

TR Property Investment Trust

AGM - Manager's Presentation

26th July 2022



TR Property

Investment risks

The value of investments and any income derived from them can go down as well as up as a result of market or currency movements and investors may not get back the original amount invested.

Investments which are concentrated in a specific sector or country may result in less diversification and hence more volatility in investment values. The value of directly held property reflects the opinion of valuers and is reviewed periodically. These assets can also be illiquid and significant or persistent redemptions may require the manager to sell properties at a lower market value adversely affecting the value of your investment.

Standardised performance

	Percentage Growth (%)				
	Jun 17 - Jun 18	Jun 18 - Jun 19	Jun 19 - Jun 20	Jun 20 - Jun 21	Jun 21 - Jun 22
TR Property Investment Trust (NAV with Income)	14.5%	2.9%	-2.4%	23.7%	-16.6%
FTSE EPRA Nareit Developed Europe Capped Index (Net, GBP, Total Return)	9.7%	-0.9%	-5.9%	18.0%	-21.5%

Past performance should not be seen as an indication of future performance.

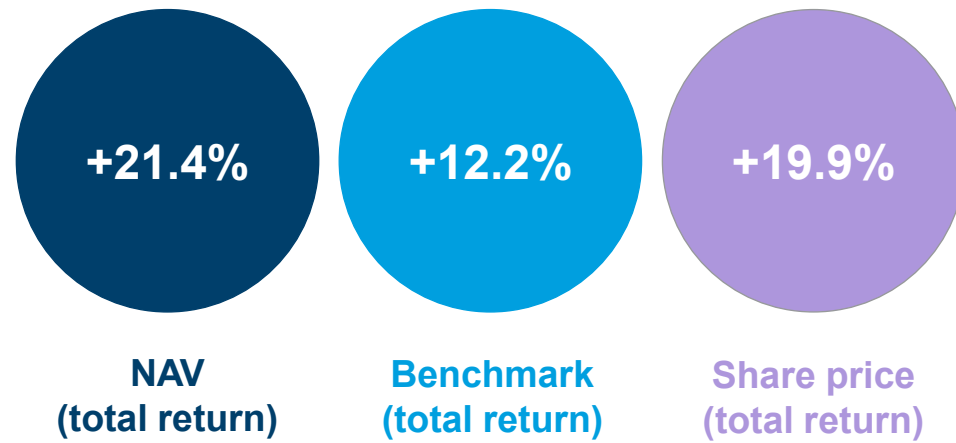
Source : Columbia Threadneedle Investments. Data as at 30.06.2022. All fund performance in quoted net of fees.

Agenda

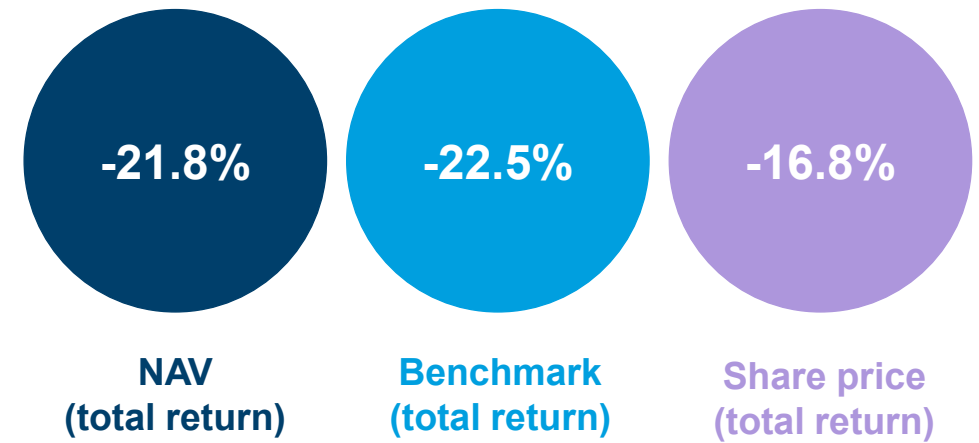
- Results review – year to March 2022
- Drivers of performance in the year
- Positioning
- ESG Update
- Physical portfolio
- Outlook
- Q&A

Performance for the year to March 2022 and the most recent quarter

Full year to 31 March 2022



31 March 2022 to 30 June 2022

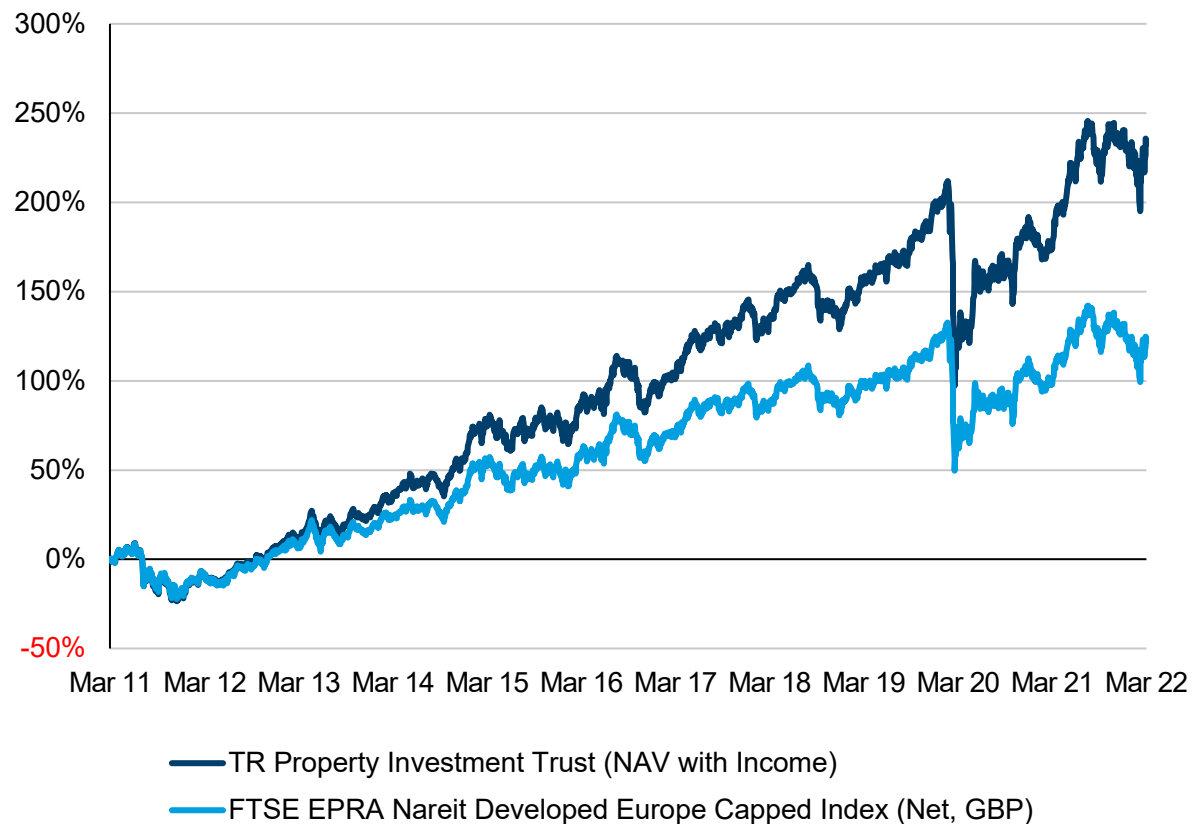


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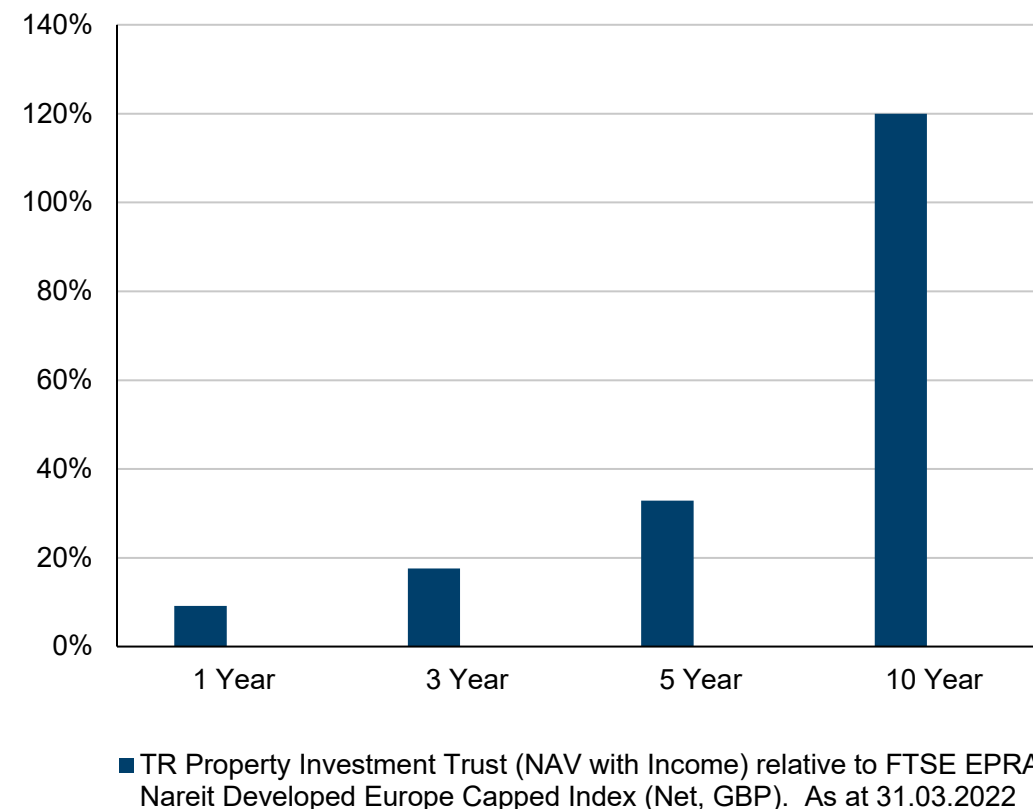
Source : Columbia Threadneedle Investments as at 11.07.2022

Long term performance to March 2022

Net Asset Value vs. Benchmark



Alpha Generation

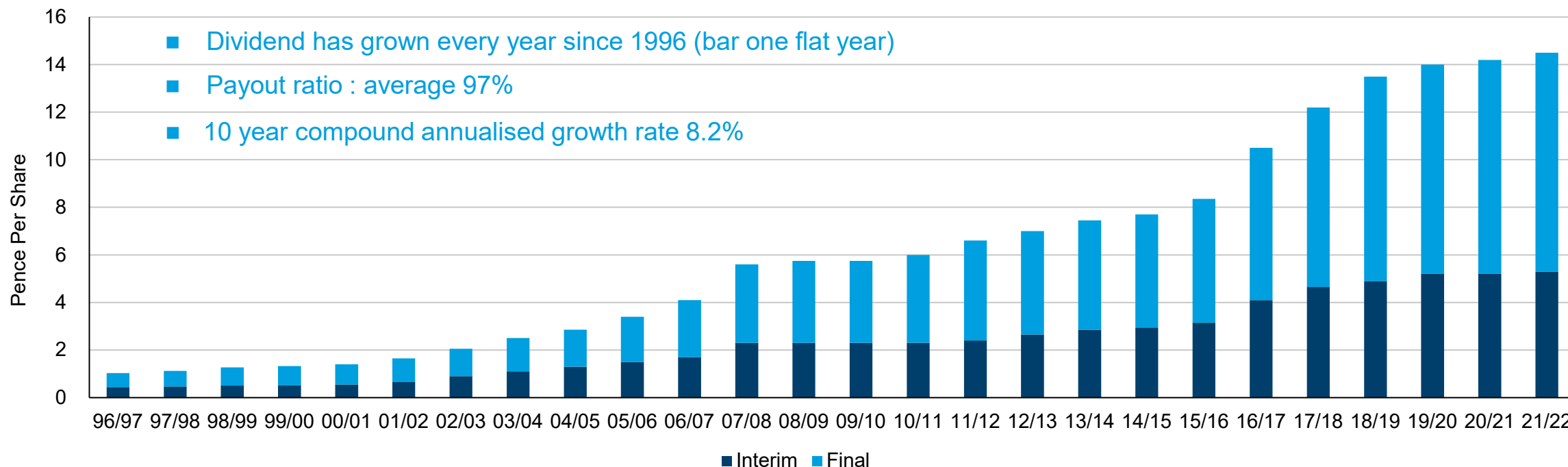


Past performance is not a guarantee to future performance.

Benchmark: Prior to 01.04.2013 FTSE EPRA Nareit Developed Europe Index (Net, GBP). Prior to 01.04.2012 FTSE EPRA Nareit Developed Europe Index (GBP). Prior to 01.04.2007 S&P Citigroup European Property Index. Prior to 01.09.2001 FTSE Real Estate index.

Source : Columbia Threadneedle Investments. Data as at 12.07.2022

Dividend history



- FY22 DPS : 14.5p* (FY21 DPS : 14.2p)
- FY22 EPS : 13.69p (FY21 EPS : 12.25p)
- Board happy to use revenue reserves given mid-term outlook for revenue recovery

*Subject to AGM vote

Past performance should not be seen as an indication of future performance

Source : Columbia Threadneedle Investments. Data as at 11.07.2022

Drivers of return in the year to March 2022

- Central banks were still accommodative throughout 2021
- Leverage still magnified returns in 2021
- Significant M&A activity
- Q1 2022 – all change with Ukraine, inflation and the price of debt
- German residential – the sector stalwart faltered

Mergers & Acquisitions (2021 and 2022)

CONSOLIDATION

- **Landsec** buys U+I (Development Securities)
- Workspace buys **McKay Securities**
- LXI merges with **Secure Income REIT**
- CapCo acquires/merges with Shaftesbury
- DIC acquires **VIB Vermögen**
- SBB acquires **Amasten**

PUBLIC TO PRIVATE

- St Modwen (Blackstone)
- GCP Student Living (Blackstone/APG)
- **Alstria** (Brookfield)
- **Befimmo** (Brookfield)
- **Hibernia** (Brookfield)
- CA Immo (Starwood)
- **Deutsche Euroshop** (Oaktree, Otto)

Source : Columbia Threadneedle Investments. Data as at 09.06.2022

Case study

VIB Vermögen AG



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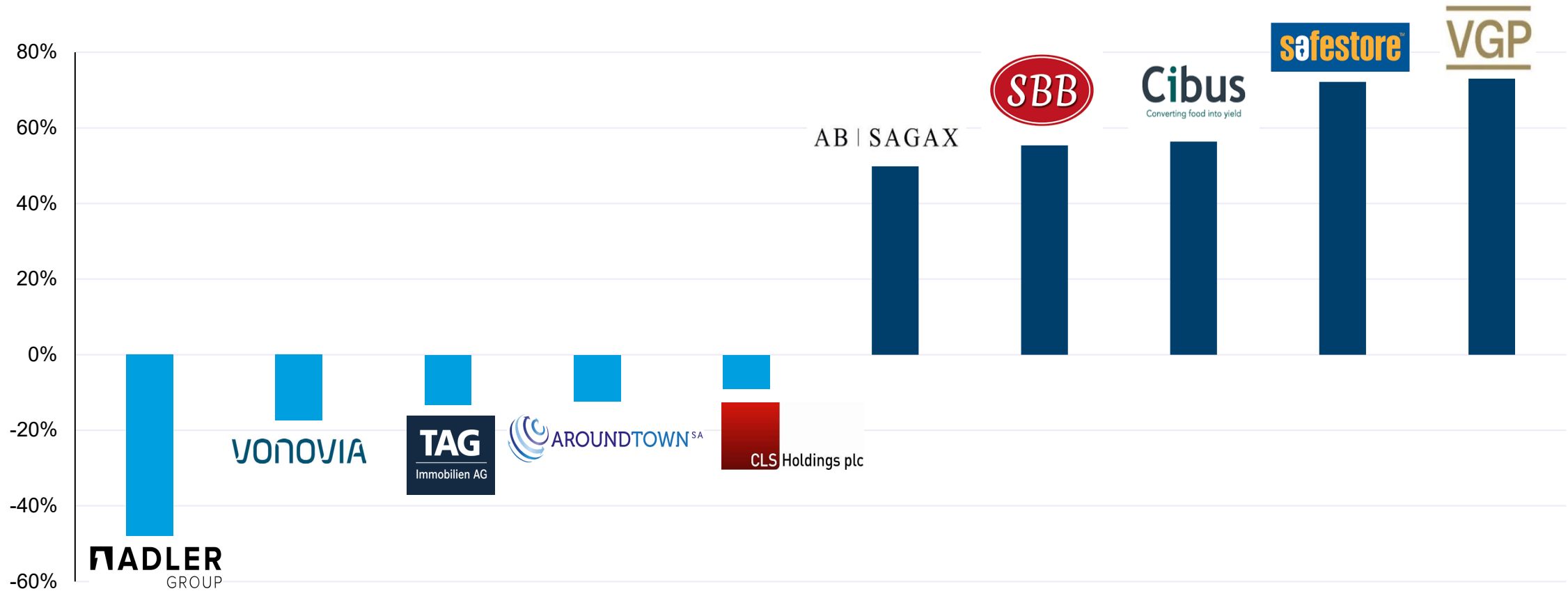
Source : Columbia Threadneedle Investments. Data as at 08.07.2022

Drivers of return in the year to March 2022

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Best & worst performers in our universe

For the year to 31 March 2022



Past performance should not be seen as an indication of future performance.

Companies referenced are those in the FTSE EPRA/Nareit Developed Europe Capped TR Net GBP Index. Performance numbers are total return and converted to GBP.

Source : Columbia Threadneedle Investments. Data as at 11.07.2022. All intellectual property rights in the brands and logos set out in this slide are reserved by respective owners.

Start of 2022

Overweight :

- Logistics, Residential, Long index-linked income, Self storage
- Retail
 - European shopping centres on valuation grounds
 - Retail Warehousing on fundamental tenant demand
- Offices
 - CBD and quality focused ('green building super cycle is coming')

Post invasion and inflation data (Q1 2022)



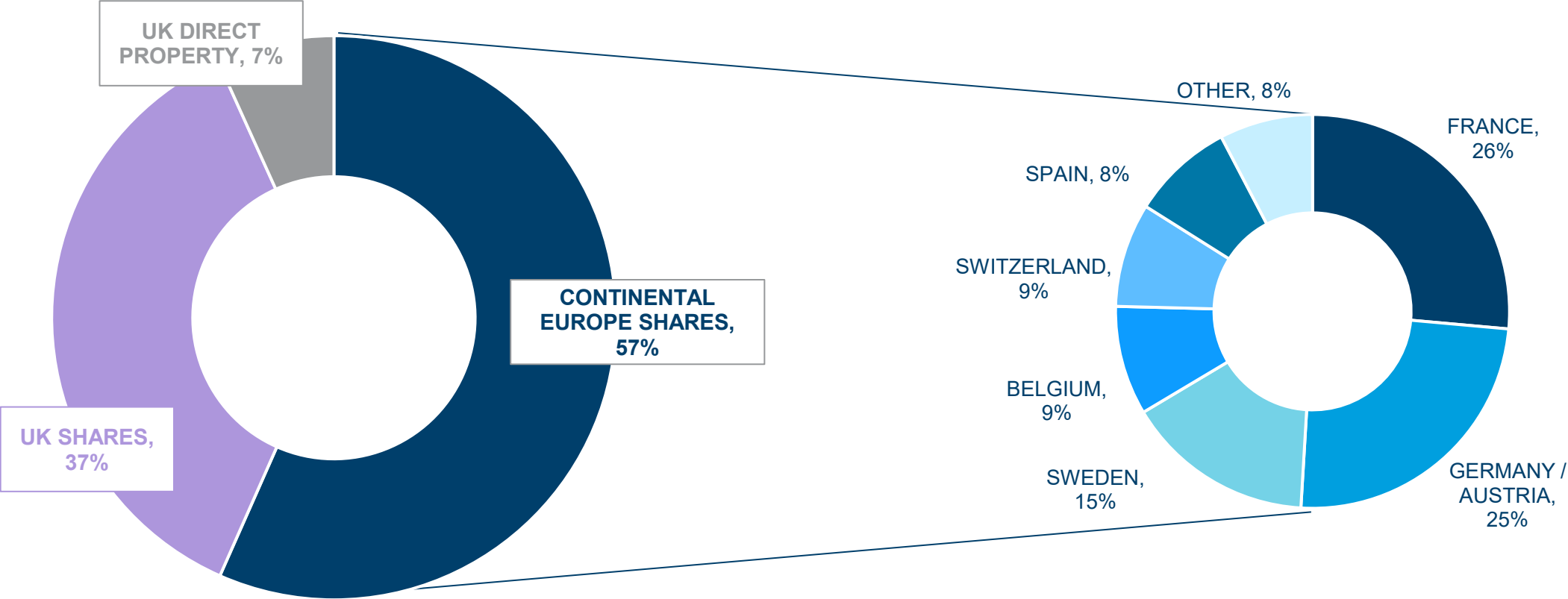
Source : Columbia Threadneedle Investments as at 12.05.2022. All intellectual property rights in the brands and logos set out in this slide are reserved by respective owners.

Q2 2022 – how has our positioning changed?



Source : Columbia Threadneedle Investments as at 20.07.2022. All intellectual property rights in the brands and logos set out in this slide are reserved by respective owners.

Portfolio exposure today

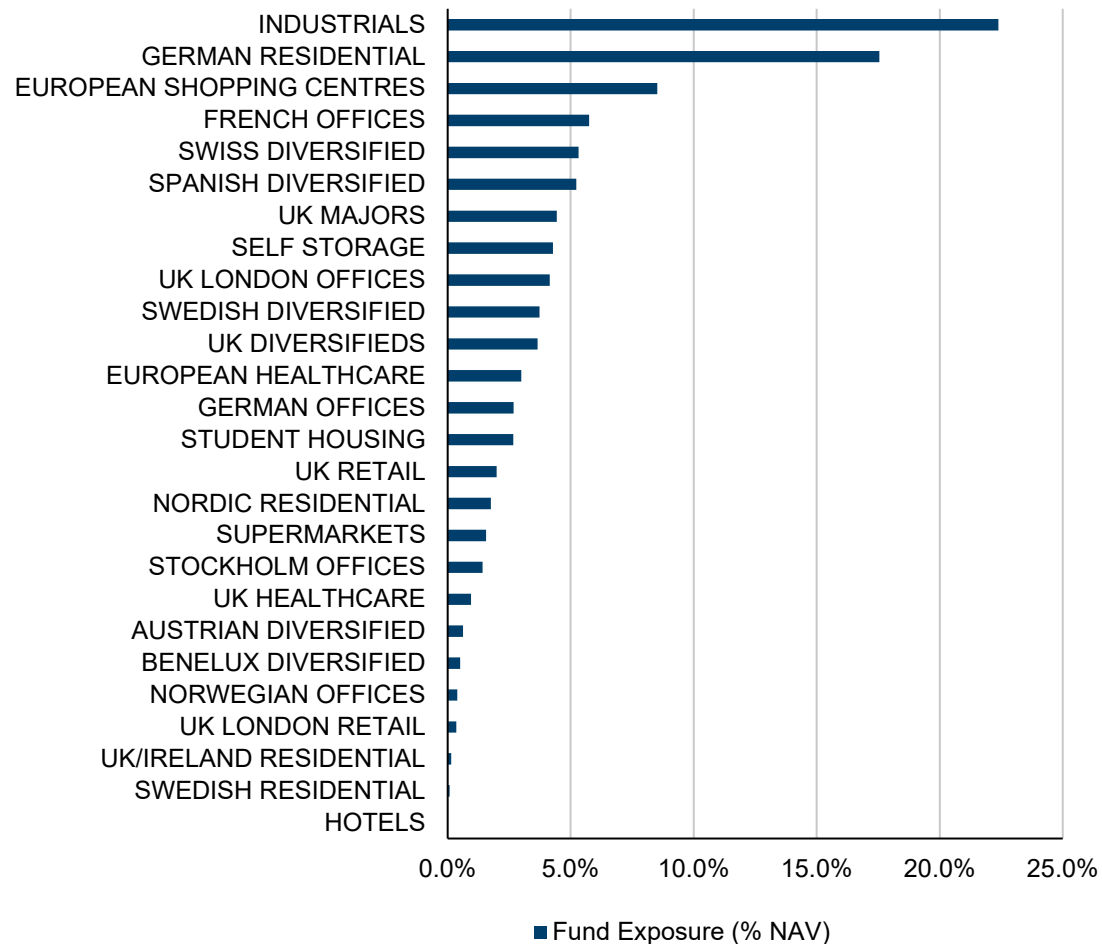


Note : Exposure as % of allocated capital
 Source : Columbia Threadneedle Investments. Data as at 08.07.2022

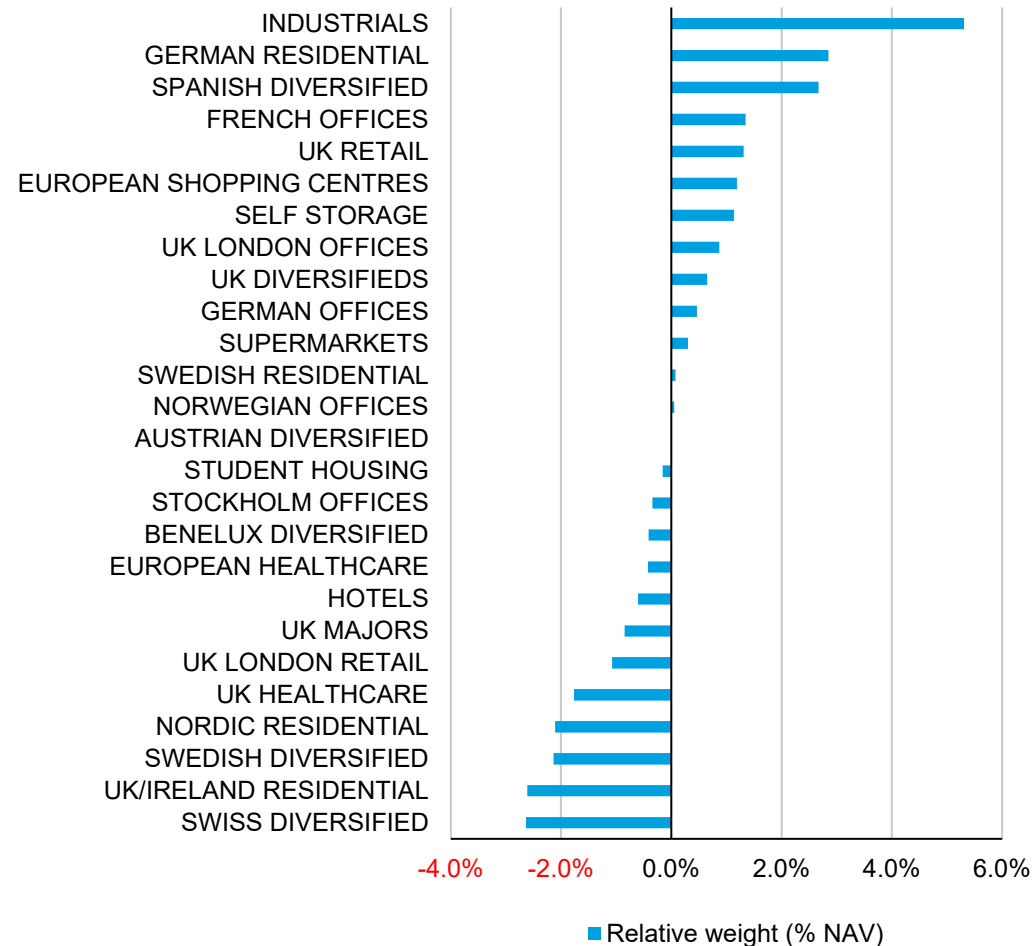
Sector positioning



Absolute



Relative to the benchmark



Source : Columbia Threadneedle Investments. Data as at 21.07.2022

ESG credentials



This year we have added more information on our responsible investment approach. For many years we have maintained a **leading position in terms of voting and engagement** supported by our significant stakes in a large number of property companies. **Our size in this specialist area of the equity market has helped ensure that our views are heard.**

We fully intend to keep up and heighten pressure on our investee companies to enhance their standards of governance and we will be increasing our expectations on both the provision of data and on the Social and Environmental outcomes that they deliver.

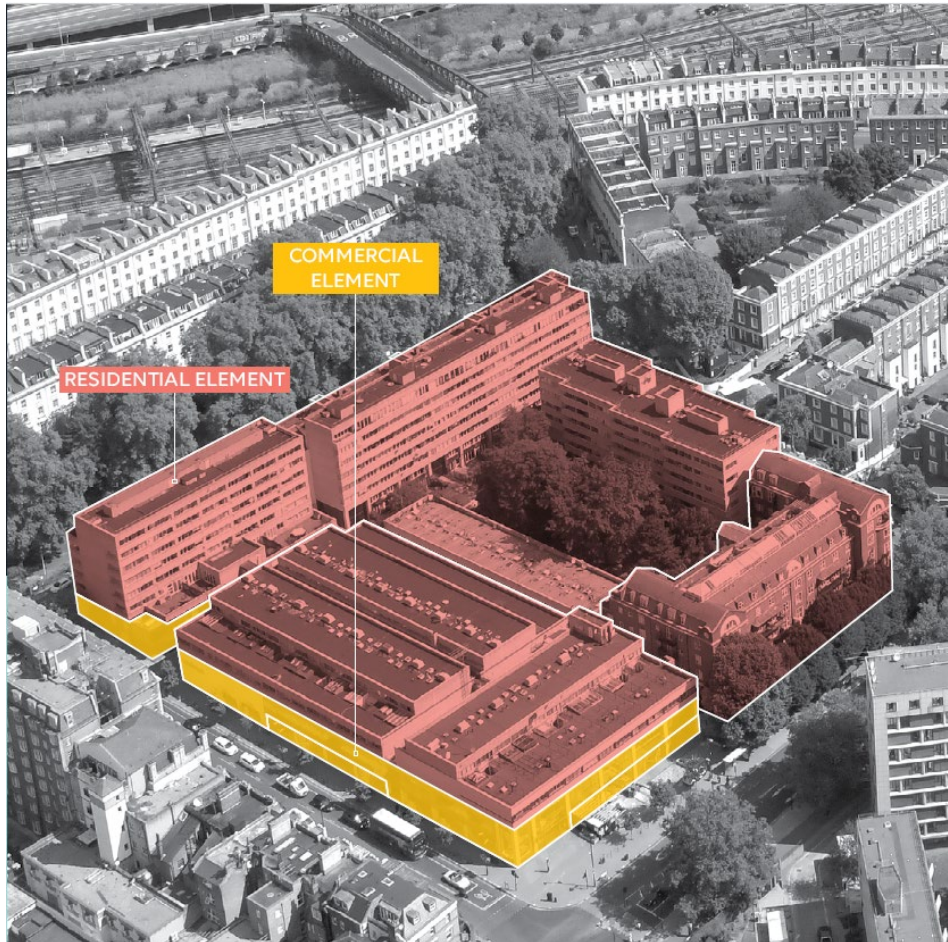
Any long term support for management will require companies to exhibit positive momentum across relevant measures.



Extract from the Chairman's Statement, Annual Report



The Colonnades, Bayswater



- Residential sold under a 999 year lease for c.£5m
- Over the last 20 years we had extended the majority of the underlying residential leases
- Simplifies investment as a pure commercial proposition
- 72% of income from Waitrose



Waitrose

REBEL

GRAHAM AND GREEN

Specsavers

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Ferrier Street, Wandsworth



- November 2019 : Resolution to grant planning permission received to quadruple built area with mixed residential and commercial scheme
- May 2022 : S.106 completed & planning permission granted. Triggers 3 year commencement window
- Short term strategy to maximise income
- Average rent of new lettings £27.50 per sq ft

Source : Columbia Threadneedle Investments. Data as at 11.07.2022

Q2 2022 – where are we now

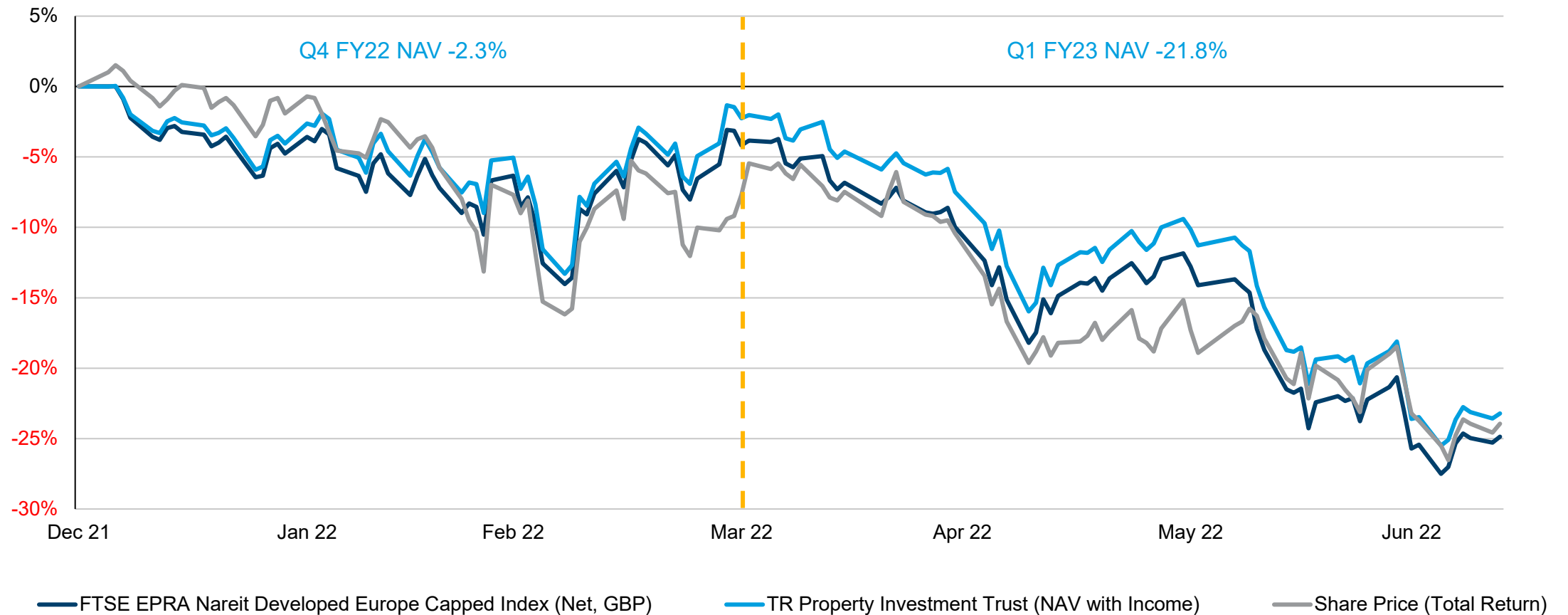
- Point of maximum macro uncertainty
- Significant yield expansion in bond markets
- Reduced liquidity and bank margins widening
- Investor sentiment weakening, transaction volumes falling

But.....

- Very little evidence of weakness at the occupational level in our favoured markets
- No signs of corporate distress
- Good liquidity for conservatively leveraged companies
- Property shares have reflected much of this news.....



Recent performance



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Source : Columbia Threadneedle Investments. Data as at 13.07.2022

Outlook

- Expect base rate peak in H2 2023
- Risk of recession has risen
- Consumer will be squeezed as mortgage costs rise (but offset by nominal wage growth)
- Continue to seek conservatively leveraged, strong cashflow businesses
- Benefits of the permanent capital structure of an Investment Trust

Q&A

Contact us

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