

AVIVA INVESTORS PROPERTY TRUST

Annual Report and Financial Statements

For the year ended 31 May 2017

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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").

TRUST INFORMATION

MANAGER

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

Aviva Investors UK Fund Services Limited (the "Manager") 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 Manager 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").

Changes to Registered Office

With effect from 19 December 2016, the registered office for the Manager was changed to St Helen's, 1 Undershaft, London, EC3P 3DQ. Prior to this date, the registered office was No. 1 Poultry, London, EC2R 8EJ.

DIRECTORS

I Buckle
J Misselbrook
S Ebenston
M Craston (resigned 8 February 2017)
G Cass (appointed 16 June 2016, resigned 8 February 2017)
A Brown (resigned 22 July 2016)
D Skinner (appointed 10 February 2017)
J Leadsom (appointed 6 April 2017)
D Clayton (appointed 5 April 2017)

ADMINISTRATOR AND REGISTRAR

International Financial Data Services (UK) Limited
IFDS House
St Nicholas Lane
Basildon
Essex, SS15 5FS

INVESTMENT ADVISER

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.

Changes to Registered Office

With effect from 19 December 2016, the registered office for the Investment Adviser was changed to St Helen's, 1 Undershaft, London, EC3P 3DQ. Prior to this date, the registered office was No. 1 Poultry, London, EC2R 8EJ.

TRUSTEE

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

Citibank Europe plc, UK Branch, 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
7 More London Riverside
London, SE1 2RT

PricewaterhouseCoopers LLP have been reappointed as auditors of the Trust.

INDEPENDENT PROPERTY VALUER

Knight Frank LLP
55 Baker Street
London, W1U 8AN

RISK INFORMATION

Investors may not be able to switch or cash in their investment when they want to because property in the Trust may not always be readily saleable.

PAIF CONVERSION

Following approval of the same at an Extraordinary General Meeting of the Trust on 24 March 2016, the Manager is planning on converting the Trust into a Property Authorised Investment Fund (PAIF), known as the Aviva Investors UK Property Fund, a sub-fund of the Aviva Investors Property Funds ICVC, on 18 August 2017. Further information in relation to the conversion into a PAIF can be found on our website at www.avivainvestors.com.

FUND MANAGER'S REPORT

For the year ended 31 May 2017

INVESTMENT OBJECTIVE

The investment objective of the Aviva Investors Property Trust (the "Trust") is to obtain optimum returns compatible with security via income and capital appreciation primarily through investment in certain kinds of real property, property related securities, government and other public securities and units in collective investment schemes.

INVESTMENT APPROACH

In order to achieve its objective the Trust will primarily invest in:

- approved immovables which will, initially, be properties within the United Kingdom but the Manager may, in due course, consider it appropriate to invest in real property in other countries permitted by the Regulations. The Trust may invest up to 100% of its property in approved immovables but will typically invest no more than 90% of its property in this way;
- transferable securities, with an emphasis on property-related securities. The Trust may hold up to 100% of its property in transferable securities but will typically hold not more than 30% in property company shares;
- government and other public securities to the extent permitted by the Regulations; and
- units in regulated and unregulated collective investment schemes, each to the extent permitted by the Regulations.

The Trust also has maximum flexibility to invest in such other investments which the Manager deems appropriate, including money-market instruments, derivatives and forward transactions, deposits and gold, but subject always to the Regulations.

Full details of the Investment Restrictions can be found in the Prospectus.

It is the Trust's normal investment strategy to hold around 10-15% of its assets in cash or liquid securities (e.g. listed real estate equities), however at times of significant cash inflows or outflows this figure can vary.

As at 31 May 2017, the Trust has around 86% of its assets in direct real estate.

RISK PROFILE

The performance of the Trust 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 Trust 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 Trust 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 Trust may not always be readily saleable. If this is the case we may suspend dealing in the Trust.

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.

TOTAL PERFORMANCE

During the twelve months ended 31 May 2017, the Trust produced a total return (after the deduction of charges and non-recoverable expenses) of -2.58%¹.

The returns from the direct property element (before charges and non-recoverable expenses) held throughout the period under review were as follows: direct property 4.8%.³ The Trust now holds a negligible amount of Real Estate Securities which have had a negligible effect on overall performance

TRUST PROFILE AND PORTFOLIO REVIEW

The total net assets of the Trust as at 31 May 2017 were £1,193.5m, (£1,202.14m including accumulated income) a decrease from £1,849.7m as at 31 May 2016⁴.

The asset split was 85.6% in direct property (39 properties), and 14.4% in cash⁴.

Having been temporarily suspended during the previous review period due to temporary liquidity issues immediately after the vote to leave the EU, the temporary suspension of the Trust was lifted on the 15 December 2016 following a successful structured sales program to raise liquidity.

FUND MANAGER'S REPORT (CONTINUED)

For the year ended 31 May 2017

TRUST PROFILE AND PORTFOLIO REVIEW (CONTINUED)

The Trust benchmarks its direct property performance against the other authorised property unit trust funds within the peer group, which are independently measured by Investment Property Databank (IPD). The data to end of May is not yet available, due to the benchmark publication being quarterly. However as at 31 March 2017 the sector split within the direct property portfolio as compared with the Investment Property Databank (IPD) Authorised Property Unit Trust Funds benchmark (a benchmark consisting of other authorised property unit trust funds considered similar to that of Aviva Investors Property Trust) was offices 37.7% (29.7%), retail 38.9% (40.4%), industrial 18.7% (20.6%) and other 4.8% (9.3%)⁵.

The Trust aims to be overweight to sectors that we forecast to out-perform the wider UK commercial property market over our forecast period. This is an evolution of our strategy and reflects a movement away from a purely benchmarking philosophy towards a conviction based approach where we will be investing seeking value; investing where market pricing is attractive relative to intrinsic value. We will be looking to invest in locations where people want to live, work, play and learn 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 will drive the growth of the knowledge based economy it will allow us to leverage our expertise in those particular centres and give us an opportunity to work with local authorities and other key policy makers.

The main drivers of this 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 already played a key role in the Trust's asset disposal and retention decisions and in line with the wider Aviva Investors Real Estate Initiative the Trust will invest in fewer centres in coming years. We have developed, and continue to develop considerable 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.

SALES

The Trust has continued to responsibly restructure and during the period under review the Trust has sold a further eight properties for a total of approximately £231m. The sales made post the EU referendum and subsequent temporary suspension has raised a gross total of £478m with sales prices at an average discount of 6.05% to pre-referendum valuations. However it is important to note that the referendum was not the only factor in determining this pricing, with individual sectors having experienced their own fluctuations in the intervening period. In addition, the Trust has deliberately been selling out of weaker assets in less robust locations which have also impacted on sales receipts. As well as disposing of assets based in non-core locations, the Trust has also focussed on disposing of properties at the peak of their asset management cycle; or those where lot sizes, in terms of either the value or size of the property, were deemed sub-scale.

The Entertainer, Southam Road, Banbury – This distribution centre asset based in Banbury, despite being based in an established distribution location, was considered not to be a core asset for the Trust due to the potentially secondary nature of Banbury in comparison to other established distribution locations. The asset was also deemed to have limited asset management potential.

Ty Glas Retail Park, Cardiff – This Retail Park based in Cardiff was considered to be a secondary, non core location for the Trust. The property was fully let and provided limited asset management opportunity.

Queens House, Hull – This was a retail location that was based in Hull. The location was deemed to be secondary and non core for the Trust. The assets had been in decline for a number of years and rental growth prospects had suffered from low demand and oversupply in Hull for retail space. There was also limited asset management potential for the asset.

New St and Cock Hill, London – This was a Central London office site with development potential. The development of the site was beyond the risk appetite of the Trust and would have provided a significant income drag in the medium term.

Omni Centre, Edinburgh – The Omni Centre is a leisure facility based in Edinburgh. The sale of the assets simultaneously reduced the Trust exposure to Scotland and the Leisure sector, whilst providing liquidity for the Trust.

Gateshead Jury's Inn – This is a 203 bedroom hotel in Gateshead. The property is fully let but offers limited asset management potential in the near future. The location was also considered secondary and non core for the Trust.

Trident Business Park, Huddersfield – This industrial asset in Huddersfield was considered to be a secondary asset in a non core location for the Trust. The property showed limited occupier demand and with the sale of the asset being above valuation this represented a good sale at this point in the market cycle.

Kew Retail Park, Southport – This retail park in Southport was considered to be a secondary asset in a non core location for the Trust. Despite being fully let the retail park is currently overshadowed by the dominant shopping park in the area in Aintree.

PURCHASES

The Trust did not complete on any purchases during the period to the 31 May 2017, primarily due to the restructuring of the portfolio. The Trust maintains a focus on holding quality properties, located in durable locations, where people want to live, work, play and learn and has continued to add value through asset management or in a limited number of cases by investing in assets through redevelopment or refurbishment programmes.

KEY ASSET MANAGEMENT INITIATIVES

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

Redevelopment – Corn Exchange, Manchester

The Corn Exchange has been remodelled and transformed in to the City's premium dining destination by the Trust. The property location benefits from being in the heart of Manchester's city centre and close to all the major tourist attractions. The centre is award winning and has been awarded 'Catering and Leisure – Gold Winner' by the British Council of Shopping Centres. Furthering the development work has also commenced on the development of a 100 room hotel in the upper levels of the site, with it being 100% pre-let and due for completion in Q4 2017.

Refurbishment – 20 Soho Square London

This office property comprises 65,000 sq ft of offices over lower ground, ground and seven upper floors and occupying a prominent position on one of Soho's most exclusive squares. The property underwent a full programme of refurbishment with practical completion reached in late Q4 2016. The property was 100% pre-let to US technology firm Palantir in Q1 2016 at 4% ahead of the expected rental value.

FUND MANAGER'S REPORT (CONTINUED)

For the year ended 31 May 2017

TRUST PROFILE AND PORTFOLIO REVIEW (CONTINUED)

Redevelopment – Forum St Pauls, London

Forum St. Pauls, an office property in the City of London is being comprehensively refurbished to provide 60,000 sq ft of modern office space. We have set out here to provide a differentiated product for the City, which is a market where we've seen a marked shift in demand, moving away from the more corporate financial services sector which has traditionally dominated this part of London and towards the more progressive technology and creative sectors. The space has been specifically designed to appeal to this new generation of office user where companies are looking for collaborative space, outside areas and contemporary finishes rather than the traditional raised floors and suspended ceilings you'd find in the vast majority of City office buildings. It is due to complete in Q3 2017 and leasing progress is a real priority for the Trust, with the building potential to delivering approximately £3.9m in annual rent once fully income producing.

VOID RATE

The amount of un-let (void) accommodation as at 31 May 2017 stood at 11.35%².

UK real estate market background

Conditions in real estate investment markets remain remarkably unaffected by the uncertain economic outlook that has arisen as a result of last year's referendum on EU membership. Yields in most segments were flat over the course of the first quarter, although prime yields in some areas did come under downward pressure according to CBRE, notably industrial estates and City offices (although data in the latter sector may have been skewed with some 'trophy' assets trading at very aggressive pricing). The IPD Monthly Index (IPDMI) also recorded downward pressure on valuation yields during Q1 with the all-property equivalent yield down by eight basis points (bps). This helped to drive capital value growth of 0.9% and a total return of 2.3% over the quarter. Having slowed in the period before and immediately after the EU referendum, transaction activity also staged a recovery in Q4 2016 and into the early months of this year. As at 20 April Property data had recorded transactions worth over £12.6bn during Q1, below the record levels seen during 2014 and 2015 but very much in line with the five-year first quarter average. Overseas investors were again the most active investors and the only significant net buyers in the market. Given the importance of international capital flows to the UK investment market, it is encouraging to note that money is flowing into real estate funds at a record pace. According to Preqin, the level of dry powder in closed-end private funds reached a record high of \$237bn globally at the end of 2016 with a further \$11bn raised since the start of 2017. Given the scale of such capital seeking a home, competition for high quality assets in the major global real estate markets, including the UK, looks set to remain elevated in the near term.

UK real estate market prospects

UK real estate pricing remains remarkably unaffected by the uncertain economic outlook. Despite the triggering of Article 50 and the UK entering the negotiation phase of its withdrawal from the European Union, the capital growth seen over the final quarter of last year and into 2017 has continued, with the industrial sector seeing particularly strong performance. All Property values are now only around 1.5% lower than June 2016 levels, according to the IPD Monthly Index.

We continue to expect that economic headwinds will affect real estate performance over the remainder of 2017 and beyond though. Political uncertainty has already had a negative effect on business investment, and the recent general election result will probably aggravate that. As inflation continues to rise and real wage growth contracts, consumers are expected to rein in spending. The short term impact on rental growth will be most acute in the more structurally-challenged parts of the retail sector. Thereafter, central London's office market looks exposed with some occupiers expected to make pre-emptive moves to relocate some job functions into the remaining EU.

However, with occupier markets generally in good health, and supply of stock in most markets broadly in balance with demand, we do not anticipate substantial declines in diversified investors' income streams. The investment market is likely to soften as rental growth slows, so we do expect returns prospects to remain moderate in the near term with some further capital declines likely. However yield-driven investor demand for real estate remains robust with loose monetary policy and very low bond yields providing a major support

June 2017

* Reference to forecast return is Aviva Investors Q2 2017 internal forecasts which may or may not be achieved. The forecasts are based on internal business plan models and are provided for information purposes only. They are property market-level and not fund-level forecasts.

As noted below, the performance figures in this commentary have been sourced from Lipper and are based on published prices. The performance figures quoted in the comparative tables on pages 8 and 9 are based on the net asset value per the published accounts and may be different due to post year end accounting adjustments.

Sources:

¹ Source: Lipper for Investment Management (performance calculated on a bid to bid basis, net income reinvested) as at 31 May 2017 (unit 2 acc)

² Source: Investment Property Databank (IPD) AIPT vacancy analysis as at 31 May 2017

³ Source: Investment Property Databank (IPD) Balanced Monthly Index Funds benchmark (AIPT) as at 31 May 2017

⁴ Source: Aviva Investors as at 31 May 2017

⁵ Source: Aviva Investors IPD APUT benchmark report March 2017

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 be relied on by anyone else for the purpose of making investment decisions. **Past performance is not a guide to future.**

FUND MANAGER'S REPORT (CONTINUED)

For the year ended 31 May 2017

MATERIAL PORTFOLIO CHANGES

Property Related Securities Sales

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

British Land

Land Securities

Segro

Hammerson

Newriver Retail

Safestore

Great Portland Estates

Derwent London

Urban and Civic

Hansteen

St. Modwen Properties

Londonmetric Property

† Investment managed by a related party.

Property Related Securities Purchases

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

Land Securities

Derwent London

Great Portland Estates

Safestore

Urban and Civic

† Investment managed by a related party.

Direct Property Sales

Leisure Complex, Exchange Street, Aylesbury

London Road Retail Park, London Road, Maidstone

Guiseley Retail Park, Leeds

Units A & B, Teliske Industrial Estate, Treliske, Truro

Kew Retail Park, Southport

Knaves Beech Industrial Estate High Wycombe

Victoria Road, South Ruislip, London

The Precinct, Coventry

Waterside House, Waterside Park, Longshot Lane, Bracknell

1-31 King Edward St, 39-55 Jameson St, 2-50 Paragon St, Kingston-Upon-Hull

Instore Distribution Facility, Trident Business Park, Neptune Way, Huddersfield

Omni Centre, Greenside Place, Edinburgh

Cheetham Hill Retail Park, Cheetham Hill, Manchester

Ty Glass Shopping Park, Cardiff

Jurys Inn Hotel, South Shore Road, Gateshead, Tyne and Wear

21 New Street & 6-7 Cock Hill, London

B&Q Warehouse, Brandon Way, Coventry

Collegelands, Block C, Havannah Street, Glasgow

8 India Street, London, EC3N

Skyline 120, Avenue West, Braintree

The Entertainer Warehouse, Noral Way, Banbury

Direct Property Purchases

There were no purchases during the year.

AUTHORISATION RECORD

The Aviva Investors Property Trust is a Non-UCITS Retail Scheme, in accordance with the classifications of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority. Class 1 income units were first offered on 2 September 1991 at an offer price of 80.84p per unit. Class 1 accumulation units were first offered on 1 November 2003 at an offer price of 129.00p per unit. Classes 2 and 4 (income and accumulation units) were first offered on 10 December 2012 at an offer price of 100.00p. Class 5 income units were first offered on 15 November 2013 at an offer price of 100.00p per unit.

COMPARATIVE TABLES

	2017	2016	2015
	p per unit	p per unit	p per unit
Class 1 Income			
Change in net assets per unit			
Opening net asset value per unit	120.38	116.47	109.02
Return before operating charges [†]	(1.30)	8.15	12.10
Operating charges	(2.44)	(2.38)	(2.36)
Return after operating charges [†]	(3.74)	5.77	9.74
Distributions	(2.28)	(1.86)	(2.29)
Closing net asset value per unit	114.36	120.38	116.47
[†] after direct transaction costs of	–	(0.08)	(0.07)
Performance			
Return after charges	(3.11)%	4.95%	8.95%
Other information			
Closing net asset value (£000)	206,968	277,345	451,661
Closing number of units	180,971,619	230,382,687	387,796,434
Operating charges (%) [†]	2.10%	2.00%	2.04%
Direct transaction costs (%) [#]	0.00%	0.07%	0.06%
Prices[®]			
Highest unit price	125.63	130.81	129.17
Lowest unit price	110.93	115.73	112.99

	2017	2016	2015
	p per unit	p per unit	p per unit
Class 2 Income			
Change in net assets per unit			
Opening net asset value per unit	111.55	107.91	101.03
Return before operating charges [†]	(1.27)	7.48	11.07
Operating charges	(1.58)	(1.51)	(1.52)
Return after operating charges [†]	(2.85)	5.97	9.55
Distributions	(2.71)	(2.33)	(2.67)
Closing net asset value per unit	105.99	111.55	107.91
[†] after direct transaction costs of	–	(0.08)	(0.06)
Performance			
Return after charges	(2.55)%	5.53%	9.45%
Other information			
Closing net asset value (£000)	288,856	563,573	599,848
Closing number of units	272,533,039	505,239,241	555,872,412
Operating charges (%) [†]	1.47%	1.37%	1.41%
Direct transaction costs (%) [#]	0.00%	0.07%	0.06%
Prices[®]			
Highest unit price	111.18	115.44	114.27
Lowest unit price	102.83	107.32	104.75

	2017	2016	2015
	p per unit	p per unit	p per unit
Class 1 Accumulation			
Change in net assets per unit			
Opening net asset value per unit	173.71	165.43	151.84
Return before operating charges [†]	(1.84)	11.67	16.89
Operating charges	(3.53)	(3.39)	(3.30)
Return after operating charges [†]	(5.37)	8.28	13.59
Distributions	(3.31)	(2.70)	(3.20)
Retained distributions on accumulation units	3.31	2.70	3.20
Closing net asset value per unit	168.34	173.71	165.43
[†] after direct transaction costs of	–	(0.12)	(0.10)
Performance			
Return after charges	(3.09)%	5.01%	8.95%
Other information			
Closing net asset value (£000)	312,847	399,227	463,704
Closing number of units	185,842,903	229,821,283	280,295,402
Operating charges (%) [†]	2.10%	2.00%	2.04%
Direct transaction costs (%) [#]	0.00%	0.07%	0.06%
Prices[®]			
Highest unit price	181.48	187.19	181.65
Lowest unit price	160.86	164.32	157.39

	2017	2016	2015
	p per unit	p per unit	p per unit
Class 2 Accumulation			
Change in net assets per unit			
Opening net asset value per unit	122.64	116.18	106.10
Return before operating charges [†]	(1.43)	8.10	11.70
Operating charges	(1.74)	(1.64)	(1.62)
Return after operating charges [†]	(3.17)	6.46	10.08
Distributions	(2.97)	(2.53)	(2.82)
Retained distributions on accumulation units	2.97	2.53	2.82
Closing net asset value per unit	119.47	122.64	116.18
[†] after direct transaction costs of	–	(0.08)	(0.07)
Performance			
Return after charges	(2.58)%	5.56%	9.50%
Other information			
Closing net asset value (£000)	355,363	568,002	418,227
Closing number of units	297,461,002	463,163,327	359,970,304
Operating charges (%) [†]	1.47%	1.37%	1.41%
Direct transaction costs (%) [#]	0.00%	0.07%	0.06%
Prices[®]			
Highest unit price	122.37	125.54	121.50
Lowest unit price	113.84	115.50	110.03

COMPARATIVE TABLES – CONTINUED

	2017	2016	2015
	p per unit	p per unit	p per unit
Class 4 Income			
Change in net assets per unit			
Opening net asset value per unit	111.36	107.74	100.90
Return before operating charges [†]	(1.34)	7.51	11.08
Operating charges	(1.87)	(1.81)	(1.82)
Return after operating charges [†]	(3.21)	5.70	9.26
Distributions	(2.37)	(2.08)	(2.42)
Closing net asset value per unit	105.78	111.36	107.74
[†] after direct transaction costs of	–	(0.08)	(0.06)
Performance			
Return after charges	(2.88)%	5.29%	9.18%
Other information			
Closing net asset value (£000)	371	76	108
Closing number of units	350,818	68,557	99,945
Operating charges (%) [‡]	1.75%	1.65%	1.69%
Direct transaction costs (%) [#]	0.00%	0.07%	0.06%
Prices[≈]			
Highest unit price	110.44	121.01	119.66
Lowest unit price	102.57	107.11	104.59

	2017	2016	2015
	p per unit	p per unit	p per unit
Class 4 Accumulation			
Change in net assets per unit			
Opening net asset value per unit	121.64	115.51	105.73
Return before operating charges [†]	(1.33)	8.08	11.72
Operating charges	(2.05)	(1.95)	(1.94)
Return after operating charges [†]	(3.38)	6.13	9.78
Distributions	(2.61)	(2.14)	(2.55)
Retained distributions on accumulation units	2.61	2.14	2.55
Closing net asset value per unit	118.26	121.64	115.51
[†] after direct transaction costs of	–	(0.08)	(0.07)
Performance			
Return after charges	(2.78)%	5.31%	9.25%
Other information			
Closing net asset value (£000)	453	185	400
Closing number of units	382,682	151,787	346,779
Operating charges (%) [‡]	1.75%	1.65%	1.69%
Direct transaction costs (%) [#]	0.00%	0.07%	0.06%
Prices[≈]			
Highest unit price	127.12	130.92	126.83
Lowest unit price	112.82	114.78	109.61

	2017	2016	2015
	p per unit	p per unit	p per unit
Class 5 Income			
Change in net assets per unit			
Opening net asset value per unit	115.42	111.65	104.51
Return before operating charges [†]	(1.37)	7.73	11.48
Operating charges	(1.55)	(1.49)	(1.52)
Return after operating charges [†]	(2.92)	6.24	9.96
Distributions	(2.84)	(2.47)	(2.82)
Closing net asset value per unit	109.66	115.42	111.65
[†] after direct transaction costs of	–	(0.08)	(0.07)
Performance			
Return after charges	(2.53)%	5.59%	9.53%
Other information			
Closing net asset value (£000)	28,683	41,265	41,471
Closing number of units	26,156,444	35,752,355	37,142,689
Operating charges (%) [‡]	1.40%	1.30%	1.34%
Direct transaction costs (%) [#]	0.00%	0.07%	0.06%
Prices[≈]			
Highest unit price	115.05	119.45	118.27
Lowest unit price	106.38	111.05	108.43

[‡] The operating charges are calculated on an ex-post basis and as such may differ from the Ongoing Charges Figure where:

(a) Changes to fee rates were made during the year and the Ongoing Charges Figure has been amended to be future proofed for this change.

(b) The Ongoing Charges Figure has been annualised for a unit class that has not yet been open for a full year.

[#] The direct transaction costs have been stated after deducting, in the case of single-priced funds, the proportion of the amounts collected from dilution adjustments or dilution levies that relates to direct transaction costs and, in the case of dual-priced funds, the amounts collected in relation to direct transaction costs added to, or subtracted from, the valuations by virtue of COLL 6.3.6 G (4).

[≈] The high and low prices disclosed are the high and low prices for the accounting period and not the calendar year, and are on a mid market value basis and include revenue whereas the closing net asset value per share is at bid market value and excludes income.

The net asset value per share price is based on the net asset value in the published accounts and may be different due to post year end accounting adjustments.

Ongoing Charges Figure

Unit	OCF*	OCF*	PER**	PER**
	31.05.17	31.05.16	31.05.17	31.05.16
Class 1	1.38%	1.37%	0.75%	0.63%
Class 2	0.75%	0.74%	0.75%	0.63%
Class 4	1.03%	1.02%	0.75%	0.63%
Class 5	0.68%	0.67%	0.75%	0.63%

* The Ongoing Charges Figure (OCF) is calculated as the ratio of the total ongoing charges to the average net asset value of the Trust over the year. The OCF is made up of the Annual Management Charge and other operating costs deducted from the assets of the Trust during the year, 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 Trust over the year.

Please remember that past performance is not a guide to future performance and it might not be repeated. The value of investments and the revenue from them may go down as well as up and investors may not get back the amount originally invested. Because of this, you are not certain to make a profit on your investments and you may lose money.

PORTFOLIO STATEMENT

As at 31 May 2017

Investment	Currency	Holding	Market Value £000	% of Net Assets
Property Related Assets (0.00%; 2016 6.99%)				
Land Securities Group plc	GBP	188	2	–
Total property related assets			2	–
Direct Properties (86.48%; 2016 83.77%)				
Market values up to £60,000,000				
35 Argyle Street, Glasgow	GBP			
Development Land, Dyce Drive, Aberdeen	GBP			
Premier Percussion House, Blaby Road, Wigston, Leicester	GBP			
Unit 4A Dennis Way, Slyfield Industrial Estate, Guildford	GBP			
198 & 200-201 High Street, 20 Waterbeer Street, Exeter	GBP			
90 & 92 Queen Street, Cardiff	GBP			
Sainsbury's, 52-55 Friar St & 12 Greyfriar's Road, Reading	GBP			
11 Broadmoor Road, Southmarston Business Park, Swindon	GBP			
Orbital 7, Orbital Park, Cannock	GBP			
Stanstead Road Industrial Estate, Woodward Road, Eastleigh	GBP			
Aberdeen Business Park, Aberdeen	GBP			
Alfreds Way Industrial Estate, Alfreds Way, Barking	GBP			
Castle Bromwich Business Park, Birmingham	GBP			
Longus House, 40-48 Eastgate Street, Chester	GBP			
Boyatt Wood Industrial Estate, Woodward Road, Eastleigh	GBP			
Interpoint, 22 Haymarket Yards, Edinburgh	GBP			
MAN Truck & Business Unit, Ashurton Road West, Trafford Park	GBP			
St James Gate, Office Block 1, Newcastle	GBP			
Beddington Industrial Estate, Beddington Lane, Croydon	GBP			
Central Studios, Reading, Berkshire	GBP			
Units D & E Knaves Beech, High Wycombe	GBP			
Specialist Vehicles Ltd, Slyfield Industrial Estate, Dennis Way, Guildford	GBP			
Burlington Rd Retail Park, New Malden	GBP			
The Pavilion Centre, Brighton	GBP			
City Park, Watchmead, Welwyn Garden City	GBP			
66-72 Queen Square, Bristol	GBP			
Debenhams Store, Queens Buildings, Queens Way, Southampton	GBP			
123 St Vincent Street, Glasgow	GBP			
Units A and C Prologis Park, Beddinton Lane, Croydon	GBP			
Broadway Plaza, Fiveways, Birmingham	GBP			
Units 1-5, Spurriergate & Units 1-3 High Ousegate, York	GBP			
Corn Exchange, Exchange Square, Manchester	GBP			
Tesco Superstore, Carina Road, Kettering Business Park	GBP			
Abacus House, 33 Gutter Lane, London, EC2V	GBP			
Colmore Gate, 2-6 Colmore Row, Birmingham	GBP			
Total market values up to £60,000,000			707,675	59.29
Market values over £60,000,000				
Guildhall Shopping Centre, Exeter	GBP			
Lombardy Retail Park, Hayes	GBP			
Ealing Cross, 85 Uxbridge Road, London W5	GBP			
20 Soho Square, London, W1	GBP			
Total market values over £60,000,000			324,500	27.19
Total direct properties			1,032,175	86.48
Adjustments for lease incentives			(10,528)	(0.88)
Total direct properties after adjustments			1,021,647	85.60

PORTFOLIO STATEMENT (CONTINUED)

As at 31 May 2017

Investment	Currency	Holding	Market Value £000	% of Net Assets
Liquidity Funds (13.31%; 2016 9.40%)¹				
Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP [†]	GBP	158,600,000	158,600	13.29
Liquidity funds total			158,600	13.29
Investment assets ²			1,180,249	98.89
Net other assets			13,292	1.11
Net assets			1,193,541	100.00

The comparative figures are as at 31 May 2016.

[†] Investment managed by a related party.

¹ Cash equivalents.

² Includes cash equivalents.

STATEMENT OF THE AUTHORISED MANAGER'S AND TRUSTEE'S RESPONSIBILITIES

The Collective Investment Schemes Sourcebook of the Financial Conduct Authority requires the Manager to prepare financial statements for each annual accounting period, which give a true and fair view of the financial position of the Trust as at the end of the year, and of the net revenue and the net gains or losses on the property of the Trust for the year then ended. In preparing the financial statements, the Manager is required to:

- comply with the disclosure requirements of the Statement of Recommended Practice relating to Authorised Funds and the Trust Deed; and
- keep proper accounting records which enable it to demonstrate that the financial statements prepared comply with the above requirements.

The Manager is responsible for the management of the Trust in accordance with its Trust Deed, Prospectus and the Regulations.

The Trustee is responsible for safeguarding the property of the Trust, and must take reasonable care to ensure that the Trust is managed by the Manager in compliance with the Regulations, the provision of the Trust Deed and Prospectus.

The Manager and Trustee are responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

TRUSTEE'S REPORT TO THE UNITHOLDERS

The Trustee is responsible for safeguarding the property of the Trust and, in fulfilling our obligations under the Collective Investment Schemes Sourcebook of the Financial Conduct Authority, having made due enquiries of the Manager and having carried out checks and monitoring procedures, it is the opinion of Citibank Europe Plc, UK Branch as Trustee of the Trust, to the best of our knowledge and belief, that in all respects the Manager has managed the Trust during the accounting period to 31 May 2017.

- in accordance with the limitations imposed on the investment and borrowing powers of the Manager and the Trustee by the Trust Deed, by the Prospectus and by all Regulations being in force under Section 243 of the Financial Services and Markets Act 2000; and
- otherwise in accordance with the provisions of the Prospectus and those Regulations.

Citibank Europe Plc, UK Branch
London
18 August 2017

DIRECTORS' STATEMENT

We hereby approve the Report and Financial Statements of Aviva Investors Property Trust for the year ended 31 May 2017 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 Buckle
Director

S Ebenston
Director

Aviva Investors UK Fund Services Limited
London
18 August 2017

VALUER'S REPORT TO THE UNITHOLDERS

We confirm that we have valued the immovables of Aviva Investors Property Trust as at 31 May 2017 in accordance with the regulations and the Statements of Asset Valuation and Guidance Notes published by the Royal Institution of Chartered Surveyors. The reported figure represents the sum of the open market values of those individual immovables.

Each property is inspected by us at the time of purchase and subsequently at least once each year. We are of the opinion that, as at 31 May 2017, the aggregate of the open market value of the immovables of Aviva Investors Property Trust was £1,021,647,000.

The valuation of each immovable is considered individually and excludes any additional value which might arise by the aggregation of the entire portfolio or a group of properties for sale to one purchaser. No allowance has been made for any expenses of realisation or for any liability for taxation which might arise on disposal.

Knight Frank LLP
Chartered Surveyors, London
18 August 2017

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF THE AVIVA INVESTORS PROPERTY TRUST

REPORT ON THE FINANCIAL STATEMENTS

OUR OPINION

In our opinion, Aviva Investors Property Trust's financial statements, (the "financial statements"):

- give a true and fair view of the financial position of the Trust as at 31 May 2017 and of the net revenue, net capital losses and net cash outflows of the scheme property of the Trust for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Trust Deed.

EMPHASIS OF MATTER

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the basis of accounting. Following the period end the Manager has decided that the Trust will cease trading and will be liquidated during the next financial year. Accordingly, the going concern basis of accounting is no longer appropriate and the financial statements for this Trust have been prepared on a basis other than going concern as described in note 1 to the financial statements. No adjustments were necessary in the Trust's financial statements to reduce assets to their realisable values, to provide for liabilities arising from the termination and to reclassify fixed assets and long-term liabilities as current assets and liabilities.

WHAT WE HAVE AUDITED

The financial statements, included within the Annual Report and Financial Statements, comprise:

- the balance sheet as at 31 May 2017;
- the statement of total return for the year then ended;
- the statement of change in net assets attributable to unitholders for the year then ended;
- the cash flow statement for the year then ended;
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information; and
- the distribution tables

The financial reporting framework that has been applied in their preparation is United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and applicable law), the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued by the Investment Management Association (the "Statement of Recommended Practice for UK Authorised Funds"), the Collective Investment Schemes sourcebook and the Trust Deed.

In applying the financial reporting framework, the Authorised Fund Manager has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

OPINIONS ON MATTERS PRESCRIBED BY THE COLLECTIVE INVESTMENT SCHEMES SOURCEBOOK

In our opinion:

- we have obtained all the information and explanations we consider necessary for the purposes of the audit; and
- the information given in the Authorised Fund Manager's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

PROPRIETY OF ACCOUNTING RECORDS AND INFORMATION AND EXPLANATIONS RECEIVED

Under the Collective Investment Schemes sourcebook we are required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

OUR RESPONSIBILITIES AND THOSE OF THE AUTHORISED FUND MANAGER

As explained more fully in the Authorised Fund Manager's Responsibilities Statement set out on page 12, the Authorised Fund Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Trust's unitholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook and for no other purpose.

We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF THE AVIVA INVESTORS PROPERTY TRUST (CONTINUED)

WHAT AN AUDIT OF FINANCIAL STATEMENTS INVOLVES

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Trust's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Authorised Fund Manager; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
18 August 2017

- a) The maintenance and integrity of the Aviva Investors website is the responsibility of the Fund Manager; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT OF TOTAL RETURN

For the year ended 31 May 2017

	Notes	£000	Year ended 31.05.17 £000	£000	Year ended 31.05.16 £000
Income					
Net capital (losses)/gains	4		(92,835)		60,131
Revenue	5	63,580		87,081	
Expenses	6	(25,422)		(37,823)	
Net revenue before taxation		38,158		49,258	
Taxation	7	(4,351)		(10,774)	
Net revenue after taxation			33,807		38,484
Total return before distributions			(59,028)		98,615
Distributions	8		(32,564)		(37,688)
Change in net assets attributable to unitholders from investment activities			(91,592)		60,927

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the year ended 31 May 2017

	£000	Year ended 31.05.17 £000	£000	Year ended 31.05.16 £000
Opening net assets attributable to unitholders		1,849,673		1,975,419
Amounts receivable on issue of units	4		17,254	
Amounts payable on cancellation of units	(587,196)		(221,592)	
			(587,192)	(204,338)
Dilution levy		6,270		–
Change in net assets attributable to unitholders from investment activities (see above)		(91,592)		60,927
Retained distribution on accumulation units		16,380		17,635
Unclaimed distribution monies		2		30
Closing net assets attributable to unitholders		1,193,541		1,849,673

BALANCE SHEET

As at 31 May 2017

	Notes	As at 31.05.17 £000	As at 31.05.16 £000
Assets:			
Investments		1,021,649	1,671,415
Current assets:			
Debtors	10	23,915	19,235
Cash and bank balances	11	21,456	33,834
Cash equivalents	12	158,600	173,800
Total assets		1,225,620	1,898,284
Liabilities:			
Provision for liabilities		(5,986)	(7,321)
Creditors:			
Distribution payable		(7,500)	(8,938)
Other creditors	13	(18,593)	(32,352)
Total liabilities		(32,079)	(48,611)
Net assets attributable to unitholders		1,193,541	1,849,673

CASH FLOW STATEMENT

For the year ended 31 May 2017

	Notes	£000	Year ended 31.05.17 £000	£000	Year ended 31.05.16 £000
Net cash inflow from operating activities	20		22,690		46,083
Servicing of finance					
Distributions paid			(15,521)		(22,540)
Taxation					
Taxation paid			(7,665)		(10,158)
Financial investments					
Purchases of investments		(405)		(42,294)	
Sales of investments		606,543		180,133	
Capital expenditure		(48,322)		(37,079)	
			557,816		100,760
Financing					
Unclaimed distribution monies		2		30	
Amounts received on issue of units		(37)		22,298	
Amounts paid on cancellation of units		(584,863)		(217,076)	
			(584,898)		(194,748)
Decrease in cash in the year			(27,578)		(80,603)
Net cash and cash equivalents at the start of the year			207,634		288,237
Net cash and cash equivalents at the end of the year			180,056		207,634

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

a Basis of accounting

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice for UK Authorised Funds issued by The Investment Association in May 2014 (SORP 2014), and in accordance with United Kingdom Generally Accepted Accounting Practice as defined within FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

The Manager intends to terminate the Aviva Investors Property Trust within one year of the date of approval of the financial statements and therefore the financial statements of the Trust have been prepared on a basis other than going concern. Comparative financial information continues to be prepared under the going concern basis. In applying this basis of preparation, the assets and liabilities of the Trust continue to be stated at their fair values which materially equate to their realisable values. No adjustments were necessary in the Trusts' financial statements to reduce assets to their realisable values, to provide for liabilities arising from the termination or to reclassify fixed assets and long-term liabilities as current assets and liabilities.

b Unit Classes

The Trust has two types of unit class: retail units (classes 1 and 4) and institutional units (classes 2 and 5). Each unit class bears different charges and consequently the level of revenue allocated to each unit class will differ. Each unit class consists of both accumulation and income units, with the exception of class 5 which consists of income units only.

c Recognition of revenue

Rental revenue, deposit interest, and other revenue are all accounted for on the accruals basis. Dividends are accounted for when the investment is quoted ex-dividend. Interest arising on fixed interest stocks is accounted for on an effective yield basis. Ordinary scrip dividends are treated as revenue and are included in the distribution.

Lease incentives are treated as a reduction to rent and recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern over which the lessor's benefit from the leased asset is diminished. Where lease incentives were recognised initially under a previous SORP, any residual benefit or cost associated with those lease incentives may continue to be amortised on a straight-line basis over the period of the lease or, if shorter, up to the first rent review date.

Service charge revenue and expenses are included in rental revenue and other property operating expenses respectively.

d Basis of valuation of investments

Property-related assets

The property-related assets of the Trust have been valued at bid-market value at midday on the last business day of the accounting year.

Direct properties

Direct properties have been valued at open market value on the last business day of the accounting year by an independent valuer, who holds a recognised and relevant professional qualification and who has recent experience in the location and category of the investment property being valued. Movements in the open market value are recognised in the Statement of Total Return. An adjustment is made to the open market value of the direct properties to take account of any 'rent free debtor' and 'lease incentives' reported in the balance sheet in connection with up front lease incentives. For the year ended 31 May 2017, the open market value of the properties has been reduced by £10,528,000 (2016: £7,380,000).

e Property purchases and sales

Property purchases and sales are recognised on completion of the purchase or sale.

f Exchange rates

Assets and liabilities held in foreign currencies are translated at the rate ruling on the last business day of the accounting period. Revenue and expenditure items are translated at the rate ruling at the date of the transaction.

g Taxation and deferred taxation

Provision for Corporation Tax is based at the current rate, as appropriate, on the excess of taxable revenue over allowable expenses and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation is provided for using the liability method on all timing differences expected to be realised by the Trust, calculated at the rate at which it is anticipated the timing differences will reverse. Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in the future against which the deferred tax asset can be offset.

Any capital allowances used to reduce the corporation tax liability and any deferred tax calculated in relation to the capital allowances are recorded in capital.

h Cash flow statement

In accordance with the requirements of FRS102 and the SORP 2014, a cash flow statement has been provided.

i Cash and cash equivalents

In accordance with the AIFMD requirements, the Trust has treated some investments as Cash equivalents for the purposes of the Balance Sheet disclosure. Investments are regarded as Cash equivalents if they meet all of the following criteria: highly liquid investments held in sterling that are readily convertible to a known amount of cash; are subject to an insignificant risk of change in value; and provide a return no greater than the rate of a three month high quality government bond.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 DISTRIBUTION POLICIES

a Distribution policy

During the accounting year ended 31 May 2017 the Trust was at no time more than 60% invested in qualifying investments and so has proposed a dividend distribution. Details of the distribution per unit are set out in the tables on pages 29 and 30.

b Treatment of management expenses

All expenses, except those relating to the purchase and sale of investments and stamp duty reserve tax are charged against revenue on an accruals basis.

c Treatment of development and acquisition expenses

In accordance with generally accepted accounting practice in the UK, development and acquisition expenses have been treated as costs of purchasing investments and are accordingly treated as capital.

3 FINANCIAL INSTRUMENTS

The Trust's financial instruments comprise investment properties, securities, bank balances, deposits and debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for issues and payable for cancellations, and debtors for accrued revenue.

The Trust has exposure to a number of different risks to varying degrees. The main risks it faces from its financial instruments and the Manager's policies for managing these risks are summarised below:

a Market Risk

The Trust's investment portfolio is exposed to market price fluctuations, which are monitored by the Manager in accordance with the investment objective and policy. Property valuations are a matter of the independent valuer's opinion rather than fact. Adherence to investment guidelines and the investment and borrowing powers set out in the Trust Deed and Collective Investment Schemes Sourcebook Regulations mitigates the risk of excessive exposure to any particular type of security or issuer. The Trust's investments are listed in the portfolio statement.

b Liquidity Risk

The Trust is exposed to cashflow/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. As noted on page 3, it is the Trust's normal investment strategy to hold around 10–15% of its assets in cash or liquid securities (e.g. listed real estate equities), however at times of significant cash inflows or outflows this figure can vary. As at 31 May 2017, the Trust had around 14% of its assets in cash or liquid securities. Where funds are invested in property, investors may not be able to switch or cash in their investment when they want because property in the Trust may not always be readily saleable. If this is the case the Manager may suspend dealing in the Trust. Please see page 2 for details in relation to the suspension of the Trust.

c Interest Rate Risk

Interest rate risk is managed by maintaining a balanced portfolio with due consideration to interest rate risk and redemption profiles. Interest rate risk is also managed by ensuring that cash deposits mature within a relatively short period. The interest rate risk profile of the Trust's financial assets is detailed in the table on page 27.

d Yield Risk

In terms of yields available from investments in direct property if sufficient revenues are not generated to meet the operating expenses from the properties there is a risk that the Trust's revenue can be affected. The yield from the property may be affected by tenant failure or availability of supply in the sector or microlocation. Similarly should expenditure be required which is non-recoverable from the tenant due to default or because a property is void, this will also impact on the yield.

Risk to yields as a result of tenant failure or default is managed by targeting a property portfolio broadly spread across sectors and across the regions of the UK and with a large and diverse tenant profile.

e Foreign Currency Risk

There are no material overseas investments so there is no exposure to foreign exchange risk.

Numerical disclosures in relation to these risks are set out in note 18 of the financial statements. Further information on the investment portfolio is set out in the investment report and the portfolio statement.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 Net capital (losses)/gains

	Year ended 31.05.17 £000	Year ended 31.05.16 £000
The net gains on investments during the year comprise:		
Direct properties	92,831	69,145
Expenses relating to the purchases and sale of investments	(5)	–
Forward currency contracts	–	(652)
Property related securities	(185,661)	(8,362)
Net capital (losses)/gains*	(92,835)	60,131

* Total realised losses for the year were £59,254,000 (2016: realised gains £17,250,000) and the movement in unrealised losses was £33,576,000 (2016: unrealised gains £42,881,000). Included in realised gains for the year were unrealised gains/(losses) recognised in previous periods.

5 Revenue

	Year ended 31.05.17 £000	Year ended 31.05.16 £000
Bank and deposit interest	440	997
Overseas dividends	–	44
Property income distributions	248	2,851
Rental revenue	62,750	82,106
UK dividends	85	1,083
Income from compensation payment	57	–
Total revenue	63,580	87,081

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 Expenses

	Year ended 31.05.17 £000	Year ended 31.05.16 £000
Payable to the Manager, associates of the Manager or agents of either of them:		
Manager's periodic charge	12,998	17,880
Registration fees	1,490	2,023
	14,488	19,903
Payable to the Trustee, associates of the Trustee and agents of either of them:		
Trustee's fees	91	108
Safe custody fee	15	21
	106	129
Other expenses:		
Audit fee*	44	44
Bad debts written off	606	1,690
Head rent	746	828
Insurance	241	417
Interest payable	5	1
Lease incentives	(489)	3,450
Maintenance costs	17	2,081
Marketing costs	137	84
Non-recoverable expenses	(1,498)	1,548
Printing and postage expenses	20	16
Professional fees	2,655	576
Statement fees	61	75
Valuer's fees	175	248
Void rates	4,010	4,165
Void service charge costs	4,098	2,568
	10,828	17,791
Total expenses	25,422	37,823

* The audit fee was £36,554 (2016: £36,554) net of VAT.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 Taxation**a Analysis of tax charge**

	Year ended 31.05.17 £000	Year ended 31.05.16 £000
Corporation tax	6,265	9,671
Adjustments in respect of prior periods	(579)	–
Total current tax (see note 7b)	5,686	9,671
Deferred tax	(1,335)	1,103
Total deferred tax (see note 7c)	(1,335)	1,103
Total tax charge	4,351	10,774

b Factors affecting current tax charge

The tax assessed for the year is lower (2016: lower) than the standard rate of corporation tax in the UK for an Authorised Investment Trust (20%) (2016: 20%).

The differences are explained below:

	Year ended 31.05.17 £000	Year ended 31.05.16 £000
Net revenue before taxation	38,158	49,258
Corporation tax at 20%	7,632	9,852
Effects of:		
Adjustments re capital allowance claimed	(1,246)	(1,091)
Expenses not deductible for tax purposes	(104)	1,136
UK dividends not subject to corporation tax	(17)	(217)
Overseas dividends not subject to corporation tax	–	(9)
Prior year adjustment re capital allowances claimed	(579)	–
	(1,946)	(181)
Current tax charge (see note 7a)	5,686	9,671

Authorised Unit Trusts are exempt from tax on capital gains. Therefore, any capital return is not included in the above reconciliation.

c Deferred tax

	Year ended 31.05.17 £000	Year ended 31.05.16 £000
The deferred tax provision is made up as follows:		
Capital allowances	5,986	7,321
Provision at start of the year	7,321	6,218
Credit for the year	(1,335)	1,103
Provision at end of the year	5,986	7,321

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8 Distributions

	Year ended 31.05.17 £000	Year ended 31.05.16 £000
The distributions take account of revenue received on the issue of units and revenue deducted on the cancellation of units, and comprise:		
Interim distribution	13,758	17,935
Final distribution	16,705	18,504
	30,463	36,439
Add: Revenue deducted on cancellation of units	2,101	1,303
Deduct: Revenue received on issue of units	–	(54)
Distributions	32,564	37,688
Reconciliation of net distribution for the year to net revenue after taxation		
Distributions for the year	32,564	37,688
Capital allowances in current year	1,246	1,091
Equalisation on conversions	(3)	(295)
Net revenue after taxation	33,807	38,484

Details of the distribution per unit are set out in the distribution tables on pages 30 and 31.

9 Fair value hierarchy

	As at 31.05.17 Assets £000	As at 31.05.16 Assets £000
Level 1: Quoted prices for identical instruments in active markets	158,602	303,195
Total value	158,602	303,195

Financial instruments have been measured at their fair value and have been classified below using a hierarchy that reflects the significance of the inputs used in measuring their fair value:

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (ie developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (ie for which market data is unavailable) for the asset or liability.

10 Debtors

	As at 31.05.17 £000	As at 31.05.16 £000
Accrued revenue	26	152
Current property capital debtor	766	1,500
Current property revenue debtor	–	12
Lease incentive	1,809	1,361
Managing agent or other property debtor	10,239	10,191
Rent free debtor	8,719	6,019
VAT net receivable account	2,356	–
Total debtors	23,915	19,235

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 Cash and bank balances

	As at 31.05.17 £000	As at 31.05.16 £000
Cash and bank balances	21,456	33,834

12 Cash equivalents

	As at 31.05.17 £000	As at 31.05.16 £000
Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP	158,600	173,800
Total cash equivalents	158,600	173,800

13 Other Creditors

	As at 31.05.17 £000	As at 31.05.16 £000
Accrued expenses	1,287	3,233
Amounts payable for cancellation of units	8,932	10,809
Corporation tax payable	2,740	4,557
Current property capital creditor	129	134
Current property revenue creditor	5,505	12,326
VAT net payable account	-	1,293
Total creditors	18,593	32,352

14 Contingent liabilities and commitments

As at the year end, £22m expenditure was legally committed across numerous properties (2016: £54m).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15 Related party transactions

Management charges and registration fees paid to the Manager are shown in note 6 and details of units issued and cancelled by the Manager are shown in the Statement of Change in Net Assets Attributable to Unitholders. The balance due to the Manager at the year end in respect of management charges and registration fees were £1,007,000 (2016: £2,730,000) and £112,000 (2016: £320,000) respectively. Any balance due from the Manager in respect of issue of units is shown in note 10. Any balance due to the Manager in respect of cancellations is shown in note 13.

Trustee fees, safe custody fees and overdraft interest paid to Citibank Europe Plc, UK Branch ("the Trustee") are shown in note 6. The balance due to the Trustee at the year end in respect of these transactions was £11,000 (2016: £31,000).

As at 31 May 2017 the Manager and related parties of the Manager held 14.01% (2016: 19.25%) of the units in the Trust and the amount of income receivable from the Trust in the year was £4,062,053 (2016: £6,514,000). The amount due to the Manager and related parties of the Manager at the year end was £2,339,171 (2016: £3,585,000).

Related parties of the Manager are deemed to be all companies under the control of Aviva Plc. This will include companies which hold units in the Trust on behalf of other external investors.

All investments managed and advised by Aviva Investors Global Services Limited or associated with the Aviva Group are identified on the portfolio statement. The total purchases and sales on these investments during the year amounted to £652,200,000 (2016: £308,900,000) and £670,100,000 (2016: £132,400,000) respectively. The income received during the year amounted to £383,000 (2016: £546,000).

Holdings at the year end and movements during the year are as follows:

	Holdings at 31.05.17 (units)	Movement (units)	Holdings at 31.05.16 (units)
The Manager and related parties	134,971,515	(146,941,245)	281,912,760

The Manager and related parties of the Manager are ineligible to vote at any general meeting.

16 Unitholder Funds

The Trust currently has four unit classes: Classes 1 and 4 (Retail) and Classes 2 and 5 (Institutional). The annual management charges are as follows:

Class 1:	1.25%
Class 2:	0.62%
Class 4:	0.90%
Class 5:	0.55%

The net asset value of the unit class, the net asset value per unit, and the number of units in the class are shown on pages 8 and 9. The distribution per unit is given in the distribution tables on pages 30 and 31. All the unit classes have the same rights on winding up.

17 Units in issue reconciliation

	Number of units in issue at 31.05.16	Number of units issued	Number of units cancelled	Number of units converted	Number of units in issue at 31.05.17
Class 1 Income	230,382,687	–	(47,700,197)	(1,710,871)	180,971,619
Class 1 Accumulation	229,821,283	–	(43,026,359)	(952,021)	185,842,903
Class 2 Income	505,239,241	–	(234,087,997)	1,381,795	272,533,039
Class 2 Accumulation	463,163,327	–	(166,204,643)	502,318	297,461,002
Class 4 Income	68,557	3,212	(189,388)	468,437	350,818
Class 4 Accumulation	151,787	–	(172,359)	403,254	382,682
Class 5 Income	35,752,355	–	(10,064,473)	468,562	26,156,444

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18 Derivatives and other financial instruments

The policies applied in the management of financial instruments are set out on page 20.

Fair value of financial assets and financial liabilities

There is no significant difference between the carrying values of the financial assets and liabilities and their fair values (2016: nil).

Foreign currency risk

The Trust's financial assets and liabilities are all denominated in Sterling. As a result, the Trust has no exposure to currency movement.

Interest rate risk profile of financial assets and financial liabilities

The Trust does not invest in either fixed rate or floating rate securities and interest rate risk is restricted to interest receivable on bank deposits or payable on bank overdraft positions which will be affected by fluctuations in interest rates. The interest rate risk is not considered significant.

The interest rate profile of the Trust's financial assets and liabilities at 31 May 2017 was:

Currency	Financial assets/ (liabilities) floating rate £000	Financial assets/ (liabilities) fixed rate £000	Financial assets/ (liabilities) not carrying interest £000	Investment property £000	Total £000
31.05.17					
Sterling	180,056	–	(8,162)	1,021,647	1,193,541

Currency	Financial assets/ (liabilities) floating rate £000	Financial assets/ (liabilities) fixed rate £000	Financial assets/ (liabilities) not carrying interest £000	Investment property £000	Total £000
31.05.16					
Sterling	207,634	–	100,019	1,542,020	1,849,673

The value of the investment property has been included in the above table for completeness, although it does not meet the definition of a financial asset.

The floating rate on bank balances is linked to the Trustee's base rate.

The floating rate on deposits is linked to LIBOR.

Market price risk

At the year end date, 98.89% (2016: 99.76%) of the net assets of the Trust were invested in ordinary shares or stock units or property related assets and admitted to an official stock exchange. If the market value were to change by 10%, the value of the Trust would change by 9.89% (2016: 9.98%).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19 Direct transaction costs

In the case of shares, broker commissions and transfer taxes, stamp duty is paid by the Fund on each transaction. In addition, there is a dealing spread between buying and selling prices of the underlying investments. Unlike shares, other types of investments (such as bonds, money market instruments, derivatives) have no separately identifiable transaction costs; these costs form part of the dealing spread.

31.05.17	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
Purchases (excluding in-specie transfers and corporate actions)						
Equities	(46,970)	–	–	(46,970)	0.00%	0.00%
Bonds	(652,200)	–	–	(652,200)	0.00%	0.00%
	(699,170)	–	–	(699,170)		
Sales (excluding in-specie transfers and corporate actions)						
Equities	608,876	(55)	–	608,821	0.01%	0.00%
Bonds	667,400	–	–	667,400	0.00%	0.00%
	1,276,276	(55)	–	1,276,221		
Total		(55)	–			
Percentage of fund average net assets		0.00%	0.00%			

31.05.16	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
Purchases (excluding in-specie transfers and corporate actions)						
Equities	(86,280)	–	–	(86,280)	0.00%	0.00%
Bonds	(308,900)	–	–	(308,900)	0.00%	0.00%
	(395,180)	–	–	(395,180)		
Sales (excluding in-specie transfers and corporate action activity)						
Equities	190,281	(348)	(203)	189,730	0.18%	-0.11%
Bonds	135,100	–	–	135,100	0.00%	0.00%
	325,381	(348)	(203)	324,830		
Total		(348)	(203)			
Percentage of Fund average net assets		0.00%	0.00%			

Dealing spread

As at 31 May 2017, the average portfolio dealing spread on Property Related Assets was nil% (2016: 0.10%). This spread represents the difference between the values determined retrospectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20 Reconciliation of net revenue before taxation to net cash inflow from operating activities

	Year ended 31.05.17 £000	Year ended 31.05.16 £000
Net revenue before taxation	38,158	49,258
Increase in debtors	(5,413)	(3,248)
(Decrease)/increase in creditors	(10,055)	73
Net cash inflow from operating activities	22,690	46,083

21 Post balance sheet events**PAIF Conversion**

Following approval of the same at an Extraordinary General Meeting of the Trust on 24 March 2016, the Manager is planning on converting the Trust into a Property Authorised Investment Fund (PAIF), known as the Aviva Investors UK Property Fund, a sub-fund of the Aviva Investors Property Funds ICVC, on 18 August 2017. Further information in relation to the conversion into a PAIF can be found on our website at www.avivainvestors.com.

DISTRIBUTION TABLES

Final distribution payable in pence per unit for the six months ended 31 May 2017

Income units		Net revenue	Equalisation	Final distribution payable 31 July 2017	Final distribution paid 31 July 2016
Class 1	Group 1	1.4330	–	1.4330	0.9866
	Group 2	1.1380	0.2950	1.4330	0.9866
Class 2	Group 1	1.6343	–	1.6343	1.2266
	Group 2	1.1128	0.5215	1.6343	1.2266
Class 4	Group 1	1.4645	–	1.4645	1.1049
	Group 2	0.9815	0.4830	1.4645	1.1049
Class 5	Group 1	1.7125	–	1.7125	1.3057
	Group 2	1.5101	0.2024	1.7125	1.3057

Accumulation units		Net revenue	Equalisation	Final distribution payable 31 July 2017	Final distribution paid 31 July 2016
Class 1	Group 1	2.0850	–	2.0850	1.4570
	Group 2	1.5036	0.5814	2.0850	1.4570
Class 2	Group 1	1.7898	–	1.7898	1.3421
	Group 2	1.2001	0.5897	1.7898	1.3421
Class 4	Group 1	1.6138	–	1.6138	1.1784
	Group 2	1.0282	0.5856	1.6138	1.1784

Group 1 units are those units purchased at or before 12:00 noon on 30 November 2016.

Group 2 units are those units purchased after 12:00 noon on 30 November 2016.

DISTRIBUTION TABLES (CONTINUED)

Interim distribution paid in pence per unit for the six months ended 30 November 2016

Income units		Net revenue	Equalisation	Interim distribution paid 31 January 2017	Interim distribution paid 31 January 2016
Class 1	Group 1	0.8500	–	0.8500	0.8779
	Group 2	0.7359	0.1141	0.8500	0.8779
Class 2	Group 1	1.0720	–	1.0720	1.0998
	Group 2	0.9728	0.0992	1.0720	1.0998
Class 4	Group 1	0.9082	–	0.9082	0.9712
	Group 2	0.8127	0.0955	0.9082	0.9712
Class 5	Group 1	1.1301	–	1.1301	1.1685
	Group 2	1.0154	0.1147	1.1301	1.1685

Accumulation units		Net revenue	Equalisation	Interim distribution paid 31 January 2017	Interim distribution paid 31 January 2016
Class 1	Group 1	1.2241	–	1.2241	1.2469
	Group 2	1.1144	0.1097	1.2241	1.2469
Class 2	Group 1	1.1762	–	1.1762	1.1862
	Group 2	1.0612	0.1150	1.1762	1.1862
Class 4	Group 1	0.9991	–	0.9991	0.9645
	Group 2	0.8952	0.1039	0.9991	0.9645

Group 1 units are those units purchased at or before 12:00 noon on 31 May 2016.

Group 2 units are those units purchased after 12:00 noon on 31 May 2016.

Equalisation

Equalisation applies only to Group 2 units, in other words units purchased during the period. It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to the holders of these units as return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

SECURITIES FINANCING TRANSACTIONS REGULATION DISCLOSURE (UNAUDITED)

The Trust currently doesn't undertake securities financing transactions (as defined in Article 3 of Regulation (EU) 2015/2365) or use total return swaps.

GENERAL INFORMATION

Our investments are intended to be medium to long term investments and should not be considered as a short term commitment.

Past performance is not a guide to the future.

The value of a Trust 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 Prospectus (which is available on the internet at www.avivainvestors.com or from the Manager on request) for a full description of the risks involved when investing in the Trust.

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 our 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 revenue 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 the independent valuer's 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 Trust may not be readily saleable.

On 18 March 2017, Aviva Investors UK Fund Services replaced Aviva Investors UK Funds Limited as the ISA Manager of all Aviva Investors ISA accounts. Other than the identity of the registered ISA Manager, no changes were made to the ISAs or the way they are run as a result of this change.

Suspension and Resumption of Dealing

The Manager took the decision to temporarily suspend all dealing in the Trust with effect from 12 noon on 4 July 2016. This was due to the fact that, over the prior months, the Trust had been experiencing higher than usual volumes of requests to sell units and this, coupled with challenging market conditions in light of investor sentiment regarding the EU referendum, reduced the amount of cash held by the Trust. The decision was made to safeguard the interests of investors, and with agreement from the depositary and trustee of the Trust, Citibank Europe plc, UK Branch. Following the suspension, a robust structured property sales programme was implemented to boost liquidity within the Trust and dealing in the Trust resumed at the midday valuation point on 15 December 2016. Further information in relation to the resumption of dealing can be found on our website at www.avivainvestors.com.

Remuneration

In line with the requirements of AIFMD, the Manager 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.

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 AIFs it manages, and takes into account, the promotion of sound and effective risk management and the achievement of fair outcomes for all customers.

For the year ended 31 December 2016 (the Manager's accounting year end date), remuneration paid by Aviva Plc, the ultimate parent of the Manager, to its senior management team, and staff whose actions have a material impact on the risk profile of the Manager ("Code staff"), is as follows:

	Senior Management	Other Code Staff
Total Remuneration:	£0.6m	£0.4m
Of which, Fixed Remuneration	27%	59%
Variable Remuneration	66%	28%
Pension/Benefits	7%	13%
Number of Code staff:	7	9

Publication of Prices

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

