

QUESTIONS & ANSWERS

DEALING SUSPENSION

Low Carbon Workplace (LCW) Fund

INTRODUCTION

Columbia Threadneedle has temporarily suspended dealing in the Low Carbon Workplace (LCW) Fund (incorporating the Low-Carbon Workplace LP and Low-Carbon Workplace Trust collectively “the Fund”), with effect from 2pm on 24 March 2020. Any existing transactions due to be settled on or after the March dealing day will not be actioned during this period of suspension and new requests will not be accepted during the period of suspension. This decision has been taken by Threadneedle Portfolio Services Limited as manager of the LP (following consultation with the General Partner) and Threadneedle Investments (Channel Islands) Limited as manager of the Trust (following consultation with the trustee). The Jersey Financial Services Commission (JFSC) and the Financial Conduct Authority (FCA) have been informed.

1. Which funds have you suspended dealing in and from what date?

We have suspended dealings in Low-Carbon Workplace LP and Threadneedle Low-Carbon Workplace Trust from 2pm on 24 March 2020.

2. Why have you decided to suspend dealing?

Our independent property valuer, JLL, has deployed a ‘market uncertainty clause’ which means that it is unable to provide an appropriate level of certainty regarding the valuation of the fund’s assets in the current market environment. As a result, we have suspended the Funds until such time that a more certain valuation can be ascertained. The decision was made with the aim of preventing any unitholders being disadvantaged by those redeeming or investing in the Funds at an uncertain price.

3. Who made the decision to suspend dealing?

This decision has been taken by Threadneedle Portfolio Services Limited as manager of the LP (following consultation with the General Partner) and Threadneedle Investments (Channel Islands) Limited as manager of the Trust (following consultation with the trustee).

4. I saw you suspended the Threadneedle PAIF and Threadneedle TPEN last week. Why did you not suspend LCW as soon you were notified of the situation by JLL?

In deciding on whether to suspend the Fund, the TPSL and TICI boards convened, along with consulting the General Partner and Trustees as quickly as possible. During these Board meetings it was agreed that suspension was in the best interest of clients.

5. Why are the valuers not able to provide a valuation of the assets?

Due to the Coronavirus (Covid 19) and the resulting uncertainty on markets and economies, the Fund's valuer, JLL, believes it is unable to value the assets of the fund. Valuations typically rely on recent property sales, however market activity is being impacted in many sectors. As a result, JLL considers that it can attach less weight to previous market evidence for comparison purposes, to inform opinions of value and that the current response to COVID-19 means that it is faced with an unprecedented set of circumstances on which to base a judgement.

6. Was the fund suspended because of outflows?

No, the Fund suspended because of uncertainty in the value of the assets in the fund.

7. When will you start dealing in the fund again?

When the independent property valuer can give a more appropriate level of certainty regarding the valuation of the assets in the Fund. We do not have an estimate of when that will be. The Fund will come out of suspension once reliance on valuations is restored, however investors should note that outstanding or immediate redemptions require the Manager to immediately instigate redemption deferral powers.

8. Are the funds still being priced?

Yes, during the period of suspension, we will continue to value the Fund. However, investors should note that there is a degree of uncertainty due to the current market environment and whilst the Fund is suspended.

9. Can I still receive a valuation while the fund is suspended?

Yes, you can still receive an indicative valuation. However, unitholders should note that there is a degree of uncertainty due to current market conditions.

10. Are you charging fees whilst the fund is suspended?

Yes, as we continue to actively manage the Fund it will continue to accrue fees, but they will not be paid to us until the fund returns to normal daily dealing.

11. Will distribution payments and reinvested income continue?

The Fund endeavours to continue to make distribution payments during the period of suspension.

12. What is Columbia Threadneedle's view on commercial property?

- Despite the short-term uncertainty currently present in the market, the gross income yield of 5.1% offered by UK commercial property (MSCI IPD UK Monthly Index) remains attractive to investors.
- Income is once again providing the core component of real estate total return in line with the long running average. Since 2000, 70% of the total return (according to the MSCI Monthly index) has been provided by income and hence our investment philosophy centres on buying good quality assets let to sustainable tenants off sustainable rents.
- While property returns are continuing to moderate, principally as a result of structural downvaluations in the retail sector, the case for property remains compelling on an income basis.

13. What is the current strategy and positioning of the LCW?

- The Fund is a high impact office refurbishment fund, focussed exclusively on the economic and environmental improvement of office buildings located in strong commercial centres.
- The Strategy seeks to reduce the carbon impact from the built environment by improving the carbon efficiency of those buildings via refurbishment, delivering 'best in class' product to markets typically benefitting from low levels of Grade A supply. On completion of refurbishments, investors may redeem or continue to hold units in the resulting investment portfolio.
- The Fund is well positioned following the recent sale of 70 Wilson Street, with an office investment portfolio of £179m million and cash of £85.6 million.

- The investment portfolio is 100% let providing investors with a WAULT of 5.4 years to lease expiries and a Gross Initial Yield of 5.1% on contracted rental income.
- Consistent with its investment strategy, the Fund has no exposure to the retail or leisure sectors
- When greater clarity is obtained as to the likely impact of Covid-19, the Managers will continue fund raising initiatives and target strategic property acquisitions as appropriate to market conditions.

14. Will you contact me when the fund is open again?

Yes, we will communicate to you when the Funds return to normal quarterly dealing and also publish a note on our website. In the meantime, please contact your Relationship Manager if you have any questions.

15. What is the current cash balance in the fund?

The cash balance in the Fund was 32.7% as at 20 February 2020.

16. What is the AUM of the Fund?

The AUM of the Fund was £265m as at 20 March 2020 (based on the February property Valuation and the cash balance as at 20 March).

17. Will any of your other property funds need to suspend for the same reason?

We suspended the Threadneedle Property Authorised Investment Fund and its feeder fund, the Threadneedle UK Property Authorised Trust suspended dealing on 18 March 2020. We suspended Threadneedle Pension Pooled Property Fund (TPEN) on 20 March 2020 and Threadneedle Property Unit Trust on 24 March.

All data as at 31 December 2019. Source: Columbia Threadneedle Investments; MSCI UK Monthly Property Index.

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