Please address any replies to:

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1 April 2019

Dear Adviser,

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

As an investor in the 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?
There are significant costs associated with buying and selling UK commercial property (typically 6.4% to buy and 1.3% to sell). Taking into account other assets held within the portfolio (e.g. cash), this translates to an overall current underlying spread of c. 6.7% within the Funds.

When operating on the current *quoted spread basis*, the buying price (quoted offer price) and selling price (quoted bid price) are set with a narrower spread than the true cost of buying and selling the underlying assets. The prices are then adjusted depending upon the supply and demand for the shares/units in the Funds.

Additionally, when large transactions take place (such as a platform aggregating deals), we can apply a 'special price' to that transaction to reflect the full underlying spread. This has the effect of changing the price at which that specific transaction is dealt, from pricing on a bid basis to pricing on an offer basis, or vice versa, irrespective of the quoted prices.

As a result of the application of the current pricing mechanism, investors can experience their deal being executed at a significantly different price to that which they could expect if referencing the latest available quoted price when they placed the deal.

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

Please refer to our website **columbiathreadneedle.com/changes** for a more detailed explanation of our property pricing.

*Calls may be recorded.

How does this impact existing investors?

After moving to a *full-spread basis*, when selling shares/units, there is no change to the *quoted bid price* 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 held 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 the pricing from 'bid basis' to 'offer basis' (and vice versa) or applying special pricing, the pricing structure is 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 investors need to take any action?

Investors do not need to take any action because of this change.

Further information

Further details can be found on our website at **columbiathreadneedle.com/changes**.

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

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