

AVIVA INVESTORS UK PROPERTY FEEDER TRUST

Interim Report and Financial Statements

For the six months ended 31 March 2018 (unaudited)

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

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

ADMINISTRATOR AND REGISTRAR

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

FUND ACCOUNTING AND PRICING AGENT

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

TRUSTEE

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

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

INDEPENDENT AUDITORS

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

MANAGER'S REPORT

THE TRUST

Aviva Investors UK Property Feeder Trust (the Trust) is a Unit Trust incorporated in England and Wales since 21 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. 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 six months ended 31 March 2018. As required by the Regulations, information for each of the funds has been included in these financial statements. On the following pages we review the performance of each of those funds during the period. We hope that you find our review useful and informative.

ANNUAL GENERAL MEETINGS

The Trust will not be holding any Annual General Meetings.

SIGNIFICANT INFORMATION

On 27 October 2017, we updated the prospectus to set out that if, following the closure of one of our funds, any amount remaining after the payment of all amounts due to shareholders and the liabilities of the fund is agreed with the fund's depositary to be "immaterial", this amount will be paid to charity. We also made some changes to the way in which the charges applicable to the funds are displayed, in order to increase clarity for investors, consistent with the way information on fund charges is displayed in the prospectuses of our other ICVCs.

REMUNERATION

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

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

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

- The financial considerations includes the following comparisons:-
 - Actual results vs. prior period results
 - Actual results vs. agreed plans
 - Actual results relative to competitors
 - Actual results vs., and progress towards, our long-term target ambition.
- The non-financial considerations include risk, conduct, culture, customer and employee engagement metrics, with Aviva values clearly underpinning all our decisions. In certain roles, adherence to Responsible Investment and ESG principles will also be a consideration.
- The Performance assessment does not encourage risk taking outside the Aviva Investors stated risk appetite, and includes mechanisms by which performance against risk and conduct related measures has a significant impact on the availability and size of business and individual variable awards.

MANAGER'S REPORT (CONTINUED)

REMUNERATION (CONTINUED)

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

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

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

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. 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 31 March 2018.

AVIVA INVESTORS UK PROPERTY FEEDER ACCUMULATION FUND

INVESTMENT OBJECTIVE

To obtain returns via income and capital appreciation.

INVESTMENT APPROACH

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 Fund to meet its commitments, such as expenses and redemptions.

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.

MANAGER'S REPORT

PERFORMANCE

For the six months ended 31 March 2018, the Fund* produced a total return (after the deduction of charges and non-recoverable expenses) of 2.04%.

FUND PROFILE

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.

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

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

PORTFOLIO REVIEW

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

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

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

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

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

Development – Forum St. Paul's London

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

Refurbishment – Boyatt Wood, Eastleigh

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

AVIVA INVESTORS UK PROPERTY FEEDER ACCUMULATION FUND (CONTINUED)

MANAGER'S REPORT (CONTINUED)

Sale – Debenhams, Southampton

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

Letting – Broadway Plaza, Birmingham

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

Letting – Friar Street, Reading

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

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

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

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

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

May 2018

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

† Investment Property Databank (IPD) Daily Traded Authorised Property Unit Trust funds benchmark report as at 31 March 2018.

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

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.

INVESTMENT PERFORMANCE

Net Asset Value – Accumulation Units

Unit class	As at	Net asset value* £000	Units in issue	Pence per unit
Class 1	30.09.17	134,402	132,716,918	101.27
	31.03.18	119,849	113,570,642	105.53
Class 2	30.09.17	266,190	262,701,616	101.33
	31.03.18	266,429	251,702,137	105.85
Class 6	30.09.17	462	456,476	101.30
	31.03.18	453	428,240	105.74

* Valued at bid market prices.

Share Price Record – Accumulation Units

Units class	Financial year	Highest offer price* (p)	Lowest bid price* (p)
Class 1	2017**	105.12	98.75
	2018***	108.08	99.89
Class 2	2017**	100.44	98.76
	2018***	103.52	99.96
Class 6	2017**	105.16	98.76
	2018***	108.26	102.86

* These prices include revenue and initial charge.

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

*** Up to 31 March 2018.

Ongoing Charges Figure**†

Unit class	OCF* 31.03.18	PER** 31.03.18	Total*** 31.03.18
Class 1	1.35%	–	1.35%
Class 2	0.72%	–	0.72%
Class 6	1.00%	–	1.00%

Unit class	OCF* 30.09.17	PER** 30.09.17	Total*** 30.09.17
Class 1	1.35%	0.76%	2.11%
Class 2	0.72%	0.76%	1.48%
Class 6	1.00%	0.76%	1.76%

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

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

*** 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.

Revenue Record – Accumulation Units

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

Share class	Financial year	Net revenue per Unit (p)	Per £1,000 invested (£)
Class 1	2017*	0.1949	1.95
	2018**	1.1147	11.15
Class 2	2017*	0.2532	2.53
	2018**	1.3732	13.73
Class 6	2017*	0.2273	2.27
	2018**	1.2585	12.59

* From 18 August 2017 (date of launch).

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

FUND PORTFOLIO STATEMENT

As at 31 March 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
Collective Investment Schemes 98.30% (99.62%)				
Aviva Investors UK Property Fund†	GBP	363,640,782	380,144	98.30
Total collective investment schemes			380,144	98.30
Investment assets			380,144	98.30
Net other assets			6,587	1.70
Net assets			386,731	100.00

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

† Investment managed by a related party.

STATEMENT OF TOTAL RETURN

For the six months ended 31 March 2018 (unaudited)

	Six months ended 31.03.18 £000
Income	
Net capital gains	9,706
Revenue	7,477
Expenses	(1,774)
Net revenue before taxation	5,703
Taxation	(967)
Net revenue after taxation	4,736
Total return before distributions	14,442
Distributions	(4,736)
Change in net assets attributable to unitholders from investment activities	9,706

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the six months ended 31 March 2018 (unaudited)

	Six months ended 31.03.18 £000
Opening net assets attributable to unitholders	401,054
Movement due to issue and cancellation of units:	
Amounts receivable on issue of units	42,709
Amounts payable on cancellation of units	(74,677)
	(31,968)
Dilution adjustment	3,274
Change in net assets attributable to unitholders from investment activities (see above)	9,706
Retained distribution on accumulation units	4,665
Closing net assets attributable to unitholders	386,731

The Statement of Recommended Practice (2014) requires that comparatives are shown for the above report. As the comparatives should be for the comparable interim period, the net asset value at the end of the previous period will not agree to the net asset value at the start of this period. The published net asset value as at 30 September 2017 was £401,054,492.

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

BALANCE SHEET

As at 31 March 2018 (unaudited)

	As at 31.03.18 £000	As at 30.09.17 £000
Assets:		
Investments	380,144	399,510
Current assets:		
Debtors	10,103	4,489
Cash and bank balances	3	145
Total assets	390,250	404,144
Liabilities:		
Creditors:		
Other creditors	(3,519)	(3,090)
Total liabilities	(3,519)	(3,090)
Net assets attributable to unitholders	386,731	401,054

ACCOUNTING POLICIES

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

AVIVA INVESTORS UK PROPERTY FEEDER INCOME FUND

INVESTMENT OBJECTIVE

To obtain returns via income and capital appreciation.

INVESTMENT APPROACH

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RISK PROFILE

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MANAGER'S REPORT

PERFORMANCE

For the six months ended 31 March 2018, the Fund* produced a total return (after the deduction of charges and non-recoverable expenses) of 2.04%.

FUND PROFILE

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PORTFOLIO REVIEW

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

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

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Refurbishment – Boyatt Wood, Eastleigh

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

AVIVA INVESTORS UK PROPERTY FEEDER INCOME FUND (CONTINUED)

MANAGER'S REPORT (CONTINUED)

Sale – Debenhams, Southampton

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

Letting – Broadway Plaza, Birmingham

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Letting – Friar Street, Reading

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

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

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

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

May 2018

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

† Investment Property Databank (IPD) Daily Traded Authorised Property Unit Trust funds benchmark report as at 31 March 2018.

Some of the information within this is based upon Aviva Investors estimates. These have been calculated by Aviva Investors Real Estate Strategy and Research Team based on data sourced from recent market transactions and should not 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.

INVESTMENT PERFORMANCE

Net Asset Value – Income Units

Unit class	As at	Net asset value* £000	Units in issue	Pence per unit
Class 1	30.09.17	124,622	123,702,430	100.74
	31.03.18	100,386	97,891,972	102.55
Class 2	30.09.17	194,144	192,711,747	100.74
	31.03.18	170,570	166,333,812	102.55
Class 5	30.09.17	16	16,419	100.74
	31.03.18	–	1	102.00
Class 6	30.09.17	2,101	2,085,357	100.74
	31.03.18	2,060	2,008,491	102.55

* Valued at bid market prices.

Share Price Record – Income Units

Unit class	Financial year	Highest offer price* (p)	Lowest bid price* (p)
Class 1	2017**	105.12	98.75
	2018***	107.87	99.72
Class 2	2017**	100.44	98.76
	2018***	103.26	99.72
Class 5	2017**	100.44	98.76
	2018***	102.40	101.89
Class 6	2017**	105.16	98.76
	2018***	108.02	102.63

* Valued at mid market prices.

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

*** Up to 31 March 2018.

Ongoing Charges Figure**†

Unit class	OCF* 31.03.18	PER** 31.03.18	Total*** 31.03.18
Class 1	1.35%	–	1.35%
Class 2	0.72%	–	0.72%
Class 5	0.65%	–	0.65%
Class 6	1.00%	–	1.00%

Unit class	OCF* 30.09.17	PER** 30.09.17	Total*** 30.09.17
Class 1	1.35%	0.76%	2.11%
Class 2	0.72%	0.76%	1.48%
Class 5	0.65%	0.76%	1.41%
Class 6	1.00%	0.76%	1.76%

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

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

*** 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.

Revenue Record – Income Units

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

Unit class	Financial year	Net revenue per unit (p)	Per £1,000 invested (£)
Class 1	2017*	0.1948	1.95
	2018**	1.1093	11.09
Class 2	2017*	0.2531	2.53
	2018**	1.3680	13.68
Class 5	2017*	0.2588	2.59
	2018**	–	–
Class 6	2017*	0.2272	2.27
	2018**	1.2541	12.54

* From 18 August 2017 (date of launch).

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

FUND PORTFOLIO STATEMENT

As at 31 March 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
Collective Investment Schemes 99.38% (99.85%)				
Aviva Investors UK Property Fund†	GBP	264,897,349	271,327	99.38
Total collective investment schemes			271,327	99.38
Investment assets			271,327	99.38
Net other assets			1,689	0.62
Net assets			273,016	100.00

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

† Investment managed by a related party.

STATEMENT OF TOTAL RETURN

For the six months ended 31 March 2018 (unaudited)

	Six months ended 31.03.18 £000
Income	
Net capital gains	3,884
Revenue	5,715
Expenses	(1,394)
Net revenue before taxation	4,321
Taxation	740
Net revenue after taxation	3,581
Total return before distributions	7,465
Distributions	(3,581)
Change in net assets attributable to unitholders from investment activities	3,884

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the six months ended 31 March 2018 (unaudited)

	Six months ended 31.03.18 £000
Opening net assets attributable to unitholders	320,883
Movement due to issue and cancellation of units:	
Amounts receivable on issue of units	13,193
Amounts payable on cancellation of units	(66,375)
	(53,182)
Dilution adjustment	1,431
Change in net assets attributable to unitholders from investment activities (see above)	3,884
Closing net assets attributable to unitholders	273,016

The Statement of Recommended Practice (2014) requires that comparatives are shown for the above report. As the comparatives should be for the comparable interim period, the net asset value at the end of the previous period will not agree to the net asset value at the start of this period. The published net asset value as at 30 September 2017 was £320,883,153.

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

BALANCE SHEET

As at 31 March 2018

	As at 31.03.18 £000	As at 30.09.17 £000
Assets:		
Investments	271,327	320,404
Current assets:		
Debtors	7,566	4,283
Cash and bank balances	3	–
Total assets	278,896	324,687
Liabilities:		
Creditors:		
Bank overdraft	–	(482)
Distribution payable	(3,342)	(734)
Other creditors	(2,538)	(2,588)
Total liabilities	(5,880)	(3,804)
Net assets attributable to unitholders	273,016	320,883

ACCOUNTING POLICIES

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

STATEMENT OF THE AUTHORISED CORPORATE DIRECTOR'S RESPONSIBILITIES

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

In preparing the financial statements the ACD is required to:

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

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

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

AUTHORISED CORPORATE DIRECTOR'S STATEMENT

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

I Buckle
Director

S Ebenston
Director
31 May 2018

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 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 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. 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.

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FCA Registered No. 119310.
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