Aegon Property Income Fund suspension of dealing update 27 April 2021

27 April 2021

Following a formal review, the Board of Aegon Asset Management UK plc (formerly known as Kames Capital plc) decided with effect from 27 April, with agreement from the Depositary, that it remains in the best interests of investors to continue the temporary suspension of dealing in the following funds:

- Aegon Property Income Fund
- Aegon Property Income Feeder funds (Accumulation and Income)

The decision has been taken because we believe it is in the best interests of investors to continue suspension activity within our funds.

The following information explains why we have taken this decision, and what we plan to do during this period.

It is important to reiterate that the continued suspension of dealing in the above funds remains a temporary measure and we are fully focused on recommencing dealing as soon as possible. In the meantime, we have implemented a temporarily discount to the annual management charge on the funds of 0.15%, resulting in an annual management charge of 0.60% as of 1 November 2020 until the end of the suspension period.

Why have we suspended dealing?

The decision has been taken because we believe it is in the best interests of investors to continue suspension activity within our funds. The fund will remain suspended until its liquidity position is at an acceptable level for the fund to reopen.

The impact of the Government imposed lockdowns, the economic downturn and uncertainty caused by the Covid-19 pandemic has created exceptional conditions for the UK commercial property market and it has severely restricted the operation of the investment property market. Whilst transaction volumes are lower than previous periods, we have a pipeline of assets in the market for sale to increase our liquidity position. The funds suspended dealing on 16 March 2020 following the introduction of a Material Uncertainty Clause ("MUC") by the fund's Standing Investment Valuer, CBRE for the valuation of the fund's directly held property assets. This MUC has been lifted as at 30 September 2020.

Steps to re-open

It is our intention to lift the funds' suspension when we are satisfied that the fund has sufficient liquidity (having regard to the interests of both remaining investors and those who wish to redeem). The portfolio is currently holding a cash position below our target liquidity level and therefore disposals are in progress to raise the cash position to an acceptable level. Property sales can take time and must be done in an orderly manner to ensure we achieve a reasonable price for our investors and do not compromise the portfolio's characteristics and future performance prospects. We cannot say at this stage how long dealing will remain suspended. We will monitor the market and redemption requests to determine what level of liquidity is required in order for the funds to re-open. It is expected the fund can reopen in Q2 2021.

To ensure we provide you with as much information as possible, we have also prepared a Q&A document, which you can find on our website.

This document is accurate at the time of writing and is subject to change without notification.

Aegon Asset Management UK plc is authorised and regulated by the Financial Conduct Authority. Aegon Asset Management UK plc is the Authorised Corporate Director of the Aegon Property Income Fund and the Authorised Fund Manager of the Aegon Property Income Feeder funds.