

Property funds update as at 15/12/16

In July financial news headlines were dominated with actions taken by property fund managers to help protect the interests of their investors.

A number of fund groups decided to suspend trading on their commercial property funds, while others introduced charges for investors making withdrawals to cover the costs of potentially having to sell underlying properties.

These actions resulted in some investors being unable to transfer their money in or out, experiencing delays or incurring additional costs if they wanted to transfer money out.

However, in the last couple of months, most fund groups have announced that they're lifting these suspensions and removing any additional charges they've also applied. As a result, we've also lifted the delay periods (also known as a deferral period) that we put in place on our corresponding insured (life and pension) funds.

Which funds have lifted their suspensions or delay periods?

Insured (pension and life) funds

- ▶ SL M&G Property Portfolio Pension Fund – delay period lifted on 4 November
- ▶ SL M&G Property Portfolio Life Fund – delay period lifted on 4 November
- ▶ SL SLI UK Real Estate Pension Fund – delay period lifted on 17 October
- ▶ SL SLI UK Real Estate Life Fund – delay period lifted on 17 October
- ▶ SL Intl SLI UK Real Estate Fund – delay period lifted on 17 October
- ▶ SL Henderson UK Property Pension Fund – delay period lifted on 14 October
- ▶ SL Henderson UK Property Life Fund – delay period lifted on 14 October

Mutual funds

- ▶ Aviva Investors Property Trust – suspension lifted on 15 December
- ▶ M&G Property Portfolio – suspension lifted on 4 November
- ▶ Standard Life Investments UK Real Estate Fund – suspension lifted on 17 October
- ▶ Henderson UK Property Fund – suspension lifted on 14 October
- ▶ Threadneedle UK Property Fund – suspension lifted on 26 September

Which funds still have a suspension or delay period?

Insured (pension and life) fund

- ▶ SL Aviva Investors Property Pension Fund – delay period

Why are these suspensions and delay periods now being lifted?

Suspensions and delay periods were put in place to protect the interests of investors in some property funds.

Property funds invest mainly in physical assets, such as office blocks, shopping centres, retail parks and land. In much the same way as selling residential property can take time, it can take time to sell commercial property. It's important that the fund manager achieves the best price for a property and therefore the best deal for investors in the fund. When an unusually large number of investors want to make withdrawals from property funds at the same time, this reduces the ability of the managers to act in the best interests of investors as it could mean that in order to meet withdrawal requests, they're forced to sell properties at less favourable prices.

Suspending trading or delaying withdrawals allows managers to sell properties in a controlled way so that they can get the best deal for investors who wish to withdraw their money and those who wish to stay in the fund.

Most fund groups are now comfortable that they've raised sufficient money from property sales to meet future withdrawals, so have decided to lift all restrictions on trading in their property funds. Aviva Investors is continuing to monitor the AIPL Property Pension Fund, which the SL Aviva Investors Property Pension Fund primarily invests in, and will lift restrictions when it believes it's in the best interests of investors to do so.

What next?

We'll let customers know when the delay period on the SL Aviva Investors Property Pension Fund is lifted.

For more information on our insured pension and life funds, see **Fund news and updates**.



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