



Threadneedle  
UK Property Trust

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## Summary

The information on Threadneedle UK Property Trust set out below should be read in conjunction with the full text of this document, from which it is derived.

**Structure:** Threadneedle UK Property Trust is an authorised unit trust.

**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.

**Policy:** Threadneedle UK Property Trust 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.

**Manager:** Threadneedle Investment Services Limited.

**Base currency:** Pounds Sterling.

**Units:** Both income and accumulation units are available for Class 1 and Class 2 units. A unitholding may include a fraction of a unit.

**Minimum investment:** For Class 1 units the minimum initial investment is £1,000. The minimum of each subsequent investment is £1,000. For Class 2 units the minimum initial investment is £500,000. The minimum of each subsequent investment is £25,000.

**Minimum holding:** For Class 1 units the minimum holding is £500. For Class 2 units the minimum holding is £25,000.

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

**Annual accounting date:** 15 May.

**Dealing days and valuations:** A regular valuation is made on each dealing day as at the valuation point, which will be at 12.00 noon (GMT). Any Business Day will constitute a "Dealing Day". Units will be dealt in at the price determined at the next valuation point after the request for units is received. Therefore

if a request is received after the valuation point on a Dealing Day it will be dealt with at a price determined on the next Dealing Day's valuation point. "Business Day" means any day on which the London Stock Exchange is open for normal business.

**Pricing:** The prices of units will be calculated as at the valuation point on each Dealing Day and will be on a forward basis. The prices of units in the Fund are available at [www.threadneedle.com](http://www.threadneedle.com) or by telephone on 0800 0683000. However, the actual price for any dealing will not be calculated until after the relevant dealing instruction has been received.

Further details and explanations appear later in this document. Unless otherwise expressly provided, terms in this Prospectus have the meanings used in the FSA's Collective Investment Schemes Sourcebook.

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## Directory

### Manager

**Threadneedle Investment Services Limited**  
(authorised and regulated by the FSA)

*Registered Office*  
60 St Mary Axe  
London EC3A 8JQ

### Trustee

**JP Morgan Trustee and Depositary Company Limited**  
(authorised and regulated by the FSA)

*Registered Office*  
125 London Wall  
London EC2Y 5AJ

*Principal Place of Business*  
1 Chaseside  
Bournemouth BH7 7DA

### Investment Adviser

**Threadneedle Asset Management Limited**  
(authorised and regulated by the FSA)

*Registered Office*  
60 St Mary Axe  
London EC3A 8JQ

### Legal Advisers

**Lovells LLP**  
Atlantic House  
50 Holborn Viaduct  
London EC1A 2FG

### Auditors

**PricewaterhouseCoopers LLP**  
Southwark Towers  
32 London Bridge Street  
London SE1 9SY

### Registrar

**Threadneedle Investment Services Limited**  
P.O. Box 1331  
Swindon SN38 7TA

(the register of unitholders can be inspected at this address)

### Standing Independent Valuer

**CB Richard Ellis Limited**  
Kingsley House  
Wimpole Street  
London W1G 0RE

## Threadneedle UK Property Trust

### This Document is Important

If you are in any doubt as to the meaning of any information contained in this document, you should consult the Manager or your independent financial adviser.

This Prospectus is intended for distribution in the United Kingdom only. Its distribution may be restricted in other countries. It does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so, or to anyone to whom it is unlawful to make such an offer or solicitation. Intending investors should inform themselves about and observe the legal requirements within their own countries for the acquisition of units of Threadneedle UK Property Trust and any taxation or exchange control legislation affecting them personally, including the obtaining of any requisite governmental or other consents and the observation of any other formalities.

### Constitution

Threadneedle UK Property Trust (the "Fund") is an authorised unit trust pursuant to section 243(1) of the Financial Services and Markets Act 2000. It is a "non-UCITS retail scheme" for the purposes of the Financial Services Authority's Collective Investment Scheme Sourcebook ("COLL Sourcebook"). The authorisation from the Financial Services Authority ("FSA") was made effective on 25 January 2007.

Subject to the terms set out in this Prospectus, holders of units in the Fund are entitled to:

- (a) the net income derived from the Fund; and
- (b) redeem their units at a price linked to the value of the assets of the Fund.

Unitholders are not liable for the debts of the Fund.

The operation of the Fund is governed by the COLL Sourcebook together with the Fund's trust deed ("Trust Deed") and this Prospectus.

### Investment Objective and Policy

#### 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.

#### 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.

By way of further explanation of how the Manager proposes to implement this policy, the Fund expects to invest in:

- (a) Property that qualifies as approved immovables for the purposes of the FSA Handbook of Rules and Guidance (the "FSA Handbook") in the United Kingdom, but the Manager may consider it appropriate to invest in real estate in other countries permitted by the FSA Handbook and listed in Appendix I. The Fund may invest up to 100% of its assets in Property that qualifies as approved immovables for the purposes of the FSA Handbook;
- (b) transferable securities, with an emphasis on property-related securities. The Fund may hold up to 100% of its assets in transferable securities that are approved securities as defined in the FSA Handbook, and up to 20% in transferable securities that are non-approved;
- (c) government and other public securities. The Fund may invest up to 35% of its assets in government and public securities (increased to 100% for certain types of securities);
- (d) units in regulated and unregulated collective investment schemes (which may include unauthorised property unit trusts) up to 15% of its assets; and
- (e) unregulated collective investment schemes (which may include unauthorised property unit trusts) together with investments in non-approved transferable securities up to 20% of its assets.

Further to paragraph (a) above, the Manager intends to invest predominantly in real estate assets located in the UK. In the event that the Manager decides to make a significant investment in real estate assets located outside of the UK, the Manager will give notice of this fact to unitholders in the next short report of the Fund.

The Fund may also invest in such other investments as the Manager deems appropriate, including warrants, money market instruments, derivatives and forward transactions and deposits, but subject always to the FSA Handbook.

The investment policy of the Fund means that it may be appropriate for the Fund to hold cash or near cash. This will only occur where the Manager reasonably regards it as necessary to enable the pursuit of the Fund's objective, redemption of units, efficient management of the Fund in accordance with its objective, or for purposes ancillary to its objective.

The Fund may use property derivative instruments in accordance with the FSA Handbook and to the extent that these are used, this will be for hedging purposes using efficient portfolio management style techniques. It is not envisaged that the risk profile of the Fund will be affected by the use of such instruments. The use of such derivative instruments will not contravene the investment objective or any relevant investment limits.

A detailed description of the types of assets the Fund may invest in and the limitations on the extent to which the Fund may invest is set out under the section entitled: "Investment and Borrowing Powers" in this Prospectus.

In this Prospectus, the phrase "Property" is used to cover all of the following terms which are used in the FSA Handbook or in the industry: "property", "real property", "real estate", and "immovables".

## Typical Investor Profile

A brief profile of the "typical investor" for the Fund is set out below. Please remember that there are a number of risks associated with any investment and these risks remain, even if you "fit the profile". In addition, you are recommended to seek professional advice always before making an investment in any investment fund.

The Fund may be suitable for investors with a medium to long term investment horizon (i.e. 5-7+ years) seeking growth and income in the property market who are prepared to tolerate large price fluctuations.

## The Manager

The manager of the Fund is Threadneedle Investment Services Limited (the "Manager"). The Manager was incorporated as a limited liability company in England and Wales on 26 January 1999 with registered number 03701768. The registered office of the Manager is at 60 St Mary Axe, London EC3A 8JQ. As at the date of this Prospectus, the amount of the Manager's issued share capital is £17.02 million, of which £17.02 million is paid up.

The Manager is authorised and regulated in the United Kingdom by the FSA whose address is 25 The North Colonnade, Canary Wharf, London E14 5HS.

The Manager has delegated fund accounting services (including valuation and pricing) to JPMorgan Chase Bank N.A.

The Manager also acts as Registrar. The Manager has delegated the registrar function and client facing services to Bank of New York Mellon Asset Servicing Limited.

The Directors of the Manager are:

Mr Crispin Henderson  
Mr Tim Gillbanks  
Mr Nick Ring  
Mr John Devine  
Mr Philip Reed

All of the Directors of the Manager are Directors of other companies within the Threadneedle Group.

The Manager also acts as the authorised corporate director or manager in respect of the open-ended investment companies and funds set out in Appendix II.

## The Investment Adviser

The Manager has appointed Threadneedle Asset Management Limited as investment adviser (the "Investment Adviser"). The Investment Adviser and the Manager are companies in the Threadneedle Group.

Under an Investment Management Agreement dated 31 January 2007 between the Manager and the Investment Adviser, the Manager appointed the Investment Adviser to advise the Manager in relation to the investment of the assets of the Fund and to execute transactions on behalf of the Manager in connection therewith. The Manager is entitled to give further instructions to the Investment Adviser.

The Investment Management Agreement may be terminated on 12 months notice by the Investment Adviser or the Manager.

Subject to the overall policies, directions and control of the Manager, all relevant laws and regulations, this Prospectus, the Trust Deed and all proper directions of the Trustee, the Investment Adviser has the complete discretion to take all day to day investment decisions and to deal in investments in relation to the investment management of the Fund, without prior reference to the Manager.

Under the Investment Management Agreement the Manager may provide indemnities, guarantees and undertakings to the Investment Adviser in the ordinary course of investment business.

## The Trustee

The trustee of the Fund is JP Morgan Trustee and Depositary Company Limited (the "Trustee"). The Trustee is a limited liability company incorporated in England and Wales. The registered office of the Trustee is at 125 London Wall, London EC2Y 5AJ and its principal place of business is at 1 Chaseside, Bournemouth, BH7 7DA.

The Trustee provides its services under the terms of a Trust Deed. The Trustee is required to carry out the duties specified in the COLL Sourcebook including responsibility for the safekeeping of all of the assets of the Fund entrusted to it.

The principal business activity of the Trustee is acting as a depositary or a trustee of regulated collective investment schemes. The Trustee is authorised and regulated in the United Kingdom by the FSA.

## Units in the Fund

Investors may hold accumulation units and/or income units in both the Class 1 and Class 2 unit classes. A unit holding may include a fraction of a unit. Income arising in respect of an income unit is distributed among holders of income units. Holders of accumulation units do not receive payments of income. Any income arising in respect of an accumulation unit is automatically accumulated and is reflected in the unit price. Tax vouchers will be issued in respect of income accumulated and tax accounted for.

### Beneficial ownership

The nature of the right of the unitholders represented by the units is that of a beneficial interest under a trust.

### Voting rights

Voting rights attached to the units are described under the section entitled: "Voting".

### Compulsory redemption

Units may be compulsorily redeemed in the circumstances described in "Redemption" in the section entitled: "Issue, Redemption and Switching of Units".

### Register

A register of unitholders is maintained by the Registrar at P.O. Box 1331, Swindon, SN38 7TA and can be inspected at that address. Certificates are not issued. To assist unitholders in monitoring their holdings of units a six-monthly valuation showing current holdings will be sent (with tax vouchers where applicable) to all unitholders in the Fund, or to the first named unitholder in the case of joint holdings.

The register is prima facie evidence as to matters properly entered in it. No notice of any trust express, implied or

constructive may be entered in the register although this will not affect the obligations of the Manager in respect of any plan register. The Registrar is not obliged to register more than four persons as the joint holders of any units.

If a unitholder requires evidence of title to units the Manager will, upon such proof of identity as may reasonably be required, supply a certified copy of the relevant entry in the register relating to that unitholder's holding of units.

### General

Unitholders must notify the Registrar of any change of name or address.

Units in the Fund are not listed or dealt in on any investment exchange.

No bearer units will be issued.

## Risk Factors

The following are important warnings:

- (a) Investors should appreciate that there are inherent risks in all types of investments. Prices of investments can move erratically and be unpredictably affected by many diverse factors, including political and economic events but also rumours and sentiment. Investment in the Fund should be regarded as a medium to long term investment.
- (b) There can be no guarantee that the objectives of the Fund will be achieved. The Fund is suitable for investment only by investors who understand the risks involved and who are willing and able to withstand the total loss of their investment. An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.
- (c) The Fund will be subject to counterparty risk with respect to transactions, whether due to the insolvency, or bankruptcy, of counterparties or brokers or other causes.
- (d) The value of units in the Fund can fluctuate and can go down as well as up. On encashment, particularly in the short term, investors may receive less than the original amount invested. Any initial charge levied by the Manager is deducted from an investment at the outset and an equivalent rise in the value of the units is required before the original investment can be recovered.
- (e) The Manager's annual management charge and the fees and expenses of the Trustee referred to below, as well as all or part of other fees and expenses of the Fund, may

be charged against capital instead of against income. In particular, such fees and expenses may be charged to capital in order to manage the level of income paid and/or available to unitholders. This may result in capital erosion or may constrain capital growth.

- (f) Investments in Property are relatively illiquid and more difficult to realise than equities or bonds.
- (g) Property and Property-related assets are inherently difficult to value due to the individual nature of each Property. As a result, valuations are subject to uncertainty and are a matter of an independent valuer's opinion. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales price even where a sale occurs shortly after the valuation date.
- (h) The performance of the Fund would be adversely affected by a downturn in the Property market in terms of capital value or a weakening of rental yields.
- (i) Commercial Property values are affected by factors such as the level of interest rates, economic growth, fluctuations in Property yields and tenant default. In the event of a default by an occupational tenant, there will be a rental shortfall and additional costs including legal expenses are likely to be incurred in maintaining, insuring and re-letting the Property.
- (j) Certain significant expenses, such as operating expenses, must be met by the owner even if the Property is vacant.
- (k) Although the Fund's base currency is Pounds Sterling, the Fund may invest in assets that are denominated in a wide range of currencies, some of which may not be freely convertible. The net asset value of the Fund, as expressed in its base currency, will fluctuate in accordance with the changes in the foreign exchange rate between that currency and the currencies in which the Fund's investments are denominated. The Fund may therefore be exposed to a foreign exchange/currency risk. It may not be possible or practicable to hedge against the consequent foreign exchange/ currency risk exposure.
- (l) The Manager may use derivatives and forward transactions for the purpose of efficient portfolio management only. The use of derivatives is not intended to increase the risk profile of the Fund. Investors should consider potential exposure to derivatives in the context of all their investments.

- (m) The Fund may invest up to 20% of its assets in the aggregate of unregulated collective investments schemes and non-approved transferable securities. Investors should be aware that an investment in an unregulated collective investment scheme may not provide a level of investor protection equivalent to schemes authorised by the FSA and subject to the FSA Handbook.
- (n) Exemptions, thresholds and rates of tax may change in the future tax years.

## Valuations

### General

Each unit linked to the Fund represents the overall assets of the Fund, so a valuation of units of any given class in the Fund is achieved by valuing the assets in the Fund attributable to that class, less expenses and charges, and dividing that value by the number of units of the relevant class in issue.

### Valuations

Valuations are made at 12.00 noon (GMT) on each Business Day for the purpose of determining the price at which units in the Fund may be purchased or redeemed. This is the valuation point for the Fund.

The calculation of prices of units commences at or about the valuation point on each Dealing Day. The Manager may carry out additional valuations in accordance with the COLL Sourcebook if it considers it desirable to do so. Valuations will not be made during a period of suspension of dealings. The Manager is required to notify unit prices to the Trustee on completion of a valuation.

The assets of the Fund are valued on the following basis in accordance with the NAV determination provisions of Fund's Trust Deed, as set out in Appendix III hereto:

- Property held by the Fund is valued by the Standing Independent Valuer, appointed by the Manager with the approval of the Trustee, on the basis of a full valuation with a physical inspection at least once a year. Any inspection of adjacent properties of a similar nature may be limited to that of one such representative Property. The Standing Independent Valuer also values each Property on the basis of a review of the last full valuation at least once a month. The figure arrived at using that valuation is used as part of the valuation for the entire Fund calculated on each Dealing Day for the next month. If either the Manager or the Trustee becomes aware of any matter that appears likely to affect the outcome of a valuation of Property or to cause the Standing Independent Valuer to decide to value on the basis of a full valuation with full inspection instead of a review of the last full valuation, it will immediately inform the Standing Independent Valuer of that matter. The Manager will also

use its best endeavours to ensure that any other affected person (as defined in the FSA Handbook) reports to the Standing Independent Valuer immediately upon that person becoming aware of any such matter. Any valuation of a Property by the Standing Independent Valuer must be on the basis prescribed as an “open market value” in Practice Statement 3 in the Statements of Asset Valuation Practice and Guidance Notes published by the Royal Institution of Chartered Surveyors, but subject to the FSA Handbook. Where the Standing Independent Valuer is acting as a connected party to a purchase transaction carried out by the Fund, the Fund will appoint an alternative Standing Independent Valuer for that transaction only. An agreement to transfer Property or an interest in Property will be disregarded for the purpose of the valuation unless it reasonably appears to the Manager to be legally enforceable.

- Transferable securities for which market quotations are available are valued at their last quoted price where available (or, if separate buying and selling prices are quoted at the average of such prices); in the case of order-driven markets the most recently known price at which the securities were traded on the relevant exchange is used. In the case of collective investment schemes with separate bid and offer prices, the value is taken as the average of such prices before application of any initial or exit charges. Where the Manager has reasonable grounds to believe that no reliable price exists or, the most recent price available does not reflect the Manager’s best estimate of the actual value of the security in question, the security concerned will be attributed a value which in the Manager’s opinion is fair and reasonable.
- Cash and amounts held in current and deposit accounts and other time-related deposits are valued at their nominal value.
- Contingent liability transactions will be valued using a method agreed between the Manager and the Trustee incorporating the following requirements: written options will be valued after deduction of the premium receivable; off-exchange futures will be valued at the net value of closing out; all other contingent liability transactions will be valued at the net value of margin on closing out.
- Any other assets will be valued at what the Manager considers a fair and reasonable mid-market price.
- In valuing assets, any fiscal or other charges paid or payable on the acquisition or disposal of the asset are excluded.
- Deductions are made for anticipated UK and non-UK tax liabilities and for an estimated amount of other liabilities

payable out of the assets of the Fund, and for outstanding borrowings together with accrued but unpaid interest.

- Amounts are added in respect of prudently estimated, recoverable tax and any other amounts due to be paid into the Fund.
- A sum representing any interest or any income accrued due or deemed to have accrued but not received will be added.

For the above purposes, instructions given to issue or cancel units are assumed to have been carried out (and any cash paid or received); and uncompleted arrangements for the unconditional sale or purchase of assets are (with certain exceptions) assumed to have been completed and all consequential action taken. Any currency conversions will be at a rate that is designed to be fair to holders and potential holders.

### Allocation of assets and liabilities

The Fund is required to allocate (and the Manager may from time to time reallocate) any assets, costs, charges or expenses between the units in the Fund in a manner that is fair to the unitholders of the Fund generally.

### Prices of units

The Fund deals on a forward price basis, that is at the price for a unit in the Fund at the next valuation point following receipt of a request to issue or redeem units.

The Fund operates on the basis of “dual pricing”. This means that there are two prices - a buying (“offer”) price and a selling (“bid”) price. Very broadly, these reflect the difference in the cost of buying investments where there is an influx of funds and the cost of selling them when there is a net outflow. The Manager is permitted to vary prices with a maximum range or “spread” reflecting this difference and the effect of any initial charge.

The price of a unit is calculated (to at least four significant figures) by:

- taking the value of the Fund attributable to the relevant class at the next valuation of the Fund; and
- dividing the result by the number of units of the relevant class in the Fund in issue immediately before the valuation concerned.

## Historical Performance

The performance quoted in sterling (on a selling price to selling price basis, with income net of UK basic rate of tax reinvested) for Class 1 Units for the twelve month period to 31 December 2009 was 0.15% (excluding the effect of any initial charge, exit

charge or annual charge). Please be aware that past performance is not a guide for future performance.

## Issue, Redemption and Switching of Units

### General

Requests for the issue, redemption and switching of units are normally dealt with by the issue or cancellation of units by the Trustee on the instructions of the Manager. However, in certain circumstances the Manager may, in accordance with the COLL Sourcebook, deal with such requests by selling units to, and/or repurchasing them from, the applicant as appropriate. The Manager is entitled to hold units for its own account and to satisfy requests for the sale of units from its own holding; it is required by the COLL Sourcebook to procure the issue or cancellation of units by the Fund where necessary to meet any obligation to sell or redeem units.

If on receiving instructions from the Manager to issue or cancel units, the Trustee is of the opinion that it is not in the interests of the unitholders that the units should be issued or cancelled either at all or in the number instructed by the Manager, the Trustee must give notice to the Manager that it refuses to issue, or as the case may be cancel, all, or a specified number of the units.

The Manager may not sell a unit at a higher price, or redeem a unit at a lower price (in both cases before application of any initial charge, dilution levy, or SDRT provision, as applicable), than the price notified to the Trustee in respect of the valuation point concerned.

The Manager is not obliged to account to the Fund or to unitholders or any of them for any profit it makes on the issue of units or on the reissue or cancellation of units which it has redeemed.

### Issue

#### *Applications*

Dealings are at forward prices (i.e. at a price calculated by reference to the next valuation point following receipt of an application). Units to satisfy an application received before the valuation point on a Dealing Day will be issued at a price based on that day's valuation point and units to satisfy an application received after that time, or on a day which is not a Dealing Day, will be issued at a price calculated at the valuation point on the next Dealing Day. Any Business Day will constitute a "Dealing Day".

Applications may be made by completing an application form and delivering it, together with payment for the units, to Threadneedle Investment Services Limited, P.O. Box 1331, Swindon SN38 7TA (the "Dealing Office"), or by telephoning the Manager on 0800 068 3000 with payment for the units on

Monday to Friday (except for Bank Holidays in England and normally the last working day before Christmas). Application forms are available from the Manager. Applications are irrevocable subject to any applicable cancellation period. Subject to its obligations under the COLL Sourcebook, the Manager reserves the right to reject any application in whole or in part. In that event application moneys or any balance will be returned to the applicant by post at his or her risk.

The Fund and the Manager are subject to anti-money laundering legislation, and the Manager may in its absolute discretion require verification of identity from any person applying for units (the "Applicant") including, without limitation, any Applicant who:

- (a) tenders payment by way of cheque or banker's draft on an account in the name of a person or persons other than the Applicant; or
- (b) appears to the Manager to be acting on behalf of some other person.

In the former case verification of the identity of the Applicant may be required. In the latter case, verification of the identity of any person on whose behalf the Applicant appears to be acting may be required.

Applications will not be acknowledged but a contract note will be sent to the Applicant (or the first named Applicant in the case of joint applications) on or before the business day next following the relevant Dealing Day. Where the total price payable for all units for which the application is made would include a fraction of one penny it will be rounded up or down to the nearest penny.

If an Applicant defaults in making any payment in money, or by way of a transfer of assets, due to the Manager in respect of the sale or issue of units, the Trustee is entitled to make any necessary amendment to the register and the Manager will become entitled to the units in place of the Applicant, subject, in the case of an issue of units, to the Manager's payment of the purchase price to the Trustee. The Manager reserves the right to cancel investments for which settlement is not received, or fails to clear, and to recover from an Applicant, the amount of any decrease in value of the investment if this occurs.

#### *In specie application*

The Manager may, by special arrangement and at its discretion (but subject always to the requirements set out in the COLL Sourcebook), agree to arrange for the issue of units in exchange for assets other than cash but only if the Trustee is satisfied that acquisition of the assets in exchange for the number of units to be created is not likely to result in any material prejudice to the interests of holders or potential holders of units in the Fund.

*Minimum initial purchase and subsequent investments*

**Class 1 Units:** The minimum value of Class 1 units which may be the subject of any one initial transaction of purchase of units in the Fund is £1,000, and the minimum value of each subsequent investment in Class 1 units is £1,000 (although these minima may be waived at the Manager's discretion).

**Class 2 Units:** The minimum value of Class 2 units which may be the subject of any one initial transaction of purchase of units in the Fund is £500,000, and the minimum value of each subsequent investment in Class 2 units is £25,000 (although these minima may be waived at the Manager's discretion).

*Minimum holding*

**Class 1 Units:** The minimum value of Class 1 units in the Fund which any one person may hold is £500 (although this minimum may be waived at the Manager's discretion).

**Class 2 Units:** The minimum value of Class 2 units in the Fund which any one person may hold is £25,000 (although this minimum may be waived at the Manager's discretion).

The value of units for these purposes is calculated by reference to their current price, net of any initial charge and before any application of a dilution levy or SDRT provision. The minimum holding requirements will not be treated as being breached if the value of units held falls below the relevant minimum solely as a result of a fall in the unit price.

**Redemption***Application*

Units in the Fund may be redeemed on any Dealing Day. Dealings are at forward prices as explained under "Issue" above. Units to be redeemed pursuant to a redemption request received before the valuation point on a Dealing Day will be redeemed at a price based on that day's valuation point and units to be redeemed pursuant to a redemption request received after that time, or on a day which is not a Dealing Day, at a price calculated at the valuation point on the next Dealing Day. Any Business Day will constitute a "Dealing Day".

In the event of a large deal (meaning a single redemption for not less than £15,000) the Manager may re-price units in accordance with the FSA Handbook. The revised price will be less than the realisation price (the "bid" price) but will not be lower than the cancellation price.

The Trust Deed authorises a redemption charge. However, the Manager does not intend to apply such a charge for the foreseeable future.

Redemption instructions may be given by delivering written instructions for redemption by letter to the Dealing Office, or by telephoning 0800 068 3000 between 9.00am and 5.00pm on Monday to Friday (except for Bank Holidays in England and

normally the last working day before Christmas). Redemption instructions are irrevocable.

A redemption contract note will be sent on or before the business day next following the relevant Dealing Day, together with a form of renunciation for completion and execution by the unitholders. Where the total consideration for the transaction would include a fraction of one penny it will be rounded up or down to the nearest penny. The redemption proceeds will be paid not later than the close of business on the fourth business day after the later of the following times:

- (a) the valuation point at which the price for the redemption was determined; and
- (b) the time when the Registrar (or the Manager, as the case may be) has received the form of renunciation (or other sufficient written instructions) duly signed by the relevant unitholder or unitholders together with acceptable confirmation of the unitholder's Bank or Building Society details and such evidence as the Manager may lawfully require as proof of the identity of the unitholder and all other duly executed instruments and authorisations as effect (or enable the Registrar to effect) transfer of title to the units.

However, neither the Trustee, the Manager nor the Registrar is required to make payment in respect of a redemption of units where the money due on the earlier issue of those units has not yet been received or where the Registrar considers it necessary to carry out or complete identification procedures in relation to the holder or another person pursuant to a statutory, regulatory or European Community obligation.

Please note that payments will be made by Direct Credit (BACS) Transfer rather than by cheque.

*In specie redemption*

Where a unitholder requests redemption of units which the Manager considers to be substantial in relation to the total size of the Fund, the Manager at its discretion may, by serving a notice of election on the unitholder not later than the close of business on the second business day following the day of receipt of the request, elect that the unitholder shall not be paid the redemption price of his or her units but instead there shall be a transfer to that holder of assets of the Fund having the appropriate value. Where such a notice is so served on a unitholder, the unitholder may serve a further notice on the Manager not later than the close of business on the third business day following the day of receipt by the unitholder of the first mentioned notice requiring the Manager, instead of arranging for a transfer of assets, to arrange for a sale of those assets and the payment to the unitholder of the net proceeds of that sale. For the purposes of this paragraph a redemption request representing 5% or more in the value of the Fund will

normally be considered to be substantial. For the avoidance of doubt the Manager may in its discretion agree to allow, if the unitholder requests, an in specie redemption with a unitholder whose units represent more or less than 5% in value of the Trust.

The selection of assets to be transferred (or sold) is made by the Manager in consultation with the Trustee, with a view to achieving no more advantage or disadvantage to the unitholder requesting redemption of his or her units than to continuing unitholders.

The Fund may retain out of the assets to be transferred (or the proceeds of sale) assets or cash of value or amount (i) in respect of any applicable exit charge on the redemption of the units, and (ii) as a provision against any stamp duty reserve tax which may be payable in relation to the cancellation of the units (see under "Stamp Duty Reserve Tax and SDRT provision", above). It should be noted that the unitholder may also be liable to fixed rate stamp duty of £5 or variable rates of Stamp Duty Land Tax on each transfer of UK assets received.

#### *Minimum redemption*

A redemption request may be made in respect of some only of the investor's units in the Fund but the Manager reserves the right to refuse a redemption request if it relates to units of the Fund having a value (calculated by reference to their current price net of any initial charge and before any SDRT provision) of less than £500 in the case of Class 1 units and £25,000 in the case of Class 2 units.

#### *Compulsory redemption*

If the Manager reasonably believes that any units are owned directly or beneficially in circumstances which:

- (a) constitute a breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory; or
- (b) may (or may if other units are acquired or held in like circumstances) result in the Trustee, the Manager or the Fund incurring any liability to taxation or suffering any other adverse consequence (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory); or
- (c) may result in units of a particular class being acquired or held by any person not falling within the categories of persons (if any) who are permitted to hold units of such class,

it may give notice to the holder of such units requiring him or her to transfer them to a person who is qualified or entitled to own them, or to request in writing the redemption of the units by the Trustee. If the holder does not either transfer the units to

a qualified person or establish to the Manager's satisfaction that he or she and any person on whose behalf he or she holds the units are qualified and entitled to hold and own them, he or she will be deemed on the expiry of a thirty-day period to have requested their redemption.

## **Switching**

Units in the Fund may be switched from one class of unit to another class of unit on any Dealing Day. Dealings are at forward prices as explained under "Issue" above. Units to be switched pursuant to a switch request received before the valuation point on a Dealing Day will be switched at the respective prices based on that day's valuation point. Units to be switched pursuant to a switch request received after that time, or on a day which is not a Dealing Day, will be switched at a price calculated at the valuation point on the next Dealing Day. Any Business Day will constitute a "Dealing Day".

If the switch would result in the unitholder either (i) not meeting the minimum investment amount for the relevant class, or (ii) holding a number of units in either class of unit which is less than the relevant minimum holding for that class the Manager may, if it thinks fit, refuse to effect the switch.

In the event of a large deal (meaning a single redemption for not less than £15,000) the Manager may re-price units in accordance with the FSA Handbook. The revised price will be less than the realisation price (the "bid" price) but will not be lower than the cancellation price.

Switching instructions may be given by delivering written instructions for redemption by letter to the Dealing Office, or by telephoning 0800 068 3000 between 9.00am and 5.00pm on Monday to Friday (except for Bank Holidays in England and normally the last working day before Christmas). Switching instructions are irrevocable.

A contract note will be sent on or before the business day next following the relevant Dealing Day, together with a form of renunciation for completion and execution by the unitholders. Where the total consideration for the transaction would include a fraction of one penny it will be rounded up or down to the nearest penny.

## **Transfer**

A unitholder is entitled (subject as mentioned below) to transfer units by an instrument of transfer in any usual or common form or in any other form approved by the Manager. The Manager is not obliged to accept a transfer if it would result in the holder, or the transferee, holding less than the minimum holding of units. The instrument of transfer, duly stamped if it is required to be stamped, must be lodged with the Registrar for registration. The transferor remains the holder until the name of the transferee has been entered in the register.

The Manager or the Registrar may require the payment of such reasonable fee as the Manager and the Trustee may agree for the registration of any grant of probate, letters of administration or any other documents relating to or affecting the title to any unit.

In certain circumstances (set out under “Stamp Duty Reserve Tax and SDRT provision”), the Manager may require the transferee to pay to it an SDRT provision to cover the Trustee's liability to SDRT on the transfer.

### **Suspension of dealings**

The Manager may, with the prior agreement of the Trustee acting as depositary, and shall if the Trustee so requires, without prior notice to holders, temporarily suspend the issue, cancellation, sale and redemption of units where, due to exceptional circumstances, it is in the interests of all holders to do so. Unitholders will be notified of such suspension in dealings as soon as is practicable after suspension commences and will be kept informed about the suspension. Suspension will continue only for so long as it is justified having regard to the interests of the unitholders. On a resumption of dealings following suspension, it is anticipated that unit pricing and dealing will take place at the Dealing Days and times stated in this Prospectus.

The Manager or the Trustee acting as depositary (as appropriate) will immediately inform the FSA of the suspension and the reasons for it and will follow this up as soon as practicable with written confirmation of the suspension and the reasons for it to the FSA.

The Manager shall notify unitholders as soon as is practicable after the commencement of the suspension, including giving details of the exceptional circumstances which led to the suspension in a clear, fair and not misleading way and details of how unitholders may find out further information about the suspension. In the event of suspension, the Manager shall publish sufficient details on its website or by other general means to keep unitholders appropriately informed about the suspension including, if known, its possible duration.

The Manager and the Trustee acting as depositary will formally review the suspension at least every 28 days and will inform the FSA of such review and any change to the information supplied to unitholders.

Suspension will cease as soon as practicable after the exceptional circumstances leading to the suspension have ceased. On a resumption of dealings following suspension, it is anticipated that pricing and dealing will take place at the Dealing Days and times stated in this Prospectus.

The circumstances under which suspension of dealing may occur include, for example, those where the Manager cannot

reasonably ascertain the value of the assets or realise assets of the Fund, or the closure or suspension of dealing on a relevant exchange.

During any suspension, a holder may withdraw his redemption notice provided that such withdrawal is in writing and is received before the end of the suspension. Any notice not withdrawn will be dealt with on the Dealing Day next following the end of the suspension.

### **Publication of prices**

The prices of units in the Fund are published daily in the Financial Times. Prices can also be found at [www.threadneedle.com](http://www.threadneedle.com). The Manager issues and redeems units in respect of the Fund on a forward pricing basis, not on the basis of the published prices.

Please note that from 15 March 2010, prices of units in the Fund will not be published in the Financial Times. However, prices of units will be available at [www.threadneedle.com](http://www.threadneedle.com) or can be obtained by telephone on 0800 068 3000. Existing investors have been informed of the change in the method of publication of prices in accordance with FSA Rules.

### **Income**

The first accounting period for the Fund will start on 19 February 2007 and end on 15 May 2008. Subsequently, the annual accounting period for the Fund will end on 15 May (the “Accounting Reference Date”). The half-yearly accounting period will end on 15 November.

Tax certificates together with current valuations will be sent to unitholders in the Fund at least once in each accounting year.

### **Determination of income**

The income available to be allocated to holders is determined in accordance with the COLL Sourcebook. Broadly, it comprises all sums deemed by the Manager (after consultation with the auditor) to be in the nature of income received or receivable for the account of the Fund and attributable to the Fund in respect of the accounting period concerned, after deducting net charges and expenses paid or payable out of such income in respect of the period and adding the Manager's best estimate of any relief from tax on such charges and expenses and making such adjustments as the Manager considers appropriate, after consulting the auditors in accordance with the COLL Sourcebook, in relation to taxation and other matters.

### **Allocation and distribution dates**

The income for the period of 16 May to 15 November will be allocated to unitholders on 15 January and the income for the period of 16 November to 15 May will be allocated to

unitholders on 15 July. Income will be distributed or reinvested as appropriate following these dates.

### Income equalisation

The price of a unit in the Fund is based on the value of the units' entitlement in the Fund including its entitlement to the income of the Fund since the previous distribution, or in the case of accumulation units, deemed distribution. In the case of the first accumulation made in respect of a unit, part of the amount, namely the equalisation payment, is a return of capital and is not taxable as income in the hands of the unitholder. In the case of accumulation units, the equalisation amount may only be eligible for taper relief/indexation allowance from the date of allocation (as distinct from the date of acquisition of the original units).

Equalisation applies only to units purchased during the relevant accounting period. It is calculated as the average amount of income included in the issue price of all units of the Fund issued during the period.

## The Fees and Expenses of the Manager

### Initial charge

In the case of the Class 1 units the Manager is entitled to make a preliminary charge, which is included in the buying price of the units, of 5.00% of the creation price of the units, save that where investors in the Net Income Class 1 units elect to receive their dividend entitlement by way of additional units in the Fund, they will be entitled to a discount of 2%, such that the initial charge is 3%. There is no preliminary charge for the Class 2 units.

### Annual Management charge

The Manager is entitled to make a periodic management charge which accrues daily and is payable to the Manager monthly. For the Class 1 units the current periodic management charge is 1.5% per annum of the net asset value of Class 1 units. For the Class 2 units the current periodic management charge is 0.75% per annum of the net asset value of the Class 2 units. These periodic charges are payable out of the Fund's assets together with any Value Added Tax on these charges where applicable.

### Exit Charge

At present no charge is levied on the redemption of units (although the Manager is permitted to charge an SDRT provision, if applicable). The Manager has the right (subject to the COLL Sourcebook) to introduce a charge on the redemption of units in the future, but this will not affect units issued prior to its introduction.

### Investment Adviser

All fees of the Investment Adviser are payable by the Manager and are not charged directly to the Fund. While no commission is payable to the Investment Adviser for any investment deal done or which could be done on behalf of the Fund, the Investment Adviser may receive other payments for ancillary services rendered including commission which may be payable in respect of arranging reinstatement and loss of rent insurance together with other forms of insurance.

### Registrar Charge

The Manager or companies in its group will pay the following ongoing registration and general expenses:

- (i) fees and expenses in respect of establishing and maintaining the register of unitholders and related functions including the fees payable to The Bank of New York Limited;
- (ii) expenses incurred in distributing income to unitholders;
- (iii) fees in respect of the publication and circulation of details of the NAV;
- (iv) the fees and expenses of tax, legal and other professional advisers of the Fund;
- (v) the costs of convening and holding unitholder meetings; and
- (vi) the costs of printing and distributing reports, accounts and any prospectus, publishing prices and any costs incurred as a result of periodic updates of any prospectus and any other administrative expenses.

In return for paying or satisfying (i)-(vi), the Manager shall be entitled to make a periodic charge which accrues daily and is paid monthly. The charge will be equal to 0.11% per annum of the net assets of the Class 1 units and 0.035% per annum of the net assets of the Class 2 units. The Manager will give unitholders the notice period as required by the FSA Handbook in the event of any increase in these rates and the Manager will make available a Prospectus to reflect the increased rates.

## The Fees and Expenses of the Trustee

The Trustee's remuneration, which is payable out of the assets of the Fund, is a periodic charge at such annual percentage rate of the value of the Fund's assets as is set out below, with the assets of the Fund being valued and such remuneration accruing and being paid on the same basis as the Manager's annual management charge. Currently, the Trustee's remuneration in respect of the Fund is calculated on a sliding scale as follows:

Band range	Fee
£0 to £50,000,000	0.02%
£50,000,001 to £150,000,000	0.01%
£150,000,001 to £250,000,000	0.0065%
£250,000,001 and more	0.005%

The Manager will give unitholders the notice period as required by the FSA Handbook in the event of any increase in these rates.

The Trustee is also entitled to receive out of the assets of the Fund remuneration for performing or arranging for the performance of such functions as the Manager and the Trustee may from time to time agree, being functions conferred on the Trustee by the Trust Deed or the FSA Handbook. The Trustee's remuneration under this paragraph shall accrue when the relevant transaction or other dealing is effected and shall be paid in arrears on the next following date on which payment of the Trustee's periodic charge is to be made or as soon as practicable thereafter. Currently, the Trustee does not receive any remuneration under this paragraph. The introduction of any payment under this paragraph will be subject to the approval of the unitholders by way of resolution.

In addition to the remuneration referred to above, the Trustee is entitled to receive reimbursement for expenses properly incurred by it in the discharge of its duties or exercising any of the powers conferred upon it in relation to the Trustee and the Fund, subject to approval by the Manager.

The Trustee has appointed JPMorgan Chase Bank N.A. (the "Custodian") as the custodian of the assets of the Fund and is entitled to receive reimbursement of the Custodian's fees as an expense of the Fund.

The Custodian's remuneration for acting as custodian in respect of assets, other than UK Property, is calculated at an ad valorem rate determined by the territory or country in which the assets of the Fund are held. Currently, the lowest rate is 0.0005% and the highest rate is 0.6%. In addition, the Custodian makes a transaction charge determined by the territory or country in which the transaction is effected. Currently, these transaction charges range from £4.40 to £110 per transaction. Custodian fee arrangements for UK Property holdings are charged at a rate of £100 per annum per physical holding.

Any material increase to the Custodian's charges set out above will be subject to the agreement of the Trustee and the Manager, and the Manager will give prior reasonable notice to the unitholders of any such increase regarded as significant in accordance with the FSA Handbook.

## Charges to capital

The annual management charge and fees and expenses of the Trustee referred to above may be taken out of the income or the capital of the Fund. In particular, such fees and expenses may be charged to capital in order to manage the level of income paid and/or available to unitholders. See "Risk Factors".

## Other Payments of the Fund

The following expenses (being the actual amounts incurred) may also be payable by the Fund out of its capital or income in accordance with the COLL Sourcebook:

- (a) direct Property expenses, including but not limited to the repairs, maintenance, refurbishment, and management of Property owned or leased by the Fund;
- (b) buying and selling costs;
- (c) restructuring, consultant costs and other similar costs regarding the Fund's assets;
- (d) re-letting, rent reviews, breaches, notices, legal advice and similar expenses regarding the Fund's assets;
- (e) interest on and other charges relating to permitted borrowings;
- (f) taxation and other duties payable regarding the Fund's assets and any SDRT charges;
- (g) any costs incurred in amending the Trust Deed, including costs incurred in respect of meetings of unitholders convened for the purpose of approving any such amendments;
- (h) any costs incurred in respect of any other meeting of unitholders convened on a requisition by holders not including the Manager or an associate of the Manager;
- (i) in relation to a scheme of arrangement where the assets of a body corporate (such as an investment company) or of another collective investment scheme are transferred to the Fund in consideration of the issue of units in the Fund to unitholders in that body corporate or to participants in that other scheme, any liability arising after the transfer which, had it arisen before the transfer, could probably have been paid out of those other assets provided the Manager is of the opinion that proper provision was made for meeting such liabilities as were known or could reasonably have been anticipated at the time of the transfer;
- (j) the fees of the FSA and the corresponding periodic fees of any relevant regulatory authority outside the UK;

- (k) reports, accounts and amendments to the same for the Fund;
- (l) costs of preparing and printing any key features document and/or simplified prospectus in respect of the Fund;
- (m) the audit fee and any proper expenses of the auditors;
- (n) the Standing Independent Valuer's fees;
- (o) Value Added Tax in respect of any of the costs, expenses, fees and charges payable by the Fund; and
- (p) any other charges/expenses that may be taken out of the Fund's assets in accordance with the COLL Sourcebook.

In addition, all Property forming part of the Fund's assets will be insured, up to its reinstatement value, against all risks of physical loss or damage and loss of rent, including where such loss or damage is caused by terrorism (provided cover is available in the UK insurance market), and the costs of such insurance shall be charged to the Fund.

Subject to any restrictions set out in the Trust Deed, and to the COLL Sourcebook, the above expenses will be payable out of the income assets of the Fund. However, interest on and other charges relating to permitted borrowings; taxation and other duties payable in respect of the Fund may be payable from capital as the Trustee having taken reasonable care determines is appropriate in accordance with the governing law of trusts. Where in respect of any annual accounting period, taken as a whole, the amount of income received or receivable for the Fund is less than the amount to be paid from the income in respect of the other payments of the Fund, the shortfall will, at the end of that period, be paid from the capital of the Fund.

## Taxation

The following is a general summary of the current UK taxation law and practice that applies to the Fund and investments in the Fund. The basis and rates of taxation may change in the future. It does not describe the taxation treatment of unitholders which are subject to special tax regimes or the detailed taxation treatment of persons resident in jurisdictions other than the United Kingdom. Unitholders should consult their professional advisors for specific advice in connection with any decision to acquire, hold or dispose of units.

### Taxation of the Fund

As the Fund is an authorised unit trust, the Fund is deemed to be a separate taxable entity. The Fund is exempt from UK taxation in respect of capital gains realised on the disposal of investments held within it.

The Fund is, however, liable to UK corporation tax on most sources of income, net of allowable expenses. This includes income from offshore property unit trusts established as transparent for the purposes of taxation on income (Baker trusts). Dividends from both UK and overseas companies are exempt from tax if they fall into one of five exemptions. The most relevant exemption will be that which exempts distributions in respect of portfolio holdings (holdings of 10% or less). It is anticipated that the majority of dividends will be exempt in the hands of the Fund. The rate of corporation tax is equivalent to the lower rate of income tax, currently 20%. Where foreign tax has been deducted from income from overseas sources, that tax can in some instances be offset against corporation tax payable by the Fund by way of double tax relief.

The Fund intends to enter into assets derivative contracts. The Fund will be exempt from UK taxation in respect of any capital profits, gains or losses (as defined by the appropriate accounting statements of practice) arising from these contracts to the Fund.

### Taxation of unitholders

#### Income distribution and accumulation

For the purposes of UK taxation on income, like consequences will follow whether a Fund's income is distributed to a unitholder or accumulated on his behalf. References in the following paragraphs to the distributions of a Fund are of equal application where income is accumulated.

#### Individual unitholders

##### Distributions

Distributions by the Fund will be dividend distributions.

An individual unitholder who is resident for tax purposes in the United Kingdom is entitled to a tax credit in respect of any dividend distribution received and is subject to income tax on the aggregate of the dividend distribution and the tax credit (the "gross dividend"). The value of the tax credit will be equal to one-ninth of the net dividend distribution (i.e. 10% of the gross dividend). Thus on a dividend distribution of £90 the tax credit will be £10. Distributions plus tax credits will be treated as the top slice of an individual's income. A UK resident individual who is not liable to tax will generally not be able to reclaim the tax credit from HM Revenue and Customs. In the case of a UK resident individual liable to basic rate tax, the tax credit will match the individual's tax liability on the dividend distributions and there will be no further tax to pay and again generally no right to claim any repayment from HM Revenue and Customs. A UK resident individual who is liable to higher rate income tax will be subject to income tax at the rate of 32.5% on the amount of the gross dividend but will be able to set off the tax credit against part of this liability. Such an individual will thus have to pay additional tax of 22.5% of the gross dividend (25% of the net dividend distribution) to the extent that such sum when

treated as the top slice of his or her taxable income falls above the threshold for higher rate tax.

Individual unitholders resident in jurisdictions benefiting from a double taxation agreement with the UK will usually not be entitled to claim payment of a tax credit from HM Revenue and Customs in respect of dividend distributions because such agreements generally provide for a deduction from the tax credit, which will effectively eliminate the payable credit. However, no withholding tax is levied on the dividend distribution itself, which will therefore be received by the non-resident unitholder in full. Non-UK resident unitholders should consult their own advisors as to whether they are entitled to a payment in respect of the tax credit, the procedure for claiming it and their liability on the dividends in the jurisdiction in which they are resident.

#### *Capital gains*

Any profits arising to individual unitholders who are resident or ordinarily resident in the UK on the sale, exchange or other disposal of their units are, depending on their personal circumstances, subject to capital gains tax. Since the 6 April 2008 a single rate of capital gains tax of 18% has applied to all chargeable gains in excess of the annual exemption amount for individuals and taper relief is no longer available.

#### **Corporate unitholders**

##### *Distributions*

A UK resident corporate unitholder receiving a dividend distribution is treated as receiving a payment which may consist of two parts, a "franked" portion and an "unfranked" portion. In broad terms, the portion treated as franked will be such proportion as is equal to the proportion of the total income of the Fund (brought into account when determining the distribution for the period in question) which consists of exempt dividend income. The "franked" portion of the payment is treated as dividend income, on which the UK resident corporate unitholder is not chargeable to corporation tax. No reclaim of tax credits can be made in relation to the "franked" portion of a dividend distribution. At present, the "unfranked" portion, which is such proportion as is equal to the proportion of the income of the fund which does not relate to exempt dividend income, is treated as an annual payment from which income tax at 20% has been deducted; it is therefore chargeable to corporation tax at the rate applicable to the UK resident corporate unitholder but with credit for the income tax treated as deducted. The current mainstream rate of corporation tax is 28%. Any repayment of the income tax credit is limited to the corporate unitholder's share of the Fund's liability to corporation tax for the distribution period in question.

Non-UK resident corporate unitholders resident in certain jurisdictions and holding a substantial percentage of the voting power in the Fund may be entitled, on receipt of dividend distributions, to payment of a very small tax credit by HM

Revenue and Customs under an applicable double taxation agreement. In other cases, no tax credit will generally be payable to the non-resident unitholder.

#### *Capital gains*

Any chargeable gains (after taking account of indexation relief) arising to UK resident corporate unitholders on the sale, exchange or other disposal of their units will be subject to corporation tax.

#### **Exempt unitholders**

Exempt unitholders such as pension funds will not generally be subject to United Kingdom taxation on distributions received from the Fund. Furthermore, any capital gains derived from the sale, exchange or other disposal of units held by such unitholders will not generally be subject to tax.

#### **Equalisation**

Distributions paid to unitholders in respect of the accounting period in which they take out their investment are equal in amount to the distributions paid to existing unitholders. However part of the distribution is received as equalisation. This amount is not taxable as income. It represents a return of part of the original cost of the units and is deducted from their cost for the purpose of calculating the profit or loss arising on any disposal of the units.

#### **Stamp duty reserve tax and stamp duty land tax**

##### **Stamp duty reserve tax**

Stamp duty reserve tax ("SDRT") arises on the surrender or transfer of units. The charge is 0.5% of the value of surrenders and transfers in the Fund in each weekly charging period reduced proportionately to the extent that during that week and the following week:

- the investments held by the Fund are exempt assets, which are, broadly, any assets other than United Kingdom Property and United Kingdom equities; and
- purchases of units are less by number than surrenders of units.

Any SDRT provision payable by the Fund is technically the liability of the Trustee and there are various ways in which it may recover the cost. It may be borne by the Fund or the Manager may charge an SDRT provision increasing the amount paid for units on their acquisition and/or decreasing the amount received on redemption.

The Manager has decided that any SDRT will normally be borne by the Fund where this will not have a significant effect on performance. However, in cases of exceptionally large deals where the amount of the SDRT provision is likely to have a material impact on fund performance, the Manager reserves

the right to charge SDRT to unitholders at the time of dealing. A large deal for this purpose is a deal in respect of units exceeding the sum of £15,000 in value. The likely frequency of the imposition of an SDRT provision will therefore depend on the frequency with which large deals occur.

### Stamp duty land tax

Stamp duty land tax is normally payable on purchases of land in the United Kingdom at rates of up to 4%.

The above is a general summary of current UK Revenue law and practice; changes can occur without warning. It does not describe the taxation treatment of unitholders which are subject to special tax regimes or the detailed taxation treatment of persons resident in jurisdictions other than the United Kingdom. Unitholders are advised to consult their professional advisors as to their tax position.

## Reports and Accounts

The annual accounting period of the Fund ends on 15 May.

The Manager will prepare both a long-form and a short report in respect of both the annual accounting period and the half-yearly accounting period.

The long form annual report of the Fund will be published on or before 15 September and the half yearly long form report will be published on or before 15 January in each year. The report includes the accounts for the Fund for the relevant period. Copies of the most recent annual and half yearly long form reports may be inspected at the registered office of the Manager where also copies may be obtained free of charge.

On or before the dates when the long form reports are published, a copy of the corresponding short report will be sent to holders, on the first named holder in the case of joint holders.

## Voting

### Voting rights

Those persons who are holders of units in the Fund on the "cut off date" will be entitled to receive notice of a particular meeting or adjourned meeting. The cut-off-date is a date selected by the Manager and which is a reasonable time before the notice of the meeting is sent out. Persons who are entitled to attend a meeting will receive not less than 14 days' written notification by post.

In order to be able to vote at a meeting, a person must be entered in the register at the time determined by the Manager and specified in the notice of the relevant meeting (which must be not more than 48 hours before the meeting).

The quorum at a meeting of holders is two unitholders present in person or by proxy or (in the case of a corporation) by a duly authorised representative. If a quorum is not present within a reasonable time after the time appointed for the meeting will (if convened on the requisition of unitholders) be dissolved and in any other case will be adjourned to such day and time not being less than seven days thereafter. If at such adjourned meeting a quorum is not present within a reasonable time after the time appointed for the adjourned meeting, one person entitled to count in a quorum will be a quorum.

At a meeting of unitholders, on a show of hands every holder who (being an individual) is present in person or (if a corporation) is present by a properly authorised representative, has one vote. On a poll votes may be given either personally or by proxy or in the case of a body corporate by a properly authorised representative. The voting rights attached to a unit are such proportion of the total voting rights attached to all units in issue as the price of the unit bears to the aggregate price of all units in issue on the cut-off date. A holder entitled to more than one vote need not, if he votes, use all his or her votes or cast all the votes he uses in the same way.

A vote will be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the chairman, by the Trustee or by two or more unitholders.

An extraordinary resolution requires 75% of votes cast at a meeting.

An instrument appointing a proxy may be in any usual or common form or in any other form approved by the Trustee. It should be in writing under the hand of the appointor or his or her attorney or, if the appointor is a corporation, either under the common seal or under the hand of a duly authorised officer or attorney. A person appointed to act as a proxy need not be a holder.

A corporation, being a holder, may by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of holders and the person so authorised is entitled to exercise the same powers on behalf of the corporation which he represents as the corporation could exercise if it were an individual holder.

In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority is determined by the order in which the names stand in the register of holders.

The Manager is entitled to attend any meeting but, except in relation to third party units, is not entitled to vote or be counted in the quorum and any units it holds are treated as not being in

issue for the purpose of such meeting. An associate of the Manager is entitled to attend any meeting and may be counted in the quorum, but may not vote except in relation to third party units. For this purpose, "third party units" are units held on behalf of or jointly with a person who, if himself the registered unitholder, would be entitled to vote, and from whom the Manager or the associate (as relevant) has received voting instructions.

### Powers of a unitholders' meeting

The Fund's Trust Deed and the COLL Sourcebook empower the unitholders in general meeting to sanction or require various steps (usually subject to FSA approval), including (among other things):

- changes to certain provisions of the Fund's Trust Deed and this Prospectus, and
- the removal of the Manager.

In certain cases (for example, the approval of changes to the investment objectives of a Fund) an extraordinary resolution, i.e. a resolution notified and proposed as such and passed by a majority of not less than three-quarters of the votes validly cast, is required.

Other provisions of the Fund's Trust Deed and this Prospectus may be changed by the Manager without the sanction of a unitholders' meeting in accordance with the COLL Sourcebook.

## Investment and Borrowing Powers

Except as provided below, but subject to the applicable restrictions in the COLL Sourcebook and to the Fund's stated investment objective and policy, the Manager may exercise in respect of the Fund the full authority and powers permitted by the COLL Sourcebook for an authorised unit trust belonging to the "non-UCITS retail scheme" category.

### General

Except where the COLL Sourcebook permits otherwise, but subject at all times to this Prospectus and/or the Fund's Trust Deed, the assets of the Fund may consist of Property, transferable securities, money-market instruments, units in collective investment schemes, derivatives, forward transactions and deposits.

Property: the Fund may invest up to 100% in value of its assets in Property situated in the countries listed in Appendix I.

If situated in England and Wales or Northern Ireland, the Property must be a freehold or leasehold interest and if situated in Scotland, the Property must comprise an interest or estate in or over land or comprise a heritable right including a long lease,

or if situated elsewhere, be equivalent to any of the interests mentioned in this paragraph.

The Manager must take reasonable care to determine that the title to the Property is a good marketable title.

The Manager must either:

- (a) have received a report from an appropriate valuer which contains a valuation of the Property (with and without any relevant subsisting mortgage) and which states that in the appropriate valuer's opinion the Property would, if acquired by the Fund, be capable of being disposed of reasonably quickly at that valuer's valuation; or
- (b) have received a report from an appropriate valuer stating that the Property is adjacent to, or in the vicinity of another Property included in the Fund or is another legal interest permitted by the FSA Handbook in a Property which is already included in the assets of the Fund, and that in the opinion of the appropriate valuer, the total value of both Properties would at least equal the sum of the price payable for the Property and the existing value of the other Property.

A Property must be bought or be agreed by enforceable contract to be bought within six months after receipt of the report of the appropriate valuer. A Property must not be bought, if it is apparent to the Manager that the report of the appropriate valuer could no longer reasonably be relied on. A Property must not be bought at more than 105% of the valuation for the relevant Property in the report of the appropriate valuer.

Any furniture, fittings or other contents of any building may be regarded as part of the relevant Property.

An appropriate valuer must be a person who:

- (a) has knowledge of and experience in the valuation of Property of the relevant kind in the relevant area;
- (b) is qualified to be a standing independent valuer or be considered by the Fund's standing independent valuer or be considered by the Fund's standing independent valuer to hold an equivalent qualification;
- (c) is independent of the Manager and the Trustee; and
- (d) has not engaged himself or any of his associates in relation to the finding of the Property for the Fund or the finding of the Fund for the Property.

Not more than 15% in value of the Fund's assets may consist of any one Property. The figure of 15% may be increased to 25% once the Property has been included in the Fund's assets.

The income receivable from any one group of companies in any accounting period must not be attributable to Property comprising more than 25% of the value of the Fund's assets or, in the case of a government or public body more than 35% of the value of the Fund's assets.

Not more than 20% in value of the Fund's assets may consist of mortgaged Property and the maximum mortgage on any one Property must not exceed 100% of the value in the appropriate valuer's report. No more than 20% of the value of the assets of the Fund is to consist of the aggregate of mortgages on Property, any borrowing by the Fund and any transferable securities which are not approved securities.

Not more than 50% in value of the Fund's assets is to consist of Property which are unoccupied and non-income producing or in the course of substantial development, redevelopment or refurbishment.

No option may be granted to a third party to buy any Property comprised in the Fund's assets unless the value of the relevant Property does not exceed 20% of the value of the Fund's assets together with, where appropriate, the value of investments in unregulated collective investment schemes and any transferable securities which are not approved securities.

The Manager may undertake, where appropriate, Property development and the funding of such development to the extent permitted by COLL.

Transferable securities and money-market instruments: up to 20% in value of the assets of the Fund may consist of transferable securities which are not:

- (i) "approved securities" (the relevant limit being considered in aggregate together with the value of assets of the Fund which consists of units in unregulated collective investment schemes); or
- (ii) liquid money-market instruments whose value can be determined accurately at any time.

Up to 10% in value of the assets of the Fund may consist of transferable securities and money-market instruments issued by any single body. This rule does not apply for government and public securities.

There is no limit on the value of the assets of a Fund which may consist of transferable securities which are approved securities. A transferable security is an approved security if it is:

- (a) admitted to official listing in a member State of the EEA;  
or

- (b) traded on or under the rules of an eligible securities market (otherwise than by virtue of the specific permission of the market authority).

Transferable securities and money-market instruments which form part of the assets of the Fund must be admitted to, or dealt in/on an eligible market. An eligible market consists of:

- (c) a regulated market (as defined in the COLL Sourcebook);
- (d) a market in an EEA State which is regulated, operates regularly and is open to the public; or
- (e) any market on the lists in Appendix I.

Collective investment schemes: up to 15% in value of the assets of the Fund may consist of units in other regulated or unregulated collective investment schemes, subject to the COLL Sourcebook.

The Fund shall not invest in units in a collective investment scheme ("second scheme") unless that second scheme:

- (a) satisfies the conditions necessary for it to enjoy the rights conferred by the UCITS Directive (as defined in the FSA Handbook); or
- (b) is a "non-UCITS retail scheme" (as defined in the FSA Handbook); or
- (c) is a scheme recognised pursuant to Sections 264, 270 or 272 of the Financial Services and Markets Act 2000; or
- (d) is constituted outside the UK and the investment and borrowing powers of which are the same or more restrictive than those of a non-UCITS retail scheme; or
- (e) is a scheme not falling within (a) to (d) and in respect of which no more than 15% in value of the Fund's assets is invested.

Furthermore, the second scheme must:

- (a) operate on the principle of prudent spread of risk; and
- (b) be prohibited from having more than 15% in value of the property of that scheme consisting of units in collective investment schemes,

and the participants in the second scheme must be entitled to have their units redeemed in accordance with the scheme at a price:

- (i) related to the net value of the assets to which the units related; and

(ii) determined in accordance with the scheme.

Investment may be made in schemes which are managed or operated by (or in the case of a UK open-ended investment company, have as its authorised corporate director) the Manager or an associate (as defined in the COLL Sourcebook) of the Manager. Where this happens the COLL Sourcebook imposes a duty on the Manager to pay into the assets of the Fund before the close of business on the fourth business day next after the agreement to buy or to sell units:

■ *on investment*

if the Manager pays more for the units issued to it than the then prevailing creation price, the full amount of the difference; or

if this is not known, the maximum permitted amount of any charge which may be made by the issuer on the issue of the units; and

■ *on disposal*

any amount charged by the issuer on redemption of units.

Note that this duty does not apply to other charges and, if the Fund were to invest in any such scheme, the Manager or an associate of the Manager would benefit therefrom.

Government and public securities: generally, up to 35% in value of the assets of the Fund may be invested in government and public securities issued by the same body. However, this limit may be exceeded (up to 100%) in respect of such securities if they are issued by any of the following states or bodies:

Australia	Portugal
Austria	Spain
Belgium	Sweden
Canada	Switzerland
Denmark	United Kingdom
Finland	United States
France	International Organisations
Germany	Asian Development Bank (ADB)
Greece	Council of Europe Development Bank
Iceland	Deutsche Ausgleichsbank (DTA)
Ireland	Eurotima
Italy	European Bank for Reconstruction
Japan	and Development (EBRD)
Liechtenstein	International Finance Corporation (IFC)
Luxembourg	Kreditanstalt Für Wiederaufbau (KfW)
Netherlands	Nordic Investment Bank (NIB)
New Zealand	
Northern Ireland	
Norway	

Underwriting: subject to the provisions of the COLL Sourcebook, including as to covering the exposure, a Fund's powers to invest in transferable securities may be used for the purpose of entering into underwriting, sub-underwriting and placing agreements in respect of certain transferable securities.

Warrants: up to 5% of the value of the assets of the Fund may consist of warrants. However, warrants only fall within the Fund's powers of investment if, on the assumption that the right conferred by the warrant will be exercised (whether or not it is intended that it will be), the right to subscribe could be exercised without contravening the COLL Sourcebook.

Nil or partly paid securities: transferable securities or money-market instruments on which any sum is unpaid fall within the Fund's powers of investment only if it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the Fund, at the time when payment is required, without contravening the COLL Sourcebook.

Deposits: up to 20% in value of the assets of the Fund may consist of deposits with a single body that is an approved bank if the deposit is repayable on demand or has the right to be withdrawn, and matures in 12 months or less.

Cash and near cash: the Manager may at its discretion, and as considered appropriate, retain liquid funds in the Fund at any time pending suitable investment opportunities. This cash may be held to enable the pursuit of the Fund's objectives, the redemption of units, efficient management of the Fund in accordance with its objectives, or any other purposes which may reasonably be regarded as ancillary to the objectives of the Fund.

Cash forming part of the assets of the Fund or standing to the credit of the distribution account may be placed in any current, deposit or loan account with the Trustee, the Manager or any investment advisor or any associate of any of them provided it is an eligible institution and the arrangements are at least as favourable to the Fund concerned as would be those of any comparable arrangements effected on normal commercial terms negotiated at arm's length between two independent parties.

Borrowing: subject to the COLL Sourcebook, the Trustee may borrow money for the use of the Fund. Such borrowing may only be made from an eligible institution or an approved bank and may be on a temporary or a permanent basis. The borrowing of a Fund must not, on any business day, exceed 10% of the value of the assets of the Fund.

The above provisions on borrowing do not apply to "back to back" borrowing, which is an arrangement under which an amount of currency is borrowed from an eligible institution or an approved bank and an amount in another currency at least

equal to the amount of currency borrowed is kept on deposit with the lender (or his agent or nominee).

Borrowings may be made from the Trustee, the Manager, the directors or any investment advisor or any associate of any of them provided it is an eligible institution or an approved bank and the arrangements are at least as favourable to the Fund concerned as would be those of any comparable arrangements effected on normal commercial terms negotiated at arm's length between two independent parties.

Efficient portfolio management: means the use of techniques and instruments which relate to transferable securities and approved money-market instruments and which fulfill the following criteria:

- (a) they are economically appropriate in that they are realised in a cost effective way; and
- (b) they are entered into for one or more of the following specific aims:
  - reduction of risk;
  - reduction of cost;
  - generation of additional capital or income for the scheme with a risk level which is consistent with the risk profile of the scheme and the risk diversification rules laid down in COLL.

The Fund may use its assets to enter into transactions for the purposes of efficient portfolio management. The use of derivatives for efficient portfolio management is not intended to increase the risk profile of the Fund.

Efficient portfolio management may not include speculative transactions.

Stocklending: The Fund has power to engage in stocklending in the manner permitted by, and subject to the requirements of, the COLL Sourcebook. The power may be exercised when it reasonably appears to the Manager to be appropriate to do so with a view to generating additional income for a Fund with an acceptable degree of risk, and on the approval of the Trustee and on terms agreed with the Trustee. There is no limitation on the value of the assets of a Fund that may be the subject of permitted stocklending transactions.

## Winding Up of the Fund

### Winding up the Fund

The Fund is to be wound up if:

- the order declaring the Fund to be an authorised unit trust scheme is revoked; or
- in response to a request to the FSA by the Manager or the Trustee for the revocation of the order declaring the Fund to be an authorised unit trust scheme, the FSA has agreed (albeit subject to there being no material change in any relevant factor) that, on the conclusion of the winding up of the Fund, the FSA will accede to that request; or
- an extraordinary resolution winding up the Fund is passed, provided the FSA's prior consent to the resolution has been obtained by the Manager or Trustee; or
- an approved scheme of amalgamation or reconstruction becomes effective pursuant to the COLL Sourcebook; or
- the expiration of any period specified in the Trust Deed as the period at the end of which the Fund is to be wound up.

On a winding up (otherwise than in accordance with an approved scheme of amalgamation or reconstruction) the Trustee is required as soon as practicable after the Fund falls to be wound up, to realise the assets of the Fund and, after paying thereout or retaining adequate provision for all liabilities payable and for the costs of the winding up, to distribute the proceeds of that realisation to the unitholders and the Manager proportionately to their respective interests in the Fund. The Trustee may, in certain circumstances (and with the agreement of the affected unitholders), distribute assets of the Fund (rather than the proceeds on the realisation of those assets) to unitholders on a winding-up after making adjustments or retaining provisions as appears appropriate or ensuring that unitholders bear a proportionate share of such costs.

Any unclaimed net proceeds or other cash (including unclaimed distribution payments) held by the Trustee after the expiration of twelve months from the date on which the same became payable is to be paid by the Trustee into court subject to the Trustee having a right to retain thereout any expenses incurred in making the payment into court.

If the Fund is to be wound up in accordance with an approved scheme of amalgamation or reconstruction, the Trustee is required to wind up the Fund in accordance with the resolution of unitholders approving such scheme. Distributions will only be made to unitholders entered on the register. Any net proceeds or cash (including unclaimed distribution payments) held by the Trustee which have not been claimed after 12 months will be paid into court, after the deduction by the Trustee of any expenses it may incur.

On completion of a winding up, the Trustee will notify the FSA in writing of that fact and the Trustee or Manager shall request the FSA to revoke the order or authorisation.

## Other Information

### Delegation

The Manager and, subject to exceptions specified in the COLL Sourcebook, the Trustee may retain (or arrange for the Fund to retain) the services of other persons to assist them in the performance of their respective functions and, in relation to certain functions, the Manager or the Trustee (as applicable) will not be liable for the actions of the persons so appointed provided certain provisions of the COLL Sourcebook apply.

### Conflicts of interest

The Trustee, the Manager or any associate of them may (subject to the COLL Sourcebook) hold money on deposit from, lend money to, or engage in stocklending transactions in relation to the Fund, so long as the services concerned are provided on arm's length terms (as set out in the COLL Sourcebook) and in the case of holding money on deposit or lending money the Trustee, Manager or any associate of them is an eligible institution or an approved bank.

The Trustee, the Manager, or any associate of any of them may sell or deal in the sale of assets to the Fund or purchase assets from the Fund provided the applicable provisions of the COLL Sourcebook apply and are observed.

Subject to compliance with the COLL Sourcebook the Manager may be party to or interested in any contract, arrangement or transaction in which the Fund is interested.

The Trustee, the Manager, or any associate of any of them will not be liable to account to the Fund or any other person, including the holders of units or any of them, for any profit or benefit made or derived from or in connection with:

- (a) their acting as agent for the Manager in the sale or purchase of assets to or from the Fund; or
- (b) their part in any transaction or the supply of services permitted by the COLL Sourcebook; or
- (c) their dealing in assets equivalent to any owned by (or dealt in for the account of) the Fund.

When managing investments of the Fund, the Manager will not be obliged to make use of information which in doing so would be a breach of duty of confidence to any other person or which comes to the notice of an employee or agent of the Manager but properly does not come to the notice of an individual managing the assets of the Fund.

### General

Unless otherwise expressly provided, terms used in this Prospectus have the same meanings as used in the COLL Sourcebook.

Any complaint should be referred to the Manager at its head office. If a complaint cannot be resolved satisfactorily with the Manager it may be referred to the Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall, London, E14 9SR.

All documents and remittances are sent at the risk of the unitholder.

A notice of an applicant's right to cancel the agreement to purchase units will be forwarded, where this is required by rules made under the Financial Services and Markets Act 2000.

An applicant who is entitled to cancel and does so will not get a full refund of the money paid by him if the purchase price of the units falls before the cancellation notice is received by the Registrar (on behalf of the Manager), because an amount equal to such fall (the "shortfall") will be deducted from the refund he would otherwise receive. Where the purchase price has not yet been paid the applicant will be required to pay the amount of the shortfall to the Manager. The deduction does not apply where the applicants' service of the notice of the cancellation notice precedes the purchase of the units. Cancellation rights must be exercised by posting a cancellation notice to the Registrar (on behalf of the Manager) on or before the 14th day after the date on which the Applicant receives the Notice of the Right to Cancel.

The address for service on the Fund of notices or other documents required or authorised to be served on it is 60 St Mary Axe, London EC3A 8JQ.

In the event that the Manager is required to give notice to unitholders for any reason, or otherwise chooses to do so, such notice will normally be given in writing. Alternatively, and to the extent permitted by the FSA Handbook, notice to unitholders may be made by way of publishing the information on [www.threadneedle.com](http://www.threadneedle.com), or by including the information in a mailing to the unitholders such as the Fund's annual report and accounts. Any document served on unitholders by the Manager will be served to the current address of the unitholder with reference to the records of the Manager, or in the case of joint unitholders to the address of the first named unitholder.

Copies of this Prospectus may be inspected at, and obtained free of charge from, the Manager at 60 St Mary Axe, London, EC3A 8JQ during ordinary office hours.

Copies of the Trust Deed and any amendments thereto may be inspected and copies obtained from the Manager, at 60 St Mary Axe, London, EC3A 8JQ and the Trustee at 125 London Wall, London, EC2Y 5AJ during ordinary office hours - a fee may be charged for copies of the Trust Deed.

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This Prospectus describes the constitution and operation of the Fund at the date of issue of this Prospectus. In the event of any materially significant change in the matters stated herein or any materially significant new matter arising which ought to be stated herein this Prospectus will be revised. Investors should check with the Manager that this is the latest version and that there have been no revisions or updates.

*Issued by Threadneedle Investment Services Limited,  
authorised and regulated by the Financial Services Authority.*

*Telephone calls may be recorded for security purposes and  
may be monitored. Threadneedle Investments is a brand name,  
and both the Threadneedle name and logo are trademarks of  
the Threadneedle group of companies.*

## Appendix I

### Countries in which the fund may invest in property

Subject to its investment objectives and policy and the restrictions, the Fund may invest in Property in the following countries:

Austria	Latvia
Belgium	Liechtenstein
Cyprus	Lithuania
Czech Republic	Luxembourg
Denmark	Malta
Estonia	Netherlands
Finland	Norway
France	Poland
Germany	Portugal
Greece	Slovak Republic
Hungary	Slovenia
Iceland	Spain
Ireland	Sweden
Italy	Switzerland
	United Kingdom

### Eligible Securities Markets

Subject to its investment objectives and policy, the Fund may deal through securities markets established in member States of the European Economic Area on which transferable securities admitted to official listing in the member State are dealt in or traded.

Set out below are the additional securities markets through which the Manager may invest or deal for the account of this Fund (subject to the Fund's respective investment objective and policy) when dealing in approved securities.

<b>Australia</b>	The Australian Stock Exchange Ltd
<b>Canada</b>	The Montreal Stock Exchange, The Toronto Stock Exchange and The Canadian Ventures Exchange (CDN X)
<b>Hong Kong</b>	The Hong Kong Exchanges
<b>Japan</b>	The Tokyo Stock Exchange, The Osaka Securities Exchange, The Nagoya Stock Exchange, NASDAQ Japan, The Sapporo Stock Exchange, JASDAQ OTC
<b>Mexico</b>	The Mexican Stock Exchange
<b>Norway</b>	Oslo Stock Exchange
<b>Singapore</b>	The Singapore Exchange
<b>South Africa</b>	The JSE Securities Exchange
<b>Switzerland</b>	The SWX Swiss Exchange, International Securities Market Association
<b>Thailand</b>	The Stock Exchange of Thailand (SET)
<b>USA</b>	The New York Stock Exchange, The American Stock Exchange, The Chicago Stock Exchange, NASDAQ

### Eligible Derivatives Markets

Subject to its investment objectives and policy, the Fund's investments may be dealt in or traded on derivatives markets established in member States of the European Economic Area on which transferable securities admitted to official listing in the member State are dealt in or traded.

Set out below are the additional derivatives markets through which the Fund's investments may be dealt in or traded on (subject to the Fund's respective investment objective and policy) when dealing in approved securities.

American Stock Exchange, Australian Stock Exchange, Chicago Board of Trade, Chicago Board Options Exchange, Chicago Mercantile Exchange, Hong Kong Exchanges, JSE Securities Exchange, Kansas City Board of Trade, Korea Stock Exchange, OMLX, MEFF Renta Fija, MEFF Renta Variable, Montreal Stock Exchange, New York Futures Exchange, New York Mercantile Exchange, New York Stock Exchange, New Zealand Futures and Options Exchange, OM Stockholm AB, Osaka Securities Exchange, Pacific Stock Exchange, Philadelphia Board of Trade, Philadelphia Stock Exchange, Singapore Exchange, South Africa Futures Exchange (SAFEX), Sydney Futures Exchange, Tokyo Stock Exchange, Toronto Futures Exchange and Toronto Stock Exchange.

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## Appendix II

The Manager also acts as authorised corporate director of Threadneedle Investment Funds ICVC, Threadneedle Specialist Investment Funds ICVC, Threadneedle Focus Investment Funds ICVC, Threadneedle Portfolio Advantage Funds ICVC and as a manager in respect of the following authorised unit trusts:

Threadneedle Global Equity Fund

Threadneedle Global Equity and Bond Fund

Threadneedle Equity and Bond Fund

Threadneedle Defensive Equity and Bond Fund

Threadneedle Defensive Fund

Threadneedle Managed Income Fund.

## Appendix III

The value of the property of the Fund shall be the value of its assets less the value of its liabilities determined (subject to the COLL Sourcebook) in accordance with the following provisions.

1. All the property of the Fund (including receivables) is to be included, subject to the following provisions.
2. Immovable property shall be valued as follows:
  - (a) Real property held by the Fund shall be valued by the Standing Independent Valuer, appointed by the Manager with the approval of the Trustee, on the basis of a full valuation with a physical inspection at least once a year.
  - (b) Any inspection of adjacent properties of a similar nature may be limited to that of one such representative property.
  - (c) The Standing Independent Valuer shall also value each immovable on the basis of a review of the last full valuation at least once a month. The figure arrived at using that valuation shall be used as part of the valuation for the entire Fund calculated on each Dealing Day for the next month.
  - (d) If either the Manager or the Trustee becomes aware of any matter that appears likely to affect the outcome of a valuation of real property or to cause the Standing Independent Valuer to decide to value on the basis of a full valuation with full inspection instead of a review of the last full valuation, it will immediately inform the Standing Independent Valuer of that matter. The Manager will also use its best endeavours to ensure that any other affected person (as defined in the FSA Handbook) reports to the Standing Independent Valuer immediately upon that person becoming aware of any such matter.
  - (e) Any valuation of an immovable by the Standing Independent Valuer must be on the basis prescribed as an "open market value" in Practice Statement 3 in the Statements of Asset Valuation Practice and Guidance Notes published by the Royal Institution of Chartered Surveyors, but subject to the FSA Handbook.
  - (f) Where the Standing Independent Valuer is acting as a connected party to a purchase transaction carried out by the Fund, the Fund will appoint an alternative Standing Independent Valuer for that transaction only.
  - (g) An agreement to transfer real property or an interest in real property will be disregarded for the purpose of the valuation unless it reasonably appears to the Manager to be legally enforceable.
3. Property which is not cash (or other assets dealt with in paragraph 4 below) or a contingent liability transaction shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:
  - (a) units or shares in a collective investment scheme:
    - (i) if a single price for buying and selling units or shares is quoted, at that price; or
    - (ii) if separate buying and selling prices are quoted, at the average of the two prices provided the buying price has been reduced by any initial charge included therein and the selling price has been increased by any exit or redemption charge attributable thereto; or
    - (iii) if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a value which, in the opinion of the Manager, is fair and reasonable;
  - (b) any other transferable security:
    - (i) if a single price for buying and selling the security is quoted, at that price; or
    - (ii) if separate buying and selling prices are quoted, at the average of the two prices; or
    - (iii) if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if no price exists, at a value which, in the opinion of the Manager, is fair and reasonable;
  - (c) property other than that described in (a) and (b) above:
 

at a value which, in the opinion of the Manager, represents a fair and reasonable mid-market price.
4. Cash and amounts held in current and deposit accounts and in other time-related deposits shall be valued at their nominal values.
5. Property which is a contingent liability transaction shall be treated as follows:
  - (a) if a written option, (and the premium for writing the option has become part of the Fund property), deduct the amount of the net valuation of premium receivable. If the property is an off-exchange derivative the method of valuation shall be agreed between the Manager and the Trustee;

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- (b) if an off-exchange future, include at the net value of closing out in accordance with a valuation method agreed between the Manager and the Trustee;
- (c) if any other form of contingent liability transaction, include at the net value of margin on closing out (whether as a positive or negative value). If the property is an off exchange derivative, the method of valuation shall be agreed between the Manager and the Trustee.
6. In determining the value of the Fund property, all instructions given to issue or cancel units shall be assumed to have been carried out (and any cash paid or received) whether or not this is the case.
7. Subject to paragraph 2 above and paragraphs 8 and 9 below, agreements for the unconditional sale or purchase of property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and, in the opinion of the Manager, their omission shall not materially affect the final net asset amount.
8. Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph 7.
9. All agreements are to be included under paragraph 6 which are, or ought reasonably to have been, known to the person valuing the property.
10. Deduct an estimated amount for anticipated tax liabilities at that point in time including (as applicable and without limitation) capital gains tax, income tax, corporation tax and advance corporation tax, value added tax, stamp duty and stamp duty reserve tax.
11. Deduct an estimated amount for any liabilities payable out of the property of the Fund and any tax thereon treating periodic items as accruing from day to day.
12. Deduct the principal amount of any outstanding borrowings whenever payable and any accrued but unpaid interest on borrowings.
13. Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.
14. Add any other credits or amounts due to be paid into the property of the Fund.
15. Add a sum representing any interest or any income accrued due or deemed to have accrued but not received.
16. Currencies or values in currencies other than base currency shall be converted at the relevant valuation point at a rate of exchange that is not likely to result in any material prejudice to the interests of unitholders or potential unitholders.

## Appendix IV

Details of availability of net income and accumulation units are set out below:

	Launch Date	Net Income Units in		Net Accumulation Units in	
		Class 1	Class 2	Class 1	Class 2
<b>Threadneedle UK Property Trust</b>	February 2007	√	√	√	√

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**Important Information**

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