

# AVIVA INVESTORS UK PROPERTY FEEDER TRUST

## Annual Report and Financial Statements

For the year ended 30 September 2019



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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).

### DIRECTORS

I Buckle  
S Ebenston  
D Skinner (resigned 16 July 2019)  
J Leadsom (resigned 27 September 2019)  
D Clayton  
M Craston  
G Miller (resigned 31 December 2019)  
M White (appointed 10 October 2019)  
A Coates (appointed 7 November 2019)

### REGISTRAR AND ADMINISTRATOR

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

### TRUSTEE AND DEPOSITARY

J.P. Morgan Europe Limited  
25 Bank Street  
Canary Wharf  
London, E14 5JP

On 1 December 2018, the Trustee and Depositary, Citibank Europe plc, UK Branch, was replaced by J.P. Morgan Europe Limited. Citibank Europe plc, is registered at Citigroup Centre, Canada Square, Canary Wharf, London, E14 5LB. Citibank Europe plc, is authorised and regulated by the Financial Conduct Authority.

### INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP  
Atria One, 144 Morrison Street,  
Edinburgh, EH3 8EX

PricewaterhouseCoopers LLP have been reappointed as auditors of the Trust.

## MANAGER'S REPORT

### THE TRUST

Aviva Investors UK Property Feeder Trust (the Trust) is a Unit Trust incorporated in England and Wales since 18 August 2017. The property of the Trust is entrusted to Citibank Europe plc, UK Branch (the Trustee and Depositary). The shareholders are not liable for any debts of the Trust.

The object of the Trust is to invest solely in the Aviva Investors UK Property Fund with the exception of cash balances which may also be held for the purposes of maintaining sufficient liquidity to enable the Trust to meet its commitments, such as expenses and redemptions.

The Trust has an umbrella structure which means that it may contain more than one fund, each with a different investment objective. There are currently two funds in the Aviva Investors UK Property Feeder Trust; the Aviva Investors UK Property Feeder Accumulation Fund and the Aviva Investors UK Property Feeder Income Fund (the "Feeder Funds"). In the financial statements you will find an investment review for each fund which includes details of the investment objectives.

### AUTHORISED STATUS

The Trust is a Non-UCITS Retail Scheme under the rules of the COLL Sourcebook and is an alternative investment fund or AIF for the purposes of the FUND Sourcebook. Units in the Trust are not listed on any investment exchange. The Trust is authorised by the FCA as an "umbrella" scheme, in that the Trust issues units linked to different sub-funds which have been established. Each sub-fund is invested in accordance with the investment objective and investment policy applicable to that sub-fund and as if it were a separate Non-UCITS Retail Scheme for the purposes of the COLL Sourcebook. For investment purposes the assets of each sub-fund will be treated as separate from those of every other sub-fund.

### THE FINANCIAL STATEMENTS

We are pleased to present the annual report and financial statements of the Trust for the year ended 30 September 2019. 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 Trust will not be holding any Annual General Meetings.

### SIGNIFICANT INFORMATION

On 29 October 2018 we closed Unit Class 6 of the Aviva Investors UK Property Feeder Income Fund and Unit Class 6 of the Aviva Investors UK Property Feeder Accumulation Fund and converted investors into Unit Class 1 of the corresponding fund.

On 1 December 2018, the Trustee and Depositary, Citibank Europe plc, UK Branch, was replaced by J.P. Morgan Europe Limited. J.P. Morgan Europe Limited is registered at 25 Bank Street, Canary Wharf, London E14 5JP. J.P. Morgan Europe Limited is authorised and regulated by the Financial Conduct Authority.

From 31 January 2019 we have removed the notional dealing charge on the Aviva Investors UK Property Fund and Feeder Funds, and investors will no longer incur this charge when they enter the Funds. As the charge is currently included in the price of each Fund, the price for buying shares/units (the offer price) will be the same as the price for selling shares/units (the bid price) in each Fund.

Although the buying and selling prices in each Fund will now be the same, the discretion to change the basis on which the prices are calculated will be retained. Such changes to the pricing basis are designed to protect existing investors by ensuring that the prices at which investors enter or withdraw from the Funds reflect the expected underlying costs.

#### Responsible Investment Policy

With effect from 30 April 2020, Aviva Investors UK Fund Services Limited will update the Responsible Investment Policy ("Policy") to prohibit funds from investing in companies which derive prescribed levels of revenue from Controversial Weapons and Civilian Firearms ("Excluded Companies").

#### Further details on the Policy

We have defined Controversial Weapons as weapons that have been subject to widespread ban or restriction by International Treaties and Conventions, on the basis they have one or more of the following characteristics:

- The weapon is indiscriminate, i.e. there is an increased risk of civilian casualties.
- The weapon can be classified as a weapon of mass destruction with a single incident resulting in a large number of deaths.
- The weapon is considered to be excessively injurious, i.e. it causes an inordinate amount of pain and suffering.
- The weapon may have long term health impacts on the populations in areas where they are used.

We have defined Civilian Firearms as firearms and small arms ammunitions designed for civilian use, excluding products exclusively sold for the military, government, and law

## MANAGER'S REPORT (CONTINUED)

enforcement markets.

### SIGNIFICANT INFORMATION (CONTINUED)

Aviva Investors UK Fund Services Limited has prohibited direct investment by the funds into any Excluded Companies. The funds are also prohibited from having indirect exposure to Excluded Companies except where:

- The Fund has indirect exposure to a financial index and Excluded Companies are constituents of the financial index and,
- The Fund invests in other funds managed by third parties. While, consideration of environmental, social, and governance factors are an integral part of the Fund selection process, the underlying funds may not operate exclusions equivalent to the Policy.

The Policy will be updated to reflect these prohibitions and will be available from 30 April 2020 on the Aviva Investors website.

#### Impact on our funds

The Policy applies to all our funds, however, the Aviva Investors UK Property Feeder Inc Fund and the Aviva Investors UK Property Feeder Acc Fund purely invest into the Aviva Investors UK Property Fund (which is within the scope of the Policy) and cash, and therefore will not have any exposure to Excluded Companies.

From 30 April 2020 all fund Prospectuses will be updated to reflect the amended Policy.

### REMUNERATION (UNAUDITED)

In line with the requirements of the Alternative Investment Fund Managers Directive ("AIFMD"), the ACD 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, which are 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.

The ACD has no employees but is a wholly owned subsidiary of Aviva Investors Holdings Limited. For the year to 31 December 2018, apportioned remuneration based on the time assessed to be spent on the ACD AIFMD activity paid by Aviva Plc, the ultimate parent of the ACD, to its senior management team, and staff whose actions have a material impact on the risk profile of the ACD ("Code staff"), is as follows:

	Senior Management	Other Code Staff
Total Remuneration:	£0.36m	£0.38m
Of which, Fixed Remuneration:	34%	39%
Variable Remuneration:	60%	54%
Pension/Benefits:	6%	7%
Number of Code staff:	10	7

#### 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 may be recorded for training or monitoring purposes and to comply with applicable law and regulations. Calls are free from UK landlines and mobiles.

## STATEMENT OF CROSS HOLDINGS

There are no cross holdings as at 30 September 2019.

## POLICIES AND RISKS

### 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 Management 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.

All of the Trust financial statements have been prepared on a going concern basis.

#### b Unit classes

Aviva Investors UK Property Feeder Accumulation Fund has three unit classes (classes 1, 2 and 6) and they are all accumulation units. Unit classes 1 and 6 are retail units and unit class 2 is institutional units.

Aviva Investors UK Property Feeder Income Fund has five unit classes (classes 1, 2, 5, 6 and 7) and they are all income units. Unit classes 1 and 6 are retail units and unit classes 2, 5 and 7 are institutional units.

#### c Recognition of revenue

Distributions receivable from the underlying investment in the Aviva Investors UK Property Fund (the Master Fund) are recognised on an accruals basis. The distributions receivable are accrued and recognised in three streams (dividend, interest and property) in line with the nature and breakdown of the underlying revenue earned by the Master Fund. Revenue received from the Master Fund depends on the income stream; Property Income Distributions (PID) are received net of tax at 20%, whilst interest distributions and dividend distributions are received gross.

Deposit interest and any other revenue are also accounted for on an accruals basis.

#### d Basis of valuation of investments

The Aviva Investors UK Property Feeder Accumulation Fund invests all or substantially all of its scheme property in the Class D accumulation share class of the Master Fund. The Aviva Investors UK Property Feeder Income Fund invests all or substantially all of its scheme property in the Class D income share class of the Master Fund. Holdings in the Master Fund are valued at fair value, which is deemed to be the net asset value per share as reported in the comparative table in the Master Fund's Annual Report & Accounts at the end of the current accounting period. The valuation is also in accordance with FRS102.

The investment value is a product of rent and yield derived using comparison techniques. In undertaking the valuation of properties under this method, an assessment has been made on the basis of a collation and analysis of appropriate comparable investment, rental and sale transaction, together with evidence of demand within the vicinity of subject property.

#### e Property purchases and sales

Property purchases and sales are recognised on completion of the purchase or sale. Any adjustments to sales are recognised on or following completion of the sale.

#### f Exchange rates

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

#### g Expenses

The Manager's periodic charge and other expenses are charged to the revenue property of the Trust, and are accounted for on an accruals basis.

#### h 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 using the liability method on all timing differences, and is 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.

#### i Unclaimed distributions

Any distribution remaining unclaimed after a period of six years is paid back to the relevant Fund and forms part of the capital property of the Fund.

#### j Cash flow statement

The Trust is not required to produce a cash flow statement as it meets the exemption criteria set out in FRS 102.

### DISTRIBUTION POLICIES

#### a Distribution policy

If at the end of the accounting period, revenue exceeds expenses and tax, the net revenue of the Funds is available to be distributed to unitholders. Should expenses and taxation exceed revenue, there will be no distribution and the shortfall will be met from capital.

Income is distributed, at unit class level, to the unitholders in accordance with the Funds' Prospectus.

Revenue attributable to accumulation unitholders is retained at the end of the distribution period and represents a reinvestment of revenue.

#### b Equalisation

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



## POLICIES AND RISKS (CONTINUED)

### RISK MANAGEMENT POLICIES

The Trust's financial instruments comprise investments in the Master Fund, bank balances 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 the Trust faces from its financial instruments are directly related to the risks attached to the underlying investments held by the Master Fund and the Investment Manager's policies for managing these risks are summarised below:

#### a Foreign currency risk

The Funds can be exposed to foreign currency risk as a result of investing in assets denominated in currencies other than Sterling. Where the Manager deems it necessary, this exposure to foreign currency fluctuations is mitigated by the use of forward foreign currency contracts. Numerical disclosures can be found in the notes to the financial statements for each Fund.

#### b Interest rate risk

The value of debt securities may be affected by interest rate movements or the expectation of such movements in the future. Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates. The Manager manages this risk by maintaining a balanced portfolio with due consideration to interest rate risk and redemption profiles. Interest rate risk is also managed by ensuring that deposits mature within a relatively short period. Numerical disclosures can be found in the notes to the financial statements for each Fund.

#### c Market risk

There is a risk that a property might be sold for a different value to the Independent Valuer's valuation, due to market conditions, economic risks and environmental risks being different to the valuer's assumptions. There is also a risk that the price at which an asset is valued may not be realisable in the event of sale. This could be due to a mis-estimation of the asset's value, other investment opportunities or due to lack of liquidity in the relevant market. The Manager ensures that the valuer is independent, holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

Further information on the investment portfolios is set out in the investment reports and portfolio statements, of the individual Funds.

#### d Liquidity risk

This is the risk that there is insufficient liquidity which restricts a Fund's investment opportunities or ability to pay liabilities at short notice. This risk is managed with the use of cash and cash equivalents and by ensuring that overdrafts are monitored and maintained within investment limits and exposure to unquoted or illiquid securities is limited. In line with standard industry practice for valuing property funds, the Funds can switch between a bid price basis and an offer price basis.

Property investments are relatively illiquid compared to bonds and equities. 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 Fund may not always be readily saleable.

#### e Concentration risk

Concentration risk is the risk of a portfolio being too concentrated in particular positions or too exposed to certain factors. Highly concentrated positions can exacerbate market and liquidity risk. The Company's assets are invested mainly in direct properties. As such each Fund is exposed to concentration risk through its investment strategy. To manage this risk, each Fund's direct portfolio is diversified geographically and/or by sector (such as commercial versus non-commercial).

#### f Leverage risk

In accordance with the Alternative Investment Funds Management Directive (AIFMD) the Alternative Investment Fund Manager (AIFM) is required to disclose the leverage of the Alternative Investment Fund (AIF). Leverage is defined as any method by which the Fund increases its exposure through borrowing or the use of derivatives. The Funds were not leveraged during the period.

#### g Property default risk

Tenants in the Company's properties may become unable to pay rent. As a result, the Fund's income may be impacted and further costs incurred.

Adherence to regulatory and fund investment guidance and to investments and borrowing powers mitigates the risk of exposure to any type of security or issuer.

#### h Counterparty Risk

There is a risk that the Counterparty will not be able to settle its obligations under the agreement. This is mitigated by an assessment of the credit worthiness of the Counterparty, and the use of multiple counterparties to ensure that no more than 20% of the Fund value is exposed to one counterparty.

Further information on the investment portfolio is set out in the investment reports and portfolio statements.

## AVIVA INVESTORS UK PROPERTY FEEDER ACCUMULATION FUND

### INVESTMENT OBJECTIVE

The Fund aims to provide a combination of income and growth over the long term (5 years or more), through exposure to UK property.

### INVESTMENT APPROACH

**Core investment:** The Fund will be invested solely in the Aviva Investors UK Property Fund (the "Master Fund") other than cash and deposits, which will only be held to ensure that the Fund can meet its payment obligations.

**Master Fund Strategy and environmental, social and governance ("ESG") factors:** The Fund aims to achieve similar investment returns to the Master Fund. However, returns may be different as a result of the cash and deposits held by the Fund.

The Master Fund is structured as a Property Authorised Investment Fund and will invest at least 70% of its assets in UK property in normal market conditions. The Master Fund's strategy, including its consideration of ESG factors, is set out below:

The Master Fund is actively managed and the Investment Manager aims to use detailed analysis, expertise and relationships to drive income and growth for investors, rather than relying on property market movements alone. This will include making decisions such as actively managing property transactions, redeveloping properties and the negotiation of leases.

ESG factors are integrated into the due diligence performed before purchasing assets for the Master Fund, and throughout the life of the investment, with the intention of reducing risk, protecting value, and delivering enhanced income and growth. This includes engagement with the occupiers of properties to reduce energy consumption and waste, and to increase community engagement. Identification of ESG risks does not preclude investment in or the continued holding of an asset, as our ability to mitigate risks through active management of assets is also taken into account, and the Investment Manager retains discretion over the investments that are selected for the Master Fund. Aviva Investors' investment policy includes limited ESG restrictions, and further information on how we integrate Responsible Investment and these restrictions into our investment approach, and how we engage with companies is available on our website and in the prospectus.

Investors may wish to refer to the Key Investor Information Document and prospectus for the Master Fund for full details of its investment objective and the investments it can make.

**Performance & Risk Measurement:** The Fund's performance is compared against the Investment Association UK Direct Property Sector (the "Sector"). The Sector is an industry benchmark made up of funds which meet the Sector criteria, which includes investing at least 70% of their assets directly in UK property on average over 5 year rolling periods. The Sector also includes funds whose policy is to dedicate investment into one of the funds which meet the Sector criteria, which is the case for the Fund.

The Sector has been selected as a benchmark for performance measurement because the Fund will be managed in line with the criteria of the Sector, and it is an independent measure of the performance of investment funds which are comparable to those of the Fund. It is therefore an appropriate comparator for the Fund's performance.

### RISK PROFILE

The Trust invests in the Aviva Investors UK Property Fund (the Master Fund), which invests a significant proportion of its assets in physical property that at times may not always be readily saleable. Investors should be aware that during such times that the Trust's property of the Master Fund is not readily saleable, the ACD of the Master Fund may defer redemptions or suspend dealing in shares of the Master Fund, meaning that the Manager will necessarily defer redemptions of units, or suspend dealing in units in the Trust. As a result of this, the Trust may be suitable only for those investors who have capital which may be committed on a long-term basis.

Investments in property are relatively illiquid and more difficult to realise than equities or bonds.

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

#### TOTAL PERFORMANCE

Over the twelve months to 30 September 2019, the Fund\* delivered a total return of -1.80 per cent (Share Class 1 Accumulation net of fees) compared to the Investment Association UK Direct Property Sector average of -0.34%.

#### AVIVA INVESTORS UK PROPERTY FUND PROFILE AND PORTFOLIO REVIEW

As the Feeder Fund invests solely in units of the Aviva Investors UK Property Fund, the following information relates to the underlying portfolio of that Fund.

During the period, the Fund Managers have continued to embed the overarching strategy of Aviva Investors Real Estate in the Fund, taking into account current and forecast structural trends and technological changes which are changing customer requirements in the property sector. While this strategy has continued to underpin the majority of the Fund's asset disposals and retentions, and asset management approach, the Fund Managers had sought to build a defensive position in advance of the anticipated 31 October 2019 Brexit deadline and subsequent negotiations\*\*, requiring additional asset disposals.

Good progress has been made in terms of focussing the Fund's investments in fewer, higher quality assets in selected locations, enabling the team to leverage local market knowledge and expertise. The strategy of the Fund has continued to be conviction based, focused on value investing where market pricing is attractive and where we believe we can add value for the long-term. The Fund's portfolio of properties is now 90% aligned with its long-term strategy.

## AVIVA INVESTORS UK PROPERTY FEEDER ACCUMULATION FUND (CONTINUED)

## FUND MANAGER'S REPORT (CONTINUED)

Key activities undertaken in the year have included strategic disposals and various asset management transactions as summarised below:

- Eleven strategic disposals which contributed to an increase in the Fund's average property size from £30.6m to £31m including:
  - Two office buildings outside of our locational strategy in Glasgow and Edinburgh.
  - One office building in Central London where the Fund was able to benefit from international capital generating attractive pricing metrics in the City office market.
  - Two retail assets where a premium to valuation could be achieved in a challenging market.
  - Various industrial assets, including two sub-scale assets, where the Fund took advantage of buoyant pricing in the sector.
- Forty asset management events including:
  - Four rent reviews.
  - Thirteen lease renewals and re-gears.
  - Twenty-three new lettings completed including six lettings at the Fund's Forum St. Paul's office building in the City of London, contributing to a significant uplift in value ahead of the asset's sale in August 2019.

## OUTLOOK

Looking ahead, Brexit remains a significant risk to the UK economy and property market. Linked to this, following the UK General Election, the new government's policies also have the potential to disrupt the market in the short term. Whilst the outcomes of both events now have more certainty, the Fund Managers had prepared for a wide range of outcomes and have sought to position the fund more defensively over the course of the past 12 months by reducing its exposure to non-income producing units and by increasing its cash weighting, which at the end of September stood at 30.9%.

While sales activity over the course of the year means that the Fund's portfolio of properties is now a more concentrated one, it maintains its diversification through its exposure to underlying income streams within the various assets, with income being spread across 184 individual tenancies.

## December 2019

\* Source: Lipper for Investment Management (performance calculated on a bid to bid basis, net income reinvested) as at 30 September 2019 (share class 1, net of fees).

\*\* At the time of writing, the Brexit deadline has been extended to 31 January 2020.

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.

## PROPERTY RELATED SECURITIES SALES

Aviva Investors UK Property Fund†

† Investment managed by a related party.

## PROPERTY RELATED SECURITIES PURCHASES

Aviva Investors UK Property Fund†

† Investment managed by a related party.

## Performance History – Accumulation Shares

Calendar year	Share Class 1 %	Share Class 2 %	Benchmark* %
31.12.13 to 31.12.14	11.28	11.86	10.98
31.12.14 to 31.12.15	0.10	0.60	9.57
31.12.15 to 31.12.16	-3.86	-3.37	0.48
31.12.16 to 31.12.17	8.51	9.06	7.54
31.12.17 to 31.12.18	3.40	3.70	3.24

\* Benchmark – Investment Association UK Direct Property Sector.

## COMPARATIVE TABLES

Class 1 Accumulation units	2019 p per unit	2018 p per unit	2017* p per unit
<b>Change in net assets per unit</b>			
Opening net asset value per unit	107.41	101.27	100.00
Return before operating charges <sup>†</sup>	(0.85)	7.43	1.43
Operating charges	(1.08)	(1.29)	(0.16)
Return after operating charges <sup>†</sup>	(1.93)	6.14	1.27
Distributions	(2.34)	(1.88)	(0.19)
Retained distributions on accumulation units	2.34	1.88	0.19
Closing net asset value per unit	105.48	107.41	101.27
† after direct transaction costs of	–	–	–
<b>Performance</b>			
Return after operating charges	(1.80)%	6.06%	1.27%
<b>Other information</b>			
Closing net asset value (£000)	92,780	118,036	134,402
Closing number of units	87,956,504	109,891,220	132,716,918
Operating charges (%) <sup>†</sup>	1.02%	1.25%	1.35%
Direct transaction costs (%) <sup>†</sup>	–	–	–
<b>Prices<sup>≈</sup></b>			
Highest unit price	106.29	108.85	105.12
Lowest unit price	102.24	99.89	98.75

Class 2 Accumulation units	2019 p per unit	2018 p per unit	2017* p per unit
<b>Change in net assets per unit</b>			
Opening net asset value per unit	107.91	101.33	100.00
Return before operating charges <sup>†</sup>	(0.91)	7.33	1.41
Operating charges	(0.79)	(0.75)	(0.08)
Return after operating charges <sup>†</sup>	(1.70)	6.58	1.33
Distributions	(2.59)	(2.30)	(0.25)
Retained distributions on accumulation units	2.59	2.30	0.25
Closing net asset value per unit	106.21	107.91	101.33
† after direct transaction costs of	–	–	–
<b>Performance</b>			
Return after operating charges	(1.58)%	6.49%	1.33%
<b>Other information</b>			
Closing net asset value (£000)	168,292	238,273	266,190
Closing number of units	158,446,290	220,804,617	262,701,616
Operating charges (%) <sup>†</sup>	0.74%	0.73%	0.72%
Direct transaction costs (%) <sup>†</sup>	–	–	–
<b>Prices<sup>≈</sup></b>			
Highest unit price	106.33	106.00	100.44
Lowest unit price	102.94	99.96	98.76

Class 6 Accumulation units	2019** p per unit	2018 p per unit	2017* p per unit
<b>Change in net assets per unit</b>			
Opening net asset value per unit	107.64	101.30	100.00
Return before operating charges <sup>†</sup>	(107.56)	7.38	1.42
Operating charges	(0.08)	(1.04)	(0.12)
Return after operating charges <sup>†</sup>	(107.64)	6.34	1.30
Distributions	–	(2.08)	(0.23)
Retained distributions on accumulation units	–	2.08	0.23
Closing net asset value per unit	–	107.64	101.30
† after direct transaction costs of	–	–	–
<b>Performance</b>			
Return after operating charges	–	6.26%	1.30%
<b>Other information</b>			
Closing net asset value (£000)	–	463	462
Closing number of units	–	430,486	456,476
Operating charges (%) <sup>†</sup>	–	1.01%	1.00%
Direct transaction costs (%) <sup>†</sup>	–	–	–
<b>Prices<sup>≈</sup></b>			
Highest unit price	105.82	109.08	105.16
Lowest unit price	105.14	99.93	98.76

\* Unit class launched on 18 August 2017.

\*\* Unit class was closed on 26 October 2018.

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

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

(b) The Ongoing Charge 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 based on published prices. The net asset value per unit price is based on the net asset value in the published accounts and may be different due to post period end accounting adjustments.

**Ongoing Charges Figure\*\*†**

Unit class	OCF*	PER**	Total***	OCF*	PER**	Total***
	30.09.19	30.09.19	30.09.19	30.09.18	30.09.18	30.09.18
Class 1	1.02%	1.02%	2.04%	1.02%	0.08%	1.10%
Class 2	0.74%	1.02%	1.76%	0.74%	0.08%	0.82%

\* 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 year. The OCF is made up of the Fund Management Fee and, where a fund invests a substantial portion of its assets in other funds, an amount for the pro-rated charges of those other funds (referred to as "synthetic charges" or the "synthetic" part of the ongoing charge). The figure for ongoing charges excludes performance fees and portfolio transaction costs, except in the case of an entry/exit charge paid by the Fund when buying or selling shares/units in another collective investment scheme.

\*\* 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 year.

\*\*\* The Total Ratio represents the aggregate charges of the feeder (the sub-fund) and its qualifying master scheme (the Master fund).

† The Fund purchases Share class D of the UK Property Fund which does not carry an annual management charge.

The PER for the comparative year has been revised due to reallocation of property expenses during the current 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.

## FUND PORTFOLIO STATEMENT

As at 30 September 2019

Investment	Currency	Holding	Market Value £000	% of Net Assets
<b>Collective Investment Schemes 97.76% (98.60%)</b>				
Aviva Investors UK Property Fund†	GBP	241,649,023	254,968	97.66
<b>Total collective investment schemes</b>			<b>254,968</b>	<b>97.66</b>
Investment assets			254,968	97.66
Net other assets			6,104	2.34
<b>Net assets</b>			<b>261,072</b>	<b>100.00</b>

The comparative percentage figures in brackets are as at 30 September 2018.

† Investment managed by a related party.

## STATEMENT OF TOTAL RETURN

### For the year ended 30 September 2019

	Notes	£000	Year ended 30.09.19 £000	£000	Year ended 30.09.18 £000
Income					
Net capital (losses)/gains	2		(7,378)		17,706
Revenue	3	10,816		12,359	
Expenses					
	4	(2,577)		(3,365)	
Net revenue before taxation		8,239		8,994	
Taxation	5	(1,180)		(1,269)	
Net revenue after taxation			7,059		7,725
<b>Total return before distributions</b>			<b>(319)</b>		<b>25,431</b>
Distributions	6		(7,059)		(7,725)
<b>Change in net assets attributable to unitholders from investment activities</b>			<b>(7,378)</b>		<b>17,706</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

### For the year ended 30 September 2019

	£000	Year ended 30.09.19 £000	£000	Year ended 30.09.18 £000
<b>Opening net assets attributable to unitholders</b>		<b>356,772</b>		<b>401,054</b>
Movement due to issue and cancellation of units:				
Amounts receivable on issue of units	19,284		56,563	
Amounts payable on cancellation of units	(116,946)		(131,060)	
		(97,662)		(74,497)
Dilution adjustment		2,758		4,899
Change in net assets attributable to unitholders from investment activities (see above)		(7,378)		17,706
Retained distribution on accumulation units		6,582		7,610
<b>Closing net assets attributable to unitholders</b>		<b>261,072</b>		<b>356,772</b>

## BALANCE SHEET

As at 30 September 2019

	Notes	As at 30.09.19 £000	As at 30.09.18 £000
<b>Assets:</b>			
Investments	7	254,968	351,782
<b>Current assets:</b>			
Debtors	8	9,811	8,404
Cash and bank balances	9	9	–
<b>Total assets</b>		<b>264,788</b>	<b>360,186</b>
<b>Liabilities:</b>			
<b>Creditors:</b>			
Bank overdrafts		–	(5)
Other creditors	10	(3,716)	(3,409)
<b>Total liabilities</b>		<b>(3,716)</b>	<b>(3,414)</b>
<b>Net assets attributable to unitholders</b>		<b>261,072</b>	<b>356,772</b>



## NOTES TO THE FINANCIAL STATEMENTS

### 1 Accounting basis and policies

Please see pages 6 and 7 for accounting basis and policies.

### 2 Net capital (losses)/gains

	Year ended 30.09.19 £000	Year ended 30.09.18 £000
<b>Net capital (losses)/gains on investment during the year comprise:</b>		
Realised non-derivative securities gains	4,244	2,921
Unrealised non-derivative securities (losses)/gains	(11,622)	14,785
<b>Net capital (losses)/gains</b>	<b>(7,378)</b>	<b>17,706</b>

### 3 Revenue

	Year ended 30.09.19 £000	Year ended 30.09.18 £000
Bank and deposit interest	1	–
Interest on debt securities	244	178
Property income distributions	8,232	9,530
UK dividends	2,339	2,651
<b>Total revenue</b>	<b>10,816</b>	<b>12,359</b>

### 4 Expenses†

	Year ended 30.09.19 £000	Year ended 30.09.18 £000
<b>Payable to the Manager, associates of the Manager and agents of either of them:</b>		
Fund Management Fee/Manager's periodic charge*	2,576	3,105
Registration fees	–	255
	2,576	3,360
<b>Payable to the Trustee, associates of the Trustee or agents of either of them:</b>		
Interest payable	1	–
Safe custody fee	–	4
Trustee's fee	–	1
	1	5
<b>Total expenses</b>	<b>2,577</b>	<b>3,365</b>

\* From 4 June 2018 the Fund changed to a single fixed charge known as the Fund Management Fee (FMF). The FMF covers fees and expenses in relation to the operation and administration of the Company and the Fund.

† Audit Fee: The audit fee for the Aviva Investors UK Property Fund master feeder structure is borne at the level of the Aviva Investors UK Property Fund. The audit fee (excluding VAT) incurred during the year was £60,241 (2018: £41,990). This includes £11,639 (2018: £11,307) (excluding VAT) charged for the audit of the Aviva Investors UK Property Feeder Accumulation Fund and Aviva Investors UK Property Feeder Income Fund.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**5 Taxation****a Analysis of tax charge**

	Year ended 30.09.19 £000	Year ended 30.09.18 £000
Corporation tax	1,180	1,269
<b>Total current tax (see note 5b)</b>	<b>1,180</b>	<b>1,269</b>

**b Factors affecting current tax charge**

The tax assessed for the year is lower (2018: lower) than the standard rate of corporation tax in the UK for an Authorised Investment Fund (20%) (2018: 20%).

The differences are explained below:

	Year ended 30.09.19 £000	Year ended 30.09.18 £000
<b>Net revenue before taxation</b>	<b>8,239</b>	<b>8,994</b>
Corporation tax at 20%	1,648	1,799
<b>Effects of:</b>		
UK dividends not subject to corporation tax	(468)	(530)
<b>Current tax charge (see note 5a)</b>	<b>1,180</b>	<b>1,269</b>

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

**c Deferred tax**

There was no provision for deferred tax at the year end (2018: £nil).

**6 Distributions**

	Year ended 30.09.19 £000	Year ended 30.09.18 £000
<b>The distributions take account of revenue received on the issue of units and revenue deducted on the cancellation of units, and comprise:</b>		
Interim distribution	2,822	4,665
Final distribution	3,760	2,945
	6,582	7,610
Add: Revenue deducted on cancellation of units	597	511
Deduct: Revenue received on issue of units	(120)	(396)
<b>Total distributions</b>	<b>7,059</b>	<b>7,725</b>

Details of the distributions per unit are set out in the distribution tables on page 20.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**7 Fair value hierarchy**

	As at 30.09.19 Assets £000	As at 30.09.18 Assets £000
Level 2: Observable market data	254,968	351,782
<b>Total value</b>	<b>254,968</b>	<b>351,782</b>

The purpose of the fair value hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities.

The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority is given to unobservable inputs. Disclosure is required of the value in each category in order to give an insight into the extent to which fair value measurements are subjective.

The disclosure is split into the following categories:

**Level 1:** Unadjusted quoted price in an active market for an identical instrument;

**Level 2:** Valuation techniques using observable inputs other than quoted prices within level 1;

**Level 3:** Valuation techniques using unobservable inputs.

**8 Debtors**

	As at 30.09.19 £000	As at 30.09.18 £000
Accrued revenue	4,994	4,286
Amounts receivable on issue of units	108	916
Income tax recoverable	3,552	2,188
Sales awaiting settlement	1,157	1,014
<b>Total debtors</b>	<b>9,811</b>	<b>8,404</b>

**9 Cash and bank balances**

	As at 30.09.19 £000	As at 30.09.18 £000
Cash and bank balances	9	–
<b>Total cash and bank balances</b>	<b>9</b>	<b>–</b>

**10 Other creditors**

	As at 30.09.19 £000	As at 30.09.18 £000
Accrued expenses	185	219
Amounts payable for cancellation of units	973	791
Corporation tax payable	2,449	1,463
Purchases awaiting settlement	109	936
<b>Total other creditors</b>	<b>3,716</b>	<b>3,409</b>

**11 Contingent liabilities and commitments**

There were no contingent liabilities or commitments at the year end (2018: £nil).

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 12 Related party transactions

Aviva Investors UK Fund Services Limited, Aviva Investors Global Services Limited and the Aviva Group are deemed to be related parties per section 33.10 of FRS 102 as they are entities with control, joint control or significant influence over the entity.

The Fund Management Fee/Manager's periodic charges paid to Aviva Investors UK Fund Services Limited ("the Manager") are shown in note 4 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 Fund Management Fee/Manager's periodic charges was £185,130 (2018: £219,196). Any balance due from the Manager in respect of issues is shown in note 8. Any balance due to the Manager in respect of cancellations is shown in note 10.

Distributions payable to the Manager and related parties of the Manager during the year amounted to £1,757,670 (2018: £1,735,418). The amount outstanding at the year end was £1,064,367 (2018: £721,879). 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 Fund on behalf of other external investors.

Any investments managed and advised by AIUKFSL 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 £29,385,411 (2018: £68,138,086) and £118,822,218 (2018: £133,571,930) respectively. The income received during the year amounted to £10,814,615 (2018: £12,359,230).

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

	Holdings at 30.09.19 (units)	Movement (units)	Holdings at 30.09.18 (units)
Manager and related parties (Class 1 Accumulation units)	37,367,601	(12,094,951)	49,462,552
Manager and related parties (Class 2 Accumulation units)	33,436,542	(2,155,635)	35,592,177
Manager and related parties (Class 6 Accumulation units)	–	(65,421)	65,421

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

### 13 Unitholder funds

The Fund currently has two unit classes: Class 1 (Retail) and Class 2 (Institutional). The Fund Management Fee are as follows:

Class 1: 1.02%

Class 2: 0.74%

The net asset value per unit class, the net asset value per unit and the number of units in the class are shown on page 10. The distributions per unit class are given in the distribution tables on page 20. All the unit classes have the same rights on winding up.

### 14 Units in issue reconciliation

	Number of units in issue at 30.09.18	Number of units issued	Number of units cancelled	Number of units converted	Number of units in issue at 30.09.19
Class 1 Accumulation	109,891,220	3,738,065	(26,104,949)	432,168	87,956,504
Class 2 Accumulation	220,804,617	22,509,085	(84,867,412)	–	158,446,290
Class 6 Accumulation	430,486	738	–	(431,224)	–

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 15 Derivatives and other financial instruments

The policies applied in the management of financial instruments are set out on page 7.

#### 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 (2018: £nil).

#### Currency risk

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

#### Interest rate risk

At the year end date 0.00% (2018: 0.00%) of the net assets of the Fund were interest bearing and as such the interest rate risk is not considered significant.

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

The floating rate on deposits is linked to LIBOR or its overseas equivalent.

#### Market price risk

At the year end date, 97.66% (2018: 98.60%) of the net assets of the Fund 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 Fund would change by 9.77% (2018: 9.86%).

### 16 Direct transaction costs

Due to the nature of the investments held, no transaction costs or taxes were incurred on the Fund's purchases or sales during the current year ended 30 September 2019 (2018: £nil). The total purchases for the year amounted to £29,385,411 (2018: £68,138,086) and the total sales amounted to £118,822,218 (2018: £133,571,930).

#### Dealing spread

As at 30 September 2019, the average portfolio dealing spread was nil% (2018: nil%). 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.

### 17 Post balance sheet events

There are no post balance sheet events which require adjustment or disclosure at the year end (2018: £nil). Between 30 September 2019 and 30 November 2019 the subscriptions in that period were £1,349,009 and the redemptions in that period were £17,350,048.

## DISTRIBUTION TABLES

**Final distribution payable in pence per unit for the six months ended 30 September 2019**

Accumulation units		Net revenue	Equalisation	Final distribution payable 30 November 2019	Final distribution paid 30 November 2018
Class 1 Accumulation units	Group 1	1.4404	–	1.4404	0.7787
	Group 2	0.9814	0.4590	1.4404	0.7787
Class 2 Accumulation units	Group 1	1.5735	–	1.5735	0.9445
	Group 2	1.1297	0.4438	1.5735	0.9445
Class 6 Accumulation units	Group 1	0.0000	–	0.0000	0.8346
	Group 2	0.0000	0.0000	0.0000	0.8346

**Final Distribution**

Group 1 units are those units purchased at or before 12.00 noon on 31 March 2019.

Group 2 units are those units purchased after 12:00 noon on 31 March 2019.

**Interim distribution paid in pence per unit for the six months ended 31 March 2019**

Accumulation units		Net revenue	Equalisation	Interim distribution paid 31 May 2019	Interim distribution paid 31 May 2018
Class 1 Accumulation units	Group 1	0.8967	–	0.8967	1.0977
	Group 2	0.5981	0.2986	0.8967	1.0977
Class 2 Accumulation units	Group 1	1.0153	–	1.0153	1.3561
	Group 2	0.5244	0.4909	1.0153	1.3561
Class 6 Accumulation units	Group 1	0.0000	–	0.0000	1.2414
	Group 2	0.0000	0.0000	0.0000	1.2414

**Interim Distribution**

Group 1 units are those units purchased at or before 12.00 noon on 30 September 2018.

Group 2 units are those units purchased after 12:00 noon on 30 September 2018.

**Equalisation**

Equalisation applies only to Group 2 units, in other words units purchased during the relevant 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.

## AVIVA INVESTORS UK PROPERTY FEEDER INCOME FUND

### INVESTMENT OBJECTIVE

The Fund aims to provide a combination of income and growth over the long term (5 years or more), through exposure to UK property.

### INVESTMENT APPROACH

**Core investment:** The Fund will be invested solely in the Aviva Investors UK Property Fund (the "Master Fund") other than cash and deposits, which will only be held to ensure that the Fund can meet its payment obligations.

**Master Fund Strategy and environmental, social and governance ("ESG") factors:** The Fund aims to achieve similar investment returns to the Master Fund. However, returns may be different as a result of the cash and deposits held by the Fund.

The Master Fund is structured as a Property Authorised Investment Fund and will invest at least 70% of its assets in UK property in normal market conditions. The Master Fund's strategy, including its consideration of ESG factors, is set out below:

The Master Fund is actively managed and the Investment Manager aims to use detailed analysis, expertise and relationships to drive income and growth for investors, rather than relying on property market movements alone. This will include making decisions such as actively managing property transactions, redeveloping properties and the negotiation of leases.

ESG factors are integrated into the due diligence performed before purchasing assets for the Master Fund, and throughout the life of the investment, with the intention of reducing risk, protecting value, and delivering enhanced income and growth. This includes engagement with the occupiers of properties to reduce energy consumption and waste, and to increase community engagement. Identification of ESG risks does not preclude investment in or the continued holding of an asset, as our ability to mitigate risks through active management of assets is also taken into account, and the Investment Manager retains discretion over the investments that are selected for the Master Fund. Aviva Investors' investment policy includes limited ESG restrictions, and further information on how we integrate Responsible Investment and these restrictions into our investment approach, and how we engage with companies is available on our website and in the prospectus.

Investors may wish to refer to the Key Investor Information Document and prospectus for the Master Fund for full details of its investment objective and the investments it can make.

**Performance & Risk Measurement:** The Fund's performance is compared against the Investment Association UK Direct Property Sector (the "Sector"). The Sector is an industry benchmark made up of funds which meet the Sector criteria, which includes investing at least 70% of their assets directly in UK property on average over 5 year rolling periods. The Sector also includes funds whose policy is to dedicate investment into one of the funds which meet the Sector criteria, which is the case for the Fund.

The Sector has been selected as a benchmark for performance measurement because the Fund will be managed in line with the criteria of the Sector, and it is an independent measure of the performance of investment funds which are comparable to those of the Fund. It is therefore an appropriate comparator for the Fund's performance.

### RISK PROFILE

The Trust invests in the Aviva Investors UK Property Fund (the Master Fund), which invests a significant proportion of its assets in physical property that at times may not always be readily saleable. Investors should be aware that during such times that the Trust's property of the Master Fund is not readily saleable, the ACD of the Master Fund may defer redemptions or suspend dealing in shares of the Master Fund, meaning that the Manager will necessarily defer redemptions of units, or suspend dealing in units in the Trust. As a result of this, the Trust may be suitable only for those investors who have capital which may be committed on a long-term basis.

Investments in property are relatively illiquid and more difficult to realise than equities or bonds.

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

#### TOTAL PERFORMANCE

Over the twelve months to 30 September 2019, the Fund\* delivered a total return of -2.48 per cent (Share Class 1 Income net of fees) compared to the Investment Association UK Direct Property Sector average of -0.34%.

#### AVIVA INVESTORS UK PROPERTY FUND PROFILE AND PORTFOLIO REVIEW

As the Feeder Fund invests solely in units of the Aviva Investors UK Property Fund, the following information relates to the underlying portfolio of that Fund.

During the period, the Fund Managers have continued to embed the overarching strategy of Aviva Investors Real Estate in the Fund, taking into account current and forecast structural trends and technological changes which are changing customer requirements in the property sector. While this strategy has continued to underpin the majority of the Fund's asset disposals and retentions, and asset management approach, the Fund Managers had sought to build a defensive position in advance of the anticipated 31 October 2019 Brexit deadline and subsequent negotiations\*\*, requiring additional asset disposals.

Good progress has been made in terms of focussing the Fund's investments in fewer, higher quality assets in selected locations, enabling the team to leverage local market knowledge and expertise. The strategy of the Fund has continued to be conviction based, focused on value investing where market pricing is attractive and where we believe we can add value for the long-term. The Fund's portfolio of properties is now 90% aligned with its long-term strategy.

## AVIVA INVESTORS UK PROPERTY FEEDER INCOME FUND (CONTINUED)

### FUND MANAGER'S REPORT (CONTINUED)

Key activities undertaken in the year have included strategic disposals and various asset management transactions as summarised below:

- Eleven strategic disposals which contributed to an increase in the Fund's average property size from £30.6m to £31m including:
  - Two office buildings outside of our locational strategy in Glasgow and Edinburgh.
  - One office building in Central London where the Fund was able to benefit from international capital generating attractive pricing metrics in the City office market.
  - Two retail assets where a premium to valuation could be achieved in a challenging market.
  - Various industrial assets, including two sub-scale assets, where the Fund took advantage of buoyant pricing in the sector.
- Forty asset management events including:
  - Four rent reviews.
  - Thirteen lease renewals and re-gears.
  - Twenty-three new lettings completed including six lettings at the Fund's Forum St. Paul's office building in the City of London, contributing to a significant uplift in value ahead of the asset's sale in August 2019.

### OUTLOOK

Looking ahead, Brexit remains a significant risk to the UK economy and property market. Linked to this, following the UK General Election, the new government's policies also have the potential to disrupt the market in the short term. Whilst the outcomes of both events now have more certainty, the Fund Managers had prepared for a wide range of outcomes and have sought to position the fund more defensively over the course of the past 12 months by reducing its exposure to non-income producing units and by increasing its cash weighting, which at the end of September stood at 30.9%.

While sales activity over the course of the year means that the Fund's portfolio of properties is now a more concentrated one, it maintains its diversification through its exposure to underlying income streams within the various assets, with income being spread across 184 individual tenancies.

### December 2019

\* Source: Lipper for Investment Management (performance calculated on a bid to bid basis, net income reinvested) as at 30 September 2019 (share class 1, net of fees).

\*\* At the time of writing, the Brexit deadline has been extended to 31 January 2020.

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.

### PROPERTY RELATED SECURITIES SALES

Aviva Investors UK Property Fund<sup>†</sup>

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

### PROPERTY RELATED SECURITIES PURCHASES

Aviva Investors UK Property Fund<sup>†</sup>

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

#### Performance History – Income Shares

Calendar year	Share Class 1 %	Share Class 2 %	Share Class 5 %
31.12.13 to 31.12.14	11.15	11.68	11.76
31.12.14 to 31.12.15	0.06	0.55	0.61
31.12.15 to 31.12.16	-3.90	-3.36	-3.32
31.12.16 to 31.12.17	8.54	9.19	9.85
31.12.17 to 31.12.18	3.40	3.70	-1.00

#### Performance History – Income Shares

Calendar year	Share Class 7** %	Benchmark* %
31.12.13 to 31.12.14	N/A	10.98
31.12.14 to 31.12.15	N/A	9.57
31.12.15 to 31.12.16	N/A	0.48
31.12.16 to 31.12.17	N/A	7.54
31.12.17 to 31.12.18	N/A	3.24

\* Benchmark – Investment Association UK Direct Property Sector

\*\* Please note that as these Funds, or Classes, are recently launched no significant past performance data is currently available.



## COMPARATIVE TABLES

Class 1 Income units	2019 p per unit	2018 p per unit	2017* p per unit
<b>Change in net assets per unit</b>			
Opening net asset value per unit	104.03	100.74	100.00
Return before operating charges <sup>†</sup>	(1.52)	6.43	1.09
Operating charges	(1.06)	(1.28)	(0.16)
Return after operating charges <sup>†</sup>	(2.58)	5.15	0.93
Distributions	(2.29)	(1.86)	(0.19)
Closing net asset value per unit	99.16	104.03	100.74
† after direct transaction costs of	–	–	–
<b>Performance</b>			
Return after operating charges	(2.48)%	5.11%	0.93%
<b>Other information</b>			
Closing net asset value (£000)	64,803	94,014	124,622
Closing number of units	65,349,024	90,371,585	123,702,430
Operating charges (%) <sup>†</sup>	1.02%	1.25%	1.35%
Direct transaction costs (%) <sup>#</sup>	–	–	–
<b>Prices<sup>°</sup></b>			
Highest unit price	103.72	107.87	105.12
Lowest unit price	99.39	99.72	98.75

Class 2 Income units	2019 p per unit	2018 p per unit	2017* p per unit
<b>Change in net assets per unit</b>			
Opening net asset value per unit	104.04	100.74	100.00
Return before operating charges <sup>†</sup>	(1.63)	6.34	1.07
Operating charges	(0.77)	(0.75)	(0.08)
Return after operating charges <sup>†</sup>	(2.40)	5.59	0.99
Distributions	(2.48)	(2.29)	(0.25)
Closing net asset value per unit	99.16	104.04	100.74
† after direct transaction costs of	–	–	–
<b>Performance</b>			
Return after operating charges	(2.31)%	5.55%	0.99%
<b>Other information</b>			
Closing net asset value (£000)	97,051	123,394	194,144
Closing number of units	97,875,388	118,606,648	192,711,747
Operating charges (%) <sup>†</sup>	0.74%	0.73%	0.72%
Direct transaction costs (%) <sup>#</sup>	–	–	–
<b>Prices<sup>°</sup></b>			
Highest unit price	103.71	104.35	100.44
Lowest unit price	99.46	99.72	98.76

Class 5 Income units	2019 p per unit	2018 p per unit	2017* p per unit
<b>Change in net assets per unit</b>			
Opening net asset value per unit	101.00	100.74	100.00
Return before operating charges <sup>†</sup>	(3.34)	0.90	1.08
Operating charges	(0.66)	(0.64)	(0.08)
Return after operating charges <sup>†</sup>	(4.00)	0.26	1.00
Distributions	–	–	(0.26)
Closing net asset value per unit	97.00	101.00	100.74
† after direct transaction costs of	–	–	–
<b>Performance</b>			
Return after operating charges	(3.96)%	0.26%	1.00%
<b>Other information</b>			
Closing net asset value (£000)	–	–	16
Closing number of units	1	1	16,419
Operating charges (%) <sup>†</sup>	0.67%	0.63%	0.65%
Direct transaction costs (%) <sup>#</sup>	–	–	–
<b>Prices<sup>°</sup></b>			
Highest unit price	102.49	102.50	100.44
Lowest unit price	95.90	99.72	98.76

Class 6 Income units	2019** p per unit	2018 p per unit	2017* p per unit
<b>Change in net assets per unit</b>			
Opening net asset value per unit	104.03	100.74	100.00
Return before operating charges <sup>†</sup>	(103.95)	6.40	1.09
Operating charges	(0.08)	(1.04)	(0.12)
Return after operating charges <sup>†</sup>	(104.03)	5.36	0.97
Distributions	–	(2.07)	(0.23)
Closing net asset value per unit	–	104.03	100.74
† after direct transaction costs of	–	–	–
<b>Performance</b>			
Return after operating charges	–	5.32%	0.97%
<b>Other information</b>			
Closing net asset value (£000)	–	1,966	2,101
Closing number of units	–	1,889,803	2,085,357
Operating charges (%) <sup>†</sup>	–	1.01%	1.00%
Direct transaction costs (%) <sup>#</sup>	–	–	–
<b>Prices<sup>°</sup></b>			
Highest unit price	103.61	108.02	105.16
Lowest unit price	102.94	99.72	98.76

## COMPARATIVE TABLES (CONTINUED)

	2019 p per unit	2018*** p per unit
<b>Class 7 Income units</b>		
<b>Change in net assets per unit</b>		
Opening net asset value per unit	100.00	100.00
Return before operating charges <sup>†</sup>	(1.27)	1.00
Operating charges	(0.73)	–
Return after operating charges <sup>†</sup>	(2.00)	1.00
Distributions	–	(1.00)
Closing net asset value per unit	98.00	100.00
<sup>†</sup> after direct transaction costs of	–	–
<b>Performance</b>		
Return after operating charges	(2.00)%	1.00%
<b>Other information</b>		
Closing net asset value (£000)	–	–
Closing number of units	1	1
Operating charges (%) <sup>‡</sup>	0.74%	0.00%
Direct transaction costs (%) <sup>#</sup>	–	–
<b>Prices<sup>≈</sup></b>		
Highest unit price	100.42	100.51
Lowest unit price	96.89	99.02

\* Unit class launched on 18 August 2017.

\*\* Unit class was closed on 26 October 2018.

\*\*\* Unit class was launched on 24 August 2018.

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

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

(b) The Ongoing Charge 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 based on published prices. The net asset value per unit price is based on the net asset value in the published accounts and may be different due to post period end accounting adjustments.

**Ongoing Charges Figure\*\*†**

Unit class	OCF*	PER**	Total***	OCF*	PER**	Total***
	30.09.19	30.09.19	30.09.19	30.09.18	30.09.18	30.09.18
Class 1	1.02%	1.02%	2.04%	1.02%	0.08%	1.10%
Class 2	0.74%	1.02%	1.76%	0.74%	0.08%	0.82%
Class 5	0.67%	1.02%	1.69%	0.67%	0.08%	0.75%
Class 7	0.74%	1.02%	1.76%	0.74%	0.08%	0.82%

\* 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 year. The OCF is made up of the Fund Management Fee and, where a fund invests a substantial portion of its assets in other funds, an amount for the pro-rated charges of those other funds (referred to as "synthetic charges" or the "synthetic" part of the ongoing charge). The figure for ongoing charges excludes performance fees and portfolio transaction costs, except in the case of an entry/exit charge paid by the Fund when buying or selling shares/units in another collective investment scheme.

\*\* 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 year.

\*\*\* The Total Ratio represents the aggregate charges of the feeder (the sub-fund) and its qualifying master scheme (the Master fund).

† The Fund purchases Share class D of the UK Property Fund which does not carry an annual management charge.

The PER for the comparative year has been revised due to reallocation of property expenses during the current 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.

## FUND PORTFOLIO STATEMENT

As at 30 September 2019

Investment	Currency	Holding	Market Value £000	% of Net Assets
<b>Collective Investment Schemes 99.05% (99.25%)</b>				
Aviva Investors UK Property Fund†	GBP	162,456,106	160,316	99.05
<b>Total collective investment schemes</b>			<b>160,316</b>	<b>99.05</b>
Investment assets			160,316	99.05
Net other assets			1,538	0.95
<b>Net assets</b>			<b>161,854</b>	<b>100.00</b>

The comparative percentage figures in brackets are as at 30 September 2018.

† Investment managed by a related party.

## STATEMENT OF TOTAL RETURN

For the year ended 30 September 2019

	Notes	£000	Year ended 30.09.19 £000	£000	Year ended 30.09.18 £000
Income					
Net capital (losses)/gains	2		(10,102)		6,154
Revenue	3	6,755		9,081	
Expenses	4	(1,641)		(2,512)	
Net revenue before taxation		5,114		6,569	
Taxation	5	(732)		(969)	
Net revenue after taxation			4,382		5,600
<b>Total return before distributions</b>			<b>(5,720)</b>		<b>11,754</b>
Distributions	6		(4,382)		(5,600)
<b>Change in net assets attributable to unitholders from investment activities</b>			<b>(10,102)</b>		<b>6,154</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the year ended 30 September 2019

	£000	Year ended 30.09.19 £000	£000	Year ended 30.09.18 £000
<b>Opening net assets attributable to unitholders</b>		<b>219,374</b>		<b>320,883</b>
Movement due to issue and cancellation of units:				
Amounts receivable on issue of units	14,422		22,755	
Amounts payable on cancellation of units	(63,273)		(133,060)	
		(48,851)		(110,305)
Dilution adjustment		1,433		2,642
Change in net assets attributable to unitholders from investment activities (see above)		(10,102)		6,154
<b>Closing net assets attributable to unitholders</b>		<b>161,854</b>		<b>219,374</b>

## BALANCE SHEET

### As at 30 September 2019

	Notes	As at 30.09.19 £000	As at 30.09.18 £000
<b>Assets:</b>			
Investments	7	160,316	217,729
<b>Current assets:</b>			
Debtors	8	7,977	6,427
Cash and bank balances	9	9	–
<b>Total assets</b>		<b>168,302</b>	<b>224,156</b>
<b>Liabilities:</b>			
<b>Creditors:</b>			
Bank overdrafts		–	(5)
Distribution payable		(2,387)	(1,825)
Other creditors	10	(4,061)	(2,952)
<b>Total liabilities</b>		<b>(6,448)</b>	<b>(4,782)</b>
<b>Net assets attributable to unitholders</b>		<b>161,854</b>	<b>219,374</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Accounting basis and policies

Please see pages 6 and 7 for accounting basis and policies.

### 2 Net capital (losses)/gains

	Year ended 30.09.19 £000	Year ended 30.09.18 £000
<b>Net capital (losses)/gains on investments during the year comprise:</b>		
Realised non-derivative securities gains	462	2,055
Unrealised non-derivative securities (losses)/gains	(10,564)	4,099
<b>Net capital (losses)/gains</b>	<b>(10,102)</b>	<b>6,154</b>

### 3 Revenue

	Year ended 30.09.19 £000	Year ended 30.09.18 £000
Bank and deposit interest	2	–
Interest on debt securities	152	125
Property income distributions	5,146	7,231
UK dividends	1,455	1,725
<b>Total revenue</b>	<b>6,755</b>	<b>9,081</b>

### 4 Expenses<sup>†</sup>

	Year ended 30.09.19 £000	Year ended 30.09.18 £000
<b>Payable to the Manager, associates of the Manager or agents of either of them:</b>		
Fund Management Fee/Manager's periodic charge*	1,640	2,316
Registration fees	–	191
	1,640	2,507
<b>Payable to the Trustee, associates of the Trustee and agents of either of them:</b>		
Interest payable	1	–
Safe custody fee	–	4
Trustee's fee	–	1
	1	5
<b>Total expenses</b>	<b>1,641</b>	<b>2,512</b>

\* From 4 June 2018 the Fund changed to a single fixed charge known as the Fund Management Fee (FMF). The FMF covers fees and expenses in relation to the operation and administration of the Company and the Fund.

† Audit Fee: The audit fee for the Aviva Investors UK Property Fund master feeder structure is borne at the level of the Aviva Investors UK Property Fund. The audit fee (excluding VAT) incurred during the year was £60,241 (2018: £41,990). This includes £11,639 (2018: £11,307) (excluding VAT) charged for the audit of the Aviva Investors UK Property Feeder Accumulation Fund and Aviva Investors UK Property Feeder Income Fund.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**5 Taxation****a Analysis of tax charge**

	Year ended 30.09.19 £000	Year ended 30.09.18 £000
Corporation tax	732	969
<b>Total current tax (see note 5b)</b>	<b>732</b>	<b>969</b>

**b Factors affecting current tax charge**

The tax assessed for the year is lower (2018: lower) than the standard rate of corporation tax in the UK for an Authorised Investment Fund (20%) (2018: 20%).

The differences are explained below:

	Year ended 30.09.19 £000	Year ended 30.09.18 £000
<b>Net revenue before taxation</b>	<b>5,114</b>	<b>6,569</b>
Corporation tax at 20%	1,023	1,314
<b>Effects of:</b>		
UK dividends not subject to corporation tax	(291)	(345)
<b>Current tax charge (see note 5a)</b>	<b>732</b>	<b>969</b>

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

**c Deferred tax**

There was no provision for deferred tax at the year end (2018: £nil).

**6 Distributions**

	Year ended 30.09.19 £000	Year ended 30.09.18 £000
<b>The distributions take account of revenue received on the issue of units and revenue deducted on the cancellation of units, and comprise:</b>		
Interim distribution	1,741	3,342
Final distribution	2,387	1,825
	4,128	5,167
Add: Revenue deducted on cancellation of units	331	549
Deduct: Revenue received on issue of units	(77)	(116)
<b>Total distributions</b>	<b>4,382</b>	<b>5,600</b>

Details of the distributions per unit are set out in the distribution tables on page 33.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**7 Fair value hierarchy**

Valuation technique	As at 30.09.19 Assets £000	As at 30.09.18 Assets £000
Level 2: Observable market data	160,316	217,729
<b>Total value</b>	<b>160,316</b>	<b>217,729</b>

The purpose of the fair value hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities.

The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority is given to unobservable inputs. Disclosure is required of the value in each category in order to give an insight into the extent to which fair value measurements are subjective.

The disclosure is split into the following categories:

**Level 1:** Unadjusted quoted price in an active market for an identical instrument;

**Level 2:** Valuation techniques using observable inputs other than quoted prices within level 1;

**Level 3:** Valuation techniques using unobservable inputs.

**8 Debtors**

	As at 30.09.19 £000	As at 30.09.18 £000
Accrued revenue	3,141	2,929
Amounts receivable on issue of units	70	233
Income tax recoverable	2,475	1,664
Sales awaiting settlement	2,291	1,601
<b>Total debtors</b>	<b>7,977</b>	<b>6,427</b>

**9 Cash and bank balances**

	As at 30.09.19 £000	As at 30.09.18 £000
Cash and bank balances	9	–
<b>Total cash and bank balances</b>	<b>9</b>	<b>–</b>

**10 Other creditors**

	As at 30.09.19 £000	As at 30.09.18 £000
Accrued expenses	121	147
Amounts payable for cancellation of units	2,169	1,451
Corporation tax payable	1,700	1,116
Purchases awaiting settlement	71	238
<b>Total other creditors</b>	<b>4,061</b>	<b>2,952</b>

**11 Contingent liabilities and commitments**

There were no contingent liabilities or commitments at the year end (2018: £nil).



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 12 Related party transactions

Aviva Investors UK Fund Services Limited, Aviva Investors Global Services Limited and the Aviva Group are deemed to be related parties per section 33.10 of FRS 102 as they are entities with control, joint control or significant influence over the entity.

The Fund Management Fee/Manager's periodic charges paid to Aviva Investors UK Fund Services Limited ("the Manager") are shown in note 4 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 Fund Management Fee/Manager's periodic charges was £120,756 (2018: £146,386). Any balance due from the Manager in respect of issues is shown in note 8. Any balance due to the Manager in respect of cancellations is shown in note 10.

Distributions payable to the Manager and related parties of the Manager during the year amounted to £122,787 (2018: £408,985). The amount outstanding at the year end was £60,939 (2018: £148,448). 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 Fund on behalf of other external investors.

Any 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 £17,220,132 (2018: £25,908,913) and £64,531,525 (2018: £134,738,562) respectively. The income received during the year amounted to £6,753,052 (2018: £9,079,963).

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

	Holdings at 30.09.19 (units)	Movement (units)	Holdings at 30.09.18 (units)
Manager and related parties (Class 1 Income units)	4,437	(9,834,490)	9,838,927
Manager and related parties (Class 2 Income units)	4,038,014	(3,695,359)	7,733,373

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

### 13 Unitholder funds

The Fund currently has four unit classes: Class 1 (Retail) and Class 2, Class 5 and Class 7 (Institutional). The Fund Management Fee are as follows:

Class 1: 1.02%  
 Class 2: 0.74%  
 Class 5: 0.67%  
 Class 7: 0.74%

The net asset value per unit class, the net asset value per unit and the number of units in the class are shown on pages 23 and 24. The distributions per unit class are given in the distribution table on page 33. All the unit classes have the same rights on winding up.

### 13 Units in issue reconciliation

	Number of units in issue at 30.09.18	Number of units issued	Number of units cancelled	Number of units converted	Number of units in issue at 30.09.19
Class 1 Income units	90,371,585	1,090,171	(20,070,923)	(6,041,809)	65,349,024
Class 2 Income units	118,606,648	13,027,772	(41,685,685)	7,926,653	97,875,388
Class 5 Income units	1	-	-	-	1
Class 6 Income units	1,889,803	667	(4,856)	(1,885,614)	-
Class 7 Income units	1	-	-	-	1

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 15 Derivatives and other financial instruments

The policies applied in the management of financial instruments are set out on page 7.

### 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 (2018: £nil).

### Currency risk

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

### Interest rate risk

At the year end date 0.01% (2018: 0.00%) of the net assets of the Fund were interest bearing. The exposure is not considered significant.

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

The floating rate on deposits is linked to LIBOR or its overseas equivalent.

### Market price risk

At the year end date, 99.05% (2018: 99.25%) of the net assets of the Fund 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 Fund would change by 9.91% (2018: 9.93%).

### 16 Direct transaction costs

Due to the nature of the investments held, no transaction costs or taxes were incurred on the Fund's purchases or sales during the current year ended 30 September 2019 (2018: £nil). The total purchases for the year amounted to £17,220,132 (2018: £25,908,913) and the total sales amounted to £64,531,525 (2018: £134,738,562).

### Dealing spread

As at 30 September 2019, the average portfolio dealing spread was nil% (2018: nil%). 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.

### 17 Post balance sheet events

There are no post balance sheet events which require adjustment or disclosure at the year end (2018: £nil). Between 30 September 2019 and 30 November 2019 the subscriptions in that period were £1,068,054 and the redemptions in that period were £7,573,977.

## DISTRIBUTION TABLES

## Final distribution payable in pence per unit for the six months ended 30 September 2019

Income units		Net revenue	Equalisation	Final distribution payable 30 November 2019	Final distribution paid 30 November 2018
Class 1 Income units	Group 1	1.3941	–	1.3941	0.7716
	Group 2	1.0027	0.3914	1.3941	0.7716
Class 2 Income units	Group 1	1.5076	–	1.5076	0.9379
	Group 2	0.8690	0.6386	1.5076	0.9379
Class 5 Income units	Group 1	0.0000	–	0.0000	0.0000
	Group 2	0.0000	0.0000	0.0000	0.0000
Class 6 Income units	Group 1	0.0000	–	0.0000	0.8290
	Group 2	0.0000	0.0000	0.0000	0.8290
Class 7 Income units	Group 1	0.0000	–	0.0000	1.0000
	Group 2	0.0000	0.0000	0.0000	1.0000

**Final Distribution**

Group 1 units are those units purchased at 12:00 noon on 31 March 2019.

Group 2 units are those units purchased after 12:00 noon on 31 March 2019.

## Interim distribution paid in pence per unit for the six months ended 31 March 2019

Income units		Net revenue	Equalisation	Interim distribution paid 31 May 2019	Interim distribution paid 31 May 2018
Class 1 Income units	Group 1	0.8989	–	0.8989	1.0926
	Group 2	0.4996	0.3993	0.8989	1.0926
Class 2 Income units	Group 1	0.9699	–	0.9699	1.3512
	Group 2	0.5375	0.4324	0.9699	1.3512
Class 5 Income units	Group 1	0.0000	–	0.0000	0.0000
	Group 2	0.0000	0.0000	0.0000	0.0000
Class 6 Income units	Group 1	0.0000	–	0.0000	1.2373
	Group 2	0.0000	0.0000	0.0000	1.2373
Class 7 Income units	Group 1	0.0000	–	0.0000	0.0000
	Group 2	0.0000	0.0000	0.0000	0.0000

**Interim Distribution**

Group 1 units are those units purchased at 12:00 noon on 30 September 2018.

Group 2 units are those units purchased after 12:00 noon on 30 September 2018.

**Equalisation**

Equalisation applies only to Group 2 units, in other words units purchased during the relevant 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.

## STATEMENT OF THE 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 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 year to 30 September 2019.

- 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  
31 January 2020

## MANAGER'S STATEMENT

We hereby approve the Report and Financial Statements of Aviva Investors UK Property Feeder Trust for the year ended 30 September 2019 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  
31 January 2020

## STATEMENT OF THE DEPOSITARY'S RESPONSIBILITIES AND DEPOSITARY'S REPORT TO THE UNITHOLDERS

The Depositary in its capacity as Trustee of Aviva Investors UK Property Feeder Trust must ensure that the Trust is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, and the Investment Funds Sourcebook, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Trust Deed and Prospectus (together 'the Scheme documents') as detailed below:

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Trust and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Trust in accordance with the regulations.

The Depositary must ensure that:

- the Trust's cash flows are properly monitored and that cash of the Trust is booked into the cash accounts in accordance with the regulations;
- the sale, issue, repurchase, redemption and cancellation of units are carried out in accordance with the regulations;
- the value of units of the Trust are calculated in accordance with the regulations;
- any consideration relating to transactions in the Trust's assets is remitted to the Trust within the usual time limits;
- the Trust's income is applied in accordance with the regulations; and
- the instructions of the Alternative Investment Fund Manager ('the AIFM' or 'the Manager') are carried out (unless they conflict with the regulations).

The Depositary also has a duty to take reasonable care to ensure that the Trust is managed in accordance with the regulations and Scheme documents of the Trust in relation to the investment and borrowing powers applicable to the Trust.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Trust, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Trust, acting through the AIFM:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Trust's units and the application of the Trust's income in accordance with the regulations and the Scheme documents of the Trust; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Trust in accordance with the regulations and Scheme documents of the Trust.

J. P. Morgan Europe Limited  
London  
31 January 2020

# INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AVIVA INVESTORS UK PROPERTY FEEDER TRUST

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### OPINION

In our opinion, Aviva Investors UK Property Feeder Trust's financial statements:

- give a true and fair view of the financial position of the Trust and each of the sub-funds as at 30 September 2019 and of the net revenue and the net capital losses on the scheme property of the Authorised Unit Trust and each of the sub-funds for the year then ended; and
- have been properly prepared in accordance with 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 for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Trust Deed.

Aviva Investors UK Property Feeder Trust (the "Trust") is an Authorised Unit Trust with 2 sub-funds. The financial statements of the Trust comprise the financial statements of each of the sub-funds. We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheets as at 30 September 2019; the statements of total return, the statements of change in net assets attributable to unitholders for the year then ended; the distribution tables; the accounting policies (within the Policies and Risks section); and the notes to the financial statements.

### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### CONCLUSIONS RELATING TO GOING CONCERN

ISAs (UK) require us to report to you when:

- the Manager's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Manager has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust's or any of its sub-funds' ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Trust's or any of its sub-funds' ability to continue as a going concern. For example, the terms on which the United Kingdom is likely to withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Trust's or any of its sub-funds' business and the wider economy.

### REPORTING ON OTHER INFORMATION

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Manager is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

### Manager's Report

In our opinion, the information given in the Manager's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

#### Responsibilities of the Manager for the financial statements

As explained more fully in the Statement of the Manager's and Trustee's Responsibilities set out on page 35, the Manager is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Manager is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Trust's and each of the sub-funds ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to wind up or terminate the Trust or individual sub-fund, or has no realistic alternative but to do so.

#### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

## INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AVIVA INVESTORS UK PROPERTY FEEDER TRUST (CONTINUED)

### **Use of this report**

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.

### **OTHER REQUIRED REPORTING**

#### **OPINION ON MATTER REQUIRED 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.

#### **COLLECTIVE INVESTMENT SCHEMES SOURCEBOOK EXCEPTION REPORTING**

Under the Collective Investment Schemes sourcebook we are also 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.

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Edinburgh  
31 January 2020



## GENERAL INFORMATION

Investments in Aviva Investors UK Property Feeder Trust to obtain returns via income and capital appreciation.

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 Manager on request) for a full description of the risks involved when investing in the 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.

The Annual Report of Aviva Investors Property Funds ICVC containing the Annual Report and Financial Statements of Aviva Investors UK Property Fund may be viewed on the internet at [www.avivainvestors.com](http://www.avivainvestors.com) or is available from the Manager on request.

### **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 may be recorded for training or monitoring purposes and to comply with applicable law and regulations. Calls are free from UK landlines and mobiles.

## VALUE ASSESSMENT APPROACH

### AVIVA INVESTORS UK FUND SERVICES LIMITED ("THE COMPANY")

#### INTRODUCTION

An Authorised Fund Manager ('AFM') must conduct an assessment of value for each Unit Class in each of the Funds that it manages at least annually. The Financial Conduct Authority (FCA) rules prescribe a minimum set of components which need to be considered to determine if 'value' is being provided to investors, and that costs and charges are justified in this context. The following describes how the Company, as AFM of the Funds, approaches the assessment and the range of factors considered by the Company's board of directors ('the Board') for each component.

This annual exercise is performed in addition to and in conjunction with the regular Fund reviews which the Company undertakes in line with its product governance obligations. The Fund reviews include extensive assessments of service and performance for each of the Funds, with appropriate action taken throughout the course of the year. If the result of the value assessment is that charges are not considered to be justified in the context of overall value, appropriate action will be taken by the Company.

#### THE COMPONENTS OF THE VALUE ASSESSMENT

##### 1. Quality of Service

Consideration is given to the range, nature, extent and quality of the services provided directly to investors or those services undertaken on their behalf, and whether investors have benefited appropriately from the services. This covers the services performed by the Company and its suppliers, as well as their reputation, expertise, resources and relative capabilities. This includes:

- The quality of the Investment Manager, including their processes (trading, risk management, compliance, technology, research and operational capabilities) and any Environmental, Social & Governance (ESG) factors which are integrated into the investment process.
- The quality of the administrative and investor services provided to the Fund, using appropriate investor satisfaction surveys, complaints and data relating to operational accuracy to assess the positioning of the Company and its products and services over time, and relative to other similar firms.
- The timely delivery of clear communications, and the appropriateness of information provided to investors to assist them in making informed decisions regarding their investments.

##### 2. Performance

Consideration is given to whether Fund performance, before and after deduction of expenses, is within a reasonable range of outcomes relative to its objective, policy and strategy when measured over appropriate time periods. The time periods assessed will be any specific time period expressed in the investment objective or policy of the Fund, and performance over 1, 3, 5 and 7 years, or since inception if there is not a full first year's performance data. Performance is also considered in the context of the relevant peer group and whether the Fund operated in accordance with its respective risk limits and investment restrictions.

Performance as measured against the respective Fund's objectives is assessed in the regularly scheduled Fund review and this will be taken into account in reaching the Fund performance conclusions for the value assessment.

If the performance is not considered to be satisfactory then the following may be taken into account where relevant:

- Explanations for any underperformance provided by the Investment Manager as part of the Company's fund performance governance model; and
- Any appropriate steps (such as consideration of changing the investment objective, policy, strategy or investment personnel) that have been taken or are intended to be made and aim to improve Fund performance.

The Company could consider changing the Investment Manager or closing the Fund where no other viable options are available.

Further information on the specific performance of individual Funds is included in the Fund Manager Report section of the Report & Accounts covering the period relevant to that report. More topical information is available in the regular fund fact sheets and fund updates available on our website.

##### 3. AFM Costs and Charges

Consideration is given to whether charges are reasonable taking into account the underlying costs for the services provided and the performance objectives set for the Fund.

The Company undertook a thorough review of charges across the fund range in 2018 which resulted in the introduction of a single Fund Management Fee ('FMF'). The FMF is the only direct charge deducted from the Funds, and is a simpler charging basis for investors. The review resulted in a number of charges being lowered.

The underlying fees, costs and expenses covered by the FMF are expressly listed in the Prospectus of the relevant Fund, but in summary cover the following payments:

- the fees and expenses of the Company as AFM;
- the fees and expenses of the Investment Manager;
- the fees and expenses of the Depositary;
- the fees and expenses of the Custodian;
- the fees and expenses of the Auditor;
- the permitted costs in connection with periodic statements and accounts; and
- FCA fees.

To assist with the value assessment, a costs and charges model is used which enables the Company to assess the costs attributable to each Fund. The model is refreshed semi-annually and enables a comparison of the FMF for each respective Fund against all elements of cost which must be paid out of the proceeds of the FMF. This enables the Company to determine whether the FMF is a fair reflection of the costs of the services provided for the relevant Unit Class of each Fund, with an appropriate allowance for the level of income earned for the Company from these activities.

##### 4. Economies of Scale

Consideration is given to whether investors have participated appropriately in any savings or benefits derived from the size of the Fund. Consideration is also given to whether investors have benefited from the scale of the Aviva Group and the ability to negotiate favourable pricing with service providers due to the wide range of other products and services offered across the Group along with the scale and range of other funds and assets managed by the Company.

## VALUE ASSESSMENT APPROACH (CONTINUED)

The Board considers whether economies of scale have been realised in relation to the costs and operating expenses of each Unit Class and the extent to which investors in the Funds might also reasonably benefit from any financial savings that result. For example, whether the FMF fairly reflects the fees charged in respect of the third party supplied services – which should be competitive due to the scale of Aviva and the potential breadth of other Aviva product ranges which the third-party supplier also provides services for.

The assessment of the underlying service costs of running the Fund, and the appropriate level of FMF takes place on an annual basis. Any changes to the underlying costs will therefore be reflected in this analysis, and may result in a change to the FMF.

In looking at whether investors have benefited appropriately, either directly or indirectly, in any savings or benefits in relation to the management of the Fund, the Board acknowledges the wider, albeit intangible benefits to investors, such as the reputation, brand, and financial strength of the Aviva Group.

The Board may also deem it appropriate to reinvest scale driven cost savings directly into the Company in order to finance product development or retain savings from a commercial perspective. Consideration will be given to the drivers of the scale generated in determining whether benefits should be shared or reinvested.

### 5. Comparable Market Rates

Consideration is given to whether the fees paid for each service provided to the Funds by the Company or on its behalf are reasonable compared to fees for similar services in the market.

An independent consultant is engaged to carry out a periodic survey of the main expenses of the Funds and those of a large number of other fund management groups. The survey provides benchmarks for each of the main expense items associated with running a Fund to help the Board determine whether the Funds are paying a reasonable price for each of the services to which the expenses relate.

The expenses that comprise the survey include the following:

- Transfer agency fees
- Fund accounting fees
- Investment management fees
- Custodian fees
- Depositary fees
- Audit fees

Direct comparisons may be difficult because comparative information is not generally publicly available and is affected by numerous factors. Where specific expenses are highlighted to be outliers in the report, the reasons for this will be considered to determine the extent to which they are appropriate.

The review will also consider the overall costs of comparable products, by benchmarking each Fund against a suitable peer group which will be made up of funds with broadly similar characteristics to the Fund. Where the aggregate charges as calculated by the Ongoing Charges Figure are greater than the average cost of equivalent peer group funds, consideration will be given to whether it would be appropriate to adjust the FMF.

### 6. Comparable Services

The Board considers whether the fees charged by the Company for the services it performs for the Fund are consistent with those fees charged by the Company and other companies within the wider Aviva Group. This gives consideration to other similar funds or services operated by the Aviva Group that are available in the UK, are of a comparable size, and are managed to similar objectives and policies to the Fund.

As stated in section 3 above, the Company undertook a thorough review of its charging mechanism across the Fund range in 2018 which resulted in the introduction of a single FMF. Part of this exercise was to ensure the fees charged by the Company were appropriate across its UK range of regulated Funds considering their relative nature, investment objectives and the services provided.

### 7. Classes of Units

The Board assesses whether investors hold shares in the most appropriate Unit Class for their investment, in terms of the fees applied.

As part of the review of its charging mechanism in 2018, the Company undertook an exercise to ensure that investors were invested in the most appropriate Unit Class. The review prompted the closure or merger of a number of Unit Classes, along with the amendment of some minimum investment limits and Unit Class eligibility criteria, and the removal of trail commission to advisers. This resulted in some investors being moved into alternative Unit Classes that either had fees of an equivalent level, or lower than they had been paying previously where an appropriate Unit Class was available.

In addition, the Company operates a process to identify any investors who would be eligible for a Unit Class with lower fees. If any such investors are identified, steps are taken to move them into that Unit Class if possible.

Other factors may be considered by the Company in determining the conclusion of the value assessment, as deemed appropriate by the Board. If such other factors are considered, details will be provided in the value assessment report for the relevant Fund.

## VALUE ASSESSMENT REPORT

### AVIVA INVESTORS UK PROPERTY FEEDER ACCUMULATION AND FEEDER INCOME FUNDS (THE "FUNDS")

In line with the requirement to conduct an assessment of value, the following summarises the conclusions reached by the Company's board of directors ('the Board') having considered the range of factors as set out in the 'Value Assessment Approach' (see the preceding pages of this Report) which describes how we carry out the value assessment. This applies to all Unit Classes in the Funds unless we have specifically noted Unit Class exceptions.

#### 1. Quality of Service

The range, nature, extent and quality of the services provided to investors has been assessed, and the operating model of the Funds was considered to be working effectively over the period. Investors received clear communications and relevant information at appropriate times to enable them to make informed decisions regarding their investment, and the service delivered has been timely and of appropriate quality.

#### 2. Performance

The Aviva Investors UK Property Feeder Inc Fund and the Aviva Investors UK Property Feeder Acc Fund purely invest into the Aviva Investors UK Property Fund and cash, and therefore we have assessed the performance of the Aviva Investors UK Property Fund for the purpose of this component of the value assessment and references to "Fund" in this Performance section refers to the Aviva Investors UK Property Fund.

The Aviva Investors UK Property Fund's overall performance, relative to its investment objectives, policy and strategy, was at the lower end of the range of expected outcomes during the periods under consideration.

The Board recognises that the Property sector has been subject to a high degree of market stress over the medium term, with the build up to and subsequent result of the 2016 UK Referendum impacting confidence in the UK property sector. Like most similar funds the Aviva Investors UK Property Fund suspended dealing to manage the unprecedented levels of withdrawals during that period, and although the Fund was reopened in December 2016, investor uncertainty has continued across the sector since.

The Board is of the opinion that the Investment Manager has successfully balanced the aim of delivering the Fund's stated objective, whilst also ensuring that the Fund maintained a sufficient level of liquidity to meet redemptions in a timely manner throughout the period since the suspension. Despite the structural and geopolitical challenges impacting the direct commercial property sector, the Fund performed strongly relative to its benchmark in the calendar years 2017 and 2018, however performance was impacted in 2016 by Brexit uncertainty and in 2019 by more recent revaluations in the retail sector which have had a drag on overall performance.

The Investment Manager has been able to ensure the Fund remained open for daily dealing despite performance headwinds and achieved competitive prices for property sales in order to meet redemption demands. The Board are satisfied that this activity has been conducted with the best interests of all investors in mind.

The Board recognises that Fund performance remains dependent upon improved investor confidence in the property sector, and a stabilisation of Fund flows which should allow the Investment Manager to more effectively implement the Fund's long term strategic aims.

For further information in relation to the last 12 months performance and the Investment Manager's view of the outlook for the Fund, please refer to the Fund Manager's Report included in this Report and Accounts.

#### 3. AFM Costs and Charges

The Fund Management Fee (FMF) is the single charge paid to the Authorised Fund Manager, and is considered to be reasonable when taking into account the underlying costs for the services provided and the performance objectives set for the Funds.

#### 4. Economies of Scale

The specific benefits derived from economies of scale are returned to investors in various ways including through the Fund Management Fee (FMF) review process, as referred to in the Value Assessment Approach. The Board concluded that all investors participated appropriately in the general economies of scale derived from investing with the Company based on a range of benefits and services provided and the overall fees charged. There has been a reduction in the size of the Funds during the previous 12 months, and as such no additional savings have been identified.

#### 5. Comparable Market Rates

The fees paid for each of the services provided to the Funds (whether internally or externally provided) were considered to be competitive relative to those charged by similar competitor funds within the UK regulated funds market.

#### 6. Comparable Services

On the basis of the available information, and the comparable services considered, the fees were deemed to be reasonable compared to the fees charged by associated companies within the Aviva Group for any comparable products available in the UK of an equivalent size and with a similar investment objective and policy to the Funds.

#### 7. Classes of Units

The pricing of each Unit Class of the Funds is considered to be reasonable based on the different Unit Class eligibility criteria and target investor for each Unit Class. All investors are invested appropriately in the Unit Class they are eligible to hold in the Funds at the date of the assessment.

#### OVERALL ASSESSMENT CONCLUSION

In conclusion, the Board confirms that all components of the assessment have been considered and that the charges for each of the Unit Classes are justified in the context of overall value being delivered to investors.

