

Fund to re-open from Monday 17 October 2016

The dealing suspension on the Standard Life Property Fund will be lifted from Monday 17 October 2016. From that date, customers will be able to invest new money into the fund and also withdraw monies from the fund.

We believe the UK property market has stabilised after a period of volatility over the summer months. A controlled and structured asset disposal programme has resulted in an increase in liquidity in the fund. The Market Value Adjustment has also been fully removed with effect from 26 September 2016.

The quality of the properties

The Fund continues to offer investors the opportunity to maintain exposure to a high quality, diversified portfolio of core UK commercial real estate.

The fund currently holds over 100 properties - the following lists some of the key properties and key tenants:

Key property holdings

- Leamington Shopping Park, Leamington Spa
- iO Centre and Tradeway, Sutton
- Monument Mall, Newcastle Upon Tyne
- 45 Church Street, Birmingham
- One Eton Street, Richmond
- 13-14 Curzon Street, London
- The Gateway Retail Park, Beckton London
- Royal Avenue House, London
- Isis Reach, Belvedere London
- 39 Charlotte Street, London

Key tenants include

The UK Government, B&Q, Sainsburys Supermarkets, DSG Retail, Tesco Stores, Office Depot International and Waitrose

Properties in focus



Masthead Industrial Estate, Dartford

- ▶ Multi-let south east industrial asset comprising 7 units
- ▶ New 10 year lease agreed with Matthew James Storage and Removals equating to £8.50 per sq ft, reflecting a c20% uplift in rent from previous tenant
- ▶ Further asset management initiatives underway aimed at capturing rental value growth in supply constrained market



Monument Mall, Newcastle

- ▶ Prime city centre retail block comprising 14 High Street units and two A3 units extending to 127,700 sq ft
- ▶ Asset is now fully let following the signing of a new 10 year lease with Kiosk A
- ▶ Contractual income now in excess of £3.5m per annum

Geographical and sector breakdown

The fund benefits from the depth and breadth of asset exposure across all the major real estate sub-sectors, with an emphasis on prime over secondary quality stock. We therefore firmly believe that the Fund is well positioned for the medium to long term, primarily resulting from property's stable income return.

* Figures correct as at 31 August 2016

Geographical breakdown*	Fund %	Sector breakdown*	Fund %
Rest of SE	46.25	Retail Warehouse	16.22
NW/Scotland	18.10	Industrial - SE	12.27
London	14.58	Std Retail - SE	11.70
Midlands/Wales	12.31	Offices - West End/Mid Town	9.28
Rest of NE	5.28	Offices - Rest of SE	9.17
Rest of SW	3.48	Offices - Rest of UK	9.06
		Industrial - Rest of UK	8.67
		Std Retail - Rest of UK	7.79
		Other	5.38
		Offices - City	5.30
		Shopping Centre	5.16

Protection against Sterling weakness

Typically at least 95% of the non-euro assets are hedged back to euro. This means that Euro denominated investors are largely protected from Sterling weakness against the Euro. Over the last 12 months, Sterling has weakened by approx. 15% against the Euro, so this hedge has been a significant benefit to Irish investors.

Market outlook

During the period of suspension, the UK commercial property market has settled down with better visibility around property valuations. The economic data following the EU referendum in the UK has not been as negative as anticipated, although the heightened uncertainty has had some impact on overall transactional activity and this is likely to continue. The formation of a workable government has helped support the wider economy. In the environment where the economic fundamentals are expected to soften further and with uncertainty remaining above "normal" levels, we expect lower returns from property than has been the case over the last few years. In this environment, the steady secure income component generated by property is likely to be the key driver of returns going forward over the near term.

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