

# Update

## Standard Life Property Fund November 2020

### Fund suspension lifted on 16 November 2020

The suspension on the Standard Life Property Fund was lifted on Monday 16 November 2020. This suspension was introduced due to Aberdeen Standard Investments being unable to get accurate valuations for the properties they hold in this fund. This was due to the significant market uncertainty caused by the initial COVID-19 lockdown in UK.

As more certainty has returned to the UK property market and property valuations, the suspension has been lifted and customers can now resume dealing in this fund.

Below is an overview of the UK property market from the fund manager, Aberdeen Standard Investments (ASI).

### UK property market overview

As the UK and the global economy continue to face an unprecedented economic shock, the crisis will undoubtedly affect the interim cash flows of many areas of the market. We expect the biggest impact to be felt across consumer facing businesses, as investors shy away from properties where there is uncertainty over rent collection and tenant business resilience. We therefore anticipate further capital declines particularly in the retail and leisure sectors and therefore performance to diverge substantially across most segments of the UK property market.

However, the market for **industrial** assets continues to deliver good performance as investment demand drives capital growth. Structural shifts, such as the increase in e-commerce at the expense of traditional bricks and mortar retailing, are expected to continue and consequently likely to maintain demand for industrial assets, particularly urban logistics.

The outlook for **offices** remains hotly debated. There was already a greater emphasis on employees' work-life balance pre-COVID and consequently the adoption of flexible work arrangements among organisations. The COVID pandemic has accelerated this shift in office occupation and we do not expect it to reverse. A greater focus on asset-specific qualities are likely to be critical for future performance and newer properties with the right amenities and good connectivity are likely to outperform older and less competitive stock.

The fund management team continues to focus on income and tenant engagement as businesses continue to adjust to the current environment. The over-arching fund strategy remains unchanged and ASI remain focused on reducing risk within the property portfolio, whilst also targeting an enhanced exposure to liquid assets. ASI will continually review and implement enhancements as appropriate to best protect the interests of our customers and investors as matters evolve.

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