

Your investment in the St. James's Place Property funds

In recent days, property fund valuers across the market, including our independent valuer CBRE, have unanimously inserted a 'material valuation uncertainty' clause. In effect, this means they are unable to accurately or fairly value the properties within our funds.

As a result, St. James's Place has taken the decision to suspend all dealing in the range of three property funds. **This decision took effect as of 12pm on 18 March 2020.**

I would like to reassure you that the inability to accurately price property funds is a challenge for the entire property investment sector, rather than St. James's Place funds in isolation. Indeed, a number of other commercial property funds have also suspended in recent days and this decision has been taken in your best interests and to ensure that you receive fair treatment.

At this stage, we do not know when the funds will re-open and it could be an extended period until they do. We will not re-open until we have guidance from CBRE, and by extension the wider property market, that they are able to value assets in the fund accurately. It is therefore important to view this change within the context of a long-term investment horizon.

It is worth emphasising that this decision is not due to volatility in the market, or liquidity and cashflow constraints in the fund, but is driven by the challenges in accurately pricing properties. This suspension in valuations is temporary and there are a number of reasons why the St. James's Place funds, alongside the UK commercial property sector in general, remain an attractive part of a diversified portfolio over the long-term:

- The funds are meeting their objectives to diversify away from equities, dampen volatility and generate income.
- The funds' portfolios are well-diversified, containing high-quality properties with high occupancy levels.
- The St. James's Place property funds possess strong liquidity (13.5% in the Life fund, 17.6% Pension and 23.1% in the Unit Trust). This compares favourably with other property funds.
- The funds also have limited exposure to assets which are likely to be severely affected by the coronavirus (COVID-19) crisis, such as retail, leisure and hotels, with a higher weighting to industrial assets and office blocks.
- Property provides a stable income stream yield, driven by underlying long-term leases, and the income yield remains at an attractive rate.
- The market is not oversupplied and there has been little speculative development for the last 10 years. There is nothing in the current development pipeline to suggest over supply will become a widespread problem in the near-term.
- The funds have a very low vacancy rate with high quality tenants. They are invested in prime quality assets well-placed to capture any rental growth and withstand a period of economic weakness.

The funds invest in assets that may at times be hard to sell. This means that there may be occasions when you experience a delay or receive less than you might otherwise expect when selling your investment. For more information on risks, see the prospectus and key investor information document.

Please do get in touch if you have any queries and I would be happy to assist you.

Yours sincerely

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The value of an investment with St. James's Place will be directly linked to the performance of the funds selected and may fall as well as rise. You may get back less than the amount invested.