

Guidance

End of Vehicle Life Guidelines for AREF Members

Effective from:
July 2026

Introduction

Guidance objective

The End of Vehicle Life Guidelines aim to provide managers and investors with:

- background information into the end of vehicle guidelines; and
- guidance in setting and managing end of vehicle life processes.

Application of guidance

Managers should utilise this guidance when setting and updating terms relating to the end of a vehicle's life, either at the vehicle set-up stage or when the vehicle is approaching its end of life.

AREF recognises that managers may not be able to implement this guidance for regulatory, strategic, operational or other reasons, although they should be prepared to explain their approach to end of life procedures. In the cases of conflict between the provisions of this guidance and legislative/regulatory requirements, the latter will take precedence.

Background to guidance

AREF together with INREV and the IPF consulted stakeholders and prepared a report on the "End of Fund Life" which was issued in 2016. This report focused on four key principles when dealing with various scenarios for the end of vehicle life.

These four principles were:

1. communication: transparency and timeliness;
2. fund documentation: explicit, yet flexible;
3. conflicts of interest: recognise and manage; and
4. management decisions.

In the original report, each of these principles were substantiated by a corresponding set of practical best practice guidelines together with background information and examples.

Since the publication of the original report almost a decade ago not only have "end of life" issues become mainstream as the number of vehicles coming to the end of their life terms have increased there is also greater market familiarity by both managers and investors with these issues and how good practice has evolved during this period.

In addition, the range of options available to managers and investors has increased, for example, the use of continuation vehicles by managers where one or more of the existing investments of the original vehicle is transferred to a new vehicle often with reset terms and with investors given the option of either redeeming or rolling over into the new vehicle.

The previous guidelines have been truncated and updated to reflect market developments since the publication of the original report while being sufficiently flexible for future evolution of the market.

Last review date

July 2026

If you have any questions regarding the guidance contained within this document, please email AREF at: info@aref.org.uk.

1. Communication, transparency and timeliness

- 1.1 Managers should present any “end of life” proposals in a timely manner to investors; this proposal may include information relating to the asset business plans, identification of assets to be sold vs held, the forecast performance of such assets and sub-portfolios, market liquidity and potential impact on sales proceeds.
- 1.2 Following a formal proposal, managers should allow sufficient time for investors to consider such proposals prior to any formal vote.
- 1.3 All investors should receive the same level of written information and at the same time.
- 1.4 Managers and investors should fully engage in any consultation process and ensure it is as transparent as possible.
- 1.5 Investors should have the right to meet without the manager to discuss the proposals and the manager should facilitate this wherever possible.

2. Vehicle documentation

- 2.1 It is the manager’s responsibility to ensure documentation provided to investors comprehensively outlines the options available to investors.
- 2.2 It is the responsibility of all investors to ensure they read all relevant documentation and materials provided as part of the end-of-life process which may include termination, extension or a continuation process.
- 2.3 Documentation should contain a clear explanation of the options and timetable for the process(es) giving sufficient time for investor decisions to be made.
- 2.4 The investor advisory committee (or similar) of the vehicle (and if the vehicle does not have one consider appointing one) should be consulted at the earliest stage and be allowed to provide guidance and input on the options which may be offered to investors especially in light of any potential conflicts of interest which may exist in these proposals (see below).

3. Recognition and management of conflicts of interest

- 3.1 Relevant conflicts should be identified at the earliest opportunity and brought to the attention of the investor advisory committee for their consideration and discussion in advance of communications with investors.
- 3.2 Where any proposal involves the sale or transfer of any investments an independent valuer should be appointed and an arm’s length fair market valuation obtained and consideration should be given to appointing a second independent valuer in certain circumstances.
- 3.3 Any right of first refusal or similar right allowing the manager or any investors having pre-emption rights on any investment should be considered by the investors advisory committee where there is a potential conflict of interests.
- 3.4 The Investment Advisory Committee (IAC) should consider appointing an independent representative in the instance where the IAC includes remaining and exiting investors, in order to address conflicts of interest that may otherwise occur at IAC level.

4. Management decisions

- 4.1 Change in vehicle and investment strategy whether for the existing vehicle or any continuation vehicle should be communicated to all investors as part of any proposals.
- 4.2 Similarly any material changes to the key commercial terms of the vehicle and any continuation vehicle including levels of fees and expenses payable and how these are allocated should be communicated clearly to all investors on timely basis.

- 4.3 On the termination of an existing vehicle the manager should seek to avoid creating liabilities that run beyond the end of vehicle life and that the vehicle is wound up in an orderly and timely basis.
- 4.4 Whether there is a liquidity window for existing investors and/or a continuation vehicle being put in place the manager must ensure that it treats both exiting and continuing investors fairly, including clear rationale on which assets are to be sold and which assets are to be transferred to the continuation vehicle, and how the manager intends to ensure that both remaining and existing investors are treated fairly.
- 4.5 During the relevant end of vehicle life process(es), any fees payable should appropriately reflect the amount of work required.

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