

Please address any replies to:

Columbia Threadneedle Investments

PO Box 10033
Chelmsford
Essex
CM99 2AL
United Kingdom

Tel: 0800 953 0134*

Fax: 0845 113 0274

columbiathreadneedle.co.uk

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Dear Investor,

Important changes to your investment with Columbia Threadneedle Investments – no action required

As an investor in the Threadneedle UK Property Authorised Investment Fund and/or the Threadneedle UK Property Authorised Trust (the 'Funds'), we would like to let you know that with effect from 12/04/2019, the Funds will change from being *dual priced on a quoted-spread basis* to being *dual priced on a full-spread basis*.

What does this mean?

The Funds primarily invest in UK commercial property which has significant associated costs (including, amongst others, stamp duty, land tax, agent fees and legal fees) for buying and selling properties. Under a dual priced model, investors buying in to or selling out of the Funds cover the bulk of these costs. We do this to protect the investors remaining in the Funds from the costs associated with buying and selling properties triggered by flows in or out of the Funds.

Currently we operate on a *quoted-spread basis*, investors buy shares/units at the quoted offer price and sell at the quoted bid price. The pricing basis is then changed between 'offer' and 'bid' depending on investor demand for buying or selling shares/units in the Funds in order to reflect whether the Funds are buying or selling underlying assets. This means that the difference between the buying and selling price is kept much narrower than the full spread, wherever possible.

However, when there are large inflows or outflows special pricing is applied to cover these costs and the full spread is used - this means an investor could pay up to 6.5% more than the quoted offer price and receive less than the quoted bid price when selling.

By moving to a *full-spread basis* we remove the need to change the pricing basis between 'offer' and 'bid' and apply special pricing as the costs associated with buying and selling properties are incorporated into the quoted offer price and quoted bid price. This removes uncertainty as investors will always deal at the quoted prices.

How does this impact existing investors?

After moving to a *full-spread basis*, there is no change to the *quoted bid price* (the price at which you would sell your shares/units) however, when purchasing shares/units, the *quoted offer price* will increase by approximately 6.5%.

There will be no change to the number of shares/units you hold as a result of this change.

Why are you making this change?

We are making this change following feedback from investors in the Funds and we believe this change is in the best interests of investors as:

- by removing the need to change from 'bid' to 'offer' (and vice versa) or applying special pricing, the pricing structure of the Funds will be simplified and more transparent;
- the full cost of buying and selling the underlying assets will be borne by investors buying into or selling out of the Funds;
- it better aligns the pricing approach with the long-term nature of property investment; and
- the published price better reflects the performance of the underlying assets.

Do I need to take any action?

You do not need to take any action because of this change. However, if you are unsure about the implications for your investment, please contact your financial adviser. If you do not have a financial adviser, you can find one in your area by visiting www.unbiased.co.uk – please note we do not endorse the advisers on the site.

Further information

If you are unclear about the contents of this letter or have any further questions, please call us on 0800 953 0134*. Our team is available from 8.00am to 6.00pm (Monday to Friday).

Yours sincerely,



Gary Collins
Interim Head of Distribution EMEA & Latin America
Columbia Threadneedle Investments

*Calls may be recorded.

