

Which funds are affected?

- Standard Life Investments UK Real Estate Fund (PAIF and Feeder Funds)
- SL SLI UK Real Estate Pension Fund (fund code: 2R)
- SL SLI UK Real Estate Life Fund (fund code: RY)
- SL Intl SLI UK Real Estate Fund (fund code: N3)

What's happened?

Standard Life Investments has announced that it has suspended trading in its UK Real Estate Fund from 12 noon on 4 July 2016.

As the SL SLI UK Real Estate Pension and Life Funds, and the SL Intl SLI UK Real Estate Fund primarily invest in this fund, we're also suspending trading on our funds from 5 July 2016.

Why is this happening?

The Standard Life Investments UK Real Estate Fund invests in direct commercial properties across a number of sectors, including office, retail and industrial. In much the same way as selling residential property can take time, it can take time to sell a large office building or shopping centre. Unless the selling process is controlled, there's a risk that the fund manager won't achieve the best deal for the investors in the fund, including those who plan to remain invested over the medium to long term.

Commercial property has proved a popular asset class in recent years due to strong performance. But recently there's been an increase in withdrawals from property funds in general. Until now, withdrawals from the Standard Life Investments UK Real Estate Fund have been met through the fund's cash reserves.

However, the increased uncertainty about the impact of the EU referendum result on the UK commercial property market has resulted in a rapid increase in withdrawal requests. As a result, Standard Life Investments has decided to suspend dealing within the fund to protect the interests of all investors, and the mix and quality of the existing property portfolio. They'll review the suspension at least every 28 days, and lift it as soon as it's practically possible to do so.

What does this mean for me if I'm invested in one of these funds?*Standard Life Investments UK Real Estate Fund*

If you wish to switch or transfer out of the fund, you won't be able to do so until Standard Life Investments lifts the dealing suspension.

You can continue to make regular payments into the fund as usual. But money will be held in the Client Money Receipts Account and pricing will be delayed until Standard Life Investments lift the fund suspension.

Additional payments won't be accepted until the suspension is lifted.

SL SLI UK Real Estate Pension and Life Funds/SL Intl SLI UK Real Estate Fund

If you want to switch or transfer out of the funds, we'll place your request in a queue and process it as soon as possible once Standard Life Investments has lifted the suspension on its fund. Where we have to delay a switch or transfer, we'll use the fund price on the day the transaction takes place – this price could be very different from the price on the day the request is made.

If your selected retirement date falls during the suspension, you won't be affected and we'll pay your benefits on that date as planned. Similarly, you won't be affected if you're already withdrawing money from your pension (also known as drawdown). In addition, we'll continue to process death claims on pension plans as normal.

We'll continue to accept any regular payments into the funds as usual. But we won't invest them until Standard Life Investments has lifted the suspension on its fund. So you can change your investment instructions for regular payments until the suspension is lifted, if you want.

We won't accept any additional payments into the funds until the suspension is lifted.

What's the outlook for the Standard Life Investments UK Real Estate Fund?

Standard Life Investments believes that its UK Real Estate Fund continues to offer a diverse mix of prime properties, and that its lower risk positioning should be beneficial for performance in times of market uncertainty.

At Standard Life, we believe that many investors will continue to view commercial property as a medium- to long-term investment, and will understand that this suspension will help protect any potential future growth of their investment (although it's important to remember that the value of investments may fall as well as rise).

What happens next?

Standard Life Investments will be writing to customers in its fund to confirm what's happening and how it affects them. We'll do the same for customers in the insured SL SLI UK Real Estate Pension and Life Funds, and the SL Intl SLI UK Real Estate Fund.

We'll also notify customers when the suspension has been lifted.