

**AEGON ASSET MANAGEMENT UK  
INVESTMENT PORTFOLIOS ICVC**

**Prospectus**

**31 July 2023**

Prospectus of

## **AEGON ASSET MANAGEMENT UK INVESTMENT PORTFOLIOS ICVC**

(an investment company with variable capital incorporated with limited liability and registered by the Financial Conduct Authority under registered number IC000988 and with PRN 606849)

**IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS PROSPECTUS, YOU SHOULD CONSULT YOUR FINANCIAL ADVISER.**

Aegon Asset Management UK plc, the authorised corporate director and alternative investment fund manager of the Company, is the person responsible for the information contained in this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained herein does not contain any untrue or misleading statement or omit any matters required by COLL and FUND to be included in it. Aegon Asset Management UK plc accepts responsibility accordingly.

**Please note that the Aegon PAIF (defined below) is in the process of being terminated and is no longer available for new investment.**

Copies of this Prospectus have been sent to the Financial Conduct Authority and the Depositary. Except for the information about itself as Depositary, the Depositary is not a person responsible for the information contained in this Prospectus and accordingly does not accept any responsibility for such information under COLL and FUND or otherwise.

No person has been authorised by the Company to give any information or to make any representations in connection with the offering of Shares other than those contained in the Prospectus or any NURS-KII document prepared by the ACD and, if given or made, such information or representations must not be relied on as having been made by the Company. The delivery of this Prospectus (whether or not accompanied by any reports) or the issue of Shares shall not, under any circumstances, create any implication that the affairs of the Company have not changed since the date hereof.

This Prospectus has been prepared solely for, and is being made available to investors for the purposes of evaluating an investment in Shares in the Sub-Funds. Investors should only consider investing in the Sub-Funds if they understand the risks involved including the risk of losing all capital invested.

The distribution of this Prospectus and the offering of Shares in certain jurisdictions may be restricted. Persons into whose possession this Prospectus comes are required by the Company to inform themselves about and to observe any such restrictions. This Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

The Shares in the Company which are described in this Prospectus have not been and will not be registered under the United States Securities Act of 1933, the United States Investment Company Act of 1940 or the securities laws of any of the states of the United States of America and may not be directly or indirectly offered or sold in the United States of America to or for the account or benefit of any U.S. Person, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the United States Securities Act of 1933, the United States Investment Company Act of 1940 and similar requirements of such state securities laws.

Neither the Company nor any of the Sub-Funds have been or will be registered under the United States Investment Company Act of 1940, as amended.

**Investment in Shares by or on behalf of US Persons is not permitted.**

In order to comply with legislation implementing UK obligations under intergovernmental agreements relating to the automatic exchange of information to improve international tax compliance (including United States FATCA) the Company will collect and report information about Shareholders to include information to verify identity and tax status.

When requested to do so by the Company or its agent, Shareholders must provide information to be passed on to HM Revenue & Customs and to any relevant overseas tax authorities.

The extent to which the ACD is able to report to HM Revenue & Customs will depend on each affected Shareholder providing the ACD or its delegate with any information that the ACD determines is necessary to satisfy such obligations.

By signing the application form to subscribe for Shares, each affected Shareholder is agreeing to provide such information upon request from the ACD or its delegate. The ACD may exercise its right to completely redeem the holding of an affected Shareholder (at any time upon any or no notice) if he fails to provide the ACD with the information the ACD requests to satisfy its obligations relating to the automatic exchange of information to improve international tax compliance (including United States FATCA) and will be required to report the Shareholder to HM Revenue and Customs

Distribution of this Prospectus in certain jurisdictions will require that this Prospectus be translated into the official language of those jurisdictions. Where such translation is required, the translated version of this Prospectus shall only contain the same information and shall only have the same meaning as in this Prospectus.

Shares in the Company are not listed on any investment exchange.

Potential investors should not treat the contents of this Prospectus as advice relating to legal, taxation, investment or any other matters and are recommended to consult their own professional advisers concerning the acquisition, holding or disposal of Shares.

The provisions of the Instrument of Incorporation are binding on each of its Shareholders (who are taken to have notice of them).

This Prospectus has been approved for the purpose of section 21 of the Financial Services and Markets Act 2000 by Aegon Asset Management UK plc. Aegon Asset Management UK plc is authorised and regulated by the Financial Conduct Authority.

The ACD will process the personal information of Shareholders and of prospective investors who contact the ACD. As such, and in accordance with the ACD's obligations under data protection law, the ACD's privacy notice provides details about the collection, use and sharing of personal information in connection with Shareholders' or prospective investors' interest or investment in the Sub-Fund(s). Shareholders and prospective investors may obtain further information about how the ACD processes personal information relevant to the Sub-Fund(s) by reading the most up to date version of the ACD's privacy notice at [www.aegonam.com](http://www.aegonam.com).

It is the responsibility of Shareholders or prospective investors to advise any other person whose personal information is provided by such Shareholders or prospective investors to the ACD (such as joint investors) about how the ACD processes personal information and to provide them with the link to the ACD's privacy notice.

All communications in relation to this Prospectus shall be in English unless otherwise specifically agreed.

**This Prospectus is based on information, law and practice at the date hereof. The Company cannot be bound by an out of date prospectus when it has issued a new prospectus, and investors should check with the ACD that this is the most recently published Prospectus.**

## Table of Contents

	Page
<b>Directory</b>	2
<b>Summary of the Prospectus for Aegon Asset Management UK Investment Portfolios ICVC</b>	3
<b>Definitions</b>	6
<b>2. Management and Administration</b>	15
<b>3. Investment Objectives and Policies and use of benchmarks</b>	22
<b>4. Shares and Classes</b>	23
<b>5. Pricing of Shares</b>	26
<b>6. Buying, Redeeming, Converting and Switching of Shares</b>	28
<b>7. Fees and Expenses</b>	45
<b>8. Accounting and Income</b>	52
<b>9. UK Taxation</b>	53
<b>10. Meetings of Shareholders, Voting Rights and Service of Notices</b>	57
<b>11. Winding Up of the Company or Termination of a Sub-Fund</b>	60
<b>12. Risk Factors</b>	61
<b>13. General Information</b>	69
<b>Appendix A (1) Eligible Markets</b>	72
<b>Appendix A (2) Immoveable Property</b>	73
<b>Appendix B Investment and Borrowing Powers of the Company</b>	74
<b>Appendix C Determination of Net Asset Value</b>	84
<b>Appendix D Sub-Fund Details</b>	92
<b>Appendix E Historic Performance</b>	97
<b>Appendix F Directors of the ACD</b>	98
<b>Appendix G Other Regulated Collective Investment Schemes</b>	99

## Directory

### **The Company and Head Office**

Aegon Asset Management UK Investment Portfolios ICVC  
The Leadenhall Building  
122 Leadenhall Street  
London EC3V 4AB

### **Authorised Corporate Director and Alternative Investment Fund Manager**

Aegon Asset Management UK plc

#### **Registered and Head Office:**

3 Lochside Crescent  
Edinburgh EH12 9SA

#### **Correspondence Address:**

Correspondence to be via the  
Portal unless separately agreed. A  
link for the Portal is located at the  
ACD's web-site at  
[www.aegonam.com](http://www.aegonam.com)

### **Depository**

Citibank UK Limited  
Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB

### **Custodian**

Citibank N.A., London Branch  
**Principal Place of Business in the UK:**  
Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB

### **Standing Independent Valuer**

CBRE Limited  
St Martin's Court  
10 Paternoster Row  
London EC4M 7HP

### **Registrar**

Citibank Europe Plc, UK Branch  
Citigroup Centre  
Canada Square  
Canary Wharf  
London  
E14 5LB

### **Auditors**

PricewaterhouseCoopers LLP  
Atria One  
144 Morrison Street  
Edinburgh EH3 8EX

## Summary of the Prospectus for Aegon Asset Management UK Investment Portfolios ICVC

### Structure

Aegon Asset Management UK Investment Portfolios ICVC is an investment company with variable capital. It has an umbrella structure and each Sub-Fund will be invested as a non-UCITS retail scheme. The Company is currently offering one Sub-Fund (please note that this Sub-Fund is in the process of being terminated and is no longer available for new investment). Further Sub-Funds may be added over time and, if new Sub-Funds become available, investors will, subject to satisfying any eligibility criteria, be able to move money into them.

### Sub-Funds currently offered and their Investment Objectives and Policies

Fund	Investment Objective	Investment Policy
<p>Aegon Property Income Fund (please note that this Sub-Fund is in the process of being terminated and is no longer available for new investment)</p>	<p>This Sub-Fund aims to provide a combination of income and capital growth over any 7 year period. The investment objective is to carry on Property Investment Business and to manage cash raised from investors for investment in the Property Investment Business.</p>	<p>To invest at least 60% of the Sub-Fund in a diversified portfolio of commercial property in the British Isles. The Sub-fund may invest in any commercial property sector and may invest in a mix of freehold and leasehold properties.</p> <p>To the extent that the Sub-Fund is not fully invested in the main asset class listed above, the Sub-Fund may also invest in other types of property-related assets, including real estate investment trusts, as well as collective investment schemes (which may include schemes managed by the ACD) and transferable securities, money market instruments, deposits, and cash and near cash.</p> <p>The ACD will select investments that offer attractive income returns and asset management</p>

		<p>potential. The ACD will seek to add value by actively managing the portfolio of properties to enhance its capital value and rental income.</p> <p>The Sub-Fund is actively managed and the ACD will also seek to achieve diversification across regions in the British Isles and sectors when constructing the portfolio.</p>
<p><b>Benchmarks/Performance Management:</b></p>	<p><i>Comparator Benchmark</i></p> <p><b>Investment Association UK Direct Property Peer Group</b></p> <p>Investors are invited to compare the Sub-Fund's performance against the performance of other funds within this Peer Group. Comparison of the Sub-Fund against this Peer Group will give investors an indication of how the Sub-Fund is performing compared with funds investing in a similar but not identical investment universe.</p> <p>The above comparison should be performed over at least a 7 year period (or period since inception) to provide the most useful long term comparison.</p>	

#### Annual and Interim Income Allocation Dates

Fund	Distribution	Ex-dividend dates	Payment dates
Aegon Property Income Fund	Interim	1st calendar day of each month	Last calendar day of each month
	Annual	1 April	30 April

#### Annual and Interim Accounting Reference Dates

Annual and interim accounts will be made up to 31 March and 30 September each year respectively.

#### Shares

Within each Sub-Fund, separate classes of Share can be issued with, for example, different charging structures. Income Shares and accumulation Shares can be made available for each Sub-Fund.



<b>ACD's Annual Fee</b>	<b>Class B</b>	<b>Class F*</b>
Aegon Property Income Fund	0.75%	0%

### **Investment criteria**

At the ACD's discretion, any of these requirements may be waived in any particular case or generally.

<b>Aegon Property Income Fund</b>	<b>Class B (£)</b>	<b>Class F (£)</b>
Minimum lump sum	500	250,000
Minimum lump sum top-up	100	5,000
Minimum regular savings investment	50 p/m	N/A
Minimum holding	250	50,000
Minimum redemption	100	5,000

### **Valuation point**

12 noon daily.

### **Dealing basis**

Subject to the applicable regulations, dealing will normally be on a forward basis. In other words the ACD will normally issue and redeem Shares at prices calculated at the valuation point following any deal being placed.

### **Base currency**

£ sterling.

## Definitions

In this Prospectus each of the words and expressions in the left-hand column of the table set out below has the meaning set opposite it in the right-hand column of that table. Any reference in this Prospectus to European legislation or regulation shall include any statutory equivalent thereof which forms part of UK law by virtue of the EUWA, as applicable:

<b>ACD</b>	Aegon Asset Management UK plc the authorised corporate director and AIFM of the Company
<b>Act</b>	The Financial Services and Markets Act 2000 (as amended and/or re-enacted from time to time)
<b>Aegon PAIF</b>	Aegon Property Income Fund, a sub-fund which is categorised as a PAIF (please note that this Sub-Fund is in the process of being terminated and is no longer available for new investment)
<b>AIFM</b>	an alternative investment fund manager as defined in the AIFM Regulations
<b>AIFMD</b>	Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers, including any subordinate regulations or guidance published thereunder
<b>AIFM Regulations</b>	the Alternative Investment Fund Managers Regulations 2013
<b>Body Corporate</b>	A body corporate incorporated in any jurisdiction (including the UK) or any entity treated as a body corporate for tax purposes in any jurisdiction with which the UK has any form of double tax treaty or other agreement to relieve double tax which has effect under the UK's tax legislation
<b>British Isles</b>	England, Wales, Northern Ireland, Scotland, Republic of Ireland, Channel Islands and the Isle of Man
<b>Cancellation</b>	The process of removing Shares in issue where the net effect of subscriptions and redemptions of Shares is negative
<b>Class or Classes</b>	In relation to Shares, means (according to the context) all of the Shares related to a single Sub-Fund or a particular class of Share related to a single Sub-Fund

<b>COBS</b>	The Conduct of Business sourcebook published by the Financial Conduct Authority as part of their handbook of rules made under the Act (as amended and/or re-issued from time to time), which shall, for the avoidance of doubt, not include guidance or evidential provisions in the said Sourcebook
<b>COLL</b>	The Collective Investment Schemes sourcebook published by the Financial Conduct Authority as part of their handbook of rules made under the Act (as amended and/or re-issued from time to time), which shall, for the avoidance of doubt, not include guidance or evidential provisions in the said Sourcebook
<b>Company</b>	Aegon Asset Management UK Investment Portfolios ICVC
<b>Conversion</b>	The conversion of Shares in one Class in a Sub-Fund to Shares of another Class in the same Sub-Fund and <b>convert</b> shall be construed accordingly
<b>Dealing Day</b>	Monday to Friday (except for, unless the ACD otherwise decides, the last working day before Christmas Day, bank holidays in England and Wales and other days at the ACD's discretion). (The ACD may determine that any day shall not be a Dealing Day. Such a determination would generally only be made in respect of a particular day if that day were a holiday on a stock exchange which was the principal market for a significant portion of the Sub-Fund's portfolio or was a holiday elsewhere which impeded the calculation of the fair market value of the portfolio.)
<b>Depositary</b>	The depositary of the Company from time to time, currently being Citibank UK Limited
<b>Depositary Agreement</b>	a written contract entered into by the ACD and the Depositary to appoint the Depositary on behalf of the Company and to reflect the requirements of Article 83 of the Level 2 Regulation
<b>Derivatives</b>	An option, or a future, or a forward transaction or a contract for difference

<b>EPM or Efficient Portfolio Management</b>	Efficient portfolio management meaning techniques and instruments which relate to transferable securities and approved money-market instruments and which fulfil the following criteria: (a) they are economically appropriate in that they are realised in a cost effective way; (b) they are entered into for one or more of the following specific aims: (i) reduction of risk; (ii) reduction of cost; (iii) generation of additional capital or income for the Sub-Fund(s) with a risk level which is consistent with the risk profile of the Sub-Fund(s) and the risk diversification rules in COLL
<b>EUWA</b>	The European Union (Withdrawal) Act 2018
<b>Ex-Dividend Date</b>	For investors intending to hold income Shares, the Ex-Dividend Date is the cut-off date for income accrued. Shares acquired before this date qualify for the next distribution. Shares acquired on or after this date will accrue income for the subsequent accounting period. The Share price will usually fall on this date, to reflect the impending distribution payable
<b>the FCA</b>	The Financial Conduct Authority and any successor body or bodies
<b>FCA Rules</b>	The applicable rules forming part of the FCA's handbook of rules made under the Act (as amended and/or re-issued from time to time), which shall, for the avoidance of doubt, not include guidance or evidential provisions
<b>Feeder Funds</b>	Aegon Property Income Feeder (Accumulation) Fund and Aegon Property Income Feeder (Income) Fund, both Sub-Funds of Aegon Asset Management UK Unit Trust, a UK authorised unit trust scheme structured as an umbrella (and "Feeder Fund" shall mean such 1 or other of these sub-funds as the context shall require)
<b>Feeder Unit</b>	A unit or units in a Feeder Fund
<b>FUND</b>	The Investment Funds sourcebook published by the Financial Conduct Authority as part of their handbook of rules made under the Act (as amended and/or re-issued from time to time),

which shall, for the avoidance of doubt, not include guidance or evidential provisions in the said Sourcebook

<b>FUND Sourcebook</b>	the Investment Funds Sourcebook which forms part of the FCA Handbook
<b>GAPS</b>	Government and public securities as defined in COLL
<b>Income Allocation Date or Pay Date</b>	For each Sub-Fund, in any accounting period, the date on or before which any income is paid out (income Shares) or accumulated (accumulation Shares)
<b>Instrument of Incorporation</b>	The instrument of incorporation of the Company, as amended from time to time, registered by the Company in accordance with the OEIC Regulations and COLL
<b>IOSCO</b>	The International Organisation of Securities Commissions
<b>ISA Regulations</b>	Individual Savings Account Regulations 1998 (SI 1998/1870) (as amended, supplemented or re-enacted from time to time)
<b>Issue</b>	The process of creating new Shares in issue where the net effect of redemptions and subscriptions of Shares is positive
<b>Level 2 Regulation</b>	European Commission Delegated Regulation (EU) No. 231/2013 of 19 December 2012 supplementing AIFMD
<b>Member State</b>	A member state of the European Union and any other state which is within the European Economic Area
<b>Net Asset Value or NAV</b>	The value of the Scheme Property of the Company (or of any Sub-Fund or Class of Shares, as the context requires) less the liabilities of the Company (or of any Sub-Fund or any Class of Shares concerned) as calculated in accordance with the Instrument of Incorporation
<b>OECD</b>	The Organisation for Economic Co-operation and Development
<b>OEIC Regulations</b>	The Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (as amended, supplemented or re-enacted from time to time)

<b>PAIF</b>	A Property Authorised Investment Fund, being an open-ended investment company (or Sub-Fund of an open-ended investment company) to which Part 4A of the Authorised Investment Funds (Tax) Regulations 2006 (SI 2006/964) (as amended, supplemented or re-enacted from time to time) applies. As the date of this Prospectus, the Aegon PAIF qualifies as a PAIF.
<b>Portal</b>	A webpage of the ACD, a link for which is located at the ACD's web-site at <a href="http://www.aegonam.com">www.aegonam.com</a> , via which Shareholders can access information and reports in relation to, and administer, their investment in a Sub-fund.
<b>Property Investment Business</b>	As defined for the purposes of the Tax Regulations, as: property rental business (meaning (i) property rental business within the meaning of section 104 Finance Act 2006 and (ii) the property rental business of any intermediate holding vehicle); (b) owning shares in UK real estate investment trusts (REITs); (c) and shares or units in non-UK REITs which are equivalent to UK REITs
<b>Prospectus</b>	A prospectus of the Company prepared pursuant to the requirements of COLL. (For the avoidance of doubt, "Prospectus" includes an existing Prospectus as extended by an addendum or supplement.)
<b>Register</b>	The register of Shareholders
<b>Registrar</b>	The registrar of the Company from time to time, currently Citibank Europe Plc, UK Branch
<b>RSP</b>	Aegon Asset Management UK Investment Portfolios ICVC Regular Savings Plan
<b>Regulations</b>	AIFM Regulations, Level 2 Regulation, COLL, COBS, FUND and the OEIC Regulations (as applicable and as the context may require)

<b>Scheme Property</b>	The property of the Company (or a Sub-Fund as the case may be) to be given for safe-keeping to the Depository in accordance with COLL
<b>Share or Shares</b>	A share or shares in the Company (including larger denomination shares and smaller denomination shares)
<b>Shareholder(s)</b>	The holder(s) of a Share
<b>Standing Independent Valuer</b>	The standing independent valuer in relation to the immoveable property held by the Company from time to time, currently being CBRE Limited
<b>Sub-Fund</b>	A Sub-Fund of the Company (being part of the Scheme Property of the Company which is pooled separately) and to which specific assets and liabilities of the Company may be allocated and which is invested in accordance with the investment objective and policy applicable to such Sub-Fund
<b>Switch</b>	An exchange of Shares in one Sub-Fund for Shares of another Sub-Fund or for Feeder Units and <b>Switching</b> shall be construed accordingly
<b>Tax Regulations</b>	Authorised Investment Funds (Tax) Regulations 2006, as amended from time to time
<b>US</b>	The United States of America (including the States and District of Columbia), its territories, possessions and all other areas subject to its jurisdiction
<b>US Person</b>	Unless otherwise determined by the ACD: <ul style="list-style-type: none"> <li>(i) a citizen or resident of the US;</li> <li>(ii) a partnership, limited liability company, corporation or other entity organised in or under the laws of the US or any State, or any entity taxed as such or required to file a tax return under the US Federal income tax laws;</li> <li>(iii) any estate or trust the executor, administrator or trustee of which is a US Person (as defined above), in the cases of a trust of which any</li> </ul>

professional fiduciary acting as a trustee is a US Person, a trustee who is not a US Person has sole or shared investment discretion with respect to trust assets and no beneficiary of the trust (and no settler if the trust is revocable) is a US Person and no income or beneficiaries of which are subject to US Federal income tax;

- (iv) any agency or branch of a foreign entity located in the US;
- (v) certain accounts held by a dealer or other fiduciary where the person exercising discretion over the account is a US Person;
- (vi) any partnership, corporation or other entity if it is: (a) organised or incorporated under the laws of any foreign jurisdiction; and (b) owned or formed by a US Person or Persons principally for the purpose of investing in securities not registered under the US Securities Act of 1933;
- (vii) any employee benefit plan (unless such employee benefit plan is: (a) established and administered in accordance with: (i) the laws of a country other than the US; and (ii) the customary practices and documentation of such country; and (b) is maintained primarily for the benefit of persons substantially all of whom are non-resident aliens with respect to the US); and
- (viii) any other person or entity whose ownership of Shares or solicitation for ownership of Shares the ACD through its officers or directors shall determine may violate any securities laws of the US or any state or other jurisdiction thereof.

Except that a US Person shall not include corporations, partnerships or other entities which are organised or incorporated under the laws of any non-US Person (as



described above), unless such corporation, partnership or other entity was formed by such US Person principally for the purpose of investing in securities not registered under the US Securities Act of 1933, as amended

**Valuation Point**

The point, whether on a periodic basis or for a particular valuation, at which the ACD carries out a valuation of the Scheme Property for the Company or a Sub-Fund (as the case may be) for the purpose of determining the prices at which Shares of a Class may be issued, cancelled, sold or redeemed.

## 1. The Company and its Structure

Aegon Asset Management UK Investment Portfolios ICVC is an open-ended investment company with variable capital, incorporated in England under the OEIC Regulations. It is governed by the OEIC Regulations, COLL and its Instrument of Incorporation. The registered number of the Company is IC000988.

The Company is a collective investment scheme as defined in the Act which is categorised as a non-UCITS retail scheme ("NURS"). The Company was authorised by the Financial Conduct Authority on 26 February 2014 and its Instrument of Incorporation was registered with the Registrar of Companies for England & Wales on 26 February 2014. The Company is also an alternative investment fund for the purposes of the FCA Rules. The Company has an unlimited duration.

The object of the Company is to invest the scheme property in transferable securities, money market instruments, derivative instruments and forward transactions, deposits, units and shares in collective investment schemes, immovable property, gold, cash and near cash in accordance with COLL applicable to the Company and each Sub-Fund according to the types of authorisation of the Company with the aim of spreading investment risk and giving its Shareholders the benefit of the results of the management of that property.

The Shareholders have no interest in the Scheme Property, and are not liable for the debts of the Company.

The address of the head office of the Company is The Leadenhall Building, 122 Leadenhall Street, London EC3V 4AB. This is also the address where notices, or other documents can be served, however, notices or other documents should be served via the Portal where possible.

The maximum size of the Company's issued share capital is £100,000,000,000. The minimum size of the Company's issued share capital is £100. Shares in the Company have no par value. The share capital of the Company at all times equals the Net Asset Value of the Company.

The base currency of the Company is pounds Sterling.

The sole director of the Company is Aegon Asset Management UK plc, which acts as the authorised corporate director.

The Company is structured as an umbrella company, in that different Sub-Funds may be established from time to time by the ACD with the approval of the Financial Conduct Authority. On the introduction of any new Sub-Fund, a revised prospectus will be prepared setting out the relevant details of each Sub-Fund.

The assets of each Sub-Fund will be treated as separate from those of every other Sub-Fund and will be invested in accordance with the investment objective and investment policy applicable to that Sub-Fund.

Each Sub-Fund represents a segregated portfolio of assets and accordingly the assets of a Sub-Fund belong exclusively to that Sub-Fund and shall not be used or made available to discharge (directly or indirectly) the liabilities of, or claims against, any other person or body including any other Sub-Fund and shall not be available for any such purpose.

Each Sub-Fund will be charged with the liabilities, expenses, costs and charges of the Company attributable to that Sub-Fund. Any assets, liabilities, expenses, costs or charges not attributable to a particular Sub-Fund may be allocated by the ACD in a manner which is fair to the Shareholders of the Company generally, although they will normally be allocated to all of the Sub-Funds pro rata to the value of the net assets of the respective Sub-Funds.

The only Sub-Fund as at the date of this Prospectus is:

- Aegon Property Income Fund (please note that this Sub-Fund is in the process of being terminated and is no longer available for new investment). The Aegon Property Income Fund qualifies as a PAIF for tax purposes.

## **2. Management and Administration**

### **Authorised Corporate Director and Alternative Investment Fund Manager**

The authorised corporate director and alternative investment fund manager ("**AIFM**") is Aegon Asset Management UK plc (hereinafter referred to as the "ACD"). The ACD, as AIFM of the Company, is responsible for the portfolio management and risk management in relation to the Company. The ACD must act honestly, fairly, professionally, independently and in the interest of the Company and its Shareholders in carrying out this role. The ACD has its registered office and head office at 3 Lochside Crescent, Edinburgh, EH12 9SA. The ACD is a public limited company with issued share capital of 15,000,000 ordinary Shares of £1 each fully paid. The Company was incorporated under the laws of Scotland on 21 September 1988 with Registered Number 113505.

The ACD is authorised and regulated by the Financial Conduct Authority and is permitted to carry on investment business in the UK by virtue of that authorisation.

The ACD is responsible for managing and administering the affairs of the Company (including portfolio management and risk management) in compliance with the Regulations.

The ACD maintains an appropriate level of "own funds" in accordance with Article 14 of the Level 2 Regulation in order to cover the professional liability risks detailed under the Level 2 Regulation, including risks such as loss of documents evidencing title to assets of the Scheme or acts, errors or omissions resulting in a breach of the law or the ACD's fiduciary duties.

At present, the Company has no directors other than the ACD.

Aegon Asset Management UK plc also acts as the authorised corporate director of Aegon Asset Management UK ICVC, an authorised investment company with variable capital and as the authorised fund manager of Aegon Asset Management UK Unit Trust, an authorised unit trust.

The ACD provides its services under the terms of an agreement between the Company and the ACD (the "**ACD Agreement**"). The ACD Agreement provides for the appointment of the ACD, subject to termination, upon twelve months' written notice by either the ACD or the Company, although in certain circumstances the Agreement may be terminated forthwith by notice in writing by the ACD to the Company or by the Company or the Depositary, to the ACD. Termination cannot take effect until the Financial Conduct Authority has approved the change of director.

The ACD is entitled to its pro rata fees and expenses to the date of termination and any additional expenses necessarily realised in settling or concluding any outstanding obligations. No compensation for loss of office is provided for in the Agreement. The ACD Agreement provides indemnities to the ACD to the extent permitted by the OEIC Regulations.

The ACD is under no obligation to account to the Depositary or the Shareholders for any profit on the Issue or re-issue of Shares or Cancellation of Shares which it has redeemed. The fees to which the ACD is entitled are set out in Part 7 below.

The ACD may delegate portfolio management, risk management, administration, marketing and other functions in accordance with the Regulations. Notwithstanding such delegation the ACD remains responsible for any functions so delegated. At present certain functions are currently delegated as detailed below.

Subject to the OEIC Regulations, under the Instrument of Incorporation, Shareholders of the Company may by ordinary resolution remove Aegon Asset Management UK plc as authorised corporate director. Such a removal cannot take effect until the FCA has approved the change of director and would be without prejudice to any claim the ACD may have for damages for breach of the ACD Agreement. Shareholders have no personal right to directly enforce any rights or obligations under the ACD Agreement.

### **Depositary**

Citibank UK Limited is the Depositary of the Aegon Asset Management UK Investment Portfolios ICVC. The Depositary is a private limited company incorporated in England with registered number 11283101 whose registered office is at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB. The ultimate holding company of the Depositary is the Citigroup Inc., which is incorporated in New York, USA.

The Depositary is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority.

### **Terms of Appointment**

The appointment of the Depositary has been made under an agreement between the Company, the ACD and the Depositary dated 28 March 2019 as novated with effect on 2 October 2021 (the "**Depositary Agreement**").

The key duties of the Depositary consist of:

- cash monitoring and verifying each Sub-Fund's cash flows;
- safekeeping of the Scheme Property of each Sub-Fund;
- ensuring that the sale, issue re-purchase, redemption, cancellation and valuation of Shares is carried out in accordance with the Instrument of Incorporation, the Prospectus, and applicable law, rules and regulations;
- ensuring that in respect of transactions involving the Scheme Property any consideration is remitted to the relevant Sub-Fund within the usual time limits;
- ensuring that the Company's income is applied in accordance with the Instrument of Incorporation, the Prospectus, applicable law, rules and regulations; and
- carrying out instructions from the ACD unless they conflict with the Instrument of Incorporation, the Prospectus, or applicable law, rules and regulations.

The Depositary Agreement may be terminated by not less than 180 days' written notice or earlier on certain breaches or the insolvency of the Depositary. The Depositary may not retire voluntarily until the appointment of a successor to the Depositary.

To the extent permitted by the FCA Rules and applicable law, rules and regulations the Depositary Agreement provides indemnities to the Depositary against costs, charges, losses, actions and liabilities incurred by it (or its associates) arising out of the Depositary's appointment or performance under the Depositary Agreement, or the failure of the Company or the ACD to perform any of their respective obligations under the Depositary Agreement, or certain arrangements relating to the Company's real estate portfolio, except where the Depositary is liable owing to it being at fault under the terms of the Depositary Agreement or applicable law. The Depositary is entitled to receive remuneration out of the Scheme Property for its services, as set out in more detail in Part 7 below in the section headed "Depositary's Fees".

Shareholders have no personal right to directly enforce any rights or obligations under the Depositary Agreement.

### **Liability of the Depositary**

As a general rule the Depositary is liable for any losses suffered as a result of the Depositary's negligent or intentional failure to properly fulfil its obligations except that it will not be liable for any loss where:

- the event which has led to the loss is not the result of any act or omission of the Depositary or a third party to whom the custody of financial instruments that can be held in custody has been delegated;
- the Depositary could not have reasonably prevented the occurrence of the event which led to the loss despite adopting all precautions incumbent on a diligent depositary as reflected in common industry practice; and

- despite rigorous and comprehensive due diligence, the Depositary could not have prevented the loss.

However, in the case of loss of a financial instrument by the Depositary, or by a third party to whom safe custody has been delegated, the Depositary is under an obligation to return a financial instrument of identical type or corresponding amount without undue delay unless it can prove that the loss arose as a result of an external event beyond the Depositary's reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

### **Delegation of safekeeping function**

Under the terms of the Depositary Agreement the Depositary has the power to delegate its safekeeping functions.

As a general rule, whenever the Depositary delegates any of its custody functions, the Depositary will remain liable for any losses suffered as a result of an act or omission of the delegate as if such loss had arisen as a result of an act or omission of the Depositary. However, there may be situations and/or circumstances in which the Depositary is not liable for the acts or omissions of a delegate which is a third party (as set out below).

In the case of loss of a financial instrument by the Depositary or by a third party to whom its custody has been properly delegated, the Depositary is under an obligation to return a financial instrument of identical type or corresponding amount without undue delay, but it will not be under such an obligation:

- if it can prove that the loss arose as a result of an external event beyond the Depositary's reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary; or
- if it can prove that:
  - (a) the lost financial instrument was held in custody by a third party;
  - (b) the Depositary had properly delegated its functions to the third party;
  - (c) a written contract between the Depositary and the third party:
    - (i) expressly transfers such obligation to the third party; and
    - (ii) enables the ACD acting on behalf of the Company to make a claim against the third party in respect of the loss of the financial instrument, or for the Depositary to make such a claim on their behalf; and
  - (d) a written contract between the ACD and the Depositary expressly allows a transfer of the Depositary's said obligation and establishes an objective reason for the transfer, or
- if the Depositary delegates custody functions to a custodian in the following circumstances:

- (a) the law of a country requires certain financial instruments to be held in custody by a local entity and there are no local entities that are subject to effective prudential regulation and supervision and, despite this, the ACD on behalf of the Company has instructed the Depositary to delegate the custody of such financial instruments to a local entity,

and the contract between the Depositary and such custodian or local entity contains a clause transferring the liability of the Depositary to such custodian or local entity and makes it possible for the ACD acting on behalf of the Company to make a claim against such custodian or local entity in respect of the loss of a financial instrument or for the Depositary to make such a claim on their behalf.

The use of securities settlement systems does not constitute a delegation by the Depositary of its functions.

As at the date of this Prospectus, the Depositary has entered into written agreements delegating the performance of its safekeeping function in respect of certain of the Company's assets to the Custodian.

#### **Re-use of Company assets by the Depositary**

Under the Depositary Agreement the Depositary has agreed that it, and any person to whom it delegates custody functions, may not re use any of the Company's assets with which it has been entrusted.

#### **Property Manager**

The Company and the ACD have appointed Savills (UK) Limited to act as property manager to manage the immovable property of the Aegon Property Income Fund on a day-to-day basis, and will undertake a range of activities normally associated with a professional property manager including collection of rents and other payments, meeting revenue expenses, arranging insurance over the immovable property, appointing maintenance contractors and leasing activity in respect of the immovable property comprised in the Scheme Property. The Property Manager is entitled to delegate its activities from time to time.

Shareholders have no personal right to directly enforce any rights or obligations under the under the terms appointing the Property Manager.

#### **Standing Independent Valuer**

The ACD, with the approval of the Depositary, has appointed CBRE Limited as the Standing Independent Valuer.

The Standing Independent Valuer is responsible for valuing the immovable property of the Aegon Property Income Fund in accordance with COLL. To that end, the Company and the ACD have entered into an agreement with the Standing Independent Valuer dated 19 December 2017 (the "**SIV**

**Agreement**"). Under the terms of the SIV Agreement, the Standing Independent Valuer must carry out its obligations in accordance with the applicable provisions of COLL.

The SIV Agreement has a term of 3 years but may be terminated (i) by either party for material breach which is not remedied within a reasonable time; or (ii) by the ACD at any time for the following matters associated with the Standing Independent Valuer: conflict of interest, insolvency, change of ownership which compromises the provision of the service, failure to attain service levels, incompetency and failure to maintain adequate insurance. The ACD may also terminate the SIV Agreement where there is a regulatory requirement to do so or where the ACD or Company cease to be authorised by the FCA.

The Standing Independent Valuer will receive a fee from the Scheme Property as set out in more detail in Part 7 below.

The Standing Independent Valuer is independent of the Company, the ACD and the Depositary. To the extent that there may be a conflict of interest to a transaction being carried out on behalf of the Company, an appropriate valuer, in terms of COLL, would be appointed.

Shareholders have no personal right to directly enforce any rights or obligations under the SIV Agreement.

### **Registrar**

The ACD has appointed Citibank Europe Plc, UK Branch to assist in the functions of registrar to the Company. The Register is maintained at Citigroup Centre, Canada Square, Canary Wharf, London, E14 5LB, where it may be inspected during normal business hours by any Shareholder or any Shareholder's duly authorised agent. The Register is prima facie evidence of entitlement to Shares. No notice of any trust shall be entered in the Register.

The Registrar's appointment is governed by an agreement dated July 2023 between the ACD and the Registrar (the "**Registrar Agreement**").

Shareholders have no personal right to directly enforce any rights or obligations under the Registrar Agreement.

### **Administration**

The ACD has also engaged Citibank Europe Plc, UK Branch to carry out transfer agency and other associated administration services and Citibank N.A., to provide Sub-Fund reporting and accounting services on behalf of the ACD and the Company.

The ACD reserves the right to outsource other administration services on behalf of the ACD and the Company.

Shareholders have no personal right to directly enforce any rights or obligations under the terms appointing Citibank Europe Plc, UK Branch or Citibank N.A.



**Auditors**

The Auditors of the Company are PricewaterhouseCoopers LLP, Atria One, 144 Morrison Street, Edinburgh EH3 8EX.

Under the FCA Rules, the Auditors are responsible for auditing and expressing an opinion in relation to the Company's accounts on at least an annual basis (or in certain other circumstances when requested to do so by the ACD).

Shareholders have no personal right to directly enforce any rights or obligations under the terms appointing the Auditors.

**Other Services**

The ACD has engaged Aegon Asset Management Value Hub B.V, Hungarian Branch, to perform Performance Measurement and Analysis functions. These functions serve to analyse the performance returns of the portfolios and funds managed by the ACD and to provide attribution analysis of these returns. The results are used by the ACD for both internal and external reporting. Aegon Asset Management Value Hub B.V is an affiliate company of the ACD and is domiciled in the Netherlands with registered office address at Aegon Plein 50, 2591 TV, The Hague, The Netherlands. The Hungarian branch office address is Üllői út 1.a, Budapest, 1091, Hungary.

**Conflicts of Duty or Interest**

The ACD and other companies within the group of companies of which it is a member may, from time to time, act as investment managers or advisers to other companies or Sub-Funds which follow similar investment objectives to those of the Sub-Funds. It is therefore possible that the ACD and/or the other service providers may in the course of their business have potential conflicts of interest with the Company or a particular Sub-Fund. Each of the ACD and the other service providers will, however, have regard in such event to its obligations under the FCA Rules, ACD Agreement and the agreements with the ACD respectively and, in particular, to their obligation to act in the best interest of the Company so far as practicable, having regard to their obligation to other clients when undertaking any investment where potential conflicts of interest may arise. The ACD maintains a written conflict of interest policy. The ACD acknowledges that there may be some situations where the organisational or administrative arrangements in place for the management of conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the Company or its Shareholders will be prevented. Should any such situations arise the ACD will, as a last resort if the conflict cannot be avoided disclose these to Shareholders in an appropriate format.

The Depositary may, from time to time, act as the depositary of other companies or funds.

The corporate activities of the AEGON group of companies may result in some minor restriction to the investable universe. (For example, in certain countries, the combined investments of the ACD and other

companies in the AEGON group may mean holding limits in a particular company are reached, meaning no additional shares in that company could be purchased.)

From time to time conflicts of interest may arise from the appointment by the Depositary of any of its delegates. For example, Citibank N.A., which has been appointed by the Depositary to act as custodian of the Scheme Property, also performs certain investment operations and functions and derivatives collateral management functions delegated to it by the ACD. It is therefore possible that a conflict of interest could arise.

Citibank N.A. and any other delegate are required to manage any such conflict having regard to the FCA Rules and its duties to the Depositary and the ACD.

There may also be conflicts arising between the Depositary and the Company, Shareholders and the ACD. The Depositary is prohibited from carrying out any activities with regard to the Company unless:

- The Depositary has properly identified any such potential conflicts of interest;
- The Depositary has functionally and hierarchically separated the performance of its depositary tasks from its other potentially conflicting tasks; and
- The potential conflicts of interest are properly managed, monitored and disclosed to the investors of the Company.

### **3. Investment Objectives and Policies and use of benchmarks**

Investment of the Scheme Property of each Sub-Fund must be in accordance with the investment objective and policy of the relevant Sub-Fund and must comply with the investment restrictions and requirements set out in COLL. Details of the investment objectives and policies are set out in Appendix D in respect of each Sub-Fund and the eligible securities and derivatives markets through which the Sub-Funds may invest are set out in Appendix A. A summary of the general investment and borrowing powers is set out in Appendix B.

Each Sub-Fund may use a benchmark index for the purpose of providing investors with a performance comparator. Any such benchmark index is included in Appendix D. The ACD may change a comparator benchmark and will update the prospectus accordingly. Any benchmark index used as a target for, or a constraint on, a Sub-Fund will be set out in that Sub-Fund's investment objective or policy.

The EU Benchmark Regulation (or the statutory equivalent thereof which forms part of UK law by virtue of the EUWA, as applicable) ("**Benchmark Regulation**") requires the ACD to produce and maintain a robust contingency plan setting out the actions that it would take in the event that a benchmark (as defined by the EU Benchmark Regulation) which is used materially changes or ceases to be provided. The ACD shall comply with this obligation.

The ACD is required under the Benchmark Regulation to use only benchmarks which are provided by authorised benchmark administrators that are present in the UK Benchmarks Register which is maintained by the FCA. The ACD shall comply with this obligation.

#### 4. Shares and Classes

More than one Class of Share may be Issued in respect of each Sub-Fund. The ACD may make available the following Classes of Share:

<b>Share Class</b>	<b>Features</b>
Sterling Class B Net Accumulation Shares	Designated in Sterling
Sterling Class B Net Income Shares	Designated in Sterling
Sterling Class B Gross Accumulation Shares	Designated in Sterling and only available to investors who are permitted in accordance with UK tax law to receive income from the Sub-Fund without deduction of any UK income tax.
Sterling Class B Gross Income Shares	Designated in Sterling and only available to investors who are permitted in accordance with UK tax law to receive income from the Sub-Fund without deduction of any UK income tax.
(together the "Class B Shares")	
Sterling Class F Gross Accumulation Shares	Designated in Sterling and only available to the Feeder Funds
Sterling Class F Gross Income Shares	Designated in Sterling and only available to the Feeder Funds
(together the "Class F Shares")	
Sterling Class Q Net Accumulation Shares	Designated in Sterling  Limited redemption – the limitation on redemption is that notice of not less than 90 days must be given prior to the Shares being redeemed. The ACD may at its discretion from time to time waive the notice period in whole or in part.  Only available to institutional investors and other investors with the prior agreement of the ACD.
Sterling Class Q Net Income Shares	Designated in Sterling  Limited redemption – the limitation on redemption is that notice of not less than 90 days must be given prior to the

Shares being redeemed. The ACD may at its discretion from time to time waive the notice period in whole or in part.

Only available to institutional investors and other investors with the prior agreement of the ACD.

Sterling Accumulation Shares	Class Q	Gross	Designated in Sterling
---------------------------------	------------	-------	------------------------

Limited redemption – the limitation on redemption is that notice of not less than 90 days must be given prior to the Shares being redeemed. The ACD may at its discretion from time to time waive the notice period in whole or in part.

Only available to institutional investors and other investors with the prior agreement of the ACD and in each case who are permitted in accordance with UK tax law to receive income from the Sub-Fund without deduction of any UK income tax.

Sterling Shares	Class Q	Gross Income	Designated in Sterling
--------------------	------------	-----------------	------------------------

Limited redemption – the limitation on redemption is that notice of not less than 90 days must be given prior to the Shares being redeemed. The ACD may at its discretion from time to time waive the notice period in whole or in part.

Only available to institutional investors and other investors with the prior agreement of the ACD and in each case who are permitted in accordance with UK tax law to receive income from the Sub-Fund without deduction of any UK income tax.

(together the "Class Q Shares")

Sterling Shares	Class S	Net Accumulation	Designated in Sterling
--------------------	------------	---------------------	------------------------

Only available to institutional investors and other investors with the prior agreement of the ACD.

Sterling Shares	Class S	Net Income	Designated in Sterling
--------------------	------------	---------------	------------------------

Only available to institutional investors and other investors with the prior agreement of the ACD.

Sterling Class S Gross Accumulation Shares	Designated in Sterling
--	------------------------

Only available to institutional investors and other investors with the prior agreement of the ACD and in each case who are permitted in accordance with UK tax law to receive income from the Sub-Fund without deduction of any UK income tax.

Sterling Class S Gross Income Shares	Designated in Sterling
--------------------------------------	------------------------

Only available to institutional investors and other investors with the prior agreement of the ACD and in each case who are permitted in accordance with UK tax law to receive income from the Sub-Fund without deduction of any UK income tax.

(together the "Class S Shares")

In addition, in exceptional market conditions, the ACD has the right, in respect of each of the Class B Shares, the Class F Shares, the Class Q Shares and the Class S Shares to limit the issue of any new Shares. This is without prejudice to the ACD's right to issue new Shares where it, in its sole discretion, determines that such further issues are beneficial to the Sub-Fund, the rights of existing holders are not materially prejudiced and provided that the ACD can, with the proceeds of those further issues, make investments which would not compromise the investment objective of the relevant Sub-Fund.

Appendix D contains a description of the Classes currently available. New Share Classes may be established by the ACD from time to time, subject to compliance with COLL. If a new Class of Share is introduced, a new Prospectus will be prepared to set out the required information in relation to that class.

Where a Sub-Fund has different Classes, each Class may attract different charges and expenses and so monies may be deducted from Classes in unequal proportions. In these circumstances the proportionate interests of the Classes within a Sub-Fund will be adjusted in accordance with the terms of issue of Shares of those Classes. Also, each Class may have its own investment minima or other features, such as restricted access, at the discretion of the ACD. Any such different charges or features are set out above and in Appendix D in relation to each of the Sub-Funds.

A net income Share is one where income is distributed periodically to Shareholders net of any tax deducted or accounted for by the Company. A net accumulation Share is one in respect of which income (net of any tax deducted or accounted for by the Company) is credited periodically to capital within the relevant Sub-Fund. A gross income Share is one in respect of which income is distributed periodically to Shareholders, in accordance with relevant tax laws, without deduction or otherwise by the Company

of some or any tax. A gross accumulation Share is one in respect of which income is credited periodically to capital of the relevant Sub-Fund, in accordance with relevant tax laws, without deduction or accounted for by the Company of some or any tax. It should be noted that whether or not any Shareholder is entitled to have income distributed or credited to them without deduction of tax, is dependent upon both the Class of Share held and the particular Shareholder's tax status (see above). If a Shareholder holding a gross Share changes status so as to be no longer entitled to have income distributed or credited to them without deduction of tax, their gross Shares will be Converted to the equivalent Class of net Shares (see Part 6).

Holders of income Shares are entitled to be paid the income attributed to such Shares of the appropriate Class on the interim and annual income allocation dates applying to the relevant Sub-Fund.

Holders of accumulation Shares are not entitled to be paid the income attributable to such Shares, but that income is automatically transferred to (and retained as part of) the capital assets of the relevant Sub-Fund at the end of the relevant accounting period and is reflected in the price of an accumulation Share. Where there are both net accumulation Shares and gross accumulation Shares within one Sub-Fund, the proportions of each Class within the Sub-Fund will be adjusted at the end of each accounting period.

The rights attaching to Shares of each Class will be expressed in two denominations - smaller denomination and larger denomination. Each smaller denomination Share represents one thousandth of a larger denomination Share.

Shareholders are entitled (subject to certain restrictions) to Switch all or part of their Shares in a Sub-Fund for Shares in another Sub-Fund. Details of this Switching facility and the restrictions are set out below under "Switching" in Part 6 below.

Shareholders are entitled (subject to certain restrictions) to Convert all or part of their Shares in a Class for Shares in another Class. Details of this Conversion facility and the restrictions are set out below under "Conversions between Classes of the same Sub-Fund" in Part 6 below.

## **5. Pricing of Shares**

The price of a Share in the Company is calculated by reference to the Net Asset Value of the Sub-Fund to which it relates (or the relevant proportion of the Net Asset Value). Each Sub-Fund will have a regular Valuation Point at 12 noon on each Dealing Day. The ACD may create an additional Valuation Point for any Sub-Fund at any time.

The Company is dual priced, meaning that, for each Sub-Fund, different prices are offered to investors depending on whether they are subscribing for Shares (offer price) or redeeming Shares (bid price). The difference (if any) between these prices is known as the "**spread**". As the costs of investing in commercial property are relatively high compared to many other assets, the spread of the Aegon Property Income Fund will tend to be in excess of 5%.

The ACD may, at its sole discretion, calculate the offer and bid prices on either an Issue basis or a Cancellation basis, depending on the cashflow trends (net inflows or net outflows) into the relevant Sub-Fund. The Manager may also, at its sole discretion, use its own funds to ensure that small changes in cashflow trends do not require a change from Issue basis to Cancellation basis, or vice versa. (More information on Issue and Cancellation pricing bases is set out in Appendix C.)

Valuations of Scheme Property for the purposes of the calculation of the prices of Shares will be carried out in accordance with Appendix C.

The offer price must not be greater than the applicable Issue price (plus any SDRT provision). The bid price cannot be less than the Cancellation price (minus any redemption charge and any applicable SDRT provision). The offer price must not be less than the relevant bid price and the bid price must not exceed the relevant offer price.

The ACD reserves full flexibility to determine the offer and bid prices within these parameters in accordance with the FCA Rules.

#### Fair Value Adjustment

In times where normal market pricing is impaired and/or in a rapid sale scenario (described in Section 6 below), the ACD may make an adjustment to the market value of assets held within a Sub-Fund (a "Fair Value Pricing Adjustment") in accordance with the terms of its Fair Value Pricing Policy. In deciding whether to make such an adjustment, the ACD will consider all available pricing sources and shall consult and agree the relevant value with the Standing Independent Valuer. Under the policy, the ACD (acting through its Fair Value Pricing Committee) must provide reasons for the adjustment.

The Scheme Property attributed to each Sub-Fund will be valued at each Valuation Point to determine the proportion of the Net Asset Value attributable to each Class in that Sub-Fund for the purpose of calculating the prices of each Class in that Sub-Fund. In respect of the Aegon Property Income Fund, the immovable property held within that Sub-Fund is valued by the Standing Independent Valuer on the basis of a full valuation with physical inspection (including, where the property is a building, internal inspection) once a year. The Standing Independent Valuer also values each immovable property on the basis of a review of the last full valuation, at least once a month. The figure arrived at under that valuation is used as part of the valuation for the whole of the Aegon Property Income Fund that is calculated once each Business Day for the following month.

The most recent prices of Shares can be obtained on the website of the ACD at [www.aegonam.com](http://www.aegonam.com). The prices published will not be the current prices as Shares are issued and redeemed on a forward pricing basis (by reference to the valuation at the next Valuation Point after the issue or redemption has been agreed) and not on the basis of the published prices.

In the event that, for any reason, the ACD is unable to calculate the Net Asset Value of any Sub-Fund at the normal time, the prices effective from that time will be calculated using the earliest available valuation thereafter.

Information regarding the redemption charge and SDRT provision is set out below under "Dealing Charges" and "SDRT Provision" in Part 6 below.

## **6. Buying, Redeeming, Converting and Switching of Shares**

Shares may normally be dealt in with the ACD between 8.30 am and 5.30 pm on any Dealing Day (or other times at the ACD's discretion). If requested, the ACD may deal as agent between the investor and the Company.

All dealing will be forward to the prices calculated at the next Valuation Point.

A contract note confirming the transaction will be dispatched by the close of business on the first working day after the Valuation Point at which the transaction was priced.

**Please note that the Aegon PAIF is in the process of being terminated and that no dealing in Shares is permitted.**

### **Buying Shares**

Shares may be bought through intermediaries or direct from the ACD as principal or agent.

Requests to buy Shares may be made in writing or, at the ACD's discretion, by telephone, fax or by approved electronic dealing platforms, to the ACD's dealing department on any Dealing Day. Telephone calls, electronic communications and instructions may be recorded by the ACD, its delegates, their duly appointed agents and any of their respective related, associated or affiliated companies for records keeping, security and/or training purposes, please see paragraph "Telephone and Electronic Communications Recording" below for further information. Payment for the purchase of Shares can be made by cheque or telegraphic transfer and must reach the ACD within three working days. Instructions must be confirmed by sending a duly completed and signed application form or registration form to the ACD's dealing department. Subject to fulfilling these conditions, requests received prior to 12 noon on any Dealing Day will be priced based on that day's Valuation Point. Deals received at or after 12 noon (other than those received from a Feeder Fund (for which see below)) or on a day which is not a Dealing Day will be priced based at the Valuation Point on the next Dealing Day. Application to buy Shares by post must be accompanied by a cheque or a telegraphic transfer of monies for the total amount to be invested. The valuation points of the Feeder Funds will be no later than the Valuation Point of the Aegon Property Income Fund. However, for administrative reasons, requests to buy Shares received from the Feeder Funds on a Dealing Day after the Valuation Point but before 5.30 pm (or such other time as may be stipulated by the ACD and the Depositary) may still be accepted by the ACD and dealt with at the price calculated on that Dealing Day. For the avoidance of doubt, any Shares issued to the Feeder Funds will be deemed to be issued at a forward price.

The ACD has the right to reject any application for Shares in whole or in part, and in this event the ACD will return any monies sent, or the balance of such monies at the risk of the applicant.



The title to registered Shares in the Company is evidenced by entry on the Register. Certificates are not issued to Shareholders in respect of Shares. Details of a Shareholder's entry on the Register are available via the Portal (or via such other method as the ACD has agreed with the Shareholder). A statement of shareholding shall be available via the Portal (or via such other method as the ACD has agreed with the Shareholder) for all Shareholders twice a year, but such a statement shall not constitute a document of title. In respect of joint shareholdings, such statements shall only be sent (where applicable) to the first named Shareholder on the register.

If a Shareholder requires evidence of title to Shares, the Company will, upon such proof of identity as the ACD may reasonably require, supply that Shareholder with a certified copy of the entry in the Register relating to the shareholding of Shares. The ACD reserves the right to charge the Shareholder concerned a reasonable fee for the supply of such a certified copy.

Details of the minimum initial lump sum investment in each Class of each Sub-Fund and the minimum amount of any lump sum addition to a holding in the same Class of the same Sub-Fund are set out in Appendix D (in the sections "Minimum Initial Lump Sum Investment" and "Minimum Subsequent Investment" respectively) but the ACD may, at its absolute discretion, accept investments lower than the relevant minimum. If the value of a Shareholder's holding of Shares of a Class falls below the minimum holding (which is set out in Appendix D in respect of each Sub-Fund), his entire holding may be redeemed compulsorily by the ACD.

### **Regular Savings Plan**

The Aegon Asset Management UK Investment Portfolios ICVC Regular Savings Plan ("**RSP**") is currently available for the Class B Shares in the Aegon Property Income Fund (please note that this Sub-Fund is in the process of being terminated and is no longer available for new investment) and can be started from £50 per month.

A duly completed and signed application form must be received by the ACD's dealing department on or prior to the 15<sup>th</sup> day of the month in which the RSP will commence. The RSP will then commence on the 25<sup>th</sup> day of that month or the next working day where the 25<sup>th</sup> day of that month is not a working day.

Monthly contributions to purchase Shares are collected by direct debit on the 25<sup>th</sup> day of each month (or the next working day where the 25<sup>th</sup> day is not a working day). These will be invested at the price calculated at the next Valuation Point on the day on which the direct debit operates.

Shareholders can increase, decrease or stop their monthly contributions at any time by notifying their bank and the ACD, in writing. However, if payments are not made to the RSP for more than three consecutive months, and the total value of the Shares in the RSP is less than the minimum which the ACD requires (see Appendix D), then the ACD reserves the right to buy back the Shares in that RSP at the price then applicable, close the account and return the value of the proceeds to the Shareholder.

Regular investment holidays are permitted without penalty at any time at the written request of the Shareholder. Requests must be received by the ACD at least 5 working days before the next payment date to be actioned for that payment date. However, if payments are not made for more than three consecutive months, and the value of the holding is less than the minimum investment amount permitted, the right is reserved to sell the Shares and return the value of the proceeds to the Shareholder.

A Shareholder is permitted to redirect future contributions into a different Sub-Fund or Sub-Funds (if any) at any time by making the request in writing to the ACD at least 5 working days before the next payment date to be actioned for that payment date. Appendix D will reflect those Sub-Funds (and the available Classes of Shares) for which the RSP is available.

Contract notes are not issued to RSP holders. Every six months, a statement detailing the Shares purchased since the last statement, the purchase price of those Shares and distributions of income (which are automatically reinvested in the purchase of further Shares) will be available via the Portal (or via such other method as the ACD has agreed with the Shareholder) to all the RSP holders.

### **Cancellation Rights**

Certain investors have a right to cancel their deal at any time during the 14 days after the date on which they receive a cancellation notice from the ACD. If such an investor decides to cancel the contract, and the value of their investment has fallen at the time the ACD receives their completed cancellation notice, the investor will not get a full refund; an amount equal to any fall in value will be deducted from the sum originally invested.

### **Bodies Corporate and Nominees**

The Tax Regulations require that no Body Corporate may own directly or beneficially more than 10% of the Scheme Property of a PAIF. Accordingly, to manage this and to try to avoid breaches of this rule, the Aegon Property Income Fund shall operate such that no Body Corporate may own, directly or beneficially on behalf of other Bodies Corporate, Shares representing more than 8% of the NAV of the Sub-Fund.

The ACD permits investment in the Aegon Property Income Fund (please note that this Sub-Fund is in the process of being terminated and is no longer available for new investment) by Bodies Corporate but only in accordance with the following:

a) *Certificate Required wherever Shares are registered in the name of a Body Corporate*

No Body Corporate shall acquire Shares (whether as beneficial owner or otherwise) unless it certifies that it holds:

- All of the Shares as beneficial owner; or
- All of the Shares on behalf of one or more persons who are not Bodies Corporate; or

- Some or all of the Shares on behalf of one or more other Bodies Corporate, in which case it must further certify that:
  - Its own interest and those of each of the other beneficial owners together represent less than 8% of the NAV of the Sub-Fund; and
  - Each of the other Bodies Corporate has given the undertakings described below.

*b) Undertaking Required from Any Corporate Nominee*

Any Body Corporate that acquires Shares and holds them otherwise than as beneficial owner must undertake to disclose to the ACD the names and shareholding of each Body Corporate on whose behalf it is holding Shares.

*c) Undertaking Regarding Size of Holding Required from Any Corporate Owner*

Any Body Corporate that acquires Shares as beneficial owner, trustee (other than of a bare trust) or personal representative (whether the Shares are registered in its name or the name of a nominee or other person) must give the following undertakings:

- Not to acquire 8% or more of the NAV of the Sub-Fund; and
- On becoming aware that it has acquired 8% or more of the NAV of the Sub-Fund, to reduce its holding of that NAV below 6%.

In the event that a Body Corporate is close to reaching the 8% investment limit but wishes to remain invested in the Aegon Property Income Fund, it should contact the ACD with a view to switching its Shares in the Sub-Fund for Feeder Units.

The ACD may, where it reasonably believes that a Body Corporate owns directly or beneficially Shares representing 8% or more of the NAV, of the Aegon Property Income Fund and must, if it reasonably believes that such holding represents 10% or more of NAV of the Aegon Property Income Fund:

- give notice to the Body Corporate requiring:
  - the transfer of all Shares representing more than 6% of NAV (the “**excess shares**”) to a person who is qualified or entitled to own them; or
  - the Switch of the excess Shares for Feeder Units; or
  - that a request in writing be given for the repurchase of the excess Shares in accordance with COLL.

If the Body Corporate on whom such a notice is served does not, as soon as is reasonably practicable after the date of such notice (and within 7 days) transfer the excess Shares to a person qualified to own them or Switch his excess Shares for Feeder Units or establish to the satisfaction of the ACD

(whose judgement is final and binding) that he or the beneficial owner is entitled to own the excess Shares, he shall be deemed to have given a request in writing for the redemption of all the excess Shares pursuant to COLL.

In addition, the ACD at its discretion may transfer all or part of the excess Shares into a Feeder Fund in exchange for the issue to the Body Corporate of Feeder Units.

In accordance with COLL, where the ACD becomes aware that a Body Corporate holds more than 10% of the NAV of the Aegon Property Income Fund, the ACD shall notify the Body Corporate of that fact and will not pay any income distribution to them in respect of their entire holding in the Sub-fund.

Where the ACD reasonably believes that a Body Corporate holds more than 10% of the NAV of the Aegon Property Income Fund, it may, in terms of COLL, delay any redemption or cancellation of Shares if it reasonably considers, in the interests of Shareholders as a whole, such action to be necessary in order to enable an orderly reduction of the holding below 10%.

*Bodies Corporate (excluding nominees acquiring Shares) that wish to invest in the Aegon Property Income Fund may also do so indirectly through one or both of the Feeder Funds, each of which is linked to the Aegon Property Income Fund.*

#### **Other Restrictions on Holding Shares**

The ACD may from time to time impose such other restrictions as it may think necessary for the purpose of ensuring that no Shares in the Company are acquired or held:-

- by any person in breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory; or
- in circumstances which would require the Company, the ACD or any investment adviser appointed from time to time to be registered under any law or regulation of any country or territory or cause the Company to apply for registration or comply with any registration requirements in respect of any of its Shares whether in the US or any other jurisdiction in which it is not currently registered; or
- which would result (or would if other Shares were acquired or held in like circumstances), in the opinion of the ACD, in the Company, its Shareholders, the ACD or any investment adviser incurring any liability to taxation or suffering any other legal, regulatory, pecuniary or adverse consequence which it or they might not have otherwise suffered (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory); or
- where such person is a US Person or is holding the Shares for the account or benefit of a US Person,

together the “relevant circumstances”.

In this connection, the ACD may, inter alia, reject in its discretion any application for the purchase, sale, Switching or Conversion of Shares.

If it comes to the notice of the ACD that any Shares ("**affected Shares**") are owned directly or beneficially in any of the relevant circumstances or if it reasonably believes this to be the case, the ACD may give notice to the holder(s) of the affected Shares requiring the transfer of such Shares to a person who is qualified or entitled to own them or the Switch or Conversion, where possible, of the affected Shares for other Shares in the Company the holding of which would not fall within the relevant circumstances or that a request in writing be given for the repurchase of such Shares in accordance with COLL. If any person on whom such a notice is served does not within thirty days after the date of such notice transfer his affected Shares to a person qualified to own them or Switch or Convert his Shares for other Shares the holding of which would not fall within any of the relevant circumstances or establish to the satisfaction of the ACD (whose judgement is final and binding) that he or the beneficial owner is qualified and entitled to own the affected Shares, he shall be deemed on the expiration of that thirty day period to have given a request in writing for the redemption of all the affected Shares pursuant to COLL.

If the Company or the ACD becomes aware that the holder of Shares in respect of which income is allocated or paid without deduction of UK income tax ("gross paying Shares") has failed or ceased to be entitled to have income so allocated or paid, then the Company shall, without delay, treat the Shareholder concerned as if he had served on the Company a notice requesting a Conversion of all gross paying Shares owned by such Shareholder for Shares in respect of which income is allocated or paid net of tax ("net paying Shares") of the Class or Classes which, in the opinion of the ACD, most nearly equates to the Class or Classes of gross paying Shares held by that Shareholder.

A person who becomes aware that he is holding or owns affected Shares in any of the relevant circumstances, shall forthwith, unless he has already received a notice as aforesaid, either transfer all his affected Shares to a person qualified to own them or, where possible, Switch or Convert the affected Shares for other Shares in the Company the holding of which would not fall within any of the relevant circumstances or give a request in writing for the redemption of all of his affected Shares in accordance with COLL.

If a Shareholder who holds gross paying Shares fails or ceases to be entitled to have income so allocated or paid without deduction of UK income tax, then he shall, without delay, give notice thereof to the Company and the Company shall, upon receipt of such a notice treat the Shareholder concerned as if he had served on the Company a notice requesting a Conversion of all gross paying Shares owned by such Shareholder for net paying Shares of the Class or Classes which, in the opinion of the ACD, most nearly equates to the Class or Classes of gross paying Shares held by that Shareholder.

## **Redemption of Shares**

Instructions for the redemption of Shares may be given in writing or, at the ACD's discretion, by telephone, by fax, or (where permitted) by electronic dealing platform to the ACD's dealing department.

Telephone calls, electronic communications and instructions may be recorded by the ACD, its delegates, their duly appointed agents and any of their respective related, associated or affiliated companies for records keeping, security and/or training purposes, please see paragraph "Telephone and Electronic Communications Recording" below for further information. The ACD may act as principal or agent.

Subject to COLL and to any limitation on redemption, the proceeds of a redemption of Shares will be sent by the close of business three working days after the ACD receiving properly completed documentation. Subject to fulfilling that condition, for redemption instructions received prior to 12 noon on any Dealing Day, the Shares concerned will be redeemed at a price based on that day's valuation; for deals placed on or after 12 noon (other than those received from the Feeder Fund (for which see below)), the Shares will be redeemed at a price based on the valuation made on the next Dealing Day.

The valuation points of the Feeder Funds will be no later than the Valuation Point of the Aegon Property Income Fund. However, for administrative reasons, requests to redeem Shares received from a Feeder Fund on a Dealing Day after the Valuation Point but before 5.30 pm (or such other time as may be stipulated by the ACD and the Depositary) may still be accepted by the ACD and dealt with at the price calculated on that Dealing Day.

Redemption proceeds are normally payable to one or more of the Registered Shareholders. The ACD reserves the right, at all times, to require a form of renunciation to be completed. If this is necessary, it will be issued with the contract note. The ACD also reserves the right to send repurchase proceeds by cheque to the registered address.

The minimum value of Shares which may be redeemed in each Class of each Sub-Fund is given in Appendix D. A Shareholder will not be entitled to realise part only of his holding without the approval of the ACD if by so doing his holding would be reduced to less than the minimum permitted holding in respect of each Class of each Sub-Fund as set out in Appendix D.

Any Shares transferred directly to the Company, with the ACD acting as agent, will be cancelled.

## **Limited Redemption of Class Q Shares in the Aegon Property Income Fund**

In order to protect the liquidity of the Aegon Property Income Fund, requests for redemptions of Class Q Shares (where these are in issue) in the Aegon Property Income Fund are subject to a notice period of 90 days (the "**Notice Period**"). Accordingly, redemption requests received by the Valuation Point on a particular Dealing Day will be redeemed at the price calculated at the Valuation Point on the next Dealing Day 90 days from the day of receipt of the redemption request.

At its discretion, the ACD may from time to time waive the Notice Period in whole or in part.

Once a redemption request has been received by the ACD on any Dealing Day that request may be withdrawn at any time before the Valuation Point on that day. Redemption requests may not be withdrawn in any other circumstances without the prior express agreement of the ACD.

### **Deferred Redemption**

At times of high redemptions, to protect the interests of continuing Shareholders, the ACD may, in respect of the Aegon Property Income Fund defer redemptions at a particular Valuation Point to the next Valuation Point and on a rolling basis where requested redemptions exceed 5% of the NAV. This will facilitate the ACD in matching the sale of Scheme Property of that Sub-Fund to the level of redemptions. Requests for redemptions in these circumstances will be dealt with on a pro rata basis to ensure the consistent treatment of all Shareholders. At the next Valuation Point, all deals relating to an earlier Valuation Point will be completed before those relating to the later Valuation Point are considered.

### **Large Deals**

Shareholders should be aware that, for large deals, the ACD reserves the right to allocate a higher price for subscriptions or a lower price for redemptions than those published, provided that those prices do not exceed the relevant maximum and minimum parameters set out in the FCA Rules. For this purpose, a large deal means a deal or a group of connected deals in the same dealing period (as set out in the FCA Rules) for which the total consideration payable is at least £15,000.

The ACD is not obliged to apply the large deal provision once the relevant threshold is met. In considering whether to apply a large deal provision, the ACD will consider:

- the Sub-Fund's liquidity allocation compared to its target allocation;
- the Sub-Fund's actual and forecast redemption trends;
- the Sub-Fund's property asset purchase and sale pipeline;
- the intentions of investors wishing to place deals over the above threshold, including timing considerations; and
- any other information considered relevant by the ACD at that time.

### **Conversions between Classes of the same Sub-Fund**

A Shareholder in the Company may at any time Convert all or some of his Shares of one Class (the "*Original Shares*") for Shares of another Class (the "**New Shares**"), provided that they are eligible to hold Shares of that Share Class.

A Shareholder wishing to Convert Shares should apply either in writing to the ACD or, at the ACD's discretion, by telephone or by fax to the ACD's dealing department, after which written confirmation signed by all Shareholders must be sent to the ACD's dealing department. Telephone calls, electronic communications and instructions may be recorded by the ACD, its delegates, their duly appointed agents and any of their respective related, associated or affiliated companies for records keeping,

security and/or training purposes, please see paragraph "Telephone and Electronic Communications Recording" below for further information.

If a Conversion would result in the Shareholder holding a number of Original Shares or New Shares of a value which is less than the minimum holding in the Class concerned, the ACD may, if it thinks fit, convert the whole of the applicant's holding of Original Shares to New Shares or refuse to effect any Conversion of the Original Shares. No Conversion will be made during any period when the right of Shareholders to require the redemption of their Shares is suspended.

Conversions will be effected by the ACD recording the change of class on the Register.

Conversions may not be effected by the ACD at the next Valuation Point following receipt of instructions to Convert from a Shareholder and may be held over and processed at a subsequent Valuation Point or ultimately to the Valuation Point immediately following the end of the relevant Sub-Fund's accounting period. For further information and to discuss the timing for the completion of Conversions please contact the ACD.

The ACD may, on providing appropriate notice to affected Shareholders, compulsorily Convert, Shares where to do so is considered by the ACD to be in the best interests of Shareholders.

**Please note that, under current United Kingdom taxation law and guidance, a Conversion of Shares between different Classes within the same Sub-Fund will generally not be treated by HM Revenue & Customs as a redemption and sale and will therefore generally not be a disposal for capital gains tax purposes for investors subject to United Kingdom taxation. However, please note that in certain limited circumstances, an exchange between Classes within the same Sub-Fund may be classified as a Switch (for more information on Switches, see above under the heading "Switching between Different Funds") and may be treated differently for the purposes of capital gains taxation and income equalisation may be applicable.**

**Conversions will not generally be subject to income equalisation as referred to in Section 8 of this Prospectus.**

**Please note that by performing a Conversion, the ACD may be required to convert a portion of capital to income in order to match the relevant yield in the Class into which the Shareholder is Converting. This may have the effect of creating taxable income for persons subject to United Kingdom taxation (depending upon the Shareholder's individual circumstances).**

## **Switching**

### *Switching between Sub-Funds*

A Shareholder in a Sub-Fund may at any time Switch all or some of his Shares in one Sub-Fund (the "**Original Sub-Fund Shares**") for Shares in another Sub-Fund (where available) (the "**New Sub-Fund Shares**"). Currently, there is only one Sub-Fund within the Company.



A Shareholder wishing to Switch Shares should apply either in writing to the ACD or, at the ACD's discretion, by telephone or by fax to the ACD's dealing department, after which written confirmation signed by all Shareholders must be sent to the ACD's dealing department. Telephone calls, electronic communications and instructions may be recorded by the ACD, its delegates, their duly appointed agents and any of their respective related, associated or affiliated companies for records keeping, security and/or training purposes, please see paragraph "Telephone and Electronic Communications Recording" below for further information.

Switches will be effected at the next Valuation Point following receipt of instruction from a Shareholder to switch or at a date mutually agreed between the ACD and the Shareholder(s).

The number of New Sub-Fund Shares issued will be determined by reference to the respective prices of Original Sub-Fund Shares and New Sub-Fund Shares at the next Valuation Point applicable at the time the Original Sub-Fund Shares are repurchased and the New Sub-Fund Shares are issued.

The Shareholder must meet any relevant minimum investment or holding criteria in respect of the Shares in the Sub-Fund into which the Switch is to be made.

If a Switch would result in the Shareholder holding a number of Original Sub-Fund Shares or New Sub-Fund Shares of a value which is less than the minimum holding in the Class concerned, the ACD may, if it thinks fit, convert the whole of the applicant's holding of Original Sub-Fund Shares to New Sub-Fund Shares or refuse to effect any Switch of the Original Sub-Fund Shares.

No Switch will be made during any period when the right of Shareholders to require the redemption of their Shares is suspended. The general provisions on procedures relating to redemption of Shares will apply equally to a Switch.

The ACD may adjust the number of New Sub-Fund Shares to be issued in order to reflect the imposition of any Switching fee together with any other charges or levies in respect of the issue or sale of the New Sub-Fund Shares or repurchase or Cancellation of the Original Sub-Fund Shares as may be permitted pursuant to COLL.

A contract note showing details of the Switch will be sent to the Shareholder on the business day following completion of the transaction.

**Please note that, under current United Kingdom taxation law and guidance, a Switch of Shares in one Sub-Fund for Shares in any other Sub-Fund is treated by HM Revenue & Customs as a redemption and sale and therefore will, for persons subject to United Kingdom taxation, generally be a disposal for the purposes of capital gains taxation (save in respect of a merger or reconstruction of share capital).**

**A switch of Shares between different Sub-Funds may also be subject to income equalisation as referred to in Section 8 of this Prospectus.**

*Switching from the Aegon Property Income Fund into a Feeder Fund*

Subject to the eligibility criteria, and at the discretion of the ACD, a Shareholder in the Aegon Property Income Fund may Switch some or all of his Shares for Feeder Units.

Shareholders wishing to Switch Shares in the Aegon Property Income Fund for Shares in the Feeder Units should contact the ACD to discuss and agree the likely timing of the Switch instruction. The number of units in the Feeder Fund to be issued shall be determined in accordance with such formula as the Manager and the authorised corporate director of the Aegon PAIF shall determine by reference to the respective prices of the Shares and units at the Valuation Point applicable at the time of the Switch.

A confirmation notice showing details of the Switch will be sent to the Shareholder on the business day following completion of the transaction.

**For UK resident Shareholders, the Switching of Shares in the Aegon Property Income Fund for Feeder Units will not, under current UK tax law and with the agreement of the ACD, be a realisation for the purposes of capital gains taxation.**

#### **Conversions and Switches**

The ACD reserves the right to impose a fee for any Conversions or Switches.

#### **Market Timing and Excessive Trading**

The ACD may refuse to accept applications for subscriptions, redemptions or switches of Shares in a Sub-Fund which it knows or in its absolute discretion considers to be associated with market timing or excessive trading activities.

In general terms, market timing and excessive trading activities are strategies which may include frequent purchases and sales of Shares with a view to profiting from anticipated changes in market prices between Valuation Points or arbitraging on the basis of market price changes subsequent to those used in the valuation of the Company or excessive short term dealing.

Such activities are disruptive to Sub-Fund management, may lead to additional dealing charges and may be detrimental to performance and to the interests of long term Shareholders. Accordingly the ACD may in its absolute discretion reject any application for subscription, redemption or switching of Shares from applicants that it considers to be associated with market timing activities.

#### **Dealing Charges**

##### *Redemption Charge*

The ACD may make a charge on the redemption of Shares. At present no redemption charge is levied on Shares of any Class of any Sub-Fund.

The ACD may not introduce a redemption charge on the Shares of any Class of any Sub-Fund, unless not less than 60 days before the introduction:-

- a. the ACD has given notice in writing to all persons who ought reasonably to be known to the ACD to have made an arrangement for the purchase of Shares of that Class at regular intervals; and
- b. the ACD has published and revised the Prospectus showing the rate of charge, and its commencement date.

Any redemption charge introduced will apply only to Shares bought since its introduction.

### **Stamp Duty Reserve Tax (SDRT)**

Generally, there will be no SDRT charge when Shareholders surrender or redeem their Shares. However, where the redemption is satisfied by a non-pro rata in specie redemption, then a charge to SDRT may apply.

### **Other Dealing Information**

#### *Money Laundering*

As a result of legislation in force in the United Kingdom to prevent money laundering, persons conducting investment business are responsible for compliance with money laundering regulations. In order to implement these procedures, in certain circumstances investors may be asked to provide proof of identity when buying Shares. Until satisfactory proof of identity is provided, the ACD reserves the right to refuse to sell Shares and/or to settle payment.

The ACD may employ a reference agency to undertake online checks of a Shareholder's identity.

#### *Issue of Shares in Exchange for In Specie Assets*

The ACD may arrange for the Company to issue Shares in exchange for assets but will only do so where the Depositary is satisfied that the acquisition by the Company of those assets in exchange for the Shares concerned is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders.

The ACD will not issue Shares in any Sub-Fund in exchange for assets the holding of which would be inconsistent with the investment objective or policy of that Sub-Fund.

#### *In Specie Redemptions*

In specie redemptions and Cancellations of Shares will be allowed:-

- a. In the case of holdings valued at less than 5% of the value of the Scheme Property attributed to the Sub-Fund, at the request of the Shareholder, and at the discretion of the ACD.
- b. In the case of holdings valued at 5% or greater of the value of the Scheme Property attributed to the Sub-Fund, at the request of the Shareholder, and at the discretion of the ACD, or if the ACD so demands by written notice to the Shareholder.

The ACD will give written notice to the Shareholder before the transfer of the Scheme Property of the relevant Sub-Fund to the Shareholder.

The Scheme Property to be transferred is subject to the retention by the Company of Scheme Property or cash of a value or amount equivalent to any stamp duty reserve tax or stamp duty to be paid in relation to the Cancellation of Shares.

The ACD will select the Scheme Property to be transferred in consultation with the Depositary. They must ensure that the selection is made with a view to achieving no more advantage or disadvantage to the Shareholder requesting the Cancellation/redemption than to continuing Shareholders.

### **Liquidity Management Tools and Process**

Liquidity risk includes both market liquidity risk and funding risk. Market liquidity risk is the inability to trade an instrument at the desired price due to a lack of investable assets or market demand. Funding risk is where a Sub-Fund has insufficient cash to meet its financial obligations.

Direct property is relatively illiquid compared to other asset classes such as bonds or equities. A Sub-Fund may not be able to meet redemption requests because of increased market liquidity risk and/or increased funding risk.

Liquidity management is governed by the ACD's Liquidity Management Policy which requires the ACD to monitor liquidity levels and ensure that the Company has sufficient liquidity taking into account its investment objective, liquidity profile and the redemption rights of Shareholders. The Liquidity Management Policy requires the ACD to ensure that appropriate levels of liquidity are held within the Company on a day-to-day basis with any unusual trends or areas of high risk being investigated and managed, including appropriate stress testing. The policy describes the tools available to the ACD for liquidity management purposes. On at least an annual basis the ACD undertakes a detailed review of the policy.

The relevant liquidity management tools are summarised below.

#### *Liquidity Buffer*

The ACD aims to maintain a diversified portfolio within each Sub-Fund as part of ongoing liquidity risk management. In order to manage liquidity risk under normal market conditions each Sub-Fund will aim to hold a target level of cash or other liquid assets which can be sold more quickly than direct property to cover redemptions.

In normal circumstances, the ACD aims to hold cash and liquid assets in the region of 20% of NAV in respect of the Aegon Property Income Fund however this target level is used as a guide only and the ACD shall in its complete discretion be permitted to depart from such target level (upwards or downwards) where it considers it appropriate to do so. In some circumstances, for example, this level could reach 40% of NAV. In considering the target level from time to time, the ACD may consider:

- the period over which cash and liquid asset levels are expected to diverge from the target level;
- property commitments made and to be made; capital commitments (including proposed purchases) and proposed sales (but only if unconditionally exchanged);

- average recent subscription levels, adjusted for (i) any downward trend; (ii) anticipated material redemptions; and (iii) confirmed material subscriptions;
- property outlook of real estate market conditions, adjusting assumptions in light of any material negative concerns; and
- knowledge of pipeline subscriptions, adjusting assumptions in light of any material negative concerns.

There is no guarantee that the Aegon Property Income Fund will hold its target allocation to cash and liquid assets, even in normal market conditions. A higher allocation to cash and liquid assets will most likely cause a reduction in potential investment returns, both capital and income. A lower allocation to cash and liquid assets increases the risk that the ACD may not be able to cover redemption requests.

#### *Anti-Dilution Mechanisms*

The Company's dual-pricing mechanism is referred to in Section 5 above.

The dual-pricing model operates primarily as an anti-dilution mechanism which protects the interests of investors. This anti-dilution mechanism is designed to reduce the impact of transaction costs generated by incoming and outgoing investors on the liquidity position.

The ACD's ability to adjust pricing for large deals is set out in Section 6 (page 35) above.

The large deal provision operates primarily as an anti-dilution mechanism which protects the interests of investors. This anti-dilution mechanism is designed to reduce the impact of transaction costs generated by incoming and outgoing investors on the liquidity position.

#### *Fair Value Pricing Adjustment*

The ACD's ability to make a "fair value pricing" adjustment is described in Section 5 (page 28) above.

Implementation of such adjustment fair value adjustment could ensure that the relevant Sub-Fund continues dealing in times of extreme market conditions and may prevent the initiation of more extreme liquidity management measures such as suspension.

The use of the fair value pricing adjustment impacts the value of a Sub-Fund and may do so negatively, therefore reducing the value of a Shareholders' investment in a Sub-Fund.

#### *Rapid Sale Pricing Provision (RSP)*

In response to a liquidity concern or event affecting the market, a Sub-Fund or a particular asset within a Sub-Fund, the ACD may decide that an immovable asset held by that Sub-Fund should be sold quickly to meet redemption requests as they fall due. In such circumstances, the ACD will aim to

complete the sale of an asset in a very short period, with the potential result that the selling price is lower (in some cases significantly lower) than the market value of the asset.

Implementation of a rapid sale could ensure that the relevant Sub-Fund continues dealing despite the existence of a liquidity event and may prevent the initiation of more extreme measures such as suspension.

In such circumstances, the ACD shall consult and agree with the Standing Independent Valuer a fair and reasonable price for the relevant immovable asset(s).

In conjunction with the execution of a rapid sale to meet redemptions, the ACD may also make a fair value pricing adjustment to the value of the remaining assets within the Portfolio in accordance with the above provisions.

Where the ACD uses the RSP, the value of a Sub-Fund may be reduced accordingly. Therefore the value of Shares will be lowered. There is no guarantee that by agreeing a fair and reasonable price to sell an asset rapidly that this will result in a sale as so intended. The ACD, in consultation with the Standing Independent Valuer, will return the asset to a market price as soon as it considers that there is no longer a need for rapid sale pricing to maintain liquidity.

#### *Deferred Redemption*

The ACD's ability to defer redemptions is set out in Section 6 (page 35) above.

In the absence of sufficient levels of cash or other liquid assets, it is likely that any deferral of redemptions would have to be made on a rolling basis until such time as sufficient levels of direct property assets can be sold to meet the relevant level of redemptions. The sale period for immovable property can vary depending upon many factors such as market conditions, property sector and individual property characteristics, but is generally much longer than the sale period for other asset classes. In these circumstances, the ACD might conclude that the use of other liquidity management tools referred to in this section would better serve the interests of shareholders.

#### *Suspension of Dealings in Shares*

##### (1) Suspension by ACD or upon instruction of Depositary

In exceptional circumstances, the ACD may, with the agreement of the Depositary, or must if the Depositary so requires, and if there is good reason in the interests of all of the Shareholders, suspend the dealing of Shares of any one or more Classes in any or all of the Sub-Funds. Examples of exceptional circumstances include, without limitation, insufficient liquidity within a Sub-Fund to meet redemptions, valuation uncertainty and events giving rise to liquidity concerns such as political events, economic events, corporate actions, pandemics and natural disasters.

## (2) Suspension for Material Uncertainty

The ACD must suspend the dealing of Shares within a Sub-Fund where: (a) the Standing Independent Valuer has expressed *material uncertainty* in accordance with VPS 3 paragraph 2.2(o) and the guidance at VPGA10, RICS Valuation Global Standards 2017 (The Red Book) (effective from 1 July 2017), about the value of one or more immovables held within the Sub-Fund and that material uncertainty applies to at least 20% of the Sub-Fund's NAV; or (b) the Sub-Fund invests at least 20% of its NAV in units of one or more other authorised funds for which dealings in units have been temporarily suspended for the same reason.

Suspension for *material uncertainty* described above shall be implemented by the ACD as soon as possible, and in any event by the end of the second business day after the day on which the Standing Independent Valuer expresses such *material uncertainty*.

Notwithstanding a declaration of *material uncertainty*, dealings in Shares may continue provided that:

(a) as soon as possible and in any event by the end of the second business day after the day on which the Standing Independent Valuer expresses such material uncertainty, the ACD and Depositary agree that dealings in Shares should continue;

(b) the ACD and Depositary have a reasonable basis for determining that a temporary suspension of dealings in Shares would not be in the best interests of Shareholders; and

(c) the ACD and the Depositary do not rely solely on a fair value price adjustment when making the determination under (b).

Where a decision has been taken not to suspend dealings in Shares during a period of *material uncertainty*, the ACD and the Depositary must review such decision at least every 14 days. The ACD shall inform the FCA of the results of each review.

## (3) General Suspension Process

At the time of any suspension, the ACD (or the Depositary if it has required the ACD to suspend dealing in Shares) must inform the FCA immediately stating the reasons for its actions and, as soon as is practicable, give the FCA written confirmation of the suspension and the reasons for it.

The ACD must also notify the Depositary stating the reasons for its actions and, prior to the suspension, give the Depositary written confirmation of the proposed suspension and the reasons for it.

The ACD will notify Shareholders of the suspension as soon as practicable after suspension commences.

During any period of suspension, the obligations relating to the Issue, sale, Switch, Conversion, Cancellation and redemption of Shares contained in Chapter 6 of COLL will cease to apply and the

ACD must comply with as many of the obligations relating to the valuation of assets as is practicable in light of the suspension.

During any period of suspension, the ACD may agree to Issue, Cancel, redeem, Switch or Convert Shares at a price calculated by reference to the first Valuation Point after the end of the suspension. Unless rejected by the ACD or cancelled by the investor at or during the suspension, any deals outstanding prior to the suspension shall be undertaken at a price calculated by reference to the first Valuation Point after the suspension. In connection with the suspension, the ACD shall be permitted to reject any deals received by the ACD following the Valuation Point prior to the suspension.

In accordance with Chapter 7 of COLL, a suspension of dealing Shares will cease:

(1) as soon as practicable after the exceptional circumstances leading to the suspension have ceased;  
or

(2) in relation to suspension for *material uncertainty*, as soon as reasonably practicable after: (a) the Standing Independent Valuer's *material uncertainty* assessment applies to less than 20% of the Sub-Fund's NAV; and (b) the Depositary gives its approval for the temporary suspension to be removed.

The ACD and the Depositary must formally review the suspension at least every 28 days and must inform the FCA of the results of this review.

The use of suspension is expected to be in the best interests of investors. However, the length of a suspension depends on the circumstances leading to it and it may last for a significant period of time. Therefore, Shareholders are exposed to the risk that they may not be able to redeem when they so desire. During a suspension, because the issue of new units is not possible, Shareholders that subscribe on a repeated and regular basis, for example monthly subscriptions, will not be able to allocate their capital and increase their Shareholding in a Sub-Fund.

#### *Governing Law*

All dealings in Shares will be governed by English Law.

#### *Electronic Communications*

Transfers of title to Shares may be effected on the authority of an electronic communication via the Portal to the extent that the functionality of the Portal supports this.

#### *Client Money*

In accordance with the FCA Rules and in appropriate circumstances, for example where Shares cannot be allocated to Shareholders following their purchase, or the proceeds of a redemption cannot be remitted to Shareholders following their redemption, money in respect of such Shares will be transferred to a client money bank account until such transactions can be completed. Money transferred to a client money bank account will be held in accordance with the FCA Rules. No interest will be paid on money held in these client money bank accounts.



The ACD makes use of an exemption from these rules where money does not have to be transferred into a client money bank account if such money is held in relation to a Delivery versus Payment transaction. Delivery versus Payment (DvP) is a procedure the investment industry uses to settle transactions made by their clients and it permits the ACD to cease to treat money as client money in connection with Delivery versus Payment transactions.

However, use of the exemption is limited in time, and where the ACD receives client money, in connection with a DvP transaction, and the ACD has not, by close of business on the business day following the date of receipt of the money, paid this money to the Depositary, the ACD will cease to make use of the exemption and will hold client money in a client money bank account. Similarly, the proceeds of redemptions (also arising from DvP transactions) will be only be protected in a client money account if the proceeds are still held by the ACD by close of business on the day following receipt of such proceeds from the Depositary.

## **7. Fees and Expenses**

**The Company, the Depositary, the Custodian, the ACD, the Auditor or any other "affected person" are not liable to account to each other or to Shareholders for any profits or benefits made or received which derive from or in connection with dealings in the Shares, or any transaction in the Scheme Property or the supply of services to the Company.**

### **General**

The Company may pay the following expenses incurred by or on behalf of it out of the Scheme Property of any one or more of the Sub-Funds:

- (1) the fees and expenditure incurred in relation to the immoveable property, "*expenditure*" in this context means in respect of any moveable or immoveable property or property related right or interest whatsoever which is, or may be intended to become, part of the Scheme Property, taxes, charges, costs, expenditure, outgoings or disbursements whatsoever (including abortive costs) incurred or legally committed in relation thereto including at present the following:
  - a. researching, acquiring, developing, letting, re-letting, disposing, structuring or restructuring, reinstating, varying, managing, funding, financing, refinancing, securing, profit sharing, clawback arrangements, hedging, procuring swaps, procuring underwriting, paying interest, commissions, charges and fees;
  - b. taxes, rates, charges, duties, levies, assessments, impositions or other outgoings whatsoever whether of a capital or revenue nature including stamp duty and stamp duty land tax, stamp duty reserve tax (if any), transfer tax, withholding tax, transfer pricing and irrecoverable VAT;
  - c. to any planning authority or other competent authority or to a third party pursuant to any planning highways or similar agreement or arrangement whatsoever;

- d. to agents, brokers, solicitors, attorneys, counsel, notaries, accountants, actuaries, insurers, surveyors, architects, engineers, developers, analysts, rating agencies, credit reference agencies, advertisers, marketers, information providers, enquiry agents, publishers, experts and/or arbiters and any other professional advisers and consultants whatsoever and wheresoever, professional or industry organisations, governments, government agencies, suppliers, contractors, security, concierge and maintenance staff whatsoever including their respective disbursements (which, for the avoidance of doubt, includes the fees, expenses and disbursements payable to the Standing Independent Valuer);
- e. valuing assets, analysing or securing independent comparative Sub-Fund performance, securing financial reports and other information on and investigating actual or prospective occupiers, tenants, vendors, purchasers and any other third parties;
- f. any project or development management whether internal or external;
- g. fees, expenses and disbursements of agents providing specialist property management services (including the Property Manager's (if any) fees);
- h. for any works, systems, plant or equipment or furnishings whatsoever including environmental, demolition, building, fitting out, commissioning decommissioning, decontaminating, decorating, equipping, furnishing, repairing, replacing, maintaining, remediating, refurbishing, refurnishing, rebuilding, redecorating, re-equipping, restorative and preventative measures;
- i. any rent-free or reduced period, commission, premium, fine or other financial inducement or incentive of any nature whatsoever given to any third party to induce it to enter into any lease licence renewal or other arrangement whatsoever;
- j. complying with any law and any obligation whatsoever including meeting obligations to banks, funders, superiors, landlords, tenants, occupiers and paying rents, costs and expenses including for voids and service charges for voids;
- k. attributable to property management, expert determinations, arbitrations, dispute resolution, litigation, enforcement of rights, including employment issues, rent reviews, actual or threatened repairs and dilapidations, evictions, debt recovery, surety enforcement, forfeiture, and bad debts; and
- l. any other items whatsoever properly incurred in the day to day operation of a property portfolio of the type envisaged in this Prospectus including analogous items in any country in which immovable property may be held in terms of this Prospectus;

- (2) Broker's commission, fiscal charges and any other disbursements which are necessarily incurred in effecting transactions for the Company. This will include expenses incurred in acquiring and disposing of investments including legal fees and expenses, whether or not the acquisition or disposal is carried out.
- (3) Any costs incurred in modifying the Instrument of Incorporation or this Prospectus.
- (4) Any costs incurred in respect of meetings of the Shareholders (including meetings of Shareholders in any particular Sub-Fund or Class).
- (5) Any costs incurred in establishing and maintaining the Company's Register of Shareholders and any plan register, if any, and related matters.
- (6) Interest on borrowings permitted under the Instrument of Incorporation or the Prospectus and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings.
- (7) Taxation and duties payable in respect of the Scheme Property, the Instrument of Incorporation, the Prospectus or the creation, Cancellation, sale or redemption of Shares.
- (8) The fees of the Auditors and the tax, legal and other professional advisers to the Company and to the ACD and the Depositary properly payable and any proper expenses of the Auditors, tax, legal and other professional advisers to the Company and to the ACD and the Depositary.
- (9) The fees of the FCA under Chapter 4 Annex 4R of the FCA's Fees Manual, or any corresponding periodic fee of any regulatory authority in a country or territory outside the United Kingdom in which Shares are or may be marketed.
- (10) Any expenses properly incurred by the Depositary in performing duties imposed upon it (or exercising powers conferred on it) by the OEIC Regulations or COLL. The relevant duties include (but are not limited to) the delivery of stock to the Depositary or the Custodian, the custody of assets, the collection of income, the submission of tax returns, the handling of tax claims, the preparation of the Depositary's annual report and any other duties the Depositary is required to perform by law.
- (11) Fees in respect of the publication and circulation of details of the prices and yields of Shares, and other such information which the ACD is required by law to publish.
- (12) The costs of printing and distributing reports, accounts, the Prospectus, any NURS-KII document (but excluding the costs of distributing the NURS-KII documents), and such other information relating to the Company, any Sub-Fund and/or any Class from time to time.
- (13) Insurance which the Company may purchase and/or maintain for the benefit of and against any liability incurred by any directors of the Company in the performance of their duties.

- (14) Liabilities on amalgamation or reconstruction arising where the property of a Body Corporate or another collective investment scheme is transferred to the Depositary in consideration for the issue of Shares to the Shareholders in that body or to participants in that other scheme, provided that any liability arising after the transfer could have been paid out of that other property had it arisen before the transfer and, in the absence of any express provision in the Instrument of Incorporation forbidding such payment, the ACD is of the opinion that proper provision was made for meeting such liabilities as were known or could reasonably have been anticipated at the time of transfer.
- (15) It is not currently proposed to seek a listing for the Shares on any stock exchange, but if a listing is sought in future, the fees connected with the listing will be payable by the Company.
- (16) Any other costs or expenses that may be taken out of the Company's property in accordance with COLL.

Value added tax will be added to these payments, where applicable.

The ACD and the Depositary have agreed that all or part of the fees, expenses and charges referred to above and below in this Part 7 which are payable out of the Scheme Property of a Sub-Fund may be paid out of either income or capital and the ACD may at any time during any accounting period vary the amount of such fees, expenses and charges that are allocated to either income or capital at its sole discretion. In respect of the Aegon Property Income Fund, it is the ACD's current intention that charges will generally be borne out of capital.

Any fees, expenses and charges treated as a capital charge and paid out of capital may erode the capital or may constrain future capital growth.

The ACD may from time to time, cover (in whole or in part) the fees and expenses incurred by or on behalf of the Company which would otherwise properly be payable by the Company out of the Scheme Property. This will not in any way obligate the ACD to meet such fees and expenses on an on-going basis.

### **Charges payable to the ACD**

An annual fee is paid by the Company out of the Scheme Property of each Sub-Fund to the ACD and accrues daily and is reflected in the price of each Class of each Sub-Fund daily. Payment to the ACD is monthly in arrears.

The level of these charges varies for different Classes and for different Sub-Funds and is expressed as a percentage of the value of the Scheme Property attributed to each Sub-Fund or Class, as appropriate.

The current annual fee for each Class of each Sub-Fund is given in Appendix D. The amounts shown are inclusive of any fees payable by the Company directly to any investment adviser or any administrator where the Company has contracted directly with these parties. Value added tax will be added to these payments, where applicable.

On a winding up of the Company or a termination of a Sub-Fund or on the redemption of a Class the ACD is entitled to its pro rata fees and expenses to the date of termination and any additional expenses necessarily realised in settling or receiving any outstanding obligations. No compensation for loss of office is provided for in the Agreement with the ACD.

The current annual fee to the ACD for a Class of a Sub-Fund may be increased for that Class 60 days after:-

- (i) the ACD has given notice in writing to all the Shareholders of that Class of that Sub-Fund; and
- (ii) the ACD has published and revised the Prospectus showing the rate of charge, and its commencement date.

For the avoidance of doubt, the ACD will not be required to notify Shareholders or amend the Prospectus as indicated in (i) and (ii) above where the fees charged by any investment adviser or administrator appointed from time to time are reduced, and the fee of the ACD is increased by a corresponding amount.

The ACD is also entitled to be paid by the Company out of the Scheme Property all reasonable, properly vouched, out-of-pocket expenses incurred in the performance of its duties including stamp duty and stamp duty reserve tax (if any) on transactions in Shares.

The ACD is entitled to charge the Company 15% of the value of each remedy procured for the Company's benefit, that results from successful class or shareholder actions filed by the ACD, in order to cover legal fees and administration costs incurred.

The ACD or any appointed investment adviser may enter into side letters with certain Shareholders whereby the ACD or such investment adviser agrees to pay a rebate which has the effect of reducing the fee rate payable to the ACD or such investment adviser in respect of that Shareholder's investment in a Sub-Fund. The fact that the ACD or relevant investment adviser has agreed to pay such a rebate to one Shareholder shall not automatically entitle other Shareholders to receive such a rebate.

### **Depository's Fee**

The Depository receives for its own account a periodic fee which will accrue daily and is payable monthly on the last Dealing Day in each calendar month in respect of that day and the period since the last Dealing Day in the preceding month and is payable within seven days after the last Dealing Day in each month. The fee is calculated by reference to the value of each Sub-Fund on the last Dealing Day of the preceding month except for the first accrual which is calculated by reference to the first Valuation Point of each Sub-Fund. The rate of the periodic fee is agreed between the ACD and the Depository and is calculated for each Sub-Fund.

The current agreed periodic fee in respect of the Aegon Property Income Fund is 0.0211% of the NAV (subject to such discounted rate as may be agreed between the Depository and ACD from time to time).

These rates can be varied from time to time in accordance with COLL.

The first accrual in relation to any Sub-Fund will take place in respect of the period beginning on the day on which the first valuation of that Sub-Fund is made and ending on the last Dealing Day of the month in which that day falls.

In addition to the periodic fee referred to above, the Depositary shall also be entitled to be paid transaction and custody charges in relation to transaction handling and safekeeping of the Scheme Property as follows:

<b>Item</b>	<b>Range</b>
Transaction Charges	£3.50 to £100
Custody Charges	0.0025% to 0.45%

These charges vary from country to country depending on the markets and the type of transaction involved. Transaction charges accrue at the time the transactions are effected and are payable as soon as is reasonably practicable, and in any event not later than the last business day of the month when such charges arose or as otherwise agreed between the Depositary and the ACD. Custody charges accrue and are payable as agreed from time to time by the ACD and the Depositary.

Where relevant, the Depositary may make a charge for its services in relation to: distributions, the provision of banking services, holding money on deposit, lending money, or engaging in stock lending transactions and may purchase or sell or deal in the purchase or sale of Scheme Property, provided always that the services concerned and any such dealing are in accordance with the provisions of COLL.

The Depositary will also be entitled to payment and reimbursement of all costs, liabilities and expenses properly incurred in the performance of, or arranging the performance of, functions conferred on it by the Instrument, COLL or by the general law.

On a winding up of the Company or a termination of a Sub-Fund the Depositary will be entitled to its *pro rata* fees, charges and expenses to the date of winding up or the termination or the redemption (as appropriate) and any additional expenses necessarily realised in settling or receiving any outstanding obligations.

Any value added tax on any fees, charges or expenses payable to the Depositary will be added to such fees, charges or expenses.

In each such case such payments, expenses and disbursements may be payable to any person (including the ACD or any associate or nominee of the Depositary or of the ACD) who has had the relevant duty delegated to it pursuant to COLL by the Depositary.

**Introduction or increase of remuneration of Depositary or Custodian**

Remuneration payable out of the Scheme Property to the Depositary or Custodian can only be introduced or increased in accordance with COLL.

**Investment Adviser's Fee**

A separate investment advisory fee may be payable to any investment adviser appointed by the ACD from time to time.

**Auditor's Fee**

The Auditor is entitled to receive an annual fee payable out of the Scheme Property.

**Standing Independent Valuer's fees**

The fees of the Standing Independent Valuer accrue and are payable quarterly and may be deducted from Scheme Property of the Aegon Property Income Fund. The fee of the Standing Independent Valuer, in respect of the relevant monthly and annual valuations, is calculated based on certain variables including (1) whether the property is a new investment for the Aegon Property Income Fund; (2) the number of properties held within the Scheme Property of the Aegon Property Income Fund and (3) the number of tenants in any one property. As such, the fee payable to the Standing Independent Valuer cannot be calculated in advance.

By way of indication only, the fee payable to the Standing Independent Valuer for the financial year 1 April 2021 – 31 March 2022, calculated as a percentage of Scheme Property, was 0.025%. The ACD does not expect that this figure will change materially. The fee payable to the SIV may be increased by the ACD, at its discretion, but only in accordance with COLL. This means that any material increase could only be made following approval of the FCA and 60 days' notice to shareholders.

**Property Manager's Fee**

The fees of the Property Manager may be deducted from the Scheme Property of the Aegon Property Income Fund. The fees will not exceed 0.01% of NAV (plus VAT) (if any) per year. This fee may be increased by the ACD, at its discretion, in accordance with COLL.

**Tax Consultant's Fee**

The ACD may engage a professional tax advisory firm to provide tax consultancy services in respect of the Aegon Property Income Fund (the "**Tax Consultant**"). The fees of the Tax Consultant may be deducted from the Scheme Property of the Aegon Property Income Fund. The current fee will not exceed £50,000 (plus VAT) (if any) per year. This fee may be increased by the ACD, at its discretion, in accordance with COLL.

**Registrar's Fee**

The costs of establishing and maintaining the register and related matters may be deducted from Scheme Property. In this regard a portion of the costs of establishing and maintaining the register and

associated registration and transfer agency services charged by the Registrar will be deducted from the Scheme Property. These charges will not exceed 0.00375% of the NAV (plus VAT if any) per year. The costs of establishing and maintaining the register and related matters may otherwise be increased by the ACD, at its discretion, in accordance with COLL.

### **Administrator's Fee**

Where a separate administration fee is payable to any administrator appointed from time to time, the level of this fee for each Class of each Sub-Fund, where applicable, will be set out in Appendix D.

## **8. Accounting and Income**

### **Accounting Periods**

The annual accounting period of the Company ends on 31 March ("the "**accounting reference date**") in each year. The half-yearly accounting period ends on 30 September in each year.

### **Annual Reports**

The annual reports of the Company will normally be published by 31 July and half-yearly reports will be published by 30 November each year. Copies of the annual and half-yearly reports are available free of charge on request from the ACD and on its website at [www.aegonam.com](http://www.aegonam.com).

The annual report of the Company will also include certain disclosures of information, such as the current risk profile, any changes to the maximum level of leverage and any new arrangements for managing liquidity in relation to the Company, which the ACD is required to provide to holders on a periodic basis under FUND 3.2.5 R and 3.2.6 R.

### **Income**

Allocations of income are made in respect of the income available for allocation in each accounting period (whether annual or interim). The annual and interim income allocation dates, if any, for each Sub-Fund are given in Appendix D. Allocations of income for each Sub-Fund will be made on or before the relevant income allocation due date in respect of the income available for allocation in each accounting period (whether annual or interim).

Income is paid by direct credit to each Shareholder's bank or building society account to the first named Shareholder when the distribution is paid.

The amount available for distribution or accumulation in any accounting period is calculated by taking the proportion of the aggregate of the income received or receivable for the account of the relevant Sub-Fund in respect of that period attributable to the relevant Class and deducting the charges and expenses of the relevant Class paid or payable out of income in respect of that accounting period. The ACD then makes such other adjustment as it considers appropriate (and after consulting with the auditors as appropriate) in relation to:

- taxation;



- income equalisation;
- income unlikely to be received within twelve months following the relevant income allocation date;
- income which should not be accounted for on an accruals basis because of lack of information as to how it accrues;
- transfers between the income and capital account;
- the ACD's best estimate of the tax reliefs on charges and expenses; and
- any such other adjustments (including those for authorisation) which the ACD considers appropriate.

Income earned in an interim accounting period need not be distributed immediately and may instead be retained and used to ensure that distributions paid throughout the year are broadly similar. Any residual income will be distributed at the Sub-Fund's annual income allocation date. This policy is known as "**smoothing**".

Any distribution payment in respect of a Sub-Fund which remains unclaimed after a period of six years from the date of payment, will be forfeited and will be transferred to and become part of the Sub-Fund's capital property. Thereafter, neither the Shareholder nor any successor will have any rights to it except as part of the capital property.

### **Income Equalisation**

The Company will operate grouping for equalisation.

Each Class of each Sub-Fund will operate its own equalisation account.

Shares purchased during a distribution period are called Group 2 Shares.

Shares purchased during any previous distribution period are called Group 1 Shares.

Group 2 Shares contain in their purchase price an amount called equalisation which represents a proportion of the net income of the Sub-Fund that has accrued up to the date of purchase. The amount of equalisation is averaged across all the Shareholders of Group 2 Shares and is refunded to them as part of their first distribution and is treated as a return of capital for tax purposes. Being capital it is not liable to income tax but must be deducted from the cost of Shares for capital gains tax purposes.

## **9. UK Taxation**

**The following information is a summary of anticipated tax treatment in the United Kingdom ("UK"). This information is based on the law enacted in the UK on the date of this Prospectus, is subject to changes therein and is not exhaustive.**

**The information given under this heading does not constitute legal or tax advice. It applies only to UK resident and, in the case of individuals, domiciled, Shareholders, who hold their Shares as an investment and who are the absolute beneficial owner of the Shares. It does not describe the taxation treatment of Shareholders which are subject to special tax regimes or of persons in jurisdictions other than the United Kingdom. Please note that the tax treatment of investors depends on their individual circumstances and may be subject to change in the future. Prospective investors should consult their own professional advisers as to the implications of subscribing for, purchasing, holding, Switching, Converting or disposing of Shares or Switching into Feeder Units under the laws of the jurisdiction in which they are resident for tax purposes.**

### **Specific Information relating to Aegon Property Income Fund**

#### **The Company**

Each Sub-Fund will be treated as a separate entity for UK tax purposes.

The Company is generally exempt from UK tax on capital gains realised on the disposal of its investments (including interest-paying securities and derivatives).

The Aegon Property Income Fund qualifies as a PAIF for UK tax purposes. Accordingly, the income generated by its Property Investment Business will be exempt from tax. Any dividend income it receives from UK companies will also be exempt from tax. It would, however, be subject to tax in the unlikely event that there should be a net balance of other income, which will generally consist of interest but could include other property income, less deductible expenses and the gross amount of any PAIF interest distributions made, or a tax charge otherwise arises.

The Aegon Property Income Fund's distributions will be divided into three streams for UK tax purposes:

- property income distributions - these represent income from the Sub-Fund's Property Investment Business;
- PAIF dividend distributions - these represent any dividends received by the Sub-Fund;

PAIF interest distributions - these represent the net amount of any other income received by the Sub-Fund.

#### *Stamp Duty/Stamp Duty Reserve Tax (SDRT)/Stamp Duty Land Tax (SDLT)*

Stamp duty or SDRT may be payable by the Company on the purchase of investments or in respect of any transfers of assets between Sub-Funds. SDLT may be payable by the Company on the acquisition of an interest in UK land.

#### **Shareholders in the Aegon Property Income Fund**

Allocations of income to Shareholders are treated as taxable distributions regardless of whether the income is retained within the Sub-Fund or actually paid to Shareholders.

Property income distributions and PAIF distributions (interest) will be paid net of basic rate tax (currently 20%) for Shareholders who do not have an automatic right to gross distribution or have not certified that they are entitled to gross distributions under prevailing UK tax legislation. The ACD reserves the right to acquire further attestations of the right to gross distributions should changes in legislation or regulation require it to ensure the continuation of gross distributions. UK tax exempt investors can reclaim the tax withheld on these distributions.

### **Individual Shareholders**

#### *PAIF - Property Income Distributions*

For individual UK resident Shareholders holding Shares in the Aegon Property Income Fund property income distributions will be paid after deduction of UK income tax at the basic rate, currently 20%. Basic rate taxpayers will have no further liability to tax. Higher rate and additional rate tax payers will have additional tax to pay at their marginal rate, although they will receive credit for the tax deducted at source.

#### *PAIF – Interest Distributions*

Interest distributions are normally paid after deduction of UK income tax at the basic rate.

PAIF Interest distributions paid after 6 April 2017 will be paid gross to investors (no income tax will be deducted from the payment). This follows announcements made by the Government in Budget 2016.

Individual UK resident Shareholders have an annual Personal Savings Allowance. Interest distributions are classed as Savings Income for the purposes of the Personal Savings Allowance.

Individuals who pay tax at the basic rate have a Personal Savings Allowance of £1,000. Up to £1,000 of Savings Income is tax-free. Income tax deducted on this eligible savings income can be reclaimed from HMRC. Savings Income received in excess of Personal Savings Allowance will be taxed at the basic rate, the tax deducted will therefore satisfy in full the tax liability on the interest distributions.

Individuals who pay tax at the higher rate have a Personal Savings Allowance of £500. Up to £500 of Savings Income is tax-free. Income tax deducted on this eligible savings income can be reclaimed from HMRC. Savings Income received in excess of Personal Savings Allowance will be taxed at the higher rate, the tax deducted may not satisfy the tax liability on the interest distributions and additional tax may be due to HMRC.

Individuals who pay tax at the additional tax rate have no Personal Savings Allowance, the tax deducted will not satisfy the full tax liability on the interest distribution and additional tax will be due to HMRC.

Shareholders eligible for the starting rate of tax on savings income will be subject to income tax at 0% on interest distributions up to the current limit of £18,570 (2022/2023) taxable income (£18,570 2021/2022). Income tax deducted on this eligible savings income can be reclaimed from HMRC. UK resident non-taxpayers may also claim a refund from HMRC of the UK income tax deducted. In the case of Shares held through an ISA, the account manager may claim a refund from HMRC of any UK

tax deducted. A non-resident Shareholder may also be entitled to receive a repayment of any UK income tax deducted, under a relevant double taxation agreement.

#### *PAIF - Dividend Distributions*

Any dividend distribution made by a Sub-fund will be treated as if it were a dividend from a UK company. Dividend distributions are dividend income. No deduction of UK income tax is made from a dividend distribution.

All UK resident individual Shareholders have a tax-free Dividend Allowance. The allowance is available to anyone who has dividend income. From 6 April 2018, the Dividend Allowance provides a 0% tax rate on the first £2,000 of dividend income per year (2016/2017 and 2017/18 tax years: £5,000 Dividend Allowance per year). UK residents will pay tax on dividends received over this allowance. Where additional tax is payable it is the individual's responsibility to report this to HMRC.

Tax is paid on dividend income received over the £5,000 at the following rates:

- 8.75% on dividend income within the basic rate band
- 33.75% on dividend income within the higher rate band
- 39.35% on dividend income within the additional rate band

#### **Corporate Shareholders**

Property income distributions are generally paid to corporation tax payers without the deduction of tax at source and taxed as profits of a property business. PAIF interest distributions are also generally paid gross to corporation taxpayers, and are taxed as yearly interest in their hands. PAIF dividend distributions are treated in the same way as dividends paid by United Kingdom companies, and are therefore exempt from corporation tax.

#### **Tax-exempt Shareholders**

Tax-exempt investors such as local authorities, charities, pension schemes and ISA managers may be paid gross property income distributions and PAIF interest distributions and accumulations. However the ACD (or its nominee) will need to be satisfied that the recipient is the beneficial owner and that it is entitled to be paid gross property income distributions and gross interest distributions and/or accumulations. The ACD may require a suitable indemnity from the recipient before a gross payment can be made. Otherwise, Shareholders who are exempt from tax on income will be able to reclaim from HMRC the basic rate income tax withheld on the payment of property income distributions and PAIF interest distributions.

#### **Capital Gains**

Shareholders who are resident in the UK for tax purposes may be liable to capital gains tax or, where the Shareholder is a company, corporation tax in respect of gains arising from the sale, exchange or

other disposal of Shares. See Section 6 above for further information in respect of Switches and Conversions.

Capital gains made by individual Shareholders on disposals from all chargeable sources of investment will be tax free if the net gain (after deduction of allowable losses) falls within an individual's annual exempt amount. For the tax year 2022/2023, the first £12,300 of an individual's net chargeable gains is exempt from capital gains tax (2021/2022: £12,300); gains in excess of this amount are taxed at 10% if the individual's total chargeable gains do not exceed the upper limit of the income tax basic rate band and at 20% if the total exceeds that limit.

Shareholders chargeable to UK corporation tax must include all chargeable gains realised on the disposal of Shares in their taxable profits. The amount chargeable may be reduced by an indexation allowance. For disposals of assets on or after 1 January 2018, indexation allowance will be calculated using the Retail Price Index or factor for December 2017, irrespective of the date of disposal of the asset.

The amount representing the income equalisation element of the Share price is a return of capital and is not taxable as income in the hands of Shareholders. This amount should be deducted from the cost of Shares in computing any capital gain realised on a subsequent disposal.

### **Non Resident Capital Gains Tax**

From April 2019 non-UK residents will be subject to UK tax on gains arising from direct or indirect disposals of all types of UK land and interests in UK property rich entities.

Unless an exemption applies, a non-resident investor will be subject to UK tax on gains arising from disposals made on or after 6 April 2019 of:

- Interests in UK land; and
- Interests in entities deriving at least 75% of their value from UK land (i.e. 'UK property rich' entities) where the investor has a 25% or more interest in the property rich entity.
- The 25% de minimis will not be applicable in the case of interests in UK property rich collective investment vehicles (CIVs).

Where an investor makes a chargeable disposal, they must report this disposal and make a payment on account of the capital gains tax due within 30 days.

## **10. Meetings of Shareholders, Voting Rights and Service of Notices**

In this section "relevant Shareholder" in relation to a general meeting of Shareholders means a person who is a Shareholder on the date seven days before the notice of that general meeting is sent out but excludes any person who is known to the ACD not to be a Shareholder at the time of the general meeting.

### **Service of Notice to Shareholders**

Notices of the Meetings and Adjourned Meetings, as well as any other written notices required to be sent to Shareholders, will be sent to the Shareholders via the Portal or via e-mail as appropriate. Shareholders will be informed of any notices posted on the Portal by e-mail notification. The ACD reserves the right at its discretion to send any notice to Shareholders at their registered address. Shareholders as at 31 July 2023 who do not have access to the Portal will be sent notices at their registered address.

### **Convening and Requisition of Meetings**

The ACD and the Depository may convene a general meeting at any time. Shareholders may also requisition a general meeting of the Company. A requisition by Shareholders must state the objects of the meeting, be dated, be signed by Shareholders not representing less than one tenth in value of all Shares of the Company then in issue and the requisition must be deposited at the head office of the Company. The ACD must convene a general meeting no later than eight weeks after receipt of such requisition.

In accordance with Regulation 37A of the OEIC Regulations, the Company will not hold an Annual General Meeting. Copies of the service contracts, which would normally be approved at an Annual General Meeting if one were to be held, are available from the ACD on request.

### **Notice and Quorum**

Shareholders will receive at least 14 days' notice of a Shareholders' meeting (other than an adjourned meeting when a shorter period of notice is permitted) and are entitled to be counted in the quorum and vote at such meeting either in person or by proxy. The quorum for a meeting is two Shareholders, present in person or by proxy or, in the case of a corporation, by a duly authorised representative. The quorum for an adjourned Meeting is one Shareholder present in person or by proxy or, in the case of a corporation, by a duly authorised representative.

### **Voting Rights**

At a meeting of Shareholders, on a show of hands every Shareholder who (being an individual) is present in person or (being a corporation) is present by its representative properly authorised in that regard, has one vote.

On a poll vote, a Shareholder may vote either in person or by proxy. The voting rights attaching to each Share are such proportion of the voting rights attached to all Shares in issue as the price of the Share bears to the aggregate price(s) of all the Shares in issue at a cut-off date selected by the ACD which is a reasonable time before the notice of meeting is sent out.

A Shareholder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.

Except where COLL or the Instrument of Incorporation require an extraordinary resolution (which needs 75% of the votes cast at the meeting to be in favour if the resolution is to be passed) any resolution

required by COLL will be passed by a simple majority of the votes validly cast for and against the resolution. The ACD may not be counted in the quorum for a meeting and neither the ACD nor any associate (as defined in COLL) of the ACD is entitled to vote at any meeting of the Company except in respect of Shares which the ACD or an associate holds on behalf of or jointly with a person who, if the Registered Shareholder, would be entitled to vote and from whom the ACD or associate has received voting instructions.

### **Sub-Fund Meetings and Class Meetings**

The above provisions, unless the context otherwise requires, apply to Sub-Fund meetings and Class meetings as they apply to general meetings of Shareholders but by reference to Shares of the Sub-Fund or Class concerned and the Shareholders and prices of such Shares.

### **Variation of Class Rights**

The rights attached to a Sub-Fund or a Class may only be varied in accordance with COLL.

### **Notifying Shareholders of Changes**

Where the ACD proposes to make a change to the operation of the Company this will be classified as either a fundamental, significant or notifiable change as described below:-

- A. A fundamental change is one where the ACD must, by way of an extraordinary resolution, obtain prior approval from Shareholders for the proposed change. A fundamental change is a change or event which:-
- (i) changes the purpose or nature of a Sub-Fund; or
  - (ii) may materially prejudice a Shareholder; or
  - (iii) alters the risk profile of the Sub-Fund; or
  - (iv) introduces a new type of payment out of the Scheme Property of the Sub-Fund.
- B. A significant change is one where the ACD must give a minimum of 60 days' prior written notice of the proposed change to Shareholders. A significant change or event is one which is not fundamental, as described above, but which:-
- (i) affects a Shareholder's ability to exercise his rights in relation to his investment; or
  - (ii) would reasonably be expected to cause the Shareholder to reconsider his participation in the Sub-Fund; or
  - (iii) results in any increased payments out of the Scheme Property of the Sub-Fund to an authorised fund manager or any director of an ICVC or an associate of either; or
  - (iv) materially increases other types of payment out of the Scheme Property.
- B. A notifiable change is one where the ACD must inform Shareholders in an appropriate manner and timescale of any changes that are reasonably likely to affect, or have affected,

the operation of the Sub-Fund. A notifiable change is one other than a fundamental or significant change, as described above, which a Shareholder must be made aware of unless the ACD concludes that the change is insignificant.

## **11. Winding Up of the Company or Termination of a Sub-Fund**

The Company shall not be wound up except as an unregistered company under Part V of the Insolvency Act 1986 or under COLL. A Sub-Fund may only be terminated under COLL.

Where the Company is to be wound up or a Sub-Fund terminated under COLL, such winding up or termination may only be commenced following approval by the FCA. The FCA may only give such approval if the ACD provides a statement (following an investigation into the affairs of the Company) either that the Company will be able to meet its liabilities within twelve months of the date of the statement or state that such confirmation cannot be given. The Company may not be wound up under COLL if there is a vacancy in the position of the ACD at the relevant time.

Subject to the foregoing, the Company may be wound-up or a Sub-Fund terminated under COLL if:

- a. an extraordinary resolution to that effect is passed by Shareholders; or
- b. the period (if any) fixed for the duration of the Company or a particular Sub-Fund by the Instrument of Incorporation expires, or the event (if any) occurs on the occurrence of which the Instrument of Incorporation provides that the Company is to be wound up (for example, if the share capital of the Company is below its prescribed minimum), or the Sub-Fund is to be terminated (for example, if the Net Asset Value of the Sub-Fund is less than £1,000,000, or if a change in the laws or regulations of any country means that, in the ACD's opinion, it is desirable to wind-up the Company or to terminate a Sub-Fund); or
- c. on the date of effect stated in any agreement by the FCA to a request by the ACD for the revocation of the authorisation order in respect of the Company.

On the occurrence of any of the above:

- a. Parts 5, 6.2 and 6.3 of COLL relating to investment and borrowing, dealing and pricing will cease to apply to the Company or the relevant Sub-Fund;
- b. The Company will cease to Issue and Cancel Shares in the Company or the particular Sub-Fund and the ACD shall cease to sell or redeem Shares or to arrange for the Company to issue or cancel them for the Company or the relevant Sub-Fund;
- c. No transfer of a Share shall be registered and no other change to the Register shall be made without the sanction of the ACD;
- d. Where the Company is being wound up, the Company shall cease to carry on its business except in so far as it is beneficial for the winding up of the Company;



- e. The corporate status and powers of the Company and, subject to the preceding provisions of a. to d. above, the powers of the ACD shall remain until the Company is dissolved.

The ACD shall, as soon as practicable after the Company falls to be wound up or the Sub-Fund falls to be terminated, realise the assets and liabilities of the Company (or as the case may be, the relevant Sub-Fund) and, after paying out or retaining adequate provision for all liabilities properly payable and retaining provision for the costs of winding up, provided that there are sufficient liquid Sub-Funds available, arrange for the Depositary to make one or more interim distributions out of the proceeds to Shareholders proportionately to their rights to participate in the Scheme Property of the Company, or the Sub-Fund. When the ACD has caused all the Scheme Property to be realised and all of the liabilities of the Company or the particular Sub-Fund to be realised, the ACD shall arrange for the Depositary to make a final distribution to Shareholders on or prior to the date on which the final account is sent to Shareholders of any balance remaining in proportion to their holdings in the Company or the particular Sub-Fund.

As soon as is reasonably practicable after the completion of the winding up of the Company, or the completion of the termination of a particular Sub-Fund, the Depositary must notify the FCA of that fact.

On completion of the winding up of the Company, the Company will be dissolved and the ACD shall arrange that any money (including unclaimed distributions) standing to the account of the Company, will be paid by the Depositary into court within one month of dissolution.

Following the completion of a winding up of the Company, or the termination of a Sub-Fund, the ACD must prepare a final account showing how the winding up or termination took place and how the Scheme Property was distributed. The Auditors shall make a report in respect of the final account stating their opinion as to whether the final account has been properly prepared. This final account and the Auditors' report must be sent to the FCA, to each Shareholder and, in the case of winding up of the Company, to the Registrar of Companies within four months of the termination.

## **12. Risk Factors**

Potential investors should consider the following risk factors before investing in a Sub-Fund. The level of risk varies between Sub-Funds. In assessing the risk profile of each Sub-Fund, the following factors should be taken into account, where relevant.

### **General**

The investments of the Company are subject to normal fluctuations and other risks inherent in investing in securities and collective investment schemes which invest in securities, whether equities, property or bonds, or in derivatives of these securities. There can be no assurance that any appreciation in value of investments will occur. The value of investments and the income derived from them may fall as well as rise and investors may not recoup the original investment invested in the Company.

There is no assurance that the investment objectives of any Sub-Fund will actually be achieved and no warranty or representation is given to this effect.

Past performance is not a guide to future performance. It can in no way provide a guarantee of returns that Shareholders may receive in future.

The profile of a typical investor for whom each Sub-Fund is designed is detailed in Appendix D.

### **Tax Risks**

Tax regulations and concessions are not guaranteed and can change at any time.

The levels, bases and reliefs from taxation can change. Any rates of tax to which this Prospectus refers are those which are currently available.

### **Leverage**

The Company may employ leverage that will magnify gains and losses and result in greater volatility in the value of Scheme Property as a result of market movements.

### **Liquidity Risk**

Liquidity risk includes both market liquidity risk and funding risk. Market liquidity risk is the inability to trade an instrument at the desired price due to a lack of supply or market demand. Funding risk is where a Sub-Fund has insufficient cash to meet its financial obligations.

Liquidity risk is more likely to affect a Sub-Fund during difficult market conditions and could lead to volatility and/or reduction in the value of the Sub-Fund's assets.

The Scheme Property will be invested significantly in real estate which is a fundamentally illiquid asset class. The liquidity of an asset reflects the time it takes to convert that asset into cash and illiquid assets take the longest time to convert. Due to the non-homogenous nature of most real estate assets, the complexities of the sale process and the length of time required to market and agree sales of real estate, the time that it can take to liquidate a real estate asset can be significant, possibly lasting years. At all times the ACD will aim to manage a Sub-Fund in a prudent manner and invest in a variety of real estate, some of which will be more liquid than others.

The Scheme is operated in such a way that subscriptions into and out of a Sub-Fund are accepted on a daily basis. Where the redemption requests outweigh the subscriptions into the relevant Sub-Fund, it is likely that the ACD will have to sell real estate assets to fund the redemption requests.

Investors can expect their holdings in a Sub-Fund to be liquidated and returned to them in cash three days after such a request is accepted by the ACD but the real estate in the Sub-Fund will always take longer to liquidate. Over time, and this period can be very short (days or weeks) or very long (months or years), depending upon rate and volume of redemption requests, the cash within the Sub-Fund can

deplete which gives rise to a risk that the ACD is unable to liquidate sufficient real estate to fund the requested redemptions.

A large percentage of the Scheme Property may not be considered as liquid which could present difficulties in circumstances where there are large volumes of daily redemptions.

It is important to note that liquidity risks may be exacerbated in times of market stress, political uncertainty and negative sentiment towards real estate as an asset class. This can increase the time it takes to sell real estate or, where the market value of real estate falls, cause the ACD to have to sell more real estate. It is also possible that Investors may seek to liquidate their holdings at greater pace and volume in these circumstances which further increases liquidity risk.

In these circumstances the ACD will seek to manage the need to liquidate assets and Sub-Fund redemptions through the use of a liquidity risk management toolkit. The toolkit is described in Section 6 above and Shareholders are recommended to read this to understand the implications of the ACD's use of the various tools in the toolkit. Use of the tools creates a range of consequences for Shareholders such as causing the value of a Sub-fund to decrease or potentially, in exceptional circumstances, significant delay in returning cash to an investor following a redemption request. In all circumstances the ACD will use the toolkit in a manner which is in the best interests of investors.

### **Suspension of Dealings in Shares**

Investors are reminded that in certain circumstances their right to redeem Shares may be suspended (see "Suspension of Dealings in Shares" in Part 6).

### **Currency Exchange Rates**

Currency fluctuations may indirectly affect the value of a Sub-Fund's investments and the income thereon and, depending on an investor's currency of reference, currency fluctuations may adversely affect the value of his investment in Shares.

### **Smaller Companies**

Where a Sub-Fund invests directly or indirectly in smaller companies, the nature and size of these companies means that their shares may be less liquid than those of larger companies and that their share prices may, from time to time, be more volatile. Investment in such smaller companies typically, therefore, may involve greater risk than investment in larger companies.

### **Charges to Capital**

Where the ACD and the Depositary so agree all or part of the payments to the ACD and any other charges and expenses of a Sub-Fund may, subject to COLL, be charged against capital instead of income. This may constrain capital growth.

**Issuer Default**

Investments in fixed income securities, specifically those which are rated below investment grade, are subject to the risk that the issuer could default on its obligations and a Sub-fund could sustain losses on such investments. The ACD will seek to limit such risks by credit research and careful securities selection but there can be no assurance that a Sub-fund will not acquire securities with respect to which the issuer subsequently defaults.

**Restriction on activities due to embargo etc.**

From time to time, the Company's activities, or the activities of companies in which it invests, may be restricted due to governmental and/or regulatory restrictions. As a result, there may be periods, for example, during which the ACD or the company in which it invests may be restricted from engaging in certain transactions.

**Political Risks**

The value of the Company's assets and those of the companies in which it invests may be affected by uncertainties or events, such as political developments, nationalisation of certain industries, changes in government policies, taxation and currency repatriation and restrictions on foreign investment in some of the countries in which the Company may invest.

**Aggregation of Orders**

In managing the Company, the ACD may combine orders for the Sub-Funds with those of other clients. This procedure may operate on some occasions to the disadvantage of the Company and on others to the advantage of the Company.

**Inflation Risk**

Inflation erodes the real value of investments and changes in the anticipated rate of inflation could lead to capital losses in the Company's investments.

**Market Timing and Excessive Trading**

Each Sub-Fund may be subject to market timing and excessive trading activities which may include frequent purchases and sales of Shares with a view to profiting from anticipated changes in market prices between Valuation Points (often stemming from quantitative analysis), arbitraging on the basis of market price changes subsequent to those used in the Sub-Fund's valuation or excessive short term dealing. Such activities are disruptive to Sub-Fund management, may lead to additional dealing charges which cause losses to a Sub-Fund and may be detrimental to performance and to the interests of long term Shareholders. Whilst the ACD will seek to detect and deter market timing activity, it may be unable to detect such activity if it occurs within deals in a nominee or other omnibus account. The ACD has the power to refuse an application for Shares if it reasonably believes that the relevant Sub-Fund is at risk of abuse in this manner.

### **Manager Risk**

There is a risk that the Sub-Funds will not achieve their performance objectives or will not produce returns that compare favourably against their peers. The performance of each Sub-Fund is dependent upon the ability of the ACD to select profitable investments.

### **Equities**

Equities tend to be more volatile than many other investments, but may also offer greater potential for growth. The value of such underlying investments may fluctuate quite dramatically in response to activities and results of individual companies, as well as in connection with general market and economic conditions.

### **Unlisted Risks**

Subject to COLL, a Sub-Fund may invest in transferable securities which are not approved securities (in other words, unlisted securities). Such securities and instruments are generally not publicly traded, may be unregistered for securities law purposes and may only be able to be resold in privately negotiated transactions with a limited number of purchasers. The difficulties and delays associated with such transactions could result in the ACD's inability to realise a favourable price upon disposal of such securities, and at times might make disposition of such securities and instruments impossible. As such, unquoted securities are illiquid investments by nature. To the extent that a Sub-Fund invests in securities and instruments the terms of which are privately negotiated, the terms of such securities and instruments may contain restrictions regarding resale and transfer. In addition, certain listed securities and instruments, particularly securities and instruments of smaller capitalised or less seasoned issuers, may from time to time lack an active secondary market and may be subject to more abrupt or erratic price movements than securities of larger, more established companies or stock market averages in general. In the absence of an active secondary market the ACD's ability to purchase or sell such securities at a fair price may be impaired or delayed.

### **Use of benchmark indices as a performance comparator, target or constraint**

The ACD may nominate a benchmark index for each Sub-Fund as a way for investors to compare performance of the relevant Sub-Funds; or may include within the investment objective or policy of a Sub-Fund a benchmark which is used as a performance target or as a constraint on the portfolio. Benchmarks used for these purposes will be set out in Appendix D.

Such benchmarks are not intended to be a guarantee of the performance of the relevant Sub-Fund and the performance of any such Sub-Fund may not be the same as the comparator or in line with the target. The ACD keeps the benchmark indices used under review and may change the benchmarks as required in line with the FCA Rules.

The overall risk profile of any such benchmark, or the risk profiles of the benchmark constituents, may be different to the risk profile of the relevant Sub-fund.

### **Investment in Collective Investment Schemes**

The Sub-Funds may from time to time invest in collective investment schemes which may themselves invest in a range of other assets. These underlying assets are likely to vary from time to time but each category of asset has individual risks associated with them. The ACD may not have any control over the activities of any collective investment scheme or company invested in by the Sub-Funds. Managers of collective investment schemes and companies in which a Sub-Fund may invest may take undesirable tax positions, employ excessive leverage, or otherwise manage the collective investment schemes or be managed in a manner not anticipated by the ACD. In valuing the value of Scheme Property, the ACD is reliant on the unit price of such collective investment schemes being delivered by third parties to the ACD by a cut-off point to enable the ACD to include that price in the relevant Sub-Funds' valuation. In the event that such price for a particular day is not delivered to the ACD by that cut-off point, the ACD will (unless its fair value pricing policy requires otherwise) use the most recent price that has been delivered to it. That price may not accurately reflect the most up to date valuation of the underlying collective investment scheme, and consequently the Sub-Funds' valuation may not accurately reflect the most up to date valuation of the underlying collective investment scheme.

Collective investment schemes in which a Sub-Fund may invest may from time to time suffer from liquidity issues.

A Sub-Fund may from time to time also invest in unregulated collective investment schemes which are valued less frequently than the relevant Sub-Fund. As a result, there is a risk that any market movements will not be reflected in the price of the Sub-Fund and that investors may miss out on unrealised profits from underlying investments. Unregulated collective investment schemes are generally considered to be a higher risk than investment in regulated schemes, for example, they can: borrow to invest; suspend calculation of net asset value preventing redemption or otherwise limiting redemption.

As an investor in another collective investment scheme, the relevant Sub-Fund will bear its portion of the expenses of the other collective investment scheme, including management, performance and/or other fees. These fees will be in addition to the management fees and other expenses which the Sub-Fund bears directly with its own operations.

### **Liability of the Company and the Sub-Funds**

Under the OEIC Regulations, each Sub-Fund is a segregated portfolio of assets and those assets can only be used to meet the liabilities of, or claims against, that Sub-Fund (this is often referred to as "segregated liability"). While the provisions of the OEIC Regulations provide for segregated liability between Funds, the concept of segregated liability is, in the context of collective investment schemes which are authorised and regulated in the UK, relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known whether a foreign court would give effect to the segregated liability and cross-investment provisions contained in the OEIC

Regulations. Therefore, it is not possible to be certain that the assets of a Sub-Fund will always be completely insulated from the liabilities of another Sub-Fund of the Company in every circumstance.

### **Specific Other Risks Associated with Aegon Property Income Fund**

*Please note that the risks listed above may also be relevant for the Aegon Property Income Fund*

#### *Tax*

The Aegon Property Income Fund qualifies as a PAIF but the regime which applies to PAIFs is not guaranteed and may be subject to change.

If the Sub-Fund should breach any of the applicable conditions of the Tax Regulations then depending on the nature of the breach and the number of breaches that have occurred, this may result in a corporation tax liability arising or HMRC terminating the Sub-Fund's PAIF status. Termination of the Sub-Fund's PAIF status would result in a different tax treatment for the Sub-Fund and the distributions made by it.

The levels, bases and reliefs from taxation can change. Any rates of tax to which this Prospectus refers are those which are currently available.

#### *Property Risks*

Property investment is a specialist sector. Investors are advised to contact a financial adviser if they have any doubts about the suitability of the Aegon Property Income Fund.

The Aegon Property Income Fund is generally invested directly in commercial property in the British Isles which is a less liquid asset class than other categories of assets, such as bonds or shares in large companies (meaning that the immovable property may be, comparatively, more difficult to sell and at times, selling property investments can be a long and uncertain process). This may lead to constraints when redeeming Shares. Furthermore, if a property cannot be liquidated in a timely manner then it may be harder to attain a reasonable price, affecting the overall price of Shares.

The Aegon Property Income Fund may also from time to time invest in residential type properties which can give rise to additional risks associated with the residential nature of the property for example such as reputational and logistical risks. It is a specialist sector which could be volatile in adverse market conditions.

The Aegon Property Income Fund may also from time to time acquire property to develop. There are inherent risks associated with development property, including the risk of insolvency of a contractor or sub-contractor and failure to obtain all necessary consents.

The supply of new property investment opportunities may be limited from time to time. There is therefore the risk that the proportion of Scheme Property of the Aegon Property Income Fund which is invested from time to time in immovable property falls. This could constrain growth and impact the performance of the Sub-Fund.

Property values can be significantly affected by factors such as the level of interest rates, economic growth, market conditions and sentiment, rates of tenant default and applicable building, environmental, geological issues and planning rules. Property values may also be affected by other "Acts of God", instances of terrorist, malicious damage or the risk that counterparties fail to fulfil their obligations.

While the ACD has taken out insurance in respect of the immoveable property held within the Aegon Property Income Fund, there is no guarantee that the insurance will be payable in any given circumstance in full or at all. Where insurance policies are not available to meet any liability in full or in part, outstanding liabilities will be met out of the Scheme Property of the Aegon Property Income Fund.

In the initial phase from launch of the Aegon Property Income Fund, the Sub-Fund is likely to hold few immoveable properties. Equally, there is a risk that diversification may be compromised if the size of the Sub-Fund falls significantly as it may hold fewer assets.

Property valuation is a matter of judgement by an independent valuer. Therefore, it is generally a matter of a valuer's opinion rather than fact. There is no assurance that the valuations will reflect the actual sales price when a sale of the property does occur.

Although it is generally anticipated that rental growth will take place, this is not guaranteed. Normally liquid investments may be subject to periods of significant lower liquidity in difficult market conditions. As a result, changes in the value of investments may be more unpredictable and, in certain cases, it may be difficult to deal in an investment at the last market price quoted or at a value considered to be fair.

Redemption in Sterling Class Q Shares (where these are available) are subject to a 90 day notice period to protect the interests of other Shareholders. Any such redemption will receive the price calculated at the Valuation Point on the day of the redemption, not the price calculated at the Valuation Point following receipt of the redemption instruction. The proceeds of any such redemption will be subject to the ACD's usual requirements.

It may not always be possible to invest in the Aegon Property Income Fund as the issue of Shares may be limited in certain circumstances.

The bid-offer price spread is likely to be materially wider for the Aegon Property Income Fund than for other less specialist funds and may vary. The ACD reserves the right to change from bid basis to offer basis or vice versa and such changes to the Company's pricing basis will lead to an increase or decrease in what investors will pay or receive when buying or selling Shares. The overall impact of these changes should, however be less for long term investors and may be either positive or negative.

#### *Limited Redemption Arrangements*

Holder of Class Q Shares (where these are in issue) are subject to a notice period of 90 days. The value of Shareholders' Shares may have fallen in the period in which they submitted their redemption



request, which once submitted may not, without express agreement from the ACD, be cancelled or withdrawn.

## **13. General Information**

### **Risk Management Information**

The ACD must establish, implement and maintain an adequate and documented risk management process for identifying the risks to which the Company and Sub-funds are or might be exposed.

This risk management policy sets out, amongst other things, procedures to enable the ACD to assess the exposure of the Sub-Funds to market, liquidity and counterparty risks, as well as exposure of the Sub-Funds to other relevant risks.

### **Order Execution Information**

The ACD must act in the best interests of each Sub-Fund when executing decisions to deal on behalf of the relevant Sub-Fund. The ACD's Order Execution Policy sets out (i) the systems and controls that have been put in place and (ii) the basis upon which the ACD will effect transactions and place orders in relation to the Company whilst complying with its obligations under the FCA Handbook to obtain the best possible result for the Company. Details of the best execution policy are available from the ACD on request. If you have any questions regarding the policy please contact the ACD or your professional adviser.

### **Voting Rights Strategy**

In accordance with the Regulations, the ACD must develop strategies for determining when and how voting rights of assets held within the Scheme Property are to be exercised ("**Voting Rights Strategy**"). A summary copy of the ACD's Voting Rights Strategy document, together with details of the actions which the ACD has taken on the basis of those strategies are available, free of charge, from the ACD at 3 Lochside Crescent, Edinburgh EH12 9SA.

### **Inducements and Commission**

When executing orders, or placing orders with other entities for execution, that relate to financial instruments for, or on behalf of, the Sub-Funds, neither the ACD nor any investment adviser appointed by the ACD from time to time will accept and retain any fees, commissions or monetary benefits; or accept any non-monetary benefits, where these are paid or provided by any third party or a person acting on behalf of a third party.

The ACD or an investment adviser appointed by the ACD from time to time will return to each relevant Sub-Fund as soon as reasonably possible after receipt any fees, commissions or any monetary benefits paid or provided by any third party or a person acting on behalf of a third party in relation to the services provided to that Sub-Fund, and disclose in the annual report the fees, commissions or any monetary benefits transferred to them.

However, the ACD or an investment adviser appointed by the ACD from time to time may accept without disclosure minor non-monetary benefits that are capable of enhancing the quality of service provided to the fund; and of a scale and nature such that they could not be judged to impair their compliance with its duty to act honestly, fairly and professionally in the best interests of each Sub-Fund.

### **Research**

Any third party research received in connection with investment advisory services that the ACD or any investment adviser appointed by the ACD from time to time provides to the Sub-Funds will be paid for by the ACD or any investment adviser appointed by the ACD from time to time out of its fees, as relevant in relation to each Sub-Fund, and will not be charged to the Company or Sub-Funds.

### **Fair Treatment of Investors**

As a company authorised and regulated by the Financial Conduct Authority, the ACD must ensure that it pays due regard to the interests of its customers and treats them fairly. Breaching this principle would make the ACD liable to disciplinary sanctions by the Financial Conduct Authority. Accordingly, the ACD has policies and procedures in place to ensure the fair treatment of investors.

The ACD may, from time to time, give preferential treatment to a particular Shareholder or class of shareholders such as the right to obtain more detailed information on the performance of a Sub-fund than is ordinarily made available to shareholders. The ACD does not give preferential treatment or the right to obtain preferential treatment to any Shareholder that creates an overall material disadvantage to other Shareholders.

### **Box Management**

In order that the ACD may deal in Shares as principal it may at its discretion hold Shares in the Sub-Funds in order to achieve this. This is commonly known as the ACD's 'box'. The ACD's policy is that it may at its discretion hold Shares in relevant Sub-Funds for the purposes of issuing Shares in order to meet outstanding orders from investors and not to generate a profit for its own account, although such profits may result incidentally. The size of the box maintained in each Sub-Fund will be dependent on whether the Sub-Fund is considered to be expanding or contracting.

### **Documents Available for Inspection**

Copies of the Instrument of Incorporation, the Prospectus and the annual and half-yearly reports and the material contracts referred to below are kept and may be inspected at and obtained from the ACD at 3 Lochside Crescent, Edinburgh EH12 9SA and The Leadenhall Building, 122 Leadenhall Street, London EC3V 4AB.

### **Material Contracts**

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company and are, or may be, material:-

- a. the ACD Agreement between the Company and the ACD;
- b. the Depositary Agreement between the Company, the Depositary and the ACD

Information regarding those contracts is set out above under the heading "Management and Administration".

### **Jurisdiction, Recognition and Enforcement of Judgments**

Dealings in Shares of the Company is governed by the law of England.

Council Regulation (EC) No 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (the "Brussels Regulation") sets out a system for the allocation of jurisdiction and for the reciprocal enforcement of judgments between Member States of the European Union. Subject to the Brussels Regulation and the circumstances of a particular claim, Shareholders residing outside of the UK may be able to bring a claim before their local court and have that judgment enforced in the UK.

### **Complaints**

Anyone wishing to make a complaint about the operation of the Company should contact the ACD via the Portal or by post using the contact details located on the ACD's web-site at [www.aegonam.com](http://www.aegonam.com) or as separately provided. If the response received from the ACD is not satisfactory referrals may be made by eligible complainants to the Financial Ombudsman Service, Exchange Tower, London, E14 9SR or online via [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk). Making a complaint will not prejudice your rights to commence legal proceedings.

Further information regarding any compensation scheme or any other investor-compensation scheme of which the ACD or any Fund is a member (including, if relevant, membership through a branch) or any alternative arrangement provided, are also available on request.

### **Telephone and Electronic Communications Recording**

Please note that the ACD may record telephone calls and electronic communications for training and monitoring purposes and to confirm investors' instructions. Recordings will be provided on request for a period of at least five years from the date of such recording, or, where requested by a competent regulatory authority, for a period of seven years, where we can identify the call or communication. If you ask us to send you a recording of a particular call or communication, we may ask for further information to help us identify the exact call or communication to which your request relates.

## **Appendix A (1)**

### **Eligible Markets**

Markets which are regulated markets (as defined for the purposes of COLL) or which are markets established in any EEA State which are regulated, operate regularly and are open to the public are eligible markets for all Sub-Funds.

In addition, markets are also eligible if the ACD, after consultation and notification with the Depositary, has decided that market is appropriate for the purpose of investment of or dealing in the Scheme Property of a Sub-Fund. The Depositary must have taken reasonable care to determine that adequate custody arrangements can be provided for the investments dealt in on such markets and that all reasonable steps have been taken by the ACD in deciding whether that market is eligible. Any such market must operate regularly, be regulated, be recognised, be open to the public, be adequately liquid and have adequate arrangements for unimpeded transmission of income and capital to or to the order of investors.

A list of those other eligible securities markets and eligible derivatives markets for each Sub-Fund is set out below. A securities or derivatives market may be added to any of those lists in accordance with COLL.

No market shall be an eligible securities or derivatives market unless it would be eligible in terms of Chapter 5 of COLL.

#### **Aegon Property Income Fund**

##### *Other Eligible Securities Markets*

<b>Country</b>	<b>Market</b>
Channel Islands	The International Stock Exchange

##### *Other Eligible Derivatives Markets*

There are none.

## **Appendix A (2)**

### **Immoveable Property**

#### **Situations of Property**

The following is the list of countries in which the Company can hold immoveable property for the account of the Aegon Property Income Fund as at the date of this Prospectus:

- England;
- Wales;
- Scotland;
- Northern Ireland;
- The Republic of Ireland;
- the Channel Islands; and
- the Isle of Man (together the "**British Isles**").

#### **Insurance**

All immoveable property held by the Company are the subject of a block insurance policy which provides "all risks" cover for the building and typically 3 years' loss of rent.

## **Appendix B**

### **Investment and Borrowing Powers of the Company**

The investment powers of the ACD are contained in COLL. A summary of the investment limits under COLL which apply to a non-UCITS retail scheme is set out below.

The Scheme Property of the Company will be invested with the aim of achieving the investment objective of the relevant Sub-Fund but subject always to: the limits of investment set out in COLL 5.6 as they apply to non-UCITS Retail Schemes; the Instrument of Incorporation; and the Tax Regulations, as applicable.

1. The property of a non-UCITS retail scheme may, except where otherwise provided for in COLL 5.6, consist of any one or more of:

- transferable securities;
- money-market instruments;
- units in collective investment schemes (see 13 below);
- derivatives and forward transactions;
- deposits (see 9 below); and
- immovables (see 16 to 22 below).

Transferable securities and money-market instruments must (i)(a) be admitted to or dealt in on an eligible market; or (i)(b) be recently issued transferable securities provided the terms of the issue include an undertaking that application will be made to be admitted to an eligible market and such admission is secured within a year of issue; or (i)(c) be approved money market instruments (as defined for the purposes of COLL) not admitted to or dealt in on an eligible market provided that certain requirements of COLL are satisfied; or (ii) subject to a limit of 20% in value of the Scheme Property of a Sub-Fund be (a) transferable securities which are not within (i) above; or (b) or money-market instruments which are liquid and have a value which can be determined accurately at any time. The eligible markets are listed in Schedule 5. New eligible markets may be added to the lists in the manner described in that Appendix.

1A. Not more than 5% of the Net Asset Value of the Scheme Property of a Sub-Fund may consist of transferable securities which are warrants. Call options are not deemed to be warrants for the purposes of this 5% restriction.

2. The limitations in 3 to 6 do not apply in respect of GAPS.

3. Not more than 20% in value of the Scheme Property of a Sub-Fund may consist of deposits with a single body (and for this purpose all uninvested cash comprising capital property of the Sub-Fund that the Depositary holds should be included in calculating the total sum of the deposits held by it on behalf of the Sub-Fund). A "single body" is the person with whom a deposit is placed.

4. Not more than 10% in value of the Scheme Property of a Sub-Fund may consist of transferable securities or money-market instruments issued by any single body, except that (i) the figure of 10% may be increased to 25% in value of the scheme property in respect of covered bonds ; and (ii) the figure of 10% may be increased to 20% in value of the scheme property in shares and debentures which are issued by the same body where the aim of the investment policy of that scheme is to replicate the performance or composition of an index (which index must have a sufficiently diverse composition, be representative of a benchmark for the market to which it refers and be published in an appropriate manner). Where justified by exceptional market conditions and in respect of one body only, the figure of 20% may be increased to 35%. ***The investment policy of the Aegon Property Income Fund does not currently provide for the replication of the performance or composition of an index.***

5. The exposure to any one counterparty in an over the counter derivative transaction must not exceed 10% in value of the Scheme Property of a Sub-Fund. For the purposes of calculating the limits in this paragraph 5,

(1) the exposure in respect of an OTC derivative may be reduced to the extent that collateral is held in respect of it if the collateral meets each of the conditions specified below:

- (a) the collateral is marked-to-market on a daily basis and exceeds the value of the amount at risk;
- (b) the collateral is exposed only to negligible risks (e.g. government bonds of first credit rating or cash) and is liquid;
- (c) the collateral is held by a third party custodian not related to the provider or is legally secured from the consequences of a failure of a related party; and the collateral
- (d) can be fully enforced by the Scheme at any time.

(2) OTC derivative positions with the same counterparty may be netted provided that the netting procedures:

- (a) comply with the conditions set out in Section 3 (Contractual netting (Contracts for novation and other netting agreements)) of Annex III to the Banking Consolidation Directive; and
- (b) are based on legally binding agreements.

In applying this paragraph, all derivative transactions are deemed to be free of counterparty risk if they are performed on an exchange where the clearing house meets each of the following conditions: (a) it is backed by an appropriate performance guarantee; and (b) it is characterised by a daily mark-to-market valuation of the derivative positions and an at least daily margining. ***The investment policy of the Aegon Property Income Fund does not currently provide for the use of derivatives.***

6. Subject to 13 below up to 35% in value of the Scheme Property of a Sub-Fund may consist of the units of any one scheme. For this purpose, each Sub-Fund of a collective investment scheme which is structured as an umbrella is treated as a separate scheme.

7. Up to 35% in value of the Scheme Property of a Sub-Fund may be invested transferable securities and approved money-market instruments ("such securities") issued or guaranteed by (a) an EEA state, (b) a local authority of an EEA state, (c) a non-EEA state or (4) a public international body to which one or more EEA states belongs, in which case there is no limit on the amount which may be invested in such securities or in any one issue.

8. More than 35% in value of the Scheme Property of a Sub-Fund can be invested in such securities issued by any one body, provided that:

(a) the ACD has before any such investment is made consulted with the Depositary and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment objective of the Company;

(b) no more than 30% in value of the scheme property of that Company consists of such securities of any one issue;

(c) the scheme property of that Company includes such securities issued by that or another issuer of at least six different issues; and

(d) certain details have been disclosed in the prospectus.

***Currently, the Aegon Property Income Fund may not invest more than 35% in government and public securities.***

9. The Scheme Property of a Sub-Fund may invest in deposits only with an approved bank and which is repayable on demand or has the right to be withdrawn, and matures in no more than twelve months.

10. In and for the purposes of 4, 7 and 8 above, "issue", "issued" and "issuer" include "guarantee", "guaranteed" and "guarantor" and an issue differs from another if there is a difference as to repayment date, rate of interest, guarantor or other material terms of the issue.

#### **NIL AND PARTLY PAID SECURITIES**

11. Nil or partly paid securities are only eligible for investment provided it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the scheme, at the time when payment is required, without contravening the rules of COLL 5.

#### **UNITS IN COLLECTIVE INVESTMENT SCHEMES**

***Currently, the Aegon Property Income Fund may only invest up to 15% of the value of Scheme Property in units or shares in other collective investment schemes.***

12. Sub-Funds must not invest in units in a collective investment scheme unless that other scheme (1) (a) satisfies the conditions necessary for it to enjoy the rights conferred by the UCITS Directive; or (b)



is a non-UCITS retail scheme; or (c) is recognised under the provisions of section 270 of the Act; or (d) is constituted outside the UK and the investment and borrowing powers of which are the same or more restrictive than those of a non-UCITS retail scheme; or (e) is a scheme not falling within (a) to (d) and in respect of which no more than 20% in value of the scheme property (including any transferable securities which are not approved securities) is invested; (2) operates on the principle of the prudent spread of risk; (3) is prohibited from having more than 15% in value of the property of its scheme property consisting of units in collective investment schemes; and (4) the participants must be entitled to have their units redeemed in accordance with the scheme at a price (a) related to the net value of the property to which the units relate and (b) determined in accordance with the scheme. Where the other scheme is an umbrella, the provisions of 13 (2) to (4) above apply to each Sub-Fund as if it were a separate scheme. Not more than 15% of the Sub-Fund's assets may be invested in aggregate in units of collective investment schemes. Subject to COLL, the Scheme Property of a Sub-Fund may also include units in one or more collective investment schemes which are managed or operated by the ACD or an associate of the ACD (as defined for the purposes of COLL), or (in the case of any such collective investment scheme which is an ICVC) in relation to which the ACD or its Associate is also the Authorised Corporate Director.

13. A Sub-Fund may invest in another collective investment scheme managed or operated by, or which has as its authorised corporate director, the ACD or an Associate of the ACD provided that certain provisions of COLL regarding investment in such scheme are complied with.

In addition, a Sub-Fund may invest in another Sub-Fund of the Company (the "*Second Sub-Fund*") subject to the requirements below, namely:

- The Second Sub-Fund does not hold Shares in any other Sub-Fund of the Company;
- Certain provisions of COLL regarding investment in other schemes (as described in para 14 above) are complied with;
- The investing or disposing Sub-Fund is not a Feeder NURS (as described for the purposes of COLL) to the Second Sub-Fund.

## **DERIVATIVES AND FORWARD TRANSACTIONS**

***Currently, the Aegon Property Income Fund will not use derivatives in the management of the Scheme Property and this section will not apply.***

14. Only certain types of derivatives and forward transactions can be effected for a Sub-Fund, namely:

- transactions in approved derivatives (i.e. traded or dealt in on an eligible derivatives market); and
- permitted over the counter transactions in derivatives.

The underlying must consist of any or all of the following (to which the Sub-Fund is dedicated): transferable securities; permitted money-market instruments; permitted deposits; permitted derivatives;

permitted collective investment scheme units; financial indices (which meet the tests in COLL 5.2.20 AR of COLL); interest rates; foreign exchange rates and currencies. A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market. A derivatives transaction must not cause a Sub-Fund to diverge from its stated investment objective and must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more transferable securities, money-market instruments, collective investment scheme units or derivatives.

Any forward transaction must be with an eligible institution or an approved bank.

Where a Sub-Fund invests in derivatives, the exposure to the underlying assets must not exceed the limits in points 3 to 7 above.

Where a transferable security or money market instrument embeds a derivative this must be taken into account for the purposes of complying with the limits.

Subject to the ACD taking account of the requirements of COLL 5.6.3, where a Sub-Fund invests in an index-based derivative, the underlying constituents of the index do not have to be taken into account for the purposes of COLL 5.6.7 and COLL 5.6.8 provided the relevant index falls within COLL 5.6.23.

A derivative or forward transaction which will or could lead to the delivery of property for the account of a Sub-Fund may be entered into only if such property can be held for the account of such Sub-Fund and the ACD having taken reasonable care determines that delivery of the property under the transaction will not occur and will not lead to a breach of COLL.

Except in relation to deposits, no agreement by the ACD on behalf of the Sub-Fund to dispose of property or rights may be made unless the obligation (and any other similar obligation) could immediately be honoured by delivery of the property or the assignment (or, in Scotland, assignment) of rights and the property and rights are owned on behalf of the Company in respect of the Sub-Fund at the time of the agreement.

The above paragraph does not apply where:

- (a) the risks of the underlying financial instrument of a derivative can be appropriately represented by another financial instrument and the underlying financial instrument is highly liquid; or
- (b) the ACD or the Depositary has the right to settle the derivative in cash, and cover exists within the scheme property which falls within one of the following asset classes: cash; liquid debt instruments (e.g. government bonds of first credit rating) with appropriate safeguards (in particular, haircuts); or other highly liquid assets having regard to their correlation with the underlying of the financial derivative instruments, subject to appropriate safeguards (e.g. haircuts where relevant).

In the asset classes referred to above, an asset may be considered as liquid where the instrument can be converted into cash in no more than seven business days at a price closely corresponding to the current valuation of the financial instrument on its own market.

A transaction in an over the counter derivative must be (1) with an approved counterparty (namely an eligible institution, an approved bank or a person whose UK regulatory permission or Home State authorisation permits it to enter into the transaction as principal off-exchange); (2) on approved terms (i.e. if the ACD carries out at least daily a reliable and verifiable valuation in respect of that transaction corresponding to its fair value and which does not rely only on market quotations by the counterparty and that the ACD can enter into one or more further transactions to sell, liquidate or close out that transaction at any time, at its fair value; (3) capable of reliable valuation (i.e. if the ACD having taken reasonable care determines that, throughout the life of the derivative (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy on the basis of an up-to-date market value which the ACD and the Depositary have agreed is reliable or (if this is not available) on the basis of a pricing model which the ACD and the Depositary have agreed uses an adequate recognised methodology); and (4) subject to verifiable valuation (i.e. if throughout the life of the derivative (if the transaction is entered into) verification of the valuation is carried out entirely by an appropriate third party independent of the counterparty at an adequate frequency in such a way that the ACD is able to check it, or by a department within the ACD which is independent from the department managing the scheme property and which is adequately equipped for the purpose).

A transaction in a derivative or forward transaction may be entered into only if the maximum exposure (in terms of the principal or notional principal created by the transaction to which the Sub-Fund is or may be committed by another person) is covered globally. Exposure is covered globally if adequate cover from the Sub-Fund's Scheme Property is available to meet the Sub-Fund's total exposure, taking into account the value of the underlying assets, any reasonably foreseeable market movement, counterparty risk and the time available to liquidate any positions. Cash not yet received into the Scheme Property of the relevant Sub-Fund, but which is due to be received within one month, is available as cover as is property subject to a permitted stocklending transaction if the ACD has taken reasonable care to determine that it is obtainable in time to meet the obligation for which cover is required. Total exposure relating to derivatives held within a Sub-Fund may not exceed the net value of the Scheme Property of that Sub-Fund.

## **PROPERTY**

15. Subject to 17 below, up to 100% of the Scheme Property of a Sub-Fund may be held in property (for these purposes land or building ("immovable")) provided that the immovable is (1) situated in a country or territory identified in the prospectus; and (2) if situated in England and Wales or Northern Ireland is a freehold or leasehold interest or if situated in Scotland is any interest or estate in or over land or heritable right including a long lease or if situated outwith England, Wales, Northern Ireland or Scotland is equivalent to any of those interests above (or, if no such equivalent interest is available in

the jurisdiction, is an interest that grants beneficial ownership of the immovable to the Company for the account of the Sub-Fund and provides as good a title as any of the interests noted above); and (3) the ACD must have taken reasonable care to determine that the title to the immovable is a good and marketable title; and (4) the ACD must have received a report from an appropriate valuer containing a valuation of the immovable (with and without any relevant subsisting mortgage) and either a statement that in his opinion the immovable, if acquired by the Company for the account of the Sub-Fund, would be capable of being disposed of reasonably quickly at that valuation or that the immovable is adjacent to or in the vicinity of another immovable included in the scheme property or is another legal interest (see (3) above) in an immovable already included in the Scheme Property of a Sub-Fund (both of which for the purposes of the investment limits with COLL 5.6 are to be regarded as one immovable) and that in his opinion the total value of both immovables would at least equal the sum of the price payable for the immovable and the existing value of the other immovable; and (5) that an immovable must be (a) bought or be agreed by enforceable contract to be bought within six months after the receipt of the report of the appropriate valuer; (b) not be bought if it is apparent to the ACD that the appropriate valuer's report could no longer be reasonably relied upon; and (c) not be bought at more than 105% of the valuation for the relevant immovable in the appropriate valuer's report.

15A. An overseas immovable may be held through an intermediate holding vehicle whose purpose is to enable the holding of overseas immovables by the Company or a series of such intermediate holding vehicles, provided that the interests of unitholders are adequately protected. Any investment in an intermediate holding vehicle for the purpose of holding an overseas immovable shall be treated as if it were a direct investment in that immovable for the purposes of COLL on investment powers. Any such vehicle must meet certain requirements of COLL in relation to ownership of the vehicle, transfer of income and capital between the vehicle and the Company, auditor and accounting reference date, consolidation of reports and purchase, sale and management of immovables (currently being those set out in COLL 5.6.18A and 5.6.18B). As at the date of this Prospectus there are no overseas immovables held in such vehicles.

16. Not more than 15% in value of the Scheme Property of a Sub-Fund is to consist of any one immovable. Immovables which are adjacent to or in the vicinity of one another, or which are different legal interests in one immovable, shall be regarded as one immovable for this purpose. The figure of 15% may be increased to 25% once the immovable has been included in the Scheme Property.

17. Not more than 20% in value of the Scheme Property of a Sub-Fund is to consist of immovables that are subject to a mortgage and any mortgage must not secure more than 100% of the value provided by the appropriate valuer (on the assumption that the immovable is not mortgaged).

18. The aggregate value of:

- (a) mortgages secured on immovables under paragraph 18 above;
- (b) borrowing of the Sub-Fund; and

(c) any transferable securities that are not approved securities

must not at any time exceed 20% of the value of the Scheme Property of a Sub-Fund.

19. Not more than 50% in value of the Scheme Property of a Sub-Fund may consist of immovables which are unoccupied and non-income producing or in the course of substantial development, redevelopment or refurbishment.

20. The income receivable from any one group in any accounting period must not be attributable to immovables comprising more than 25% (which figure may be increased to 35% in the case of a government or public body) of the value of the Scheme Property of a Sub-Fund.

21. No option may be granted to a third party to buy any immovable comprised in the Scheme Property of a Sub-Fund unless the value of the relevant immovable does not exceed 20% of the value of the Sub-Fund's Scheme Property (together with, where appropriate, the value of units in unregulated collective investment schemes and any transferable securities which are not approved securities).

In terms of COLL, the ACD must obtain the consent of the Depositary for the acquisition or disposal of immovable property. ***A list of the countries or territories in which the Aegon Property Income Fund may hold immovable property is set out in Appendix A (2).***

All immovable property forming part of the Scheme Property of a Sub-Fund will be fully insured against risks of physical loss or damage and other perils considered appropriate by the ACD. All costs of such insurance will be charged to the relevant Sub-Fund.

## **STOCKLENDING**

22. The Depositary may, at the request of the ACD, enter into certain repo or stocklending transactions. Such transactions must comply with the requirements of COLL which state, inter alia that:

- all the terms of the agreement under which securities are to be reacquired by the Depositary are in a form which is acceptable to the Depositary and are in accordance with good practice;
- the counterparty is for the purposes of the Act, an authorised person, or a person authorised by a Home State regulator, or a person registered as a broker-dealer with the Securities and Exchange Commission of the USA or certain bank or bank branches defined in COLL; and
- collateral is obtained to secure the obligation of the counterparty and the collateral is acceptable to the Depositary; is adequate in terms of COLL and is sufficiently immediate (i.e. that it can be transferred before or at the time of the transfer of the securities by the Depositary or the Depositary takes reasonable care to determine at the time before or at the time of transfer the collateral will be transferred at the latest by the close of business on the day of the transfer).

Such transactions must comply with the relevant requirements of the Taxation of Chargeable Gains Act 1992 together with the requirements of COLL.

## **UNDERWRITING PLACINGS**

23. Agreements and understandings with regard to the underwriting and sub-underwriting or the acceptance of placing commitments may also, subject to certain conditions set out in COLL, be entered into for the account of a Sub-Fund.

## **LIQUIDITY**

24. The Scheme Property of a Sub-Fund may consist of cash and near cash as may reasonably be regarded as necessary to enable the pursuit of the Sub-Fund's investment objectives; or the redemption of units; or the efficient management of the Sub-Fund in accordance with its objectives; or other purposes which may reasonably be regarded as ancillary to the investment objectives of the Sub-Fund.

## **BORROWING**

25. The Depositary may, in accordance with COLL, and on the instruction of the ACD, subject to any restrictions in the Instrument of Incorporation and in respect of each Sub-Fund borrow from eligible institutions or approved banks (both as defined in COLL) on the terms that the borrowing is repayable out of the Scheme Property within the limits prescribed in COLL from time to time.

COLL currently provides that the ACD must ensure that the borrowing must not, on any business day, exceed 10% of the value of the Scheme Property of a Sub-Fund. These restrictions on the Depositary's borrowing powers do not apply to back-to-back borrowing for currency hedging purposes.

## **LEVERAGE**

26. The term "leverage" is defined under AIFMD as any method by which the ACD increases the exposure of the Company whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means. The ACD has, in accordance with the FCA Rules, set the maximum level of leverage which each Sub-fund will employ. This is intended to reduce the extent that leverage may magnify a loss in value of Scheme Property resulting from fluctuations in the value of assets in which a Sub-fund invests, exposure to other market participants or to systemic risks. The maximum level of leverage is expressed as a percentage of "exposure" compared to the net asset value of the Sub-fund, with "exposure" being calculated in accordance with a "gross" and "commitment" method. The "gross" method, generally speaking, takes account of the absolute exposure of the Sub-fund while the "commitment" method takes into account netting or hedging arrangements put in place.

The maximum level of exposure to be employed by the ACD on behalf of each Sub-fund, calculated in accordance with the "gross" method, is 10%.

The maximum level of exposure to be employed by the ACD on behalf of each Sub-fund, calculated in accordance with the "commitment" method, is 10%.

Typical types and sources of leverage which the Sub-funds employ include: (i) borrowing cash; and (ii) derivatives for efficient portfolio management purposes (including hedging). For information on the

associated risks with these types and sources of leverage please refer to the section under the heading "Risk Factors" on at Section 12.

## Appendix C

### Determination of Net Asset Value

#### Calculation of the Net Asset Value

The Net Asset Value of the scheme property of the Company of Sub-Fund (as the case may be) shall be the value of its assets less the value of its liabilities and shall be determined in accordance with the following provisions:

1. All the Scheme Property (including receivables) is to be included, subject to the following provisions.
2. The valuation of the Scheme Property shall consist of two parts, one on an Issue basis and one on a Cancellation basis calculated in accordance with the following provisions;

#### 2.1 Issue Basis

The valuation of Scheme Property for that part of the valuation which is on an Issue basis is as follows:

2.1.1 Scheme Property which is not an asset dealt with in paragraphs 3 to 4A (inclusive) below shall be valued as set out below and the prices used shall (subject as set out below) be the most recent prices which it is practicable to obtain:

- (a) units or shares in a collective investment scheme:
  - (i) if a single price for buying and selling units or shares is quoted, at that price plus any dealing costs (as defined below), and any dilution levy or SDRT provision which would be added in the event of a purchase by the Company of the units or shares in question (except that, where the ACD, or an associate of the ACD, is also the manager or authorised corporate director of the collective investment scheme whose units or shares are held by the Company); or
  - (ii) if separate buying (offer) and selling (bid) prices are quoted, at the buying price, less any expected discount plus any dealing costs (as defined below), but where the ACD, or an associate of the ACD, is also the manager or authorised corporate director of the collective investment scheme whose units or shares are held by the Company, the issue price shall be taken instead of the buying price; or
  - (iii) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists or if the most recent price available does not reflect the ACD's best estimate of the value of the units or shares, at a value which, in the opinion of the ACD, is fair and reasonable;



- (b) immoveable property:
  - (i) by a Standing Independent Valuer, on the basis of an "open market value" as defined in Practice Statement 3 in the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual as updated and amended from time to time;
  - (ii) on the basis of a full valuation with physical inspection (including, where the immoveable is or includes a building, internal inspection), at least once a year; and
  - (iii) on the basis of the last full valuation, at least once a month; or
  - (iv) where the ACD, the Depositary or the Standing Independent Valuer have reasonable grounds to believe that the most recent valuation of an immoveable does not reflect the current value of that immoveable, at a value which the ACD and the Standing Independent Valuer agree (after consultation) is fair and reasonable;
- (c) exchange-traded derivative contracts:
  - (i) if a single price for buying and selling the exchange-traded derivative is quoted, at that price; or
  - (ii) if separate buying and selling prices are quoted, at the average of the two prices; or
  - (iii) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no price exists or if the most recent price available does not reflect the ACD's best estimate of the value of the security, at a value which, in the opinion of the ACD, is fair and reasonable;
- (d) over-the-counter derivative contracts shall be valued in accordance with the method of valuation as shall have been agreed between the ACD and the Depositary;
- (e) any other investment:
  - (i) the best available market dealing offer price on the most appropriate market in a standard size (plus any dealing costs, (as defined below)); or
  - (ii) the price obtained is unreliable or no recent traded price is available or if no recent price exists or if the most recent price available does not

reflect the ACD's best estimate of the value of the units or shares, at a value which, in the opinion of the ACD, is fair and reasonable;

- (f) property other than that described in sub-paragraphs (a), (b), (c), (d) and (e) above, at a value which, in the opinion of the ACD, is fair and reasonable (plus any dealing costs (as defined below));

## 2.2. Cancellation basis

The valuation of Scheme Property for that part of the valuation which is on a Cancellation basis is as follows:

2.2.1 Property which is not an asset dealt with in paragraphs 3 to 4A (inclusive) below shall be valued as set out below and the prices used shall (subject as set out below) be the most recent prices which it is practicable to obtain:

- (a) units or shares in a collective investment scheme:
  - (i) if a single price for buying and selling units or shares is quoted, at that price less any dealing costs (as defined below), any redemption charge payable by the Company on the sale of the units or shares, (taking account of any expected discount) and any dilution levy or SDRT provision which would be deducted in the event of a sale by the Company of the units or shares in question (except that, where the ACD, or an associate of the ACD, is also the manager or authorised corporate director of the collective investment scheme whose units or shares are held by the Company, the valuation must not include any redemption charge payable in the event of a sale by the Company of those units or shares); or
  - (ii) if separate buying (offer) and selling (bid) prices are quoted, at the selling price, less any dealing costs (as defined below) and any redemption charge payable on the sale of the units or shares taking account of any expected discount (except that where the ACD, or an associate of the ACD, is also the manager or authorised corporate director of the collective investment scheme whose units or shares are held by the Company, the cancellation price shall be taken instead of the selling price); or
  - (iii) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists or if the most recent price available does not reflect the ACD's best estimate of the value of the units or shares, at a value which, in the opinion of the ACD, is fair and reasonable;

- (b) immovable property
  - (i) by a Standing Independent Valuer, on the basis of an "open market value" as defined in Practice Statement 3 in the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual as updated and amended from time to time;
  - (ii) on the basis of a full valuation with physical inspection (including, where the immovable is or includes a building, internal inspection), at least once a year; and
  - (iii) on the basis of the last full valuation, at least once a month; or
  - (iv) where the ACD, the Depositary or the Standing Independent Valuer have reasonable grounds to believe that the most recent valuation of an immovable does not reflect the current value of that immovable, at a value which the ACD and the Standing Independent Valuer agree (after consultation) is fair and reasonable;
- (c) exchange-traded derivative contracts:
  - (i) if a single price for buying and selling the exchange-traded derivative is quoted, at that price; or
  - (ii) if separate buying and selling prices are quoted, at the average of the two prices; or
  - (iii) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no price exists or if the most recent price available does not reflect the ACD's best estimate of the value of the security, at a value which, in the opinion of the ACD, is fair and reasonable;
- (d) over-the-counter derivative contracts shall be valued in accordance with the method of valuation as shall have been agreed between the ACD and the Depositary;
- (e) any other investment:
  - (i) the best available market dealing bid price on the most appropriate market in a standard size (less any dealing costs, (as defined below)); or
  - (ii) the price obtained is unreliable or no recent traded price is available or if no recent price exists or if the most recent price available does not

reflect the ACD's best estimate of the value of the units or shares, at a value which, in the opinion of the ACD, is fair and reasonable;

- (f) property other than that described in sub-paragraphs (a), (b), (c), (d) and (e) above, at a value which, in the opinion of the ACD, is fair and reasonable (less any dealing costs (as defined below)).
3. Cash and amounts held in current deposit and margin accounts and in other time-related deposits shall be valued at their nominal values.
  4. Approved money market instruments which have a residual maturity of less than three months and have no specific sensitivity to market parameters, including credit risk, shall be valued on an amortised cost basis.
  5. All instructions given to issue or cancel shares shall be assumed to have been carried out (and any cash paid or received) whether or not this is the case.
  6. Subject to paragraph 7 below, agreements for the unconditional sale or purchase of property (excluding futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options) which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if they are made shortly before the valuation takes place and, in the opinion of the ACD, their omission will not materially affect the final net asset amount.
  7. All agreements are to be included under paragraph 6 which are, or ought reasonably to have been, known to the person valuing the property.
  8. Deduct an estimated amount for anticipated tax liabilities (on unrealised gains where the liabilities have accrued and are payable out of the property of the Scheme; on realised gains in respect of previously completed and current accounting periods; and on income where liabilities have accrued) at that point in time including (as applicable and without limitation) any liability for capital gains tax, income tax, corporation tax, value added tax, stamp duty and stamp duty reserve tax.
  9. Deduct an estimated amount for any liabilities payable out of the scheme property and any tax thereon, for this purpose treating periodic items as accruing from day to day;
  10. Deduct the principal amount of any outstanding borrowings whenever payable and any accrued but unpaid interest on borrowings.
  11. Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.
  12. Add any other credits or amounts due to be paid into the scheme property.

13. Add a sum representing any interest or any income accrued due or deemed to have accrued but not received and any stamp duty reserve tax provision anticipated to be received.
14. Currencies or values in currencies other than base currency of the Company (or as the case may be, the designated currency of a Sub-Fund) shall be converted at the relevant Valuation Point at a rate of exchange that is not likely to result in any material prejudice to the interests of Shareholders or potential shareholders.
15. For the purposes of this part of the Appendix, "dealing costs" means any fiscal charges, commission or other charges payable in the event of the Company carrying out the transaction in, assuming that the commission and charges (other than fiscal charges) which would be payable by the Company are the least that could reasonably be expected to be paid in order to carry out the transaction.

### **Proportionate Interests**

1. If there is more than one Class in issue in respect of a Sub-Fund, the proportionate interests of each Class in the assets and income of the Sub-Fund shall be ascertained as follows:
  - (i) A notional account will be maintained for each Class. Each account will be referred to as a "**Proportion Account**".
  - (ii) The word "proportion" in the following paragraphs means the proportion which the balance on a Proportion Account at the relevant time bears to the balance on all the Proportion Accounts of a Sub-Fund at that time. The proportionate interest of a Class of Share in the assets and income of a Sub-Fund is its "proportion".
  - (iii) There will be credited to a Proportion Account:
    - the subscription money for the issue of Shares of the relevant Class;
    - that Class's proportion of the amount by which the Net Asset Value of the Sub-Fund exceeds the total subscription money for all Shares in the Sub-Fund;
    - the Class's proportion of the Sub-Fund's income received and receivable; and
    - any notional tax benefit under paragraph (v) below.
  - (iv) There will be debited to a Proportion Account:
    - the redemption payment for the cancellation of Shares of the relevant Class;
    - the Class's proportion of the amount by which the Net Asset Value of the Sub-Fund falls short of the total subscription money for all Shares in the Sub-Fund;
    - all distributions of income (including equalisation if any) made to Shareholders of that Class;
    - all costs, charges and expenses incurred solely in respect of that Class;

- that Class's proportion of the costs, charges and expenses incurred in respect of that Class and one or more other Classes in the Sub-Fund, but not in respect of the Sub-Fund as a whole;
  - that Class's proportion of the costs, charges and expenses incurred in respect of or attributable to the Sub-Fund as a whole; and
  - any notional tax liability under paragraph (v).
- (v) Any tax liability in respect of the Sub-Fund and any tax benefit received or receivable in respect of the Sub-Fund will be allocated between Classes in order to achieve, so far as possible, the same result as would have been achieved if each Class were itself a scheme so as not materially to prejudice any Class. The allocation will be carried out by the ACD after consultation with the Company's auditors.
- (vi) Where a Class is denominated in a currency which is not the base currency of the Company, the balance on the Proportion Account shall be converted into the base currency of the Company in order to ascertain the proportions of all Classes. Conversions between currencies shall be at a rate of exchange decided by the ACD as being a rate that is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders.
- (vii) The Proportion Accounts are notional accounts maintained for the purpose of calculating proportions. They do not represent debts from the Company to Shareholders or the other way round.
2. Each credit and debit to a Proportion Account shall be allocated to that account on the basis of that Class's proportion immediately before the allocation. All such adjustments shall be made as are necessary to ensure that on no occasion on which the proportions are ascertained is any amount counted more than once.
  3. When Shares are issued thereafter each such Share shall represent the same proportionate interest in the property of the relevant Sub-Fund as each other Share of the same category and Class then in issue in respect of that Sub-Fund.
  4. The Company shall allocate the amount available for income allocation (calculated in accordance with COLL) between the Shares in issue relating to the relevant Sub-Fund according to the respective proportionate interests in the property of the Sub-Fund represented by the Shares at the Valuation Point in question.
  5. The Company may adopt a different method of calculating the proportionate interests of each Class in the assets and income of a Sub-Fund from that set out in this Appendix C provided that the ACD is satisfied that such method is fair to Shareholders and that it is reasonable to adopt such method in the given circumstances.

6. For Shares of each Class a smaller denomination share of that Class shall represent such proportion of a larger denomination share of that Class for the purposes of calculating the proportionate interests of such Shares in the assets and income of a Sub-Fund as the proportion which a smaller denomination share bears to a larger denomination share in accordance with this Prospectus and the Instrument of Incorporation.

## Appendix D

### Sub-Fund Details

<b>Sub-Fund Name:</b>	<b>Aegon Property Income Fund</b> (please note that this Sub-Fund is in the process of being terminated and is no longer available for new investment)
<b>PRN:</b>	645011
<b>Investment Objective:</b>	This Sub-Fund aims to provide a combination of income and capital growth over any 7 year period. The investment objective is to carry on Property Investment Business and to manage cash raised from investors for investment in the Property Investment Business.
<b>Investment Policy:</b>	<p>To invest at least 60% of the Sub-Fund in a diversified portfolio of commercial property in the British Isles. The Sub-fund may invest in any commercial property sector and may invest in a mix of freehold and leasehold properties.</p> <p>To the extent that the Sub-Fund is not fully invested in the main asset class listed above, the Sub-Fund may also invest in other types of property-related assets, including real estate investment trusts, as well as collective investment schemes (which may include schemes managed by the ACD) and transferable securities, money market instruments, deposits, and cash and near cash.</p> <p>The ACD will select investments that offer attractive income returns and asset management potential. The ACD will seek to add value by actively managing the portfolio of properties to enhance its capital value and rental income.</p> <p>The Sub-Fund is actively managed and the ACD will also seek to achieve diversification across regions in the British Isles and sectors when constructing the portfolio.</p>
<b>Scheme Type:</b>	The Sub-Fund qualifies as a PAIF for tax purposes.
<b>Investment in Collective Investment Schemes:</b>	<b>Not more than 15% of scheme property of this Sub-Fund may be invested in other collective investment schemes. Where such investments are made, they may be into schemes which are managed or operated by the authorised corporate director, or its associates.</b>



**Use of derivatives:** **Derivatives will not be used in the management of this Sub-Fund**

**Benchmarks/Performance  
Management:**

*Comparator Benchmark*

**Investment Association UK Direct Property Peer Group**

Investors are invited to compare the Sub-Fund's performance against the performance of other funds within this Peer Group. Comparison of the Sub-Fund against this Peer Group will give investors an indication of how the Sub-Fund is performing compared with funds investing in a similar but not identical investment universe.

The above comparison should be performed over at least a 7 year period (or period since inception) to provide the most useful long term comparison.

**ISA:**

It is intended that the Sub-Fund will be invested in a manner which aims to ensure that Shares in the Sub-Fund will constitute Qualifying Investments under the ISA Regulations.

**Share Classes available at the date of this Prospectus** (please note that this Sub-Fund is in the process of being terminated and is no longer available for new investment):

Sterling Class B Net Accumulation

Sterling Class B Net Income

Sterling Class B Gross Accumulation\*

Sterling Class B Gross Income\*

(together the "**B Shares**")

Sterling Class F Gross Accumulation\*

Sterling Class F Gross Income\*

(together the "**F Shares**"\*\*)

\*Note: gross classes of shares are only available to investors who are permitted in accordance with UK tax law to receive income from the Sub-Fund without deduction of any UK income tax.

\*\*Note: only available to the Feeder Funds.

<b>Minimum Investment:</b>	<b>Initial</b>	<b>Lump</b>	<b>Sum</b>		
				B Shares	£500
				F Shares	£250,000

The ACD at its discretion may waive the minimum initial lump sum investment levels

<b>Minimum Subsequent Lump Sum Investment:</b>	B Shares	£100
	F Shares	£5,000

The ACD at its discretion may waive the minimum subsequent investment levels

Minimum Regular Savings Plan Investment:	B Shares	£50 p/m
--	----------	---------

<b>Minimum Holding:</b>	B Shares	£250
	F Shares	£50,000

The ACD at its discretion may waive the minimum holding levels

<b>Minimum Partial Redemption:</b>	B Shares	£100
	F Shares*	£5,000

\* Note that for some unitholders in the Feeder Funds (which ultimately invest in this Share Class) they may be subject to limited redemption provisions.

The ACD at its discretion may waive the minimum partial redemption levels

<b>Annual Management Charge:</b>	B Shares	0.75%
	F Shares	0%

The ACD at its discretion may waive the Annual Management Charge in whole or in part.

<b>Interim Accounting Period(s):</b>	1 April to 30 September
<b>Ex-Dividend Date(s):</b>	Annual: 1 April Interim: 1st day of each calendar month
<b>Income Allocation Date(s):</b>	Annual: 30 April
<b>(Also known as "Pay Date")</b>	Interim: last calendar day of each month.

**Additional power re government & public securities:** None

**Historic performance:** See Appendix E

**Profile of typical investor:** The Aegon Property Income Fund is designed for retail and institutional investors seeking pooled exposure from investments mainly in commercial property in the British Isles and who are comfortable with a medium level of investment risk. In most cases, we expect the Aegon Property Income Fund to be held as part of a diversified portfolio which may include other assets such as bonds, equities and cash. Share prices will fluctuate and may fall significantly in value. Consequently, it is important to understand that the Aegon Property Income Fund should be viewed as a longer term investment.

**Bodies Corporate:** No Body Corporate shall acquire Shares in the Aegon Property Income Fund (whether as beneficial owner or otherwise) unless it certifies that it holds:

- All the Shares as beneficial owner; or
- All of the Shares on behalf of one or more persons who are not Bodies Corporate; or
- Some or all of the Shares on behalf of one or more other Bodies Corporate, in which case it must further certify that:
  - Its own interest and those of each of the other beneficial owners is less than 8% of the NAV of the Aegon Property Income Fund; and
  - Each of the other Bodies Corporate has given the undertakings described below.
    - Any Body Corporate that acquires Shares in the Aegon Property Income Fund and holds them otherwise than as beneficial owner must undertake to disclose to the ACD the names and shareholding of each Body Corporate on whose behalf it is holding Shares
    - Any Body Corporate that acquires Shares in the Aegon Property Income

Fund as beneficial owner, trustee (other than of a bare trust) or personal representative (whether the Shares are registered in its name or the name of a nominee or other person) must give the following undertakings:

- Not to acquire 8% or more of the NAV of the Aegon Property Income Fund; and
- On becoming aware that it has acquired 8% or more of the NAV of the Aegon Property Income Fund, to reduce its holding of that NAV below 6%.

**Genuine Diversity of Ownership:**

Shares in the Aegon Property Income Fund will be widely available. The intended categories of investors are retail investors as well as institutional investors (including but not limited to life companies, pension funds and charities) and other collective investment schemes.

Shares in the Aegon Property Income Fund are and will continue to be marketed and made available sufficiently widely to reach the intended categories of investors and in a manner appropriate to attract them.

## Appendix E Historic Performance

**Past performance is not a guide to future performance. The value of your investment and any income from it may fall as well as rise and is not guaranteed.**

The performance data presented here shows performance in 12 month periods to 31 December 2018, including performance of each Sub-Fund against performance of relevant Comparator Benchmarks.

For an explanation of the relevant Comparator Benchmarks, please refer to Appendix D.

Fund	% Growth from 1 January 2019 to 31 December 2019	% Growth from 1 January 2018 to 31 December 2018	% Growth from 1 January 2017 to 31 December 2017	% Growth from 1 January 2016 to 31 December 2016	% Growth from 1 January 2015 to 31 December 2015
Aegon Property Income Fund	1.84%	-2.57%	7.01%	4.02%	9.27%
<i>Comparator Benchmark: Investment Association UK Direct Property Peer Group</i>	-0.59%	4.10%	7.01%	1.75%	9.22%

Source: Lipper Hindsight, % growth, net of AMC.

## Appendix F

### Directors of the ACD

The following is a list of the Directors of the ACD and their main business activities not connected with the business of the ACD as at the date of this Prospectus

<b>Stephen James Marshall Jones</b>	Aegon Asset Management UK Limited Aegon Asset Management UK Holdings Limited
<b>Kirstie Sarah MacGillivray</b>	Aegon Asset Management Limited Aegon Asset Management UK Holdings Limited Kildalton Limited
<b>Adrian John Charles Hull</b>	Aegon Asset Management Limited Aegon Asset Management UK Holdings Limited The East Anglian Heights Trading Company Limited
<b>Thomas J. Scherer (Non- Independent Non-Executive)</b>	Pearl Holdings, Inc. I Pearl Holdings, Inc. II Aegon USA Asset Management Holding LLC Aegon USA Investment Management LLC Aegon USA Realty Advisors LLC
<b>Mary Teresa Kerrigan (Non-Executive)</b>	Just Group PLC Just Retirement Limited Partnership Life Assurance Company Limited The London Irish Centre New Ireland Assurance Company Prudential UK La Banque Postale Asset Management Holding Anavon DAC trading as Companion
<b>Andrew John Mack (Non-Executive)</b>	ICE Clear Europe Limited

## **Appendix G**

### **Other Regulated Collective Investment Schemes**

Aegon Asset Management UK plc also acts as the authorised fund manager in respect of the following regulated collective investment schemes:

<b>Scheme Name</b>	<b>Scheme Type</b>
Aegon Asset Management UK ICVC	An OEIC, structured as an Umbrella which is categorised as a UCITS
Aegon Asset Management UK Unit Trust	An authorised unit trust, which is categorised as a Non-UCITS Retail Scheme