

| Over £5 million in Value | % ot Total Assets 6.38 (12.10) | Total Market Value £19.50m | Principal Tenants | Rental Income per annum | Next Rent Review |
|---|---|---|---|---|---|
| **Hemel Hempstead**<br>**Hemel One**<br>Freehold, detached office building arranged over ground and three upper floors constructed in the 1980s. There are 434 car parking spaces externally. Property totals 91,742 sq ft. | | | Various | £318,976 | N/A |
| **Solihull**<br>**Birmingham International Park**<br>Freehold, three detached Grade A office buildings arranged over three storeys. The property totals 71,661 sq ft. | | | Fair Isaac Services Ltd<br>Robert Half Limited | £525,000<br>£293,013 | <br>25/04/2024 |




**Solihull**
**Birmingham International Park**

o/s = Rent review has not been finalised.

# Property Portfolio of the CT UK Property Authorised Investment Fund *(continued)*

## Supermarket

| Between £2.5 million and £5 million in Value | % ot Total Assets 0.97 (0.95) | Total Market Value £2.95m | Principal Tenants | Rental Income per annum | Next Rent Review |
|---|---|---|---|---|---|
| **Boscombe**<br>**The Former Superstore, Sovereign Centre**<br>Freehold. Former Safeway supermarket located in The Sovereign Centre. Divided into two sublet retail units. Ground and first floor levels. Totals 50,235 sq ft. | | | Safeway Stores Ltd | £454,500 | N/A |

## Industrial

| Less than £1 million in Value | % ot Total Assets 0.08 (0.07) | Total Market Value £0.25m | Principal Tenants | Rental Income per annum | Next Rent Review |
|---|---|---|---|---|---|
| **Stowmarket**<br>**Development Site D, Gipping Way**<br>Freehold development site extending to approximately 1.54 acres. | | | Development Site D | £0 | N/A |

| Between £1 million and £2.5 million in Value | % ot Total Assets 1.04 (1.67) | Total Market Value £3.18m | Principal Tenants | Rental Income per annum | Next Rent Review |
|---|---|---|---|---|---|
| **Stanley**<br>**Tanfield Lea North Estate**<br>Freehold, purpose built production facility with ancillary and office space. Property totals 35,480 sq ft. | | | KP Snacks Ltd | £95,000 | 22/04/2021 (o/s) |
| **Sunderland**<br>**Pennywell Industrial Estate**<br>Freehold. The property comprises ten originally constructed units, which have subsequently been modified to provide five self-contained units. Property totals 45,747 sq ft. | | | Various | £167,775 | N/A |

o/s = Rent review has not been finalised.

# Property Portfolio of the CT UK Property Authorised Investment Fund *(continued)*

## Industrial *(continued)*

| Between £2.5 million and £5 million in Value | % ot Total Assets 10.54 (6.70) | Total Market Value £32.22m | Principal Tenants | Rental Income per annum | Next Rent Review |
|---|---|---|---|---|---|
| **Aberdare**<br>**Aberamen Park Industrial Estate**<br>Freehold, 1990's built multi-let industrial estate of 25 units totalling 81,436 sq ft. There is open yard space and parking provision to the front of each unit. | | | Various | £305,242 | 09/10/2023 (o/s) |
| **Barnard Castle**<br>**Harmire Enterprise Park**<br>Freehold, multi-let industrial estate, providing 29 office and industrial / warehouse units, 11 of which have been sold on long leases. The remaining units total 40,626 sq ft. | | | Various | £239,475 | 31/03/2024 |
| **Caernarfon**<br>**Cibyn Industrial Estate**<br>Freehold, multi-let industrial estate of 21 units arranged across five detached buildings. Constructed in 1970's and 1980's. Property totals 73,471 sq. ft. | | | Various | £264,925 | 02/03/2022 (o/s) |
| **Crowborough**<br>**April Court Sybron Way**<br>FH, 1980s built industrial complex comprising 16 units with a total floor area of 31,410 sq ft. Generally configured with ground floor industrial / trade counter space and office accommodation at first floor level. | | | Various | £176,270 | 10/03/2025 |
| **Knottingley**<br>**A1 Business Park, Unit A1**<br>Freehold, a detached industrial/ warehouse unit with integral single storey office and kitchen/ staff facilities. Constructed in 1997. Property totals 53,077 sq ft. | | | Vacant | £0 | N/A |
| **Port Talbot**<br>**Baglan Industrial Park**<br>Freehold, multi-let industrial estate of 16 units, six of which have been sold on long leases. The property totals 58,193 sq. ft. arranged across three separate terraces. There is open yard space and parking provision to the front of each unit. | | | Various | £277,121 | 19/10/2023 (o/s) |
| **Stevenage**<br>**Unit 11, Babbage Road**<br>Freehold, standalone single storey warehouse with adjoining brick built office building. External yard with customer parking area. Property totals 16,900 sq ft. | | | Arriva UK BUS Investments Limited | £144,602 | 07/01/2027 |
| **Thornbury**<br>**Units 17-30 Thornbury Industrial Estate**<br>Long leasehold, 14 industrial units of varying age located throughout Thornbury Industrial Estate. Property totals 57,546 sq ft. | | | Various | £362,889 | 08/10/2023 (o/s) |
| **Waterlooville**<br>**Brambles House, Waterberry Drive**<br>Leasehold, detached industrial warehouse building constructed in 1992 totalling 55,154 sq ft. | | | Vacant | £0 | N/A |
| **Wellingborough**<br>**Units D-F, Whittle Close**<br>Leasehold. Three detached industrial warehouse units, all with two storey offices. The property totals 58,177 sq ft. Externally there are 58 car parking spaces. | | | RML Group Limited | £274,455 | N/A |

o/s = Rent review has not been finalised.

# Property Portfolio of the CT UK Property Authorised Investment Fund *(continued)*

## Industrial *(continued)*

| Over £5 million in Value | % ot Total Assets 29.15 (18.26) | Total Market Value £89.08m | Principal Tenants | Rental Income per annum | Next Rent Review |
|---|---|---|---|---|---|
| **Basildon**<br>**Bakers Court Industrial Estate**<br>Freehold, multi-let industrial/ trade counter estate of 22 units totalling 68,260 sq ft. | | | Various | £379,012 | 20/08/2023 (o/s) |
| **Basildon**<br>**Wollaston Industrial Estate**<br>Freehold, large multi-let industrial estate, various unit sizes and types. Let on a mixture of leaseholds and long leaseholds. Property totals 176,727 sq ft. | | | Various | £460,050 | 28/09/2023 (o/s) |
| **Poole**<br>**D'Oriel House Halton Road**<br>Freehold, large detached mid-1980s built warehouse unit with integral two storey offices to the front. Property totals 76,413 sq ft. | | | Private individual t/a Tower Supplies | £437,500 | N/A |
| **Pontypridd**<br>**Gelli-Hirion Industrial Estate**<br>Freehold. 1970's built industrial estate of 17 units arranged as a mix of stand-alone, semi-detached and a terrace of seven units. Property totals 149,428 sq. ft. There is open yard space and parking provision to the front of each unit. | | | Various | £554,339 | 01/03/2024 |
| **Stowmarket**<br>**Bosch Facility & development sites A,B,C, Gipping Way**<br>Freehold, a production, research and testing warehouse plus adjoining office and development sites. Property totals 192,003 sq ft. | | | Bosch Lawn & Garden Ltd | £615,000 | 01/01/2023 (o/s) |


**Poole**

**D'Oriel House Halton Road**

o/s = Rent review has not been finalised.

# Property Portfolio of the CT UK Property Authorised Investment Fund *(continued)*

## Industrial *(continued)*

| Over £5 million in Value | % ot Total Assets 29.15 (18.26) | Total Market Value £89.08m | Principal Tenants | Rental Income per annum | Next Rent Review |
|---|---|---|---|---|---|
| **Sunderland**<br>**West Quay Court**<br>Freehold industrial estate, comprising a well specified production facility / distribution warehouse. Eight units totalling 124,450 sq ft. | | | Various | £592,666 | N/A |
| **Swindon**<br>**Amazon, Unit 7, South Marston**<br>Leasehold detached industrial warehouse unit totalling 209,239 sq ft. with surface yard and car parking areas. | | | Amazon UK Services Limited | £1,255,975 | N/A |
| **Thornbury**<br>**The Hemingway Business Centre**<br>Leasehold, 15 light industrial units arranged in three terraces, constructed in the early 1970s. Primarily provide ground floor warehouse accommodation with ancillary office blocks. Property totals 68,317 sq ft. | | | Various | £440,343 | 21/06/2023 (o/s) |
| **Witham**<br>**Units A-H & Unit 2 Eastways Industrial Estate**<br>Freehold, eight units of industrial/ warehouse or trade counter use arranged as seven units opposite a large stand-alone unit. Constructed in the late 1970's. Property totals 15,162 sq. ft. | | | Various | £1,174,472 | 03/11/2021 (o/s) |


**Swindon**

**Amazon, Unit 7, South Marston**

o/s = Rent review has not been finalised.

# Property Portfolio of the CT UK Property Authorised Investment Fund *(continued)*

## Leisure

| Between £2.5 million and £5 million in Value | % ot Total Assets 1.21 (0.98) | Total Market Value £3.70m | Principal Tenants | Rental Income per annum | Next Rent Review |
|---|---|---|---|---|---|
| **Brighton**<br>**The Boardwalk Restaurants**<br>Long leasehold, The Boardwalk development comprises a modern mixed-use leisure scheme of 7 restaurant units totalling 26,850 sq ft (2,494 sq m) and 8 upper floors comprising 195 residential units across two towers. The residential units have been separately sold off. | | | Thursdays (UK) Ltd<br>Five Guys JV Ltd | £162,045<br>£115,080 | 01/04/2026 |

| Over £5 million in Value | % ot Total Assets 7.08 (6.30) | Total Market Value £21.63m | Principal Tenants | Rental Income per annum | Next Rent Review |
|---|---|---|---|---|---|
| **Bradford**<br>**Gallagher Leisure Park, Dick Lane**<br>Freehold, a modern, refurbished mixed use leisure scheme comprising an Odeon cinema, a gym, KFC and Costa Drive-Thru. Property totals 84,271 sq ft with 758 car parking spaces. | | | Various | £1,229,968 | 26/02/2023 (o/s) |
| **Southport**<br>**Ocean Plaza, Marine Parade**<br>Long leasehold, leisure park on the edge of Southport town centre. The asset comprises a single detached unit which has been divided to provide a gym, a seven screen cinema, bowling alley and a further eight restaurant and leisure units. The Premier Inn on the site has been sold off on a long lease. | | | Various | £940,269 | 29/09/2022 (o/s) |

o/s = Rent review has not been finalised.

# Property Portfolio of the CT UK Property Authorised Investment Fund *(continued)*

## Shopping Centres

| Over £5 million in Value | % ot Total Assets 2.57 (2.56) | Total Market Value £7.85m | Principal Tenants | Rental Income per annum | Next Rent Review |
|---|---|---|---|---|---|
| **Braintree**<br>**George Yard Shopping Centre**<br>Freehold town centre open shopping centre of 33 retail units and 3 office suites. | | | Various | £1,019,600 | 16/11/2023 |


**George Yard Braintree**

o/s = Rent review has not been finalised.

# Financial Statements

## STATEMENT OF TOTAL RETURN

*for the accounting period 16 May 2023 to 15 November 2023*

| | 2023 £000 | 2022 £000 |
|---|---|---|
| Income | | |
| Net capital losses | (8,548) | (59,610) |
| Revenue | 13,482 | 18,642 |
| Expenses | (5,941) | (5,873) |
| Net revenue before taxation | 7,541 | 12,769 |
| Taxation | – | – |
| Net revenue after taxation | 7,541 | 12,769 |
| **Total return before distributions** | (1,007) | (46,841) |
| Distributions | (7,712) | (13,235) |
| **Change in net assets attributable to shareholders from investment activities** | (8,719) | (60,076) |

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

*for the accounting period 16 May 2023 to 15 November 2023*

| | 2023 £000 | 2022 £000 |
|---|---|---|
| **Opening net assets attributable to shareholders** | 335,980 | 530,541 |
| Amounts receivable on the issue of shares | 3,967 | 66,303 |
| Amounts payable on the cancellation of shares | (33,410) | (147,430) |
| | (29,443) | (81,127) |
| Dilution adjustment | 523 | 2,587 |
| Change in net assets attributable to shareholders from investment activities (see statement of total return above) | (8,719) | (60,076) |
| Retained distribution on accumulation shares | 7,237 | 11,992 |
| **Closing net assets attributable to shareholders** | 305,578 | 403,917 |

*The comparatives used within the Statement of Change in Net Assets Attributable to Shareholders are for the corresponding period of the previous year. Therefore the opening net assets attributable to shareholders for the current year are at 15 May 2023 whilst the figure disclosed in the comparatives' closing net assets attributable to shareholders is at 15 November 2022.*

## BALANCE SHEET

*as at 15 November 2023*

| | 2023 £000 | May 2023 £000 |
|---|---|---|
| **Assets:** | | |
| **Fixed assets:** | | |
| **Tangible assets:** | | |
| Investment properties | 247,042 | 236,365 |
| | 247,042 | 236,365 |
| **Current assets:** | | |
| Debtors | 7,890 | 8,734 |
| Cash and bank balances | 28,764 | 64,793 |
| Cash equivalents | 31,395 | 43,320 |
| Total assets | 315,091 | 353,212 |
| **Liabilities:** | | |
| **Creditors:** | | |
| Distribution payable | (157) | (253) |
| Other creditors | (9,356) | (16,979) |
| Total liabilities | (9,513) | (17,232) |
| **Net assets attributable to shareholders** | 305,578 | 335,980 |

## CASH FLOW STATEMENT

*for the accounting period 16 May 2023 to 15 November 2023*

| | 2023 £000 | 2022 £000 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Net revenue before taxation | 7,541 | 12,769 |
| Decrease in debtors | 543 | 3,642 |
| Decrease in creditors | (3,340) | (1,632) |
| **Cash from operations** | **4,744** | **14,779** |
| Taxation | (61) | (65) |
| **Net cash inflows from operating activities** | **4,683** | **14,714** |
| **Cash flows from investing activities** | | |
| Capital Expenditure | (2,305) | (715) |
| Payments to acquire investment properties | (46,799) | – |
| Payments to acquire investments | (20,575) | – |
| Receipts from the sale of investment properties | 28,171 | 44,355 |
| Receipts from sale of investments | 32,500 | – |
| **Net cash (used in)/from investing activities** | **(9,008)** | **43,640** |
| **Cash flows from financing activities** | | |
| Distributions paid | (346) | (609) |
| Amounts received on issue of shares | 4,674 | 69,522 |
| Amounts paid on cancellation of shares | (36,032) | (149,307) |
| **Net cash used in financing activities** | **(31,704)** | **(80,394)** |
| Net decrease in cash and cash equivalents | (36,029) | (22,040) |

## DISTRIBUTION TABLE

*for the accounting period 16 May 2023 to 15 November 2023*

Dividend distribution in pence per share

### Class 1 – Income shares

| Distribution Period | Gross Revenue | Income Tax | Net Revenue | Equalisation | Distribution Paid/Payable 2023 | Distribution Paid 2022 |
|---|---|---|---|---|---|---|
| **Group 1** | | | | | | |
| 16/05/23 to 15/08/23 | 0.6896 | 0.1379 | 0.5517 | – | 0.5517 | 0.8572 |
| 16/08/23 to 15/11/23 | 0.5838 | 0.0032 | 0.5806 | – | 0.5806 | 0.7470 |
| **Group 2** | | | | | | |
| 16/05/23 to 15/08/23 | 0.4751 | 0.0950 | 0.3801 | 0.1716 | 0.5517 | 0.8572 |
| 16/08/23 to 15/11/23 | 0.4129 | 0.0023 | 0.4106 | 0.1700 | 0.5806 | 0.7470 |
| **Total distributions in the period** | | | | | **1.1323** | **1.6042** |

### Class 1 – Accumulation shares

| Distribution Period | Gross Revenue | Income Tax | Net Revenue | Equalisation | Net Revenue Accumulated 2023 | Net Revenue Accumulated 2022 |
|---|---|---|---|---|---|---|
| **Group 1** | | | | | | |
| 16/05/23 to 15/08/23 | 1.2027 | 0.0138 | 1.1889 | – | 1.1889 | 1.6422 |
| 16/08/23 to 15/11/23 | 1.1859 | 0.0733 | 1.1126 | – | 1.1126 | 1.4489 |
| **Group 2** | | | | | | |
| 16/05/23 to 15/08/23 | 0.9138 | 0.0105 | 0.9033 | 0.2856 | 1.1889 | 1.6422 |
| 16/08/23 to 15/11/23 | 0.4774 | 0.0295 | 0.4479 | 0.6647 | 1.1126 | 1.4489 |
| **Total distributions in the period** | | | | | **2.3015** | **3.0911** |

### Class 1 – Gross income shares

| Distribution Period | Gross Revenue | Income Tax | Net Revenue | Equalisation | Distribution Paid/Payable 2023 | Distribution Paid 2022 |
|---|---|---|---|---|---|---|
| **Group 1** | | | | | | |
| 16/05/23 to 15/08/23 | 0.5965 | – | 0.5965 | – | 0.5965 | 0.9575 |
| 16/08/23 to 15/11/23 | 0.5797 | – | 0.5797 | – | 0.5797 | 0.8328 |
| **Group 2** | | | | | | |
| 16/05/23 to 15/08/23 | 0.2288 | – | 0.2288 | 0.3677 | 0.5965 | 0.9575 |
| 16/08/23 to 15/11/23 | 0.2643 | – | 0.2643 | 0.3154 | 0.5797 | 0.8328 |
| **Total distributions in the period** | | | | | **1.1762** | **1.7903** |

### Class 1 – Gross accumulation shares

| Distribution Period | Gross Revenue | Income Tax | Net Revenue | Equalisation | Gross Revenue Accumulated 2023 | Gross Revenue Accumulated 2022 |
|---|---|---|---|---|---|---|
| **Group 1** | | | | | | |
| 16/05/23 to 15/08/23 | 1.2544 | – | 1.2544 | – | 1.2544 | 1.8988 |
| 16/08/23 to 15/11/23 | 1.2340 | – | 1.2340 | – | 1.2340 | 1.6754 |
| **Group 2** | | | | | | |
| 16/05/23 to 15/08/23 | 0.4739 | – | 0.4739 | 0.7805 | 1.2544 | 1.8988 |
| 16/08/23 to 15/11/23 | 0.4573 | – | 0.4573 | 0.7767 | 1.2340 | 1.6754 |
| **Total distributions in the period** | | | | | **2.4884** | **3.5742** |

# Financial Statements
*(continued)*

### Class 2 – Income shares

| Distribution Period | Gross Revenue | Income Tax | Net Revenue | Equalisation | Distribution Paid/Payable 2023 | Distribution Paid 2022 |
|---|---|---|---|---|---|---|
| **Group 1** | | | | | | |
| 16/05/23 to 15/08/23 | 0.7055 | 0.0288 | 0.6767 | – | 0.6767 | 0.9773 |
| 16/08/23 to 15/11/23 | 0.6881 | 0.0643 | 0.6238 | – | 0.6238 | 0.8524 |
| **Group 2** | | | | | | |
| 16/05/23 to 15/08/23 | 0.2032 | 0.0083 | 0.1949 | 0.4818 | 0.6767 | 0.9773 |
| 16/08/23 to 15/11/23 | 0.2952 | 0.0276 | 0.2676 | 0.3562 | 0.6238 | 0.8524 |
| **Total distributions in the period** | | | | | **1.3005** | **1.8297** |

### Class 2 – Accumulation shares

| Distribution Period | Gross Revenue | Income Tax | Net Revenue | Equalisation | Net Revenue Accumulated 2023 | Net Revenue Accumulated 2022 |
|---|---|---|---|---|---|---|
| **Group 1** | | | | | | |
| 16/05/23 to 15/08/23 | 1.3783 | 0.0587 | 1.3196 | – | 1.3196 | 1.8182 |
| 16/08/23 to 15/11/23 | 1.3635 | 0.1245 | 1.2390 | – | 1.2390 | 1.6026 |
| **Group 2** | | | | | | |
| 16/05/23 to 15/08/23 | 0.3680 | 0.0157 | 0.3523 | 0.9673 | 1.3196 | 1.8182 |
| 16/08/23 to 15/11/23 | 0.4759 | 0.0435 | 0.4324 | 0.8066 | 1.2390 | 1.6026 |
| **Total distributions in the period** | | | | | **2.5586** | **3.4208** |

### Class 2 – Gross income shares

| Distribution Period | Gross Revenue | Income Tax | Net Revenue | Equalisation | Distribution Paid/Payable 2023 | Distribution Paid 2022 |
|---|---|---|---|---|---|---|
| **Group 1** | | | | | | |
| 16/05/23 to 15/08/23 | 0.7065 | – | 0.7065 | – | 0.7065 | 1.1258 |
| 16/08/23 to 15/11/23 | 0.6881 | – | 0.6881 | – | 0.6881 | 0.9814 |
| **Group 2** | | | | | | |
| 16/05/23 to 15/08/23 | 0.3142 | – | 0.3142 | 0.3923 | 0.7065 | 1.1258 |
| 16/08/23 to 15/11/23 | 0.3427 | – | 0.3427 | 0.3454 | 0.6881 | 0.9814 |
| **Total distributions in the period** | | | | | **1.3946** | **2.1072** |

### Class 2 – Gross accumulation shares

| Distribution Period | Gross Revenue | Income Tax | Net Revenue | Equalisation | Gross Revenue Accumulated 2023 | Gross Revenue Accumulated 2022 |
|---|---|---|---|---|---|---|
| **Group 1** | | | | | | |
| 16/05/23 to 15/08/23 | 1.4564 | – | 1.4564 | – | 1.4564 | 2.1876 |
| 16/08/23 to 15/11/23 | 1.4358 | – | 1.4358 | – | 1.4358 | 1.9340 |
| **Group 2** | | | | | | |
| 16/05/23 to 15/08/23 | 0.8426 | – | 0.8426 | 0.6138 | 1.4564 | 2.1876 |
| 16/08/23 to 15/11/23 | 0.6225 | – | 0.6225 | 0.8133 | 1.4358 | 1.9340 |
| **Total distributions in the period** | | | | | **2.8922** | **4.1216** |

### Class F – Gross accumulation shares

| Distribution Period | Gross Revenue | Income Tax | Net Revenue | Equalisation | Gross Revenue Accumulated 2023 | Gross Revenue Accumulated 2022 |
|---|---|---|---|---|---|---|
| **Group 1** | | | | | | |
| 16/05/23 to 15/08/23 | 6.4535 | – | 6.4535 | – | 6.4535 | 9.6095 |
| 16/08/23 to 15/11/23 | 6.3744 | – | 6.3744 | – | 6.3744 | 8.5167 |
| **Group 2** | | | | | | |
| 16/05/23 to 15/08/23 | 2.4259 | – | 2.4259 | 4.0276 | 6.4535 | 9.6095 |
| 16/08/23 to 15/11/23 | 2.9414 | – | 2.9414 | 3.4330 | 6.3744 | 8.5167 |
| **Total distributions in the period** | | | | | **12.8279** | **18.1262** |

*Group 2: shares purchased during a distribution period.*

# Financial Statements

*(continued)*

## Comparative Table Disclosure

| | Class 1 – Income shares | | | Class 1 – Accumulation shares | | |
|---|---|---|---|---|---|---|
| | 15/11/2023 | 15/05/2023 | 15/05/2022 | 15/11/2023 | 15/05/2023 | 15/05/2022 |
| **Change in net assets per share** | | | | | | |
| Opening net asset value per share (p) | 49.83 | 66.69 | 60.44 | 100.73 | 127.72 | 111.09 |
| Return before operating charges (p) | 0.62 | (11.81) | 10.87 | 1.07 | (23.07) | 20.38 |
| Operating charges (p) | (0.38) | (0.91) | (0.98) | (0.77) | (1.77) | (1.83) |
| Property expenses (p) | (0.57) | (0.81) | (0.78) | (1.15) | (1.59) | (1.46) |
| Return after operating charges (p)* | (0.33) | (13.53) | 9.11 | (0.85) | (26.43) | 17.09 |
| Distributions (p) | (1.27) | (3.33) | (2.86) | (2.39) | (6.49) | (5.34) |
| Retained distributions on accumulation shares (p)# | – | – | – | 2.30 | 5.93 | 4.88 |
| Closing net asset value per share (p) | 48.23 | 49.83 | 66.69 | 99.79 | 100.73 | 127.72 |
| *after direct transaction costs of (p) | 0.53 | 0.39 | 0.19 | 1.07 | 0.77 | 0.36 |
| **Performance** | | | | | | |
| Return after charges (%) | (0.66) | (20.29) | 15.07 | (0.84) | (20.69) | 15.38 |
| **Other information** | | | | | | |
| Closing net asset value (£000) | 113 | 363 | 516 | 7,262 | 8,174 | 10,840 |
| Closing number of shares | 235,051 | 728,700 | 773,713 | 7,277,143 | 8,114,525 | 8,486,984 |
| Operating charges (%)** | 1.54† | 1.54 | 1.57 | 1.54† | 1.54 | 1.57 |
| Property expenses (%)*** | 2.29 | 1.37 | 1.25 | 2.29 | 1.37 | 1.25 |
| Direct transaction costs (%)**** | 2.13 | 0.66 | 0.31 | 2.13 | 0.66 | 0.31 |
| **Prices** | | | | | | |
| Highest share price (p) | 49.93 | 67.94 | 67.39 | 100.93 | 130.31 | 127.70 |
| Lowest share price (p) | 48.81 | 49.99 | 60.45 | 99.79 | 99.74 | 111.11 |

| | Class 1 – Gross income shares | | | Class 1 – Gross accumulation shares | | |
|---|---|---|---|---|---|---|
| | 15/11/2023 | 15/05/2023 | 15/05/2022 | 15/11/2023 | 15/05/2023 | 15/05/2022 |
| **Change in net assets per share** | | | | | | |
| Opening net asset value per share (p) | 49.80 | 66.67 | 60.42 | 104.75 | 132.21 | 114.53 |
| Return before operating charges (p) | 0.54 | (11.82) | 10.91 | 1.11 | (23.69) | 21.08 |
| Operating charges (p) | (0.38) | (0.91) | (1.00) | (0.80) | (1.99) | (1.89) |
| Property expenses (p) | (0.57) | (0.81) | (0.80) | (1.20) | (1.78) | (1.51) |
| Return after operating charges (p)* | (0.41) | (13.54) | 9.11 | (0.89) | (27.46) | 17.68 |
| Distributions (p) | (1.18) | (3.33) | (2.86) | (2.49) | (6.73) | (5.52) |
| Retained distributions on accumulation shares (p)# | – | – | – | 2.49 | 6.73 | 5.52 |
| Closing net asset value per share (p) | 48.21 | 49.80 | 66.67 | 103.86 | 104.75 | 132.21 |
| *after direct transaction costs of (p) | 0.53 | 0.39 | 0.19 | 1.12 | 0.86 | 0.37 |
| **Performance** | | | | | | |
| Return after charges (%) | (0.82) | (20.31) | 15.08 | (0.85) | (20.77) | 15.44 |
| **Other information** | | | | | | |
| Closing net asset value (£000) | 176 | 193 | 242 | 2,759 | 3,213 | 49,731 |
| Closing number of shares | 364,881 | 387,187 | 363,124 | 2,656,189 | 3,066,827 | 37,616,297 |
| Operating charges (%)** | 1.54† | 1.54 | 1.58 | 1.54† | 1.54 | 1.57 |
| Property expenses (%)*** | 2.29 | 1.37 | 1.25 | 2.29 | 1.37 | 1.25 |
| Direct transaction costs (%)**** | 2.13 | 0.66 | 0.31 | 2.13 | 0.66 | 0.31 |
| **Prices** | | | | | | |
| Highest share price (p) | 49.90 | 68.02 | 67.42 | 104.96 | 135.11 | 132.18 |
| Lowest share price (p) | 48.79 | 50.02 | 60.44 | 103.86 | 103.74 | 114.55 |

# Financial Statements
*(continued)*

## Comparative Table Disclosure
*(continued)*

| | Class 2 – Income shares | | | Class 2 – Accumulation shares | | |
|---|---|---|---|---|---|---|
| | **15/11/2023** | **15/05/2023** | **15/05/2022** | **15/11/2023** | **15/05/2023** | **15/05/2022** |
| **Change in net assets per share** | | | | | | |
| Opening net asset value per share (p) | 58.74 | 78.04 | 70.20 | 115.05 | 145.03 | 125.37 |
| Return before operating charges (p) | 0.62 | (13.86) | 12.66 | 1.23 | (26.27) | 23.08 |
| Operating charges (p) | (0.24) | (0.56) | (0.57) | (0.47) | (1.07) | (1.05) |
| Property expenses (p) | (0.67) | (0.96) | (0.90) | (1.32) | (1.81) | (1.65) |
| Return after operating charges (p)* | (0.29) | (15.38) | 11.19 | (0.56) | (29.15) | 20.38 |
| Distributions (p) | (1.39) | (3.92) | (3.35) | (2.74) | (7.42) | (6.07) |
| Retained distributions on accumulation shares (p)# | – | – | – | 2.56 | 6.59 | 5.35 |
| Closing net asset value per share (p) | 57.06 | 58.74 | 78.04 | 114.31 | 115.05 | 145.03 |
| *after direct transaction costs of (p) | 0.62 | 0.46 | 0.22 | 1.23 | 0.88 | 0.40 |
| **Performance** | | | | | | |
| Return after charges (%) | (0.49) | (19.71) | 15.94 | (0.49) | (20.10) | 16.26 |
| **Other information** | | | | | | |
| Closing net asset value (£000) | 7,367 | 8,403 | 13,417 | 3,695 | 4,792 | 7,510 |
| Closing number of shares | 12,910,969 | 14,305,974 | 17,192,263 | 3,232,459 | 4,164,747 | 5,178,114 |
| Operating charges (%)** | 0.82† | 0.81 | 0.79 | 0.82† | 0.81 | 0.80 |
| Property expenses (%)*** | 2.29 | 1.37 | 1.25 | 2.29 | 1.37 | 1.25 |
| Direct transaction costs (%)**** | 2.13 | 0.66 | 0.31 | 2.13 | 0.66 | 0.31 |
| **Prices** | | | | | | |
| Highest share price (p) | 58.88 | 79.64 | 78.84 | 115.32 | 148.23 | 145.00 |
| Lowest share price (p) | 57.68 | 58.89 | 70.22 | 114.25 | 113.88 | 125.39 |

| | Class 2 – Gross income shares | | | Class 2 – Gross accumulation shares | | |
|---|---|---|---|---|---|---|
| | **15/11/2023** | **15/05/2023** | **15/05/2022** | **15/11/2023** | **15/05/2023** | **15/05/2022** |
| **Change in net assets per share** | | | | | | |
| Opening net asset value per share (p) | 58.71 | 78.03 | 70.18 | 121.03 | 151.62 | 130.34 |
| Return before operating charges (p) | 0.62 | (13.87) | 12.69 | 1.30 | (27.57) | 24.10 |
| Operating charges (p) | (0.24) | (0.57) | (0.58) | (0.50) | (1.12) | (1.10) |
| Property expenses (p) | (0.67) | (0.96) | (0.91) | (1.39) | (1.90) | (1.72) |
| Return after operating charges (p)* | (0.29) | (15.40) | 11.20 | (0.59) | (30.59) | 21.28 |
| Distributions (p) | (1.39) | (3.92) | (3.35) | (2.89) | (7.78) | (6.33) |
| Retained distributions on accumulation shares (p)# | – | – | – | 2.89 | 7.78 | 6.33 |
| Closing net asset value per share (p) | 57.03 | 58.71 | 78.03 | 120.44 | 121.03 | 151.62 |
| *after direct transaction costs of (p) | 0.62 | 0.47 | 0.22 | 1.29 | 0.92 | 0.42 |
| **Performance** | | | | | | |
| Return after charges (%) | (0.49) | (19.74) | 15.96 | (0.49) | (20.18) | 16.33 |
| **Other information** | | | | | | |
| Closing net asset value (£000) | 3,862 | 5,407 | 11,096 | 6,241 | 8,503 | 12,716 |
| Closing number of shares | 6,771,165 | 9,208,873 | 14,220,604 | 5,181,645 | 7,025,588 | 8,386,870 |
| Operating charges (%)** | 0.82† | 0.81 | 0.80 | 0.82† | 0.81 | 0.80 |
| Property expenses (%)*** | 2.29 | 1.37 | 1.25 | 2.29 | 1.37 | 1.25 |
| Direct transaction costs (%)**** | 2.13 | 0.66 | 0.31 | 2.13 | 0.66 | 0.31 |
| **Prices** | | | | | | |
| Highest share price (p) | 58.85 | 79.77 | 78.91 | 121.31 | 155.31 | 151.59 |
| Lowest share price (p) | 57.67 | 58.95 | 70.20 | 120.33 | 119.81 | 130.37 |

# Financial Statements
*(continued)*

## Comparative Table Disclosure
*(continued)*

| | Class F – Gross accumulation shares | | |
|---|---|---|---|
| | **15/11/2023** | **15/05/2023** | **15/05/2022** |
| **Change in net assets per share** | | | |
| Opening net asset value per share (p) | 532.41 | 661.79 | 564.50 |
| Return before operating charges (p) | 5.74 | (120.89) | 104.88 |
| Operating charges (p) | (0.11) | (0.18) | (0.12) |
| Property expenses (p) | (6.11) | (8.31) | (7.47) |
| Return after operating charges (p)* | (0.48) | (129.38) | 97.29 |
| Distributions (p) | (12.83) | (34.26) | (27.71) |
| Retained distributions on accumulation shares (p)# | 12.83 | 34.26 | 27.71 |
| Closing net asset value per share (p) | 531.93 | 532.41 | 661.79 |
| *after direct transaction costs of (p) | 5.70 | 4.02 | 1.82 |
| **Performance** | | | |
| Return after charges (%) | (0.09) | (19.55) | 17.23 |
| **Other information** | | | |
| Closing net asset value (£000) | 274,103 | 296,932 | 424,473 |
| Closing number of shares | 51,530,248 | 55,770,981 | 64,139,757 |
| Operating charges (%)** | 0.04† | 0.03 | 0.02 |
| Property expenses (%)*** | 2.29 | 1.37 | 1.25 |
| Direct transaction costs (%)**** | 2.13 | 0.66 | 0.31 |
| **Prices** | | | |
| Highest share price (p) | 533.83 | 679.44 | 661.61 |
| Lowest share price (p) | 529.79 | 526.22 | 564.66 |

#Any difference between the distributions and the retained distributions on accumulation shares is due to tax withheld.

**The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share class of a fund based on the financial year's expenses and may vary from year to year. It includes charges such as the fund's annual management charge, registration fee, custody fees and distribution cost but ordinarily excludes the costs of buying or selling assets for the fund (unless these assets are shares of another fund). The non-UCITS retail scheme Key Investor Information document (NURS-KII) contains the current OCF. For a more detailed breakdown please visit columbiathreadneedle.com/fees.

***The Property Expenses are represented by the Property Expense Ratio (PER) and reflects any additional costs associated with the day-to-day operation of direct property assets.

****Transaction costs have not been reduced by any amounts collected from dilution levies.

†*The Ongoing Charges Figure is annualised based on the fees incurred during the accounting period or since commencement date.*

# Financial Statements

*(continued)*

# Notes to the financial statements

*for the accounting period 16 May 2023 to 15 November 2023*

## 1 ACCOUNTING POLICIES

**(a) Basis of accounting**

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of investments, in compliance with FRS 102 and in accordance with the Statement of Recommended Practice for Authorised Funds (SORP) issued by the Investment Management Association in May 2014. The accounting policies applied are consistent with those of the annual financial statements for the year ended 15 May 2023 and are described in those financial statements.

**(b) Notes**

In accordance with the guidelines of the SORP the fund has taken advantage of the facility not to provide further notes to the financial statements.

## 2 RECONCILIATION OF SHARES

| | 2023 |
|---|---|
| **Class 1 – Income shares** | |
| Opening shares | 728,700 |
| Shares issued | 361 |
| Shares redeemed | (20,605) |
| Net conversions | (473,405) |
| Closing shares | 235,051 |
| **Class 1 – Accumulation shares** | |
| Opening shares | 8,114,525 |
| Shares issued | 120,691 |
| Shares redeemed | (956,966) |
| Net conversions | (1,107) |
| Closing shares | 7,277,143 |
| **Class 1 – Gross income shares** | |
| Opening shares | 387,187 |
| Shares issued | 5,262 |
| Shares redeemed | (27,568) |
| Net conversions | – |
| Closing shares | 364,881 |
| **Class 1 – Gross accumulation shares** | |
| Opening shares | 3,066,827 |
| Shares issued | 1,183,454 |
| Shares redeemed | (1,594,092) |
| Net conversions | – |
| Closing shares | 2,656,189 |
| **Class 2 – Income shares** | |
| Opening shares | 14,305,974 |
| Shares issued | 104,616 |
| Shares redeemed | (1,900,356) |
| Net conversions | 400,735 |
| Closing shares | 12,910,969 |
| **Class 2 – Accumulation shares** | |
| Opening shares | 4,164,747 |
| Shares issued | 88,043 |
| Shares redeemed | (1,013,459) |
| Net conversions | (6,872) |
| Closing shares | 3,232,459 |
| **Class 2 – Gross income shares** | |
| Opening shares | 9,208,873 |
| Shares issued | 373,917 |
| Shares redeemed | (2,833,482) |
| Net conversions | 21,857 |
| Closing shares | 6,771,165 |
| **Class 2 – Gross accumulation shares** | |
| Opening shares | 7,025,588 |
| Shares issued | 141,477 |
| Shares redeemed | (1,982,484) |
| Net conversions | (2,936) |
| Closing shares | 5,181,645 |

| | 2023 |
|---|---|
| **Class F – Gross accumulation shares** | |
| Opening shares | 55,770,981 |
| Shares issued | 383,550 |
| Shares redeemed | (4,624,283) |
| Net conversions | – |
| Closing shares | 51,530,248 |

## 3 POST BALANCE SHEET EVENT

The table below shows net redemptions between the period-ended 15 November 2023 and 3 January 2024 as a percentage of the closing NAV for share classes with significant movements. The net redemptions of shares were reviewed again on 10 January with no material movements noted since 3 January. This change is reflective of conditions that arose after the period-end and hence is considered a non-adjusting event.

| Class Name | % Movement |
|---|---|
| Class 2 – Gross income shares | (23.99) |

## Share Price Performance – Bid to Bid Basis (adjusted for net revenue)

| for the period | 1 November 2022 to 31 October 2023 % | 1 November 2021 to 31 October 2022 % | 1 November 2020 to 31 October 2021 % | 1 November 2019 to 31 October 2020 % | 1 November 2018 to 31 October 2019 % | 1 November 2017 to 31 October 2018 % | 1 November 2016 to 31 October 2017 % | 1 November 2015 to 31 October 2016 % | since launch to 31 October 2023 % |
|---|---|---|---|---|---|---|---|---|---|
| Class 1 – Income shares | (15.64) | +2.35 | +4.82 | (5.54) | (6.52) | +4.74 | +10.72 | (5.02) | +0.15[§] |
| Class 1 – Accumulation shares | (15.66) | +2.27 | +4.76 | (5.54) | (6.47) | +4.83 | +10.91 | (4.83) | +0.24[§] |
| Class 1 – Gross income shares | (15.35) | +2.74 | +5.34 | (5.00) | (5.91) | +5.38 | +11.38 | (7.19)[1] | (0.83)[1] |
| Class 1 – Gross accumulation shares | (15.40) | +2.71 | +5.25 | (4.99) | (5.89) | +5.55 | +11.63 | (7.14)[1] | (0.81)[1] |
| Class 2 – Income shares | (15.11) | +2.96 | +5.47 | (4.92) | (5.92) | +5.45 | +11.46 | (4.38) | +0.85[*] |
| Class 2 – Accumulation shares | (15.17) | +2.94 | +5.37 | (4.95) | (5.90) | +5.70 | +11.50 | (4.19) | +0.91[*] |
| Class 2 – Gross income shares | (14.75) | +3.55 | +6.15 | (4.22) | (5.15) | +6.24 | +12.34 | (6.85)[1] | (0.04)[1] |
| Class 2 – Gross accumulation shares | (14.82) | +3.48 | +6.13 | (4.29) | (5.14) | +6.54 | +12.39 | (6.77)[1] | (0.02)[1] |
| Morningstar Median Performance | (6.17) | +1.48 | +4.41 | (4.93) | (0.84) | +5.44 | +6.32 | +3.27 | +0.56[§] |
| (OEIC Benchmark for Real Estate Trusts) | | | | | | | | | +0.83[*] |
| | | | | | | | | | +0.80[1] |

*[§]Class 1 income and accumulation shares commenced 19 February 2007.*
*[*]Class 2 income and accumulation shares commenced 8 October 2007.*
*[1]Shares commenced 13 May 2016.*
*Source: Morningstar and Threadneedle. Bid to bid prices are quoted (i.e. not including any initial charge) with net income reinvested for the UK basic rate tax payer. Performance data is quoted in sterling.*

## Shareholder Turnover

| For the period ending 15 November 2023 | Number of Shares | Net asset value of Shares as at period end | Percentage of total net asset value of the Fund as at start of period | Percentage of total net asset value of the Fund as at end of period |
|---|---|---|---|---|
| Creations | 2,823,963 | 4,177,602 | 1.24 | 1.37 |
| Redemptions | (15,437,614) | (33,719,043) | (10.04) | (11.03) |

## Share Analysis

| As at 15 November 2023 | Number of Shareholders | % of shares in issue |
|---|---|---|
| Less than 1% of Shares in issue | 57 | 4.71% |
| 1% or greater but less than 2% | 3 | 3.68% |
| 2% or greater but less than 4% | 2 | 4.54% |
| 4% or greater but less than 8% | 2 | 11.01% |
| Greater than 8% of Shares in issue | 3 | 76.06% |
| **Grand Total** | **67** | **100.00%** |
| **Total Number of Shares in Issue** | | **90,159,750** |
| **Internal Investors** | | **9.27%** |
| **External Investors** | | **90.73%** |
| **Total** | | **100.00%** |
| Largest Investor | | 57.15% |
| Largest 3 Investors | | 76.06% |
| Largest 5 Investors | | 87.07% |
| Largest 10 Investors | | 95.29% |

# Finance Costs: Distributions per Share

| For the period ending 15 November 2023 | Opening price (pence) | Closing price (pence) | Distribution accrued (pence) | Yield on closing NAV price (%) | Yield on closing price (%) |
|---|---|---|---|---|---|
| Class 1 – Income shares | 53.14 | 51.50 | 1.13 | 2.34 | 2.19 |
| Class 1 – Accumulation shares | 106.00 | 105.30 | 2.30 | 2.30 | 2.18 |
| Class 1 – Gross income shares | 53.17 | 51.47 | 1.18 | 2.45 | 2.29 |
| Class 1 – Gross accumulation shares | 110.30 | 109.60 | 2.49 | 2.40 | 2.27 |
| Class 2 – Income shares | 62.63 | 60.86 | 1.30 | 2.28 | 2.14 |
| Class 2 – Accumulation shares | 121.10 | 120.60 | 2.56 | 2.24 | 2.12 |
| Class 2 – Gross income shares | 62.69 | 60.90 | 1.39 | 2.44 | 2.28 |
| Class 2 – Gross accumulation shares | 127.40 | 127.10 | 2.89 | 2.40 | 2.27 |
| Class F – Gross accumulation shares | 560.50 | 561.20 | 12.83 | 2.41 | 2.29 |

# Important Information (unaudited)

## General

CT UK Property Authorised Investment Fund is an Open Ended Investment Company ('OEIC') incorporated in England and Wales under registered number IC000976 and authorised by the FCA with effect from 11 October 2013.

The Company is a non-UCITS retail scheme for the purposes of the FCA Rules, an alternative investment fund for the purposes of the AIFM Directive, and a standalone company for the purposes of the OEIC Regulations. At the date of this Prospectus, the Company qualifies as a PAIF and a FIIA (a fund investing in inherently illiquid assets, as defined in the FCA Coll Sourcebook).

CT UK Property Authorised Investment Fund was launched on 14 May 2016 following the conversion of the Threadneedle UK Property Trust into the Company.

Details of the conversion can be found at columbiathreadneedle.com/PAIF.

Revenue is distributed in relation to income shares following interim and annual allocation dates. For accumulation shares, the revenue is automatically reinvested (after expenses) following interim and annual allocation dates and is reflected in the price for each accumulation share.

The prospectus, which describes the Company detail, is available on request from Threadneedle Investment Services Limited, SS&C Financial Services Europe Limited PO Box 10033, Chelmsford CM99 2AL, United Kingdom.

## Non-UCITS Retail Scheme Key Investor Information (NURS-KII) – Subscription requirements

The NURS-KII is a pre contractual document and investors have to confirm that they have read the latest NURS-KII before making a subscription. The Manager has the right to reject a subscription if the investor does not confirm that they have read the latest NURS-KII at the time of application. Investors can obtain the latest NURS-KII from Columbiathreadneedle.com.

## Changes to the Prospectus

The main changes to the Prospectus of the Company during the period from 16 May 2023 to 15 November 2023 were as follows:

- revision to the liquidity range;
- removal of COVID-19 risk warning.

## Changes to the Instrument of Incorporation

There were no changes to the Instrument of Incorporation of the Company during the period from 16 May 2023 to 15 November 2023.

## Changes to the management of the ACD

During the period from 16 May 2023 to 15 November 2023 the following changes have been made to the directors of the ACD:

- Resignation of Julie Griffiths on 28 September 2023.

## Russia/Ukraine

The large-scale invasion of Ukraine by Russia in February 2022 has resulted in sanctions and market disruptions, including volatility in regional and global stock and commodities markets and significant devaluations of Russian currency. The extent and duration of the military action are impossible to predict but could be significant. Market disruption caused by the Russian military action, and any counter measures or responses thereto (including international sanctions, a downgrade in the country's credit rating, purchasing and financing restrictions, boycotts, tariffs, changes in consumer or purchaser preferences, cyberattacks and espionage) could have a severe adverse impact on regional and/or global securities and commodities markets, including markets for oil and natural gas. These and other related events could have a negative impact on Fund performance and the value of an investment in the Funds.

## Value Assessment Report

As required by the FCA we have carried out an annual Value Assessment Report and this report is available on our website as follows:
https://www.columbiathreadneedle.co.uk/en/retl/value-assessment-report/
https://www.columbiathreadneedle.co.uk/en/intm/value-assessment-report/
https://www.columbiathreadneedle.co.uk/en/inst/value-assessment-report/

## Task force on Climate-related Disclosures (TCFD)

TCFD information for the funds covered by this Report has been made available on the relevant Fund Details or Document Library pages of our website and can be found at www.columbiathreadneedle.com.

## Characteristics of shares

| Share Class | Minimum Investment | Minimum additional investment |
|---|---|---|
| Class 1 shares | £1,000 | £1,000 |
| Class 2 shares | £500,000 | £25,000 |
| Class F shares | £1,000,000 | £1,000,000 |

## Charges and Prices

There is no preliminary charge for the shares in the Company.

The fees and expenses of the Depositary, Registrars' fees, Auditors' fees and FCA authorisation fees are also payable by the Company.

Insurance commissions are payable to the ACD, whilst the Company is entitled to retain all management fees payable by tenants under service charges and landlords' licence fees for alterations, assignments and sub-lettings.

Prices and yields are quoted at Columbiathreadneedle.com and the ACD will deal on normal business days. Shares are bought back at the bid price. A direct credit (BACS) transfer in settlement will normally be made within four working days of receipt by the ACD of a fully completed form of renunciation.

Information relating to the management of the Company, its fees and expenses, distribution policy, derivative exposure, valuations, investment and borrowing powers and the issue, redemption and switching of shares can be found in the current Prospectus.

## Income Equalisation

Since the Company operates equalisation, the first allocation made after the acquisition of shares will include an amount of equalisation. This amount represents the ACD's best estimate of the income included in the price at which the shares were acquired (subject to grouping where appropriate) and represents a capital repayment for UK tax purposes which should be deducted form the cost of shares in arriving at any capital gain realised on their subsequent disposal.

## Investor Reports

Annual long-form reports and the Financial Statements of the Company will be made available and published within four months of the close of each annual accounting period and half-yearly long report and financial statements will be published within two months of the close of each interim accounting period. At the end of each reporting period the reports are available on our website columbiathreadneedle.com/shortform and from Threadneedle Investment Services Limited P.O. Box 10033, Chelmsford, Essex CM99 2AL.

At the end of each reporting period the reports of the Trust and the Company are available on our website columbiathreadneedle.com/shortform and from Threadneedle Investment Services Limited P.O. Box 10033, Chelmsford, Essex CM99 2AL.

The annual accounting period for the Company ends on 15 May and the interim reporting period ends on 15 November.

# Important Information (unaudited)
*(continued)*

## Individual Savings Accounts
Throughout the accounting period the Company has satisfied the requirements of the Individual Savings Account Regulations 1998 (as amended). It is the ACD's intention that the Company will be managed in such a way as to continue to meet this requirement.

## Foreign Account Tax Compliance Act (FATCA)
Columbia Threadneedle and its funds (Columbia Threadneedle) have registered with the US Internal Revenue Service in accordance with FATCA and other current related legislation. Columbia Threadneedle has put in place appropriate processes and procedures to maintain its compliance with the statutory requirements, including ensuring that Threadneedle obtain the required certification from its clients and investors as necessary to mitigate any requirement upon Columbia Threadneedle to withhold or report such clients under the legislation. This registration and compliance process will ensure that Columbia Threadneedle will not suffer withholding tax under FATCA.

## Common reporting standard (CRS)
The Common Reporting Standard ('CRS') has come into effect in stages, starting from 1 January 2016, was developed by the Organisation for Economic Co-operation and Development ('OECD'). The CRS has been adopted in the UK by The International Tax Compliance Regulations 2015, and may require Columbia Threadneedle funds to report account holder information to HMRC about their unitholdings. HMRC will in turn pass this information onto the competent authorities with which it has an agreement.

## Business Continuity Strategy
Columbia Threadneedle Investments has in place a business continuity and disaster recovery plan to enable swift recovery and resumption of normal operations following an incident. Regular exercises of this plan are held at third party recovery sites in both London and Farnborough and attended by critical staff. These exercises are externally audited.

## Key principles
Investing responsibly has been a core part of the CTUKPAIF's investment approach for many years, consistent both with Columbia Threadneedle Investments' corporate responsibilities and the activities being undertaken within the investment portfolio.

As a responsible business, Columbia Threadneedle Investments aims to deliver positive outcomes that meet the needs of our stakeholders, and we commit to always act responsibly, transparently and in the best interests of those who trust us to manage their investments.

As a responsible investor in real estate, we strive to be responsible stewards of our client's assets, and we manage those assets in accordance with longstanding ESG principles, enshrined within our UK Real Estate ESG Policy Statement and Refurbishment Guide.

We believe ESG is everyone's responsibility, and ESG principles and performance metrics are embedded within our investment, asset management, refurbishment and property management processes.

Finally, and perhaps most importantly, we believe investing responsibly is complementary to our funds' financial objectives, and our active management bias provides the best potential to deliver positive environmental and social outcomes alongside financial performance.

Since 2018 the Investment Advisor has implemented multiple initiatives aimed at enshrining these principles within business operations. The Investment Advisor and the Manager are committed to the principles of responsible investment and will continue to work together to implement positive change.

## Responsible Investment Approach
- In order to achieve net zero operational carbon emissions from its property portfolio by 2050 or sooner, the Fund aims to create sustainable property assets that are environmentally optimized by promoting environmental characteristics through asset selection and active asset management.
- In particular, the Fund has and will continue to (1) improve the environmental performance potential of its property assets, and (2) lower the energy use and carbon intensity of its property assets.

## Reporting: an evolving approach
In 2020 the Investment Advisor committed to align its strategic UK real estate sustainability objectives to the UN Sustainable Development Goals (SDGs) where it was appropriate to do so, through our ESG Policy Statement.

In 2021 a Sustainability Dashboard was introduced to track the Fund's progress against the core metrics set out in the ESG Policy Statement, to enable reporting in a robust, transparent and comparable manner.

Effective 1 May 2023, the Manager and the Investment Advisor formally measure the following sustainability indicators:

- Energy Performance Certificates;
- Energy consumption / intensity, and;
- Greenhouse gas (GHG) emissions / carbon footprint.

The latter two measures are also reported as principle adverse impacts (PAIs) on sustainability factors. The Fund also considers and reports the following two additional mandatory principle adverse impacts:

- Exposure to energy inefficient real estate assets, and;
- Exposure to fossil fuels through real estate assets.

Finally, to deliver against its prior commitments under the ESG Policy Statement, and maintain sustainability best practice, the Fund also reports:

- Water and waste coverage;
- Climate resilience (flood risk).

# Important Information (unaudited)

*(continued)*

Over the course of 2022, the Sustainability Dashboard evolved to differentiate between measures monitored quarterly and those which are tracked annually. Quarterly metrics are included as standard within the Fund Quarterly Report, while annual metrics are summarised below. Please note the methodology used in the aggregation and presentation of this data may differ from that required under the regulations illustrated above. Outputs required under those regulations are set out later in this report.

| Policy Statement objective | Key performance metrics (LL portfolio: 2030 targets against 2019 baseline) | Core data metrics (Whole portfolio) | Year to 31 Dec | | |
|---|---|---|---|---|---|
| | | | 2020 | 2021 | 2022 |
| **Build resilient infrastructure** Improve energy performance potential | **Target EPC 'B'** Interim MEES target EPC 'C' by 2027 | Whole portfolio coverage* | 99.2% | 99.7% | 99.8% |
| | | % Portfolio rated A-B | 23.6% | 25.1% | 26.6% |
| **Energy** Reduce energy consumption | Target 20% reduction in energy use | Whole portfolio coverage* | 75.8% | 83.7% | 81.1% |
| | | Energy consumption L-f-L / Y-on-Y** | -18.6% | 1.6% | -3.2% |
| **Carbon & Climate** Limit climate impact | **Target 30% reduction in GHG emissions** Interim target 15% reduction by 2025 | Whole portfolio coverage* | 75.8% | 83.7% | 81.1% |
| | | GHG emissions L-f-L / Y-on-Y** | -24.5% | 3.0% | -9.6% |
| **Water** Increase water efficiency | **Target 100% data coverage; implement portfolio-wide water reduction strategy** | Whole portfolio coverage* | 39.7% | 50.2% | 60.5% |
| | | Water consumption L-f-L / Y-on-Y** | -18.0% | -61.9% | 65.4%*** |
| **Waste** Reduce waste generation | **Target 100% diversion of waste to landfill Target 75% recycling rate** | Whole portfolio coverage* | 28.0% | 27.8% | 37.4% |
| | | Waste consumption L-f-L / Y-on-Y** | -9.9% | 35.0%**** | 0.7% |
| **Carbon & Climate** Monitor climate resilience | **Monitor and report flood risk annually** Physical Risk Screening also undertaken from 2021 | Whole portfolio coverage***** | 100% | 100% | 100% |
| | | High / extreme risk assets***** | 2.9% | 2.7% | 3.6% |

Source: Columbia Threadneedle Investments, as at 31 December 2022. All targets relate to assets where we have operational control (the 'landlord managed portfolio'). Breakdown of landlord-managed and FRI assets contained within data tables. Targets are indicative and are in no way a guarantee of performance. *Portfolio coverage expressed as % floor area (EPCs by % of ERV) **L-f-L / Y-on-Y denotes a comparison between landlord procured data from non-FRI standing investments held for the full period of both the current and previous reporting years *** Significant increase in water consumption attributable to significant increase in coverage for water. **** Waste is not defined by procurement and so significant increase attributable to data received from tenant information requests for 2021 and 2022 data *****Flood risk coverage and risk rating expressed as % property portfolio value. Sustainability risks are integrated into the fund's investment decisions making process for financial Risk Management purposes only.

## ESG Highlights

## EPC improvement

While not a measure of actual energy performance, EPCs continue to provide a useful proxy of energy performance potential, and therefore as part of its commitment to build and maintain resilient infrastructure, the Fund tracks and monitors portfolio coverage, and the number and impact of its refurbishments on energy performance potential.

The following chart illustrates the EPC improvements delivered by the Fund since formalised recording began in 2019:

| EPC rating | 31 December 2019 | 31 December 2020 | 31 December 2021 | 31 December 2022 |
|---|---|---|---|---|
| Whole portfolio coverage | 98.5% | 99.2% | 99.7% | 99.7% |
| % Portfolio rated A-B | 22.2% | 23.71% | 25.3% | 32.0% |
| % Portfolio rated C | 37.4% | 37.9% | 37.5 % | 39.5 % |
| % Portfolio rated D | 27.9% | 26.9% | 30.2% | 23.1 % |
| % Portfolio rated E | 9.9% | 10.1% | 6.7% | 5.2% |
| % Portfolio rated F-G | 1% | 0.6% | 0% | 0% |

Source: Columbia Threadneedle Investments. EPC portfolio coverage as % of ERV, as at 31 December 2022. Targets are indicative and are in no way a guarantee of performance. Sustainability risks are integrated into the fund's investment decisions making process for financial Risk Management purposes only.

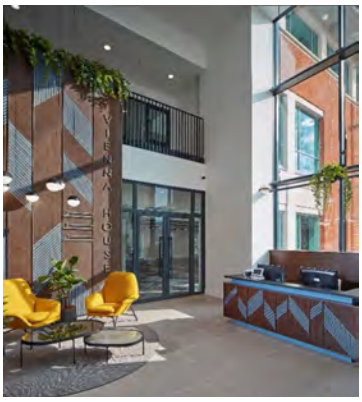
# Important Information (unaudited)

*(continued)*

***The fund completed 10 works projects in the year ending 31/12/2022, with 68% of projects by value delivering EPC 'A' or 'B' ratings. Project capital expenditure investment increased to c.£8mil over the period, representing a 12.29% increase on the average capital committed to works projects between 2017-2021.***

## Delivering sustainable outcomes: Vienna House, Birmingham International Park

The property comprises a self-contained office building of 25,250 sq. ft.



- In 2022 we completed a full refurbishment and asset enhancement of Vienna House totalling c. £4mil
- The project was designed to optimise carbon intensity over the whole design life, resulting in a specification which recycled existing materials and reduced embodied carbon
- The project was designed and procured with environmental and social factors at the heart of the decision-making process, including on-site renewables, electrification of heat, the creation of an external cycle/shower block and the installation of EV charging points
- The project delivered EPC 'A' rating and is Air Rated 'Gold' certified – which will deliver significant cost savings and wellness benefits to occupiers. It also benefits from the Ibos smart building platform providing enhanced control and data collection of environmental systems

## Regulatory update

Environmental legislation within the UK and European Union has evolved significantly over the past few years, placing Managers under an increasing regulatory burden. Legislation currently affecting the Fund may be summarised as follows:

1. **MEES:** The Minimum Energy Efficiency Standards ("MEES") make it unlawful for a landlord to grant a new tenancy or to extend or renew an existing tenancy of certain property having an EPC rating of F or G. From 1 April 2023, the scope of MEES extends to existing tenancies of most commercial property and will restrict a landlord's ability to continue to let property with an F or G rating. MEES will also see a phased implementation of the EPC 'B' by 2030 requirement, with EPC 'C' by 2027 set as an interim milestone. This phased implementation will be based on two-year compliance windows. The first compliance window (EPC 'C') will run from 2025-2027 and the second window (EPC 'B') from 2028-2030.

2. **SECR:** The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, also referred to as Streamlined Energy and Carbon Reporting ("SECR"), requires all quoted companies, "large" unquoted companies and LLPs to report their UK energy use, associated Scope 1 & 2 emissions, an intensity metric and, where applicable, global energy use in their Annual Reports. In addition, businesses will be required to provide a narrative on energy efficiency actions taken in the previous financial year.

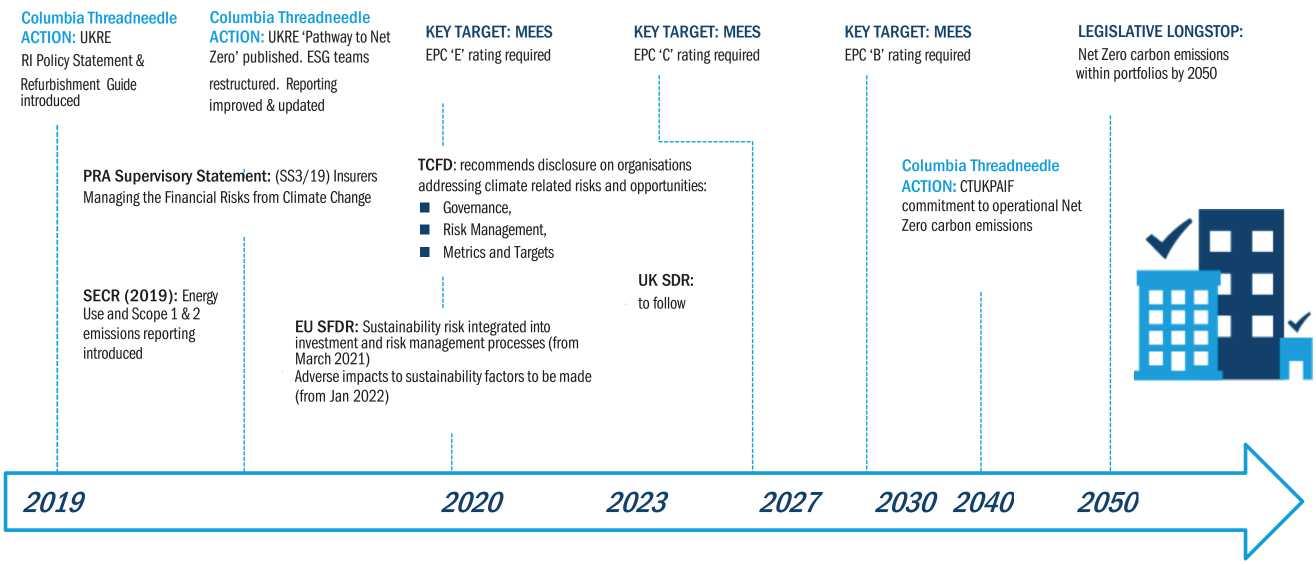
3. **TCFD:** Reporting in accordance with the Task Force on Climate-Related Financial Disclosures ("TCFD") recommendations is undertaken as part of Columbia Threadneedle Investments' corporate disclosures, due by June 2023. Most portfolio level data is already being measured as part of existing initiatives, and corporate reports will be accompanied by Fund-level disclosures. Portfolio level reports will focus on exposure to Climate Related Risks and Opportunities ("CRRO"). Carbon metrics are available on request if needed by investors ahead of this timeline.

4. **SFDR & Taxonomy:** CTUKPAIF is not an EU-AIF and, to the extent that its unit-linked funds are not marketed into the EU, it does not fall within the scope of the SFDR or the EU Taxonomy. Nevertheless, Columbia Threadneedle Investments EMEA recognises that investment decisions may contribute to or cause a negative impact on environmental and social sustainability factors. As such, it has elected to voluntarily report in line with certain aspects of SFDR and the CTUKPAIF unit-linked funds form part of Columbia Threadneedle Investments EMEA's entity level reporting on Principal Adverse Impacts.

# Important Information (unaudited)

*(continued)*

**June 2019:** UK becomes first major economy to pass laws to end its contribution to global warming by 2050




Source: Columbia Threadneedle Investments, as at 31 December 2022.

## Regulatory reporting summary

## Energy consumption (SECR)

Under the SECR reporting framework methodology, overall energy consumption decreased by 11.5% (2021 decrease 13.4%) on a like-for-like basis between 1 January 2022 to 31 December 2022. Like-for-like electricity consumption decreased by 7.2% (2021 decrease 20.8%) whilst fuel (gas) consumption decreased by 19.3% (2021 increase 16.9%).

Like-for-like energy consumption increased on average across the Fund's mixed use assets, however this was more than offset by energy consumption decreases across the Fund's other sectors, including industrial warehouses, offices, and retail.

## Greenhouse gas (GHG) emissions (SECR)

Under the SECR reporting framework methodology, overall greenhouse gas (GHG) emissions decreased by 16.5% (2021 decrease 20.7%) on a like-for-like basis between 1 January 2022 to 31 December 2022. Like-for-like Scope 1 (gas) emissions decreased by 19.5% (2021 increase 16.9%) and Scope 2 (electricity) emissions decreased by 15.1% (2021 decrease 27.9%).

**Summary of absolute energy and greenhouse gas (GHG) emissions for CTUKPAIF's SECR**

| GHG Scope | Jan 2021 – Dec 2021 | | Jan 2022 – Dec 2022 | |
|---|---|---|---|---|
| | Absolute Energy | Absolute Tonnes of Carbon Dioxide Equivalent (tCO2e) | Absolute Energy Use (kWh) | Absolute Tonnes of Carbon Dioxide Equivalent (tCO2e) |
| Gas / Scope 1 | 4,510,843 | 825.5 | 2,355,422 | 429.9 |
| Electricity / Scope 2 | 11,994,006 | 2,560.7 | 5,457,421 | 1,065.8 |
| **Total** | **16,504,849** | **3,386.2** | **7,812,843** | **1,495.7** |

## TCFD

The following table represents a summary of metrics related to the Fund, as defined by the TCFD:

| As at 31 December 2022 | Carbon Footprint (tCO2e / £M portfolio value) | | Weighted Average Carbon Intensity (tCO2e / £M revenue) | | Total Carbon Emissions (tCO2e) | | Data Coverage Total (Actual / Proxy) | Data Coverage Total (Actual / Proxy) |
|---|---|---|---|---|---|---|---|---|
| **Emissions Scope** | **1 & 2** | **3** | **1 & 2** | **3** | **1 & 2** | **3** | **1 & 2** | **3** |
| CTUKPAIF | 11.6 | 38.5 | 161.6 | 506.6 | 5,895.0 | 19,503.3 | 84.8% (76.9% / 23.1%) | 47.3% (50.2% / 49.8%) |

# Important Information (unaudited)

*(continued)*

## SFDR periodic reporting

Full details of the Fund's SFDR periodic reporting is contained within the RTS template appended to this report. The following table represents a summary of the Principle Adverse Impacts of the fund, as defined by the SFDR:

| | | | | |
|---|---|---|---|---|
| **PAI 2.18 GHG Emissions** | The total absolute greenhouse gas emissions associated with CTUKPAIF's portfolio (2022), expressed in tonnes CO2e. | On-balance Sheet Investment | 2,657.0 | tCO2e (Scope 1) |
| | | Property Value (e.g., GAV) | 3,238.0 | tCO2e (Scope 2) |
| | | Whole Building Carbon Emissions by Scope | 19,503.3 | tCO2e (Scope 3) |
| | | | 25,398.3 | tCO2e (Scopes 1-3) |
| **PAI 2.19 Energy Consumption Intensity** | Ratio of energy consumption per square metre of gross internal area (GIA) to the total energy consumption of CTUKPAIF's portfolio (2022). | Asset Size (e.g., GIA) | 0.000202 | GWh / $m^2$ (GIA) |
| | | Whole Building Energy Consumption (GWh) | | |
| **1.17. Exposure to fossil fuels through real estate assets** | Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels. Extent to which physical assets have exposure to occupiers involved in the extraction, storage, transport or manufacture of fossil fuels, through leasing contracts and present these in terms of proportions of the total net lettable area and total gross asset value of the fund. | Proportions of the total net lettable area and total gross asset value of the fund Exposed to Fossil Fuel related occupiers Expressed as weighted Average by NLA and GAV | 0.0% (not measured prior to 31 December 2022) | |
| **1.18. Exposure to energy-inefficient real estate assets** | The firm monitors and discloses portfolio distribution to different energy performance certificate ratings at demise level and by floor area and rental value. The firm aims to increase the proportion of higher rated assets over time through thoughtful acquisition and repositioning of existing stock exploiting conventional market opportunities as a primary intervention strategy. | ((value of real estate assets built before 31/12/2020 with EPC of C or below) + (value of real estate assets built after 31/12/2020 with PED below NZEB in Directive 2010/31/EU))/Value of real estate assets required to abide by EPC and NZEB rules Expressed as weighted average by NLA and ERV | 75.1% (by Net Lettable Area)<br>67.7% (by ERV) (not measured prior to 31 December 2022) | |

## Climate resilience

CTUKPAIF monitors property flood risk on an annual basis as a proxy for exposure to the effects of global warming. The below analysis shows the evolution of the flood risk associated with the Fund's directly held property assets:

| Portfolio risk exposure by value | 2021 | 2022 |
|---|---|---|
| **Property assets** | 69 | 49 |
| **Low** | 52<br>(73%) | 37<br>(75%) |
| **Medium** | 13<br>(24%) | 9<br>(21%) |
| **High** | 4<br>(3%) | 3<br>(4%) |
| **Extreme** | 0<br>(0%) | 0<br>(0%) |

Source: Columbia Threadneedle Investments, as at 31 December 2022. All data as at 31 December. Figures in brackets denote % of fund value.

# Important Information (unaudited)

*(continued)*

GRESB

## GRESB

2022 marked the seventh year of the CTUKPAIF's submission to GRESB, and we are pleased to report a score of 76/100 was achieved, improving 3 points from 2021 and ranking the fund 21st within its peer group of 93 funds, placing it significantly ahead of the peer average score of 70.

This performance is especially impressive considering the scoring weighting attributed to building certification, which is inconsistent with the Fund's high number of assets and its preference to invest capital into initiatives which will deliver building improvements, as opposed to certifying them.

## Net Zero

Decarbonisation remains one of the most significant challenges affecting the global economy, and society more broadly. Lowering carbon intensity is of paramount importance to deliver against legislative, social and, by implication and in practice, financial performance aspirations.

The Fund's approach to decarbonizing its portfolio was reviewed in early 2023 based on 2022 energy consumption, serving as a follow up to the initial targets set out in the December 2021 Annual Report.

The figure and table below illustrate the projected change in carbon intensity for the Fund in the years to 2050. Under the baseline scenario carbon emissions for the portfolio are expected to fall gradually alongside the decarbonization of the grid.

| Target | Minimum CRREM % Reduction | Target % Reduction | Annualised Average % Reduction | Average Annual CAPEX Investment Required |
|---|---|---|---|---|
| 2030 Energy Intensity Reduction Target (from 2022 baseline) | 41.2% | 37.2% | 4.1% (2022-2030) | £2.9m (2023-2030) |
| 2030 Carbon Intensity Reduction Target (from 2022 baseline) | 57.1% | 66.7% | 7.4% (2022-2030) | |
| 2040 Energy Intensity Reduction Target (from 2022 baseline) | 58.4% | 47.3% | 1.0% (2031-2040) | £0.7m (2031-2040) |
| 2040 Carbon Intensity Reduction Target (from 2022 baseline) | 93.2% | 88.9% | 2.2% (2031-2040) | |
| 2050 Energy Intensity Reduction Target (from 2022 baseline) | 58.4% | 56.6% | 0.9% (2041-2050) | £0.4m (2041-2050) |
| 2050 Carbon Intensity Reduction Target (from 2022 baseline) | 98.7% | 98.3% | 0.9% (2041-2050) | |

The updated 2022 pathways showed that as the target year for decarbonisation was postponed, the offsetting costs to align with the science-based target trajectory rise. The results of the analysis reveal a clear alignment between financial and environmental best practice. In like-for-like monetary terms, EVORA estimated the financial cost of achieving net zero carbon emissions, from the portfolio as at 31 December 2022, to be £22.9M under the 2030 pathway, rising to £30.3M under the 2040 pathway and £33.9M under the 2050 pathway. These figures represent a reduction in estimated costs from the 2021 analysis, dropping from a total of £106.7M under the former 2050 pathway. The differences are mainly caused by the decrease in floor area between the analysis and number of assets in the fund over this period – the fund has decreased by floor area by 58% from 2019 to 2022.

## Commitment to 2050

Reflective of that financial and environmental analysis undertaken, the Investment Advisor and the Manager have committed the Fund to achieve operational net zero carbon emissions from its investment portfolio by 2050 or sooner. The same analysis informed the decision to identify energy performance potential (EPCs), energy consumption and carbon intensity as sustainability indicators and principle adverse impacts (PAIs) on sustainability factors, as defined by the SFDR.

# Important Information (unaudited)

*(continued)*

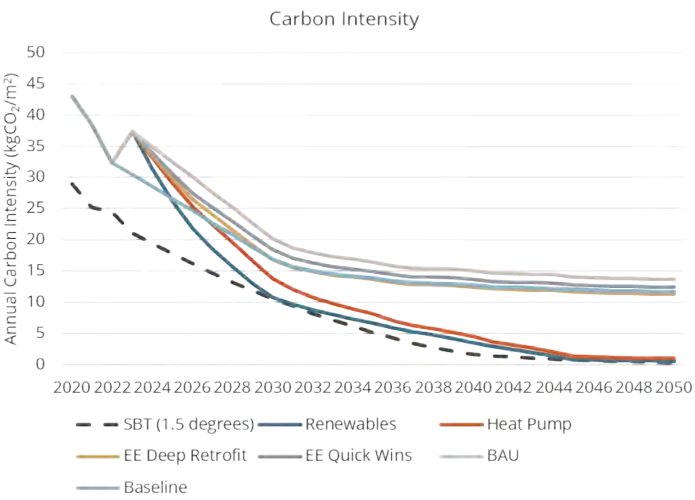
## Pathway update

A key change in methodology for the report effective 31 March 2023 (referred to as the 2022 pathway) is that this updated report uses an updated version of CRREM, which has now been aligned with the Science-Based Targets Initiative (SBTi). This means that, although the same energy consumption data was used, changes in carbon intensity will be seen between the 2021 and 2022 pathway reports.

At a more practical level, findings from property-level audit programme have been introduced to inform updates to the energy savings potential of intervention measures, and these are now reflected in the 2022 pathway. Finally, differences between the two pathways reflect sales made from the portfolio between the reporting dates.

The key findings of the 2023 pathway is shown below:

**Portfolio Carbon Intensity, 2023 net zero pathway**




Source: EVORA CTI CTUKPAIF Fund Decarbonisation Pathway Update, March 2023.

| Total CAPEX to 2050 | October 2021 estimation | 2023 Updated report |
|---|---|---|
| Energy Efficiency (Quick Wins) | £3.0m | £1.6m |
| Energy Efficiency (Deep Retrofit) | £37.3m | £4.2m |
| Electrification of Heat | £49.9m | £15.3m |
| Renewable Energy Generation | £16.2m | £12.8m |
| Total | £106m | £33.9m |
| Capex per sqft (£/sqft) | £12.5/sqft | £14.9/sqft |
| % of GAV (Total) | 10.7% | 15% |

# Important Information (unaudited)

*(continued)*

## Key Risks of the Company

**Investment Risk:** The value of investments can fall as well as rise and investors might not get back the sum originally invested.

**Property Liquidity Risk:** It may be difficult or impossible to realise assets of the Company because the underlying property may not be readily saleable.

**Property Valuation Risk:** The value of a property is a matter of a valuer's opinion and the true value may not be recognised until the property is sold. Should the Standing Independent Valuer express material uncertainty regarding the value of one or more immovables under management and that material uncertainty applies to 20% or more of the value of the Company, it may be necessary to temporarily suspend dealing

**Property Market Risk:** The performance of the Company would be adversely affected by a downturn in the Property market in terms of capital value or a weakening of rental yields.

**Property Liquidity Management (formerly uninvested cash risk):** Due to the illiquid nature of property and the time it can take to buy or sell assets, under normal circumstances up to 15% of the Company may be held in cash deposits. High levels of cash may also be held by the Company in anticipation of unusually large redemption requests, or if property investment opportunities are limited. Holding high levels of cash has an impact on the performance of the Company and its distributable income until it is invested in property assets. If a significant number of shareholders withdraw their investment at the same time, the fund manager may consider it necessary to dispose of property investments to generate additional cash. In difficult market conditions, it can take longer to sell properties, and some properties may be sold for less than expected. The right to redeem shares in the Company will be suspended if there is insufficient cash available to satisfy sale requests, or could become necessary to balance the interests of continuing shareholders with those seeking to redeem.

**Effect of Dual Pricing (Property):** As the Company is dual priced, there is a price to buy shares and a lower price to sell them. The difference between the two is known as the 'spread'. This Company's spread reflects the transaction costs of buying and selling commercial property, and other assets. The spread can change at any time and by any amount. The Spread for this Company is likely to be larger than for funds investing in assets other than commercial property. Consequently, there is a higher possibility of an investment being worth less than when invested, especially in the early years.

# Directory

## Management and Administration

**The Company and Head Office**
CT UK Property Authorised Investment Fund
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78 Cannon Street
London EC4N 6AG

**Authorised Corporate Director (ACD) and Alternative Investment Fund Manager (AIFM)**
Threadneedle Investment Services Limited
Registered Address and Head Office
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78 Cannon Street
London EC4N 6AG

**Registrar**
Threadneedle Investment Services Limited
Delegated to:
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(Authorised and regulated by the Financial Conduct Authority (FCA))
St Nicholas Lane
Basildon
Essex SS15 5FS

**ACD Client Services Department**
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**Depositary**
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**Please note that calls may be recorded.*

**Standing Independent Valuers**
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