

# AVIVA INVESTORS PROPERTY FUNDS ICVC

## Interim Report and Financial Statements

For the six months ended 31 March 2018 (unaudited)



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\* These items comprise the Manager's Report for the purposes of the rules contained in the Collective Investment Schemes Sourcebook ("the Regulations").

## COMPANY INFORMATION

### AUTHORISED CORPORATE DIRECTOR

Aviva Investors UK Fund Services Limited  
St Helen's  
1 Undershaft  
London, EC3P 3DQ

Aviva Investors UK Fund Services Limited (the ACD) is a wholly owned subsidiary of Aviva Investors Holdings Limited, a company incorporated in the United Kingdom and within the Aviva Group of Companies. The ACD is a member of the Investment Association and is authorised and regulated by the Financial Conduct Authority.

The Manager is authorised as an Alternative Investment Fund Manager ("AIFM") under the Alternative Investment Fund Managers Directive ("AIFMD").

### DIRECTORS

I Buckle  
J Misselbrook (resigned 23 November 2017)  
S Ebenston  
D Skinner  
J Leadsom  
D Clayton  
M Craston (appointed 1 November 2017)  
G Miller (appointed 20 December 2017)

### ADMINISTRATOR AND REGISTRAR

DST Financial Services Europe Ltd  
DST House  
St Nicholas Lane  
Basildon  
Essex, SS15 5FS

### FUND ACCOUNTING AND PRICING AGENT

J.P. Morgan Chase Bank, National Association (London Branch)  
25 Bank Street  
Canary Wharf  
London, E14 5JP

### INVESTMENT MANAGER

Aviva Investors Global Services Limited  
St Helen's  
1 Undershaft  
London, EC3P 3DQ

Aviva Investors Global Services Limited is a member of the Investment Association and is authorised and regulated by the Financial Conduct Authority. The ultimate parent company of Aviva Investors Global Services Limited is Aviva Plc.

The Investment Manager has appointed JPMorgan Asset Management Real Assets (Singapore) Pte. Ltd. to provide investment advisory services in relation to the Aviva Investors Asia Pacific Property Fund:

JPMorgan Asset Management Real Assets (Singapore) Pte. Ltd.  
186 Robinson Road  
# 17-01  
Singapore 068912

### DEPOSITARY

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

Citibank Europe plc is authorised and regulated by the Central Bank of Ireland, however, the UK branch is subject to Financial Conduct Authority (FCA) regulation.

### INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP  
Atria One  
144 Morrison St  
Edinburgh, EH3 8EB

### INDEPENDENT PROPERTY VALUERS (FOR THE AVIVA INVESTORS EUROPEAN PROPERTY FUND ONLY)

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

### INDEPENDENT PROPERTY VALUERS (FOR THE AVIVA INVESTORS UK PROPERTY FUND ONLY)

Knight Frank LLP  
55 Baker Street  
London  
W1U 8AN

## REPORT OF THE AUTHORISED CORPORATE DIRECTOR

### THE COMPANY

Aviva Investors Property Funds ICVC (“the Company”) is an Open-Ended Investment Company (OEIC) with variable capital incorporated in England and Wales since 2 May 2008. The property of the Company is entrusted to Citibank Europe plc, UK Branch (“the Depositary”). The shareholders are not liable for any debts of the Company.

The object of the Company is to invest the scheme property in transferable securities, money market instruments, units in collective investment schemes, deposits, cash, near cash, derivative instruments and forward transactions, immovables (directly or indirectly) and gold with the aim of spreading investment risk and giving its shareholders the benefit of the results of the management of that property.

The Company has an umbrella structure which means that it may contain more than one Fund, each with a different investment objective. There are currently three Funds in the Aviva Investors Property Funds ICVC; the Aviva Investors Asia Pacific Property Fund, the Aviva Investors European Property Fund and the Aviva Investors UK Property Fund. In the financial statements you will find an investment review for each Fund which includes details of the investment objectives.

### REMUNERATION

In line with the requirements of the Alternative Investment Fund Managers Directive (“AIFMD”), Aviva Investors UK Fund Services Limited (“AIUKFSL”) is subject to a remuneration policy which is consistent with the principles outlined in the European Securities and Markets Authority guidelines on sound remuneration policies under AIFMD.

Aviva Investors’ remuneration framework is based on a total reward approach and is designed to reflect the success or failure against a range of personal and company performance objectives. There are four components of pay: base salary; annual bonus (including deferred bonus); long term incentive plan; and benefits. Aviva believes in rewarding strong performance and the achievement of our business and individual goals; however, the manner in which these goals are achieved is also an important factor in determining outcomes. Annual bonus awards are discretionary and where bonuses are £75,000 and over a 3 year deferral with pro-rata vesting in Aviva Investors funds and/or Aviva Group plc shares occurs.

The extent to which each aspect of performance affects the overall payment level depends on the role and responsibilities of the individual. Performance is measured against personal objectives, including Risk and Control objectives, as well as Aviva Investors’ and the business unit performance against agreed targets. a combination of individual, business unit, Aviva Investors and Group performance over an appropriate period.

- The financial considerations includes the following comparisons:-
  - Actual results vs. prior period results
  - Actual results vs. agreed plans
  - Actual results relative to competitors
  - Actual results vs., and progress towards, our long-term target ambition.

- The non-financial considerations include risk, conduct, culture, customer and employee engagement metrics, with Aviva values clearly underpinning all our decisions. In certain roles, adherence to Responsible Investment and ESG principles will also be a consideration.
- The Performance assessment does not encourage risk taking outside the Aviva Investors stated risk appetite, and includes mechanisms by which performance against risk and conduct related measures has a significant impact on the availability and size of business and individual variable awards.

The remuneration policies are designed to ensure that any relevant conflicts of interest can be managed appropriately at all times and that the remuneration of its senior staff is in line with the risk policies and objectives of the Alternative Investment Funds (“AIF’s”) it manages, and takes into account the promotion of sound and effective risk management and the achievement of fair outcomes for all customers.

AIUKFSL has no employees but is a wholly owned subsidiary of Aviva Investors Holdings Limited. For the year to 31 December 2017, apportioned remuneration based on the time assessed to be spent on AIUKFSL AIFMD activity paid by Aviva Plc, the ultimate parent of AIUKFSL, to its senior management team, and staff whose actions have a material impact on the risk profile of AIUKFSL (“Code staff”), is as follows:

	Senior Management	Other Code Staff
Total Remuneration:	£0.4m	£0.2m
Of which, Fixed Remuneration	35%	56%
Variable Remuneration	58%	30%
Pension/Benefits	7%	14%
Number of Code staff:	11	11

### AUTHORISED STATUS

From 2 May 2008 the Company was authorised as an Open-Ended Investment Company under Regulation 12 of the Open-Ended Investment Companies Regulations 2001.

The Company is authorised to operate as a “Non-UCITS Retail Scheme” for the purposes of the COLL Sourcebook and as an Authorised Investment Fund (AIF) for the purposes of the FUND Sourcebook. These sourcebooks form part of the regulatory handbook issued by the Financial Conduct Authority (FCA).

### THE FINANCIAL STATEMENTS

We are pleased to present the interim financial statements of the Company for the six months ended 31 March 2018. As required by the Regulations, information for each of the Funds has been included in these financial statements. On the following pages we review the performance of each of those Funds during the period. We hope that you find our review useful and informative.

### ANNUAL GENERAL MEETINGS

The Company will not be holding any Annual General Meetings.

## REPORT OF THE AUTHORISED CORPORATE DIRECTOR (CONTINUED)

### SIGNIFICANT INFORMATION

As advised in a letter to investors dated 20 July 2015, dealing in the Aviva Investors Asia Pacific Property Fund was suspended after the midday valuation on 20 July 2015. The two largest investors in the Fund (representing over 75% of the Fund's value) advised the ACD that they wished to withdraw their investment in full. This would have required the sale of the majority of properties in the Fund with adverse consequences for the diversity of investments and economies of scale achievable by the Fund. It was decided that it was in the best interests of all the investors to close the Fund. Following the suspension of dealing and the investor notification, the Fund commenced termination on 21 August 2015. As advised in the investor letter, proceeds will be returned to the investors (or switched into other Aviva Investors funds, depending on investors' instructions) in stages as properties are sold and cash becomes available. All eight properties that were within the Fund at the point of suspension have been sold, and to date the ACD has returned 117.3% of the Fund's GBP value at suspension to investors. Due to the complex structure of the Fund, it will still take some time before the final proceeds of the sales are available to be returned to investors, and the ACD does not expect to be in a position to make a further payment until 2019.

As advised in a letter to investors dated 8 December 2015, dealing in the Aviva Investors European Property Fund was suspended after the midday valuation on 8 December 2015. The Fund has been experiencing challenges over the past few years in relation to net outflows, liquidity, risk and performance. In addition to this, the largest investor in the Fund (representing circa 71% of the Fund's value) advised the ACD that they wished to withdraw their investment in full. This would have required the sale of the majority of properties in the Fund with adverse consequences for the diversity of investments and economies of scale achievable by the Fund. It was decided that it was in the best interests of all the investors to close the Fund. Following the suspension of dealing and the investor notification, the Fund commenced termination on 21 January 2016. As advised in the investor letter, proceeds will be returned to the investors (or switched into other Aviva Investors funds, depending on investors' instructions) in stages as properties are sold and cash becomes available. Eleven of the twelve properties that were within the Fund at the point of suspension have now been sold, and to date the ACD has returned 84.45% of the Fund's GBP value at suspension to investors. Due to the complex structure of the Fund, it will still take some time before the final proceeds of all sales are available to be returned to investors. The ACD expects to be in a position to make a further interim payment in the second half of 2018.

## STATEMENT OF CROSS HOLDINGS

There are no cross holdings as at 31 March 2018.

## AVIVA INVESTORS ASIA PACIFIC PROPERTY FUND

### INVESTMENT OBJECTIVE

To seek income and long term capital appreciation.

### INVESTMENT APPROACH

To invest principally in immovable property, with an emphasis on commercial property, and/or property related transferable securities the issuers of which are domiciled in, or have significant operations or interests in, the Asia Pacific region or Australasia. The Fund may also invest in units in regulated and unregulated collective investment schemes, money market instruments, deposits, cash and near cash or derivatives. Derivatives may be used for the purposes of efficient portfolio management.

The Fund may hold its immovable property through intermediate holding vehicles. In such instances, the Fund's direct holdings will generally be debentures, or other permitted debt and debt instruments and securities of subsidiary entities of the Company, the ACD or their respective Associates. These subsidiaries may in turn invest in immovable property via intermediate holding vehicles appropriate for the jurisdiction in which the immovable property is located.

In order to allow the payment of interest distributions, the Fund intends to hold at least 60% of its assets in debentures, or other permitted debt and debt instruments of subsidiaries and cash, or other such combination and proportions of assets as would enable it to make interest distributions and to facilitate efficient management of the Fund or for other purposes which may reasonably be regarded as ancillary to the investment objective of the Fund.

### FUND MANAGER'S REPORT

#### FUND PROFILE AND PORTFOLIO REVIEW

Total assets under management as at 31 March 2018 were £20.8 million.

The Fund suspended dealing on 21 July 2015, pending ultimate closure of the Fund, following consultation with the FCA and after having met the necessary regulatory approvals. All properties have accordingly now been sold from the Fund.

The Fund is in the process of liquidating the remaining entities which were incorporated to hold the properties in the respective countries, following which a final payment will be made to investors.

The last remaining property holding entity of the Fund is currently in the process of obtaining tax clearance although the liquidation process for this Company was initiated in April 2018. In addition to the asset level holding structures there is also the Hold Co structure, which can only be wound up once the entities it holds have been liquidated.

#### May 2018

Unless stated otherwise any opinions expressed are those of Aviva Investors Global Services Limited. They should not be viewed as indicating any guarantee of return from an investment managed by Aviva Investors nor as advice of any nature. Past performance is not a guide to the future. The value of an investment and any income from it may go down as well as up and the investor may not get back the original amount invested.



## AVIVA INVESTORS ASIA PACIFIC PROPERTY FUND (CONTINUED)

### CONSOLIDATED MATERIAL PORTFOLIO CHANGES

There were no purchases or sales of property during the period.

### FUND MATERIAL PORTFOLIO CHANGES

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#### **Purchases**

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Asia Pacific Investment Holdings PTE

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#### **Sales**

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Asia Pacific Investment Holdings PTE

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## INVESTMENT PERFORMANCE

## Net Asset Value – Income Shares

Share class	As at	Net asset value* £000	Shares in issue	Per share in class currency
Class A (GBP)	30.09.15	69,618	102,624,344	67.84p
	30.09.16	19,888	19,453,739	102.23p
	30.09.17	8,549	9,167,535	93.25p
	31.03.18	8,971	9,167,535	97.85p
Class A (USD)	30.09.15	76	157,596	73.77c
	30.09.16	22	30,687	94.89c
	30.09.17	10	14,381	89.39c
	31.03.18	10	14,381	98.55c
Class I (GBP)	30.09.15	7,393	9,864,942	74.94p
	30.09.16	2,130	1,870,236	113.87p
	30.09.17	924	882,327	104.73p
	31.03.18	974	882,327	110.33p

\* Valued at bid market prices. The net asset value of income shares will exclude any distributions paid/payable to investors.

## Net Asset Value – Accumulation Shares

Share class	As at	Net asset value* £000	Shares in issue	Per share in class currency
Class A (GBP)	30.09.15	73,105	77,397,221	94.45p
	30.09.16	22,953	14,671,813	156.44p
	30.09.17	10,012	6,914,672	144.79p
	31.03.18	10,499	6,910,396	151.94p
Class A (EUR)	30.09.15	454	149,787	410.84c
	30.09.16	146	29,091	583.12c
	30.09.17	63	13,582	526.65c
	31.03.18	66	13,582	556.64c
Class A (USD)	30.09.15	638	288,383	336.30c
	30.09.16	206	56,153	475.21c
	30.09.17	89	26,314	454.09c
	31.03.18	94	26,314	500.68c
Class I (GBP)	30.09.15	1,484	1,373,813	107.98p
	30.09.16	470	260,467	180.30p
	30.09.17	206	122,765	168.22p
	31.03.18	224	126,442	177.22p

\* Valued at bid market prices.

## Share Price Record – Income Shares

Share class	Financial year	Highest offer price*	Lowest bid price**
Class A (GBP)	2015	78.61p	62.31p
	2016	98.43p	67.45p
	2017	99.22p	83.92p
	2018***	94.26p	91.27p
Class A (USD)	2015	90.44c	69.53c
	2016	91.25c	72.18c
	2017	91.37c	75.29c
	2018***	94.86c	87.72c
Class I (GBP)	2015	82.53p	68.74p
	2016	109.61p	74.52p
	2017	110.56p	93.63p
	2018***	105.88p	102.91p

\* These prices include revenue and initial charge.

\*\* These prices include revenue.

\*\*\* Up to 31 March 2018.

With effect from 21 July 2015 the Fund has issued bid prices only.

## Share Price Record – Accumulation Shares

Share class	Financial year	Highest offer price*	Lowest bid price**
Class A (GBP)	2015	105.60p	85.95p
	2016	138.51p	93.83p
	2017	149.28p	130.30p
	2018***	146.37p	141.72p
Class A (EUR)	2015	457.75c	383.24c
	2016	512.46c	408.14c
	2017	568.35c	493.10c
	2018***	532.87c	516.75c
Class A (USD)	2015	398.09c	314.04c
	2016	420.40c	329.02c
	2017	464.15c	382.50c
	2018***	481.94c	445.64c
Class I (GBP)	2015	113.64p	98.13p
	2016	159.61p	107.26p
	2017	172.63p	150.39p
	2018***	170.07p	165.30p

\* These prices include revenue and initial charge.

\*\* These prices include revenue.

\*\*\* Up to 31 March 2018.

With effect from 21 July 2015 the Fund has issued bid prices only.

## INVESTMENT PERFORMANCE (CONTINUED)

**Ongoing Charges Figure\***

Share class	31.03.18	30.09.17
Class A (GBP)	2.58%	2.77%
Class A (EUR)	2.58%	2.77%
Class A (USD)	2.58%	2.77%
Class I (GBP)	1.78%	1.97%

\* The Ongoing Charges Figure (OCF) is calculated as the ratio of the total ongoing charges to the average net asset value of the Fund over the period. The OCF is made up of the Annual Management Charge and other operating costs deducted from the assets of the Fund during the period, except for those payments that are explicitly excluded (performance fees).

**Revenue Record – Income Shares**

The revenue record table below shows the net distribution rates per financial year on a payment date basis for an investment made on 1 October 2014.

Share class	Financial year	Net revenue per share	Per 1,000 invested in class currency
Class A (GBP)	2015	1.9834p	£26.80
	2016	9.7875p	£132.25
	2017	0.0000p	£0.00
	2018*	0.0000p	£0.00
Class A (USD)	2015	2.0569c	\$23.37
	2016	9.1332c	\$105.37
	2017	0.0000c	\$0.00
	2018*	0.0000c	\$0.00
Class I (GBP)	2015	2.6198p	£32.13
	2016	10.8870p	£133.50
	2017	0.0000p	£0.00
	2018*	0.0000p	£0.00

\* Up to 31 May 2018 (the interim distribution payment date).

**Revenue Record – Accumulation Shares**

The revenue record table below shows the net distribution rates per financial year on a payment date basis for an investment made on 1 October 2014.

Share class	Financial year	Net revenue per share	Per 1,000 invested in class currency
Class A (GBP)	2015	2.6326p	£26.48
	2016	13.7012p	£137.81
	2017	0.0000p	£0.00
	2018*	0.0000p	£0.00
Class A (EUR)	2015	17.0050c	€41.43
	2016	51.2778c	€124.94
	2017	0.0000c	€0.00
	2018*	0.0000c	€0.00
Class A (USD)	2015	11.9313c	\$31.64
	2016	41.8545c	\$110.98
	2017	0.0000c	\$0.00
	2018*	0.0000c	\$0.00
Class I (GBP)	2015	2.7783p	£24.62
	2016	15.7712p	£139.75
	2017	0.0000p	£0.00
	2018*	0.0000p	£0.00

\* Up to 31 May 2018 (the interim distribution payment date).

## CONSOLIDATED PORTFOLIO STATEMENT

As at 31 March 2018 (unaudited)

Investment	Currency	Holding	Market Value	
			£000	% of Net Assets
<b>Direct properties 0.00% (0.00%)</b>				
<b>Total direct properties</b>			–	–
<b>Liquidity Funds 0.01% (0.02%)<sup>1</sup></b>				
Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP <sup>†</sup>			3	0.01
<b>Liquidity Funds total</b>			<b>3</b>	<b>0.01</b>
Investment assets <sup>2</sup>			3	0.01
Net other assets			20,835	99.99
<b>Net assets</b>			<b>20,838</b>	<b>100.00</b>

The comparative percentage figures in brackets are as at 30 September 2017.

<sup>†</sup> Investment managed by a related party.

<sup>1</sup> Cash equivalents.

<sup>2</sup> Includes cash equivalents.

## FUND PORTFOLIO STATEMENT

As at 31 March 2018 (unaudited)

Investment		Currency	Holding	Market Value £000	% of Net Assets
<b>Luxembourg 10.20% (8.71%)</b>					
Asia Pacific Investment Holdings SARL	§	GBP	7	2,126	10.20
<b>Luxembourg total</b>				<b>2,126</b>	<b>10.20</b>
<b>New Zealand 16.95% (11.15%)</b>					
Shore Profit Participating Loan	§	NZD	24,787,922	3,531	16.95
<b>New Zealand total</b>				<b>3,531</b>	<b>16.95</b>
<b>Singapore 64.10% (63.70%)</b>					
Asia Pacific Investment Holdings Pte Ltd	§	GBP	59,795	13,357	64.10
<b>Singapore total</b>				<b>13,357</b>	<b>64.10</b>
<b>Liquidity Funds 0.01% (0.02%)<sup>1</sup></b>					
Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP <sup>†</sup>		GBP	2,972	3	0.01
<b>Liquidity Funds total</b>				<b>3</b>	<b>0.01</b>
Investment assets <sup>2</sup>				19,017	91.26
Net other assets				1,821	8.74
<b>Net assets</b>				<b>20,838</b>	<b>100.00</b>

The comparative percentage figures in brackets are as at 30 September 2017.

§ All holdings are unquoted securities.

† Investment managed by a related party.

1 Cash equivalents.

2 Includes cash equivalents.

## STATEMENT OF TOTAL RETURN

For the six months ended 31 March 2018 (unaudited)

	Consolidated		Aviva Investors Asia Pacific Property Fund	
	Six months ended 31.03.18 £000	Six months ended 31.03.17 £000	Six months ended 31.03.18 £000	Six months ended 31.03.17 £000
Income				
Net capital gains/(losses)	818	(358)	818	(358)
Revenue	(191)	194	390	4
Expenses	(364)	(1,015)	(229)	(387)
Interest payable and similar charges	(1)	(697)	–	(1,481)
Net (expense)/revenue before taxation	(556)	(1,518)	161	(1,864)
Taxation	723	(191)	6	155
Net revenue/(expense) after taxation	167	(1,709)	167	(1,709)
<b>Total return before distributions</b>	<b>985</b>	<b>(2,067)</b>	<b>985</b>	<b>(2,067)</b>
Distributions	–	–	–	–
<b>Change in net assets attributable to shareholders from investment activities</b>	<b>985</b>	<b>(2,067)</b>	<b>985</b>	<b>(2,067)</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the six months ended 31 March 2018 (unaudited)

	Consolidated		Aviva Investors Asia Pacific Property Fund	
	Six months ended 31.03.18 £000	Six months ended 31.03.17 £000	Six months ended 31.03.18 £000	Six months ended 31.03.17 £000
<b>Opening net assets attributable to shareholders</b>	<b>19,853</b>	<b>45,815</b>	<b>19,853</b>	<b>45,815</b>
Movements due to issue and cancellation of shares:				
Amounts receivable on creation of shares	–	–	–	–
Amounts payable on cancellation of shares	–	–	–	–
	–	–	–	–
Change in net assets attributable to shareholders from investment activities (see above)	985	(2,067)	985	(2,067)
Retained distribution on accumulation shares	–	–	–	–
<b>Closing net assets attributable to shareholders</b>	<b>20,838</b>	<b>43,748</b>	<b>20,838</b>	<b>43,748</b>

The Statement of Recommended Practice (2014) requires that comparatives are shown for the above report. As the comparatives should be for the comparable interim period, the net asset value at the end of the previous period will not agree to the net asset value at the start of the period. The published net asset value as at 30 September 2017 was £19,852,989.

## BALANCE SHEET

As at 31 March 2018 (unaudited)

	Consolidated		Aviva Investors Asia Pacific Property Fund	
	As at 31.03.18 £000	As at 30.09.17 £000	As at 31.03.18 £000	As at 30.09.17 £000
<b>Assets:</b>				
Investments	–	–	19,014	16,591
<b>Current assets:</b>				
Debtors	29	25	–	2,035
Cash and bank balances	21,349	21,904	2,248	1,968
Cash equivalents	3	3	3	3
<b>Total other assets</b>	<b>21,381</b>	<b>21,932</b>	<b>2,251</b>	<b>4,006</b>
<b>Total assets</b>	<b>21,381</b>	<b>21,932</b>	<b>21,265</b>	<b>20,597</b>
<b>Liabilities:</b>				
<b>Creditors:</b>				
Distribution payable	(238)	(258)	(238)	(258)
Other creditors	(305)	(1,821)	(189)	(486)
<b>Total liabilities</b>	<b>(543)</b>	<b>(2,079)</b>	<b>(427)</b>	<b>(744)</b>
<b>Net assets attributable to shareholders</b>	<b>20,838</b>	<b>19,853</b>	<b>20,838</b>	<b>19,853</b>

## CASH FLOW STATEMENT

For the six months ended 31 March 2018 (unaudited)

	Consolidated		Aviva Investors Asia Pacific Property Fund	
	Six months ended 31.03.18 £000	Six months ended 31.03.17 £000	Six months ended 31.03.18 £000	Six months ended 31.03.17 £000
<b>Net cash inflow from operating activities</b>	<b>240</b>	<b>2,430</b>	<b>2,645</b>	<b>2,385</b>
<b>Servicing of finance</b>				
Distributions paid	–	(1,925)	–	(1,925)
	–	(1,925)	–	(1,925)
<b>Taxation</b>				
Taxation paid	(1)	(1,993)	(21)	(957)
	(1)	(1,993)	(21)	(957)
<b>Financial investments</b>				
Purchases of investments	–	–	(3,325)	–
Sales of investments	–	1,124	1,121	3,571
Fees paid from capital	(153)	(320)	(153)	(320)
	(153)	804	2,357	3,251
<b>Financing</b>				
Amounts paid on cancellation of shares	–	–	–	–
Exchange rate movement	(641)	(2,871)	13	(1,969)
	(641)	(2,871)	13	(1,969)
<b>(Decrease)/increase in cash in the period</b>	<b>(555)</b>	<b>(3,555)</b>	<b>280</b>	<b>785</b>
<b>Net cash at the start of the period</b>	<b>21,907</b>	<b>45,298</b>	<b>1,971</b>	<b>5,360</b>
<b>Net cash at the end of the period</b>	<b>21,352</b>	<b>42,779</b>	<b>2,251</b>	<b>6,145</b>



## AVIVA INVESTORS EUROPEAN PROPERTY FUND

### INVESTMENT OBJECTIVE

To seek income and long term capital appreciation through real estate investment in the European Economic Area (excluding the UK) and Switzerland.

### INVESTMENT APPROACH

To invest principally in commercial immovable real estate, together with real estate related listed securities, whose investments and activities are principally based within the European Economic Area (excluding the UK) and Switzerland. The Fund may also invest in units in regulated and unregulated collective investment schemes, money market instruments, deposits, cash and near cash and derivatives. Derivatives may be used for the purposes of Efficient Portfolio Management.

The Fund may hold its immovable property through intermediate holding vehicles. In such instances, the Fund's direct holdings will generally be debentures, or other permitted debt and debt instruments and securities of subsidiary entities of the Company, the ACD or their respective Associates. These subsidiaries may in turn invest in immovable property via intermediate holding vehicles appropriate for the jurisdiction in which the immovable property is located.

In order to allow the payment of interest distributions, the Fund intends to hold at least 60% of its assets in debentures, or other permitted debt and debt instruments of subsidiaries and cash, or such other combination and proportions of assets as would enable it to make interest distributions and to facilitate efficient management of the Fund or for other purposes which may reasonably be regarded as ancillary to the investment objective of the Fund.

### FUND MANAGER'S REPORT

#### FUND PROFILE AND PORTFOLIO REVIEW

Total assets under management as at 31 March 2018 were £51.6 million.

The Fund suspended dealing on 8 December 2015, pending ultimate closure of the Fund, following consultation with the FCA and after having met the necessary regulatory approvals.

As at 31 March 2018, eleven of the Fund's twelve holdings have been disposed of, with one asset remaining within the Fund. The Katowice industrial facility in Poland is under offer with negotiations currently underway to finalise the sales contract.

Where assets have been sold the holding structures are being prepared for liquidation, although this is likely to take c.18 months to complete due to remaining contractual liabilities of the entities, with the liquidations being spread over this period. To date, three of the Fund's holding structures have been closed, with seven holding structures remaining. One structure is linked to the final disposal (in Poland) which is being structured as a corporate sale and which will not, therefore, require the liquidation process. In addition to the asset level holding structures there is also the Luxembourg Hold Co structure, which can only be wound up once the entities it holds have been liquidated.

#### May 2018

Unless stated otherwise any opinions expressed are those of Aviva Investors Global Services Limited. They should not be viewed as indicating any guarantee of return from an investment managed by Aviva Investors nor as advice of any nature. Past performance is not a guide to the future. The value of an investment and any income from it may go down as well as up and the investor may not get back the original amount invested.

### CONSOLIDATED MATERIAL PORTFOLIO CHANGES

There were no purchases and 1 sale of property during the period.

#### Sales

Birsta Syd Retail Warehousing Scheme, Sundsvall, Sweden

### FUND MATERIAL PORTFOLIO CHANGES

There were no purchases and 4 sales of property during the period.

#### Sales

Sundsvall Financing ZCP Perpetual

Galileo Financing Perpetual

Tres Cantos Financing ZCP Perpetual

European Property Holdings SARL

## INVESTMENT PERFORMANCE

## Net Asset Value – Income Shares

Share class	As at	Net asset value* £000	Shares in issue	Per share in class currency
Class A (GBP)	30.09.15	1,872	1,894,707	98.82p
	30.09.16	1,650	1,545,967	106.71p
	30.09.17	645	620,752	103.98p
	31.03.18	482	517,114	93.16p
Class A (EUR)	30.09.15	55	64,677	114.59c
	30.09.16	48	52,513	106.00c
	30.09.17	19	21,184	100.79c
	31.03.18	14	17,627	90.96c
Class R (GBP)	30.09.15	11,338	11,541,762	98.23p
	30.09.16	9,928	9,359,972	106.08p
	30.09.17	3,884	3,758,240	103.36p
	31.03.18	2,899	3,130,797	92.61p
Class I (GBP)	30.09.15	112,563	114,339,887	98.45p
	30.09.16	99,025	93,173,008	106.28p
	30.09.17	38,641	37,412,629	103.28p
	31.03.18	28,950	31,166,914	92.89p

\* Valued at bid market prices. The net asset value of income shares will exclude any distributions paid/payable to investors.

## Net Asset Value – Accumulation Shares

Share class	As at	Net asset value* £000	Shares in issue	Per share in class currency
Class A (EUR)	30.09.15	8,762	7,909,109	150.12c
	30.09.16	7,816	6,421,550	141.29c
	30.09.17	3,111	2,590,352	136.03c
	31.03.18	2,315	2,155,345	122.56c
Class A (USD)	30.09.15	165	82,650	302.80c
	30.09.16	147	67,005	283.70c
	30.09.17	59	27,088	289.00c
	31.03.18	43	22,543	271.60c
Class I (EUR)	30.09.15	63,785	54,352,130	159.04c
	30.09.16	56,316	43,417,053	150.58c
	30.09.17	22,586	17,515,984	146.08c
	31.03.18	16,873	14,574,691	115.77c

\* Valued at bid market prices.

## Share Price Record – Income Shares

Share class	Calendar year	Highest offer price*	Lowest bid price**
Class A (GBP)	2015	115.72p	94.60p
	2016	109.44p	93.63p
	2017	110.81p	100.17p
	2018***	105.58p	95.50p
Class A (EUR)	2015	124.76c	114.73c
	2016	121.18c	103.96c
	2017	106.99c	101.68c
	2018***	100.83c	93.27c
Class R (GBP)	2015	115.08p	94.08p
	2016	108.78p	93.07p
	2017	110.15p	99.57p
	2018***	104.95p	94.93p
Class I (GBP)	2015	109.92p	94.41p
	2016	109.23p	93.38p
	2017	110.57p	100.17p
	2018***	104.89p	95.22p

\* These prices include revenue and initial charge.

\*\* These prices include revenue.

\*\*\* Up to 31 March 2018.

With effect from 8 December 2015 the Fund has issued bid prices only.

## Share Price Record – Accumulation Shares

Share class	Calendar year	Highest offer price*	Lowest bid price**
Class A (EUR)	2015	160.06c	148.77c
	2016	158.44c	137.94c
	2017	142.64c	136.27c
	2018***	137.08c	125.67c
Class A (USD)	2015	362.74c	287.00c
	2016	324.21c	276.94c
	2017	297.13c	259.37c
	2018***	294.09c	269.96c
Class I (EUR)	2015	161.03c	156.86c
	2016	160.04c	146.95c
	2017	152.23c	145.79c
	2018***	147.22c	135.45c

\* These prices include revenue and initial charge.

\*\* These prices include revenue.

\*\*\* Up to 31 March 2018.

With effect from 8 December 2015 the Fund has issued bid prices only.

**Ongoing Charges Figure\***

Share class	31.03.18	30.09.17
Class A (GBP)	3.96%	3.54%
Class A (EUR)	3.96%	3.54%
Class A (USD)	3.96%	3.54%
Class R (GBP)	3.96%	3.54%
Class I (GBP)	3.21%	2.79%
Class I (EUR)	3.21%	2.79%

\* The Ongoing Charges Figure (OCF) is calculated as the ratio of the total ongoing charges to the average net asset value of the Fund over the period. The OCF is made up of the Annual Management Charge and other operating costs deducted from the assets of the Fund during the period, except for those payments that are explicitly excluded (performance fees).

**Revenue Record – Income Shares**

The revenue record table below shows the net distribution rates per financial year on a payment date basis for an investment made on 1 October 2014.

Share class	Financial year	Net revenue per share	Per 1,000 invested in class currency
Class A (GBP)	2015	2.1007p	£19.48
	2016	1.8339p	£17.00
	2017	1.2954p	£12.01
	2018*	0.0000p	£0.00
Class A (EUR)	2015	2.4570c	€20.63
	2016	1.9443c	€16.33
	2017	1.2743c	€10.70
	2018*	0.0000c	€0.00
Class R (GBP)	2015	2.1221p	£19.78
	2016	1.8247p	£17.01
	2017	1.2876p	£12.00
	2018*	0.0000p	£0.00
Class I (GBP)	2015	2.7098p	£25.22
	2016	2.4848p	£23.12
	2017	2.3582p	£21.94
	2018*	0.0000p	£0.00

\* Up to 31 May 2018 (the interim distribution payment date).

**Revenue Record – Accumulation Shares**

The revenue record table below shows the net distribution rates per financial year on a payment date basis for an investment made on 1 October 2014.

Share class	Financial year	Net revenue per share	Per 1,000 invested in class currency
Class A (EUR)	2015	3.1699c	€20.99
	2016	2.5296c	€16.75
	2017	1.6995c	€11.25
	2018*	0.0000c	€0.00
Class A (USD)	2015	6.2449c	\$41.35
	2016	5.1583c	\$34.16
	2017	3.4415c	\$22.79
	2018*	0.0000c	\$0.00
Class I (EUR)	2015	4.4500c	€27.98
	2016	3.6457c	€22.93
	2017	3.3256c	€20.91
	2018*	0.0000c	€0.00

\* Up to 31 May 2018 (the interim distribution payment date).

## CONSOLIDATED PORTFOLIO STATEMENT

As at 31 March 2018 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
<b>Direct Properties (21.73%; 33.06%)</b>				
Market value up to £2,500,000			0.00%	(0.00%)
Market value between £2,500,000 and £5,000,000			0.00%	(0.00%)
Market value between £5,000,000 and £7,500,000			0.00%	(0.00%)
Market value between £7,500,000 and £10,000,000			0.00%	(0.00%)
Market value over £10,000,000			21.73%	(33.06%)
Poland Rockwell Automation, ul.Roździeńska 49, Katowice, Poland				
<b>Total market value over £10,000,000</b>			<b>11,209</b>	<b>21.73</b>
<b>Total direct properties</b>			<b>11,209</b>	<b>21.73</b>
<b>Liquidity funds 5.68% (4.29%)<sup>1</sup></b>				
Aviva Investors Euro Liquidity Fund Class 3, Income shares, EUR <sup>†</sup>	EUR	3,386,149	2,930	5.68
<b>Liquidity Funds total</b>			<b>2,930</b>	<b>5.68</b>
Investment assets <sup>2</sup>			14,139	27.41
Net other assets			37,437	72.59
<b>Net assets</b>			<b>51,576</b>	<b>100.00</b>

The comparative percentage figures in brackets are as at 30 September 2017.

<sup>†</sup> Investment managed by a related party.

<sup>1</sup> Cash equivalents.

<sup>2</sup> Includes cash equivalents.

## FUND PORTFOLIO STATEMENT

As at 31 March 2018 (unaudited)

Investment		Currency	Holding	Market Value £000	% of Net Assets
<b>France 4.77% (15.47%)</b>					
Galileo Financing Perpetual	§	EUR	6,882,410	2,462	4.77
<b>France total</b>				<b>2,462</b>	<b>4.77</b>
<b>Germany 45.13% (29.71%)</b>					
Hochst Equity ZCP	§	EUR	999,400	686	1.33
Hochst Holding Perpetual	§	EUR	4,941,656	4,569	8.86
Megaron B Equity ZCP Perpetual	§	EUR	1,092,750	958	1.86
Megaron B Financing Perpetual	§	EUR	200,000	175	0.34
Megaron B Holding	§	EUR	6,154,340	10,068	19.52
Munich Financing	§	EUR	15,704,042	1,376	2.67
Salzgitter Financing Perpetual	§	EUR	3,752,838	3,238	6.28
Salzgitter Holding 12/06/2020	§	EUR	9,086,543	2,200	4.27
<b>Germany total</b>				<b>23,270</b>	<b>45.13</b>
<b>Luxembourg 1.49% (13.94%)</b>					
European Property Holdings SARL	§	EUR	49,402	769	1.49
<b>Luxembourg total</b>				<b>769</b>	<b>1.49</b>
<b>Poland 22.70% (13.83%)</b>					
Katowice Equity ZCP Perpetual	§	EUR	531,525	466	0.90
Katowice Financing	§	EUR	6,150,558	7,602	14.74
Katowice Holding ZCP Perpetual	§	EUR	2,297,060	3,639	7.06
<b>Poland total</b>				<b>11,707</b>	<b>22.70</b>
<b>Spain 0.04% (4.06%)</b>					
Tres Cantos Financing ZCP Perpetual	§	EUR	6,430,961	20	0.04
<b>Spain total</b>				<b>20</b>	<b>0.04</b>
<b>Sweden 4.13% (16.57%)</b>					
Kista Financing Perpetual	§	SEK	133,639	2,070	4.01
Sundsvall Financing ZCP Perpetual	§	SEK	185,635,830	63	0.12
<b>Sweden total</b>				<b>2,133</b>	<b>4.13</b>
<b>Liquidity Funds 5.68% (4.29%)<sup>1</sup></b>					
Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP <sup>†</sup>		EUR	3,386,149	2,930	5.68
<b>Liquidity Funds total</b>				<b>2,930</b>	<b>5.68</b>
Investment assets <sup>2</sup>				43,291	83.94
Net other assets				8,285	16.06
<b>Net assets</b>				<b>51,576</b>	<b>100.00</b>

The comparative percentage figures in brackets are as at 30 September 2017.

§ All holdings are unquoted securities.

† Investment managed by a related party.

1 Cash equivalents.

2 Includes cash equivalents.

## STATEMENT OF TOTAL RETURN

For the six months ended 31 March 2018 (unaudited)

	Consolidated		Aviva Investors European Property Fund	
	Six months ended 31.03.18 £000	Six months ended 31.03.17 £000	Six months ended 31.03.18 £000	Six months ended 31.03.17 £000
Income				
Net capital losses	(4,234)	(2,814)	(4,234)	(2,814)
Revenue	887	5,597	(1,691)	2,288
Expenses	(2,312)	(4,266)	(325)	(907)
Interest payable and similar charges	(48)	(30)	–	–
Net (expense)/revenue before taxation	(1,473)	1,301	(2,016)	1,381
Taxation	(601)	(14)	(58)	(94)
Net (expense)/revenue after taxation	(2,074)	1,287	(2,074)	1,287
<b>Total return before distributions</b>	<b>(6,308)</b>	<b>(1,527)</b>	<b>(6,308)</b>	<b>(1,527)</b>
Distributions	–	(1,290)	–	(1,290)
<b>Change in net assets attributable to shareholders from investment activities</b>	<b>(6,308)</b>	<b>(2,817)</b>	<b>(6,308)</b>	<b>(2,817)</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the six months ended 31 March 2018 (unaudited)

	Consolidated		Aviva Investors European Property Fund	
	Six months ended 31.03.18 £000	Six months ended 31.03.17 £000	Six months ended 31.03.18 £000	Six months ended 31.03.17 £000
<b>Opening net assets attributable to shareholders</b>	<b>68,945</b>	<b>174,930</b>	<b>68,945</b>	<b>174,930</b>
Movements due to issue and cancellation of shares:				
Amounts receivable on issue of shares	–	–	–	–
Amounts payable on cancellation of shares	(11,061)	(48,459)	(11,061)	(48,459)
	(11,061)	(48,459)	(11,061)	(48,459)
Change in net assets attributable to shareholders from investment activities (see above)	(6,308)	(2,817)	(6,308)	(2,817)
Retained distribution on accumulation shares	–	468	–	468
<b>Closing net assets attributable to shareholders</b>	<b>51,576</b>	<b>124,122</b>	<b>51,576</b>	<b>124,122</b>

The Statement of Recommended Practice (2010) requires that comparatives are shown for the above report. As the comparatives should be for the comparable interim period, the net asset value at the end of the previous period will not agree to the net asset value at the start of the period. The published net asset value as at 30 September 2017 was £68,945,115.

## BALANCE SHEET

As at 31 March 2018 (unaudited)

	Consolidated		Aviva Investors European Property Fund	
	As at 31.03.18 £000	As at 30.09.17 £000	As at 31.03.18 £000	As at 30.09.17 £000
<b>Assets:</b>				
Investments	11,209	22,795	40,361	64,514
<b>Current assets:</b>				
Debtors	2,651	3,506	1	291
Cash and bank balances	39,039	44,746	8,422	1,816
Cash equivalents	2,930	2,959	2,930	2,959
<b>Total other assets</b>	<b>44,620</b>	<b>51,211</b>	<b>11,353</b>	<b>5,066</b>
<b>Total assets</b>	<b>55,829</b>	<b>74,006</b>	<b>51,714</b>	<b>69,580</b>
<b>Liabilities:</b>				
<b>Creditors:</b>				
Distribution payable	–	(478)	–	(478)
Other creditors	(4,253)	(4,583)	(138)	(157)
<b>Total liabilities</b>	<b>(4,253)</b>	<b>(5,061)</b>	<b>(138)</b>	<b>(635)</b>
<b>Net assets attributable to shareholders</b>	<b>51,576</b>	<b>68,945</b>	<b>51,576</b>	<b>68,945</b>

## CASH FLOW STATEMENT

For the six months ended 31 March 2018 (unaudited)

	Consolidated		Aviva Investors European Property Fund	
	Six months ended 31.03.18 £000	Six months ended 31.03.17 £000	Six months ended 31.03.18 £000	Six months ended 31.03.17 £000
<b>Net cash (outflow)/inflow from operating activities</b>	(484)	6,495	(1,708)	3,771
<b>Servicing of finance</b>				
Distributions paid	–	(797)	–	(797)
	–	(797)	–	(797)
<b>Taxation</b>				
Taxation (received)/paid	(384)	(816)	67	(312)
	(384)	(816)	67	(312)
<b>Financial investments</b>				
Purchases of investments	–	(409)	–	–
Sales of investments	5,360	39,078	17,656	38,587
Miscellaneous charges	–	(4)	–	(4)
	5,360	38,665	17,656	38,583
<b>Financing</b>				
Amounts paid on cancellation of shares	(11,061)	(48,459)	(11,061)	(48,459)
Exchange rate movement	833	3,299	1,623	(2,995)
	(10,228)	(45,160)	(9,438)	(51,454)
<b>(Decrease)/increase in cash in the year</b>	<b>(5,736)</b>	<b>(1,613)</b>	<b>6,577</b>	<b>(10,209)</b>
<b>Net cash at the start of the year</b>	<b>47,705</b>	<b>32,314</b>	<b>4,775</b>	<b>15,446</b>
<b>Net cash at the end of the year</b>	<b>41,969</b>	<b>30,701</b>	<b>11,352</b>	<b>5,237</b>



## AVIVA INVESTORS UK PROPERTY FUND

### INVESTMENT OBJECTIVE

To carry on Property Investment Business and to manage the cash raised from investors for investment in the Property Investment Business. In doing so, the Fund's aim is to obtain returns via income and capital appreciation.

### INVESTMENT APPROACH

The Fund will primarily invest in:

- a) approved immovables (being properties within the United Kingdom). Immovables invested in will be mainly commercial property but may also be non-commercial property. Although the Fund may invest 100 per cent of its property in immovables, it will typically invest no more than 90 per cent. of its property in this way;
- b) transferable securities, with an emphasis on property-related securities. Although the Fund may invest 100 per cent of its property in transferable securities, it will typically hold not more than 30 per cent. of its property in property company shares;
- c) government and other public securities; and
- d) units in regulated and unregulated collective investment schemes.

The Fund may also invest in money-market instruments, derivatives and forward transactions, deposits, cash and near cash.

### RISK PROFILE

The performance of the Fund would be adversely affected by a downturn in the property market in terms of capital value or a weakening of rental yields. Commercial property values are affected by such factors as the level of interest rates, economic growth, fluctuations in property yields and tenant default. Hence, on the realisation of the investment, investors may receive less than the original amount invested. In the event of a default by an occupational tenant, the Fund will suffer a rental shortfall and is likely to incur additional cost including legal expenses, in maintaining, insuring and re-letting the property. In addition, certain significant expenditures, including operating expenses, must be met by the owner even when the property is vacant.

Property valuations are a matter of the independent valuer's opinion rather than fact. Investments in property are relatively illiquid and more difficult to realise than equities or bonds. The Fund is therefore exposed to cash flow/liquidity risk and, in line with standard industry practice for valuing dual priced funds, can switch between a bid price basis and an offer price basis and vice versa. Where funds are invested in property, investors may not be able to switch or cash in their investment when they want to because property in the Fund may not always be readily saleable. If this is the case we may suspend dealing in the Fund.

There is no assurance that the estimates resulting from the valuation process will reflect the actual sales price even where a sale occurs shortly after the valuation date.

The value of investments and the income from them will change over time.

### FUND MANAGER'S REPORT

#### PERFORMANCE

For the six months ended 31 March 2018, the Fund\* produced a total return (after the deduction of charges and non-recoverable expenses) of 3.07%. On a calendar year basis, the Fund delivered 9.06% over 2017, 1.00% ahead of the DTAP average.

During the reporting period the Fund held a negligible amount of Real Estate Securities which had a de minimis effect on overall performance.

#### FUND PROFILE

The total assets of the Fund as at 31 March 2018 were £955.20m, (£969.50m including accumulated income) a decrease from £1,058.49m as at 30 September 2017.

The asset split was 87.10% in direct property (26 properties), 12.46% in cash and 0.44% in other assets.

#### PORTFOLIO REVIEW

As at 31 March 2018 the sector split within the direct property portfolio as compared with the DTAP benchmark was offices 45.4% (26.8%), retail 33.1% (39.1%), industrial 14.1% (23.0%) and other 7.4% (11.1%)<sup>1</sup>.

As alluded to in our September report, the overarching strategy of Aviva Investors Real Estate has evolved and the Aviva Investors Property Fund strategy along with it. We saw the early results of these changes over calendar year 2017, as the Fund outperformed its peer group by 1.00%. The main drivers of the strategy are forecast structural trends and technological changes which are changing the requirements in the office, retail and industrial markets and in tenant demands. These changes have played a key role in the Fund's asset disposal and retention decisions and in line with the wider Aviva Investors Real Estate Initiative the Fund will invest in fewer centres in coming years. We have developed, and continue to garner considerable local market knowledge and expertise through becoming deeply embedded in those locations and expect to drive performance for clients through clustering of our investments both within these centres and across funds.

The strategy of the Fund has moved towards a conviction based approach focused on value investing where market pricing is attractive relative to intrinsic value. The Fund is focused on holding properties in locations where people want to live, learn, work and play in clusters of high value economic activity where we see opportunities to unlock or create value that compensates for the risk being taken. Real estate is a local asset class and by focussing on fewer more robust locations that we expect to drive the growth of the knowledge based economy our asset managers are becoming deeply embedded in these markets. This will enable us to leverage our expertise in those particular centres, giving an opportunity to work with local authorities, property owners and occupiers as well as other key policy makers. This allows us to generate an information edge leaving us well positioned to add value.

The Fund did not complete on any purchases during the period, and has continued to focus on the restructuring of the portfolio. The Fund maintains a focus on holding quality properties in resilient locations, where people congregate to live, work, play and learn and has continued to add value through focused asset management continued with the final phases of the redevelopment or refurbishment programmes detailed below.

## AVIVA INVESTORS UK PROPERTY FUND (CONTINUED)

### FUND MANAGER'S REPORT (CONTINUED)

During the reporting period, we have continued to progress our strategic sales, asset management and key development projects as follows;

#### Development – Forum St. Paul's London

This asset was purchased in Q3 2014 and refurbishment of the whole building began in early 2016, with practical completion achieved in Q4 2017. The refurbishment has re-modelled the building and created a modern and stylish space with appeal to traditional institutional occupiers and TMT-sector companies alike. Since launching the building we have had significant interest in the building as a whole and on a floor by floor basis, demonstrating not just the demand for this type of product but also acceptance of our quoting rents.

#### Refurbishment – Boyatt Wood, Eastleigh

Q1 saw the completion of the refurbishment of Units 5 & 6, the only vacant units on this industrial estate. The refurbishment has crystallised a 27% improvement in the ERV of the units over the course of the last 12 months, with the asset manager looking to achieve a rent in excess of this level due to the favourable supply-demand dynamic in Eastleigh.

#### Sale – Debenhams, Southampton

Positive performance for the Fund over the period was moderated by the sale of a solus Debenhams store in Southampton in February which crystallised a loss against valuation. However, with the sector coming under increasing pressure in the months following the transaction, we believe this to have been a justified defensive sale to protect the Fund against further downside. This was the only property sold in Q1, totalling £23.5m.

#### Letting – Broadway Plaza, Birmingham

Over the course of Q4 2017, we have continued to re-position this asset by carrying on our programme of upgrade works to the car parking facilities and also through re-gearing a key lease. The Fund successfully negotiated a reversionary lease with the anchor tenant Odeon, significantly de-risking the asset by providing surety of income for an additional c. 10 years on a large portion of the scheme's income. As part of the deal, Odeon will comprehensively refurbish the cinema which we believe will have a significant positive impact on footfall through the scheme. We also anticipate that Odeon's fresh commitment through both extending their lease and refurbishing the cinema will also provide new and existing occupiers with the confidence they need to continue investing in the scheme as well.

#### Letting – Friar Street, Reading

Planning consent for residential conversion was achieved on this asset in Q4 2017, with the incumbent Tenant Sainsburys on a lease due to expire in Q3 2018. The granting of the consent opened up discussions with the existing Tenant, allowing the Fund to negotiate a new long lease at an improved rental level in order to match the potential profit to be generated by a residential conversion. The lease is due to be completed in early Q2 2018.

The amount of un-let (void) accommodation as at 31 March 2018 stood at 14.49% (18.74% gross) net of 4.25% which was under offer.

Both Q4 2017 and Q1 2018 were robust for real estate returns returning 3.4% and 2.3% respectively, according to the IPD Monthly Index (IPDMI). Though Q1 represented a slowdown from Q4, this nonetheless equates to a return of 9.5% on an annualised basis, a figure that is in line with the 9.3% annualised return delivered by the index since its inception in 1987. This marks the sixth consecutive quarter of strong returns following the Brexit-inspired weakness of mid-2016. For 2017 as a whole, a total return of 11.2% was recorded, the ninth consecutive year of positive returns.

In general, valuations remain well supported, especially for prime assets, and the average yield continued to move a little lower, to 5.9% in Q1 2018. It has now dropped below the levels that prevailed prior to the Brexit referendum and is just 50bps from the record lows set in mid-2007. While such low yields make it difficult for total return investors to expect the returns that they require, for investors concerned with income, there remains an attractive spread over bond yields. Strong demand from such investors has been the major support for pricing in the market. Buoyed by robust occupier market fundamentals, demand for industrial & logistics assets remains particularly keen and this sector continues to out-perform strongly. Q1 2018 marked the eleventh consecutive quarter where industrials were the best-performing sector.

The key downside risk to the market comes from the possibility of significantly higher interest rates in response to strong global economic growth. We continue to expect return prospects to weaken in the near term as some of the factors underpinning the market gradually become less favourable. The first of these is real estate's yield advantage over fixed-income assets which, though still very generous, has been shrinking in recent quarters as gilt yields move a little higher and real estate yields continue to decline. In addition, we continue to expect occupier markets to deteriorate in the face of a sluggish economic backdrop. Though industrial occupier markets are structurally well placed, current rates of rental growth in the sector appear unsustainable. Coming quarters are likely to remain very difficult for the consumer economy and for retail rents. Central London office rents meanwhile appear vulnerable to new supply and Brexit uncertainty. Nonetheless, the likelihood of a severe correction still seems low, with yield-driven investor demand for real estate set to remain robust in the low interest rate environment. In addition, indicators of occupier, development and lending conditions are relatively sanguine and suggest that market participants are behaving more conservatively than in previous cycles.

#### May 2018

\* Source: Lipper for Investment Management (performance calculated on a bid to bid basis, net income reinvested) as at 30 September 2017 (share class 2 acc)

<sup>1</sup> Investment Property Databank (IPD) Daily Traded Authorised Property Unit Trust funds benchmark report as at 31 March 2018.

Some of the information within this is based upon Aviva Investors estimates. These have been calculated by Aviva Investors Real Estate Strategy and Research Team based on data sourced from recent market transactions and should not to be relied on by anyone else for the purpose of making investment decisions. Past performance is not a guide to future.

## AVIVA INVESTORS UK PROPERTY FUND (CONTINUED)

### PROPERTY RELATED SECURITIES SALES

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Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP†

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† Investment managed by a related party.

### PROPERTY RELATED SECURITIES PURCHASES

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Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP†

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Land Securities

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† Investment managed by a related party.

### DIRECT PROPERTY SALES

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90 & 92 Queen Street, Cardiff

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Units D & E Knaves Beech, High Wycombe

---

11 Broadmoor Road, Southmarston Business Park, Swindon

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Debenhams Store, Queens Buildings, Queens Way, Southampton

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### DIRECT PROPERTY PURCHASES

There were no purchases of property during the period.

## INVESTMENT PERFORMANCE

## Net Asset Value – Income Shares

Share class	As at	Net asset value* £000	Shares in issue	Pence per share
Class 1	30.09.17	59,862	50,845,075	117.73
	31.03.18	18,747	15,643,181	119.84
Class 2	30.09.17	57,451	52,645,292	109.13
	31.03.18	98,969	89,088,272	111.09
Class 5	30.09.17	2,750	2,419,534	113.66
	31.03.18	1,937	1,674,214	115.70
Class 6	30.09.17	17,363	15,944,371	108.90
	31.03.18	17,342	15,644,545	110.85
Class D	30.09.17	320,404	318,051,779	100.74
	31.03.18	271,327	264,897,349	102.43

\* Valued at bid market prices.

## Net Asset Value – Accumulation Shares

Share class	As at	Net asset value* £000	Shares in issue	Pence per share
Class 1 (Acc)	30.09.17	115,455	66,337,309	174.04
	31.03.18	88,425	49,375,779	179.09
Class 2 (Acc)	30.09.17	60,390	48,814,949	123.71
	31.03.18	70,098	54,937,402	127.60
Class 6 (Acc)	30.09.17	15,648	12,788,773	122.36
	31.03.18	15,331	12,159,727	126.08
Class D (Acc)	30.09.17	399,510	395,303,679	101.06
	31.03.18	380,144	363,640,782	104.54

\* Valued at bid market prices.

## Share Price Record – Income Shares

Share class	Financial year	Highest offer price* (p)	Lowest bid price* (p)
Class 1	2017**	116.87	115.41
	2018***	126.03	116.54
Class 2	2017**	108.32	106.98
	2018***	111.86	108.02
Class 5	2017**	112.81	111.43
	2018***	116.53	115.95
Class 6	2017**	112.22	106.75
	2018***	116.77	110.94
Class D	2017**	100.73	99.84
	2018***	104.03	100.77

\* Valued at mid market prices.

\*\* From 18 August 2017 (date of launch).

\*\*\* Up to 31 March 2018.

## Share Price Record – Accumulation Shares

Share class	Financial year	Highest offer price* (p)	Lowest bid price* (p)
Class 1 (Acc)	2017**	172.41	170.26
	2018***	186.36	172.26
Class 2 (Acc)	2017**	122.49	120.98
	2018***	126.81	122.44
Class 6 (Acc)	2017**	121.18	112.22
	2018***	131.20	124.66
Class D (Acc)	2017**	101.03	99.84
	2018***	104.50	101.08

\* Valued at mid market prices.

\*\* From 18 August 2017 (date of launch).

\*\*\* Up to 31 March 2018.

## COMPARATIVE TABLES (CONTINUED)

**Ongoing Charges Figure\***

Share class	OCF* 31.03.18	PER** 31.03.18	OCF* 30.09.17	PER** 30.09.17
Class 1	1.38%	–	1.37%	0.76%
Class 2	0.75%	–	0.74%	0.76%
Class 5	0.68%	–	0.67%	0.76%
Class 6	1.03%	–	1.02%	0.76%
Class D	0.03%	–	0.02%	0.76%

\* The Ongoing Charges Figure (OCF) is calculated as the ratio of the total ongoing charges to the average net asset value of the Fund over the period. The OCF is made up of the Annual Management Charge and other operating costs deducted from the assets of the Fund during the period, except for those payments that are explicitly excluded (performance fees).

\*\* The Property Expense Ratio (PER) reflects any additional costs associated with the day-to-day operation of the direct property assets and is presented as a percentage of the average net value of the Fund over the period.

**Revenue Record – Income Shares**

The revenue record table below shows the net distribution rates per financial year on a payment date basis for an investment made on 18 August 2017.

Share class	Financial year	Net revenue per share (p)	Per 1,000 invested (£)
Class 1	2017*	0.2297	1.96
	2018**	1.3210	11.28
Class 2	2017*	0.2775	2.55
	2018**	1.4911	13.72
Class 5	2017*	0.3019	2.67
	2018**	1.6340	14.45
Class 6	2017*	0.2472	2.28
	2018**	1.3638	12.58
Class D	2017*	0.3249	3.25
	2018**	1.7930	17.93

\* From 18 August 2017 (date of launch).

\*\* Up to 31 May 2018 (the interim distribution payment date).

**Revenue Record – Accumulation Shares**

The revenue record table below shows the net distribution rates per financial year on a payment date basis for an investment made on 18 August 2017.

Share class	Financial year	Net revenue per share (p)	Per 1,000 invested (£)
Class 1 (Acc)	2017*	0.3503	2.03
	2018**	1.9485	11.30
Class 2 (Acc)	2017*	0.3120	2.55
	2018**	1.6872	13.77
Class 6 (Acc)	2017*	0.2774	2.29
	2018**	1.5424	12.73
Class D (Acc)	2017*	0.3358	3.36
	2018**	1.7131	17.13

\* From 18 August 2017 (date of launch).

\*\* Up to 31 May 2018 (the interim distribution payment date).

## PORTFOLIO STATEMENT

As at 31 March 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
<b>Property Related Assets 0.00% (0.00%)</b>				
Land Securities Group plc	GBP	180	2	–
<b>Total property related assets</b>			<b>2</b>	<b>–</b>
<b>Direct Properties 87.90% (84.10%)</b>				
<b>Market values up to £48,000,000</b>				
Debenhams Store, Queens Buildings, Queens Way, Southampton	GBP			
Development Land, Dyce Drive, Aberdeen	GBP			
35 Argyle Street, Glasgow	GBP			
Unit 4A Dennis Way, Slyfield Industrial Estate, Guildford	GBP			
Aberdeen Business Park, Aberdeen	GBP			
Sainsbury's, 52-55 Friar St & 12 Greyfriar's Road, Reading	GBP			
Orbital 7, Orbital Park, Cannock	GBP			
Stanstead Road Industrial Estate, Woodward Road, Eastleigh	GBP			
Longus House, 40-48 Eastgate Street, Chester	GBP			
Interpoint, 22 Haymarket Yards, Edinburgh	GBP			
St James Gate, Office Block 1, Newcastle	GBP			
Castle Bromwich Business Park, Birmingham	GBP			
Central Studios, Reading, Berkshire	GBP			
Specialist Vehicles Ltd, Slyfield Industrial Estate, Dennis Way, Guildford	GBP			
Boyatt Wood Industrial Estate, Woodward Road, Eastleigh	GBP			
123 St Vincent Street, Glasgow	GBP			
The Pavilion Centre, Brighton	GBP			
Units 1-5, Spurriergate & Units 1-3 High Ousegate, York	GBP			
Units A and C Prologis Park, Beddinton Lane, Croydon	GBP			
Broadway Plaza, Fiveways, Birmingham	GBP			
<b>Total market values up to £48,000,000</b>			<b>331,161</b>	<b>34.41</b>
<b>Adjustments for lease incentives</b>			<b>(3,246)</b>	<b>(0.33)</b>
			<b>327,915</b>	<b>34.08</b>
<b>Market values over £48,000,000</b>				
Colmore Gate, 2-6 Colmore Row, Birmingham	GBP			
Corn Exchange, Exchange Square, Manchester	GBP			
Abacus House, 33 Gutter Lane, London, EC2V	GBP			
Guildhall Shopping Centre, Exeter	GBP			
Lombardy Retail Park, Hayes	GBP			
Ealing Cross, 85 Uxbridge Road, London W5	GBP			
20 Soho Square, London, W1	GBP			
<b>Total market values over £48,000,000</b>			<b>514,769</b>	<b>53.49</b>
<b>Adjustments for lease incentives</b>			<b>(10,668)</b>	<b>(1.11)</b>
			<b>504,101</b>	<b>52.38</b>
<b>Total direct properties</b>			<b>845,930</b>	<b>87.90</b>
<b>Adjustments for lease incentives</b>			<b>(13,914)</b>	<b>(1.44)</b>
<b>Total direct properties after adjustments</b>			<b>832,016</b>	<b>86.46</b>
<b>Liquidity Funds 10.61% (6.80%)<sup>1</sup></b>				
Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP <sup>†</sup>	GBP	102,100,000	102,100	10.61
<b>Liquidity funds total</b>			<b>102,100</b>	<b>10.61</b>
Investment assets <sup>2</sup>			934,118	97.07
Net other assets			28,202	2.93
<b>Net assets</b>			<b>962,320</b>	<b>100.00</b>

The comparative percentage figures in brackets are as at 30 September 2017.

<sup>†</sup> Investment managed by a related party.

<sup>1</sup> Cash equivalents.

<sup>2</sup> Includes cash equivalents.

## STATEMENT OF TOTAL RETURN

For the six months ended 31 March 2018 (unaudited)

	Six months ended 31.03.18 £000
Income	
Net capital gains	16,179
Revenue	19,334
Expenses	(1,495)
Net revenue before taxation	17,839
Taxation	-
Net revenue after taxation	17,839
<b>Total return before distributions</b>	<b>34,018</b>
Distributions	(17,914)
<b>Change in net assets attributable to shareholders from investment activities</b>	<b>16,104</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the six months ended 31 March 2018 (unaudited)

	Six months ended 31.03.18 £000
<b>Opening net assets attributable to shareholders</b>	<b>1,048,833</b>
Movement due to issue and cancellation of shares:	
Amounts receivable on issue of shares	7,237
Amounts payable on cancellation of shares	(119,690)
	(112,453)
Dilution adjustment	1,619
Change in net assets attributable to shareholders from investment activities (see above)	16,104
Retained distribution on accumulation shares	8,215
Unclaimed distribution monies	2
<b>Closing net assets attributable to shareholders</b>	<b>962,320</b>

The Statement of Recommended Practice (2014) requires that comparatives are shown for the above report. As the comparatives should be for the comparable interim period, the net asset value at the end of the previous period will not agree to the net asset value at the start of this period. The published net asset value as at 30 September 2017 was £1,048,833,243.

No comparative figures have been shown as this is the Fund's first interim reporting period.

## BALANCE SHEET

As at 31 March 2018 (unaudited)

	As at 31.03.18 £000	As at 30.09.17 £000
<b>Assets:</b>		
Investments	832,018	869,890
<b>Current assets:</b>		
Debtors	35,314	30,589
Cash and bank balances	13,893	102,494
Cash equivalents	102,100	71,300
<b>Total assets</b>	<b>983,325</b>	<b>1,074,273</b>
<b>Liabilities:</b>		
<b>Creditors:</b>		
Distribution payable	(6,458)	(1,343)
Other creditors	(14,547)	(24,097)
<b>Total liabilities</b>	<b>(21,005)</b>	<b>(25,440)</b>
<b>Net assets attributable to shareholders</b>	<b>962,320</b>	<b>1,048,833</b>

### ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the financial statements for the period ended 30 September 2017 and are described in those annual financial statements.



## CASH FLOW STATEMENT

For the six months ended 31 March 2018 (unaudited)

	£000	Six months ended 31.03.18 £000	£000	Period ended 30.09.17* £000
<b>Net cash inflow/(outflow) from operating activities</b>		<b>16,431</b>		<b>(18,004)</b>
<b>Servicing of finance</b>				
Distributions paid		(6,458)		(1,343)
<b>Taxation</b>				
Taxation paid		(668)		–
<b>Financial investments</b>				
Sales of investments	62,660		67,650	
Capital expenditure	(5,916)		(5,604)	
		<b>56,744</b>		<b>62,046</b>
<b>Financing</b>				
Cash and Cash equivalent transferred from Aviva Investors Property Trust	–		161,178	
Conversion adjustment	–		18,255	
Amounts received on issue of shares	7,831		812	
Amounts paid on cancellation of shares	(131,591)		(49,150)	
		<b>(123,760)</b>		<b>131,095</b>
<b>(Decrease)/increase in cash in the period</b>		<b>(57,801)</b>		<b>173,794</b>
<b>Net cash and cash equivalents at the start of the period</b>		<b>173,794</b>		<b>–</b>
<b>Net cash and cash equivalents at the end of the period</b>		<b>115,993</b>		<b>173,794</b>

\* Fund launched on 18 August 2017.

## STATEMENT OF THE AUTHORISED CORPORATE DIRECTOR'S RESPONSIBILITIES

The Collective Investment Schemes Sourcebook of the Financial Conduct Authority requires the Authorised Corporate Director (ACD) to prepare financial statements for each accounting period which give a true and fair view of the financial position of the Company at the period end and of the net income and net gains or losses on the scheme property of the Company for the period then ended.

In preparing the financial statements the ACD is required to:

- follow applicable accounting standards;
- make judgements and estimates that are reasonable and prudent;
- select suitable accounting policies and then apply them consistently;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation for the foreseeable future; and
- comply with the Instrument of Incorporation and the Statement of Recommended Practice for Authorised Funds.

The ACD is required to keep proper accounting records and to manage the Company in accordance with the Regulations and the Instrument of Incorporation.

The ACD is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## AUTHORISED CORPORATE DIRECTOR'S STATEMENT

We hereby approve the Report and Financial Statements of Aviva Investors Property Funds ICVC for the six months ended 31 March 2018 on behalf of Aviva Investors UK Fund Services Limited in accordance with the requirements of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority.

I K Buckle  
Director

S Ebenston  
Director  
31 May 2018

## GENERAL INFORMATION

Investments in Aviva Investors Property Funds ICVC are intended to be medium to long term investments and should not be considered as a short term investment.

Past performance is not a guide to the future.

The value of an investment in the funds and the revenue from it may go down as well as up, and you may not get back the original amount invested.

Where funds are invested abroad, the value of your investment may rise and fall purely on account of movement in exchange rates.

Please refer to the Key Investor Information Document (which is available on the internet at [www.avivainvestors.com](http://www.avivainvestors.com) or from the ACD on request) for a full description of the risks involved when investing in the sub-funds.

Any future returns and opinions expressed are those of the Investment Manager and should not be relied upon as indicating any guarantee of return from investment in the Funds.

The information contained within this document should not be construed as a recommendation to purchase or sell stocks.

The value of capital and revenue will fluctuate as property values and rental income rise and fall and the value of dividends, Government and other public securities and units in collective investment schemes change.

Property valuations are a matter of opinion and all properties are valued monthly by an independent valuer. Market conditions may mean certain property valuations are not easily realisable. Investors may not be able to switch or cash in their investment when they want because property in the Fund may not be readily saleable. If this is the case, we may defer a request to cash in shares. Dealing in the Aviva Investors Asia Pacific Property Fund and the Aviva Investors European Property Fund is suspended and the Funds are in the process of being closed.

### **Publication of Prices**

Information on the prices of Shares will be available by calling 0800 051 2003 or on the internet at [www.avivainvestors.com](http://www.avivainvestors.com). Calls to this number may be recorded for training or monitoring purposes. Calls are free from landlines and mobiles.

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