

Please address any replies to:
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*Please note that calls may be recorded

columbiathreadneedle.com

Client Reference Number: [<Client>]

3 March 2016

Dear Investor,

Threadneedle UK Property Trust

This letter contains important information and requires your immediate attention

We are pleased to inform you that the Threadneedle UK Property Trust (the Trust) will be converted into the Threadneedle UK Property Authorised Investment Fund (the Threadneedle PAIF), a new open-ended investment company, on 14 May 2016.

As outlined in the letter we sent you dated 23 April 2015, the conversion was approved by unitholders on 9 April 2015, after which implementation was postponed to allow sufficient time for the Scottish government to introduce tax relief on the transfer of any Scottish properties into a PAIF. This tax relief is now available, enabling us to proceed with the conversion.

How will my investment be affected by the conversion?

The conversion should increase the investment income payable to UK **tax-exempt investors** by 25%. This means any individuals investing through an Individual Savings Account (ISA) or Self-Invested Personal Pension (SIPP), and tax-exempt institutional investors such as charities and pension funds, will be advantaged. For further information on the potential impact to **non-exempt investors** please read the enclosed Questions & Answers booklet.

The conversion will not affect the value of your investment, the way it is managed, or its risk profile. However, the Threadneedle PAIF will pay income distributions on a quarterly basis, whereas the Trust pays half-yearly.

Based on our understanding of tax legislation, and the tax clearances that have been obtained from HM Revenue and Customs, the conversion should not constitute a disposal giving rise to capital gains tax liability.

Do I need to take any action?

No. You do not need to take any action to receive shares in the Threadneedle PAIF. On 14 May 2016 you will receive shares in the Threadneedle PAIF of the same type and class as you currently hold in the Trust, and at the same time all units in the Trust will be cancelled.

However, depending on your personal tax circumstances, you may prefer to receive units in the Threadneedle UK Property Authorised Trust (the Feeder Fund) – an FCA authorised unit trust investing wholly in the Threadneedle PAIF, but taxed on the same basis of the Trust – corresponding to the value of your holding in the Trust. To make this election you must complete the enclosed Form of Election (the “Pink Form”) and return to us no later than 25 April 2016.

Please ensure you read the enclosed Questions & Answers booklet, which provides more details about the conversion and how it may affect you.

Alternative options

You can switch your holding into an equivalent unit or share class (or another unit or share class which you are eligible to hold) in another Threadneedle fund. If you wish to arrange a switch, we must receive your instructions before 12 noon on 12 May 2016. You also have the option to redeem your units in the Trust as normal prior to this date. To find out more about our fund range, visit columbiathreadneedle.co.uk.

Please note that if you do switch your investment to another Threadneedle fund this will constitute a disposal of units for capital gains tax purposes and may give rise to a tax liability. This will depend on your individual circumstances – if you are unsure of how this may affect you please contact a financial adviser.

Who will bear the costs of conversion?

Columbia Threadneedle Investments will bear all costs associated with the conversion, and the conversion will not result in any changes to the fees you pay.

More information

A Questions & Answers booklet providing further details of the conversion is enclosed. This includes important information about the potential impact for you as an investor, and it is important you read this. The Q&A, copies of all previous correspondence and other useful information is available on our website at columbiathreadneedle.com/PAIF.

If you are unclear about any of the details relating to the conversion, or have any questions, please call us free on 0800 953 0134*. Our team is available from 8.00 am to 6.00 pm, Monday to Friday.

If you are unsure about your investment you should speak to a financial adviser. For details of one in your area, visit unbiased.co.uk**.

Yours faithfully



Campbell Fleming, CEO
For and on behalf of
Threadneedle Investment Services Limited
as Manager of the Threadneedle UK Property Trust

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** Please note that Columbia Threadneedle Investments does not endorse advisers found on this site.