

Threadneedle
UK Property Trust

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Introduction

This Interim Report reviews the performance of the Threadneedle UK Property Trust and the market background over the six months to 15th November 2011. Threadneedle has a dynamic, award winning approach to property investment. Our experienced investment team has been managing property investments for over 17 years, and the focus on maintaining high yields has distinguished us from the market.

During 2011, Threadneedle Property Investments won the Property Fund Manager of the Year award at the Property Week Awards 2011. This is the second time in three years that Threadneedle has won this leading industry award, and we have been shortlisted every year during the 16 years that the award has existed.

Threadneedle's property team has a distinctive investment philosophy which allows it to generate stable returns and capitalise on opportunities across all market cycles. This philosophy can be summarised in the following five principles:

Stock picking is key

We believe that selecting properties 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 Threadneedle products, please contact us directly on 0800 068 3000 (8am – 6pm Monday to Friday) or speak to your financial adviser. Alternatively, please visit threadneedle.com.

Manager's Report

Investment Objective

The objective of Threadneedle UK Property Trust is to obtain a total return based on income and capital appreciation primarily through investment in certain kinds of real estate, property-related securities, government and public securities and units in collective investment schemes.

Investment Policy

The Fund 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 Manager or its associates), cash and near cash, warrants, deposits and money market instruments. Derivatives may be used for efficient portfolio management purposes only.

The Fund will always invest so as to be eligible as an ISA investment.

Review

This report covers the period from 16th May 2011 to 15th November 2011.

Market Commentary

The UK property market, as represented by the Investment Property Databank (IPD) Monthly Index, generated an all property total return of 1.9% in 3rd quarter 2011 (2.1% in 2nd quarter 2011). Rental income returns were consistent with the 2nd quarter 2011 figure at 1.7% and comprised the majority of the total return for the quarter, supported by capital growth at 0.2% (July: 0.06%, August: 0.07%, September: 0.09%).

At face value, the 3rd quarter 2011 total return figure would appear to show a relatively modest decline over the 2nd quarter 2011 figure. However, of greater significance is the fact that the 3rd quarter 2011 total return is the lowest quarterly total return figure recorded by the IPD Monthly Index since the UK property market bounced back from its low point in July 2009. Since 3rd quarter 2009, the UK property market has produced a quarterly total return averaging 3.65%, albeit that this figure has been distorted by high rates of capital growth in the period 3rd quarter 2009 – 2nd quarter 2010 as Quantitative Easing helped to fuel a capital recovery. The UK property market had arguably been over-sold as a consequence of extraordinary liquidity pressures at the fund level. Nevertheless, property total returns have been moderating since the start of 2011, reflective of on-going weakness in the broader UK economy.

In terms of rental value growth, the risk of further rental value depreciation remains most acute in provincial retail and office markets that are geographically disconnected from the influence of the London economy. Although IPD 'All Property' rental value growth remained fractionally positive in 3rd quarter 2011 at 0.1% (Offices: 0.9%, Industrial: -0.2%,

Retail: -0.4%), this data masks wide geographical and sub-sector variations. At first glance, IPD data could support the view that rental values have 'bottomed out'.

Sustained investor demand for Central London offices has driven premium investment pricing. Long-let prime assets, with perceived low risk characteristics, have underpinned limited yield compression throughout 2011 although this has begun to plateau. Overseas investors, seeking to domicile capital in the UK, often for multi-generational wealth preservation purposes, remain keen to acquire prime London assets and remain at the cutting edge of pricing, having completed a number of high profile acquisitions in recent months.

Since July 2009, the UK property market has witnessed a 17.7% recovery in capital values (retail at 20.7%, offices at 17.0% and industrial at 10.8%). The consensus view is that property is fairly priced. However, future capital growth is more likely to be founded upon property level fundamentals rather than pricing factors external to property markets.

Capital value data recorded by the IPD Monthly Index is evidence of a clear polarisation in property market returns. In marked contrast, weaker secondary assets, where letting prospects remain uncertain (and over-renting is rife), are attracting only limited investor interest and continue to fall in value.

The impact of government spending cuts and weaker consumer spending as taxes rise and employment prospects weaken, will only serve to exaggerate the polarity in the pricing of prime and secondary assets as investors and occupiers become ever more discerning. However, it is widely considered that whilst values remain subdued outside of central London those with significant cash weighting positions are well placed to take advantage of 'once in a generation pricing' on assets with robust underlying fundamentals.

Market Outlook

A significant risk factor overhanging the UK commercial property market remains the uncertain health of the retail sector. Since the outset of 2011, national multiple retailers such as JJB, Habitat, TJ Hughes, Jane Norman and Focus DIY amongst others, have been casualties of a very difficult trading environment that has proved unforgiving for retailers that are either inadequately capitalised or that have an offer that has limited appeal to cash-constrained consumers.

A strong Christmas 2011 trading period will provide welcome news for the UK retail sector, estimated by the British Council of Shopping Centres to be suffering a 15% vacancy rate (having increased from 8% in 2009). A further deterioration in the UK economy may result in significantly higher structural void rates for poorer quality retail and office properties.

Manager's Report

(continued)

Despite the fact that the uncertain economic environment has weakened underlying property fundamentals, a limited number of leveraged property investors have been acquiring secondary property assets in the belief that there is a sustainable arbitrage between low cost debt finance and current property yield pricing. This thesis will prove unsound if rental values continue to fall due to weak property fundamentals or a deterioration in the UK economy.

Government and regulatory policies are increasingly forcing banks to confront the legacy of irrational lending policies instigated during the 'credit boom' years, and to actively deleverage balance sheets. With an estimated £90bn worth of property loan maturities requiring re-financing in the period 2011-2013, it is unsurprising that there remains only limited availability of new origination debt. Consistent with the approach being adopted by mainstream UK property investors, lending banks are demonstrating a marked risk aversion, with realistically-priced debt facilities only being available for high grade, long-let property assets.

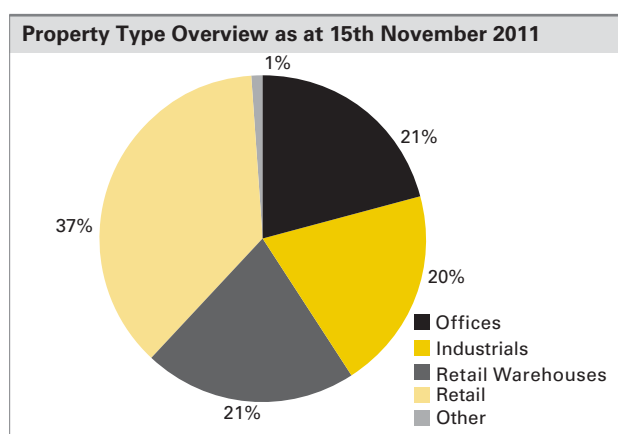
With investors and financiers alike demonstrating a marked risk intolerance, the property investment market remains characterised by transaction volumes some 40% lower than during the 'boom years' of 2005-2007. Transaction volumes have remained broadly consistent at approximately £8bn per quarter since mid-2009 and the prevailing weak economic backcloth combined with constrained bank lending suggests that an acceleration in property market activity in the short term is unlikely.

Although UK property fund inflows are currently at negligible levels, it is reported that, after record inflows in the period 3rd quarter 2009 - 4th quarter 2010, institutional investors still hold significant un-invested cash balances but remain wedded to a cautious investment approach. Institutional investors seeking to exploit the property sector's income yield advantage relative to competing investment media, remain focused upon the acquisition of core/core+ property assets, long-let to undoubted tenant covenants. Institutional investors currently have little appetite for entrepreneurial property risk.

The Portfolio

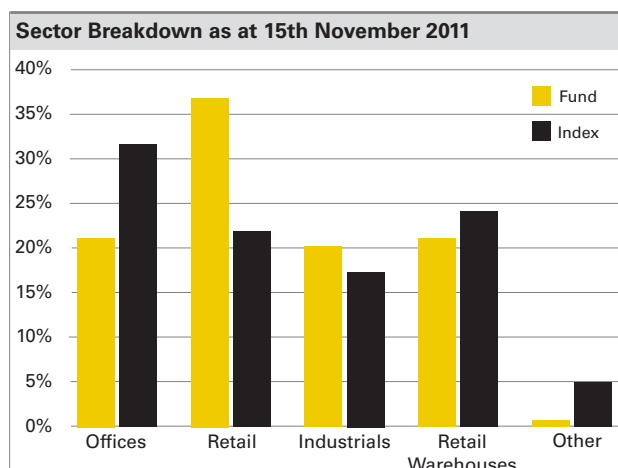
The Trust's performance has again been diluted as a consequence of its popularity amongst investors, having generated tenfold Net Asset Value (NAV) growth over the past three years to 15th November 2011 and 28% NAV growth over the past 12 months alone. As the NAV of the fund continues to grow, lower proportionate cash holdings will have less of an impact on fund returns. Since the onset of the financial crisis in late 2007, prudent liquidity management has remained one of the hallmarks of the Threadneedle UK Property Trust's long-term strategy. Current purchasing activity will reduce the liquidity position on the Trust broadly in line with the Trust's targeted 15% margin.

Having successfully completed a further six acquisitions, the Trust's NAV has now grown to £389m and its property portfolio is currently generating a net income return of 7.1%, 93 basis points above the comparable market yield. The average weighted lease length across the portfolio of 78 properties and 288 tenancies is approximately 7.5 years, assuming all break options are exercised. The current sector weightings comprise 58% retail/retail warehouse properties, 21% offices, 20% industrial and 1% miscellaneous. The portfolio vacancy rate as at 15th November 2011 was just 3.8% relative to the IPD UK Monthly Index of 8.3%.



Source: Threadneedle.

We have shown a sector breakdown of the portfolio below, which shows the Trust's position versus the IPD UK Monthly Index.



Source: Threadneedle.

Fully updated peer group information is only available from Morningstar at month-end points.

The Trust's investment in the Threadneedle Property Unit Trust (TPUT), at 15th November 2011 was £17.9m*. These units provide exposure to direct property performance through a portfolio that is diversified across both sectors and the UK as a

*Mid-price as at 15th November 2011.

Manager's Report

(continued)

whole, with high liquidity and very low property-specific risk. TPUT is a vehicle with exceptional long-term performance.

The Trust is continuing its highly selective buying strategy and taking advantage of current market pricing by targeting higher yielding assets with robust underlying investment credentials whilst complementing the Trust's high and sustainable income return.

Performance

With reference to the Morningstar OEIC Benchmark for Real Estate Trusts, the Threadneedle UK Property Trust is ranked fifteenth (out of thirty-seven) over the year to the 15th November 2011. Over four years (effectively since the inception of the Trust) the Threadneedle UK Property Trust is ranked fifth (out of twenty-nine) to the 15th November 2011.

Strategy

Over the past six months, the Trust has completed the acquisition of a further six properties with a combined total investment commitment of £41.0m. The latest acquisitions have followed the same diverse and risk averse approach, targeting properties with strong investment fundamentals. This strategy has enabled the Trust to acquire good quality assets whilst maintaining a high property income yield.

The Trust has remained popular and is continuing to grow in size. We will continue the same forensic approach to our stock picking in order to avoid unnecessary risk whilst maintaining the existing attractive running yield.

Transactions

June 2011

600 & 650 Aztec West Business Park, Bristol

600 & 650 Aztec West provide 25,143 sq ft of well specified office accommodation in two properties let to Wimpey Homes Holdings Ltd (with George Wimpey Plc as surety 5A1 D&B rating) and Co-operative Legal Services (with Co-operative Group limited as surety 5A1 D&B rating) and generating £465,064 per annum equating to £18.70 per sq ft overall. Wimpey Homes has recently extended their lease on building 600 until January 2017. Building 650 is let to Co-operative Legal Services until June 2018 (tenant break option June 2014). The property benefits from 138 car parking spaces providing an excellent ratio of 1:180 sq ft. The purchase price of £4,080,000 reflects an attractive net initial yield of 10.5%.

September 2011

Southampton Road Retail Park, Fareham

The purchase of a 1986 constructed prominent two unit retail warehouse scheme providing 77,421 sq ft of accommodation within Old Southampton Road Retail Park which itself provides 206,945 sq ft of retail warehousing. The subject property is let to Argos and Dunelm on Full Repairing and Insuring (FRI) leases until 2021 and 2026 respectively. Neighbouring occupiers

include B&Q, Currys, Halfords, Pets at Home, Comet, Carpetright and Harveys. The purchase price of £11,100,000 provides an attractive net initial yield of 7.1% complementing the current income yield of the Trust's overall property portfolio whilst delivering a sustainable income stream with rental growth prospects.

Mostyn Broadway, Llandudno

B&Q, Mostyn Broadway, Llandudno

The acquisition of a long leasehold interest (expiring 2111) let in its entirety to B&Q Plc (D&B rating: 5A1) on an FRI lease expiring 21st July 2020 (9 years unexpired) with five-yearly upward only rent reviews (next review 21st July 2015). The property is located in a prominent position within the core of Llandudno's retail warehouse provision. The passing rent of £484,875 pa equates to a low passing rent of £12.45 psf overall. The Freeholder (Mostyn Estates) receives 11% of the Market Rent, currently £53,336 pa with the next Head Rent review on 21st July 2015. The purchase price of £5,440,000 reflects an attractive net initial yield of 7.5% with potential to add value via various asset management initiatives, including the potential re-structuring of the Headlease and the occupational lease.

October 2011

The Rock & Hub, Slyfield Industrial Estate, Guildford

The acquisition of a long leasehold interest (116 years unexpired) comprising two industrial premises, built 2002 and 2007, and providing 52,864 sq ft of accommodation. Both properties are let on new 15 year leases to Snow and Rock Sports Limited (D&B 4A1) at a gross rent of £457,000 per annum equating to £8.64 psf overall (£406,600 net of head-rent). The leases are subject to five-yearly RPI-linked, compounded annually, rent reviews with cap at 4% and collar at 2%. The purchase price of £5,235,000 reflected a net initial yield of 7.3% with an attractive reversion to 8.9% in year 5 based on current RPI forecasts.

The Pavilion Shopping Centre, Tonbridge

The acquisition of an 18 unit shopping centre providing 79,667 sq ft of accommodation forming part of the prime retail pitch on the High Street. The remaining units, within the covered shopping centre, provide access to a large car park (290 spaces) at the rear serving a Sainsbury's Superstore. The property currently generates £502,231 pa increasing to £787,581 pa on expiry of current rent free periods. Tenants include Monsoon, Boots, Specsavers Opticians Ltd, Santander, Blockbuster, Shoe Zone and New Look. Five of the tenants have recently renewed their leases in line with the former passing rent reflecting between £43.00 and £58.00 psf ITZA depending on unit prominence. The purchase price of £9,400,000 provides an effective net initial yield of 5.1% rising to 8.0% on expiry of the current rent free periods (May 2012).

Manager's Report

(continued)

November 2011

Units 1-8 Wincheap Trade Park, Canterbury

The purchase of the leasehold interest (131 years unexpired) in a mid-1970's constructed trade park, providing 69,893 sq ft of industrial, trade and retail warehouse accommodation over 9 units, adjacent to a retail park and a Morrisons supermarket. The property currently generates £427,570pa (£380,328pa net of head-rent) equating to £6.12 psf overall inclusive of an 18-month and 12-month rent, rates and service charge guarantee in respect of two vacant units. 70% of the income is secured to highly regarded covenants including Wolseley Centres Ltd, Screwfix Direct Ltd, Dreams Plc and Howden Joinery Properties Ltd. Wolseley has just completed a lease extension until 2020 and Screwfix has recently proposed terms to extend their lease until 2020. The purchase price of £3,750,000 provides an effective net initial yield of 9.6% and reflects a low gross capital value of £57.00 per square foot.

Directors' Statement

In accordance with the requirements of the Financial Services Authority's Collective Investment Schemes (COLL) Sourcebook, we hereby certify the Interim Report & Accounts on behalf of the Directors of Threadneedle Investment Services Limited.

21st December 2011

C J Henderson
T N Gillbanks

Property Portfolio

Retail

Less than £1 million in Value	Principal Tenants	Rental Income per annum	Next Rent Review
Hinckley 14/16 Castle Street Freehold mid-terrace two-storey property comprising two ground floor retail units and first floor ancillary accommodation. Property totals 4,301 sq ft.	Vision Express (UK) Limited Birthdays Retail Limited	£39,400 £31,700	N/A 09/2011 (Outstanding)
Leamington Spa 118 The Parade and 63 Bedford Street Freehold mid-terrace period property fronting The Parade together with smaller rear unit fronting Bedford Street. 118 The Parade comprises a ground floor retail unit with three ancillary upper floors and 63 Bedford Street comprises a ground floor takeaway unit and ancillary upper floor. Property totals 5,050 sq ft. 118 The Parade is currently vacant.	Perfect Pizza Limited	£20,500	N/A
Maidstone 27 Week Street Freehold three-storey terraced building arranged with retail sales on the ground floor and ancillary accommodation on the basement, first and second floors. Property totals 1,361 sq ft.	Thorntons Plc	£nil (£46,700 from 25/12/2011)	N/A
Southport 207/209 and 211/213 Lord Street Freehold mid-terrace building comprising two ground floor units with three upper floors split into twelve residential flats. Property totals 2,656 sq ft excluding flats.	Sugacane Limited Greggs Plc	£47,500 £37,500	10/2014 07/2015



Hinckley
14/16 Castle Street



Leamington Spa
118 The Parade and 63 Bedford Street



Southport
207/209 and 211/213 Lord Street

Property Portfolio *(continued)*

Retail *(continued)*

Between £1 million and £2.5 million in Value	Principal Tenants	Rental Income per annum	Next Rent Review
Andover 48/48a High Street Freehold, terraced property over two floors with the ground floor split in to two retail units and first floor used as storage. Property totals 6,528 sq ft.	Costa Limited Clinton Cards (Essex) Limited	£66,500 £71,500	02/2013 09/2012
Barnstaple 75 High Street Freehold Grade II listed retail unit over ground and two upper floors together with first and second floor maisonette with separate access from rear. The maisonette produces £2,585 per annum. Property totals 2,548 sq ft excluding maisonette.	Costa Limited A Timothy & R J Smith	£85,000 £2,585	03/2016 12/2010 (Outstanding)
Brentwood 49 High Street Freehold, terraced property over four floors, arranged as a ground floor retail unit with ancillary basement and first floors and three maisonettes on the first and second floor. Property totals 8,404 sq ft excluding maisonettes.	Superdrug Stores Plc	£173,900	12/2015
Canterbury 36/37 High Street Freehold, period terraced property comprising two retail units 36 High Street has retail sales space on ground and first floors with ancillary basement and second floors. 37 High Street has ground floor retail sales space with ancillary basement, first and second floors. Property totals 4,832 sq ft.	First Sport Limited Treds Limited	£108,000 £70,000	N/A 03/2014
Croydon 85 North End Freehold, terraced retail unit over three floors. Ground floor retail with ancillary first and second floors. Property totals 1,334 sq ft.	Everything Everywhere Limited	£135,000	N/A
Doncaster 8 St Sepulchre Gate Leasehold, mid-terrace retail unit with retail space on the ground floor and ancillary basement, first and second floors. Property totals 4,322 sq ft.	New Look Retailers Limited	£120,000	N/A
Eastbourne 87/89 & 91 Terminus Road Freehold, four-storey terraced property with retail on ground and basement and three residential units on first and second floors. Property totals 2,705 sq ft excluding residential.	Arcadia Group Limited	£138,250	06/2014
Hounslow 219-221 High Street Freehold, four-storey terraced property with retail on ground and basement and two residential units on first and second floors. Property totals 5,422 sq ft excluding residential.	Sam 99p Limited	£120,000	09/2014



Barnstaple
75 High Street

Property Portfolio *(continued)*

Retail *(continued)*

Between £1 million and £2.5 million in Value	Principal Tenants	Rental Income per annum	Next Rent Review
King's Heath, Birmingham 149-151 High Street Freehold, mid-terrace retail unit with ground floor retail sales area and first floor storage. Property totals 8,988 sq ft.	Dorsman Estates Company Limited	£155,000	07/2013
Newcastle-Under-Lyme 96 High Street Freehold, four-storey corner property with ground floor retail space and ancillary basement, first and second floors. Property totals 33,044 sq ft.	99p Stores Limited	£140,000	06/2014
Newport 35/36 Commercial Street Freehold, five-storey corner building comprising two retail units on the ground floor with ancillary basement and first floors and self contained offices on second and third floors. Property totals 9,612 sq ft.	Everything Everywhere Limited The Carphone Warehouse Limited Monmouthshire Building Society	£102,650 £99,500 £8,800	N/A N/A 05/2018
Romford 105-111 South Street Freehold, three-storey mid terrace building comprising a ground and first floor bar and ancillary second floor. Property totals 11,752 sq ft.	Stonegate Pub Company Limited	£178,400	12/2012
Southampton 83 & 85 Above Bar Street Freehold, mid-terrace property split to provide two ground floor retail units within ancillary first and second floors. Property totals 3,837 sq ft.	Early Learning Centre Limited Modelzone Limited	£67,500 £50,000	N/A 12/2014
Staines 95-99 High Street Freehold, end terrace three storey retail unit with ground floor retail sales area, first and second floor ancillary. Property totals 5,009 sq ft.	Poundland Limited	£145,000	04/2015
Sutton 96-98 High Street Freehold, two-storey terraced retail unit, ground floor retail space and first floor ancillary. Property totals 6,970 sq ft.	DSG Retail Limited	£125,700	N/A
Sutton 151-153 High Street Freehold three-storey building, providing two lock up shops on ground floor and two maisonettes on first and second floors. Ground floor totals 1,305 sq ft.	Everything Everywhere Limited SweetTooth (Sutton) Limited	£45,000 £nil (£24,000 from 13/07/2012)	N/A 10/2016

Property Portfolio *(continued)*

Retail *(continued)*

Between £2.5 million and £5 million in Value	Principal Tenants	Rental Income per annum	Next Rent Review
Brighton			
5-8 London Road			
Freehold 1950s former department store, split into three retail units over ground, first and second floors, totalling 27,684 sq ft. The units trade from ground floor only with ancillary accommodation on the first floor. Unit 3 incorporates the second floor which extends across the front of the whole property.	Peacock's Stores Limited	£92,500	N/A
	Iceland Foods Limited	£80,000	N/A
	Bon Marche Limited	£75,000	N/A
Chatham			
195-203 High Street			
Freehold, two-storey corner retail unit. Ground floor retail space and first floor ancillary. Property totals 14,949 sq ft.	Burton/Dorothy Perkins	£161,000	N/A
	Vision Express UK	£92,000	N/A
	Holland & Barrett Retail Limited	£48,470	12/2013
Chichester			
83/83a North Street			
Freehold, terraced period property split into two retail units arranged as ground and first floor retail sales and second floor ancillary. Property totals 5,823 sq ft.	JD Sports Fashion Plc	£161,500	N/A
	Claire's Accessories UK Limited	£75,000	12/2012
Elgin			
1 & 2 Thunderton Place			
Freehold, detached property with ground and first floor retail sales, second and third floor ancillary space and car parking. Property totals 32,125 sq ft.	TK Maxx	£188,000	08/2014
	Poundstretcher Limited	£85,000	09/2015
Glasgow			
102 Argyle Street			
Freehold listed nineteenth-century building over two storeys plus basement. Comprises corner retail unit with frontage to Argyle Street and Argyle Arcade, plus ancillary space above. Property totals 2,174 sq ft.	Hutchison 3G UK Limited	£160,000	10/2014
Manchester			
24/26 King Street			
Freehold mid-terrace period building providing retail accommodation on the ground floor with ancillary basement storage and three floors of recently refurbished office space above. Property totals 6,761 sq ft.	The Body Shop International Plc	£188,000	12/2012



Glasgow
102 Argyle Street



Manchester
24/26 King Street

Property Portfolio *(continued)*

Retail *(continued)*

Over £5 million in Value	Principal Tenants	Rental Income per annum	Next Rent Review
Accrington Broadway & Market Walk Freehold. Two terraced retail parades with a total of eleven purpose built retail units totalling 58,774 sq ft.	Various	£610,741	05/2012
Blackpool 24-30 Victoria Street & 31-37 Corporation Street Freehold, retail parade comprising seven two storey retail units. Property totals 22,861 sq ft.	Various	£439,000	06/2014
Doncaster 8-12 Frenchgate, 1-4 & 6/6a Baxtergate Freehold, corner block of seven retail units. Ground floor retail with basement, first and second floor ancillary space. Property totals 23,600 sq ft.	Various	£421,500	03/2012
Nottingham 1-8 Exchange Walk & 5-7 St Peters Gate Freehold, parade of six retail units plus one retail unit on St Peters Gate. Each unit is generally over ground and first floors with two units having basements. Property totals 4,676 sq ft.	Various	£605,250	03/2012
Tonbridge The Pavilion Shopping Centre Freehold, 18 unit shopping centre at ground floor level, with an additional mezzanine level. 8 units on the High Street pitch and 10 units within the mall. The combined total area is 68,784 sq ft with an additional mezzanine level creating 79,667 sq ft in total.	Various	£502,231	07/2015

Retail Warehouse

Between £1 million and £2.5 million in Value	Principal Tenants	Rental Income per annum	Next Rent Review
Dumfries St Michaels Bridge Road Freehold, 1980's built single storey detached retail warehouse unit. Property totals 15,393 sq ft.	Halfords Limited	£192,479	N/A
Newark on Trent 92-94 Northgate Freehold, detached retail warehouse constructed in 1996. Property totals 8,304 sq ft.	Halfords Limited	£113,474	N/A
Sutton in Ashfield Forest Retail Park Freehold three unit retail warehouse scheme, one single detached unit and a terrace of two units, constructed in 2002. Externally there are 48 car spaces. Property totals 15,236 sq ft.	Frozen Value Limited Brantano (UK) Limited Halfords Limited	£31,000 £63,250 £89,000	03/2012 03/2012 03/2012
Wellingborough Victoria Retail Park Freehold, L-shaped detached single storey purpose built retail warehouse. Property totals 9,169 sq ft.	Halfords Limited	£127,349	N/A
Winnersh 612 Reading Road Freehold modern retail warehouse with mezzanine sales and storage area installed by the tenant. Externally there is parking for 34 cars. Property totals 7,357 sq ft.	Halfords Limited	£127,364	06/2011 (Outstanding)

Property Portfolio *(continued)*

Retail Warehouse *(continued)*

Between £2.5 million and £5 million in Value	Principal Tenants	Rental Income per annum	Next Rent Review
Nuneaton Newtown Road Freehold retail warehouse, built in the late 1980s. Externally there is parking for 68 cars. Property totals 13,157 sq ft.	Halfords Limited	£197,085	06/2011 (Outstanding)
Preston 1 & 2 Mariners Way Leasehold terrace of two retail warehouse units, constructed in 1997. Externally there are 60 car parking spaces.	Pets at Home Limited Halfords Limited	£154,220 £153,750	03/2012 03/2012
Slough 380 Bath Road Freehold retail warehouse built in the late 1980s. A mezzanine sales and storage area has been installed by the tenant. Externally, there is parking for 53 cars. Property totals 11,550 sq ft.	Halfords Limited	£281,775	06/2011 (Outstanding)
Wrexham 36 Mount Street Freehold retail warehouse, built in the early 1990s totalling 14,955 sq ft. A mezzanine sales and storage area has been installed by the tenant. There are 75 car spaces.	Halfords Limited	£209,244	06/2016

Over £5 million in Value	Principal Tenants	Rental Income per annum	Next Rent Review
Darlington Houghton Road Retail Park Two freehold detached retail warehouse units, constructed in 1994 and totalling 37,994 sq ft. There are 145 customer car parking spaces.	Wickes Building Supplies Limited Netto Foodstores Limited	£247,019 £116,925	12/2009 (Outstanding) 12/2009 (Outstanding)
Fareham Southampton Road Retail Park Freehold property comprising two retail warehouse units constructed in the 1980s. The combined total area is 66,538 sq ft with an additional mezzanine level creating 77,421 sq ft in total.	Argos Limited Dunelm (Soft Furnishings) Limited	£492,265 £336,450	12/2011 03/2016
Holyhead Holyhead Retail Park Freehold retail warehouse park, built in 2005 totalling 62,750 sq ft. 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 car spaces.	Wilkinson Hardware Stores Limited Various	£226,250 £469,862	03/2015 03/2015
Llandudno Mostyn Broadway Leasehold single detached retail warehouse unit totalling 38,991 sq ft.	B&Q Plc	£484,875	07/2015
Rochdale St Mary's Gate Freehold retail warehouse, constructed late 1980s, totalling 46,509 sq ft. The property is currently split into two units. Externally there are 262 car parking spaces.	Homebase Limited	£400,000	06/2014



Preston
Units 1&2, Mariners Way

Property Portfolio *(continued)*

Offices

Between £2.5 million and £5 million in Value	Principal Tenants	Rental Income per annum	Next Rent Review
Bristol 600-650 Aztec West Freehold, two detached office buildings over ground and first floor with parking areas. Total floor area of 25,143 sq ft.	Co-operative Legal Services Limited Taylor Wimpey UK Limited	£237,064 £nil (£228,000 from 25/12/2011)	02/2013 01/2012
Cardiff 24 Cathedral Road Freehold purpose built office block constructed in late 1970s linked to a converted Victorian town house. Converted Victorian coach house provides additional office accommodation. Totals 24,305 sq ft. The property was refurbished internally in 2008 and has 59 surface and under-croft car parking spaces.	Auditor General for Wales	£365,920	03/2013
Heathrow Princes Drive House Freehold office building constructed in 1998, arranged over ground, first and second floors. The accommodation totals 9,612 sq ft and benefits from air conditioning and parking for 33 cars.	Securicor ADI Group Limited	£264,880	09/2013
Nottingham John Webster House Freehold office building constructed in 2005, totalling 15,187 sq ft over two floors with approximately 60 car parking spaces.	Centres for Assisted Reproduction Limited	£240,867	12/2010 (Outstanding)
Staines Rourke House Freehold purpose built office block constructed in the 1980s. Over two storeys together with basement level car parking. The property totals 15,014 sq ft.	Shell UK Limited	£492,508	N/A
Stirling Laurel House Freehold three-storey detached office building constructed in 1991. Part of the property is currently vacant. The property totals 22,430 sq ft with 16 car spaces.	Scottish Enterprise Bank of Scotland Plc	£182,250 £46,900	06/2011 (Outstanding) 08/2011 (Outstanding)
West Bromwich Christchurch House Freehold detached office building constructed in 1995. The building provides 25,577 sq ft of office space over three floors, with air conditioning cassettes on the ground and first floors. Externally there are 102 parking spaces.	The Secretary of State for Communities & Local Government	£150,000	01/2015



Nottingham
John Webster House



Staines
Rourke House

Property Portfolio *(continued)*

Offices *(continued)*

Over £5 million in Value	Principal Tenants	Rental Income per annum	Next Rent Review
Egham Axon Centre Freehold, detached purpose built office block constructed in 1999 over three-storeys. Property totals 25,102 sq ft with 107 car parking spaces.	Axon Solutions Limited	£692,874	07/2014
Glasgow Allan House Freehold, grade B Listed office building comprising basement and ground floor restaurant and four upper floors of office space. Property totals 24,305 sq ft.	Living Ventures Restaurant Scott-Moncrieff McBains Cooper Consulting Limited	£147,000 £255,000 £38,208	09/2014 N/A 08/2013
High Wycombe Peregrine Business Park Freehold, six well specified detached two-storey office buildings in a business park environment. Property totals 46,990 sq ft.	Various	£883,717	11/2013
Milton Keynes Regus Business Centre Freehold Grade A office building constructed in 2000, totalling 33,741 sq ft over three floors. The property has a BREEAM 'Excellent' rating and parking for 133 cars.	Milton Keynes Atterbury Lakes Centre Limited	£592,230	08/2011 (Outstanding)
Staines Viewpoint Freehold, detached multi-let office building over ground and three upper floors. Property totals 34,540 sq ft.	Del Monte Europe Limited Elior UK Limited Exact Software UK Limited	£392,000 £77,283 £69,018	01/2013 06/2015 10/2014



Egham
Axon Centre



Staines
Viewpoint



Glasgow
Allan House



High Wycombe
Peregrine Business Park

Property Portfolio *(continued)*

Supermarket

Between £1 million and £2.5 million in Value	Principal Tenants	Rental Income per annum	Next Rent Review
<p>Lydney Hanley House Freehold 1980's single storey detached supermarket unit. Internally, the property comprises sales area, stockroom, staff quarters, food preparation area and plant areas. External areas comprise car parking and goods reception. Property totals 14,670 sq ft on 1.615 acre site.</p>	The Co-operative Group Limited	£150,280	09/2011 (Outstanding)
<p>Mansfield Victoria Street, Shirebrook Freehold detached purpose built supermarket constructed circa 1987. Ground floor comprises retail area, preparation areas, warehouse, and offices. First floor provides additional offices and staff ancillary areas. Property totals 12,954 sq ft.</p>	The Co-operative Group Limited	£122,720	09/2011 (Outstanding)

Industrial

Less than £1 million in Value	Principal Tenants	Rental Income per annum	Next Rent Review
<p>Sheffield Unit 1, Thorncliffe Distribution Centre, Brookdale Road Freehold late 1980's single storey detached warehouse incorporating two storey offices together with concrete service yard and car parking areas. Property totals 21,080 sq ft.</p>	Vacant	£nil	N/A
<p>York Plot 6 Centurion Way Freehold modern detached single storey warehouse incorporating two-storey offices together with secure service yard and car parking areas. Property totals 23,485 sq ft.</p>	Vacant	£nil	N/A



York
Plot 6 Centurion Way

Property Portfolio *(continued)*

Industrial *(continued)*

Between £1 million and £2.5 million in Value	Principal Tenants	Rental Income per annum	Next Rent Review
Birmingham Land on North East side of Tilton Road Freehold late 1980's distribution warehouse building with a good sized yard. Property totals 34,281 sq ft.	Europa European Express Limited	£175,600	01/2010 (Outstanding)
Bourne End 1-3 Wessex Road Freehold terrace of three 1980s industrial warehouse buildings with integral two storey office pods to the front. Property totals 23,955 sq ft. 1 Wessex Road is currently vacant.	Donnay UK Limited Fromm Packaging Limited	£51,500 £50,000	N/A N/A
Bridgend Booker Unit Freehold detached cash and carry warehouse with yard and car parking areas, totalling 38,656 sq ft.	Booker Limited	£115,000	04/2016
Chester Calder Phase II Long leasehold, two modern industrial warehouse units with yard and car parking areas totalling 40,275 sq ft.	Calder Industrial Materials Limited Rybrook Cars Limited	£141,912 £45,500	08/2015 04/2013
Cleckheaton Unit D3, West 26 Business Park, Whitehall Road Freehold modern detached single-storey warehouse with two-storey office block to the front together with concrete yard area and car parking. Property totals 23,479 sq ft.	Rhenus Logistics Limited	£110,500	09/2014
Tewkesbury Unit 11 Tewkesbury Business Park Freehold, detached 1980's portal frame warehouse with office accommodation to the front. Property totals 18,030 sq ft.	TRL Technology Limited	£120,000	N/A



Cleckheaton
Unit D3, West 26 Business Park, Whitehall Road

Property Portfolio *(continued)*

Industrial *(continued)*

Between £2.5 million and £5 million in Value	Principal Tenants	Rental Income per annum	Next Rent Review
Bristol 6020 G Park, Avonmouth Freehold detached distribution warehouse constructed in 2003 on 2.8 acre site. Property totals 51,053 sq ft, including ancillary offices.	Macfarlane Group UK Limited	£302,500	04/2013
Canterbury Units 1-8 Wincheap Trade Park Leasehold Trade Park, comprising 9 units, built during the 1970s. The units total 69,893 sq ft.	Various	£427,570	12/2010 (Outstanding)
London Jewson Unit, Kennington Lane Freehold, modern building merchant's warehouse and yard. Property totals 13,083 sq ft.	SGBD Property Holdings Limited	£175,000	08/2014
Newbury Units A&B, 6 Hambridge Lane Freehold industrial warehouse constructed in mid 1980s, with yard. Property totals 50,214 sq ft.	Geopost UK Limited	£157,119	N/A
Sheffield Parkway One Business Centre Freehold, detached modern warehouse unit with two storey office accommodation. Property totals 60,658 sq ft.	Mawdsley Brooks & Co Limited	£288,400	09/2013
Over £5 million in Value	Principal Tenants	Rental Income per annum	Next Rent Review
Avonmouth IO Centre, Cabot Park Freehold terrace of three 2002 industrial units within a spacious landscaped environment. Property totals 104,340 sq ft.	Various	£437,713	10/2013
Guildford The Rock & The Hub Leasehold industrial estate comprising two modern detached warehouses, one containing 3 mezzanine levels (The Rock) and the other two mezzanine levels (The Hub). 70 Car spaces on the estate. The site totals 0.827ha (2.04 acres).	Snow & Rock Sports Limited	£457,000	N/A
Poole Wessex Trade Centre Freehold industrial estate of thirty three units constructed in eight terraces with yard and car parking areas. Property totals 94,091 sq ft.	Various	£587,010	12/2013
Redditch Unit 3, Arrow Valley Freehold, new build trade counter/distribution unit of two-bay steel portal frame construction with integral two storey offices, totalling 140,308 sq ft.	Toolstation Limited	£525,000	10/2013



Redditch
Unit 3, Arrow Valley

Property Portfolio *(continued)*

Retail/Residential

Over £5 million in Value	Principal Tenants	Rental Income per annum	Next Rent Review
Harpenden Harpenden Estate Freehold, mixed use island site extending to approximately 1.142 acres. Comprises 29 retail units and four main blocks of residential units together with some office accommodation.	Various	£1,049,211	01/2012

Car Showroom

Between £1 million and £2.5 million in Value	Principal Tenants	Rental Income per annum	Next Rent Review
Weston Super Mare Mercedes Benz, Bridge Road Freehold modern car showroom facility comprising ground floor showroom areas together with first floor offices, workshops, service bays and parts storage areas. Externally there are forecourt display areas together with customer parking bays and a secure vehicle compound. Property totals 14,048 sq ft.	Cruickshank Motors Limited	£160,000	06/2012



Harpenden
Harpenden Estate



Weston Super Mare
Mercedes Benz, Bridge Road

Financial Report

STATEMENT OF TOTAL RETURN

for the accounting period 16th May 2011 to 15th November 2011

	2011 £000	2010 £000
Income		
Net capital gains/(losses)	(5,969)	(7,921)
Revenue	10,959	6,662
Expenses	(3,556)	(2,358)
Net revenue/(expenses) before taxation	7,403	4,304
Taxation	(1,499)	(886)
Net revenue/(expenses) after taxation	5,904	3,418
Total return before distributions	(65)	(4,503)
Finance costs: Distributions	(8,010)	(4,926)
Change in net assets attributable to unitholders from investment activities	(8,075)	(9,429)

CASH FLOW STATEMENT

for the accounting period 16th May 2011 to 15th November 2011

	2011 £000	May 2011 £000
Net cash inflow from operating activities	7,116	11,659
Taxation	(1,398)	(1,424)
Capital Expenditure		
Payments to acquire investments	(41,196)	(158,648)
Distributions paid	(2,242)	(3,116)
Financing		
Amounts received on creation of units	50,459	153,581
Less: Amounts paid on cancellations of units	(16,019)	(26,098)
	34,440	127,483
Net decrease in cash in the period/year	3,280	24,046

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the accounting period 16th May 2011 to 15th November 2011

	2011 £000	2010 £000
Opening net assets attributable to unitholders	358,501	238,384
Movement due to sales and repurchases of units:		
Amounts receivable on the issue of units	48,370	81,487
Amounts payable on the cancellation of units	(15,675)	(8,054)
	32,695	73,433
Stamp duty reserve tax	(298)	(175)
Change in net assets attributable to unitholders from investment activities (see statement of total return above)	(8,075)	(9,429)
Retained distribution on accumulation units	6,170	3,653
Closing net assets attributable to unitholders	388,993	305,866

The comparatives used within the Statement of Change in Net Assets Attributable to Unitholders are for the corresponding period of the previous year. Therefore the opening net assets attributable to unitholders for the current year are at 15th May 2011 whilst the figure disclosed in the comparatives' closing net assets attributable to unitholders is at 15th November 2010.

BALANCE SHEET

as at 15th November 2011

	2011 £000	May 2011 £000
Assets		
Investment assets	303,911	268,683
Debtors	3,517	4,205
Cash and bank balances	89,821	93,101
Total other assets	93,338	97,306
Total assets	397,249	365,989
Liabilities		
Creditors	(5,442)	(4,584)
Tenant rent deposits	(664)	(664)
Distribution payable on income units	(2,150)	(2,240)
Total liabilities	(8,256)	(7,488)
Net assets attributable to unitholders	388,993	358,501

DISTRIBUTION TABLE

for the accounting period 16th May 2011 to 15th November 2011

Dividend distribution in pence per unit

Class 1 Units							
Net Income							
Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Equalisation	Distribution Payable 2011	Distribution Paid 2010	
Group 1							
16/05/11 to 15/11/11	1.7343	0.1734	1.5609	-	1.5609	1.3148	
Group 2							
16/05/11 to 15/11/11	0.9086	0.0909	0.8177	0.7432	1.5609	1.3148	
Total distributions in the period					1.5609	1.3148	
Class 1 Units							
Net Accumulation							
Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Equalisation	Distribution Payable 2011	Distribution Paid 2010	
Group 1							
16/05/11 to 15/11/11	2.0260	0.2026	1.8234	-	1.8234	1.4771	
Group 2							
16/05/11 to 15/11/11	1.0296	0.1030	0.9266	0.8968	1.8234	1.4771	
Total distributions in the period					1.8234	1.4771	
Class 2 Units							
Net Income							
Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Equalisation	Distribution Payable 2011	Distribution Paid 2010	
Group 1							
16/05/11 to 15/11/11	1.9044	0.1904	1.7140	-	1.7140	1.4397	
Group 2							
16/05/11 to 15/11/11	1.2668	0.1267	1.1401	0.5739	1.7140	1.4397	
Total distributions in the period					1.7140	1.4397	
Class 2 Units							
Net Accumulation							
Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Equalisation	Distribution Payable 2011	Distribution Paid 2010	
Group 1							
16/05/11 to 15/11/11	2.1732	0.2173	1.9559	-	1.9559	1.5792	
Group 2							
16/05/11 to 15/11/11	0.8743	0.0874	0.7869	1.1690	1.9559	1.5792	
Total distributions in the period					1.9559	1.5792	

Group 2: units purchased during a distribution period.

Financial Report

(continued)

Notes to the financial statements

for the accounting period 16th May 2011 to 15th November 2011

1 ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice (the "SORP") for Financial Statements of Authorised Trusts, issued by the Investment Management Association (IMA) in October 2010. The accounting policies applied are consistent with those of the annual financial statements for the year ended 15th May 2011 and are described in those financial statements.

(b) Notes

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

Additional Information

Portfolio statement

as at 15th November 2011

Holding or nominal value	Investment	Market Value £000	% of Net Asset Value
DIRECT PROPERTIES			
Car Showroom (0.52%, May 2011 – 0.56%)			
Weston Super Mare		2,000	0.52
Total market value		2,000	0.52
Industrial (14.91%, May 2011 – 13.87%)			
Avonmouth		6,975	1.79
Birmingham		1,500	0.39
Bourne End		1,550	0.40
Bridgend		1,550	0.40
Bristol		3,950	1.01
Canterbury		3,550	0.91
Chester		2,230	0.57
Cleckheaton		1,275	0.33
Guildford		5,235	1.35
London		2,760	0.71
Newbury		3,400	0.87
Poole		8,200	2.11
Redditch		9,500	2.44
Sheffield, Parkway One		3,600	0.93
Sheffield, Thorncliffe		685	0.18
Tewkesbury		1,080	0.28
York		950	0.24
Total market value		57,990	14.91
Offices (15.58%, May 2011 – 16.12%)			
Bristol		4,085	1.05
Cardiff		4,700	1.21
Egham		8,000	2.06
Glasgow		5,830	1.50
Heathrow		2,700	0.69
High Wycombe		8,050	2.07
Milton Keynes		7,625	1.96
Nottingham		2,850	0.73
Staines, Rourke House		4,950	1.27
Staines, Viewpoint		6,370	1.64
Stirling		2,440	0.63
West Bromwich		3,000	0.77
Total market value		60,600	15.58
Retail (22.12%, May 2011 – 21.92%)			
Accrington		7,450	1.91
Andover		1,815	0.47
Barnstaple		1,200	0.31
Birmingham		2,050	0.53
Blackpool		6,335	1.63
Brentwood		2,500	0.64
Brighton		2,950	0.76
Canterbury		1,925	0.49
Chatham		3,700	0.95
Chichester		3,860	0.99
Croydon		1,250	0.32
Doncaster, 8-12 Frenchgate		1,025	0.26
Doncaster, 8 St Sepulchre Gate		5,400	1.39
Eastbourne		2,375	0.61
Elgin		3,110	0.80
Glasgow		2,520	0.65
Hinckley		750	0.19
Hounslow		1,700	0.44
Leamington Spa		615	0.16
Maidstone		680	0.17
Manchester		2,630	0.68

Holding or nominal value	Investment	Market Value £000	% of Net Asset Value
	Newcastle-Under-Lyme	1,700	0.44
	Newport	1,700	0.44
	Nottingham	8,550	2.20
	Romford	2,150	0.55
	Southampton	1,075	0.28
	Southport	950	0.24
	Staines	2,160	0.56
	Sutton, 151-153 High Street	1,025	0.26
	Sutton, 96-98 High Street	1,550	0.40
	Tonbridge	9,355	2.40
Total market value		86,055	22.12
Retail/Residential (3.85%, May 2011 – 4.12%)			
	Harpenden	14,975	3.85
Total market value		14,975	3.85
Retail Warehouse (15.55%, May 2011 – 12.27%)			
	Darlington	5,130	1.32
	Dumfries	2,360	0.61
	Fareham	11,100	2.85
	Holyhead	9,750	2.51
	Llandudno	5,440	1.40
	Newark on Trent	1,430	0.37
	Nuneaton	2,900	0.75
	Preston	4,550	1.17
	Rochdale	5,100	1.31
	Slough	3,950	1.01
	Sutton in Ashfield	2,475	0.64
	Wellingborough	1,615	0.41
	Winnersh	1,800	0.46
	Wrexham	2,890	0.74
Total market value		60,490	15.55
Supermarket (1.15%, May 2011 – 1.21%)			
	Lydney	2,280	0.59
	Mansfield	2,200	0.56
Total market value		4,480	1.15
Total Direct Properties		286,590	73.68

COLLECTIVE INVESTMENT SCHEMES

Property Collective Investment Schemes			
(4.45%, May 2011 – 4.88%)			
72,308	Threadneedle Property Unit Trust	17,321	4.45
	Total Property Collective Investment Schemes	17,321	4.45
	Total Collective Investment Schemes	17,321	4.45
Total Value of Investments		303,911	78.13
Net Other Assets (21.87%, May 2011 – 25.05%)		85,082	21.87
Net Assets		388,993	100.00

The calculation of the % Net Asset Value may not sum to 100% due to rounding.

Additional Information

(continued)

The additional information provided in this section complies fully with the minimum and best practice guidelines as outlined in the Code of Practice (version November 2009) as issued by the Association of Real Estate Funds. A table detailing the compliance with the guidelines can be found on page 26.

Comparative Tables

Accounting Period	Net Asset Value of Trust £	Net Asset Value per Unit	Units in Issue	Calendar Year	Net Income per Unit p	Net Income per £1,000 invested at launch* £	Highest Offer Price p	Lowest Bid Price p
for the year ending 15th May 2009				2007				
Class 1 – Net Income Units	11,894,908	74.11p	16,051,212	Class 1 – Net Income Units	2.8128	28.13	101.60	89.27
Class 1 – Net Accumulation Units	23,877,868	80.99p	29,482,443	Class 1 – Net Accumulation Units	2.8128	28.13	101.60	91.82
Class 2 – Net Income Units	874,200	79.11p	1,105,088	§Class 2 – Net Income Units	0.5315	5.32	100.30	94.41
Class 2 – Net Accumulation Units	877,791	84.38p	1,040,286	§Class 2 – Net Accumulation Units	0.5315	5.32	100.40	94.79
for the year ending 15th May 2010				2008				
Class 1 – Net Income Units	47,472,141	75.56p	62,823,992	Class 1 – Net Income Units	3.7154	37.15	93.72	78.37
Class 1 – Net Accumulation Units	134,483,149	84.91p	158,388,334	Class 1 – Net Accumulation Units	3.8918	38.92	96.40	84.37
Class 2 – Net Income Units	38,536,497	81.16p	47,483,436	§Class 2 – Net Income Units	4.0068	40.07	95.59	82.39
Class 2 – Net Accumulation Units	17,891,802	89.05p	20,091,280	§Class 2 – Net Accumulation Units	4.0723	40.72	95.96	86.62
for the year ending 15th May 2011				2009				
Class 1 – Net Income Units	61,650,211	73.18p	84,241,291	Class 1 – Net Income Units	1.8559	18.56	82.38	74.99
Class 1 – Net Accumulation Units	232,432,171	85.54p	271,717,815	Class 1 – Net Accumulation Units	2.0071	20.07	89.17	81.73
Class 2 – Net Income Units	40,110,628	79.09p	50,717,752	§Class 2 – Net Income Units	2.0208	20.21	83.49	79.13
Class 2 – Net Accumulation Units	24,308,827	90.31p	26,918,466	§Class 2 – Net Accumulation Units	2.1447	21.45	88.84	84.25
for the period ending 15th November 2011				2010				
Class 1 – Net Income Units	61,797,540	71.94p	85,906,971	Class 1 – Net Income Units	2.5038	25.04	83.09	76.77
Class 1 – Net Accumulation Units	266,764,890	85.91p	310,521,204	Class 1 – Net Accumulation Units	2.7916	27.92	92.80	84.67
Class 2 – Net Income Units	36,793,536	77.99p	47,178,846	§Class 2 – Net Income Units	2.7387	27.39	84.90	81.18
Class 2 – Net Accumulation Units	23,636,717	91.00p	25,973,540	§Class 2 – Net Accumulation Units	2.9832	29.83	93.03	87.52
				2011				
				†Class 1 – Net Income Units	3.1660	31.66	82.15	76.22
				†Class 1 – Net Accumulation Units	3.6600	36.60	94.33	87.89
				§†Class 2 – Net Income Units	3.4688	34.69	84.43	81.25
				§†Class 2 – Net Accumulation Units	3.9151	39.15	95.07	91.42

*Launch date – 19th February 2007

§Class 2 Net income and net accumulation units commenced 8th October 2007

†To 15th November 2011

Total Expense Ratio Summary

for the period ending 15th November 2011	November 2011*	May 2011
Class 1 – Net Income Units	1.64%	1.64%
Class 1 – Net Accumulation Units	1.64%	1.64%
Class 2 – Net Income Units	0.81%	0.81%
Class 2 – Net Accumulation Units	0.81%	0.82%

A Total Expense Ratio is a figure representing all operating charges and expenses as a percentage of a Trust's value. It includes the annual management fee as well as all the administrative costs incurred by the Trust.

*Annualised Ratio

Additional Information

(continued)

Total Purchases and Sales

for the accounting period 16th May 2011 to 15th November 2011

Threadneedle UK Property Trust	November 2011 £000	May 2011 £000
Total purchases for the period	41,008	158,333
Total sales for the period	–	–

Unit Price Performance – Bid to Bid Basis (adjusted for net income)

for the period	1 November 2010 to 31 October 2011 %	1 November 2009 to 31 October 2010 %	1 November 2008 to 31 October 2009 %	Since launch§* to 31 October 2011 %
§Class 1 – Net Income Units	1.94	5.86	-5.24	-1.64
§Class 1 – Net Accumulation Units	1.92	5.88	-5.26	-1.63
*Class 2 – Net Income Units	2.66	6.58	-4.60	-1.36
*Class 2 – Net Accumulation Units	2.58	6.55	-4.65	-1.28
Morningstar Median Performance (OEIC Benchmark for Real Estate Trusts)	1.53	13.78	7.66	-6.43§

*Class 2 Net income and net accumulation units commenced 8th October 2007

§Class 1 Net income and net accumulation units commenced 19th February 2007

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. OEIC Benchmark for Real Estate Trusts refers to the IPD UK Monthly Index since 28/02/2007.

Additional Information

(continued)

Unit Turnover (all classes)

For the period ending 15th November 2011	Number of Units	Net asset value of Units as at period end (£)	Percentage of total net asset value of the Trust as at start of period (%)	Percentage of total net asset value of the Trust as at end of period (%)
Unit creations	55,924,695	46,327,416	12.92	11.91
Unit redemptions	19,939,458	16,517,633	4.61	4.25
Units matched*	–	–	–	–

*Units matched refers only to changes in the beneficial ownership of the unit, not just the registered owner.

Unit Analysis

As at 15th November 2011 ownership band	Number of Unitholders	% NAV
Less than 1% of Units in issue	348	19.98
1% or greater but less than 2%	13	19.40
2% or greater but less than 4%	4	11.28
4% or greater but less than 8%	7	39.34
Greater than 8% of Units in issue	1	10.00
Grand Total	373	100.00
Total number of Units in issue		469,580,561
Internal Investors		–
External Investors		100.00
Total		100.00
		%
Largest Investor		10.00
Largest 3 Investors		24.38
Largest 5 Investors		35.77
Largest 10 Investors		55.71

Additional Information

(continued)

Finance Costs: Distributions per Unit

For the period ending 15th November 2011	Opening offer price (pence)	Closing offer price (pence)	Distribution accrued (pence)	Yield on closing NAV price (%)	Yield on closing offer price (%)
Class 1 – Net Income Units	82.11	80.95	1.56	2.17	1.93
Class 1 – Net Accumulation Units	93.53	94.14	1.82	2.12	1.94
§Class 2 – Net Income Units	84.38	83.45	1.71	2.20	2.05
§Class 2 – Net Accumulation Units	93.98	94.92	1.96	2.15	2.06

For the year ending 15th May 2011	Opening offer price (pence)	Closing offer price (pence)	Distribution accrued (pence)	Yield on closing NAV price (%)	Yield on closing offer price (%)
Class 1 – Net Income Units	83.09	82.11	2.92	3.99	3.56
Class 1 – Net Accumulation Units	91.66	93.53	3.31	3.87	3.54
§Class 2 – Net Income Units	84.90	84.38	3.19	4.04	3.79
§Class 2 – Net Accumulation Units	91.52	93.98	3.54	3.92	3.77

For the year ending 15th May 2010	Opening offer price (pence)	Closing offer price (pence)	Distribution accrued (pence)	Yield on closing NAV price (%)	Yield on closing offer price (%)
Class 1 – Net Income Units	80.64	83.09	2.09	2.77	2.52
Class 1 – Net Accumulation Units	86.80	91.66	2.30	2.71	2.51
§Class 2 – Net Income Units	81.91	84.90	2.29	2.82	2.69
§Class 2 – Net Accumulation Units	86.12	91.52	2.46	2.76	2.69

For the year ending 15th May 2009	Opening offer price (pence)	Closing offer price (pence)	Distribution accrued (pence)	Yield on closing NAV price (%)	Yield on closing offer price (%)
Class 1 – Net Income Units	90.97	80.64	2.68	3.61	3.32
Class 1 – Net Accumulation Units	93.72	86.80	2.85	3.52	3.28
§Class 2 – Net Income Units	92.99	81.91	2.90	3.67	3.54
§Class 2 – Net Accumulation Units	93.50	86.12	3.01	3.57	3.49

For the period 19th February 2007 to 15th May 2008	Opening offer price (pence)	Closing offer price (pence)	Distribution accrued (pence)	Yield on closing NAV price (%)	Yield on closing offer price (%)
Class 1 – Net Income Units	100.00	90.97	4.80	5.80	5.28
Class 1 – Net Accumulation Units	100.00	93.72	4.87	5.57	5.20
§Class 2 – Net Income Units	100.00	92.99	2.67	3.04	2.87
§Class 2 – Net Accumulation Units	100.00	93.50	2.68	2.96	2.87

§Class 2 Net income and net accumulation units commenced 8th October 2007

Additional Information

(continued)

AREF Compliance Checklist:

AREF Code Requirements	In Compliance		If not in minimum Compliance – please state reason
Governance of the trust	A	B	
1. Fund Structure and Objectives	✓	✓	
2. Management structure and accountability	✓	✓	
3. Reporting	✓	✓	
Operating the trust	A	B	
1. Valuations	✓	✓	
2. Cash and Money Market Instruments	✓	✓	
3. Gearing	✓	✓	
4. Use of Derivatives	✓	✓	
5. Distributions	✓	✓	
6. Management Fees & other expenses	✓	✓	
7. Insurance & Service Charge Rebates	✓	✓	
8. Disaster Recovery	✓	✓	
Unit Dealing and Performance	A	B	
1. Dealing (subscriptions and redemptions)	✓	✓	
2. Secondary Market	✓	✓	
3. Unit Turnover	✓	✓	
4. Investor Analysis	✓	✓	
5. Historical Performance	✓	✓	
6. Benchmarks	✓	X	The Trust's benchmark is Morningstar. This provides a consistent and appropriate comparative measure for the Trust.
Trust Classification		OU	Open Ended
Key			
✓ In Compliance: A. Minimum. B. Best Practice.			
X Do not comply with AREF requirements in this area.			

Additional Information

(continued)

Charges and Prices

The Manager includes in the selling price of the Class 1 units, a preliminary charge of 5% of the creation price, out of which remuneration is payable to qualified intermediaries; rates are available on request.

There is no preliminary charge for the Class 2 units.

The fees and expenses of the Trustees, Registrars' fees, Auditors' fees and FSA authorisation fees are also payable by the Trust.

Prospectus

A Prospectus, which describes the Trust in detail, is available from Threadneedle Investment Services Limited, Client Services, P.O. Box 1331, Swindon, SN38 7TA.

Stamp Duty Reserve Tax (SDRT)

SDRT Provision

Unitholders are liable to Stamp Duty Reserve Tax (SDRT) on transactions (deals) in the Trust. The liability for SDRT is calculated weekly by reference to unit sales and repurchases in that and the following week.

SDRT liability is met directly by the Trust.

It is not the Manager's intention to require the payment of a further provision for SDRT, however they reserve the right to do so in respect of large deals (as set out in the Prospectus).

General Information

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

An interim report giving details of the Trusts' progress is published on 15th January each year.

From 15th March 2010 prices of the Trust are no longer published daily in the Financial Times. Prices and yields are also quoted at threadneedle.com and the Manager will deal on normal business days. Units are bought back at the bid price. A Direct Credit (BACS) Transfer in settlement will normally be made within five working days of receipt by the Manager of a fully completed Form of Renunciation.

Information relating to the management of the Trust, fees and expenses, distribution policy, derivative exposure, valuations, investment and borrowing powers and the issue, redemption and switching of units can be found in the current prospectus.

Buying Units

The minimum initial investment is £1,000. The minimum additional investment, in each case, is £1,000.

Equalisation

Equalisation applies only to units purchased during the distribution period (Group 2 units). It is the average amount of income included in the purchase price of all Group 2 units and is refunded to the holders of these units as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes. This deduction does not apply to units held within an Individual Savings Account which are not subject to capital gains tax.

Individual Savings Accounts

Throughout the accounting period the Trust has satisfied the requirements of the Individual Savings Account Regulations 1998 (as amended).

It is the Managers' intention that the Trust will be managed in such a way as to continue to meet this requirement.

UK Taxation

Equity dividends are paid with a 10% tax credit. This credit satisfies the tax liability of starter rate and basic rate taxpayers. Higher rate and additional rate taxpayers may have an additional tax liability. Non-taxpayers cannot reclaim this tax credit.

The amount of the distribution allocated to a unitholder which is a company subject to UK tax is separated into a franked and unfranked component. The unfranked part is treated as an annual payment, paid after deduction of tax at 20%. The unitholder will be subject to tax on the grossed up amount but will be entitled to a credit for the tax treated as paid. Whilst the amount can be set off against the corporation tax liability of the unitholder, the maximum amount of tax which can be repaid by the HM Revenue & Customs to the unitholder is shown on the voucher. The franked part will be treated as a UK dividend.

Business Continuity Strategy

Threadneedle 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. Threadneedle was short-listed for the CIR Business Continuity Strategy of the Year Award for 2009.

Additional Information

(continued)

Social Responsibility

At Threadneedle we are active investors committed to maximising our investment returns through the pursuance of good governance and socially responsible investment practices. We are signatories to the United Nations Principles for Responsible Investment (UN PRI).

We believe that the analysis of governance, social, ethical and environmental factors should be incorporated into stock selection to impact returns. Consequently, management of the risks and opportunities presented by these factors is integral to our investment decision-making process.

Management of the Trust

The roles and responsibilities of all parties involved in running the Trust who have obligations, or the ability to set and implement policies or strategies relating to the management of the Trust can be found in the current Prospectus.

Certification

The Trust is non-certified. Title to units will be evidenced solely by reference to entries in the register.

Important Information

Key Risks

The value of investments can fall as well as rise and investors might not get back the sum originally invested, especially if investments are not held for the long term.

Where investments are made in assets that are denominated in foreign currency, changes in exchange rates may affect the value of the investments.

The fund invests in assets that are not always readily saleable without suffering a discount to fair value. The portfolio may have to lower the selling price, sell other investments or forego another, more appealing investment opportunity.

Additional Information

(continued)

Management and Administration

The Trust is an Authorised Unit Trust Scheme within Section 243 of the Financial Services and Markets Act 2000 belonging to the category of Trusts complying with COLL recognised by the Financial Services Authority under The Collective Investment Schemes Sourcebook, as amended from time to time.

Manager and Registrar

Threadneedle Investment Services Limited
(Authorised and regulated by the Financial Services Authority (FSA))
 P.O. Box 1331, Swindon, SN38 7TA
(Registered in England and Wales at 60 St Mary Axe, London, EC3A 8JQ. No. 3701768)

Telephone: Client Services Team – 0800 068 3000*

Chairman and Chief Executive

C J Henderson

Other Directors

C D Fleming
 T N Gillbanks
 P J W Reed
 N J Ring

Trustee

J.P. Morgan Trustee and Depositary Company Limited
(Authorised and regulated by the Financial Services Authority (FSA))
 Chaseside
 Bournemouth
 Dorset
 BH7 7DA

Independent Auditors

PricewaterhouseCoopers LLP
 7 More London Riverside
 London
 SE1 2RT

**Calls will be recorded*

Investment Adviser

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(Authorised and regulated by the Financial Services Authority (FSA))
 60 St Mary Axe
 London
 EC3A 8JQ

Legal Advisers

Hogan Lovells International LLP
 Atlantic House
 50 Holburn Viaduct
 London
 EC1A 2FG

Standing Independent Valuer

CB Richard Ellis Limited
 Henrietta House
 Henrietta Place
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 W1G 0NB

Bankers

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 1 Chaseside
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Lloyds TSB Bank plc
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 Gillingham Business Park
 Gillingham
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Managing Agents

Workman
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 Bristol
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