

# Aegon Asset Management UK Unit Trust

Annual Report and Financial Statements  
for the year ended 31 March 2022

# Aegon Asset Management UK Unit Trust

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\*Collectively these comprise the Authorised Fund Managers' Report. Information specific to the sub-funds is detailed within its respective section.

# Aegon Asset Management UK Unit Trust

## Trust Information

### Authorised Fund Manager (the "Manager")

Aegon Asset Management UK plc <sup>1</sup>  
3 Lochside Crescent  
Edinburgh  
EH12 9SA

### Directors of the Manager

Jane Daniel  
Stephen Jones  
Mary Kerrigan (independent non-executive director)  
Bas NieuweWeme (non-executive director) <sup>5</sup>  
David Watson (independent non-executive director)  
Tom Scherer (non-executive director) <sup>6</sup>

### Secretary of the Authorised Fund Manager

Gordon Syme <sup>7</sup>

### Registrar

Northern Trust Global Services SE UK Branch <sup>4</sup>  
50 Bank Street  
London  
E14 5NT

### Property Manager <sup>8</sup>

Savills (UK) Limited  
33 Margaret Street  
London  
W1G 0JD

### Trustee

Citibank UK Limited <sup>2,3</sup>  
Citigroup Centre  
Canada Square  
Canary Wharf  
London  
E14 5LB

### Custodian

Citibank N.A. London Branch <sup>4</sup>  
Citigroup Centre  
Canada Square  
Canary Wharf  
London  
E14 5LB

### Independent Auditors

PricewaterhouseCoopers LLP  
141 Bothwell Street  
Glasgow  
G2 7EQ

### Independent Valuer <sup>8</sup>

CBRE Limited  
Henrietta House  
Henrietta Place  
London  
W1G 0NB

<sup>1</sup> Aegon Asset Management UK plc is authorised and regulated by the Financial Conduct Authority as an Alternative Investment Fund Manager as of 21 July 2014.

<sup>2</sup> Depositary changed from Citibank Europe plc, UK Branch to Citibank UK Limited on 2 October 2021.

<sup>3</sup> Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

<sup>4</sup> Authorised and regulated by the Financial Conduct Authority.

<sup>5</sup> Bas NieuweWeme resigned as a Director of Aegon Asset Management UK plc on 11 November 2021.

<sup>6</sup> Tom Scherer was appointed as a Director of Aegon Asset Management UK plc on 11 November 2021.

<sup>7</sup> Gordon Syme resigned as the Secretary of the Authorised Fund Manager on 1 July 2022.

<sup>8</sup> For the property investment held within the Master Fund Aegon Property Income Fund.

# Aegon Asset Management UK Unit Trust

## Report of the Authorised Fund Manager

### The Trust

Aegon Asset Management UK Unit Trust (the "Trust") is an authorised umbrella unit trust, with 2 sub-funds (the "Feeder Funds") as at 31 March 2022. The Trust was launched for those investors unable to invest directly in the Aegon Property Income Fund (the "Master Fund").

### Authorised Status

The Trust is a Collective Investment Scheme as defined in the Financial Services and Markets Act 2000 which is categorised as a Non-UCITS Retail Scheme ("NURS"). The Trust was authorised by the Financial Conduct Authority ("FCA") on 26 February 2014 and is governed by the Trust Deed. The Trust is an Alternative Investment Fund ("AIF") for the purposes of the FCA Rules. The Trust was granted AIF status on 21 July 2014.

### The Financial Statements

We are pleased to present the annual financial statements for the year ended 31 March 2022.

As required by the Regulations, information for each of the sub-funds has been included in these financial statements. For each sub-fund we have provided a detailed description of the strategy that was adopted during the year under review.

### Sub-fund cross holdings

At the end of the year none of the units in the sub-funds of the Trust were held by any of the sub-funds of the Trust.

### Changes to the Prospectus

- Additional wording was added throughout to state: "that the sub-fund is in the process of terminating, and no longer available for investment."
- An update was made to the name of the Depositary to Citibank UK Limited.
- An update was made to the Prospectus to reflect the decrease in depositary fees.

### Value Statement

The value statement for the Aegon Asset Management UK Unit Trust is available as part of a stand-alone composite report on our website <https://www.aegonam.com/en/uk-value-assessment/>.

### Significant Events

The decision was taken to close the sub-funds on 9 August 2021. The objective is now to liquidate all the assets in the Master Fund in a fair and orderly manner whilst seeking to maximise returns for investors and return their capital at the earliest opportunity.

# **Aegon Asset Management UK Unit Trust**

## **Report of the Authorised Fund Manager (continued)**

### **Aegon Asset Management UK Unit Trust impact of Covid-19**

An outbreak of infectious respiratory illness caused by a novel coronavirus known as Covid-19 was first detected in China in December 2019 and has been declared a pandemic by the World Health Organization. The impact of Covid-19 continues to be disruptive to economies and markets, adversely impacting individual companies, sectors, industries, markets, interest and inflation rates, investor sentiment, and other factors affecting the value of the Master Fund's investments. The duration of the Covid-19 pandemic and its effects cannot be determined with certainty, and could prevent the Master Fund from executing advantageous investment decisions in a timely manner and negatively impact the Master Fund's ability to achieve its investment objective.

Despite the unprecedented market conditions created by Covid-19, we continue to have confidence in CBRE's ability as Standing Investment Valuer to value the Master Fund's portfolio. During this period we have seen the Royal Institution of Chartered Surveyors introduce far greater levels of coordination between valuation houses to ensure that the details of what limited evidence is available are unitd freely between valuers.

As the largest valuer of assets in the MSCI universe we are comfortable that CBRE's market knowledge is giving them the best possible insight into market dynamics. Whilst the abnormal market conditions mean there is less certainty attached to their valuations, it does not mean that they aren't able to provide well considered professional opinions of value. To support this, we and other managers, have also provided more data around rent collection across our portfolios to enable CBRE to assess the financial stresses that different occupiers are experiencing.

### **Aegon Asset Management UK Unit Trust closure**

On 9 August 2021 the Master Fund and the Feeder funds closed.

On closure we made a pro-rata distribution to shareholders, representing 44% of the value of the Funds. This was paid on 12 August 2021.

On 19 November 2021 we made the second pro-rata distribution to shareholders of £6m, a third pro-rata distribution of £30m on 15 February 2022, and a fourth distribution of £27m on 22 April 2022. The total amount distributed back to investors is 60% of the closure NAV.

On 30 June 2022 a fifth pro-rata distribution of £22m was paid to shareholders

We are also undertaking capital expenditure on several properties to enable us to optimize sale values and have retained sufficient funds to finance these commitments.

We are continuing the process of selling the remaining properties in the Aegon Property Income Fund in a fair and orderly manner, aiming to return capital to shareholders as soon as is practicable, while optimizing sale value through completion of asset management initiatives. We have committed to making further distributions to shareholders on at least a quarterly basis if enough properties have been sold in that period to enable us to make a material distribution.

# Aegon Asset Management UK Unit Trust

## Statements of Responsibility

### Statement of Authorised Fund Manager's Responsibilities

The Rules of the Financial Conduct Authority's Collective Investment Schemes Sourcebook require the Manager to prepare financial statements for each accounting year that give a true and fair view of the financial affairs of the Trust and of its net revenue and the net capital gains/loss for the year.

In preparing the financial statements the Manager is required to:

- comply with the Prospectus and applicable accounting standards, subject to any material departures which are required to be disclosed and explained in the financial statements;
- comply with UK accounting standards, including FRS 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland and the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association (now known as The Investment Association) in May 2014 and amended in June 2017;
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on a basis other than going concern as it is inappropriate to presume that the company will continue in operation for the foreseeable future. In light of the closure of the Fund on 9 August 2021, the financial statements have been prepared on a basis other than going concern; and
- take reasonable steps for the prevention and detection of fraud, error, and non-compliance with law or regulations.

The Manager is required to keep proper accounting records and to manage the Trust in accordance with the Regulations and the Trust Deed.

The report has been prepared in accordance with the Financial Conduct Authority's Collective Investment Schemes sourcebook.

### Authorised Fund Manager's Statement

In accordance with the requirements of the Financial Conduct Authority's Collective Investment Schemes sourcebook, we hereby certify the report on behalf of the Board of Aegon Asset Management UK plc.



Jane Daniel



Stephen Jones

Edinburgh  
20 July 2022

# Aegon Asset Management UK Unit Trust

## Trustee's Report

### **Statement of the Trustee's Responsibilities in Respect of the Scheme and Report of the Trustee to the Unitholders of the Aegon Asset Management UK Unit Trust ("the Trust") for the Period ended 31 March 2022.**

The Trustee is responsible for the safekeeping of all property of the Trust which is entrusted to it and ensuring proper registration of tangible moveable property, and for the collection of income arising from all such scheme property.

It is the duty of the Trustee to take reasonable care to ensure that the Trust is managed and operated in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook ("the Sourcebook"), the Financial Services and Markets Act 2000, as amended, and the Trust Deed and the Prospectus of the Trust, concerning: the pricing of and dealing in Trust Units; the application of income of the scheme; and the Trust investment portfolio and borrowing activities.

Having carried out procedures and enquiries considered duly necessary to discharge our responsibilities as Trustee of the scheme, based on information and explanations provided to us, we believe that, in all material respects, the Manager:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the scheme's units and the application of the scheme's income in accordance with the Sourcebook, the Trust Deed and Prospectus;
- (ii) has observed the investment and borrowing powers and restrictions applicable to the scheme; and
- (iii) has, otherwise, ensured the proper operation of the Trust.

Citibank UK Limited  
London

20 July 2022

# Aegon Asset Management UK Unit Trust

## Independent Auditors' report to the Unitholders of Aegon Asset Management UK Unit Trust

### Report on the audit of the financial statements

#### Opinion

In our opinion, the financial statements of Aegon Asset Management UK Unit Trust (the "Trust"):

- give a true and fair view of the financial position of the Trust and each of the sub-funds as at 31 March 2022 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.

Aegon Asset Management UK Unit Trust is an Authorised Unit Trust with two 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 31 March 2022; the statements of total return, the statements of change in net assets attributable to unitholders and the Cash Flow statements for the year then ended; the Distribution Tables; the Accounting Policies; 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.

#### Emphasis of matter – financial statements prepared on a basis other than going concern

In forming our opinion on the financial statements, which is not modified, we draw attention to note 1 to the financial statements which describes the directors' reasons why the financial statements have been prepared on a basis other than going concern.

#### 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 Authorised Fund 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.

Based on our work undertaken in the course of the audit, the Collective Investment Schemes sourcebook requires us also to report certain opinions as described below.

#### Authorised Fund Manager's Report

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

#### Responsibilities for the financial statements and the audit

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

As explained more fully in the Statement of Authorised Fund Manager's Responsibilities, the Authorised Fund 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 Authorised Fund 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 Authorised Fund 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 Authorised Fund Manager either intends to wind up or terminate the Trust or an individual sub-fund, or has no realistic alternative but to do so.



# Aegon Asset Management UK Unit Trust

## Independent Auditors' report to the Unitholders of Aegon Asset Management UK Unit Trust (continued)

### *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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Trust/industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of the Collective Investment Schemes sourcebook, and we considered the extent to which non-compliance might have a material effect on the financial statements, in particular those parts of the sourcebook which may directly impact on the determination of amounts and disclosures in the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or to increase the net asset value of the Trust. Audit procedures performed included:

- Discussions with the Authorised Fund Manager, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing relevant meeting minutes, including those of the Authorised Fund Manager's board of directors;
- Identifying and testing journal entries, specifically any journals posted as part of the financial year end close process; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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.

### *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  
Glasgow

20 July 2022

# Aegon Asset Management UK Unit Trust

## Accounting Policies

### 1 Accounting policies

#### a) Basis of accounting

These financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments. The Financial Statements have been prepared in accordance with The Financial Reporting Standard ("FRS 102") and the Statement of Recommended Practice ("SORP") for Financial Statements of Authorised Funds issued by the Investment Management Association (now known as the Investment Association) in May 2014 (revised June 2017), the Financial Conduct Authority's Collect Investment Schemes Sourcebook ("COLL") and the Trust's Trust Deed.

The Authorised Fund Manager intends to terminate the Trust and each of its sub-funds at the earliest opportunity and therefore the financial statements have been prepared on a basis other than going concern. In applying this basis of preparation, the assets and liabilities continue to be stated at their fair values which materially equate to their realisable values. Winding up provisions have been recognised as and when the costs became obligated to the Trust. These have been disclosed within Note 6 Expenses, and Notes 12 and 11 Other creditors within the individual sub-funds.

#### b) Basis of valuation of investments

The Trust invests all or substantially all of its capital in Class F unit classes of the Master Fund. This is valued at fair value, which is deemed to be the net asset value per unit reported in the comparative table in the Master Funds Annual Report and Financial Statements at the end of the current accounting year.

#### c) Revenue

Income from the Master Fund is recognised on an accruals basis by reference to the amount of distributable income in the underlying investment and treated as revenue. Income received in respect of purchases of the investment during the accounting year will include an element of equalisation which includes the average amount of distributed income included in the price paid for the units. The equalisation is treated as a return of capital for taxation purposes and is not included in the distributable income.

Revenue is accrued in the Feeder Funds on a daily basis derived from the income accrued in the Master Fund, in lieu of the reporting income which is adjusted for in the subsequent accounting year when it is made available. Estimated income is calculated by looking through to the revenue of the Master Fund. Reporting revenue for the previous year is recognised in the accounting year when it is made available. Any difference adjusted for between the reporting income on the Master Fund and the estimated revenue from the Master Fund is recognised in the accounting year when it is made available.

Distributions received from the Master Fund are in three streams (dividend, interest and property).

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

#### d) Expenses

All expenses relating to the purchase and sale of investments are deemed to be a capital expense and as such are included in the cost of purchase or net proceeds from the sale of investments.

The Manager's periodic charge and all other expenses are initially charged to the revenue property of the Trust, and are accounted for on an accruals basis. These are then transferred to capital on an accruals basis for the purpose of calculating any distribution as detailed in the distribution policies.

#### e) Taxation

Provision for Corporation Tax is based at the current rate, as appropriate, on the excess of taxable revenue over allowable expenses.

Income received from the Master Fund is taxed depending on the income stream. Property Income Distributions ("PID") are received net of tax at 20%, interest distributions are received gross and dividend distributions are received gross.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay less or receive more tax. Deferred tax assets are recognised only to the extent that the Manager considers that it will be more likely than not that there will be taxable profits from which underlying timing differences can be deducted.

#### f) Cash flow statement

The Master Fund is no longer classed as a liquid investment therefore a cash flow statement has been provided.

### 2 Distribution policies

#### a) Distribution policy

If at the end of the accounting year, revenue exceeds expenses and tax, the net revenue of the sub-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. Where a transfer is made between the revenue and capital of the same class it is acceptable not to take into account marginal tax relief in determining the distribution.

Income is distributed, at unit class level, to the unitholders in accordance with the sub-funds' prospectus on a monthly basis.

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

As the proceeds from property sales are generated, expenses related to these sales will be deducted. Any excess will be returned to investors via a capital distribution.

# Aegon Asset Management UK Unit Trust

## Accounting Policies (continued)

### 2 Distribution policies (continued)

#### b) Expenses

The Aegon Property Income Feeder (Income) Fund and the Aegon Property Income Feeder (Accumulation) Fund deduct the Manager's periodic charge and Registrar fees from capital for the purposes of calculating any distribution.

#### c) 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.

### 3 Risk management policies

The risk management systems to which the Aegon Risk and Operations teams have access for independent monitoring and risk measurement purposes include:

- BlackRock Aladdin and Thinkfolio for liquidity monitoring;
- Our valuers provide market and property sector information that allows monitoring concentration and liquidity risk. Fund Manager review and agreement of property valuations is required for the monitoring of valuation risk;
- Bloomberg and CoStar for market data and price checking.

The sub-funds invest solely in the Aegon Property Income Fund (the "Master Fund").

Risks associated with the portfolio and the Fund are monitored and reviewed at the monthly Global Real Assets Control Committee ("GRACC"). Compliance with relevant FCA, COLL and PAIF regulations, along with additional limits set in the Fund Prospectus is reported to the GRACC.

The main risks arising from financial instruments and the Manager's policies for managing these risks are stated below.

#### Market risk

Market risk is the potential for change in market value of instruments due to adverse movements in property, equity, bond, commodity, currency and other market prices, indices or interest rates or changes in the anticipated or calculated volatility of these movements.

Market risk is managed at the level of the Master Fund.

The majority of the market risk exposure of the sub-fund is to directly-held commercial properties within the Master Fund.

The market risk arising from investing in collective investment schemes and property related equities will be minimal as these assets will form a small part of the portfolio and standard statistical risk modelling is used where market data is available. We will monitor the level of investment in those asset types and where deemed appropriate we will perform standard statistical risk modelling where market data is available.

#### Concentration risk

Concentration risk is the risk of a portfolio being too concentrated in particular positions or too exposed to certain issuers. Highly concentrated positions can exacerbate market, liquidity, and counterparty risk.

Concentration risk is managed at the level of the Master Fund.

The Master Fund's assets are invested mainly in direct properties. As such the Master Fund is exposed to concentration risk through its investment strategy. To manage this risk, the Master Fund's direct portfolio is diversified geographically and by sector e.g. retail or industrial.

During the Master Fund's closure process a diversified portfolio may not be maintained as the objective is to optimise sales proceeds to investors, rather than track benchmark weightings or the previous structure of the fund. Asset sales will be carried out when business plan initiatives are completed or when market conditions are favourable.

#### Valuation risk

Valuation risk is managed at the level of the Master Fund.

This is the risk that an asset is overvalued and is worth less than expected when it matures or is sold. Immovable property and immovable property-related assets are inherently difficult to value due to the individual nature of each property. As a result, valuations are subject to uncertainty and are a matter of an independent valuer's opinion and not fact. 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.

To manage this risk, properties are valued in accordance with Royal Institution of Chartered Surveyors Valuation - Professional Standards (January 2020) on a monthly basis.

The returns available from investments in direct property depend on the amount of income earned and capital appreciation generated by the relevant property as well as expenses incurred. If the underlying properties do not generate sufficient revenues to meet their operating expenses, including capital expenditure, the direct property (and thus the Master Fund) will be adversely affected. The values of direct properties are driven by their expected yield and therefore the significant risk to the value is the Yield risk.

# Aegon Asset Management UK Unit Trust

## Accounting Policies (continued)

### 3 Risk management policies (continued)

#### Yield risk

Valuation risk is managed at the level of the Master Fund.

This is the risk that income generated by the Master Fund fluctuates over time in response to changing market conditions. In terms of yields available from investments in direct property, if sufficient revenues are not generated to meet the operating expenses from the properties there is a risk that the Master Fund's revenue can be affected. The yield from the property may be affected by tenant failure or availability of supply in the sector. Similarly, should expenditure be incurred which is nonrecoverable from the tenant due to default or because a property is void, this will also impact the yield.

To manage this risk appropriate due diligence is conducted on all tenants and direct property purchases. This includes tenant covenant assessment and a full review of the underlying occupational market. Once assets are acquired, a proactive approach to asset management is adopted. This involves regular communication with existing tenants and the implementation of asset management initiatives such as letting strategies, rent reviews and lease extensions.

If the yield of every property within the Master Fund portfolio increased by 0.5% it is estimated that the net asset value of the Aegon Property Income Feeder (Income) Fund would fall by £2,163,528 (31 March 2021: £4,950,209). If the yields decreased by 0.5% it is estimated that the net asset value of the Aegon Property Income Feeder (Income) Fund would rise by £2,500,681 (31 March 2021: £5,681,499). If the yield of every property within the Master Fund portfolio increased by 5% it is estimated that the net asset value of the Aegon Property Income Feeder (Income) Fund would fall by £13,465,580 (31 March 2021: £31,346,031) and if the yields increased by 10% the net asset value would fall by £18,971,392 (31 March 2021: £44,540,600). If the yield of the Master Fund decreased by 1% it is estimated that the net asset value of the Aegon Property Income Feeder (Income) Fund would rise by £5,423,986 (31 March 2021: £12,269,260), and if the yields decrease by 5% the net asset value would rise by £83,706,693 (31 March 2021: £169,486,025). These estimates are subject to the prevailing conditions at the time.

If the yield of every property within the Master Fund portfolio increased by 0.5% it is estimated that the net asset value of the Aegon Property Income Feeder (Accumulation) Fund would fall by £4,630,142 (31 March 2021: £10,230,452). If the yields decreased by 0.5% it is estimated that the net asset value of the Aegon Property Income Feeder (Accumulation) Fund would rise by £5,351,679 (31 March 2021: £11,741,787). If the yield of every property within the Master Fund portfolio increased by 5% it is estimated that the net asset value of the Aegon Property Income Feeder (Accumulation) Fund would fall by £28,817,532 (31 March 2021: £64,781,922) and if the yields increased by 10% the net asset value would fall by £40,600,457 (31 March 2021: £92,050,751). If the yield of the Master Fund decreased by 1% it is estimated that the net asset value of the Aegon Property Income Feeder (Accumulation) Fund would rise by £11,607,809 (31 March 2021: £25,356,520), and if the yields decrease by 5% the net asset value would rise by £179,139,730 (31 March 2021: £350,271,791). These estimates are subject to the prevailing conditions at the time.

#### Liquidity risk

Liquidity risk includes both market liquidity risk and funding risk. Market liquidity risk is the inability to trade an instrument at the desired price due to a lack of supply or market demand. Funding risk is where a fund has insufficient cash to meet its financial obligations.

Liquidity risk is primarily managed at the level of the Master Fund with the ability for the Feeder Funds to hold additional cash when necessary.

Direct property is relatively illiquid compared to other asset classes such as bonds or equities. In exceptional market conditions or where the Master Fund is subject to a high level of redemption requests the Master Fund may not be able to meet redemption requests because of increased market liquidity risk and/or increased funding risk. In these circumstances the Fund Manager may, with the prior agreement of the Depositary temporarily suspend dealing in the Master Fund.

Liquidity management is governed by the Fund Manager's Liquidity Management Policy. The policy covers liquidity limits, the use of liquidity management tools and ongoing liquidity monitoring. In order to manage liquidity risk under normal market conditions the Master Fund will generally hold cash or other liquid assets which can quickly be sold to cover redemptions.

All the creditors are payable within one year.

COVID-19 has lingered throughout the period but with significant improvements, due largely to the availability of vaccines and follow on boosters, effectively lowering hospital admissions. Restrictions began to lift as a result of the efficient rollout of vaccines. The COVID Omicron variant was however a setback to the office market in particular, with COVID related supply chain disruption also resulting in construction delays and cost increases across all property sectors.

The vaccine rollout, weaker variants of the virus and a gradual return to 'normal' have led to a positive impact on the global economy and markets and the introduction of hybrid working models providing for a more flexible environment. The markets will continue to be monitored in line with the ever-changing guidelines regarding COVID-19 and to identify any residual effects on the economy.

#### Interest rate risk

Interest rate risk is the risk that interest receivable will fluctuate as a result of changes in interest rates. Interest rate risk is managed by the Fund Manager through continuous review of interest rates inflation expectations.

The sub-funds invest cash in term deposits and as a result the exposure to floating interest rates is considered insignificant.

#### Counterparty risk

Counterparty risk is managed by applying limits to the aggregated counterparty exposures for the Master Fund with any cash held at the level of the Feeder Funds.

Counterparty risk in the Master Fund is managed by applying limits on the aggregate exposure taken to counterparties through cash, deposits, and money-market instruments. These limits are set in the FCA's rules and detailed in the prospectus.

Unless the counterparty is approved, the Master Fund cannot use the counterparty.

# Aegon Asset Management UK Unit Trust

## Accounting Policies (continued)

### 3 Risk management policies (continued)

#### 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 sub-fund increases its exposure through borrowing or the use of derivatives. The Aegon Property Income Feeder (Income) Fund and the Aegon Property Income Feeder (Accumulation) Fund were not leveraged during the year.

#### Property default risk

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

Due to the Covid-19 pandemic the property default risk has increased as some tenants may be unable to trade due to lockdown restrictions which could in turn create a higher number of rental defaults. This will impact the valuation of the property as the risk of tenant default has increased and will potentially impact future Master Fund performance and cash flows.

The negative impact of the Ukraine/ Russia conflict in terms of expected slowdown in economic growth and higher inflation may result in increased rental defaults in the Master Fund.

### 4 Critical accounting estimation uncertainty

#### Fair value of investment property

The fair value of investment property represents a significant proportion of the Master Fund's net asset at 80.11% (31 March 2021: 77.05%). Therefore the estimates and assumptions made to determine their carrying value during valuation are critical to the Master Fund's financial position and performance. The fair value of investment property is based on current prices in an active market for properties of a similar nature, condition or location - suitably adjusted. Recent prices for similar properties on less active markets, with suitable adjustments for differences, are also used for the estimation of the fair values. Furthermore, investment property is valued using discounted cash flow projections if reliable estimates and reasonable assumptions (such as rental income and operating expenses) can be made, based on external evidence. Future expenditure that will improve the property is not included in the fair value. The risk-adjusted discount rates used in the cash flow projections reflect the specific nature and location of the individual properties. The cash flows used in the projections are based on actual rental income on a suitable basis. Cost is reflected in the cash flows based on actual and accrued expenditure approved by management. The cash flows include inflation.

The year end direct property valuation the Valuers ("CBRE") have broadly applied a capital value deduction across the retail and leisure sector based on capital deduction and rent deducted as a capital sum. Capital value deductions across all other sectors have been more selective and based upon factors such as uncertainty with rental income.

Sensitivity analysis has been performed over one of the factors in determining the fair value of investment property, property yield, within Yield Risk on page 11.

# Aegon Property Income Feeder (Income) Fund

## Investment objective

The investment objective is to provide income with potential for capital growth by investing in the Aegon Property Income Fund (the "Master Fund"), which invests mainly in commercial property. In light of the closure of the sub-fund on 9 August 2021, the objective will be pursued by liquidating all the assets in a fair and orderly manner whilst seeking to maximise returns for investors and return their capital at the earliest opportunity.

## Investment policy

The sub-fund will invest solely in the Master Fund. Cash may be held from time to time for the purposes of efficient portfolio management.

## Risk profile

The sub-fund was designed for retail and institutional investors seeking pooled exposure from investments mainly in commercial property in the British Isles through the Master Fund, but who are unable to invest directly into the Master Fund, and who are comfortable with a medium level of investment risk. In most cases, we expect the sub-fund to be held as part of a diversified portfolio which may include other assets such as bonds, equities and cash. Unit prices will fluctuate and may fall significantly in value. Consequently, it is important to understand that the sub-fund should be viewed as a longer term investment.

Investors should be aware of the following risk factors:

- Investment property is not as liquid as other asset classes such as bonds or equities. Investors may not be able to switch or cash-in their Investment when they want to because property in the Master Fund may not always be readily saleable.
- Investment property transaction charges are higher than those which apply in other asset classes. High volumes of transactions would have a material impact on the Master Fund's returns.
- The Master Fund's Investment portfolio is exposed to market price fluctuations. property valuations are a matter of the independent valuer's opinion rather than fact.
- The yield from the Investment property may be negatively affected by tenant failure or availability of supply in the sector.

The Master Fund is actively managed and exposed to a range of risks, which are listed and defined in the Aegon Property Investments Prospectus. The most material risks from this list also appear in our Key Investor Information documents ("KIID") where they are summarised in an easy-to-read format. You can find both of these documents on our website at [www.aegonam.com](http://www.aegonam.com).

## Structure

The Aegon Asset Management UK Unit Trust was launched for investors who are unable to invest directly in the Master Fund for operational or other reasons. The Aegon Asset Management UK Unit Trust is comprised of two sub-funds; Aegon Property Income Feeder (Accumulation) Fund and Aegon Property Income Feeder (Income) Fund.

The Aegon Property Income Feeder (Income) Fund gives investors the opportunity to invest indirectly into an income unit class in the Master Fund (F Gross Income), where distributions of the net revenue from the Master Fund are paid out in cash each month.

As the Aegon Asset Management UK Unit Trust invests solely in the underlying Master Fund, the review of investment activity below relates directly to the Master Fund.

## Review of Fund activities\*

Dealing in the Master Fund was initially suspended on 16 March 2020 due to the Standing Independent Valuer, CBRE, applying a Material Uncertainty Clause ("MUC") to the valuations of underlying properties held by the Fund. CBRE applied the MUC because there was insufficient evidence in the market to accurately value the underlying properties due to turbulent market conditions, caused mainly by the Covid-19 pandemic.

The MUC was in place until late September 2020, when CBRE (in agreement with the Manager) removed it. The dealing suspension, however, remained in place due to liquidity within the Master Fund being below the requisite level to meet anticipated levels of investor redemptions. The continued suspension allowed the Manager the opportunity, through the orderly sale of properties, to raise liquidity within the Fund as quickly as possible to meet expected redemption requests. Throughout this process, we made every effort to receive market values for the assets being sold. The Depositary and FCA were regularly updated regarding the actions taken with a view to re-opening the Fund.

Following the suspension of the Master Fund, the Aegon Asset Management UK Board, in agreement with the Depositary, Citibank UK Ltd, and with approval from the FCA closed the Aegon Property Income Fund on 9 August 2021.

On the closure date, we made a pro-rata distribution to shareholders of £166m, representing 44% of the value of the Master Fund. This was paid on 12 August 2021. On 19 November 2021 we made the second pro-rata distribution to shareholders of £6m, a third pro-rata distribution of £30m on 15 February 2022, and a fourth distribution of £27m on 22 April 2022. The total amount distributed back to investors is 60% of the closure NAV. The Master Fund is now distributing back to investors on a quarterly basis, or sooner if there are sufficient funds.

The regulator has been clear that any decision to reopen funds is a matter for each individual fund manager and should be made on the basis of their own analysis of cashflow risks taking account of potential redemptions that could arise once the fund reopens. The FCA are keen to ensure that managers only open when they are confident of remaining open on a sustainable basis. The FCA carried out a consultation in 2020 to introduce notice periods for funds which own illiquid assets, to address the mis-match of daily dealing in funds holding illiquid assets. The decision from this consultation has been put on hold and this has created additional uncertainty and increased levels of expected redemptions.

## Aegon Property Income Feeder (Income) Fund

### Rent collection\*

Rent collection remains a major focus for our asset management teams throughout the Covid-19 period. We have been working closely with our occupiers, particularly those whose businesses have been heavily impacted by lockdown measures, to provide support whilst also ensuring that we collect as much of the rent due as possible. Encouragingly, as at the 20th working day after rent was demanded for the March 2022 demanded rent, 93% was collected and 98% collected when adjusted for monthly rental agreements made, which are expected to come through. These figures are now back to pre-pandemic collection rates.

We have adopted a prudent approach and the Master Fund only distributed rental income received or income that we were very confident of collecting.

We have changed our accounting approach because we can't be confident about our arrears being paid due to the unprecedented nature of the crisis and the financial challenges being faced by some occupiers. Our expectation is that some tenants will not be able to repay their arrears in the future and that, for others, the arrears will be written-off by the Master Fund and treated as a landlord's incentive in asset management deals to restructure their leases.

It is therefore appropriate to take the accounting impact of treating these arrears as unpaid. It would be unfair for shareholders in the future to take the performance impact of writing off bad debts so we are protecting all investors by ensuring that the current share price reflects our realistic expectations on rent and service charge arrears collection. This treatment of the existing arrears will be reviewed on a monthly basis. As we gain greater visibility of the financial health of the Master Fund's occupiers we will be able to form better judgements of their ability to repay the arrears to be distributed in the future and adjust the accounting treatment of these arrears.

### Portfolio activity\*

Despite the uncertain economic environment, we are pleased to report ongoing success with asset management initiatives across the portfolio. We have secured planning permission for the redevelopment of a key office site in Manchester City Centre for a new 17 storey office building with retail on the ground floor. This will replace the existing office building which has 7 storeys of offices and retail on the ground floor. We have also secured various other new lettings in all sectors, as well as complete lease renewals with existing tenants.

### Sales update\*

We have been as disciplined as we can be in our sales process, aiming to sell assets in accordance with strategy. We have sold 27 assets in the 12 months to March 2022, totalling £151.85m, and we have sold a further 3 assets to 18 May 2022 totalling £15.65m. We have a further 2 assets under offer for £13.7m which we expect will exchange and complete during May/June 2022. 6 assets totalling approximately £65m are in the market for sale, and the remaining 8 assets will be in the market soon in anticipation all sales will be concluded by the end of 2022.

### Performance\*

The Master Fund returned -6.66% over the year to 31 March 2022, compared to 5.31% for the IA UK Direct Property benchmark. The Master Fund changed to this benchmark in Quarter 3 2019.

The Master Fund's below benchmark performance over the year reflects the Master Fund winding down and selling assets, so not maintaining a balanced fund, for example, we now have 0% Industrial compared to our benchmark which has 36.5%. The Master Fund is selling mainly non-core assets into a market which is heavily wanting core investments resulting in a thin market for active value assets as well as the Master Fund's main exposure to the office and retail sector, which have underperformed the industrial and retail warehouse sector. The portfolio also has a higher than benchmark void rate which also impacts on valuations.

Longer-term performance (ie, over three years) is impacted by the price swing to bid price which happened on 20 December 2018. The Master Fund pricing was adjusted from creation basis to cancellation basis, so that the pricing methodology reflects the cost of selling assets; this price swing negatively impacts the Master Fund's performance.

The Aegon Property Income Feeder (Income) Fund returned -1.95%.

\*For the property investment held within the Master Fund Aegon Property Income Fund.

Source: Lipper, % growth, income re-invested at pay date, NAV-NAV, GBP, net of Basic Rate Tax. Index returns are gross of Basic Rate Tax. Investors are invited to compare the Master Fund's performance against the performance of other funds within Investment Association UK Direct Property Sector. Comparison of the Master Fund against this Sector will give investors an indication of how the Master Fund is performing compared with funds investing in a similar but not identical investment universe. The above comparison should be performed over at least a 7 year period (or period since inception) to provide the most useful long term comparison.

## Aegon Property Income Feeder (Income) Fund

### Authorised status

The Trust is a Non-UCITS Retail Scheme ("NURS"), in accordance with the classifications of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority. The sub-fund is an Alternative Investment Fund ("AIF") for the purposes of the FCA rules.

Expense ratios	2022	2021
As at 31 March 2022	B Net Inc	B Net Inc
Manager's periodic charge	0.60%	0.60%
Other sub-fund operating expenses	0.05%	0.03%
Sub-fund closure expenses**	0.35%	-
Synthetic OCF***	0.47%	0.10%
Ongoing charges figure ("OCF")****	1.47%	0.73%
Synthetic property expense ratio ("PER")*****	3.40%	2.15%
Real estate expense ratio (OCF + PER)*****	4.87%	2.88%

\*\*Sub-fund closure expenses includes estimated expenses in relation to the sub-fund liquidation, and additional accrued sub-fund operating expenses for the next year.

\*\*\*The Synthetic includes Master Fund closure expenses of 0.30%.

\*\*\*\*The Ongoing Charges Figures ("OCF") is calculated as the ratio of the total expenses to the average net asset value of the sub-fund over the year. The OCF is made up of the Manager's periodic charge and other operating costs deducted from the assets of the sub-fund during the year, except for those payments that are explicitly excluded by regulations.

\*\*\*\*\*The Synthetic 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 average net assets over the year. This includes Master Fund property closure expenses of 1.99%.

\*\*\*\*\*The Real Estate Expense Ratio represents the aggregate charges of the feeder (the "sub-fund") and its qualifying master scheme (the "Master Fund").



## Aegon Property Income Feeder (Income) Fund

### Comparative table

B Net Income units	2022	2021	2020
	(pence per unit)	(pence per unit)	(pence per unit)
<b>Change in net asset value per unit</b>			
Opening net assets per unit	82.73	95.02	102.58
Return before operating charges and property expenses*	(2.03)	(6.58)	(1.18)
Operating charges	(0.64)	(0.72)	(0.86)
Sub-fund closure expenses	(0.28)	-	-
Master Fund closure expenses	(0.23)	-	-
Property expenses	(1.11)	(1.90)	(0.99)
Property closure expenses	(1.56)	-	-
Return after operating charges and property expenses*	(5.85)	(9.20)	(3.03)
Distributions	(2.67)	(3.09)	(4.53)
Retained distributions on accumulation units	-	-	-
Closing net assets per unit	74.21	82.73	95.02
*after transaction costs of:	0.00	0.20	(0.26)
<b>Performance</b>			
Return after charges	(7.07)%	(9.68)%	(2.95)%
<b>Other information</b>			
Closing net asset value (£'000)	31,885	76,918	88,344
Closing number of units	42,967,479	92,976,365	92,976,365
Operating charges	0.82%	0.73%	0.87%
Sub-fund closure expenses	0.35%	-	-
Master Fund closure expenses	0.30%	-	-
Property expenses	1.41%	2.15%	0.98%
Property closure expenses	1.99%	-	-
Direct transaction costs†	(0.01)%	0.23%	(0.26)%
<b>Prices</b>			
Highest unit price	81.92	93.88	101.85
Lowest unit price	75.59	81.82	94.14

†In line with the requirements of the 2014 Statement of Recommended Practice for authorised funds, direct transaction costs are stated after the proportion of the amounts collected from dilution adjustments in relation to direct transaction costs. These costs might appear positive or negative depending on the timing of investment activity within the sub-fund. The current negative charge reflects the fact that the sub-fund has collected a dilution adjustment but has not yet incurred all costs of fully investing the portfolio.

# Aegon Property Income Feeder (Income) Fund

## Portfolio Statement

The sub-fund's investments as at 31 March 2022

Holding	Investment	Market value £'000	Total net assets %
<b>Collective Investment Schemes (31 March 2021: 99.94%)</b>			
40,687,667	Aegon Property Income Fund - Share Class F Gross Income	32,181	100.93
<b>Portfolio of investments</b>		<b>32,181</b>	<b>100.93</b>
Net other liabilities		(296)	(0.93)
<b>Total net assets attributable to unitholders</b>		<b>31,885</b>	<b>100.00</b>

## Aegon Property Income Feeder (Income) Fund

### Statement of Total Return for the year ended 31 March 2022

			2022		2021
	Note	£'000	£'000	£'000	£'000
<b>Income</b>					
Net capital losses	4		(6,042)		(10,834)
Revenue	5	2,049		3,396	
Expenses	6	<u>(510)</u>		<u>(592)</u>	
<b>Net revenue before taxation</b>		<b>1,539</b>		<b>2,804</b>	
Taxation	7	<u>(289)</u>		<u>(520)</u>	
Net revenue after taxation			<u>1,250</u>		<u>2,284</u>
Total return before distributions			(4,792)		(8,550)
Distributions	8		<u>(1,760)</u>		<u>(2,876)</u>
<b>Change in net assets attributable to unitholders from investment activities</b>			<b>(6,552)</b>		<b>(11,426)</b>

### Statement of Change in Net Assets Attributable to Unitholders for the year ended 31 March 2022

		2022		2021
	£'000	£'000	£'000	£'000
Opening net assets attributable to unitholders		76,918		88,344
Capital distributions paid to unitholders	(38,481)		-	
Amounts payable on cancellation of units	<u>-</u>		<u>-</u>	
		(38,481)		-
Change in net assets attributable to unitholders from investment activities		<u>(6,552)</u>		<u>(11,426)</u>
<b>Closing net assets attributable to unitholders</b>		<b>31,885</b>		<b>76,918</b>

## Aegon Property Income Feeder (Income) Fund

### Balance Sheet as at 31 March 2022

			2022		2021
	Note	£'000	£'000	£'000	£'000
<b>Assets</b>					
Current assets:					
Investments*		32,181		76,870	
Debtors	9	-		194	
Cash and cash equivalents	10	-		64	
			32,181		77,128
Total assets			32,181		77,128
<b>Liabilities</b>					
Creditors					
Bank overdrafts	11	1		-	
Distribution payable		4		125	
Other creditors	12	291		85	
Total liabilities			296		210
<b>Net assets attributable to unitholders</b>			<b>31,885</b>		<b>76,918</b>

\*Investments are classified as current assets as the Master Fund has been prepared on a basis other than going concern.

## Aegon Property Income Feeder (Income) Fund

### Cash Flow Statement for the year ended 31 March 2022

	2022	2021
	£'000	£'000
<b>Cash flows from operating activities</b>		
Net revenue before taxation	1,539	2,804
Adjustments for:		
Interest received	(1)	-
Decrease in debtors	142	114
Increase in creditors	117	19
<b>Cash from operations</b>	<b>1,797</b>	<b>2,937</b>
Corporation tax paid	(149)	(539)
<b>Net cash generated from operating activities</b>	<b>1,648</b>	<b>2,398</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	38,647	584
Interest received	1	-
<b>Net cash generated from investing activities</b>	<b>38,648</b>	<b>584</b>
<b>Cash flows from financing activities</b>		
Capital distributions paid to unitholders	(38,516)	-
Distributions paid	(1,845)	(2,968)
<b>Net cash used in financing activities</b>	<b>(40,361)</b>	<b>(2,968)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(65)</b>	<b>14</b>
Cash and cash equivalents at beginning of year	64	50
<b>Cash and cash equivalents at end of year</b>	<b>(1)</b>	<b>64</b>

# Aegon Property Income Feeder (Income) Fund

## Notes to the Financial Statements

### 1 Accounting policies

The applicable accounting policies for the sub-fund are available on page 9.

### 2 Distribution policies

The applicable distribution policies for the sub-fund are available on pages 9 and 10.

### 3 Risk management risks

The applicable risk management policies for the sub-fund are available on pages 10 to 12.

### 4 Net capital losses

Net capital losses comprise:

	2022	2021
	£'000	£'000
Losses on non-derivative securities	(6,042)	(10,834)
<b>Net capital losses</b>	<b>(6,042)</b>	<b>(10,834)</b>

Total realised losses for the year were £13,046,000 (31 March 2021: losses of £109,000) and the movement in unrealised gains were £7,004,000 (31 March 2021: losses of £10,725,000). Where realised gains/(losses) include amounts arising in previous years, a corresponding (loss)/gain is included in unrealised gains/(losses).

### 5 Revenue

	2022	2021
	£'000	£'000
Franked component of dividend distribution from collective investment schemes	274	202
Interest distributions from collective investment schemes	5	6
Property income distributions	1,769	3,188
Bank interest	1	-
<b>Total revenue</b>	<b>2,049</b>	<b>3,396</b>

### 6 Expenses<sup>†</sup>

	2022	2021
	£'000	£'000
<b>Payable to the Manager, associates of the Manager and agents of either of them:</b>		
Manager's periodic charge	307	570
Registration fees	23	22
Sub-fund closure expenses	180	-
<b>Total expenses</b>	<b>510</b>	<b>592</b>

\*All expenditure stated above is inclusive of irrecoverable VAT where applicable.

<sup>†</sup>The audit fee (excluding VAT) incurred during the year was £96,834 (31 March 2021: £99,636) plus a further fee of £Nil (31 March 2021: £7,000) in relation to additional Covid-19 work. The fee is borne by the Aegon Property Income Fund and includes £13,124 (excluding VAT) (31 March 2021: £12,742) charged for the audit of the Aegon Property Income Feeder (Income) Fund and Aegon Property Income Feeder (Accumulation) Fund. These funds are Feeder funds within the Master Feeder structure of the Aegon Property Authorised Investment Fund.

### 7 Taxation

#### a) Analysis of charge in the year

	2022	2021
	£'000	£'000
<b>Current tax:</b>		
UK corporation tax on profits in the year	289	520
<b>Current tax charge for the year</b>	<b>289</b>	<b>520</b>

# Aegon Property Income Feeder (Income) Fund

## Notes to the Financial Statements (continued)

### 7 Taxation (continued)

#### b) Factors affecting tax charge for the year

The tax assessed for the year is lower (31 March 2021: lower) than the standard rate of corporation tax for Authorised Unit Trusts of 20% (31 March 2021: 20%).

The differences are explained below:

	2022	2021
	£'000	£'000
Net revenue before taxation	1,539	2,804
Corporation tax 20% (31 March 2021: 20%)	308	561
Effects of:		
Revenue not subject to taxation	(55)	(41)
Wind up expenses not subject to tax	36	-
<b>Current tax charge for the year</b>	<b>289</b>	<b>520</b>

### 8 Distributions

#### a) Distributions

The distributions take account of amounts receivable on the issue of units and amounts deductible on the cancellation of units, and comprise:

	2022	2021
	£'000	£'000
Interim distributions	1,720	2,751
Final distribution	4	125
	<b>1,724</b>	<b>2,876</b>
Add: amounts deductible on cancellation of units	36	-
Less: amounts receivable on creation of units	-	-
<b>Distributions</b>	<b>1,760</b>	<b>2,876</b>

Details of the distributions are set out in the table on page 25.

#### b) Movement between net revenue and distribution

	2022	2021
	£'000	£'000
Net revenue after taxation	1,250	2,284
Expenses transferred to capital	330	592
Closure expenses charged to capital	180	-
<b>Distributions</b>	<b>1,760</b>	<b>2,876</b>

### 9 Debtors

	2022	2021
	£'000	£'000
Accrued revenue	-	142
Corporation tax recoverable	-	52
<b>Debtors</b>	<b>-</b>	<b>194</b>

### 10 Cash and cash equivalents

	2022	2021
	£'000	£'000
Cash and bank balances	-	64
<b>Cash and cash equivalents</b>	<b>-</b>	<b>64</b>

### 11 Bank overdrafts

	2022	2021
	£'000	£'000
Bank overdrafts	1	-
<b>Bank overdrafts</b>	<b>1</b>	<b>-</b>

# Aegon Property Income Feeder (Income) Fund

## Notes to the Financial Statements (continued)

### 12 Other creditors

	2022	2021
	£'000	£'000
Accrued expenses*	22	85
Accrued sub-fund closure expenses**	180	-
Corporation tax payable	89	-
<b>Other creditors</b>	<b>291</b>	<b>85</b>

\*Includes accrued Manager's periodic charge of £17,000 (31 March 2021: £76,000).

\*\*Additional expenses accrued for the year ending March 2023 in relation to the sub-fund closure. For further information please see the accounting policy 1 (a) on page 9.

### 13 Related Parties

The Manager's periodic charge paid to Aegon Asset Management UK plc, (the Manager) is shown in Note 6 and details of amounts received and paid on units issued and cancelled are shown in the Statement of Change in Net Assets Attributable to Unitholders. The balance due to the Manager in respect of these transactions as at 31 March 2022 is £17,000 (31 March 2021: £76,000 due to the Manager), a breakdown can be found in Notes 9 and 12. At the year-end 38.43% (31 March 2021: 40.34%) of the units in issue were owned by AEGON Group or AEGON UK companies.

The ultimate controlling party of Aegon Asset Management UK plc is Aegon N.V. and the transactions associated with Aegon N.V., its subsidiaries and other funds managed by Aegon Asset Management UK plc are as follows:

- a) The aggregate value of purchases and sales transactions was £38,647,000 (31 March 2021: £578,000) and the balance outstanding at the year end was £Nil (31 March 2021: £Nil).
- b) Revenue receivable for the year was £2,048,000 (31 March 2021: £3,396,000) and the balance outstanding at the year end was £Nil (31 March 2021: £142,000).
- c) The aggregate value of investments held at the year end was £32,181,000 (31 March 2021: £76,870,000).

### 14 Contingent assets, liabilities and commitments

As at 31 March 2022, the sub-fund had no capital commitments and no contingent assets or liabilities (31 March 2021: Nil).

### 15 Financial instruments

The risks associated with the sub-fund are market, concentration, valuation, liquidity, and counterparty risk. Narrative disclosures are on pages 10 to 12.

### 16 Direct transaction costs

Due to the nature of the investments held, no transaction costs or taxes were incurred on the sub-fund's purchases or sales during the current year ended 31 March 2022. The total purchases for the year amounted to £Nil (31 March 2021: £Nil) and the total sales amounted to £38,647,000 (31 March 2021: £578,000). There is no corporate actions/in species in this sub-fund.

There is no average dealing spread on the sub-fund at 31 March 2022.

### 17 Unit classes

The sub-fund currently has 1 unit class; B. The Manager's periodic charge on the unit class is as follows:

B unit class: 0.60%

The net asset value of each unit class, the net asset value per unit, and the number of units in each class are given in the comparative tables on page 16. The distribution per unit class is given in the distribution tables on page 25. All unit classes have the same rights on winding up.

#### Unit class movement reconciliation

	Opening	Issued	Redeemed	Converted	Closing
31.03.2022					
B Net Income	92,976,365	-	(50,008,886)	-	42,967,479



# Aegon Property Income Feeder (Income) Fund

## Notes to the Financial Statements (continued)

### 18 Fair value hierarchy

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

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.

Basis of valuation	2022 £'000	2021 £'000
1 - Unadjusted quoted prices	-	-
2 - Observable market data	-	-
3 - Unobservable data	32,181	76,870
	<b>32,181</b>	<b>76,870</b>

The sub-fund invests all or substantially all of its capital in Class F gross income share class of the Master Fund. This is valued at fair value, which is deemed to be the net asset value per unit reported in the comparative table in the Master Funds Annual Report and Financial Statements at the end of the current accounting year. Due to the impact of the Covid-19 pandemic, the Financial Conduct Authority requirement that Master Fund must suspend dealing where the standing independent valuer expresses material uncertainty regarding the value of 20% of the scheme property and subsequent suspension of the Master Fund. Therefore the investment in the Master fund is no longer classed as a liquid investment.

### 19 Post balance sheet events

Subsequent to balance sheet date, the net asset value movements per share class have been disclosed within the table below to 18 July 2022. This movement takes into account routine transactions but also reflects the market movements over the period.

Net assets per unit	31.03.2022	18.07.2022	Movement
B Net Income	74.21	73.02	(1.60)%

Net assets attributable to unitholders have moved from £31,885,000 on 31 March 2022 to £22,417,000 on 18 July 2022, a reduction of 29.69%.

On 22 April 2022 a fourth pro-rata distribution of £27m was paid to shareholders by the Master Fund, and 30 June 2022 a fifth pro-rata distribution of £22m was paid.

On 22 April 2022 a fourth pro-rata distribution of £5m was paid to unitholders, and 30 June 2022 a fifth pro-rata distribution of £4m was paid.

Since 31 March 2022 the Fund has completed the sales of Newport Road, Cardiff on 22 April for £1,925,000; Newburn Riverside Offices, Newcastle on 27 April for £6,526,000; Nexus House, Newcastle on 11 May for £7,200,000; and Buchanan Street, Glasgow on 30 May for £4,144,000.

## Aegon Property Income Feeder (Income) Fund

### Distribution Tables

The sub-fund pays 12 distributions to its unitholders each year on the last calendar day of each month ("pay date"). Those distributions are based on the net distributable income for the previous month and are paid to those unitholders on the register on the last day of the previous month ("period end").

#### Unit Class B Net Income

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	2020/21 Total Paid
30/04/21	31/05/21	Group 1	0.2238	N/A	0.2238	0.2632
		Group 2	0.2238	0.0000		
31/05/21	30/06/21	Group 1	0.3406	N/A	0.3406	0.2672
		Group 2	0.3406	0.0000		
30/06/21	31/07/21	Group 1	0.1039	N/A	0.1039	0.3401
		Group 2	0.1039	0.0000		
31/07/21	31/08/21	Group 1	0.2003	N/A	0.2003	0.2791
		Group 2	0.2003	0.0000		
31/08/21	30/09/21	Group 1	0.2083	N/A	0.2083	0.3440
		Group 2	0.2083	0.0000		
30/09/21	31/10/21	Group 1	0.3893	N/A	0.3893	0.3473
		Group 2	0.3893	0.0000		
31/10/21	30/11/21	Group 1	0.2404	N/A	0.2404	0.2180
		Group 2	0.2404	0.0000		
30/11/21	31/12/21	Group 1	0.4242	N/A	0.4242	0.3263
		Group 2	0.4242	0.0000		
31/12/21	31/01/22	Group 1	0.1976	N/A	0.1976	0.2629
		Group 2	0.1976	0.0000		
31/01/22	28/02/22	Group 1	0.2670	N/A	0.2670	0.1388
		Group 2	0.2670	0.0000		
28/02/22	31/03/22	Group 1	0.0687	N/A	0.0687	0.1718
		Group 2	0.0687	0.0000		
31/03/22	30/04/22	Group 1	0.0097	N/A	0.0097	0.1341
		Group 2	0.0097	0.0000		

All distributions above are in pence per unit unless specifically stated.

\*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.

# Aegon Property Income Feeder (Accumulation) Fund

## Investment objective

The investment objective is to provide income with potential for capital growth by investing in the Aegon Property Income Fund (the "Master Fund"), which invests mainly in commercial property. In light of the closure of the sub-fund on 9 August 2021, the objective will be pursued by liquidating all the assets in a fair and orderly manner whilst seeking to maximise returns for investors and return their capital at the earliest opportunity.

## Investment policy

The sub-fund will invest solely in the Master Fund. Cash may be held from time to time for the purposes of efficient portfolio management.

## Risk profile

The sub-fund was designed for retail and institutional investors seeking pooled exposure from investments mainly in commercial property in the British Isles through the Master Fund, but who are unable to invest directly into the Master Fund, and who are comfortable with a medium level of investment risk. In most cases, we expect the sub-fund to be held as part of a diversified portfolio which may include other assets such as bonds, equities and cash. Unit prices will fluctuate and may fall significantly in value. Consequently, it is important to understand that the sub-fund should be viewed as a longer term investment.

Investors should be aware of the following risk factors:

- Investment property is not as liquid as other asset classes such as bonds or equities. Investors may not be able to switch or cash-in their Investment when they want to because property in the Master Fund may not always be readily saleable.
- Investment property transaction charges are higher than those which apply in other asset classes. High volumes of transactions would have a material impact on the Master Fund's returns.
- The Master Fund's Investment portfolio is exposed to market price fluctuations. Property valuations are a matter of the independent valuer's opinion rather than fact.
- The yield from the Investment property may be negatively affected by tenant failure or availability of supply in the sector.

The Master Fund is actively managed and exposed to a range of risks, which are listed and defined in the Aegon Property Investments Prospectus. The most material risks from this list also appear in our Key Investor Information documents ("KIID") where they are summarised in an easy-to-read format. You can find both of these documents on our website at [www.aegonam.com](http://www.aegonam.com).

## Structure

The Aegon Asset Management UK Unit Trust was launched for investors who are unable to invest directly in the Master Fund for operational or other reasons. The Aegon Asset Management UK Unit Trust is comprised of two sub-funds; Aegon Property Income Feeder (Accumulation) Fund and Aegon Property Income Feeder (Income) Fund.

The Aegon Property Income Feeder (Accumulation) Fund gives investors the opportunity to invest indirectly into an accumulation share class in the Master Fund (F Gross Accumulation), where distributions of the net revenue from the Master Fund are automatically reinvested.

As the Aegon Asset Management UK Unit Trust invests solely in the underlying Fund, the review of investment activity below relates directly to the Master Fund.

## Review of investment activities\*

Dealing in the Master Fund was initially suspended on 16 March 2020 due to the Standing Independent Valuer, CBRE, applying a Material Uncertainty Clause ("MUC") to the valuations of underlying properties held by the Fund. CBRE applied the MUC because there was insufficient evidence in the market to accurately value the underlying properties due to turbulent market conditions, caused mainly by the Covid-19 pandemic.

The MUC was in place until late September 2020, when CBRE (in agreement with the Manager) removed it. The dealing suspension, however, remained in place due to liquidity within the Master Fund being below the requisite level to meet anticipated levels of investor redemptions. The continued suspension allowed the Manager the opportunity, through the orderly sale of properties, to raise liquidity within the Fund as quickly as possible to meet expected redemption requests. Throughout this process, we made every effort to receive market values for the assets being sold. The Depositary and FCA were regularly updated regarding the actions taken with a view to re-opening the Fund.

Following the suspension of the Master Fund, the Aegon Asset Management UK Board, in agreement with the Depositary, Citibank UK Ltd, and with approval from the FCA closed the Aegon Property Income Fund on 9 August 2021.

On the closure date, we made a pro-rata distribution to shareholders of £166m, representing 44% of the value of the Master Fund. This was paid on 12 August 2021. On 19 November 2021 we made the second pro-rata distribution to shareholders of £6m, a third pro-rata distribution of £30m on 15 February 2022, and a fourth distribution of £27m on 22 April 2022. The total amount distributed back to investors is 60% of the closure NAV. The Master Fund is now distributing back to investors on a quarterly basis, or sooner if there are sufficient funds.

The regulator has been clear that any decision to reopen funds is a matter for each individual fund manager and should be made on the basis of their own analysis of cashflow risks taking account of potential redemptions that could arise once the fund reopens. The FCA are keen to ensure that managers only open when they are confident of remaining open on a sustainable basis. The FCA carried out a consultation in 2020 to introduce notice periods for funds which own illiquid assets, to address the mis-match of daily dealing in funds holding illiquid assets. The decision from this consultation has been put on hold and this has created additional uncertainty and increased levels of expected redemptions.

## Aegon Property Income Feeder (Accumulation) Fund

### Rent collection

Rent collection remains a major focus for our asset management teams throughout the Covid-19 period. We have been working closely with our occupiers, particularly those whose businesses have been heavily impacted by lockdown measures, to provide support whilst also ensuring that we collect as much of the rent due as possible. Encouragingly, as at the 20th working day after rent was demanded for the March 2022 demanded rent, 93% was collected and 98% collected when adjusted for monthly rental agreements made, which are expected to come through. These figures are now back to pre-pandemic collection rates.

We have adopted a prudent approach and the Master Fund only distributed rental income received or income that we were very confident of collecting.

We have changed our accounting approach because we can't be confident about our arrears being paid due to the unprecedented nature of the crisis and the financial challenges being faced by some occupiers. Our expectation is that some tenants will not be able to repay their arrears in the future and that, for others, the arrears will be written-off by the Master Fund and treated as a landlord's incentive in asset management deals to restructure their leases.

It is therefore appropriate to take the accounting impact of treating these arrears as unpaid. It would be unfair for shareholders in the future to take the performance impact of writing off bad debts so we are protecting all investors by ensuring that the current share price reflects our realistic expectations on rent and service charge arrears collection. This treatment of the existing arrears will be reviewed on a monthly basis. As we gain greater visibility of the financial health of the Master Fund's occupiers we will be able to form better judgements of their ability to repay the arrears to be distributed in the future and adjust the accounting treatment of these arrears.

### Portfolio activity

Despite the uncertain economic environment, we are pleased to report ongoing success with asset management initiatives across the portfolio. We have secured planning permission for the redevelopment of a key office site in Manchester City Centre for a new 17 storey office building with retail on the ground floor. This will replace the existing office building which has 7 storeys of offices and retail on the ground floor. We have also secured various other new lettings in all sectors, as well as complete lease renewals with existing tenants.

### Sales update

We have been as disciplined as we can be in our sales process, aiming to sell assets in accordance with strategy. We have sold 27 assets in the 12 months to March 2022, totalling £151.85m, and we have sold a further 3 assets to 18 May 2022 totalling £15.65m. We have a further 2 assets under offer for £13.7m which we expect will exchange and complete during May/June 2022. 6 assets totalling approximately £65m are in the market for sale, and the remaining 8 assets will be in the market soon in anticipation all sales will be concluded by the end of 2022.

### Performance\*

The Master Fund returned -6.66% over the year to 31 March 2022, compared to 5.31% for the IA UK Direct Property benchmark. The Master Fund changed to this benchmark in Quarter 3 2019.

The Master Fund's below benchmark performance over the year reflects the Master Fund winding down and selling assets, so not maintaining a balanced fund, for example, we now have 0% Industrial compared to our benchmark which has 36.5%. The Master Fund is selling mainly non-core assets into a market which is heavily wanting core investments resulting in a thin market for active value assets as well as the Master Fund's main exposure to the office and retail sector, which have underperformed the industrial and retail warehouse sector. The portfolio also has a higher than benchmark void rate which also impacts on valuations.

Longer-term performance (ie, over three years) is impacted by the price swing to bid price which happened on 20 December 2018. The Master Fund pricing was adjusted from creation basis to cancellation basis, so that the pricing methodology reflects the cost of selling assets; this price swing negatively impacts the Master Fund's performance.

The Aegon Property Income Feeder (Accumulation) Fund returned -2.75%.

\*For the property investment held within the Master Fund Aegon Property Income Fund.

Source: Lipper, % growth, income re-invested at pay date, NAV-NAV, GBP, net of Basic Rate Tax. Index returns are gross of Basic Rate Tax. Investors are invited to compare the Master Fund's performance against the performance of other funds within Investment Association UK Direct Property Sector. Comparison of the Master Fund against this Sector will give investors an indication of how the Master Fund is performing compared with funds investing in a similar but not identical investment universe. The above comparison should be performed over at least a 7 year period (or period since inception) to provide the most useful long term comparison.

## Aegon Property Income Feeder (Accumulation) Fund

### Authorised status

The Trust is a Non-UCITS Retail Scheme ("NURS"), in accordance with the classifications of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority. The sub-fund is an Alternative Investment Fund ("AIF") for the purposes of the FCA rules.

Expense ratios	2022	2021
As at 31 March 2022	B Net Acc	B Net Acc
Manager's periodic charge	0.60%	0.60%
Other sub-fund operating expenses	0.02%	0.01%
Sub-fund closure expenses**	0.33%	-
Synthetic OCF***	0.47%	0.10%
Ongoing charges figure ("OCF")****	1.42%	0.71%
Synthetic property expense ratio ("PER")*****	3.40%	2.15%
Real estate expense ratio (OCF + PER)*****	4.82%	2.86%

\*\*Sub-fund closure expenses includes estimated expenses in relation to the sub-fund liquidation, and additional accrued sub-fund operating expenses for the next year.

\*\*\*The Synthetic includes Master Fund closure expenses of 0.30%.

\*\*\*\*The Ongoing Charges Figures ("OCF") is calculated as the ratio of the total expenses to the average net asset value of the sub-fund over the year. The OCF is made up of the Manager's periodic charge and other operating costs deducted from the assets of the sub-fund during the year, except for those payments that are explicitly excluded by regulations.

\*\*\*\*\*The Synthetic 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 average net assets over the year. This includes Master Fund property closure expenses of 1.99%.

\*\*\*\*\*The Real Estate Expense Ratio represents the aggregate charges of the feeder (the "sub-fund") and its qualifying master scheme (the "Master Fund").

## Aegon Property Income Feeder (Accumulation) Fund

### Comparative table

B Net Accumulation units	2022	2021	2020
	(pence per unit)	(pence per unit)	(pence per unit)
<b>Change in net asset value per unit</b>			
Opening net assets per unit	112.71	125.02	129.01
Return before operating charges and property expenses*	(2.79)	(8.83)	(1.62)
Operating charges	(0.86)	(0.95)	(1.12)
Sub-fund closure expenses	(0.36)	-	-
Master Fund closure expenses	(0.32)	-	-
Property expenses	(1.53)	(2.53)	(1.25)
Property closure expenses	(2.16)	-	-
Return after operating charges and property expenses*	(8.02)	(12.31)	(3.99)
Distributions	(3.69)	(4.13)	(5.81)
Retained distributions on accumulation units	3.69	4.13	5.81
Closing net assets per unit	104.69	112.71	125.02
*after direct transaction costs of:	(0.01)	0.26	(0.33)
<b>Performance</b>			
Return after charges	(7.12)%	(9.85)%	(3.09)%
<b>Other information</b>			
Closing net asset value (£'000)	68,236	158,964	176,314
Closing number of units	65,176,039	141,032,286	141,032,286
Operating charges	0.79%	0.71%	0.86%
Sub-fund closure expenses	0.33%	-	-
Master Fund closure expenses	0.30%	-	-
Property expenses	1.41%	2.15%	0.98%
Property closure expenses	1.99%	-	-
Direct transaction costs†	(0.01)%	0.22%	(0.26)%
<b>Prices</b>			
Highest unit price	111.61	123.68	128.63
Lowest unit price	104.95	111.48	123.55

†In line with the requirements of the 2014 Statement of Recommended Practice for authorised funds, direct transaction costs are stated after the proportion of the amounts collected from dilution adjustments in relation to direct transaction costs. These costs might appear positive or negative depending on the timing of investment activity within the sub-fund. The current negative charge reflects the fact that the sub-fund has collected a dilution adjustment but has not yet incurred all costs of fully investing the portfolio.

## Aegon Property Income Feeder (Accumulation) Fund

### Portfolio Statement

The sub-fund's investments as at 31 March 2022

Holding	Investment	Market value	Total net assets
		£'000	%
57,980,456	Collective Investment Schemes (31 March 2021: 99.99%)		
	Aegon Property Income Fund - Share Class F Gross Accumulation	68,817	100.85
	Portfolio of investments	68,817	100.85
	Net other liabilities	(581)	(0.85)
	Total net assets attributable to unitholders	68,236	100.00

## Aegon Property Income Feeder (Accumulation) Fund

### Statement of Total Return for the year ended 31 March 2022

			2022	2021
	Note	£'000	£'000	£'000
<b>Income</b>				
Net capital losses	4		(12,612)	(22,000)
Revenue	5	4,287		6,890
Expenses	6	(1,018)		(1,175)
<b>Net revenue before taxation</b>		<b>3,269</b>		<b>5,715</b>
Taxation	7	(609)		(1,065)
Net revenue after taxation			2,660	4,650
Total return before distributions			(9,952)	(17,350)
Distributions	8		(3,678)	(5,825)
<b>Change in net assets attributable to unitholders from investment activities</b>			<b>(13,630)</b>	<b>(23,175)</b>

### Statement of Change in Net Assets Attributable to Unitholders for the year ended 31 March 2022

		2022	2021
	£'000	£'000	£'000
Opening net assets attributable to unitholders		158,964	176,314
Capital distributions paid to unitholders	(80,702)		-
Amounts payable on cancellation of units	-		-
		(80,702)	-
Change in net assets attributable to unitholders from investment activities		(13,630)	(23,175)
Retained distribution on accumulation units		3,604	5,825
<b>Closing net assets attributable to unitholders</b>		<b>68,236</b>	<b>158,964</b>



## Aegon Property Income Feeder (Accumulation) Fund

### Balance Sheet as at 31 March 2022

			2022		2021
	Note	£'000	£'000	£'000	£'000
<b>Assets</b>					
Current assets:					
Investments*		68,817		158,950	
Debtors	9	-		104	
Cash and cash equivalents	10	<u>2</u>		<u>76</u>	
			<u>68,819</u>		<u>159,130</u>
Total assets			68,819		159,130
<b>Liabilities</b>					
Creditors					
Other creditors	11	<u>583</u>		<u>166</u>	
Total liabilities			<u>583</u>		<u>166</u>
<b>Net assets attributable to unitholders</b>			<b>68,236</b>		<b>158,964</b>

\*Investments are classified as current assets as the Master Fund has been prepared on a basis other than going concern.

## Aegon Property Income Feeder (Accumulation) Fund

### Cash Flow Statement for the year ended 31 March 2022

	2022 £'000	2021 £'000
<b>Cash flows from operating activities</b>		
Net revenue before taxation	3,269	5,715
Adjustments for:		
Interest received	(1)	-
Increase in creditors	229	41
<b>Cash from operations</b>	<b>3,497</b>	<b>5,756</b>
Corporation tax paid	(317)	(1,126)
<b>Net cash generated from operating activities</b>	<b>3,180</b>	<b>4,630</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	81,715	2,443
Purchases of investments	(4,194)	(6,885)
Interest received	1	-
<b>Net cash generated from/(used in) investing activities</b>	<b>77,522</b>	<b>(4,442)</b>
<b>Cash flows from financing activities</b>		
Capital distributions paid to unitholders	(80,776)	-
<b>Net cash used in financing activities</b>	<b>(80,776)</b>	<b>-</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(74)</b>	<b>188</b>
Cash and cash equivalents at beginning of year	76	(112)
<b>Cash and cash equivalents at end of year</b>	<b>2</b>	<b>76</b>

# Aegon Property Income Feeder (Accumulation) Fund

## Notes to the Financial Statements

### 1 Accounting policies

The applicable accounting policies for the sub-fund are available on page 9.

### 2 Distribution policies

The applicable distribution policies for the sub-fund are available on pages 9 and 10.

### 3 Risk management risks

The applicable risk management policies for the sub-fund are available on pages 10 to 12.

### 4 Net capital losses

Net capital losses comprise:

	2022	2021
	£'000	£'000
Losses on non-derivative securities	(12,612)	(22,000)
<b>Net capital losses</b>	<b>(12,612)</b>	<b>(22,000)</b>

Total realised losses for the year were £27,284,000 (31 March 2021: losses of £436,000) and the movement in unrealised gains were £14,672,000 (31 March 2021: losses of £21,564,000). Where realised gains/(losses) include amounts arising in previous years, a corresponding (loss)/gain is included in unrealised gains/(losses).

### 5 Revenue

	2022	2021
	£'000	£'000
Franked component of dividend distribution from collective investment schemes	577	390
Interest distributions from collective investment schemes	12	11
Property income distributions	3,697	6,489
Bank interest	1	-
<b>Total revenue</b>	<b>4,287</b>	<b>6,890</b>

### 6 Expenses\*\*

	2022	2021
	£'000	£'000
<b>Payable to the Manager, associates of the Manager and agents of either of them:</b>		
Manager's periodic charge	643	1,157
Registration fees	22	18
Sub-fund closure expenses	353	-
<b>Total expenses</b>	<b>1,018</b>	<b>1,175</b>

\* All expenditure stated above is inclusive of irrecoverable VAT where applicable.

\*\*The audit fee (excluding VAT) incurred during the year was £96,834 (31 March 2021: £99,636) plus a further fee of £Nil (31 March 2021: £7,000) in relation to additional Covid-19 work. The fee is borne by the Aegon Property Income Fund and includes £13,124 (excluding VAT) (31 March 2021: £12,742) charged for the audit of the Aegon Property Income Feeder (Income) Fund and Aegon Property Income Feeder (Accumulation) Fund. These funds are Feeder funds within the Master Feeder structure of the Aegon Property Authorised Investment Fund.

### 7 Taxation

#### a) Analysis of charge in the year

	2022	2021
	£'000	£'000
<b>Current tax:</b>		
UK corporation tax on profits in the year	609	1,065
<b>Current tax charge for the year</b>	<b>609</b>	<b>1,065</b>

# Aegon Property Income Feeder (Accumulation) Fund

## Notes to the Financial Statements (continued)

### 7 Taxation (continued)

#### b) Factors affecting tax charge for the year

The tax assessed for the year is lower (31 March 2021: lower) than the standard rate of corporation tax for Authorised Unit Trusts of 20% (31 March 2021: 20%).

The differences are explained below:

	2022	2021
	£'000	£'000
Net revenue before taxation	3,269	5,715
Corporation tax 20% (31 March 2021: 20%)	654	1,143
Effects of:		
Revenue not subject to taxation	(116)	(78)
Wind up expenses not subject to tax	71	-
<b>Current tax charge for the year</b>	<b>609</b>	<b>1,065</b>

### 8 Distributions

#### a) Distributions

The distributions take account of amounts receivable on the issue of units and amounts deductible on the cancellation of units, and comprise:

	2022	2021
	£'000	£'000
Interim distributions	3,596	5,569
Final distribution	8	256
	<b>3,604</b>	<b>5,825</b>
Add: amounts deductible on cancellation of units	74	-
Less: amounts receivable on creation of units	-	-
<b>Distributions</b>	<b>3,678</b>	<b>5,825</b>

Details of the distributions are set out in the table on page 38.

#### b) Movement between net revenue and distribution

	2022	2021
	£'000	£'000
Net revenue after taxation	2,660	4,650
Expenses transferred to capital	665	1,175
Closure expenses charged to capital	353	-
<b>Distributions</b>	<b>3,678</b>	<b>5,825</b>

### 9 Debtors

	2022	2021
	£'000	£'000
Corporation tax recoverable	-	104
<b>Debtors</b>	<b>-</b>	<b>104</b>

### 10 Cash and cash equivalents

	2022	2021
	£'000	£'000
Cash and bank balances	2	76
<b>Cash and cash equivalents</b>	<b>2</b>	<b>76</b>

# Aegon Property Income Feeder (Accumulation) Fund

## Notes to the Financial Statements (continued)

### 11 Other creditors

	2022	2021
	£'000	£'000
Accrued expenses*	41	166
Accrued sub-fund closure expenses**	353	-
Corporation tax payable	189	-
<b>Other creditors</b>	<b>583</b>	<b>166</b>

\*Includes accrued Manager's periodic charge of £36,000 (31 March 2021: £157,000).

\*\*Additional expenses accrued for the year ending March 2023 in relation to the sub-fund closure. For further information please see the accounting policy 1 (a) on page 9.

### 12 Related Parties

The Manager's periodic charge paid to Aegon Asset Management UK plc, (the Manager) is shown in Note 6 and details of amounts received and paid on units issued and cancelled are shown in the Statement of Change in Net Assets Attributable to Unitholders. The balance due to the Manager in respect of these transactions as at 31 March 2022 is £36,000 (31 March 2021: £157,000 due to the Manager), a breakdown can be found in Notes 9 and 11. At the year-end 20.11% (31 March 2021: 20.96%) of the units in issue were owned by AEGON Group or AEGON UK companies.

The ultimate controlling party of Aegon Asset Management UK plc, is Aegon N.V. and the transactions associated with Aegon N.V., its subsidiaries and other funds managed by Aegon Asset Management UK plc are as follows:

- a) The aggregate value of purchases and sales transactions was £81,715,000 (31 March 2021: £2,330,000) and the balance outstanding at the year end was £Nil (31 March 2021: £Nil).
- b) Revenue receivable for the year was £4,286,000 (31 March 2021: £6,890,000) and the balance outstanding at the year end was £Nil (31 March 2021: £292,000).
- c) The aggregate value of investments held at the year end was £68,817,000 (31 March 2021: £158,950,000).

### 13 Contingent assets, liabilities and commitments

As at 31 March 2022, the sub-fund had no capital commitments and no contingent assets or liabilities (31 March 2021: Nil).

### 14 Financial instruments

The risks associated with the sub-fund are market, concentration, valuation, liquidity, and counterparty risk. Narrative disclosures are on pages 10 to 12.

### 15 Direct transaction costs

Due to the nature of the investments held, no transaction costs or taxes were incurred on the sub-fund's purchases or sales during the current year ended 31 March 2022. The total purchases for the year amounted to £Nil (31 March 2021: £Nil) and the total sales amounted to £81,715,000 (31 March 2021: £2,330,000). There is no corporate actions/in species in this sub-fund.

There is no average dealing spread on the sub-fund at 31 March 2022.

### 16 Unit classes

The sub-fund currently has 1 unit class; B. The Manager's periodic charge on each unit class is as follows:

B unit class: 0.60%

The net asset value of each unit class, the net asset value per unit, and the number of units in each class are given in the comparative tables on page 29. The distribution per unit class is given in the distribution tables on page 38. All unit classes have the same rights on winding up.

#### Unit class movement reconciliation

31.03.2022	Opening	Issued	Redeemed	Converted	Closing
B Net Accumulation	141,032,286	-	(75,856,247)	-	65,176,039

# Aegon Property Income Feeder (Accumulation) Fund

## Notes to the Financial Statements (continued)

### 17 Fair value hierarchy

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

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.

Basis of valuation	2022 £'000	2021 £'000
1 - Unadjusted quoted prices	-	-
2 - Observable market data	-	-
3 - Unobservable data	68,817	158,950
	<b>68,817</b>	<b>158,950</b>

The sub-fund invests all or substantially all of its capital in Class F share classes of the Master Fund. This is valued at fair value, which is deemed to be the net asset value per unit reported in the comparative table in the Master Funds Annual Report and Financial Statements at the end of the current accounting year. Due to the impact of the Covid-19 pandemic, the Financial Conduct Authority requirement that Master Fund must suspend dealing where the standing independent valuer expresses material uncertainty regarding the value of 20% of the scheme property and subsequent suspension of the Master Fund. Therefore the investment in the Master fund is no longer classed as a liquid investment.

### 18 Post balance sheet events

Subsequent to balance sheet date, the net asset value movements per share class have been disclosed within the table below to 18 July 2022. This movement takes into account routine transactions but also reflects the market movements over the period.

Net assets per unit	31.03.2022	18.07.2022	Movement
B Net Accumulation	104.69	104.03	(0.63)%

Net assets attributable to unitholders have moved from £68,236,000 on 31 March 2022 to £48,456,000 on 18 July 2022, a reduction of 28.99%.

On 22 April 2022 a fourth pro-rata distribution of £27m was paid to shareholders by the Master Fund, and 30 June 2022 a fifth pro-rata distribution of £22m was paid.

On 22 April 2022 a fourth pro-rata distribution of £11m was paid to unitholders, and 30 June 2022 a fifth pro-rata distribution of £9m was paid.

Since 31 March 2022 the Fund has completed the sales of Newport Road, Cardiff on 22 April for £1,925,000; Newburn Riverside Offices, Newcastle on 27 April for £6,526,000; Nexus House, Newcastle on 11 May for £7,200,000; and Buchanan Street, Glasgow on 30 May for £4,144,000.

## Aegon Property Income Feeder (Accumulation) Fund

### Distribution Tables

The sub-fund pays 12 distributions to its unitholders each year on the last calendar day of each month ("pay date"). Those distributions are based on the net distributable income for the previous month and are paid to those unitholders on the register on the last day of the previous month ("period end").

#### Unit Class B Net Accumulation

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	2020/21 Total Paid
30/04/21	31/05/21	Group 1	0.3048	N/A	0.3048	0.3477
		Group 2	0.3048	0.0000		
31/05/21	30/06/21	Group 1	0.4633	N/A	0.4633	0.3490
		Group 2	0.4633	0.0000		
30/06/21	31/07/21	Group 1	0.1422	N/A	0.1422	0.4498
		Group 2	0.1422	0.0000		
31/07/21	31/08/21	Group 1	0.2750	N/A	0.2750	0.3707
		Group 2	0.2750	0.0000		
31/08/21	30/09/21	Group 1	0.2866	N/A	0.2866	0.4583
		Group 2	0.2866	0.0000		
30/09/21	31/10/21	Group 1	0.5378	N/A	0.5378	0.4644
		Group 2	0.5378	0.0000		
31/10/21	30/11/21	Group 1	0.3340	N/A	0.3340	0.2928
		Group 2	0.3340	0.0000		
30/11/21	31/12/21	Group 1	0.5908	N/A	0.5908	0.4393
		Group 2	0.5908	0.0000		
31/12/21	31/01/22	Group 1	0.2764	N/A	0.2764	0.3553
		Group 2	0.2764	0.0000		
31/01/22	28/02/22	Group 1	0.3743	N/A	0.3743	0.1881
		Group 2	0.3743	0.0000		
28/02/22	31/03/22	Group 1	0.0965	N/A	0.0965	0.2331
		Group 2	0.0965	0.0000		
31/03/22	30/04/22	Group 1	0.0119	N/A	0.0119	0.1816
		Group 2	0.0119	0.0000		

All distributions above are in pence per unit unless specifically stated.

\*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.

# Aegon Asset Management UK Unit Trust

## Further Information (unaudited)

### Base currency

The Trust's base currency is Sterling.

### Units

Each sub-fund may have up to three unit class types, B, Q and S class. Further information on investment limits, management charges, and currency denomination is available from the Manager on request. The sub-funds may offer different types of units within the classes.

Income units - Investors with this type of unit receive income payments from their unitholding periodically.

Accumulation units - With this type of unit all income earned on investments will be reinvested into the sub-fund.

### Valuation point

The valuation point for the sub-funds is midday on each dealing day. The sub-funds deal on a forward basis.

### Buying and selling units

As the sub-funds have now closed there will be no buying or selling units. Upon closure the Manager has initiated the process of making pro-rata distributions to unitholders. The Manager aims to make payments on at least a quarterly basis if enough properties have been sold in that period to enable the Master Fund to make a material distribution. The Manager will continue with this process until all properties have been sold and the sub-funds are terminated.

A copy of this announcement and a Q&A document can be found on the fund page of our website.

### Securities Financial Transactions Regulations

None of the sub-funds in the Company currently undertakes securities financing transactions (as defined in Article 3 of Regulation (EU) 2015/2365) or uses total return swaps.

### Alternative Investment Fund Managers Directive

#### Leverage

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 Aegon Property Income Feeder (Income) Fund and the Aegon Property Income Feeder (Accumulation) Fund were not leveraged during the year.

#### Liquidity

In accordance with the AIFMD the AIFM is required to disclose the percentage of the AIF's assets which are subject to special arrangements arising from their illiquid nature. The Aegon Property Income Feeder (Income) Fund and the Aegon Property Income Feeder (Accumulation) Fund had no such assets during the year.

#### Risk

In accordance with the AIFMD the AIFM is required to disclose the current risk profile of the AIF and the risk management systems employed by the AIFM to manage those risks. These disclosures have been made within the main body of this document.

Further details on our services and products are available from our Customer Services Team whom you can call free on 0800 45 44 22 or on our website at [www.aegonam.com](http://www.aegonam.com).

### Remuneration Policy

Aegon Asset Management UK Unit Trust is managed by Aegon Asset Management UK plc.

The Remuneration Committee of Aegon Asset Management UK plc has established a Remuneration Policy to ensure that the requirements of the AIFM Remuneration Code are met proportionately for all AIFM Remuneration Code Staff. This policy applies to Aegon Asset Management UK plc and the AIFs it manages.

Further information with respect to Aegon Asset Management UK Plc's remuneration policy is available in Aegon Asset Management UK Plc's regulatory Pillar III disclosure (which is available on the responsible investing part of the Aegon Asset Management website).



# Aegon Asset Management UK Unit Trust

## Further Information (unaudited) (continued)

### Employee Remuneration Disclosure

The table below provides an overview of the following:

- Aggregate total remuneration paid by Aegon Asset Management UK plc to all Aegon Asset Management UK plc staff; and
- Aggregate total remuneration paid by Aegon Asset Management UK plc to Remuneration Code Staff

	Headcount	Total Remuneration £'000
Aegon Asset Management UK plc staff	343	40,680
of which		
Fixed remuneration	326	24,681
Variable remuneration	373	15,999

Due to the nature of the business in which Aegon Asset Management UK plc operates, it is not possible to accurately allocate the time spent by each employee on AIFMD business. As such it has been deemed appropriate to disclose total remuneration information for Aegon Asset Management UK plc.

	Headcount	Total Remuneration £'000
Aegon Asset Management UK plc	8	2,914
of which		
Remuneration Code Staff	8	2,914

### AIFM activities

The following table provides an overview of the size and composition of the Funds managed by Aegon Asset Management UK plc, including Aegon Asset Management UK Unit Trust. This shows the total number of Funds managed, the split between, and proportions of AIFs, UCITS and segregated mandates (money managed on behalf of other clients):

	Number of Funds	AUM £'000	% of AUM
Aegon Asset Management UK plc	30	40,958,345	100.00
of which			
Alternative Investment Funds	4	319,672	0.78
UCITS Funds	11	2,691,475	6.57
Money managed on behalf of other clients		34,078,353	83.20
Aegon Asset Management UK Unit Trust*	15	3,868,845	9.45

\* The figures stated for Aegon Asset Management UK Investment Portfolios ICVC include the AUM invested through Aegon Asset Management UK Unit Trust (i.e. the 2 feeder funds) as well as those invested directly in Aegon Property Income Fund. These figures are presented to the nearest £million in line with all others in the table.

## Glossary

### AIFM Remuneration Code Staff

Total remuneration will be reported for all AIFM Remuneration Code Staff as at the financial year-end. Broadly speaking, AIFM Remuneration Code Staff are those employees who are considered could have a material impact on the risk profile of Aegon Asset Management UK plc or any of the AIFs it manages (including Aegon Asset Management UK QIF plc).

### AuM

Assets under management are measured at fair market value on the relevant cut-off date. The latest available valuations are reported in the Annual Report & Accounts.

### Other Code Staff

AIFM Remuneration Code Staff that are not considered Senior Management, per the definition below.

### Senior Management

AIFM Remuneration Code Staff who are members of Aegon Asset Management UK plc board.

### Total Remuneration

Total remuneration reported will be the sum of salary, cash bonus, any deferred annual bonus, the fair value of any long term incentive awards, plus the value (actual or estimated) of any pension or benefits in kind, awarded in respect of performance in the reportable financial year, i.e. 1 January 2021 – 31 December 2021.

# Who to contact

## Investors

 [aegonam@ntrs.com](mailto:aegonam@ntrs.com)

 0800 358 3009

Our investor helpdesk is open from 8.30am to 5.30pm (Monday to Friday)

To improve customer service, and for training purposes, call may be recorded.